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PROCEEDINGS AND DEBATES OF THE 97th CONGRESS, FIRST SESSION

SENATE—*Thursday, July 9, 1981*

(Legislative day of Wednesday, July 8, 1981)

The Senate met at 11:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The PRESIDENT pro tempore. Our morning prayer will be offered by the Reverend Richard Christian Halverson, Jr., associate pastor of the North Avenue Presbyterian Church, Atlanta, Ga., and the son of our Senate Chaplain.

The Reverend Richard Christian Halverson, Jr., offered the following prayer:

Let us pray.

Father in heaven, we welcome Your spirit into this room and pray You will abide here to accomplish Your purposes.

This room and those in it are no strangers to You. Many prayers have gone up from this place. And many in Thy name have gathered here.

Grant Lord, that being present, even in the darkest of hours, Your spirit may work to bring a powerful influence on the public, family, and personal lives of those who work here.

Make Your presence real enough that in the midst of the difficult and complex matters of Government they may seek Your approval and strive from the heart to cease to do evil, learn to do good, seek justice, correct oppression, defend the fatherless and plead for the widows.

Go with these public servants from here to their homes. Help them treasure their wives and husbands and be friends with their children.

Surround each person here with Thy spirit. Where there is sin, bring conviction. Where there is confession, bring forgiveness. Where there are burdens, bring rest. Where there is dissatisfaction, bring fulfillment. And where there are spirits open, bring Thyself, even into the innermost chamber of the heart.

We pray this in the name of Him whose strong presence will convict us of the truth and remind us of the love from which we can never be removed. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. Under the previous order, the majority leader is recognized.

Mr. BAKER. Mr. President, I thank the Chair.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

COMMENDATION TO REV. RICHARD CHRISTIAN HALVERSON, JR., FOR OFFERING MORNING PRAYER OF THE SENATE

Mr. BAKER. Mr. President, I take this opportunity to commend our visiting Chaplain of today for his inspirational prayer on behalf of the Senate and its Members and to express a special pride, which I am sure the Chaplain of this body feels, in having his son here for this purpose.

RECONCILE NOW

Mr. BAKER. Mr. President, I wish to call to my colleagues' attention an article entitled "Reconcile Now!" authored by the distinguished Senator from Indiana (Mr. LUGAR). The article appeared in today's Washington Post.

Amidst misconceptions of the reconciliation process and the Congressional Budget and Impoundment Act of 1974, Senator LUGAR has provided a clear and concise explanation of the momentous path which the Senate has embarked on.

Senator LUGAR writes:

It is painfully clear that in the 1974 act, Congress stopped far short of addressing the problem of genuine control. It created a great engine for spending, and to date the only tool that has been found to slow that engine has been the reconciliation process. In employing reconciliation, Congress has, for the first time, helped to achieve one of the stated goals of the 1974 act: To generate public confidence in congressional budget decisions.

I commend this timely article and ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RECONCILE NOW!

(By RICHARD G. LUGAR)

Among critics of the budget reconciliation procedure, none have been more extreme than Rep. Richard Bolling (D-Mo.) and John E. Barriere ["Budget-Making Gone Awry," op-ed, June 28]. They see in the current reconciliation process not only a distortion of the 1974 Budget Act and of the intent of the framers of the Constitution and the Bill of Rights, but also an authoritarian attack that "will likely shake the fragile balance of our country's system of self-government."

The Congressional Budget and Impoundment Act of 1974 is no such thing. Designed to strengthen the hand of Congress against that of the executive branch, the act created a new Budget Committee in each house of Congress and a Congressional Budget Office to provide Congress with its own, independent economic information and analysis. In the name of rationalizing the budget process, it also created a cumbersome procedural morass.

The intent of the 1974 act cannot be faulted. Prior to its adoption, total expenditures and revenues were not the product of institutional forethought but the resulting sum of many separate bills. In the decade prior to 1974, federal spending had more than doubled. In those same years, only one budget surplus was achieved, and the cumulative deficit for the decade reached almost $100 billion.

Those were surely indications that a fresh budget approach was needed. Yet since 1974, the results have been far worse: federal spending has increased from $269 billion to an estimated $662 billion in 1981. In those same seven years, the federal deficit totaled more than $440 billion.

These figures illustrate that the budget process adopted in 1974 has not addressed the imbalance between taxing and spending. Indeed, the Budget Act has provided something that never before existed in congressional debates: a macro-economic rationale for budget deficits. Before 1974, of course, Congress had adopted many deficits. But it had done so merely as an unfortunate result, not out of a commitment to principle.

The American public has become fed up with the notion of "uncontrollable expenditures" that is enshrined in the language of the Budget Act. The public wants from Congress a discipline that is extremely difficult to generate under the labyrinthine budget process, which provides opportunities to escape ceilings and increase expenditures at many points along the way. Reconciliation serves the desire for congressional discipline, and serves it well.

The reconciliation process in no way alters the relationship between the congressional and executive branches of government. Congress remains master of its own house, and is free to accept or reject any or all of the executive branch budget proposal. There is no sense in which the current reconciliation process reaches the separation of powers issue, and therefore no sense whatever in which it raises a constitutional question, much less distorts the intent of the framers of the Constitution.

It will not do to portray the current situation as one in which a partisan Congress has been forced by an all-clever executive to do its bidding; after all, the House of Representatives is controlled by the opposition party.

It is painfully clear that in the 1974 act, Congress stopped far short of addressing the problem of genuine fiscal control. It created a great engine for spending, and to date the only tool that has been found to slow that engine has been the reconciliation process. In employing reconciliation, Congress has, for the first time, helped to achieve one of the stated goals of the 1974 act: to generate public confidence in congressional budget decisions.

Mr. BAKER. Mr. President, I reserve the remainder of my time.

RECOGNIZATION OF THE MINORITY LEADER

The PRESIDENT pro tempore. The minority leader is recognized.

THE EUROPEAN ECONOMIC COMMUNITY'S INITIATIVE ON AFGHANISTAN

Mr. ROBERT C. BYRD. Mr. President, the European Economic Community has come forward with a proposal which, hopefully, will lay the basis for a Soviet withdrawal from Afghanistan. The proposal, which is the brainchild of British Foreign Secretary Lord Carrington, envisions a two-stage negotiating process which would begin this fall.

The proposal is unique and will test Soviet credibility as to the reason for its brutal invasion and occupation of this Third World, Moslem State. The first stage would involve the participation of the five permanent members of the UN Security Council—the United States, China, the Soviet Union, Britain, and France—together with Pakistan, India, and Iran, and other member states of the Islamic conference. The negotiations would focus on returning Afghanistan to independence, nonalined status under internationally guaranteed security arrangements. The purpose of this first stage, as outlined in the June 27 edition of the Economist, would entail securing:

The withdrawal of Soviet troops from Afghanistan. It will also discuss "external threats" to Afghanistan—an attempt to call the Russians' bluff since they have always maintained their troops are in Afghanistan only to counter external threats.

The second stage of the negotiations would focus on internal political arrangements in Afghanistan. These negotiations would involve attendance both of the representatives of the Soviet puppet regime of Babrak Karmal, and of the opposing guerrilla forces. The aim of the conference would be for all participants to sign a declaration guaranteeing Afghanistan's independence and neutrality.

As the Washington Post noted on July 1, 1981:

The Afghan initiative avoids the main pitfall of previous plans by leaving the tricky question of who represents Afghanistan until the second stage of the process.

Initial reaction to the proposal from the Soviet-installed Karmal regime was negative. The Counselor of the Afghan Embassy in Paris stated that his country refused to "turn Afghanistan into an international issue."

Yet, Afghanistan became an international issue when Soviet troops, tanks, and planes rolled into that country in order to prop up an unpopular Marxist government. Therefore, it comes as no surprise that the Karmal regime does not want to risk itself to the popular will of the Afghan people.

The European initiative allows the Soviets a way out of their Afghanistan dilemma. It may not salvage Babrak Karmal.

However, it appears that the only way the Soviets can maintain Karmal in power is to virtually eliminate and exterminate most elements of Afghan society. Only time will tell whether or not the Soviets are genuinely interested in a negotiated settlement which will return Afghanistan to an independent, nonalined status with internationally guaranteed security safeguards.

The international community will anxiously await the outcome of the EEC initiative. If the Soviets stall, or attempt to redefine the terms of the proposal, then the real reason for the Soviet invasion will be abundantly clear.

We have heard that the Soviets have not, indeed, finally rejected the proposal. So we will know, if they stall or attempt to redefine the terms, we will know what the real reason for the invasion is, and it is already abundantly clear. And that reason is the creation of another Soviet satellite which can be maintained only by continued Russian occupation, slaughter, and genocide of a people who had the misfortune to live in a country bordered by the Soviet Union.

Mr. President, I yield such time as I have remaining to the majority leader if he wishes to control it.

RECOGNITION OF SENATOR SCHMITT

The PRESIDING OFFICER (Mr. ABDNOR). Under the previous order, the Senator from New Mexico, Mr. SCHMITT, is recognized for not to exceed 15 minutes.

A RATIONAL GUEST WORKER PROGRAM

Mr. SCHMITT. Mr. President, the Reagan administration will soon be sending to Congress its proposals to reform our immigration laws. This problem of immigration laws and the effects of such laws or the lack of such laws must be addressed soon, and the administration appears to be courageously confronting the issue.

Many of the proposals will be controversial. I am particularly concerned about alleged administration plans for a guest worker program that may be too small to be effective and would include warmed over provisions from the previous administration with respect to employer sanctions and other considerations of that nature.

According to an article that appeared in the New York Times on May 11, the administration is favorably disposed toward the concept of the guest worker program with Mexico, although the quota levels discussed are clearly too small and will be swamped by the illegal migration that will continue.

The idea of a guest worker program obviously makes sense. The best example of that is that we have a guest worker program. It just happens to be illegal. The numbers of Mexican migrant workers involved in this ongoing de facto guest worker program is probably somewhere between 1 and 3 million. The fact that it is illegal, however, makes it impossible to get an accurate estimate of just how many such workers are participating.

Mr. President, S. 47, the United States-Mexico Good Neighbor Act, which I introduced on January 5, 1981, and which was introduced in the previous Congress for considerable discussion, would create just such a broad-based guest worker program. That is, it would basically conform to reality and legalize the program that is currently illegal. This bill would amend the Immigration and Nationality Act to establish temporary worker visa program between the United States and Mexico. Under the program, workers would be issued 8-month visas which would allow them to enter the United States to seek employment.

Mr. President, the current immigration situation is relatively simple with respect to our relations with Mexico. The United States shares a 2,000-mile border with the Republic of Mexico.

In no other part of the world does a developing country with severe economic problems border such a technologically and economically advanced country. The combination of unfilled jobs in this country not sought by U.S. workers and substantial unemployment and underemployment in Mexico has created a massive migration to the United States, which is currently illegal. Changes in the immigration law have caused much of this migration to remain illegal, even though there have been attempts to legalize this flow. From 1942 to 1964, the bracero program admitted large numbers of Mexican workers to perform agricultural work in the United States. The end of this program and the imposition of a ceiling of 20,000 immigrant visas per year in 1976 have exacerbated the problem.

The bracero program, as we all know, Mr. President, was subject to considerable abuse. It has been concluded by this Senator and many others that the origin of that abuse was the existence of the requirement for a contractual relationship between the workers and their employers.

Mr. President, most illegal workers enter this country to seek temporary employment. They come for short periods of time, work to meet specific economic needs of their own in Mexico, and then return to Mexico. They have no intention of permanently migrating to the United States for the most part.

The workers normally take jobs which are unattractive to American workers, who have unemployment compensation and other safety net provisions as alternatives to taking such jobs. While over two-thirds of illegal aliens contribute to social security and pay income taxes,

fewer than one-tenth collect unemployment or welfare benefits, enroll their children in public schools or receive free medical assistance in the United States.

This illegal migration benefits Mexico by absorbing workers who would otherwise be unemployed or underemployed. It also helps slow migration to the overcrowded cities of Mexico. Finally, Mexican workers in the United States send large portions of their income home, providing income for their families and improving Mexico's balance of payments by a very direct and efficient form of foreign aid.

While the administration is favorably disposed toward creation of a temporary worker program, there are recent indications that the proposal will be for a very small program of around 50,000 persons. In my opinion such a program would be too small to be of any value as an experiment and would be overwhelmed by the continuation of illegal migration.

It is clear to me, at any rate, that a larger program is needed to direct the current stream of undocumented workers into a legal and self-enforcing system of migratory workers from Mexico.

Mr. President, I have written a law review article on this subject that expands on these concepts in greater detail and will be published later this month in volume 4 of the Immigration and Nationality Law Review.

I ask unanimous consent that copies of my bill (S. 47) and a fact sheet explaining it, the New York Times article referred to earlier and my article "Los Companeros: A Rational Mexican Migration Policy" be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 47

Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled, That this Act may be cited as the "United States-Mexico Good Neighbor Act of 1981."

FINDINGS

SEC. 2. The Congress finds that—

(a) strong economic and political cooperation between the United States and Mexico will benefit not only the people of these countries, but will also help to eliminate western hemisphere tensions;

(b) the root cause of illegal migration from Mexico into the United States is the lack of reasonable alternatives for economic well-being in Mexico relative to those in the United States;

(c) the mutual benefit of past economic cooperation through legal work programs and investment opportunities is well documented;

(d) in order to eliminate the present large and uncontrolled influx of undocumented workers a system of temporary legal admissions should be established;

(e) the vast majority of jobs that will be taken by Mexicans are in the agricultural and service industries where jobs are not now greatly in demand by American workers;

(f) many of the short-term economic needs of Mexicans and the short-term labor needs of American agricultural and service industries can be met by a temporary worker visa program for Mexicans seeking temporary employment in the United States;

(g) the value to Mexico of temporary employment of Mexican workers in the United States is in the direct flow of dollars into its economy and in the increase in skills within its labor force;

(h) a program of temporary worker visas would encourage the existing temporary nature of most Mexican migration into the United States;

(i) attempts to seal our vast border with Mexico to the flow of migrants are doomed to failure and only increase the exploitation of such workers by smugglers and unscrupulous employers;

(j) employer sanctions against the hiring of illegal Mexican migrants could result in discrimination against Hispanic Americans and/or in an unprecedented national identification system; and

(k) it is necessary to establish a legal framework for Mexican labor in the United States in order to harmonize the use of such workers, to prevent abuse of them by smugglers and unscrupulous employers, to better protect American workers from unfair competition, to reduce the flow of illegal migrants, and to permit a better understanding of the scope of the opportunities and problems related to Mexican workers in the United States and Mexico.

ESTABLISHMENT OF VISA PROGRAM

SEC. 3. Section 214 of the Immigration and Nationality Act is amended by adding the following new subsections at the end thereof:

"(e)(1) The Attorney General, in consultation with the Secretary of State, shall by regulation establish a program for the admission as nonimmigrants into the United States under section 101(a)(15)(M) of Mexican nationals who desire to temporarily perform services or labor in the United States. The regulations shall establish methods for establishing monthly and annual numerical quotas for the issuance of temporary worker visas in accordance with subsection (g). Visas shall be made available on the basis of such quotas to qualified applicants in the chronological order for which they are applied. Such visas shall permit each alien to temporarily perform services or labor within the United States for a period not to exceed 240 days during any calendar year, such period not necessarily a 240 day consecutive period. Such aliens shall not be required to obtain a petition of any prospective employer within the United States in order to obtain such a visa. Such visas shall not limit the geographical area within which the alien may be employed nor set any limitations on the type of employment for which the alien may be employed, except as provided in subsection (f).

"(2) Any alien who obtains a visa under the program established under paragraph (1) who (A) violates the restrictions with respect to the amount of time for which the alien is allowed to remain in the United States, or (B) violates any restrictions required under subsection (f), shall be ineligible to obtain another visa under such program for a period of 5 years. Any alien who, after the inception of this program, enters the United States unlawfully shall be prohibited from obtaining a visa under such program for a period of 10 years.

"(f) The Attorney General, upon request from the Secretary of Labor, shall place specific restrictions on employment of aliens holding temporary work visas under this program at a specific business or agricultural site if employees or employers demonstrate that such aliens will displace available, qualified, and willing domestic workers. The Secretary of Labor shall establish the criteria under which such restrictions may be requested.

(g) When appropriate, the Attorney General shall seek the assistance of the Secretary of Agriculture, the Secretary of Commerce, and the Secretary of Labor in establishing the regulations under subsection (e), and in computing the annual and monthly numerical quotas for temporary worker visas, based upon the number of seasonal or cyclical workers sought by employers in the United States. In computing such quotas, the Attorney General shall also consider historical needs, availability of domestic labor, and the projected needs of prospective employers.".

UNITED STATES CONSULATES IN MEXICO

SEC. 4. (a) The Secretary of State is authorized to take such steps as are necessary in order to establish and expand the United States Consulates in Mexico in order to implement the program established in section 214 (e), (f), and (g) of the Immigration and Nationality Act, as added by section 3 of this Act.

(b) The Secretary of State shall coordinate with appropriate officials of Mexico in order to insure maximum awareness in Mexico of the nature and restrictions of the program established in section 214 (e), (f), and (g) of the Immigration and Nationality Act, as added by section 3 of this Act.

(c) The Secretary of Labor shall undertake to insure, to the extent practicable, that the nature and restrictions of the programs established in section 214 (e), (f), and (g) of the Immigration and Nationality Act, as added by section 3 of this Act are known to aliens of Mexican citizenship residing in the United States.

NONIMMIGRANT CATEGORY

SEC. 5. Section 101(a)(15) of the Immigration and Nationality Act is amended by adding at the end thereof the following:

"(M) a Mexican national who has no intention of abandoning his or her residence in Mexico who is coming to the United States for a period of not to exceed 6 months during any calendar year, for an indefinite number of such periods, to temporarily perform services or labor.".

EFFECT OF DEPORTATION

SEC. 6. Section 212(a) is amended—

(1) by inserting before the semicolon at the end of paragraph (16) a comma and the following: "except that the Attorney General shall not consent to the reapplying for admission of an alien described in section 101(a)(15)(M)"; and

(2) by inserting before the semicolon at the end of paragraph (17) a comma and the following: "except that the Attorney General shall not consent to the applying or reapplying for admission of an alien described in section 101(a)(15)(M)".

PROHIBITION ON ADJUSTMENT OF STATUS UNDER TEMPORARY WORKER VISA PROGRAM

SEC. 6. Section 245(c) of the Immigration and Nationality Act is amended—

(1) by striking out "or", and

(2) by inserting immediately after "section 212(d)(4)(C)" a semicolon and the following: "or (4) any alien described in section 101(a)(15)(M)".

REPORT TO CONGRESS

SEC. 8. The Attorney General shall report semiannually to the Congress on the temporary worker visa program established in section 214 (e), (f), and (g) of the Immigration and Nationality Act, as added by section 3 of this Act, and shall include in that report a summary of the number of visas issued under the program, the effectiveness of the program, enforcement problems related to the program, and any recommendations for legislative change in the program.

BILATERAL ADVISORY COMMISSION

SEC. 9. It is the sense of the Congress that the President should negotiate with the appropriate officials of the government of Mexico to establish an Advisory Commission on the Mexico-United States Temporary Worker Visa Program to consult with and advise the Attorney General in establishing the regulations, and in computing the monthly and annual numerical quotas, for the temporary

worker visa program established under section 214 (e), (f), and (g) of the Immigration and Nationality Act, as added by section 3 of this Act.

AUTHORIZATIONS

SEC. 10. There are authorized to be appropriated such sums as are necessary to carry out the provisions of this title.

TERMINATION

SEC. 11. This program shall terminate ten years after the date of enactment.

THE UNITED STATES-MEXICO GOOD NEIGHBOR ACT OF 1979

PROVISIONS OF THE BILL

Findings. This section recognizes the necessity of establishing a legal framework for Mexican labor in the United States and points out the advantages of this program over other proposals.

Establishment of Visa Program. Section (e)(1). This section directs the Attorney General to establish the program in consultation with the Secretary of State. The section specifically mandates that the visas shall "permit each alien to temporarily perform services or labor within the United States for a period not to exceed 180 days during any calendar year". Further, the section disallows the requirement of a petition from a prospective employer. Finally, the section prohibits any limitations on geographical area or type of employment.

Section (e)(2). This section sets a penalty for violation of the visa restrictions of ineligibility for five years. It also sets a ten year ineligibility as a penalty for illegal entry into the United States.

Section (f). This section allows the Attorney General to put specific restrictions on employment under this program at the request of the Secretary of Labor. This request would follow a demonstration by employers or employees that aliens would displace domestic workers at a specific site.

Section (g). This section directs the Attorney General to set numerical quotas for visas, considering such factors as the number of workers sought, the availability of domestic labor and the projected needs of prospective employers.

United States Consulates in Mexico. This section authorizes the Secretary of State to expand the Consulates to implement the program (paragraph A) and act with Mexican officials to insure awareness of the program (paragraph B). It also directs the Secretary of Labor to take steps to inform Mexican aliens in the United States about the program (paragraph C).

Nonimmigrant Category. This section amends the classes of nonimmigrants in the definitions section of the Immigration and Nationality Act, 8 U.S.C. 1101(15).

Effect of Deportation. This section amends 8 U.S.C. 1182 to prohibit the Attorney General from consenting to the readmission of an alien deported for violating provisions of this program.

Prohibition on Adjustment of Status under Temporary Worker Visa Program. This section amends 8 U.S.C. 1255 to prohibit the Attorney General from adjusting the status of a temporary worker to that of a permanent resident.

Report to Congress. This section requires the Attorney General to report to Congress semi-annually about the program.

Bilateral Advisory Commission. This section proposes the establishment of an Advisory Commission to advise the Attorney General in establishing the program.

Authorization. This section authorizes the necessary appropriations.

Termination. The program would terminate after 10 years.

THE EFFECT OF THE PROGRAM

This program will bring a large proportion of Mexican labor within the law increasing the credibility of the immigration law. As legal workers, Mexicans can insist on adequate wages and decent working conditions. By eliminating the need for smugglers and dangerous border crossings, the program will attract those workers who are currently entering the country illegally.

The program will allow U.S. employers to obtain needed workers in a free market system. At the same time, it will benefit domestic workers by changing an exploitable competitor into a legal work force, competing on equal terms. The restriction of certain worksites will insure that domestic workers are not displaced by the temporary workers, while avoiding the abuses of a prearranged contract system.

This bill recognizes that a significant number of Mexicans supplement their income by temporary work in the United States and that this country has need for such short term labor. The temporary worker visa program provides a legal framework for this situation.

[From the New York Times, May 11, 1981]

PLAN WOULD LET MEXICANS WORK AS U.S. GUESTS

(By Robert Pear)

WASHINGTON, May 10.—Despite opposition from organized labor and many Mexican-Americans, the Reagan Administration is considering the institution of a large guest-worker program as a means of improving United States-Mexican relations and curbing illegal migration.

Campaigning in Texas last September, Mr. Reagan called for a policy that would permit hundreds of thousands of Mexicans to enter this country and work on a temporary basis. In a television interview March 3, the President said he was "very intrigued" with a proposal to legalize the illegal migration from Mexico by granting visas to those who wanted to go back and forth across the border while holding jobs in this country. Mr. Reagan said he wanted to discuss the idea with Mexico's President, Jóse López Portillo, who is scheduled to visit Washington June 8 and 9.

The White House staff has developed a detailed proposal for a guest-worker program. Although the President has not yet reviewed it or received advice from his Cabinet, he is widely believed to favor such a program. "On this question," one official said Friday, "there is a strong tidal force that stems straight out of the Oval Office."

A "NORTH AMERICAN ACCORD"

White House officials said that a guest-worker program would facilitate natural, mutually beneficial patterns of labor migration between Mexico and the United States. President Reagan has repeatedly vowed to improve relations with Mexico as part of what he calls a "North American Accord."

Any proposal for a temporary worker program inevitably revives memories of the "bracero" program, which brought four million to five million Mexican agricultural workers to the United States from 1942 to 1964. Most studies of that program say that it stimulated illegal immigration, did little to end the exploitation of Mexican workers and had an adverse effect on the wages and working conditions of domestic agricultural workers.

Joseph Ghougassian, a senior policy adviser at the White House, has recommended a temporary worker program as the best way to deal with "the massive illegal migration from Mexico."

In a confidential memorandum to his superiors, Mr. Ghougassian said that the bracero program, though defective in many respects, was "nonetheless a workable solution to the uncontrolled and mismanaged inflow of Mexican aliens." He noted that the program had been discontinued in 1964 under "pressure from Democrats and labor unions." He said that "a sound public relations program could deal effectively with any initial opposition" to another guest-worker program.

If the border cannot be sealed and if the influx of illegal aliens cannot be curbed, Mr. Ghougassian wrote, then "it is best to document the undocumented entrants."

President Reagan has expressed particular interest in the type of program proposed by Gov. William Clements of Texas. That proposal would not tie Mexican workers to specific employers, as the bracero program did. Instead, it would permit Mexicans to move freely into industries where they were needed. In this respect, it resembles the program favored by Senators Harrison Schmitt of New Mexico and Barry Goldwater of Arizona, both Republicans.

A large guest-worker program would probably require Congressional approval, whether it was established by treaty or by executive agreement between the Presidents of Mexico and the United States.

Thomas O. Enders, President Reagan's nominee for Assistant Secretary of State for inter-American affairs, discussed the possibility of a guest-worker program when he visited Mexico City last Monday. He met with the Foreign Minister, Jorge Castaneda, and the Labor Minister, Pedro Ojeda Paullada, to advise them of the Reagan Administration's preliminary efforts to develop a new immigration policy.

Reagan aides say they are determined to consult more closely with Mexico than the Carter Administration did. In August 1977, when President Carter announced a series of proposals on immigration, Mexican officials complained that they had not been consulted.

In a meeting at the Justice Department on April 18 and in a meeting at the White House Thursday, various special interests warned the Administration that there would be intense opposition to a guest-worker program.

"It would be politically naive in the extreme for the Administration to float this program," said Msgr. George C. Higgins, a Roman Catholic priest who has been working on labor issues here for 40 years. "The Administration will find absolutely universal opposition to a temporary worker program from every group that has an interest in the subject from the point of view of the welfare of workers."

The National Committee for Full Employment, a coalition of church, civil-rights, Hispanic American and labor groups, said that "it makes no sense to bring additional workers to the United States when there are eight million unemployed" already.

OTHERS IN OPPOSITION

Equally firm in their opposition were Thomas R. Donahue, secretary-treasurer of the A.F.L.-C.I.O.; Arnoldo S. Torres, representing the League of United Latin American Citizens, and Antonio Hernández of the Mexican American Legal Defense and Educational Fund. They said that guest workers were likely to become a permanent subclass of employees, subject to exploitation.

Switzerland, Germany, France, Sweden and other European countries have had guest-worker programs. The temporary workers tend to become permanent, according to a Library of Congress study, because they develop social and economic ties to the host countries.

In its final report last February, a Federal advisory panel, the Select Commission

on Immigration and Refugee Policy, opposed any significant expansion of the existing program under which 20,000 to 30,000 aliens enter the country as temporary workers each year. The commission said that no industry should depend on a constant supply of foreign workers.

The National Council of Agricultural Employees has been the main group advocating expansion of the temporary worker program. Perry R. Ellsworth, executive vice president of the council, said that additional workers were almost always needed to harvest certain crops.

The Government of Mexico has not taken an official position on the guest-worker proposals. In a speech several years ago, the Mexican Ambassador here, Hugo B. Margain, expressed his "personal opinion" that there should be a "bilateral temporary migration program similar to the one in existence from 1942 to 1964." Such a program, he said, would curtail the "human rights abuses" often suffered by Mexicans working in this country.

Los Compañeros: A Rational Mexican Migration Policy

INTRODUCTION

The problem of illegal migrant labor from Mexico is a problem with an obvious solution. The proposals advanced by the previous Administration for vastly increased border restrictions are unaffordable; unworkable proposals for employer sanctions are inherently discriminatory and proposals for some vague amnesty are worse than nothing. Clearly the designers of these proposals were completely unfamiliar with the facts of Mexican worker migration.

Unfortunately, some Americans see the Mexican migrant as a threat to the American worker, the American economy and the American way of life. According to their view, Mexican aliens are entering the country in ever-increasing numbers; thus, taking jobs from American workers, draining the welfare system and disrupting American life by refusing to adopt American ways. Accordingly, we should respond to this threat by sealing the border and punishing employers who hire such illegal aliens.

This view does not square with the new facts developed by modern research.[1] According to all recent factual studies, Mexican migrant workers add productivity and jobs to the American economy, work largely in low-skilled jobs only they will take and pay far more in taxes than they receive in social services. Having no real desire to become Americans, they do not adopt American ways because they think of themselves as Mexicans. The vast majority return home regularly and permanently after earning enough money to meet the economic criss which brought them North.

It is also well-established that many American employers need low-skilled seasonal labor. They meet this need by hiring illegal aliens, most of whom are Mexican migrants. Many marginal small businesses and farms are kept from unnecessary bankruptcy by the availability of these willing workers.

We can meet the needs of both Americans and Mexicans and continue to reap the benefits of their efforts by legalizing work which is presently illegal but unenforceably so. A realistic program of temporary visas for Mexican workers is the only feasible economic answer and the only moral human answer. A program of eight months based on the number of available jobs and with responsible safeguards for American workers, can work to the benefit of good relationships between Mexico and the United States. By addressing the issue of economic migration in a reasonable and bilateral manner, we can strengthen our political and economic ties with Mexico and help both our neighbor and ourselves at the same time. This is the essence of "Los Compañeros." Compañero is the Spanish word for companion, friend, equal. The Los Compañeros bill, S. 1427, is entitled the "United States-Mexico Good Neighbor."

CURRENT UNITED STATES-MEXICAN RELATIONS

Mexico and the United States share a 1,960 mile border including 180 miles which borders my state, New Mexico. Proximity and history have resulted in an often unrecognized, yet substantial and natural economic and cultural interdependence between our two countries and their adjoining states. The examination of the migrant Mexican labor issue must be viewed against the background of other issues affecting United States-Mexico relations.

The United States has an enormous and long-standing economic presence in Mexico. According to Richard Fagen, a Professor of Political Science at Stanford University and a former President of the Latin American Studies Association:

"The United States is the primary source of direct foreign investment (in Mexico) . . . by the end of 1976, U.S. private banks were carrying the impressive total of $11.5 billion in outstanding loans and credits to Mexico, an increase of $2.5 billion over the previous year's figure."[2]

The United States currently supplies more than 60 percent of Mexico's imports which is balanced by a strong Mexican presence in the U.S. economy. Mexico is our leading trading partner in Latin America, and our fifth largest in the world.[3] With the continuing exports of Mexican oil and gas, Mexico will become even more important to the United States as a trading partner. The desirability and mutual benefit of having a close-by source of imported energy for the United States and a close-by export market for Mexico is obvious to all.

This interdependence extends to many other areas with both international and domestic impact. Manufacturing, agriculture, land and water use, law enforcement and, of course, labor. For this reason, it serves our interests to preserve and strengthen Mexico as a nation and our good relations with that nation. These interests have been compared by Lucey with our interests in a strong Europe after World War II.

"We felt that it was in our long-term interests to see a Europe strong enough and united enough to negotiate on equal terms with the United States. We were, and perhaps still are, the strongest supporters of European unity. For the same reasons, the United States will benefit from a Mexican neighbor strong enough and confident enough to negotiate with us on terms that are perceived by both parties to be equal. It has not been and never will be in our interest to have a Mexico that is other than a full partner in the joint undertakings that close neighbors must constantly pursue. It will be in the distinct interest of both our countries if Mexico experiences healthy economic growth, develops jobs and opportunities for her poorest citizens, and approaches economic equality with the United States."[4]

Our historic and even our recent dealings with Mexico show an irrational insensitivity to the importance of dealing fairly and equally with this vital neighbor. The recent natural gas negotiations epitomize our short-sighted approach.[5] Six U.S. natural gas distributors negotiated with PEMEX, the government-owned Mexican petroleum company, to buy natural gas. Under present law,[6] the Secretary of Energy must approve the final terms. Then Secretary of Energy, James Schlesinger, rejected the price asked by Mexico (which was the going price in the world market) as being too high, reasoning that the gas could be piped to the U.S. more cheaply than it could be shipped from other overseas areas; thus, Mexico could afford to lower its price for the U.S. market. This argument ignored the fact that there are always competitors for scarce commodities, in this case the Japanese. Instead of pursuing this line quietly, Schlesinger publicly stated that Mexico "has to sell us the gas sooner or later."[7] Mexico finally agreed to sell the U.S. some (but not all) of the gas initially contracted for, but at a far higher price. This agreement was reached only under the pressure of a Presidential visit to Mexico.

In another energy-related incident, while asking Mexico to hold the line on oil price increases, the U.S. Government accepted a bid from Phillips Petroleum to purchase oil from the Elk Hills Naval Petroleum Reserve at a price of $41 per barrel—above the going world price. This demonstrated a clear hypocrisy in our dealings with Mexico. Naturally, the Mexican government responded appropriately by raising the price of oil to us.[8]

Thus, to solve the vexing problems between us, we must develop a coherent policy focusing on all aspects of our relationship with Mexico, including energy, trade, labor, cultural exchange and foreign policy. Our present course, if maintained, bodes ill in this respect. Although this discussion focuses on the migrant labor issue, its resolution must be viewed in the context of all other major issues.

HISTORICAL DEVELOPMENT

The current American economic presence in Mexico results from decades of American involvement in Mexico's affairs. In the 1840's our westward expansion led to a war with Mexico (1846–1848) that resulted in the transfer to the United States most of California, Arizona and New Mexico. Prior to that, Texas had successfully revolted from Mexican rule and became an independent nation, eventually joining the Union in 1845. In 1853 we negotiated the Gadsden Purchase, which essentially established the border at its present location.

Our own Civil War kept us out of Mexico during the turbulent years of Maximilian and Juarez; but when the dust settled in 1876 under Porfirio Diaz, expanding U.S. business interests moved into the Mexican economy. During the Diaz regime (which lasted until 1911), American and other foreign companies controlled Mexico's petroleum and mining industries with the approval of the Diaz government.

This time of relative tranquillity came to an end when the Mexican revolution (1910–1920) broke out over the issues of land reform and a control of their economic destiny. A decade of turmoil followed, causing untold suffering for millions of Mexicans which was graphically described by population biologist Paul Ehrlich.

"Untold thousands were killed in the fighting or simply as innocent bystanders. Toward the end of the decade, the worldwide influenza epidemic of 1918–1919 took its toll. Many thousands of additional Mexicans fled across the border to the United States, and many of them stayed there permanently. Although demographic records are far from complete, it appears that altogether Mexico's population (in 1910 about 15 million) declined by a million during the decade."[9]

During the revolution the U.S. first supported one side and then another, following no consistent policy. The low point of U.S.-Mexican relations in this century came in April, 1914 when the U.S. Navy occupied the part of Veracruz at the cost of 300 Mexican lives.

American employers have always welcomed Mexican labor. In the 1880's, Mexican work-

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Footnotes at end of article.

ers took the place of excluded Chinese coolies in railroad and agricultural work. During the decade of the Revolution, Mexicans entered the U.S. as "economic refugees" fleeing the conditions which made it impossible for them to live at home.

In the 1920's the U.S. imposed restrictions on Mexican immigration for the first time, establishing the Border Patrol in 1924,[10] requiring visas and enforcing the head tax and literacy requirements by 1930.[11] The Great Depression slowed migration to the United States as jobs north of the border became scarce. In the early years of the Depression we sent back to Mexico many Mexicans who had entered legally before 1928 because they had no documents. Our policy toward Mexico and other Latin American nations became more important under President Roosevelt's Good Neighbor Policy.[12] This policy represented the first real effort to develop a coordinated policy for relations between our two countries. The cooperation which this policy began resulted in the development of the Bracero program in 1942.[13]

The controversial Bracero program attempted to use Mexican labor to fill wartime labor shortages in U.S. agriculture. American farmers had used Mexican workers under various contract labor programs during the first World War [14] and because of several farmworker shortages in World War II, it was decided to reinstitute this approach. The Bracero program began in 1942 with an international agreement [15] and continued for 22 years under various statutory provisions. The program, under both provisions, allowed American farmers to contract for the use of Mexican workers on their farms. It ostensibly required them to offer no less than the prevailing wage rate, as well as to house and feed the workers. Due to lax enforcement in practice, the workers did not always receive all of the protections envisioned.

The Bracero program did not totally eliminate illegal migration from Mexico; although, even when adjusted for population growth, the problem then was not as substantial as today's estimates indicate. Border patrol and Immigration and Naturalization Service (INS) apprehensions averaged 230,740 from 1942–1964.[16] Some say the program stimulated illegal entry since more Mexicans wanted to come to the United States than the Bracero program had room for. Some growers preferred to use illegal labor to avoid the requirements of the Bracero program. By greatly expanding the program and increasing enforcement, the U.S. diverted much of the illegal flow to legal channels.[17] At its peak in 1956, the Bracero program admitted 445,197 workers.[18] This followed the largest enforcement effort, Operation Wetback, in 1954. This sweeping roundup of Mexican workers resulted in the expulsion of over one million people,[19] including many legal residents and even citizens of the United States.

American organized labor has consistently opposed all temporary worker programs. The Bracero program was opposed from the beginning because it secured on paper benefits for Mexican workers which American workers had not achieved:

"Not only were the Mexicans guaranteed room, board and a decent wage, they were also granted various fringe benefits that the native farmworker had not been able to achieve in a century of struggle. Included among these benefits were medical care, social security, free transportation and subsistence en route, tools and equipment, minimum working standards and a guaranteed amount of work time." [20]

This opposition became stronger in the 1960's and resulted in the end of the Bracero program in 1964 when the legislation authorizing the importation of labor expired. However, American farmers (as well as other employers) have continued to use Mexican workers without the legal framework of a Bracero program, defending these actions as an economic necessity.

Organized Labor's objections to foreign migrant workers stem from the belief that employment of these workers had highly adverse effects on employment opportunities, wages and working conditions for American workers. Numerous modern studies [21] demonstrate that this is not generally true, but Labor's traditional opposition continues.[22] Migrant workers do not cause widespread unemployment of American workers, instead they, for the most part, take low skill jobs in marginal businesses which are not attractive to American workers, most of whom are protected by various unemployment benefits. The existence of this social net beneath U.S. labor is a major factor in assuring that jobs for Mexican migrants will always be available in this country. Without foreign workers, most of the businesses who employ the migrants would fail or locate in other countries with available labor.

While some Mexican workers continue to be paid less than the minimum wage in rural agricultural work, they receive the legal minimum or more in urban areas. The average hourly wage rate for illegal migrant workers is estimated to be $2.77/hour with only about 28.6 percent of the workers receiving less than the current minimum wage.[23]

The prearranged contracts of the Bracero program, unfortunately, encouraged exploitation of Mexican workers. Since the end of the program, horror stories of wage and other exploitation have been drastically reduced [24] as labor shortages have become more critical than labor costs in low skill employment categories.

In the 1960's, Congress reshaped American immigration policy scrapping the discriminatory quota system of the 1920's in favor of a nondiscriminatory system favoring family reunification.[25] In place of quotas developed from the number of immigrants already in the U.S. from a particular country, the new law set the same quota for each country.[26] In 1976, we extended this quota to Mexico allowing only 20,000 visas a year,[27] ignoring our historical immigration patterns and failing to reflect any special relationship resulting from our proximity to Mexico and the interdependence of our economies and cultures; thus, the problem of illegal migration was exacerbated by restricting the number of Mexicans who might legally emigrate.

THE CURRENT IMMIGRATION SITUATION

Because of the difficulty of measuring a largely illegal population, we cannot know many of the facts about immigration and migration from Mexico. We do know the number of Mexicans who enter the U.S. legally as permanent residents or temporary agricultural workers ("H–2" programs). Of those who become permanent residents, some receive visas under the 20,000 quota and others enter under relative and occupational preferences. 53,400 immigrated in 1976 and 44,600 in 1977.[28]

Some Mexicans enter the United States under the "H–2" temporary workers program. Section 101(a)(15)(h)(ii) of the Immigration and Naturalization Act [29] provides for the entry of temporary workers after the Department of Labor certifies that domestic workers cannot be found for particular jobs upon application of the employer. The "H–2" program resembles the Bracero program in that the workers are tied to a specific worksite; ordinarily farms. It also requires that benefits available to foreign workers also be provided to domestic workers. According to Aaron Podin, head of the Division of Labor Certification at the Department of Labor, the Department vigorously enforced its regulations, resulting in the admission of only a small number of workers which has adversely affected many employers with no other labor alternative. In fiscal year 1977, the program used only 27,760 workers, of which 977 were Mexicans. In 1978 Mexicans admitted under the "H–2" program numbered only 1,089.[30] The program currently is expanding somewhat, largely as a result of litigation between agricultural employers and the Department.[31]

Illegal migrants make up the largest portion of Mexican nationals in the United States. We have no reliable estimates of their numbers, but the range of recent estimates of the total number of illegal aliens in this country range between 2–12 million. Most researchers agree that the actual number is closer to 2 million than to 12, of whom about two-thirds to three-quarters are Mexicans.[32] Many of these estimates use the number of apprehensions by the INS as a base. The INS apprehended 792,600 Mexicans in 1977, 841,500 in 1978 and 1,069,400 in 1979.[33] These figures include many repeated apprehensions of the same persons. The widely varying estimates of the illegal population based on this data also overlook or underestimate the volume of annual return migration to Mexico, which all recent studies have found to be as high as 9 out of every 10 illegal entrants.[34]

As a consequence of recent studies,[35] we know more about the characteristics of the illegal Mexican migrants than about their absolute numbers. They are mostly males between 22 and 30 years of age. They are poorly educated with three or fewer years of schooling, although probably better educated than the average of their peers. A majority of the youngest migrants have completed the sixth grade. Although more than half are married when they first migrate to the U.S., fewer than one percent bring their wives and children with them.

Most Mexican migrants come to the United States as temporary wage-laborers, not permanent settlers.[36] The most recent group studied by Dr. Wayne Cornelius [37] stayed in this country an average of only 5.5 months and came an average of less than three times in a lifetime.[38] This figure is consistent with the estimates of others who have studied the field,[39] and according to the Cornelius study, migrants come to this country to accumulate relatively small amounts of cash to meet specific needs at home. They migrate to the United States, rather than Mexican cities, because they can more easily find jobs that pay an average of $120 per week versus $10 per week they might be paid in Mexico. This is an irresistible economic pressure to "go North."

During their short stay in the U.S., Mexican workers take a variety of jobs. Naturally, a larger number work in agriculture—between 40 and 50 percent according to most recent authorities.[40] Other migrants take commercial, industrial, construction and service jobs. The most recent group studied by Dr. Cornelius broke down as follows: 45 percent in agriculture, 20.8 percent in industry, 14 percent in commerce, 10.6 percent in construction and 8.6 percent in service.[41] In non-agricultural occupations, they take unskilled jobs such as janitors, garbage collectors, dishwashers or busboys. Less than 14 percent hold skilled or semi-skilled jobs.[42]

According to Dr. Cornelius:

"(The) jobs often held by Mexican illegal aliens have several charactistics in common. They require little or no technical skill and only a rudimentary command of English, if any at all. They involve dirty, often physically arduous tasks, wages at or slightly above the legal minimum, low social status, low job security (often due to the short term

Footnotes at end of article.

or seasonal nature of the work), and little chance of advancement. In short, they are menial, dead-end jobs which are nevertheless attractive to the migrant by comparison with the alternatives in his home community." [43]

Needless to say, it is likely that such jobs as these would go unfilled absent these temporary workers. Consequently, their presence in actuality increases our economic productivity. Approximately two-thirds of the migrants are also employed in Hispanic dominated businesses which are unlikely to hire more expensive and less available U.S. workers.

Mexicans migrate to the United States for two reasons: jobs in the U.S. "pull" them and bad conditions in Mexico "push" them. Some policymakers in the U.S. emphasize the push factors. The Interagency Task Force on Immigration Policy reported in 1979 that many Americans blame high Mexican birth rates and an unequal distribution of opportunity and wealth within Mexico as the primary causes of illegal migration.[44] Rather than use immigration as a safety valve for its internal problems, those Americans expect Mexico to make a commitment of purpose and capital to the solving of the social and economic problems underlying illegal migration.[45]

Mexican policymakers emphasize the pull factors of wage differentials and continuing requirements for low-wage workers in the United States.[46] According to the Interagency Task Force, Mexico tends to see the illegal entry of their workers into the United States as a natural response to the United States' need for cheap labor. According to many Mexicans, "if their workers were not wanted and needed by American business, their workers wouldn't come to the United States in the first place." [47] Modern research tends to support the Mexican position that "pull" outweighs "push."

According to David F. Ronfeldt of the Rand Corporation and Ceasar D. Sereseres of the University of California, the migrants also have a clearly beneficial economic impact on the United States:

"Recent field research indicates that the undocumented workers contribute more to the U.S. economy than they take out. Accordingly, the undocumented workers often take the lowest paying, least skilled, dirtiest jobs—in agriculture, canneries, packing houses, restaurants, hospitals, machine shops, garment and construction industries—while Americans prefer to collect unemployment or welfare. These workers enable some industries to survive that otherwise might succumb to rising wages or cheaper imports. The undocumented workers pay far more in taxes and social security than they consume in social services. Extremely few seek welfare or unemployment benefits and the aliens are carefully law-abiding to avoid detection and deportation. The vast majority are temporary migrants who work in the United States about a half-year before returning to Mexico; very few stay longer than a year." [48]

A study in San Diego County, the area of the nation most severely affected by the illegal entry of Mexican workers, estimated the total contributions of illegal aliens to unemployment insurance, workmen's compensation, social security and disability at $48.8 million in 1976. In the same period, the total cost impact attributable to illegal migrants on the San Diego County Social Service Delivery System was estimated at $6 million. Out of the $260.3 million estimated earnings of the aliens, most was spent in the U.S., however, $96.7 million was sent home to Mexico as a form of indirect foreign aid.[49] It is generally concluded that illegal aliens have an overall beneficial impact on the communities they work in.

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SOLUTIONS

The solution to illegal Mexican migration in the longrun lies with eliminating the push and pull factors which contribute to it. To eliminate the push factor of unemployment in Mexico, we should provide technical assistance for and encourage private investment in labor-intensive rural development in the migrants' home areas. We can hope and expect that the development of Mexico's petroleum resources will help to stimulate the economy and provide long-term expansion of job opportunities. This may help to eliminate a portion of the push factors; however, this process will take many years.

We can assist the process of job growth in Mexico by extending trade and tourism preferences to Mexico. As former Ambassador Lucey said:

"Mexico needs the U.S. market for her manufacturers if her economy is going to develop the jobs needed to absorb her population increase. The United States cannot express concern about Mexican migration and be disinterested when it comes to Mexican economic growth." [50]

However, the push factors are formidable and will be around for a long time. Forty-six percent of Mexico's population (estimated at 64 million) is below the age of 15; and of the working age population, 45 to 55 percent are unemployed or underemployed.[51] Even with a drastic drop in Mexican population growth, these figures would not be affected for a long time.

It will be even more difficult to eliminate the pull factors which contribute to illegal migration. Proposals by former President Carter and others for employer sanctions overlook the inherently discriminatory effect of such actions. If the law is well enforced, employers will be afraid to hire anyone who looks like he might be a Mexican national; thus, discriminating against Hispanics who are citizens or legal residents of the U.S. The alternative of identity cards is abhorrent to American traditions of individual freedom.

Attempting to completely close the border would be the most drastic approach to eliminating illegal migration. Given our societal attitudes and budgetary limitations, such an effort is unrealistic. The expense involved in closing the border, both in money and in human rights, would be prohibitive. A "Tortilla Curtain" which forced Mexico to absorb the migrants into an already overburdened economy, would create the potential for turmoil south of the border. It would threaten not only our relations with Mexico, but would also potentially destabilize Mexico's internal situation. This is to say nothing of the human cost. Even a small increase in border enforcement leads to an increase in smuggling activity and the profits of the smugglers praying on human economic deprivation.

In the short-run we must recognize the existence of the real factors which cause illegal migration. We must move to regulate the flow of migrants in a way that recognizes the human facts of the situation while still providing necessary labor for the U.S. economy.

A program which would allow the number of Mexican workers required by U.S. business to enter this country legally for seasonal work would serve to bring Mexican migration under control. Such a program would meet the legitimate unmet needs of American employers for workers, while providing temporary employment opportunities for Mexicans in economic needs and recognizing that these workers will come across the border someway.

As sensible as that seems, some [52] have criticized guest worker programs asserting that such will either continue to encourage illegal migration or depress domestic employment opportunities.

Such arguments ignore the fact that the Mexican government simply cannot absorb the workers currently in the United States if this government were to conduct another "Operation Wetback" or erect a "Tortilla Curtain" thus sealing the border. Even these actions might not stem illegal migration unless tremendous resources were allocated to the effort, including deployment of the military. Those options are simply not realistic and are necessarily excluded from serious consideration. Given the strategic importance of a strong and stable Mexico, it is obvious that American foreign policy should not contribute to increased social upheaval in that land. Rather, our policy should be geared toward assisting Mexico as it develops economically. In short, the solution is two-fold: a temporary worker program coupled with Mexican economic development.

The argument that such a program will either encourage more illegal migration or harm domestic workers is another example of conveniently ignoring the present situation. The undocumentados are here now and will undoubtedly be here tomorrow unless we begin to attempt channelizing them into a legal and realistic program.

To address this problem, I have introduced the "Companeros" legislation which would create a temporary worker program (S. 1427, the United States-Mexico Good Neighbor Act). Identical legislation has been introduced in the House of Representatives (H.R. 5128). This legislation would provide for the legal provision of labor needs in the United States while also being a direct, people-to-people form of "foreign aid" and a means of training large numbers of future workers for Mexico's growing economy.

Putting available facts and logic together, the essential elements of a solution to the problem of illegal aliens are as follows:

"Make the workers' stays legal for the six months or so they need to be here and are, in fact, needed within our labor force.

"Base the number of temporary worker visas on the number of unfilled, unskilled or semi-skilled jobs in agricultural, service and other appropriate industries.

"Allow U.S. workers to protect their jobs at specific business locations if qualified and willing U.S. workers are available."

These elements are embodied in the United States-Mexico Good Neighbor Act.

Under the provisions of the bill, the Attorney General in consultation with the Secretary of State, would set up a program of temporary worker visas. Acting in consultation with the Secretaries of Agriculture, Labor and Commerce, the Attorney General would establish annual and monthly quotas for temporary worker visas based on need over-and-above available domestic labor. These visas would be issued by U.S. Consulates in Mexico on a first-come, first-serve basis. The Mexican national holding such a visa would then be eligible to spend up to six months (eight months will probably be a more workable time) in the U.S. seeking or working at a job.

Clearly different from the old Bracero program, the legislation does not place any geographical and contractual restraints on where the visa holder may seek employment. Similarly, there is no prohibition on the type of work in which he or she may engage.

There is, however, a provision designed to help protect American workers at any given work location from unreasonable labor competition. The Secretary of Labor, under specific guidelines, could make a finding that at a specific business or agricultural site, there are sufficient qualified and willing domestic workers available. If so, Mexican nationals holding temporary visas would be restricted from working at that site.

Should a visa holder fail to return to Mexico after the expiration date of the visa or enter the U.S. illegally, there would be stiff prohibitions on his or her eligibility for future visas. However, it is clear that the real incentives for the worker to adhere to the provisions of the program would be that their stay in the U.S. would be legal and not subject to the uncertainties and potential abuses of an illegal status. A program that conforms to reality is always more workable than one which creates an impossibly artificial reality.

As a legal worker, the Mexican national would be clearly protected by the laws and Constitution of the United States. Decent working conditions and needed social services could be obtained without fear of deportation.

The legality of the Compañeros program would eliminate the economic incentives for smugglers. Furthermore, remaining border and immigration law enforcement efforts would be enhanced since the numbers of illegal aliens should decline to a more manageable level. American employers would find the legal workers more attractive than illegal migrants under the threat of apprehension by the Immigration and Naturalization Service.

CONCLUSION

We cannot eliminate illegal migration in the short-run. However, we can manage the flow of migrants with a Compañeros visa program which will conform to law and to the realities of the present situation.

By recognizing the Mexican perspective on illegal migration as well as our own economic realities and by accepting our own responsibility for the current situation, we can meet this problem in a friendly and constructive fashion. By working for good relations with our close neighbor, Mexico, we can finally turn our proximity into opportunity; our neighbors into friends. In today's world, we need all the friends we can get.

ACKNOWLEDGEMENTS

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FOOTNOTES

[1] See the following studies: W. Cornelius, *Mexican Migration to the United States: Causes, Consequences and U.S. Responses* (1978) [hereinafter cited as Cornelius]; Bustamante, *Undocumented Immigration from Mexico: Research Report*, 11 International Migration Review 149–177 (1978): Dagodag, *Source Regions and Composition of Illegal Mexican Immigration to California*, 9 International Migration Review 499–511 (1976); Dinerman, *Patterns of Adaptation among Households of U.S.-bound Migrants from Michigan, Mexico* (Paper presented at the Joint National Meeting of the Latin American Studies Association and the African Studies Association, Houston, Texas, November 1977); Exter, *Rural Community Structure and Migration: A Comparative Analysis of Acatic and Acatlan de Juarez in Jalisco, Mexico*, Latin American Studies Program Dissertation Series, No. 71 (1976); Mines, *Las Animas: A Village of Migrants* (Unpublished paper, Department of Agriculture and Resource Economics, University of California, Berkeley, 1977); Mines, *The Workers of Las Animas: A Case Study of Village Migration to California* (Unpublished research essay, Department of Agriculture and Resource Economics, University of California, Berkeley, 1978); D. North and M. Houstoun, *The Characteristics and Role of Illegal Aliens in the U.S. Labor Market: An Exploratory Study* (1976); Orange County Task Force on Medical Care for Illegal Aliens, *The Economic Impact of Undocumented Immigrants on Public Health Services in Orange County (Calif.)* (Final Report presented to the Orange County Board of Supervisors, March 1978); M. Villalpando, et al., *A Study of the Socioeconomic Impact of Illegal Aliens on San Diego County* (1977); Zarrugh, *Gente de mi tierra: Mexican Village Migrants in a California Community* (Ph. D. dissertation, University of California, Berkeley, 1974).

[2] Fagen, *The Realities of U.S.-Mexican Relations*, 54 Foreign Affairs 686 (1977) [hereinafter cited as Fagen].

[3] Lucey, *The United States and Mexico*, Vital Speeches, February 1, 1979 at 235 [hereinafter cited as Lucey].

[4] *Id.*

[5] P. Ehrlich, L. Bilderback and A. Ehrlich, *The Golden Door*, 171 (1979 [hereinafter cited as Ehrlich].

[6] 15 U.S.C 717b.

[7] Ehrlich, note 5 *supra*.

[8] New York Times, February 25, 1980 at 1.

[9] Ehrlich at 135.

[10] Act of May 26, 1924 43 Stat. 153.

[11] *Illegal Aliens: Analysis and Background*, Committee Print, House Judiciary Committee.

[12] Scruggs, Otey M., Evolution of the Mexican Farm Labor Agreement of 1942. Agricultural History, v. 34, July 1960; pp. 141–142.

[13] The Bracero program stretched from 1942–1964 in three distinct phases. The "wartime phase" (1942–1947) was initially created by executive agreement and then by statute (57 Stat. 70 [1943]). The program continued in the so-called "transition" phase (1948–1951) under frequently revised agreements and finally the "Public Law 78" phase (1951–1964).

[14] Congressional Research Service, Library of Congress, *Temporary Worker Programs: Background and Issues*, 6–15 (1980) [hereinafter cited as Temporary Workers].

[15] Agreement with Mexico respecting the temporary migration of Mexican agricultural workers, July 23, 1942, 56 Stat. 1759, E.A.S. 278.

[16] Temporary Workers, 37.

[17] *Id.* at 27.

[18] *Id.* at 36.

[19] Bustamante, *supra*, 150.

[20] R. Craig, *The Bracero Program: Interest Groups and Foreign Policy*, 50–51 (1976).

[21] *See, e.g.*, Cornelius, Bustamante and Mines, Note 1, *supra*.

[22] *See, generally*, Second Report of the Select Commission on Immigration and Refugee Policy (October, 1980).

[23] See Cornelius, at 64.

[24] See Cornelius at 52–71.

[25] Illegal Aliens at 40.

[26] Act of October 3, 1965, Public Law 89–236, 79 Stat. 911.

[27] Act of October 20, 1976, Public Law 94–571, 90 Stat. 2703.

[28] 1977 Immigration and Naturalization Service Annual Report. In 1978 the figure was 92,367.

[29] 8 U.S.C. 1101 et seq.

[30] Temporary Workers at 59.

[31] Statement of Aaron Podin before the Select Commission on Immigration and Refugee Policy, October 29, 1979.

[32] See Cornelius at 10.

[33] 1977 and 1978 Immigration and Naturalization Service Annual Reports. 1979 figure provided by the INS.

[34] See Cornelius at 25.

[35] See Note 1, supra.

[36] The migrants enter the U.S. without inspection, crossing the border often with the aid of professional smugglers or "coyotes" who charge between $250 and $300 for their service.

[37] Dr. Cornelius interviewed adult males in nine rural communities of Jalisco, Mexico. These men were illegal migrants before 1969, illegal migrants after 1969, former Braceros, legal migrants or men who had not migrated but were potential migrants.

[38] See Cornelius at 26.

[39] See e.g., North and Houstoun, supra, 86; Bustamante, supra, 164–165; see also Hearings on Undocumented Workers: Implications for U.S. Policy in the Western Hemisphere, by House Committee on International Affairs, Subcommittee on Inter-American Affairs, 95th Cong., ser. 3901, pt. 4 at 172 (statement of Alejandro Portes) [hereinafter cited as Hearings].

[40] Cornelius, *supra;* North and Houstoun, *supra;* and Villalpando, *supra*.

[41] See Cornelius at 54.

[42] *Id.* at 55.

[43] *Id.* at 56.

[44] Intragency Task Force on Immigration Policy, Departments of Justice, Labor and State, *Staff Report*, 286 (1979) [hereinafter cited as Task Force].

[45] *Id.*

[46] Hearings at 361.

[47] Task Force at 285.

[48] Hearings at 361.

[49] Villalpando, *Facts and Myths About the Illegal Migrant*, in The Problem of the Undocumented Worker, 47–48 (Latin American Institute, University of New Mexico, 1979).

[50] See Lucey at 235.

[51] See Cornelius at 38, 43.

[52] V. Briggs, *Foreign Labor Programs as an Alternative to Illegal Immigration into the United States: A Dissenting View* (1980); D. North, *Non-Immigrant Workers in the United States: Current Trends and Future Implications* (1980).

Mr. SCHMITT. Mr. President, I am pleased to join this morning with my distinguished colleague, Senator HAYAKAWA of California, in a general discussion of this problem. As he has also reserved time under the special order, I shall reserve the remainder of my time and yield to the distinguished Senator from California.

RECOGNITION OF SENATOR HAYAKAWA

The PRESIDING OFFICER. Under the previous order, the Senator from California (Mr. HAYAKAWA) is recognized for not to exceed 15 minutes.

A RATIONAL GUEST WORKER PROGRAM

Mr. HAYAKAWA. Mr. President, in support of the remarks of my distinguished colleague from New Mexico, I wish to supplement his remarks by some narratives of actual case histories of people trying to farm in California under conditions of great difficulty because of the shortage of labor. I received a letter recently from the wife of a California farmer. She is pleading for assistance from Congress, but she is not asking for any kind of financial help. Mr. and Mrs. Vermeulen of Orange County only ask to be allowed to hire fieldworkers to harvest their crops.

Her letter states:

This morning my son had to disc up 20 acres of beautiful squash, which would have

provided income for our two families for 2 or 3 months . . . Our berries are so far behind, we'll never catch up. We are a family farm, husband and son; we need 50 workers. . . . Yesterday, we had seventeen.

This woman, Mr. President, and her neighbors have tried to find local workers who are willing to pick their crops. That is the problem. They offer a decent wage but they find that very few people nowadays are willing to accept the hard work involved in harvesting such things as squash, berries, or grapes. The few who do accept jobs often turn out to be undocumented workers from Mexico, but they are rounded up by the Immigration and Naturalization Service and sent home.

Mr. President, I cannot blame the Immigration and Naturalization Service for doing their legal duty, but I do question who benefits when the border patrol is forced to remove laborers from the field. The farmer who is forced to plow under his crop? The laborer who cannot meet his family's basic needs? The consumer who pays a higher price for squash?

Mrs. Vermeulen goes on to say:

We can cope with the weather, bad prices, and occasionally a crop failure, but this is something else.

This matter of raiding farms and taking workers right off the field, and often trampling their crops in the course of it—this is something else.

As Mrs. Vermeulen says:

Isn't there something you can do to begin a work-pass program?

Mr. President, I have introduced legislation, as my colleague from New Mexico has, to establish a guest worker program. This program is needed not only to address the needs of Mrs. Vermeulen and others like her, but also to address the economic needs of Mexico.

The economic disparity between the United States and Mexico will be reduced as our southern neighbor develops its vast natural resources. However, during this period of development, large numbers of Mexican nationals are crossing the border to find temporary jobs in the United States. We need these people in our labor market because there is a shortage of laborers in the United States who are willing to take physically demanding jobs at the lower end of the pay scales.

Mr. and Mrs. Vermeulen can attest to the fact that some American workers want indoor work, with no heavy lifting. They hate to work in the hot sun. I do not know how one can harvest a crop of squash or tomatoes or anything else without getting into the hot sun.

While there are some differences between the proposals Mr. SCHMITT and I have offered, we are in strong agreement on the need for a guest worker program. We also agree that any guest worker program must be large enough to effectively replace the unregulated flow of undocumented workers from Mexico with a system of legal temporary admissions.

I am very concerned that the President's advisers have asked him to consider a pilot program which would admit only 50,000 workers. So limited a program invites failure before it even gets underway because it does not immediately address the need to bring illegal immigration under control. It does not address the needs of the many farmers and businessmen who are desperate for additional workers. It does not even address the need to provide incentives for participation.

I would like to put the number 50,000 into perspective. Last week I was in Fresno, and I mentioned the matter of 50,000 to two gentlemen, one a Mr. Arnold and another Mr. Rosendahl. Mr. Rosendahl is president of the Fresno County Farm Bureau. Fifty thousand? He was horrified. He said:

It takes 120,000 just to harvest the raisin crop in Fresno County, and that is not counting the table grapes, it is not counting the wine grapes, but just the raisins themselves. It takes 120,000 workers.

That is how fertile Fresno County is. That is how desperate the need for labor is.

Mr. SCHMITT. If the Senator will yield on that point very briefly, another way to put it in context is the total apprehension of workers attempting to come into this country in the last 2 or 3 years has been on the order of 1 million, so 50,000 is about one-twentieth of the apprehensions. Many of those apprehensions are probably repeats, but let us say it is a factor of 10. It is still a drop in the bucket to the total migratory flow that exists today as an illegal work program. To think that somehow you are going to get useful information from an experimental program of 50,000 when your flow is 20 or 30 times that makes no scientific sense and I do not think it makes any political or human sense.

Mr. HAYAKAWA. My distinguished colleague from New Mexico is entirely right. There is this constant flow of undocumented workers from Mexico into this country. We can only guess how many there are. One of the estimates is that 1 million are caught and sent back each year, and the INS itself says that we can probably catch only 1 in 4. That means that there are another 3 million coming in that are not accounted for, who are not sent back.

But whether the total number is 1 million or 4 million, certainly the figure of 50,000 is totally inadequate to stem that enormous flow of workers across the border.

With a guest worker program as limited as this, those who have been left out of the program will continue to seek an opportunity to cross the border illegally. They will still be faced with the hazards of illegal crossing and the potential abuses of unscrupulous employers who know that undocumented workers cannot claim the protection of our labor laws.

One thing that both Senator SCHMITT and I are interested in its protecting the Mexican worker from unfair exploitation, from having to work 12 hours a day for 8 hours of pay.

Those who are fortunate enough to obtain one of the temporary visas will have no incentive to obey the guidelines of the program once they are in the United States. The temptation will be to remain here illegally once they have arrived safely, simply because the program is too limited to guarantee continued participation.

I wish to commend President Reagan for his willingness to address the need for a guest worker program, but I also want to encourage him to take a very careful look at the factors involved. If we are going to treat effectively the growing problem of illegal immigration, we must develop a program that provides the necessary incentives to invite participation. A program that is open only to 50,000 workers does not provide those incentives.

Mr. SCHMITT. If the Senator will yield, I note that our distinguished colleague from Arizona is on the floor. He has been an advocate of an approach along these lines for many years. I certainly hope that he would feel free to join in our colloquy.

The key thing is, and I discussed this with President Reagan about 2 weeks ago, to not take steps to create a program that has no relationship to reality. When you have a 2,000-mile border, there is no way to enforce a restrictive labor policy with respect to Mexico. So you must look reality in the face and know that, for one, jobs exist in this country that our workers are not seeking; that the pressure from Mexico on their work force to come north, where the pay differential can be as much as $100 to $150 a week, is inexorable; where a 2,000-mile border cannot be enforced by anything less than the 9th Army or something of comparable proportions; where any restrictive policy you have that attempts to be successful has the net effect of increasing the profits of the smugglers and the exploitation of the people they smuggle.

You have to understand that most of these workers move into the United States only temporarily to meet some economic crisis that they face in their homeland of Mexico, and move back on a seasonal basis.

There are any number of these basic characteristics that exist and we cannot change by restrictive labor policy.

(Mr. GRASSLEY assumed the chair.)

Mr. GOLDWATER. Will the Senator yield?

Mr. SCHMITT. I am happy to yield.

Mr. GOLDWATER. I am very happy to participate in this discussion, Mr. President, because the Senator from New Mexico, the Senator from California. and myself, the senior Senator from Arizona, represent three of the four States that border on Mexico. I have to say, with no disrespect to Texas, we border on the most productive parts of the country of Mexico.

I remember the bracero program. It was a great program, probably the

greatest piece of foreign policy we have ever executed with Mexico.

I have many, many friends throughout Mexico who worked in the United States who would come into my place of business because I spoke Spanish. I would give them money for their checks and they would go back to Mexico, buy a few hectares, Mr. President, and go into business for themselves.

We can describe the situation of the American farmworkers. We have had union attempts on the border, as Senators know, to unionize American farm labor. It has not worked.

My brother at one time helped to operate the biggest onion farm in the world and they could never get enough workers to pick the onions.

We should keep in mind what we are talking about in terms of things our people need. Tomatoes, cantaloup, melons, onions—you name it. Almost all produce served on the tables of eastern America and western and central America comes from California, Arizona, and New Mexico.

I strongly endorse what my two friends, the one from New Mexico and the one from California, are attempting to do. I join with them in any effort they make.

Mr. SCHMITT. I thank the Senator for those kind words and the continued illustrations of the problem and the value of the Mexican worker to the U.S. economy. I think it is wise, however, to point out that although overall the bracero program benefited both Mexico and the United States economically, there was clearly one flaw, in that it did require a contractual relationship between the worker and the employer in the United States. That contractual relationship did lead to the abuses that, unfortunately, occurred within the bracero program.

It is my feeling that it is an unnecessary requirement for any guest worker program; that it is clear that the grapevine works extraordinarily well and that the migrant worker does move to where the jobs are, and if the jobs are not there, they move somewhere else. They do not hang around and would not be eligible to hang around to collect the unemployment checks or whatever other benefits might accrue to U.S. workers who chose not to take those jobs.

Mr. HAYAKAWA. Will the Senator from New Mexico yield?

Mr. SCHMITT. Yes.

Mr. HAYAKAWA. I would like to read some notes I took exactly a week ago in Fresno, on July 2, when I had a meeting with two farmers, a Mr. Rosendahl, previously referred to, head of the Fresno Farm Bureau, and a Mr. Allison.

The third person was a chief in the Immigration and Naturalization Service, a Mr. Poole.

Mr. Rosendahl said that the border patrol picks on agriculture. They do not go into the hotels and restaurants. He lost many acres of boysenberries because of the border patrol.

A neighbor of his lost 200 acres of picking cucumbers. Mr. Rosendahl has given up on the boysenberries. He is not going to grow them any more.

Mr. Allison said that less than 10 acres of canning peppers were being grown by a neighbor of his. He lost every bit of it for lack of labor. This is another case history.

People simply lose their life's savings. This man with 10 acres of canning peppers is not a big operator, so he is just wiped out.

Mr. Poole, the Immigration and Naturalization Service officer, said, "I do not think there is a shortage of labor. The Immigration Service would like a guest worker program." He said that the 26 chiefs in the INS are unanimously in favor of a guest worker program.

The guest worker should be interviewed in the country of origin, Mexico, and then admitted with proper papers. In order to come in, they should be required to give some guarantee that they are going to go out again. What form that guarantee should take, Mr. Poole did not specify.

The farmers at this meeting feel that they are unfairly picked on by INS because they do not hit the Kentucky Fried Chicken places or the McDonald's or the Burger Kings. They hit the farmers; and in the course of doing so, they trample their crops and round up hundreds of people at a time.

The INS has a peculiar definition of productivity—that is, within a month, they have to seize and deport as many as possible. For example, if the quota for a given district is to deport 3,000 and they deport only 2,000, then they have fallen down on their productivity. To them, productivity means the number of illegals they round up to send away.

So they cannot be bothered with the Burger Kings and the hotels and the restaurants, because you can only find 5 or 10 undocumented workers at a time, at most, in a raid on a motel. If you raid a farm, you can grab 200 at a time, and you have higher productivity.

That definition of productivity has nothing to do with what the farmer means by productivity, which to get his acres of green peppers or boysenberries or squash gathered and placed on the market. So with this particular definition of productivity, the farmer feels very much harassed and feels unfairly picked on, as contrasted with people in other businesses—people in little factories, people in little service industries.

So Mr. Poole, who is the INS man, says that one should evaluate the kind of people who come in, qualitatively. It would vastly simplify their work if they did not have this productivity standard applied to them. They should determine when to do it, where to do it, and how it would work a minimum amount of damage upon the productivity of farmers, the dairies, and the industries of the United States.

Mr. President, I ask unanimous consent that an article entitled "Without Illegal Aliens, Industries in Some States Couldn't Survive," appearing in the Wall Street Journal of Tuesday, August 26, 1980, and an article entitled "Berry Grower Links Crop Losses to Border Patrol," appearing in the Fresno Bee of June 24, 1981, be printed in the RECORD at this point.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

BERRY GROWER LINKS CROP LOSSES TO BORDER PATROL

(By Jeanie Borba)

When Don Rosendahl buttonholed Sen. S. I. Hayakawa and Agriculture Secretary John R. Block last week to talk about farm labor problems, he had visions of rotting berries.

Rosendahl lost half his boysenberry crop this year because he couldn't find enough workers to pick the fruit.

The Easton grower, who is president of Fresno County Farm Bureau, was among a small group of farmers asked to report to Block on some of San Joaquin Valley agriculture's problems during the secretary's first official visit here.

Rosendahl was smarting from what he figures is a $250,000 crop loss. He had the farm-labor situation weighing heavily on his mind, and he laid it on both Block and Hayakawa, author of a guest-worker bill.

While Rosendahl acknowledges that Hayakawa's proposed guest-worker program is a move in the right direction, he told The Bee that the Republican senator's bill won't come anywhere near meeting the valley's labor needs during the long harvest season. The bill would authorize 50,000 Mexican workers a year for five years. Even Hayakawa maintains 500,000 to 1 million people should be allowed in each year to meet labor needs.

"The administration keeps talking about a guest-worker program. We have to get this straightened up," Rosendahl said. "We've just *got* to tackle it."

"When we *do* get a guest-worker program," he added, "it's going to make it illegal for us (growers) to hire illegal aliens." And that issue—enforcement of undocumented worker laws and possible changes—was another one he wanted to discuss with the senator.

"Hayakawa said he hadn't been told the Border Patrol is picking on agriculture," Rosendahl said.

But Rosendahl insists that is what's happening and his claim is not entirely denied by the Border Patrol.

"There has been an increase in undocumented workers in the San Joaquin Valley this year," said Floyd Mohler, acting agent in charge of the Border Patrol station in Fresno.

"Last year for about 10 months, because of the census moratorium, we did no agricultural checks at all," Mohler said. "So quite a few people came in and stayed. Now that the harvest season has gotten started, even more (undocumented workers) are coming in."

Mohler emphasized that not all the undocumented workers being picked up by the Border Patrol are from Mexico. "We've been picking them up from all over . . . Central and South America, Canada, Iran, England, Nigeria, Cuba; but primarily most are from Mexico and Central America," he said.

With 10 agents working a six-county area (Merced, Madera, Mariposa, Fresno, Kings and Tulare), and one airplane assigned to cover the Central Valley, Mohler said "we don't have time to do anything else" but look for undocumented workers in agriculture.

He said the Border Patrol also picks up undocumented people who have been jailed for civil or criminal violations.

Agents last year picked up about 15,000 undocumented workers in the six-county, area, Mohler said. That's significantly fewer than the 20,650 apprehended in 1979.

"So far this year, we're picking up about 1,700 a month. We had 7,500 from January to May, and 1,600 in May," he said.

Producers of California's specialty crops are concerned "that these crops are being lost or won't be grown anymore" unless their labor force problems can be resolved, Rosendahl said.

"These crops can't be mechanized; they have to be hand-picked because of their delicate and perishable nature," he said. "So without farm laborers these crops are going to be lost, and that's a tragedy."

Rosendahl, who's been growing boysenberries since 1967, said he lost "at least" 150 tons of fruit this year on 50 acres of vines. "There just wasn't enough labor. It wasn't the wages. We even tried to raise the wages, and that didn't work. We needed 200 pickers and we had 50 to 60. We had ads on every Mexican radio station, we called EDD (the state Employment Development Department), we did everything we could think of but we just didn't have enough people out here."

Undocumented workers are found among those referred to jobs by EDD. The state agency is not responsible for enforcing federal immigration laws.

The Farm Bureau leader said unusually hot weather early in the picking season aggravated berry growers' labor problems. He estimated about half the crop was lost on Fresno County's approximately 350 acres of boysenberries.

Fowler grower George Teraoka, who produces one of the largest boysenberry crops in the area, agreed that early hot weather forced rapid harvest of the crop and many growers were caught short-handed.

"A few days after we started to pick (about June 1) we had 107-degree weather," Teraoka said. "The berries just stopped growing and the crop began to shrivel," he said.

Teraoka estimates he was able to harvest about 40 percent of his anticipated crop. "We may have had 100 to 150 workers, where normally we would have had 400 to 500 people," he said.

Having been a boysenberry producer since 1948, Teraoka said he has too much invested to pull out of the business completely. He is, however, removing 50 acres of vines.

WITHOUT ILLEGAL ALIENS, INDUSTRIES IN SOME STATES COULDN'T SURVIVE

(By Sam Allis)

Asked about the burden of illegal aliens on his state's economy recently, California Gov. Jerry Brown replied that a number of industries there couldn't function without them. That may be an understatement.

Los Angeles "would be a ghost town" if it weren't well populated with illegal aliens, says Phil Russo, Western states organizing director for the International Ladies Garment Workers Union. "A hell of a lot of businesses couldn't survive without them," says Joe Razo, regional head of a state task force that enforces labor standards.

The garment industry, hotels and restaurants, agriculture, health care and assembly operations in California rely heavily on the cheap, often exploited labor of the undocumented worker, the term used to identify the illegal alien working in this country. Many say that these people, most of whom are from Mexico, will ease a shortage of unskilled labor in the future.

"They're the blue-collar workers of tomorrow in the Southwest," says Wayne Cornelius, a University of California professor who has written extensively on the subject. "They're a positive force here," adds Al Libra, general counsel of the California Manufacturers Association. "They are taking jobs that are going begging."

Some people believe Mr. Libra is dead wrong. Mr. Razo says many Hispanics who live near the poverty level are "screaming" to have undocumented workers deported. Others say the jobs the undocumented take in the construction industry would be attractive to American workers. But no one really knows because so little hard data exists on illegal aliens.

Estimates of their numbers range from one million to more than eight million nationally. By all accounts, California receives the most, followed by Texas. Chicago has been a magnet for undocumented Mexicans for decades, while natives of Caribbean countries flock to Miami, New York and Washington, D.C.

In California, illegal aliens pour by the thousands each year through the sieve-like border at San Ysidro, about 20 miles south of San Diego. Without valid papers, they head for the best place to find work and anonymity—the barrio in East Los Angeles. "Los Angeles is a mecca," says Philip Martin, a professor at the University of California. Some work at first in agriculture in San Diego County, but farm mechanization has reduced the need for manual labor, and urban areas now offer more opportunity.

Edgar, an undocumented worker from Nicaragua, paid what's known as a "coyote" $400 to take him across the Mexican border into California six years ago. He went to Los Angeles and stayed with relatives until he found work as a bundler in a garment shop paying $60 a week in cash for 55 hours' work. He had never heard of overtime or social security benefits.

Unscrupulous businessmen have prospered at the expense of people like Edgar. Mr. Razo in Los Angeles has collected $4.5 million in back wages for undocumented workers and others since he began the enforcement program in 1978. Through March of this year, he had found minimum wage and overtime violations in 79 percent of the 2,100 garment shops and 63 percent of the 2,500 restaurants he checked in Los Angeles County.

Mexican undocumented workers fill the overwhelming majority of the menial jobs in both industries. According to a still incomplete two-year study by two University of California professors, 82 percent of the 500 Hispanic garment workers they interviewed were undocumented, as were more than 70 percent of 326 restaurant and hotel workers interviewed.

The professors, Sheldon Maram and Stewart Long, also found that few of the nearly 1,200 black and Hispanic unemployed whom they interviewed in Los Angeles this spring said they would accept the kinds of minimum-wage jobs held by undocumented workers. Although 60 percent said they were willing to do the work, hardly any would do it at the $3.10-an-hour minimum wage.

"We're institutionalizing dual labor markets," concludes Mr. Long. Mr. Libra of the manufacturers' association says that is the only way many labor-intensive industries can stay in California. "Either they come up with something like the undocumented, or they go where they can find a cheap labor supply," he says.

Assuming that illegal aliens are the means to keep industry from fleeing may be a strategic mistake, warns Mr. Martin of the University of California. Undocumented workers "may be giving the small entrepreneur another 10 years before he goes abroad," he says. "In the long run, they could hurt business. Employers could get flabby."

And businessmen may be less enthusiastic about such employees if unions organize them in substantial numbers. Most unions still view illegal aliens as threats to American jobs, but the ILGWU has made a concerted organizing effort. Results so far are mixed.

The University of California's Mr. Cornelius, among others, maintains that undocumented workers rarely take advantage of such social services as welfare for fear of being caught and deported. For the same reason, they can't get social security benefits. Thus, they give more than they get.

But, says Mr. Martin, "It all depends when you look at the process." He assumes, as do most experts, that some form of amnesty will be granted to the undocumented workers already in this country. When that happens, he says, they won't fear to apply for public services. "Then the burden will increase."

Mr. SCHMITT. Mr. President, the Senator makes an excellent point. Clearly, there are far more productive activities for the personnel of the INS than chasing down Mexican migrant workers who not only are helping this country's economy but also are helping Mexico's economy. It never made any sense to me, and it makes even less sense the more I think about it.

It is also important to note that other proposals for employer sanctions and for increased enforcement along the border are doomed to failure unless there is a broad guest worker program that roughly, or as precisely as possible, takes into account the number of jobs that are open to migrant labor from Mexico and are not being sought by the U.S. workforce.

Mr. President, how much time remains to the two Senators?

The PRESIDING OFFICER. The Senator from New Mexico has 3 minutes and 5 seconds. The time for the Senator from California has expired.

Mr. SCHMITT. Mr. President, I thank the Senator from Arizona and the Senator from California for entering into this colloquy. I believe it has been very useful in continuing this discussion.

NEW MEXICO'S SHOWCASE FOR TECHNOLOGY

Mr. SCHMITT. Mr. President, those of my colleagues whom I have had the pleasure of hosting in New Mexico know of the State's rugged beauty and rich multicultural heritage. Others of my colleagues, through their work in the Congress, know of New Mexico's sophisticated research and development community, and of the contributions that Los Alamos and Sandia National Laboratories, the Air Force Weapons Laboratory, White Sands Missile Range, the Department of Energy, and the State's universities have made to our national defense and technological foundations.

In late October, these organizations, along with a great many other New Mexicans from many fields of technological endeavor, will join me in sponsoring the Showcase for Technology Conference and Exhibition in Albuquerque. The 3-day conference will be a unique and exciting look at the potential for the transfer of technology from our publicly-funded research and development facilities to the private sector.

More than 100 scientists from the cosponsoring organizations are developing a 2-day program of technical sessions in areas including materials, electronics, energy, environment, agriculture, photochemistry, life sciences, lasers and modern optics, explosives technology, computeraided modeling, networking, design and manufacture, atmospheric sciences, space technology, and remote sensing. The final day of the conference will be

reserved for optional tours of some of New Mexico's leading research and development facilities. Sponsoring organizations, as well as some of the most noted high technology firms in the country, will exhibit throughout the conference. Finally, the Air Force has agreed to conduct a separate briefing for private firms with classified clearances the day before the conference begins, on October 27.

Adding to the stature of this event will be the presence of at least three representatives of the Reagan administration from agencies that possess important capabilities and responsibilities in the process of technology transfer. A fellow New Mexican, White House Science Adviser Jay Keyworth, National Science Foundation Director John Slaughter, and Patents and Trademarks Commissioner Gerald Mossinghoff have all graciously agreed to keynote the general conference sessions.

Another facet of Showcase for Technology that is particularly exciting is the contributions of the private sector in planning the conference. For several months now, representatives of General Electric, Rockwell, IBM, Xerox, RCA, Texas Instruments, Mobil Oil, Occidental Research Corp., AMPEX, Phillips Petroleum, Johns-Manville, and Research Corp., have been meeting with me and the Showcase planning committee to suggest ways that the conference program can be made most useful to the private sector. This "Blue Ribbon" private industry committee will also attend and critique the conference.

The future primacy of the United States in an increasingly complex world will be the Nation's collective will and talent for developing technology and disseminating that technology for the greater benefit of the travelers aboard Spaceship Earth. I take great pride in inviting my colleagues in the Congress to Albuquerque October 28–30 to allow us to "showcase" our rich and diverse research and development community, and to demonstrate what New Mexico and the Nation have already accomplished in technology transfer.

ARMS SALES TO SAUDI ARABIA

Mr. HAYAKAWA. Mr. President, sometime in the very near future the administration will ask Congress to approve a major package of arms sales to Saudia Arabia. The package is said to include enhancements for the F–15 fighter-bombers the Saudis ordered in 1978 and five AWACS radar planes to be delivered in 1985. We in Congress will be asked to weigh the security needs of the Saudis, whom we number among our friends in the Middle East, against our own interests and those of the Israelis, who are allies as well as friends.

I am deeply disturbed at the implications of this sale on the security of Israel, and I am not convinced that it is in Saudi Arabia's long-term interest to buy these planes. And I am not at all sure that it is in our interest to sell them. I have communicated my concern to the administration, and I hope that the actual proposal will address these problems, because I cannot support the proposal as it has been described based on administration statements to the press.

Let me list some of the problems.

Israel is a small nation surrounded to the south, east, and north by hostile neighbors. In episodic warfare over the last 30 years, its foes have attacked and retreated or been driven back, but Israel has nowhere to retreat; it has its back against the sea. Thus its military security rests on superior preparedness, will, and vigilance. The AWACS plane in Saudi hands could be used to command an Arab attack against Israel and to reduce the effectiveness of Israeli air defense.

Furthermore, the Saudis have repeatedly called for "jihad" against Israel. While they say that by "holy war" they also mean political, ideological, and economic conflict, they specifically refuse to rule out force. The Saudis continue to oppose the Camp David treaty and the search for comprehensive peace in the Middle East.

I am not convinced that the Saudis truly need the AWACS planes. First of all, they cannot operate or maintain them, so they would continue to use U.S. advisers. To attempt to train Saudi replacements in the complicated AWACS technology is a drain of talent that a small nation can ill afford. And continuing dependence on American advisers may be a political burden for the Saudi monarchy both domestically and within the Arab world.

Some analysts suspect the Saudis are interested in the AWACS primarily as a symbol to show the rest of the Arab world their clout with the United States and to silence radical Arab critics who say the Saudis sell us too much oil and get too little in return. If that is true, it may be for them a very expensive symbol. Better that we provide them useful arms to secure their own borders and perhaps, as former CIA Director Stansfield Turner has suggested, accelerate the delivery of the F–15's we have already agreed to sell, than provide a strategic weapon intended for use in regional warfare.

Third is a U.S. security question. The AWACS planes represent the ultimate in U.S. radar, computer and antijamming technology, and they are superior to any other similar aircraft available in the world today. This equipment would be in the hands of a nation that is experiencing change and some social ferment resulting from the exposure of a traditional society to foreign ways, rapid economic development, religious and tribal friction, political pressure from more radical Arab factions, and external agitation. Several analysts have drawn parallels between the state of the Saudi monarchy and the late Shah's reign in Iran, and worry about the monarchy's ability to deal with internal threats.

External strategic considerations for the Saudis have also changed since the 1978 F–15 sale. Iran has changed from a heavily-armed, pro-Western bulwark against the Soviets to a leftist revolutionary regime. The Russians have invaded Afghanistan, and Iran and Iraq are at war. The United States has sought bases in the region for land and air forces and has deployed ships and established forward supply depots. The information generated by the AWACS planes now in Saudi Arabia is of considerable value to the United States, and U.S. access to information from any Saudi AWACS deployment would continue to be a great advantage.

The Israelis had not objected loudly to that portion of the arms sale plan that included only the fuel pads and the Sidewinder missiles, but both Israel and its friends in the United States have raised serious questions about the possible use of AWACS planes in an attack against Israel. In any new Arab-Israeli war, they fear, Israel would have to fight all along its eastern border, and the AWACS information about Israel's air force could put that nation at a serious disadvantage. Israel feels strongly that as a small nation with no nearby allies, its survival depends largely on air superiority and the ability to strike quickly and by surprise. A Saudi AWACS, the Israelis fear, would damage those capabilities.

Thank you, Mr. President.

Mr. BAKER. Mr. President, I yield back the time remaining to me under the standing order.

ORDER FOR ROUTINE MORNING BUSINESS; ORDER FOR RECESS FROM 12:30 P.M. TO 2 P.M.

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business, to extend until 12:30 p.m., and that Senators may speak therein for not more than 5 minutes each; that at 12:30 p.m., the Senate stand in recess until 2 p.m. today, in order for Members on both sides of the aisle to engage in certain conferences and caucuses which I believe will materially assist in the dispatch of the business of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

SECURITY

Mr. GOLDWATER. Mr. President, the paper which I am about to present is marked "Committee Sensitive." As chairman of the Select Committee on Intelligence I withdraw that classification.

My remarks today concern security—security in its application to each of us as U.S. Senators, and as it applies to the Senate as a whole. As chairman of our Intelligence Committee, I am concerned more and more with our tremendous responsibility in this regard, and I want to make certain that you know the security responsibilities we face, and that each of us, in being made aware of these responsibilities and guidelines, know how to best meet them. We must be confident in the effectiveness of our effort in this regard, because we have been increasingly affected by our need for access to classified information in order to function in our legislative and oversight responsibilities.

I can foresee no easing of our need for access to our Nation's secrets. We must,

therefore, have a clear understanding of what classified information is, and what to do with it when we get it. It is not too difficult to attain acceptable security, but we have to know what we are doing. Some pilots in the past, for example, have been able to read the tech orders and the manuals, grab a checklist, and get by for a flight or two in a new aircraft without formal instruction in it—provided they had the basic precepts of flying in the first place to build on. In our day-to-day security partnership with the executive branch and our colleagues in the House, we must understand and apply basic security practices.

What are they:

First. Know what classified information is. Recognize it.

Second. Know what right to access and need to know is. Who should have it?

Third. Know what to do with classified information after we have access.

Security is undoubtedly one of the most misunderstood or least understood terms we have in Government. Subject to individual interpretation, we can have a hodgepodge of security conditions, or no security conditions, if you will, depending on where we sit, and how we are affected by the circumstance.

Under our laws and resolutions, and under Executive orders we respect and follow, we have the policy and the procedures to protect national security information. That information, based on its importance, and sensitivity, is classified and identified as either top secret, secret, or confidential.

Top secret is that information, the unauthorized disclosure of which reasonably could be expected to cause exceptionally grave damage to the national security.

Secret, under like disclosure, could be expected to cause serious damage to the national security, and confidential, identifiable damage.

These are the definitions of the broad classifications that are contained in Executive Order 12065, national security information. The security (or protection) of information falling within one of these categories is of vital importance. Whether we see documents or material bearing a confidential, secret or top secret marking, whether we hear it in closed briefing, or an individual tells us the information, we must respect and abide by the procedures designed and established to keep the information from unauthorized disclosure.

What is unauthorized disclosure?

Anyone receiving classified information who does not have the right to the information, or who has no need for the information is an unauthorized recipient. The information has been compromised, there has been an unauthorized disclosure. Normally, the "right" to classified information is determined through national agency name checks and full field (or background) investigations.

We in the Senate determine the "need" for the information based on function and responsibility. By virtue of our election to office, our right and need for classified national security information is established. We can and do request classified information from the executive branch in many forms—documents, briefings, visits to classified sites and installations. Because we are so "cleared," if you will, we have a real responsibility to protect the classified information to which we have access. This responsibility is especially significant when one of us is quoted, or cited as the source of the information. Whether we like it or not, any information attributed to one of us, becomes national in scope and importance. We cannot take our security responsibility in any but a most serious manner; neither can we say "I don't want to know about it, it's classified," and function responsibly. We need to know the essential guidelines so that we can maintain the security condition, by protecting our secrets.

Cutting across the classifications I have defined for you are some special categories of information, brought about by different laws, Executive orders and directives. "Restricted Data" is atomic information—it can be top secret, secret or confidential. Various intelligence compartmented information categories such as covert action, signals intelligence, human intelligence are limited as to access, but that information too, can be top secret, secret or confidential. If you will check Senate Resolution 400, you will find how you go about getting access to the intelligence information we have, which you might need to know about. One of our staff can bring it to you, or you can go down to G-308 Dirksen building and read it there.

I want to state right here that we have diligently followed the storage, control and access procedures established by the Director of Central Intelligence—because this is his responsibility under the law. Without the complete confidence of the intelligence community in our ability to handle the very sensitive intelligence information we are given, proper oversight would not be possible. We have that confidence. Access to classified information for curiosity's sake, and a leak to the press (or anyone not having authorized access, for whatever personal purpose) are not acceptable. If we cannot handle classified information as we should, can we expect anyone else to do it properly?

Now about our day-to-day personal security functions. As I have said, and it bears repeating, each of us has a personal responsibility to protect information that is classified for whatever reason, be it political, defense, atomic, intelligence, or other. Whether you get it in a formal document, a conversation, briefing or a phone call, just because you have a safe in your office does not mean you should store it there—safes are easily entered by an expert, and must be further secured, such as proximity alarms, heat and motion detectors, guards and the like. Intelligence information by agreement with the intelligence agencies, can be stored in our Intelligence Committee staff offices, where there is a guard 24 hours a day, 7 days a week.

Other types of classified material can be stored with the security office here in the building. It might be wise to not accept documents, but rather read them, and return them with the courier who brought them to you. In any case you are the responsible person for your office. You cannot depend on your telephone at all. Most of your calls are easily picked up, especially from microwave transmissions. Just do not discuss or try to talk around classified information by paraphrasing, on your phone. Our Capitol Police have specialists in technical surveys. For one time conferences, you can contact the Sergeant at Arms for help and advice if you need it.

Instruct your staff people in these matters. You and your staff should not indicate anything one way or another to a reporter when classified information is involved. The only acceptable answer to an investigative reporter—and there are some good ones in this town—is "No Comment." Any other answer could well verify or provide just the validation the reporter needs to piece together his story. Why be embarrassed or subject to criticism and perhaps an investigation? "No Comment" on classified matters. We know that there are masses of classified information, some of it over graded, but we can take no chances.

The FBI does not cover our buildings and offices, unless they are called, but the KGB sure as hell does. Be wary of the visitor/stranger obtaining information and developing contacts with you and your staff. I can tell you that every time anything is printed for the public by the Intelligence Committee, Russian Embassy people are around the door to G-308 with their requests for copies. Believe me, they are interested in what we do.

In closing, let me stress one of the most serious traps into which we can fall concerning the protection of classified information. The situation all too frequently presents itself and any of us can be the potential innocent victim. The situation involves the media making public what we know to be classified information. That unauthorized disclosure absolutely does not remove the classified nature of the facts. Too often people do not understand this, and feel at liberty to discuss the matter merely because it has been published. It is absolutely essential we adhere to the "No Comment" posture in this circumstance. Any other words on the matter will merely exacerbate the situation.

Let us not bring criticism to ourselves and the Senate, and fall into a trap, and look ridiculous by not being aware of our part in the protection of our Nation's secrets.

THE NOMINATION OF SANDRA O'CONNOR TO BE A JUSTICE OF THE SUPREME COURT

Mr. GOLDWATER. Mr. President, a lot of foolish clap trap has been written and spoken about President Reagan's Supreme Court nominee, Sandra O'Connor, by people who do not know what they are talking about.

I am very disturbed that the source of this uninformed criticism stems from people who have been my friends and with whom I have long shared common political positions.

Strangely enough, these people ques-

tion Judge O'Connor's commitment to traditional conservative values.

Well, I ask these critics, who are associated with moral causes, to show the same Christian decency and fairness toward Judge O'Connor that they expect of others. Instead of jumping to conclusions about her views, on the basis of years-old positions that were taken in a different context and setting, why cannot these people wait until the nomination hearings and let Mrs. O'Connor discuss her views personally?

For example, she is being attacked for a vote cast in the Arizona State Legislature 7 years ago involving a bond issue. She appears to have voted against adding a rider, proposing a ban on free abortions, to a football stadium bond issue. But as I understand her interpretation of that vote, her decision had nothing to do with the merits of abortion, pro or con. As a lawyer, she read the Arizona State Constitution as forbidding unrelated legislative riders. She was merely carrying out her duty under the State constitution.

So when people ask me if she has changed or will change her position on abortion, I must reply by asking how they know what her position was. The way they interpret her stand may not at all be her own view of the matter.

And I would point out that Mrs. O'Connor was in the State legislature only for 6 years, from 1969 to 1974. She came to the bench as a State supreme court judge in January of 1975. The big Supreme Court case of Roe against Wade was just handed down in 1973, a year before she left the Senate in 1974.

In other words, she has not been in a legislator's position for 7 years. She was not called upon to take a position on the very controversial and complex and emotional issue of abortion in all these years when the issue was steadily gaining national attention.

Why, the very subject of Right of Life meant something very different even among antiabortion groups in 1974. The first Right of Life constitutional amendment was not introduced until 1973, with only nine sponsors in the Senate. There were different versions in the House. One version simply called for restoring primary jurisdiction to the State governments in this area.

It was not until later that antiabortion organizations settled on a clear-cut, national prohibition of abortion as the single acceptable approach. It was even later that prolifers generally agreed not to make any exceptions, even in case of rape or incest. It is impossible and unfair for anyone to test another person's current views by a position they took 7 years ago, especially when the subject is one in which the views of the strongest believers themselves gradually evolved.

Mr. President, the Deputy White House Press Secretary reports that Sandra O'Connor told President Reagan what her present thinking is on the matter of abortion. She reportedly announced that she is personally opposed to abortion and that it was especially abhorrent to her. She added her feeling that the subject of regulation of abortion is a legitimate subject for the legislative area.

Now, this should satisfy anyone. It is a balanced statement that is sympathetic to the right of the unborn to exist and to the power of Congress to address the subject. The Right to Life groups are totally off-base and mistaken in opposing Judge O'Connor's nomination. They can only do harm to their own credibility and should back off.

Mr. President, I have personally known Sandra O'Connor for over 20 years. I know for a fact of her strong devotion to famliy life. Mrs. O'Connor epitomizes the American ideal of a mother and wife and community-spirited person. She is happily married and has three sons.

Sandra O'Connor served on the Governor's Committee on Marriage and Family in 1965 and was the recipient of the prestigious National Conference of Christians and Jews Humanitarian Award in 1974.

She personally stands as the living embodiment of the decent religious woman that Moral Majority and Right to Life groups are always proclaiming, and it is shocking to me that these groups would turn against such a fine person, who deserves and has earned their respect and support.

I have heard Mrs. O'Connor's strong profamily views. I was present at the wedding of my nephew last year when she made a beautiful speech about "marriage being the foundation of the family, the basic unit of society, the hope of the world and the strength of our country." Now, what quarrel can Moral Majority take with this creed?

Mr. President, I will have more, much more, to say on Sandra O'Connor's nomination in coming days. I can easily prove to my colleagues that she is a brilliant, fair minded judge, who will make a great contribution to the Supreme Court, particularly, I think, in the area of judicial restraint.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

The majority leader is recognized.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I am not prepared at this moment to make a unanimous-consent request to change the time for the vote on cloture tomorrow, but Senators should be on notice that we are trying to clear on both sides of the aisle a revision of the order entered on yesterday to provide for the cloture vote at 12:30 p.m. instead of 1 p.m. Senators should be on notice that that request will be made shortly.

Mr. President, I am now advised that it has been cleared on both sides.

ORDER FOR VOTE ON CLOTURE MOTION TO OCCUR AT 12:30 P.M.

Mr. BAKER. Mr. President, I ask unanimous consent that on tomorrow, prior to the cloture vote, the mandatory quorum call contained in the provisions of rule XXII be waived and that the vote on cloture against the bill occur tomorrow at 12:30 p.m. instead of 1 p.m.

Mr. WEICKER. Mr. President, I reserve the right to object.

The PRESIDING OFFICER. The Senator reserves the right to object.

The Senator from Connecticut is recognized.

Mr. WEICKER. Mr. President, my comment to the distinguished majority leader is that I have some questions which I wish to get resolved as to my ability to present second-degree amendments.

I am a little bit concerned as to how this timing is going to interfere with that, since it is my understanding those amendments can only be presented 1 hour prior to the vote.

If the vote is at 12:30 p.m.—is that what the Senator said?

Mr. BAKER. Yes.

I can say to the distinguished Senator from Connecticut that what I have planned to do is to change the convening hour to 11 a.m. tomorrow which would protect him on that basis. I am not sure that is cleared on the minority side.

ORDER FOR RECESS UNTIL 11 A.M. TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that the time for the convening of the Senate tomorrow after it completes its business today be changed until 11 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, it certainly will be possible for the Senator from Connecticut to file the amendments he has in order.

Mr. President, do I understand that an order has been entered, first, for the Senate to convene at 11 a.m. tomorrow?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. And that the provision for the mandatory quorum call under rule XXII has been dispensed with?

The PRESIDING OFFICER. That has not been agreed to.

If there is no objection, that will be agreed to.

Mr. BAKER. I thank the Chair.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. And, Mr. President, that the time for the vote on cloture has been changed from 1 p.m. until 12:30 p.m.?

The PRESIDING OFFICER. Without objection, that is agreed to also.

Without objection, it is so ordered.

Mr. BAKER. I thank the Chair once more.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, is there also an order that the time for morning business will extend until 12:30 p.m. and the Senate will automatically recess at 12:30 p.m. until the hour of 2 p.m.?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. I thank the Chair.

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President,

appoints the Senator from California (Mr. HAYAKAWA) to attend the International Conference on Kampuchea, to be held in New York City, July 13–17, 1981.

RECESS UNTIL 2 P.M.

Mr. BAKER. Mr. President, it is 1 minute until 12:30. Under the order previously entered, the Senate will stand in recess at 12:30. I ask unanimous consent that the Senate stand in recess now until the hour of 2 o'clock.

There being no objection, the Senate, at 12:29 p.m., recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. GORTON).

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Time for morning business has expired.

DEPARTMENT OF JUSTICE AUTHORIZATIONS, 1982

Mr. BAKER. Mr. President, what is the business before the Senate?

The PRESIDING OFFICER. The pending business will be stated.

The assistant legislative clerk read as follows:

A bill (S. 951) to authorize appropriations for the purpose of carrying out the activities of the Department of Justice for fiscal year 1982, and for other purposes.

AMENDMENT NO. 96, AS MODIFIED

Mr. BAKER. Mr. President, it is my understanding that the distinguished Senator from Oregon (Mr. HATFIELD) wishes to speak on this subject. It is my present intention, after Senator HATFIELD speaks, to ask consent of the Senate to temporarily lay aside this measure and turn to the consideration of Senate Resolution 141, a resolution by Mr. HEFLIN expressing the sense of the Senate in respect to the combating of violent crime as a national priority.

I inquire of the Chair: Is there a time agreement on that resolution?

The PRESIDING OFFICER. There is a time agreement for a total of 3 hours of the resolution.

Mr. BAKER. Mr. President, I assume that we will not use 3 hours. I wish to put Senators on notice that after the Senator from Oregon has made his presentation and perhaps one or two other matters related to this bill have been handled, I will ask the Senate for permission to lay aside this measure temporarily and proceed to the consideration of Senate Resolution 141.

CLOTURE MOTION

Mr. JOHNSTON. Mr. President, I send a cloture motion to the desk, under rule XXII.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The assistant legislative clerk read as follows:

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on Amendment Number 96 (As Modified) to S. 951, the Department of Justice Authorization Bill.

Bennett J. Johnston, Walter D. Huddleston, J. James Exon, Edward Zorinsky, Orrin G. Hatch, David L. Boren, Lloyd Bentsen, Don Nickles, Jennings Randolph, Russell B. Long, Lawton Chiles, Dennis DeConcini, John C. Stennis, Quentin N. Burdick, Sam Nunn, Joseph R. Biden, Jr.

Mr. HATFIELD. I am very distressed by the implications in the Johnston amendment to the Department of Justice authorization bill. I have a deep sense that some of us may have lost both our sense of perspective and sense of history. To attempt to limit the independence of the Federal judiciary, as is contemplated in this amendment, is not an insignificant matter; yet many in this august body appear to be deaf to the implications of this proposal. It is a course that previous Congresses have contemplated but have consistently and soundly rejected.

Briefly, the Johnston amendment is an attempt to place limitations on the Federal judiciary, or as my colleague from Louisiana states, it would establish a "framework for Federal courts in fashioning school desegregation remedies." This framework is clearly unconstitutional in fact and violates the Constitution in spirit. My colleagues should understand that the very independence of the Federal judiciary is being challenged today by this amendment.

The constitutional issue being raised here is that of impairing the constitutional right to equal protection under the laws. This is being done by curbing the remedies available to Federal courts in school desegregation cases. This amendment proscribes curbs on judicial consideration of desegregation cases in two ways.

First, it puts time and distance limitations upon busing for school desegregation cases by restricting all Federal courts from ordering or issuing any writ if time consumed in travel on a school bus exceeds by 15 minutes the time it takes to travel to the school closest to the student's residence. Similarly, a limitation of 5 miles beyond the school closest to the student's residence is also put into effect. These limitations severely restrain the courts from recognizing local conditions and needs in addressing school desegregation cases. In addition, the limitations ignore the fact that the Supreme Court has put limitations on busing in previous cases such as Swann, but have done so based solely on the facts of the case.

Second, the courts would be prohibited from issuing an order on any writ ordering a student to be transported to a public school other than the one which is closest to the student's home, except under very limited circumstances. This action impairs the ability of the courts to remedy situations involving separate school districts for blacks and whites. In addition, the courts are also put in a position of determining whether an assignment or transportation to a different school is for an educational purpose. No clarification of this term is provided, nor is any understanding given as to when the transportation of students would have a harmful effect on education.

While I am no enthusiast of busing and I have found that it is often a dissatisfactory method of achieving school desegregation, I nevertheless am a strong proponent of upholding the law of the land. More importantly, I am also a staunch defender of the Constitution, the independence of the Federal judiciary and the need for three equal but separate, branches of government. The proposal before this body assaults this Nation's traditions and is very reminiscent of the effort by President Franklin Delano Roosevelt to pack the Supreme Court in 1937, so that the Court would render decisions consistent with the New Deal philosophy. I believe a discussion of the history of this matter will not only set the effort being considered today in perspective, but will be sufficient to caution against similar assaults on the judiciary in the future.

In November 1932, the Nation voted in large Democratic majorities in the Congress and a Democratic President. President Roosevelt made it clear that he would exercise "broad executive power to wage a war against an emergency as great as the power that would be given me if we were in fact invaded by a foreign foe." He called an emergency session of the Congress and during the next 100 days passed into law much of the New Deal.

Legislation passed included such bills as the Emergency Banking Act, which called for the surrender of all gold and gold certificates to the Treasury Department; the Agricultural Adjustment Act, which provided for an agreement between the Federal Government and farmers that the farmer would plant fewer acres and in return would receive better prices for his goods through a Federal subsidy; the National Industrial Recovery Act, which established codes of fair competition for wages, prices, and trade practices; and the Tennessee Valley Authority Act, which created a Government corporation to construct dams to develop the Tennessee Valley region. Each of these bills was based on the emergency powers of the Executive and the power of the Congress to act on behalf of the general welfare of the Nation and to regulate interstate commerce. Each was passed with alacrity due to the pressing needs of the moment by a Congress that was most receptive to supporting the President.

However, the New Deal package encountered significant opposition in the Supreme Court, which was not receptive to this revolutionary use of Executive power. Between January 1935 and June 1936, the Supreme Court ruled against the New Deal in 8 out of 10 major cases involving New Deal statutes. The only measures upheld by the Court were the monetary legislation of 1933 and the creation of the Tennessee Valley Authority.

The first major New Deal measure to be overturned was the case of Panama Refining Company against Ryan, the hot oil case, where the Court held unconstitutional the portion of the National Industrial Recovery Act (NIRA)

which provided for a code to govern the production of oil and petroleum products. The Court held that the contested portion unlawfully delegated legislative power to the President.

Shortly thereafter, the Court struck down the Railroad Pension Act. This action was based on the Court's view that Congress had exceeded its scope of power to regulate interstate commerce when it approved the creation of an industry-wide pension system. The vote on this ruling was 5 to 4 and initiated a series of votes by that tally, indicating an ideological split against the New Deal on the Court.

On "Black Monday," May 27, 1935, the Court, in unanimous decisions, struck down the National Industrial Recovery Act, the Frazier-Lemke Act and ruled that the President lacked any inherent power to remove members of the Federal Trade Commission from their posts. F. D. R. was particularly upset at the Court's actions in overturning the NIRA, as it was the foundation of the President's recovery program. In expressing his frustrations with the Court, F. D. R. stated:

Is the United States going to decide . . . that their Federal Government shall in the future have no right under any implied or any court-approved power to enter into a solution of a national economic problem, but that the national economic problems be decided only by the states? . . . We thought we were solving it, and now it has been thrown right straight in our faces. We have been relegated to the horse-and-buggy definition of interstate commerce.

The Court continued its opposition to the New Deal in 1936 as the Court struck down several portions of the New Deal. On January 6, 1936, the Court opposed the Agricultural Adjustment Act as an unconstitutional invasion of States' rights. In May 1936, the Court struck again, as it held the Bituminous Coal Conversion Act to also be an unconstitutional invasion of States' Rights. One week later the Court maintained the same position in overturning the Municipal Bankruptcy Act.

Throughout this time, opposition to the actions of the Court in overturning New Deal legislation was mounting throughout the country and within the administration. The Nation was viewing the court as an obstacle to much-needed reform and several Members of Congress introduced bills which ranged from expanding the size of the Court to allowing congressional override of Court decisions.

In response to this growing concern and based on an overwhelming mandate from the Nation, FDR moved with a plan to increase the size of the Supreme Court to 15 Justices, creating one new seat for each Justice who, upon turning the age of 70, refused to retire. While calling for other changes, such as the creation of additional judgeships and assignment of judges to congested areas to relieve the backlog of cases, the President's purpose was barely concealed:

During the past half-century the balance of power between the three great branches of the Federal Government has been tipped out of balance by the Courts in direct contradiction of the high purposes of the framers of the Constitution. It is my purpose to restore that balance. You who know me will accept my solemn assurance that in a world in which democracy is under attack I seek to make American democracy succeed.

Opinion in the Congress was sharply divided over the President's proposal. Some shared the view of Senator Thomas Minton:

It is said that this is an attempt to pack the Court: How do we find the Court today? It is packed now by appointees of administrations gone and repudiated. Do you think these administrations are more entitled to pack the Court than Roosevelt? Do you think that Harding, Coolidge, or Hoover were qualified to pick judges for the Supreme Court, but Roosevelt is not? I think the Court is already packed, and this bill would unpack it.

Similar sentiments were shared by the Honorable Thomas F. Ford, who stated:

These men are legal-minded; they are corporation-minded; they were nourished on the discredited economy of laissez-faire; they do not believe in Government "interference" in business; they are doubtless honest and sincere in thinking that the public welfare clause of the Constitution is not to be taken seriously, while the tragically perverted "without due process of law" clause is to be utilized against every law that looks too progressive to be safe. Thus, five reactionaries exercise the veto power over legislation they are temperamentally unable to see as constitutional, because it is out of line with old economics.

However, most of the sentiments toward the President's proposal ran contrary to it. Despite disgruntlement with the decisions of the Court, a great surge of opposition arose from all sectors of the Nation, since the people of this country saw that the independence of the judiciary was at stake. We would be well-advised to fully consider the sentiments expressed in that day, as I believe we could learn much from the wisdom of our predecessors. The noble Senator from North Carolina, Josiah W. Bailey, expressed his deepest concerns as he stated:

Courts, in order to administer justice, must be independent. Grant that his motive is the purest, I deny the President's right to seek to mold the Supreme Court to his heart's desire. I deny the right of Congress to seek to form a court that will interpret the Constitution to suit its interpretation, its judgment, or its will. None may seek to influence the Court save by accepted processes of justice. President, Congress, and Court are each under the Constitution. It is the people's instrument, the charter of their rights, the sheet anchor of their liberties and it must be interpreted, if it is to be of value, only by a court independent of all influence, free of all politics or personal will, free of all force, inducement, or temptation, and upon the altars of reason and conscience . . .

Congress is mighty, but the Constitution is mightier. Presidents are powerful, but the Constitution is more powerful. Courts are great, but the Constitution is greater.

The Court and the Constitution, they stand or fall together. The Constitution creates the Court, and the Court declares and maintains the Constitution. To weaken one is to weaken the other. To weaken either is to weaken the foundations of our Republic; to destroy either is to destroy the Republic."

As we can see from the statement by the Senator from North Carolina, Senator Bailey, he properly understood the issue of the day—the shaking of the very foundations of the Republic. We simply cannot affect the independence of the Court without shaking the roots of this great Nation of ours. For these roots are planted firmly in the Constitution and are nourished by the freedoms protected in that document. By causing an imbalance in the delicate balance created in the Constitution between the three branches of Government, we are heading down a reckless course. Senator Arthur Vandenburg of Michigan understood this as he stated:

When you tamper with the Supreme Court, you tamper with the Constitution's safety valve. It is not enough to infer that it has occasionally been done to some degree before. Maneuver to control the Court may address an objective which you may aggressively approve. Tomorrow's objective, under different auspices, may address a purpose you abhor. The consequences of such an innovation are as incalculable as time and as vital as the spark of life itself.

This same sentiment was echoed by the Senate Judiciary Committee report, signed by members of the President's party, loyal supporters, but who nevertheless were able to envision the consequences of FDR's action. These great men, Patrick McCarran, Tom Connally, Joseph O'Mahoney and Republicans like William E. Borah, among others, had a sense of vision. I trust we would exercise that same vision in the contemplation of this proposal today. This Senate Judiciary Committee report stated some very succinct points for our consideration today, and let me quote from the Judiciary Committee's report of that day:

Today it may be the Court which is charged with forgetting its constitutional duties. The next day it may be the Executive. If we yield to temptation now to lay the lash upon the Court, we are only teaching others how to apply it to ourselves and to the people when the occasion seems to warrant. Manifestly, if we force the hand of the Court to secure our interpretation of the Constitution, then some succeeding Congress may repeat the process to secure another and a different interpretation and one which may not sound so pleasant in our eyes as that for which we now contend.

It is this very same concern that I have today with the Johnston amendment. The similarity of intent is haunting to me. Instead of a President who is disgruntled with the Supreme Court's decisions on the New Deal, we have a Congress who is upset with the Court's ruling on busing. Instead of a President who is passing off his bill as a reform package to cloud his real intent, we have a Congress which is attempting to claim that this amendment places "reasonable limits on the powers of the courts." Instead of a President who seeks to upset the delicate balance protected in the Constitution, we have a Congress who seeks to, quoting members of the Senate Judiciary Committee during the 75th Congress, "lay the lash on the Court" by placing limitations on the remedies available to the courts to correct constitutional wrongs.

Are we, as a Congress, to follow blindly down the same path as F. D. R.?

In our arrogance and lust for power are we to make the same mistake in seeking to control the courts? We should not allow the sweeping electoral vote and election results intoxicate us into making serious policy and historical mistakes. Where is our sense of history and where is our sense of vision? The consideration of this proposal today simply confirms the wisdom of the Book of Ecclesiastes in the Bible, where it states that "there is nothing new under the sun." The action contemplated today demonstrates to me that the present-day faction of conservatives are no different than their liberal predecessors of the New Deal, whose sole intent was to secure a judiciary subservient to their views regardless of the constitutionality of the proposal or the precedent it would set.

I urge my colleagues to soundly and overwhelmingly reject the proposal before us today. In its rejection I hope it will put to rest other proposals being considered which propose to place similar restrictions on Federal courts. This proposal is unsound policy at its best and unconstitutional at its worst. We would be treading on the independence of the judiciary and jeopardizing rights protected in the Constitution. Years of protection of minority rights would be discarded and a precedent would be established for those in the majority to walk untrammeled upon these rights. The amendment is unconstitutional both in fact and in spirit and is contrary to the intentions of the framers of the Constitution who envisioned the Supreme Court as a defender of the minority and a bulwark against the unchecked, intoxicating and insensible desires of those in power.

Of greater concern to me, though, is the impact passage of this amendment would have on future efforts to effect the jurisdiction of Federal courts. Regardless of our positions on these pressing social issues, such as abortion, school prayer, et cetera, this should not be the means to bring about changes in these major policy areas. The Constitution already provides for a process to amend the Constitution, by passage of two-thirds of the Members of the Senate and three-quarters of all the States. This is a back-door approach to the time-honored process established in the Constitution.

It is a reckless policy whose implications have not yet been considered by the proponents of this amendment and could haunt them when the political winds change. Today the major issues are schoolbusing, school prayer, abortion, but tomorrow the issues could be the validity of contracts, property rights or the right to privacy. What will they say then as the monster they have created comes back to haunt them? We are opening up a Pandora's box. We must not be shortsighted in our approach. In closing, I urge my colleagues to carefully consider the admonition of this Nation's great Founding Father, George Washington. Listen to his solemn warning from the Farewell Address:

It is important, likewise, that the habits of thinking, in a free country, should inspire caution in those intrusted with its administration, to confine themselves within their respective constitutional spheres, avoiding, in the exercises of the powers of one department, to encroach upon another.

The spirit of encroachment tends to consolidate the powers of all the departments in one, and thus to create, whatever the form of government, a real despotism.

A first estimate of that love of power, and proneness to abuse it, which predominates in the human heart is sufficient to satisfy us of the truth of this position. The necessity of reciprocal checks in the exercise of political power by dividing and distributing it into different depositories and constituting each the guardian of the public weal against invasions by the others has been evinced by experiment ancient and modern; some of them in our own country and under our own eyes.

To preserve them must be as necessary as to institute them. If, in the opinion of the people, the distribution or modification of the constitutional powers be, in any particular, wrong, let it be corrected by an amendment in the way which the Constitution designates.

But let there be no change by usurption; for through this, in one instance, may be the instrument of good; it is the customary method by which free governments are destroyed. The precedent must always greatly overbalance, in permanent evil, any partial or transient benefit which the use can, at any time, yield.

Mr. MATHIAS. Mr. President, will the Senator from Oregon yield?

Mr. HATFIELD. I am happy to yield to the Senator from Maryland.

Mr. MATHIAS. Mr. President, I have observed before that this debate would disclose the dimensions of the stature of Senators who engage in it. I think that the remarks that have been delivered by the Senator from Oregon indicate that his stature is truly impressive; that his grasp of the principles which are involved in this debate is of a historic breadth.

He understands that we are not dealing here with some minor mechanical housekeeping measure. We are dealing here with fundamental issues that affect the very bedrock of our Republic. We are dealing with concepts of separation of powers, of the independence of the Federal judiciary, of the fact that when we attempt to alter either the jurisdiction of the courts or the remedies at the disposal of the courts, that we have to look not at the narrow concept of the jurisdiction of Congress in the establishment of courts, but at the whole constitutional scheme, the whole broad principles of constitutional government.

I think that is the kind of dimension that the Senator from Oregon has brought to the Senate today. That is the kind of stature that he has exhibited today, and his contribution has been a very great one.

Mr. HATFIELD. Mr. President, I wish to thank the Senator from Maryland. I would like to say that I have listened and read the comments made by the Senator from Maryland on his subject, whom I consider one of the most erudite minds in the Senate and who has certainly made a great contribution to this debate.

I only comment further by saying that I am sure the Senator from Maryland would agree that oftentimes we fail to read our history, to avail ourselves of the lessons of history and that so frequently we plow the same old furrows over and over without the benefit of those experiences. It does seem to me that the first President of the United States, as I quoted in his farewell address, foresaw the possibilities of perhaps an element of good being achieved momentarily or in the short range might be at the cost of the long-term needs of this Republic for safeguards and for checks and balances and for maintaining the equality of the three branches.

We have gone through these cycles from time to time when the Court has made the executive branch very unhappy or the legislative branch very unhappy. But, in each and every case, we have found where the Court's independence, as well as the executive and legislative branches' independence, has been sustained, the Republic has, in the long term, prospered, has been far better served than whatever short term that the prevailing majority sentiment might represent. Would the Senator not agree that that historical perspective is important in th's current debate?

Mr. MATHIAS. I think the Senator from Oregon is exactly correct and that that really is what we have before us here today. The fact that the courts have been forced by the hard case before them to adopt a remedy which is not universally popular, in fact, which is very unpopular—I can recall one of our colleagues saying here that the only people who liked busing were those people who sold buses.

So we are dealing really with a classic case of the courts having to do an unpleasant and unpopular duty which is why the courts exist, which is why we have provided in the Constitution for the independence of Federal judges, which is why Federal judges do not run for election, and which is why Federal judges cannot have their salaries reduced as a punitive measure after they have made an unpopular decision.

Now if we are going to trespass upon what really is sacred ground, sacred ground in our own history and sacred ground in the experience of other nations going back for 2,000 years, I think then we should do it only with the greatest caution.

The Senator from Oregon further pointed to the advice of George Washington that we should not amend the Constitution except by the formal amendatory process. And here again is an example of the wisdom of what the Senator from Oregon has brought to the attention of the Senate, because if you go this process, the process suggested by the pending amendment is, it really is an extra-constitutional method of vetoing a statute that is in force. It is an extra-constitutional way of repealing the law without a specific act of Congress to repeal it. It is a back-door process.

And I think that the experience of most people in public life over a period of time is that the back door is not the best door and that you usually regret having used the back door because there are some prices you pay, and that I take

to be the essence of the advice of the Senator from Oregon.

Mr. HATFIELD. I appreciate the comments and response from the Senator from Maryland. May I just make one further observation and ask for response of the Senator from Maryland.

In the span of our Republic's history, does the Senator not agree, too, that more frequently than not the Court's independence has been the balancing factor when there have been periods where the executive and the legislative branches of Government have been almost fused into one common mentality? I think of periods where the same political party has overwhelmingly controlled two branches of Government and, in order to keep, again, the kind of concept of a balance, the Court frequently has been that balanced wheel against two other branches.

I think the term "rubber-stamp Congress" has become a rather well-known phrase in our political history to illustrate this point and that we have seen efforts on the part of the President, such as in the case of Thomas Jefferson and Chief Justice John Marshall, in their competitive roles to try to accommodate, say, or try to create similar perspectives between the executive and the judicial branches of Government; that is, Jefferson's appointments were made to the Court with that expectation, but that that sense of independence in the minds and souls of those Jeffersonian appointees ultimately would demonstrate their separation, their severing of the umbilical cord to their appointing authority and establish and sustain their independence. And that has been good for the Republic.

I have not necessarily agreed with every Court's ruling or every Court's opinion. But, on the other hand, even at times when I have felt that in our political generation, I would say to the Senator from Maryland, when the Democratic Party controlled overwhelmingly both the Congress and the executive branch, that even the so-called Warren court offered one of those few balances and checks within this three-branch Government that oftentimes the congressional role or the legislative role failed to perform. In one instance, we had to refine the war powers of the President in order to demonstrate again that there were three branches of Government, not just two.

So I think again we should be very appreciative of the historical role the Court has had in its independence and we should seek to reserve it even within our own generation.

Mr. MATHIAS. The Senator is exactly right. And that applies both in the sense of being an active force and being a passive force.

I can recall as a boy the days of the New Deal when the executive branch of Government was in the hands of the Democratic Party, when the legislative branch of Government was overwhelmingly in the hands of the Democratic Party, when the New Deal program was in high gear and it was then only the Supreme Court, the nine old men, who slowed down the progress of that day.

Who is to say who was right in substance or wrong in substance? But the fact is that the checks and balances worked. There was a moment for reflection and the Court played a decisive and important role.

In a more recent period, the legislative branch was in a state of stalemate on the question of equal representation in the House of Representatives. It was absolutely impossible to get a bill through the Congress providing for more or less equal congressional districts.

Then the checks and balances worked in their active phase and the Court stepped in and passed the historic decision in the one-man-one-vote case.

Now these are the two sides of it. But if we tamper with this constitutional scheme by saying that in a specific pending case we are going to take away from the Court some ounce of jurisdiction, or some measure of remedy—in a pending case—it seems to me that we are then flying in the face not only of our constitutional and legal traditions but we are flying in the face of commonsense.

I believe this is the point of view that the Senator from Oregon has presented so forcibly to the Senate here today.

Mr. HATFIELD. I thank the Senator from Maryland for his very generous comments.

Mr. BRADLEY. Mr. President, I ask unanimous consent that a statement by Mr. William Taylor, head of the Center for National Policy Review, concerning desegregation and achievement and school desegregation and white flight, be printed in the RECORD.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

TESTIMONY OF WILLIAM TAYLOR

Court orders for desegregation are based on the need to remedy discriminatory government practices that violate the Constitution, not on social science judgments about the relationship of segregation or desegregation to achievement scores. Nevertheless, any assessment of the effectiveness of court-ordered desegregation plans properly takes into account the effect of the plans on the academic performance of children.

Contrary to sweeping charges that desegregation has led to a decline in the quality of public education, the weight of the evidence demonstrates that plans, including those involving substantial busing, have led to significant achievement gains for minority students and have not harmed the performance of white students.

The first review of literature regarding the effect of desegregation on achievement scores was done by Nancy St. John in 1975.[1] While she found that more studies showed improvement in black achievement scores, she declined to draw a definite conclusion because of the uncertain quality of many of the studies. Meyer Weinberg, in 1977,[2] reviewed substantially the same set of studies. He went further than St. John, concluding that desegregation did raise minority achievement scores. Krol (1978) also found a positive effect of desegregation on minority achievement.

Two recent studies by Robert L. Crain and Rita E. Mahard[3] are particularly valuable. The first study, *Desegregation and Black Achievement: A Review of the Research* (1978), reviewed 73 studies, including 32 studies previously reviewed by Weinberg and St. John.[4] They concluded that overall, desegregation did raise black students' achievement scores. While 40 studies showed significant gains, only 12 showed declines. Further, the authors pointed out that many of the studies showing declines were weaker methodologically.[5]

For example, a study done in Waco, Texas, that found a negative impact on achievement used a sample group of only 55 students who were not matched as to age, grade, and sex. Further, several studies not showing significant achievement gains were conducted during the first year of desegregation, when students are still adjusting to the impact of attending a new school or adapting to a new educational environment. Studies done after the second year tend to show more positive outcomes.

The second Crain and Mahard treatise, released in April of this year is entitled *Some Policy Implications of the Desegregation-Minority Achievement Literature*. Here, the authors have collected all the available studies (93) on the effects of desegregation on black achievement,[6] and removed extraneous effects of differences in methodology. Thus, they were able to arrive at some general conclusions regarding how black achievement scores are affected by desegregation and under what conditions the educational benefits of desegregation are greatest.

The studies reviewed by Crain and Mahard involved minority students in schools that have already been desegregated, as opposed to examining black achievement scores in general.[7] Without exception the studies concluded that desegregation has no adverse effect on the achievement scores of white students. This finding includes districts in which substantial busing is utilized to achieve desegregation. As to minority students, Crain and Mahard found that not only did achievement scores rise for minority students in desegregated schools, but that on the average, their IQ scores rose an average of 4 points.[8]

The authors also sought to identify attributes of desegregation plans that have an impact on achievement. First, they conclude that the age at which desegregation begins is important. Students desegregated in kindergarten and first grade showed consistently higher achievement gains than those desegregated in later grades. Every sample of students desegregated at the kindergarten level showed positive achievement gains, while students desegregated for the first time in

Footnotes at end of article.

PROPORTION OF STUDIES SHOWING POSITIVE DESEGREGATION OUTCOMES, BY GRADE AT WHICH STUDENTS WERE DESEGREGATED AND TYPE OF RESEARCH DESIGN

Type of design	Grade of desegregation										Raw average	
	K		1		2–3		4–6		7+			
	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Random experimental	100	1	100	8	71	7	60	5	----------		81	21
Longitudinal	100	2	73	11	46	46	62	39	69	29	59	127
Cohort comparison	100	5	78	23	56	25	40	37	45	11	56	101
Norm-referenced	100	3	0	2	43	14	37	19	0	8	35	46
Column average	100	11	77	44	50	92	49	100	52	48	56	295

secondary school showed gains in about half the samples.

In terms of long-term achievement gains, this finding assumes major importance. If the rate of achievement gain persists throughout the child's school years, the authors say, a minority child desegregated from the start would gain nearly 2 grade levels by the time she/he graduated from secondary school.[9]

Another factor relating to achievement gains is the comprehensiveness of the desegregation plan. Piecemeal plans that merely re-assign students from one school to another burden the students with making the adjustment on their own. Researchers have pointed out the importance of in-service training for teachers, administrators, school boards and supporting staff. Training programs that help teachers to recognize their own biases, give them knowledge of different groups' history and culture and prepare them for teaching more heterogenous classes have a positive impact on minority achievement, and on the overall effectiveness of the plan.[10]

One of the most important conclusions reached by Crain and Mahard is that the analyzed studies involving metropolitan or county-wide desegregation plans showed stronger gains than other studies. Studies of areas involved in metropolitan or county-wide plans included Hartford and New Haven, Connecticut; Newark, New Jersey; Nashville-Davidson County, Tennessee; Rochester, New York; and Louisville-Jefferson County, Kentucky. Every one of these studies showed sizable achievement gains for minority students. In Louisville-Jefferson County, black students' overall performance rose at a rate double that of white students.

EFFECT OF DESEGREGATION, BY TYPE OF SCHOOL DISTRICT SETTING

	Mean effect (std. dev.)	Samples
Central city	0.065	97
Suburb	.021	76
County-wide	.119	31
Metropolitan	.144	30

One reason for the higher achievement gains in areas involved in metropolitan and county-wide plans is that these forms of desegregation represent the most complete form of socioeconomic integration, which has been cited by almost all authorities as an important factor in raising minority students' performance. See Coleman, et al., *Equality of Educational Opportunity* (1966) and Mosteller and Moynihan, *On Equality of Education Opportunity*, Random House (1972). The National Assessment of Educational Progress also noted considerable progress for black children in reading during the past decade, especially in the Southeast. This reflects the fact that large numbers of desegregation orders were implemented during the 1970s. Many of these plans are metropolitan in character, as no boundary lines separate urban and suburban districts.

CONCLUSION

From the available research, it is clear that there is a positive relationship between desegregation and improvements in minority achievement scores, and that desegregation has no detrimental effects on the scores of white children.

Especially significant is the positive relationship betwen metropolitan desegregation plans and the rise in black children's achievement scores. Legislation that would curtail the power of courts or other agencies to order inter-district desegregation or to use busing as a tool for desegregation would adversely effect the plans that have been most effective in improving academic performance.

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FOOTNOTES

[1] N. St. John, *School Desegregation: Outcomes for Children* (1976).

[2] M. Weinberg, *Minority Students: A Research Appraisal* (1977).

[3] Robert L. Crain is a Senior Social Scientist at the Rand Corporation. Rita E. Mahard is an Assistant Social Scientist at the Rand Corporation and the University of Michigan.

[4] This chart sets out the findings of the respective authors in reviewing the achievement literature. Crain and Mahard noted that in choosing the 41 studies they reviewed separately, they purposely included more studies with negative results. This was a result of statistical methods which resulted in Crain and Mahard interpreting some small differences as negative rather than as zero.

	Reviewer of studies				
	C+M[a]	St. J.St.	W[b]	W+St. J.[c]	Total
Effect:					
Positive	19	8	7	6	40
Zero	12	1	3	5	21
Negative	10	1	0	1	12
Total	41	10	10	12	73
Percent positive	46	80	70	50	55

[5] The best design is a randomized experiment. Here, desegregated and segregated students are chosen by the flip of a coin. Almost as effective is a design where black students in segregated schools are used as a control group, and both the desegregated and segregated students are pre-tested before desegregation begins. Weaker designs are those that have no control group, comparing black achievement scores to national norms, black students in the same grade a few years earlier, or white achievement scores. The general decline in nationwide achievement and the relationship between black and white achievement at different grade levels create serious problems in these studies.

[6] There has been very little work on the achievement effects of desegregation for Hispanic students, but what research is available shows a similar pattern as the studies on black achievement. See Morrison (1972) and Coleman, et al., (1966).

[7] Studies examining black achievement in general fail to distinguish between "natural" integration and integration occurring as a direct result of a desegregation plan.

[8] The mean IQ score was 91. A four point gain would halve the gap between 91 and 100, a "normal" IQ. This finding also challenges the belief that IQ scores are an indicator of enate intelligence.

[9] This calculation takes into account the fact that the rate of achievement does not increase as the student moves from the lower grades to secondary school, but rather remains constant.

[10] See Gay (1978). Orfield (1975). Forehand, et al., (1976) and Lincoln (1976).

SCHOOL DESEGREGATION AND WHITE FLIGHT

Critics of school desegregation argue that it is self-defeating, as it leads to white flight and precipitates a significant drop in white enrollment in the public schools. James Coleman, a prominent sociologist, has been a particularly vocal critic. His 1975 study, *Recent Trends in School Integration*, is often cited in support of this proposition. When Colemans' report is examined together with other research on the topic, however, the results point to a quite different conclusion.

I. LARGE CITIES

The claim that desegregation leads to white flight is limited to school desegregation that occurs in large cities with high proportions of minorities that are surrounded by virtually all white suburbs. Even in this situation, the claim is largely inaccurate. White suburbanization preceded school desegregation by several decades. It stems from many causes, including record levels of suburban housing construction; the movement of urban jobs to suburban facilities; and discriminatory housing practices limiting minority access to suburban housing.[1] White suburban out-migration persists in most large cities whether or not a desegregation plan has been implemented.

Thus, in 1979 in Boston, the site of the most intense recent resistance to a desegregation plan, the decline in white enrollment was less than one-third the level in Chicago, which has never experienced court-ordered desegregation.[2] Several factors cast doubt on Coleman's finding even as limited to large cities.[3] Coleman defined school desegregation as "any situation where there happens to be a significant number of black and white students in the same school at the same point in time." Thus, many of the cities used in his study had never operated under any desegregation plan. In fact, a New York Times Research study of the twenty largest cities in the Coleman study failed to find *any* court-ordered desegregation in any of those cities during the 1968–1970 period he studied.[4]

Subsequent studies by Christine H. Rossell and Reynolds Farley examined the effect of school desegregation on pupil enrollment. Although their data base was similar to Coleman's[5] their conclusions were significantly different.

Looking at large cities where desegregation *had* been ordered, they found that although desegregation had a limited impact on white enrollment during the first year,[6] by the third year of the plan's operation, the rate of decline in white enrollment had returned to pre-plan levels, and in some cases, was below pre-plan levels.

Footnotes at end of article.

TABLE 2.—CHANGE IN PERCENTAGE WHITE FOR 4 DESEGREGATION GROUPS AND A CONTROL GROUP CONTROLLING FOR CITY SIZE

	−4 yr	−3 yr	−2 yr	−1 yr	−0 yr	1 yr	2 yr	3 yr	Signif. level	Average pre-series	Average post-series
Group:											
Large cities (>500,000):											
High desegregation	−1.3	−0.7	−2.8	−.4	−2.3	−2.3	−1.4		NS.	−1.0	−2.0
Medium desegregation	−4.0	−1.0	−1.1	−.9	−1.1	−1.1				−1.8	−1.1
Low desegregation		−1.5	−1.7	−3.6	−.8	−.9	−.4		NS.	−2.3	−.7
Control	−2.1	−1.3	−1.3	−1.9	−1.7	−1.6			NS.	−1.6	−1.7

The previous chart, from Rossell's study, charts the rate of white enrollment loss before and after desegregation in cities of 500,000 or more. High desegregation represents cities where more than 20 percent of all students were reassigned; medium, between 5 and 20 percent, and low, less than 5 percent. Cities with no desegregation plans were used for the control group.

Robert L. Green and Thomas F. Pettigrew confirmed both Rossell's and Farley's conclusions in a study which examined Coleman, Rossell and Farley and also included their own findings.[7] Pettigrew and Green found that the cities on which Coleman based his conclusion that white flight in large cities is a result of school desegregation were not at all representative of large cities that had undergone desegregation. Coleman, in fact, omitted Denver, Colorado; Miami, Jacksonville and Fort Lauderdale, Florida. All are large urban systems which had undergone school desegregation. Using a more representative sample of cities, Green and Pettigrew arrived at the same conclusions as did Rossell and Farley: that while white enrollment in the public schools does drop at a greater rate during the first year of a desegregation plan, this effect is generally short-lived.

II. SMALL- AND MEDIUM-SIZED CITIES

It is also clear that the white flight phenomena does not apply in small and middle-sized cities. Cities such as Fort Wayne, Indiana; Stamford, Connecticut; Sacramento, California; and Ann Arbor, Michigan all retained a rate of white enrollment consistent with pre-desegregation years. Berkeley, California actually experienced an increase in white enrollment post-desegregation. In Pontiac, Michigan, where nearly one-half of all black and white students were reassigned, and despite community conflict surrounding desegregation, by the second year of the plan the rate of white enrollment loss was lower than it was two years prior to desegregation.[8]

TABLE 2.—CHANGE IN PERCENTAGE WHITE FOR 4 DESEGREGATION GROUPS AND A CONTROL GROUP CONTROLLING FOR CITY SIZE

	−4 yr	−3 yr	−2 yr	−1 yr	−0 yr	1 yr	2 yr	3 yr	Signif. level	Average pre-series	Average post-series
Group:											
Medium cities (100,000–500,000):											
High desegregation	−1.3	−1.6	−.3	−1.3	−2.0	−1.8	−2.2	−0.8	N.S.	−1.1	−1.7
Medium desegregation	−.8	−1.3	−.6	−1.2	−1.2	−2.1	−1.1	−1.1	N.S.	−1.0	−1.4
Low desegregation	−1.3	−2.5	−1.8	1.3	−1.3	−1.6	−1.4	−1.3	N.S.	−1.7	1.4
Control		−1.0	−2.0	−2.1	−2.4	−1.8	−1.3	−1.3	N.S.	−1.7	−1.7
Small cities (100,000):											
High desegregation	−2.2	3.3	−4.8	−1.8	−3.6	−1.2	1.4		N.S.	3.0	−1.9
Medium desegregation	−.2	−.7	−1.2	−.2	−.9	.3	.9		N.S.	−.6	−.7
Low desegregation			−.6	−.5	−.7	−1.5	−1.5		(d)	−.6	−1.7
Control					−2.2	−1.9	−1.6	−1.2	(d)	(d)	−1.7

III. METROPOLITAN AND COUNTY-WIDE PLANS

III. Pettigrew and Green, and others have also found that districts involved in metropolitan or county-wide school desegregation plans, which inevitably involve substantial busing, do not experience desegregation-related white flight. When a desegregation plan was implemented in Tampa-Hillsborough County, Florida, there was no white flight, despite the predictions of opponents to the plan. Private "white flight academies" soon closed, due to lack of enrollment.[10] Rossell's study also showed that cities under metropolitan or country-wide plans such as Racine, Wisconsin and Riverside, California experienced a drop in the rate of white enrollment loss after desegregation.[11]

In fact, far from leading to white flight, evidence shows that metropolitan and county-wide desegregation may lead to increased residential integration. Dr. Diana Pearce, in a 1980 study [12], examined seven pair of cities matched for population, geographic location and the percentage of minority enrollment in the public schools. The only difference between each pair was that one city had experienced metropolitan or county-wide desegregation for a minimum of five years, while the other half had no metropolitan desegregation.

In each pair of cities, substantially greater reductions in housing segregation were found in the cities which had experienced metropolitan or county-wide school desegregation. In contrast to the short term effect of white flight, this trend toward increased residential integration was found to be cumulative over the years. In Riverside, California, for example, after fifteen years of metropolitan school desegregation, only four of the twenty-one elementary schools required busing; the remainder of the school attendance zones had become sufficiently integrated residentially so that busing was no longer necessary to maintain racial balance in the public schools.

The study suggests several factors which explain this result. First, eliminating segregated, racially identifiable schools in an entire metropolitan area removes a means of facilitating segregative housing choices.[13] Second, when schools are desegregated on a metropolitan basis, no matter where one lives, one's children will attend desegregated schools. Further, in some desegregation plans, integrated neighborhoods become the only neighborhoods that are exempt from busing and retain their neighborhood schools. This exemption provides a powerful incentive for both minority and majority families to create stable, integrated neighborhoods. Louisville-Jefferson County, Kentucky operates under a metropolitan desegregation plan which exempts blacks who move into an area where they are a racial minority from busing. In conjunction with counselling given to low-income families after the plan went into effect, many black families have moved from the city to white suburban neighborhoods. Hundreds of black students have been automatically exempted from the transportation aspects of the plan over the past 5 years.

Additionally, as enough black families move into a neighborhood to improve the racial balance of a given school attendance zone, it is possible for the entire school to be exempted from busing, enabling all the students, black and white, to attend their neighborhood school.[14]

When coupled with the finding that minority children's achievement scores were found to rise the most in districts with metropolitan desegregation,[15] it becomes clear that metropolitan and county-wide school desegregation plans may be an effective, long-range tool to achieve integrated schools, stable integrated neighborhoods and better educated children in both large cities and more rural areas.

CONCLUSION

Extensive social science evidence on school desegregation and white flight shows that:

(1) In large cities with substantial minority populations, a drop in white enrollment may follow a school desegregation order during the first year, but in succeeding years the rate of white pupil loss usually returns to pre-desegregation levels. The major causes of white suburbanization have little to do with school desegregation and the rate of white flight is not different in cities that do not have court-ordered desegregation.

(2) In small and medium-sized cities, there is little or no effect of desegregation on white enrollment loss.

(3) Districts that have metropolitan and county-wide desegregation plans do not experience white flight or white pupil loss as a result of desegregation. Indeed, these types of plans have led to increased residential integration.

Proposed legislative findings that school desegregation remedies required busing lead to white flight are unsupported by the evidence. To the contrary, legislation that would curtail he use of busing as a remedy would eliminate metropolitan plans that have proved stable and have led to residential integration.

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Rossell, Christine H., *School Desegregation and White Flight*, Political Science Quarterly, Vol. 90, No. 4, Winter, 1975–76.

Time Magazine, September 19, 1979, p. 76.

FOOTNOTES

[1] See Gary Orfield, *White Flight Research: It's Importance*, Perplexities and Possible Policy Implications (1975). Delivered at the Brookings Institution Symposium on School Desegregation and White Flight, August 1975. For a comprehensive historical analysis of Federal housing policy see Martin Sloane, *Federal Programs and Equal Housing Opportunity*, from A Staff Report of the Subcommittee on Constitutional Rights of the Senate Judiicary Committee. (1976)

[2] Gary Orfield, *Voluntary Desegregation in Chicago, A Report to Joseph Cronin, State Superintendent of Education* (1979). In Los Angeles, cited by David Armour as the principal example of desegregation resulting in white flight, the rate of loss of white first graders during the first year of the desegre-

gation plan was the same as Chicago during the same year. The overall rate of white student loss was higher, however, during the first year of the plan.

[3] Coleman actually issued four different versions of this report, which came to somewhat different conclusions. Many of his colleagues were concerned that the statements Coleman made to the media went beyond his findings. They were also concerned with the methodological strength of the reports and the frequency with which Coleman altered his findings. Green and Pettigrew, *School Desegregation and White Flights: A Reply to Professor Coleman* (1975).

[4] Christine H. Rossell, *School Desegregation and White Flight, Political Science Quarterly*, Volume 90, No. 4, Winter, 1975–76.

[5] Rossell expanded substantially on Coleman's data by collecting data directly from each school district wherever possible.

[6] Rossell notes that increases in white flight usually occur just *before* the implementation of a school desegregation plan, indicating that this is a result not of problems experienced, but of the fear of problems.

[7] Robert L. Green and Thomas F. Pettigrew, *Public School Desegregation and White Flight: A Reply to Professor Coleman*. Prepared for United States Civil Rights Commission, Washington, D.C., December 8, 1975.

[8] For a complete list of all the cities used in Rossell's study, see Attachment A.

[9] See Page 3 for chart explanation.

[10] Time Magazine, September 19, 1979, p. 76.

[11] See Attachment A.

[12] *Breaking Down Barriers: New Evidence on the Impact of Metropolitan School Desegregation on Housing Patterns.*

[13] In fact, a survey of real estate agents in the cities showed that in the cities with metropolitan desegregation, brokers were more willing to show both black and white customers housing in all areas of the city, which also helps create integrated neighborhoods.

[14] Staff Report 80–1, Kentucky Commission on Human Rights, Frankfort, Kentucky.

[15] See Crain and Mahard, *Some Policy Implications of the Desegregation-Minority Achievement Literature* (1981).

Mr. BRADLEY. Mr. President, I ask unanimous consent that a Harris public opinion survey concerning busing be printed in the RECORD.

There being no objection, the survey was ordered to be printed in the RECORD, as follows:

MAJORITY OF PARENTS REPORT SCHOOL BUSING HAS BEEN SATISFACTORY EXPERIENCE

(By Louis Harris)

Among the 19 percent of American families whose children have been bused to school as part of the effort to achieve racial balance, 54 percent of the parents say the experience has been very satisfactory, 33 percent say it has been partly satisfactory, and only 11 percent feel it has not been satisfactory. These latest findings are diametrically opposed to the general impression that such busing has been a disaster where it has been tried.

Among the 17 percent of white families who have experienced busing, 48 percent report that it has been very satisfactory, 37 percent partly satisfactory, and only 13 percent unsatisfactory. Among the 40 percent of black families, 74 percent feel that busing has been very satisfactory, 21 percent partly so, and only 5 percent report it has not worked well at all.

Among the public as a whole, there are signs that the longstanding opposition to busing as a means of remedying segregation in the schools is beginning to diminish.

A 53 percent majority of Americans, blacks and whites, believe that black children would do better "if they all went to school with white children." Only 16 percent feel that black children would do worse, while 18 percent think they would do about the same. Among whites, 51 percent think that black children would do better, 18 percent worse, and 19 percent the same. Among blacks, 67 percent feel their offspring would do better under integrated conditions.

By 75–22 percent, Americans simply do not believe the claim that "if black children all went to school with white children, the education of white children would suffer, because black children would hold back the white children." Among whites, a 72–24 percent majority discounts this; among blacks a nearly unanimous 92–4 percent disagrees that black children would hold back white children.

Nationwide, 52 percent think that "five years from now, most black and white children will be going to school together." There is a sense that increasing integration is inevitable. Another 27 percent feel that "some but not a lot" of black and white students will be attending schools together, while 16 percent feel "only a few" will be going to school together. There is little difference in how blacks and whites estimate the future of integration. Among whites, 52 percent foresee that most white and black children will attend the same schools, 28 percent think it will be "some but not a lot," while 15 percent say only a few. Among blacks, 53 percent estimate that most children will be attending fully integrated schools five years from now, 24 percent "some but not a lot," and 19 percent "only a few."

These results from the latest Harris Survey of 1,254 adults nationwide suggest that school busing for racial purposes worked well in most cases and that it will result in increased school integration. There is also a rather deep sense that blacks get a better education when they attend integrated schools and that white children will not be held back educationally if they go to school with blacks.

Yet, when asked whether they would like to see their own children "picked up in buses every day so they could go to another part of town to go to school with children of all races," a 74–21 percent majority of Americans feels such busing would be "too hard on the children." Whites and blacks sharply disagree on this question: by 79–16 percent, whites feel that busing is too hard, while blacks favor it by 61–31 percent.

It seems that the idea of busing to achieve racial balance is unpopular. And yet, those whose children have experienced busing report that it was a satisfactory process that worked out well in the end.

TABLES

Between February 19th and 22nd, the Harris Survey asked a cross section of 1,254 adults nationwide by telephone:

"Do you feel that black children would do betted or worse if they all went to school with white children today?"

BLACK CHILDREN DO BETTER IF THEY GO TO SCHOOL WITH WHITE CHILDREN?

[In percent]

	Total	White	Black
Better	53	51	67
Worse	16	18	3
About the same (vol)	18	19	20
Not sure	13	12	10

"It's been said that if black children all went to school with white children, the education of white children would suffer. The reason given is that the black children would hold back the white children. Do you believe that or not?"

EDUCATION OF WHITE CHILDREN SUFFER IF THEY GO TO SCHOOL WITH BLACK CHILDREN?

[In percent]

	Total	White	Black
Believe	22	24	4
Don't believe	75	72	92
Not sure	3	4	4

"Five years from now, do you think right around here most black and white children will be going to school together, some but not a lot, or only a few will be going to school together?"

MOST BLACK AND WHITE CHILDREN GOING TO SCHOOL TOGETHER 5 YEARS FROM NOW?

[In percent]

	Total	White	Black
Most	52	52	53
Some but not a lot	27	28	24
Only a few	16	15	19
Not sure	5	5	4

"Of course, because of where they live today, many black children go to all-black schools and whites go to all-white schools. Would you like to see children in your family be picked up in buses every day so they could go to another part of town to go to school with children of all races or would that be too hard on the children?"

BUSING TOO HARD ON CHILDREN

[In percent]

	Total	White	Black
Picked up by buses	21	16	61
Too hard on children	74	79	31
Not sure	5	5	8

"Have any of the children in your family been picked up by bus to go to a school with children of other races, or hasn't that happened?"

CHILDREN IN YOUR FAMILY BEEN BUSED?

[In percent]

	Total	White	Black
Been picked up by bus	19	17	40
Not happened	70	72	53
No children in school (vol)	10	10	6
Go to private schools (vol)	(1)	1	1
Not sure	1	(1)	(2)

[1] Less than 0.5 percent.
[2] No response.

"How did the busing of children in your family to go to school with children of other races work out—was it very satisfactory, partly satisfactory, or not satisfactory?" (Base: "been picked up by bus.")

BUSING OF YOUR CHILDREN SATISFACTORY?

[In percent]

	Total	White	Black
Very satisfactory	54	48	74
Partly satisfactory	33	37	21
Not satisfactory	11	13	5
Not sure	2	2	----

Mr. BRADLEY. Mr. President, my opposition to the Helms amendment I think can be best summarized by the letter that has been provided for the record and sent to Senator BAKER from the American Bar Association. I would like

to quote from that because I hold the same conviction, that is—

* * * the necessity to protect the integrity of the courts of this nation from misdirected legislative efforts to achieve something that can be done only through Constitutional amendment. The issue is not busing. The issue is whether as a matter of policy and of Constitutional permissibility, this nation is going to adopt a device whereby each time a decision of the Supreme Court or a lower Federal court offends a majority of both Houses of Congress the jurisdiction of the Federal courts to hear that issue will be stripped away. We do not believe that is a system the framers intended or one that we should strive to institute.

Mr. President, I ask unanimous consent that the entire letter from the American Bar Association, their director of governmental legislation, Herbert E. Hoffman, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMERICAN BAR ASSOCIATION,
Washington, D.C., June 22, 1981.

Hon. HOWARD H. BAKER, Jr.
U.S. Senate,
Washington, D.C.

DEAR SENATOR BAKER: I am writing to urge your opposition to the Johnston-Helms Amendment to the Justice Department authorization bill. This amendment would drastically restrict the jurisdiction of the Federal courts to issue remedies in school desegregation cases, even when such remedies are the only available means of vindicating Constitutional rights against deliberate and intentional violations of the equal protection clause of the Fourteenth Amendment.

The American Bar Association opposes this amendment because of one overriding conviction: the necessity to protect the integrity of the courts of this nation from misdirected legislative efforts to achieve something that can be done only through Constitutional amendment. The issue is not busing. The issue is whether as a matter of policy and of Constitutional permissibility, this nation is going to adopt a device whereby each time a decision of the Supreme Court or a lower Federal court offends a majority of both Houses of Congress the jurisdiction of the Federal courts to hear that issue will be stripped away. We do not believe that is a system that framers intended or one that we should strive to institute.

The American Bar Association has long opposed efforts, from whatever spectrum of the political scene, to alter constitutional interpretation through means other than constitutional amendment. We stood in opposition to the "Court-packing" plan of the late 1930's, which would have altered prevailing law by stacking the Court's membership. More than thirty years ago we called for the adoption of assurance that jurisdictional manipulation would not and could not be used to work substantive changes in the Constitution. In 1958, the Association opposed bills pending in Congress that would have denied the Supreme Court review of decisions involving alleged subversives in various fields. That policy is Association policy today.

Because the policy considerations are so substantial and because the constitutional propriety of these bills is open to such serious reservations, we urge the Senate to oppose the curtailment of the jurisdiction of the Federal courts for the purpose of effecting constitutional change that is properly the province only of the amending process. Irrespective of the subject involved and regardless of our individual beliefs with respect to any of them, the overriding consideration is that we support the integrity and independence of Federal courts, whether we agree with particular decisions or not, and that we support the integrity and inviolability of the amending process.

In view of the above, I urge you and your colleagues to reject the Johnston-Helms Amendment.

Sincerely,

HERBERT E. HOFFMAN.

COMBATING VIOLENT CRIME IN AMERICA

Mr. BAKER. Mr. President, I indicated earlier in a statement on the floor that at some time this afternoon I would ask the Senate to give unanimous consent to proceed to lay aside the pending bill temporarily and proceed to the consideration of Senate Resolution 141. I now make that request.

The PRESIDING OFFICER. Without objection, it is so ordered. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 141) submitted by Mr. HEFLIN, for himself, Mr. BENTSEN, Mr. BOREN, Mr. CHILES, Mr. DECONCINI, Mr. EXON, Mr. HOLLINGS, Mr. JOHNSTON, Mr. LONG, Mr. NUNN, Mr. PRYOR, Mr. ZORINSKY, Mr. HUDDLESTON, Mr. KENNEDY, Mr. THURMOND, and Mr. JEPSEN, to express the sense of the Senate that combating violent crime should be a national priority.

The Senate proceeded to consider the resolution.

Mr. BAKER. Mr. President, is there a time agreement in connection with this resolution?

The PRESIDING OFFICER. There is a time agreement of 3 hours.

Mr. BAKER. Mr. President, under the form of the order, do I have control of the time in opposition?

The PRESIDING OFFICER. The majority leader has control of 1 hour of the 3 hours.

Mr. BAKER. I thank the Chair.

Mr. President, it is my intention of assigning the control of that time to the distinguished chairman of the Judiciary Committee (Mr. THURMOND), or to his designee. He is not presently on the floor. Therefore, I will withhold making that assignment for the time being and would suggest, if I may, that the distinguished Senator from Alabama may wish to go ahead at this time.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. HEFLIN. Mr. President, I anticipate there will be a yielding back of time and we will not take the full time which has been allocated in regard to this resolution.

First, I would like to add as cosponsors to this resolution, Senate Resolution 141, Senators TOWER, LUGAR, BURDICK, and MOYNIHAN.

Mr. President, I rise in support of Senate Resolution 141, a resolution expressing the sense of the Senate that combating crime should be a national priority. The purpose of this resolution is to put crime in the forefront of our national problems and to send a clear message to the American people that the U.S. Congress is ready to take vigorous and decisive action in the war on crime.

I want to thank the chairman of the Judiciary Committee, Senator STROM THURMOND, and the other members of that committee for their unanimous support in reporting out this resolution. The ever-increasing burden placed on the American people by criminal activity desperately needs the attention and concern exhibited by my colleagues.

It is clear that the Congress must do something to stem the rising tide of violent crime now sweeping this country. Statistics compiled and published by the FBI reveal that violent crime is running rampant in every section and locale in the country. Their statistics indicate that, over the past 30 years, the number of murders in the United States has increased by 370 percent and the number of robberies by 300 percent. Also, in 1980, crime was up nationwide by 10 percent over 1979.

One significant result of this alarming increase is the paralyzing effect it is having on the American people. In the past few years, crime has become more vicious and irrational and, therefore, more frightening.

The American people are virtually being held prisoner in their own homes by criminals who operate in the streets with impunity and with little or no fear of arrest or punishment. The criminals are waging war within our borders—and they are winning it. We are, however, beginning to see some progress in this area.

In the last few months, many of my colleagues in the Senate have introduced tough legislation designed to deal with such nationwide problems as pretrial detention, drug enforcement, juvenile justice, organized crime, arson, mandatory sentencing, and the use of firearms as a felony. Furthermore, the members of the Democratic Caucus have expressed their wholehearted support for the crime legislation.

However, we must not forget that 94 percent of all crime committed falls within the jurisdiction of State and local law enforcement. Therefore, we must not merely address the problems of crime that fall within Federal jurisdiction. The nuts and bolts of law enforcement is at the local level and without a coordinated national program of assistance to State programs in such areas as police training, statistics gathering, planning, and coordination, our efforts will do very little toward combating crime.

Mr. President, I urge my colleagues in the Senate to join in this declaration that the deterrence of violent crime be a national priority.

At this time I would like to yield such time as he may need to the distinguished ranking member of the Senate Judiciary Committee, the Honorable JOSEPH BIDEN, for any remarks he might like to make in this connection.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. BIDEN. Mr. President, I thank my colleague for yielding to me.

Before I begin, I would like to say what all of my colleagues on the Judiciary Committee already know, and the rest of the Senate should know and the country should know, that the sponsor

of this resolution, Judge HEFLIN, better known as Senator HEFLIN, has been, prior to his arrival here in the U.S. Senate and subsequent to his arrival, a leader in the area of the criminal justice and the justice system in general.

He has done something that is relatively rare in this body, if I may so suggest. Although I have only been a Senator for 9 years, I have rarely seen a time when a freshman Senator has come to this body, regardless of his or her age, and has been accorded such instantaneous and immediate recognition as having expertise in an area, and that expertise being possessed to such a degree that his more senior colleagues on both sides of the aisle follow his judgment, not only in this resolution but on many other items, one of which I am about to speak to.

NATIONAL SECURITY AND VIOLENT CRIME CONTROL ACT OF 1981

Mr. President, I send a bill to the desk and ask for its appropriate referral.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

(The text of the bill is printed in the Routine Morning Business.)

Mr. BIDEN. Mr. President, the bill that I have just sent to the desk is a comprehensive legislative package which Senators NUNN, HEFLIN, KENNEDY, CHILES, BENTSEN, DECONCINI and many others—as a matter of fact, the entire Democratic membership of the U.S. Senate—have endorsed, and that package, we believe, is the most effective and realistic Federal response to the urgent problem of controlling violent crime in the United States.

Some elements of this package have already been introduced, and we intend to offer other elements as amendments to the Department of Justice authorization bill which is currently pending before the Senate, and others will be introduced separately later in the session.

We appreciate and share President Reagan's deep concern over the crime problem. We want to support his efforts in this area. We are offering this bill, this legislative crime package, in the sincere hope of making a constructive contribution to crime control.

We have entitled the bill which I have just introduced the National Security and Violent Crime Act of 1981. This title has been chosen, Mr. President, to emphasize our strong conviction that international drug trafficking, organized crime, and violent crime are as real a threat—and I emphasize as real a threat—to our national security as threats we face from abroad as a consequence of the hostile attitudes of foreign powers, and that combating crime must be as real a national priority as strengthening our military forces.

There is an overwhelming consensus in this country and in this body that we need to increase our military capability and defense. Unfortunately this body, this Congress, the administration, past and present, have failed to make the same comprehensive, dedicated effort to an equally pernicious problem that faces this country, and that is what Senator HEFLIN talked about when he introduced his crime resolution.

Violent crime in America is as much a threat, and I emphasize that again, to our national security as the buildup of military forces by the Warsaw pact countries or the destabilized situation in the Middle East.

International drug trafficking and organized crime is a multimillion-dollar-a-year business.

It may surprise some of my colleagues to know that over $64 billion a year—$64 billion a year—is what is made through drug trafficking, most of which is through organized crime distribution networks.

One of the problems that this $64 billion a year causes is much of that money gets channeled into legitimate business enterprises. So you have a great amount of money in the hands of unscrupulous people who are using it in a very insidious way. They are going out and buying automobile leasing companies, banks, real estate—all the things that affect communities and affect policy within those communities. Many of those legitimate businesses, fall into the hands and under the control of organized crime figures.

As I said, the revenue from illicit drug trafficking alone in the United States is now estimated at $64 billion a year, more than twice the 1980 sales of the IBM Corp., the Nation's eighth largest corporation. The amount of crime generated by heroin addicts is staggering.

A recent study done by Temple University, which tracked over an 11-year period 243 Baltimore, Md., addicts established that those 243 addicts committed almost 500,000 felonies—500,000. Less than 250 people in an 11-year period committed a half million crimes.

They say that is staggering, that it is not believable.

Well, when you have a heroin habit that costs you $100 a day to maintain, unless you happen to be independently wealthy, you have to get it somewhere else. So you go out and you burglarize a home or take a TV set; you mug anyone sitting in the gallery this evening in some downtown parking lot in Washington; you snatch a purse by waiting outside the senior citizens home, and if they do not yield the purse, you pummel them. That is why there is so much crime.

Robberies, Mr. President, have increased 28 percent between the years 1979 and 1980 in Washington, D.C., 22 percent in New York City, and equally staggering figures in other major metropolitan areas across the United States.

Police officials and prosecutors are convinced that violent crime increases currently occurring in our major cities are strongly related to the greatly increased availability of cheap, pure heroin from Southwest Asia.

Nationwide, Mr. President, violent crime is up 13 percent, but crime is more than statistics. It involves people and their families, friends, and neighbors.

As Senator HEFLIN said, it shatters lives and sends ripples of fear through whole communities which are changing the way we live, how we view ourselves and others, and our ability to govern ourselves.

Mr. President, 10 years ago there was a minor business in this country and that business was the business of providing locks and safes and security for people. That business has become a multibillion dollar business. It has become a major industry in America: putting bars on the windows of people who live on Capitol Hill; putting burglar alarms in the homes of people who never thought of having them before. People are purchasing trained guard dogs.

This is not happening in isolated areas. This is happening in middle-class communities that are predominantly white and heretofore have been essentially immune to crime. It is happening in rural areas, in metropolitan areas, and in the so-called ghettos. Crime is affecting every fiber of our society.

The fact is most of the American people, when asked in polls, what is the issue that most concerns them, in the last several years, they have listed crime.

I respectfully submit, Mr. President, that what has resulted is many American people have concluded that what they must do is take it unto themselves to protect themselves.

The most outrageous thing in the world—forget your posture on gun controls—is to see ads in the newspapers or to turn on the nightly television news and see a 10-year-old girl standing with a .45 automatic, with earmuffs on so her ears will not be damaged by the sound of the shot, learning to use a revolver to defend herself. What have we become?

Mr. President, this nationwide epidemic of fear, and the spread of violent crime is related to drugs. Almost 60 percent of the violent crime in America, according to leading criminologists, is related to drugs. Yet, we do not have a coordinated plan in this Nation as to how we are going to deal with it.

We are talking about spending billions of dollars on defense, which we should do; and to do this, the administration is cutting prosecutors, cutting law enforcement services, cutting assistance for State and local drug enforcement, cutting, cutting, cutting, in the name of economy.

This entire Democratic crime package would cost considerably less than $1 billion to do what we need in this proposal. We are talking about $40 million out of a budget of more than $700 billion!

Mr. President, there are many aspects of the package, and I see that Senator NUNN is in the Chamber. He has been very involved in the formation of this package. I should like to refer to one specific portion of the bill we have introduced which I believe is the single most important and possibly will be the most controversial provision of our proposal.

We in the Democratic Caucus believe that not much progress will be made on violent crime, notwithstanding all the rhetoric in the world about how horrible it is and all we must do, unless we do something about drugs. We are not going to be able to do much about drugs and

drug trafficking until we do something about organized crime.

I note, parenthetically, that back during the celebrated McClellan hearings and the Kefauver hearings—I think it was in the early 1950's—there were 35 organized crime families identified. They put up big charts and showed us who they were and identified them. I am saddened to report that every one of those organized crime families is alive and well and doing a thriving business today. We have not broken a single, solitary one—not one. It has been close to 25 years since we have identified them.

Yet, we talk in this country about effecting our security as a consequence of having to get tougher with the Russians, deal with the Chinese, take care of Eastern Europe, protect our friends in Western Europe, and all these cosmic questions that must be dealt with. Yet, with all the power of this Government, we have not been able to bring to bear enough resources, with enough intensity, to break up even one organized crime family in the United States of America.

I am saddened to state that since those days, when the "Godfather organizations" were singled out—we have now found that Hispanics, blacks, and whites of nonethnic background have gotten into the business. There are Greek organized crime families. There are Hispanic organized crime families. There are black organized crime families. It is not just limited to the "Godfather."

Mr. President, what we are proposing is that there be the establishment of a Cabinet-level post which allows one person, at a Cabinet level, to have the authority and the power to draw on the resources of the various agencies that have the ability to combat organized crime and international drug trafficking. I will cite a case in point, and then I will yield to my colleague from Georgia.

Mr. President, as a member of the Intelligence Committee, let me use this example. If the CIA is working in an espionage investigation or a counterespionage effort and were to stumble across the fact that they found some international drug trafficking networks, the prospect of their telling that to the Drug Enforcement Agency or the FBI or the Criminal Division is remote.

If, in fact, the Justice Department, in trying to crack down on elements of organized crime, gets to the point where they have the goods on somebody in an organized crime family but need extremely sophisticated accountants, bookkeepers, people who know how money is laundered in the international banking institutions—guess what? They are severely limited in their ability to go to the IRS, where there are a great number of accountants who understand how these things work, and ask for help. They cannot say, "We need 20 of you to come over here and work with us to crack this case." They cannot do that now. There is no sharing of information.

So what do we have? Organized crime is no longer a group of people sitting in a home in Long Island, as depicted in "The Godfather," with some thug running around with a gun at somebody's head. That happens. But do you know what it is? It is somebody wearing a $500 suit, sitting on the 80th floor of a building in Manhattan, not with a green eyeshade, marking down the profits and losses, but with an entire computer network available to him, distributing the proceeds of their crime, spending many millions of dollars making the infrastructure work.

What do we have? We send out somebody 3 years out of law school, sitting in a U.S. attorney's office, competent and dedicated and honest, and we give them one-twentieth of the resources, to go after what is a major drug network.

Just to distribute the amount of drugs that hit the streets in the United States and is distributed by the existing drug networks in America—the best way to describe it is to picture the A. & P. food chain. If the A. & P. did nothing at all but distribute illegal drugs, in order to distribute the amount of illegal drugs this past year, they would have to increase the number of their employees, I believe, threefold and the number of their outlets tenfold—just to be able to get it out.

We do not have a coordinated drug enforcement effort of any consequence. We have good men and good women in the CIA, in the Drug Enforcement Agency, in the Criminal Division, in drug strike forces, in the U.S. Attorney's Office, in the Treasury Department, at the Customs Office, and at the State Department. But they do not talk to each other. Nobody knows what anybody else is doing, and nobody has the power to tell all of them that they are going to marshal all their resources simultaneously.

So what we are proposing, Mr. President, is that there be a Cabinet-level post with the authority to say to the Secretary of State that they want on the agenda the proposal that deals with instituting bilateral treaties with nations, to deal with the offshore banking scams that exist, in which organized crime and drug traffickers send their money to islands off the southern and southeastern parts of this country, and the money moves through Florida in big, nicely wrapped, clean bundles.

It will give this Cabinet-level official the authority to go to the Drug Enforcement Agency and tell them that they have to cooperate with the CIA. It will give him the authority to go to the Internal Revenue Service and say, "We need 20 or 50 of your agents for a particular project to work under my control."

Mr. President, on this single point of a Cabinet-level official, it would not create a new bureaucracy. We are not talking about establishing a new bureaucracy. We are talking about establishing a new authority which can fall on and marshall the resources of the existing bureaucracy.

We believe it is essential that we face up as a nation to the devastating impact that crime is having on our society. We believe that we must make a full national commitment to deal with it.

We also believe that we should approach the problem of violent crime in a thoroughly realistic, practical way. Slogans and rhetoric will not deal with the problem. Neither will bureaucratic reorganizations undertaken simply to give an appearance of action. Blindly throwing money at the problem is just as ineffective a solution.

We at the Federal level must calmly assess what we can do and what we cannot do and apply our ingenuity to carrying out those actions and reforms which are necessary, workable, and appropriate to the task at hand.

For example, in the critical area of drug enforcement, our Government's most serious failure has been the lack of effective direction and coordination of the various Federal agencies involved.

Accordingly, our legislative package includes a proposal to establish a new Cabinet-level post to accomplish this function, a Director of Narcotics Operations and Policy.

This official would be responsible for the direction of all U.S. policy, resources and operations relating to the illegal drug problem, and the coordination of all related interagency efforts. The official would have authority over related budget priorities and allocations within the various involved agencies, authority to develop, review, implement, and enforce all related U.S. policy and authority to resolve any conflicts between involved agencies.

We consider this proposal a top priority in the effort to upgrade Federal drug enforcement efforts.

In this area, we also believe that a much greater emphasis must be put on stemming the flow of illicit drugs into the United States. Education and treatment programs serve a worthwhile purpose, but they cannot stand alone. Much more can and should be done to stop drugs at the source, and before they reach our shores.

We have already offered several proposals to facilitate this effort. The Senate version of this year's Foreign Assistance Act contains a Democratic amendment to develop a safer program for using paraquat for eradication of marihuana crops in other countries. It also contains a Democratic amendment designed to encourage a greater effort toward international cooperation in combating drug trafficking. Both these amendments have been adopted by the Foreign Relations Committee.

The Senate version of the Defense authorization bill contains a Democratic amendment to allow the military to share intelligence on drug smuggling activities—and intelligence-gathering resources—with civilian law enforcement officials. This measure has already passed the Senate.

The legislative package we have endorsed today contains a further proposal in this area—one that mandates an aggressive effort by the Departments of Justice, Treasury, and State to negotiate mutual assistance narcotics enforcement treaties with nations containing banking operations currently being used as financial havens by drug traffickers.

We plan to offer this proposal as an amendment to the Department of Justice authorization bill.

Later in the session, we will also be seeking to strengthen drug enforcement efforts through action on another proposal, one which would make robbery of controlled substances from licensed pharmacies a Federal offense.

In addition to strengthening drug enforcement efforts, we believe we also must strengthen Federal efforts against the whole of organized crime.

Our legislative package contains a variety of already-prepared amendments in this area.

One sets goals relating to the effectiveness of any new law enforcement reorganization or narcotics law enforcement policy in combating organized crime. This amendment would require the Attorney General to report to Congress on the ways in which such reorganizations or policies will help eliminate set numbers of narcotics trafficking operations each year and result in the forfeiture of specific dollar amounts from criminal organizations.

A second amendment would strengthen existing statutes for forfeiture of criminal assets and facilitate their use by prosecutors.

A third amendment establishes Federal jurisdiction over murder-for-hire killings, improves the administration of criminal justice with respect to organized crime, and incorporates provisions designed to assist prosecution of organized crime cases and protect Federal law enforcement personnel and their families.

A fourth amendment establishes an Interagency Committee on Arson Control to coordinate Federal anti-arson programs and contains provisions to facilitate control of arson for profit.

In this area, we are also developing additional proposals to:

Modify Tax Reform Act provisions as they relate to the Internal Revenue Service to allow the agency to share information on and participate in drug and organized crime prosecutions;

Increase criminal penalties for persons trafficking in stolen motor vehicles and parts; and

Increased penalties for labor extortion bribes, and kickbacks and clarify responsibility of the Department of Labor to investigate Federal labor law violations.

A third general area of great concern to us is the need to reform our criminal justice system. We cannot tolerate the perpetuation of a system which allows individuals charged or convicted of violent crime to commit further criminal acts while out on bail, awaiting trial, or after having served a minimal sentence. We have no need to apologize for swift, sure punishment that is appropriate to the crime involved.

Accordingly, our legislative package contains a substantial number of proposals to revise bail and sentencing provisions, which we will offer as amendments to the Justice Department authorization bill.

These proposals will give Federal courts the ability to detain accused persons for whom money bail is not an impediment to flight from prosecution; allow them to consider danger to the community in setting bail conditions; revise sentencing procedures and options to establish flat-time sentencing, abolish parole and provide uniform sentencing guidelines; mandate prison sentences for violent offenses and second felony convictions; increase mandatory prison terms for use of a weapon in the commission of a crime; mandate life sentences for attempted assassinations of a President; mandate consecutive sentencing for a felony committed while on bail for a prior felony; expand Federal jurisdiction over juveniles who commit felonies, and increase penalties for piloting an airplane used to smuggle narcotics.

In addition to these proposals, we are also developing further proposals dealing with prison construction and alternative sentencing, and a proposal to insure compliance with the time limitations of the Speedy Trial Act of 1974.

A fourth general area of concern to us is the need to provide adequate crime-related training and technical assistance to State and local officials, since most violent crime occurs within those levels of jurisdiction.

To this end, we have readied an amendment to the Department of Justice authorization bill which refocuses the research of the National Institute of Justice on the most vexing underlying problems in the control of street crime, such as rehabilitation, speedy trial and recidivism.

We will also introduce an amendment to provide technical assistance for State and local governments in such areas as career criminal and sting programs and arson prevention and control.

In addition, we have also prepared amendments for various national-level initiatives such as the continuation of the law enforcement and correctional standards for voluntary accreditation and establishment of a National Police Academy to help standardize and upgrade law enforcement training.

Finally, we want to state our disagreement with various administration proposals to cut funding in the law enforcement area.

For example, in the Department of Justice budget the President proposed a $231 million cut in Federal law enforcement programs, including cuts in the Drug Enforcement Administration, the FBI, U.S. Attorneys Offices and aid to State and local organized crime intelligence program.

Democrats on the Judiciary Committee successfully supported restorations of almost $110 million, but unfortunately, this committee action is being challenged on the floor through the reconciliation process.

Our position is to resist the effort to remove these restorations.

Mr. President, I now yield to a man who has focused on the operations of organized crime and how we have failed to adequately respond to this problem. Senator NUNN has done more work in this area than any other Member of the U.S. Senate, in my opinion, and is a man to whom we would be well advised to listen to about these issues—the Senator from the State of the Presiding Officer, the senior Senator from Georgia (Mr. NUNN). I yield to Senator NUNN.

The PRESIDING OFFICER (Mr. MATTINGLY). The Senator from Georgia is recognized.

Mr. NUNN. Mr. President, I thank my colleague from Delaware. I thank him for his kind remarks and I thank him most of all for his consistent, strong leadership in the efforts to curb the rising crime rate in this country.

Not only this year but in the last several years, the Senator from Delaware has taken a real lead in this respect. He and I worked together. He was chairman of an important subcommittee on the Judiciary, and I was the chairman and am now the ranking minority member of the Permanent Subcommittee on Investigations.

I also wish to thank the Senator from Alabama for taking the lead in presenting this resolution for the Senate to consider. The Senator from Alabama is on the Judiciary Committee. No one else in this body or the other body of whom I know anything about has as much experience in the overall judicial system of our country as the Senator from Alabama, having served in the highest court in his State. He is an expert in these areas. He has taken a very strong, very positive, and very constructive lead, and I am pleased to join him here in the Chamber today as well as the Senator from Delaware in discussing this resolution and not only this resolution but also in discussing some specific provisions that we as Democrats have endorsed and I am sure the Justice Department and the Reagan administration are studying these or similar proposals, and I hope that the next 2 years can indeed be looked back on in history as being the years that we really made very strong and constructive steps to curb the growing crime rate in this country.

Mr. President, this Senate resolution that we are discussing, sponsored primarily by the Senator from Alabama as well as many others, including myself, expresses the sense of the Senate that combating violent crime should be a national priority. I just think we should read the resolution—it is very short—just for the point of emphasizing what it says:

Whereas next to inflation, crime is the most important domestic problem facing the American people today;

Whereas crime, and particularly violent crime, has reached epidemic proportions in the United States and is spreading like a cancer across our Nation;

Whereas violent crime is no longer isolated to the Nation's big cities, but is running rampant in areas once thought of as safe, particularly suburbs and rural areas;

Whereas the general welfare of American citizens is threatened and undermined by the frequent occurrence of violent crime;

Whereas violent crime has become a national problem deserving of immediate attention; and

Whereas all appropriate actions necessary in combating violent crime should be undertaken: Now, therefore, be it

Resolved, That it is the sense of the Senate that taking all appropriate action necessary to combat violent crime should be a national priority as well as a priority of the Senate and should receive immediate attention.

Mr. President, this is an important resolution. It is important not just for what it says but it is important because of its timing. We are considering a Justice Department bill that is now being discussed at length in the Chamber. We have an opportunity to amend that bill. We have an opportunity to examine here in the Senate and hopefully pass the most important law enforcement measures that have come before the Senate since I have been in it and since 1972.

We have had hearing after hearing after hearing in the Permanent Subcommittee on Investigations. We have had hearings on the witness protection program. We have had hearings on the Freedom of Information Act. We have had hearings on violent crime. We have had hearings on narcotics. We have had all sorts of hearings on every facet of law enforcement. The same thing has occurred in the Judiciary Committee and now is the time for action.

I am very hopeful that the Senator from South Carolina (Mr. THURMOND), and he has taken a vigorous lead in this respect for a long time, will join in supporting many of these provisions and I know some of them indeed he has cosponsored, either these or similar provisions himself, and so I think we have a real opportunity for a bipartisan consensus.

I intend to address most of my remarks today to specific parts of the crime package that has been endorsed in the Democratic Caucus.

Mr. President, there is a problem in America that has been growing like a cancer and which remains largely untreated. That problem is crime—especially violent crime.

The facts about crime are disturbing to all of us.

The Justice Department has reported that nearly one out of three households was touched by serious crime last year.

On the average, a murder is committed in the United States every 24 minutes. A house is burgled every 10 seconds. A woman is raped every 7 minutes.

Arrests for violent crime in our suburbs climbed 7.4 percent last year and 13 percent in our once peaceful rural areas.

Organized crime flourishes. In some areas of our country, it controls entire industries.

The illegal narcotics traffic now does as much business as Exxon, one of our largest U.S. corporations. A recent study by Temple University found that 237 drug addicts were responsible for more than 500,000 crimes over an 11-year period.

This astounding growth of crime has led to changes in the lifestyle of many Americans.

City dwellers, suburbanites, and even farmers are triple-locking their doors, keeping ever larger watchdogs, putting bars across their windows, and carrying mace in their pockets and handbags.

Average citizens in many places feel unsafe, especially after dark. They no longer go for walks in the evening. They have become prisoners in their own homes. Fear and despair have replaced security and hope in high-crime areas.

The growing crime rate cries out for governmental and citizen action at all levels—Federal, State, and local—yet very little is being done to strengthen law enforcement and our criminal justice system.

The underground economy spawned by rampant crime cannot be ignored much longer. Permanent Subcommittee on Investigations hearings have shown that the drug business is now in the neighborhood of $60 billion per year. Our largest corporation, Exxon, makes only $55 billion annually. The entire underground economy is estimated at $120 billion annually. The economic, social, and political fabric of our Nation cannot long survive the devastating impact of these illicit and untaxed dollars.

Crime will destroy the fabric of our society if it is not brought under control soon.

This is not a statement I make lightly. I have spent a large portion of my time during the last 3 years investigating narcotics, organized crime and labor racketeering as chairman and as ranking Democrat on the Permanent Subcommittee on Investigations. I am convinced that America has only a few years left to turn the tide against these growing cancers.

The high-crime areas have little hope of developing a tax or economic base until crime is brought under control. Until America faces its crime problem head-on, the poor, the near-poor, and our older citizens—who cannot escape these high-crime areas—will live in fear and despair.

Wealthy and upper income Americans, on the other hand, will become increasingly isolated from our society behind their window bars, their burglar alarms, and their private security agents.

Mr. President, I read the recent Atlanta Constitution article by Dr. Sheldon Cohen, a psychiatrist, and I wish to quote him. Dr. Cohen says:

> The final common factor [of crime] is the potential criminal's perception that he has a reasonable chance of committing a criminal act and getting away with it. Human behavior is just that simple. People embark upon those courses of action which they feel are likely to lead to success, reward and profit and avoid those which they think are likely to lead to failure.

Mr. President, criminals are gamblers, as Dr. Cohen said. They first gamble that they will not get caught—and some of them do not. They then gamble that they will get a low bail even if they do get caught, and they post it and then flee, and many of them are doing exactly that today. They gamble that they will get an easy judge if they do go to trial and if they do get convicted, and they gamble that that judge will give them a light sentence and in too many cases that seems to be what is happening, particularly in the area of narcotics dealers and organized crime.

Mr. President, I do not want to imply to anyone that we can pass a legislative package no matter how good it is to solve a problem by legislating it away. Crime is not going to disappear overnight as a result of any law we might pass.

There is no instant magic solution. Just as the national defense is a matter of constant effort and attention, our domestic security against crime will require arduous labor. We must face the facts.

We cannot solve the problem here on the floor of the Senate entirely. Much must be left to the individual States and the local governments. But what we can do is we can insure that our Federal law enforcement and judicial systems are effective and efficient. We can do our part and we can set an example for our State legislatures, courts, and law enforcement authorities.

The years we have spent studying the problem of organized crime and narcotics have pinpointed the areas we must concentrate on. Our bail system is an insult to justice. The drug dealers—the very people who should be detained prior to trial—are allowed to buy their way out of the law enforcement and judicial system. At the same time, the poor, who we could safely release prior to trial in many cases are often trapped in jail because they, unlike drug dealers, cannot afford bail. We all recognize this problem. We must unite in another bipartisan effort to correct it.

Our Federal criminal sentencing provisions are likewise in need of reform. We need minimum mandatory sentences imposed upon violent criminals who use firearms in the commission of Federal crimes. Violent offenders and narcotics offenders must be kept off the streets, and this is one area where the Federal Government can directly impact on our Nation's crime problem. We must also reconsider our parole system to insure that a sentence meted out by the judge is not artificially or bureaucratically reduced.

Other areas of concern includes the organization and control of our drug enforcement agencies. We must develop an effective and coordinated domestic and international approach to the drug problem instead of working through several different agencies and departments, all with their own competing interests, without any kind of overall coordination.

I have been through hearings on reorganization of the drug effort. We have had reorganization after reorganization after reorganization. I will look at anything the President sends up on this subject, but I am convinced that another reorganization of our drug enforcement efforts is not the answer. We need more effective coordination and cooperation. No matter how we reorganize the drug effort, we are still going to have to have cross-agency cooperation. That is not prevalent today. Another reorganization of our drug enforcement agencies is not the answer. We need more effective coordination and cooperation.

In addition, more effort must be made to improve and create new tools for the fight against organized crime. In this regard we have introduced provisions in the National Security and Violent Crimes Act similar to those in S. 814, the Organized Crime Act of 1981. I am particularly gratified that S. 814 has over a dozen cosponsors from both sides of the aisle. I am hopeful that the National Security and Violent Crimes Act will receive the same broadbased, bipartisan support.

The bipartisan spirit reflected in the Senate support for S. 814 and for Resolution 141 is precisely the approach we need to provide for our Nation's domestic defense and security. Both parties working together can accomplish the needed reforms and improvements in our law enforcement and judicial systems. This is why I feel Senate Resolution 141 is of such importance. While it does not enact any particular laws it does say to our citizens that we in the Senate, Republican and Democrat alike, recognize that we must work together to secure the domestic security and defense of our people. What is more, Resolution 141 says that we will actually embark on this nonpartisan effort for the good of our country.

If we agree that crime is a major problem facing our society, that it is an important element of our national security, and that we must act together now, then I am sure we can come together and begin to find specific bipartisan solutions. I firmly believe that we can, regardless of party differences, work together for the good of our Nation and its domestic security.

ORGANIZED CRIME PROVISIONS

Mr. President, the bill we introduced today contains several important provisions dealing with organized crime and the use of violence.

These provisions are the outgrowth of extensive hearings that we held last year in the Permanent Subcommittee on Investigations.

Numerous witnesses at our hearings, which focused on the violent aspects of organized crime and narcotics trafficking testified that our law enforcement authorities need new tools in order to wage an effective war on those dual problems.

The purpose of sections 205 through 213 of our bill is to provide these important new weapons. While they are aimed specifically at organized criminals and narcotics traffickers, they are applicable generally and will also serve to bolster the Government's efforts to fight violent crime, which has become one of our most serious and alarming domestic problems.

A number of our specific provisions were advocated during our hearings last April and May by FBI Director William Webster and the then Assistant Attorney General for the Criminal Division, Philip B. Heymann. Their recommendations were amplified by the testimony of other law enforcement officials at the State, Federal, and local level and by much of the evidence we received from other witnesses.

Our hearings painted an alarming picture of organized crime and its use of violence. As Judge Webster testified, organized crime consists of "various groups engaged in an enormous, structured and deadly serious illegal business that rely on violence to maintain themselves."

Even though organized crime has become richer and somewhat more sophisticated, the testimony we received indicated that it still relies on intimidation and violence to achieve its ends, just as it did in the days of Al Capone, Lucky Luciano, and the prohibition wars of the 1920's.

Gang warfare still exists, especially among rival narcotics organizations. We heard testimony that in Dade County, Fla., police investigated 189 murders in 1979 alone—an increase of 81 percent since 1976. Of those 189 murders, 42 were determined to have been drug related. Many of these murders remain unsolved today. Most of them apparently resulted from shootouts between rival gangs. This type of open warfare reaches beyond gang members, however, for they have been known to open fire in parking lots and on the freeways of south Florida—thereby endangering hundreds of innocent bystanders.

Quite often gang wars are carried out through contract killings or murder for hire in which someone is paid to carry out a "hit" on a rival mobster or even a member of the same gang. There have been numerous cases, especially within the fraternity of drug traffickers, in which contracts have been placed on the lives of judges, prosecutors, and investigators—and especially on witnesses who testify against members of the ring.

Our subcommittee has established that thousands of murders over the past decade were mob related. The brutal slaying of Federal district Judge Wood in Texas was evidence that mob violence is not the stuff of fiction. It is very, very real.

The role of the Federal Government in combating violent crime is limited by the Constitution, which reserves the general police power and responsibility to the States. The Federal Establishment does have an important role, however, when crimes of an interstate nature are involved. Traditional organized crime families and other groups, such as narcotics rings and prison gangs, commonly operate across State lines. Many of their activities fall squarely within the Federal jurisdiction, and the Government has been active in this type of law enforcement for many years.

These provisions are designed to strengthen the hand of Federal agencies in dealing with the violent aspects of organized criminal activity. Most of its provisions extend the protections afforded Federal law enforcement personnel and their families and potential as well as actual Government witnesses and informants.

The bill contains the following provisions:

First. We would grant limited Federal jurisdiction over cases involving contract killings or murder for hire.

Second. We would amend the Federal assault statute to cover all Government personnel who investigate and prosecute Federal criminal offenses and who gather national security intelligence.

Third. We would make it a Federal crime to harm or threaten the families of Federal law enforcement officials.

Fourth. We would amend the obstruction of justice statute to cover informants and potential witnesses as well as witnesses who actually are under subpena to testify.

Fifth. We would amend the Freedom of Information Act to increase protection of information which would tend to identify confidential informants as well as information which would positively identify such individuals.

Sixth. We would allow the Government to apply for a reduction in the sentence of a defendant who cooperates with the Government.

Seventh. We would permit Federal judges to seal those portions of wiretap documents which could reveal ongoing criminal investigations or wire intercepts, and

Finally. We would allow State and local law enforcement officials limited access to Federal grand jury information when they are assisting in the investigation or prosecution of a Federal offense.

Mr. President, organized criminals and narcotics traffickers rely on violence as the backbone of their operations. If our law enforcement officials are to cope with these problems and to forcefully fight their violent natures, then they need the tools that we would provide in this bill.

These specific provisions are included in S. 814, the Organized Crime Act of 1981, which I introduced on March 26 of this year. That bill is cosponsored by a number of our colleagues on the other side of the aisle. I sincerely hope that they will continue to have this bipartisan support, for I believe that we should all agree in this body that the victims of violent crime are not chosen in any way because of their political affiliations.

Mr. President, so we have an opportunity to really join together in a bipartisan framework in this year, the remainder of this year and next year in indeed making the fight against violent crime one of the top priorities of our Nation.

Again I commend the Senator from Alabama for his excellent leadership here.

The resolution I hope will receive unanimous approval in this body and I hope beyond that we will take up many of these measures that are incorporated in the bill we have introduced today and that we have been discussing in the Senate for at least 3 or 4 years.

The time is overdue to make the criminals who are gamblers, to make the odds against them much heavier than they are now.

Does the Senator from Alabama desire me to yield back to him?

Mr. HEFLIN. Mr. President, I yield to the Senator from Massachusetts who desires to speak on this subject and who has a long record in fighting crime.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I thank the Senator from Alabama.

I, too, want to commend the Senator from Alabama for his work in the area of violence and crime in our society. A number of years ago when the distinguished Senator from Alabama was the Chief Justice of the Supreme Court of the State of Alabama, he took a considerable amount of time to help the Senate Judiciary Committee in revising the law enforcement assistance legislation to make it more effective in dealing with the crime problem. He was a leader in fighting crime even prior to his

service as a Senator. So his interest and concern about this matter has been longstanding. I welcomed the opportunity to work with him in the past and look forward to working with him in the future.

I rise in support of the resolution introduced by Senator HEFLIN on the serious problem of violent crime. The recent surge in the rate of violent crime has caused alarm and fear in every neighborhood and every street across this Nation. The elderly are afraid to walk in the park; children are attacked in school corridors. The citizens of this Nation are demanding action to combat this alarming rise in violence. It is time for Congress to respond with sensible and effective measures to bring the crime rate down.

The fight against violence at home should receive as high a priority as national defense.

I know that point has been made before during the course of this discussion, but it seems to me it should be underlined. We have just allocated over $180 billion in funds for the national defense budget. Yet we have authorized only $70 million in the entire Federal budget for the fight against street crime. Quite frankly, I would think that individuals who live in the major urban areas, as well as those that live in suburban America, are threatened as much by the mugger and the violent criminal as by Soviet missiles. I do not denigrate the importance of insuring that we have a strong national security, but we ought to be equally concerned about the security of every American to live in communities which are free from violence.

We Senators who support this democratic crime program do not believe that it is all-inclusive. But if we take the steps which are suggested in the crime package introduced by Senator BIDEN, and other Democrats, we will make progress in the efforts against crime in our streets.

The Democratic crime package offers the action we need. The amendments in the package provide a comprehensive framework for strengthening the role of the Federal Government in combating violent crime. The great percentage—or probably more than 90 percent of violent crime—is actually committed within State or local jurisdictions outside of the Federal jurisdiction. We acknowledge that. But we also recognize the importance of trying to take action which, hopefully, will be effective in dealing with those areas of violent crime within the Federal domain. If successful our solutions will be followed by the States.

Mr. President, many of these amendments in the Democratic crime package reflect years of painstaking and thoughtful effort on the part of many Senators from different political perspectives. They contain concrete proposals to reduce street crime.

We should, Mr. President, revise our sentencing procedures for all criminals. This has been an area which I have been interested in for some 4 years. Senator BIDEN has been interested in it. It is not a new issue for the Senate. It was part of our comprehensive criminal law revision that passed the Senate some 3 years ago. Those sentencing provisions, which have been the subject of very substantial hearings and which have received broad support across this country, are included in our package.

One of the most thoughtful academicians, Orville Morris from the University of Chicago, has labeled the sentencing provisions of the U.S. statutes to be a national scandal, a national nightmare. It is true. As the chairman of the Crime Subcommittee on the Judiciary Committee we heard from individuals who had been sentenced and had served time. They revealed the gymnastics of defendants who have been convicted and want to get shorter sentences. They shop for different judges because they believe they can get a lesser sentence from a more lenient judge, even though they commit the same crime.

At this point, I ask unanimous consent to have printed in the RECORD a table that would indicate the different sentencing procedures that have been followed by judges across the country.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 1.—AVERAGE SENTENCE LENGTH FOR SELECTED OFFENSES, IN 1972 (MONTHS)

	Homicide and assault	Robbery	Burglary	Larceny	Auto theft	Counterfeiting
National average	102	120	63	40	38	
Maine				144 (+104)	21 (−17)	24 (−18)
Massachusetts	48 (−54)	115 (−5)	40 (−23)	36 (−4)	20 (−18)	32 (−10)
New York (northern)		39 (−81)		11 (−29)	9 (−29)	12 (−30)
New York (eastern)	18 (−84)	130 (+10)	2 (−61)	48 (+8)	12 (−26)	49 (+7)
New Jersey	11 (−91)	103 (−17)	27 (−36)	50 (+10)	32 (−6)	29 (−13)
Pennsylvania (eastern)	102 (0)	88 (−32)		25 (+15)	49 (+11)	30 (−12)
Maryland	6 (−96)	146 (+26)	61 (−2)	45 (+5)	49 (+11)	40 (−2)
Virginia (eastern)	66 (−36)	135 (+15)	81 (+18)	50 (+10)	41 (+3)	39 (−3)
Florida (middle)		126 (+6)	34 (−29)	37 (−3)	32 (−6)	41 (−1)
Texas (northern)	62 (−40)	224 (+104)	46 (−17)	42 (+2)	39 (+1)	66 (+24)
Kentucky (eastern)	24 (−78)	124 (+4)	167 (+104)	25 (−15)	32 (−6)	20 (−22)
Ohio (northern)	28 (−74)	119 (−1)	36 (−27)	29 (−11)	31 (−7)	35 (−7)
Illinois (northern)	20 (−82)	81 (−39)	30 (−33)	40 (0)	45 (+7)	38 (−4)
Indiana (southern)	40 (−62)	101 (−19)	24 (−39)	35 (−5)	29 (−9)	34 (−8)
Missouri (eastern)	27 (−75)	180 (+60)	60 (−3)	54 (+14)	46 (+8)	46 (+4)
Missouri (western)	36 (−66)	120 (0)		57 (+17)	36 (−2)	33 (−9)
California (northern)	79 (−23)	115 (−5)	120 (+57)	32 (−8)	42 (+4)	37 (−5)
California (central)	190 (+88)	96 (−24)	24 (−39)	40 (0)	41 (+3)	43 (+1)
Kansas	74 (−28)	115 (−5)		46 (+6)	47 (+9)	63 (+21)
Oklahoma (western)	29 (−73)	85 (−35)	48 (−15)	31 (−9)	36 (−2)	41 (−1)
District of Columbia	161 (+59)	103 (−17)	84 (+21)	42 (+2)	40 (+2)	67 (+25)

Note: The Federal district courts for each of the 11 circuits were chosen on the basis of the 2 districts in each circuit that sentenced the greatest number of offenders for the selected offenses.

Source: Administrative Office of the U.S. Courts, "Federal Offenders in U.S. District Courts, 1972," app. table X-4.

Mr. KENNEDY. Mr. President, if this proposal is adopted, we are not necessarily going to get longer sentences, but we will insure that there are going to be fairer sentences. Individuals who commit the same crime—whether that crime is committed in Boston or committed in San Francisco or New Bedford or in Shreveport, La.—will receive similar sentences. That does not happen today in the United States of America. So we are interested in greater certainty in sentencing. There should be similar sentences for similar offenses.

In recent years, the system of sentencing has become a national scandal. Runaway discretion reigns. Appellate control is virtually unknown. Parole release is arbitrary and unfair.

I have talked with district attorneys in my own State who say that they are familiar with the parole board procedures. They find out that there is a particularly lenient parole board they will request sentences three times the length of time they believe that an individual should serve just to insure that he will spend a reasonable length of time in prison.

Now, if there is a change in the parole board, that individual may serve a much longer sentence than he deserves. We are interested in getting certainty, and predictability. Our sentencing system should be fair to society, fair to the victim, and fair, as well, to those that violate the laws.

We do not have that at the present time.

To deter gun crimes, we should require a mandatory prison term for any person convicted of an offense while using or carrying a gun.

I, myself, wish that we had been willing to deal more effectively with the Saturday-night special problem that we are facing in this country. But, because other Members had provisions which they favored but did not press to include in this particular package, I did not press for inclusion of my gun pro-

posals in this package either. But I am fully committed to legislation that will deal with Saturday-night specials, which are used for killing and murdering in our society and have no sporting purpose whatsoever.

I will not offer legislation that will interfere with the legitimate use of long guns, rifles, and shotguns, or even sporting pistols for the sportsmen and women of America. But we certainly should, as a responsible society, be willing to deal effectively with Saturday-night specials.

Beyond this, Mr. President, we should reform our bail laws to insure that persons charged with violent crimes are not released before trial if they are a danger to the community. The bail reform procedures are spelled out in this crime package. Before a defendant can be detained prior to trial, a court must find that there is a substantial likelihood he actually committed the crime and that there will be a danger to the community if he is released on bail. I think these procedures provide protection for the rights of the individual and for those of society.

We should also revise the system of money bail so that a person is not imprisoned merely because he or she is unable to afford bail. It is important, Mr. President, to emphasize that under present law we have preventive detention for those who cannot meet bail. If a particular judge does not feel that an individual should be put out in the streets he could just raise the money bail to a point where the individual cannot afford it. But those criminals who are involved in the drug trafficking and major crimes always find it easy to get the bail up front, and then they fly the jurisdiction. We will be dealing effectively with that problem in this particular proposal by providing that no bail can be imposed except where a person is financially able to meet it.

We must expand the role of the Federal Government in reducing the high incidence of violent juvenile crime. We must rescue juveniles who do not belong in the criminal justice system. The criminal courts are not the place to deal with status offenders. Historically a great percentage of the young people that have been held, even at the Federal level, were status offenders. By status offenders, we mean those individuals whose conduct would not be criminal if committed by adults.

One of the central conclusions that you would have to reach in studying the problem of the violent juvenile offender is that the wrong individuals are being held. The status offender is being held and those that commit the violent acts against society are released.

We address the problem of violent juvenile crime in this crime package. Young persons who stab, shoot, and assault should never be allowed to use their youth as an automatic apology for their crime. Youths make up only one-fifth of the population—yet they commit almost half of all serious crime. Youths who are responsible for such serious crimes should be treated as adults. tried as adults, and sentenced as adults. It is wrong to incarcerate juvenile offenders with adult criminals. But it is also wrong to let violent juvenile offenders go free solely because of their youth.

We should also make a greater effort to divert juveniles from a life of crime. I want to express my own appreciation here to those Members of the Senate that supported our amendment to the budget resolution to increase resources targeted at programs for violent juvenile offenders. I offered that as an amendment to the budget resolution. We were not successful at that time, but subsequently we have forged a broad bipartisan coalition in the Senate to restore funding for these important juvenile programs.

I commend the Senator from Pennsylvania, Senator SPECTER, for his leadership in the juvenile justice area. He has been holding extensive hearings on this issue. I think he understands the importance of providing adequate resources to combat violent juvenile crime.

We can provide job training programs to teach juveniles new skills. We can create restitution programs to enable youth to compensate victims. We can support and nurture grassroots community efforts across this Nation. I yield to no one in this body in supporting job training programs, education programs for young people and efforts to deal with the social causes of crime in our society. I believe strongly that we must.

But I also believe strongly that we have to deal with the violent juvenile offender.

We can support and nurture grassroots community efforts across this Nation—in New York, Philadelphia, Denver, and in my home city of Boston. We have developed important programs which should be supported and that are showing increasing effectiveness in dealing with the problems of violent juvenile offenders. Most important, we should launch a major assault on illegal drug trafficking, which is blighting the future of so many young persons, particularly in our urban areas, virtually destroying young people.

Some have talked about the genocide of the many individuals in our society who are caught up in this terrible, terrible tragedy of drug addiction and abuse. Certainly, we must be sensitive to this issue and the relationship with violent crime which has been well documented with the use and abuse of drugs.

In addition, we should provide funds for State and local governments to carry out programs of proven effectiveness in reducing crime. I am proud of my efforts in the Senate Judiciary Committee to overhaul the LEAA program of the 1970's and to revitalize it for the 1980's. Two years ago, we redesigned the program to target areas of special need, such as street crime, career criminals, violent youth offenders, and the festering epidemic of crime and drugs.

Many of those programs are included in the proposal which we have before us here today.

Law enforcement personnel deserve a decent wage, equal to their risks and responsibilities. No police officer should have to jeopardize his life for a subsistence salary that can barely support his family.

As our first order of business we ought to insure that our police are well trained, decently compensated, and adequately staffed to protect the local communities.

Some propose a reduction of support for the local police officials and a reduction in the programs designed to train the police in dealing with the problems of crime and violence. Those are budgetary savings which I think are extremely shortsighted. We will pay for them with increased crime in this society. We have to recognize the importance of funding those efforts.

These proposals and others in the democratic crime package are responsible and effective measures which together pose no threat to the civil liberties or basic rights guaranteed to every American by the U.S. Constitution. The crime package strikes a careful balance between the rights of the defendant under the Constitution and the right of the public to safety in their homes and neighborhoods and businesses. We can fight crime, without fighting the Constitution too.

Mr. President, I hope we can work in this Congress, in a spirit of bipartisan cooperation, to meet the challenge of violent crime. Together, we have a reasonable chance of making real progress in the difficult but still workable war against crime in our society.

I join in commending the Senator from Alabama for providing the leadership in the fight against violent crime.

Mr. HEFLIN. I thank the Senator from Massachusetts for his fine remarks and his fine statements.

I now yield to the distinguished Senator from Arkansas (Mr. PRYOR).

Mr. PRYOR. Mr. President, I rise today with the assertion that crime, next to inflation, is the primary concern of the American people. Having reached epidemic proportions, the problem of crime spreads like a cancer across the Nation.

The Attorney General's task force on crime released a report only last month showing that in 1979 an estimated 370,000 adult violent crime arrests were made in the United States. Of these, about 30 percent, or 111,000 of those arrested had a multi-State record. No longer is violent crime isolated among the Nation's larger cities.

In my own State of Arkansas, generally a rural State, people are being forced to reshape their lives out of fear of crime. During last year in Arkansas, murder and manslaughter increased by 2.3 percent, forcible rape by 4.9 percent, and robbery by 14.6 percent.

One recent survey showed that nationwide 75 percent of the people believe that criminals today are more violent than they were 5 years ago.

Mr. President, I hold that this plague of criminal abuse is insupportable. It violates those beliefs and values that we hold most essential to our way of life. And one of the most shocking statistics is the number of crimes committed for which there is no arrest, no punishment, no sentence.

The American Bar Association, in fact,

released figures this spring showing that for every 100 crimes committed only six persons are arrested. It is bad enough that violent acts occur. It is a serious affront to decency and justice that no retribution of any kind is visited on the guilty.

I am privileged to stand with my colleagues, Mr. President, in sponsoring several recent bills to combat crime in America.

It is our contention that a number of concerns must be addressed at once.

Among these are the following:

Mandatory life sentences without parole for career criminals;

A reduction in the time from arrest to trial, and sharp reductions in the appeal period;

An additional 5-year sentence for the use of a handgun in the commission of a felony;

The addition of a pharmacy-theft provision to the controlled substances laws; and

A strengthening of Federal programs and policies for combating international and domestic terrorism.

These and other provisions, Mr. President, are designed to meet the criminal head-on, and to beat him at his own game. Ours is an effort to bring together the forces of government on every level—from the Federal to the local—in one massive fight against crime. Although the Federal Government's role in law enforcement is limited by the Constitution, it is imperative for us to set an example for State and local authorities.

I believe that it is necessary for us to act quickly in making crime not only a national priority but a priority of the first and most important order.

I stand in full support of Senate Resolution 141.

I thank the Senator from Alabama for yielding.

Mr. ROBERT C. BYRD. Will the Senator yield?

Mr. HEFLIN. I yield.

Mr. ROBERT C. BYRD. Mr. President, I commend the Senator from Alabama (Mr. HEFLIN) for his continuing efforts to focus the attention of the Senate and the administration on the importance of our taking immediate action against violent crime in America.

It was with this goal in mind that the Democratic Conference last month endorsed the national security and violent crime provisions of 1981 as amendments to the Justice Department authorization bill now pending on the Senate floor.

The American people expect action, and that is why all of my colleagues on this side of the aisle have taken a clear and unequivocal stand that violent crime has reached national security dimensions. The threat of violent crime—mugging, rape, and murder—looms as large as the danger of invading armies from foreign shores. It is our judgment that the problem must be addressed with immediate action equivalent to a national program of domestic defense.

The steps we have proposed to deal with this problem are based on four fundamental principles:

First, that many violent crimes in our Nation are the direct result of the massive flow of illegal drugs into our country, and the fact that drug addicts often resort to violent crime to finance their expensive habit. Recent studies in two of our major metropolitan areas have shown that each drug user commits 200 to 300 crimes per year.

Second, that the criminals in our society, must be made to know beyond a doubt that they will be apprehended and punished for their violent crimes.

Third, that the citizens of our country should be able to feel safe and secure in the knowledge that violent criminals, when apprehended, will not be given a rap on the writs and released immediately to repeat their illegal acts.

Fourth, that the Federal Government can assist State and local law enforcement officials, who work around the clock to combat the violence which makes our streets unsafe.

I commend my Democratic colleagues for the strong and forceful action they have taken. And I congratulate the Senator from Delaware (Mr. BIDEN), the ranking member of the Judiciary Committee, and the Senator from Georgia (Mr. NUNN), the ranking member of the Permanent Subcommittee on Investigations, for their leadership. These proposals, which attack the menace of violent crime in an aggressive and meaningful way, deserve the immediate action of this body. The American people must know that we really do believe these troubled times require not rhetoric, but action—and action now.

I thank the distinguished Senator for his leadership in this effort and for yielding.

Mr. HEFLIN. I appreciate the kind remarks of the distinguished Senator from West Virgiina.

At this time, I yield such time as he may desire to the distinguished Senator from Florida (Mr. CHILES), who has been so interested in this area and who served as chairman of the Permanent Subcommittee on Investigations in the past.

Mr. CHILES. I thank the distinguished Senator from Alabama.

Mr. President, I rise to express my strong support for Senate Resolution 141.

During a session of Congress, the Senate will pass any number of "sense of the Senate" resolutions. Some deal with serious matters, others do not. The resolution before the Senate today is serious, very serious. This is true not only because it addresses a subject of the utmost gravity to this Nation but also because it intends to put the Senate on record as making the fight against crime a national priority and a Senate priority. To my mind it represents a commitment on the part of the U.S. Senate to do all within its legislative and funding powers to put in place strong, effective means of combatting the crime epidemic. I regard this resolution as a commitment and a commitment that I and my fellow Senators on the floor today plan to see honored.

The reason this resolution is so important is not because it places the Senate on record as being against crime. We are all against crime, that is not the issue. The issue is whether we are going to do something about it. The issue is whether we are going to escalate the problem of crime to a level of consideration in the Senate where we really tackle the crime dilemma, determine the best approaches for fighting it and put those measures into action.

I am not talking about passing one or two bills and then sitting back with satisfaction and feeling we have done something about crime. I am talking about a comprehensive effort of targeting all the possible and appropriate resources of the Federal Government to fight the bigtime drug dealers and the organized crime families and the hired killers. I am talking about insuring that we have a criminal justice system that actually serves to punish the guilty and gives credence to the maxim that, "crime doesn't pay."

What I am talking about is giving to crime-fighting or what I call "domestic defense" the same level of attention and support that we now give to "national defense." The flood of drugs, the wave of murders and assaults, the billions of dollars that undermine the legitimate economy are to my mind just as much a threat to this Nation's security as an outside foe. The Chief Justice has pointedly reminded us of thc irony of our current situation in which we will make any and every effort to assure our military preparedness and yet seem prepared to tolerate a society in which people are afraid to leave their homes for fear of attack and robbery.

I suspect there may be some who would say that the Senate of the United States has more pressing matters to address than the crime epidemic. I would suggest that they should look more closely at what is happening in this country or perhaps even visit my State of Florida which has seen its national reputation as tourist mecca decline as its reputation for crime is fed by daily reports of drug busts, drug gang street fights, and skyrocketing homicide rates.

Crime in Florida is simply out of control. In Dade County in south Florida, the statistics tell the story. Violent crime is up 27 percent over last year, robberies are up 54 percent. Dade has had 222 murders through the end of April. That is an increase of 91 homicides from the same time last year.

At the same time, Florida has a drug invasion going on. We have become a national port of entry for a flood of illegal drugs. It is now estimated that 70 percent of the Nation's cocaine comes through Florida; 80 percent of the Nation's marihuana comes through Florida; and 90 percent of the Nation's counterfeit quaaludes come through Florida. The illegal drug business has become one of Florida's largest and most profitable enterprises, with estimated revenues of $7 billion last year. Floridians now know about the cocaine cowboys and their disregard for human life. They have seen innocent bystanders get gunned down. We have got a bunch of criminals running drugs and committing violent crimes on the street.

What is the result? Well, it is something that does not really show up in any statistics. It is something deeper and more personal. It is that feeling of fear when you read about someone in the neighborhood who was robbed, or beaten up. It is being afraid to go out of our homes after dark. It is being afraid for our children.

When one State can go through such an amazing metamorphosis in a few short years, it should tell you that we have a problem of monumental proportions that demands priority attention by the U.S. Senate.

Some say it is not a Federal problem; that law enforcement is the province of State and local governments. It is certainly true that local and State law enforcement is on the front line against the criminal element. But they are losing the war and they need help. The Federal Government can and must get involved in this fight. That does not mean interfering with or usurping the local or State role. It does mean providing assistance and support. It does mean a commitment of the manifold resources of the Federal Government against a criminal element that is often sophisticated, well equipped and very well financed.

There is obviously no one solution to the crime problem. There is no single action we can take, no one bill we can pass that will bring the crime rate back under control. We are talking about a very tough and demanding fight that must go way beyond the rhetoric of a war on crime. The point is we should be looking at every possible avenue that promises to give law enforcement the upper hand. We should be examining every Federal resource that could strengthen law enforcement efforts. We should be scrutinizing every aspect of the criminal justice system to make certain that it keeps dangerous individuals off the street and serves to effectively punish the guilty.

Mr. President, I believe the action of the Democratic Conference the other day is an extremely encouraging sign that the Members of this body are prepared to devote the time and energy called for in this Senate resolution. The fact that all Democratic Senators have joined together to endorse a far-reaching legislative package aimed at controlling violent crime in the United States represents a powerful message to the criminal element in this country that the Senate is no longer prepared to tolerate their activities and that we will exact a very high price for their crimes.

As I indicated, Mr. President, we are all against crime. Our challenge is whether we have the wisdom and spirit of cooperation necessary to make the changes in statute and establish the means to insure that law and order in this society will prevail. In passing this resolution we are making the commitment. I hope in the days ahead the Senate will act to honor that commitment.

I join in congratulating the distinguished Senator from Alabama on bringing this resolution to the floor and for all of the effort he has put into this in regard to trying to see that we cope with this most dangerous situation.

The PRESIDING OFFICER. Who yields time?

Mr. HEFLIN. Mr. President, I yield to the distinguished Senator from Texas.

Mr. BENTSEN. I thank my distinguished friend from Alabama.

Mr. President, I believe this resolution brings to a focus some of our frustrations and concerns in this country. The fact is that we can do something about crime and we can not just continue to turn our backs on it. The fact is that we have been told that approximately 30 percent of the households in this country in this coming year will be subjected to some kind of crime and that cannot continue.

I have introduced, as part of the crime package we have been working on, two provisions which I think are important and will make a contribution to these efforts.

One of the problems you have in this country today is that a great deal of crime is committed by people out on bail for another crime. A study from the Dallas, Tex., career criminal program tells us that 36 percent of repeat offenders arrested were people who committed crimes while they were out on bail for another offense. In the case of auto thefts, the figure is 65 percent; for larceny, 40 percent; for robbery, 37 percent; and for burglary, 27 percent.

These criminals understand the system just like everyone else. Time and time again, you get a situation where a criminal is out on bail for one crime, and understanding that judges often give concurrent sentences, he has an incentive to commit another crime, so you have two crimes, for which the penalty is 10 years apiece. But with concurrent sentences you do not serve 20 years, you serve only 10.

What my part of the crime package will do, Mr. President, is to require that those two sentences be consecutive sentences. I think that if this fact were brought to the attention of the criminal, it would be a serious deterrent to the commission of crimes by offenders who are on bail, and who think they will only have to pay for one, rather than multiple offenses.

Mr. President, we have another problem in this country. That is the problem of drugs. I agree with my friend from Alabama that in a majority of cases, criminal prosecutions are handled by local jurisdictions. That is where they ought to be handled. But there are some things which the local jurisdiction just cannot take care of and one of those is the drug situation.

I guess that my friend from Florida is overwhelmed with the drug problem as any Senator from any State in the Union. I would also guess that Texas is a very close second. Texas has a long border with another country and we have a severe problem with airplanes flying drugs across the border. Sometimes there are almost squadrons of them, coming across under the radar, going into deserted landing strips in west Texas and other parts of our State, and landing drugs. This Senator has some understanding of that.

I had an interest in a Cessna 210. Not long ago, that plane was parked in a hangar in McAllen, Tex., but it is not there now. They moved two planes out from in front of it, in the dark of night, and flew that plane off. I have not seen it since.

I did not find out until later that the Cessna 210 is a real favorite of drug runners. They can carry a heavy load and they can land on a short strip. So I would not be surprised at all if that plane were engaged in that kind of drug traffic.

What can we do about this drug problem? The FAA today only has the authority to slap the wrist of a drug running pilot. They can temporarily suspend his license. They can put a modest fine on him. But I think what we ought to do is give the FAA the authority to revoke his license. That really hits at his livelihood and makes him understand we mean business. The pilots that fly across the Texas border at night bringing in drugs are a lot more concerned about whether they are going to crack up on some darkened landing strip on a ranch than what the FAA might do to them if they get caught. What my part of this bill would do is allow the FAA to revoke his license—revoke it permanently if they want to—and they would have available a maximum fine of $25,000 and a sentence of 5 years. If the person repeats the offense after the license suspension or revocation, the fine is doubled to $50,000 and 10 years. Owners of aircraft who knowingly participate are liable for the same kinds of penalties.

The current law maximum is $1,000. I believe that these changes will be a major contribution as a deterrent to the flying of drugs into this country.

(Mr. SIMPSON assumed the chair.)

Mr. BENTSEN. I think it is absolutely clear, Mr. President, that the American people see crime as one of the most important problems facing this country today. The economy is our No. 1 problem, but crime itself is also an incredible drain on the economy. We have been spending, and will continue to spend, a great deal of time working on improving the economy, and rightly so. I think this resolution, however, indicates our clear commitment to get to work on the crime issue as well as to dedicate the time and energy it takes to propose solutions.

Mr. President, I think we should stop apologizing for punishing criminals and start putting them back into the jails. I think that the American people would agree that we are simply too soft on crime. I was reading through some statistics from the National Opinion Research Center at the University of Chicago, one of the countries leading social research centers, and I found that in 1972, two-thirds of the American public felt that the courts were not dealing harshly enough with criminals. I find it amazing that in a country as diverse as ours, two-thirds of the population can agree on anything. But, Mr. President, I found that in 1973, just 1 year later, the figure jumped up to 73 percent, and by

1974, 78 percent. Better than three-fourths of the American public felt that the courts were too lenient on criminals. But the trend did not stop there. In 1975, the figure was 79 percent; in 1976, it was 81 percent; in 1977 it was 83 percent; and by 1978, it had climbed to a whopping 85 percent. The consistency of this trend is amazing, and really indicative of what Americans think—virtually 9 out of 10 Americans believing that our system of criminal justice is too lenient on criminal offenders.

Mr. President, I think I can understand the American people's complaint. Virtually every person I talk to has either been the victim of crime themselves or they know someone who has. That is not really very surprising when you consider that the 1978 crime rate was about 201 per 1,000 people. If one happens to be you, the crime rate is 100 percent. That 201 rate means you only have to know about five people to find one, on the average, who was victimized, in 1 year alone.

Mr. President, think about these statistics for a minute. Do you realize how many offenses there had to be in this country in 1978 to get the rate up to 201 per 1,000? It takes over 40 million. To be precise, the Justice Department reports that there were about 40.4 million victimizations, either personal or in a household, that occurred in 1978. That is 40.4 million in that one year alone.

We all know that the number of offenses committed far exceeds the number of arrests but, Mr. President, did you know that in 1978, there were over 10 million arrests made? We are not talking about an insignificant problem; we are talking about 40.4 million offenses and a quarter as many arrests in 1 year. This simply has to be reduced—it is intolerable to subject this country to this attack.

Mr. President, I am pleased that both the chairman and ranking member of the Judiciary Committee were able to join as cosponsors of the resolution. Clearly, their dedication is central to the progress of legislation to attack this problem and I am glad we can count on them to help lead the fight. Both these Senators have contributed pieces of legislation to work on aspects of the problem they see as important. I was glad to contribute my bills to join in the effort many other Senators have added their work to the process.

Only a few weeks ago, several of us, the Senator from Alabama leading the way, went up to see President Reagan about the priorities placed on our fight against crime and I am pleased to report he joins with us. He knows the efforts to right our economy are critical but he also understands that the problems presented by this onslaught of criminal activity must also be addressed.

Mr. President, there is something wrong with a system that 85 percent of the American people believe is too weak. It is clear that the Senate would act quickly to eliminate any other program with an 85-percent disapproval rating and I think we need to take stronger, swifter steps to eradicate the problem that crime presents such a menace to this country. I think this resolution indicates that the Senate means to go to work on this issue and pass some meaningful legislation. The cosponsors of the resolution are on record, the President is on record, and the American people demand it. Let us pass this resolution now and turn our attention to getting some new and tougher measures on the books.

Again, I thank my distinguished friend from Alabama for his initiative on this resolution.

Mr. HEFLIN. Mr. President, I thank the distinguished Senator from Texas for his speech. I appreciate his long stand for law and order and against crime.

Mr. President, I ask unanimous consent that the names of the following Senators be added as cosponsors of Senate Resolution 141: Senator GOLDWATER, Senator RANDOLPH, Senator CANNON, Senator GLENN, Senator BURDICK, and Senator MOYNIHAN.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HEFLIN. Mr. President, I inquire whether the distinguished chairman of the Judiciary Committee, the Senator from South Carolina, would like to speak at this time.

Mr. THURMOND. Has the Senator from Alabama finished?

Mr. HEFLIN. I reserve the remainder of my time.

Mr. THURMOND. I yield myself such time as I may require.

Mr. HEFLIN. Mr. President, I ask for the yeas and nays on this resolution.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. THURMOND. Mr. President, on May 20, 1981, I joined a number of Senators in sponsoring Senate Resolution 141, the chief sponsor of which is the able and distinguished Senator from Alabama.

This resolution expresses the sense of the Senate that the taking of appropriate action is necessary to combat violent crime and that this should be a national priority as well as a priority of the Senate, and that is should receive immediate attention.

The address I delivered at that time is in the RECORD, and I do not wish to take the time of the Senate to deliver a long address at this time. I will just refer to that address, which was delivered on June 18, 1981.

I call atttention to the fact that after the economy the No. 1 domestic problem in this country is crime. The people of this country do not feel safe to walk the streets. They do not feel safe in office buildings, in school buildings, and hospitals. They do not feel safe in their own homes.

I remind Senators that the latest report I have from the FBI shows that a crime is committed in this country every 2.4 seconds. A violent crime is committed every 24 seconds. A murder is committed every 24 minutes. A forcible rape is committed every 6 minutes. A robbery committed every 56 seconds. An aggravated assault is committed every 48 seconds. A property crime is committed every 2.6 seconds. A burglary is committed every 8 seconds. A larceny theft is committed every 4.5 seconds. A motor vehicle theft is committed every 28 seconds.

Mr. President, I have introduced about 8 or 10 bills dealing with crime and have prepared others for introduction, and we are working on those. Other Members of the Senate, especially members of the Judiciary Committee, have introduced other bills, and we are working on those. We have reported a few, but most of them have not been reported as yet. I am anxious that the chairman of the Subcommittee on Criminal Laws act as soon as possible on those bills so that we can get them before the Senate.

Mr. President, one thing that disturbs me about crime in this country is the large number of juvenile offenders. Youths between the ages of 10 and 17 represent 13.8 percent of the population, but they account for more than 20 percent of the arrests for murder, forcible rape, and aggravated assault. Juveniles also account for 49 percent of the arrests for arson. Including arson, juveniles are responsible for approximately one-fourth of all the violent crime offenses.

We must begin to think about this situation and do what we can. I established a subcommittee of the Judiciary Committee, the Subcommittee on Juvenile Justice, of which the distinguished Senator from Pennsylvania (Mr. SPECTER) is the chairman. He has taken a great interest in this subcommittee, and we wish to do everything we can to reduce the large number of crimes by juveniles.

We probably have not given the consideration we should give to the victims and the witnesses of crime. Too much sympathy has gone to the criminal. Steps should be taken along this line.

The bail release decisions are important. A tremendous number of crimes are committed by persons who are out on bail, probation, or parole.

Also, I believe we have to revise the sentencing procedures which are presently used in the judicial system. The sentences and punishments that are imposed should be carried out.

For example, in his book on capital punishment, Walter Berns stated that 98.3 percent of serious crimes go unpunished. Think about that. That is a remarkable figure: 98.3 percent of serious crimes go unpunished, and that obviously encourages more crime.

Mr. President, in my judgment, capital punishment should be reinstated for certain serious and heinous crimes. In the Judiciary Committee, we have acted on capital punishment, and a bill on this subject should be before the Senate for consideration before too long.

I believe that the entire judicial process has to be speeded up. Swift apprehension, fast trials, and sure punishment are some of the best ways to discourage criminals.

Also, I believe that the exclusionary rule, under which highly relevant evidence is excluded from consideration in a criminal trial because it was obtained through an illegal search and seizure, should be abolished. If a policeman goes in and makes a search and seizure that is illegal, punish the policeman, but do not let the criminal go free.

Mr. President, there are many other

things I could say, but I am not going to take the time now. I just want to commend again the distinguished Senator from Alabama for submitting this resolution. I am pleased to join him in doing so.

I also commend the distinguished ranking minority member of the Judiciary Committee (Mr. BIDEN), for his continuing interest in this subject. I expect to work closely with the members of the Judiciary Committee. I have already told the ranking minority member of the committee (Mr. BIDEN), that we expect to work together and report a number of bills, in order that we can take every step possible to protect the people of America against the terrible scourge of crime that exists.

Mr. BIDEN. Mr. President, will the Senator yield?

Mr. THURMOND. I yield.

Mr. BIDEN. Mr. President, I thank the chairman of the committee for that assurance. As I have indicated to the chairman, there are many similarities between the bill we have introduced and proposals that the Senator from South Carolina has championed and supported. There are instances in which we disagree.

However, with the assurances from the chairman that we will have thorough hearings on this bill in the fall—and hearings on the President's package he introduces after the task force reports—I believe the Nation will be better served, and we can debate the differences where they exist. But the end result, I am confident, will be a comprehensive and bipartisan approach to what is—I agree with the chairman—the most important domestic problem facing this country.

I thank the chairman.

Mr. THURMOND. Mr. President, in response, I commend the able Senator from Delaware for his efforts in the crime area and say to him that we do expect to push hearings on these bills, get reports, and send them to the Senate for consideration. We must not put these matters off. I can assure him my full cooperation on these matters.

Mr. BIDEN. I thank the Senator from South Carolina.

Mr. HEFLIN. Mr. President, I ask unanimous consent that the name of Senator SIMPSON be added as a cosponsor to this resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUDDLESTON. Mr. President, I rise in support of the resolution offered by my distinguished colleague from Alabama which I believe addresses one of the most urgent and disquieting domestic problems facing our country today. I for one am proud to join what I hope will fast become an all-out effort by this body to daunt the seemingly undaunted and rising rate of violent crime in the United States.

We here in the Senate have been charged with providing leadership and representation for the citizens of this country. It is our duty to respect and protect the "life, liberty and the pursuit of happiness" designated as "certain unalienable rights" of every citizen of this Nation. Yet in recent years, we have failed miserably in providing that leadership so hoped for, and worse, have allowed the above words of the Declaration of Independence to lose much of their meaning.

For indeed, the ever-rising rate of crime and violent crime in this country has destroyed lives, robbed us of our liberty and freedom, and rendered our children, our senior citizens, and the people of this country too frightened to "pursue" anything much beyond the assumed safe confines of their home.

And even that assumption is in these times in serious question. A recent statistic put forth by the U.S. Department of Justice, already tattered by repetition, bears repeating once more: One out of every three households last year was victimized by serious crime. With statistics like this one and countless others hanging ominously over our heads, it is questionable why we are even debating this resolution before voting on it.

Mr. President, I believe that the time has come to provide for the people of this Nation some meaningful and effective answers to the problem of violent crime. What the people want from us is a cohesive and coordinated effort that attacks the problem which has for so long been attacking us.

I believe that Senate Resolution 141 sends the signal that we are ready to take that vital step—not to pass one or two token pieces of legislation which approach the issue in a piecemeal fashion, but to enact in this Congress an omnibus anticrime package which sends strong signals to criminals, provides needed crime-fighting tools to law enforcement officials, and most importantly, restores a confidence in the American people which has progressively weakened in recent years.

This lack of confidence and growing frustration with ineffective policies on crime control has prompted many cities and neighborhoods across the country to take the issue into their own hands. Groups such as the Guardian Angels, operating in large metropolitan areas along the east coast, and smaller neighborhood crime prevention units in various localities have established themselves as viable, sophisticated, and respected community defenders.

While local trust in such groups and the healthy community mobilization they yield is very important, I believe that they even further dramatize the lack of effective policy and leadership that we on the national level are offering on this issue. The woman who is afraid to walk a block to the bus at dusk, or worse, in midafternoon, is a haunting message to those of us here in Washington who read about her tragic assault in the papers. We simply must establish an enforceable and effective policy which alleviates the growing fear of millions of our defenseless citizens.

I know that this problem will not be solved merely by passage of this resolution. We were a long time in getting into this crisis; we will not find our way out of it overnight. But I firmly believe that the most important step we can take is to let the people of this country know that we are ready to wage war against the rising tide of violent crime in this country.

There are presently pending before the Senate a goodly number of anticrime bills which represent a growing awareness of this body that something must be done. One of these bills, S. 814, the Organized Crime Act of 1981, contains 10 separate provisions which afford our Federal law enforcement agencies, our courts, and most importantly, our citizens new defenses against violent crime, with a particular emphasis on narcotics trafficking and organized crime. I am pleased to be consponsoring this legislation, and intend to carefully review other pending and future proposals which would lend toward the overall effort.

I am also aware that President Reagan has assured Members of the Senate that the issue of violent crime will receive top priority in his administration, and look forward to working with him in this endeavor. The Attorney General's Task Force on Violent Crime is already formulating its phase II recommendations to Congress, and I am sure their proposals will prove most helpful as well.

But the people are looking to us for answers, and they are not willing to wait for studies and reports and long-term promises. They want action and they want it now. What is more, they deserve it now.

It is for this reason that I urge the Senate's unconditional support of this resolution and of a continued bipartisan effort to attack the epidemic crime rate with every available resource, from every possible front. The war against crime cannot be won by taking a battle or two. We can claim victory only by winning the entire war.

Mr. GLENN. Mr. President, I would like to take a moment to express my dismay at the failure of Congress to take action against the deadly, billion-dollar crime which has been and will continue to plague this Nation. Each year arson kills 1,000 people and injures 10,000 more. It causes over $1.3 billion in direct damages and up to $15 billion in indirect losses.

Despite these awesome statistics, the Committee on Governmental Affairs has yet to consider the antiarson bill—S. 294—which I introduced in January of this year. I realize that economic issues are the major focus of the Congress during this time. However, very little time need be spent on S. 294.

S. 294 is basically a reintroduction of the Anti-Arson Act of 1979—which was the subject of extensive legislative hearings during the 96th Congress. In the Committee of Governmental Affairs, I personally chaired a number of hearings on the bill. Senator PERCY also chaired arson hearings in this committee. As a result, the committee ordered the bill favorably reported. Subsequently, Senator BIDEN chaired hearings on the bill in the Judiciary Committee.

Mr. President, I intend to introduce S. 294—the Anti-Arson Act of 1981—as an amendment to the Department of Justice authorization bill at the appropriate time. In the event that this becomes impossible, I pledge to continue

the fight against arson and seek prompt, favorable Senate action.

S. 294 has bipartisan support; it has 20 Senate cosponsors. Many other Senators' offices have contacted by staff requesting information about the bill and/or expressed an interest in becoming a cosponsor.

According to a June 8, 1981, article in U.S. News & World Report, the United States has the world's highest rate of arson. I submit that the time to enact S. 294 is now. I ask unanimous consent that the aforementioned article entitled "Arson in U.S. Reaches a Crisis Stage," be printed in the RECORD. I also ask unanimous consent that an article by John Perrotta, in the Baltimore Evening Sun, be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibits 1 and 2).

Mr. GLENN. Mr. President, I am pleased to be a cosponsor of Senate Resolution 141, which puts the Senate on record as believing that violent crime should be a national priority and a priority of the Senate. As we move to match our legislative actions with those words, I trust that the Anti-Arson Act will be approved.

EXHIBIT 1

ARSON IN U.S. REACHES A CRISIS STAGE

America is being put to the torch by 10-year-old kids, hardened criminals, businessmen, psychopaths and vengeful citizens in a multibillion-dollar wave of arson for passion and profit.

Just in the past few months—

Fire raced through the Las Vegas Hilton, killing eight persons, and through the Stouffer's Inn in Harrison, N.Y., killing 26. Investigators said both fires were set intentionally.

An arson blaze in Brooklyn demolished a tenement and killed nine members of a single family.

A series of fires has destroyed over 400,000 acres of forest land in Florida. Officials estimate that 50 percent were set by "hell raisers" or other arsonists.

Conflagrations like these, along with fires set by professional "torches" and speculators to collect insurance, have risen astronomically in the U.S. over the past decade.

What's more, arsonists are getting away with it. Only 3 such fires in every 100 lead to an arrest, and not even 1 case in 100 results in a conviction.

From firefighters, federal officials and insurance investigators comes this checklist of what is going up in the smoke of deliberately set fires—

About 1.3 billion dollars in direct damage from all types of fires in 1979, the last year figures are available—more than 10 times the losses for 1968.

Indirect damage estimated as high as 15 billion dollars a year in lost tax revenues and wages, unemployment-insurance payments, relocation costs and other economic ripple effects.

At least 908 deaths and about 3,000 injuries from arson or suspected arson in 1979—when the number of structural fires was nearly four times the 1968 total of 50,000.

There is some evidence that soaring arson trends are starting to level off. But analysts say this is no time to let up on anti-arson programs that have begun to show results in some areas. "We're at a crisis stage," says Florida Fire Marshal Bill Gunter. "Arson is spreading out there, and it just can't be business as usual."

Behind that assessment, echoed by fire and insurance experts around the country, lie staggering statistics on the busy activity of fire setters. Totals vary with accounting methods, but the federal National Fire Data Center estimates that arsonists in 1979 ignited 177,000 buildings and other structures, 63,000 vehicles and 383,000 outdoor targets ranging from forests to city trash cans. Total arson fires: 623,000.

In the U.S., "the rule of thumb is that 1 fire in 4 is intentionally set," by far the highest arson rate in the world, says Philip Schaenman of the Fire Data Center. From the standpoint of direct dollar losses, he adds, arson is now in the same league with burglary or larceny.

Experts say the chief motives behind arson in the U.S. are psychological rather than economic, as in arson-for-profit insurance ripoffs.

According to the U.S. Law Enforcement Assistance Administration, vandalism accounts for 42 percent of all arsons, followed by arson for revenge at 23 percent; pyromania, 14 percent; arson for profit, 14 percent, and other motives, 7 percent.

The population of known fire setters is dominated by youngsters, who are often motivated by youth-gang peer pressure. In the decade of the '70s, 54.6 percent of all arrested arsonists were under 18 years of age, including 11 percent age 10 or under, according to the Federal Bureau of Investigation's Uniform Crime Reports.

One major target of youthful firebugs is the schoolhouse. A survey by the Insurance Company of North America found that arson accounted for about 26 percent of the damage done to vandal-plagued schools across the country.

As for revenge, one federal government study concludes. "In many inner-city neighborhoods, gasoline splashed on an apartment door has replaced the gun as a way to settle quarrels."

Nor is fire vengeance confined to the big city. In Ashton, Mich., last November, police reported that a schoolchild, allegedly a victim of parental abuse, confessed to setting fire to the parents' bedroom in such a way as to block all escape. They died, along with three children.

While most arson fires are the result of purely destructive impulses, arson for profit remains a major cause of fire devastation and economic loss. Indeed, some federal fire officials estimate that blazes set to collect insurance proceeds account for as much as one half of all direct annual dollar losses from arson.

Who are the culprits? John Lynch of the U.S. Fire Administration's Arson Prevention Program gives this answer: "Organized crime is involved. Business people are involved. Speculators are involved. Homeowners are involved. But in the main, arson-for-profit operations are not so much the work of a Mafia-type organization as they are the organized crime of a group of conspirators that gets together and buys a series of properties to burn down for profit."

BOSTON RING

Ostensibly model citizens made up one of the biggest economic-arson rings ever uncovered by authorities—an operation broken up by Boston authorities in 1977 following 35 fires that destroyed an estimated 6 million dollars' worth of property. Among the 33 persons arrested were a retired fire chief, a police officer, lawyers, insurance adjusters and real-estate professionals.

Other major arson rings have since been smashed in New York City and elsewhere, while smaller-scale operations are believed to be widespread.

In the typical scam of this type, authorities say, the conspirators purchase a depressed property cheap—sometimes taking advantage of federal urban-renewal programs. The owner makes a few improvements and sells to a confederate at an exorbitant price, inflating the nominal market value of the property as a basis for fattening the insurance coverage. Then fire strikes.

But economic arson comes in many varieties. According to investigators, big-time examples range from extortion practiced by underworld loan sharks to fires set by "strippers," who scavenge plumbing, wiring and fixtures exposed in the gutted structure. Other types of arson reflect the everyday economic concerns of the average citizen. Among the insurance-arson trends are the burning of homes that cannot be sold and vehicles that are costly gas guzzlers.

In a crime spree as rampant and damaging as this one, why are arrests and convictions so rare? Authorities give these answers:

Arson is difficult to detect. There are seldom any witnesses, and the arsonist often takes pains to make the blaze look accidental.

Local fire and police departments tend to lack both the manpower and expertise to effectively combat arson. Coordination problems also arise among enforcement agencies. In one case in Connecticut, police ordered insurance investigators to leave the scene of a fire on a claimant's property.

Public support has been lacking. Many citizens perceive arson as, at worst, a minor crime against property. As a result, few cities spend more than 1 percent of their fire-department budget on anti-arson programs.

Nonetheless, a number of localities have begun developing vigorous arson-control programs in recent years, including task forces that combine the talents of police, fire and insurance investigators and prosecutors. Along with these have come public-education programs, tipster hot lines and computerized arson-information files.

Among the communities that now have major anti-arson programs under way are Boston, New York, Philadelphia, Seattle, Baltimore, East St. Louis, Ill., and communities in Florida.

In getting these programs started, many cities have relied on the expert technical assistance and financial aid provided in recent years by the federal government and by insurance companies.

The insurance companies, too, have adopted a tougher stance. "In the past, the attitude was that you can't win in arson cases, and the insurance companies literally rolled over and played dead," says Janet L. Brown, a Florida attorney who defends insurance firms against false claims. "But that has all changed. There is a better attitude on investigating arson fires. Companies are becoming more reluctant to pay immediately."

The Feds pull out. Signs that these efforts are starting to pay off include a dramatic increase in arson arrests in some areas and a slight decline in arson fires nationwide from 1978 to 1979, according to figures compiled by both the federal government and the National Fire Protection Association. Still, analysts caution that a one-year decline is insufficient grounds for optimism. Local fire and law-enforcement authorities cite another cause for concern: Federal financial support for local anti-arson efforts is being reduced just as the programs are hitting their stride.

For example, the Law Enforcement Assistance Administration, the major source of such funds, is being dismantled. Its 9-million-dollar assistance program for local firefighting efforts, begun in 1979, will end when funds run out this year.

In all, officials say, the gains made in the battle against arson amount to little more than a promising start in a long fight. "We're attempting to deal with it," says John Barracato, a director of arson fraud for Aetna Life & Casualty, "but we're no closer today to solving the arson problem than we were 10 years ago."

EXHIBIT 2

[From the Baltimore Evening Sun
Apr. 22, 1981]

BALTIMORE'S LOSS WAS $9 MILLION IN 1980—ARSON HAS INCREASED 400 PERCENT SINCE 1970

(By John Perrotta)

Horrifying statistics tell the story: arson in the United States has jumped 400 percent since 1970. Fires started on purpose caused $1.3 billion in smoke and fire damage and $10 billion in lost jobs, sales and taxes in 1979, the last year for which there are complete figures. Arson accounts for one-fourth of all fires. It kills 700 and injures 10,000 others a year.

In Baltimore, torching continues to take its toll. Firebugs caused $9 million in property damage in 1980. Almost $2 million in property was lost in the first three months of this year, an increase of $500,000 from the same period last year. These figures don't consider losses to businesses forced to close until the debris is removed.

Arsons locally at Public School No. 239, the Farring Bay Brook Recreation Center, BV Warehouse and the Roland Park Florist fuel the need to do more to quench this terrible problem.

Leaving aside local efforts, the federal a encies involved are handicapped by lack of coordination and responsibility. The sage who said "too many cooks spoil the soup" was right, especially about the eight alphabet soup agencies battling arson in the United States.

The FBI (Federal Bureau of Investigation), IRS (Internal Revenue Service), BATF (Bureau of Alcohol, Tobacco and Firearms), LEAA (Law Enforcement Assistance Administration) and four other agencies may mean well in trying to extinguish America's costliest and fastest growing crime. But they act more like many Neros fiddling while Rome burns. They're duplicating each other's work and are inconsistent in enforcing and interpreting the law.

Now comes hope for the bureaucratic imbroglio. The Anti-Arson Act of 1981, recently introduced in the U.S. Senate by John Glenn (D-Oh.), promises to do much to put order in the soup.

The bill would set up a comprehensive federal anti-arson program and:

Create an interagency committee to organize the arson fight at the federal level. The committee would see that money and research data go to state and local governments.

Make the FBI raise arson to a major crime and include it in its Uniform Crime Reports. This would encourage cities and states to report arson figures correctly, thus helping to spot weaknesses in the arson fight and shape new programs;

Give $5 million to the U.S. Fire Administration to develop equipment and techniques to predict and prevent arson; and,

Make insurance companies and police work together to smother "arson-for-profit"—buying inflated property insurance and then burning the property (usually buildings) to collect insurance money.

Senate Bill 294 is a serious attempt to slow the burning in this country. It should be passed with great dispatch.

VIOLENT CRIME—THE NEED FOR A NATIONAL AGENDA

Mr. JEPSEN. Mr. President, I rise today to urge my colleagues to support Senate Resolution 141, a resolution which expresses the sense of the Senate that combating violent crime should be a national priority.

Mr. President, I am an original cosponsor of Senate Resolution 141 and I firmly believe that second only to the problems of inflation, crime in America is the Nation's worst public enemy.

There is a famous American cliché which states that "crime does not pay." Unfortunately, crime in America does pay and pays well. Crime in America is a major multibillion dollar enterprise which affects every aspect of the American economy and has penetrated the very fiber and vitality of the Nation's consciousness.

It is a sad commentary on the American way of life, but, nevertheless, a fact of the Nation's daily life. It is for this reason that this resolution must have the serious attention and consideration of the Congress.

Mr. President, the fight against crime is best handled at the local level. However, because of the national impact of crime upon our society, a national agenda is necessary and must be given priority status.

The people are tired of crime. They are angry about the changes in their life styles resulting from violent acts of crime and criminal activity generally.

Violent acts of crime have come to the border and doorstep of nearly every American community and home. It has touched in one way or another the vast majority of individual citizens regardless of race, religion, socioeconomic status or geographical location.

America is a nation predicated on the belief of liberty and individual freedom. To the extent that crime either reduces or limits individual freedom, we as a nation are equally less free.

Therefore, I applaud the efforts of the Senator from Alabama, Senator HEFLIN, and urge my colleagues to support this resolution on an issue which if left unchecked, unaltered or casually addressed will literally rob this Nation of its most precious treasure—individual freedom.

Mr. President, I ask unanimous consent that a recent article from U.S. News & World Report be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE PEOPLE'S WAR AGAINST CRIME

Fed up with being victimized by crime, harried Americans are doubling up their fists and fighting back.

People from coast to coast are acting on their own to obtain better security, no longer content to rely on law-enforcement officials alone for protection.

Neighborhood "watch teams," a lightly supported novelty only a few years ago, are blossoming in every region.

Homeowners are shelling out big money for alarm systems, burglar bars, watchdogs—as well as guns and paralyzer sprays for a last line of defense.

Businesses are protecting employees with "modern-day versions of moats and alligators," as one study puts it.

Fear is the catalyst—community fear of vandals and muggers, corporate fear of terrorists and kidnappers, and a nationwide conviction that crime has overwhelmed all traditional defenses.

According to Federal Bureau of Investigation statistics—

Offenses of all types rose by 10 percent in the United States from 1979 to 1980, and violent crimes jumped by 13 percent, the most dramatic increases since 1975.

Robbery increased by 20 percent, rape by 9 percent, aggravated assault by 8 percent and murder by 7 percent.

Among property crimes, burglary showed a rise of 14 percent and larceny 8 percent.

No locale was safe. Reported crime went up in cities of all sizes, in suburbs and in rural areas.

Separate figures from the U.S. Bureau of Justice Statistics, based on household surveys rather than police reports, indicate that per capital U.S. crime rates remained relatively stable from 1974 through 1980—but at staggeringly high levels.

Thirty percent of all households in the United States experienced some type of crime and 6 percent suffered a violent crime in 1980, according to the surveys.

Americans are not just frightened by all this; they are angry and determined to protect themselves.

A picture of people's indignation and resolve emerged in interviews conducted by *U.S. News & World Report* staff members with private citizens, community leaders, security experts and corporate officials.

"Residents here are just fed up," said Diane Kerckhoff, a leader of the Women's Crusade Against Crime in St. Louis, in a comment that spoke for many Americans. "They haven't noticed any decrease in crime and they're going to start reacting. They're going to start taking the blame and the responsibility."

Starting below and continuing on the following pages are reports from across the country on what Americans are doing to combat crime at the individual, community and corporate levels.

NEIGHBORHOOD PATROLS SCOUT THE ENEMY

In a spirit reminiscent of frontier days, Americans are joining forces to rid their neighborhoods of crime.

Community "watch groups" are thriving from New England to Southern California, in tough inner-city areas and posh suburbs—using eyes, ears, feet and automobiles in home-grown, anticrime surveillance networks.

From every sign, the efforts are paying off:

In Pacific Palisades, a well-to-do Los Angeles community where President Reagan formerly lived, residents credit a new buddy-system watch program with reducing serious crime by 10 percent so far this year.

In Harlingen, Tex., volunteers patrolling in golf carts have cut the burglary rate nearly to zero in their affluent neighborhood of 421 homes.

In New York, some 13,000 public-housing tenants have formed watch groups in 764 buildings. In some cases, crime rates have been cut merely by stationing female volunteers in the lobbies to screen strangers and alert police when necessary.

In Chicago's Edgewater district, a neighborhood that has long had a reputation as dangerous, volunteers patrol the streets in radio-equipped cars. Edgewater's crime rate is now lower than that of Evanston, a comfortable Chicago suburb.

"Not only are such groups increasing each day," says New York City police spokesman Richard Shapiro, "but we can document that when a community organization works with police, crime prevention does work."

Now an effort is under way to link the the scattered groups via a National Association of Town Watch. Envisioned is a clearinghouse through which community units could swap crime-prevention tips and news of activities in their areas. Matt Peskin, an Ardmore, Pa., watch leader organizing the national group, says that some 300 groups so far have expressed interest.

Los Angeles is credited with starting the current wave of crime-watch programs in 1969. The concept picked up steam three

years later when the federal Law Enforcement Assistance Administration began providing support.

LEAA, scheduled to be phased out under Reagan budget-cutting directives, has since spent 1.5 million dollars to encourage formation of some 4,000 watch groups around the country.

Added impetus has come from rising crime rates and budget crises that have forced many cities to lay off policemen.

In Coral Gables, Fla., recently more than 1,000 people jammed into a 600-seat auditorium for a meeting of the Citizens Crime Watch Committee. Five years ago, only a handful of residents backed the program.

When Detroit laid off 700 police officers last September, residents of the city's Lonyo-McGraw neighborhood reactivated a citizens' patrol. More than 100 residents are now involved.

Many of those most active are crime victims who want to fight back. Eighteen months ago, the home of Phil Madson, a 32-year-old engineer in Cincinnati's Kennedy Heights area, was burglarized for the second time in a year. "After the second time, we became afraid to go into our own house," he recalls. "My emotions were being controlled by a small group of people who had no right to control them."

Madson helped to organize a patrol using radio-equipped cars. The area now has the lowest crime rate in its district. "I feel like my community belongs to the good guys now," he says.

Neighborhood watch programs use differing tactics to combat crime. In the basic approach, police simply encourage neighbors to get to know each other, to exchange phone numbers and to call police if they see anything suspicious. In effect, the members serve as the eyes and ears of the law.

In the San Francisco suburb of Lafayette, such a system has helped solve more than 20 percent of the reported burglaries—double the U.S. average.

Another approach is favored by some Boston neighborhoods. Participants put green bulbs in their porch lights as a sign of refuge for any woman who feels threatened while walking at night.

In Strathmeade Square, a suburban townhouse community near Washington, D.C., watch teams stroll through the neighborhood in groups of three on randomly selected evenings. Equipped with walkie-talkies, they report any sign of trouble to a home-based neighbor, who calls the police.

Some communities vary this approach by conducting their patrols in cars or vans, sometimes equipped with CB radios for police contact.

Police in many areas oppose the patrol concept. Says Mark Howard, head of Seattle's Crime Prevention Program: "People don't understand how much can be involved. They might find themselves in a very dangerous situation."

Mack Gordon, a 64-year-old retired businessman who lives in Atlanta's Inman Park area, learned how dangerous it can be. On patrol one night, he surprised a burglar preparing to break into a house. He stopped the burglary, but most of his front teeth were knocked out. "I now tell members to call the police first, then call me," Gordon says.

VIGILANTES OPPOSED

One thing police across the country are agreed upon: Citizen volunteers should not be armed. "We are not trying to get vigilante groups," says Sgt. Melvin Humphrey, a community-service officer in Washington, D.C.

Some groups, such as the Alliance of Guardian Angels, Inc., whose young members wear commando-style berets as they patrol the New York subways, make citizens' arrests and come close to the vigilante approach. In late May, the organization reached an accord with the city in which it was recognized as "an independent, autonomous citizens' group." But authorities in San Francisco and Chicago have labeled the Guardian Angels as "vigilantes" and have resisted their efforts to expand to those cities.

A development that might slow the movement is the end of federal funds. With LEAA scheduled to be dismantled, money for police programs that support watch groups is being cut off.

Still, the community watch has established itself across the country, with more and more citizens taking the view that the police alone cannot make their neighborhoods safe. "The greatest deterrent," sums up Detroit Police Inspector James Humphrey, "is a neighborhood that's very, very noisy."

SAFE AT HOME—BEHIND A SET OF IRON BARS

If a burglar invades their home, Jim and Kathy Crawford have a pistol and a plan of action.

First, make lots of noise. If the intruder approaches the bedroom, hit him with skills gained from an $88 home-defense training course, "We'd drop to the floor," says Jim. "I'd have the gun pointed at the door. If he came through that door, too bad for him."

The Crawfords of Indianapolis have joined one of the fastest-growing consumer trends in America, a scramble to achieve personal security against crime by any affordable means. The clamor for handguns continues unabated, accompanied by rising sales of weapons-training courses for homeowners.

Just as strong is the demand for safety devices ranging from simple dead-bolt locks to complex home-alarm systems.

"Sales are going absolutely bananas," says Jim Blandino, vice president of a St. Louis company that makes tear-gas sprays. Michael Green, whose North Miami Beach ironworks has seen annual sales of door and window bars rise from $97,000 to 1 million dollars in two years, asserts that he "can't keep up. I'm already working seven days a week."

Behind the passion for security, experts say, are changing lifestyles that make Americans more vulnerable to crime. The flood of women into the work force means many more homes stand empty—prey to daytime burglars. The soaring value of household goods gives thieves added incentive.

Chief catalyst of the security boom, though, is fear for personal safety. Says one man who has just put a $2,500 alarm system in his suburban Detroit home: "To heck with the valuables. It's our lives we're concerned about."

Growth of the home-alarm industry typifies Americans' craving for safety.

Nationwide sales of residential burglar alarms rose from 83 million dollars in 1976 to 142 million in 1980, with sales forecast to reach 240 million by 1984. Some 14,000 companies are in the field, up from 10,000 five years ago.

Equipment ranges from basic tripswitch alarms to delicate microphones and infrared sensors. Prices range from less than $1,000 to $10,000 and up.

CHAIN REACTION

Increasingly popular are wireless systems, which are cheaper than wired models and usually involve window-mounted sensors linked by radio transmitters to an in-house control console. An attempt to open a window starts a chain reaction that ends with alarm bells.

A recent refinement is linking such systems to police, fire or commercial monitoring points. Pressing a "panic button" sends a distress call over leased lines—often a two-way cable-TV wire.

For the very wealthy, another possible step is to buy housing that has fortresslike security built right in.

In exclusive communities such as Houston's suburban Sugar Creek and Lake Barrington Shores in Chicago, developers have included perimeter walls, guarded gates and security patrols. At Point East Condominiums in Beachwood, Ohio, those who can afford the $200,000–$500,000 prices think nothing of paying an extra $20 to $200 a month for constantly monitored alarm systems and around-the-clock guards. "The cost of security is hardly a sticking point," says Warren Regent, a manager of condominiums in New York City. "We estimate that security represents from 5 to 15 percent of a tenant's maintenance fee."

Simpler measures, within reach of middle-income Americans, are selling briskly, too. For instance, Abloy Security Locks of Niles, Ill., has seen sales rise 35 percent in the first six months of 1981. Willis Klein Safe & Lock of Louisville says that "when gold and silver went up, safe sales went sky-high."

A rush to equip doors and windows with bars has turned the decorative-ironworks industry into a multimillion-dollar security business. Sales booms are reported from Miami to Detroit and New Orleans, where William Winterfeld started his burglar-bar business on a shoestring six years ago. Winterfeld's annual sales now top 1 million dollars. "People want peace of mind," he says.

Turning the family pooch into a guard dog is another popular way to increase home security. The International School for Dogs in Cleveland cites a 300 percent rise in enrollments in its "defense pet" course over the past 18 months. For average fees of $575, dogs are taught to bark and bare their teeth—but not to bite—when an intruder appears.

Beyond such measures, more and more Americans are keeping handguns at home. In the Miami area, for instance, police reported 49,434 pistol registrations during the seven months that ended May 31, compared with 24,937 in the same period of 1980. Californians registered 325,041 handguns in 1980, up 21 percent from 1979.

Gun shops report that cheap .38-caliber models are fastest sellers. But heavier weapons are moving, too. At the Traders in San Leandro, Calif., for example, manager Jack Studley says 50 Israeli-made Uzi semiautomatic weapons sold out in six weeks, at $695 apiece.

Steadily rising gun sales have created a subindustry of firearms training for inexperienced buyers. Typical prices range from $30 to $50, with advanced instruction covering low-light, rapid-fire and prone-position shooting.

"Our ranges are filled," says John Caton, who notes a change in clientele at his South Florida training course. "Because of crime and violence, the average citizen has found a need to purchase a firearm. In the past, the range was used primarily for sport."

POTENT SPRAYS

Cans that spray tear gas or paralyzing chemicals are popular in some places. In California last year, 95,000 people passed a test qualifying them to carry tear gas. And from January to May, 1981, some 197,000 paid up to $30 each for training in tear-gas use.

Some gun shops offer miniature chemical-spray devices that fit on keychains. "I sell tons of them," says Donald Davis of Don's Guns & Galleries in Indianapolis. "I tell the ladies, if they've got their keys in their hand, they've got their Mace in their hand as well."

The array of exotic self-defense devices now available was evident at a Chicago trade conference in mid-June. Among the wares on display:

A video intercom system, combining a TV camera and monitor screen with an electric door release.

Zapper, a battery-powered device worn on the wrist. It delivers shocks.

Rearoscope, with mirrors mounted on eye-

glass frames. It provides a view of any one approaching from behind.

No one knows just how much Americans are spending on personal security. One West Coast expert puts the annual total at 2 billion to 3 billion dollars—with limitless potential for expansion.

In any case, it is clear that people will exchange big chunks of income for added safety. "I wanted absolute security," says Marty McGuire, a Chicago attorney who has just bought a weekend home at a tightly guarded resort near Chicago. "It gives you peace of mind, and that's the greatest thing to have."

HOW BUSINESS IS GUARDING ITS EXECUTIVES

Crime and terrorism have propelled U.S. companies into a costly drive to protect their executives from violence at home and overseas.

Efforts to cope range from beefing up bodyguard services to the use of space-age alarm systems and commando-style defense training.

Sales of fashion-coordinated bulletproof vests are reported on the rise, and merchants are bringing out new lines of James Bond-type gear. Prices start at a few hundred dollars for "bionic briefcases" loaded with defensive gadgetry and run to $100,000 and up for armored supercars equipped to smash roadblocks and spew oil and nails in the paths of pursuers.

Within the United States, security experts say, the new striving for protection stems mainly from general perceptions that violent crime is on the rise and that business executives and their families are especially tempting targets for kidnappers, extortionists and extremists.

A recent survey of top executives, for instance, found that fear of crime far outstrips the actual incidence of attacks upon business leaders. Kidnapping was the major worry, with 4 out of 10 expressing fears for themselves, their families or work associates.

Lending credence to such concerns have been occasional well-publicized attacks and threats against executives. These range from hit lists confiscated from such domestic terror groups as the Symbionese Liberation Army to the 1979 kidnap-murder of Cleveland executive Julius Kravitz and the brief abduction in late June of the daughter of Hollywood producer Mel Simon.

The late-May murder of Telex Corporation Chairman Roger Wheeler in Tulsa also has underscored growing concerns for executive safety.

AROUND THE WORLD

Overseas terrorism, too, has fueled the executive-protection boom—with statistical evidence to back up fears for the safety of Americans who work or travel abroad on business. Attacks aimed at business targets now account for nearly one third of all terrorist incidents worldwide.

There are no official figures on how much is being spent on protective efforts in the U.S., but it is estimated that the tab runs to tens of millions of dollars a year.

Among the cocoonlike measures taken by one East Coast corporation:

Every top executive rides to and from work in a company car driven by an armed, security-trained chauffeur.

Indoors, senior executives are grouped on one floor, behind bullet-proof doors operated by guards. Company officials and secretaries have desk-mounted silent-alarm buttons. At night, pressure-sensitive switches under the carpets warn of intruders.

All mail to executives goes first through a bomb-detection device. One expert works full time investigating letters from cranks.

Public appearances by senior personnel draw advance surveillance. "If an executive is giving a speech at a university, for instance, we might check the dormitory bulletin boards to see who is calling for action against what," says a security man.

On the West Coast, a pharmaceutical house, which received a kidnap threat, has "bugged" its main offices and the homes of its top managers. The microphones, which detect suspicious sounds such as forced entries, are linked by leased phone lines to a central monitoring console manned 24 hours a day.

Similar home and personal alarm systems figure into corporate programs coast to coast. Prices run from $2,000 to $20,000, plus monitoring fees.

On a simpler scale, companies are urging key executives and their families to live as unobtrusively as possible to avoid attention from troublemakers. Among the rules: Avoid the society columns. Replace customized license plates. Use unlisted phone numbers. Shun displays of affluence.

"We're all trying to blend in, to be nondescript," says the security director of a West Coast conglomerate. "We're past the prestige era when my car had to be longer than yours."

Another point stressed by security directors: Change behavior patterns that help an assailant anticipate your next move. Vary routes of travel around town. Come and go at different times.

To back up all these precautions, many companies are covering vulnerable executives with ransom insurance, a field described by one West Coast expert as "big business and very hush-hush." Insurance firms will cancel any such policy if a holder discloses it.

COSTLY COVERAGE

Companies now carry ransom policies worth up to 10 million dollars—at premiums of about $20,000 for three years' coverage—according to the chief of security at a Chicago bank.

Among those most in need of such insurance, say experts: Those who travel abroad; business people in politically controversial fields, such as oil and nuclear power; officers of banks and other lending institutions—"someone who can unlock the vault and get in at 3 a.m. past security."

Fear of kidnapping has also led to creation of the company crisis-management team. "It would determine who would be the spokesman and how the company could get 15 million dollars in the middle of the night," says Los Angeles security consultant Tom Reddin.

Bodyguards are part of the picture, too. Although experts disagree on their value in a shooting situation, the consensus is that a sophisticated new breed is replacing the muscleman of old. Notes New York-based consultant Ken Delahunt: "Today, the security guy has to be well trained in understanding the psychology of the guy he's protecting the executive from."

In Denver, A. Dale Wunderlich, a former Secret Service agent, says that requests from companies for protective details have jumped more than 100 percent in a year. Security Escort Services of San Francisco has seen its client list double in the past year to more than 30 corporations.

Also cropping up are private consulting services, often run by retired federal agents and policemen who offer training courses for corporate security officers and executives themselves.

An example is MVM International Security, formed two years ago by former Secret Service man Charles Vance and two other former presidential bodyguards. Conducted at a 360-acre camp near Summit Point, W. Va., the course of instruction ranges from antiterrorist tactics to emergency first-aid training.

Final examination is a 6-hour exercise in which Vance's men try to ambush someone protected by the students, busing blank ammunition and live bombs exploded just out of range. The cost: $3,300 for a six-day course.

Another busy field is the training of corporate chauffeurs in daredevil-driving techniques, such as the J-turns and controlled drifts that can break roadblocks and foil highway ambushes.

Since 1973, when Bob Bondurant established his school north of San Francisco, more than 100 drivers for oil, steel and other corporations have taken the course, which now costs $1,295.

Taken together, these products and services represent the fastest growth field within the steadily expanding U.S. security industry—an industry that, over all, is expected to grow from sales of 6.5 billion dollars in 1978 to 23 billion by 1990, according to Predicasts, a Cleveland-based market-research firm.

Nonetheless, many businessmen remain skeptical about the need for all these measures and balk at meddlesome protective efforts. "You get a lot of these executives who have a macho attitude and say they're not afraid of anything,," says Pennsylvania-based security expert Thomas G. Forsyth.

Adds a Houston executive: "We've never had any trouble, so we don't worry about it. If somebody decides to kidnap one of our top men, we undoubtedly will try to lock the barn door after the theft.

WEAK POINTS

The result, security specialists complain, is that protection plans may be thwarted from inside. Executives refuse to provide the fingerprints and blood and hair samples that company investigators like to have on file. Employees neglect to activate home-alarm systems, rendering them useless.

The prevailing view, however, is that such carefree and careless attitudes are foolhardy for executives in today's violent world. Sums up one California-based security expert: "The threat to executive safety is real and will increase. Any major corporation that thinks it can avoid it during the 1980s is deceiving itself."

Mr. LEAHY. Mr. President, violent crime has become everyone's nightmare. Almost one-third of American households were the victims of crime last year, and the national bill for this rampage amounted to $125 billion. On Capitol Hill, a beloved delicatessen owner is beaten to death and in Essex Junction, Vt., two 12-year-old girls are assaulted and one of them is murdered on their way home from school. According to a recent magazine survey, a majority of Americans are afraid to walk in some areas within a mile of their own homes.

I support Senate Resolution 141 because I think violent crime not only should be declared a national priority but already is a priority within the Senate and throughout the Nation, whether we say so or not.

The logical question is why so little has been done to combat violent crime, why the statistics still tell the story of a growing epidemic, why we do not get on with the job.

At least part of that answer is that it is difficult for the participants in a democracy to agree on the same remedies where the issues deeply divide people of good will—issues ranging from crime detection, search and seizure, bail and preventive detention, deterrence, sentencing, and rehabilitation, just to name a few.

I hope that we can mark the occasion of the pending resolution to state as a body that the declaration of war against crime should command the same bipartisanship as any other declarations of war in our history. I hope that we can identify the issues on which there is wide agreement and move decisively on bills addressing these issues.

While the fight against crime is a war on many fronts, I hope for significant agreement that the first front has to be the battle against youthful crime, in many respects, the most chilling front. And I am speaking more for my children than for my own generation, for if the increase in juvenile crime continues, they are all too likely to spend a significant part of their lives in fear.

Our children are the first and last resource in this battle. We need to help them find a safe world. We need to help them carry the norms of a humane world into their generation. For if we and they fail in this mission, all of the criminal law reforms and all of the jails we can build will not protect our children from themselves.

As Alberta Siegel of Stanford University has said:

> Every civilization is only twenty years away from barbarism. For twenty years is all we have to accomplish the task of civilizing the infants who know nothing of our language, our culture, our religion, our values, or our customs of interpersonal relations.

Mr. President, my plea is that we adopt the resolution now before the Senate and that we follow the mandate of the resolution in "taking all appropriate action necessary to combat violent crime" by agreeing to act swiftly in the areas where the need is most pressing and where philosophical differences do not predominate. I believe that if we can develop legislative momentum on some urgent needs—and to me juvenile justice is one of those needs—we can pursue violent crime with the vigor and persistence it demands in the ensuing days.

Mr. BAUCUS. Mr. President, as a member of the Judiciary Committee, I have been involved in drawing up a legislative package which I believe offers the most effective and realistic Federal response to the urgent problem of controlling violent crime in the United States.

I intend to support this package as amendments to the Department of Justice authorization bill currently pending in the Senate.

The legislative package is entitled the National Security and Violent Crime Amendments of 1981. This title emphasizes my strong conviction that international drug trafficking, organized crime and violent crime are as real a threat to our national security as the threats we face abroad from hostile powers. Combating this crime must be as real a national priority as strengthening our military forces.

International drug trafficking and organized crime is a multibillion dollar a year business which distorts legitimate business operations, affects our international relations, compromises our border security and can even impact on our military readiness. It is also the source of much of the violent crime in America.

The revenues from illicit drug traffic alone in the United States are now estimated at $64 billion a year—more than twice the 1980 sales of IBM, the Nation's eighth largest corporation.

The amount of crime generated by heroin addiction is staggering. One recent study found that 243 Baltimore addicts committed a total of almost 500,000 crimes over an 11-year period.

Robberies increased 28 percent between 1979 and 1980 in Washington, D.C., and 22 percent in New York City. Police officials and prosecutors are convinced that the violent crime increases currently occurring in our major cities are strongly related to the greatly increased availability of cheap, pure heroin from Southwest Asia.

Nationwide, violent crime was up 13 percent in 1980. But crime is more than statistics. It involves people, and their families, friends, and neighbors. It shatters lives and sends ripples of fear through whole communities which are changing the way we live and our view of ourselves and our ability to govern ourselves.

I believe it is essential that we face up as a Nation to the devastating impact that crime is having on our society. I believe that we must make a full national commitment to deal with it.

I also believe that we should approach the problem of violent crime in a thoroughly realistic, practical way. Slogans and rhetoric will not deal with the problem. Neither will bureaucratic reorganizations undertaken simply to give an appearance of action. Blindly throwing money at the problem is just as ineffective a solution.

We at the Federal level must calmly assess what we can do and what we cannot do and apply our ingenuity to carrying out those actions and reforms which are necessary, workable, and appropriate to the task at hand.

For example, in the critical area of drug enforcement, our Government's most serious failure has been the lack of effective direction and coordination of the various Federal agencies involved.

Accordingly, the legislative package includes a proposal to establish a new Cabinet-level post to accomplish this function, a Director of Narcotics Operations and Policy.

This official would be responsible for the direction of all U.S. policy, resources and operations relating to the illegal drug problem, and the coordination of all related interagency efforts. The official would have authority over related budget priorities and allocations within the various involved agencies, authority to develop, review, implement and enforce all related U.S. policy and authority to resolve any conflicts between involved agencies.

The Senate version of the defense authorization bill contains a Democratic amendment to allow the military to share intelligence on drug smuggling activities—and intelligence gathering resources—with civilian law enforcement officials. This measure has already passed the Senate.

The legislative package I have endorsed today contains a further proposal in this area—one that mandates an aggressive effort by the Departments of Justice, Treasury, and State to negotiate mutual assistance narcotics enforcement treaties with nations containing banking operations currently being used as financial havens by drug traffickers.

In addition to strengthening drug enforcement efforts, I believe we must also strengthen Federal efforts against the whole of organized crime.

The legislative package contains a variety of already prepared amendments in this area.

One sets goals relating to the effectiveness of any new law enforcement reorganization or narcotics law enforcement policy in combatting organized crime. This amendment would require the Attorney General to report to Congress on the ways in which such reorganizations or policies will help eliminate set numbers of narcotics trafficking operations each year and result in the forfeiture of specific dollar amounts from criminal organizations.

A second amendment would strengthen existing statutes for forfeiture of criminal assets and facilitate their use by prosecutors.

A third amendment establishes Federal jurisdiction over murder for hire killings, improves the administration of criminal justice with respect to organized crime, and incorporates provisions designed to assist prosecution of organized crime cases and protect Federal law enforcement personnel and their families.

A fourth amendment establishes an Interagency Committee on Arson Control to coordinate Federal anti-arson programs and contains provisions to facilitate control of arson for profit.

In this area, I am also helping develop additional proposals to:

Modify Tax Reform Act provisions as they relate to the Internal Revenue Service to allow the agency to share information on and participate in drug and organized crime prosecutions;

Increase criminal penalties for persons trafficking in stolen motor vehicles and parts;

Increase penalties for labor extortion, bribes, and kickbacks, and clarify responsibility of the Department of Labor to investigate Federal labor law violations.

A third general area of great concern to me is the need to reform our criminal justice system. We cannot tolerate the perpetuation of a system which allows individuals charged or convicted of violent crime to commit further criminal acts while out on bail, awaiting trial, or after having served a minimal sentence. We have no need to apologize for swift, sure punishment that is appropriate to the crime involved.

Accordingly, the legislative package contains a substantial number of proposals to revise bail and sentencing provisions.

These proposals will give Federal courts the ability to detain accused persons for whom money bail is not an impediment to flight from prosecution; allow them to consider danger to the community in setting bail conditions; revise sentencing procedures and options

to establish flat-time sentencing; abolish parole and provide uniform sentencing guidelines; mandate prison sentences for violent offenses and second felony convictions; increase mandatory prison terms for use of a weapon in the commission of a crime; mandate life sentences for attempted assassination of a President; mandate consecutive sentencing for a felony committed while on bail for a prior felony; and increase penalties for piloting an airplane used to smuggle narcotics.

In addition to these proposals, I am also helping to further proposals dealing with prison construction and alternative sentencing, and a proposal to insure compliance with the time limitations of the Speedy Trial Act of 1974.

A fourth general area of concern to me is the need to provide adequate crime-related training and technical assistance to State and local officials, since most violent crime occurs within those levels of jurisdiction.

To this end, I support an amendment to the Department of Justice authorization bill which refocuses the research of the National Institute of Justice on the most vexing underlying problems in the control of street crime, such as rehabilitation, speedy trial, and recidivism.

I will also support an amendment to provide technical assistance for State and local governments in such areas as Career Criminal and Sting programs and Arson Prevention and Control.

In addition, I am also prepared to support amendments for various national-level initiatives such as the continuation of the law enforcement and correctional standards for voluntary accreditation and establishment of a National Police Academy to help standardize and upgrade law enforcement training.

Finally, I want to state my disagreement with various administration proposals to cut funding in the law enforcement area.

For example, in the Department of Justice budget, the President proposed a $231 million cut in Federal law enforcement programs, including cuts in the Drug Enforcement Administration, the FBI, U.S. Attorneys Offices and aid to State and local organized crime intelligence programs.

I supported some of those cuts, but strongly opposed others that undermined assistance to State and local jurisdictions. It is the local police departments throughout America that must be our fighting front line in this war on violent crime. We in the Senate cannot sit quietly by and watch the administration take away from the local jurisdictions their capacity to win this battle against criminals.

Mr. President, I urge my colleagues to vote in favor of our legislative package.

THE COST OF CRIME

Mr. MITCHELL. Mr. President, the resolution before us today makes explicit what most of us know and feel instinctively: violence directed by one human being against another is not only a direct assault on the victim, it is a direct assault on the fragile fabric of society.

One of the most shameful features of our free society is that the freedom we give our citizens is taken by a few of them to be a license—in many cases, literally, a license to kill.

When society reaches a point at which the second leading cause of death for young black males is murder, when old people cower in their homes, afraid to venture to the grocery store, when a whole city, such as Atlanta, can be terrorized by the criminal actions of one murderer, surely it is time for us to act.

Our system of divided government responsibilities severely limits the extent to which Congress can play a direct role in fighting crime. But those limits need not apply to the leadership Congress can display in this field. The resolution before us today places us firmly on the record as treating the problem of violent crime as one deserving of the highest priority attention from this level of government, from the States, and from every locality.

Americans rightly resent curbs on their freedom. They rightly resent government interference with their lives. But the greatest toll on all our liberties is taken, not by government regulations, not by government infringements, but by the fear that random, unpredictable, and meaningless violence inspires. That any person in the world's freest society should be afraid of walking on the streets of his own town, that every one of our large cities has areas which are, by common consent, not safe, that the poor are the main victims of burglaries, of drug inspired crimes, of murder, is a reprehensible state of affairs.

I believe that Americans can learn to live with each other in peace. I believe Americans can deal effectively with violence in their own midst. I believe we possess the will to fight it and the compassion to treat its causes, when they are known. And I know that we cannot long endure as a free society unless we are willing to take a stand, as a society, and work together to combat it.

The epidemic of violence has made many Americans search for easy answers. It has led some to believe that the only answer is stricter laws and harsher penalties. Ominously, it has led some to feel that they, themselves, are the best guarantors of their safety.

Nothing is more potentially dangerous than the perception by large numbers of ordinary Americans that their society is not extending the basic protection they ought to be able to rely on. Unless we, as a society, can deal with this problem, the numbers of individuals who rely on their own resources will increase, and the resulting fragmentation of our society may be even more difficult to deal with than even violent crime.

There are several commonsense steps we can and ought to take promptly. For example, I have proposed legislation to impose a mandatory sentence for crimes committed with firearms. Americans have the right to own and use firearms legally. For that very reason, to safeguard that liberty, we ought not condone their misuse under any circumstances.

We can and should devote our best resources to this issue promptly. A society has the right to protect its integrity against violence. We can protect ourselves without infringing on the civil liberties of any American. And we can mete out justice where it is deserved without betraying our tradition of compassion.

Mr. DECONCINI. Mr. President, on May 13, 13 of my colleagues and I had the privilege of meeting with President Reagan and sharing with him our concern over the dramatic rise in violent crime in this country. That rise has been described for several years as epidemic in proportion—but the Congress, the President, and the courts have done largely nothing to stop it. In fact, it seems that ever more frequently we hear of outrageous acts of violent crime that simply must not be tolerated any longer if we are to continue to be able to claim that this is a civilized country. With that deep concern for, literally, our survival as a civilized state, we presented to the President a package of anticrime measures that, if enacted, we feel will go a long way toward restoring confidence in the government's ability to look after the general welfare of its citizens.

These measures contain tough provisions, but we think the time is long past due to get tough wtih criminals. For too long, the law-abiding citizenry, especially in larger cities, have lived with an omnipresent fear of crime and violence. For too long it has been the honest citizen that has been forced to barricade him or herself behind barred doors and windows. For too long we have ignored that very real everyday plight of thousands of poor or aged Americans who are the natural prey of criminals intent on violence. Our fixation with perfect justice, perfect process, has handcuffed our law enforcement agencies and let a criminal pursue his course of action with little cause to fear the consequences. And the courts, in their ardor to protect the individual, have too often ignored the larger rights and expectations of society to be protected from those who cannot conduct themselves with respect for the rights of others.

We cannot ignore the rights of the accused or of admitted criminals, but we must strive for a balance that leaves the streets and homes of our citizenry reasonably free of the threat of crime. To reach that balance, we need action now. Passage of this sense of the Senate resolution that combating violent crime should be a national priority is meaningless unless we follow it up with timely passage of substantive legislation such as we presented to the President last Wednesday, a copy of which is attached to this statement.

The time has come to act. The mandate is clear. The President is supportive of the general concepts of our package and many of our Republican colleagues endorse the contents of this Democrat anticrime package. If we cannot act now, I doubt if we ever will. I pledge to support this package and work for its passage.

Mr. HEFLIN. Mr. President, I think maybe we are coming to a close of the debate on this. Most Senators on this side of the aisle have spoken.

I feel I would be remiss if I did not

mention the leadership. Chief Justice Warren Burger has displayed during his tenure in trying to direct the attention of the American Bar Association, other legal organizations, and the people of America to the problems dealing with crime and rehabilitation of criminals. He has made several excellent speeches. Recently he pointed up the need for certain matters, and I am pleased to say that in the legislation that has been introduced and is now pending before this Congress there are many, many measures which are taken from his speeches and are designed to cover the problems that he mentioned.

I think we would be remiss, as we are discussing crime in our efforts to give crime a national priority from a legislative viewpoint, if we did not mention his great leadership and the work that he has displayed in this regard.

I am prepared now to yield back the time. If there is no one else who wishes to speak on this issue, I am prepared to yield back the time and go ahead and vote.

Mr. THURMOND. Mr. President, that is agreeable with me. I am prepared to yield back the time and proceed to vote.

The PRESIDING OFFICER. All time is now yielded back.

The question is on agreeing to the resolution. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from California (Mr. HAYAKAWA) and the Senator from Alaska (Mr. MURKOWSKI) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Arkansas (Mr. PRYOR), and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators wishing to vote?

The result was announced—yeas 95, nays 0, as follows:

[Rollcall Vote No. 183 Leg.]

YEAS—95

Abdnor	Garn	Metzenbaum
Andrews	Glenn	Mitchell
Armstrong	Goldwater	Moynihan
Baker	Gorton	Nickles
Baucus	Grassley	Nunn
Bentsen	Hart	Packwood
Biden	Hatch	Pell
Boren	Hatfield	Percy
Boschwitz	Hawkins	Pressler
Bradley	Heflin	Proxmire
Bumpers	Heinz	Quayle
Burdick	Helms	Randolph
Byrd, Robert C.	Hollings	Riegle
Cannon	Huddleston	Roth
Chafee	Humphrey	Rudman
Chiles	Inouye	Sarbanes
Cochran	Jackson	Sasser
Cohen	Jepsen	Schmitt
Cranston	Johnston	Simpson
D'Amato	Kassebaum	Specter
Danforth	Kasten	Stafford
DeConcini	Kennedy	Stennis
Denton	Laxalt	Stevens
Dixon	Leahy	Symms
Dodd	Levin	Thurmond
Dole	Long	Tower
Domenici	Lugar	Wallop
Durenberger	Mathias	Warner
Eagleton	Matsunaga	Weicker
East	Mattingly	Williams
Exon	McClure	Zorinsky
Ford	Melcher	

NOT VOTING—5

Byrd, Harry F., Jr.	Hayakawa	Pryor
	Murkowski	Tsongas

So the resolution (S. Res. 141) was agreed to.

The preamble was agreed to.

The resolution (Senate Resolution 141), with its preamble, reads as follows:

Whereas next to inflation, crime is the most important domestic problem facing the American people today;

Whereas crime, and particularly violent crime, has reached epidemic proportions in the United States and is spreading like a cancer across our Nation;

Whereas violent crime is no longer isolated to the Nation's big cities, but is running rampant in areas once thought of as safe, particularly suburbs and rural areas;

Whereas the general welfare of American citizens is threatened and undermined by the frequent occurrence of violent crime;

Whereas violent crime has become a national problem deserving of immediate attention; and

Whereas all appropriate actions necessary in combating violent crime should be undertaken: Now, therefore, be it

Resolved, That it is the sense of the Senate that taking all appropriate action necessary to combat violent crime should be a national priority as well as a priority of the Senate and should receive immediate attention.

Mr. HEFLIN. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. May we please have order in the Chamber?

Mr. ROBERT C. BYRD. Mr. President, may I ask the distinguished majority leader as to what the program will be for the rest of today and tomorrow.

Mr. BAKER. Mr. President, I thank the minority leader.

The PRESIDING OFFICER. May we have order in the Chamber, please? We are going to receive instructions on the schedule.

Mr. BAKER. Mr. President, I thank the Chair.

PROGRAM

Mr. BAKER. Mr. President, in response to the question by the minority leader, let me first say there will be no more rollcall votes today. For the remainder of the day, we are going to go to two measures which I believe are relatively noncontroversial and on which there are time agreements, the patent bill, S. 255, and the Pfizer bill, S. 816.

Mr. President, I may have misspoke. I think there are not time agreements on these two bills but we do not anticipate rollcall votes and I do expect to be able to dispose of those two measures tonight.

Mr. President, after that, the Senate will resume consideration of the Department of Justice authorization bill. There is a cloture vote ordered for 12:30 tomorrow on the bill, and there is a cloture motion filed, I am advised, against further debate on the Johnston-Helms amendment, which will not mature tomorrow and which would be eligible for a vote either on Saturday or Monday.

Mr. President, I do not like to bring bad news to my colleagues, but let me point out there are 338 amendments to the Department of Justice authorization bill which are pending at the desk. We are getting close to the time when all of us hope we can finish the business that we must do in the Senate and adjourn for the August recess at the close of business on July 31.

I will not now ask for an order of the Senate to convene on Saturday, but may I say to my colleagues that it may be necessary for the Senate to be in this Saturday, as well as on Friday.

So the outlook for the remainder of this day is the disposition of the two bills I have just identified; there will be no more rollcall votes today; to resume consideration of the Department of Justice authorization bill; and to have a vote on the cloture motion at 12:30 tomorrow which is filed against further debate on the bill.

If that effort succeeds, then I expect that we will go out until Monday. If it does not, I anticipate the Senate probably will be in on Saturday and then continue with consideration of the Department of Justice authorization bill, if necessary, on Monday and Tuesday.

It is hoped that the Senate will be in a position to proceed to the consideration of a tax bill as reported by the Senate Finance Committee beginning on Wednesday, the 15th of July.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader. Is he in a position at this time to say when action may be expected on the omnibus farm bill?

Mr. BAKER. Mr. President, I am not. There are meetings in progress today on which I have not yet had a report. I am not sure, Mr. President, whether we will be in a position to proceed to the consideration of the farm bill on Monday and Tuesday of next week, as originally contemplated. I will have more information for the minority leader later in this day, I hope.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader.

I may say that the two measures to which he referred earlier have been cleared on this side. If he wishes to proceed with unanimous consent on those, the minority is ready to do so.

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate next proceed to the consideration of S. 255, the patent bill, and following after disposition of that bill, S. 816, the Pfizer bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

PATENT TERM RESTORATION ACT OF 1981

The PRESIDING OFFICER. The clerk will state the bill by title.

The assistant legislative clerk read as follows:

A bill (S. 255) to amend the patent law to restore the term of the patent grant for the period of time that nonpatent regulatory

requirements prevent the marketing of a patented product.

The Senate proceeded to consider the bill.

Mr. ROBERT C. BYRD addressed the Chair.

The PRESIDING OFFICER. May we have order in the Chamber, please?

The Senator from West Virginia is recognized.

Mr. ROBERT C. BYRD. Mr. President, I believe Mr. HEFLIN has an amendment.

UP AMENDMENT NO. 218

Mr. HEFLIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration. It is in the nature of a technical amendment which would correct an unintended but nonetheless egregious injustice which would result under our current regulatory framework. It applies to a small class of discoveries that have gone through the normal regulatory review process and secured approval, but then have had their marketing stayed by administrative act by the regulatory agency. My amendment provides that if such a stay is removed and marketing permitted, the patent life will be extended by the period of that stay.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alabama (Mr. HEFLIN) proposes an unprinted amendment numbered 218.

Mr. HEFLIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the bottom of page 8 (at the end of the bill): change the period to a comma, strike the quotation mark, and add the following: except that for products approved and for which a stay of regulation granting approval pursuant to Section 409 of the Federal Food, Drug and Cosmetic Act was in effect as of January 1, 1981, the period of such patent extensions shall be measured from the date such stay was imposed until such proceedings are finally resolved and commercial marketing permitted provided the filing required by (b)(1) is made within 90 days of the termination of the regulatory review period or the effective date of this section whichever is later."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 218) was agreed to.

Mr. HEFLIN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HUDDLESTON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. THURMOND. Mr. President, I am pleased to join today with the distinguished Senator from Maryland (Mr. MATHIAS) in supporting this legislation to amend the patent laws to restore the term of the patent that is taken up by nonpatent regulatory requirements.

It has become obvious that in recent years America's innovative capacity has been reduced substantially. In addition to backlogs in the patent application and reexamination system itself, is the added burden of regulatory requirements unrelated to the patent-seeking process. An increasing number of laws have been passed by the Congress to insure that new products are safe for the public to use. Unfortunately, the time required for this testing runs against the 17-year life of a patent. These tests are often unrelated to the patent, but have the effect of limiting the time available to market the product.

This legislation, Mr. President, simply restores to the life of a patent that amount of time required by Government testing of a new product. It in no way restricts the ability of the Government to test the safety of the product, it only gives to the patent holder the 17-year life of the patent in which to market the product once declared safe by the Government.

Mr. President, this legislation is extremely important to America's capacity to keep pace with the development of technology worldwide. I urge its adoption.

Mr. PERCY. Mr. President, as an enthusiastic cosponsor of S. 255, the Patent Term Restoration Act, I am delighted that it has moved expeditiously through the Judiciary Committee and has now reached the floor for consideration. It is a sorely needed bill and one that is absolutely vital both as an incentive and a reward for increased innovation.

For over 6 years I have been working closely with many of my Senate colleagues on comprehensive regulatory reform proposals. I am constantly reminded of the complex regulatory maze that has developed over the years through which business has been expected to find its way. It became apparent to me a very long time ago that we have succeeded only in stifling innovation, creativity, flexibility, and productivity. Other nations have surpassed us.

In our effort to eliminate wasteful and unnecessary regulatory burdens, we have had a few victories—airline, railroad and financial deregulation, to name three of them. S. 255 is another victory. Without altering our commitment to the public to make sure that new products are safe for their use, we protect the inventor from having his patent life eaten away by the necessary, but often lengthy, regulatory review procedure.

The Patent Term Restoration Act restores to the inventor, up to a maximum of 7 years, the time lost on patent life during the regulatory review/testing period. If the product does not pass review, no restoration would be granted. Further, such restoration would apply only to the specific purpose or use involved in the regulatory approval and not to the entire range of products that might result from the original patent.

It now costs an average of $70 million for a company to develop a new drug. Naturally, they have less incentive for this kind of investment when their period of exclusive ownership of the drug is eaten away by the necessary, but often lengthy, regulatory proceedings.

As the Judiciary Committee report so aptly states:

There is no valid reason for a better mousetrap to receive 17 years of patent protection and a life-saving drug less than ten years.

I wholeheartedly agree. I support this legislation and look forward to its early consideration in the House of Representatives. I would like to commend the Senator from Maryland (Mr. MATHIAS) for his distinguished leadership on this measure and I ask my colleagues to join us in support of this very important piece of legislation.

Mr. President, at this time, I ask unanimous consent that a thoughtful editorial appearing in the Chicago Tribune of May 1, 1981, in support of this legislation, be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WHERE THE PATENT LAWS DON'T WORK

Patents are intended to give investors and creators of a new product 17 years of exclusivity to reap a return on their investment and make a profit from their discovery before it can be copied freely by others. But for developers of new medical drugs, it hasn't been working out that way.

Today, the process of getting a new medication approved by the Food and Drug Administration (FDA) has become so complex that, on the average, almost half of the patent life of a drug now expires before the product can be put on the market. In some instances, a manufacturer has only three or four years left to sell a new medication before the patent runs out and it can be copied by competitors.

With less chance to earn back their initial investment—it cost an average of $80 million to develop a new drug in 1979 compared to $6 million in 1962—pharmaceutical companies are less motivated to invest in research and drug development and increasingly inclined to shift to non-drug products. Drug companies introduced an average of 53 new medications per year between 1959 and 1962, but only an average of 18 per year between 1977 and 1979.

So, Congress is considering new legislation that would stop the clock from running on the patent life of any product that must be reviewed and approved by a government agency before it can be put on the market. The bill would add to the remaining life of the patent the time elapsed between the initial application for classification as an "investigational new drug" and final FDA approval—up to a maximum of seven years. If passed, the new law would also help companies developing new chemical products, although government approval time is not quite as lengthy for these substances.

Some objections have been raised to the proposed legislation because it would lengthen the time until a drug could be copied by the developer's competitors and marketed as a generic product, presumably at a lower price. But in the long run, we all stand to benefit much more from the discovery and availability of new medications. It is far less expensive to treat patients with drugs than with surgery or long hospitalization, which may be the only alternatives. And one of the most effective ways to cut health care costs is to develop new medications. Enormous savings, for example, could be made if we had more effective drugs for heart disease, cancer, genetic disorders, respiratory diseases, and a long list of other ailments for which better treatment is urgently needed.

On the average, scientists now screen more than 10,000 possibilities for every one new medication that is eventually approved by

the FDA and put on the market. The proposed legislation would provide some inducement to pharmaceutical companies to continue risking their time and money on such long shots.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

So the bill (S. 255), as amended, was passed, as follows:

S. 255

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Patent Term Restoration Act of 1981".

SEC. 2. Title 35 of the United States Code, entitled "Patents" is amended by adding the following new section immediately after section 154:

"§ 155. Restoration of patent term

"(a)(1) Except as provided in paragraph (2), the term of a patent which encompasses within its scope a product, or a method for using a product, subject to a regulatory review period shall be extended by the amount of time equal to the regulatory review period for such product or method if—

"(A) the owner of record of the patent gives notice to the Commission in compliance with the provisions of subsection (b)(1);

"(B) the product or method has been subjected to a regulatory review period pursuant to statute or regulation prior to its commercial marketing or use; and

"(C) the patent to be extended has not expired prior to notice to the Commissioner under subsection (b)(1).

The rights derived from any claim or claims of any patent so extended shall be limited in scope during the period of any extension to the product or method subject to the regulatory review period and to the statutory use for which regulatory review was required.

"(2) In no event shall the term of any patent be extended for more than seven years.

"(b)(1) Within ninety days after termination of a regulatory review period, the owner of record of the patent shall notify the Commissioner under oath that the regulatory review period has ended. Such notification shall be in writing and shall:

"(A) identify the Federal statute or regulation under which regulatory review occurred;

"(B) state the dates on which the regulatory review period commenced and ended;

"(C) identify the product and the statutory use for which regulatory review was required;

"(D) state that the regulatory review referred to in subsection (a)(1)(B) has been satisfied; and

"(E) identify the claim or claims of the patent to which the extension is applicable and the length of time of the regulatory review period for which the term of such patent is to be extended.

"(2) Upon receipt of the notice required by paragraph (1), the Commissioner shall promptly (A) publish the information noticed in the Official Gazette of the Patent and Trademark Office, and (B) issue to the owner of record of the patent a certificate of extension, under seal, stating the fact and length of the extension and identifying the product and the statutory use and the claim or claims to which such extension is applicable. Such certificate shall be recorded in the official file of each patent extended and such certificate shall be considered as part of the original patent.

"(c) As used in this section:

"(1) The term "product or a method for using a product' means any machine, manufacture, composition of matter or any specific method of use thereof for which United States Letters Patent can be granted and includes the following or any specific method of use thereof:

"(A) any new drug, antibiotic drug, new animal drug, device, food additive, or color additive subject to regulation under the Federal Food, Drug, and Cosmetic Act;

"(B) any human or veterinary biological product subject to regulation under section 351 of the Public Health Service Act or under the virus, serum, toxin, and analogous products provisions of the Act of Congress of March 4, 1913;

"(C) any pesticide subject to regulation under the Federal Insecticide, Fungicide, and Rodenticide Act; and

"(D) any chemical substance or mixture subject to regulation under the Toxic Substances Control Act.

"(2) The term 'major health or environmental effects test' means an experiment to determine or evaluate health or environmental effects which requires at least six months to conduct, not including any period for analysis or conclusions.

"(3) The term 'statutory use' means all uses regulated under the statutes identified in sections (c)(4)(A)–(D) for which regulatory review occurred for the product involved.

"(4) The term 'regulatory review period' means—

"(A) with respect to a food additive, color additive, new animal drug, veterinary biological product, device, new drug, antibiotic drug, or human biological product, a period commencing on the earliest of the date the patentee, his assignee, or his licensee (i) initiated a major health or environmental effects test on such product or a method for using such product, (ii) claims an exemption for investigation or requests authority to prepare an experimental product with respect to such product or a method for using such product under the Federal Food, Drug, and Cosmetic Act, the Public Health Service Act, or the Act of Congress of March 4, 1913, or (iii) submits an application or petition with respect to such product or a method for using such product under such statutes, and ending on the date such application or petition with respect to such product or a method for using such product is approved or licensed under such statutes or, if objections are filed to such approval or license, ending on the date such objections are resolved and commercial marketing is permitted or, if commercial marketing is initially permitted and later revoked pending further proceedings as a result of such objections, ending on the date such proceedings are finally resolved and commercial marketing is permitted;

"(B) with respect to a pesticide, a period commencing on the earliest of the date the patentee, his assignee, or his licensee (i) initiates a major health or environmental effects test on such pesticide, the data from which is submitted in a request for registration of such pesticide under section 3 of the Federal Insecticide, Fungicide, and Rodenticide Act, (ii) requests the grant of an experimental use permit under section 5 of such Act, or (iii) submits an application for registration of such pesticide pursuant to section 3 of such Act, and ending on the date such pesticide is first registered, either conditionally or fully;

"(C) with respect to a chemical substance or mixture for which notification is required under section 5(a) of the Toxic Substances Control Act—

"(i) which is subject to a rule requiring testing under section 4(a) of such Act, a period commencing on the date of the patentee, his assignee, or his licensee has initiated the testing required in such rule and ending on the expiration of the premanufacture notification period for such chemical substance or mixture, or if an order or injunction is issued under section 5(e) or 5(f) of such Act, the date on which such order or injunction is dissolved or set aside;

"(ii) which is not subject to a testing rule under section 4 of such Act, a period commencing on the earlier of the date the patentee, his assignee, or his licensee—

"(I) submits a premanufacture notice, or

"(II) initiates a major health or environmental effects test on such substance, the data from which is included in the premanufacture notice for such substance,

and ending on the expiration of the premanufacture notification period for such substance or if an order or injunction is issued under section 5(e) or 5(f) of such Act, the date on which such order or such injunction is dissolved or set aside;

"(D) with respect to any other product or method of using a product that has been subjected to Federal premarketing regulatory review, a period commencing on the date when the patentee, his assignee, or his licensee initiates actions pursuant to a Federal statute or regulation to obtain such review prior to the initial commercial marketing in interstate commerce of such product and ending on the date when such review is completed.

except that the regulatory review period shall not be deemed to have commenced until a patent has been granted for the product or the method of use of such product subject to the regulatory review period. In the event the regulatory review period has commenced prior to the effective date of this section, then the period of patent extension for such product or a method of using such product shall be measured from the effective date of this section, except that for products approved and for which a stay of regulation granting approval pursuant to section 409 of the Federal Food, Drug and Cosmetic Act was in effect as of January 1, 1981, the period of such patent extensions shall be measured from the date such stay was imposed until such proceedings are finally resolved and commercial marketing permitted provided the filing required by section (b)(1) is made within ninety days of the termination of the regulatory review period or the effective date of this section whichever is later.".

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HUDDLESTON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

DANGERS OF THE PROTEIN BOMB

Mr. PROXMIRE. Mr. President, a brilliant young minister named Don Richards, of Wisconsin, has written a stunning satire on the pathetic irony of our development of nuclear weapons. I ask

unanimous consent that this article be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DANGERS OF THE PROTEIN BOMB

(By Don Richards)

In the midst of the controversy over the Neutron Bomb, public attention has been diverted from a potentially greater threat, the Protein Bomb.* To understand the danger that the P-bomb poses to our American way of life, it is necessary to review the history of alphabetized warfare.

First came Atomic, or A-Bomb. It was good but clumsy. It accidentally ended World War II after only two missions. Its successor, Hydrogen Bomb went a step further in the wrong direction. On Nov. 1, 1958, a practice "H" was dropped over the Marshall Islands and wiped one of them, Elugabad, off the face of the earth. The first rule of warfare is to leave territory to occupy. For all intents and purposes "H" was useless, and in fact never has been used except as a threat.

Scientists did not give up, however. Since nuclear fission destroyed too much valuable real estate, they decided to try nuclear fusion, and came up with the next letter bomb, "N", for Neutron. The advantage of Neutron was that besides being expensive it was able to destroy human life without seriously damaging buildings. This, of course, made Neutron attractive for wars in places like Europe which has a lot of landmarks. Were Germany to be overrun by a horde of Russian soldiers, for instance, these could be removed without ruining a lot of cathedrals and museums, not to mention military installations. Although a few scientists, peace-advocates and others soft on communism are still squeamish about the protracted physical agony caused by "N", most people agree it is clearly an improvement from the point of view of the bottom line.

The only real problem with Neutron comes when we start to think about its logical successor. In that direction lies the specter of Protein Bomb. "P" is still in the research stage, and is top-secret, but it is possible to outline its terrifying potential.

The bomb will be produced by reversing and then combining the fission and fusion processes (called here, con-fission and confusion). Its principal effect will be to destroy not people but things. By a not yet understood process of discrimination the "P" will seek out and destroy only military equipment, and leave all civilian and peaceful material intact. It is feared that a single one-megaton Protein Bomb could incapacitate all weapons for up to one hundred miles from impact.

Also, the fall-out from "P" would render the target area useless for military purposes for 25 years. The other effect, mentioned at the outset, would be to turn all contaminated weapons into a protein and vitamin rich food (code-named "AMO", for "Altered Military Objective).

The danger from Protein Bomb is real. First of all any reduction of military strength without a proportionate loss of life upsets the balance of terror needed to maintain stability in the world. Second, in an all-out Protein War if only 500 strategic targets were hit the combined world military machine would grind to a halt. Not just military, but manufacturing, educational and political institutions would lose their reason to exist.

Even if "P" struck only a few targets, like Rockwell International, Boeing, General Dynamics and McDonnell Douglas in the U.S., and similar places in other countries, it would be back to Neanderthal war for all of us. One shudders to think of the losses in jobs, technology, bureaucracy. Add to this the prospect of "AMO" conversion described above, and one is faced with the ultimate threat to the First World way of life: long lines of people with plenty to eat refusing to work in armament plants! Politicians would be at the mercy of their constituents: these ungrateful subjects would take to the streets in celebrations of peace, enjoying life without paying for it, and without the sobering deterrent of starvation and holocaust.

With such ominous clouds on the horizon, even as Protein Bomb research continues Russian and U.S. leaders are privately calling for a "Ban the Protein Bomb" summit. Intelligent military men are demanding unprecedented collaboration among all nations, whether authoritarian, totalitarian or democratic, to prevent the ravaging of the world by peace.

You are invited to write to your congressperson and senators to demand that they preserve the American way of life by voting against the Protein Bomb. Act now before it's too late. Make the world once again secure for war.

*So named for its ability to turn guns into butter.

THE EFFECT OF HIGH INTEREST RATES ON THE BUDGET DEFICIT

Mr. BOREN. Mr. President, I have been speaking each day about the destructive impact of high interest rates on the average American citizen.

Interest payments on the Federal debt are also eating up the Federal budget. Somehow the staggering sum that the Government pays out in interest to the holders of its debt securities never seems to be recognized as a leading contributor to the national deficit. Fiscal year 1980 shows that taxpayers paid the Government more than $520 billion, however, the Government spent about $579 billion, resulting in a deficit of $59 billion. Interest paid out by the Treasury came to $74.9 billion in 1980. In the 7 years since 1974, debt service has risen 156 percent.

Budget figures run somewhat lower than Treasury figures because they do not include interest paid to Government agencies and trust funds. Even so, budgeted interest payments came to $64.6 billion in fiscal 1980, up 23 percent from 1979. This was the biggest increase of any major item in the budget. In January, 1977, the OMB forecast the interest to be paid out for fiscal 1979 would total more than $42 billion—the actual figure was more than $52 billion.

This swelling interest burden is a function of higher current interest rates combined with an ever-expanding Federal debt. According to the U.S. Treasury Bulletin, the debt stands at $909.4 billion as of November 1980. The computed annual interest charge on this comes to $84 billion, which represents an annual interest rate of 9.4 percent. Interest-bearing Federal debt has more than doubled in the last 8 years. In the past fiscal year it has increased $81 billion alone, a gain of 9.8 percent. This rate is far in excess of that of our GNP.

If the Government finances what the latest budget predicts will be a $55 billion fiscal 1981 deficit by creating still further indebtedness, the U.S. debt should rise to more than $960 billion. If interest rates on 3¾ year U.S. Government securities remain at their current level of about 12½ percent, refinancing the public debt—the average maturity of which is precisely that long—could boost U.S. annual debt service to $120 billion.

This could mean that approximately one-fifth of the $604 billion the Government expects to receive in tax revenues in fiscal 1981 will go for interest payments. Imagine walking into a bank and applying for a loan so large that interest payment would equal one-fifth of your salary. Put another way, what successful business pays out one-fifth of revenues in debt service? We find that every dollar at annual interest paid by the United States in fiscal 1979 was covered by only $7 in tax receipts.

The problem of balancing the budget becomes increasingly difficult as interest payments become locked at higher levels each year. Unfortunately there seems to be no stopping this flood of disproportionately rising debt-service payments as long as the two principal forces of increasing debt and high interest rates are having a multiplier effect.

ILLEGAL ALIEN EMPLOYMENT

Mr. HUDDLESTON. Mr. President, last year the Border Patrol apprehended about 1 million aliens attempting to enter the United States illegally, and officials within INS estimate that at least that many evaded detection and successfully gained entry. Most experts agree that these illegal aliens come to this country for one primary reason—jobs.

However, there has been some debate over whether illegal aliens take jobs that Americans do not want or are actually competing with our own unemployed for available jobs. While I do not believe that there is a one-for-one displacement, many of the illegal aliens are performing jobs which many of our unemployed would gladly fill.

I recently had my staff compile a sample list of illegal aliens who have been apprehended within recent months. Although this is not a complete list it does give a good picture of the types of well paying jobs many illegals are holding. My colleagues should find it particularly interesting that one apprehension was made of an individual working at the Library of Congress for over $11 per hour.

The Immigration and Naturalization Service also compiled yearly statistics on the types of industries which employ illegal aliens and the level of pay. It should be noted that these statistics do not include all of the illegal aliens who were employed when apprehended. It includes only those cases where the INS has positive proof of employment. Almost two-thirds of the illegals who were employed were working at wages over $3.25 and many of these held jobs paying over $7.25 per hour.

I ask unanimous consent that the INS report on illegal alien employment for fiscal year 1980 and the separate list I have compiled be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

INVESTIGATIONS CONSOLIDATED REPORT—NATIONWIDE (FISCAL YEAR 1980), INCLUDES BORDER PATROL: ILLEGAL ALIEN EMPLOYMENT

[Dollar amounts represent total annual salary of employed aliens]

Category of employment	$7.25 and over		$5.25 to $7.24		$3.25 to $5.24		Less than $3.25		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Heavy industry (HI)	609	$8,830,500	940	$9,870,000	2,015	$13,097,500	888	$3,552,000	4,452	$35,350,000
Light industry (LI)	1,422	20,619,000	4,895	51,397,500	19,489	126,678,500	10,592	42,368,000	36,398	241,063,000
Agriculture (A)	685	9,932,500	1,548	16,254,000	28,267	183,735,500	27,102	108,408,000	57,602	318,330,000
Construction (C)	959	13,905,500	1,715	18,007,500	6,778	44,057,000	4,142	16,568,000	13,594	92,538,000
Service (S)	1,391	20,169,500	2,204	23,142,000	9,019	58,623,500	8,879	35,516,000	21,493	137,451,000
Grand total	5,066	73,457,000	11,302	118,671,000	65,568	426,192,000	51,603	206,412,000	133,539	824,732,000

Date of apprehension	Type of employment	Hourly wage	Place of employment
May 29, 1981	Construction	$3.70	Angleton, Tex.
	do	7.00	Texas City, Tex.
	Woodworker	5.00	Galveston, Tex.
May 5, 1981	Cook (crewman)	4.90	Fort Arthur.
May 28, 1981	Construction	6.00	La Marque.
April 29, 1981	do	5.00	Houston.
	do	5.00	Do.
	do	5.00	Do.
	do	4.75	Do.
	do	5.00	Do.
	do	4.50	Dickinson, Tex.
	do	4.50	Do.
	do	4.50	Do.
	do	6.00	Do.
April 23, 1981	Services	4.40	Houston.
April 15, 1981	Shrimper	Unknown	Galveston.
April 22, 1981	Maid	3.50	Houston.
	Construction	6.00	Do.
	do	5.25	Do.
April 23, 1981	Services	4.85	Do.
	do	4.40	Do.
	do	5.00	Do.
	do	4.49	Do.
	do	4.40	Do.
	do		Do.
	do	4.00	Do.
	do	4.50	Do.
	do	4.50	Do.
	do	4.75	Do.
	do	5.10	Do.
	do	4.70	Do.
	do	4.85	Do.
	do	4.50	Do.
	do	4.50	Do.
	do	4.50	Do.
	do	4.40	Do.
	do	4.90	Do.
	do	4.75	Do.
	do	4.40	Do.

Date of apprehension	Type of employment	Hourly wage	Place of employment
June 18, 1981	Laborer	5.50	Clute, Tex.
June 16, 1981	Services	4.65	Houston.
	Construction	4.25	Galveston.
April 29, 1981	Legal specialist	11.18	District of Columbia.
May 5, 1980	Steel cutter	7.00	Arlington.
Feb. 5, 1979	Assistant professor	12.50	District of Columbia.
Mar. 24, 1981	Construction	8.00	Fairfax.
April 7, 1981	Electrician assistant	6.00	Alexandria.
Feb. 16, 1979	Staff engineer	7.45	Baltimore.
Nov. 26, 1980	Waiter	6.50	District of Columbia.
June 26, 1977	Cleaner	9.68	Do.
June 28, 1979	Painter	8.00	Alexandria.
April 6, 1979	Chef	6.00	Do.
June 8, 1979	Equipment operator	6.00	Oxon Hill, Md.
Aug. 21, 1979	Dental technician	8.00	Silver Spring, Md.
	Med. technologist	6.63	District of Columbia.
Oct. 22, 1979	Carpenter	8.00	Alexandria.
Nov. 21, 1979	Teacher	7.50	Silver Spring, Md.
Jan. 17, 1980	Taxi driver	10.00	Arlington.
Mar. 26, 1980	Cook	6.25	District of Columbia.
Mar. 27, 1980	Laborer	10.10	Virginia.
Dec. 20, 1979	Engineer	6.80	District of Columbia.
May 23, 1981	Shrimper	10.00	Palacios, Tex.
Dec. 8, 1980	Laborer	3.10	Do.
	do	3.50	Do.
	Construction	5.50	Texas City.
Jan. 13, 1981	do	4.00	Pearland, Tex.
Feb. 29, 1981	Laborer	6.00	Angleton, Tex.
Feb. 24, 1981	Services	3.80	Galveston.
Mar. 17, 1981	Light industry	5.18	Do.
Apr. 8, 1981	Services	5.10	Do.
	do	5.10	Houston.
	do	5.10	Do.
	do	4.50	Do.
	do	5.00	Do.
Mar. 30, 1981	do	3.80	Galveston.

HARLEY-DAVIDSON RETURNS TO MILWAUKEE

Mr. PROXMIRE. Mr. President, on June 26 I had the pleasure of participating in "Welcome Home" ceremonies for the Harley-Davidson Motor Co., which has returned its corporate headquarters to Milwaukee.

The company has been a longtime and valued member of the Milwaukee business community.

Harley-Davidson Motor Co. was formed here in Milwaukee in 1903.

The three Davidson brothers—William, Walter, and Arthur—teamed up with a friend named "William Harley" to figure out a better way to ride a bicycle than to peddle it.

They did not start out with much. Their first motorcycle plant was a small one—a 10- by 15-foot shed in the backyard of the Davidson family home in Milwaukee. But the business quickly grew. Harley-Davidson's sales last year came to more than $280 million.

Today Harley-Davidson has a large manufacturing plant at 117th and Capital. Its headquarters facility is located at 37th and Junea. And the company has a plant in Tomahawk, Wis. All totaled, Harley-Davidson employs over 2,000 people in Wisconsin.

In 1969, Harley-Davidson became a subsidiary of AMF Inc. Milwaukee kept its Harley-Davidson operations. But the corporate headquarters moved to White Plains, N.Y.—the home office for AMF.

Now, a group of top management personnel has bought back Harley-Davidson, so its corporate headquarters will now be moved back to Milwaukee. It is nice to have the corporate shingle again hanging in this city and in this State.

I also admire the way Harley-Davidson's top management came into town. Most big corporate executives, when they move to a new city, they fly in first class or on a private jet. Harley-Davidson's executives rode in on their products, motorcycles.

Charles Thompson, who is Harley-Davidson's president, is a longtime resident of Milwaukee. So is William Davidson, who is the grandson of the company's founder and who is the styling vice president. Vaughn Beals, the new chairman of the board and the chief executive officer, will be relocating to Milwaukee.

It is good to have Harley-Davidson back in Milwaukee—where it belongs.

HOLOCAUST RESISTANCE

Mr. PROXMIRE. Mr. President, yesterday when I urged the Senate's immediate ratification of the Genocide Convention, I mentioned an article by David K. Shipler in the June 22 New York Times. Mr. Shipler told some of the stories of holocaust victims as they were made public at the world gathering of Jewish holocaust survivors in Jerusalem.

It is clear from the article that the Jewish victims did not go "like sheep to the slaughter" to their torture. Rather, the survivors tell tales of active resistance to their prosecutors in the 1940's.

"Sometimes the resistance was overt and daring," writes Shipler, and sometime "small and silent." One survivor, Halina Olomucki, likes to create paintings that depict her memories of those days. She says there is a bit of toughness in each of the prisoners she paints. "There is, in each painting, a certain internal resistance," she says. "It is an optimism. I must resist."

Mr. President, this survivor of the holocaust kept a grain of optimism, even when she was in a hopeless and horrible situation. Let us confirm her faith by ratifying the Genocide Convention.

This treaty will assure the world that the United States stands firmly opposed to the cruel destruction of groups of people, in the future as well as in the past. Let us justify and bolster the optimism of people like Halina Olomucki. I strongly encourage the Senate to ratify the Genocide Convention.

RADIOACTIVE SHIPMENT RULES NEED TO BE AMENDED

Mr. PROXMIRE. Mr. President, the Department of Transportation has proposed regulations which will shut States out of any control over radioactive materials that are trucked through their borders.

In response, I have written to Vice President Bush and asked that his task force of regulatory relief persuade the administration to amend these new rules to allow for more State control.

I ask that other Senators join me by writing the Bush committee to express their concern over these new DOT rules.

If ever there were a set of Federal regulations that needed to be changed, Mr. President, these latest DOT rules on transporting radioactive materials are it.

The new Department of Transportation regulations forbid the States from imposing any rules on the transportation of radioactive materials through their borders if those rules are inconsistent with the Federal regulations. In effect, the Department of Transportation has told the States that they can pass any rules they want on transporting radioactive materials, but only DOT's rules will be used.

This represents a serious infringement of the regulatory authority of the States.

The revised regulations were approved on January 19, 1981, by former Transportation Secretary Neil Goldschmidt. They are scheduled to go into effect in February 1982.

The new regulations deal with the routing of radioactive materials and wastes. Shippers have complained that they face numerous conflicting regulations from State to State.

But in its zeal to insure uniformity, DOT has walled out any State role in the routing of radioactive materials.

The revised regulations preempt any State regulation over the routing of radioactive materials that is deemed inconsistent with the Federal requirements.

For example, a truck carrying radioactive materials has a greater chance of being involved in an accident on a congested road than on a road where there is little traffic.

State and local officials, not the bureaucrats in Washington, are likely to know best what times an Interstate through their cities is the most congested and therefore poses the most risk for a shipment of radioactive materials.

The Department of Transportation, however, imposes no time-of-day restrictions on the shipments of radioactive materials. If a State wanted to impose a time-of-day restriction—to prevent, for example, radioactive waste from being trucked through a city during rush hour—that restriction would be preempted as being inconsistent with DOT regulations.

When Congress passed the Hazardous Materials Transportation Act in 1975—from which these regulations are derived—it envisioned that the States would have a say in developing routes for radioactive materials.

The Department of Transportation, however, seems to be interested only in whisking this material through a State, as quickly as possible, and preventing anyone from raising a fuss about it.

Vice President BUSH is chairing the President's Task Force on Regulatory Relief. In my letter to BUSH, I ask that the task force review these DOT regulations. The Department of Transportation should develop a more flexible preemption clause, which addresses the legitimate concerns of the States, the letter says:

The States should have more leeway in regulating the shipment of radioactive materials within their borders.

Mr. President, I understand that the city of New York and the State of Ohio have filed suit challenging DOT's preemption rule. I am also told that numerous other States, including my own State of Wisconsin, as well as California, New Jersey, Rhode Island, Connecticut, and Nevada, have voiced their opposition to the preemption rule.

I urge my fellow Senators to write the Bush committee to ask that this rule be amended.

Mr. President, I ask unanimous consent that my letter to Vice President BUSH be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., July 2, 1981.

Hon. GEORGE BUSH,
Vice President of the United States, Old Executive Office Building, Washington, D.C.

DEAR MR. VICE PRESIDENT: I would like to bring to your attention, as Chairman of the President's Task Force on Regulatory Relief, recent revisions made in federal regulations, which will greatly diminish and restrict the states' role in regulating the transportation of radioactive materials.

On January 19, 1981, former Secretary of Transportation, Neil Goldschmidt signed revisions of Parts 173 to 177 of Title 49 of the Federal Code of Regulations, which pertain to the routing of radioactive wastes. The revisions, especially Appendix A to Part 177, set a dangerous precedent for transportation of all hazardous materials by severely preempting any state rules on routing radioactive shipments that may be inconsistent with DOT regulations.

There is no question that national regulations governing the transportation of radioactive materials should be uniform. The Department of Transportation, for example, should have final authority to insure that state regulations are not at odds with one another. The Department of Transportation, however, has gone overboard in its revisions of Parts 173–177 and in Appendix A, to the point that the states now have little say over the routing of radioactive materials within their borders.

For example, these revisions, compounded with past DOT rulings, would prohibit any state requirement to have a radioactive waste generator or transporter document the materials being shipped through the state. The upshot is that any regulations the state might develop would be deemed inconsistent and therefore be preempted.

Here is another example. The States are likely to know best the traffic conditions on their roads, particularly in urban areas. Local and state officials would know the times when there would be the least number of vehicles on the roads and the least risk for a radioactive shipment to pass through. DOT regulations, however, do not impose time-of-day restrictions on shipments. Any state regulations that impose time-of-day restrictions are therefore preempted as being inconsistent with DOT regulations. As a result, a shipment of radioactive waste may travel over a highway during rush-hour, when the risk of accident is the greatest. The state is prevented from ordering the shipment to pass through when the road is less congested.

The primary objective of the Hazardous Materials Transportation Act is to insure the safe conveyance of dangerous materials across this country. The Department of Transportation, however, appears to have equated safety with speed and ease of transportation. The faster and easier a shipment passes through an area the safer it is, according to DOT. If states impose any further requirements, which affect the speed of the shipment, DOT appears to view this as a reduction in safety.

In passing the Act, Congress envisioned that the states would have a role in developing routes for these radioactive materials. As they have evolved, however, DOT regulations have excluded the states from any meaningful participation. The only area in which DOT permits any state or local involvement is in the designation of alternate routes. DOT selects the preferred routes for shipments (the interstate highways), while the states have the opportunity to select the alternate routes. But the procedures and guidelines DOT has established for states to have alternate routes designated are so administratively cumbersome and so substantively restrictive, that they preclude the states from deciding on alternate routes.

From a procedural standpoint, these latest revisions offer another example of DOT's efforts to close the door to state participation. By placing the preemption clause in an appendix as a statement of policy instead of in the rules, DOT has insulated it from state challenge and administrative review under the Administrative Procedures Act.

I urge the President's Task Force on Regulatory Relief to review these revisions. The Department of Transportation should develop a more flexible preemption clause, which addresses the legitimate concerns of the states. The states should have more leeway in regulating the shipment of radioactive materials within their borders. As it now stands, the revisions, which are scheduled to go into effect in February 1982, seriously infringe on areas of regulatory authority that have traditionally belonged to the states.

Sincerely,

WILLIAM PROXMIRE,
U.S. Senate.

NOMINATION OF PAUL HERON ROBINSON, JR., TO BE AMBASSADOR

Mr. DODD. Mr. President, I do not intend to oppose the confirmation of the nomination of Mr. Robinson to be this Nation's Ambassador to Canada. I should like to take this opportunity, however, to express my reservations about both Mr. Robinson's and the administration's lack of understanding of the critical importance to the people of Canada of obtaining a real commitment by

the United States to the reduction of transboundary air pollution.

I raised this issue in Mr. Robinson's confirmation hearing both because of its importance to the nation in which he will be serving as our chief diplomatic representative and because the people of my State of Connecticut share Canada's concern about transboundary air pollution and acid rain. I submitted several questions to which Mr. Robinson has responded in writing and I would like to express my appreciation for his quick response.

Unfortunately, the substance of his responses to my questions concerning his views about United States-Canadian air pollution problems were less than encouraging.

Contrary to Mr. Robinson's expressed belief that the United States is being responsive to its commitment to reduce emissions of pollutants that generate acid rain in Canada, all projections of sulfur dioxide and nitrogen oxide emissions during the next decade indicate that under current policy there will be little to no reduction in these emissions.

In the recently signed memorandum of intent concerning transboundary air pollution between the United States and Canada, we made an explicit commitment to take interim steps to reduce pollution prior to completion of treaty negotiations. There is no evidence that the United States has initiated any measures to meet this commitment.

I am hopeful that Mr. Robinson's lack of specific suggestions concerning what steps the United States might take to meet these commitments is the result of his being new to this particular policy area. I encourage him, as I am sure the people and the Government of Canada will, to rapidly familiarize himself with this problem. The Canadians have made it abundantly clear that the problem of acid rain is their number one environmental concern. It is also clear that sulfur and nitrogen oxides emitted from sources in the United States are major contributors to Canada's acid rain problem.

Failure to substantially reduce these emissions in both the United States and Canada will seriously jeopardize Canada's, and New England's, multibillion dollar forest and recreational industries. Neither nation can afford such a disaster.

Finally, I hope Mr. Robinson will assist the Canadians and the New Englanders in their efforts to sensitize the current administration of the seriousness of this problem. I am deeply concerned about the administration's apparent lack of commitment to moving ahead expeditiously in its negotiations with Canada on an air pollution agreement. I am equally concerned about an apparent lack of commitment by this administration to the basic environmental efforts that have evolved during the past two decades and upon which the health and welfare of both the American and the Canadian people depend.

I ask unanimous consent that a copy of my questions to Mr. Robinson and his responses be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

RESPONSES TO QUESTIONS SUBMITTED BY SENATOR DODD TO MR. PAUL H. ROBINSON, JR.

Q. The recent US/Canadian Memorandum of Intent on transboundary air pollution calls for both governments to take interim actions under existing authority to reduce the flow of pollutants across the border. The Canadians claim to have taken some actions but assert that we have not. What would you urge the Administration to do to meet US obligations regarding interim control actions under the Memorandum of Intent?

A. I understand that in recent months the Environmental Protection Agency has been active, through the courts, in efforts to reduce sulfur dioxide emissions from major US industrial and power plants. In one case alone, that of the Tennessee Valley Authority, a court decree has approved reductions in emissions by one million tons per year by 1982. EPA also has continued to implement actively the New Source Performance Standard in the courts. I believe these efforts should be continued.

Q. US-Canadian environmental relations are founded on the principle of avoiding damaging transboundary pollution. Traditionally, it has been deemed largely inappropriate to apply cost-benefit considerations to questions of transboundary pollution that is causing injury in another sovereign nation. What are your views on this traditional approach to transboundary pollution problems?

A. I agree with you that environmental relations with Canada are based on avoiding damaging transboundary pollution, but I would not deem it inappropriate to apply cost-benefit considerations to pollution questions. Indeed, I would think that costs and benefits to both countries should be taken into account, along with such other factors as international obligations and the tradition of friendly relations with Canada.

Q. Canadians are worried that coal conversion in the US will increase the northward flow of air pollution. What steps do you think can be taken to ensure this does not happen and what policy initiatives would you support in this regard?

A. I share the concerns expressed by both Canadians and Americans over the effect of coal conversion programs in both countries on air pollution. I understand this question has been discussed in U.S.-Canada meetings on transboundary air pollution. I believe it is a proper subject for continuing consideration and examination by the U.S.-Canada technical and negotiating groups established under the August 1980 Memorandum of Intent.

Q. Given the degree of concern in Canada on this issue, and the importance of our bilateral relations with Canada, what actions can be taken in the short term to show that we are serious in improving relations and in protecting Canada from U.S. generated pollution?

A. Air pollution is a serious issue in our relations with Canada. I believe the U.S. has been responding in a serious manner to Canada's concerns. We are committed to developing an agreement. We opened negotiations on June 23. The President has given his personal support to joint efforts to develop a better understanding of the problem and how we might control it. The U.S. will be spending almost $20 million a year on air pollution research, much of it in support of this U.S.-Canada effort.

Q. How do you successfully mesh the urgency for bilaterally agreed action to control transboundary air pollution with the 10-year acid rain research program being undertaken as a result of the Energy Security Act? Would you support accelerating this effort?

A. I agree with you that this effort should be accelerated, in view of Canadian concerns. The ten-year acid rain research program is a new one, authorized by the Congress last year and now underway. I understand it is our intention that this program will be linked appropriately to activities with Canada and the results shared. We have already discussed this with the Canadian Government.

PHARMACY PROTECTION AND VIOLENT OFFENDER CONTROL ACT OF 1981

Mr. GRASSLEY. Mr. President, I cannot think of any better time than the present, when we are addressing violent crime in America, to urge my colleagues to support S. 1025, the "Pharmacy Protection and Violent Offender Control Act of 1981," a bill that will have the effect of providing greater deterrents to the rash of robberies, assaults, and senseless murders in retail pharmacies that have plagued this country in the last decade. At present, the terrorism of an entire class of health care professionals continues unabated. Specifically, this bill makes it a Federal offense to rob any pharmacy of a controlled substance.

Robbery is the only method of illegally obtaining a controlled substance that is not a crime under Federal law. Congress has provided that a person who manufactures, distributes, dispenses or possesses a controlled substance with intent to distribute, is subject to Federal criminal prosecution and penalties under section 401 of the Controlled Substances Act of 1970.

Similarly, if a person knowingly or intentionally acquires possession of a controlled substance by misrepresentation, fraud, forgery, deception, or subterfuge, section 403 of the act provides Federal jurisdiction and penalties. But, the act is silent with reference to the acquisition of drugs through violence. The implication is that this is of no Federal concern. This is simply not the message that we in Congress want to convey concerning the grim siege that is being waged upon this Nation's pharmacies.

Since 1973, when drug abuse legislation was first introduced, armed robberies to obtain federally controlled drugs from pharmacies have increased by 150 percent—far in excess of the national robbery rate—including an increase of 33 percent for 1979, the most recent year for which statistics are available. Monetary gain from sale of the stolen drugs is only one of the elements of the terrorism caused by pharmacy robberies. One in five robberies results in death or some injury to victims.

Mr. President, I cannot stress enough the importance of this bill. It is my hope that my colleagues will join me as well as Senators HAWKINS, HEINZ, DURENBERGER, BOREN, SCHMITT, DECONCINI, CHILES, SYMMS, and MELCHER in supporting this bill.

THE LEAGUE OF WOMEN VOTERS AND THE EQUAL RIGHTS AMENDMENT

Mr. BRADLEY. In May 1972, only weeks after congressional passage of the equal rights amendment, delegates to the League of Women Voters' National Convention overwhelmingly approved

equal rights for all, regardless of sex, as part of the league's national human resources position. At the same convention, delegates voted to support the ERA as one of the major ways to take action in support of this position.

Since 1972, leagues at all levels have helped to coordinate and organize State lobbying efforts in support of ratification. Leagues have raised money, produced and distributed educational material, set up candidate forums, arranged public meetings, lobbied legislators and legislative candidates, secured community leader and editorial support, and organized State and local coalitions to direct and coordinate endorsing organization activities. In short, leagues have been involved in every aspect of the campaign to ratify ERA, with the exception of candidate support.

League members, as individuals and as ERA coordinators, have been leaders in the effort to ratify and to prevent rescission in every State. By March 31, 1978, the national league, with the help of State and local leagues, had raised ERA campaign funds totaling over $1 million, with the major amount going back to the States in the form of direct grants to State leagues to aid ratification and prevent rescission attempts.

The National Business Council for ERA was launched by the League of Women Voters in February 1980. The intent of the council is to bring together top executives in the business world to establish a strong public image of business support for ERA and to encourage business lobbying in State legislatures in the unratified States. The council also contributes money to the league's ERA fund. It presently has 160 members.

The League of Women Voters holds a vice-presidency in ERAmerica, the coalition of nearly 200 civic, religious, educational, labor, and women's organizations working for ERA ratification. In January 1981 the league joined a petition campaign sponsored by ERAmerica and the National Organization for Women, soliciting signatures in support of ERA. The more than 40,000 signatures gathered by the league will be added to those of the other groups as a focal point of the June 30, 1981, rally in Washington, D.C., marking the kick off of the final year of the ERA ratification effort.

The league is firmly committed to action on its ERA position: "To support ratification of the equal rights amendment and to bring laws into compliance with the goals of the ERA." The league continues to provide technical and financial assistance to State leagues and to ERA coalition efforts where there is major State league involvement. The league's determination and its contribution to the final push for ratification of ERA—both through its grassroots activities and through the National Business Council—are critical to the success of the effort to achieve ratification in the three additional States that are needed by June 30, 1982.

WARREN M. BLOOMBERG: SERVICE AND PROFESSIONALISM

Mr. MATHIAS. Mr. President, there is a great deal of talk today about inefficiency in Government, lack of accountability, fat Federal payrolls and unresponsive Government employees. By and large this talk fastens upon the nebulous bureaucracy or the faceless Federal Government and its army of employees. Like all generalizations, there may be some small grain of truth in such accusations, but as I have personally observed in my 20 years in Congress, the glib labels fall away whenever one takes the time to get to know the men and women who help to run the U.S. Government in all of its farflung operations. They are no different from their fellow Americans who with pride in their work run our factories and farms, stores and schools, businesses and industries. And like their counterparts in the private sector, they do their jobs conscientiously, skillfully and with quiet professionalism. They deserve our congratulations and thanks.

I would like to bring to the attention of the Senate the outstanding career of one such professional, Warren M. Bloomberg, the postmaster of Baltimore, Md., who today marks 50 years of Government service. As he begins his second half century of service, Mr. Bloomberg not only exemplifies the great tradition of the U.S. Mail Service, but in his way embodies the principles of service and professionalism which motivate and guide the men and women employed in Government service.

I ask unanimous consent that material from Mr. Bloomberg's biography be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

BIOGRAPHICAL SKETCH—WARREN M. BLOOMBERG

Mr. Bloomberg's postal career began on July 11, 1931, when he was appointed Clerk at the then independent Halethorpe, Maryland Post Office. Later he transferred to the Baltimore Post Office where he worked as a distribution clerk, window clerk, clerk-stenographer and continued to perform services in practically all areas of the Baltimore, Maryland Post Office. He has also served as Station Examiner, Foreman of Mails and was promoted on November 1, 1946 to Clerk-in-Charge of the Postal Inspection Service. Within the Inspection Service he was later appointed to Investigator where he served eleven and one half years conducting specialized and confidential investigations.

Progressing through the ranks, Mr. Bloomberg served in the capacity of First Safety Director—Baltimore, Maryland; Chief Personnel Officer; Assistant Postmaster; Deputy Regional Director—Washington Regional Office; and Postmaster of Baltimore, Maryland. On July 1, 1971, the Eastern Regional Postmaster General appointed him to the position of District Manager, Chesapeake District, Eastern Region and to his present position of Sectional Center Manager/Postmaster on November 8, 1975.

During World War II, he served for three and one half years in the United States Navy, Office of Naval Intelligence, conducting investigations concerning sabotage, security, subversive activities, and disaffection matters, which required surveillance and other specialized investigative practices. He also served as a member of a panel of agents from various Government Agencies to interview refugees arriving in the United States aboard vessels of a neutral registry.

Mr. Bloomberg was selected by the Post Office Department to travel over the entire country to fifteen of the largest post offices in order that he might present a Departmental Safety Program which was originated under his supervision in the Baltimore Post Office.

He was assigned to a Post Office Departmental Team by Staffs of Bureaus of Operations and Personnel to review specific problems relating to the implementation of Executive Order 10925, Equal Employment Opportunity, and Executive Order 10988, Employee Management Cooperation in the Federal Service, at various post offices throughout the country. He has won outstanding recognition from local employee organizations through his endeavors in the field of Labor/Management.

Since his appointment to the Postal Service on July 11, 1931, 49 years ago, his vast experience and postal knowledge, his progressive ideas and outstanding leadership, have earned him the respect of both his superiors and subordinates.

Mr. Bloomberg's qualifications effecting outstanding leadership are reflected by his countless awards, commendations, and citations achieved over the years. Two other recognition awards are the Distinguished Service Award, from the Direct Mail Advertising Association, and an Honor Certificate from Freedoms Foundation at Valley Forge, Pennsylvania, for his work in connection with "National Flag Week" for "an outstanding achievement in bringing about a better understanding of the American Way of Life," and Postmaster-of-the-Year, Eastern Region.

He received a Humanitarian Award in 1972 from The Christ United Methodist Church for the Deaf and The Deaf Referral Service of Maryland in "recognition of his efforts in furthering the employment of the deaf and physically handicapped of Maryland." In 1973, he was awarded the American Business Women's Association, Maryland Capital Chapter "Boss of the Year" award. On February 16, 1973, he received the Baltimore Division No. 47, National Fraternal Society of the Deaf "Man of the Year" award in "recognition of his outstanding services to the Deaf." The Regional Postmaster General presented him with a "Special Postal People" Award for his efforts in promoting Postal People Week during May 1973.

Warren Bloomberg's talents for effective leadership are not limited to postal operations. Recognized for his abilities, he has actively and successfully engaged in federal, civic, and community affairs and holds membership in many organizations.

On September 19, 1980, United States Treasurer, Azie Taylor Morton, presented Mr. Bloomberg with a plaque from the Treasury Department for his fifteen years as federal coordinator of the Savings Bonds Program for more than 130,000 federal employees.

Among his very latest achievements. Mr. Bloomberg was presented with a Certificate of Appreciation from the Deputy Postmaster General for outstanding service; a Mayor's Citation from the City of Baltimore for his contributions to civic welfare; a Certificate of Distinguished Citizenship from the Governor of the State of Maryland; Award from The Advertising Club of Baltimore in recognition of 50 years of public service to the people of Baltimore; a Citation from the Governor of the State of Maryland; Award of Appreciation from the Variety Club-Tent 19 for his work as Chairman of the Mail Committee for their 1981 Telethon; and a Special Achievement Award presented by the Postmaster General to individuals within the Postal Career Executive Service in recognition of extraordinary contributions to the United States Postal Service.

As Sectional Center Manager/Postmaster, Mr. Bloomberg functions in the dual capacity of both Sectional Center Manager and Postmaster with the responsibility of managing not only the Baltimore Post Office, but a total of 191 associate post offices covering a delivery area of 6,685 square miles, employing 7,280 employees and serving a population of 3,011,200 postal customers.

OMNIBUS RECONCILIATION ACT OF 1981

Mr. HEINZ. Mr. President, over the last few months the Senate and House have been working diligently to restrict the growth in the size of the Federal budget. The reconciliation process, authorized by title III of the Congressional Budget and Impoundment Control Act of 1974, has been of great assistance to the Congress in achieving this goal. The reconciliation bills that recently passed the Senate and House include numerous amendments that will affect programs assisting the elderly. The staff of the Special Committee on Aging, which I chair, has prepared a program by program summary and comparison of the most relevant of these Senate and House amendments, as well as the administration's budget proposals, which I would like to share with my colleagues. I ask that the analysis be printed in the RECORD.

Without objection, the material was ordered to be printed in the RECORD, as follows:

SUMMARY AND COMPARISON SENATE AND HOUSE RECONCILIATION BILLS (S. 1377 AND H.R. 3982) JULY 9, 1981

SOCIAL SECURITY

In FY 1982, more than 95 percent of our Nation's citizens aged 65 or older and, their dependents, will be eligible for social security benefits. Under current law, FY 1982 expenditures for benefits for this group are projected to exceed $159 billion. Neither the Reagan budget nor the Senate or House reconciliation bills proposed structural revisions to the social security system. Program beneficiaries are scheduled to receive an estimated 9.3 percent cost-of-living adjustment to their payment levels in July 1982.

The Reagan budget and the Senate and House reconciliation bills included two proposals that could have a significant effect on older Americans and their families.

First, the Administration's budget submission assumed elimination of the minimum benefit to present and future social security recipients for FY 1982 savings of $1.3 billion. Existing law assures that beneficiaries whose average lifetime earnings in covered employment are low, receive a minimum benefit which is higher than the benefit they would otherwise receive. This provision of the statute was originally intended to help the poor but also benefits those with other sources of retirement income. The Administration's budget also assumed that certain retirees, who could meet income eligibility requirements would have the minimum benefit replaced by payments from the supplemental security income program resulting in a $300 million increase in federal spending for that program. Both the Senate and House bills eliminate the minimum benefit for all present and future beneficiaries. As with the Reagan budget proposal those individuals over 65 meeting SSI eligibility requirements would have their social security benefits replaced with SSI payments. In addition, persons aged 60 to 64 who are entitled to a minimum benefit for the month of July 1981 would become eligible for a special SSI benefit, if they qualify under all SSI rules except that pertaining to age. Net savings for FY 1982 are estimated to be $970 million.

Second, the Administration's budget submission assumed elimination of the lump-sum death benefit in instances in which there is neither a widow nor a dependent child to receive the survivor's benefits. Fiscal year 1982 savings were estimated to be $200 million. Current law provides a lump-sum death payment of $255 when a worker who is fully or currently insured dies. If there is no spouse to receive the payment, the money can be paid to a relative or other person who assumes responsibility for the funeral expenses. A funeral home itself may also apply to receive the payment directly for these expenses. This proposal, restricting the payment of lump-sum death benefits, is included in the Senate and House reconciliation bills.

	Fiscal year outlays, in billions	
	1981	1982
Current law	$139.5	$159.3
Savings proposals:		
Minimum benefit:		
Administration		−1.0
Senate		−.970
House		[1] −.510
Lump-sum-death benefit:		
Administration		−.200
Senate		−.200
House		−.200

[1] Assumes a later effective date than the Senate bill.

SUPPLEMENTAL SECURITY INCOME

No major legislative changes affecting eligibility or benefit levels for the Supplemental Security Income (SSI) program have been proposed by the Administration or included in the Senate and House reconciliation bills. The program's 1.5 million low-income elderly recipients are scheduled to receive an estimated 9.3 percent cost-of-living adjustment to their payment levels in July 1982.

	Billions
Federal expenditures:	
Fiscal year 1980	$6.4
Fiscal year 1981	7.3
Fiscal year 1982	7.9

(In millions):

	Elderly	Nonelderly
Recipients		
Fiscal year 1980	1.6	2.1
Fiscal year 1981	1.5	2.1
Fiscal year 1982	1.5	2.2

CIVIL SERVICE AND MILITARY RETIREMENT

There are over 3.2 million Americans receiving benefits under the civil service and military retirement systems. Retirement payments for these beneficiaries are estimated to total $35.5 billion in FY 1982. The Reagan budget proposed legislation to provide cost-of-living adjustments to annuity payments on an annual rather than semiannual basis. Both the House and Senate reconciliation bills contain language that would require this indexing change. The Congressional Budget Office estimates that adoption of the proposal would reduce FY 1982 expenditures by $907 million, giving civil service and military retirees one 10.2 percent inflation adjustment for that year.

	Fiscal year outlays, in billions		
	1980	1981	1982
Civil service retirement:			
Current law	$14.7	$17.5	$20.1
Indexing proposal			−.5
Military retirement:			
Current law estimate	11.9	13.8	15.5
Indexing proposal			−.4

VETERANS PENSIONS

No legislative provisions raising the veterans pension program were included in President Reagan's budget submission to the Congress or the Senate and House reconciliation bills. Federal expenditures for veterans pensions will exceed $4 billion in FY 1982 with 1.9 million veterans and their survivors receiving payments. Existing law assures these recipients an estimated 9.3 percent cost-of-living increase in payment levels next year.

	Fiscal year—		
	1980	1981	1982
Beneficiaries (in millions):			
Elderly	1.3	1.3	1.3
Nonelderly	1.7	1.6	1.5
Expenditures (in billions)	$3.8	$3.8	$3.6

VETERANS BURIAL BENEFITS

Families of deceased veterans who are buried in private cemeteries may receive allowances to apply toward the purchase of a burial plot. They may also receive benefits to assist in defraying funeral expenses. Federal outlays for this program in FY 1982 are expected to total $193 million.

The Reagan budget contained no proposals to revise the veterans burial benefits program. Under the provisions of the Senate reconciliation bill, eligibility for this program would be restricted to those who are eligible to receive compensation for a disability rated at 30 percent or more; those receiving a Veterans Administration pension; or, those who on the basis of income and wartime service would be eligible to receive a pension without regard to other pension requirements pertaining to age, disability or duration of service. The House bill would revise the veteran burial benefits program by limiting the payment of non-service-connected burial plot and funeral expense allowances to cases where the taxable income of the deceased veteran and his/her spouse did not exceed $20,000 in the 12-month period preceding the veteran's death. It is estimated by the Congressional Budget Office that the Senate and House proposals would save $99.4 million and $42 million respectively in FY 1982.

	Fiscal year—		
	1980	1981	1982
Beneficiaries	334,116	350,500	355,500
Expenditures (in millions):			
Current law	$178.0	$186.0	$193.0
Administration			
Senate		−18.0	−99.4
House			−42.0

FOOD STAMPS

In FY 1982, the existing food stamp program is expected to cost the federal government $12.3 billion. It is estimated that over 22 million low-income Americans, 10 million of whom would be elderly, will participate in the program. The Reagan budget assumed adoption of several legislation program changes to reduce food stamp program expenditures by $1.4 billion in FY 1982. Three of these proposals, totaling $400 million in savings, would have significant effects on the elderly. First, the Reagan proposal would establish an absolute 130 percent of poverty gross income eligibility standard. Under current law, income eligibility standards for food stamps vary according to type of household income and whether a household has special expenses for shelter, dependent care and/or medical care. Second, the Reagan proposal would permanently freeze the $85 standard deduction which is used to limit the amount of income that is disregarded in setting benefit levels. Finally, the Reagan

proposal would repeal a provision of law scheduled to become effective on October 1, 1981, that would lower the medical expense deduction threshold used in determining eligibility and benefit levels, from $35 to $25 per month.

Similar to the Administration food stamp bill, the Senate reconciliation bill would freeze the standard deduction at $85 for FY 1982 and part of FY 1983. The provision of current law lowering of the medical expense deduction threshold would also be repealed. The bill does establish a 130 percent of poverty gross income eligibility test but would exempt the elderly from that test. Eligibility for older Americans would continue to be determined under the present system. FY 1982 savings are estimated to be $1.8 billion. Savings resulting from those proposals significantly affecting the elderly population total $367 million.

The House reconciliation bill would establish the 130 percent of poverty gross income eligibility standard with no exemption for the elderly, freeze the $85 standard deduction, and repeal provisions of existing law reducing the medical expense threshold. FY 1982 savings are estimated to be $1.4 billion, with $400 million of these savings significantly affecting the elderly.

[Outlays in billions]

FY 1981 expenditures	$11.4
FY 1982:	
Current law	12.3
Administration	−1.4
Senate	−1.8
House	−1.4

LOW-INCOME ENERGY ASSISTANCE

The present energy assistance program for low-income households was authorized by the Home Energy Assistance Act of 1980. Under the legislation, the Secretary of Health and Human Services provides grants to the states for the purpose of making financial assistance available to low-income households with home energy costs that are excessive in relation to household income. Eligibility for benefits is limited to households where one or more individuals qualify for aid to families with dependent children, supplemental security income, food stamps, or income-related veterans programs. Households with income levels at or below the BLS lower living standard set by the Department of Labor also qualify for assistance. Single person households may have the higher of the BLS lower living standard or 125 percent of the Community Services Administration's poverty guidelines. The law specifically requires that priority be given to households with a member who is aged or handicapped.

For fiscal year 1982, the Administration proposed consolidation of the expiring home energy assistance authority with the emergency assistance program under title IV of the Social Security Act. The proposed block grant gave states complete flexibility to develop and administer fuel assistance and other crisis or emergency needs activities for their low-income households. The total budget request of $1.4 billion was $500 million below the combined fiscal year 1981 current services level of $1.85 billion for low-income energy assistance and an estimated $55 million for title IV emergency assistance.

The Senate reconciliation bill would provide $1.875 billion for each of the next five years for low-income energy assistance through its Home Energy Block Grant. Title IV emergency assistance would not be included in the consolidation. It would maintain current eligibility standards and the requirement that priority be given to households with an elderly or handicapped member. The bill does not explicitly prohibit states from offsetting home energy assistance payments against other federal or state income assistance programs.

Two low-income energy assistance program proposals are included in the House reconciliation bill. One proposal, adopted by amendment on the House floor varies little from the Senate proposal except that it explicitly prohibits states from offsetting home energy assistance payments against other federal or state income assistance programs. The second proposal, recommended by the House Committee on Ways and Means, would revise current eligibility standards limiting eligibility to households with at least one individual eligible for AFDC, SSI, Food Stamps, or certain veteran's benefits. Households with incomes below 150 percent of the poverty line, or at the option of the state, 60 percent of the state's median income would also be eligible. States would be given the flexibility to establish a lower income eligibility level than the ceiling established by the legislation. In fiscal year 1982 $1.4 billion would be authorized for low-income energy assistance. States would not be required to give priority to households with an elderly or handicapped member. Consistent with the alternative House proposal, it explicitly prohibits states from counting energy assistance payments as income in determining eligibility for other state or federal assistance programs. Neither House proposal would provide for consolidation of the title IV emergency assistance program with the low-income energy assistance program.

	Fiscal year budget authority, in billions		
	1981	1982	1983
Current law	$1.85		
Administration		$1.4	$1.4
Senate		1.9	1.9
House:			
Ways and Means Committee		1.4	1.6
House-passed		1.9	1.9

MEDICARE

Under current law FY 1982 expenditures for the Medicare program will total $48.3 billion. The Reagan budget assumed savings of $1.9 billion from implementation of several legislative and regulatory initiatives. Most of these savings were assumed to result from changes to reimbursement methods and management practices. In addition, the Administration proposed repeal of several benefit provisions in the Omnibus Reconciliation Act of 1980 that would expand Medicare coverage beginning in FY 1982. No proposals were included to reduce benefits currently available to Medicare beneficiaries or to increase premiums or deductibles paid by them.

The Senate bill would reduce Medicare expenditures by $2 billion in FY 1982. Similar to the Reagan budget, the major portion of these changes would be achieved through changes to reimbursement methods and management practices. Several benefit provisions in the Omnibus Reconciliation Act of 1980 would also be repealed including medicare coverage of pneumococcal pneumonia vaccine. However, in place of medicare coverage, vouchers good for $10 toward the purchase of the vaccine would be supplied once in FY 1982 to noninstitutionalized, elderly Supplementary Security Income recipients. On a permanent basis through the Medicaid program, the federal government would pay up to $10 per vaccination for persons who are 65 or older who are eligible for medicaid or who are eligible for SSI benefits but did not receive a voucher. In addition, the bill would increase from $60 to $75 the annual deductible for Medicare Supplementary Medical Insurance (SMI) for an estimated FY 1982 savings of $120 million. The method for setting the SMI premium would also be revised in the Senate bill to permanently maintain the premiums at 24 percent of total program costs per enrollee. In FY 1982, savings of $95 million would be achieved.

The House reconciliation bill would achieve savings of $1.7 billion in FY 1982. As with the Administration budget and the Senate bill, the major share of these reductions would be achieved through changes to reimbursement methods and management practices. By increasing the SMI deductible to $70 in FY 1982, Medicare expenditures would be reduced by $90 million. By making the Hospital Insurance (Part A) deductible and coinsurance amounts more accurately reflect the actual cost of hospital care, $185 million would be saved in FY 1982. Present law imposes no copayment on Medicare beneficiaries for the first 60 days of hospital services. Under the House bill Medicare inpatients would be subject to a $1 copayment for each of the first 60 days of care during a spell of illness. Fiscal year 1982 savings off $115 million would be achieved through adoption of this proposal.

[In Billions]

FY 1981 expenditures	$40.1
FY 1982:	
Current law	48.3
Administration	1.9
Senate	2.0
House	1.7

MEDICAID

The medicaid program was established to provide Federal aid to States for medical assistance to low-income persons who are aged, blind, disabled, or members of families with dependent children. Each state designs its own medicaid program consistent with specific Federal guidelines and requirements. Thus, there are differences among the states in eligibility requirements, the range of services offered, limitations imposed on such services, and reimbursement policies. The Federal government helps states share in the cost of medicaid services through a variable matching formula that is periodically adjusted. The matching rate, which is inversely related to a state's per capita income, ranges from 50 to 83 percent.

Medicaid expenditures have increased at an average rate of more than 15 percent per year over the last five years. A large part of the increase is due to a relatively stable percentage of elderly beneficiaries that has consumed an increasingly larger share of medicaid expenditures each year. Much of that increased share has been for long-term care services. At present, 15 percent of the medicaid program's 18.8 million recipients are elderly. They account for over 30 percent of program expenditures. The Congressional Budget Office estimates that, under current law, medicaid outlays would total $18 billion in FY 1982.

The Reagan Administration proposed enactment of legislation to limit, or cap, Federal medicaid expenditures for FY 1982, for a savings of $1 billion. Offered as an interim measure prior to the adoption of comprehensive Federal health financing initiatives, the Administration assumed immediate enactment of the proposal. The cap was structured to reduce Federal expenditures for FY 1981 by $100 million below the current estimates for program costs. Expenditures would then be allowed to increase by 5 percent in FY 1982, and with the rate of inflation in future years. The proposal also provided the states with more flexibility in structuring their individual medicaid programs. It was anticipated that by limiting Federal spending, States would have additional incentive to provide cost-effective services and to reduce fraud, abuse, and waste.

Similar to the Administration's proposal, the Senate reconciliation bill would place a limit on the amount of Federal financial participation in the medicaid program while allowing states more flexibility in operating their programs. For example, under the bill's

provisions, states would be permitted to limit provider choice by recipients through the selection of providers on a competitive basis. In fiscal year 1982 Federal expenditures would be allowed to increase 9 percent over the states' estimates for FY 1981. For FY 1983 and thereafter, Federal spending would be allowed to rise with the rate of inflation for that fiscal year as measured by the GNP deflator. The bill also reduces the minimum Federal medicaid assistance percentage from 50 percent to 40 percent. The Congressional Budget Office estimates that Federal spending for the medicaid program would be reduced by $1 billion in FY 1982 through enactment of these and other provisions of the Senate reconciliation bill's proposals affecting the medicaid program.

The House reconciliation bill proposes to reduce medicaid spending by reducing medicaid payments to the States. Payments to the States would be decreased by 3 percent, 2 percent, and 1 percent in fiscal years 1982, 1983 and 1984 respectively. States with high unemployment, a qualified hospital cost review program or demonstrated recoveries from controlling fraud and abuse could have a portion of these reductions restored. Similar to the Administration's proposal and the Senate bill, States would be allowed more flexibility in operating their programs. With respect to long-term care services, States would be permitted to offer home and community-based services as alternatives to long-term institutional care if such care is satisfactorily shown to be cost-effective. Preadmission screenings for medical recipients seeking nursing home care, to assess the need for that form of care and the availability of alternative forms of care would also be required under the bill's provisions. It is estimated by the Congressional Budget Office that $935 million in FY 1982 savings would be achieved through enactment of these and other provisions of the House reconciliation bill affecting the medicaid program.

	Fiscal year outlays in millions		
	1980	1981	1982
Expenditures	$13,957	$16,375	$18,016
Savings proposals:			
Administration		−100	−927
Senate		−122	−1,010
House			−935

NATIONAL INSTITUTE ON AGING

Since 1977, Federal funding for the Institute's research programs on aging has doubled. The Reagan budget included $84.2 million for FY 1982 funding of the National Institute on Aging (NIA). This amount is $8.1 million higher than the amount that would be required to continue Institute programs at their FY 1981 level of activity. No specific authorization figure was included in the Senate reconciliation bill for the NIA. Total authorizations of $3.8 billion were provided by the bill for all of the Institutes of Health, an amount $49.8 million below that required by the Institutes to function at their FY 1981 levels of activity. The House bill was silent with respect to the Institutes.

VETERANS HEALTH

Under existing law federal spending for veterans medical care is estimated to total $7.7 billion in FY 1982. The Reagan budget assumed a reduction of $113 million from the adoption of legislation reducing reimbursement to veterans for travel expenses between a veteran's home and VA medical facilities, restricting outpatient dental services, and eliminating the readjustment counseling program for Vietnam veterans. It was assumed that an additional $366 million could be saved by postponing hospital construction projects, reducing funds available for physicians' and dentists' bonuses, and reducing non-direct care staff and other overhead costs.

The Senate reconciliation bill includes language restricting outpatient dental care for non-compensable service-conditions to veterans who served at least 180 days. There is no minimum service requirement under current law. Other restrictions on eligibility for this benefit were also included in the bill to achieve FY 1982 savings of $12.9 million.

The House bill included the President's proposal to restrict outpatient dental care by eliminating such care for service-connected, non-compensable dental conditions that are unrelated to service trauma or prisoner-of-war status. FY 1982 savings are expected to be $36 million.

OTHER HEALTH PROGRAMS

The Department of Health and Human Services administers a wide array of health services and disease control programs that are utilized in part by the elderly. The Administration's budget and the Senate and House reconciliation bills each contain different proposals revising and consolidating these programs into block grants. Each consolidation proposal is designed to allow states more flexibility in determining their health services needs and priorities.

In the area of preventive health, the Administration proposed the consolidation of eleven categorical programs including health incentive, hypertension and health education and risk reduction programs. The proposed authorization level of $260 million represents a 25 percent reduction from the combined FY 1981 current services levels of the preventive health programs which the block grant replaces.

The Senate reconciliation bill would consolidate eight categorical preventive health programs, including health incentive, hypertension and health education and risk reduction programs, into a preventive health services block grant. The block grant authorization for FY 1981 would be $224 million, an amount 22.5 percent below the FY 1981 current services level.

The House reconciliation bill would maintain the hypertension program as a categorically funded program and would consolidate the health incentive and health education and risk reduction programs with other preventive health services programs. For FY 1982, $45 million would be authorized for this block grant. A total reduction of 16 percent from 1981 current services levels is authorized for all preventive health services programs.

Administration:

FY 1981 current services for consolidated preventive health programs, $300 million.

FY 1982 block grant for preventive health services, $260 million.

Senate:

FY 1981 current services for consolidated preventive health programs, $300 million.

FY 1982 block grant for preventive health services, $224 million.

House:

FY 1981 current services for consolidated preventive health programs, $67 million.

FY 1982 block grant for preventive health services, $45 million.

FY 1981 current services for hypertension programs, $20 million.

FY 1982 authorization for hypertension programs, $16 million.

In the area af health services, the Administration proposed consolidation of 15 categorical programs including community and migrant health centers, maternal and child health, community mental health and substance abuse programs. As with the preventive health services block grant, the health services block grant for FY 1982 would be funded at a level representing 25 percent of FY 1981 current services levels, or $1.1 billion.

The Senate reconciliation bill would create a separate block grant for maternal and child health. Otherwise, the bill's health services consolidation provisions resemble the Administration's proposal except that authorizations are earmarked for community and migrant health centers and community mental health centers in declining amounts through FY 1985. Proposed authorization levels for community and migrant health centers would be reduced by 15 percent in FY 1982. Authorizations for community mental health and other programs in the block grant would be reduced by 25 percent in FY 1982.

Similar to the Senate bill, the House bill would create a separate maternal and child health block grant. In addition, it would consolidate substance abuse programs into an alcohol and drug abuse block grant. Community and migrant health centers and community mental health programs would continue to be funded as categorical programs. The authorization for home health services would be eliminated. Fiscal year 1982 authorizations for the maternal and child health block grant and the alcohol and drug abuse block grant would be reduced below FY 1981 current services by 11 percent and 22 percent respectively. Community mental health services authorizations would be reduced by 24 percent and community health centers would be reduced by 13 percent. Migrant health centers authorizations would be maintained at the FY 1981 current services level.

Administration:

FY 1981 current services for consolidated health services programs, $1.5 billion.

FY 1982 block grant for health services, $1.1 billion.

Senate:

FY 1981 current service for consolidated health services programs, $1.1 billion.

FY 1982 block grant for health services, including $36 million needed to maintain community and migrant health centers at 85 percent of the FY 1981 current services level, $850 million.

House:

FY 1981 current services for:
Community health centers, $325 million.
Migrant health centers, $43 million.
Community mental health, $324 million.
FY 1982 authorizations for:
Community health centers, $284 million.
Migrant health centers, $43 million.
Community mental health, $246 million.

For other public health service programs, the Senate and House reconciliation proposals reflected the Administration budget request by phasing out Federal funding for health maintenance organizations; reducing funding for health professions education and training; and closing the Public Health Service hospitals and clinics system. Consistent with the Administration budget submission, the Senate bill would phase out Federal support for health planning. The House bill would continue support for health planning but reduce Federal funding by 50 percent from FY 1981 current services levels.

ADMINISTRATION ON AGING

The Administration on Aging (AoA) implements most of the programs authorized by the Older Americans Act. Under the Act, the Federal government finances the activities of state agencies on aging in each state, including the technical assistance they provide to over 600 area agencies on aging throughout the Nation.

State agencies receive Federal funds, on a formula grant basis, which they award to area agencies based on State-approved area plans. Area agencies coordinate and implement the plans and, where needed, purchase

social and nutritional services with the formula grant funds. In addition to funding services and service systems for the elderly, the Older Americans Act authorizes a program of discretionary grants for training, research, discretionary programs, and multidisciplinary centers of gerontology. These efforts help to train personnel in the field of gerontology, increase knowledge about the service needs of the elderly, and demonstrate systems to improve the quality of services for the elderly, particularly those who need long-term care. Finally, the law provides a system of direct grants to qualified Indian tribal organizations and funding for the National Clearinghouse on Aging and the Federal Council on the Aging.

The Reagan budget included $746.4 million for programs administered by AoA. It was assumed that legislation would be adopted consolidating into one authority the funding authority for social and nutrition services. In addition to the $597 million requested for social and nutrition services, the President proposed a transfer of $95.5 from the Department of Agriculture's food commodities program for the elderly to AoA. The Reagan Administration also proposed consolidation of all training and research activities into a single discretionary program at an authorized level of $23.2 million in FY 1982.

The Senate reconciliation bill included a total of $749.5 million for AoA programs in FY 1982. No specific reauthorization language was provided by the bill; but, it was assumed that this total reauthorization level included the $95.5 million transfer from the Department of Agriculture as well as a $5 million transfer from the Community Services Administration.

The House reconciliation bill contained no reauthorization program language and only selected reauthorization figures for AoA programs. No total reauthorization figure was included in the legislation. Training and research activities were specifically authorized at $24.7 million.

['n millions of dollars]

	Fiscal year—				
			1982		
	1980	1981	Reagan	Senate	House
State administration	22.5	22.7	22.7		(1)
Social services and centers	244.9	252.0	[2]597.0	[3]743.2	(1)
Nutrition	317.1	350.0			(1)
Training and research	55.1	40.5	23.2		24.7

[1] Such sums.
[2] Includes $95,500,000 transfer from the Department of Agriculture.
[3] Includes $95,500,000 transfer from the Department of Agriculture and a $5,000,000 transfer from the Community Services Administration.

SENIOR VOLUNTEER PROGRAMS

The senior companion program (SCP), the retired senior volunteer program (RSVP) and the foster grandparents program (FGP) provide opportunities for Americans age 60 and over to volunteer their services to the community. In FY 1981 $88.9 million will be spent on these three major senior volunteer programs. President Reagan requested $89.5 in FY 1982 funding. The Senate bill would provide $95 million including a $5 million transfer from the Senior Opportunities and Services (SOS) program administered by the Community Services Administration (CSA). In addition, the Senate bill would consolidate a number of programs administered by CSA, like the SOS program, into a community services block grant program. The transfer of the SOS funds in FY 1982 would not preclude the use of the block grant funds for other SOS activities. Consistent with the President's budget levels, the Senate bill would authorize $354 million for the new state grants, an amount 25 percent below FY 1981 spending for existing CSA program efforts. The House reconciliation bill reauthorized senior volunteer programs but did not attach specific dollar amounts to the authorizations.

[In millions of dollars]

	Fiscal year 1981	Fiscal year 1982		
		Reagan	Senate	House
SCP	12.8	11.1	[1]16.6	(2)
FGP	48.4	49.7	49.7	(2)
RSVP	27.7	28.7	28.7	(2)
Total [3]	88.9	89.5	95.0	(2)

[1] Includes $5 million transfer of CSA funds.
[2] Such sums as necessary.
[3] May not add due to rounding.

SOCIAL SERVICES

The current Title XX program assists states in funding a variety of social services for individuals and families. Types of services include homemaker services, family planning, preparation and delivery of meals, transportation, counseling and substitute care and day care for adults. In FY 1981, $3.0 billion was available to the states for social services.

The Reagan Administration proposed consolidation of the Title XX social services program with several child welfare, and other social and community service activities, including most Community Services Administration programs, through a block grant to the states. A FY 1982 budget request of $3.8 billion was made for this purpose which represents a 25 percent reduction in the authorized funding levels for all of the consolidated programs ($5 billion).

The Senate reconciliation bill contained a more limited form of the Administration's block grant proposal. It would consolidate the Title XX program with child welfare services, foster care and adoption assistance programs. For FY 1982, and each year thereafter, the amount of the allotment for each state would be its fair share of a national total of $2.639 billion. Similar to the Administration's bill, the block grant ceiling is a 25 percent reduction from the FY 1981 funding levels. Savings from this proposal would total $933 million in FY 1982.

Under the provisions of the House bill, the Title XX social services program would be consolidated with child abuse prevention and treatment runaway youth and several Community Service Administration programs. For FY 1982, $3.1 billion would be authorized for the block grant, a 16 percent reduction from the FY 1981 total spending level of $3.7 billion for these programs.

LEGAL SERVICES

Last year over 575,000 low-income elderly were served by the locally controlled legal aid offices of the Legal Services Corporation. These older citizens represented over 12 percent of the program's clients. To maintain these legal aid offices at their current level of service to their eligible clients would cost $337.9 million in FY 1982. President Reagan proposed termination of the Corporation but included legal services as an eligible activity for funding through his proposed social services block grant. In the Senate's reconciliation bill, $100 million was authorized for each of fiscal years 1982 and 1983 for Corporation activities. The Senate's social services block grant proposal makes no specific reference to legal services. The House reconciliation bill is silent on reauthorization of the Legal Services Corporation but does include legal services as an eligible activity in the language consolidating social services programs into a block grant.

[In millions]

FY 1980	$300
FY 1981	321
FY 1982:	
Administration	-----
Senate	100
House	-----

WEATHERIZATION

The present weatherization assistance program is administered by the Department of Energy. In fiscal year 1981 the program will provide $182 million to States for weatherizing the homes of households with incomes at or below 125 percent of the poverty standard to make them more energy efficient. President Reagan requested no funds for this purpose. It was assumed that the program would be terminated and that States and local governments would fund weatherization activities through the President's proposed community development block grant administered by the Department of Housing and Urban Development.

While the Senate reconciliation bill did not include specific authorization language for the current weatherization program, it did include $545 million for energy conservation activities. Of this amount $336 could be used for State and local weatherization efforts. Further, the language of the bill reauthorizing the low-income energy assistance program would allow up to 10 percent of the funds made available to the states from the annual $1.9 billion authorization to be used by the states for low-income residential weatherization or other energy related home repair.

Consistent with the Administration's budget submission, the House reconciliation bill would repeal the authorization for the current weatherization program making weatherization assistance an eligible activity under the proposed community development block grant. There are two low-income energy assistance proposals with weatherization language in the House bill. Like the Senate bill, one proposal allows up to 10 percent of the funds made available to the States from the annual $1.9 billion authorization to be used by the States for weatherization activities. The second measure recommended by the House Committee on Ways and Means, places no maximum on the percentage of funds, $1.4 billion and $1.6 billion in FY 1982 and FY 1983 respectively, that can be used for this purpose.

EMPLOYMENT

The older Americans community services employment program is authorized under title V of the Older Americans Act (OAA) and administered by the Department of Labor. This program provides part-time work opportunities in community service activities for unemployed, low-income persons aged 55 or over. In FY 1981 outlays for this program are estimated to total $268 million. The Reagan budget requested $277.1 million, an amount sufficient to fund 54,200 job slots. Consistent with that request, the Senate reconciliation bill authorized $277.1 million for the program. The House bill did not include a specified amount for this purpose.

Title III, Section 308 of the Comprehensive Employment and Training Act, authorizes funding of projects for middle-aged and older workers. In FY 1981, $2 million was provided for the program. The Reagan budget included $1 million for FY 1982. Neither the House nor the Senate included a specific authorization for Section 308 activities. There was a specific authorization included for all Title III programs. The Senate provided $214 million. The House provided $213 million. Up to 5 percent of these amounts could be used for the Section 308 program.

[Dollar amounts in millions, fiscal years]

	1981	1982		
		Reagan	Senate	House
Title V: OAA	$277.1	$277.1	$277.1	(1)
Title III: Sec. 308—CETA	2	1	[2] 10.7	[2] $10.7

[1] Such sums as necessary.
[2] Ceiling for possible funding from total Title III authorization.

EDUCATION

Established to meet the educational needs of adults inadequately served by instructional programs in their communities, the continuing education program (Title I, Higher Education Act) provides funds to States and higher education institution to fulfill this need. In FY 1980, $3 million was spent by the Federal Government for continuing education. Beginning in FY 1981, the functions of the program were combined with other similar educational outreach activities. For FY 1981, $2.2 million has been appropriated for these activities. The Reagan budget requested no FY 1982 funding for educational outreach activities. Consistent with the Reagan request, no authorization was provided in the Senate reconciliation bill. The House bill included a $10.2 million authorization.

TRANSPORTATION

Section 16(b)(2) of the Urban Mass Transportation Act, as amended in 1978, reserves almost 2 percent of the annual allotment of urban discretionary funds for capital assistance grants to private non-profit groups for transit services to elderly and handicapped persons. Under the Reagan budget, and the House and Senate reconciliation bills, $34.4 million would be available in FY 1982 for capital assistance, a decrease of $9.4 million from the FY 1981 funding levels.

HOUSING

The Department of Housing and Urban Development administers three major programs to improve rental housing conditions for low-income individuals and families. The section 202 program provides direct Federal long-term loans for the construction of rental housing for lower income persons who are elderly or handicapped. Section 8 lower income housing assistance payments are used in conjunction with the section 202 program. The section 8 program provides assistance, in the form of rental payments, to encourage the construction of new units, substantial rehabilitation of units, and the use of standard existing units. No household assisted under section 8 may pay more than 25 percent of its income for rent. The rental payment may be as low as 15 percent, depending on family income, size, and medical or other unusual expenses. Lastly, the public housing program is a locally operated program in which public housing agencies engage and assist in the development of public housing projects which may be newly constructed, existing, rehabilitated, or leased. Tenants in public housing have low incomes and usually must pay up to 25 percent of their incomes for rent.

The Reagan budget requested funds for 175,000 assisted housing units. In addition, the Administration proposed to increase gradually, over the next 5 years, the maximum allowable rent contribution paid by tenants living in federally subsidized housing from 25 to 30 percent of their adjusted income. It is estimated that this proposal would save $119 million in FY 1982.

The Senate bill would limit the number of assisted housing units to 150,000 while the House bill would permit 162,500 units. Both bills would increase the assisted housing tenant rent contributions from 25 to 30 percent of income for an estimated savings of $100 million in FY 1982, rising to an annual savings of more than $1.3 billion by FY 1986. In addition, the House bill would eliminate the authorization for congregate housing services programs.

ASSISTED HOUSING (UNIT RESERVATIONS)

	Fiscal year 1981	1982		
		Reagan	Senate [1]	House [1]
Sec. 202 [2]	(18,400)	(17,200)	(15,000)	(17,000)
Sec. 8	177,000	151,000	129,500	139,500
Public housing	30,396	24,000	20,500	23,000
Total	207,396	175,000	150,000	162,500

[1] Numbers are derived from varying assumptions regarding program mix and dollar amount.
[2] A nonadd item, units are included in sec. 8 unit reservations.

ADDRESS BY SENATOR HEINZ BEFORE COUNCIL OF CHAMBERS OF COMMERCE OF WESTERN PENNSYLVANIA

Mr. HEINZ. Mr. President, on Monday I had the privilege to address the Council of Chambers of Commerce of Western Pennsylvania regarding legislation critical to the economic health of Pennsylvania and other Northeast-Midwest industrial States. I ask unanimous consent that the text of my remarks be printed in the RECORD.

There being no objection, the text was ordered to be printed in the RECORD, as follows:

REMARKS OF SENATOR JOHN HEINZ

I am grateful for the opportunity to appear before you today to discuss pending federal legislation whose swift enactment is critical to the present and future economic health of Pennsylvania: unemployment compensation reform.

Although the payroll taxes necessary to finance the UC system are by no means the only burden government imposes on business, the UC system is a telling indicator of a state's economic health—it is, like a person's pulse or blood pressure, one of a state's vital signs. Unfortunately for workers and employers in Pennsylvania, our economic health—as judged by the state's UC system—has in recent years not been good. In fact, Pennsylvania has been on the critical list, racking up a UC debt to the federal government the highest of any state in the nation: $1.5 billion. That amounts to a $332 for every insured worker in Pennsylvania. It represents a significant deterrent to attracting jobs to Pennsylvania and retaining the ones we already have.

My purpose in appearing before you today is to bring both good news and bad news regarding the health of the state's UC fund—and the health of the state's economy.

The good news is that, as part of the budget reconciliation bill approved just before the July 4 recess, the Senate has passed my legislation designed to ease repayment of the state's outstanding debt and prevent a recurrence of the mistakes of the seventies.

The bad news is that the House Ways and Means Committee has failed to act on any companion bills to my legislation—and unless it does so quickly, the opportunity to provide relief for Pennsylvania employers this year may well be lost. That is why it is essential that Pennsylvania's business and political leadership unite behind a responsible solution to the state's UC crisis.

To start with the good news, let me explain how my legislation, as approved by the Senate, will—if approved by the House of Representatives—improve the economic climate of Pennsylvania.

First, it will allow Pennsylvania employers to receive relief from escalating federal penalties that you would otherwise be forced to pay.

Second, it provides strong incentives for avoiding a repetition of the mistakes of the seventies that produced the state's massive indebtedness. You, the employers, who foot the bills for all the state's UC spending and borrowing, know how essential this provision is.

Third, it will ensure timely repayment of Pennsylvania's outstanding debt—but in a manner less disruptive of the state's economic climate than the repayment mechanism contained in current law.

I am sure that all of you are familiar with the story of how Pennsylvania came to owe $1.5 billion to the federal government. Clearly, part of the problem results from the failure of the federal government to redress inequities in federal fund distributions between snowbelt and sunbelt; from the problems of higher energy costs, deteriorating urban areas, and a shrinking tax base; from an inadequate trade policy; and from a bias in our tax code against the capital-intensive industries upon which the economy of the region depends.

The increased joblessness that resulted has had a particularly adverse effect on the solvency of the state UC system. Between 1970 and 1979, Pennsylvania suffered a net loss of 185,000 manufacturing jobs. Philadelphia alone lost 106,000 manufacturing jobs. This loss of manufacturing jobs has had a ripple effect throughout the state's economy; if it is true, as economists say, that one manufacturing job supports seven in the retail sector then that ripple has caused a flood of unemployment throughout our state.

In contrast, had Pennsylvania been able to retain all these lost jobs, the state UC system would now collect $500 million more in annual revenue than it does now.

But regional recession or shortsighted federal policies, if you will—is not the only cause of Pennsylvania's current plight. Irresponsible actions at the state level are also largely to blame. Back in 1971, the Pennsylvania UC fund showed a surplus of $841 million. But action that subsequently liberalized benefits without corresponding tax increases quickly wiped out that cushion, resulting in a deficit that now stands at $1.5 billion.

Fortunately, Pennsylvania last year enacted a package of tax increases and benefit reductions whose combined effect is to provide the state UC system with an additional $540+ million during the first year. The effect of this package is to increase state taxes on Pennsylvania employers by $716 million per year by 1986. Recognizing how important this package was to restoring the solvency of the state UC system, many of you joined with your fellow members of the Pennsylvania business community in actively supporting its passage in Harrisburg. In all my years in Washington, I have never seen business lobbyists beating down my doors asking that I impose additional taxes on them!!!

Having bitten the proverbial bullet, Pennsylvania now faces the prospect of seeing its efforts to attain a solvent UC system thwarted. The reason is that employers in states like Pennsylvania that have defaulted on their loans lose their Federal Unemployment Tax Act (FUTA) tax credits at the rate of 0.3 percent per year until the debt is repaid.

In other words, if the state fails to manage its finances responsibly, employers pick up the tab. In Pennsylvania, employers have already lost 0.6 percent of their FUTA credits and stand to lose another 0.3 percent for the 1981 tax year unless Congress acts to provide relief before November. Each 0.3 percent loss of FUTA credits translates into roughly $70 million in additional federal payroll taxes—on top of the increased state taxes that

employers in Pennsylvania are now paying as a result of last year's reform bill and also on top of the basic 0.7 percent FUTA tax that employers in all states pay.

The eventual loss of the entire 2.7 percent FUTA tax credits—commonly referred to as the escalating penalty tax—would result in employers in Pennsylvania paying a 3.4 percent FUTA payroll tax—five times the federal tax paid in other states. One need not have a Ph.D. in economics to predict the devastating impact that the combination of increased state taxes and quintuple federal taxation of jobs would have on the economies of debtor states—the results can only be increased joblessness, further drain on the UC system, and added cost to the taxpayer, both federal and state.

To avoid this grim scenario, my legislation allows Pennsylvania and other debtor states of obtaining relief from the loan repayment provisions of current law. This relief consists of a freeze on the employers' loss of FUTA tax credits at .6 percent—provided that debtor states restore their UC funds to solvency and take no action whose net effect reduces the solvency of the state fund.

Solvency is a prerequisite for the .6 percent freeze for two very important reasons. The first is that the solvency requirement is the only way that this relief can be justified to the federal taxpayer. If the states meet the solvency test, then they will not engage in such massive borrowing from the federal account, which must in turn borrow to pay for the states' loans. The cost to the federal taxpayer of this unrestricted state borrowing is massive. The U.S. Labor Department has estimated that the cost to the federal treasury during FY 1981 of the outstanding state loans is as high as $1 billion. That's more than the individual spending reductions approved by Congress in either medicare or medicaid or welfare or ironically—unemployment compensation.

My colleagues on the Senate Finance Committee and I do not want our efforts to balance the federal budget by reducing spending thwarted just so that elected officials in debtor states can avoid politically unpopular decisions necessary to balance their UC funds.

Budgetary and political constraints aside, solvency is a prerequisite for the .6 percent freeze in my legislation for a second and even more important reason. The reason is that it is not in the interests of Pennsylvania, or any other state, for the state UC fund to be allowed to go deeper into debt. Just as significant a deterrent to prospective employers as the federal penalty tax is the magnitude of a state's debt. Any prospective employer considering locating in Pennsylvania realizes that he or she is going to have to eventually help repay the state's outstanding debt of $1.5 billion. The higher the debt, the greater the disincentive to prospective employers.

Related to the solvency requirement is a provision that you, as business people, ought to find particularly attractive. That is the requirement that on any future borrowing, a state pay interest unless the money is borrowed only for short-term, cash flow purposes. The interest charge is nominal—10 percent, roughly half of what small business has been paying for capital. But the fact that interest will be charged is a necessary and important change from current law.

The reason is that interest-free loans are such a great temptation for state officials to abuse the borrowing privilege, allowing them to avoid—as Pennsylvania did for most of the decade—the difficult but necessary decisions to balance the state UC fund. I am confident that employers in Pennsylvania know that whenever the state borrows beyond its means, the state is imposing a non-legislated but real tax increase on you. That happens because, whenever the state defaults on its loans, the bill is sent to Pennsylvania employers—who must ultimately pay it back through lost FUTA credits.

Because interest on any new borrowing cannot be paid from the state UC fund, the state will have to find the revenues to make interest payments if it does not keep the UC fund on a "pay as you go" basis. This provision gives states, for the first time, a direct stake in the solvency of the UC fund. And let me observe that this achieves a welcome re-orientation compared to current law, since, even though the Pennsylvania UC system cost $1.2 billion last year, it is not reflected in the state's budget and is not subject to the annual scrutiny of most state programs.

Having explained the philosophy and details of this approach and having given you the good news about Senate acceptance of my legislation, let me spend a few minutes on the bad news: the failure, as also occurred last year, of the House Ways and Means Committee to act on a companion measure.

House and Senate conferees should start meeting this week on the budget reconciliation bill and are scheduled to complete work on the budget reconciliation bill very soon. The goal is to have a bill ready for the President's signature no later than August 1. Unless the House Ways and Means Committee acts promptly to decide on this issue, the victory we won in the Senate may not result in relief for Pennsylvania this year.

Almost as troubling as the failure of the House Ways and Means Committee to act is the direction in which the Democratic Majority on the Committee appears to be headed. Just last week, I saw a draft bill that had been circulated, supposedly as a consensus proposal. Enactment of the draft I saw would have disastrous consequences for employers in Pennsylvania—consequences more drastic than the provisions of current law.

In particular, I have two concerns regarding the impact of the Ways and Means Committee proposal on Pennsylvania's business climate. First, the Ways and Means Committee proposal would require Pennsylvania to repeal the credit in state law given for the first 0.9 percent of the federal penalty. This translates into an automatic, permanent increase in taxes on Pennsylvania employers of $140 million per year.

Second, the Ways and Means Committee proposes to drop solvency as a prerequisite for the freeze. Instead, it is proposed that eligibility be based upon a complicated ratio of tax receipts and benefit payments whose impact would be 180 degrees opposite of that sought by the Pennsylvania business community. This formula would actually encourage insolvency and continuing tax increases.

Because time is so short—and because the proposal of the House Ways and Means Committee would have such an adverse impact on Pennsylvania's business climate—it is essential that Pennsylvanians unite in seeking responsible relief from the federal government for the state's UC fund.

On the Senate Floor, I was successful in amending the Finance Committee package to accommodate the concerns expressed by the Governor and the Pennsylvania Department of Labor and Industry regarding the potential impact of an unanticipated downturn in Pennsylvania's economy on the state's eligibility for the freeze. This modified "recessionary waiver" from the solvency requirement was drafted with the assistance and support of the Administration in Harrisburg, addressing their concerns without destroying the solvency incentives sought by the Pennsylvania business community.

In short, there is no reason that Pennsylvania's congressional delegation should not unite in seeking prompt House acceptance of the Senate UC loan reform measure. It is a matter of the highest urgency.

It is a question of whether or not Pennsylvania business will pay an additional $1 billion in taxes in the next five years.

It is a question of our business climate in the state.

It is a question of jobs for both employed and unemployed.

And it is a test of whether the U.S. House and Senate will act responsibly and in time.

With your help, and with that of all other concerned Pennsylvanians, I believe we can take this important step forward before the chance to do so eludes us once again.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

ANNUAL REPORT OF THE NATIONAL SCIENCE FOUNDATION—MESSAGE FROM THE PRESIDENT—PM 64

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report, which was referred to the Committee on Labor and Human Resources:

To the Congress of the United States:

I am pleased to transmit the annual report of the National Science Foundation for Fiscal Year 1980. I have long maintained an interest in the vitality of our scientific and technological capabilities. I consider these capabilities as crucial to the economic well-being of our Nation, a mainstay of our national security, and a beneficial influence on the quality of life of our citizens.

As this report is issued, we find ourselves at a turning point in our history, a time when we must make difficult choices. This administration is committed to revitalizing the economy. Our success in this endeavor will depend greatly upon how well we can improve the productivity and competitiveness of our industrial sector. As we look for ways to enhance technological innovation—a key to increase productivity and competitiveness—we remember that the ultimate source of innovation is new knowledge. The National Science Foundation is unique among Federal agencies in that its primary responsibility is to promote advances in knowledge through encouragement and support of basic research. Such research, properly executed, is an essential investment in our future and one we must wisely and responsibly nurture.

When the National Science Foundation was created in 1950, the United States led all other nations in economic productivity, military power, the sciences, and technology. Today we face chal-

lenges in all these areas. But as the Foundation Director, John Slaughter, notes in his opening statement in this report, challenges also bring with them opportunities.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–1499. A communication from the Deputy Assistant Secretary of Defense for Installations and Housing, transmitting pursuant to law, notification of a construction project to be undertaken by the Naval Reserve at the Naval Air Station, Wouth Weymouth, Maine; to the Committee on Armed Services.

EC—1500. A communication from the Director of the Selective Service System, transmitting pursuant to law, the System's Semiannual Report covering October 1, 1980 through March 31, 1981; to the Committee on Armed Services.

EC–1501. A communication from the Acting Comptroller General of the United States, transmitting pursuant to law, a report entitled "Logistics Planning for the M 1 Tank: Implications for Reduced Readiness and Increased Support Costs"; to the Committee on Armed Services.

EC–1502. A communication from the Acting Comptroller General of the United States, transmitting to law, a report entitled "Examination of the Panama Canal Commission's fiscal year 1980 financial statements and treaty-related issues"; to the Committee on Armed Services.

EC–1503. A communication from the Acting Comptroller General of the United States, transmitting pursuant to law, a report entitled "Weaknesses in the Planning and Utilization of Rental Housing for Persons in Wheelchairs"; to the Committee on Banking, Housing, and Urban Affairs.

EC–1504. A communication from the Secretary of Housing and Urban Development, transmitting pursuant to law, the annual report on the Congregate Housing Services Program; to the Committee on Banking, Housing, and Urban Affairs.

EC–1505. A communication from the Secretary of Housing and Urban Development, transmitting pursuant to law, a report in response to recommendations by the House Appropriations committee relative to the Section 8 program; to the Committee on Banking, Housing, and Urban Affairs.

EC–1506. A communication from the Acting Comptroller of the Currency, transmitting pursuant to law, the annual report of the Comptroller of the Currency for the year ending March 31, 1981; to the Committee on Banking, Housing, and Urban Affairs.

EC–1507. A communication from the Secretary of Transportation, transmitting pursuant to law, the Urban Mass Transportation Administration's quarterly report for the second quarter of fiscal year 1981; to the Committee on Banking, Housing, and Urban Affairs.

EC–1508. A communication from the Secretary of Commerce, transmitting pursuant to law, the annual report of the Department on its activities under the Fair Packaging and Labeling Act; to the Committee on Commerce, Science, and Transportation.

EC–1509. A communication from the Acting Chairman of the National Advisory Committee on Oceans and Atmosphere, transmitting pursuant to law, the annual report of the Advsiory Committee; to the Committee on Commerce, Science, and Transportation.

EC–1510. A communication from the Chairman of the Nuclear Regulatory Commission, transmitting pursuant to law, a status report on efforts by the Commission to study the feasibility and value of licensing plant managers and senior licensee officers responsible for the operation of nuclear power facilities; to the Committee on Environment and Public Works.

EC–1511. A communication from the Secretary of Energy transmitting, pursuant to law, notification that the Department is not seeking funds for fiscal year 1982 to implement the Methane Transportation Research, Development, and Demonstration Act but will continue with rulemaking process established by the Act unless Congress removes such requirements; to the Committee on Energy and Natural Resources.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MATHIAS, from the Committee on Rules and Administration:

Special report entitled "Report of the Committee on Rules and Administration Pursuant to Section 302(B) of the Congressional Budget Act of 1974 (Rept. No. 97–147).

By Mr. THURMOND, from the Committee on Armed Services and the Committee on the Judiciary, and on behalf of Mr. MATHIAS from the Committee on Governmental Affairs, with amendments:

S. 1127. A bill to authorize appropriations for the fiscal year 1982 for intelligence activities of the United States Government, the Intelligence Community Staff, the Central Intelligence Agency Retirement and Disability System, and to provide certain personnel management authorities for the Defense Intelligence Agency, and for other purposes (Rept. No. 97–148).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. SIMPSON, from the Committee on Veterans' Affairs:

Robert P. Nimmo, of California, to be Administrator of Veterans' Affairs; and

Frank Saburo Sato, of Virginia, to be Inspector General, Veterans' Administration (pursuant to the order of June 2, 1981, referred to the Committee on Governmental Affairs for not to exceed 20 days).

By Mr. ROTH, from the Committee on Governmental Affairs:

K. William O'Connor, of Virginia, to be Inspector General, Community Services Administration.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. DECONCINI:

S. 1453. A bill to amend chapter 73 of title 10, United States Code, to provide for the disposition of the retirement benefits between members and former members of the armed forces and their spouses; to the Committee on Armed Services.

By Mr. BRADLEY:

S. 1454. A bill to transfer certain Federal property to the city of Hoboken, New Jersey; to the Committee on Governmental Affairs.

By Mr. BIDEN (for himself, Mr. NUNN, Mr. KENNEDY, Mr. CHILES, Mr. DECONCINI, Mr. HEFLIN, Mr. BUMPERS, Mr. BAUCUS, Mr. BENTSEN, Mr. EAGLETON, Mr. ROBERT C. BYRD, Mr. METZENBAUM, Mr. LEAHY and Mr. CANNON):

S. 1455. A bill to fight violent crime and crime organizations and to improve the administration of the criminal justice system; to the Committee on the Judiciary.

By Mr. MELCHER:

S. 1456. A bill to amend the Federal Meat Inspection Act to require that imported agricultural commodities meet the inspection and other standards that apply to domestically-produced agricultural commodities; to the Committee on Agriculture, Nutrition. and Forestry.

By Mr. JACKSON (for himself and Mr GORTON):

S. 1457. A bill to reinstate United States oil and gas lease number OR–13713; to the Committee on Energy and Natural Resources.

By Mr. DENTON:

S. 1458. A bill to amend section 673b of title 120, United States Code, relating to the authority of the President to order members of Selected Reserve to active duty during periods other than war or national emergency, and for other purposes; to the Committee on Armed Services.

By Mr. DOLE:

S.J. Res. 96. Joint resolution giving the consent of Congress to an agreement between the State of Missouri and the State of Kansas establishing a boundary between the States; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DECONCINI:

S. 1453. A bill to amend chapter 73 of title 10, United States Code, to provide for the disposition of the retirement benefits between members and former members of the Armed Forces and their spouses; to the Committee on Armed Services.

DISPOSITION OF RETIREMENT BENEFITS BETWEEN MEMBERS AND FORMER MEMBERS OF THE ARMED FORCES AND THEIR SPOUSES

Mr. DECONCINI. Mr. President, I am introducing today a bill to provide that the division of property and retirement benefits of members of our Armed Forces, upon dissolution of marriage, shall be governed exclusively by the law of the State in which the proceeding takes place.

The bill resolves the questions raised in the Supreme Court's recent decision in McCarty against McCarty issued on June 23, 1981. In that case, the Court held that Federal law preempted State disposition of property in marriage dissolution proceedings involving the right of an ex-spouse to retirement benefits of a former member of the armed services. Since the inception of our country, both family and property law have been recognized as matters of peculiarly local concern, and therefore governed by State and not Federal law. I can see no special overriding issue involving the disposition of military retirement benefits that should carve out that type of property for special treatment under Federal law. As Justices Rhenquist, Stewart, and Brennan noted in their dissent:

Questions concerning the appropriate disposition of property upon the dissolution of marriage . . . are particularly within the

control of the States, and the authority of the States should not be displaced except pursuant to the clearest direction of Congress.

The deference to State law disposition of property is emphasized by the fact that there have been only six occasions in the entire history of this Nation in which Federal law has preempted State law in this area. Two of these cases have been decided in the last 2 years. As Justices Rhenquist, Brennan, and Stewart noted, there is no reason that military retirement benefits should be one of those rare exceptions.

The question which has arisen in recent years is whether military retirement benefits are community property or the separate property of the serviceperson. The answer is contingent upon a determination of whether or not the retirement benefits were "earned" during the marriage. The community property States have found the answer to this question dispositive on the issue, and many have determined that the retirement benefits were community property.

This determination by the States was generally relied upon as the final work in this area for a number of years prior to McCarty.

I firmly believe that the State courts are the proper forum for the disposition of property upon the dissolution of marriage. The bill I introduce today confirms the traditional jurisdiction of the State courts to dispose of all property of the parties, including military retirement benefits. The McCarty decision, which found a Federal preemption of this right of disposition of military retirement benefits, effectively means that the retirement benefits of a former member of the armed services go solely to that member unless the member elected another annuity disposition program. This could easily result in ex-spouses receiving nothing from what may be the sole marital asset in many cases.

The reasons given for this special treatment of the service member are that it is an incentive for individuals to stay in the military until retirement age, and then retire immediately, thereby keeping a youthful military. These are sound reasons, but what of all the rhetoric we hear about the value of the military spouse to the serviceman?

It strikes me that a spouse who is secure in the knowledge of his or her entitlement to a portion of the member's retirement benefits will be more supportive of the member, encourage the member to participate in the military until retirement age, and, generally add to the stability of the military family.

It is essential that Congress make a clear determination of whether State law shall govern the division of assets in a marriage dissolution, or whether Congress concurs with the McCarty decision that found that Congress pre-empted the States on the division of military retirement benefits issue. I firmly believe that we should return jurisdiction over this issue to the States where it rationally and historically belongs.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1453

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) chapter 73 of title 10, United States Code, relating to annuities based on retired or retainer pay, is amended by adding after subchapter II the following new subchapter:

"SUBCHAPTER III—FORMER SPOUSE'S SHARE OF RETIRED OR RETAINER PAY

"Sec.
"1461. Nonpreemption of State law.

"§ 1461. Nonpreemption of State law.

"For purposes of division of marital property of any member or former member of the armed forces upon dissolution of such member's marriage, the law of the State in which the dissolution of marriage proceeding was instituted shall be dispositive on all matters pertaining to the division of any retired, retirement, or retainer pay to which such member or former member is entitled or will become entitled.".

(b) The table of subchapters at the beginning of chapter 73 of such title is amended by adding at the end thereof the following new item:

"III. Nonpreemption of State law---- 1461".

By Mr. BRADLEY:

S. 1454. A bill to transfer certain Federal property to the city of Hoboken, N.J.; to the Committee on Governmental Affairs.

TRANSFER OF CERTAIN LAND TO HOBOKEN, N.J.

Mr. BRADLEY. Mr. President, the bill I am introducing today will help revitalize a small but important part of our northeast seacoast by transferring title to certain Federal property on the Hudson River to the city of Hoboken, N.J.

This Hudson River property was privately owned in 1918 by two German affiliated corporations. When the United States entered into war against Germany, President Wilson appropriated the property for the Federal Government for national security reasons. Since that time the Federal Government has held the title to the various piers and docks which comprise the property.

Since 1952, the control of the piers and docks has been determined by an agreement between the Maritime Administration, the city of Hoboken, and the Port Authority of New York and New Jersey. Under this agreement, the property is leased to the city of Hoboken and, in turn, sublet to the port authority on the express condition that it be used only for maritime terminal purposes. While the agreement has worked well in the past, the pier property is no longer attractive for marine terminal purposes, due primarily to the technological advances which favor container shipping instead of break-bulk cargo shipping. Thus, the property has stood idle for the past few years, providing no economic benefit to the city of Hoboken, the Federal Government, or any other party.

The bill I am introducing today would correct this problem by transferring the property to the city of Hoboken so it can be redeveloped without the restraints currently imposed by the 1952 agreement. If we are to revitalize our national economy, one way to start is by rebuilding and improving our cities and waterways. Today I am proposing a small but important step in that direction and I hope the Congress will support this effort to redevelop this waterway property.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1454

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Commerce shall, for and on behalf of the United States, transfer without compensation, as is and without warranty of any kind, to the City of Hoboken, New Jersey, the right, title, and interest of the United States in the real property described in Schedule A appended to a proclamation of the President of the United States, dated December 3, 1918, except that the property transferred to the Department of the Treasury by the Second Deficiency Act, fiscal year 1929, may not be transferred under this section.

SEC. 2. The Act of April 19, 1930 (46 Stat. 219) and the Act of June 21, 1938 (52 Stat. 833) are repealed.

By Mr. BIDEN (for himself, Mr. NUNN, Mr. KENNEDY, Mr. CHILES, Mr. DECONCINI, Mr. HEFLIN, Mr. BUMPERS, Mr. BAUCUS, Mr. BENTSEN, Mr. EAGLETON, Mr. ROBERT C. BYRD, Mr. METZENBAUM, Mr. LEAHY, and Mr. CANNON):

S. 1455. A bill to fight violent crime and crime organizations and to improve the administration of the criminal justice system; to the Committee on the Judiciary.

NATIONAL SECURITY AND VIOLENT CRIME CONTROL ACT OF 1981

(The remarks of Mr. BIDEN, Mr. NUNN, and Mr. BENTSEN on this legislation appear during the debate on Senate Resolution 141, a resolution relating to violent crime in America, in today's RECORD.)

The text of the bill is as follows:

S. 1455

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Security and Violent Crime Control Act of 1981".

TITLE I—OMNIBUS DRUG CONTROL AMENDMENTS

SEC. 101. This title may be cited as the "Omnibus Drug Control Amendments".

SEC. 102. (a) The purpose of this section is to set goals for Justice Department narcotics law enforcement policy.

(b) (1) Ninety days after the enactment of this section and thereafter on an annual basis the Attorney General shall submit to the Judiciary Committees of the Senate and the House of Representatives a report which shall explain how any proposed reorganization of the Drug Enforcement Administration and Justice Department narcotics control policy and organized crime control policy generally will accomplish the following goals:

(A) completely immobilize at least one of the traditionally recognized organized crime entities each year;

(B) reducing the number of narcotic trafficking organizations and independent traf-

fickers as evidenced by (i) identifying the 100 most sophisticated narcotic trafficking organizations in America, targeting and successfully eliminating at least ten of these narcotic organizations each year through arrests and indictment of the top people in each organization; (ii) increasing by 10 percent annually the total number of level 1 and 2 violator arrests in which the Drug Enforcement Administration was the primary enforcement agency conducting the investigation; and (iii) increasing by 10 percent annually the number of level 1 and 2 violator arrests in which the Drug Enforcement Administration assisted other Federal, State, or local enforcement agencies; and

(C) reducing the economic incentives for drug traffickers by seizing and forfeiting assets of major narcotics traffickers through the use of forfeiture laws (21 U.S.C. 881 (a) and (b) 21 U.S.C. 848, 18 U.S.C. 1961–4) by returning annually to the United States Treasury a dollar value of forfeited assets using such laws which at least equals $250,000,000 or the annual budget of the Drug Enforcement Administration whichever is more. (2) For the purposes of this section the term—

(A) "drug seizure" means confiscated drugs by law enforcement agencies;

(B) "level 1 and 2 violators" means the most significant drug traffickers which include interstate or international traffickers, laboratory operators, financiers, or heads or criminal organizations;

(C) "seizure" means physical securing property by law enforcement personnel;

(D) "forfeiture" means a judicially required divestiture of property without compensation; and

(E) "forfeited assets" means four types of assets which apply to the forfeiture statutes: (i) contraband, such as guns and controlled substances; (ii) derivative contraband, such as boats, airplanes, and cars used to warehouse, transport, or exchange contraband; (iii) direct proceeds, such as cash received for exchanging or payment for a variety of transactions involving contraband; and (iv) derivative proceeds, such as corporate stock real estate, legitimate businesses that are purchased, maintained, or acquired with the direct proceeds of an illegal transaction.

SEC. 103. (a) This section may be cited as the "National Narcotics Act of 1981".

(b) The Congress hereby makes the following findings:

(1) The eradication of the illegal drug problem is one of the Nation's most pressing concerns.

(2) The problem of illegal drug activity falls across the entire spectrum of Federal activities both nationally and internationally.

(3) The magnitude and scope of the problem requires a director of national and international drug operations and policy with the responsibility for the coordination and direction of all Federal efforts by the numerous agencies.

(4) Such a director must have broad authority and responsibility for making management, policy, and budgetary decisions with respect to all Federal agencies involved in attacking this problem so that a unified and efficient national effort can be made to eliminate the illegal drug problem.

(c) It is the purpose of this section to insure—

(1) the development of a national policy with respect to illegal drugs;

(2) the direction and coordination of all Federal agencies involved in the effort to implement such national policy; and

(3) that a single, competent, and responsible high-level official of the United States Government, who is appointed by the President, by and with the advice and consent of the Senate, and who is accountable to the Congress and the American people, will be charged with the responsibility for the overall direction of United States policy, resources, and operations with respect to the illegal drug problem.

(d) There is established in the executive branch of the Government an office to be known as the "Office of the Director of National and International Drug Operations and Policy" (hereinafter in this Act referred to as the "Office of the Director"). There shall be at the head of the Office of the Director a Director of National and International Drug Operations and Policy (hereinafter in this Act referred to as the "Director"). There shall be a Deputy Director of National and International Drug Operations and Policy (hereinafter in this Act referred to as the "Deputy Director") to assist the Director in carrying out the Director's functions under this Act.

(e) The Director and the Deputy Director shall be appointed by the President, by and with the advice and consent of the Senate. The Director and the Deputy Director shall each serve at the pleasure of the President. No person may serve as Director or Deputy Director for a period of more than six years unless such person is reappointed to that same office by the President, by and with the advice and consent of the Senate. The Director shall be entitled to the compensation provided for in section 5311, title 5, United States Code. The Deputy Director shall be entitled to the compensation provided for in section 5313, title 5, United States Code.

(f) The Director shall serve as the principal director and coordinator of United States operations and policy on illegal drugs.

(g) The Director shall have the responsibility, and is authorized, to—

(1) develop, review, implement, and enforce United States Government policy with respect to illegal drugs;

(2) direct and coordinate all United States Government efforts to halt the flow into, and sale and use of illegal drugs within the United States;

(3) supervise and approve proposed budgetary priorities and budgetary allocations of entities of the United States Government with respect to drugs;

(4) coordinate the collection and dissemination of information necessary to implement United States policy with respect to illegal drugs; and

(5) direct the temporary reassignment of Government personnel within the United States Government in order to implement United States policy with respect to drugs.

(h) The Director shall submit to the Congress, within nine months after enactment of this Act, and annually thereafter, a full and complete report reflecting United States policy with respect to illegal drugs, plans proposed for the implementation of such policy, and, commencing with the submission of the second report, a full and complete report reflecting accomplishments with respect to the United States policy and plans theretofore submitted to the Congress.

SEC. 104. Subsection (c) of section 924 of title 18, United States Code, is amended to read as follows:

"(c) Whoever—

"(1) uses any firearm to commit a felony with respect to which the district courts of the United States have original and exclusive jurisdiction under section 3231 of this title; or

"(2) carries a firearm during the commission of any such felony if an element of such felony is the use of violence or threat of imminent violence;

shall, in addition to the punishment provided for the commission of such felony, be sentenced to a term of imprisonment for not less than five years, nor more than ten years. In the case of the second or subsequent conviction of a person under this subsection, such person shall be sentenced to imprisonment for any term of years not less than ten, or to life imprisonment. Notwithstanding any other provision of law, the court shall not suspend the sentence in the case of a person convicted under this subsection, or give that person a probationary sentence, nor shall the term of imprisonment imposed under this subsection run concurrently with any term of imprisonment imposed for the commission of such felony. Notwithstanding any other provision of law, a person convicted under this subsection shall not be eligible for parole during the first five years of imprisonment in the case of a first conviction under this subsection and during the first ten years if imprisonment in the case of a second or subsequent conviction under this subsection. It is the intention of Congress that the administration vigorously investigate and prosecute every violation of this subsection.".

SEC. 105. (a) Title 18, United States Code, is amended by adding a new section 1118, as follows:

"§ 1118. Contract murder

"(a) DEFINITIONS.—As used in this chapter:

"(1) 'Contract murder' means a murder, attempted murder, or assault which violates the laws of the State where the prohibited acts were committed or commissioned, and which was commissioned, committed, or attempted to be commissioned or committed by any person offering, providing, agreeing to provide, threatening to cease providing, or soliciting, receiving, or agreeing to receive anything of value.

"(2) 'Commission or commissioned' means offering, planning, instructing, ordering, coercing, or otherwise initiating or being instrumental in a contract murder or attempted contract murder.

"(3) 'Anything of value' means anything tangible or intangible the offering party agrees to provide or the receiving party agrees to receive in exchange for committing or attempting to commit a contract murder as defined in this chapter, and may include, but is not limited to, tangible items such as money, land, or position, or intangible items such as gaining favor, anticipation or rewards for services performed, or other similar items.

"(4) 'Superior' means any person exerting direct or indirect responsibility, authority, control, or influence over another person.

"(5) 'Subordinate' means any person who is directly or indirectly responsible to or under the authority, control, or influence of another person.

"(b) COMMISSIONING, OR COMMITTING A CONTRACT MURDER, ATTEMPTED CONTRACT MURDER, OR CONTRACT ASSAULT.—(1) Any person who offers, provides, agrees to provide, threatens to cease providing, solicits, receives, or agrees to receive, anything if value as consideration for the commission of a murder, attempted murder, or assault which violates the laws of the State in which the prohibited acts were committed or commissioned shall be fined not more than $10,000 or imprisoned for not more than ten years, or both; and if personal injury results, shall be fined not more than $50,000 or imprisoned for not more than twenty years, or both; and if death results, shall be fined not more than $100,000 or be imprisoned for any term of years or for life, or both.

"(2) In any prosecution under this section, if it is shown that there was present—

"(A) a direct or indirect contact or communication between two or more persons involving an offer, agreement, or solicitation to commit a contract murder, or

"(B) a direct or indirect contact or communication between a superior and a subordinate involving an offer, agreement, or solicitation to commit a contract murder, then there is prima facie evidence that the

prohibited acts described in subsection 1118(b)(1) were committed and commissioned for anything of value.

"(3) Any person who uses actual or threatened force, violence or fear, or any person who uses his reputation for being a person who uses force and violence, to coerce or attempt to coerce another person to commit a murder, attempted murder, or assault in violation of the law of the State in which the prohibited acts were committed or commissioned shall be in violation of this section and shall be subject to the penalties set forth in subsection 1118(b)(1).

"(c) ATTORNEY GENERAL GUIDELINES.—The Attorney General shall, by regulation, designate criteria for Federal participation in the investigation and prosecution of contract murders as defined in this section: *Provided, however*, That these criteria are to be used solely for the purpose of providing comity with State and local authorities and to preserve and coordinate the limited resources of the Federal Government, and in no way shall limit the authority of the Federal Government to investigate and prosecute violations of this section.

"(d) EFFECT ON EXISTING FEDERAL COOPERATION WITH STATE AND LOCAL AUTHORITIES.—Nothing in this section shall compromise or otherwise affect the ability of Federal officials to assist State and local officials upon request.

"(e) EFFECT ON STATE LAWS.—This chapter shall not preempt any field of law with respect to State legislation which would be permissible in the absence of this section. No law of any State which would be valid in the absence of section 1118 and no officer, agency, or instrumentality of any State may be deprived by virtue of section 1118 of any jurisdiction over any offense over which it would have jurisdiction in the absence of section 1118.".

(b) The analysis of chapter 51 of title 18, United States Code, is amended by adding at the end thereof the following:

"1118. Contract murder.
"1118 (a) Definitions.
"(b) Commissioning, or committing a contract murder, attempted contract murder, or contract assault.
"(c) Attorney General guidelines.
"(d) Effect on existing Federal cooperation with State and local authorities.
"(e) Effect on State laws.".

SEC. 106. Section 1114 of title 18, United States Code, is amended by adding after "Department of Justice," the following: "any attorney, agent, or employee of the United States Government employed to investigate or prosecute violations of Federal criminal statutes, or any officer or employee of any department or agency within the Intelligence Community (as defined in section 4-207 of Executive Order 12036 of January 24, 1978, or successor orders),".

SEC. 107. (a) Chapter 7 of title 18, United States Code, is amended by adding at the end thereof a new section 115, as follows:

"§ 115. Protection of families of Federal Officers

"Any person who assaults, maims, kidnaps, murder or threatens to assault, maim, kidnap or murder the spouse, parent, brother, sister, child, ward, or other relative by blood or marriage, of any person designated in section 1114 of this title, with intent to impede, intimidate, interfere with, or retaliate against, the designated person while engaged in or on account of the performance of his official duties, shall be fined not more than $10,000 or imprisoned not more than ten years, or both. If a dangerous weapon is used in the commission of the offense, he shall be fined not more than $20,000 or imprisoned not more than fifteen years, or both. If personal injury results, he shall be fined not more than $50,000 or imprisoned for not more than twenty years, or both. If death results, he shall be imprisoned for any term of years or for life.".

(b) The analysis of chapter 7 of title 18, United States Code, is amended by adding at the end thereof the following:

"115. Protection of families of Federal officers.".

SEC. 108. Section 1503 of title 18, United States Code, is amended to read as follows:

"§. 1503. Influencing or injuring officer, juror, witness, potential witness, or informant

"Any person who corruptly, or by threats or force, or by any threatening letter or communication, endeavors to influence, intimidate, or impede any witness, potential witness, or informant in any court, grand jury, or other proceeding of the United States or before any United States commissioner or other committing magistrate, or any grand or petit juror, or officer in or of any court of the United States, or officer who may be serving at any examination or other proceeding before any United States commissioner or other committing magistrate, in the discharge of his duty; or who injures any party, witness, potential witness, or informant in his person or property on account of his attending, having attended, or his potential participation in such court, grand jury, or other proceeding or examination before such officer, commissioner, or other committing magistrate, or on account of his testifying, having testified, being a potential witness to, or providing information on any matter pending therein; or who injures any such grand or petit juror in his person or property on account of any verdict or indictment assented to by him, or on account of his being or having been such juror; or who injures any such officer, commissioner, or other committing magistrate in his person or property on account of the performance of his official duties; or who corruptly or by threats or force, or by any threatening letter or communication, influences, obstructs, or impedes, or endeavors to influence, obstruct, or impede the due administration of justice, or who corruptly or by threats or force or by any threatening letter or communication endeavors to influence, intimidate or impede any witness, potential witness or informant with intent to hinder, delay or prevent the communication to a law enforcement officer of information relating to an offense or possible offense, shall be fined not more than $10,000 or imprisoned not more than ten years, or both.".

SEC. 109. Section 552(b)(7)(D) of title 5, United States Code, is amended by inserting the term ", or tend to disclose," after the word "disclose".

SEC. 110. Rule 35 of the Federal Rules of Criminal Procedure is amended by adding a new paragraph to subsection (b) to read as follows:

"The court may also reduce a sentence at any time upon the application of the Attorney General, or any Department of Justice attorney specially designated by the Attorney General, when a convicted defendant provides substantial assistance in the identification, investigation, indictment, arrest, or conviction of any of the defendant's accomplices, accessories, co-conspirators, principals, or other persons engaged in criminal conduct. Any such motion may be filed and heard on an ex parte motion in camera. The judge hearing such motion may reduce the sentence of the defendant if he finds that the defendant rendered such substantial assistance.".

SEC. 111. Title 18, United States Code, is amended by adding a new section 2521, as follows:

"§ 2521. Limitations on disclosures to protect ongoing criminal investigations

"(a) If the disclosure of any information contained in the affidavits, application, orders, or accompanying documents required by this chapter would tend to disclose the existence of other pending investigations or wire interceptions, a Federal district court judge may seal, use in camera proceedings, or other procedures to insure that the portion or portions of such documents which may disclose an ongoing criminal investigation or wire intercept are not disclosed. In making his decision, the judge shall consider the legal rights of any party receiving or requesting access to such documents and whether or not the portion or portions concerning ongoing criminal investigations, or wire intercepts are essential to protect any statutory or constitutional right claimed by such party.

"(b) The Attorney General or any attorney specially designated by him may make application to a Federal district court judge to seal, hold in camera proceedings, or use other appropriate procedures to protect the confidentiality of information relating to ongoing criminal investigations or wire intercepts as described in subsection 2521(a) of this title.".

SEC. 112. (a) Rule 6(e)(3)(A) of the Federal Rules of Criminal Procedure is amended by adding at the end thereof the following:

"(iii) a State or local law enforcement official duly authorized as an agent of the grand jury, where such an official is assisting an attorney for the Government in the enforcement of Federal criminal law.".

(b) Rule 6(e)(3)(B) of the Federal Rules of Criminal Procedure is amended by substituting the words "subparagraphs (A)(ii) and (A)(iii)" for "subparagraph (A)(ii)".

SEC. 113. (a) Chapter 227 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 3579. Mandatory prison sentence

"A term of imprisonment shall be imposed whenever—

"(1) serious bodily injury resulted from the defendant's participation in the offense; or

"(2) the offense is a felony and the defendant was previously convicted of a Federal, State, or local felony, unless a substantial period of time has elapsed since the defendant's previous conviction.".

(b) The table of sections for chapter 227 of title 18, United States Code, is amended by adding at the end thereof the following new item:

"3579. Mandatory prison sentence.".

SEC. 114. (a) Sections 3149, 3150, 3151, and 3152 of title 18, United States Code, are designated as sections 3156, 3157, 3158, and 3159, respectively.

(b) Chapter 207 of title 18, United States Code, is amended by inserting after section 3145 the following new sections:

"§ 3146. Release authority generally

"A person charged with an offense may be ordered released or detained pursuant to the provisions of this chapter by a judge authorized to order the arrest and commitment of offenders, but a person charged with an offense for which a sentence of death is authorized may be ordered released only by a judge of a court of the United States that has original jurisdiction in criminal cases.

"§ 3147. Release pending trial in a noncapital case

"(a) CONSIDERATION OF APPEARANCE.—A person charged with an offense, other than an offense for which a sentence of death is authorized, shall, at his appearance before a judge, be ordered detained or released pending trial. If released, the person may be released on his personal recognizance, or upon the execution of an unsecured appearance bond in an amount specified by the judge, and upon the mandatory condition set forth in subsection (d), unless the judge determines, in the exercise of his discretion, that such release will not reasonably assure the appearance of the person as required. If such a determination is made, the judge shall,

either in lieu of or in addition to the above methods of release, impose the mandatory condition set forth in subsection (d) and the least restrictive condition or combination of conditions of release set forth in subsection (e) that will reasonably assure the appearance of the person for trial. After the court has determined the conditions of release pursuant to this subsection, and the person has indicated that he can satisfy those conditions, the court shall consider the provisions of subsection (b).

"(b) CONSIDERATION OF COMMUNITY SAFETY.—The court upon ordering the detention or release of a person pursuant to subsection (a) shall determine, in the exercise of its discretion, whether such release will endanger the safety of any other person or the community. If such a determination is made, the judge shall, either in lieu of or in addition to the conditions set pursuant to subsection (a), impose the least restrictive condition or combination of conditions of release set forth in subsection (e) that will reasonably assure the safety of any other person or the community. No financial condition set forth in subsection (e) may be imposed to assure the safety of any person or the community.

"(c)(1) DETENTION IN LIEU OF CONDITIONAL RELEASE.—If the court, after a due process hearing as defined in section 3149(d) finds that—

"(A) on the basis of information presented by proffer or otherwise, there is a substantial probability that the person committed the offense for which he has been charged, and

"(B) that there is clear and convincing evidence that the person is likely to flee or is a danger to any other person or to the community, and that no condition or combination of conditions of release will reasonably assure the defendant's appearance or the safety of any other person or to the community,

it shall order such person detained in custody subject to the further conditions of paragraph (2).

"(2) A defendant may be detained for the purpose of assuring the safety of any other person or to the community under clause (B) of paragraph (1), only if such defendant is charged with a dangerous or violent offense. For purposes of this paragraph 'dangerous or violent offense' means a Federal offense involving or arising out of the sale, delivery, or trafficking of a controlled substance, the use of a dangerous weapon or firearm, or the threatened or actual use of force to harm any other person or property.

"(d) MANDATORY RELEASE CONDITION.—The judge shall provide as an explicit release condition for any person ordered released pursuant to this subsection, that the person not commit a Federal, State, or local crime during the period of his release.

"(e) DISCRETIONARY RELEASE CONDITIONS.—The judge may provide as an explicit release condition for any person ordered released pursuant to this subchapter that the person—

"(1) remain in the custody of a designated person who agrees to supervise him, if the designated person is able reasonably to assure the judge that the person will appear as required and will not pose a danger to the safety of another person or the community;

"(2) abide by specified restrictions on his travel, associations, or place of abode;

"(3) work conscientiously at his employment, or if unemployed, actively seek employment;

"(4) report on a regular basis to a designated law enforcement agency or pretrial service agency;

"(5) refrain from excessive use of alcohol, or any use of a narcotic drug or other controlled subtance, as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802), without a prescription by a licensed medical practitioner;

"(6) avoid all contact with potential witnesses who may testify concerning the offense;

"(7) refrain from possessing a firearm, destructive device, or other dangerous weapon;

"(8) undergo available medical or psychiatric treatment, including treatment for drug or alcohol dependency, and remain in a specified institution if required for that purpose;

"(9) execute an appearance bond in a specified amount and deposit in the registry of the court, in cash or other security as directed, a sum not to exceed 10 percent of the amount of the bond, which deposit is to be returned upon the performance of the conditions of release;

"(10) execute a bail bond with solvent sureties, or deposit cash in lieu of such a bond; or

"(11) satisfy any other condition reasonably necessary to assure appearance as required pursuant to subsection (a) and to assure the safety of any other person or the community pursuant to subsection (b) including a condition requiring that the person return to official detention after specified hours or during specified periods, and abide by such other severe restrictions on the person's freedom, associations, or activities that the court deems appropriate.

A defendant who is detained or subject to severe restrictions because of the imposition of a condition set forth in subsection (e)(11) shall be brought to trial expeditiously pursuant to the provisions of chapter 208 of this title. The court may only impose financial conditions of release pursuant to this subsection for the purpose of assuring a defendant's appearance in court. Such financial conditions may only be imposed up to the amount a defendant is able to pay. In those cases in which nonfinancial conditions of release will not adequately assure the defendant's appearance and the defendant's financial means are inadequate to meet appropriate financial conditions of release then he shall only be detained pursuant to the procedures described in subsection (c).

"(f) FACTORS IN DETERMINING DETENTION OR RELEASE.—In determining whether the person should be detained or which conditions of release will reasonably assure the appearance of the person as required and the safety of any other person or the community, the judge shall, on the basis of available information, take into account—

"(1) the nature and circumstances of the offense charged;

"(2) the weight of the evidence against the person; and

"(3) the history and characteristics of the person, including his character, mental condition, family ties, employment, past conduct, length of residence in the community, financial resources, record of convictions, record of appearance, flight to avoid appearance, or nonappearance at court proceedings; illegal drug use; whether he was on probation, parole, or other release pending completion of sentence for a conviction under Federal, State, or local law at the time of the current arrest; and whether he was on pretrial release or release pending sentence or appeal for an offense under Federal, State, or local law at the time of the current arrest.

"(g) ORDER.—A judge authorizing the release or detention of a person pursuant to this section shall issue an order containing a statement of findings of fact, the reasons for detention if imposed, and any conditions of release imposed, shall advise him of the penalties applicable to a violation of a condition of his release, and shall advise him that a warrant for his arrest will be issued immediately upon such a violation.

"(h) RECONSIDERATION.—A person ordered detained, concerning whom conditions of release are imposed and who after twenty-four hours from the time of the release hearing continues to be detained as a result of his inability to meet the conditions of release, may, upon application, have the detention order or conditions reviewed by the judge who imposed them. A person who is detained or ordered released on a condition that requires him to return to official detention after specified hours may, upon application, have the order of detention or condition reviewed by the judge who imposed it. Unless the order of detention or conditions of release are amended and the person is therepon detained or released on another condition, the judge shall set forth in writing the reasons for continuing the detention or conditions imposed. If the judge who ordered the detention or imposed conditions of release is not available, any other judge in the district may review such conditions.

"(i) MODIFICATION.—A judge ordering the detention or release of a person on a condition specified in this section may at any time amend his order to impose additional or different conditions of release. If the imposition of such additional or different conditions results in the detention of the person as a result of his inability to meet such conditions, the provisions of subsection (h) are applicable.

"(j) EVIDENCE.—Any information may be presented and considered in connection with an order entered pursuant to this section regardless of its admissibility under the rules governing admission of evidence in criminal trials.

"(k) DETENTION TO PERMIT REVOCATION OF CONDITIONAL RELEASE.—A judge may detain, for a period of ten days or less, a person charged with an offense who comes before him for a pretrial release determination if it appears that the person—

"(1) is, and at the time the offense was committed was, on pretrial or other release for a felony under State or Federal law; or

"(2) is on probation, parole, or other release pending completion of sentence for any offense under Federal, State, or local law;

and that the person may flee or pose a danger to any other person or to the community if released. During the ten-day period, the United States attorney shall notify the appropriate court, probation, or parole official. If the official fails or declines to take the person into custody during such period, the person shall be treated in accordance with the provisions of subsection (a) through (e).

"(l) FORFEITURE OF COLLATERAL.—A court may dispose of an offense that is a misdemeanor or an infraction by entering an order directing forfeiture of collateral posted to assure appearance if a fine in such an amount would be an appropriate sentence after conviction of the offense charged.

"§ 3148. Release pending trial in a capital case

"A person who is charged with an offense for which a sentence of death is authorized shall be treated in accordance with the provisions of section 3147, unless the judge has reason to believe that no conditions of release will reasonably assure that the person will not flee or will not pose a danger to any other person or to the community. If such a risk of flight or danger is believed to exist, the person shall be ordered detained. Such an order is not appealable under section 3151, but may be reviewed under other provisions for review of conditions of release or orders of detention.

"§ 3149. Release pending sentence or appeal

"(a) RELEASE PENDING SENTENCE.—The judge shall order that a person who has been found guilty of an offense and who is awaiting imposition or execution of sentence be held in official detention unless the judge finds pursuant to a due process hearing by clear and convincing evidence that the per-

son is not likely to flee or pose a danger to the safety of any other person or the community. If the judge finds that the person is not likely to flee or to pose a danger to the safety of any person or to the community, the person shall be treated in accordance with the provisions of section 3147.

"(b) RELEASE PENDING APPEAL BY THE DEFENDANT.—The judge shall order that a person who has been found guilty of an offense and sentenced to a term of imprisonment, and who has filed an appeal or a petition for a writ of certiorari, be held in official detention, unless the judge finds pursuant to a due process hearing—

"(1) by clear and convincing evidence that the person is not likely to flee or pose a danger to the safety of any other person or the community; and

"(2) that the appeal is not frivolous or taken for purpose of delay.

If the judge finds that the person is not likely to flee or pose a danger to the safety of any other person or the community and that the appeal is not frivolous or taken for purposes of delay, the person shall be treated in accordance with the provisions of section 3147.

"(c) RELEASE PENDING APPEAL BY THE GOVERNMENT.—The judge shall treat a defendant in a case in which an appeal has been taken by the United States pursuant to the provisions of section 3731 in accordance with the provisions of section 3147.

"(d) For the purposes of this section and section 3147 (c) 'due process hearing' means a hearing conducted in accordance with the requirements of the due process clause of the fifth amendment to the United States Constitution including but not limited to the right to counsel, the right to cross-examine witnesses, and to present evidence.

"§ 3150. Release of a material witness

"If it appears from an affidavit filed by a party that the testimony of a person is material in a criminal proceeding, and if it is shown that it may become impracticable to secure his presence by subpena, a judge may order the arrest of such witness and shall impose conditions of release pursuant to section 3147. No material witness may be detained because of inability to comply with any condition of release if the testimony of such witness can adequately be secured by deposition and if further detention is not necessary to prevent a failure of justice. Release may be delayed for a reasonable period of time until the deposition of the witness can be taken pursuant to the Federal Rules of Criminal Procedure.

"§ 3151. Appeal from denial of release

"(a) REVIEW.—A person—

"(1) who is detained, or whose release on a condition requiring him to return to custody after specified hours is continued; and

"(2) whose application pursuant to section 3147(h) and (i) has been reviewed by a judge other than—

"(A) a judge of the court having original jurisdiction over the offense with which he is charged;

"(B) a judge of a United States court of appeals; or

"(C) a Justice of the Supreme Court of the United States;

may file a motion for an amendment of the order with the court having original jurisdiction over the offense with which he is charged. Such a motion shall be determined promptly.

"(b) APPEAL.—In a case in which a person is detained after—

"(1) a court denies a motion under subsection (a) to amend an order imposing conditions of release; or

"(2) conditions of release have been imposed or amended by a judge of the court having original jurisdiction over the offense charged;

an appeal may be taken to the court having appellate jurisdiction over such court. An order so appealed shall be affirmed if it is supported by the proceedings below. If the order is not so supported, the court may remand the case for a further hearing, or may, with or without additional evidence, order the person released pursuant to section 3147. Such an appeal shall be determined promptly.

"§ 3152. Sanctions for violation of release conditions

"(a) AVAILABLE SANCTIONS.—A person who has been released pursuant to section 3147, and who has violated a condition of release, is subject to a revocation of release, an order of detention, and a prosecution for contempt of court.

"(b) REVOCATION OF RELEASE.—An attorney for the Government may initiate a proceeding for revocation of an order of release by filing a motion with the district court. A judge may issue a warrant for the arrest of a person charged with violating a condition of release, and the person shall be brought before a judge in the district in which his arrest was ordered for a proceeding in accordance with this section. The judge shall enter an order of revocation and detention if, after a hearing, the judge—

"(1) finds that there is clear and convincing evidence that such person has violated a condition of his release; and

"(2) finds that—

"(A) based on the factors set forth in section 3147(f), there is no condition or combination of conditions of release that will assure that such person will not flee or pose a danger to the safety of any other person or the community; or

"(B) no condition or combination of conditions will assure that the person will abide with reasonable conditions.

If the judge finds that there are conditions of release that will assure that the person will not flee or pose a danger to the safety of any other person or the community, and that the person will abide by such appropriate conditions, he shall treat the person in accordance with the provisions of section 3147 and amend conditions of release to the extent necessary to assure compliance with the conditions of release.

"(c) ARREST AUTHORITY.—A law enforcement officer, authorized to make an arrest for an offense committed in his presence, may arrest a person who has been released pursuant to section 3147 if he has reasonable grounds to believe that the person has violated a condition of release imposed on such person and set forth in subsection 3147(e)(2), 3147(e)(5), 3147(e)(6), or 3147(e)(7).

"§ 3153. Release in a case removed from a State court

"If the judgment of a State court in a criminal proceeding is before the Supreme Court of the United States for review, the defendant may not be released from custody pending such review other than pursuant to the laws of such State.

"§ 3154. Surrender of an offender by a surety

"A person charged with an offense, who is released upon the execution of an appearance bond with a surety, may be arrested by the surety, delivered to a United States marshal, and brought before a judge. At the request of the surety, the judge shall order the person held in official detention, and shall endorse on the recognizance, or on the certified copy of the recognizance, the discharge and exoneretur of the surety. The person so committed shall be held in official detention until released pursuant to this chapter or to another provision of law.

"§ 3155. Commitment of an arrested person

"(a) ORDER OF COMMITMENT.—A person who is arrested and charged with an offense or held as a material witness and who is not ordered released pursuant to the provisions of this chapter, shall be ordered committed to the custody of the Attorney General for confinement in a facility for official detention. A copy of the order shall be delivered to the person in charge of the facility as evidence of his authority to hold the arrested person, and the original order, with the return endorsed thereon, shall be returned to the court that issued it.

"(b) DELIVERY OF ARRESTED PERSON FOR COURT APPEARANCE.—The person in charge of an official detention facility to whom an arrested person is delivered pursuant to the provisions of subsection (a) shall deliver the person to a United States marshal for the purpose of a court appearance on order of a court of the United States or on request of an attorney for the Government.".

SEC. 115. Section 1963 of title 18, United States Code, is amended—

(1) by redesignating subsections (b) and (c) as subsections (e) and (f); and

(2) by inserting after subsection (a), the following new subsections:

"(b) In addition to any other penalties prescribed by this section, whoever violates any provision of section 1962 shall forfeit to the United States (1) any profits and proceeds, regardless of the form in which held, that are acquired, derived, used, or maintained in violation of section 1962, and (2) any profits and proceeds, regardless of the form in which held, that are acquired, indirectly or directly, as a result of a violation of section 1962.

"(c) Assets forfeitable under this section include those interests, proceeds, or profits owned by an individual convicted of violating section 1962 and acquired by him, indirectly or directly, through the use of an illegitimate enterprise or illicit association, or through a combination of individuals.

"(d) To the extent that assets, interests, profits, and proceeds forfeitable under this section—

"(1) cannot be located;

"(2) have been transferred, sold to, or deposited with third parties; or

"(3) have been placed beyond the jurisdiction of the United States,

the court, upon conviction of the individual charged, may direct forfeiture of such other assets of the defendant as may be available, limited in value to those assets that would otherwise be forfeited under subsections (a) and (b) of this section. Upon petition of the defendant, the court may authorize redemption of assets forfeited under this subsection, provided the assets described in subsections (a) and (b) are surrendered or otherwise remitted by such defendant to the jurisdiction of the court.".

SEC. 116. (a) Section 408 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (Public Law 91-513, 21 U.S.C. 848) is amended—

(1) in subsection (a)(1) by striking "in paragraph (2)" and inserting in lieu thereof the following: "by this section";

(2) in subsection (a)(2)(A) by adding after the phrase "the profits obtained by him in such enterprise" the following: ", including any profits and proceeds, regardless of the form in which held, that are acquired, derived, used, or maintained, indirectly or directly, in connection with or as a result of a violation of paragraph (1)"; and

(3) by adding the following new subsection after subsection (d):

"(e) To the extent that assets, interests, profits, and proceeds forfeitable under this section—

"(1) cannot be located;

"(2) have been transferred, sold to, or deposited with third parties; or

"(3) have been placed beyond the territorial jurisdiction of the United States,

the court, upon conviction of the individual charged, may direct forfeiture of such other assets of the defendant as may be available, limited in value to those assets that would otherwise be forfeited under subsection (a) of this section. Upon petition of the defendant, the court may authorize redemption of assets forfeited under this subsection, provided the assets described in subsection (a) are surrendered or otherwise remitted by such defendant to the jurisdiction of the court.".

SEC. 117. Subsection (c) of section 1751 of title 18, United States Code, is amended to read as follows:

"(c) Whoever attempts to kill any individual designated in subsection (a) of this section shall be punished by imprisonment for life without possibility of parole.".

SEC. 118. (a) Section 609(b) of the Federal Aviation Act of 1958 (49 U.S.C. 1429) is amended—

(1) by inserting "(1)" after "(b)", and

(2) by adding at the end the following new paragraph:

"(2) Any airman certificate issued under this Act shall be revoked upon the conviction in any court of the holder of such certificate for any violation of any State or Federal statute relating to the transportation or distribution of any controlled substance as defined by the Controlled Substances Act."

(b) The amendment to section 609(b) of the Federal Aviation Act of 1958 made by subsection (a) of this Act shall not apply to any offense committed before the date of enactment of this Act.

(c) Section 902(b) of the Federal Aviation Act of 1958 (49 U.S.C. 1472(b)) is amended—

(1) by striking out "(b) Any person who" and inserting in lieu thereof "(b)(1) Except as provided in paragraph (2), any person who";

(2) by striking out "uses or attempts to use" and inserting in lieu thereof "sells, uses, attempts to use, or possesses with the intent to use"; and

(3) by adding at the end the following new paragraph:

"(2)(A) Any person who violates paragraph (1) (other than by selling a fraudulent certificate) with the intent to violate any State or Federal statute relating to the transportation or distribution of any controlled substance as defined by the Controlled Substances Act shall be subject to a fine not exceeding $25,000 or to imprisonment not exceeding five years, or both.

"(B) Any person who sells a fraudulent certificate (as that term is used in paragraph (1)) with the knowledge that the purchaser intends to use such certificate in connection with any act violating any State or Federal statute relating to the transportation or distribution of any controlled substances as defined by the Controlled Substances Act shall be subject to a fine not exceeding $25,000 or to imprisonment not exceeding five years, or both.".

(d)(1) Chapter 2 of title 18 of the United States Code is amended by adding after section 35 the following:

"§ 36. Use of aircraft for narcotics purposes

"(a) Any person who operates an aircraft (as defined by section 1301 (31) of title 49 of the United States Code) with knowledge that such aircraft is, incident to such operation, used or intended to be used in the commission of an act which is a violation of any State or Federal statute relating to the transportation or distribution of any controlled substances as defined by the Controlled Substances Act shall be subject to a fine of not more than $25,000 or imprisonment for not more than 5 years, or both.

"(b) Any person convicted of a second violation of subsection (a) of this section, shall be subject to a fine of not more than $50,000 or imprisonment for not more than 10 years, or both.

"(c) Any penalty imposed for a violation of this subsection shall be in addition to, and not in lieu of, any penalty imposed under any State or Federal statute relating to the transportation or distribution of any controlled substances as defined by the Controlled Substances Act.".

(2) The table of sections for chapter 2, title 18, United States Code, is amended by adding after the item relating to section 35, the following:

"36. Use of aircraft for narcotic purposes.".

SEC. 119. (a) Title 28, United States Code, is amended by adding after section 522 the following:

"§ 522A. Attorney General report on organized crime

"In order to assist the Congress in making present or future determinations regarding the adequacy of tools and resources available to the executive branch of the Government for the purpose of combating organized criminal activity, the Attorney General shall provide to Congress, within sixty days after the date of enactment of this Act, a complete report on the status of organized crime in this Nation, including the identification of organized criminal groups, their leaders, members, geographical area of operation, size and type of criminal activity each organization is believed to be engaged in, together with an assessment of the reliability of the sources of the information reported. The report shall not identify any source of information provided, and any such information requested which may tend in the opinion of the Attorney General to impede any ongoing Federal criminal investigation may be withheld for that reason, provided that the report shall indicate that information is being withheld for that reason.".

(b) The table of sections for chapter 31, title 28, United States Code, is amended by adding after the item relating to section 522 the following:

"522A. Attorney General report on organized crime.".

SEC. 120. Rule 32 of the Federal Rules of Criminal Procedure is amended by adding at the end thereof the following new subsection:

"(g) FELONY COMMITTED WHILE ON BAIL.—In any case in which a defendant is convicted of an offense which constitutes a felony and which is committed while the defendant is released on personal recognizance or on bail for another offense, and the defendant is convicted for the original offense for which bail was granted, the sentences for the original offense and the subsequent offense shall be imposed consecutively by the court.".

SEC. 121. (a) Title 28, United States Code, is amended by adding after section 529 the following:

"§ 529A. Negotiations with foreign governments

"(a) The Attorney General shall move expeditiously to conduct negotiations to conclude agreements to secure the cooperation of the law enforcement authorities of foreign countries in order to effectively deprive domestic criminals of the use of foreign havens for the proceeds of their crimes.

"(b) The Attorney General shall report to the Committees on the Judiciary of the Senate and the House of Representatives within six months of enactment on progress being made to conclude such agreements.".

(b) The table of sections for chapter 31, title 28, United States Code, is amended by adding after the item relating to section 529, the following:

"529A. Negotiations with foreign governments.".

SEC. 122. (a) This section may be cited as the "Violent Juvenile Refrom Act of 1981".

(b) Section 5032 of title 18, United States Code, is amended to read as follows:

"§ 5032. Delinquency Proceedings In District Courts: Treatment of Juveniles As Adults for Purposes of Criminal Prosecution

"(a) A juvenile alleged to have committed an act of juvenile delinquency shall not be proceeded against in any court of the United States unless the Attorney General, after investigation, certifies to an appropriate district court of the United States that the juvenile court or other appropriate district court of a State (1) does not have jurisdiction or refuses to assume jurisdiction over said juvenile with respect to such alleged act of juvenile delinquency, or (2) does not have available programs and services adequate for the needs of juveniles, or (3) that the offense charged, if committed by an adult, would be a felony punishable by a maximum penalty of ten years imprisonment or more, life imprisonment, or death and there is a special interest warranting Federal prosecution. If the Attorney General does not so certify, such juvenile shall be surrendered to the appropriate legal authorities of such State.

"(b) If an alleged juvenile delinquent is not surrendered to the authorities of a State or the District of Columbia pursuant to this section, any proceedings against him shall be in an appropriate district court of the United States. For such purposes, the court may be convened at any time and place within the district, in chambers or otherwise. The Attorney General shall proceed by information, and no criminal prosecution shall be instituted for the alleged act of juvenile delinquency except as provided below.

"(c) A juvenile who is alleged to have committed an act of juvenile delinquency and who is not surrendered to State authorities shall be proceeded against under this chapter unless he has requested in writing upon advice of counsel to be proceeded against as an adult, except that, with respect to a juvenile sixteen years and older alleged to have committed an act after his sixteenth birthday which if committed by an adult would be a felony punishable by a maximum penalty of ten years imprisonment or more, life imprisonment, or death, criminal prosecution on the basis of the alleged act may be begun by motion to transfer of the Attorney General in the appropriate district court of the United States, if such court finds, after hearing, such transfer would be in the interest of justice. In such cases, the juvenile shall be considered an adult for purposes of prosecution and disposition except that no juvenile convicted as an adult shall be placed or retained in an adult jail or correctional institution in which he has regular contact with adults incarcerated because they have been convicted of a crime or are awaiting trial on criminal charges.

"(d) Evidence of the following factors shall be considered, and findings with regard to each factor shall be made in the record, in assessing whether a transfer would be in the interest of justice: the nature of the alleged offense; the extent and nature of the juvenile's prior delinquency record; the nature of past treatment efforts and the juvenile's response to such efforts; and whether juvenile disposition will reflect the seriousness of the juvenile's conduct, promote respect for the law, promote the protection of the public from the juvenile's conduct, and provide a just response to the conduct of the juvenile.

"(e) Reasonable notice of the transfer hearing shall be given to the juvenile, his parents, guardian, or custodian and to his counsel. The juvenile shall be assisted by counsel during the transfer hearing, and at every other critical stage of the proceedings.

"(f) Once a juvenile has entered a plea of guilty or the proceeding has reached the stage that evidence has begun to be taken with respect to a crime or an alleged act of juvenile delinquency subsequent criminal prosecution or juvenile proceedings based

upon alleged act of delinquency shall be barred.

"(g) Statements made by a juvenile prior to or during a transfer hearing under this section shall not be admissable at subsequent criminal prosecutions.".

SEC. 123. (a) Part J of title I of the Omnibus Crime Control and Safe Streets Act of 1968 is amended by adding at the end thereof the following new section:

"PROGRAM FOR FISCAL YEAR 1982

"SEC. 1004. (a)(1) Except as provided in paragraph (2) and notwithstanding any other provision of this title, funds available for fiscal year 1982 from appropriations for prior years to carry out the activities of this title may be obligated or expended to carry out such activities and to pay administrative costs of such activities.

"(2) Notwithstanding any other provision of this title, the provisions of parts B and C of this title shall not be affected for the period of fiscal year 1982.

"(b) Notwithstanding any other provision of this title, no funds described in subsection (a) may be used to carry out any activities not authorized by this title nor may any such funds be transferred or reprogramed during fiscal year 1982 to carry out any activities not authorized by this title.

"(c) Notwithstanding any other provision of law, all of the funds described in subsection (a) shall remain available until expended.".

(b)(1) Title I of the Omnibus Crime Control and Safe Streets Act of 1968 is amended by adding at the end thereof the following:

"PART N—CRIMINAL JUSTICE INFORMATION AND TRAINING PROGRAM

"PURPOSE

"SEC. 1401. (a) Nothwithstanding any other provision of this title, it is the purpose of this part to provide Federal technical assistance and training to States, units of local government, combinations of such units, and private and nonprofit organizations, for purposes of supporting their efforts to develop and implement programs and projects which are of proven effectiveness or have a record of proven success in improving the functioning of the criminal justice system.

"(b) The Federal portion of any grant made under this part may be up to 100 percent of the cost for the technical assistance or training specified in the application for such services.

"(c) There is authorized to be appropriated, for the fiscal year ending September 30, 1982, $30,000,000 to carry out the provisions of this part.

"(d) The administration of this part is to be carried out by the Director of the Office of Justice Research and Statistics, as explained in part H of section 801 of this title.

"(e) Funds appropriated under this title will be used for—

"(1) upgrading the capabilities of criminal justice professionals and introducing new knowledge and management and program concepts and approaches;

"(2) training and technical assistance focused on improvement programs of proven effectiveness, such as Career Criminal Prosecution; Integrated Criminal Apprehension Program (ICAP); STING; Treatment Alternatives to Street Crime (TASC); Victim-Witness Assistance; Arson Prevention and Control; Prosecutor's Management Information System (PROMIS); Violent Juvenile Offenders Program (New Pride); and Comprehensive Crime Prevention; and

"(3) information about these programs approaches and how to implement them are to be made available to State and local governments through (A) written program briefs and technical manuals; (B) national and regional training programs; (C) direct onsite technical assistance in program planning, management, and operations; and (D) a referral system so that State and local officials may identify, visit, and exchange information with other communities engaged in similar efforts.

Limited contractor support can be retained by national nonprofit organizations to provide technical assistance research, analysis, training and education to criminal justice agencies including law enforcement, judicial and prosecutorial entities. Training and technical assistance are not limited to specific program strategies, but include issues of effective criminal justice system management and practice. Technical assistance will be provided to State and local court systems in court organization and financing, trial delay reduction, juror management and other topic areas relevant to court improvement. Education and training programs will support State and local prosecutors, defense personnel, judges, and ancillary court personnel through organizations such as the National District Attorney's Association and the American Academy of Judicial Education. Training and technical assistance is also available to assist law enforcement agencies deal with management problems or specific problem concerns, such as terrorist incidents. Training and technical assistance will be targeted on implementation of corrections standards, including health care standards, and improvement of prison industries through the 'Free Venture' model and will coordinate closely with the National Institute of Corrections.

"(f) National initiative programs to develop and improve programs of high priority and long term impact for States and units of local government shall be developed with the aid of Federal financial assistance. Such programs will include:

"(1) Corrections standards and accreditation to continue the process for the revision and development of correctional standards and continuation of an independent Commission on Accreditation. Accreditation should provide an effective model for the improvement, monitoring, and evaluation of services and facilities through standards implementation in the field of corrections.

"(2) Law enforcement accreditation to continue the Commission on Accreditation for Law Enforcement Agencies which represents a major effort to establish and maintain performance standards for law enforcement. To make this program effective, the Commission will develop an accreditation process, giving local law enforcement agencies the opportunity to demonstrate that they meet the profession's highest performance criteria.

"(3) Emergency enforcement assistance—

"(A) in the event that a crime problem of serious and epidemic proportions exists throughout a State or a part of a State, a State or other appropriate unit of government may submit an application under this section for Federal law enforcement assistance;

"(B) an application for assistance under this section shall be submitted in writing to the Attorney General, in a form prescribed by rules issued by the Attorney General. The Attorney General shall, after consultation with members of the Federal law enforcement community, approve or disapprove such application not later than ten days after receiving such application; and

"(C) Federal law enforcement assistance may be provided in meritorious cases. In determining whether to approve or disapprove an application for assistance under this section, the Attorney General shall consider—

"(i) the nature and extent of the crime problem throughout a State or in any part of a State;

"(ii) the emergency or extraordinary circumstances which produced the problem;

"(iii) the availability of State and local criminal justice resources to resolve the problem;

"(iv) the cost associated with the increased Federal presence; and

"(v) the need to avoid unnecessary Federal involvement and intervention in matters primarily of State and local concern.

"(4) There is hereby established a National Police Academy, which shall provide for and encourage career officers. The Academy shall have authority to train national, regional, and local police officers in both general and special police duties.

"(5) Such Director shall annually request the Administrators of the National Institute of Justice and the Bureau of Justice Statistics, State and local governments, and other appropriate public and private agencies to suggest other national initiatives. Such Director and such Administrators shall jointly then, pursuant to regulations such Director and such Administrators jointly promulgate annually, publish proposed national initiatives pursuant to this part and invite and encourage public comment concerning such priorities. Such initiatives shall not be established or modified until such Director and such Administrators jointly have provided at least sixty days advance notice for public comment and shall encourage and invite recommendations and opinions concerning such priorities from appropriate agencies and officials of State and units of local government. After considering any comments submitted during such period of time, such Director and such Administrators jointly shall establish initiatives for that year (and determine whether existing priority programs and projects should be modified). Such Director and such Administrators shall jointly publish in the Federal Register the initiatives established pursuant to this part prior to the beginning of fiscal year 1982 and each fiscal year thereafter for which appropriations will be available to carry out the program. In the event of a disagreement by such Director and such Administrators as to the exercise of joint functions under this section, the Attorney General shall resolve such disagreement.

"APPLICATION REQUIREMENTS

"SEC. 1402. (a) No assistance may be made under this part unless an application has been submitted to the Director in which the applicant—

"(1) sets forth a program or project which is eligible for assistance under this part;

"(2) describes the assistance requested and the need for such assistance; and

"(3) demonstrates that the assistance is necessary to improve the functioning of the criminal justice system.

"(b) Each applicant for assistance under this part shall certify that it meets all the requirements of this section, that all the information contained in the application is correct, and that the applicant will comply with all the provisions of this title, and all other applicable Federal laws. Such certification shall be made in a form acceptable to the Director.

"CRITERIA FOR DISTRIBUTION AND PERIOD FOR AWARD

"SEC. 1403. (a)(1) The Director shall, according to the criteria, terms, and conditions as he determines consistent with this part, provide training and technical assistance for programs or projects which most clearly satisfy the priorities established under this part.

"(2) In providing the services under this part, the Director shall at no time make available funds for the purpose of subsidizing or funding the operational activities or equipment needs of a State, unit of local government, or a combination of such units.

"(b) The Director may provide training and technical assistance to priority programs and projects under this part for a period to be determined by the Director.".

(2) The table of contents of such title is amended by adding at the end thereof the following:

"PART N—CRIMINAL JUSTICE INFORMATION AND TRAINING PROGRAM

"Sec. 1401. Purpose.
"Sec. 1402. Application requirements.
"Sec. 1403. Criteria for distribution and period for award.".

SEC. 124. (a) Section 201 of the Justice System Improvement Act of 1979 is amended by—

(1) striking out "and" in clause (4);

(2) striking out the period in clause (5) and inserting in lieu thereof "; and"; and

(3) by inserting after clause (5) the following:

"(6) focusing resources on applied research which will lead to the development, adjustment, and improvement of criminal justice techniques and practices of Federal, State, and local government agencies.".

(b) Section 202(c)(2) of the Justice System Improvement Act of 1979 is amended by—

(1) striking out "and" at the end of subparagraph (E);

(2) striking out the period at the end of subparagraph (F) and inserting in lieu thereof "; and"; and

(3) adding after subparagraph (F) the following:

"(G) to conduct applied research in the area of rehabilitation and recidivism and review the impact such provisions as the right to a speedy trial, and other long standing issues of judicial procedure have had on crime control efforts.".

THE PUBLIC SAFETY OFFICERS ASSISTANCE ACT OF 1981

SEC. 125. (a)(1) It is the declared purpose of Congress in this section to promote the public welfare by establishing a means of meeting the financial needs of public safety officers or their surviving dependents and to assist local law enforcement officers, the front line of defense in the struggle against crime, in their effort to improve their economic well-being and livelihood.

(2) It is a further purpose of Congress in this section to extend to police officers and other law enforcement officials the same guarantees of civil rights and due process as all other Americans enjoy and to promote the constitutional rights of the Nation's law enforcement personnel.

(b) Title I of the Omnibus Crime Control and Safe Streets Act of 1968 is amended by adding at the end thereof a new part:

"Part O—Public Safety Officers' Group Life Insurance

"DEFINITIONS

"SEC. 801. For the purposes of this part—

"(1) 'child' means any natural, adopted, illegitimate or posthumous child, or stepchild;

"(2) 'month' means a month that runs from a given day in one month to a day of the corresponding number in the next or specified succeeding months, except when the last month has not so many days, in which event it expires on the last day of the month; and

"(3) 'public safety officer' means a person serving a public agency in an official capacity, with or without compensation, in—

"(A) the enforcement of the criminal laws, including highway patrol,

"(B) a correctional probation or parole program, facility, or institution where the activity is potentially dangerous because of contact with criminal suspects, defendants, prisoners, probationers, or parolees,

"(C) a court having criminal or juvenile delinquent jurisdiction where the activity is potentially dangerous because of contact with criminal suspects, defendants, prisoners, probationers, or parolees, or

"(D) firefighting, including officially recognized or designated and legally organized volunteer firefighting, but does not include any person eligible to participate in the insurance program established by chapter 87 of title 5 of the United States Code, or any person participating in the program established by subchapter III of chapter 19 of title 38 of the United States Code; and

"(4) 'public agency' means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States or any unit of local government, combination of such States, or units, or any department, agency, or instrumentality of any of the foregoing.

"Subpart 1—Nationwide Program of Group Life Insurance for Public Safety Officers

"ELIGIBLE INSURANCE COMPANIES

"SEC. 802. (a) The Administration is authorized, without regard to section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), to purchase from one or more life insurance companies a policy or policies of group life insurance to provide the benefits in this subpart. Each such life insurance company must (1) be licensed to issue life, accidental death, and dismemberment insurance in each of the fifty States of the United States and the District of Columbia, and (2) as of the most recent December 31 for which information is available to the Administration, have in effect at least 1 percent of the total amount of group life insurance companies have in effect in the United States.

"(b) Any life insurance company issuing such a policy shall establish an administrative office at a place and under a name designated by the Administration.

"(c) The Administration may at any time discontinue any policy which it has purchased from any insurance company under this subpart.

"REINSURANCE

"SEC. 803. (a) The Administration shall arrange with each life insurance company issuing a policy under this subpart for the reinsurance, under conditions approved by the Administration, of portions of the total amount of insurance under the policy, determined under this section, with other life insurance companies which elect to participate in the reinsurance.

"(b) The Administration shall determine for and in advance of a policy year which companies are eligible to participate as reinsurers and the amount of insurance under a policy which is to be allocated to the issuing company and to reinsurers. The Administration shall make this determination at least every three years and when a participating company withdraws.

"(c) The Administration shall establish a formula under which the amount of insurance retained by an issuing company after ceding reinsurance, and the amount of reinsurance ceded to each reinsurer, is in proportion to the total amount of each company's group life insurance, excluding insurance purchased under this subpart, in force in the United States on the determination date, which is the most recent December 31 for which information is available to to the Administration. In determining the proportions, the portion of a company's group life insurance in force on the determination date in excess of $100,000,000 shall be reduced by—

"(1) 25 percent of the first $100,000,000 of the excess;

"(2) 50 percent of the second $100,000,000 of the excess;

"(3) 75 percent of the third $100,000,000 of the excess; and

"(4) 95 percent of the remaining excess.

However, the amount retained by or ceded to a company may not exceed 25 percent of the amount of the company's total life insurance in force in the United States on the determination date.

"(d) The Administration may modify the computations under this section as necessary to carry out the intent of this section.

"PERSONS INSURED; AMOUNT

"SEC. 804. (a) Any policy of insurance purchased by the Administration under this subpart shall automatically insure any public safety officer of a State or unit of general local government which has (1) applied to the Administration for participation in the insurance program under this subpart, and (2) agreed to deduct from such officer's pay the amount of such officer's contribution, if any, and forward such amount to the Administration or such other agency or office as is designated by the Administration as the collection agency or office for such contributions. The insurance provided under this subpart shall take effect from the first day agreed upon by the Administration and the responsible officials of the State or unit of general local government making application for participation in the program as to public safety officers then on the payroll, and as to public safety officers thereafter entering on duty from the first day of such duty. The insurance provided by this subpart shall insure all such public safety officers unless any such officer elects in writing not to be insured under this subpart. If any such officer elects not to be insured under this subpart he may thereafter, if eligible, be insured under this subpart upon written application, proof of good health, and compliance with such other terms and conditions as may be prescribed by the Administration.

"(b) A public safety officer eligible for insurance under this subpart is entitled to be insured for an amount of group life insurance, plus an equal amount of group accidental death and dismemberment insurance, in accordance with the following schedule:

"If annual pay is—		The amount of group insurance is—	
Greater than—	But not greater than—	Life	Accidental death and dismemberment
0	$8,000	$10,000	$10,000
$8,000	9,000	11,000	11,000
$9,000	10,000	12,000	12,000
$10,000	11,000	13,000	13,000
$11,000	12,000	14,000	14,000
$12,000	13,000	15,000	15,000
$13,000	14,000	16,000	16,000
$14,000	15,000	17,000	17,000
$15,000	16,000	18,000	18,000
$16,000	17,000	19,000	19,000
$17,000	18,000	20,000	20,000
$18,000	19,000	21,000	21,000
$19,000	20,000	22,000	22,000
$20,000	21,000	23,000	23,000
$21,000	22,000	24,000	24,000
$22,000	23,000	25,000	25,000
$23,000	24,000	26,000	26,000
$24,000	25,000	27,000	27,000
$25,000	26,000	28,000	28,000
$26,000	27,000	29,000	29,000
$27,000	28,000	30,000	30,000
$28,000	29,000	31,000	31,000
$29,000		32,000	32,000

The amount of such insurance shall automatically increase at any time the amount of increase in the annual basic rate of pay places any such officer in a new pay bracket of the schedule and any necessary adjustment is made in his contribution to the total premium.

"(c) Subject to conditions and limitations approved by the Administration which shall be included in any policy purchased by it, the group accidental death and dismemberment insurance shall provide for the following payments:

"Loss	Amount payable
For loss of life	Full amount shown in the schedule in subsection (b) of this section.
Loss of 1 hand or 1 foot or loss of sight of 1 eye.	One-half of the amount shown in the schedule in subsection (b) of this section.
Loss of 2 or more such members.	Full amount shown in the schedule in subsection (b) of this section.

The aggregate amount of group accidental death and dismemberment insurance that may be paid in the case of any insured as the result of any one accident may not exceed the amount shown in the schedule in subsection (b) of this section.

"(d) Any policy purchased under this subpart may provide for adjustments to prevent duplication of payments under any program of Federal gratuities for killed or injured public safety officers.

"(e) Group life insurance shall include provisions approved by the Administration for continuance of such life insurance without requirement of contribution payment during a period of disability of a public safety officer covered for such life insurance.

"(f) The Administration shall prescribe regulations providing for the conversion of other than annual rates of pay to annual rates of pay and shall specify the types of pay included in annual pay.

"TERMINATION OF COVERAGE

"SEC. 805. Each policy purchased under this subpart shall contain a provision, in terms approved by the Administration, to the effect that any insurance thereunder on any public safety officer shall cease two months after (1) his separation or release from duty as such an officer, or (2) discontinuance of his pay as such an officer, whichever is earlier: *Provided, however,* That coverage shall be continued during periods of leave or limited disciplinary suspension if such an officer authorizes or otherwise agrees to make or continue to make any required contribution for the insurance provided by this subpart.

"CONVERSION

"SEC. 806. Each policy purchased under this subpart shall contain a provision, in terms approved by the Administration, for the conversion of the group life insurance portion of the policy to an individual policy of life insurance effective the day following the date such insurance would cease as provided in section 804 of this subpart. During the period such insurance is in force, the insured, upon request to the Administration, shall be furnished a list of life insurance companies participating in the program established under this subpart and upon written application (with such period) to the participating company selected by the insured and payment of the required premiums, the insured shall be granted life insurance without a medical examination on a permanent plan then currently written by such company which does not provide for the payment of any sum less than the face value thereof. In addition to the life insurance companies participating in the program established under this subpart, such list shall include additional life insurance companies (not so participating) which meet qualifying criteria, terms, and conditions, established by the Administration and agree to sell insurance to any eligible insured in accordance with the provisions of this section.

"WITHHOLDING OF PREMIUMS FROM PAY

"SEC. 807. During any period in which a public safety officer is insured under a policy of insurance purchased by the Administration under this subpart, his employer shall withhold each pay period from his basic or other pay until separation or release from duty as a public safety officer an amount determined by the Administration to be such officer's share of the cost of his group life insurance and accidental death and dismemberment insurance. Any such amount not withheld from the basic or other pay of such officer insured under this subpart while on duty as a public safety officer, if not otherwise paid, shall be deducted from the proceeds of any insurance thereafter payable. The initial amount determined by the Administration to be charged any public safety officer for each unit of insurance under this subpart may be continued from year to year, except that the Administration may redetermine such amount from time to time in accordance with the necessary costs of coverage.

"SHARING OF COST OF INSURANCE

"SEC. 808. For each month any public safety officer is insured under this subpart, the Administration shall bear not more than one-third of the cost of insurance for such officer, or such lesser amounts as may from time to time be determined by the Administration to be a practicable and equitable obligation of the United States in assisting the States and units of general local government in recruiting and retaining their public safety officers.

"INVESTMENTS AND EXPENSES

"SEC. 809. (a) The amounts withheld from the basic or other pay of public safety officers as contributions to premiums for insurance under section 807 of this subpart, any sums contributed by the Administration under sction 808 of this subpart, and any sums contributed for insurance under this subpart by States and units of general local government under section 816 of this part, together with the income derived from any dividends or premium rate readjustment from insurers, shall be deposited to the credit of a revolving policy or policies purchased under this subpart. All premium payments on any insurance policy or policies purchased under this subpart and the administrative costs to the Administration of the insurance program established by this subpart shall be paid from the revolving fund by the Administration.

"(b) The Administration is authorized to set aside out of the revolving fund such amounts as may be required to meet the administrative costs to the Administration of the program and all current premium payments on any policy purchased under this subpart. The Secretary of the Treasury is authorized to invest in and to sell and retire special interest-bearing obligations of the United States for the account of the revolving fund. Such obligations issued for this purpose shall have maturities fixed with due regard for the needs of the fund and shall bear interest at a rate equal to the average market yield (computed by the Secretary of the Treasury on the basis of market quotations as of the end of the calendar month next preceding the date of issue) on all marketable interest-bearing obligations of the United States then forming a part of the public debt which are not due or callable until after the expiration of four years from the end of such calendar month; except that where such average market yield is not a multiple of one-eighth of 1 percent, the rate of interest of such obligation shall be the multiple of one-eighth of 1 percent nearest market yield. The interest on and the proceeds from the sale of these obligations, and the income derived from dividends or premium rate adjustments from insurers, shall become a part of the revolving fund.

"BENEFICIARIES; PAYMENT OF INSURANCE

"SEC. 810. (a) Any amount of insurance in force under this subpart on any public safety officer or former public safety officer on the date of his death shall be paid, upon the establishment of a valid claim therefor to the person or persons surviving at the date of his death, in the following order of precedence:

"(1) to the beneficiary or beneficiaries as the public safety officer or former public safety officer may have designated by a writing received in his employer's office prior to his death;

"(2) if there is no such beneficiary, to the surviving spouse of such officer or former officer;

"(3) if none of the above, to the child or children of such officer or former officer and to the descendants of deceased children by representation in equal shares;

"(4) if none of the above, to the parent or parents of such officer or former officer, in equal shares; or

"(5) if none of the above, to the duly appointed executor or administrator of the estate of such officer or former officer.

Provided, however, That if a claim has not been made by a person under this section within the period set forth in subsection (b) of this section, the amount payable shall escheat to the credit of the revolving fund established by section 818 of this part.

"(b) A claim for payment shall be made by a person entitled under the order of precedence set forth in subsection (a) of this section within two years from the date of death of a public safety officer or former public safety officer.

"(c) The public safety officer may elect settlement of insurance under this subpart either in a lump sum or in thirty-six equal monthly installments. If no such election is made by such officer, the beneficiary or other person entitled to payment under this section may elect settlement either in a lump sum or in thirty-six equal monthly installments. If any such officer has elected settlement in a lump sum, the beneficiary or other person entitled to payment under this section may elect settlement in thirty-six equal monthly installments.

"BASIC TABLES OF PREMIUMS; READJUSTMENTS OF RATES

"SEC. 811. (a) Each policy or policies purchased under this subpart shall include for the first policy year a schedule of basic premium rates by age which the Administration shall have determined on a basis consistent with the lowest schedule of basic premium rates generally charged for new group life insurance policies issued to large employers, taking into account expense and risk charges and other rates based on the special characteristics of the group. The schedule of basic premium rates by age shall be applied, except as otherwise provided in this section, to the distribution by age of the amount of group life insurance and group accidental death and dismemberment insurance under the policy at its date of issue to determine an average basic premium per $1,000 of insurance, taking into account all savings based on the size of the group established by this subpart. Each policy so purchased shall also include provisions whereby the basic rates of premium determined for the first policy year shall be continued for subsequent policy years, except that they may be readjusted for any subsequent year, based on the experience under the policy, such readjustment to be made by the insurance company issuing the policy on a basis determined by the Administration in advance of such year to be consistent with the general practice of life insurance companies under policies of group life insurance and group accidental death

and dismemberment insurance issued to large employers.

"(b) Each policy so purchased shall include a provision that, in the event the Administration determines that ascertaining the actual age distribution of the amounts of group life insurance in force at the date of issue of the policy or at the end of the first or any subsequent year of insurance thereunder would not be possible except at a disproportionately high expense, the Administration may approve the determination of a tentative average group life premium, for the first of any subsequent policy year, in lieu of using the actual age distribution. Such tentative average premium rate may be increased by the Administration during any policy year upon a showing by the insurance company issuing the policy that the assumptions made in determining the tentative average premium rate for that policy year were incorrect.

"(c) Each policy so purchased shall contain a provision stipulating the maximum expense and risk charges for the first policy year, which charges shall have been determined by the Administration on a basis consistent with the general level of such charges made by life insurance companies under policies of group life insurance and group accidental health and dismemberment insurance issued to large employers, taking into consideration peculiar characteristics of the group. Such maximum charges shall be continued from year to year, except that the Administration may redetermine such maximum charges for any year either by agreement with the insurance companies or companies issuing the policy or upon written notice given by the Administration to such companies at least one year in advance of the beginning of the year for which such redetermined maximum charges will be effective.

"(d) Each such policy shall provide for an accounting to the Administration not later than ninety days after the end of each policy year, which shall set forth, in a form approved by the Administration, (1) the amounts of premiums actually accrued under the policy from its date of issue to the end of such policy year, (2) the total of all mortality, dismemberment, and other claim charges incurred for that period, and (3) the amounts of the insurer's expense and risk charge for that period. Any excess of clause (1) over the sum of clauses (2) and (3) shall be held by the insurance company issuing the policy as a special contingency reserve to be used by such insurance company for charges under such policy only, such reserve to bear interest at a rate to be determined in advance of each policy year by the insurance company issuing the policy, which rate shall be approved by the Administration as being consistent with the rates generally used by such company or companies for similar funds held under other group life insurance policies. If and when the Administration determines that such special contingency reserve has attained an amount estimated by the Administration to make satisfactory provision for adverse fluctuations in future charges under the policy, any further excess shall be deposited to the credit of the revolving fund established under this subpart. If and when such policy is discontinued, and if, after all charges have been made, there is any positive balance remaining in such special contingency reserve, such balance shall be deposited to the credit of the revolving fund. subject to the right of the insurance company issuing the policy to make such deposit in equal monthly installments over a period of not more than two years.

"BENEFIT CERTIFICATES

"SEC. 812. The Administration shall arrange to have each public safety officer insured under a policy purchased under this subpart receive a certificate setting forth the benefits to which such officer is entitled thereunder, to whom such benefit shall be payable, to whom claims should be submitted, and summarizing the provisions of the policy principally affecting the officer. Such certificate shall be in lieu of the certificate which the insurance company would otherwise be required to issue.

"Subpart 2—Assistance to States and Localities for Public Safety Officer's Group Life Insurance Programs

"PROGRAMS OF LOCAL GOVERNMENT

"SEC. 813. (a) Any State or unit of general local government having an existing program of group life insurance for, or including as eligible, public safety officers during the first year after the effective date of this part, which desires to receive assistance under the provisions of this subpart, shall—

"(1) inform the public safety officers of the benefits and allocation of premium costs under both the Federal program established by subpart 1 of this part and the existing State or unit of general local government program;

"(2) hold a referendum of the eligible public safety officers of the State or unit of general local government to determine whether such officers want to continue in the existing group life insurance program or apply for inclusion in the Federal program under the provisions of subpart 1 of this part; and

"(3) recognize the results of the referendum as finally binding on the State or unit of general local government for the purposes of this part.

"(b) Upon an affirmative vote of a majority of such officers to continue in such State or unit of general local government program, a State or unit of general local government may apply for assistance for such program of group life insurance and the Administration shall provide assistance in accordance with this subpart.

"(c) State and unit of general local government programs eligible for assistance under this subpart shall receive assistance on the same basis as if the officer were enrolled under subpart 1 of this part, subject to proportionate reduction if—

"(1) the program offers a lesser amount of coverage than is available under subpart 1 of this part, in which case assistance shall be available only to the extent of coverage actually afforded;

"(2) the program offers a greater amount of coverage than is available under subpart 1 of this part, in which case assistance shall be available only for the amount of coverage afforded under subpart 1 of this part;

"(3) the cost per unit of insurance is greater than for the program under subpart 1 of this part, in which case assistance shall be available only at the rate per unit of insurance provided under subpart 1 of this part; or

"(4) the amount of assistance would otherwise be a larger fraction of the total cost of the State or unit of general local government program than is granted under subpart 1 of this part, in which case assistance shall not exceed the fraction of total cost available under subpart 1 of this part.

"(d) Assistance under this subpart shall be used to reduce proportionately the contributions paid by the State or unit of general local government and by the appropriate public safety officers to the total premium under such program: *Provided, however,* That the State or unit of general local government and the insured public safety officers may by agreement change the contributions to premium costs paid by each, but not so that such officer must pay a higher fraction of the total premium than before the granting of assistance.

"Subpart 3—General Provisions

"UTILIZATION OF OTHER AGENCIES

"SEC. 814. In administering the provisions of this part, the Administration is authorized to utilize the services and facilities of any agency of the Federal Government or a State or unit of general local government or a company from which insurance is purchased under this part, in accordance with appropriate agreements, and to pay for such services either in advance or by way of reimbursement, as may be agreed upon.

"ADVISORY COUNCIL ON PUBLIC SAFETY OFFICERS' GROUP LIFE INSURANCE

"SEC. 815. There is hereby created an Advisory Council on Public Safety Officers' Group Life Insurance consisting of the Attorney General as Chairman, the Secretary of the Treasury, the Secretary of Health and Human Services, and the Director of the Office of Management and Budget, each of whom shall serve without additional compensation. The Council shall meet not less than once a year, at the call of the Chairman, and shall review the administration of this part and advise the Administration on matters of policy relating to its activity thereunder. In addition, the Administration may solicit advice and recommendations from any State or unit of general local government participating in a public safety officers' group life insurance program under this part, and from public safety officers participating in group life insurance programs under this part.

"PREMIUM PAYMENTS ON BEHALF OF PUBLIC SAFETY OFFICERS"

"SEC. 816. Nothing in this part shall be construed to preclude any State or unit of general local government from making contributions on behalf of public safety officers to the premiums required to be paid by them for any group life insurance program receiving assistance under this part.

"WAIVER OF SOVEREIGN IMMUNITY

"SEC. 817. The Administration may sue or be sued on any cause of action arilsng under this part.

"PUBLIC SAFETY OFFICERS' GROUP INSURANCE REVOLVING FUND

"SEC. 818. There is hereby created on the books of the Treasury of the United States a fund known as the Public Safety Officers' Group Life Insurance Revolving Fund which may be utilized only for the purposes of subpart 1 of this part.".

(c) Section 1001 of the Omnibus Crime Control and Safe Streets Act of 1968, is amended by striking the words "part L" at the end thereof and substituting in lieu thereof the words "parts L and O".

(d) The authority to make payments under part O of the Omnibus Crime Control and Safe Streets Act of 1968 (as added by subsection (a) of this part) shall be effective only to the extent provided for in advance by appropriation Acts.

(e) If the provisions of any part of this part are found invalid, the provisions of the other parts and their application to other persons or circumstances shall not be affected thereby.

(f) This part shall become effective on the date of enactment.

TITLE II—FEDERAL DIVERSION ACT

SEC. 201. This title may be cited as the "Federal Diversion Act of 1981".

SEC. 202. The Congress finds and declares that—

(1) the interests of operating the Federal criminal justice system efficiently, protecting society, and deterring individuals charged with violating criminal laws from committing further criminal acts can be served by creating alternatives to prosecution; and

(2) such alternatives can be accomplished in appropriate cases without losing the general deterrent effect of the criminal justice system.

SEC. 203. (a) Title 18 of the United States Code is amended by adding immediately after chapter 209 the following new chapter:

"CHAPTER 210—DIVERSION

"Sec.
"3201. Definitions.
"3202. Admission to diversion program.
"3203. Voluntariness of waiver of rights.
"3204. Inadmissibility of diversion information.
"3205. Continuation and dismissal of charges.
"3206. Termination; review; completion; withdrawal.
"3207. District panel.
"3208. Authority of the Attorney General.

"§ 3201. Definitions

"As used in this chapter, the term——

"(1) 'eligible individual' means any person against whom a prosecutable case exists for an offense against the United States before—

"(A) the alleged offense did not involve the threat or infliction of serious bodily injury to other persons;

"(B) it is reasonably foreseeable that the person will not commit violent acts if admitted to a diversion program;

"(C) the person has not exhibited a continuing pattern of criminal behavior;

"(D) the person meets the criteria established by regulations issued by the Attorney General and guidelines established by the attorney for the Government in the district where the indictment, information, or complaint is filed; and

"(E) the person is admitted to participation in a diversion program by the attorney for the Government in the district in which the indictment, information, or complaint is filed;

"(2) 'diversion program' may include, but is not limited to, medical, educational, vocational, social, and psychological services; corrective and preventative guidance, training, and counseling; provision for residence in a halfway house or other suitable place; other services designed to protect the public and benefit the individual; restitution to victims of the offense or offenses charged; and uncompensated service to the community;

"(3) 'diversion plan' means a written agreement, signed by the eligible individual, defense counsel, diversion administrator, and the attorney for the Government, that states those elements of a diversion program in which the eligible individual will participate to assure that he will lead a lawful life, and states the length of time required to complete the plan; but in no event shall a diversion plan exceed twelve months except to allow the person admitted sufficient time to make restitution; and

"(4) 'diversion administrator' means a person designated by the Attorney General, after consultation with the district planning group, as administrator of the diversion program; except that in those districts in which a chief pretrial services officer has been appointed by a panel consisting of the chief judge of the circuit, the chief judge of the district, and a magistrate of the district (or their respective designees), the chief pretrial services officer shall also serve as the diversion administrator.

"§ 3202. Admission to diversion program

"(a) The diversion administrator or his assistants shall, to the extent possible, upon arrest or the issuance of a summons or as soon thereafter as possible, review the allegation against each person charged with a criminal offense against the United States and interview each person who he believes may be eligible for diversion. The diversion administrator shall then make a report to the attorney for the Government on the eligibility of each person charged. A person who has not had the allegations against him reviewed may request to be considered for admission by application to the diversion administrator. The attorney for the Government may require further investigation by the diversion administrator of a person being considered for admission with the consent of such person. If the attorney for the Government determines that a person is suitable, the diversion administrator shall prepare a diversion plan. Upon agreement of the elements of the plan by the attorney for the Government, diversion administrator, eligible person, and defense counsel, the attorney for the Government shall assign supervision of the plan to the diversion administrator. A determination of eligibility or suitability by the attorney for the Government shall not be subject to review except as otherwise provided by law.

"(b) The diversion administrator shall report to the attorney for the Government on the progress of the person in carrying out his plan in a manner and at times the attorney for the Government and diversion administrator deem appropriate and shall at the same time provide a copy of each such report to the person and defense counsel.

"§ 3203. Voluntariness of waiver of rights

"No person shall be admitted to a diversion program unless he has voluntarily agreed to participate and has received a copy of his diversion plan, and has voluntarily waived, in the presence of a judge or magistrate and with the advice of counsel (except in a case where counsel has been voluntarily waived), all applicable statutes of limitations and his right to speedy trial for the period of diversion.

"§ 3204. Inadmissibility of diversion information

"Whenever a person is admitted to a diversion program and his diversion plan is later terminated or the person withdraws and prosecution is resumed, any statement made or other information given by the person in connection with the determination of his eligibility or suitability for the program, any statement made by the person while participating in an activity of the program, and any statement, report or other information concerning his participation in the program shall not be admissible against the person on the issue of his guilt regarding the offense that was the basis for diversion in any judicial proceeding in which he is accused of such offense. This section shall not be construed to limit the admissibility of any information for purposes of impeachment.

"§ 3205. Continuation and dismissal of charges

"In each case involving a person who is admitted to a diversion program under this chapter, the criminal charges against the person shall be continued without final disposition for the period agreed upon in the diversion plan, unless the admission is terminated, completed earlier, or the person withdraws pursuant to section 3206 of this chapter. Upon the expiration of the diversion period, the attorney for the Government shall file a dismissal with prejudice as provided in section 3206(C). Nothing in this paragraph shall be construed to limit further investigation of the offense charged or presentation of evidence to a grand jury during the diversion period.

"§ 3206. Termination; review; completion; withdrawal

"(a) If the attorney for the Government finds the person is not fulfilling his obligations under the plan, or has discovered facts previously unknown to him demonstrating that the person is not suitable for diversion, the attorney for the Government may resume prosecution. The attorney for the Government shall make a written statement of the factual basis for his determination to resume prosecution and transmit copies to the person and to defense counsel. The person and defense counsel shall thereafter be notified of their opportunity to appear before the attorney for the Government and the diversion administrator to contest the determination within a reasonable time, as established by the Attorney General.

"(b) If the person fails to contest the determination of the attorney for the Government within the time specified, no further review of the determination shall be granted. If, on the appearance of the person and defense counsel before the attorney for the Government and the diversion administrator, the attorney for the Government determines that prosecution shall be resumed, the person may petition the court for review. If the court finds that no facts exist upon which the attorney for the Government could base a determination to resume prosecution, the court shall order that the person be allowed to fulfill his obligations under the plan or shall dismiss the charges if the court finds that all such obligations have been fulfilled. In a proceeding under the provisions of this subsection, evidence shall be admissible regardless of its admissibility in a trial on the offense.

"(c) If the diversion administrator certifies to the attorney for the Government at any time during the period of diversion that the person has fulfilled his obligations and has successfully completed the plan, and if the attorney for the Government concurs, the attorney for the Government shall file, by leave of court, a dismissal with prejudice of the indictment, information, or complaint against the person.

"(d) A person participating in a diversion plan may withdraw at any time, and the attorney for the Government may resume prosecution.

"(e) Whenever a diversion plan is terminated or the person withdraws before completion of the plan and the prosecution is resumed resulting in a conviction, the court shall consider the length and nature of the defendant's participation in the plan and may credit such participation as time served toward any sentence of probation or incarceration.

"§ 3207. District panel

"(a) The panel established by section 3153(b) of this title, together with the diversion administrator and such other individuals as the panel may appoint, shall constitute a diversion advisory committee. The panel may appoint individuals representing agencies to which persons are referred under a diversion program pursuant to this chapter. The group shall plan the implementation of the diversion program for the district and review on a regular basis the administration and progress of such program. The group shall report to the Attorney General at such times and in such manner as the Attorney General shall prescribe.

"(b) Members of the group shall not be compensated, but may be reimbursed pursuant to section 3208 for reasonable expenses incurred by them in carrying out their duties as members of the committee.

"§ 3208. Authority of the Attorney General

"(a) In carrying out the provision of this chapter, the Attorney General shall—

"(1) reimburse agencies of the judicial branch of the Government for the cost of services of United States probation officers, pretrial service officers, and employees other than judges, magistrates, or Federal public defenders, who are necessary to carry out the purposes of this chapter;

"(2) employ and fix the compensation of such persons as he determines necessary to carry out the purposes of this chapter, without regard to the provisions of title 5, United States Code, relating to appointments in the competitive services and the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates;

"(3) acquire such facilities, services, and materials as he determines necessary to carry out the purposes of this chapter; and

"(4) enter into contracts and other agree-

ments without regard to advertising requirements for the acquisition of such personnel, facilities, services, and materials which he determines necessary to carry out the purposes of this chapter.

"(b) In addition to the responsibilities described in subsection (a), the Attorney General shall—

"(1) issue, within one hundred and eighty days after the date of enactment of this section, regulations for use by the United States attorneys governing recommendations of persons to diversion programs;

"(2) conduct research and prepare concise annual reports for the President, the Congress, and the Judicial Conference showing the progress of all diversion programs in fulfilling the purposes set forth in this chapter;

"(3) provide for the audit of any funds expended under the provisions of this chapter other than funds expended to provide for defense counsel;

"(4) be authorized to accept voluntary and uncompensated services; and

"(5) promote the cooperation of the Department of Justice, local diversion programs, and all agencies which provide education, training, counseling, legal, employment, or other social services under any Act of Congress to assure that eligible individuals admitted to diversion programs can benefit to the extent possible.".

(b) The table of chapters for title 18, United States Code, and for part II of title 18, United States Code, are each amended by inserting immediately after the item relating to chapter 209 the following:

"210. Diversion ..... 3201.".

SEC. 204. For the purposes of carrying out the provisions of this title, there are authorized to be appropriated $3,000,000 for each of the fiscal years ending September 30, 1982, 1983, 1984, and 1985.

TITLE III—ARSON CONTROL

SECTION 301. This title may be cited as the "Anti-Arson Act of 1981".

SEC. 302. (a) There is established within the Federal Government an Interagency Committee on Arson Prevention and Control (hereinafter in this section referred to as the "Committee"). The Committee shall consist of the following persons (or their designees whose positions are compensated at a rate of pay not less than level V of the Executive Schedule under section 5315 of title 5, United States Code):

(1) The Attorney General.

(2) The Director of the Federal Bureau of Investigation.

(3) The Postmaster General.

(4) The Secretary of the Treasury.

(5) The Administrator of the United States Fire Administration, Federal Emergency Management Agency.

(6) The Administrator of the Federal Insurance Administration.

(7) The Director of the Bureau of Alcohol, Tobacco and Firearms.

(8) The Commissioner of the Internal Revenue Service.

(9) The Director of the Law Enforcement Assistance Administration.

(b) The Committee shall—

(1) develop and implement a comprehensive and coordinated Federal strategy and methodology for improving assistance to State and local governments for the prevention, detection, and control of arson;

(2) coordinate antiarson training and educational programs established within the Federal Government;

(3) coordinate Federal grants to State and local governments for arson prevention, training, detection, and control;

(4) coordinate Federal research and development relating to arson prevention, training, detection, and control;

(5) gather and compile statistical data relating to arson prevention, training, detection, and control;

(6) review each agency report filed under subsection (g) of this section; and

(7) provide such other assistance to Federal agencies, States, and local governments that aid in the cooperation and coordination of Federal antiarson assistance efforts.

(c) The members of the Committee shall elect a Chairman. The Chairman shall call meetings of the Committee at least four times a year at such times and places as the Chairman determines. The Committee may assemble and disseminate information, issue reports and other publications, and conduct such other activities as it considers appropriate to provide for effective coordination of Federal antiarson assistance.

(d) The Committee may establish such subcommittees or working groups as may be necessary for the fulfillment of its task. The membership may include persons not members of the Committee. Guidelines or regulations promulgated under the provisions of section 7(d) of the Federal Advisory Committee Act do not apply to any such subcommittee or working group.

(e) The Committee may request any agency of the executive branch to furnish it with such information, advice, and services as may be useful for the fulfillment of the Committee's functions under this section. The agencies of the executive branch are authorized, to the extent permitted by law, to provide the Committee with administrative services, information, facilities, and funds necessary for the activities of such Committee.

(f) The Committee may procure, subject to the availability of funds, the temporary professional services of individuals to assist in its work, in accordance with the provisions of section 3109 of title 5, United States Code.

(g) Each agency of the executive branch with arson related activities shall report annually to the Committee with respect to its efforts in providing training, educational programs, grants, and other Federal assistance to State and local governments for arson prevention, detection, and control.

(h) Not later than eighteen months after the date of enactment of this title, the Committee shall transmit a report to the Congress concerning its activities under this title. The report shall include an assessment of the success of the Committee in coordinating Federal efforts for the prevention, detection, and control of arson.

(i) The Committee shall terminate two years after the date of enactment of this title.

(j) The expenses of the Committee shall be paid from the appropriations of each of the agencies represented on the Committee pursuant to subsection (a) of this section.

SEC. 303. (a) Section 704 of the Omnibus Crime Control and Safe Streets Act of 1968 is amended by adding at the end thereof the following:

"(c) The Director of the Federal Bureau of Investigation is authorized and directed to classify the offense of arson as a part I crime in its Uniform Crime Reports. In addition, the Director of the Federal Bureau of Investigation is authorized and directed to develop and prepare a special statistical report in cooperation with the National Fire Data Center for the crime of arson, and shall make public the results of that report. The Director of the Federal Bureau of Investigation shall give priority as part of the special report to the investigation of arson in housing supported by programs of or owned by the Department of Housing and Urban Development.".

(b) Subsection (b) of section 704 of the Omnibus Crime Control and Safe Streets Act of 1968 is amended by striking out "this section" and inserting in lieu thereof "subsection (a)".

SEC. 304. (a) The Administrator of the United States Fire Administration, Federal Emergency Management Agency, is authorized and directed to—

(1) conduct a research program for the development, testing, and evaluation of techniques and equipment for use by law enforcement officials and the fire service community in State and local governments for arson prediction, prevention, and control;

(2) develop and establish educational and training materials and programs for the fire service community and law enforcement officials for dissemination to State, municipal, and other local governments for the prevention, detection, and control of arson to enable such governments to establish, maintain, and fund their own programs;

(3) develop educational materials designed for local community awareness programs on arson; and

(4) gather, analyze, publish, and disseminate any other information relating to the prevention, prediction, occurrence, and control of arson.

(b) There are authorized to be appropriated for the United States Fire Administration the sum of $5,000,000 to carry out the provisions of this section.

SEC. 305. The Director of the Bureau of Alcohol, Tobacco and Firearms is authorized and directed to assist the Committee established under section 202 of this title by providing to the Committee, as the Committee determines necessary and to the extent permitted by law, access to personnel and resources of the Bureau, including the use of laboratory facilities for research on the detection and prevention of arson.

SEC. 306. (a) Section 1211(b) of the National Housing Act (12 U.S.C. 1749bbb-3) is amended—

(1) by striking out "and" at the end of paragraph (10);

(2) by striking out the period at the end of paragraph (11) and inserting in lieu thereof a semicolon and "and"; and

(3) by adding at the end thereof the following:

"(12) require that each policy written pursuant to the plan be written only after the insurer obtains a signed application from applicant and evaluates information with respect to the prospective policyholder that incorporates a listing of real property in which the policyholder has an insurable interest at the time the policy is applied for or at any time within the previous ten-year period including (A) number of fires; (B) cause of fires; (C) amount of each loss; and (D) amount of insurance recovery and whether destruction to any of such properties has occurred the cause of which is or may be arson-related.".

(b) Section 1211 of such Act is amended by adding at the end thereof the following new subsection:

"(d)(1) Each insurer under this title who, after obtaining the information required under paragraph (12) of subsection (b), has reasonable cause to believe that a prospective policyholder has an insurable interest, at the time the policy is applied for or at any time within the previous ten-year period, in any real property which has been the subject of destruction the cause of which is or may be arson-related, may request from the State insurance authority any relevant information within the custody of the authority that would assist the insurer in further investigating or evaluating the risk of writing the coverage for that prospective policyholder.

"(2) The State insurance authority is authorized to waive the provisions of any applicable State law which would prevent the release of such information without the prospective policyholder's consent, if it determines that—

"(A) the insurer's request for the waiver is based upon reasonable cause; and

"(B) the release of such information is essential to the insurer in determining whether to accept the risk.".

(c) Section 1211(b)(9) of such Act is amended by inserting "(A)" immediately before "notice" and by striking out "written under the plan, and" and inserting in lieu thereof the following: "written under the plan, except that subject to the approval of the State insurance authority, the insurer may establish procedures for the cancellation or nonrenewal of any risk eligible under the plan upon five days notice to any policyholder based on a finding by the insurer that the continuation of the coverage under the policy presents a demonstrable risk of arson, and (B)".

TITLE IV—THE SENTENCING REFORM ACT OF 1981

SEC. 401. This title may be cited as the "Sentencing Reform Act of 1981".

SEC. 402. (a)(1) Chapter 229 of title 18, United States Code, is redesignated as chapter 229A.

(2) The title of chapter 229A as redesignated by this Act is amended to read as follows:

"CHAPTER 229A—MISCELLANEOUS FINES, PENALTIES, AND FORFEITURES".

(3) The item for chapter 229 in the table of chapters for part II of title 18, United States Code, is amended to read as follows:

"229A. Miscellaneous Fines, Penalties, and Forfeitures ..... 3611".

(b) Title 18, United States Code, is amended by adding immediately after chapter 227 the following new chapters:

"CHAPTER 227A—SENTENCING PROCEDURE

"Sec.
"3581. Authorized Sentences.
"3582. Presentence Reports.
"3583. Imposition of a Sentence.
"3584. Order of Criminal Forfeiture.
"3585. Order of Notice to Victims.
"3586. Order of Restitution.
"3587. Review of a Sentence.
"3588. Implementation of a Sentence.
"3589. Sentencing Classification of Offenses Outside This Title.

"§ 3581. Authorized Sentences

"(a) IN GENERAL.—Except as otherwise specifically provided, a defendant who has been found guilty of an offense described in any federal statute shall be sentenced in accordance with the provisions of this chapter so as to achieve the purposes set forth in subsection (d) to the extent that they are applicable in light of all the circumstances of the case.

"(b) INDIVIDUALS.—An individual found guilty of an offense shall be sentenced, in accordance with the provisions of section 3583, to—

"(1) a term of probation as authorized by chapter 231;

"(2) a fine as authorized by chapter 229; or

"(3) a term of imprisonment as authorized by chapter 228.

A sentence to pay a fine may be imposed in addition to any other sentence. A sanction authorized by section 3584, 3585, or 3586 may be imposed in addition to the sentence required by this subsection.

"(c) ORGANIZATIONS.—An organization found guilty of an offense shall be sentenced, in accordance with the provisions of section 3583, to—

"(1) a term of probation as authorized by chapter 231; or

"(2) a fine as authorized by chapter 229. A sentence to pay a fine may be imposed in addition to a sentence to probation. A sanction authorized by section 3584, 3585, or 3586 may be imposed in addition to the sentence required by this subsection.

"(d) The general purpose of this chapter is to establish justice in the context of a federal system by prescribing appropriate sanctions for engaging in such conduct that will—

"(1) deter such conduct;

"(2) protect the public from persons who engage in such conduct;

"(3) assure just punishment for such conduct; and

"(4) promote the correction and rehabilitation of persons who engage in such conduct.

"§ 3582. Presentence Reports.

"(a) PRESENTENCE INVESTIGATION AND REPORT BY PROBATION OFFICER.—A probation officer appointed by the court shall make a presentence investigation of a defendant and shall report the results of the investigation to the court before the imposition of sentence, pursuant to the provisions of Rule 32(c) of the Federal Rules of Criminal Procedure.

"(b) PRESENTENCE STUDY AND REPORT BY BUREAU OF PRISONS.—If the court, before or after its receipt of a report specified in subsection (a) or (c), desires more information than is otherwise available to it as a basis for determining the sentence to be imposed on a defendant found guilty of a felony, it may order that the defendant, for the purpose of a study, be committed to the custody of the Bureau of Prisons for a period of not more than sixty days. The order shall specify the additional information that the court needs before determining the sentence to be imposed. Such an order shall be treated for administrative purposes as a provisional sentence of imprisonment for the maximum term authorized by section 3591(b) for the offense committed. The Bureau shall conduct a complete study of the defendant during such period, inquiring into such matters as are specified by the court and any other matters that it believes are pertinent to the factors set forth in section 3583(a). The period of commitment may, in the discretion of the court, be extended for an additional period of not more than sixty days. By the expiration of the period of commitment, or by the expiration of any extension granted by the court, the Bureau shall return the defendant to the court for final sentencing, shall provide the court with a written report of the pertinent results of the study, and shall make to the court whatever recommendations the Bureau believes will be helpful to a proper resolution of the case. The report shall include recommendations of the Bureau concerning the guidelines and policy statements, promulgated by the Sentencing Commission pursuant to 28 U.S.C. 994(a), that it believes are applicable to the defendant's case. After receiving the report and the recommendations, the court shall proceed finally to sentence the defendant in accordance with the sentencing alternatives and procedures available under this chapter.

"(c) PRESENTENCE EXAMINATION AND REPORT BY PSYCHIATRIC EXAMINER:.—If the court, before or after its receipt of a report specified in subsection (a) or (b), desires more information than is otherwise available to it as a basis for determining the mental condition of the defendant, it may order that the defendant undergo a psychiatric examination, and that the court be provided with a written report of the results of the examination, pursuant to the provisions of section 4244.

"(d) DISCLOSURE OF PRESENTENCE REPORTS.—The court shall assure that a report filed pursuant to this section is disclosd to the defendant, the counsel for the defendant, and the attorney for the government in a timely manner, pursuant to the provisions of Rule 32(c) of the Federal Rules of Criminal Procedure.

"§ 3583. Imposition of a Sentence

"(a) FACTORS TO BE CONSIDERED IN IMPOSING A SENTENCE.—The court, in determining the particular sentence to be imposed, shall consider—

"(1) the nature and circumstances of the offense and the history and characteristics of the defendant;

"(2) the need for the sentence imposed—

"(A) to afford adequate deterrence to criminal conduct;

"(B) to protect the public from further crimes of the defendant;

"(C) to reflect the seriousness of the offense, to promote respect for law, and to provide just punishment for the offense; and

"(D) to provide the defendant with needed educational or vocational training, medical care, or other correctional treatment in the most effective manner;

"(3) the kinds of sentences available;

"(4) the kinds of sentence and the sentencing range established for the applicable category of offense committed by the applicable category of defendant as set forth in the guidelines that are issued by the Sentencing Commission pursuant to 28 U.S.C. 994(a)(1) and that are in effect on the date the defendant is sentenced;

"(5) any pertinent policy statement issued by the Sentencing Commission pursuant to 28 U.S.C. 994(a)(2) that is in effect on the date the defendant is sentenced; and

"(6) the need to avoid unwarranted sentence disparities among defendants with similar records who have been found guilty of similar conduct.

"(b) APPLICATION OF GUIDELINES IN IMPOSING A SENTENCE.—The court shall impose a sentence of the kind, and within the range, described in subsection (a)(4) unless the court finds that an aggravating or mitigating circumstance exists that was not adequately taken into consideration by the Sentencing Commission in formulating the guidelines and that should result in a sentence different from that described.

"(c) STATEMENT OF REASONS FOR IMPOSING A SENTENCE.—The court, at the time of sentencing, shall state in open court the reasons for its imposition of the particular sentence, and, if the sentence—

"(1) is of the kind, and within the range, described in subsection (a)(4), the reason for imposing a sentence at a particular point within the range; or

"(2) is not of the kind, or is outside the range, described in subsection (a)(4), the specific reason for the imposition of a sentence different from that described.

The clerk of the court shall provide a transcription of the court's statement of reasons to the Probation System, and, if the sentence includes a term of imprisonment, to the Bureau of Prisons.

"(4) PRESENTENCE PROCEDURE FOR AN ORDER OF NOTICE OR RESTITUTION.—Prior to imposing an order of notice pursuant to section 3585, or an order of restitution pursuant to section 3586, the court shall give notice to the defendant and the government that it is considering imposing such an order. Upon motion of the defendant or the government, or on its own motion, the court shall—

"(1) permit the defendant and the government to submit affidavits and written memoranda addressing matters relevant to the imposition of such an order;

"(2) afford counsel an opportunity in open court to address orally the appropriateness of the imposition of such an order; and

"(3) include in its statement of reasons pursuant to subsection (c) specific reasons underlying its determination regarding the nature of such an order.

Upon motion of the defendant or the government, or on its own motion, the court may in its discretion employ any additional procedures that it concludes will not unduly complicate or prolong the sentencing process.

"§ 3584. Order of Criminal Forfeiture.

"(a) FORFEITURE.—The court, in imposing a sentence on a defendant who has been found guilty of offenses relating to racketeering shall order, in addition to the sentence that is imposed pursuant to the provisions of section 3581, that the defendant forfeit to the United States any property—

"(1) constituting his interest in the racketeering syndicate or enterprise involved;

"(2) constituting a means by which he has exerted influence over the racketeering syndicate or enterprise involved;

"(3) constituting, or derived from, his proceeds from the racketeering syndicate or enterprise involved; and

"(4) if all of the property constituting, or derived from, the interest, means, or proceeds described in paragraphs (1), (2), and (3) cannot be located or identified, any other property of the defendant to the extent of the value of such unlocated or unidentified property.

"(b) PROTECTIVE ORDERS.—At any time after the arrest of the defendant for, or after the filing of an indictment or information charging, an offense for which a criminal forfeiture may be ordered under subsection (a), the court may enter a restraining order or injunction, may require a performance bond, and may take such action as is in the interest of justice, with respect to any property that may be subject to criminal forfeiture.

"(c) EXECUTION.—The Attorney General, upon such terms and conditions as are in the interest of justice, shall seize property that a defendant has been ordered to forfeit to the United States, and shall dispose of such property as soon as commercially feasible, making due provision for the rights of any innocent person. If any property cannot be disposed of, the rights to such property shall not revert to the defendant.

"(d) APPLICABILITY OF CIVIL FORFEITURE PROVISIONS.—Except to the extent that they are inconsistent with the provisions of this section, all provisions of law relating to the remission or mitigation of civil forfeitures of property for violation of the customs laws, the compromise of claims with respect to such property, the disposition of such property, the proceeds from the sale of such property, and the award of compensation to informants with respect to such property, shall apply to a criminal forfeiture ordered under this section. The duties imposed upon a customs officer or any other person with respect to the civil seizure, forfeiture, and disposition of property under the customs laws shall, with respect to property that has been ordered forfeited to the United States under this section, be performed by the Attorney General.

"§ 3585. Order of Notice to Victims

"The court, in imposing a sentence on a defendant who has been found guilty of an offense involving fraud or other intentionally deceptive practices, may order, in addition to the sentence that is imposed pursuant to the provisions of section 3581, that the defendant give reasonable notice and explanation of the conviction, in such form as the court may approve, to the victims of the offense. The notice may be ordered to be given by mail, by advertising in designated areas or through designated media, or by other appropriate means. In determining whether to require the defendant to give such notice, the court shall consider the factors set forth in section 3583(a) to the extent that they are applicable and shall consider the cost involved in giving the notice as it relates to the loss caused by the offense, and shall not require the defendant to bear the costs of notice in excess of $20,000.

"§ 3586. Order of Restitution

"(a) ORDER.—The court, in imposing a sentence on a defendant who has been found guilty of an offense described in this title, may order, in addition to the sentence that is imposed pursuant to the provisions of section 3581, that the defendant—

"(1) in the case of an offense causing bodily injury, make restitution to the victim of the offense in an amount that does not exceed the expenses necessarily incurred by the victim for medical services; or

"(2) in the case of an offense in the course of which the defendant unlawfully obtained, damaged, or destroyed the property of another—

"(A) restore the property to the victim of the offense; or

"(B) make restitution to the victim of the offense in an amount that does not exceed the value of the property.

The court shall limit the order of restitution to the property that the court can identify, or to the amount that does not exceed such portion of the victim's medical expenses or such portion of the value of the property as the court determines can be ascertained, without unduly complicating or prolonging the sentencing process. The provisions of sections 3602, 3603, and such sections as relate to unpaid fines apply to an order to make restitution.

"(b) RELATIONSHIP TO CIVIL PROCEEDINGS.—The court shall not order restitution as to any victim who is bound by a judgment entered in, or a settlement of, a civil proceeding involving the same injury, obtaining, damage, or destruction. Any amount paid to a person pursuant to an order of restitution shall be set off against an amount otherwise recoverable by such person in any civil proceeding. The fact that restitution was ordered or paid shall not be admissible in evidence in the trial of any civil proceeding.

"§ 3587. Review of a Sentence

"The review of a sentence imposed pursuant to section 3581 is governed by the provisions of sections 3733, 3734, and 3735 of this title, by Rule 35 of the Federal Rules of Criminal Procedure, by section 1291 of title 28, United States Code, and by the Federal Rules of Appellate Procedure. An otherwise final sentence that is subject to such review is—

"(1) final, at the time of imposition, with respect to that portion or degree of the sentence that is not subject to modification through such review; and

"(2) provisional, at the time of imposition, with respect to that portion or degree of the sentence that is subject to modification through such review.

"§ 3588. Implementation of a Sentence

"The implementation of a sentence imposed pursuant to section 3581 is governed by the provisions of chapter 38.

"§ 3589. Sentencing Classification of Offenses Outside This Title

"(a) CLASSIFICATION.—Except is otherwise expressly provided in chapters 227A, 228, 229, and 231 of this title, an offense described outside this title is classified—

"(1) if the maximum term of imprisonment authorized is—

"(A) more than six months, as a Class A misdemeanor;

"(B) six months or less but more than thirty days, as a Class B misdemeanor;

"(C) thirty days or less but more than five days, as a Class C misdemeanor; or

"(D) five days or less, or if no imprisonment is authorized, as an infraction; and

"(2) if the maximum term of imprisonment authorized is two years or more because the offense is a second or subsequent offense, as a Class E felony.

"(b) EFFECT OF CLASSIFICATION.—An offense classified under subsection (a) carries all the incidents assigned to the applicable letter designation except that—

"(1) the maximum term of imprisonment that may be imposed may not exceed the term authorized by the statute describing the offense; and

"(2) the maximum fine that may be imposed is the fine authorized by the statute describing the offense, or by this title, whichever is the greater.

"Chapter 228—IMPRISONMENT

"Sec.
"3591. Sentence of Imprisonment.
"3592. Imposition of a Sentence of Imprisonment.
"3593. Inclusion of a Term of Supervised Release After Imprisonment.
"3594. Multiple Sentences of Imprisonment.
"3595. Calculation of a Term of Imprisonment.

"§ 3591. Sentence of Imprisonment

"(a) IN GENERAL.—A defendant who has been found guilty of an offense may be sentenced to a term of imprisonment.

"(b) SENTENCES.—For purposes of this chapter—

"(1) a Class A felony shall be a sentence for the duration of the defendant's life or any period of time;

"(2) a Class B felony shall be a sentence for not more than twenty years;

"(3) a Class C felony shall be a sentence for not more than ten years;

"(4) a Class D felony shall be a sentence for not more than five years;

(5) a Class E felony shall be a sentence for not more than two years;

"(6) a Class A misdemeanor shall be a sentence for not more than one year;

"(7) a Class B misdemeanor shall be a sentence for not more than six months;

"(8) a Class C misdemeanor shall be a sentence for not more than thirty days; and

"(9) an infraction shall be a sentence for not more than five days.

"§ 3592. Imposition of a Sentence of Imprisonment

"(a) FACTORS TO BE CONSIDERED IN IMPOSING A TERM OF IMPRISONMENT.—The court, in determining whether to impose a term of imprisonment, and, if a term of imprisonment is to be imposed, in determining the length of the term, shall consider the factors set forth in section 3583(a) to the extent that they are applicable, recognizing that imprisonment is not an appropriate means of promoting correction and rehabilitation. In determining whether to make a recommendation concerning the type of prison facility appropriate for the defendant, the court shall consider any pertinent policy statements issued by the Sentencing Commission pursuant to section 994(a)(2) of title 28.

"(b) EFFECT OF FINALITY OF JUDGMENT.—Notwithstanding the fact that a sentence to imprisonment can subsequently be—

"(1) modified pursuant to the provisions of subsection (c);

"(2) corrected pursuant to the provisions of rule 35 and section 3733 or 3734; or

"(3) appealed and modified, if outside the guideline range, pursuant to the provisions of section 3735;

a judgment of conviction that includes such a sentence constitutes a final judgment for other purposes.

"(c) MODIFICATION OF AN IMPOSED TERM OF IMPRISONMENT.—The court may not modify a term of imprisonment once it has been imposed except that—

"(1) in any case—

"(A) the court, upon motion of the Director of the Bureau of Prisons, may reduce the term of imprisonment, after considering the factors set forth in section 3583(a) to the extent that they are applicable if it finds that extraordinary and compelling reasons warrant such a reduction and that such a reduction is consistent with applicable policy statements issued by the Sentencing Commission; and

"(B) the court may modify an imposed term of imprisonment to the extent other-

wise expressly permitted by statute or by Rule 35 of the Federal Rules of Criminal Procedure;

"(2) in the case of a defendant who has been sentenced to a term of imprisonment in excess of five years, the court, upon motion of the defendant or the Director of the Bureau of Prisons, may reduce the term of imprisonment, after considering the factors set forth in section 3583(a) to the extent that they are applicable, if it finds that extraordinary and compelling reasons or the goal of avoiding unwarranted sentencing disparities require such a reduction and that such a reduction is consistent with applicable policy statements issued by the Sentencing Commission; but the court may consider only two such motions with respect to a particular defendant, one, after the defendant, has served at least five years of his sentence, and a second, after the defendant has served at least the minimum term of imprisonment specified in the applicable guideline issued by the Sentencing Commission pursuant to 28 U.S.C. 994(a)(1), if that minimum is eight years or longer; and

"(3) in the case of a defendant who has been sentenced to a term of imprisonment based on a sentencing range that has subsequently been modified by the Sentencing Commission pursuant to 28 U.S.C. 994(a), upon motion of the defendant or the Director of the Bureau of Prisons, or on its own motion, may reduce the term of imprisonment, after considering the factors set forth in section 3583(a) to the extent that they are applicable, if such a reduction is consistent with applicable policy statements issued by the Sentencing Commission.

"(d) INCLUSION OF AN ORDER TO LIMIT CRIMINAL ASSOCIATION OF ORGANIZED CRIME AND DRUG OFFENDERS.—The court, in imposing a sentence to a term of imprisonment upon a defendant convicted of a felony relating to Organized Crime Offenses or Drug Offenses, or at any time thereafter upon motion by the Director of the Bureau of Prisons or a United States attorney, may include as a part of the sentence an order that requires that the defendant not associate or communicate with a specified person, other than his attorney, upon a showing of probable cause to believe that association or communication with such person is for the purpose of enabling the defendant to control, manage, direct, finance, or otherwise participate in an illegal enterprise.

"§ 3593. Inclusion of a Term of Supervised Release After Imprisonment

"(a) IN GENERAL.—The court, in imposing a sentence to a term of imprisonment in excess of one year, may include as a part of the sentence a requirement that the defendant be placed on a term of supervised release after imprisonment.

"(b) AUTHORIZED TERMS OF SUPERVISED RELEASE.—The authorized terms of supervised release are—

"(1) for a Class A or Class B felony, not more than three years;

"(2) for a Class C or Class D felony, not more than two years; and

"(3) for a Class E felony, or for two or more misdemeanors, not more than one year.

"(c) FACTORS TO BE CONSIDERED IN INCLUDING A TERM OF SUPERVISED RELEASE.—The court, in determining whether to include a term of supervised release, and, if a term of supervised release is to be included, in determining the length of the term and the conditions of supervised release, shall consider the factors set forth in section 3583(a)(1), (a)(2)(B), (a)(2)(D), (a)(4), (a)(5), and (a)(6).

"(d) CONDITIONS OF SUPERVISED RELEASE.—The court shall order, as an explicit condition of supervised release, that the defendant not commit another Federal, State, or local crime during the term of supervision. The court may order, as a further condition of supervised release, to the extent that such condition—

"(1) is reasonably related to the factors set forth in section 3583(a)(1), (a)(2)(B), and (a)(2)(D);

"(2) involves no greater deprivation of liberty than is reasonably necessary for the purposes set forth in section 3583(a)(2)(B) and (a)(2)(D); and

"(3) is consistent with any pertinent policy statements issued by the Sentencing Commission pursuant to 28 U.S.C. 994(a);

any condition set forth as a discretionary condition of probation in section 3 83(b)(1) through (b)(10) and (b)(12) through (b)(19), and any other condition it considers to be appropriate. If an alien defendant is subject to deportation, the court may provide, as a condition of supervised release, that he be deported and remain outside the United States, and may order that he be delivered to a duly authorized immigration official for such deportation.

"(e) MODIFICATION OF TERM OR CONDITIONS.—The court may, after considering the factors set forth in section 3583(a)(1), (a)(2)(B), (a)(2)(D), (a)(4), (a)(5), and and (a)(6)—

"(1) terminate a term of supervised release previously ordered and discharge the person released at any time after the expiration of one year of supervised release, if it is satisfied that such action is warranted by the conduct of the person released and the interest of justice; or

"(2) after a hearing, extend a term of supervised release if less than the maximum authorized term was previously imposed, and may modify, reduce, or enlarge the conditions of supervised release, at any time prior to the expiration or termination of the term of supervised release, pursuant to the provisions applicable to the initial setting of the term and conditions of post-release supervision.

"(f) WRITTEN STATEMENT OF CONDITIONS.—The court shall direct that the probation officer provide the defendant with a written statement that sets forth all the conditions to which the term of supervised release is subject, and that is sufficiently clear and specific to serve as a guide for the defendant's conduct and for such supervision as is required.

"§ 3594. Multiple Sentences of Imprisonment

"(a) IMPOSITION OF CONCURRENT OR CONSECUTIVE TERMS.—If multiple terms of imprisonment are imposed on a defendant at the same time, or if a term of imprisonment is imposed on a defendant who is already subject to an undischarged term of imprisonment, the terms may run concurrently or consecutively, except that the terms may not run consecutively for an offense relating to criminal attempt, criminal conspiracy, or criminal solicitation, and for another offense that was the sole objective of the attempt, conspiracy, or solicitation. Multiple terms of imprisonment imposed at the same time run concurrently unless the court orders or the statute mandates that the terms are to run consecutively. Multiple terms of imprisonment imposed at different times run consecutively unless the court orders that the terms are to run concurrently.

"(b) FACTORS TO BE CONSIDERED IN IMPOSING CONCURRENT OR CONSECUTIVE TERMS.—The court, in determining whether the terms imposed are to be ordered to run concurrently or consecutively, shall consider, as to each offense for which a term of imprisonment is being imposed, the factors set forth in section 3583(a).

"(c) LIMIT ON AGGREGATE OF CONSECUTIVE TERMS.—The aggregate of consecutive terms of imprisonment to which a defendant may be sentenced at the same time may not exceed such term as is authorized by section 3591 for an offense two grades higher than the most serious offense of which he was found guilty.

"(d) TREATMENT OF MULTIPLE SENTENCES AS AN AGGREGATE.—Multiple terms of imprisonment ordered to run consecutively shall be treated for administrative purposes as a single, aggregate term of imprisonment.

"§ 3595. Calculation of a Term of Imprisonment

"(a) COMMENCEMENT OF SENTENCES.—A sentence to a term of imprisonment commences on the date the defendant is received in custody awaiting transportation to, or is received at, the official detention facility at which the sentence is to be served.

"(b) CREDIT FOR PRIOR CUSTODY.—A defendant shall be given credit toward the service of a term of imprisonment for any time he has spent in official detention prior to the date the sentence commences—

"(1) as a result of the offense for which the sentence was imposed; or

"(2) as a result of any other charge for which the defendant was arrested after the commission of the offense for which the sentence was imposed;

that has not been credited against another sentence.

"Chapter 229—FINES

"Sec.
"3601. Sentence of Fine.
"3602. Imposition of a Sentence of Fine.
"3603. Modification or Remission of Fine.

"§ 3601. Sentence of Fine.

"(a) IN GENERAL.—A defendant who has been found guilty of an offense may be sentenced to pay a fine.

"(b) AUTHORIZED FINES.—Except as otherwise provided, the authorized fines are—

"(1) if the defendant is an individual—

"(A) for a felony, or for a misdemeanor resulting in the loss of human life, not more than $250,000;

"(B) for any other misdemeanor, not more than $25,000; and

"(C) for an infraction, not more than $1,000; and

"(2) if the defendant is an organization—

"(A) for a felony, or for a misdemeanor resulting in the loss of human life, not more than $1,000,000;

"(B) for any other misdemeaner, not more than $100,000; and

"(C) for an infraction, not more than $10,000.

"§ 3602. Imposition of a Sentence of Fine

"(a) FACTORS TO BE CONSIDERED IN IMPOSING FINE.—The court, in determining whether to impose a fine, and, if a fine is to be imposed, in determining the amount of the fine, the time for payment, and the method of payment, shall consider—

"(1) the factors set forth in section 3583(a), to the extent they are applicable, including, with regard to the characteristics of the defendant under section 3583(a), the ability of the defendant to pay the fine in view of the defendant's income, earning capacity, and financial resources;

"(2) the nature of the burden that payment of the fine will impose on the defendant, and on any preson who is financially dependent upon the defendant;

"(3) any restitution or reparation made by the defendant to the victim of the offense, and any obligation imposed upon the defendant to make such restitution or reparation to the victim of the offense;

"(4) if the defendant is an organization, any measure taken by the organization to discipline its employees or agents responsible for the offense or to insure against a recurrence of such an offense; and

"(5) any other pertinent equitable consideration.

"(b) EFFECT OF FINALITY OF JUDGMENT.—

Notwithstanding the fact that a sentence to pay a fine can subsequently be—

"(1) modified or remitted pursuant to the provisions of section 3603;

"(2) corrected pursuant to the provisions of rule 35 and section 3733 or 3734; or

"(3) appealed and modified, if outside the guideline range, pursuant to the provisions of section 3735;

a judgment of conviction that includes such a sentence constitutes a final judgment for all other purposes.

"(c) TIME AND METHOD OF PAYMENT.—At the time a defendant is sentenced to pay a fine, the court may provide for the payment to be made within a specified period of time or in specified installments. If no such provision is made a part of the sentence, payment is due immediately.

"(d) ALTERNATIVE SENTENCE PRECLUDED.—At the time a defendant is sentenced to pay a fine, the court may not impose an alternative sentence to be served in the event that the fine is not paid.

"(e) INDIVIDUAL RESPONSIBILITY FOR PAYMENT.—If a fine is imposed on an organization, it is the duty of each individual authorized to make disbursement of the assets of the organization to pay the fine from assets of the organization. If a fine is imposed on an agent or shareholder of an organization, the fine shall not be paid, directly or indirectly, out of the assets of the organization, unless the court finds that such payment is expressly permissible under applicable State law.

"§ 3603. Modification or Remission of Fine

"(a) PETITION FOR MODIFICATION OR REMISSION.—A defendant who has been sentenced to pay a fine, and who—

"(1) has paid part but not all thereof, and concerning whom the circumstances no longer exist that warranted the imposition of the fine in the amount imposed or payment by the time or method specified, may petition the court for—

"(A) an extension of the time for payment;

"(B) a modification in the method of payment; or

"(C) a remission of all or part of the unpaid portion; or

"(2) has thereafter voluntarily made restitution or reparation to the victim of the offense, may petition the court for a remission of the unpaid portion of the fine in an amount not exceeding the amount of such restitution or reparation.

"(b) ORDER OF MODIFICATION OR REMISSION.—If, after the filing of a petition as provided in subsection (a), the court finds that the circumstances warrant relief, the court may enter an appropriate order.".

(c) The table of chapters for part II of title 18, United States Code, is amended by adding immediately after chapter 227 the following new items:

"227A. Sentencing Procedures 3581
"228. Imprisonment 3591
"229. Fines ..... 3601".

(d) Sections 3576, 3577, and 3578 of title 18, United States Code, are repealed.

SEC. 403. Chapter 231 of title 18, United States Code, is amended to read as follows:

"Chapter 231—PROBATION

"Sec.
"3651. Sentence of Probation.
"3652. Imposition of a Sentence of Probation.
"3653. Conditions of Probation.
"3654. Running of a Term of Probation.
"3655. Revocation of Probation.

"§ 3651. Sentence of Probation

"(a) IN GENERAL.—A defendant who has been found guilty of an offense may be sentenced to a term of probation unless—

"(1) the offense is a Class A felony as defined in section 3591(b);

"(2) the offense is an offense for which probation has been expressly precluded; or

"(3) the defendant is sentenced at the same time to a term of imprisonment for the same or a different offense.

"(b) AUTHORIZED TERMS.—The authorized terms of probation are—

"(1) for a felony, not less than one nor more than five years;

"(2) for a misdemeanor, not more than two years; and

"(3) for an infraction, not more than one year.

"§ 3652. Imposition of a Sentence of Probation

"(a) FACTORS TO BE CONSIDERED IN IMPOSING A TERM OF PROBATION.—The court, in determining whether to impose a term of probation, and, if a term of probation is to be imposed, in determining the length of the term and the conditions of probation, shall consider the factors set forth in section 3583(a) to the extent that they are applicable.

"(b) EFFECT OF FINALITY OF JUDGMENT.—Notwithstanding the fact that a sentence of probation can subsequently be—

"(1) modified or revoked pursuant to the provisions of section 3654 or 3655;

"(2) corrected pursuant to the provisions of rule 35 and section 3733 or 3734; or

"(3) appealed and modified, if outside the guideline range, pursuant to the provisions of section 3735;

a judgment of conviction that includes such a sentence constitutes a final judgment for all other purposes.

"§ 3653. Conditions of Probation

"(a) MANDATORY CONDITION.—The court shall provide, as an explicit condition of a sentence of probation, that the defendant not commit another Federal, State, or local crime during the term of probation.

"(b) DISCRETIONARY CONDITIONS.—The court may provide, as further conditions of a sentence of probation, to the extent that such conditions are reasonably related to the factors set forth in section 3583 (a) and (b) and to the extent that such conditions involve only such deprivations of liberty or property as are reasonably necessary for the purposes indicated in section 3583(b), that the defendant—

"(1) support his dependents and meet other family responsibilities;

"(2) pay a fine imposed pursuant to the provisions of chapter 229;

"(3) make restitution to a victim of the offense pursuant to the provisions of section 3586;

"(4) give to the victims of the offense the notice ordered pursuant to the provisions of section 3585;

"(5) work conscientiously at suitable employment or pursue concientiously a course of study or vocational training that will equip him for suitable employment;

"(6) refrain, in the case of an individual, from engaging in a specified occupation, business, or profession bearing a reasonably direct relationship to the conduct constituting the offense, or engage in such a specified occupation, business, or profession only to a stated degree or under stated circumstances;

"(7) refrain from frequenting specified kinds of places or from associating unnecessarily with specified persons;

"(8) refrain from excessive use of alcohol, or any use of a narcotic drug or other controlled substance, as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802), without a prescription by a licensed medical practitioner;

"(9) refrain from possessing a firearm, destructive device, or other dangerous weapon;

"(10) undergo available medical or psychiatric treatment, including treatment for drug or alcohol dependency, as specified by the court, and remain in a specified institution if required for that purpose;

"(11) remain in the custody of the Bureau of Prisons for any time or intervals of time, totaling no more than the lesser of one year or the term of imprisonment authorized for the offense in section 3591 (b), during the first year of the term of probation;

"(12) reside at, or participate in the program of, a community correction facility for all or part of the term of probation;

"(13) work in community service as directed by the court;

"(14) reside in a specified place or area, or refrain from residing in a specified place or area;

"(15) remain within the jurisdiction of the court, unless granted permission to leave by the court or a probation officer;

"(16) report to a probation officer as directed by the court or the probation officer;

"(17) permit a probation officer to visit him at his home or elsewhere as specified by the court;

"(18) answer inquiries by a probation officer and notify the probation officer promptly of any change in address or employment;

"(19) notify the probation officer promptly if arrested or questioned by a law enforcement officer; or

"(20) satisfy such other conditions as the court may impose.

"(c) MODIFICATION OF CONDITIONS.—The court may, after a hearing, modify, reduce, or enlarge the conditions of a sentence of probation at any time prior to the expiration or termination of the term of probation, pursuant to the provisions applicable to the initial setting of the conditions of probation.

"(d) WRITTEN STATEMENT OF CONDITIONS.—The court shall direct that the probation officer provide the defendant with a written statement that sets forth all the conditions to which the sentence is subject, and that is sufficiently clear and specific to serve as a guide for the defendant's conduct and for such supervision as is required.

"§ 3654. Running of a Term of Probation

"(a) COMMENCEMENT.—A term of probation commences on the day that the sentence of probation is imposed, unless otherwise ordered by the court.

"(b) CONCURRENCE WITH OTHER SENTENCES.—Multiple terms of probation, whether imposed at the same time or at different times, run concurrently with each other. A term of probation runs concurrently with any federal, State, or local term of probation, or supervised release, or parole for another offense to which the defendant is subject or becomes subject during the term of probation, except that it does not run during any period in which the defendant is imprisoned, other than during limited intervals as a condition of probation or supervised release, in connection with a conviction for a federal, State, or local crime.

"(c) EARLY TERMINATION.—The court, after considering the factors set forth in section 3583 (a) to the extent that they are applicable, may terminate a term of probation previously ordered and discharge the defendant at any time in the case of a misdemeanor or an infraction or at any time after the expiration of one year of probation in the case of a felony, if it is satisfied that such action is warranted by the conduct of the defendant and the interest of justice.

"(d) EXTENSION.—The court may, after a hearing, extend a term of probation, if less than the maximum authorized term was previously imposed, at any time prior to the expiration or termination of the term of probation, pursuant to the provisions applicable to the initial setting of the term of probation.

"(e) SUBJECT TO REVOCATION.—A sentence of probation remains conditional and subject to revocation until its expiration or termination.

"§ 3655. Revocation of Probation

"(a) CONTINUATION OR REVOCATION.—If the defendant violates a condition of probation at any time prior to the expiration or ter-

mination of the term of probation, the court may, after a hearing pursuant to Rule 32(e) of the Federal Rules of Criminal Procedure, and after considering the factors set forth in section 3583(a) to the extent that they are applicable—

"(1) continue him on probation, with or without extending the term or modifying or enlarging the conditions; or

"(2) revoke the sentence of probation and impose any other sentence that was available under chapter 227A at the time of the initial sentencing.

"(b) DELAYED REVOCATION.—The power of the court to revoke a sentence of probation for violation of a condition of probation, and to impose another sentence, extends beyond the expiration of the term of probation for any period reasonably necessary for the adjudication of matters arising before its expiration if, prior to its expiration, a warrant or summons has been issued on the basis of an allegation of such a violation.".

SEC. 404. Chapter 235 of title 18, United States Code, is amended to read as follows:

"Chapter 235—APPELLATE REVIEW

"Sec.
"3721. Appellate Review in General.
"3722. Rulemaking Authority of the Supreme Court for Rules of Appellate Procedure.
"3723. Appeal by a Defendant.
"3724. Appeal by the Government.
"3725. Review of a Sentence.

"§ 3721. Appellate Review in General

"Review by the courts of appeals of the United States and by the United States Supreme Court of decisions, judgments, and orders entered in criminal cases by district courts of the United States is governed by the provisions of this title and by the Federal Rules of Appellate Procedure.

"§ 3722. Rulemaking Authority of the Supreme Court for Rules of Appellate Procedure

"(a) PRESCRIPTION OF RULES.—The Supreme Court of the United States may prescribe amendments to the Federal Rules of Appellate Procedure and may otherwise prescribe rules of pleading, practice, and procedure with respect to appeals from decisions, judgments, and orders entered in criminal cases in the district courts of the United States. Any provision of law in conflict with a rule prescribed pursuant to this section shall be of no further force or effect after such rule has taken effect.

"(b) EFFECTIVE DATE OF RULES.—Rules prescribed pursuant to this section shall be reported to Congress by the Chief Justice at or after the beginning of a regular session of Congress but not later than the first day of May, and shall take effect one hundred and eighty days after they have been reported. The Supreme Court may fix a later date upon which such rules shall take effect, and may fix the extent to which they shall apply to proceedings then pending.

"§ 3723. Appeal by a Defendant

"(a) APPEAL IN GENERAL.—Except as provided in subsection (b), a defendant may appeal to a United States court of appeals from a final decision, judgment, or order entered by a district court of the United States in a criminal case.

"(b) REVIEW OF AN ORDER UNDER RULE 35 (b)(2).—A defendant may file with a United States court of appeals a petition for leave to appeal an order of a district court granting or denying a motion to correct a sentence pursuant to Rule 35(b)(2) of the Federal Rules of Criminal Procedure.

"§ 3724. Appeal by the Government

"(a) APPEAL FROM DISMISSAL.—The government may appeal to a United States court of appeals from a decision, judgment, or order entered by a district court of the United States in a criminal case, dismissing an indictment or information, terminating a prosecution in favor of a defendant, permitting withdrawal of a plea of guilty or nolo contendere, or granting a new trial after verdict or judgment, as to one or more counts, unless the double jeopardy clause of the United States Constitution prohibits further prosecution of the case.

"(b) APPEAL FROM ORDER SUPPRESSING EVIDENCE.—The government may appeal to a United States court of appeals from a decision or order, entered by a district court of the United States, suppressing or excluding evidence or requiring the return of seized property in a criminal proceeding, if—

"(1) the decision or order was not made during the interval between the time the defendant was put in jeopardy and the return of the verdict or finding on an indictment or information; and

"(2) the attorney for the government certifies to the district court or magistrate that the appeal is not taken for purposes of delay and that the evidence is a substantial proof of a fact material to the case.

"(c) APPEAL FROM ORDER DENYING AUTHORIZATION FOR INTERCEPTION.—The government may appeal to a United States court of appeals from a decision or order, entered by a district court of the United States, denying an application for an order authorizing or approving the interception of a private oral communication, if the attorney for the government certifies to the district court that the appeal is not taken for purposes of delay.

"(d) REVIEW OF AN ORDER UNDER RULE 53 (b)(2).—The government may file with a United States court of appeals a petition for leave to appeal an order of a district court granting or denying a motion to correct a sentence pursuant to Rule 53(b)(2) of the Federal Rules of Criminal Procedure.

"(e) DILIGENT PROSECUTION REQUIRED.—An appeal by the government shall be diligently prosecuted.

"(f) CONSTRUCTION.—The provisions of this section shall be liberally construed to effectuate their purposes.

"§ 3725. Review of a Sentence

"(a) APPEAL BY A DEFENDANT.—A defendant may file a notice of appeal in the district court for review of an otherwise final sentence imposed for a felony or a Class A misdemeanor if the sentence includes a greater fine or term of imprisonment or term of supervised release than the maximum established in the guidelines, or includes a more limiting condition of probation or supervised release under section 2103(b)(6) or (b)(11) than the maximum established in the guidelines, that are issued by the Sentencing Commission pursuant to 28 U.S.C. 994(a)(1), and that are found by the sentencing court to be applicable to the case, unless—

"(1) the sentence is equal to or less than the sentence recommended or not opposed by the attorney for the government pursuant to a plea agreement under Rule 11(e)(1)(B) of the Federal Rules of Criminal Procedure; or

"(2) the sentence is that provided in an accepted plea agreement pursuant to Rule 11(e)(1)(C) of the Federal Rules of Criminal Procedure.

"(b) APPEAL BY THE GOVERNMENT.—The government may, with the approval of the Attorney General or his designee, file a notice of appeal in the district court for review of an otherwise final sentence imposed for a felony or a Class A misdemeanor if the sentence includes a lesser fine or term of imprisonment or term of supervised release than the minimum established in the guidelines, or includes a less limiting condition of probation or supervised release under section 2103(b)(6) or (b)(11) than the minimum established in the guidelines, that are issued by the Sentencing Commission pursuant to 28 U.S.C. 994(a)(1), and that are found by the sentencing court to be applicable to the case, unless—

"(1) the sentence is equal to or greater than the sentence recommended or not opposed by the attorney for the government pursuant to a plea agreement under Rule 11(e)(1)(B) of the Federal Rules of Criminal Procedures; or

"(2) the sentence is that provided in an accepted plea agreement pursuant to Rule 11(e)(1)(C) of the Federal Rules of Criminal Procedure.

"(c) REVIEW.—If a notice of appeal is filed in the district court pursuant to subsection (a) or (b), the clerk shall certify to the court of appeals—

"(1) that portion of the record in the case that is designated as pertinent by either of the parties;

"(2) the presentence report; and

"(3) the information submitted during the sentencing proceeding.

"(d) CONSIDERATION.—Upon review of the record, the court of appeals shall determine whether the sentence imposed is unreasonable, having regard for—

"(1) the factors to be considered in imposing a sentence, as set forth in part III of this title; and

"(2) the reasons for the imposition of the particular sentence, as stated by the district court pursuant to the provisions of section 2003(c).

"(e) DECISION AND DISPOSITION.—If the court of appeals determines that the sentence is—

"(1) unreasonable, it shall state specific reasons for its conclusions and—

"(A) if it determines that the sentence is too high and the appeal has been filed under subsection (a), shall set aside the sentence and—

"(i) remand the case for imposition of a lesser sentence;

"(ii) remand the case for further sentencing proceedings; or

"(iii) impose a lesser sentence;

"(B) if it determines that the sentence is too low and the appeal has been filed under subsection (b), shall set aside the sentence and—

"(i) remand the case for imposition of a greater sentence;

"(ii) remand the case for further sentencing proceedings; or

"(iii) impose a greater sentence; or

"(2) not unreasonable, it shall affirm the sentence.".

SEC. 405. (a) A new chapter 58 is added after chapter 57 of title 28, United States Code, to read as follows:

"Chapter 58—UNITED STATES SENTENCING COMMISSION

"Sec.
"991. United States Sentencing Commission: establishment and purpose.
"992. Terms of office; compensation.
"993. Powers and duties of the Chairman.
"994. Duties of the Commission.
"995. Powers of the Commission.
"996. Director and staff.
"997. Annual report.
"998. Definitions.

"§ 991. United States Sentencing Commission; establishment and purpose

"(a) There is established as an independent commission in the judicial branch a United States Sentencing Commission which shall consist of seven voting members and one nonvoting member. The President, after consultation with the Judicial Conference of the United States, shall appoint, by and with the advice and consent of the Senate, four members of the United States Sentencing Commission, one of whom shall be appointed, by and with the advice and consent of the Senate, as the Chairman. Not more than three of the members of the United States Sentencing Commission appointed by the President shall be members of the same political party. The Judicial Conference shall submit to the President, to the

Committee on the Judiciary of the Senate, and to the Committee on the Judiciary of the House of Representatives, a list of at least ten judges of the United States whom the Conference considers best qualified to serve on the Commission. The President shall designate three of the judges from the list of recommended judges submitted by the Conference to serve on the Commission. Prior to consulting with, or submitting a list to, the President, the Judicial Conference shall obtain and give consideration to the recommendations of the district judge members of the Judicial Councils of the Federal judicial circuits. The Attorney General, or his designee, shall be an ex officio, nonvoting member of the Commission. The Chairman and members of the Commission shall be subject to removal from the Commission by the President only for neglect of duty or malfeasance in office or for other good cause shown. The Commission shall have both judicial and nonjudicial members and shall, to the extent practicable, have a membership representing a variety of backgrounds and reflecting participation and interest in the criminal justice process, including one Federal prosecutor and one attorney who regularly represents defendants in Federal criminal cases.

"(b) The purposes of the United States Sentencing Commission are to—

"(1) establish sentencing policies and practices for the Federal criminal justice system that—

"(A) assure the meeting of the purposes of sentencing as set forth in section 3579 of title 18, United States Code;

"(B) provide certainty and fairness in meeting the purposes of sentencing, avoiding unwarranted sentencing disparities among defendants with similar records who have been found guilty of similar criminal conduct while maintaining sufficient flexibility to permit individualized sentences when warranted by mitigating or aggravating factors not taken into account in the establishment of general sentencing practices; and

"(c) reflect, to the extent practicable, advancement in knowledge of human behavior as it relates to the criminal justice process; and

"(2) develop means of measuring the degree to which the sentencing, penal, and correctional practices are effective, in meeting the purposes of sentencing as set forth in section 3583 of title 18, United States Code.

"§ 992. Terms of office; compensation

"(a) The voting members of the United States Sentencing Commission shall be designated or appointed for six-year terms, except that the initial terms of the first members of the Commission shall be staggered so that—

"(1) one member designated by the President from the list of recommended judges submitted by the Judicial Conference and the Chairman serve terms of six years;

"(2) one member designated by the President from the list of recommended judges submitted by the Judicial Conference and two members appointed by the President serve terms of four years; and

"(3) two members appointed by the President serve terms of two years.

"(b) No voting member may serve more than two full terms. A voting member designated or appointed to fill a vacancy that occurs before the expiration of the term for which his predecessor was designated or appointed shall be designated or appointed only for the remainder of such term.

"(c) Each voting member of the Commission shall be compensated during the term of office as a member of the Commission at the rate at which judges of the United States courts of appeals are compensated. A Federal judge may serve as a member of the Commission without resigning his appointment as a Federal judge.

"§ 993. Powers and duties of the Chairman

"The Chairman shall—

"(1) call and preside at meetings of the Commission; and

"(2) direct—

"(A) the preparation of requests for appropriations for the Commission; and

"(B) the use of funds made available to the Commission.

"§ 994. Duties of the Commission

"(a) The Commission, by affirmative vote of at least four members of the Commission, and pursuant to its rules and regulations and consistent with all pertinent provisions of this title and title 18, United States Code shall promulgate and distribute to all courts of the United States and to the United States Probation System—

"(1) guidelines, as described in subsections (b) through (d) and (f) through (m), for use of a sentencing court in determining the sentence to be imposed in a criminal case, including—

"(A) a determination whether to impose a sentence to probation, a fine, or a term of imprisonment; and

"(B) a determination as to the appropriate amount of a fine or the appropriate length of a term of probation or a term of imprisonment; and

"(2) general policy statements regarding application of the guidelines or any other aspect of sentencing or sentence implementation that in the view of the Commission would further the purposes set forth in section 3583 of title 18, United States Code.

"(b) The Commission, in the guidelines promulgated pursuant to subsection (a)(1), shall, for each category of offense involving each category of defendant, establish a sentencing range that is consistent with all pertinent provisions of title 18, United States Code.

"(c) The Commission, in promulgating guidelines pursuant to subsection (a)(1), shall promote the purposes set forth in section 991(b)(1), with particular attention to the requirements of subsection 991(b)(1)(B) for providing certainty and fairness in sentencing and reducing unwarranted sentence disparities.

"(d) The Commission, in promulgating guidelines pursuant to subsection (a)(1), shall take into account the nature and capacity of the penal, correctional, and other facilities and services available in order to assure that the available capacities of such facilities and services will not be exceeded.

"(e) The Commission shall assure that the guidelines will specify a sentence to a substantial term of imprisonment for categories of defendants in which the defendant—

"(1) has a history of two or more prior Federal, State, or local felony convictions for offenses committed on different occasions;

"(2) committed the offense as part of a pattern of criminal conduct from which he derived a substantial portion of his income;

"(3) committed the offense in furtherance of a conspiracy with three or more persons engaging in a pattern of racketeering activity in which the defendant participated in a managerial or supervisory capacity; or

"(4) committed a crime of violence which constitutes a felony while on release pending trial, sentence, or appeal from a Federal, State, or local felony for which he was ultimately convicted.

"(f) The Commission shall insure that the guidelines reflect the general appropriateness of imposing a sentence other than imprisonment in cases in which the defendant is a first offender who has not been convicted of a crime of violence or an otherwise serious offense.

"(g) The Commission shall insure that the guidelines reflect the inappropriateness of imposing a sentence to a term of imprisonment for the purpose of rehabilitating the defendant or providing the defendant with needed educational or vocational training, medical care, or other correctional treatment.

"(h) The Commission is initially promulgating guidelines for particular categories of cases, shall be guided by the average sentences imposed in such categories of cases prior to the creation of the Commission, and in cases involving sentences to terms of imprisonment, the length of such terms actually served, unless the Commission determines that such a length of term of imprisonment does not adequately reflect a basis for sentencing range that is consistent with the purposes of sentencing described in section 3579 of title 18, United States Code.

"(i) The Commission periodically shall review and revise, in consideration of comments and data coming to its attention, the guidelines promulgated pursuant to the provisions of this section. In fulfilling its duties and in exercising its powers, the Commission shall consult with authorities on, and individual and institutional representatives of, various aspects of the Federal criminal justice system. The United States Probation System, the Bureau of Prisons, the Judicial Conference of the United States, the Criminal Division of the United States Department of Justice, and a representative of the Federal Public Defenders shall submit to the Commission any observations, comments, or questions pertinent to the work of the Commission whenever it believes such communication would be useful, and shall, at least annually, submit to the Commission a written report commenting on the operation of the Commission's guidelines, suggesting the changes in the guidelines that appear to be warranted, and otherwise assessing the Commission's work.

"(j) The Commission, at or after the beginning of a regular session of Congress but not later than the first day of May, shall report to the Congress any amendments of the guidelines promulgated pursuant to subsection (a)(1) and a report of the reasons therefor, and the amended guidelines shall take effect one hundred and eighty days after the Commission reports them, unless either House of Congress within the period of one hundred and eighty days, shall by resolution disapprove any guideline so promulgated, in which case the guideline shall not take effect. The effective date of any guideline so promulgated may be deferred by either House of Congress to a later date or until approved by Act of Congress.

"(k) The Commission shall evaluate the impact of the sentencing guidelines on prosecutorial discretion, plea bargaining, disparities in sentencing, and the use of an incarceration, and shall, by affirmative vote of a majority of the voting members of the Commission, issue a report of its findings to all appropriate courts, the Department of Justice, and the Congress.

"(l) The Commission, within three years of the date of enactment of this Act and thereafter whenever it finds it advisable, shall recommend to the Congress that it raise or lower the grades, or otherwise modify the maximum penalties, of those offenses for which such an adjustment appears appropriate.

"(m) The appropriate judge or officer shall submit to the Commission in connection with each sentence imposed a written report of the sentence, the offense for which it is imposed, the age, race, and sex of the offender, information regarding factors made relevant by the guidelines, and such other information as the Commission finds appropriate. The Commission shall submit to Congress at least annually an analysis of these reports and any recommendation for legislation that the Commission concludes is warranted by that analysis.

"(n) The provisions of section 553 of title 5, relating to publication in the Federal

Register and public hearing procedure, shall apply to the promulgation of guidelines pursuant to subsections (a) through (m).

"995. Powers of the Commission

"(a) The Commission, by vote of a majority of the members present and voting, shall have the power to—

"(1) establish general policies and promulgate such rules and regulations for the Commission as are necessary to carry out the purposes of this chapter;

"(2) appoint and fix the salary and duties of the Staff Director of the Sentencing Commission, who shall serve at the discretion of the Commission and who shall be compensated at a rate not to exceed the highest rate now or hereafter prescribed for grade 18 of the General Schedule pay rates (5 U.S.C. 5332);

"(3) deny, revise, or ratify any request for regular, supplemental, or deficiency appropriations prior to any submission of such request to the Office of Management and Budget by the Chairman;

"(4) procure for the Commission temporary and intermittent services to the same extent as is authorized by section 3109(b) of title 5, United States Code;

"(5) utilize, with their consent, the services, equipment, personnel, information, and facilities of other Federal, State, local, and private agencies and instrumentalities with or without reimbursement therefor;

"(6) without regard to section 3648 of the Revised Statutes of the United States (31 U.S.C. 529), enter into and perform such contracts, leases, cooperative agreements, and other transactions as may be necessary in the conduct of the functions of the Commission, with any public agency, or with any person, firm, association, corporation, educational institution, or nonprofit organization;

"(7) accept voluntary and uncompensated services, notwithstanding the provisions of section 3679 of the Revised Statutes of the United States (31 U.S.C. 655 (b));

"(8) request such information, data, and reports from any Federal agency or judicial officer as the Commission may from time to time require and as may be produced consistent with other law;

"(9) monitor the performance of probation officers with regard to sentencing recommendations, including application of the Sentencing Commission guidelines and policy statements;

"(10) issue instructions to probation officers concerning the application of Commission guidelines and policy statements;

"(11) arrange with the head of any other Federal agency for the performance by such agency of any function of the Commission, with or without reimbursement;

"(12) establish a research and development program within the Commission for the purpose of—

"(A) serving as a clearinghouse and information center for the collection, preparation, and dissemination of information on Federal sentencing practices; and

"(B) assisting and serving in a consulting capacity to Federal courts, departments, and agencies in the development, maintenance, and coordination of sound sentencing practices;

"(13) collect systematically the data obtained from studies, research, and the empirical experience of public and private agencies concerning the sentencing process;

"(14) publish data concerning the sentencing process;

"(15) collect systematically and disseminate information concerning sentences actually imposed, and the relationship of such sentences to the factors set forth in section 3581(d) of title 18, United States Code;

"(16) collect systematically and disseminate information regarding effectiveness of sentences imposed;

"(17) devise and conduct, in various geographical locations, seminars, and workshops providing continuing studies for persons engaged in the sentencing field;

"(18) devise and conduct periodic training programs of instruction in sentencing techniques for judicial and probation personnel and other persons connected with the sentencing process;

"(19) study the feasibility of developing guidelines for the disposition of juvenile delinquents;

"(20) make recommendations to Congress concerning modification or enactment of statutes relating to sentencing, penal, and correctional matters that the Commission finds to be necessary and advisable to carry out an effective, humane, and rational sentencing policy;

"(21) hold hearings and call witnesses that might assist the Commission in the exercise of its powers or duties; and

"(22) perform such other functions as are required to permit Federal courts to meet their responsibilities under section 3581(d) of title 18, United States Code, and to permit others involved in the Federal criminal justice system to meet their related responsibilities.

"(b) The Commission shall have such other powers and duties and shall perform such other functions as may be necessary to carry out the purposes of this chapter, and delegate to any member or designated person such powers as may be appropriate other than the power to establish general policy statements and guidelines pursuant to section 994(a) (1) and (2), the issuance of general policies and promulgation of rules and regulations pursuant to subsection (a)(1) of this section, and the decisions as to the factors to be considered in establishment of categories of offenses and offenders pursuant to section 994(b).

"(c) Upon the request of the Commission, such Federal agency is authorized and directed to make its services, equipment, personnel, facilities, and information available to the greatest practicable extent to the Commission in the execution of its functions.

"(d) A simple majority of the membership then serving shall constitute a quorum for the conduct of business. Other than for the promulgation of guidelines and policy statements pursuant to section 994 (a) through (1) the Commission may exercise its powers and fulfill its duties by the vote of a simple majority of the members present.

"(e) Except as otherwise provided by law, the Commission shall maintain and make available for public inspection a record of the final vote of each member of any action taken by it.

"§ 996. Director and staff

"(a) The Staff Director shall supervise the activities of persons employed by the Commission and perform other duties assigned to him by the Commission.

"(b) The Staff Director shall, subject to the approval of the Commission, appoint such officers and employees as are necessary in the execution of the functions of the Commission. The officers and employees of the Commission shall be exempt from the provisions of part III of title 5, United States Code, except the following chapters: 81 (Compensation for Work Injuries), 83 (Retirement), 85 (Unemployment Compensation), 87 (Life Insurance), 89 (Health Insurance), and 91 (Conflicts of Interest).

"§ 997. Annual report

"The Commission shall report annually to the Judicial Conference of the United States, the Congress, and the President of the United States on the activities of the Commission.

"§ 998. Definitions

"As used in this chapter—

"(1) 'Commission' means the United States Sentencing Commission;

"(2) 'Commissioner' means a member of the United States Sentencing Commission;

"(3) 'guidelines' means the guidelines promulgated by the Commission pursuant to section 994(a) of this title; and

"(4) 'rules and regulations' means rules and regulations promulgated by the Commission pursuant to section 995 of this title."

(b) The analysis at the beginning of title 28, United States Code, is amended by adding after the item relating to chapter 57 the following new item:

"58. United States Sentencing Commission ---------- 991".

(c) The analysis at the beginning of part III of title 28, United States Code, is amended by adding after the item relating to chapter 57 the following new item:

"58. United States Sentencing Commission ---------- 991".

(d) Section 1291 of title 28, United States Code, is amended by deleting "Supreme Court." and inserting in lieu thereof "Supreme Court, and may review decisions made pursuant to Rule 35(b)(2) of the Federal Rules of Criminal Procedure on petition for leave to appeal granted at the request of the United States or the defendant.".

(e) The following provisions of law in effect on the day before the date of this title shall remain in effect for 3 years after such effective date and after such 3 years they are repealed—

(1) chapter 311 of title 18, United States Code;

(2) sections 4254 through 4255 of title 18, United States Code;

(3) sections 5041 and 5042 of title 18, United States Code; and

(4) sections 5017 through 5020 of title 18, United States Code.

By Mr. JACKSON (for himself and Mr. GORTON):

S. 1457. A bill to reinstate United States oil and gas lease number OR-13713; to the Committee on Energy and Natural Resources.

REINSTATEMENT OF A FEDERAL OIL AND GAS LEASE

● Mr. JACKSON. Mr. President, I am introducing today, on behalf of myself and my colleague from Washington, Mr. GORTON, a private bill on behalf of Reichhold Energy Corp. of Tacoma, Wash. The bill would reinstate a Federal oil and gas lease previously held by the corporation which terminated by operation of law because the corporation inadvertently failed to pay the correct annual rental. I ask unanimous consent that a letter from Mr. R. K. Stensrud, president of the corporation, explaining the background of the legislation, together with the opinion of the U.S. District Court for the District of Columbia on the suit brought by Reichhold Energy Corp., be inserted in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

REICHHOLD ENERGY CORP.,
Tacoma, Wash., June 26, 1981.

Hon. HENRY M. JACKSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR JACKSON: I am writing to request that you introduce private relief legislation on behalf of Reichhold Energy Corporation of Tacoma (REC). The Interior Department recently terminated REC's interest in an important federal oil and gas lease because of REC's inadvertent underpayment of the rent due. Our attempts to have the courts reverse that determination have proven unsuccessful. Our only means of retaining this important lease is, therefore, legislation, and

any assistance you can render us in this respect will be greatly appreciated.

REC is among the leading companies seeking to develop oil and natural gas resources in the Pacific Northwest. Among the areas in which REC has been actively exploring for oil and natural gas is a portion of Columbia County, Oregon known as "Pittsburgh Prospect." REC holds a number of federal oil and gas leases in that area.

The lease in question here is Lease OR 13713. REC considers Lease OR 13713 very important to its oil and gas exploration activities in the Pacific Northwest. REC has already drilled a test well in the vicinity of that lease at an approximate cost of $200,000 and has engaged in other extensive exploration and test activities in the immediate area, which, together with the investments of its joint venture partners, have resulted in a total investment of approximately $1.5 million. The termination of the lease would seriously inhibit REC's ability to realize fully the benefits of these costly exploration activities.

Lease OR 13713 was issued in October 1975. The original lessee then assigned the lease to REC. The Interior Department's Bureau of Land Management ("BLM") requires that all such assignments of federal oil and gas leases be approved by BLM. Pursuant to the applicable regulations, REC filed an application for approval of the assignment of Lease OR 13713 in March 1976.

REC inadvertently left certain information out of its application for approval of the assignment, and all of its subsequent problems stem from that omission. The omitted information was publicly available. We have no reason to believe that BLM would have disapproved the assignment had that information been included in the application. If, moreover, REC had been informed that the application was incomplete, it would have remedied the omission promptly. BLM did not act on the application, however, for fourteen months. REC therefore had no reason to believe its application was defective or to take remedial action.

While the application was pending, REC explored the leasehold and determined that approximately one-third of it was not likely to be productive. When the annual rental came due in October 1976, REC therefore filed a relinquishment of the unproductive one-third of the lease and paid the rent due on the remainder.

In May 1977, BLM acted on both the application for approval of the assignment and REC's partial relinquishment of the leasehold. Because the application for approval of the assignment was incomplete, BLM rejected that application. Because the assignment was ineffective, BLM held that REC did not have the authority to relinquish part of the leasehold and rejected the relinquishment as well. And because the relinquishment was ineffective, BLM held that rent on the entire original leasehold had been due on October 1, 1976. Finally, since the entire rent had not been paid (it was $280 short), BLM held that the lease terminated automatically in accordance with Section 188(c) of the Mineral Leasing Act of 1920, 30 U.S.C. § 188(c).

REC filed suit in the United States District Court for the District of Columbia, arguing, in essence, that if BLM had processed REC's applications in a reasonable period of time, REC would have corrected the inadvertent omissions, and the chain of events leading to the termination of the lease would never have occurred. In an opinion dated April 30, 1980, Judge Pratt denied REC's motion for summary judgment. I enclose a copy of Judge Pratt's decision. Judge Pratt held that 30 U.S.C. § 188(c) and its legislative history established that when there is an inadvertent failure to pay the full amount of rent due on a federal oil and gas lease, that failure must be corrected within twenty days of the date the rent was due or the lease will terminate as a matter of law. For all other cases of inadvertent failure to pay the full rent, Judge Pratt held (p. 8 n. 7) that Congress intended to require the aggrieved lessee to seek private relief legislation.

REC appealed Judge Pratt's decision to the United States Court of Appeals for the District of Columbia Circuit. That appeal was summarily denied in May 1981.

We have, therefore, exhausted our judicial remedies. As Judge Pratt noted, Congress intended, when in 1970 it amended § 188(c) of the Mineral Leasing Act of 1920, that the termination of federal oil and gas leases for inadvertent underpayment of rent be redressed by private relief legislation. We believe that ours is a case meriting such relief. I enclose a copy of draft legislation prepared by our counsel that we believe would achieve that relief, and I respectfully request that you consider introducing such legislation.

I spoke to Norm Dicks about the matter when he was in Seattle a few week ago addressing the University of Washington Forestry Alumni Association banquet. He seemed interested in helping on the project and, at that time, suggested that perhaps he could help in the House of Representatives and you in the Senate. I will be contacting him again by phone and sending a similar letter to him for his consideration of introduction of legislation in the House.

If you have any questions on this matter, or if there is any respect in which I can be of assistance, please do not hesitate to call (206–572–5600) or write me. Also please feel free to contact our Washington counsel who litigated this matter in the District and Appeals Courts, Patrick M. Norton at (202) 452–6772.

We are very grateful for your time and assistance.

Very truly yours,

R. K. STENSRUD,
President.

U.S. DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

[Civil Action No. 79–1274]

Reichhold Energy Corporation, Plaintiff, vs. Cecil D. Andrus, Secretary of the Interior, Defendant.

MEMORANDUM OPINION

This matter is before us on cross-motions for summary judgment. Reichhold Energy Corp. (REC) seeks: a judgment declaring that the Secertary of the Interior wrongfully denied approval of an assignment of an oil and gas lease to REC and wrongfully declared that lease terminated by operation of law [and] . . . a mandatory injunction directing the Secretary of the Interior to reinstate said lease and approve said assignment.

Complaint ¶ 1. Neither party has raised nor have we found any genuine issues of material fact. The case being appropriate for summary judgment we grant the defendant's motion for the following reasons.

I. Statements of Facts

Plaintiff REC is a wholly-owned subsidiary of Reichhold Chemicals, Inc. (RCI) and is engaged in the discovery and production of natural gas in the Pacific Northwest. Defendant Secretary of the Interior Cecil D. Andrus has statutory authority to supervise the Bureau of Land Management (BLM), 43 U.S.C. §§ 1451, 1457, 1731; Reorg. Plan No. 3 of 1950, *reprinted in* 5 U.S.C. app., at 742 (1976), and to issue and administer oil and gas leases on public lands, including the authority to prescribe necessary and proper rules and regulations. Mineral Leasing Act of 1920, *as amended*, 30 U.S.C. § 181 *et seq.*

Effective October 1, 1975, Fay A. Reuth received Federal Oil and Gas Lease OR 13713 for lands located in Columbia County, Oregon. REC holds a number of other leases contiguous or proximate to OR 13713, the leasehold at issue. Previously, on September 22, 1975, REC and Ms. Reuth entered into an agreement by which lease OR 13713 was purportedly assigned to REC. Almost six months later, on March 16, 1976, REC filed a BLM form 3106–5 (February, 1971), "Assignment Affecting Record Title to Oil and Gas Lease," and an affidavit purporting to set forth REC's qualifications as a lessor with the BLM Oregon State Office.

Prior to the issuance of lease OR 13713 effective October 1, 1975, BLM had requested information from Ms. Reuth and the other applicants about certain aspects of development of the leases. On September 11, 1975, Ms. Reuth responded, stating, *inter alia*, that:

"According to my information, Reichhold Energy Corporation of Tacoma, Washington is currently active in the area of my lease, and I plan to work in conjunction with them in the development of this lease after it is issued to me.

"If you desire more specific or additional information regarding plans on or near my lease, I would suggest that you contact Reichhold Energy Corporation."

Letter from Fay Reuth to E. J. Petersen, Acting State Director, BLM (Sept. 11, 1975). After filing the purported assignment on March 15, 1976, REC determined that part of Reuth's lease OR 13713 was unlikely to be productive. Therefore, on September 27, 1976, REC filed a relinquishment of i's interest in part of the land in lease OR 13713. REC also submitted a $633.45 check for the October 1, 1976, annual rental of the remaining land. On September 28, 1976, BLM received REC's submissions.

Prior to REC's actions, BLM had mailed a notice to Ms. Reuth that the annual rental of $913.50 was due on October 1, 1976. The notice specifically stated "[i]f the correct amount is not paid on or before the due date, the lease or contract may terminate automatically by law." BLM regularly cashes all checks for accounting purposes and to preserve the rights of the person who drew the check. After receiving REC's submissions on September 28, 1975, BLM cashed REC's check. On October 14, 1976, BLM issued a receipt for REC's payment to Ms. Reuth, not REC, with a notation "Underpayment of $280.05 unless other action is pending or the balance due is paid by the due date this lease may be terminated." [1] The $280.05 was the rental for the portion of the lease that REC sought to relinquish. Neither Reuth nor REC responded to the notation.

REC did not receive any communications from BLM in regards to lease OR 13713 until BLM's May 16, 1977 decision,[2] some 14 months after the purported assignment of March 15, 1976, was sent to REC and Ms. Reuth, which notified REC and Ms. Reuth that the assignment was incomplete. REC had failed to provide the address of its 100 percent stockholder RCI, a statement from RCI concerning its lease holdings, and certain information from RCI as to RCI's stockholders pursuant to 43 C.F.R. § 3102.4–1.

BLM asserted that it could not approve the assignment because the assignment was incomplete and, therefore, the assignor, Ms. Reuth remained the record title holder responsible for the obligations under the lease. The partial relinquishment of the lease was ineffective, because it was not signed by Ms. Reuth the title record holder, but by REC, which would have been the title record holder only if the assignment had been complete and approved. Because the partial relinquishment was ineffective, the entire rent of $913.50 had been due on or before October 1, 1976. The payment by REC was not sufficient and, consequently, the lease was terminated in its entirety at the end of the due

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Footnotes at end of article.

date as BLM had warned on the receipt. Once the lease terminated assignment became impossible and, therefore, BLM denied the attempted assignment without leave to correct the deficiencies.

In June, 1977 REC availed itself of its right to appeal to the Interior Board of Land Appeals (IBLA). On March 29, 1979, the IBLA affirmed the decision of the BLM Oregon State Office.

II. Discussion

In general, plaintiff contends that its admitted omissions from the assignment were trivial, were matters of public record in RCI's filings with the Securities and Exchange Commission, and would have been quickly corrected, if only BLM had processed the assignment before the rental due date of October 1, 1976 rather than delaying for fourteen months. Plaintiff argues that the delay deprived plaintiff of notice and prevented REC from curing the minor deficiencies. Thus, plaintiff seeks to shift the blame for the results of its repeated carelessness in its two filings to the government.[3] Counsel for plaintiff have proposed several theories to rescue REC.

A. The Mineral Leasing Act and the Secretary's Discretion

First, plaintiff argues that the denial of the assignment was arbitrary, capricious, and an abuse of discretion, because the omissions were trivial and easily remedied. Allegedly, all of the missing information about REC and RCI was available to the BLM in the public files of the SEC.[4] Therefore, plaintiff contends that the Secretary abused his discretion by his "wooden" application of the filing requirements for the assignment.

The Secretary of Interior, however, has broad discretion; accordingly, his decisions will remain undisturbed unless he is "clearly wrong." *Safarik* v. *Udall*, 304 F.2d 944, 950 (D.C. Cir.), *cert. denied*, 371 U.S. 901 (1962). The principles underlying the leasing of potentially valuable federal mineral interests differ from those governing the sale of federal land:

> Unlike a land patent, which divests the Government of title, Congress under the Mineral Leasing Act has not only reserved to the United States the fee interest in the leased land, but *has also subjected the lease to exacting restrictions and continuing supervision by the Secretary.* (emphasis supplied).

Boesche v. *Udall*, 373 U.S. 472, 477–78 (1963). Consequently, the Secretary and BLM have set strict standards for applicants in order to "provide certainty and fairness among competing participants in the federal minerals leasing program."[5] Defendant's Supporting Memorandum at 5.

The Mineral Leasing Act provides that "[t]he Secretary shall disapprove the assignment or sublease only for lack of qualification of the assignee or sublessee or for lack of sufficient bond. . . ." 30 U.S.C. § 187a (1976). An assignee must meet the same qualifications that the assignor had to meet as a lessee, *Id.;* 43 C.F.R. § 3106.1–1. Consequently, the Secretary will not approve an assignment until the application proving qualification is complete. 43 C.F.R. § 3106.1–2. Among the limitations that Congress imposed on applicants for oil and gas leases is a maximum acreage limit. *See* 30 U.S.C. § 184(d)(1) (1976) (implemented for corporate applicants in 43 C.F.R. § 3102.4–1).

Apparently due to inadvertence, REC filed its papers for the assignment without providing:

> "The address of its 100-percent stockholder and failed to furnish a statement *from* the parent company as to its holdings, as required by 43 C.F.R. 3102.4–1. In addition, the assignee's owner should have furnished the showings and statements required by 43 C.F.R. 3102.4–1 as to the stockholders of Reichhold Chemicals, Inc."

Letter from Harold A. Berends, Chief, BLM Operations, Oregon State Office, to Fay A. Reuth and REC (May 16, 1977) (notice that lease had been terminated by the operation of law and the assignment denied). Thus, plaintiff failed to prove that it met the qualifications for an assignee. Compliance with the regulations regarding applications is the responsibility of the applicant. *See Burglin v. Morton, supra.*

If REC had filed a complete application proving its qualifications as an assignee, then the assignment would have taken effect on April 1, 1976, "the first day of the lease month following the date of filing. . . ." 30 U.S.C. § 187a. Mr. Berend's letter of May 16, 1977 was REC's first notice of its mistake, which if immediately corrected then could have effectuated the assignment as of June 1, 1977. REC, however, could not cure its mistake because BLM found that the lease already had been terminated by the operation of law.

Lease OR 13713 terminated because of another careless error by plaintiff. The Mineral Leasing Act provides that a *lessee* may make a written relinquishment, effective as of the date of filing, of all or part of its rights under the lease in order to avoid the obligations of the lease. 30 U.S.C. § 187b. The "lessee" is the "record title holder." *See* 43 C.F.R. § 3108.1. An assignee of a lease such as REC does not become the lessee or record title holder, however, until after the Secretary approves the assignment. 30 U.S.C. § 187a. Only after the Secretary's approval does the assignee become the lessee effective the first day of the lease month following the filing of the assignment. *Id.* Pending approval, the statute expressly provides that the assignor shall continue to be responsible for meeting the obligations of the lease, *id.*, and, consequently, the assignor remains the record title holder until the assignment is approved.

In spite of the express procedure in the statute, REC filed a "relinquishment" of part of OR 13713 and presumed to submit the reduced rental payment for the remainder. As a result, REC joined the ranks of other persons who have suffered from their failure to follow this clear mandate of the Mineral Leasing Act. *See Champlin Oil and Refining Company*, 66 I.D. 26 (1959); *Lester C. Hotchkiss*, A–27342 (August 14, 1956); *Vivien James*, A–26208 (June 29, 1951). REC had "no reason to assume that [the assignment] had been approved and that a relinquishment filed by the assignee . . . would serve to terminate [part of] the lease." *Hotchkiss, supra*, at 3. The proper procedure would have been to have had Ms. Reuth, the lessee, sign the relinquishment pending approval of the assignment. *See James F. S. Holmberg*, 67 I.D. 302 (1960). Her relinquishment would have been effective immediately, as discussed above,[6] but without a relinquishment by the lessee, the entire rental was due on or before October 1, 1976, the anniversary date of the lease. *See* 30 U.S.C. § 226(d). Congress provided in the Mineral Leasing Act that a lease will terminate by the operation of law, not depending on the discretion of the Secretary, when the rental payment is not timely. 30 U.S.C. § 188(b).

In summary respecting the plaintiff's first argument, the Secretary did not abuse his discretion in regard to the termination because he had none; the lease terminated by operation of law. Furthermore, he did not abuse his discretion by refusing to approve an assignment that was incomplete. The Mineral Leasing Act of 1920 does not provide the Secretary with the discretion to approve a lease for an unqualified applicant, *see Udall* v. *Tallman*, 380 U.S. 1, 4 (1965), and the same standards apply to an unqualified assignee. We show great deference to the construction application of the Mineral Leasing Act of 1920 by the Secretary of Interior, who is charged with its administration. *See Udall* v. *Tallman, supra*, at 16; *Duesing* v. *Udall*, 350 F.2d 748, 751 (D.C. Cir. 1965), *cert. denied* 383 U.S. 912 (1966).

B. BLM's Delay

Second, plaintiff contends that BLM's delay in processing the assignment and relinquishment denied plaintiff's rights under the Mineral Leasing Act, deprived REC of notice in violation of Fifth Amendment due process, and violated REC's rights under the Administrative Procedure Act.

Plaintiff's fundamental error is in assuming—eagerness to assume being a fundamental flaw in plaintiff's conduct of its affairs—that "BLM's Inexcusable Delay was the Direct Cause of Any Procedural Discrepancies by REC." Plaintiff's Memorandum in Support of Motion for Summary Judgment at 8. Rather the direct cause of plaintiff's problems was its own repeated carelessness and assumption that everything it wanted would happen. Plaintiff would not be here today if it (1) had filed a complete assignment or (2) had had Ms. Reuth sign the relinquishment, which would have been effective immediately without the alleged "Catch 22" or (3) had paid the $280.05 rental rather than assuming that the BLM would approve the assignment and relinquishment or (4) had gotten a written power of attorney from Ms. Reuth. Thus, by no stretch of the imagination did BLM "cause" plaintiff's problems and "[t]here is no requirement that the land office notify one who wishes approval of an assignment of the papers needed to complete an application for such approval." *Joe T. Juhan*, A–28667 at 5 (May 17, 1962), *accord, Burglin* v. *Morton, supra*, at 490. Neither inadvertent failure to comply with the law or ignorance of the law excuse plaintiff's errors.

In particular, plaintiff contends that BLM's delay denied plaintiff the opportunity to seek reinstatement within 20 days of the rental due date pursuant to 30 U.S.C. § 188(c). In 1970 Congress enacted § 188(c) as a limited exception to the harsh rule that leases terminated automatically by operation of law when the rent is not paid timely. The exception, however, applies only when the full rental has been paid or tendered within twenty days of the due date.[7] Both the statute, §§ 188 (b), (c) 226(d), and the regulations, 43 C.F.R. § 3108.2–1, provide adequate notice, as does the lease itself, § 2(d), that a lease will be terminated if the full rental is not paid timely. Indeed, as quoted above, the notice that the payment is coming due includes a warning. In addition, to implement § 188(c), the Secretary will send a "Notice of Termination of Lease due to late payment of rental" to lessees who have paid or tendered within the 20 day period. *See* 43 C.F.R. § 3108.2–1(c)(1). As plaintiff concedes, this notice provision does not apply to REC's partial payment. We conclude that plaintiff had no statutory right pursuant to the Mineral Leasing Act to further notice that the rental payment for Lease OR 13713 was due in full.

Plaintiff asserts that the constitutional mandate of due process required notice to REC and Reuth that they would be adversely affected. We have held that they received all of the advance notice that they were entitled to pursuant to the Mineral Leasing Act. Upon receipt of Mr. Berends' notice of May 16, 1977, plaintiff appealed within the agency and to this court. The plaintiff in this case was not denied its right to appeal, so that the case of *Brandt v. Hickel*, 427 F.2d 53 (9th Cir. 1970) is distinguishable. We find no violation of plaintiff's right to due process.

Likewise, we reject plaintiff's argument that various sections of the Administrative Procedure Act, 5 U.S.C. § 551, *et seq.* were violated by BLM's delay. To the extent the provisions relied on by the plaintiff might

Footnotes at end of article.

apply, they establish a standard of reasonableness. *See* 5 U.S.C. §§ 555(b), 558(c), 706(1). We need not determine which sections apply because we find BLM's delay to be reasonable under the circumstances. The local BLM office had accorded a higher priority to the processing of applications for new geothermal leases. As we noted above, the statutes and regulations are so written that an assignment becomes effective retroactively to protect the assignee against delay and the assignor remains liable for the obligations of the lease to protect him against delay. BLM was not required to foresee plaintiff's series of errors.

C. Agency and Estoppel

In the alternative, plaintiff argues that if its actions were inadequate in themselves, then the Secretary should have found that REC was Reuth's agent and, consequently, the partial relinquishment would have been valid. The September 11, 1975 letter from Ms. Reuth did not, however, state that REC was her agent. Rather, the letter referred to her future inclination and made a suggestion to contact plaintiff. The Department of the Interior requires that agent be clearly authorized on the record. *See Mary C. Hagood*, A-27716 (Nov. 6, 1958). Although plaintiff contends that only REC dealt with BLM and mailed a REC check for the rent, we note that BLM obviously did not recognize an agency relationship because it sent both the notice of the annual rental and the receipt for the partial rental directly to Ms. Reuth. Consequently, we rejected plaintiff's agency argument.

Finally, plaintiff contends that we must hold that defendant is estopped from denying the validity of the assignment and relinquishment. First, plaintiff asserts that REC relied to its detriment on the assumed validity of the assignment because of BLM's lengthy delay in denying the assignment. Although the Department of Interior may estop itself to deny retroactive effect to its decisions when to do otherwise would adversely affect the actions taken and rights acquired by persons in reliance on an earlier *decision* of the Department, *see Safarik* v. *Udall*, 304 F.2d 944, 949 (D.C. Cir.), *cert. denied*, 371 U.S. 901 (1962), such does not authorize applicants to presume to rely on BLM's inaction or failure to deny an application. *See Hotchkiss, supra*, at 3.

As a second ground for estoppel, plaintiff asserts that it was affirmatively misled by the fact that BLM cashed REC's check for the partial payment and sent a receipt to Ms. Reuth with the notation "Underpayment of $280.05 unless other action is pending or the balance due is paid by the due date this lease may be terminated." We find that neither *Brandt* v. *Hickel, supra*, which plaintiff relies on, nor *Burglin* v. *Morton, supra*, which defendant relies on, control. In the former, the Secretary was estopped by a BLM *decision*. 427 F.2d at 57, whereas here we have a receipt with a warning, but not a decision. In the latter case, the court set a higher threshold to estop the rejection of an offer for a lease, 527 F.2d at 490, whereas here an existing lease was at issue.

We hold that BLM did not "directly misle[a]d REC into believing that its relinquishment and partial payment *were* effective." Plaintiff's Opposition at 4 (emphasis supplied). The burden to pay the rental timely and in full is on the lessee, who can inquire about what is pending and what needs to be done to protect the lessee's rights or can gamble on the assumption that everything is in order. If plaintiff was misled, it was misled by its own assumptions, not by any affirmative action or decision by the defendant.

CONCLUSION

In summary, plaintiff made a series of mistakes in a business that has exacting requirements and as a consequence plaintiff has been penalized. We will not permit the plaintiff to shift the blame for its troubles to the Secretary of Interior.

An order consistent with the foregoing has been entered this day.

JOHN H. PRATT,
U.S. District Judge.

FOOTNOTES

[1] The defendant's "Case File Copy" of the October 14, 1976 notice to Ms. Reuth contained an ink notation, "Partial relinquishment 1266.90 Acres retained." We have seen no evidence that the notation was on Ms. Reuth's copy, but in the light of our analysis the question is not determinative.

[2] The BLM office had received a large number of applications for geothermal leases. The geothermal leases were handled on a priority basis, while plaintiff's attempted assignment and other oil and gas lease matters were held for later. Plaintiff received the same treatment as other applicants for assignments of oil and gas leases during that time frame.

[3] Defendant did not assert plaintiff's further error in not complying with 43 C.F.R. § 3106.3-1 which provides: "To obtain approval of a transfer affecting the record title of an oil and gas lease, a request for such approval must be made, within 90 days from the date of the execution of the assignment by the parties." Plaintiff waited almost six months to file for approval, although that delay does not appear to have made matters worse.

[4] We agree with the defendant that it would be ludicrous to require the local branch office of BLM in Oregon to undertake the burden to check with the SEC about whether the latter agency had similar information buried in its files. As discussed below, the applicant bears the burden to provide a complete application.

[5] Accordingly, a commentator has noted recently that:

Procedural requirements are policed closely. Applications have been rejected for omitting the name of the state in which the parcel of land is located (Eleanor R. Neuberger, 29 IBLA 168 (1977)), for otherwise neglecting to designate the plot fully (E. Fenton Carey, 29 IBLA 196 (1977)), and for failure to include the date of signing. *E.g.*, Earl Thompson, 29 IBLA 218 (1977). A defective application may not be cured by a subsequent filing of information after the drawing [to determine which of several applicants will be awarded a lease for land for which a prior lease has been relinquished, terminated, canceled, or has expired.] Grady Argenbright, 27 IBLA 24 (1976). See also John R. Mimich, et al., 25 IBLA 67 (1976)."

W. Rodgers, *Energy and Natural Resources Law* 654 n.b (1979). See *Burglin v. Morton*, 527 F.2d 486, 489-90 (9th Cir. 1975), *cert. denied*, 425 U.S. 973 (1976).

[6] Even though Reuth remained responsible for the rental pending approval of the assignment, REC could have paid the entire rental to protect the lease pending the approval of the assignment, which was the necessary prerequisite to their "relinquishment" of part of the lease.

[7] The legislative history indicates that the 20 day reinstatement exception was intended to be narrow and ends with the observation that "[i]n the event truly deserving cases arise that cannot meet the 20-day provision recourse to private relief legislation may be necessary." H.R. Rep. No. 91-1005, 91st Cong., 2d Sess. 5, *reprinted* in [1970] U.S. Code Cong. & Ad. News 3002, 3005. As defendants suggest, this may be plaintiff's situation.

U.S. DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

[Civil Action No. 79-1274]

Reichhold Energy Corporation, plaintiff vs. Cecil D. Andrus, Secretary of Interior, defendant.

ORDER

Upon consideration of the pleadings, motions, affidavits and the entire record herein, it is this 29th day of April, 1980.

Ordered that the plaintiff's motion for summary judgment be and the same hereby is denied; and it is further

Ordered that the defendant's cross-motion for summary judgment be and the same hereby is granted.

JOHN H. PRATT,
U.S. District Judge.

By Mr. DENTON.

S. 1458. A bill to amend section 673(b) of title 10, United States Code, relating the authority of the President to order members of Selected Reserve to active duty during periods other than war or national emergency, and for other purposes; to the Committee on Armed Services.

EXECUTIVE MOBILIZATION AUTHORITY ACT OF 1981

Mr. DENTON. Mr. President, I rise today with a strong sense of purpose in sending to the Chair a bill that broadens the Chief Executive's authority to mobilize our Reserve Forces. I introduce the Executive Mobilization Authority Act not so much in response to current and pressing problems on the world scene, although such problems are not in short supply, but rather with a firm conviction that both our short- and long-term national security needs demand its consideration.

Present statute limits Presidential authority to mobilize our Reserve Forces by restricting the callup to a maximum of 100,000 selected Reserves for a period not to exceed 90 days. Due to these manpower and time constraints, present law precludes a substantial increase in our deterrent capability in the absence of a declaration of war or of national emergency. History has shown that such declarations, under conditions short of actual war, are politically abhorrent, thereby pitting political acceptability against national security. This stark reality was evidenced during the Vietnam war when four Presidents found it politically untenable to declare a national emergency for the purpose of gaining access to our Reserve Forces. As a direct consequence, we set aside a source of skilled and experienced men, and forced our military to deploy a troop structure that was less effective, with individuals less prepared mentally and physically, to meet the harsh challenges of combat.

We have a heavy responsibility to the 57,000 American dead in a noble cause, to assure this does not happen again.

What we must realize is that mobilization statutes presently in effect prevent optimal use of our Reserve Forces in a manner that would avert conflict and also would dangerously hamper timely and effective combat deployment should deterrence fail. The bill that I introduce today extends present authority by first amending title X to provide Executive access to all Selected Reserves, second, eliminating the 90-day time constraint, and third, establishing a mechanism allowing for emergency retention of personnel possessing critical skills, in both the Reserves and Regular Forces.

It is my firm belief that by enhancing

Executive Mobilization Authority we vastly increase our ability to bring a crisis under control before the conflict stage. Peace with security is the aim of this bill. Should conditions require, this new authority would enable early and decisive reinforcement of friendly forces before a conflict escalates, or is resolved unfavorably to U.S. interests.

The need for increased access to our Reserve components becomes painfully obvious when we analyze the All-Volunteer Force and the vital security interests that it is required to support. Much has been printed regarding the shortcomings of the AVF. The necessary numbers are simply not there. A return to the draft, or the institution of universal military training, would not fully solve this problem. Critical enlisted and officers skills would be too scarce. The Reserve components, however, have the trained manpower, across-the-board, to fill this critical gap when circumstances require. What this legislation achieves is to make adequate numbers of skilled manpower accessible in time to moderate a crisis. In essence, it allows the total force concept to become reality. A recent Department of Defense report provides eloquent testimony relevant to this proposed legislation. It states:

. . . Full acceptance and support of the Total Force Policy by active and reserve forces alike depend on their belief that the Reserves are a reliable force that will be available in emergencies. Finally, if our Total Force has the flexibility to deploy rapidly in a crisis situation, we can reduce the chance of that force ever being needed for combat, and can assure ourselves of a better outcome if it is.

While this legislative proposal is broad in scope, it is carefully structured to respect the principle of congressional oversight. The judicious provisions in the War Powers Resolution, and other statutes requiring timely consultation with Congress, are not affected. Any decision to deploy troops remains subject to the congressional review that has served us so well in the past. To this end, present law providing for congressional rescission of this Executive authority by concurrent resolution remains fully applicable.

Our ability to defend effectively our vital security interests rests largely on our ability to mobilize and deploy on a timely basis.

In an area such as the Middle East, a relatively small though effective force, moved into place promptly in response to threat, could successfully defend against a much greater enemy force, pending reinforcement. To delay action until after an expected major incursion would be tantamount to conceding defeat. Though it may be argued that this scenario outlines a mission most properly suited for the Rapid Deployment Force, we must realize that at present this force is neither rapid, deployable, nor a true force. The manpower simply is not there. The Reserve components can and are prepared to fill that void. If called up in a crisis, Reserves in most cases would assume roles which would free active military personnel for special deployment.

The present state of world affairs bears ominous similarities to the unstable situation that existed before World War II. Soviet invasion of Afghanistan, Cuban intervention in Angola, Communist-sponsored insurrection in Nicaragua, the general instability which persists in the Middle East, among many other examples, collectively underscore this fact.

Dominating all other concerns is the fact that we face another world power, of hostile ideology, with dreams of world empire. To achieve this goal, it is actively committed to undermining our interests throughout the world, making all too evident progress in recent years.

It is imperative that friends and foes alike know beyond doubt that we understand this threat, that we have the national will to address it, and that we have the weapons and manpower available to overcome it.

Mr. President, none of us here welcomes the possibility of conflict. I propose this legislation in order to increase the chances for peace, not through submission to threat and blackmail, but rather through building up our defenses. I submit this bill with a request to my colleagues for their suggestions as well as their support. I solicit the advice of my distinguished colleagues on means to improve its content. I stand ready to accommodate change, but remain steadfast in my commitment to act now in a necessary, suitable and realistic way to enhance our prospects for peace with security of our vital interests.

Mr. President, I ask unanimous consent that the full text of my bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1458

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6738(a) of title 10, United States Code, relating to the authority of the President to order members of the Selected Reserves to active duty during periods other than war or national emergency, is amended by striking out "for not more than 90 days" and inserting in lieu thereof "for such period as he determines necessary to protect the national security of the United States.".

(b) Section 673b of such title is further amended—

(1) by striking out subsection (c);

(2) by redesignating subsections (d) through (h) as subsections (c) through (g), respectively; and

(3) by adding at the end thereof the following new subsection (h):

"(h)(1) Notwithstanding any other provision of law, during any period members of the Selected Reserve are serving on active duty pursuant to an order to active duty under authority of this section, the President may suspend any provision of law relating to promotion, mandatory retirement, or separation applicable to any member of the armed forces who the President determines is essential to the national security of the United States.

"(2) A suspension made under authority of paragraph (A) shall terminate (1) upon release from active duty of members of the Selective Reserve ordered to active duty under authority of this section, or (B) at such time as the President determines the circumstances which required the action of ordering members of the Selective Reserve to active duty no longer exist, whichever is earlier."

By Mr. DOLE:

S.J. Res. 96. Joint resolution giving the consent of Congress to an agreement between the State of Missouri and the State of Kansas establishing a boundary between the States; to the Committee on the Judiciary.

CONGRESSIONAL APPROVAL OF KANSAS-MISSOURI BORDER

● Mr. DOLE. Mr. President, the Senators from Kansas and Missouri are today introducing legislation which will officially define the boundary between their States along the Missouri River near St. Joseph, Mo.

This bill will grant congressional approval to an agreement reached by unanimous votes in both State legislatures, and solve a problem of significant legal importance.

The exact location of the boundary has been in question since a flood near St. Joseph, Mo., in 1952 altered the Missouri River channel. Fifteen years later, the State legislatures created select committees, which agreed that a survey should be conducted to determine the deep water line of the abandoned channel, which would become the official boundary.

The survey was completed in 1980. That year, the Kansas Legislature unanimously approved legislation to designate the boundary, and the Missouri Legislature echoed that action in 1981. The effective date of those bills awaits congressional approval.

The rather technical intent of this legislation does not allow for a great deal of rhetorical flourish, and may not seem to be terribly important to most of the Members of this body. However, this bill is significant to the people of our States, and answers a longstanding problem with a concrete solution which finds everyone in complete accord.

Members of the Missouri and Kansas delegations in the House of Representatives are introducing similar legislation, and we will work with them to see that these bill are enacted in the near future.

The Senator from Kansas can see no reason to delay action on this matter, and asks that the Senate move quickly and positively to ratify this agreement between the States of Kansas and Missouri.●

ADDITIONAL COSPONSORS

S. 19

At the request of Mr. DOLE, the Senator from North Dakota (Mr. ANDREWS) was added as a cosponsor of S. 19, a bill to amend the Internal Revenue Code of 195 to provide more equitable treatment of royalty owners under the crude oil windfall profit tax.

S. 169

At the request of Mr. HEINZ, the Senator from Illinois (Mr. DIXON) was added as a cosponsor of S. 169, a bill to amend sections 169 and 103 of the Internal Revenue Code with respect to tax treatment of pollution control facilities.

S. 170

At the request of Mr. PACKWOOD, the Senator from Iowa (Mr. GRASSLEY) was added as a cosponsor of S. 170, a bill to amend the Internal Revenue Code of 1954 to allow the charitable deduction to taxpayers whether or not they itemize their personal deductions.

S. 178

At the request of Mr. BUMPERS, the Senator from Massachusetts (Mr. TSONGAS), the Senator from Delaware (Mr. BIDEN), and the Senator from Rhode Island (Mr. PELL) were added as cosponsors of S. 178, a bill to amend the Powerplant and Industrial Fuel Use Act of 1978 to further the objectives of national energy policy of conserving oil and natural gas through removing excessive burdens on the production of coal.

S. 482

At the request of Mr. BUMPERS, the Senator from Nebraska (Mr. ZORINSKY) was added as a cosponsor of S. 482, a bill to reform the Bail Reform Act of 1966 to require the judicial officer making the bail determination to detain those persons who cannot be released without endangering the safety of other persons or the community.

S. 859

At the request of Mr. BUMPERS, the Senator from Virginia (Mr. WARNER) was added as a cosponsor of S. 859, a bill to amend the mineral leasing laws of the United States to provide for uniform treatment of certain receipts under such laws, and for other purposes.

S. 862

At the request of Mr. ARMSTRONG, the Senator from Minnesota (Mr. DURENBERGER) was added as a cosponsor of S. 862, a bill to amend the Potato Research and Promotion Act.

S. 888

At the request of Mr. DURENBERGER, the Senator from Minnesota (Mr. BOSCHWITZ) and the Senator from Maryland (Mr. MATHIAS) were added as cosponsors of S. 888, a bill to provide effective programs to assure equality of economic opportunities for women and men; and for other purposes.

S. 1107

At the request of Mr. SIMPSON, the Senator from Idaho (Mr. SYMMS), the Senator from Utah (Mr. GARN), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Florida (Mrs. HAWKINS), and the Senator from Washington (Mr. GORTON) were added as cosponsors of S. 1107, a bill to amend certain provisions of title 28, United States Code, relating to venue in cases of a local or regional nature which involve the United States as a party.

S. 1131

At the request of Mr. DANFORTH, the Senator from North Dakota (Mr. BURDICK) was added as a cosponsor of S. 1131, a bill to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes.

S. 1394

At the request of Mr. DECONCINI, the Senator from Nevada (Mr. LAXALT) and the Senator from South Dakota (Mr. ABDNOR) were added as cosponsors of S. 1394, a bill to improve the ability of the Secret Service to protect the President and other designated protectees.

S. 1423

At the request of Mr. HATCH, the Senator from Arizona (Mr. GOLDWATER) was added as a cosponsor of S. 1423, a bill to revise provisions of the Federal Mine Safety and Health Act of 1977, and for other purposes.

SENATE CONCURRENT RESOLUTION 4

At the request of Mr. DOLE, the Senator from California (Mr. HAYAKAWA) was added as a cosponsor of Senate Concurrent Resolution 4, a concurrent resolution expressing the sense of the Congress with respect to implementing the objectives of the International Year of Disabled Persons (1981).

SENATE CONCURRENT RESOLUTION 22

At the request of Mr. HATCH, the Senator from Missouri (Mr. EAGLETON), the Senator from New York (Mr. D'AMATO), the Senator from Hawaii (Mr. INOUYE), the Senator from Indiana (Mr. LUGAR), the Senator from Connecticut (Mr. WEICKER), the Senator from Kansas (Mr. DOLE), the Senator from Florida (Mr. CHILES), the Senator from Oregon (Mr. HATFIELD), the Senator from South Carolina (Mr. THURMOND), and the Senator from West Virginia (Mr. RANDOLPH) were added as cosponsors of Senate Concurrent Resolution 22, a concurrent resolution to commend Dr. Howard A. Rusk on a lifetime of ground-breaking, committed service to the handicapped.

SENATE RESOLUTION 141

At the request of Mr. HEFLIN, the Senator from Indiana (Mr. LUGAR), the Senator from North Dakota (Mr. BURDICK), the Senator from New York (Mr. MOYNIHAN), the Senator from Arizona (Mr. GOLDWATER), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Nevada (Mr. CANNON), the Senator from Wyoming (Mr. SIMPSON), the Senator from Ohio (Mr. GLENN), and the Senator from Texas (Mr. TOWER) were added as cosponsors of Senate Resolution 141, a resolution to express the sense of the Senate that combating violent crime should be a national priority.

SENATE RESOLUTION 150

At the request of Mr. QUAYLE, the Senator from Utah (Mr. GARN), the Senator from Pennsylvania (Mr. HEINZ), and the Senator from Texas (Mr. TOWER) were added as cosponsors of Senate Resolution 150, a resolution to oppose efforts by the United Nations Educational, Scientific, and Cultural Organization to attempt to regulate news content and to formulate rules and regulations for the operation of the world press.

SENATE RESOLUTION 153

At the request of Mr. HEINZ, the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of Senate Resolution 153, a resolution to require full adherence to U.S. trade agreements.

AMENDMENTS SUBMITTED FOR PRINTING

DEPARTMENT OF JUSTICE AUTHORIZATION, 1982

AMENDMENT NOS. 112 THROUGH 116

(Ordered to be printed and to lie on the table.)

Mr. THURMOND submitted five amendments intended to be proposed by him to the bill (S. 951) to authorize appropriations for the purpose of carrying out the activities of the Department of Justice for fiscal year 1982, and for other purposes.

AMENDMENT NOS. 117 THROUGH 144

(Ordered to be printed and to lie on the table.)

Mr. MATHIAS submitted 28 amendments intended to be proposed by him to the bill S. 951, supra.

AMENDMENT NOS. 145 THROUGH 180

(Ordered to be printed and to lie on the table.)

Mr. WEICKER submitted 36 amendments intended to be proposed by him to various committee amendments to the bill S. 951, supra.

AMENDMENT NOS. 181 THROUGH 349

(Ordered to be printed and to lie on the table.)

Mr. WEICKER submitted 169 amendments intended to be proposed by him to the bill S. 951, supra.

AMENDMENT NOS. 350 THROUGH 420

(Ordered to be printed and to lie on the table.)

Mr. WEICKER submitted 70 amendments intended to be proposed by him to amendment No. 69 to the bill S. 951, supra.

PRICE SUPPORT AND PRODUCTION INCENTIVES FOR FARMERS

AMENDMENT NOS. 421 THROUGH 423

Mr. PRESSLER submitted three amendments intended to be proposed by him to the bill S. 884, to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes.

AMENDMENTS RELATING TO SHELTERBELT PROGRAM AND CERTAIN PRICE INCENTIVES

Mr. PRESSLER. Mr. President, I am today submitting three amendments to the 1981 farm bill, S. 884, pertaining to target prices and shelterbelts which I intend to call up during Senate consideration of this legislation.

My first and second amendments seek to provide the smaller corn and wheat farmers a better chance to compete with the larger corporate farms. These amendments would increase the target price for corn and wheat 20 cents for the first 25,000 bushels marketed by an operator and reduce the target price by 20 cents for any corn or wheat over that amount. The $50,000 total deficiency payment limit presently in the farm bill would still be included. In effect, the

amendments would raise the target price for corn to $3 for the first 25,000 bushels and $2.60 for anything over that amount. For wheat the target price would be $4.40 for the first 25,000 bushels and $4 for any wheat over that amount. The budgetary impact of this amendment would be minor because the reduction in target price offsets the increase.

In recent years, the number of small farmers has dramatically declined, and I feel it is important that we try to halt that decline. I believe my amendments would be a step toward saving the American small farmer.

My third amendment would promote the establishment and ma'ntenance of shelterbelts. The amendment would authorize the Secretary of Agriculture to enter into a 5-year agreement to aid owners or operators to establish and maintain a shelterbelt for 5 years.

In recent years, there has been a trend in agriculture to remove shelterbelts and increase farmland acres. This elimination of an important soil conservation practice has resulted in increased wind erosion. In South Dakota during a 3-month period, March through May 1981, 1,319,500 acres were damaged by wind erosion. I feel it is important that we try to reverse this trend and see shelterbelts established rather than bulldozed out.

Mr. President, I urge my colleagues to join me in supporting these amendments. Mr. President, I ask unanimous consent that the text of the amendments be printed in full in the RECORD.

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 421

On page 153, beginning with "$2.80" in line 5, strike out all down through the period after "crop" in line 8 and insert in lieu thereof the following: "$3.00 per bushel for the first 25,000 bushels of corn sold by a producer in the 1982 marketing year for any such crop and not less than $2.60 per bushel for any quantity sold by the producer in excess of 25,000 bushels of corn in the 1982 marketing year; $3.15 per bushel for the first 25,000 bushels of corn sold by a producer in the 1983 marketing year for any such crop and not less than $2.75 per bushel for any quantity sold by the producer in excess of 25,000 bushels of corn in the 1983 marketing year; $3.30 per bushel for the first 25,000 bushels of corn sold by a producer in the 1984 marketing year for any such crop and not less than $2.90 per bushel for any quantity sold by the producer in excess of 25,000 bushels of corn in the 1984 marketing year; and $3.45 per bushel for the first 25,000 bushels of corn sold by a producer in the 1985 marketing year for any such crop and not less than $3.05 per bushel for any quantity sold by the producer in excess of 25,000 bushels of corn in the 1985 marketing year.

AMENDMENT NO. 422

On page 139, beginning with "$4.20" in line 13, strike out all down through the period after "crop" in line 16 and insert in lieu thereof the following: "$4.40 per bushel for the first 25,000 bushels of wheat sold by a producer in the 1982 marketing year for any such crop, and not less than $4.00 per bushel for any quantity of wheat sold by a producer in excess of 25,000 bushels in the 1982 marketing year; $4.60 per bushel for the first 25,000 bushels of wheat sold by a producer in the 1983 marketing year for any such crop, and not less than $4.20 per bushel for any quantity of wheat sold by a producer in excess of 25,000 bushels in the 1983 marketing year; $4.80 per bushel for the first 25,000 bushels of wheat sold by a producer in the 1984 marketing year for any such crop, and not less than $4.40 per bushel for any quantity of wheat sold by a producer in excess of 25,000 bushels in the 1984 marketing year; and $5.00 per bushel for the first 25,000 bushels of wheat sold by a producer in the 1985 marketing year for any such crop, and not less than $4.60 per bushel for any quantity of wheat sold by a producer in excess of 25,000 bushels of wheat sold by a producer in the 1985 marketing year.".

AMENDMENT NO. 423

On page 235, between lines 17 and 18, insert the following new section:

SPECIAL SHELTERBELT PROGRAM

SEC. 1112. (a) The Congress finds that it is in the public interest to establish and maintain where necessary shelterbelts throughout the Nation, and thereby, reduce soil blowing; control snow deposition; conserve moisture; protect crops, orchards, and livestock; provide food and cover for wildlife; provide energy conservation; and increase the natural beauty of the landscape.

(b) The Secretary of Agriculture (hereinafter in this section referred to as the "Secretary") is authorized and directed to formulate and carry out a program to establish and maintain shelterbelts. Such program shall begin on October 1, 1981.

(c) (1) In effectuating the shelterbelt program authorized by this section, the Secretary is authorized to enter into agreements with landowners and operators to establish and maintain shelterbelts identified in a conservation plan of the entire operating unit, developed in cooperation with the Soil and Water Conservation District in which the lands are located, under such rules and regulations as the Secretary may prescribe. Such agreements shall be entered into for a period of five years.

(2) As used in this section, the term "shelterbelt" means a vegetative barrier with a linear configuration composed of trees and shrubs and other approved perennial vegetation.

(d) In the agreement between the Secretary and landowner or operator, the landowner or operator shall agree—

(1) to conservation plan covering the entire operating unit developed in cooperation with and approved by the Soil and Water Conservation District and to carry out the plan or an approved modification thereof for the period of the agreement;

(2) to place in the shelterbelt program for the period of the agreement all land subject to wind erosion. Other land may be included that would benefit from establishing and maintaining shelterbelts;

(3) not to adopt any practice specified by the Secretary in the agreement as a practice which would tend to defeat the purposes of the agreement;

(4) to forfeit all rights to further payments or grants under the agreement and refund to the United States all payments or grants received thereunder upon his violation of the agreement at any stage during the time he has control of the land subject to the agreement if the Secretary determines that such violation is of such a nature as to warrant termination of the agreement, or to make refunds or accept such payment adjustments as the Secretary may deem appropriate if he determines that the violation by the owner or operator does not warrant termination of the agreement;

(5) upon transfer of his right and interest in the land subject to the agreement during the agreement period, to forfeit all rights to further payments or grants under the agreement and refund to the United States all payments or grants received thereunder during the year of the transfer unless the transferee of any such land agrees with the Secretary to assume all obligations of the agreement; and

(6) to such additional provisions as the Secretary determines are desirable and includes in the agreement to effectuate the purposes of the program or to facilitate its administration.

(e) In return for the agreement of the landowner or operator, the Secretary shall (1) make an annual payment to the landowner or operator for the period of the agreement at such rate or rates as the Secretary determines to be fair and reasonable in consideration of the obligations undertaken by the owner or operator; and (2) bear such part of the cost of establishing and maintaining shelterbelts as the Secretary determines to be appropriate. The Secretary shall annually reexamine the compensation provided in light of current land and crop values. In making his determination, the Secretary shall also consider, among other things, the rate of compensation necessary to encourage owners or operators to participate in the shelterbelt program.

(f) The Secretary may terminate any agreement by mutual agreement with the owner or operator if the Secretary determines that such termination would be in the public interest, and may agree to such modification of agreements as he may determine to be desirable to carry out the purposes of the program or facilitate its administration.

(g) This section shall be applicable to the several States, Puerto Rico, and the Virgin Islands.

(h) The Secretary shall prescribe such regulations as he determines necessary and desirable to carry out the provisions of this section.

(i) There are authorized to be appropriated such sums as may be necessary to carry out the program authorized by this section.

DEPARTMENT OF JUSTICE AUTHORIZATION, 1982

AMENDMENT NOS. 424 THROUGH 426

(Ordered to be printed and to lie on the table.)

Mr. METZENBAUM submitted three amendments intended to be proposed by him to the bill (S. 951) to authorize appropriations for the purpose of carrying out the activities of the Department of Justice for fiscal year 1982, and for other purposes.

AMENDMENT NO. 427

(Ordered to be printed and to lie on the table.)

Mr. HELMS submitted an amendment intended to be proposed by him to amendment No. 69 to the bill S. 951, supra.

NOTICES OF HEARINGS

SUBCOMMITTEE ON GOVERNMENTAL EFFICIENCY AND THE DISTRICT OF COLUMBIA

Mr. MATHIAS. Mr. President, I would like to announce that the Subcommittee on Governmental Efficiency and the District of Columbia of the Governmental Affairs Committee will hold a hearing on S. 744, a bill to authorize the District of Columbia to issue and sell general obligation bonds. The hearing will be held on Tuesday, July 14, 1981 at 9:30 a.m. in room 1224 of the Dirksen Senate Office Building.

For further information, contact Eileen Mayer of the subcommittee staff at 224–4161.

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. COHEN. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Senate Select Committee on Indian Affairs.

A hearing is scheduled for July 29, 1981, beginning at 10 a.m., in room 5110 of the Dirksen Senate Office Building, on S. 792, a bill to promote the development of Native American culture and art.

For further information regarding the hearing, you may wish to contact Max I. Richtman of the committee staff on 224–2251.

COMMITTEE ON THE BUDGET

Mr. DOMENICI. Mr. President, the Senate Budget Committee will hold a committee business meeting on Monday, July 13, 1981, in room 6202 of the Dirksen Senate Office Building at 2 p.m.

The meeting is being held for consideration of section 402 waivers. Please see attached.

For further information, contact Mr. Bill Stringer of the Budget Committee staff at 224–0538.

The list of waivers to be considered follows:

S. Res. 159—To waive Section 402(a) of the Budget Act with respect to the consideration of S. 1408, the Military Construction Authorization Bill.

S. Res. 160—To waive Section 402(a) of the Budget Act with respect to the consideration of S. 43, to amend the Congressional Budget Act of 1974 to require the Director of the Congressional Budget Office to prepare and submit, for every bill or resolution reported in the House or Senate which has certain specific economic consequences, an estimate of the cost which would be incurred by State and local governments in carrying out or complying with such bill or resolution. (Report No. 97–142).

S. Res. 166—To waive Section 402(a) of the Budget Act with respect to the consideration of S. 755, authorizing funds for FY 82 for Federal alcohol and drug abuse programs (with amendments). (With additional views) (Report No. 97–145).

S. Res. 168—To waive Section 402(a) on the Budget Act with respect to the consideration of S. 1181, increasing the pay allowances and benefits for members of the uniformed services, with an amendment in the nature of a substitute. (S. Report No. 97–146).

S. Res. 170—To waive Section 402(a) of the Budget Act with respect to the consideration of S. 1085, authorizing funds for FY 82 and 83 Headstart programs.

S. Res. 171—To waive Section 402(a) of the Budget Act with respect to the consideration of S. 1086, authorizing funds for fiscal years 1982, 1983, and 1984 for specified programs of the Older Americans Act of 1965, and to eliminate, revise or consolidate certain other programs.

S. Res. 172—To waive Section 402(a) of the Budget Act with respect to the consideration of S. 1087, authorizing funds for FY 82 and 83 for national volunteer antipoverty programs (Domestic Volunteer Service).

S. Res. 173—To waive Section 402(a) of the Budget Act with respect to the consideration of S. 1090, authorizing funds for FY 1982, 1983, and 1984 for support services and research relating to adolescent pregnancy and parenthood.

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

Mr. QUAYLE. Mr. President, the hearings on employment and training issues previously scheduled for Boston on July 24 and Salt Lake City on August 12 and 13 are canceled. The hearings previously scheduled for Indianapolis on August 5 and 6 are rescheduled for August 25 and 26.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. STEVENS. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works be authorized to meet during the session of the Senate on Thursday, July 9, to hold oversight hearings on the Clean Air Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON LABOR

Mr. STEVENS. Mr. President, I ask unanimous consent that the Subcommittee on Labor of the Committee on Labor and Human Resources be authorized to meet during the session of the Senate on Thursday, July 9, to hold markup hearings on S. 398, Walsh-Healey, and S. 351 and S. 496, the transfer of MSHA to OSHA.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON FOREIGN AGRICULTURAL POLICY

Mr. STEVENS. Mr. President, I ask unanimous consent that the Subcommittee on Foreign Agricultural Policy of the Committee on Agriculture, Nutrition, and Forestry, be authorized to meet during the session of the Senate on Friday, July 10, to hold hearings on cargo preference laws as they apply to shipments of commodities in the Public Law 480 program.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON SOCIAL SECURITY AND INCOME MAINTENANCE PROGRAMS

Mr. STEVENS. Mr. President, I ask unanimous consent that the Subcommittee on Social Security and Income Maintenance Programs of the Committee on Finance be authorized to meet during the session of the Senate on Thursday, July 9, to hold hearings on social security options for the future.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON SOCIAL SECURITY AND INCOME MAINTENANCE PROGRAMS

Mr. STEVENS. Mr. President, I ask unanimous consent that the Subcommittee on Social Security and Income Maintenance Programs of the Committee on Finance be authorized to meet during the session of the Senate on Friday, July 10, to hold hearings on social security options for the future.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

HANDICAPPED CLIMBERS OF MOUNT RAINIER

● Mr. WILLIAMS. Mr. President, I am extremely gratified to cosponsor the resolution congratulating and commemorating the courageous individuals who successfully completed the Mount Rainer climb appropriately, on Independence Day. It seems ironic to make note of the fact that these climbers were disabled as indeed, they exemplified ability that is beyond that of many of us.

Nonetheless, it should be duly noted. Not because these courageous climbers need any reminder of the special problems to be overcome in the undertaking of such an ambitious endeavor: For they have spent much of their lives overcoming special problems; not because they seek recognition for their accomplishment: For what they prove to themselves and the personal satisfaction of such an accomplishment must be gratifying enough; but because it is a lesson for all who do not share their disabilities.

It is a lesson for those whose spirit and enthusiasm have become worn and cynical, for those who complain of minor ills and lesser difficulties, for those who say "I can't" all too freely.

For these people, the grandeur of those who said "I can" in spite of what we perceive to be overwhelming difficulties, may sow the seeds that rejuvenate the spirit, and lift us from lethargy into positive action. For those who are sick-at-heart and who have lost heart, the example of these climbers must surely be a needed inspiration.

Lastly, but of equal importance, it must be duly noted that these climbers are handicapped, to serve as an inducement to banish the still prevalant vestiges of discrimination, in action and in thought, against these special citizens. For those of us not physically disabled, the commemoration of this accomplishment, will serve as a constant reminder that those with disabilities are as capable as we allow them to be, and that they share the same feelings, desires, aspirations and dreams as the rest of us. This realization will encourage the rest of us to accept what is certainly true: That we are all equal, we all require the aid and

assistance of each other, and that we must utilize the full potential of every citizen if we are to create the best possible future for this Nation and its people.

On a personal note, as the author of the Education for All Handicapped Children Act, these climbers have a special meaning to me. I have long strived to provide equality of opportunity for handicapped children. Certainly the extension of opportunities and access to learning and development to these children is of paramount importance. But the example of these climbers can grant something as important although less tangible to these children—the realization that their hopes and dreams can become realities. No matter how well-constructed or well-intentioned legislation may be, it cannot touch the spirit as intimately as the example of individual triumph, courage, and accomplishment provided by these climbers.●

HEW'S CONDUIT THEORY: TOWARD THE ABOLITION OF PRIVACY

● Mr. GOLDWATER. Mr. President, for many, many years prior to the passage of Federal aid to education, I opposed this measure, not because I opposed education, but I did not want the Government having any hand in elementary education. They not only have a hand in elementary education now, but in all education, and I think one can safely say that never at any time in the history of our country, has education been at such a low level.

Hillsdale College in Michigan, has been a college that has gotten along on its own without help from the Federal Government and is now running into all kinds of arguments, confrontations, et cetera, from the Federal Government and has reached such a state that I think my colleagues should be made aware of what they are putting up with.

I ask that an article appearing in the publication, "Imprimis," toward the abolition of privacy, be printed in the RECORD.

The article follows:

HEW'S CONDUIT THEORY: TOWARD THE ABOLITION OF PRIVACY

(By Ronald L. Trowbridge)

Dr. Ronald L. Trowbridge is Vice President of the Center for Constructive Alternatives and College Relations, and Editor of IMPRIMIS at Hillsdale College. He directs the four-week-long CCA seminars held each year; directs the Ludwig von Mises Distinguished Lecture Series; edits Champions of Freedom; and directs the Washington-Hillsdale Intern Program.

He holds a Ph.D. in English Language and Literature from the University of Michigan and has taught at the University of Michigan and Eastern Michigan University, where he was Professor of English. He was for many years Editor-in-Chief of the Michigan Academician, the quarterly journal of the Michigan Academy of Science, Arts, and Letters. He also served two terms as an Ann Arbor City Councilman.

Among his own works are numerous published articles on English literature, political thought, and higher education. His articles have appeared in National Review, the Michigan Academician, New Guard, Studies in Scottish Literature, Western Review, Imprimis, and Conservative Digest.

The CCA, under his directorship, has won The George Washington Honor Medal Award from the Freedoms Foundation. He is a member of The Mont Pelerin Society; the Philadelphia Society; and the Advisory Board of CEAFU (Concerned Educators Against Forced Unionism), the education division of the National Right to Work Committee.

Dr. Trowbridge recently delivered this presentation at Hillsdale during the CCA seminar, "The Law: An Erosion or Enhancement of Freedom?"

On September 22, 1980 attorneys for Hillsdale College filed its brief in the U.S. Sixth Circuit Court of Appeals against the Department of Health, Education and Welfare in an effort to preserve the college's independence and privacy. A subsequent brief naming the Department of Education, HEW's successor on Title IX matters, was filed December 31, 1980. The case is pending; contents of the brief are herein disclosed for the first time.

At stake in the case is not simply the provincial matter of one small liberal arts college seeking to remain free from governmental regulation and control: on a larger scale private education itself in any and every academic institution in the country is potentially threatened; and on the widest scale, it is no strain of the imagination at all to suggest that the generic private sector itself—in education, in the business community, in publication, in any establishment that involves the exchange of money—faces abolition via subjugation to governmental regulation and control. HEW's logic and rulings in recent administrative proceedings unmistakably suggests this extinction of privacy, and legal precedent in the *Hillsdale* case is being tested that could well have a wider national impact than imagined or intentioned.

A little background is necessary. Hillsdale College since its founding in 1844 had never solicited nor accepted one penny of government funds for its operations, feeling free to direct its own affairs without harassment. But with the coming of Title IX of the Education Amendments of 1972, governmental attempts were subsequently made to change this. Previously, all government regulatory activities in higher education had been directed only toward those institutions that accepted government money. The Title IX regulations, however, specified that Hillsdale and all other independent colleges and universities would now be subject to government directives if they had on campus any student who, as an individual, was receiving government financial assistance, such as a National Direct Student Loan. Aid to a student, argued HEW by a strained conduit theory, was determined to be aid to Hillsdale College as a whole, making the college a "recipient institution" of "federal financial assistance," therefore required to comply with the maelstrom of governmental costs, regulations, quotas (euphemistically called "goals"), forms, and formulas. In order for students to continue receiving federal loans, HEW demanded, with seeming innocuousness, that Hillsdale College merely sign an Assurance of Compliance with Title IX regulations acknowledging that the college would not discriminate.

Hillsdale refused. It had never discriminated nor been accused of or found guilty of discrimination; in fact it graduated blacks and women before the Civil War. The college refused to sign not so much as a matter of abstract "principle," but because it felt that such a signature and endorsement of compliance would open the floodgates to the imposition of ancillary controls and the loss of freedom. Later judicial rulings in the Ninth Circuit Court of Appeals in the *El Camino* case proved that Hillsdale College's suspicions were entirely correct.

Following Hillsdale's refusal, Secretary Joseph Califano subsequently announced that he was moving against certain school districts and schools, mentioning Hillsdale by name, by withdrawing federal loans from any and all individual students attending those institutions. Hillsdale never felt it was any of its business to pass judgment on the source of money that any student brought to its door, but when Califano announced his misanthropic intent to deny many individual students their ability even to attend the college of their choice, Hillsdale took the matter to court. The college's legal counsel advised that the college exhaust all legal remedies and begin at step one with an administrative hearing within HEW itself.

In August, 1978 HEW administrative judge Herbert Perlman ruled that HEW did not have the authority to require the execution of the Assurance of Compliance, stating:

"It would be an abuse of discretion and arbitrary and capricious to terminate the pertinent programs listed above by reason of Respondent Institution's failure and refusal to sign the Assurance of Compliance under these circumstances."

Hillsdale College had won round one.

Round two the college lost. On October 25, 1979 the three-member Reviewing Authority of HEW unanimously reversed the earlier ruling by Judge Perlman—no surprise to anyone as it was HEW ruling on HEW. The Reviewing Authority argued speciously, in an administrative proceeding here disclosed by Hillsdale College for the first time, that student "costs of tuition, books, room and board, and other expenses," if not defrayed by federal loans, "would otherwise have to be provided by the Respondent [Hillsdale College] itself" (sic) and that federal "payments under those student grant and loan programs are clearly federal financial assistance to the Respondent" (sic).

The Reviewing Authority further argued that the Assurance of Compliance "puts the recipient on notice that in taking these funds there is an obligation not to discriminate and gives the government some assurance that the recipient understands these obligations and intends to abide by them." In sum, the college—any college—is guilty until proven innocent.

Elsewhere, in a passage of critical importance, the Reviewing Authority opined: "Under the GSL Program [Guaranteed Student Loan], the Government also pays interest on the loans to the lender [sic] on behalf of student borrowers while they are attending college. This is in effect a subsidy of federal funds from which the Respondent benefits." (I would add quickly that the government pays a partial interest on these loans, not the entire interest, the balance of which is left to the student to pay.) It is the logic and the precedent in this passage that is most frightening and that has the potential for widespread application in every sector of the country, including the private, that exchanges money. The logic of this Reviewing authority position, carried to its conclusion, would mean that if one individual ("any entity," to quote HEW) spent a part of his Social Security check in a supermarket, then that store would be a "recipient institution" of federal funds, therefore required to comply with federal regulations and the costs and loss of freedom thereof.

Hence Hillsdale College's brief to the Circuit Court of Appeals on September 22, 1980—and to the U.S. Supreme Court if necessary. The brief contains a good deal of information whose importance is impossible to overestimate. To the argument, "What harm can there possibly be in signing a mere slip of paper acknowledging that the college does not discriminate? How could any moral in-

stitution not sign such an assurance?", the El Camino precedent is critical. The signature opens the door to the onslaught of ancillary federal controls. On this the brief reads:

As an accompanying HEW document makes explicit, the execution of the Assurance by Hillsdale results in a legally enforceable contract under which Hillsdale will, by agreeing to comply with the regulations undertake a separable duty of compliance apart from Title IX: Any doubt as to the validity of this conclusion is quickly dispelled by the Ninth Circuit's decision in *United States* v. *El Camino Community College*. In that case, the College, having executed an Assurance of Compliance with certain regulations, was deemed by the Ninth Circuit Court of Appeals to have thereby waived a jurisdictional challenge to an HEW request for documents. The scope of the request extended to information about programs and activities not receiving federal aid. The court upheld the school's duty to supply such divergent information on the sole basis of the execution by El Camino of an Assurance of Compliance with Title VI of the Civil Rights Act of 1964 and the regulations promulgated thereunder. Indeed, the court stated:

"On the record before us, we have no occasion to decide . . . the extent to which, if at all, the agency regulations go beyond the statutory authority committed to the agency."

Obviously, if Hillsdale signs the Assurance of Compliance, HEW will be doing indirectly what it cannot do directly: compelling Hillsdale to obey the invalid Title IX regulations by executing the Assurance of Compliance with them as a condition of its students' continued receipt of federal aid. The Reviewing Authority's notion that the Assurance is little more than a piece of paper, acknowledging the existence of Civil Rights Laws, is far removed from the reality of Hillsdale's situation and is contradicted by its own remarks recognizing the contractual aspect of executing the Assurance.

Moreover, the brief spells out the freedoms a college or university loses when subject to HEW's regulations:

These regulations specify at which high schools Hillsdale may recruit students for admission, the literature that Hillsdale may provide that student concerning the college, and the tests which Hillsdale may require the student to take as a condition of admission. If the student passes the test for admission but needs financial assistance, the regulations specify how Hillsdale may use its own funds to aid the student even though the funds may come from an entirely private source, such as a bequest to the college to endow a scholarship.

Once the student is admitted, the regulations specify the courses the student may take, the manner in which the student is housed, whether on or off campus, the health services provided the student, and his or her participation in extracurricular activities and sports. They control the hours at which the students must return to their dormitories, and the hours during which the male students may visit the females and vice versa and the manner in which Hillsdale may treat the consequences of its students' marriages, pregnancies, and abortions.

Further, the brief documents the fallacy of the HEW conduit theory that equates benefit to a student as benefit to a college. Congress, the Justice Department and Senator Birch Bayh in drawing up Title IX regulations did not intend individuals to be interpreted as a synecdoche for programs or institutions as a whole. On this I quote the brief at length because it demolishes HEW's conduit theory, the very heart of HEW's case against Hillsdale.

The accuracy of this conclusion [that aid to an individual is not aid to a program or college] is confirmed by the pertinent legislative history of Title IX and of the legislation upon which Title IX was based. Title VI of the Civil Rights Act of 1964. The legislative history and the interpretation of the executive branch at the time the "program or activity" language in Title VI was drafted confirm that there is, indeed, a distinction between aid "to a person" and aid "to a program or activity." In a letter written to the Chairman of the House Judiciary Committee when Title VI was pending, the Justice Department interpreted the latter words:

Dear Mr. Celler: "This is in response to your request for a list of programs and activities which involve Federal financial assistance within the scope of Title VI . . ."

The Justice Department's letter then described certain programs which would not be considered to be covered by the statute, including:

"[a] number of programs administered by federal agencies [which] involve direct payment to individuals possessing a certain status . . . [T]o the extent that there is financial assistance . . ., the assistance is to an individual and not to a 'program or activity' as required by Title VI."

Similarly, a principal Senate sponsor of Title VI assured his colleagues that "[d]irect payments [to individuals] are not covered in any way by Title VI."

When Title IX was pending in Congress, this question arose again. Senator Bayh, the sponsor of the Senate version of Title IX, was asked what kind of aid HEW could terminate for violation of the to-be-promulgated sex discrimination regulations. Bayh confirmed that Congress did not intend a denial of aid to students as a sanction under Title IX:

"It is unquestionable, in my judgment, that this termination power would not be directed at specific assistance that was being received by individual students, but would be directed at the institution . . ."

It is equally unquestionable that aid to a student is not aid to an activity or program, that receipt of federal financial assistance is one thing, and benefitting from its existence, another. HEW's obliteration of those critical distinctions renders nugatory Congress' careful use of the words, "program or activity receiving federal financial assistance" to define the scope of Title IX's coverage and resurrects the very institution-wide coverage which Congress rejected.

If the Congress had wanted to cover the "entire operation" of recipients, it surely knew how to do so. Indeed, the administration's own version of Title IX, which was rejected, would have given HEW the very institution-wide authority it now purports to have. Similarly, the original Senate version of Title IX provided:

"No person in the United States shall, on the ground of sex, be excluded from participation in, be denied the benefits of or be subject to discrimination under any program or activity conducted by a public institution. . . . which is a recipient of Federal financial assistance for any education program or activity, . . . "

By prohibiting sex discrimination in every program or activity "conducted by" recipients of federal aid, these alternative versions would have authorized HEW to promulgate regulations covering every program operated by aid recipients. But the version that was enacted authorized federal jurisdiction only over those programs which receive federal aid. And, of course, not even these broad "institutional eligibility" versions of Title IX would have transformed Hillsdale into a "recipient" because Hillsdale maintains no such programs.

The Reviewing Authority, ignoring the considerable authority to the contrary, nevertheless found the regulation under which Hillsdale is deemed a "recipient" to be valid.[47]

The conduit theory, if upheld, could have a ravaging effect nationwide. If a government subsidy to an individual is a subsidy to a larger private whole, then will an A&P store or Chrysler dealership or physician or nonprofit charity have to comply with government regulations and the costs and losses of freedom thereof if it accepts one individual's ("any entity") Social Security payment?

If an individual donates to a seminary money that in any way and in any small amount comes from or passes through the government or necessitates a government expense to process, is that a subsidy to religion or violation of the separation of church and state?

Or take the matter of tuition tax credits for private education, which both President Reagan and Secretary Bell endorse and will likely attempt to push through Congress. If a tax credit is defined as equivalent to a government subsidy and if that credit/subsidy to an individual family is by the conduit process defined as a credit/subsidy to the private school that the family's child attends, will not tuition tax credits for private education ironically render public that private educational option the government wishes to preserve? Tuition tax credits and the conduit precedent could spell the demise of the privacy of all private schools and subject these institutions to governmental control. Particularly troublesome is the fact that this governmental control of one party—the private school—would result if the parents—a second party outside the control of the private school—took tax credits. I can see the letter of the Registrar of a private school to the parents now: "Dear Parents: Please do not take advantage of tuition tax credits for your child to attend ————; by doing so you will make us public." Such is the perversion of logic on trial in the Hillsdale case.

Or take Policy Review, or Commentary, or any number of other magazines. To mail ½ ounce costs me 18 cents postage, while Policy Review can mail a heavier journal at a lower class and lesser rate. Suppose that some federal bureaucrat or some court system determines that this amounts to a federal subsidy to Policy Review or the Heritage Foundation, which must then comply with a multitude of expensive and freedom-restrictive edicts?

In sum, in any manifestation of the private sector, what money that it transacts does not wash through the government or share some governmental processing expense? Does not the logic of the conduit theory and the equating of the one with the many really mean that there is no such thing as a private entity?

"Readiness is all," said Hamlet. Legal precedent may be all, too. Those aloof individuals who declare that the Hillsdale example "couldn't happen to me" or "to my business," or to "our journal," display a naivete about judicial precedent, application of court decisions, and the enforceability of law. Such innocence waits unwittingly to be assaulted and to be judged guilty until proven innocent. Nor do intentions matter; results, only, count. Congress, the Justice Department, and Senator Bayh did not intend to equate individuals by some conduit process with wider entities, but that intention got lost in both the bureaucratic and judicial translations. While Congress passes laws, bureaucracy and the courts interpret them. "History," observed Carl Becker, "is not fact, but the interpretation of fact."

What, finally, are the legal consequences at work here and, more importantly, the larger impact upon society? In addition to the obvious lesser ones of higher costs for governmental compliance and of more bureaucratic regulations, freedom of the mind itself is to

some extent the issue. Schools controlled by government must inevitably to some extent become government schools. Further restricted or even lost then are alternatives, freedom of choice, even availability of choice, privacy, individual initiative and responsibility.

Pervasive, uniform governmental control means a monolithic oneness, a sameness, an enslaving conformity that denies individuals the freedom to be different and that denies educational institutions the freedom to be truly liberal, that is, broad and varied.

If education and therefore society are to remain free, it is vital that competition of ideas be allowed to prevail. Even public educational policy must never be dominated by any one strain of thought. Ideas do have consequences. Hillsdale College, led by President George Roche and the Trustees, will continue to fight the battle to preserve the individual's secular and religious right to be different, to make choices, and to follow the honest and moral dictates of his or her own heart.

THE 11TH MACCABIAH GAMES

● Mr. LEVIN. Mr. President, from July 6 through July 16 more than 3,000 Jewish athletes from over 30 different countries will gather in Israel for the 11th Maccabiah games. Around 400 athletes from the United States will participate in this great event.

The games, held every 4 years, feature world class competition in the style of the Olympic games. Athletes are selected on the basis of their skill and ability to compete in any of 31 different sporting events. There is even competition in the more passive sports, namely chess and bridge.

The Maccabiah games is not just a sporting event, however. This is a time when Jewish people encounter the land of their ancestors and experience personal and cultural interaction with Jewish athletes from all over the world. A common bond is forged between Jews of Israel and Jews of the Diaspora and there is an awakening of pride by all in their common heritage.

Today I especially wish to congratulate Nanci Goldsmith, Mark Jaffe, David Linden, and Anita Rival, four Michiganites who will travel to Israel to compete in the games. They represent a range of background, age and sporting experience and will participate respectively in gymnastics, tennis, squash, and swimming. All are champions in this country, and I personally want to wish them well. I know that they and their teammates will bring home many medals for the United States.●

SAVING THE NATION'S PARKS

● Mr. WILLIAMS. Mr. President, a furor has arisen over Interior Department proposals to make radical changes in the funding and administration of our national park lands and recreation areas. I admit, it is difficult to find a moderate voice among those expressing their opinions on these matters, but consider how much is at stake: Wide open spaces in the West and Midwest may be developed or mined; offshore drilling proposals strike fear in the hearts of environmentalists worried about damage to aquatic life and coastal breeding grounds; massive cutbacks in funding for the purchase and maintenance of land for parks and wildlife refuge could endanger the lives of protected species. In my own State of New Jersey, the threat is not to endangered species but to the thousands of people who use Gateway National Recreation Area. Two recent publications focus on the dangers involved and the scope of the problem. I would like to share them now with my colleagues.

First, allow me to quote just a brief portion of a June 1981 GAO report to the Secretaries of the Interior, Defense, and Agriculture. The report focused primarily on the effect of gasoline supply on the use of park facilities.

During 1979 and 1980, when gasoline was in short supply and prices rose, the public's use of outdoor recreation facilities closer to home . . . The National Park Service experienced heavy declines in visitation at distant facilities. During 1979, visits to rural sites fell 15 percent and visits to outlying sites fell 9 percent. In 1980, visitation was still under 1978 levels by 13 percent at rural sites and 8 percent at outlying sites. At the same time, the use of facilities in and near cities increased.

Gateway National Recreation Area in New York and New Jersey is within driving distance for virtually hundreds of thousands of families who do not have access to other beaches. I leave it to John G. Mitchell, whose article "The Great Commons" appeared in the July 1981 issue of Audubon magazine, to plead the case for continued Federal support of this and other such facilities.

I ask that the full text of the article be printed at this point in the RECORD.

THE GREAT COMMONS

(By John G. Mitchell)

We are standing now on the beach at Breezy Point. It is a fine summer day of sunshine and Atlantic air, of clear skies and blue water. We are looking across the gateway to America, toward that other appendage of dune and beach called Sandy Hook. What we see is not only the entrance to New York Harbor. It is the orifice of a dream.

The city seems far away, yet it isn't. It sprawls up close behind us: Brooklyn and Queens with their asphalted millions, the towers of Manhattan and the gutted shells of the Bronx; Newark and Jersey City, across the bay; Yonkers and White Plains, upriver; and all the other places that, cheek-by-jowl, make up this metropolitan region of more than fourteen million people. This beach, this Breezy Point, belongs to them all, and to all Americans. It is a part of the great commons, the National Park System. It belongs to the farmer from Fresno no less than Yosemite belongs to the fireman from Flatbush, though the fireman, no doubt, has the greater stake here. From Flatbush, getting to the Point is a song, albeit Never on Sunday. Not even in the dream was it ever going to be easy to get to the Point on a fine summer Sunday. On Sunday, too many people who cannot get to Yosemite—who will never get to Yosemite—are shoving and honking to get to the beaches of Breezy Point. Otherwise known as Gateway National Recreation Area.

There are reminders roundabout as to just how fragile some dreams can be. Once, the City of New York and a certain developer dreamed of a complex of co-op apartment towers rising skyward from these dunes. It was a real humdinger, that dream, such that several of the structures were practically completed when someone said: "Stop. Don't give us any more concrete. Give us more beach." Whereupon the land was conveyed to the National Park Service, and the structures were demolished. Over the mounded rubble, the Park Service plans to wrap a bandage of natural green. This is one small part of the dream that is Gateway.

East, between the rubble and the mile-long beach of Jacob Riis Park, which is also a part of Gateway, other strange mounds lie nestled behind the dunes. There is an emplacement for a 16-inch coast artillery gun, and yonder, the bunker for a Nike missile. Here at Fort Tilden, the dream was defense. Yet in all the years since 1812, nothing sufficiently hostile to shoot at ever appeared. Now the shooting irons are elsewhere, in silos. And that dream is offensive. The old b[illegible]s stand empty, all shrouded in beach plum and pine. With little work, Fort Tilden could teach us some lessons about the succession of nature, as well as of arms. And this is another small part of the dream that is Gateway.

The original dream was to bring parks to the people. I don't mean romper-room parks in New York City. I mean parks of national significance brought to a score of cities: to Boston and Memphis and Atlanta and St. Louis, to Denver and Los Angeles. The general idea was to redress the imbalances of geography and economic circumstance. For here were all these city folk—and many of modest means—who in all their lives would probably never see Yosemite or Yellowstone or the Grand Canyon. "We can't get there from here," the people said. "Give us some beach and some sky close to home."

Inflation tightened the orifice of that idea. And left only three new national parks in urban areas: this Gateway, in New York and New Jersey; Golden Gate National Recreation Area in and around San Francisco, and Cuyahoga Valley National Recreation Area between Cleveland and Akron. Golden Gate is now the most visited of all the units of the National Park System. Gateway ranks second, attracting more visitors annually than Yosemite and Yellowstone combined.

Now comes a new Secretary of the Interior who does not want to bring parks to the people. He wants to bring people—at a dollar and a half a gallon, now—to the parks. He has a new dream for Gateway, and for Yosemite, too. It is a fragile sort of dream, such that the Secretary of late has been inclined to suppress it. But the dream is still there. It is merely biding its time, deep behind the somber and ascetic eyes of James Gaius Watt.

If he is nothing else, the man is consistent. As Richard Nixon's director of the Bureau of Outdoor Recreation in the early 1970s (between stints as lobbyists for the U.S. Chamber of Commerce and for the sage-rebellious Mountain States Legal Foundation), James Watt preached a gospel in which there was nary a good word for the gateway idea. He disparaged the urban recreation areas as "local" parks. He called them "playgrounds." He said it was not the federal role to provide municipal recreation. After all, why should Breezy Point be financed by farmers from Fresno? It was too much to expect that James Watt might also wonder why Yosemite should be financed by firemen from Flatbush.

No one in those days paid too much attention to Watt. In the scheme of things, he was only one pipsqueak against the consensus of the U.S. Congress. The consensus was to bring national parks to the nation's cities.

When I first poked into Gateway National Recreation Area (see "The Regreening of Urban America," Audubon, March 1978), most of the park's 26,000 acres of land and water had been conveyed to the Park Service, and planners were speaking of a $300 million capital program to provide services and facilities

and to protect such priceless resources as the Jamaica Bay Wildlife Refuge. An avian equivalent of Kennedy International Airport, nearby, the refuge is said to account for more takeoffs and landings—of birds—than any other natural runway on the Mid-Atlantic Coast.

Gateway, then, faced a number of problems: quarrelsome constituencies, debates over design concepts, worrisome flaws in the public transportation systems. But by early this year, about the time James Watt was confirmed as Secretary of the Interior, some things were beginning to look brighter for Gateway. True, there would still be a transportation snarl at the beaches this summer; and the $300 million to be spent over twenty years—forget it. But at least the in-fighting had simmered down to a semblance of cooperation among the different interest groups. There was a management plan most people could live with. And a seasoned staff was working under the direction of Gateway Superintendent Herbert S. Cables Jr. to make the park experience more meaningful to the ten millions who will pass through its gates this calendar year.

In March, Watt declared war on the gateway parks. They were diluting the quality of the National Park System, he said. They were not made of the stuff of the republic's crown jewels. It was high time for a reexamination of the entire system, possibly leading to a divestiture of certain units. Watt's national parks director, Russell Dickenson, was more explicit. "One of the options obviously available is to turn over the operation of [urban] parks to state or local governments," Dickenson was quoted as saying by The New York Times. "Right now the urban national recreation areas absorb an extraordinarily large part of our operating budget in comparison with other areas."

Do they really? San Francisco's Golden Gate National Recreation Area operates on a budget of $6 million. It serves 18 million visitors a year. The cost, per capita, is 33 cents. Yosemite, with a hundred-year operational head start over Golden Gate, absorbed $8 million in operating funds last year to accommodate 2 million visitors at a per-capita cost of $4. This is not to say that Golden Gate is the better park. Only that, if one must compare apples with oranges, one must compare their cost-benefits as well.

Yet Watt and his echo-chambers, amidst threats of scuttling the popular urban recreation areas, say that parks serve their highest purpose when used by as many people as possible. So now Watt's dream is to bring as many people as possible to Yosemite, where—not for $4 but for whatever the traffic will bear—they can be fed to the lions of private enterprise. Otherwise known as the freebooting national park concessionaires.

It seems wholly consistent with the values of the Reagan Administration that the modest crown jewels of our eastern cities should be dropped through the cracks, while those of the rural West are recast into romper-room rhinestones. Catch 22-and-a-half. You take the country out of the city, and then you put the city into the country. You oust these Smokeybear rangers from Yosemite and Yellowstone parks, using the federal budget as your excuse, and replace them with hucksters and carnival barkers from the Music Corporation of America. You turn over Old Faithful and El Capitan to this fellow in the pastel leisure suit who is going to tell the folks around the campfire how free enterprise saved America's wild heritage from the greedy excesses of too much government. And then you string tramways across the Grand Canyon and escalators to the tops of Mounts Lassen and Rainier. In short—and to borrow a phrase—you flood the Sistine Chapel so the tourists can get nearer the ceiling.

There, now. On the ceiling of this sky, a tern soars toward the tip of Breezy Point, toward Sandy Hook and the sun. Time now to be soaring myself, brooding no more over dreams old or new. Except to wonder, just this once, if perhaps James Watt isn't more to be pitied than scorned. For if you open up his own dream, and look into what it reveals of attitudes toward country things and city people, I suspect you will discover the raw edge of a frightened man. Frightened of what it might mean, to his world, if a generation serenaded by subway and siren should suddenly learn to cherish the song of the surf, or understand why pines and beach plum hold dunes together better than cannon did. And maybe he is frightened just a little by Yosemite, too. If only—another borrowed phrase—because it may hold answers to questions he has not yet learned how to ask.

Come to think of it, I'm not really sure that James Gaius Watt has a dream. It sounds to me more like a nightmare.●

IS A DRAFT INEVITABLE?

● Mr. HARRY F. BYRD, JR. Mr. President, to my colleagues in the Congress, and to the Reagan administration, I commend the editorial in the current issue of U.S. News & World Report. It was written by Editor Marvin Stone and is captioned "Is a Draft Inevitable?"

I ask that Mr. Stone's editorial be inserted at this point in the RECORD.

The editorial follows:

IS A DRAFT INEVITABLE?

(By Marvin Stone)

Scene: The northern plains of West Germany, where Russian tanks most likely would invade if war should come.

Action: The annual tank shoot of NATO forces. Year after year, American gunners have come in last—or only slightly better—behind the Germans, Dutch, Belgians, Canadians and other allies.

The U.S. Army pooh-poohs the results, but they are there all the same. "We don't talk about the Americans any more," says an embarrassed German observer. "They use a tremendous amount of ammunition. . . . They simply missed the targets."

That is a sample performance by our All-Volunteer Force, which, in almost eight years of trying, has not produced the kind of armed forces to make Americans feel safe. Now Gen. Maxwell D. Taylor, dean of retired military thinkers, is stumping in favor of a revived draft.

A year or two will pass, politics being what it is, before the draft will become an immediate issue in Congress. But the chances that we can go much longer than that without it look dim. We had best be giving urgent thought to General Taylor's call.

The President's manpower task force will delve into the numbers to be needed for U.S. armed services in the years just ahead. The task force could have something to say by next fall. Governmental planning, however, inevitably will draw some emphasis from Mr. Reagan's bias against conscription. A powerful factor, too, is a bureaucratic commitment to volunteer forces, with a compulsion to prove they will work.

A certain optimism is being drawn from recent apparent successes, after a string of failures in recruiting. The services are meeting their goals for enlistment. High-school dropouts, who made up 63 percent of the Army's male recruits in the six months ended March 31, 1980, decreased dramatically to 32 percent a year later. The dropouts had been one basis for complaints that the new GI's couldn't read instruction manuals, couldn't handle the equipment, took too long to train, forgot everything in six months and had to be trained all over again.

Meanwhile, re-enlistments in all services for the half year rose from 96,457 to 103,123. The gain not only reduced the need for new recruits but also retained indispensable skills.

What caused the improvement? A combination that cannot be sorted out by weight. Job shortages obviously drove some youths into the services. A surge of pride in the uniform gets some of the credit; a pay raise of 11.7 percent last year may deserve more. A larger raise is on its way through Congress. But that is a fragile set of circumstances, which could change overnight.

Britain's Economist refers to the U.S. Army as "fit to fight, but not for long." Assuming that U.S. and NATO forces survived the first few weeks of a sudden war, continuation would depend on quick reinforcement and the ready replacement of casualties. Our National Guard and regular reserve units, a major source of those reinforcements, stand pitifully below optimal strength and probably will continue below unless there is a draft to prod men into choosing the reserve alternative.

Thus, in case of sudden need, filling the ranks of those all-important reinforcement units would use up most of the roughly 400,000 persons in the Individual Ready Reserve, leaving none or few to carry out its mission of replacing men fallen in combat.

On top of these deficiencies comes word that the Reagan program will require some 200,000 additional persons to operate and support the flood of new high-technology weapons. The volunteer plan cannot provide the numbers.

That leaves the draft, an unpopular resort. Many parents will rebel at interrupting the lives of our ablest young people. But if young men ever have to go to war, it is better for them to go in time and in a ready state than to arrive too late and too green to protect themselves or save their country.●

PUBLIC PRINTER'S DISTINGUISHED SERVICE AWARD

● Mr. MATHIAS. Mr. President, on June 25, Samuel L. Saylor, Acting Public Printer, presented five officials of the Government Printing Office with the very prestigious Public Printer's Distinguished Service Award. This award is the highest honor that can be granted an official of the Government Printing Office.

The five recipients were:

Mr. Carl A. LaBarre, of Virginia, "For his exceptional leadership, and for his unparalleled achievements while serving as Assistant Public Printer (Superintendent of Documents)."

Mr. Walter C. DeVaughn, of Virginia, "For his outstanding service as Assistant Public Printer for Management and Administration, for his invaluable assistance to me during my tenure as Acting Public Printer, and for his devotion and lovalty to the Government Printing Office."

Mr. Robert J. McKendry, of Virginia, "For his many years of outstanding leadership as Customer Service Manager, for his meritorious service as Acting Deputy Public Printer, and for the support he gave me during my tenure as Acting Public Printer."

Mr. W. Scott Sonntag, Superintendent, Congressional Information Division, of Maryland, "For the exceptional ability,

diligence, and diplomacy he has exhibited in providing liaison service between the Government Printing Office and the Congress."

Mr. Wellington H. Lewis, Asistant Public Printer (Planning), of Maryland, "In grateful appreciation for his dedicated service to the Government Printing Office in several of its foremost positions."

I would like to express my congratulations to these five outstanding executives of the Government Printing Office and thank them for their dedication to the production of the myriad printing requirements of this body of Congress.

I wish them well in their endeavors.●

CONTROL OF NUCLEAR WEAPONS: NOW—OR EVER?

● Mr. GLENN. Mr. President, the phrase "adversity sometimes creates opportunity" sounds like Polyanna at her most optimistic and I would be the first to admit that a Polyanna-like view of the spread of nuclear weapons technology to more and more nations is anything but justified.

In events of the last few days, however, there may also be opportunity; opportunity at last to truly focus world attention on the overriding issue of our time: The control of nuclear weapons, nonproliferation.

In the furor created by the Begin government's raid on Iraq, many people have lost sight of its central meaning: A resounding vote of no-confidence in the international non-proliferation regime, including IAEA safeguards.

Iraq is a signatory to the Non-proliferation Treaty and has never been accused by the IAEA of any safeguards violations.

Nevertheless, even those who condemn the Israeli action recognize that the deficiencies of the international system are so great that any nation which feels threatened by the nuclear developments of its neighbors may be reluctant to bet its life upon the safeguards system.

For too long, the world has been mesmerized with the notion that ritualized inspections and governmental assurances are adequate protections against the dangers of unbridled nuclear trade.

Obviously, if the prescriptions of the past have not worked, and assurances of the present are inadequate, then a new and more effective non-proliferation regime must be constructed on the foundation of the existing one.

Why was it necessary for such a dramatic act to bring world attention to this problem and why has it not been dealt with in a more effective manner?

THE PAST

WORLD WAR II—ACHESON—LILIENTHAL

Toward the end of World War II, the Acheson-Lilienthal committee was charged with the task of working out the technical and organizational elements of an American plan for the peaceful development of nuclear energy around the world. History has proven that these men were farsighteed indeed.

Among their hypothetical scenarios was a worldwide system of nuclear development in which each country was free to develop its own nuclear capability as long as it adhered to a system of international safeguards consisting of inspection and verification through materials accounting.

This reflects the current system of international safeguards today. It is sobering to recall, however, that the Acheson-Lilienthal committee said that such a system would not prevent the spread of nuclear weapons around the world. In their view, the only system that would work would involve complete internationalization of all potentially dangerous nuclear activities.

BARUCH PLAN

That recommendation was embodied in the Baruch plan, rejected by the Soviet Union in 1946. The U.S. nuclear weapons monopoly was ended 3 years later when the Soviets tested their first nuclear weapon.

ATOMS FOR PEACE

Planned nuclear commercial activity among the United States, Britain, and France gave impetus to President Eisenhower's atoms-for-peace proposal in 1953. That proposal, which contained the seed for the creation of the International Atomic Energy Agency, was followed by the declassification of considerable nuclear technology including, with 1981 20/20 hindsight, information useful for the construction of nuclear weapons. It soon became apparent that the spread of nuclear equipment, materials, and technology carried with it increasing capabilities for the spread of nuclear weapons.

NPT (NUCLEAR NONPROLIFERATION TREATY)

As a result, the United States began a diplomatic drive that culminated in the creation of the Nuclear Non-Proliferation Treaty, opened for signature in 1970. To date, 112 nonweapons states and three weapons states are signatories. Treaty members who do not already have nuclear weapons foreswear their subsequent possession and agree to put nuclear facilities and materials in their country under IAEA international safeguards.

Signatories can also agree to partial safeguards if they already had some nuclear facilities at the time of signing, or to full-scope safeguards if all their facilities are to be covered. In return, they get cooperation, advice, and assistance in the development of nuclear energy for peaceful uses.

DUAL TRACK WEAPONS CONTROL—ADD SALT (STRATEGIC ARMS LIMITATION TALKS)

At the time these tools (NPT and IAEA) for preventing the spread of nuclear weapons were being forged, attempts were also being made to seek control over so-called vertical proliferation; that is, the accumulation of more numerous and more sophisticated nuclear weapons within the two superpower states.

The United States-United Soviet Socialist Republic SALT negotiations have attempted to control vertical proliferation at the same time that the NPT tries to control horizontal proliferation. That this dual-track concept has not been received with universal enthusiasm is understandable.

In a conversation with India's then-Prime Minister Desai, I tried to encourage him to bring India into NPT, to accept full-scope safeguards, and to exert influence on Third World nations to do the same. His reply was direct and difficult to counter.

While personally deploring the fact that India had exploded a nuclear device and pledging that there would be no others as long as he was Prime Minister, he nevertheless could see no reason why other nations should be precluded from doing what they believed to be in their best interests. Because the United States happened to be first with this new technology, what gave America or any other nation the right to tell India what it could or could not do?

I argued that while everyone wished for better means of controlling these awesome weapons of mass destruction, we could not repeal history. Since we could not go back to the days of Acheson, Lilienthal, and Baruch, we had to live with the current situation. Therefore, the dual-track approach of trying to implement limitations on existing weapons stockpiles—SALT—while simultaneously trying to dissuade more and more nations from attaining nuclear weapons (NPT), seemed to be the only logical course.

NPT/IAEA SAFEGUARDS—LIMITATIONS

It is important to understand the limitations of the international safeguards system. Safeguards is itself a misnomer, connoting more safety and guarding than is warranted. The system basically consists of monitoring, information-gathering and reporting—nothing more. There is no agreed-upon, prestated penalty for violations.

The key philosophy behind the safeguards system is that diversion of nuclear material—material, not equipment—from peaceful to military use can be discouraged through the risk of being detected.

In sum, IAEA safeguards are not a guarantee against diversion of nuclear materials. Instead, they are designed to detect it early enough so that the international community can take appropriate, though unspecified, action to prevent the actual construction of weaponry. The phrase "timely warning" is used to denote this concept, and is key to successful NPT/IAEA operation.

To further clarify, NPT/IAEA monitoring has nothing to do with equipment or technology transfer, only with the material with which that equipment or technology would work.

It is obvious that the system has considerable weakness. First, there is no presumption of weapons making should a diversion be discovered. An IAEA inspector discovering that material is missing simply reports to IAEA headquarters which, in turn, makes a report to the IAEA Board of Governors. The Board may send the report to the U.N. for action.

There is no agreement on sanctions, follow-on pursuit and accounting for missing material. Nor on any other measures to prevent further safeguards violations.

In adition, the IAEA was originally

established, prior to NPT, as an organization for the promotion of nuclear power around the world. Its safeguards function is therefore viewed by many, perhaps even by most members of the agency, as a distinctly secondary activity.

As a result, there is considerable reluctance, particularly on the part of developing countries, to contribute to the safeguards function of the IAEA. The United States is currently providing almost one-third of the current safeguards budget which amounts to only $25 million. By contrast, India, which exploded a device in 1974 using plutonium from an unsafeguarded Canadian research reactor, contributed $42,000 last year to the IAEA safeguards function—most of India's nuclear program is unsafeguarded, but a small portion of it is subject to inspection.

Even with the NPT in effect, it would be possible for a country to obtain all the technology and materials needed for the construction of nuclear weapons and to receive technical assistance in obtaining and using such technology without violating the rules of the NPT.

Technically, it is only when a weapon is actually constructed that the NPT would be violated by that country. Even then, the NPT provides for an escape because any country that feels its security is threatened can make such a declaration and, with 90 days notice, withdraw from the NPT without any penalty. Thus, under the guise of being an NPT signatory, a country can simultaneously pursue a civilian and military nuclear program until it is time to actually construct weapons and then simply withdraw from the treaty.

Iraq is an NPT party. So is Libya, even though Colonel Khaddafi has reportedly sought to purchase nuclear weapons from various sources. In short, the only "teeth" in the NPT/IAEA system comes from unspecified action that might or might not stem from aroused world opinion.

NUCLEAR WEAPONS MATERIALS

The explosive core of a nuclear weapon is made either from highly enriched uranium or from plutonium extracted from spent fuel by reprocessing. Both procedures are exceedingly complex. Unless a reprocessing capability exists, possession of an electricity-generating nuclear facility does not carry with it the capacity to make bomb-grade material. That is a key to understanding why Congress enacted the Nuclear Non-Proliferation Act (NNPA) in 1978.

NNPA (NUCLEAR NON-PROLIFERATION ACT)

The weaknesses in the international safeguards system, coupled with the growing tendency of nuclear-supplier nations to trade with countries whose nonproliferation intentions were suspect, generated grave concern within the U.S. Government. Many officials decided that additional steps were needed to prevent the introduction of weapons-usable materials into sensitive areas around the globe.

India's atomic explosion of 1974 was the first instance of the use of civilian nuclear materials for nuclear weapons purposes. Subsequently, former President Nixon proposed sending nuclear reactors to Israel and Egypt, a prospect which did not materialize. News that the Germans had concluded a deal with Brazil for the transfer of enrichment and reprocessing technology, and that the French had concluded a deal with South Korea for transfer of a large reprocessing plant, also produced considerable anxiety.

Moreover, there was an implicit assumption behind every nuclear program in the world that eventually plutonium would be used as a fuel for nuclear reactors. On the basis of then-current projections of nuclear power use in the year 2000, it was calculated that enough plutonium would be produced in the spent fuel of nuclear reactors—if reprocessed—to make as many as 200,000 Hiroshima-size nuclear weapons per year.

In such an environment, no materials accounting system could be expected to keep precise track of all weapons—usable quantities of plutonium (only 5 kilograms is needed for a bomb).

The arrival of the Carter administration brought to policymaking positions people who were sympathetic to greater controls on nuclear trade. They, in turn, made possible the passage of the NNPA.

The act, which I introduced, incorporated a range of controls on nuclear exports, sanctions for violators, and the establishment of a policy of reliable nuclear supply to countries adhering to effective nonproliferation policies.

For the first time in the nuclear age meaningful sanctions were mandated toward those countries that followed policies aiding and abetting the acquisition of nuclear weapons by nonweapons States. The legislation established that the United States would not send nuclear materials, after March 10, 1980, to any country that did not put all its nuclear facilities under international safeguards.

The new U.S. policy raised world awareness of the dangers of nuclear proliferation to unprecedented heights, but it also led to bitter disagreement over nuclear policy among the supplying and recipient countries. These disagreements were formally debated within the context of the International Nuclear Fuel Cycle Evaluation that was completed in February 1980.

INFCE began as a technical study to see if there were alternative nuclear fuel cycles that were less weapons-likely than the conventional uranium-plutonium cycle and ended as a political negotiation on the need for plutonium-based technology, the conditions of nuclear supply, and the adequacy of safeguards.

Although the new awareness of nuclear proliferation produced some notable successes in slowing down the rate of sensitive technology transfers, it did not overcome the skepticism of entrenched nuclear establishments throughout the world about the efficacy of controls on nuclear trade as a nonproliferation tool. But following passage of the NNPA, the Carter administration followed a zig-zag policy with an unmistakable bias toward retreat that culminated in what I view as an erroneous decision to continue to supply nuclear fuel to India, our first tough test under NNPA.

The retreat by the United States and the steadfast opposition by other nuclear supplier countries to the notion that controls on sensitive nuclear transfers needed to be strengthened resulted in the continuing transfer of dangerous technologies to countries whose motives for having that technology were suspect.

OTHER EXAMPLES: POTENTIAL SPREAD OF THE PROBLEM

IRAQ

By eagerly transferring nuclear technology, the advanced industrial nations have actually accelerated the spread of nuclear weapons capabilities. Whatever progress Iraq, for example, may have made in this connection is directly attributable to the assistance it received from France, Italy, and, before that, the Soviet Union.

Let me hasten to add, however, that the spread of nuclear materials around the world has not, by and large, been the fault of the Soviet Union. France trained numerous Iraqis in nuclear engineering at French universities and sold Iraq the large Osirak research reactor which, at the very least, would have provided Iraq invaluable "hands on" experience in reactor operations and handling of nuclear materials.

Italy is also believed to be training Iraqi technicians and sold that nation four radiologically shielded "hot-cell" laboratories which could have provided an effective training ground in plutonium separation technology.

Reportedly, Iraq was negotiating with Italy for a larger reactor capable of producing more significant quantities of plutonium and for additional reprocessing equipment. Russia's earlier contribution was a smaller research reactor.

Thus, whatever Iraq's long-term nuclear goals may be, foreign assistance was an absolutely essential first step. Indeed, without it, there would be no Iraqi nuclear program.

As in the case of the French and Italian assistance provided to Iraq, technology transferred from the Western democracies has played a crucial role in virtually every case of actual or threatened proliferation since the mid-1960's.

India's 1974 nuclear detonation, for example, used plutonium produced in a Canadian-supplied reactor, supplemented with heavy water purchased from the United States.

Both were provided under poorly worded agreements and without a requirement for international inspection, thus allowing India to misuse the facility for nuclear explosives.

Moreover, U.S. supplies may have assisted India by designing the reprocessing plant used to extract the needed plutonium.

ISRAEL

Whatever her actual nuclear weapons capabilities, Israel relies on the Dimona research reactor supplied by France in 1958, again without the requirement of safeguards. Israel has never signed the

NPT and has refused any IAEA inspections at Dimona. According to the IAEA, Israel also has a reprocessing plant at this site, for which the French are again believed to have provided assistance.

KOREA

According to the 1978 congressional "Koreagate" report, Korea initiated a secret nuclear weapons development effort during the early 1970's. During this period, Korea also negotiated the purchase of a reprocessing plant from France. While ostensibly a part of Korea's nuclear power program, the facility would have provided the essential ingredient for nuclear weapons. The French canceled the sale only after a major international outcry over the proliferation risks involved.

TAIWAN

In 1976, Taiwan was reported to be engaged in clandestine reprocessing activities at its nuclear research center to separate plutonium from spent research reactor fuel. The reactor, supplied by Canada, was the same type India used for her nuclear device. For its part, the United States has trained over 1,000 Taiwanese nuclear personnel. In response to U.S. concerns, Taiwan has agreed to cease all reprocessing activities.

PAKISTAN

Closely following India's 1974 nuclear explosion, its long-time adversary, Pakistan, started a drive toward nuclear weapons based almost entirely on technology imported from the West. Initially Pakistan also sought to purchase a reprocessing plant from France.

Although the deal was ultimately canceled in 1978, the French had already transferred the designs for the plant. Since then, using dummy trading companies and anonymous purchasing agents, Pakistan has been successful in purchasing key parts of the facility, component by component. She has followed the same route in buying parts for her enrichment plant at Kahuta.

Because the components for both of these unsafeguarded facilities are so-called "dual use" items—that is, useful for both nuclear and nonnuclear industrial applications—the Swiss, among others, have been unwilling to restrict their exports by applying the nuclear suppliers guidelines barring such sales unless subject to IAEA safeguards.

To make use of its reprocessing plant, of course, Pakistan will need a source of plutonium. Most observers believe this will come from the Kanupp reactor, originally supplied by Canada, even though it is currently covered by IAEA safeguards that prohibit use of spent fuel for weapons. Pakistan recently acquired the capability to manufacture its own fuel for the Kanupp reactors—facilities that were built by a French company.

SOUTH AFRICA

South Africa's enrichment plant, which has already produced 45 percent enriched uranium to fuel that nation's SAFARI research reactor, is undoubtedly capable of higher enrichments better suited to nuclear weapons. While it is generally believed that this facility was largely designed and constructed in-house by their own scientists, there have been reports that key design concepts were provided by West German concerns. Given the complexity of enrichment technology any such technology transfer could have been crucial to development of the plant.

ARGENTINA-BRAZIL

Finally, both Argentina and Brazil are relying heavily on nuclear imports from West Germany, and, in the case of Argentina, from Switzerland, to develop complete nuclear fuel cycles that will, in time, make them independent of nuclear supplier controls and provide all the essential know-how for obtaining weapons-usable materials.

NEED

Despite their flaws, it has been hoped that international nonproliferation efforts could be strengthened to contain and manage the spread of nuclear weapons. It has been suggested, quite correctly, that any strategy to combat nuclear proliferation must take account of national needs for security, energy supply, national prestige, and national sovereignty.

Toward this end, it is recognized that bilateral and multilateral security arrangements, assistance in the development of both international and indigenous energy resources, economic developments, and the relationship of industrialized to developing countries all must be considered.

At the same time, however, the bedrock of any global nonproliferation effort was deemed to be the international safeguards regime. The message of the Begin bombing raid on Iraq is that the bedrock of the worldwide nonproliferation effort is more sand than solid.

We can no longer pretend that all aspects of nuclear trade are acceptable by virtue of the assurances provided through the NPT and IAEA. We can no longer pretend that a philosophy of maximizing the sale of nuclear materials to all comers is a credible element in an effective nonproliferation policy.

It will not be easy to reverse the disastrous trend that began with the rejection of the Acheson-Lilienthal recommendations, was accelerated by the well-intentioned atoms-for-peace program, was slowed to some extent by the U.S. initiatives between 1976 and 1978, and which has picked up speed again in the aftermath of backtracking by executive branch officials since 1978. Indeed, some statements by officials of the Reagan administration have suggested that looser controls on nuclear trade can be expected from the new administration.

FUTURE PROPOSALS

The establishment of a new worldwide nonproliferation regime cannot be done by one country alone. It must begin with an acceptance of certain general principles by supplier and recipient countries alike. It is important to be able to first, slow significantly the present trend while we, second, attempt to obtain an international consensus on the appropriate principles.

Accordingly, I have suggested by letter to the President, that he:

First. Immediately call for reopening the nuclear suppliers conference with a view toward both establishing truly meaningful restrictions on dangerous nuclear trade and improving the international safeguards regime. (See detail list in box: Outline of Proposals.)

Second. Start planning for a world nuclear energy policy conference that would, among other things, discuss concerns over national security and their relationship to nuclear activities, as well as possible NPT revisions to deal with those concerns.

Third. Formulate a U.S. position on the minimally acceptable restrictions on nuclear trade and use whatever leverage is available to induce others to adhere to those standards.

It is my belief that we are at a watershed time in dealing with the nonproliferation problem. World attention is finally and finely focused on the problem. The culmination of our efforts over the next year or two will determine whether we go down the path of more and more weapons capability to more and more countries, or whether we make a serious "dual-track" effort to control this threat to mankind.

The Faustian Bargain was never clearer than it is today; we will either develop the institutions to control this dangerous technology or we will be destroyed by it.

OUTLINE OF PROPOSALS

The following are suggested points of discussion, not considered all-inclusive, from which to start considerations for multilateral actions by the Nuclear Suppliers Group:

Tighten exports of sensitive nuclear material, equipment, and technology by obtaining agreement to:

Establish an immediate worldwide moratorium on transfers of enrichment and reprocessing equipment and technology to sensitive areas, including the Middle East and South Asia, while discussions on a new regime for nuclear trade proceed;

Prohibit transfers of enrichment or reprocessing technology and equipment, even at the experimental level, to states having no power reactors;

Limit the size of all research reactors transferred, eliminate the use of HEU in such reactors, and obtain the return of spent reactor fuel to the country of origin;

Extend the list of sensitive nuclear equipment, including components and duel use items, whose export the suppliers only permit under safeguards, with public recording of all sales of such items;

Extend and improve international safeguards by obtaining agreement to:

Make nuclear transfers to nonweapon nations only if they have accepted full-scope safeguards; and extend the concept of full-scope safeguards to mean safeguards on all nuclear materials, equipment, or facilities in a nonweapon state whether or not materials, equipment, or facilities have been formally declared to the IAEA;

Impose established sanctions in the event of violation of safeguards;

Introduce more openness into the safeguards system through publication of inspector reports; and

Increase the quality and quantity of IAEA inspections.

Defer further commercialization of plutonium as a fuel by extending uranium resources through:

Establishing a worldwide uranium resource evaluation program and a system of international cooperation on uranium prospecting.

Establishment of cooperative international programs on improvement of reactor efficiency.

Establish international cooperative efforts toward certain fuel cycle activities thereby limiting the number and location of such activities through:

Agreement on establishment of an international cooperative fuel bank—the INFA concept;

Establishment of international spent fuel storage facilities; and

Establishment of cooperative breeder R. & D. programs located in selected centers with access by scientists from other countries that pledge not to establish such facilities themselves.

Proposals for unilateral action by the United States.

Formulate a U.S. position on the minimally acceptable restrictions on transfers of sensitive equipment, materials, or technology that the United States will stand behind unilaterally, and use all feasible leverage to induce others to adopt such restrictions.

Establish a policy of examining nonnuclear energy when assistance in meeting energy needs is requested by developing countries.●

USE TAX SYSTEM AS PRODUCTION INCENTIVE

● Mr. GOLDWATER. Mr. President, I have previously stated in the Senate my firm belief that capital investment tax incentives are the cornerstone of President Reagan's economic recovery plan. Businesses have to grow if people are going to have jobs and if the oncoming generations of young people are going to find jobs.

I think we can easily create many millions of new jobs if we would give the corporations and businesses of this country real incentives to invest more of their profit in new equipment, new buildings and new ideas.

Mr. President, the same point has been eloquently stated by John C. Pritzlaff III of Phoenix, Ariz., in a perceptive letter to the editor that appeared in the Arizona Republic of June 22, 1981. So that my colleagues may enjoy this clear economic statement, I ask that his letter be printed in the RECORD.

GOVERNMENT IS SLOWING PRODUCTIVITY

It is agreed that one of the principal reasons for declining productivity in this country is that we do not save as much as the Europeans and the Japanese. The real problem lies in why America cannot generate new capital for investment and savings, rather than whether or not we can actually save in order to invest new capital.

The primary reason is an archaic tax structure which demeans the greatness and potential of this country. The average American cannot afford to save because (1) he has to work until the first week in May just to pay his taxes and (2) rising costs at home for food, clothes, education, interest, and insurance drain his actual take-home pay from his paycheck to the point where savings does not even become a consideration.

Taxes can be used as an incentive to produce the goods which society wants efficiently and at savings to the American people. Both Japan and the European countries have special tax acts which allow accelerated write-offs for equipment and investment losses used to penetrate domestic and more importantly, world markets. The American government does not have meaningful incentives available to American individuals or business. It is time we were allowed to fairly compete, using our tax system as a incentive rather than a disincentive. It is time for the government to let us do what we can for ourselves.

American management did indeed become fat, dumb and happy after World War II, but when it became time to compete effectively with the rebuilt powers of Europe and Japan the American government had become fatter, dumber and happier than that self-same management. It is time to give both government and management a reason to wake up. We spend too much time working against each other, using up the energy that made this country great.

Originally, the government was to govern and the people were to administrate and that government was to answer for its actions to the people. It is a simple formula to understand and now is the time for it to be reinstated. This country will not become a low-wage country, the people overwhemingly showed they wanted a change in November 1980. It is now time for the government to pass the laws that will act as good investments for the people and the country's future.

If we are to be taxed as individuals and as businesses, let us be taxed with the understanding that it will provide inducement to work, to save and to invest in America's future. Let us not be taxed to feed our government's insatiable appetite. The populace of America will save and invest once the government allows us to regenerate real money through our own actions and efforts.●

DROUGHT IN PORTUGAL

● Mr. KENNEDY. Mr. President, for several months, the nation of Portugal was afflicted with a drought of very damaging proportions. It necessitated strict measures of control in the energy and food sectors of the Portugese economy. Although fortunately rain has now fallen, the longer lasting consequences of the drought continue—including damage to livestock and to crops in the present growing season, as well as a shortage of hydroelectric power.

I commend the administration for arranging for Commodity Credit Corporation authorization of $175 million in guarantees to U.S. exporters for sales of U.S. agricultural commodities to Portugal, a close friend and longstanding ally of the United States. This assistance should materially improve the prospects for Portugal to recover from the drought.

I ask that a report from the Foreign Agricultural Service of the Department of Agriculture, and a memorandum on the drought from the Embassy of Portugal, released before the rains began, be inserted in the RECORD.

The material follows:

GUARANTEES AVAILABLE FOR U.S. AGRICULTURAL SALES TO PORTUGAL

The Commodity Credit Corporation (CCC) has authorized $175 million in guarantees to U.S. exporters for sales of U.S. agricultural commodities to Portugal, according to Richard A. Smith, acting general sales manager for the U.S. Department of Agriculture's Foreign Agricultural Service. The guarantees will provide up to three-year coverage under the Export Credit Guarantee Program (GSM-102).

Smith said up to $70 million in guarantees has been earmarked for sales of U.S. feed grains; $30 million for wheat: $37 million for soybeans and/or sunflowerseed; $32.4 million for protein meals (cottonseed, soybean, linseed, and sunflowerseed); and $5.6 million for tallow.

To be eligible for guarantees, U.S. exporters must submit their application along with a guarantee fee to CCC before export is completed. Exports must be completed by Sept. 30. The guarantor is Banco Portugues do Atlantico and/or other eligible banks.

The guarantee rates include a charge to provide for a per annum interest rate coverage of up to 8 percent on the guaranteed value. Exporters may apply for a guaranteed value up to a maximum of 98 percent of the port value.

Based on semiannual repayments of principal, plus accrued interest, the fee rate is 15.6 cents per $100 for six months; 23.4 cents per $100 for one year; 39.3 cents per $100 for two years; and 56.5 cents per $100 for three years.

Based on equal annual repayments of principal, plus accrued interest, the fee rate is 32.9 cents per $100 for one year; 50.1 cents per $100 for two years; and 69.2 cents per $100 for three years.

DROUGHT IN PORTUGAL

The prolonged and continuing drought is causing a truly alarming situation in the country and is having repercussions in various sectors of the economy, notably in energy and agriculture. Recent actions by the Ministers of Industry and Agriculture clearly indicate the concern with which the government is following this situation and the serious measures it proposes to take.

The Minister of Industry referred to approval by the government of an emergency program contemplating various types of actions, all of them implying daily cutoffs in the flow of electricity both to the individual consumer and to industrial and commercial establishments. These cutoffs could last from three to six hours daily. Since then, a five percent voltage reduction was decided on.

At this time of year Portugal customarily exports energy; but now, due to the drought, it is importing energy to the tune of one billion escudos per month, utilizing the French high voltage distribution system, the occasional breakdown of which leads to a precarious situation. In the announced program of restrictions, a discontinuance in television broadcasts; the prohibition of exterior illumination of public buildings and monuments and of illumination for commercial purposes; and the reduction to the minimum of the peirod of normal intensity public lighting are anticipated.

For his part, the Minister of Agriculture declared that the drought is causing a truly devastating agricultural situation. Damages, even if conditions improve, will be considerable.

In effect, even if rains commence now, significant reductions in certain crops, notably rice, are foreseen. On the other hand, weather forecasts are far from encouraging. The Minister predicted the implementation of measures intended to restrict consumption, to monitor and punish speculation or hoarding activities, and to supervise the intermediary sectors. The government will attempt to assure sufficient feed for livestock.●

TODAY'S USO

● Mr. ZORINSKY. Mr. President, I would like to bring to the attention of my colleagues, and fellow Americans, the accomplishments of an outsanding American and humanitarian, James E.

Barrett, who is a native of Omaha, Nebr. Jim Barrettt obtained his law degree at Creighton University, while working part time for Mutual of Omaha; World War II veteran; world president of the USO; and in his "other life" he is executive vice president and coordinator of national and government programs of Mutual of Omaha Insurance Co. And this year Jim Barrett is celebrating his 25th anniversary representing this company and the insurance industry in Washington, D.C. Let us keep in mind that there are over 2 million service men and women away from their homes who are in need of USO services, and Jim Barrett, as world president of the USO, is eager to help these young men and women adapt to their new environments and to help them with their problems.

With USO centers all over the world, Jim Barrett's aim is to build a USO world headquarters building in Washington, D.C., to be used principally as the focal center of the USO organizations, and with this in mind, there currently is a drive, initiated by Jim Barrett, to amass $10 million for this building. This museum will house Bob Hope's 40 years' accumulation of USO shows and memorialize in the Nation's Capital an unusual person in the name of Bob Hope. Just recently, Bob Hope performed here in Washington, D.C., in support of this $10 million drive. There is still such a thing as USO variety shows, in fact just mention USO and people in general all over the world immediately think of Bob Hope touring military bases.

We are grateful to Jim Barrett for his dedication to the youth of our country and particularly those serving in uniform. Let us stand behind this worthy cause, it will not only benefit our service people and youth but it will show what America really stands for—a government for the people and by the people.●

THE SUPREME COURT AND CONGRESS

● Mr. DURENBERGER. Mr. President, I would like to draw to the attention of my colleagues a front page article that appeared recently in the Washington Post. The article makes the point that the Supreme Court's rulings of this recently concluded term reveal a "firm commitment to a drastically curtailed role for the Federal judiciary as a check on the rest of Government. * * *" In Justice Rehnquist's words,

> The Congress is a coequal branch of government whose members take the same oath we do to uphold the Constitution of the United States.

It seems to me the Court is saying this: The Constitution and the law, embodied in statute and court decisions, establish constraints upon the action other branches and levels of Government may take. Within those constraints, however, there is a wide latitude as to what constitutes good policy. In short, permissible and good Government action are not synonymous. The Court's role is to specify the former and leave the specification of the latter to other governments and branches of the Federal Government.

Our past practice of avoiding an issue in the hope that it will be settled in the courts is no longer viable the Court is telling us. By failing to act, the Congress is actually making policy, since the Court now seems content that inaction on our part as a policy choice. This is no better illustrated than in the recent Montana severance tax case. Last week the Court declared that Montana is free to impose unlimited severance taxes on coal taken from Federal lands because Congress has not acted to restrict the States in their action regarding these taxes. At the same time, the Court went out of its way to overturn a 1922 decision that exempted coal mining from interstate commerce and hence had prevented its regulation by the Congress.

The Court is saying, in effect, Congress has made policy by not acting, but it may act if it so desires. Unless, and until, such action is taken, the States are free to erect what are essentially State tariffs on coal located within their borders. In the words of Justice Marshall writing for the Court, we err when we construe past Court decisions—

> As requiring a factual inquiry into the relationship between the revenues generated by a tax and costs incurred on account of the taxed activity, in order to provide a mechanism for judicial disapproval under the Commerce Clause of state taxes that are excessive. This assertion reveals that appellants labor under a misconception about a court's role in cases such as this. The simple fact is that the appropriate level or rate of taxation is essentially a matter for legislative, and not judicial resolution.

This is more than an invitation from the Court to Congress for action in this area. It is a mandate. The Court is saying the Congress cannot avoid the issue by burying its head and refusing to act, for Congress, and Congress alone, decides the matter by its very inaction.

The Congress has not completely ignored this issue. Indeed, there have been hearings in both Houses on the matter. The tragedy is that when we looked at the issue and found it both complex and complicated in a volatile political climate, we refused to act. Knowing that the matter was in the courts it was easy for us to avoid taking the necessary difficult action in hope that the Court would relieve us of that responsibility. The Court has now spoken, and it is not about to let the Congress off the hook so easily.

In Justice White's concurring opinion he says,

> Congress has the power to protect interstate Commerce from intolerable or even undesirable burdens. . . . The constitutional authority and the machinery to thwart efforts such as those of Montana, if thought unacceptable, are available to Congress, and surely Montana and other similarly situated States do not have the political power to impose their will on the rest of the country. As I presently see it, therefore, the better part of both wisdom and valor is to respect the judgment of the other branches of the Government.

In other words, Congress can act if it has the will to act.

I fear the good Justice White greatly underestimates the ability of minorities to thwart the will of majorities in this legislative body. This is as it should be. The Senate is a body whose very existence is premised on the right of a minority to curtail majorities at times. Minorities with intensely held views should be permitted every possible avenue of defense against an overzealous majority. After due deliberation, and a majority opinion that the national good outweighs the parochial interests of a few, Congress must act in accord with the Constitution and the law.

Mr. President, the message of this term of the Court is that further delay is paramount to a vote against Congress making coherent national energy policy. Severance taxes and their close relatives—ad valorem and "first-use taxes"—deserve close congressional scrutiny. The Montana case makes clear this need in regard to coal.

Another case decided this term, Maryland against Louisiana, makes the point with regard to natural gas. In ruling on the Louisiana first-use tax, the Court held unconstitutional a tax on gas drilled on the Outer Continental Shelf and levied on the first user on Louisiana territory. The Court found that such a tax was preemptive of the Federal jurisdiction to regulate natural gas prices under the Natural Gas Act, and therefore unconstitutional. The problem is, with the decontrol of natural gas this authority will cease, and with it, Federal preemption of such a State tax. All that will be necessary for the tax to pass judicial muster will be for the State legislature to eliminate its blatant discriminatory nature. Not only does the Montana decision mandate congressional action with regard to coal severance taxes, the Louisiana decision puts the Congress on notice that the issue of the first-use tax is far from dead, and that Congress had better prepare itself to address the issue or to permit the tax implicitly by its very inaction.

The Congress has begun to address the existence of enormous economic rents that result from cartel pricing of the Nation's prime energy source, oil. We said that to achieve efficiency in the domestic allocation of oil, we would permit the domestic market to allocate oil unfettered by price controls and allocation schemes. The price of oil would run up to the cartel price, vast economic rents would accrue to producers, but the domestic market mechanism would work to allocate the oil efficiently. Congress then adopted the windfall profit tax to withdraw those economic rents and redistribute them consistent with a nationally determined policy.

Severance taxes designed to recover more than the cost of development of the minerals in question have no other purpose than to get a piece of these economic rents for the State. Since the cartel pricing of oil has the effect of driving up the price of other energy fuels beyond their cost of production as well, it matters not whether we are talking about a severance tax on oil, natural gas, or coal. The effect is the same. Congress must ask itself to what extent it wants to permit the States to participate in tapping these economic rents. Congress must ask itself how best to legislate so that the true cost of development can be met by the areas most affected and the

national goal of energy production can be met simultaneously.

Congress must take heed of Justice Blackmun's dissent in the Montana case and ask itself what are the implications for all severance taxes:

This case poses extremely grave issues that threaten both to "polarize the Nation" and to reawaken "the tendencies toward economic Balkanization" that the Commerce Clause was designed to remedy.

The Justice concludes his dissent "* * * Montana's severance tax embodies what the Commerce Clause was meant to end, I dissent." Mr. President, I agree, and I urge Congress to take prompt action.

Mr. President, I ask that the Washington Post article of July 3, 1981 be printed in the RECORD with my remarks this morning.

The article is as follows:

BURGER COURT MAY BE ONTO TRUE MISSION

(By Fred Barbash)

The Supreme Court of Warren E. Burger, 12 years in search of a mission, may have found one in the term that ended yesterday.

Its major rulings show a firm commitment to a drastically curtailed role for the federal judiciary as a check on the rest of government. If Congress wants to draft only men, the court said this term, the court must defer to Congress. If the executive wants to deny freedom to travel abroad, the court must defer to the executive.

If the states have overcrowded prisons, or terrible institutions for the mentally retarded, the court must defer to the states.

The theme has been developing ever since the backlash to the court's 1973 legalization of abortion. It reached its height this year, particularly when confronted with foreign policy, national security or military questions. And it will undoubtedly flourish as the Eisenhower, Kennedy, Nixon and Ford court becomes, as well, a Reagan court.

It is a humble court, finally a Burger court, not an Earl Warren court. It is a deferential court that "knows its place" in the scheme of government, not a court that tries to carve a place.

It means that elections are more important than ever. When it comes to questions of social change, the message increasingly is: don't bother to file a suit. Vote, lobby or make a campaign contribution. The justices of the Supreme Court are increasingly saying, "Who are we to question?"

This is part of what conservatives and President Reagan have been wanting from the federal judiciary for years. But it cuts many ways.

The same "deference" to Congress that upheld the all-male draft was used 12 months ago to uphold affirmative action in the award of government contracts, and a few weeks ago to uphold tough federal restrictions on the strip-mining industry.

There are, of course, going to be exceptions. Demonstrating that it still knows how to hold something unconstitutional, the court this year struck down a zoning ordinance used to ban nude dancing because the ordinance was too broadly restrictive of free expression. But the borough of Mount Ephraim, N.J., not the Congress of the United States, was the victim of that ruling.

The court did take on Congress on one issue: judicial salaries. The justices ruled this year that Congress acted unconstitutionally on two occasions when it denied pay raises to federal judges.

Six months after ruling that poor women had no constitutional right to money for abortions, the court said justices had a constitutional right to their pay raises.

There are lots of contradictions. The case of former CIA agent Philip Agee is an example. The court ruled that the executive branch could take away his passport, even though Congress had said nothing about the issue.

This, however, was enough for the court. In the field of institutions for the handicapped, however, Congress has enunciated a relatively clear prescription for protecting patients from mistreatment and isolation in institutions.

But this term, the court said in a case involving Pennsylvania's Pennhurst home for the retarded, what Congress said wasn't enough to require states to remedy the situation.

The justices had a variety of explanations for their actions this year, and many of them sounded like Reagan campaign speeches.

Here is Justice Lewis F. Powell Jr. ruling that double-celling of state prisoners is constitutionally acceptable in *Rhodes v. Chapman*: "Courts certainly have a responsibility to scrutinize claims of cruel and unusual confinement . . . . However, courts cannot assume that state legislatures and prison officials are insensitive to the requirements of the Constitution . . . ."

Here is Justice William H. Rehnquist ruling in *Rostker v. Goldberg* that Congress may exclude women from the draft: "The Congress is a co-equal branch of government whose members take the same oath we do to uphold the Constitution of the United States."

And here is Burger, in the Agee case: "Matters intimately related to foreign policy and national security are rarely proper subjects for judicial intervention. . . . Matters relating 'to the conduct of foreign relations are so exclusively entrusted to the political branches of government as to be largely immune from judicial inquiry or interference.' "

The court did not need the election to come up with this language, however. The final words in the passage from the Agee case come from a 1952 opinion authorizing deportation of resident aliens who were once members of the Communist Party of the United States.

Justices explain their opinions. But, they rarely explain publicly what might be going through their minds. When Potter Stewart announced his retirement, he offered a rare glimpse of what was on his mind at the moment.

Congressional proposals to strip the court of jurisdiction over controversial issues, such as abortion, school prayer and busing, "concern me," Stewart said. "There have been such bills in Congress ever since I've been here . . . but there seems to be considerably more of a possibility that one or more of such bills might be enacted."

The justices are not deaf to the outcry from large segments of the public over decisions in the past. The court's rulings this year on the draft, upholding the constitutionality of parental notification of abortions, last year's approval of the Hyde Amendment, which prohibited the use of federal funds for abortions in virtually all circumstances, and its general posture may help defuse that outcry.

The sex discrimination rulings—particularly in the draft case and in a decision upholding laws that make statutory rape a crime for men but not women—illustrate the context.

A decade ago, the Supreme Court began making changes in the sex discrimination laws that were barely noticed by the world. A state couldn't let young women buy strong beer but deny it to young men, the court said. Women could not be prohibited from administering wills, it ruled.

The changes were subtle. The gender distinctions were relatively innocuous. But it was celar that they wouldn't stay that way, for the inevitable results of the court's reasoning would be confrontations with sensitive and basic views held by many about the role of women in society.

The early cases came before the abortion uproar. In the case of whether women must be included in the draft, another one loomed.

In that case and the statutory rape case, *Michael M. v. Supreme Court of Sonoma County*, the court backed away from its course in sex discrimination laws, and womens' rights lawyers are now speculating that it may be a permanent backing away.

* * * * *

RECIPROCITY WITH FOREIGN GOVERNMENTS

● Mr. DOLE. Mr. President, the Senator from Kansas wholeheartedly supports S. 816, the bill establishing reciprocity with foreign governments in antitrust suits. As one of the original cosponsors of the bill, the Senator from Kansas looks forward today to its expeditious passage.

S. 816, by amending the Clayton Act to permit antitrust actions by a foreign government in U.S. courts, only for single damages, and only when such sovereign's laws allow the U.S. Government to recover damages caused by such conduct in that country, would remove glaring inequities of the Pfizer decision. No longer would a foreign government under U.S. antitrust laws be able to sue for treble damages, a remedy the U.S. Government has been denied. And no longer would a foreign government be able to sue in our courts for antitrust violations when our Government is not permitted such a remedy with that sovereign.

Mr. President, with the imperiled shape of the U.S. economy, coupled with our monthly billion-dollar plus trade deficits, we can no longer afford laws which are more generous to foreign governments than to our own. S. 816 corrects such misplaced generosity in the antitrust field. Furthermore, testimony from the Judiciary Committee's April 20 hearings on the bill, provides a complete explanation for the record and lends unqualified support for quick enactment. I urge my colleagues to vote in favor of S. 816.●

BANK LOANS TO HUMAN RIGHTS VIOLATORS

● Mr. KENNEDY. Mr. President, the latest indication of the Reagan administration's disdain for human rights concerns is its announced intention to support multilateral bank loans, not related to basic human needs, to four governments which continue to abuse fundamental human rights. This reversal of past U.S. practice in the banks also reflects a blatant disregard for existing law.

Anyone examining the records of Paraguay, where arbitrary denials of personal liberty are rooted in the dictatorship of General Stroessner; or Argentina, where up to 15,000 of its citizens have disappeared; or Uruguay, where political prisoners still languish in jail without trial—recognizes the ab-

sence of any justification for supporting loans which are not directly related to the basic human needs of the people in these countries.

In the case of Chile, to support such loans is even more appalling. Not only has the Pinochet regime been a consistent human rights violator for the past 8 years, but it also is a government which has supported acts of international terrorism in the United States and elsewhere. This administration seems to have forgotten both the Pinochet regime's sponsorship of the assassination of Orlando Letelier on the streets of Washington and the policy that bars U.S. support in the banks to governments which harbor terrorists.●

LOOKING INTO MARVIN WINDOWS

● Mr. DURENBERGER. Mr. President, I have known Bill Marvin and his wife Margaret for something like 15 years. I have watched them grow with their town of Warroad, Minn., and I have learned a lot by watching.

Warroad sits on the southern end of a lakebed, one of the larger lakes on the continent. The highest land area is only 7 or 8 feet above lake level and it just happens to be a pile of dirt that Bill Marvin had hauled in on which to build his home. Everybody agreed he had a right to do it since it is he and other relatives who, at least at the time of my last visit there, were providing up to 1,150 jobs a day for a community of 1,200 people.

Bill Marvin's efforts proved all kinds of things about small business, productivity and individual initiative, and community spirit. He is as far from his market as any manufacturer in the country and yet he goes after them.

It is Bill Marvin and small business owners like him who are playing a key role in keeping the family operated farm alive in northern and northwestern Minnesota. These small business owners have turned the farmer into a go-getter—that is, a farmer who rides his tractoræ until 4:30 p.m. then heads into town to go get her; that is, get his wife from Marvin Windows or another business where she works during the day. In many cases, the income she earns is essential to keeping the family farm going.

I was last in Warroad in mid-January 1980, right after President Carter imposed an embargo on grain sales to the Soviet Union and announced that the United States would boycott the 1980 summer Olympics in Moscow. This was also a month before the Warroad-based Christian Brothers hockey sticks, Warroad native Bob Christian, and the rest of the U.S. Olympic hockey team wiped the Russians off the Olympic ice hockey map.

At that time, the folks in Warroad were saying about the President's sanctions that they did not think the embargo and Olympic boycott were going to work and they really did not think they were fair, but that if someone does not take a little hurt in order to provide this country and the world with a little help, we will never have the nerve to stand up to the Russians. So, they bit the bullet for the good of their country and for the good of millions of other people who never had to make that extra bit of sacrifice.

That is the kind of spirit that brings a Bill Marvin to believe that he can provide the world a better product because he believes in quality, hard work, productivity, and providing jobs for his community.

Mr. President, I ask that the article on Bill Marvin and Marvin Windows in the April issue of "Corporate Report" be included in today's RECORD.

The article follows:

LOOKING INTO MARVIN WINDOWS

(By Ellen Wojahn)

You might say Bill Marvin has a knack for making silk purses out of sows' ears. Just consider what he's up against. He's doing business in Warroad, Minn., where temperatures plunge to 40 degrees below zero each winter. He can't get the raw material he needs locally. He's 350 miles away from a major population center, and while rail service is adequate to bring in some of his supplies, it is not dependable enough to ship his finished product to market. To top it off, his sales volume hinges on the vitality of the construction industry—at a time when hardly anybody can afford to build anything.

Yet, Bill Marvin is president of perhaps the third-largest window-manufacturing plant in the nation. And while some competitors are laying off employees and holding the line on production, Marvin is hanging on to his work force and planning to expand. How is he doing it? The people who know him as a boss, a neighbor, or perhaps as a 1980 inductee to the Minnesota Business Hall of Fame will tell you he's successful because he's hard-working, conservative yet innovative, and above all, fiercely loyal to his community. But Marvin has his own answer, and he delivers it with a chuckle and a shrug: "We've learned to capitalize on what we can't change."

Or, won't change. The plant's location in Warroad is right at the top of the list. Marvin grew up there, took over his father's business there, and at age 63, can't imagine being anywhere else. "I guess I never had any plans of running off to the big city," he says. "I'm rural by nature." So, he uses his rugged-outdoorsman lifestyle to full advantage. It's his prime sales tool.

All roads do not lead to Warroad. To interest his potential customers, Marvin often has to fly them in on the company plane. But the effort is worth it, because he has found that, when attempting to sell energy-efficient wood windows and patio doors, seeing—and shivering—is believing. "It's intriguing," he says. "People in Alabama, Tennessee, or even Chicago, wonder why or even how people can live up here. But if we can get prospective customers to come to Warroad, spend a few days here, see the plant, meet our people—they're amazed at what we're doing." A visitor's itinerary also often includes a stop at the nearby Christian Brothers hockey-stick plant. Marvin's goal is to send his guests home with order forms in one hand, a hockey stick in the other, and an image in their heads. "You've got to build a sort of romance in a person's mind," he says, nearly whispering. "Warroad is remote. Christian Brothers hockey sticks are made in Warroad. And Marvin Windows are made in Warroad." It's evidently working. Windows bearing the Marvin label are found in every state in the union; in Canada and Japan, and even at the South Pole.

Marvin Windows is the largest and most profitable division of Marvin Lumber and Cedar Co. The plyant's cluster of yellow and brown buildings is the first thing you see when you approach Warroad from the west. With 11 acres of production space and a labor force that peaks at 1,150 workers, the plant nearly dwarfs the town of 1,200 that lies beyond it. If you drive a little farther, you'll find the rest of the family's holdings: a lumber yard, a grain elevator and seed plant, a hardware store, and—to serve the tourists who come to the shore of Lake of the Woods to boat and fish—Marvin Marine. "There are a lot of people living off the Marvins," one long-time resident says, "and it's a great thing. They're the backbone of the whole area."

It started out as somebody else's mistake. Bill's father, George Marvin, came to Warroad in 1903 to manage a Canadian-owned grain elevator and lumber yard. But after three years, the company decided it had chosen the wrong location. There simply wasn't that much grain or lumber being produced in the area. The Canadians sold Marvin the lumber yard, and after the elevator was dismantled plank by plank and moved back into Manitoba, Marvin built his own. He had taken note of the increasing number of people moving into what was then regarded as "the bush country" and, while they did not have commodities to sell, he knew these people would be doing a lot of buying. Marvin brought in seed and building materials, and oldtimers say his generosity with credit greatly speeded Warroad's development.

Bill grew up wanting to become an elevator manager, but it was by no means a foregone conclusion that he would join the family business. After earning degrees in agronomy and agricultural economics at the University of Minnesota, General Mills offered him an $85-a-month job in the accounting department. Bill remembers telephoning his father to tell him the news. "I was hoping he'd say, 'Why don't you come home?' Instead, he said, 'It's a good offer—you'd better take it.'" The younger Marvin spent several months with General Mills, in Minneapolis and Wilmar. But he was called back to Warroad when an uncle fell ill during the harvest season, leaving his father short-handed. Bill Marvin became employee number eight at Marvin Lumber and Cedar Co. in 1939.

That winter, lumber-yard manager Harry York became bored. He convinced George and Bill to buy him a saw, so he could fill the slack time by making windows and doors. They sold well, and the capacity that was developed allowed the company to accept defense subcontracts during World War II, making ammunition boxes and food containers.

Four Marvin boys had gone to war. While they were gone, Bill and his father were making plans. They wanted to have jobs waiting for the veterans when they came home. "That's when we began to look beyond our own limited borders," Bill says. "We didn't want to see all the kids we grew up with leave the area, if they didn't want to, and we knew they wouldn't all choose to go into farming, so we tried to find something that would divorce us from our local economy." They chose window manufacturing.

The company suffered a major setback in 1961, when fire destroyed the plant. "It was devastating," Marvin says. "We lost our total productive capacity within about two hours." To make matters worse, the plant was only insured for 57 percent of its value. The family was forced to borrow its first long-term money. The manager of a local electricity cooperative persuaded the Rural Electrification Administration to lend $250,000, with the explanation that many of the co-op's customers were Marvin employees. It was, according to Marvin, the first such loan

written. Another $400,000 came from the Small Business Administration—but not without a lot of bureaucratic red tape. Marvin says the loan might not have been granted if the late Sen. Hubert Humphrey hadn't stepped in. Marvin says Humphrey passed the word that the agency's employees should "get off their dead asses and get going." Laughing, he adds, "We're Republicans, but we've sure got a soft spot in our heart for Hubert."

Bill Marvin shares the management of Marvin Lumber and Cedar Co. with three of his four brothers. But, as the eldest, Bill is the unquestioned leader. He runs a tight ship. All management officials—family or otherwise—are expected to work six days a week, and Bill often works part of the seventh.

As each member of the family's third generation has joined the business, Bill has required them to start as their fathers did—at the bottom, on the production floor. He has been known to take his relatives to task when he finds fault with their performance, and has at least once re-shuffled duties to eliminate a trouble spot. He has a no-nonsense approach to business and will not tamper with what's proven to be successful over the years.

"He's just plain conservative," plant engineer Steve Halvorson says. How conservative? "Well, here's an example. We've only had one office building for the last three years. Bill and his brothers and everybody else used to have offices on top of the hardware store downtown. Here he is, the president of a multi-million-dollar company, and he's got this dingy little office. Even now, my office is as fancy as his. Now, that's conservative."

But, Halvorson says, show Bill a way to get a bigger bang for the buck, and he's ready for any innovation. "He just seems to have a feel for what will work. He really looks to the future, especially in the area of energy."

Like many millwork plants across the country, Marvin Windows is able to supply all of its own heat by feeding shavings and sawdust into a boiler system. But the Warroad company has found a way to save money on heat and make a tidy profit on the side—by substituting flax shive for shavings. You see, each ton of shavings saves the cost of 115 gallons of fuel oil. But shavings are also worth $23 a ton to businesses that use the material, such as turkey farms. So it is to the company's advantage to sell the shavings and burn something else. Flax shive is worthless, and the companies that process flax often have to pay to have it dumped in a landfill. They're more than glad to give it away. It costs Marvin just $4.60 a ton to haul the flax shive in, and even though the stuff produces two to three percent less heat than shavings, the net profit is impressive. The only problem with flax shive is that it has a tendency toward spontaneous combustion, and burns stubbornly—like a peat bog. For that reason, it is stored outdoors.

Bill Marvin has also put his problem-solving abilities to work in the area of safety. For many years there was a shortage of doctors in the area, so Marvin set up a network of emergency drivers. These employees have first-aid training, a good driving record and a four-door vehicle, and they're available at a moment's notice. There is a continuing effort to reduce injuries on the job, and the company has reduced its ratio of insurance premiums-paid-in, to benefits-paid-out, from 100 percent in 1976 to 15 percent in 1980.

Marvin Windows has enjoyed considerable growth in recent years. Sales revenues doubled from 1977 to 1979.

But nationwide housing construction tumbled from an annual rate of 2.1 million units in late 1978, to just over 900,000 units in mid-1980, and the company has not been immune to the industry-wide illness that has resulted. Last year's total production of one million windows and patio doors brought about $40 million in earnings, but that's a 12-percent drop in dollars sales. The company had projected a 15-percent increase. Officials were forced to cut back to four-day weeks for a period of approximately two months last summer.

"Yet, I guess we may have fared better than some of our competitors," sales manager Morris Taylor says. "We didn't have any layoffs, and most other manufacturers did. I wouldn't want to put my finger on any particular company, but I'd say, throughout the industry, sales were probably off 25 to 50 percent." (Based on signs that construction will rebound somewhat in 1981, Marvin has projected a 20-percent sales increase for the coming year. They are not alone in their optimism: most window manufacturers are making similar projections.)

One reason the Warroad company has taken only a glancing blow from the one-two punch of inflation and high interest rates is that the plant specializes in custom work. That means Marvin Windows can take advantage of jobs in the only types of construction that remain relatively active: remodeling and renovation. Manufacturers locked into standardized mass production can't often meet the demands of customers who need odd sizes or styles, but Marvin Windows can. "In addition," Taylor says, "the single-family construction that's going on now is probably the custom-type home. In other words, it's probably a little higher-priced, and our windows are also popular in this type of construction."

The plant keeps up with the varying demands of their orders by rotating employees to various parts of the building, depending upon which departments are under pressure. Each employee is trained to be able to step in wherever he or she is needed. "Flexibility is doing a lot for us," Taylor says.

So is the company's homegrown fleet of trucks. With 37 tractor-trailers and 55 vans, it's the envy of every manufacturer who is forced to depend on a declining rail system. Marvin Windows got into the trucking business about 30 years ago—somewhat grudgingly. It had become apparent that, while the rails easily brought in wood from the West Coast, other materials had to be moved hundreds of miles in the wrong direction before they'd ever wind up in Warroad. And shipping out the completed windows was, in Bill Marvin's words, "like swimming upstream." He and Taylor cleaned up a coal truck and put it on the road. "From that day," Marvin says, "our business grew. We were able to deliver." Backhauls aren't deadhauls, either.

The trucks return with glass from Texas, screen cloth from Pennsylvania, and hardware from Owatonna, Minn. The fleet also allows the company to act as its own distributor, in many cases offering fast delivery and eliminating the need for large inventories at the point of purchase.

The company promises a time lag of just seven to 10 days from the date the order is received, to the date the windows are loaded onto the trucks. It's a guarantee no known competitor has attempted to make. "Only once in 30 years have we had an order file over two weeks old," Marvin says, "and most of the time it's under one week."

Marvin's low-inventory policy also makes waves. He says he pioneered the fully assembled window, which scuttles the need to stockpile parts. And with fast delivery, there's no need to warehouse quantities of assembled units either. "With today's interest rates, it costs too much money to keep an inventory," he says. "I don't think we have a single U.S. distributor with an inventory worth more than $100,000. We tell them to use that space to double their business capacity."

But it is becoming increasingly difficult to maintain these key operational techniques. There's a limit to how far trucks can go, and how fast. The company also foresees a day when it will exhaust the labor supply in the Warroad area. To better serve a burgeoning housing market in the south, and alleviate the expected labor shortage, Marvin Windows is building a second plant in Ripley, Tennessee. That doesn't mean the company plants to pull up stakes.●

PROBLEMS BESET MILITARY, THE OFFICER CORPS

● Mr. GOLDWATER. Mr. President, a very fine article appeared in the Monday, July 6, issue of the Washington Post, written by Mr. George Wilson, a very competent man in the military field. The title is "Cracks in the Armor: Problems Beset Military. The Officer Corps." This is the first article given this much space that has come to my attention concerning a problem that the military are having with the officers of the services. It is not just the loss of the enlisted man, although it is more serious at that level, but we are losing officers, we are finding officers who do not care to lead, not necessarily that this indicates cowardice, but just the feeling of incompetence and it is something that must be stamped out if we are to have a successful, well-organized, well-operated military.

So that my colleagues might have a better understanding of this, and I must say that my understanding has certainly been rounded out and solidified on it after visiting many military bases this year, I ask that that article referred to be printed in the RECORD.

The article follows:

CRACKS IN THE ARMOR: PROBLEMS BESET MILITARY

(By George C. Wilson)

One of every six Army colonels hand-picked this year to command troops has turned down the honor.

This is shocking to traditionalists, who insist that leading men, potentially into battle, is what the officer corps is all about. At least, they add scornfully, that was true before the all-volunteer Army turned everything upside down.

Turning down an Army command is but one of the cracks in the military officer corps signaling that men, not arms, will be President Reagan's biggest problem as he spends $1.5 trillion to rearm America.

No number of $2 million M1 tanks, $1.2 billion Trident submarines or $35 billion MX missile systems will add up to military might unless the United States has people who know how to use them.

The officer corps of the services are the keys to using weapons well. They are the supervisors on the battlefield, aboard submarines in the ocean depths, in missile fields and on warships off the Persian Gulf. Many officers also help design and produce such weaponry.

Though they represent only 13.6 percent of the 2.1 million men and women in the armed services, officers determine in large measure whether battles are won or lost, whether men live or die. But within the services' officer corps, as Reagan launches the biggest peacetime military buildup in history, cracks beyond the Army's command turndowns are becoming visible:

Navy submariners are resigning faster than

they can be replaced as deliveries of new boats are accelerating.

Air Force engineering officers are leaving in droves for civilian jobs, confronting the service with the biggest technology gap since the Soviets ushered in the space age by launching sputnik in 1957. A shortage of pilots also persists.

Despite the fact that the Marine Corps has won front and center position in Reagan administration military plans, Marine officers are retiring before their time at worrisome rates.

Pentagon executives, congressional committees and the press have been riveted on the enlisted part of the All-Volunteer Force, paying comparatively scant attention to the officer corps in the post-Vietnam era.

"We don't know whether we want an officer to fight, kill or to manage," retired Col. William J. Taylor, Jr. complained recently in stating that the Army officer corps is in disarray.

The biggest problem confronting the officer corps is convincing enough of the best and brightest to stay in the military, and there is no overnight solution.

Bringing back the draft would not solve the problem. Higher pay can only buy the nation so much commitment before other influences take over, like young men and women demanding their own "space," whether in the military or outside it.

Lt. William W. Matzelevich, 26, of Weston, Mass., dramatized the "space" problem as he described why he rejected the Navy's offer of a $28,000 bonus if he would keep on sailing submarines.

"I have a lot of outside interests, things that I enjoy doing, things that require a certain amount of skill or expertise that you're unable to pursue in a submarine.

"Like, I like playing tennis. It's something you need to practice to play at. I haven't been able to do that. It sounds hokey, but I used to play the trumpet, and that's obviously something you can't do on a submarine.

"I computed that out of 38 months [with submarines] there were only five months that I could consider having to myself." Not counting vacations, civilians with Saturdays and Sundays off would have 10 months' free time in 38 months.

What the armed services and the nation are up against as they try to attract and hold people to run the military is a radically changed value system among the young who fight the wars.

In response to these changed values, military officers, like their civilian counterparts in industry, are turning down or quitting top jobs in worrisome if not alarming numbers.

Young male officers have children in school, wives with good jobs, homes with lawns finally free of crabgrass. Better-paying civilian jobs often beckon. Many such officers are asking themselves why they should keep moving across the country and across the world, and losing money each time, for the benefit of their current employer, the Department of Defense.

Further eroding the old military values, in the view of many officers, is the post-Vietnam experiment of trying to fill the ranks of a 2 million-member military with volunteers rather than forcing a cross section of the population into uniform through the draft.

Officers say today's volunteers must be trained repeatedly to be effective, bringing fire down on their commanders from the top brass.

Because turning down commands dramatizes the changed value system at work in the Army officer corps, the Washington Post focused on it during an interview with the nation's top-ranked soldier, Gen. E. C. Meyer, Army chief of staff, as well as with officers who quit.

High-ranking officers of the other services were interviewed for subsequent articles on the state of the nation's officers corps.

Meyer, unlike some of his subordinate generals, did not try to play down the significance of the new phenomenon of carefully screened officers turning down command. "I'm concerned," he said, adding that the Army has to "find a way to restore the appeal of commanding troops."

"Unheard of in my history," said Meyer of commands being turned down for such family reasons as wifely demands to stay put. "I really don't see the near-term solution. . . . The biggest change in the value system is the working wives. I really don't see the near-term solution to that."

Retired Col. William Hausner, author and commentator on the Army officer corps, said the turndowns of commands "have to be bad news. Either they're picking the wrong guys, or, worse, they're picking the right guys who are declining the best jobs the Army has to offer because command has become so encumbered with minutiae and pretense."

Army figures tell this story about the rejection of command opportunities:

17 percent, or more than one in six, of the colonels selected for commands so far in fiscal 1981 have declined to take the jobs. This continues the high percentage of what the Army calls "declinations," which showed up in fiscal 1979 when 21 percent of the colonels selected said, "No thanks" to command. Only 10 percent declined in fiscal 1978, the first year records were kept. A full colonel commands a brigade of about 2,000 men.

11.2 percent, or one in nine, of lieutenant colonels selected for commands turned them down. This is close to the record high 11.4 percent for fiscal 1980 and significantly above the 8.6 percent for fiscal 1979, and 5.5 percent for fiscal 1978. Lieutenant colonel is the typical rank for the commander of a battalion of 825 men.

Only about 5 percent of the eligible colonels and lieutenant colonels are selected for command. Among the 160 colonels picked for command in fiscal 1980, the last full year on record, 30 declined, or 19 percent. Of the 590 lieutenant colonels offered command in 1980, 67 declined, or 11.4 percent.

The Army urges officers who do not wish command to say so in writing before selection boards meet. The officers represented in the turndown figures cited did not decline ahead of time, suggesting they ordinarily would relish the challenge of leading troops.

Meyer, in acknowledging that the figures on rejected commands are new and worrisome for his officer corps, pinned much of the blame on Vietnam.

"Once we made the decision to run people through a six-month cycle of command in Vietnam we changed everybody's approach toward command," he said. "You were there six months. You had to succeed during that period of time. So you saw a whole group of captains, majors, lieutenant colonels who grew up with that kind of concept: that in six months you had to succeed.

"That's what we're trying to break in the Army: that run-in, get credit, run-out approach.

"We can have an Army in which you would want to command if we can create an Army in which everybody understands what we really are."

In hopes of promoting such understanding and reducing turbulence in Army units, Meyer is breaking new ground. He has scrapped the quick-hit tours, directing that battalion and brigade commanders stay put for two years and company commanders for 18 months.

He also is experimenting with 19 Army companies to see if keeping them together for three years from basic training through deployment overseas and home again will bring back unit cohesiveness and esprit de corps. Ever since Vietnam, Army companies are places where officers and soldiers meet briefly and then go their separate ways to other posts.

Meyer also is trying to bring back regiments to the point that soldiers and officers feel loyalty to theirs throughout their careers.

Taylor, who retired last month after teaching at West Point as one of the Army's "model" officers, was among the many interviewed who applauded Meyer's efforts to bring back the old values of duty, honor, country, which used to help motivate officers to strive for command. But Taylor said it will take a national effort, not the campaign of one Army general, to turn things around.

In abandoning the draft in 1973 and going to the All-Volunteer Force, Taylor contended, "society was saying that the All-Volunteer Force is just another job. Then being an officer in it is looked upon as just another job. Once it's just another job, you start looking at pay scales."

Asked to explain why so many Army officers these days are turning down the prize of command, Taylor and other "model" officers at West Point cited a bureaucracy of second-guessers extending from division headquarters to the Pentagon; a "don't fail" commandment that discourages imaginative leadership; lack of training resources, and a steady flow of soldiers who never stay in one place long enough to enable officers to put a unit in fighting condition.

"You have to allow people to fail" to train them to fight, said Lt. Col. Donald Rowe of West Point in assailing the Army's practice of holding troop commanders to the "don't fail" commandment.

"You know they're promoting you on the basis of eliminating failure," Rowe said. The Pentagon's "zero defects" philosophy of the 1960s toward arms makers is being applied today to Army leaders, he said, deterring many fine officers from risking their futures on command jobs.

Army Chief of Staff Meyer sees, in the reluctance of officers to take that risk, both a challenge and a concern for the armed services. The challenge, he says, is in ensuring an officer corps good enough to meet the needs of tremendously modernized armed forces. The concern is "that we have not made leadership as attractive as it was in the past," a problem that Meyer suggests cannot be solved simply by making the job better-paying or making concessions to the pressures of social change.

"There just has to be a sense of a different set of values that are, in part, that you are willing to give of yourself," he said.●

KEVIN HUGHES, AMERICAN RED CROSS VOLUNTEER

● Mr. DURENBERGER. Mr. President, on May 21 of this year, the American Red Cross celebrated the 100th anniversary of its founding. This century of service has been remarkable; few institutions in our country are held in such high esteem as the American Red Cross.

Like other voluntary organizations, the Red Cross is only as good as the people who contribute their time and talents to the cause. Few people typify the spirit of the Red Cross volunteers as well as Kevin Hughes.

Kevin is a 17-year-old senior at Edina, Minn., West Upper Division School. He has been involved with the Red Cross since the eighth grade when he joined Student Organized Services, a community service club which sponsors

Red Cross activities. As a high school sophomore, Kevin was elected president of the Minneapolis Area Red Cross Youth Council. He continued as council president during his junior year while also serving on the Minneapolis area Red Cross board of directors.

Kevin was selected as the spokesperson for more than 103,000 Red Cross youth at the national convention in May. Although a Senate vote forced me to miss his speech in Washington, I had the pleasure to join Kevin and other Red Cross leaders and volunteers at a celebration in Minneapolis May 31.

Mr. President, in honor of Kevin and the many other Red Cross volunteers who have given a century of service to our country, I ask that Kevin's speech be printed in today's RECORD.

The speech follows:

NATIONAL CONVENTION YOUTH SPEAKER, 1981

I may appear to be standing here alone. But I am not. With me, and with you are the multitudes of people who have been touched by the American Red Cross during its first hundred years.

Tomorrow is our second beginning. For as we know, tomorrow marks the 100th Anniversary of a previous Washington, D.C., Convention. By the time that meeting was over, Clara Barton, with a small group of friends, had developed the original constitution for an American National Society of the Red Cross.

From that original commitment, the American Red Cross, in tune with the changing times, has developed an array of services to meet various needs of humanity. The quality, flexibility and relevance to those services has allowed the original Red Cross ideal of humanitarian service to stand the test of time.

From that small first gathering to this large meeting today, the efforts of millions of volunteers have given the Red Cross a very rich and powerful heritage. Our Centennial is a unique opportunity to renew our commitment and to prepare ourselves to move forward and meet the challenges and changing demands of our second century.

Clara Barton realized that the future of the American Red Cross was to be strong and far reaching. On the day she resigned from her life term as president, she summed up her faith in the future of the Red Cross by saying. "Although its growth may seem to have been slow, it is to be remembered that the Red Cross is not a shrub or plant to shoot up in the summer and wither in the frosts. The Red Cross is a part of us—it has come to stay and like the sturdy oak, its spreading branches shall yet encompass and shelter the relief of the nation".

Clara Barton may not have envisioned the branches spreading in all of the directions seen today, but she would feel right at home with the caring concern the Red Cross continues to give one hundred years later. We, the Red Cross of 1981 have a great responsibility. We must tend that oak . . . We must ensure the continued growth of its branches. The future needs us. It needs to continue to provide our many diversified services. This sturdy oak, the Red Cross, will need to draw its strength from the vitality, creativity and enthusiasm of today's greatest potential work force—the American youth. The strength of our oak tree must involve and build upon today's youth who will be the Red Cross of tomorrow. Youth are the future of today's sturdy oak and the branches of tomorrow. As youth are given more opportunities to explore new areas, Red Cross will grow with them and spread branches of service into the future we face today.

The Red Cross can continue to do its part by taking volunteerism away from the chapter and into the total community. The talent is available and we must use it well. They know what volunteerism is but do they know the benefits? Youth are not indifferent, yet are they aware of available programs? The programs of the next century must be meaningful to them. We, the Red Cross, can become the driving force behind the awakening of youth to their own needs and those of the next century.

Specifically, youth can and should play an important role in the implementation of the newly developed Health Services Study. The long range success of this program will depend in part on our ability to enlist new volunteers and implementation of new methods for this expanded Red Cross role in health services. Youth are a tremendous resource to be tapped in both of these areas.

The Health Services emphasis of prevention rather than intervention is most appropriate for introduction at the youth level. Accident Prevention and Injury Control, Lifestyle and Personal Health, Nutrition, Physical Fitness and Exercise, and Alcohol, Tobacco and Drug Abuse Reduction programs are each an area where any chapter's youth organization can play an important role. By organizing youth service groups in the elementary schools, high schools and colleges, we can bring awareness of good health practices at the peer levels.

There is a growing need in youth to feel in tune with what is happening in the world and how events of today affect the world of tomorrow. We can put that desire to work in a constructive manner by designing activities in the Health Service programs specifically for youth. Youth want to be involved. By working with the elderly, the poor, and the mentally and physically disabled, they will gain an understanding and respect for all people that will endure. They also want to share their ideas and feelings, but they still need creative leadership and guidance. Red Cross must be willing to listen to young people, to provide them leadership. Red Cross must critically evaluate our youth programs and change them if necessary to insure that volunteerism is a meaningful experience for youth. These changes will insure Red Cross relevance in the future.

All that we have done to date is but the foundation for what we must build for tomorrow—our second century.

From the very beginning we have treasured humanity and followed the highest humanitarian ideas. The promise we held out to the world one hundred years ago, . . . "we care out of respect for all people of the world" is still our ringing message and will be for centuries to come. Today we have the opportunity to instill that creed in our youth. We have the technology, the skills, the resources, the desire, and most of all we have the love.

We will recreate our values and our heritage through our youth. We will continue to accept the challenge and we will develop bold, new, innovative programs designed to involve youth in volunteerism.

Remembering who we are and what we have accomplished in our first one hundred years, we reach without ourselves to our deepest roots. We will find the strength to fulfill our mission.

There is a moment in our rich American history that I think suggests the tone in which we must approach the challenge before us.

On May 19, 1780, the Connecticut State Legislature was in session. For days there had been prophecies that the 19th was to be the day of doom. Suddenly in mid-morning, the sky turned from gray to black. Men fell on their knees in fear and prayer. There were shouts for adjournment. A senator came forward, banged the gavel and said, "Gentlemen, either the day of judgement is approaching, or it is not. If it is not, there is no need to adjourn. If it is, I choose to be found doing my duty. Therefore, bring forth the candles".

I suggest that this is a time for us to make such a commitment. Let us resolve—we will be found doing our duty as Red Cross workers concerned for humanity and our future together.

Let us, young and old, bring forth the candles.

Thank you.●

RAY GUMMERSON—UPPER PENINSULA PERSON OF THE YEAR

● Mr. LEVIN. Mr. President, the Upper Peninsula Commission for Area Progress will be honoring Mr. Ray Gummerson, of Ishpeming, Mich., as Upper Peninsula Person of the Year on Saturday, July 11, 1981.

Mr. Gummerson has a proven record with the Michigan State University Extension Service. He has worked extensively in land use planning and policy, economic development tourism, senior citizen programs, and regional development.

Since joining the Extension Service, Gummerson has held various positions culminating with his present position as regional supervisor.

Among his many recognitions, Gummerson holds the Michigan Extension Agricultural Agency Association presidential citation and national distinguished service award.

Gummerson, who earned both a bachelor's and master's degree from Michigan State University, has a strong background in land use planning. He was a pioneer in assisting with the formation and organization of planning and zoning commissions and had a hand in writing most of the early zoning ordinances in the peninsula.

He has also helped many communities and regional organizations get grants to fund economic development. As a member of an industrial research team, he developed statistical data which brought new industry to the region. Appointed to the Governor's Ancillary Manpower Board in 1972, Gummerson helped develop training programs designed to assist unemployed and underemployed residents of the Upper Peninsula.

In addition, Gummerson was a strong force behind the expansion and development of the tourism industry. He developed many tourism expansion projects in UP communities and organized hundreds of hospitality training sessions for people working in the tourism industry. Gummerson helped organize the Upper Peninsula Travel and Recreation Association and was influential in getting two major recreational complexes built in the UP.

Senior citizens have been aided by Gummerson due to his effort in improving housing and health care for older adults.

Many agencies and commissions in the UP have benefited from Gummerson's involvement. He helped reorganize many chambers of commerce throughout the UP and helped establish the Associated Chambers of Commerce. Gummerson was a major force behind the development of the three economic development

districts in the UP and helped set up a resource conservation and development district.

He has also served on committees for UPCAP's reorganization, Operation Action UP, UP Travel and Recreation Association, Upper Midwest Research and Development Council, UP Higher Education Council, economic districts of the UP and rural development technical groups in each county.

Ray Gummerson and his wife, Dorothy, have four children: Sue of Hancock; Mrs. Ward (Sharon) Young of Marquette; Mrs. Harold (Gail) Fehr of Sterling Heights; and Peter of Ishpeming.

After 25 years of unselfish public service, Mr. Gummerson will soon retire. It is a fitting tribute that he be recognized as UP Person of the Year.●

PROGRESS IN AMERICAN FOOD SAFETY

● Mr. LUGAR. Mr. President, this year marks the 75th anniversary of the 1906 Food, Drug, and Cosmetic Act and the Meat Inspection Act. I want to take a moment to call your attention to the June 1981 anniversary issue of the FDA Consumer magazine, which is completely devoted to these landmark acts. A concise and interesting history of the progress which has been made in American food safety and thoughtful articles about the need for sound but innovative regulatory techniques in the future are included. These are timely because the Senate will soon be considering S. 1442, the Food Safety Amendment of 1981, recently introduced by Senators HATCH, HELMS, and cosponsors, which is designed to further refine the laws to keep them up to date.

I also take this occasion to pay tribute to the memory of my fellow Hoosier, Dr. Harvey Wiley (1844–1930) who was the father of American food safety. Two aspects of his career are particularly relevant today as we study the past to find lessons for the future: His concern with advancing the basic sciences having to do with food and health, and his interest in putting scientific advances to work for the benefit of society.

The first lesson from Wiley's career is the need for keeping food safety testing techniques in step with developments in basic and applied science. Dr. Wiley recognized that legislation is not the answer to problems which are due to inadequate knowledge or methodologies, and he strived mightly to upgrade the science. Born in a log cabin in Indiana and raised in a farming community there, he went on to get impressive scientific training, including degrees from Hanover College, Harvard, and a medical degree from the Medical College of Indiana.

To obtain the practical skills for applying these sciences to problems involving food adulteration he spent an additional year of postgraduate work at the University of Berlin and the German Imperial Health Office, which were then at the forefront of the field. There he studied with the famous pathologist Rudolf Virchow and with the most distinguished chemists and physicists of the day. Wiley returned to Indiana and put these skills to work at the applied level as State chemist and professor of chemistry at Purdue University. He spent the next decade working to assure that the high quality of Indiana's food products was maintained and in training students to carry on this work.

The second lesson we can learn from Dr. Wiley's career is the need for commonsense and commitment in putting science to work for the benefit of society. In the early 1880's Dr. Wiley became Chief of the fledgling Division of Chemistry in the U.S. Department of Agriculture, a small unit charged with protecting the public against adulteration of foods and drugs. He began analyses of American food products which continued for the next three decades.

The scientific contributions which stemmed from his work were enormous. These included trailblazing studies to standardize the tests used in agricultural chemistry and constant efforts to keep analytical methods up to date. He never lost his interest in food production, and developed information on the parts of the country where sugar beets could be grown most successfully as a sideline to the first definitive study of the composition of sugar and cane products in the United States. His best known work centered around methods for detecting food adulteration and assuring food safety.

Wiley pioneered in the use of studies of human volunteers who ate foods under controlled conditions to test them for safety, and carefully documented the effects which were observed from the medical standpoint. Principles based on his work became widely accepted by the larger community and remain as firm underpinnings to today's laws and regulations. These include the principle that substances which are added to food should only be used when they perform a useful function, that the burden of demonstrating safety should fall on the producer, and that no substance should be added to foods deliberately without informing the consumer on the label.

A third lesson which is evident from Dr. Wiley's career is that the process of food safety assessment changes as science progresses, and that refinements in legislation may be necessary to accommodate it. Wiley's scientific knowledge was coupled with a zeal for enhancing food safety for the public. This commitment was fired by his findings on the shocking state of food and drug adulteration which existed in the late 1800's, when it was not yet necessary to demonstrate that a substance was safe before it was introduced into the food supply. But Wiley had the commonsense to see that progress depended upon stimulating dialog and action by responsible members of private, public, and voluntary sectors, and not simply on legislation. During the years around the turn of the century he was active in organizing coalitions of State health officials, forward thinking members of the food industry, and the clubwomen of the country to coalesce around some general principles for revising and upgrading the laws.

He negotiated compromises among the various stakeholders, served as an expert consultant to legislators, and orchestrated the task of getting the first food and drug laws onto the statute books. After the law was passed, he undertook the twofold task of continuing the development of scientific methods of analysis and of administering the legal provisions of the act. He and a fine staff of dedicated young men and women whom he had recruited and trained at the Bureau of Chemistry worked out the legal procedures and techniques of inspection necessary to apply the law, and when necessary took violators to court.

We have come a long way from the days when matters were so simple that one man could be an expert in all of these fields. Our food safety laws have also evolved toward stress on preventive efforts which operate through a responsible food industry, premarket controls on safety, and informative regulations rather than protecting consumers solely on an ex post facto basis by prosecuting criminal violations and court proceedings. But the major themes of Dr. Wiley's career—sound science, commonsense, and a commitment to protect the public are still the cornerstones of food safety law, and will remain so in the future.●

FOOD SAFETY AMENDMENTS OF 1981

● Mr. HUDDLESTON. Mr. President, I am pleased to cosponsor the Food Safety Amendments of 1981, S. 1442. I believe the bill as drafted will be a good starting point to begin debate on all the complex issues involved in food safety.

The Federal Food, Drug, and Cosmetic Act, and the Meat, Poultry, and Egg Products Inspection Acts, which the bill would revise, have served Americans well in the past. However, these acts may have become outdated because of technological advances made in food production, handling, and processing.

There is general agreement that the laws should be revised to define a realistic but effective standard of safety, to bring the best available scientific judgment to bear on questions on the safety of food substances, and to provide authority for a flexible regulatory response tailored to the risks and uses associated with a substance.

The Food Safety Amendments of 1981 are designed to accomplish these goals. The bill recognizes that, although our food supply must be kept safe, there is some degree of risk inherent in providing an economical and abundant food supply.

As the ranking Democrat of the Committee on Agriculture, Nutrition, and Forestry, I look forward to the challenge of updating and improving our food safety laws.●

COMMENCEMENT ADDRESS BY SENATOR MOYNIHAN AT BROOKLYN COLLEGE IN NEW YORK

● Mr. MOYNIHAN. Mr. President, on June 10, 1981, I delivered the commencement address at Brooklyn College in New York. I told the graduating seniors that "at this bright and shining moment in your lives, it dare not rain." Well, it did. Before the rain began to fall, however, I spent the few moments avail-

able to me speaking extemporaneously to the most pressing concerns of the hour and I promised all those who had gathered for that happy occasion that I would place my prepared address on "Human Rights in American Foreign Policy" in the CONGRESSIONAL RECORD. I ask that it be printed in the RECORD.

HUMAN RIGHTS IN AMERICAN FOREIGN POLICY

(By DANIEL PATRICK MOYNIHAN)

I would like to address you this afternoon on the subject of our nation's human rights policy. This is an opportune moment: As the Reagan Administration struggles to define its foreign policy, it seems to be having the greatest difficulty in the area of human rights. A mistake here would be most unfortunate—it would hamper the rebuilding of the foreign policy consensus which we must have to face a new decade, a decade in which the Soviets will enjoy a military strength fully equal to our own in most respects, and perhaps superior in some.

The first point I should like to make is that we cannot consider human rights as if it were a minor addition to our foreign policy, a sort of international volunteer work we engage in when not otherwise occupied with the more serious questions of politics, war and trade. Instead, it must be seen as the core of that policy, just as it was at the time when America first entered the world stage as a major power. When Woodrow Wilson proposed his famous Fourteen Points he was not merely redrawing lines on the map of Europe. He was defining the transcendent goals of American foreign policy and, in so doing, as I noted in an essay in 1974, he made his singular contribution to the American national experience . . . a definition of patriotism appropriate to the age America was entering at the time of his presidency, which is to say patriotism defined first of all as the duty to defend and, where feasible, to advance democratic principles in the world at large.

The Second World War brought America once again back to the center of the world stage. We reaffirmed then that human rights was central to our foreign policy concerns. The U.N. Charter and the Universal Declaration of Human Rights were essentially American documents, conceived in a quintessentially American optimism that the entire world might soon be guided by the spirit of the Declaration of Independence and the Bill of Rights, with a little of the New Deal thrown in.

Subsequent years were not very kind to this optimism, and as we struggled with these realities, we lost sight of even the need to articulate our values in a policy of human rights. We silently and defensively acquiesced to the charges of racism, imperialism, and colonialism made by our enemies. We sought a detente in which we were apparently not allowed to assert our traditional values, perhaps because we had come to believe that they were irrelevant for others and obsolescent, if not obsolete, for ourselves. It was my determination as I entered the U.N. in 1975 as this nation's Ambassador that this situation had to end. I saw it as my task to remind not only our enemies but, also, ourselves that our liberal democratic principles were indeed superior to those of the despotisms which enslaved the great majority of the world. Our modern policy of human rights was re-born.

When the previous Democratic Administration came to power in 1977, it tried to reinstate a policy of human rights. But while it had good intentions, it lacked breadth of vision. The policy of human rights under the Carter Administration became bureaucratized and, thereby, trivialized. As I wrote in 1977, the "concepts of human rights should be as integral to American foreign policy as is Marxist-Leninism to Soviet or Chinese or Yugoslav operations and planning." Instead, we created a minor office in the State Department to handle the issue, relegating it to the destiny of departmental routine. Just as we have the position of Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs, so now we have the position of Assistant Secretary for Human Rights and Humanitarian Affairs. We have come to see the policy of human rights not as the integrating ideological element of our foreign policy but, rather, as only one program among many.

My second point is that when a human rights program becomes seen as a sort of adjunct to the serious business of international relations, it is necessarily trivialized. This is nowhere better exemplified than in the State Department's Human Rights Report. Guided by diplomatic caution—understandable enough in and of itself—the authors of this report tell us that there is "no evidence that physical torture is carried out in the kingdom (of Saudi Arabia) but there is a heavy stress on obtaining confessions." Attempting to describe the manifold sorrows of the Cambodian holocaust, they are compelled by their fidelity to some bureaucratic check-list to note that in Democratic Kampuchea there is no independent judiciary. But who can fathom what required the memorialization in an official document of the United States Department of State of the fact that Botswana has repealed its regressive sales tax?

I trust it is self-evident that our government should not be in the business of publishing such nonsense. It does justice neither to the task of diplomacy nor to the idea of human rights. Only private institutions such as Freedom House or the International Press Institute in London can objectively monitor the details of human rights compliance, and seek to turn the spotlight of world opinion on egregious violations.

My third and final point is that rescuing the doctrine of human rights will require an act of great statesmanship and cannot be accomplished by means of a single formula. The new administration perceived its predecessor as having distorted the concept of human rights by applying a more stringent code of conduct to governments of the right than to those of the left. There is a certain truth to this, at least insofar as the effects of the human rights policy are concerned: we have the means to apply pressure to governments which enjoy or seek our friendship or assistance—we do not have comparable leverage on governments which are hostile to us.

The new administration has sought a way out of this dilemma by means of a distinction between authoritarian and totalitarian regimes. As a theoretical matter, one could argue that this distinction is the most important one of the twentieth century. Unfortunately, as a practical doctrine, it is too easily interpreted—rightly or wrongly—as an excuse for being more severe with human rights violations on the left than on the right.

Such a policy only invites cynicism. We only cheapen the doctrine of human rights when we allow a regime that commits violations of that doctrine to go unnoticed. This invites, in turn, a ridiculing of our human rights policy as a manifestation of mere domestic politics.

Unless the standard of human rights is clearly stated and impartially applied to every nation in the world, the doctrine will appear arbitrary both within the United States and throughout the world. It will be discounted by our friends and exploited by our enemies.

However, this is not to say that distinctions cannot be made among the various types of non-democratic regimes. Common sense tells us that some are better, some worse.

Yet all such distinctions must be secondary to the principle of human rights and its impartial application with respect to the behavior of governments. What our democratic foreign policy requires is a single, clear-standard—impartially applied.

What we have witnessed since 1975 is the failure of successive administrations to see the power of a human rights policy boldly put. Selectively used, selectively applied, its power dissolves. Truthfully stated, uniformly applied and vigorously pursued there is no more powerful idea nor is there any more potent weapon. Our enemies must once again come to fear us not only for the arms that we deploy but also for the truths that we will tell.●

ANTITRUST RECIPROCITY ACT OF 1981

Mr. BAKER. Mr. President, I believe the Senate is ready to proceed to the consideration of the second item previously ordered.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 816) to amend the Clayton Act to limit the circumstances under which foreign governments may sue for violations of the antitrust laws, and for other purposes.

The Senate proceeded to consider the bill.

Mr. THURMOND. Mr. President, I rise to state my support for S. 816, the Antitrust Reciprocity Act of 1981. This bill was reported favorably by the Committee on the Judiciary to the Senate on May 15, 1981.

The purpose of S. 816 is to set forth clearly the circumstances under which foreign governments may sue for violations of American antitrust laws. In 1978, the U.S. Supreme Court held, in the case of Pfizer against India, that foreign sovereigns are "persons" under section 4 of the Clayton Act. Thus, foreign sovereigns are currently entitled to seek treble damages in antitrust suits in U.S. courts.

This right of foreign nations to recover treble antitrust damages in our courts is unfair in two respects. First, the U.S. Government can sue to recover only single damages for the same antitrust violation in which a foreign government can recover treble damages. Second, the right of a foreign government to sue in U.S. courts is not reciprocated to our Government in many foreign countries.

S. 816 is intended to correct these inequities our Government faces and strike an equitable balance between the legitimate interests of the United States and those of foreign nations. If enacted, the bill would deny a foreign government access to our courts to pursue an antitrust damage claim for a particular type of conduct unless the laws of that foreign government prohibit similar conduct and provide the right to sue for actual damages. A further condition would be that the antitrust laws of the foreign nation which prohibit the similar conduct must be actively enforced.

The principle behind these requirements is simple. Those equally situated

should be afforded equal treatment. The United States should deny no foreign government the right to sue for antitrust damages in its courts so long as that right is similarly available in that foreign nation.

The bill also places our Government and foreign governments on equal footing in U.S. courts. Pursuant to section 4(a) of the Clayton Act, the U.S. Government may recover only single or actual damages for any antitrust violation. It does not make sense that foreign governments are currently authorized to collect treble damages for the same violation. Therefore, S. 816 would limit any recovery by any foreign government to single damages.

S. 816 keeps the door open for foreign governments to bring antitrust suits but only under the reasonable conditions set out in the bill. Quite simply, it makes sense to provide access to our courts by a foreign government contingent upon the access we find in the courts of that country. Further, I can think of no reason why our courts should favor foreign governments over our own when awarding antitrust damages.

Mr. President, the proposal embodied by S. 816 is not new to the Congress. In both the 95th and 96th Congresses, the Senate Committee on the Judiciary reported out legislation containing provisions similar to S. 816, designed to modify the Pfizer decision.

In conclusion, Mr. President, I would note that this bill, cosponsored by 24 of my distinguished colleagues, enjoys widespread support on both sides of the aisle. I urge passage of this worthwhile legislation.

Mr. GRASSLEY. Mr. President, we have before us today S. 816, a bill which provides limitations on foreign governments in employing American antitrust laws against domestic corporations.

The development and passage of this legislation has become necessary due to the Supreme Court decision of Pfizer against India which held that foreign governments were "persons" under the Clayton Act and, therefore, entitled to sue for treble damages under the U.S. antitrust laws. I believe that their decision is not in keeping with the purposes behind American antitrust enforcement, those purposes being to protect American businesses and citizens from restrainers of trade and price fixers and to deter future violations. Even the U.S. Government does not enjoy the status of "a person" under the antitrust law and therefore is relegated to recovery of single damages only.

S. 816 accomplishes these objectives by allowing recovery of actual damages in cases where similar conduct is prohibited and enforced under the laws of suing sovereigns. American interests are protected, through this legislation, by restoring equity between domestic corporations and foreign nations under the law. By placing these nations on an equal footing with the U.S. Government, adequate protection for these governments is provided. I can think of no reason why foreign nations should enjoy more protection under our laws than our own Government enjoys. Not only does this legislation treat foreign nations fairly but it goes far in promoting antitrust legislation around the world. If a foreign government intends to take advantage of American antitrust laws then that nation must enact and enforce similar laws. If a foreign government provides no protection against anticompetitive conduct injuring the U.S. Government or citizens, then it, in turn, can expect no protection.

I urge passage of this bill in its current form in order to restore some fairness to our antitrust policy as it relates to domestic corporations and to encourage antitrust enforcement around the world.

Mr. SPECTER. Mr. President, although I am opposed to S. 816, the Antitrust Reciprocity Act of 1981, commonly known as the Pfizer bill, I shall not insist on a rollcall vote because of the solid support which the bill received in the Judiciary Committee on a 10-to-1 vote in favor and the overwhelming apparent support in the Senate as a whole here today. However, I would want to express my opposition to the bill and the fact that I would vote against it if there were to be a rollcall vote.

I am opposed on one issue only—the application of S. 816 to pending litigation. Section 2 of the bill provides that the amendments to section 4 of the Clayton Act are to apply in any actions commenced "before or after the date of the enactment" of the amendment unless final judgment had been entered.

It is my understanding that litigation commenced between 1972 and 1974 is currently on the trial docket in the U.S. District Court for the Eastern District of Pennsylvania. In that litigation, foreign sovereigns have brought suit against U.S. drug companies alleging price fixing and other antitrust violations based on allegations that extend back almost 30 years. Because the bill requires foreign sovereigns to have had and enforced their own laws forbidding anticompetitive conduct similar to that upon which suit is brought "during the time the prohibited conduct occurred," it is now impossible for these longstanding litigants to qualify as plaintiffs.

Since I do not believe that such legislation should apply retroactively to pending litigation, I would have voted against it.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S. 816

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. Section 4 of the Clayton Act (15 U.S.C. 15) is amended—

(1) by striking out "That" and inserting in lieu thereof "(a) Except as provided in subsection (b) and subsection (c)," and

(2) by adding at the end thereof the following new subsections:

"(b) Any person who is a foreign government or an instrumentality of a foreign government may not sue, as provided in subsection (a), for damages for an injury unless—

"(1) conduct similar to the conduct prohibited by the antitrust laws and alleged to have caused such injury was forbidden under the laws of such foreign government and applicable to conduct within its national boundaries during the time the prohibited conduct occurred;

"(2) the laws of such foreign government applicable to conduct similar to the conduct of the person sued under this section were enforced by such foreign government; and

"(3) under the laws of such foreign government, the United States may recover actual damages for an injury to its business or property by reason of conduct similar to the conduct of the person sued under this section.

"(c) Any person who is a foreign government or an instrumentality of a foreign government may not recover under subsection (a) an amount in excess of the actual damages sustained by it and the cost of suit, including a reasonable attorney's fee.".

SEC. 2. The amendments made by the first section of this Act shall apply in any action commenced under section 4 of the Clayton Act before or after the date of the enactment of this Act for the recovery of any penalty, forfeiture, liability, or damages unless the judgment in such action is final on or before the date of the enactment of this Act.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. METZENBAUM. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DEPARTMENT OF JUSTICE AUTHORIZATIONS, 1982

Mr. BAKER. Mr. President, what is the business before the Senate?

The PRESIDING OFFICER. The business before the Senate is S. 951.

Mr. BAKER. I thank the Chair.

Mr. President, is there an order for the convening of the Senate on tomorrow?

The PRESIDING OFFICER. Yes, there is an order. The order is to reconvene at 11 a.m.

ORDER FOR THE RECOGNITION OF CERTAIN SENATORS ON TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that on tomorrow, after the recognition of the two leaders under the standing order, the Senator from Connecticut (Mr. WEICKER), the Senator from Rhode Island (Mr. CHAFEE), and the Senator from New Mexico (Mr. SCHMITT) each be recognized for not more than 15 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

(Later the following occurred:)

Mr. STEVENS. Mr. President, I ask unanimous consent that, in addition to those Senators who have already been listed as Senators requiring special orders on tomorrow, Senators HART, PROXMIRE, and ROBERT C. BYRD be added and that they be given special orders for 15 minutes each following the special orders already ordered.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business, not to extend beyond 15 minutes in length, and that Senators may speak for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEATH OF JANE DAVISON

Mr. MOYNIHAN. Mr. President, I rise with a sense of deep personal sorrow to report the death on July 4 of Jane Davison, the distinguished social historian and editor-writer, who wrote so graciously on the subject of architectural history, social history, and perhaps particularly the history of American women over the last century.

Those who knew Jane Davison as an author and social critic, as a wife and a mother, most especially as a person, will know what the world of letters has lost with her passing.

At a time when voices seem so strident in our Nation and in our culture, it is especially grieving that a voice at once so gentle and yet so trenchant should be silenced. Those who knew her as a person loved her and admired her in ways we only begin to comprehend as we contemplate her passing. Those who knew her only by her work will, even so, share some of the sense of loss, because her work was so very much of an individual speaking of issues and events of her time and time past in American history in a way that, for all its objectivity, scholarship, and insight of the novelist and the historian and the poet cannot but reveal the person behind those singular gifts.

She was, of course, the former Jane Auchincloss Truslow. Her family associated into the farthest reaches of American history, members of which had illuminated it in the past as she adorned it in our time.

We grieve for her husband, Peter, and her children, Angus and Lesley, and her family, who will miss her as we do. While her works endure, something of this great American author remains. For that, we are grateful in her death as we were in her life.

Mr. President, I thank the Chair and I ask unanimous consent that the obituary of Mrs. Davison, which appeared in the New York Times, be printed in the RECORD.

There being no objection, the obituary was ordered to be printed in the RECORD, as follows:

JANE DAVISON, 49, HISTORIAN AND WRITER ABOUT OLD HOUSES

Jane Davison, a social historian and editor who frequently wrote about houses and architecture, died of cancer in Cambridge, Mass., on Saturday. She was 49 years old.

During the last two years, aware of her illness, Mrs. Davison wrote "The Fall of a Doll's House: Three Generations of American Women and the Houses They Lived In." and "This Old House." The latter is the book version of a public television series, of which she was co-author with Robert Vila, about the renovation of a Victorian house. Both books were published last year.

In "The Fall of a Doll's House," Mrs. Davison offered a witty analysis based on her own experiences of the role of the "housewife" in contemporary America. Huddling in her house in Cambridge, she sensed that her family's prescribed togetherness had turned into "an oppressive utopian ideal, a spiritual imperative."

SOCIOLOGICAL SHREWDNESS

After mistaking "solitude for independence," the Davisons moved out of their single-family house into a duplex apartment in Boston and then to a farm in Gloucester, Mass. In a review, John Updike praised her "stylistic brio and sociological shrewdness."

The former Jane Auchincloss Truslow was born in Toronto, grew up in Summit, N.J., and graduated from Smith College in 1955. In New York, Mrs. Davison worked as an editor for Mademoiselle, Anchor-Doubleday, and New York University Press, and in Boston she was assistant editor of the John Harvard Library at the Harvard University Press. She was a contributor to The New York Times Magazine and other publications, writing on design and family subjects.

Mrs. Davison is survived by her husband, Peter Davison, poetry editor of The Atlantic and senior editor of Atlantic Monthly Press; a son, Angus; a daughter, Lesley; her mother, Frances Ray Truslow, and two brothers, William A. Truslow and Robert G. Truslow.

EXTENSION OF TIME FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that the time for the transaction of routine morning business be extended not past the hour of 6 p.m. and that Senators may speak therein for not more than 15 minutes each.

The PRESIDING OFFICER (Mr. CHAFEE). Without objection, it is so ordered.

CARL BAGGE AND THE FUTURE OF ILLINOIS COAL EXPORTS

Mr. PERCY. Mr. President, on June 8 and 9, a unique event took place on the campus of the Southern Illinois University in Carbondale, Ill. Over 200 national and international coal specialists gathered to discuss the export potential of an American energy source which has been given very short shrift in recent years: high-sulfur coal from the Illinois basin. This coal export conference, and the Governmental Affairs Energy Subcommittee field hearing I chaired which preceded it, brought coal experts from Japan, Spain, France, Korea, and the Republic of China together with Illinois coal producers and marketers, U.S. Government officials, and international consultants. Together, they engaged in perhaps the most thorough and informative review ever of the market potential and obstacles which high-sulfur coal faces throughout the world. I am pleased to report that one distinct conclusion was shared by many in attendance: With careful planning, the export future of Illinois basin high-sulfur coal can be very bright indeed.

In its shift away from expensive and unstable oil supplies from the Middle East, the world has discovered that the Illinois basis has coal—and lots of it. With at least 161 billion tons of proven reserves, the State of Illinois alone holds one-fourth of all the bituminous coal in this country.

Of course, most Illinois coal is high in sulfur and has had difficulty finding ready domestic markets in recent years. The use by Illinois electric utilities of Illinois coal, in fact, dropped from 23.1 million tons in 1970 to 16.9 million tons in 1978. Most of this coal was replaced by an increase in the use of low-sulfur Western coal. Presently, about 45 percent of the coal used in Illinois is Western coal.

Mr. President, it is a tragedy that when our Nation first committed itself in the early 1970's to environmental protection and the use of clean energy, we almost totally ignored the development of coal-cleaning technologies, to insure that high-sulfur coal would continue to be marketable. Federal research into coal cleaning has been dramatically reduced by this administration, and I have serious questions about whether our high-sulfur reserves will enjoy optimum utilization in this country if additional investments by private interests are not begun now.

But there are many reasons for believing that high-sulfur coal exports, and especially Illinois coal exports, can flourish in the very near term.

First, several foreign nations, especially Japan, West Germany, and the Netherlands, are moving rapidly to increase their research into fuel gas desulfurization and precombustion coal washing. Second, many foreign coal buyers are willing to accept shipments of high-sulfur Illinois coal mixed with low-sulfur Western coal, as long as a high Btu level can be maintained. At 11,000 to 13,000 Btu's per pound, Illinois coal is relatively high in energy content. Third, many industrial processes in Europe and the Far East—especially cement industries—can make use of up to 2.5 percent sulfur coal to fuel their kilns; sulfur actually enhances the quality of some industrial products.

But Illinois coal's most attractive feature to foreign buyers, without a doubt, is its unparalleled access to major transportation routes. Foreign coal buyers, above all else, want a surety of supply—they want to know they can get their coal on time. Illinois coal is highly deliverable coal, with direct access to one of the best ports in the country (New Orleans), two of the most important rivers in the country (the Mississippi and the Ohio), and one of the most developed railroad systems in the country (with 11,000 miles of track crisscrossing the State).

Mr. President, on Tuesday, June 9, before the high-sulfur coal export conference was even complete, I had the pleasure of announcing what I believe is the first-ever contract for an Illinois coal shipment to Europe. The Spanish coal importer Abrocar has agreed to purchase 125,000 tons of Illinois coal from the Freeman United Mining Co., for use in Spanish cement plants. I am convinced that this important export contract is only the first among many that Illinois coal producers will enjoy in years to come. No coal producers in the United States are more eager than the producers of Illinois to identify and supply the needs of coal buyers from around the world.

One of the highlights of the coal export conference, Mr. President, was the

keynote banquet speech made on the evening of June 8 by the president of the National Coal Association, Carl Bagge. Mr. Bagge is an Illinois native, is a former Commissioner of the Federal Power Commission, and has been president of the NCA since 1971. Since that time, I guarantee, Carl Bagge has been the coal industry's most vocal and tireless defender. More than perhaps any man in this decade, he is responsible for the new awareness in our country of the abundance of our coal reserves, and of the absolute imperative we have to market our coal here and abroad—now.

Carl Bagge's speech at the Carbondale coal export conference is a superb summary of the natural advantages which Illinois coal enjoys, as its producers begin their aggressive campaign to market their product internationally. I ask unanimous consent that the full text of Carl Bagge's speech to be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

SPEECH OF CARL BAGGE

Distinguished guests, friends from other nations, ladies and gentlemen:

It's a special privilege for me, as a native of Illinois, to be invited to keynote this important coal export conference.

My affection for coal stems not just from my position at the National Coal Association, but goes back to the days when I was a youngster on Chicago's southside.

I grew up in a neighborhood called the Grand Crossing—where many of the city's great trunkline railroads meet—at a time when King Coal still wore his crown.

Hundreds of thousands of tons of coal passed daily near our home, and by Divine Providence—not to mention the overloading of hopper cars—some of the precious cargo was always left on the tracks.

I was there, with many of my friends, to put it to good use. It was coal which helped the Bagge family brave Chicago's brutally cold winters, and helped us through the lean, hungry years of the Great Depression.

My Dad, an enterprising Swede, sold some of it to gain a small, but important, source of family income.

There's more to this story than nostalgia.

I always delight in telling it in the presence of my Republican and Democratic friends, because it's a prime example of how "trickle-down" economics can work!

Before I get on with the topic for this evening, I want to pay tribute to the Senior Senator from Illinois, Chuck Percy, who is doing so much for coal, and for Illinois coal in particular.

As today's hearing so well demonstrated, he is working hard to promote greater international understanding and cooperation.

Senator Percy's zeal as a Senate Coal Caucus member, together with his role as Chairman of the prestigious Foreign Relations Committee, is the epitome of a perfect marriage of energy and national and international security concerns, the implications of which I hope never will escape the American people.

The Senator and other important national leaders are working to force a closer alliance between countries which, until recently, have been competing for the same declining oil supplies.

Coal is the common denominator which can reinforce the growing interdependence between the United States and its principal trading partners in Western Europe and the Far East, as well as part of the key to unlocking the doors to economic opportunity for the emerging Third World nations.

We need only look at the conclusions by the World Coal Study to understand the full dimensions of coal's promise. It says that coal can provide two-thirds of the world's energy needs between now and the year 2000.

By using more coal, the United States and its allies can insulate themselves from OPEC's pricing and production decisions, reduce oil imports from OPEC and other countries, and limit future oil price increases.

Each time a large electric power plant is built or converted to coal, it's like finding a 450-million barrel oil field used over the 40-year life of the plant.

Each mine which produces 10 million tons per year for export can supply the feedstock for a 50,000 barrel-per-day synfuels plant, or two large electric power generating stations.

The more than doubling of world oil prices after the Iranian Revolution was the final step in making the worldwide coal imperative undeniable.

In the past year, metallurgical coal exports have shot up, but there's been an even more dramatic increase in steam coal exports to Western Europe and the Far East.

The rapid development of a world steam coal market, in effect, is signaling the beginning of the end of the petroleum era.

There should be no question about America's key role in the world energy picture.

The United States is "the Saudi Arabia of coal," but there are important differences which must be remembered.

As the nation which holds the world's largest coal reserves, the United States has clear advantages as the supplier of coal to the Free World.

They are four:

The abundance of supply; our great coal diversity; the security of supply, and our price advantage.

Too often our attention is focused only on the immediate problems this nation is facing—whether they are labor relations, port congestion or mining productivity.

We are working hard to solve our problems, and I will address these issues later.

First, I want to talk about the important advantages of American coal—the reasons why this nation is in the primary position to help bring an end to the petroleum era.

1. We have enough coal reserves in the ground to fuel the needs of our growing population longer than our Republic has been in existence—an estimated 475 billion tons of demonstrated coal reserves and total resources 10 times that amount.

At the same time, we can markedly increase our coal exports to other nations.

The World Coal Study estimates that export capacity could reach 350 million tons by the end of this century—more than three times what it is today.

The technological ability of the United States coal industry is second to none in the world.

Today, American coal companies—which are more than 3,000 strong, employing a quarter of a million men and women—can increase their production by more than 100 million tons annually without any additional mines, and by drawing on the skills of more than 20,000 idle miners who want and need the work.

2. Diversity is measured not only in the various types of coal mined in the United States—bituminous, anthracite and lignite—but in the range of qualities.

Coal deposits can be found in every geographic section of the United States, and can be moved to the market place by a panopoly of transportation sources—rail, barge and soon slurry pipelines.

This state is one of America's shining examples of coal diversity.

Illinois coal can be moved for domestic and for foreign export by a transportation system second to none in this country.

Illinois has one-eighth of the recoverable coal reserves in the United States, and 25 percent of its bituminous coal reserves.

Illinois has coal of all types and qualities which is produced by surface and deep mining.

The transportation system includes a rail system owned by 44 different companies and the track mileage is second only to the State of Texas—more than 11,000 miles which criss-cross the state.

Illinois also has the geographic advantage of being located at the confluence of the Great Lakes, the Mississippi and Ohio River Basins.

Illinois' western border is formed by the Mississippi River which stretches 581 miles and the Ohio River forms the 133-mile southern border.

The Illinois Waterway reaches into the state's heartland for 334 miles, and the Kaskaskia River Navigation Project extends from the Mississippi 30 miles into the state's richest coal fields.

It's an incomparable package.

Coal of all qualities, in great reserve, which can be moved in all directions for domestic use and for export to other nations.

3. Those who look toward America for their coal are also looking for the security of supply, which will become increasingly important in the years ahead.

Our great supplies of coal add a measure of security, because there is no competition between foreign and domestic markets, and the industry's capacity to produce is strong and can respond immediately.

It also needs to be said that the United States has an excellent record in assuring foreign buyers the coal contracts will be honored.

Coal exports never have been interrupted, and barring some national emergency we don't expect they ever will.

That our coal is mined by private interests instead of government is an added measure of protection.

As has been the case in other nations, we have had our share of labor problems.

But, it's also true that recent years have been marked with more agreement than disagreement.

Industry and labor are united on the primary issues facing coal, and together are supporting efforts to increase domestic production and to increase foreign exports.

What strikes we do have are predictable.

Foreign buyers, as do domestic buyers, can take the precaution of building their stockpiles for security.

As we saw in the recent two-month UMWA strike, the walkout caused virtually no problems among electric utilities or industries.

4. The American coal companies will be more competitive in their prices, not less, in the future.

Our economic system thrives on investment and risk, and is fueled by the individual and collective initiative of our people and our industries.

And, there is every reason to be more optimistic about our economy in the future.

The present administration in Washington is headed on a course of economic recovery through tax relief, a reduction in federal spending, increased energy production, and regulatory reform.

One of President Reagan's first official acts was to set up a regulatory task force under the leadership of Vice President Bush—a task force which already is making progress.

This kind of leadership, combined with the reopening of communication channels between the administration and our industry, are among the indicators that prospects for constructive and meaningful regulatory change are excellent.

This augers well for coal, which already enjoys a high degree of price stability.

Unlike the turbulent seventies, when coal prices reflected large increases imposed by regulatory measures, today's coal price tag more clearly tracks industry's costs.

The costs of regulation long since have been internalized.

Any future balancing of regulatory costs with benefits will serve only to contribute to the stability of coal's price over the years.

Part of the regulatory relief process centers on the transportation sector which is vital to the health of the coal industry, and the improvement of coal handling at our major ports.

The Staggers Rail Act of 1980 went a long way in freeing the railroad industry from regulatory constraints, and will enable a better rail financial picture. It should lead to expanded and improved rail facilities, and increase the competition among the railroads for coal business.

More competition among all transportation modes—rail and those I mentioned earlier—adds to our market strength, both here and abroad.

I've talked about our four primary advantages, now let me give a fifth—a political commitment to preserve our coal export market.

We are well aware of our obligations to meet a growing coal export market, particularly to supply steam coal to Western Europe and the Far East, and we are taking steps to secure our coal primacy in the world.

Just a few short years ago, coal exports were primarily metallurgical coal and loading facilities were adequate to meet our needs.

But with the doubling of the world oil price, the last two years have seen an export boom.

Last year, the United States exported 90 million tons of coal, up 39 percent over 1979.

In the early months of this year, before the UMWA strike, exports were running at more than 100 million tons on an annual basis.

Under the circumstances, we are handling this surge of demand successfully.

At the same time, we are feverishly preparing for the future.

At present 23 million tons of new coal-handling capacity is under construction—much of it expected to be in place by the end of 1983—and there are plans for an additional 160 million tons.

Nor are we shortsighted about the deepening of our harbors to make sure we keep and enlarge our market advantage.

Congress is considering legislation which would alter the traditional role of the Federal government in harbor dredging.

There are several proposals to allow private interests to share in the financing and construction of these urgently needed projects, and Commerce Secretary Malcolm Baldrige said recently that he believes the private sector should be involved in this way.

The coal industry agrees, provided that private cost-sharing be accompanied by a "fast-track" schedule for approving permits of harbor dredging, and that all port users contribute to the effort.

We believe this private-sector participation approach will succeed, because there is every economic and energy incentive for it to succeed.

The energy needs of this nation and of our allies are too great, and our economic interests are too vital.

In closing, let me repeat that America sees its export coal market as an opportunity to be seized.

The challenge reminds me of the ancient coat of arms of Spain's Royal Family.

Before Columbus set sail to cross the Atlantic, it was believed that the world ended somewhere past Gibraltar.

To the Spanish, one of their real glories was that they were the last outpost of the world, and that their country fronted on the great beyond.

For this reason the Royal Coat of Arms showed the Pillars of Hercules, the great columns guarding the Strait of Gibraltar, and the Royal Motto read: Ne Plus Ultra or "There is no more beyond here."

But with Columbus's discovery of a new world, the ancient motto was meaningless.

In the crisis someone at the Court—one of Spain's early P.R. men—made a noble and thrifty suggestion: Simply delete the first word "Ne" from the motto on the Coat of Arms. It then read, and has read ever since, Plus Ultra—"There is plenty More Beyond."

Ladies and gentlemen, that is how we see it, and that is how we want it to be now and in the future.

FRANK ZARB: CONGRESSIONAL ENERGY STRATEGY

Mr. PERCY. Mr. President, on May 1, 1981, former FEA Administrator Frank Zarb testified before the Governmental Affairs Subcommittee on Energy concerning U.S. vulnerability to an oil supply disruption. On that occasion, Mr. Zarb predicted that the price of gasoline would rise to $10 a gallon by the year 2000. While it is difficult for us to imagine the consequences of such a dramatic increase, we must attempt now, before it is too late, to imagine what $10 a gallon gasoline would mean in terms of economic and social cost, and to prevent such a situation from occurring. At the very least, effective planning now will enable us to cope with a future energy crisis, if not prevent it entirely.

What is needed is a strong new energy policy; one that is well thought-out and well articulated, and that is in keeping with the goals and philosophies of the new administration. This new policy should take into account such factors as emergency preparedness planning; a strategy of energy production that is integrated with a strategy of energy conservation; a well-defined stand on international energy issues; and the respective roles of the private sector and the Federal Government in promoting certain types of energy technologies.

Above all, this new energy policy of a new administration must treat energy in the broadest, long-term sense. We must devise an energy policy that not only works now, but that will extend into the future as well.

Frank Zarb was Administrator of the Federal Energy Administration from 1974 to 1977, and he has been an important figure in the development of energy policy for several years. His insight and understanding of the U.S. energy situation make him one of the most influential voices in the field today. In a recent address to the National Association of Chain Drug Stores given in Palm Beach, Fla., Mr. Zarb delivered a powerful message to Congress concerning our national energy policy and what it should and should not include. I urge my colleagues in the Senate, as well as my associates in the administation, to study Mr. Zarb's comments carefully. They form the basis of a positive and practical approach to energy management that could guide the administration's overall energy policy during the months to come.

I ask unanimous consent to have Mr. Zarb's address printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

SEVENTEEN "DON'TS" TO GUIDE CONGRESSIONAL ENERGY POLICY

(By Frank G. Zarb)

The election is behind us, a new President has picked his team and is framing basic policy. It's a time for advice-giving—advice flowing from editorial writers, from politicians who survived the last election—and some who did not—from special interest groups, and groups which oppose special interest groups . . . in the great rush to influence the new administration we tend to forget that there is a second major principle in the making of national policy—the United States Congress . . . In some places it's not considered good form to lecture the Congress—but, the record shows that in a little over two years I was called on to testify before one committee or another more than 150 times.

Along with the scars left by that experience, they tell me that it also earned me the right to occasionally offer advice to the Congress—with all due respect . . . of course.

With that in mind, I have organized my thoughts tonight into a message to the U.S. Congress I call seventeen "don'ts" in dealing with our national energy future.

DON'T NO. 1

Don't start with more reorganization.

The Department of Energy was a mistake. The Congress and the previous administration insisted on applying an organizational solution to a problem which had nothing to do with organization.

Concentrate first on substance. Build on the President's proposals to stimulate more energy production and further conservation. From that process will come a clearer definition of the Federal role—once we know the mission, then the appropriate government organization may be designed. Don't resort to the old Congressional game of creating the optical illusion of constructive action through reorganization. It's too late, too obvious, and too dangerous.

DON'T NO. 2

Don't get lost in the useless debate that argues whether the world is running out of oil and gas. It is simple enough to understand that oil and gas are finite, and supply is being reduced. There will come a day when the remaining barrels of oil and the last MCF of gas will be in clear sight. All of that is only important because it means that oil and gas are very valuable. Value relates to price—and the price of both these commodities will continue to increase in real terms.

The current glut and price level of world oil is temporary and dangerously misleading. The world used more oil yesterday and today than it added to reserves. It will use more tomorrow that it will find. Don't be fooled by periodical supply and demand distortions.

DON'T NO. 3

Don't confuse oil availability from foreign producers with foreign policy. Foreign producers of oil and gas will continue to act in their best interests without special regard for our economic interests, just as we might in their place. It will do no good to tilt foreign policy in an attempt to seek concessions. The producers of the world are going to continue to take what the market will bear for their remaining supplies of oil. That is not a diplomatic judgment—it's their view of responsible handling of their natural resources. A sound mid-east foreign policy should stand on its own and a sound energy policy should stand on its own.

DON'T NO. 4

Don't—absolutely don't—try to conserve energy with a broad range of non-price rationing programs. Government imposed re-

strictions will fail just as they have failed before. Further, they most often yield counter-productive results. Your last debate on a national gasoline rationing program was a great example of ideological wheel-spinning. Except in urgent emergency, rationing, mandatory efficiency standards and most other fuel use regulatory restrictions are not sound policy tools.

DON'T NO. 5

The most important "don't" of them all is: Don't try to control fuel prices below real value levels. Past Government price controls on oil, natural gas have visited more damage to our national energy situation than has OPEC. Controls have increased consumption beyond realistic levels and slowed production, not only of oil and gas but all alternate renewable forms of fuel. Except in time of emergency shortage, price controls in the energy sector have absolutely no redeeming features.

DON'T NO. 6

Don't assume that the American people are wastrels. Consumers respond to the market measure of value—34-cent gasoline brought on the automobile of the '60's, $1.45 a gallon gasoline is bringing us the automobile of the '80s. If we continue to insist on placing realistic prices on our natural resources we will find that the market system will accommodate conservation just fine.

As a direct result of economic forces, the U.S. energy rate of growth should decline to an average of 1½ percent a year by 1985. This compares to an historic 3½ percent a year rate of growth. The lesson here is clear. The change in market value of energy at present and predicted levels is pressing the industrial, transportation and residential sectors of our economy to make basic internal adjustments, therefore encouraging a result which will allow us, in 1985, to produce a unit of gross national product with 50 percent less energy than was needed in 1974.

DON'T NO. 7

Don't allow the existing price controls on natural gas to continue. All through the 1970s the Congress was paralyzed by the pricing issue, because of short-term political considerations. There will be an opportunity this year to eliminate completely price controls on natural gas . . . don't let it pass. Long-term inflation has been encouraged with an ineffective energy program, which included regulated prices. You will find that some groups in the private sector, who are otherwise strong supporters of the market system, will ask you to maintain selected controls to protect their so-called unusual situation. Don't listen—Price controls must go—lock stock and barrel.

DON'T NO. 8

Don't try to construct a program which attempts to convince Americans that we will produce our energy needs without costs and risks. It is not possible to produce the domestic energy required in appropriate quantities without some degradation to our environment and some risk to our safety. There must be more sensible compromise between energy production and environmental restrictions.

Don't try to avoid an open assessment of this issue because of the political heat from those who would accuse you of being anti clean-America. No one with good sense wants to return to the days when environmental needs were not properly in focus. But, we must put our needs for energy production into better balance with continued requirements for sensible environmental protection.

DON'T NO. 9

Don't underestimate the investment required to produce more American oil, gas and other forms of fuel. The increase in production of oil and gas from domestic wells is a function of technology and investment. Secondary and tertiary recovery systems, deep-well drilling, exploration in hostile terrain are certain to bring some improvements in our domestic production picture. However, these sectors can be developed only if investments are made at levels substantially more sizable than historic standards would indicate. During your deliberation keep two facts in focus. First—at best the United States has 20 to 30 years left of oil production at reasonable levels—second, in the year 2000, a barrel of oil will be priced at a level between $150 and $225, and a gallon of gasoline will cost more than $10 a gallon in 1981 dollars.

DON'T NO. 10

Don't fall into the old windfall profits trap. The term "obscene profits", presently applied to energy issues, is a political phrase and has no economic value. You will find any number of reasons to criticize the oil industry. However, to attack and manipulate profit through selected windfall tax systems without proper consideration for required energy investments works against the interests of the American people. Our program must encourage investment. The current windfall tax program does not—it must go—to be replaced with a system which encourages maximum investment in American energy.

DON'T NO. 11

Don't set out a meaningful program for coal production unless you are prepared to face the nasty questions of: outdated clean air formulae, an over-regulated strip mine situation, counter-productive "best available" technology regulations. In addition, price controls on natural gas often make it cheaper not to convert to coal. We can lift our coal production to 1,200,000 tons by 1985, but don't try to unless you are willing to come to grips with the same, very sensitive questions, which for four years have blunted an otherwise bright picture for coal production.

DON'T NO. 12

Don't use double talk when dealing with nuclear power questions. If a long-range U.S. energy policy is to have credibility, it must contain a thoughtful chapter dealing with the nuclear power component. The nation has not accepted the notion that nuclear power should be eliminated as an important power source. The country has also rejected the idea that a nonregulated, all-out nuclear power effort is the best answer.

Most Americans believe that, with sensible leadership, nuclear power can be expanded with acceptable safety and environmental risk. It is not the fuel of last resort—it is an essential component of our energy needs. The last Congress ducked decisions on nuclear waste disposal and acceptable safety standards. Their inability to come to grips with these issues was related to political considerations and not technological, scientific or financial causes. The United States Congress is the only forum through which this sector can be properly put into focus. If you avoid your responsibilities here, we will not have a national energy program.

DON'T NO. 13

Don't be misled into believing that the best way to influence international agreements on advanced nuclear systems is to set a noble example of delay. The strongest way to influence global standards for nuclear power is to own the best available technology. Development of a United States breeder reactor program and fuel-recycling system are essential for long-term energy requirements, and also important to our objectives to positively influence international safety standards. The policy adopted four years ago to put the breeder reactor development on a slow track, in order to set the example for the rest of the world, failed. We have lost four years and cannot afford any more delay.

DON'T NO. 14

Don't believe for a moment that we are not going to have another major oil cutoff from the Mideast. The next disruption will not be the result of actions taken by responsible Mideast governments—thus not controllable or predictable. It will produce results five times greater than the negative effects of the 1973/1974 experience. The only sensible embargo insurance available during the next fifteen years is to stockpile crude oil. During the last four years, the United States National Srategic Reserve Program became the victim of mismanagement and bad judgment. If the government had followed the plan submitted by President Ford and passed by the Congress in 1976, we would have more than 350,000,000 barrels of oil in storage today instead of 100,000,000. The loss in added protection is obvious, but please note that the U.S. lost approximately $2 billion by not buying oil at the 1976/1980 prices. If a business was run that way the stockholders would fire the management!

Now I understand that the budget axe is threatening this program once again. Let me recommend one or two options:

1. Buy the oil off-balance-sheet and treat it as a capital investment; or

2. Add a 2-cent surcharge to each gallon of petroleum product consumed in America, until the stockpile is paid for.

The national security of this country is at risk—don't turn your back on it.

DON'T NO. 15

Don't over-promise that we can expect help from alternate sources of energy in the near term. It's just wrong to imply that salvation from advanced technology is at hand. In the year ahead, new energy sources will be developed at an increasing rate of speed, and that assumes that government gets out of the way. But please note: not more than 3 per cent of our total energy requirements can be achieved with advancing technologies by 1990. The work now being done in solar, geothermal, shale, coal, gas, coal-liquids, gasohol, wind, waves, tidal change, biomass and others will result in the ultimate emergence of those technologies which will have the highest potential for commercial development. By the year 2000, we will begin producing measurable levels of synthetic and renewable fuel development. The important point to remember here is that, although some special risk protection and early financial assistance for first generation development may be required by the government, it will be the private marketplace which will sort out and best support growth of the best technologies.

DON'T NO. 16

Don't waste time telling us how serious the problem is—and how we must all reduce our hopes for the future. The American people and the American economy have the drive, ingenuity, financial and technical resources to eliminate our energy problem over a period of time. However, the basic American free-enterprise system, which produced our industrial development, is in disrepair. With a return to the basic market system, with a minimum of government interference, we will succeed in achieving our energy objectives and at the same time repair the damaged foundation of the American political and economic system.

DON'T NO. 17

If, four years from now, all we have are more words, government organizations, and not more production of American energy produced by American workers, don't—don't expect any sympathy from the American voter.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUPPLEMENTAL DEFENSE AUTHORIZATION ACT, 1981

Mr. STEVENS. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 694.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Strike out all after the enacting clause, and insert: That this Act may be cited as the "Department of Defense Supplemental Authorization Act, 1981".

TITLE I—PROCUREMENT

AUTHORIZATION OF SUPPLEMENTAL APPROPRIATIONS

SEC. 101. In addition to the funds authorized to be appropriated under title I of the Department of Defense Authorization Act, 1981 (Public Law 96–342; 94 Stat. 1077), funds are hereby authorized to be appropriated for fiscal year 1981 for the use of the Armed Forces for procurement of aircraft, missiles, naval vessels, and tracked combat vehicles, as authorized by law, in amounts as follows:

AIRCRAFT

For aircraft: for the Army, $128,000,000; for the Navy and Marine Corps, $143,600,000; for the Air Force, $702,825,000.

MISSILES

For missiles: for the Army, $27,000,000; for the Navy, $41,200,000; for the Air Force, $205,869,000; for the Marine Corps, $10,700,000.

NAVAL VESSELS

For naval vessels: for the Navy, $139,000,000.

TRACKED COMBAT VEHICLES

For tracked combat vehicles: for the Army, $781,000,000; for the Marine Corps, $11,300,000.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

AUTHORIZATION OF SUPPLEMENTAL APPROPRIATIONS

SEC. 201. In addition to the funds authorized to be appropriated under title II of the Department of Defense Authorization Act, 1981 (94 Stat. 1079), funds are hereby authorized to be appropriated for fiscal year 1981 for the use of the Armed Forces for research, development, test, and evaluation, as authorized by law, in amounts as follows:

For the Army, $83,963,000.

For the Navy (including the Marine Corps), $96,567,000.

For the Air Force, $211,062,000.

For the Defense Agencies, $16,936,000.

TITLE III—ACTIVE FORCES

INCREASE IN FISCAL YEAR 1981 ACTIVE DUTY END STRENGTHS FOR THE ARMY, NAVY, MARINE CORPS, AND AIR FORCE

SEC. 301. Section 301 of the Department of Defense Authorization Act, 1981, (94 Stat. 1082), is amended by striking out "775,300", "537,456", "188,100", and "564,500" and inserting in lieu thereof "780,000", "540,456", "190,600", and "569,000", respectively.

TITLE IV—RESERVE FORCES

INCREASE IN NUMBER OF MARINE CORPS RESERVISTS AUTHORIZED TO BE ON FULL-TIME ACTIVE DUTY ON SEPTEMBER 30, 1981, IN SUPPORT OF THE MARINE CORPS RESERVE

SEC. 401. Section 401(b)(4) of the Department of Defense Authorization Act, 1981 (94 Stat. 1084), is amended by striking out "67" and inserting in lieu thereof "133".

TITLE V—CIVILIAN PERSONNEL

INCREASE IN NUMBER OF CIVILIAN PERSONNEL AUTHORIZED FOR THE DEPARTMENT OF DEFENSE AS OF SEPTEMBER 30, 1981

SEC. 501. Section 501(a) of the Department of Defense Authorization Act, 1981 (94 Stat. 1085), is amended by striking out "$986,000" and inserting in place thereof "$1,013,900".

TITLE VI—MILITARY CONSTRUCTION

ARMY

SEC. 601. (a) In addition to the amounts authorized for acquisition and construction by title I of the Military Construction Authorization Act, 1981 (Public Law 96–418; 94 Stat. 1749), the following amount is authorized for the location specified:

United States Army, Europe

Various Locations, $1,800,000.

(b) There is authorized to be appropriated for fiscal year 1981 for the purpose of subsection (a) the sum of $1,800,000.

NAVY

SEC. 602. (a) In addition to the amounts authorized for acquisition and construction by title II of the Military Construction Authorization Act, 1981 (Public Law 96–418; 94 Stat. 1752), the following amount is authorized for the location specified:

United States Marine Corps

Marine Corps Air Station, El Toro, California, $2,000,000.

(b) There is authorized to be appropriated for fiscal year 1981 for the purpose of subsection (a) the sum of $2,000,000.

AIR FORCE

SEC. 603. (a) In addition to the amounts authorized for acquisition and construction by title III of Military Construction Authorization Act, 1981 (Public Law 96–418; 94 Stat. 1756), the following amounts are authorized for the locations specified:

Air Training Command

Laughlin Air Force Base, Texas, $4,700,000.

Strategic Air Command

K. I. Sawyer Air Force Base, Michigan, $540,000.

Special Project

Various Locations, Special Project, $50,000,000.

(b) There is authorized to be appropriated for fiscal year 1981 for the purpose of subsection (a) the sum of $55,240,000.

DEFENSE AGENCIES

SEC. 604. (a) In addition to the amount specified for minor construction projects by section 403 of the Military Construction Authorization Act, 1981 (Public Law 96–418; 94 Stat. 1761), the Secretary of Defense is authorized to accomplish minor construction projects under section 2674 of title 10, United States Code, in the amount of $900,000.

(b) There is authorized to be appropriated for fiscal year 1981 for the purpose of subsection (a) the sum of $900,000.

MILITARY FAMILY HOUSING

SEC. 605. Section 510(a) of the Military Construction Authorization Act, 1981 (Public Law 96–418; 94 Stat. 1767), is amended—

(1) by striking out "$276,100,000" in clause (1) and inserting in lieu thereof "$260,078,000"; and

(2) by striking out "$1,880,760,000" in clause (2) and inserting in lieu thereof "$1,896,782,000".

AIR NATIONAL GUARD OF THE UNITED STATES

SEC. 606. In addition to the amount specified in section 701(3)(A) of the Military Construction Authorization Act, 1981 (Public Law 96–418; 94 Stat. 1774), the Secretary of Defense may establish or develop facilities for the Air National Guard of the United States in an amount not to exceed $6,500,000.

LIMITATIONS APPLICABLE TO USE OF FUNDS

SEC. 607. (a) Authorizations contained in this title shall be subject to the authorizations and limitations of the Military Construction Authorization Act, 1981 (Public Law 96–418; 94 Stat. 1749), in the same manner as if such authorizations had been included in that Act.

(b) For the purposes of the limitations set forth in section 603 of the Military Construction Authorization Act, 1981 (Public Law 96–418; 94 Stat. 1768), the amounts authorized to be appropriated for titles I through V of that Act shall be deemed to be increased, respectively, by the amounts authorized to be appropriated by sections 601 through 605.

MODIFICATION OF PRIOR YEAR AUTHORIZATION FOR FAMILY HOUSING UNITS AT TINKER AIR FORCE BASE

SEC. 608. (a) Section 501(c) of the Military Construction Authorization Act, 1980 (Public Law 96–125; 93 Stat. 940), is amended by striking out "three hundred thirty-two units" in the item relating to Tinker Air Force Base and inserting in lieu thereof, "two hundred units".

(b) The authorization for construction of, or acquisition of sole interest in, family housing units at Tinker Air Force Base, Oklahoma, contained in section 501 of the Military Construction Authorization Act, 1980 (Public Law 96–125; 93 Stat. 940), as amended by subsection (a), is hereby modified to authorize construction of such family housing units on base at Tinker Air Force Base.

Amend the title so as to read: "An Act to authorize supplemental appropriations for fiscal year 1981 for the Armed Forces for procurement of aircraft, missiles, naval vessels, and tracked combat vehicles and for research, development, test, and evaluation, to increase the authorized personnel end strengths for military and civilian personnel of the Department of Defense for such fiscal year, to authorize supplemental appropriations for such fiscal year for construction at certain military installations, and for other purposes.".

Mr. STEVENS. Mr. President, I move that the Senate disagree to the amendments of the House of Representatives to the bill S. 694, the supplemental appropriations for the Department of Defense, agree to a conference with the House of Representatives on the disagreeing vote of the two Houses, and that the Chair be authorized to appoint conferees on behalf of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. TOWER, Mr. THURMOND, Mr. GOLDWATER, Mr. WARNER, Mr. HUMPHREY, Mr. COHEN, Mr. JEPSEN, Mr. QUAYLE, Mr. DENTON, Mr. STENNIS, Mr. JACKSON, Mr. CANNON, Mr. ROBERT C. BYRD, Mr. NUNN, Mr. HART, Mr. EXON, and Mr. LEVIN conferees on the part of the Senate.

ORDER OF PROCEDURE

Mr. STEVENS. Mr. President, what time is the order for convening on tomorrow?

The PRESIDING OFFICER. The time is 11 a.m.

Mr. STEVENS. Mr. President, the two leaders are to have their normal time under the standing order; is that correct?

The PRESIDING OFFICER. The Senator is correct.

ORDER FOR RECESS UNTIL 10:30 A.M. TOMORROW

Mr. STEVENS. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until 10:30 a.m. in the morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

(Mr. STEVENS assumed the chair.)

THE 25TH ANNIVERSARY OF NAVAL COMMAND COLLEGE

Mr. CHAFEE. Mr. President, the end of June marked the 25th anniversary of the Naval Command College (NCC) at Newport, R.I. NCC was established in 1956, as a part of the Naval War College, to train a select cadre of highly professional naval officers from countries around the world.

Rhode Island and the Navy have a long and special relationship dating back to this country's early beginnings. The first overt act of violence against British authority in America took place in 1796 in Newport with the destruction of the British sloop *Liberty*. This was followed in 1775 by the first naval engagement of the American Revolution in Narragansett Bay. That same year, Esek Hopkins, a Rhode Islander, was appointed first Commodore of the U.S. Navy by the Continental Congress. And, 100 years later, in 1884, the Naval War College was established in Newport, which now trains more officers for the U.S. Navy than Annapolis and all the colleges with Naval ROTC's combined.

Now, the people of Rhode Island are proud to commemorate the first quarter century of the Naval Command College with its distinguished list of alumni and its contribution to international cooperation.

Mr. President, I ask unanimous consent to have printed in the RECORD the written remarks of Rear Adm. F. Welch, Jr., president of the Naval War College, in commemorating this 25th anniversary of the Naval Command College.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

NAVAL WAR COLLEGE REVIEW

(By E. F. Welch, Jr., USN)

In past issues of the Review I have focused remarks on various departments and centers of the Naval War College in an attempt to outline the manner in which they support the mission of the College. It is appropriate in this issue, in view of the June 1981 Naval Command College Conference (NCCC 81) commemorating the 25th anniversary of the Naval Command College, to comment on the Naval Command College (NCC) and its importance within the total Naval War College organization.

The mission of NCC, when established in 1956, is still pertinent: to assist specially selected senior naval officers from other countries to prepare themselves for higher command responsibilities in their own navies, and to familiarize them wth United States naval methods, practices, and doctrine. This mission does not vary in any meaningful sense from that of the parent War College. The enhancement of professional capabilities to make sound strategic, tactical and managerial decisions is a fundamental objective of each. The historical development of the Naval War College and mission was most influential in the birth and subsequent evolvement of the Naval Command College.

In the present period, the NCC student body consists of approximately 35 captains and commanders from other nations who have been selected to participate in the senior course of the Naval War College. Their academic regimen is virtually identical to that of the College of Naval Warfare, where they pursue the prescribed studies in Defense Economics and Decisionmaking, Strategy and Policy, and Naval Operations. They follow the same basic schedule and are integrated into the seminars and lectures of their United States colleagues. There are some exceptions within the Naval Operations curriculum, where specific NCC seminars are conducted that are tailored more to the needs of the navies concerned and to satisfy security requirements. On an optional basis the NCC students may participate in the Electives Program. In addition, they participate in a preliminary orientation program that provides them with an introduction to Naval War College facilities and programs, local customs, geography and institutions, the United States Government and Defense Department organization.

A significant part of the NCC educational process is the Information Program. This program is directed and approved by the Chief of Naval Operations with the purpose of enhancing the professional military education received by our international friends by providing them a better understanding of American society, institutions, and people. Inherent in the Information Program is a series of trips structured to expose the students to political, economic, and judicial systems, labor organizations, communications media, agricultural methods, and unique American cultural examples. One aspect of this broad exposure is the immeasurable benefit of meeting people and exchanging views. Each student has the opportunity to discuss issues of mutual concern with political leaders, businessmen, and military contemporaries. Friendships are formed and understandings reached. This is true not only among individual naval officers, but also among countries. Admiral Arleigh Burke, in the dedication speech of the Naval War College International Plaza in July 1976, remarked that the greatest assets a man can accrue are his friends: "Men who know all about him and still like him. Men whom he knows, respects, admires and trusts." The Naval Command College provides a setting for these relationships.

The quality of any program must ultimately be measured by the quality of the participants. With the graduation in June of the 31 members of the silver anniversary class, the ranks of the alumni number 722. Of these, 318 of those eligible have attained flag rank. Many have held cabinet and ministerial posts, one has become head of state, and 55 have become chiefs of their navies. These statistics illustrate the quality of the students and reflect the international esteem in which the Naval Command College is held.

The importance of the NCC is unmistakably clear. It provides a crucial international forum and opportunity for discussion among a wide variety of individuals possessing broad experiences and varying perceptions. Professional concerns are shared, methods and procedures explored, and techniques discussed. Naval knowledge is broadened while political and cultural gaps are narrowed. Perhaps most importantly, lasting friendships are formed. There is an abundance of pride in both the Naval War College and Naval Command College within the international community, and it is my firm intention to continue the high academic standards and free exchange of concepts that have fostered this pride. The next 25 years of the Naval Command College, initiated by NCC 81, will continue the proud tradition and will continue to reflect the dynamic changes in technology and society.

RECESS UNTIL 10:30 A.M. TOMORROW

Mr. CHAFEE. Mr. President, I move in accordance with the previous order, that the Senate stand in recess until 10:30 tomorrow morning.

The motion was agreed to; and the Senate, at 5:30 p.m., recessed until Friday, July 10, 1981, at 10:30 a.m.

NOMINATIONS

Executive nominations received by the Senate July 9, 1981:

DEPARTMENT OF STATE

David Anderson, of New York, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Socialist Federal Republic of Yugoslavia.

Marshall Brement, of Arizona, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Iceland.

Richard Noyes Viets, of Vermont, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Hashemite Kingdom of Jordan.

David Eugene Zweifel, of Maryland, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Yemen Arab Republic.

THE JUDICIARY

D. Brook Bartlett, of Missouri, to be U.S. District Judge for the western district of Missouri, vice John W. Oliver, retired.

John R. Gibson, of Missouri, to be U.S. District Judge for the western district of Missouri, vice Elmo B. Hunter, retired.

Joseph E. Stevens, Jr., of Missouri, to be U.S. District Judge for the eastern and western districts of Missouri, vice William R. Collinson, retired.

William W. Wilkins, Jr., of South Carolina, to be U.S. District Judge for the district of South Carolina, vice Robert W. Hemphill, retired.

DEPARTMENT OF JUSTICE

Richard S. Cohen, of Maine, to be U.S. Attorney for the district of Maine for the term of 4 years, vice Thomas E. Delahanty II, resigning.

NUCLEAR REGULATORY COMMISSION

Thomas Morgan Roberts, of the District of Columbia, to be a Member of the Nuclear Regulatory Commission for the term expiring June 30, 1985, vice Richard T. Kennedy, term expired.

IN THE ARMY

The following-named officer under the provisions of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in grade as follows:

To be lieutenant general

Maj. Gen. David Ellsworth Grange, Jr., [redacted] U.S. Army.

IN THE NAVY

The following-named officer, having been designated for command and other duties of great importance and responsibility in the grade of admiral within the contemplation of title 10, United States Code, section 5231, for appointment while so serving as follows:

To be admiral

Vice Adm. George E. R. Kinnear II, U.S. Navy.

HOUSE OF REPRESENTATIVES—*Thursday, July 9, 1981*

The House met at 10 a.m. and was called to order by the Speaker pro tempore (Mr. FOLEY).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, D.C.,
July 8, 1981.

I hereby designate the Honorable THOMAS S. FOLEY to act as Speaker pro tempore on Thursday, July 9, 1981.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Reverend Jerome L. Cummings, Marymount Palos Verdes College, Rancho Palos Verdes, Calif., offered the following prayer:

Our heavenly Father, Your gift of peace has often filled this Chamber, blessing those who labored here for justice. Peace is the fruit of justice. It has blessed this Nation from its beginnings and made it the leader for peace among mankind. We are grateful for it. Some nations bartered their birthright away; some, still languish for it. But we were born free!

Hear our prayer! Each asks to strive for peace, beginning with ourselves. And grant, if America ever fall, let it be a martyrdom for peace. And if it fall, let it not fall because of me!

Father, this is our prayer. May there be peace in this land! Make us a people of peace! Let it begin with me!

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles.

On April 14, 1981:

H.J. Res. 182. Joint resolution to designate April 26, 1981, as "National Recognition Day for Veterans of the Vietnam Era."

On May 1, 1981:

H.J. Res. 155. Joint resolution to authorize and request the President to issue a proclamation designating May 3 through May 10, 1981, as "Jewish Heritage Week."

On June 5, 1981:

H.R. 3512. An act making supplemental and further continuing appropriations for the fiscal year ending September 30, 1981, rescinding certain budget authority, and for other purposes.

On June 17, 1981:

H.R. 2156. An act to amend title 38, United States Code, to extend by 12 months the period during which funds appropriated for grants by the Veterans' Administration for the establishment and support of new State medical schools may be expended.

On June 29, 1981:

H.R. 3991. An act to amend the Food Stamp Act of 1977 to increase the authorization for appropriations for fiscal year 1981, and to amend Public Law 93-233 to continue, through August 1, 1981, the cash-out of food stamp program benefits of certain recipients of supplemental security income; and

H.J. Res. 288. Joint resolution to correct Public Law 97-12 due to an error in the enrollment of H.R. 3512.

REV. JEROME L. CUMMINGS

(Mr. ANDERSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ANDERSON. Mr. Speaker, as is properly our custom, we open each convening of the House with an invocation. We were privileged to have this morning's inspirational invocation delivered by Father Jerome L. Cummings, who is chaplain and instructor at Marymount Palos Verdes College in Rancho Palos Verdes, Calif. Father Cummings is a true native Californian. Born in Monterey, Calif., in 1934, he did his undergraduate work and earned a masters at Loyola University in Los Angeles, and was ordained 17 years ago from St. Johns College in Camarillo, Calif. It is indeed a great pleasure for me to welcome my fellow Californian, Father Jerome Cummings, to the House today.

IT IS TIME TO PLAY BALL

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, I am introducing a resolution today calling for a prompt settlement of the 3½-week-old major league baseball strike.

Millions of Americans have long recognized and grown accustomed to baseball as our "national pastime." The strike, which began on June 12, deprived them of this cherished recreational enjoyment and left a void in their lives. In addition, the strike has resulted in serious financial losses for many others who depend on major league baseball for their livelihood.

The intent of this legislation is to formally express the true sentiments of millions of frustrated baseball fans, while helping to preserve our national pastime.

As one who represents the home borough of the New York Yankees, and a member of the House Education and Labor Committee, I fully recognize that a prompt end to the strike is essential to the long-term interest of baseball, and a settlement will be more difficult to achieve as time goes on.

My resolution urges all negotiating parties involved in the dispute to take whatever actions might be necessary to promptly settle the strike and "play ball."

REGIS DEBRAY

(Mr. RUDD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.

Mr. RUDD. Mr. Speaker, Regis Debray's appointment by the Mitterrand government of France recently is a gross insult to the people of Latin America and the United States. Debray is now the foreign affairs adviser for Third World nations within the French Cabinet. He is a well-known Marxist, close friend and admirer of Fidel Castro, and a coguerrilla with the terrorist Ernesto "Che" Guevara at the time Guevara was killed while attempting to overthrow the Government of Bolivia.

Debray served a prison sentence in Bolivia for terrorist activity before being released under pressure from leftists around the world; he then lived in Chile for a few years upon the request of another friend, Salvador Allende, before returning to France to continue his authorship of works pertaining to revolutionary guerrilla warfare and theory.

Debray was quoted recently in a French weekly—

It is unlikely that the ins and outs of politics in the old world of Europe can be grasped by the cowboys of the Far West. In Westerns all the good is on one side, all the evil on the other. For Reagan, communism is the absolute evil. . . . Francois Mitterrand is going to have to explain to him that it is more complicated than that.

His guerrilla warfare manual, "Revolution Within a Revolution," in which

he advocates a countryside operation of revolutionary terrorism, is considered to be the handbook for organized terrorists worldwide. In it, he praises the tactics of Guevara and rigidly supports the use of revolutionary violence as the best means for government overthrow. The manual has been widely distributed in the home of his hero, Fidel Castro, and other leftist circles.

Prior to his conviction in Bolivia, Debray proclaimed:

> In short, the very fact that I am staying in the revolutionary ranks and that I continue to be convinced that armed struggle, particularly in Bolivia, proves that I do not repent of these so-called crimes and that I am prepared to continue committing them.

Regis Debray is a Marxist practitioner and firm believer in the example of Fidel Castro and the Cuban revolution. His appointment should give grave concern to our President, to our foreign policy makers, and to the people of Latin America.

IF CHRYSLER IS ON STABLE FINANCIAL FOOTING IT SHOULD REJECT FEDERAL PAYMENT

(Mr. MOORE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOORE. Mr. Speaker, the Chrysler Corp. is now engaged in a national advertising campaign telling the American people that Chrysler is coming back. Along with their cars they are selling the image that they are a financially sound company once again. But, there is a second multimillion-dollar bailout for Chrysler now making its way through the Ways and Means Committee which creates doubt in my mind that Chrysler is indeed stable.

In 1979, Congress approved a $3.5 billion package to bail out the Chrysler Corp. That package included $1.5 billion in loan guarantees from the Federal Government. To Chrysler's credit no Federal money has been lost yet through the loan guarantees, but quietly slipping through the Ways and Means Committee is a second bailout for Chrysler, one which would make a $195 million direct payment to the car manufacturer.

This direct Federal payment would come as a result of a $3.3 billion bailout adopted by the Democrats on the House Ways and Means Committee which would allow certain select industries to apply any unused investment tax credits from the last 18 years to their taxes over the next 4 years.

Mr. Speaker, if Chrysler Corp. is indeed on stable financial footing I call on it to reject this direct Federal payment. If it does not do so, I can only assume that Chrysler is in far worse financial shape than we or the public are aware.

LEADERSHIP SHOULD FACE UP TO REALITY OF MILITARY MANPOWER PROBLEMS

(Mr. BEARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEARD. Mr. Speaker, today we are debating the fiscal year 1982 authorization bill for the Department of Defense. It authorizes a record amount of money for defense spending, but it still does not address what I consider the biggest problems facing our military today, the manpower problems.

Over 3 years ago I conducted an in-depth study of my own which brought out these manpower problems in shocking detail. The Beard study, which I hope to insert in the RECORD today, was published in April 1978. It concluded and I quote:

> The U.S. Army total force is a failure due to major losses in Reserve force strength.

The study also showed that the Army was recruiting progressively higher numbers of individuals with extremely low reading and mental ability scores, which was seriously affecting readiness. The study showed severe moral problems due to a lack of adequate medical care for active-duty personnel and their dependents, and also due to a widespread lack of discipline.

The fact is, Mr. Speaker, that since this study came out over 3 years ago, the problems it identified have only gotten worse. It is way past time for the leadership of this country to take their heads out of the sand and face up to the reality of our military manpower problems. Thank you.

A POSSIBLE SIGNAL OF RENEWED U.S. COMPLICITY IN VIOLATION OF HUMAN RIGHTS

(Mr. MILLER of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MILLER of California. Mr. Speaker, the Reagan administration's announcement that the United States will no longer voice its opposition to loans granted by international development banks to the countries of Chile, Paraguay, Argentina, and Uruguay should shock all Americans.

This change in policy represents the further abandonment of our belief in the necessity of human rights for all, and a complete disregard for the will of Congress.

We have sent a clear mandate to the White House that U.S. foreign policy should not express tacit approval of economic measures undertaken in a climate of brutal repression and the absence of dissent.

The administration is attempting to justify this policy reversal with the unprincipled declaration that our votes have been largely symbolic and have not served to stop the loans. If this is indeed the case, we should not retract our position, but stand firmer in opposition to the ways in which those governments treat their own citizens, and put pressure on those countries that approve the loans to discontinue that practice.

Contrary to the statement that the human rights situation has improved, prominent human rights organizations worldwide have recently charged that, in fact, the opposite is true. There has been a renewed incidence of torture in Chile, of brutal suppression of the rights of indigent people in Paraguay, and of electoral manipulation in Uruguay.

The administration's recent announcement is entirely contrary to the letter and spirit of the laws passed by Congress. It can only signal a renewed U.S. complicity in the violation of fundamental human rights.

IDEAS VARY ON WHERE CUTS SHOULD BE MADE IN THE BUDGET

(Mr. WYDEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WYDEN. Mr. Speaker, I think it is fairly clear Democrats and Republicans alike are committed to the concept of cutting Government spending and for all practical purposes the parties agree on the aggregate total that must be cut this year.

Where our ideas vary though is where those cuts should be made. I think, in particular, no area shows the difference more graphically than in the area of social security. The Republicans in the Gramm-Latta II budget eliminated the $122 monthly minimum social security benefit, a cut that affects 3 million older people. It is a group of people that I worked with for 7 years before I became a Member of this body. It is a cut that is exceptionally cruel, a cut that cannot be implemented and I think it will once again tear a very, very large hole in the safety net.

EXTENDING TIME FOR CONDUCTING REFERENDUM REGARDING NATIONAL WHEAT MARKETING QUOTA

Mr. FOLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill, (S. 1395) to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982, and to eliminate the requirement that the Secretary of Agriculture waive interest on loans made on 1980 and 1981 crops of wheat and feed grains placed in the farmer-held grain

reserve, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore (Mr. MURTHA). Is there objection to the request of the gentleman from Washington?

Mr. GLICKMAN. Mr. Speaker, reserving the right to object, I would like to ask my colleague and chairman of the Subcommittee on Wheat and Feed Grains whether this is legislation which basically repeals the interest waiver for the first year on grain going into the farmer held grain reserve, among other things?

Mr. FOLEY. Mr. Speaker, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Washington.

Mr. FOLEY. Yes; that is correct. As the gentleman is aware, S. 1395, a bill which was introduced by Senator HELMS and Senator HUDDLESTON on June 19, 1981, and approved by the Senate on June 25, 1981, is identical to H.R. 3716 which Congressman PAUL FINDLEY, ranking minority member of the House Subcommittee on Wheat, Soybeans, and Feedgrains, and I introduced on May 28, 1981. A hearing was held on H.R. 3716 by the House Subcommittee on Wheat, Soybeans, and Feedgrains, which I chair, on June 3, 1981.

The legislation before us would do two things. First, it would postpone a requirement imposed by an old law under which—in the absence of passage of wheat support provisions for the 1982 crop before the end of July—the Secretary of Agriculture would be forced to hold an August 1 referendum among wheat farmers on support program alternatives provided in permanent legislation which dates back to 1949. Since Congress is expected to complete work on the omnibus farm bill later this year including provisions for a 1982 wheat program, it makes little sense to spend an estimated $4.8 million in Government money on a referendum based on a 30-year-old program which would be superseded when the omnibus farm bill is passed.

Second, the legislation would repeal a provision contained in the Agricultural Act of 1980, which exempted producers from paying any interest charges on loans on grain going into the farmer-held reserve program from the 1980 and 1981 grains crops. This provision was approved last year to alleviate the effects of the Soviet grain embargo.

Under S. 1395, the Secretary will, as was the case before the Agricultural Act of 1980 became law, once again have discretionary authority to waive interest charges on reserve loans. In that regard, the administration has announced that because of budget pressures, it would not accept 1981 crop grains into the reserve unless the Secretary of Agriculture had authority to charge interest on the first year of the loan. It is estimated that by charging interest on the first year of 1981 reserve loans, budgetary costs in fiscal year 1982 may be reduced by as much as $165 million. The administration has announced that second and third year interest charges on 1981 crop year reserve loans will be waived, as has been the case in previous years. The administration has also agreed that existing contracts on 1980 crop year reserve loans will not be affected by the provisions of S. 1395.

Adoption of S. 1395 today will expedite entry of 1981 crop wheat into the farmer-held reserve by 2 or 3 weeks at least. This is critically important to the interests of the producers as well as to the 1982 budget. Presently, because of a record wheat harvest, prices have fallen disastrously. According to USDA reports, the 5-day average price to producers as of July 7 was $3.50 per bushel, nearly $0.30 per bushel less than the 1981 wheat target price level of $3.81. If this average price were to persist through the first 5 months of the 1981 wheat marketing year (June through October), wheat deficiency payment costs under the target price program could well exceed $500 million in fiscal year 1982. Since no money was budgeted in fiscal year 1982 for wheat deficiency payments, severe budgetary problems will almost certainly result, to say nothing of the disastrous effect such low wheat prices will have on wheat producer income.

Mr. GLICKMAN. I would like to ask: This legislation was essentially in the reconciliation bill, as I understand it, that we passed last week. How come it is being brought up today under this procedure?

Mr. FOLEY. The concern is that the reconciliation bill may take another 2 or 3 weeks to be approved and signed into Law. In the meantime, wheat prices will continue to soften because of the huge harvest which is already well underway in parts of the country. The sooner we can approve this legislation, the sooner the administration can open up the reserve; and this in turn will raise prices to the producer. In addition, the sooner the reserve is open, the less likely it is that the Government will have to pay huge deficiency payments under the target price program.

□ 1015

Mr. GLICKMAN. One final question and then I will yield to the chairman of the committee.

The gentleman made reference to the fact that the 1981 wheat crop will be eligible for immediate entry into the reserve, which was the subject of my amendment to the budget reconciliation bill, which has already passed the House. I know that is the gentleman's intention. Is that the intention of the Secretary of Agriculture?

Mr. FOLEY. We have been advised by Mr. Lyng, the Deputy Secretary, that upon this legislation's being presented to the President for signature, he will sign it; and the Secretary will then announce immediately that 1981 wheat will be accepted into the reserve. It might take a day or two to promulgate the regulations, but I have been assured that immediate action will be taken.

Mr. GLICKMAN. Well, I have a letter on June 18 from Mr. Lyng to Congressman FINDLEY indicating that.

I will not object. I think it should be pointed out, however, that this legislation will cost farmers about 51 cents a bushel per year for wheat and 37 cents for corn. I understand why the administration is pushing the legislation as part of a cost-saving mechanism, but it certainly will not help the American grain farmer.

Mr. FOLEY. Mr. Speaker, will the gentleman yield?

Mr. GLICKMAN. Yes.

Mr. FOLEY. I think Members on both sides of the aisle who are members of the Subcommittee on Wheat, Soybeans, and Feed Grains, as well as the full Committee on Agriculture, have some ambivalent feeling about this legislation. On the one hand the administration has made it quite clear that unless the first year interest waiver is repealed, the administration will not act to open the reserve to 1981 wheat or corn.

On the other hand there is the probability of a very large crop. As a result, failure to open the reserve would likely have a further depressing effect on prices which, as the gentleman knows, are already extremely low. It is with that understanding that I am bringing this unanimous consent request before the House.

Mr. GLICKMAN. I understand the chairman's reluctance in this matter for that reason, because of the necessity to get the 1981 crop into the reserve, so I will not object.

But I wish to express my reservations about this legislation to repeal the interest waiver on grain going into the farmer-held reserve. It will mean considerable extra cost to farmers—about 51 cents per bushel of wheat and 37 cents per bushel of corn—which they can ill afford at a time like now when market prices are plummeting and costs of production are rising.

USDA has, however, made a commitment to offset the bill's negative impact. I have a letter from Deputy Secretary Lyng in which he promises that, upon congressional approval of the repeal, he will allow immediate entry of grain after harvest into the reserve. This action is necessary for two reasons. First, instead of only having the regular 9-month loan pro-

gram available to them, farmers could take immediate advantage of the reserve's higher loan rate, which amounts to 30 cents more per bushel of wheat and 15 cents per bushel of corn. This would offset, in part, the interest expenses that will be imposed with enactment of this repeal. Second, since the reserve isolates a portion of the grain from the market, it will help strengthen market prices. This obviously beneficial effect will help all farmers regardless of whether or not their grain is in the reserve.

Thus, to insure that this change does not penalize producers, the repeal of the interest waiver must be tied to permitting immediate entry. I urge Secretary Block to open the reserve as soon as possible after Congress approves the bill to insure some modicum of stability in an otherwise weak farm economy.

The letter from Deputy Secretary Lyng follows:

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., June 18, 1981.

Hon. PAUL FINDLEY,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN FINDLEY: Thank you for your letter concerning the operation of the farmer-held reserve for the 1981 crops of wheat and feedgrains. We sincerely appreciate the strong support you have given the Administration on its Farm Bill proposal.

As you know, the Secretary has made known that the 1981 wheat crop will be eligible for immediate entry into the farmer-held reserve upon the enactment of legislation now before the Congress to repeal the interest waiver for the first year of the reserve agreement.

We do not, at this time, intend to place any limits on the wheat and feedgrain reserve beyond what is provided for under current law. Under the Food and Agriculture Act of 1977, the wheat reserve can be no less than 300 million bushels nor more than 700 million bushels. The Department intends to adhere to these provisions.

I hope that the Secretary's recent decision will help to expedite legislation that would repeal the first year interest waiver and suspend the requirement of holding a wheat referendum.

Sincerely,

RICHARD E. LYNG,
Deputy Secretary.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore (Mr. MURTHA). Is there objection to the request of the gentleman from Washington (Mr. FOLEY)?

Mr. DE LA GARZA. Mr. Speaker, I reserve the right to object.

The SPEAKER pro tempore. The chairman of the full committee reserves the right to object.

Mr. DE LA GARZA. Mr. Speaker, I do so for the purpose of stating to the gentleman from Kansas that I have personal assurance from the Secretary himself that he would open up for the 1981 crop immediately upon the passage of this legislation.

Also, I would like to ascertain from the chairman of the subcommittee that the proposed savings figure, am I to understand, is $167 million or $165 million, somewhere in that figure; is that correct?

Mr. FOLEY. Will the distinguished chairman yield?

Mr. DE LA GARZA. I yield.

Mr. FOLEY. The gentleman is correct. It is in the area of $165 million for fiscal year 1982.

Mr. DE LA GARZA. Which means that the Committee on Agriculture now has cumulatively proposed savings of close to $3 billion which the farmers and the rural areas of this country have willingly, although sometimes with some slight degree of reluctance, provided to the overall effort of reducing our deficit and trying to balance the budget, first with the midannual adjustment on the dairy program, then with our contribution on the reconciliation to the stage it has progressed over $2.5 billion in which was included this amount of some $165 million; so the farm sector's contribution to the overall effort will be somewhere close to $3 billion, which I think is a major contribution from an area that suffers so many disasters and so many adversities.

Mr. FINDLEY. Mr. Speaker, will the gentleman yield to me before he withdraws his reservation of objection?

Mr. DE LA GARZA. May I continue on my reservation? I yield to the gentleman from Illinois.

Mr. FINDLEY. I thank the gentleman for yielding. I strongly support this legislation. I do so as the senior Republican on the wheat and grain subsidy.

I have received a letter from Richard Lyng, who is the Under Secretary of Agriculture, stating very plainly that if this legislation is passed, that the 1981 crop of wheat will be admitted to the reserve.

Mr. Speaker, the bill we are considering is not a controversial piece of legislation. Rather, it is, as my colleague, the distinguished gentleman from Washington/Texas said, a bill of two parts.

The first part is a technical amendment, allowing the Department to delay a referendum of wheat producers until October. Since the farm bill currently being developed in Congress should eliminate the need for this referendum, failure to pass this bill could cost the Agriculture Department millions of dollars in needless expenses for printing and distributing ballots.

The second part of this bill—a provision repealing the mandatory interest waiver on grain reserve loans—already has been approved by the House as part of our budget reconciliation package.

I think it is important to point out that a number of members of the Committee on Agriculture are not entirely satisfied with the provision repealing the interest waiver on grain reserve loans. This provision will save the Government an estimated $165 million in outlays this year and next. That savings comes from farmers who choose to participate in the reserve.

Recent weakness in grain markets makes this proposition unattractive for Members who represent grain producing districts; however, this is a time when all of us are facing politically unattractive votes.

In this case, the administration has two choices for saving the $165 million. One is passage of this bill. The other is closing the farmer-held reserve for immediate entry of 1981 crop grains. With prospects for a record wheat crop and a near record crop of feed grains, closing the reserve could significantly weaken our ability to assure the orderly marketing of the Nation's grain crops.

The Secretary of Agriculture has indicated that he will allow immediate entry of 1981 crop wheat into the reserve as soon as this bill is passed. It is my understanding that regulations for implementing these provisions are currently under review by the Office of Management and Budget.

All that is needed to assure that farmers will have an important tool for the orderly marketing of their crops is passage of this bill.

In closing, I would like to point out that the interest waiver was passed last year in response to the Soviet grain embargo. That embargo was lifted earlier this year; thus, alleviating the need for the interest waiver.

Thank you.

Mr. DE LA GARZA. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington (Mr. FOLEY)?

Mr. WEAVER. Mr. Speaker, I reserve the right to object.

Mr. Speaker, I have reserved the right to object to ask the gentleman a question. I would ask either the chairman of the subcommittee or the full committee, does this bill not eliminate the requirement, or at least the ability to waive interest on the first year of the reserve and does that not inhibit the farmer putting grain into the reserve? I mean, does this not make it more difficult for the farmer?

Mr. FOLEY. Mr. Speaker, will the gentleman yield?

Mr. WEAVER. I yield.

Mr. FOLEY. Certainly it reduces the incentive that the farmer would otherwise have to put grain in the reserve. The gentleman is correct.

There remains, of course, the storage payments that are made by the Government for grain put in the reserve. I do not need to remind the gen-

tleman from Oregon who is an expert in the area of grain and knows that prices have slipped dramatically in recent weeks that many farmers will continue to have a strong incentive to place grain in the reserve. At least if we pass this bill the reserve will be available.

Mr. WEAVER. True, but why are we here waiving this interest? Why do we not want to build this reserve?

Mr. FOLEY. I think the reason we are doing this, as the gentleman may have noted from my remarks, is that the executive branch, the administration, has made it clear that it will not open the reserve to 1981 grain unless the interest waiver is repealed.

Mr. WEAVER. In other words, the administration is blackmailing the American farmer into this provision.

Mr. FOLEY. That is the gentleman's word, not mine; but the fact remains that we have a choice, either to make the reserve available for 1981 grain by this action or by withholding this action to effectively close the reserve to 1981 wheat and corn.

I said earlier, the gentleman may or may not have been on the floor, that this action was taken with great reluctance by Members on both sides of the aisle. As chairman of the subcommittee I know that to be true; but it is a fact that unless the action is taken, the reserve will not be available and the administration, on the other hand, has promised action promptly as soon as this legislative decision is made.

Mr. WEAVER. Further reserving the right to object, I feel that the administration's action is intolerable.

I would ask the chairman of the subcommittee why we cannot do something about our low grain prices so that the farmer can make a living?

Would the chairman hold hearings on my grain export bank bill prior to the time that the farm bill is brought to the floor so we can have a hearing on it, so that we can offer that amendment on the floor of the House of Representatives?

Mr. FOLEY. I would be glad to accommodate the gentleman on those hearings.

Mr. WEAVER. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington (Mr. FOLEY)?

Mr. WAMPLER. Mr. Speaker, I reserve the right to object.

Mr. Speaker, further reserving the right to object, and I will not object, but I simply would like to say that I support this legislation. It has the strong support of the administration. I hope all our colleagues will support it.

Mr. Speaker, I would just like to say a few words in support of this bill.

If we do not pass this bill, the Agriculture Department is going to have to conduct an expensive and unnecessary referendum of wheat producers. This will cost millions of dollars that can most certainly be better spent elsewhere.

At the same time, we will repeal a mandatory interest waiver that was put in place in response to last year's suspension of grain sales to the Soviet Union. That sales suspension has since been lifted, so the interest waiver is no longer justified by the presence of an embargo.

This bill is strongly supported by the administration. The repeal of the interest waiver is part of the administration's economic recovery program, and is already included in the reconciliation package approved by the House.

Mr. Speaker, I want to urge my colleagues to support passage of this bill.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington (Mr. FOLEY)?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1395

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 336 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1336) is amended by striking out the last sentence and inserting in lieu thereof a new sentence as follows: "Notwithstanding any other provision hereof, the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982, may be conducted not later than the earlier of the following: (1) thirty days after adjournment sine die of the first session of the Ninety-seventh Congress, or (2) October 15, 1981.".

SEC. 2. Section 110(b) of the Agricultural Act of 1949 (7 U.S.C. 1445e(b)) is amended by deleting in clause (3) of the second sentence the phrase ", and the Secretary shall waive such interest on loans made on the 1980 and 1981 crops of wheat and feed grains".

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to extend their remarks in the RECORD on the Senate bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

THE $3 BILLION QUESTION

(Mr. BEDELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEDELL. Mr. Speaker, during the Fourth of July recess we received news that the Du Pont Co. is buying Conoco Inc., for approximately $7 billion. This will be the largest merger in American history. The Wall Street Journal on July 7 noted that Du Pont will be borrowing $3 billion from a group of banks in order to help finance the deal.

The merger of Du Pont and Conoco will not create any new productive assets. It will not create a single new job or new product. Rather, the $3 billion is being borrowed to help finance the reorganization of the Nation's 14th and 15th largest industrial corporations into a new firm that will rank No. 8 in the United States.

Earlier this year, I listened in amazement as the administration's proposed cutbacks in SBA lending authority were rationalized on the basis that giving Federal loans or loan guarantees to hard-pressed small businesses would soak up credit that otherwise would go to more deserving enterprises. One of the newly elected members of the Small Business Committee went so far as to suggest that SBA loans actually are inflationary. I did not accept that idea then, and I do not accept it now.

The Reagan administration's request for SBA's fiscal year 1982 regular business loan program—which somehow disappeared in the confusion of the budget vote just before the recess—was for $2.94 billion. Last year, over 28,000 small businesses received loans or loan guarantees under this program.

As I said, Mr. Speaker, Du Pont reportedly is going to borrow $3 billion in order to rearrange the ownership of certain existing assets. That expenditure will not result in the expansion of jobs or the improvement of productivity in this country.

The $3 billion being borrowed by Du Pont exceeds the total amount sought for all SBA regular business loans and guarantees for the coming year. The SBA will go to help tens of thousands of firms in the small business sector of our economy, where most of our Nation's innovations and new jobs come from.

I believe the contract is important to note as we ponder the future of our economy.

CUTTING WASTE, FRAUD AND ABUSE OUT OF DEFENSE DEPARTMENT AUTHORIZATION

(Mrs. SCHROEDER asked and was given permission to address the House of 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, when we get back to the Defense Department authorization bill today, I will have an amendment toward the end of the bill that I hope many Members will vote for. I will be very honest,

I got the idea for the amendment from the minority leader on the other side of the aisle, the gentleman from Illinois (Mr. MICHEL) who offered the same kind of amendment about 1 year ago on the HEW appropriation. The amendment will cut waste, fraud, and abuse, out of the authorization.

I will be offering an amendment in title 9 that will say that the President should cut at least $8 billion worth of waste, fraud, and abuse through rescissions by January of 1982.

Now, I think this is going to be very easy for the President to do, because the Republican Study Commission, chaired by the gentleman from California (Mr. ROUSSELOT) found over $16 billion worth of items of waste, fraud, and abuse in the Defense Department.

The GAO produced over 44 different reports that find billions and billions of dollars of waste, so I am not asking the President to cut all of the waste. I am only asking him to find about half of it and cut it between now and January.

I hope Members will study this amendment and I hope that we really show that we are serious about fighting waste and fraud by passing it. People are tired of seeing their money wasted and if we do not allow our armies of wastecutters and auditors to cross the Potomac and look at the Pentagon's waste, we are never going to win this fight on waste at all, we will surrender.

□ 1030

TRAGEDY IN NORTHERN IRELAND

(Mr. NELLIGAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NELLIGAN. Mr. Speaker, the tragic events yesterday in Northern Ireland played out a familiar theme in that troubled land.

In the turbulence that followed the death of hunger striker Joe McDonnell in Maze Prison, a policeman and two strikers were injured, but the only death was that of a 16-year-old boy who was fatally shot by troops.

Over the past decade, it has been the innocent bystanders who have suffered most as the result of the conflict in Northern Ireland.

Of the approximately 2,000 people who have been killed, 1,500 have been men, women, and innocent children who have been out of uniform.

I have just returned from a factfinding mission to Northern Ireland, and was saddened and dismayed by what I found. The situation there is much worse than I expected; it cries out for an early and peaceful solution.

I appeal to the new Irish Prime Minister, Garret FitzGerald, to British Prime Minister Margaret Thatcher, to John Hume, leader of Northern Ireland's Catholic Social Democratic and Labor Party, and to Northern Ireland's Protestant leader Ian Paisley to do as our former President did in the Israeli-Egyptian peace talks—lock themselves in a room and not emerge until a solution is found.

Otherwise, this seemingly endless tragedy could eventually envelope the United States and many other nations of the world.

WAIVING CERTAIN POINTS OF ORDER AGAINST H.R. 4035, DEPARTMENT OF INTERIOR AND RELATED AGENCIES APPROPRIATIONS, 1982

Mr. BEILENSON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 170 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 170

Resolved, That during the consideration of the bill (H.R. 4035) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes, all points of order against the following provisions in said bill for failure to comply with the provisions of clause 2, rule XXI, are hereby waived: The two provisos beginning on page 11, line 7 through page 11, line 16; beginning on page 13, lines 5 through 8; beginning on page 18 lines 3 through 8; beginning on page 30, line 14 through page 31, line 4; beginning on page 36, line 14 through page 40, line 25; beginning on page 46, lines 5 through 12; and the proviso beginning on page 50, line 5 through page 50, line 9: *Provided,* That in any case where this resolution waives points of order against only a portion of a paragraph, a point of order against any other provision in such paragraph may be made only against such provision and not against the entire paragraph.

The SPEAKER pro tempore. The gentleman from California (Mr. BEILENSON) is recognized for 1 hour.

Mr. BEILENSON. Mr. Speaker, for purposes of debate only, I yield 30 minutes to the gentleman from Arizona (Mr. RHODES), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 170 waives points of order pursuant to clause 2, rule XXI against the bill H.R. 4035 making appropriations of $11.209 billion for the Department of the Interior and 13 related agencies. Clause 2 of rule XXI prohibits the reporting of appropriations bills which contain matters which have not been authorized or which contain legislation. The waiver of this rule is necessary because several paragraphs of H.R. 4035 contain appropriations for agencies or programs that have not yet been authorized and in certain instances there is language which is considered to be legislative in nature. The rule specifies by page and line number those portions of the bill for which a waiver has been granted. In addition, there is language that states that in those instances where a waiver has been granted for only a portion of a paragraph of the bill that that portion will be protected even though a point of order might lie against some other portion of the paragraph. In other words, a point of order against a portion of a paragraph would not extend to the entire paragraph and thus in effect wipe out that portion of the bill which the rule seeks to protect.

Mr. Speaker, the rule is straightforward and follows the pattern of rules normally reported on appropriation bills.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. BEILENSON. I am happy to yield to the gentleman from Pennsylvania (Mr. WALKER).

Mr. WALKER. Mr. Speaker, I am particularly interested in the gentleman's explanation of a new provision in this bill which is not typical of previous rules that have been reported out of the committee; namely, that portion of the rule at the end which says:

Provided, That in any case where this resolution waives points of order against only a portion of a paragraph, a point of order against any other provision in such paragraph may be made only against such provision and not against the entire paragraph.

I would first of all like to ask the gentleman if this is not an unusual rule with regard to the rules of the House. I refer the gentleman to rule XXI, clause 2, and the explanation contained in Jefferson's Manual on that makes this point:

Points of order against unauthorized appropriations or legislation on general appropriation bills may be made as to the whole or a portion only of a paragraph, and the fact that a point is made against a portion of a paragraph does not prevent another point against the whole paragraph.

In other words, what we are doing is abandoning that particular concept of the House rules by going to a rule here which says that one cannot offer a point of order which would go to the whole of that amendment. I would like to ask the gentleman why we have in this particular rule, for the first time, moved in that direction.

Mr. BEILENSON. I thank the gentleman for raising that point.

It is my understanding this may be one of the first instances in which this particular language has been included in a rule. It is also, in this Member's understanding, that we are in no way violating the rule to which the gentleman referred. We are seeking simply to protect that portion of the paragraph against which the rule has been waived and we are not seeking to do anything beyond that.

I think we are seeking to limit the protection to that extent.

Mr. WALKER. Can the gentleman tell me how this does jell with the rules of the House which say one can offer a point of order against an amendment as a whole? This rule would seem to say one cannot offer a point of order against an amendment as a whole.

Mr. BEILENSON. We are simply waiving the various items within the paragraph which may, in fact, have the same effect but there is nothing in our understanding of the rule to which the gentleman refers that would prohibit our doing it in this manner.

Mr. RHODES. Mr. Speaker, will the gentleman yield?

Mr. BEILENSON. I yield to the gentleman from Arizona (Mr. RHODES).

Mr. RHODES. Actually, I think the provision is rather unique, but I can understand the philosophy behind it. I think the philosophy of the chairman of the Rules Committee was to try to rifleshot the items which the Appropriations Committee wanted particularly to have protected by a waiver of the point of order, and not to include other matter in the protection which otherwise might be subject to a point of order.

Actually I regard what the committee did as to liberalize rather than narrow the options that are before the House because if this were not so, if this were not done in this manner, it would probably be necessary for the Rules Committee to bring out a rule protecting the whole paragraph.

What the committee has done instead is to bring out a rule which only protects those parts which the Appropriation Committee wants protected and leave the rest of it subject to whatever points of order there may be.

I am not aware of any point of order that would lie against the remainder of that paragraph. There may be one. But, if so, then the intent of the committee was to leave that portion exposed and subject to any other point of order.

Mr. WALKER. Will the gentleman yield further on that point?

Mr. BEILENSON. I yield to the gentleman.

Mr. WALKER. I thank the gentleman from Arizona for his explanation. I think it is very helpful.

Am I correct, however, that this does prevent a Member from offering a point of order against a whole paragraph based upon an objection to a portion of the paragraph?

Mr. BEILENSON. That is correct.

Mr. WALKER. That is correct? Is this likely to be boilerplate language that we will see on other appropriation bills that confront this committee in the future?

Mr. BEILENSON. I cannot answer the gentleman's question. It is a perfectly legitimate question, but this Member cannot answer it. I simply do not know if that will be the case in the future.

Mr. RHODES. Will the gentleman yield to me?

Mr. BEILENSON. I will be happy to yield to my friend from Arizona.

Mr. RHODES. If I might, perhaps to refine the statement of the gentleman from California (Mr. BEILENSON), it is my understanding that if this were to be in other appropriation bills as they go along, that still it would refer only to the matters which are actually excluded and would not preclude the possibility of other points of order to the paragraph which is waived. So actually, as I mentioned before, the only other technique which could be used would be to waive points of order on the whole paragraph. I am sure the gentleman from Pennsylvania (Mr. WALKER) would not want that done any more than the gentleman from Arizona would want it done.

I have not talked to the chairman of the Rules Committee concerning this, but knowing a little bit about his philosophy of legislation, I think that he has probably tried to liberalize the options before the House rather than to narrow them.

Mr. WALKER. Will the gentleman yield further?

Mr. BEILENSON. Of course.

Mr. WALKER. I thank the gentleman for yielding. I think the gentleman from Arizona (Mr. RHODES) helps substantially to clarify the point.

I guess one of my fears on this is that it is obvious that what we are doing is protecting, if we look at the bill sections that are being waived, we are protecting legislation in an appropriations bill.

Mr. BEILENSON. But we are limiting that protection.

Mr. WALKER. Yes. I understand that. But it seems to me we are setting up a mechanism whereby the Appropriations Committee could do substantially more legislating in appropriations bills, clear it through a waiver process in the Rules Committee, and allow far more limited debate on the House floor of some of those kinds of provisions in the future. That is the reason I am concerned about some attempt to make this standard boilerplate language in future rules governing appropriations bills.

Mr. BEILENSON. I appreciate the point the gentleman has made. I disagree with respect to the intent of the Rules Committee or the subcommittees of the Appropriations Committee. There is no reason in the world for us, by undergoing this process or undertaking this process with this new language, to try to protect any further than we ordinarily would in the Rules Committee any legislation that is to be found in appropriation bills and, in fact, as our friend from Arizona (Mr. RHODES) has explained, we are, in fact, limiting the protection through this particular method.

Mr. WALKER. I thank the gentleman very much for yielding and for his explanation. I also thank the gentleman from Arizona (Mr. RHODES) for his explanation.

Mr. RHODES. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as the gentleman from California (Mr. BEILENSON) has explained, House Resolution 170 waives certain points of order against H.R. 4035, which makes appropriations for the Department of the Interior and related agencies for fiscal year 1982.

As all of us realize, I am sure, at least those of us who have served on the Appropriations Committee in the past, this is not a new technique. It is employed frequently in balancing the interests of moving the legislative program in that it is important to move an appropriation bill prior to the time that all of the bills authorizing certain parts of it have been passed and become law.

H.R. 4035 does include appropriations for a number of programs for which legislation has not yet been enacted. As I mentioned, the rule waives all points of order under clause 2 of rule XXI in seven instances. I would ask unanimous consent at this point to include those seven instances in the RECORD.

1. *National Park Service, Operation of the National Park System.* The Committee has recommended an appropriation of $527.6 million with a provision that the Park Service shall not enter into future concessionaire contracts that do not include a termination for cause clause and a provision that appropriations be available for maintenance and improvement of roads within the Indiana Dunes National Lakeshore whether or not title to road rights-of-way is in the United States. Neither provision is authorized.

2. *John F. Kennedy Center for the Performing Arts.* The necessary authorizing legislation to continue the nonperforming arts functions and services at the Center is included in H.R. 3377, reported May 19, 1981 from the Public Works and Transportation Committee. Companion legislation, S. 1209 passed the Senate June 2, 1981.

3. *Office of Surface Mining Reclamation and Enforcement—Administration Provision.* The Committee has recommended a provision which prohibits using funds for a program that does not include continued operation of a field organization as presented to and approved by Congress for fiscal year 1981. This provision is not authorized.

4. *General Provision, Department of the Interior.* The Committee has recommended provisions prohibiting (1) detailing employees outside their agency unless the agency is fully reimbursed or the detail is in connection with Office of Personnel Management approved training or development (Sec. 111); (2) using funds for a program which does not include the continued operation of the Office of Aircraft Services as approved by Congress in fiscal year 1981 (Sec. 112); and (3) use of funds for reorganizations under the authority of Reorganization Plan No. 3, 1950 unless approved in an appropria-

tions act (Sec. 113). None of these provisions is authorized.

5. *Department of Energy.* Authorizing legislation is contained in H.R. 3146 and H.R. 3447, reported from the Science and Technology Committee on May 19, 1981; H.R. 3505 reported from Interior and Insular Affairs on May 19, 1981; and H.R. 3023 which passed the House on June 11, 1981. Authorization legislation affecting programs under the jurisdiction of the Energy and Commerce Committee has not been reported. Companion legislation, S. 1021, was reported from the Senate Energy and Natural Resources Committee on May 15, 1981. Various authorizations are also included in the pending reconciliation legislation.

6. *Smithsonian Institution, Construction.* The Committee recommends $1 million for construction activities of the Smithsonian Institution. H.R. 2632 and S. 778 authorizing the activity have been introduced but not reported.

7. *National Foundation on the Arts and the Humanities, Institute of Museum Services.* The Committee recommends an appropriation of $14.2 million for the Institute of Museum Services with a provision establishing the Institute as an entity in the National Foundation on the Arts and the Humanities. This provision is not authorized.

Further, in any case where this resolution waives points of order against only a portion of a paragraph, a point of order against any other provision in such paragraph may be made only against such provision and not against the entire paragraph, as has been mentioned previously.

Mr. Speaker, there was no opposition to the rule in the shape of testimony before the Rules Committee.

I have no further requests for time and reserve the balance of my time.

Mr. BEILENSON. Mr. Speaker, I know of no opposition to the rule on H.R. 4035. I urge adoption of the resolution so that the House might proceed to the consideration of the Interior appropriation bill.

Mr. WEAVER. Mr. Speaker, will the gentleman yield?

Mr. BEILENSON. I yield to the gentleman from Oregon (Mr. WEAVER).

Mr. WEAVER. Mr. Speaker, I would like to ask a question of the distinguished gentleman from California (Mr. BEILENSON) on page 52, section 302 of the bill. Is there any provision in the rule which waives a point of order against this section?

Mr. BEILENSON. There is not.

Mr. WEAVER. I thank the gentleman.

Mr. BEILENSON. The gentleman is welcome.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

□ 1045

ANNUAL REPORT OF NATIONAL SCIENCE FOUNDATION FOR FISCAL YEAR 1980—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with accompanying papers, without objection, referred to the Committee on Science and Technology:

(For message, see proceedings of the Senate of today, Thursday, July 9, 1981.)

DEPARTMENT OF DEFENSE AUTHORIZATION ACT, 1982

Mr. PRICE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R 3519) to authorize appropriations for fiscal year 1982 for the Armed Forces for procurement, for research, development, test, and evaluation, and for operation and maintenance, to prescribe personnel strengths for such fiscal year for the Armed Forces and for civilian employees of the Department of Defense, to authorize appropriations for such fiscal year for civil defense, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. PRICE).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mrs. SCHROEDER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 385, nays 4, answered "present" 2, not voting 40, as follows:

[Roll No. 116]

YEAS—385

Addabbo	Beilenson	Brodhead
Akaka	Benedict	Brooks
Albosta	Benjamin	Broomfield
Alexander	Bennett	Brown (CO)
Anderson	Bereuter	Brown (OH)
Annunzio	Bethune	Broyhill
Anthony	Bevill	Burgener
Archer	Biaggi	Burton, John
Ashbrook	Bingham	Burton, Phillip
Aspin	Blanchard	Butler
Atkinson	Bliley	Byron
AuCoin	Boggs	Campbell
Badham	Boland	Carman
Bafalis	Bolling	Carney
Bailey (MO)	Boner	Chappell
Bailey (PA)	Bonior	Chappie
Barnes	Bouquard	Cheney
Beard	Bowen	Clausen
Bedell	Brinkley	Clinger
Coats	Hamilton	Moore
Coelho	Hammerschmidt	Moorhead
Coleman	Hance	Morrison
Collins (IL)	Hansen (ID)	Mottl
Collins (TX)	Hansen (UT)	Murphy
Conable	Harkin	Murtha
Conte	Hartnett	Myers
Conyers	Hatcher	Napier
Corcoran	Hawkins	Natcher
Coughlin	Heckler	Neal
Courter	Hefner	Nelligan
Coyne, James	Heftel	Nichols
Coyne, William	Hendon	Nowak
Craig	Hertel	O'Brien
Crane, Daniel	Hightower	Oakar
Crane, Philip	Hiler	Oberstar
D'Amours	Hillis	Obey
Daniel, Dan	Holland	Panetta
Daniel, R. W.	Hollenbeck	Parris
Danielson	Hopkins	Pashayan
Dannemeyer	Horton	Patman
Daschle	Howard	Paul
Daub	Hoyer	Pease
Davis	Hubbard	Pepper
de la Garza	Huckaby	Perkins
Deckard	Hughes	Petri
Dellums	Hunter	Peyser
DeNardis	Hyde	Pickle
Derrick	Ireland	Porter
Derwinski	Jeffords	Price
Dickinson	Jeffries	Pritchard
Dicks	Jenkins	Pursell
Dixon	Johnston	Quillen
Donnelly	Jones (OK)	Rahall
Dorgan	Jones (TN)	Railsback
Dornan	Kastenmeier	Rangel
Downey	Kazen	Ratchford
Dreier	Kildee	Regula
Duncan	Kindness	Reuss
Dunn	Kogovsek	Rhodes
Dwyer	Kramer	Rinaldo
Dymally	LaFalce	Ritter
Dyson	Lagomarsino	Roberts (KS)
Early	Lantos	Roberts (SD)
Eckart	Latta	Robinson
Edgar	Leach	Rodino
Edwards (CA)	Leath	Roe
Edwards (OK)	LeBoutillier	Roemer
Emerson	Lee	Rogers
Emery	Lehman	Rosenthal
English	Leland	Rostenkowski
Erdahl	Lent	Roth
Erlenborn	Levitas	Roukema
Ertel	Lewis	Rousselot
Evans (IN)	Livingston	Roybal
Fary	Loeffler	Rudd
Fascell	Long (LA)	Russo
Fazio	Long (MD)	Sabo
Fenwick	Lowery (CA)	Santini
Ferraro	Lowry (WA)	Sawyer
Fiedler	Lujan	Scheuer
Fields	Luken	Schneider
Findley	Lundine	Schroeder
Fish	Lungren	Schulze
Fithian	Madigan	Seiberling
Flippo	Markey	Sensenbrenner
Florio	Marks	Shamansky
Foglietta	Marriott	Shannon
Foley	Martin (IL)	Sharp
Ford (TN)	Martin (NC)	Shaw
Forsythe	Martin (NY)	Shelby
Fountain	Matsui	Shumway
Fowler	Mattox	Shuster
Frank	Mavroules	Siljander
Frost	Mazzoli	Simon
Fuqua	McClory	Skeen
Garcia	McCloskey	Skelton
Gaydos	McCollum	Smith (AL)
Gejdenson	McCurdy	Smith (IA)
Gephardt	McDonald	Smith (NE)
Gilman	McEwen	Smith (NJ)
Gingrich	McGrath	Smith (OR)
Ginn	McHugh	Snowe
Glickman	McKinney	Snyder
Gonzalez	Mica	Solarz
Goodling	Michel	Solomon
Gore	Mikulski	Spence
Gradison	Miller (CA)	St Germain
Gramm	Miller (OH)	Stangeland
Gray	Mineta	Stanton
Green	Minish	Stark
Gregg	Mitchell (NY)	Staton
Grisham	Moakley	Stenholm
Guarini	Molinari	Stratton
Gunderson	Mollohan	Studds
Hall (OH)	Montgomery	Stump

Swift	Watkins	Wolf
Synar	Waxman	Wolpe
Tauke	Weber (MN)	Wortley
Tauzin	Weber (OH)	Wright
Taylor	Weiss	Wyden
Thomas	White	Wylie
Traxler	Whitehurst	Yates
Trible	Whitley	Yatron
Udall	Whittaker	Young (FL)
Vander Jagt	Whitten	Young (MO)
Vento	Williams (MT)	Zablocki
Walgren	Williams (OH)	Zeferetti
Walker	Wilson	
Wampler	Winn	

NAYS—4

Evans (IA)	Weaver
Mitchell (MD)	Young (AK)

ANSWERED "PRESENT"—2

Ottinger	Schumer

NOT VOTING—40

Andrews	Evans (GA)	Marlenee
Applegate	Ford (MI)	McDade
Barnard	Frenzel	Moffett
Bonker	Gibbons	Nelson
Breaux	Goldwater	Patterson
Brown (CA)	Hagedorn	Richmond
Chisholm	Hall, Ralph	Rose
Clay	Hall, Sam	Savage
Cotter	Holt	Stokes
Crockett	Hutto	Volkmer
Dingell	Jacobs	Washington
Dougherty	Jones (NC)	Wirth
Edwards (AL)	Kemp	
Evans (DE)	Lott	

□ 1100

Mr. GRADISON changed his vote from "nay" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3519, with Mrs. BOUQUARD, Chairman pro tempore, in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. When the Committee of the Whole rose on Wednesday, July 8, 1981, title II was open for amendment at any point; and pending was an amendment offered by the gentleman from Utah (Mr. HANSEN) and an amendment offered by the gentleman from Illinois (Mr. SIMON) to the amendment.

Mr. WEAVER. Madam Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Madam Chairman, 6 years ago I appeared before the Armed Services Committee because I was concerned about the security of our country. I am not an expert in military matters, was not then and am not now. But sometimes an onlooker can see things more clearly than can those most closely involved. So I appeared before the Armed Services Committee in 1975, when I was a freshman Member of this body, with the message that our military weaponry appeared to me to be similar in shape to that of the knight in shining armor in the Middle Ages whose armor grew progressively heavier, more cumbersome, until that knight, the greatest war machine of its time, could no longer fight, and was defeated at the Battle of Agincourt by some scrawny little foot soldiers with strings and wooden shafts.

And when the Public Lands Subcommittee, of which I am a member, held an MX hearing, I asked the Air Force general who was in charge of the MX system if some day we might not need the P-40 more than we do the MX. The whole room burst out laughing. I said, "No," I was very serious because we are building weapons now so cumbersome, so complicated, so expensive, that I do not think that they guarantee the security of this Nation. I think they weaken the security of this Nation. When a weapon becomes too expensive to test, it is useless. When a plane like the F-14 that crashed in the ocean the other day costs $25 million and is crashed and lost, that is too expensive to lose. We have tanks that do not work. Many of our F-15's are on the ground and not workable at any given time because they are so technical, so complicated.

If there is one new computer system that has been developed, it goes on each weapon, building up constantly their expense and hindering their workability.

The MX is such a system carried to its logical absurdity, full of initials like MPS and LUA and PLU. It reminds me again of the Middle Ages when monks sat around debating how many angels could sit on the head of a pin. We now debate how many bombs on the head of a missile. The monks may have also brought up initials like FBD for fire breathing dragon and BTM for burn to mouth ratio, much as we do today.

My votes on military matters against many of our defense bills have been a protest of this policy of building these cumbersome, useless weapons which endanger our national security. I feel that the Maginot Line was a far better weapons system than the MX missile is, and the MX missile system, Madam Chairman, is a system that simply cannot work, will weaken our national security.

I want a strong America, the strongest possible America, and I do not want to see our Nation go down the path of obsolescence by expending its valuable funds for such systems as the MX.

Mr. DICKINSON. Madam Chairman, will the gentleman yield?

Mr. WEAVER. I yield to the gentleman from Alabama.

The CHAIRMAN pro tempore. The time of the gentleman from Oregon (Mr. WEAVER) has expired.

(On request of Mr. DICKINSON and by unanimous consent, Mr. WEAVER was allowed to proceed for 1 additional minute.)

Mr. DICKINSON. Madam Chairman, Let me say that I can readily understand the gentleman's concern. This is a very valid and a very legitimate concern shared by many people in many places. But to simply say that one is opposed to these weapons because they get too complicated and too cumbersome really is not an answer.

I was wondering what the gentleman would propose in its place. Nothing?

Mr. WEAVER. I simply look at our nuclear arsenal now, 1,000 Minutemen 2 and 3, 40 Polaris and Poseidon submarines, and I say, "That's enough." But let us build our armed services with simple, effective equipment, small ships, well trained and well equipped military people.

Mr. DICKINSON. Bows and arrows?

Mr. WEAVER. Bows and arrows, perhaps bows and arrows. Who knows?

Mr. DICKINSON. I thought that was the gentleman's philosophy.

Mr. LUJAN. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I rise in support of the amendment by the gentleman from Utah. A land-based MX missile would entail the largest construction project in history. Yet the authorization bill being considered today treats the issue as if it were already settled. Millions of concerned citizens say the debate is far from over. And I wholeheartedly agree. The purpose of this amendment is to insure that the debate over this vital issue is not cut off prematurely and that the Federal Government does not commit itself to a $100 billion mistake.

While this amendment defers funding for the land-based MX, it is not a judgment on that basing mode. Those who support the concept will continue to have the opportunity to make their case. Those of us who feel it is an unsound proposal will be able to have ours.

The Congress must be fully involved in the decisionmaking process. Without this amendment we will be left out in the cold. Without this amendment a basing-mode proposal that is far from proven is given its first official stamp of approval. Millions of citizens who await expert reports are shut out of the debate. I urge adoption of the amendment.

□ 1115

Mr. SEIBERLING. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, about 1½ years ago, realizing that this proposal would require the withdrawal of very large amounts of public land—approximately 25,000 acres—and therefore would require legislation initiated in the Public Lands Subcommittee that I chair, the subcommittee commenced a series of hearings on the whole subject of this weapons system. We have had extensive hearings and briefings con-

cerning not only the impact on the public lands, the impact on the people in the States of Utah and Nevada, the impact on the environment, and the other economic uses of those resources, but also the military justification for this system. We had both public and classified briefings by the Defense Department and by outside experts.

As a result of our initial hearings I talked last year to President Carter. He referred me to Mr. Brzezinski, with whom I talked, as well as with various officials of the Defense Department.

This year we renewed our hearings, and have had further classified briefings. As a result of our initiative in arousing interest among Members of Congress and the public, the Congressional Research Service scheduled an all day symposium with consultants to the Defense Department, former admirals, military experts, and the Office of Technology Assessment made a study which they released about 3 weeks ago. So, I think it is safe to say that I have probably been exposed to this particular issue about as much as anyone in this House.

In May, our colleague from Utah (Mr. HANSEN) and other Members, as well as subcommittee staff, joined me and personnel from the Air Force in visiting the proposed deployment sites in Nevada and talking to some of the local citizens there.

Now, I would like to bring to the attention of the Members some of the main points that were learned in the course of this extensive investigation.

The most recent briefing we had in my subcommittee, about 3 weeks ago, was made by experts from the Office of Technology Assessment. OTA went into this subject in depth, as to what is the most desirable basing mode for the MX missile. One of the first things that they brought out was that the MX missile as presently conceived and as envisioned in this legislation before us is premised on the Soviet Union complying with the ceilings on nuclear warheads that are contained in the SALT II agreement, which of course has never been ratified and probably never will be. So, a major premise on which this proposal is based is invalid. There is no SALT ceiling. The Russians and we are legally free to proliferate warheads ad infinitum. If they do that, then the 4,600 shelters and the 200 missiles that are envisioned in this proposal will not be sufficient. We will have to make the decision as to whether or not there is going to be an increase in the number of Russian warheads by 1984 or 1985 in order to be able to expand the system before 1990 or 1989. If we wait until then, to decide whether to expand it, we will never catch up.

Mr. BEDELL. Madam Chairman, will the gentleman yield?

Mr. SEIBERLING. I will be happy to yield.

Mr. BEDELL. Is it not also correct that the Soviet missiles have significantly larger throw weight than our missiles? Therefore, if they MIRV their missiles, they can put significantly more warheads on each missile and will gain great advantage in trying to actually destroy all of those launching sites.

Mr. SEIBERLING. Yes; the Soviets could put 23 or more warheads on their SS-18 missiles. If they did, then one missile could take out one group of 23 shelters that would contain one MX missile. Therefore, it would be a simple matter for one Soviet missile to take out one MX warhead. Two hundred Soviet missiles could then take out all 200 of the MX missiles and all 4,600 shelters contemplated in the proposed MX/MPS system.

The CHAIRMAN pro tempore. The time of the gentleman from Ohio has expired.

(By unanimous consent Mr. SEIBERLING was allowed to proceed for 5 additional minutes.)

Mr. SEIBERLING. Now, let me just read a couple of excerpts from the OTA study. They say:

If there are no SALT ceilings and the Soviets choose to attempt to overwhelm an MPS deployment, and if they continue to upgrade their ICBM force during the 1980's at the same rate as they did in the 1970's, then they could have 7,000 or more warheads available to attack MX by 1990 in addition to thousands more for attacking other targets, and 12,000 or more by 1995.

Continuing:

The problem as we see it is that if the Soviets do in fact deploy very large numbers of warheads by 1990, 4,600 shelters would not be enough.

Continuing:

OTA finds that a prudent construction schedule would aim at somewhere between 8,000 and 9,000 shelters and 350 MX missiles deployed by 1990. This would cost more than $50 billion (1980 dollars) over the next nine years, and there would be comparable costs in the following decade if the Soviet threat continued to grow.

In fact, if the Soviet threat continued to grow, OTA's estimate is that, in 1980 dollars, in the next decade we would have to spend $78 billion to $83 billion. In my judgment, that is a conservative estimate.

The OTA study goes on to say:

Moreover, the system would offer survivability only if we succeed at what the Air Force calls "preservation of location uncertainty" (PLU), that is concealing which shelter holds the missile. It is difficult to have high confidence in PLU until prototypes have been constructed and tested.

Then, the OTA report goes on to discuss alternative methods of basing, including deployment of MX in existing silos, building additional ones, deployment on submarines, and so forth, all of which are feasible and all of which are far less costly than this proposed basing system.

Mr. CONYERS. Madam Chairman, will the gentleman yield at this point?

Mr. SEIBERLING. I will be happy to yield.

Mr. CONYERS. Could the gentleman tell me if he has any information that covers this apparently frantic search at the Pentagon for alternative MX basing sites and methods of deployment, and whether they include arrangements on trucks that would travel over interstate highways?

Mr. SEIBERLING. I am just about to go into that, if the gentleman will permit me. I am going to go into that.

Now, the staff of the subcommittee, both miniority and majority staff, having spent a great deal of time studying the details of this and other alternative systems, and having traveled with us and listened to all of the briefings and hearings, decided to come up with a report of their own. I did not tell them what their conclusions should be. They completed a draft of their report about 3 weeks ago. It has been distributed to the members of the Public Lands Subcommitee and the Interior and Insular Affairs Committee. Furthermore, I personally delivered a copy to Secretary of Defense Weinberger, and we had a good discussion on the subject.

I would like to read to you the staff's draft reports basic conclusion. Bear in mind that this was a bipartisan effort of the Republican and Democratic staffers who prepared this 25-page report. Here is their bottom line conclusion:

In the staff's opinion, doubts about the proposed MPS basing mode are so well founded and its deficiencies are so great that it should be rejected, especially since better alternatives are available; therefore the staff recommends against approval of any withdrawals of public land for the MPS basing mode as proposed by the Carter Administration.

The staff report goes on to outline some of the deficiencies of MX/MPS, as follows:

Deficiencies of the MPS basing mode are of three main types: strategic defects, socio-economic problems, and environmental problems. All are important and are discussed in the paper, but the strategic defects are decisive. Their effect is that the MPS basing mode intended to enable MX to be an effective retaliatory weapon after surviving a surprise attack—or "first strike"—by the U.S.S.R., provides only an illusion of survivability and thus would be a wasted investment of land, money, and resources which might even be harmful if it were the basis for a false sense of security.

Chief among the strategic defects of the MPS basing mode are the following:

MPS provides no survivability for MX until most of the planned system is built—and then, only if the Soviets should reverse the 15-year old trend of building up their strategic nuclear arsenal. Hence, MPS survival is directly dependent on Soviet construction rates.

If the Soviet threat continues to grow at its present rate, expansion of MPS beyond

4600 shelters would be required; but the Soviet "head start" in a warhead v. shelters race is such that the U.S. could never "catch up" and be sure of the survivability of the MX.

Survivability comes from hiding from the enemy, being truly mobile, or being strong enough to survive his blow. The MPS shelters would not be hidden; and OTA says that to keep secret the MX missiles' exact locations among the shelters will require "the equivalent of a new technology." MPS affords only constrained mobility to the MX. Furthermore, the horizontal shelters of MPS are less hardened than the Minuteman silos (surviving a force of 650 pounds per square inch vs. 2000 p.s.i. for Minuteman silos) whose apparent vulnerability is a basic reason for development of MX in the first place. (Soviet silos are hardened perhaps twice as hard as U.S. Minuteman silos.)

The powerful, accurate MX is to be a counter-silo weapon; by concentrating the MX force in one area, MPS would be a prime target in any Soviet plan for a "limited" nuclear war aimed at eliminating U.S. retaliatory forces; and MPS's dangerous vulnerability could work against deterrence by tempting the Soviets to consider a preemptive attack on MPS.

The advantage a Soviet offensive would have over MPS's passive defense for the MX would be even greater if the U.S.S.R. should achieve a technological breakthrough enabling them to locate the missiles based in the MPS; or if the Soviets should accelerate missile production; or if the Soviets should proceed to successfully test their existing SS-18 missile carrying 20 more warheads, being the U.S. principal counter silo weapon and being vulnerable to a large scale Soviet attack, MPS would increase the temptation for the Soviets to take one or more of the above actions. In effect, MPS escalates an arms race of shelters vs. warheads rather than reducing incentives to Soviets to build more warheads.

The staff report goes on to discuss recommended alternatives for consideration. I will not take time to outline them, but they are available for any Member who wishes to examine them. I might also point out that the staff report accords with the OTA report in its basic conclusions.

Now, when I took the staff report over to Secretary Weinberger, I said; "Mr. Secretary, this is only a draft, but you are waiting for the Townes Commission to come in with their recommendations as to the MPS basing mode, and I think you would find this helpful in your evaluation of it."

Then I pointed out to him something that I think most people are not aware of. That is this: Neither the Office of Technology Assessment nor the Townes Commission—and I commend the President and the Secretary for appointing the Townes Commission to make an independent evaluation of this tremendous weapons system—neither of them had, as part of their charge, the consideration of other possible weapons systems. Their charge was limited to an evaluation of alternative basing modes for the MX missile. Of course, the alternatives are so different that they, in effect, constitute a different system in some cases.

For example, if we build a fleet of 50 small submarines and put 2 MX missiles on each submarine, which is entirely feasible technologically and is much less vulnerable, much less provocative, has much less environmental impact and is much less costly, we would be able to proceed in about the same time frame, perhaps a little bit longer. However, it constitutes basically a different weapons system. In any event both the Townes Commission and the OTA have studied only alternative modes of basing the MX. The subcommittee minority and majority staff, on the other hand, looked into other alternatives, one of which is the scrapping of MX in favor of a small road-mobile ICBM that could be transported in an ordinary truck trailer. They would be completely disguisable, completely invulnerable to detection because they could be anywhere in this country; furthermore, such a system would be compatible with arms control, because you could have Soviet or international inspectors at the factory counting how many of them were produced.

That is one of the alternatives I suggested to Secretary Weinberger for consideration. I also conveyed to him my deep concern and feeling that it makes no sense for us and the Russians to go around in endless cycles of piling one nuclear weapons system on top of another. I recognize that something, not necessarily the MX, but something is needed to offset the vulnerability, the prospective vulnerability of our ICBM's, the Minuteman and Titan missiles, because their vulnerability to Russian attack might be too tempting to the Russians and this fact can lead us to adopt a launch on warning policy—itself destabilizing—and even precipitate a nuclear war. Moreover, if we are going to get the Russians to the bargaining table, and incidentally it is we, not they, who are holding back at this point, then we must proceed with some system that will minimize that vulnerability, until such time as we can achieve the mutual elimination of all nuclear weapons.

So, I said to Secretary Weinberger, "This only makes sense if it is done in the context of a new series of arms control, and not just control, arms reduction negotiations."

The CHAIRMAN pro tempore. The time of the gentleman from Ohio has again expired.

(By unanimous consent Mr. SEIBERLING was allowed to proceed for 1 additional minute.)

Mr. SEIBERLING. Madam Chairman, I then asked Secretary Weinberger if he had read George Kennan's speeck last May suggesting that both sides ought to agree to get rid of 50 percent of their nuclear weapons. He said he had and he thought there was a merit to that point, while recognizing that it takes "two to tango" and we are not necessarily going to get the Russians to agree.

I said, "Well, the question is, When are we going to start?" And he assured me that the administration does intend to proceed as expeditiously as possible with negotiations.

However, I pointed out to him that very day the newspapers reported that Ustinov, the Soviet Defense Minister, had said the United States had not, to that point, taken the first practical step toward reopening arms renegotiations.

My colleagues, it should be obvious by now that nuclear arms reduction is the only process that holds any hope for the future. I would just like to close by reading from a speech which George Kennan made earlier this year, in which he made this statement.

The CHAIRMAN pro tempore. The time of the gentleman from Ohio (Mr. SEIBERLING) has again expired.

(By unanimous consent, Mr. SEIBERLING was allowed to proceed for 30 additional seconds.)

Mr. SEIBERLING. Madam Chairman, if I may continue, George Kennan said this:

> On both sides, one must learn to accept the fact there is no security to be found in the quest for military superiority—that only in the reduction, not the multiplication, of the existing monstrous arsenals can the true security of any nation be found.

Madam Chairman, when are we going to start getting rid of this insane inventory of world-destroying weapons?

The CHAIRMAN pro tempore. The time of the gentleman from Ohio (Mr. SEIBERLING) has expired.

Mr. CONYERS. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, the Mormon Church has the right idea about the MX missile system. On May 5 the church leadership stated their unequivocal opposition to the MX missile. "We deplore in particular the building of vast arsenals of nuclear weaponry," the Mormon leaders stated.

> History indicates that men have seldom created armaments that eventually were not put to use . . . With the most serious concern over the pressing moral question of possible nuclear conflict, we plead with our national leaders to marshal the genius of the nation to find viable alternatives . . .

Opposition to the MX missile is very widespread. It is not only liberals who oppose it. Conservatives also oppose it. James J. Kilpatrick, the impeccably conservative newspaper columnist called it the biggest boondoggle of all time—a $60 or $70 billion squandering of public funds. Even top leaders in the military oppose it. Retired Rear Adm. Henry E. Eccles has written:

> The present situation with both "strategic" and "theatre" weapons is complex and

dangerous enough, without spending enormous resources on a project which will further complicate the situation without any assurances of accomplishing its supposed objective.

My sense is that public opposition to the MX missile system is growing at a rapid pace. In fact, as a result of public opposition in Utah and Nevada, the Pentagon now has to find other locations for the missile system, and ultimately may have to abandon all land-based modes, because citizens simply do not want the MX system in their backyards.

Now I read that the Pentagon is searching among an endless number of alternative basing modes, each of which is more hair raising—and hair brained—than the last. For example, I understand that the Pentagon planners are considering placing the missiles on trucks that would travel interstate highways, or on barges that would traverse inland waterways, or hydrofoils that would race across the oceans.

What fascinates me about these basing alternatives is the close proximity the MX missile would have to human beings, civilians, in towns and cities, on civilian highways or waterways. Pentagon planners seem to be excited about the mobility of an MX missile, regardless of the environments they would be mobile in.

Imagine driving down Interstate 95 to Richmond, Va., and traveling alongside a truck that is carrying in its bowels live MX missiles, ready for launch. Or boating on the Potomac and finding a MX missile-carrying barge alongside.

The effect of these crazy basing methods is to make the MX missile a cozy neighbor, to convince the public that they can feel at home with this horrendous nuclear weapon. The old attitude of fear and loathing toward nuclear weapons is being displaced by a new attitude of familiarity and fondness, as if the MX missile was just another product, not unlike all the others that crowd our lives. To even consider placing MX missiles on interstate highways, as Pentagon planners have, is to obliterate the distinction between the civilian and military life, between centers of population and military installations, indeed, between peace and war itself.

The Mormons had the courage to tell the rest of us they do not want the MX missile in their backyards, and under their feet. I hope that others also will determine they, too, do not want the MX missile in their States. And I look forward to the day when arms control will become a grassroots cause, and the people themselves will rise up and stop the insane and obscene arms race, of which the MX is but one outrageous example.

Mr. SEIBERLING. Madam Chairman, will the gentleman yield?

Mr. CONYERS. I yield to my colleague, the gentleman from Ohio.

Mr. SEIBERLING. Madam Chairman, later on I am going to put into the RECORD portions of a 1978 study by the Arms Control and Disaramament Agency which reveals that a full-scale nuclear exchange between the United States and Russia would not only produce the fallout and blast and all the other deadly things we are aware of that would be just incredibly devastating, but it could destroy up to 70 percent of the ozone layer in the stratosphere. The ozone layer is the thing that seals the Earth from absolutely destructive ultraviolet radiation. If this layer is destroyed, the destruction would last for years and could make it impossible for any unprotected living creature or plant to survive on the surface of the Earth.

We are playing with the balance of life on this planet. Surely it is time that we got rid of these weapons that threaten the very existence of the entire human race.

Madam CHAIRMAN, I thank the gentleman for yielding.

Mr. CONYERS. Madam Chairman, I thank my colleague, the gentleman from Ohio (Mr. SEIBERLING), and I would like to join with those who feel that he has made a very important contribution to this debate.

I would also like to ask the gentleman whether or not, in the course of the events and information-gathering that he participated in, there was any information brought to his attention that the administration is engaged in a search for alternative ways to deploy and site the MX missile. And I want to ask him about two in particular, and here is the first one.

Mr. SEIBERLING. Madam Chairman, if the gentleman will yield, the answer to the first question is, "Yes" they are engaged in a search for alternative ways.

Mr. CONYERS. Has the gentleman found out anything about the intent to put the MX missile in basing arrangements like, for example, trucks that would travel Interstate highways or trucklike launchers to be parked at military installations that could be moved around on the Interstate highways to escape detection. That is the first one.

Mr. SEIBERLING. Madam Chairman, does the gentleman wish me to answer that first?

Mr. CONYERS. Yes.

Mr. SEIBERLING. They have looked into putting the MX on trucks on Interstate highways. The MX is so huge that it is not really a practical solution.

The have not looked into the question of building an entirely different missile that would be small enough to put in an ordinary commercial semitrailer.

Mr. CONYERS. Madam Chairman, I thank the gentleman.

Does the gentleman from California (Mr. JOHN L. BURTON) seek recognition?

Mr. JOHN L. BURTON. Yes. Madam Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from California.

Mr. JOHN L. BURTON. Madam Chairman, I think the gentleman overlooks the fact that Congress could pass a bill making bigger trucks able to travel on the Interstate highways and exempt them from toll highways for the MX missile, and we could then drive them around the Interstates.

Mr. SEIBERLING. Madam Chairman, if the gentleman will yield, the Interstates are not strong enough to support a truck of that size. They would have to rebuild all the bridges.

Mr. JOHN L. BURTON. That would be little enough for the money we are blowing on the MX missile, if we need to make that change and rebuild all the highways and bridges in existence.

Mr. SEIBERLING. It could completely alter the system, but it would not be practical; there is no question about that.

The CHAIRMAN pro tempore. The gentleman from Michigan (Mr. CONYERS) controls the time.

Mr. CONYERS. Madam Chairman, let me ask the gentleman from Ohio (Mr. SEIBERLING) another question.

Is there any evidence of any mention to site the MX missile by placement on barges that would travel on inland waterways or hydrofoils that would traverse the waters and the oceans?

Mr. SEIBERLING. Madam Chairman, if the gentleman will yield, that has been considered. There are some serious drawbacks to it, however.

Even if the missile was small enough so it could not be detected, it would be very easy for the Russians to build enough missiles to completely blanket the inland waterways and thereby wipe out whatever was on them.

Mr. CONYERS. So if any one of these unseemly prospects were eventually to be funded prematurely and put into action, thanks to the Pentagon, we might be driving down Interstate 95 to Richmond or Savannah and be driving alongside a cargo of live MX missiles?

Mr. SEIBERLING. The road system would simply not support the size of a trailer and van that would be required to carry the MX missile. The two together weigh about 1 million pounds. That is not a practical solution.

Mr. CONYERS. Madam Chairman, that is very reassuring.

The CHAIRMAN pro tempore. The time of the gentleman from Michigan (Mr. CONYERS) has expired.

(By unanimous consent, Mr. CONYERS was allowed to proceed for 3 additional minutes.)

Mr. CONYERS. Madam Chairman, let me ask the gentleman from Ohio (Mr. SEIBERLING), what about the prospect of boating on the Potomac River alongside a barge loaded with an MX missile?

Mr. SEIBERLING. Madam Chairman, if the gentleman will yield, that is not a practical alternative either. The MX missile is too big to conceal on any ordinary barge, and, therefore, it is not a practical solution, because the Russians could locate it and wipe it out.

Mr. CONYERS. Madam Chairman, I am reassured by the impossibility of the solution.

Mr. BADHAM. Madam Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from California.

Mr. BADHAM. Madam Chairman, I thank the gentleman for yielding.

I have here an ICBM basing option report from the Office of the Deputy Under Secretary of State for Research and Engineering. I would like to just list a few of these system concepts.

Launch under attack (LUA); orbital based; shallow underwater missile. Then we see hydra; sea sitter; shipinland; wide body jet; short takeoff and landing (STOL); vertical takeoff and landing; (VTOL); dirigible; Midgetman—that is a new one—hard rock silo; hard tunnel; south side basing; sandy silo; commercial rail; off-road mobile; ground effect machine—that is called GEM—road mobile minuteman; and Road Mobile a new missile.

So I think the gentleman can understand that we have many, many alternatives.

Mr. CONYERS. Madam Chairman, I do not know if I am as comfortable as I felt a little bit earlier with the gentleman from Ohio.

Mr. SEIBERLING. Madam Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from Ohio.,

Mr. SEIBERLING. Madam Chairman, the gentleman only asked me about certain basing options which are, in my opinion, not practical. However, there are some that are practical. For instance, the shallow underwater missile is practical and is much cheaper. The only problem is that there are bottlenecks because of other naval vessel construction which might delay its deployment as a system for a year or so longer than MPS as proposed. However, as I have already outlined, without SALT II limitations MX/MPS will not be completed by 1989, since it would probably have to be greatly expanded.

On the other hand, each time you deploy a submarine with two MX missiles on it, you have added an effective increment to your deterrent. But with MX/MPS, until you have almost completed the total array, whether it is 4,600 or 12,000 shelters, you have nothing in the way of a significant deterrent.

So a difference in basing modes can make a tremendous difference in the effectiveness of the system.

Mr. CONYERS. Madam Chairman, I will study this debate very carefully in the CONGRESSIONAL RECORD tomorrow, and I will then let the Members know how comfortable I can feel after 24 hours' consideration.

Mr. SEIBERLING. Madam Chairman, will the gentleman yield further?

Mr. CONYERS. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Madam Chairman, let me just say that both the Simon amendment and the Hansen amendment are the only sensible positions for the Congress to be in, it seems to me, at this time.

The CHAIRMAN pro tempore. The time of the gentleman from Michigan (Mr. CONYERS) has again expired.

(On request of Mr. SEIBERLING, and by unanimous consent, Mr. CONYERS was allowed to proceed for 1 additional minute.)

Mr. SEIBERLING. Madam Chairman, will the gentleman yield?

Mr CONYERS. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Madam Chairman, because the Townes Commission has not yet reported to the President, the Members have not had an opportunity to fully evaluate the results of their work, let alone some of the studies already made, and, therefore, the Congress, while it must under either amendment resolve this issue within 60 days of the time the study is made, there should not be a decision until that time.

Mr. CONYERS. Madam Chairman, let me say that there is also another prospect in case either of these amendments fail. That is to remove the funding completely until there is more logic and understanding among the Congress about this matter.

Madam Chairman, I yield back the balance of my time.

Mr. PRICE. Madam Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Madam Chairman, we had extensive discussions on this amendment last night, and I believe that every member of the Committee is thoroughly familiar with the issues involved. I appreciate that there are others who want to be heard, but I wonder if we could come to some agreement on a time limitation.

The House is scheduled to meet until 8 this evening. We would like to get out a little earlier. We have been trying to shoot for 6 o'clock. We have quite a number of amendments pending. It is possible that we could finish this legislation this evening. If there is not too much delay, then we could avoid a session tomorrow and I think all of us want to do that.

Madam Chairman, I ask the cooperation of the Members to see if we can conclude our business this evening.

Mr. DICKINSON. Madam Chairman, will the gentleman yield?

Mr. PRICE. I yield to the gentleman from Alabama.

Mr. DICKINSON. Madam Chairman, I join with the committee chairman in expressing concern as to moving as expeditiously as possible and without at all wishing to cut off anyone's right to be heard, because this is a most important issue.

I just wonder if we could get some expression as to how many Members there are who would yet like to be heard, and perhaps we can agree on an hour or on some time.

Mr. PRICE. Madam Chairman, if the gentleman will permit me to see just exactly how the Members feel, I would offer a motion that all debate on this amendment and all pending amendments conclude by 12:15.

The CHAIRMAN pro tempore. Does the Chair understand that the gentleman from Illinois (Mr. PRICE) is offering a motion?

Mr. PRICE. Madam Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto conclude by 12:15 p.m.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. BEDELL. Madam Chairman, reserving the right to object, could we find out how many Members wish to speak? If we have only 30 seconds each, it is not going to be sufficient.

Madam Chairman, are the Members standing?

The CHAIRMAN pro tempore. Are the Members standing who wish to be heard?

Mr. BEDELL. Madam Chairman, that gives everybody just 1 minute.

Mr. DICKINSON. Madam Chairman, I wonder if we might make it a quarter to 1?

Mr. PRICE. Let us say 12:30.

Madam Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto conclude at 12:30 p.m.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. CONYERS. Madam Chairman, will the gentleman yield to me?

Mr. PRICE. I yield to the gentleman from Michigan.

Mr. CONYERS. Madam Chairman, I would like to point out that I am concerned about finishing in a reasonable time as much as everyone else, but I would like to remind the Chairman

and this Committee that this House was supposed to have continued general debate and finished at 6 o'clock yesterday. Instead, we finished general debate and went to the amendment process, and, very appropriately, with the large systems strung into title I of this piece of legislation, we went through title I and part of title II without any notice to the Members. We did not desist; we continued, and now we have the Chairman pleading with us to finish early.

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Mr. BEARD. Regular order, Madam Chairman.

The CHAIRMAN pro tempore. The gentleman from illinois (Mr. PRICE) has the floor.

Mr. CONYERS. A point of order. The Chairman has yielded to me, Madam Chairman.

The CHAIRMAN pro tempore. Is the gentleman from Michigan reserving the right to object?

Mr. CONYERS. No, I am not, Madam Chairman.

The CHAIRMAN pro tempore. An objection has not been heard and the Chair will allocate the time among all Members standing.

Mr. PRICE. Madam Chairman, I do not know what the controversy is about.

The CHAIRMAN pro tempore. Members standing at the time the unanimous-consent request was agreed to will be recognized for less than 3 minutes each and the debate will conclude at 12:30.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from New York (Mr. DOWNEY).

Mr. DOWNEY. Madam Chairman, I rise to talk about one aspect of the MX missile and intend to take some time during the debate on the amendment of the gentleman from California (Mr. DELLUMS) to talk about related elements.

The two elements of MX are fairly clear to all of us. One is the survivable, or supposed survivable, basing mode of the MX missile, the other element is the ability of U.S. warheads to be able to destroy Soviet warheads in their silo, this is where a hard target time urgent kill capability is also embedded in the MX.

Everyone has already addressed in some detail the notion that without the SALT limits on the number of warheads that the Soviets have, we will have to have far many more than 4,600 shelters in order to protect 200 missiles. No one has, to my knowledge, taken the floor to tell us what the cost exchange ratio is for silo shelters versus warheads. We all know that the SS-18 has 10 warheads, that potentially it could have 14 within short order, and over a period of time could hold as many as 30, while the SS-17 and the SS-19 are limited to 4 and 6 respectively.

They are weapon systems capable of striking hard targets in the United States over time.

So that there is no doubt—is there anybody here on the floor who doubts that, without the SALT limits, 4,600 shelters is not enough? If there is somebody who doubts that, I would like to hear a discussion of how we can build this basing mode, make it work without SALT. I thought not.

And I would like the record to show that no one stood on that point because it is a matter of indisputable fact that this basing mode cannot be built, it is not affordable without some limit on the number of Soviet warheads.

No one disputes that. Yet what are we going to do? We are going to go ahead and appropriate and authorize the money for a basing system that everyone realizes——

The CHAIRMAN pro tempore. The time of the gentleman from New York (Mr. DOWNEY) has expired.

(By unanimous consent, Mr. MILLER of California yielded his time to Mr. DOWNEY).

Mr. DOWNEY. Madam Chairman, having dispensed with that argument, let us examine for a moment the window of vulnerability, and it is my hope here we can also discuss that for a few minutes in someone else's and if not now, during the time of the gentleman from California (Mr. DELLUMS).

The window of vulnerability is the argument that existing fixed base silos can be destroyed by Soviet incoming warheads if they target as many as two per silo, they potentially have the ability, certainly within the next 2 or 3 years, of reducing the size of our fixed base warheads by 80 or 90 percent.

I do not quarrel with that. The question then becomes, will they do it? Is that the rational action of a rational government? If the answer is if you take a look at the number of U.S. casualties done by the Office of Technology Assessment, the estimates range anywhere from 2 to 22 million American dead. If the Soviets, through the cosmic throw of the dice, decide to launch attacks against our silos, why would they do that?

First of all, such an attack would require tremendous planning and coordination. No one has ever flown missiles over the poles, the North Pole or South Pole. The North Pole would be the one that the Soviets and we would have to fly over to have our missiles arrive on time. There are problems of geodesy and gravity that have never been measured.

The second problem is that the Soviet leader could never be sure that the ICBM's they wanted to destroy would be there to be destroyed, if they were launched after he launched his attack.

An American President might decide to launch on warning. They, the Russians, would destroy a lot of empty silos and kill a lot of Americans.

So that issue, it seems to me, has not been addressed.

The other notion is if you want to guarantee the beginning of world war III, attacking silos is precisely the way to do it.

What would the Soviets have to gain with thermonuclear exchange of some 16,000 warheads? It would end their society as we know it and end ours as we know it.

So what we are talking about——

The CHAIRMAN pro tempore. The time of the gentleman from New York (Mr. DOWNEY) has expired.

(By unanimous consent, Mr. DELLUMS yielded his time to Mr. DOWNEY).

Mr. DOWNEY. I thank both my friend from California (Mr. DELLUMS) and the gentleman from California (Mr. MILLER) for yielding to me.

We are not talking about a system that provides additional deterrence in terms of survivability with the MPS. We know that. We are talking about a system that is going to assuage military planners, who theoretically have created a window of vulnerability.

If you have gotten a cold in the open window draft, I suggest you take a much harder look at the strategic planning, that we begin to examine in detail the whole notion of what counterforce means, what we are buying with MX, because we will, frankly speaking, never ever build an MPS system. Our friends from the West will not allow it to happen, fortunately for us, but we will probably go ahead with the MX itself, and when the gentleman from California (Mr. DELLUMS) offers his amendment, I hope we can expend an adequate amount of time addressing one of the most suicidal aspects of strategic deterrence, and that is time urgent hard target kill capability.

I urge my colleagues, whether we are for MX or against the MX in principle, if we think we need that capability, to vote for the Simon amendment to the Hansen amendment because the basing system makes no sense. The Members have demonstrated that by their silence in discussing the whole question of whether or not we need 4,600 or 5,600 or 10,600 shelters. We cannot build that many. We should not build that many. Please accept the Simon amendment when it comes up for a vote.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Idaho (Mr. CRAIG).

Mr. CRAIG. Madam Chairman, just over 30 days ago this house approved an amendment to the Military Construction Authorization Act of 1982 which provided the President and the Congress—flexibility upon deciding how to deploy the proposed MX missile system.

That amendment changed the language in the original bill (H.R. 3455), so that funds for construction and deployment of the land based system would be delayed until the Congress had the opportunity to review the President's recommendation on the MX basing mode.

That vote 30 days ago was not an anti-MX vote, but it did prevent the Congress and the President from being cornered into funding a basing mode that may turn out to be inadequate, outdated, and destructive by the time it is deployed.

This DOD authorization bill for fiscal year 1982—again tries to provide funding exclusively for the MPS basing mode. Again, the President and the Congress has its back up against a wall. The language in this bill would effectively lock Congress into supporting the MPS basing mode for the MX missile.

A basing mode the Office of Technology Assessment says will need to be expanded in order to provide survivability against the Russian missile buildup—and at a cost of $82.57 million. A basing mode which only the Soviet Union has approved.

The amendment introduced here by Congressman HANSEN is again—not an anti-MX vote. It merely provides a neutral position on the MX basing mode until final studies are completed reviewing alternatives, and the Presidential recommendation on how to base the missile has been transmitted to Congress.

The option to consider this system should be left open. In this bill, as written, that option is effectively closed, and I believe that should be changed.

The argument put forth that it will cause delays in advancing the deployment of this system and endanger the security of the United States is frankly put, not true. Any delays encountered thus far with the MX have been technological considerations, problems with the Air Force, not the Congress. Now the Air Force itself tells us that their final environmental report is not going to be ready until late July or August.

This amendment, proposed by Members of both sides, is done so that the U.S. Congress, the President, and the American people will have the opportunity to review before implementation, the largest military project ever undertaken in the world since the building of the Great Wall of China.

Let us be consistent with what we did a month ago. I strongly urge you to support this amendment.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Iowa (Mr. BEDELL).

Mr. BEDELL. Madam Chairman, I would like to have the attention of the gentleman from Illinois and the gentleman from Utah. I think we need to clearly understand the differences between the amendment that is being offered and the original amendment.

It is my understanding that the amendment by the gentleman from Utah would say that, when we do get the proposal from the administration, that proposal would be built unless the House disapproves of the proposal.

Is that roughly what it says?

Mr. HANSEN of Utah. Madam Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from Utah.

Mr. HANSEN of Utah. Roughly that is correct.

Mr. BEDELL. My understanding of the amendment by the gentleman from Illinois is that when we get the proposal from the administration it would not be built unless the House approves of that proposal. Is that the difference that we have?

Mr. SIMON. Madam Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from Illinois.

Mr. SIMON. What my amendment says is that within 60 days the two Houses have to act, have to take affirmative action for the project to go ahead; that we proceed as we do in all other things: When the President makes a recommendation we then vote on it.

Mr. BEDELL. Does the gentleman from Utah have any assurance at all from the Committee on Armed Services that they would bring to the House an opportunity to vote on this if indeed the gentleman's amendment were passed and the administration brought forth such——

Mr. HANSEN of Utah. I have not talked to the committee on that. I would not be in a position to comment, but I think one thing that was brought out or should be brought out is that both Houses under the Simon amendment would have to agree on this.

Mr. BEDELL. There is no such assurance. I think we should recognize that the Committee on Armed Services is very supportive of the MX proposal, and has always been supportive of it. There is no requirement that they bring to the floor an opportunity for us to vote on this under the Hansen amendment.

If the gentleman has confidence that they will do what they do not believe in, and bring it to the floor for us to vote, then we will accomplish that with the Hansen amendment. If the gentleman wants to make sure that he has a chance to vote on this proposal, then he will support the Simon amendment where we have to have an opportunity to vote on it.

I will support either amendment, but I hope we realize that, in supporting the Hansen amendment, we may think we are doing something which may not happen.

Mr. DELLUMS. Madam Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from California.

Mr. DELLUMS. Would the gentleman advise his colleagues as to which amendment will be voted first?

Mr. BEDELL. It is my understanding that the Simon amendment will be voted on first. We have an opportunity at that time to guarantee ourselves the chance to vote upon the proposal that comes from the administration.

If that fails, we may have that opportunity or we may not.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. EDWARDS).

Mr. EDWARDS of California. Madam Chairman, the debate over the MX system has now been raging for several years. It has recently become apparent that the opposition has grown and become more broadly based, both politically and geographically. I have no doubt this opposition will continue to grow. The State leaders of Nevada and Utah have expressed their opposition. Former CIA Director Stansfield Turner opposes the MX. Former Nixon Defense Secretary Melvin Laird opposes basing the MX on land. Even President Reagan has yet to endorse this system.

The reasons for the widespread opposition to this system are many. The most obvious is cost. If constructed, the MX system will be the most expensive public works system ever undertaken. The GAO has estimated that the cost of this system may very well reach $130 billion. Roughly the same as the total amount contained in the bill we are voting on today, to authorize the military for 1 year for all its functions.

And why spend so much money on a system the effectiveness of which has yet to be demonstrated? The system is dependent on secrecy to be successful. I have little doubt that we can anticipate that either secrecy will be compromised, or our civil liberties will be compromised in an attempt to provide the necessary secrecy. Barring the need for secrecy, there is a high probability that the Soviets would respond to this system with an all-out saturation attack if need be. The resulting devastation to the central United States, combined with the widespread fallout effects, would signal complete destruction of our way of life and our country as we know it today.

Finally, do we need to spend all this money for a new strategic weapons system? The supporters of this system base all their claims on the vulnerability of our current system and the resulting strategic "window" which has been opened to the Soviets. Before any enemy would willingly launch a first strike against us, they must be reasonably certain that their first

strike would successfully disable us. Problems with missile accuracy, reliability of the equipment, and personnel, logistical considerations, and the fact that a large number of American warheads and delivery systems would survive make the option of a first strike appear somewhat suicidal, with or without the MX.

For these reasons and others, I do not believe we should vote to fund the MX system. If we do begin construction of this system we will be continuing down an extremely dangerous path from which many people are wondering if we can extricate ourselves. Further expenditures on this system will only make any progress toward genuine arms reductions more difficult. If we build the MX, we will soon be requested to provide money for a space based laser system, or ABM missiles to protect our MX.

It is important to consider the goal of these programs. The military is trying to achieve a weapons capability which will justify their theories of a winnable nuclear war. I suggest we remind them, and ourselves, that in a nuclear exchange there are no winners, only losers.

So, I would urge my colleagues to support the amendment by the gentleman from Utah (Mr. HANSEN) with the amendment to the amendment offered by the gentleman from Illinois (Mr. SIMON).

Later today, I urge my colleagues to support the amendment to be offered by the gentleman from California (Mr. DELLUMS).

(By unanimous consent, Mr. EDWARDS of California yielded the balance of his time to Mr. SANTINI).

The CHAIRMAN. The Chair recognizes the gentleman from Nevada (Mr. SANTINI).

Mr. SANTINI. Madam Chairman, I rise to add my strong support to the proposed amendment deferring construction funds for any basing mode for the MX missile system—until we know what that basing mode is to be. The Townes Committee was charged with the task of reevaluating all feasible alternatives for basing MX; its report has been completed, but the conclusions have not been made public and neither the Secretary nor the President has divulged his intentions on this critical issue. Until we have a Presidential decision, I believe it is totally irresponsible to permit further expenditures of public dollars for multiple protective shelters—the MPS basing mode for MX. An enormous amount of money has already been spent on this system, and under recent scrutiny by OTA, GAO, and others, it has been found to be seriously flawed.

As lone Congressman from the missile's most favored State, I have followed the birth and development of MX/MPS with something more than passing interest. Justification for the MX missile is clear. I am alarmed by the increasing vulnerability of our present land-based missiles, and I believe we must act as quickly as possible to strengthen our national defenses. Nevada has never shirked its responsibility to the Nation in assuming a share of the defense burden; Nellis Air Base and the Nevada test site take in 6,000 square miles of our State, for example. But, Madam Chairman, we do not wish to be saddled with a gigantic white elephant spread out over nearly 30,000 of our square miles. And frankly I am not assured by recent committee briefings—classified and otherwise.

A land-based system has been widely advocated as an essential third of the strategic triad; I suggest that what we have in the proposed MPS scheme is a triad of deficiencies: Social-economic, environmental, and, most important, strategic deficiencies. Let me just mention a couple of the most glaring strategic defects, as highlighted by OTA in its report on alternative basing systems.

In the first place, just keeping the location of the MX missile a secret—preserving location uncertainty, to use Air Force jargon—will require a whole new technology that has not even been tested yet. We have no guarantee whatever that the Soviets won't be able to tell which shelters contain the 200 real missiles—as opposed to the 4,400 companion decoys.

But actually, Madam Chairman, preserving that secrecy is probably irrelevant anyway because all the Soviets need to know is the number of shelters in place—then they can produce the number of warheads required to obliterate the whole system. I have no doubt whatsoever that they will do exactly that—build enough warheads—so, as OTA pointed out, we are not talking about a plan for 200 missiles and 4,600 concrete bunkers—by the mid-1990's, the Soviets could have 11,000 to 12,000 warheads in their anti-MX arsenal—and how many shelters will we need then in order for a useful number of our missiles to survive? OTA thinks maybe 12,500 or so.

So here we have a potential fungus—spreading across the Great Basin like an evergrowing spider web—a veritable cancer with no known cure.

Admittedly, my initial concern was with the impact of this gargantuan project on the social and economic fabric of my State, as well as on its fragile and arid environment. And I call your attention to the inflationary pressures caused by the enormous demand for construction materials, energy, and money. These impacts will be felt far beyond the borders of Nevada and Utah. I have maintained that we must be assured adequate mitigation of the impacts on our States if we conclude that the shell game is essential to our national security.

Madam Chairman, I want to emphasize that we Nevadans could handle the socioeconomic impacts and the environmental insults; we would muddle through the disruptions to our lives—we might not grin—but we would bear it. If we became convinced that the collected wisdom of the President, the Defense Department, and the Congress found MX/MPS absolutely essential to our national security.

But I am not now convinced that the defense of the United States will be well served by this scheme of shuffling 200 missiles and 4,400 decoys among 4,600 concrete bunkers over nearly 10,000 miles of roads in our rural Great Basin.

I ask you, Madam Chairman, must we devastate the Great Basin and destroy the lifestyle of its residents—only to discover that we have gained not one scintilla of security?

The Secretary of Defense and the President have indicated some misgivings about this MPS system that came out of the last administration. They ordered thorough review of the proposal, and it occurs to me, Madam Chairman that we would be well advised to defer any further appropriations for this massive construction project at least until we know the intentions of the President.

I urge my colleagues to support this amendment.

Madam Chairman, it is an extraordinary sort of exhibition, in my mind, that as we labor through these times of acute budget cutting, that some of my good budget cutting friends will move with such speed, dispatch and indifference on the most critical budget cutting commitment that we are making for the decade of the eighties, certainly, and conceivably into the nineties; $56 billion, OTA says $79 billion.

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It distresses me a bit, or perhaps even more than a bit, that in this context some of my good philosophical allies in every other budget-cutting sphere find themselves intellectually lock-stepping into one of the biggest budget-cutting commitments that this Nation has ever made, if not the biggest.

Outside of the context of the budget, if we can look at the circumstance of national defense, no one should vote up or down, yes or no or maybe, on MX until they have an opportunity to read the OTA study. It is a modest document in terms of size as Government documents go, but it poses two very fundamental and serious questions to any thinking concerned American and Member of this body. It poses two fundamental questions that should be vital to the issue of national defense, independent of how casually under the 2½-minute

conditions we are willing to dissipate away $79 billion.

The first one is the so-called window of vulnerability. My friend, the gentleman from Alabama said this is an imperative part of the triad of national defense. I would urge my friend, the gentleman from Alabama that from the evidence I have evaluated to date, and it has been considerable, having more than passing influence and enthusiasm for this subject, that we may well be building in a triad of deficiencies: Socioeconomic, environmental, and strategic deficiencies. In the context of strategic deficiencies, the OTA study, page 16, concludes: "There are dozens of potentially observable signatures."

Signatures means a clue to detection of location of which of the 23 have the actual missile in it—dozens.

Question: If that be true, can we be satisfied with pieces of paper submitted to our respective committees that we have responded to that very serious vulnerability question?

The witness' answer: "No; we cannot."

Understand, dear Members of this body, what we are doing. We are saying, we are locking ourselves into a $56 billion to $79 billion with cost overruns, a $100 billion commitment to this Nation, when we do not know today and cannot know with scientific assurance that this system is going to be secure.

Why? Because we will not know until we build one, two, three, four, five out in the Great Basin, one of those silos, subject them to in-site testing whether or not they can pass muster. That was the bottom fundamental line of the OTA study. I have yet to hear one person challenge the basic accuracy of that deduction.

Mr. SEIBERLING. Madam Chairman, will the gentleman yield?

Mr. SANTINI. Yes.

Mr. SEIBERLING. Well, not only is the gentleman absolutely correct, but without SALT ceilings the Soviets can build enough MIRV's to wipe out every single shelter, so they do not need to know which shelter contains the real MX missile. They can just wipe them all out.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from New Mexico (Mr. SKEEN).

Mr. SKEEN. Madam Chairman, this is an especially sensitive issue to me and to my district, because just to point up the folly that we have been going through in planning and through the legislative process, and I am standing here debating with myself whether or not to support the amendments of the gentleman from Utah and the gentleman from Illinois; but I think it is extremely important that we go back and focus on what these amendments do, because we have talked about the MX system, how viable it is, what the efficacy of the entire idea is as far as the defense of the United States is concerned. I think we have gotten away from the basic point that I think is most important of all. What is our policy development on basing going to be?

My particular interest in that is that, first of all, I am not opposed to the MX system. I think it is a fine system. I think technologically it has to be developed and it is extremely important to the United States; but what I want to know is why, when there is such a very small chance of having an alternate site outside of the Great Basin in Utah and Nevada are we expending $11 million more in New Mexico and West Texas on an alternate site, doing a survey of a system we have never decided to really base in that kind of mode?

My problem is this, that I think we have created more turmoil and more disruption in the lives of people in this particular district. It is not that they do not want the system. They would happily lend themselves and their land to this kind of basing if it were necessary; but no one from the administration through the Department of Defense or anyone else has come up with any kind of a policy that says that we have to have this.

Now we are talking about guard missile sites along with the deployment of the other, which adds more expense to this thing; but $11 million today is being expended on a survey that does not mean a doggone thing.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from New York (Mr. WEISS).

Mr. WEISS. Madam Chairman, I would like to address myself first of all to the process in which we are engaged, bearing in mind the sobering comments made by the gentleman from Ohio as to what would be entailed in an exchange of nuclear weapons between us and the Soviet Union, and what it would do to all life on this planet.

This is the most serious, the most important topic that we could be discussing. Given that, recognizing the need to move expeditiously with this legislation, it just seems to be unfair and inappropriate to limit ourselves to 2½ minutes of debate time.

So what if we have to come back tomorrow; so what if this discussion has to go on into next week. We have not been that engaged in substantive matters outside of budgetary considerations this year that we should not allow ourselves and the American people to know that we are devoting the full amount of time needed to properly address an issue with the kind of consequences that this one has.

I would hope, therefore, that as we proceed with further debate of this legislation that the Chair and the members of the Armed Services Committee will recognize that although they may consider themselves fully familiar with all of the subject matter of this bill and they have all had the opportunity to discuss it, the rest of us who do not have the privilege of serving on that committee may also want the occasion to discuss in detail matters we are about to vote on.

As to the MX itself, what is involved here, the enormity of it really beggars description. We are talking about a fleet of 200 foot, 750 ton transporters, that would have to be used to shuttle the MX missiles back and forth on the race track mode. We are talking about 400,000 tons of steel required to build that tract and 100 billion gallons of water which does not exist in Utah and Nevada. We are talking about 40,000 square miles which will be utilized for deployment, which is equivalent to the combined areas of Vermont, New Hampshire, Connecticut, Massachusetts, and Rhode Island.

The estimated cost of this project has now been admitted by the Pentagon to be perhaps as much as $100 billion, taking inflation into consideration.

What we are talking about here is a project which makes no sense economically. It makes no sense militarily. It seems to me that we ought to be debating it to the full extent of the time available to us.

(By unanimous consent, Mr. SKELTON yielded his time to Mr. STRATTON).

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Montana (Mr. WILLIAMS).

Mr. WILLIAMS of Montana. Madam Chairman, the debate on this amendment last evening and this morning is I think, misfocused. We have been debating the merits of the MX system itself. What we really ought to be debating is whether or not this House, as called for by the amendment, should be an equal partner with the Executive in the MX decision and perhaps its eventual deployment, an equal partner.

This is a very modest amendment. It simply provides that the Congress of the United States can reserve for itself 60 days in what is perhaps the most momentous spending decision that the Congress has ever been called upon to make, reserve itself 60 meager days to determine the merits of that expenditure, and then approve or disapprove of it by a vote.

Now, there is nothing extreme about that. It is modest in the extreme.

Let us remember when we discuss the merits of the MX system itself, we are discussing a system which was endorsed and encouraged by the last administration. The Reagan administration has not made a decision. The Townes Commission itself is apparently divided on what it will recommend

to the Secretary of Defense and then to the President.

So should we not at least wait until we know what the President is going to recommend to us and then take a meager 60 days to examine and then approve or disapprove of it?

Mr. CONYERS. Madam Chairman, will the gentleman yield to me?

Mr. WILLIAMS of Montana. Yes, I will yield.

Mr. CONYERS. I want to compliment the gentleman on very precisely focusing on what we are doing here, but might I modestly amend the gentleman's conclusionary statement by suggesting that we do not have to wait for the President or anybody else to make up their minds. We have the resources and responsibility to decide independently a question of this magnitude.

Mr. WILLIAMS of Montana. Yes. I would not disagree with the gentleman, even recognizing what has happened in the House in the last several weeks.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Texas (Mr. KAZEN).

Mr. KAZEN. Madam Chairman, the amendment before us preserves the initial operational capability for the system; yet it has a built-in delay of 60 days if the President supports the MX.

Now, we must remember that the Congress, true, it was the last Congress, committed its support to the MX last year. We recognize the right of the President to review the MX system; however, we do not agree with the amendment because it can defer work on the MX basing if the President fails to make a timely decision on the system.

Again, I emphasize that the 96th Congress directed that the MX proceed into full scale engineering development. The committee's action recognizes the President's desire to study the MX, but requires that work continue, not stop, continue until he reaches a decision.

We in the Congress have had the advantage of over 10 years of study results on the need for the MX. We have been spending a lot of time here talking about the need for the MX. We have fulfilled our obligation to insure a strategic force modernization by authorizing the MX.

I oppose the amendment because it contains a built-in delay for a system that the Congress has already authorized.

I will say to my distinguished friend, the gentleman from Illinois, that this amendment, substantially the same amendment, has already been defeated by the last Congress. The 60 days of congressional review required in the committee bill relates to the President's decision to select a system that Congress has not authorized.

For those reasons, I oppose the amendments.

Mr. DICKINSON. Madam Chairman, will the gentleman yield?

Mr. KAZEN. Madam Chairman, I yield the balance of my time to the gentleman from Alabama.

Mr. DICKINSON. Well, I would just like to try to put this into perspective.

One, without the amendment, we are authorizing the go ahead for research and development for the basing mode. With the amendment, we put a 60-day hiatus or break in there, but it actually amounts to more than 60 days.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Michigan (Mr. CONYERS).

Mr. SEIBERLING. Madam Chairman, will the gentleman yield?

Mr. CONYERS. Briefly.

Mr. SEIBERLING. I would just like to say that this Congress has approved the same text as the Hansen amendment within the last month.

Mr. CONYERS. Of course, it has.

Mr. SEIBERLING. One other thing, the decision by Congress last year did not approve the final deployment of the MX. It merely approved going ahead with the R. & D. on the MX-MPS system.

□ 1215

Mr. CONYERS. My colleagues, first of all I think it is important that we have had this amount of discussion.

There is a difference between Hansen and Simon. Simon requires that we affirmatively and within 60 days approve the decision. I think that is an enormous difference between having to negatively disapprove the decision, which is the Hansen amendment. I think my colleagues ought to examine that if we have the responsibility to decide on the greatest military building project in the 20th century. There is an enormous difference.

I am prepared to say I am going to urge every Member of this body to defund MX in its entirety if Simon does not pass.

For several years we have put money into R. & D. funds and we have finally moved beyond it. Yet Within an hour's debate, the fallability of the assumptions on which past decisions on the MX have been made has become so apparent. These assumptions would embarrass any high school student debating this question. This is the highest legislative body in this Nation and we cannot even honestly debate the major issue on which the assumption for this mammoth funding is based.

We assume SALT II and we are nowhere near it. The basing modes under consideration are so impracticable and so dangerous.

We are about to unleash another deadly phase of the arms race and why are we doing what we are doing? I will tell my colleagues it is not easy to answer that question. We have got to keep the economy going. Military spending, traditionally, has been used to prime the pump. We have got to build up local economies where $70 billion could stave off economic ills. That is why.

(By unanimous consent, Mr. LOWRY of Washington yielded his time to Mr. SIMON.)

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from New York (Mr. STRATTON).

Mr. STRATTON. Madam Chairman, the remark was made a moment ago that there is a great deal of turmoil in New Mexico because of the studies being undertaken there in connection with the MX system. Let me point out that what we are really talking about is there would also be a great deal of turmoil in New Mexico if an SS-18 landed in the middle of the State of New Mexico.

We have been hearing a lot of amateur strategists this morning on this issue. But let me say that the gut point today is that the MX system is required to preserve the survivability of the land-based leg of our nuclear Triad.

The Soviet Union has achieved the capability now, and will have it for at least the next 4 years, to wipe out virtually three-quarters of our land-based missile force, and we have no similar capabililty of our own.

The simple fact of the matter is that the reason that we have not had a nuclear war in the 35 years since the atom bomb was first used is that we in America have either had a monopoly on nuclear weaponry or else we have had a balance between the Soviet Union and ourselves in nuclear weaponry.

But that balance no longer exists. The Soviets have established a clear edge over us. They have an important capability that we do not have; and the MX missile is designed to restore that capability and to restore the nuclear stalemate with which we have been blessed since 1945.

There is a lot of wisdom in this House, of course, and we have heard a good deal of it today and yesterday. But as the point has been made, the House of Representatives has already made the decision to go ahead with this system. Are we going to have to remake it year after year? Are we going to continue to delay a decision on this issue with endless debate?

The proposal which the committee bill contains gives the Defense Department the opportunity to continue to work on research and development for the MX until and unless the President of the United States says, "Oh, no, I have got a better idea and you ought to consider that."

If the President does not make a decision on the MX before the 1st of

August, all of the contracting arrangements that we have already entered into for getting this system moving swiftly are going to be lost, and we will also have lost another additional 4 or 5 or 6 months of time. I would ask my colleagues to remember that we have an open window of vulnerability today, and every month that passes is dangerous until we have closed that window.

The Hansen amendment is much different from the House bill. The Hansen amendment provides at this moment, as soon as this legislation is adopted, all research and development, all expenditures of money, on the MX must be stopped immediately. And nothing can resume until 60 days after the President gets around to making his decision, and then only if the House and the other body have not together disapproved the President's recommendation.

The Simon amendment is even worse. It, too, would stop work immediately on the MX and would also wait for the President to make his decision. And it would delay for another 60 days—and both Houses of Congress during this 60 days would have to approve the President's proposed action—before anything could get started on the vital MX system we need so desperately.

That is the gut question before this House. Certainly we in the House of Representatives also have our own responsibility in protecting the national security of the United States. Certainly we have an obligation to this program to keep it moving as rapidly as possible, and not merely wait for the President to ask.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Illinois (Mr. SIMON).

Mr. AUCOIN. Madam Chairman, will the gentleman yield?

Mr. SIMON. I yield to my colleague, the gentleman from Oregon (Mr. AUCOIN).

Mr. AUCOIN. I thank the gentleman for yielding. I rise to say I support the gentleman's amendment wholeheartedly and I urge my colleagues to join with me.

Mr. SIMON. I thank my colleague from Oregon (Mr. AUCOIN).

I would simply make two points No. 1 is the issue that we are not asked to decide here—but that I would point out there are serious questions on—is this deployment thing. Who are the radicals who are raising these questions? They are people like James J. Kilpatrick, people like Gen. Daniel Graham, former Defense Intelligence Agency Director, who says, and I quote:

> The problem is that MX is the grotesque child of bad strategy. * * * To put $50 to $60 billion into that grotesquery is absolutely stupid.

We have people like Mel Laird, former Secretary of Defense under President Nixon; people like Gen. Maxwell Taylor, former Chairman of the Joint Chiefs of Staff; like Adm. Thomas Moorer; and like Senator FRITZ HOLLINGS and Senator SCOOP JACKSON. These are the people who say this basing mode is seriously flawed.

My friends, one thing we cannot stress too much: We are talking about the single largest expenditure, my colleagues, you will ever make while you are in the Congress and I do not care how much longer you serve. We are saying in my amendment, before spending that money let us see what the President says and then let us follow the procedure we do if the President comes in here and asks for $1 on anything else. The President proposes and then Congress has to vote.

I would point out, and the same is true for the amendment of my colleague from Utah (Mr. HANSEN): This does not postpone the research on the missile 1 day, 1 hour, 1 minute, or 1 second. It simply says on the deployment question, which everyone has serious doubts about, who has studied this seriously, let us find out what the President says. Under my amendment it would require that Congress then act after the President makes a recommendation.

It does not seem to me it is asking too much for the largest expenditure, my colleagues, you and I are ever going to be involved in, that we have a vote of the House and the other body on that expenditure. I am asking for fiscal prudence. I hope this body, which seems so eager to go on record for fiscal prudence, will do it in the area of defense.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Utah (Mr. HANSEN).

Mr. HANSEN of Utah. Let me just say this has been an interesting time debating this particular amendment. I would like to point out that many things have been said that I do not think are germane to the issue.

I would like to ask the question of whether people have been reading this CONGRESSIONAL RECORD to find out what goes on in the other illustrious body. The same thing has happened over in the other body as I am trying to do right here. The exact language is there that we are trying to do at this particular point, so I do not see anything inconsistent at all with putting this in. It is what we have in the other body and it is what will have to come out in the conference committee as well.

I do not buy the idea that it will delay this in any way. As the gentleman from Illinois (Mr. SIMON) pointed out, it will not delay at all. This runs to fiscal year 1982 and would not delay the project.

I would like to bring out, if I may, that the people of Utah, the people of Nevada, are extremely patriotic people. It is not a question of where we are going to put it. I think the people of Utah and Nevada are strong on the idea of building the missile. They want the MX missile built. But the question that we have, especially if we look at Utah with Hill Field, with the detoxification plant, the Defense Department of Ogden, Nevada with the Nellis Air Force Base, and those areas. That is not the question. And the question of other committees did not come up.

It is a question of whether we give the President the opportunity to look at this thing. I would just ask my colleagues would we build a football field when we did not know if we were going to have a team to put there. I am just saying let us be very careful before we build a field that we have a team that will actually go there. I would ask my colleagues to look at that.

The question came up regarding the different ways to deployment. There is absolutely a dozen ways of deployment. Everybody on this floor, everyone I talk to in America is an expert on MX. Can we not just delay and let the President have a shot at this?

If I may say so, I have a great respect for the gentleman from Illinois (Mr. SIMON), and the difference that I see between these two amendments is it would not have to come back to the House. Actually the same amendment that the gentleman from Illinois (Mr. SIMON), has brought out was also put in the other body and was defeated.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Alabama (Mr. DICKINSON).

Mr. DICKINSON. Let me say in conclusion I think we understand the problem here. One amendment says that we will stop going forward with research and development for the basing mode until there is a vote of disapproval in the House after the President makes his finding, but it would stop work on the basing mode in the meantime.

Then the Simon amendment says we have to have a vote to approve, not to disapprove.

Either way, there is a hiatus or a break in the continuity of MX missile development that will not disrupt it for 60 days, but will disrupt it for many, many days more than 60. The research and development is going on now for the mobile transporter, for the testing for hardness, for any number of things that go into the basing mode.

So to say that this only puts a break of 60 days in there is not so.

Last year the Congress directed that the MX program should go forward because of the belief that we need to do something to protect ourselves during this period of vulnerability. The program is ongoing, we have awarded contracts. All we are talking about is research and development, not a commitment to production, but research and development. That is what would be denied here. We do not want to build in an unnecessary break. The President will make a decision, I feel sure. A study was due and I assume it was completed the first of this month and some decision will be forthcoming.

But in the meantime we do not want to stop the research and disband the teams. I oppose both the Simon and Hansen amendments.

□ 1230

Mr. PRICE. Madam Chairman, I oppose the amendment on the MX that is pending and the amendments thereto.

The Congress has repeatedly stated its concern over the vulnerability of our land-based strategic system. The Congress has never departed from support for the concept of the Triad of strategic deterrent forces.

And the Congress has stated in law as national policy that development of a survivable ICBM system is vital to the security of the United States. In addition, the Congress has directed development and deployment of the MX missile system as soon as practicable.

We all know that a study of the system is being done for the Secretary of Defense and as a result of that study, some changes may be recommended.

I emphasize they be recommended. The President may determine that the system as presently laid out is the most advisable.

What is important to remember is that in the budget amendment submitted by the new administration this spring there was no request to stop or delay or change the funding for the MX in any way.

Now let me clearly point out what these amendments do.

The Dellums amendment, of course, would completely kill the MX system. We do not have to dwell on that amendment very long. You are for a Triad of strategic deterrent forces or you are not. The Congress has repeatedly, by overwhelming votes, supported the concept of the Triad and supported specifically the building of the MX system.

The Hansen amendment would provide that no funds could be obligated for any basic system until 60 days have elapsed after the President makes a recommendation on a basing mode.

The amendment provides, however, that after 60 days the President's recommendation could go into effect if the Congress took no action. Now, I would oppose that in any case because it takes Congress out of the decisionmaking loop on the system. We have a new President, a new team at the Defense Department. They are brilliant and capable men. But they are capable of making a mistake. I do not think we should take Congress out of that decisionmaking loop. If the President recommends something wholly new that the Congress has not passed on, I think the Congress should pass on it as it does on all other programs before it becomes effective.

In addition, however, I oppose this amendment and the Simon amendment to it because it unnecessarily creates the potential for serious disruption and delay in the program. The amendment requires a 60-day cutoff of funding regardless of what is recommended.

Please notice that even if the President recommends nothing, there would still be a prohibition of 60 days.

Should the President's recommendation be delayed until after August 1, which is quite possible, the amendment in effect requires existing contracts to be terminated on October 1 with attendant cost increases and schedule slippage. October 1 is the beginning of the new fiscal year.

Members should be aware that there is a restrictive provision on the basing mode in the Senate bill. The committee's position in H.R. 3519 protects the option of the Congress, should a system other than MPS be recommended. At the same time, it provides the maximum flexibility for adjusting the difference between the House and Senate provisions in conference regardless of what the President recommends. It is expected now that we will have the administration recommendation before completion of conference on this bill. We would then be able to bring out of conference a provision which both Houses could consider, which takes into account the President's recommendation.

The bill as now drafted provides the maximum flexibility to do that. The proposed amendments are even more restrictive that the Senate bill. The results could be a needless delay of months and needless additional costs if contracts have to be terminated.

I assure the Members of the House that the recommendation of the President will get prompt consideration whenever it is made.

It simply does not make sense to change the legislative provisions now when we are this close to having a recommendation from the President. Let us leave the bill the way it is and have the maximum flexibility to deal with the President's recommendations.

I urge the Members in the strongest terms to support the committee position and oppose the amendments on the MX.

The CHAIRMAN pro tempore. All time for debate has expired.

The question is on the amendment offered by the gentleman from Illinois (Mr. SIMON) to the amendment offered by the gentleman from Utah (Mr. HANSEN).

The question was taken; and the Chairman pro tempore being in doubt, the committee divided, and there were—ayes 19, noes 23.

RECORDED VOTE

Mr. SIMON. Madam Chairman, I demand a recorded vote,

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 201, noes 207, not voting 23, as follows:

[Roll No. 117]

YEAS—201

Addabbo	Fish	Murphy
Albosta	Fithian	Neal
Anderson	Florio	Nowak
Applegate	Foglietta	Oakar
Aspin	Foley	Oberstar
Atkinson	Ford (MI)	Obey
AuCoin	Ford (TN)	Ottinger
Barnes	Forsythe	Panetta
Bedell	Fowler	Patterson
Beilenson	Frank	Paul
Benedict	Garcia	Pease
Benjamin	Gaydos	Petri
Bennett	Gejdenson	Peyser
Biaggi	Gingrich	Pickle
Bingham	Glickman	Porter
Blanchard	Goodling	Pritchard
Boland	Gore	Pursell
Bolling	Gradison	Rahall
Boner	Gray	Railsback
Bonior	Green	Ratchford
Bonker	Hall (OH)	Reuss
Brodhead	Hamilton	Richmond
Brooks	Harkin	Rinaldo
Broomfield	Hawkins	Ritter
Brown (CA)	Heckler	Rodino
Brown (CO)	Heftel	Roe
Burton, John	Hertel	Rosenthal
Burton, Phillip	Holland	Roukema
Chisholm	Hollenbeck	Roybal
Clay	Howard	Russo
Clinger	Hoyer	Sabo
Coelho	Hughes	Santini
Collins (IL)	Jacobs	Scheuer
Conte	Jeffords	Schneider
Conyers	Jones (OK)	Schroeder
Coyne, James	Jones (TN)	Schumer
Coyne, William	Kastenmeier	Seiberling
Crockett	Kildee	Sensenbrenner
Danielson	Kogovsek	Shannon
Daschle	Lantos	Sharp
de la Garza	Leach	Simon
Dellums	Lehman	Skeen
DeNardis	Leland	Smith (IA)
Derrick	Levitas	Smith (NJ)
Derwinski	Long (LA)	St Germain
Dingell	Long (MD)	Stark
Dixon	Lowery (CA)	Stokes
Donnelly	Lowry (WA)	Studds
Dorgan	Luken	Swift
Downey	Lundine	Synar
Dunn	Markey	Tauke
Dwyer	Marks	Traxler
Dymally	Mattox	Udall
Early	Mavroules	Vento
Eckart	Mazzoli	Walgren
Edgar	McClory	Waxman
Edwards (CA)	McCloskey	Weaver
English	McEwen	Weber (MN)
Erdahl	McHugh	Weber (OH)
Ertel	McKinney	Weiss
Evans (DE)	Mikulski	Williams (MT)
Evans (IN)	Miller (CA)	Wolpe
Fascell	Mineta	Wortley
Fenwick	Minish	Wyden
Ferraro	Mitchell (MD)	Yates
Fiedler	Moakley	Young (AK)
Findley	Moffett	Young (MO)

NAYS—207

Akaka	Gilman	Napier
Alexander	Ginn	Natcher
Annunzio	Gonzalez	Nelligan
Anthony	Gramm	Nichols
Archer	Gregg	O'Brien
Ashbrook	Grisham	Parris
Badham	Gunderson	Pashayan
Bafalis	Hall, Ralph	Patman
Bailey (MO)	Hall, Sam	Pepper
Bailey (PA)	Hammerschmidt	Perkins
Beard	Hance	Price
Bereuter	Hansen (ID)	Quillen
Bethune	Hansen (UT)	Regula
Bevill	Hartnett	Rhodes
Bliley	Hatcher	Roberts (KS)
Boggs	Hefner	Roberts (SD)
Bouquard	Hendon	Robinson
Bowen	Hightower	Roemer
Brinkley	Hiler	Rogers
Brown (OH)	Hillis	Rostenkowski
Broyhill	Hopkins	Roth
Burgener	Horton	Rousselot
Butler	Hubbard	Rudd
Byron	Huckaby	Sawyer
Campbell	Hunter	Schulze
Carman	Hutto	Shamansky
Carney	Hyde	Shaw
Chappell	Ireland	Shelby
Chappie	Jeffries	Shumway
Cheney	Jenkins	Shuster
Clausen	Johnston	Siljander
Coats	Kazen	Skelton
Coleman	Kindness	Smith (AL)
Collins (TX)	Kramer	Smith (NE)
Conable	LaFalce	Smith (OR)
Corcoran	Lagomarsino	Snowe
Coughlin	Latta	Snyder
Courter	Leath	Solarz
Craig	LeBoutillier	Solomon
Crane, Daniel	Lee	Spence
Crane, Philip	Lent	Stangeland
Daniel, Dan	Lewis	Stanton
Daniel, R. W.	Loeffler	Staton
Dannemeyer	Lott	Stenholm
Daub	Lujan	Stratton
Davis	Lungren	Stump
Deckard	Madigan	Tauzin
Dickinson	Marriott	Taylor
Dicks	Martin (IL)	Thomas
Dornan	Martin (NC)	Trible
Dougherty	Martin (NY)	Vander Jagt
Dreier	Matsui	Volkmer
Duncan	McCollum	Walker
Dyson	McCurdy	Wampler
Edwards (AL)	McDonald	Watkins
Edwards (OK)	McGrath	White
Emerson	Mica	Whitehurst
Emery	Michel	Whitley
Erlenborn	Miller (OH)	Whittaker
Evans (GA)	Mitchell (NY)	Whitten
Evans (IA)	Molinari	Williams (OH)
Fary	Mollohan	Wilson
Fazio	Montgomery	Winn
Fields	Moore	Wolf
Flippo	Moorhead	Wylie
Fountain	Morrison	Yatron
Frost	Mottl	Young (FL)
Fuqua	Murtha	Zablocki
Gibbons	Myers	Zeferetti

NOT VOTING—23

Andrews	Guarini	Nelson
Barnard	Hagedorn	Rangel
Breaux	Holt	Rose
Cotter	Jones (NC)	Savage
D'Amours	Kemp	Washington
Frenzel	Livingston	Wirth
Gephardt	Marlenee	Wright
Goldwater	McDade	

□ 1245

The Clerk announced the following pairs:

On this vote:

Mr. Wirth for, with Mr. Nelson against.

Mr. Rangel for, with Mr. Rose against.

Mr. Washington for, with Mr. Jones of North Carolina, against.

Mr. Guarini for, with Mrs. Holt against.

Messrs. MARTIN of North Carolina, DAUB, and WINN changed their votes from "aye" to "no."

Messrs. TAUKE, BENEDICT, and GOODLING changed their votes from "no" to "aye."

So the amendment to the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Utah (Mr. HANSEN).

As many as are in favor will say "aye"; as many as are opposed will say "no."

The ayes have it, and the amendment is agreed to.

The CHAIRMAN pro tempore. Are there further amendments to title II?

The Chair recognizes the gentleman from Illinois (Mr. PRICE).

Mr. PRICE. Madam Chairman, I demand the yeas and nays on the Hansen amendment.

The CHAIRMAN pro tempore. The Chair will advise the gentleman that his request for a recorded vote comes too late.

Mr. PRICE. The Chairman was on his feet and waiting for the commotion to die down.

The CHAIRMAN pro tempore. The Chair wishes to advise the gentleman from Illinois that he may be able to demand a separate vote in the House at a later time but his request comes too late at this time.

PARLIAMENTARY INQUIRY

Mr. STRATTON. Madam Chairman, I have a parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state his parliamentary inquiry.

Mr. STRATTON. Madam Chairman, the House was not in order at the time that the Chair put the vote on the Hansen amendment. Is it in order for a vote to be taken when the chairman of the committee in charge of the bill does not even know that a vote is being taken?

The CHAIRMAN pro tempore. The Chair put the question to the committee, looked to the committee, and then announced the result of the vote.

Mr. STRATTON. But there had been no final announcement of the vote on the Simon amendment before the vote on the Hansen amendment was taken.

The CHAIRMAN pro tempore. The Chair wishes to advise the gentleman that the Chair did announce the vote on the Simon amendment and then on the Hansen amendment and that no Member was standing at the time seeking recognition when the voice vote was announced on the Hansen amendment.

Mr. STRATTON. That is because the committee was in total chaos.

The CHAIRMAN pro tempore. Are there further amendments to title II?

PARLIAMENTARY INQUIRY

Mr. LEVITAS. Madam Chairman, I have a parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state his parliamentary inquiry.

Mr. LEVITAS. Madam Chairman, I was not able to hear the statement of the Chair. Is it in order for there to be a separate vote on the Hansen amendment when the Committee rises and the matter is back in the full House?

The CHAIRMAN pro tempore. The gentleman is correct.

Mr. LEVITAS. I thank the Chair.

The CHAIRMAN pro tempore. Are there further amendments to title II?

PARLIAMENTARY INQUIRY

Mr. DICKINSON. Madam Chairman, I have a parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman from Alabama will state his parliamentary inquiry.

Mr. DICKINSON. Madam Chairman, I was on my feet. I was deferring to the chairman, who would normally make such a request. I did not make the request.

The CHAIRMAN pro tempore. The Chair will advise the gentleman that no one was seeking recognition at the time. Merely standing is not enough.

Mr. DICKINSON. I understand because of the confusion the chairman did not. I was deferring to him, and I was seeking recognition if he did not.

The CHAIRMAN pro tempore. Are there further amendments to title II?

AMENDMENT OFFERED BY MR. DELLUMS

Mr. DELLUMS. Madam Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DELLUMS: Page 6, line 11, strike out "$8,833,700,000" and insert in lieu thereof, "$6,425,700,000, more of which shall be available for the MX missile system."

Mr. DICKINSON. Madam Chairman, will the gentleman yield for an inquiry?

Mr. DELLUMS. I yield to my colleague, the gentleman from Alabama.

Mr. DICKINSON. Madam Chairman, I know that the gentleman from California (Mr. DELLUMS) has very strong feelings about the bill and wants to be heard. I think that he should be heard in full.

I do not intend to try to cut off any amount of debate, but I wonder if the gentleman from California, who is not recognized and who has a serious amendment to offer, could give us some idea of the amount of time that he would require to fully discuss or make a statement on his amendment.

As I recall, in the past we have had a series of 5-minute discussions that have gone on ad infinitum. How much time would be sufficient? Could the gentleman give us some indication?

Mr. DELLUMS. Madam Chairman, I appreciate the gentleman's request.

I think that the gentleman from California could make his statement in 15 or 20 minutes. This is an amendment that involves over $2 billion. It is terribly important.

Mr. DICKINSON. Madam Chairman, I have no problem with that. Would it be agreeable with the gentleman, then, if he would limit his discussion to 20 minutes?

Mr. DELLUMS. Madam Chairman, no, I would not be willing to make that statement.

I think that one of my colleagues earlier in the debate indicated that we have not debated on substantive questions other than the budget for the last 6 months, and this is the first time we have had an opportunity. I think we ought to take that opportunity. Some Members want to go home Friday. I think that is irrelevant. We are supposed to work here 5 days a week, and I am more than prepared to come back here and do so.

Mr. DICKINSON. I did not want the gentleman to think that I was trying to cut him off. I just wanted to see if we could get some agreement or some idea of the time involved with this.

Mr. DELLUMS. I would imagine that since there have been two amendments, at least, dealing with part of the subject matter that the gentleman from California has offered to this body, that the debate would probably not take an extraordinary amount of time; but I am sure that we are going to debate this matter for at least 1 hour, I would imagine.

Mr. DICKINSON. I thank the gentleman.

Mr. DELLUMS. Madam Chairman and members of the Committee, the amendment that the gentleman from California offers is an amendment whose practical effect would be to strike all of the funds for the entire MPS/MX missile system.

□ 1300

The two original amendments were amendments that addressed the basing mode alone; and No. 2, they were amendments that simply deferred the decision. What this gentleman is attempting to do is to say that we have enough information at this moment in history, Madam Chairman, to make that decision now. It is my contention that the one single factor that unites all of us in this room, and indeed in similar places throughout this world, is the planet itself, and I believe at this moment, Madam Chairman, that the planet is in extraordinary danger from the potential of a nuclear holocaust and that the MX missile is one of the outward manifestations of that potential danger.

I would argue that we should oppose the MPS/MX missile system for four reasons, Madam Chairman: That it is costly; that it is unnecessary; that it is dangerous; and that it is impractical. But before I do, I would like to address one less significant argument that has been propounded by a number of my colleagues this morning; that is, that we should not even discuss or debate or make a judgment on this matter because previous Congresses have already made decisions with respect to this matter before us. I would suggest that 2 weeks ago, Madam Chairman, the majority of my colleagues in this body adopted the budget that repealed 14 laws without any analysis and without any evaluation, without any effort to measure impact, while a number of preceding Congresses had already expressed their will in these matters, so that is a rather frivolous argument.

I would like to first mention another matter that has been alluded to by a number of my colleagues—the matter of cost, and to explore this in detail.

The following are some of the widely quoted figures with respect to the MX missile system.

They include: $33.5 billion in 1978 dollars used by the Air Force for acquisition and operation of the system to the year 2000; $33.8 billion in 1980 dollars, the Air Force figure for acquisition of the property alone; $37.2 billion, again in 1980 dollars, the Office of Technology Assessment figure for acquisition alone; $43.5 billion, again in 1980 dollars, the Office of Technology Assessment figure for acquisition and operation of the system to the year 2000; $70 billion, the General Accounting Office figure, which takes the Air Force figure of $33.5 billion base line and including inflation, using the Department of Defense inflation projections which are somewhere between 8 and 10 percent in 1980 and 1982 terms, and 6.7 percent in succeeding years.

The CHAIRMAN pro tempore. The time of the gentleman from California has expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 5 additional minutes.)

Mr. DELLUMS. $82.57 billion, again in 1980 dollars, the Office of Technology Assessment figure for acquisition, for operation to the year 2000, and assuming continued Soviet buildup because we have no SALT II, and the expansion of the base line MX missile system to accommodate a larger number of Soviet warheads; $108 billion, unauthroized Air Force figure, August 1980, given by Maj. John Allen of the MX Office of the Pentagon for acquisition and 30 years of operation, including inflation; $121 billion in 1982 dollars, Congressional Budget Office figure, January 1981, assuming again an expanded Soviet warhead buildup, acquisition, and operation to the year 2000; $130 billion in current dollar terms, GAO figure, assuming the expanded system as a result of improved warheads developed, given in testimony before the House Public Works Subcommittee and in a subsequent letter to Representative JIM WEAVER of this body.

If the Soviet warhead production follows current trends, either we will have to expand the system and summon the Air Force, say two or three times the present proposed system, or we would have to develop an antiballistic missile system which would require that we negate the antiballistic missile treaty which, in my estimation, is a terribly important treaty that we have entered into. Either option would add billions of dollars, although the cost of the ABM system is particularly uncertain if we have to move to that. It should be noted that none of the figures I have quoted, from $33.5 billion all the way to $130 billion figure, include cost of MX warheads contained in the DOE budget, which is likely to be an additional $3 to $5 billion. It does not talk about aid to impacted States like Utah and Nevada and New Mexico, which is perhaps $2 to $4 billion more. There is no inclusion of the increase of at least $600 million if the system is to have an all-weather coverage to be able to operate 12 months out of the year; a recent $700 million increase in 1978 dollars for upgraded warhead fuses and construction of facilities at a second operating base. Finally, it does not include the possibility of cost overruns. These extras would push this cost to an excessive level.

Now, a number of my colleagues have said that when we begin to reach the figure of $121 billion or $130 billion, they say,

> That is unfair, Mr. DELLUMS, because you are figuring over the lifetime of a weapons system and you can do that with any weapons system.

My response is, precisely. We are in the public arena, and we have a profound obligation and responsibility to allow the American people to understand what the full range of the cost is. If we can stand in the well of this House and argue that budget deficits endanger the lives or entrap the futures of our children economically, can we not take the well of the House and say this $130 billion weapons system does not indeed kidnap the future economically from our children? We have a responsibility to say to the American people, "Here are the full range of the costs."

The sad and tragic reality, my colleagues on both sides of the aisle, is that no one knows how much this system is going to cost, and I would suggest that it is the height of irresponsibility to vote for a weapons system where we have no idea how much it costs, with the range of estimates from $33.5 to $130 billion, is a

level of obscenity everyone in this body ought to be able to reject.

Now, my second argument is that this system is unnecessary. The MX missile program is unnecessary because we already have, Madam Chairman, members of the committee, 10,000 strategic nuclear warheads in our present arsenal and 20,000 practical nuclear weapons. The 10,000 strategic nuclear weapons are divided roughly in this manner: 50 percent of them are in ballistic missile submarines; 25 percent ICBM's, landbased, and 25 percent air.

The CHAIRMAN pro tempore. The time of the gentleman from California has again expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 5 additional minutes.)

Mr. DELLUMS. If the Soviets attempted to destroy U.S. land-based missiles, as many MX opponents fear, thousands of U.S. nuclear weapons would survive and be launched. Nor is the United States standing still, Madam Chairman. Let me give the following information:

A new generation of U.S. nuclear-powered submarines—we all know the Trident—capable of launching strategic ballistic missiles, is presently being built. The range of the newest missiles these boats will carry will allow the subs to hide in a much larger portion of the world's oceans. The cruise missiles will soon become operational and will propose an entirely different set of defense problems for the Soviet Union. The Minuteman system has been upgraded, silos hardened, more accurate guidance systems have been added. The latitude changes give the Minuteman the capacity to destroy Soviet missile silos, the main purpose for which the MX missile was designed.

The Soviet Union cannot simultaneously—and I do not think anyone in this body would argue—could not simultaneously destroy all of our land-based missiles, bomber-based or sea-based missiles. There would be enough warheads surviving and adequate to completely devastate the Soviet Union several times over, as I have said on a number of occasions.

When former Secretary of Defense McNamara promulgated the policy, he indicated that once you have developed the capacity to take out 70 percent of the economic infrastructure and 30 percent of the population of another nation, you have achieved deterrent. We have had it, we have it now, and we will continue to have it into the future, and under the worst case scenario only 300 missiles could totally devastate the Soviet Union. As I have indicated, we have got 10,000 strategic weapons and 20,000 tactical weapons.

I would like to point out also, Madam Chairman, that this would escalate the nuclear arms race because it would threaten 70 percent of the Soviet Union's ICBM's, which would force them to develop some kind of system in order to respond. The MX missile system, in my estimation, would become obsolete as soon as it is developed by virtue of the fact that we have no SALT treaty, and the Soviets are not limited to warhead ceilings. Therefore, we would have to expand the system in order to accommodate the number of warheads from the Soviet Union.

Madam Chairman, I believe this system is extremely dangerous. It would give the United States a first strike capability that would force the Soviets to switch their missiles to a launch-on-warning capability, which does not bring greater security to the world, but greater insecurity. The Soviet Union would feel compelled to launch their missiles on a mere warning that the United States is attempting a first strike. The Soviets would feel warranted in taking such an initiative because the MX missile would have the potential to destroy the great bulk of their system. Thus, the MX system greatly increases the possibility of an accidental war because of a mistake during a crisis.

There are other systems that could replace the MX missile system if the United States determines that it needs a highly accurate weapon to destroy fixed-site targets. The cruise missile has the accuracy to destroy the silos. It has slow speed, long travel time, and this would pose less of a first strike threat than the Mark 12-A that is designed as the warhead for the MX missile system.

Madam Chairman, I would like to point out also that the hard target time urgency capacity of the MX, especially when added to the capacity of the Minuteman III, the improved Trident II, presents a true first strike threat to the Soviet Union.

Finally, I would like to point out that I believe that this system is grossly impractical. It is impractical because GAO indicates we may not have enough water in that region of the country to handle the system. It requires enormous amounts of electricity and power to do so. Finally, we have no guarantee that we even have enough concrete west of the Mississippi to build this missile system. I think that is impractical.

I believe that there are a number of significant environmental issues. We are talking about grazing land, cattle land, farmland being destroyed. We are talking about a number of devastating factors. We are talking about some towns in some States that will be completely devastated, the socioeconomic pattern of the small communities totally destroyed because we are into a boom-bust situation where billions of dollars are poured into an area for a relatively short period of time, then removed.

The CHAIRMAN pro tempore. The time of the gentleman from California has again expired.

Mr. DELLUMS. Madam Chairman, I ask unanimous consent that I be permitted to proceed for 5 additional minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from California?

Mr. STRATTON. Madam Chairman, reserving the right to object, the gentleman has spoken at considerable length on a subject which has already been debated for a great length of time. He declined to yield to me so that we could carry on a colloquy.

Mr. DELLUMS. I said at that time——

Mr. STRATTON. I would like to see whether the gentleman would be willing to yield for a brief question.

The CHAIRMAN pro tempore. Does the gentleman seek additional time at this point?

Mr. DELLUMS. Madam Chairman, I again renew my request. I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from California?

Mr. STRATTON. Reserving the right to object, if I do not object, would the gentleman yield to me so that I can ask a question?

Mr. DELLUMS. At the appropriate moment. I did not suggest I would not yield to the gentleman. I said I would not yield until I finished my statement.

Mr. STRATTON. This is the appropriate moment.

Mr. DELLUMS. Then we disagree on that. If you choose to object, then object, but do not play with me. I am an adult here. I have a responsibility to articulate my concerns and represent my constituency in the best traditions of debate and open discussion. If you want to stop, then you do so, but do not play with me.

Mr. STRATTON. I object, Madam Chairman.

The CHAIRMAN pro tempore. Objection is heard.

The gentleman's time has expired.

□ 1315

Mr. DOWNEY. Madam Chairman, I rise in support of the amendment, and I yield to the gentleman from California (Mr. DELLUMS).

Mr. DELLUMS. Madam Chairman, I thank the gentleman for yielding.

I was trying to conclude my remarks by pointing out that this system is impractical, and that there have been a number of reports that indicate we may not have enough resources to even build this system. We may not have enough concrete.

Mr. CONYERS. Madam Chairman, will the gentleman yield?

Mr. DOWNEY. I yield to the gentleman from Michigan.

Mr. DELLUMS. Madam Chairman, I would like to finally conclude by addressing myself to the notion of the window of vulnerability. That is a new phrase that we speak of here. We have started to develop language that our constituency cannot even understand.

The basic point being made here is that in some way our fixed-based missiles are vulnerable; therefore, we have to put them in some kind of mobile mode and move them around so that Soviets do not know where they are. It seems to me that this question of vulnerability may not be as powerful as one may think.

I think there are a number of technical, logistical, and strategic reasons why the U.S.S.R. or, for that matter, the United States would not have the advantage of an inforce, first strike. Let me point out the technical factors. First, we have to deal with the question of missile accuracy, and, second, the improbability of testing in the actual direction or how the missile will traverse.

I think the gentleman from New York pointed out that our tests are east-west tests, but we have never fired missiles over the polar cap. We have no idea what the implications would be. We have not discussed the question of fratricide, and we have not discussed the question of reliability of equipment or personnel or the incredible impracticability and danger of a first strike. We have not discussed the question of difficulties with terminal guidance systems. In terms of logistical considerations we have not talked about the difficulties of coordinating this massive launch.

Finally, with respect to the strategic factors, I offer three concerns, first, the widespread destruction of the continental United States, and in any kind of nuclear exchange we ought to be concerned about that for ourselves and for our children. Many U.S. bombers and submarines would survive a possible attack, and we have thousands of warheads indeed that would survive an attack. Finally, the possibility of a U.S. launch under attack is a very strong potential.

I will conclude by pointing out that in my estimation the MX missile system is extremely costly. Not one Member here in this body can guarantee the American people how much it will cost. They are extremely dangerous. Not one of us can refute the potential danger of this weapons system. It has gross impracticalities, and no one has really articulated any response to the impracticalities that exist.

It is an unnecessary system in that we have designed the program to answer a problem that in my estimation at best is a gross abstraction.

Madam Chairman, I thank my colleague for yielding.

Mr. DOWNEY. Madam Chairman, I thank the gentleman from California (Mr. DELLUMS).

(By unanimous consent, Mr. DOWNEY was allowed to proceed for 5 additional minutes.)

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from New York (Mr. DOWNEY).

Mr. DOWNEY. Madam Chairman, let me say to the members of the committee that I think the real issue that we need to discuss here, since the whole notion of survivability was discussed in some detail and ad nauseam in the last amendment, is the whole notion of whether or not we need to have the ability to strike Soviet missiles in their silos, because that is what the MX missile gives us.

Let us assume for the moment that this notion of survivability is important—and all of us do assume that—and also let us assume for the moment the notion that there can only be peace through greater strength on the part of the United States, which seems to be one of the forces generating the need for a new missile. I would argue, as the gentleman from California (Mr. DELLUMS) has argued, I think very effectively, that we do not buy more security by threatening Soviet land-based missiles.

This is a notion that strikes some of us as almost heresy. It is a matter of heresy to say, "Why shouldn't we put their missiles in jeopardy? Why shouldn't we be as absolutely strong as we can be? Isn't that the way to gain security?"

When we contemplate nuclear war or when we do nuclear war planning strategy and play out the scenarios, we see very clearly that placing one side—either the Soviet Union, or the United States in the case of the supposed vulnerability of our Minuteman—in jeopardy does not enhance security; it undermines security. The greatest goal the nuclear arsenals can have is to never be used. We can all agree on that.

The second goal we can both agree on—both hawks and doves, as well as Communists and non-Communists and capitalists and anticapitalists—is that in a crisis we want to have stability. We want the other side to know that if they hold their arsenal in check, they know that they will be able to destroy us and we want to be able to destroy them if they hold their arsenal in check.

So if we attempt to duplicate what the Soviets have done by placing their arsenal in jeopardy, we draw ourselves that much closer to the nuclear precipice. The best way to take a look at this is to deal in the somewhat bizarre world of nuclear war and nuclear strategy. We do not spend a lot of time in our daily lives, other than some members of the committee, thinking about the consequences of nuclear war, because they are essentially unthinkable.

A full exchange between our side and the Soviet side would destroy more than a 100 million of our own people and 80 or 90 million of the Soviet Union's people. It would render both societies back to a primitive time. So it is not a thing that we spend a lot of time dreaming about.

But let us assume for a moment that the Soviets want to attack our ICBM's.

If we have a capability of retaliating in kind against hard targets, what would we do? The Soviets would launch a first strike, probably against both our missiles and our bomber fields and our submarine bases; that would be a counterforce strike of some magnitude. As the first wave of missiles would come in against our bomber fields to try to get the bombers that have not taken off in the short-warning attack, and get the submarines, they would kill between 15 and 20 million Americans with just that one attack. They would then attack our ICBM's. And, potentially, no one argues this—I do not argue it—that in 1982 or 1983 they would have the ability to destroy 80 or 90 percent of our Minuteman warheads.

If we had the MX—and we all know that it is not going to be in the MPS, because that will change—we would have the ability with our accurate MX missiles that survive in a shelter to do a number of things. We would be able to shoot at the remaining Soviet missiles in their silos.

Here the logic gets a little complicated, and I would appreciate it if the Members would bear with me or argue with me, if they would. The surviving Soviet ICBM's are there, such as they are, and what option does the Soviet leader have? He has started world war III by attacking our ICBM's, our submarines, and our bombers. He has surviving his least accurate warheads, his SS-11's and his SS-9's. The reason he has those surviving is because those are the least capable of the missiles, and he would use those last to threaten our cities.

By launching an attack against his missiles, which is the only requirement I can see for MX—because you do have hard target capabilities—is that in 1983 and 1984, with the ALCM, you need time to get there, but you want to get his missile force on the ground right away.

What would a Soviet leader do? He has already launched his best missiles, and he has reserved his other missiles. He has got 20 minutes' warning, and he has already killed 20 million Americans. Is he going to leave those mis-

siles in their silos? Of course not. He will launch them.

What are those missiles aimed at? Those missiles are aimed at American cities, soft value targets. What would you do for a counterforce exchange? Certainly they have started world war III. You would certainly invite an attack on American cities, or if you were the American going first, you would invite an attack on our soft cities.

The question then becomes this: How do you best achieve security? In my opinion, you best achieve security by continuing the Trident submarine program, which we are doing.

The CHAIRMAN pro tempore. The time of the gentleman from New York (Mr. DOWNEY) has expired.

(By unanimous consent, Mr. DOWNEY was allowed to proceed for 3 additional minutes.)

Mr. DOWNEY. Madam Chairman, if I may continue, you would go ahead and build a Stealth bomber or a stand-off cruise missile carrier and loaded up with cruise missiles, and if you want to, you can go ahead and build, under the SALT ABM Treaty, the first treaty, a light defense for the Minuteman fields, and you would say, "If you want to attack our ICBM's, which we don't believe you will do, we will leave that leg of our Triad as it exists."

The synergism between the legs of the triad remains. They cannot possibly attack bombers without alerting the silo missiles. You still are able to respond in multiple ways to Soviet threats.

And last—and this is the part that is missing from this whole debate, and it is the most important—as Henry Kissinger stated, we are doomed to coexist with the Russians. Whether we like them or do not like them, whether we admire their intentions or do not admire their intentions, we inhabit a small planet with them, and arms control that limits the number of warheads which they have aimed at us is what SALT II does, and SALT III and SALT IV would provide us infinitely more security than any single missile system, a first strike capability on the side of either party, which will only bring us closer to nuclear war, because if we achieve countersilo partial first strike capability first theoretically—and I believe that with an MX system we could do that—we would only press the Soviet Union, which has 75 percent of its missiles in a silo-based mode, to use their arsenal before they lose it.

Mr. STRATTON. Madam Chairman, will the gentleman yield to me?

Mr. DOWNEY. I will be happy to yield in one moment.

That to me is the essential question. If we put Soviet missiles in jeopardy, we undermine the security of the United States. It is not conjecture; it is a matter of fact. If we do not understand that fundamental equation about nuclear war fighting, we do not understand what problems the potential ability of the United States can get us into and what this missile can create.

Mr. STRATTON. Madam Chairman, will the gentleman yield?

Mr. DOWNEY. I yield to the gentleman from New York.

Mr. STRATTON. Madam Chairman, I thank the gentleman for yielding.

The gentleman has made a very learned discussion on the subject of strategy in the missile era. I think the one mistake the gentleman is making is that the MX missile is not constructed for the purpose of counterforce. The MX missile is being constructed for the purpose of defense to create so many land-based missiles in such invulnerable conditions that the Soviets will not be able to knock out our land-based missile force with a first strike.

The gentleman is basing his entire argument on the idea of counterforce, and I think he is making a big mistake.

The CHAIRMAN pro tempore. The time of the gentleman from New York (Mr. DOWNEY) has again expired.

(By unanimous consent, Mr. DOWNEY was allowed to proceed for 3 additional minutes.)

Mr. DOWNEY. Madam Chairman, the gentleman from New York (Mr. STRATTON) raises an excellent point, and the gentleman makes a marvelous argument.

Our missiles are for defense; their missiles are for offense. Of course, the Soviets make the argument that their missiles are for defense, and that our missiles are for offense.

That is one of the first problems that we have, the inability to perceive what the other side wants.

The second reason is that if I were a Soviet planner or if the gentleman from New York, Mr. SAM STRATTON, were a Soviet planner and perceiving the worst intentions of his adversary, would we believe that a missile that has the ability to destroy another missile in the silo is a defensive weapon or an offensive weapon. We do not know. I happen to believe it is an offensive weapon. There is no reason for them to believe otherwise.

□ 1330

Mr. WHITE. Madam Chairman, will the gentleman yield?

Mr. DOWNEY. I yield to the gentleman from Texas.

Mr. WHITE. I thank the gentleman for yielding.

By the gentleman's logic, as I understand it, the safest way this country can exist would be for us to eliminate all our missiles and, therefore, we would not be placing their missiles at all in jeopardy, we would then have peace?

Mr. DOWNEY. A bizarre view of what I have said. It is not accurate. We do not need to threaten their missiles. We need to threaten their country.

Mr. BEARD. Madam Chairman, will the gentleman yield?

Mr. DOWNEY. I yield to the gentleman from Tennessee.

Mr. BEARD. I thank the gentleman for yielding.

First of all, I would like to say if we say that our missiles are defensive and theirs are for offense, and they say that theirs are for defense and ours are for offense, I kind of put my money on what we say more than I do what the Soviet Union does.

Let me just ask this one thing. The gentleman mentioned the fundamental principle of nuclear war fighting, and if we did not understand a particular principle we did not understand the fundamental principle of nuclear war fighting.

I would like to hear the gentleman's definition of what is the fundamental principle of nuclear war fighting, because I do not understand it. I do not know what the Soviet Union's perception is and I am not sure I know what our perception is.

Mr. DOWNEY. Let me say to the gentleman that his statement is more useful before the American Legion as opposed to the Congress of the United States, that the gentleman puts his faith in the American word as opposed to the Soviets. So does everyone in this room. On the other side they think the other way. That is not the issue.

What is at issue is the fact that if the Soviet Union perceives our ability to strike them a devastating first strike, they will want to use that arsenal in a crisis as opposed to losing it. Then we would have to explain to the people, the few of them who survive, the notion that, well, you know, this was a question of whose words they took and they really did not believe us, they did not realize ours were defensive missiles. That is why they had to use their arsenal during the period of time of the crisis in Iran.

Second, war fighting can be reduced to the simple notion of what is an effective means of deterrence. The argument today that had been made so eloquently by the members of the Committee on Armed Services, in the general debate, there is a window of vulnerability and I would argue, and I would hope somewhat persuasively, that the window of vulnerability is a bogus concept, No. 1, and No. 2, leads——

The CHAIRMAN pro tempore. The time of the gentleman from New York (Mr. DOWNEY) has expired.

(By unanimous consent, Mr. DOWNEY was allowed to proceed for 3 additional minutes.)

Mr. DOWNEY. That a mixture of the weapon improvements that we are undertaking both with Trident and ALCM and arms control is the best way to provide security for the people that I want to see secure, the people of the United States.

Mr. DICKS. Madam Chairman, will the gentleman yield?

Mr. DOWNEY. I yield to the gentleman from Washington.

Mr. DICKS. I thank the gentleman for yielding.

I think the gentleman would agree that our existing Minuteman force today is vulnerable to a Soviet first strike?

Mr. DOWNEY. If everything works as advertised for the Soviets. I said that.

Mr. DICKS. I know the gentleman did. The point of it is if we go to an MPS system, is it not the gentleman's view that the Soviets then would probably respond at great cost to themselves to go to the same kind of an MPS system in order to protect the 70 percent of their offensive missile system that would then be vulnerable to a supposed first strike, though it is not the policy of this country to launch a first strike?

Mr. DOWNEY. That is one of the potentials.

Mr. DICKS. Then we would be in a situation where both missile systems, the Soviets and ours, were basically secure, and we would then be in a posture where there would be nothing to be gained by either side in launching a first strike, and then I think we would have strengthened deterrence.

The problem is when we go forward with MX we create a period of vulnerability for the Soviets until they go mobile.

Mr. DOWNEY. I think the gentleman makes an interesting point and one difficult to argue against. Assume for a moment we have MX first and 75 percent of their deterrence is at jeopardy as opposed to only 30 or 35 percent of ours, and there is a period of crisis during this period, is it not far better to avoid that with an arms control negotiation that limits the number of missiles they can aim, the warheads they can aim at us, and conversely missiles that we can aim at them? It does not seem that hurts us. There is a bizarre notion when we talk that arms control is somehow a useful military tool, we are the ones who are undermining security. That is not the case.

It is the case that arms control is a more valid weapon against aggression than an MX missile.

Mr. DELLUMS. Madam Chairman, will the gentleman yield?

Mr. DOWNEY. I yield to the gentleman from California.

Mr. DELLUMS. I thank the gentleman for yielding.

I would like to go back to the first question that was raised by the gentleman from New York when he challenged the gentleman's argument with respect to counterforce. He said why is the gentleman suggesting that this is a first strike weapon? Well, let us go back to the argument. The argument in support of the MX missile system is that our fixed based ICBM's are vulnerable by virtue of the fact they are fixed base. Therefore, we should put in a mobile mode which would reduce the vulnerability.

The obvious question is, Why on top of the mobile mode are we adding a mark 12-A warhead, a brandnew missile? If the only issue is the question of survival why are we developing an entirely new weapon, an entirely new weapon that has enormous explosive capacity? That is the answer to the gentleman's question.

With this new weapon we do have a counterforce capability and a first strike capability that endangers the world.

Mr. STRATTON. Madam Chairman, will the gentleman yield?

Mr. DOWNEY. I yield to the gentleman from New York.

Mr. STRATTON. I thank the gentleman for yielding.

The fact of the matter is we have the mark 12 on our present missiles and we have a big argument going on in the Committee on Armed Services.

Mr. BEARD. Madam Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Madam Chairman, I would like to take a few moments to review the legislative history as it pertains to the MX missile system. In considering the deployment of the MX missile, it should be kept in mind that as initially envisioned during the administration of President Ford, the system's initial operational capability (IOC) was to be in 1984 because of the realization that we would be in a period of maximum strategic vulnerability during the mid to late 1980's.

One of the first actions of the Carter administration in the defense area, unfortunately, was to delay the MX system. Since 1977 the Congress has stated its concern over the growing vulnerability of our land-based missile force and has taken the initative in law to see that a survivable land-based ICBM system be developed and deployed.

The fiscal year 1979 supplemental authorization bill contained language specifically designed to force a decision by the then administration on proceeding with a basing mode for the system.

In the authorization bill for fiscal year 1981, Public Law 96-342, the Congress stated the finding that a land-based system is vital to U.S. national security and committed itself to the development and deployment of the MX missile system. It also directed that the system proceed to achieve an IOC not later than December 31, 1986.

Now, as we proceed with the next step of authorization, some of the major points of the legislative history since 1977 should be clear:

The Congress has never departed from its support for the concept of a triad of strategic deterrent forces.

The Congress has stated in law as national policy that development of a survivable land based intercontinental ballistic missile system "is vital to the security of the United States."

The Congress has stated in law that it is committed to the development and deployment of the MX missile system consisting of 200 missiles and 4,600 hardened shelters and that the deployment of the entire system should be carried out as soon as practicable.

The legislative request presently before the committee is for further authorization of the MX system as directed by Congress. No request to deny those funds, or delay that development, or to change to an alternate system has been submitted by the new administration.

Certainly a new administration has every right to study and make its own assessment of defense programs. But it would not be consistent with the law, or we are sure with the intent of the new administration, to have another major long delay while study is in process.

The committee believes, as do I, that the MX program should proceed as planned until such time as substantial evidence is presented that an alternative approach is more effective in terms of cost and military utility. To do any less, it seems to me, would make a mockery of the Congress place in defense decisionmaking.

I am proud of the fact that in the legislative action taken during the Carter administration the Congress has proceeded in a nonpartisan manner to encourage the President and the Secetary of Defense to move as rapidly as possible in this vital area of national security. I am sure that this nonpartisan spirit will continue as we work with the new administration to avoid the delay in strategic modernization of our land-based ICBM's.

Consistent with the above, the committee has proposed language be included in this authorization bill which shall provide that the money authorized for the MX shall be available only for the MX missile in the MPS basing mode and that development and procurement of the system in the MPS basing mode shall proceed on schedule unless and until such time as the President certifies to the Congress that he believes an alternative system is in the national interest, and the Congress, within a 60-day period, has approved that alternative system as a

substitute for the MX or its basing mode.

Much that has been written about the MX system in recent weeks shows a lack of awareness of the study and direction by Congress. It is distressing to see so fundamental a question of national security discussed in terms of unrealistic considerations.

If we are not prepared because of environmental or other inconvenience to put a system fundamentally tied to our ultimate national security on our own sovereign soil, what kind of signal would we send to the Soviets? It is remarkable the naivete sometimes expressed by those who say that if we put the missiles out to sea we would somehow keep the threat of war from our homeland. Such shallow thinking requires one to believe that the Soviets would refrain from sending nuclear missiles against the United States, even while our own nuclear missiles are firing at the heart of the Russian homeland.

The Secretary of State made a valid point when he said that we cannot expect our NATO allies to accept basing of ground-launched cruise missiles and Pershing II's on their soil if we are not willing to put the modernized ICBM on ours.

It is not at all clear why people assume that a new system like the shallow underwater submarine system, or other proposed alternatives, could be ready for an IOC of 1986, or could be built and deployed for less than the cost of the MX with MPS basing.

Those who attack the MX on the basis of cost, like those who attacked the B-1 before them, invariably state the cost in terms of the total cost of the system. Everybody hears that the MX is going to cost $33 billion in 1980 dollars. Admittedly, $33 billion is a lot of money. But it should be remembered that this represents the total cost to buy missiles, shelters, transporters, launching equipment, research and development, everything to be procured through the Department of Defense, over a roughly 9-year period until the system is fully operational.

The strategic part of our defense budget has typically consumed 10 to 12 percent a year of the total defense budget, and modernization of all three legs of the triad has been so long delayed that whatever we do we are going to have to spend additional funds for all three. The Trident is very expensive, but it is necessary. A manned aircraft is very expensive, but it is necessary. A land-based ICBM system is equally necessary.

It is sometimes pointed out, as if it was a concern unique to the MX, that a considerable expansion of Soviet strategic forces beyond what is now projected could require additional expansion of the MX system to maintain survivability. A series of response options have been developed both to maintain the effectiveness of the system, and equally important, to make clear our readiness to employ additional options so that the Soviets would know in advance that they would be denied an advantage by enlarging their forces; it is part of the essential deterrent role of the system. These options include additional shelters, deploying more missiles, or a combination of both, and in the case of a very large Soviet threat expansion, the possibility of deploying a ballistic missile defense system that would be combined with the MPS.

The important point, however, is that an expansion of the Soviet threat of the magnitude contemplated by those who see it as a threat to the survivability of the MX system, would require some major adjustment in the aggregate U.S. strategic force posture in any case in order to preserve deterrence and strategic parity. Should the Soviets elect to greatly expand their ICBM forces, we will have to take measures to respond that will necessarily entail great additional expense, whether or not we have the MX system.

Finally, all of us should stop and think of what decisions are required by the Congress. The congressional initiative has been to assure a survivable land-based system. This is the fundamental strategic decision that the Congress has to make and it is independent of minor technical variations in the system which ideally are made by men trained in military planning. The essence of the system is that it retains those unique features that a land-based strategic system contributes to deterrence—reliable command and control, flexibility, responsiveness, endurance—the kind of endurance that allows us to not be dependent on a launch on warning strategy—and low operating costs and personnel requirements.

Those fundamental characteristics, or their equivalent, are what we have to assure in the system, or in the alternative system that might be proposed. That is not to say that the administration should not consider hardware and configuration variations on the best military advice. For example, the Senate committee in the past had made clear its understanding that the definition of an MPS system includes either a horizontal or a vertical shelter. By the same token, we should not be concerned if the mobility aspect of the system is referred to as a racetrack, a dragstrip, or a figure 8, or if the various racetracks or dragstrips are interconnected, as long as the essential element of preservation of location uncertainty is maintained. We should leave that technical decision to the military experts.

Madam Chairman, we should recognize this amendment for what it is, another unnecessary obstacle in the way of an efficient deployment of a much needed system. It is simply a burr under the saddle. I strongly urge the House to defeat this amendment. Unless and until the President proposes a better way to address the growing vulnerability of our land based ICBM deterrent, let us not derail the MX system.

Mr. SEIBERLING. Madam Chairman, I move to strike the last word.

Madam Chairman, I think this has been a very excellent debate and I think the gentleman from New York (Mr. DOWNEY) has given us a brilliant exposition of the various factors that enter into strategic weapons planning. I hope the gentleman does not leave the room because I would like to ask him some questions.

His arguments were directed against the MX/MPS. I think they were largely valid arguments. But I wonder if his arguments would be the same if the MX were deployed on submarines, so that there would be no vulnerability to attack by Soviet missiles and a preemptive first strike against them would be useless, or if instead of MX we had smaller ICBM's that could be deployed in normal size trucks, in many, many locations and be equally invulnerable as the submarines.

Mr. DOWNEY. Madam Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from New York.

Mr. DOWNEY. The gentleman raises a good point. As a matter of fact, this Armed Services Committee wisely cut out of their budget the Trident II missile because they were concerned about out-year costs, and presumably, although I would hasten to add probably not worried about the notion that the Trident II missile is also a counterforce weapon. But the more dangerous aspect of the Trident missile is that potentially it has the ability to strike hard targets with limited warning. So it would be my opinion far more dangerous and far more destabilizing to both sides than MX would be, as bad as MX would be——

Mr. SEIBERLING. I certainly agree that the Trident II missile would be dangerously destabilizing. However, if MX were deployed on smaller submarines that had a limited range so they could only be deployed a few hundred miles off our coast, that particular destabilizing feature would then not be present.

The real danger, it seems to me, in deploying the MX or some other missile which has a first strike capability, is not that it would provoke a first strike by the Soviets, but that it might tempt some future President or some future military leadership at the Pentagon, in a time of crisis to launch a first strike themselves.

Let us face the fact that the Soviets, at least, would have to assume that that might be possible, and since it is logically possible, I think we have to assume that, too.

Now, the real question in my mind—I would like to get the reaction of the gentleman from New York to that—is this: It seems to me there is only one approach that makes any sense, and that is to get rid of these monstrosities on both sides. Kennan was right; it is insane to go on piling missiles upon missiles and warheads upon warheads when we and the Soviets already have the capability to destroy each nation many times over.

The question is, if we allow the Soviets to perceive that our ICBM's are vulnerable to attack by them, do we not lessen the pressures on the Soviets to come to the bargaining table and try to work out a general reduction in strategic nuclear weapons?

I wonder if the gentleman can give us his thoughts on that subject?

Mr. DOWNEY. The Soviets, as the gentleman knows, are most anxious to proceed to the bargaining table.

Mr. SEIBERLING. They say they are.

Mr. DOWNEY. Because the Soviets know, as every Member in this Chamber knows, that if it comes to an arms race, we have a greater technology base, we have greater resources to commit to an arms race, and they understand that as well.

The question is, the gentleman knows this, if we have an arms race, we have 9,000 warheads, they have 7,000 today. That is a static measure. Whether you want to use generated alerts the numbers are somewhat less.

After we build MX and after the Soviets decide to build whatever they want to build in response to our MX, we will have 12,000 and they will have 10,000; we will have 15,000 and they will have 13,000.

It seems to me the madness which is apparent on its face has to end sometime. The Soviets know that and we know that, so I do not see using additional weapons as a tool to get them to the bargaining table as being necessary. They want to get to the bargaining table. The question is whether or not we do.

Mr. SEIBERLING. That is the real issue, and that is what we ought to be debating here, because the alternative of nuclear war, whether it is limited or whether a preemptive strike, is not a viable alternative. Yet, in the initial phases when the MX was being discussed, there were noises being made in the two previous administrations, I might say, that we would consider a limited nuclear war.

The CHAIRMAN pro tempore. The time of the gentleman from Ohio (Mr. SEIBERLING) has expired.

(By unanimous consent, Mr. SEIBERLING was allowed to proceed for 5 additional minutes.)

Mr. SEIBERLING. How to reduce nuclear weapons is what we ought to be debating here today. And, unfortunately we get involved in abstractions and technical discussions to the point where we lose sight of the basic issue that is facing the human race, which is total destruction.

I want to read to the Members from Arms Control and Disarmament Agency Civil Defense Study, Report No. 5, dated April 19, 1978, which was only recently declassified as a result of a Freedom of Information Act request that I submitted to the agency.

Here is what it says on the first page:

Executive Summary. It is likely that a full-scale nuclear war in 1985 would result in severe ultraviolet burning in the northern hemisphere for several years after the war.

I emphasize that "for several years."

Climatic Changes and Ultraviolet Burning. It is likely that a full-scale nuclear war in 1985 would result in severe ultraviolet burning in the northern hemisphere for several years after the war. This burning would be due to depletion of the ozone layer. Longer lasting climatic changes are also possible. We estimate that at its worst, the burning would cause blistering burns after one hour of exposure in northern temperate latitudes with similarly severe damage to livestock and crops. Such levels of ultraviolet radiation could effectively prevent daytime outside work for several years and would destroy all but the most resistant crops and farm animals.

Climatic changes which would upset agricultural patterns could occur and last beyond the 5 to 9 years of ultraviolet burning. While a great deal of uncertainty exists in the estimation of effects of a major nuclear war on the ozone layer, the consequences of ozone depletion are of such immense importance that they must be taken into account from the points of view of civil defense and nuclear deterrence.

Now at the back of this study is an appendix A which goes into further details on this subject. I would like to read from parts of it.

Basis of the Effect. The estimated effect of nuclear war on the earth's ozone layer would be caused by injection of large quantities of oxides of nitrogen into the stratosphere where they would reduce the amount of ozone present. Ozone is nearly opaque to most of the sun's ultraviolet radiation so that only a minute fraction of the solar UV reaching the upper atmosphere now reaches the earth's surface. If the ozone layer were to be depleted the increase in UV would cause serious burning of exposed people, animals and crops.

The National Academy of Sciences in "Long-Term World-Wide Effects of Multiple Nuclear Weapons Detonations" (Reference 4) estimated the effect of a hypothetical nuclear war on ozone and the consequent increases in burning ultraviolet radiation. Since they used complicated photo-chemical computer models which are not available for our estimate, we will make a comparison of their assumed war with the numbers and yields of U.S. and Soviet weapons that could be used in a war in 1985.

The NAS study group assumed (page 27 of their report), ". . . the detonation of 500 to 1000 weapons, each with a yield in the range of 10–20 MT, together with a simultaneous detonation of 4000–5000 smaller weapons, with a yield of some 1–2 MT." For comparison the numbers of U.S. and Soviet weapons estimated to be available in 1985 are shown in Figure A–1.

And I would like to read the very last part.

Those NAS estimates indicate a 30%–70% decrease in ozone in the northern hemisphere in the period ½ to 1½ years after a war with a recovery in 6–10 years (Figure 2). The decreases in the southern hemisphere would be about ½ of these. The ozone decrease could have the following effects on humans according to the NAS report:

"Short-term effects of (ultraviolet radiation) increase would be severe sunburn in temperate zones and snow blindness in northern regions. For a 70 percent decrease in ozones, which is at the upper range of what might be expected a severe sunburn involving blistering of the skin could occur in 10 minutes. Toxic effects of our increased rate of vitamin D synthesis might occur."

The more likely ozone reduction of about 50% resulting from a war in 1985 would result in blistering sunburn with about an hour of exposure. Projected effects on crops and animals would be equally severe. If the ozone reduction is as much as this estimate indicates only plants and animals having high natural or artificial protection from ultraviolet radiation or which are fortunate will be able to survive.

Let me emphasize again their last sentence:

If the ozone reduction is as much as this estimate indicates only plants and animals having high natural or artificial protection from ultraviolet radiation or which are fortunate will be able to survive.

Now, what kind of a world are we building for our children. How are we going to get off this insane merry-go-round-after-round of more and more destructive nuclear weapons, by the thousands and tens of thousands. Would not any feeling, rational person want negotiations to start as soon as possible to get rid of these things? Yet we see the nominee to be the new Director of ACDA, saying recently that he might start in 9 months or so. So I suggest that the real issue here is what is the best way to get the Russians and ourselves to the bargaining table to start some really serious negotiations to get rid of these monsters that threaten the entire human race.

The CHAIRMAN pro tempore. The time of the gentleman from Ohio (Mr. SEIBERLING) has expired.

Mr. WEAVER. Madam Chairman, I ask unanimous consent that the gentleman from Ohio (Mr. SEIBERLING) may be allowed to proceed for 3 additional minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Oregon?

Mr. STRATTON. Reserving the right to object, Madam Chairman, we

have been engaged on this subject now for a considerable amount of time. The chairman of the committee announced this morning when the debate began that it was the intention of the leadership to proceed to 8 o'clock tonight.

If we could conclude this bill by 8 o'clock tonight we would then have no session tomorrow. If we do not conclude it by 8 o'clock tonight we will go over to tomorrow and we will continue on it until 3 o'clock.

I do not think the House is anxious to convene on this subject tomorrow.

Madam Chairman, I move the previous question on the amendment offered by the gentleman from California.

□ 1345

The CHAIRMAN pro tempore. The previous question is not in order in the Committee of the Whole.

Mr. STRATTON. Madam Chairman, I object to the extension of time.

Mr. WEAVER. Madam Chairman, I had asked the gentleman to yield.

The CHAIRMAN pro tempore. Objection is heard. The time of the gentleman from Ohio (Mr. SEIBERLING) has expired.

Mr. STRATTON. Madam Chairman, I move the previous question on the amendment of the gentleman from California.

The CHAIRMAN pro tempore. The motion for the previous question is not in order in the Committee of the Whole.

Mr. WEAVER. Madam Chairman, I move to strike the requisite number of words. I rise in support of the amendment.

Madam Chairman, I just want to commend my friend in the well, the gentleman from Ohio (Mr. SEIBERLING) for one of the finest speeches I have heard.

The merry-go-round of the arms race has only one direction. I want to thank the brilliant and courageous gentleman from California for offering this amendment and then thank also the gentleman from New York (Mr. DOWNEY), whose logic is one of the most devastating weapons that we have in this country and to say, Madam Chairman, that the real threat to our security, the real threat to our Nation is the continuing arms buildup, building weapons to defend weapons, indeed, building weapons to defend that very weapon itself. Surely this is a form of madness and the MX is such a system. The MX is an idea created by the premise that the Russians can drop 1,000 warheads down the throats of our Minuteman missiles.

Can you imagine someone making that decision, knowing that the decision to press the button to try to destroy our missiles, knowing he must be sure that almost every single one of those Minutemen was destroyed, knowing that even if he did we could still blow up his nation with our sea and air based nuclear weapons?

Therefore, such a person pressing that button would have to be irrational and no weapons system can defend itself or ourselves from a madman who commands such weapons of destruction.

I urge us to concentrate instead on mutual nuclear weapons reductions.

George Kennan, as the gentleman from Ohio has said, has proposed a mutual 50-percent reduction and I support that and we must support that.

Retired Adm. Noel Gaylor has proposed other steps and such mutual nuclear reductions that we must support.

Now we are heading surely directly toward Armageddon.

Let me say this. If Jesus Christ did return to Earth now, ask yourselves how he would vote. Jesus Christ would certainly vote against these weapons of destruction. That is the only possible way to achieve our national security and peace.

Mr. SEIBERLING. Madam Chairman, will the gentleman yield?

Mr. WEAVER. I yield to the gentleman from Ohio.

Mr. SEIBERLING. I would just like to commend the gentleman for injecting the moral element into what has been mainly a technical discussion to this point.

I would also like to say that I would hope the gentleman from New York (Mr. STRATTON) would recognize that on a matter of this importance it would be shameful to cut off debate before the Members have had an opportunity to discuss this to the degree which it certainly deserves.

I thank the gentleman for yielding.

Mr. DELLUMS. Madam Chairman, will the gentleman yield?

Mr. WEAVER. I yield to the gentleman from California.

Mr. DELLUMS. I thank the gentleman.

I would simply like to add one note. I think my distinguished colleague from New York who has made a very powerful thing out of dragging out this debate and simply say to the gentleman that we have been out for 10 to 11 days. We just got back in Wednesday and now the gentleman makes a brilliant argument that we are to leave on Friday. We have not worked 3 days this week. It seems to me there is nothing wrong with us debating this significant question where we are talking about not ony multibillions of dollars, but the future of our children and the future of the world. I find that terribly insulting and terribly absurd.

Mr. STRATTON. Madam Chairman, I move that all debate on the Dellums amendment and all amendments thereto end at 5 minutes after 2.

The CHAIRMAN pro tempore. The question is on the motion offered by the gentleman from New York (Mr. STRATTON).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. STRATTON. Madam Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 193, noes 213, not voting 25, as follows:

[Roll No. 118]

AYES—193

Addabbo	Gradison	Pashayan
Albosta	Gramm	Patman
Alexander	Green	Perkins
Annunzio	Grisham	Petri
Applegate	Gunderson	Porter
Archer	Hall (OH)	Price
Ashbrook	Hamilton	Pritchard
Badham	Hance	Quillen
Bafalis	Hansen (UT)	Railsback
Beard	Harkin	Regula
Benjamin	Hartnett	Rhodes
Bennett	Hatcher	Roberts (KS)
Bereuter	Hendon	Roberts (SD)
Bevill	Hightower	Robinson
Billey	Hillis	Rogers
Boner	Holland	Roth
Bouquard	Hollenbeck	Roukema
Bowen	Hubbard	Rousselot
Brinkley	Huckaby	Rudd
Broomfield	Hunter	Sawyer
Brown (OH)	Hutto	Schneider
Broyhill	Hyde	Schulze
Burgener	Ireland	Sensenbrenner
Butler	Jeffries	Shaw
Byron	Johnston	Shelby
Campbell	Jones (OK)	Shumway
Chappie	Jones (TN)	Shuster
Cheney	Lagomarsino	Skeen
Clausen	Latta	Skelton
Clinger	Leath	Smith (AL)
Coats	LeBoutillier	Smith (NE)
Coelho	Lent	Smith (OR)
Collins (TX)	Loeffler	Snowe
Conable	Long (LA)	Snyder
Corcoran	Lott	Solomon
Coyne, James	Lowery (CA)	Spence
Craig	Lujan	St Germain
Daniel, Dan	Luken	Stangeland
Daniel, R. W.	Lundine	Stanton
Daub	Madigan	Staton
Deckard	Marriott	Stenholm
Dickinson	Martin (NY)	Stratton
Dougherty	Matsui	Stump
Dreier	Mazzoli	Tauke
Duncan	McClory	Taylor
Dunn	McCloskey	Thomas
Dyson	McCurdy	Trible
Edwards (AL)	McEwen	Vander Jagt
Emerson	McGrath	Walker
Erlenborn	Michel	Watkins
Evans (IA)	Miller (OH)	Weber (OH)
Evans (IN)	Molinari	White
Fary	Mollohan	Whitehurst
Fazio	Montgomery	Whitley
Fiedler	Moorhead	Whittaker
Fields	Morrison	Williams (OH)
Flippo	Mottl	Winn
Florio	Murphy	Wortley
Foglietta	Murtha	Wright
Forsythe	Myers	Wylie
Frost	Napier	Young (AK)
Fuqua	Nelligan	Zablocki
Gibbons	Nichols	Zeferetti
Ginn	O'Brien	
Goodling	Parris	

NOES—213

Akaka	Bailey (PA)	Bingham
Anderson	Barnes	Blanchard
Anthony	Bedell	Boggs
Aspin	Beilenson	Boland
Atkinson	Benedict	Bolling
AuCoin	Bethune	Bonior
Bailey (MO)	Biaggi	Bonker

Brodhead	Gingrich	Oakar
Brooks	Glickman	Oberstar
Brown (CA)	Gonzalez	Obey
Brown (CO)	Gore	Ottinger
Burton, John	Gray	Panetta
Burton, Phillip	Gregg	Patterson
Carman	Guarini	Paul
Carney	Hall, Ralph	Pease
Chappell	Hall, Sam	Pepper
Clay	Hammerschmidt	Peyser
Coleman	Hansen (ID)	Pickle
Collins (IL)	Hawkins	Pursell
Conte	Heckler	Rahall
Conyers	Hefner	Rangel
Coughlin	Heftel	Ratchford
Courter	Hertel	Reuss
Coyne, William	Hiler	Rinaldo
Crane, Daniel	Horton	Ritter
Crane, Philip	Howard	Rodino
D'Amours	Hoyer	Roe
Danielson	Hughes	Roemer
Dannemeyer	Jacobs	Rosenthal
Daschle	Jeffords	Rostenkowski
Davis	Jenkins	Roybal
de la Garza	Kastenmeier	Russo
Dellums	Kazen	Sabo
DeNardis	Kildee	Santini
Derrick	Kogovsek	Scheuer
Derwinski	Kramer	Schroeder
Dicks	LaFalce	Schumer
Dingell	Lantos	Seiberling
Dixon	Leach	Shamansky
Donnelly	Lee	Shannon
Dorgan	Lehman	Sharp
Dornan	Leland	Siljander
Downey	Levitas	Simon
Dwyer	Lewis	Smith (IA)
Dymally	Livingston	Smith (NJ)
Eckart	Long (MD)	Solarz
Edgar	Lowry (WA)	Stark
Edwards (CA)	Lungren	Stokes
Edwards (OK)	Markey	Studds
Emery	Marks	Swift
English	Martin (IL)	Synar
Erdahl	Martin (NC)	Tauzin
Ertel	Mattox	Traxler
Evans (DE)	Mavroules	Udall
Evans (GA)	McCollum	Vento
Fascell	McDonald	Volkmer
Fenwick	McHugh	Walgren
Ferraro	McKinney	Waxman
Findley	Mica	Weaver
Fish	Mikulski	Weber (MN)
Foley	Miller (CA)	Weiss
Ford (MI)	Mineta	Whitten
Ford (TN)	Minish	Williams (MT)
Fountain	Mitchell (MD)	Wilson
Fowler	Mitchell (NY)	Wolf
Frank	Moakley	Wolpe
Garcia	Moffett	Wyden
Gaydos	Moore	Yates
Gejdenson	Natcher	Yatron
Gephardt	Neal	Young (FL)
Gilman	Nowak	Young (MO)

NOT VOTING—25

Andrews	Goldwater	Nelson
Barnard	Hagedorn	Richmond
Breaux	Holt	Rose
Chisholm	Hopkins	Savage
Cotter	Jones (NC)	Wampler
Crockett	Kemp	Washington
Early	Kindness	Wirth
Fithian	Marlenee	
Frenzel	McDade	

□ 1400

Mr. FORD of Michigan, Mr. GEPHARDT, Mrs. MARTIN of Illinois, Messrs. HERTEL, BENEDICT, WILSON, AKAKA, WOLF, RITTER, and CHAPPELL changed their votes from "aye" to "no."

So the motion was rejected.

The result of the vote was announced as above recorded.

Mr. CONYERS. Madam Chairman, I move to strike the requisite number of words, and I rise in support of the pending amendment.

Madam Chairman, I first want to thank every Member in this body who voted against closing off debate. This was one of the most important amendments and considerations that have been made in the debate on the defense budget. I deeply appreciate it and I know my colleague from California (Mr. DELLUMS) feels equally deeply. We promise that this is not a dialog to needlessly draw out the time.

But let us proceed to the amendment since time is running out. Since we are in such a rush to dispose of the largest single military construction program since the building of the Great Wall of China in history, and the building of the Interstate Highway System in the United States, since we are in such a rush to dispose of this ultimately $100 billion item so that we can have Friday off, I would like to speak to those who may not have made up their mind about this subject. I would like to point out that the President of the United States, and this is the first time I have ever quoted President Reagan that I remember, his own mind is not made up on this subject. I commend him for that. He is studying it. He needs until August.

Can we not, in our wisdom of judgment, suspend this funding until your President speaks on the subject? Can we not listen to such valid Americans, certified conservatives as James Kilpatrick? Where are my colleagues' conservative belief and ideology? They owe it to those who oppose this construction, who are of a conservative point of view, not to rush headlong into something they may be sorry for. The fact that this accidentally converges with the viewpoints of others who are not conservative, with others who are not of the Republican persuasion should not have any bearing on a subject of national import.

□ 1415

So I come to the well not as an amateur strategist, as one member of this committee sneeringly decried that those of us who are trying to interpose our response here were some amateur strategists—we are a houseful of amateur strategists—but as one of all of us who have a responsibility beyond our districts to vote for the feelings and the beliefs and the views of ever American between these shores. Unless we carry on this debate with that spirit in mind, I am afraid we may not come to a conclusion that we will be happy with.

Let me close my share of the debate in support of the Dellums amendment, which merely suspends the funding for awhile, with this observation because we have been more candid and more honest in this debate on defense than I can remember in quite awhile.

What is behind this irrational headlong plunge toward a $100 billion folly? Can we at least have it put in the RECORD just one time so that when historians try to determine what was in our hearts and minds, somebody would have said it once. Let us face it. It is the faltering U.S. economy in many areas of the country that drives many Members to want a piece of the action in their districts. I can understand that. There are very few here with more unemployment than I have in Detroit; sure, we want to build tanks at Chrysler. You bet, we want to build some components for a bomber. Give us a piece of any kind of missile or Minuteman or Trident you can think of. If it will put some people to work, let us vote for it. Right? Wrong, because we have a responsibility that is not only national but, as has been occasionally suggested during this debate, that is international, that your decisions here will go far beyond the debate on the defense budget in 1981.

The CHAIRMAN pro tempore. The time of the gentleman from Michigan (Mr. CONYERS) has expired.

(At the request of Mr. JOHN L. BURTON, and by unanimous consent, Mr. CONYERS was allowed to proceed for 2 additional minutes.)

Mr. CONYERS. It will go far beyond the deliberations in the United States; it will have world import.

Mr. JOHN L. BURTON. Will the gentleman yield?

Mr. CONYERS. I yield to my colleague from California.

Mr. JOHN L. BURTON. I thank the gentleman for yielding. I commend him for his remarks. I rise in support of the Dellums amendment and would like to say that we will spend more than $200 billion on this project, and it will never be completed. I will put any money anybody wants on that bet, if they want to take it. It is a boondoggle that will never be "booned" and, hopefully, will never be "doggled."

Mr. DELLUMS. Madam Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from California.

Mr. DELLUMS. I thank the gentleman for yielding. I simply would like to make one correction in the statement the gentleman made. This amendment does not simply suspend funds. What this amendment does is stop all funding for the MX missile system. The practical effect of this amendment is to stop the MX missile cold, kill it right here.

Mr. CONYERS. I was just trying to modify the object of the gentleman's amendment.

Mr. DELLUMS. I want my colleague to understand exactly what this is about.

Mr. LELAND. Madam Chairman, I move to strike the requisite number of words, and I rise to speak on behalf of the amendment.

Madam Chairman, I want to speak in support of the amendment being introduced by my colleague from California (Mr. DELLUMS), a most courageous gentleman who has historically in this Congress fought against any military madness that would extend us into the insanity of war.

It is inconceivable to me, Madam Chairman, that we should give the "go" signal to this hugely expensive and controversial project. If there is any conscience or any consensus in this Nation about the MX, it is about its extreme costliness and insanity that it imparts, and the destruction that it will bring to the environment and economies of the areas in which it is placed.

I find it inconceivable that we are even considering a project with such a profound impact—and probably severely harmful effects—when so many critical questions and considerations are left unanswered—unanswered questions as to its cost, its effectiveness, the basing mode to be used, and the ability to conceal it; unanswered questions as to the stabilizing or destabilizing effects it would have on the delicate balance—what is called the strategic balance—which keeps us ever at a hair's breadth from that unfathomable absurdity which those who control the nuclear button call mutual assured destruction.

Above all, I find it inconceivable that while on the one hand the House should so casually nod approval to this absurd expenditure, on the other hand the House thrusts so many Americans into a condition of marginal and subsistence survival.

I ask my colleagues, what did you tell your constituents during the last 10 days you were home? Did you tell 250,000 aged, blind, and disabled Americans who will lose social services, and the 80,000 elderly who will lose their Meals on Wheels, and the mothers of 120,000 children who use day-care services, that they will lose all of these to build the most expensive weapons system in history, and in all likelihood precipitate a new arms race with the Soviet Union? Did you tell the nearly 3 million elderly Americans whose minimum social security benefits are in jeopardy, and the 10 million low-income Americans in subsidized housing, that they may lose the benefits they paid for through the years of work, to spend a fortune in destroying vast expanses of agricultural and grazing land, and disrupt the environmental balance of part of Utah, Nevada, and perhaps even my home State of Texas?

I doubt that any one of you could in good conscience do that. I certainly could not. I could not justify the expenditure of as much as $130 billion over the next several years on the MX while the Omnibus Reconciliation Act which this House approved on June 26 cuts $141 billion of social programs over the next 3 years.

I recommend approval of the amendment to eliminate funding for the MX basing system and missile program authorized in this bill.

Madam Chairman, I recommend against the madness of the building of the MX system. I hope that this Congress will go on record for a statement of peace in the greatest of measure, which is manifested in the support of the amendment offered by my brother, my colleague from the State of California (Mr. DELLUMS).

Mr. EDGAR. Madam Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Madam Chairman, as all of us prepare to vote on this particular item of this particular bill, I hope that we will recognize that we are not just voting for a $2.4 billion piece of a larger defense bill. Our colleague on the Senate side, Senator HATFIELD, had asked the General Accounting Office to do some homework in the basing system of the MX missile. He asked for that request simply because he wanted to get a handle on how much this particular defense item was going to cost. The General Accounting Office came back and said there were difficult assumptions, but anywhere between $40 billion and $80 billion.

Then Senator HATFIELD came back and asked some very tough questions and discovered that the actual cost will be far in excess of $100 billion.

Let me read to you a quote from the General Accounting Office report. The General Accounting Office report of February 1981—not 1980, not 1979, but 1981—says the following:

> The Congress and the public seem to be under the impression that MX will consists of 200 missiles and 4,600 shelters. However, current SAC projections indicate that even within the constraints of the unratified SALT II treaty—a higher number—

Let me underscore that: A higher number—

> of missiles and shelters may be required to provide the necessary survivability. Without an arms limitation agreement, the survivability of MX will depend on either Soviet restraint or more missiles, more shelters, installation of a ballistic missile defense, or a combination thereof. The Congress should be aware that it is not possible at this time to predict the ultimate size of the deployment area, the number of missiles and shelters, or the cost of MX.

Madam Chairman, the quotation that I just read comes not from BOB EDGAR, not from RON DELLUMS, not from any Member from the Democratic side or any Member of the Republican side. The quotation that I have just read concerning the cost of the MX comes from the General Accounting Office, and the quotation indicates that there is more implied in the development of the MX missile than has been laid out in just our debate this afternoon. I think it is important for us to be courageous, to hold off on any future development of the MX missile until future decisions can be made and we can look at the MX in its total perspective.

I think the Dellums amendment is an important amendment for this time in history to say to the American public, we are not going to spend your money wastefully; we are not going to commit ourselves to do the development of a system that we do not even know works; and we are not going to commit ourselves to a system that costs more than $100 billion.

I urge the strong support of the Dellums amendment, and I urge the rejection of the MX missile system.

Mr. MILLER of California. Madam Chairman, I move to strike the requisite number of words, and I rise to speak in favor of the amendment.

Madam Chairman, I would hope that we would accept the Dellums amendment. I appreciate my colleagues who have gotten up to debate this issue on both sides because I think it is a most important debate. What is so troublesome to me about the willing acceptance of the MX missile system is that I do not see where it ends. I do not see where we become more secure. I do not see where we get a greater deterrence to the Russians. I do not see where we have a chance of lessening the tensions in the world. I do not see where my children will be more secure than I am.

I feel less secure than my parents who went before me. People in my hometown ask me about nuclear war because they are concerned about it. They are frighted by it.

I can remember growing up as a child and hearing my parents talk about "the bomb" in World War II. I can remember seeing on TV the giant mushroom cloud on the horizon and wondering if my whole future was going to be wiped out by the single act of an individual, that no matter how hard I worked, no matter how good I was, no matter what I wanted to do with my future, it could be obliterated by the decision of a single individual. I do not see that the adoption of this system brings us any nearer to lessening those tensions, or to lessening those fears.

What this system does instead is embark us on a road where a whole new generation will have to contend with the greater likelihood of nuclear war and with the diminishing of the possibility of peace. To those individuals worldwide, and to the overwhelming number of people in this country who supported the efforts to go to the bargaining table and try to reduce the number of warheads in this country, to try to reduce the number of warheads and delivery systems in the Soviet Union—and who are now taking

a back seat to the buildup of the same destructive forces—you are saying "no." You are telling them no, because we are about to make a $100 billion commitment to a wasteful system that almost every audit has indicated will be obsolete by the time we have finally built it.

□ 1430

But the $100 billion is not the only important consideration. It would be important only if we could have greater security. But when you are going to end up with less security, I think you have got to go home and start asking people if that is the investment that they want you to make as a Member of Congress. And I think you will get a resounding "no."

This system has become laughable out there among taxpayers and among people in your constituencies.

But more important than that, the few Members of Congress who are willing to get up and support this $100 billion proposal—mind you, the silence on the other side is deafening—say that it is going to buy us fantastic security, that it will convince the Russians never to push the button. But we must understand, as I think the people in this country are starting to understand, that each year we promote the expenditure of $100 billion, $150 billion, now we have broken $200 billion each year, we are never more secure. Each year there is a new threat. First it is our conventional forces in Europe; then it is our strategic forces at home. But do you know what? After trillions of dollars have been spent, this country is no more secure, according to the President of the United States and according to the Secretary of State.

What have we done with the last $1 trillion? And now, for only $1½ trillion more, this Congress is trying to convince the people that they will ultimately really be secure.

But that is not what the audits of this system say. The audits of this system say you will be less secure because the Soviets will build warheads to match our little garages out there in the Utah desert, and they will have as many warheads as we have garages. And then we will have to do something new. Then it will be another $100 billion.

The CHAIRMAN pro tempore. The time of the gentleman from California (Mr. MILLER) has expired.

(By unanimous consent, Mr. MILLER of California was allowed to proceed for 3 additional minutes.)

Mr. MILLER of California. Madam Chairman, I think that the amendment calls this debate into the clearest focus we have had in a decade in this country by forcing us to ask the question whether or not we want to continue a mindless policy of military expenditures for faulty hardware that does not make my constituents or me feel more secure. This missile system is brought to you by the same people who make airplanes that do not fly, tanks that do not fit into transports, submarines that chase themselves, carriers that are multibillion-dollar floating targets—the same geniuses who after spending trillions of dollars, now tell us that we are on the brink of disaster unless, we spend money at an unprecedented, an unimagined rate.

I think we ought to reject their proposal. I think we ought to reject it because it is absolutely contrary to the desires of the people in this country, for peace, for a reduction in nuclear arms, for reduction in international tensions. And it is so terribly unfortunate that the right wing in this country had to make a political issue out of SALT and had to damage the procedure for political gain. And what do we find today, after we have killed SALT for political reasons, after one man gained office over another man because of SALT? We find our allies in Europe begging us to go back to the bargaining table, not to build the MX missile system, not to put the Pershing missile into Europe. As a matter of fact, they are demonstrating in the streets to keep these missiles out of Europe. They are begging our country, for the sake of security, for the sake of peace in this world, to go back to the bargaining table.

Your constituents and my constituents also want an end to this ridiculous process. They want a beginning of peace. They want a reduction in the number of nuclear warheads. They want to stop this mindless, senseless spending of money that will soon, if it has not already, unravel the best economic plans of this President, the best economic plans of this Congress.

I hope the Members will support the Dellums amendment and reject this ceaseless buildup.

Mr. MOFFETT. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I, too, would like to express my appreciation to those Members on both sides of the aisle who voted to allow this debate to continue, and I think there are many of us who will consistently vote against motions to limit debate on serious matters.

I will not take my 5 minutes, but I would like to say that one of the things that surprised me when I first came here almost 8 years ago, and which continues to impress me, is that despite the fact that this body is often under a great deal of pressure and is often acting in a very turbulent atmosphere, with a lot of conflicting demands, I think that as individuals the Members of this body on both sides of the aisle want to do what is right. I think that the American people should understand that the vast majority of people in this body, if not everyone in this body, has that motivation, that simple motivation.

I do not see how the people in this body can look at the facts and determine that the amendment by the gentleman from California should not be adopted based on that simple kind of yardstick. We are all caught up in different kinds of trends and different kinds of movements. We all carry our own reputations around with us and we all have stereotypes of certain Members, whether they are of a certain party or a certain region of the country, but the fact is, if you stop and remove yourself, even momentarily, and begin to look at the insanity and the absurdity and the obscenity of the arms race, just in terms of our future and the future of our children, it must at some point make sense to begin to push for more serious negotiations and to begin to examine when we ourselves as a country might, even though unwittingly, be taking steps that could be deemed by many of our friends around the world as provocative steps.

So I make a plea, based on my observation—and I think it is an observation of many Members in this body, regardless of their ideology—that Members do want to do the right thing. This is an opportunity to do something right for our children and for their children and to make a firm statement on behalf of bringing sanity back to this entire process.

Mr. LOWRY of Washington. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, last election I had an opponent who continually said that I called the balanced budget insane. That was not true. But what I do today call insane is spending from $58 billion to $120 billion on the MX missile without simultaneous progress toward arms limitation.

How many times have we heard the argument that we must make this huge expenditure because of the threat of the Soviet Union? Without arms limitation, a successful SALT if you will, the logical extension of the Soviet threat argument is we will have to build more MX's and then they will build more and then we will build more and there is only one end, economic devastation and an increased probability of nuclear holocaust. I have a 6-year-old daughter at home—in the hometown of Boeing, incidentally, who I think is the best manufacturer in this country, and I want to see her have the chance to live a full life. I want the daughters of everyone in this country and the sons of everyone in this country to have the chance to live a full life. That frankly is much more important to me than the claimed 8,000 jobs for the Boeing Co. headlined in Seattle newspapers as a result of a MX missile contract. I be-

lieve the billions of dollars wasted in the MX will cost my congressional district and most of your congressional districts more jobs than they will gain directly from the MX. But the even greater concern is the escalation of the arms race. That should be the No. 1 concern of this body. We must demand mutual arms limitations. We must accomplish mutual arms reductions. To authorize continued development of the MX missile system absent meaningful arms limitation progress is economically irresponsible and quite possibly insane. It is important that we support and vote for the Dellums amendment.

Mr. CONYERS. Madam Chairman, will the gentleman yield?

Mr. LOWRY of Washington. I yield to my friend, the gentleman from Michigan.

Mr. CONYERS. Madam Chairman, the reason that I respect the gentleman's statement is that he comes from an area where full employment is so terribly desirable, where people want to work anywhere they can, doing anything they can. I fully empathize with him because an unemployed family provider cannot argue, as we can in this body, whether or not he should be building a productive instrument or technical piece of equipment, or whether he should be building something for the arms buildup. We can. And the gentleman argues very forcefully for them.

Mr. LOWRY of Washington. I thank the gentleman for his comments.

Mr. DELLUMS. Madam Chairman, will the gentleman yield?

Mr. LOWRY of Washington. I yield to the gentleman from California.

Mr. DELLUMS. I thank my colleague for yielding.

Madam Chairman, I realize that we are entering the last moments of this debate, and I would simply like to say, first, that I join with my other colleagues in thanking all of those Members who voted to allow us to continue this significant and important debate, because it certainly goes beyond the moment, both economically and in terms of nuclear policy, as it relates to this Nation and perhaps the survival of the entire world.

In the course of the debate, we tried to say that there are four distinct reasons why we ought to oppose the MX missile system: that it is costly; that it is unnecessary; that it is dangerous; that it is impractical. I think a fifth argument was raised that it is ineffective.

But the gentleman in the well and the two Members who preceded the gentleman in the well raised a terribly important issue that I think needs to be underscored for the purpose of emphasis just one additional time; and that is the question: Where do we stop this arms race?

Once we build, they build, we build, where do we stop?

I would just like to say that the gentleman has captured the essence of this issue. The notion of nuclear superiority is a fleeting absurdity. It only lasts for a brief moment. And if we are truly committed to saving this Nation and saving the world, it is not building MX missile systems and building MX-2's and MX-3's and MX-20's, but it is beginning to bring this Nation and this world back within the confines of an arms controlled environment and that we aggressively negotiate SALT II and SALT III until we rid the planet Earth from the most dangerous potential at this moment, and that is nuclear disaster.

I thank my colleague for his contribution.

Mr. LOWRY of Washington. Madam Chairwoman, I again compliment the author of this amendment for his continued courage, his willingness to address this issue, and I urge adoption of the Dellums amendment.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from California (Mr. DELLUMS).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. DICKINSON. Madam Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device; and there were—ayes 96, noes 316, not voting 19, as follows:

[Roll No. 119]

AYES—96

Addabbo	Frank	Rahall
AuCoin	Garcia	Rangel
Bedell	Gejdenson	Ratchford
Beilenson	Gray	Reuss
Benedict	Green	Richmond
Bingham	Hall (OH)	Rodino
Bonior	Harkin	Rosenthal
Brodhead	Hawkins	Roybal
Burton, John	Hertel	Russo
Burton, Phillip	Hollenbeck	Sabo
Chisholm	Jeffords	Scheuer
Clay	Kastenmeier	Schneider
Collins (IL)	Kildee	Schroeder
Conte	Leach	Schumer
Conyers	Lehman	Shannon
Coughlin	Leland	Simon
Coyne, William	Lowry (WA)	Smith (NJ)
Crockett	Lundine	St Germain
Dellums	Markey	Stark
Dingell	McKinney	Stokes
Dixon	Mikulski	Studds
Donnelly	Miller (CA)	Vento
Downey	Mitchell (MD)	Walgren
Dunn	Moakley	Waxman
Dymally	Moffett	Weaver
Eckart	Nowak	Weber (MN)
Edgar	Oberstar	Weiss
Edwards (CA)	Ottinger	Wolpe
Erdahl	Patterson	Wyden
Fascell	Paul	Wylie
Ford (TN)	Pease	Yates
Forsythe	Pursell	Young (MO)

NOES—316

Akaka	Anthony	Atkinson
Albosta	Applegate	Badham
Alexander	Archer	Bafalis
Anderson	Ashbrook	Bailey (MO)
Annunzio	Aspin	Bailey (PA)
Barnes	Gephardt	Mitchell (NY)
Beard	Gibbons	Molinari
Benjamin	Gilman	Mollohan
Bennett	Gingrich	Montgomery
Bereuter	Ginn	Moore
Bethune	Glickman	Moorhead
Bevill	Gonzalez	Morrison
Biaggi	Goodling	Mottl
Blanchard	Gore	Murphy
Bliley	Gradison	Murtha
Boggs	Gramm	Myers
Boland	Gregg	Napier
Bolling	Grisham	Natcher
Boner	Guarini	Neal
Bonker	Gunderson	Nelligan
Bouquard	Hall, Ralph	Nichols
Bowen	Hall, Sam	O'Brien
Brinkley	Hamilton	Oakar
Brooks	Hammerschmidt	Obey
Broomfield	Hance	Panetta
Brown (CA)	Hansen (ID)	Parris
Brown (CO)	Hansen (UT)	Pashayan
Brown (OH)	Hartnett	Patman
Broyhill	Hatcher	Pepper
Burgener	Heckler	Perkins
Butler	Hefner	Petri
Byron	Heftel	Peyser
Campbell	Hendon	Pickle
Carman	Hightower	Porter
Carney	Hiler	Price
Chappell	Hillis	Pritchard
Chappie	Holland	Quillen
Cheney	Holt	Railsback
Clausen	Hopkins	Regula
Clinger	Horton	Rhodes
Coats	Howard	Rinaldo
Coelho	Hoyer	Ritter
Coleman	Hubbard	Roberts (KS)
Collins (TX)	Huckaby	Roberts (SD)
Conable	Hughes	Robinson
Corcoran	Hunter	Roe
Courter	Hutto	Roemer
Coyne, James	Hyde	Rogers
Craig	Ireland	Rostenkowski
Crane, Daniel	Jacobs	Roth
Crane, Philip	Jeffries	Roukema
D'Amours	Jenkins	Rousselot
Daniel, Dan	Johnston	Rudd
Daniel, R. W.	Jones (OK)	Santini
Danielson	Jones (TN)	Sawyer
Dannemeyer	Kazen	Schulze
Daschle	Kindness	Seiberling
Daub	Kogovsek	Sensenbrenner
Davis	Kramer	Shamansky
de la Garza	LaFalce	Sharp
Deckard	Lagomarsino	Shaw
DeNardis	Lantos	Shelby
Derrick	Latta	Shumway
Derwinski	Leath	Shuster
Dickinson	LeBoutillier	Siljander
Dicks	Lee	Skeen
Dorgan	Lent	Skelton
Dornan	Levitas	Smith (AL)
Dougherty	Lewis	Smith (IA)
Dreier	Livingston	Smith (NE)
Duncan	Loeffler	Smith (OR)
Dwyer	Long (LA)	Snowe
Dyson	Long (MD)	Snyder
Edwards (AL)	Lott	Solarz
Edwards (OK)	Lowery (CA)	Solomon
Emerson	Lujan	Spence
Emery	Luken	Stangeland
English	Lungren	Stanton
Erlenborn	Madigan	Staton
Ertel	Marks	Stenholm
Evans (DE)	Marriott	Stratton
Evans (GA)	Martin (IL)	Stump
Evans (IA)	Martin (NC)	Swift
Evans (IN)	Martin (NY)	Synar
Fary	Matsui	Tauke
Fazio	Mattox	Tauzin
Fenwick	Mavroules	Taylor
Ferraro	Mazzoli	Thomas
Fiedler	McClory	Traxler
Fields	McCloskey	Trible
Findley	McCollum	Udall
Fish	McCurdy	Vander Jagt
Flippo	McDonald	Volkmer
Florio	McEwen	Walker
Foglietta	McGrath	Wampler
Foley	McHugh	Watkins
Fountain	Mica	Weber (OH)
Fowler	Michel	White
Frost	Miller (OH)	Whitehurst
Fuqua	Mineta	Whitley
Gaydos	Minish	Whittaker

Whitten	Wolf	Young (FL)
Williams (MT)	Wortley	Zablocki
Williams (OH)	Wright	Zeferetti
Wilson	Yatron	
Winn	Young (AK)	

NOT VOTING—19

Andrews	Frenzel	Nelson
Barnard	Goldwater	Rose
Breaux	Hagedorn	Savage
Cotter	Jones (NC)	Washington
Early	Kemp	Wirth
Fithian	Marlenee	
Ford (MI)	McDade	

□ 1500

The Clerk announced the following pairs:

On this vote:

Mr. Wirth for, with Mr. Nelson against.

Mr. Washington for, with Mr. Jones of North Carolina against.

Mr. ERTEL changed his vote from "aye" to "no."

Messrs. BENEDICT, COUGHLIN, and SCHEUER changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. DAN DANIEL. Madam Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mrs. BOUQUARD, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3519) to authorize appropriations for fiscal year 1982 for the Armed Forces for procurement, for research, development, test, and evaluation, and for operation and maintenance, to prescribe personnel strengths for such fiscal year for the Armed Forces and for civilian employees of the Department of Defense, to authorize appropriations for such fiscal year for civil defense, and for other purposes, had come to no resolution thereon.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C., *July 9, 1981.*

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: I have the honor to transmit herewith a copy of the Certificate of Election for the Honorable WAYNE DOWDY, who was duly elected Representative in Congress from the 4th Congressional District of the State of Mississippi in a Special Election held on July 7, 1981.

With kind regards, I am,

Sincerely,

EDMUND L. HENSHAW, Jr.,
Clerk, House of Representatives.

SWEARING IN OF THE HONORABLE WAYNE DOWDY OF MISSISSIPPI AS A MEMBER OF THE HOUSE

The SPEAKER. Will the Member-elect kindly present himself in the well of the House and take the oath of office? The Member-elect will be escorted by the dean of the Mississippi delegation and of the House, the Members from the State of Mississippi, and our honored guest, the Senator from the State of Mississippi, Senator STENNIS.

Mr. DOWDY appeared before the bar of the House and took the oath of office.

WELCOME TO THE HONORABLE WAYNE DOWDY OF MISSISSIPPI

(Mr. WHITTEN asked and was given permission to address the House for 1 minute.)

Mr. WHITTEN. Mr. Speaker, I am proud on behalf of the delegation to present our new Member from Mississippi, the Honorable WAYNE DOWDY, a lawyer and former mayor of the town of McComb, Miss. I will not bore the Members with a whole lot of material that appeared in the papers about how the gentleman got elected, but I call attention to a little poem which I will read which I think is appropriate to the occasion. It is entitled "It Can Be Done," and it is as follows:

Somebody said that it couldn't be done,
But he with a chuckle replied,
That "maybe it couldn't" but he would be one
Who wouldn't say so til he'd tried.
So he buckled right in with the trace of a grin
On his face. If he worried, he hid it.
He started to sing as he tackled the thing
That couldn't be done. And he did it.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE PRIVILEGED REPORT ON 1982 TREASURY DEPARTMENT APPROPRIATIONS BILL

Mr. ROYBAL. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a privileged report on a bill making appropriations for the Treasury Department, U.S. Postal Service, Executive Office of the President, and certain independent agencies for the fiscal year ending September 30, 1982, and for other purposes.

Mr. MILLER of Ohio reserved all points of order on the bill.

Mr. SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE PRIVILEGED REPORT ON 1982 DEPARTMENT OF AGRICULTURE APPROPRIATIONS BILL

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a privileged report on the bill making appropriations for the Department of Agriculture, rural development, and related agencies programs for the fiscal year ending September 30, 1982, and for other purposes.

Mrs. SMITH of Nebraska reserved all points of order on the bill.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE PRIVILEGED REPORT ON 1982 LEGISLATIVE BRANCH APPROPRIATIONS BILL

Mr. FAZIO. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a privileged report on a bill making appropriations for the legislative branch for the fiscal year ending September 30, 1982, and for other purposes.

Mr. BURGENER reserved all points of order on the bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

DEPARTMENT OF DEFENSE AUTHORIZATION ACT, 1982

Mr. DAN DANIEL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3519) to authorize appropriations for fiscal year 1982 for the Armed Forces for procurement, for research, development, test, and evaluation, and for operation and maintenance, to prescribe personnel strengths for such fiscal year for the Armed Forces and for civilian employees of the Department of Defense, to authorize appropriations for such fiscal year for civil defense, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Virginia (Mr. DAN DANIEL).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3519, with Mrs. BOUQUARD, Chairman pro tempore, in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. When the Committee of the Whole House on the State of the Union rose earlier today, title II was open for amendment at any point.

Are there any further amendments?

Mr. ANDERSON. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I would like to engage in a colloquy with either the chairman of the committee or the ranking minority member of the committee.

Mr. DICKINSON. Madam Chairman, if the gentleman will yield, I would be glad to respond.

Mr. ANDERSON. Madam Chairman, I notice that there is no authorization in the bill we are considering for continuing R. & D. funding and initial equipment purchases of the NAV STAR global positioning system (GPS) which we have funded in the last several years. I wonder if the gentleman would be good enough to explain why funding for this important program, which will greatly increase our weapon delivery systems and our navigational accuracy, has been terminated.

Mr. DICKINSON. Madam Chairman, will the gentleman yield?

Mr. ANDERSON. I am happy to yield to the gentleman from Alabama.

Mr. DICKINSON. Madam Chairman, speaking not only as the ranking member of the committee but as the ranking member of the R. & D. subcommittee that dealt with this matter, I am very pleased to have the opportunity to respond to the inquiry and make it a part of the RECORD.

According to the information presented to our committee at the time of our markup, the total cost to field the complete NAVSTAR-GPS system is now in excess of $8 billion, and this is not for a fully capable system. Last year, because of cost concerns, the Department of Defense restructured the program, reducing the number of orbiting satellites from 24 down to 18. Several other modifications were also made to the original system that resulted in a system that is not as survivable and does not provide the accuracy and is more susceptible to enemy countermeasures than the full system would have been.

The committee is extremely concerned about the large outyear mortgages that are developing in the Department of Defense programs and believes that only essential military systems should be moved out of the development phase and into production.

While it is considered that the NAV STAR system as designed would provide improved navigation and position location information over what is currently available, the committee believes that the price tag is far too high for the additional capability it will ultimately provide if it performed even as planned.

The committee is also concerned about the fragility of the system in a wartime environment.

Based on these concerns, the committee recommends that the NAV STAR-GPS global positioning system program be terminated. If the gentleman has any further inquiry or if I have not been completely responsive, I will be glad to try to answer any additional questions.

Mr. ANDERSON. Madam Chairman, I thank the gentleman for his explanation.

Madam Chairman, I am interested in continuing the NAVSTAR system, both from the viewpoint of enhancing our military capability, to which I, of course, defer to your committee's judgment, but especially because of the benefits that making NAVSTAR available to commercial users will bring in time of peace. I understand the system would be so structured that during wartime commercial users of nonfriendly nations could be excluded.

Potential NAVSTAR commercial uses run the gamut from safer navigation for ships at sea, particularly where precise navigation is vital such as the passage of straits or nearing reefs and shoals, to enhanced fuel savings for aircraft and for ships by permitting them to stay precisely on course. It is of value in numerous enterprises which its use may not be so self-evident, such as the accurate positioning of offshore drilling rigs, seabed mining, and even commercial fishing.

I understand that since the committee completed their markup of this bill, the Department of Defense has revised its thinking, and now all the services support continuation of the NAVSTAR system. I note that the Senate version of the authorizing bill has provided for continuation of NAVSTAR. Thus it will be an item to be considered in conference. In view of its very great military value as well as the tremendous potential it offers for peaceful commercial applications without detracting from its enhancement of our Armed Forces capabilities, I urge the committee give full consideration to retaining adequate funding for continuing the NAVSTAR system when they go to conference with the other body.

□ 1515

Mr. GLICKMAN. Madam Chairman, will the gentleman yield?

Mr. ANDERSON. I yield to the gentleman from Kansas.

Mr. GLICKMAN. I thank the gentleman for yielding.

I chair the Subcommittee on Transportation, Aviation, and Materials of the Committee on Science and Technology and I became aware that in fact, practically all of the divisions of the Pentagon do support NAVSTAR. We have already spent $750 million in NAVSTAR-GPS. It has enormous navigational impact both in the military sector and the civilian sector and I, too, would have strong hope that the committee would take an open mind and open position when they go into conference committee, because I am aware that the Senate has included funds for the continuation. Otherwise we will just have thrown three-quarters of a billion dollars down the tubes.

I realize there are so many dollars we can spend in the budget. This project has extraordinary as well as civilian/military potential.

Madam Chairman, I want to acquaint my colleagues with the significant civilian potential of the Defense Department's NAVSTAR global positioning system—NAVSTAR-GPS—program. Second, I want to be sure that you are aware that this program is currently in jeopardy due to the lack of funding in the fiscal year 1982 DOD authorization bill.

We have already invested about $750 million in NAVSTAR-GPS, and I am concerned that nearly three-quarters of a billion dollars will be wasted if the project is not completed. I am convinced that this program's impact on civil, commercial and military requirements will be worth significantly more than the project's cost.

As you may know, during the last 10 years or so the Department of Defense has developed and started to put into place a satellite system—NAVSTAR-GPS—based on the use of 18 or perhaps 24 orbiting satellites at an altitude of 10,900 nautical miles. The spacing and elevation is such that, when the constellation is fully configured, three or more satellites will be visible at all times anywhere in the world, thus providing three-dimensional positioning and guidance in the air and two-dimensional positioning and guidance on the Earth's surface.

The GPS provides a very high degree of navigation and positioning accuracy and is supported by the administration, the Chairman of the Joint Chiefs of Staff, the Director of the CIA, the Senate Armed Services Committee, and all of our armed services. Its basic purpose is to serve our military and allied forces in such applications as missile and artillery delivery, navigation of aircraft, vessels, and submarines, and troop and tank location, and guidance.

At the same time, moreover, the global positioning system can provide accurate navigation and positioning capability for civilian purposes on the land, at sea, and in the air. Many agencies have validated the potential civilian benefits of GPS. The FAA and NASA are studying applications for aircraft ranging from helicopters to

the Space Shuttle. General aviation applications include precise approach and landing, collision avoidance, and en route navigation. In fact, GPS has the potential of being the key positive navigation air traffic control system of the 21st century. Additionally, the U.S. Maritime Administration has validated the potential of GPS for sea navigation, harbor control, coastal oil drilling, seismic surveying, and deep sea mining. These are just a few of its potential applications.

While the Science and Technology Subcommittee on Transportation, Aviation, and Materials does not have jurisdiction over military research and development, it does have a great concern with civil research and development in the fields of aviation and transportation in general. Frankly, I know of no other defense program that can simultaneously benefit the civilian community as much as NAV STAR-GPS, particularly in the areas of transportation safety, cost-effectiveness, and fuel savings.

In this context, therefore, I feel that it is in the national interest that the NAVSTAR-GPS program continue during the coming fiscal year and thereafter until it has reached full military and civil operational capability. I am very concerned that the system is now in jeopardy by virtue of the recent decision of our Armed Services Committee to zero-out the funding for continued R. & D. and procurement activities in fiscal year 1982.

The Defense Department authorization bill is the largest defense bill ever to come before the House. While I am not advocating increasing the size of the bill, I do believe that the priorities of that legislation must be viewed very carefully to insure that we do not lose the $750 million investment in NAV STAR-GPS.

Mrs. SMITH of Nebraska. Madam Chairman, will the gentleman yield?

Mr. ANDERSON. I yield to the gentlewoman from Nebraska.

Mrs. SMITH of Nebraska. I thank the gentleman for yielding.

I would like to make a statement in support of the NAVSTAR program. I think it has many values and I agree with the gentleman and I strongly favor it.

Madam Chairman, I rise to express my concern that the committee has failed to provide funds for the NAV STAR global positioning system—NAVSTAR-GPS.

We have already invested about $750 million in NAVSTAR-GPS, and I am concerned that this money will be wasted if the project is not completed. The Senate has funded this program fully as requested by the administration, and I believe, along with the Chairman of the Joint Chiefs of Staff, Director of the CIA, and the Armed Services Committee of the other body, that this system holds real promise as a device which can significantly enhance the effectiveness of U.S. strategic and tactical forces. The deployment of the full 24 satellite constellation originally planned will optimize the global positioning satellite system's capabilities.

Fully funding this program as requested by the administration could actually save money. The NAVSTAR-GPS could be a candidate for multiyear procurement which could result in substantial savings over the life of the presently planned program. These savings could enable us to buy the original 24 satellite system for approximately the cost of the 18 satellites presently planned.

Analysis sponsored by the Department of Defense indicates that much of the initial cost of a fully implemented GPS will be offset by cost avoidance of present day navigational systems, which can be discontinued.

This navigational system has valuable military as well as civilian application. GPS provides a worldwide continuous navigation capability. GPS operates through all types of weather and is unaffected by day or nighttime conditions. Many agencies have shown the potential civilian benefits of GPS. The FAA and NASA are studying applications for aircraft ranging from aircraft to the Space Shuttle. General aviation applications include precise approach and landing, collision avoidance, and en route navigation. Additionally, the U.S. Maritime Administration has shown the potential of GPS for sea navigation, harbor control, coastal oil drilling, seismic surveying, and deep sea mining. There are just a few of its potential applications.

As the system is presently planned, it will consist of 18 satellites, a ground control station, and user equipment. There are five sites under consideration for the location of the ground station. One of the sites, Grand Island, Nebr., is in my district. I would welcome this project in my State and I know that my fellow Nebraskans would welcome it. I urge my colleagues on the committee to fully consider the position of the other body in this matter and, if they see fit, to again recommend continued funding of this valuable navigational system.

Mr. DICKINSON. Madam Chairman, I move to strike the requisite number of words.

I cannot argue with anything that has been said by any of the proponents. It is a very desirable system. It has commercial value as well as military value. We would very much like to see it in the inventory. The problem that we on the committee had with it is its costs.

Now, as I said in my first statement, we are talking about an $8 billion program total. I realize I did not know until the gentleman from Kansas reminded that the sunk costs are $700-odd million. This is not inconsequential, but, if we weigh this against the total expenditure that we anticipate, if everything goes as it should, then we think this is a terribly expensive system for the capability it produces considering other navigation alternatives. Let me say that if some of our commercial users and some of our sister committees wanted to go in on a joint effort, and find the money, maybe that would make it easier. Now, Gen. Lew Allen, Chief of Staff of the Air Force, sat in my office and we discussed this. We asked him if he would prioritize the NAVSTAR system. He stated that it is a system that the services want and that they need but when they considered the total inventory of items already in research and development and soon to be in production, it slipped by way of priority in comparison to other systems. This is not to say that it was not capable and, not that they were having trouble with it, because it could be fully utilized by a myriad of interests. It just ranked lower in priority than other efforts.

It is for this reason that it slipped and not that there is anything wrong with it. I hope this is responsive to the question.

Mr. GLICKMAN. Madam Chairman, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from Kansas.

Mr. GLICKMAN. I thank the gentleman for his response.

It has come to my attention that perhaps the line of reasoning may have changed recently. I am glad to know the gentleman does not believe the system is defective. I hope when we go to conference with the Senate bill that includes it that the gentleman might be able to in looking at all the priorities perhaps be able to fund it and do his best.

Mr. DICKINSON. Let me assure the gentleman from Kansas and the gentleman from California that we are not convinced that the Subcommittee on Research and Development of the Committee on Armed Services is the respository of all wisdom. I remember once we made a mistake, several years ago, but, perhaps we did not make the right decision in this case and I will assure the gentleman that those of us who serve on the committee and staff will reexamine the position taken during markup and before we go to conference. This will be necessary since it will be a matter of controversy because the Senate has already passed it. Perhaps we can resolve the difficulty to the gentleman's satisfaction without making any assurances at this time.

Mr. ANDERSON. Madam Chairman, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from California.

Mr. ANDERSON. I thank the gentleman for yielding.

I, too, want to thank the gentleman for his obvious open mind on this. I think that is really all we wanted to be assured of. I am sure that knowing the gentleman's background that the gentleman will be able to find ways to keep this very valuable program alive.

I think it is very, very important we keep the NAVSTAR program going. The thought of going as far as we have, and spending as much money as we have, and then cutting it off and all of that money and effort going down the drain is kind of a shocking thing. I know we have some allies that have money invested in this as well. Thus, it is not only in this country, but among some of our allies in Western Europe as well, that there is real concern.

Mr. DICKINSON. Let me say unfortunately going down the road and then cutting if off is nothing new to the Department of Defense. I do not know where this is made.

Could the gentleman help me? Where is the Navstar system made? I do not know where it is made, but I do know that it is a matter that we have studied. It is something that we are concerned about, because other systems such as the SES, surface effect ship, other ships and helicopters, the B-1 bomber, are examples of weapon systems that have had initial R. & D. money, and then were subsequently canceled. These types of expenditures yield very little benefit.

So unfortunately, this is not new and I would hope that these $700 million-plus of sunk costs are recoverable in some way. We will certainly reexamine our position.

Mr. KRAMER. Madam Chairwoman, I move to strike the requisite number of words.

Defense is a complex issue and one where technology is becoming even more complicated. Recently over the past few years information has come to light indicating that the Soviet Union is not only building more conventional and strategic weapons, but is spending large sums of money on more exotic weapon technology, such as charged particle beams and laser systems.

Right now our strategic balance rests mainly on the mutual assured destruction or MAD doctrine, on the assumption that neither the United States nor the U.S.S.R. will start a nuclear war because the other side can retaliate with enough nuclear warheads to destroy the aggressor.

For the moment, existing technology supports that theory. For the moment. But directed energy weapons could change that dramatically. Right now as we sit here in this chamber the United States has no defense against an incoming Soviet ICBM or Soviet bomber.

Imagine waking up some morning and being told by the U.S.S.R., "our lasers and particle beams can destroy your MX missiles, your Cruise missiles, your Trident missiles and your bombers, and you cannot stop ours."

Because this is such a serious concern, we need to put a much greater emphasis on space defensive systems. This is an area which should be stressed by the Department of Defense and by the Congress in the years ahead.

I would also note that the Senate has already adopted an amendment adding another $50 million toward a space based laser prototype. Whether or not the Senate approach is best remains to be seen, but I do feel that greater emphasis on newer technology, especially technology which increases our defense without increasing the amount of nuclear warheads we must build, is not only necessary, but overdue.

It is time to reexamine our reliance on the MAD doctrine, as the name somewhat implies, and really have a defense that is capable of defending us, rather than the totally offense oriented defense called for by the MAD doctrine.

I thank the gentleman and ranking minority member for their consideration and their continued interest in developing legislation which takes into account all the many problems which we as a free nation face in strengthening our defense.

AMENDMENT OFFERED BY MR. BEDELL

Mr. BEDELL. Madam Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BEDELL: After section 203 insert the following new section:

LIMITATION ON FUNDS FOR MX MISSILE

SEC. 204. None of the funds authorized to be appropriated by section 201 may be obligated or expended for the full-scale development of an operational basing mode for the MX missile until the President—

(1) has completed his review of previous strategic arms limitation (SALT) negotiations;

(2) is prepared to resume strategic arms limitation negotiations with the Soviet Union, one of the principal aims of such negotiations being to establish a limit on the number of intercontinental ballistic missile launchers and deployable warheads available to both sides; and

(3) formally transmitted to the Soviet Union his desire to resume such negotiations.

POINT OF ORDER

Mr. PRICE. Madam Chairman, I make a point of order against the amendment.

The CHAIRMAN pro tempore. The gentleman from Illinois will state his point of order.

Mr. PRICE. It is a violation of House rule 16 regarding germaneness. That rule requires instructions, qualifications, and limitations to be germane to the provisions of the bill.

It is my contention that the condition here is totally unrelated to the provisions of the bill and in fact lies within the jurisdiction of another committee.

The CHAIRMAN pro tempore. Would the gentleman from Iowa (Mr. BEDELL) like to be heard on the point of order?

Mr. BEDELL. Yes, Madam Chairman, I would.

Madam Chairman, I am not a specialist on rules, but it would appear to me very clearly that for us to say that we are not going to spend money on a system which would not be of value unless something else happens is perfectly germane and perfectly proper for us to do.

We do it in our small business disaster loans when we say small business disaster loans will not be made unless the Governor of the State declares there has been a disaster therein.

We do the same thing in regard to disaster payments for agriculture when we say that the people will not be eligible unless Federal crop insurance is there.

It appears to me that we have clearly pointed out in the debate that we have had that without SALT II it is at least questionable as to whether MX makes any sense at all, and if we do have rules in the House which say that we cannot have amendments which say that we will not spend money on something that is going to be valueless unless something occurs, if we have amendments that say that we cannot make the spending contingent upon that action which would be necessary to make the expenditure of any value, then I submit that we had better look at the rules of the House.

Mr. PRICE. Madam Chairman, I insist on my point of order.

The CHAIRMAN pro tempore. Does the gentleman from Illinois (Mr. PRICE) wish to be heard further on his point of order?

Mr. PRICE. I insist on my point of order.

The CHAIRMAN pro tempore. If not, the Chair is prepared to rule on the point of order.

The amendment makes use of funds for the MX missile dependent upon certain actions by the President relative to the SALT negotiations. Since arms control issues are within the jurisdiction of the Foreign Affairs Committee and not the Armed Services Committee, and for same reasons stated by the Chair yesterday, in sustaining a point of order against the amendment offered by the gentleman from Washington, the Chair sustains the point of order of the gentleman from Illinois.

Mr. BEDELL. Madam Chairman, this amendment would have delayed funding of the MX basing mode until the President has formally agreed to

resume SALT negotiations with the Soviet Union.

An arms control agreement is essential to the effectiveness of the proposed MX/MPS system; yet it is an issue that has yet to receive consideration by the full House. I offered this amendment to focus attention on the necessity of SALT to any land-based missile program, and to urge my colleagues' support for resuming negotiations with the Soviets.

While still a candidate, and despite his opposition to the SALT II Treaty, President Reagan courageously called for an immediate resumption of these negotiations. Unfortunately, the administration is now planning to back away from that pledge.

The first warning came in January. At his confirmation hearings, Defense Secretary Weinberger cautioned that the new administration would need at least 6 months before it could resume negotiations to limit strategic arms. His reasons were understandable; 6 months, he felt, would be necessary to reach decisions on key weapon systems, including the MX and a new strategic bomber. It is now 6 months later and decisions on the MX and strategic bomber are indeed imminent. But what is the status of resuming SALT negotiations?

Arms Control and Disarmament Agency (ACDA) Director Eugene V. Rostow recently answered this question at his own confirmation hearings before the Senate Foreign Relations Committee. He stated flatly that negotiations to control strategic arms could not begin until March 1982. In his own words:

I have not assembled a full staff and have not entered fully into the interdepartmental process through which these matters are considered . . . It may be that a brilliant light will strike the officials and consultants and advisors who canvas these matters with the United States Government. I hope so. But as of this moment I do not know anybody within the Government with whom I have talked on this problem who knows what it is we want to negotiate about.

This rationalization is hardly satisfactory, particularly since Mr. Rostow also cautioned that the 9-month delay was itself optimistically based on the restoration of an "effective containment" policy to counter Soviet expansion in nonnuclear areas. Mr. Rostow surely knows, however, that confrontations with the Soviets are inevitable in the near future, and that the containment of a persistent adversary like the Soviet Union is not feasible in a few months. Even if it were, it is unlikely that, once contained, the Soviets will rush to negotiate.

It is questionable, moreover, that the administration will be able to proceed with its arms control review at a leisurely pace, unaffected by world events. A Soviet invasion of Poland, for example, is still possible. There is a growing pacifist movement in many West European countries, which could undermine allied support for a tough, drawn-out negotiating posture. And, the Soviets themselves may be unable to negotiate once Brezhnev dies and a succession crisis ensues.

The administration should therefore get its arms control house in order. My amendment encouraged them to do just that by setting our MX vulnerability as a clear example of what needs to be negotiated and why these negotiations need to begin without delay.

Briefly stated, without SALT limits on Soviet ICBM launchers and warheads, the MX will fail in its basic mission of assuring survivable land-based missiles. In an exhaustive study released June 22, 1981, the Office of Technology Assessment (OTA) determined that the current proposal for 200 missiles with 4,600 shelters would cost $43 billion. OTA warned, however, that, given the present rate of Soviet ICBM expansion, a "prudent" MPS construction scheme would require 350 missiles in 8,000–9,000 shelters by 1990. Such a system, according to OTA would cost $58 to $62 billion; and, facing a potential 1995 threat, could run as high as $78 to $83 billion. It should also be noted that the OTA study confirms previous findings by the Congressional Budget Office—"Resources for Defense," January 1981—and the General Accounting Office—"MX Weapon System: Issues and Challenges," February 1981. The GAO, in fact, had reached the extraordinary conclusion that the present 4,600 shelter system would be endangered even if the Soviets stayed within the SALT II constraints.

To its credit, the Reagan administration is now focusing on the dilemma that the lack of SALT constraints pose for any landbased MX alternative. According to an article by Robert Toth, Los Angeles Times, June 30, 1981, the Townes Commission now recognizes the futility of proceeding with an MX/MPS system absent SALT. The Commission is therefore expected to recommended an alternative basing mode unless a Soviet ICBM limit is negotiated.

There is no better time than now for Congress to concur in this recommendation. I would have urged my colleagues to join me in supporting this amendment.

The CHAIRMAN pro tempore. Are there further amendments to title II?

AMENDMENT OFFERED BY MR. FOWLER

Mr. FOWLER. Madam Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FOWLER. Page 6, strike out line 22 and all that follows through page 8, line 4 and insert in lieu thereof the following:

MULTIROLE STRATEGIC BOMBER

SEC. 202. Amounts appropriated pursuant to section 101 for aircraft procurement that are available for the B-1 bomber aircraft, shall be available for research, development, test, and evaluation of an advanced technology bomber aircraft.

Mr. FOWLER. Madam Chairman, to my colleagues I want to apologize to the committee and to the other Members of this body for the late notice on my amendment. Given the nature of my proposal, which is in support of the President's position on this issue, I had assumed that someone on the other side of the aisle would be offering it.

However, the issues involved are of such commanding national security and budgetary importance that I felt a responsibility to at least provide an opportunity for floor consideration and debate.

My interest in weapons systems and especially those in the strategic realm, is neither new nor casual. As a member of the Intelligence Committee since its creation, I have paid special attention to assessment of United States and Soviet military capability.

So I rise to offer an amendment to strike section 202 of H.R. 3519 which concerns the decision on the new multirole strategic bomber.

□ 1530

In its place I would insert a new section 202 that would have the effect of removing the restrictive language from section 101, procurement of Air Force aircraft, that is linked to section 202.

I can summarize my reasons for offering this amendment in just a few words. In my opinion, section 202 will lock our country into building the B-1 bomber, regardless of any Presidential determination in this area which we are expecting in the very near future, regardless of the developments in Soviet air defenses or U.S. advanced technology that might render the aircraft obsolescent before it can be deployed in sufficient numbers to significantly add to our strategic deterrence, and regardless of such a decision's outyear impact on our ability to adequately fund other priority defense programs, whether involving more advanced strategic bombers or other strategic weapons systems or conventional armaments.

President Reagan opposes section 202 as an unnecessary restriction on his congressionally mandated responsibility to recommend a multirole strategic bomber for the late 1980's and beyond.

In its 1982 military procurement authorization, the other body adopted language which specifically avoided a predetermination of what aircraft should be selected for our new long-range combat aircraft. By contrast, section 202 in our bill states:

SEC. 202. (a)(1) The Secretary of Defense shall complete full-scale engineering development and shall begin initial procurement

of the B-1 manned strategic bomber aircraft in a manner that will achieve an initial operational capability (IOC) for such aircraft not later than July 1, 1987.

To overturn this directive would require a Presidential determination according to the committee's language:

That it is in the national interest not to develop the B-1 and a concurrent congressional approval resolution adopted within 60 legislative days of the President's determination.

Now, in all honesty, I say to my colleagues, I personally continue to have serious reservations about the cost effectiveness and mission effectiveness of the B-1 bomber; but let me hasten to add that from all I have learned, the B-1 is a superior aircraft and would unquestionably represent an improvement over our current B-52 force; but the question with regard to acquisition of a new strategic aircraft which will represent one of the largest weapons investment decisions in our history cannot turn on this point alone. Rather, we must look at the strategic and other long-range air missions that our security requires and determine the best and most cost effective from the standpoint of the American taxpayer method for fulfilling those missions.

For what it is worth, at least in my opinion, with certain modifications and augmentations, including the addition of the air-launch cruise missiles, the B-52 force will continue to be an effective strategic and general purpose deterrent through the end of this decade. Beyond that time, anticipated improvements in Soviet air defense will render the B-52 ineffective as a penetrating bomber. Unfortunately, those same improvements would threaten the survival of the B-1 or any derivative of it that could be produced under the terms of section 202.

As then director of military research, Dr. William Perry testified in 1979:

The B-1 depended for its penetration on high speed and low altitude operation. In my judgment, the air defense system that is being developed now in the Soviet Union, which includes look-down shoot-down interceptors, would render that operation very hazardous.

The CHAIRMAN pro tempore. The time of the gentleman from Georgia (Mr. FOWLER) has expired.

(By unanimous consent, Mr. FOWLER was allowed to proceed for 2 additional minutes.)

Mr. FOWLER. Madam Chairman, I agree with the assessment contained in the January annual report from the Secretary of Defense for fiscal year 1982 that:

Achieving a high competence of penetration of prospective Soviet air defense for the 1990's will require deployment of advanced technologies in any U.S. penetrating bomber.

In my opinion, the production timetable mandated by section 202 would prevent us from taking full advantage of the evolving so-called Stealth technology and will furthermore crowd out vital funds, strategic materials, and skilled manpower that will be needed for the success of the B-1 that I am convinced will be required by the high threat environment in the mid to late 1990's.

General Ellis, the Commander of the Strategic Air Command, is known to share this same concern.

However, despite my own personal reservations, my amendment will do nothing to prevent development of the B-1 or a derivative aircraft should the President so decide and the Congress so affirm in subsequent authorizations in appropriation actions.

What it does do is to provide more flexibility to the executive branch and to the Congress in making a decision on our future long-range combat aircraft, a decision which will be one of the most important we make in this decade.

I would like to indicate that it is my intent as author of this amendment that up to $50.1 million of the funds authorized by H.R. 3519 for R. & D. on the long-range combat aircraft could be reprogramed by the President to replace the funds cut from the Air Force's request for B-52 squadron modernization.

In conclusion, I would like to urge support for this amendment, because it would remove an unnecessary hamstring for the President and the Congress in making one of the most important national security decisions for the next 30 years, because it will allow us to consider a full range of options for fulfilling strategic and general purpose long-range air missions and because it will allow us to take into account cost-effectiveness considerations in choosing between the competing options.

Let us not lock ourselves into a position we may later live to regret.

The CHAIRMAN pro tempore. The time of the gentleman from Georgia (Mr. FOWLER) has again expired.

(At the request of Mr. DOWNEY, and by unanimous consent, Mr. FOWLER was allowed to proceed for 3 additional minutes.)

Mr. DOWNEY. Madam Chairman, will the gentleman yield?

Mr. FOWLER. I yield to the gentleman from New York.

Mr. DOWNEY. Does the gentleman have a per unit cost for the B-1, projected per unit cost for the B-1?

Mr. FOWLER. I do not have that information in my hands.

Mr. DOWNEY. Can anyone offer us a per unit cost for the B-1 bomber?

Mr. FOWLER. I am sure the committee would be able to give us that.

Mr. DICKINSON. Madam Chairman, will the gentleman yield?

Mr. FOWLER. I am glad to yield.

Mr. DICKINSON. I am not sure that I can furnish the information the gentleman wants. Is the gentleman talking about flyaway or is the gentleman talking about program costs?

Mr. DOWNEY. Unit program, unit flyaway or unit procurement, either one or unit life cycles.

Mr. DICKINSON. The last figure that I heard, and I cannot vouch for it, was a total program cost of some $20 billion.

Mr. DOWNEY. For 100 airplanes?

Mr. DICKINSON. For 100 airplanes.

Mr. DOWNEY. So would it be fair to say that the unit cost, unit flyaway cost of the B-1, for the operational IOC date of 1983-84 would be $200 million a copy?

Mr. DICKINSON. No; that would not be correct at all.

Mr. DOWNEY. What is the correct figure?

Mr. DICKINSON. I just told the gentleman, I do not know. I gave the gentleman the program cost, but that is not the unit flyaway cost.

Mr. DOWNEY. Can the gentleman give me the unit program cost? Does the gentleman know the unit program cost?

Mr. DICKINSON. That is what I just gave the gentleman, the total unit program——

Mr. DOWNEY. The gentleman gave me the program cost. I want the unit program cost.

Mr. DICKINSON. All right, divide 100 into it, and I guess that is $200 million.

Mr. DOWNEY. $200 million an airplane unit program cost?

There is no question, as I think the gentleman has pointed out, that the B-1 is a vastly superior plane to the B-52. That is not at issue. It gets off the ground faster, it can fly lower, it can fly faster. It is probably more survivable, much more survivable than the B-52 is.

The question that I have is that when the Soviets eventually have the capabilities that we have had for the last 10 years of having an AWACS of a look-down, a shoot-down radar, what possible sense does it make to spend $20 billion on a platform that will be potentially vulnerable to a ground-air defense system and a look-down, shoot-down radar? Can the gentleman answer that question?

Mr. FOWLER. Well, I say to my friend, the gentleman from New York, that though I share those same reservations, that this amendment does not address that question. It is not my intent here to mandate a decision, but rather to keep the President's options open and our options open. If the decision is made not to proceed with the B-1, we may need to continue with the B-52 modernization requested by both President Carter and President Reagan to get us to the 1990's when

we fear that Soviet technology will mandate Stealth or some other.

My amendment does not do that. It keeps our options open. It does not put the cart before the horse until we receive the recommendation from the President of the United States, who has asked us to do this, until we receive his recommendation, because he is the Commander in Chief and has announced that he is studying the recommendation.

Mr. DOWNEY. So the gentleman's amendment, if at some future point the President wants to go ahead with the B-1 and so expresses that to the Congress, under the gentleman's amendment he would still be able to do that?

Mr. FOWLER. He would be able to do that.

Mr. DICKINSON. Madam Chairman, I rise to speak against the amendment.

I appreciate the dilemma of the gentleman and I appreciate his comments as to coming late. I agree that this is late.

Now, if the gentleman will study the bill that we are presently deliberating, title I is passed. We included in title I $1,942 million long lead procurement funds for the B-1.

Now, the gentleman's amendment reaches only to title II in which there is only $302 million for R. & D.

We have passed that part of the bill where we recommended authorization of $1.9 billion for initial procurement. Now the gentleman wants to eliminate $300 million for R. & D. which in my opinion, is absolutely necessary.

The committee is looking at this, and I am reading from the committee report now:

> Concurrent with the production of the B-1 aircraft, the committee recommends that the Air Force pursue a vigorous research and development program for an advanced technology bomber. The committee trusts that the Secretary of Defense will provide full support to this research and development program for an advanced technology bomber to allow the earliest possible weapon system demonstration.
>
> Section 202 does not foreclose a recommendation by the President for an alternative to the B-1 bomber.
>
> The section provides that if the President certifies to the Congress that he believes it is in the national interest not to develop the B-1 bomber aircraft, and if the Congress within 60 legislative days concurs with his recommendation, the funds authorized in title I of the bill for procurement of the LRCA could be used for RDT&E on an advanced technology aircraft.

I want to take a moment to review the history of this now. The administration's budget proposal came over and it contained $2.2 billion or perhaps a little more for a B-1 or an advanced manned penetrating bomber. It was a little nebulous as to exactly what they planned, so we tied it down to recommended authorizations of the long lead funding for the B-1, plus the $302 million R. & D.

Then the President at any time before entering production can change this by reporting to the Congress. We can accept it or not; but in the meantime, just talking about time schedules, the study was mandated, as I recall, by the Congress. It had a final date of March 15 initially. Then we were told later, during the markup, that it had slipped.

Now, we have no indications from the administration to indicate that they do not approve of what we have done, or that they are going to take a different tack; however, I think that it is reasonable to assume that between now and the time for conference if the President makes a decision contrary to what Congress has intended or believes that the administration intended, it could be changed as we have provided here. But the amendment proposes to stop the R. & D. for the B-1 and go forward with R. & D. for the advanced technology bomber. The gentleman is proposing to let the bird in the hand go and find two in the bush. We are just not willing to do that. We have proceeded down this road before.

When the gentleman from New York was on the committee we were discussing a program unit cost of some $70 million per copy. Mr. Carter canceled the program and after 4 years of delay, we are trying to revive it. We do not know what the unit costs are and every figure we have can be considered soft. We cannot say that a program cost of $20 billion is correct; but I do say that there is no alternative I know of that is any cheaper. I hope that this answers the gentleman. We are not doing anything I think that the gentleman does not want done.

□ 1545

But we have provided an alternative.

Mr. FOWLER. Will the gentleman yield to me?

Mr. DICKINSON. I will be glad to yield to the gentleman from Georgia (Mr. FOWLER).

Mr. FOWLER. I appreciate that background. But I say to the gentleman that my amendment, first of all on the first point about procurement under title I, would have that procurement under title I linked to the restrictions that the committee puts in section 202.

The CHAIRMAN pro tempore. The time of the gentleman from Alabama (Mr. DICKINSON) has expired.

(At the request of Mr. FOWLER and by unanimous consent Mr. DICKINSON was allowed to proceed for 3 additional minutes.)

Mr. DICKINSON. Let us dispose of the one point and go to the next point. I would disagree emphatically with the gentleman. The language is very, very clear that for aircraft of the Army, Navy, and for the Air Force, $14.66 billion, of which $1.924 billion is available only for procurement of the B-1 bomber aircraft. It is written in. It is perfectly plain. This is for procurement long lead funding. It has nothing to do with R. & D. And the gentleman's amendment only reaches R. & D.

Mr. FOWLER. It knocks out the procurement.

Mr. DICKINSON. No, not in the gentleman's language. It is passed.

Mr. FOWLER. It would replace all of section 202. Having my amendment would knock out all of section 202 except the language beginning on lines 10 through 13 and add, as the gentleman has in my amendment, that amounts appropriated pursuant to section 101 for aircraft procurement that are available now for the B-1 bomber, that would switch that to research, development, test and evaluation of advanced technology bomber aircraft.

But that is just one-half of the amendment. What the committee has done is not only to set up, make up that standard to proceed with the B-1 bomber through the $1.9 billion appropriation, but section 202 states, and I quote to the gentleman again:

> The Secretary of Defense shall complete full-scale engineering development and shall begin initial procurement of the B-1 manned strategic bomber aircraft not later than July 1, 1987.

To overturn that, let us say, the President of the United States—and he has announced that he is studying this issue, and we are awaiting his decision—if the President of the United States says we do not want the B-1 bomber, we need Stealth technology, the B-1 will be outdated and we do not want it, then under the committee's bill, which I am attempting to set aside, the President would have to determine that it is in the national interests of a very high standard not to develop the B-1, and then come back and get a congressional approval resolution adopted within 60 legislative days of the President's determination.

I say to the gentleman that we may get to that, but that cart is now mandated before the horse when we do not know which horse the President is going to ask us to ride. That is all my amendment does.

Mr. DICKINSON. I know that the gentleman's amendment kills the entire B-1 program. That is all it does.

Mr. FOWLER. I beg to differ with my friend. It simply does not do that. It says we shall not spend $1.9 billion to build this.

The CHAIRMAN pro tempore. The time of the gentleman from Alabama (Mr. DICKINSON) has again expired.

(At the request of Mr. FOWLER and by unanimous consent Mr. DICKINSON was allowed to proceed for 2 additional minutes.)

Mr. FOWLER. My amendment says we shall not commit $1.9 billion for procurement until we hear from the Commander in Chief of the Armed Forces, the President of the United States, who has asked us to wait until his review is complete to decide whether we are going to go forward with the B-1 bomber or whether or not we are going to go with Stealth or some other sophisticated technology.

I do not see, I would say to all of my colleagues, whether they are fiscally prudent from an economic standpoint, or fiscally prudent from a national security standpoint and want to get the best technology, the best bang for the buck, or whether or not they care about congressional prerogatives and Presidential direction so that we can be together, why in all good conscience and bipartisanship my amendment would not be supported.

Mr. DICKINSON. Let me say a number of reasons.

Mr. FOWLER. I thought the gentleman might think of a couple.

Mr. DICKINSON. Merely the amendment to title II to make it retroactive to effect title I might be technically correct, as the gentleman observes. We did not have time to study it in advance. But let me say in the past 4 years and under the last administration we canceled the B-1 bomber, we stretched out the MX missile, we canceled the enhanced radiation weapon, the so-called neutron bomb. We failed and refused to provide even the facilitation of binary weapons, and any number of things that have put us behind the power curve.

Now there has been a attack made on the MX which we have fought back, fortunately, and now the gentleman wants to kill the B-1 again. I think that is the wrong way to go. We are charging forward. We want to go forward with our defense posture. If the President wants to do different, he has the right to do so, but in the meantime we are going to go forward.

I would oppose the amendment and ask my colleagues to do the same.

Mr. STRATTON. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I join in opposing the amendment of my good friend from Georgia (Mr. FOWLER) very largely because what the gentleman from Georgia (Mr. FOWLER) is doing is really the very same thing that the House approved by a narrow margin with the Hansen amendment previously. He is asking that we take the control of our defense out of the hands of the Congress and have us to sit supinely and wait until the President of the United States, who has a lot of other problems on his hands, and has many other areas besides defense to consider, until the President has made up his mind. No matter how long it takes, no matter how much delay there may be in reaching these decisions, the gentleman's amendment would have us simply stop the operations of the Air Force and wait to respond to the President of the United States whenever he gets around to making a bomber decision.

I do not think that is the way our system of government is supposed to function. We in the House and our colleagues in the other body, as the Congress of the United States, together have a constitutional duty to raise and support armies and to maintain a navy. Our responsibility and our authority over what is important to our defense, and what is not important to our defense, is equal to that of the executive branch.

While the gentleman from Georgia (Mr. FOWLER) has implied that the President has asked us not to do anything until he has made a decision, the fact is that the Pentagon and the White House have not raised a single objection to this wording in our committee bill. Members of the committee met with the Secretary of Defense and with the Under Secretary of Defense for Research and Development on this very item during the recent recess. They are well aware of our committee's position. In fact, our deliberations are helping the President make up his own mind.

What the gentleman from Georgia (Mr. FOWLER) is actually doing is taking the money away from the B-1 and putting the whole $2 billion on an aircraft that he knows virtually nothing about and that he has never seen. These moneys, under the Fowler amendment, in section 101, are going to be made available not under the circumstances that we prescribe in section 202. In that section we say in effect look, the only thing we have got at the moment in this vast new gap in the bomber leg of our triad, which was created by the decision of the President back in 1977 to eliminate the B-1 bomber—the only thing that we have available now to fill that gap—is the old B-1 itself. And so instead of sitting around and sucking our thumbs, we are directing the President and the Department of Defense to proceed as expeditiously as possible with reviewing that aircraft, the world's most advanced bomber, and the only thing we have got on hand at the moment and make it available to us by July 1, 1987. All of that direction would be wiped out by the gentleman's amendment, which leaves in just a cleverly calculated portion of section 2(b) of section 202 that permits all that money to be spent for the advanced Stealth aircraft which nobody really knows anything about.

So the gentleman has eliminated a very important congressional directive contained in our bill; just as the earlier Hansen amendment eliminated another important congressional directive that we get going now on an MX missile to fill the gap that currently exists with regard to our missile forces.

I do not pretend to be an expert on exactly which plane is the best. But it seems to me that if we are going to seriously consider an amendment to wipe out the B-1—particularly since we have spent $7 billion from the time that the B-52 was first built, in trying to develop a new bomber. And yet today we still have one great big goose egg. We do not have anything to show for our money except one test B-1 aircraft that is flying.

The CHAIRMAN pro tempore. The time of the gentleman from New York has expired.

(By unanimous consent Mr. STRATTON was allowed to proceed for 5 additional minutes.)

Mr. STRATTON. The gentleman from New York (Mr. DOWNEY) my colleague, who used to be on our committee, said that the B-1, the only test version that we have left for all of that $7 billion, could not possibly get by the Soviet's elaborate radar defenses.

Actually, let me say to my colleague, we recently ran a simulated test flight with the fourth B-1 prototype against the most advanced Soviet radar defenses and we found that the B-1 bomber, with its own ECM capabilities, was easily able to penetrate those defenses. The reason was that this B-1 was equipped with a device called the ALQ-161, is actually produced in the gentleman's own district. So we have already demonstrated the B-1's capabilities to penetrate Soviet radar defenses. The gentleman has been on the Ways and Means Committee perhaps so long that he has not been able to keep up with some of the latest developments that are happening in our Nation's defense.

Mr. DOWNEY. Madam Chairman, will the gentleman yield?

Mr. STRATTON. I will yield very briefly because my time is limited on what is a very important point, and I still have an important letter I want to read into the RECORD.

Mr. DOWNEY. As the gentleman points out, the electronic countermeasures are built in the middle of my district, and the people who build the electronic countermeasures have never been pleased with my opposition to the B-1. My opposition to the B-1 is born out of the fact that not in 1982, or not in 1983, or not in 1984, do I think the B-1 will not be able to penetrate, because it certainly will. But my feeling is that the Soviets have dedicated themselves to air defense in such a way that in the 1990's they will have a look-down and shoot-down radar, and they will be able to shoot down the B-1, even with the fine ECM system built in my district.

Mr. STRATTON. Let me make one more point. I am not a pilot, of course, and I am not an expert in ECM or ALQ's. But we went to the Commander of the Strategic Air Command for his professional advice. He is the guy who is going to be the one who will be using whatever bomber we have in the 1980's or in the 1990's. Here is what precisely Gen. Ben L. Davis had to say:

My conclusion is the same one that most of the senior Air Force leadership has reached—that the B-1 is the logical choice to satisfy the near-term requirement.

I am encouraged by the progress of Stealth technology. However, there is still enough development risk that I would not want to rely totally on our aging B-52's until an advanced technology bomber is operational. I am convinced that the low technological risk associated with the B-1, and its proven capabilities, make it the best choice to meet our needs in the late 1980's—

And I will say to my friend from New York, "and early 1990's."

I fully support the committee's action to direct the procurement of the B-1 during fiscal year 1982, while concurrently pursuing the research and development of an advanced technology bomber. I believe this approach will provide a complimentary mix of aircraft to meet the required strategic deterrent posture of our Nation for the foreseeable future.

To achieve this goal, I believe that it is imperative to maintain a funding profile that will bring the B-1 into service by 1986, while continuing to aggressively pursue refinement of Stealth technolgy. The recent action of your committee—

Which the Fowler amendment would totally wipe out, "is an important step in this direction."

□ 1600

Mr. FOWLER. Will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from Georgia.

Mr. FOWLER. I thank the gentleman for yielding and say quickly this debate is not about the B-1 bomber. I appreciate the gentleman's words to the author of the amendment about the artful crafting.

The CHAIRMAN pro tempore. The time of the gentleman from New York (Mr. STRATTON) has expired.

(At the request of Mr. FOWLER, and by unanimous consent, Mr. STRATTON was allowed to proceed for 3 additional minutes.)

Mr. STRATTON. I yield to the gentleman from Georgia.

Mr. FOWLER. I appreciate the gentleman's words about the artful crafting of this amendment. It was deliberately done to preserve the $1.9 billion in title I for procurement of the B-1 to not strike that out. It cannot be stricken by this amendment. My amendment simply picks up the committee's own language beginning on line 2 under section 202 which allows these moneys appropriated pursuant to section 101 for aircraft research, development, tests, and evaluation of an advanced technology bomber, including the B-1.

Mr. STRATTON. Let me reclaim my time because this is the very point that General Davis made. What the gentleman's amendment craftily leaves out, destroys, and wipes out are lines 23, 24, and 25 on page 6 and lines 1 through 6 on page 7, all of which direct the Secretary of Defense to complete full scale engineering, development, and begin initial procurement of a B-1 manned strategic bomber aircraft that will achieve initial operational capability for such aircraft not later than July 1, 1987.

Concurrently with that, the Secretary of Defense is further directed by Congress to proceed with research, development, tests, and evaluation of an advanced technology bomber aircraft. All that congressional initiative is wiped out, and that is the very thing that General Davis said is most important in protecting our security and his heavy responsibilites at the Strategic Air Command.

Mr. FOWLER. Would the gentleman yield to me?

Mr. STRATTON. I will be glad to yield to the gentleman.

Mr. FOWLER. I am enjoying the discussion. I could have the same letter. I could pull out my letter from General Ellis that we have all seen, head of the Strategic Air Command, who is against the B-1 bomber, who has told the gentleman's committee that he prefers the FB-111, that that is the way to go. But I say to the gentleman that General Davis' concerns are not vitiated by my amendment. The research and development can go on. What I am trying to do is to keep us—and I believe the committee's language does it, I believe even more so after the debate—the committee is trying to mandate the decision to produce the B-1 bomber today before the President of the United States has made his recommendation about its future need.

Mr. STRATTON. That is exactly it.

Mr. FOWLER. I want to yield to the Commander in Chief of the United States for his decision first. He is the man who is going to make the first decision on our national security.

Mr. STRATTON. I decline to yield further. The fact of the matter is we do not think we ought to allow this important work to stop until the President of the United States, who has a lot of other responsibilities, finally makes his decision. We must continue to move ahead to insure our Nation's peace and security.

Mr. PRICE. Madam Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

What the gentleman's amendment actually does is allow transferring—it is a very simple thing—all the money for the B-1 to the advanced technology aircraft without coming back to Congress. That is the catch in there. This is the purpose of the amendment. It would allow the B-1 to be killed, and it would allow the B-1 to be killed without coming back to Congress. It takes the Congress out of the decision. We should be involved in the decision. The amendment also encourages going to a new, still unproven technology. I think that it is not a responsible way to proceed, and I urge defeat of the amendment.

Mrs. SCHROEDER. Madam Chairman, I move to strike the requisite number of words, and I rise in support of the amendment. I think this is an excellent amendment. I want to compliment the gentleman from Georgia (Mr. FOWLER) for presenting this amendment because I know when I read in the newspaper this morning that this is one of the aspects that the President was upset about in this bill.

I, like him, was a little surprised someone on the other side was not trying to preserve this right for the Commander in Chief.

I also want to compliment the gentleman from New York (Mr. STRATTON) because so often when we debate the Armed Services bill, he points out something that really tends to corrupt the debate and cause us all a lot of grief. Are we here to defend our districts or are we trying to buy things in the bill that will defend the United States of America? Should we get the most value and defense for the dollar? Or should we vote for things we know cannot cut it because they are made in our district? I think all of us are pained by that dilemma every now and then.

The gentleman from New York (Mr. DOWNEY) has shown what a difficult decision he has had to make in the past. I think we should all compliment him. Many of us might have gone the other way because it was "easier." We would have a stronger defense for less money if more of us followed his lead.

Mr. DOWNEY. Madam Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentleman from New York.

Mr. DOWNEY. I thank the gentlewoman for yielding. I think the whole debate, as the gentleman from Georgia (Mr. FOWLER) has wisely pointed out, is that what the Committee on Armed Services intends to do is lock the Congress into a decision to build the B-1 bomber essentially regardless of cost, to have 100 or so B-1 bombers at $20 billion, at a program unit cost of $200 million an airplane, and also build the Stealth bomber, and also increase the F-16 buys and the F-15 buys. The Air Force is going to reach a point where it cannot do all these things at once.

All that the gentleman is asking us to do is allow the President, who may have some second thoughts about the B-1, as General Ellis did, to make a decision. Of course, General Davis who is now the Strategic Air Commander, has to determine what General Ellis decided, that the B-1 would be obsolete, and it would be far wiser to build the Strategic 111 for this interim period. What the gentleman is attempting to do is leave the options open. It seems to me that that is eminently reasonable.

I want to make one other point.

Mr. FOWLER. Will the gentlewoman from Colorado yield?

Mrs. SCHROEDER. I yield to the gentleman from Georgia.

Mr. FOWLER. I not only thank the gentlewoman from Colorado (Mrs. SCHROEDER) but the gentleman from New York (Mr. DOWNEY). I again say to the gentleman from New York (Mr. STRATTON) and to the distinguished chairman of this committee, that all this amendment does—I know it is confusing and I apologize to the committee for that, but I have checked it again and again and I believe that I am absolutely right—all this amendment does is preserve the options, because section 101 is left intact. You have got $1.9 billion to proceed with the B-1 bomber, but you have also got my amendment, the specific language of my amendment, to go forward with research and development for any other advanced technology.

So what we do is leave the options open for the President of the United States and for this Congress, and that is all this amendment does.

I just beg to differ with anybody who wants to quarrel as to what we are killing. The President and we have both options as a result of my amendment. If we stick with the committee's language, we are committed to the B-1, and the B-1 alone, for $1.942 billion.

I thank the gentlewoman very much for yielding.

Mr. STRATTON. Madam Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I am not for cutting off debate. I will be happy to yield to the gentleman from New York.

Mr. STRATTON. I thank the gentlewoman for yielding.

If the gentleman from Georgia (Mr. FOWLER) maintains that the sense of his amendment is that we can continue to proceed with the R. & D. on the B-1, with an operational capability in 1987, and at the same time can explore and pursue the technology of the advanced Stealth aircraft, then certainly I have no quarrel with this. Perhaps, we have some kind of semantic problem. I would indicate to the gentleman that if his amendment really does mean that the Secretary of Defense is directed to continue full-scale engineering development on the B-1 and shall be directed to proceed with initial procurement of the B-1 manned strategic aircraft, and currently also proceed with R. & D. on the Stealth aircraft, then I would suggest that the language in the committee bill is better designed to express that purpose than is the gentleman's language.

Mr. FOWLER. Madam Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentleman from Georgia.

Mr. FOWLER. I will say to the gentleman from New York (Mr. STRATTON) the intent of the amendment—and I think it speaks plainly—is to preserve the options.

The CHAIRMAN pro tempore. The time of the gentlewoman from Colorado (Mrs. SCHROEDER) has expired.

(At the request of Mr. FOWLER, and by unanimous consent, Mrs. SCHROEDER was allowed to proceed for 1 additional minute.)

Mr. FOWLER. Will the gentlewoman yield to me?

Mrs. SCHROEDER. I will be delighted to yield to the gentleman.

Mr. FOWLER. I thank the gentlewoman. We preserve the options. If the President of the United States and the U.S. Congress want to go forward with the B-1 bomber, it can do so. It does, I say to the gentleman from New York (Mr. STRATTON), use the committee language which he just read directing the Secretary of Defense to do all these things, to spend all this money for the B-1 and the B-1 alone. What my amendment says is we keep the $1.9 billion in there for B-1 technology, but it can also be used—read by amendment—and available for the B-1 bomber aircraft, research, development, tests, and evaluation also of other advanced technology bomber aircraft.

Mr. STRATTON. If the gentlewoman will yield, this amendment is taken right from our language.

Mr. FOWLER. That is precisely what I say. That is the artful crafting the gentleman gave me credit for.

Mr. STRATTON. We are preserving all the same options too but the gentleman's amendment would eliminate the B-1 option.

Mr. CHAPPELL. Madam Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Madam Chairman, I will be glad to yield to the gentleman from Georgia (Mr. FOWLER) for clarification of a point, if I might. I would like to ask him whether this option we are talking about preserves the option to the Congress, or leaves the option strictly to the President of the United States?

Mr. FOWLER. I will say to the gentleman, and thank him for yielding, that it would—as on all such decisions it should be, and would be under committee language elsewhere in this authorization bill as in others—leave it to be a joint decision. It does not preclude the ultimate decision, of course, by the U.S. Congress. What it does do is to keep us from making the decision to build and spend and procure exclusively the B-1 technology until we get the recommendation from the Commander in Chief of the United States, which he is now studying and has promised to give us. It keeps those options open.

Mr. CHAPPELL. I thank the gentleman. It just appears to me from the very language of the amendment that it really says to the President, if you want to go on with an advanced technology bomber, regardless of what you may call it, you have that option to go ahead with it without further consideration by the Congress. I hope that is not the intention of the gentleman's amendment; but if it is, certainly I think all of us must oppose it.

What concerns me and a lot of others is that while the ATB—the Advanced Technology Bomber—seems like a wonderful idea because you cannot see it, the truth of the matter is that it can be seen, it can be detected, and we are talking about a paper airplane. We are talking about technology not yet proven. We are talking about the concept of a flying wing with its considerable inherent instability—it is unstable aerodynamically because leverage for its lateral axis stability is greatly reduced as its elevator support is mated into or upon the wing itself.

□ 1615

We are dealing with a technology here that will cost billions of dollars to perfect. Nobody can tell you what the ATB looks like. Certainly we are not going to hand the President of the United States an opportunity to make that kind of a decision—and call the bomber whatever you want—and put the direction there instead of the emphasis on known, proven technology, up-to-date technology as prevails with the B-1 bomber. The No. 4 plane in the R. & D. program is the prototype for the anticipated B-1 production airplane. We know what it is; we know what it does; we know the technology in it. Approximately three-fourths of the wind tunnel and flight testing of it has been done; some three-fourths of the drawings and tooling schematics have been done; 500,000 pounds of the materials necessary to build it are in place. Surely we are not going to say, in essence, to the President of the United States, "Under these circumstances, if you want to go forward with some other kind of a thing, call it a B-90, or what have you," without us having a look at it first does not make sense. I hope the gentleman would agree with that position.

Mr. FOWLER. If the gentleman will yield, I not only agree with my distin-

guished friend, for whom I have the greatest respect, but I say to him, because I know he is raising not only a serious point, but because of the accuracy of his comments, that, as I said before, my interest in this is not casual, and the gentleman may not have been on the floor when I began my presentation.

Mr. CHAPPELL. And I apologize for that.

Mr. FOWLER. Nobody else knew it was coming, either.

It comes from being a member of the Select Committee on Intelligence for 4 years, with a great concern about our military weapons systems.

But the gentleman knows that, in answer to his concerns, nothing is going to be done unless the U.S. Congress appropriates the money, No. 1.

No. 2, even though everything the gentleman said is correct, the great issue that the President of the United States is reviewing in our behalf and in behalf of every citizen of this country is, despite the preparation for the B-1, despite the technology, despite the research that has gone into it, is it enough?

The CHAIRMAN pro tempore. The time of the gentleman from Florida (Mr. CHAPPELL) has expired.

(On request of Mr. FOWLER and by unanimous consent, Mr. CHAPPELL was allowed to proceed for 2 additional minutes.)

Mr. FOWLER. If the gentleman will continue to yield, the great question before us and before the Nation is: Is this technology enough? Or when we get it built, 8, 10 years from now, will our primary adversary, the Soviet Union, have the capacity to knock it out immediately?

Now, that is the question before the Nation. That is not the question to be decided by my amendment. My amendment only says because that is the great question: Should we not preserve the option for ourselves and the President, acting jointly in the interest of the national security, not to say today, as the committee language does, mandating this entire $1.9 billion, mandating the Secretary of Defense to spend that on the procurement of the B-1?

I say to the gentleman that is all I have in mind. That is all this amendment does. If we do not do it that way and the President should decide to go with a different technology in the interest of our country, we would be in quite a fix if we have already committed this horse before the cart when I submit, it is very easy to preserve both options; and my amendment preserves not only both options, 5, 10, however many options there could be in advance weaponry technology.

I thank the gentleman for yielding.

Mr. CHAPPELL. Madam Chairman, I thank the distinguished gentleman for his comments.

My concern persists. If what my colleague says is true, and I am willing to so accede, then the amendment is not really needed because the bill itself retains the proper option. Additionally, the appropriations process retain the proper option. So it seems to me that we ought not at this moment to muddy the waters on this matter, that we ought to leave it like the committee suggests. We will have an opportunity to see in a few days what the President will recommend to us. We will know his recommendation even before the bill gets out of conference. We will have an opportunity to consider it in the Appropriations Committee process, too.

So I hope we would not cloud the issue here with the adoption of the amendment. I urge a "no" vote on the amendment.

Mr. DICKS. Madam Chairman, I move to strike the requisite number of words.

I want to ask my friend, the gentleman from Georgia, a question. The President, as we both know, is going to make a decision recommending either going forward with the B-1, or going forward with ATB, or going forward with both options; and the purpose, as I understand it, of the gentleman's amendment is to allow the President the flexibility to make a decision and be able to use the money for either B-1 or ATB. If he decides to go ahead with an advance technology bomber, that he then could take the money that was going to be used, which is mandated in this bill to be used for procurement of the B-1, and use it for the advance technology bomber.

Is that a fair statement of the purpose of the amendment?

Mr. FOWLER. I say to the gentleman from Washington it is fair. It preserves the option to either go forward with the B-1 or to some other advance technology bomber should the President and the Congress—and we both have to decide to make that decision—the gentleman is correct, it preserves the option for the President and for the Congress and, therefore, for the country.

If you do not have this amendment, you are locked in under the procurement title to the B-1 and nothing else.

Mr. DICKS. I think it says you could also go ahead and do the R. & D. on the advance technology bomber, as I read the language.

Mr. FOWLER. You could make that argument to do both, if they wanted to do both.

Mr. DICKS. As I understand the language in the Armed Services report, it states that you would go ahead with procurement, initial procurement, with an IOC of 1987 on the B-1, but also go ahead with the advance technology, the R. & D. on the advance technology bomber, but that if the President should decide that he wants to go ahead with the advance technology bomber, he would then have to come back and get concurrence in that decision in a concurrent resolution passed by both Houses of Congress in order to go ahead only with that option.

It seems to me that is the only real issue here, and that is whether we really want to give the Congress a veto of the decision. Obviously, the Appropriations Committee would have to ratify a B-1 decision. I wish we could perfect my friend's amendment to provide congressional approval.

Mr. FOWLER. I urge my friend, the gentleman from Washington, to let me know what perfecting amendment he has in mind, if he does.

This debate has ranged far wider than I hoped it would, because the issue here again is not to decide the fate of the B-1 bomber. But the committee's intent I think is clear, as the gentleman from Alabama who was speaking a minute ago—the reason we know that this puts the hand on the B-1, the B-1 exclusively, as the gentleman mentioned, is, I do not know what you would call it, but it is sort of like a negative predicate. The committee's language requires—I wish I could cite it to the gentleman specifically, but I quote it accurately—they are asking that the President of the United States under this legislation determine "that it is in the national interest not to develop the B-1." And if that is so, if the President comes to the Congress and has to declaim in the national interest not to do so, then you have got to have congressional approval adopted within 60 legislative days to approve the President's determination. In other words, the committee unquestionably puts the burden of proof completely on the President to prove that the B-1 is not the way to go, rather than doing it, I should think, the way we do everything else, to keep our options open and to move concurrently in a decision.

Mr. DICKS. Maybe the way to perfect the gentleman's amendment, then, is to say that the Congress shall, within 60 days, approve by concurrent resolution or reject by concurrent resolution the option that is presented by the President. In that way you preserve flexibility, but also you then have a situation where the Congress is an equal partner in this decision. Maybe that would be one way to perfect the amendment.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Georgia (Mr. FOWLER).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. FOWLER. Madam Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 153, noes 254, not voting 25, as follows:

[Roll No. 120]

AYES—153

Addabbo	Fowler	Ottinger
Aspin	Frank	Panetta
Atkinson	Garcia	Patterson
AuCoin	Gejdenson	Paul
Barnes	Ginn	Pease
Bedell	Glickman	Petri
Beilenson	Gore	Peyser
Benedict	Gray	Pritchard
Benjamin	Green	Pursell
Bingham	Gregg	Rahall
Blanchard	Guarini	Rangel
Bolling	Harkin	Ratchford
Bonior	Hatcher	Reuss
Bonker	Hawkins	Richmond
Brodhead	Heckler	Rinaldo
Brown (CA)	Hertel	Rodino
Burton, John	Hollenbeck	Rosenthal
Burton, Phillip	Howard	Roybal
Clay	Hoyer	Russo
Coats	Hughes	Sabo
Collins (IL)	Jacobs	Santini
Conte	Jeffords	Scheuer
Conyers	Kastenmeier	Schneider
Crockett	Kildee	Schroeder
D'Amours	Kogovsek	Schumer
Dellums	LaFalce	Seiberling
DeNardis	Leach	Shannon
Derwinski	Lehman	Sharp
Dicks	Leland	Simon
Dingell	Long (MD)	Smith (IA)
Donnelly	Lowry (WA)	Solarz
Dorgan	Lundine	St Germain
Downey	Markey	Stark
Dwyer	Marks	Stokes
Dymally	Mattox	Studds
Eckart	Mavroules	Swift
Edgar	Mazzoli	Synar
Edwards (CA)	McCurdy	Tauke
Erdahl	McHugh	Traxler
Ertel	McKinney	Udall
Evans (IN)	Mikulski	Vento
Fascell	Miller (CA)	Volkmer
Fazio	Mineta	Walgren
Fenwick	Minish	Waxman
Ferraro	Mitchell (MD)	Weaver
Florio	Moakley	Weber (MN)
Foglietta	Moffett	Weiss
Foley	Moore	Williams (MT)
Ford (MI)	Nowak	Wolpe
Ford (TN)	Oberstar	Wyden
Forsythe	Obey	Yates

NOES—254

Akaka	Carney	Duncan
Albosta	Chappell	Dunn
Alexander	Chappie	Dyson
Anderson	Cheney	Edwards (AL)
Annunzio	Clausen	Edwards (OK)
Applegate	Clinger	Emerson
Archer	Coelho	Emery
Badham	Coleman	English
Bafalis	Collins (TX)	Erlenborn
Bailey (MO)	Conable	Evans (DE)
Bailey (PA)	Corcoran	Evans (GA)
Beard	Coughlin	Evans (IA)
Bennett	Courter	Fary
Bereuter	Coyne, James	Fiedler
Bethune	Coyne, William	Fields
Bevill	Craig	Findley
Biaggi	Crane, Daniel	Fish
Bliley	Crane, Philip	Flippo
Boggs	Daniel, Dan	Fountain
Boland	Daniel, R. W.	Frost
Boner	Danielson	Fuqua
Bouquard	Dannemeyer	Gaydos
Bowen	Daschle	Gephardt
Brinkley	Daub	Gibbons
Brooks	Davis	Gilman
Broomfield	de la Garza	Gingrich
Brown (CO)	Deckard	Gonzalez
Brown (OH)	Derrick	Goodling
Broyhill	Dickinson	Gradison
Burgener	Dixon	Gramm
Butler	Dornan	Grisham
Byron	Dougherty	Gunderson
Campbell	Dowdy	Hall (OH)
Carman	Dreier	Hall, Ralph
Hall, Sam	Matsui	Sensenbrenner
Hamilton	McClory	Shamansky
Hammerschmidt	McCloskey	Shaw
Hance	McCollum	Shelby
Hansen (ID)	McDonald	Shumway
Hansen (UT)	McEwen	Shuster
Hartnett	McGrath	Siljander
Hefner	Mica	Skeen
Heftel	Michel	Skelton
Hendon	Miller (OH)	Smith (AL)
Hightower	Mitchell (NY)	Smith (NE)
Hiler	Molinari	Smith (NJ)
Hillis	Mollohan	Smith (OR)
Holland	Montgomery	Snowe
Holt	Moorhead	Snyder
Hopkins	Morrison	Solomon
Horton	Mottl	Spence
Hubbard	Murphy	Stangeland
Hunter	Murtha	Stanton
Hutto	Myers	Staton
Hyde	Napier	Stenholm
Ireland	Natcher	Stratton
Jeffries	Neal	Stump
Jenkins	Nelligan	Tauzin
Johnston	Nichols	Taylor
Jones (OK)	O'Brien	Thomas
Jones (TN)	Oakar	Trible
Kazen	Parris	Vander Jagt
Kindness	Pashayan	Walker
Kramer	Patman	Wampler
Lagomarsino	Pepper	Watkins
Lantos	Perkins	Weber (OH)
Latta	Pickle	White
Leath	Porter	Whitehurst
LeBoutillier	Price	Whitley
Lee	Quillen	Whittaker
Lent	Regula	Whitten
Levitas	Rhodes	Williams (OH)
Lewis	Ritter	Wilson
Livingston	Roberts (KS)	Winn
Loeffler	Roberts (SD)	Wolf
Long (LA)	Robinson	Wortley
Lott	Roe	Wright
Lowery (CA)	Roemer	Wylie
Lujan	Rogers	Yatron
Luken	Rostenkowski	Young (AK)
Lungren	Roth	Young (FL)
Marriott	Roukema	Young (MO)
Martin (IL)	Rudd	Zablocki
Martin (NC)	Sawyer	Zeferetti
Martin (NY)	Schulze	

NOT VOTING—25

Andrews	Frenzel	Nelson
Anthony	Goldwater	Railsback
Ashbrook	Hagedorn	Rose
Barnard	Huckaby	Rousselot
Breaux	Jones (NC)	Savage
Chisholm	Kemp	Washington
Cotter	Madigan	Wirth
Early	Marlenee	
Fithian	McDade	

□ 1630

The Clerk announced the following pairs:

On this vote:

Mrs. Chisholm for, with Mr. Nelson against.

Mr. Washington for, with Mr. Jones of North Carolina against.

Messrs. SILJANDER, DAUB, PASHAYAN, and EVANS of Georgia changed their votes from "aye" to "no."

Mr. VOLKMER and Mr. DORGAN of North Dakota changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. HARKIN

Mr. HARKIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARKIN: Page 7, stike out lines 18-22 and insert in lieu thereof:

(2) the Congress, before the end of 60 legislative days beginning on the date of the receipt of such certification, fails to adopt a concurrent resolution stating in substance that it disapproves such determination by the President.

□ 1645

Mr. HARKIN. Madam Chairman, let me say to the members of the committee that regardless of how they may feel about the B-1 bomber and regardless of how they may have voted on the last amendment, I am hopeful that they will be able to support this amendment, which makes a very minor change in the language that is found on page 7 of the bill.

The amendment will make this part of the bill conform to what was adopted earlier in the Hansen amendment regarding the MX missile system. In the bill as it came from the committee, on page 7 we see the following: that notwithstanding subsection (a)(1), which provides the funding for the B-1, the "amounts appropriated pursuant to section 201 for research, development, test, and evaluation that are available for the B-1 bomber aircraft . . . shall be available for research, development, test, and evaluation of an advanced technology bomber aircraft" if two things happen. First of all, the President has to determine and certify to the Congress that it is in the national interest not to develop the B-1 bomber. That is the first step that has to be taken.

The second thing is that the Congress, before the end of 60 legislative days, has to adopt a concurrent resolution stating in substance that it approves that determination made by the President. In other words, if the President decides not to build the B-1 bomber, he certifies it to Congress, and then Congres has to act. It has to act within 60 days on an affirmative basis to adopt a concurrent resolution stating that it approves of such a determination by the President.

What my amendment does is it changes two and a half words in that paragraph (2). It would change it to read that Congress, before the end of 60 days, "fails to adopt a concurrent resolution stating in substance that it disapproves such determination by the President." What it does is it puts Congress on an equal footing with the President. It allows Congress also to have a final say, if Congress wishes to have that say, on the B-1 bomber.

As I said, it basically makes this language on the B-1 bomber conform to what we did earlier in the Hansen amendment on the MX missile. Many arguments were propounded by many different Members of the House stating that the Congress ought to have equal footing with the President in making this decision on the MX missile. I am saying the same thing on the B-1 bomber.

This is a simple change, but it is a change that I believe would be supported. I did not ask the administration about it. I believe the administration would support it, and I am hopeful that the members of the committee would support it to allow the House and to allow the Senate to have an equal say-so with the President on this basis.

Madam Chairman, I yield back the balance of my time.

Mr. DICKINSON. Madam Chairman, I rise in opposition to the amendment.

Madam Chairman, let me say to the members of the committee that this amendment is not quite as simple and innocuous as it would appear on its face.

As has been explained, what we have required in our bill is an affirmative action to approve a decision if the President decides different from what the House has already approved. It says that—

The Congress, before the end of 60 legislative days beginning on the date of the receipt of such certification, adopts a concurrent resolution stating in substance that it approves such determination by the President.

That puts a duty on us to affirmatively act to approve whatever decision he makes that is different from what we have already approved in the Congress.

The amendment makes it just the converse. It says that—

The Congress, before the end of 60 legislative days beginning on the date of the receipt of such certification, fails to adopt a concurrent resolution stating in substance that it disapproves.

So I think that what the committee intended and what we have done is to require the President's recommendation to come to the Congress to be acted on affirmatively. What the gentleman's amendment would do is to say that we must disapprove what he does or else it will automatically go through, and if we did not act, it does not have to come back through. If we did not act, it would automatically go into place.

Madam Chairman, may I ask the gentleman, am I misreading the intent of the amendment?

Mr. HARKIN. Madam Chairman, will the gentleman yield?

Mr. DICKINSON. I am pleased to yield to the gentleman from Iowa.

Mr. HARKIN. Madam Chairman, I am not certain. Let me see if I can explain it again and see whether it corresponds with what the gentleman says.

Mr. DICKINSON. Madam Chairman, let me paraphrase it. Our bill would require that if the President changes what we have decided and says we will not build the B-1 bomber, he will certify that to us, and then we have 60 days to affirmatively approve his decision. That is in our bill.

Mr. HARKIN. Yes.

Mr. DICKINSON. By the gentleman's amendment, we do not affirmatively approve anything. We have to act to disapprove his decision, and if we do not act, then what he decides will go through automatically.

Mr. HARKIN. No.

Mr. DICKINSON. That is the language that I am reading.

Mr. HARKIN. Madam Chairman, will the gentleman yield further?

Mr. DICKINSON. I am pleased to yield to the gentleman from Iowa.

Mr. HARKIN. The committee bill approves the B-1 bomber, and it requires two steps.

Mr. DICKINSON. True.

Mr. HARKIN. It requires the President to approve it, or really it would require that the President would have to certify to us, because if he wanted to shift the funds, he would have to certify that he does not want it, and then the Congress would have to, by concurrent resolution, approve the President's decision.

Mr. DICKINSON. That is what I said.

Mr. HARKIN. Under my amendment it says that if the President decided not to develop the B-1 bomber and Congress took no action, then the President's decision would stand.

Mr. DICKINSON. That is what I said.

Mr. HARKIN. All right. That is what my amendment would do. Under the bill, if the President decided not to build it and the Congress took no action, then the President's decision would not stand.

Mr. DICKINSON. That is exactly right.

Mr. HARKIN. We would still go ahead and build it.

Mr. DICKINSON. We are forcing the President to come back to us and report to us. If he is going to change what we have done, we want him to tell us why and give us a chance to approve it.

The gentleman's amendment takes that option away from us. It says that if he does not approve the B-1 bomber and wants us to do something else, he reports that to us, and if we take no action, it automatically goes into place.

We say, "No," on the committee, that that is not the way it should be done, because we should affirmatively have the opportunity to say, "Yes," to his decision if it is different from what we have done.

So I think we are in agreement. It is just a question of what is necessary. He should come back and explain it to us and give us a chance to act on it.

Mr. HARKIN. Madam Chairman, will the gentleman yield?

Mr. DICKINSON. I am pleased to yield to the gentleman from Iowa.

Mr. HARKIN. Under the gentleman's scenario, would that not also mean that if the House Armed Services Committee failed to report out a resolution, the House would not even get a chance to vote on it? It would be one of those situations where, by doing nothing, we would defeat the President's ability to get a vote on this issue.

Mr. DICKINSON. Well, first, there is nothing new in that. Second, I cannot imagine any scenario where the Armed Services Committee would fail to act if the President reported something different.

As I said, Madam Chairman, there are three things in this. First, there is nothing new in this, in what is attempted. Second, if the President should act, we feel that we should have an opportunity to approve it. I cannot imagine any scenario where we would not act if he canceled the B-1 bomber and came up with an alternative.

But, third, the converse that is offered by the gentleman would say that if we do not do anything, then the President's decision automatically goes into place, and that is unacceptable to us.

The CHAIRMAN pro tempore. The time of the gentleman from Alabama (Mr. DICKINSON) has expired.

(On request of Mr. HARKIN, and by unanimous consent, Mr. DICKINSON was allowed to proceed for 2 additional minutes.)

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from Iowa.

Mr. HARKIN. Madam Chairman, I thank the gentleman for yielding.

Basically, what my amendment does is what we have done so often in this body, and that is give us the power of a veto. It would give us again that equal footing with the President that we have demanded so often in so many different cases here in the House. It would give us the opportunity to demand that we have the availability to us to veto an action by the President. That is what my amendment does. I do not believe the bill as printed gives us that power.

Mr. DICKINSON. Madam Chairman, I think the gentleman and I are in total agreement as to the differences offered here. The bill that came out of our committee says that if the President changes what the Congress has already approved, that is, the B-1 bomber, then he reports back and we can accept it or not, but we must act affirmatively on it.

What the gentleman says is that if he changes it and reports back to us and if we do not act, it automatically goes into place. So I just think we are taking ourselves out of the deliberative process, and for that reason I oppose the amendment.

Mr. STRATTON. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I share the view of my colleague, the gentleman from Alabama (Mr. DICKINSON), that this is an unfortunate amendment, because essentially what it does is to reduce the impact of the Congress on the decisionmaking process in this important area of defense.

As the gentleman from Alabama has already indicated, we provide in our language the opportunity to act affirmatively if we agree with the President. But the amendment offered by the gentleman from Iowa (Mr. HARKIN) would put a premium on the failure of Congress to act. Conceivably, we might even have a filibuster in the other body which would prevent any action at all.

I think on a matter of this importance we ought to have the President and the Congress working together.

We have had too many years in the past when the Congress and the President were sharply opposed on defense. On an important decision affecting a manned strategic bomber the language of the House bill insures that the Congress and the President will be in step together.

Therefore, Madam Chairman, I urge that the amendment be defeated.

□ 1700

Mr. DICKS. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I would like to ask the chairman of the full committee, the gentleman from Illinois, a question if I might. And that is, if, in fact, the President did recommend that we go ahead with the advanced technology bomber, could the gentleman from Illinois assure us that the House would be given a chance to express itself on that important decision within 60 legislative days?

Mr. PRICE. Madam Chairman, will the gentleman yield?

Mr. DICKS. I yield to the gentleman from Illinois.

Mr. PRICE. Definitely.

We would make certain of it. It is an obligation to the House and we are agents of the House. We would certainly give the House an opportunity to be heard.

Mr. DICKS. I thank the gentleman. I appreciate the gentleman's comment.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Iowa (Mr. HARKIN).

The amendment was rejected.

The CHAIRMAN pro tempore. Are there further amendments to title II? If not, the Clerk will read title III.

The Clerk read as follows:

TITLE III—OPERATION AND MAINTENANCE

AUTHORIZATION OF APPROPRIATIONS

SEC. 301. (a) Funds are hereby authorized to be appropriated for fiscal year 1982 for the use of the Armed Forces of the United States and other activities and agencies of the Department of Defense for operation and maintenance in amounts as follows:

For the Army, $17,214,044,000.

For the Navy, $20,684,410,000.

For the Air Force, $19,230,740,000.

For the Marine Corps, $1,245,739,000.

For Defensewide activities, $4,901,207,000.

(b) In addition to the funds authorized to be appropriated in subsection (a), there are authorized to be appropriated for fiscal year 1982 such additional sums as may be necessary for increases in salary, pay, retirement, and other employee benefits authorized by law for civilian employees of the Department of Defense whose compensation is provided for the funds authorized to be appropriated in such subsection.

REPEAL OF REQUIREMENT FOR ANNUAL OPERATION AND MAINTENANCE REPORTS

SEC. 302. (a) Section 138 of title 10, United States Code, relating to annual authorization of appropriations, is amended—

(1) in subsection (a)(6), by striking out "(f)"; and inserting in lieu thereof "(e)";

(2) by striking out subsection (e);

(3) by redesignating subsection (f) as subsection (e); and

(4) in subsection (e), as so redesignated—

(A) by striking out "(1)"; and

(B) by striking out paragraph (2).

(b)(1) The heading of such section is amended to read as follows:

"§138. Annual authorization of appropriations and personnel strengths for the armed forces; annual manpower requirements reports".

(2) The item relating to such section in the table of sections at the beginning of chapter 4 of such title is amended to read as follows:

"138. Annual authorization of appropriations and personnel strengths for the armed forces; annual manpower requirements report.".

PRESERVATION OF MILITARY NATURE OF VETERINARY SUPPORT TO DEFENSE RESEARCH AND DEVELOPMENT ACTIVITIES

SEC. 303. None of the funds appropriated pursuant to an authorization of appropriations contained in this Act may be used for the purpose of converting military veterinary positions that are supporting research and development activities of the Department of Defense or of any of the Armed Forces to civilian positions.

PROHIBITION OF CONTRACTING OUT ENTIRE MEDICAL FACILITIES

SEC. 304. None of the funds appropriated pursuant to an authorization of appropriations contained in this Act may be used for the purpose of contracting out an entire medical facility.

Mr. PRICE (during the reading). Mr. Chairman, I ask unanimous consent that title III be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

GOVERNMENT OPERATIONS COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Government Operations Committee amendment: Page 11, beginning on line 18, strike out all of section 304 through line 23.

Mr. HORTON. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, in section 304, the armed services bill prohibits contracting out of an entire medical facility. My committee deleted this section from the bill. We took this action because we oppose legislating exceptions to Government-wide procurement policies—in this case, the Government-wide policy regarding contracting out. That policy is now contained in Office of Management and Budget Circular No. A-76.

Circular A-76 is based on these three principles:

a. Rely on the private sector. The Government's business is not to be in business. Where private sources are available, they should be looked to first to provide the commercial or industrial goods and services needed by the Government to act on the public's behalf.

b. Retain certain govermental functions in-house. Certain functions are inherently governmental in nature, being so intimately related to the public interest as to mandate performance by Federal employees.

c. Aim for economy: Cost comparisons. When private performance is feasible and no overriding factors require in-house performance, the American people deserve and expect the most economical performance, and, therefore, rigorous comparison of contract costs versus in-house costs should be used, when appropriate, to decide how the work will be done.

These are wise guidelines, and in their applicability to all agencies they are entirely consistent with the goal that the Federal Procurement system be standardized.

The OMB circular does contain special provisions relating to national defense contracting. It states:

A Government commercial or industrial activity, operated by military personnel, may be justified when:

First, the activity or military personnel assigned are utilized in or subject to deployment in a direct combat support role;

Second, the activity is essential for training in those skills which are exclusively military in nature; or

Third, the activity is needed to provide appropriate work assignments for career progression or a rotation base for overseas assignments.

I think that current policy provides a reasonable basis on which the DOD can consider the economic and military readiness effects of contracting

out a particular operation before making a decision on such a matter. The policy, consequently, does not need statutory amendment.

In testimony before my committee, Deputy Director of OMB, Mr. Ed Harper, made quite clear the administration's opposition to this provision. He said:

> This language interposes itself into the orderly decision making process contemplated by OMB Circular No. A-76. Following the procedures outlined in the circular, an entire hospital would be considered for conversion to contract only when national security or the quality of medical care would not be affected. Further, it would be converted to contract only if it were cost effective to do so. The language in section 304 would prevent the Department of Defense from taking advantage of a potentially more economical operation. We believe such language should be deleted.

I agree with Mr. Harper and I urge my colleagues to support this amendment deleting section 304.

Mr. BROOKS. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, included in the DOD authorization bill (H.R. 3519), as reported by the Armed Services Committee, is a provision (section 304) to prohibit the contracting out of an entire medical facility. This presents a case where the Defense Department wants to be exempted from longstanding Federal procurement policies concerning contracting out. The policy of contracting out is outlined in the Office of Management and Budget Circular A-76 and is based on three principles.

First, rely on the private sector. The Government's business is not to be in business. Where private sources are available, they should be looked at to provide the commercial or industrial goods and services needed by the Government to act on the public's behalf.

Second, retain certain governmental functions inhouse. Certain functions are inherently governmental in nature, being so intimately related to the public interest as to mandate performance by Federal employees.

Third, aim for economy through cost comparisons. When private performance is feasible and no overriding factors require inhouse performance, the American people deserve and expect the most economical performance and, therefore, rigorous comparison of contract costs should be used, when appropriate, to decide how the work will be done.

These guidelines apply to all agencies and are entirely consistent with the goal that the Federal procurement system be standardized. As you know, this is the primary objective of Public Law 96-83, which requires that the Office of Federal Procurement Policy within OMB submit to Congress in October of this year a legislative proposal to implement the objectives of a Uniform Procurement System. Mr. Chairman, it makes no sense at all to allow the Defense Department to become exempt from current procurement policies, especially since it will destroy the efforts nearing completion for government-wide procurement reform.

The Government Operations Committee has a proposed amendment which would delete section 304 of H.R. 3519. The committee took this action because it opposes legislating exceptions to Government-wide procurement policies. Further the committee believes that the current policy provides a reasonable basis on which the Department can consider the economic and military readiness effects of contracting out a particular operation before making a decision on such a matter.

Both OMB and GAO supported the Government Operations Committee in their proposed amendment to delete section 304. OMB testified that—

> Section 304 should also be rejected. This section effectively precludes the Department of Defense from contracting out an entire medical facility. Again, this language interposes itself into the orderly decision making process contemplated by OMB Circular A-76 . . . The language in section 302 would prevent the Department of Defense from taking advantage of a potentially more economical operation. We believe such language should be deleted.

I strongly urge the Members to vote for the amendment of the Government Operations Committee. Only in this way will we guarantee that the Defense Department will remain a part of the normal Federal procurement process.

Mr. DAN DANIEL. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, as reported by the Committee on Armed Services, H.R. 3519 contained section 304 which prohibits the use of any operations and maintenance appropriations authorized therein for the contracting out of entire military medical facilities. In addition, the committee deleted $15 million in specific authorizations in the Army, Navy and Air Force requests associated with contract conversions.

The reason for these actions is that the committee found itself confronted by a proposal that has virtually no redeeming qualities. It is not justified on the basis of shortage of military medical personnel. It is unlikely to result in any cost savings and/or increased efficiencies. It is operationally unsound. And it cannot be defended on the basis that it falls within the normal operation of Office of Management and Budget (OMB) Circular A-76. As will become apparent in the course of this debate, contracting out entire medical facilities was never envisioned by A-76 and should have been totally exempted under the eligibility criteria set forth in that document.

The impetus for this proposal originated in 1979 in response to severe problems the services were experiencing in the recruiting and retention of military medical personnel. Whatever justification existed at that time has disappeared due to corrective actions by the Department of Defense and Congress to address personnel-related deficiencies. Although shortages remain in certain critical specialties, their remedy is not to be found in the contracting out of entire military hospitals.

While contracting out of military medical facilities has been under study since 1973, there is no hard evidence that it would result in any significant cost savings. In fact, earlier efforts failed because contractor bids greatly exceeded in-house estimates. More recent efforts to develop comprehensive statements of scope of work upon which to base cost comparisons have only confirmed the futility of attempting to address unique military requirements within a civilian contracting-out framework.

The committee's paramount concern, however, is that the contracting out of military medical facilites would have a serious adverse readiness impact by denying their use to train military health professionals and help them maintain skills required on the battlefield. Equally important the military physicians staffing these hospitals provide a ready pool for rapid deployment for direct combat support. The degradation of military medical readiness has been consistently and forcefully stressed by the three service Surgeons General in testimony before Congress opposing this proposal.

Finally, the committee's prohibition does not threaten the integrity of OMB Circular A-76 for the simple reason that its contracting-out provision should have never applied to military medical facilities. By A-76's own eligibility criteria, the unique military character of this activity and its inherent readiness implications should have exempted it from consideration. In fact, the Office of the Secretary of Defense (OSD) had to override service recommendations to exempt these functions from contracting out for national defense considerations. It is another case where OSD has seen fit to subordinate commonsense and military requirements to social or political ends.

In sum, the committee finds that contracting out entire medical facilities is not warranted in terms of cost or efficiency. In terms of readiness impact and the chance of increased wartime mobility, it makes no sense at all.

In view of the foregoing and OSD's own unwillingness to abide by the

spirit and letter of OMB Circular A-76, a specific prohibition against the contracting out of entire medical facilities was included as section 304 of H.R. 3519.

I urge the defeat of the amendment.

Mr. WHITEHURST. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, the most remarkable thing about this situation is the necessity for this body to take its time to debate the merits of a prohibition on the use of funds authorized in this bill for the contracting out of military hospitals.

To have survived the disappearance of its supporting rationale, unanimous professional opposition by the military medical community, and the spirit and letter of OMB Circular A-76 is no mean feat. The fact remains, however, that there is no need to conduct a feasibility study of the patent infeasibility of contracting out entire medical facilities. Section 304 was adopted to insure that no additional money would be used to pursue a course that is unnecessary, inappropriate, and detrimental to readiness.

In a very real sense this body has already spoken on this issue and rendered further consideration moot. From its inception in 1979, the sole rationale for contracting out military hospitals was to offset a severe shortage of military medical professionals. Compensation initiatives passed by Congress since that time have corrected shortages in authorized strength and the overall recruiting and retention outlook continues to improve.

I would ask you to consider for a moment the enormity and complexity of the task of contracting out an entire medical facility. We are not talking about the selective contracting out of critical medical specialists, or functions like food preparation and janitorial service. Those things are being done now. We are talking about contracting out each and every operation and activity in three military hospitals. It has taken over a year of intensive effort just to complete comprehensive statements of work that serve as the basis for specific contracts. The difficulties encountered and problems revealed in performing this task nearly resulted in the collapse of this whole effort in February of this year. In the end, however, professional wisdom was subordinated to political expediency.

This is just another example of the unreality surrounding this proposal. Even if it were shown that contracting out three military hospitals were feasible—what then? Can anyone seriously believe that contracting out military hospitals beyond these sites has any future when we have adequate numbers of military physicians? The inescapable conclusion is that this initiative represents a pilot program having no current justification and no future.

Under the circumstances, what is clearly not needed is any proposal that would reduce the facilities available to military physicians to train and hone their skills so that they will be ready to deploy in a direct support role to our combat forces in a future contingency. That is what the contracting out of three hospitals will do.

What is not needed is anything that would unnecessarily disrupt the operation of the current military medical system like the problems associated with the integration of contract employees on an infusion of civil service doctors. That is what the contracting out of three hospitals will do. What is more, we shall almost certainly pay extra for this decline in efficiency.

In sum, the contracting out of entire military medical facilities represents an initiative abandoned by its rationale and designed to address a problem that no longer exists. Devoid of demonstrable virtue, its vices are that it will impair military medical readiness, promote inefficiency, and result in a costly dead end. Section 304, recognizes these facts and consigns the contracting out of entire military hospitals to the oblivion it so richly deserves.

I urge the defeat of the amendment.

□ 1715

Mrs. SCHROEDER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment of the Government Operations Committee which seeks to strike section 304 of the bill as reported out by the Committee on Armed Services. Section 304 prohibits the contracting out of any entire military medical facility.

The Committee on Government Operations seeks to delete section 304 because it opposes legislating exceptions to government-wide procurement policies—in this case, the government-wide policy regarding contracting out. To protect the sanctity and integrity of OMB Circular A-76, the Government Operations Committee cannot countenance statutory intrusions.

I consider this argument to be based on naivete.

A-76 says it "will not be used to justify a conversion to contract solely to meet personnel ceilings or avoid salary limitations." As has been shown again and again in front of the Committee on Post Office and Civil Service, contracting out is routinely done to meet personnel ceilings. Documents I placed in the RECORD earlier this year showed conclusively that OMB intended to use contracting out as a primary means of reducing Federal employment. In a letter to all agencies, OMB Deputy Director Harper essentially said that meeting personnel ceilings was all that mattered. Agencies should not worry about the cost of contracting out or the inefficiencies it causes. Agencies should not worry about the fussy words of A-76. Just get rid of those bodies.

A-76 says it cannot be used "as authority to enter into contracts which establish a situation tantamount to an employer-employee relationship between the Government and individual contract personnel." This provision has similarly been rendered a dead letter. We have military base commanders who need to use their security forces to achieve their base mission and hospital directors who need to use food service personnel to get the work of the hospital done. Anybody who does not think that an employer-employee relationship occurs when these security forces or food service personnel are contract employees is fooling himself. The only difference is that the base commander or hospital director cannot fire the contract employee for failing to perform the assigned work.

Contract procurement regulations are supposed to assure that high quality work is done at the lowest possible price. Ask any Government manager whether A-76 meets that promise. Contract procurement regulations are supposed to assure that essential Government activities stay in-house. How, then, was providing security for our most secret nuclear facility at Los Alamos contracted out? Why, then, is the DEW line early warning system contracted out? Why is ship board maintenance of airplanes contracting out?

No, Mr. Chairman, protecting the purity of A-76 is a foolhardy mission. A-76 is the tail, personnel ceilings are the dog. I have no sympathy for the argument that the status quo must be protected.

A couple of years ago, I conducted an investigation into contracting out at the Fitzsimons Army Medical Center in Denver. My findings should be instructive:

The first thing to point out, Mr. Chairman, is that the instructions to contract out certain commercial and industrial activities at Fitzsimons all emanate from Washington. The people most familiar with the operations at the base, the base commander and his staff, have no voice in the decision. In fact, it is my clear impression that they think contracting out these activities is a stupid idea.

For fiscal year 1980, the base command was told to run cost comparisons on the following functions: Electronics and communication equipment repair, laundry service and linen control, custodial services, insect and rodent control, refuse collection and disposal service, medical food service, furniture repair, motor vehicle operations, and

motor vehicle maintenance. The Army in Washington has also ordered that the following functions be looked at with an eye toward contracting out in fiscal year 1981: Office equipment repair, fire prevention and protection, guard services, and electrical plants and systems.

After the Army orders that a function be considered for contracting out, the base command writes a statement of work, asks would-be contractors to bid on it, calculates the cost of doing it in-house under the rules set by OMB Circular A-76, and then compares to find out which way of doing it is cheaper. Of course, the calculation formula is fraught with little quirks which are of unclear parentage. For example, Federal civilian employment costs are hiked by a 25-percent kicker to take account of retirement and benefits costs. Is this figure an accurate reflection of reality? Why does OMB require a dynamic retirement cost model for contracting out while using a static cost figure when they propose legislation?

The activities being studied for contracting out at Fitzsimons in fiscal year 1980 are authorized a total of 181 employees. The actual number of employees is considerably higher because of hire lags, part timers, and temporaries. OMB, as you know, sets personnel ceilings on Federal agencies. The Army allocates its ceiling among the various commands, which, in turn, allocate among bases. The date on which the personnel ceiling is supposed to be met is the last day of the fiscal year, or, in this case, September 30, 1980. The deadline on contracting out is also the end of the fiscal year. Now, guess what: The personnel ceiling for Fitzsimons for fiscal year 1980 is precisely 181 slots fewer than the ceiling for fiscal year 1979. Section 6d(3) of OMB Circular A-76 says, quite clearly, that "This circular will not be used to justify a conversion to contract solely to meet personnel ceilings or to avoid salary limitations." Obviously, the U.S. Army would not violate this clear provision of law. The fact that the number of people working in functions slated for contracting out and the number of people cut out of the personnel ceilings are precisely the same must, therefore, be laid to sheer coincidence.

It seems peculiar to me, Mr. Chairman, that the Army is counting its personnel savings chickens before they are hatched through the cost comparison process. How is the Army so sure that the cost comparisons will dictate contracting out? I suppose it has to do with experience.

The experience, as I understand it, is that contractors bid low in the first year. When the first year of the contract is over, a new contract is bid on. This is the point at which the contractor can go in for the kill. The contractor knows that the base commander has no ability to reconvert the activity into in-house operation. The personnel slots are not there. Personnel slots are scarcer than are dollars. It is easier to pay inflated amounts to outside contractors than to pay reasonable salaries to in-house employees. A study, which the Army will not release, was done for the Health Services Command, which controls Fitzsimons, on what happens to contracts between the first and second years. Looking at 23 custodial contracts at medical facilities, the author of the study found a 25-percent average increase in the cost of the contract. At the time this study was done, this increase was three or four times the rate of inflation. The contractor has the Government over a barrel in renegotiation and uses this superior position to extract profits.

My investigation of contracting out at Fitzsimons has revealed some interesting conclusions:

First, base officials report, without equivocation, that the quality of contract services is lower than the quality of in-house services and that the quality of contract services starts its decline from the day the contract is let. For commercial and industrial activities, career Government employees are displaced by minimum wage workers who leave for better jobs on a regular basis. In the custodial functions, the average Government worker has 15 years of Government work experience. The contractor will hire instead people at $2.90 per hour who will work only until they can get a job at a few cents more money.

Second, the base command cannot control the contract employees. The contractor controls the contract employees. In some type of functions, the end product is all that counts and so this control problem is not acute. In medical operations, however, the control problem is very serious. Let us look for a moment at the questions of medical food service. Fitzsimons provides support to Army Reserve and National Guard troops during training for mobilization readiness. Approximately 31 units receive training and need, on occasion, 24-hour meal service. Can contract employees be required to work all night? Patients receiving diagnostic tests need meals well before or well after the tests. Will the contractor assign somebody to prepare special meals for as few as one person at peculiar hours? Patients are medically evacuated into Fitzsimons. The same problem. Doctors finishing surgery at 2 or 3 in the morning want something to eat. Will the contractor provide? The problems are truly endless. Instead of a full-time civilian and military food service operation, Fitzsimons will have a contractor who is likely to try to reduce its own costs—and thereby increase its profits—by forcing people to eat when the contractor wants them to eat. In a hospital, this is unacceptable.

Third, the equal employment opportunity implication of these contracts is astounding. Currently, Fitzsimons has 1,400 civilian employees, of which 355 are minority. After these functions are contracted out, Fitzsimons will have 1,200 civilian employees and 220 minority employees. In other words, the minority representation at Fitzsimons will drop from 25 to 18 percent. In custodial services, of the 73 total employees, 22 are Hispanic, 24 are black, and a total of 49 are minority or women. In medical food service, of the 88 total employees, 23 are Hispanic, 38 are black, and a total of 74 are minority or women. I cannot imagine a more discriminatory impact.

Fourth, the contracting out is really just a case of wage slashing through deception. Federal career workers are paid substantially more than minimum wage to prepare food, collect garbage, and sweep halls. By contracting out, the Army is replacing these above minimum wage workers with minimum wage workers. I do not like the idea of the U.S. Army learning employee relations from the sweatshops of the 1880's. Congress clearly and repeatedly has pronounced a policy of a living wage throughout society. Now the Army takes it upon itself to undercut this policy.

Fifth, Fitzsimons has 98 full-time doctors and another 150 interns and residents on its medical staff. These people are providing high quality medical care at a fraction of the salary they would receive in private practice. For any of a number of reasons, these doctors stay in the Army and treat patients, despite the fact that they are underpaid in comparison with the rest of their profession. A sure way to drive these doctors out is to take away their support services. Messy halls, dirty surgery rooms, poor living conditions, delays in repair of equipment, poor food, food unavailable at night, friction in trying to get a patient the type of food his or her condition demands—all these things will drive doctors out. All these things are likely to occur with outside contracts.

The proposal to contract out entire hospitals is, in most ways, worse than what I found at Fitzsimons. Further, it demonstrates a bastardization of A-76. Let me explain.

To begin with, A-76 specifies that no DOD commercial or industrial activity (CITA) shall be contracted out to private sources if the military personnel involved are utilized, or subject to deployment in a direct combat support role. One of the primary missions of military hospitals is to train and prepare military medical professionals for deployment to support combat forces in time of a national emergency. How can A-76 apply?

The services themselves have long held this position and consistently maintained that all direct patient care functions in the Continental United States should be exempted from CITA contracting out. Even before the advent of the three hospital feasibility study proposal, on May 13, 1978, the Assistant Secretary of the Army—Installations, Logistics and Financial Management—exempted such functions on the basis of national defense needs through fiscal year 1983. Subsequently, the Air Force Management Agency conducted a review of the hospital function and came to the same conclusion. All three service Surgeons General have strenuously opposed the contracting out of entire military facilities as detrimental to military medical readiness.

Yet, the Office of the Secretary of Defense overrode such objections and bypassed the A-76 process by never conducting an assessment of whether or not these functions should be performed by military personnel because of national defense requirements. In effect, the potential impact on military readiness was never addressed or assessed.

This failure to abide by A-76 procedures fundamentally skews the rest of the process. For example, the next step involves a cost study. The DOD instruction implementing A-76 states that "the conclusion that an activity will be subject to a cost comparison analysis reflects the management decision that the workload need not be accompanied by military individuals." The result is that civilian staffing—in-house or contract—of the hospitals is inevitable even though the issue of military essentiality was never addressed.

A further inconsistency between the contracting test and OMB Circular A-76 deals with the relationship between contract employees and the Government. A-76 requires the separability of functions and independence of the contractor. Employee-employer relationships between the Government and individual contract personnel may not exist. Yet, this is precisely what will happen if the current OSD two-part solicitation package for the hospital contracting out test is used. This method would dictate a mix of contractor employees working in concert with civil service employees involving definite employee-employer relationships.

The bottom line is that the contracting out of entire medical facilities does not conform to either the letter or spirit of A-76. It is equally clear that had A-76 been applied in an objective impartial fashion, the contracting out of military hospitals would not have gone forward or be the subject of floor debate today. In reality, then, the committee provision is not an infringement upon the operation of A-76, but a remedy for the perversion of that policy.

However, the significance of this issue goes well beyond the three hospitals involved. It raises serious questions about the integrity of OMB Circular A-76 and the entire CITA contracting out process. If A-76 can be so easily distorted to overlook clear adverse readiness considerations, what confidence can we have in its operation involving a multitude of other functions? What assurance can we have equally important national security requirements are not being sacrificed to bureaucratic whim or political expediency? What confidence can we have in the merit of a CITA contracting-out program that is both accelerating and greatly expanding in scope?

What is necessary, I submit, is unrelenting, aggressive oversight by Congress to insure that other considerations are not exalted above our defense needs. What will be required is not the passive acceptance of the objectives and provisions of A-76, but careful examination of how they are applied. When it becomes apparent, as it has in this case, that corrective action is necessary, specific prohibitions will be employed.

We can no longer blindly adopt by silence the contract procurement practices of the administration.

Mr. MITCHELL of New York. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment. I am pleased to have the opportunity to support the bill, H.R. 3519, which is a fine piece of legislation, and its enactment will most certainly help improve our defense readiness posture. I would particularly like to call your attention to provisions of the bill that encourage the Department of Defense to exercise better control over the use of contracting out practices which could be potentially damaging to our national defense.

Although the policy of contracting out commercial or industrial type activities (CITA) at Government agencies to private sector contractors is not new, its expanded use by the Department has called into question the advisability of implementing it across critical defense functions.

The contracting out policy, which requires the Department of Defense to convert CITA functions being performed by DOD personnel to performance by a private contractor, is particularly disturbing to the committee. The policy is articulated in a directive promulgated by the Office of Management and Budget (OMB), OMB circular No. A-76. This circular requires that prior to a decision to contract out a function, the agency must perform a cost analysis comparing the current cost of the function with the contracting-out cost for defense-related activities. If the cost analysis reveals that savings could be realized by contracting out, then the function is eligible for contracting out.

It is my belief, however, that cost alone cannot and must not be the primary criterion used to decide on contracting out defense-related activities. Clearly, any decision to contract out defense-related activities must also consider the requirements placed on our defense system as we move from a peacetime environment to a wartime environment. We all understand that during that transition period—between peacetime and a full conflict—there will most likely be an initial surge in defense requirements followed by a relative constant growth, and I would argue that many of these CITA functions will be critical during that period. We must, therefore, be particularly cautious of contracting out these functions because strikes and contract defaults could severely restrict our ability to mobilize and to meet surge requirements. In that regard, as an example, the Air Force has experienced 18 contract defaults on CITA contracts over the past year, and there have been several strike threats and contract defaults at Army bases and installations.

Another example of the inappropriate use of contracting-out practices by DOD is the Department's decision to contract out three major military hospitals. Last year the Department decided to test the feasibility and cost-effectiveness of contracting out the Army hospital at Redstone Arsenal, the Naval medical facility at Memphis, Tenn., and the Air Force hospital at Chanute Air Force Base, Ill. It is important to note that although the decision to conduct the feasibility study was made over a year ago, to date the Department has not developed the facts necessary to request proposals from prospective contractors. In fact, I understand that it may be as long as another year before a contractor is selected. It is also my understanding that a major part of the difficulty is the Department's inability to specify in contract enforceable terms how the contract will provide for many of the critical allied medical functions which are unique to the Department of Defense.

It was the consensus of the committee during hearings on the fiscal year 1982 Defense authorization bill that contracting out of major medical facilities could adversely affect readiness. During peacetime, military hospitals serve a multitude of purposes to include providing primary care for military personnel and their dependents, providing facilities for the training of health care professionals. Most importantly, these hospitals provide a "warm base" for supporting wartime mobilization requirements. It, therefore, does not seem prudent to con-

tract out the entire hospital facility solely based on cost savings; however, I will admit that there may be specified non-readiness-related hospital activities which could be contracted out.

I might add that the requirement to maintain this "warm base" is particularly compelling because, as a recent General Accounting Office report states, the Department has experienced a great deal of difficulty assessing the military hospital capacity necessary to support wartime casualty rates. It, is therefore, not only understandable but commendable that the bill before you disallows the use of funds to support contracting out military hospitals and, as importantly, reflects the committee's increasing concern about the potentially adverse impacts contracting out activities at defense bases and installations may have on readiness and mobility.

Mr. Chairman, I would be the first person to argue for the appropriate use of our private sector by all levels of government as a means to deliver products and services in the most economically efficient manner. I would, however, also be the first person to speak out in strong opposition of economic savings which potentially could damage our national security. It is my judgment that the current implication of contracting out practices, in many cases, will not only not improve defense readiness, but more importantly, could adversely affect our ability to respond to national emergencies.

Mr. Chairman, the amendment should be defeated.

Mr. WHITE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the Government Operations Committee amendment and in favor of the language of the Armed Services Committee.

Mr. Chairman, the gentlewoman from Colorado is precisely right, that contracting out is a device that is used to avoid ceilings. We have been studying this over the years and we have noticed that this is a creeping problem in the services.

Now, if you contract out hospitals, what is going to happen if a strike occurs? What will happen is the Commander will then become the negotiator or the Department of Defense will be the negotiator. Work will stop. Necessary medical treatment will not be extended to the servicemen and to their dependents.

Furthermore, down the road after the initial time of the contracting, what then happens when one contracting agent controls the hospital and the time comes up for another renewal of the contract, where no one else may be competing for the price? Will that price escalate beyond the point of savings to the Government? This is another problem.

Where are you going to get the training for the military personnel who use the hospitals now for training for the field? We are trying to train doctors and corpsmen and nurses and personnel in general, so that in the event we go into combat we have these people that are acquainted with medical techniques. If you eliminate this particular provision by contracting out, you are reducing that capability in the field.

Already we have the ability to contract out for individual doctors. Are you going to rent out the hospitals?

All kinds of problems will arise that I do not think we can even anticipate.

The Medical Corps is integrated into the services. We would not even think about contracting out war duties. This is part of the war-training duties.

So I urge the Committee to vote down the Government Operations Committee amendment.

Mr. DICKS. Mr. Chairman, will the gentleman yield?

Mr. WHITE. I yield to the gentleman from Washington.

Mr. DICKS. Mr. Chairman, I want to commend the gentleman for a very articulate statement. I also want to commend the chairperson of our Civil Service Subcommittee that deals with these matters, who I think has made a very intelligent dissertation about the problems associated with contracting out.

I happen to know that one of the great weaknesses in the contracting out area is that we never do postcontract audits in order to determine whether we actually saved any money. Whenever we have done post-contracting-out audits, we usually have found that the gentleman from Texas is correct—they bid in low and then the price goes up. The billets are gone. There is no way to bring it back in-house and it just has not worked very well.

I think, in a sensitive area like this, that we ought to leave it the way it is and not let contracting out get into this.

□ 1730

Mr. WHITE. The abuses have been so great that there has been language which was placed in the law and made permanent law.

Mr. DICKS. Tragic in some cases.

Mr. WHITE. Language has been placed in the law and made permanent law so as to provide certain steps in reporting that must be done by the Defense Department in order to contract out. They have to look at the impact on communities, among other things; it is a problem, indeed. The gentleman is absolutely correct.

Mr. DICKS. In a sensitive area like this I think it would be a very serious mistake.

Mr. WHITE. It certainly would be, without further study.

Mr. MADIGAN. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, I rise in support of the Armed Services Committee recommendation that the authorization for the contracting out of entire military medical facilities be deleted and that no funds be provided for that purpose.

While the contracting-out approach has been successful in some support activities, such as laundry and food preparation, and in providing clinical services such as radiology and pathology, it cannot meet the unique requirements of a military hospital. In fact, the Air Force, Army, and Navy Surgeons General have testified that the proposed contracting out of entire military hospitals will be harmful, disruptive, and will adversely affect military medical readiness.

The primary mission of military hospitals is the preparation for treatment of combat casualties. During peacetime, these facilities are responsible for training military health professionals, maintaining skills required on the battlefield, and providing a ready pool for rapid deployment of medical personnel for direct combat support. Not only would their mission be jeopardized, but all available data indicates that contracting out of entire facilities would not result in cost savings or provide equivalent care.

This proposal will open the door to ineffective military response and improper medical treatment. I urge my colleagues to join me in supporting section 304 as reported by the Armed Services Committee.

Mr. NICHOLS. Mr. Chairman, I move to strike the requisite number of words and rise in opposition to the amendment.

Mr. Chairman, I would just like to elaborate on the statement of Chairman DANIEL relative to the need for additional military physicians. The allegations have been made that there is a severe shortage of military physicians.

Let me provide, if I may, some actual figures on where we stand today in terms of physicians in the U.S. military. In the Air Force today we are authorized 3,562 physicians. By October of this year we anticipate we will have every one of those physicians onboard. The Navy is authorized 3,617. By the close of this fiscal year, just a few months from now, we will have all 3,617 onboard. The Army is not quite so good—5,273 physicians authorized and 4,591 assigned, a shortage in the Army of 683 physicians.

But when we compare the overall Department of Defense we talking about 12,000 physicians and we have a shortage of 600, about a 5-percent shortage. So I submit to my colleagues, Mr. Chairman, that this is not a big issue.

On the 26th day of May of this year all three Surgeons General of the Army, the Navy, and the Air Force, came before our Subcommittee on Military Personnel and Compensation and each of these gentlemen testified opposing contracting out of military hospitals on the basis that it would lower readiness, that it would be extremely disruptive to there organization, and that it would impair mobilization capabilities.

I strongly oppose the amendment and I hope the House will vote it down.

Mr. SKELTON. Mr. Chairman, I move to strike the requisite number of words and rise in opposition to the amendment.

My friend from Texas who favored this amendment a few moments ago indicated that it might be nice to make the military hospitals like other hospitals in Government. I think he attempts to want to pigeonhole the military hospitals, but we cannot pigeonhole the military like the rest of the Federal bureaucracy. I think it would be a mistake to attempt to make military hospitals part of the bureaucracy of the U.S. Federal Government.

Contracting out of entire medical facilities is detrimental to the military readiness of our country. Contracting out of entire medical facilities will not be cost effective. Contracting out will not result in increased efficiencies and it will not, and is not justified on the basis of severe shortages of military medical professionals, as has already been pointed out so ably and so well by other Members.

If my colleagues want to contract hospitals to alleviate a serious shortage in military health professionals, then I have to say that is no longer the need and that is no longer the case. If my colleagues are trying to protect the integrity of A-76, the deletion of section 304 is inappropriate and A-76 was inserted to allow for the contracting out of the military hospitals.

If my colleagues are trying to operate a hospital under the provisions of A-76, then the manner in which this particular project is structured is inappropriate as it leads to the mixing, the mixing of military, of inhouse civilians, and of contracted personnel, which is expressly prohibited by A-76.

If the contracting out of military hospitals is not to address the doctor shortage, it will not result in the cost savings or increased efficiencies and it degrades readiness, then why in the world would we need it?

Mr. Chairman, I oppose the amendment.

Mr. ADDABBO. Mr. Chairman, I move to strike the requisite number of words and rise in support of the amendment.

Mr. Chairman, I do not normally support contracting out, but this is not the question here today. The question here today is strictly on section 304, which says—

None of the funds appropriated persuant to an authorization of appropriations contained in this Act may be used for the purpose of contracting out entire medical facilities.

That is all we are talking about, a medical facility.

Now, what is the history of this amendment? The history of this amendment is that the military intends through this means to circumvent the actions of this Congress, of two Congresses. Three years ago the Appropriations Committee asked that a study be made. Our surveys and investigation team went out to look at this question and a recommendation was made to test the program of the possibility of contracting out an entire medical facility.

We have a shortage of doctors today. The Assistant Secretary of Defense for Health Affairs, Dr. Moxley, was before our committee this afternoon, just this afternoon. In his testimony he stated—

The Army is expected to attain a gradual programed increase in authorized strength each year until reaching their desired manning level in 1985.

He was speaking of physician staffing. So there is a shortage.

So we said look at the possibility of contracting out an entire medical facility. This was 3 years ago. In the 1980 appropriations we appropriated money for them to conduct a study of this very program and the Congress approved that appropriation. We directed the Department of Defense to make this test.

They stalled and they stalled, as they usually do, to try and circumvent the wishes of the Congress.

In 1981 again the Congress told the Defense Department, and we appropriated funds for that purpose, and said go out and make the study.

Just this afternnon, Secretary Moxley, appearing before our committee, testified on contracting out. I read from his testimony, and this is on the question of contracting out.

As has been reported to this subcommittee, three test sites have been selected and approved. Progress is continuing on the preparation of a statement of work. When this is completed we will be ready to advertise for bids.

I realize that it has taken an inordinate amount of time to get this effort underway.

Three years. Three years by direction of the Congress to do this.

However, it is a major undertaking that involves the contracting of many diverse functions. It is the first attempt in the Department of Defense to contract the total operation of an installation medical facility, and we want to be sure that we do not come up short. We cannot afford to jeopardize our military health care system in view of the medical readiness problems we are already facing.

We expect—

And this is from testimony this afternoon by Assistant Secretary of Defense for Health Affairs, Mr. Moxley—

We expect to have the entire process completed by late spring of 1982. That is, by then we will know whether or not it is practicable to contract out for civilian operation the medical functions of the three test facilities. If the test is, in fact, undertaken, the contractor is expected to commence operations on October 1, 1982.

So what has happened is the Surgeons General, looking to circumvent the wishes and direction of the Congress, went to the Armed Services Committee and said, "We should not be required to contract out." Congress has appropriated money and instead of giving direction now we are taking direction from the Surgeons General—instead of the Congress telling the Department of Defense, to look at a program which may be saving money. What we are saying to them is due to a shortage of doctors, try this program.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent Mr. ADDABBO was allowed to proceed for 2 additional minutes.)

Mr. ADDABBO. What I am asking this Congress today to do is stand by its direction of these last 2 years, pass the amendment today, and have this test made. Then if the test proves it is not practical, then it is time to abolish the idea or do away with it. But we have given them a direction and we should not let the Department of Defense circumvent a committee of this Congress, not let the Department of Defense circumvent the wishes of two Congresses. That is what my colleagues will do if they defeat this amendment.

This has nothing to do with contracting out. Contracting out remains the same. It has to do with only one phase of it, one phase and one phase alone, and that is the question of a medical facility. The reason it is here is solely, solely to circumvent the Defense Appropriations Subcommittee and the wishes and desires of the Congress.

Mr. MITCHELL of New York. Mr. Chairman, will the gentleman yield?

Mr. ADDABBO. I yield to my colleague from New York (Mr. MITCHELL).

Mr. MITCHELL of New York. I thank my friend and colleague from New York for yielding to me. The gentleman alluded to the doctor shortage, and this certainly was one of the reasons why contracting out was considered for hospitals. The gentleman mentioned that as recently as this afternoon, today, he had testimony attesting to this shortage in the Army. The figures we have do show a shortage in the Army. The authorized

strength is 5,273 and the shortage is a little over 600, so it is roughly an 11 percent shortage.

But our figures also show that there is no shortage in the Navy and no shortage in the Air Force. Also that the Army is rapidly losing its problem in this area.

Are the figures of the gentleman the same as far as the Navy and the Air Force, that there is no physician shortage there?

Mr. ADDABBO. The Secretary's testimony was based on current projections the Navy and Air Force would meet its goals.

The CHAIRMAN. The time of the gentleman from New York has again expired.

(At the request of Mr. BROOKS and by unanimous consent Mr. ADDABBO was allowed to proceed for 2 additional minutes.)

Mr. ADDABBO. His exact words were, and I quote:

> Based on current projections, the Navy and Air Force will reach their authorized strength this year.

This is a projection. They are not at that point now. But based on current projections they expect to reach it. But the Army will still be short and, again, probably, most likely if we are going to have a test, we would test to where there is the shortage, which is with the Army doctors, and let them look at contracting out an Army medical facility.

Mr. MITCHELL of New York. If the gentleman will yield further, we have been working with this problem on the Military Personnel and Compensation Subcommittee for the past several years, and the shortage has been great. We have had as high as a 25-percent, 28-percent, and 30-percent shortage in physician ranks almost across the board. The point some of us are making is that the shortage is diminishing rapidly. This is not a problem any more, and to make this major change in contracting out for entire hospitals is not warranted, at least by the physician shortage. That is our point. There may be other problems.

Mr. ADDABBO. Again, as Secretary Moxley says, we will still have the problem until 1985 as far as the Army is concerned. What I am saying to my colleague today is delete this provision from this bill, let them go ahead with this test which we have directed them to do for 3 years. Let them go ahead with the test. If by the time the test is completed we have reached the place where we have sufficient doctors, then the further test may not be necessary and further contracting out may not be necessary, but how will we know unless we force them to proceed by the direction of the Congress to make this test. That is all that it is, strictly a test, and that is what they will be prohibited from doing if this provision stays in the law.

□ 1745

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. ADDABBO. I yield to the gentleman from Texas.

Mr. BROOKS. I want to compliment my distinguished friend on his position and say that certainly this Congress should uphold its action in two previous Congresses and should allow and require the Department of Defense to make that test under the rules, and then if we do not agree, change it.

The CHAIRMAN. The question is on the Government Operations Committee amendment.

The Government Operations Committee amendment was rejected.

The CHAIRMAN. Are there further amendments to title III?

Mr. DAN DANIEL. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I might inform the Chair that I do have an amendment that I would like to present in a few moments, but at the present time I would like to take just a moment of the committee's time to talk about this new section in title III of this bill.

Mr. Chairman, the committee recommends the authorization of $63.2 billion in title III of H.R. 3519 for operations and maintenance for the Department of Defense in fiscal year 1982. The amount recommended is consistent with both the committee's recommendation to the Budget Committee and its efforts not to exceed the President's request.

Because operations and maintenance has been so underfunded in the past, it would have been very easy for the committee to exceed that ceiling. But that action would have gotten us back to the old vicious cycle—every time the authorization exceeds the request, anywhere in the budget, O. & M. becomes the billpayer. So, our major changes were under the ceiling, with emphasis on readiness.

In addition, any increases in each account are offset by reductions in that service's programs, which are either no longer needed, cannot be adequately justified or executed in fiscal year 1982, or that clearly contradict the policy guidance which the committee intends to convey to the Department of Defense.

In this fashion, the committee has been able to recommend adjustments that will result in over $350 million in program increases. Specifically, committee authorization initiatives include: $149 million to enhance depot maintenance capabilities and increase logistical responsiveness; $20.3 million for improvements to the industrial base; $70 million to further reduce the backlog of real property maintenance and perform priority minor construction projects; $30.4 million to improve training through increased flying hours and aviator instructor programs; $21.3 million to increase combat medical stocks, correct critical shortages in certain medical specialities, and support improvements in the CHAMPUS program; and $58 million to reduce serious unit equipment deficiencies in the Reserves and National Guard.

The committee's recommendations, combined with the program contained in the amended fiscal year 1982 defense request, represents a 13-percent increase in operations and maintenance authorization and effectively addresses critical readiness problems. If the adminstration's economic assumptions prove to be correct, this program will zero out depot maintenance backlogs, dramatically reduce the backlog or real property maintenance, move and store badly needed war reserve materiel and ammunition, and substantially alleviate critical shortfalls in civilian personnel.

Every defense witness stated that the requested amount was sufficient to meet their requirements. Each was told in turn that he would be held accountable and that our oversight of budget execution would be comprehensive.

The outlook is encouraging, but I must remind my colleagues that the checks have yet to written. The accomplishment of those goals depends on a number of variables. These include the accuracy of inflation projections, whether O. & M. will be victimized in later congressional action, and whether the services will get their appropriation early enough in the budget year to rationally execute it.

Much will also depend upon a commitment by the services, Department of Defense, the administration, and Congress to insure that the increases in the operations and maintenance accounts over the past 2 years are sustained. Most program increases in procurement and in research and development will mean a greater outyear commitment to larger operations and maintenance funding when and if these programs are introduced into the inventory. While 43 percent and 28 percent increases in procurement and research and development, respectively, may be justified this year, the current program balance should not be considered a baseline for future committee action. If we do not provide matching growth in outyear O. & M. funding, we will continue to pay for it by sacrificing readiness. Prevention of just this situation is why the annual authorization of operations and maintenance appropriations came about in the first place. Without such a strong commitment, we will not be able to make ready that which we have.

Mr. KOGOVSEK. Mr. Chairman, will the gentleman yield?

Mr. DAN DANIEL. I yield to the gentleman from Colorado.

Mr. KOGOVSEK. I thank the gentleman from Virginia for yielding. I would like to ask the gentleman from Virginia if he would entertain questions for the purpose of clarification of the status of the Pueblo Army Depot under title III?

Mr. DAN DANIEL. I would be pleased to respond to the gentleman.

Mr. KOGOVSEK. I thank the gentleman.

Mr. Chairman, considering the increase in training and other readiness-related activities attendant to the expansion of Fort Carson into my district in Pueblo, we are concerned that the necessary planning is being accomplished for the Pueblo Army Depot.

Mr. DAN DANIEL. First of all, let me tell the gentleman we are deeply grateful for his interest in this, and also that of the gentlewoman from Colorado (Mrs. SCHROEDER) in the readiness of our Armed Forces. She has emphasized this several times before our committee. And through her effort we have asked the Office of the Secretary of the Army to examine the Pueblo facility in light of Fort Carson's proposed expansion to insure that the necessary planning for each is coordinated.

Mr. KOGOVSEK. I would ask the gentleman from Virginia, the Chairman, when would the results of this be apparent?

Mr. DAN DANIEL. We should have the interim answers in the very near future, and any necessary program changes in the fiscal year 1983 budget request.

Mr. KOGOVSEK. I thank the gentleman from Virginia for his clarification.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. DAN DANIEL. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. I thank the gentleman for yielding. I want to thank the gentleman, who is my Chairman, and I know what an excellent job he has done in readiness this year. For the first time he has really looked at a lot of things that were not glamorous. Nobody likes to review depots and all of those nuts-and-bolts things, but they are the things that really make it work or not work. I really appreciate the gentleman's looking at the Pueblo Army Depot even though it is not in my district. We see Fort Carson expanding with all the people coming in. Everything is being sent further and further away for maintenance—a lot of the stuff is falling down—and I think it is important to know whether they can do it in a more energy-efficient way. I think the gentleman is the first person who has really tried to tie that all together in a long time, and I compliment him. I am delighted that he is looking at this issue.

Mr. DAN DANIEL. I thank the gentlewoman, she has made a substantial contribution as a valued member of the subcommittee.

Mr. SKELTON. Mr. Chairman, will the gentleman yield?

Mr. DAN DANIEL. I yield to the gentleman from Missouri.

Mr. SKELTON. I thank the gentleman for yielding. I would like to add my words of compliment to the first chairman of the Readiness Subcommittee of the Committee on Armed Services, the gentleman from Virginia. This has been a much-needed area for the authorization process for a number of years, and the gentleman has shown great skill in his leadership.

I think back to the times when I was aboard several naval vessels and to the times I talked with military pilots, to the times I talked with soldiers who were in training, to those who wanted steaming hours, more flying hours, and sufficient ammunition with which to train.

The gentleman's subcommittee is addressing this area of O. & M., the unglamorous part of making ourselves ready. I wish him well, and I am pleased to be a part of the work that he does on his subcommittee.

Mr. DAN DANIEL. I thank the gentleman for his kind comments. I especially appreciate those words since my grandson—I guess am not supposed to say that—is sitting here on the floor with me, because he does not think I am such a great guy sometimes.

Mr. SKELTON. I am sure he does.

Mr. DAN DANIEL. I thank the gentleman very much.

The gentleman from Missouri (Mr. SKELTON) has provided great assistance to the chairman.

The CHAIRMAN. The time of the gentleman from Virginia (Mr. DAN DANIEL) has expired.

(By unanimous consent, Mr. DAN DANIEL was allowed to proceed for 2 additional minutes.)

Mr. MATSUI. Mr. Chairman, will the gentleman yield?

Mr. DAN DANIEL. I yield to the gentleman from California.

Mr. MATSUI. I thank the gentleman for yielding. I would like to thank the gentleman from Virginia (Mr. DAN DANIEL) for the report language that he put in the authorization bill. As the gentleman from Virginia knows, we appreciate very much the issue on consumables and on consolidation. Being from Sacramento, I was particularly interested in the gentleman's committee report language emphasizing potential harmful readiness impacts of any further logistics consolidation. Is it the impression of the committee that the Department of Defense will now consider all of the readiness implications inherent in these consolidation proposals?

Mr. DAN DANIEL. It is my belief that they will. This is a matter of longtime concern, which was the subject of an extensive investigation by our colleague, the chairman, the gentleman from New York (Mr. STRATTON). We have restated the committee's concern.

Mr. MATSUI. If I may ask the chairman, what is the chairman's opinion as to what the committee will do now?

Mr. DAN DANIEL. This matter, consolidation of both supply items and depot management, should be focused on in detail when the fiscal year 1983 budget testimony is received. By that time the necessary readiness studies should have been accomplished.

Mr. MATSUI. I thank the chairman, the gentleman from Virginia, very much. I also thank the members of his subcommittee and the committee.

Mr. DAN DANIEL. I thank the gentleman from California.

The CHAIRMAN. Are there amendments to title III?

AMENDMENT OFFERED BY MR. DAN DANIEL

Mr. DAN DANIEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DAN DANIEL: Page 11, after line 23, add the following new section:

LEASED SATELLITE COMMUNICATIONS (LEASAT) SYSTEM

SEC. 305. Of the amount authorized to be appropriated in section 301 for operation and maintenance of the Navy, $67,000,000 is available for the Leased Satellite Communications (LEASAT) system.

Mr. DAN DANIEL (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request by the gentleman from Virginia?

There was no objection.

Mr. DAN DANIEL. Mr. Chairman, first of all, I want to associate myself with the remarks by the distinguished chairman of the Procurement Subcommittee, Mr. STRATTON. He has ably presented the background and the reasons for the committee's support of the fleet satellite communications and leased satellite programs.

The Readiness Subcommittee is naturally very concerned about the difficulties being experienced by the LEASAT program and the potential adverse impact on the Navy's ability to meet its command, control, and communications requirements in the years ahead. The testimony we have received provides ample justication for the continuation of the LEASAT program as a prudent hedge against unforeseen problems in the FLTSAT or follow-on satellite programs. The additional channels the LEASAT service will provide are badly needed to meet validated requirements and projected RDF needs.

This concern, however, is tempered by a determination not to exceed the Navy's fiscal year 1982 operations and maintenance budget request. Therefore, the committee is willing to authorize a total of $67 million to be absorbed within the recommended authorization of $20.7 billion. I want to emphasize again that this amendment will not increase the amount authorized for Navy operations and maintenance in title III.

Mr. PRICE. Mr. Chairman, will the gentleman yield?

Mr. DAN DANIEL. Of course, I yield to my chairman.

Mr. PRICE. I thank the gentleman for yielding. Is this a companion amendment to an amendment that I offered on the fleet satellite communication program in title I?

Mr. DAN DANIEL. The gentleman is correct.

Mr. PRICE. The purpose of the amendment is to give the Navy the authority to use $67 million within the operation and maintenance account to execute the terms of a revised leased satellite communications system, and the amendment does not increase the total amount authorized for Navy operation and maintenance?

Mr. DAN DANIEL. The gentleman is absolutely correct. We have approved 20-plus million dollars for O. & M. for the Navy, and we believe the Navy can absorb this within that $20.7 billion.

Mr. PRICE. I say to the gentleman I hope the committee accepts the amendment.

Mr. DAN DANIEL. I thank the chairman.

Mr. WHITEHURST. Mr. Chairman, will the gentleman yield?

Mr. DAN DANIEL. I yield to the gentleman from Virginia.

Mr. WHITEHURST. I thank the gentleman for yielding, just to say we are familiar with the amendment on this side and fully accept it.

Mr. DAN DANIEL. I thank the gentleman for his support and for his leadership as ranking member on the Readiness Subcommittee.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia (Mr. DAN DANIEL).

The amendment was agreed to.

Mr. PETRI. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I wonder if the chairman of the committee, the gentleman from Illinois (Mr. PRICE) would yield to a series of questions.

Mr. PRICE. I certainly would.

Mr. PETRI. Mr. Chairman, I wish to take just a few minutes to address several questions to the gentleman regarding the armed services leasing program under 10 U.S.C. 2667. I believe that his responses will help to clarify the current situation.

Mr. PRICE. I would be pleased to respond to the Congressman's questions.

Mr. PETRI. The Air Force use of 10 U.S.C. 2667 in order to justify their current helicopter leasing program is a matter of serious concern. The first example of such a leasing program denies private industry the opportunity to perform contracts of up to $2 million in value. Perhaps of even greater importance—a precedent could be established which would be extremely detrimental to the overall private helicopter industry nationwide. Did the committee deal with this in its consideration of H.R. 3519?

Mr. PRICE. This bill is silent on the use of 10 U.S.C. 2667 to justify helicopter leasing. The instance that the gentleman cites is the first indicator that such a policy was being considered at DOD.

Mr. PETRI. What action does the committee intend on this matter?

Mr. PRICE. We will not second-guess the Air Force on the specific merits of this initial helicopter lease. However, if DOD appears to intend any further use of this authority to justify widespread aircraft leasing of a similar nature, we would definitely have to hold detailed hearings on the anticompetitive aspects of such a practice.

Mr. PETRI. Will this be the subject of any conference activity with the Senate?

Mr. PRICE. It is not a matter of dispute between our two bills, so there cannot be a specific conference issue. However, it is my impression that the Senate shares our concern on this matter—that we need to retain service flexibility in the operation of 10 U.S.C. 2667 without such flexibility inadvertently being used to restrain competition.

Mr. PETRI. Is it fair to say, then, Mr. Chairman, that any future leases of this type will be the subject of intense scrutiny?

Mr. PRICE. Exactly—10 U.S.C. 2667 is too valuable to the public interest to allow potential imbalances to creep in.

Mr. PETRI. I thank the chairman for his assistance in clarifying this matter.

Mr. PRICE. I am glad the gentleman brought this to the attention of the members of this Committee.

The CHAIRMAN. Are there further amendments to title III?

The Clerk will read title IV.

The Clerk read as follows:

TITLE IV—ACTIVE FORCES

AUTHORIZATION OF END STRENGTHS

SEC. 401. The Armed Forces are authorized strengths for active duty personnel as of September 30, 1982, as follows:

(1) The Army, 786,368.

(2) The Navy, 554,900.

(3) The Marine Corps, 192,100.

(4) The Air Force, 586,832.

QUALITY CONTROL ON ENLISTMENTS

SEC. 402. (a) For the fiscal year beginning on October 1, 1981, the percentage of male individuals (with no prior military service) who are enlisted into the Army during such fiscal year who are high school graduates shall be not less than 75 percent. That percentage may be reduced by 1 percent for each percent of the male individuals (with no prior military service) enlisted during such fiscal year who are not high school graduates but whose score on the Armed Forces Qualification Test is above the fiftieth percentile, but may not be reduced below 65 percent.

(b) Section 520 of title 10, United States Code, relating to limitations on enlistment, is amended—

(1) by inserting "(a)" before "For" in the first sentence; and

(2) by adding at the end thereof the following new subsection:

"(b) A person who is not a high school graduate may not be accepted for enlistment in the armed forces unless the score of such person on the Armed Forces Qualification Test is at or above the thirty-first percentile.".

INCLUSION OF AIR FORCE PHYSICIAN ASSISTANTS IN OFFICERS DESIGNATED TO PERFORM PROFESSIONAL FUNCTIONS

SEC. 403. Section 8067(f) of title 10, United States Code, is amended by inserting ", including physician assistant functions," after "functions".

REPEAL OF LIMITATION ON OVERSEAS TRAVEL AND TRANSPORTATION ALLOWANCES FOR DEPENDENTS OF JUNIOR ENLISTED MEMBERS

SEC. 404. (a) Section 406 of title 37, United States Code, relating to travel and transportation allowances for dependents, is amended—

(1) by striking out "Except as provided in subsection (i) of this section, a" in subsection (a) and inserting in lieu thereof "A";

(2) by striking out "Except as provided in subsection (i) of this section, in" in subsection (h) and inserting in lieu thereof "In", and

(3) by striking out subsection (i).

(b) The amendments made by subsection (a) shall take effect on October 1, 1981.

Mr. PRICE (during the reading). Mr Chairman, I ask unanimous consent that title IV be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. Are there amendments to title IV?

AMENDMENT OFFERED BY MR. SKELTON

Mr. SKELTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SKELTON: At the end of title IV, add the following new section:

CHANGE OF TITLE OF NEW PERMANANT FLAG GRADE FOR THE NAVY FROM COMMODORE ADMIRAL TO COMMODORE

SEC. . (a) Section 5501 of title 10, United States Code, is amended by striking out "admiral" in clause (4) after "Commodore".

(b)(1) The following sections of title 10, United States Code are amended by striking out "admiral" after "commodore" each place it appears: 101(41), 601(c)(2), 611(a), 612(a)(3), 619(a)(2)(B), 619(c)(2)(A)(ii), 625(a), 625(c), 634, 635, 637(b)(2), 638(a)(3), 638(b), 638(c), 645(1)(A)(ii), 5138(a), 5149(b), 5155(c), 5442, 5444, 5457(a), and 6389(f).

(2) Section 5444 of such title is amended by striking out "commodore admirals" in

subsections (a) and (f) and inserting in lieu thereof "commodores".

(3) The tables in section 5442(a) and 5444(a) of such title are amended by striking out "commodore admirals" and inserting in lieu thereof "commodores".

(4)(A) The heading of section 625 of such title is amended by striking out "admiral" after "commodore".

(B) The item relating to such section in the tables of sections at the beginning of subchapter II of chapter 36 of such title is amended by striking out "admiral" after "commodore".

(5)(A) The headings of sections 635, 5442, and 5444 of such title are amended by striking out "commodore admirals" and inserting in lieu thereof "commodores".

(B) The items relating to such sections in the tables of sections at the beginning of subchapter III of chapter 36 of such title and in the table of sections at the beginning of chapter 533 of such title are amended by striking out "commodore admirals" and inserting in lieu thereof "commodores".

(6) The table in section 741(a) of such title is amended by striking out "admiral" after "Commodore".

(c) The table in section 201(a) of title 37, United States Code, is amended by striking out "admiral" after "Commodore" in the third column.

(d)(1) Section 614 of the Defense Officer Personnel Management Act (94 Stat. 2946) is amended by striking out "admiral" after "commodore" each place it appears.

(2) The heading of such section is amended to read as follows:

"TRANSITION PROVISIONS TO NEW COMMODORE GRADE".

(3) The item relating to such section in the table of contents in section 1(b) of such Act is amended to read as follows:

"Sec. 614. Transition provisions to new commodore grade.".

(e) The amendments made by this section shall take effect on September 15, 1981.

Mr. SKELTON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SKELTON. Mr. Chairman, this is a very simple amendment. It makes a correction that should be made. Last year the bill that deals with rank was passed, and it allowed a new one star that is a lower grade for the Navy, and it was termed a commodore admiral rank. For many reasons, not the least of which is historical, we changed this to the correct name which it has held throughout the history of the United States on two separate occasions, that of commodore.

□ 1800

Mr. Chairman, a rose by any other name is still a rose. A commodore by any other name is still a commodore.

I move the adoption of my amendment.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. SKELTON. I yield to the gentleman from Alabama.

Mr. NICHOLS. Mr. Chairman, I have had an opportunity to examine the amendment offered by the gentleman from Missouri, a very astute member of our committee.

The amendment would change the grade of commodore-admiral in the Navy to simply commodore. This has been a matter of controversy for some months now in the Navy and, frankly, our committee thought we had them placated, but now they want to go back to commodore. Although the Navy has reversed its position a number of times, Mr. Chairman, I understand it now supports changing this title, and I am entirely in accord. For this reason, I would accept the gentleman's amendment on behalf of the members of the committee on this side of the aisle.

Mr. MITCHELL of New York. Mr. Chairman, will the gentleman yield?

Mr. SKELTON. I yield to the gentleman from New York.

Mr. MITCHELL of New York. I thank the gentleman for yielding.

Mr. Chairman, I had the pleasure of serving on the Military Compensation Subcommittee when the gentleman from New York (Mr. STRATTON) was the chairman. This was one of his prime efforts that year, I remember. He recommended the change, and we held many hearings. The gentleman from New York and the committee worked very hard looking into this situation. We did see a serious need to address this problem of a lack of a one-star rank in the Navy, in the admiral's rank.

I understand the gentleman from New York is not opposed to this change in the name.

I feel very strongly that we do need the one-star rank, but I do not feel strongly as to what we do call it. As the gentleman from Missouri, my friend, said, a rose is a rose. If the gentleman from New York will accept the amendment, certainly I will.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. SKELTON. I yield to my friend, the gentleman from New York.

Mr. STRATTON. I thank the gentleman for yielding.

Mr. Chairman, I just want to congratulate the gentleman from Missouri for his capability in this regard, because as my colleague from New York has said, when we first got into the defense officer personnel legislation, it seemed appropriate that the Navy ought to have a one-star rank. That rank traditionally had been commodore. But I remember that the Navy brass over in the Pentagon fought very strongly against that, and it looked as though we were going to be overridden; and then finally they said, "If you will allow us to call the rank 'commodore-admiral,' so that we can refer to a commodore-admiral just as admiral, the same way you refer to a vice admiral as admiral, we will accept it."

So I said, "Well, I guess we have got to give in and go along." It sounded kind of awkward.

I want to congratulate the gentleman for having the finesse and the ability to convince the Navy that a commodore, if it was good enough for Commodore Perry when he opened up Japan, it ought to be good enough for the commodores of today. I salute the gentleman and I fully support his amendment.

Mr. SKELTON. I thank the gentleman.

Mr. Chairman, I think that the ghost of Commodore Perry and the ghost of Commodore Decatur are with us today on this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri (Mr. SKELTON).

The amendment was agreed to.

AMENDMENT OFFERED BY MRS. SCHROEDER

Mrs. SCHROEDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. SCHROEDER: At the end of title IV (page 14, after line 2), add the following new section:

RECRUITMENT OF WOMEN IN THE ARMY

SEC. 405. (a)(1) Chapter 333 of title 10, United States Code, relating to enlistments in the Army, is amended by adding at the end thereof the following new section:

"§ 3264. Recruitment of women for the Regular Army

"No ceiling, limitation, or quota may be established on the number of women that may be accepted for original enlistment in the Regular Army from the date of enactment until the end of fiscal year 1982."

(2) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"§ 3264. Recruitment of women for the Regular Army."

(b) The Secretary of the Army shall carry out a study concerning the selection of women for, and the utilization of women in, all job categories in the Army and the effect of women in the Army on readiness and unit effectiveness. The Secretary shall submit a report on the study to Congress not later than January 1, 1982.

Mrs. SCHROEDER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Colorado?

There was no objection.

Mrs. SCHROEDER. Mr. Chairman, today I introduce my amendment to keep the U.S. Army from marching backward. Since 1972, when women composed only 1.9 percent of the Active Force doing mostly menial tasks, the Army has made great strides in integrating women into virtually every military role. Now women make up over 9 percent of the force in both

traditional and nontraditional jobs. This spring, however, the Army quietly ordered a hold on any recruitment increase of women in its Active Forces while it does an in-house evaluation of women and readiness.

The Army put the cart before the horse. A complete evaluation should be done before this serious recruitment policy change is made. The amendment I offer merely states that the Army may not establish a limit, ceiling, or quota on the number of women recruits from now until the end of fiscal year 1982 and directs the Army to conduct a study on the utilization of women in the Army and on the affect of women on readiness. The study, my amendment reads, must be submitted to Congress no later than January 1, 1982.

The Army claims the freeze is justified because of the problems of women in nontraditional, combat support functions such as driving supply trucks to the frontlines, or stringing telephone lines to forward positions. During troop shifts, field commanders say, these women sometimes find themselves assuming combat roles, which is illegal. Field commanders, the Army legitimately maintains, cannot be put in the position of either disobeying the law or leaving frontlines unfilled. But to freeze women recruitment across the board because of that stretches beyond the bounds of reason.

This unfortunate argument was also used by the Supreme Court recently in its ruling of women and draft registration. In deciding against including them in draft registration, the Court raised the same point about women in combat duty. Since the purpose of the draft is to fill combat slots with bodies, and since women are prohibited from combat slots, the court reasoned, Congress had proper authority when it legislatively precluded them from selective service.

Last session the Armed Services Committees in both Houses heard hours of testimony from Department of Defense officials and military personnel about the substantial contribution that women make to our military effectiveness. Women who volunteer for service do so out of desire and are, therefore, more dedicated. They consistently score higher than men on entrance examinations and are less inclined to drug abuse, desertion, and discipline infractions. And, as witnesses pointed out, they displace men to serve on frontline duty.

The demands in today's highly sophisticated Army is for more technical skills, and women have those skills. At a time when the eligible pool of males is declining, with the passing of the baby boom, and the need for high-technology skills is increasing, the All-Volunteer Army might have trouble filling its needs if the recruitment of women is limited. In addition, now that recruiting offices are turning away women, word may erroneously get out to men not to bother to enlist. This policy change may also quicken the attrition rate of women currently serving. All together, these effects may create a personnel shortage so severe that the DOD will eventually seek, against the wishes of the President, a return to the draft. I cannot help but feel a hidden agenda to return to the draft lurks behind the recruitment freeze facade.

Women want equal rights and are willing to share equal responsibility. The U.S. Army wants an effective, ready fighting machine. My amendment will offer both what they want.

Mr. DICKINSON. Mr. Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentleman from Alabama.

Mr. DICKINSON. The gentlewoman is asking the Army not to deny advancement to the ladies. I just want to know, without the gentlewoman's amendment, what change in status would there be for the women in service?

I gather, from what the gentlewoman says, that she feels that they would be held back, denied advancement or whatever, which is contrary to what I understood to be the case.

Mrs. SCHROEDER. The women that I have talked to in the military over the July 4 break felt that it was a real slap in the face, that all of the tests—and I can read them all to the gentleman, starting from 1977 forward—have shown they have done a very good job and that there are no tests saying that there should be quotas put on them, that there should be limitations put on them. Since all of the objective facts say they have done a good job, if the Army then seals off any increase in recruitment, they feel it is a real slap in the face and they worry about what is going to happen about their promotions and advancements if suddenly now quotas and limitations will appear that they did not anticipate, then their career opportunities might not be as great, and it really has not helped the morale a lot. I think they have felt that they have gone the extra mile. They have put forth all sorts of extra effort, all of the objective criteria have shown up well, and they are just saying, "So why are women wanting to come in being penalized when everything looks good?" If they come up with a new test that says there is some reason for readiness causes, or something else, that should be changed, fine; but that has not happened yet. Again, it is the horse before the cart.

Mr. DICKINSON. Let me ask the gentlewoman, where does she think the horse should be if not before the cart?

Mrs. SCHROEDER. I am saying the cart before the horse. I am glad the gentleman pointed that out. Being an urban type, I always get that mixed up. In the urban cities we have trouble, we have motors in the rear and motors in the front, and it is hard to relate that.

Mr. NICHOLS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I can certainly understand the gentlewoman's purpose in offering this amendment. However, a statute which attempts to prohibit the Army from limiting the number of women in it, in the way of recruits, is not the right approach, in my judgment.

Let me provide some figures on women in the military, in the Army particularly, because this is the thrust of the gentlewoman's amendment.

For fiscal year 1981, enlisted women's strength in the Army was programed to be 69,000. The Army has constrained that number to 65,000.

For fiscal year 1982, the Army is programed to have 75,000 enlisted women. Now, that figure has not been adjusted in any way and would reflect a 10,000 increase over last year.

But for fiscal year 1986, the Army is programed to have 87,500 enlisted women. And that figure has not been adjusted in any way.

Mr. Chairman, there are two ongoing studies which are being conducted by the Army pertaining to women. One is a review of all policies dealing with women, assignments, billeting, length of hair, single parenting, pregnancy, and so forth and so on. And this study is expected to be completed by December of this year.

The other study is being conducted by TRADOC, and there is a preliminary evaluation being done there which would determine the strength of women in carrying litters, performing services, and so forth.

General Meyer, Chief of Staff of the Army, is to be briefed on this in mid-July, this month, and if he approves of the study, it will be continued and will become a part of the study due in December 1981.

So I ask the committee to oppose this amendment. I believe it is the wrong thing to do at this time.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. I thank the gentleman for yielding.

Mr. Chairman, what I am concerned about the amendment is, where our problem lies in the Army is on the volunteers we are getting, and they are not combat men, and that is what we need. We should not restrict the Army and say that they would have to, in effect, take more women. The problem we are having under the All-Volunteer

Force is that we are really not getting enough able-bodied men to go into combat units. By tradition and by law, women cannot serve in combat. So I think this amendment would be way out of hand and it should be defeated, because what we need is combat men and more men in the service who can carry the weapons, carry the ammunition and take the high ground.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Chairman, I want to make sure I understand what the gentleman was saying. Was the gentleman saying that he was not aware that the Army had put a hold on the increase, that they are staying with the targets that they set?

Mr. NICHOLS. I am aware of that, but I beg the gentlewoman from Colorado to let us see what the study provides before we attempt to arbitrarily put quotas on the number of women that the Army can or cannot enlist.

For example, the Army may be saturated with women. I do not know that. But if that be the case, and if we do limit them to certain noncombat roles, I think the gentlewoman's amendment would be out of order because it might actually defeat what we are trying to do in the defense posture.

Mrs. SCHROEDER. If the gentleman will yield further, I think if you look at my amendment, we are just limiting it to this fiscal year, and I think 9 percent, which is the percentage of women in the Army right now, is certainly not impacting on combat. All I am saying is yes, I approve of their doing a study, but I do not want them to back up on the things that have been done on prior studies. All of the quotas set before were done because the prior studies said they were all do-able. They do not have anything that says they have to undo it.

It does not make any sense, to me, to say, "Based upon some study that will be coming out in the future, we are going to hold off on the promise." I think that is what the women in the service are so distressed about. They feel there is no objective criteria at the moment. It only talks about this fiscal year. It does not talk about flooding the Army or putting them in combat, or any of those kinds of things.

□ 1815

I keep reminding the gentleman that only 9 percent of the military is female at this point, and we know that there is a phenomenal number of backup jobs the women are doing very well, so my plea is just to allow that to happen until this fiscal year and until that study is completed.

Mr. MITCHELL of New York. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I am sympathetic with the goals of the gentlewoman from Colorado and her effort to prevent discrimination and to provide equal rights for all, especially those in the services, and I commend her in the leadership role she has played through the years in this type of legislation.

Women certainly are making a highly valuable contribution to our armed services, and will continue to in the future. I do not want with my comments to minimize in any way this contribution they are making, but I think in this instance the amendment of the gentlewoman from Colorado could actually prove harmful to our Nation's defense effort. As we all know, there is a rule in the Army, and there is law in the Navy and Air Force, that women cannot participate in combat.

If the gentlewoman's amendment became law, theoretically at least we could have 100-percent female forces, none of whom could fight the enemy. I appreciate that this is a very extreme example, but with any increase in the number of women in the armed services from today's level, it could theoretically at least decrease our defense effort.

As to the second provision of the gentlewoman's amendment where she provides for a study, it is a provision we do not need because the armed services are already making the study the gentlewoman is recommending, so I would urge defeat of the amendment.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of New York. I yield to my friend from Colorado.

Mrs. SCHROEDER. I just want to make it clear that my amendment really does not do anything radical. It just leaves the situation as it is now until some person comes forward in the Army with a reason to change it. That is all I am saying. It does not do anything radical, it does not change any of the things the Defense Department was going to do until this spring when they put the freeze on.

They felt that these were all livable figures, these were all viable numbers, they did not affect the combat roles or any such thing. They were living with them very well and everything was testing very well, and then they said, "We will freeze it and do a test."

All I am saying, it is putting the cart before the horse. I just think we have to make that clear before we get carried away with rhetoric about putting women in combat and doing something radical, and changing it. We are not changing it. The Army is changing it. My amendment would leave it as it was and as the Defense Department agreed it should be and as the Navy and Air Force have left their numbers alone.

Mrs. HOLT. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of New York. I yield to the gentlewoman from Maryland.

Mrs. HOLT. Mr. Chairman, I would just like to associate myself with the remarks of the gentleman from New York. I am also truly concerned about using women in a reasonable way in the military. They have performed beautifully; we have so many fine enlisted women and officers in the military, but I think the danger in this amendment is that we are substituting our judgment for the Army's judgment. There is a reason for taking a look at this and trying to figure out all the things we should be doing to make women's service more effective.

I think we should not do that at this time, so I would oppose the amendment.

Mr. MITCHELL of New York. I thank the gentlewoman for her contribution, and just observe that one of the individuals who has traveled to Europe recently said that in one of the support commands there was a 25-percent complement of women. I do not know what we are going to do about how many women should be in the armed services—in the various commands and functions—but until someone gets some better numbers I think we should defeat this particular amendment.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Colorado (Mrs. SCHROEDER).

The amendment was rejected.

Mr. COLLINS of Texas. Mr. Chairman, I move to strike the last word.

Mr. Chairman, would the gentleman from Alabama yield? To the chairman of the House Subcommittee on Military Personnel and Compensation, I would like to clarify a regulation.

Title IV—Active Forces of H.R. 3519 discusses active duty personnel as of September 30, 1982. Section 402, quality control on enlistments, states that—

> A person who is not a high school graduate may not be accepted for enlistment in the armed forces unless the score of such person on the Armed Services Qualification Test is at or above the thirty-first percentile.

I would like to have clarified the definition of "high school graduate," keeping the following situation in mind:

It is my understanding that there is a discriminatory policy of not recognizing high school diplomas from nonaccredited schools, for enlistment in the U.S. Army. Upon checking into this situation, I have been informed by the Army, that Army Regulation 601-210, which outlines Army enlistment

criteria, "stipulates that the diploma must have been awarded by an accredited institution."

Since I have been also informed that the Army does "not possess the required expertise to evaluate a particular institution's academic excellence," I would like for the Department of Education to work out basic criteria to enlist from unaccredited schools.

This situation is crucial. With 250,000 individuals currently enrolled in the 4,000-plus accelerated Christian education programs, the current policy of not recognizing high school diplomas from the schools is unfair, and certainly not in the best interest of our overall military future. There is no logical justification for this opposition to Christian education. Many graduates from these ACE schools provide the type of intelligent, hard-working, responsible citizens, who would be a strong asset to our military.

In behalf of Christian education and as one who served in the Army for "God and Country," I ask that the Department of Education review this situation. Will the gentleman from Alabama, Mr. NICHOLS, see if these young Christian graduates could also be given an opportunity to serve their country?

All we ask is that their be no discrimination. Youngsters who have attended private Christian schools should be given the same standards as students who attended public schools.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Texas. I yield to the gentleman from Alabama.

Mr. NICHOLS. Mr. Chairman, I thank the gentleman for yielding. Let me say that he has raised a good point, a point that I am familiar with because in my own part of the country we have a number of these Christian high schools doing a good job of turning out some very fine, capable people, and I personally have experienced some of the problems with some of my constituents that the gentleman from Texas alludes to.

Let me say that I think the gentleman recognizes that it would be inappropriate for the Department of Defense to attempt to get into the business of deciding whether certain schools should or should not be accredited. That is not a prerogative of the Department of Defense. However, let me assure the gentleman that because of his interest and other interests expressed to me by Members of Congress, that I will urge the Department of Defense to consult with the Department of Education to determine if some criteria might be established that would permit the Department of Defense to recognize graduates of the schools as high school graduates. Perhaps it would be some sort of test they would have, but I certainly agree with the gentleman and I will do that if this meets his approval.

Mr. MITCHELL of New York. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Texas. I yield to the gentleman from New York.

Mr. MITCHELL of New York. Mr. Chairman, I want to commend my colleague and friend from Texas on his statement. I understand his concern, and feel that his recommendation to get the Departments of Defense and Education together with a potential for suggesting a new policy on the eligibility of high school graduates able to evaluate these quarter million high school graduates, who very well might be more patriotic than the average high school graduate, is sound. I support it and I thank the gentleman for his contribution.

Mr. COLLINS of Texas. I thank the gentleman from New York and the gentleman from Alabama. I have visited these private schools. They wear red, white, and blue uniforms and carry the flag everywhere. Their patriotism is very high. I know that if I were ever in the service again and in combat, I would certainly welcome one of their graduates beside me.

AMENDMENT OFFERED BY MR. PETRI

Mr. PETRI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PETRI: At the end of title IV of the bill, add the following new section:

TWO-YEAR EXTENSION OF PILOT DEPARTMENT OF DEFENSE EDUCATIONAL LOAN REPAYMENT PROGRAM

SEC. . Section 902(g) of the Department of Defense Authorization Act, 1981 (Public Law 96-342; 94 Stat. 1115), is amended by striking out "October 1, 1981" and inserting in lieu thereof "October 1, 1983".

Mr. PETRI (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. PETRI. Mr. Chairman, I have an amendment at the desk. This amendment simply extends for 2 additional years the 1-year test program offering forgiveness of student loans in exchange for military service in the enlisted ranks. This test program was included in last year's defense authorization and is currently scheduled to end September 30.

Due to the late enactment of the authorization, the Defense Department was unable to implement loan forgiveness immediately, and the test needs more time in order to tell us anything. Supposedly the program was in operation by January, but I continued to get calls well after that from people around the country who said their local recruiters knew nothing about it. Moreover, this program is aimed at a slightly different group than most other recruiting efforts; namely, those who have already completed some postsecondary education. Most members of this population do not make a habit of walking into military recruiting offices from time to time to find out what is new. It will take some time to make widely known to them the option of loan forgiveness in exchange for military service.

Under the program, a person may obtain forgiveness of one-third of his outstanding student loans for each year of satisfactory service in the active forces, or forgiveness of 15 percent of his loans for each year in the Selected Reserves. Forgiveness is offered only at the time of enlistment or reenlistment and only for service in certain military occupation specialties selected by the Secretary of Defense, so the program can be targeted to the areas of greatest military need.

I would like to point out a few major advantages of loan forgiveness as an incentive for military recruitment:

First. It attracts people who already have some postsecondary education before service, and who, therefore, should be capable of performing more complicated tasks.

Second. It gives these recruits an incentive to stay in the service until 100 percent forgiveness is earned, rather than an incentive to get out to obtain education.

Third. It should be particularly valuable for recruiting highly qualified enlistees for the Reserves.

Fourth. Finally, since few people from this group are enlisting at present, the incentive will be used mainly by those for whom it is a major element in their decision to enlist. Thus, the program costs very little if it does not work, since few benefits will be paid to people who would have enlisted even without this incentive.

I urge my colleagues to support this amendment and give this concept an adequate test.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. PETRI. Certainly, I yield.

Mr. MONTGOMERY. Mr. Chairman, as I understand this amendment, it does not amend title 38 of the Veterans Act.

Mr. PETRI. No, it does not.

Mr. MONTGOMERY. It does not amend that. Also, I would like to point out to the gentleman that under the bill we passed in the Veterans' Affairs Committee that starts the GI education bill again, H.R. 1400, we bring forward this section that the gentleman has amended. We bring it forward in our bill, but I understand that probably our bill would not pass by October. The gentleman's amendment needs to be adopted to carry out the mission he wants to have done here today.

Mr. PETRI. That is correct. In fact, this amendment is identical to the language in the other bill. The worry was that that bill might not be on the President's desk by October 1, and it would be inefficient and disruptive to stop this.

Mr. MONTGOMERY. Mr. Chairman, I certainly support the amendment.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. PETRI. I yield to the gentleman from Alabama.

Mr. NICHOLS. Mr. Chairman, I have had an opportunity as chairman of the committee to examine the amendment offered by the gentleman from Wisconsin. The amendment would simply extend existing authority being tested for loan forgiveness for periods of Active and Reserve duties for an additional 2 years, until October 1, 1983.

The gentleman from Mississippi is exactly correct. His bill provides for this extension. The Subcommittee on Compensation and Military Pay is presently holding hearings on the bill of the gentleman from Mississippi, and I think it would be entirely correct, and I accept the gentleman's amendment on behalf of the Members on this side of the aisle.

Mr. PETRI. I thank the gentleman.

Mr. MITCHELL of New York. Mr. Chairman, will the gentleman yield?

Mr. PETRI. I yield to the gentleman from New York.

Mr. MITCHELL of New York. Mr. Chairman, I am sympathetic also with the amendment of the gentleman from Wisconsin. In fact, I am cosponsor of a bill that would accomplish this extension. I feel it is worthy, it is needed, and I am pleased to accept it on this side of the aisle.

Mr. PETRI. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin (Mr. PETRI).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title IV?

The Clerk will read title V.

The Clerk read as follows:

TITLE V—RESERVE FORCES

AUTHORIZATION OF AVERAGE STRENGTHS FOR SELECTED RESERVE

SEC. 501. (a) For fiscal year 1982, the Selected Reserve of the reserve components of the Armed Forces shall be programed to attain average strengths of not less than the following:

(1) The Army National Guard of the United States, 392,800.

(2) The Army Reserve, 235,300.

(3) The Naval Reserve, 90,000.

(4) The Marine Corps Reserve, 37,600.

(5) The Air National Guard of the United States, 98,600.

(6) The Air Force Reserve, 62,800.

(7) The Coast Guard Reserve, 12,000.

(b) The average strength prescribed by subsection (a) for the Selected Reserve of any reserve component shall be proportionately reduced by (1) the total authorized strength of units organized to serve as units of the Selected Reserve of such component which are on active duty (other than for training) at any time during the fiscal year, and (2) the total number of individual members not in units organized to serve as units of the Selected Reserve of such component who are on active duty (other than for training or for unsatisfactory participation in training) without their consent at any time during the fiscal year. Whenever such units or such individual members are released from active duty during any fiscal year, the average strength prescribed for such fiscal year for the Selected Reserve of such reserve component shall be proportionately increased by the total authorized strength of such units and by the total number of such individual members.

AUTHORIZATION OF END STRENGTH FOR RESERVES ON ACTIVE DUTY IN SUPPORT OF THE RESERVES

SEC. 502. (a) Within the average strengths prescribed in section 501, the reserve components of the Armed Forces are authorized as of September 30, 1982, the following number of Reserves to be serving on full-time active duty for the purpose of organizing, administering, recruiting, instructing, or training reserve components:

(1) The Army National Guard of the United States, 11,439.

(2) The Army Reserve, 6,285.

(3) The Naval Reserve, 208.

(4) The Marine Corps Reserve, 447.

(5) The Air National Guard of the United States, 3,312.

(6) The Air Force Reserve, 701.

(b) Upon a determination by the Secretary of Defense that such action is in the national interest, the end strengths prescribed by subsection (a) may be increased by a total of not more than the number equal to 2 percent of the total of the end strengths prescribed.

INCREASE IN NUMBER OF CERTAIN PERSONNEL AUTHORIZED TO BE ON ACTIVE DUTY IN SUPPORT OF THE RESERVE COMPONENTS

SEC. 503. (a) Section 517 of title 10, United States Code, relating to the number of enlisted members in pay grades E–8 and E–9, is amended—

(1) by striking out the table in subsection (b) and inserting in lieu thereof the following:

"Grade	Army	Navy	Air Force	Marine Corps
E–9	222	146	76	4
E–8	908	319	307	12";

and

(3) by adding at the end thereof the following new subsection:

"(c) Whenever the number of members serving in pay grade E–9 is less than the number authorized for that grade under subsection (a), or whenever the number of members serving in pay grade E–9 for duty described in subsection (b) is less than the number authorized for that grade under subsection (b), the difference between the two numbers may be applied to increase the number authorized under such subsection for pay grade E–8.".

(b) The columns under the headings "Army" and "Air Force" in the table contained in section 524(a) of title 10, United States Code, relating to the number of reserve officers who may be on active duty in support of the reserve components, are amended to read as follows:

"Army	Air Force
1,105	189
551	194
171	147"

(c) The amendments made by this section shall take effect on October 1, 1981.

DEFENSE MOBILIZATION CAPABILITY

SEC. 504. (a) The Secretary of Defense shall submit to the Congress, not later than January 15, 1982, a plan for resolving the existing shortage in pretrained military manpower required for a mobilization. The plan shall outline the actions that the Secretary of Defense considers to be necessary to resolve the shortage by not later than January 15, 1987.

(b) The Secretary of Defense shall also conduct a study of the potential impact on military capability during an emergency or mobilization of the use of Department of Defense civilian employees and of employees of private contractors who are performing work for the Department of Defense on a contractual basis who are not subject to the Uniform Code of Military Justice. The Secretary of Defense shall submit the results of such study to the Congress not later than February 1, 1982.

EXTENSION OF AUTHORITY FOR CERTAIN RESERVE BONUSES

SEC. 505. Sections 308d(e) and 308e(e) of title 37, United States Code, are amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1985".

Mr. PRICE (during the reading). Mr. Chairman, I ask unanimous consent that title V be considered as read, printed in the RECORD and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. Are there amendments to title V?

The Clerk will read title VI.

The Clerk read as follows:

TITLE VI—CIVILIAN PERSONNEL

AUTHORIZATION OF END STRENGTHS

SEC. 601. (a) The Department of Defense is authorized a strength in civilian personnel, as of September 30, 1982, of 1,031,900.

(b) The strength for civilian personnel prescribed in subsection (a) shall be apportioned among the Department of the Army, the Department of the Navy (including the Marine Corps), the Department of the Air Force, and the agencies of the Department of Defense (other than the military departments) in such numbers as the Secretary of Defense shall prescribe. The Secretary of Defense shall report to the Congress within sixty days after the day of the enactment of this Act on the manner in which the initial allocation of civilian personnel is made among the military departments and the agencies of the Department of Defense (other than the military departments) and shall include the rationale for each allocation.

(c) In computing the strength for civilian personnel, there shall be included all direct-hire and indirect-hire civilian personnel employed to perform military functions administered by the Department of Defense (other than those performed by the National Security Agency) whether employed on a

full-time, part-time, or intermittent basis, but excluding special employment categories for students and disadvantaged youth such as the stay-in-school campaign, the temporary summer aid program and the Federal junior fellowship program and personnel participating in the worker-trainee opportunity program. Personnel employed under a part-time career employment program established by section 3402 of title 5, United States Code, shall be counted as prescribed by section 3404 of that title. Whenever a function, power, or duty, or activity is transferred or assigned to a department or agency of the Department of Defense from a department or agency outside of the Department of Defense, or from another department or agency within the Department of Defense, the civilian personnel end strength authorized for such departments or agencies of the Department of Defense affected shall be adjusted to reflect any increases or decreases in civilian personnel required as a result of such transfer or assignment.

(d) When the Secretary of Defense determines that such action is necessary in the national interest or if any conversion of commercial- and industrial-type functions from performance by Department of Defense personnel to performance by private contractors which was anticipated to be made during fiscal year 1982 in the budget of the President submitted for such fiscal year is not determined to be appropriate for such conversion under established administrative criteria, the Secretary of Defense may authorize the employment of civilian personnel in excess of the number authorized by subsection (a), but such additional number may not exceed two percent of the total number of civilian personnel authorized for the Department of Defense by subsection (a). The Secretary of Defense shall promptly notify the Congress of any authorization to increase civilian personnel strength under this subsection.

RESTRICTION ON CONTRACTING OUT OF COMMERCIAL AND INDUSTRIAL TYPE FUNCTIONS

SEC. 602. Section 502 of the Department of Defense Authorization Act, 1981 (Public Law 96-342; 94 Stat. 1086; 10 U.S.C. 2304 note), is amended by striking out subsection (d) and inserting in lieu thereof the following:

"(d)(1) In addition to the requirements of subsection (a) and of existing Executive orders, Office of Management and Budget circulars, and regulations, a contract for the performance of a commercial- or industrial-type function of the Department of Defense by a private contractor (including an extension or renewal of such a contract) may only be made if the military commander of the major operating command to which the function is assigned certifies to the Secretary of the military department concerned that the performance of such function by a private contractor would not have a significant adverse effect on the mobilization or emergency contingency missions assigned to that command or on the anticipated requirements of that command in time of war.

"(2) The Secretary of the military department concerned shall promptly forward to the Committees on Armed Services of the Senate and House of Representatives a copy of each certification received by the Secretary under paragraph (1).".

REPEAL OF REQUIREMENT FOR REDUCTION IN NUMBER OF SENIOR-GRADE CIVILIAN EMPLOYEES IN THE DEPARTMENT OF DEFENSE

SEC. 603. Section 811(a) of the Department of Defense Appropriation Authorization Act, 1978 (10 U.S.C. 131 note), is amended—

(1) by striking out paragraph (2); and

(2) by redesignating paragraph (3) as paragraph (2) and by striking out "paragraphs (1) and (2)" in such paragraph and inserting in lieu thereof "paragraph (1)".

STUDENTS EMPLOYED IN RESEARCH AND DEVELOPMENT LABORATORIES

SEC. 604. (a)(1) Chapter 139 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§2360. Research and development laboratories: contracts for services of university students

"(a) Subject to the availability of appropriations for such purpose, the Secretary of Defense may procure by contract under the authority of this section the temporary or intermittent services of students at institutions of higher learning for the purpose of providing technical support at defense research and development laboratories. Such contracts may be made directly with such students or with nonprofit organizations employing such students.

"(b) Students providing services pursuant to a contract made under subsection (a) shall be considered to be employees for the purposes of chapter 81 of title 5, relating to compensation for work injuries, and to be employees of the government for the purposes of chapter 171 of title 28, relating to tort claims. Such students who are not otherwise employed by the Federal Government shall not be considered to be Federal employees for any other purpose.

"(c) The Secretary of Defense shall prescribe regulations to carry out this section. Such regulations shall include definitions for the purposes of this section of the terms 'student', 'institution of higher learning', and 'nonprofit organization'.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"2360. Research and develpment laboratories: contracts for services of university students.".

(b) The amendments made by subsection (a) shall take effect on October 1, 1981.

Mr. PRICE (during the reading). Mr. Chairman, I ask unanimous consent that title VI be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

GOVERNMENT OPERATIONS COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Government Operations Committee amendment: Page 20, beginning on line 19, strike out all of section 602 through line 18 on page 21 and redesignate the succeeding sections accordingly.

Mr. WALKER. Mr. Chairman, I rise in support of the committee amendment.

Mr. Chairman, in this section the Armed Services Committee proposes general restrictions on DOD's ability to acquire goods and services by contract.

As was stated earlier, our committee believes that Federal procurement policies should be standardized for all agencies, and that the current law governing contracting out is based on good principles and contains reasonable provisions for national defense matters. Those beliefs alone would predispose me to look with disfavor on section 602. But I oppose this section for another reason, too: It would subvert the chain of command within the Department of Defense. By permitting a "military commander of a major operating command" to preclude contracting for a particular good or service, this section prevents any military or civilian official of higher rank from countermanding the decision of his subordinate.

I concur with the Armed Services Committee that the military should not make contracts which would have a "significant adverse effect on the mobilization or emergency contingency missions assigned to a command or on the anticipated requirements of the command in time of war." A recommendation from any commander that a contract could have such an effect should be given utmost consideration by Defense Department decisionmakers, pursuant to OMB Circular No. A-76, in determining whether to enter into a contract. But section 602 is not a beneficial way of implementing those ideas.

Witnesses from both the General Accounting Office and the Office of Management and Budget opposed this section in testimony before the committee. They said that this portion of the bill would:

Be unnecessary because Circular A-76 already permits military operation of a commercial or industrial activity when necessary for combat support;

Carve out a special exemption for the Department of Defense from a government-wide directive;

Perpetuate and, indeed, worsen a situation in which tens of thousands of DOD employees perform functions which could readily, and more cheaply, be performed by commercial contractors;

Permit a commander to preclude commercial procurement of services which, even if not beneficial for his own command, could be very economical when combined with services for other military bases within a convenient radius;

Permit commanders to build their own in-house empires, at the expense of economical use of Government funds; and

Indicate that Congress is unwilling to follow GAO's recommendation that we endorse a national policy of reliance on private enterprise to the maximum extent consistent with the national interest and with procurement at reasonable prices.

In testimony before our committee, Deputy Director of OMB, Mr. Ed Harper, was crystal clear in indicating the administration's opposition to any limitation such as this on the contracting out of commercial or industrial-type activities.

Mr. Harper said:

This change goes in the wrong direction . . . It will unduly disrupt the orderly decision making process of the Department of Defense. Specifically, it will thwart the traditional command and control lines and severely hamper manpower and budgetary decision processes within the Department as well as the Office of Management and Budget. Mr. Harper went on to express his concern that this amendment would result in "the addition of another layer of decision making on an already lengthy procurement process." He went on to say that "mobilization and wartime capabilities are the concerns of DOD's entire command structure. Unnecessary legislatively imposed changes in that structure must be opposed if we are to maintain an efficient command structure and if we are to carry out the President's mandate to eliminate waste. Major contracting decisions should be examined by DOD's command structure from a total wartime capability rather than from the narrow perspective of an individual commander.

I am in complete agreement with that assessment of the provision and urge my colleagues to support the Government Operations Committee amendment striking this provision of the bill.

□ 1830

Mr. BROOKS. Mr. Chairman, I move to strike the last word, and I rise in support of the committee amendment.

Mr. Chairman, the Government Operations Committee adopted an amendment to strike section 602 of the DOD authorization bill (H.R. 3519) as reported by the House Armed Services Committee. This section would require that the senior military commander at the major military command certify that the conversion of in-house work to private contractors would not have an adverse effect on the mobilization mission assigned to that command. The Armed Services Committee argues that private contractor performance negatively affects the military's mobilization capability.

While everyone is concerned about our defense mobilization capability, giving the local military commander a veto of longstanding Government procurement policies is not the way to strengthen our armed services. It is just a license to allow local military commanders to circumvent Federal procurement policies and establish military empires—its effect would be to throw out the concepts of first, using private enterprise whenever possible; and second, using maximum competition for procurements within the Federal Government. If passed, this section could reduce economy and efficiency in the military establishment and add untold millions of dollars to the defense budget. Further, this provision prevents any military or civilian official of higher rank from countermanding the decision of his subordinate.

Witnesses from both the GAO and OMB opposed this section in testimony before the Government Operations Committee. They said that this portion of the bill would:

First, be unnecessary because Circular A-76 already permits military performance of a commercial or industrial activity when necessary for combat support;

Second, carve out a special exemption for the Department of Defense from a Government-wide directive;

Third, perpetuate and, indeed, worsen a situation in which tens of thousands of DOD employees perform function which could readily, and more cheaply, be performed by commercial contractors;

Fourth, permit a commander to preclude commercial procurement of services which, even if not beneficial for his own command, could be very economical when combined with services for other military bases within a convenient radius;

Fifth, permit commanders to build their own in-house empires, at the expense of economical use of Government funds; and

Sixth, indicate that Congress is unwilling to follow GAO's recommendation that we endorse a national policy of reliance on private enterprise to the maximum extent, consistent with the national interest and with procurement at reasonable prices.

Section 602 undermines the current efforts toward Government-wide procurement reform. The Office of Federal Procurement Policy within OMB will have such a legislative proposal ready for Congress in October of this year. Since the contracting-out issue will be addressed in this proposal, it is essential that OFPP be allowed to continue its work and report to Congress as schedules.

Mr. Chairman, I strongly endorse the Government Operations Committee amendment, which deletes section 602 from the original H.R. 3519 as reported by the Armed Services Committee, and I urge my fellow Members to vote for this amendment.

Mr. NICHOLS. Mr. Chairman, I rise in opposition to the committee amendment.

Mr. Chairman, section 602 of H.R. 3519 contains a provision recommended by the committee to further control the contracting out process.

As the Members know, contracting out is a term that characterizes the executive branch's policy to use the private sector to the maximum extent possible in providing goods and services for Federal Government activities. In practice, in the Defense Department this means that when it is not critical for national defense capability to have an activity performed in-house by Government employees, it will be considered for conversion to performance by private contractor if, of course, it can be performed at a lower cost.

As most of the Members in the House are aware, the process in practice has not always followed these guidelines.

The Office of Management and Budget often puts strong pressure on the Defense Department to contract out functions in an effort to force the Department to search for economies and to reduce the Federal payroll. The effect in the Department of Defense has been to contract out on occasion when it is not in the best interest of the taxpayer. For these reasons, the Congress, over the course of the past 4 years, has imposed statutory restrictions on the contracting-out process to permit a careful review of decisions to contract out. Last year, the Congress finally adopted these provisions as permanent law. The law now requires the Secretary of Defense to certify that a proposed conversion is not being done to circumvent civilian personnel ceilings and to provide notification to the Congress, along with other relevant information, at different points in the process to permit more public input and general scrutiny of the process.

The provisions have helped. However, reports continue that some decisions to contract are being made even though the capability in question is necessary for mobilization and should be performed in-house. In fact, the executive branch has specifically reduced the Department of Defense's civilian personnel ceiling in its submission to Congress to force the services to contract out more. These reductions in anticipation of contracting out decisions place too much pressure on the decision process because military commanders must get the required work done although they have a lower ceiling to work with.

In fiscal year 1982, 19,000 spaces had been withdrawn from the Defense budget, even though sufficient funds are requested for a higher workload. The committee has chosen to reduce this unnecessary pressure by adding back half of the spaces withdrawn in the budget process. If the contracting out process is operating correctly, this form of arbitrary pressure is not needed.

To further protect against the possibility of the contracting process becoming a political decision in an effort to reduce the Federal work force, the committee recommends a change to existing law in section 602. Section 602 simply requires the senior military commander at the major operating

command within which the function is assigned to certify that before the activity is converted to private contractor support, this action would not have a significant adverse effect on military mobilization capability.

Mr. Chairman, Office of Management and Budget Circular A-76 establishes that functions vital to national security should not be contracted out. The provision recommended, then, only reiterates what is already required but it will insure that the military commander, who must perform the national security mission in an emergency and therefore has the best view of the situation, is the one who makes this judgment.

Mr. Chairman, section 602 is a reasonable restriction on a process which many of us feel is already questionable and I urge the Members to support the provision.

Mr. MITCHELL of New York. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to this amendment and I would like to lend my unequivocal support to H.R. 3519. I am particularly interested in this provision that encourages greater management control of contracting out practices at our military bases and installations.

Historically, since about 1955 the executive branch has supported and even encouraged the agencies to use the private sector to the maximum extent possible. In 1966, the Office of Management and Budget (OMB) issued guidelines to be used by the executive branch in determining whether a particular activity should be performed by a private contractor. These guidelines are outlined in OMB Circular A-76.

Simply stated, the guidelines require that a cost comparison of the agency's cost versus contractor's cost be made before a decision to contract out any commercial or industrial type functions. Examples of the types of commercial and industrial functions which have been contracted out at military bases are security guard services, aircraft maintenance and refueling services, motor vehicle maintenance, operation of ammunition depots, custodial services, selected commissary services, and medical equipment maintenance services.

The committee continues to be increasingly concerned about the advisability of contracting out activities at our defense installations and the potential for adversely impacting readiness. Furthermore, the committee received information that suggests there may have been cases where the Department has used contract services to circumvent civilian personnel ceilings.

In order to insure that contracting out would have a minimum effect on readiness, last year the Congress placed additional management and reporting requirements on the Department of Defense as outlined in the fiscal year 1981 Defense Authorization Act. These requirements were intended to prevent the Department from using contract services to circumvent civilian ceilings; however, as importantly, the bill directs the Secretary of Defense to report to the Congress any intention or decision to contract out commercial or industrial activities.

During testimony on the fiscal year 1982 defense authorization bill, witnesses indicated that in some cases, performance by the contractor has been less that acceptable. When this occurs, it adversely affects the ability of both the base and unit commander to accomplish their missions.

One of the military witnesses indicated that contracting out, in some cases, would effect unit readiness. As an example, if a contractor who is contracted to perform vehicle maintenance or aircraft maintenance fails to perform, this clearly effects unit readiness.

It is clear that contracting out may have an adverse effect on unit readiness; however, I would also argue that, additionally, it greatly limits the flexibility of the military base and unit commanders to manage their resources. I believe that a unit commander's job is difficult enough in today's military. These same commanders are experiencing, in many cases, critical shortages of noncommissioned officers while operational requirements are increasing.

It was a clear consensus among the members of the committee—as well as the consensus of the many commanders with whom I have discussed this issue—that contracting out can, and in some cases does, impact on readiness. In recognition of the potentially serious adverse impact contracting out practices could have on readiness and thus mobilization, the bill before you contains a provision—section 602—that requires the military commander of the major operating command prior to contracting out an activity to certify that it will have no significant adverse effect on mobilization or readiness.

Mr. Chairman and colleagues, the bill, H.R. 3519, goes a step further to improve the readiness of our forces, and I urge your support.

Mr. LEATH of Texas. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of H.R. 3519, and in opposition to the amendment.

I was pleased to be the author of section 602 which ties contracting out to the readiness of our forces. This new language was unanimously adopted by the Armed Services Committee because we all have come to realize that the rush to contract out industrial activities can in some instances seriously threaten the ability of our forces to respond to an emergency or to mobilize for war.

Although paragraph 8b(2) of circular A-76 clearly recognizes that some activities may not be selected for conversion because of military contingency, our investigations show that implementation of circular A-76 by the Defense Department uses only the criteria of cost effectiveness. Military witnesses testified to this fact on numerous occasions. Military bases are treated the same under this criteria as any other activity of the Federal Government. But this criteria is incomplete when applied to the military. Although conversion may be cost effective it may not be wise for other reasons. Our new language which our colleagues in the Committee on Government Operations seek to eliminate merely recognizes that the services are unique and cannot be treated the same as other Federal agencies. The military services exist for one purpose—war. To deter war if possible and to fight to win if necessary. Every action taken with respect to our services must be viewed in this light. One might logically conclude that our entire defense budget is not cost effective—except when we need to defend our country.

With that criteria in mind, this language prohibits conversion of an activity if in the opinion of the major military commander in the operating command such conversion would have a significant adverse effect on mobilization or emergency contingency missions. Why the major command commander? Because he is the one with the monkey on his back. It is he who must respond to the emergency and it is his duty under this amendment to report to his civilian superiors whether or not contracting out will impact on his ability to respond. We cannot has some bureaucrat buried in the bowels of OMB or the Pentagon making so-called cost effective decisions that would severely affect our defense readiness and capability.

Over the course of the past year, both in front of the subcommittees and in the field, we have heard major installation commanders and service leaders express their concern over the subject of contracting out and their attendant loss of flexibility. Contracting is a deep concern at the installation level—not all contracting out, but the movement of conversion into vital maintenance support activities.

Some years ago most support activity was performed by uniformed military personnel. This gave commanders maximim control over their functions. Under Secretary of Defense MacNamara, it was determined that this was wasteful of military manpower and, where possible, support functions were converted to civilians under Civil Service. This was a good move and it cre-

ated a stable professional work force on our military installations. Now with the advent of circular A-76, this work force is being dismantled and the jobs turned over to contractors. This is not all bad. But, it can go too far. When a major combat helicopter unit, a part of Rapid Deployment Force, has to suddenly respond to a place like the Middle East, the commander may need several 24-hour workdays out of his support maintenance activities to respond. He wants control in that circumstance. He does not have time to renegotiate a contract, fight with a labor union, play wordsmith over the terms of what a particular contract allows his support activity to give him. He needs control so he can respond and I want him to have that control. I know my colleagues want him to have it also.

Our concern, Mr. Chairman, is not over accomplishing sensible cost savings where they can be achieved—we all want to save money. Our concern is over being pennywise and pound foolish—our concern is that we do not want this administration or future administrations to use A-76 as the previous administration—merely as a tool to create an illusion—a directive from the top to reduce civilian personnel spaces by x number so that it could brag about cutting the bureaucracy. Then the DOD in its infinite wisdom could simply allot quotas to each service, each command, and each base—regardless of whether legitimate areas were available or not. This arbitrary action is damaging and must be halted.

Mr. Chairman, section 602 will not make contracting out more difficult than the executive branch says it is supposed to be anyway. However, it does inject some credibility into the process by requiring a senior commander at the three- and four-star level to personally certify the appropriateness of the proposal.

Mr. Chairman, I certainly realize that this section will not correct all of the abuses we are seeing with contracting out in the DOD—I do believe it is a step in the right direction. We can at least give it a chance—see if it will correct the executive branch abuses—and if not, we can surely get even more explicit.

In the final analysis, Mr. Chairman, what this section does is to merely put emphasis on what is already a part of the circular. It in no way harms the intent of circular A-76—quite the contrary—it clarifies that intent.

□ 1845

Mr. KAZEN. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, in this year of the budget, it is incumbent upon us to assure that cost-cutting initiatives pay off over the long haul, as well as the short term. If we, in the guise of saving money, allow procedures to be instituted which reduce spending for the first few fiscal years, but ultimately accrue a larger bill to the Government, we do a disservice to ourselves, and, more importantly, to the American taxpayer. In many cases, harm done will prove irreparable.

A good example is the process of contracting out—converting an activity or service performed for a Government agency by that agency's employees to performance on contract with a private firm. The primary purpose of contracting out is to save the Government money, a goal I strongly endorse. In the rush to save a few dollars in a given year, however, the process has often been on a collision course with overall cost effectiveness and sound management.

When the contracting agency is the Department of Defense, a further critical distinction must be made. We must not allow contracting out to impair our Nation's readiness capabilities.

Although those who drive contracting out decisions in the Office of Management and Budget, the Defense Department, and the services have assured us that there is no cause for concern, the preponderance of evidence does not support this contention.

I do not quibble with the decision to contract out support activities such as the base laundry and janitorial services, so long as it meets all legal requirements and it can be demonstrated that money will be saved immediately and in the future. In many instances, however, the process has gone to far, too fast. Functions are being contracted out without adequate review of their impact. Despite denials by those who drive contracting-out determinations, I have talked with too many knowledgeable military officers and civilian officials in my district and around the country to believe otherwise.

As an example, let us look at the Precision Measurement Equipment Laboratory, a highly skilled operation in terms of both manpower and precision equipment. When its studies convinced the Air Force that this function could be performed more cheaply by a private firm, the function was contracted out.

What happens in a few years if cost savings do not pan out in the long run? What if the Air Force wants to reestablish the function in-house?

In all probability, it cannot be done. The trained manpower, many of whom may have honed their skills for years while employed by the Government at the Precision Measurement Equipment Lab, may simply be gone. New people cannot be trained in a matter of weeks or even months. The capability to perform this activity in-house may no longer exist; cost effective or not, it would have to be done by private contractor. The Government's industrial base capabilities could be irreparably damaged, in addition the harm done very, very capable and highly trained experienced people.

Mr. BRINKLEY. Mr. Chairman, will the gentleman yield?

Mr. KAZEN. I will yield in a minute.

Another example would be vehicle maintenance. In the event of war or national emergency, the Army very literally is not going anywhere without its jeeps and trucks. I do not in any way mean to impugn the patriotism or skill of the private contractor's employees. We simply do not know what the impact of having private contractors perform such critical jobs would be. What do we do if the contractor has negotiated a 9 to 5, or 8 to 4 workday with his employees when, in fact, an around-the-clock shift or substantial overtime is required to meet maintenance schedules?

I feel that it is critical to retain the in-house expertise necessary to perform those functions that directly affect military readiness.

These are myriad examples I could cite, but these two illustrate the point I am trying to make. The fact that a computer decides, based on its programed assumptions, that contracting out an activity will put a little black ink in the budget for a year or two is just not sufficient in many cases.

The Defense Department is making substantially more progress than many Federal agencies in contracting out. This is laudable, but defense functions also demand very careful analysis. Our security at home and abroad depends on it.

I think section 602 in this bill goes a long way toward reorienting the contracting process. If the senior military officer with operational responsibilities is willing to certify that no adverse impact will result from contracting an activity, at least we will have eliminated one of the more troubling aspects of the process.

Mr. Chairman, I urge the members of the committee to reject the amendment sent up by the Committee on Government Operations and to support the Committee on Armed Services.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. KAZEN. I yield to the gentleman from Texas.

Mr. WHITE. I thank the gentleman for yielding.

Is it not a fact for 5 different years the subcommittee of the Committee on Armed Services on which the gentleman serves has been working trying to sculpture out language that would try to control the contracting out, be fair to all parties, be fair to the De-

partment of Defense, but also be fair to the employees and to contractors?

Mr. KAZEN. The gentleman is absolutely correct, our committee has done this.

The full committee has brought to the House and the Congress has adopted that type of a procedure as the gentleman from Texas (Mr. LEATH) has said, he has now in section 602 received the benefit of the experience that we have had and we want an opportunity to be given us to work under 602.

The CHAIRMAN. The time of the gentleman from Texas (Mr. KAZEN) has expired.

(At the request of Mr. WHITE and by unanimous consent, Mr. KAZEN was allowed to proceed for 2 additional minutes.)

Mr. WHITE. If the gentleman will continue to yield, and the purpose of this is to go one step further and have input from the local commander?

Mr. KAZEN. Absolutely, no question about it; that local commander is the one who knows what is needed and if this gets away from under you, this type of work, if something has to be changed in the middle of a project, he has the ability if it is done in-house to do that.

If a private contractor has it, and a change must be made in the work to be performed, he has absolutely nothing to say about the way that private contractor goes, and he can go on his merry way, nothing will be done until after the contract is finished, which will enure to the benefit of somebody but certainly not to the benefit of the armed services.

Mr. WHITE. I thank the gentleman.

Mr. BRINKLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from Texas (Mr. KAZEN) together with a former member, Chairman Ichord of our committee have been associated with this matter for many years and I wish to be associated with these remarks.

They have faced this issue over the past years and it has grown instead of diminished. This indicates to me a situation where we may be buying an amendment in substitute of the Armed Services Committee amendment, which would be pennywise and pound foolish. Because, Mr. Chairman, I am aware of situations where functions have been contracted out, and the local engineers have been called upon to do the job all over again.

And so while all of us are committed to a cost-effective operation, it is not a cost-effective operation if the job is required to be done twice. Of course it is a matter of judgment. Some would cause us to contract out all functions, perhaps, except the combat arms.

The bottom line, though, is command control—and the ability to engage effectively in battle with necessary support functions.

□ 1900

Can there be much doubt, Mr. Chairman, as to whether or not a commanding general would act responsibly? In my judgment he would in all cases. I think that he would operate reasonably under the constraints of the provision of the Armed Services Committee title which we are dealing with, section 602.

I believe it deserves the support of the House because it allows those judgments to be made by the commanders who are in the field by the military who will be involved in the action.

Mr. Chairman, I rise in opposition to the amendment and am supportive of the language of the Armed Services Committee as reflected in section 602.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. BRINKLEY. I yield to the gentleman from Alabama (Mr. DICKINSON).

Mr. DICKINSON. I would like to say that I, too, oppose the amendment and I want to associate myself with the remarks the gentleman just made, and also the chairman of the subcommittee, the gentleman from Alabama (Mr. NICHOLS).

Ms. FERRARO. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, as chairwoman of the Human Resources Subcommittee of the Committee on Post Office and Civil Service, I asked for and received a GAO report on the Department of Defense practice of contracting out. Some startling things came out in that report, the expense, the money figures were incredible. More than that, we also found that 80 percent of the contracts were sole source contracts and a good number of them were performed by former Department of Defense employees.

Further than that, a lot of those contracts, a good percentage again, were done at the instigation of former employees who were soliciting the contracts.

More than that, however, was the realization that the contractors were playing a significant role in determining exactly what our defense needs were; so it seems to me that if what we are doing in this amendment is eliminating the necessity of having the command indicate that there is no adverse effect on the mobilization mission assigned to that command, I think in the name of national defense it is actually essential that we defeat this amendment.

The CHAIRMAN. The question is on the Government Operations Committee amendment. The Government Operations Committee amendment was rejected.

Are there further amendments to title VI?

AMENDMENT OFFERED BY MRS. SCHROEDER

Mrs. SCHROEDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. SCHROEDER: Page 21, strike lines 19 through 25.

Page 22, strike lines 1 through 4.

Renumber subsequent sections accordingly.

Mrs. SCHROEDER. Mr. Chairman, the bill strikes a provision inserted in 1978 which requires a reduction in the number of highly graded civilians at DOD. The reduction required is relatively slight, and DOD has had plenty of notice that it was coming. The provision was adopted back in 1978. It says that by the end of this fiscal year, the total number of civilian employees in grades GS-13 through GS-18 cannot exceed 96 percent of the number of such employees at the end of fiscal year 1977. A year later, the number of such employees has to be reduced to 94 percent.

There has been an historical trend of grade creep in DOD, both in the uniformed ranks and in the civilian personnel rosters. On the civilian side, DOD seems to contract out the work of the lower graded employees and beef up the higher bureaucratic layers. The expense of the work force grows and grows as we end up with higher and higher average grades. If we are going to reduce Government employment, as this administration is doing, we must reduce it at all levels.

I am, therefore, offering this amendment to retain current law and require the reduction in the number of high grade civilian employees.

Mr. NICHOLS. Mr. Chairman, I must rise in opposition to the amendment offered by the gentlewoman from Colorado.

In a conference report on the Defense Authorization Act for the fiscal year 1978, the House conferees agreed to a provision included in the Senate version of that bill that would require a reduction in the number of high grade civilians and in the number of general and flag officers. The full reduction of 6 percent was to be accomplished over a 3-year period. In each of the last 2 years the Congress has delayed the implementation of the final year's reduction.

The Department of Defense has requested repeal of this section this year.

The committee has received evidence that the impact of future reductions in the number of supervisory and professional level civilians will be extremely detrimental to the Department of Defense capabilities. These reductions have an especially adverse effect in logistics and in R. & D. functions. The adverse effects are manifested in the retention rates of highly

qualified scientific and managerial personnel who see the grade reductions as an impediment to their future progress.

The Department testified that further reductions in the number of supervisory and professional level civilians will be detrimental.

I must ask that the Members defeat the amendment offered by the gentlewoman from Colorado.

Mr. MITCHELL of New York. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from New York.

Mr. MITCHELL of New York. I thank the gentleman from Alabama for yielding.

Mr. Chairman, I also rise in opposition to the amendment of the gentlewoman from Colorado. The bill we have before us today contains a considerable increase in civilian manpower strength. While many of these positions will be devoted to enhancing O. & M., operation and maintenance functions, more, not less, senior civilians will be needed to manage the major weapons systems programs that are authorized by this bill we are debating today. I am speaking of new aircraft, the XM-1 tank, the cruise missile, highly technological programs that require individuals with rich experience and sound educational qualifications, people who can provide continuity to these programs and who have a rich corporate memory, people who can command far higher salaries in the civilian sector on the outside.

I would also like to point out that according to the preliminary results of the GAO study that we asked to be done, we learned that the Department of Defense manages its high grade civilians at least as well or better than any other executive agency; so we do not have a lot of waste or duplication here.

Mr. Chairman, I ask that the amendment offered by the gentlewoman from Colorado be defeated.

Mr. HUNTER. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield to my friend, the gentleman from California.

Mr. HUNTER. As I recall, the gentlewoman from Colorado was concerned in one of the last debates over the possibility of contracting out to a large degree. I would like to ask the gentlewoman if it is not true that in cutting down on the strengths that we need in the civilian sector and particularly the people who are going to be manning the new weapons systems, are we not really going to push this load and the burden on the civilian sector and essentially end up paying employees of General Dynamics and Hughes Aircraft, et cetera, to do these jobs at rates upward of $150 an hour.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I would be happy to yield.

Mrs. SCHROEDER. Well, I do not think there is anyone in this House who has stronger feelings about contracting out than I do; so if the amendment would do that, I certainly would not offer it.

I am only saying, you have 96 percent of the number you had 2 years ago. Everybody is being asked to tighten their belts. We have seen such a mushrooming of growth over there. We have GAO reports that we could stack all over this desk saying there is all sorts of waste and duplication and bureaucracy, that if we could cut we would probably have a much better defense; so we are not talking about the areas where we will be contracting out. We are only saying to the Defense Department, "You have to operate under the same rules everyone else does. If when you were created they projected there would be no more than 100 employees and there are now 20,000, I think that you could do with fewer numbers. Everyone else is having to accept it."

It is really part of the fight on waste and fraud and ballooning of the bureaucracy and all the other issues we are dealing with.

Mr. HUNTER. I think the gentlewoman would have to concede, though, that several years ago we did not have the XM-1 tank coming on line, the roll-on, the Cruise missile, the Patriot Air Defense System.

Mrs. SCHROEDER. Mr. Chairman, if the gentleman will yield further, I have been on this committee for 8 years and every year we have had a hold. It is not like we just discovered weapons systems this year. We have had very complex weapons systems coming on every year. Part of the problem has been there is so much of the bureaucracy over there getting in our way that it is taking us longer and longer to get them from paper through production; so in a way we have got scrolls and everything else that are 40-some-feet long showing all those problems.

Mr. VOLKMER. Mr. Chairman, I move to strike the requisite number of words.

I would like to ask the gentleman from Alabama a question in regard to this amendment. About how many of these supergrade civilian personnel do we presently have on board within the Defense Department?

Mr. NICHOLS. I am advised, to respond to the gentleman from Missouri, that we have about 55,000 at the present time.

Mr. VOLKMER. Fifty-five thousand?

Mr. NICHOLS. Yes, sir.

Mr. VOLKMER. And without this amendment, with the language that is in the bill that would take the lid off, about how many more would come on board within the next 2 to 3 years as the weaponry acquisition, et cetera, escalates?

Mr. NICHOLS. I am advised by the staff that there would be no additional high-grade civilians anticipated and that it does not require reductions.

Mr. VOLKMER. All right, we will keep the 55,000. Is that what the gentleman means?

Mr. NICHOLS. That is my understanding; yes, sir.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Did the gentleman from Alabama just accept my amendment?

Mr. NICHOLS. I am sorry, I cannot accept the amendment, I say to the gentlewoman from Colorado (Mrs. SCHROEDER).

Mrs. SCHROEDER. But if we lift the ceiling, then there will be more. The gentleman does not think they would ask to lift the ceiling with the idea that they were not going to add any people?

Mr. NICHOLS. The provision requires no reduction.

Let me call the gentlewoman's attention to the situation. If we are going to boost this military, if we are going to build this military, if we are going to achieve the heights that this administration and this Congress and the committee that the gentlewoman and I serve on, it simply seems to me that we are going to have to gear up. To me that means more military people. It may mean more civilian people.

I wish I could promise the gentlewoman from the State of Colorado that we could make reductions in this area. I would like nothing more. I think my record in the Congress would bear that out; but I do think that we would be derelict if we did not provide the necessary number of people it requires to do the work that has got to be done.

Mrs. SCHROEDER. Will the gentleman from Missouri yield further?

Mr. VOLKMER. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. I only want to respond that I honestly think 55,000 employees will do it. If we lift the lid, we know what is going to happen. Katy bar the door, here will come everyone.

I honestly think from my 8 years on the committee, we have found that sometimes there were more problems because of DOD trying to get to readiness and trying to get weapons production on line and so forth that they could withstand an awful lot of bureaucratic tightening, just like everybody else is having to go through. I think that is important to remember.

I am glad the gentleman does not think there is going to be an increase,

but I will almost lay any wager that the gentleman wants to lay that next year we are going to see a big increase.

Mr. VOLKMER. I would like to reclaim my time. I would like to ask the gentlewoman a question of my own in regard to this.

As a member of the committee, can the gentlewoman tell me the justification for the increased or alleged increased need for these civilian supergrade persons over and above the 55,000?

□ 1915

Mrs. SCHROEDER. I have not seen anybody make that request. In all honesty, as chairwoman of Civil Service, it concerns me a lot. We have a limited pool of supergrades for the entire Federal Government. What happens is if we lift the cap on the DOD segment they will come and gobble up some of the others, and everybody is having to suffer cutbacks.

Mr. VOLKMER. In other words, if we cut back in the Department of Energy or Department of Education or Health and Human Services, then those supergrade personnel would move over to DOD?

Mrs. SCHROEDER. We have been cutting all sorts of them, and what might happen is they will end up with them all. I am not sure what will happen exactly, but I think without specific testimony in front of the Post Office and Civil Service Committee about why these additional slots are really needed, and what it is they are going to do, rather than just the assurance of lift the lid and we will not ask for anything more, I think we should have much more before this is done.

Mr. NICHOLS. Will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from Alabama (Mr. NICHOLS).

Mr. NICHOLS. I might be able to shed some light on the question the gentleman asked. We are told that the attrition rate for GS-12's in scientists and in engineers, which are in very much high demand in the civilian segment, has gone from a 5.3-percent attrition in 1977 to a 6.6-percent in 1980. This increase, in my judgment, came about through two factors. One is that the skills possessed by this group are extremely marketable in the civilian sector. I would suggest the gentleman pick up the want ads and we see ad after ad after ad for computer people, for highly trained scientists, and for skills for engineers and so forth.

Mrs. SCHROEDER. If the gentleman will yield, it does not cover GS-12's.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

(By unanimous consent Mr. VOLKMER was allowed to proceed for 2 additional minutes.)

Mr. NICHOLS. If the gentleman will continue to yield, the other reason, I would like to point out, for this increase is the fact that we have a cap on pay on some of these areas. They are leaving and they are leaving in numbers that concern us very, very much.

I think that is really the underlying reason for the request to lift the ceiling.

Mr. VOLKMER. But if someone were to leave, though, they could be replaced, surely. If someone leaves, they can be replaced, and that does not change the numbers.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. I yield to the gentlewoman.

Mrs. SCHROEDER. The other problem is that GS-12's are not covered by this cap. It starts at GS-13 and goes forward, so we are not really talking about the GS-12's. The other thing is we are hearing that everywhere, and what we would have to do then is hire many more people to take care of the attrition rate, which really does not solve the problem. I think the problem is pay grade, morale, and a lot of other things.

Mr. MITCHELL of New York. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from New York.

Mr. MITCHELL of New York. I would like to make a couple of observations. We find we are talking about 55,000 senior civilian executives. I think the gentlewoman's amendment would cut about 6 percent of those, or around 3,000. If we average their salaries at around $40,000, it means a savings of around $10 million to $13 million, which is a lot of money. But when we are talking about a defense budget of $200 billion, I do not think the questionable savings warrant jeopardizing the future of these highly technologically specialized defense systems like we are talking about, the tanks, the airplanes, and the cruise missile. They are expensive systems and I think we have to have good people that have savvy and know-how, and corporate ability to make them work, so I would oppose the amendment and just want to point out that it is not as large a number as I anticipated when I heard of it.

I thank the gentleman for yielding.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Colorado (Mrs. SCHROEDER).

The question was taken, and the Chairman announced that the noes appeared to have it.

Mrs. SCHROEDER. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1930

QUORUM CALL VACATED

The CHAIRMAN. One hundred and five Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentlewoman from Colorado (Mrs. SCHROEDER) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 142, noes 249, not voting 41, as follows:

[Roll No. 121]

AYES—142

Addabbo	Frank	Petri
Aspin	Garcia	Peyser
Atkinson	Gejdenson	Porter
AuCoin	Glickman	Pritchard
Bedell	Gonzalez	Pursell
Beilenson	Gray	Rangel
Benjamin	Green	Ratchford
Bereuter	Guarini	Reuss
Biaggi	Gunderson	Richmond
Bingham	Hall (OH)	Ritter
Blanchard	Hamilton	Rodino
Bonior	Harkin	Rosenthal
Brodhead	Hawkins	Rostenkowski
Brooks	Heckler	Rousselot
Burton, John	Hefner	Roybal
Chappie	Hertel	Russo
Coelho	Jacobs	Sabo
Collins (IL)	Jeffords	Sawyer
Conable	Jones (OK)	Schneider
Conyers	Kastenmeier	Schroeder
Crockett	Kildee	Seiberling
Danielson	Kogovsek	Shamansky
Dannemeyer	LaFalce	Shannon
Daschle	Lehman	Simon
de la Garza	Leland	Smith (IA)
Dellums	Lowry (WA)	Snyder
Derrick	Lujan	Solarz
Dingell	Lundine	St Germain
Donnelly	Markey	Stokes
Dorgan	Mattox	Studds
Downey	Mikulski	Synar
Dreier	Miller (CA)	Udall
Dwyer	Mineta	Vento
Dymally	Minish	Volkmer
Eckart	Mitchell (MD)	Walgren
Edgar	Moakley	Walker
Edwards (CA)	Moffett	Watkins
Edwards (OK)	Mottl	Waxman
English	Nowak	Weaver
Erdahl	O'Brien	Weiss
Ertel	Oakar	Williams (MT)
Evans (IN)	Oberstar	Wolpe
Fascell	Obey	Wyden
Ferraro	Ottinger	Wylie
Foglietta	Panetta	Yates
Ford (MI)	Patterson	Yatron
Ford (TN)	Pease	
Forsythe	Pepper	

NOES—249

Akaka	Badham	Bennett
Albosta	Bafalis	Bethune
Alexander	Bailey (MO)	Bevill
Anderson	Bailey (PA)	Bliley
Annunzio	Barnes	Boggs
Applegate	Beard	Boland
Archer	Benedict	Boner

Bonker	Hall, Ralph	Murphy
Bouquard	Hall, Sam	Murtha
Bowen	Hammerschmidt	Myers
Brinkley	Hance	Napier
Broomfield	Hansen (ID)	Natcher
Brown (CO)	Hansen (UT)	Neal
Brown (OH)	Hartnett	Nelligan
Broyhill	Hatcher	Nichols
Burgener	Heftel	Parris
Burton, Phillip	Hendon	Pashayan
Butler	Hightower	Patman
Byron	Hiler	Paul
Campbell	Hillis	Perkins
Carman	Holland	Pickle
Carney	Holt	Price
Chappell	Hopkins	Rahall
Cheney	Howard	Railsback
Clausen	Hoyer	Regula
Clinger	Hubbard	Rinaldo
Coats	Huckaby	Roberts (KS)
Coleman	Hughes	Roberts (SD)
Collins (TX)	Hunter	Robinson
Conte	Hutto	Roe
Corcoran	Hyde	Roemer
Coughlin	Ireland	Rogers
Courter	Jeffries	Roukema
Coyne, James	Jenkins	Rudd
Coyne, William	Johnston	Santini
Craig	Jones (TN)	Schulze
Crane, Daniel	Kazen	Sensenbrenner
Crane, Philip	Kindness	Sharp
D'Amours	Kramer	Shaw
Daniel, Dan	Lagomarsino	Shelby
Daniel, R. W.	Lantos	Shumway
Daub	Latta	Shuster
Davis	Leach	Siljander
Derwinski	Leath	Skeen
Dickinson	LeBoutillier	Skelton
Dicks	Lent	Smith (AL)
Dornan	Levitas	Smith (NE)
Dougherty	Lewis	Smith (NJ)
Dowdy	Livingston	Smith (OR)
Duncan	Loeffler	Snowe
Dunn	Long (LA)	Solomon
Dyson	Long (MD)	Spence
Edwards (AL)	Lott	Stangeland
Emerson	Lowery (CA)	Stanton
Emery	Luken	Staton
Erlenborn	Lungren	Stenholm
Evans (DE)	Madigan	Stratton
Evans (GA)	Marks	Stump
Evans (IA)	Marriott	Swift
Fary	Martin (IL)	Tauke
Fazio	Martin (NC)	Tauzin
Fenwick	Martin (NY)	Taylor
Fiedler	Matsui	Thomas
Fields	Mavroules	Traxler
Findley	McClory	Trible
Fish	McCloskey	Wampler
Flippo	McCollum	Weber (MN)
Foley	McCurdy	Weber (OH)
Fountain	McDonald	White
Fowler	McEwen	Whitehurst
Frost	McGrath	Whitley
Fuqua	McHugh	Whittaker
Gaydos	McKinney	Whitten
Gephardt	Mica	Williams (OH)
Gibbons	Michel	Wilson
Gilman	Miller (OH)	Winn
Gingrich	Mitchell (NY)	Wolf
Ginn	Molinari	Wortley
Gore	Mollohan	Young (AK)
Gradison	Montgomery	Young (FL)
Gramm	Moore	Young (MO)
Gregg	Moorhead	Zablocki
Grisham	Morrison	Zeferetti

NOT VOTING—41

Andrews	Fithian	Nelson
Anthony	Florio	Quillen
Ashbrook	Frenzel	Rhodes
Barnard	Goldwater	Rose
Bolling	Goodling	Roth
Breaux	Hagedorn	Savage
Brown (CA)	Hollenbeck	Scheuer
Chisholm	Horton	Schumer
Clay	Jones (NC)	Stark
Cotter	Kemp	Vander Jagt
Deckard	Lee	Washington
DeNardis	Marlenee	Wirth
Dixon	Mazzoli	Wright
Early	McDade	

□ 1945

The Clerk announced the following pairs:

On this vote:

Mr. Washington for, with Mr. Jones of North Carolina against.

Messrs. WHITE, D'AMOURS, IRELAND, and TRAXLER changed their votes from "aye" to "no."

Messrs. DANNEMEYER, SNYDER, SAWYER, and WATKINS changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. MICHEL. Mr. Chairman, I move to strike the last word.

(By unanimous consent, Mr. MICHEL was allowed to speak out of order.)

LEGISLATIVE PROGRAM

Mr. MICHEL. Mr. Chairman, I have asked for this time for the purpose of inquiring of the distinguished majority whip the program for the balance of today and tomorrow.

Mr. FOLEY. If the distinguished Republican leader will yield to me, Mr. Chairman, I have discussed the schedule for the rest of the day with the distinguished chairman of the Armed Services Committee, the gentleman from Illinois (Mr. PRICE), who informs me that there will probably be one more amendment considered, the possibility being that the Committee will accept that amendment, and the Committee intends, after the reading of title IX, to rise for this evening. So that it is not anticipated that there will be any additional votes tonight.

Tomorrow the House will convene at 10 a.m. and resume consideration of the Department of Defense authorization bill, and if it has completed its action by noon or, if not, in any case, the Committee will rise at noon, and the House will then consider the rule and general debate only on H.R. 4034, the HUD appropriations for fiscal year 1982.

Of course, votes will be expected between 10 a.m. and noon, and possibly on the rule; but following the adoption of the rule and the beginning of general debate, it is not anticipated that there would be any further votes in the early afternoon.

The House will adjourn by 3 p.m. tomorrow.

Mr. MICHEL. I thank the gentleman.

Mr. Chairman, I am advised that it is possible that this bill could be brought to final resolution within that limited time frame between 10 a.m. and 12 noon.

Might I inquire if it is the feeling of the majority side that it is at all possible that we can conclude this measure tomorrow?

Mr. FOLEY. It is anticipated that if we can conclude the bill tomorrow, we will do so. If not, however, the Committee will rise at noon and proceed with the rule and general debate on the HUD appropriation, and this matter will go over until next week.

Mr. MICHEL. On that, would the gentleman be prepared to advise us on whether or not it will be taken up again on Monday?

Mr. FOLEY. No; the anticipation is that we will take up suspensions on Monday, and there is the possibility we will consider the Interior and related agencies appropriation bill, but no votes will be taken on Monday. It is not the intention of the leadership that any votes will be called on Monday, and if any votes arise on the appropriation bill, the Committee would be prepared to rise.

Mr. MICHEL. And then tomorrow the gentleman would be prepared to tell us the program for the balance of next week?

Mr. FOLEY. Yes, indeed.

Mr. MICHEL. I thank the gentleman.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Chairman, I wonder if the distinguished majority whip would perhaps amplify his statement just a bit. If we read through title VIII this evening, naturally that brings us to title IX, which has some controversial issues in it. One has to do with the acquisition of foreign-made vehicles by the Defense Department, one has to do with posse comitatus, which relates to the use of military equipment and intelligence and the combating of drug traffic, one has to do with research grants, and another very important one that the Government Operations Committee is interested in has to do with multiyear procurement.

I would hope that we could move expeditiously and perhaps finish this in 2 hours tomorrow. But I was wondering, are we locked into a 12 o'clock time limit? If we are within striking distance of concluding, could we perhaps go until 1 o'clock and finish all the bill? Is it possible we could do this?

Mr. FOLEY. If the gentleman will yield, it is the intention, I would advise the Republican leader and the gentleman from Alabama, of the majority side to give the Members some certainty that the Committee would be asked to rise at noon, regardless of where the Committee is in its deliberations, and that we would not continue, even if there was a relatively short time required to finish the bill. The Members could be advised that, except for the possibility of a vote on the rule, which will be taken up promptly at noon, there would be no votes tomorrow afternoon. It is the intention of the leadership on this side to give Mem-

bers that assurance so that they can make their plans accordingly.

Mr. DICKINSON. If the gentleman will yield for a further inquiry, then am I correct in paraphrasing that on the armed services bill we will rise at noon, regardless of where we are in the deliberations?

Mr. FOLEY. The gentleman is correct.

Mr. DICKINSON. There will be no votes following that tomorrow afternoon?

Mr. FOLEY. The one possibility of a vote—we would hope it would not occur but there is that possibility—is on the adoption of the rule, which will be considered promptly after the Committee of the Whole rises. Other than that possible vote on the rule, we anticipate no votes tomorrow afternoon.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. MICHEL) has expired.

Mr. DICKINSON. Mr. Chairman, I move to strike the last word.

If I might have the attention of the distinguished majority whip, just so that we all understand, we will rise at noon tomorrow, wherever we are on this bill, the one we are presently debating. If we have a vote at all, it will be on the rule, which should follow shortly after the Committee rises. Then on Monday we will not take up the armed services bill; we will take up other legislation, and it is anticipated we will have no votes on Monday. Is this correct?

Mr. FOLEY. The gentleman is correct. The leadership anticipates that, except for the possibility of a vote on the rule tomorrow afternoon, there would be no votes after noon tomorrow and no votes on Monday. All votes occurring on Monday will be postponed until Tuesday.

Mr. DICKINSON. Has the leadership thought far enough along to perhaps advise us as to when we might expect this bill to come up again if we do not finish tomorrow? Will it be Tuesday?

Mr. FOLEY. I think the majority leader intends to make an announcement tomorrow of the program for next week, but I think the gentleman can assume the bill would be taken up on either Tuesday or Wednesday of next week.

Mr. DICKINSON. Mr. Chairman, I thank the distinguished gentleman.

The CHAIRMAN. Are there further amendments to title VI? If not, the Clerk will read title VII.

The Clerk read as follows:

TITLE VII—MILITARY TRAINING STUDENT LOADS

AUTHORIZATION OF TRAINING STUDENT LOADS

SEC. 701. (a) For fiscal year 1982, the components of the Armed Forces are authorized average military training student loads as follows:

(1) The Army, 75,728.
(2) The Navy, 65,133.
(3) The Marine Corps, 18,311.
(4) The Air Force, 46,389.
(5) The Army National Guard of the United States, 14,537.
(6) The Army Reserve, 10,830.
(7) The Naval Reserve, 1,041.
(8) The Marine Corps Reserve, 2,835.
(9) The Air National Guard of the United States, 2,157.
(10) The Air Force Reserve, 1,405.

(b) The average military student loads for the Army, the Navy, the Marine Corps, and the Air Force and the reserve components authorized in subsection (a) for fiscal year 1982 shall be adjusted consistent with the manpower strengths authorized in titles IV, V, and VI of this Act. Such adjustment shall be apportioned among the Army, the Navy, the Marine Corps, and the Air Force and the reserve components in such manner as the Secretary of Defense shall prescribe.

Mr. PRICE (during the reading). Mr. Chairman, I ask unanimous consent that title VII be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

AMENDMENT OFFERED BY MR. SOLOMON

Mr. SOLOMON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SOLOMON: At the end of title VII (page 24, after line 14), add the following new section:

EXTENSION OF REDUCTION IN NUMBER OF STUDENTS REQUIRED TO BE IN A UNIT OF THE JUNIOR RESERVE OFFICERS' TRAINING CORPS

SEC. 702. Section 602 of the Department of Defense Authorization Act, 1981 (Public Law 96-342; 94 Stat. 1087), is amended by striking out "August 31, 1981" and inserting in lieu thereof "August 31, 1982".

Mr. SOLOMON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SOLOMON. Mr. Chairman, my colleagues, I will not take the 5 minutes because the amendment is supported by the Secretary of the Department of Defense and the Secretaries of the various military departments. It simply provides for the continuation of the junior ROTC programs in secondary schools, both private and public, throughout the Nation.

The reason for the need for the amendment is that on August 31, 1981, the provisions for providing for them will expire. As the Members will recall, prior to last year it required an enrollment of 100 students to continue these programs. Because of declining enrollment throughout many of the small cities and towns in America, many of these programs were jeopardized. Consequently, we changed the law last year to provide for 10 percent of qualified enrollments in these schools. So, I would hope that, after discussion with the subcommittee chairman and chairman of the full committee and Members on both sides of the aisle, I would hope that the Committee would accept the amendment.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. SOLOMON. I would be glad to yield.

Mr. NICHOLS. Mr. Chairman, I have had an opportunity to examine the amendment offered by the gentleman from New York. I accept the gentleman's amendment for the members of the committee on this side of the aisle.

Mr. SOLOMON. I thank the gentleman.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. SOLOMON. I yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Chairman, let me say that I think this is a very meritorious amendment. I support it. As an example, I have a school in my district that has fallen to 95 members of ROTC. They have won many, many trophies, outstanding trophies, for drill, marksmanship, and so forth. Without this amendment they would be disqualified, and I think that would certainly not be in the best interests of the country, the school, or my district.

I certainly support the amendment.

Mr. SOLOMON. I thank the gentleman.

Mr. MITCHELL of New York. Mr. Chairman, will the gentleman yield?

Mr. SOLOMON. I yield to my colleague.

Mr. MITCHELL of New York. Mr. Chairman, I thank the gentleman for yielding. I want to state that I am sympathetic with the amendment. In fact, in past years I have been one of the cosponsors on this particular piece of legislation. I feel this simple extension is necessary. It is a good program, and I am pleased to accept the amendment of my friend and neighboring colleague.

Mr. SOLOMON. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. SOLOMON).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title VII?

The Clerk will read title VIII.

The Clerk read as follows:

TITLE VIII—CIVIL DEFENSE

AUTHORIZATION OF APPROPRIATIONS

SEC. 801. (a) There is hereby authorized to be appropriated for fiscal year 1982 to carry out the provisions of the Federal Civil Defense Act of 1950 the sum of $174,000,000. Of such amount, $44,000,000 is authorized to be appropriated for contributions to the States for personnel and administrative expenses under section 205 of that Act, and any amount appropriated for such purpose

may not be obligated or expended for any other purpose.

(b) The level of funding in the authorization of appropriations in subsection (a) represents the first year of a comprehensive seven-year upgraded funding program for civil defense known as the "D-Prime" program, which is based upon the goal of achieving a comprehensive population relocation capability for time of crisis. The program originated in executive branch studies in the civil defense area that provided the basis for Presidential Directive 41, issued in September 1978, and is consistent with the action of Congress in enacting title V of the Federal Civil Defense Act of 1950 in Public Law 96-342.

AMOUNT AUTHORIZED FOR CONTRIBUTION FOR STATE PERSONNEL AND ADMINISTRATIVE EXPENSES

SEC. 802. Section 408 of the Federal Civil Defense Act of 1950 (50 U.S.C. App. 2260) is amended by striking out "$40,000,000" and inserting in lieu thereof "$47,000,000".

DUAL-USE

SEC. 803. (a)(1) Title III of the Federal Civil Defense Act of 1950 is amended by adding at the end thereof the following new section:

"DUAL-USE FOR ATTACH-RELATED CIVIL DEFENSE AND DISASTER-RELATED CIVIL DEFENSE

"SEC. 207. Funds made available to the States under this Act may be used by the States for preparing for, and providing emergency assistance in response to, natural disasters. The Administrator shall prescribe regulations to carry out the preceding sentence. Such regulations shall authorize the use for such purposes of civil-defense personnel, materials, and facilities supported in whole or in part through contributions under this Act. Regulations prescribed under this subsection shall provide terms and conditions authorizing such use to the greatest extent practicable and consistent with the purposes of this Act as stated in section 2.".

(2) Subsection (h) of section 205 of such Act (50 U.S.C. App. 2287) is repealed.

(3) Regulations shall be prescribed under section 207 of the Federal Civil Defense Act of 1950, as added by paragraph (1), not later than the end of the 90-day period beginning on the date of the enactment of this Act.

(4) The table of contents of such Act is amended by inserting after the item relating to section 206 the following new item:

"Sec. 207. Dual-use for attack-related civil defense and disaster-related civil defense.".

(b) Section 2 of such Act (50 U.S.C. App. 2251) is amended—

(1) by striking out ", in this thermonuclear age," in the first sentence;

(2) by inserting "and from natural disasters" after "from attack" in the second sentence; and

(3) by striking out "basic" in the fourth sentence and inserting in lieu thereof "attack-related".

(c) Section 3 of such Act (50 U.S.C. App. 2252) is amended—

(1) by redesignating paragraphs (b), (c), (d), (e), (f), and (g) as paragraphs (c), (d), (e), (f), (g), and (h), respectively;

(2) by inserting after paragraph (a) the following new paragraph (b):

"(b) The term 'natural disaster' means any hurricane, tornado, storm, flood, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, drought, fire, or other catastrophe in any part of the United States which causes, or which may cause, substantial damage or injury to civilian property or persons and, for the purposes of this Act, any explosion, civil disturbance, or any other manmade catastrophe shall be deemed to be a natural disaster;"

(3) by inserting "or by a natural disaster" in clause (1) of paragraph (c) (as so redesignated) after "attack upon the United States"; and

(4) by inserting "or natural disaster" after "attack" each place it appears in such paragraph after clause (1).

(d)(1) Paragraph (c) of section 201 of the such Act (50 U.S.C. App. 2281(c)) is amended by striking out "of enemy attacks to the civilian population" and inserting in lieu thereof "to the civilian population of an attack or natural disaster".

(2) Paragraph (d) of such section is amended by inserting "and natural disasters" after "effects of attacks".

(3) Paragraph (g) of such section is amended by inserting "or natural disaster" after "attack" each place it appears in such paragraph.

(e) Section 205(d)(1) of such Act (50 U.S.C. App. 2286(d)(1)) is amended by inserting "and the areas which may be affected by natural disasters" after "target and support areas".

Mr. PRICE (during the reading). Mr. Chairman, I ask unanimous consent that title VIII be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. Are there amendments to title VIII?

The Clerk will read title IX.

The Clerk read as follows:

TITLE IX—GENERAL PROVISIONS

RESEARCH GRANTS

SEC. 901. Section 2358(1) of title 10, United States Code, relating to research projects, is amended by inserting ", or by grant to," after "by contract with".

REQUIREMENT FOR ANNUAL AUTHORIZATION OF APPROPRIATIONS FOR AMMUNITION AND FOR OTHER PROCUREMENT NOT CURRENTLY SUBJECT TO ANNUAL AUTHORIZATION

SEC. 902. (a) Section 138(a) of title 10, United States Code, relating to annual authorization of appropriations, is amended—

(1) by striking out "or" at the end of clause (6); and

(2) by inserting after clause (7) the following new clauses:

"(8) procurement of ammunition; or

"(9) other procurement by any armed force or by the activities and agencies of the Department of Defense (other than the military departments);".

(b) The amendments made by subsection (a) shall apply with respect to funds appropriated for fiscal years beginning after September 30, 1982.

INCREASES IN DOLLAR THRESHOLDS FOR CERTAIN DEFENSE CONTRACT REGULATIONS

SEC. 903. (a) Sections 2304(a)(3) and 2304(g) of title 10, United States Code, are amended by striking out "$10,000" and inserting in lieu thereof "$25,000".

(b) Section 2306(f)(1) of such title is amended by striking out "$100,000" each place it appears and inserting in lieu thereof "$500,000".

(c) Section 2311 of such title is amended by striking out "$100,000" and inserting in lieu thereof "$5,000,000".

FACILITATION OF SELECTIVE SERVICE REGISTRATION AND OF MILITARY RECRUITING

SEC. 904. (a) Section 3 of the Military Selective Service Act (50 U.S.C. App. 453) is amended—

(1) by inserting "(a)" after "SEC. 3."; and

(2) by adding at the end thereof the following new subsection:

"(b) Regulations prescribed pursuant to subsection (a) may require that persons presenting themselves for and submitting to registration under this section provide, as part of such registration, such identifying information (including date of birth, address, and social security account number) as such regulations may prescribe.".

(b) Section 12 of such Act (50 U.S.C. App. 462) is amended by adding at the end thereof the following new subsection:

"(e)(1) The President may require the Secretary of Health and Human Services to furnish to the Director, from records available to the Secretary, the following information with respect to individuals who are members of any group of individuals required by a proclamation of the President under section 3 to present themselves for and submit to registration under such section: name, date of birth, social security account number, and address.

"(2) In order to enforce the provisions of this Act and to ensure registration of all persons required to present themselves for and submit to registration under section 3, the President may require the Secretary of the Treasury to furnish to the Director, from records available to the Secretary, the address of any individual whose name is furnished to the Secretary by the Director. Information furnished to the Director by the Secretary under this section shall be used only for the purpose of the enforcement of this Act.".

(c) Section 15 of such Act (50 U.S.C. App. 465) is amended by adding at the end thereof the following new subsection:

"(e) In order to assist the Armed Forces in recruiting individuals for voluntary service in the Armed Forces, the Director of Selective Service shall, upon the request of the Secretary of Defense or the Secretary of Transportation, furnish to the Secretary the names and addresses of individuals registered under this Act. Names and addresses furnished pursuant to the preceding sentence may be used by the Secretary of Defense or Secretary of Transportation only for recruiting purposes.".

DETERMINATION OF CHARGES FOR CHAMPUS PAYMENTS

SEC. 905. (a)(1) Subsection (h) of section 1079 of title 10, United States Code, is amended to read as follows:

"(h)(1) Payment for a charge for services by an individual health-care professional (or other noninstitutional health-care provider) for which a claim is submitted under a plan contracted for under subsection (a) may be denied only to the extent that the charge exceeds the amount equivalent to the 90th percentile of billed charges made for similar services in the same locality during the base period.

"(2) For the purposes of paragraph (1), the 90th percentile of charges shall be determined by the Secretary of Defense, in consultation with the Secretary of Health and Human Services, and the base period shall be a period of twelve calendar months.

The base period shall be adjusted at least once a year.".

(2) Section 1086(f) of such title is amended by striking out "physician services" and inserting in lieu thereof "services by an individual health-care professional (or other noninstitutional health-care provider)".

(b) The amendments made by subsection (a) shall apply with respect to claims submitted for payment for services provided after September 30, 1981.

DEFERRAL OF PERSONNEL END-STRENGTH LIMITATIONS DURING A NATIONAL EMERGENCY

SEC. 906. (a) Section 138(b) of title 10, United States Code, is amended by inserting "average" after "authorize the".

(b) Section 138(c) of such title is amended by adding at the end thereof the following new paragraph:

"(4) If at the end of any fiscal year there is in effect a war or national emergency, the President may defer the effectiveness of any end-strength limitation with respect to that fiscal year enacted by Congress for any military or civilian component of the armed forces or of the Department of Defense. Any such deferral may not extend beyond November 30 of the following fiscal year. The President shall promptly notify Congress of any deferral of an end-strength limitation under this paragraph.".

CIVIL RESERVE AIR FLEET

SEC. 907. (a) Chapter 931 of title 10, United States Code, is amended—

(1) by inserting after the chapter heading the following:

"Subchapter
"I. General 9501
"II. Civil Reserve Air Fleet 9511

"SUBCHAPTER I—GENERAL"; and

(2) by adding at the end thereof the following new subchapter:

"SUBCHAPTER II—CIVIL RESERVE AIR FLEET

"9511. Definitions.
"9512. Contracts to modify aircraft: cargo-convertible features.
"9513. Contracts to modify aircraft: commitment of aircraft to Civil Reserve Air Fleet.

"§ 9511. Definitions

"In this subchapter:

"(1) 'Aircraft', 'citizen of the United States', 'person', and 'public aircraft' have the meaning given those terms by section 101 of the Federal Aviation Act of 1958 (49 U.S.C. 1301).

"(2) 'Cargo air service' means the carriage of property or mail on the main deck of a civil aircraft.

"(3) 'Cargo-capable aircraft' means a civil aircraft equipped so that all or substantially all of the aircraft's capacity can be used for the carriage of property or mail.

"(4) 'Passenger aircraft' means any civil aircraft equipped so that its main deck can be used for the carriage of individuals and cannot be used principally, without major modification, for the carriage of property or mail.

"(5) 'Cargo-convertible feature' means equipment or design features included or incorporated in a passenger aircraft that can readily enable all or substantially all of the aircraft's main deck to be used for the carriage of property or mail.

"(6) 'Civil aircraft' means any aircraft other than a public aircraft.

"(7) 'Civil Reserve Air Fleet' means those aircraft allocated, or identified for allocation, to the Department of Defense under section 101 of the Defense Production Act of 1950 (50 U.S.C. App. 2071), or made available (or agreed to be made available) for use by the Department of Defense under a contract made under this title, as part of the program developed by the Department of Defense through which the Department of Defense augments its airlift capability by use of civil aircraft.

"(8) 'Contractor' means a citizen of the United States (A) who owns or controls, or who will own or control, a civil aircraft and who contracts with the Secretary of the Air Force to modify that aircraft by including or incorporating cargo-convertible features suitable for defense purposes in that aircraft and to commit that aircraft to the Civil Reserve Air Fleet, or (B) who subsequently obtains ownership or control of a civil aircraft covered by such a contract and assumes all existing obligations under that contract.

"(9) 'Existing aircraft' means any civil aircraft other than a new aircraft.

"(10) 'New aircraft' means any civil aircraft that a manufacturer has not begun to assemble before the aircraft is covered by a contract under section 9512 of this title.

"(11) 'Secretary' means the Secretary of the Air Force.

"§ 9512. Contracts to modify aircraft: cargo-convertible features

"(a) Subject to chapter 137 of this title, and to the extent that funds are otherwise available for obligation, the Secretary may contract with any citizen of the United States (1) for the modification of any new aircraft to be owned or controlled by that citizen by the inclusion of cargo-convertible features suitable for defense purposes in that aircraft, or (2) for the modification of any existing passenger aircraft owned or controlled by that citizen by the incorporation of cargo-convertible features suitable for defense purposes in that aircraft.

"(b) Each contract made under subsection (a) shall include the terms required by section 9513 of this title and the following terms:

"(1) The contractor shall agree that each aircraft covered by the contract that is not already registered under section 501 of the Federal Aviation Act of 1958 (49 U.S.C. 1401) shall be registered under that section not later than the completion of the manufacture of the aircraft or the completion of the modification of the aircraft under the contract.

"(2) The contractor shall agree to repay to the United States a percentage (to be established in the contract) of any amount paid by the United States to the contractor under the contract with respect to any aircraft if—

"(A) the aircraft is destroyed;

"(B) the cargo-convertible features specified in the contract are removed from the aircraft;

"(C) control over the aircraft is transferred to any person that is unable or unwilling to assume the contractor's obligations under the contract;

"(D) the registration of the aircraft under section 501 of the Federal Aviation Act of 1958 is terminated for any reason not beyond the control of the contractor; or

"(E) having agreed in the contract that the main deck of the aircraft will not be used for cargo air service, the contractor uses, or permits the use of, the main deck of the aircraft for cargo air service.

"(c) A contract made under subsection (a) with respect to any aircraft may include the following terms:

"(1) If the contractor agrees that the main deck of the aircraft will not be used in cargo air service, the Secretary may agree to pay the contractor—

"(A) an amount not to exceed 100 percent of the cost of modifying the aircraft to include or incorporate cargo-convertible features suitable for defense purposes in that aircraft, as described in subsection (a);

"(B) an amount to compensate the contractor for the loss of use of the aircraft during the time required to make such modification, such amount to be determined by taking into consideration the fair market rental cost of a similar aircraft (not including crews, ground facilities, or other support costs) for that time, the estimated loss of revenue by the contractor attributable to the aircraft being out of service during that time, and such other factors as the Secretary considers appropriate; and

"(C) in the case of an existing aircraft, 100 percent of the cost of positioning the aircraft for modification, recertification of that aircraft after modification, returning that aircraft to service, and other costs directly associated with the modification.

"(21) If the contractor does not agree that the main deck of the aircraft will not be used for cargo air service, the Secretary may agree to pay the contractor an amount not to exceed 50 percent of the cost of modifying the aircraft to include or incorporate cargo-convertible features suitable for defense purposes.

"(3) The Secretary may under the contract be authorized to contract directly with a person chosen by the contractor to perform the modification of the aircraft to include or incorporate cargo-convertible features suitable for defense purposes in that aircraft and to pay to that person chosen by the contractor—

"(A) if the contractor agrees that the main deck of the aircraft will not be used for cargo air service, an amount less than or equal to the amount to which the contractor would otherwise be entitled under paragraph (1)(A); or

"(B) if the contractor does not agree that the main deck of that aircraft will not be used for cargo air service, an amount less than or equal to the amount to which the contractor would otherwise be entitled to under paragraph (2).

"(d) In addition to any amount the Secretary may agree under subsection (c)(1) or (c)(3)(A) to pay under a contract made under subsection (a), the Secretary may agree under such a contract that, if the contractor agrees that the main deck of the aircraft will not be used in cargo air service, the Secretary shall make a lump sum or annual payments (or a combination thereof) to the contractor to cover any increased costs of operation or any loss of revenue attributable to the inclusion or incorporation of cargo-convertible features suitable for defense purposes in the aircraft.

"(e)(1) Subject to paragraph (2), the Secretary may agree, in any contract made under subsection (a), to pay the contractor an amount for any loss resulting from the subsequent sale of an aircraft modified under that contract if the sale of that aircraft is for a price less than the fair market value, at the time of the sale, of an aircraft substantially similar to the aircraft being sold but without the cargo-convertible features.

"(2) The Secretary may not agree to make any payment under this subsection with respect to the sale of any modified aircraft unless—

"(A) the sale is within 16 years and six months after the modified aircraft was ini-

tially delivered by the manufacturer to its original owner, in the case of an aircraft that was modified during manufacture, or by the modifier to the owner at the time of modification, in the case of an aircraft that was modified after manufacture;

"(B) the Secretary received written notice of the proposed sale at least 60 days before the sale;

"(C) the contractor used its best efforts to obtain bids for the purchase of the aircraft;

"(D) the sale is a bona fide, arm's-length transaction made to the highest bidder for a price that is less than the fair market value of an aircraft substantially similar to the modified aircraft but without the cargo-convertible features; and

"(E) before the sale the Secretary was given an opportunity to and refused to purchase the modified aircraft for a price equal to the fair market value, at the time of the sale, of an aircraft substantially similar to the modified aircraft but without the cargo-convertible features.

"(3) Any amount that may be payable under a contract provision made under this subsection may not exceed the difference between (A) the sales price of the modified aircraft, and (B) the fair market value, at the time of the sale, of an aircraft substantially similar to the modified aircraft but without the cargo-convertible features included or incorporated into the modified aircraft under the contract.

"(4) The Secretary may use any funds appropriated for Air Force procurement for fiscal year 1982 or thereafter to pay any obligation under a contract provision made under this subsection.

"§ 9513. Contracts to modify aircraft: commitment of aircraft to Civil Reserve Air Fleet

"(a) Each contract under section 9512 of this title shall provide—

"(1) that any aircraft covered by the contract shall be committed to the Civil Reserve Air Fleet;

"(2) that, so long as the aircraft is owned or controlled by a contractor, the contractor shall operate the aircraft for the Department of Defense as needed during any activation of the full Civil Reserve Air Fleet, notwithstanding any other contract or commitment of that contractor; and

"(3) that the contractor operating the aircraft for the Department of Defense shall be paid for that operation at fair and reasonable rates.

"(b) Notwithstanding section 101 of the Defense Production Act of 1950 (50 U.S.C. App. 2071), each aircraft covered by a contract under section 9512 of this title shall be committed exclusively to the Civil Reserve Air Fleet for use by the Department of Defense as needed during any activation of the full Civil Reserve Air Fleet unless the aircraft is released from that use by the Secretary of Defense.".

(b) Effective beginning with fiscal year 1982, there are authorized to be appropriated such sums as may be necessary to carry out subchapter II of chapter 931 of title 10, United States Code (as added by subsection (a)).

AUTHORIZATION OF MILITARY COOPERATION WITH CIVILIAN LAW ENFORCEMENT OFFICIALS

SEC. 908. (a) Part I of subtitle A of title 10, United States Code, is amended by adding after chapter 17 the following new chapter:

"CHAPTER 18—MILITARY COOPERATION WITH CIVILIAN LAW ENFORCEMENT OFFICIALS

"Sec.

"371. Use of information obtained by members of the armed forces.

"372. Use of armed forces equipment and facilities.

"373. Training and advising civilian law enforcement officials.

"374. Regulations.

"375. Military personnel assistance.

"§ 371. Use of information obtained by members of the armed forces

"The Secretary of Defense may provide to Federal, State, and local civilian law enforcement officials any information collected during the normal course of military operations that may be relevant to a violation of any Federal or State law.

"§ 372. Use of armed forces equipment and facilities

"The Secretary of Defense may make available any equipment, base facility, or Defense may make available any equipment, base facility, or research facility of the armed forces to any Federal, State, or local civilian law enforcement official if the making of such equipment or facility available will not adversely affect the military preparedness of the United States.

"§ 373. Training and advising civilian law enforcement officials

"The Secretary of Defense may assign members of the armed forces to train Federal, State, and local law enforcement officials in the operation of military equipment made available under section 372 of this title and to provide expert advice relevant to the purposes of this chapter, if the provision of such training or advice will not adversely affect the military preparedness of the United States.

"§ 374. Regulations

"(a) The Secretary of Defense shall issue such regulations as may be necessary to insure that the provision of any assistance, or the provision of any equipment or facility, to any Federal, State, or local civilian law enforcement official under this chapter does not impair any training or operation necessary to the military preparedness of the United States.

"(b) The Secretary of Defense shall also issue such regulations as may be necessary to insure that reimbursement for the provision of assistance, including the provision of any equipment or facility, under this chapter to any Federal, State, or local civilian law enforcement official may be obtained whenever the Secretary determines such reimbursement to be appropriate.

"§ 375. Military personnel assistance

"The Secretary of Defense, upon request from a Federal drug agency, is authorized to assign members of the armed forces to assist Federal drug enforcement officials in drug seizures or arrests provided that (1) any such assistance will not adversely affect the military preparedness of the United States, (2) the Secretary of Defense verifies that the drug enforcement operation may not succeed without military personnel assistance, (3) Federal drug enforcement officials maintain ultimate control over the activities and direction of any drug enforcement operation, and (4) such assignment shall not occur in any location or circumstance not previously approved by the Secretary of State.".

(b) The tables of chapters at the beginning of subtitle A of such title and at the beginning of part I of subtitle A of such title are amended by adding after the item relating to chapter 17 the following new item:

"18. Military Cooperation with Civilian Law Enforcement Officials .....371".

(c) Effective beginning with fiscal year 1982, there are authorized to be appropriated such sums as may be necessary to carry out chapter 18 of title 10, United States Code (as added by subsection (a)).

ARMED SERVICES PROCUREMENT POLICY

SEC. 909. (a) Section 2301 of title 10, United States Code, relating to defense procurement policy, is amended—

(1) by inserting "(b)" before "It is"; and

(2) by inserting after the section heading the following:

"(a)(1) The Congress finds that in order to ensure national defense preparedness, to conserve fiscal resources, and to enhance defense production capability, it is in the interest of the United States to acquire property and services for the Department of Defense in the most timely, economic, and efficient manner. It is therefore the policy of the Congress that services and property (including weapon systems and associated items) for the Department of Defense be acquired by any kind of contract, other than cost-plus-a-percentage-of-cost contracts, but including multi-year contracts, that will promote the interest of the United States. Further, it is the policy of the Congress that such contracts, when practicable, provide for the purchase of property at times and in quantities that will result in reduced costs to the Government and provide incentives to contractors to improve productivity through investment in capital facilities, equipment, and advanced technology.

"(2) It is also the policy of the Congress that contracts for advance procurement of components, parts, and materials necessary for manufacture or for logistics support of a weapon system should, if feasible and practicable, be entered into in a manner to achieve economic-lot purchases and more efficient production rates.".

(b) Section 2306 of such title, relating to the kinds of defense contracts, is amended—

(1) by striking out "to be performed outside the forty-eight contiguous States and the District of Columbia" in subsection (g); and

(2) by adding at the end thereof the following new subsection:

"(h)(1) To the extent that funds are otherwise available for obligation, the head of an agency may make contracts (other than contracts described in paragraph (6)) for the purchase of property, including weapon systems and items and services associated with weapon systems (or the logistics support thereof), for periods of not more than five fiscal years of procurement whenever he finds—

"(A) that the use of such a contract will promote the national security of the United States and will result in reduced total costs under the contract;

"(B) that there will be a continuing requirement for the items to be purchased in quantities consonant with current plans for the proposed contract period;

"(C) that there is a low risk of contract cancellation; and

"(D) that there is a stable design for the items to be acquired for which the technical risks are not excessive.

"(2)(A) The Secretary of Defense shall prescribe defense acquisition regulations to promote the use of multiyear contracting as authorized by paragraph (1) in a manner that will allow the most efficient use of multiyear contracting.

"(B) Such regulations may provide for cancellation provisions in such multiyear contracts to the extent that such provisions are necessary and in the best interests of the United States. Such cancellation provisions may include consideration of both recurring and nonrecurring costs of the contractor associated with the production of the items to be delivered under the contract.

"(C) In order to broaden the defense industrial base, such regulations shall provide that, to the extent possible—

"(i) multiyear contracting under paragraph (1) shall be used in such a manner as to seek, retain, and promote the use under such contracts of companies that are subcontractors, vendors, or supplies; and

"(ii) upon accrual of any payment or other benefit under such a multiyear contract to any subcontractor, vendor, or supplier company participating in such contract, such payment or benefit shall be delivered to such company in the most expeditious manner practicable.

"(D) Such regulations shall also provide that, to the extent possible, the administration of this subsection, and of the regulations prescribed under this subsection, shall not be carried out in a manner to preclude or curtail the existing ability of agencies in the Department of Defense to—

"(i) provide for competition in the production of items to be delivered under such a contract; or

"(ii) provide for termination of a prime contract the performance of which is deficient with respect to cost, quality, or schedule.

"(3) Before any contract described in paragraph (1) that contains a clause setting forth a cancellation ceiling in excess of $100,000,000 may be awarded, the head of the agency concerned shall given written notification of the proposed contract and of the proposed cancellation ceiling for that contract to the Committees on Armed Services and on Appropriations of the Senate and House of Representatives, and such contract may not then be awarded until the end of the 30-day period beginning on the date of such notification.

"(4) Contracts made under this subsection may be used for the advance procurement of components, parts, and materials necessary to the manufacture of a weapon system, and contracts may be made under this subsection for such advance procurement, if feasible and practical, in order to achieve economic lot purchases and more efficient production rates.

"(5) In the event funds are not made available for the continuation of a contract made under this subsection into a subsequent fiscal year, the contract shall be canceled or terminated, and the costs of cancellation or termination may be paid from—

"(A) appropriations originally available for the performance of the contract concerned;

"(B) appropriations currently available for procurement of the type of property concerned, and not otherwise obligated; or

"(C) funds appropriated for those payments.

"(6) This subsection does not apply to contracts for the construction, alteration, or major repair of improvements to real property or contracts for the purchase of property to which section 111 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 759) applies.

"(7) This subsection does not apply to the Coast Guard or the National Aeronautics and Space Administration.".

(c) Section 139(c) of such title, relating to reports on weapons development and procurement schedules, is amended—

(1) by striking out "and" at the end of clause (2);

(2) by striking out the period at the end of clause (3) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following:

"(4) the most efficient production rate and the most efficient acquisition rate consistent with the program priority established for such weapon system by the Secretary concerned.".

(d) Not later than the end of the ninety-day period beginning on the date of the enactment of this Act—

(1) the Secretary of Defense shall issue such modifications to existing regulations governing defense acquisitions as may be necessary to implement the amendments made by subsections (a), (b), and (c); and

(2) the Director of the Office of Management and Budget shall issue such modifications to existing Office of Management and the Budget directives as may be necessary to take into account the amendments made by subsections (a) and (b).

(e) Section 810 of the Department of Defense Appropriation Authorization Act, 1976 (Public Law 94-106; 89 Stat. 539), is repealed.

(f) Section 2311 of title 10, United States Code, relating to delegation of authority, is amended—

(1) by striking out "(1)"; and

(2) by striking out ", and (2) authorizing contracts in excess of three years under section 2306(g) of this title".

PROHIBITION OF FULL-TIME EQUIVALENT EMPLOYEE METHODOLOGY

SEC. 910. None of the funds appropriated pursuant to an authorization of appropriations contained in this Act may be used to establish or administer within the Department of Defense (or any part thereof) any civilian personnel management system using the "full-time equivalent employee" methodology.

EXTENSION OF SUSPENSION OF VINSON-TRAMMEL ACT PROFIT-LIMITATION PROVISIONS

SEC. 911. Section 1005 of the Department of Defense Authorization Act, 1981 (Public Law 96-342; 94 Stat. 1120), is amended by striking out "October 1, 1981" each place it appears and inserting in lieu thereof "July 1, 1982".

ASSISTANCE TO YORKTOWN BICENTENNIAL CELEBRATION

SEC. 912. (a) Notwithstanding any other provision of law, the Secretary of Defense is authorized, in connection with the observance on October 19, 1981, of the two hundredth anniversary of the surrender of Lord Cornwallis to General George Washington at Yorktown, Virginia, which date has been proclaimed by Public Law 96-414 (94 Stat. 1724) as a National Day of Observance of that historic event—

(1) to provide logistical support and personnel services for the national observance of such events;

(2) to lend and provide equipment to officials of the Yorktown Bicentennial Committee as requested by the Secretary of the Interior; and

(3) to provide such other services as the Secretary of Defense may consider advisable.

(b) There is authorized to be appropriated to the Secretary of Defense an amount not to exceed $1,000,000 for the purpose of carrying out subsection (a).

(c) No funds may be obligated or expended for carrying out the purposes of subsection (a) unless such funds have been specifically appropriated for such purposes.

Mr. PRICE (during the reading). Mr. Chairman, I ask unanimous consent that title IX be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

● Mr. STARK. Mr. Chairman, during our debate on the DOD authorization bill, I think we must keep in mind the magnitude of the programs we are dealing with and the possible consequences of our mad rush to throw dollars at the Pentagon.

Some of the Pentagon's best friends in Congress—Republicans and Democrats alike—have expressed concern over the effect of the defense budget on the economy and the effectiveness of Reagan's approach to national security. As a leading conservative and Member of this body recently said:

It's clear that the American people will spend much more on defense in the 1980's. It is not clear that they will be better defended.

To grasp the true impact of the billions that will be poured into defense, it is necessary to look at President Reagan's total economic package. Over the next 5 years, the President will reduce civilian expenditures by $138 billion, coupled with $181 billion in increased defense spending. In addition, he has proposed a $196 billion tax cut. In theory, the proposed tax cut will stimulate so much economic growth and generate so much additional revenue that we will be able to pay for billions in additional defense spending and balance the budget by 1984.

But what if the economy fails to perform as planned? What if productivity does not grow at a phenomenal rate, and inflation does not dwindle to 5 percent in less than 5 years? How will we then pay for the tax cuts and the massive increase in defense spending?

Recent history should serve as a strong warning to those who think we can have our cake and eat it, too. During the Korean war, our military buildup was paid for by sharply increasing taxes; inflation declined. In contrast, during the Vietnam conflict Lyndon Johnson decided that we could afford both guns and butter. By refusing to raise taxes to pay for the war, he set off the inflation that has led to our current economic woes. President Reagan and the Congress may both desire dramatic tax cuts and increased military spending, but we may find that our economy simply cannot afford both.

Massive increases in defense spending have other alarming economic aspects. By sharply escalating our de-

fense effort in peacetime, we will be diverting funds to defense at a far greater rate than our allies—and economic competitors—in Europe and Japan. As a result, we will drain money and human resources from the civilian economy that is the ultimate source of our international influence and military strength. As Prof. Lester C. Thurow of MIT has stated:

> If the skilled workers and funds that are used for defense here are used for civilian production abroad, it should not come as a great surprise if we are driven out of civilian markets. What will happen to the United States if the industries that manufacture semiconductors, microprocessors, and computers are forced out of business while the nation is busy rearming itself?

Some, of course, would argue that whatever the economic penalties, America must vastly increase defense spending to improve readiness and present a more credible deterrent to Soviet aggression. This view assumes that every dollar spent on defense results in a corresponding increase in our military capability. But plain commonsense tells me, and many others who have reservations about the defense budget, that squandering our money on the wrong weapons can be just as dangerous as spending too little on defense.

A good case in point is the M-1 supertank. In 1972, it was estimated to cost about $500,000 a piece. Today, each M-1 costs $2.8 million. The Army boasts that the M-1 is the most sophisticated tank ever built. No tank in the Soviet arsenal has comparable electronic wizardry.

Yet the M-1 cannot meet basic requirements for durability and reliability. Recent Army tests indicate a 70-percent probability that the M-1 will need a replacement engine or other power-train gear after only 4,000 miles. In addition, the M-1 is so heavy that our largest cargo plane, the C-5A, can airlift only one at a time.

So despite the M-1's impressive gadgets, the new tank's performance shortcomings and high cost make it a second-rate weapon. The M-1 could well be too unreliable and too few in number to engage Soviet forces aggressively in rugged maneuver warfare. Will the American people really get their money's worth out of the $20 billion that the Reagan administration plans to spend on over 7,000 M-1 tanks?

Many other new weapons systems are plagued by shoddy workmanship, huge cost overruns, and poor reliability. The Trident submarines, the F-18A Navy fighters, the C-5A cargo plane, and the Army's Patriot missile—to name only a few—have encountered these problems.

Inflation is the major culprit in most cost overruns. Overall, the cost of 47 major weapons programs increased by $47.6 billion in just the last quarter of last year—an inflation rate of about $350,000 every minute.

Inflation will probably take a heavy toll on this year's defense budget as well. Unfortunately, much of the cost overrun problem is built into the defense budget when an administration makes an unrealistically low-inflation forecast. In the huge Pentagon budget, a few percentage points mean billions of dollars.

Jimmy Carter drastically underestimated the effect of inflation on defense programs; it appears that Ronald Reagan is headed for the same pitfall. The Congressional Budget Office (CBO) estimates that President Reagan's $1.7 trillion, 5-year defense program will cost $136 billion more than he predicts because he is allowing too little for inflation. In fiscal 1982 alone, CBO estimates that the Reagan defense budget will cost $6.4 billion more than he originally requested.

This means, of course, that the Department of Defense will not be able to buy all the weapons, train all the troops, and conduct all the maintenance that is promised in President Reagan's budget without further increases in defense spending. In the words of R. James Woolsey, a former Under Secretary of the Navy—

> The Reagan administration is beginning to lay some minefields in its own path toward a sensible and sustainable defense policy.

Given the present state of our economy and the need for strengthening some of our military capabilities, what should the American people expect from this Congress and this administration?

First. A realistic view of the economic costs of our military buildup. If the economy does not take off like a rocket, will the Congress raise taxes to pay for massive defense spending? Or will we allow the defense budget to create whopping deficits, destroy any hopes of balancing the budget, and set off a new round of inflation? Americans should also expect realistic inflation estimates to prevent unplanned cost overruns.

Second. A strong commitment to limit the arms race. President Reagan has made it clear that a large military buildup will help him to bargain with the Soviet Union from a position of obvious strength. But can we afford to wait another 3 to 10 years for our new arsenal to roll off the assembly line? The Russians will not be standing still. Let us begin serious arms reductions talks now, and speed up negotiations to head off new avenues of competition, such as weapons in space.

Third. A reevaluation of complex, expensive, and unreliable weapons. While it is almost sacrilegious to suggest that the Pentagon be content with anything less than the most technologically advanced weapons money can buy, gold-plated weapons could ultimately undermine our military power. Unreliable weapons may lull us into thinking we are well defended when, in fact, we are not. We may discover that we strained our economy to produce an arsenal of weapons that, like the helicopters in the Iranian rescue attempt, fail us just when we need them most.

Fourth. Stringent efforts to weed out fraud and abuse in the Defense Department. While the President has assailed waste in the Federal Government, a crackdown on the Pentagon has been noticeably absent. The General Accounting Office reported that mismanagement and fraud in the Defense Department cost billions of dollars every year. GAO estimated that better management could result in annual savings of $10 billion a year by 1985. By cutting fat in the defense budget, we will have more money for real defense muscle.●

Mr. PRICE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. FOLEY) having assumed the chair, Mr. SIMON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3519) to authorize appropriations for fiscal year 1982 for the Armed Forces for procurement, for research, development, test, and evaluation, and for operation and maintenance, to prescribe personnel strengths for such fiscal year for the Armed Forces and for civilian employees of the Department of Defense, to authorize appropriations for such fiscal year for civil defense, and for other purposes, had come to no resolution thereon.

PUEBLO DEPOT

(Mr. BRINKLEY asked and was given permission to address the House for 1 minute.)

Mr. BRINKLEY. Mr. Speaker, earlier today there was a colloquy between the gentleman from Colorado (Mr. KOGOVSEK) and the gentleman from Virginia (Mr. DAN DANIEL) relating to the Pueblo Depot.

Mr. Speaker, I ask unanimous consent to register my interest also in the matter and to state my concern over the full, continuing utility thereof.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

GENERAL LEAVE

Mr. DYSON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to

revise and extend their remarks and to include therein extraneous material on the subject of the special order today by the gentleman from New York (Mr. ADDABBO).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

EXTENDING FORFEITURE PROVISIONS OF RICO STATUTE

(Mr. ZEFERETTI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ZEFERETTI. Mr. Speaker, today I have introduced a bill which would amend the racketeer influenced and corrupt organizations (RICO) and the continuing criminal enterprise (CCE) statutes. These amendments will strengthen the effectiveness of existing laws in forfeiting the assets, profits and proceeds of narcotics traffickers.

Specifically, the changes I propose will extend the present forfeiture provisions of the RICO statute to all profits and proceeds obtained in a drug trafficking enterprise. Current law makes subject to forfeiture only a trafficker's interest in a narcotics enterprise. Under my amendment, profits and proceeds of a narcotics enterprise would be the subject of forfeiture regardless of the form in which they are held or acquired or whether obtained directly or indirectly as a result of trafficking. In this same vein, my amendment to the CCE statute would permit the forfeiture of the proceeds of a drug transaction. At the present time, the CCE statute permits forfeiture only of the profits of a criminal enterprise. My amendment would make subject to forfeiture all proceeds of narcotics trafficking, not just the profits realized from such activity.

A further amendment to the RICO statute would make clear that the law applies to wholly illegal enterprises, associations or groups of individuals engaged in drug trafficking. Although the Supreme Court recently clarified this issue by holding that the RICO statute does apply to any type of criminal scheme or organization, this amendment would make the law explicit on this issue.

Last, I am proposing to amend both the RICO and CCE statutes to permit the forfeiture of other assets of a trafficker when he puts his illegal gains beyond the reach of forfeiture procedures. At the present time, both RICO and CCE only permit the forfeiture of assets directly related to the offense for which the defendant is convicted. Neither statute speaks to illegal gains that are transferred to third parties or placed in unreachable foreign depositories. This amendment would allow the forfeiture of any assets a trafficker has in his possession that are not otherwise subject to forfeiture to the extent that illicit assets identified for forfeiture are unreachable.

A bill similar to mine has been introduced in the Senate by Senator BIDEN. Senator BIDEN has made an extensive and thoughtful study of the deficiencies in the present forfeiture statutes. He is to be commended on his efforts. The amendments contained in both bills are the results of suggestions by the General Accounting Office which issued a detailed report on the utility of RICO and CCE and how both statutes can be improved.

Although it has been said many times, I do not believe it can be overstated that the elimination of the vast profits traffickers thrive on is the most effective weapon in the war against drug trafficking. Effective employment of the forfeiture statutes against traffickers cannot come about merely by legislative changes that improve the current laws. The Department of Justice and Federal drug law enforcement agencies must make the forfeiture of traffickers' assets an integral part of any investigation and prosecution. Unfortunately, this has not been the case to date. The GAO report found that in the 98 RICO and CCE prosecutions that took place over the last 10 years, only 8 had an investigative plan to identify assets for forfeiture purposes. As chairman of the Select Committee on Narcotics Abuse and Control, I urge the Justice Department to support this legislation and to develop the investigative expertise that is necessary to bring about effective forfeiture prosecutions against major traffickers. Only when this commitment is made can we begin to eliminate the financial gain and power narcotics traffickers seek.

CONSULTING REFORM AND DISCLOSURE ACT OF 1981

(Ms. FERRARO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. FERRARO. Mr. Speaker, today I am introducing the Consulting Reform and Disclosure Act of 1981. Similar legislation has been introduced in the other body by Senator DAVID PRYOR, of Arkansas.

I am compelled to introduce this legislation because the serious and pervasive problems which have characterized consulting activities for 20 years are continuing unabated. During a recent hearing by my Subcommittee on Human Resources, I was informed by the Office of Management and Budget (OMB) that all of the necessary safeguards against abuse are in place. OMB argues that it is now up to the agencies to properly use and monitor consulting services.

OMB says legislation is not necessary. What this administration wants is to continue business as usual in the abuse and misuse of consulting and management support contracts.

I believe that the 20-year history of agency mismanagement of consulting services contained in 30 critical GAO reports demonstrates why this legislation is necessary. A GAO report received by the Human Resources Subcommittee last year cited serious and pervasive problems in consulting contracts in six civilian agencies. The most recent GAO report which I received concerned consulting type contracts in DOD. In that report GAO found that several of the management support services contracts reviewed have preempted DOD's prerogative in directing national defense and in management and direction of the armed services.

Mr. Speaker, these facts give a haunting currency to the warning which President Eisenhower gave to us in his farewell address—a speech made when he had no future political ambitions.

> In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist * * * we must also be alert to the equal * * * danger that public policy could itself become captive of a scientific-technological elite.

I am afraid we have not heeded this warning.

Although the critical danger from the abuse in consulting is the rise of misplaced power, the economic arguments are compelling as well. Estimates of the amount of Federal funds spent annually on consulting services range from a conservative $2 billion to over $9 billion. Many of the contracts funded by these tax dollars were a complete waste because agencies never used the end products; many are fraught with conflicts of interest which negate the objectivity of the consulting studies; many of the contracts call for the performance of inherently governmental activities; and in the most blatant abuse of all, most are awarded without any competition.

This administration has announced a major attack on waste, fraud, and abuse throughout the Federal Government.

There is no better way to attack waste than to require by law each agency to identify the amounts requested for consulting and other contracting in their budgets so that every Member of Congress and every taxpayer can see it.

There is no more important fraud, to attack than the fraud being perpetrated on the American people when direct Federal employees are replaced by contract employees and billions of

dollars of unsubstantiated savings are claimed.

Eighty-two percent of the contracts reviewed in a GAO study being awarded without competition is the worst kind of abuse.

The legislation that I am introducing today will respond to the problems that currently exist in the Federal Government's use of consulting and related services. It will attack waste, fraud, and abuse in these contracts. The legislation has been carefully drafted so that it will have the maximum beneficial effect on certain wasteful spending practices, while having no adverse effect on an already overburdened procurement process. Furthermore, the legislation has been designed not to add unduly to the Government's paperwork requirements.

My bill employs the sunshine approach. It does not try to tell agencies that they must—or must not—use consultants. It says to agencies: If you use consultants, we in Congress and the public want to know about it. We want to know whom you use, what you have them do, and how you use the work they do for you.

CONSULTING REFORM AND DISCLOSURE ACT OF 1981

(Mr. PEASE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEASE. Mr. Speaker, I rise in support of the gentlewoman from New York (Ms. FERRARO) and this vital legislation, the Consulting Reform and Disclosure Act of 1981. I commend the gentlewoman from New York for her careful research and pursuit of wasteful consulting practices by Federal agencies.

The recent reports put out by the General Accounting Office are very distressing. In a report to Ms. FERRARO on the Department of Defense consulting practices, GAO recommended legislative action by Congress and said that,

> In spite of the continuing attention being focused on the use of contracting consultants, serious and pervasive problems continue to exist, and will continue to exist, until DOD takes the initiative to address them. Contractors are playing a significant role in identifying needs and thus, in effect, are articulating and performing defense management functions.

The result is that DOD is weakening its ability to perform in-house work essential to fulfillment of its defense mission. Much of the work is currently being performed by former DOD employees.

The report cites $2.6 billion in fiscal year 1979 of all types of contract management support services just for the Department of Defense. But the Department of Defense is not alone. The problem is widespread and is not only costly to the taxpayers but serves to undermine the effectiveness of many agencies. A March 1980 GAO report revealed that the work of consultants, in many cases, has no useful impact on agency operations and consultants are often used to perform work of a policymaking or managerial nature which should be done by agency officials. These consulting problems are further complicated by the use of consultants by consultants. When this occurs, we have agencies that are relying on consultants, who are relying on other consultants, which raises serious doubts about the expertise of the prime contractor and the selection processes used by agencies.

Sound confusing? You bet it is. The widespread use of consultants boggles the mind. Earlier this year when I was preparing an alternative budget proposal I found it virtually impossible to identify or propose reductions in Government contracting and consulting simply because their costs are not identified. This should not be. The Congress cannot properly oversee the executive branch if it has incomplete information. And in many cases I think the agency administrators are unaware as well.

The use of consultants is valid in many instances, but the practice is clearly out of hand. GAO has investigated wasteful consulting practices for 20 years and this legislation is long overdue. The waste, fraud, and abuse they have uncovered is appalling. Federal agencies can no longer lackadaisically dole out consulting contracts which they are perfectly capable of performing themselves. The American taxpayers will not stand for it and neither will the Congress. I urge my colleagues to support this important legislation.

THE KOSHAROVSKY'S—A STORY OF COURAGE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. WILLIAM J. COYNE) is recognized for 5 minutes.

● Mr. WILLIAM J. COYNE. Mr. Speaker, I would like to take this opportunity to tell my fellow colleagues about the Kosharovsky family of the Soviet Union.

Mr. Yuli Kosharovsky and his wife Inna, first submitted their applications to emigrate to Israel in April 1971. They were refused permission the following month. Mr. and Mrs. Kosharovsky were again denied permission in November 1977. In 1980, the Kosharovsky's were informed by Soviet officials that they must remain in the Soviet Union because they did not have any close relatives in Israel. Ironically, both Yuli and Inna hold Israeli citizenships.

Mr. Kosharovsky is by profession a radio electronics engineer, his wife, a mathematician. Yuli and Inna have two sons aged 14 and 11. Yuli Kosharovsky lost his job in the shop where he was working when his employers learned of his wish to emigrate. Since then he has been unable to find work in his profession and taken on odd jobs to support his family. At present, Yuli is working as a night watchman at a cinema. His wife, Inna, studied mathematics at the Moscow State University, but has never been allowed to work in her field because of her desire to live in Israel.

As one of the early leaders of the Soviet Jewry movement, Yuli Kosharovsky, continues to speak out for freedom of emigration. The KGB has threatened and harassed him. He has been arrested several times since early 1970, on charges of hooliganism and disturbing the public order.

In the summer of 1975, he began a seminar for unemployed engineers (unemployed because of their desire to emigrate to Israel.) He has been threatened many times by the Soviet police and told that he should discontinue these seminars, but he has not done so.

In an incredible act of bravery, he was one of 250 Soviet Jews who signed the following appeal directed to the Knesset and all Jewish communities throughout the world.

> We appeal to you at one of the most dramatic moments, perhaps one of the major turning points in the history of the Jews in Russia. Our history is one never-ending web of humiliation, oppression and pogroms . . .
>
> On the surface only a small part of the erupting volcano can yet be seen. All the rest is inside—hidden, concealed from view. What is being cooked up, down there in the depths, is as yet unknown to us, but we shall no doubt very soon feel it and experience the full effects of the depth of anti-Jewish prejudice.
>
> At this serious and dangerous moment in our lives, we want you to know that no treachery, threat, slander or libel can intimidate us. We shall continue with the fight for our freedom, because we know that you are with us. We shall do everything in our power to restore and maintain the honor and dignity of our people.

Mr. Speaker, every possible step should be taken by our Government to see that officals of the Soviet Union abide by the Helsinki Accords of 1975. I urge my colleagues to let their voices be heard in defense of the basic human rights of all Soviet Jews.●

EDITORIAL SAYS: "TWENTY-NINE OLYMPIC COINS ARE TOO MANY"

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, recently I quoted from an editorial in

Numismatic News that expressed grave reservations about the flawed Olympic coin bills supported by the Los Angeles Olympic Organizing Committee, H.R. 3958 and S. 1230. The second major coin newspaper, Coin World, has also editorially criticized those bills, not once, but twice.

In an editorial on June 3, 1981, Coin World points out that both the 1976 Canadian Olympic coins and the Los Angeles coins proposed in H.R. 3958 are series of 29 coins. Although the Canadian marketing experts blamed several factors for the poor U.S. response to the 1976 coins, the editorial points out the actual reason: "U.S. collectors just got tired of trying to keep track" of the long and complicated series. I see no reason that collectors' response to a 29-coin series for the 1984 Olympics will be any different than to the 1976 Olympics. As the editorial says: "29 Olympic coins are too many."

Coin World concludes that it is "not realistic" to expect coin sales to be a major support for the Los Angeles Olympics and that the Senate supporters of S. 1230 "have been sold a bill of goods."

The editorial points out that "numismatists have begged for years for a commemorative" coin. But it cautions that the coin should "be produced and sold by the U.S. Mint, to eliminate any initial profiteering or abuses." My bill, H.R. 3879, heeds that advice. S. 1230 and H.R. 3958 do not.

Coin World makes another interesting point in the June 3, 1981, editorial. It mentions that the firms of Lazard Freres and Occidental Petroleum would reportedly market the coins for the Los Angeles Olympic Organizing Committee. Those firms, the editorial points out, marketed the 1980 Moscow Olympic coins. It is supremely ironic that the same group that helped the Soviets sell Russian coins to Americans commemorating an Olympic boycotted by American athletes might get to sell American coins commemorating the Los Angeles Olympics.

A second Coin World editorial on June 24, 1981, restates many of these points. It again points out that "the number of coins [is] excessive," but goes even further and accuses the Los Angeles Olympic Organizing Committee of "illusions [sic] of grandeur if it expects the numismatic community to be the prime source of funding for the games."

The editorial also restates Coin World's strong opposition to "handing over officially minted U.S. coins to private enterprise for sale and distribution." The editor points out that such practice is "the very mechanism that spelled the death knell to commemorative coinage" in the past.

Coin World endorses "a reasonable U.S. Olympic coinage program handled from beginning to end by the Bureau of the Mint." It further states that it has no objections if "some of the profits could go to the Olympic Committee."

My bill, H.R. 3879, meets the criteria that are important for a successful Olympic coin program: a reasonable number of coins and sales controlled by the Mint. The other bills, H.R. 3958 and S. 1230, do not. The numismatic press recognizes the flaws in those bills, and has done a public service in pointing them out.●

SETTING AN EXAMPLE: VA HOSPITALS RESTRAIN COSTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Mississippi (Mr. MONTGOMERY) is recognized for 5 minutes.

● Mr. MONTGOMERY. Mr. Speaker, oftentimes we hear certain medical officials and organizations use the term "mainstreaming" of veterans' health care. Those who use this term are supporters of the concept that veterans would receive better health care and treatment for acute illnesses if they were treated in private hospitals rather than VA hospitals.

These same people will also say, however, that the Veterans' Administration should continue to care for the older veteran who needs long-term health care. Why? Because the private sector will not care for them.

The medical community is becoming more aware of the quality care veterans receive in VA hospitals. The Acting Administrator of the Veterans' Administration, its Chief Medical Director, Dr. Donald L. Custis, in recent speeches before a number of medical groups, is informing these groups that the Veterans' Administration will continue to maintain a separate system to provide both acute and extended care for our Nation's veterans.

While medical care costs continue to spiral and medical inflation continues at double-digit rates, the Veterans' Administration continues to provide multiple care to veterans at a cost much more reasonable than comparable care provided in the private sector. There follows an article by Susan Matson, a Washington, D.C., writer and researcher which recently appeared in the April issue of the Health Care Financing Administration Forum. I call this article to the attention of my colleagues. Congress is proud of the excellent health-care system we now have in place for veterans that is not only providing quality care but doing so in a cost-effective manner. As the article notes, the Veterans' Administration is "setting an example" others should follow:

SETTING AN EXAMPLE: VA HOSPITALS RESTRAIN COSTS

(By Susan Matson)

Through an emphasis on ambulatory care and shortened inhospital stays, the country's largest centrally directed health care system—that of the Veterans Administration—has held its increase in costs of care to just 60 percent of the national average.

Although the average VA patient is older than patients generally and might be expected to use more care, the VA reported an increase in operating costs of just 7.5 percent in 1979, while U.S. health care costs grew about 12 percent. The VA sets an example for other budget-watching health administrators.

The Veterans Administration health care system encompasses 172 medical centers (a VA medical center consists of a hospital, outpatient clinic, and usually facilities for medical education and research), and 54 satellite or independent clinics. It also operates 16 domiciliaries and 92 nursing homes. The quality of care at VA hospitals is monitored by 43 professional groups, and all the hospitals are accredited by the Joint Commission on the Accreditation of Hospitals (JCAH). In 1979, the VA treated about 1.3 million hospital patients, while outpatient visits amounted to over 17 million.

VA patients are of course almost exclusively veterans—individuals retired or separated from active military service. (A relatively few active duty service personnel and members of veterans' families are treated, under special circumstances.) First priority is given veterans for service-connected disabilities; then veterans with such disabilities who are seeking care for some other medical problem; and finally all other veterans, on a space-available basis, may receive needed hospital care if they cannot afford it elsewhere. (Veterans in the last category who are 65 or older do not have to prove financial need.)

Vast as it is, the VA health care umbrella is just a part of a system that eventually touches most American males. We now have over 30 million veterans—45 percent of U.S. men. That proportion will rise to just over half in 1990 and to 52.5 percent by the year 2000. Two-thirds of living veterans have received at least one veteran's benefit since leaving the armed forces, a 1978 survey indicated.

In demographic profile, veterans largely echo the civilian population—except for being older. Given this, it might be expected that a sizable percentage of VA clients would be in nursing home or extended care facilities. Not so. Of the 2.4 million applications for care processed by the VA in 1979, only .2 percent were for nursing home and domiciliary care, while 37.8 percent were for hospital care and 46.1 percent were for ambulatory (outpatient) care. (The rest either did not need care or where ineligible for the VA benefit they were seeking).

(Heart disease ranks as the VA system's number one broad diagnosis area, followed by psychotropic disease—including alcoholism, drug abuse, and psychiatric disorders. As a single diagnosis, alcoholism is the largest reported concern.)

OUTPATIENT CARE STRESSED

Because many of their clients have lifelong eligibility for care, the VA is more atuned to long-term recovery than some private hospitals might be.

In response to the need for long-range care, the VA has expanded types of care available, many at the lower end of the scale of intensity. The system is currently examining hospital-based home care, which utilizes the multidisciplinary health care team—what may be called "the 1980s version of the house call." Teams include prac-

titioners ranging from medical to rehabilitation specialists and social workers.

While partly a reflection of a national trend, the outpatient phenomenon at the VA also stems from a conscious policy decision implemented in the mid-1970s. Nowhere is it evident than in psychiatric care.

PIONEERING IN PSYCHOTROPIC DRUGS

"The mental health field was encouraging ambulatory care long before medicine and surgery did," explains Dr. Robert Custer of the VA's mental health division. "Our outpatient program have doubled out the past ten years, and we know that the patients are a lot happier and better off."

The division's outpatient arm is represented by VA mental hygiene clinics, which now total 136 units. Day treatment centers number 55 and hospital facilities, 40.

Directed and encouraged from the VA's central office in Washington, ambulatory care has considerable grassroots at VA facilities. "Our increased use of an open-door policy means a change in attitude for both staff and patients." says Dr. Custer. "More responsibility means enhanced mental health."

The VA supplements its dependence on ambulatory care with a stepped-up training program in living skills for patients and the judicious use of tranquilizers and other psychotropic drugs. VA medical researchers are credited with development of many of the psychotropic drugs that now form the industry standard for treating psychiatric disorders.

Usage of ambulatory care may have peaked, some VA administrators believe (the 17,263,000 outpatient visits in 1979 represent a slight drop from 17,416,000 in 1978). "There is a finite limit, but we are well on our way." says Dr. John Castellot of the internal medicine staff. "The mandatory inpatient workload has to be our first priority."

SHORTER STAYS, GREATER SAVINGS

Emphasis on outpatient treatment goes hand-in-hand with making sure that inpatient care, when needed, is as short and intensive as possible. In general, length of stay is still somewhat longer in VA hospitals than in community hospitals, probably because of the difference in:

(1) Case-mix (the VA sees relatively fewer acute, medical/surgical patients and more patients with long-term conditions, as well as older patients requiring extended care), and

(2) Conditions of discharge (patients may be delayed in leaving the hospital while arrangements for post-discharge placement are made, in cases of long-standing medical problems).

But over the past decade, the VA's average length of hospital stay dropped sharply: from 20.8 days in 1970 to 15.3 in 1980. (This is for the group representing the vast majority of patients—97 percent—who stay fewer than 100 days.)

One reason may be the system's length of stay screening process, now three years old. Employing a comprehensive series of booklets for field use, the process was tailored to each of seven provider types and established specific standards for 19 disease categories. The system was originally mandatory.

"Hospitals were supposed to screen their lengths of stay for each of the categories to see if they were generally within the norm," explains VA Dr. Carl Tribble. "But some hospitals went too far in taking the norm literally, as an ultimate mandate."

Screening is no longer mandatory, but the majority of VA hospitals still use it on a voluntary basis, both to contain length of stay and to monitor clinicians' behavior. The example has been set, and Tribble is optimistic about the self-monitoring process.

At the same time, he acknowledges, any such cost containment program requires flexibility. "If you put a patient out two days too early, he may come back again with the kind of problems that really call for intensive care."

Obviously, length of treatment is often discretionary. Prolonged illnesses, such as cancer, that permit the clinician the most discretion in the number of visits may be worth further examination in terms of cost containment. The VA's systematic internal review (SIR) process, under the auspices of the agency's Health Services Review Organization, furthers this idea by requiring that each facility examine length of stay along with other treatment considerations. Outside review is provided by the systematic external review program (SERP), which teams multidisciplinary professionals from several hospitals to review SIR systems. SERP, which sets higher standards than does JCAH, is coordinated by team leaders from the VA's central office.

Shorter lengths of stay mean increased turnover, which means greater cost effectiveness. While the number of admissions today has doubled since 1969 (159,771 versus 87,150), the VA operates successfully with half the number of beds (25,375 versus 50,129).

Since 1970, although the VA's per diem costs have more than tripled, its cost per inpatient treated has been much less inflationary, about 180 percent, as indicated in Figure 1.

FIGURE 1.—COST EFFECTIVENESS OF INCREASED TURNOVER IN VA HOSPITALS

Fiscal year	Average cost per inpatient day		Cost per inpatient treated	
	Amount	Index (1970=100)	Amount	Index (1970=100)
1970	$38.42	100	$1,524	100
1971	43.41	113	1,626	107
1972	52.61	137	1,851	121
1973	57.92	151	1,769	116
1974	65.08	169	1,855	122
1975	75.71	197	1,984	130
1976	87.86	229	2,135	140
1977	103.27	269	2,346	154
1978	119.10	310	2,583	169
1979	133.82	348	2,772	182

Source: Veterans' Administration Annual Report, 1979.

Much of the progress has taken place in the last three years. With national health care cost rising at a rate of about 12 percent a year, the VA health care system showed an operating cost increase of just 7.5 percent in 1979, an improvement over 1977. Costs per patient day also represent a substantial improvement from 1977.

When expenses per acute-care episode are compared, VA hospital figures for fiscal year 1978 show their costs to be 93.4 percent of AHA data for community hospitals ($2.450 per episode vs $2.622). (The VA adjusted its data to be as comparable as possible, dropping out some research and medical education costs not generally found in community hospitals.)

CLEANING UP ON LAUNDRY BILLS

While ambulatory care and inpatient turnover are the major contributors to the VA's inflationary scaledown, several innovative projects have also contributed to cost savings.

For example, laundry bills were a sizeable component of inpatient costs. until a recent program found ways for regional VA hospitals to centralize their cleaning services. The grouping of forces—together with a campaign encouraging the use of chemical cleaners effective in cold water—in 1979 saved the VA $3 million over the previous years.

One cost containment oddity is the VA's silver recovery program, begun in 1963. Throughout VA medical centers, silver is collected from x-ray processing solutions and scrap medical x-ray film. During fiscal year 1980, over $13.6 million was received from the sale of the bullion and scrap film. These proceeds are returned to the medical centers. The rising income from this source over 17 years reflects intensified VA initiatives as well as the recent boom in silver market prices. For example, receipts spiked in 1978 when the VA sold silver it had withheld from the market in 1977 for administrative reasons; dropped to a "normal" increase in 1979; then spiked again in 1980 because of increased prices of silver.

Centrally procured supplies offer another opportunity—which the VA has seized—for savings. This area of achievement is perhaps most directly related to the large size of the health care system. The annual cost of furnishing supplies, equipment, utilities, and services to VA facilities in fiscal year 1979 was $1.1 billion (another $37 million was spent to supply other government agencies participating in the centralized supply system). The VA's revolving fund for supplies, without fiscal year limitation, covers the cost of warehouse inventories at depots and medical centers.

Most supplies are procured centrally at volume discounts, which accounts for an annual savings of over $100 million or about 6 percent of the total. It is reasonable to assume that facilities in other centrally operated health care systems could achieve similar savings by pooling resources and operations.

VA BLUEPRINTS MULTILEVEL CARE

To offset the rising salaries of professional staff, the VA has increased its use of paraprofessionals. Three-fourths of medical and surgical expenses are personnel-related, according to Lawrence Bettes of the VA's medical resource management office, who also pointed out that VA salary levels are fixed by statute. In some instances, the new stress on ambulatory services has required an extended staff, as in hospital-based home care (mentioned earlier).

This could mean higher costs. But many VA facilities have determined that, by employing two-and-one-half nurses for the cost of one experienced physician, they can expand services without increasing costs. This is especially true in the case of triage, in which routine activities such as histories and physicals can be satisfactorily conducted by non-physicians.

A multidisciplinary team approach was a primary consideration in phasing many VA psychiatric patients from inpatient to ambulatory care. The other health professionals gave physicians considerable help in presenting a united front about the patient's needs according to VA psychiatrist Dr. Robert Custer.

VA officials are still developing blueprints for a system of multilevel care that holds promise for both cost containment and resource tracking. The objective is to match each patient's variable medical needs with different levels of health care resources. Thus, patients with severe but dissimilar diseases that require several physician visits

per day might be placed in the same ward to consolidate staff efforts.

A financial management subsystem will help determine: (1) average per diem costs by level of care: (2) costs per episode of care: (3) the efficiency of mechanisms for resource monitoring and management: (4) the viability of a prospective budgeting system based on patient needs and staff workload.

After two years of development, multilevel care was tested in 1978 in ten VA medical centers; it is still under scrutiny by the VA's national program planning office.

The VA has other cost control plans and procedures, including a current cost comparison study of inpatient services scheduled for completion this spring. But of equal concern to health care providers is the quality care—as seen by both VA staff and patients.

Good care, satisfied patients.

To ensure quality of care is the special work of the VA's evaluation and analysis branch. As previously discussed, the SIR and SERP review procedures work to ensure adherence to internal and external standards of medical care. The VA has launched two long-term projects to refine the external review system. The first develops objective uniform criteria for outside surveyors examining a particular service, while the second, a quality assurance information system, will use SIR and SERP information to improve the validity, reliability, and usefulness of evaluation data within the VA.

Quality of care assurance is managed by the VA's chief medical director, working through divisional chiefs who are in continuing contact with medical regional and district directors. The most recent data show fewer than four malpractice claims made by patients per 100 VA physicians, considerably below the private sector figures of approximately six claims closed per 100 physicians. This comes at a time when the VA's staff-to-patient ratio is at an all-time high.

Patient satisfaction is documented in the VA's third biennial patient survey, distributed and analyzed in fiscal year 1979. More than 19,000 hospitalized patients and 28,000 clinic patients participated as a representative sample. For the system as a whole, satisfaction is high. Most aspects of satisfaction received positive ratings in the 80s (on a scale of 100), with some in the 90s.

In fact, comparing findings with data from studies of the general population, VA hospitalized patients appear to be considerably more satisfied with their nursing care and food than are patients receiving care from other sources and somewhat more satisfied with the care provided by their physicians.

Comparisons show that VA outpatients are somewhat more satisfied with the time spent waiting for treatment and the courtesy of employees than are those in the non-VA sector. There were no areas in which VA patients were significantly less satisfied than those receiving care from other sources.

CENTRALIZATION, FLEXIBILITY CITED

While ensuring premium quality and responsiveness in the health care it provides, the Veterans' Administration has made cost containment a high priority. The VA's chief medical director, Donald L. Custiss, M.D. believes that the VA's cost containment efforts are worthy of attention and attributes its achievements to improved technology, the fact that the system is the nation's largest and most comprehensive, and the VA's capability of procuring and distributing supplies and equipment on a national basis.

"An integrated and centrally managed system," he says "obviously provides opportunities for economies of scale and for sharing. We have taken and will take advantage of such opportunities."

At the same time, however, he pointed out that management flexibility at each individual health care facility is the key to an effective system in this as in other matters. In other words. "Centralized management doesn't mean micromanagement," he says. "If that happens the balance for successful operations tilts and something inevitably falls."

In any case, he expresses certainty that those VA and other systems in our pluralistic health care universe can learn from one another without falling into the trap of attempting to mechanically apply set patterns that may not fit a given situation.

Clearly the VA is a giant that bears watching—for its pleasant suprises in cost containment.

PROFILE OF VETERANS

As a whole, veterans do not suffer more unemployment than their non-veteran counterparts nor are they necessarily poorer. In 1978, the last year for which statistics are available, 84.5 percent of male veterans in the civilian, non-institutional population worked at some time, compared with only 80.6 percent of non-veteran males.

The median 1978 income of U.S. families headed by male war veterans was $21,760 compared with $17,350 for families headed by nonveterans. (However, total income declines rapidly for family whose veteran head reaches the age of retirement: this means a median income of $13,960 when that head is between 65 and 69, and $10,710 for those aged 70 or over.)

Women now constitute only 2 percent of the veteran population, but their numbers are increasing.

Since the Veterans Administration automatically qualifies all ex-military over the age of 65 for veterans' benefits, one would expect an older health care population. The statistics bear this out: almost 13 percent of all VA applications for health care represent those 65 and over. Further, the average ex-military man in civilian life (47.5 years old in 1979) will be 52.5 years old in 2000.

Even more significant in terms of health care will be the increasing number of veterans 65 and over resulting from the population "bulge" of World War II vets. In the 65-plus age bracket, it is estimated the numbers will jump from 2.96 million in 1980 to 7.188 million in 1990 (a projection based on 1979 military requirements) before tapering off due to natural attrition.●

FRANK DEL BALZO: A FRIEND OF THE HOUSE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. ADDABBO) is recognized for 15 minutes.

● Mr. ADDABBO. Mr. Speaker, It is with great personal loss and sadness that I rise today to pay tribute to one of this Chamber's most dedicated and energetic employees, Frank Del Balzo, former assistant journal clerk of the U.S. House of Representatives, who died Tuesday at the far too early age of 66.

Many people are under the impression that the House of Representatives consists solely of elected Members. As we all know full well, that is certainly not the case. Without the work and efforts of people such as Frank Del Balzo, a fine man who always conducted his business with expertise and the utmost efficiency, virtually no work would ever be accomplished here. Frank was a special employee here, a man who combined total honesty and integrity with a deep commitment to public service, attributes which he also possessed while serving on the Capitol Police Force before and after World War II.

But Frank was not a man who was totally encompassed with his work in the House. His activities were many, among them being the treasurer of his local Democratic precinct, and having membership in the Knights of Columbus, the Veterans of Foreign Wars, and the Naval Academy Athletic Association.

To his wife, children, and family I extend my sincerest condolences on their loss. Though they mourn the death of a man who loved them so much, they should be comforted in the knowledge that he was a man who touched so many people and who forever remain in their hearts.

Mr. Speaker, I request 5 legislative days for Members to submit their statements in memory of Frank Del Balzo.●

KATHY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. FASCELL) is recognized for 5 minutes.

● Mr. FASCELL. Mr. Speaker, in the midst of our constant efforts to eliminate or ameliorate the many problems with which our country and our fellow citizens are faced, it is well to bear in mind that the most serious are those we can do nothing about—except to seek the strength, the wisdom, and the courage to accept the inevitable, and to try to endure and to prevail. In the loss of their daughter Kathy in August 1979, at the age of 34, our colleague BILL LEHMAN and his wife Joan had to face that challenge.

As we grapple with such events and struggle to deal with them in our minds and in our hearts, I think we may all find some help in a poem. A friend and constituent of mine, Ms. Joyce Miller, has written a sonnet for Kathy, her friend and a school teacher (as was Kathy). I would like to share that sonnet with our colleagues.)

I prefer to celebrate your day of birth,
To recall the life and spirit of your being,
To remember your eyes bright with mirth,
Your mind so quick at seeing.

I prefer to celebrate your will for living,
The strength with which you loved and fought,
Your zest for creating, your selfless giving,
The enthusiasm with which you taught.

I prefer to celebrate your dash and wit,
The photographic skill of your mind,
Your determination to keep trim and fit,
The constant curiousity to search and find.
You are alive in spirit and soul,
And so your birth day is one to extoll.
With love,

JOYCE.●

INTERSTATE BANKING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LAFALCE) is recognized for 30 minutes.

● Mr. LAFALCE. Mr. Speaker, the Nation's financial institutions are at the crossroads. A decade ago, the financial industry had well-defined components with discrete responsibilities. Savings and loan associations serviced the home mortgage market and were allowed to give savers an extra quarter-point interest on their deposits to attract money. Commercial banks provided savings and checking accounts and short-term loans. Money market mutual funds were virtually nonexistent. Competition was conducted within each sector of the industry and within State boundaries.

Today, the lines differentiating each sector and geographic restrictions are quickly falling. Electronic funds transfer has greatly increased the efficiency of transmitting banking services over long distances. Offices for banks' nonbanking activities have been established nationwide and banking organizations are setting up offices offering specialized banking services interstate. Moreover, the Depository Institutions Deregulation and Monetary Control Act of 1980 opened the way for a major restructuring of the banking industry that is blurring the distinctions of the past. The act provided for a gradual 6-year phaseout of deposit rate controls; the permanent authorization of NOW accounts and share drafts—checking accounts—by thrift institutions; broader lending by thrift institutions; and a Federal Reserve requirement for all financial institutions. In an attempt to address the financial realities of the past year, the act also preempted State usury ceilings on certain large loans.

The adoption of the Deregulation Act of 1980 represented an important breakthrough. However, it was not an end in itself. The act left as many issues unresolved as it resolved.

Today, I am introducing a package of bills that deals with an important aspect of deregulation that has not yet been addressed legislatively. That issue involves interstate branching by banks and interstate acquisitions by bank holding companies. It deals specifically with two pieces of legislation—the McFadden Act and the Douglas amendment to the 1956 Bank Holding Company Act.

Let me briefly discuss these statutes. In very simple terms, the McFadden Act, amended by the Banking Act of 1933, requires national banks to comply with State branching laws. Today, it is seen as a major obstacle to interstate branching. Nevertheless, a close look at the history of the McFadden Act gives support to my effort to revise our banking laws to get them to conform to economic reality. McFadden was not intended as the restrictive measure it has become. At the time the act passed in 1927, many States allowed State banks to branch statewide or at least within some more limited geographic areas. National banks—those banks chartered by the U.S. Comptroller of the Currency—however, were not allowed to branch except under special circumstances. National banks were therefore at a competitive disadvantage relative to State banks.

The history of the McFadden Act indicates a desire by Congress to establish competitive equality between national and State banks. National banks were already declining in number and size and there was concern about a general demise of the national banking system and therefore possibly the Federal Reserve System. The original McFadden Act did not give full equality to national and State banks; that was achieved in the National Banking Act of 1933 which amended McFadden and placed national banks under the same—if any—geographical branching limitations as State-chartered banks in their own State. As a report by the Carter administration on interstate banking pointed out, the McFadden Act "has come to symbolize a policy of restrictiveness regarding geographic expansion; yet it is important to note that the Act actually liberalized then-existing limits on branching for national banks."

The Douglas amendment, on the other hand, was intended as a restrictive measure from the start. Before enactment of the Bank Holding Company Act of 1956, banks frequently expanded by forming multibank holding companies. Section 3(d) of that act, known as the Douglas amendment, was passed to prevent bank holding companies from acquiring banks in more than one State. The 1956 act also gave States the authority to regulate the activities of bank holding companies within their borders, in effect a McFadden Act for holding companies.

Earlier this year, the Carter administration submitted to Congress a thoughtful report entitled "Geographic Restrictions on Commercial Banking in the United States." As you recall, Congress mandated that the administration review the relevance of geographic barriers today and analyze the effects of any amendments which may be proposed. That report thoroughly examined both the McFadden Act and the Douglas amendment and presents a very strong case—in practical and competitive terms—for ending the current restrictions on interstate banking.

Let me quote excerpts from the report:

This Administration is committed to the avoidance of an undue concentration of resources and supports the continuation of a viable dual banking system. The issue treated in this report is whether the existing framework of geographic restrictions on bank expansion is an effective, efficient and equitable way to avoid undue concentration in the financial environment of the 1980s. Put another way, given that existing geographic restraints can impede competition and reduce efficiency in many markets, could undue concentrations of financial power be avoided without such restraints? The Administration has concluded that market forces inside and outside banking per se are diminishing the effectiveness and increasing the inequities and inefficiencies produced by current geographic limitations, that the persistence of those forces will create growing pressure for change in the statutory framework in the early 1980s, and that a phased liberalization of existing restraints would serve the public interest.

The Administration cannot justify on grounds of logic or economics the prohibition, on one side of a state border, of the bank's activities which are permissible on the other side of the border. Financial markets have experienced fundamental and accelerating change; businesses, households, and the financial institutions serving their needs have expanded their geographic reach; but the basic Federal statutory approach toward geographic expansion by banks has been virtually unaltered for nearly half a century. Whatever their benefits in an earlier era, the Administration regards existing geographic limitations as anachronistic in the competitive marketplace of the 1980s. The gap between the powers of commerical banks and the geographic breadth of today's financial services markets is growing, and as it grows the inefficiencies and inequities for both banks and the public they serve will become more severe.

The financial services industry is inherently an interstate business, and banking activities on the wholesale side are increasingly conducted on an interstate basis. Today, the nation's major corporations and wealthy individuals frequently effect transactions with banks across state lines; it is only the small business and household customers who continue to be deprived of the benefits of a competitive interstate banking system. In the Administration's view, the failure to liberalize the present framework will perpetuate the existing discrimination against the retail customer, deprive the public of the benefits of increased competition, impede the efficient allocation of resources, retard the development and application of new technologies, and restrict the ability of bank management to compete with other, nonbank financial institutions playing under a different set of rules.

* * * market forces will continue to undermine the effectiveness of artificial boundaries unrelated to those forces * * * changes in demographics, technology, consumer preferences, regulation and the financial industry itself have eroded many of the barriers erected in the 1930's. What was once a

financial system consisting of highly segmented geographic markets had, for many kinds of banking services, been transformed into a competitive nationwide marketplace. What was once a segmented product market has been replaced by head-to-head competition between banks and various nonbank institutions; indeed, there is no longer a single service or product line offered exclusively by commercial banks.

The report included several legislative recommendations which I have included in my bill package for moving the Nation's banking system toward full interstate banking. Its recommendations are especially timely today because of the serious pressures experienced by our Nation's banking system.

The goal of the report—a goal I enthusiastically endorse—is to open the way for a new era of unfettered competition in the banking industry. The industry has been evolving in that direction by fits and starts. While I realize that the tendency of Government is to wait for a crisis before addressing a problem, I would hope that we would take a broad view of our responsibilities and deal with this issue as a whole instead of by bits and pieces. This approach would greatly benefit consumers, borrowers, business, and the financial industry. It also reflects the reality of our Nation's financial structure and would at last bring the legal structure of banking into line with the national financial structure.

My purpose in introducing today the following package of bills is to address all of the options for giving our Nation's banking system a nationwide foundation. I want to make clear that I am not wedded to any one approach. But as we consider what we must do it is important that we have before us all of the legislative alternatives.

Let me briefly explain each of the bills.

The first two bills would permit nationwide branching through amendment of the banking laws or the Bank Holding Company Act.,

It may be that, upon study, Congress will decide that a change to nationwide banking is too precipitous a change to make all at once and that regional approach to banking is a more cautious and reasonable step. The next two bills I am introducing would permit branching throughout the entire standard metropolitan statistical area within which the bank or holding company is located.

This SMSA approach to banking would also solve the unique problem of banks located in the District of Columbia. In the event the next Congress did not want to apply SMSA banking across the Nation, the next two bills which I am introducing would limit SMSA banking to the Washington, D.C. metropolitan area.

The seventh bill would phase in modifications in the McFadden Act by allowing the deployment of EFT terminals on a statewide basis and within natural market areas that cut across State lines. It would permit full nationwide deployment of EFT terminals within 5 years of the act's enactment.

The final bill represents a major first step toward interstate banking by allowing banking institutions to cross State lines to acquire failing institutions, whether they be banks or thrift institutions. This would allow Congress to examine the effects of interstate acquisitions through the failing bank experience.●

QUESTIONNAIRE ON THE BUDGET

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. WHITE) is recognized for 10 minutes.

● Mr. WHITE. Mr. Speaker, twice a year I try to poll my district—the 16th District of Texas—on current issues that will be coming before Congress. When it became apparent as we began to consider the fiscal 1982 Federal budget that we would be making a number of program cuts, I sent an extensive questionnaire to every household in the 16th District asking opinions on a number of the cuts proposed by the administration. Several other issues were included as well. We received almost 5,000 returns, and the tabulation of the results follows. Mr. Speaker, I introduce this into the record so my colleagues will have the benefit of the thinking of west Texans on these particular cuts.

THE BUDGET

[In percent]

	Agree	Disagree	Don't know
NATIONAL DEFENSE			
The Department of Defense is the only agency scheduled for a budget increase, from $200.3 billion in fiscal year 1981 to $226.3 billion in fiscal year 1982	86	11	3
The administration proposes a 5.3 percent pay raise in July for military personnel in addition to the previously scheduled 9.1 percent raise in October. Cost: $1.9 billion	71	26	3
INTERNATIONAL AFFAIRS			
The President recommends a $1.7 billion reduction in international affairs	89	5	6
Despite the cut, he proposes a $900 million policy increase to meet critical security assistance objectives, as yet unidentified	71	8	21
Funding for the Agency for International Development (AID) would be reduced by $1.8 billion	85	8	7
A decrease of $100 million is planned for the purchase of commodities shipped abroad under the food program	79	14	7
A $36 million cut is scheduled for the Peace Corps program	84	13	3
GENERAL SCIENCE, SPACE AND TECHNOLOGY			
The President proposes a $360 million reduction in science and basic research programs of the Department of Energy and the National Science Foundation	64	32	4
Cutting $521 million would restrain the growth of space programs under NASA	59	32	9
The budget would increase funding for the space shuttle programs to meet civilian and defense needs	80	15	5
ENERGY			
Reflecting his view that the Government should not be in the energy business, the President has proposed a $3.1 billion cut for the energy function	81	14	5
This includes reduction in energy research and grants	71	23	6
The budget calls for a $680 million savings, or 80 percent cut, in conservation programs	73	23	4

THE BUDGET—Continued

[In percent]

	Agree	Disagree	Don't know
A savings of $383 million, or 68 percent, is scheduled for solar programs	70	25	5
There would be a $338 million increase, or 30 percent growth, for civilian nuclear power development, of which $254 million would fund the Clinch River breeder reactor	64	29	7
NATURAL RESOURCES AND ENVIRONMENT			
The President proposes a 42 percent reduction in this area, saving $5.7 billion in fiscal year 1982	76	18	6
To save $554 million, the administration plans to eliminate 3 park and historical preservation programs and place a moratorium on Federal land acquisition pending a policy review of public land use	75	21	4
A cut of $3.9 billion is planned for pollution control and abatement	69	28	3
The President proposes A $375 million cut for water resources	55	40	5
Conservation and land management would undergo a reduction of $344 million	63	32	5
A cut of $25 million would be accomplished by charging users fees to cover Federal grain inspections, and cotton, tobacco, and warehouse grading and inspection	82	12	6
The President has proposed cutting $167 million by charging farmers interest on 1st year grain reserve loans	78	15	7
A savings of $25 million would be effected by eliminating subsidies on all new direct loans	80	11	9
A $600 million savings would result from eliminating mid-year dairy price support adjustments	87	7	6
COMMERCE AND HOUSING			
A $9 billion reduction in FHA mortgage insurance commitments has been proposed	71	21	8
The administration plans a $116 million cut in Small Business Administration direct loans and a $1.5 billion cut in SBA guaranteed loans	75	19	6
An $86 million reduction would result from reducing Farmers Home Administration direct loans and loan guarantees	72	19	9
The President would reduce the U.S. Postal Service subsidy $250 million by cutting the public service subsidy and the revenue forgone subsidy. This will result in an almost certain increase in Postal rates	74	21	5
TRANSPORTATION			
A $5 billion reduction is planned for this function	76	19	5
This would include a $2 billion cut in highway programs	71	22	7
$1.4 billion would be saved in mass transportation programs	73	21	6
COMMUNITY AND REGIONAL DEVELOPMENT			
A $500 million reduction would result from consolidating the community development block grant and urban development action grant (UDAG) programs	84	10	6
Termination of the HUD rehabilitation loan fund would save $135 million	83	15	2
$374 million would be saved by phasing out the Economic Development Administration (EDA)	88	8	4
Termination of the HUD planning assistance and the neighborhood self-help development programs would save $44 million	79	19	2
EDUCATION			
The budget includes a reduction of $1.1 billion in elementary and secondary education programs	72	25	3
A $900 million cut is scheduled for low and middle income student grants and loans	76	22	2
Vocational education programs would be cut $200 million	68	27	5
The President recommends a cut of $389 million by eliminating impact aid funding for students residing off base, and 90 percent funding for those districts which have at least 20 percent of their students residing on base	75	20	5
The administration plans to reduce funding for the National Endowments for the Arts and Humanities by half, saving $165 million	83	14	3
TRAINING, EMPLOYMENT AND SOCIAL SERVICES			
President Reagan would cut $3.7 billion by eliminating both public service employment programs under the Comprehensive Employment and Training Act (CETA)	90	9	1
By tightening eligibility requirements and revising benefits, the administration plans a $1.6 billion reduction in the unemployment compensation program	91	7	2
A reduction in trade adjustment assistance to workers who lose their jobs because of foreign imports would save $1.2 billion	87	10	3
Termination of the Young Adult Conservation Corps and Youth Conservation Corps would save $670 million	79	16	5
Revision of the distribution for Federal funding would save administrative costs and allow States discretion over use of funds. This would be accomplished by consolidating Federal grants programs into block grants to States	89	8	3

THE BUDGET—Continued

[In percent]

	Agree	Disagree	Don't know
The President has replaced his temporary hiring freeze for Federal employees with an employment ceiling for each agency. Despite an increase of 34,000 positions in Department of Defense civilian employment, the President's ceiling will reduce overall Government employment by 18,900 in fiscal year 1981 and 43,000 positions in 1982	89	9	2
HEALTH			
The budget places a cap on Federal support for the medicaid program, saving $1 billion in fiscal year 1982	74	22	4
The administration recommends a reduction in outlays in the medicare program of $1.9 billion for fiscal year 1982. Cuts would be made in regulatory activities, as well as repeal of medicare expansions adopted in 1980	72	22	6
INCOME SECURITY			
The Reagan budget would limit cost-of-living adjustments for Federal retirees to one instead of 2 a year. Elimination of the September 1981 increase would result in a $515 million savings in 1982	75	22	3
$2.3 billion in the food stamps program would be saved by tightening eligibility in the program	93	6	1
The budget includes a $700 million cut in the aid to families with dependent children (AFDC)	86	11	3
A work requirement would be added to the AFDC program for parents who are able to work and who do not have children under 3 years of age	93	5	2
While the President has assured Americans that basic benefits of the social security system will remain intact, he has recommended the following:			
A $1 billion cut that would eliminate the $122 minimum benefit	75	19	6
An end to the adult student benefit, saving $1 billion	83	12	5
Tightening eligibility requirements for disability benefits, saving $400 million	84	13	3
Eliminating the $255 lump sum burial benefit unless the deceased is survived by a person who would receive social security benefits (saving $200 million)	73	21	6
ADMINISTRATION OF JUSTICE			
The President plans a $347 million cut by eliminating the Legal Services Corporation	80	14	6
A $100 million reduction would result from elimination of the Office of Juvenile Justice and Delinquency programs	77	16	7
TAXES			
President Reagan proposes to cut marginal tax rates 30 percent across-the-board over the next 3 years, with a cost to Government of $44.2 billion in fiscal year 1982 and $162.4 billion by 1986	75	18	7
The President's business tax reform calls for an accelerated cost recovery system for capital expenditures. This program would lower Government revenues by $9.7 billion in fiscal year 1982 and $59.3 billion in fiscal year 1986	81	10	9
It has been suggested that additional tax proposals should be considered with the President's tax cut bill. These measures include:			
Elimination of the marriage penalty	84	8	8
Increased tax exclusion for interest and dividends	84	12	4
Tuition tax credits for postsecondary education	64	28	8
Exemptions to the crude oil windfall profits tax	57	31	12
Reform of inheritance taxes on family-owned farms and businesses	80	12	8
Tax deferral for dividend reinvestment	74	16	10
OTHER			
A cut of $43 million is planned for the Corporation for Public Broadcasting	64	28	8

ILLEGAL ALIENS

[In percent]

	Agree	Disagree	Don't know
Do you favor amnesty for illegal aliens now residing in this country?	15	80	5
Would you favor implementation of an alien guest worker program?	70	26	4
Would you favor raising this country's immigration quotas from 270,000 to 350,000 a year?	26	71	3
Would you favor the institution of a national worker identification card?	60	33	7
Would you favor civil or criminal penalties against employers who hire illegal aliens?	69	27	4
Would you favor administrative fine sanctions against employers who hire illegal aliens?	70	26	4
Would you favor strengthening the border patrol and instituting a policy of strict enforcement of our immigration laws?	77	20	3

GENERAL

[In percent]

	Agree	Disagree	Don't know
Do you support the United States providing military assistance to the Government of El Salvador?	47	42	11
Do you support the United States providing economic assistance to the Government of El Salvador?	49	40	11
Would you favor a constitutional amendment banning abortion?	34	58	8
Do you favor medicaid funding for abortion?	29	66	5
Should we mediate with Japan to place voluntary restrictions on the number of units Japanese auto manufacturers export to the United States?—or	54	39	7
Should we pass legislation imposing mandatory quotas on Japanese cars imported into this country?	43	50	7
Do you favor the President's proposal that complete deregulation of natural gas be effective in September of this year?	65	26	9
Do you support the President's campaign proposal to eliminate the Cabinet level Department of Energy and place Federal energy functions within other departments of the Government?	78	15	7
Do you support the President's campaign proposal to eliminate the Department of Education and place Federal education functions within other departments of the Government?	78	16	6

BILL PROVIDES FOR STATE PARTICIPATION IN NUCLEAR WASTE STORAGE DECISIONS

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. SEIBERLING. Mr. Speaker, today I am introducing legislation which will allow States to participate in final decisions on nuclear waste storage within their jurisdictions. This legislation is similar to a bill which I sponsored in the last Congress.

This legislation would amend the Atomic Energy Act of 1954 to require the Secretary of Energy to notify a State of any proposal to explore sites within such a State for the purposes of evaluating or developing a facility for the storage of high-level radioactive materials, including radioactive waste or spent nuclear fuel. Simultaneous with the notification, the Secretary would be required to publish notice in the Federal Register. Within 15 days of that time, he would be required to establish a Federal-State Radioactive Waste Management Commission to study all issues identified with the proposed site and attempt to achieve substantial concurrence between the State and the Secretary of Energy with respect to the proposal.

Under the bill the Commission would report its conclusions and recommendations to the Secretary, the President, the Senate and the House of Representative if, at the conclusion of the study, the Commission is unable to achieve the State's concurrence in the proposed site development. The Commission's report would identify the issues in disagreement and could recommend alternatives, where appropriate.

The bill would create for the first time a formal cooperative relationship between the States, the Department of Energy, and the Nuclear Regulatory Commission, to evaluate and develop sites for the disposal of radioactive waste. Under the Atomic Energy Act as it now stands, the States have no assurance whatsoever that their objections to proposals siting permanent repositories for radioactive waste within their jurisdictions would be seriously considered by Federal authorities in final decisions on siting. As a result, over 15 State legislatures have enacted procedures to give the State authority to approve or disapprove nuclear waste storage within their jurisdictions. With the Department now focusing on certain geologic formations as potential sites more States are considering proposals to keep permanent high-level nuclear waste repositories out of their boundaries.

Under the previous administration, it was the policy of the Department of Energy to stay out of States which raised objections to nuclear waste storage within their jurisdictions. The Reagan administration, however, looks more favorably on nuclear power than did its predecessor, and has given priority to solving the nuclear waste problem for the domestic nuclear industry. In the absence of legislation such as that which I introduced today, the States will have no opportunity to participate in decisions which will permanently effect their economic, industrial, environmental, and public health.

Because of the unique dangers involved in disposing of radioactive materials, it is clear to me that the people of a State affected by radioactive waste siting must have the right and the opportunity to be heard in the decisionmaking process. Radioactive wastes remain lethal for thousands of years. Since past efforts by the Department and its predecessors have not proven successful in identifying and developing a site to test for the disposal of radioactive materials, I believe it is imperative to establish a process which will fully examine all issues involved with individual sites, and enhance the opportunity for citizen participation and debate about the health, safety and economic issues involved.

This is a State's rights bill. Under the procedures I propose, the State would, through its representatives on the Commission, be able to offer alternatives and recommendations on any aspect of the proposed site, and work with Federal representatives to formulate a plan with which the State is able to concur. If the State's final decision is to disapprove the plan, my legislation authorizes the Congress, in action by both Houses, to override the State's objections, and give the Department the go-ahead for the site. I amended last year's legislation to include this provision, since action by the House Interior Committee last year recognized the need for Federal

preemption of State vetoes which were not based on significant and compelling grounds.

Finally, the legislation would require that every issue related to a proposed site—including environmental, health and safety, socioeconomic and technical issues—shall be considered by the Commission in its investigation of the proposed site. Complete exploration of every issue is vital to prevent the development of a radioactive material disposal site in places where serious problems could occur in later years. At present, the primary criterion used by the Department of Energy in its site-identification process is the nature of the geological media. My bill would require the Department to examine human and environmental factors before designating an area as a potential site for radioactive waste disposal. This process will elevate the issues to the attention of the public, and thus assure that siting decisions are made in an open and accountable manner. My bill also allows the State legislatures, where such procedures are provided, to convey to the Commission their views on the desirability of developing an identified site for permanent high-level radioactive waste disposal. This process will afford the public another opportunity to voice their views of questions which will affect their lives, and those of future generations, in ways that we cannot yet foresee.

Mr. Speaker, the House Interior Subcommittee on Energy and Environment is currently holding hearings on the issues of nuclear waste management. As a member of the subcommittee, I hope to focus discussion on the institutional problems—and the human problems—associated with permanent nuclear waste disposal.●

THE GRAMM-LATTA AMENDMENT

(Mr. O'BRIEN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. O'BRIEN. Mr. Speaker, time ran out in the debate on the Gramm-Latta amendment before I had a chance to submit information as to the legislative intent of two sections of the amendment.

Section 5211 of the Gramm-Latta substitute, now the House reconciliation bill, under "subtitle B—Reauthorization of Certain Programs, General Extensions of Authority, subsection (20)" extends the Domestic Volunteer Service Act of 1973 as amended.

The administration submitted a budget for title I, title II, and section 504 of the act. Section 5118 of the House bill reflects the administration's request for title I. The House bill however, simply provides "such sums as may be necessary" to carry out the provisions of title II and section 504.

As a guide for the conferees, the following table reflects the administration's request for the act and those for the Senate and House Reconciliation bills:

[In millions of dollars, by fiscal year]

	Reagan administration			House budget figures			Senate budget figures		
	1982	1983	1984	1982	1983	1984	1982	1983	1984
Title I	25.763	15.391	9.000	25.763	15.391	9.0	25.763	15.391	.....
Title II:									
(A) RSVP	28.691	30.412	32.236	(1)	(1)	(1)	28.691	30.412	.....
(B) Foster Grandparents	49.670	52.650	55.809	(1)	(1)	(1)	49.670	52.650	.....
(C) Senior Companions	11.110	11.777	12.483	(1)	(1)	(1)	[2] 16.610	[2] 17.607	.....
Section 504	30.091	29.348	24.029	(1)	(1)	(1)	30.091	29.348	.....

[1] Such sums.
[2] Includes $5.5 million transfer from 505/CSA.

Mr. Speaker, when the House and Senate conferees meet, it is recommended that the House accept the following figures as being in line with the spirit and purpose of the Gramm-Latta amendment:

RECOMMENDATION

[In millions of dollars]

	Fiscal years—		
	1982	1983	1984
Title I	25.763	15.391	9.000
Title II:			
(A) RSVP	28.691	30.412	32.236
(B) Foster Grandparents	49.670	52.650	55.809
(C) Senior Companions	[1] 16.610	[1] 17.607	[1] 17.483
Section 504	30.091	29.348	24.029

[1] Includes $5.5 million transfer from SOS/CSA.

For the purpose of clarification and for the sake of establishing legislative intent, I am once again offering the following information. Previously, this data was submitted under "Extensions of Remarks" when time ran out during the debate of June 26.

Section 501 of the Domestic Volunteer Service Act of 1973, as amended (42 U.S.C. 4971 et seq.), parts (a), (b), and (c) (1) and (2) specifically earmark how dollars appropriated under the act must be used.

Mr. Speaker, it should be clearly understood that it is the intent of Gramm-Latta amendment that the ACTION agency be free to expend any dollars appropriated for the implementation of title I without restrictions.

Since the funds for ACTION are reduced by the administration's request and the substitute, removal of the restrictive language in title I will give the Agency discretion and flexibility in meeting and fulfilling the goals of the act.

Mr. Speaker, following is the text of letters exchanged between the minority leader, Mr. MICHEL and myself. They clearly show the intent of the amendment and the support for the legislative history regarding the Vista set aside.

HOUSE OF REPRESENTATIVES,
Washington, D.C.

Hon. ROBERT H. MICHEL,
House Republican Leader.

DEAR BOB: As a member of the appropriations subcommittee that handles the funding fo the ACTION agency, I would like to bring a matter to your attention which will require us to create legislative history for the Gramm-Latta amendment to the Reconciliation Act.

Section 501, of the Domestic Volunteer Service Act of 1973, as amended (42 U.S.C. 4971 et seq.), parts (a), (b), and (c) (1) and (2) specifically earmark how dollars appropriated under the Act must be used.

Since the Vista program is being phased down, earmarking funds under Section 501 of the Act would, in my opinion be inappropriate for the sound and efficient management of the ACTION agency.

It is my intention to create legislative history so that it will be clearly understood it is the intent of the Gramm-Latta amendment for the ACTION agency to be free to expend any funds appropriated for the implementation of title I without present restrictions.

I hope you concur with my statement.

Sincerely,

GEORGE M. O'BRIEN,
Member of Congress.

OFFICE OF THE REPUBLICAN LEADER,
Washington, D.C.

Hon. GEORGE M. O'BRIEN,
House Appropriations Committee, Rayburn House Office Building.

DEAR GEORGE: This letter will confirm my agreement with and strong support of your effort to write the legislative history of the intent of Gramm-Latta as it regards Section 501 of the Domestic Volunteer Services Act.

Your action is very responsible and will go a long way toward bringing the spirit of the President's economic recovery program closer to reality.

I recommend you for your effort.

Sincerely,

ROBERT H. MICHEL,
Republican Leader.

Mr. Speaker, since the Senate reauthorization for Vista does not contain the set-aside language, and since it was clearly the intent of the Gramm-Latta amendment to strike the Vista set-aside, it is clearly the duty of the House-Senate conferees to assure that the set-aside language is deleted.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. HAGEDORN (at the request of Mr. MICHEL), for today, on account of a death in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Member (at the request of Mr. CLINGER) to revise and extend his remarks and include extraneous material:)

Mr. DERWINSKI, for 60 minutes, on July 15.

(The following Members (at the request of Mr. DYSON) to revise and extend their remarks and include extraneous material:)

Mr. WILLIAM J. COYNE, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. MONTGOMERY, for 5 minutes, today.

Mr. ADDABBO, for 15 minutes, today.

Mr. LAFALCE, for 30 minutes, today.

Mr. WHITE, for 10 minutes, today.

Mr. FASCELL, for 5 minutes, today.

Mr. YATRON, for 30 minutes, on July 20.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. RUDD, to revise and extend his remarks to appear at that point in title IX on F/A-18 aircraft.

(The following members (at the request of Mr. CLINGER) and to include extraneous matter:)

Mr. NELLIGAN.

Mr. HILER.

Mr. PARRIS in two instances.

Mr. COLLINS of Texas in three instances.

Mr. FIELDS.

Mr. DERWINSKI in two instances.

Mr. QUILLEN.

Mr. BEREUTER.

Mr. SMITH of New Jersey in two instances.

Mr. NAPIER.

Mr. MCCLORY.

Mr. HYDE.

Ms. FIEDLER.

Mr. RAILSBACK.

Mr. GREEN.

Mr. YOUNG of Alaska in two instances.

Mrs. SMITH of Nebraska.

Mr. LEACH of Iowa.

Mr. MCCLOSKEY.

Mr. WOLF.

Mr. PORTER.

Mr. DORNAN of California.

(The following Members (at the request of Mr. DYSON) and to include extraneous matter:)

Mr. GAYDOS.

Mr. SOLARZ.

Mr. PEPPER in two instances.

Mr. FOLEY.

Mr. HERTEL.

Mr. DE LA GARZA in 10 instances.

Mr. FRANK.

Mr. SCHEUER.

Mr. LAFALCE.

Mr. HALL of Ohio.

Mr. FOGLIETTA.

Mr. WEISS.

Mr. REUSS.

Mr. FROST.

Mr. CROCKETT.

Mr. BARNES.

Mr. LONG of Maryland in two instances.

Mr. FUQUA.

Mr. PEYSER.

Mr. HOYER.

Mr. MAZZOLI.

Mr. FLORIO.

Mr. CHAPPELL.

Mr. MILLER of California.

Mr. BRODHEAD.

Mr. BONKER in two instances.

Mr. FASCELL.

Mr. HUBBARD.

Mr. HAWKINS.

BILL PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee did on July 8, 1981, present to the President, for his approval, a bill of the House of the following title:

H.R. 3520. An act to amend the Clean Air Act to provide compliance date extensions for steelmaking facilities on a case-by-case basis to facilitate modernization.

ADJOURNMENT

Mr. DYSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 10 minutes p.m.) the House adjourned until tomorrow, Friday, July 10, 1981, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1771. A letter from the Secretary of Housing and Urban Development, transmitting a report on the response to recommendations of the House Appropriations Committee concerning the section 8 program, pursuant to House Report 96-1114; jointly to the Committees on Appropriations and Banking, Finance and Urban Affairs.

1772. A letter from the Special Assistant, Office of the Secretary of Defense, transmitting a report on Defense Department procurement from small and other business firms for October through December 1980, pursuant to section 10(d) of the Small Business Act, as amended; to the Committee on Small Business.

1773. A letter from the Secretary of the Interior, transmitting a report on financial disclosures for calendar year 1980 by employees performing functions under the Energy Policy and Conservation Act, the Mining in the Parks Act, the Federal Land Policy and Management Act of 1976, and the Outer Continental Shelf Lands Act Amendments of 1978, pursuant to sections 522(b)(2), 13(b)(2), 313(b)(2), and 605(b)(2) of the respective acts; to the Committee on Post Office and Civil Service.

1774. A letter from the Secretary of Commerce, transmitting a report on the progress in establishing one-stop export information centers, pursuant to section 301(c) of Public Law 96-481; jointly to the Committees on Small Business and Foreign Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 3659. A bill to authorize appropriations for certain insular areas of the United States, and for other purposes; with an amendment (Rept. No. 97-167). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 2820. A bill to provide that certain lands constituting part of the El Dorado National Forest be conveyed to certain persons who purchased and held such lands in good faith reliance on an inaccurate surveyor's map (Rept. No. 97-168). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 2218. A bill to direct the Secretary of Agriculture to convey certain National Forest System lands in the State of Nevada, and for other purposes (Rept. No. 97-169). Referred to the Committee of the Whole House on the State of the Union.

Mr. FAZIO: Committee on Appropriations. H.R. 4120. A bill making appropriations for the legislative branch for the fiscal year ending September 30, 1982, and for other purposes (Rept. No. 97-170). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROYBAL: Committee on Appropriations. H.R. 4121. A bill making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 1982, and for other purposes (Rept. No. 97-171). Referred to the Committee of the Whole House on the State of the Union.

Mr. WHITTEN: Committee on Appropriations. H.R. 4119. A bill making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1982, and for other purposes (Rept. No. 97-172). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PHILLIP BURTON (for himself, Mr. BEILENSON, Mr. BROWN of California, Mr. JOHN L. BURTON, Mr. DELLUMS, Mr. DIXON, Mr. EDWARDS of California, Mr. LANTOS, Mr. MATSUI, Mr. MILLER of California, Mr. ROYBAL, Mr. STARK, Mr. WAXMAN, Mr. BINGHAM, Mrs. BYRON, Mr. CORRADA, Mr. DE LUGO, Mr. FLORIO, Mr. GEJDENSON, Mr. KASTENMEIER, Mr. KILDEE, Mr. MARKEY, Mr. MURPHY, Mr. SEIBERLING, Mr. UDALL, Mr. WEAVER, Mr. WON PAT, Mr. VENTO, Mr. DYMALLY, and Mr. HAWKINS):

H.R. 4083. A bill to designate certain public lands in the State of California as wilderness, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. BREAUX (for himself and Mr. FORSYTHE):

H.R. 4084. A bill to improve the operation of the Marine Mammal Protection Act of 1972, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. BRINKLEY:

H.R. 4085. A bill to amend title 38, United States Code, to increase the maximum loan period for home loans guaranteed by the Veterans' Administration for the purchase of mobile homes; to the Committee on Veterans' Affairs.

By Mr. DONNELLY:

H.R. 4086. A bill to confer citizenship posthumously on Cpl. Wladyslaw Staniszewski; to the Committee on the Judiciary.

By Mr. EDWARDS of Oklahoma:

H.R. 4087. A bill to amend the Internal Revenue Code of 1954 to repeal the crude oil windfall profit tax on tier 2 oil and tier 3 oil, to phase out the tax beginning October 1, 1981, and to provide that royalty owners shall be exempted from the tax; to the Committee on Ways and Means.

By Mr. ERDAHL:

H.R. 4088. A bill to amend the Internal Revenue Code of 1954 to provide estate and gift tax equity and reductions for family enterprises, and for other purposes; to the Committee on Ways and Means.

By Ms. FERRARO (for herself, Mr. PEASE, Mrs. CHISHOLM, Mr. MURPHY, Mr. SCHUMER, Mr. BENJAMIN, Mr. RAHALL, Mr. FOGLIETTA, Mrs. SCHNEIDER, Mr. SIMON, Mrs. COLLINS of Illinois, Mr. GILMAN, Mr. WEISS, Mr. BEDELL, Mr. MINETA, Ms. MIKULSKI, Mr. EDGAR, Mr. MCKINNEY, Mr. HOLLENBECK, Mr. DELLUMS, Mrs. SCHROEDER, Mr. GLICKMAN, Mr. ROE, Mr. LONG of Maryland, and Mr. FORD of Michigan):

H.R. 4089. A bill to amend section 3109 of title 5, United States Code, to clarify the authority for appointment and compensation of experts and consultants, to provide statutory guidelines concerning the award of contracts for the procurement of consulting services, management and professional services, and special studies and analyses, and for other purposes; jointly to the Committees on Government Operations and Post Office and Civil Service.

By Mr. FRANK:

H.R. 4090. A bill to provide for the reimbursement of the town of Lancaster, Mass.; to the Committee on the Judiciary.

By Mr. HALL of Ohio (for himself and Mr. CLAUSEN):

H.R. 4091. A bill to amend the Internal Revenue Code of 1954 to clarify the definition of geothermal energy, and for other purposes; to the Committee on Ways and Means.

By Mr. HAMMERSCHMIDT:

H.R. 4092. A bill to provide for the safeguarding of taxpayer rights, and for other purposes; to the Committee on Ways and Means.

By Mr. HANSEN of Idaho:

H.R. 4093. A bill to amend the Internal Revenue Code of 1954 to regulate and limit collection procedures of the Internal Revenue Service in order to provide protection of taxpayer civil rights, and for other purposes; jointly, to the Committees on Ways and Means and the Judiciary.

By Mr. HOLLAND:

H.R. 4094. A bill to amend the Internal Revenue Code of 1954 to provide an additional 3 years for the completion of certain requirements necessary for the extension through 1990 of the energy investment tax credit for long-term projects; to the Committee on Ways and Means.

By Mr. LAFALCE:

H.R. 4095. A bill to authorize any national bank to establish branches outside of the State in which such national bank is located and to authorize any bank holding company to acquire control of banks located outside of the State in which such bank holding company is located; to the Committee on Banking, Finance and Urban Affairs.

H.R. 4096. A bill to authorize any bank holding company to acquire control of banks located outside of the State in which such bank holding company is located; to the Committee on Banking, Finance and Urban Affairs.

H.R. 4097. A bill to authorize any bank holding company to acquire control of banks and any national bank to establish branches throughout the standard metropolitan statistical area in which such bank holding company or national bank is located; to the Committee on Banking, Finance and Urban Affairs.

H.R. 4098. A bill to authorize any bank holding company to acquire control of banks located throughout the standard metropolitan statistical area in which such bank holding company in located; to the Committee on Banking, Finance and Urban Affairs.

H.R. 4099. A bill to authorize any national bank located in the standard metropolitan statistical area in which the District of Columbia is located to establish branches throughout such area and to authorize any bank holding company located in such area to acquire control of banks throughout such area; to the Committee on Banking, Finance and Urban Affairs.

H.R. 4100. A bill to authorize any bank holding company located in the standard metropolitan statistical area in which the District of Columbia is located to acquire control of banks located throughout such area; to the Committee on Banking, Finance and Urban Affairs.

H.R. 4101. A bill to authorize any national bank to establish remote service units throughout the State and the standard metropolitan statistical area in which the home office of such national bank is located; to the Committee on Banking, Finance and Urban Affairs.

H.R. 4102. A bill to promote the financial stability of depository institutions; to the Committee on Banking, Finance and Urban Affairs.

By Mr. LUNGREN:

H.R. 4103. A bill to provide coverage under the Federal old-age, survivors, and disability insurance system for all Members of Congress and other officers and employees in the legislative branch of the Government; to the Committee on Ways and Means.

By Mr. SABO:

H.R. 4104. A bill to amend the Internal Revenue Code of 1954 to allow nonrecognition of gain on certain rollovers of principal residences where the cost of purchasing the new residence is less than the adjusted sales price of the old residence, to extend to 60 months the period for the rollover of a principal residence, to allow a deduction for contributions to savings accounts established for the purpose of purchasing a home, and to deny the interest deduction to the extent the interest is on home loans in excess of $150,000; to the Committee on Ways and Means.

By Mr. SCHEUER:

H.R. 4105. A bill to amend the National School Lunch Act to provide a nutritionally superior school lunch program; to the Committee on Education and Labor.

By Mr. SEIBERLING:

H.R. 4106. A bill to provide for a formal process of State participation and concurrence regarding the management and storage of certain radioactive materials; jointly, to the Committees on Interior and Insular Affairs and Energy and Commerce.

By Mr. SENSENBRENNER:

H.R. 4107. A bill to amend the Internal Revenue Code of 1954 with respect to the definition of a qualified general assistance program for purposes of the targeted jobs credit; to the Committee on Ways and Means.

By Mr. THOMAS (for himself, Mr. SKEEN, Mr. HATCHER, Mr. ROBERTS of Kansas, Mr. FORSYTHE, and Mr. FINDLEY):

H.R. 4108. A bill to provide greater protection against the introduction and dissemination of plant pests; to the Committee on Agriculture.

By Mr. VOLKMER:

H.R. 4109. A bill to amend the Bankruptcy Act regarding farm produce storage facilities, and for other purposes; to the Committee on the Judiciary.

By Mr. ZEFERETTI:

H.R. 4110. A bill to improve the effectiveness of criminal forfeiture, and for other purposes; jointly, to the Committees on the Judiciary and Energy and Commerce.

By Mr. WHITTEN:

H.R. 4119. A bill making appropriations for agriculture, rural development, and related agencies programs for the fiscal year ending September 30, 1982, and for other purposes.

By Mr. FAZIO:

H.R. 4120. A bill making appropriations for the legislative branch for the fiscal year ending September 30, 1982, and for other purposes.

By Mr. ROYBAL:

H.R. 4121. A bill making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the

President, and certain independent agencies, for the fiscal year ending September 30, 1982, and for other purposes.

By Mrs. BYRON (for herself, Mr. ALEXANDER, and Mr. BOWEN):

H.J. Res. 303. Joint resolution to designate October 10, 1981 as "National Jogging Day"; to the Committee on Post Office and Civil Service.

By Mr. KASTENMEIER:

H.J. Res. 304. Joint resolution designating February 11, 1982, as "National Inventors' Day"; to the Committee on Post Office and Civil Service.

By Mr. MOTTL:

H.J. Res. 305. Joint resolution to establish a Farm Animal Husbandry Committee; to the Committee on Agriculture.

By Mr. ALBOSTA:

H. Res. 172. Resolution expressing the sense of the House of Representatives that the Interstate Commerce Commission should administer the Motor Carrier Act of 1980 in accordance with the provisions of that act and the objectives of Congress in passing that act; to the Committee on Public Works and Transportation.

By Mr. BIAGGI:

H. Res. 173. Resolution to express the sense of the House of Representatives in support of a prompt settlement of the major league baseball strike; to the Committee on Education and Labor.

By Mr. DONNELLY:

H. Res. 174. Resolution to urge the President to designate an aircraft carrier of the U.S. Navy as the U.S.S. *Wasp;* to the Committee on Armed Services.

By Mr. SMITH of Oregon (for himself, Mr. EMERY, Mr. HANSEN of Utah, Mr. FASCELL, Mr. GUNDERSON, Mr. LUNGREN, Mr. AUCOIN, Mr. BETHUNE, Mr. PASHAYAN, Mr. WOLPE, Mr. GLICKMAN, Mr. MCCLOSKEY, Mr. SHAW, Mr. PORTER, Mr. BEDELL, Mr. EDGAR, Mr. JOHNSTON, Mr. WIRTH, Mr. ROEMER, Mr. SHAMANSKY, Mr. MILLER of Ohio, Mr. MCDONALD, Mr. SILJANDER, Mr. WYDEN, Mr. MOTTL, Mr. DUNN, Mr. DANIEL B. CRANE, and Ms. FIEDLER):

H. Res. 175. Resolution prohibiting use of appropriated funds for purchase of U.S. Capitol Historical Society calendars for Members of the House; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DONNELLY:

H.R. 4111. A bill for the relief of Earl C. Andresen; to the Committee on the Judiciary.

By Mr. HEFTEL:

H.R. 4112. A bill for the relief of Thomas Agnello, boatswains' mate second class, U.S. Navy; to the Committee on the Judiciary.

By Mr. HUNTER:

H.R. 4113. A bill for the relief of John A. Abiva and Rosalie Abiva; to the Committee on the Judiciary.

H.R. 4114. A bill for the relief of J. Guadalup Garcia; to the Committee on the Judiciary.

H.R. 4115. A bill for the relief of Shoula Katto; to the Committee on the Judiciary.

H.R. 4116. A bill for the relief of Samuel Lupercio, Clemente Lupercio-Moreno, Magdalena Gomez de Lupercio, Teresa Lupercio Gomez, and Javier Lupercio Gomez; to the Committee on the Judiciary.

H.R. 4117. A bill for the relief of Jose Olosagaste; to the Committee on the Judiciary.

H.R. 4118. A bill for the relief of Juan Escobar Rodriguez; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 18: Mr. FASCELL.

H.R. 33: Mr. HYDE.

H.R. 637: Mr. JAMES K. COYNE.

H.R. 756: Mr. MATSUI and Mr. DONNELLY.

H.R. 757: Mr. MATSUI and Mr. DONNELLY.

H.R. 808: Mr. MATSUI, Mrs. HECKLER, Mr. FARY, and Mr. MCCLORY.

H.R. 1005: Mr. NELLIGAN.

H.R. 1297: Mr. COATS.

H.R. 1298: Mr. COATS.

H.R. 1300: Mr. HANSEN of Idaho.

H.R. 1331: Mr. WIRTH and Mr. LEACH of Iowa.

H.R. 1605: Mr. FAUNTROY.

H.R. 1686: Ms. FERRARO.

H.R. 1812: Mr. JOHNSTON, Mr. COLLINS of Texas, Mr. ROBERT W. DANIEL JR, Mr. BAFALIS, Mr. ERDAHL, Mr. KINDNESS, Mr. IRELAND, Mr. GREGG, and Mr. GRAMM.

H.R. 1909: Mr. ROE, Mr. LOWERY of California, Mr. DUNCAN, Mr. DANNEMEYER, Mr. WALKER, Mr. FORSYTHE, Mr. WON PAT, Mr. BAILEY of Pennsylvania, Mr. WHITEHURST, Mr. MORRISON, Mr. BURGENER, and Mr. LAGOMARSINO.

H.R. 1918: Mr. SILJANDER.

H.R. 1919: Mr. RATCHFORD, Mr. SCHUMER, and Mr. DONNELLY.

H.R. 1933: Mr. QUILLEN.

H.R. 1968: Mr. MATSUI and Ms. OAKAR.

H.R. 2103: Mr. STOKES.

H.R. 2154: Mr. BARNES.

H.R. 2208: Mr. STOKES.

H.R. 2396: Mr. MOLLOHAN and Mr. JEFFRIES.

H.R. 2773: Mr. BAILEY of Missouri, Mr. NICHOLS, Mr. BEVILL, and Mr. SHELBY.

H.R. 2826: Mr. LAFALCE, Mr. FAZIO, Ms. MIKULSKI, and Mr. BLANCHARD.

H.R. 3102: Mr. FAUNTROY.

H.R. 3103: Mr. DAVIS, Mr. ROE, Mr. LEHMAN, Mr. LOWRY of Washington, and Mr. FAUNTROY.

H.R. 3218: Mr. STOKES and Mr. NOWAK.

H.R. 3298: Mr. HANSEN of Idaho, Mr. ROE, Mr. DYSON, Mr. SMITH of Alabama, Mr. SMITH of New Jersey, Mr. KINDNESS, Mr. MURPHY, Mrs. COLLINS of Illinois, and Mr. STANTON of Ohio.

H.R. 3353: Mr. BAILEY of Pennsylvania, Mr. MCGRATH, Mr. JAMES K. COYNE, and Mr. SCHUMER.

H.R. 3466: Mr. DERWINSKI, Mr. LEBOUTILLIER, Mr. MCDONALD, and Mr. GOODLING.

H.R. 3496: Mr. COATS, Mr. LEACH of Iowa, Ms. MIKULSKI, Mr. PATTERSON, Mr. QUILLEN, and Mr. STARK.

H.R. 3524: Mr. PRITCHARD and Mr. GRAY.

H.R. 3541: Mr. BEARD and Mr. ROEMER.

H.R. 3575: Mr. COUGHLIN and Mr. SOLOMON.

H.R. 3764: Mr. FRANK, Mr. LEBOUTILLIER, Mr. CROCKETT, and Mr. FAUNTROY.

H.R. 3765: Mr. LEBOUTILLIER, Mr. CROCKETT, Mr. WEBER of Ohio, Mr. SOLOMON, Mr. GLICKMAN, Mr. KRAMER, Mr. STARK, Mr. SHAW, and Mr. ROEMER.

H.R. 3766: Mr. LEBOUTILLIER, Mr. CROCKETT, Mr. SOLOMON, Mr. PORTER, Mr. GLICKMAN, Mr. KRAMER, and Mr. FAUNTROY.

H.R. 3769: Mr. EMERSON.

H.R. 3806: Mr. ROE, Mr. LEHMAN, and Mr. FAUNTROY.

H.R. 3858: Mr. HORTON and Mr. FOGLIETTA.

H.R. 3955: Mr. SILJANDER, Mr. DANNEMEYER, Mr. PHILIP M. CRANE, Mr. JEFFRIES, Mr. DANIEL B. CRANE, Mr. HANSEN of Idaho, and Mr. MCDONALD.

H.R. 4014: Mr. MCEWEN, Mr. SKELTON, and Mr. MONTGOMERY.

H.R. 4059: Mr. SILJANDER, Mr. DANNEMEYER, and Mr. HANSEN of Idaho.

H.R. 4060: Mr. SILJANDER, Mr. DANNEMEYER, and Mr. HANSEN of Idaho.

H.R. 4061: Mr. SILJANDER, Mr. DANNEMEYER, and Mr. HANSEN of Idaho.

H.J. Res. 91: Mr. SILJANDER, Mr. DINGELL, Mr. DAN DANIEL, and Mr. SOLOMON.

H.J. Res. 176: Mr. FINDLEY, Mr. IRELAND, Mr. LANTOS, Mr. JENKINS, and Mr. EDGAR.

H. Con. Res. 100: Mr. BEVILL, Ms. FERRARO, and Mr. DYSON.

H. Con. Res. 112: Mr. ANNUNZIO, Mr. BENJAMIN, Mr. BURGENER, Mrs. COLLINS of Illinois, Mr. PHILIP M. CRANE, Mr. DOUGHERTY, Mr. DOWNEY, Mr. EMERY, Mr. ERDAHL, Mr. FAZIO, Mr. FOGLIETTA, Mr. FORSYTHE, Mrs. HOLT, Mr. LAGOMARSINO, Mr. LOWERY of California, Mr. LUNGREN, Mr. PASHAYAN, Mr. RITTER, Mr. ROBINSON, Mr. ROTH, Mr. SHAMANSKY, Mr. SUNIA, and Mr. ZABLOCKI.

H. Con. Res. 152: Mr. MITCHELL of Maryland, Ms. FERRARO, Mr. ERDAHL, and Mr. MOFFIT.

H. Res. 29: Mr. YOUNG of Alaska.

H. Res. 48: Mr. SMITH of Alabama.

AMENDMENTS

Under clause 6 of rule XXII, proposed amendments were submitted as follows;

H.R. 3519

By Mr. HOLLENBECK:

—Page 60, after line 17, insert the following new section:

SEC. 912. It is the sense of the Congress that the Secretary of the Army should strengthen his capability to verify the accuracy of large claims made by the Federal Republic of Germany against the United States for damage resulting from official manuevers, operations, and other activities of the United States Army—

(1) whenever possible, through the use of members of the United States Army Corps of Engineers stationed in the Federal Republic of Germany, or

(2) if such members are not available for such purpose, through the use of other personnel of the Department of the Army.

By Mr. LEVITAS:

—Page 48, after line 12, insert the following new subsection:

(d) Chapter 18 of title 10, United States Code, as added by this section shall only be effective until the date occuring three calendar years after the date of the enactment of this Act.

By Mr. SKELTON:

—At the end of Title IV, add the following new section:

CHANGE OF TITLE OF NEW PERMANANT FLAG GRADE FOR THE NAVY FROM COMMODORE ADMIRAL TO COMMODORE

SEC. . (a) Section 5501 of title 10, United States Code, is amended by striking out "admiral" in clause (4) after "Commodore".

(b)(1) The following sections of title 10, United States Code are amended by striking out "admiral" after "commodore" each place it appears: 101(41), 601(c)(2), 611(a), 612(a)(3), 619(a)(2)(B), 619(c)(2)(A)(ii),

625(a), 625(c), 634, 635, 637(b)(2), 638(a)(3), 638(b), 638(c), 645(1)(A)(ii), 5138(a), 5149(b), 5155(c), 5442, 5444, 5457(a), and 6389(f).

(2) Section 5444 of such title is amended by striking out "commodore admirals" in subsections (a) and (f) and inserting in lieu thereof "commodores".

(3) The tables in sections 5442(a) and 5444(a) of such title are amended by striking out "commodore admirals" and inserting in lieu thereof "commodores".

(4)(A) The heading of section 625 of such title is amended by striking out "admiral" after "commodore".

(B) The item relating to such section in the tables of sections at the beginning of subchapter II of chapter 36 of such title is amended by striking out "admiral" after "commodore".

(5)(A) The headings of sections 635, 5442, and 5444 of such title are amended by striking out "commodore admirals" and inserting in lieu thereof "commodores".

(B) The items relating to such sections in the tables of sections at the beginning of subchapter III of chapter 36 of such title and in the table of sections at the beginning of chapter 533 of such title are amended by striking out "commodore admirals" and inserting in lieu thereof "commodores".

(6) The table in section 741(a) of such title is amended by striking out "admiral" after "Commodore".

(c) The table in section 201(a) of title 37, United States Code, is amended by striking out "admiral" after "Commodore" in the third column.

(d)(1) Section 614 of the Defense Officer Personnel Management Act (94 Stat. 2946) is amended by striking out "admiral" after "commodore" each place it appears.

(2) The heading of such section is amended to read as follows:

"TRANSITION PROVISIONS TO NEW COMMODORE GRADE".

(3) The item relating to such section in the table of contents in section 1(b) of such Act is amended to read as follows:

"Sec. 614. Transition provisions to new commodore grade.".

(e) The amendments made by this section shall take effect on September 15, 1981.

EXTENSIONS OF REMARKS

CONGRESSMAN TONY P. HALL INTRODUCES BILL TO CLARIFY GEOTHERMAL ENERGY TAX CREDITS

HON. TONY P. HALL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. HALL of Ohio. Mr. Speaker, today I am introducing a bill to clarify the definition of geothermal energy for tax credit purposes. I am pleased that my colleague, Congressman DON H. CLAUSEN, of California, is joining with me as the other original sponsor of this legislation.

Our bill basically contains three parts. The first would amend the definition of geothermal in the Energy Tax Act of 1978 to make it explicit that there is no temperature requirement for the geothermal tax credit for residences and commercial facilities. The second part would specify how the credit is to be determined when a residence or business has a system which uses both geothermal energy and another source not eligible for the credit. The final part of the bill makes it clear that the definition adjustments run with the life of the energy tax credits themselves, meaning that the changes would have a retroactive effect and would expire when the credits themselves expire.

The Energy Tax Act of 1978 provided for a tax credit of $2,200 of the first $10,000 spent for the installation of residential solar, wind, and geothermal energy equipment. A provision of the Crude Oil Windfall Profit Tax Act raised the maximum credit to $4,000 or 40 percent of the first $10,000 of eligible energy equipment. The Energy Tax Act also provided for a 10-percent tax credit for investment in solar, wind, and geothermal energy equipment used by businesses.

For tax purposes, the Energy Tax Act of 1978 defined geothermal energy in the following way:

> The term "geothermal deposit" means a geothermal reservoir consisting of natural heat which is stored in rocks or in an aqueous liquid or vapor (whether or not under pressure).

The law set no temperature requirement in its definition of geothermal energy. Acting in good faith, many citizens invested in geothermal energy systems to tap shallow geothermal wells which they assumed would qualify for the credits.

The Internal Revenue Service proposed regulations to implement the tax credit provisions of the Energy Tax Act of 1978. In its proposed regulations, the IRS decided to set an arbitrary temperature requirement for eligibility for the geothermal tax credits. I was among those who testified against this temperature requirement at an IRS public hearing in Washington on September 12, 1979.

Unfortunately, the IRS did not follow the recommendations that were made in opposition to a temperature requirement. In August 1980, the IRS issued final regulations concerning geothermal residential energy tax credits, and in January 1981, issued final regulations concerning geothermal commercial facility tax credits. For both sets of credits, the IRS required the geothermal source to have a temperature of more than 50° C. This means that citizens who installed geothermal systems that tap sources with a temperature below 50° C, would not qualify for the tax credits.

The Department of Energy and developers and users of geothermal energy have been opposed to the temperature limitation since the IRS regulations were proposed over 2 years ago. Most of the potential geothermal energy use in the eastern half of the United States would involve resources with a temperature of less than 50° C. The IRS limitation has the effect of eliminating a significant portion of the geothermal resources of the country.

The Miami Valley of Ohio is incredibly rich with underground rivers that make it an ideal place to utilize geothermal energy. These streams, which run below the Great Miami, the Stillwater, and the Mad Rivers, all converge on the center of Dayton, providing a nearly unlimited energy source for downtown buildings. Unlike the aquifers in some areas, Dayton's underground rivers are easy to tap because they are not blocked by bedrock. In addition, they are located at relatively shallow depths of 50 to 100 feet.

The 50° C. temperature requirement does not reflect congressional intent or scientific fact. Geothermal energy is the natural heat of the Earth. The heat in water, soil, or rock close to the surface of the Earth is derived from both solar and geothermal energy. Equipment that uses either solar or geothermal energy, or both, is eligible for the residential and business energy tax credits of the Energy Tax Act of 1978. Therefore, it should not matter whether the source of the heat in shallow water sources is geothermal or solar. Further, at depths of more than a few dozen feet, the heat is essentially entirely of geothermal origin.

I think it is important to point out that the technology is presently commercially available to take advantage of geothermal sources with a temperature below that set by the IRS. We are not talking about some untested energy source that will take years to develop and then put on the market. The equipment is there right now—we only need to make it attractive and economical to use.

Energy from groundwater can be extracted through the use of currently marketed heat pumps, which operate according to the same basic principles at work in a refrigerator. The pump systems permit the temperature of the shallow geothermal water to be either raised or lowered for heating or cooling purposes.

Using groundwater, a heat pump system heats three to five times as efficiently as a fossil-fuel system, in terms of heat output per unit of energy put in. Although the heat pump is operated by electricity, the actual heating or cooling energy in a geothermal system is free and virtually unlimited.

According to the National Water Well Association, a groundwater heat pump system can pay for itself in 2 to 4 years, if a well is already in place. Even if a well must be drilled, the system will pay for itself in 4 to 8 years. The National Water Well Association further states that it is not aware of any groundwater heat pump system that has ever stopped running—even after more than 25 years of service.

Those of us who have been interested in promoting the more widespread application of geothermal energy had hoped that the IRS might be persuaded to change its position on the temperature requirement for the geothermal tax credits. The IRS has continued to hold the view that a minimum temperature rule is necessary in order to assure that energy from a geothermal source means energy derived from underground sources and not just heat associated with atmospheric temperature. In the opinion of the IRS, heat from low-temperature groundwater is solar heat, and not eligible for the geothermal tax credit. Since it is now unlikely that the IRS is going to change this view, my colleague from California and I are introducing a bill to clarify the definition of geothermal energy for tax credit purposes.

The IRS policy of disallowing the credit for systems which use both geothermal energy and another energy source also is inconsistent with the intent of Congress and ignores sound engineering practice in the use of geothermal energy.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Geothermal energy systems often include peaking systems fueled by fossil energy. The fossil energy will typically range from 3 percent or 4 percent to 20 percent of the annual total energy load. The extra wells, pipe, and pump capacity required for a geothermal system designed to be 100 percent geothermal on the few coldest days of the year would add too much to system cost to be attractive.

Geothermal resources in many instances may not be hot enough to fully satisfy a particular industrial process requirement, but by adding a few degrees to the heat from geothermal energy, it will often be possible to replace a large fraction of the oil or gas use in a plant or other facility. Further, many industrial processes involve several steps at different temperatures. Some of these steps can use geothermal heat, but others might require superheating. Under the IRS limitation, if such a system involved even a minimum addition of nongeothermal heat, the entire system would become ineligible for the tax credit. In effect, the IRS limitation encourages less efficient designs to take advantage of the tax credit. Certainly, this result is contrary to the intent of Congress in the Energy Tax Act of 1978.

In order to help rectify this problem, our bill specifies how the credit is to be determined when a residence or business has a system which uses both geothermal energy and another source not eligible for credit. Under the bill, all of the equipment comprising the system shall be eligible for the credit if, on a Btu basis, geothermal energy provides more than 80 percent of the energy in a typical year for which the system is designed. If less than 80 percent of the energy is supplied by geothermal energy, the credit shall apply to those portions of the system which produce, distribute or use energy which is more than 50 percent supplied by geothermal energy on an annual Btu basis.

It is important to emphasize that our bill does not create any new tax credits. It does not increase any present tax credits. What it does, instead, is make clear what the current law is and overturn the arbitrary restrictions imposed by the IRS. The objective of the technical corrections made by this bill is to make the present credits effective.

This legislation was drafted with the technical cooperation and assistance of the Department of Energy, which has publicly expressed its opposition to the IRS geothermal tax credit regulations. The Ohio Department of Energy also has taken the position that any Federal energy tax credits of this type should be applicable to all geothermal or hydrothermal sources regardless of their temperatures. The State of Ohio already has on the books a tax credit which is applicable to a hydrothermal source of any temperature when it is used for heating or cooling.

We need to remove the bureaucratic roadblock by the IRS which is preventing incentives to more widespread use of available geothermal technology. We should make it attractive for more homes and businesses to take advantage of the geothermal resources of this Nation. Truly, the ground on which we stand holds part of the solution to our energy problems.

The gentleman from California and I urge our colleagues to cosponsor this bipartisan bill and to join with us in encouraging the House Ways and Means Committee to act favorably on it.

For the benefit of our colleagues, the full text of the bill follows:

H.R. —

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CLARIFICATION OF DEFINITION OF GEOTHERMAL ENERGY.

(a) GENERAL RULE.—Paragraph (3) of section 613(e) of the Internal Revenue Code of 1954 (defining geothermal deposit) is amended to read as follows:

"(3) GEOTHERMAL ENERGY DEFINED.—For purposes of paragraph (1), the term 'geothermal energy' means the natural heat of the earth (at any temperature) which is stored in rocks, an aqueous liquid or vapor (whether or not under pressure), or any other medium. A geothermal well shall in no case be treated as a gas well for purposes of this section or section 613A, and this section shall not apply to any geothermal property which is located outside the United States or its possessions."

(b) CLARIFICATION OF APPLICATION OF BUSINESS CREDIT AND RESIDENTIAL CREDIT TO GEOTHERMAL PROPERTY.—

(1) Subparagraph (D) of section 44C(c)(7) of such Code is amended by adding at the end thereof the following: "In the case of a system which uses both geothermal energy and an energy source not eligible for the credit under this section, all of the equipment comprising the system shall be eligible for the credit if, on a BTU basis, geothermal energy provides more than 80 percent of the energy in a typical year for which the system is designed. If less than 80 percent of the energy is supplied by geothermal energy, the credit shall apply to those portions of the system which produce, distribute, or use energy which is more than 50 percent supplied by geothermal energy (on an annual BTU basis)."

(2) Paragraph (3) of section 48(l) of such Code is amended by adding at the end thereof the following new subparagraph:

"(D) APPLICATION OF CREDIT TO EQUIPMENT WHICH USES BOTH GEOTHERMAL ENERGY AND ANOTHER ENERGY SOURCE.—In the case of a system which uses both geothermal energy and an energy source not eligible for the credit under this section, all of the equipment comprising the system shall be eligible for the credit if, on a BTU basis, geothermal energy provides more than 80 percent of the energy in a typical year for which the system is designed. If less than 80 percent of the energy is supplied by geothermal energy, the credit shall apply to those portions of the system which produce, distribute, or use energy which is more than 50 percent supplied by geothermal energy (on an annual BTU basis)."

(c) CONFORMING AMENDMENTS.—

(1) Clause (ii) of section 44C(c)(2)(B) of such Code is amended by striking out "any geothermal deposit" and inserting in lieu thereof "geothermal energy".

(2) Clause (i) of section 44C(c)(5)(A) of such Code is amended by striking out "energy derived from the geothermal deposits" and inserting in lieu thereof "geothermal energy".

(3) Clause (viii) of section 48(l)(3)(A) of such Code is amended by striking out "energy derived from a geothermal deposit" and inserting in lieu thereof "geothermal energy".

(4) Clause (ii) of section 57(a)(11)(D) of such Code is amended to read as follows:

"(ii) all geothermal properties."

(5) Subsection (c) of section 263 of such Code is amended by striking out "any geothermal deposit" and inserting in lieu thereof "geothermal energy".

(6) Subparagraph (E) of section 465(c)(1) of such Code is amended by striking out "geothermal deposits" and inserting in lieu thereof "geothermal energy".

(7) Paragraph (1) of section 613(c) of such Code is amended by striking out "geothermal deposit" and inserting in lieu thereof "geothermal well".

(8) Subsection (e) of section 613 of such Code is amended—

(A) by striking out "deposits" each place it appears in paragraph (1) and inserting in lieu thereof "properties", and

(B) by striking out "DEPOSITS" in the subsection heading and inserting in lieu thereof "PROPERTIES".

(9) Subsection (b) of section 614 of such Code is amended—

(A) by striking out "geothermal deposits" in the text and inserting in lieu thereof "geothermal wells", and

(B) by striking out "GEOTHERMAL DEPOSITS" in the subsection heading and inserting in lieu thereof "GEOTHERMAL WELLS".

(10) Paragraph (1) of section 614(c) of such Code is amended by striking out "oil and gas wells and geothermal deposits" each place it appears and inserting in lieu thereof "oil, gas, and geothermal wells".

(d) EFFECTIVE DATE.—Any amendment made by this section shall take effect as if it had been included in the provisions of the Energy Tax Act of 1978 to which such amendment relates.●

COMMEMORATION OF SAINT SAVA DAY

HON. JAMES L. NELLIGAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. NELLIGAN. Mr. Speaker, I rise to commemorate Saint Sava Day, June 28, which honors the founder of the Serbian Orthodox Church. Originally of noble ancestry, Sava migrated to Greece where he became a monk in the Eastern Orthodox Church. He later returned to Serbia to become the superior of the monastery of Studenitsa, which was the center of the emerging Serbian Orthodox Church.

Saint Sava countered Serbian King Stephen II's support of Roman Ca-

tholicism and eventually, in 1219, succeeded in establishing the independent Serbian Orthodox Church within the realm of the Patriarch of Constantinople. Saint Sava became the first orthodox archbishop of Serbia and initiated a cultural and ecclesiastical renaissance that included the establishment of schools and the beginnings of medieval Serbian literature.

Let us honor Saint Sava, a man who was a champion of Serbia's religious and cultural heritage.●

BILLIONS IN DAYS: FRENZY ON THE HILL

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. LaFALCE. Mr. Speaker, now that the reconciliation process is nearly over, the House should carefully consider whether it really wants to go through the process ever again. In the end, we were forced to vote on a 540-page document which few had seen and even fewer could understand, because there were scribblings in the margins, pages out of place and numerous drafting errors.

It is truly ironic that the budget process, originally designed to increase congressional accountability, has been subverted into a mechanism to strengthen the hands of the Office of Management and Budget and usurp the powers and responsibilities of the individual Congressman and the institution of Congress.

The pace during the reconciliation process was hectic and frantic. For weeks the respective committees labored to reconcile their spending levels with the budget resolution, and then at the last minute some of the committees found that all of their work was either ignored or discarded. At the last minute, there was scurrying all over Washington, as people tried to learn exactly what was happening.

In an article from the June 28 edition of the Washington Post, Bill Peterson performed a remarkable service by catching the mood and atmosphere on Capitol Hill during the later parts of that process. Reading this article should help convince my colleagues that we should not let this occur again in the future. The article is entitled "Billions in Days: Frenzy on the Hill".

The article follows:

BILLIONS IN DAYS: FRENZY ON THE HILL

(By Bill Peterson)

At 4:15 p.m. Wednesday, panic reigned in Room 2174 of the Rayburn House Office Building. Everyone was in a state of near exhaustion. For the fourth time in a week, the minority staff of the House Education and Labor Committee has been asked to rework its portion of Gramm-Latta II, the long-heralded Republican reconciliation bill.

Time was running out. The phone rang. It was Bill Pitts from the office of House GOP leader Robert H. Michel (R-Ill.). He needed to get the bill to the printer. "Give us 20 more minutes," minority staff director Charles Radcliffe told him.

Sandra Glover, Radcliffe's administrative assistant, was cutting and pasting at her desk. Beth Berman, another staffer, punched at a pocket calculator in one corner, revising budget figures. Four other aides frantically paged through huge stacks of paper.

Radcliffe sank into the couch, penciling changes in the bill. To meet complaints from Rep. Shirley Chisholm (D-N.Y.), he changed the words "educationally deprived" on page 69 to "children from low-income families"—to make sure the extra bucks don't head toward rich kids who happen to be doing poorly in school. Rep. Margaret M. Heckler (R-Mass.) was worried about programs for women, so Radcliffe added some words making it clear that provisions of the Women's Equity Act of 1978 would not be affected by the bill.

"You want to know how it's been the last couple weeks?" asked Jennifer Vance, another aide. "It's been like this constantly."

This was the congressional reconciliation process at work, a process that strained much of the behind-the-scenes machinery of Congress to a near breaking point last week as it rapidly attempted perhaps the most extensive changes in government since World War II. In doing so, it raised serious questions—from both Republicans and Democrats—about the resulting legislation, which few congressman even had a chance to read before they voted.

The pressure was immense. "I've been here 20 years, through Adam Clayton Powell, OEO and all the rest," said Radcliffe, a large man with a high forehead and thinning red hair. "But I've never seen anything like this."

The stakes were monumental. The reconciliation package was the longest and broadest piece of legislation ever considered by Congress. "The very viability of Congress as an element of government," as well as the budgets of hundreds of federal programs, hung in the balance, said House Rules Committee chairman Rep. Richard Bolling (D-Mo.).

"I'm in charge of a giant number factory here," James L. Blum said in his cluttered office in the old FBI building at 2nd and D Street SW. "It's like we have our own assembly line here. What we worry about is keeping the quality up."

"It's been a big season for our factory," he continued with a wry smile. "We've had a lot of demand for our products, and we've been moving them off the line in record time."

Blum, a tall, slender man, a jogger who hangs his blue running shorts and white mesh running shirt in his office window, is assistant director of budget analysis at the Congressional Budget Office. He and about three dozen other CBO analysts have worked days, nights, and almost every weekend since January on budget matters.

Their role in the reconciliation process has been critical. In a game where numbers are politics and politics is numbers, they set the baseline to measure everything by, in effect, the rules of the game.

In a game where numbers are everything, they then became the official scorekeepers, the people who separated the numbers from the rhetoric and decided who cut what where.

Their volume of production would impress any factory supervisor. CBO estimates it will use 8 million pages of computer printouts this year. That's an average of some 31,000 pages every working day, or enough to supply Congress with 400 million lines of numbers. It will take 25 tons of paper, enough to consume 425 trees.

As a group, the CBO scorekeepers are an impressive lot, serious, responsible people with master's degrees and PhDs in economics, business administration and public policy. They are accustomed to frenzy. Congress, after all, normally operates in spurts and stops, recessing often and long. What was unusual this year was the massiveness of the reconciliation process, a process few in Washington totally understand. It touched virtually every nook and cranny of government, and it did so under an incredibly tight timetable.

Since last month, when Congress approved overall budget-cutting targets, each House and Senate committee has had to decide exactly where to make these cuts. This was rife with political infighting, pitting Republicans against Democrats, pet program against pet program. Where did they turn for advice and numbers? The CBO number factory, of course.

"The people I relate to best are short-order cooks," said Bob Sunshine, 36, one of Blum's deputies. "We're working for the House. We're working for the Senate. We're working for 28 committees. We're working for the Republicans and Democrats. Everybody has an order, and everybody wants his order in an hour."

The tension over the budget cuts had been building for months, like a giant dust storm in the West, through the inauguration, David Stockman's black book, the battle over the first budget and all the skirmishing since.

When the committees finally got to work during the last month, Stockman was worried. He set up an operation headquarters in the second floor of the Old Executive Office Building. It was alternately called the "Rec (for reconciliation) Room" and the "War Room." Desk officers from the Office of Management and Budget were assigned there to monitor the work of each congressional committee. Each day they issued a report of about 50 pages on what had happened.

It may have looked rather simple to the distant, casual observer. Fourteen Republican-controlled Senate committees had reported cuts totaling $39.6 billion; their Democratic-controlled House counterparts reported cuts of $37.7 billion.

But blue smoke and mirrors were all over the place. The battle was over perception as much as reality. The Reagan administration cast it this way: You were either for the president and economic recovery, or you were against it. Cool deliberation took a back seat.

"I don't think most members comprehend the magnitude of what is going on here," California Rep. Leon Panetta, who headed the Democrats' reconciliation task force, said late one night. "It's unfortunate how much is decided on perceptions. The reality is most members aren't aware of the pieces, or the impact of what they are doing. This is a dangerous game we're playing. We have to be careful we aren't locking up the Congress for three years and throwing the key away."

Panetta candidly admitted he had not read the entire Democratic reconciliation package, and he doubted anyone else had

either. As for the Republican House substitute, known as Gramm-Latta II, as late as 4:45 p.m. Wednesday it was still only a collection of Xeroxed pieces of paper in the hands of Bill Pitts, House Minority Leader Michel's chief budget aide, and he was in a frenzy.

Pitts, whose father worked in Congress 41 years, had been working nonstop for weeks. "I never want to go through anything like this again," he complained wearily.

Republicans were in much better shape in the Senate. But even there it would have been virtually impossible to comprehend what was in the package. The bill ran 406 pages, the Senate Budget Committee Report on it 1,034 pages.

Pieces of the House bill had been floating around for days, and OMB, part of the executive branch, had issued what it called Gramm-Latta 1½ a couple days before. This version had angered many Republicans, including diehard Reagan supporters.

"We waited and waited for the package," said the House Education and Labor Committee's Radcliffe. "When it finally came, it was a combination of Stockman, the White House, and the Department of Education. I'm a great admirer of David Stockman. But what we got was good ideology, but poor legislation. It was completely useless. We all would have been fired if we had let it out."

Many of those most deeply involved in the reconciliation process are deeply distraught about it. There was simply too much to do in too short of a time. Congress simply didn't have time to do a good job. Substance gave way to symbolism.

"The old saying is if you want it bad you get it bad . . . It forces so much to be done in such a short time it can't all be good legislation, no matter how well everyone is motivated," said one respected Hill aide.

The normal checks and balances weren't allowed to work. There were few hearings, little public debate on specifics. Many lobbyists stayed away from the process. "This was so big they couldn't get a handle on it," said another key staff assistant.

"Normally this package would be 100 different bills, and Congress would spend months on each one," said still another staff member, looking at a stack of documents on his coffee table. "What you have here is a big horse pill and they want you to swallow it all at once."

At 11:50 a.m. Thursday, the Senate and House were in session, and the phones were ringing at the Congressional Budget Office. Richard Brandon, an aide to Sen. Lawton Chiles (D-Fla.), was trying to cut a deal with the Senate's Republican leadership to get more money for Cuban and Haitian refugees, most of whom live in Florida.

Brandon wanted to funnel several million dollars budgeted for state employment services into the refugee program. He was pushing hard. He told Chuck Seagraves, the top analyst in CBO's human resources division, that he needed numbers and needed them fast, Seagraves was trying to do a half dozen other things at the same time, but he said he would see what he could do.

"This is what we do here," Seagraves said, hanging up the phone. "These people are desperate. They want to make deals, and the only way they can make them is if they have the numbers. And they don't just want any numbers—they want numbers that prove their case."

Chiles, Brandon's boss, succeeded. Under a unanimous consent agreement, the Senate added $54 million to the refugee program. It was a great victory, the senator's office said. The employment service people will never know what happened to them.●

THE GREAT CALENDAR GIVE-AWAY SHOULD BE ABOLISHED

HON. DENNY SMITH

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. SMITH of Oregon. Mr. Speaker, I do not know about your constituents, but mine are becoming real believers in the fact that there is no free lunch—and no free calendars.

U.S. Capitol Historical Calendars are beautiful, informative, historical, colorful, and an absolute waste of taxpayer dollars. The great calendar giveaway is, in short, an outdated idea.

As Members of the House of Representatives, we are each allotted 2,500 calendars per year to distribute as we wish. At $1 per calendar for printing and packaging alone, we find ourselves with a $1 million gratuitous mistake.

While asking my colleagues to cosponsor my legislation to abolish this wasteful expenditure, I found that many Members were reluctant to end what has become a very popular "freebie." When I asked my constituents, on the other hand, how they felt about their tax dollars being spent in such an irresponsible fashion, I received the following responses:

The calendar is great, but I'll settle for a balanced budget and no calendar.

We're going to hang the calendar over the filing cabinet where we keep all our tax information and regulations so we can remember where our tax dollars are so worthily spent.

Anything you can do to eliminate unnecessary wasteful expenditures of tax dollars will have my complete support. I am looking forward to never receiving another Capitol Historical Calendar.

Abolishing this totally absurd Federal expense is one small step in the direction of fiscal responsibility. I urge my colleagues to join me in this effort.●

EXTENSION OF THE VOTING RIGHTS ACT

HON. THOMAS M. FOGLIETTA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. FOGLIETTA. Mr. Speaker, recently, I cosponsored the extension of the Voting Rights Act of 1965. Nothing else I have done in the Congress has given me so profound a sense of history.

There are those who say the act should not be extended; that it has achieved its purpose, and that responsibility for supervision of elections should be returned to the States.

I disagree.

Great progress has been made in the last decade and a half because of the Voting Rights Act. I see the success of the act of insuring the voting rights of minority citizens as a reason for retaining it, rather than allowing it to lapse. We have too often allowed progress to make us complacent, and then had to work harder to make up for the backsliding that complacency brings.

After the Civil War, the 15th amendment to the Constitution guaranteed suffrage to the freed black slaves, and Federal troops enforced the law. During that period, blacks were able to win local elections. When the troops were withdrawn, black voters were immediately disenfranchized, first through acts of terror and intimidation, and then through more subtle, legal obstacles to their right to vote.

These obstacles ranged from poll taxes and property requirements to literacy tests. Blacks might be asked: "How many bubbles in a bar of soap," or complex questions on the Constitution, the answers to which could be changed at the whim of the registrar. No literacy tests were ever given the registrars. We cannot and must not let this happen again.

The Voting Rights Act embodies our national commitment to government which is truly representative of all Americans. This commitment is even more important today than when the act was first adopted. At a time when the Government is turning away from the needs of the poor and underprivileged, we must be even more vigilant about guaranteeing the right of these same people to be heard at the ballot box.

The act requires voting districts in States which have large black populations and low numbers of black registered voters to submit election and voting procedure changes to the Justice Department for approval before enacting the changes. Since the act was passed in 1965, proposed electoral changes have been rejected by the Justice Department 800 times. That is why this oversight function is so important.

A compromise version of the act, being promoted by Southern conservatives, would remove the present oversight system. It would provide instead that Federal courts could order preclearance of election practices for a maximum of 4 years, only after a finding of a "pattern or practice" of voting rights abuses. In effect, this proposal would permit the violation of the voting rights of minorities to continue until a pattern emerged and had been documented and fully litigated through the court system.

This compromise would permit the Attorney General to institute such litigation, or to intervene in any private voting rights suit. However, the atti-

tude of the present administration toward minority rights and recent conduct of the Justice Department give good reason to be concerned about how this discretion would be exercised. A disturbing example of the influence of southern politicians upon the Justice Department came to light not long ago, when it was reported that language in a Justice Department brief was deleted after consultation with a U.S. Senator who considered it too strong and defamatory to the city of Mobile.

We have three alternatives: To extend the present act; to adopt an alternative which would appreciably weaken the act, or to let it lapse. The first alternative is the only one which is acceptable. That is why I have joined with my colleagues who are committed to the realization of the ideal of truly representative government, in calling for the extension of the Voting Rights Act.●

AGE DISCRIMINATION IN EMPLOYMENT

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. PEPPER. Mr. Speaker, I would like to bring to your attention a recent district court decision which further guarantees employees of State and local governments their right of protection against age discrimination.

In 1978 Congress took a significant step toward the eventual eradication of all remaining vestiges of age discrimination in employment by amending the Age Discrimination in Employment Act (ADEA) and making it applicable to all Federal employees regardless of age and to non-Federal employees who are younger than age 70. It was the intent of Congress that the protections of the ADEA, as amended, be available to State and local employees. However, this was not tested in court until recently.

The first test came in a case involving a Calumet County, Wis., employee who was forced to retire at age 65 under the terms of the county pension fund. The Equal Employment Opportunity Commission (EEOC) filed suit in the U.S. District Court of Eastern Wisconsin on behalf of the retired employee, arguing that the ADEA specifically prohibits any employee benefit plan from requiring or permitting involuntary retirement because of the age of the individual. That this protection is available to employees of State and local governments was clearly spelled out in the Fair Labor Standards Amendments of 1974, which amended the ADEA to "expand coverage of the Act to Federal, State, and local employees."

The district court decision in the Wisconsin case was handed down on June 12, 1981. It said that the ADEA may constitutionally be applied to Calumet County, thereby establishing a precedent that employees of State and local governments are protected against mandatory retirement before age 70, unless age is a bona fide occupational qualification. The outcome of this case is a clear victory for the thousands of middle-aged and older workers who face age discrimination in their jobs. But it also points up the gaps in the law which still allow various forms of age discrimination in employment to continue unchecked. Many groups, for example, still do not enjoy the protections of Federal law against this pervasive and highly destructive practice. Airline pilots, police officers, firefighters, and bus drivers are just a few of the unprotected categories of workers. Furthermore, the millions of Americans who are 70 years of age or older still do not enjoy this basic right.

Thus, while we celebrate the victory for State and local employees, we must be mindful that our work is not yet done. We cannot rest until we have eliminated all forms of age discrimination from our society. That is our goal and it is indeed one that is worth fighting for.●

NIOSH MOVE TO CINCINNATI: $800 COST TO $1 BENEFIT

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. GAYDOS. Mr. Speaker, moving one arm of the National Institute for Occupational Safety and Health (NIOSH) to Cincinnati as announced will save the taxpayers a definite $19,568 a year, but they may have to spend up to $16 million to do it.

NIOSH's Washington-based Division of Criteria Documentation and Standards Development presently is headed by Richard Lemen, who currently lives in Cincinnati, his official duty station.

So the Government pays him about $1,630 each month in travel and living expenses—$75 a day—to come to work in Washington, and it has paid him $19,568 for doing that since May 1980.

NIOSH employees have totaled his expense vouchers from the day he came to Washington to assume responsibility as division director, through the present, and they assure me the count is accurate.

But now that plans are announced to move the division to Cincinnati, we can look forward to an end to that spending.

However, there is right now in Cincinnati no suitable place to house the division.

In discussion are ways to house the emigres once they arrive in Cincinnati. As related by NIOSH employees, they involve spending up to $16 million for either new or renovated space in a larger consolidation, and other moving expenses. The amount is unclear. Those who plan the move did not touch on that question in their formal announcement. Somebody should touch on the question. Somebody should do an autopsy on it.

Nevertheless, Mr. Lemen would be freed of his relentless shuttling between there and here.

And I guess it solves the problem of perpetual per diem, but it looks like a curious, even fantastic, manifestation of economy in Government.

But there is more.

The division is one of the most active in meeting with other agencies, union representatives, trade associations, and so forth, most located in Washington, not Cincinnati.

NIOSH employees estimate division representatives would have to leave Cincinnati about 600 times a year on official travel to meet their responsibilities. Most of the travel would be to Washington.

At current air fares, the Cincinnati to Washington travel bill would be $136,800 a year—tourist class.

If each trip requires an overnight stay, the per diem bill is $45,000.

And the total is $181,800 a year in added travel costs. But it would save $19,568 and allow Mr. Lemen to enjoy the comforts of home.

The ratio is $9.29 in costs to $1 in savings.

To a mind untrained in occupational health or public administration, it seems like it would be cheaper to let the director keep coming to Washington, or to move him here and allow the Washington-based writers of criteria and standards to remain near those with whom they consult 600 times a year.

Mr. Lemen is not to blame for this situation, and his comfort is not the point of the move. I am sure there are other considerations, but those planning the move have not put them forward.

As chairman of the Subcommittee on Health and Safety, I am made more curious by each new report on the move and each attempt to fathom the costs and benefits of it. It is a matter about which all Members concerned with economy in Government and with occupational health and safety should be curious. The potential for abuse is equally large in either area.

Incidentally, based on what we know now, the Congress will have to be patient for things to come out even in Cincinnati under the $16 million transfer plan.

The ratio is $800 in estimated costs to $1 in known savings.

Of course we can charge off the director's $1,630 monthly commuting allowance and figure on amortizing the estimated $16 million that way.

It will take 817 years.

Mr. Speaker, the savings will equal the costs in A.D. 2799.

It will never happen if we add the $181,000 a year in increased travel costs.

But moving that division to Cincinnati is only part of the plan. The whole plan moves parts there and most of the agency to Atlanta under the wing of its parent, the Center for Disease Control. They will have to acquire office space in Atlanta too. There will be expenses of moving people, equipment, and records. There will be more travel out of Atlanta to Washington.

In fact, the unofficial estimate of travel costs from an Atlanta base is about $325,000 a year, NIOSH employees say.

Moving NIOSH might or might not be good for occupational health, but it certainly will benefit the airlines.

If the movers cannot demonstrate the moves will make NIOSH measurably better at what it does, then Congress should ground these plans for a high-flying future.●

HUNGARIAN FREEDOM FIGHTERS DAY

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. SMITH of New Jersey. Mr. Speaker, I take great pleasure in joining my distinguished colleague on the New Jersey delegation, Mrs. FENWICK, and Mr. LANTOS, of California, himself a Hungarian American, to cosponsor House Joint Resolution 268, proclaiming October 23, Hungarian Freedom Fighters Day.

The story of the courage of the Hungarian nation in 1956 must not be forgotten. Though Hungarian freedom was not reestablished—though the Soviets continue their domination in Hungary—I believe, very strongly, that this rule is not a permanent thing. The echoes of the Hungarian uprising reverberate through Eastern Europe. They inspired Czechoslovakia in 1968. They inspire Poland today.

When a nation wishes to be free its desires cannot be suppressed forever. The Soviets may torture and murder the resistance fighters of Eastern Europe, but they cannot defeat the spirit of liberty. Whenever one uprising is crushed that spirit appears somewhere else. If Soviet tanks roll into Budapest, then we can be sure Prague will soon be touched by the unquenchable flame of freedom. The Soviets invade Prague; now Warsaw and Cracow resist them.

The Iron Curtain will crumble. Tyranny always produces its own downfall, because tyrants can advance only so far. Then free men and women rise up to meet these tyrants, and strike back at them.

Hungary lit the flame of resistance in 1956. Other nations in Eastern Europe now struggle to be free of tyranny. We hope and believe that struggle will be successful.

That is why I support Hungarian Freedom Fighters Day. Hungary did not suffer in vain. She will be restored to her liberty. In the spirit of her great patriot Kossuth, the Hungarians have uttered their ancient cry of resistance—"No, No, Never"—to the Soviet tyranny.●

MEMORIAL TO GENERAL MIHAILOVICH

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. DERWINSKI. Mr. Speaker, Maj. Richard Fellman, president of the National Committee of American Airmen Rescued by General Mihailovich, has been instrumental in calling for an appropriate memorial to be constructed in Washington, D.C., to honor Gen. Draza Mihailovich, the man who saved their lives. I have introduced a bill in the House, H.R. 3526, authorizing the erection of a memorial in recognition of the role General Mihailovich played in saving the lives of approximately 500 U.S. airmen in Yugoslavia during World War II.

Major Fellman, one of the airmen that owes his life to the efforts of General Mihailovich and his Chetniks, spoke on the anniversary of that occasion. The following is the second part of his remarks:

The highlight of my stay, needless to say, was meeting our beloved "Chicha Draza." The first time I saw him, he was walking up a hill surrounded by a group of dancing children, and they were throwing flowers in his path. I couldn't believe my eyes; here was the Commander-in-Chief of an Allied army of over 300,000 men doing away with all the fancy protocol of his high office and dressed like any other soldier. It was then I understood why everyone spoke of him with such love and admiration. Practically every Serb I spoke to told me of the time "Chicha" Draza ate at his farmhouse, christened his baby or danced the kolo with him.

On that particular day, Gen. Mihailovich had come to greet us and assure us that he would give us every possible protection to insure our safety. After greeting each one of us personally, over 1,000 of his troops put on a review in our honor (I'm sure that many of you in the audience were there and remember that day well—it was June 30, 1944). Mind you, this was all done with the Germans just a few miles away.

After the review, the airmen gathered around the General and we all sat on the ground under a hugh tree. Speaking through an interpreter, he told us how he had always admired the freedom-loving principles of America, and of his dream that someday his people could enjoy those same liberties. He then went on to tell us how disappointed he was that the allies had abandoned him; but then (without any bitterness) he asked only that we take the truth back to our homeland. And I'm proud to say that is exactly what we have been doing for the past 37 years.

With or without Allied support, he said he would continue to fight against any and all dictatorships (be they Nazi or Communist) that threatened his homeland! As I recall, his actual words on that day were: "I will continue to fight this curse of mankind no matter what form it comes in. If I am to die, then die I shall—sad because I have been deserted by those who profess to believe in democracy, but gratified that I have fought bravely and honesty and refused to compromise my cause." As he spoke these words, I could see there were tears in his eyes, and it wasn't until many years later (after I got to know Serbian history—about St. Sava and the battle of Kossovo) that I understood what he meant!

Having had the privilege of meeting Gen. Mihailovich, I always find it frustrating trying to find words adequate enough to describe him. I only wish you could have all been with me at a dinner in Los Angeles almost two years ago. It was given by the California Citizens Comm. to honor Gen. Mihailovich at the Los Angeles Hilton, and Dr. Edward Teller was the honorary chairman.

The guest speaker that night was my very close friend for over 35 years, David Martin. (David, as you know, wrote that remarkable book, "Patriot or Traitor—The Case of Gen. Mihailovich"). David may very well be the greatest living authority on Gen. Mihailovich. He has spent years on research, interviewed hundreds of people who knew him and feels that he knows Gen. Mihailovich as intimately as he does his own brother. This is in part what David had to say about Gen. Mihailovich that night:

"There is no one else about whom I am prepared to say this, but of all the great figures in World War II, Draza Mihailovich is about the only one who could qualify for sainthood!!!

"He was a warrior saint in the great tradition of the Serbian people. He was a man of exceptional simplicity; simplicity almost of a Mahatma Gandhi. He didn't live in pomp, but shared the hardships of his soldiers. He even carried his own knapsack. And the people revered him in a manner that no other national leader during World War II was revered, not even Winston Churchill or President Roosevelt. It was this man who was so completely committed to everything we believe in in America."

When David finished his speech, the entire audience was in tears and gave him a standing ovation. And with good cause, when you consider these remarkable statements came from a non-Serb, a distinguished author and an objective historian.

(In case you haven't already done so, I strongly recommend you read his book. He even has a few kind words to say about me.)

Before getting into the concluding part of my speech, I would like to make brief mention of one additional fact which is not too well known, and which is added reason for my great admiration for the Serbian people.

Beside being an American airman rescued by the Serbian people, I am also a Jew. It is a matter of documented history that Serbia

was one of the very few countries in Europe where anti-semitism did not exist. In the old kingdom of Serbia, and later in the kingdom of Yugoslavia, the Jews were, by law, equal members of the community, and enjoyed all the rights and privileges of other citizens. This is so very remarkable when you consider the persecution of the Jews in so many countries throughout the world and throughout history. (From my own personal experience I can remember the anti-semitism that existed in this country when I was growing up in N.Y.)

The historical goodwill between the Serbs and the Jews does not seem strange when you consider the many parallels in their histories: we both suffered cruel persecution, both have been driven from our homeland and today we are both dispersed throughout the world. (In dying for their freedom-loving principles, the Jews had Masada and the Serbs their Kossovo.)

During World War II so many Serbs risked their lives to save thousands of Jews from the Nazis. This is something I can never forget, and for what the Serbian people did for my people, I will always be grateful.

And now, I would like to tell you about a matter that is very dear to all our hearts—the erection of a memorial to General Draza Mihailovich in Washington, D.C.

Just as today we celebrate the 40th anniversary of Ravna Gora, just a few days ago on April 28, the American airmen celebrated the 35th anniversary of their first trip to Washington in 1946 to honor General Mihailovich. Ever since then we have been carrying on our fight to pay him the tribute he never received during his lifetime. We met with many disappointments, but never gave up hope. And after all these years, I feel we are finally on the verge of achieving our goal.

It is of great significance to note that never before in over 200 years of American history has a group of American veterans banded together for over 35 years to erect a memorial to a foreign leader. Also of equal significance is our insistence that the funds for the memorial come not from the Government, but, as it should, from the people themselves, those to whom Draza meant so much.

In addition to honoring Gen. Mihailovich, we American airmen see in this memorial a tribute to the wonderful Serbian people we lived with and the courageous Chetniks we fought with.

In the years to come, we hope people from all walks of life will come to Washington and gaze upon the Mihailovich monument, in it they will see all the things I have just spoken about and pay tribute to this great leader who gave his life rather than compromise his principles. If ever one person personified the Serbian tradition of "Bolje grob, nego rob," it was Draza Mihailovich.

It is also my fervent hope that in the future, countless generations of Serbian grandfathers will sit with their grandchildren beside the Mihailovich statue, and as they sit there and relate the stories of Kossovo, St. Sava and Tsar Lazar, they will add the name of "Chicha Draza" to proud Serbian heritage.

In conclusion, I would like to end on the thought that although Draza's enemies did everything they could to destroy his fame, they never could destroy the truth. They lined him up before a firing squad and pumped his body full of holes, but they never could and never will destroy his sacred memory. The glorious name of Draza Mihailovich and his resistance at Ravna Gora will live forever in the hearts and minds of the Serbian people. Slava Chicha Drazi!!!

Thank you and God bless you.●

THE TAX PROPHECY THAT HAS COME TRUE

HON. STAN PARRIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. PARRIS. Mr. Speaker, a famous Virginian once said:

When the Federal Government gets a strangle hold on the individual businessman, state lines will exist nowhere but on the maps. Its agents will everywhere supervise the commercial life of the states * * * I am not willing by any voluntary act to give up revenue which the state of Virginia herself needs, nor to surrender that measure of states' rights which was, and the construction of the Federal courts have permitted, to remain.

Mr. Speaker those words were not spoken during the current debate on the Nation's tax policy, nor were they uttered during this year's gubernatorial race in Virginia. They were spoken by the grandfather of the senior Senator of the Commonwealth of Virginia, Mr. Richard E. Byrd who at the time these words were spoken was serving as Speaker of the House of Delegates. The speech was given on March 3, 1910 during the debate on whether or not Virginia would ratify the 16th amendment to the Constitution.

I believe my colleagues would find Mr. Byrd's comments revealing and informative. I am inserting the full text of his remarks for my colleagues' information.

The text follows:

THE TAX PROPHECY THAT'S COME TRUE!

(By Senator Harry F. Byrd, Jr.'s grandfather Richard E. Byrd, Speaker of the Virginia House of Delegates, on March 3, 1910)

"It (the 16th Amendment) means that the state must give up legitimate and long established source of revenue and yield it to the Federal Government.

"It means that the state actually invites the Federal government to invade its territory, to oust its jurisdiction and to establish Federal dominion within the innermost citadel of reserved rights of the Commonwealth.

"This amendment will do what even the Fourteenth and Fifteenth Amendments did not do—it will extend the Federal power so as to reach the citizen in the ordinary business of life. A hand from Washington will be stretched out and placed upon every man's business; the eye of a Federal inspector will be in every man's counting house.

"The law will of necessity have inquisitorial features, it will provide penalties. It will create a complicated machinery.

"Under it businessmen will be hauled into courts distant from their homes.

"Heavy fines imposed by distant and unfamiliar tribunals will constantly menace the taxpayer.

"An army of Federal inspectors, spies and detectives will descend upon the state. They will compel men of business to show their books and disclose secrets of their affairs. They will dictate forms of bookkeeping. They will require statements and affidavits. On the one hand the inspector can blackmail the taxpayer and on the other, he can profit by selling his secret to his competitor.

"When the Federal government gets a strangle hold on the individual businessman, state lines will exist nowhere but on the maps. Its agents will everywhere supervise the commercial life of the states . . . I am not willing by any voluntary act to give up revenue which the State of Virginia herself needs, nor to surrender that measure of states' rights which was, and the construction of the Federal courts have permitted to remain."

Virginia did not ratify the sixteenth amendment!●

BRIEF BY MR. LEE MARTIN OF VANDERBILT UNIVERSITY ON INTERNATIONAL EDUCATION

HON. WILLIAM HILL BONER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. BONER of Tennessee. Mr. Speaker, recently I have been in contact with Mr. Lee Martin, coordinator for the Center for Orientation programs in English at Vanderbilt University. I commend to my colleagues the following brief, supplied by Mr. Martin, regarding international education, compiled by the International Educational Exchange liaison group:

ENHANCING AMERICAN INFLUENCE ABROAD: INTERNATIONAL EXCHANGES IN THE NATIONAL INTEREST

A. NATIONAL INSTRUMENT FOR PEACE AND SECURITY

Few Americans today are untouched by events beyond the official borders of the United States. While from its birth this nation has played increasingly important roles in international commerce and politics, the degree to which America's destiny is now being shaped by external forces has never been greater. Consequently, Americans want to improve U.S. political and economic effectiveness abroad and enhance their national security.

One of the most cost-effective, proven instruments of such influence—international educational exchanges—directly serves America's national interests, and serves them well. To realize the vision of an American respected in the world, the new Administration could take no more practical, substantive step than to reverse the serious decline in recent years in federal support for international educational exchanges. Support of these programs symbolizes a national willingness to reinvest in the future. In a world of threatening forces and issues, those in government service, business, the news media as well as the general citizenry urgently need direct and personal international contacts and competencies possessed by far too few Americans.

The capacity of Americans to understand events in the world, to work and negotiate with people from other cultures and to achieve the necessary professional and job

skills relevant to foreign trade and commerce depends largely on appropriate education and experience. Today one in six Americans has a job thanks to international trade, and one of three acres produces for export. Given the twin challenges of reindustrialization and getting America back to work, knowledge about and access to international markets now constitute a major national opportunity, if not imperative. Where will business and industry recruit the cosmopolitan managers its international operations require if not from among those Americans and foreign nationals educated for their managerial tasks through study and experience abroad?

The members of the International Educational Exchange Liaison Group believe all the weapons in our arsenal will be insufficient if we continue to underinvest in the non-military aspects of our defense—political, economic, educational and cultural—which correct distorted images of America in the minds of men and women throughout much of the world. We will assure our place in a more manageable, more stable world through the exchange of information, knowledge and know how and, ultimately, help develop common social, economic and cultural aspirations. With such a commitment, we can shape rather than merely respond to international events. Of the resources employed in the pursuit of U.S. foreign policy objectives, few have been as quietly effective as the educational and cultural affairs components of American diplomacy.

THE INTERNATIONAL COMMUNICATION AGENCY: A SECOND LINE OF DEFENSE

The major official U.S. Government efforts to influence the perception of America in other nations are centered in the International Communication Agency (USICA), an agency created in 1978 by combining the U.S. Information Agency and the Bureau of Educational and Cultural Affairs of the State Department. USICA's programs vary widely, ranging from the short-term, quick response capability of Voice of America broadcasts to the longer term investment in educating the successor generations of other nations. The Fulbright Program, a major vehicle for the exchange of students, professors and researchers between the United States and the rest of the world, has, since 1946, sent 45,000 Americans to foreign countries and brought 85,000 foreign students, teachers and scholars to the United States.

A recent international crisis offers an example of the utility of federal support for exchanges. When the Soviet Union invaded Afghanistan, Washington sought the guidance of those with first-hand knowledge of the area. Almost without exception the Americans with any direct experience in South Middle Asia were alumni of federally funded exchange programs. Yet the numbers of exchanges which build such expertise have been in decline for more than a decade so that, in real terms, the U.S. exchange program today is operating at only 60 percent of the 1965 level. Other federal programs containing substantial educational exchange components, have also declined in recent years in relation to growing needs. Among these are the international education research and exchanges activities of the Department of Education, the Peace Corps, the Agency for International Development, the National Science Foundation and the National Endowments.

Cultural and informational programs of USICA total less than 0.05 percent of the U.S. federal budget. Should we really be surprised, then, when other nations fail to get the essential message about the U.S. purpose and posture? As Americans, we seem persistently unwilling to foot the bill for international understanding. Proctor and Gamble's annual advertising budget is larger than USICA's information activities and yet we somehow expect the Agency to achieve results on a worldwide scale in "telling America's story" and enlightening our citizens at home through scholarly and cultural visits.

If the erosion of U.S. influence and power internationally is serious enough to necessitate a $33 billion increase in defense spending, is not an equally substantial increased investment called for to provide an American "arsenal of ideas"?

UNITED STATES: UNCOMPETITIVE IN EXCHANGES

A 1979 survey of international communication, cultural and educational programs of the United States and six other countries, by the General Accounting Office, concluded: "By comparison with allies and adversaries, the U.S. Government investment in this field is low. In absolute terms, the United States is outspent by France and the Soviet Union and is nearly equalled by West Germany. . . . In proportion to GNP, the comparison becomes even more striking." Both our allies and our adversaries seem fully mindful of the political and economic advantages that accrue when Third World leaders are educated in their countries, are trained to utilize their technologies, and are participants in their social, political and cultural life. France and the Federal Republic of Germany commit 1 percent of their national budgets to educational, cultural and informational activities; the U.S. Government less than 0.1 percent. Helmut Schmidt has defined politics, commerce and cultural diplomacy as the "three pillars" of German policy. The Government of France asserts that "cultural relations are as important as politics and trade and perhaps more important" to key French interests. Japan and Britain officially sponsor more students to go abroad on grants than does the U.S., while Britain also brings in more foreign grantees than the U.S.

Soviet information/cultural expenditures are estimated to total some $2 billion annually—at least four times U.S. investments in this area overall. Cuban teachers and advisors continue to inundate selected Third World nations, yet in 1977 one-third fewer opportunities were granted to young Africans to pursue their studies in the United States than were available to them in 1968. We sent only seven doctoral candidates to Africa last year, three to Nigeria. In that year, only 1,800 Africans studied in the United States under U.S. sponsorship. The Soviet figure was 24,000. In Latin America, the U.S.S.R. offered 4,650 study and training exchanges in 1978 while the United States Government offered far fewer than one-tenth that number in a hemisphere so close, so troubled, and so important to our socio-economic goals and strategic thinking.

Clearly, we are not offering scholarships to poor and middle class students on a scale even marginally comparable to that of the Soviet Bloc. As a 1977 report of the House Committee on International Relations concluded: "Significantly, in Soviet-Third World cultural relations the Soviet leadership appears to have placed its greatest hopes for ultimate success in the academic exchange programs."

American ambassadors continue to oppose the nearly 50 percent decline over the past decade in invitations to emerging world leaders and affirm the importance of the international visitor program to U.S. foreign relations. These as well as other exchanges assure that we have a "second line of defense," that despite the freezes and thaws of official foreign policy, America can communicate with others and serve its own and international interests effectively.

FEDERAL FUNDING AS A CATALYST FOR THE PRIVATE SECTOR

The monies needed to rebuild the educational and cultural exchange programs of the U.S. Government are not excessive, nor are advocates unmindful of the need to reduce costs, streamline programs and assure increased counterpart funds. In fact, federally sponsored exchanges stimulate and channel enormous private sector and foreign contributions in the overall service of America's foreign policy. There is a significant "multiplier effect" as revealed by the following examples chosen from a much larger sample:

The International Research and Exchanges Board which administers U.S.-U.S.S.R. and Eastern Bloc exchanges received 39 percent of its support from the private sector in 1979-80 in support of over 600 months of exchangee participation. Similarly, another regionally specific organization, AMIDEAST, generated 28 percent of its support from non-U.S. government sources. AMIDEAST Cairo activities are sponsored by Mrs. Jihan Sadat and in Jordan the organization administers King Hussein's Royal Palace Scholarships for U.S. study.

The Institute of International Education, which has managed over 225,000 exchanges since 1919, assisted close to 6,700 exchanges in 1980 through over 200 programs sponsored by 125 governments, foundations, corporations, universities, binational agencies and organizations. An additional 2,000 foreign leaders and specialists were also assisted by IIE regional offices in Denver and Houston in their capacity as international host agencies. Less than one-fourth of the Institute's funds come from USICA.

The Latin American Scholarship Program of American Universities (LASPAU) has trained over 2,500 Latin American and Caribbean professors in U.S. graduate programs since 1966. Roughly half the cost of these exchanges has been covered from non-U.S. government sources.

The exchange activities of the Experiment in International Living, which include international language and technical studies in addition to well known homestay programs, touched the lives of nearly a million people in 40 nations in 1980. It was able through modest ICA support to launch significant new cooperative ventures with the General Federation of Women's Clubs, United Nations Association, Girl Scouts, Camp Fire, and Boy Scouts of America involving hundreds of thousands of dollars of contributed voluntary time and resources.

More than three decades ago, in the absence of any national procedure for admitting, advising and assisting foreign students coming to the United States, university faculty and administrators began to band together voluntarily to develop professional know-how in this new field. Today 4,000 academic institutional and individual professionals serving foreign students are members of the National Association For Foreign Student Affairs.

The Prime Minister of Japan announced in May of 1981 a commitment to Youth For Understanding for $250,000 per year in

scholarships for 100 U.S. high school students selected annually under the sponsorship of U.S. Senators for summer homestays in Japan. The Japanese government contribution to Youth For Understanding (which exchanges 7,000 students annually between the U.S. and 25 other countries) is about twice as large as the U.S. government contribution through USICA.

The Council on International Educational Exchange (CIEE) and its member universities and organizations send more than 5,000 students to study abroad each year, with more than 90 percent of the funding from other than federal sources. Minimal federal assistance would enable the U.S. to increase these basic programs tenfold.

Despite this heavy private sector and foreign support (approaching $100 million), more generous government funding is essential to assure:

That the most essential strategic and scholarly exchanges are supported;

That a national standard for the conduct of exchanges is set;

That national coordination and leadership is provided for program planning and development; and

That the level of exchanges increases in line with the national interest.

CONCLUSION: EXPORTING AMERICAN IDEAS

The erosion of government support for exchange opportunities and our inability to build upon earlier long-standing and effective investments in exchanges is decidedly not in the national interest of the United States. The neglect of exchanges reinforces the view abroad that America wants to obtain the natural resources of others and consume them with abandon, without sharing one of its own natural resources—its educational system—with other peoples eager to learn and to improve the lot of their often beleaguered countries.

In an age of complex global negotiations, instant communication and nuclear confrontation, America needs every means available to it to build a secure future. USICA's programs and related international educational efforts have never been more vital to the national interest, in assuring "brainpower" as well as firepower. These programs represent vital instrumentalities with which to create a world more amenable to American values and national security.

Concretely, the International Educational Exchange Liaison Group urges significantly increased appropriation of these critical federal programs:

The International Communication Agency, especially the educational and cultural affairs sector.

The training program of the Agency for International Development which prepares foreign technicians, managers and educators.

In addition other federally supported programs contain important exchange and citizen education elements: Title VI of the Higher Education Act administered by the Department of Education and various international programs of the National Science Foundation and the Arts and Humanities Endowment. These programs should be sustained so that they assist and encourage private sector efforts. The ultimate objective of U.S. policies in the world—military, economic, cultural and political—are increased freedom, security and peace. Well conceived, funded and conducted educational and cultural exchanges will not assure these goals, but they can do much to create the conditions of understanding on which they depend. Exchanges reduce miscalculations by others as to our purposes and improve the accuracy of U.S. perceptions of reality abroad.

By increasing its modest investment in educational and cultural exhange, the U.S. can reverse the decline of American influence abroad and extend American competence in world affairs. We must invest our energies, talents and resources to assure a level of influence and measure of respect commensurate with our actual power. This is the path of responsibility as well as prudence. Americans have always met such challenges.●

COOLIDGE QUOTES

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. COLLINS of Texas. Mr. Speaker, President Ronald Reagan has brought Calvin Coolidge back to the forefront. As we celebrated the Fourth of July, we were also celebrating the anniversary of Calvin Coolidge's birthday.

Marvin Stone dedicated the editor's page of the U.S. News & World Report to reviewing famous quotations from President Calvin Coolidge.

He did not mention the one which always appealed to me the most. It seems that at a big dinner party a bubbly matron approached Calvin Coolidge and said, "I bet someone that I could get you to say three words." To which he replied, "You lose."

Let us quote some of the famous statements from Marvin Stone's page on "The Good Sense of 'Silent Cal.' "

Remember Coolidge in a better light. He was a man who understood his countrymen. He suffered few illusions. Some may poke fun at the conventional caricature of Coolidge, but it takes only a sampling of his statements to recognize his good sense. The following is from the record:

It has always seemed to me that commonsense is the real solvent for the nation's problems at all times—commonsense and hard work.

* * * * *

Americans have not fully realized their ideals. There are imperfections. But the ideal is right. It is everlastingly right. What our country needs is the moral power to hold to it.

* * * * *

The business of America is business.

* * * * *

There is no dignity quite so impressive, and no independence quite so important, as living within your means.

* * * * *

The only way I know to drive out evil from the country is by the constructive method of filling it with good. The country is better off tranquilly considering its blessings and merits, and earnestly striving to secure more of them, than it would be in nursing hostile bitterness about its deficiencies and faults.

* * * * *

The meaning of America is not to be found in a life without toil. Freedom is not only bought with a great price; it is maintained by unremitting effort.

* * * * *

The world has had enough of the curse of hatred and selfishness, of destruction and war. It has had enough of the wrong use of material power. For the healing of the nations there must be good will and charity, confidence and peace. The time has come for a more practical use of moral power, and more reliance on the principle that right makes its own might.

* * * * *

Industry, thrift, and self-control are not sought because they create wealth, but because they create character.

* * * * *

Prosperity is only an instrument to be used, not a deity to be worshiped.

* * * * *

People criticize me for harping on the obvious. Perhaps someday I'll write an article on The Importance of the Obvious. If all the folks in the United States would do the few simple things they know they ought to do, most of our big problems would take care of themselves.●

CARTHAGINIANS AT CBS

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. FIELDS. Mr. Speaker, often we hear and read of comparisons drawn between the United States and ancient Rome, comparisons selected to warn us against following the same paths and committing the same errors which would lead ultimately to national decline and fall.

Today, Mr. Speaker, I propose to you and our colleagues another historical comparison: the United States and ancient Carthage.

In the third century B.C., Carthage controlled a vast commercial empire and was the richest of Mediterranean cities. The Carthaginian army was substantial, and the Carthaginian navy was without question the most powerful of its time.

Following the Second Punic war with the Roman Empire, Carthage still maintained much of its own empire and vital commerce. However, a shortsighted and corrupt government increased the tax burden upon its people, and embezzled part of it to boot. At that point, the popular party

called upon the great leader, Hannibal, to come out of his retirement and save the empire.

In 196 B.C., Hannibal was elected to lead the Carthaginians, and he immediately shocked the establishment by, among other reforms, reducing taxes on the citizens and reigning in government expenditures. These policies so enraged the ruling oligarchy that they secretly conspired with Rome to have Hannibal deposed and forced to drink poison.

Given the current debate surrounding our Government's taxing and spending policies, these historical events conjure up their own sense of deja vu. However, Mr. Speaker, my main focus centers around what was happening to the Carthaginian national defenses at this time.

The leadership and opinion makers of Carthage had neglected all war-making capabilities and had allowed the defense establishment to shrink to a shadow of its former self. The people were assured that Rome was no real threat, and that the maintenance of superior arms was too costly to the national treasury. Mr. Speaker, we hear some of these same voices haunting our own Nation today, threatening to weaken our national resolve and security.

When Carthage suddenly found herself facing a third war with Rome, she had a small army, a smaller navy, no mercenaries, no allies. Rome now controlled the seas.

The delusory Carthaginian leadership resorted to a diplomacy of appeasement. From the best families, 300 children were sent to Rome as hostages.

Under the mutual assured destruction—MAD—doctrine, we have offered our entire population as hostage.

When this failed to placate their enemies, the Carthaginian leaders convinced the people that their only hope was in unilateral disarmament. Carthage surrendered her remaining ships, a great quantity of grain, and all her engines and weapons of war.

As always, the policy of appeasement failed. Further, the Roman consuls demanded that the population of Carthage should retire to 10 miles from the city, which was then to be burned to the ground.

When the people realized what their leaders had done to them, they lost their sanity. Parents tore limb from limb the leaders who had advised surrendering the child hostages; other citizens killed those who had counseled disarmament; still others dragged government officials through the streets and stoned them to death.

Then, the awakened citizens declared war on Rome. They sacrificed everything to prepare for war—even the women cut their hair to make ropes. But, Mr. Speaker, it was too late for Carthage. After 3 long years of war, fighting for their land and liberty street by street, Carthage fell to Roman conquest. The population was reduced by 89 percent; survivors were sold as slaves; the city was pillaged and then completely destroyed, burning for 17 days; the soil was plowed and sown with salt.

Mr. Speaker, the lesson in all this is that we should be especially wary of those in America today who counsel our people that the Soviet Union poses no real threat; that our military establishment is evil; that our national defense expenditures rob the poor and strain the Treasury without cause; that we should unilaterally disarm or engage in so-called treaties that result in our effectual disarmament vis-a-vis the Soviet Union. I assure you, Mr. Speaker, the Soviet Union is more imperialistic than ancient Rome, and is bent on nothing short of complete world conquest.

Distressingly, much Carthage-like appeasement and foolishness has lately been emanating from parts of the major media in this Nation—a media which enjoys the trust and confidence of many Americans.

Specifically, CBS News recently broadcast to its numerous television affiliates a 5-hour series that challenged virtually every assumption made by the Reagan administration on the need for a stronger national defense to meet the growing Soviet threat. Further, Mr. Speaker, CBS has so far refused to allow even 1 hour of its air time for the presentation of evidence on the other side of this vital issue.

Mr. Speaker, today I am placing into the RECORD two news columns which examine the CBS series and reveal some exceptionally disturbing facts concerning its production and contents. As these articles demonstrate, Messrs. Rather and Cronkite and their bosses at CBS News are, through folly or design, misleading the American people, and are assisting our enemies in placing the United States into a Carthaginian straitjacket.

The columns follow:

[From News World, June 1981]

CBS's WALTER CRONKITE MAKES SOVIET DISINFORMATION A CINCH

(By Reed Irvine)

WASHINGTON.—Walter Cronkite gave an interview to Soviet Journalist Vitali Kobysh in the spring of 1979 in which he was quoted as saying to the Russian: "I'd like readers to know that I consider myself a friend of your country, and I will do everything in my power to ensure mutual understanding between our people."

Perhaps that was what Cronkite thought he was doing in the final program in the CBS series on national defense that was aired on June 18. His contribution to the five-hour CBS series was to try to explain to the American audience what his friends, the Russians, are really thinking about nuclear war and national defense.

He started out with an interview of Gen. Mikhail Millstein, who was introduced by Cronkite as "a leading officer in the Soviet Army for almost 40 years" and as affiliated with Soviet military intelligence.

DANGEROUS THINKING

Cronkite asked Gen. Millstein, "What if the United States decided that a limited nuclear war was not unthinkable?"

Millstein replied: "There is a great propaganda about the possibility of a first strike against land-based missiles. In the United States, they say that the Soviet Union is planning such a first strike. Well, that's all just a very dangerous way of military thinking, because they are trying to persuade people that a nuclear war is possible. No, a nuclear war is impossible!"

Cronkite then asked, "But isn't it true that through the last few years the Soviet Union has been developing these missiles at a much faster rate than the United States?"

Millstein: "My answer is categorically not. The United States had in the beginning Polaris A-1, then Polaris A-2, then Polaris A-3 (it is MIRVed), then Poseidon, with the MIRV system, then the Trident system is already going up. The land-based missiles—Minuteman I, Minuteman II, then Minuteman III."

LET HIM PASS

Cronkite was much too polite to point out to Gen. Millstein and his audience that this was nonsense. In 1962, the Soviets had fewer than 10 ICBMs capable of striking the United States. By 1979, they had 1,400 ICBMs, compared to our 1,054. In addition, they had 1,037 submarine launched ballistic missiles compared to our 656. Rather than contradict Millstein, Cronkite led him into a discussion of how the Soviets also have to worry about the nuclear weapons of the Chinese and the French and British.

Cronkite next brought on Alexander Bobin, said to be a speech-writter for Brezhnev. Bobin assured Uncle Walter that the trouble with the Americans was that they wanted superiority over everyone else. He said the Soviets had achieved military equality with us, and we interpreted that to mean we were lagging behind. Bobin said we could destroy the Soviet Union 20 or 30 times over. The viewer was obviously expected to conclude that expenditures on such expensive weapons systems as the MX were a foolish and unnecessary waste of money.

Gen. Agayants, a former head of the KBG's Department of Disinformation, once said that the main goal of disinformation was to conceal the true intentions of the Soviet Union from the rest of the world. The men that Cronkite interviewed on the air were masters of this art.

WHAT HE CONCEALED

Igor Glagolev, who was a consultant to the Soviet government on arms control before he defected to this country, says that he knew Gen. Millstein well at the Institute of United States and Canada. He says that Millstein has long been associated with the KGB, and that he was actually an opponent of arms control. Being a leading specialist on disinformation, he would not reveal that to Walter Cronkite, of course.

Glagolev points out that the Soviet theory of nuclear war has been described in a book edited by Marshall V. D. Sokolovsky, "Military Strategy." This book, which has been through several editions, says the Soviets will win a nuclear war by virtue of superior firepower. They have now achieved that superiority.

Cronkite and CBS News cooperated beautifully with these Soviet disinformation artists. Perhaps it's because they are dumb. That would be the most charitable interpretation.

[From Human Events, July 4, 1981]

CBS DEFENDS U.S.S.R. MILITARY BUILDUP

The broad consensus in the defense community here at home is that the United States is in grave danger of facing overwhelming Soviet nuclear and conventional superiority in the 1980s. In almost every conceivable category of relevant military power, the Russians outclass this nation—and they refuse to relax their remarkable efforts.

From a position of stark inferiority in the early 1960s, they now have more strategic launchers, more destructive power (measured in terms of megatonage), and more hard-target kill potential. They have more land-based missiles, more submarine-based missiles, more men under arms, more tanks, more tactical aircraft, etc., ad infinitum.

Where we have purposely left our cities defenseless as a means of showing the Soviets our "good will," they have constructed a massive air defense system, with an anti-missile capability, and are in the process of constructing thousands of civil defense shelters throughout their country in a determined effort to achieve a nuclear war-winning capability. These facts are beyond quibble, and any prudent American President—assuming he has not been hypnotized by the ideologues at the Institute for Policy Studies—will, for the safety of his own country, feel impelled to increase the defense budget substantially.

President Reagan, in fact, is deeply committed to increasing our military strength. But the opposition forces in this country have already begun heavily mobilizing against the President's efforts to provide this country with a first rate defense program. Beginning June 14 CBS News, with such major guns as Dan Rather, and Walter Cronkite shaping the script, fired the first atomic blockbuster against the Reagan defense policy: a five-part series on the U.S. military that, in the words of its detractors, was "irresponsible," "shameful" and "bordering on sabotage."

The thrust of the series was clear: Despite all the evidence to the contrary, this nation has no need to embark on any program to bolster our defenses. Not only do we have enough weaponry, but we would probably weaken ourselves both militarily and economically by improving our defense capability in any substantial way. Nor does Western Europe have anything to fear from the Warsaw Pact or the Soviet divisions in Eastern Europe.

Virtually every assumption made by the Reagan Administration on the need for a stronger military is challenged through a CBS-TV newsman or "expert."

Are the Soviets more vulnerable to attack from us than we are from them? Yes, says a Dr. Jack Geiger. Does the U.S. already possess "overkill"? Surely, says a former specialist on national security. Should we rebuild NATO? "[W]e could find no one who thought the Warsaw Pact would invade" Europe, says CBS reporter Ed Bradley, adding: "Now we're about to spend billions of dollars on NATO, even though a long-term war in Europe is unlikely . . . ."

Are the Soviets much of a threat? "Since 1960," says Walter Cronkite soothingly, "Soviet influence around the world has declined" and "if their [the Soviets'] perception of America is as flawed as we believe it is, then our perceptions of the Soviet Union [as an aggressive threatening force] just could be flawed, too."

And Dan Rather ends the series asking these rhetorical questions: "All of us, as Americans, want our defenses to be strong and secure . . . . But will we make ourselves stronger by unquestioning faith in new weapons technology? Will our European Alliance be strengthened by a strategy that might force us to destroy Europe in order to save it? Will we increase our national security by insisting there is a way to fight a limited nuclear war without mutual destruction?"

This "documentary," which cost roughly $1 million and took nine months to produce, was deliberately designed to undermine the consensus that the Soviets are even a major military threat. Howard Stringer, the executive producer of the series, explained to TV Guide that the "opposition [to increased defense spending] isn't doing its job," and informed the London Economist that "the Reagan Administration will hate it."

Pacifists, unilateral disarmers, New Left historians and men in the Kremlin must have loved it, however. Indeed, in order to present its case against a Soviet military buildup, CBS-TV relied heavily for its "facts" on individuals involved in America's far left and unilateral disarmament camp, even though CBS covered up this far from unimportant detail.

In the opening program, for instance, CBS News used two individuals to drive home a number of anti-defense arguments, including the idea that improvement of our nuclear arsenal would have no meaningful military significance, that we could not survive a nuclear exchange with the Soviets and that the U.S. was actually less vulnerable than the Soviets to an atomic attack.

These two men, Dr. Kosta Tsipis and Dr. Jack Geiger, not only were featured in the film as experts, but worked with CBS in preparing a portion of the film. But CBS News, while passing these men off as objective analysts, never let slip the fact that both have been deeply involved in America's anti-defense lobby.

Dr. Tsipis, for instance, spoke at the March 20-25 First Congress of International Physicians for the Prevention of Nuclear War, an outfit that appears to take the Soviets at their word about their peaceful intentions. He is also involved in the American Committee for East-West Accord, which strenuously advocates trade and detente with Moscow, and is a member of the Board of Directors for SANE.

A May 30, 1981, letter sent out by SANE to potential members, with Tsipis' name on the letterhead, urges people to join SANE to help the organization scrap the MX system, "host a delegation of leading Europeans to inform Americans about the peril of the new generation of NATO missiles in Europe," "sponsor a series of briefings around the country on the harmful effects of arms spending" and "counter the propaganda of the arms lobby through radio broadcasts on our 400-station national network and distribution of our newly revised slide show within the nation's school."

Dr. Geiger also belongs to a variety of left-liberal disarmament organizations and has an article pointing to the urgency of American disarmament in the June-July issue of the Bulletin of Atomic Scientists, which constantly runs articles justifying Soviet belligerency as a product of the West's diplomacy.

In the Sept. 23, 1973, New York Times, Dr. Geiger, along with then-Rep. Bella Abzug (D.-N.Y.), peacenik Cora Weiss and the Black Panther party, signed a full-page ad harshly condemning the United States for the overthrow of Chile's Communist president, Salvador Allende. The ad, complete with the screaming headline, "Santiago: The Streets Are Red With Blood," appealed to Congress "to use every means at its disposal" to repudiate the government replacing Allende and called for an investigation of charges "of U.S. involvement in the coup." (The facts that eventually developed showed no American involvement in the coup and that the coup had been triggered by Allende's illicit efforts to impose a Marxist-Leninist government on his own people.)

Both men not only have a long-standing bias against America's efforts to defend itself, but their facts are frequently far off base. In an obvious effort to show that a civil defense program on our part would be fruitless, Dr. Geiger, for instance, made the claim that if the city of Omaha, headquarters for the Strategic Air Command, were hit with a major Soviet atomic weapon, "anybody that was in a shelter would be dry-roasted, as in a crematorium." To bolster his argument, he added that "Our limited experience of firestorms in conventional war, in Hamburg and Dresden in World War II, the only people who survivied were those who fled."

But this is not true. One of several reports dealing with the Hamburg raids was an April 1953 report published by the Scientific Advisors Board of the British home office which said, in part: "Some 142,000 people survived in basement shelters or escaped by their own initiative, and 45,000 were rescued, in addition to an estimated 53,000 who survived in blast protection 'bunkers'."

Based on the "technical" advice of Tsipis and Geiger, the CBS series suggested that the city of Omaha, assuming it was hit with a 15-megaton bomb at ground zero, would vanish and some two million people would die from blast, fire and radiation sickness. But a 15-megaton ground burst would not cover even a third of Omaha and the estimated deaths are based on no effort by American citizens to develop fallout shelters, space-based anti-ballistic missile weapons and the like.

While a real war would obviously be devastating, CBS, with Tsipis and Geiger egging them on, misled viewers into thinking that the U.S. government could do nothing to greatly minimize a Soviet strike. The inference to be drawn from the show was that nothing could or should be done to provide greater protection for our citizens.

CBS also relied on other anti-defense authority to make its case. The fourth segment, "The War Machine," concentrated on the "U.S.-military industrial complex," suggesting that it is involved in a giant effort to push unnecessarily costly weapons upon the taxpayer. As CBS' Richard Threlkeld put it, "The Iron Triangle is obsessed with procurement—getting exactly the new hardware it wants and as much of it as it can."

Where did the name "Iron Triangle," meaning Congress, the Pentagon and defense contractors, come from? The Council of Economic Priorities, a New York-based disarmament organization, has just published a book called "The Iron Triangle," which basically suggests that U.S. industry is fobbing off hugely expensive weaponry upon the government. Interestingly enough, the book is being distributed by the far-left Institute for Policy Studies in Washington,

D.C., and Richard Barnet, a mainstay of IPS, has also been on the CEP's board of directors.

Even more extraordinary than the "New Left" influence on the film is that Walter Cronkite, who narrated most of the fifth and final segment, not only permitted Soviet officials to pour out their anti-Americanisms unchallenged, but clearly accepted their premise that the U.S. has developed a threatening military posture.

Cronkite's interview with the Soviets was about as tough as if he were interviewing his Aunt Suzy. He asked a Gen. Milstein, a member of Soviet military intelligence, if nuclear war is thinkable "No, nuclear war is impossible," responded the general. But haven't the Soviets "been developing these missiles at a much faster rate than the United States?" queried Cronkite. Milstein: "Categorically, my answer is categorically not." The U.S. is at fault, said Milstein—and Cronkite refused to pursue the matter, refused to rebut him in any way.

Cronkite, in fact, made it clear that he embraced the Soviet view that our military posture looks terribly threatening to Soviet survival. In talking about his interview with Brezhnev's speechwriter to CBS' Charles Kuralt on June 18, Cronkite said:

"[H]e tells you how they look upon our arming and you realize that they see it as totally hostile. They see it as totally aggressive. They see it as intending war against the Soviet Union, planning war against the Soviet Union."

And Cronkite further justifies the vast Soviet military expansion over the past decade by saying, "When you put the Western European and Chinese strength against their strength, They're surrounded—just their strength and the Warsaw Pact strength, we far outnumber them. And all they're trying to do is get parity."

So wrongheaded was the CBS film that John Fisher, president of the American Security Council, held a press conference last week in which he and such military experts as Lt. Gen. Daniel Graham, the former head of the Defense Intelligence Agency, made a point-by-point rebuttal to the CBS film, some of which has been recounted here.

In a seven-page letter to William Leonard, president of CBS News, Fisher stressed, "According to the National Association of Broadcasters, 'The keystone of the Fairness Doctrine and of the public interest is the right of the public to be informed—to have presented to it the "conflicting view of public importance."'

"The reason for this is that democracy can't work if its citizens are poorly informed. So to meet your obligations under the Fairness Doctrine, and to make it a fair debate, we ask that you give at least one hour to the pro-defense, do-more-than-we-are proponents. And we ask you to devote at least one hour to correcting misinformation."

Will Fisher get his shot? Don't hold your breath. The day he held his news conference on the film—June 23—CBS News was there, its camera whirring the entire hour. But not a scrap of film has yet been shown. But if pressure will do any good, we suggest you write Leonard, politely urging him to accept Fisher's challenge.●

WELCOME NEW AMERICANS

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. LONG of Maryland. Mr. Speaker, it is with particular pleasure that I congratulate 24 residents of Maryland's Second Congressional District who have chosen to become American citizens, accepting all of the responsibilities that freedom and citizenship entail. I hope that my colleagues will join me in welcoming these new Americans:

Woo Song, Jin Song, Guen Bock, Eun Kang, In Kang, Hung Tran, Antoan Vu, Abdul Waheed, Edward Gorin, Kim Pang, Rashida Awan, Mohammad Awan, Alexander Bergmann, Julia Wen, Suk Ahn, Olga Pais, Man Wu, Jacqueline Fraer, Martine Roberson, Chandrasekharan Nair, Alfredo Pennese, Mercy Paranilam, Jacob Blekher, and Nela Blekher.●

COURAGEOUS VOTE

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. McCLORY. Mr. Speaker, the recent vote by the United States in opposition to the World Health Organization's code on the marketing of infant formula was a courageous stand and one which could be the beginning of solutions to this compelling problem of infant malnutrition. An excellent article by Smith Hempstone appeared in yesterday's Washington Star pointing to the important fact that solutions are needed to this problem; not complaints, grievances or restrictions. Castigating the manufacturers of infant formula may attract popular acclaim—but it does not even refer to the problems of polluted water, unsanitary living abodes, and other conditions that contribute to infant illnesses and mortality. What is needed is more enlightenment.

Mr. Speaker, I submit Mr. Hempstone's article for the RECORD in support of the U.S. position on this important issue:

[From the Washington Star July 8, 1981]

ALL THIS BREAST-BEATING ABOUT INFANT FORMULA

(By Smith Hempstone)

When the Reagan administration finds itself outvoted 118-1 in the World Health Organization and opposed by both the U.S. Senate (89-2) and the House of Representatives (301-100), the White House is in the wrong, right?

Not necessarily. And, in the case of the current breast-feeding brouhaha, almost certainly not.

For the past six years, an odd assortment of liberal activists and other gollywogs (Ralph Nader, Cesar Chavez, Dr. Benjamin Spock, Mother Jones) have been after the scalp of the baby-food industry, and particularly Nestle, the venerable Swiss giant (with annual sales of $13 billion) that markets about a third of the baby formula sold in Asia, Africa and Latin America. The charge: that use of the formula causes 1 million infant deaths a year in the Third World.

That is, of course, hogwash. The infant formulas, which are used extensively in the United States, are not responsible for a single death. When such deaths occur—and they do occur—the cause inevitably is the mother's improper dilution of the formula, the use of polluted water or the failure to sterilize bottles.

No one would argue that breast-feeding, when the mother is healthy, is the cheapest, healthiest and most emotionally satisfying method of infant nutrition. Unfortunately, not all Third World mothers are healthy, or able and willing to breast-feed their children.

TRADITIONAL SUBSTITUTES

When this is the case, the woman denied access to nutritionally balanced baby-food formulas obviously will use traditional substitutes such as gruel, sugar-water or mashed fruits, foods that are lacking in nutritional value and hard to digest. Since such substitute invariably are mixed with the same polluted water, it is difficult to see how the rate of infant mortality is reduced.

The code passed recently by WHO, with the U.S. casting the sole dissenting vote, rests on the incorrect assumption that marketing practices are the primary cause of the decline of breast-feeding in the underdeveloped world.

There is not a scintilla of evidence to support this thesis, and more than a little to contradict it.

In the U.S. for instance, where baby formulas are heavily advertised, there has been a dramatic increase in breast-feeding over the past decade; in the Soviet Union, where there is no advertising, use of baby formula has been equally dramatically on the upswing. WHO's own 1975-77 survey of 23,000 mothers in nine disparate countries showed no causal link between breast-feeding decisions and marketing practices.

A cynic might observe that, since the WHO vote was only a recommendation, many nations that have not the slightest intention of enforcing it voted for it, not to save the lives of children but to indict multinational corporations, and to avoid admitting the existence of primitive and unsanitary conditions in their own countries.

But how to explain last month's votes in the U.S. Senate and House?

"CORRECT" SIDE OF THE ISSUE

Rep. Larry McDonald, a Georgia Democrat who is a medical doctor, suggests that many of his colleagues "didn't have the foggiest idea what they were voting on . . . but simply wanted to be perceived . . . as being on the 'correct' side of this issue."

McDonald, who calls the WHO code "absurd," points out that it prohibits all advertising and promotion of formula, and bans all sales incentives to salesmen and efforts by marketing personnel to educate mothers on the proper use of these products.

The code "will not improve infant health but rather have the opposite effect," concludes McDonald.

It is clear that special precautions ought to be taken in marketing products in semiliterate societies lacking in hygenic tradi-

tions and refrigeration. But the baby-food corporations themselves have done much to regulate their marketing practices, and there is no reason to believe that supranational organizations such as WHO are better placed to dictate such procedures.

At least in theory, the WHO code could be translated into regulations that would be binding on all nations, including the U.S. Sec. of Health and Human Services Richard Schweiker, however, has made it plain that, in his view, application of the code here would violate constitutional guarantees of free speech and association, and violate anti-trust laws.

Rather than castigating a 100-year-old firm such as Nestle as "a babykiller," the liberal activists who created this phony issue might better spend their energy and money teaching Third World mothers to read labels and boil polluted water.

But then the health of the world's children is not their genuine concern, is it? They prefer a grievance to a solution.●

CONSULTANT REFORM AND DISCLOSURE ACT OF 1981—MAJOR PROVISIONS

HON. JULIAN C. DIXON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. DIXON. Mr. Speaker, the Consultant Reform and Disclosure Act of 1981—

Clarifies the authority of agencies to appoint experts and consultants pursuant to title 5, section 3109, United States Code, and requires that OPM assume a more active oversight and reporting role in relation to the use of appointments by agencies;

Defines consulting services, management and professional services, and special studies and analyses as the universe to which most provisions apply;

Requires the publication of all consulting services, management and professional service, and special study and analysis contracts in excess of $10,000 in the Commerce Business Daily prior to award. Also requires notification and justification of all subsequent modifications which increase the contract value by $25,000 to be sent to the respective Inspector General or comparable official;

Requires basic attribution information to be included in reports prepared pursuant to a consulting service, management and professional service, or special study contracts and in agency-prepared reports which include substantial portions of such contractor-prepared reports; and

Requires the evaluation of consulting management and professional service, and special study and analysis contracts which exceed a value of $50,000. Special attention is focused on performance according to the terms of the contract and deviations from cost and time as specified in the original contract.

Organizational conflict of interest determinations are required which are to be applied on a test basis—for 3 years—at the Departments of Energy and Transportation, and the Environmental Protection Agency. Actual conflicts and appearances of conflict are addressed in regard to consulting, management and professional service, and special study and analysis contracts only. Where an adverse determination is made the contractor will have an appeal procedure.

Line item identification in the budget submitted by the President to Congress is required for consulting service, management and professional service, and special study and analysis procurement requests. Agencies will also be required to explain requests for procurement budget in the budget justification process.

The Federal Procurement Data System is codified.

Agency contract listings for all contracts entered into within the preceding 12 months, and contracts which are active, are required to be maintained and be made available to the public for inspection. Such listing will be updated quarterly.

Written justification for consulting service, management and professional service, and special study and analysis contracts are required to be maintained by the agencies and are to be made available to the public.

All contracts, unless classified for national security purposes, are to be considered public documents and thus available for inspection by the public unless disclosure is prohibited by law.

Agency officials are held accountable for contracting decisions during performance appraisal and bonus consideration.●

WHAT REAGANOMICS IS ALL ABOUT

HON. GEORGE C. WORTLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. WORTLEY. Mr. Speaker, lately we have been hearing a lot about tax cuts. Spirited debate on this issue ranges from the size or amount of such a cut to whether there really should be any tax cut at all. My position is well known—I believe our Nation needs across-the-board reductions in personal and business tax rates so that real economic growth can be restored in our Nation.

Yesterday's Wall Street Journal carried an Op-Ed column by David M. Smick entitled, "What Reaganomics Is All About" that crystallizes the entire economic package that the President has proposed to Congress. In this one column he has captured the essence of the central issues behind the Republican tax cut proposal—incentives and excellence.

Small businessmen and entrepreneurs have made this Nation a bastion of opportunity through their pursuit of creating profitmaking enterprises. Too often, however, we forget how important it is to establish an economic climate in our Nation that is conducive to risk takers and venture capitalists. In short, what our Nation needs is a large dose of good old-fashioned incentives that give small business men and women the opportunity to take a chance, not take a check from the latest tax gimmick.

Dave Smick is one of the founders of the recently rediscovered supply side economic model. He is truly a "supply insider" and a well-known spokesman and advocate around Capitol Hill on behalf of those Congressmen and Senators who believe that the private sector and not Government fiat is the better answer in restoring economic growth and rebuilding confidence in our free enterprise system. I commend this article to the attention of my colleagues.

WHAT REAGANOMICS IS ALL ABOUT

(By David M. Smick)

In the late 1930s, Chester Carlson had a revolutionary idea—an electrostatic printing process—which he tried to sell to the top mimeograph companies in America. Turned away time and again, he finally converted his kitchen into a workshop and went into business for himself. There was risk and a shortage of capital, but the tiny enterprise survived and prospered.

Today, we know it as Xerox.

Were Mr. Carlson alive, he probably would ask, "What ever became of those smug mimeograph companies?" The answer is that they fell victim to what Joseph Schumpeter, the economic theorist, called "the creative destruction of capital—the process by which a new idea enters the marketplace, making existing capital worthless.

What sounds like some arcane concept is the heart of Reaganomics. It explains the President's understanding of how growth is produced in the private sector, and why he believes, against a multitude of critics, that his across-the-board tax cuts for people will lead directly to new jobs.

To give the President credit, most policymakers have in recent years understood the process of job creation about as well as John McEnroe has mastered the art of diplomacy. Mention "jobs" and the picture is of giants of industry like Chrysler and U.S. Steel either protecting existing jobs or expanding plant and equipment to create new ones.

Actually, the Fortune 500 have experienced virtually no net job growth for more than a decade. The newest research shows instead that nearly all new jobs are coming from firms with precisely the opposite characteristics.

They are not only small, but minuscule. Nearly 70% of new jobs come from firms with 20 or fewer employes. Almost 100% of net new jobs in the Northeast come from such firms.

They are young. Most new jobs come from firms four years old or less.

They are unpredictable and unstable. The more stable a firm is, the less likely it is to produce new jobs.

FAIL NATIONALLY AT SAME RATE

Many of these fledgling enterprises will go out of business (four out of five do so within the first year) with new ones springing up to take their place. Frostbelt or Sunbelt, such businesses fail nationally in metropolitan areas at roughly the same rate—8% a year. Booming Houston, according to David Birch of MIT, proportionally has more business failures today than the old cities of Boston, Baltimore, Hartford—indeed more than almost every other city in the U.S.

What these facts and statistics create is a perfect object lesson. Houston's success stems not from a strong defense, but a strong offense. Entrepreneurs with new ideas are creating jobs at a pace far exceeding the rate jobs are lost, providing Houston a tremendous engine for prosperity.

The secret to maintaining high levels of national employment is hardly import quotas or Chrysler-like bailouts or even tax proposals aimed merely at modernizing existing plant and equipment.

The secret is creativity—encouraging a groundswell of men and women with fresh ideas to strike out on their own. The secret lies in the enterprises yet unborn, the oil wells yet undrilled, the inventions yet untried. Some of these fledgling entrepreneurs will fail, but others—like Chester Carlson—will replace today's capital and products with new and better ones, to the benefit of all of us.

The irony is that city planners, government growth economists and even successful corporate executives usually find this thinking unrealistic. The reason may be that productive change is not in their own vested interest. But it also may result from the great frustration that in this age of sophisticated econometric models and corporate "five-year plans," enterprise and job growth is just as unpredictable as it was decades ago. It still involves the dynamic process of two competing forces: success and failure. And perhaps most frustrating, it continues to depend directly on the creative implementation of new ideas by folks who, in the eyes of corporate America and the federal government, appear unpolished and relatively inexperienced.

If you have met a true entrepreneur even once, you know they tend to be nothing but crazy. Like Chester Carlson, they appear illogical dreamers, even though many have that inner genius for success. As a sophisticated business or government executive would you, or could you, take the risk of investing in such unpredictable characters knowing that many will end up as miserable failures? Perhaps this is why large institutions have not provided many permanent new jobs.

While entrepreneurs may be crazy, they are crazy like a fox. Most expect to lose money in the early years; still they make a careful calculation of current risk againt future reward. They are society's dreamers and will endure incredible risk—far more than established business—with promise of great future reward.

In a sense, every individual is a potential entrepreneur. By that I mean that we have near limitless sources of both human and financial capital—professionals in high tax brackets working only three days a week, mid-level industry technicians teeming with new ideas but apprehensive of the risks of individual enterprise, and many others.

Notice this is not just capital formation, but capital mobilization. Capital is more than money. It is also productive ability and thus exists in the minds, hands and hearts of people. The question is, how do you encourage these potential new wealth and job creators to invest their talent and savings in a new enterprise instead of in real estate, elaborate tax shelters, money market funds or in doing nothing at all? What they need is a climate of economic buoyancy, so necessary to individual initiative, and a system that capitalizes on human nature by strengthening the link between effort and reward.

House Speaker Tip O'Neill calls this "the whims of free enterprise." With all due respect, it is precisely such entrepreneurial risk-takers, now lining Route 128 outside Boston with small "hi-tech" firms, who are shouldering his city's job and tax base. If he simply visited these enterprises, the Speaker would discover that entrepreneurial success in America is taxed and harassed more than in just about any other free industrialized country. By the sheer force of logic, he would immediately help lower or eliminate the capital gains tax, lower the corporate rate, eliminate senseless overregulation and, most importantly lower marginal tax rates on personal income across the board.

POTENTIAL ENTREPRENEURS

After all, 90 percent of American businesses still pay taxes through the personal schedules. These include proprietorships, partnerships and all the other noncorporate entities engaging in enterprise. Just as vital are potential entrepreneurs who, before entering a risk situation by pulling savings out of tax shelters, look instinctively to their personal tax bracket, which inflation has pushed higher and higher in recent years.

This is why President Reagan calls his across-the-board personal tax-rate reduction plan a "small-enterprise incentive" and why he favors the proposed end to the distinction between "earned" and "unearned" income (establishing a top tax rate on personal income of 50% now, with the goal of 35% as soon as is politically possible). Both increase the after-tax reward for greater entrepreneurial risk, for the direct creation of jobs.

Congress, with a false sense of sophistication, has always preferred more complicated solution to the creation of jobs—the targeted gimmicks with built-in "triggers" that have failed for so many years. Yet the birth of an enterprise has an elusive, almost metaphysical quality that makes targeting, planning, certainty and "sophistication" most difficult. Something as common and essential as the ballpoint pen was conceived by, of all people, an insurance executive on his summer vacation. The arrival of the automatic transmissin has little if anything to do with the multi-million-dollar engineering departments of Detroit's Big Three.

Growth involves ideas and thus is unpredictable. All we can provide is buoyancy—that sense of economic boundlessness where a person can, with energy and initiative, take a new idea as far and as high as he or she wants. If we can keep that initiative from being stifled, as it is today by an inefficient tax and regulatory system, people may once again follow their dreams. Allow entrepreneurs and potential entrepreneurs across-the-board worthwhile returns on their effort and they will start taking risks. Our entire economy will gain in production and jobs, and the nation will regain the energy and opportunity and spirit upon which its greatness depends.

[Mr. Smick is chief of staff to Republican Congressman Jack Kemp of New York.]●

SCHOOL LUNCH PROGRAM

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. SCHEUER. Mr. Speaker, today I am introducing legislation that would call for schools to provide nutritionally superior lunches as part of the national school lunch program.

Too often schoolchildren know little about the relationship between good eating habits and healthful living. The poor eating habits acquired in youth usually last for a lifetime, bringing in their wake preventable sickness and ill health. Even if, as they mature, children learn about nutrition and health, they may have already been adversely affected during their formative years.

Twenty years ago, the Federal Government decided to try to do something about this growing and needless tragedy by establishing a national school lunch program. Participating schools had only to guarantee that the subsidized lunch was at least nutritionally adequate. Over the years, the national school lunch program has been a great success story. It has done much to improve both the physical and mental well-being of the Nation's schoolchildren. It has provided nutritionally adequate lunches for millions of our youth.

However, certain educators and nutritionists have pointed out two major areas in which the program could and should be greatly improved.

First, although "nutritionally adequate," the Federal lunches are not required to be nutritionally superior. Nor are they designed to comport with recent findings with respect to the effects of a high-salt, high-sugar and high-fat diet. Although these findings may not be proven to an absolute scientific certainty, there is strong evidence that too much salt, sugar and fat can have harmful effects on health. There is also some evidence that certain food additives not only may be carcinogenic but also may cause hyperactivity in some children.

The second involves so-called competitive foods; that is, those snacks sold in competition with the federally subsidized and nutritious lunch. For example, despite certain Federal laws and regulations which have been in effect at varying times, school cafeterias have been permitted to sell a wide variety of foods which are of questionable nutritional value. Also, schools have continued to permit the placement of vending machines in their cafeterias filled with candies, sodas, ice cream, and the like.

I am heartened by the fact that several school districts around the country have already decided to upgrade their school lunch programs in such a

way as to provide their children not with nutritionally adequate lunches, but with nutritionally superior lunches. For example, the Fulton County, Ga., school district, under the leadership of Mrs. Sarah Sloan, has gone to a low-salt, low-sugar, and low-fat program; they use only organically grown vegetables and fruits; they tolerate no chemical additives in foods; they do not permit the sale of candies and soda on school grounds. And what is more, the children apparently love it.

The bill which I am introducing would amend the National School Lunch Act so that schools and school districts will have to provide their students with a nutritionally superior lunch program in order to receive their allotted Federal subsidy.

To qualify, schools would have to include low fat as well as whole milk. All breads would have to be whole grain. Meals would have to be low-salt, low-sugar, and low-fat. "Competitive foods" would be strictly limited—especially salted snacks, soda, and candy. Courses in nutrition would be encouraged, and each school could have a nutritional council comprised of its principal, dietician, athletic director, and most importantly, a student representative.

All of us are abundantly aware of the changes being made in the Federal budget to reflect the people's desire to decrease Government spending and thereby improve the overall economic condition of our country. We are also aware of this administration's efforts to reduce the regulatory burdens imposed by our Government on its citizens. As an example, a provision of S. 1254 requires the Department of Agriculture to, within 90 days, make changes to the school lunch menu patterns in order to effectuate cost savings. S. 1254 does not go far enough to insure that our Nation's schoolchildren will receive a school lunch high in nutritional value—even though the taxpayer presently subsidizes this Nation's school lunch program. In this period of making our Government cost-effective, we must not sacrifice the quality of our children's school lunches simply to reduce the size of the Federal budget.

I am hopeful that over a period of years, more and more children will have access to the new program. Through good nutrition, they will be able to build stronger bodies and stronger minds. They will learn to drink milk instead of soda. They will learn to enjoy fruit as a dessert instead of candy. In brief, they will develop early the good eating habits which should stand them in good stead for all of their lives.

The very worthy idea for a superior school lunch program has been vigorously promoted by the National Nutritional Foods Association. As consideration of this legislation progresses, we are very hopeful of receiving the strongest support of many other national groups concerned with the health and nutritional well-being of America's youth.●

PARRIS ANNOUNCES VICTORY FOR NORTHERN VIRGINIA

HON. STAN PARRIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. PARRIS. Mr. Speaker, yesterday, the residents of northern Virginia, after a long and hard fought battle, achieved a tremendous victory. Secretary Drew Lewis' adoption of a plan to impose safer limits on commercial airline use of National Airport will benefit the residents of northern Virginia both environmentally, and economically. Not only will the increased safety at National Airport bring about lower levels of air, and noise pollution, it will also meet the long-term transportation needs and goals of both travelers and residents in the northern Virginia area, by reducing congestion.

Mr. Speaker, I am certain that this issue will be extensively discussed and evaluated by my fellow colleagues.

I believe that the impact of Secretary Lewis' decision is of significant importance, and I am submitting the full text of his remarks for my colleagues information.

The statement follows:

STATEMENT BY U.S. SECRETARY OF TRANSPORTATION DREW LEWIS

The new policy we are proposing today for National Airport is designed to assure the maximum safety of air operations in the Washington area, reduce noise and congestion at National Airport, and encourage the greater use of Dulles International Airport.

In developing this policy, safety, as always, was our paramount concern. We have an excellent safety record at National Airport and we intend to make sure that flight safety is not imperiled in any way.

Noise at National has been a community concern for years. In addressing that issue, we took the position that those disturbed by the noise at National should get as much consideration as those who benefit from its services.

While its "close-in" location makes Washington National popular with the airlines, over-use of the airport can result in congestion—both on the air-side and the land-side, causing travelers delay and inconvenience, and resulting in operating inefficiencies. At the same time, Dulles is operating well below capacity.

Those are the concerns behind our policy proposal; now let me address the specific issues.

First, to prevent congestion, we are setting a ceiling of 16 million passengers a year. That is approximately the number of passengers that can be handled at National without a costly expansion of facilities.

From 11 million passengers in 1972, National grew to 15 million in 1979. There is, however, no legal limit on passenger growth at the present time. According to recent forecasts, the traffic flow at National would probably reach 16 million by 1984 and could reach 19 million passengers a year by 1990. If growth were permitted to continue at that rate, at some point we would be faced with a substantial public investment in additional parking, gate positions and other facilities at National, while the ample facilities already at Dulles remained underutilized.

Second, we propose to meet the noise objections in two ways: first, by reducing the total number of daily airline operations; and—second—by setting strict noise limits that will bring late evening and night operations down to significantly quieter levels.

The scheduled air carriers currently operate at National on a 16-hour day and as a practical matter flights regularly operate after 10 p.m. and may arrive or depart as late as midnight. We propose to set strict scheduling limits of 7 a.m. to 10 p.m.

We are, in effect, putting a "noise lid" on National at 9:59 p.m. After 10 p.m. and until 6:59 a.m., no flights will be permitted to depart unless they can stay within a noise level of 72 decibels. No jet airliner presently in use can meet that limit.

To further control noise and avoid congestion, we are proposing to reduce the number of landing and takeoff "slots" available to the airlines. Slots were established some years ago as a means for dealing with the high demand by the airlines for access to Washington National. Under present rules, 40 slots an hour are available to the airlines, for a 16-hour day. Under our policy the air carriers will be restricted to 37 slots an hour for a 15-hour day.

We also propose to maintain the current number of slots for general aviation, at 12 per hour.

Allocations for commuter airline flights will be increased from eight per hour to 11 per hour, reflecting the growth in the commuter airlines and the service they provide to small cities. The smaller, quiet commuter aircraft are ideally suited, we believe, to National Airport.

A full regulatory impact analysis under the President's directive on federal regulations will be conducted on the basis of actual experience. That analysis, to be completed within a year from the effective date of the regulations, will provide the groundwork for any changes to the policy that may prove advisable.

In addition to reducing noise and congestion at National Airport, our plan—we feel—promotes the greater use of Dulles International Airport in five ways:

First, the noise limits to go into effect with this policy will force airlines operating the noisier aircraft or with nighttime operations to use the larger airport.

Second, we believe that the reduction in landing and takeoff positions will cause more carriers to opt for Dulles where there are no slot limitations.

Third, one of the impediments to the greater use of Dulles has been the limited availability of ground transportation. We are proposing to accelerate—by nine months—construction of the connector highway between I-66 and the Dulles access road. We would hope to begin construction this fall, with completion of the project in 27 months. We also plan to explore the feasibility of linking downtown ticket counters with free or low-cost public bus transportation to Dulles. If the plan proves feasible, passengers could buy their tickets at con-

venient downtown locations and take special buses direct to the airport.

Fourth, our policy also sets more stringent noise levels to become effective in 1986. On that date National Airport will become off-limits to virtually all of the air carrier jetliners now serving that airport. Only the new generation of quieter, more fuel-efficient planes—the DC-9-80, the 737-300 and the 757 and 767 aircraft now under development, plus other aircraft if re-engined—will be able to meet the noise levels we are recommending for National Airport in five years.

It is not practical to set lower limits at an earlier date because the new aircraft must come on line and quieter engines for the existing aircraft must be programmed. We believe that with proper incentives the transition to quieter jet aircraft can be accelerated, but in the meantime the noise levels we have set will provide immediate relief and—at the same time—encourage a more equitable balance of traffic between National and Dulles.

Fifth, we propose to extend the nonstop limit for National departures to 1,000 statute miles. This is the range within the limits of "same-day" round trips, and passengers flying farther by and large should not object to the few additional minutes needed to travel to Dulles. In addition to the cities served directly from National under the "grandfather" agreement, a number of other cities become eligible under the 1,000-mile non-stop rule. Those most likely to get direct service are Kansas City, New Orleans, Birmingham and Fort Lauderdale.

Those, we believe, are the key points in our policy proposal. The thrust of our plan, as I have indicated, is to strengthen air safety, reduce the noise in areas impacted by National Airport, make more efficient use of the public's investment in Dulles, and to assure that air travelers to and from the nation's capital are served efficiently and with a minimum of congestion.

A public hearing date has been set for July 28th, with the public comment period to close August 21st. If approved, the rule could go into effect October 25th.●

DR. JAMES A. ROGERS—DISTINGUISHED AMERICAN

HON. JOHN L. NAPIER

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. NAPIER. Mr. Speaker, reflecting on the 205th birthday of our Nation, I would like to remind my colleagues that America is great because it was built by great people, people who knew how to sacrifice to obtain their ultimate goals, people who steadily forged ahead in the face of insurmountable odds. This Nation will forever be remembered for the people who carved it from the wilderness, gave it a purpose, ideals, and a heritage so awesome that the whole world looks on with envy.

When I stand on the floor of Congress, I am awestruck by a sense of responsibility so great that I feel fortunate to have the thousands of men and women of the Sixth District of South Carolina to rely on for support. They, like their ancestors, are people who continue today to meet the challenges of keeping America great. Their ideas and ideals, while somewhat advanced from those of their 1776 forebears, are just as important and just as significant to the continued growth and prosperity of this Nation.

We have all heard the names of George Washington, Thomas Jefferson, John Hancock, and many more. These were truly great individuals. But, we have rarely heard the names of those who remained at home when the famous statesmen were hammering out those important historical documents.

While I represent the Sixth District of South Carolina on the floor of Congress, I am ever mindful that back home there are men and women who are truly unsung heroes.

One man who has dedicated his entire life to the service of others is James A. Rogers. His distinguished career covers 35 years and touches many fields including journalism, education, business, religion, and civic affairs. Furman University, his alma mater, recently recognized his contributions by awarding him an honorary doctor of laws degree.

James A. Rogers was born in the Marlboro County town of Blenheim, S.C., in 1905. From this rural setting, he developed a humanitarian sixth sense which continues to serve as his hallmark.

After graduating from Furman University in 1927, Mr. Rogers felt drawn to serve God in an even greater capacity and undertook post college studies at Southern Baptist Theological Seminary in Louisville, Ky. From there, he entered the public school system and served as a teacher and principal during the next 7 years.

His interest in religious activities led him to help organize one of the largest churches in the Sixth Congressional District today. As a charter member of Calvary Baptist Church, he has been a member of the board of deacons and teacher of the men's Bible class for more than 20 years. In 1970, the South Carolina Christian Action Council presented James A. Rogers an award and citation for "multiple contributions to South Carolina," an honor which has only been presented twice in the council's history.

James A. Rogers launched into the field of journalism with a fervor which was rarely observed. After 30 years service with the North and South Carolina media, he is recognized as a journalist whose credentials are honesty, objectivity, and credibility.

His long period of service with the Florence Morning News, Florence, S.C., came during an important period in the South's history. His Christian heritage and dedication led him directly to the front of the fray for civil rights. His battleground became the editorial page, where he stood, many times alone, armed only with the ideals and concern for fellow humans which mark great humanitarians. And, he was not satisfied just to write about civil rights. He conceived and implemented the Litchfield Conference of Community Leaders for a special study of race relations and methods of achieving peaceful public school integration.

In his quest for improving the South Carolina educational system, James A. Rogers diligently served on the governing board of Clemson University, South Carolina State College, and Francis Marion College, the latter which he cofounded and where today, one of the State's finest library facilities bears his name.

Mr. Rogers' civic participation roster reads like a directory of important associations and agencies in the Pee Dee area. He has provided lifelong leadership in the Florence Chamber of Commerce, Kiwanis Club, State Library Board, Governor's Committee for Police-Community Relations, Florence Museum, and the Connie Maxwell Children's Home. He has additionally offered his knowledge and expertise to the Christian Life Commission of the South Carolina Baptist Convention, the South Carolina Press Association, the Pee Dee Educational Foundation, Downtown Florence Association, the Salvation Army, and Florence County Mental Health Association.

James Rogers retired from journalism in 1975 and at that point, his life really went into high gear. A lifelong historian in a region rich with colorful figures and events which made this Nation what it is today, James Rogers naturally clung to his typewriter. From the vantage point of the Arundel Room of the library named in his honor, he has steadily churned out volumes of essays and articles revealing important historical facts about his native State and region. In 1978 he published a delightful collection of essays entitled: "Theodosia and Other Pee Dee Sketches" and will soon complete a manuscript detailing the life of Richard Furman.

It is with pride that I take this opportunity to tell the U.S. Congress about a man who has genuinely served mankind. If there is any public servant who is to be emulated in his personal and professional life, it is my dear friend James A. Rogers, one of the truly great men of South Carolina's Pee Dee area.●

A TRIBUTE TO HERB AND ETHEL STEIN

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. SMITH of New Jersey. Mr. Speaker, we of this Congress are engaged in many matters, so many that I think we sometimes forget the everyday things of life and the unsung heroic lives people are living outside these walls.

I therefore rise today, Mr. Speaker, to pay tribute to two outstanding Americans—two unsung heroes if you will—Herb and Ethel Stein.

For the past 20 years, my good friends the Steins have owned and operated the St. George Sweet Shop in Colonia, N.J. Now they have sold their business and have retired.

Herb and Ethel Stein went into the luncheonette business after the Second World War. Since that time they have been members of the small business community—the very backbone of our national economy and national prosperity.

In this world of corporate giants and huge conglomerates, Mr. Speaker, we often either overlook or downplay the role small business plays. Yet over 100 million Americans are employed by small businesses; 87.3 percent of the new jobs in this country—jobs we need so desperately—are created by small business establishments.

Indeed small business people are extraordinary Americans. They serve their communities. Most are honest, industrious, conscientious. To be sure, these are qualities the Steins have in abundance.

We must not forget how important people like the Steins are to our Nation. They always give—they rarely take. They pay taxes—more than their fair share. The dollar earned by the small business owner turns over very rapidly. Further, that dollar is spent within the community, so it benefits other businesses and other people.

Small business provides jobs for the boy or girl after school. It gives part-time employment to others. A business like a lunch counter becomes a center for people getting together—for breakfast, for lunch, for a soda, for a lottery ticket, for a chocolate egg cream, and for some of Mrs. Stein's delicious homemade soup. My favorite is her clam chowder.

The Steins are an important and intergral part of the community. When I was growing up I was often with the Steins; I have spent thousands of hours in their store. I will always cherish their friendship. I know hundreds of others who feel the same and who will dearly miss Ethel and Herb.

Mr. Speaker, I would like to point out to my colleagues in this House that every American has the right in this great land to do exactly what the Steins have done.

Not every American, however, has the courage, wisdom, perseverance or drive to do what the Steins have done.

Not every American has the physical or emotional stamina to work 10 to 12 hours a day, 6 to 7 days a week.

Not every American is willing to take on the incredible risks associated with the running of a small business. And believe me, I know the risks and difficulties first hand. My parents—Bern and Kay Smith—founded, own, and operate a sporting goods company located right next to the Steins' place. Leisure Unlimited Sporting Goods, which is where I worked most of my life, is a successful business because my parents worked the long hours, gave of themselves, were their own boss and employed every ounce of entrepreneural skill at their command to make it work. My two older brothers and I worked our way through college at Leisure and learned invaluable lessons from my parents. My parents, you see, like the Steins, are rugged individualists who have the distinct satisfaction of succeeding, of making a good life for themselves, because they worked for it!

With all the chatter these days about the welfare state and womb-to-tomb subsidized living, it's refreshing to know that there are still some folks who march to the beat of a different drummer, who are willing to pay the price to determine their own destiny, to live their own dreams.

President Andrew Jackson, in a message to Congress in 1832, said Americans didn't want their Government conferring privileges or favors. The Government of the United States was not to foster monopoly or supply bounties for private enterprise. There must be "Equal Rights for All, Special Privileges for None" in the words of President Jackson. He went on to support "A Fair Field and No Favor."

The Steins represent all that is good about our country. They are entrepreneurs who helped build up the United States and make it great. They strived and succeeded in creating their own business. They asked for no privileges, no favors—all they wanted was opportunity.

That is all people like the Steins ask. They want the equal protection of the laws. They want the great opportunities so sought after by all Americans—the very promise of the United States. That is all they ask. They have no desire to take away from someone else or to have special privilege bestowed on them. What they get is the result of their hard work.

Mr. Speaker, as long as the United States can produce people like Herb and Ethel Stein we need not fear for our country.

As long as the United States has patriots as devoted as the Steins our future is secure.

As long as people like Herb and Ethel Stein have faith in their country and its foundation in freedom and justice we will endure no matter what the challenge.

Mr. Speaker, I am proud and happy to honor Herb and Ethel Stein. I wish them long life and every happiness. May God bless them.●

THE CLEAN AIR ACT—A NATIONAL COMMITMENT WE MUST KEEP

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. BROWN of California. Mr. Speaker, as most regions of the country feel the continuing plague of polluted air, it is appropriate for the Congress to consider renewing its commitment to clean and healthy air. The main committees of both Houses of Congress are deep into their review of the Clean Air Act, while other committees, such as the Agriculture Subcommittee which I chair, are examining how air pollution adversely affects other important sectors of our economy, such as agricultural crops.

In recent weeks, there has been growing concern in the country that the Reagan administration intends to recommend legislation which would essentially "gut" the Clean Air Act. My friend and distinguished colleague from California, HENRY WAXMAN, has released an early draft of the administration's plan, which would be an object of ridicule were it not coming from the executive branch of Government. Like most of my colleagues, I hope this draft is rejected in-house, but, if it is not, the Congress must demonstrate why it is a separate and coequal branch of government, and act to protect the Nation's public health and welfare.

Mr. Speaker, at this time, I am inserting in the RECORD three editorials which eloquently express my concerns, and suggest the course of action Congress should follow.

The first is a guest editorial, written by Representative HENRY WAXMAN; the other two are editorials from newspapers in southern California which have lengthy experience in covering air pollution matters.

The editorials follow:

[From the Los Angeles Times, June 28, 1981]

CLEAN AIR ACT: JUST ANOTHER TRINKET FOR REAGAN TO DUST OFF?

(By Henry A. Waxman)

Representatives of industry, environmental lobbyists, members of Congress and concerned citizens have been waiting for some

time to see the Reagan Administration's proposal for amendments to the Clean Air Act.

Enacted in 1970, our clean-air laws have established air-pollution standards designed to protect the health of the American people; they have forced industry to control pollution from their plants and required our cars to become progressively cleaner.

I recently obtained a draft of the proposal the Administration intends to submit to Congress this week. Even though it is only a draft, it provides the most definitive indication to date of the direction Interior Secretary James Watt and the Cabinet Council is contemplating.

In a word, the proposal would end the federal government's decade-long commitment to cleaning the air in our nation's cities. If this proposal becomes law, 140 million people who live in dirty-air areas will be permanent victims of air-pollution levels that threaten health by aggravating the incidence of heart disease, lung disease and cancer.

This proposal goes well beyond the changes that industry has publicly advocated. It goes far beyond even Vice President George Bush's publicly expressed goal of "Mid-course corrections" to make application of the law more efficient and equitable, to eliminate bureaucratic delay, and to ease somewhat, the regulatory burden on industry. Instead, the Administration is proposing nothing less than a blueprint for the destruction of our clean-air laws.

There is no doubt in my mind that if the President persists in this course, there will be a furious and acrimonious battle in Congress that only will delay the passage of the changes that the law truly needs.

There is, after all, no reason for fundamental changes in the Clean Air Act. It has done much to improve air quality across America without hindering our economic and energy development. The President's Commission on Coal and the National Commission on Air Quality both have concluded that we can vastly increase our use of domestic energy reserves without sacrificing the Clean Air Act. This law also enjoys the broad support of the American people—86 percent of them, according to a Harris Survey released earlier this month.

But this draft proposal, currently under consideration at the highest levels of the Administration, would drastically limit the federal government's ability to protect the public health of America from air pollution.

It would do away with the federal program to clean up the air in cities where it is worst, such as Los Angeles, by repealing requirements that industries reduce their emissions until clean-air standards are met.

It would turn back the clock on auto-pollution standards, actually allowing cars in the future to pollute the air more than many of those being sold today do. The proposal would allow, for example, a doubling of the current output of carbon monoxide, and would take no further measures to control "nox" (oxides of nitrogen).

It would permit areas that are currently cleaner than the law requires—areas that have special protection to prevent significant deterioration in air quality—to become polluted to the maximum level now allowed under the law.

It would permit states, acting on their own, to relax pollution controls for industry, setting off an ugly process in which industrial growth would go to the dirtiest bidder. Even where clean-up technology is available and needed, industry would no longer be required to use it. New factories could be built without adequate pollution-control equipment; for example, coal-fired power plants would no longer have to use scrubbers to remove dangerous sulfur emissions.

It would do nothing to alleviate the ominous threat of "acid rain"—precipitation loaded with industrial contaminants that can fall to earth hundreds of miles from the source, sterilizing lakes and spoiling forests.

And the proposal would erect new obstacles to federal enforcement of the law against polluters. Prosecution and fines against violators would be made optional rather than mandatory.

All of these proposals contradict the basic policies that have served us well over the past decade: First, that we should make sure that new sources of pollution be as clean as possible. Second, that we should not allow the states to compete with each other by offering lenient pollution-control policies. Third, that measures must be taken to control pollution that crosses state and national boundaries.

Air pollution is a problem that cannot be controlled by the states alone, and is a problem that will not be controlled by industry. The only effective guarantee of a clean environment is a coherent national policy to curb air pollution. The Administration's proposals would essentially repudiate that guarantee.

The Administration's philosophical approach to pollution control appears to center no longer on what happens to the health of the American people, but on what the cost might be to industry.

If everyone who has a stake in clean air made his or her views known, perhaps this Administration would understand that the American people do not want to live in a land irreversibly covered by a blanket of factory smoke and auto exhaust that threatens their well-being.

[From the San Bernardino (Calif.) Sun, June 23, 1981]

Americans Want Clean Air

Late last week, a document surfaced that contained the text of proposals being made by a government task force concerning amendments to the federal Clean Air Act.

The task force, headed by Anne M. Gorsuch, administrator of the Environmental Protection Agency, calls for:

Abolishing the concept of "dirty air" regions and dropping the measures required to bring those urban areas up to national standards.

Eliminating the Prevention of Significant Deterioration Program, which is intended to keep the quality in "clean-air" regions from getting worse.

Relaxing emission standards for new cars, including a method of measuring auto pollution by "averaging" vehicle categories—a method proposed by General Motors.

If these recommendations represent the true intentions of the federal administration, then it is embarking on a misguided and injudicious course.

As anyone who lives in the atmospheric cesspool of the Los Angeles Air Basin can tell you, the problem of air pollution is far from being conquered.

Indeed it is getting obviously worse. So far this year, the San Bernardino-Riverside area has had twice as many first-stage smog episodes as it had last year.

Our society cannot grow or prosper in conditions where, day after day, large segments of the population must live in air pollution that is "unhealthful for everyone."

There is good reason to believe that the American people would resoundingly reject the kind of nonsense the task force is proposing.

In a Harris Survey released only a few days ago, it was found that "Only 18 percent of Americans are now convinced that the present (federal air pollution) rules are 'overly protective,' whereas 40 percent feel that federal environmental regulations are 'not protective enough.'"

When the Harris Survey asked people what they believe Congress should do in amending the Clean Air Act, 12 percent want to make it "less strict," 48 percent want to keep it as it is and 38 percent want it made stricter than it is now.

Apparently, the members of the task force who want to gut the Clean Air Act are proceeding on the assumption that air quality standards will lower the nation's rate of economic growth.

However, the majority of the nation's residents, if the Harris poll is correct, apparently are astute enough to realize that the benefits of a clean and decent environment should be considered as a part of a healthy nation's measure of economic output.

Pollution controls only lower a nation's economic standards if a society considers the costs of the controls to be greater than the benefits of a clean environment.

Obviously, the American people are not about to adopt that kind of assumption.

The American people are willing to buy an environment that is reasonably habitable and healthful. Therefore, the American government should cooperate in making room for investment in anti-pollution resources to achieve the goals the public mandates.

[From the Los Angeles Times, June 22, 1981]

Smog Is a Four-Letter Word

President Reagan chose a day during last year's campaign when smog oozed from every mechanical pore in Los Angeles to announce that the nation had won its fight against air pollution.

One deep breath that day told you he had it wrong. So did every bit of evidence collected from pollution monitors around the country for the past 10 years. Some pollutants have diminished, some have stayed about the same, some have increased.

One that has increased is nitrogen dioxide, without which nature could not cook up smog.

But Reagan is now the boss, and the new management at the Environmental Protection Agency understandably talks and acts as though he had his facts straight.

There is not much that Congress can do about some of ways in which the agency plans to let down the nation's guard against dirty air. But it can and must block proposals now circulating around Washington in draft form to punch holes in the Clean Air Act itself.

Congress, for example, is not likely to reject some of the candidates for top jobs at the agency, even though many of them trained for the work as lawyers for major corporations that have fought every attempt to regulate pollution.

Nor is there much that Congress can do about the agency's plan to reorganize its enforcement division, even though the new approach which be less effective in making certain that air and water pollution controls are in place and in operation.

But Congress can and should draw the line at some of the amendments to the Clean Air Act that the Administration seems ready to offer.

I can start by rejecting the notion that the deciding factor in setting pollution standards should be the cost to industry rather than the effect of pollution on human health.

Congress chose health as the overriding concern when it wrote the act in 1970. Trying to meet the tough standards has cost industry billions of dollars. It also has led to cleaner, if not clean, air. It is not credible that progress would have been made had industry been allowed to balk over the high price of control equipment.

The Administration wants to allow each state to decide how much pollution it can tolerate, without regard to the minimum standards in federal law. This would not only lead to bidding among states that wanted to trade off their air for new industry, it would also put unacceptable burdens on states upwind from states where pollution was allowed to grow.

Regulation is a dirty word to many of the people whom Reagan has called to Washington to run the government. Smog is a dirty word to everybody in the country, and Congress should bear that in mind.●

AMTRAK: NEBRASKA EDITOR TELLS OF HIS TRIP

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. BEREUTER. Mr. Speaker, keeping passenger service on track is a matter of concern to all Americans. As the Hebron Journal Register pointed out in a recent editorial, while the Interstate Highway System receives $16 billion from the Federal Treasury and the Federal Aviation Administration receives $19 billion, Amtrak is getting just $970 million this fiscal year. President Reagan requested only $400 million for fiscal year 1982, but the House Energy and Commerce Committee authorized $735 million. This higher figure is nonetheless below the $853 million Amtrak officials claim is needed to continue service over the basic existing system. I believe the Journal-Register's description of an Amtrak vacation makes some important points about the future of passenger train travel in the United States.

I ask that the editorial be reprinted in full:

[From the Hebron Journal-Register, June 24, 1981]

DESPITE SETBACKS, AMTRAK DESERVES SUPPORT

Having just finished a 2,500 mile round trip journey on our nation's rail passenger system, Amtrak, it's understandable why the future of this transportation network is in doubt.

We need rail passenger service as an alternative to the high prices of airline passenger travel and the discomfort of riding in the surge of our country's smaller automobiles, particularly if you are 6-3 or so in height.

My family of four boarded the Southwest Limited in Kansas City, traveled to Chicago, then to Cincinnati, (rented a car) and returned from Toledo to Chicago to Kansas City for $315. I'd be stretching the imagination to believe I could have driven that mileage for less. Air fare was $870.

The Southwest Limited, successor to the Sante Fe Chief, El Capitan and other crack Sante Fe trains making the run from Los Angeles to Chicago, was completely refurbished with new Pullman double-decker coaches called "superliner" cars.

Heading east, the dining car offered such morsels as rack of lamb, Mexican dinners, prime rib, etc., all priced from $6.50 to $10.50. The meal was complete with silverware, dinner linen and waiters who cared about service.

Heading back, we had the misfortune to inaugurate Amtrak's new dining room service which gives you a choice of steak, fish or poultry on a plastic tray (without linen) served by an Amtrak attendant (who could care less if you had water or not.) My steak was predictably tough, especially so with plastic silverware, and we never saw the waitress again.

But it was fast. The Amtrak official explained that costs must be cut and serving microwaved meals on a plastic tray (a la the airlines) is the "in thing."

I hope they were "fishing" for comments. We gave them an earfull along with several other rail buffs.

What this nation needs is more, not less rail passenger transportation. And the government, without a profit incentive, will not be able to handle the task.

We've talked to other rail passengers who enjoy railroad travel, it's inexpensive, faster than automotive travel and saves the nation on expensive imported oil.

The U.S. government subsidizes the interstate highway system to the tune of $16 billion and the Federal Aviation Administration gets a subsidy of $19 billion.

Amtrak's government subsidy is a paltry $970 million.

Amtrak officials undoubtedly feel they are on the ropes financially since the Reagan administration originally planned to eliminate service to 36 states and 500 cities. This was to be done by cutting the Amtrak subsidy from $970 to under $400 million. The plan has been revised for the present and probably the cuts won't be as deep as feared.

Nonetheless, train travel is energy efficient and should be considered. We would prefer private companies like Burlington, Santa Fe, etc. to operate the trains, but freight is more profitable. That leaves the government. K.J.●

GRANTS FOR PUBLIC PROGRAMS DESIGNED TO ENCOURAGE AWARENESS OF OUR CULTURAL HISTORY

HON. THOMAS S. FOLEY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. FOLEY. Mr. Speaker, in a society which increasingly focuses its attention on science, technology, and new developments for the future, we seldom have the opportunity to look back at our past, our national and cultural history, and the literary and artistic traditions of the cultures from which our present values and culture have grown. In the State of Washington, the Washington Commission for the Humanities, a private, nonprofit corporation supported by private contributors and the National Endowment for the Humanities, works to provide such opportunities to the general public, making grants for public programs designed to encourage public awareness and appreciation of the literature, philosophy, art, language, and history of our forebearers.

In this regard, I would like to take this opportunity to express my sincere appreciation and thanks to Gayla Riggs of Spokane, a former commission program associate, for her tremendous efforts and success at helping to bring a host of enlightening lectures, exhibits, slide shows, discussions, and mass media programs on the cultural heritage of people in the Northwest to the people of the Fifth Congressional District. In 1980 her diligence and the diligence of commission trustees G. Thomas Edwards and Elizabeth K. McFarland of Walla Walla, John R. Elwood of Pullman, Ralph W. Franklin and Robert K. Powers of Spokane, and J. William T. Youngs, Jr., of Cheney, made available $135,282 in grants used toward funding the following cultural events:

CHENEY

"Here's Shakespeare." Eastern Washington University (with support from KSPS-TV). $5,380 (total project cost: $15,520). Magazine articles and TV programs introduced Eastern Washington audiences to Shakespeare Plays broadcast over PBS.

"Live Theatre in a Media Age." Eastern Washington University (with support from Spokane Public Radio Assoc., Magic Lantern Theatre). $985 (total project cost: $6,425). Radio forums and lectures on live theatre vs. the media. Included performances of Dracula and A Servant of Two Masters, and a showing of the film Nosferatu.

COLVILLE

"Stevens County Pioneer Memories: A Nonrenewable Resource." Stevens County Historical Society (with support from Partnership for Rural Improvement, Stevens Cty. Planning Dept.) $16,638 (total project cost: $57,514). County-wide oral history project included slide/tape, workshops, in-school programs, displays and presentations at county fairs.

Planning Grant. Old Mission Art Galleries and Theatre of the Northwest, Inc. $300 (total project cost: $700). Planned public program exploring relationship between our cultural heritage and rural areas.

PULLMAN

"Finding Out—Oral History in Washington State." Oral History Office. Washington State University (with support from Whitman Coll., Eastern Wash. State Historical Soc., Whatcom Museum of History and Art, Peninsula Historical Soc., Skagit Cty. Oral History Assoc., Skagit Cty. Historical Museum, Yakima Valley Museum and Historical Assoc., Clark Cty. Historical Museum, Okanogan Historical Soc.) $15,068 (total project cost: $30,333). Seven work-

shops at different sites throughout the state, and a directory of oral history projects, programs, and collections within Washington State.

"American Foreign Policy and Afro-American Leadership: Mission or Mistake?" Black Studies Program, Washington State University (with support from NAACP; Eastern Wash. Univ.; Seattle Urban League; Central Wash. Univ.; Univ. of Wash.; Spokane League of Women for Community Action; WWU, Intercultural Programs, OSPI; Spokane Public Schools, Distr. 81; The Links of Spokane; Spokane Opportunities Industrialization Ctr.; Afro-American Players Theatre Group; U.S. Dept. of Commerce, Bureau of the Census; Pasco Neighborhood Ccl.; Yakima Valley OIC; New Hope Baptist Church; Pullman School Dist., No. 267; Yakima Valley CC; Bethel AME Church, Minority Affairs, SFCC; St. Matthews Baptist Church; Fairchild Air Force Base; Fort Lewis; Dept. of Licensing; East Central Community Ctr.; McChord Air Force Base; Boeing Co.; Whitworth Coll.; Spokane Daily Chronicle; Pullman Herald; Medium; Tri Cities Herald; Tacoma True Citizen; Spokesman Review; Lewiston Morning Tribune; KTOY Radio; KYAC Radio). $12,494 (total project cost: $27,553) $1,558 actually spent. Project not further implemented at grantee's request.

"Miniatures of South Asia: Human Understanding through Art." Asian Studies Program, Washington State University (with support from League of Women Voters of Pullman, Friends of the Museum of Art, AAUW, Pullman Advisory Ccl. to the Wash. State Human Rights Comm., Rotary Club of Pullman, Pullman Kiwanis Club). $6,846 (total project cost: $16,346). Lectures and slide presentation on Hindu, Buddhist, and Islamic Art. Focused on social, religious, political traditions of South Asian art.

"Swords of the Samurai: Japanese Arms and Armor From Northwest Collections." Museum of Art, Washington State University (with support from Friends of the Museum of Art, East Asia Resource Ctr., Japanese Amer. Citizens League). $6,945 (total project cost: $22,801). Interpretive exhibit on historical development and cultural significance of Japanese swords, armor, and the Samurai era. Included privately owned armor from local families of Samurai descent.

"Hoko River Rockshelter." Music Department, Washington State University, $1,000 (total project cost: $2,025). Film recorded archaeological excavation on Olympic Peninsula. Focused on work, play, speech, and song of Makah Tribe.

"Swords of the Samurai: Japanese Arms and Armor from Northwest Collections." Washington State University. $1,000 (total project cost: $3,000). Extension of previously funded WCH project. Supported additional demonstrations, guided tours, lectures, catalog, film series.

"Our Ethnic Heritage: A Conference of Washington's Germans from Russia." Washington State University (with support from Amer. Historical Soc. of Germans from Russia, Palouse Chapter). $995 (total project cost: $4,380). Conference discussed history of Germans from Russia who settled in the Pacific Northwest in the late 19th and early 20th centuries.

"Washington State Oral History Conference, 1980." Washington State University (with support from Yakima Valley Museum and Historical Assoc.) $1,000 (total project cost: $3,380). Conference brought together scholars in the humanities and the public to discuss collection methods and interpretation of oral history.

REPUBLIC

Planning Grant. Ferry County Cultural Workshop $300 (total project cost: $604). Planned public program for cultural interchange between Indian and non-Indian residents.

SPOKANE

"The Baroque Era—The Arts in their Historical Context." Connoisseur Concerts Association (with support from KPBX Radio, KSPS-TV, KREM-TV, Lutheran Col. of Greater Spokane). $11,797 (total project cost: $24,285). Lectures, television, and radio programs on baroque era, its history, culture, art, and music.

"Espejo: Reflections of the Mexican-American." Spokane Falls Community College (with support from Eastern Wash. Univ.) $1,000 (total project cost: $2,836). Lecture, slide show, photo exhibit on Mexican-American culture.

"Sacred Play in the Secular City," St. Stephen's Episcopal Church (with support from Spokane Public Library, Spokane Arts Comm.) $847 (total project cost: $2,047). Tour and slide show on religious art and the role that symbolism has played in our cultural development.

"Social and Public Policy Issues in Medicine and Health Care." Gonzaga University (with support from Spokane Area League of Women Voters, Eastern Wash. Univ., Whitworth Coll., Sacred Heart Medical Ctr., Spokane Cty. Health Distr.) $15,880 (total project cost: $43,184). Eight televised panel discussions on humanistic issues relating to health care.

"The Silhouettes of Gordon Vales: A Bridge to Understanding." Association for Retarded Citizens of Spokane County (with support from Kiwanis Club of NW Spokane, Gamma Epsilon, Soroptimists Intnl. of Spokane). $19,722 (total project cost: $40,751). Forums, television program on public attitudes and values relating to mentally retarded citizens. Focused on experiences of artist Gordon Vales.

"The Pied Piper: A Public Radio Project on the Humanities and the Family." Spokane Public Radio. $15,785 (total project cost: $32,903). Forty-five radio broadcasts for children used drama, storytelling, poetry, music to involve children and their parents in the humanities. Subjects included: poetry-writing and appreciation; stereotypes; folklore; fantasy; theatre; philosophy; hero worship; music.

WALLA WALLA

"The Changing of Institutions: Family and Marriage." Whitman College (with support from YWCA). $1,000 (total project cost: $6,713). Eight lectures on historical, literary, and social contexts of the family.

Planning Grant. Walla Walla Symphony Society. $300 (total project cost: $900). Planned historical and interpretive activites to expand the Symphony's 75th anniversary programs.

I join with my fellow residents of eastern Washington to applaud the special efforts of Ms. Riggs and her coworkers at bringing to light the lessons and thoughts of our past that we may all gain a better understanding of our present.●

OUR EVER-ESTEEMED CONGRESSMAN CLAUDE PEPPER AND ALL YOU LOVELY PEOPLE OF OUR PLANET EARTH

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. PEPPER. Mr. Speaker, on this last Memorial Day, Mr. Sam Brenner, as he has so often done in years past, delivered a beautifully patriotic and stirring message to those gathered in Surfside, Fla., for an observance of Memorial Day. His meaningful words gave all of us present cause to pause and seriously contemplate the consequences of a continued arms buildup by the nations of the world. Mr. Brenner eloquently exhorts us in the Congress to find a way to stop the race to annihilation. He reminds us of the horrors of man's inhumanity to man in his touching poem about the holocaust, "Count to Six Million." Lest we forget the danger involved in the arms race, the unspeakable tragedy of the holocaust, or all of those noble Americans who gave their lives to defend our country and our liberty, I ask, Mr. Speaker, that Mr. Sam Brenner's thoughtful address be inserted in the CONGRESSIONAL RECORD.

ADDRESS BY SAM BRENNER

Upon the request of our Commander Louis Fenichel of the Jewish War Veteran's Harry H. Cohen Post 723, I will read my poem "Count to Six Million" and dedicate it to the memory of my friend, past Commander Charles Hatten and past vice mayor of our town of Surfside, whose steadfast devotion to these Memorial Day services sparked our Veteran's/Armistice Day observances as well, and to all those who lost their lives in all wars.

COUNT TO SIX MILLION

Mourn not for me when I am dead.
Count to six million instead!
On all the battlefields of time,
Tally the toll for me!
Ring out no bells for me
Weep not for me
Count, just count to six million!
One! Two! Three! Four!
And so on thru to many more
To six million!
Count, I defy you to count!
Do you know how long it would take you to count to six million
With each number representing a human being like you and me?
One hundred Orange Bowl Football Stadiums fully packed
With sixty thousand people to a bowl!
That's six million!
Line them up!
One stadium fully packed alongside the others,
Now kill them all!
That's what they did to us!
"Who knoweth one?" My father cries
Reading the Haggada with watery eyes.
I know one.
But I do not know six million!
I have no conception, no idea, no understanding

Of so vast an amount as six million people.
Five! Six! Seven! Eight! Nine! Ten!
Count, count to six million!
Who was number six hundred three?
Was it a he or what it a she?
Or was it you and I
In the cauldrons there to die?
And sputter in the Nazi flame!
Who can count the waves of the sea?
Who was eight hundred eighty three
Or four million two hundred eighty seven thousand
Two hundrd twenty-four?
It was really you and I who died!
Mourn not for me when I am dead.
Count to six million instead!
On all the battlefields of time,
Tally the toll for me!
Ring out no bells for me
Say no Kadishes for me
Count, just count to six million!

Golda Meir, past Prime Minister of Israel, once quoted someone as saying, "It would take 2000 years for the stain of the holocaust to wear off . . ." and then she said, "It's already worn off!" The world forgets so soon! Does it seem possible that anything like that could ever really have happened, as we are here beside each other in the warmth of Surfside, Fla., and in the warmth of these flowers and of these trees? Does it seem possible that thousands upon thousands of people in a town like Hiroshima could have been destroyed by one atomic bomb?

On page 14 of the fifth year anniversary issue of the World Federalists Newsletter, Spring 1981 edition, Randall Forsberg is quoted as having said, "We now have the equivalent of 16,000,000 Hiroshima bombs in the U.S. and U.S.S.R. arsenals."

Sixteen million Hiroshima bombs: Who can deny that we are about to destroy the world? We are as good as dead, and I come here to speak for the dead. For I am the dead if I do nothing to preserve the living: Why do we come here to remember the dead if we are not going to safeguard the living for whom these men fought?

They groveled in the dust for us and they became the worms in the ground—for us. "Worms can't cry", they plead to me, "Worms can't cry:" For if they could cry they'd scream to me "I'm innocent: I'm innocent:" Why did they die? They died so that we can live. Peace is a wounded soldier and we must heal those wounds by an effective world order.

Are we those "The Lord God made and gave to have dominion over land and sea, to search the Heaven for power and feel the passions of enternity?". We are not living up to what we were created for. I defy that we must die upon another battlefield of time. Oh children, what have we done for you to bear the brunt of the sins of your fathers in a "World you never made"?

Our esteemed Congressman Claude Pepper turned to me as he was getting into his car several months ago and said, "Keep the flame burning, Sam." I feel confident that our Congressman would like to see what I have been clamoring for all these years, the restructuring of the U.N. into an effective world order protecting all nations, regardless of race, color, creed or form of government. Then gradually all nations could be disarmed and all nuclear bombs dismantled.

Therefore I beseech you, Claude, to immediately propose the formation of an impressive congressional committee to go to Russia and stay there as long as is necessary, until with due diligence and perseverance this world order is created.

Oh, there is a soundless Tocsin that peals for peace inside all of us. And I would like to see that Tocsin emerge from within our chests and ring out in the Halls of Congress like the clanging of a gong sounding a fire alarm proclaiming that the fuse to world holocaust is lit and burning, signalling the world's destruction. Who among us is here to douse the fire before it consumes us all? It is the task of each and every one of us.

These men we mourn today, went out to douse many fires burning throughout the world, that we may live. Now it's our turn. Let this be the meaning of our lives—that we were born for this purpose. Let us embark upon that era which is the triumph of man—the achievement of a free and lasting peace.●

CHIEF JUDGE HOWARD MARKEY DELIVERS COMMENCEMENT ADDRESS

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. HYDE. Mr. Speaker, on June 14, 1981, Chief Judge Howard T. Markey, of the U.S. Court of Customs and Patent Appeals, delivered the commencement address to the graduates of my alma mater, Loyola University School of Law in Chicago.

His address is of such quality and eloquence that I must share it—with pride and pleasure—with my colleagues:

FREEDOM AND LAW—CIRCA 2010

I am pleased to see so many faculty and friends and loved ones here, but I am going to ask them to just eavesdrop while I visit a few minutes with my new brothers and sisters in the law—the graduates.

It is indeed an honor and a privilege to be your commencement speaker. When you leave today you will take with you something of Loyola University School of Law, and you will leave a part of yourself here. Happily, for you and for our Nation's future you are being graduated from, in Father Baumhart's felicitous phrase, a "value oriented law school". How fundamentally important that phrase is. I have often wondered how those who opt for an education without values can express surprise when confronted with a society without values.

The world is a mess. Of course it is. So what's new? It always has been. But I put it to you that, because of our dreamers and doers, the world is less a mess today than it was when I sat among those chairs 30 years ago, and in far less a mess than it was a century ago, and in far and away less a mess than it was in 1781. And 30 years from now, in the year 2010, with your help it will be infinitely less a mess than it is now.

So, welcome to the world! Come on in, the water's fine!

I have had, thank the good Lord, a wonderful life—but I have news for you. I would trade places with you in a moment. You are going to farm the ocean floor, you are going to live and work among the stars, and in your homes, which Toffler says will be "electronic cottages". You are going to live longer and healthier lives than any human beings before you. Whether you and your children may be as free to pursue happiness will depend on whether your dedication will enable the law, in Learned Hand's words, to "reconcile our passions, or wills, and our conflicts".

The law can be a heady, intoxicating wine to those who study and savor all of its color and taste and history and excitement. Working at the very heartbeat of a free society—the law—using and increasing your knowledge of the law to preserve and extend justice and freedom for your fellowman—is a privileged joy.

Certainly you will face problems. Of course you will. Massive, horrendous problems. But solving problems, and creating new ones, is the sparkle in the wine of life and law—the fun of living. Life without problems would be a total bore.

I propose to visit with you for these few moments about just one problem—but it is a big one. On your finding its solution all else will depend. I speak of the maintenance of freedom under law.

You have all heard it stated that Shakespheare said, "Let's kill all the lawyers". What many forget is that the bard put those words in the mouth of Dick, the butcher. When Dick hears the would-be Dictator Cade's plan, he says, "The first thing we do, let's kill all the lawyers" because he knew that if even one lawyer remained alive, he would defend individual rights, and Cade's plan to destroy those rights would be doomed. I trust, and hope, and pray that each of you will be the kind of lawyer Dick was worried about.

An American soldier, taken prisoner, and risking punishment and death, scratched out on the wall of his dungeon these words: "Freedom has a special taste to those who fight and almost die, that the protected will never know".

So, if you like, you can label this a clarion call—a call to fight and almost die in the battle to preserve what is still only a little spark of freedom in the world. It is a spark that, when studied, can light the fire in men's souls. But it is still so little, and so new, and so unknown, and so threatened.

Freedom can be threatened, even among its friends, by a growing population pressing against finite resources. Robert Helbroner foresees an inevitable growth in the exercise of majoritarian power and a consequent curtailment of individual freedom. John Rawls and Ronald Dworkin have pointed to a desperate need to defend individual liberty against an inexorable growth of State and institutional power over the next 30 years. Though we are in the midst of a rights and litigation explosion, only a fraction of the problem can be dealt with in the courts.

Since man crawled from the caves, the fight has always been between tyranny—whatever its current name—and freedom. But in the years ahead freedom can be threatened by a tyranny of circumstance—a seemingly benign tyranny of big governments, big businesses, big technology and big institutions—leviathans whose institutional imperatives can make them cold and remote and often thoughtless of an individual's need for access to decisionmakers, for equality, consideration, and fair procedures—indeed for justice itself. The danger is, as Thoreau saw it, that man will become only "the tool of his tools".

Because the smaller liberties go first, mankind's march toward life as a robot—toward Orwell's world where everything is either ordered or forbidden—is insidious. The threat is the more subtle because it is at home, because it walks on little cat feet of separate, individual denials of the respect

due the humaneness of this person here and that person there.

As history teaches, only law can save freedom without revolution. Ah! But law and lawyers are not the answer in themselves. After all, Hitler had law and lawyers. Your task will be to see that law remains the servant to individual rights, that governments and institutions remain the servants of the people, not their predators, that we remain a nation of laws but not a nation of nothing but laws. We are already a legalistic, lawdrenched, litigious society. We will always have plenty of laws. The question you must face is "What kind?"

What will you do to insure that law rests on Conscience and moral concepts, rather than on naked force and interest? What will you make out of the dichotomy presented by value-oriented law and result-oriented legal positivism? What will you do about some recent indications that rights not given an individual in some statute don't exist? Will you resurrect the "forgotten" amendments, the ninth and tenth?

Will you harken to Justice Frankfurter's prescient warning about giving the Federal courts "an excess of responsibility which may seriously impair their peculiar Federal task?" Or will you go on trying to make gods out of Federal judges by serving only as conduits to the nearest courthouse, by putting all the people's eggs into the judicial basket until it collapses? Will you find a way to protect individual rights without overloading the courts? Will you make clear the difference between laws that keep me from injuring you and laws that keep me from injuring me?

Will you eliminate wasteful delay and still fight for that quality of justice that can be achieved only after careful, considered, contemplation, at the slower pace which accuracy and truth require, remembering that truthfinding can be slow and searing, while error can be fast and fun, causing assertion to masquerade as conclusion?

Above all, will you keep alive the concept that there is one area not subject to invasion and control by the State, the mind and soul of man? If so, you must make one, very basic, decision. You must decide that you will never again say, "What can one person do? That cancerous phrase! Remember that the fight for freedom has always been for the few, and often for the very few—that this whole experiment in liberty we call America, this American dream, that man can govern himself, once rested on what one man did—one man, who walked the line, begging and pleading with his ragged soldiers not to quit and go home, and knelt in the snows of Valley Forge to pray.

Well, that is a lot to chew on. But I know you'll do it all. Certainly I am an optimist. Optimism means hope. And hopes and dreams are the engines of our progress. And mighty hopes and mighty dreams are the uniforms of heroes.

But there is reason for my optimism. You have two big things going for you. Your developed and developing sense of ethics—and the Constitution of the United States.

Unlike the piling-on of knowledge and experience in the fields of science and technology, man has not yet learned to build on the history of ethics and morals. Every baby starts from scratch. Yet there is hope. For with every baby our race gets a new start. And today our law profession gets a new start with you.

Dr. Sweitzer said that ethics is "the name we give to our concern for good behavior," i.e., our concern for the well-being of others as well as for ourselves. Ethics is what our forefathers meant when they pledged in the Declaration their lives, their fortunes, and their sacred honor "to each other." They made their pledge not to a higher standard of living or to the interest of any pressure group, but "to each other," that is, to a concern for the good of all which is the essence of ethics.

You know that our complex, expanded society may provide an opportunity, but not an excuse, for unethical conduct, that honesty and ethics are even more needed in the shadows of a crowd. Whether you will be advising a President of the United States or the plainest citizen—to paraphrase Thomas More's comment to Cromwell—"I know you will counsel what ought to be done, not merely what can be gotten away with."

You know that life without liberty or the hope of liberty, is a fraud, a fake, an abomination in the eyes of Him who made us to be free. You know that every society has only two choices. It can be honest and free—or dishonest and controlled.

If you would make your maximum contribution to the preservation and growth of justice and freedom in the next 30 years, it would seem imperative that you define for yourselves a personal philosophy of the law. What is the law? Is it to you but a means of controlling social conduct? How, if at all, does it relate to ethics? To conscience? To Morals?

The answer to these, and to a long list of similar questions, depends on your personal philosophy of both life and law. Does a good end justify an evil means? Why were you born? What may be your end? What is the purpose, if any, of man? How does your concept of law relate to your concept of society and community? Choose carefully. Choose what you will. But—I beg of you—choose!

A lawyer with no philosophy of life and law is but an empty shell. Such men or women can but tinker with scraps of the law which may come their way, never filling their hollowness with the joy of true accomplishment, never knowing the satisfaction which gratitude for having lived can bring. Concentrating on each week encountered, they neither see nor smell the beautiful flowers which abound.

For if to you lawyering be merely a job, a mere means of getting, requiring of you no great contribution to society, then I cannot be sanguine about the preservation of freedom in this blessed land, nor about the continued life of either the law or the legal profession for very long. Nor can I imagine why you want to go to lawyering. It is certain that you can get more elsewhere, with less effort.

Ah, but to be truly a lawyer is to be different, to carry a special responsibility. Where cynicism is rampant, you must hold and exemplify ideas. Where patriotism and love of community is passe, you must show dedication to your fellow citizens. Where the easy life and the fast buck are sought, you must serve unstintingly the jealous mistress of the law. Where the ripoff and the slick grab are admired, your dedication to principle and ethics must stand out as a constant rebuke. Only then will you earn the title "Lawyer." Only then will you return public respect to the profession of the law. Only then will you, as a lawyer, be happy. Only then will you serve the causes of justice and freedom.

The other great thing you have going for you is the Constitution of the United States. Now relax, I am not going to give my standard two hour lecture on the Constitution. I'll mention just one of its many facets.

Gladstone called it "the most wonderful work * * * by the brain and purpose of man." It is the oldest written Constitution of any major nation. Yet it is so new—only 194 years old. It was signed this morning, in history's eye. I am only 60, yet I have lived more than one-fourth as long as the Constitution. It is the protector of the poor and the rich. It is a constant threat to the scoundrel. It is, in Jefferson's thought, the chain that binds men to the rule of law.

It is, in my view, the charter authorizing the most sublime experiment in liberty in the history of the world.

The Constitution is all of that, but it is much more. Its greatest asset is not its words, or its brilliant compromises, or its flexibility. Its greatest asset—like yours—is its soul.

There are certainly other arguments for the rights of man, but the soul of the Constitution is to me the concept that you, and you, and you, and I—and every single human being—regardless of sex, of color, of creed or lack of creed, of appearance, of position, of status, of wealth or poverty—every human being, as was said a few years earlier in the Declaration, is the creation of a "Creator" and because of that fact, is born with certain unalienable rights. We have many of its promises still to keep, but that is the newest, shiniest, most revolutionary idea in the political history of the world!

John Marshall said, "The people made the Constitution and the people can unmake it. It is the creation of their own will and lives only by their will". So whether the Constitution lives depends on you. You can kill it, or "unmake" it, by neglect as well as by intent—by ignorance as well as by malice.

It will not do to accept the words of the Constitution and deny by our acts their application. It will not do to desire our own freedom but refuse to do the things that insure freedom for other men and women. It will not do to profess but not perform—to wish but not will.

Each of us, on birth, was handed a priceless, gleaming jewel—the Constitution and all it represents—fought for and died for by many brave men before us. We hold it only a little while on this Earth and must, someday, pass it—intact or shattered—on to those who come after us. How will you answer, in the year 2010, 30 years from now, if your children ask, "What have you done to keep that jewel intact and untarnished? To spread its rays to others? To protect it from devaluation, compromise, abuse, or even loss?"

Each of you must answer for yourself—but answer you must—to history if to no other.

If your answer is that you fought the good, unselfish fight for freedom under law—the fight to preserve the old and precious wines of justice, integrity, charity, professionalism, ethics and honesty—then freedom may have for you the special taste it had for that unknown POW author who scratched his philosophy on dungeon walls with feeble hand.

For then you would have epitomized the words of Barbara Ward Jackson, who said the twentieth century was made for those who "dream greatly, and dare greatly, and let their work catch up with their dreams".

For then, through it all, you may move this world a little bit toward the day when the children of your children's children may walk the high sunlit uplands of a world at peace—finally—a world at peace with itself—and with its God.

And the, when you leave this life, as leave it you must, when your work is done and your time on Earth has run—the spirits of Coke and Cardozo, of Blackstone and Brandeis and Holmes—and of all their fellow romancers of the blindfolded lady of justice—will in chorus say to you—"Well done!"●

WILL REAGAN REPEAT THATCHER'S MISTAKES?

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. WEISS. Mr. Speaker, the similarities between President Reagan's economic program and the policies of Prime Minister Margaret Thatcher of Great Britain are inescapable. Both place emphasis on monetary policy, cuts in income tax rates, and reductions in Government spending.

In Britain, even conservatives now believe that Mrs. Thatcher's program has failed. Unemployment is at its highest there since the Depression, and interest rates remain perilously high. Riots in several major cities have brought the world's attention to the social problems that unfortunately are exacerbated by such failures of policy.

New York Times economic columnist Leonard Silk explored the similarities between the Reagan plan and the Thatcher policies in an article yesterday, the first of two on this subject. I commend it to the attention of my colleagues.

[From the New York Times, July 8, 1981]

THE THATCHER PLAN'S FAILURE

(By Leonard Silk)

A specter is haunting the Reagan Administration: Thatcherism. The riots in Liverpool this week, stemming partly from the worst unemployment Britain has experienced since the Depression of the 1930's, are grim evidence of the failure of what was once regarded as a brilliant innovation in economic policy.

When Mrs. Thatcher became Prime Minister in May 1979, she was the darling of conservatives on both sides of the Atlantic. Today, she faces a revolt in her own party and has been disowned by the Reaganites in Washington, who say she departed from and made a mess of what initially was a correct solution to the twin problems of inflation and industrial stagnation.

But was her fault one of execution or were there inherent inconsistencies and contradictions in the Thatcher program that the Reagan Administration is on the way to repeating?

The Thatcher plan certainly began with close parallels to the Reagan program:

A commitment to "monetarism," the doctrine that holds that the way to stop inflation is to reduce the growth of the money supply to a rate equal to the potential growth of the economy. Mrs. Thatcher elected to do this gradually: The Bank of England, under the domination of her Government, would reduce the rate of growth of the chosen monetary aggregate called "sterling M-3," currency in circulation plus sterling-denominated demand and time deposits in British commercial banks, to an annual rate of 9 percent in 1980-81 and to 6 percent in 1983-84.

The real value of Government spending—total outlays corrected for inflation—was to be cut. The money the Government needed to borrow from the public to cover its debts and those of local authorities and public corporations would be scaled down to £7 billion in 1980-81 for openers.

Marginal income tax rates would be cut sharply to spur savings and productivity growth, with the biggest cuts both absolutely and proportionately going to those in the higher income brackets.

How faithfully did Mrs. Thatcher carry out her plan? On monetary policy she has striven to tighten up the money supply. It is true that sterling M-3 overshot its target but this resulted largely from removing the so-called corset from the commercial banks, the special deposit regulations that had limited the extent to which the banks could increase their interest-bearing deposits. However, the money supply narrowly defined, M-1, consisting of currency and demand deposits, was held to a mere 3 percent rate of growth during the first 12 months after Mrs. Thatcher took office and an 8 percent rate therafter.

The clearest indication of tight money was the sharp rise in interest rates. The outflow of funds from London to New York, attracted by still higher interest rates, helped tighten money further, despite Government plans to make more funds available by bringing down public-sector borrowing.

In this Mrs. Thatcher failed. She quickly put through cuts in marginal income tax rates, bringing down the top rate on compensation income to 60 percent from 83 percent and the bottom rate to 30 percent from 33. And she cut the top rate on investment income to 75 percent from 98 percent. At the same time, to promote the shift from consumption to savings, the Government nearly doubled the value added tax, a kind of sales tax, to 15 percent from 8 percent.

Sharply rising interest rates pushed the economy into a deep slump, and the budget fell deeper into deficit. To curb the growing public borrowing, requirement, the Government raised excise taxes on tobacco, alcohol, gasoline, diesel fuel, road vehicles and other items.

Government spending kept climbing, despite Mrs. Thatcher's efforts at belt-tightening. She imposed her steepest cuts on public-sector investment items, thereby aggravating the problem of inflation. But instead of realizing her initial plan to bring down public borrowing to £7 billion in 1980-81, the Thatcher Government ran its borrowing requirement up to £13.5 billion, or 6 percent of the gross national product, one of the highest in the world.

Thus, Mrs. Thatcher's fundamental mistake has been to try to cure stagflation by combining a tight monetary policy with a loose fiscal policy. She has incurred big deficits that forced the Government to be a heavy competitor for scarce private savings, forcing up both nominal and real interest rates.

This has produced an extraordinary slump in production and employment. The jobless rate has doubled, to more than 11 percent, from 5.4 pecent when Mrs. Thatcher took office two years ago.

With the slump, inflation has fallen to low double-digit numbers, but the high interest rates on both Government and private bonds reflect the pessimism of the financial markets about the propsects for solving the problem of British inflation.

The recent behavior of interest rates and the securities markets in New York reflect similar apprehension that the Reagan monetary and fiscal policies have more in common with those of the Thatcher Government than the Administration here is willing to acknowledge. Whether the Administration can still benefit from the mistakes of the Thatcher Government will be examined in a second column.●

MONDALE'S ADDRESS TO BRANDEIS UNIVERSITY

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. SOLARZ. Mr. Speaker, I would like to bring to the attention of my colleagues the text of an address delivered by former Vice President Walter F. Mondale to the graduating class of Brandeis University on May 24, 1981. As an alumnus of Brandeis University, one of the finest learning institutions in the United States, I had the privilege of attending a college which implicitly emphasizes the close connection between the world of thought and the world of action.

Mr. Mondale's excellent speech stressed the importance of this relationship between thought and action. He noted that our Nation's commitment to social justice and the promotion of human rights are instrumental in the pursuit of a strong economy and effective foreign policy.

Mr. Mondale effectively stated that America's strength lies in continuing to stand for what we are. Successful policies aimed at fighting inflation and increasing productivity must reflect our Government's commitment to compassion and concern. Likewise, he pointed out that the human dimension of our foreign policy is the basis of its effectiveness.

We are a nation united for humanity. Mr. Mondale has eloquently called upon the graduating class of 1981 of Brandeis University to continue a tradition rooted in our Constitution and Bill of Rights—the integration of national and societal interests with moral concerns when dealing with the issues of the day:

REMARKS OF WALTER F. MONDALE, BRANDEIS UNIVERSITY, MAY 24, 1981

Today we are concerned with two great issues: The vitality of the American economy and our strength as a nation in the world.

Our economy now faces the worst inflation in modern times. Like the Great Depression a half-century ago, inflation is calling into question whether our economic system can enable our working men and women to earn a decent living, to provide for themselves and their families, and to have confidence in the future.

I believe it can. Yet inflation, and the means for controlling it, also contain a deeper meaning and potentially a deeper

threat. They raise profound questions about our willingness and ability to sustain one of the most important elements of what it means to be American: Our compassion as a people.

In difficult times economically, it becomes easier to ignore the needs of others who are less fortunate. In difficult times, bigotry and intolerance find fertile ground—and are even justified in the name of "morality". But let there be no mistake: In this country there is a "majority"—and it opposes racism, it opposes anti-Semitism, it opposes the arrogation, by any group, of the right to define what is "moral". And it always will.

During the 1930's, many nations were torn apart by developments like these, brought on by economic crisis. But we emerged from the Great Depression with both our economy and our moral vision intact—indeed, with a new burst of effort to build a compassionate society. And we can and must do the same again.

What makes America different from other nations? There are many answers: Our abundance of resources; the creative energies of millions of immigrants and their descendants; more than a century without war on this continent; and a spirit of adventure and invention.

But none in my judgment rival in their importance a deeper reason for our uniqueness and our success: This nation and our people believe deeply in social justice.

During the past half-century, we did not decide merely that building a nation of hope and opportunity was something to be desired, but that the American people should have it as a matter of fundamental human right. And our great men and women of conscience, like Justice Louis Brandeis, worked to enlarge human freedoms, not to confer benefits, but to confirm rights.

This Administration says we must retrench, fight inflation, and make our economy more productive again. And there isn't a single person here who does not hope that they succeed—because if they succeed, America succeeds.

But there will be a true success only if we remember who we are, if we remember what we have already achieved in the long fight for equality of opportunity, justice, tolerance—and a society and a government of true compassion and concern. These must be human rights, not expedient gifts of the moment.

Inflation is not our only concern. Today, America's strength and position in the world are also under challenge. Soviet power is real—and faces us not just in direct confrontation, but also in far-flung areas of the world. We need to modernize our armed forces. We need support from friends and allies in meeting threats to peace and in helping to resolve conflicts. And we need a strong economy if we are to be effective abroad as well as prosperous at home.

Yet as we act to renew American strength—military, economic—we might neglect a third factor, on which rests so much of America's effectiveness and which indeed is basic to our purpose in the world: The human dimension of our foreign policy.

In our history, we have sought to be powerful: not to create an empire, but to promote peace.

We have entered into alliance with other nations: not to make them satellites of American interests, but to enable them to share the benefits of freedom and independence.

We have shared our economic abundance with others: Not to pervert the course of others' destinies, but to foster human development.

And we have promoted human rights: Not to impose our will on others, but to answer deep-seated desires for freedom, dignity, and justice.

American power has a purpose, a deeply human purpose. When we have forgotten that purpose, we have made our greatest mistakes; when we have remembered it, we have had our greatest successes. And the renewal of that power must not neglect that purpose—at peril of losing our ideals both abroad and at home.

In recent years, no issue in our foreign policy has been more contentious or more deeply misunderstood than our pursuit of human rights. Yet no issue is more germane to America's fundamental role in the world; none is more rooted in our entire history as a nation—long before efforts of the past four years to ensure that human rights have their proper place on the national foreign policy agenda.

With the pursuit of human rights, our efforts to limit conflict, work with friends and allies, secure peace and promote economic development gain a deeper significance. But ignoring human rights would risk misunderstanding of our efforts by people abroad and erosion of support at home for an effective foreign policy. Our power could become less useful through distrust of our motives; our foreign policy sterile through lack of underlying moral purpose.

As Vice President, some of the most difficult—but more rewarding—involvement I had in our nation's business was in the pursuit of human rights. I took part in all the difficult decisions we faced in balancing human concerns against other national interests. I brought Vladimir Bukovsky to the White House, to tell of the suffering of people in the Soviet Union who only seek to worship God and express their humanity. I confronted South African leaders in Vienna, in an effort to make a dent in Apartheid. And I represented the United States at the Geneva Conference on the Boat people—and saw the heartbreak and tragedy of these dispossessed individuals. We were determined that there would be no repetition of the Evian Conference of 40 years before, which turned its back on European Jews—and I thank God we succeeded.

I only regret that, four decades earlier, when our country was confronted by the emerging reality of Hitler's Holocaust, we did not respond, as we have to the refugee crisis in Indochina, with the kind of sustained commitment and humanitarian initiative that could have saved thousands and maybe millions of Jews whose lives where lost in the concentration camps and gas chambers of Nazi-occupied Europe.

As I learned in government, there are those who argue that we should play down moral issues and objectives, because "security" is too important. They insist that we focus unashamedly on our interests alone.

Others would have us serve moral ends in crusades, even if we become blind to the practical consequences for our nation's interests and well-being.

I believe we must try to reconcile these two approaches. In fact, doing so is particularly American and a source of our national strength. Perhaps more than any other quality, this ability and willingness to blend the practical with principle, to synthesize our interests and moral concerns, has placed us at the forefront of history.

Safeguarding both our interests and our values often requires active and creative diplomacy. At times it requires the deployment of military power—as when we help others resist aggression and threats to peace.

But it also means advancing our values directly and explicitly.

At the conference on Security and Cooperation in Europe, we proclaimed to the world the abuses and moral poverty of the Soviet political system. We insisted that the cry for freedom—the call of the Orlovs and Shcharanskys—was heard at the Belgrade and Madrid Conferences, and we put the full weight of that process behind the principle that the Polish people should be able to work out their path towards liberty by themselves.

In recent years, we in the United States have heard—and responded to—the human needs and concerns of millions of people in every corner of the globe. How many people are alive today, because the United States did not keep silent, did not pass by when human rights were being trampled underfoot? How many people have gained some measure of hope, because the United States did not abandon more than two centuries of concern for the principles which gave our own land birth and sustenance?

This is not always easy for us to do. There are countries and peoples whose strategic positions are so important to us that we must work together even though we disapprove of their governments' human rights policies. But even when we do so, we must not lose sight of our moral purpose.

For example, it was imperative to work with the new government of South Korea after the assassination of President Park. But we also worked long and hard—and ultimately with success—to save the life of the Korean Dissident, Kim Dae Jung.

Regrettably, in recent months, this nation has begun to slip back in its commitment to human rights.

The people an administration appoints to senior positions says a lot about its stand on the issues. Yet appointments in human rights are carrying the clear message that the U.S. government no longer believes that the human dimension of policy is important—and repressive governments have taken heart.

No sooner did a great man of courage and conscience—Jacobo Timerman—speak vividly of the torture and killing in Argentina, than the United States again embraced the leaders of that country. What conceivable reason could there be? It can't be strategic interests. It can't be economic interests. It can't be anything that would justify ignoring this brutal repression.

But not everyone has forgotten. This week, a Senate committee considered the nomination of a man to be in charge of human rights policy. It was a sad hearing, full of justifications for indifference. Then a man appeared out of the crowd . . . a man who truly understood the meaning of human rights. "A silent diplomacy is silence," he said, "A quiet diplomacy is surrender." His name was Jacobo Timerman and he was greeted with thunderous applause. And this Nation joins in applauding that giant of a man.

At the United Nations, we have often stood alone—when the issue was too important morally for us to join the rest. Yet this week the United States again stood alone—not in defense of a moral issue but in defiance of the world's conscience. We voted alone in the world to oppose restraints on efforts to lead women in developing countries away from healthy breast-feeding to

dependence on milk-substitutes that, improperly used, risk infection and stunted growth. A commercial interest prevailed over a human concern shared by the rest of the world.

During the last 10 years, the United States also took a strong stand against racism and the last vestiges of colonial repression. Yet only a few months after we worked out a path to peace and justice in Zimbabwe, this country has begun showing uncritical sympathy for South Africa.

And some administration spokesmen now say that there is a difference between right-wing authoritarianism and left-wing totalitarianism, and that we must tolerate the terror of the one; but must condemn that of the other.

In the organization of their economies, there is a difference. In the pretexts they give for repression, there is a difference. But between the army colonel who tortures Jacobo Timerman, and the Central Committee which tortures Anatoly Shcharansky, there is not one iota of moral difference.

Torture is torture, and terror is terror. And whether it occurs in Cuba, Russia, Vietnam, Argentina, Chile, or El Salvador, we in America should oppose it, condemn it, and do our best to stop it.

How soon we forget. The basic lesson of our experience in struggling to promote human rights is that the advance of our own moral concerns for humanity, democracy, freedom, and justice is profoundly in our national interest. It is a strategic advantage as we contest for support from the developing world and leadership of our alliances.

Israel is an embodiment of our own commitment to freedom and democracy. There are dozens of countries which have long since extinguished democracy on the gounds that the threat to their security does not permit them the luxury of freedom. Yet Israel, through four wars and continuing challenges—not simply to its security but to its very survival—has remained steadfast in its commitment to the principle of pluralism and the lessons of liberty on which our own country was founded.

In the face of a growing Soviet threat to the Middle East, there can be no doubt that Israel is a significant strategic asset. But let us never forget that if human rights means anything at all, it means that we should nurture and support the one country which, more than any other in that vitally important region, shares our own principles and purposes.

It is no accident that we are principally allied with democracies and that our basic adversary is totalitarian. It is no accident that every day we pursue our values, we become stronger in our dealings with other nations; and that every day the Soviet Union shows its contempt for human values—in Afghanistan, in Poland, or in Moscow itself—it telegraphs its moral and political bankruptcy to countries it seeks to influence.

A world of tyranny would threaten our security. A world where pluralism predominates, where there is freedom of religion, where democracy prevails would not be a world without conflict, but it would be a world safer for Americans.

We have seen enough in this century to know that our greatest strength at home is our love for the values embedded in our Constitution and Bill of Rights and religious beliefs—and that our greatest attraction abroad is the beacon those values cast into a world darkened by turbulence and oppression.

Our deep commitment to social justice—our commitment to give opportunity to the poor and disadvantaged, to care for the old, to end discrimination, to safeguard the family—this is the rock upon which is founded our nation's true security. And I for one will not stand idly by when this lesson is forgotten—and I know that you will join me.

I had no prouder moment as Vice President than when I met with the leaders of Nigeria—just after they had adopted a constitution—a federal constitution closely patterned on our own. The power of example is the greatest power we have. The real strength of America lies in continuing to stand for what we are.

Conscience can never take a holiday—however deep the crisis. Several years ago, Pastor Martin Niemoller wrote the following, after the dark night of the human soul we call the Holocaust:

First the Nazis went after the Jews, but I was not a Jew, so I did not object.

Then they went after the Catholics, but I was not a Catholic, so I did not object.

They then went after the trade unionists, but I was not a trade unionist, so I did not object.

Then they came after me, and there was no one left to object.

The highest calling of today's graduates is to join ranks with the generations of Americans who have heeded that message—a nation united for humanity. Let it be known: If the enemies of freedom and justice come for one of us first, they must come for all of us.

Thank you.●

ENVIRONMENTAL PERSPECTIVES

HON. JAMES H. (JIMMY) QUILLEN

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. QUILLEN. Mr. Speaker, those of us in public life do not keep our jobs very long if we do not learn quickly to listen to all sides of an issue before rushing to judgment. Input from a variety of perspectives is always helpful in estimating the performance of a program, a group, or an individual. A major newspaper in my district, the Johnson City Press-Chronicle recently aired one such perspective on environmental questions and the need for a balanced view in addressing such controversies. In the interest of widening the range of views presented this body, I am submitting for the consideration of my colleagues the views of Edward J. Walsh of the U.S. Industrial Council, as they appeared recently in the Johnson City Press-Chronicle.

ENVIRONMENTAL PERSPECTIVES

Among the positive signs that Congress and the Reagan administration are genuinely interested in rebuilding the American economy is the increased attention being given to limiting the heretofore near-limitless influence to the extremist environmental movement in the United States.

The centerpiece of this new sanity regarding the environment was the nomination and approval of James Watt, a self-confessed non-hiker and non-canoeist as Secretary of the Interior. Watt has stoked the fury of the militant environmentalists by pledging to relax strict federal limits on exploration and development of mineral resources on federal lands, particularly in the Western states and Alaska. This fury is most recently expressed in threats on Watt's life by nature-loving fanatics. Recently it was revealed by Dr. William Dresher, in a speech to the United States Industrial Council's Annual Meeting at Sea Island, Ga., that Watt now receives Secret Service protection.

But Dr. Dresher also had some good news. He reported to the USIC, a nationwide organization of conservative businessmen, that a Cabinet-level Council on Natural Resources and the Environment has been formed, in order to establish a national minerals policy. In this connection, Rep. James Santini, (D-Nev.), the leader in the domestic minerals development fight, is sponsoring a bill called the National Minerals Security Act, which will implement the Minerals and Mining Policy Act of 1970, pending for eleven years.

The NMSA will amend tax laws to assist the mining industry in making investments in minerals exploration and development, and allow the Secretary of the Interior to increase the availability of the withdrawn public lands. It will require the Secretary of the Interior to inventory domestic supplies and accessibility of strategic minerals. The Department is examining the possibility of opening large areas of wilderness lands to mineral exploration by asking for a 20-year extension of the Wilderness Act, which currently permits mineral exploration and location of mining claims only until 1983.

With this, a word about the environment. As in all political, non-moral questions, the key word is balance. Environmentalists who are convinced that Secretary Watt is out to rape the mountainsides and befoul the rivers forget that he is from Colorado, and thus knows all about natural beauty, the limits of growth, and the consequences of over-development and indifference to the environment. But he is demanding balance, a concession the Sierra Clubs and the whole array of anti-development extremists are unwilling to make. For the past decade they held a vise grip on public lands policy. As a result, America's dependence on unstable foreign sources of important minerals is growing, even as our dependence on foreign sources of important minerals is growing, even as our dependence on foreign oil once grew, without regard for the larger questions of the nation's security, and indeed, its comfort. The answer is balance. Secretary Watt is trying to restore it.●

REVITALIZING AMERICA'S RAILROADS

HON. HENRY S. REUSS

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. REUSS. Mr. Speaker, On June 25, 1981, I introduced H.R. 4028, the Rail Passenger Systems Act of 1981, aimed at creating in the United States high-speed rail passenger systems equal to or better than those of the other industrialized nations. I want to place in the CONGRESSIONAL RECORD excerpts from an excellent article,

which appeared in the July 1981 Traffic Quarterly, on the existing incompatibility between U.S. rail freight and passenger service. The article, by L. Fletcher Prouty, outlines the impediments to high-speed passenger rail service in the United States, which H.R. 4028 is designed to remove. Excerpts from the article follow:

TRANSPORTATION AT THE CROSSROADS

(L. Fletcher Prouty)

The ship of transportation sails on a sea of petroleum and the tide is running out. Today's transportation modes are dependent on portable liquid fuel. Railroads can use electricity, but for the most part they have not installed electrical systems. Petroleum fuel substitutes still appear to be years away, shackled by a many-sided problem of cost, quantity production, environmental protection, and questions of policy.

This is a time for review, for total reappraisal and for realignment of the transportation structure. Because of rapidly growing transport demand and inadequate funding, this Nation's streets, highways, and bridges are under-repaired and frequently over congested. Airports and airways are over-crowded and there will not be any relief in the form of new airports for larger metropolitan areas before the year 2000, if then. Freight trains chug along at an average speed of 20 mph and suffer more than 8,000 derailments per year while the rail passenger system is suffering a near fatal illness. The costs of maintaining the existing system of transportation is spiraling to record heights, and a growing share of these staggering costs will fall on the general taxpayer—and not on user sources. In short, "We are facing a transportation crisis in this country just around the corner."

Some of transportation's problems can be solved by reapportioning the modal balance. This is a more important factor. The authoritative National Transportation Policy Study Commission has said that by the year 2000 "national domestic person miles of travel . . . will increase 81 to 96 percent" and "national domestic freight ton miles will increase . . . from 165 to 314 percent." These massive increases, in so short a time, are simply not going to be able to be put on top of the present highway congestion and on top of existing airport and airway overcrowding. There is little, or no more space to increase these structures and we are having serious financial problems with the high cost of maintaining what we have now. The answer to this grievous situation lies in the restructuring of the present balance of transportation; and the railroads have the capacity to accept major increases in both passenger and freight movement.

This essential restructuring needs to begin in the railroad industry, as railroads have tremendous potential for moving passengers and freight efficiently and safely—more so than any other mode. And, they are not necessarily dependent on petroleum or other liquid fuel.

But the interdependent railroads are their own problem. American railroads suffer from serious technological deficiencies. First of all, they have failed to take advantage of electric traction. Second, their railways are not designed, constructed, operated, and maintained for the speed regime that is essential for operational and financial efficiency. And third, heavy cars, long trains, and slow speed all work against each other to produce very high costs with inferior services and to destroy the rail guideway system * * *.

The degradation of the nationwide guideway infrastructure was brought about by excessive axle weight and the resulting slow speed. This, in turn, required the conversion to a "flat track" geometric design that sealed the fate of the passenger train business and the death, with one exception, of the car manufacturing industry. Even before the car manufacturers closed their doors the essential subcomponent supporting manufacturers had to leave the business. All of this happened, right at the time the automobile, truck, and jet aircraft were reaching their prime on new highways and new airports. As a result, the public and our government officials over-reacted in favor of the motor vehicle and the new aircraft.

The challenge to the Americans railroads is very great. They must respond. They must join their talents to create a new generation of railroads to ready the transportation field to meet the demands of the future. The railroads are in place; they serve 45,000 communities nationwide; their improvement will require little or no additional space; they are the most energy efficient movers of passengers and freight; and their operation into and out of city centers brings social and economic vitality to the community.

* * * * *

HEAVY CARS, LONG TRAINS, AND SLOW SPEEDS

Shortly after World War II, when the railroads had been overworked and under-maintained, a gradual evolution began toward an operational system designed for the heavy freight car, the very long freight train, and slow speed operations. These developments in rolling stock and in operational methods dictated changes in the track structure. The track had to be flattened by reducing the amount of cant or superelevation in curves. This change made it impossible to run passenger trains on their former time-table schedules because they had to slow down for flattened curves, making train speed less reliable, fuel consumption higher, and passengers more uncomfortable. Thus, passengers were discouraged from using trains just at a time when alternative travel modes were gaining in acceptance.

Labor and market forces, similar to those that caused the heavy car/long evolution in the United States, were at work in other industrialized nations, but in most instances their railroad managements did not succumb to the heavy car/long train illusion of improvement. In Japan for example, all factors were taken into consideration: socioeconomic, national development, and engineering feasibilities among others. The result was that they decided to construct an entirely new railroad system for higher-speed passenger service, instead of attempting to operate faster passenger trains on the existing system with freight trains. That key decision, since followed by the French and, to some degree, by the British, Germans, and Italians, led to the development of the most successful railroad system in the world. As a bonus, the decision to go ahead with the Shinkansen "Bullet" trains has been beneficial to the Japanese freight services also because the high-speed passenger services do not interfere with freight operations, and vice versa.

High speed passenger train operation is not compatible with operation of heavy tonnage and high capacity freight cars on the same track. (Witness the terrible accident in Italy—Nov. 22, 1980.) With American railroads this is the dilemma, the physical, fundamental engineering, and operational issue of separating higher speed passenger train operations from heavy, low-speed freight operations. There are several other factors, such as the prevalence of short sidings; the necessity to make up long freight trains on main-line track; the space consuming interference of high frequency, low-speed freight trains; inadequate signalling and other operational and safety controls; and the tremendous number of grade crossings and speed restrictions attributable to grade crossings. These are not the fundamental issues, albeit they are important.

Failure by the railroads to order new passenger rolling stock rendered the coup-de-grace to passenger services, killing the car manufacturing industry; its supporting subcomponent suppliers and all research and development in the passenger car rolling stock field. With this silent and unseen stroke, whether the ICC approved or not, the passenger business was assuredly doomed to die. Amtrak lives on a life-support system with a slender chance in a terminal case.

At the same time, the railroads pushed ahead with brute strength and heavy bankrolls in a generation-long attempt to force the residual "heavy-long-slow" freight system to work. By the late 1970s the rail industry began to realize they were struggling in a sea of quicksand. They were bucking the immutable laws of physics, and these problems had their roots in the earliest days of the industry.

* * * * *

THE TRACK PROBLEM

The absolute interdependence of all railroads on each other, with no central control mechanism or discipline, has made it impossible for superior railroads acting alone to put into practice things they know are essential to their common welfare. Furthermore, as locomotive power and train equipment strength, such as draw bars, increased it became possible to run much heavier and longer trains. Longer and heavier trains did initially reduce operating costs, and gross ton miles per train-mile became a near sacred measure of operating efficiency along with gross ton miles per train-hour and average number of cars per train. These heavy trains could not be operated at the former, i.e. passenger train era track design speed. Thus, they destroyed the system for passenger service and eventually brought about the degradation of the freight train system too. As a result, today the entire infrastructure, the total system, has deteriorated.

In other countries, where they have a single management, they run shorter, lighter, and faster freight trains. For example, freight trains in France run regularly at 60 mph and often faster. French passenger trains are operating at speeds up to 125 mph * * * and doing it on track laid 100 years ago * * *. The heavier cars and longer freight trains used in the United States, coupled with a flattened track design, will not permit high speed operations for either freight or passenger service. In addition, the lower speed, heavier weighted train causes unmanageable rail and rolling stock maintenance problems, as well as higher costs.

* * * * *

Over-weight and plasticity

Since freight was the big dollar business it took precedence in the Board Room over passenger services, and management had no other alternative than to put out the word to reduce or remove superelevation. The resultant "flat" track redesign that came about after World War II required crack passenger trains to slow down. They ran late and uncomfortable and inevitably brought about the conditions that destroyed the business. At the same time super-highways and jet aircraft came on the scene. There was no way to have it both ways.

But this is only one of the very serious and costly problems created by heavy freight cars. Each wheel on heavy freight cars does immediate damage to the steel railhead with every single passage of each car in every train and this damage is accumulative and permanent, resulting in the necessity to replace the wheel-sets and rail early. Early replacement of both raises costs exponentially!

* * * * *

Plastic flow (caused by the heavily weighted wheel) at the railhead is the evidence of fatigue. Fatigue marks the end of elasticity. Surface fatigue occurs under highly concentrated compressive loading between two rolling members, and results in flaking off or spalling, of material on both surfaces. This creates contact shearing stress that is the prime cause of rail failure.

* * * * *

The problems come together

Industry-wide catch-up pricing efforts have not endeared the railroads either to their shippers or to the politicians. All this because of the mess with track, and the track problem is the result of two Frankenstein factors: (1) heavy cars in long trains that must run too slowly and are therefore not operated in conformance with the requirements or the geometry of optimal higher speed track design and (2) every 92-ton car, and above, does immediate damage (plasticity, metallurgical fatigue) to the track. The results of these management blunders have destroyed the track for the passenger business and are now threatening the very future of the freight business. Add the extra costs of excessive track wear to the soaring costs of fuel, and the railroad industry has doomed itself unwisely to a no-win existence.

* * * * *

Shorter, lighter trains

Without any special consideration of track and track costs, a 1974 study concluded that economic justification can be made for operating trains with as few as 50 cars to as many as 150. It must not be concluded that because operational costs are higher for short trains, short trains are uneconomical. The converse may be true. The marginal increases in short train operational costs are less than marginal increases in the market value (earnings) generated by improved service. Short trains, running faster are preferable to long trains lumbering along at a destructive twenty mph.

At the same time, passenger trains must have faster track in order to operate efficiently. In this sense faster track is safer, more comfortable, more reliable, and lower cost. Passenger trains must be able to average 95 to 115 mph in order to produce door-to-door elapsed times competitive with that of the automobile and to beat the aircraft on most city-center to city-center journeys of up to 250 and even 350 miles.

Faster track can come only from a system that is designed and constructed, with the necessary design geometry, for a reasonable speed regime. Once money has been spent on track to establish this speed capability for higher speed passenger trains and to make it smoother and safer, there must be a safe-guard stipulation that freight trains may use it, passenger train frequency permittin, only if they (1) maintain sufficient speed at all times to stay within the permissible high speed design envelope, and (2) contain no cars that weigh when loaded, more than an approved maximum weight such as 80 to 85 tons. The speed stipulation would bring about a lower limit on the length of the freight trains—so that they would be able to run faster (55 to 60 mph minimum).

Passenger trains as catalyst

It is essential to begin improving passenger service immediately, particularly in heavily populated corridors, to reduce the demand on the automobile and the gasoline that it consumes; to relieve the airlines of the high-cost, low efficiency business of short flights in congested areas; to relieve highway and airport crowding and to lessen the demand for more and more high-priced space to accommodate motor vehicles in contiguous areas of already jammed cities. All of this must be done to handle today's congestion, and does not begin to provide for the enormous increases in passenger and freight movement forecast by the year 2000. This is the real cause for nationwide alarm.

Rising demand for improved passenger trains requires a transition to the new second generation high-speed passenger system best exemplified by the new northern sector of the famous Shinkansen "Bullet" trains of Japan. This is a dedicated railway system with no crossings at grade and designed for speeds of up to 160 mph (they have run at 198 mph). The Shinkansen is very energy efficient, totally electric, profit making, and in 16 years it has carried more than 1.5 billion passengers comfortably, reliably, and without a single casualty.

When the president of the Japanese National Railways, Mr. Fumio Takagi, spoke to members of both houses of Congress late in 1979 he reported, among other things, that the Shinkansen system itself—that 663 mile-long corridor through the Japanese heartland—had grossed $3 billion in 1978 with total overall expenses of $1.7 billion. There is gold out there in a well designed, well operated, and safe railroad. And in the same year, the Shinkansen system saved the people of Japan 40 million barrels of crude oil by transporting 124 million passengers by rail.

Railroad electrification

Main-line railroads in the United States will have to be electrified in order to provide a transport alternative to petroleum fueled modes; and the rail electrification fuel base could most conceivably be coal. In the prime of the railroad's first generation, coal was burned onboard in steam engines. As the second generation rises and prepares for a new day, coal will be burned in the furnaces of the utility companies and distributed via the utility grid to more efficient, more profitable trains.

CONCLUSION

Today the trend is toward reindustrialization. The railroads of the United States are a priceless national asset, and they would benefit tremendously from total revitalization.

In a country that pays an annual bill of not less than $44 billion for its highway accidents; where government is projected to spend $1.242 trillion (and may need to spend more) in transportation outlays to the year 2000 there are compelling reasons for the transfer of a very modest amount of these enormous funds to railroad improvement. This country has never been famous for being second best. It is time that the railroads, as well as the other modes of transportation began cooperating to assure that this nation's transportation system is never again less than the best.

The new generation of railroads can be one of faster freight operations given lighter cars and shorter trains; and one of faster passenger services, given dedicated corridors and dual purpose long-distance route segments designed for mutually beneficial optimum speeds. All main-line rail operations should eventually be under electric power, and when all is done, the American system of private railroads will have been reindustrialized for the good of all concerned. On our railroads this is possible. Meanwhile it is not possible to double the capacity of our highways, airports and airways; yet overall passenger travel will double and over-all freight movement will triple by the year 2000.●

SUPPORT FOR NUCLEAR ARMS MORATORIUM

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. FRANK. Mr. Speaker, the town meeting of Lincoln, Mass., recently adopted an article calling for a nuclear weapons moratorium to be observed by the United States and the Soviet Union. This important expression against escalation of the dangerous arms race deserves to be noted, and the people of Lincoln should be congratulated for speaking out so firmly in behalf of world peace.

Passage of this article came after several eloquent speeches on its behalf. I wish to share with my colleagues the text of that article, and the arguments for it made by Ms. Sarah Cannon Holden, who introduced it, and Mr. Russell Turner. These remarks are taken from the account printed in the Concord Journal. Mr. Speaker, this is in the finest tradition of grassroots New England democracy.

The articles follow:

NUCLEAR ARMS MORATORIUM URGED BY YOUNG RESIDENT

(EDITOR'S NOTE.—The following is the text of a statement made at a Town Meeting by Russell Turner, of Old Sudbury Road, in support of Article 14 which called for a moratorium on nuclear weapons construction.)

"For the last couple of nights we've been deciding issues which directly affect our future and the future of Lincoln. Unfortunately, all of these issues are completely

overshadowed by the presence of nuclear weapons in the world.

"High-density housing, low-density housing and conservation land come very hard to distinguish after a 10 megaton bomb hits Boston.

"There's a tendency for people who have seen this town survive world wars and various other crises to believe that things are going to stay pretty much as they are.

"I'm 21 years old. I've lived all my life with the prospect of total world destruction. I don't really expect to live to the age of most of the people in this room. I wish I could impress upon the people here how deeply the possibility of such massive death at any time affects my attitude, and the attitudes of so many people my age, towards the world.

The point I would like to make is that something is very, very wrong in the world right now. I wish we could pass a resolution right here in this room removing all nuclear weapons from the earth, but that is something we cannot do.

What we can do is pass this resolution calling for a moratorium on their further construction.

WAGING PEACE, NOT WAR

(By Sarah Cannon Holden)

(EDITOR'S NOTE.—The following is a reprint of an address delivered by Sarah Cannon Holden at last Thursday's Town Meeting. Holden made the remarks in introducing Article 14, which proposed that the United States and the Soviet Union adopt a nuclear arms freeze. Town Meeting approved the article.)

This is to certify that under Article 14 of the Warrant for the Special Town Meeting on June 16, 1981, with an adjourned session on June 18, 1981, it was voted by an overwhelming majority vote, as follows:

Voted that the town of Lincoln, Massachusetts, forward the following resolution to the elected representatives of the Town:

"Be it resolved, That, in order to promote peace and to reduce the threat of nuclear war, we call upon the governments of the United States and the Soviet Union to adopt an immediate nuclear weapons moratorium, as a first step towards world wide nuclear disarmament."

The motion before you at this time comes as a result of a petition initiated by the Lincoln Waging Peace Coalition and signed by over 300 of Lincoln's registered voters. Similar petitions have been passed in Newton, by the Board of Aldermen, in the Massachusetts Senate, in town meetings in 13 Vermont towns and in three western Massachusetts senatorial districts.

The Lincoln Coalition grew out of a nuclear weapons freeze symposium in May at the Kennedy Center for Government and Politics. Thus far, participants in the local group represent a complete spectrum of Lincoln citizenry—the old and young, Democrats and Republicans, people with a church affiliation and people with no church affiliation, people active in politics and people who have never been active in politics. There are no stereotypes.

We were brought together by a singular and common goal—to work for a nuclear arms freeze. None of us could accept any longer the notion that there was nothing we could do as individuals. We felt we should begin now to halt the nuclear arms race.

This petition is our first step. It asks for bilateral consideration of the issue. It calls not for disarmament, but for a moratorium—a freeze.

If a nuclear arms freeze were to be adopted, it would mean that the participants in that freeze would accept the status quo with regard to nuclear weapons. The question is then raised concerning who is ahead of whom under those circumstances. We know that the United States and the Soviet Union have the power to destroy each other at least once. Does it really matter whether they can do it 23 times, and we can only do it 19? Or visa versa?

There are no winners. There are only losers in a nuclear war.

The goal of a nuclear arms freeze favors no one group over another. It does not favor the United States over the Soviet Union nor the Soviet Union over the United States; it does not favor Republican over Democrat nor Democrat over Republican. It simply favors the continuation of life.

We are all the beneficiaries of this mysterious earth—let us respect it, preserve it, listen to it and be able to leave it knowing that we have tried.

You were provided with a piece of paper tonight on which are printed several quotations from a cross-section of people from different parts of this one world. I would like to read just one other.

Even Thomas J. Watson, Jr., former U.S. Ambassador to the Soviet Union and former President of IBM, who is certainly not known as a disarmament advocate, recognizes that it is time to change our defense priorities. He spoke, as many of you are aware, at Harvard's recent commencement:

"So-called nuclear superiority asssures to safety—not for the Soviet Union; not for us—because what counts is not superiority but sufficiency . . .

"Yet the pursuit of the mirage of superiority persists. And over the years the two superpowers have piled weapon on useless weapon . . .

"By overwhelming odds, the result of any use of nuclear weapons would not be victory. It would be all out war and total destruction. And in the words of President Kennedy, 'The living would envy the dead'."

I have to ask myself why we continue a race when the participants passed the finish line long ago? If we need a race, is it now time to start another one in another direction?

A nuclear freeze is not a sign of weakness but rather courage, courage to know and speak out when enough is enough.

I am still trying to understand how we can be so careful about removing from the market place simple plastic toys with buttons which may potentially be dangerous to our children, and yet, we continue to flood the marketplace of defense with nuclear weapons with buttoms whose only use is for the elimination of the full spectrum of life as we know it.

President Reagan has said he would "negotiate as long as necessary to reduce the number of nuclear weapons to a point where neither side threatens the survival of the other." Why then do we produce or deploy any more weapons? Why then do we not make it our top priority to begin negotiations on a nuclear arms freeze?

How can we seek bigger and better bombs without draining completely a withering economy whose scream for attention may fade to an exhausted whimper?

We ask for open discussion of the issues. It will do no good if likeminded people talk only with themselves on whatever side. The issue of survival is for all of us to examine. The issue of the allocation of a major portion of our tax dollar is also for of us to examine.

We welcome dialogue, reaction and an effort on everyone's part to listen. Let us begin.●

LT. COL. JAMES F. NORRIS, JR., ON FREEDOM

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. PEPPER. Mr. Speaker, I feel that it is my duty to submit to the CONGRESSIONAL RECORD addresses given by outstanding Americans significant to the American people. I was privileged to hear such an address by Lt. Col. James F. Norris, Jr., retired from the U.S. Air Force, on Memorial Day 1981 in Surfside, Fla. On the day we set aside to remember those who served our country so bravely, Lieutenant Colonel Norris reminded all of us of the reward received from that service, freedom. His well-taken and profound words rang true and clear that day, as those of us who heard them stood silent—listening deep in thought. How soon we forget after celebrations such as Memorial Day and the Fourth of July subside the gift of freedom which we constantly enjoy and which so many gave their lives to achieve. As a reminder, I include in the CONGRESSIONAL RECORD this notable address by Lt. Col. James F. Norris, Jr., and commend it to my colleagues and fellow countrymen:

ADDRESS OF LT. COL. JAMES F. NORRIS, JR., MEMORIAL DAY 1981, SURFSIDE, FLA.

Distinguished guests, Surfside Commissioners, ladies and gentleman, more than 2,300 years ago Diogenes, a Greek, said, "The most beautiful thing in the world is freedom of speech"; 2,000 years later, a Frenchman, Voltaire, said, "I disapprove of what you say but I will defend to the death your right to say it"; 250 years ago John Peter Zenger, a German born printer in America, dared prison for printing what he had to say; 200 years ago American Colonists bled and died for that freedom. Americans have been bleeding and dying for freedom ever since so that we might stand here today as free men and women. We are here today to honor and pay homage to the defenders of freedom in a world where freedom is denied to most people, a world in which freedom is continuously besieged by those who would deny it to us. On this sacred day of memory it is fitting that we pause in tribute to those men and women who for us give themselves as willing sacrifice on the altar of freedom.

When the strident voices of the professional pacifists who would disarm the free world intrude upon the quiet of our meditation try to forgive them. They know not what they say or do. They are asking us to surrender to the tyrant the freedom our gallant people won for us. On this hallowed day their desecration of the memories of our loved ones and of all the others who died that we might speak exposes them as ungrateful, insensitive men.

From the Baltic Sea to the Sea of Japan, an area containing half the world's popula-

tion there is no freedom. A World War II anecdote makes the point. An American soldier and a Russian soldier were fishing in a river that divided their occupation zones in Germany. As soon as the American cast on his side of the river he hooked one fish after another. Several hours passed with the Russian getting not a nibble. "Hey Joe", he called, "How come you catch so many fish and I don't get a one"? "Hell Ivan", replied the American, in the Russsian zone even the fish are afraid to open their mouths".

Ninety miles off shore in a citadel of repression there is no freedom. South of us freedom is gasping for life. Far from being blindfolded the Statue of Liberty is a shining beacon of freedom that continues to beckon to the refugees from all over the world. Refugees who had neither the will nor the weapons to fight for freedom in their own lands. Freedom exists only where men are willing to stand and die for it, but even that is not enough. They must be adequately armed and trained to repel the tyrants of the world. Never again must our men train with poles or "broomsticks" as they did at Camp Upton in 1917 because there were no rifles for them. Never again must American pilots be forced to use foreign planes as they did in 1917 because the American planes, the "Jennies", were known as "flying coffins". Today we are more vulnerable than ever. Never again will we be given that breathing spell we had in 1941.

The false prophets who advocate unilateral disarmament wittingly or unwittingly are allies of oppression. I say that advisedly because they never could speak their views in most parts of the world where freedom is an alien and unwelcome stranger. Only here does a man have the freedom to speak out and advocate the death of freedom.

Free men do not seek war but when the choice is freedom or slavery what is left?

In 1776 the greatest minds in the American Colonies proclaimed their independence. All the proclamations couldn't do what the embattled farmers did. They breathed life, at the cost of their own, into a lifeless document. That document became a living part of man's ongoing struggle for freedom. In parts of Europe, Central and Eastern Europe, and most of Asia freedom is dead. In the Caribbean, Central and South America freedom is losing ground or is already dead. Freedom is under siege everywhere. Under these conditions to undertake unilateral disarmament is to betray the Nation into the hands of the enemy.

On this day of remembrance each of us should swear a solemn vow never again to betray our defenders by sending them forth in defense of freedom poorly trained and inadequately armed. We are the last bastion of freedom, the last hope of the free world.●

SAN DIEGO'S MASS TRANSIT SYSTEM

HON. JIM JEFFRIES

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. JEFFRIES. Mr. Speaker, I would like to call the attention of my colleagues to a story printed in the Washington Post on July 2, 1981.

This story reported that the city of San Diego recently completed a mass transit system stretching from the downtown area of San Diego to the Mexican border. What is unusual, Mr. Speaker, is the fact that this system was completely built without a single dime from the Federal Government. Instead, funds for the transit were raised through a State gasoline tax and a local sales tax.

Mr. Speaker, in the era of the big-spending Federal Government, I find it refreshing to hear that a city can build and maintain an entire mass transit system without any Federal funds whatsoever.

As a member of the House Committee on Public Works and Transportation, I congratulate the city of San Diego on their accomplishment, and hope that this transit system will become a model for future systems around the country. In addition, may I say that this example is a perfect one to demonstrate what can be done if the Federal Government stays out of an area where the States should remain supreme.

Mr. Speaker, I would like to share with my colleagues the Washington Post article that they might have missed during the Fourth of July recess:

SAN DIEGO BUILDS ITS TROLLEY LINE WITHOUT U.S. AID

SAN DIEGO.—This city has built a mass transit system without a nickel from the federal government.

Known here as the "Tijuana Trolley," the system is to begin operating in late July, on time and on budget, serving a 16-mile route between downtown San Diego and the Mexican border. Local officials are so pleased that they are talking of building a line that would connect downtown and the city's eastern suburbs.

The $86 million light-rail project was funded by the state gasoline tax, with some help from a .25 percent local sales tax.

It is the first trolley system built in the United States in a generation and the country's cheapest mass transit system, in terms of dollars per mile, in 40 years. It cost only a little more than $5 million per mile, compared with $34 million for San Francisco's Bay Area Rapid Transit system and $43 million for Washington's Metro.

The basic fare is $1, although those using the trolley in the downtown area alone will pay just 25 cents.

The city already owned 14.2 miles of track that once belonged to the San Diego and Arizona Eastern Railway. That track, running past most of San Diego's biggest factories, through its southern suburbs and stopping 200 feet from the Mexican border, provides the bulk of the trolley line.

To complete the line, the transit development board had to install 1.7 miles of traditional track along city streets. An overhead electric wire will provide power.

The two-car trains will make the trip in 33 minutes. The bus takes 77.

The cars, with a starter fleet of 14, were built by Siemens-DuWag of Dusseldorf, at $800,000 apiece.●

CONGRATULATIONS

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. LONG of Maryland. Mr. Speaker, it is with great pleasure that I offer congratulations to Warren Bloomberg for completing 50 years of outstanding service with the U.S. Postal Service.

Mr. Bloomberg, now postmaster of Baltimore and sectional center manager for northern Maryland, began his distinguished career with the Postal Service July 13, 1931, when he served as a window clerk at the then independent Halethorpe Post Office. He later worked as clerk stenographer and foreman of the mails, before being named safety director and personnel manager. In February 1966, Mr. Bloomberg was promoted to deputy regional director, and in November that same year, was promoted again to postmaster.

During his tenure in the personnel department, Mr. Bloomberg developed a special interest in on-the-job safety and labor-management relations. He was instrumental in instituting safety measures later adopted nationwide. He has also been a strong advocate of equal employment opportunities for the qualified handicapped.

Mr. Bloomberg has received many awards from employee organizations and labor unions for his outstanding contributions to improvements in the workplace and his work in labor-management relations. He was named "Postmaster of the Year" in 1978, and received citations from the Maryland Traffic Safety Commission and the Maryland highway safety program.

I commend Mr. Bloomberg for his fine work, and wish him many more good years at the Postal Service.●

WE HAVE COME TO THE CAPITOL

HON. BILL CHAPPELL, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. CHAPPELL. Mr. Speaker, on July 8, 1981, Kenneth Jernigan, president of the National Federation of the Blind addressed an audience on the west side of the Capitol. In this inspiring speech he gives praise to the new era this country is entering. I believe the courage, the dignity, and the determination by which the blind of this country are facing Government cutbacks in social programs should be an inspiration and a lesson to all. For this reason, I am proudly inserting Mr. Jernigan's inspirational message in the hope that all my colleagues will be

moved by the strength of character with which the blind face the challenges of the future.

ADDRESS BY KENNETH JERNIGAN

We, the blind of this country, have come to the nation's Capitol to talk with the leaders of our government and the members of the public-at-large. We do not come with protest; we do not come with complaint; we do not come with anger. Instead, we come with hope; we come with belief; and we come with determination.

Today there is a new mood in the land, a reexamination of values and goals. Some are afraid of the newness, but we are not afraid. Change has come before, and it has been good or bad depending upon how it has been dealt with and understood. In 1933 a change came, and some cried out and wept for the days that were gone. They looked back and wished that the past would return. But we did not look back or weep for the past, for in the main it had brought us only isolation, loneliness, and poverty. Throughout the long centuries we had experienced lack of opportunity, lack of jobs, lack of acceptance, and lack of understanding. Most of us had no help and no hope.

The newness in 1933 brought change, and it also brought the promise of better lives for the blind. Some of that promise has been fulfilled, but much of it remains a hope deferred and a dream delayed. Since 1933 a growing number of government and private agencies have been established to give us services, and many of these agencies have been helpful and constructive. But increasingly they have turned away from their original purpose to build empires and enlarge their staffs. Service has become secondary. More and more the primary purpose of far too many of the agencies has become the perpetuation of the system and the growth of power. They have forgotten that they were created to be servants and have sought to become masters. They now try to dominate, control, and custodialize us. They treat us like children and wards.

But no more! Now, in 1981, another time of newness has come; and, as in 1933, we are not afraid. We do not weep for the past or hope that it will return, for the years ahead can be better for us than any we have ever known. We do not want to go back to the pre-1933 days of isolation, neglect, and poverty; nor do we want to go back to the pre-1981 days of custody, control, and half fulfilled promises.

Some have oversimplified the relation of citizens to agencies of government. They have said that we must either be in favor of more money, bigger bureaucracy, and service to people—or less money, reduced bureaucracy, and no service to people. This is not the way it is. It is not the way we as blind people have experienced it in our daily lives.

Earlier this year the President of our Salt Lake City Chapter was cursed and beaten by an employee of the Utah State Agency for the Blind. He as an individual (and we as an organization) had dared question the audit of that agency. The agency employee who beat and cursed him was not fired. A month later he hit him again (this time in the back), causing contusions of the spine, absence from work, and medical treatment. The agency employee has now been convicted of criminal assault, but so far as I know, he has still not been fired. He continues to draw his paycheck from the government for the "service" he gives to the blind.

In Cleveland blind food service operators (in order to have the opportunity to work) were compelled to sign an agreement that the agency had the right to tell them what kind of food to eat, when to change their underwear, and what type of deodorant to use. In Cincinnati and Houston blind workers in the sheltered shops are even now fighting for the right to organize and to have minimum wages. Part of what they fight is federal rules and regulations which encourage the substandard conditions.

In Phoenix a blind sheltered shop employee has done higher production than a sighted employee doing exactly the same job, but he is paid lower wages. Federal regulations permit it. In Alabama the former head of the state's federally established rehabilitation program went to the federal penitentiary this year for stealing money appropriated for the handicapped. In Michigan a blind man passed a State Civil Service test for automobile mechanic, with a score of 96. Government officials removed his name from the list and placed it on a separate register for the handicapped. All of the handicapped who apply for Civil Service jobs in Michigan are now to be given uniform scores of 70 and have their names placed on the segregated register.

Last year in Florida and in the state of Washington, agencies of government tried to take children from their mothers on the grounds that blind mothers cannot properly raise their children. There are many in this audience today who are living proof to the contrary, and we of the National Federation of the Blind were able to defeat both attempts.

No, we the blind are not afraid of the newness which lies ahead. We are glad to leave behind us those elements of the past which have been negative, and we are equally glad to bring with us into the present and the future those elements which are positive and good. We want to give up the isolation and poverty of the pre-1933 days, but we want to keep the good will and the kind intentions. We want to give up the custody and the agency domination of the pre-1981 days, but we want to keep the opportunities and the services which are truly needed. Most of all, we want the right and the chance to do for ourselves and live as equal citizens.

Many of the government agencies (and the people who run those agencies) are well-suited to the newness in the land. We will work to help them get funding, and we believe that our Congress and our President will want them to have it. We will work with equal vigor to see that those agencies which live in the past and try to custodialize and control our lives are either reformed and restructured, or put out of business. Again, we believe our Congress and our President will help us do it.

We the blind have come of age, both as a people and a movement. Our journey to freedom has been slow and painful—but we feel that this is a time of infinite possibility and great opportunity. It can also be a time of challenge and threat. The future is not fixed and determined but alternative and flexible. It will be what we make it, and this is why we have come today to the nation's Capitol. We ask for acceptance and understanding, both from our Congress and from the Executive branch of Government. We know that achievement is made of high hopes and hard work, of drudgery and dreams. We are willing to work, and work hard—but we also hope, and we dare to dream. We believe that, through understanding and good will, the officials of our government and the members of the general public will help us find the opportunity to work, and will share with us the joy of our hopes and the wonder of our dream.●

FOREIGN AID BENEFITS WASHINGTON STATE

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. BONKER. Mr. Speaker, at a time of widespread efforts to cut Federal spending, it's good to note that there continues to be support for our foreign aid program.

Recently, a prominent newspaper in my district, the Tacoma News Tribune, editorially supported the aid program. It particularly points out that much of the Federal funds are returned in the purchase of U.S. products and services. This represents an economic benefit to Washington State. The statistics show that goods and agricultural products totaling $56.3 million were purchased in the State last year by AID, and another $9.5 million for goods and commodities used in foreign assistance development programs.

Behind the humanitarian benefits, one should not forget the economic benefits that come through our foreign assistance program.

REASONS TO SUPPORT U.S. FOREIGN AID

Admittedly, the Agency for International Development has an ax to grind in behalf of foreign aid—A.I.D. administers overseas assistance programs.

Still, A.I.D. makes a powerful case for U.S. foreign aid, especially if you happen to live in Washington state. According to statistics supplied by the agency, goods and agricultural products totaling $56.3 million were purchased in this state last year for A.I.D. foreign assistance programs.

In the 1980 fiscal year, Washington farmers and food processers were paid $36.8 million for grain and other agricultural commodities supplied to the Food for Peace program administered by A.I.D. The state's manufacturers and businesses received another $9.5 million for goods and commodities used in foreign-assistance development programs.

And don't forget either, pointedly adds the A.I.D., that another $16.6 million in foreign-assistance technical and research contracts were negotiated with universities and private research institutions in the state of Washington.

Even more dramatic, of course, is the effect of foreign aid on the national economy. According to A.I.D., $9.1 billion in orders have been placed in the last dozen years with manufacturers and suppliers in all 50 states.

Obviously, A.I.D.'s vested interest in seeing that foreign aid is continued or expanded provided the impetus for the release of its statistics.

Nevertheless, the figures for Washington state in particular serve to remind us that foreign-aid dollars do indeed have an impact that is close to home.●

SCIENCE AND TECHNOLOGY POLICY—WHAT'S AHEAD?

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. FUQUA. Mr. Speaker, next week the Senate of the United States will conduct confirmation hearings on the President's nominee for Director of the Office of Science and Technology Policy. As the head of this small but important office within the Executive Office of the President, Dr. George E. "Jay" Keyworth will also, if confirmed, serve as the Science and Technology Adviser to the President.

As Chairman of the committee which originated the enabling legislation for the OSTP, I am especially pleased that this post is being filled. Dr. Keyworth will be facing many challenging and important issues and we in the House of Representatives look forward to working with him as the administration's chief spokesman on questions of national science and technology policy.

Dr. Keyworth's first public address was given to the Sixth Annual Research and Development Colloquium sponsored by the American Association for the Advancement of Science here in Washington last month. In his address Dr. Keyworth gives his views on several issues which in the past have been the subject repeated debate and which undoubtedly will continue to be on the agenda for our deliberations.

Whether one agrees with each of the positions taken by the nominee on this occasion, there can be no doubt of the significance of this address as an expression of the administration's views with respect to science and technology in America's future and the role of the Federal Government in maintaining that position.

Dr. Keyworth's discussion of the need, as he sees it, to review priorities both for science in relationship to other programs and priorities within science is especially interesting and will, I believe, serve as a helpful contribution to the debate already begun in the Congress on these questions.

I therefore ask unanimous consent, Mr. Speaker, that the text of this address be printed in the RECORD for the benefit and information of the Members of the House. Dr. Keyworth was introduced by the A.A.A.S. president, Dr. Alan Bromley:

REMARKS BY DR. GEORGE A. KEYWORTH II, DIRECTOR-DESIGNATE, OFFICE OF SCIENCE AND TECHNOLOGY POLICY, JUNE 25, 1981

SCIENCE AND TECHNOLOGY POLICY—WHAT'S AHEAD

I appreciate Alan Bromley's invitation to speak to you this evening. It gives each of us an opportunity. For most of you it's the first chance to meet and size up science policy's "new man in town". For me, it's my first chance to participate in one of these outstanding R. & D. colloquia, and a timely opportunity to speak to so many so closely involved in the Washington science policy scene.

Considering your diverse backgrounds and interests—and the fact that this is my first public appearance as Director-Designate of the OSTP—this is really being thrown into the breech!

Nevertheless, I've looked forward to it. In addition to our getting acquainted, I think it's important to answer a number of questions that may be on your minds, and to try to put to rest some of the speculation that naturally builds up with a change of administration.

THE ROLE OF THE SCIENCE AND TECHNOLOGY ADVISER

Perhaps I should begin with a few general thoughts on my perceptions of science advising in the Reagan Administration—on the science and technology adviser's role, his office, his influence, and so forth. Much has already been written about this. Some of it accurate, much of it—to be kind—inaccurate.

Initially, I should emphasize that this administration places great value on the country's scientific and technological strength, recognizing that it underlies most of our economic and social well-being as well as our national security. By the same token, the administration realizes that these vital forces need national attention, support and encouragement.

Behind this recognition is President Reagan's own interest in scientific and technological issues. In my first interview with the President's Chief of Staff, Jim Baker, he assured me that I would not need to act as an advocate of science and technology since the administration's strongest advocate of science and technology was next door in the Oval Office.

The President's personal interest in science and technology accounts for his senior advisers' recognition of a direct need for scientific and technical expertise close at hand. And such expertise depends on a strong link to the science and engineering communities. All this underlies the White House's belief in the importance of a Science and Technology Adviser, and its decision to retain the Office of Science and Technology Policy in the Executive Office of the President.

All my discussions with senior White House officials have reinforced this. I have every confidence that the Office of Science and Technology Policy will be an important voice in the Executive Office, and that as its Director, I'll have access to the President whenever necessary.

As you know, there are many interpretations of the Science Adviser's role. My own—and I believe it is one that many of my predecessors in the job have shared—is that the Science Adviser's principal responsibility is to serve the President by providing him and his senior advisers with the best possible technical judgments on specific questions of national importance, and to confront and advise on broader science policy matters of similar importance. Other explicit responsibilities are, of course, set forth in the legislation that created the OSTP.

Note, however, that nowhere is it indicated that the OSTP or its director is to represent the interests of the science community as a constituency. This should be understood and the reason for it appreciated. It is to the decided advantage of the science and engineering communities to have a Presidential adviser that is looked upon by the White House, not as a political pleader for those communities—an "inside lobbyist" if you will—but as an objective adviser who can act as an effective link to them.

Because of President Reagan's personal management style, the Science adviser in this administration perhaps more than in any other will be an important member of a team of domestic and international advisers. These advisers will analyze, design, and develop the policies and programs that constitute the President's overall program. The contributions of the science adviser to specific policies or programs may not be identifiable or visible, but, nevertheless, they will be there. Working in this way the science adviser and his office will best serve the President, the broader goals of science and technology, and most important, the needs of the country.

I'm looking forward to working in this manner. I'm committed to the team management concept practiced in the White House and am already included in important deliberations involving science and technology considerations.

Let me be clear. In order to be most effective in this position, it will be imperative that I maintain a broad and continuing contact with the science and engineering communities—in the universities, in industry, and in our national labs and Federal, State and local government agencies. I intend to have an open door and an open mind to them, and plan to call on them often. I also plan to be in close touch with the Congress, keeping its members and their staffs well informed of our interests and activities. It's essential that we maintain this kind of contact and cooperation. More than ever we'll need it in order to work effectively on what this colloquium calls the New National Agenda.

Let me turn to some aspects of that agenda and offer a few comments on how I see science and technology relating to it in this administration.

THE REAGAN ADMINISTRATION PHILOSOPHY AND R. & D.

I think we all recognize by now that a principal concern of the Reagan Administration—an underlying issue that will affect all others—is the economic emergency we face as a nation. A number of things contribute to that condition. Let me list a few of them.

For perhaps too many years we have been emphasizing the distribution of the country's wealth far more than the improved production of it. Inflation has skyrocketed as our consumption has increased and our rate of saving declined. We have neglected necessary capital formation, investment in new more efficient and productive plants, and longer range research and development. Our ever-increasing taxes have acted to drain off investment and dampen incentive and innovation. And, in our zeal to manage the many environmental, health and safety impacts of industrialization, we have often overreacted—or reacted without adequate knowledge burdening many sectors of the society with unnecessary, costly regulation. The results have been slower industrial-growth, a leveling off of productivity gains, and decreased competitiveness abroad.

These are among the most urgent problems this administration confronts. And confronting them in every possible way must be our top priority if we are to prevail

as a leading economic force in the world—a world that looks to, and depends on, our success in such leadership.

Research and development, of course, play a key role in all this. New scientific knowledge and technological know-how represent our most productive capital today. It is capital that can only be generated by adequate investment in research and development, both by government and the private sector. All of us recognize this. And it is very much a part of the Administration's economic recovery plan.

In line with this belief, the Administration views basic research as a vital investment with a good return. That investment is a Federal responsibility but one that must be shared by the private sector. In the spectrum of basic research, applied research, development and demonstration, the heaviest responsibility for basic research naturally falls on the government. This is particularly true where long-term, high-risk research is involved, and in areas where the payoff for such research is likely to offer broad societal benefits with little commercial payoff. It has been characteristic that as work moves from the basic research stage toward application and development, the private sector assumes a greater part of its support. But there are certain projects, such as those involving national security, large space ventures, or advanced energy technologies, where the government's support continues throughout research, development and demonstration because of the broader national interests at stake, and where the government may be the principal consumer of the product. This, of course, will continue to be the case. But wherever possible we hope to expand industry's involvement and support.

In spite of the Administration's commitment to the support of R. & D., I think we all have to realize that Federal R. & D., like all other government activities, will be strongly influenced by the stringencies of today's economic conditions. There will be limits and priorities to contend with. And R. & D., for all its recognized worth, will have to contend and compete. It is too easy for us to forget or overlook this, particularly when we in the science community talk among ourselves. Therefore, it was probably a good thing when, as I understand happened last year at this colloquium, the then Chairman of the House Budget Committee emphasized that R. & D. requests for taxpayers' dollars do compete with other needs—even for such things as school lunches. That lecture in practical politics emphasized that the science community, as articulate as it may be, is heavily outnumbered and must learn to make a stronger case for its cause before the Congress and the public. This, of course, will continue to be a major challenge for the AAAS. I know it has been working hard to deal with this—to live up to the promise of its name to "advance science".

Considering the magnitude of the budget cuts proposed by the President as part of his economic recovery strategy, I think that most R. & D. functions fared quite well in the revised budget. And in cases where cuts were made, they were made "surgically" after careful review, and are consistent with the philosophy I've discussed. Since this is a matter that is a major focus of this colloquium, I don't want to dwell on it here.

A while ago I mentioned that the Reagan Administration would seek to increase industry's involvement in R. & D. This is one aspect of a broad move to improve our industrial strength—to stimulate increased industrial innovation and productivity. I think you will see the administration approaching this task in a manner different from previous efforts. Industry will be allowed and encouraged to revitalize its own inherent strengths and capabilities, in which this administration has great faith. The main government assistance will come through tax policy and regulatory reform, rather than through direct stimulation of industrial R. & D.

An improved tax situation will allow industries to make larger investments in new and more productive plants, as well as put more of its own money into new product R. & D.

Regulatory reform will reduce the overall burden of compliance with many unnecessary regulations. And perhaps just as important, it will reduce the R. & D. previously needed to meet such compliance rather than targeted toward other innovations.

The Administration has already made significant progress in this direction through OMB's new intensive and extensive review of Federal regulation and rule-making. This is not an effort to undermine important gains in environmental, health, and safety matters. Rather it is an essential adjustment to a period when we overreacted and created a climate of uncertainty and an excessively adversarial relationship between government and industry, all of which has taken its toll on our economy. An important step in rationalizing Federal regulation is to increase the reliability of the data and analytical methods on which estimates of environmental and occupational health and safety risks are based. Therefore, my office will work with others in the administration to strengthen the scientific foundation of Federal regulatory decision-making.

Clearly, an important initiative of the administration is to encourage more trust and cooperation between government and industry, allowing the private sector and the market to act more freely. Tax incentives and regulatory reform, along with the proper attention to such matters as trade policy, patent reform and clarification of anti-trust restrictions on R&D, should go a long way toward revitalizing American innovation.

I also think we should seek to encourage and improve the link between our universities and industries. But such cooperation is not a matter for heavy-handed government involvement. We can only act in some cases as a broker or catalyst, removing barriers where possible. The main thrust must come from university and industry creating the partnership.

Let me turn to a few of the other areas in which I see our office involved to varying degrees. And I think you'll appreciate that I can only comment on these briefly at this early date.

BASIC RESEARCH

As I stated earlier, responsibility for the support of basic research falls primarily upon the Government. Undoubtedly, our country has relinquished its preeminence in some scientific fields while others are strongly threatened through efforts in Europe, Japan, or the Soviet Union. It is no longer within our economic capability, nor perhaps even desirable, to aspire to primacy across the spectrum of scientific disciplines. The constraints of reality require discrimination and vision, attainable only through a collaboration of the Government and the scientific and engineering communities. We must strive to identify those disciplinary areas where vitality is required to support industrial, military and other essential technologies, as well as those with particular scientific promise, the latter measured in terms of probability of major breakthroughs.

As Government support has proceeded to dominate basic research in the latter half of this century, we must ask ourselves if we have apportioned resources wisely. My own perception is that, whereas the present distribution of resources is reasonable, the future will require difficult choices and reapportionment. I believe the criteria upon which these choices must be based, must be both clear and simple: the principal criterion for the pursuit of knowledge must be excellence, excellence in the investigators and excellence in the subject. The principal criterion for the support of areas of research directed toward technology advances is pertinence.

These considerations imply value judgements. Value judgments are difficult and fallible. However, if one concentrates upon the extremes, emphasizing what appears to be clearly the most promising avenues, and deemphasizing those that have been least productive in recent years, the probability of a large error in judgment is diminished.

My central premise is simply that we cannot continue to distribute our limited support of basic research without applying stringent and fundamental criteria, those of excellence and pertinence to national requirements being paramount. This new leadership can only be effective and beneficial if carried out in tandem by the Government and scientific and technological members of the academic and industrial communities.

SPACE

Another area that will call for perceptive judgements, and in which I see my office playing an important role, is that of space policy. The initial success of the Space Shuttle has stimulated the administration to embark on a major interagency review of questions involving its operational future, plus a number of other vital matters concerning the direction of our space program. From this will come the ideas and plans that will set the course for our country's activities in space for years to come. As you know, the implications and prospects for this are enormous. They involve advances in communications, resource exploration, environmental observations, activities related to agriculture, forestry, water, climate and weather, the oceans, and national security matters. There is a large potential for industrial activity, for increased efficiency of Federal, State and local programs, and for exciting, "far-out" space science research.

BIOLOGY AND AGRICULTURE

Coming back to earth, there are other science policy areas in which I'm sure my office will be active. Two of these which have long been of vital importance to the nation are health and agriculture. In both of these, exciting developments are taking place, or imminent, because of advances in scientific research.

Advances in biology, particularly in such fields as molecular biology and genetics, give rise to the idea that we are on the threshold of a biological revolution comparable to that which took place in physics earlier in this century. If so, the impact could be significant, not only for human health but for various industries and agriculture as well. We must press ahead vigorously with this research, and I'm sure we will. In general I think we will see continued strong support for the biological and

biomedical sciences. They underlie such a large segment of our economic and social well-being, indeed of well-being on a global scale, that as a nation we could ill-afford to do less—and will certainly benefit by doing more.

As I indicated, an area of related importance is agriculture. When one stops to think about it, it's amazing how much we take for granted the enormous productivity of this sector of our society. Food and agriculture comprise our largest industry. It accounts for 20 percent of our GNP and provides employment for 20 percent of our civilian work force. In addition to supplying our own need, American farmers today supply 60 percent of the grain and 75 percent of the soybeans in world trade, and 70 percent of the food aid to food deficient nations around the world. Last year our agricultural exports exceeded $40 billion, producing a trade surplus of $23 billion and offsetting about 43 percent of the deficit of the nonagricultural sectors.

Of course we can credit our abundant arable land and temperate climate for much of this success. But not to be over-looked is this country's historic interest and success in agricultural sciences and technology. This has been an investment of incredible pay-off. However, we must recognize that it is an investment that must continue to meet ever changing conditions and demand. In today's harvests we are reaping the successes of scientific and technological advances made many years ago. New pressures on our land and water resources call for new ideas and techniques for conserving these and maintaining their productivity. Much exciting and challenging agricultural R&D is underway today related to fertilization, pest control, energy use, multiple cropping, genetic improvements of plants and livestock and environmental concerns, such as erosion and salinity. We must forge ahead with this work, and with our efforts in international cooperation in agricultural R&D, to build a solid base for world food security in the years and decades to come.

INTERNATIONAL COOPERATION

I believe that international cooperation in science and technology will be an item high on our agenda. I don't feel I have to dwell on this with this audience. Scientific and technological exchange remains a most vital link among nations, one that affects almost every aspect of our lives.

In addition to the careful attention we must pay to the exchange of scientific information and technology transfer, we must recognize the growing importance of collaborative R&D in large-scale, costly scientific technological ventures. Today this includes such areas as high energy physics (particularly the next generation of accelerators), fusion, some space activities, and global environmental and oceans research.

I also look forward to working with China in our cooperative efforts to assist that nation in its modernization program, and to reviewing our binational and international programs involving the developing world. Exciting and challenging opportunities abound in these areas.

NATIONAL SECURITY AND WORLD PEACE

Let me conclude with a comment on national security. Much has already been written about my associations and interests in this matter. Much of it is true. I do believe that our country's military might should be second to none—that this is essential today to world peace and to the survival of the free world. I also believe that science and technology play a key role in providing us with this strength, and I will work to see that we excel in this.

If we can maintain peace through such strength, we also buy the time to use science and technology to improve the condition of mankind throughout the world. And this is the path to lasting peace—a peace based on the fulfillment of human needs, on dignity, self respect, mutual respect, and on confidence in a better future. This is an ideal worth striving for, and I believe this country is prepared to do just that.

I've enjoyed this occasion to meet with you. I know it's only the first of many we'll have to get together, and to work together. I look forward to them. I'm sure they will be productive. Together we can accomplish much toward strengthening our country's science and technology. Together we can see that they serve the best interest of this nation and of people of good will everywhere. That is both an enormous challenge and a great opportunity. What more can a Science Adviser ask for?

Thank you.●

RESOLUTION—REWARDS FOR THE ELECTED

HON. WILLIAM M. BRODHEAD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. BRODHEAD. Mr. Speaker, I wish to share with my colleagues the resolution, "Rewards for the Elected," which was recently adopted by the Michigan Council of Senior Citizens. This resolution expresses the council's intention to hold Members individually accountable for their votes on the administration's budget cuts and legislation affecting the elderly in the future, especially the administration's proposed social security cuts and the deregulation of natural gas.

The administration was successful in having its budget considered as a whole, in an obvious effort by Members to avoid taking individual responsibility for the harm that will be caused by particular cuts. I am pleased that the Michigan Council of Senior Citizens has seen through this ploy, and I urge my colleagues to consider the point of view expressed in this resolution:

RESOLUTION—REWARDS FOR THE ELECTED

Whereas, many of the Reagan Administration's proposals will inflict devastating results and uncountable tragic hardships on and for many senior citizens, the handicapped and the poor in Michigan and in the whole country, and

Whereas, some of Michigan's elected officials, both in the State and in Washington, D.C., are blindly supporting the Reagan Administration's programs because, of the Administration's "claimed," "mandate" from the country's electorate, and

Whereas, many state officials and some of those serving in Washington, D.C., have forgotten they were elected by Michigan voters and not the oil and natural gas industries, the banking and other big businesses, therefore be it

Resolved, the Michigan Council of Senior Citizens, Inc., joins the millions of citizens, nationwide, in opposing the Reagan Administration's butchering of all social programs, be it further

Resolved, That we of the Michigan Council of Senior Citizens, Inc., shall make every effort possible to bring to the attention of those elected officials the needs and requirements of senior citizens, the handicapped and the poor, be it further

Resolved, The "mandate" if in deed there was one, it was to reduce unemployment, reduce inflation, reduce high interest rates and to curb the enormous profits of the oil and natural gas industries and the blank checks to the military, be it further

Resolved, Our elected officials shall be held, individually accountable for their respective actions and votes on all Reagan Administration budget proposals, tampering with Medicare and Social Security, all social program cuts, oil and natural gas deregulation and the monumental military expenditures for weapons and particularly—the huge "cost over runs" be it further

Resolved, That the entire membership of the Michigan Council of Senior Citizens, Inc., do hereby pledge themselves to give and work for the removal from office all those elected officials, who by their actions and vote prove themselves our enemies, be it finally

Resolved, That the Michigan Council of Senior Citizens, Inc., do all in it's power to enlist the members of the National Council of Senior Citizens, Inc., to encourage all Seniors to join in this effort of rewarding our friends and the punishment of our enemies.●

DECLARATION OF TALLOIRES

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. FASCELL. Mr. Speaker, a recent meeting of journalists at Talloires, France, pointed out the grave seriousness of a movement which is of concern to Western governments, journalists, and advocates of a free press throughout the world. It is the attempt by Soviet bloc nations and many Third World governments to control the free flow of information, its collection, dissemination, and its content. The forum for this debate is one which receives funding from the United States and other Western nations whose very roots of freedom are under attack. This forum is the United Nations Educational, Scientific, and Cultural Organization, the largest specialized agency of the U.N. system.

Since the early 1970's, this debate has been gathering steam. Many less industrialized nations feel that the large, Western-based press agencies distort Third World news, give pessimistic reports of Third World progress and government programs, and concentrate more on negative reporting, than on positive developments. In addition, many feel that their cultural identity is lost beneath the crush of

news from the industrialized world and the spread of Western culture through the various media. They are crying out for a greater measure of control, development of their indigenous media, a method to use the media to tell their own story, to measure their accomplishments, and to strengthen their own traditions. To a degree, their plea is one that may be considered within the forum of UNESCO. But within such proposals lies the opportunity to place the press in the hands of governments and to license journalists under the guise of protection. Such licensing, according to some UNESCO members, should subject journalists to an international code of journalistic ethics which has yet to be defined.

The United States and eight other nations, contributors of a substantial amount of UNESCO's budget, have opposed such plans and continue to do so amidst calls for the United States to completely withdraw its participation from UNESCO. Such attempts have had mixed results. However, through the combined efforts of journalists, the development of a strong U.S. policy, and congressional initiatives, we hope to enter the arena of UNESCO well armed to defend our basic first amendment freedoms.

At the 1978 UNESCO General Conference in Belgrade, the United States offered an alternative approach to the wrangling over the control of news coverage and activities of journalists. We proposed a solid and practical mechanism to help and encourage nations to increase their communications capabilities rather than using the regulation of information flows as a great equalizer among nations. This mechanism is the International Program for the Development of Communications (IPDC). As an organization within UNESCO, with its own governing council, the IPDC would act as a clearinghouse to match communications needs with available grants from several sources: UNESCO itself, member governments, UNDP, the World Bank, and private sources. While this concept has already been granted general UNESCO approval, disagreement still exists as to its funding. The United States and other Western nations reject the idea of a pledging conference to provide new sources of UNESCO funds for development, desiring instead an IPDC free from a multilayered bureaucratic structure.

Already, a number of U.S.-based organizations fund development projects similar to those to be undertaken by an IPDC. The International Communication Agency, a Federal Government agency, works to train foreign journalists. Perhaps its grants could be expanded and administered through the IPDC. Other private groups, such as the World Press Freedom Committee, whose President George Beebe was one of the prime movers at Talloires, sponsor and fund various projects to aid worldwide communications development.

Though such initiatives are to be encouraged, they must be administered through an IPDC which concentrates on development issues, not politics, and whose membership does not exist solely to vie for the favor of the Third World. We must also focus on the statements ratified by the 63 delegates at Talloires which urge UNESCO to abandon its attempts to regulate global information flows and recognize press freedom as a basic human right. The founding of an IPDC must not be misconstrued as a mandate for UNESCO to regulate international information flows.

In the Congress, we are attempting to send UNESCO a similar message. In hearings scheduled for July 9 and 16, 1981, the Foreign Affairs Subcommittees on International Operations and Human Rights and International Organizations will consider House Resolution 142 and House Concurrent Resolution 137 sponsored by Representatives SHAMANSKY and FENWICK. These resolutions affirm the message of the journalists at Talloires: that it is not the province of UNESCO to govern the future of the journalistic profession or to regulate the future of the media. We hope that such actions will encourage the development of a strong U.S. policy backed by a strong and experienced delegation to future conferences. For our goal should not be to withdraw from an organization which provides an international forum for communications, technological, cultural, educational, and human rights issues. No one ever won a battle by withdrawing from the fray. Instead, U.S. leadership is and must be paramount in all of these areas. UNESCO would take a decidedly different course if we neglect to engage the Soviets and their allies in debate within the UNESCO framework. I believe that our answer is to engage more fully in the debate and more wholeheartedly in the organization in order to lend both respect and credibility to our proposals and our commitment. We have neglected our role in UNESCO for too long.

For the record, I would like to include the text of the Declaration of Talloires which should be our policy base. With this foundation, we may attempt to build an affirmative response to the new world information order and the fulfillment of American ideals in the IPDC.

THE DECLARATION OF TALLOIRES

WHY WAS A CONFERENCE HELD AT TALLOIRES

For 7 years a debate has been conducted in the councils of UNESCO and other international organizations over the media and proposed curbs of press freedom. Those who advocate these controls have pressed for the creation of a so-called New World Information Order which is as yet undefined.

In response the free world media decided to take the initiative and to announce the principles to which a free press subscribes.

To accomplish this a Voice of Freedom conference attended by media leaders from five continents was arranged by Tuft University's Fletcher School of Law and Diplomacy at its European center at Talloires, France, May 15-17, 1981, in cooperation with the World Press Freedom Committee.

At this session for the first time Western and other free newspapers, magazines and broadcasters took a united stand against the campaign by the Soviet bloc and some Third World countries to give UNESCO the authority to chart the media's future course.

In a joint declaration adopted unanimously by the 63 delegates from 21 countries, UNESCO was urged to abandon attempts to regulate global information and strive instead for practical solutions to Third World media advancement.

But UNESCO has made known it will proceed with the program, obligated to permit discussions and possible action on proposals unacceptable to the West.

Those attending this historic conference stated that they are "deeply concerned by a growing tendency in many countries and international bodies to put government interests above those of the individual, particularly in regard to information."

The delegates placed emphasis on the continuing needs of the developing media, to which many have given assistance for years.

They pledged to expand the "free flow of information worldwide," and said they would support efforts by international bodies, governments and private agencies to cooperate with the Third World in updating production facilities, and in training.

The declaration provides that "press freedom is a basic human right" to which the conference pledged its support.

The declaration which follows is a statement of the principles adopted:

(Here is the text of the Declaration of Talloires, adopted by leaders of independent news organizations from 21 nations at the Voices of Freedom Conference in Talloires, France, May 15-17, 1981—a statement of principles to which a free world media subscribes, and on which it never will compromise.)

We journalists from many parts of the world, reporters, editors, photographers, publishers and broadcasters, linked by our mutual dedication to a free press,

Meeting in Talloires, France, from May 15 to 17, 1981, to consider means of improving the free flow of information worldwide, and to demonstrate our resolve to resist any encroachment on this free flow,

Determined to uphold the objectives of the Universal Declaration of Human Rights, which in Article 19 states, "Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media regardless of frontiers,"

Mindful of the commitment of the constitution of the United Nations Educational, Scientific and Cultural Organization to "promote the free flow of ideas by word and image,"

Conscious also that we share a common faith, as stated in the charter of the United Nations, "in the dignity and worth of the human person, in the equal rights of men and women, and of nations large and small,"

Recalling moreover that the signatories of the final act of the Conference of Security and Cooperation in Europe concluded in 1975 in Helsinki, Finland, pledged themselves to foster "freer flow and wider dissemination of information of all kinds, to encourage cooperation in the field of information and the exchange of information with other countries, and to improve conditions under which journalists from one participating state exercise their profession in another participating state" and expressed their intention in particular to support "the improvement of the circulation of access to, and exchange of information,"

Declare that:

1. We affirm our commitment to these principles and call upon all international bodies and nations to adhere faithfully to them.

2. We believe that the free flow of information and ideas is essential for mutual understanding and world peace. We consider restraints on the movement of news and information to be contrary to the interests of international understanding, in violation of the Universal Declaration of Human Rights, the constitution of UNESCO, and the final act of the Conference on Security and Cooperation in Europe; and inconsistent with the charter of the United Nations.

3. We support the universal human right to be fully informed, which right requires the free circulation of news and opinion. We vigorously oppose any interference with this fundamental right.

4. We insist that free access, by the people and the press, to all sources of information, both official and unofficial, must be assured and reinforced. Denying freedom of the press denies all freedom of the individual.

5. We are aware that governments, in developed and developing countries alike, frequently constrain or otherwise discourage the reporting of information they consider detrimental or embarrassing, and that governments usually invoke the national interest to justify these constraints. We believe, however, that the people's interest, and therefore the interests of the nation, are better served by free and open reporting. From robust public debate grows better understanding of the issues facing a nation and its people; and out of understanding greater chances for solutions.

6. We believe in any society that public interest is best served by a variety of independent news media. It is often suggested that some countries cannot support a multiplicity of print journals, radio and television stations because there is said to be a lack of an economic base. Where a variety of independent media is not available for any reason, existing information channels should reflect different points of view.

7. We acknowledge the importance of advertising as a consumer service and in providing financial support for a strong and self-sustaining press. Without financial independence, the press cannot be independent. We adhere to the principle that editorial decisions must be free of advertising influence. We also recognize advertising as an important source of information and opinion.

8. We recognize that new technologies have greatly facilitated the international flow of information and that the news media in many countries have not sufficiently benefited from this progress. We support all efforts by international organizations and other public and private bodies to correct this imbalance and to make this technology available to promote the worldwide advancement of the press and broadcast media and the journalistic profession.

9. We believe that the debate on news and information in modern society that has taken place in UNESCO and other international bodies should now be put to constructive purposes. We reaffirm our views on several specific questions that have arisen in the course of this debate, being convinced that:

Censorship and other forms of arbitrary control of information and opinion should be eliminated; the people's right to news and information should not be abridged.

Access by journalists to diverse sources of news and opinion, official or unofficial, should be without restriction. Such access is inseparable from access of the people to information.

There can be no international code of journalistic ethics; the plurality of views makes this impossible. Codes of journalistic ethics, if adopted within a country, should be formulated by the press itself and should be voluntary in their application. They cannot be formulated, imposed or monitored by governments without becoming an instrument of official control of the press and therefore a denial of press freedom.

Members of the press should enjoy the full protection of national and international law. We seek no special protection or any special status and oppose any proposals that would control journalists in the name of protecting them.

There should be no restriction on any person's freedom to practice journalism. Journalists should be free to form organizations to protect their professional interests.

Licensing of journalists by national or international bodies should not be sanctioned, nor should special requirements be demanded of journalists in lieu of licensing them. Such measures submit journalists to controls and pressures inconsistent with a free press.

The press' professional responsibility is the pursuit of truth. To legislate or otherwise mandate responsibilities for the press is to destroy its independence. The ultimate guarantor of journalistic responsibility is to the free exchange of ideas.

All journalistic freedoms should apply equally to the print and broadcast media. Since the broadcast media are the primary purveyors of news and information in many countries, there is particular need for nations to keep their broadcast channels open to the free transmission of news and opinion.

10. We pledge cooperation in all genuine efforts to expand the free flow of information worldwide. We believe the time has come within UNESCO and other intergovernmental bodies to abandon attempts to regulate news content and formulate rules for the press. Efforts should be directed instead to finding practical solutions to the problems before us, such as improving technological progress, increasing professional interchanges and equipment transfers, reducing communication tariffs, producing cheaper newsprint and eliminating other barriers to the development of news media capabilities.

Our interests as members of the press, whether from the developed or developing countries, are essentially the same: Ours is a joint dedication to the freest, most accurate and impartial information that is within our professional capability to produce and distribute. We reject the view of press theoreticians and those national or international officials who claim that while people in some countries are ready for a free press, those in other countries are insufficiently developed to enjoy that freedom.

We are deeply concerned by a growing tendency in many countries and in international bodies to put government interests above those of the individual, particularly in regard to information. We believe that the state exists for the individual and has a duty to uphold individual rights. We believe that the ultimate definition of a free press lies not in the actions of governments or international bodies, but rather in the professionalism vigor and courage of individual journalists.

Press freedom is a basic human right. We pledge ourselves to concerted action to uphold this right.●

NATIONAL DEFENSE WITHOUT THE MX

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. MILLER of California. Mr. Speaker, one of the most momentous decisions on the future of our national defense which Congress will make is the future of the MX missile system, which could cost $100 billion or more. Two factors are involved in this decision: Whether to proceed with development of the new missile, and where it is to be based.

Harold Agnew, the former director of the Los Alamos Scientific Laboratory has written an excellent article in the Washington Post in which he persuasively argues against the proposed deployment of these missiles in the Nevada-Utah area. As an alternative, Agnew proposes strengthening our capability to absolutely confirm an incoming enemy attack on our existing Minuteman missiles, and to assure that those missiles could be launched before their destruction.

This article outlines a system that would be a stronger deterrent to a Soviet attack than the proposed MX missile system. The system proposed by Mr. Agnew would cost less than the MX, would not encourage a further buildup of Soviet missiles, and would not jeopardize future arms control talks to the extent the MX would. The arguments of a respected defense specialist deserves the thorough consideration of Members of Congress during the debate on the MX missile system.

[From the Washington Post, July 9, 1981]

DEFENSE: THE TWO BIG CHOICES

MX—BUT NOT YET

(By Harold M. Agnew)

Why do we need an MX? The stock answer is because Minuteman's survival is at stake. But if one thinks about it, building the MX really doesn't help Minuteman. It would simply provide (assuming a limit on the number of Soviet and Chinese and French and British reentry vehicles) that if Minuteman were to be targeted and attacked, MX might survive for a retaliating

strike—but not Minuteman. Minuteman is part of our triad of strategic systems whose function is to maintain a credible deterrent. If we have to build MX so that we can fire it after Minuteman has been destroyed, we haven't helped Minuteman—and we certainly haven't maintained a deterrent, so we really haven't gotten much for our $100 billion.

One of the first decisions a president should have to make relates to whether he'll ever order a retaliating ICBM launch against a foreign power. If the answer is no, then we really don't need an MX or anything else during his tenure in office. But we certainly should not let that fact be known. If the answer is yes, then the question is when and under what conditions would he launch such an attack. One could ask: "Would he retaliate after receiving 100 foreign detonations on the United States?" He would probably say yes. The next question should then be: "How soon after and at what?" He would probably say: "Immediately and at the original targets." By this questioning, we have narrowed down the decision time to something like a half-hour the time between the launching of the foreign missiles and their arrival.

Then this question might be appropriate: "Mr. President, would the enemy warheads have to hit the ground before you would launch?" How a president would answer that question would depend on his philosophy with regard to nuclear weapons but, more important, on the accuracy with which one could guarantee that the information being supplied to him was valid.

Technology is available today to determine whether an appreciable fraction of Minuteman is at risk from any foreign ICBM launch. The key words here are "appreciable fraction." Important to this determination, however, would be the ability to guarantee that the information received is valid and cannot be interrupted. Instead of having a minimal number of satellites and a few ground stations—with sometimes cantankerous computers—monitoring foreign ICBM launchings, one would need redundant systems numbering in the tens. Many of the satellites would have to be silent, only talking to each other and being appropriately monitored. Some might be decoys, but I suspect that the launching cost would dictate that all space hardware be operable. The shuttle could be the answer to cutting costs in putting this hardware in space.

Such redundant monitoring systems could provide absolute information about the risk to Minuteman. If Minuteman were at risk, it could be launched so that it would no longer be at risk. With proper information, Minuteman could be launched at other-than-empty foreign silos. Moreover, the whole Minuteman force would be available. A properly designed system could serve as a much more credible deterrent than the MX, which would always be vulnerable to an increased number of foreign re-entry vehicles, which could be built in a shorter period than could the MX. Such a system would be cheaper, could be in place sooner and would help put a cap on the arms race because not one new offensive system would be required. It would also greatly improve the present alerting situation, where the failure of an electronic component causes local and international concern.

When the concept of being able to launch after attack is suggested, many individuals believe one is proposing an automatic system. Not so. The system, as with all of our nuclear missile systems, could be launched only upon the president's orders. It should be no more automatic than any existing system. It would, however, have the advantage of providing the president with credible, advanced information with which he could make a decision. He would not have to wait to have a sizable fraction of Minuteman or any other part of the United States destroyed before he could be certain that we were under a real attack. Such a system could guarantee that Minuteman would never be at risk if the president did not wish it to be at risk. This, to me, would maintain a very credible deterrent at a much lower cost than any MX would require.

If 1,000 non-vulnerable Minuteman missiles are a sufficient deterrent, additional MX missiles based in Utah would not be required. This is not to say that the Minuteman missile should not be replaced by the MX missile. As Minuteman ages, it must be replaced, and the MX is a logical candidate. And if, alas, a completely new MX deployment mode is required, the information that a redundant satellite alerting system would provide could be available to reduce the vulnerability of even that system. Clearly, Minuteman, or preferably the MX missile in the Minuteman silo, would need to be appropriately hardened so that it could indeed be launched when threatened.

Serious consideration should again be given to an active hard-site defense of Minuteman. Compared with the weaknesses of the present proposed MX deployment, this option should be given much greater consideration than it has in the past. My proposal lends itself better to the role of a meaningful deterrent as well as to future arms control options, since the number of strategic systems initially would not be increased, and the present full effectiveness of our strategic deterrent could be preserved.●

FEDERAL DISASTER ASSISTANCE

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. BONKER. Mr. Speaker, the eruption of Mount St. Helens has impressed upon me—and upon the many people of my congressional district impacted by the disaster—the vital importance of Federal disaster assistance. For example, without the quick, efficient, and professional action of the Army Corps of Engineers, the scope of damage and destruction in the wake of the eruption would have been much greater than it actually was.

I would like to call to the attention of my colleagues an example of the selfless dedication and public service that helped the corps avert major flooding on the Cowlitz River in Washington State. Gerald L. Hadley of the corps' Portland district, at great personal sacrifice and through much hard work, helped organize one of the largest dredging and diking operations of our time. His competence, professionalism, and long hours on the job earned him widespread trust and respect.

On June 10, 1981, the Longview, Wash., Rotary Club presented Jerry Hadley with the Special Service Award. The text of the presentation follows:

LONGVIEW ROTARY CLUB SPECIAL SERVICE AWARD TO GERALD L. HADLEY

The May 18th eruption of Mt. St. Helens will long be remembered by all who experienced the disaster, and each of us will remember it differently depending upon our degree of involvement.

During the late night of May 18th a man arrived on the scene who quietly, but effectively, started the involvement of the U.S. Army Corps of Engineers. Many representatives of the Corps have participated in the dredging and recovery effort to date, but only one—the first to arrive, is still on the scene. For over a year now Jerry Hadley has lived in a motel in West Kelso, leaving only occasionally to visit his family in Oregon.

Originally assigned as a flood flight engineer, Jerry set in motion the immediate raising of Castle Rock dike, the raising of King Road, and the work needed to protect the BPA substation at Lexington. He was the first contact person, representing the Corps, for the County Commissioners, Emergency Services, PUD and the Public Works Department. Under his leadership and direction a small group of men worked out of the Hall of Justice gathering data and information needed to determine the extent of damage and an assessment of what needed to be done to get the Cowlitz River back to normal and under control. As the days passed, his staff and responsibilities grew, and he let contracts to get the necessary emergency work done. While citizen panic was running high, he quietly assured the local people and government officials that the Corps was here to help and that they would find a way to protect the residents of Cowlitz County.

Early, before the Corps recovery plan was unveiled to the public, he told me, "You're about to see on the Cowlitz and Toutle Rivers the largest massing of dredges, draglines, saurmans, earthmoving equipment and engineering people that have ever been assembled in one place at a single time." How true his prediction was. He was instrumental in organizing and setting up the first public informational meetings to explain to our citizens what the Corps would be able to do. His first meeting in Castle Rock drew close to 1,000 people, and each person had a question to be answered. A regular schedule of these informational meetings followed and proved to be the best method of communicating with the general public.

When the Resident Engineer finally arrived on the scene in late June, Jerry was assigned a portion of the Cowlitz River from river mile 13 to 16 in the Horseshoe Bend area. There, he worked closely with the property owners, the contractors and the various governmental agencies. After all these months and long hours, no one has ever voiced a harsh word against this quiet, dedicated man.

In every war of our nation's history, we've had a few unrecognized heroes. These are the people who quietly and effectively do their job without media exposure. The battle of the Cowlitz and Toutle Rivers is not completely over, but because of people like Jerry Hadley, we all sleep a little more easily with each passing day.

After 13 continuous months on the job, Jerry Hadley will leave our area on June

14th and with him will go a part of the story of the Mt. St. Helens disaster. His efforts and his dedication to his job will long be remembered by all who had the privilege of knowing him and the opportunity to work with him.

On behalf of the members of the Longview Rotary Club and the citizens of Cowlitz County, we say thank you for a job well done.●

ARLINGTON, TEX., GETS SYNAGOGUE

HON. MARTIN FROST

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. FROST. Mr. Speaker, I would like to call to the attention of my colleagues a good and decent act currently being performed in Arlington, Tex. I think that it is fair to say that Arlington has been one of the few cities of its size without a synagogue. This situation has now been remedied by the creation of Congregation Beth Shalom. A dedicated group of people led by Robert Kaplan, president of this new congregation, has firmly established itself in Arlington in just 9 short months.

No community can consider itself progressive and caring unless it is able to meet the needs of all of its people. Congregation Beth Shalom now provides the Jewish population of this growing community with a place both to worship and to offer religious education for their children within their own community.

The difficult path that these determined people have chosen to embark on has elicited kudos from all sections of the community. The sacred High Holy Day period will be observed in Arlington this year with Rabbi David Teutsch leading the congregation in prayer.

Mr. Robert Kaplan and the entire Jewish leadership of Arlington are to be congratulated on their strength and dedication as well as on their commitment to the highest ideals of Judaism.●

FEDERAL PAY CAPS WASTE TAXPAYERS' DOLLARS

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. BARNES. Mr. Speaker, I submit for the information of my colleagues the recent "Federal Diary" column of Mike Causey of the Washington Post, which makes the point of how expensive it is for Congress to foolishly cap executive pay in the civil service each year. The General Accounting Office has pointed out that it costs far more to pay pensions to Federal personnel who retire because of frozen salaries, and to hire new replacements at the frozen salary level, than it would be simply to provide equitable raises to top-level Federal personnel.

The Post column, of Wednesday, July 8, 1981, follows:

GAO SEES BIG SAVING IN RAISING TOP PAY

(By Mike Causey)

Advocates of better pay for federal executives are trying to hit congressional tightwads where it counts, telling them government is actually losing money by keeping its top career people on $50,112.50-per-year diets.

The General Accounting Office says the executive turnover rate is now running above 90 percent. That means that nine of every 10 top career officials retire—some as early as age 55—as soon as they become eligible.

Because of the pay cap ($50,112.50) on top government salaries, the GAO says that too many executives are retiring too soon. This, it says, puts a drain on taxpayers who help finance retirement benefits and also pay for executive replacements. GAO says the executive turnover rate in the 55-to-59 age group has jumped from 18.3 percent in early 1978 to a level of 94.7 percent last August.

Most of the officials leave as soon as possible, GAO surmises, because their salaries have been frozen and many believe they would be better off getting cost-of-living adjustments as retirees, or taking second careers in the private sector, or both.

(Key Senators are working on a plan to give top executives some kind of pay raise this fall, over and above the 4.8 percent slated for rank-and-file bureaucrats. Federal executives have been denied raises for the last couple of years and are now due a catch-up of 16.8 percent. But opponents of the executive pay raise are planning to renew a no-raise rider on an appropriation bill that would continue to deny nearly 30,000 top federal workers, most of them in metro Washington, any pay raise this year.)

In a letter to Senate and House leaders, the GAO says that the abnormally high retirement rate of executives, coupled with the costs of replacing them, will cost the taxpayers about $67,000 per executive over the next three years. This is how GAO figures it:

If an executive aged 55 with 30 years service (at the $50,112.50 level) retires today he would get a pension of about $92,828 over the next three years. Presumably the government would replace that individual at a three year cost of $150,338, GAO says.

If Uncle Sam could slow the retirement pace, GAO says, by giving executives the 16.8 percent catch-up raise, many executives would stay on in government. Even at the higher pay rate, the executives' three-year salary of $175,593—would be cheaper, by $67,573, than the cost of putting him out to pasture and hiring and paying a replacement.

GAO says raising executive pay to encourage top brass to stay on would "not only prevent the loss of valuable managerial talent" but also—and it uses those magic words—it would be "cost-effective." Many members of Congress tend to salivate anytime they hear the words "cost-effective." If enough of them can be convinced that the government can save money by raising executive pay, the supergraders' salary increase should be assured this year. The key word is if!●

BILL GREEN PRAISES FILM BOARD

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. GREEN. Mr. Speaker, I would like to take this opportunity to draw to the attention of my colleagues the outstanding community service that the National Board of Review of Motion Pictures has performed since it was founded in 1909.

The National Board of Review was created by a group of American citizens who recognized that motion pictures held the potential to become a new form of expression and an important addition to American culture. At the same time, however, this group of concerned citizens realized that the blossoming motion pictures industry was vulnerable to censorship and violation of its first amendment rights. A large number of communities in the United States at that time had special local boards which could edit or ban a film from its area. The National Board of Review was able to defeat such censorship "through an affirmative policy of publicizing and winning audience support for good films."

Today, the stated objective of the National Board of Review remains the same, "to seek out, recognize, publicize and reward excellence in films." It informs citizens about good movies, while steering them away from the bad ones. In addition, the National Board of Review sponsors programs designed to aid the community in special ways by teaching groups such as the handicapped, the elderly and children to appreciate movies more fully and to learn from viewing them.

I welcome the opportunity to recognize and honor the valuable contributions made by these remarkable public citizens who comprise the National Board of Review, which, in the words of its president, Robert Giroux, "remains the voice of those who want better films without censorship."

I would also like to take this opportunity to alert my distinguished colleagues to the fact that we New Yorkers take particular pride in the steady growth of filmmaking in our city over the course of the past few years. Feature films shot in New York City have nearly tripled from 26 in 1977 to 71 in 1980, while television movies, specials, and pilots have more than tripled from 16 to 50 during this same period, according to figures compiled by the New York City Mayor's Office of Motion Pictures and Television. I am especially proud that "Kramer Versus Kramer," which won an Oscar for best movie, was shot within the boundaries of my own 18th Congressional District.

New York City looks forward to a growing and prosperous partnership with the filmmaking industry.●

RECONCILIATION

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. MAZZOLI. Mr. Speaker, I congratulate President Reagan in his efforts to reduce Federal spending, to reform and update the Nation's tax laws, to eliminate unnecessary and burdensome Government regulations and to strengthen the Nation's monetary system.

All these steps are necessary if our Nation is to regain its productive capacities, to create jobs needed to employ the jobless, to reduce inflation—correctly called the cruelest tax of all—and to stabilize the currency.

The first step along the path leading to America's economic recovery was taken in May. On May 7, I voted for the bipartisan package of fiscal year 1982 budget cuts and reconciliation instructions—supported by President Reagan. This package was termed the Gramm-Latta resolution after its two main sponsors.

When I cast my vote for Gramm-Latta, I did so pledging to my constituents that I would continue to support those Federal programs which serve as a lifeline for the elderly and the needy and that I would do all possible to insure that the cuts made by the standing committees of the House—in response to the reconciliation instructions contained in the Gramm-Latta resolution—would be fair, equitable, and balanced among all groups in our society.

The reconciliation process requires standing committees to achieve a certain level of savings in Federal programs. The committees must rewrite entitlement programs, change eligibility standards, and make all other changes in existing law in order to achieve the savings called for.

The reconciliation process is a stern, uncompromising one—one obviously not held in high esteem by committee chairmen—but it is the correct system.

It allows the committee, which has jurisdiction over a particular subject matter or program, to decide which programs must be cut and the amount of such cuts. In the end, Mr. Speaker, I believe the committees themselves are in the best position to determine, in a fair and equitable and balanced manner, the winners and the losers in the budget-cutting procedure.

As we know, Mr. Speaker, the committees went to work, as directed by the Gramm-Latta resolution adopted in May, and after the most difficult of deliberations, achieved budget cuts of approximately $37 billion.

Had this series of cuts—which were assembled into a package by the House Budget Committee—been adopted by the House, Government spending patterns would have changed more profoundly, according to the Budget Committee chairman, than at any time in the last 50 years.

But, the House rejected the Budget Committee package assembled from the recommendations made by all the standing committees of the House. And, by a narrow vote, it adopted the so-called Gramm-Latta II reconciliation resolution which made even deeper cuts in the Federal budget. More to the point, it made them in the form of a hastily drawn document of approximately 600 pages, not all of which pages were numbered or even in the proper sequence. Furthermore, the bill was produced overnight—literally—and was available to Members only on the very day of the vote.

The House does not, Mr. Speaker, always operate within the strictest observance of its rules and procedures. But, Gramm-Latta II, with all respect to the fact that its general outlines were known to most congressional observers, did not follow even the minimum House standards for legislative draftsmanship and parliamentary procedure.

Under the circumstances—or should I say chaos—which prevailed when Gamm-Latta II hit the floor, I was persuaded that the Budget Committee's package was a preferable alternative.

The Budget Committee version would have cut deeply into Federal spending and made important changes in Federal programs—but it would have done so with heart, with compassion and with sensitivity.

It would have moved the Nation to an era of less inflation, more growth, stable money, and less joblessness—but it would have done so with attention to the special needs of the elderly, the poor, the handicapped, and the children of America.

I am hopeful, Mr. Speaker, that Gramm-Latta II, which the President and the White House pushed so hard for, will succeed. I intend to do all I can to see that it works. I want economic conditions for all Americans to improve regardless of who gets credit for the improvement.

But, Mr. Speaker, I must add that, if the President's economic plan fails, the failure must be traceable to the altogether too helter-skelter process by which it was adopted.

There remains a lot we do not know about Gramm-Latta II. Mr. Speaker, what we do not know may not always hurt us. But, this time it just might.●

SOCIAL SECURITY SOLVENCY

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. HUBBARD. Mr. Speaker, the current and future solvency of the Social Security Trust Fund is an issue with which we must come to terms. A constituent of mine, Mr. Alfred Wolfson, 310 N. 14th St., Murray, Ky., has proposed a solution to the problem of solvency in the social security system. I would like to share Mr. Wolfson's solution with you now:

DEAR REPRESENTATIVE HUBBARD: I would like to propose a solution to the problem of the solvency of the Social Security program, one which I have not heard discussed previously.

There must be millions of people presently receiving Social Security benefits who do not need them. I myself am one of these. Though far from being a millionaire, I would willingly give up a portion of my benefits ($670 per month for my wife and me) if others in my income tax bracket or a higher one would do likewise. Why not reduce the benefits for everybody whose taxable income is more than $20,000 per year or whatever seems reasonable?

The reduction in the lower brackets could begin at one or two percent and increase gradually at whatever rate is necessary to save the system. Why penalize the poorer people just receiving their first Social Security benefits when there are so many who wouldn't miss the benefits they are receiving?

Very sincerely,

ALFRED WOLFSON.●

THE SUGAR DEAL

HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. PEYSER. Mr. Speaker, I would like to call to the attention of my colleagues Art Buchwald's recent column on the sugar deal which occurred during consideration of the reconciliation bill. I am sure that my colleagues will find it interesting reading.

As one who was working with the administration up until the time of the reconciliation votes to defeat the sugar loan program, I was very surprised by the sudden change in its position. However, one thing which has not changed is the cost of such a program to the Government and to the consumer. I will continue to work for the defeat of this sugar program when it reaches the House floor.

WINNING ONE FOR THE, UH, GIPPER

(By Art Buchwald)

President Reagan is given full credit for his budget-cutting victory in the House. He used the telephone to persuade 29 "boll weevil" democrats to vote for this program,

which gave him just enough of a majority to get all the cuts through without debate.

This was the same tactic Lyndon Johnson used to get his "Great Society" program through. But whereas Lyndon did his by arm-twisting, President Reagan's style was entirely different.

I wasn't listening on the phone when he made the calls, but I heard they went something like this:

"Congressman Lighter, this is Ronnie Reagan. I have a great favor to ask of you."

"Yes, sir, Mr. President."

"I would like you to break from your party and the Democratic leadership, and vote your conscience by passing my budget recommendations without reading them."

"That's pretty tough to do, Mr. President."

"Before you say no, Tom, I would like to tell you a story. When I was playing college football, there was a fellow on the team named George Gipp. We used to call him the Gipper. George had a rare terminal illness and I used to visit him at the hospital every chance I got.

"One day, when it looked as if the end was near, he said to me, 'Ronnie, some day you're going to be president of the United States and you will be up against it. You're going to want to balance the budget, and cut taxes and bring a new prosperity and hope to the American people. It's going to be tough because with the fat and waste, you will have to cut out some meaningful programs that people need and want. And they're going to fight you in the House of Representatives where they will demand an up-and-down vote on each cut.'

"Are you still with me, Tom?"

"Yes, sir, Mr. President."

"Gipp continued, 'And because they're Democrats, Ronnie they're going to want their own budget-cutting package, which will not do the job, and sabotage your well-thoughtout economic package. These free spenders, who don't care what happens to the taxpayers' money, will forget the mandate that you won from the American people to cut out all the social programs that destroy incentive and cause inflation that hurts every man, woman and child in America'."

"Is there much more to this story, Mr. President?"

"Gipp was having a hard time breathing by then, but he told me, 'The day before the vote, the speaker is going to do some dirty maneuvering to see that all the reforms you worked for will go down the drain. It is then, Ronnie, when you think all is lost, that I want you to do something for me'."

"'Anything, George,' I told him. And he said, 'I want you to call up 29 Democratic congressmen, men who would vote their convictions over their party loyalty, and tell them—and tell them, to win this one for the Gipper.' That's the end of my story, Tom."

"Did George Gipp say anything about sugar?"

"I don't think so."

"Well, in Florida we raise a lot of sugar and were interested in farm supports for our crop. The world price of sugar is ridiculous, and unless the federal government steps in and keeps the price above 19½ cents a pound, I'm going to have a lot of unhappy farmers in my district."

"Come to think of it, Tom, the Gipp did mention sugar subsidies. I think his exact last words were, 'Ronnie, I got one more favor to ask of you. Whatever you do, don't ever let imported sugar drive down the domestic price, so our own farmers can't sell theirs at a profit.'"

"He said that?"

"The Gipper loved sugar, Tom, as much as he loved life itself."

"That's a wonderful story, Mr. President. I'm glad you called me up and told it to me. I'm going to go out there tomorrow and win one for sug—I mean for the Gipper."

"Bless you, Tom. By the way, who else has a sugar problem in your state?"●

TRIBUTE TO JEAN PARADIS

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. HOYER. Mr. Speaker, I rise today in recognition of a woman who has dedicated a career to the working men and women of this Nation. At this very time, she is receiving deserved accolades from her coworkers and from those who have benefited so greatly from her many years of dedication. Jean Wertz Paradis will soon retire after 22 years of faithful service with the Greater Washington Central Labor Council, AFL-CIO.

Long before it was popular for women to become recognizable and active in the marketplace, Jean Paradis was the first COPE coordinator hired by any labor council in the Eastern half of the United States. Her jurisdictions were Washington, D.C., Prince George's County, Montgomery County, the 8th and 10th Districts of Virginia. Her skills soon became evident, and she was promoted to be the COPE secretary and council bookkeeper, the positions she retires from on July 31, 1981. During all those years, Jean Paradis has been a most loyal and competent assistant. Her allegiance and devotion to Martin Bond were exceptional and their mutual affection for each other manifested itself into a great working team. The passing of Martin grieved us all, particularly Jean, but she carried on assisting the new executive assistant, Josh Williams, in the same efficient and caring manner.

There is, of course, another side of this extraordinary lady and that is the community-minded Jean Paradis. She is a wife, mother, and something else we can all appreciate, Mr. Speaker, she is Chief Democratic Precinct Judge in my own Prince Georges County, Md. She has been involved in local political circles for many years, and has been elected three times as a delegate to the Democratic State Convention. In 1962, Jean ran on the same reform ticket with my esteemed predecessors Congresswoman Gladys Spellman and Congressman Carlton Sickles. That is the caliber of Jean Paradis' politics. We are proud that her principles are the same as those held by these two highly respected public servants, principles which respect the rights of individuals and recognize the dignity of working people.

Jean and her devoted husband, Larry, now will be able to begin their leisure life together as they have spent their industrious years with one another. Their quiet moments are to be spent in traveling about our country and enjoying, without pressure, the beauty of our Nation. And while I am certain this ideal plan will surely unfold, I am also strongly certain that it will not be long before Jean is called upon by those who need her to serve once more. And knowing, Jean, and the kind of dedicated individual she is, she will answer that call.

Mr. Speaker, I know the Members of this House will join me in paying tribute to Jean Paradis as she embarks upon retirement, along with our sincere hope that whatever activity she may choose, whatever endeavor she may pursue, her years will be filled with happiness and contentment.●

REAUTHORIZATION OF THE CLEAN AIR ACT

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. FLORIO. Mr. Speaker, I am pleased to share with my colleagues the following letter to President Reagan on the reauthorization of the Clean Air Act. I share Governor Byrne's commitment to achieving a clean and healthful environment in New Jersey. New Jersey has made significant progress toward that goal to date, but a strong Federal statutory framework is essential to the State's continued progress.

National standards with fixed attainment dates are necessary. Once the deadlines are eliminated, we will see the removal of the sense of urgency we need to stop polluting the air. Moreover, economic equity can only be achieved by a strong Federal role in standards setting.

STATE OF NEW JERSEY,
OFFICE OF THE GOVERNOR,
Trenton, June 19, 1981.

THE PRESIDENT,
The White House,
Washington, D.C.

MR. PRESIDENT: I am increasingly concerned over recent reports that the Administration's recommendations to Congress on the reauthorization of the Clean Air Act may include fundamental and sweeping policy changes in the Act. While I agree that certain provisions of the Clean Air Act and the administration of the Act can be substantially improved, I do not believe that the fundamental precepts of this landmark legislation should be significantly changed. The citizens of this country have consistently voiced their concern over the need for a clean and healthful environment. Time and time again, public opinion surveys have confirmed the commitment to this goal and reaffirmed the public's willingness to pay higher costs to achieve this end.

I also recognize the importance and the need to implement an aggressive program to improve the economic health of our country as well. Lagging productivity, unemployment, and inflation are all problems of major concern to each of us. However, I strongly believe, based on our experience in New Jersey over the last decade, that economic health need not and should not be acquired at the expense of our public health. These common goals—a healthy economy and a healthy environment—can be achieved together.

In 1954, New Jersey became the first state in the nation to adopt comprehensive statewide air pollution control legislation. Since that time, New Jersey and your home state of California have become pioneers and national leaders in the development of sound and effective air quality management programs. Since 1970, we in New Jersey have achieved substantial reductions of virtually all major air pollutants. We have achieved these results in a state which has the highest concentration of population, motor vehicles, and industry in the nation. It is becoming increasingly apparent that the ultimate success of our program is dependent on responsible actions by our sister states. Due to the extensive interaction among state economies and the transport of air pollution across state borders, strong national legislation is absolutely essential.

Retention of the concept of uniform national health based standards for air quality within the reauthorization of the Clean Air Act is crucial. These standards must be set at levels that will truly protect the health of all our citizens. We cannot be satisfied, indeed we cannot afford to protect only the most robust members of our communities. We will not satisfy the public's demand for a healthful environment by redefining "clean air." Furthermore, the responsibility for establishing these standards should not be left to the individual states. This approach was tried once before and abandoned for good reasons. First, health effects do not change among states, and second, air pollution emissions do not respect borders. Even under existing legislation, interstate tensions arise due to widely varying approaches to air pollution control among the states. Requiring each state to establish separate standards can only exacerbate an already difficult situation.

Finally, I firmly believe that national standards will only be meaningful if states are required to attain such standards within fixed time frames. Certain areas of the country with the most severe and pervasive air quality problems will undoubtedly require more time, and should be granted more time, to attain standards; however, the concept of deadlines must be retained. We all know the control of air pollution is not free. It requires significant expenditure of capital, human, and political resources. While these costs are offset by the benefits in terms of reduced human suffering and improved quality of life, the benefits are indirect and difficult to quantify. Only through strong incentives, imposed at the national level, will individual states and localities be able to assemble the necessary resolve to implement acceptable air quality programs.

I have offered these remarks to underscore my commitment to continue to strive for the attainment of clean and healthful air for the citizens of New Jersey. One state cannot act alone, however. Only through strong national legislation can interstate equity be achieved while we protect the health and welfare of the American public. I hope that we will be able to work together during the upcoming deliberations on these very important issues.

Sincerely,

BRENDAN BYRNE,
Governor.●

LOOK FOR CHARACTER, ABILITY, AND ADHERENCE TO THE RULE OF LAW IN JUDGES, NOT POSITIONS ON ISSUES

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. PORTER. Mr. Speaker, the President has made his choice for the Supreme Court vacancy left by the resignation of Potter Stewart. He has done so after an extended search period beginning as early as mid-April. He is satisfied that Mrs. O'Connor meets the standards of judicial temperament, intelligence, and integrity for service on our highest court. He is satisfied that she will do her best to apply the law fairly and equitably.

But Mr. Speaker, there are those who, while not challenging the President's judgment of Mrs. O'Connor's character and ability, attack her for positions on substantive issues taken at other times and in other forums. In so doing, not only do they exhibit ignorance of our Constitution and our history, but they do a decided disservice to our Nation.

Nowhere in the Constitution can there be found a philosophical test for judicial service, except perhaps the insistence that judges take an oath to support the Constitution itself. Nor should there be any other test. The very nature of the responsibilities of a judge—to interpret and apply the law as adopted by legislative bodies representing the people—should preclude the embodying by any judge in his decisions of his personal position as to what the law ought to be.

It is this very test of understanding the proper nature of the judicial position that the President himself made his highest standard in determining Mrs. O'Connor's qualifications, and he has certified that she received the highest of marks with respect to it.

The issue critics of this side or that, Mr. Speaker, have no place in this process and, indeed, depreciate it and themselves with their insistence upon some narrow litmus test. There are things more basic and important than our viewpoints on the issues of the day. One is our adherence, through all issues, to the Constitution and the form of government that we, as a people, have selected for ourselves. Another is the intelligence and honesty of judgment necessary to do equal justice for all. These are legitimate themes of the judicial confirmation process and the qualities all Americans should look for in determining the best people for our courts. Agreement on issues is not a germane subject of the inquiry, Mr. Speaker, and to the extent that it is made so, the rule of law, our courts, ourselves, and our country are all diminished.●

ROSE O'BRIEN LUTE

HON. VIRGINIA SMITH

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mrs. SMITH of Nebraska. Mr. Speaker, I would like to take this opportunity to inform the Congress of the passing of a Nebraska resident who made many contributions to the educational and cultural life of her native State. Rose O'Brien Lute, who died June 20, 1981, in North Platte, Nebr., was the daughter of Michael and Mary O'Brien and was born on the family ranch in Keith County, Nebr.

She received her early education in a sod schoolhouse and later attended school in Ogallala. She received her high school education at St. Patrick's Academy in Sidney and took her teacher's examinations. Mrs. Lute attended Creighton University, Duschene Academy, Kearney State College, and the University of Nebraska.

Known to her many students as "Miss O'Brien," she began her teaching career in the rural schools of Keith County. From 1927 to 1942 she was an elementary teacher and principal in the North Platte public schools.

On June 15, 1942, she married rancher Robert Lute and they had one son, Robert II.

She was active in the Altar Society, PTA, and other community service organizations. She was a member of the National, Nebraska, Wyoming, and Angus Cow-Belles and served as historian of the Nebraska Cow-Belles.

In recent years, she enjoyed writing and belonged to the Nebraska Chaparral Poets and the Nebraska Writers' Guild, serving as the Guild's Bulletin editor.

Mrs. Lute was appointed to the Nebraska Commission on the Status of Women by Governor Tiemann and was reappointed by Governor Exon. After completion of the maximum term allowed by law, she founded and became the first president of the Priors, Club of Nebraska, the first alumni and support group of a State women's commission in the Nation.

Memorials have been established to the scholarship of the Priors Club of Nebraska and the Nebraska Stock Growers Association Research and Education Foundation.●

MARINE MAMMAL PROTECTION ACT AMENDMENTS

HON. JOHN B. BREAUX

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. BREAUX. Mr. Speaker, I am today introducing legislation to improve the operation of the Marine Mammal Protection Act of 1972. This legislation has been developed in close cooperation with representatives of the States, the environmental interests, and other interested parties. While not all of the parties agree with every detail in the draft, I believe it represents a conceptual consensus on the major provisions and our best effort to reach legitimate, workable compromises on the remaining issues. As such, it is intended to serve as a vehicle for the hearings that will be held by the Subcommittee on Fisheries and Wildlife Conservation and the Environment on July 13.

The issues that the bill addresses are the incidental take of porpoise in tuna fishing operations and the return of management of marine mammals to the States which have resident populations of marine mammals.

The main issue involving the incidental take of porpoises is that the act states that it shall be the immediate goal of the act that the incidental kill and serious injury of marine mammals in the course of commercial fishing operations be reduced to insignificant levels approaching zero mortality. Some have argued that the tuna industry, which takes porpoises during its fishing operations, must therefore reduce incidental mortality to zero, even though the estimated porpoise mortality has decreased from about 368,000 in 1972 to an estimated 15,303 in 1980. The tuna industry contends this cannot be done. To reduce the threat of law suits, the tuna industry and representatives of the environmental community have agreed to an amendment to modify the zero mortality goal which is included in this legislation.

The amendment retains the act's goal of reducing the incidental taking of marine mammals to insignificant levels approaching a zero mortality and serious injury rate but clarifies that goal in the case of the purse seine fishery for yellowfin tuna by providing that the goal shall be satisfied by "a continuation of the application of the best marine mammal safety techniques and equipment that are economically and technologically practicable."

With regard to return of management of marine mammals to the States, a concept included in the current law, State agencies contend that the formal hearings and other procedural steps required under the act for return of management are too cumbersome and that the standards under which they can secure return of management are too restrictive. The result is that no State is now managing marine mammals and the Federal Government lacks the resources to do the job. The effect on the species has in some cases been clearly detrimental.

The legislation I am introducing will simplify the return of management procedure and place the administrative procedures required to allow the harvest of marine mammals at the State level. This will put the management decisions involving resident marine mammals where they should be—at the State level. The concepts involved in this legislation have been accepted by representatives of the State of Alaska, the environmental community, and the Alaska Native federation.

In addition to these major issues, I have tried to address a number of other problems with the act that have become apparent over the years. Some of the changes we have proposed are not without controversy, but I believe that they will improve the management of the act.

Mr. Speaker, I want to emphasize that this bill is a part of a process which we began in April when we first held hearings on the Marine Mammal Protection Act. To conform to Budget Act deadlines, we reported out a bill authorizing the act for 1 year and made a commitment to work with those concerned with the act to remedy the problems in the act. I stated then that if a satisfactory solution could be reached, we would extend the authorization for a longer period of time. We have accordingly included authorization for appropriations for fiscal years 1983 and 1984 for the Government agencies having responsibilities under this act.●

OPTIMIST CLUB OF VIENNA

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. WOLF. Mr. Speaker, I would like to bring to the attention of my colleagues the work of the Optimist Club of Vienna. The club has excelled in the purpose set out by the international organization to "develop optimism as a way of life; to promote an active interest in good government and civic affairs; to inspire respect for the law; to promote patriotism and work for international accord and friendship among all people; and to aid and encourage the development of youth."

As a result of their work, they were awarded the George Washington Honor Medal by the Freedom Foundation at Valley Forge on May 21, 1981, in the U.S. Capitol Building. The George Washington Honor Medal recognizes an individual, group, or organization for activities that strengthen our Nation and our understanding of the privileges of citizenship. The foundation is based on a credo of rights and responsibilities, incorporating the freedom principles found in the Declaration of Independence, the Constitution, and the Bill of Rights.

The Vienna Chapter of the Optimist Club, which was founded on June 21, 1955, has since been serving the youth of the Vienna community. The club is known for its generosity in providing time and funds for youth related athletic, educational, and deserving community betterment activities. Funds raised from its many events are used to advance its service projects which include generous donations, "Respect for Law" programs, community "Hotlines," and awards recognizing outstanding performances by young persons in the area. Its record of service is well known throughout the area.

The Vienna Optimist Club is one of nine service clubs to receive the prestigious George Washington Honor Medal and should be commended for its fine work.●

BILL GREEN SUPPORTS U.S. HUMAN RIGHTS POLICY

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. GREEN. Mr. Speaker, 56 of my colleagues and I recently sent a letter to President Reagan asking him to nominate an Assistant Secretary of State for Human Rights and Human Affairs as soon as possible. The original sponsors of this petition were Congressmen FISH, HARKIN, JEFFORDS, OTTINGER, and I.

Our action was prompted by reports that the President might abolish the post. His original nominee, Ernest Lefever, withdrew under heavy criticism for, among other things, not considering human rights as a priority in international affairs. It would be a tragic irony if the strong showing of public support for human rights that followed Mr. Lefever's nomination resulted not in a nominee with stronger human rights credentials, but in the elimination of the entire office devoted to incorporating human rights considerations into our foreign policy. Governments around the world must be assured that human rights concerns will remain an integral component of American diplomacy that transcends a particular President or appointee.

To lessen our concern for human rights will be to ignore our national history and traditional commitment to humanity. Civil liberty is a corner-

stone of our democracy and we must not condone through our silence civil liberties abuses that occur elsewhere. If we abandon our commitment to human rights, we abandon our commitment to the causes of peaceful political dissidents such as the "refuseniks" in the Soviet Union and the clergy in El Salvador.

I would like to take this opportunity to thank all who joined this show of support for a foreign policy that recognizes the importance of human rights, and also ask that our letter be inserted in the RECORD.

The letter follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., June 26, 1981.

President RONALD REAGAN,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: Because of our support for human rights laws and concern for gross violations of human rights around the world, we would like to take this opportunity to encourage you to nominate an Assistant Secretary for Human Rights and Humanitarian Affairs as soon as possible.

We believe that strong advocacy and support for human rights, and condemnation of torture, assassination and terrorism wherever they occur are an integral part of U.S. foreign policy. The Bureau of Human Rights and Humanitarian Affairs was established by the Congress to ensure that human rights issues would be given high priority and visibility in the conduct of our foreign relations.

Among other duties, the Assistant Secretary of State for Human Rights and Humanitarian Affairs prepares the State Department's Human Rights Report and makes recommendations to the Secretary of State regarding compliance with human rights laws. Because of the sensitivity and importance of these and other duties, the Assistant Secretary of State for Human Rights and Humanitarian Affairs must be a credible, effective and even-handed advocate for human rights in every country.

We respectfully urge you to nominate such an advocate to the position of Assistant Secretary for Human Rights and Humanitarian Affairs as soon as possible, and in so doing, signal the rest of the world that human rights considerations continue to be an important factor in U.S. relations with all governments.

Sincerely,

Tom Harkin, William Green, Richard Ottinger, James Jeffords, Hamilton Fish,

Thomas Foglietta, Parren Mitchell, Shirley Chisholm, Peter Rodino, Toby Moffett, Benjamin Rosenthal, Matthew McHugh, Thomas Downey, Frederick Richmond, Joe Moakley, Howard Wolpe, Bob Edgar, Mike Barnes, John LaFalce, Sam Gejdenson,

William Ford, Albert Gore, Don Edwards, Barney Frank, Dennis Eckart, George Miller, Austin Murphy, Jim Weaver, Walter Fauntroy, Claude Pepper, Harold Hollenbeck, Mike Lowry, Paul Simon, James Oberstar, John Seiberling, Martin Frost, Dan Glickman, Ed Markey, William Brodhead, Tom Daschle.

Mickey Leland, George Crockett, Ron Dellums, David Bonior, Tony Hall, Julian Dixon, Bob Kastenmeier, Dale Kildee, John Conyers, Gerry Studds, Bill Gray, Leon Panetta, Doug Walgren, Robert Garcia, Berkley Bedell, William Hughes, Antonio Won Pat.●

WITHDRAWAL OF AMENDMENT

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. McCLOSKEY. Mr. Speaker, I have withdrawn my amendment published in the CONGRESSIONAL RECORD of July 8 to repeal the Vinson-Trammell Act due to an agreement reached today with SAM STRATTON that he will push for repeal of Vinson-Trammell, in conference with the Senate, provided that his language for a standby profit-limitation provision in event of war or national emergency is accepted.

A copy of that language, which I find wholly acceptable although I understand it will be slightly modified to accommodate technical changes, follows:

MODIFICATION OF DEFENSE CONTRACT PROFIT LIMITATION PROVISIONS

SEC. 911. (a)(1) Section 2382 of title 10, United States Code, is amended to read as follows:

"§ 2382. Contract profit controls during emergency periods

"(a)(1) Upon a declaration of war by Congress or a declaration of national emergency by the President or by Congress, the President shall transmit to Congress, within sixty days after the declaration of such war or emergency, such regulations to control excessive profits on defense contracts as he determines are necessary during the period of such war or emergency. Such regulations shall be issued only after consultation with the Secretary of Defense, the Secretary of the Treasury, and the Secretary of Commerce and shall apply to appropriate defense contracts and subcontracts (as determined by the President), and to appropriate major modifications of defense contracts and subcontracts (as determined by the President), that are entered into during such war or emergency.

"(2) Such regulations shall set forth a standard and procedure for determining what constitutes excessive profits and shall establish a threshold for coverage of contracts that will minimize administrative expenses and not impose unfair burdens on small contractors.

"(3) For the purposes of this subsection, excessive profits are profits that, taking into consideration all the circumstances (including the risk of the contractor or subcontractor, the complexity of the contract, and the amount of investment required), are unconscionable or that result in the unjust enrichment of the contractor or subcontractor.

"(b) Regulations transmitted by the President under subsection (a) shall take effect only if neither House of Congress, within thirty days after the date upon which the President transmits the regulations, adopts a resolution stating in substance that it disapproves the regulations.

"(c) Regulations not disapproved by either House of the Congress shall remain in effect for a period of not more than five years after the date on which they take effect unless they are extended by a resolution passed by both Houses of the Congress before the date on which they would expire. Any such extension may not be for a period in excess of one year.

"(d) The United States Court of Claims shall have exclusive jurisdiction over claims arising from actions taken under this section and under regulations prescribed under this section.

"(e) The President shall transmit a report to Congress on the operation of this section at the end of each one-year period during which regulations issued under this section are in effect and at the end of any war or emergency during which such regulations are in effect.".

(2) The item relating to section 2382 in the table of sections at the beginning of chapter 633 of title 10, United States Code, is amended to read as follows:

"2382. Contract profit controls during emergency periods.".

(b)(1) Section 7300 of title 10, United States Code, is repealed.

(2) The table of sections at the beginning of chapter 633 of such title is amended by striking out the item relating to section 7300.●

IMPORTANCE OF COMMUNICATION BETWEEN ARMED FORCES AND DEFENSE INDUSTRY STRESSED

HON. JOHN HILER

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. HILER. Mr. Speaker, on June 30, Gerald C. Meyers, chairman of American Motors Corp., addressed the U.S. Army TACOM Military Vehicle Manufacturing Technology Conference. Mr. Meyers' words reaffirm the commitment of the defense industry to work with the administration and the Congress to build a strong defense posture. I wish to share his comments with my colleagues:

REMARKS BY GERALD C. MEYERS, U.S. ARMY TACOM MILITARY VEHICLE MANUFACTURING TECHNOLOGY CONFERENCE, JUNE 30, 1981

Thank you. It's a pleasure to be here. Since the last conference of this kind as held here in 1978, historic changes have taken place.

One landmark event, of course, was the election of last November. The American people gave their overwhelming approval to a man who spoke repeatedly of the urgent need to strengthen our Armed Forces.

The election of President Reagan signaled a sharp turn in the nation's defense posture. We have left behind, I hope forever, the dangerous illusion that somehow this nation could allow its armed forces to deteriorate while those of our most likely enemies grew stronger at an alarming rate.

Now we have entered an age of realism, an age in which we finally seem to recognize that to be unprepared for war is to invite it.

The Reagan Administration has declared its commitment to rebuild our defense to a level unmatched by any nation.

That urgency was underscored by Secretary of Defense Weinberger in a recent interview with the New York Times.

"We must move very rapidly," he said, "to be ready with what we have, and to bring onto line additional strength right away."

The commitment to a strong defense is equalled by its determination to rebuild our industrial base. This double commitment is new and important. We simply cannot have a strong defense unless our defense industry is strong and vigorous.

AM General, a subsidiary of American Motors Corporation, is the world's largest producer of tactical wheeled vehicles. We are the primary manufacturer of such vehicles for the U.S. Armed Service and other friendly nations. We're very pleased to be awarded the contract to provide the U.S. Army with 11,000 newly designed 5-ton tactical trucks.

Our experience as a supplier of trucks to the U.S. Army dates back to 1940, when we began producing the world-famous Jeep. Since then, we've combined our experience as a mass producer of automobiles with our military design know-how to produce a wide array of tactical wheeled vehicles for military forces throughout the world.

We're proud of our record and we want to play a major role in the design and manufacture of new and better vehicles for the military.

We are an international company also.

We are not limited to the technology of North America, nor are we bound to think of military vehicles in the traditional sense.

As an example, earlier this month we unveiled in Washington a new light armored vehicle called the "Gator." This vehicle was derived from a combat-proven "forward area armored vehicle" manufactured by Renault.

The Gator is an example of our technological capability. Our manufacturing capabilities are already well known to all of you.

This is a critical time for our Armed Forces and the industry which supplies them.

With the election of President Reagan, the American people have voiced their strong approval of a first-rate national defense.

The cost of buildup will be very high—an estimated $1.3 to $1.5 trillion dollars over the next five to seven years.

But as Secretary Weinberger also said, "the money must be found not only to deter Soviet aggression but to defeat it if it comes. We can't build weapons less accurate or less lethal than theirs."

Americans are willing to bear the cost, but they expect the new Armed Forces to be equipped with weapons and vehicles of the highest quality. They are willing to do battle in the nation's defense, but they want our troops to fight with the best equipment.

To do this, we need the closest possible communication between the Armed Forces and the industry. This is why conferences of this kind are essential to the goal of a national defense second to none.

Again, I am pleased to be here. I wish you every success as we work to preserve the nation's freedom.

Thank you.●

DOL REPORT IGNORES REALITY

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. HAWKINS. Mr. Speaker, the administration has reassured critics of its decision to eliminate the public sector employment program of CETA that those newly unemployed workers would be picked up by the private sector. A recent Labor Department study is cheerfully upbeat in the success of its reemployment effort; too cheerful, I feel, if the facts are carefully scrutinized.

DOL REPORT ON PSE CUTS

On June 30, the Department of Labor released an interim report on the reemployment of CETA participants who had lost their jobs as a result of the Administration's elimination of funding for public service employment.

The report cites the achievements of the "Reemployment Effort" implemented by the Department of Labor to place the 131,220 individuals who had been terminated through May 31, 1981. (Approximately 175,000 more PSE participants will lose their jobs by September 30, 1981.) The DOL report gave a cheery assessment of the status of those individuals who had been terminated to date: approximately 64 percent, according to DOL, had been placed either in unsubsidized employment or in training.

While it is most gratifying to learn that many PSE participants have moved smoothly to unsubsidized employment or to training, it would be entirely misleading to assume that substantial hardship will not result from the Administration's abrupt termination of CETA jobs and that the private sector will pick up hundreds of thousands of low skilled workers.

The staff of the Subcommittee on Employment Opportunities has analyzed the Department of Labor's interim report and has contacted a sample of CETA prime sponsors to determine the impact of the PSE cuts in those communities.

The Subcommittee found that the placement rates reported by the Department of Labor are less, in spite of the massive effort by prime sponsors, than the rates experienced under the PSE program in the past—rates which this Administration has criticized roundly and which formed the basis for eliminating the PSE program. According to the Department of Labor's Continuous Longitudinal Manpower Survey findings released in May 1981, 56 percent of past PSE participants were employed at termination and 60 percent were employed 3 months after termination. The findings of the CLMS survey compare with a total placement rate of 43.8 percent in the current "Reemployment Effort". This comparison is not meant as a criticism of the efforts of prime sponsors who have conducted massive jobs campaigns to place the laid-off CETA workers. The reduced placement rates more likely reflect the declining job market, the precipitous rate of CETA job terminations, and the fact that prime sponsors are themselves losing staff to assist in the placement efforts as a result of program cuts.

Only 18 percent of the current PSE workers have been placed in private sector jobs in spite of the Department's assertion that "the jobs are there". The disappointingly low rate of employment in private unsubsidized employment clearly indicates that the private sector cannot be expected to assume the responsibility for training and hiring the hard-core unemployed when Federal funds are drastically cut back.

According to DOL, approximately 33,400 terminees (25 percent) were placed in public employment. These jobs, however, may prove to be fleeting opportunities as more and more local government agencies reduce staff as a result of reductions in public funding for other programs and services.

The Department of Labor reports that 20,721 persons, or 15.8 percent of the CETA terminees, were transferred to other CETA training programs. This finding raises serious concerns: (1) Many of these training slots will be eliminated when the 1982 budget reductions for CETA training are implemented. The Gramm/Latta Budget Reconciliation Bill which passed the House on June 26 would cut funds for CETA training 27 percent from 1981 levels. (2) Even without the pending reductions in training, the transfer of laid-off PSE workers to other CETA programs will simply mean that other potential trainees, also economically disadvantaged and equally in need of employment and training services, will be denied such services. The priority given to placing PSE workers raises a vexing public policy dilemma: should those individuals who have already received some publicly financed assistance through their PSE positions be given blanket priority over those for whom no services have been made available?

Finally, the DOL data are misleading because the "positive termination" figures do not include approximately 43,000 persons who have lost their PSE jobs, but who have been kept on the CETA rolls in order to obtain job counseling or placement assistance. If these terminees are included in the placement calculations, the positive termination record is diminished from 64.6 percent to 48 percent and the job placement rate would be reduced from 43.8 percent to 33 percent.

The Subcommittee staff contacted a number of prime sponsors to determine how their placement rates compared with the DOL national data. Our survey indicates that many communities are experiencing great difficulty in finding jobs or training positions for the PSE terminees:

Los Angeles laid off 4,500 CETA workers as of June 30; 10 percent have been placed in public agencies, 8 percent have been placed in private sector jobs and 40 percent have gone on unemployment.

In Dade County, Florida, 1,290 PSE participants have lost their jobs. Only 1 percent have been placed in private sector jobs, and 37 percent have been hired by the county.

In Philadelphia, 3,200 PSE workers were laid off as of July 7; 35 percent found employment in public agencies while only 151, or less than 5 percent were placed in private sector jobs.

New York City laid off 6,900 PSE participants as of June 30. Of these, 38 percent have been placed in public agencies and only a small number of participants are expected to find jobs in the private sector.

Baltimore laid off 2,833 CETA workers as of the end of June; 28 percent have found unsubsidized employment including only 306 private sector jobs.

These statistics do not support DOL's encouraging account of the Reagan Administration's phaseout of public service employment. Nor do they offer hope that the 175,000 remaining PSE workers will fare any better. On the contrary, the remaining CETA workers will face even tighter job markets as public agencies cut back staff and services to meet budget cuts taking effect in October.

The Reagan Administration has eliminated the only program providing jobs for the

hard-core unemployed and has offered in its place the hope that the private sector can take up the slack. That faith is slim comfort for hundreds of thousands of PSE workers who are now unemployed.●

WILDERNESS AND THE REAL WORLD

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. YOUNG of Alaska. Mr. Speaker, Secretary of the Interior James Watt has been unfairly labeled by the eastern press and the extremists within the environmental movement as an antienvironmentalist since assuming his position within the Reagan administration. The people of Alaska, on the other hand, have overwhelmingly endorsed Secretary Watt as a man with a balanced approach toward the lands he oversees and the people who are affected by his decisions. In the past administration, policies guided by extreme environmentalists threatened to exclude man from being a part of the environment, and at the same time, disregarded the concept of "management" of lands, fish, and wildlife. If we do not manage what we have, we sentence the wildlife and fish populations to starvation and overburdening of the lands, and we sentence our forests to the ravages of natural disaster and overgrowth which eventually destroy the integrity of those forests.

Secretary Watt has proven himself to be a man of vision, who understands the proper management of our vast natural resource holdings, and is willing, despite the protests of those who willingly follow the self-serving statements of the Sierra Club, to use his office to properly manage the public lands for its natural beauty as well as for the people who care to enjoy such beauty with their families, in accessible and well-managed parks. These people's disregard for good management is evidenced by the way in which they raise a hue and cry when he talks about taking care of what parks we already have, instead of using our limited dollars to accumulate vast amounts of new lands at the expense of our rundown parks.

Despite the bad press I have mentioned, I believe that things will change for Secretary Watt. I believe that those who feel that man has no place in the environment will soon be drowned out by those who will come to recognize that Secretary Watt is a reasonable man who seeks only to make sure that we take care of what we have, while following a cautious policy of legal development of those resources so critical to our industrial economy. I believe that the tide will turn—indeed, that it is beginning to turn. In the July 8, 1981, edition of the Washington Star, an article appeared which I believe my colleagues would do well to read, in the face of all the negative rhetoric generated by those groups who have seized upon Secretary Watt as a means to fatten their membership dues coffers. Written by Alan Fitzsimmons, associate professor of geography and chairman of the environmental studies program at George Washington University, it is a level-headed look at what our public land policy laws suggest in light of the hooplah surrounding Secretary Watt's actions. Such a fine article by such a distinguished academician within the field of environmental studies is encouraging for those of us who support and cheer the policies of Secretary Watt.

WILDERNESS AND THE REAL WORLD

(By Allan Fitzsimmons)

I recently received a letter from the Sierra Club advocating the replacement of Secretary of the Interior James Watt. Accompanying the letter was a petition to the Congress and a listing of the objectionable positions taken of Mr. Watt. Heading the list was his intent to allow oil and gas exploration in wilderness and wildlife refuge areas.

Wilderness advocates are motivated by the pursuit of an ideal relationship between man and nature. In a perfect world, mankind would have no impact on the natural environment. For many activists, the ideal is irrevocably intertwined with spiritual and religious values. Mankind is viewed as a despoiler of nature—we are profane while nature is profound. The ideal and its sacredness provide a core of beliefs around which many rally and organize.

AVOIDING HUMAN INTRUSION

The Wilderness Act in 1964 enabled statutory protection to be given to lands demonstrating little human impact. Such lands are the embodiment of the ideal. For the wilderness advocates they have become sacred space and in need of protection from those who would vandalize them. In this case the vandals are those who would explore for minerals, cut timber, or build roads and summer cottages. Each of these activities affects the environment and so is a retreat from the ideal.

The establishment of the National Wilderness Preservation System allowed some of the advocates' energies to be turned to the pursuit of the ideal on other fronts. In recent years they have become involved in onshore and offshore petroleum and natural gas decisions; surface mining procedures; national forest management activities, and many others. Their purpose always has been to try to move policies and actions toward fulfillment of their goal of trying to minimize human impact on the environment.

Whereas movement in this general direction has attracted widespread support, there is, on the other hand, concern about how much movement is prudent—about the costs and benefits involved in the resource use-environmental protection tradeoffs inherent in the wilderness advocates' positions.

The assessment of the wide variety of costs and benefits associated with particular policy decisions is a major difficulty in the current natural resource debate. Many of the costs and benefits are intangible and defy even crude quantification, whereas others can be estimated with more precision.

Many of the intangibles are closely associated with the beliefs and values of the wilderness advocates. They have succeeded in turning the vagueness surrounding the benefits of their espoused positions to their advantage. While using the more quantifiable benefits of their policy opponents against those same opponents.

ONLY 6 MONTHS' SUPPLY

For example: From the advocates' perspective, it is relatively easy to construct an argument around the need to protect a wilderness from petroleum exploration. They cite the spiritual benefits of an untouched area, stressing such secular benefits as genepool preserves, maintenance of living laboratories, and the provision of certain recreational opportunities. At the same time they point out that the upper limit of potentially recoverable petroleum is, say, only a six-month supply for the United States. They then argue that the benefits of such a limited supply are not worth the irrevocable costs associated with introducing human activity of this kind into a sacred (wilderness) area. This line of argumentation has been extended to nonwilderness areas, as witnessed by the current northern California offshore leasing controversy.

The costs of such arguments can be high. In the case of petroleum there is widespread agreement that most new and future domestic discoveries can be characterized in terms of so many weeks' or month's worth of our total petroleum requirement. Furthermore, most such discoveries will occur in or near areas that wilderness advocates deem worthy of special protection. Should the don't - develop - it - because - it's - only - a - few-weeks'-worth-of-petroleum argument prevail, the Nation's petroleum producing future could be significantly altered.

It must be determined if the benefits of the purists' positions are real or illusory, and, if real, what is the least overall societal cost path to obtain them. For example, is statutory wilderness really necessary for society to gain such secular benefits as genepool preservation and living laboratories, as the wilderness advocates insist? Or can they also accrue in carefully managed multipurpose lands, without incurring the costs of foregone mineral production associated with statutory wilderness areas? Are the spiritual benefits of wilderness real? If so, for whom, and can they also be obtained in the national parks or national forests?

This is not to suggest that the benefits which the wilderness advocates attach to their policy positions are without merit or that they should be dismissed offhand. It is to suggest that perhaps policies other than those of the wilderness advocates can secure for the country many of the benefits of their positions without some of the attendant costs. It is to suggest that perhaps a better balance can be struck between use and preservation.

I will not be signing the Sierra Club petition.●

ACCIDENT OR INCIDENT: THE NEED TO INVESTIGATE A MYSTERIOUS DEATH IN TAIWAN

HON. JIM LEACH
OF IOWA
IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. LEACH of Iowa. Mr. Speaker, I would like to bring to the attention of the House the story of Dr. Chen Wencheng, an assistant professor in the Department of Statistics at Carnegie-Mellon University in Pittsburgh. A Taiwanese living as a permanent resident here in the United States, Dr. Chen, returned to Taipei with his wife and his 1-year-old son for a 6-week vacation upon conclusion of the spring semester this year. The family planned to return to the United States this week so that Dr. Chen could pursue a research project at Carnegie-Mellon, but it will not be coming back. Dr. Chen was found dead last Friday morning on the campus of National Taiwan University in Taipei.

The Taiwan Government has stated that preliminary evidence indicates that Dr. Chen might have taken his own life, but murky circumstances surrounding his death make this conclusion highly doubtful.

Dr. Chen had a reputation as a competent, devoted, and popular teacher, highly regarded by colleagues and students alike. Shortly before he left the United States for his visit to Taiwan he was notified of his reappointment for a second 3-year term as assistant professor at Carnegie-Mellon. A faculty colleague told my office that Dr. Chen was "extremely pleased" with his reappointment and that he was a "stable teacher who never showed any of the personality traits that even under the worst of circumstances would lead to the taking of his own life." He was apparently a very determined, dedicated young man who loved life.

Certain facts about Dr. Chen's death have been established. He was called in for a 13-hour interrogation at the Taiwan Garrison Command on the day of his death. After conclusion of what must have been a very traumatic confrontation with security forces who arbitrarily detained him under the authority of the martial law that has been maintained for 32 years on the island, Chen was reportedly taken to his father-in-law's home, where he and his family were staying, at about 9:30 p.m., and was seen there by some as yet unidentified witnesses. According to one report from Taipei, he then went to the home of a good friend, in whom he confided that he feared he was going to be put in prison for what the Taiwan Garrison Command called anti-Government activities here in the United States. He is said to have asked his friend to take care of his family in the event of his arrest. This declaration is in stark contrast to Government reports that the interrogation at the Taiwan Garrison Command was conducted in a friendly and cordial atmosphere.

Dr. Chen's friend reportedly later observed that Dr. Chen did not say anything or behave in any manner which would indicate that he was contemplating suicide.

The rest of the story is even less clear. Coroners' reports so far show only that Dr. Chen died of injuries sustained in a fall from the fourth-story fire escape or balcony under which he was found dead the next morning. Whether he jumped, fell, or was pushed—or was dead before the fall—is not known. That Dr. Chen would go to the deserted campus in the middle of the night in the first place has struck close observers as odd.

Many more questions about this case remain and I have indicated to Dr. Tsai Wei-ping, director of the Washington office of the Coordination Council for North American Affairs, my concern that this tragic incident be thoroughly investigated and that the results of the investigation be made public as soon as possible.

Hopefully, the investigation will yield better results than another about which many Americans concerned for the future of Taiwan remain deeply alarmed. Just 16 months ago, the mother and twin daughters of Taiwan legislator Lin Yi-hsiung were massacred in their home while Lin was under detention by martial law authorities who accused him of seditious activity related to the December 1979 Kaohsiung incident. Many questions about the murders of the family of one of Taiwan's most respected young legislators, whom I have been privileged to come to know personally, remain unanswered to this day, but it would appear that the investigation has been abandoned.

In the case of Dr. Chen, there is a need to know not only who might have played a role in his death and why, but also a need to probe other aspects of the Taiwan Government's treatment of its critics. How extensive is the Taiwan Government's network of informants here in the United States? Does the Government keep files on every person who participates in anti-Government groups or demonstrations? Why would the Taiwan Garrison Command consider Dr. Chen, whose views were clear but whose activism was limited, a dangerous influence in our country? How many Taiwanese faculty and students, in American universities are afraid to return to their homeland, lest they be subjected to interrogation at the Taiwan Garrison Command? Will their activities in America be limited by fear of later reprisal?

Most of all, why does the Taiwanese Government feel compelled to maintain martial law with rights of arbitary arrest and detention when few on the island continue to believe in the possibility of military reconquest of the mainland? Is it not time for the Government to consider widening democratic participation on the island to give a fairer political voice to the native Taiwanese, who by at least a 6-to-1 margin outnumber the Chinese who fled the mainland in the late 1940's?

The answers to these questions may provide the only reasonable basis for understanding Dr. Chen's death and the predicament of other Taiwanese living and working here in the United States.

Mr. Speaker, Dr. Chen Wen-cheng was a permanent resident of the United States whose son is an American citizen. The United States has an important interest in this unfortunate case not only because of our obligations to the Chen family but more importantly because of the implications of the governmental policies in Taiwan that may have caused or contributed to Dr. Chen's death.●

ANDREI SAKHAROV ON THE SOCIAL RESPONSIBILITY OF SCIENTISTS

HON. GEORGE E. BROWN, JR.
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES

Thursday, July 9, 1981

● Mr. BROWN of California. Mr. Speaker, at a time of escalating global tensions and a dramatic increase in the nuclear arms race, it seems rare to hear a voice of calm reason. One such voice, which is all the more unique because it belongs to the father of the Soviet hydrogen bomb and a recipient of the 1975 Nobel Peace Prize, is that of Dr. Andrei Sakharov.

Andrei Sakharov, who lives under house arrest in Gorky, has under great duress continued to write and speak out on human rights and the responsibilities of educated citizens. As a scientist, Dr. Sakharov has especially addressed his colleagues in the global scientific community on their responsibilities. In reading his words, I find that people in every land could benefit from them, and urge my colleagues to review the following essay:

[From Physics Today, June 1981]

THE SOCIAL RESPONSIBILITY OF SCIENTISTS

(By Andrei Sakharov)

Because of the international nature of our profession, scientists form the one real worldwide community which exists today. There is no doubt about this with respect to the substance of science: Schrodinger's equation and the formula $E=mc^2$ are equally valid on all continents. But the integra-

tion of the scientific community has inevitably progressed beyond narrow professional interests and now embraces a broad range of universal issues, including ethical questions. And I believe this trend should and will continue.

Scientists, engineers and other specialists derive from their professional knowledge and the advantages of their occupations a broad and deep understanding of the potential benefits—but also the risks—entailed in the application of science and technology. They also develop an awareness of the positive and negative tendencies of progress generally, and its possible consequences.

Colossal opportunities exist for the application of recent advances in physics, chemistry amd biochemistry; technology and engineering; computer science; medicine and genetics; physiology and hygiene; microbiology (including industrial microbiology); industrial and agricultural management techniques; psychology; and other exact and social sciences. And we can anticipate more achievements to come. We all share the responsibility to work for the full realization of the results of scientific research in a world where most people's lives have become more difficult, where so many are threatened by hunger, premature illness and untimely death.

But scientists and scholars cannot fail to think about the dangers stemming from uncontrolled progress, form unregulated industrial development and especially from military applications of scientific achievements. There has been public discussion of topics related to scientific progress: nuclear power; the population explosion; genetic engineering; regulation of industry to protect the environment; protection of air quality, of flora and fauna, and of rivers lakes, seas and oceans; the impact of mass media. Unfortunately, despite the urgent and serious nature of the issues at stake, such discussions are often uninformed, prejudiced or politicized, and sometimes simply dishonest. Experts, therefore, are under an obligation to subject these problems to unbiased and searching examination, making all socially significant information available to the public in direct, first-hand form, and not just in filtered versions. The discussion of nuclear power, a subject of prime importance, is an instructive example. I have expressed elsewhere my opinion that the dangers of nuclear power have been exaggerated in the West, and that such distortion is harmful.

With some important exceptions (primarily affecting totalitarian countries), scientists are not only better informed than the average person, but also strive for and enjoy more independence and freedom. Freedom, however, always entails responsibility. Scientists and other experts already influence or have the capacity to influence public opinion and their governments. (That influence should not be exaggerated, but it is substantial.) My view of the situation of scientists in the contemporary world has convinced me that they have special professional and social responsibilities. It is often difficult to separate one from the other—the communication of information, the popularization of scientific knowledge, and the publication of endorsements or warnings are examples of activities with both professional and social aspects.

Similar complications arise when scientists become involved in questions of disarmament: in developing strategy for or participating in international negotiations; in advancing proposals or issuing appeals to governments or to the public; and in alerting them to dangers. Disarmament is a separate, critically important issue which requires a profound, thorough and scientifically daring approach. I realize that a more detailed treatment is needed, but now I will simply outline a few ideas. I consider disarmament necessary and possible only on the basis of strategic parity. Additional agreements covering all kinds of weapons of mass destruction are needed. After strategic parity in conventional arms has been achieved, a parity which takes account of all the political, psychological and geographical factors involved, and if totalitarian expansion is brought to an end, then agreements should be reached prohibiting the first use of nuclear weapons, and later, banning such weapons.

Another subject closely connected to questions of peace, trust and understanding among countries is the international defense of human rights. Freedom of opinion, freedom to exchange information and freedom of movement are necessary for true accountability of the authorities which in turn prevents abuses of power in domestic and international matters. I believe that such accountability would make impossible tragic mistakes such as the Soviet invasion of Afghanistan and would inhibit manifestations of an expansionist foreign policy and acts of internal repression.

The unrestricted sale of newspapers, magazines and books published abroad would be a major step toward effective freedom of information in totalitarian countries. Perhaps even more significant would be the abolition of censorship, which should concern first of all the scientists and intelligentsia of totalitarian countries. It is important to demand a halt to the jamming of foreign broadcasts that deprives millions of access to the uncensored information needed to form an independent judgment of events. (Jamming was resumed in the USSR in August 1980 after a seven year interval.)

I am convinced that support of Amnesty International's call for a general, worldwide amnesty for prisoners of conscience is of special importance. The political amnesties proclaimed by a number of countries in recent years have helped to improve the atmosphere. An amnesty for prisoners of conscience in the USSR, in Eastern Europe, and in all other countries where political prisoners or prisoners of conscience are detained would not only be of major humanitarian significance but could also enhance international confidence and security.

The worldwide character of the scientific community assumes particular importance when dealing with such problems. By its international defense of persecuted scientists and of all persons whose rights have been violated, the scientific community confirms its international mandate, which is so essential for successful scientific work and for service to society.

Western scientists are familiar with the names of many Soviet colleagues who have been subjected to unlawful repressions. (I shall confine my discussion to the Soviet Union since I am better informed about it, but serious human rights violations occur in other countries including Eastern European countries.) The individuals I mention have neither advocated nor used violence since they consider publicity the only acceptable, effective and non-pernicious way of defending human rights. Thus, they are all prisoners of conscience as defined by Amnesty International. Their stories have much else in common. Their trials were conducted in flagrant violation of statutory procedures and in defiance of elementary common sense. My friend Sergei Kovalev was convicted in 1975 in the absence of the defendant and counsel, that is, with no possibility whatsoever for a defense. He was sentenced to seven years labor camp and three years internal exile for anti-Soviet agitation and propaganda allegedly contained in the samizdat news magazine, A Chronicle of Current Events, but there was no examination of the substance of the charge.

Comparable breaches of law marked the trials of Yury Orlov, the founder of the Moscow Helsinki Group, and of other members of the Helsinki Groups and associated committees: Victor Nekipelov, Leonard Ternovsky, Mykola Rudenko, Alexander Podrabinek (and his brother Kirill), Gleb Yakunin, Vladimir Slepak, Malva Landa, Robert Nazarian, Eduard Arutyunian Vyacheslav Bakhim, Oles Berdnik, Oksana Meshko, Mykola Matusevich and his wife, and Miroslav Marinovich. Tatiana Osipova, Irina Grivnina and Felix Serebrov have been imprisoned pending trial. (On 2 April, Osipova was sentenced to five years labor camp and five years internal exile) Yury Olov's lawyer missed part of the trial proceedings when he was locked up forcibly in chambers adjoining the courtroom. Orlov's wife was frisked in a crude way and her clothing ripped during a search for written notes or a tape recorder, all from fear that the court's grotesque secrets might be revealed.

In the labor camps, prisoners of conscience suffer cruel treatment: arbitrary confinement in punishment cells, torture by cold and hunger, infrequent family visits subject to capricious cancellation, and similar restrictions on correspondence.

The political prisoners share all the rigors of the Soviet penal regimen for common criminals while suffering the added strain of pressure to "embark on the path of reform," that is, to renounce their beliefs. I would like to remind you that not once has any international organization, such as the Red Cross or a lawyer's association, been able to visit Soviet labor camps.

Political prisoners are often rearrested, and monstrous sentences imposed. Ornithologist Mart Niklus, poet Vasily Stus, physics teacher Oleksei Tikhy, lawyer Levko Lukyanenko, philologist Viktoras Petkus and Balys Gajauskas have all received sentences of ten years labor camp and five years internal exile as recidivists. A new trial is expected for Paruir Airikian, who is still in labor camp. Within the last few days I have been shocked by the fifth (!) arrest of my friend Anatoly Marchenko, a worker and author of two talented and important books: My Testimony and From Tarusa to Siberia. Imprisoned religious believers include Rostislav Galetsky, Bishop Nikolai Goretoi, Alexander Ogorodnikov, and Boris Perchatkin. Imprisoned workers include Yury Grimm and Mikhail Kubobaka. Alexei Murzhenko and Yury Fedorov are still imprisoned. I shall name only a few scientists deprived of their freedom; many others could be added to the list: Anatoly Shcharansky, the young computer scientist now famous around the world; mathematicians Tatiana Velikanova, Alexander Lavut, Alexander Bolonkin and Vazif Meilanov; computer scientist Victor Brailovsky; economist Ida Nudel; engineers Reshat Dzhemilev and Antanas Terleckas; physicists Rolan Kadiyev, Iosif Zisels and Iosif Dyadkin; chemists Valery Abramkin and Juri Kukk; philologists Igor Ogurtsov and Mustafa

Dzhemilev; and Vladimir Balakhonov. (I have only recently received word of the tragic death of Juri Kukk in a labor camp.)

A common violation of human rights, and one which especially affects scientists, is denial of permission to emigrate. The names of many "refuseniks" are known to the West.

I was banished without a trial to Gorky more than a year ago and placed under a regimen of almost total isolation. A few days ago the KGB stole my manuscripts and notebooks which contained extracts from scientific books and journals. This is a new attempt to deprive me of any opportunity for intellectual activity, even in my solitude, and to rob me of my memory. For more than three years Elizaveta Alexeyeva, my son's fiancee, has been arbitrarily prevented from leaving the Soviet Union. I have mentioned my own situation because of the absence of any legal basis for the actions taken and because the detention of Elizaveta is undisguised blackmail directed against me. She is a hostage of the state.

I appeal to scientists everywhere to defend those who have been repressed. I believe that to protect innocent persons it is permissible and, in many cases, necessary to adopt extraordinary measures such as an interruption of scientific contacts or other types of boycotts. I urge the use, as well, of all the possibilities of publicity and of diplomacy. In addressing the Soviet leaders, it is important to take into account that they do not know about—and probably do not want to know about—most letters and appeals directed to them. Therefore, personal interventions by Western officials who meet with their Soviet counterparts have particular significance. Western scientists should use their influence to press for such interventions.

I hope that carefully thought out and organized actions in defense of victims of repression will ease their lot and add strength, authority and energy to the international scientific community.

I have titled this letter "The Responsibility of Scientists." Tatiana Velikanova, Yury Orlov, Sergei Kovalev and many others have decided this question for themselves by taking the path of active, self-sacrificing struggle for a human rights and for an open society. Their sacrifices are enormous, but they are not in vain. These individuals are improving the ethical image of our world.

Many of their colleagues who live in totalitarian countries but who have not found within themselves the strength for such struggle, do try to fulfill honestly their professional responsibilities. It is, in fact, essential to work at one's profession. But has not the time come for those scientists, who often exhibit their perception and nonconformity when with close friends, to demonstrate their sense of responsibility in some fashion which has more social significance, and to take a more public stand, at least on issues such as the defense of their persecuted colleagues and control over the faithful execution of domestic laws and the performance of international obligations. Every true scientist should undoubtedly muster sufficient courage and integrity to resist the temptation and the habit of conformity. Unfortunately, we are familiar with too many counter-examples in the Soviet Union, sometimes using the excuse of protecting one's laboratory or institute (usually just a pretext), sometimes for the sake of one's career, sometimes for the sake of foreign travel (a major lure in a closed country such as ours). And was it not shameful for Yury Orlov's colleagues to expel him secretly from the Armenian Academy of Sciences while other colleagues in the USSR Academy of Sciences shut their eyes to the expulsion and also to his physical condition? (He is close to death.) Many active and passive accomplices in such affairs may themselves someday attract the growing appetite of Moloch. Nothing good can come of this. Better to avert it.

Western scientists face no threat of prison or labor camp for public stands; they cannot be bribed by an offer of foreign travel to forsake such activity. But this in no way diminishes their responsibility. Some Western intellectuals warn against social involvement as a form of politics. But I am not speaking about a struggle for power. This is not politics. It is a struggle to preserve peace and those ethical values which have been developed as our civilization evolved. By their example and by their fate, prisoners of conscience affirm that the defense of justice, the international defense of individual victims of violence, the defense of mankind's lasting interests are the responsibility of every scientist.

AN AUTOBIOGRAPHICAL NOTE

I was born on 21 May 1921, in Moscow. My father was a well-known physics teacher and the author of textbooks and popular science books. My childhood was spent in a large communal apartment where most rooms were occupied by our relatives with only a few outsiders mixed in. Our home preserved the traditional atmosphere of a numerous and close family—respect for hard work and ability, mutual aid, love for literature and science. My father played the piano well; his favorites where Chopin, Grieg, Beethoven and Scriabin. During the Civil War he earned a living by playing the piano in a silent movie theatre. I recall with particular fondness Maria Petrovna, my grandmother and the soul of our family, who died before World War II at the age of 79. Family influences were especially strong in my case because I received my early schooling at home and then had difficulty relating to my own age group.

After graduating from high school with honors in 1938, I enrolled in the Physics Department of Moscow University. When war began, our classes were evacuated to Ashkhabad, where I graduated with honors in 1942. That summer I was assigned work for several weeks in Kovrov, and then I was employed on a logging operation in a remote settlement near Melekess. My first vivid impression of the life of workers and peasants dates from that difficult summer of 1942. In September I was sent to a large arms factory on the Volga, where I worked as an engineer until 1945.

I developed several inventions to improve inspection procedures at that factory. (In my university years I did not manage to engage in original scientific work.) While still at the factory in 1944, I wrote several articles on theoretical physics which I sent to Moscow for review. Those first articles have never been published, but they gave me the confidence in my powers which is essential for a scientist.

In 1945 I became a graduate student at the Lebedev Institute of Physics. My advisor, the outstanding theoretical physicist, Igor Tamm, who later became a member of the Academy of Sciences and a Nobel laureate, greatly influenced my career. In 1948 I was included in Tamm's research group which developed a thermonuclear weapon. I spent the next twenty years continuously working in conditions of extraordinary tension and secrecy, at first in Moscow and then in a special research center. We were all convinced of the vital importance of our work for establishing a worldwide military equilibrium, and we were attracted by its scope.

In 1950 I collaborated with Igor Tamm in some of the first research on controlled thermonuclear reactions. We proposed principles for the magnetic thermal isolation of plasmas. I also suggested as an immediate technical objective the use of a thermonuclear reactor to produce fissionable materials as fuel for atomic power plants. Research on controlled thermonuclear reactions is now receiving priority elsewhere. The Tokamak system, which is under intensive study in many countries, is most closely related to our early ideas.

In 1952 I initiated experimental work on magnetic-explosive generators (devices to transform the energy of a chemical or nuclear explosion into the energy of a magnetic field). A record magnetic field of 25 megagauss was achieved during these experiments in 1964.

In 1953 I was elected a member of the USSR Academy of Sciences.

My social and political views underwent a major evolution over the fifteen years from 1953 to 1968. In particular, my role in the development of thermonuclear weapons from 1953 to 1962 and in the preparation and execution of thermonuclear tests, led to an increased awareness of the moral problems engendered by such activities. In the late 1950s I began a campaign to halt or to limit the testing of nuclear weapons. This brought me into conflict first with Nikita Khrushchev in 1961, and then with the Minister of Medium Machine Building, Efim Slavsky, in 1962. (This is the Ministry responsible for nuclear weapons and industry in the USSR.) I helped to promote the 1963 Moscow Treaty Banning Nuclear Weapon Tests in the Atmosphere, in Outer Space and Under Water. From 1964 when I spoke out on problems of biology (at the Academy of Sciences, during a debate on the election of one of Trofim Lysenko's associates), and especially from 1967, I have been interested in an ever-expanding circle of questions. In 1967 I joined the Committee for Lake Baikal, which was organized to protect one of the purest lakes in the world from industrial pollution. My first appeals for victims of repression date from 1966–67.

The time came in 1968 for the more detailed, public and candid statement of my views contained in the essay "Progress Coexistence and Intellectual Freedom." These same ideas were echoed seven years late in the title of my Nobel lecture: "Peace, Progress and Human Rights." I consider the themes of fundamental importance and closely interconnected. My 1968 essay was a turning point in my life. It quickly gained world-wide publicity. (It was published in English by The New York Times.) The Soviet press was silent for some time and then began to refer to the essay very negatively. Many critics, even sympathetic ones, considered my ideas naive and impractical. But thirteen years later, it seems to me that these ideas foreshadowed important new directions in World and Soviet politics.

After 1970, the defense of human rights and of victims of political repression became my first concern. My collaboration with physicists Valery Chalidze and Andrei Tverdokhlebov, and later with the mathematician Igor Shafarevich and geophysicist Grigory Podyapolsky, on the Moscow Human Rights Committee was one expression of

that concern. (Podyapolsky's untimely death in March 1976 was a tragedy.)

After my essay was published abroad in July 1968, I was barred from secret work and excommunicated from many privileges of the Soviet establishment. The pressure on me, my family and friends increased in 1972, but as I came to learn more about the spreading repressions, I felt obliged to speak out in defense of some victim almost daily. In recent years I have continued to speak out as well on peace and disarmament, on freedom of contracts, movement, information and opinion, against capital punishment, on protection of the environment, and on nuclear power plants.

In 1975 I was awarded the Nobel Peace Prize. This was a great honor for me as well as recognition for the entire human rights movement in the USSR. In January 1980 I was deprived of all my official Soviet awards (the order of Lenin, three times Hero of Socialist Labor, the Lenin Prize, the State Prize) and banished to Gorky where I am virtually isolated and watched day and night by a policeman at my door. The regime's action lacks any legal basis. It is one more example of the intensified political repression gripping our country in recent years.

Since the summer of 1969 I have been a senior scientist at the Academy of Sciences' Institute of Physics. My current scientific interests are elementary particles, gravitation and cosmology.

I am not a professional politican. Perhaps that is why I am always bothered by questions concering the usefulness and eventual results of my actions. I am inclined to believe that moral criteria together with uninhibited thought provide the only possible compass for these complex and contradictory problems. I shall refrain from specific predictions, but today as always I believe in the power of reason and the human spirit.●

HOUSE OF REPRESENTATIVES—*Friday, July 10, 1981*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

O Lord God, may the promise and blessing of this day be apparent in our words and deeds, and may the opportunities for all that is right and true be manifest among us. We pray that the evil of our world and the bitter tensions of our times will not keep us from doing what we can for justice and for peace. Touch our common experience, O God, with the healing love of Your presence that we will not only be hearers of Your word, but doers of Your will. Lead us ever in the way of truth and eternal life, this day and every day. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. ASHBROOK. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 345, nays 11, answered "present" 1, not voting 75, as follows:

[Roll No. 122]

YEAS—345

Addabbo	Benjamin	Brown (CA)
Akaka	Bennett	Brown (CO)
Albosta	Bereuter	Brown (OH)
Alexander	Bethune	Broyhill
Anderson	Bevill	Burgener
Annunzio	Biaggi	Burton, John
Archer	Bingham	Burton, Phillip
Ashbrook	Bliley	Campbell
Aspin	Boggs	Carman
AuCoin	Boland	Carney
Badham	Bonior	Chappell
Bafalis	Bonker	Chappie
Bailey (MO)	Bouquard	Cheney
Bailey (PA)	Bowen	Clausen
Barnes	Brinkley	Clinger
Beard	Brodhead	Coats
Bedell	Brooks	Coelho
Beilenson	Broomfield	Collins (IL)
Collins (TX)	Hawkins	Morrison
Conable	Heckler	Murtha
Conte	Hefner	Myers
Conyers	Heftel	Napier
Corcoran	Hertel	Natcher
Coughlin	Hightower	Neal
Courter	Hiler	Nelligan
Coyne, William	Hillis	Nichols
Craig	Holland	Nowak
Crane, Daniel	Hopkins	O'Brien
D'Amours	Horton	Oakar
Daniel, Dan	Hoyer	Oberstar
Daniel, R. W.	Hubbard	Obey
Danielson	Huckaby	Panetta
Dannemeyer	Hughes	Parris
Daschle	Hunter	Pashayan
Daub	Hutto	Patman
de la Garza	Hyde	Patterson
Deckard	Ireland	Paul
Dellums	Jacobs	Pease
Dicks	Jeffords	Pepper
Donnelly	Jeffries	Perkins
Dorgan	Jenkins	Petri
Dowdy	Jones (OK)	Peyser
Downey	Jones (TN)	Pickle
Dreier	Kastenmeier	Porter
Duncan	Kazen	Price
Dunn	Kemp	Pritchard
Dwyer	Kildee	Pursell
Dymally	Kindness	Rahall
Dyson	Kogovsek	Railsback
Eckart	Kramer	Rangel
Edgar	LaFalce	Ratchford
Edwards (AL)	Lagomarsino	Regula
Edwards (CA)	Lantos	Reuss
Edwards (OK)	Leath	Rhodes
Emerson	LeBoutillier	Rinaldo
Emery	Lee	Ritter
English	Lehman	Roberts (KS)
Erdahl	Leland	Roberts (SD)
Erlenborn	Lent	Robinson
Ertel	Levitas	Rodino
Evans (DE)	Lewis	Roe
Evans (GA)	Livingston	Roemer
Fary	Loeffler	Rogers
Fascell	Long (LA)	Rosenthal
Fazio	Long (MD)	Rostenkowski
Fenwick	Lott	Roukema
Ferraro	Lowery (CA)	Rousselot
Fiedler	Lowry (WA)	Roybal
Fields	Lujan	Russo
Findley	Luken	Santini
Fish	Lundine	Sawyer
Foley	Lungren	Schneider
Ford (MI)	Madigan	Schulze
Ford (TN)	Markey	Sensenbrenner
Fountain	Marks	Shamansky
Fowler	Marriott	Shannon
Frost	Martin (IL)	Sharp
Garcia	Martin (NC)	Shaw
Gaydos	Martin (NY)	Shelby
Gejdenson	Matsui	Shumway
Gephardt	Mattox	Shuster
Gibbons	Mavroules	Simon
Gilman	McClory	Skeen
Gingrich	McCollum	Skelton
Glickman	McCurdy	Smith (AL)
Gonzalez	McDade	Smith (IA)
Gore	McDonald	Smith (NE)
Gradison	McEwen	Smith (NJ)
Gray	McGrath	Smith (OR)
Green	McKinney	Snowe
Gregg	Mica	Snyder
Grisham	Michel	Solarz
Guarini	Mikulski	Solomon
Gunderson	Miller (OH)	Spence
Hagedorn	Mineta	St Germain
Hall (OH)	Minish	Stangeland
Hall, Ralph	Mitchell (NY)	Stanton
Hall, Sam	Moakley	Stark
Hamilton	Molinari	Staton
Hammerschmidt	Mollohan	Stenholm
Hance	Montgomery	Stratton
Hartnett	Moore	Studds
Hatcher	Moorhead	Stump
Swift	Watkins	Winn
Synar	Waxman	Wolf
Tauke	Weber (MN)	Wolpe
Tauzin	Weber (OH)	Wortley
Taylor	Weiss	Wright
Thomas	White	Wylie
Traxler	Whitehurst	Yates
Udall	Whittaker	Yatron
Vento	Whitten	Young (FL)
Volkmer	Williams (MT)	Young (MO)
Walgren	Williams (OH)	Zablocki
Wampler	Wilson	Zeferetti

NAYS—11

Derwinski	Goodling	Schroeder
Dickinson	Johnston	Walker
Evans (IA)	Mitchell (MD)	Weaver
Forsythe	Sabo	

ANSWERED "PRESENT"—1

Ottinger

NOT VOTING—75

Andrews	Dougherty	McCloskey
Anthony	Early	McHugh
Applegate	Evans (IN)	Miller (CA)
Atkinson	Fithian	Moffett
Barnard	Flippo	Mottl
Benedict	Florio	Murphy
Blanchard	Foglietta	Nelson
Bolling	Frank	Quillen
Boner	Frenzel	Richmond
Breaux	Fuqua	Rose
Butler	Ginn	Roth
Byron	Goldwater	Rudd
Chisholm	Gramm	Savage
Clay	Hansen (ID)	Scheuer
Coleman	Hansen (UT)	Schumer
Cotter	Harkin	Seiberling
Coyne, James	Hendon	Siljander
Crane, Philip	Hollenbeck	Stokes
Crockett	Holt	Trible
Davis	Howard	Vander Jagt
DeNardis	Jones (NC)	Washington
Derrick	Latta	Whitley
Dingell	Leach	Wirth
Dixon	Marlenee	Wyden
Dornan	Mazzoli	Young (AK)

□ 1015

So the Journal was approved.

The result of the vote was announced as above recorded.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate disagrees to the amendments of the House to the bill (S. 694) entitled "An act to authorize supplemental appropriations for fiscal year 1981 for the Armed Forces for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, and for research, development, test, and evaluation, to increase the authorized personnel end strengths for military and civilian personnel of the Department of Defense for such fiscal year, to authorize supplemental appropriations for such fiscal year for construction at certain military installations, and for other purposes," and agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr.

TOWER, Mr. THURMOND, Mr. GOLDWATER, Mr. WARNER, Mr. HUMPHREY, Mr. COHEN, Mr. JEPSEN, Mr. QUAYLE, Mr. DENTON, Mr. STENNIS, Mr. JACKSON, Mr. CANNON, Mr. HARRY F. BYRD, JR., Mr. NUNN, Mr. HART, Mr. EXON, and Mr. LEVIN be the conferees on the part of the Senate.

CONCEPTION AND MURDER

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEYSER. Mr. Speaker, yesterday a subcommittee in the Senate, affectionately known as the "other body," reached the decision that human life starts at the moment of conception. It this thought were to become law, a woman and her doctor could be charged with murder if the woman had an abortion. This action could also bar the use of the birth control pill and other contraceptive devices that are believed to act after conception.

I wonder if Senator EAST would like to have women who have miscarriages appear before a grand jury for potential indictment?

I am also quite disturbed that Senator EAST said, "The Congress finds that human life begins at conception."

Mr. Speaker, the public generally thinks of the House of Representatives as the Congress. For the record, I want to make it clear that the House of Representatives has not as yet, and I hope never will, reach this level of absurdity.

SOCIAL SECURITY SYSTEM NOT GOING BANKRUPT

(Ms. FERRARO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. FERRARO. Mr. Speaker, on Tuesday, the Social Security Board of Trustees released their 1981 annual report on the state of the social security trust funds. The trustees report is an alarmist document. And, the administration is once again telling the American people that the social security system will go bankrupt by next year unless the cuts the President has proposed are made.

Not only does the trustees report say that reducing benefits may be the only way to strengthen the financing of the social security system, but the report, which has traditionally been a non-political document, for the first time, endorses the President's package of proposals.

Mr. Speaker, I am very concerned that the people of this country know the truth—that they know that the social security system is not really going bankrupt—but there are alternatives to financing that do not entail the massive cuts the President has proposed. I am concerned that the people of this country understand the rhetoric of the administration—that they understand that when the administration calls the social security system a welfare system—they are wrong—the social security system is a social insurance program paid for by the employers and employees of this country. I am concerned that the people of this country realize that the administration is attempting to balance the budget on the backs of the elderly of this country.

I urge my colleagues to review very carefully the report of the trustees and its bleak economic assumptions—assumptions that are very different from the optimistic economic assumptions used to promote the President's package of budget and tax cuts. And, I urge my colleagues to remember our commitment to protecting the current and future beneficiaries of the social security system.

A TRIBUTE TO RETIRING PETER B. BENSINGER, ADMINISTRATOR OF DRUG ENFORCEMENT ADMINISTRATION

(Mr. HUGHES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUGHES. Mr. Speaker, today one of our Nation's leaders in the fight against drug smugglers and drug traffickers is leaving the Department of Justice. I am referring, of course, to Peter B. Bensinger, who since his appointment by President Gerald Ford in 1976 has been the administrator of the Drug Enforcement Administration.

Mr. Bensinger has provided leadership not only to the 4,000 employees of the DEA, but has been an articulate and forceful leader to the entire Nation. Mr. Bensinger has encouraged hundreds of parent and teacher groups and tens of thousands of individuals to become active in their communities to prevent the spread of drug abuse and the use of marihuana by children.

Peter Bensinger brought to his post a particularly broad background of management in private business, in law enforcement, corrections, and crime victim assistance in Illinois and in criminal investigation with the Chicago Crime Commission.

At the Drug Enforcement Administration, Mr. Bensinger's leadership of some 2,000 special agents brought improved morale, training, and most importantly, a higher degree of professionalism to an agency that had been newly created in 1973 after several organizational experiments involving a number of agencies.

To deal with the problems of drug abuse and drug trafficking, we need coordinated leadership with a clear mandate. Peter Bensinger did an outstanding job at a time when often the mandate was less than clear. We are grateful to Peter Bensinger for his outstanding public service. When President Reagan appoints Mr. Bensinger's successor, I hope that he appoints someone equally dedicated and equally skillful and that he give that successor the unqualified support necessary to do the job.

Mr. HYDE. Mr. Speaker, would the gentleman yield?

Mr. HUGHES. If I have time, I would be happy to.

Mr. HYDE. Mr. Speaker, I want to associate myself with the remarks of the gentleman in the well. Mr. Bensinger's loss to the Government is a loss to all America. He has done a brilliant, patriotic, energetic job. He will be sorely missed.

I commend the gentleman from New Jersey (Mr. HUGHES) for bringing this to our attention.

Mr. HUGHES. I thank the gentleman.

SERIOUS OUTBREAK OF MEDITERRANEAN FRUIT FLY

(Mr. DE LA GARZA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DE LA GARZA. Mr. Speaker, I take this time to inform the House that there is a very serious outbreak of a pest called the Mediterranean fruit fly in the State of California which appears at this time to be out of control. The Secretary of Agriculture is taking some measures today, sending a special task force.

The Deputy Secretary, Dick Lyng, will be there on Tuesday; but the fact is that the Governor of the State of California has not cooperated fully with the Department of Agriculture.

I would like to request my colleagues from California and the Governor himself that this is a very serious threat to the food production not only in California, but in the United States of America and a potential harm to our markets abroad.

I think that it is of such a serious nature that unless the Department of Agriculture has the necessary cooperation from the State of California, they are going to be forced to enforce a quarantine on all crops out of the State of California which I will strongly support as a protective device necessary for all the other producing States.

Mr. WAMPLER. Mr. Speaker, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from Virginia.

Mr. WAMPLER. Mr. Speaker, I wish to associate myself with the remarks of the distinguished gentleman from

Texas, the chairman of the Committee on Agriculture.

Earlier this year, I was privileged to visit Mexico with the chairman and members of the Committee on Agriculture. We had an opportunity to observe the results of the cooperative agreements between the United States and Mexico in controlling fruit fly infestation through the use of sterilized flies.

I commend the gentleman for his statement. I hope the Governor of California and the California delegation will take note and act immediately to remedy this very serious problem.

THE CHOICE IS CLEAR: IT IS BETWEEN SPECIAL INTERESTS OR THE PUBLIC INTEREST

(Mr. WALKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALKER. Mr. Speaker, for some time Americans have been concerned about the unholy alliance of big business, big labor, and big Government—an unholy alliance that too often wields special interest power against the interests of this country's working people.

Yet Democratic Party liberals have now forged a tax package designed to appeal directly to that unholy alliance. It is a tax package designed to reward those big businesses who are closely affiliated with the most powerful of the major unions and to do so while preserving the prerogatives of big Government.

It is small wonder that so many of those liberals have come to this floor in recent weeks singing the praises of Wall Street. It is small wonder that big labor has launched an all-out fight against the Reagan tax proposals.

It is small wonder that the advocates of the special interest tax package are typically the same people who are fighting to preserve wasteful, big-spending programs at the Federal level.

It is time to end the grip of the unholy alliance on American policy by putting power, particularly financial power, back in the hands of the people. That is what the Reagan tax cut proposal is all about. Its emphasis is on putting real tax savings in the pockets of individual working people.

The choice is clear: it is between special interests or the public interest.

JUDGE DENNEY—TIRELESS PUBLIC SERVANT

(Mrs. SMITH of Nebraska asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SMITH of Nebraska. Mr. Speaker, on June 26, 1981, Nebraska and the Nation lost a dedicated public servant, Federal District Court Judge Robert V. Denney.

Those who best knew our former colleague characterized him as hard working, diligent, gentlemanly, human, and humane.

Nebraskans were not the only ones to benefit from Judge Denney's long service, he contributed to his country in many ways. As a Marine lieutenant colonel, he served 4 years during World War II, participating in battles in the Marshall Islands, Guam, and Okinawa.

Marine Corps service was preceded in 1940 and 1941 by duty as a Federal Bureau of Investigation agent and later by two terms as a Nebraska First District Congressman, then more than 10 years as a Federal district judge.

Judge Denney grew up in Fairbury, Nebr., where his father and grandfather operated a law practice and were active in Republican Party politics. Robert Denney once said that he first began working for the Republican Party as a boy, distributing handbills in Fairbury and surrounding towns for election campaigns in which his late father and grandfather were active.

A man with an active and perceptive mind, he finished first academically in his Creighton Law School class, ranked second in his class at the FBI Academy, and led all in his Marine Corps officers candidate class.

I best remember our former colleague for his attitude about public service. He said:

> I always operated under the theory that when you are feeding from the public trough, you should do everything in your power to give the public 100 cents on the dollar.

WE NEED THE LARGEST TAX CUT IN THE HISTORY OF THE WORLD BECAUSE THIS CONGRESS AND THE PREVIOUS ADMINISTRATION IMPOSED ON AMERICANS THE LARGEST TAX INCREASE IN THE HISTORY OF THE WORLD

(Mr. LUNGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUNGREN. Mr. Speaker, yesterday morning I was rather astounded to hear a quote attributed to the Speaker of the House of Representatives to the effect that we ought to be very, very wary of the President's tax cut proposal because it was the largest tax cut in the history of the world.

Mr. Speaker, I worked up a chart to show the reason why it is the largest tax cut in the history of the world. It is so because it must make up for the largest tax increase in the history of the world that has been imposed upon the American people by this Congress and the previous administration.

You will see under the President's tax cut proposal in 1981, that although the people get $6 billion back, they are going to pay $25 billion more because of the actions of this Congress in the past.

In 1982 they will pay $52 billion more and get back $44 billion.

Only in 1983 will they basically break even, and only in 1984 will they be able to creep ahead a little bit.

Mr. Speaker, let us have it very clear that the reason we need the biggest tax cut in the history of the world is because this Congress and the previous administration imposed on the American people the largest tax increase in the history of the world. Let us be fair about it. Let us be honest about it. Let us give the people a chance.

WILL THE RAPID DEPLOYMENT FORCE ENHANCE AMERICA'S DEFENSE?

(Mr. PAUL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PAUL. Mr. Speaker, the new military manpower task force just established by President Reagan should heed the position the President has taken on numerous occasions of a strong, principled opposition to the draft and registration. There are now predictions being made that this task force will be the forum from which a recommendation for the reinstitution of the draft will come. President Reagan has consistently argued for higher pay and better living conditions in order to attract enough recruits to meet the manpower needs.

President Reagan in 1979 said:

> I'm opposed to universal national service. I am also opposed to a military draft in peacetime. The idea rests on the assumption that your kids belong to the state. * * * The individual shouldn't be reduced to the level of a statistic. The issue here is a basic philosophic one.

It is claimed the increased need for manpower to fill the ranks of the rapid deployment force will require the draft. With adequate pay this would not be the case. But a better question to ask is: "Will the rapid deployment force enhance the defense of America, or is it more likely to precipitate a fruitless foreign military venture jeopardizing our security and encouraging our allies to spend even less and assume less responsibility for their own national defense?"

MAJORITY OF DELEGATION URGES AERIAL SPRAYING

(Mr. THOMAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. THOMAS. Mr. Speaker, I would like to let the chairman of the Committee on Agriculture know that a majority of the California delegation, both Democrats and Republicans, yesterday sent a letter to Secretary Block urging him to do everything he could to make sure that California utilized aerial spraying along with the sterile fly released to control the Mediterranean fruit fly situation in California.

We use malathion for aerial spraying. State, Federal, and private health sources say this is the minimum risk procedure. If a quarantine needs to be imposed on California, based on the over 2,000 boxcars a day of produce being sent out of California, we would have to use methyl bromide, a much more toxic poison, in the amounts of 10 to 12 tons a day to fumigate the crops, and it means a far greater health hazard than the one the Governor says he is attempting to make sure does not occur.

The decision not to spray in California is a jeopardy to the health of the people of California, as well as to the economic well-being of the people of California and of the Nation.

I LIKE THE SPIRIT JOHN McENROE SHOWS AND I LIKE HIM AS A WINNER

(Mr. COLLINS of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COLLINS of Texas. Mr. Speaker, I was mighty proud when I saw John McEnroe win the Wimbledon championship. Many people have raised a question about Mr. McEnroe as to his manner on the court.

I saw him when he won the world championship in Texas, and I will tell you, I never saw a finer gentleman in the world, but he won three straight sets. Everything was smooth sailing.

Whenever McEnroe is uphill, when he is out there fighting, he does show a certain display of temper.

I am glad that in this world today we have people who hate to lose. I am glad there are some Americans who care. It is the old days of Vince Lombardi when you lose a fight with spirit.

I like the spirit John McEnroe shows, and I like him as a winner.

THE HEINOUS CRIMES OF PIRACY, MURDER, AND RAPE AGAINST PEOPLE FLEEING FROM COMMUNISM

(Mr. DORNAN of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORNAN of California. Mr. Speaker, last night I listened as my daughter who is just back from months in the refugee camps in Thailand read me letter after letter from her Vietnamese friends left behind. The stories are heartbreaking. There are pirates operating in the Gulf of Siam, hundreds of them, kidnaping and raping 10-, 11-, 12-, and 13-year-old girls every day and murdering or robbing the fathers, the brothers, or the husbands of young wives who are also gang raped.

Right at this moment young girls are being ripped from their families, and they are disappearing forever. Some to a place, if you can comprehend this, called "Rape Island."

We should exercise some courage here and at the White House to put pressure on a friendly country, an ally—Thailand—to stop these human rights outrages. There are more rapes in this country than in Thailand or the Gulf of Siam. We live in a glass house. But we are trying to stop our outrages. Are they? These heinous crimes of piracy, murder, and rape against weak helpless starving people fleeing from communism must end. Do we have a State Department with any power whatsoever? Let us find out.

I implore the good Government of Thailand to take some immediate steps to stop these ugly crimes on the high seas, and tell us how we can help them to stop this intolerable madness.

TAXES UNDER NIXON AND FORD

(Mr. JOHN L. BURTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JOHN L. BURTON. I do not recall, Mr. Speaker, any tax increase under the past administration. I do remember 8 years of Nixon and Ford, if the gentlemen from California (Mr. LUNGREN) wants to remember them, and how taxes crept up and how they fought every effort we had to index the tax thing. But I am sure that Mr. LUNGREN, who is coming back down the aisle right now—and if I keep talking long enough, my minute will run out and I will not be able to yield him any time—would I yield the gentleman any time to defend the Nixon-Ford administration or the Ford-Nixon administration?

Mr. LUNGREN. Mr. Speaker, will the gentleman yield?

Mr. JOHN L. BURTON. I yield.

Mr. LUNGREN. Is the gentleman aware of the social security tax increase?

Mr. JOHN L. BURTON. The one I voted against. I am very much aware of that. Was that included in your tax thing?

Mr. LUNGREN. Yes, sir.

Mr. JOHN L. BURTON. You, sir, are a sham and a fraud in some instances, but not on that one.

Mr. LUNGREN. I thank the gentleman.

INTRODUCTION OF LEGISLATION AUTHORIZING U.S. OLYMPIC COMMITTEE'S AMATEUR ATHLETIC PROGRAMS FOR SENIOR CITIZENS

(Mr. REGULA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. REGULA. Mr. Speaker, the health and vitality of our senior citizens is of great national interest. The Amateur Sports Act of 1978 created a central sports structure using the U.S. Olympic Committee as the coordinating body through which amateur sports organizations could work collectively to meet the needs of all the Nation's amateur athletes. Unfortunately, in the implementation of this act, the 25 million senior citizens of our Nation were essentially ignored. There are literally thousands of senior citizens who are enjoying good health and mobility, and who would benefit greatly from the promotional and organizational proscriptions of this act.

The bill which I am introducing today would authorize the U.S. Olympic Committee to encourage and assist amateur athletic programs for these senior citizens. Several States throughout the country are already enjoying the benefits of increased athletic activity among their senior citizens. And yet, such programs have been hurt by lack of funding, public support, and prestige—problems which the grant program established in the Amateur Sports Act was designed to eliminate.

This bill will give the USOC the authority to create a permanent standing committee to act as an advocate in securing funds, disseminating information, and insuring that adequate facilities are available.

I am pleased that the chairman of the Select Committee on Aging, Mr. PEPPER, and the ranking minority member of the committee, Mr. RINALDO, have joined as original cosponsors of this bill.

DEPARTMENT OF DEFENSE AUTHORIZATION ACT, 1982

Mr. PRICE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3519) to authorize appropriations for fiscal year 1982 for the Armed Forces for procurement, for research, development, test, and evaluation, and for operation and maintenance, to prescribe personnel strengths for such fiscal year for the Armed Forces and for civilian employees of the Department of Defense, to authorize appropriations for such fiscal year for civil defense, and for other purposes.

The SPEAKER pro tempore (Mr. DANIELSON). The question is on the motion offered by the gentleman from Illinois (Mr. PRICE).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WALKER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 370, nays 2, not voting 60, as follows:

[Roll No. 123]

YEAS—370

Addabbo	Crane, Daniel	Goodling
Akaka	Crockett	Gore
Albosta	D'Amours	Gradison
Alexander	Daniel, Dan	Gramm
Anderson	Daniel, R. W.	Gray
Annunzio	Danielson	Green
Archer	Dannemeyer	Gregg
Ashbrook	Daschle	Grisham
Aspin	Daub	Guarini
Atkinson	de la Garza	Gunderson
AuCoin	Deckard	Hagedorn
Badham	Dellums	Hall (OH)
Bafalis	Derwinski	Hall, Ralph
Bailey (MO)	Dickinson	Hall, Sam
Bailey (PA)	Dicks	Hamilton
Barnes	Dingell	Hammerschmidt
Beard	Donnelly	Hance
Bedell	Dorgan	Hansen (ID)
Beilenson	Dornan	Hansen (UT)
Benedict	Dougherty	Hartnett
Benjamin	Dowdy	Hatcher
Bennett	Downey	Hawkins
Bereuter	Dreier	Heckler
Bethune	Duncan	Hefner
Bevill	Dunn	Heftel
Biaggi	Dwyer	Hendon
Bingham	Dymally	Hertel
Blanchard	Dyson	Hightower
Bliley	Eckart	Hiler
Boggs	Edgar	Hillis
Boland	Edwards (AL)	Holland
Bonior	Edwards (CA)	Hopkins
Bonker	Edwards (OK)	Horton
Bouquard	Emerson	Hoyer
Bowen	Emery	Hubbard
Brinkley	English	Huckaby
Brodhead	Erdahl	Hughes
Brooks	Erlenborn	Hunter
Broomfield	Ertel	Hutto
Brown (CA)	Evans (DE)	Hyde
Brown (CO)	Evans (GA)	Ireland
Brown (OH)	Evans (IN)	Jacobs
Broyhill	Fary	Jeffords
Burgener	Fascell	Jeffries
Burton, John	Fazio	Jenkins
Burton, Phillip	Fenwick	Johnston
Byron	Ferraro	Jones (OK)
Campbell	Fiedler	Jones (TN)
Carman	Fields	Kastenmeier
Carney	Findley	Kazen
Chappell	Fish	Kemp
Chappie	Foglietta	Kildee
Cheney	Foley	Kindness
Chisholm	Ford (MI)	Kogovsek
Clausen	Ford (TN)	Kramer
Clinger	Forsythe	LaFalce
Coats	Fountain	Lagomarsino
Coelho	Fowler	Lantos
Collins (IL)	Frost	Leach
Collins (TX)	Garcia	Leath
Conable	Gaydos	LeBoutillier
Conte	Gejdenson	Lee
Conyers	Gephardt	Lehman
Corcoran	Gibbons	Leland
Coughlin	Gilman	Lent
Courter	Gingrich	Levitas
Coyne, William	Glickman	Lewis
Craig	Gonzalez	Livingston
Loeffler	Patman	Smith (NJ)
Long (LA)	Patterson	Smith (OR)
Lott	Paul	Snowe
Lowery (CA)	Pease	Snyder
Lowry (WA)	Pepper	Solarz
Lujan	Perkins	Solomon
Luken	Petri	Spence
Lundine	Peyser	St Germain
Lungren	Pickle	Stangeland
Madigan	Porter	Stanton
Markey	Price	Stark
Marks	Pritchard	Staton
Marriott	Pursell	Stenholm
Martin (IL)	Rahall	Stokes
Martin (NC)	Railsback	Stratton
Martin (NY)	Rangel	Studds
Matsui	Ratchford	Stump
Mattox	Regula	Swift
Mavroules	Reuss	Synar
McClory	Rhodes	Tauke
McCollum	Rinaldo	Tauzin
McCurdy	Ritter	Taylor
McDade	Roberts (KS)	Thomas
McDonald	Roberts (SD)	Traxler
McEwen	Robinson	Trible
McGrath	Rodino	Udall
McHugh	Roe	Vento
McKinney	Roemer	Volkmer
Mica	Rogers	Walgren
Michel	Rosenthal	Walker
Mikulski	Rostenkowski	Wampler
Miller (OH)	Roukema	Watkins
Mineta	Rousselot	Weaver
Minish	Roybal	Weber (MN)
Mitchell (NY)	Russo	Weber (OH)
Moakley	Sabo	Weiss
Molinari	Santini	White
Mollohan	Sawyer	Whitehurst
Montgomery	Schneider	Whittaker
Moore	Schroeder	Whitten
Moorhead	Schulze	Williams (OH)
Morrison	Seiberling	Wilson
Murtha	Sensenbrenner	Winn
Napier	Shamansky	Wolf
Natcher	Shannon	Wolpe
Neal	Sharp	Wortley
Nelligan	Shaw	Wright
Nichols	Shelby	Wylie
Nowak	Shumway	Yates
O'Brien	Shuster	Yatron
Oakar	Simon	Young (FL)
Oberstar	Skeen	Young (MO)
Obey	Skelton	Zablocki
Panetta	Smith (AL)	Zeferetti
Parris	Smith (IA)	
Pashayan	Smith (NE)	

NAYS—2

Evans (IA)	Mitchell (MD)

NOT VOTING—60

Andrews	Florio	Myers
Anthony	Frank	Nelson
Applegate	Frenzel	Ottinger
Barnard	Fuqua	Quillen
Bolling	Ginn	Richmond
Boner	Goldwater	Rose
Breaux	Harkin	Roth
Butler	Hollenbeck	Rudd
Clay	Holt	Savage
Coleman	Howard	Scheuer
Cotter	Jones (NC)	Schumer
Coyne, James	Latta	Siljander
Crane, Philip	Long (MD)	Vander Jagt
Davis	Marlenee	Washington
DeNardis	Mazzoli	Waxman
Derrick	McCloskey	Whitley
Dixon	Miller (CA)	Williams (MT)
Early	Moffett	Wirth
Fithian	Mottl	Wyden
Flippo	Murphy	Young (AK)

□ 1100

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3519, with Mr. SIMON in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Thursday, July 9, title IX had been considered as having been read and open to amendment at any point.

The Clerk will report the first committee amendment recommended by the Committee on Government Operations.

GOVERNMENT OPERATIONS COMMITTEE AMENDMENT

The Clerk read as follows:

Government Operations Committee amendment: Page 28, beginning on line 16, strike out all of section 901 through line 19 and redesignate the succeeding sections accordingly.

Mr. BROOKS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, after hearings, the Government Operations Committee recommended deleting section 901 of the DOD authorization bill, H.R. 3519. This section authorizes the award of grants by DOD for basic and applied research and development of weapons systems. In the past, many agencies have used grants to circumvent procurement regulations and reduce the accountability for their actions. Because of this abuse, the Federal Grants and Cooperative Agreement Act, Public Law 95-224, was enacted which specifies on a Government-wide basis the circumstances under which Federal agencies are to use contracts, grants, or cooperative agreements.

The statute states that contracts are to be used where the principal purpose is to acquire property or services for use in the Federal Government. Grants are to be used where the prinicpal purpose is to transfer money to a recipient or accomplish a public purpose rather than the acquisition of property or services for the Federal Government.

As in the other provisions contained in H.R. 3519, DOD would be given an exemption from Government-wide policies. If passed, this provision would allow DOD to use grants in conjunction with research projects even though the principal purpose may be the acquisition of property or services. This deviates from the requirements of Public Law 95-224.

OMB expressed its opposition to section 901 in hearings before the Government Operations Committee on June 3, 1981, by stating that section 901, would "undermine the intent and effect of Public Law 95-224." The Government Operations Committee could see no reason why DOD should be allowed an exemption from this or other Federal laws.

Given the $1.635 trillion that will be spent on defense in the next 5 years, the potential for abuse is so great that, if this provision is passed, we

could end up with a less effective defense and millions of dollars wasted in unrealistic research procurement. There is no justification at all for allowing DOD to bypass every procurement law on the books.

Mr. HORTON. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, this is an important amendment, and I want to state at the outset that this is not just an amendment brought on the floor by Mr. BROOKS and Mr. HORTON. This is an amendment that went through the ordinary process of congressional committee.

Part of this bill was referred sequentially to the Committee on Government Operations. Why? Because we have jurisdiction over procurement. When it was referred sequentially, it was referred to a subcommittee headed by the chairman, Congressman BROOKS, and I serve on that subcommittee as the ranking minority member. After we had hearings—the General Accounting Office was heard; OMB Deputy Director Ed Harper was heard; we heard representatives from the Department of Defense, and after the hearings we had a markup. We reported it. It was reported from the subcommittee to the full committee. The full committee met, and we are a committee of this Congress, a respected committee of this Congress. We met, and then as a result of our meeting, full committee meeting attended by a quorum, over a quorum, we voted and reported out these amendments, and this is one of those amendments.

Now, this is an important amendment. I am not just talking to the Members about knocking out a provision of this bill that has been reported out of the Armed Services Committee because I am antidefense. I am not. I have indicated that I support basically the provisions of this bill reported by the Armed Services Committee, but they got a little bit off base in some of these areas that relate to procurement. My appeal now to the members of the Armed Services Committee and to the Members of the House is to take a hard look at this, what we are doing if we permit the bill reported by the Armed Services Committee to go through without this amendment.

What does this amendment do? The amendment offered by the full Government Operations Committee, which Mr. BROOKS and I are supporting because he is the chairman and I am the ranking minority member of that committee, is to strike section 901. Section 901 would permit the Department of Defense to procure research by grants, where contracts would be required under current law.

Now, what is wrong with that? In 1978 the Government Operations Committee reported and the Congress enacted the Federal Grant and Cooperative Agreement Act, which established a Government-wide policy for the definition and use of contracts, grants, and cooperative agreements by all Federal agencies. Under that act, grants and cooperative agreements are to be used for assisting the private sector, whereas procurement contracts are to be used where we acquire goods and services for the Government's own use. One of the purposes of the act is to minimize the potential for abuse in the use of grants. The Congress had found that grants were being used in lieu of contracts to avoid the laws and regulations governing the procurement.

With regard to the Department of Defense, section 901 would undo all of the good that Congress did in 1978 when it enacted the Federal Grant and Cooperative Agreement Act. It would permit the Department of Defense to evade procurement laws and regulations as they relate to contracts, because now they can do that. If this amendment is not adopted, they could permit the Defense Department to procure research grants rather than by contract. This would be clearly unwise. It would violate that law that we passed in 1978 and which is on the books.

So, I would urge the Members to support that amendment. But, I am not here just urging on behalf of the Committee on Government Operations. We also had the testimony of Mr. Harper, the Deputy Director of OMB, and this apparently is the administration position. This is what he said relative to title IX, general provisions:

> We do not concur with section 901, which would amend section 10, U.S.C. 2358-1 to permit the Defense Department to use grants in lieu of contracts for research procurements. Under Public Law 95-224, grants and cooperative agreements are to be used for assisting the private sector, whereas procurement contracts are to be used when we acquire goods and services for the Government's own use. One of the purposes of Public Law 95-224 was to minimize the potential for abuse in the use of grants. The Congress found that grants were being used in lieu of contracts to avoid the laws and regulations governing procurement. Section 901 would undermine the attempt and effect of Public Law 95-224.

So said Mr. Harper, Deputy Director of OMB when he testified before our committee, which has jurisdiction over procurement matters. It seems to me that this is an amendment that is a very important amendment, and ought to be adopted regardless of what Members may hear later.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent, Mr. HORTON was allowed to proceed for 2 additional minutes.)

Mr. PURSELL. Mr. Chairman, will the gentleman yield?

Mr. HORTON. I yield to the gentleman from Michigan.

Mr. PURSELL. Mr. Chairman, I would like to associate myself with the remarks of the gentleman from New York and the gentleman from Texas, Chairman BROOKS. I think it is a little bit incredible at this point, when the Congress is spending a great deal more money budgetwise this year for defense, that we have to allow for the liberties of asking for extra privileges in the area of procurement which are not provided in law with other areas, such as Public Works and other authorization committees, regarding the rest of the Federal budget, so I appreciate the gentleman's remarks today and support him on the amendment.

Mr. HORTON. I appreciate the gentleman's support and I appreciate his comments. I think they are very much to the point and substantiate what we are trying to get across here; that is, if we do not adopt this amendment we will be permitting the Department of Defense to digress from the law that governs the rest of the Government. So, I would urge support for this amendment and urge the Members' support of it.

Mr. PRICE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this is not a creation of the Armed Services Committee. This is a report from the OMB—this language in this bill—and the Department of Defense. In its existing mood, there is nothing new about this.

The Department of Defense requested that section 235(a)(1) of title IX, United States Code, be amended to provide authority for the Department of Defense to engage in basic and applied research by grant as well as by contract. The committee views grants as an important means of funding research activities with educational or research institutions, private businesses, and individual researchers, and believes that this authority should be clearly available to the Department of Defense.

□ 1115

The Secretary of Defense, by section 2358 of title 10, United States Code, is authorized to engage in basic and applied research by contract. The amendment that would be made by this section would authorize the use of grants, in addition to contracts, thereby providing clear statutory authority for such grants.

Mr. Chairman, the Office of Management and Budget Director, Mr. Harper, testified before the Brooks committee on June 3, 1981, that section 901 of our bill would undermine the intent and effect of the Federal Grants and Cooperative Agreement Act. I find this a little puzzling and, to say the least, inconsistent, in that the administration specifically requested, with Office of Management and

Budget approval, that this provision be included in this bill.

Section 901, which authorizes grants by DOD for basic and applied research projects, is not intended to nor does it undermine the intent and effect of the Federal Grants and Cooperative Agreement Act, Public Law 95-224. The section will permit the use of grants by the Department of Defense where such use would be consistent with Public Law 95-224.

Prior to the enactment of the Federal Grants and Cooperative Agreement Act of 1977, the Department of Defense had grant authority under title 42, United States Code, section 1891. That authority was repealed by the 1977 act. Section 5 of the Federal Grants and Cooperative Agreement Act of 1977 provides that grants are to be used to accomplish a public purpose of support for stimulation authorized by Federal statute. This requirement for statutory authorization, when coupled with the repeal of title 42, United States Code, section 1891, has severely limited the ability of the Department of Defense to use grants.

The amendment to title 10, United States Code, section 2358, will provide the statutory authorization prescribed by the Federal Grants and Cooperative Agreement Act. It will not alter the requirement of that act that grants be used for a public purpose of support for stimulation rather than for acquisition of property or services.

Mr. Chairman, I urge defeat of the amendment.

Mr. HORTON. Mr. Chairman, will the gentleman yield?

Mr. PRICE. I yield to the gentleman from New York.

Mr. HORTON. Mr. Chairman, I have listened to the gentleman's remarks, and I have a great deal of respect for the chairman of the Committee on Armed Services, who is a longtime friend. I have a lot of respect for his leadership and for the work he does on the Armed Services Committee.

The gentleman did say, however, in his remarks that section 901 was requested by the administration with approval of OMB. I read to the Members the testimony of Edwin L. Harper, the Deputy Director of the Office of Management and Budget. That is the testimony that he gave to our Committee on Government Operations on June 3, 1981, and without reading it all again, I will just read this part of it:

He said, "We do not concur with section 901," and then he adds in the last part of his presentation that "section 901 would undermine the intent and effect of Public Law 95-224."

The CHAIRMAN. The time of the gentleman from Illinois (Mr. PRICE) has expired.

(On request of Mr. HORTON, and by unanimous consent, Mr. PRICE was allowed to proceed for 1 additional minute.)

Mr. HORTON. Mr. Chairman, if there is any inconsistency, it would seem that it was resolved on June 3, 1981, when the bill was before us with section 901 in it and OMB said, "We don't want section 901."

Mr. PRICE. Mr. Chairman, if the gentleman will look at page 179 of the report that is before the House at the present moment, he will find the answers to the questions he has raised, and he will see where the request came directly from the administration.

Mr. HORTON. But the point I am making is that if it did, it came in earlier than June 3, and the testimony I just read to the gentleman was the testimony of the Deputy Director of OMB which set forth the administration's position as of June 3, 1981.

Mr. PRICE. Mr. Chairman, the gentleman will also find in the RECORD that the Department withdrew that recommendation or that position.

Mr. DICKINSON. Mr. Chairman, I move to strike the last word, and I rise in opposition to the committee amendment.

Mr. Chairman, like the chairman of our committee, I cannot understand why the Government Operations Committee is taking exception to this provision. In their report they state that they object because the provision would undermine the intent and effect of the Federal Grants and Cooperative Agreement Act of 1977.

Now, this is not a factual statement. All our provision does is give the Department of Defense the authority to use grants for basic and applied research. This does not—and I want to repeat that—this does not in any way give DOD the authority to circumvent the provisions of the Federal Grants and Cooperative Agreement Act.

I would like to make two points. First, this provision was requested by the administration with specific OMB approval. Yet the gentleman from Texas (Mr. BROOKS) and the Government Operations Committee states that OMB Deputy Director Harper testified against the provision when he appeared before the Government Operations Committee. I think perhaps that in his zeal not to offend the gentleman from Texas (Mr. BROOKS), Mr. Harper got his facts a little bit confused and ended up testifying against an OMB-endorsed provision. The fact was that OMB did endorse this provision.

Finally, the committee believes the Department of Defense should be able to use grants, just as any other agency of Government, where appropriate, to stimulate research, particularly basic research, in areas important to our national security interests. They must specifically comply with the provisions of the Grant Act, just as any other agency of Government. The committee views grants as an important means of funding research activities with educational and research institutions, private businesses, and individual researchers and believes that this authority should be clearly available to the Department of Defense, just like any other agency of Government.

Mr. Chairman, I do not expect it, but I would hope that the gentleman from Texas (Mr. BROOKS) and his Government Operations Committee would withdraw this amendment. The amendment is really based on the faulty premise that the OMB endorsed it and supported it when in fact they do not. Certainly, if it should go to a vote, I would urge all my colleagues in the House to vote it down and vote it down resoundingly.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. DICKINSON. I am pleased to yield to the gentleman from New York.

Mr. STRATTON. Mr. Chairman, let me ask: Is it not true that the quality of our university graduate schools represents a factor in our overall defense mobilization base, and that by facilitating the participation of major universities in the Department of Defense research effort through these grants, we are actually increasing our base and utilizing their skills? Is that not the case?

Mr. DICKINSON. Mr. Chairman, this is very much the case. We heard testimony before our Preparedness Subcommittee, for instance, that our industrial base, particularly in regards to research and development, has been shrinking, and that we are getting, as some would be wont to say, behind the power curve.

As requested by the Department of Defense and supported by OMB, regardless of what Mr. Harper might have said in a particular hearing, we must insure that the Department of Defense be given the same rights, with the same safeguards, as any other department or agency of Government. This includes the right to award grants for research—no more and no less.

Mr. STRATTON. And is it not also true that many universities may *not* be quite as familiar with all the red-tape involved in Government contracting, and, therefore, by proceeding on the grant approach, we facilitate the use of our universities, like the University of Rochester located in the home district of the gentleman from New York? It seems to me that we ought to indulge this kind of thing rather than try to put restrictions in it, and include this important sector.

Mr. DICKINSON. Exactly. With the safeguards and with the built-in requirements and guidelines that are applicable to all Government grants for research. We think the Department of

Defense should be given the same right, the same opportunities, and the same privilege as any other agency, with the same checks and balances and safeguards.

Mr. Chairman, that is just commonsense, and I would certainly hope that the House and the committee here would support the position of the Committee on Armed Services.

Mr. STRATTON. By this method, we might even encourage additional research in the University of Texas, might we not?

The CHAIRMAN. The time of the gentleman from Alabama (Mr. DICKINSON) has expired.

Ms. FERRARO. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to commend the gentleman from Texas (Mr. BROOKS) for the vigilance he has always displayed in overseeing the agencies, including DOD and domestic agencies, which have attempted to literally push money out of windows through the use of improper grants.

I would ask the distinguished chairman of the Government Operations Committee if he would answer a few questions for me.

My subcommittee has found improper grants have been used to raise personnel ceilings, and what that means is that they are just being dishonest with the American people about the size of Government. How would this amendment deal with that issue?

Mr. BROOKS. Mr. Chairman, the Government Operations Committee amendment would require the Department of Defense to comply with the law governing the use of contracts and grants. By using a grant, the Department of Defense can circumvent the following requirements: Competitive sealed bidding and other requirements which foster competition; cost accounting standards; coverage by the Defense Contract Audit Agency; and the Federal procurement regulations that require ethical conduct and arm's-length dealing between the Government and the recipients of Government money. There is no reason to cut the Defense Department loose from these legitimate requirements and regulations and just let them shovel the money out without normal accountability.

Mr. Chairman, I think the gentlewoman is right in raising the question.

Ms. FERRARO. Mr. Chairman, the language in the Armed Services Committee provision, as I understand it, would also allow DOD to avoid procurment regulations and make for less accountability. Through hearings that my subcommittee held, we learned there was a lack of accountability in DOD even with contracts, and I think it would be advisable to make a distinction between grants and contracts.

Would this amendment affect the ability of DOD to fund necessary defense research?

Mr. BROOKS. To the gentlewoman from New York, I would say absolutely not. This amendment would not affect the present and future ability of the Department of Defense to fund any necessary defense research. It only requires that the funding be accomplished in a responsible manner, with appropriate oversight and accountability.

Ms. FERRARO. Mr. Chairman, I thank the committee chairman for his response, and I urge support of the Government Operations Committee amendment.

□ 1130

Mr. WALKER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

I am particularly interested in the position of OMB. There seems to be some confusion about where OMB stands on this matter.

Since it goes to the fiscal operation of the Government, I would appreciate it if the distinguished gentleman from New York, the ranking member of the Committee on Government Operations could give us some insight as to just Where OMB stands on this issue.

Mr. HORTON. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from New York.

Mr. HORTON. I thank the gentleman for yielding.

The chairman of the committee, the gentleman from Illinois (Mr. PRICE), earlier referred to the fact that this proposal, meaning the proposal that was reported out by the Committee on Armed Services, was sent up by the administration, and the gentleman said with the approval of the Office of Management and Budget.

Now the gentleman referred to certain pages of the report, the Department of Defense Authorization Act report, from the Committee on Armed Services.

Pages 169 through 179, basically, are the pages that he referred to for that authority and for that statement. On those pages there is a letter of March 25, 1981, from the Acting General Counsel, to the General Counsel, Department of Defense, transmitting this bill, and in the second paragraph of that letter, on page 169, it is stated:

> This proposal is part of the Department of Defense legislative program for the 97th Congress and the Office of Management and Budget is advised enactment of the proposal would be in accordance with the program of the President. This proposal is being sent to the President of the Senate.

Now, then, it also includes this section 901, but basically what they are saying is, it is being sent up and that the Office of Management and Budget is advised that the enactment would be in accordance with the program of the President, but it did not say specifically that they approve section 901.

Now when the Deputy Director of OMB came before our committee on June 3, 1981, he specifically referred to section 901. I would say that I did not ask him to refer to that. The gentleman from Texas (Mr. BROOKS) did not ask him. Our committee did not ask him. We asked him to come up and testify on this bill. He testified with regard to various sections. One of the sections he referred to, and I will read it again—relating to title VI, General Provisions, we do not concur with section 901 which would amend section 10, United States Code, to permit the Defense Department to use grants in lieu of contracts for research procurements. Under Public Law 95-224, grants and cooperative agreements are to be used for—I underline this testimony—assisting the private sector, whereas procurement contracts are to be used when we acquire—and he underlines goods and services for the Government's own use.

One of the purposes of Public Law 95-224 was to minimize the potential for abuse in the use of grants.

The Congress found that grants were being used in lieu of contracts to avoid the laws and regulations governing procurement.

Section 901—again, I am reading from the testimony of Mr. Harper, Deputy Director of OMB on June 3, 1981, after the bill had been sequentially referred to the Government Operations Committee, he said: Section 901 would undermine the extent and effect of Public Law 95-224.

Mr. WALKER. Is the gentleman then making the point in what is happening here, the gentleman has one report that refers to the general program of the President, when he gets down to the specifics that OMB said with regard to the specifics on section 901, they were opposed to language which is in the Armed Services Committee bill?

Mr. HORTON. That is correct, and I appreciate the gentleman giving me the opportunity to clarify that.

Mr. WALKER. I thank the gentleman.

Mr. PRICE. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Illinois.

Mr. PRICE. I thank the gentleman for yielding.

What the gentleman from New York overlooks is the fact that this is speaking to the whole program and everything in that letter of referral has the approval, this item in that budget, in the same budget, and this covers the whole waterfront.

Mr. WALKER. I thank the gentleman for his explanation, but I think it does go to the heart of the matter

that the gentleman from New York has just pointed out, that what we have here is a general endorsement of the overall program.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. WALKER) has expired.

(By unanimous consent, Mr. WALKER was allowed to proceed for 1 minute.)

Mr. WALKER. What we have in terms of the report of the Armed Services Committee is a general endorsement of the entire program, but when the Office of Management and Budget was asked to speak to specifics, and specifically talked about section 901, the Office of Management and Budget at that point said that 901 was not consistent with the direction in which they are trying to take the budget of the country and would, therefore, be in favor of the approach taken by the Government Operations Committee.

Mr. STRATTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would appreciate it if the gentleman from New York might be able to respond.

I am not, of course, privy to the testimony that somebody from the Office of Management and Budget may have given to the gentleman's subcommittee, but is the gentleman assured that the Office of Management and Budget approved the President's request for the Department of Defense bill that was submitted to our committee?

Mr. HORTON. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from New York.

Mr. HORTON. What was the gentleman's question?

Mr. STRATTON. Does the gentleman assume that when the President sent to the Congress the Department of Defense legislation for fiscal 1982, that that was something that the Office of Management and Budget had approved?

Mr. HORTON. I am not going to assume anything. All I know is what I read in the document referred to by the chairman of the Committee on Armed Services, which was a letter from the Acting General Counsel of the Department of Defense.

Now, I do not know whether there is a backup letter. If the gentleman will yield further; all I know is that the Deputy Director of OMB testified before our committee on section 901 and he said it ought to come out of the bill. That is why we took it out. This is on June 3, 1981.

Mr. STRATTON. What is happening in the gentleman's administration when the letter directed by the President sending to the Congress the bill that he wants enacted says that section 803 would amend section 8358 relating to basic and applied scientific research to make it clear that such research may be conducted by grant as well as by contract?

The gentleman knows perfectly well this represents the views of the President of the United States and certainly he is not suggesting that some deputy in the Office of Management and Budget is going to try to overrule the President of the United States who asked the Speaker and the chairman of the committee to enact this legislation.

Mr. HORTON. If the gentleman will yield further, I think that is a little bit farfetched if the gentleman is using the President's approval of this bill per se for the whole thing. I would say that I have what we call in the legal parlance a "Red Cow" case. This is an instance in which the administration has specifically said on section 901, which the gentleman's committee put in the bill, we do not like it, take it out. When it came before the Committee on Government Operations, we took it out based on what the administration said.

The gentleman is trying to take earlier reasoning——

Mr. STRATTON. I decline to yield further. The gentleman is out of time.

Mr. HORTON. As a result of this blanket approval then we do not listen to what they have to say when they came in on June 3.

Mr. STRATTON. Is the gentleman suggesting that the Deputy Director of the OMB is the person to inform the Armed Services Committee that it wants to rescind a request from the President of the United States when he sends up his budget bill?

Mr. HORTON. No; he told us at the Government Operations Committee on June 3——

Mr. STRATTON. Why does he not tell our committee, the gentleman's group is not enacting section 803. This is specifically sent to the Armed Services Committee with a request that we enact it and we enact it promptly and the gentleman is trying to tell us that some character from OMB can come up and vitiate the entire request of the whole administration.

Mr. HORTON. If the gentleman will yield further.

Mr. STRATTON. It does not make any sense or else the administration is in some kind of chaotic situation, which I certainly trust is not the case.

Mr. HORTON. That is not the case.

Mr. STRATTON. I would like to have the gentleman respond as to how he thinks the Department of Defense and——

Mr. HORTON. I am trying to.

Mr. STRATTON. And the White House operate when they send a message to Congress and then tell somebody to go up to the gentleman's committee and tell them they do not want it; are they trying to promote dissension among the Members of the House?

Mr. HORTON. If the gentleman will yield, the problem the gentleman from New York (Mr. STRATTON) has is that the bill was sequentially referred by the Speaker of the House to the Government Operations Committee for our consideration of something that we have under our jurisdiction.

At that time the Office of Management and Budget testified and said, "We do not like what they put in there, section 901."

Mr. STRATTON. That was at the request of the gentleman from Texas, the chairman of the committee, not the White House.

Mr. DELLUMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it seems to me that if we pause for a moment to reflect upon this debate what we will find is we have indulged in the absurdity of a discussion over which members of the administration supports which section.

The only person, the only people who have taken the floor of this House to discuss the significance of the amendment, the content of the amendment, have been the distinguished ranking minority member of the Government Operations Committee and the chairperson of the Government Operations Committee.

The tragic reality is that not one member of the committee upon which I serve, namely, the Armed Services Committee, has stood in the well of this House to discuss the substance and content of whether or not this provision is appropriate. It would seem to me that the gentleman, the chairperson, and ranking minority member of the Government Operations Committee have made a cogent argument as to why we ought to knock this provision out of this bill. No one member of the Committee on Armed Services has given any particular reason why we ought to give the Pentagon this incredible freedom to spend extraordinary amounts of money. We do indeed have a law that governs grants and it would seem to me that we ought to be abiding by the laws and the Committee on Armed Services should not in this incredible atmosphere of militarism feel we have to give the Pentagon every single thing that we think they want without any accountability. That should be the normal process of government and I find that absurd and I am embarrassed and ashamed as a member of the Committee on Armed Services that we have not addressed the substance and content of the criticism raised by my distinguished colleague from Texas, the chairperson of the Committee on Government Operations.

If the gentleman would like me to yield, I would be pleased to yield.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from Alabama.

Mr. DICKINSON. I am sorry I was not able to articulate the position of the Committee on Armed Services to the satisfaction of the gentleman.

Mr. DELLUMS. All I heard was the gentleman supported it.

Mr. DICKINSON. Either that or the gentleman was not listening.

Mr. DELLUMS. I was here. Maybe the gentleman was not that articulate.

Mr. DICKINSON. As I said, perhaps I was not.

The problem that I tried to address is that there is a need, the Department of Defense feels, for the ability to encourage research by grants within the Department of Defense. This would be done under the same guidelines and restrictions applicable to other agencies of Government, such as HHS.

This is requested. It was in the President's budget. It was approved by OMB. It does not violate any rule or regulation that any other agency has to operate under when they also give grants for research. I do not know what else can be said. There is a need. It will encourage research. This is just another tool that the Department of Defense uses, just as any other agency presently uses.

Mr. DELLUMS. I think that is quite reasonable. The question I would like to ask the gentleman, given the fact that roughly between 55 and 60 percent of our scientific capability in this country is already directed to military research, have we on the Committee on Armed Services received any testimony indicating that our present course of action, that is abiding by the law as it was established in 1978, precludes the capacity of the Pentagon to engage in the kind of research that the gentleman raised?

Do we have any evidence to support the fact that we ought to move beyond the laws that are presently constituted, presently written, signed into law by the President of the United States?

Mr. DICKINSON. This did not come up when it was presented to the committee, and we took no testimony. I do not think there is any doubt or contravention by the members of the Committee on Government Operations that we do not at the present time have the right to engage in research by grant.

Mr. DELLUMS. Let me ask the gentleman one additional question. Can my colleague suggest to the body what kind of research would not go on if the Committee on Government Operations amendment prevailed on the floor?

What capacity would be retarded by the Pentagon if this amendment passed on the floor, that is, to strike the provision of armed services?

Mr. DICKINSON. In all honesty, I cannot pinpoint a particular contract or particular type of research. The point is that other agencies are doing it, evidently to the benefit of the Government. We allow it. We have set up rules and regulations by which they may do this.

What we are saying is that the Department of Defense sees it as beneficial to be given the same right as other agencies of Government and has requested the right. It was not controverted.

The CHAIRMAN. The time of the gentleman from California (Mr. DELLUMS) has expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 2 additional minutes.)

Mr. DICKINSON. If the gentleman will continue to yield, it did not come up in testimony and we did not go into detail. So, after we had finished with it, the matter was sequentially referred to the Committee on Government Operations. That is where the matter came up in detail.

So, for this reason, I cannot show the gentleman from our record where it was substantiated or supported by the administration because it was a nonissue.

□ 1145

In this matter we support what the administration has asked for, what OMB supported: The same right for the Department of Defense as other agencies under the same guidelines, the same restrictions, the same regulations. I do not think that is unreasonable.

I am sorry that the Government Operations Committee does not have enough business to take care of as it is and has to come over and help us with our business.

Mr. VENTO. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to my colleague.

Mr. VENTOR. Mr. Chairman, I will not take much time. I did not intend to get involved in this; but for someone sitting here listening to the debate, I mean, the point is, and I do not want to get involved in who is right or what the last word is from the administration, but I would hope the committee would look at this substantively in terms of what the impact is. So far that has not become apparent on this floor.

For instance, the magnitude of the type of research done in the Defense Department, I think, almost overshadows most anything in our society. We spend vast amounts of money on research in this area. One only has to look at title II of this bill to recognize that factor.

I guess my question, and I hope that someone on the Armed Forces Committee or the Government Operations Committee can answer it, is there any dollar limitation to the type of grants here? Are we going to provide, for instance, seed money to those who are preparing grants; for instance, for small companies, for innovative companies. What type of requirements do you have to hold them accountable in terms of grant procedure. What assurance do we have?

I mean, these are the basic questions, if we are all concerned about getting the best mileage out of our dollar.

The CHAIRMAN pro tempore (Mr. SABO). The time of the gentleman from California (Mr. DELLUMS) has expired.

(At the request of Mr. VENTO, and by unanimous consent, Mr. DELLUMS was allowed to proceed for 3 additional minutes.)

Mr. DELLUMS. I yield to the gentleman from Minnesota.

Mr. VENTO. I thank the gentleman. I hope my questions can be answered.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the distinguished gentleman from Texas (Mr. BROOKS).

Mr. BROOKS. In our consideration of this particular procurement matter, which does come within the jurisdiction of the Government Operations Committee by rule of this Congress, we found that there is no limit in this provision to the dollar amount that the Defense Department can give to people for research. Nobody questions that. They do it now. They can do it tomorrow. They can do it next year.

What they are trying to do in this instance is not just have grants for research. They want to issue grants for the procurement of certain types of services, which they would be required under current law to procure with a contract. They want to issue a contract and call it a grant.

That is the simple difference.

If you are interested in research for universities, for businesses, for anything in the world, you can get it under the law now; this provision would allow the procurement of services and property, and call that a grant. That is what this bill would allow DOD to do. I want to strike that out. I do not think we should do that by grants. It ought to be done by contract.

If DOD just plays by the rules, it can spend those billions of dollars, but it does not seem unreasonable that the Defense Department should have to spend its billion dollars a day by the rules. It should not be too difficult for them to go by the rules that other agencies go by.

How much leeway do you want to give to Cap Weinberger to spend $136 billion this year, more next year, and over 5 years $1,635 billion of our tax money? I ask you, how much leeway do you want to give him?

Mr. STRATTON. Mr. Chairman, will the gentleman yield to me?

Mr. DELLUMS. Just a moment. Mr. Chairman, before yielding to the gentleman from New York, the gentleman from California simply took the floor to try to point out that I think it is rather embarrassing for us to sit here and exchange which member of the administration supported which section at what time.

What we ought to be doing as a deliberative body is discussing the substantive question. It seems to me that the gentleman from Texas, my distinguished colleague who I yielded to momentarily, raised some substantive questions. If the gentleman from New York or the gentleman from Illinois or the gentleman from Alabama, the ranking minority member of the Armed Services Committee, is capable of responding to the substantive question, that is the level at which the debate ought to occur, not which personality was supporting which provision at what time.

Mr. STRATTON. Mr. Chairman, will the gentleman yield to me?

Mr. DELLUMS. I yield to the gentleman from New York.

Mr. STRATTON. The gentleman asked a moment ago whether we had any evidence of what harm had been done by this refusal of the grant approach. I am advised that a couple years ago the Department of Defense wanted to give a research contract to the San Diego State University in the gentleman's own State. This had to do with research in electronics, and because of the requirement that it had to be handled under a competitive contract arrangement, it was determined that San Diego State University was not in a position to compete.

The CHAIRMAN pro tempore. The time of the gentleman from California (Mr. DELLUMS) has again expired.

(At the request of Mr. STRATTON, and by unanimous consent, Mr. DELLUMS was allowed to proceed for 2 additional minutes.)

Mr. DELLUMS. I yield to the gentleman from New York.

Mr. STRATTON. San Diego State University said that they were not in a position to compete with private industry and they lost the grant and, therefore, the students, the graduate students there, who would have benefited from that grant and who would have enriched our knowledge were not able to participate in that program.

I thought I had dealt with the substantive issue when I had a colloquy with the gentleman from Alabama and pointed out that our universities represent part of our defense mobilization base. We certainly ought to encourage our universities, because as the gentleman may be aware, almost 50 percent of our students in graduate schools today are foreign students who are going to take that knowledge back to their own countries and the ratio of American students is declining. These are the ones we want to help.

Mr. DELLUMS. Let me ask the gentleman, how does the gentleman respond to the assertion made by the gentleman from Texas that if you wanted to have research under the present law, that could be done, but the gentleman from Texas is raising another important question that grants are being used instead of contracts. How does the gentleman respond to that, in my estimation a very serious question?

Mr. STRATTON. The grants have all the protection of grants in any other arrangement. There is no difference between the Defense Department giving a grant and the EPA giving a grant to somebody to test the acid rainfall in northern New York, for example.

We deal traditionally with universities on a grant basis and they have participated abundantly in our research at the State university in Albany, for example, and elsewhere. To attempt to try to put them into a contract arrangement so that they are competing with the 3M Corp. or IBM or something seems to be totally out of the question.

The gentleman from Texas is suggesting that somehow this is a devious arrangement for the Defense Department to channel all kinds of unscrupulous billions of dollars into some area where it is not appropriate.

Mr. DAN DANIEL. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

First of all, I want to express my appreciation to the gentleman from Texas for his cooperative attitude in the discussions on all these amendments; but let me see if I can underscore what the gentleman from New York (Mr. STRATTON) has just said.

It seems to me that the Government Operations Committee bases its opposition to section 901 on the belief that it undermines the intent of the Federal Grants and Cooperative Agreement Act. Well, if that is the understanding, I do not believe that is true, because this provision does not in any way relieve DOD of the obligation of complying fully with every provision of the Federal Grants and Cooperative Agreement Act.

Let me repeat, the DOD must comply with every provision of that act under section 901.

Does the gentleman agree? Is that correct?

Mr. BROOKS. What the gentleman is saying is that they would have to comply with the requirements for grants. But the provision which the gentleman is supporting expands the definition of a grant, and the provision does not restrict grants to the research matters that were discussed involving all these foreign college students that are going to be educated and then take their knowledge abroad.

Mr. DAN DANIEL. In what way, I ask the gentleman from Texas (Mr. BROOKS), are we expanding the definition?

Mr. BROOKS. Let me answer the question. When you exempt yourself from the existing law, if the gentleman wants to hear my answer——

Mr. DAN DANIEL. Yes sir.

Mr. BROOKS. If DOD is exempted from the existing law which provides when grants and contracts are to be used, you are changing the definition of grants. If you say a grant it also a contract, you have changed what a grant is. If you need to procure research, then meet the existing requirements. If you need to obtain goods and services, do it under a contract.

Mr. DAN DANIEL. I reclaim my time.

I say to the gentleman from Texas (Mr. BROOKS), it is my understanding that the Federal Grants and Cooperative Agreement Act itself defines what a grant is, what a contract is, and what a cooperative agreement is. This provision does not expand that definition. It also specifies under what conditions a grant should be used, a contract should be used, and a cooperative agreement should be used.

Mr. BROOKS. Then why do we need this amendment in the bill if it does that, because as I read the Federal Grant and Cooperative Agreement Act (Public Law 95-224) it specifies——

Mr. DAN DANIEL. Let me ask the gentleman a question.

Mr. BROOKS. Let me answer for one second what it says.

Mr. DAN DANIEL. All right.

Mr. BROOKS. What the bill says is that the circumstances under which Federal agencies are to use contracts and grants; grants are for research where you just give them the money, give them the money and let them do something that is of research value.

Mr. DAN DANIEL. DOD does not now have the authority to make these grants for basic and applied research. Section 901 would give them this authority but they then will have to fully comply with the provisions of the Federal Grants and Cooperative Agreement Act.

Mr. BROOKS. I think the Department of Defense does have the authority to make grants now and the Department of Defense does make grants now.

Mr. DAN DANIEL. I would reclaim my time.

Mr. Chairman, the Department of Defense does not at the present time have the authority to use grants for basic and applied research—this is a fact. Under this provision, they will have that.

The CHAIRMAN. The question is on the Government Operations Committee amendment.

The question was taken; and the Chairman being in doubt, the Committee divided, and there were—ayes 15, noes 20.

RECORDED VOTE

Mr. BROOKS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 190, noes 194, not voting 48, as follows:

[Roll No. 124]

AYES—190

Addabbo	Foley	Panetta
Anderson	Ford (MI)	Patman
Applegate	Ford (TN)	Patterson
Aspin	Forsythe	Paul
Atkinson	Fountain	Pease
AuCoin	Garcia	Peyser
Bailey (MO)	Gaydos	Porter
Barnes	Gejdenson	Pursell
Bedell	Gilman	Rahall
Beilenson	Glickman	Rangel
Benjamin	Goodling	Ratchford
Biaggi	Gore	Reuss
Bingham	Gradison	Richmond
Blanchard	Gray	Rodino
Boggs	Gregg	Roe
Bonior	Grisham	Roemer
Bonker	Guarini	Rosenthal
Brodhead	Gunderson	Rostenkowski
Brooks	Hall (OH)	Roukema
Broomfield	Hall, Sam	Roybal
Brown (CA)	Hamilton	Russo
Burgener	Hawkins	Sabo
Burton, John	Heckler	Santini
Burton, Phillip	Hefner	Sawyer
Chappie	Heftel	Schneider
Chisholm	Hightower	Schroeder
Clinger	Hiler	Seiberling
Coelho	Hollenbeck	Sensenbrenner
Collins (IL)	Horton	Shamansky
Collins (TX)	Hughes	Shannon
Conyers	Jones (OK)	Sharp
Corcoran	Kastenmeier	Shaw
Coyne, William	Kildee	Simon
Crockett	Kogovsek	Smith (IA)
D'Amours	LaFalce	Smith (NE)
Danielson	Lantos	Snowe
Daschle	Leach	St Germain
Daub	Lehman	Stark
de la Garza	Leland	Stokes
Deckard	Levitas	Studds
Dellums	Long (LA)	Swift
DeNardis	Long (MD)	Synar
Derrick	Lujan	Tauke
Dingell	Lundine	Tauzin
Dixon	Lungren	Thomas
Donnelly	Markey	Udall
Dorgan	Matsui	Vento
Downey	Mattox	Walgren
Dunn	McDade	Walker
Dwyer	McGrath	Waxman
Dymally	McHugh	Weaver
Eckart	McKinney	Weber (MN)
Edgar	Mikulski	Weber (OH)
Edwards (CA)	Mineta	Weiss
English	Minish	Whitten
Erdahl	Mitchell (MD)	Williams (MT)
Ertel	Moakley	Williams (OH)
Evans (IN)	Moffett	Wolpe
Fascell	Moore	Wortley
Fazio	Neal	Yates
Fenwick	Nowak	Zablocki
Ferraro	Oberstar	Zeferetti
Fish	Obey	
Foglietta	Ottinger	

NOES—194

Akaka	Bailey (PA)	Boland
Albosta	Beard	Bouquard
Alexander	Benedict	Bowen
Annunzio	Bennett	Brinkley
Archer	Bereuter	Brown (CO)
Ashbrook	Bethune	Brown (OH)
Badham	Bevill	Broyhill
Bafalis	Bliley	Byron
Campbell	Hillis	Natcher
Carman	Holland	Nelligan
Carney	Hopkins	Nichols
Chappell	Hoyer	O'Brien
Cheney	Hubbard	Parris
Clausen	Huckaby	Pashayan
Coats	Hunter	Pepper
Conable	Hutto	Perkins
Conte	Hyde	Petri
Coughlin	Ireland	Pickle
Courter	Jacobs	Price
Coyne, James	Jeffords	Pritchard
Craig	Jeffries	Regula
Crane, Daniel	Jenkins	Rhodes
Crane, Philip	Johnston	Rinaldo
Daniel, Dan	Jones (TN)	Ritter
Daniel, R. W.	Kazen	Roberts (KS)
Dannemeyer	Kemp	Roberts (SD)
Davis	Kindness	Robinson
Derwinski	Kramer	Rogers
Dickinson	Lagomarsino	Rousselot
Dicks	Latta	Schulze
Dornan	Leath	Schumer
Dougherty	LeBoutillier	Shelby
Dowdy	Lee	Shumway
Dreier	Lent	Shuster
Duncan	Lewis	Skeen
Dyson	Livingston	Skelton
Edwards (AL)	Loeffler	Smith (AL)
Edwards (OK)	Lott	Smith (NJ)
Emerson	Lowery CA)	Smith (OR)
Emery	Lowry (WA)	Snyder
Erlenborn	Luken	Solarz
Evans (DE)	Madigan	Solomon
Evans (GA)	Marks	Spence
Evans (IA)	Marriott	Stangeland
Fary	Martin (IL)	Stanton
Fiedler	Martin (NC)	Staton
Fields	Martin (NY)	Stenholm
Findley	Mavroules	Stratton
Fowler	McClory	Stump
Frost	McCollum	Taylor
Gibbons	McCurdy	Trible
Gingrich	McDonald	Volkmer
Gonzalez	McEwen	Wampler
Gramm	Mica	Watkins
Green	Michel	White
Hagedorn	Miller (OH)	Whitehurst
Hall, Ralph	Mitchell (NY)	Whittaker
Hammerschmidt	Molinari	Wilson
Hance	Mollohan	Winn
Hansen (ID)	Montgomery	Wolf
Hansen (UT)	Moorhead	Wylie
Hartnett	Morrison	Yatron
Hatcher	Murtha	Young (FL)
Hendon	Myers	Young (MO)
Hertel	Napier	

NOT VOTING—48

Andrews	Fuqua	Quillen
Anthony	Gephardt	Railsback
Barnard	Ginn	Rose
Bolling	Goldwater	Roth
Boner	Harkin	Rudd
Breaux	Holt	Savage
Butler	Howard	Scheuer
Clay	Jones (NC)	Siljander
Coleman	Marlenee	Traxler
Cotter	Mazzoli	Vander Jagt
Early	McCloskey	Washington
Fithian	Miller (CA)	Whitley
Flippo	Mottl	Wirth
Florio	Murphy	Wright
Frank	Nelson	Wyden
Frenzel	Oakar	Young (AK)

□ 1200

The Clerk announced the following pairs:

On this vote:

Mr. Miller of California for, with Mr. Barnard against.

Mr. Florio for, with Mr. Ginn against.

Mr. Wirth for, with Mr. Flippo against.

Mr. Howard for, with Mrs. Holt against.

Messrs. PASHAYAN, EVANS of Georgia, MARRIOTT, and EDWARDS of Oklahoma changed their votes from "aye" to "no."

Messrs. MOORE, ERTEL, APPLEGATE, WEBER of Ohio, JONES of Oklahoma, and HEFTEL changed their votes from "no" to "aye."

So the Government Operations Committee amendment was rejected.

The result of the vote was announced as above recorded.

□ 1215

Mr. PRICE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committtee rose; and the Speaker pro tempore (Mr. DANIELSON) having assumed the chair, Mr. SABO, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3519) to authorize appropriations for fiscal year 1982 for the Armed Forces for procurement, for research, development, test, and evaluation, and for operation and maintenance, to prescribe personnel strengths for such fiscal year for the Armed Forces and for civilian employees of the Department of Defense, to authorize appropriations for such fiscal year for civil defense, and for other purposes, had come to no resolution thereon.

LEGISLATIVE PROGRAM

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, I have asked for this time for the purpose of inquiring of the distinguished majority whip the program for the balance of today and next week.

I yield to the gentleman at this time.

Mr. FOLEY. I thank the distinguished Republican leader for yielding.

Mr. Speaker, as announced last evening, we will proceed during the balance of today's session to consider the rule on the HUD appropriation bill for 1982. Following that, there will be general debate only. So after the adoption of the rule, the Members can be assured that we expect no further votes today.

On Monday the House will meet at noon and consider six bills under suspension of the rules:

H.R. 3454, intelligence authorizations for fiscal year 1982;

H.R. 3659, omnibus territories bill;

H.R. 2449, marine sanctuaries authorization bill;

H.R. 3975, authorization to encourage production of tar-sand oil;

H.R. 1309, land-grant colleges research facilities; and

H.R. 2903, to extend the Defense Production Act.

Monday is also District day. There are two bills, H.R. 2818, to extend the District of Columbia borrowing authority; and H.R. 2819, to increase the

annual payment for the District of Columbia.

Following that, H.R. 4035, the Interior Appropriations Act for fiscal year 1982. A rule has been adopted. We will proceed with general debate and, time permitting, the chairman intends to proceed with the bill. But since we are postponing all votes until Tuesday, if any votes arise on the consideration of the appropriations bill, the Committee will rise.

Mr. MICHEL. Mr. Speaker, might I inquire of the gentleman, since there are two District bills coming up, would the same rule apply, if there were amendments to be offered to those District bills?

Mr. FOLEY. Yes; we will postpone any votes. There will be no recorded votes taken on Monday. Any recorded votes that are demanded, in the case of suspensions, will be postponed.

Mr. MICHEL. It may very well be, then, that the Committee would have to rise on a District bill?

Mr. FOLEY. That is correct.

Mr. MICHEL. I understand.

Mr. FOLEY. The same thing would be true of the appropriations bill. The bill manager would proceed to defer any further consideration in the event of a recorded vote being demanded.

Mr. MICHEL. So Members are definitely assured there will be no recorded votes on Monday?

Mr. FOLEY. Members are definitely assured there will be no recorded votes on Monday.

Mr. MICHEL. I thank the gentleman.

Mr. FOLEY. On Tuesday, July 14, the House will meet at noon. It is a suspension day but there are no suspensions scheduled. There will be recorded votes on all of the bills debated on which recorded votes were authorized on Monday, July 13, and also the further consideration and completion of H.R. 3519, the Department of Defense authorizations for fiscal year 1982.

On Wednesday and the balance of the week, the House will meet at 10 a.m. and will consider H.R. 4034, the HUD appropriations for fiscal year 1982, completing consideration; H.R. 4035, the Interior appropriations bill, completing consideration; and H.R. 3380, to increase the pay and allowances of members of the armed services.

Members should expect that the conference report on the budget reconciliation will be brought to the floor as soon as it is available, and the possibility exists that that could be later in the week, although I think it is fair to say that is doubtful.

Mr. PANETTA. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from California.

Mr. PANETTA. I thank the gentleman for yielding.

Mr. Speaker, I think it is very important for the Members who have made inquiries about the conference on reconciliation to get some idea where we stand on this issue. It has been an issue which has been a source of discussion throughout the week. From the Budget Committee's perspective, we are quite concerned that we want to proceed with a conference, to complete it within the time frame that was initially established, and I would ask the distinguished minority leader, from his discussions, what is the status at this point?

Mr. MICHEL. Mr. Speaker, as the gentleman knows, the measure is over in the other body, and there are two options that the other body has, either accepting the House bill as passed and sending it on to the White House, or requesting a conference.

It is my understanding that within half an hour or so there will be a rather strategic, critical meeting taking place over in the other body that will, for all practical purposes, I presume, make that decision for us one way or another; and, of course, if the decision is to simply adopt the House-passed measure, we will have no more voice in it. If the request is for a conference, I would surely hope, as I am sure the gentleman would concur, that conceivably Monday, or maybe not until Tuesday, conferees could be appointed so that we could move ahead expeditiously to dispose of that.

In my conversations with both the gentleman from California and the chairman of the committee, the gentleman from Oklahoma, the Speaker, and others, my feeling was that we would hope to dispose of it by July 24 so that that final week, then, could be devoted to the consideration of the tax bill, as the chairman of the committee indicated to me he had a schedule outlined for us.

Mr. PANETTA. If the gentleman will yield further, I think it is extremely important that if the decision is to proceed with a conference, we try to have that decision as quickly as possible in order to expedite the time frame involved to complete reconciliation, not only for the purpose of completing reconciliation, but also for the purpose of getting that set aside so that we can then deal with the tax bill.

I think in terms of the time frame we are trying to meet, it is very important to meet those deadlines.

Mr. MICHEL. Mr. Speaker, I appreciate the gentleman's contribution. That, of course, has been the position of the gentleman from Illinois all along, that we have got to move expeditiously here. It would certainly be my position to press for that decision to be made just as quickly as possible, hopefully within an hour or so.

Mr. FOLEY. If the distinguished Republican leader will yield further, I would like to advise the Members that it would be our intention, if necessary, to work late on Tuesday night, to take final action on the DOD authorization bill. We would hope it would not be necessary to work very late, but it is our intention to complete the Department of Defense authorization bill Tuesday, even if it requires working past 5:30.

Second, I would like to advise the Members that there is a possibility, and they should so make plans accordingly, of a Friday session.

Mr. MICHEL. The gentleman anticipated my question relative to the Defense authorization bill. I would suspect that maybe all Members ought to be just a little bit more flexible in the balance of the time in the month of July, particularly if there is to be a conference on reconciliation and to move ahead as best we can with appropriations bills, to justify the kind of recess or vacation period we would like to have. The gentleman from Illinois certainly would not hold the majority party to a strict 5:30 adjournment period if it suited the purpose of the House to move ahead expeditiously so that we can dispose of the important business at hand, the critical issues that are before us.

Mr. FOLEY. The distinguished Republican leader is correct. It is our intention to move expeditiously, and we will appreciate that cooperation.

Mr. Speaker, these announcements, of course, are made subject to the usual qualification that conference reports may be brought up at any time, and any further program will be announced later.

The House, as Members know, since May 15, meets at noon on Mondays and Tuesdays, and at 10 a.m. on Wednesdays, Thursdays, and Fridays.

Mr. MARRIOTT. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Utah.

Mr. MARRIOTT. Mr. Speaker, I would like to ask the majority whip a question.

We were told that the tar sands bill that the gentleman announced would be under suspension on Monday would not be debated until Tuesday. Is that correct? Will we be debating that bill on Tuesday or Monday?

Mr. FOLEY. The intention is to debate the bill on Monday and to postpone any votes ordered on it until Tuesday.

Mr. MARRIOTT. Since I have an interest in the bill, we were told earlier that by special agreement they agreed to have debate on that bill on Tuesday morning.

Mr. FOLEY. I am sorry, I am not privy to that understanding. The program, as I have been advised, would be to take up all six of the suspensions on Monday and to defer the votes. I wish

I could assure the gentleman that I knew of some understanding to postpone the debate on the bill until Tuesday, but I do not.

Mr. MARRIOTT. I thank the gentleman.

□ 1230

ADJOURNMENT TO MONDAY, JULY 13, 1981

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 12 o'clock noon on Monday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

WAIVING CERTAIN POINTS OF ORDER AGAINST H.R. 4034, HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES APPROPRIATION ACT, 1982

Mr. MOAKLEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 171 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 171

Resolved, That during the consideration of the bill (H.R. 4034) making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1982, and for other purposes, all points of order against the following provisions in said bill for failure to comply with the provisions of clause 2 of rule XXI are hereby waived: beginning on page 2, line 8 through page 3, line 14; beginning on page 4, line 1 through page 5, line 21; beginning on page 6, lines 9 through 21; beginning on page 7, lines 11 through 19; beginning on page 8, lines 11 through 15; beginning on page 9, lines 16 through 19; beginning on page 10, lines 4 through 12; beginning on page 11, lines 3 through 12; beginning on page 13, lines 11 through 21; beginning on page 14, line 14 through page 16, line 4; beginning with the word "Operating" on page 20, line 9 through page 20, line 12; beginning on page 21, line 1 through page 23, line 13; beginning on page 23, lines 15 through 22; beginning on page 25, line 3 through page 28, line 3; beginning on page 32, lines 16 through 24; beginning on page 34, lines 17 through 21; beginning with the word "including" on page 38, line 11 through the comma on page 38, line 13; and all points of order against the following provisions in said bill for failure to comply with the provisions of clause 6 of rule XXI are hereby waived: beginning on page 2, line 8 through page 3, line 5; beginning on page 4, lines 1 through 24; beginning on page 5, lines 7 through 21; and beginning on page 10, lines 4 through 12: *Provided*, That in any case where this resolution waives points of order against only a portion of a paragraph, a point of order against any other provision in such paragraph may be made only against such provision and not against the entire paragraph.

The SPEAKER pro tempore. The gentleman from Massachusetts (Mr. MOAKLEY) is recognized for 1 hour.

Mr. MOAKLEY. Mr. Speaker, I yield the usual 30 minutes to the minority to the gentleman from Arizona (Mr. RHODES), and pending that I yield myself such time as I may consume.

Mr. Speaker, House Resolution 171 is a rule waiving certain points of order against the bill H.R. 4034, providing appropriations for the Department of Housing and Urban Development, and for various independent agencies for fiscal year 1982.

The first waiver of points of order in this rule, Mr. Speaker, is a waiver of clause 2 of rule XXI. Clause 2 of rule XXI prohibits both unauthorized appropriations and legislation in appropriations. The waiver applies only to sections of the bill that are specified in the rule, Mr. Speaker, and is necessary primarily because appropriations are provided in this bill for some programs whose authorizations have reached some stage of the legislative process, but have not yet been enacted into law.

In addition, there are a few provisions of the bill protected by this waiver that technically are legislation, such as the disapproval of a requested deferral of funds for the Veterans' Administration.

The second waiver of points of order, Mr. Speaker, is a waiver of clause 6 of rule XXI, which prohibits reappropriations in an appropriations bill. The waiver is necessary because there are a few sections of this bill, also specified in the rule, that continue the availability of money that was appropriated in previous years.

Also, Mr. Speaker, there is a proviso at the end of this rule, which simply insures that the waivers protect the language they are meant to protect. It is necessary because there are two instances in which there are waivers of points of order against parts of paragraphs, rather than against entire paragraphs.

The proviso clarifies that, even if points of order are sustained against other portions of those paragraphs, the portions will fall, but not the entire paragraphs and not the protected portions.

The waivers of points of order contained in this rule, Mr. Speaker, will simply allow the House to proceed in an orderly fashion to consider this important appropriations bill for the coming fiscal year. As my colleagues are aware, the beginning of that new fiscal year is now only about 2½ months away, and there is much legislative business facing us between now and then.

This bill, Mr. Speaker, will provide the necessary appropriations for HUD, for such programs as subsidized housing and community development. It also contains funding for the Veterans' Administration, NASA, the Selective Service System, the Federal Emergency Management Agency, the Environmental Protection Agency, and a number of other independent agencies.

The total in the bill is within the targets set out in the first budget resolution, Mr. Speaker, and I would like to take this opportunity to say that I think the Appropriations Committee has done an excellent job under difficult and trying circumstances.

I urge all my colleagues to support the rule in order that the bill might be considered in an orderly manner.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. MOAKLEY. I will be glad to yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding. It was my understanding that the gentleman might have an explanation of the new provision that was added to the bill yesterday. It was also in this bill, and I would appreciate it if the gentleman would offer an explanation if he has that available.

Mr. MOAKLEY. I think the gentleman is referring to the proviso, which simply insures that the waivers protect the language they are meant to protect. Under the rules and precedents of the House, if a portion of a paragraph in an appropriations bill is subject to a point of order the point of order may be made against the entire paragraph. As a result, when there is legislative language in a paragraph of an appropriations bill, a rule from the Rules Committee generally waives points of order against the entire paragraph.

That creates a potential problem, however, because in those two cases, if any points of order were to be sustained against other portions of the paragraphs. They could cause the entire paragraphs to fall including the language the rule was meant to protect.

The purpose of the proviso is simply to guard against that potential problem. It does no more than clarify that, even if points of order are sustained against other portions of those paragraphs, the portions will fall, but not the entire paragraphs.

Mr. WALKER. If the gentleman will yield further, yesterday I raised the question and we were not able to answer it: Can we expect that this is going to be fairly standard, boilerplate language on appropriation bills that are brought to the House floor?

Mr. MOAKLEY. I cannot speak for the committee, but I can say that we are doing it in this specific piece of legislation. I do not know what the Rules Committee will do from here on.

Mr. WALKER. I thank the gentleman.

Mr. LEVITAS. Mr. Speaker, will the gentleman yield?

Mr. MOAKLEY. I yield to the gentleman from Georgia.

Mr. LEVITAS. Mr. Speaker, the gentleman in his explanation of this rule stated that there are waivers against the prohibition of legislating in an appropriations bill, which I consider to be a very bad practice. He referred to one area relating to the Veterans' Administration.

Mr. MOAKLEY. Yes.

Mr. LEVITAS. Are there any other specific areas in which legislation is contained in this appropriations bill?

Mr. MOAKLEY. I have a list of the sections, and I have also a copy of the bill that has the particular sections marked, and I would be happy to share either or both with the gentleman.

Mr. LEVITAS. I wonder if the distinguished chairman of the Appropriations Subcommittee has that information, because it just bothers me in buying a rule sight unseen. First of all, I think it is a terrible practice to begin with, to permit appropriations without legislative authorizations for the funds, and I think this is obviously going to be the bad practice which is going to be followed in this Congress, but at least let us have some idea of those areas in which there is legislation being written in appropriations bills, and which appropriations are being made for unauthorized activities.

Mr. BOLAND. Mr. Speaker, will the gentleman yield?

Mr. MOAKLEY. I will be glad to yield to the gentleman from Massachusetts.

Mr. BOLAND. Does the question concern other areas in the bill which constitute legislation on appropriations?

Mr. LEVITAS. Legislation.

Mr. BOLAND. One example is the Department of Housing and Urban Development's section 202 program. We have carried a particular proviso in this bill for the last several years, and it is simply to insure that that item is included in the budget of the U.S. Government. I do not think anybody would disagree with that. We have never had a problem with it.

There are other areas in the bill. On page 3 of the bill, with respect to the rent supplement program, we have included language proposed by the administration rescinding funds. That is legislation on an appropriation bill and it is in violation of the rules. We requested a waiver of points of order on that.

One other area that I am familiar with is the rehabilitation loan program that is carried on page 10 of the bill. That paragraph is in violation of clauses 2 and 6 of rule XXI. It constitutes legislation on an appropriation bill and provides for the use of loan repayments and we asked for a waiver of points of order on that particular paragraph.

I think that if the gentleman will look at the request for a rule that this committee has made, he will agree we have requested waivers pertaining to legislation in an appropriation bill only in areas which are not controversial. That does not address the principle that the gentleman is concerned with, but in any event we have not asked for waivers on legislation carried in this bill which might be considered controversial, but only in those areas that are noncontroversial.

Mr. RHODES. Mr. Speaker, I yield myself as much time as I may consume and ask permission to revise and extend my remarks.

Mr. Speaker, House Resolution 171 waives certain points of order against H.R. 4034, the HUD and independent agencies appropriation bill for 1982.

As H.R. 4034 includes appropriations for a number of programs for which legislation has not been enacted, the proposed rule waives all points of order under clause 2 of rule XXI in 15 instances. Clause 2 rule XXI prohibits unauthorized appropriations and legislation on general appropriation bills. I would like to point out that members from affected authorizing committees have expressed general objection to the legislative initiatives incorporated by the Appropriations Committee in the bill.

The proposed rule also waives clause 6 of rule XXI against specified provisions of the bill. Such a waiver will permit reappropriation of funds to four programs:

First, the annual contribution for assisted housing; second, housing for the elderly or handicapped fund; third, troubled projects operating subsidy; and fourth, the rehabilitation loan fund.

Further, in any case where this resolution waives points of order against only a portion of a paragraph, a point of order against any other provision in such paragraph may be made only against such provision and not against the entire paragraph. This provision will allow the House to work its will in a more selective manner.

Given the time constraints imposed on the authorization-appropriation process, I believe this rule will allow the House to fully debate the merits of H.R. 4034 and adopt those amendments it deems necessary. Therefore, I urge adoption of this resolution so we may proceed with the bill. At this point I include the following:

The bill includes appropriations for a number of programs for which authorizing legislation has not yet been enacted. In view of the requirements of the Congressional Budget Act and in the interest of orderly legislative procedure, we request a hearing on a rule waiving all points of order under Clause 2 of Rule XXI in the following areas:

(1) *Department of Housing and Urban Development:* The appropriating paragraphs entitled "Annual contributions for assisted housing", "Payments for operation of low-income housing projects", "Troubled projects operating subsidy", "Federal housing administration fund", "Special assistance functions fund", and "Research and technology" lack sufficient authorizing legislation. Authorization for these appropriating paragraphs is contained in H.R. 3982.

The Committee wishes to point out other language not carried in H.R. 3982 which is requested to be included in the rule.

The paragraph entitled "Rent supplement" rescinds not more than $30,500,000 in uncommitted balances previously provided. This language is requested by the Administration but it is not authorized. Because some rent supplement units are being converted to the Section 8 assisted housing program, the recaptured authority will no longer be required.

A provision in the paragraph entitled "Housing for the elderly or handicapped fund" requires that the receipts and disbursements of this program continue to be included in the budget of the United States government. This provision has been carried in previous appropriation acts but is not authorized.

The paragraph entitled "Rehabilitation loan fund" permits loan repayments and other amounts in the revolving fund to be available in fiscal year 1982 for loans and other expenses. Similar language has been carried in previous appropriation acts.

The paragraphs entitled "Federal housing administration fund", "Guarantees of mortgage-backed securities", and "Community development grants" contain language limiting the amount of loans and guarantees. This language is requested by the Administration as part of the Federal credit system but is not authorized.

(2) *Consumer Product Safety Commission:* The necessary authorization for the appropriating paragraph entitled "Salaries and expenses" is contained in H.R. 3982.

(3) *Environmental Protection Agency:* The appropriating paragraphs entitled "Salaries and expenses", "Research and development", and "Abatement, control and compliance" require additional authorizing legislation. The authorizations for these paragraphs are contained in H.R. 2449, H.R. 3071, H.R. 3115, H.R. 3271, and H.R. 3495. H.R. 2449 was reported from the Committee on Merchant Marine and Fisheries on May 18. H.R. 3071 and H.R. 3495 were reported from the Committee on Energy and Commerce on May 19. H.R. 3115 was reported from the Committee on Science and Technology on May 19. H.R. 3271 was reported from the Committee on Agriculture on May 19.

(4) *Federal Emergency Management Agency:* Language in the paragraph entitled "National flood insurance fund" limits oper-

ating expenses of the flood insurance program to $34,927,000 without the approval of the Committees on Appropriations. The language is considered necessary to control rapidly escalating program expenses but is not authorized.

(5) *National Aeronautics and Space Administration:* Authorization for the three appropriating paragraphs under this agency is contained in H.R. 1257, which passed the House on June 23.

(6) *National Consumer Cooperative Bank:* Authorization for the appropriating paragraph entitled "Self-help development" is contained in H.R. 3982.

(7) *National Science Foundation:* Authorization for the three appropriating paragraphs under this agency is contained in H.R. 1520 which was reported from the Committee on Science and Technology on May 13.

(8) *Neighborhood Reinvestment Corporation:* Authorization for the appropriating paragraph entitled "Payment to the Neighborhood Reinvestment Corporation" is contained in H.R. 3982.

(9) *Selective Service System:* Language in the paragraph entitled "Salaries and expenses" provides that obligations may not exceed $1,000,000 per month if continuous registration is suspended. If registration is not continued, funds above this amount will not be necessary.

(10) *Veterans Administration:* Language in the paragraph entitled "Construction, major projects" disapproves the deferral of the nursing home care project in Washington, D.C. It is estimated that $6,000,000 of inflationary costs will be saved by this action. The language in the paragraph entitled "Direct loan revolving fund" limits direct loans to $1,000,000 for specially adapted housing loans. This language is requested as part of the Administration's Federal credit control system.

(11) *Federal Home Loan Bank Board:* Language in the paragraph entitled "Limitation on administrative and nonadministrative expenses, Federal Home Loan Bank Board", provides that $500,000 shall be available to train State savings and loan examiners.

In addition we respectfully request the rule to include a waiver of all points of order under Clause 6 of Rule XXI for the following appropriating paragraphs: "Annual contributions for assisted housing", "Housing for the elderly or handicapped fund", "Troubled projects operating subsidy", and "Rehabilitation loan fund". This waiver is necessary to continue the availability of funds provided in prior appropriations and to negate special limitations carried in previous appropriation acts.

We greatly appreciate you continued cooperation.

Sincerely,

JAMIE WHITTEN,
Chairman.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I have no further requests for time.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. LEVITAS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 336, nays 13, answered "present" 1, not voting, 82 as follows:

[Roll No. 125]

YEAS—336

Akaka	Dorgan	Hubbard
Alexander	Dornan	Huckaby
Anderson	Dowdy	Hughes
Annunzio	Downey	Hunter
Applegate	Dreier	Hutto
Archer	Duncan	Ireland
Ashbrook	Dunn	Jacobs
Aspin	Dwyer	Jeffries
Atkinson	Dymally	Jenkins
AuCoin	Dyson	Jones (OK)
Badham	Eckart	Jones (TN)
Bafalis	Edgar	Kastenmeier
Bailey (MO)	Edwards (AL)	Kazen
Bailey (PA)	Edwards (CA)	Kemp
Barnes	Edwards (OK)	Kildee
Beard	Emerson	Kindness
Bellenson	Emery	Kogovsek
Benedict	Erdahl	Kramer
Benjamin	Erlenborn	LaFalce
Bennett	Evans (DE)	Lagomarsino
Bereuter	Evans (GA)	Lantos
Bethune	Evans (IA)	Latta
Bingham	Evans (IN)	Leach
Blanchard	Fary	Leath
Bliley	Fascell	LeBoutillier
Boggs	Fazio	Lee
Boland	Fenwick	Lehman
Bonior	Ferraro	Leland
Bonker	Fiedler	Lent
Bouquard	Fields	Lewis
Bowen	Findley	Livingston
Brinkley	Fish	Loeffler
Brooks	Foley	Long (LA)
Broomfield	Ford (MI)	Lott
Brown (CA)	Ford (TN)	Lowery (CA)
Brown (OH)	Forsythe	Lujan
Burgener	Fountain	Luken
Burton, Phillip	Fowler	Lungren
Byron	Frank	Madigan
Campbell	Frost	Markey
Carman	Garcia	Marks
Carney	Gaydos	Marriott
Chappell	Gejdenson	Martin (IL)
Chappie	Gibbons	Martin (NC)
Cheney	Gilman	Martin (NY)
Chisholm	Gingrich	Matsui
Clausen	Glickman	Mattox
Clinger	Gore	McClory
Coats	Gradison	McCollum
Coelho	Gramm	McCurdy
Collins (IL)	Gray	McDade
Collins (TX)	Green	McEwen
Conable	Gregg	McGrath
Conte	Grisham	McHugh
Conyers	Guarini	McKinney
Corcoran	Hagedorn	Mica
Coughlin	Hall (OH)	Michel
Courter	Hall, Ralph	Mikulski
Coyne, James	Hall, Sam	Miller (OH)
Coyne, William	Hamilton	Mineta
Crane, Philip	Hammerschmidt	Minish
D'Amours	Hance	Mitchell (MD)
Daniel, Dan	Hansen (UT)	Mitchell (NY)
Daniel, R. W.	Hartnett	Moakley
Danielson	Hatcher	Moffett
Dannemeyer	Hawkins	Molinari
Daschle	Heckler	Mollohan
Daub	Hefner	Montgomery
Davis	Heftel	Moore
de la Garza	Hendon	Moorhead
Deckard	Hertel	Morrison
Dellums	Hightower	Murtha
DeNardis	Hiler	Myers
Derrick	Holland	Napier
Dickinson	Hollenbeck	Natcher
Dicks	Hopkins	Neal
Dingell	Horton	Nichols
Donnelly	Hoyer	Nowak
O'Brien	Rousselot	Stokes
Oberstar	Roybal	Stratton
Ottinger	Russo	Studds
Panetta	Sabo	Stump
Parris	Santini	Swift
Pashayan	Sawyer	Synar
Patman	Schneider	Tauke
Patterson	Schulze	Tauzin
Pease	Schumer	Thomas
Pepper	Seiberling	Trible
Perkins	Shamansky	Udall
Petri	Shannon	Vento
Peyser	Sharp	Volkmer
Pickle	Shaw	Walgren
Price	Shelby	Wampler
Pritchard	Shumway	Watkins
Rahall	Shuster	Waxman
Rangel	Skeen	Weber (MN)
Ratchford	Skelton	Weber (OH)
Regula	Smith (AL)	Weiss
Reuss	Smith (IA)	White
Rhodes	Smith (NE)	Whittaker
Rinaldo	Smith (NJ)	Whitten
Ritter	Smith (OR)	Wilson
Roberts (KS)	Snowe	Winn
Roberts (SD)	Snyder	Wolf
Robinson	Solarz	Wolpe
Rodino	Solomon	Wortley
Roe	Spence	Wylie
Roemer	St Germain	Yates
Rogers	Stangeland	Yatron
Rosenthal	Stanton	Young (AK)
Rostenkowski	Staton	Young (FL)
Roukema	Stenholm	Zablocki

NAYS—13

Brown (CO)	Hansen (ID)	Sensenbrenner
Craig	Levitas	Walker
Derwinski	Lowry (WA)	Weaver
Ertel	McDonald	
Gunderson	Paul	

ANSWERED "PRESENT"—1

Gonzalez

NOT VOTING—82

Addabbo	Frenzel	Pursell
Albosta	Fuqua	Quillen
Andrews	Gephardt	Railsback
Anthony	Ginn	Richmond
Barnard	Goldwater	Rose
Bedell	Goodling	Roth
Bevill	Harkin	Rudd
Biaggi	Hillis	Savage
Bolling	Holt	Scheuer
Boner	Howard	Schroeder
Breaux	Hyde	Siljander
Brodhead	Jeffords	Simon
Broyhill	Johnston	Stark
Burton, John	Jones (NC)	Taylor
Butler	Long (MD)	Traxler
Clay	Lundine	Vander Jagt
Coleman	Marlenee	Washington
Cotter	Mavroules	Whitehurst
Crane, Daniel	Mazzoli	Whitley
Crockett	McCloskey	Williams (MT)
Dixon	Miller (CA)	Williams (OH)
Dougherty	Mottl	Wirth
Early	Murphy	Wright
English	Nelligan	Wyden
Fithian	Nelson	Young (MO)
Flippo	Oakar	Zeferetti
Florio	Obey	
Foglietta	Porter	

□ 1245

The Clerk announced the following pairs:

Mr. Addabbo with Mr. Goldwater.
Mr. Mottl with Mr. McCloskey.
Mr. Fuqua with Mr. Johnston.
Mr. Scheuer with Mr. Railsback.
Mr. Zeferetti with Mr. Whitehurst.
Mr. Wright with Mr. Hyde.
Mr. Long of Maryland with Mr. Quillen.
Mr. Florio with Mrs. Holt.
Mr. Early with Mr. Jeffords.
Mr. Breaux with Mr. Roth.
Mr. Richmond with Mr. Pursell.
Mr. Traxler with Mr. Rudd.
Mr. Mazzoli with Mr. Vander Jagt.

Mr. Barnard with Mr. Taylor.
Mr. Ginn with Mr. Marlenee.
Mr. Washington with Mr. Dougherty.
Mr. Stark with Mr. Daniel B. Crane.
Mr. Miller of California with Mr. Coleman.
Mr. Obey with Mr. Butler.
Mr. Howard with Mr. Broyhill.
Mr. John L. Burton with Mr. Siljander.
Mr. Flippo with Mr. Porter.
Mr. Biaggi with Mr. Hillis.
Mr. Bevill with Mr. Frenzel.
Mr. Anthony with Mr. Nelligan.
Mr. Bedell with Mr. Foglietta.
Mr. Crockett with Mr. Brodhead.
Mr. Nelson with Mr. Gephardt.
Mr. Boner of Tennessee with Mr. Young of Missouri.
Mr. Rose with Mr. Wyden.
Mrs. Schroeder with Mr. Harkins.
Mr. Whitley with Mr. Mavroules.
Mr. Simon with Mr. Fithian.
Mr. Williams of Montana with Mr. English.
Mr. Albosta with Mr. Savage.
Mr. Wirth with Mr. Williams of Ohio.
Mr. Jones of North Carolina with Mr. Dixon.

Mr. SENSENBRENNER and Mr. LOWRY of Washington changed their votes from "yea" to "nay."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

A TRIBUTE TO CARL VINSON

(Mr. STRATTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STRATTON. Mr. Speaker, it was with extreme sadness that I learned of the death last month of Congressman Carl Vinson of Georgia. He was my first chairman, a man for whom I have had great respect for his deep commitment to a strong national defense.

It was a small irony that I heard of his death while I was attending a NATO conference in Europe with the Armed Services Committee. We are indebted to Mr. Vinson not only for the military capability of the United States today, but also for the military strength of our European allies.

History will remember Carl Vinson as the person who sat in Congress longer than any other individual—51 years and 1 month, from 1914 to 1965. He first came to Congress from Georgia as a young man the year World War I began, and retired in 1965, in full strength and in full command of his faculties, as he reached the age of 80.

The Vinson name will long be remembered as one of the chief founders of the modern American defense establishment. As chairman of the House Naval Affairs Committee, 1933–47, he engineered four pieces of legislation (in 1934, 1938, and two bills in 1940) which created our two-ocean Navy and laid the foundation for subsequent U.S. naval supremacy. This legislation of the thirties also provided the industrial base for our amazing ability to rebuild the U.S. Fleet following the disaster at Pearl Harbor.

Carl Vinson was not one-dimensional, however. He was also an enthusiastic and longtime advocate of military aviation. In 1926, he served on the Morrow Board, which laid the framework for American aviation and for a national aviation policy until World War II. He was one of the first to have a sense of the looming power of naval aviation, the importance of which we see is so vital in the Indian Ocean and elsewhere today. In 1955, the former chairman of the Naval Affairs Committee was awarded a special commendation as an "Elder Statesman of Aviation."

I first met Mr. Vinson in 1941 when I came to Washington to serve as secretary to a new freshman Congressman, Hon. Thomas H. Eliot, of Massachusetts. Mr. Vinson was then chairman of the old Naval Affairs Committee, and everybody called him "Admiral." This was in the days when America was moving inexorably toward its role as the "Great Arsenal of Democracy" for the conflict already in progress in Europe, and also moving inevitably toward our own involvement in that same conflict.

Even then, Mr. Vinson, with 24 years seniority, was one of the most powerful Members of the House. Anyone who wanted to get a constituent into the Navy or line up a commission for a friend, would drop by the committee's anteroom. What a difference, by the way, from the elaborate individual Armed Services liaison offices located today in the Rayburn Building basement with their heavy staff allotments!

In the Naval Affairs Committee anteroom was one lone naval captain—Captain Bogart, as I recall—and it was that one captain in "Admiral" Vinson's outer office who would handle all the "casework" from congressional offices with the Department of the Navy. Members knew that if they could gain Chairman Vinson's support for their request, it would have a much better fate at the hands of the admirals down in "Main Navy."

Mr. Speaker, when, in 1959, I finally became a Member of the House myself, I sought, and fortunately won, a seat on Mr. Vinson's committee—no longer the Naval Affairs Committee but instead the House Armed Services Committee. I have never regretted that decision. It has been a continuing delight and challenge to have served these years on that important committee.

I do remember, however, that one of the reasons why no Democratic Members from New York were on the committee—which made it possible for me to win a seat on it so readily—I was told, was that the last New York Democrat on the committee had never been able to ask a question of a witness because Chairman Vinson would never recognize him. Finally, after some 3 years on the committee, this New York Member finally got up his courage and addressed the Chair: "Mr. Chairman, may I ask a question?" Mr. Vinson, so the story goes, looked out over his glasses, as he often did, glared down the rostrum at the New York Member, and said, "Mistuh——, are you a member of this committee?" That ended the brief experiment in freedom.

Well, there are many similar stories that used to circulate around the House. But if they are really true—and I doubt it—though even the late President Lyndon Johnson used to claim he was on the old Naval Affairs Committee for 4 years before Mr. Vinson would let him ask one question—the distinguished gentleman from Georgia certainly had mellowed by the time I joined the committee. That year, we had an enlargement of the committee, and four new freshmen members could not find seats on the committee rostrum, and had to be seated at a small table in front of the committee rostrum which was immediately dubbed "the rumble seat." My own seat was in the middle of that rumble seat and directly in front of the chairman's podium. Whenever I wanted to ask a question—which was fairly often, of course—I would raise my hand and wave it in front of the chairman's face. Oddly enough, it didn't seem to bother him, and I usually got the chance to ask my question.

In fact, I found Chairman Vinson extremely helpful to us freshmen members. Early in the session, when the Easter recess rolled around, Mr. Vinson announced that he wanted the new members to be brought up-to-date on the status of U.S. forces serving in Germany, assigned to the NATO mission. So he ordered the Army to fly us to Europe, to visit our troops in the field, and to meet with the American garrison in West Berlin.

Mr. Vinson also asked the Defense Department to make their best pilot and their best aircraft available for our mission. This is exactly what happened. The Air Force gave us the *Sacred Cow* which had been President Truman's personal aircraft. The *Sacred Cow* was a DC-6 propeller aircraft with special bunks and a comfortable compartment intended for the President. Our escorts on that flight were an Army major general and one colonel. The flight was a long one, of course. Strict in following out the chairman's instructions, the general and the colonel sat up all night, while the freshman Congressmen slept in the bunks.

It proved to be a most educational trip. We visited American troops in the field at Vilsek and Graefenwoehr and saw at firsthand the "Iron Curtain" between West Germany and Czechoslovakia at Waidhaus. And we called on Willy Brandt, then the young, glamorous, courageous governing mayor of Berlin. That was before the Berlin Wall went up. We simply drove through the Brandenberg Gate into East Berlin and saw the glaring differences between life under freedom in West Berlin and under Communist control in East Berlin, with its shoddy buildings, false fronts along the Stalinallee, as well as very limited goods available in the stores.

I have always been grateful to Mr. Vinson for making that opportunity available to us. It made the job of a member of the Armed Services Committee infinitely more real to each one of us because of that trip.

One of the most persistent legends about Carl Vinson was that he ran the committee with an iron hand and never tolerated dissent. Here, again, my experience never squared with the legend. In 1961, the committee inserted language in its annual defense authorization bill to force the Defense Department to proceed with production of the B-70 aircraft—the B-1 of that particular day. President Kennedy and Secretary McNamara were strongly opposed to the B-70. They said it was too cumbersome and too expensive. But Mr. Vinson was determined, as have been all other chairmen of the Armed Services Committee, to get a new bomber built.

I happened to share President Kennedy's view and found that four other junior Democratic members of our committee did, too: Otis Pike of New York, Richard Ichord of Missouri, Lucien Nedzi of Michigan, and Jeffrey Cohelan of California. We were warned that there had never been a minority report submitted on a defense bill in the history of Mr. Vinson's chairmanship. Nevertheless, we decided to prepare such a report and have it included in the full committee report. To soften the blow of our exegesis against the B-70, however, we did not designate it as a minority report; instead we called it "additional views." We wrote it out and handed it to the committee staff and held our breath to see what explosion might erupt. For our valor, our little group was being branded "The Fearless Five" by other members of the committee.

As it turned out, nothing happened at all. Chairman Vinson never criticized us or retaliated against us. The bill went to the floor, and the House, of course, overwhelmingly approved Mr. Vinson's support for the B-70.

But there was a sequel. Several months after the House had acted, Mr. Vinson was invited down to the White House, and, so the story goes, the President, Chairman Vinson, and Secretary McNamara had a brief stroll together in the Rose Garden.

The next day, Mr. Vinson convened our committee and advised us as follows: "Members of the committee. Yesterday, I had a meeting with President Kennedy and Secretary McNamara. President Kennedy told me he felt it would not be advisable for him to proceed on the basis of our direction about the B-70. He said we ought not to have constitutional confrontation between Congress and the President.

"So, members, I believe we must support our young President because he is, after all, our Commander in Chief!"

Mr. Vinson had walked in the Rose Garden, and the "Fearless Five" remained in the good graces of the chairman!

Among Mr. Vinson's ambitions in his full retirement years had been the ambition to live to be 100 and to see the U.S.S. *Carl Vinson,* the Nation's fourth nuclear carrier, which had been named for him some 5 years ago, join the Navy as an active and effective part of the fleet. That ship was launched last year, and is still being fitted out. But Carl Vinson passed away 3 years short of 100. I regret that our great chairman could not fulfill that ambition. But he missed by only a hair's-breadth, and he had carried on with verve and energy almost to the end. But what is most important of all, the historic and inspiring name of Carl Vinson will soon be carried to the uttermost ends of the Earth by one of our Nation's greatest naval vessels to preserve the security, the safety, the happiness, and the freedom of the American people whom Carl Vinson served so long and so ably.

GENERAL LEAVE

Mr. BOLAND. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 4034, and that I be permitted to include tables and charts and other extraneous material.

The SPEAKER pro tempore (Mr. VENTO). Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES APPROPRIATION ACT, 1982

Mr. BOLAND. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4034) making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1982, and for other purposes, and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to not to exceed 1 hour, the time to be equally divided and controlled by the gentleman from New York (Mr. GREEN) and myself.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts (Mr. BOLAND)?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, is the question on going into committee?

The SPEAKER pro tempore. Before the Chair puts that question, pending is the unanimous-consent request of the gentleman from Massachusetts (Mr. BOLAND) that general debate in the Committee of the Whole on the bill continue not to exceed 1 hour, to be equally divided and controlled by himself and the gentleman from New York.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Massachusetts (Mr. BOLAND).

The question was taken and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. ROUSSELOT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 326, nays 7, answered "present" 1, not voting 98, as follows:

[Roll No. 126]

YEAS—326

Akaka	Blanchard	Coelho
Alexander	Bliley	Collins (IL)
Anderson	Boggs	Collins (TX)
Annunzio	Boland	Conable
Applegate	Bonior	Conte
Archer	Bonker	Conyers
Aspin	Bouquard	Corcoran
Atkinson	Bowen	Coughlin
AuCoin	Brinkley	Courter
Badham	Brown (CA)	Coyne, James
Bafalis	Brown (CO)	Coyne, William
Bailey (MO)	Brown (OH)	Craig
Bailey (PA)	Burgener	Crane, Philip
Barnes	Burton, Phillip	D'Amours
Beard	Byron	Daniel, Dan
Beilenson	Campbell	Daniel, R. W.
Benedict	Carman	Danielson
Benjamin	Carney	Dannemeyer
Bennett	Chappell	Daschle
Bereuter	Chappie	Daub
Bethune	Cheney	Davis
Bevill	Clausen	Deckard
Biaggi	Clinger	Dellums
Bingham	Coats	Dickinson

Dicks	Jenkins	Regula
Dingell	Jones (OK)	Reuss
Dixon	Jones (TN)	Rhodes
Donnelly	Kastenmeier	Richmond
Dorgan	Kazen	Rinaldo
Dornan	Kemp	Ritter
Dowdy	Kildee	Roberts (KS)
Downey	Kindness	Roberts (SD)
Dreier	Kogovsek	Robinson
Duncan	Kramer	Rodino
Dunn	LaFalce	Roe
Dwyer	Lagomarsino	Roemer
Dyson	Lantos	Rogers
Eckart	Latta	Rosenthal
Edgar	Leach	Rostenkowski
Edwards (AL)	Leath	Roukema
Edwards (CA)	LeBoutillier	Rousselot
Edwards (OK)	Lee	Roybal
Emerson	Lehman	Russo
Emery	Leland	Sabo
English	Levitas	Sawyer
Erdahl	Lewis	Schneider
Erlenborn	Loeffler	Schulze
Ertel	Long (LA)	Schumer
Evans (DE)	Lott	Seiberling
Evans (GA)	Lowery (CA)	Sensenbrenner
Evans (IN)	Lowry (WA)	Shamansky
Fary	Lujan	Shannon
Fascell	Luken	Sharp
Fazio	Lungren	Shaw
Fenwick	Madigan	Shumway
Ferraro	Markey	Shuster
Fiedler	Marks	Skeen
Fields	Marriott	Skelton
Findley	Martin (IL)	Smith (AL)
Fish	Martin (NC)	Smith (IA)
Foley	Martin (NY)	Smith (NE)
Ford (TN)	Matsui	Smith (NJ)
Fountain	Mattox	Smith (OR)
Fowler	McClory	Snowe
Frank	McCollum	Snyder
Frost	McCurdy	Solarz
Garcia	McDade	Solomon
Gaydos	McEwen	Spence
Gejdenson	McGrath	St Germain
Gibbons	McHugh	Stangeland
Gingrich	Mica	Stanton
Glickman	Mikulski	Stark
Gonzalez	Miller (OH)	Staton
Gore	Mineta	Stenholm
Gradison	Minish	Stokes
Gramm	Mitchell (NY)	Stratton
Gray	Moakley	Studds
Green	Moffett	Stump
Grisham	Molinari	Swift
Guarini	Mollohan	Synar
Gunderson	Moore	Tauke
Hagedorn	Moorhead	Tauzin
Hall, Ralph	Morrison	Thomas
Hall, Sam	Myers	Trible
Hamilton	Napier	Udall
Hammerschmidt	Natcher	Vento
Hance	Neal	Volkmer
Hansen (ID)	Nichols	Walgren
Hatcher	Nowak	Walker
Hawkins	O'Brien	Wampler
Heckler	Oberstar	Watkins
Hefner	Obey	Waxman
Heftel	Panetta	Weber (MN)
Hendon	Parris	Weber (OH)
Hertel	Pashayan	White
Hightower	Patman	Whittaker
Hiler	Patterson	Whitten
Holland	Paul	Williams (MT)
Hollenbeck	Pease	Winn
Hopkins	Pepper	Wolf
Horton	Perkins	Wolpe
Hoyer	Petri	Wortley
Hubbard	Peyser	Wylie
Hughes	Pickle	Yates
Hunter	Price	Yatron
Hutto	Pritchard	Young (AK)
Ireland	Rahall	Young (FL)
Jacobs	Rangel	Zablocki
Jeffries	Ratchford	

NAYS—7

Ashbrook	Evans (IA)	Weaver
Broomfield	McDonald	
Derwinski	Mitchell (MD)	

ANSWERED "PRESENT"—1

Ottinger

NOT VOTING—98

Addabbo	Fuqua	Murtha
Albosta	Gephardt	Nelligan
Andrews	Gilman	Nelson
Anthony	Ginn	Oakar
Barnard	Goldwater	Porter
Bedell	Goodling	Pursell
Bolling	Gregg	Quillen
Boner (TN)	Hall (OH)	Railsback
Breaux	Hansen (UT)	Rose
Brodhead	Harkin	Roth
Brooks	Hartnett	Rudd
Broyhill	Hillis	Santini
Burton, John	Holt	Savage
Butler	Howard	Scheuer
Chisholm	Huckaby	Schroeder
Clay	Hyde	Shelby
Coleman	Jeffords	Siljander
Cotter	Johnston	Simon
Crane, Daniel	Jones (NC)	Taylor
Crockett	Lent	Traxler
de la Garza	Livingston	Vander Jagt
DeNardis	Long (MD)	Washington
Derrick	Lundine	Weiss
Dougherty	Marlenee	Whitehurst
Dymally	Mavroules	Whitley
Early	Mazzoli	Williams (OH)
Fithian	McCloskey	Wilson
Flippo	McKinney	Wirth
Florio	Michel	Wright
Foglietta	Miller (CA)	Wyden
Ford (MI)	Montgomery	Young (MO)
Forsythe	Mottl	Zeferetti
Frenzel	Murphy	

□ 1315

Mr. LUKEN changed his vote from "nay" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4034, with Mr. LEVITAS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimous-consent agreement, the gentleman from Massachusetts (Mr. BOLAND) will be recognized for 30 minutes, and the gentleman from New York (Mr. GREEN) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Massachusetts (Mr. BOLAND).

Mr. BOLAND. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, before getting into the details of the 1982 HUD bill, I thought I would take just a minute to outline for the Committee how we approached our markup this year.

I do not think anyone here is going to argue with the fact that we are operating under very different guidelines this year. There is no doubt that what happens this year could have wide and lasting implications for the Congress in the future.

This year is made particularly different because of one word "Reconciliation." I tend to agree with DICK BOLLING on this issue—in that I feel reconciliation was never intended to be used as a procedure at the outset of the budget process. To reconcile—suggests that you are settling something that has already happened.

I believe one can make a case for including in the first resolution some hard ceilings that deal with entitlement accounts such as food stamps or veterans pensions or social security or whatever—because those are especially difficult to "reconcile" after new entitlement increases are enacted each year. But to extend reconciliation to discretionary programs so undermines the authorization and appropriation process as to set up a procedure which eventually will destroy not only the committee system—but also potentially the effectiveness of Congress in its role as guardian of the purse.

The important thing, at least I think it is important to this Committee, is that we have made our recommendations within the section 302 allocations to the subcommittee. If I understand the process correctly, that section 302 allocation to the HUD subcommittee, as well, of course, as the section 302 allocation to the entire Appropriations Committee, assumed reductions in reconciliation.

Now, let me get to some of the details in the HUD bill. The committee recommends a total of $63,313,094,500 for the Department of Housing and Urban Development and the 19 independent agencies funded in this bill. While that amount is $190,300,000 above the budget estimates, it is $6,265,822,753 below the 1981 appropriations.

I might begin by pointing out that this subcommittee took the highest percentage of cuts in the 1981 rescission and supplemental package, including a $5.2 billion rescission of subsidized housing funds. The HUD bill has also been targeted for one of the largest reductions in 1982. In fact, the original Carter estimate was $80.5 billion. We are recommending $63.3 billion, and of that $17.2 billion reduction, nearly $10 billion is represented in the subsidized housing programs.

Included in the bill is $26,331,481,500 for the Department of Housing and Urban Development. That is $231,864,000 below the request and $4,700,381,153 below the comparable 1981 amount.

The committee has recommended the Reagan budget request, at least the Reagan budget request of March 10, for subsidized housing which totals $19.7 billion for 175,000 units. In addition, we have added 4,000 Indian housing units at a cost of $703 million over the entire 30 years of the contract.

Now, let me quickly add that to finance the 4,000 unit increase for Indians, which the Reagan budget had cut from 4,000 to zero, we took an offsetting cut under the public housing loan program of $1.1 billion.

Moving on to an area that I know some of the members of the commit-

tee are interested in, and that is the payments for operation of low-income housing projects, or as we popularly call it, operating subsidies, we have provided in this bill $1.2 billion for operating subsidies in 1982. Now, I know that there has been some discussion among the Members concerning the possibility of increasing that among above the budget request. We have been approached by public interest organizations that are concerned with public housing operating subsidies, some of which have indicated that the shortfall in 1982 will be as much as $400 million. But the position that we took, in connection with this account, is that the $1.2 billion we are providing in the bill represents a 60-percent increase above the appropriation for fiscal year 1980. That is an increase of $450 million above the actual 1980 appropriation. The Committee discussed this and we felt that before we could support additional funding above the 60 percent, we wanted to have the Surveys and Investigations staff get a look at the program, and find out whether there is a legitimate rationale behind the substantial increases, a rationale that goes beyond increases solely in fuel and utility costs. We have also asked the Department to prepare a comprehensive paper by September 30 of this year which should better justify why such significant cost increases are occurring in this program.

Now, let me touch on some other issues that we addressed in this bill. To begin with, in the areas of the Environmental Protection Agency and the Federal Emergency Management Agency, we have essentially provided the budget request with a few minor "puts and takes" that are detailed on pages 16 through 26 of the report. The total request for the EPA was $1,419,447,000. We have recommended $1,429,606,000. The FEMA estimates considered totaled $539,463,000. The bill includes all but $4,000,000 of that amount.

In FEMA, the most significant action the committee took was to defer $126 million requested for civil defense activities in 1982. We took that action because the committee believes that the administration, if it truly supports an expanded civil defense program, should move to request the dollars necessary to implement that kind of a program. For example, we understand that the House Armed Services Committee's bill authorizes $174 million for 1982. The budget includes $126 million for this activity. I do not believe we should fund this expanded civil defense program solely on the basis of a letter from the Administrator of FEMA that the administration supports the expanded program. I want to see that support reflected in increased budget requests or a 1982 budget amendment from the administration, and it is on that basis that we have deferred civil defense pending such request.

In the areas of NASA and the National Science Foundation, we have added $12 million and $70 million, respectively, to the 1982 budget requests. The revised requests for NASA and the Foundation total $6,122,200,000 and $1,033,500,000. I might point out that NASA's budget was reduced by $603.5 million in the March 10 revision and the NSF budget was reduced by $320 million in the Reagan budget amendments. So we have added back a very modest sum of money and have, for the most part, made it available at the discretion of the agencies for their highest priority activities.

Next, Mr. Chairman, let me touch on what we have included in the bill for the Veterans' Administration. We have recommended $22,952,347,000 in new budget authority. That does not include nearly $1,000,000,000 of supplemental appropriations that will be required for increases in compensation payments.

Within the total amount recommended is $330 million above the budget and 5,181 staff years to completely restore the reduction in medical care proposed by the administration in March. What that means is that the VA will not have to close wards or treat fewer veterans. It also means that the psychological readjustment counseling program will not be eliminated. This program is targeted at the acute psychological problems of a number of Vietnam veterans, and it is one that I particularly believe in, and I know the Members of the House believe in. The January budget assumed $31.4 million and 552 staff-years for Operation Outreach in fiscal year 1982. The administration also proposed eliminating that program, but we have restored the funds to the VA so it can administer Operation Outreach as originally proposed in the January budget submission.

In connection with the Vietnam veterans, we have provided $9.5 million and 93 staff-years for efforts regarding agent orange and other herbicides used in Vietnam.

We have also added $4 million above the budget for a nurse scholarship program. This program will help insure an adequate number of nurses in the VA health care system in the immediate future.

We have added $1.7 million to care for 200 additional veterans in community nursing homes. We have added $8 million above the budget for medical and prosthetic research.

We have also added $55.5 million to the budget for nonmedical administrative expenses. With these funds, the VA will be able to continue to operate regional offices without consolidating benefit activities that could severely disrupt program operations.

We have included in the committee's recommendation for 1982, $544.6 million for construction projects in VA hospitals. Every project requested in the budget was approved.

In total, we have added $276.7 million above the revised budget submitted in March for the VA. I believe this demonstrates the committee's commitment to insuring that our veterans will continue to receive adequate medical care and prompt adjudication of their entitled benefits.

□ 1330

Earlier I mentioned the section 302 allocation. The HUD-Independent Agencies Subcommittee's allocation is $64.4 billion. From that you must reserve almost $1 billion for increases in veterans' compensation. The authorization committee is considering legislation that would increase the amount of compensation paid to disabled veterans. Those funds will have to be provided in a supplemental appropriation bill next year, so we have reserved funding for those increases.

The committee has deferred consideration of $126 million in civil defense activities. That amount must also be reserved.

Deducting those amounts from the section 302 allocation brings the total available to $63,314,000,000.

Mr. Chairman, the HUD and independent agencies appropriation bill recommends $63,313,094,500 for fiscal year 1982. That leaves this bill only $1 million below the section 302 allocation.

So getting a look at those figures, if Members wish to offer amendments to add amounts to this bill, they should offer offsetting reductions.

Mr. Chairman, that concludes my summary of the bill.

I will include in the RECORD at this point a table of the amounts by agency recommended in the bill in comparison with appropriations for fiscal year 1981 and the budget estimates for fiscal year 1982, and reserve the remainder of my time.

SUMMARY OF ESTIMATES AND NEW BUDGET (OBLIGATIONAL) AUTHORITY IN BILL

Department or agency	Appropriations, 1981	Budget estimates, 1982	Recommended in bill	Bill compared with—	
				Appropriations, 1981	Budget estimates, 1982
(1)	(2)	(3)	(4)	(5)	(6)
American Battle Monuments Commission	$9,585,000	$10,507,000	$10,507,000	+$922,000	
Cemeterial expenses, Army	5,032,000	5,086,000	5,086,000	+54,000	
Consumer Information Center	1,381,000	1,314,000	1,314,000	−67,000	
Consumer Product Safety Commission	42,140,000	32,983,000	32,983,000	−9,157,000	
Council on Environmental Quality	2,542,000	1,044,000	1,044,000	−1,498,000	
Department of Housing and Urban Development	31,031,862,653	26,563,345,500	26,331,481,500	−4,700,381,153	−$231,864,000
Department of the Treasury	4,664,772,000	4,577,869,000	4,632,620,000	−32,152,000	+54,751,000
Environmental Protection Agency	3,979,425,600	1,419,447,000	1,429,606,000	−2,549,819,600	+10,159,000
Federal Emergency Management [1]	625,474,000	539,463,000	535,463,000	−90,011,000	−4,000,000
Federal Home Loan Bank Board [2]	(57,465,000)	(60,890,000)	(60,890,000)	(+3,425,000)	
National Aeronautics and Space Administration	5,522,688,000	6,122,200,000	6,133,900,000	+611,212,000	+11,700,000
National Commission on Air Quality	2,000,000			−2,000,000	
National Consumer Cooperative Bank	17,900,000		5,000,000	−12,900,000	+5,000,000
National Credit Union Administration		100,000,000	100,000,000	+100,000,000	
National Institute of Building Sciences	613,000	500,000	500,000	−113,000	
National Science Foundation	1,022,359,000	1,033,500,000	1,103,500,000	+81,141,000	+70,000,000
Neighborhood Reinvestment Corporation	12,459,000	14,950,000	13,950,000	+1,491,000	−1,000,000
Office of Consumer Affairs	2,256,000	2,000,000	2,000,000	−256,000	
Office of Science and Technology Policy	2,063,000	1,793,000	1,793,000	−270,000	
Selective Service System	24,654,000	21,174,000	20,000,000	−4,654,000	−1,174,000
Veterans Administration	22,609,711,000	22,675,619,000	22,952,347,000	+342,636,000	+276,728,000
Total	69,578,917,253	63,122,794,500	63,313,094,500	−6,265,822,753	+190,300,000

[1] Excludes 1982 estimates of $125,658,000 not considered.
[2] Limitation on corporate funds.

Mr. GREEN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am pleased to join Chairman BOLAND in bringing to the House floor today H.R. 4034, making appropriations for the Department of Housing and Urban Development and various independent agencies for fiscal year 1982. As you know, this is the first of the 13 appropriations bills for fiscal year 1982 to come to the floor. I am pleased to say that this bill is within our section 302 allocation made pursuant to the first budget resolution and the action of the full Appropriations Committee.

This bill contains $63.3 billion in new budget authority, a $6 billion reduction from the amounts appropriated for fiscal year 1981. Let me say to the Members of the House that it was not easy to come up with a bill $6 billion below the fiscal year 1981 level. Many difficult choices and compromises had to be made affecting a variety of agencies and diverse programs.

Since the chairman of our subcommittee has so ably and thoroughly outlined the subcommittee's recommendations, I would like to take just a few minutes to highlight a few areas of particular importance.

First, we are recommending in this bill $1.2 billion for public housing operating subsidies. This is an increase of $134 million over the fiscal year 1981 appropriation. The subcommittee is extremely concerned about the growth in the cost of this program in the last few years. While the increases in fuel and utility costs are certainly a factor, such increases appear not to be sufficient to account for the overall skyrocketing cost of the public housing operating subsidy program. The subcommittee is very concerned that public housing authorities have sufficient funds to properly operate and maintain public housing. However, the subcommittee also has a responsibility to be the taxpayers' watchdog in these matters. Therefore, while the subcommittee has agreed to provide the budget request of $1.2 billion for the public housing operating subsidy program, the subcommittee has also directed the Department of Housing and Urban Development to undertake a thorough review and evaluation of the program and to report back to the subcommittee by September 10.

It is the subcommittee's intention to recommend additional funding for the operating subsidy program in the future if the results of this investigation prove additional funding to be justified. I might add that while the committee is recommending the budget request of $1.2 billion, the reconciliation bill passed so recently by the House authorizes up to $1.6 billion for public housing operating subsidies in fiscal year 1982.

While on the subject of housing, I want to mention to the Members the important initiative recently taken by the Reagan administration in establishing a Presidential Commission on Housing. The purpose of this Commission is to bring together the best minds and talents in the housing field to review thoroughly all existing housing programs and to suggest to the President and the Congress new approaches to meeting the tremendous need that exists for housing the poor and for making housing affordable once again for the middle-income citizen. The section 8 program has proven too expensive a mechanism for providing housing assistance for the needy. Because of the enormous cost of the section 8 program—not just direct subsidies, but also subsidized mortgage financing and very advantageous tax shelters—we have had to reduce drastically the number of units being assisted by section 8, even though we have been able to assist only a fraction of those in need of help. We need some fresh ideas which can only come from the most intense review of political, social, and economic policies affecting housing costs.

I am particularly proud to note the inclusion of $50 million in our recommendations for the solar energy and energy conservation bank. When I sat on the Banking, Finance and Urban Affairs Committee, the solar bank legislation was considered by the Housing Subcommittee on which I sat at which time I was able to author the conservation portion of the bank. I believe the solar energy and energy conservation bank has a valuable contribution to make to our overall energy conservation goals. There are many low- and moderate-income families who do not have the upfront cash necessary to pay for solar equipment or conservation measures for their homes, so that the tax incentives for such measures are not effective. The bank offers those families an opportunity to undertake important conservation measures.

Finally I want to mention the subcommittee's work with respect to the VA. After extensive hearings regarding the needs of our veterans, the subcommittee has once again found it necessary to increase funding for medical care above the administration's request. Our veteran population is aging. The demands on the VA medical care system are growing. We owe it to our veterans to make sure that the necessary personnel and services are available to provide quality medical care. The Vietnam veterans outreach program was another area of particular concern to the subcommittee and the subcommittee has acted to restore all funds to the program.

In summary, within the Budget Act section 302 limit assigned to our subcommittee by the full Appropriations Committee, I think we have put together a bill which soundly allocates the resources at our disposal.

Mr. CONTE. Mr. Chairman, I rise in support of H.R. 4034, making appropriations for the Department of Housing and Urban Development and independent agencies for fiscal year 1982. As the distinguished ranking minority member of the subcommittee pointed out, this is the first of 13 appropriations bills for fiscal year 1982 to come to the floor. With less than 3 months remaining in the fiscal year, it is important that we move as expeditiously as possible in completing work on this and the other bills so that they may be sent to the Senate.

This bill contains $63.3 billion in new budget authority. This is $6 billion less than what was appropriated for fiscal year 1981. It is only $126 million more than the budget estimates. The majority of the increase over the budget estimates occurred in the assisted housing program where we provided 4,000 Indian housing units and in the veterans' programs where we added money for medical care.

Specific items of note concerning the housing and community development portions of this bill are the $20.4 billion for assisted housing to provide an estimated 179,000 units; $1.2 billion for public housing operating subsidies; $5 million to continue the housing counseling program; $50 million to allow the startup of the solar energy and energy conservation bank; continuation of the section 312 program from loan repayments; $3.8 billion for community development and $500 million for UDAG.

Under EPA, the committee's most notable action is its decision go go along with the administration's request for zero funding for the construction grants program until such time as the Congress enacts a reform package. The administration has assured the committee that when such reforms are enacted, a budget request for $2.4 billion will be promptly forwarded to the Congress.

All of us were tremendously proud of the successful first flight of the Space Shuttle. The committee's recommendations with respect to NASA funding provide for the continued development of the Space Shuttle program including the fifth shuttle orbiter option.

Additional funds in the amount of $58 million for capitalization and $5 million for self help are recommended for the national consumer cooperative bank. These will be the last of the funds appropriated for the bank which should be able to go private.

The committee was extremely concerned about the magnitude of the reductions proposed for the National Science Foundation and has recommended that $44.9 million be restored for research and related activities and $25.1 million for science education.

And finally, as the ranking minority member of the subcommittee noted, the committee has increased the requested funds for the veterans programs. The committee recommends that the Vietnam veterans outreach program be funded at $31.4 million and 552 staff years as proposed in the original January budget request.

Lest anyone be alarmed at the increases I have mentioned in various programs over the budget estimates, let me remind members that the bill we bring here today is within our section 302 allocation made pursuant to the first budget resolution.

Mr. BOLAND. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania (Mr. WALGREN).

Mr. WALGREN. Mr. Chairman, as chairman of the Subcommittee on Science, Research and Technology, of the Committee on Science and Technology, I would like to comment on the appropriations bill before us and specifically on those sections dealing with the National Science Foundation.

I think there is no greater example of the importance of the role of the Congress in determining the proper levels of spending in individual programs within the overall limits set by the budget process.

The Committee on Appropriations has added $70 million to the administration request for the National Science Foundation formulated by the Office of Management and Budget. Testimony before my subcommittee made it very clear that the amount and distribution of funds recommended by the administration was set by individuals within the Office of Management and Budget without consultation with responsible officials at NSF—either the director's office or the board of directors of the Foundation.

In particular, the Reagan administration drastically reduced funding for behavioral and social sciences, science education, and international scientific efforts. The testimony was that OMB gave the National Science Foundation less than 3 days in which to respond to their decision before it was confirmed as the formal administration's request. It would be one thing if the administration had set an overall goal for the Foundation and allowed the Foundation to determine the distribution of funds within that overall amount. But the severe cuts of social science, including economics, and education programs confirms that the small number of people involved in the executive branch, without the benefit of public hearings were unable to rise above their own personal bias. Only the Congress has the breadth of input and sensitivity to be sure Government programs necessary to serve the best interests of a multifaceted society are given the proper emphasis.

I would like to commend the chairman, the gentleman from Massachusetts (Mr. BOLAND), and the ranking minority member (Mr. GREEN), for the sensitivity in this appropriations bill. The bill follows closely the concerns and issues addressed by our authorization committee, particularly access in our schools to modern computers and scientific instrumentation. The importance of the economic and behavioral sciences, and of the international and innovation programs. It also preserves a strong thrust in the natural sciences. While the authorization recommendations are somewhat greater, the general thrusts are very similar.

I think it important to note that, although we are adding some $35 million back into the science and engineering education—this is a problem of such magnitude that it will deserve the attention of the Congress in the future. It is an area that is the very foundation of our ability to compete in the future as a technologically and scientifically sophisticated nation and an area that the Federal Government must accept a major responsibility.

I would like to express my strong support for the appropriations bill and thank the chairman for the opportunity to make these comments.

Mr. GREEN. Mr. Chairman, I yield such time as he may consume to my distinguished predecessor as ranking Republican member of the subcommittee, the gentleman from Pennsylvania (Mr. COUGHLIN).

Mr. COUGHLIN. Mr. Chairman, I want to, as always, pay my compliments to the chairman of the subcommittee, the gentleman from Massachusetts (Mr. BOLAND), who always does an extraordinarily workmanlike job on this bill. I also want to compliment the new ranking minority member, the gentleman from New York (Mr. GREEN), for the job that he has done. He brings a great breadth of knowledge to the subcommittee, particularly in the field of housing from his experience both before coming to Congress and while serving in it. He certainly has made a tremendous contribution in working on this bill.

This bill does, indeed, meet the section 302 allocation that was given to this subcommittee. However, I would have to say that to some extent it does do that with mirrors. There are significant add-ons in the bill. There are add-ons over the budget request of the administration, for example, to continue the national consumer cooperative bank in the amount of some $63 million. As the distinguished chairman pointed out, there are 4,000 additional units of Indian housing provided here which would eventually cost a total of some $703 million.

The funding for the community development block grant program and the urban development action grant program when lumped together is about $134 million over the budget request.

The rehabilitation loan fund, by allowing reinvestment of repayments, will create $36 million in outlays which are not budgeted.

The public housing modernization fund has about $300 million which is not budgeted.

The National Science Foundation, as just pointed out, has about $70 million not budgeted.

How is all this done? How do we come along with all these new add-ons and still stay within the section 302 allocation? We eliminated the budget request of some $1.1 billion to cover the interest differential in selling tax-exempt notes to the Federal Financial Bank instead of selling at the taxable rates. That $1.1 billion would have no budgetary effect whatsoever, whether it is kept in or taken out. It does, however, permit the subcommittee to stay within its allocation and create other add-ons that in fact do have a budgetary effect.

It is important, I think, that the record note this because it is in fact the items that have a budgetary effect that cause the Treasury to have to go out and borrow money, to increase the deficit, and to increase the pressure on interest rates. All of this that has gotten us into the pickle in which we now find ourselves.

I thank the ranking minority member very much for yielding me this time.

Mr. BOLAND. Mr. Chairman, I am grateful for the remarks of the gentleman from Pennsylvania. He served as a ranking minority member for 6 years prior to becoming ranking minority member on the Transportation Appropriations Subcommittee, and he still serves as a member of this subcommittee. During the time that he served as ranking minority member, his advice and counsel were welcomed, and he was a great member then. He still is.

I might say the same for the distinguished gentleman from New York (Mr. GREEN). The distinguished gentleman from New York served on the legislative authorization committee, the Banking, Finance, and Urban Affairs Committee, and he served with distinction there. He has carried that expertise, knowledge, and distinction over to our subcommittee. We are delighted to have him. I compliment him and the gentleman from Florida (Mr. YOUNG) who also serves on our subcommittee.

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I also want to compliment the Members on the majority side: BOB TRAXLER of Michigan, LOU STOKES of Ohio, LINDY BOGGS of Louisiana, and MARTY SABO of Minnesota for their attendance and the hard work that they so ably performed in working with this subcommittee.

Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Texas (Mr. GONZALEZ), chairman of the Housing and Community Development Subcommittee of the Committee on Banking, Finance and Urban Affairs.

Mr. GONZALEZ. Mr. Chairman, I wish to first of all thank the very distinguished chairman of the Appropriations Subcommittee that has jurisdiction over HUD and HUD-related activities and independent agencies. As chairman of the Subcommittee on Housing, I am, of course, very much and intimately involved in this, and I am particularly grateful to the distinguished chairman for yielding this opportunity and this time.

I also wish to compliment the gentleman, as well as his subcommittee, for the job that they have managed to do and the bill they are offering us, in view of the fact that the circumstances under which they, as we, on the authorization level, had to operate this time is unprecedented. It just has not happened this way before. The restraints and the restrictions were so great that, in my opinion, I was justified in having voted against the Budget Reform Act of 1974. At that time, one of the reasons I gave for voting against it—I was one of the 10 who voted against it—was that I felt that in effect the Congress was setting up a bureaucratic element within the legislative procedure that would vitiate, would cancel, the appropriations process and in many ways hamstring the proper role and the full role that the appropriating committee should have, not mentioning the impact on the authorization or the substantive legislative and authorization level of committee activity.

I am afraid that what we have been going through in the last month or so is ample proof of my worst fears compounded. I never thought it would be that bad. The main thing I see here is that, even though this committee under very arduous and difficult circumstances has done about the best it could do, it still is an abysmal confession on the part of the Congress that it has been railroaded into turning its back on the burgeoning, crying need of America for housing, not only single-family dwelling units, new and existing, but rental, where the hearings that the Subcommittee on Housing has held earlier this year clearly demonstrated that we have reached a state of crisis. We have a housing crisis in America that rivals that which was confronting us during and after the war period.

In fact, I predict that we will be experiencing some of the upheavals that are now being registered in such countries as Belgium, in Germany and in France, where you have riotous rental strikes and squatter activities.

The thing that I feel very, very depressed and demoralized about is that when we have had the spokesmen for the administration, both Mr. David Stockman, the Director of the Office of Budget and Management, and the Secretary of HUD, Mr. Samuel Pierce, they have admitted to the fact that there are needs. But what I think both the membership of the Congress and the General National Government leaders have failed to see is that in the guise and in the name of budgetary and financial crisis and emergency, programs and policies are being scrapped that took over 30 years to erect and have more than 30 years of successful operation.

In the beginning, when we had the first hearings in the very first weeks in February and we had Mr. Stockman, the intention of the then recommendations, both the budgetary recommendations as well as what turned out to be the rescission recommendations, clearly revealed that such programs, such venerable programs, as FHA were scheduled for elimination. It was not until we brought Mr. Stockman before the subcommittee that there was a retreat and there was a change. The same thing was true with respect to UDAG. And this is the reason that I want to take special note in this particular bill to thank the committee for at least including recommendations that such programs as UDAG at least not be merged in such a way as the administration is doing, into the general community development block grant. At least keep the program viable, without killing it through this budgetary process, which is what is being done, not only with that, but with the rehabilitation programs.

I feel that this Congress ought to be alerted and it should be charged with knowledge that, even though we may be meeting the budgetary goals, we are not rising to our true representation of confronting the Nation's critical needs, particularly with respect to housing; that, rather, we are retreating, we are abdicating, we are turning our backs. And even though these legislative victories may be won, only the future will show us how we have paid a price in social disorder, in disunity, in critical emergency costs that we cannot now foresee, that will make this so-called economy drive a joke. It will make it a farce. I hope it does not happen, but since I have seen what has happened, I cannot remain silent.

I would like to ask one question of the distinguished Chairman, and I want to compliment him on what they have done in specific areas, but I am not too sure what the net effect of the recommendation of the subcommittee to the administration to maintain a

separate viability of such programs as UDAG in the $500 million recommendation, and also that, even though it is going to be folded over, as they say, or merged into community development block grants, that this still be considered as sort of a separate budgetary item.

How far will the gentleman's recommendation be adopted, or can it be ignored?

Mr. BOLAND. If the gentleman will yield, that is difficult to answer at this point in time. As the gentleman knows, this Committee did follow the recommendation of the Banking, Finance and Urban Affairs Committee and structured the urban development action grant program as a separate account. It did not fold it into the community development block grant program.

We will have to meet that problem when we go to conference. Whether or not the Senate is going to agree with us is a matter we will have to meet down the road. And if it does not agree with us, we will then have to take another look at what we can do in order to preserve it as a separate account.

As the gentleman knows, this may not be an easy task, but in any event, we will do our best to preserve it as a separate account. In my judgment, it is an account that ought to be separate and not folded into the CDBG program.

Mr. GONZALEZ. May I thank and also compliment the Chairman for his fine work in this respect. I really realize the limitations, but I think that what the gentleman did is tremendous.

There is one additional question with respect to the rehab program, section 312. I notice that in the language of the gentleman's report it is indicated that there is still some continued life in this program. As the gentleman knows, the administration has literally attempted to kill that and the related programs.

Mr. BOLAND. If the gentleman will yield again, it has been the judgment of this Member and also the members of the committee that the section 312 rehabilitation loan program is one of the best programs run by the Department. It does a tremendous job in saving some of the older sections in many of the older cities around the Nation.

The recommendation of the administration, as the gentleman knows, is to fold that into the block grant program, also. What we did with the 312 rehabilitation loan program was to handle it exactly as we handled the college loan program that previous administrations made an effort to kill, not only the immediate previous administration, but even the administration before that.

We suggested that the repayments into the loan fund be used to continue the program, and that is exactly what we are doing with the rehab loan program. Our recommendation is that we continue the program based on the repayments that will be made to the 312 loan program, and that amounts to about $85 million.

Mr. GONZALEZ. I thank the gentleman again.

Mr. Chairman, let me conclude by saying that when we posed the question to Secretary Pierce, "Well, now, you admit to this; what will you do about it?" The only answer they gave was, "We are going to have a National Housing Commission appointed."

Well, such a commission, I understand, has been appointed, but none of us in the Congress were given any kind of a notification. The membership, as I understand—because I do not even know what the full membership is—was drawn in a very narrow sense, very restricted. And without the legislative branch advice or input, I fail to see where a commission that is mandated to come in with a report in October could hardly be the answer to the desperate needs of the American people with respect to housing.

A commission would almost have to be miraculous in its performance to do in this period of time between now and October what has not been done in 40 years.

Mr. GREEN. Mr. Chairman, I yield 5 minutes to the ranking Republican member of the Science and Technology Committee, the gentleman from Kansas (Mr. WINN).

Mr. WINN. Mr. Chairman, I rise to express my reservations over several of the appropriation levels contained in H.R. 4034. Specifically, I am concerned that the appropriation for the National Science Foundation is $70 million over the President's budget request and that the appropriation for NASA is some $11 million over the request.

Both of these agencies are authorized by the Science and Technology Committee on which I serve. Our committee spent many long hours hearing testimony and deliberating on the budget requests for both NSF and NASA. In my opinion it is possible to stay within the President's budget and yet provide very adequate funding for both these agencies.

I do not want my position to be misunderstood. I am not antiscience or antitechnology. The great contributions made to this Nation by NASA and the National Science Foundation are self-evident. Over the years I have always supported their efforts—and still do. However, I do not feel it is consistent with our national budgetary goals—as expressed by this House in the last few months—to allow programs to exceed the budget by such large margins. At the appropriate time I intend to offer an amendment to reduce these appropriation levels.

I also want to express my concern over the waiver of the rules that has allowed this appropriation bill to proceed prior to enactment of our authorizing legislation. The Science and Technology Committee has proceeded with all possible speed to bring our authorization bills to the floor. Despite our best efforts, we are once again confronted, as in other recent years, with appropriation legislation coming up for consideration prior to the authorizing legislation. In many instances, the appropriated amounts have obviously been set with little or no consideration to the work of the authorizing committees. I hope in the future such automatic waivers of the rules will not be granted.

Mr. BOLAND. Mr. Chairman, I have no further requests for time. I yield back the balance of my time.

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Mr. GREEN. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota (Mr. WEBER).

Mr. WEBER of Minnesota. Mr. Chairman, I would like to take a few moments to address one element of this bill: The National Science Foundation appropriation. As a member of the Science and Technology Committee, I have thoroughly reviewed this program in our authorization hearings. I recognize the importance of basic research to academics and to the long-term health of our economy. However, I cannot support the increases which are proposed in this appropriation. This bill would appropriate $70 million more than the administration has requested. As much as I support these scientific endeavors I do not feel that we can make exceptions in the support of the President's economic package. At the beginning of this session the minority membership of the Science and Technology Committee signed a letter to the committee chairman stating that they would not support budgets that exceeded the administration's request. I continue to support that position.

Beyond a doubt the serious problem facing this Nation is the economy. We cannot possibly expect the program to work if we allow the individual pieces to grow above the original request. I will oppose any increases in the NSF budget above the administration request.

Mr. GREEN. Mr. Chairman, as a new member of this subcommittee, I have enjoyed working with the distinguished and experienced chairman of the subcommittee, the gentleman from Massachusetts (Mr. BOLAND). His knowledge, his experience, his wisdom in the ways of the House and of the multifarious agencies over whose appropriations our subcommittee has jurisdiction have been a wonder to me as we put in the hard work of this spring

and early summer in preparing this bill for the floor.

I simply want to say that it has been a great pleasure for me to work with him this year, and I look forward to many more years of doing so.

Mr. Chairman, I yield back the balance of my time.

Mr. BOLAND. Mr. Chairman, with those remarks I want the gentleman from New York to have a nice weekend.

Mr. GREEN. I thank the gentleman.

Mr. BOLAND. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. DANIELSON) having assumed the chair, Mr. LEVITAS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4034) making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1982, and for other purposes, had come to no resolution thereon.

PRO-WESTERN ZAIRIANS WANT THE WEST TO STOP SUPPORTING THE CORRUPT AND REPRESSIVE MOBUTU REGIME

(Mr. WOLPE asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. WOLPE. Mr. Speaker, I would like to call my colleagues' attention to a recent interview with the former Prime Minister of Zaire, Nguza Karl-I-Bond, in the Washington Post. In that interview, Mr. Nguza, who resigned as Prime Minister last April and fled to Europe, warned that vital Western economic and geopolitical interests could be jeopardized by continued Western backing of President Mobutu Sese Seko's regime in Zaire. Nguza stated:

I'm pro-West and share the West's valid concern for keeping Zaire out of Communist hands, but the human rights violations, the economic misery, the president's pilfering of state coffers is equally important. And if nothing is done, then there's a risk the people will take justice into their own hands.

Nguza's statement is especially important because his presence in the Mobutu regime was widely regarded as an example of United States and Western influence over that regime, and a promise of hoped for economic and political reforms. It also appears to reflect the disillusionment of many pro-Western Zairians with such recent developments as: The arrest and internal banishment of 13 parliamentarians who signed a statement for democratic nonviolent change, increasing reports of torture and other violations of human rights, and continued siphoning off of the country's resources by a corrupt elite.

I am particularly disturbed that, when the Subcommittee on Africa looked into the matter of Nguza's resignation, Deputy Assistant Secretary for African Affairs Lannon Walker responded:

As I understand, Prime Minister Nguza resigned for personal and family reasons. He, I believe, has made it clear that he did not do so for political reasons, and has no intention of engaging in political activity . . .

Within days, Nguza's statements of political opposition to the Mobutu regime were filling the press in Europe. I am troubled by the administration's apparent failure of intelligence concerning recent political developments in Zaire. I hope this does not reflect the same sort of intelligence deficiency which helped lead to our debacle in Iran.

We should not be trying to undermine any regimes in Africa, but that does not mean we have to embrace a government which is opposed even by its own pro-Western members. The article follows:

[From the Washington Post, June 25, 1981]

FORMER OFFICIAL ADVOCATES OUSTER OF ZAIRE'S MOBUTU

(By Jonathan Randal)

BRUSSELS, June 24.—Zaire's former prime minister today announced his formal opposition to President Mobutu Sese Seko and warned that vital economic and geopolitical interests could be compromised by continued Western backing of Mobutu's rule in the strategic central African nation.

Speaking out for the first time since he left Zaire suddenly and resigned here April 16, Nguza Karl-I-Bond avoided calling for an armed uprising against Mobutu, who has ruled virtually single-handedly since seizing power in 1965. But he said he would not attempt—as he claimed he has in the past—to stop an uprising if one breaks out.

Nguza is known as a moderate, strongly pro-Western political figure. His call for opposition came when Mobutu's political fortunes were seemingly at a low ebb with the recent defeat of his closest European ally, former French president Valery Giscard d'Estaing.

The country's chronically troubled economy received a needed reprieve, however, with the announcement Tuesday that the International Monetary Fund will extend a $1.1 billion credit. International lending organizations are expected to continue to keep Zaire's austerity plan under close scrutiny because of Mobutu's history of economic mismanagement.

In a rambling two-hour interview, Nguza charged that Mobutu had managed to skirt World Bank and IMF safeguards and had allegedly skimmed off millions of dollars in state funds to add to his private fortune.

While holding out the slim hope that Mobutu would step down or allow meaningful reforms, Nguza said his desire for a peaceful solution had limits. He said he planned to release the text of his opposition appeal to the Zairian people in Paris Thursday.

"The West must intervene to avoid a bloody, violent upheaval which would compromise Western interests in Zaire," he said.

He said that after his resignation he had been approached by fellow Lunda tribesmen living in neighboring Zambia and Angola, who expressed willingness to invade their native province of Shaba, where major rebel invasions took place in 1977 and 1978.

"I told them to do nothing," he said, "but if I am not understood and if a popular revolt and another war breaks out, I will be behind my people and assume my responsibilities to the bitter end."

As foreign affairs minister in 1977, Nguza was arrested, tortured and condemned to death for high treason, accused by Mobutu of involvement in an insurrection. He was rehabilitated two years later, reinstated to his foreign ministry post and made prime minister in 1980.

Nguza stressed his ties with the West and his abhorrence of communism during the interview, which took place at the suburban estate given to him by Mobutu after his rehabilitation. But running through his remarks was the theme that the hard-pressed Zairian population now held the West responsible for keeping Mobutu in power.

"I'm pro-West and share the West's very valid concern for keeping Zaire out of communist hands," he said, "but the human rights violations, the economic misery, the president's pilfering of state coffers is equally important. And if nothing is done, then there's a risk the people will take justice into their own hands."

Nguza, 42, is the nephew of the late Moise Tshombe, the leader of the post-independence secession of mineral-rich Katanga (now Shaba) Province, who later became prime minister of Zaire.

At the time of his resignation, Nguza was in charge of implementing the internationally backed economic and financial reforms needed to restore health to the strapped economy. He said his call for opposition by the Zairian people was justified by Mobutu's alleged financial speculations. He charged that Mobutu, by exerting personal control over the Central Bank of Zaire, the nationalized Gecomin mining company and the Sozacom mineral exporting firm, had undermined the reforms that Nguza was charged with overseeing, and had skimmed off more than $100 million last year and $26 million in the first quarter of 1980.

Nguza said the skimming of Gecomin, which normally produces 63 percent of the state budget, and of Sozacom, which once provided 70 percent of Zaire's foreign exchange earnings, was responsible for the recent 40 percent devaluation of the currency.

He said suspicion of Mobutu funneling state money into his personal accounts led the IMF and World Bank to insist on stricter controls on the disbursement of the $1.1 billion of "extended facilities" over three years approved today.

COMMENDATION OF PETER B. BENSINGER

(Mr. SAWYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SAWYER. Mr. Speaker, I rise today to commend Peter B. Bensinger for his 5 years of service as the Administrator of the Drug Enforcement Ad-

ministration. Mr. Bensinger has served the DEA and the people of this Nation well during this difficult period in the war against drug trafficking.

Mr. Bensinger's contributions to effective drug enforcement are many. There is one in particular which I would like to bring to the attention of my colleagues because I believe that it deserves special recognition. As the ranking minority member of the Subcommittee on Crime, I have listened to testimony from many witnesses which indicates that the "life's blood" of the drug trade is money. The sums involved are so substantial that drug traffickers can post bail in the millions of dollars and afford to forfeit it as a cost of doing business.

Mr. Bensinger has redirected the priorities of the DEA during his tenure to concentrate on financial investigations and seizures of assets. The amounts seized and forfeited to the United States as a result of the DEA's efforts in this area have increased significantly in recent fiscal years. In Florida, where the Federal Reserve bank, unlike its counterparts in other parts of the Nation, is swimming in cash deposits from the drug trade, the DEA has been involved in "Operation Greenback." Its mission is to investigate and halt the money laundering that is taking place in Florida banks as a result of the drug trade there.

Mr. Speaker, Mr. Bensinger's testimony before our subcommittee in March of this year impressed upon me the need to review the forfeiture laws as they apply to drug traffickers. As a result of that review, I introduced legislation which would put the burden of proof upon convicted drug traffickers that their assets were not fruits of their trade and thus subject to forfeiture. My bill, H.R. 2646, would also funnel the net proceeds of such forfeitures into the DEA's budget for use in the enforcement of Federal drug laws. Thus, the drug trafficker is forced to finance his own demise and that of his cohorts in crime.

Mr. Speaker, again I want to applaud Peter Bensinger for his invaluable service to this country and for the courtesy and assistance that he has provided to the Subcommittee on Crime during our investigation into the drug problem in this country. I wish him the best of luck in his future endeavors.

KING CRIME

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 15 minutes, and to revise and extend his remarks.

Mr. GONZALEZ. Mr. Speaker, I rise in order to continue the report with respect to what I have called "King Crime" and the developments in my area and in the general area, the scene of the murder of Federal District Judge John W. Wood and the attempted murder of Assistant Federal District Prosecutor in the Western District, James Kerr.

As I will remind the Speaker, I have been speaking out for more than 2 years from this forum. It was 2 years on May 30 that we had the anniversary of the death, the assassination, of Judge John W. Wood. It was an unprecedented crime. It just has not happened in the history of the judiciary of this country. As I have said repeatedly, ad nauseam, the bad thing about it has been, it has not been touched on except the remarks I have made, and that is that it has resulted in the intimidation of this third branch of our Government, coequal independent branch of the Government, known as the judiciary. The judges and the officers are still under U.S. marshall protective custody, I guess would be the proper phrase. They say surveillance; I think that when you get into that circumstance you would define it as custody, having cost the Government millions of dollars to provide that.

In the meanwhile, there has been no real break in the case whatsoever that is of any substantive nature. There has been a lot of publicity in the last 6 months because of the formation of a special grand jury which has ended its session but produced no indictments. In other words, there have been no real developments leading toward the solution of the crime, the arrest, the apprehension of the culprits, and their conviction and punishment.

I have said since the attempt on James Kerr, at which time I predicted what again I am unhappy to say turned out or developed into the murder of a judge, I knew that if the attempt on James Kerr were not energetically and ferociously pursued on a national level, with national priority, that it was not too difficult to prophesy the subsequent developments, but I never dreamed at the extent and on the scale it has turned out to be.

Then, we had a related crime involving a highly placed official of the Drug Enforcement Agency also taking place in Bexar County, San Antonio, in which I—and I guess I will truthfully state I have been the only one to dare state that there is a connection, and that was the mysterious case of Sante Bario, who at the time of his arrest for bribery on the uncorroborated testimony of one of the most sophisticated international criminals that I have ever read about—if a novel were to be written about that individual, even then it would not be believed, even as fiction, but in this case truth is a lot stranger than fiction.

In the case of this very, very sophisticated, not only a double but a triple agent, Picault by name, French in origin, and on his uncorroborated testimony—remember, and here again I have been speaking out on this for more than 15 years, that under the Federal procedure, unlike legal precedent and juridical basis, for a conviction on the Federal level an individual can be convicted on the uncorroborated testimony of one witness. So that, when you have this horrible development that has been allowed into our criminal system of law enforcement, criminal jurisprudence, where the law enforcement agents of national level, the highest law enforcement, even the CIA—that secret and mysterious and out-of-control agency—says that in order for it to do anything successfully such as solving a crime in the case of law enforcement agents, they have to have an intimate brotherhood, cheek-by-jowl association, with the most sophisticated criminal element in the world.

In the case of Sante Bario, who was arrested in San Antonio, Tex., in a hotel room where he had come in from Mexico City, where he was the man in charge of the Mexico City office, which is a rather extensive operation of the Drug Enforcement Agency, and was apprehended at a critical point when he was meeting with this informer, Picault, with whom he had had communication and relations since Sante Bario had become famous as the man who had broken the "French Connection," that great heroin, cocaine complex that was finally broken—at least, they thought so at that time—and Sante Bario was an agent for our law enforcement agencies since he came to this country. He came from Italy, where he proceeded from a somewhat prominent family. His own father, for example, is a prominent law enforcement agent in Italy.

He went to New York, and there worked with the New York Crime Commission and was very successful in penetrating organized crime as an agent for the crime commission, and helped in the great exposure of bribery and corruption in the New York area with the then New York Crime Commission.

From there, he graduated into the Federal level and ended up being the man who infiltrated. He was a man of tremendous capacity. He was a linguist. He could speak French, Italian, German, Spanish, and had great capacity to penetrate the underworld.

But all of a sudden he was arrested in San Antonio, where he had a meeting with this agent Picault, as I said and repeat, a man he had worked with in a double agent capacity. Now, he was arrested and charged and dismissed from service, and was then put in a jail about 80 miles north of San Antonio, Tex.

When his attorney went to the agency and the courts and said that 80 miles was inaccessible for proper con-

sultation between attorney and client, he was brought in, in December 1977, to the Bexar County Jail.

Now, this jail had also been the scene of that great Carrasco incident, Carrasco being that famous or infamous drug loco of the Southwest United States drug program, but which, unknown to most of the law enforcement agencies—except the grand juries that I communicated this fact to in 1970, 1971, and 1972, the local grand juries, unknown to most of these agencies, or at least they claimed ignorance—this Carrasco had ramifications with agents and people in France; for example, one of Carrasco's own relatives—and his presence in my district of what we called East Side San Antonio—was a man who was functionally illiterate; that is, he had not even finished junior high school, and yet he could talk to me in the most knowledgeable ways about the streets of Paris, France, where he had gone and traveled back and forth as if he were at home in France.

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Well, naturally, there are reasons for all of this. Anyway Sante Bario was brought in one day in December and no sooner was he given a peanut butter and jelly sandwich than he choked up and went into a coma. He lingered in that coma for 6 months, and he died 6 months later in May of 1978.

In the meanwhile, we had later that year the attack on and the attempted murder of the assistant federal district attorney of the western district, James Kerr. It was done in a manner that clearly identified to me professionalism. Now, he was attacked, but he was not killed. In my opinion, and as I told Mr. Kerr and the law enforcement agents then, that was the intent. I did not think that the intent was to kill him. After all, Kerr was only an assistant. It was not he who would make a decision as to how to prosecute, whom to prosecute, or how often to prosecute.

So I then raised a question about Sante Bario, even though I did it ex officio, because I was called by the local law enforcement agents who remembered my contributions since 1970 to local grand juries on the exposure of what turned out to be the pipeline of the brown heroin market through Mexico from Latin America, and we recall the "French Connection," which incidentally has been broken up as a result of Sante Bario's work. I raised a question about Sante Bario's having knowledge and having had that knowledge from the informers, and his work in Mexico City, that highly placed political officials and perhaps governmental officials were involved and he had that knowledge.

I raised the question that he also had knowledge of the extent of the penetration of organization crime into a new racket that has developed into a $2 billion business—and I have spoken at length of that here—and that is the stolen automobile and stolen automobile parts racket, with goods flowing into Mexico and still flowing undiminished and coming back as partial exchange in the form of drugs. That is now a $2 billion business.

At the time of the death of Sante Bario, that was the initial period at which I established that organized crime—the syndicate—had moved into this activity. And when that happens, you have sophisticated corporate activity of the highest nature. In other words, you really have business techniques, even better than what are available to our law enforcement agencies, believe it or not.

Now, Sante Bario never recovered from the coma. He never had a chance to defend himself. He never had an opportunity to prove either guilt or innocence in the courts.

Last week the big headlines in the district were on the premature closing in by the drug enforcement agency on a group that, to their startled surprise—so they told the reporters—involved a long-time veteran of the San Antonio Police Department, a sergeant. And contemporaneous with that headline was another in which another police officer had just been convicted by a jury in a drug trafficking case.

Now, the San Antonio Police Department is one department in which I have had long unsullied pride, and I know that its long record over the course of years clearly meant that it had been, by far and large, an honest and efficient law enforcement agency. In fact, in some cases I even praised it and compared its superior ability to that which even the local FBI had demonstrated.

But now we have these revelations with the arrest of this sergeant, who was actually arrested because he showed up at the scene where a transaction was supposed to take place with another very sophisticated informer, himself active in the drug business, an ex con and one who has this cheek-by-jowl relationship with the law enforcement agencies themselves.

What I think a lot of Americans do not realize is that when those who are charged with the enforcement of the law themselves must consummate transactions and enter into contracts with and show an overweening dependence on the criminal element, we are stripped naked of protection.

The SPEAKER pro tempore. The time of the gentleman from Texas (Mr. GONZALEZ) has expired.

SOVIET ENERGY CHALLENGE TO THE WEST

(Mr. LONG of Louisiana asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. LONG of Louisiana. Mr. Speaker, the potential for Soviet energy supply in the 1980's has been properly stressed in the American intelligence community as important to the United States. However, by stressing low estimates of performance, we have concentrated too much on the problems of the Soviets' adjustments to shortfalls. Recently, the CIA raised its oil production estimates from 8 million to between 10 million and 11 million barrels per day (MBD) by 1985 and 8 MBD in 1990, but they still represent the low end of estimates by Western specialists. While we must be prepared to deal with Soviet policy based on dwindling oil production, we must also develop a flexible U.S. policy based on a wide range of Soviet supplies of oil, gas and other primary energy sources.

On June 15, 1981, I announced the completion of a major study of the implications of energy output on Soviet policy. It was conducted by the Congressional Research Service at the request of the Subcommittee on International Trade, Finance, and Security Economics of the Joint Economic Committee, which I chair. The study was compiled and edited by a group of leading international specialists, headed by John P. Hardt, Senior Specialist in Soviet Economics, CRS.

Soviet energy supplies for the 1980's especially oil and gas, are of major importance in the U.S.S.R., East and West Europe, and the global energy market. This study stresses a number of possibilities for the 1980's, ranging from a "low estimate" projection of sharply reduced Soviet oil production, to a "high estimate" of increased production and accompanying economic and diplomatic leverage for the U.S.S.R.

The study also explores the different implications for U.S. policy toward the Soviet Union within the range of projections.

According to the study, the "high estimate" projection would result in adequate energy for sustained domestic growth in the U.S.S.R., sufficient energy supplies to East Europe to maintain growth and political stability, continued export of oil and expanding gas sales to West Europe, and the availability of soft currency sales as "aid" to Cuba and other Third World countries.

The study explores a variety of options that could significantly influence the ability of the U.S.S.R. to realize its rich energy potential. It points out that these options would require a dramatic shift in Soviet priorities and a

significant reorganization of Soviet energy administration and policy.

Massive foreign credit and technology will be required to implement Soviet energy projects. We should have particular concern about the potential economic and political implications implicit in the funding of the proposed Yamburg natural gas pipeline from Arctic West Siberia. This pipeline would sharply increase West European use of Soviet energy supplies.

About $15 billion in Western credits would be required to fund the pipeline. In the long run it would significantly increase Soviet hard currency earnings. Because of the importance of the issues raised I have requested additional information on American and Allied involvement with the construction or use of the pipeline from the Departments of State, Commerce, Energy, and the Treasury.

The study emphasizes that Western equipment and technology are critical to the timing and implementation of Soviet energy programs, including the Yamburg pipeline. One of its key conclusions, however, is that unilateral American leverage on these programs is minimal and that, therefore, a unified Western policy on Soviet energy development is essential.

Copies of the study may be obtained from the Joint Economic Committee, Publications Department, room G-133, Dirksen Senate Office Building, Washington, D.C. 20510.

The executive summary and the section on the Yamburg pipeline follow:

EXECUTIVE SUMMARY AND POLICY IMPLICATIONS

Energy output in the 1980s may present economic and policy problems for the Soviet Union. Responsible forecasts of future Soviet production capabilities support two very different scenarios: The Soviet Union might remain an important exporter of energy to Western Europe and elsewhere, or it might feel compelled to purchase large amounts of petroleum in the world market. The papers in this compendium explain the reasons for the uncertainty surrounding the energy forecasts and the implications of different output levels for Soviet and U.S. policies toward Western and Eastern Europe and the Middle East.

The breadth of the range of forecasts is a result of different estimates of the wealth of oil fields and production capabilities. The lack of hard data from Soviet sources makes evaluation of the differences very difficult. A series of controversial CIA reports predicted that Soviet oil production would peak soon, decline sharply, and that the USSR would cease to export oil by 1985. Although the CIA still predicts a fall in Soviet oil output, the precipitous fall has been forecast for 1990 instead of 1985 and the timing and level of imports has been revised downward. The CIA reports have been met with skepticism in the United States and are irreconcilable with European estimates. Analysis of discussions by Soviet officials at all levels indicates that there is a great deal of uncertainty about capabilities even among Soviet experts.

The level of Soviet energy production has very important implications for the United States and the rest of the world. A continued Soviet energy surplus would allow the Soviets to grow more rapidly at home while maintaining their close economic ties with their East European allies. Energy diplomacy would continue to be an effective tool to spread Soviet influence and counter Western initiatives. The Soviet Union currently derives about half of its hard currency earnings from exports of oil and natural gas. Without an energy export capability, the Soviets would be hard pressed to find a substitute source of the funds it uses to buy grain and Western technology.

The emergence of a Soviet energy deficit could affect developments ranging from the world price of oil to political stability in Eastern Europe. The Soviets might be forced into the world market and like any other source of additional demand, the Soviet presence would contribute to the escalation of oil prices. Falling energy output would also make it much more difficult for the Soviet Union to meet domestic growth targets or maintain commitments to Eastern Europe. A Soviet Union faced with the prospects of an energy deficit could react in a number of different ways. Controls and belts could be tightened at home or the Soviets could try to assure their access to Middle East oil. They might accept declining influence in Eastern Europe or seek other ways to maintain their existing political ties.

The Soviets do have options they could pursue now that might alleviate future energy problems. First, they could adopt an aggressive policy of maximizing current output at the expense of future oil production. Second, they could attempt to offset declining oil output by turning to other energy resources, particularly natural gas, coal, nuclear, and hydro-electric power. Finally, the Soviets could make energy a top priority and give it the kind of high level party support that only the military receives now.

To some extent, all of the Soviet options involve the use of Western technology. In fact, the availability of advanced energy equipment and technology is still a limiting factor in Soviet energy development. Most of their needs, however, can be served by Western supplies other than the United States. Moreover, especially in the short run, Soviet policy decisions and their physical resources will be the major factors determining the level of output. Thus a policy of energy equipment denial by the United States alone is likely to have limited impact on the Soviet energy sector as well as on Soviet domestic and foreign policy.

The analyses contained in this study point to a wide range of conclusions about the Soviet energy future:

If the CIA estimate is correct, Soviet oil production will fall to 10.5 mbd by 1985 and 8 mbd by 1990 and the CMEA countries (the Soviet Union and Eastern Europe) may become modest importers of petroleum. If the estimate of the European Commission is correct, Soviet oil production will stay constant or possibly grow to 14 mbd by 1990, and the USSR may be able to use its exportable oil surplus as an important economic lever.

A leveling off followed by a sharp fall in output by 1985 is more a possibility than a likelihood in our assessment.

Policy options are open to the USSR to sustain production levels, and there are a range of outcomes in future years, even prior to 1985.

A Soviet turnaround in energy trade, as originally suggested by the CIA, from substantial hard currency surplus earnings of more than $10 billion a year to a deficit of more than $20 billion is extremely unlikely, if not impossible.

If the Soviets are able to continue to expand natural gas exports, they will have an especially important diplomatic tool. If shortages of energy force withdrawal from energy trade with West Europe, considerable economic and diplomatic opportunities will be lost by the USSR.

It seems clear that the Soviets desire Western, especially U.S. technology for energy exploration and extraction, but the conclusion that they are uniquely dependent upon the United States for energy equipment is subject to serious question. Natural gas output increases—the key to Soviet energy policy success—turn on West European technology imports and credit.

THE NEW PIPELINE AS THE EAST-WEST ECONOMIC LINCHPIN [15]

The Northern natural gas pipeline from the Yamburg field on the Taz peninsula, is to provide a significant increase in Soviet energy sales to West Europe in the 1980s largely on the basis of Western financing. The pipeline is described by some Soviets as "the largest project in recorded history." With some allowance for hyperbole the significance of the project may be illustrated by the following data:

Energy supply

By the mid to late 1980s from 40 to 70 billion cubic meters of additional gas per year would be flowing to West Europe (about 4 to 7 billion cubic feet a day). This would flow through one or two parallel lines accounting for the 40 to 70 billion cubic meter range at 75 atmospheres pressure (ATA). One line at 100 ATA has been discussed but would be experimental and risky as no line of 100 ATA pressure has been used to date. Some of the gas may come from the more developed Urengoi fields in Arctic West Siberia.

This new pipeline would provide additional gas for ten European countries; Federal Republic of Germany, Italy, Austria, France, Belgium, Switzerland, Netherlands, Sweden, Finland, and Greece. Five of these countries would be receiving gas from the U.S.S.R. for the first time.[16] All would significantly increase their gas imports. The share of Soviet gas in the gas consumption of the FRG would increase from just under 20 percent to 30 percent or more in 1990. This would represent an increase of Soviet gas in the share of primary energy from about three to six percent for the FRG. France and Italy in 1990 would have a similar share of their gas imports from the Soviet Union and it would represent about 6 percent of their energy balances. In Austria the share in gas imported and primary energy would be substantially higher, possibly as much as 18 percent of their primary energy in 1990.

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[15] Although popularly referred to as Yamal, Yamburg is East of the Gulf of the Ob River on the Taz not the Yamal Peninsula. Much of the information came from interviews in Moscow, Frankfurt, and Bonn in December 1980. See also Financial Times, December 16, 1980 and March 16, 1981; Business Week, December 19, 1980, pp. 40, 44; Business and Trade newsletter, November 1, 1980, p. 1: New York Times, January 11, 1981, p. 5 and April 19, 1981; Wall Street Journal, January 23, 1981, p. 1.

[16] See table 11, above.

The fall of the Shah aggravated the energy supply problems of the Soviet Union, East Europe and the FRG. The new pipeline would not fully offset the Iranian supply loss to the FRG. By way of comparison, it may be noted that German imports of natural gas under the large projected deal, the trilateral gas swap agreement discussed among Iran, the USSR and the FRG in 1975, were expected to account for about 9 percent of the FRG's natural gas consumption in 1985. The deal which was abrogated in the summer of 1979, would have provided the FRG with 5.5 billion cubic meters of gas annually, starting in 1983.[17] The projected FRG consumption of Soviet gas is 12 to 15 billion cubic meters in 1985. Not only are Iranian gas deliveries from the projected line (IGAT II), which was discussed in 1975-79, not likely under the current Iranian government, but deliveries to the USSR under their old agreement (IGAI I) have been interrupted, possibly terminated. The FRG authorities talk about other Middle East gas supplies, e.g., Algeria, but Iranian supply prospects for any future time are considered very conjectural.

Financing

Final terms and agreements had not been reached by the end of May 1981. Estimates in December 1980 by informed financial circles placed the anticipated total Western financing at about $15 billion.[18] France provisionally led the financing discussions on a 15 billion French franc loan in December 1980 that was not finalized. Some argued that early French agreement was to be used as a bargaining lever with other financing countries, namely the FRG.

Most of the West European importers of gas and exporters of pipe and equipment would participate in the financing, as well as Japan. The FRG, the lead financing country, will probably provide the largest share of credit. The amount of government credit and credit guarantees as well as the terms of repayment is to be worked out. Issues such as grace periods, interest rates—floating or fixed—government guarantees, are all part of the negotiations. The effect of this one project would be a significant short term increase in Soviet hard currency debt and possibly rise in their debt service ratio. The Soviets would prefer to have the following terms: repayment beginning with gas flow so that gas exports over a decade would finance the loans, provision of a share of gas for sale to West Europe and East Europe from opening of the line, pricing of gas tied to OPEC oil pricing, and loans in Western government-backed credit and credit guarantees. The Soviets believe that construction would take three to four years, so a grace period of that length would meet their optimum needs. This time period helps explain the 47 percent increase in Soviet gas output projected in the Eleventh Five Year Plan (1981-85).[19] It has been estimated that natural gas export earnings would increase from about $1.5 billion currently to a much higher figure in 1985.[20] The combined oil and gas earnings of some $13 billion in 1980 are composed of $11.5 billion from oil, $1.5 billion from gas. The relationship may be changed with gas possibly the larger source of hard currency in the late 1980s with the total income from oil and gas sales likely rising. The completion of the new gas pipline would have to precede emergence of the gas as the major hard currency earner, replacing oil.

Trade implications

Sales of transmission pipe, compressors and other related equipment would follow financing of the Yamburg pipeline. The FRG would be the major supplier of pipe from a group of manufacturers with the German firm Mannesman leading. Ruhrgas A.G. would lead a group of West European gas distributors. Equipment sales tied to government financing and coordinated commercial bank financing would thus favor Germany. Japan by joining the financing would expect some pipe and equipment sales. Even without financial participation some U.S. companies expect sales: Cooper Industries (compressors), Caterpillar (pipe laying equipment), Solar Division of International Harvester, and General Electric. General Electric apparently has key patents that would likely tie them directly or indirectly into turbine sales. Other American companies may deal indirectly through European suppliers.[21]

The income to the USSR from gas sales might more than compensate for the lack of increases in hard currency income from oil sales. As noted above, hard currency income from petroleum has been running at about $10 billion a year. Future gas sales may eventually be substantially higher. The Soviets may continue oil sales, albeit at a lower volume, benefiting from rising prices.[22] They may vary their sales in reference to their balance of payments needs and oil supply conditions.

Mutual dependence of the trading partners, the various aspects of Finlandization, are raised by the Yamburg project. The Soviet Union may use gas supply and pricing as a tool in diplomacy. Likewise West European nations may use sales of equipment, technology and credit as levers in their relations with the USSR. A presumption of greater Soviet short term leverage is based on the view that a significant interruption of gas supply may have more immediate effect than a similar shut off of equipment sales or loans. This short term effect might be cushioned by the existence of alternative energy sources and/or ability of West European countries to sustain economic growth with some energy supply shortfalls. In German discussions there seems to be some difference of view on the measure of impact from potential gas shutoff. Chancellor Schmidt is also said to view an agreement on Yamburg as a "stabilizing factor" in East-West relations.[23] Many of the leaders of Western countries argue that, not only is there a plurality of interests among the Western industrial nations, but quite different economic requirements. In energy they would especially note the absence of any possibility of Western European energy independence, requiring a reliance on diversity of sources for energy supply security.

Europeans might also argue that Yamburg, the European version of the earlier Northern Star proposal promoted by Richard Nixon and Peter Peterson in 1972-74, is a much sounder credit risk and more secure source of supply than "North Star" would have been to the U.S.[24] The cost to the Soviet Union of not meeting repayments or delivery commitments from Yamburg would be substantial. Examination of the Eleventh Five Year plan (1981-85) may illustrate how reliant the USSR now is on a continuing and expanding supply of technology and equipment from the West. These technology imports can not be repaid by export earnings from non-energy exports and oil sales, so expanded gas sales and Western credit facilities will continue to be crucial to trade with the West. The Soviet Union might, at any point, risk the cost of technology trade and credit cutoff and the attendant increase in the economic and political costs by gas delivery cutoffs or a credit default. The question is would the cost of that action be too high as viewed by Soviet leaders?

Some argue, however, that the equipment exports have been so important to West European jobs and production that even a major political-military crisis, such as a Soviet invasion of Poland, would not reverse economic Ostpolitik. In this vein it is argued that European technology and credit would be available to the USSR under a variety of adverse scenarios from a West European viewpoint. A Soviet default or invasion of Poland would seem to us as too heavy a burden to be sustained by economic Ostpolitik, but a lesser crisis might not.

We earlier argued that the principal problem in assessing the financial risk in the proposed US-USSR gas deal and in the Siberian fields of Urengoi and Medvezhye was political.

"In cooperative ventures, such as those underway in the Soviet Union, the economic interdependence raises questions of political leverage. Does the material-rich communist nation with the production facility in its sovereign territory have more control or leverage than the technologically advanced Western nation that is dependent on part of the output for the repayment of its investment? The presumption of greater leverage for the socialist nation may be further strengthened by the fact that most Western investment is committed before returns in Eastern materials are forthcoming. The proposed "North Star" and Yakutia natural gas projects are cases in point. The investment by the United States and/or Japan would be committed in the first decade, whereas the repayment would occur in a subsequent decade or later. There would thus be a

[17] Cited in Carl McMillan and John Hannigan, "Joint Investment in Resource Development: Sectoral Approaches to Socialist Intergration", in Joint Economic Committee, East European Economic Assessment, Part 2. (Washington, U.S. Govt. Print. Off., 1981.)

[18] In private discussion some European sources indicated total cost might rise to as high as 60-80 billion Deutsche marks. ($30-40 billion) presumably including Soviet outlays. A German estimate in March 1981 was 20 billion DM. Financial Times, March 16, 1981.

[19] Pravda, Dec. 2, 1981.

[20] Financial Times, Dec. 16, 1980.

[21] Miles Kostick and Marc Millot of the Institute of Strategic Trade, have recommended canceling of export licenses related to U.S. company participating in pipeline for overriding national security reasons. "Soviet Gas Deal and Its Threat to the West," Dec. 31, 1980, mimeo, 24 pages; Washington Post, January 1981; See also Op. Ed., New York Times, February 12, 1981. See also "Caterpillar Gets $40 Million Soviet Order, Giving White House a Political Dilemma", Wall Street Journal, Feb. 17, 1981, p. 12.

[22] "Soviets Are Cutting Their Oil Deliveries to Western Europe", Wall Street Journal, Feb. 9, 1981, p. 21.

[23] John Vinocur, "Reagan and Europe," New York Times, Feb. 11, 1981, p. 1.

[24] Senate, Foreign Relations Committee, John P. Hardt, George Holiday and Young C. Kim, Western Investment in Communist Countries, GPO, 1974. House Foreign Relations Committee, John P. Hardt and George Holiday, US-USSR Commercial Relations: The Interplay of Trade, Technology and Diplomacy, GPO, 1973.

strong temptation for the Soviet Union to risk its reputation for creditworthiness by failing to comply with the repayment agreement once the Western commitment were made. For example, if an agreement were reached in 1974, deliveries would be set to begin in the early 1980s. At that time, the Soviets might raise the price and reduce deliveries. To be sure, they do not have a reputation for so flagrantly violating contractual agreements. They would probably thereby lose their good financial reputation and whatever subsequent deals were under consideration. But the temptation for noncompliance would be present, as not many subsequent agreements would be likely to have the scale in time and resources of the energy deals.

"Specifically, in the energy deals the point would be reached when all of the Western investment committed and the Soviet repayment to begin. The inducement to comply would be related to attractiveness of future Western investments that noncompliance would deny them. Most of the other discussions involve millions, not billions of dollars and cover ten years or less. The multibillion dollar energy agreements would span two to three decades. The prospects of future agreements must be an important leverage factor on contract compliance. If the leverage of future Western agreements and creditworthiness are to be effective, then industrial cooperation involving technology transfer should be made in a succession of arrangements, each of similar magnitude. Thus, the adherence to terms of any one agreement are reinforced by the potential denial of industrial cooperation on subsequent agreements." [25]

With financing and equipment supply for Yamburg preceding repayment from gas delivery the temptation to the Soviet Union would be to accept Western imports and credits and to reconsider supply and price agreements at a subsequent point. Repayment conditions could have some penalties or benefits foregone rather than just a reliance on a past record of repayment. The benefits foregone to the USSR would be in future technology and credit. Specifically, the Soviet economy would have to support the long list of projects requiring Western technology with its own resources. The assessment of this sort of political risk posited for the critique of the proposed "North Star" project in 1973–74 for the US and USSR still seems relevant in the West European financing of a major Soviet pipeline in 1981.

In reference to the discussion of the "North Star" in 1973–74 we also asked the following questions:

"Is the Soviet project a preferred investment, eligible for lower rates, more favorable terms, and higher risks than other investments? If preferential treatment for the natural gas project is warranted by political factors, what are the net political benefits?" [26]

The answer of the United States Congress in 1974 to this kind of a question was a resounding "No!". Section 402 (the Jackson-Vanik amendment) of the Trade Act closed the government credit window, the Church and Stevenson amendment to the Export-Import Bank Act precluded government credit for use in large scale Soviet natural gas development by restricting funds available to very small amounts.[27]

The financing of Yamburg is a European decision, however, not directly influenced by American governmental policy. Europeans apparently view the risks, costs, and benefits of Yamburg in 1981 differently from the U.S. policymakers' assessment of North Star, in 1974. Should a reassessment by U.S. policymakers on government backed credits and guarantees for Soviet energy projects take place? If so the following questions might be in order:

(1) Should the U.S. try to dissuade the West Europeans from finalizing the Yamburg deal at this time of heightened international tensions?

(2) Should the U.S. try to persuade the West Europeans not to provide lower than market rate interest rates on loans associated with the Yamburg project?

(3) What should overall policy be for U.S. banks and businesses that want to become involved in the Yamburg deal?

(4) What precautions can the U.S. realistically press the Europeans to take in case of Soviet cut off of gas? What specific safeguards have West Europeans built into the system? ●

[25] *Ibid* [Western Investment] pp. 13–14.

[26] U.S.-U.S.S.R. Commercial Relations op. cit. p. 72.

[27] See Joint Economic Committee. Issues in East-West Commercial Policy, Washington, D.C. GPO, 1979.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. ANTHONY (at the request of Mr. WRIGHT), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. RAHALL), to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 30 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. LAFALCE, for 30 minutes, July 14.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. BROOMFIELD, to extend his remarks during general debate on the Department of Defense bill, H.R. 3519, on the Hillis amendment.

Mr. LONG of Louisiana, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $1,320.

Mr. CONTE, to revise and extend his remarks in support of H.R. 4034, to appear after the remarks of Mr. GREEN.

(The following Members (at the request of Mr. WEBER of Minnesota), and to include extraneous matter:)

Mr. COUGHLIN.
Mr. YOUNG of Alaska in two instances.
Mr. WALKER.
Mr. DORNAN of California.
Mr. WEBER of Minnesota.
Mr. WHITEHURST.
Mr. BEARD.
Mr. NELLIGAN in two instances.
Mr. SKEEN.
Mr. HUNTER in two instances.
Mr. GUNDERSON in two instances.
Mr. GOODLING.
Mr. BEREUTER.
Ms. FIEDLER.
Mr. SOLOMON in two instances.
Mr. KEMP in two instances.

(The following Members (at the request of Mr. RAHALL), and to include extraneous matter:)

Mr. MATSUI.
Mr. WALGREN in two instances.
Mr. BROWN of California.
Mr. AUCOIN.
Mr. HERTEL.
Mr. EDWARDS of California.
Mr. PEPPER in two instances.
Mr. LEHMAN.
Mr. MCDONALD.
Mr. FRANK.
Mr. FUQUA.
Mr. CROCKETT.
Mr. MAZZOLI.
Mr. ECKART.
Mr. PEYSER.
Mr. PEASE.
Mr. FORD of Tennessee in two instances.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1395. An act to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982, and to eliminate the requirement that the Secretary of Agriculture waive interest on loans made on 1980 and 1981 crops of wheat and feed grains placed in the farmer-held grain reserve.

ADJOURNMENT

Mr. GONZALEZ. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 20 minutes p.m.), under its previous order, the House adjourned until Monday, July 13, 1981, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1775. A letter from the Director of Legislation, Office of Legislative Affairs, Department of the Navy, transmitting notice of the Navy's intention to sell certain naval vessels to Turkey, pursuant to 10 U.S.C. 7307; to the Committee on Armed Services.

1776. A letter from the Chairman and President, United States Railway Association, transmitting the Association's annual report on the performance of the Consolidated Rail Corporation, pursuant to section 307(b) of the Regional Rail Reorganization Act of 1973, as amended; to the Committee on Energy and Commerce.

1777. A letter from the Acting Comptroller General of the United States, transmitting a report on problems in the use of Federal funds at selected community action agencies (AFMD-81-54, July 10, 1981); jointly, to the Committees on Government Operations and Education and Labor.

1778. A letter from the Acting Comptroller General of the United States, transmitting a report on the limited progress made by Federal agencies in consolidating grants to the insular areas (GGD-81-61, July 10, 1981); jointly, to the Committees on Government Operations and Interior and Insular Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. REGULA (for himself, Mr. PEPPER, Mr. RINALDO, Mr. SHUMWAY Mr. JEFFORDS, and Mr. HOLLENBECK):

H.R. 4122. A bill to authorize the U.S. Olympic Committee to encourage and assist amateur athletic programs for senior citizens; to the Committee on the Judiciary.

By Mr. SOLOMON:

H.R. 4123. A bill to amend the Tariff Schedules of the United States to increase the duty on organo-silicon compounds; to the Committee on Ways and Means.

By Mr. TAYLOR:

H.R. 4124. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income a certain amount of interest earned on the all savers certificate offered only at savings institutions; to the Committee on Ways and Means.

By Mr. LATTA:

H.J. Res. 306. Joint resolution designating the composition known as "The Stars and Stripes Forever" as the national march of the United States; to the Committee on Post Office and Civil Service.

By Mr. DUNN:

H. Res. 176. Resolution urging the Congress to authorize funding of the Headstart program; to the Committee on Education and Labor.

ADDITIONAL SPONSORS

Under clause 4 of the rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 95: Mr. ROBERT W. DANIEL, JR.

H.R. 917: Mr. LOTT, Mr. CAMPBELL, Mr. PHILIP M. CRANE, Mr. COLLINS of Texas, and Mr. RAILSBACK.

H.R. 1005: Mr. PEPPER, Mr. WATKINS, and Mr. HUCKABY.

H.R. 1193: Mr. BINGHAM, Mr. HOWARD, Mr. RICHMOND, Mr. CORRADA, and Mr. MITCHELL of Maryland.

H.R. 1353: Mr. HAMMERSCHMIDT and Mr. DOUGHERTY.

H.R. 1700: Mr. WILLIAM J. COYNE, Mr. MCCOLLUM, Mr. SPENCE, and Mr. UDALL.

H.R. 1703: Mr. JEFFRIES.

H.R. 1822: Mrs. CHISHOLM, Mr. FLORIO, Mr. MURPHY, Mr. PHILIP M. CRANE, and Mr. MAVROULES.

H.R. 1960: Mr. HAMILTON.

H.R. 2083: Mr. PHILIP M. CRANE.

H.R. 2420: Mr. HYDE and Mr. ROEMER.

H.R. 2646: Mr. ROE.

H.R. 3269: Mr. BONIOR of Michigan, Mr. FUQUA, Mr. ROBERTS of South Dakota, Mr. CLAY, Mr. WINN, Mr. CHENEY, Mr. WHITTAKER, Mr. ARCHER, and Mr. ATKINSON.

H.R. 3314: Mr. PHILIP M. CRANE and Mr. MITCHELL of Maryland.

H.R. 3475: Mr. TAUZIN.

H.R. 3540: Mr. BROWN of Colorado, Mr. DUNCAN, Mrs. FENWICK, Mr. FINDLEY, Mr. GREGG, Mr. SAM B. HALL, Jr., Mr. HOPKINS, Mr. HOWARD, Mr. KINDNESS, Mr. LUJAN, Mr. PARRIS, Mr. PORTER, Mr. RUDD, Mr. SNYDER, Mr. SOLOMON, Mr. TRIBLE, Mr. WHITEHURST, Mr. WHITTAKER, and Mr. DORNAN of California.

H.R. 3607: Mr. YATRON, Mr. STOKES, Mr. BINGHAM, Mr. RATCHFORD, Mr. SCHUMER, and Mr. DONNELLY.

H.R. 3666: Mr. LIVINGSTON, Mr. BADHAM, Mr. SNYDER, and Mr. BONER of Tennessee.

H.R. 3789: Mr. PHILIP M. CRANE.

H.R. 3882: Mr. CHAPPIE, Mr. GLICKMAN, Mr. WILSON, Mr. SIMON, Mr. SANTINI, Mr. DASCHLE, Mr. MCCURDY, Mr. DICKS, Mr. LOWERY of California, and Mr. STANGELAND.

H.R. 3908: Mr. BURGENER, Mr. CROCKETT, Mr. JEFFRIES, and Mr. RAILSBACK.

H.R. 3940: Mr. PETRI.

H.R. 3941: Mr. REGULA and Mr.MCEWEN.

H.R. 4014: Mr. STENHOLM.

H.R. 4033: Mr. WHITLEY, Mr. BROWN of Ohio, Mr. SCHEUER, Mr. WALGREN, and Mr. GINGRICH.

H.J. Res. 268: Mr. PATTERSON, Mr. OTTINGER, Mr. SABO, Mr. FRANK, Mr. MATTOX, Mr. DINGELL, Mr. GILMAN, Mr. PEPPER, Mr. DORNAN of California, Mr. LOWERY of California, Mr. LAGOMARSINO, Mr. CORRADA, Mr. RICHMOND, Mr. BRODHEAD, Mr. KILDEE, Mr. JEFFORDS, Mrs. COLLINS of Illinois, Mr. BARNES, Mr. COURTER, Mr. ADDABBO, Mr. ERTEL, Mr. STRATTON, Mr. MURTHA, Mr. GREEN, Mr. GUARINI, Mr. SILJANDER, Mr. ROEMER, Mr. KEMP, Mr. MINISH, Mr. ROTH, Mr. GEJDENSON, Mr. RINALDO, and Mr. NOWAK.

H.J. Res. 273: Mr. CORCORAN, Mr. HATCHER, Mr. WINN, Mr. MURPHY, and Mr. DUNCAN.

H.J. Res. 276: Mr. BIAGGI, Mr. BAILEY of Pennsylvania, Mr. BAILEY of Missouri, Mr. BARNES, Mr. DERRICK, Mr. EMERSON, Mr. EVANS of Delaware, Mr. FASCELL, Mr. FOGLIETTA, Mr. FORD of Michigan, Mr. HARTNETT, Mr. HORTON, Mr. HOYER, Mr. MARKS, Mr. MARTIN of North Carolina, Mr. MOORHEAD, Mr. MURPHY, Mr. PEPPER, Mr. RICHMOND, Mr. RINALDO, Mr. STANGELAND, and Mr. SUNIA.

H.J. Res. 293: Mr. KILDEE, Mrs. SNOWE, Mr. UDALL, Mr. FAUNTROY, Mr. KOGOVSEK, Mr. GREEN, Mr. JEFFORDS, Mr. SIMON, Mr. KEMP, Mr. ATKINSON, Mr. MCDADE, Mr. MITCHELL of New York, Mr. FAZIO, Mr. FRENZEL, Mr. SMITH of New Jersey, Mr. HERTEL, Mr. MURPHY, Mr. MCCURDY, and Mr. YATRON.

H. Res. 158: Mr. STUMP, Mr. ROSENTHAL, and Mr. STARK.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3519

By Mr. DOWNEY:

—At the end of the bill, add the following new section:

ANNUAL REPORT ON PROJECTED ACQUISITION COSTS

SEC. . Section 139 of title 10, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) Each report submitted pursuant to subsection (a) shall include the projected total acquisition cost of each item for which funds are individually authorized and appropriated and for which funds are requested in the President's Budget for that year if the total projected acquisition cost of that item is $1,000,000,000 or more (in current dollars) and if that item will be in advanced development (or a later stage of the acquisition process) during the coming fiscal year. Each such projected total acquisition cost shall be stated both in current dollars and in projected actual amount of outlays.

By Mr. MOFFETT:

—At the end of title I (page 5, after line 23), add the following new section:

TRANSFER OF $155,100,000 FOR AIR NATIONAL GUARD AIRCRAFT FROM A-7K AIRCRAFT TO F-16 AIRCRAFT

SEC. 104. Of the amount authorized to be appropriated by section 101 for procurement of aircraft for the Air Force, none of such amount is available for procurement of A-7K aircraft and $2,615,300,000 is available only for procurement of 173 F-16 aircraft. Not less than 53 of the F-16 aircraft purchased with funds appropriated pursuant to such authorization shall be assigned to the Air National Guard.

By Mr. RAHALL:

—Page 60, after line 17, add the following new section:

COMPENSATION FOR MEMBERS OF THE CIVIL AIR PATROL

SEC. 911. (a) Section 8141(a) of title 5, United States Code, relating to compensation for members of the Civil Air Patrol, is amended by inserting "who is less than 18 years of age" after "Cadet".

(b) Section 8141(b)(1) of title 5, United States Code, is amended by striking out "$300" and inserting in lieu thereof "the monthly equivalent of the minimum rate of basic pay payable for grade GS-9 of the General Schedule, as provided for by section 5332,".

(c)(1) The amendment made by subsection (a) shall apply only with respect to injuries or deaths occurring on or after the date of the enactment of this Act.

(2) The amendment made by subsection (b) shall apply only with respect to compensation paid on or after the date of the enactment of this Act.

By Mr. WHITE:

—Page 47, strike out line 19 and all that follows through line 4 on page 48 and insert in lieu thereof the following:

"§375. Assistance by Department of Defense personnel

"(a) Subject to subsection (b), the Secretary of Defense, upon request from the head of an agency with jurisdiction to enforce the Controlled Substances Act (21 U.S.C. 801 et seq.), the Controlled Substances Import and Export Act (21 U.S.C. 951 et seq.), any of sections 271 through 278 (8 U.S.C. 1321-1328) of the Immigration and Nationality Act, or a law relating to the arrival or departure of merchandise into or out of the customs territory of the United States, may assign personnel of the Department of Defense to operate and maintain or assist in operating and maintaining equip-

ment made available under section 372 of this title with respect to any criminal violation of any such provision of law and to take necessary action incidental to such operation or assistance.

"(b) No equipment made available under section 372 of this title may be operated in the land area of the United States (or of any territory or other possession of the United States) by or with the assistance of personnel assigned under subsection (a) except to the extent the equipment (1) is used for monitoring and communicating the movement of air and sea traffic, or (2) is entering or leaving the land area of the United States (or of any possession or other territory of the United States) incidential to a mission assigned to be accomplished only outside such area.".

Conform the table of sections after line 19 on page 45 accordingly.

H.R. 4034

By Mr. BEARD:

—Page 11, line 11, after Reorganization Plan No. 2 of 1968, strike out "$30,000,000" and insert "$10,000,000".

—Page 20, lines 18-22, after line 17, strike out lines 18 through 22.

By Mr. ERTEL:

—Page 25, line 20, strike out "$1,065,000,000" and insert in lieu thereof "$1,053,000,000".

Page 26, line 5, strike out the period and insert in lieu thereof: "*: Provided further,* That none of the funds appropriated under this paragraph may be used for the Ocean Margin Drilling Project.".

SENATE—*Friday, July 10, 1981*

(Legislative day of Wednesday, July 8, 1981)

The Senate met at 10:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Gracious God, Father of us all, whose love and compassion are impartial and universal; we pray for the peace and unity of our Nation's people. We recall the joyful proclamation of the Christmas event, "Peace on Earth, good will among men." We know that peace and good will are inseparable. As Thy servants in the Senate struggle for truth and justice guard their wills toward one another from the poison of rancor and malice. In tough confrontation, let there be light and not heat. Deliver from contentious spirits which alienate and reduce worthy opponents to bitter enemies.

Thy word declares that love is the fulfilling of the law; that to love one's neighbor is next in importance to loving Thee. Give us the grace to discern between the godly power of love and the demonic potency of hate. Dear God, help us to love each other.

We pray in the name of the most influential man in history who triumphed over every foe by love. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. Under the previous order, the majority leader is recognized.

Mr. BAKER. I thank the Chair.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, are there special orders for the recognition of Senators?

The PRESIDENT pro tempore. There are six special orders for 15 minutes each.

Mr. BAKER. Is the Senator from Connecticut one of those?

The PRESIDENT pro tempore. He is the first.

Mr. BAKER. Mr. President, I ask unanimous consent that the order in favor of the Senator from Connecticut (Mr. WEICKER) be vitiated.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE ON DEPARTMENT OF JUSTICE AUTHORIZATIONS, 1982

Mr. BAKER. Mr. President, on yesterday I indicated there were at the desk 338 amendments to the Department of Justice authorization bill. There may be more today. But in any event this bill is difficult and has already consumed a great amount of time, and there is every indication there will be required additional time to complete it.

I also indicated on yesterday that there is the possibility at least of a session on Saturday. I may say I still hope that can be avoided, and I will work very hard with all parties concerned and with the distinguished minority leader to arrange the affairs of the Senate so it will not be necessary for us to be in tomorrow.

ORDER FOR RECESS UNTIL SATURDAY, JULY 11, 1981

I feel compelled now, Mr. President, to provide for that contingency, so I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 12 noon tomorrow.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I have no further need for my time. I have no request for time and I am prepared to yield my time to the distinguished minority leader, or to any Senator, or to yield it back.

Mr. ROBERT C. BYRD. Mr. President, I would appreciate it if the Senator would let me control any time he does not need.

Mr. BAKER. I thank the minority leader.

Mr. President, I yield my time remaining under the standing order to the distinguished Senator from West Virginia.

RECOGNITION OF THE MINORITY LEADER

The PRESIDENT pro tempore. The Senator from West Virginia.

Mr. ROBERT C. BYRD. I thank the distinguished majority leader.

(Mr. SIMPSON assumed the chair.)

A STRATEGY FOR AMERICA'S DEFENSE

Mr. ROBERT C. BYRD. Mr. President, there is a strong national consensus that the United States must rebuild its defenses. President Reagan has proposed a 5-year defense budget amounting to a staggering $1.3 trillion to meet the Soviet challenge. The Senate has strongly endorsed the first stage of this plan in passing a very costly defense authorization bill for next year.

Although these steps were imperative, they represent only the beginning of a defense policy. First and foremost, an effective defense policy cannot be formulated without reference to a fully developed foreign policy. The hard decisions on what kind of defense systems and equipment we need cannot be made without an understanding of where we are going in the world.

The administration has stated that we must expand our forces to meet a multiplicity of challenges, both conventional and strategic, and that they may come simultaneously. But it has not identified what contingencies we are likely to face, and what new forces, alliances, and strategies must be designed to meet them.

I share the administration's view that a serious imbalance has developed with the Soviet Union in the area of strategic forces. Two of the legs of our strategic Triad—our land missile and bomber fleets—may not be able to perform their mission in the near future. Although the administration has called attention to this situation in alarming terms, it has made virtually no decision to correct it.

In addition, the arms control policy of this Nation is now in limbo. Indeed, the President's nominee to head the Arms Control and Disarmament Agency testified that he does not know the issues we would want to negotiate. A policy of rearm first, talk later, if it continues much longer, will seriously damage the NATO alliance. It will make it increasingly difficult to salvage the best parts of our previous negotiations with the Soviets.

Finally, perhaps the most difficult military problem we face today is manpower. Congress has had to mandate minimum numbers of high school graduates for the All-Volunteer Force, and there is a growing concern that the force will not be able to deliver the men needed to man our expanding forces.

We will be dreadfully short of men if we must mobilize to meet an emergency—or a series of emergencies as Secretary Weinberger suggests. The situation will worsen over the next decade as the pool of eligible men declines by some 16 percent.

The answer the administration has given for this problem is that increased pay and benefits will somehow produce additional men. The administration is so confident of this proposition that there are indications President Reagan may abandon the current registration system, though it has worked well and substantially enhances our ability to mobilize.

There is no doubt that immediate and substantial increases in our defense effort are badly needed. The worldwide challenge to American and Western interests by the Soviet Union cannot be met with the inadequate defense budgets we have had over the last decade. In the 1970's, while we retrenched from our bitter Vietnam experience, the Soviets expanded their military outlays to about 40 percent above ours.

Last year, according to the Central Intelligence Agency, the Soviet Union's expenditures were fully 50 percent higher than our own. These efforts have been spread across-the-board, from strategic to general purpose conventional forces.

Beyond this expansion, the Soviets have shown a willingness and an ability to operate in areas far removed from their homeland.

Furthermore, as Afghanistan illustrates, they are not reluctant to destroy the sovereignty of their neighbors when presented with an opportunity. And as Poland illustrates, the Soviets are not reticent to use the threat of massive force to influence the politics of other nations. We would be foolhardy to assume that they value the peaceful development of world order in the same way we do.

The first administration defense authorization emphasizes the modernization and readiness of the forces and equipment already in our inventory. It buys more of the same ships, jets, and tanks. Yet, at the same time, it is clear that we are committing ourselves to new areas of the world. The Persian Gulf is a case in point. I agree with the need for a frontline defense of the vital interests of the West in that region.

But where are the plans for the kind of new equipment, weapons, and military doctrines necessary to credibly guarantee our commitment there? The administration has indicated that if the Soviets attempt to strangle the industrial lifelines of the West in the Persian Gulf, we may take punitive action against Soviet interests elsewhere.

This begs the question: Are we committed to forging the new hardware, new strategy, new tactics, and new relationships with the Indian Ocean States which will show we can effectively prevail if a crisis arises?

There is a compelling need for a clearly articulated foreign policy toward the Persian Gulf. Military policy will then more easily be put into place and planning can go forward.

There are many Senators who believe that we need more than rhetoric and budget increases to have an effective defense policy. The argument is made that we need lighter, less costly, simpler weapons; smaller aircraft carriers and diesel submarines, for example; equipment better suited for desert warfare; vehicles less cumbersome than the heavy M–1 tank; less complex aircraft.

While this case is being made rather persuasively, I was dismayed that Secretary Weinberger recently dismissed such arguments out of hand. He said we would have to continue to rely on the big and complex weapons now in our inventories—the super aircraft carriers, the heavy tanks, and the ultrasophisticated jet fighters. It simply stands to reason that new commitments in more areas of the world require more military hardware.

It stands to reason that it must be less costly or we will not have enough of it. We will never reach the 650 ship goal desired by the Navy, for instance, if we continue to build supercarriers and nuclear-powered attack submarines of the kind we are now building. We cannot afford the numbers of these systems we would need. Even if we could buy them, they may be inappropriate to our new commitments outside the European theater.

I have been particularly concerned over the lack of progress in the strategic weapons situation. The manned bomber is a case in point. Congress has authorized over $2 billion for a new manned strategic bomber in fiscal year 1982.

Yet, we had to authorize this money without an administration recommendation on which bomber to build. It seems quite clear that our bomber fleet must be able to perform at least two priority missions: First, it must be able to penetrate Soviet air defenses with a high degree of assurance; second, it should be able to serve as a cruise missile launching platform.

As far as penetration is concerned, the only bomber which can perform this mission in the late 1980's and mid-1990's is the so-called Stealth aircraft. The present B–52 force will be unable to do so. And the B–1 aircraft, from all I understand, will be unable to do so.

Fortunately, the B–52 fleet is now being upgraded to carry cruise missiles and will be completely converted by 1988. The first aircraft will be fitted out this September, and a squadron of 15 aircraft will be on station in December of 1982.

By 1988, 172 of these planes will be carrying 20 cruise missiles each—a formidable force. And by 1988, if we accelerate the development of the Stealth aircraft, we may well solve the penetration issue.

This is not going to happen if this administration builds a fleet of B–1's. First, the cost per copy has now at least doubled since 1977. A fleet of 100 B–1's will now cost at least $20 billion and probably substantially more. What will we buy with this $20 to $30 billion bomber?

A penetrating bomber? No. And because of problems in the production base as well as cost, building the B–1 will delay the development of Stealth. Indeed, the Strategic Air Command fears we may lose Stealth if the B–1 goes forward.

Will we buy a cruise-missile launching platform with the B–1? Certainly, we will. But we already are well on our way toward such a platform with the retrofitting of our B–52's. It makes very little sense to buy a new cruise missile platform for well over $20 billion, when we are already putting one into place for a fraction of that cost.

This logic seems so clear to me that I am perplexed over the administration's procrastination on the bomber decision. The delay in this decision is harming the national interest. There are elements in the Air Force, and powerful contractors associated with them, that have much to lose if the B–1 system is rejected. There is evidence that some of these officials and/or contractors have recently gone out of bounds in their attempts to push the B–1, and that sensitive information about our bomber technologies has been provided to the media.

I have asked the President to take action against those individuals who may have released this information. These reckless tactics could have been short-circuited by the administration if a bomber decision, strictly on the merits, had been made in time to meet the congressionally mandated March 15, 1980, deadline.

The more the decision is delayed, the more the national interest may be damaged by what is fast becoming a high stakes money game among bomber factions. The door on this aspect of our defense posture should have been shut months ago. Further procrastination is unwarranted.

Control of strategic weapons is a matter of concern to every person on this planet. The President has indicated that he is serious about arms control and that he would make every effort to negotiate real reductions with the Soviets. It is puzzling, however, to see the nearly complete lack of movement toward negotiations. The Secretary of Defense has recently stated that before we negotiate, we must "first make America strong again."

It is unclear as to where this policy leads us. We must do everything that is necessary to keep America strong and to make it strong where it is not strong. But the Soviets have demonstrated a willingness to impoverish their own people in order to build a formidable military machine. The simple proposition that we have to build before we talk does not make sense. We can and must do both at once.

If the Soviets are not truly interested in this process, a serious American effort will go far toward convincing our allies that our perception of the threat is correct and that they must take further measures to contain it themselves in concert with us. The present course simply gives the Soviets the patently unearned advantage of posturing as the real exponents of arms control. It puts us in an unnecessarily difficult position when we press Europe to expand its forces and commitments in a more even partnership with us.

History teaches that the single most important tool of a military machine is the human element, a tough army of men dedicated to one another and the larger national cause—men who will be good soldiers because their primary motiva-

tion is loyalty, not money. This could well be the Achilles heel of our defense program. President Reagan has embraced an All Volunteer Force concept that will not be able to deliver the additional 200,000 or more men needed to flesh out the expanded military forces of the 1980's.

The All Volunteer Force is fundamentally unrepresentative of the larger society, it is short a quarter of a million reservists who would be needed immediately in an emergency, and, yet, we are throwing in pay raises and expanding benefits in an effort to buy our way out of conscription. To make matters worse, the administration seems intent on eliminating the registration system now in place, a registration system which has worked well and substantially enhances our ability to mobilize. In a world where signals count, this is a signal that we are soft.

Equally important, the less firsthand exposure middle-class America has to the military experience, the less the Nation will understand the need to maintain an effective human fighting force. The tendency will grow to make money and technology the solutions to our defense needs.

It would be very interesting to know what the cost will be, Mr. President, to our children and grandchildren as the personnel from the volunteer force retire more and more during the next 10, 20, or 30 years. I think that if we had some knowledge of the cost that will accrue from those retirements the amounts would be staggering.

Mr. President, no more graphic illustration of the high value of small unit esprit de corps and patriotism can be found than the tough and effective resistance being made by the Afghans. With minimal weaponry against the vastly more technologically sophisticated Soviet military machine, the Soviets are denied control over most of the countryside and major portions of the urban areas.

In conclusion, Mr. President, the American people deserve an effective defense policy. Big budgets are not in themselves policy—they must serve as the tools of policy. Clearly, we need a higher level of spending, but the emphasis must be on designing our forces to appropriately match detailed strategies and specific contingency planning. In turn, these strategies must be guided by a coherent and fully developed foreign policy. To date, the underlying rationale of where we are going has not been articulated, and we cannot know whether the increased billions for defense are going to be well spent.

Major decisions must be made in virtually every area—in strategic arms, in the type of conventional forces we will need, in arms control, and in manpower. Tough talk and anti-Soviet rhetoric may be good. They have their place. But big defense budgets will be needed, and I support adequate defense spending. These, however, are the easy decisions. We are waiting now for the hard ones to be made.

Mr. President, do I have any further time remaining?

The PRESIDING OFFICER. The Senator has 2 minutes remaining.

Mr. ROBERT C. BYRD. Mr. President, I yield that time to the first speaker.

RECOGNITION OF SENATOR CHAFEE

The PRESIDING OFFICER. Under the previous order, the Senator from Rhode Island (Mr. CHAFEE) is recognized for not to exceed 15 minutes.

Mr. CHAFEE. Mr. President, an inquiry. Do I now have 17 minutes?

The PRESIDING OFFICER. The Senator now has 17 minutes, with the additional time which has been yielded to him.

Mr. CHAFEE. I thank the Chair.

THE JOHNSTON-HELMS AMENDMENT

Mr. CHAFEE. Mr. President, I rise in opposition to the Johnston-Helms amendment to the Department of Justice authorization bill.

It is dangerously easy—as the supporters of the Johnston-Helms amendment have done—to mistake this debate for a debate over the merits of busing. Busing may be the specific topic of this amendment, but what is at issue is something larger, and more fundamental than busing. The real question is: Can and should Congress limit the independence of the Federal judiciary in providing a remedy to the violation of an individual's constitutional rights?

The Supreme Court was established by the Constitution as the final interpreter and arbiter of constitutional rights. The lower Federal courts that were established shortly thereafter are an important part of this system.

Article III, section 1, of the Constitution provides that the "judicial power of the United States shall be vested in one supreme court, and in such inferior courts as the Congress may from time to time ordain to establish." Section 2 defines judicial power to include "in part, all cases in law and equity, arising under the Constitution."

In The Federalist, No. 81, Alexander Hamilton wrote:

> If there are such things as political axioms, the propriety of the judicial power of government being co-extensive with its legislative may be ranked among the number.

It was Chief Justice John Marshall who, in *Marbury* v. *Madison* in 1803, declared the basic principle that the Federal judiciary is supreme in the exposition of the law of the Constitution. Since that ruling, this principle has been respected by the courts and the country as a permanent and indispensable feature of our constitutional system.

In order for the court to be supreme, it must first be independent. The provisions of the Constitution providing for life tenure for judges and a prohibition on the reduction of their pay while on the bench, were designed to insure that the Federal judiciary remains an independent and co-equal branch of Government. In the Federalist, No. 78, Hamilton wrote that:

> The complete independence of the courts of justice is peculiarly essential . . . This independence of the judges is equally requisite to guard the Constitution and the rights of individuals.

Mr. President, I would like to repeat that:

> This independence of the judge is equally requisite to guard the Constitution and the rights of individuals.

This independence, so consciously sought and carefully crafted by the Constitution, would be jeopardized if Congress could: Remove court jurisdiction depending upon whether it approved of a decision; review decision before they became effective; or require the court to decide a case in a specific way.

Two questions are involved here. First, does Congress have the authority to restrict Federal court jurisdiction? And second, if so, is this good policy? From my perspective, the answer to both questions is a resounding "No."

While some limitations on Federal court jurisdiction have been enacted in the past, none has come close to doing what is prescribed by the Johnston-Helms amendment. In addition, no legislative enactment upheld by the courts has ever completely removed the authority either of the lower Federal courts or the Supreme Court, to hear and decide matters of constitutional dimension or to grant the relief necessary for violation of constitutional rights.

The statute most often referred to as proof that Congress does have the power to withdraw particular subjects from the Federal courts is the Norris-LaGuardia Act of 1932. Section 7 of this act, which has been upheld by the Supreme Court, bars any Federal court from issuing an injunction in any case involving a labor dispute, unless a hearing is held and certain findings are made. Neither that limitation nor the limitations contained in other sections of the act attempt to withdraw the authority of Federal courts to enforce existing constitutional reforms.

Likewise, two other decisions cited by supporters of the Johnston-Helms amendment do not apply to legislation as broad as this. This Tax Injunction Act (1867), which was upheld by the Supreme Court, while prohibiting the Court's ability to hear suits involving tax collections, did not deprive the Court of its authority to enforce constitutional rights. Courts were free to hear any constitutional challenge involved in a suit to recover the amount of tax after collection. Ex parte McCardle (1869), another case cited by supporters of Johnston-Helms, merely removed from Supreme Court jurisdiction a narrow class of habeas corpus cases over which they had been given jurisdiction only a year earlier.

In a variety of instances, Congress has attempted to restrict the powers of the Federal courts. In 1958, legislation introduced by Senator Jenner sought to withdraw Supreme Court appellate jurisdiction of any question pertaining to State bar admissions.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. CHAFEE. Let me finish, if I might.

In 1964, the so-called Tuck amendment sought to prohibit the Supreme Court from deciding cases involving reapportionment of any State legislature.

In debating the Omnibus Crime Control Act of 1968, the Senate defeated a number of provisions restricting Supreme Court jurisdiction over a variety of criminal matters. More recently, in 1972, the Senate defeated an amendment to the Higher Education Act, very similar to what is before us now. None of these efforts were successful.

Approval of the Johnston-Helms amendment would severely hamper the ability of the Supreme Court to act as the sole interpreter of our Constitution. By restricting the ability of Federal courts to review State and lower court decisions on an issue, there will be a varying interpretation of the same Constitution, with no opportunity for resolution. Constitutional rights will vary from State to State. As Alexander Hamilton stated in the Federalist, No. 81:

> Thirteen independent courts of final jurisdiction over the same causes, arising upon the same laws, is a hydra in government from which nothing but contradiction and confusion can proceed.

It should be clear that the Johnston-Helms approach opens the door for similar legislation to restrict other areas from the Federal courts jurisdiction. In fact, over 50 pieces of legislation have been introduced in this Congress alone to restrict Federal court jurisdiction over issues ranging from busing and abortion, to school prayer and sex discrimination.

It does not take much imagination to foresee a time where this approach is applied to rights that now are taken for granted. Today, it is busing or sex discrimination that the courts cannot decide. Tomorrow, it could be voting rights for 18-year-olds, invasion of privacy, or protection of property rights.

Because the policy considerations of this legislation go far beyond busing, and because the constitutional rights of this amendment is open to such question, I urge my colleagues to oppose the Johnston-Helms amendment.

Mr. JOHNSTON. Will the Senator yield at that point?

Mr. CHAFEE. I am glad to yield.

Mr. JOHNSTON. Mr. President, the Senator posed two questions which he then proceeded to answer. The first was, does this Congress have the power to affect, by legislation, the jurisdiction of the Federal courts? The Senator said the answer to that question was a resounding "Yes." Then he proceeded to detail a number of cases of the Supreme Court, as well as statutes passed by the Congress, where that precise thing had been done—ex parte McCardle in 1868. The Norris-LaGuardia Act in, if I recall, 1938. the Anti-Injunction Act on taxes. and some other matters that were mentioned by the Senator.

In each of those instances, the Congress did, in fact, change the jurisdiction of Federal courts. did they not?

Mr. CHAFEE. They never limited the rights of an individual, rights given by the Constitution to that individual. They never limited that individual's rights to proceed under the Constitution.

Mr. JOHNSTON. In ex parte McCardle in 1868 that involved the writ of habeas corpus. Nothing could be more basic to a democratic society and to the concept of due process than habeas corpus.

Mr. CHAFEE. That, as I mentioned in my remarks, applied to a very narrow class of habeas corpus cases which had only been given to Supreme Court jurisdiction in the prior year. That is a separate situation from this.

Mr. JOHNSTON. Nevertheless, Mr. President, it was habeas corpus. It had to do with the reconstruction in the South and it was habeas corpus. The fact that it had existed for only 1 year does not make it distinguishable, does it? After all, busing has existed as a remedy only since the Green case in 1968.

Mr. CHAFEE. Does the Senator have a question?

Mr. JOHNSTON. Yes, Mr. President. The question is, Is it not a fact that Congress has, and the courts have upheld and the Constitution specifically says in article 3 that we have, the right to affect that jurisdiction, to create, to take away, to modify jurisdiction of Federal courts?

Mr. CHAFEE. Yes, Mr. President, but what we are dealing with here is a case—set aside the busing. To me, that is inconsequential to this argument. The Supreme Court has said that an individual has a right under the Constitution. What we are saying is we disagree with that—the proponents of this amendment are saying, we disagree with that, so, therefore, we are going to limit that. We are going to limit that right to 5 miles to and from, 15 minutes each way, and that is a limitation on the rights of the individual under the Supreme Court. I say that we have never gone that far before.

Mr. JOHNSTON. I thank the Senator.

Mr. CHAFEE. Mr. President, I suggest the absence of a quorum.

RECOGNITION OF SENATOR SCHMITT

The PRESIDING OFFICER (Mr. DANFORTH). If the Senator will withhold, the Senator from New Mexico is recognized to proceed for 15 minutes.

S. 1459—SAVINGS AND INVESTMENT IMPROVEMENTS ACT OF 1981

Mr. SCHMITT. Mr. President, I am today introducing legislation, along with the distinguished Senator from Idaho (Mr. SYMMS), to be offered as an amendment to the tax bill reported by the Finance Committee that would provide effective tax incentive for individuals to save and invest more in the years ahead. The legislation would provide for individuals the opportunity to exclude 25 percent of their combined interest and dividend income from taxation, after deducting nonmortgage interest expense, and to pay the full tax on the remaining 75 percent of such income. The exclusion would be phased in at 10 percent in 1984, 15 percent in 1985, 20 percent in 1986, and 25 percent in 1987.

An individual with $1,000 in interest income and $200 in nonresidential interest expense would deduct $200 from $1,000, leaving $800, and would apply the 25-percent exclusion against this amount. This would result in $200 being free from tax, with the remainder of $600 fully taxable. The essential benefit of this proposal is its marginal impact on new savings. The individual taxpayer will always have an incentive to add to his savings because 25 percent of each additional dollar of interest income will be tax free when the exclusion is in full effect in 1987.

The savings provision in the tax bill that will be before us next week, we hope—the All Savers Act—is not really designed to be a savings incentive per se, but rather it is intended to be a short-term solution to some of the problems confronting the savings and loan industry and the thrift industry in general.

The Finance Committee has wisely provided that it will expire in 1982, although its effects will extend into 1983. In support of my contention that the all savers provision of the bill is not likely to have much of an impact on the total level of savings, although it may indeed help an embattled thrift industry I draw the attention of my colleagues to the op-ed pieces in the Wall Street Journal, the Washington Post, and in newspapers around the country—which point out in no uncertain terms that the all savers proposal will, in all likelihood, result in no additional new savings. Its primary impact will be to shift savings between different types of accounts rather than to increase the total level of savings.

I ask unanimous consent that a selection of these articles be printed in the RECORD at the conclusion of my statement.

THE PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. SCHMITT. Mr. President, the bill Mr. SYMMS and I are introducing would have an altogether different effect on savings.

By exempting 25 percent of combined interest and dividends from taxation, it would raise the real after-tax rate of return on savings. This would result in a shift in the relative attractiveness of savings versus consumption and would actually change the propensity of the public to save. In other words, it is a true savings incentive and is recognized as such by many experts in the field, many of whom have testified before the Committee on Finance, the Banking Committee, and other interested committees of Congress.

The Savings and Investment Improvements Act that we are introducing today would not have any impact on the all-savers provision of the bill. The bill would only become effective in the calendar year 1984, the year after the expiration of the tax benefit of the all-savers provision.

The 25-percent exclusion from taxation of interest and dividend income will have the effect of reducing the tax

rates on savings and dividend income for all savers and investors by approximately one-quarter. For example, an individual in the 28-percent tax bracket would see the effective marginal tax rate on savings and dividend income fall to 21 percent. The 40-percent bracket would effectively fall to 30 percent and the 50-percent bracket to 37½ percent. This would result in substantial increases in savings, a switch out of tax shelters, reduced interest rates and less pressure on the Federal Reserve to create money. It is a progrowth, anti-inflationary step that will have great effectiveness, in our economy.

Dr. Martin Feldstein, professor of economics at Harvard University, recently wrote an op-ed piece for the Wall Street Journal which recommends an approach similar to the one I am proposing today. His article points out that the phased-in exemption of interest and dividend income would create a strong incentive for households to start saving now in order to take advantage of the lower tax rate as it becomes fully effective.

In a later op-ed piece, Dr. Feldstein again recommended this approach. I ask unanimous consent that both of these editorials be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. SCHMITT. Mr. President, the administration's tax package, currently before the Congress, is a good one that I fully support. But, as the President noted in his speech to the Congress earlier this year, the personal income tax reductions in the bill do not really cut taxes below current levels; they reduce the size of the tax increase. An incentive to save and invest more will not result from a small tax increase as opposed to a large one. Along with the changes in tax rates, we need something that is specifically targeted to savings so that a real incentive is created. That is the purpose of the legislation being introduced today.

Mr. President, there are a great number of savings incentive bills being circulated these days. I should like to take a moment to discuss some of the qualities that an effective incentive bill should have and then I will yield to my distinguished colleague from Idaho.

Such a bill would possess at least some of the following characteristics:

First, it would not discriminate against any income group, but would provide a benefit to all and not just a select few of the Nation's potential savers and investors. Nearly every savings bill before the Congress fails on this point except the percentage across-the-board income exemption.

Second, it would avoid, to the extent possible, simply extending a reward for existing patterns of saving and consumption. Instead, it would encourage an actual change in economic behavior. In other words, it would work on the margin. The numerous proposals to expand this existing $200/$400 exemption do not pass this important test.

Third, it would not involve Government allocation of savings or investment funds to select institutions for select purposes through the use of the tax system, but would maximize the freedom of choice of the individual as to where his or her funds should be placed. Proposals to extend tax-exempt status to interest earned from accounts used to originate mortgages are examples of this kind of credit allocation.

Finally, it should be easy to understand by the saver and investor, and it should be easy to administer on the part of the various financial institutions of this country.

The Savings and Investment Improvement Act, which I am introducing today along with Senator SYMMS, comes close to satisfying most of the criteria listed above.

The Department of Treasury testimony before the Finance Committee, while highly critical of most of the savings incentives bills before the committee, stated with regard to a previous and slightly different version of this bill:

> In terms of its incentives effect, this type of approach (a percentage exemption of interest and dividend income) is preferable to a flat dollar exclusion. At least as far as interest income is concerned, this approach can be considered as one means of eliminating the tax on the inflationary component.

This legislation will affect every American with a savings account and investments. Over 44 million Americans will benefit from reduced taxes on interest and dividends. Low and moderate income people will benefit in two ways. First, from lower taxes; and second, from the job production, real income growth and overall increase in economic prosperity that will result from the greater inflows of savings and investment into our economy. Older Americans on fixed incomes, facing high inflations, will benefit through an improved rate of return on their savings. In short, all aspects of the economy and all segments of our population will benefit from this proposal.

Recent studies have shown a close correlation between the rate of economic growth and the rate of savings and investment. It is, therefore, no coincidence that the United States, with the lowest rate of savings among major industrialized nations, is also affected with stagnating economic growth. The U.S. rate of savings as a percentage of national income in 1976 was only 4.9 percent compared to rates of 7.1 percent in England; 12.4 percent in France; 13.0 percent in Germany; and 20.9 percent in Japan.

The anemic level of U.S. savings as compared to the leading industrial nations of the world accounts, in part, for the declining GNP growth rate and high inflation rate of the United States as measured against these same nations. It is interesting to note that each of these countries offer considerably greater incentives to savings and investment than does the United States.

COMPARISON OF SAVINGS RATES AND THE TAXATION OF SAVINGS AND INVESTMENT INCOME IN OTHER COUNTRIES

A recent study by Arthur Anderson & Co. analyzes the tax incentives of a number of countries. The following discussion is summarized from that study.[1]

A comparison of the level of taxation of investment income in 11 countries with each country's rate of savings shows that countries which tax investment income the least tend to have higher rates of saving. Although many factors such as inflation, and cultural tradition influence an investor's decision to save, it is reasonable to conclude that a country's tax burden on investment income has an important bearing on the national rate of saving.

Any taxation of investment income, such as dividends, interest, capital gains, discourages saving and encourages present consumption because it lowers the returns available to investors through saving. The larger the rate of taxation, the greater is the disincentive to save. Inflation further exacerbates the disincentive effects of taxation because income taxes are imposed on nominal gains rather than on real economic returns. The high levels of taxation and inflation we have experienced in recent years have discouraged new capital investment, particularly in equity securities and high-risk ventures.

SAVINGS RATE

The following chart lists the savings rates of 11 countries in the 5-year period between 1974 and 1978. This list shows that none of the other countries has a rate of savings that is as low as the United States. Italy and Japan at savings rates approaching 20 percent are the thriftiest countries studied, closely followed by Australia and Belgium, in the 11- to 13-percent savings range. Three of the remaining four countries—excluding Sweden—fall in the 6- to 10-percent savings range, tending to average around 7 percent. Sweden's rate of savings is nearly as low as the United States, but does not show the ominous downward trend indicated in the 5-year pattern of the United States.

Mr. President, I ask unanimous consent to have these tables printed in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD as follows:

CHART NO. 1

PERSONAL SAVINGS AS A PERCENT OF GROSS DOMESTIC PRODUCT

Country name	1974	1975	1976	1977	1978
United States	5.5	5.9	4.5	3.9	3.8
Australia	13.1	11.5	11.9	11.2	(1)
Belgium	12.2	12.4	12.9	12.0	11.8
Canada	6.7	7.2	6.7	6.6	6.9
France	10.0	11.1	9.1	10.0	10.7
Germany	9.3	10.0	8.7	8.7	(1)
Italy	15.3	20.3	18.5	20.0	(1)
Japan	17.0	16.7	16.7	15.5	14.7
Netherlands	11.0	7.1	9.9	6.7	8.7
Sweden	4.7	5.4	4.3	6.2	5.8
United Kingdom	6.5	7.2	6.9	6.6	7.7

[1] Complete data not available.

Source: Yearbook of National Accounts Statistics 1979, Vol. I, United Nations, New York, N.Y., 1980.

[1] Comparison of Individual Taxation of Long and Short Term Capital Gains on Portfolio Stock Investments and Dividend and Interest Income in Eleven Countries. Arthur Anderson & Co., December 15, 1980.

HOW THE U.S. SAVINGS RATE AND TAX POLICY REGARDING INVESTMENT INCOME COMPARES WITH 10 FOREIGN COUNTRIES

Country	Taxation policies compared to those of the United States				Savings rate 1979
	Long-term capital gain [1]	Dividends [1]	Is there an integration system [2]	Interest [1]	
Italy	Lower	Lower	Yes	Lower	20.0
Japan	Lower	Equal	Yes	Lower	15.5
Belgium	Lower	Lower	Yes	Higher	12.0
Australia	Lower	Lower	No	Lower	11.2
France	Lower	Lower	Yes	Lower	10.0
Germany	Lower	Lower	Yes	Lower	8.7
Netherlands	Lower	Higher	No	Higher	6.7
Canada	Lower	Lower	Yes	Lower	6.6
United Kingdom	Higher	Lower	Yes	Higher	6.6
Sweden	Lower	Lower	No	Lower	6.2
United States	28 percent	70 percent	No	70 percent	3.9

[1] Income tax rates relative to the U.S. tax rates.
[2] Most tax systems tax corporate income twice, once through corporate tax and again through a tax on shareholders. Integration is designed to reduce the double taxation of dividends, often through reduced taxes on the shareholder.
[3] The United Kingdom taxes short-term capital gains at a lower rate than the United States.

TAXATION OF SAVINGS AND INVESTMENT INCOME

Mr. SCHMITT. Mr. President, investment income, including capital gains, dividends and interest income, is generally taxed more heavily in the United States than in the 10 foreign countries studied.

The Netherlands is the only one of the 11 countries reviewed in the study which has a higher maximum effective tax rate on dividends than the United States. Japan has a maximum marginal tax rate of 70 percent, the same as the United States. However, many Japanese residents are subject to much lower tax rates on dividend income since shareholders owning stock and receiving dividends within certain limits can avail themselves of taxation at sources rules which tax dividends at rates as low as 20 percent. The other eight countries have marginal rates between 20 and 64 percent.

In considering the taxation of four major categories of interest income, the Arthur Anderson study revealed that Belgium, the Netherlands, and the United Kingdom all have maximum marginal tax rates slightly exceeding the U.S. rate of 70 percent. The remaining seven countries have maximum marginal rates on interest that are substantially lower than the 70 percent rate found in the United States. Nine of the 11 countries, including the United States, have special exclusions, allowances, rates, et cetera, which reduce the effect of the maximum marginal rate.

In conclusion, as shown in the following chart, there is a strong relationship between the taxation of investment income and national savings rates. Countries with little or no tax burden on investment income tend to save more than countries with a heavy tax on such income.

The United States has very high tax rates on investment income and saves far less than any other major industrialized country. The cause and effect relationship between these two sets of facts cannot be overlooked.

Mr. President, it is clear from the foregoing analysis that the United States has unintentionally created a tax system that is heavily weighted in favor of debt and consumption and against savings and investment. The tax bill currently under discussion is a good place to begin in restoring a sense of balance to this aspect of our economic policy. The legislation Senator SYMMS and I are introducing is intended not as a substitute for the Roth-Kemp approach to personal tax cuts, or the so-called all savers provision of the bill, but it is intended as a complement, designed to insure that the hoped-for increases in savings and investment that our economy must have if it is to grow will in fact occur. We urge our colleagues to give their support to this bill.

Mr. President, I ask unanimous consent to have the bill printed in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred and, without objection, the bill will be printed in the RECORD.

S. 1459

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PARTIAL EXCLUSION OF DIVIDENDS AND INTEREST.

(a) INCREASE IN AMOUNT OF EXCLUSION.—Paragraph (1) of subsection (b) of section 116 of the Internal Revenue Code of 1954 (relating to partial exclusions of interest and dividends received by individuals) is amended to read as follows:

"(1) MAXIMUM DOLLAR AMOUNT.—

"(A) IN GENERAL.—The aggregate amount excluded from the gross income of an individual under subsection (a) for any taxable year shall not exceed the lesser of—

"(i) $12,500, or

"(ii) 25 percent of the excess of—

"(I) the amount of interest and dividends received by such individual during such taxable year, over

"(II) the amount of qualified interest expenses of such individual for the taxable year.

"(B) TRANSITIONAL RULE.—For purposes of applying subparagraph (A) for taxable years beginning after December 31, 1983, and before January 1, 1987, the following percentages shall be substituted for '25 percent' in the case of taxable years beginning in the calendar year to which such percentage applies:

"Calendar year	Percentage
1984	10
1985	15
1986	20.".

(b) QUALIFIED INTEREST EXPENSES DEFINED.—Subsection (c) of section 116 of such Code is amended by adding at the end thereof the following new paragraph:

"(4) QUALIFIED INTEREST EXPENSES DEFINED.—The term 'qualified interest expenses' means an amount equal to the excess of—

"(A) the amount of the deduction allowed an individual under section 163 (a) (relating to interest) for the taxable year, over

"(B) the amount of such deduction allowed with respect to interest paid or accrued on indebtedness incurred in acquiring, constructing, reconstructing, or rehabilitating property which is primarily used as a dwelling unit (as defined in section 280A (f) (1)).".

(c) PARTIAL EXCLUSION OF INTEREST AND DIVIDENDS MADE PERMANENT.—Section 404 (c) of the Crude Oil Windfall Profit Tax Act of 1980 is amended by striking out ", and before January 1, 1983".

SEC. 2. EFFECTIVE DATES.

(a) The amendments made by subsections (a) and (b) of section 1 shall apply to taxable years beginning after December 31, 1983.

(b) The amendment made by subsection (c) of section 1 shall take effect on the date of enactment of this Act.

EXHIBIT 1

[From the Wall Street Journal, June 29, 1981]

SAME SAVERS CERTIFICATE

A new hand is reaching toward the taxpayer's pocket: It belongs to the maiden aunt of the financial industry—the savings and loan associations—and, hiding behind its skirts, the housing industry.

The thrifts really are in trouble (see below). And like every other declining industry, they've been shuffling around looking for a direct route into the Treasury. Now they seem to have found one. At their urging, the Senate Finance Committee has bedecked the tax bill with an ornament calling itself the All Savers Certificate. This is a foolish piece of legislation: hideously expensive, badly designed even for the special interest purposes for which it is intended, and entirely contrary to the purposes of the tax-cut package to which it's been appended.

Last week, full-page newspaper ads heralded the certificates as the solution to America's need for more saving and more capital investment. The certificates would, the ads assured us, lure money out of tax shelters and foreign nations into red-white-and-blue depository institutions; they would, the ads promised, increase capital funds for American factories and equipment and farms and business.

These one-year certificates would give investors 70% of the rate available on 12-month Treasury bills, and up to $1,000 of that interest income would be tax free. Obviously, it's a good deal for investors in the 32% bracket and beyond. It's surely a good deal for issuing institutions, which are granted the right to pay two-thirds of what it costs to attract funds. It's even a good deal for the housing industry, whose fate is tied to thrifts and small banks. It is not, however, a good deal for American factories or equipment or farms or business.

Simply put, this device would do almost nothing to encourage new savings because it has almost no effect on marginal tax rates on savings. Someone who already has enough savings to earn $1,000, for example, has an incentive to move those savings into the new certificates, but has no new incentive to add new savings. All Savers Certificates are like another entry in the bank-toaster wars: If a new bank offered depositors something much, much better than a toaster—say, a video cassette recorder—savers would have an incentive to switch banks, but they would hardly have any incentive to increase the amount of their savings.

In this instance, however, the change in the pattern of savings is more than just a switcheroo among bank accounts. The introduction of a new high-yield, tax-exempt,

risk-free investment vehicle dramatically changes the relative short-run attractiveness of other investment vehicles. Who would want to buy a lower yielding state or municipal bond? Or a taxable U.S. government security? Or a risky stock?

Thus, money that has been resting comfortably in those vehicles will rush over to the new certificates. The total pie of savings will be the same, but the shares will be redistributed. Moreover, the institutions that will garner the larger share—thrifts and small banks—are conducts to the housing industry, which is hardly the productive engine that currently needs increased capital investment.

These certificates will also be a windfall for the banks. Although they were designed to give a "competitive" edge to the thrifts, the political necessity of including commercial banks will mean 50% to 60% of the money going into the certificates will do so through banks, via either rollovers or the drain from other investment instruments. Lucky banks: They will pay less for their money, maintain their advantage over thrifts, and gain a new one over money market funds and other upstart competitors.

The All Savers provision will cost the Treasury as much as $6 billion in tax revenues and since marginal rates are not changed this static-analysis estimates is probably correct. If a $6 billion tax cut were aimed at marginal rates, by contrast, much of it would be recouped in reflows from the incentives for growth. In fact, the Finance Committee tried to make up some of the lost revenue by ending the tax exemption on other forms of interest and slashing the exemption on dividend income in half to $100. In other words, the All Savers Certificates are partly financed by increasing taxes on other forms of savings.

We're not pushing the limits of editorial delicacy to describe these certificates as distortionary, inefficient and extravagant. They are supposed to promote an increase in savings, but they'll only distort the present pattern. They're supposed to subsidize the thrifts, but they'll give a bigger boost to the banks. They're supposed to put savings to productive use, but they'll only divert money into the housing market and away from plant and equipment.

Is this any way to run a tax bill whose purpose is to spur productive savings and investment? You bet it isn't.

THRIFT SALE

Now that we have your attention, it's a good time to ask what really ought to happen to the savings and loan industry.

There's no question that the thrifts are in sorry shape. Borrowing short and lending long, they're squeezed between the low fixed return on mortgage loans made yesterday and the high interest rates needed to attract deposits today. Their steady accumulation of surpluses has been sharply reversed, and the thrifts could finish this year with about $6 billion in losses. Last year over 30 mergers had to be arranged to head off bankruptcies, at a cost of $1.3 billion to the Federal Savings & Loan Insurance Corp. This year it looks as though FSLIC will preside at close to 50 shotgun weddings.

So the cries from the thrifts are true anguish; a lot of those S&L presidents parked in Congressmen's offices stand to lose their jobs. While there is no reason to guarantee the present occupants of a particular niche in the rapidly evolving financial community, there is a need to handle the thrifts' massive problem in an orderly way. In their real estate loans, the thrifts do have assets that may prove to be good buys if interest rates go down. And there are public policy alternatives that, short of sinking the thrift industry, would give it a salutary rinse-down:

Deregulation. The thrifts rightly complain that deregulation has been uneven. On the liability side of their balance sheet, they can now pay higher rates to attract deposits. But on the asset side, they are still restricted, mostly to uncompetitive residential mortgage investments. Complete deregulation would allow them to do all the things that banks can do: make all types of loans and enlarge the scope of their investments. The larger and more powerful thrift institutions would have a happy future as, in effect, commercial banks.

Mergers. Under current law, "troubled" thrifts can be merged with stronger thrifts within a state. (Out-of-state mergers are technically possible, but none has occurred yet.) While the epidemic of troubled thrifts has made finding suitable partners difficult, white knights are waiting in the wings. Some big banks and bank holding companies are downright eager to snap up deposits and locations of troubled thrifts to speed what seems inevitable anyway: The new-look, one-stop financial service industry.

Reorganization. Most thrifts are mutual organizations, not stock companies. This makes it hard to collect the advantages of tax losses, which usually make troubled businesses easier to sell. One clever way to turn these sows' ears into silk purses is to reorganize them into limited partnerships. The thrift would bring its low-yielding mortgages into a partnership with investors, and the partnership could sell them and reinvest the proceeds. The investors would get a tax loss and the thrifts a better portfolio.

The beauty of these solutions is that they're cheap because they depend on the market and not on the federal till. The drawback is that they require some initiative from the S&L presidents and Congressmen now wining and dining each other on Capitol Hill. But Congress ought to know that instead of saving by subsidy, like the All Savers Act, it can also save by sense.

[From the New York Times, July 3, 1981]

SAVING SAVERS FROM "ALL SAVERS"

Saul Klaman, president of a savings bank trade association, calls it a "truly trailblazing step." Michael Stevenson, speaking for savings and loan associations, calls it "a stimulator." We call it a multi-billion dollar raid on the Treasury.

The subject is the so-called "All Savers" bill, the way Congress proposes to encourage savings. The bill would give a tax break for the first $2,000 of bank interest that a family earns on special savings certificates. If All Savers is passed—as now seems likely—it could reduce Federal revenues by several billion dollars without increasing total savings by a penny. No less worrying, it could increase state and local borrowing costs just as Washington is reducing local aid.

All Savers was dreamed up a few months ago by the savings banks and savings and loans associations, known collectively as the "thrifts." The thrifts are losing money because the interest they must pay on deposits has risen far more in recent years than the interest they collect on mortgages. Their proposed solution: make it easier and cheaper to attract deposits by exempting a big chunk of the public's interest earnings.

The thrifts are peddling All Savers as an incentive to save. But just how it would do that is unclear. Those in low tax brackets will find All Savers less attractive than ordinary taxable certificates paying 3 or 4 points more interest. Those in high tax brackets can already buy tax-exempt municipal bonds for about the same return.

The thrifts also argue that small savers would benefit because the new certificates would be available in denominations as low as $500. Again, though, the logic is puzzling. To benefit from the tax-exempt alternative, depositors would have to be in the 30 percent tax bracket or higher. And such depositors, typically those earning over $30,000, rarely have a problem scraping up the few thousand needed to buy a tax-exempt municipal bond or to invest in a tax-exempt mutual fund.

But even if the thrifts are correct that All Savers would generate fresh savings, the results could still be very unpleasant. The only way to induce more savings is to offer savers better terms. And because state and local governments would compete for the same tax-exempt funds, a successful campaign by the thrifts would inescapably drive up their interest costs. Thus the banks' gain could easily become the local taxpayers' loss.

After a high-powered lobbying job, the thrifts have managed to attach All Savers to the tax bills in both houses. The Reagan Administration officially opposes it, but has decided that All Savers is not enough reason to veto an otherwise satisfactory tax bill. So the courage to do the job right must all come from Congress. The thrifts do have a problem. But there are sounder solutions than picking the pockets of All Taxpayers.

[From the Wall Street Journal, June 26, 1981]

"ALL-SAVERS" BILL COULD CREATE LOTS OF LOSERS

(By Brooks Jackson)

A most dubious piece of legislation called the "all-savings" bill is roaring through the tax-writing committees of both Senate and House. It is a tribute to the blitzkreig lobbying and questionable advertising of the savings and loan lobby and to the political fluidity of Treasury Secretary Donald Regan. As a result, Congress seems ready to pass a bill that would give most savers less of a tax break than they've got now.

Here's how the plan would work: S&Ls, banks and credit unions would be allowed to issue a new one-year savings certificate. Individual savers could earn up to $1,000 in interest free of federal income taxes. Couples could earn up to $2,000 of tax-free interest.

But the certificates, by law, would pay only 70% of the rate for a one-year Treasury bill. For most savers, the tax break wouldn't offset this lower rate of return.

The savings industry argues that the certificates would still provide a break for taxpayers who are above the 30% bracket, which it says starts at $26,600 for a married couple and $16,000 for a single person. In fact, something higher than a 30% tax bracket is required before the tax-free yields of the certificates exceed the after-tax yields of money-market funds or the six-month certificates offered by the S&Ls themselves.

But even assuming that the 30% bracket really is the breakeven point, the S&L lobby's calculated income levels are still way too low. That's because the lobbyists use current tax tables, which will soon be obsolete. And they falsely assume that most peopel in high brackets don't itemize their deductions.

Actually, under the lower tax rates that Mr. Reagan is asking Congress to put in effect during 1982, a typical family of four that itemizes would need an income of at least $40,000 a year before the tax-free certificates would look even marginally more attractive than the T-bill rate. For singles, there isn't any rate advantage until earnings exceed $29,000 a year, assuming average itemized deductions.

For top-bracket taxpayers, the tax-free certificates could produce some savings. At a yield of 9.2% an investment of nearly $22,000 would be required to produce the maximum tax-free income of $2,000. Depending on the interest that could be earned on the same sum invested in, say, a money-market fund, a couple in the 50% bracket would get a net tax saving of anywhere from $152 (assuming taxable rates money-market funds stay at 17%) to nearly $700 (if rates plunged to average 12% for the year).

So on the face of it, the proposed tax-

exempt certificates would mean zero benefit for low-bracket taxpayers and an uncertain benefit to top-bracket people. But it's worse than that: The political price the S&L lobby would gladly pay for the certificates is the elimination of an existing tax break that benefits all tax-paying savers.

Next year a single taxpayer may exclude from taxable 1981 income up to $200 in interest income, and couples up to $400. In other words, a couple in the 30% bracket would pocket up to $120. But the administration has now taken the position that if Congress is intent on passing the "all-savers" bill, it will demand that an extension of this interest-income exclusion be killed to offset part of the cost of the proposed tax-exempt certificates. The net result: Instead of gaining some income, couples at or below the 30% bracket would start paying an added tax of up to $120. And top-bracket couples using the proposed certificates would see their tax benefit reduced $200.

Oddly, the S&Ls themselves wouldn't benefit that much from the tax-exempt certificates, either. The industry says the new certificates would turn a projected industry-wide pre-tax loss of $2.7 billion in 1982 to a modest profit of $440 million. But considering the estimated $4 billion cost to the Treasury of the certificates, a direct Federal handout could be cheaper.

Why is Congress so hot for this legislation? The answer, it would appear, is pure political pressure.

Earlier this year the S&L industry's propaganda arm, the Savings and Loan Foundation, ran an expensive advertising campaign that produced five million "ballots" returned to the foundation by persons who "voted" in favor of expanding the $200–$400 exemption to $1,000 for singles and $2,000 for couples.

The industry isn't supporting that idea any longer, but it is still using the "ballots" to persuade Congressmen that their constituents want a tax break for savers. Meanwhile the foundation has begun another, $4 million advertising campaign in this newspaper and other national periodicals to promote the new tax-exempt certificate proposal.

"Should Congress allow a FAIR savings certificate?" the ads ask, as if anyone could be for an unfair certificate. The ads say the certificates would have a "rewarding return," but don't mention the niggardly 70%-of-T-bill rate, which would be rewarding only to high-bracket people and worthless to most savers.

The political pressure has been intense. More than half the members of the Senate have signed their names to the S&L bill, and more than 100 of the 435 members of the House. The campaign was mounted quickly, catching most political opponents flat-footed. Neither house held public hearings, so the regressive nature of the plan was kept from scrutiny.

Organizations of state and local governments fear the tax-exempt certificates could compete with their own tax-exempt issues and raise borrowing costs by perhaps one or two percentage points. But they didn't become aroused until after the Senate committee had approved the measure.

The mutual fund industry, which sees the tax-exempt notes as unfair competition to money-market funds, was quicker to react, but still hasn't had time to send mailings to its millions of shareholders.

Where was Secretary Regan, protector of the Treasury, avowed foe of federal bailouts for marketplace flops? Days earlier he had squelched a move to increase the S&L deposit insurance fund's line of credit with the Treasury to $3 billion, from $750 million, on the ground that the S&Ls weren't in bad enough shape to warrant even a modest standby move. The Secretary's aides say the political pressure for the "all-savers" bill was simply too much for Mr. Regan.

In all the pulling and hauling over the bill, neither the administration nor any of the lobbies have stuck up for the middle-income saver, who stands to see his federal taxes rise $120 or so. For him, it's an all-losers bill.

[From the Washington Post, July 5, 1981]

"ALL-SAVER" BILL IS ANYTHING BUT

As tax legislation moves through Congress, one can spot plenty of amendments giving this or that to various special interest groups that fruitfully work the congressional corridors. But nothing is quite so outrageous as the so-called "All-Saver" tax exempt savings certificates being hustled by a well-heeled and aggressive thrift industry lobby.

The thrift industry—savings and loan associations all over the country and the mutual savings banks in a few states—is in real trouble. Soaring interest rates have forced them to pay double-digit returns to attract deposits, while the average yields on their portfolios of home mortgages, many of which were written a long time ago, remain in single digits.

This year there has been one failure and a string of voluntary and involuntary mergers among the S&Ls. According to government figures, 119 S&Ls were merged out of existence in 1980, and already 80 this year, through the end of May. The industry as a whole could lose anywhere from $4 billion to $6 billion this year unless interest rates come down in a hurry.

The "All-Saver" certificate is not the only bad idea being floated to help the S&Ls. Federal Reserve Board Chairman Paul A. Volcker has asked Congress to impose reserve requirements on money market funds that provide checking services. Ostensibly, the cash "reserve" set aside and not invested would provide some additional safety features for these funds.

Because the "reserve" would lower the interest rates that the funds could pay, it would reduce the competitive interest rate advantage the money market funds have enjoyed over banks and S&Ls. As Citicorp Chairman Walter Wriston said on Meet the Press last Sunday, this is an effort to "shackle" the money market funds which give consumers "a fair return" on money, whereas "all the commercial banks, under the Fed's rules, really rip off the consumer by paying him too low an interest rate."

Says economist Alan Greenspan: "The money market funds hold assets (close to cash) that would be considered reserves by other institutions. You could say that they are in a 100 percent reserve situation. The proposal to put a reserve requirement on MMFs is designed arbitrarily to restrict their competitive position. There is no economic rationale for it (that is, in terms of safety for the depositor). The idea of a reserve is to facilitate the conversion of assets. But what the MMFs hold is all rather liquid."

As a basket case, the thrift industry needs help. To protect the depositors of many weak S&Ls that ought to be merged into stronger institutions, the government should change present law, which limits eligible buyers: not only should out-of-state S&Ls be permitted to absorb their weak sisters; but so should banks.

Instead, Congress is trying to pump money into the S&Ls by launching a tax-free certificate that they can dangle in front of depositors. That's a costly and ill-advised way to bail out the thrift industry. If banks are included, as the Senate Finance Committee version would allow, we will be creating a brand-new $5 or $6 billion tax loophole. And who would pay for this generosity? Low-income and middle-income taxpayers, everyone below the $35,000 to $40,000 income level, who would have no way to benefit from the loophole.

Here's the way this "All-Saver" legalized steal would work. The thrift institutions could issue special certificates, for a period of one year, paying only 70 percent of the Treasury bill rate. Buyers of those certificates would not have to pay taxes on the interest earned, up to $1,000 for an individual and $2,000 for a family. In the Senate version of the bill, banks as well as S&Ls could participate. The House bill attempts to limit the gravy to the S&Ls, at the same time reducing the present $200 to $400 exemption of dividend or interest income to its former levels.

What a piece of cake for the institutions! The tax-free feature would enable them to attract deposits at only 70 percent of the going rate. For example, if Treasury bills paid 14 percent, they could sell these special certificates and pay only 9.8 percent interest on them.

For investors in the upper brackets (the higher the better), this is a good deal. Take someone in a 40 percent tax bracket. If he or she has a taxable investment earning of, say, 14 percent, the after-tax return is only 8.4 percent. How much nicer to get 9.8 percent tax free at your friendly S&L! Upper-bracket families will be able to shelter about $20,000 worth of investments in such special certificates.

The notion that this proposal has any meaning for small savers because it would be available in small denominations, as suggested in a letter to the New York Times by Michael C. Stevenson, president of the Savings and Loan Foundation, is ludicrous.

Families earning less than about $40,000—around the 33 percent bracket—would have to have holes in their heads to buy the "All-Saver" certificates. Take a family in the 20 percent tax bracket with $2,000 to invest. At 14 percent, an investment in a money market fund would yield $280 a year, and the tax bite would be 20 percent of that, or $56, for a net after-tax income of $224. A $2,000 "All-Saver" certificate at a tax-free yield of 9.8 percent would return only $196. (S&L and bank certificates, to be sure, are federally insured, but safety is not the focus of the debate—surely not at a time when it is the S&Ls that face the need for government bailouts).

Critics also point out that tax-exempt S&L certificates will force states and localities that now issue tax-free bonds to meet the competition, which is another way of saying the cost of running local government will go up. And this will happen just at the time the states and municipalities will have to step in with regressive sales and property taxes to fill some of the void left by President Reagan's federal budget cuts.

Finally, the phoniest part of the whole charade is the suggestion this is just a one-year giveaway. A $300 billion list of tax expenditures now in the budget ought to be proof that once these egregious drains on the public trough get into the tax code, they stay on forever.

Neither, the administration nor congressional Democrats want this "All-Savers" nonsense. It won't create new savings, merely a shift by interest-sensitive investors in the upper brackets. On the Hill, congressmen acknowledge that it's totally indefensible but say they can't hold out against the S&L lobby.

I don't understand why congressmen feel bamboozled by the S&L lobby. What we need is a public outcry, loud and quick.

[From the Washington Post, July 9, 1981]

NO BILL SEEN BY AUGUST 1

(By Caroline Atkinson)

The National League of Cities yesterday joined a chorus of criticism of a proposal for

an "all-savers" tax-exempt certificate, which is moving swiftly through Congress and is backed strongly by the ailing savings and loan industry.

At the same time, House Speaker Thomas (Tip) P. O'Neill (D-Mass.) said that the fight over a tax bill came down to one point: "If you earn less than $50,000, you benefit by the Democratic bill. If you earn more than $50,000, you would want Reagan's bill."

O'Neill also indicated that the tax bill would not be completed by Congress and ready for President Reagan's signature by Aug. 1 as the president has urged. The House Ways and Means Committee will finish work on its tax bill by July 24, O'Neill added.

Meanwhile, Rep. Ken Holland (D-S.C.), one of the 29 conservative Democrats who supported Reagan on budget cuts, said yesterday that it does not appear that Reagan has the votes to pass his tax cuts in the House.

The president of the National League of Cities, William Hudnut, told reporters yesterday that the all-savers certificates—which would offer a tax exemption on up to $2,000 of interest for a married couple—would attract money from tax-free municipal bonds.

He characterized the certificate, which has been approved in slightly different versions by both the House and Senate tax committees, as a "misguided and misunderstood bailout of the savings and loan industry that will cost cities and the average taxpayer billions of dollars."

The U.S. League of Savings Associations, a thrift industry group, countered by saying that Hudnut was "dead wrong." A spokesman said that the analysis underlying Hudnut's criticism was faulty because it assumes that half of all municipal bonds were bought by households when official figures show a lower number.

The administration has opposed the all-savers certificate, although it also has said that the president would not veto an otherwise acceptable tax bill if the certificate plan were included.

There is considerable doubt about the certificate from staffers and some congressmen on Capitol Hill. Sen. Robert Dole (R-Kan.), chairman of the Senate Finance Committee, has said that his committee is looking at other ways to raise savings and aid the S&Ls.

The next fight between Reagan and the Democratic majority in the House will be over the tax bill. The president wants three years of across-the-board cuts in individual tax rates, while the Democrats favor a two-year plan aimed at the lower-income and middle-income brackets.

O'Neill said yesterday that "we have a very good process going into effect in explaining what is in our bill" to persuade Southern Democrats who broke with the party over the budget to hold ranks. The Wall Street Journal yesterday reported that Ways and Means Chairman Dan Rostenkowski (D-Ill.) was expected to offer a sweetener to the southerners in the form of a tax exemption from the windfall profits tax for independent oil companies and royalty owners.

Dole said that he believes there is room for compromise between the House and Senate on the individual and business components of the tax cut.

O'Neill denied charges that the Democrats are dragging their feet, pointing out that it was "the hugest tax bill in the history of the world," adding that "you just can't get things done overnight."

[From the Washington Post, June 24, 1981]

TAX-EXEMPT SAVING PLAN: WILL IT ONLY SHIFT FUNDS?

(By Nancy L. Ross)

Is the tax-exempt savings certificate an "enormous vacuum cleaner" that will suck money out of other types of investments? Is it manna from heaven for savings and loan associations? Or is it simply an inefficient, cheap way of subsidizing the ailing thrift industry?

These were some of the questions being asked yesterday in the wake of passage by the Senate Finance Committee of a one-year tax-free instrument pegged to 70 percent of the 52-week Treasury bill yield.

The measure is expected to receive approval today by the House Ways and Means Committee. The administration has indicated it will not oppose the bill provided the current interest and dividend tax exemption of $200 for individuals ($400 per couple) is reduced to $100/$200 for dividends only.

Reginald Green, a spokesman for the Investment Company Institute, the trade organization for mutual funds, used the vacuum analogy in charging that the new certificate would draw funds away from the stock, municipal bond and commercial paper markets as well as money market funds. Green lambasted the legislation, which he claimed had the potential for causing a "massive distortion" in markets and a "subsidy for the more affluent."

Green charged that figures released by the U.S. League of Savings Associations were a "gross underestimate" of what could happen. The league estimates that a total of $230 billion will flow into the tax-free certificates, which will be sold for one year. Of that amount, about $200 billion is expected to come from within the banking system; the other $30 billion will be attracted from elsewhere in the financial system, such as Treasury bills and money market funds.

Lower estimates, ranging from $110 billion to $180 billion, have been made by congressional committees. Although savings and loans hope to get half of these funds, there is general agreement their share will be about 40 percent, with the bulk going to commercial banks. By the lower estimate, S&Ls stand to get about $50 billion in tax-free certificates. Since the current discount rate on one-year Treasury bills is 13.1 percent, the tax-free certificates would be selling at 9.2 percent.

That means the Treasury would be offering S&Ls approximately a 4 percent subsidy on $50 billion, or $2 billion. (Were the bulk of the money to come from 14 percent money market certificates, the subsidy would be 5 percent, or $2.5 billion). For the thrift industry, which some analysts estimate may lose as much as $6 billion to $8 billion this year, even a $2.5 billion subsidy might not be sufficient. And, of course, in aiding the thrifts, the legislators have at the same time awarded an even larger subsidy to their affluent rivals, commercial banks.

The plan is expected to cost the Treasury $4.6 billion in revenues over the next three fiscal years, ending in fiscal 1984. (The certificates, which have a one-year maturity, will be on sale for a year, so they can be purchased up until the end of September 1983.) But a reduction in the current $200 exemption for dividends and interest for individuals and $400 for couples to $100/$200 for dividends would save the Treasury $7.3 billion, according to the Senate Finance Committee. Thus the Treasury would have a net gain of $2.7 billion.

Responding to cries that the subsidy would benefit the rich, Jim Christian, the U.S. League's chief economist, pointed out that 61.8 percent of all taxpayers who reported interest income on their 1979 tax returns were in tax brackets of 30 percent or higher.

A single person with an income of $16,000 who does not itemize deductions falls into the 30 percent bracket. For a married couple without children that category begins at $26,000, and for a family of four it begins at $28,600. Higher on the scale, a single person with an income of $35,100 is in the 49 percent bracket. For a childless couple, 49 percent comes at $47,800, and for a family of four, $49,800.

The 30 percent tax bracket is the break point at which the yield on the taxable certificate equals that on the nontaxable. A 9.1 percent tax-free rate equals 13 percent after taxes. For those in the 40 percent bracket, a 9.1 percent rate yields 15.1 percent after taxes; in the 50 percent bracket, 18.2 percent.

At current rates, a person would have to be in the 46 percent tax bracket to get a greater after-tax yield on a tax-exempt certificate than from a money market fund. This week's average yield on money market funds is 17 percent.

How many people will switch out of other investments to tax-free savings certificates? They offer the advantage of being insured and the opportunity to lock in high interest rates for a year at a time when rates seem to be headed down. There is no penalty for early withdrawal, but the tax exemption will be forfeited. The certificates are, however, subject to state and local taxes. Although no minimum deposit has been set by the legislation, the sponsors hope issuers will keep it low, say under $1,000. The buyer can take up to a total of $1,000 in tax free interest ($2,000 for couples) during the entire time the plan is in effect, not annually.

Money market funds are fully taxable and not insured, yet they offer complete liquidity, check writing privileges and flexibility should rates change. Municipal securities, which will be competitive with tax-free certificates, generally have a longer maturity, although they are usually free of all taxes and have no ceiling on the amount that is tax exempt.

[From the New York Times, July 2, 1981]

U.S. AID FOR THRIFT UNITS POSES QUESTIONS OF NEED

(By Clyde H. Harnsworth)

WASHINGTON, July 1—Savings and loan associations and mutual savings banks, which have provided most of the money for the $700 billion of home mortgages outstanding in the nation, are reporting record outflows of deposits and mounting losses from operations.

The net deposit withdrawals from the 4,700 savings and loan associations totaled $5.3 billion in the first four months of this year. Savers drew down their deposits by $4.2 billion from the 460 mutual savings banks over the same period. Meanwhile, the combined operating losses of the savings and loan associations and savings banks, which together make up what is known as the thrift industry, already exceed $1 billion so far this year.

When a major company or an important industry runs into such difficulty, it often seeks aid from the Federal Government. The Reagan Administration, after a bitter internal debate, recently agreed to help the loss-ridden domestic automobile industry with protection against Japanese imports. The Carter Administration agreed to help the Chrysler Corporation with emergency loan guarantees not unlike the ones adopted under President Nixon to aid the Lockheed Corporation. Now the thrift institutions, which are to home ownership what Henry Ford was to an affordable, mass-produced car, are asking for special Government aid as well.

THE BACKGROUND

Last Jan. 3, the savings and loan industry celebrated its 150th anniversary. On that date in 1831 the Oxford Provident Building Association of Frankford, Pa., opened its doors as the first savings and loan association—and within several months it gave its first mortgage, a $500 loan on a house that is still standing at 4276 Orchard Street in Philadelphia, to a 35-year-old tradesman named Comly Rich.

The foreclosures of the 1930's, prompting Franklin D. Roosevelt's lament that one-third of the nation was ill housed, suddenly pushed homeownership as one of the key objectives of the New Deal's domestic policy. Through a series of legislative steps, including a differential permitting thrift institutions to pay savers slightly more in interest than commercial banks, the thrift institutions became the favored instrument in establishing the housing priority.

The thrift institutions earn most of their money on the interest they receive on previously granted mortgages. Typically, these past loans yield less than 10 percent. Now, with intense competition for the saver's dollar during an extended period of high interest rates, the thrift institutions are paying interest on certificates of deposit above 10 percent. These high-yielding certificates constitute an increasing proportion of total deposits.

This interest rate gap is behind the operating losses. It has also raised questions about the worth of assets on the books of the institutions that stand behind the deposits of savers: If the mortgages had to be sold at currently depressed prices, the institutions would suffer huge new losses. Because of high rates, the mortgages have less value now than they did when they were granted.

The Federal Savings and Loan Insurance Corporation insures depositors at savings and loan associations for up to $100,000 for each account, and the Federal Deposit Insurance Corporation offers similar insurance to depositors at the mutual savings banks.

Yet, the assets of both these Federal agencies stand at only a minuscule portion—less than 3 percent—of the total deposits, which for savings and loan associations amount to some $500 billion and for mutual savings banks some $150 billion.

FOR GOVERNMENT AID

The most compelling reason for aid is to avoid a crisis of confidence in the entire financial system, which could result from a collapse of the thrift industry. In a worst-case scenario, widespread failures with millions of depositors demanding their money could touch off another Depression.

Even if the crisis were contained, the Treasury would still face a bill far higher than the cost of any relief measures, aid advocates maintain.

The Treasury would make good on the Federal insurance of deposits at failed institutions. This means the Federal Reserve would either have to print the money or force interest rates higher. In the event that it accommodated the Treasury, the Federal Reserve would have to abandon its targets for money supply growth.

If the industry had to liquidate all its mortgages at their currently depressed values, the Treasury's contingent liability would be above $50 billion, said Townsend Greenspan Inc., an economic forecasting concern that has just reported on the industry.

The industry argues that its troubles have not been caused by managerial inefficiency. They deserve help, the thrift institutions say, because it is not their fault that they are facing the full onslaught of Government tight-money policies and high interest rates.

Three basic forms of assistance are being sought: capital infusion, restoration of the differential permitting the thrift institutions to pay interest amounting to a quarter percentage point more on savings than commercial banks, and a one-year savings certificate on which the first $1,000 of interest—$2,000 on a joint return—would be tax-exempt.

Capital infusion envisages some form of Government, credit to the weaker institutions, or even a buy-out of low-yielding mortgages. Such action would build up the asset side of the balance sheet and thereby ward off action by Federal regulators that could lead to a forced merger of an institution or its liquidation.

As operating losses erode net worth, the regulators become increasingly concerned about an institution's viability and take active steps to find a marriage partner. Regulators now want their authority broadened to permit them to step across existing barriers to interstate mergers to hunt for partners in other states.

The restoration of the differential, which had been eliminated in an effort to deregulate the financial industry, and the introduction of the special savings certificate—approved by the Senate Finance Committee and the House Ways and Means Committee—are both intended to stem the withdrawal of deposits.

The industry wants more powers to compete for deposits now going to fast-growing money market mutual funds, totally separate from banks, which pay higher interest. It also seeks to broaden its lending beyond mortgages to include commercial and industrial loans, now the prerogative of commercial banks.

AGAINST AID

Those opposing special measures to aid the industry contend that it is not in the desperate condition commonly portrayed.

For one thing, they say, although depositors withdrew $5.3 billion more from savings and loan associations than they put in during the first four months of 1981, the total of deposits actually rose—by $5.2 billion, to $506.3 billion—in the same period.

The deposit total includes interest—$10.5 billion—credited to the accounts in the period, and this stays in the institutions, adding to their liquidity.

In addition, the institutions received $10.7 billion over the four months in mortgage principal and interest payments. According to the Federal Home Loan Bank Board, which monitors the industry, mortgage delinquencies are near zero and practically all payments are made on time—mainly because holders of low interest-rate mortgages naturally want to do nothing that might jeopardize their loans.

"The thrifts," said one Government analyst, "are not facing a liquidity crisis, but merely a temporary earnings squeeze that will be alleviated once interest rates come down."

Although industry analysts forecast that operating losses of savings and loan associations this year may exceed $5 billion, the book level of assets is still a comfortable $31 billion. And, according to Richard T. Pratt, the chairman of the Home Loan Bank Board, every drop of a percentage point in interest rates restores $3 billion of profits on an annual basis.

Another reason cited for keeping hands off the industry is the example an aid package sets, especially under a new Administration devoted, according to its statements, to principles of free interplay of competitive forces. And when a failing institution is merged, its managers usually lose their jobs. That may not be a bad idea, say the opponents of aid.

THE OUTLOOK

Although the Administration has been cool to support arrangements for thrift institutions, the industry's laments have now been heard in Congress, and it is likely that some kind of limited aid program will emerge. Because they operate in just about every city and town in the country, the thrift institutions represent a potent lobbying force.

Their idea for a tax-exempt savings certificate, approved by the Senate Finance Committee and the House Ways and Means Committee, has the support of 52 Senate sponsors.

Treasury Secretary Donald T. Regan said he has objections—mainly because the plan would cost the Treasury $4 billion—but he added that he would not oppose it. Paul A. Volcker, the Federal Reserve's chairman, has come down strongly against the proposal.

The industry may also get somewhat broader powers in real estate investment leasing, and consumer and business loans to compete for deposits, and may get a wider base for loans.

[From the Wall Street Journal, July 6, 1981]

SEARCHING FOR A POLICY FOR MORE SAVING

Few causes hold as much appeal in Congress today as the desire to boost savings. During the past decade battles over tax legislation frequently focused on closing "loopholes" or redistributing wealth. Now legislators are competing to offer new breaks to savers. More than 100 bills have been introduced this year to provide incentives to save more.

The savings bandwagon began on Main Street and Wall Street with complaints that Americans aren't saving enough to finance necessary investment in housing and new productive capacity. "Personal saving is an essential link to corporate capital formation," the Securities Industry Association told the Senate Finance Committee in May. "A low level of savings precludes a high level of capital investment and severely limits productivity gains."

To help make its case, the association compared the personal savings rate as a percentage of disposable income, the ratio of real investment to gross national product after inflation and 1979 gains in manufacturing productivity in six industrial countries. The result highlights how much the U.S. lags:

[In percent]

	Savings	Invest	Product
Japan	20.1	23.5	8.3
France	15.6	16.3	5.4
United Kingdom	15.1	15.4	2.2
West Germany	14.5	15.6	5.2
Italy	23.6	14.4	8.7
U.S	5.6	10.9	1.5

Such comparisons, which raise concern about the U.S. ability to compete abroad and to maintain living standards at home, have generated support for new savings incentives. But approaches to the problem differ.

The congressional savings proposals generally take a narrow approach of targeting tax breaks to boost savings for specific purposes, such as housing or pensions. Initially, the Reagan administration opposed these measures, prefering to rely solely on its broad program to curb inflation and to reduce tax rates to increase the after-tax return on savings.

"A targeted approach may encourage the holding of a specific form of savings," Jerry Jordan of the President's Council of Economic Advisers explains. "It may change the composition of savings but there's no guarantee that it's going to increase the total amount of saving."

In June the administration bowed to political pressures and agreed to include several congressional savings proposals in a bipartisan compromise tax proposal to cut personal income tax rates 25% over three years and sharply expand business depreciation write-offs for new investment in plant and equipment.

The White House agreed to include an expansion in tax deductible contributions to individual Retirement Accounts and retirement plans for sole proprietorships and partnerships. Most administration economists don't think the changes will provide a major spur to savings. Currently, for instance, only 2.5 million of the 30 million tax returns filed by people eligible for IRA deductions actually take them.

The administration also agreed to continue the $200 exclusion ($400 on joint re-

turns) for interest and dividend income beyond 1982, when it's scheduled to drop back to $100 ($200 on joint returns) for dividend income only. However, the administration resisted efforts to boost the exclusion further, noting that the average amount of interest and dividend income on all returns that report some investment income is well over $1,000. Thus, an increase in the exclusion would mainly reward people who are already investing, rather than encourage new savings, the Treasury argues.

Now the administration is concerned about a popular congressional proposal to create a tax free special savers certificate backed by the savings and loan industry. Mr. Jordan contends that the bid to generate more deposits in thrift institutions "may cause increases in some interest rates because it would cause people to be less willing to hold corporate bonds, common stock and U.S. government debt."

While the administration is prepared to accept some targeted savings proposals to boost political support for its tax package, it believes that cuts in tax rates, combined with an expected decline in inflation, would provide the most powerful spur to savings.

"Inflation and rising tax rates have crippled saving," Treasury Secretary Donald Regan says. He points out that in 1965 a saver in a 25% tax bracket earning 4% interest at a time of 2% inflation received a real after-tax return of 1%. But the same taxpayer in a 32% bracket earning 12% interest in the spring of 1980 when the inflation rate was 14%, suffered a real loss of 6% after taxes and inflation.

"The drop in the real after tax rate of return on saving is a major reason for the drop in the personal savings rate," Mr. Regan says, noting that the rate has been under 6% since 1977, down from a 7% to 9% range a decade ago.

The administration expects the savings rate to return to the level of a decade ago if Congress cuts tax rates and inflation falls as a result of tighter fiscal and monetary policy. It projects that by 1986 personal savings will rise to $261.6 billion, or 7.9% of disposable personal income, from $101.3 billion, or 5.6%, last year, helping to channel funds from consumption to investment.

TAX BREAK FOR SAVINGS ADVANCES

(By Edward Cowan)

WASHINGTON, June 28.—In a skillful display of how to influence Congress, the savings and loan industry has produced a stunning first-round victory for its bill to create a new type of tax subsidy for savers and financial institutions.

The Senate Finance Committee and the House Ways and Means Committee voted overwhelmingly to include the new tax subsidy in the 1981 tax relief bill. The finance panel's vote was 20 to 0; in the Ways and Means Committee the tally was 29 to 3.

Yet, doubts about final committee approvals had persisted. One reason was that neither committee had held even one day of hearings on the proposal. A second was that, in the Ways and Means Committee, neither of the proposal's chief sponsors voted for it.

The one-sided votes reflected what one Congressional tax specialist called "one of the finest grass roots lobbying jobs done in a long time." According to William B. O'Connell, executive vice president of the United States League of Savings Associations, it was a campaign that reached all members of Congress and brought hundreds of savings executives to Capitol Hill.

Fear probably was the decisive element, fear that without Congressional aid numbers of savings banks and savings associations might fail, and Congress might be blamed.

Referring to some of the largest savings banks in New York City, Senator Daniel Patrick Moynihan said that, "if any of these ever collapse, you have a political situation that is the equivalent of a financial crisis."

The New York Democrat, a member of the Finance Committee, said he had repeatedly told the Treasury Department, an opponent of the bill, that "you do not understand the degree to which this will be taken as a general collapse of the banking business." Senator Moynihan said New York State banking authorities had repeatedly expressed their concern to him.

The bill approved by the tax-writing committees would create a limited exemption from Federal income taxes for a new type of one-year savings certificate that could be offered by all types of depository institutions—savings banks, savings associations, credit unions and commercial banks. The interest would be tax-exempt up to $1,000 for an individual and $2,000 for a couple filing jointly. In the Ways and Means bill, those would be annual limits. In the Finance Committee's bill they would be cumulative.

The certificates would cost the Treasury $509 million of tax revenues in the 1982 fiscal year, which starts Oct. 1, $2.4 billion in 1983 and $1.7 billion in 1984, according to Congressional estimates.

The bill is designed to help savings associations and savings banks come through a period of high interest rates in which they are paying more for their deposits than they earn from their portfolio of mortgages, some many years old and paying only 6 or 7 percent. The cost of six-month savings certificates now is between 14 and 15 percent.

DESIGNED TO SPLIT BENEFIT

Because the interest is tax-exempt, the savings certificates would pay less than do taxable-deposit instruments. It is that below-market cost of money that appeals most to the industry. As Mr. O'Connell confirmed, the bill was designed to split between savers and the thrift institutions the benefit of the tax exemption.

To make sure that the institutions do not competitively bid up what they will pay for deposits, the bill prohibits their paying more than 70 percent of the return paid by one-year Treasury bills.

OPPOSITION BY ADMINISTRATION

To offset the losses to the Treasury, the committees have voted to end the present exclusion of dividend and interest income of $200 for individuals and $400 for couples. This temporary provision of the 1980 "windfall profits" tax act would lapse at the end of this year, and the former exclusion for dividends only of $100—$200 for couples—would come back into effect. Letting the $200–$400 exclusion lapse would raise $623 million in the 1982 fiscal year and more than $2.1 million in 1983, taxes that will be paid by savers and stockholders.

Despite the overwhelming, bipartisan support for the bill, doubts about it were spreading at the week's end. One reason was the Administration's opposition, which so far has been muted lest the progress of the tax bill be disturbed.

If the Administration decides to make a serious effort to stop the new subsidy it probably would come toward the end of the legislative process in a House-Senate conference. Whether such an effort would be made could depend on how much sentiment there was for the legislation when it reaches the House and Senate floors.

In the House Ways and Means Committee, eyebrows were raised when the bill's sponsors failed to vote for it. Representative Sam Gibbons, Democrat of Florida, voted against it, saying that "this is one of the worst pieces of legislation I've ever introduced."

The Republican sponsor, Representative James G. Martin of North Carolina, voted "present" because he was disturbed by the Democratic majority's decision to write a statutory link between the new certificates and mortgage lending. The Finance Committee's sponsor, Senator John C. Danforth, Republican of Missouri, successfully opposed such an amendment in his committee.

TROUBLED BY "ALL SAVERS" NAME

Members and aides on both sides of the Capitol are troubled by the "all savers" name the United States League of Savings Associations put on the bill. The critics say the name may be misleading to the public in that the new certificates would be inappropriate investments for people in low tax brackets. That is, the new certificates would pay lower rates of interest than would fully taxable savings instruments, as is true of tax-exempt municipal bonds.

The United States League's grass roots lobbying campaign began many months ago with support for a bill the benefits of which would flow entirely to savers, with no reduction in the cost of money for institutions. It was a bill to exclude from taxable income up to $1,000 of interest for individuals and $2,000 for couples.

In March or April, Mr. O'Connell said, the league—the membership of which includes 4,400 of the country's 4,700 savings associations—switched to support for the creation of a special tax-exempt deposit certificate, designed to reduce the cost of money.

Some members of Congress are troubled by the fact that the benefits from the bill would go to commercial banks, which are not in trouble. Mr. O'Connell said they are covered by the bill, lest they oppose it. There are about three times as many commercial banks as thrift institutions.

[From the Washington Post, July 5, 1981]

BEHIND THE SAVING OF AMERICA'S SAVINGS AND LOANS

(By Robert G. Kaiser)

Though the public has hardly noticed, one of America's biggest industries has been battling for special concessions from the Reagan administration for months, and has finally won grudging acceptance of a plan that could cost the Treasury $4 billion or more, despite the official policy of stringent austerity.

Seeking help this time is not a Lockheed or a Chrysler, but one of America's mom-and-apple-pie institutions; the savings and loan asociations. They are in trouble because of high interest rates. To attract and keep deposits, they have to pay out more in interest than their old mortgages are bringing in.

For some S&Ls the troubles are so serious that some experts privately predict major failures in the months ahead if interest rates don't fall. Already, these thrift institutions are suffering unprecedented losses, more than $1 billion so far this year.

Serious S&L failures could disrupt the nation's financial markets gravely and prevent the success of the Reagan economic program, according to many economists.

Invoking those dangers, the savings and loan industry has been looking for government help for months. First it sought government intervention to cripple its newest competitor, and failed. Then it requested a direct subsidy from the Treasury, and failed. The next gambit was to seek an indirect subsidy through the federal bank insurance organizations. Another failure.

All of these efforts were rebuffed by the administration, led by senior officials committed to free-market economic policies, despite the inclinations of some Californians in President Reagan's inner circle who are close to the savings and loan industry.

The administration even overrode the concerns of the nation's chief banker, Chairman Paul A. Volcker of the Federal Reserve Board, who favored legislative action to help the S&Ls.

The new administration's aloof attitude angered the savings institutions and also aggravated Treasury Secretary Donald T.

Regan's reputation as a most impolitic Cabinet officer.

The industry decided to try a back door to government aid, and this month succeeded with startling ease in winning from the Senate Finance and House Ways and Means committees tax concessions the Reagan administration has decided reluctantly that it will have to swallow if Congress adopts them.

Both committees have approved legislation to create a tax-free savings certificate that the thrift institutions predict will attract large new deposits, easing pressure on their balance sheets.

This idea swept through Congress like a California brush fire, convincing the administration not to fight what it formally regards as "bad tax policy." The administration takes comfort from the fact that the tax-writing committees killed another tax benefit for savers, the result of which would finance most of the cost of the new break.

The Senate Finance Committee's unanimous vote for the tax-free savings certificate was incredible, one White House official said later. "This may be one of the classic lobbying efforts of recent years," he added.

The administration's free-marketeers who wanted to keep hands off the thrift industry also find solace in the fact that they held off any new government spending program to help the thrifts. The new tax break could cost the Treasury $4 billion or more, but it won't be appropriated. It's what economists call a "tax expenditure."

So, just as in the case of the informal but still substantive import quota on Japanese cars, the Reagan administration can claim ideological purity even as it accepts a more ambiguous reality.

But the tax committees have not ended the saga of the savings and loans. Many experts predict that they'll remain in trouble even if this new tax break is enacted, and if interest rates don't come down over the next six months, the thrift institutions will be assured of continued difficulties.

The S&Ls already have won the right to issue variable-rate home mortgages, which could protect them in the future against the kind of troubles they have now. Last week the Federal Home Loan Bank Board authorized S&Ls to hedge against volatile interest rates by buying futures contracts for money on the commodities exchange.

The new chief of the loan board is said to be preparing a potentially controversial set of additional nostrums to help the thrifts. But these are not short-term solutions to the problem.

The administration insists that it will stand by the thrifts, but adds that no new programs are needed. Experts in the industry and on Capitol Hill predict that the administration won't really have a policy on the thrifts until it has faced, if it does, a real crisis.

The saga so far is an intriguing tale of Washington maneuvering and posturing, special pleading and bargaining. It is a tale that has only been told in incomplete snatches in the news media, despite the billions of dollars involved and the savings industry's importance to the national economy.

It begins last year, when the thrifts first showed signs of serious suffering under the pressure of volatile but persistently high interest rates. The thrifts' problem is simple: most of their assets are home mortgages, many of them issued in the days of single-digit interest rates.

But to attract new capital, these S&Ls have to offer interest rates that are competitive in today's double-digit money market. Earning low interest but paying high interest is a formula for losses.

The problems of the thrifts are aggravated in the short term by deregulation of the industry, which Congress authorized last year. Federal regulations traditionally insulated the thrifts from the free market by limiting the interest rates they could pay to depositors.

As deregulation progresses, and Congress provided up to six years to complete the process, the thrifts will have to bid increasingly for deposits against higher-paying competitors, a process that will force up the cost of funds.

The thrifts are afraid of the effect higher costs will have on profits, and generally oppose speedy deregulation, but the administration is pressing to accelerate the process as the only way to get the thrifts on a sound long-term footing.

Never before the last two years had these savings banks seen red ink on their ledgers, and even though most of them have more than enough assets to absorb losses for a long time (more than $30 billion in reserves nationwide), they got scared, and not without reason.

When the prime rate is nearly 20 percent and Treasury bills (the government's principal tool for borrowing money in the capital markets) are earning 13 or 14 percent, the savings banks' 5½ percent passbook accounts are hardly attractive investment options. A saver who has $1,000 can put that money into a money market mutual fund and earn 17 percent, without tying his money up in a 6- or 12-month certificate of deposit.

Currently, Americans are keeping more than $180 billion on deposit in savings banks accounts that earn 5½ to 8 percent interest. No one knows for sure why people keep so much money in these accounts, where their savings are eroding because of high inflation, instead of investing in a more lucrative asset like a money market mutual fund.

This subject falls into an area that economists rarely study the psychology of money. Because bankers and economists don't know why people do what they do with their money, they can rightfully worry that they might do something rash and unexpected, or, in this case, something sensible.

If, say, half the people who hold low-interest deposits in thrift institutions were to decide to move them into higher-paying bonds or money market funds, the thrift industry would collapse, setting off a national financial crisis.

The industry's big fear is of a few dramatic failures by big savings institutions that destroy public confidence and provoke huge withdrawals nationwide. At present, 263 of the 4,700 institutions supervised by the Home Loan Bank Board are officially designated as "troubled."

Industry spokesmen regularly note that all deposits up to $100,000 in federally insured institutions are fully protected, even if a savings institution fails.

With thoughts like these in mind, the industry began to lobby for help from the government. Not surprisingly, an early target was the money market mutual funds, which the S&Ls rightly felt were drawing billions of dollars out of their coffers with higher interest rates.

The thrifts asked Congress to impose new requirements on the funds, including a requirement that they maintain cash reserves, as a way of holding down the interest rates they could pay investors.

The impulse to try to restrict the competition is a characteristic one for the thrifts. Though Regan, Office of Management and Budget Director David A. Stockman and other senior officials in the administration preach free-market competition as the cure to thrifts' problems, the industry generally disagrees.

Savings banks are used to a diet of cheap capital: money deposited in low-yielding savings accounts. Cheap money made possible relatively cheap home mortgages which have been the key ingredient in American housing policy for years, and have allowed about 60 percent of Americans to live in homes they own.

But the money market funds had become so big and so popular that they had little trouble burying the idea of new controls in an avalanche of postcards to Congress from shareholders.

The thrifts then turned to other ideas for relief, particularly the hope that the government would buy up old low-yield mortgages in their portfolios as a means of simultaneously giving them new capital and removing their weakest "assets," the old mortgages.

But this and other ideas that would involve spending government money seemed out of step with both the ideology and the budget-cutting enthusiasm of the new administration.

Meanwhile, the Fed's Volcker and the heads of other regulatory agencies responsible for the thrift institutions began to look for their own solutions to the problems of the thrifts.

By the beginning of 1981 they were concerned that more had to be done to assure both the public and the financial industry that the responsible government agencies would be able to protect depositors and savings banks in these troubled times.

The regulators invited officials of the newly reconstituted Treasury Department to take part in a joint effort to write legislation to help the thrifts.

The Treasury sent representatives, but they refused to participate in the drafting, a reticence that signaled their unwillingness to commit the new administration to any legislative remedies. Secretary Regan told Volcker that the regulators should write the best bill they could, but gave no promise to support it, according to a senior Treasury official.

The regulators' bill, as it came to be known, was finished by the end of April, and was sent to the Treasury for administration comment.

The regulators made three proposals: that the banks and healthy S&Ls be permitted to merge across state lines with ailing thrift institutions; that the Federal Deposit Insurance Corp. be allowed to inject funds into banks in trouble, and that the Federal Savings and Loan Insurance Corp.'s line of credit with the Treasury be increased from $750 million to $3 billion to help protect depositors in failing institutions.

Completion of the regulators' draft bill set off a contest inside the administration over how policy toward the thrifts would be decided.

The issue fell into the jurisdiction of the Cabinet Council on Economic Affairs, one of the Cabinet subcommittees that have become important forums for resolving policy matters in this administration.

The members of this council include the secretaries of treasury, commerce and housing and urban development, the budget director, the chairman of the Council of Economic Advisers and the assistant to the president for policy development.

Within this group, Regan and Stockman, and the officials who represented them on this issue, had a strong ideological inclination to resist any sort of bailout for the thrift institutions. But those inclinations did not have a free run.

Friends of the savings and loan industry are also influential in the Reagan administration. One of them is Edwin J. Gray, director of the White House Office of Policy Development and a former officer of a California savings and loan.

More important is another Edwin in the White House: Edwin Meese III, counselor to the president, also close to California savings and loan executives such as Gordon Luce, president of San Diego Federal Savings and Loan, who was a member of Reagan's state cabinet in Sacramento.

At one point in May Meese and White

House chief of staff James A. Baker III attended a meeting of the Cabinet Council on Economic Affairs, one participant disclosed. According to this source, Meese and Baker took this unusual step to prevent Stockman and Regan from making the decision both sought: to tell the savings institutions that they would have to cope without new government assistance.

The free-marketeers were insistent, however. As one of the players put it later, they refused to be moved by the political strategy of the thrift industry, which he described as "to scream as loud as you possibly can, so that you will shake the rafters."

A lot of people, said this senior official at the Treasury, "don't understand finance . . . and they are susceptible to being frightened, especially if long-faced sober types are parading corpses in front of you."

Those hypothetical corpses, of course, belonged to savings institutions that might fail, possibly setting off a panic and thus a national financial crisis. The specter of disaster has always been the industry's strongest bargaining card, not least because few politicians have the courage to tell the bankers that their fears are misplaced.

However, there are limits on the methods and the drama with which this specter can be invoked. It is almost a taboo among both bankers and federal regulators to speak publicly about possible bank or thrift failures, for fear of sparking panic. (Most federally chartered banks are much less tied to home mortgages than are S&Ls, and are thus much healthier now, though small, rural banks are also having difficulties.) The preferred industry tactic is to speak ominously in private but reassuringly in public.

The preferred government posture, from the industry's point of view, is one of forthcoming sympathy. Bankers look to Washington for words and deeds that will calm the marketplace, particularly those faithful depositors who keep their money in passbook accounts, while they seek concrete benefits that will improve their balance sheets. Luce of San Diego Federal, for example, said the government should be making "statements that would inspire more confidence" in the thrift industry.

It is on this count that the industry seems most displeased with the administration, particularly its Treasury Department. Members of the House and Senate have picked up this refrain. "Either Secretary Regan is dense to their plight," said one Republican close to the Senate leadership, speaking of the thrift institutions "or he doesn't care. . . . He is as unastute politically as any treasury secretary I've seen in a while."

Regan's problems were encapsulated in an interview he gave to the Los Angeles Times at the end of May. "Well," the secretary said, "the thrifts are losing money. So what? Every time a company loses money, is the federal government supposed to go in and make it whole? I don't see that."

Regan's "so what?" was interpreted in the industry as the functional equivalent of "drop dead," with predictable results. Sen. Jake Garn (R-Utah), chairman of the Senate Banking Committee, recalled in an interview that he told Regan: "Just those two words have destroyed your image as wanting to help the thrifts."

As one senior administration official sympathetic to the thrifts put it, industry leaders developed a case of "sheer frustration" with the Treasury and, by extension, the entire administration, which it had expected to be much more sympathetic than its Democratic predecessor.

On May 30 the effort Volcker had orchestrated to produce a "regulators' bill" to help the thrifts collapsed. Regan wrote a letter to the chairmen of the House and Senate Banking committees announcing that the administration would be "neutral" on the proposal, to allow interstate bank mergers but would oppose the other ideas that could involve additional outlays of federal funds.

The decision to send that letter represented a victory for Regan and Stockman over others in the administration who wanted to offer more comfort to the thrifts. The way the matter was handled did nothing to ease already strained relations between Volcker and the administration, according to knowledgeable sources.

Richard Pratt, the administration's choice to be the new head of the Home Loan Bank Board, also abandoned the regulators' bill, though his predecessor and staff had worked on it and endorsed it.

And the industry, which always feared the interstate merger provision as an invitation to takeovers by giant bank holding companies, was also happy to be able to oppose it. Rep. Fernand J. St Germain (D-R.I.), chairman of the House Banking Committee, dropped the whole package.

A reporter making the rounds of administration, congressional and industry sources during early June got the impression that the free-marketeers in the Treasury and White House had won at least the first important skirmish on the S&L issue, which was just what the free marketeers thought too. But they had miscalculated the political atmosphere.

This became evident on June 22, when the Senate Finance Committee unanimously adopted a new section for its tax bill to create tax-free savings certificates in S&Ls, banks and credit unions. This was the industry's riposte to the indifference it felt from the administration, and it struck hard.

According to members of Congress, the Senate committee's vote, and a similar one subsequently in the House Ways and Means Committee, was a natural politicians' reaction to anxieties about the politically popular thrift industry.

"It was obviously necessary" to authorize the tax-free accounts, St Germain said. Sen. Bill Bradley (D-N.J.), a member of the Finance Committee, said that, given the climate, the thrifts could have gotten more out of the committee than just his tax break, which would go equally to banks and credit unions in the Senate bill.

The tax measure was hardly welcome to the administration's free-marketeers, but if they ever wanted to try to fight it, that idea was quickly rejected. Friends of the S&Ls inside the White House concluded that the political momentum behind the tax break was unstoppable, and that accepting the tax-free savings accounts would be a relatively cheap way of signaling some willingness to support the thrift industry.

William B. O'Connell, executive vice president of the U.S. League of Savings Associations, said in an interview that he thought Treasury had tried to block or limit the "all savers" proposal, as the industry called it, but realized it couldn't be stopped.

However, there is no guarantee that tax-free savings certificates will solve the thrift institutions' problems. Many experts say that depositors may just move the funds they already have in thrift institutions into the new certificates, a shift that will do little, if anything, for the thrifts.

Others speculate that if banks and credit unions are permitted to issue the tax-free certificates (the Senate bill allows for this, the House version may not), they could get most of the benefits.

One key congressional aide said the tax-free certificate was a gimmick promoted by the savings associations league, a Washington-based trade association, as a means of demonstrating to its members that it could win something for the industry, but which won't prove very helpful, and could actually harm the institutions.

"Approving this will take all the heat off" Congress to do anything more for the thrifts, this aide said, diminishing the chance that potentially more-helpful legal changes will be adopted later.

And there is little question that the industry will remain in trouble, especially if interest rates stay high. Every expert and banker interviewed for this article agreed that the only solution to the industry's problems is lower interest rates generally.

Alan Greenspan, a conservative economist who is close to the administration, said in an interview that if rates remain high for another six months the result will be "very unstable institutions" next year, both thrifts and small commercial banks.

And if Treasury bill rates rise from today's 14 percent to as much as 20 percent, an unlikely development, but one some Wall Street bears fear, "you'll have the dissolution of the industry somewhere down the road," Greenspan said. "The system will just liquidate."

His economic consulting firm, Townsend-Greenspan, recently published a study of the thrift industry concluding that "short of a major and immediate interest rate decline," the thrifts will experience "a major acceleration in losses which could dwarf anything seen previously in the history of these institutions."

Interest rates slightly below current levels through the end of next year would produce industrywide losses of $5.5 billion this year and $7 billion next, Townsend-Greenspan predicted. That would leave the industry with an aggregate net worth of nearly $25 billion. However, if rates fell 3½ percent, the firm concluded, the industry would go back into the black.

EXHIBIT 2

[From the Wall Street Journal, Mar. 17, 1981]

STRUCTURING THE PERSONAL TAX CUT

(By Martin Feldstein)

The personal income tax is a prodigious generator of revenue for the federal government. As incomes rise, individuals move into higher brackets and the government gets an even larger share of national income. And when there is rapid inflation of the current sort, revenue grows with alarming speed.

If there is no tax cut, inflation and rising real incomes will double income tax collections between 1980 and 1985. Even after adjusting for inflation, real tax revenue will rise more than 30 percent and the government will take a much larger share of personal income.

Everyone agrees that this should not happen and that personal tax rates should be cut. The only question is how.

The administration has proposed a 30 percent across-the-board reduction in all tax rates phased in over the next four years. The idea of a legislated precommitment to a series of cuts is very appealing. The knowledge that marginal tax rates will be lower in the future gives individuals an immediate incentive to save more and to prepare for and seek jobs with higher pay. A precommitment to reduce tax rates also puts Congress on notice that revenue will not automatically be rising rapidly and, therefore, that future spending commitments must be restrained.

ECONOMISTS LACK DATA

Spreading the tax cut over four years reduces substantially its impact on aggregate demand. Much of the tax cut just offsets the higher taxes that would otherwise be paid as inflation and rising incomes push individuals into higher brackets. The administration's plan for a major reduction in government spending further reduces aggregate demand. And the tax incentives to increase industrial capacity and output also diminish the risk of increased inflation. Economists don't know enough about where the economy is headed or about the precise impact of spending cuts

and tax cuts to say whether, on balance, the proposed size of the tax cut is too large or too small to achieve the best level of demand.

Reducing marginal tax rates will unambiguously lead to a more efficient use of resources and will provide incentives for increased work effort and saving. Bringing the top rate down from 70 percent to 50 percent is particularly important in this regard since the distortions created by high tax rates grow increasingly serious at such levels.

Indeed, it would be worthwhile to accelerate this reduction and bring the top rate down to 50 percent in 1982. Even if there were no behavioral response to such a rate cut, the total cost to the Treasury would only be about $6 billion. But cutting the top rates would induce a significant increase in taxable income—by discouraging the use of tax shelters, by stimulating the realization of capital gains and by providing the incentive to earn higher incomes. Tax rates over 50 percent are not an efficient source of revenue but only a way of punishing those whose good fortune and hard work have led to high incomes.

Although the administration's emphasis on reducing marginal tax rates is to be applauded, it is unfortunate that a significant portion of the overall tax reduction wasn't devoted specifically to stimulating private saving. Of course, the uniform 30 percent reduction in all tax rates may be the best form of the tax cut that is politically feasible. Any deviation from this extremely simple formula may lead to a tax reduction that abandons the general goal of lower marginal tax rates in favor of a tax cut aimed at income redistribution or at "offsetting" the increase in the Social Security payroll tax (by transferring the tax burden through the income tax to higher income individuals).

But that view may be too pessimistic. It may be possible to improve the administration's original proposal and still have a politically viable piece of legislation. It is clear that several influential members of Congress will try to do just that.

The current tax reduction provides a unique opportunity for restructuring our tax rules to encourage a higher level of saving. Limiting the across-the-board rate reduction to 20 percent over the next four years instead of 30 percent would leave $30 billion of tax reduction that could be targeted at stimulating saving. Indeed, since a tax cut that stimulates saving adds less to aggregate demand than a general rate cut, the tax cut aimed at savings could exceed $30 billion.

The administration's proposal does of course provide some additional incentive to save, especially for higher-income individuals. Since the maximum tax rate on interest and dividends would be reduced from 70 percent to 50 percent, the net reward for saving would be significantly increased; for someone who is now paying the 70 percent tax rate, the tax cut would raise the after-tax share of interest and dividends from 30 percent to 50 percent, an increase of two-thirds.

But the marginal rate reductions for the vast majority of middle-income taxpayers would be relatively small and would offer little additional reason to save. An individual who now pays a 35 percent marginal tax rate might see it fall to 30 percent after four years as the result of the tax-rate reduction and the inflation-generated bracket creep. His net-of-tax share of interest and dividends would therefore rise only slightly from 65 percent to 70 percent, an increase of less than one-tenth; the extra incentive to save would be quite small.

There are two basic ways in which the tax law might be modified to provide significant saving incentives for middle-income families. The simplest of these would be to permit individuals to exclude a substantial fraction of all interest and dividends from taxable income.

While the current interest and dividend exclusion of $400 for a joint return may provide an incentive for some low-income savers, most taxpayers with any interest and dividend income already have more than $400. For them, the $400 exclusion is a reward for past virtue but not an effective incentive for additional saving. In contrast, a partial exclusion without a ceiling would provide everyone with a higher regard for increased saving while limiting the excluison to a fraction of interest and dividend income would keep down the revenue loss.

An unlimited exclusion of 50 percent of interest and dividend income in 1982 would probably cost less than $20 billion. Phasing such an exclusion in over the next four or five years would further reduce the revenue loss while having a much smaller effect on the immediate incentive to save. And, over time, the extra saving that flows into new corporate investment would raise corporate tax collections.

OPPORTUNITY FOR TAXPAYERS

The second method of stimulating saving would be extend to all taxpayers the opportunity to make tax-deductible contributions to special savings accounts in which the interest and dividend income also accumulates untaxed. The current law permits this in Keogh Accounts for the self-employed and in Individual Retirement Accounts for employes who do not participate in a company pension plan. Extending the IRA option to all employes would reach a group whose incomes and ages should make them quite responsive to such a saving incentive.

Under the current law, funds can be withdrawn from IRA and Keogh accounts without penalty only when the individual reaches age 59. For many potential savers, the illiquidity of these plans outweighs the extra return. This conflict could be resolved by allowing individuals the choice of withdrawing funds after four years or postponing the tax by committing the funds for another four years. In practice, most individuals would probably continually roll over the account balance until they reach retirement. But the availability of the funds on relatively short notice would greatly strengthen the appeal of these accounts and therefore the incentive to save.

Although both plans raise the net return to savers, each has, special features that make it appeal to different individuals. It is therefore likely that the best way to stimulate saving with any given amount of revenue is to use a combination of both plans rather than either one alone.

There is of course no guarantee that these savings incentives would be successful. But little is lost if they fail and, if they succeed, our national rate of saving and investment could rise significantly. Not trying at this time would be wasting a unique opportunity.

[Friday, July 25, 1980]

TAX INCENTIVES WITHOUT DEFICITS

(By Martin Feldstein)

Despite the best efforts of the Carter administration, the tax cut debate has fortunately moved from "whether" to "what kind." There is of course the danger of a quick-fix election year tax cut aimed at stimulating employment and camouflaging next year's Social Security tax rise. But what is really needed is a multi-year program of tax cuts that will reduce some of the existing strong disincentives to capital formation and production. And if it is done in the right way, a multi-year tax cut could bring immediate increases in investment, saving and individual effort without any increases in the government deficit now or in the future.

The most important thing to consider in a tax-cut strategy is that all important economic decisions are based on expectations. What matters for current actions—investment, saving the choice of jobs—is not the current tax rates but the rates that are expected.

Congress can therefore improve current incentives without any increase in the current deficit by enacting now a schedule of future tax cuts. These precommitted tax cuts can be financed as they occur out of the automatic revenue increases produced by inflation and out of the savings that could result from a slowdown in the growth of government spending. The commitment to a schedule of future tax cuts would give Congress and the government agencies time to shape thir spending plans to the lower level of available revenue. Thus, while an immediate tax cut generally means an increased deficit, precommitted future tax cuts can change incentives without any deficits.

STIMULATING SAVING

Consider the problem of stimulating individuals to save more. Today the combination of inflation and high tax rates makes the real after-tax return negative for many individuals. To stimulate saving, the key requirement is to raise the real after-tax return that savers can expect to receive in the future on additions to their assets. One simple and direct way to achieve this would be to treat interest and dividends like capital gains—i.e., exclude 60 percent of all interest and dividends from taxable income. Of course, if this 60 percent exclusion were allowed all at once in 1981, the revenue loss would probably exceed the increased saving. The government's borrowing to finance his revenue loss would then absorb more than all of the increased saving—and the amount available for investment in plant and equipment would actually be reduced.

But what if the 60 percent exclusion were enacted now with its effective date postponed until 1985? The government would clearly lose no revenue in the next four years. But households would have a strong incentive to start saving more immediately in order to have more assets on which to take fuller advantage of the lower tax rate when it becomes effective. Starting with a small exclusion in 1981 and allowing it to rise to 60 percent by 1985 would make the prospect of the full future exclusion more credible without changing the fundamental point that the immediate increase in saving can be substantially greater than the concurrent increase in the deficit.

The same idea of a precommitted tax cut can work to stimulate investment. Consider the effect of a major cut in the corporate tax rate—say from 46 percent to 36 percent—that is enacted now with an effective date in 1985. Although there would be no change in tax rates from 1981 through 1984, firms would have a substantial incentive to increase their investment spending immediately. Investments made during the next four years would benefit from depreciation at high tax rates while the subsequent profits would be subject to lower tax rates. Again, a gradual phase-in of the tax rate reduction would increase the credibility and visibility of the future rate reductions.

There are other ways to stimulate investment with little or no decrease in tax revenue. Replacing the existing historic cost depreciation method with an indexed depreciation system for all future investment would immediately raise the after-tax yield on all prospective projects. Indeed, at the current high rate of inflation, indexed depreciation would offer a greater stimulus to investment than the Conable-Jones 10–5–3 plan for accelerated depreciation. Indexed depreciation would involve no immediate revenue loss, and the future revenue losses would rise only slowly as the eligible capital stock grew.

For personal rate cuts, a slow but certain phasing in would also achieve most of the benefits of a large immediate rate cut without the large revenue loss. An individual who is deciding whether to change jobs, to relocate, to "invest" in more schooling or training, or just to work harder in the hope of better promotions will look at these future tax rates. Because a gradual phase-in could be financed by the automatic inflation tax windfalls and by a gradual reduction in the growth of government spending, tax rates could be reduced by 30 percent over a few years without any deficits.

Because of the progressivity of the tax schedule, a 10 percent rise in total personal income raises individual income tax collections by about 16 percent—and thus permits a 6 percent "tax cut" without any reduction in the ratio of taxes to personal income. Over four years, the cumulative tax "reduction" would be nearly 25 percent. Pruning the share of personal income that goes in federal personal taxes back to the ratio of 20 years ago would permit an additional real tax cut of 13 percent. The total real tax cut—combining inflation givebacks and real reductions—can be between 30 percent and 40 percent over the next four years. This provides a unique opportunity for a series of tax changes that combine across-the-board reductions in personal rates with specific incentives for saving and investment.

The supply side tax-cut goal of increasing incentives without budget deficits can be achieved in this way without depending on a miraculous response of labor supply or productivity. And to the extent that increases in individual effort and in capital accumulation raise national income over time, there will be greater tax revenues with which to finance either government spending or further tax reductions.

OLD-FASHIONED TAX CUT

Although this is a uniquely good time to begin a series of precommitted tax cuts focused on strengthening incentives, much of the talk in Washington is about an old-fashioned countercyclical tax cut. The advocates of such a policy seem to have forgotten that economists and forecasters just don't know enough to use tax cuts to attenuate the business cycle.

For a tax cut to reduce the current rise in unemployment, it would have to have been passed last year, long before the beginning of the recession was clearly in sight. A tax cut now would probably have its impact in 1981 and 1982 when the recession is past and the economy is expanding. Of course, the recession may potentially be worse than it now looks and output may continue to fall well into 1981. We know too little about just where the economy is going—and about the magnitude and timing of the impact of a tax cut—to recommend a countercyclical reduction in taxes.

The experience of the past 30 years shows that attempts at countercyclical fiscal policy have actually worsened the business cycle—expansionary policies overstimulating the economy and fiscal contractions deepening the recessions. The lesson of this experience is that attempts at fiscal stabilization should be avoided in the short swings of the business cycle and saved as the ultimate economic weapon to be unleased only if the economy falls into a deep and protracted depression. That is not a reason to avoid a tax cut now but it does imply that the current tax cut should be aimed at long-run goals rather than at the current recession.

Our nation's economic survival and success in the 1980's will depend on the type of tax system we have. Now is the time to begin a serious restructuring that will restore incentives for saving, investment and individual effort. A firm legislative commitment to a gradual phasing-in of these tax changes can provide a major stimulus to current capital formation and individual productivity without any unwanted increase in the government deficit.

Mr. SCHMITT. Mr. President, I yield to the distinguished Senator from Idaho for comments he may wish to make.

Mr. SYMMS. Mr. President, first, I thank my distinguished colleague from New Mexico for the enthusiasm and the leadership and the persistence he has demonstrated in this subject, in the time I have had to work with him in this body.

I am very pleased to be introducing legislation today with Senator SCHMITT to implement a broad-based savings and investment incentive proposal which would effectively reduce the present bias in our tax system that makes it twice as costly to save as to consume. Our proposal, as Senator SCHMITT has stated, would provide a net interest and dividend exclusion which would be phased in at 10 percent in 1984, 15 percent in 1985, 20 percent in 1986, and 25 percent in 1987.

Mr. President, I believe that if we would embark upon this course, by 1987 the results of this would be so good that the public and Congress and the administration would be clamoring to continue the exclusion because of the gradual phase-in that could go on, and we could continue it to 50 percent or 75 percent; and at the same time, people would be rewarded for saving instead of for consuming, as is the case today.

There is clearly a need for more capital in our economy. The overall savings rate declined to a 25-year low in 1980. In today's economy, a swing of 1 percentage point in the savings rate represents $26 billion. In the last 2 years, the personal savings rate has increased somewhat, but business savings remains depressed.

Partly as a consequence of the poor savings performance, real capital investment and real growth in the economy has lagged. This, in turn, has stunted our productivity, now crawling along at less than half the rate of the 1960's, and increasing the economy's vulnerability to inflationary pressures.

An important negative influence on saving in this country is our tax system, which effectively penalizes most forms of saving. We tax all earned income, including the part saved, and then tax the income earned on the invested savings.

The tax system imposes a double penalty on investment in common stocks; a tax is levied on corporate income and then on dividends paid to shareholders above a small deductible amount on any capital gains on the stock when sold.

An exception to the tax penalty on saving is made for tax-deferred retirement plans. Tax provisions have encouraged the growth of company pension plans, but were not available for individuals on their own until recently when the Keogh and IRA plans were introduced. Significant arbitrage problems are beginning to arise with the IRA plans. Our net interest and dividend exclusion would prevent any arbitrage from occurring.

Inflation has severely aggravated the tax penalties on saving. Interest rates tend to be higher on the average with inflation, to compensate for the loss of purchasing power of invested funds, but since the interest income is taxable, taxes are paid on the part compensating for loss of purchasing power. On the other hand, interest for borrowing is deductible for taxes, which encourages consumption financed by debt. Our net interest and dividend exclusion would not reward individuals for consumption financed by debt. As Senator SCHMITT so ably pointed out, it would be very easily understood by the individual Americans who would be able to participate in this. It is not complicated, and there certainly would be a reward for savings vis-a-vis consumption.

Increased saving induced by the Savings and Investment Improvement Act of 1981 will not only help build our Nation's capital base, leading to increased employment, growth, and therefore, tax revenue in the long run, it will also help finance the static deficit arising from tax rate reduction.

The additional saving and new tax revenues which will be generated by economic growth induced by the Savings and Investment Improvement Act of 1981 will mean that we will not have to choose between a collision in financial markets or inflation. Private investors will not be crowded out of credit markets because there will be a larger pool of funds available to finance the tax rate reduction program. Thus, the pressure on the Federal Reserve to monetize that debt will be minimal and shortlived, allowing it to set and hit lower money growth targets and thereby to stop inflation and reduce interest rates.

Despite the obstacles and disincentives to individual saving, there are indications that, given help and encouragement, people will save more. Compared with the United States, other industrial countries provide more tax incentives for savings and investment and have much higher savings rates than we do in the United States.

In fact, if my memory serves me correctly, there is only one other of our trading partners in the West that has a higher tax on savings than the United States, and that is Sweden, and they have a lower savings rate. All other countries lead the United States in this area.

Our close neighbor, Canada, increased its tax incentives for saving in 1974, and it has had a much higher saving rate since the mid-1970's.

It is vitally important that more saving and investment take place if our Nation is to continue to grow and remain competitive in world markets. Expanded saving can provide needed financial security for millions of older Americans and contribute to an expansion of the productive capacity of this Nation.

Mr. President, in closing I shall mention the senior citizen situation. We are presently holding hearings on the social security situation and the problem of social security. Most senior citizens are in a situation where they will be able to participate because of their savings in the net trade out. Most of them are not in debt at that period of their lives.

So I think that this bill has all kinds of reasons why it should be supported, and I hope, and maybe this is wishful think-

ing, but I hope we will be able to see this enacted in the very near future even much sooner than we think because in my opinion this would be the answer to the distinguished Presiding Officer's effort that he has made with the All Savers Act and this could come right on through the back end of the All Savers Act and solve a very very important dilemma.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SYMMS. I thank the Senator from New Mexico and yield back the time.

Mr. SCHMITT. Mr. President, I thank the Senator from Idaho for his remarks and look forward to working with him on this project.

RECOGNITION OF SENATOR HART

The PRESIDING OFFICER. The Senator from Colorado is recognized for 15 minutes.

Mr. HART. I thank the Chair.

NATIONAL SECURITY

Mr. HART. Mr. President, the American people are united in their determination to insure our national security. There is a broad consensus, for example, that we must revive our military strength. To this end, President Reagan has proposed the most massive, most expensive arms build-up in our history—more than a trillion dollars over the next 5 years.

But national security does not depend on raw military power alone. In a nuclear age, the traditional understanding of national security—the ability to prosecute a war successfully—must be expanded. National security now requires preventing nuclear war from ever occurring.

There are two elements to this prevention: A stable and survivable nuclear deterrent and limitation of the threat through arms limitation treaties. Our security will remain in jeopardy as long as the Soviet nuclear threat remains unlimited. We must pursue an arms limitation treaty—to limit specific Soviet weapons and alter the way the Soviets shape their strategic forces.

We do not serve our national security interests by entering a nuclear arms race that has no finish line. That is a race neither side can win—because it can end only in nuclear conflagration.

So while we debate how much to spend on national defense—and the far more important question of what we spend it on—we must restore a sense of urgency to the other essential element of our national security policy—a legal limit on the Soviet nuclear threat.

As a candidate, Mr. Reagan recognized this. He promised "immediate preparations for negotiations" and pledged himself to "reducing destructive nuclear weaponry in the world."

In a January press conference, President Reagan said that he was willing to "start negotiating on the basis of trying to effect an actual reduction in the numbers of nuclear weapons."

President Reagan said in June, "I would like to enter into negotiaitons leading toward a definite verifiable reduction of strategic nuclear weapons worldwide."

Others in the administration have echoed this view. Secretary of Defense Caspar Wenberger said in March that the "Administration remains committed to equitable and verifiable arms control * * * We must work hard now to design a realistic approach that will help preserve the peace."

Despite these sincere expressions, discussions aimed at limiting the Soviet strategic threat have not yet begun. In fact, they are not likely to begin soon. The target date now is March 1982, according to Eugene Rostow, Director of the Arms Control and Disarmanent Agency. That is a long 9 months from now—and almost a year and a half from campaign pledges.

Even this delayed target date for resumption is doubtful. Mr. Rostow has linked resumption of arms limitation talks to the "effective revival of the Truman Doctrine." Others in the administration have linked renewed negotiations to a generally more friendly Soviet attitude worldwide. General Rowny, the administration's nominee for chief SALT negotiator, has said that arms talks must be delayed until U.S. military strength is "second to none." And the President himself, in his speech at West Point, warned against our placing too much faith in treaties.

The administration proclaims it is committed to national security above all else. The administration has embarked on a massive program to build military forces of unparalleled strength. But the administration should now embrace the other essential element of our national security policy—the need to seek limits on the Soviet nuclear threat.

Arms limitation negotiations are not a reward for good behavior. They are a check on bad behavior. The more one distrusts the Soviets, the more one doubts their intentions, and the more concerned about a continued strategic build-up by them, then the more one should support arms control agreements which put limits on them.

Arms limitation agreements are not needed between friends. By definition, they are needed between adversaries. The purpose of strategic weapons treaties is to reduce the risk that existing tensions could lead to nuclear war.

There are many ways an arms limitation agreement would enhance our national security. Let us consider four sustaining ones.

First, an arms treaty could and should place limits on the size of the Soviet forces. Without limits like those we negotiated 2 years ago, the Soviets have the technical capacity, 1985, to:

Deploy about 3,000 strategic launchers by the mid-1980's, instead of being required to destroy 250;

Build up to 1,300 MIRVed land-based missiles, instead of 820;

Increase their silo-killing warheads to as many as 10,000 to 15,000 instead of 6,000;

Deploy the mobile version of the SS–16 missile, which would have been prohibited;

Commission new submarines without a corresponding obligation to deactivate old ones;

Deploy as many of their heaviest missiles, the SS–18's, as they wish, instead of 314; and

Place as many as 30 warheads on each of these missiles, instead of a limit of 10.

Preventing Soviet actions in these are crucially important, but may not be adequate. Actual, mutual reductions in nuclear weapons may be sought in a future SALT treaty. But the relevant fact is that, right now, we are living without any legal limits whatsoever. The administration says we are not bound by the agreement—and presumably the Soviets are not bound either.

Today, without a legal agreement, the only checks on the Soviets are their good will and self-restraint. Our country must not continue to depend on their self-restraint. We must insist on binding legal agreement.

A strategic arms limitation agreement would and should do more than limit the size of the Soviet forces. Its second benefit would be greater certainty in our own defense planning. A treaty should legally restrict the Soviets to known test practices and known test ranges, which we have monitored for years with high confidence.

So, without a treaty, we face not only a threat unrestrained in size. We face a threat whose technical qualities will be more difficult to predict and counter. Our country should not depend on the limitations of Soviet technical ingenuity. Again, we must insist on binding legal agreements.

Third, limiting the Soviet strategic threat will allow us to focus more of our defense resources on usable conventional forces. If the Soviets embark on an uncontrolled arms buildup, pressures on us to do the same will be enormous. An uncontrolled nuclear arms race will divert both our attention and our money from the conventional capabilities we may need to meet Soviet adventurism around the globe.

Finally, strategic arms limitation will help us to rebuild a durable majority on national security issues. If we are to rebuild and maintain our military strength we must have a stable majority on national security issues. To achieve the necessary breadth and staying power, this majority must include those who differed in the past because they saw a strong defense and arms limits as mutually exclusive, but who now see these as two reinforcing aspects of our efforts to insure our common defense.

An unlimited, expensive, and politically-polarizing nuclear arms race does not help insure our national security against expanding Soviet nuclear power. We can design our military programs much more effectively, much more economically, and with wider, more durable public support only if the size and technical characteristics of the Soviet force are predictable. They will be predictable only with explicit legal limits spelled out in a treaty.

Today's most troubling defense problem—I C B M vulnerability—illustrates how difficult it is to solve defense problems without SALT.

79–059 O–84–10 (Pt. 12)

Until recently, the favored solution for this problem seemed to be the MX missile based in multiple protection shelters. Current Air Force plans call for deploying and moving randomly 200 missiles in 4,600 "aim points" in Utah and Nevada. The numbers of shelters and missiles were calculated on the assumption of a threat of 6,000 Soviet counter-silo warheads—a force roughly the size permitted under the proposed SALT II treaty.

Without a strategic arms limitation agreement, however, the Soviets would not be limited to a force that size. As I mentioned earlier, by 1985 they could increase the number of warheads on their heaviest missiles to 10 to 15 thousand.

The Office of Technology Assessment recently estimated that to counter a force of this size, we would have to deploy about 350 missiles in more than 8,000 shelter. That is a MX system about 75-percent bigger than the one that is already drawing so much political opposition.

Of course, technically we could pit our ability to dig or defend holes in the ground against the Soviets' ability to arm their missiles with more warheads. But the MX system, designed as it currently is against a SALT-constrained threat, is already struggling to find a political base. It is becoming a political orphan. But an MX system 75-percent bigger, because of a lack of SALT limits on the threat, would be politically stillborn.

An MX design to counter an unlimited, unknown, unpredictable threat will waste money we need for conventional military strength. It will fail to command confidence that it can work. It would take time—time in which our ICBM's remain vulnerable. And time in which the Soviet force will continue to grow and change—unless it is limited by an arms limitation treaty.

In the starkest terms, SALT limits on the Soviet threat are necessary to help us design a survivable MX which the American people will support. We must face political reality—no SALT limits on the Soviet threat—no MX.

The difficulty of finding a workable MX solution to our ICBM dilemma without SALT has driven us to a series of other alternatives—each with important problems, some with grave dangers.

For example, some have suggested we tell the Russians we will launch our ICBM's as soon as it is clear we are under attack. We would simply flush our minutemen missiles and leave the Soviets only empty silos to hit. This would leave the President very little time to decide the fate of civilization, perhaps 30 minutes or less.

For example, others have suggested we defend silo-based MX or minutemen missiles (ABM's). But a technically effective defense of silos is currently beyond our grasp. Even if we could build an ABM which would work, the Soviets could overwhelm it with a continued offensive arms buildup in the absence of treaty limits.

An ABM system of 100 interceptors at one site permitted by the ABM treaty would be insufficient to protect our ICBM's. So to build an ABM system of sufficient size would mean abrogating the 1972 ABM treaty, the most important and successful nuclear arms treaty yet put in force. This would, of course, free the Soviets to expand their own ABM system. Although our superior technology, decoys, and other penetration aids would probably enable us to defeat a Soviet ABM, others—both Soviet and American—might doubt we could. So we would face two major uncertainties about our deterrent instead of one: We would face doubts about whether our missiles could penetrate Soviet defenses as well as doubts about whether they could survive a Soviet attack. In both cases our unwillingness to use arms limitations as a integral part of our defense planning would compound our difficulties.

We must not give up the ABM treaty which limits the Soviet defensive threat, for the same reason we should begin immediately to seek a negotiated limit on the Soviet offensive threat. Both kinds of limits enhance our Nation's security.

Without nuclear arms limitations, we compound our difficulty in solving other serious security problems. For example, we are complicating our efforts to counter a Soviet nuclear modernization in Europe by our delay in entering negotiations with the Soviets on both intercontinental and theater nuclear weapons.

In December 1979, our NATO allies agreed to deploy a new generation of theater nuclear weapons in Europe. In return, we committed ourselves to seek an early agreement with the Soviets limiting such deployment. Exploratory talks began in the Carter administration but have not been resumed in the Reagan administration. As the voices of concern grow louder in Europe, implementation of the deployment plans is threatened. And, ultimately, our ability to respond to growing Soviet strength in Europe hangs in the balance.

Living without limits on nuclear arms means that we can deploy any weapon, develop any technology, spend any amount of money—and still be insecure. Without nuclear arms limitations, the Soviets are free to do the same—perhaps even freer, since their defense spending is not constrained by the checks imposed in a democratic society.

I have been discussing the need for nuclear arms limitations as an essential part of our national security policy as defined in traditional terms. But there is another, more important way nuclear arms limitations would enhance our national security. They would help make nuclear war less likely.

This conclusion cannot be demonstrated. It is not a product of mathematical computations or sophisticated war game analysis. Yet somehow we all know that the central premise of arms limitations is that we, the Soviets, and the entire human race have a desperate stake in avoiding nuclear war. Limits on strategic arms quite simply improve our chances or survival.

So we cannot afford delay. The time to resume arms limitation talks is now. And the administration, as our representatives, our children's representatives, and our children's children's representatives, should begin negotiations immediately.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for not to exceed 15 minutes.

NATIONAL SECURITY

Mr. PROXMIRE. Mr. President, I am delighted that I was on the floor when the distinguished Senator from Colorado delivered his remarks which, I think, are among the most significant and important the Senate has heard all year.

Nothing is more important than ending this suicidal arms race that we are in at the present time, and I think the Senator from Colorado deserves, should deserve, the heartfelt thanks of all of us in the Senate and all Americans for setting forth a practical and sensible way to get at this most difficult problem.

I think all of us know that Senator HART has been devoted to a strong military force. He recognizes the realities of life; he knows the Soviet Union is an implacable adversary, but he recognizes also if we are going to survive on this planet we have to survive on the basis of intelligence and thoughtfulness and using our strength to negotiate, but to go ahead and negotiate.

ARMY GETS GOLDEN FLEECE FOR WORCESTERSHIRE SAUCE

Mr. PROXMIRE. Now, Mr. President, I am moving into quite a different subject. I am giving my Golden Fleece of the Month Award for July to the U.S. Army, which has spent $6,000 to prepare a 17-page document that tells the Federal Government how to buy a bottle of Worcestershire sauce.

That is right: 17 eye-glazing pages of single-spaced type on how to buy a 10-ounce bottle of Worcestershire sauce that retails for about a dollar. What is more, in order for our hapless buyer or seller to use those 17 pages of Federal specifications, he must refer to another 2,270 pages of Government and commercial regulations and references.

Mr. President, to give you a picture of the mountain of materials you have to tackle just to buy or sell this bottle of Worcestershire sauce, here it is stacked up. As you can see it is about a half a foot thick worth of reading.

I can hardly lift it. It would take an athlete like the distinguished Presiding Officer (Mr. DANFORTH) or some other distinguished athlete—maybe Senator DOMENICI—to be able to lift this with ease. I cannot do it. I do 100 pushups every morning, but lifting this Worcestershire sauce prescription is almost too much for me.

Now, I can see having complex Federal specifications if the military is buying a weapons system. But Worcestershire sauce? That 17-page specification and the 2,270-page backup is nothing more than a recipe for stuffed paperwork souf-

flé that left the taxpayer with an indigestible $6,000 check. Even a dollar spent on writing and using this document is a dollar too much.

ON THE SAUCE

Mr. President, thumbing through these 17 pages of complex specifications you cannot help but think that the person who drew this up must have been on the sauce—and I mean on the sauce. [Laughter.]

This Federal specification for Worcestershire sauce, which the Department of Defense estimates cost $6,000 in 1981 dollars to draft, was prepared for all agencies by the Army's Natick Research and Development Laboratories in Natick, Mass. It should have been entitled, "Everything You Wanted To Know About Worcestershire Sauce; But Would Never Bother To Ask."

Chemical analyses in the specifications are spelled out for every last molecule in the Worcestershire sauce—from the pH for the tamarind to the salt content of the anchovy paste.

Only the Federal Government could devote a 7-line paragraph to show someone how to check if the bottle cap to the Worcestershire sauce is screwed on tightly.

MOUTHFUL OF JARGON

The Federal specifications also are written in a jargonese that would make a bureaucrat's mouth water.

For example, I cannot imagine a supermarket shopper wanting to check whether the label is stuck tightly onto the Worcestershire sauce bottle. But if he did, he would probably just pick at the label to make sure it did not come off.

That is too simple for the Army, which apparently considered loose labels on Worcestershire sauce bottles inimical to the national defense. Paragraph 4.5.1.1 of Federal specification EE–W–600F for Worcestershire sauce, which, incidentally, supersedes Federal specification EE–W–600D, April 15, 1970, and EE–W–0060E (Army-GL) October 15, 1974 lays it on the line:

Water-resistant examination for label adhesive (no alternative procedures permitted). The label adhesive shall be examined for water resistance as follows: Submerge glass container, with label affixed, into room temperature water for four hours. Remove from water and remove excess water by blotting with paper towel. Press finger firmly against the label (in area where the adhesive has been applied) and move finger (still pressed against the label) toward the bottom of the bottle. Displacement of the label indicates failure to meet this requirement.

The Worcestershire sauce specifications represent the tip of the iceberg of a chronic problem the Federal Government has with needlessly complicated food specifications. In 1972, the Commission on Government Procurement found Federal food specifications some of the most difficult to use or understand. The specifications, it turns out, have often limited competition for Federal contracts because only the hardiest of companies could plow through them.

Can you imagine a small business trying to go through this?

CUTTING DOWN TO SIZE

Indeed, the Government now is trying to wade through all this excess paperwork. The Agriculture Department, which has been assigned the responsibility of cutting the food specifications down to size, established in fiscal year 1980 a food quality assurance program with a $1.1-million-a-year budget to tackle the problem.

Thirty-four intrepid food quality workers, whose number may drop to 20 after the budget cuts, have been poring over 600 Federal specification documents. So far, 26 of the specification documents have been reduced to more manageable and realistic lengths.

Only 26 have been reduced out of 600. We still have 574 to go.

The Federal specifications for Worcestershire sauce are used when a Federal agency buys $10,000 or more of the product. For that reason, the Department of Defense, which is the Government's largest food buyer, has used these specifications more than any other Federal agency. While continuing to use the 17-page document, the Defense Department is experimenting with a shorter specifications document to buy Worcestershire sauce. The Agriculture Department plans to review DOD's experiment to determine if other agencies can use the short form to buy Worcestershire sauce.

I applaud their valiant efforts in the battle of the bureaucratic bulge of paperwork.

In numerous instances, Federal specifications need to be exact so taxpayers get what they are paying for. But as the Worcestershire sauce example shows, the zeal for exactness needs to be tempered with a teaspoonful of reality and a pinch of commonsense.

ARGENTINE LETTER

Mr. PROXMIRE. Mr. President, I would like to call the attention of my colleagues to an article which appeared in the Washington Post on Tuesday, July 7, 1981. The article is entitled "Letter Urges Argentine Rights," and it describes a letter signed by 67 Members of the U.S. House of Representatives which was addressed to Argentine President Roberto Viola.

The letter expresses the Congressmen's "particular concern for the continued well-being and safety of the half million members of the Jewish community in Argentina."

The concern of the Congressmen for the Jewish community of Argentina is repeated throughout the letter. The article quotes another passage which states:

The continued livelihood of the Jewish community in Argentina is of great concern to us as elected representatives of the people of the United States, and to the citizens of our entire nation.

The letter was prompted by the reports of former newspaper publisher Jacobo Timerman who was jailed for what he believed to be religious reasons. Further, the House Members were—

deeply disturbed by attacks on a number of Jewish Institutions, including the bombing of the Jerusalem Synagogue in Buenos Aires and the desecration of tombstones in the Liners Jewish Cemetery, in the summer and fall of 1980.

It is difficult for Members of the Senate to condemn such actions abroad when we have failed to formally ratify the Genocide Convention, which is aimed at crimes based on race, religion, or ethnic background.

Mr. President, in the past the United States has verbalized its support for human rights in many areas of the world. However, we often fail to take any real action beyond verbal support.

We now have the opportunity to make a true commitment to human rights by ratifying the Genocide Convention. We have waited for over 30 years to take action on this agreement which attempts to guarantee the most basic of rights to all peoples of the world.

Eighty-seven other nations have recognized the necessity for ratification of the convention, as a means of preventing the crime of genocide from ever recurring. It is time for the United States—the original author of the Genocide treaty, endorsed by every President since President Truman, including President Reagan—to demonstrate its true support for the principles of human rights by formally ratifying this convention. We have waited long enough.

Mr. President, I urge my colleagues to join with me in support of the Genocide Convention.

Mr. President, I yield the floor.

ORDER OF PROCEDURE

Mr. BAKER. Are there further special orders, Mr. President?

The PRESIDING OFFICER. There is a special order for the Senator from West Virginia, Mr. ROBERT C. BYRD.

Mr. BAKER. I thank the Chair.

Mr. President, I wish to inquire of the minority leader if he might be willing to consider any items cleared on the Executive Calendar prior to the execution of the special order in his favor?

Mr. ROBERT C. BYRD. Mr. President, the nominations on the Executive Calendar, beginning with the Department of the Interior and going through page 2, with the exception of the nomination under "New Reports" on page 2, have been cleared on this side on the aisle and we are ready to proceed.

Mr. BAKER. Mr. President, I thank the minority leader.

Do I understand, then, that the nominations of Richard Mulberry, of Texas; William H. Draper III; Jerry L. Jordan; Paul Heron Robinson, Jr.; and K. William O'Connor have been cleared on the Senator's side?

Mr. ROBERT C. BYRD. Mr. President, the distinguished Senator is correct.

Mr. BAKER. I thank the minority leader.

Mr. President, I must say that the nomination of Mr. Draper is not cleared on this side.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate go into executive session for the purpose of considering the nominations as they have just been identified by the minority

leader, with the exception of William H. Draper III.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

DEPARTMENT OF THE INTERIOR

The legislative clerk read the nomination of Richard Mulberry, of Texas, to be Inspector General.

Mr. McCLURE. Mr. President, on June 18 the Committee on Energy and Natural Resources, by a vote of 20 to 0, reported the nomination of Richard Mulberry, of Dallas, Tex., to be Inspector General of the Department of the Interior, Mr. Mulberry's nomination hearing was held on June 16. He has fully complied with the committee's rules requiring submittal of a financial disclosure report and a detailed information statement. In order to assume the position of Inspector General, Mr. Mulberry has had to make personal financial sacrifices involving the divestiture of his interests in Enserch Corp., Texaco, U.S. Gypsum, Diamond Shamrock, Occidental Petroleum, American Electric Power, and McDermott, Inc., and of his wife's interest in Houston Oil & Minerals. Secretary of the Interior Watt granted him a waiver from divestiture of his stock holdings in American Telephone & Telegraph, since they would not in the normal course of events create a real or apparent conflict of interest.

As Inspector General, Mr. Mulberry will be the focal point for the independent review of the integrity of the Interior Department's operations. The Inspector General has the central authority for the quality, coverage, and coordination of the auditing and investigative services of the Department, as well as the means for keeping the Secretary and Congress informed about any problems relating to the administration of programs.

Mr. Mulberry has for the past 25 years been a certified public accountant in the State of Texas. He is also a member of the American Institute of Certified Public Accountants and has been subject to the ethics codes of both organizations. In his new role as Inspector General he has assured the committee that he will continue to adhere to these high standards.

His professional experience and interests have been primarily in auditing and investigations and during the past dozen years he has been part of management in a large, growing firm. He has worked in the quality control peer review program which was implemented in the American Institute of Certified Public Accountants. He has stated on the record that he intends to work diligently to improve and accelerate the Department of the Interior's program in order to surface, eliminate and prevent fiscal waste, mismanagement and fraud wherever it exists.

Mr. President, I would like to reiterate my support for Mr. Mulberry's confirmation. On behalf of the Committee on Energy and Natural Resources, I am pleased to recommend Senate approval of the Presidential nomination of Richard Mulberry to be Inspector General of the U.S. Department of the Interior.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

COUNCIL OF ECONOMIC ADVISERS

The legislative clerk read the nomination of Jerry L. Jordan, of New Mexico, to be a member of the Council of Economic Advisers.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

DEPARTMENT OF STATE

The legislative clerk read the nomination of Paul Heron Robinson, Jr., of Illinois, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Canada.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

COMMUNITY SERVICES ADMINISTRATION

The legislative clerk read the nomination of K. William O'Connor, of Virginia, to be Inspector General.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider en bloc the votes by which the nominees were confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, might I inquire of the minority leader, while we have a break and before he begins his special order, if we might be in a position to get a time agreement on the so-called noise bill, S. 1204, Calendar Order No. 138.

Mr. ROBERT C. BYRD. Mr. President. may I say that the matter is being discussed on this side of the aisle. I am not in a position at this point to give the distinguished Senator a definite response.

Mr. BAKER. I thank the minority leader. I will withhold making that request, then, until later in the day.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that after the expiration of time allocated to the distinguished minority leader under the special order has expired, that there be a period for the transaction of routine morning business not to extend beyond 30 minutes in length in which Senators may speak for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I yield the floor.

Mr. GOLDWATER addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia is now to be recognized for 15 minutes.

Mr. ROBERT C. BYRD. Mr. President, I yield to the distinguished Senator from Arizona (Mr. GOLDWATER) without prejudicing my order.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. GOLDWATER. Mr. President, I thank my friend from West Virginia. I will not be long.

SANDRA O'CONNOR'S COURT DECISIONS

Mr. GOLDWATER. Mr. President, I would like to say a few words today about Judge Sandra O'Connor's exceptionally high professional qualifications to be a Justice of the Supreme Court.

My office staff and I have looked into all 29 published opinions written by Sandra O'Connor as an Appeals Court Judge. It is quite clear from reading her decisions that she is unusually thorough, reasoned, detailed, and logical in her decision making. She takes careful account of all sides of an issue and always makes a painstaking analysis of the case.

I am especially pleased to see that she is careful to follow judicial precedents. She is, in my opinion, a strict constructionist both of case law and statutory interpretation. Also, her decisions show a strong defense of private property rights.

Throughout all her opinions, Judge O'Connor is fair. In a high number of cases, she ruled with little people fighting against big institutions, such as cases involving small citizens defending themselves against large corporations or governmental agenices.

So little has been written directly about her legal abilities, with all the fuss over single-issue religious matters, that I will briefly discuss some of the judicial opinions written by Judge O'Connor that reveal an understanding of what ordinary citizens face in the real world.

In other words, I would emphasize that she is not only a brilliant technician with a quick mind, but a jurist who is able to blend strict respect for the law with human qualities. Justice and fair judgment are what we see in her decisions.

To begin, I will call attention to the case of Fernandez against United Acceptance Corp. Here Judge O'Connor

made a finding that a citizen's freedom of privacy had been invaded by the undue harassment of a creditor in attempting to collect a debt.

Next, in Lowman against City of Mesa, she held that the city was liable for personal injuries as result of failure to remove a stalled, unattended car from its streets or to warn motorists after 18 hours. She crisply wrote:

> The city has a duty to keep its streets reasonably safe for travel.

In State against Miguel, she ordered that a conviction be reversed because a full 12 member jury was not selected.

Then, in Blair against Stump, Mrs. O'Connor decided that a statute requiring an indigent tenant to post an appeal bond, double the amount of annual rent, violated the equal protection clause of the 14th amendment. In finding the bond invalid, she wrote:

> It prevents non-frivolous appeals by those who are unable to post the bond, while allowing other meritless appeals by those who can afford the bond.

In the case of Sende Vista Water Company against City of Phoenix, she held that the city cannot invade private property rights held by a water company within a new development without just compensation.

In Thompson against Arizona Department of Economic Security, she ordered the unemployment insurance appeals board to reconsider the denial of payments to a worker who had voluntarily quit employment. She said the worker's claim that wages were always paid late had not been considered and, if true, would have given good cause for her departure.

In Ott against Samaritan Health Service, she reversed the trial court judgment in favor of a hospital in a medical malpractice suit. The patient was badly injured when left unattended by his nurse to return to his room in his wheelchair.

In Magma Copper Co. against Arizona Department of Economic Security, she found that a worker was not disqualified for unemployment compensation on the ground of absenteeism even though he had been incarcerated. His arrest lasted less than 24 hours and the worker had given notice to his employer that he would not be reporting to work.

Mr. President, I will have more to say later about other decisions by Judge O'Connor, decisions that are entirely compatible with the administration's philosophy and the Burger Court's philosophy of judicial restraint.

VOLUNTEER ARMY: LONG ENOUGH

Mr. GOLDWATER. Mr. President, while politics pretty much places a blanket on the subject of the draft, nevertheless it is there, it is going to stay there until the Congress has the courage to face up to it.

I was one of the first Members of this body who spoke out against the draft in favor of a voluntary military. Now the fact of the matter is, I have had to change my position because the volunteer approach is not working, although I can remember when I first went on duty many, many years ago, we had volunteer forces and it did work.

With the partial failure in Korea and the complete failure in Vietnam caused by the decision of our Presidents not to allow the military leaders to run the show, we have had a hard time getting personnel.

Maxwell Taylor, a man who has probably done as much as any one man toward establishing the defense of our country and fighting for it, has written a very good article entitled "Volunteer Army: Long Enough." I ask unanimous consent that it appear at this point in my remarks in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

VOLUNTEER ARMY: LONG ENOUGH

(By Maxwell D. Taylor)

Except for Lawrence Korb's position as assistant secretary of defense, I would not be inclined to respond to moot points in his June 9 op-ed article [All-Volunteer Army: It Deserves a Fair Chance]. But since he speaks for the department on a very important issue and states that both President Reagan and Secretary of Defense Caspar Weinberger share his "philosophical disposition against the governmental intrusion into private lives that conscription would involve," I feel obliged to reply.

His basic theme is that, despite an eight-year record of unsatisfactory performance accumulated by three administrations, the all-volunteer force (AVF) is entitled to a "fair chance" to overcome past defects and demonstrate its right to extended life. To effect this turnaround, the administration proposes three remedies—more pay, better training and renewed popular respect for the military profession.

I find such a program wholly inadequate to solve the problem at issue—how to provide adequate trained manpower to permit the armed forces to carry out their functions in peace and to ensure their readiness for sustained combat overseas at the outbreak of war. The volunteer system has failed to produce manpower reaching these standards, and the administration's program would do little to remedy the defects primarily responsible for the failure.

These basic defects are twofold: (1) the low or marginal quality of many recruits and the fact that a disproportionate number of the recruits are poor, uneducated or black, and (2) the failure of volunteering to produce sufficient acceptable recruits to meet the needs of the reserve forces of the regular establishment. Of the remedies proposed to correct these defects, only the pay raise has direct applicability, because the other two—improved training and restored prestige for the uniform—should be goals at all times, whether the men are volunteers or conscripts.

While a pay increase such as the 5.3 percent being considered is certainly due our enlisted men in any event, such an increase or any other likely to pass Congress will be too small to promise a substantial improvement in numbers, quality or ethnic balance of volunteers. We must bear in mind that during the decade ahead our recruiters will work against several adverse factors. In the first place, the armed forces will need more people than at present because of the force expansion resulting from the Reagan rearmament program. Also, demographic forecasts warn of a marked decrease in males of military age while administration economists predict better economic times, both conditions unfavorable to recruiting. Hence, I am very pessimistic as to the effectiveness of any program depending essentially upon a pay increase to solve the manpower problem.

My other reason for opposing a retention of the AVF is the urgency of our need for truly ready conventional forces in the turbulent times ahead. We have too many vital interests far from home in need of protection to tolerate forces unable to carry out their primary tasks—to deter war or to wage it successfully if deterrence fails.

Korb is quite correct in saying that the AVF is "essentially a peacetime force," but not when he assumes that "in time of large-scale war conscription would be resumed and we should not have to rely on volunteers to fight the war." We could not get rid of the volunteer system so easily and painlessly.

We are paying a considerable price today for the AVF because of its limited contribution to the deterrent function in time of peace. There is little that is impressive about a military force with the visible manpower deficiencies that plague ours. Both friends and enemies abroad are aware of them and comment freely about their significance. NATO officers note the decline in professionalism of our Army units in joint maneuvers and exercises. The absence of a draft raises uncertainties about our ability to reinforce the alliance in time and gives political leaders occasion to question our reliability in a crisis.

The price we pay for the AVF would rise sharply upon the outbreak of hostilities. Contrary to Korb's assumption that in war we would not have to depend on volunteers, for several months after an outbreak of hostilities we would have only units of the AVF to man the defenses of Western Europe and Northeast Asia and to carry out overseas missions assigned to the Ready Deployment Force. If attacked by a formidable enemy, they would have to fight with no assurance of prompt reinforcement from the United States either in units or in loss replacements. In such a case, their plight would resemble that of the small British Army, rushed to France at the outbreak of World War I and destroyed there in a gallant effort to stem the German invasion. The British also did not believe in conscription.

Why is this wartime dependence on the AVF inevitable? It results from the very considerable time lag that is bound to occur between a decision to resume the draft and the emergence of the first conscript from training camp. Its length will depend on the time required for the passage of conscription legislation, for the Selective Service system to begin to function and for the armed forces to carry out the essential training. Without counting the time taken by Congress, which cannot be predicted, the delay in getting the first trained conscript is estimated at around four months—a long time for the AVF to hold the fort unassisted.

To sum up, a further retention of the volunteer system to give it another chance would also mean further retention of mediocrity in military personnel and combat unreadiness in a large part of our forces. We cannot afford this indulgence any longer in this unstable world. We must return promptly to some form of conscription, modified in the light of Vietnam and postwar experience, which will produce armed forces with a blend of volunteers and conscripts, backed by adequate trained reserves to permit sustained combat. It would be a force roughly representative of all social classes, including a fair share of the best of our youth.

Eight years of AVF is more than enough.

MUST AEROSPACE FOLLOW THE STEEL AND AUTO INDUSTRIES?

Mr. GOLDWATER. Mr. President, occasionally, people associated with the aircraft industry or a general interest in aviation, are invited to speak before the Wings Club in New York on a subject of their choosing and these are called Sight Lectures.

Gen. Clifton von Kann, president of the National Aeronautic Association, made the last one and it so precisely touches the problems we face in the aircraft industry in this country, that I think it would be wise for my colleagues to read it.

Therefore, I ask unanimous consent that his article appear at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MUST AEROSPACE FOLLOW THE STEEL AND AUTO INDUSTRIES?

(By Clifton F. von Kann)

Aviation is a vital element of U.S. national power. It is the key to our military strength and national security, essential in the balance of trade, a critical part of interstate commerce, necessary to develop more remote areas, and the hole card in many, if not most, international negotiations. Indeed, it is no exaggeration to say that when our aviation establishment has been strong, so has been the U.S. position in the world. As the nations of this planet move beyond the earth's atmosphere, this will also be true of our capabilities in space.

When Neil Armstrong set foot on the moon in 1969 the preeminance of this country in all phases of air and space flight was nothing less than awesome. We were also widely respected throughout the world. Two years later Congress scuttled the U.S. supersonic program. This may have been the right decision for the wrong reason; but it had one chilling result—it served notice that the U.S. was no longer intent upon leading the world in flight. Since then friend and foe alike have sought to surpass us in all phases of air and space activity. In many they have done so.

As our edge diminished—or, in some cases, disappeared—other nations, often reluctantly, lost their respect for the United States. Worse, we were losing our own self-respect. I hope that we have started to reverse these trends.

During this period, as I labored in the vineyards of the airline trade association and watched our lead diminish, I became increasingly aware that everyone but aerospace seemed to have a spokesman—farmers, labor, consumers, lawyers, doctors. And while the various aviation segments had their respective voices—and effective ones at that—there was no overall voice for aerospace.

There was also no national aviation policy; and the 1978 White House policy statement on space didn't say very much.

Meanwhile, here was NAA, the oldest national aviation organization in the country, with a history dating back to the Wright Brothers [1] and with a mission in its By-Laws to "devise and gain support for a sound national program to keep the United States first in aeronautics and space flight."

This was too good a challenge to pass up. I couldn't. I didn't.

Now we know how steel and autos in the United States quickly passed from unquestioned world leadership to second class status. These are not the only examples. Where are radios, TV sets and tape recorders being produced? What will happen with computers if the Japanese win the race for the super micro processor? What is happening with Western Europe's challenge in nuclear reactors and atom smashing accelerators? If U.S. aerospace is to buck the trend and reassert its preeminence—and the world will be safer if it does—there must be a policy backed up by implementing programs.

NAA has been attempting to define the issues with which U.S. aerospace policy must deal. In an effort to make a highly complex task manageable, we decided to concentrate on seven major facets of leadership in air and space:

Space itself.
Military airpower.
The defense industrial base.
Commercial aviation.
Airports and airways.
General and sport aviation.
Aeronautical R. & D.
Let us examine these.

SPACE

Space is the new frontier of this and surely of the next century. It is already an important force in: civil communications; weather, climate and ocean monitoring; and earth resources observation. It is also essential to national defense (communication, command, control, intelligence, reconnaissance, and early warning).

In both the civil and military sectors the future potentials in space are clearly enormous—with many more yet to be discovered. Major improvements in air traffic control and navigation, search and rescue, manufacturing in space, and development or mining of new materials are clearly identified on the civil side. Later on there may be space based power systems, lasers for cross links among satellites, and other exotic developments.

Military it is inevitable that space will become increasingly important, a fact that the Soviets have recognized. Our leading military thinkers are already referring to space as the "high ground of the future". Space systems will surely become targets in warfare; provisions must be made to deal with these contingencies. Down the road space systems using high power lasers, particle beams, or even plasma, have the potential for highly effective warfare as well. Again it must be noted that the Soviets are exploiting all these facets of space.

In the afterglow of the Space Shuttle's successful debut and the reaffirmation of U.S. technological leadership in space, we must not let ourselves overlook some of our fundamental problems.

With the Soviets it has been a hare and tortoise relationship. Our brilliant forays into space are usually followed by long rest periods while our plodding competitor continues at a slow, steady pace with continuity of capital investment.[2]

As a result the Soviets are on the threshold of a permanent manned presence in space. The U.S., on the other hand, is ambivalent as to how to exploit the success of the Space Shuttle.

There is strong competition in civil applications of space technology from friendly nations, Western Europe and Japan in particular.

All this reflects the fact that successive administrations have failed to establish long term goals in space and have allowed the American public to become indifferent to our space effort. There has been a national loss of vision, leadership and resolution.[3] To put it another way, the United States as a nation has not yet been able to comprehend how much of its future will be concerned with space.

While the National Aeronautics and Space Act of 1958 provided an excellent charter for civil space activities, there is now a need for a new national policy that will meet the challenges of the 21st Century. This policy must ensure adequate civil and military space programs. It must resolve NASA's dilemma of how to allocate scarce resources between aeronautical and space research. It must also provide guidelines that will prevent NASA's resources from being sucked into operations at the expense of research.

But the problem is even deeper rooted. Space is so new to our thinking, to our government organization, to our way of doing business that the existing policy making and programming mechanisms are not suited to the task; and new mechanisms are yet to be devised. Sensing this, a Committee on Space Policy recommended in its report to the Reagan Transition Team last January that:

The definition of the action steps to be taken to plan, direct, and manage our complex space effort can best be made by intense study conducted by a National Space Committee composed of eminent national citizens. The combination of policy, technology, missions, operations, and organization must be welded into a comprehensive effort. The effort would be in a parallel with current programs so as not to disrupt near-term progress. Should be under the direction of the NASA Administrator, the Secretary of Defense, and the President's Science Adviser.

The objective of the committee should be recommend:

1. A national space policy
2. The steps necessary to implement the policy.

The Report went on to list a number of issues which should be addressed by the Committee on Space Policy:

1. What strategic and tactical military missions and operations, in war and peace, can be conducted more effectively through applications of space systems?

2. What changes should be made in doctrine and policy on the use of space and defense operations?

3. What are the future requirements for reconnaisance and its use for national, strategic and tactical purposes? What is the optimum workable management concept to produce highest effectiveness?

4. How can other functions (e.g., communications, weather, warning, targeting, air defense, fleet defense, force projection, navigation) be exploited by use of space systems to improve military effectiveness? Consider particularly the need to operate globally, in crisis and in protracted war, including nuclear war.

5. What capabilities are needed for space defense? What should our policy be for arms control agreements with the Soviet Union? Should we take the diplomatic initiative to reach agreement on "space rules of road"—to avoid inadvertent conflict and to safeguard our statellites?

6. How survivable are our current space systems assets—spacecraft, launch vehicles, command and control, user equipment? What measures should be implemented to improve the survivability of future systems? What is an optimum architecture for achieving various levels of survivability? Particularly consider survivability by means of proliferation of all military communications, observation and navigation spacecraft, and the associated ground segments.

7. Is there unwarranted overlap or duplication between the military and civil programs for communications, navigation, weather, and earth observation?

8. What goals should we have for future commercial communications, such as direct TV broadcast, data transmission, and personal communications? A key element is the role of government versus free enterprise.

9. What should our program be for the use of an orbital space base, first in low earth orbit and later in synchronous orbit? Con-

Footnotes at end of article.

sider the beneficial uses of such base for communications, observation, materials processing, energy generation, and technology development, such as lasers.

10. What should be our long-range plan for the exploitation of space with particular emphasis on the next 20 years of exploration of the solar system? Do we have a balanced program of planetary exploration and physics and astronomy? What are the potentials of a lunar base?

11. What is the role of government in promoting and regulating use of space for navigation, air traffic control, earth resources survey? Should government be in sole control of the space launch infrastructure?

12. What changes are needed in our future space infrastructure, i.e., launch vehicles, launch facilities, tracking, command, control, data retrieval? Consider this issue from the point of view of safety, survivability, reliability, economy, need for heavy life vehicles, customer satisfaction, and management focus, including such aspects as defense, commerce, international competition, scientific exploration, and technology advancement.

13. Who should be responsible for Space Shuttle operations?

This is an excellent and comprehensive list. However, I would offer one or two thoughts which I believe should be added to the charter of the new committee. First, no one at present effectively oversees the allocation of NASA's resources and efforts between space research and aeronautical research. Since NASA receives little guidance from above, the allocation of resources tends to be the result of which pressures ar greatest. The new committee should therefore be called the National Air and Space Committee and its charter should be extended to include a review of aeronautical R & D to ensure adequacy of this research effort as well as that for space.

Secondly, the Committee should be tasked to recommend how air and space matters should be handled in the government. Private enterprise has great innovative capacity, but limited ability to take risks; the harsh realities of national security and international economic pressures require close coordination between government and industry. Thus, there needs to be some coordinating mechanism beyond what exists today. For starters, I suggest a new Cabinet Council on Air and Space.

MILITARY AIRPOWER

As space activity passes from R & D to operational systems there will be a blending of traditional military airpower with the space sciences. How this blending will occur, what new organizational arrangements are needed, which technologies will cover the critical airpower tasks of today, how resources will be allocated among conventional and futuristic air and space forces—all these problems will demand our greatest capabilities for strategic and tactical planning and programming.

However, even within the more conventional parameters of airpower as we know it today, there are major crises which challenge our ability to maintain leadership and the likelihood of victory in the event of conflict. Reduced to its simplest, military airpower depends upon:

Aircraft and weapons systems.

Trained manpower.

Both are beset by the most serious problems.

Aircraft and Weapons Systems.—During the summer of 1980 a group of leading aeronautical experts participated in a workshop at Woods Hole, Massachusetts, under the sponsorship of the Aeronautics and Space Engineering Board of the National Research Council. The purpose of the workshop was to assess NASA's role in future aeronautical R & D. The Report of the Panel on Military Aviation stated that:

"The nation's ability to react to any perceived military threat and to fulfill commitments to its Allies is limited, among other things, by the high costs of aircraft and weapons systems, as well as by the ever-increasing length of the development cycle of such hardware. The development cycle is now at least 10 years long, as measured from the identification of a military need to the initial realization of an operational capability. The situation can be countered by technology advances directed toward cost reduction and performance improvement, as well as by providing a technology base mature enough for exploitation with minimal development risk."

However, this leaves unanswered the question whether or not our system will continue to provide the qualitative superiority upon which we have traditionally depended. The Soviets have averaged a new fighter prototype every year for the past twenty years. Many of these have resulted in the deployment of new and improved capabilities. In contrast, the USAF has not flown a new fighter design since the FY–16 and FY–17 in 1974.[5] This indicates that the Soviets can respond more quickly to mission changes and with shorter development lead time.

Dr. Karl Harr, Jr., President of the Aerospace Industries Association, raised another important issue when he said:

"Relying too heavily on having too little of the best is not the path of wisdom. Perfect can be the enemy of good in a military context." [6]

The issue of how to balance quality and quantity needs to be resolved, and promptly. Modernization of our strategic nuclear forces is about to begin; air lift must be enhanced; and tactical airpower must also be beefed up if it is to be capable of defeating its Soviet counterpart. These tasks must be accomplished under a concept that is both realistic and affordable.

The concept must also be imaginative. Recently Norman Augustine pointed out, doubtless with tongue in cheek, that if current trends continue, the purchase price of a single tactical aircraft will equal the defense budget by the year 2050, and the gross national product early in the following century. Augustine also pointed out that as systems become more complex and expensive they seem to be used less.[7] Some careful thinking on the cost of hardware is clearly needed.[8]

Trained Manpower.—It is known that the manpower programs of the armed forces are riddled with problems. Every analysis of our military posture reveals the failure of the volunteer system to produce the required numbers or kinds of people to fill authorized slots. The proportion of enlisted personnel with college degrees has plummeted since 1964; those with high school diplomas has fallen to alarmingly low levels; and high quality personnel are leaving the services in droves. Even those with 8–12 years of service are leaving in significant numbers. Facts such as these are causing more people to weigh the need for returning to the draft in one form or another.[9]

In the U.S. Air Force posture statement to the Senate Appropriations Committee last month. General Lew Allen, Chief of Staff of the Air Force, made the following statement:

"The continuation rate in FY 80 for pilots in the 6-to-11 year group was 42 of 100 compared with a FY 79 retention rate of 26 of 100. Although this was an improvement, we are still below the retention rate of 48 perment which we enjoyed in FY 77 and ended FY 80 about 1,100 pilots below our authorization. We were also over 300 navigators below authorization, although the 6-to-11 year continuation rate was nearly 60 percent for navigators. Engineers had a continuation rate of 53 percent in years 4-to-11, yet we now have 1,100 vacant engineer positions.

"We believe that the improvement in pilot retention in FY 80 can be attributed in large part to economic factors such as reductions in airline hiring and the furlough of airline pilots. The facts remain, however, that over the past three years the Air Force has lost an average of two pilots for every five pilots we have trained, and we expect the airlines to hire an average of 2,000 each year during the 1980s." [10]

General Allen went on to stress the need for improvements in compensation; the reestablishment of education entitlements which were formerly provided by the G.I. Bill; extension of the termination date of the G.I. Bill itself; increased Permanent Change of Station reimbursements; improved health benefits; and more attention to family matters.

Undoubtedly these measures would help. Equally important would be a national policy on air and space which reaffirms our determination to lead and which generates pride in serving our country through flight. This would encourage what may be a flagging interest in civil aviation. But in any event we cannot down the diverging paths of more complex, sophisticated equipment and less technically qualified people to support them.

THE DEFENSE INDUSTRIAL BASE

The defense industrial base is also a key to our military airpower. However, it has a broader significance in that the industrial might of the United States and its surge capability is fundamental to our historic philosophy of war and mobilization. It is now evident that the industrial base is not in condition to perform its traditional role.

This problem has been noted by congressional, industrial and military leaders. Last fall the Defense Industrial Base Panel of the House Armed Services Committee held extensive hearings on the subject. The list of witnesses included top members of the Defense Science Board and its Summer Study Task Force on Industrial Responsiveness, members of Congress, leading aerospace corporate heads, Department of Defense officials, military leaders, scientists, and experts on research and procurement.

The Report of this Panel,[11] along with the transcript of these hearings, is "must" reading for all who are concerned with our national security. Its Findings and Recommendations bear repeating:

MAJOR FINDINGS

"The panel finds that:

"The general condition of the defense industrial base has deteriorated and is in danger of further deterioration in the coming years;

"The Department of Defense has neither an on-going program nor an adequate plan to address the defense industrial base preparedness issue; Department of Defense inaction in enhancing industrial base preparedness, coupled with instability within the five year defense program, weapon system procurement stretchouts, inadequate budgeting and inflation, has contributed to the deterioration of the U.S. defense industrial base, and as a consequence, jeopardizes the national security;

"A shortage of critical materials, combined with a resulting dependence on uncertain foreign sources for these materials, is endangering the very foundation of our defense capabilities. These shortages are a monumental challenge to the Congress, the Department of Defense, the defense industry and the civilian economy;

"Present policies and procedures for the procurement of property and services by the Department of Defense are excessively inflexible and discourage the use of contract types that would promote the best interests of the United States; as a result, many procurement contracts cannot be written that

Footnotes at end of article.

would promote stability, encourage capital formation and lead to efficiencies that would result in savings to the government;

"Current tax and profit policies appear to discourage capital investment in new technology, facilities and equipment that would increase productivity and improve the condition of the defense industrial base; and

"While the condition of the defense industrial base is of vital importance to the national defense and security of the United States, responsibility for the condition of the base is dispersed among the committees of the Congress and within the executive branch; this diffusion of responsibility has contributed to a lack of effective long range planning for industrial responsivenes and has made it extremely difficult to assess the overall effects of executive and congressional action on the defense industrial base."

LEGISLATIVE RECOMMENDATIONS

"The panel recommends that the Committee on Armed Services, early in the 97th Congress, favorably consider legislation to:

"Repeal section 810 of the Act of October 7, 1975, Public Law 94–106 (89 Stat. 539) thereby removing the existing $5 million ceiling on cancellation costs applicable to multi-year defense procurement contracts;

"Require that the Committees on Armed Services and the Committees on Appropriations of the Senate and House of Representatives be notified in advance of the award of any multi-year contract which contains a clause setting forth a cancellation ceiling in excess of $50 million;

"Establish a policy for defense procurement that will promote flexibility and permit the use of contract types, including multi-year contract types, that will result in the acquisition of weapon systems and other items in the most timely, economic and efficient manner; and provide that contracting, where practicable, should provide incentives to defense contractors to make economic purchases of material and to improve productivity by investment in technology, capital facilities and equipment;

"Specifically authorize multi-year contracting, including contracts for weapon systems; establish guidelines for multi-year contracting; provide that cancellation clauses may reflect recurring and nonrecurring costs; and provide that the costs of cancellation or termination may be paid from appropriations not otherwise obligated, or from funds appropriated for those payments;

"Provide that advance procurement of components, parts and materials necessary to manufacture weapon systems may be for a term of not more than five years and that advance procurement may be used to effect economic lot purchases and efficient production rates;

"Direct that future authorization and appropriation requests for the acquisition of weapon systems, or portions thereof, indicate the most efficient production and acquisition rate for each system;

Amend section 2306 of title 10, United States Code, by striking out the geographical restriction, thereby permitting multi-year contracts for periods of not more than five years for certain services, and items of supply related to such services, within the 48 contiguous States and the District of Columbia, for which funds would otherwise be available for obligation only within the fiscal year for which appropriated;

"Direct the Director, Office of Management and Budget and the Secretary of Defense to issue regulations to implement these legislative changes within 90 days after the enactment of the legislation."

NONLEGISLATIVE RECOMMENDATIONS

"That the Committee on Armed Services take the following actions:

"Recommend to the President that he establish within the Executive Office of the President a point of authority to initiate action, and to direct and coordinate the efforts of the several responsible departments and agencies, necessary to solve the many problems relating to productivity, quality, manpower and critical materials that affict the defense industrial base;

Forward to the Secretary of Defense a copy of this report for review and written comment;

Request that the Secretary of Defense address, during the fiscal year 1982 defense posture hearings, the findings and recommendations contained in this report and the recommendations of the Defense Science Board Task Force on Industrial Responsiveness, 1980;

"In connection with the fiscal year 1982 budget submissions, request the Secretaries of the Army, Navy and Air Force to identify those programs that would result in major cost savings, and enhance program stability, economy and efficiency if the principles of multi-year contracting, expanded advance procurement and termination liability funding were to be applied:

"Assure that the appropriate subcommittees of the Committee on Armed Services follow through on the recommendations contained in this report concerning defense acquisition policy;

"Work with other congressional committees in taking action to solve the many problems afflicting the defense industrial base;

"Direct attention to those problems that the panel did not address in detail during its review of the capability of the defense industrial base such as manpower-shortages, profit policy and the management and investment practices of defense contractors."

On a similar note Senator Barry Goldwater delivered the Eighteenth Sight Lecture to the Wings Club from this platform two months ago. His principal concerns were also for the deterioration of the defense industrial base, our dependence on uncertain foreign sources for vital new materials, and shortages in technical skills. He urged the following reforms:

1. A coherent, consistent policy on relations with South Africa and the other mineral-rich countries of southern Africa.

2. Opening up much of the 750 million acres of public lands, particularly in the west and Midwest, to exporlation and mining of critical minerals and metals. This should be accompanied by reform of environmental and safety regulations that now stifle mining companies, including the Clean Air Act, Federal Water Pollution Control Act, Wilderness Act, Federal Land Policy and Management Act, and the Surface Mining Control and Reclamation Act.

3. A commitment to build up our stockpile of critical materials over the next 15 to 20 years to at least the levels recommended last year by the Federal Emergency Management Administration.

4. Focusing responsibility for developing and implementing a national non-fuel minerals policy. One of the most appalling aspects of our present situation is that no one person or agency has been accountable for the blunders in the past.

5. Revision of our tax laws to restore incentives for capital investment and reduce the overall burden on industry. (Senator Goldwater added that it is essential as a matter of national security to restore healthy economic environments for the defense and mining industries and that the first step should be to ease restrictions on depreciation allowances for building and equipment.)

6. Elimination of the required paperwork that is strangling industry in bureaucratic red tape.

7. Changing the complex cost accounting procedures now governing all defense contracts.

8. Flexibility in defense procurement procedures, particularly regarding multi-year contracts.

9. Funding educational and training programs to provide more engineers, technicians and skilled craftsmen for the defense industry. This should include programs run by the Department of Defense or the Department of Labor to finance training programs for specific jobs needed in the defense industry, as well as incentives to colleges and universities to increase the number of engineers and technicians coming into the job market.

10. Encouraging the expansion of the defense industrial base, through direct loans, loan guarantees and other incentives. In short, to make it worthwhile again to bid on defense contracts.

It is encouraging that the new Administration has initiated action to build up the strategic stockpile and that the Deputy Secretary of Defense has recently initiated an acquisition reform program incorporating many of the above recommendations. Although these reforms are largely in the long term category, they will at least start us on the road to recovery and should ultimately provide a strengthened mobilization base and a stronger foundation for our military airpower. Meanwhile, both the Senate and House Armed Services Committees have included provisions for multi-year procurement in their FY 82 military procurement bills.

The question of technically qualified personnel requires further examination. It arises repeatedly; yet to date no responsive program has been proposed.

COMMERCIAL AVIATION

In no field of aviation was United States domination so complete as that achieved in commercial aviation, particularly transport aircraft—at least up to a few years ago. This was due to a number of factors:

The U.S. airlines seized commercial jet aircraft and brilliantly exploited their technical advantages. This produced the best and safest air transport system the world had ever seen.

Large orders for new jets by U.S. air carriers triggered early production decisions by U.S. aircraft manufacturers.

These orders plus the superior production engineering and product support of the U.S. aerospace industry resulted in complete U.S. domination of the world market for transport aircraft. In 1977, 94% of all such aircraft sold in the world were U.S. manufactured.

But here, too, the U.S. seems to have peaked. With the success of the A-300, the U.S. share of world sales of transport aircraft had backed off to 76% in 1979. The Airbus accounts for more than 30% of total wide body bookings; and European manufacturers, usually with government assistance, propose to capture 60% of the transport aircraft market during the 1980s. With smaller aircraft the picture is hardly better. Of the current business aircraft turbo-jet fleet, 31% were manufactured outside the United States, and there are almost no U.S. entries in the burgeoning market for commuter aircraft.

Part of this reversal with transport aircraft has to be due to the very uncomfortable situation in which the U.S. scheduled airlines find themselves. This leads to the favorite "whodunit" of aviation—deregulation or OPEC? I'm not sure that we'll ever have a provable answer. I will say, however, that had deregulation been carried out with less zeal, less arrogance, and more interest in cushioning the shock to airlines, passengers and shippers, in other words, to public con-

venience and necessity, it might have gone less badly.

As for the plight of the U.S. international airlines, this has to be laid on the Carter Administration. In a White Paper recently presented to the new Administration, five U.S. flag carriers[12] correctly pointed out that the Carter government mistakenly treated the international marketplace as a mere extension of the domestic market and wrongly assumed that open competitive forces operate abroad. In pursuit of its so-called "open skies" policy, that administration therefore traded valuable routes and landing rights to foreign governments for virtually nothing of value in return. Former CAB Chairman Secor D. Browne joined this group in strongly urging an immediate, thorough review and definition of overall U.S. international civil aviation goals and policies and a moratorium on future international aviation agreements in the meantime.[13] However, this proposal was opposed by other carriers,[14] and Secretary of Transportation Drew Lewis announced on this platform last month that there would be a review but no moratorium.

In another area, I am concerned that the new Administration is in danger of hampering our ability to export U.S. aerospace products. In its understandable preoccupation with the domestic economy, it seems to have ignored the fact that U.S. products must compete in a world marketplace where many rival products are government subsidized, and is proposing reduction in the lending authority of the Export-Import Bank, the only weapon we have to counter foreign government subsidies. I hope the Administration can be persuaded that in the broader purview of the world economy, this reduction in lending authority would adversely affect U.S. aerospace exports and work against our leadership in aviation.[15] The pressures on the Export-Import Bank could also adversely affect other exports, e.g., nuclear reactors.

It is particularly important that the government respond quickly to the challenge faced by the U.S. commercial aviation establishment. In the multinational trade arena, it is expected that the Agreement on Trade and Civil Aircraft will be put to a hard test by our trading partners in the coming year. Strong positions by the U.S. government will be needed if U.S. industry is to avoid losing even more ground.

AIRPORTS AND AIRWAYS

Vital to the U.S. air transport system is the airport and airway infrastructure. The Airport and Airway Development Act of 1970 provided for a steady flow of user financed capital investment in these facilities, thus creating new levels of safety, efficiency and capacity for the traveling and shipping public.

No one has questioned the basic soundness of the 1970 Act and the program it set in motion. Yet the Congress allowed this program to lapse in 1980—not because there was anything significantly wrong with it, not because it wasn't essential, but because the two houses of Congress could not agree on how to improve it. Current differences, aggravated by the tightness of the new budget, make it doubtful as to what will happen in the ongoing session of Congress. Meanwhile, the vital flow of funds into airport and airway facilities—many with safety ramifications—is left in limbo. This confused situation is not conducive to U.S. aviation leadership.

It is also vital that the government maintain a stable workforce in the air traffic control system. The militance and greed of the present controller union, PATCO, presents a serious threat to the future of the airway system.

To summarize the principle airport and airway problems and issues:

It is vital to the safety, efficiency and capacity of the airport and airway system that there be a steady and reasonably predictable flow of capital investment in these facilities.

It is also vital that the air traffic controller workforce be stabilized.

With airway facilities the capital flow must emanate from a federal program. This is also true of smaller airport facilities. With the large airports, it may be that federal programs can be dropped; however, the line of demarcation or methodology for equitable defederalization of airports has not yet been developed. This must be done—or at least tested—before final decisions are made.

Reliever airports and public heliports to help unload air carrier runways must be given more attention and emphasis.

While the Airport and Airway Development Act of 1970 provided a steadier flow of capital investment than any previous arrangements, it is neverthless a disgraceful breach of faith to those who paid user taxes under the law that so much of their contribution (about $4 billion) has not been used for the purposes for which these taxes were collected.

Two major cost allocation problems have been argued for more than a decade and badly need to be resolved:

"The public benefit of the aviation system.

"The portion of FAA Operations and Maintenance costs which should be user supported."

The role of the States in airport development needs to be resolved.

GENERAL AND SPORTING AVIATION

General aviation and sporting aviation have made enormous contributions to U.S. leadership in aviation. Our fast growing fleet of private and business aircraft make a substantial contribution to air transportation in the United States, accounting for perhaps a third of total air travel. The high quality products of our general aviation manufacturers have accounted for a significant share of U.S. aerospace exports. In the many disciplines of sporting aviation Americans have won more than their share of international awards and prizes. Private flying has become part of the American way of life.

Perhaps the greatest contribution of general and sporting aviation is that here is the prime source of aviation personnel—pilots, aeronautical engineers, aerospace scientists, mechanics. Most of these started out as "small plane people", learned to love flying and airplanes in this environment, and now form the nucleus of enthusiastic public supporters and local spokesmen for aviation.

Of equal importance this field has taught true craftsmanship to thousands of young Americans. The programs and high standards established by the Experimental Aircraft Association for home built aircraft and by the Academy of Model Aeronautics for aeromodeling have undoubtedly contributed to the high quality of U.S. aeronautic products. At a time when technical skills and quality of work are so important, the significance of this contribution cannot be overstated.

It is therefore a matter of concern that even in this exciting field, there are some signs of peaking. In 1980 the number of general aviation aircraft to be exported showed a substantial decline, and some nations have blocked imports of U.S. general aviation aircraft. It is also worrisome that in the first four months of 1981 pilot certificates issued were 16% below the number issued for the same period in 1980.

These numbers make us wonder whether aviation is being priced out of the reach of many Americans who have the interest but not the means. With $100,000 airplanes, $10,000 engines, $2 gallon fuel and expensive avionics, can general aviation continue its robust growth? Can models and home built aircraft fill the gap? We must try to insure that it does.

Finally, there is a question whether American aviators are as interested in competition as they once were. For a time the Soviets held all world records for helicopters and turbo-prop aircraft, and still hold the world record for absolute altitude. We in NAA are trying to encourage more U.S. competitors. It is too early to say how successful we will be.

AERONAUTICAL R. & D.

Before examining this most vital aspect of our leadership in aviation, it is appropriate to make a few observations about U.S. technology in general. Its significance is not limited to aeronautics or to our space endeavors. For more than half a century the U.S. has led the world in technology—translating know-how into products that have improved living standards, created new markets, produced millions of jobs and have brought in hundreds of billions of dollars from sales abroad. Over the years aerospace products have been the greatest contributors to the favorable side of the trade balance.

However, the zeal for technological leadership in the United States has been diminishing over the past twenty years. In mid-1971, a number of danger signs were visible.[16] For example:

Total spending on R & D in the U.S. had been declining as a percentage of GNP.

The U.S.S.R. was turning out twice as many science and engineering graduates as the U.S.

Applications for patents in West Germany, Sweden and Holland, per capita, had exceeded those of the United States.

Most of the other advanced nations had surpassed the U.S. in productivity.

U.S. sales of high technology items abroad had become stagnant while the sales of other industrial nations were on the rise.

These trends continued. In 1975, Dr. Jerome Wiesner, President of Massachusetts Institute of Technology and former White House Science Advisor, expressed his concern about the declining pace of innovation in America. Later, in 1976, Dr. Simon Ramo, famed as a scientist and industrialist, warned that there were limits to what private enterprise could do to advance science and technology. He urged that the government should recognize the broad impact of science and technology on virtually all important government decision making and should count a health scientific and technological effort as vital.[17]

The warnings continued from key leaders in science and industry—James E. Webb, Reginald H. Jones, and many others. Yet our commitment to technology has continued to slip, and so have our productivity, our economy, our confidence and our national prestige.

Underpinning all categories of aviation is aeronautical technology. I doubt that anyone would question the fact that unless we lead in technology we will not lead in aviation. Since NASA is the key agency in aeronautical R & D, we can assess the U.S. position by examining NASA.

Such an examination took place last summer at the Aeronautics and Space Engineering Board Workshop at Woods Hole. The results of this searching review by some sixty leading figures from aerospace and other disciplines were both heartening and sobering. Let me try to state them in my own words:

NASA has done a good job in terms of its cooperative relations with industry, the military and academe. It has also established excellent technical facilities which, along with the people who man them, are a unique national resource.

Yet NASA could be doing more in many areas of aeronautical R & D and would be willing to do so if resources were available. Certainly this additional work would contribute to future U.S. leadership in aerospace.

The most significant words in the Workshop Report were these:

Footnotes at end of article.

"New technological advances in aerodynamics, in structures and materials, in electronics, and in propulsion offer the potential for dramatic improvements in the efficiency of aircraft. Such improvements could make obsolete virtually all U.S. aircraft now in production or design. One decade from now, world leadership in aeronautics will be achieved, in all probability, by the nation or nations that seize the initiative and move such technologies from their present research status through the refinement and validation processes essential for successful production and operation of more efficient aircraft."

The significance of this paragraph is underlined by the fact that it has been so widely quoted. Senator Howard Cannon did so in a major speech on aeronautical R & D before the Senate last February; Senate Aviation Subcommittee Chairman Nancy Kassebaum did so in a major address to the Aero Club of Washington on April 28, 1981; and I also did so in my statement of March 23, 1981 for the Senate Subcommittee on Science, Technology, and Space.

When we add to these prophetic words the fact that none of the NASA wind tunnels or computers are unique, we must recognize that the race for future leadership is wide open.

A final problem noted by the Workshop received special emphasis when Dr. Guyford Stever, Workshop Chairman, reported to the Congress on the results of this project.[18] This was the steady decline in the number of engineering doctoral degrees awarded by U.S. universities during the 1970's. During this period when the number of bachelor and masters degrees awarded in engineering were increasing, the number of doctors degrees declined from about 3,500 in 1973–74 to slightly under 2,800 in 1977–78, a 19.6 percent decline.

Even more alarming was the steady decrease in the number and proportion of degrees earned by American students. During this same period, the number of U.S. citizens receiving doctoral degrees in all branches of engineering declined by 24 percent. The decline in aerospace engineering was even more drastic with about half of the doctoral candidates in the field going to foreign nationals. In these numbers the Workshop foresaw a possible shortage of research workers for the nation's aeronautical and related industries and for NASA research centers. Similar concerns were expressed for doctoral engineers on the whole with perhaps as many as 2,000 vacancies in U.S. colleges and universities.

One issue which the Workshop did not address in depth was that of technology transfer from the U.S. to the Soviets. There is considerable evidence, however, that high technology products and information about the processes used to make them are leaking through the flimsy barriers that supposedly restrict trade with the Soviets.[19] This not only increases the Soviet military strength, but it also makes their economic performance look better than it actually is. This conclusion is confirmed by the Institute of Economic Analysis in London. While aerospace technology may be less of a problem in this respect than its counterparts in other fields, the existence of a potentially serious problem should not be overlooked.

While I have great admiration for the courage and leadership of the new Administration, I have not seen much evidence of concern about technology. Yet technology is to the economy what the military establishment is to national security. I hope that before long a greater level of concern about technology in general, and aeronautical technology in particular, will emerge as a major concern. Let us try to see what it does.

CONCLUSION—TOWARD A NATIONAL AIR AND SPACE POLICY

We began by relating aerospace to steel and autos. There are some analogies and some differences. The steel and auto industries failed to recognize who their real competitors were—until too late. I don't believe the U.S. aerospace community has made this mistake. Faced with the harsh realities of international competition, perhaps steel, autos, and other U.S. industries which have lost world leadership will become competitive again—perhaps not.

What we must recognize is that we are witnessing major shifts in industrial emphasis as we prepare to absorb the effect of emerging technologies on our life styles and at the same time to compete in what is now recognized as a single, massive world economy. In this churning situation, leadership will pass to new industries; and some former leaders will be lost in the pack. But we can be certain of one thing—U.S. aerospace must remain out in front if the United States is to remain out in front.

With the problems and unresolved issues I have cited, it is evident that we have our work cut for us. We haven't done badly, but we need to do a lot better if the U.S. aerospace community is to exercise its great potential clout, NASA continues to believe that the first step must be a national air and space policy; and that it is time the aerospace community began to pull together to establish one. On May 28, 1981 FAA Administrator J. Lynn Helms bluntly told an aviation group that aviation must "get its act together." Policy seems to be a good place to begin.

To establish a policy we must start by defining the issues; then we must bring them to resolution. Let me try to summarize the major issues which have been brought to the surface today. Bear in mind that these are major issues only:

The need for a National Air and Space Committee or some comparable group of eminent national citizens to:

"Analyze and develop a plan for management of our national space effort.

"Recommend a national air and space policy.

"Recommend the steps necessary to implement the policy."

The need to increase the U.S. investment in technology.

The need to increase the availability of technically trained Americans.

Definition of strategic and tactical military missions and operations to be conducted by space systems.

Changes in doctrine and policy for use of space.

Future requirements and a management concept for reconnaissance in space.

Future use of space for communications, weather, warning, targeting, air defense, fleet defense, force projection, and navigation.

Capabilities for space defense, and relation arms control policy.

Survivability of current space assets and how to improve survivability of future systems.

Coordination of civil and military space programs.

Goals and policies for future commercial applications.

Establishment of space platforms.

Goals for exploration in space.

The role of government in space activities.

Changes needed in our future space infrastructure.

Responsibility for Space Shuttle operations.

Coordination of space R & D with aeronautical R & D.

MILITARY AIRPOWER ISSUES

High cost of aircraft and weapons systems.

Compression of the military aircraft development cycle.

Qualitative vs. quantitative superiority.

Attrition of military pilots.

Scarcity of technical personnel.

Need for measure to improve the attractiveness of the military services.

Possible need for resumption of the draft

DEFENSE INDUSTRIAL BASE ISSUES

Improved mobilization planning at the government level.

Development and implementation of a national minerals policy, including a re-examination of U.S.–South African relationships and our own public lands policies.

Increasing our stockpile of critical materials.

Dealing with declining productivity and quality in the U.S.

Dealing with shortages of scientific and technical personnel.

Expanding use of multi-year procurement.

Improvement in capital formation tax incentives and other incentives to bid on defense contracts.

Expansion of U.S. production capacity.

Simplification of defense procurement procedures, cost accounting procedures, and paperwork in general.

COMMERCIAL AVIATION

Unfavorable export trends.

Lack of activity by U.S. manufacturers in commuter aircraft.

Needed improvement in airline capital formation to support re-equipment programs.

Reviews of U.S. policies on international aviation.

Lending authority of the U.S. Export-Import Bank.

Maintaining U.S. position under the Agreement on Trade and Civil Aircraft.

AIRPORTS AND AIRWAYS

Resuming flow of capital investment in airports and airways.

Stabilizing the air traffic controller workforce.

Resolving the defederalization issue.

Improving reliever airports and selected public heliports.

Insuring that user taxes are applied to the stated legal purpose for which collected.

Establishment of the aviation public benefit.

Establishment of the O & M contribution from the Aviation Trust Fund.

Defining the role of the States in airport development.

GENERAL AND SPORTING AVIATION

Encouraging Americans to fly, to establish records, and to acquire technical skills.

Keeping aviation within the economic reach of Americans.

Teaching craftsmanship and quality standards to Americans through aviation.

Maintaining strong level of exports for general aviation aircraft.

AERONAUTICAL R. & D.

Expansion of NASA activity in aeronautical R. & D.

Forward movement of new technologies through the refinement and validation processes.

Possible leakage of important aerospace technology to the Soviets.

I recognize that this list of issues may be imperfect. However, it is a start. I will be asking NASA members to give us their comments and suggestions. I will then do my best to incorporate these, update the paper, and present it to Aerospace I—our Symposium on Air and Space Issues which will be held on August 31 and September 1, 1981 at Williamsburg, Virginia.

Aerospace I will bring together some of the country's top air and space leaders. We will ask them to examine these issues in a high level panel, in workshops under distinguished leaders and in plenary session. It is my earnest hope that Aerospace I will move us a step nearer a national air and space policy. We will follow up with later sessions of Aerospace I can already see the need for a symposium on personnel problems alone.

Footnotes at end of article.

I hope those of you who are NAA members will comment on this paper. You are all invited to attend Aerospace I. More information is available with copies of this paper. Thank you for your attention, let's get together again in Williamsburg, and let's get our act together—To keep the U.S. first in air and space!

FOOTNOTES

[1] Prior to 1922 the National Aeronautics Association was the Aero Club of America, founded in 1905. Its early members included both Wright Brothers.

[2] Since 1975 the Soviets have launched 21 manned space flights and placed 43 people in space. The only U.S. effort during that time frame has been the recent Space Shuttle launch.

[3] "United States Civilian Space Policy"—A Report prepared by the Subcommittee on Space Science and Applications of the Committee on Science and Technology, U.S. House of Representatives, April 1981.

[4] Report on National Space Policy, "Enhancing National Security and U.S. Leadership through Space", Jan. 1981, by the Committee on Space Policy, consisting of: General B. A. Schriever, Chairman; Maj. Gen. D. D. Bradburn; Dr. Edward E. David; Dr. Francis X. Kane; Dr. John McLucas; Dr. Simon Ramo; General C. H. Terhune; Dr. A. D. Wheelon; and Dr. M. I. Yarymovych.

[5] "Tactical Fighter Requirements" by Maj. Gen. Robert D. Russ, USAF, pp. 34–35, Air Force Magazine, April 1981.

[6] Remarks before the Mid-East Region, Aviation/Space Writers Association, December 17, 1980.

[7] "Augustine's Laws" by Norman R. Augustine, Vice President-Technical Operations, Martin Marietta Aerospace, Astronautics & Aeronautics, Apr. 1980 & Jan-Apr 1981.

[8] Aerospace Daily, June 1, 1981, p. 165 cites recent reports favoring simpler combat aircraft.

[9] Hugh Sidey—"Why America Should Bring Back the Draft"—Washington Star, May 23, 1981.

[10] Similar problems are cited with respect to U.S. Navy aviation personnel by R/Adm. R. F. Dunn, USN, Commander-Naval Military Personnel Command in "Personnel Shortages & Aviation Readiness" Wings of Gold, Winter, 1980.

[11] "The Ailing Defense Industrial Base—Unready for Crisis"; Committee Print No. 29, 96th Congress, 2d Session; U.S. Gov't Printing Office, December 31, 1980.

[12] Braniff, Flying Tigers, Northwest, Pan Am and TWA.

[13] "Airline Dominoes"—remarks before the Association of Retail Travel Agents, Washington, D.C., March 28, 1981.

[14] Air Florida, Capitol International, Continental, Eastern, Texas International, Trans America, United, World and Zantop.

[15] For amplification see Statement of T. A. Wilson, Chairman of the Board, The Boeing Company, before the House Subcommittee on International Trade, Investment and Monetary Policy, March 5, 1981.

[16] U.S. News and World Report, June 7, 1981.

[17] New York Times, April 20, 1976.

[18] "Report of A Workshop on NASA's Role in Aeronautics"—Statement of Dr. H. Guyford Stever, Chairman—Assembly of Engineering, National Research Council Before the Senate Subcommittee on Commerce, Science & Transportation, Mar. 10, 1981.

[19] Page 150, Business Week Magazine. April 27, 1981.

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Mr. GOLDWATER. Mr. President, I yield the floor.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, before the Chair recognizes the distinguished minority leader for his special order, I would like to take up one other matter which I understand is agreeable to the minority leader. I ask unanimous consent that I may proceed for not to exceed 3 minutes without prejudice to the special order.

The PRESIDING OFFICER. Without objection, it is so ordered.

TIME LIMITATION AGREEMENT—S. 1204

Mr. BAKER. Mr. President, there is the noise bill, on which I understand we have cleared on both sides a unanimous-consent agreement that I would like to propound at this time.

Mr. President, I ask unanimous consent that when the Senate turns to the consideration of Calendar No. 138, S. 1204, the "noise bill," it be considered under the following time agreement: 1 hour overall time shall be allotted for debate on the bill, all amendments, motions, appeals or points of order, if so submitted to the Senate, and the time be equally divided between the chairman of the Environment Committee (Mr. STAFFORD) and the ranking member (Mr. RANDOLPH), or their designees, with the proviso that only one amendment be in order to be offered by Senator KASTEN, and that no amendments be in order to the Kasten amendment, and that the agreement be in the usual form.

And, as well, Mr. President, that if the bill is taken up today, any votes that are ordered on today not occur until Monday next.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BAKER. Mr. President, I thank the minority leader for yielding to me for that purpose, and I now yield the floor.

RECOGNITION OF SENATOR ROBERT C. BYRD

The PRESIDING OFFICER. The Senator from West Virginia is recognized for not to exceed 15 minutes.

CUTTING TAXES FAIRLY AND PRUDENTLY

Mr. ROBERT C. BYRD. Mr. President, the Senate will soon have an opportunity to vote, once again, on the Kemp-Roth tax plan. In 1978, the Senate rejected the Kemp-Roth plan when it was offered to the 1978 Tax Reduction Act. In June of 1980, the Kemp-Roth tax cut was offered, together with the 10–5–3 depreciation plan, as a floor amendment to a debt limit extension bill. The Senate rejected Kemp-Roth then as an ill-conceived, unfair, and reckless way to reduce individual taxes.

I recognize that the arithmetic in the Senate has changed somewhat since last year. But I would remind my colleagues that opposition to Kemp-Roth has not always been a partisan matter. Many responsible Republicans as well as Democrats have warned that large, across-the-board, multiyear tax cuts threaten the stability of financial markets. Not only has Vice President GEORGE BUSH referred to Kemp-Roth as "voodoo economics," but Senators may recall that last year, when the Finance Committee was marking up its tax proposal, Kemp-Roth was not even offered by its principal Senate sponsor, the Senator from Delaware.

There are those who will argue that the bill reported by the Finance Committee is much improved from that originally proposed by the President. I would concur with that assessment, but simply because Kemp-Roth has been "sugar-coated" with proposals such as marriage penalty reductions, estate tax changes, child care credits, reduction of the top rates on unearned income from 70 to 50 percent, and increased savings incentives—all of which were originally Democratic proposals—no one should miss the point that this bill remains Kemp-Roth in sheep's clothing.

It is still a multiyear, across-the-board, large tax cut, now of 25 percent rather than the original 30 percent, but clearly the same unfair and reckless concept it always has been.

Whenever major debate ensues on a portion of the administration's economic program, one is bound to hear about the mandate of the 1980 Presidential election. I spend a great deal of time in West Virginia, talking to my constituents there. I have yet to hear a chorus of voices saying that they believe that the 1980 election was a mandate for a tax cut which, after subtracting the impact of inflation and social security tax increases, would distribute about 60 percent of its benefits to tax payers earning $50,000 or more. I have met no one in West Virginia who would argue that by 1984, after subtracting for the affect of inflation and social security, people earning under $20,000 a year should be paying more taxes while people earning more

than $20,000 a year should be paying less.

After all, Mr. President, who needs the benefits of the tax cut if not the office worker and the factory worker and the cab driver and the department store employee and the mine worker and the great mass of people in this country who are struggling desperately to make ends meet?

Democrats will offer amendments to the tax bill to help the hard-pressed middle and working classes in this country. I hope that my Republican colleagues will support our efforts. Kemp-Roth, and its unfair distribution of a very large tax cut, was a campaign device. The campaign ended 8 months ago. It is time that we examine this tax cut on its merits. And I believe that any dispassionate analysis of the distributional affects of the Kemp-Roth tax cut will show that an effort should be made to give more of the benefits of the tax cut to the people who really need it.

Senators BRADLEY, HART, KENNEDY, and others have been developing proposals which would accomplish this end.

Yesterday, according to the Washington Post, the distinguished chairman of the Finance Committee, Mr. DOLE, is quoted as saying that compromising with the Democrats on tax relief for middle- and low-income Americans "would not do violence to Reagan's tax plan."

I believe Mr. DOLE is quite right in his analysis and in his statement, if it is a correct statement.

But a White House official is quoted as saying that the administration wants to avoid "any sign of weakness," which would encourage compromise.

What kind of a plan would suffer from a fairer distribution of the tax cut? Why should an administration, which already has embraced tremendous changes in its original plan, suddenly plant its feet on the question of distribution?

I commend the distinguished Senator from Kansas for his comments and his willingness to work for the best tax bill possible. I only wish that administration officials placed less weight on images of victory and more weight on the national interest in framing this tax bill.

But the fairness issue is not the only problem with Kemp-Roth. It is also an exceedingly reckless way to manage the Government's finances in an era of 20-percent interest rates and persistently high inflation. What if the administration's rosy economic predictions do not work out? What if we have high inflation and high interest rates in early 1983? Can anyone reasonably predict the state of the economy in early 1983? Should we have another 10-percent tax cut effective July 1, 1983 if we still have high interest rates, which have been brought on by a tight money policy in combination with large deficits? Of course we should not. But the Kemp-Roth tax cut is blind to economic reality. It ignores the possible state of the economy in future years.

Therefore, an effort will be made by Senate Democrats to install a safety valve on the Kemp-Roth pressure cooker. We will attempt to insure that, if interest rates and inflation have not fallen to the level projected by the administration, the second 10-percent tax cut will not automatically take place on July 1, 1983.

If the third year, 10-percent cut is detriggered, Congress might still decide to enact a tax cut at that point. But Congress, and the President, would have a much clearer understanding of the proper scope and target of a 1983 tax cut in 1983.

The administration projects that 91-day Treasury bills will yield 7.8 percent on average through 1983. This would suggest that they anticipate that at around March 1983, T-bill rates will be about 8 percent. What if they average 14.6 percent, as they have for the first 6 months of this year? Many officials of this administration have received high praise for their political skill and understanding of the congressional process. But their track record with projecting economic indicators certainly leaves something to be desired.

During Senate consideration of the second budget resolution for fiscal year 1981, they projected outlay levels of $620 billion. Outlays for fiscal year 1981 are now expected to be in excess of $661 billion, or $41 billion more than the original administration projection. We have heard many projections from the administration's financial officials as to how interest rates would soon be falling. Obviously, they have been wrong thus far.

In fact, the administration is currently working to significantly revise its interest rate protections. If they can make mistakes like these over a period of several months, how can one reasonably believe that their projections over the next 2 years will be more accurate?

This is not really a criticism of the administration's ability to project economic developments. It is a recognition of the fact that no one is able to predict with accuracy the state of the economy 2 years from now. Yet, it is 2 years from now, almost to the day, when the last 10 percent of the 25 percent across-the-board tax cut would take effect automatically under the Kemp-Roth plan.

This administration and the Republican Party in the Senate received no mandate from the American people in 1980 to play Russian roulette with this economy. It is my hope that partisan divisions can be laid aside on this important issue, and that a bipartisan group of Senators will support an effort to build a safety valve into the third year of the Kemp-Roth tax plan.

There is another amendment which will be offered by Senator BENTSEN with the support of Senate Democrats, which I hope will enjoy bipartisan support as well. Senator BENTSEN hopes to target the impact of the all-savers certificate to depository institutions which lend money for housing. His amendment would encourage a flow of funds into institutions which are dedicating their resources to a revival of the terribly depressed housing industry. This proposal has broad support from the homebuilders, the realtors, and the savings institutions.

Senate Democrats have not obstructed the President's economic plan. On the spending side, we have supported the general dimension of his cuts, while disagreeing—strongly at times—with some of the focus of his cuts. On the tax side, we have made many constructive suggestions, several of which have been incorporated into the Finance Committee bill and several of which the President has now come to support. It is a bill which, as a result of our suggestions, is vastly improved from the President's original proposal. But it is also a bill which is still seriously flawed because of its inclusion of the Kemp-Roth proposal. When the tax bill comes to the floor, we hope to continue our effort to work with the President to further his general goal of reduced taxation for all Americans. But we will attempt to amend the bill in such a way as to insure that these tax reductions are fair and prudent to the middle- and low-income taxpayers of this country.

Mr. President, I yield the floor.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for morning business.

Is there morning business?

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CHILES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. D'AMATO). Without objection, it is so ordered.

OPPOSITION TO MOTION TO INVOKE CLOTURE ON S. 951

Mr. CHILES. Mr. President, I rise in opposition to the motion to invoke cloture on S. 951. My reasons for doing so are twofold. The practical effect of invoking cloture on the bill will be to deny the Senate an opportunity to vote on the merits of the Johnston amendment. I feel the Senate should express its will on this question. The issue of busing has troubled this Nation and this Senate for over a decade. This particular proposal for resolving the busing dilemma has occupied the attention of the Senate for a number of days now.

I do not believe we need further debate on the amendment but I do believe we need an "up or down" vote on its merits. The Senate will have an opportunity on the next legislative day to shut off debate on the amendment itself and then reach a judgment on the Johnston amendment. I suggest this is a more appropriate course of action that will forestall any ad hoc decision on busing by parliamentary maneuver.

An additional and particularly troubling effect of a successful cloture motion will be to preclude consideration of the Democratic legislative package to fight violent crime as part of the Department of Justice authorization bill. A number of elements in this package will not meet the rule of germaneness and

thus cannot be taken up under the rule of cloture.

Yesterday, by a vote of 95 to zero, this body adopted a resolution which put the Senate on record as making the fight against crime a national priority and a Senate priority. If that resolution is to have more value than the paper it is printed on, I do not see how we can choose to forgo the opportunity to act on this crime-fighting package that we will have before us if we get an opportunity to put this amendment on the Justice Department authorization bill.

This package represents the culmination of years of hearings and study. It represents the synthesis of the best proposals from a number of Senators. It represents an extraordinary effort by the Democratic conference in the best sense of the word compromise, to fashion a comprehensive approach to the crime problem. It represents a degree of commitment to strengthening our domestic defense equal to that given our national defense.

Mr. President, the bill now before the Senate affords us a chance to act and act now. It provides us an opportunity to show it is not only the sense of the Senate to fight crime but is its actual intent.

If the words sounding from both sides of the aisle on the Senate floor yesterday in support of Senate Resolution 141 are to be more than just empty rhetoric, we cannot close the door on this chance to do something about the violent crime epidemic in this Nation. The people want and expect action from this body. I can think of few issues more pressing that should occupy the Senate's attention. Every day that we fail to act, the criminal element gets more of an upper hand and our society suffers. I hope Senators will respond to the urgency of the situation we confront.

As I indicated, this legislative package is a comprehensive attempt to address the many aspects of the crime problem. It seeks to target all the possible and appropriate resources of the Federal Government to combat the drug dealers, the organized crime families and the hired killers. It seeks to insure that we have a criminal justice system that actually serves to convict and punish the guilty. It reflects the work of many Senators addressing various facets of the violent crime dilemma.

Mr. President, I represent a State that in the past few years has become the focal point for the drug trade. Geographically close to the major sources of illicit narcotics, Florida is where the drug smugglers land, where the drug wars occur and where the narco-dollars buy everything in sight. Thus my principal focus of interest has been the war on illegal narcotics; a war we are now losing and at a terrible price to our society.

In this package are a number of measures I have proposed, along with other Senators that I am convinced will substantially strengthen this Nation's drug law enforcement effort. Two proposals, which the Democratic conference has endorsed, are already close to enactment. These are legislation to again allow paraquat spraying to destroy drug raw materials at their source and revision of the "Posse Comitatus" statute to permit military assistance in identifying and tracking drug smugglers.

Other proposals included in the package will materially improve our drug fighting capability. Bureaucracy, turf problems, agency infighting and lack of coordination have all too often characterized the drug law enforcement effort. I have recommended to this President and the previous President that we must have a firm hand in charge; someone who has the authority to assure an efficient and effective team effort. To accomplish improved direction and coordination of the various Federal agencies involved, we are proposing to establish a new Cabinet-level post—a Director of Narcotics Operations and Policy.

With such a post we will finally have a focal point of responsibility for the illegal drug problem. Someone who is perceived as speaking for the President and who has the authority to direct all U.S. policy, resources and operations relating to the illegal drug problem. I am convinced that placing one individual in charge of the Federal drug fighting effort is essential if we hope to see an improved drug law enforcement effort.

Obviously, the reason for the drug trade is money. I believe money is also the key to efforts to break up the large drug rings. Money is the one thing that is always going to find its way to the narcotics kingpins who insulate themselves from the smuggling and drug-peddling operations. If you can trace the money you can get to the leadership of the drug syndicates. Senator NUNN and I have proposed S. 732, aimed at getting the IRS back into the act in going after the big-time drug operators, which has been endorsed by the Democratic conference.

Another recommendation I have made, which is included in the package, is to mandate an aggressive effort by the Justice Department to negotiate agreements with foreign nations to facilitate improved law enforcement cooperation. This cooperation is especially necessary in response to the tremendous upsurge in the use of foreign institutions to secrete the fruits of major crimes and thus frustrate U.S. law enforcement efforts.

Often it is impossible to obtain legally admissible evidence of known caches of illegal funds overseas because international cooperation in law enforcement has failed to keep pace with the increasingly sophisticated methods of major criminals. While accurate estimates are not available, the amount of U.S. moneys booked and/or flowing through offshore banks which are serving illegal purposes—tax evasion, laundering, fraud, and organized crime operations—certainly involves many billions of dollars.

Cooperation between the United States and Switzerland under the 1977 Treaty on Mutual Assistance on Criminal Matters has virtually eliminated any difficulty in obtaining necessary evidence of illegal funds secreted in Swiss financial institutions. However, a major portion of the offshore banking of illicit funds is no longer in Switzerland. The Bahamas, Cayman Islands, Mexico, Panama, and other countries with offshore banking operations are increasingly used as financial havens by criminal elements. Until agreements are concluded with all these countries, the flow of illegal profits will continue to be a serious law enforcement problem.

The Justice Department has not aggressively sought to conclude such agreements. A mutual assistance treaty with the Bahamas was drafted in 1977 but has not progressed beyond the draft stage. It is of critical importance to law enforcement that the Bahamanian treaty be successfully negotiated and that work begin immediately to negotiate treaties with the United Kingdom, because of the problems in the Cayman Islands, as well as with Mexico, Panama, and other countries commonly used as financial havens by large-scale narcotics traffickers.

The intent of this amendment is to mandate priority attention to these treaty negotiations by the Justice Department and provide a means for congressional monitoring of progress in that regard.

While taking away the profits is key to a successful crackdown on drug trafficking, the Federal Government's record in that respect is not good. For nearly 10 years laws have been on the books to combat organized crime through forfeiture of illicit profits and the assets acquired with them. Yet the assets obtained through forfeiture have been very small. Between 1970 and 1980 the forfeiture law—the racketeer influenced and corrupt organization and continuing criminal enterprises statutes—have been used in only 98 narcotics cases and resulted in asset forfeiture of only $2 million. This is a minuscule amount when compared with the estimated $60 billion in profits generated annually by drug trafficking.

I have been pleased to join with Senator BIDEN in working on legislation to improve the Federal record in asset forfeiture and consider a very important element of the Democratic package to be the amendment to strengthen the RICO forfeiture provision to make asset seizure in organized crime and narcotics cases readily available as an enforcement tool.

Any comprehensive attack on crime must reform the Federal bail statutes. As things stand today, the only consideration a judge takes into account in setting the level and availability of bail is: Will the arrested person show up for trial? It does not matter how dangerous that person is to other individuals or to the community at large. It does not matter how likely that person is to commit another crime while he is out on bail. It does not matter how violent or serious the crime he committed was. If the judge concludes that he is likely to show up for trial, then the person goes free on bail.

By itself, the problem is serious enough. But in Florida, there are special conditions which make a serious situation even worse. I am referring to the drug trafficking problem, and the way the bail bond laws operate to create a revolving door situation for drug dealers who

are arrested. When a drug dealer is arrested, he has two options: he can stay in jail until trial, and face the possibility of a long prison term if he is convicted. Or else, he can post bail, then never show up for subsequent proceedings, and simply write off the bail money forfeited as a business loss.

Drug dealers, with their access to large amounts of cash, always take the latter option. No matter how high bail is set, they will meet it because they know that they will be able to recoup their losses in a matter of months, or even weeks. So they post bail. Many then go underground, while others leave the country No one is brought to justice, and the drug trafficking continues.

Today, there are 2,900 narcotics related jail jumpers at large. They outnumber Federal narcotics agents by 50 percent. In the southern district of Florida alone, the U.S. Marshal is investigating 369 failure to appear cases. Of those, fully 90 percent are narcotics related. Today's bail bond laws insure that we put the big drug dealers back on the street, free to continue their trade, and free to seek revenge against those who brought them to justice. We are demoralizing our law enforcement officials, we are destroying public confidence in our courts, and we are playing into the hands of the drug peddlers and violent crooks.

Earlier this year, I introduced a proposal that would turn this situation around, and help insure that big time drug dealers who are arrested will be brought to justice. I am pleased that the Democratic conference has endorsed the central concept of my bail reform legislation. That concept is simply to add a new set of considerations to someone on bail. It requires the court to explicitly consider the danger posed to the community should the arrested person be released on bail. The court will have to weigh the nature of the crime committed, and the strength of the evidence against the person arrested. Does he have any prior convictions? Was he on parole when he was arrested? Does he have a prior record of not appearing at trial? Does he have a drug record? How long has he lived in the community, and does he have a job and a family in the community?

Taken together, these factors will insert more realism into bail proceedings. They will insure that dangerous criminals, once arrested, are kept off the street, and are brought to justice. In my home State of Florida, it will help turn around the drug situation by insuring that the big time drug dealers who are caught will be brought to justice.

Mr. President, I believe it is of critical importance that the Senate address itself to the violent crime epidemic and that we do it now. The people do not want more talk, they do not want more hearings or more expressions of concern. They want action. It will be a sad occasion if we forego the opportunity this bill offers us to show we mean business.

THE PENDING CLOTURE MOTION

Mr. JOHNSTON. Mr. President, I congratulate the distinguished Senator from Florida for an excellent statement. It outlines very well the need to enact the crime package he has described. Most of the elements of that package are well known and well understood by the Senate and are ready to be passed. If we do not pass them now, we risk waiting until next year.

Mr. President, time is of the essence in the fight against crime; and if we do not proceed now and as quickly as we can, we have lost a golden opportunity.

The Senator from Florida talks about the drug problem in his State. There are reports of entry in my State as well, and it is a tremendous problem. Tons of marihuana are being shipped into coastal Louisiana. This can be stopped, in very large measure, by some of the elements of the package he has discussed.

This leads us to the question at issue: Should the Senate cut off debate by invoking cloture in the vote which is to occur at 12:30? The answer, I believe, is a resounding "No," for the very reasons the Senator from Florida has stated: First, because all nongermane amendments are dropped from this Department of Justice authorization package. That includes the Johnston busing amendment, that includes the crime package, and that includes everything except the very bare bones of this Department of Justice authorization bill.

We should have an opportunity to work our will on this difficult issue of busing and on the difficult issue of crime, and to invoke cloture will prevent that from being done.

As to those who say that we should proceed to the tax bill, I quite agree. The tax bill, however, is not ready at this point. The tax bill will not be right for presentation, I am advised, until Wednesday. I have advised the majority leader that it is perfectly all right with me, as I believe the minority leader has advised the majority leader it would be perfectly agreeable to him, to lay aside this bill if it is not finished by Wednesday, and I doubt that it would be under the circumstances—to lay it aside and proceed to the tax bill.

Invoking cloture would not aid in that involvement; because if cloture were invoked today, the bill could be laid aside only by unanimous consent. So to invoke cloture today at 12:30 would prevent the Senate from working its will on this difficult question of busing and on the difficult question of crime.

For the next legislative day, I have filed a cloture motion aimed at this amendment alone, the effect of which, if it is agreed to, would be to terminate debate on the amendment, so that we could get to a vote on this amendment itself—on the question of busing.

Mr. President, I have spoken the last few days on the question and have come to the conclusion that busing is a failure. I say that not only because the American public overwhelmingly disapproves of busing by percentages between 72 percent and 78 percent—and they have done so by those percentages in each year for virtually the last decade, and continue overwhelmingly to disapprove of it—but also because the studies which have examined the results show that busing does not work.

What do we mean by saying that busing does not work? We mean that it does not achieve integration and that it harms the school system. I have referred to a comprehensive study by David J. Armor, presented to the American Sociological Association in August of 1978, which is the latest and the most in-depth study on the whole subject. This study is 75 pages in length. I will read my colleagues two of the important conclusions. He says on page 41:

> Therefore court-ordered mandatory plans, rather than desegregation per se, have been the primary causes of accelerated white flight in desegregating school districts.

Court-ordered mandatory plans, rather than desegregation policy, are the problems, according to Mr. Armor.

He concludes on page 47 with this paragraph:

> Most important, a voluntary program eliminates the inevitable social costs of programs which are forced upon an unwilling and protesting public. Aside from the direct costs in the form of white flight, it is quite possible that mandatory busing has already added to the erosion of confidence in public education. Indeed, recent Gallup polls show that integration/busing is named as the number two problem facing public education (AIPO, 1978). Given this climate of opinion, voluntary desegregation programs not only offer more enrollment stability; they may also help to stop this unfortunate decline in support for the public schools.

So, Mr. President, this is the latest and most comprehensive study. And by the way this study refers to and incorporates by reference the other study, the James S. Coleman study, a copy of which I introduced before the committee, and it also refers to the Rossell study, the Farley studies and a host of others.

It is the latest word and it proves not from the standpoint of the public, not from the standpoint of public opinion polls, not from the standpoint of a conservative political operative, but from the standpoint of a sociologist who examines the demographic data, who examines the results as an expert and can draw conclusions, and he comes to the same basic conclusion as that arrived at by James S. Coleman in 1975 and by the other experts.

Mr. President, because this study is so important, I ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the study was ordered to be printed in the RECORD, as follows:

WHITE FLIGHT, DEMOGRAPHIC TRANSITION, AND THE FUTURE OF SCHOOL DESEGREGATION*

(By David J. Armor)

INTRODUCTION

[Graphs and charts mentioned in this article are not reproduced in the RECORD.]

Among the many debates that have raged over school busing, few have engaged social scientists with more intensity than the "white flight" debate. Although the white flight phenomenon has a long history in both public and social science discussions, it did not become a truly controversial issue in sociology until James Coleman's well-publi-

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cized work on the subject, in which he concluded that school desegregation was a significant cause of declining white enrollments in public schools (1975).

Shortly after Coleman's work appeared, three other major studies were published (or presented) which concluded, quite firmly, that Coleman's analysis was defective and that school desegregation has little or no effect on white flight. The first of these was a study by Reynolds Farley (1975), the second a study by Christine Rossell (1975), and the third a study by Thomas Pettigrew and Robert Green (1976). This latter study relied heavily on the Farley and Rossell data supplemented by some original analyses.

What makes the white flight controversy especially intriguing is that all four of these studies used substantially the same data base; namely, the public school ethnic enrollment reports published since 1967 by the Office of Civil Rights (OCR) of HEW. While social scientists frequently disagree about conclusions from data, one would not think such disagreement could result from analyzing as simple and straight-forward a data base as this one. Moreover, while most methodological debates are esoteric and dull, this controversy has generated considerable heat both within and without the profession. Undoubtedly, one of the reasons is that a great deal is at stake in this debate, with major policy decisions hinging upon its outcome. A large number of education policy makers and social scientists have been supporters of court-ordered desegregation as a means of attaining racial integration. If the white flight thesis is true, then court interventions seeking to eliminate segregation may actually be expanding it. In this event many judges, educators, and social scientists will be in the unfortunate position of promoting the very condition they seek to halt.

All of these earlier studies were based upon enrollment data through 1972 or 1973 at the latest, prior to implementation of many northern court-ordered desegregation cases (e.g., Denver and Boston). After the initial furor, both Farley and Rossell added enrollment data for subsequent years and refined their analysis techniques. As a result, they modified their original conclusions to some extent, finding more evidence for white flight due to desegregation than they had previously (Farley, 1977; Rossell, 1977a). Interestingly, these newer studies have not been well-publicized as yet, and many social scientists are unaware that there is now less disagreement on the fact of white flight. Disagreement still exists, however, over the size and duration of the effect, and the conditions under which it occurs.

Accordingly, given the importance of the issue for future policy actions, another look at the white flight phenomenon seems justified. This paper reconsiders the white flight issue in several ways. First, the works of Coleman, Farley, and Rossell are reviewed briefly. While some of their latest conclusions differ, due mainly to somewhat different analysis strategies, points of agreement will be emphasized. It is maintained that much of the remaining disagreement stems from a common failure to use demographic methods to establish underlying population trends.

Second, results of a new white flight study will be presented. The new study attempts to determine both the magnitude and the duration of white flight effects by using demographic projection techniques for the school-aged population. The method is applied to court-ordered cases, which are judged most important for future policy decisions. Although the courts have held that mandatory desegregation or "busing" is more effective than voluntary methods, this claim must be reevaluated in the light of induced white losses and the resultant possibility of resegregation. Changes in desegregation levels for court-ordered cases will be assessed and compared to a voluntary plan underway in San Diego.

Finally, implications for future school desegregation policies will be discussed. The reasons for white flight must be understood in order to improve upon current policies. If white flight is caused by prejudice and opposition to racially integrated schools, then mandatory plans may continue to find support. On the other hand, if white flight is caused by opposition to mandatory reassignments away from neighborhood schools, voluntary plans may prove more successful than mandatory plans for intradistrict desegregation, at least for those districts not yet under court orders. For court-ordered districts experiencing resegregation, of course, metropolitan remedies—mandatory or voluntary—may be the only solution.

THE COLEMAN AND FARLEY STUDIES

Coleman and Farley used a similar conceptual approach to study white flight, although their initial methods differed considerably. Basically, their approach is to analyze the relationship between changes in white enrollment and changes in a quantitative desegregation index for the same period.

In Coleman's approach the dependent variable is annual change in white enrollment Δw, from 1968 to 1973, while the independent variables are changes in desegregation Δd,[1] proportion black enrollment p_B, log of district size n, a region dummy r (North versus South), and the extent of desegregation within the SMSA d_s. Coleman then examines various linear regression models of the form

$$\Delta w = f(\Delta d, p_B, n, r, d_s) \qquad (1)$$

applied to the largest 21 central city school districts and the next 46 largest. He also tested various interactions with Δd, including $\Delta d \times p_B$, $\Delta d \times r$, and $\Delta d \times d_s$.

In Coleman's best model (with an R^2 of .60 for the 21 largest districts and .40 for the next 46 districts) the strongest and most consistent coefficients occur for changes in desegregation, desegregation within the SMSA, and the interaction between desegregation change and proportion black. If we interpret SMSA desegregation as a surrogate for the existence of white suburbs, then Coleman's major finding is that white loss is accelerated whenever desegregation occurs in large, central city school districts with a substantial proportion of black enrollment, and this effect is enhanced whenever predominantly white suburbs exist around the district. He did not find any evidence for substantial long-term effects, although he admitted his analysis was not adequate for this test. Also, he found the effect strong in the South and much weaker in the North, but it must be emphasized that his latest data was for 1973, prior to the start of large-scale desegregation in larger northern cities.

Farley's first analysis (Farley I) was based on 125 school districts for cities with over 100,000 population (excluding those districts with less than three percent black). Like Coleman, he examined the changes in white enrollment from 1967 to 1972, and related it to change in a desegregation index (a different one than Coleman's [2]). But here the similarity ends.

Farley analyzed total change in white enrollment from 1967 to 1972 rather than year-to-year changes. Since Coleman found the largest white losses occurred in the first year following a significant desegregation action, longer time-intervals might obscure the relationship. More important, Farley did not experiment with more complex regression models, and in particular he did not test for the crucial interaction between desegregation and proportion black. His main results showed only the bivariate relationship between white loss and desegregation change, separately for the North and the South; in a footnote he showed a three-variable regression using desegregation change and proportion black. Perhaps not surprisingly, then, he did not find evidence to support Coleman's conclusion.

Farley's second analysis (Farley II) was quite different (1977). Basically the same set of school districts were used as in Farley I, but enrollment data was added for 1973 and 1974. More crucial, however, he applied a regression model much like (1) to annual changes in white enrollment. He also added several variables not used by Coleman including year, a metropolitan district versus central city district dummy variable (Cole- and average white enrollment change in the two years preceding desegregation ($\Delta \bar{w}$).

With these modifications, Farley II comes to conclusions not unlike Coleman's. The highest t ratios were found for proportion black, change in desegregation, the metro variable (such that metro districts have less loss than central city districts), and the interaction terms $\Delta d \times pB$, $\Delta d \times n$, and $\Delta d \times \Delta \bar{w}$. In other words, the effect of desegregation on white loss will be strongest in larger central city school districts that have a substantial proportion of blacks and that show pre-existing white enrollment declines. Coleman found that, for a large central city school district with white suburbs and 25 percent black, a change of 20 points in his desegregation index is associated with an additional white loss of 8 percent; Farley II finds that, for a large central city district with 30 percent black enrollment, the incremental white loss associated with a 20 point change in his desegregation index is 6 percent.

While it is encouraging that the Coleman and Farley II analyses show a convergence in conclusions, there are still many analytic difficulties and several unanswered questions. First, their common conceptual approach makes the assumption that only the amount, and not the type of desegregation makes a difference. If the reasons for white flight are mandatory reassignment to non-neighborhood schools, rather than integrated schools per se, then changes in a desegregation index caused by voluntary transfers of minority students to predominantly white schools might not cause white losses. Moreover, it is possible that white flight will be diminished or non-existent whenever desegregation—mandatory or voluntary—is supported by the community rather than being imposed by a court upon a protesting community.

A second and possibly more serious problem is that no attempt is made to model the basic demographic processes that are the primary causes of white losses in the absence of desegregation; namely, white out-migration to the suburbs and declining white birth rates. If large-scale desegregation causes white loss, and if the mechanism involves concscious choices of white families, then it is possible that some white losses—"anticipatory" white flight—might occur prior to the onset of desegregation. Such a result would be missed in Coleman's model and confounded with an independent variable in the Farley II model (average white loss for the previous two years).

Finally, neither analysis deals adequately with the issue of longer-term effects of desegregation, particularly for large scale court-ordered plans. The main reason, of course, is that the earlier works had data for only 1972 or 1973, and courts did not begin issuing large-scale desegregation orders until 1970 or 1971. Even 1974 is too early to determine long-term effects in the North, since many northern desegregation orders were not implemented until 1973 or 1974. Clearly, the

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full policy implications of white flight cannot be evaluated without knowing the longer-term effects of desegregation.

THE ROSSELL STUDIES

The original Rossell study (Rossell I, 1975) took a different conceptual approach for assessing the effects of desegregation on white flight. Observing that Coleman's analysis could not separate the effects of government-imposed desegregation from other types of desegregation, including changes in natural residential patterns, she adopted a quasi-experimental design. Her basic approach is to compare pre-desegregation rates of white loss with post-desegregation losses for school districts that implemented school desegregation plans, and to then compare shifts, if any, to a group of control districts. The districts chosen for study comprised a non-random sample of 86 northern school districts (a subset of the National Opinion Research Corporation's Permanent Community Sample of 200 cities that were in the North and had at least 3,000 black residents). The year of desegregation was established by means of a mail questionnaire sent to school district administrators.

While Rossell I had a distinct advantage over the Coleman and Farley work by identifying government and court-ordered desegregation, a number of analysis problems hampered this first study, leading to the conclusion of no relationship between desegregation and white flight. First, the dependent variable used was not change in white enrollment but, rather, change in the percent white. This measure confounds the possibly different movements of two independent populations, whites and blacks. For example, the precent white will decline if black enrollment is increasing while white enrollment is stable.

After a desegregation action, if black enrollment levels off and white enrollment starts declining, the percent white will continue to drop, thereby masking a significant shift in population movements. This phenomenon has actually occurred in a number of desegregation cases, including Boston.

Like Farley I, Rossell I enrollment data stopped in 1972, and no attempt was made to control for most of the significant factors identified by Coleman as interventing in the relationship between desegregation and white losses, such as proportion black, existence of white suburbs, and so forth. Finally, the effect of desegregation was evaluated by fitting a regression line to pre-desegregation white loss rates and comparing this slope to a post-desegregation regression slope. Since the year of desegregation is simply the year of the most significant government action, the slope of the pre-desegregation regression might be influenced by other desegregation events—or several events—prior to the year chosen. For example, the year of desegregation chosen for San Francisco is 1971, when court-ordered busing began, but a major school-board busing plan was adopted in 1969 and implemented in 1970, during which time substantial white losses occurred. As a result San Francisco does not have significant white flight in Rossell's studies.

Rossell II (1977) represents a major updating with more data and more extensive analyses. She added southern school districts as well as enrollment data through 1975. She also grouped the districts according to type of desegregation plan (government-ordered or school board-initiated), extent of desegregation, and region. In this new analysis she finds more districts with significant white losses associated with desegregation changes. The strongest effects are found for those districts with court-ordered desegregation that have substantial portions of white students reassigned by the plan.[3]

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This improved analysis still has several difficulties. Districts are not grouped adequately by size, by percent black enrollment and by availability of white suburbs. Moreover, like Farley and Coleman, there is no demographic analysis against which to establish white loss rates in the absence of desegregation. This is an even more critical problem in Rossell's analysis, since the use of pre-desegregation enrollment trends assumes that no white loss is occurring due to anticipatory effects or to the effects of less major desegregation actions. If such effects occur, then the pre-desegregation trend being used to compare against post-desegregation trends may be steeper than they would have been with no desegregation at all. Clearly, other types of analysis must be adopted to investigate this possibility.

There have been other white flight studies besides the ones reviewed so far. For the most part, however, they provide little additional information over and above the combined Coleman, Farley, and Rossell findings. The Pettigrew and Green study (1976) does present some new analyses for the 21 largest cities, but their approach is basically the same as Farley I: they do not analyze year-to-year changes; they do not include critical interaction terms in their models (especially $\Delta d \times p_B$); their data stops in 1973; and they do not identify court-ordered desegregation. A study by Fitzgerald and Morgan (1977) attempts to offer a broader model of white out-migration from larger cities (over 50,000) using such variables as crowded housing, crime, and poverty. But these variables are not studied on a yearly basis in association with desegregation changes, and no demographic analysis is conducted to establish changes in white birth rates.

A NEW STUDY

Given the latest works of Farley and Rossell, there seems to be substantial agreement on several critical points. First, the fact that white loss is associated with desegregation in some instances is not in dispute. Second, it is a conditional relationship: it occurs under some conditions but not others. Third, the effect is seen most clearly in the year that desegregation takes place, which in most cases is the first year of a plan's implementation except when a plan is implemented in several phases (as for Boston or Oklahoma City).

Although there is variation in the nature of the conditions cited by each investigation, some convergence is apparent when all three studies are compared. First, the effect appears to depend upon a substantial proportion of black (or minority) students, perhaps on the order of 20 to 25 percent. Second, the effect appears strongest for central city districts surrounded by accessible white suburbs (e.g., Boston) and weakest for large metropolitan school districts surrounded by minimally developed rural areas (e.g., Charlotte, N.C.).

Finally, the effect appears strongest when there is a significant shift in the racial balance of schools, and especially when white students are included in the shift. In the Coleman and Farley studies this shows up as a desegregation index change of 20 points or so, while in the Rossell study this corresponds to reassignment of at least 20 perecnt or so of black students or at least 5 percent or so of the white students.[4]

In the vast majority of cases, however, shifts on this order of magnitude rarely occur outside of court-ordered desegregation plans. In Coleman's list of the 70 largest central city districts, 16 showed an annual change of 20 percentage points or more on his desegregation index, and only one was not involved in a court-ordered desegregation case (Wichita, Kansas, which was involved in a HEW mandate). Of the 86 Rossell II school districts, 22 showed a change in the index of dissimilarity of 20 points or more, but only 6 were not brought about by court order (Wichita and Tyler and Amarillo, Texas, which were involved in HEW mandates; and Berkeley and Riverside, California, and Ann Arbor, Michigan, which had school-board initiated plans). Perhaps more important, of the 16 Rossell II districts that showed at least 5 percent of white students reassigned—which may offer the greatest potential for white flight—only Berkeley was not by court order.

It seems fairly clear, then, that while changes in desegregation indices are the empirical correlates of white losses, large changes are generally brought about only through court-orders.

Given this state of knowledge, the new study was designed to focus specifically on court-ordered desegregation cases in which mandatory reassignment (as opposed to voluntary transferring) takes place. Furthermore, the emphasis of the study is on certain questions not adequately answered by the existing research; namely, the magnitude and duration of the effect of court-ordered mandatory desegregation. In order to answer these questions with greater precision, we have employed demographic techniques to project school enrollments in the absence of desegregation.

Methods

The potential universe for the study of all school districts undergoing court-ordered mandatory desegregation (COMD), by which is meant a desegregation plan involving mandatory reassignment of students arising from a court order. Mandatory reassignment plans not due to court order and court-ordered voluntary plans will not be analyzed in detail. (This is not a serious restriction since there are relatively few such cases.)[5] Given the Coleman and Farley findings, the universe was further restricted to school districts enrolling over 20,000 students and having at least 10 percent minority enrollment in 1968, which is prior to the start of COMD cases.[6]

Searches of published studies, legal references, and telephone interviews with school district officials yielded 54 school districts meeting the selection criteria. Excluded from the present study are Stockton, California, Dayton, Ohio, Milwaukee, Wisconsin, and Omaha, Nebraska, whose court-ordered plans did not begin until 1976, and Charleston, South Carolina, for which complete data could not be obtained.

In addition to the OCR enrollment data, extensive telephone interviews were conducted with school district officials to determine critical dates of court orders and plan implementation; characteristics of plans, including number of schools affected by pairing, clustering, or other reassignment mechanisms; and the existence and accessibility of developed suburbs. Written court orders and plans were obtained wherever possible, and additional information about suburbs was obtained by examining maps and OCR enrollment data for surrounding school districts. Two different types of analyses have been conducted with the data.

Analysis I.—Again, one difficulty of the Coleman, Farley, and Rossell analyses is the presumption that white flight will occur only in the year when there is a change in a desegregation index or during the years following the largest desegregation action. But if the white flight phenomenon is real, it is reasonable to expect that some "anticipatory" flight will take place when the community becomes aware that mandatory desegregation is about to take place. This might occur after a court order but prior to implementation, while appeals are being exhausted, as in cases like Denver and Detroit. It also could occur during an intense community controversy when a lawsuit is

brought but before a court order is issued, as in cases like Boston, Pasadena, and Pontiac. Such possibilities cannot be investigated with the methods used in these other studies.

In an attempt to solve this problem, the first analysis was a modified quasi-experimental design with pre- and post-desegregation enrollment changes compared to a control group (Armor, 1978). The major differences between this analysis and Rossell's are (a) following the Coleman and Farley II findings, districts are grouped according to proportion of minority enrollment and the availability of suburbs and (b) pre-desegregation enrollment changes are measured prior to any significant court orders or partial implementations. A revised summary of this analysis, which encompasses all 54 districts, will be presented.

This first attempt to establish a loss rate prior to the first significant court order was not wholly satisfactory. First, in some cases the time of the court order and the time of the actual start of busing are separated by several years, raising the possibility that demographic changes alone—such as declining births—might explain some of the difference in loss rates. That is, post-desegregation loss rates might have been higher than pre-desegregation loss rates even if the court case had not occurred. The second problem is that many desegregation cases are long and complex, with many orders and controversies covering an extended period of years. Locating a single year to divide the pre- and post-desegregation period is liable to generate much argument and disagreement.

Analysis II.—A more adequate solution for these problems requires some sort of demographic method similar to those used by many school districts to project future school enrollments. The unique advantage of projecting a school age population is that at any one point in time the cohorts who will be entering school during the next five years actually exist in the population at large (i.e., children born in the previous five years). Thus birth data, adjusted for net migration rates, permit projection of a future school population five years from any given year. This in turn offers a test for both anticipatory and long-term white flight.

The demographic projection method used here relies on birth data from 1950 to 1972 and census data for 1950, 1960, and 1970. Persons born from 1950 to 1962 represent the potential school age population in 1967, with most 12th graders having been born in 1950 and most kindergarteners in 1962.

If all births survive and there is no net migration, then the sum of births from 1950 to 1962 would be the projected school age population for 1967. The projected population for 1968 would be obtained by subtracting the graduating seniors (1950 cohort) and adding the incoming kindergarten (1963 cohort), and so forth for succeeding years, with 1972 births being used to project the 1977 population. Thus year-to-year changes in the potential population can be calculated and projected for 1968 to 1977 using birth data that is at least five years prior to any given year.

The crucial advantage of this approach for school desegregation cases is that a given event, such as filing a lawsuit or a court order, cannot affect birth rates that preceded it by several years. This is especially useful for extended litigation cases, where an initial order might occur in 1971 but not be implemented until 1974. Projecting the potential change between 1971 and 1974 depends upon 1969 births at the latest, two years prior to the court order.

Of course, not all births survive, and net migration can occur which reduces (or increases) a potential cohort by the time it reaches any given grade level. Hence birth rates must be adjusted to reflect both survival and net out-migration.

This can be done using 1950 to 1970 census data to establish cohort retention rates. For a number of reasons, including statistical reliability and coverage, the 0–4 cohort is used for estimating migration. The 1950 to 1960 retention rate is simply the ratio of white children aged 10 to 14 in 1960 to white children under 5 in 1950.

Since this ratio is actually a 10-year rate, we can convert it to an 11-year rate by using an exponential law; for a given birth cohort this gives us the retention rate when that cohort reaches sixth grade, which is midway in the school career. Rates would of course be lower in earlier grades and higher in later grades, but we assume that the midpoint is very close to the average.

For instance, if the 11-year retention rate is .70, then 1950 births can be reduced by .70 to estimate that proportion who would be in the school population 11 years later.

A similar rate can be calculated for 1960 to 1970; in most cases it is lower than the 1950–1960 rate reflecting the fact that net out-migration for whites is higher in the 1960's than in the 1950's. This rate is applied to births in 1960. Since annual census data is not available, our method interpolates retention rates between 1950 to 1960, assuming that the annual change occurs in equal increments. Given the relatively steady growths/declines in most school populations, once birth cohort changes are taken into account, this is not an unreasonable assumption for our purposes.

The critical question is how to adjust 1960's births for net migration during the 1970's; this requires a retention rate for 1970 to 1980. We have used two approaches: Method A assumes that net white out-migration is the same in the 1970's as in the 1960's; and Method B assumes that whatever change occurs between 1950–1960 and 1960–1970 (which is nearly always a decrease) also occurs between 1960–1970 and 1970–1980. Hence if the retention rate drops from .7 to .6, the estimated 1970–1980 retention rate under Method B would be .5.

An important feature of the demographic method is that its validity can be tested by examining projected and actual loss in years prior to a desegregation controversy. In applying the method to numerous cities in our sample, Method A usually produces a better fit to enrollment losses prior to desegregation events, particularly when a significant desegregation event occurred by 1970. Method B may overstate out-migration in the 1970's, particularly since out-migration did not get underway in most cities until the late 1950's. Also, if desegregation actually began in 1970 and some white flight has occurred, the 1970 census will reflect accelerated out-migration. Accordingly, the projections in this report are based on the method that gives a better fit to actual losses prior to the start of any significant court action.

For the purpose of comparing projected and actual school enrollments, annual rates of change are used rather than absolute numbers. The reason is that even correcting for net out-migration, projected school populations usually differ from the actual school enrollments because (1) not all 5 year olds go to kindergarten, (2) some students drop out before age 17, (3) some children attend private schools and (4) in a few cases school districts are slightly larger (or smaller) than civil divisions used for birth and census counts. Thus the projected school enrollment starts with the actual school enrollment as of a certain year (usually 1967 or 1968) and is reduced by the rates of change derived from the projected school-age population.

To put all this more formally, the 10-year retention rate for year i, R_i', is found by

$$R'_{50} = N_{60}{}^{10-14}/N_{50}{}^{<5}$$

$$R'_{60} = N_{70}{}^{10-14}/N_{60}{}^{<5} \qquad (2)$$

$$R'_{70} = R_{60} \qquad \text{(Method A)}$$

$$R'_{70} = R_{60} - (R_{50} - R_{60}) \qquad \text{(Method B)}$$

The 11-year rate R_i is found by applying the compound interest law to R_i' to obtain a yearly rate, and then converting this back to an 11-year rate; thus

$$R_i = (R_i')^{11/10} \qquad (3)$$

Rates for intermediate years are found by interpolation (and for 1971 and 1972 by extrapolation of the 1960–1970 trend). Then the initial projected white population in 1967 is given by

$$W_{67} = \sum_{i=50}^{62} (R_i B_i) \qquad (4)$$

where B_i are white births in year i. To get the projected population in 1968 we subtract $R_{50}B_{50}$ (1967 graduates) and add $R_{62}B_{62}$ (1968 kindergarten) to W_{67}, and similarly for successive years. The projected loss rates are then $1 - W_{t+1}/W_t$, and these are applied to the 1967 or 1968 actual school enrollment to obtain the projected enrollments.[7]

In most cases the projection method is fairly close to a linear projection of pre-desegregation losses, provided that no years with significant desegregation activity are included, although generally the demographic method yields somewhat steeper rates of loss. The reason is that the declining birth rates in the sixties are coupled with very high birth rates in the fifties. It can be shown that linear increases in births coupled with subsequent linear decreases in births can combine to yield non-linear increases and decreases in school age populations.

Another refinement is required for certain districts. White birth data includes Mexican-American births, and in western school districts where this population is substantial white births must be reduced accordingly. This is accomplished by using school ethnic enrollments to project relative proportions of Mexican and Anglo back to 1960 and 1950 and applying an estimated Anglo fraction to the white birth rate.

It is emphasized that the method used here does not attempt to model the out-migration process itself, but rather takes out-migration as a given and (by our model) assumes that those forces operating to cause (or accelerate) out-migration between the fifties and sixties operate to cause it (or increase it) in the 1970's.

The central question in our approach is not whether court-ordered desegregation causes white loss, but rather whether desegregation causes an increase in white loss rates over and above what would have happened without it, assuming—conservatively—that out-migration would continue in the 1970's.

It is possible that changes in other unmeasured events in the 1970's including crime, higher taxes, and other urban problems might have accelerated white loss rates in these cities, but the out-migration rate used for the 1970's, based on known trends, probably incorporates most of their effects.

A final point on methods deserves comment. Although we are using the term "white flight," in keeping with customary usage among researchers in this field, it must be emphasized that we are not studying only residential relocation. As applied to the school desegregation field, white flight means white losses in school enrollments in excess of what would have been observed without desegregation. Given this meaning, there are three major processes which can give rise to white flight from public schools:

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(1) residential relocation outside the district; (2) transfer of children from public to private schools; and (3) failure of new area residents to replace regular outmigrants who are leaving the area for reasons unrelated to desegregation. The third source is frequently overlooked. Although our methods do not enable systemmatic apportionment of white flight according to these three sources, special data from one school district will enable a preliminary look at this issue.

Results

Analysis I.—One can get a broad picture of the white flight phenomenon through the crude "quasi-experimental" analysis applied to all 54 districts. First, the districts are grouped according to characteristics already known to be related to white losses; namely, the proportion of minority students, the availability of suburbs, and region.[8] To determine whether white flight exists, post-desegregation loss rates are compared to pre-desegregation loss rates and to analogous loss rates for a control group.

A summary of this analysis is shown in Table 1. It is readily apparent that, if there is a white flight effect, it appears most prominent among school districts that have over 20 percent minority and accessible suburbs.

In these cases the northern post-desegregation white loss rate is three times the pre-rate, and double the rate in the control districts for the first two years afer the start of desegregation.

Moreover, the loss rates remain high, compared to both the pre-rate and the control district rate, 3 and 4 years after desegregation. No appreciable difference is found for northern and southern districts within this category; this differs from Coleman's results, which showed a stronger effect for southern districts. However, Coleman's data stopped prior to the start of court-ordered desegregation in many northern cities.

TABLE 1.—ANNUAL ENROLLMENT CHANGES BEFORE AND AFTER COURT-ORDERED MANDATORY DESEGREGATION

Type of district	Average annual percentage change: 2 yr pre-order	2 yr post-start	3 to 4 yr post-start	Number of districts
Over 20 percent minority, suburbs:				
Northern white [1]	−3.6	−11.5	−8.4	(9)
Southern white [2]	−3.2	−11.6	−8.8	(16)
Minority	+3.6	−.6	+.8	(25)
Over 20 percent minority, no suburbs: [3]				
White	−.8	−6.0	−1.9	(15)
Minority	+1.7	+.4	+.4	(15)
10 to 20 percent minority: [4]				
White	+1.0	−2.3	−2.5	(5)
Minority	+1.4	+2.0	+2.2	(5)
Florida districts: White [5]	+2.4	+.6	+1.6	(9)
Rossell nondesegregation districts: White north [6]	−2.7	−5.0	−5.0	(18)

[1] See table 2 for districts.

[2] Dallas, Houston, Forth Worth, Tex.; Atlanta, Ga.; Oklahoma City; Birmingham, Ala.; Little Rick, Ark.; Memphis, Nashville, and Chattanooga, Tenn.; Norfolk, Richmond, and Roanoke, Va.; Greensboro and Raleigh, N.C.; Jackson, Miss.

[3] Mobile and Montgomery Counties, Ala.; Bibb, Chatham, Muscogee, and Richmond Counties, Ga.; Louisville-Jefferson County, Ky.; Baton Rouge, Shreveport, La.; Winston-Salem, Charlotte, N.C.; Greenville, S.C. (data for Charleston incomplete); Austin, Tex.; Portsmouth, Newsport News, Va.

[4] Minneapolis; Las Vegas; Tulsa, Lexington, Ky.; Fulton County, Ga.

[5] All are counties; Palm Beach, St. Petersburg, Pensacola, Daytona, Gainesville, Fort Lauderdale, Miami, Jacksonville, Tampa are the main cities in their respective county school districts.

[6] Rossell northern "control" and "token plan" districts which reassigned no white students and less than 3 percent black students and which had total enrollments over 20,000 with 20 to 60 percent minority in 1968. Preorder is the average annual loss rates for 1969 and 1970 (prior to the start of most court-ordered mandatory desegregation); 1 to 2 yr poststart is average loss for 1972 and 1973; 3 to 4 yr poststart in average loss for 1974 and 1975. See appendix for list of districts.

Footnotes at end of article.

Districts that have substantial minority enrollments but less (or no) access to suburbs, all of which are southern county-wide school districts, also appear to show an effect, but it is smaller in absolute terms and drops off rapidly in the 3rd and 4th years. Actually, the rate of acceleration of white loss (from −0.8 to −6.0) is greater than for the districts with suburbs, due mainly to the existence of several districts which were growing prior to the court order (e.g., Charlotte, North Carolina and Newport News, Virginia) and which stopped growing after desegregation. This raises the possibility that some white flight effects are manifested by the slowing down of white growth rather than the acceleration of white decline. In any event, from the point of view of providing desegregated education such an effect has less policy relevance, since a relatively stable white population is all that is needed to maintain racially balanced schools.

School districts with 10 to 20 percent minority have no significant white losses associated with COMD. The underlying reason undoubtedly has to do with the fact that relatively little reassignment of students—especially white students—is necessary in such cases, thereby minimizing the opposition by white parents. For example, before Minneapolis desegregated in 1973 no school was predominantly minority, and according to Rossell, only 7 percent of black students and 1 percent of white students had to be reassigned to accomplish desegregation.

Finally, I have grouped the Florida districts together because they represent a distinctly different situation. All Florida districts were desegregated by a state court order between 1969 and 1971, and all are very large county-wide school districts. Thus the white flight phenomenon can occur in Florida only if whites leave (or do not move into) the state or if they enroll in private schools. This apparently has not happened to any great extent, and therefore the Florida group represents the only group where a majority of the school districts are still showing white enrollment gains well into the 1970's. These districts clearly show that the white flight phenomenon is conditional, with crucial dependence upon the environment surrounding the desegregating district.

In summary, the quasi-experimental analysis shows that the most serious white flight effects may occur in districts having substantial proportions of minorities, which require more extensive mandatory reassignment to accomplish desegregation, and in central-city districts with available suburbs, which offer the opportunity for convenient residential relocation. Districts with substantial minority populations but without developed suburbs—all of which are county-wide or "metropolitan" districts—may have less white flight due to the inconvenience of relocation. The fact that there is some apparent white flight in these districts, especially in the first year or two, raises the possibility that private school transfers may well comprise a significant portion of white losses in metropolitan desegregation cases.

Analysis II: Demographic Method.—While the quasi-experimental method is suggestive, it is not definitive. The pre-court order loss rates may be affected by anticipatory white flight, leading to an underestimate of the true magnitude of the effect. Conversely, demographic trends may be such that loss rates in the desegregating districts would be increasing even in the absence of desegregation; if so, the pre-post comparison would overstate the size of the effects, especially the long-term effects.

The demographic analysis can help alleviate these problems. We have applied demographic projections to those districts in the first group in Table 1, which are the most likely candidates for white flight. These districts include all of the important busing cases in larger cities, including Dallas, Memphis, Denver, Boston, and San Francisco. The critical questions at issue here are the magnitude and duration of the effect, given a demographic projection of what school enrollments would have been without the desegregation activity.

The average actual and projected white loss rates are shown for the nine northern districts in Figure 1. Prior to the filing of lawsuits in these districts, the average projected loss rate is nearly identical to the actual loss rate. But after the lawsuits were filed, prior to the start of desegregation, the actual loss rates are over one and one-half the projected loss rates, thereby offering evidence that anticipatory effects do occur.

The most substantial acceleration of white loss for these districts occurred in the first year of desegregation implementation, when the actual rate is nearly four times the projected rate. The actual rates of loss drop somewhat after the first year, but they remain between 1½ to 2½ times greater than projected loss rates up to four years after the start of busing. It would appear, then, that the magnitude and duration of the effect of court-ordered desegregation may have been underestimated by previous studies.

In order to demonstrate the impact of these accelerated loss rates, it might be helpful to give a hypothetical example. Consider a school district with 50,000 white students prior to the lawsuit, and assume that the loss rates in Figure 1 apply to six consecutive years following the filing year. At the end of the six-year period the projected white loss would be about 10,000 students, while the actual white loss would be about 20,000. Therefore, the average long-term effect of the court intervention is to double the number of white students lost, over and above the losses due to demographic factors alone.

It is important to note that the projected loss rates do in fact rise in these districts, on the average, from 2.5 to 4.2 percent over the six to seven years spanning their desegregation periods. This reflects a combination of long-term declines in births and continuing white out-migration during the 1970's. Thus a comparison of post- to pre-desegregation loss rates will probably overstate white flight effects, especially over the long run. However, neither the magnitude nor the pattern of these moderate demographic changes can begin to explain the dramatic increase in white loss rates during a desegregation controversy and after its implementation.

Another way to test the validity of these demographic projections is to compare them to other similar districts not experiencing desegregation. Figure 2 shows the projected rates for the northern desegregation cases compared to the actual loss rates of the 18 school districts from Rossell's northern non-desegregation group matched in size and percent minority.[9] The fit is fairly good, although the control districts show somewhat more variability with a decrease in loss rates followed by a steeper increase from 1971 to 1973 than the projected rates. However, the total losses explained by these two sets of rates, shown in the upper portion of Figure 2 for a hypothetical population, are nearly exact. Therefore, we conclude that the demographic projection method being used here yields realistic loss rates when compared to similar non-desegregation districts.

It might be worthwhile to examine the detailed results for one of these districts. Figure 3 shows the projected and actual white enrollment in Boston, which has been one of the most celebrated court-ordered cases. First of all, it is observed that the projected and actual loss rates for Boston are very

close for the five-year period between 1967 and 1972. This is evidence that, for Boston, a projection method based on birth rates and net out-migration (Ri is .67 for the fifties and the sixties) can account virtually for all of the white losses during this period. But in 1973, after a lawsuit was filed and after considerable controversy over actions by the State Board of Education, the actual loss rate is −6.6 compared to a projected rate of −3.8. While this is not a large difference, it does reflect some anticipatory behavior; any linear projection that includes the 1973 white enrollment for the pre-desegregation trend (such as Rossell's) would clearly overestimate the white losses in the absence of desegregation. The Boston plan was implemented in two phases, with Phase II involving more students than Phase I. When Phase I was implemented in 1974, the actual loss rate was nearly four times the projected rate; when Phase II was implemented in 1975, the actual rate of loss jumped to over five times the projected rate. In the third year of implementation the loss rate was 10 percent, which is still more than twice the projected rate.

Before the desegregation action in Boston (1972) there were 57,000 white students, but by 1977 there were only 29,000. Of this total decline of 28,000, about 16,000 (or three-fifths) is attributable to desegregation activities. As a direct result of court-ordered busing, Boston became a majority black school district in 1975. It is interesting to note, also, that minority enrollment stopped growing rather suddenly in 1975; while not shown on the graph, projected black enrollment should have continued to grow slightly during this period. This suggests that black flight—which has not been studied—may also be a phenomenon in court-ordered desegregation, although its magnitude is very small compared to white flight.

Southern Districts.—The demographic projection method has also been applied to southern districts with over 20 percent minority and available suburbs.[10] The results are quite similar to those for the north, although the average effects are somewhat larger.

Figure 4 summarizes the actual and projected loss rates for 14 southern districts. Since nearly all these districts began desegregation in 1970 or 1971, the before-desegregation rates are given by year, with those districts which began desegregation in 1970 excluded from the 1970 averages. Interestingly, anticipatory effects seem weaker in the south; this may be due in part to the fact that these were the earliest cases, when the concept of mandatory busing was in its infancy; persons may have been less aware of what to expect.

The effects after busing started, however, are stronger than in the north, with the actual loss rates rising to over five times the projected rate in the first year of busing. In the second to fifth years of busing the actual rate ranges from two to three times the projected rate. The elevation of the actual loss rate in the fourth year of desegregation is caused by major second-stage desegregation actions in three cities (Atlanta, Chattanooga, and Oklahoma City) which occurred coincidentally at this time.

It is noteworthy that, like the north, the projected loss rates do rise from the pre- to post-desegregation periods. The rates of white loss for the south are, however, smaller than for the north. This reflects the fact that most of these districts were gaining in school-age population in the 1950's, and out-migration levels in the 1960's were lower than in most northern cities.

District Variations.—The previous discussion has presented average white flight effects for groups of school districts. The extent of variation in effects from one district to another can be examined in Table 2, which provides the actual and projected rates of white loss for each of the northern court-ordered cases.

First, it is noted that in the years prior to filing of lawsuits, all but two cases (San Francisco and Prince Georges County) have projected rates of changes that closely match the actual rate, thereby giving substantial evidence for the validity of the demographic technique being used here. San Francisco's projected losses exceed the actual, leading to the possibility that white flight in San Francisco is underestimated by the method. This is balanced to some extent by a possible overestimate in white flight for Prince Georges County, whose projected gain exceeds the actual gain prior to the lawsuit. As a conservative test of white flight effects, the last row in Table 2 shows average loss rates excluding Prince Georges County: the results are not substantially different.

TABLE 2.—ACTUAL AND PROJECTED WHITE LOSS RATES IN NORTHERN SCHOOL DISTRICTS WITH COURT-ORDERED MANDATORY DESEGREGATION [1]

	2-yr before suit	Year before suit	Year before order	Year before start	Year of start	Years after start: 1st	2d	3d	4th	Retention rate (R_{70}) [2]
Boston:										
Actual	−4.2	−3.3	−6.6		1974	−14.9	−20.0	−11.3	−9.8	0.644
Projected	−3.2	−3.4	−3.7			−4.1	−3.8	−4.8	−5.9	
Denver:										
Actual	−1.1	−1.4	−2.3	−6.6	1974	−13.2	−8.6	−7.7	−7.9	.636
Projected		−1.4	−2.0	−3.6		−3.4	−3.5	−4.3	−5.2	
Pasadena:										
Actual	−4.3	−5.2	−6.0		1970	−12.4	−11.5	−11.4	−9.1	.638
Projected		−4.4	−4.7			−5.1	−5.4	−5.4	−5.0	
Pontiac:										
Actual	0	−1.4	+.4	−5.9	1971	−18.0	−2.6	−4.4	−4.6	.644
Projected		−2.1	−2.2	−2.0		−2.3	−2.7	−2.6	−2.8	
Springfield, Mass.:										
Actual	−4.7	−4.2	−4.2	−6.8	1974	−6.6	−3.4	−3.9	−5.0	.723
Projected	−3.0	−3.8	−4.4	−4.5		−4.9	−4.1	−4.5	−4.7	
Indianapolis: [3]										
Actual	+.6	−2.0	−3.5	−6.7	1973	−9.8	−6.1	−5.3	4.6	
Projected				−2.8		−2.9	−3.0	−3.1	−3.2	
San Francisco.										
Actual	[4] −.8	[4] −3.5		−7.4	1971	−17.6	−9.0	−12.9	−11.1	.478
Projected		−5.4		−6.0		−6.5	−6.3	−6.0	−5.9	
Detroit:										
Actual	−4.3	−6.1	−7.0	−9.5	1975-	−16.2	−21.5	−18.8		.591
Projected	−4.5	−4.8	−5.1	−6.5	[5] 76	−6.0	−6.3	−6.8		
Prnce Georges County (Washington iD·C. suburb): [6]										
Actual	+2.2	0	−3.3	−3.7	1973	−9.4	−5.9	−6.5	−8.2	1.00
Projected	+5.8	0 +4.0	+4.0	+3.8		+2.7	+2.0	+.3	−.8	
Average white loss rate:										
Actual	−1.8	−3.0	−4.1	−6.7		−13.1	−9.8	−9.1	−7.5	
Projected	−1.2	−2.5	−2.6	−3.1		−3.6	−3.7	−4.2	−4.2	
White loss rate, excluding Prince Georges:										
Actual	−2.4	−3.4	−4.2	−7.2		−13.6	−10.3	−9.5	−7.4	
Projected	−3.6	−3.6	−3.6	−4.2		−4.4	−4.4	−4.7	−4.7	

[1] All northern districts with enrollments over 20,000 and over 20 percent minority prior to desegregation that implemented court-ordered mandatory desegregation by 1975. See appendix for raw data and calculations.
[2] Estimated 11-yr net migration rate during the 1970's.
[3] Birth data not available; linear projection of 1967–70 enrollment used.
[4] Years before board order of mandatory busing (1967 and 1968).
[5] Busing began in January 1976.
[6] 3 yr before suit actual rate of gain is +5.2 and projected rate is +6.

Second, during the first year of desegregation all but one district—Springfield, Mass.—show a white loss rate at least two and one-half times the projected rate, and five show accelerated losses on the order of 3 to 5 times the projected rates. In other words, the first year effects are both massive and consistent. Moreover, with the same exception, the long-term effects are also consistent, with actual 4th year losses ranging from 1½ to 2 times the projected rates.

The sole exception to these strong white flight effects requires some explanation. One reason may be that in 1974 Springfield desegregated only five predominantly black elementary schools (out of 35) under court order, with a corresponding small involvement of the white student population. The secondary schools were already desegregated by 1970, largely due to school board actions under pressure from the Massachusetts State Board of Education.[11] Thus, pre-court order white losses might have been accelerated by secondary school desegregation and post-order losses might be smaller than expected because of the small proportion of elementary schools affected by the plan. Of course, it is also possible that white flight has not occurred in Springfield, for reasons not fully understood at present.

Table 3 offers similar data for each of the southern districts. Again, the actual pre-desegregation loss rates in 1968 and 1969 either match or are exceeded by the projected rates in all but three cases. Oklahoma City, Little Rock and Birmingham have less projected than actual white losses during the 1967–69 period and thus may have somewhat overstated white flight effects. At the same time the method may be understating the white flight effects for Dallas, Fort Worth, and Greensboro.

TABLE 3.—ACTUAL AND PROJECTED WHITE LOSS RATES FOR SOUTHERN SCHOOL DISTRICTS

	1968	1969	1970	Year of start	Year of desegregation 1st	2nd	3d	4th	5th	Retention rate (R_{70})
Dallas:										
Actual		−0.8	−2.2	1971	−9.0	−9.3	−11.3	−8.8	−9.6	0.86
Projected	−1.6	−2.5	−3.4		−4.0	−4.1	−3.4	−3.1	−2.5	
Fort Worth:										
Actual	+.8	−1.0	−2.2	1971	−8.4	−5.0	[1] −9.0	−7.0	−4.4	.76
Project	−3.2	−3.6	−4.6		−5.3	−4.8	−3.9	−4.0	−4.2	
Houston:										
Actual	−1.2	−5.1	−4.2	1971	−9.8	−8.6	−10.7	−4.9	−10.0	.67
Projected	−1.1	−2.1	−3.4		−.2	−4.3	−4.3	−2.2	−2.7	
		1967	1968							
Oklahoma City:										
Actual		−1.4	−1.6	1969	−8.6	−5.6	−1.8	[1] −14.8	−11.3	.92
Projected			+.4		−.1	−1.3	−2.2	−2.4	−2.4	
Little Rock, Ark.:										
Actual	−.8	−4.0	−2.9	1971	−10.4	−10.2	−3.0	−6.0	−4.3	.89
Projected	+2.6	+2.0	+.1		−.5	−.4	−1.0	−1.9	−2.8	
Jackson, Miss.:										
Actual	−3.1	−2.9		1970	−.4	−7.5	−8.8	−8.6	−9.2	.79
Projected	−2.3	−3.1			−.2	−4.8	−3.6	−2.6	−2.4	
Greensboro, N.C.:										
Actual	+1.9	−.3	−1.7	1971	−8.9	−8.9	−3.2	−3.3	−3.0	.95
Projected	−2.0	−1.9	−2.9		−2.5	−1.6	−.5	0	−.5	
Raleigh, N.C.:										
Actual	−1.7		−.1	1971	−7.4	−7.4	−5.1	−5.4	−4.0	.74
Projection	−1.7	−.8	−1.4		−0.6	−2.0	−1.3	−2.7	−2.5	
Roanoke, Va.:										
Actual		−3.7	−3.8	1971	−6.6	−6.5	−3.7	−4.8		.67
Projection	−1.4	−2.4	−3.1		−3.5	−4.0	−4.4	−4.7		
Chattanooga, Tenn.:										
Actual	−.9	−2.6	−6.2	1971	−22.9	−11.4	−10.5	[1] −20.1	−8.4	.66
Projection	−3.2	−3.4	−4.5		−5.0	−5.1	−4.3	−4.0	−5.8	
Nashville, Tenn.:										
Actual	+.2	+2.1	−1.3	1971	−11.5	−4.2	−3.4	−3.4	−2.0	.88
Projection	+.1	−.1	−.9		−1.4	−2.1	−2.5	−2.3	−2.8	
		1971	1972							
Memphis:										
Actual	−1.9	−5.6	−14.2	1973	−1.4	−5.4	−7.7			
Projection		−1.5	−1.5		−1.5	−1.6	−1.6			
Birmingham, Ala.:										
Actual	−3.3	−3.9		1970	−11.0	−7.4	−10.2	−11.1	−7.2	.67
Projection	−1.0	−.9			−1.1	−3.3	−3.3	−3.7	−3.7	
Atlanta, Ga.:										
Actual	−8.1	−7.5		1970	11.1	−16.1	−21.7	[1] −26.2	−19.5	.58
Projection	−7.6	−7.4			−.8	−8.4	−7.6	−7.6	−7.0	
Average white loss:										
Actual	−1.6	−2.6	−3.7		−15.0	−8.1	−7.9	−9.6	−7.4	
Projection	−2.2	−2.2	−2.3		−3.0	−3.4	−3.1	−3.2	−3.3	

[1] Indicates that a major mandatory reassignment took place that year, either equalling or surpassing the initial reassignment.

It is quite apparent that, even though the average first-year effect in the South is larger than in the North, the South also has more variability. Dallas, Fort Worth, Houston, and Roanoke, Virginia, experienced only a doubling of the expected loss rates, while Jackson, Mississippi and Memphis, Tennessee experienced enormous loss rates of 40 percent during the first year of busing. One reason for the lower rates for the Texas and Virginia districts may be that they had very little white reassignment during their first year of desegregation. For example, in the first year of Dallas' court-ordered plan, only black students were bused; a reassignment order for majority-white schools was stayed. During this first year, Dallas' white loss was 9 percent compared to a projected loss of 4 percent. But when a grade 4 to 8 plan was implemented in 1976, which bused both black and white students, Dallas' white loss was nearly 13 percent compared to an expected loss of 3 percent. In contrast Roanoke, Virginia, implemented only satelliting and attendance zone revisions in 1971. Its loss rate was 6.6 percent compared to an expected 3.5 percent during the first year, but within three years the projected and actual rates were nearly identical; no additional reassignments took place. It would appear, then, that the white flight effect is more heavily influenced by the amount of white student reassignment than by the amount of black student reassignment. This conclusion is amply supported by data from the Rossell II study (1977).

The long-term effects four or five years after the start of desegregation are also substantial in most cases, exceeding a factor of 1½ for all districts except Roanoke and Nashville. Considering all 22 districts, then, all but three show substantial short- and long-term acceleration of white losses as a result of court-ordered mandatory desegregation.

Effects of court orders on resegregation

The primary purpose of desegregation orders by courts has been to remedy illegal segregation existing within a school district. It has long been assumed by the courts that voluntary plans will not "work," in the sense of providing a sufficient degree of desegregation. Mandatory plans do, indeed, provide a greater amount of desegregation, at least initially. However, given the substantial accelerated white losses over a prolonged period, the possibility arises that mandatory plans ultimately fail because of resegregation. If so, the question arises whether voluntary plans might be more successful for intradistrict desegregation.

One of the difficulties in evaluating the extent of resegregation involves the definition of desegregation. If it means no more than ethnic or racial balance, then mandatory plans can always be successful, even if white flight causes a district's proportion white to drop to very low levels. As long as each school reflects the district ratio, even if the district is only 10 percent white, then a strict balance criteria would mean successful desegregation. However, neither the courts nor social scientists have ever held to such a standard of desegregation; rather, most definitions embody the concept of substantial opportunities for contact between minority and majority students. Therefore, if the proportion of white students in a district drops too low, then the district as a whole becomes either segregated or imbalanced compared to the ethnic composition of a region as a whole. If this condition is undesirable for individual schools, then it is certainly undesirable for an entire school district. Accordingly, to study resegregation we adopt measures of desegregation that reflect the absolute proportion of white students within each school in a district.

Before turning to such desegregation indices, Table 4 shows the total losses of white students attributable to court orders, along with the effect this has on the overall precent white. The long-term impact of court orders is massive in 15 out of 23 districts, accounting for over half of all white losses over periods of at least seven years. In larger districts this translates into tens of thousands of students. In six other cases the effects have been substantial, accounting for nearly a third of all white loses. Only Springfield, Massachusetts and Fort Worth, Texas, have experienced insignificant losses attributable to court orders.

TABLE 4.—LONG-TERM EFFECTS OF COURT-ORDERED DESEGREGATION ON WHITE LOSSES

District	Total white loss, before start to present [1]	Percent of loss due to court orders	Initial percent white	Projected percent white without court orders	Present percent white
North:					
Boston	30,179	55	62	53	42
Denver	23,615	52	60	55	47
Pasadena	11,087	30	63	44	36
Pontiac	6,146	59	66	56	49
Springfield, Mass	5,721	16	60	58	56
Indianapolis	22,562	51	64	61	55
San Francisco	24,429	29	40	30	22
Detroit	50,328	60	31	26	16
Prince Georges	48,820	[2] 100	80	72	56
South:					
Dallas	47,880	52	61	49	39
Fort Worth	18,486	7	67	54	53
Houston	56,014	51	53	44	36
Oklahoma City	27,427	72	80	75	65
Little Rock	5,619	94	64	57	47
Jackson, Miss	13,246	64	55	46	30
Greensboro, N.C	5,908	52	68	63	58
Raleigh, N.C	4,418	53	72	66	62
Roanoke, Va	3,944	29	76	71	69
Chattanooga	8,114	44	52	46	33
Nashville	14,560	31	76	73	70
Memphis	40,882	54	[3] 47	43	29
Birmingham	14,856	54	49	44	34
Atlanta	37,959	36	41	24	11

[1] In order to include anticipatory effects, "before start" means losses 2 yr before actual implementation; "present" ranges from 1975 to 1977; depending on the districts (see appendix for detailed data).

[2] Prince Georges County's projected enrollment is larger than the initial enrollment.

[3] In 1967, prior to annexations.

Of those districts that were majority white prior to the start of mandatory busing, most are now predominantly minority or fast approaching that status. Of these cases, the projected percent white shows that many would still be majority white or close to 50–50 including Boston, Denver, Pasadena, Pontiac, Dallas, Houston, Little Rock, Jackson, and Chattanooga, if the court order had not occurred. Of those districts that were predominantly minority prior to the start of the court case, the accelerated white loss has contributed to transforming most of them into virtually minority isolated school districts, including Detroit, San Francisco, Memphis, and Atlanta.

Another way to evaluate the effect of court orders on resegregation is by means of a desegregation index. The index chosen for use here is called an "exposure" index, which is the average percent white in schools attended by minority students (Coleman, et al., 1975).[12] If all minority students were distributed in a completely random fashion throughout most regions of the United States, and all schools were desegregated, each school would be between 70 and 80 percent white, and thus each district would have an exposure index between 70 and 80.

Figure 5 shows the trends in the amount of desegregation in those four northern school districts that have "tipped" as a result of court orders. The most interesting case is Pasadena, which had an index value of 37 the year before court-ordered desegregation. The success of the court's mandatory plan is seen in the first year of busing, when the index rose to 53. But because of white flight the index dropped to 35 by 1977, two points less than it was before desegregation. Although there was considerable ethnic imbalance in Pasadena in 1969, on the average the amount of minority exposure to white students was higher then than today in spite of a massive busing program.

The other three districts have not yet reached that point, but it is noteworthy that none of them have been able to maintain an index level over 50. In Boston the white flight has been so massive that even when Phase II was implemented the index reached only 39, and it has dropped sharply to 35 during the past two years. In spite of the strong court actions in Boston, this low degree of minority and white contact makes it hard to claim that its schools are desegregated today. The major social and political upheaval experienced by Boston seems a high price to pay for raising the percent white in the average black student's school by 10 points.

The trends in these four cities can be contrasted to San Diego, which has pursued a strictly voluntary plan. Although the percent white declined from 76 percent in 1968 to 64 in 1977, the demographic projections shown in the Appendix reveal that there has been no accelerated white flight. During this time the desegregation index has actually increased slightly to a high of 46 due to a vigorous voluntary program. Under court orders this plan will be expanded over the next four years, and the index is projected to increase by several points by the early 1980s. Of course, some minority students are relatively isolated while others are in schools ranging from 60 to 80 percent white. But by avoiding white flight (so far), San Diego has managed to offer desegregated education to about half of its minority students.

It is frequently overlooked that mandatory busing increases the desegregation experience of the isolated minority student only by decreasing the desegregation of other minorities. Then, after ethnic balance is attained, desegregation is decreased for all minority students by white losses, which are accelerated by white flight. When the percent white drops below 50 for the district as a whole, none of the minority students are truly desegregated. By contrast a voluntary plan can avoid white flight, thereby allowing a district to maintain its majority-white schools and offer desegregation to both resident minority students as well as to isolated minority students who transfer into these majority-white schools. Under such conditions, a voluntary plan like San Diego which desegregates a significant proportion of its minority students may well be considered more successful than a mandatory plan like Boston in which no minority students are desegregated.

Although not all the districts studied here have experienced the same degree of white flight as Boston, it is noteworthy that only four districts are now over 60 percent white, thereby providing for a substantial degree of desegregation. Five others are between 50 and 60 percent white, but the rate of white loss in these districts is such that most will probably "tip" within a few years. Even now some of these districts (e.g., Fort Worth, Springfield, and Indianapolis) have desegregation indices below 50. It seems clear, then, that nearly all school districts meeting the percent minority and suburban access criteria have experienced sufficient court-induced white flight to be in clear danger of resegregating.

Metropolitan plans: Jefferson County

The existence of white flight in central city school districts has led some policy analysts to conclude that desegregation should be carried out on a metropolitan basis. A metropolitan plan combines central-city and suburban school districts and, if mandatory, exchanges inner-city minority students with suburban white students. Many advocates of mandatory metropolitan plans believe that eliminating the possibility of suburban relocation largely solves the white flight problem. Moreover, for those school districts that already have predominately minority enrollments, a metropolitan plan of some type—either mandatory or voluntary—may be the only recourse for desegregation.

Unfortunately, the evidence is not yet complete for evaluating white flight in mandatory metropolitan plans. It might be argued that the county-wide school districts without suburbs shown in Table 1 can be used for this purpose. However, generalization from these districts to true metropolitan plans—such as those proposed for Detroit or Atlanta—presents several hazards. First, the Florida districts, which do show very little white flight, are unique because all counties came under court orders, so that white flight could occur only if persons left the state or enrolled in private schools. Second, all of the other cases (except Louisville) involve a single county-wide school district and all are in relatively rural regions of the South, where mobility may be constrained. Even so, the quasi-experimental analysis shows that some of these districts appear to have experienced white flight.

The fact is that the Supreme Court has imposed stringent requirements for metropolitan remedies, and as a result only two large-scale plans have been approved to date. One is Wilmington, Delaware and the other is Louisville, Kentucky, but only the latter has been implemented. Furthermore the Louisville plan, involving a merger of Louisville with the surrounding Jefferson County school district, might be debatable as a metropolitan case since it excludes several suburban school districts in Indiana located immediately across the Ohio River from Louisville. Nonetheless, the Jefferson County-Louisville desegregation plan comes closest to a true mandatory metropolitan plan of any implemented so far, and therefore its outcome is of considerable interest for clues about metropolitan white flight.

The existence of a comprehensive study of enrollment trends in Jefferson County (Johnson, et al. 1977), which documents both public and private white enrollment data from 1968 to 1977, can improve the projection analysis. The private school data enables a unique examination of the relationship between public and private school enrollments during court-ordered desegregation, an issue that may be especially important for metropolitan plans.

Actual and projected white enrollments for Jefferson County are shown in Figure 6 (see Appendix for detailed data). The uppermost solid line is the actual combined public and private enrollment for grades 1–12. Since our demographic technique projects the total school-age population, it is most appropriately applied to this combined enrollment; the projected enrollment is shown by the uppermost dashed line. It is clear that the actual and projected enrollments are extremely close between 1969 and 1974, the year before desegregation began, thereby again

supporting the validity of the projection method. In 1975, the first year of desegregation, the actual loss rate jumps to 7.1 percent while the projected rate is 3 percent, yielding an excess loss of nearly 6,000 white students. Not all of this loss appears to be due to relocation, however, since during the next two years the actual loss rate is smaller than the projected rate. By 1977 the excess loss is reduced to about 3,000 students; this suggests that during the first year of desegregation several thousand students were kept out of school.

The actual and projected public and private school enrollments are shown by the two lower sets of lines. Between 1968 and 1971 there appears to have been a general transfer taking place from private to public schools, so that the public schools were actually gaining white enrollment even though the school-age population was declining. This gain clearly came from private schools, since they were declining more rapidly than the school-age population. For this reason the separate demographic projections for private and public schools have been applied starting in 1973 when both public and private enrollments begin to match the total school-age trend. The projected loss rates used are those for the total school-age population, which of course assumes that both private and public schools would have continued to lose students at the same rate. This is a refinement of the projection method which can be applied only when private school enrollments are available. Similar transfer patterns between public and private schools in the late 1960's could explain why the projected losses are higher than actual losses for several cities described in previous tables.

After some anticipatory white loss in 1974, there is a very substantial public school loss of 11.3 percent in 1975 when busing began, which is more than 3½ times the projected rate of 3 percent. The next two years the actual loss rate is between 1½ to 2 times higher than the projected rate. Thus the first-year white flight effect in Jefferson County is comparable to what we have found for central-city districts, but the longer-term effect is not quite as strong. This demonstrates that mandatory metropolitan plans can indeed have white flight, but perhaps with somewhat weaker long-term effects.

What is equally interesting about these results is the amount of flight due to relocation (or failure to move in) versus the amount due to transfers to private schools. By 1977 the excess white loss in Jefferson County public schools due to the court order was about 15,500 students. The excess increase in private schools, over and above their projected white enrollment, is about 11,000. Therefore, it appears that most of the white flight in Jefferson County is in the form of private school transfers; only about one-third of the loss is attributable to relocation.

These results reveal that significant white flight is possible in metropolitan plans, although, if Jefferson County is any indication, it may take the form of transfers to private schools. However, perhaps because of the expense and availability of private schools, the long-term white flight effects in metropolitan plans may be smaller than for central-city districts.

DISCUSSION

Summary of findings

The findings of Coleman, the latest Farley and Rossell studies, and the present study all agree on one important fact. Desegregation can cause accelerated white flight, particularly in larger school districts with substantial minority enrollments (over 20 percent or so) and in districts with accessible white suburbs. This conclusion is robust, based on a consensus from four different studies employing different conceptual and analytical strategies.

Rossell's latest study and the present study clarify certain aspects of the white flight effect. The effect tends to happen only when significant numbers of students are mandatorily reassigned (or "bused"), and especially when white students are reassigned to formerly minority schools. This situation develops mostly in court-ordered cases, although there are several mandatory HEW-ordered plans and at least one case of a community-initiated mandatory plan.[13] Therefore court-ordered mandatory plans, rather than desegregation per se, have been the primary causes of accelerated white flight in desegregating school districts. Voluntary busing plans such as that adopted by San Diego do not appear to have any significant effect on white flight.

Using demographic projection methods, the present study offers further information about white flight induced by court-ordered desegregation. The effect is strongest in the first year of desegregation, with average white losses accelerating by factors of 2 to 4 in most cases. But the projections also show that many districts suffer anticipatory white losses, usually between the initial legal activities and the actual start of desegregation. More important, the method also shows that in most districts the accelerated white losses last for prolonged periods up to four or five years or more. Sometimes these longer-term effects are boosted by subsequent court actions taken to broaden desegregation.

The longer-term effects are stronger in larger central-city school districts that have ample two-way busing, available suburbs, and higher minority concentrations. In some of these cases the court action seems to have permanently altered the rate of white decline in the public schools.

It is important to stress that not all white losses are attributable to the court actions. Many districts, especially those in the larger urban areas, would have experienced substantial white declines during the 1970's without the court orders. Most of these "natural" declines are due to a demographic transition characterized by declining white births combined with increasing central-city white outmigration rates. Nonetheless, the extra white losses caused by court-ordered mandatory desegregation are very substantial, in most cases amounting to over half of all white losses over periods of six to eight years.

White flight appears to be insignificant in most Florida districts and in districts with small concentrations of minority students. The latter cases are apparently explained by the relatively minor dislocation necessary for desegregating relatively small numbers of minority students. In other county-wide districts without suburbs—which might be considered "metropolitan"—court orders have induced white flight, but the effect may not be long-term like that in central city districts. According to the Louisville-Jefferson County experience, the reason may have to do with cost and availability of private schools, which logically forms the primary avenue for white flight in metropolitan plans. Of course, should the supply of private schools be increased, as it might with tuition tax credits or with property tax cuts such as those occurring in California, metropolitan plans could rival intradistrict plans in white flight.

The future of school desegregation

Having provided further evidence that court-ordered desegregation does cause white flight, and that under certain conditions the effect is very substantial, it must be conceded that the present study will probably not end the debate. All projection studies must make assumptions, and while the assumptions adopted here seem reasonable, they can be challenged. Moreover, at least one other recent study using different methods has argued that long-term effects are rare (Rossell, 1978). As a result, it is likely that there will be continuing argument, not over the existence of court-induced white flight, but over its full magnitude.

Nonetheless, this argument should not be allowed to obscure the central policy issue. Most of the school districts studied here are losing whites at a rapid rate. While part of the cause may be demographic, the court action only increases the rate of loss and increases the risk of resegregation. For persons who sincerely desire to increase the total amount of integration, this risk has to be disturbing. At precisely a time when policies are needed to halt or reverse the normal white declines in urban areas, we have instead court actions which are exacerbating the condition. Although the effects may be relatively small in some cases, in other cases they are large. In either case they seem inappropriate during an era when most urban experts are urgently seeking ways to attract whites back into cities. Clearly, other remedies for school desegregation should be considered.

One alternative, of course, is to abandon "induced" school desegregation policies entirely, and let school desegregation take place "naturally" by housing choices of white and minority families. Given the failure to document definitive and meaningful educational and social benefits from induced school desegregation policies (Armor, 1972; St. John, 1975), we may eventually discover that natural desegregation is the wisest policy.

However, given current knowledge about housing segregation, which appears to be increasing in many metropolitan areas, many educational policy makers will not be content with the amount of desegregation arising naturally from neighborhood school assignments. Accordingly, for many policy makers there are only two meaningful alternatives: expanded voluntary plans, either on an intradistrict or metropolitan basis, or mandatory metropolitan plans.

In evaluating the relative merits of these two options, it is essential to gain some understanding of the reasons for white flight. If we are to improve upon present policies, so that the partcipants do not undermine and ultimately defeat the goal of desegregation, we must learn more about why whites oppose mandatory desegregation and how strong these feelings are. Obviously, it is beyond the scope of this paper to present an in-depth study of this issue. But it is possible to offer some helpful insights from attitudinal studies of busing which complement the behavioral findings already presented.

Most national public opinion polls have shown that whites are strongly opposed to busing for the purpose of desegregation (on the order of 75 to 85 percent), a stance that has changed little in spite of the increasingly commonplace status of busing during this decade (Weidman, 1975). Similar results have been found in recent special surveys in Los Angeles, San Diego, and Wilmington, Delaware, all of which are involved in court desegregation cases (Armor, 1977; Kaplan, 1977). Thus attitudinal opposition to busing is consistent, in the aggregate, with the behavioral white flight phenomenon.

Yet these same surveys document substantial white support for the concept of integrated schools, and there is little opposition among whites to the prospect of minority children coming into their children's present schools. In the Los Angeles survey, 87 percent of white parents said they would not object if their child attended a school that was one-third black and two-thirds white, and 74 percent would not object if minority students were bused into their child's present school "in large numbers" (18 percent objected).

Again, the behavioral evidence in white flight studies validates these attitudinal findings. Many school districts, including Los Angeles and San Diego, have promoted voluntary busing programs that have brought

Footnotes at end of article.

large numbers of minority students into schools that were formerly nearly all white. Yet little or no white flight has been observed as a result of these voluntary programs.

Contrary to the suggestions of some policy commentators, these results are not consistent with the thesis that opposition to busing and white flight are latent forms of prejudice and racism. Of course, prejudice and racism do exist, and undoubtedly persons with such attitudes are among the first to flee a desegregation program.

But racism as an explanatory factor is not alone sufficient to account for the fact that the vast majority of whites accept desegregated schools when brought about by voluntary methods but reject them when their children are mandatorily bused or reassigned to schools outside their neighborhoods.

The conclusion that racism is not the explanation is also supported by special analyses of the NORC 1974 survey, which found that whites with low racial prejudice scores were nearly as opposed to busing as persons with high prejudice (82 percent and 88 percent, respectively; Weidman, 1975).

If racism does not explain white flight, what does? The Los Angeles survey offers two further clues which support a different explanation. First, when asked about their reasons for opposing busing, the majority of whites mentioned a belief in the neighborhood school or related issues such as distance, loss of choice, lost time, and lost friends. Second, when asked about the benefits and harms of desegregation, a large majority of white parents believed it would improve neither minority education nor race relations, while it would increase discipline problems and racial tensions.

A majority of black parents believed the opposite, while Mexican-American parents were in between. Thus most white parents believe they are being forced to give up something they value—the neighborhood school—in return for a policy that benefits no one and may even be harmful. Given the strength of these feelings, and their persistence over time, it is quite possible that we have underestimated the depth of belief in and commitment to the neighborhood school.

This substantial public opposition to mandatory busing makes it unlikely that legislative bodies, whether state or federal, will enact mandatory metropolitan desegregation. Realistically, the only hope for mandatory metropolitan plans rests upon further court action. Before federal courts can order metropolitan remedies, however, they must show that suburban school districts have had a direct and substantial effect on the central-city's school segregation. At present, this has been found for Wilmington, Delaware and may yet be found for Indianapolis, both for quite special reasons.[14] As was true for Detroit, however, it will be difficult to show such connections in most cities. The NAACP and the ACLU are pursuing metropolitan remedies in Cincinnati and Atlanta on the grounds of government-caused housing segregation, but it is an open question whether federal courts will agree with this allegation.

An important exception may be California, whose school desegregation cases are being handled in state courts under the State Supreme Court edict that all school segregation is unconstitutional regardless of its causes.

There is nothing in the logic of the state court's holdings that would preclude a judge from ordering a metropolitan remedy. Given the strong majority opposition to busing, however, and the inevitable legal and political battles that will ensue, it is unclear whether any court will try to do so.

For example, if any school district needs a metropolitan remedy it is Los Angeles, where the Anglo enrollment is already down to 35 percent. The projected Anglo losses under busing are likely to turn Los Angeles into a minority-isolated district by 1980 or so, where few minority children will attend desegregated schools (Armor, 1977).

Yet, the court is allowing an intradistrict plan to start and has given no indication it will expand it into a metropolitan plan.

Even if the courts were to order metropolitan mandatory desegregation, there is no guarantee of success. The experience of Jefferson County, Kentucky, shows that white flight can occur in a metropolitan plan, albeit via transfers to private schools.

The current dissatisfactions with public education coupled with growing pressure for California-style property tax cuts could lead to an upturn in private school resources. Property tax cuts can accelerate the trend with a two-pronged affect: they make it harder for public schools to deliver services, while at the same time increasing a family's ability to pay for private schooling.

Tuition tax credits now being considered by Congress will have a similar affect. In this context, a court order of metropolitan busing could deliver a devastating blow to public eduction.

If the courts fail to order metropolitan desegregation, then voluntary plans will be the only remaining alternative, possibly on a metropolitan basis if state or federal funds become available.

Although voluntary plans are widely believed to be ineffective, we have shown that San Diego's voluntary plan has maintained a substantial degree of desegregation, surpassing the amount of desegregation offered by the celebrated mandatory plans in Pasadena, Denver and Boston.

Although we cannot generalize from the success of a single city, the fact remains that in recent times the voluntary approach has not led to the intense controversy observed in mandatory busing cases. Perhaps we have not given voluntary methods a fair trial. If other school districts can duplicate San Diego's experience, voluntary plans would provide desegregation for a large fraction of minority students, perhaps for those who could benefit most.

Most important, a voluntary program eliminates the inevitable social costs of programs which are forced upon an unwilling and protesting public. Aside from the direct costs in the form of white flight, it is quite possible that mandatory busing has already added to the erosion of confidence in public education.

Indeed, recent Gallup polls show that integration/busing is named as the number two problem facing public education (AIPO, 1978). Given this climate of opinion, voluntary desegregation programs not only offer more enrollment stability; they may also help to stop this unfortunate decline in support for the public schools.

FOOTNOTES

*To be presented at the American Sociological Association meetings in San Francisco, September, 1978. The comments of Kevin McCarthy, Christine Rossell, and Mike Ross are gratefully acknowledged.

[1] The desegregation measure used is a relative exposure index which measures the average proportion of white students in schools attended by the average black student (Coleman, 1975).

[2] The index of dissimilarity (Taueber and Taueber, 1965).

[3] A more recent paper by Rossell was received too late for full consideration here (Rossell, 1978). In brief, multiple regressions show that first-year losses are most strongly related to percent black, percent whites reassigned, their interaction, and district/SMSA segregation ratio. No long-term effects are found.

[4] The percentage of students reassigned is actually based on those students who show up at schools to which they are reassigned. Thus when white flight occurs, the percent of white students actually reassigned is probably considerably higher.

[5] Rossell lists 8 board-initiated, city-wide, mandatory plans all but one of which (Berkeley) had no white reassignment; none but Berkeley had significantly accelerated white losses. The author knows of only two court-ordered voluntary plans meeting the inclusion criteria after 1971: Dayton, Ohio, which was recently ordered to implement a mandatory plan in 1976, and San Diego which started a court-crdered voluntary plan in 1977.

[6] Most COMD cases occurred after the *Swan* v. *Board of Education* (402 U.S. 1), decided in 1971.

[7] Raw data and calculations are provided in the Appendix.

[8] Size of district is controlled by confining the analysis to districts with over 20,000 enrollments. The amount of desegregation is not controlled, but since all are court-ordered plans the amount of mandatory reassignment is substantial in all but a few cases.

[9] Prince Georges County is excluded from the desegregating districts because none of Rossell's districts had comparable growth rates during the late 1960's. It should also be noted that some of Rossell's districts, including Grand Rapids, Cleveland, Cincinnati, and Omaha were involved in court actions in the early 1970's, so that anticipatory white flight might be a partial cause of the rise from 1971 to 1973. In fact, it is hard to find any large school district with a substantial minority enrollment that has not been involved in some type of desegregation lawsuit.

[10] Richmond and Norfolk, Virginia could not be analyzed due to annexations which could not be disentangled from enrollment changes.

[11] Massachusetts passed a racial balance act in 1965, which required all public schools to have no more than 50 percent minority enrollment. There was considerable controversy over confrontations between the Springfield School Committee and the State Board between 1966 and 1971, which included two threats by the State to withhold state funds for noncompliance with the law.

[12] The index of dissimilarity and Coleman's relative exposure indices are not appropriate for measuring desegregation as defined here, since they can attain "perfect" scores of 0 when all schools are racially balanced, regardless of the actual exposure of minority to majority students.

[13] Berkeley, California is the only city meeting our size and percent minority criteria which has voluntarily implemented a comprehensive two-way busing plan, although Seattle, Washington, has proposed to do so in the Fall of 1978.

[14] Wilmington's metropolitan remedy was imposed because of a state law which specifically prevented the largely black Wilmington School District from annexing suburban districts. Indianapolis may get a metropolitan remedy because of state actions that created a metropolitan local government but which kept the school district intact. The Louisville-Jefferson County merger was first ordered by an Appellate Court but was actually implemented by the State Board of Education after the Supreme Court disapproved the appellate order.

APPENDIX

The tables in the following pages present raw data and calculations for the demographic projections of the school-age population in each school district in the study. All birth data, except as otherwise noted, are live births by place of residence from "Vital Statistics of the United States," National Center for Health Statistics. School data are fall enrollments from the Office of Civil Rights, HEW, racial ethnic census reports, unless otherwise noted. The court actions are taken from written decisions and school district interviews.

The last table in the appendix is adapted from the Rossell Study (Rossell, 1977).

WHITE ENROLLMENT PROJECTIONS FOR BOSTON, MASSACHUSETTS 1968-1977

Year	White Births	Retention Rate (R)	Net
1950	15076	.64370	9704
1951	(15018)[a]	.64370	9666
1952	(14960)[a]	.64370	9630
1953	(14902)[a]	.64370	9592
1954	(14844)[a]	.64370	9555
1955	14787	.64370	9518
1956	(14411)[a]	.64370	9276
1957	(14164)[a]	.64370	9117
1958	(13857)[a]	.64370	8920
1959	(13550)[a]	.64370	8722
1960	13244	.64370	8525
1961	13158	.64370	8470
1962	11990	.64370	7718
1963	11726	.64370	7548
1964	11788	.64370	7588
1965	10178	.64370	6552
1966	9382	.64370	6039
1967	9082	.64370	5846
1968	8746	.64370	5630
1969	8082	.64370	5202
1970	8446	.64370	5437
1971	6952	.64370	4475
1972	5788	.64370	3726

Year	Loss	Gain	Net Loss	Net K-12	Projected Loss Rate	Projected K-12	Actual K-12	Actual Loss Rate	Percent White	Minority
1966							66425[b]			
1967				118413		65378	65378[b]	-1.6%	70.5%	25466
1968	9704	7548	2156	116257	-1.8%	64201	64500	-1.3%	68.5%	29674
1969	9666	7588	2078	114179	-1.8%	63046	62657	-2.9%	66.0%	32230
1970	9630	6552	3078	111101	-2.7%	61343	62014	-1.0%	64.0%	34680
1971	9592	6039	3553	107548	-3.2%	59380	59390	-4.2%	61.5%	37192
1972	9555	5846	3709	103839	-3.4%	57361	57405	-3.3%	59.5%	38722
1973	9518	5630	3888	99951	-3.7%	55239	53593	-6.6%	57.2%	40054
1974	9276	5202	4074	95877	-4.1%	52974	45624	-14.9%	52.4%	40889
1975	9117	5437	3680	92197	-3.8%	50961	36522	-20.0%	47.4%	40217
1976	8920	4475	4445	87752	-4.8%	48515	32393	-11.3%	44.4%	40613
1977	8722	3726	4996	82756	-5.7%	45750	29211	-9.8%	41.6%	40981

WHITES, U. S. CENSUS

	<5	10-14		10 Year Retention	11 Year Retention
1950	66496	46179	R_{50}	≈.67	.64370
1960	56346	44796	R_{60}	≈.67	.64370
1970	35212	38179	R_{70}	.67	.64370

[a] Interpolated.

[b] District white figures included American Indian and Asian based on 1968-70 enrollments for these groups; 1625 and 1650, respectively, have been subtracted.

COURT ACTIONS (Morgan v. Kerrigan)

1973 Suit brought.
1974 First order and start of desegregation (Phase I).
1975 Final plan (Phase II).

ANGLO ENROLLMENT PROJECTIONS FOR DENVER, 1968-1977

Year	White Births	Anglo Fraction	Retention Rate (R)	Cohort Net
1950	9745	.810	.695	5486
1951	(9845)[a]	.817	.689	5542
1952	(9845)[a]	.814	.683	5494
1953	10045	.811	.677	5515
1954	10145	.808	.671	5500
1955	10245	.805	.665	5484
1956	10345	.802	.659	5468
1957	10445	.799	.653	5450
1958	10545	.796	.647	5431
1959	10645	.783	.641	5343
1960	10730	.790	.636	5391
1961	11074	.778	.630	5428
1962	10328	.766	.624	4937
1963	9632	.754	.619	4496
1964	9074	.742	.613	4127
1965	7910	.730	.607	3505
1966	7528	.718	.601	3248
1967	7673	.706	.595	3223
1968	7926	.694	.590	3245
1969	8590	.682	.584	3421
1970	8584[b]	.670	.578	3324
1971	8012[b]	.658	.572	3015
1972	7298[b]	.646	.566	2668

Year	Loss	Gain	Net Loss	Net K-12	Projected Loss Rate	Projected K-12	Actual K-12	Actual Loss Rate	Percent Anglo	Min.
1966							64955		68.0%	31003
1967				70564		64226	64226	-1.1%	66.6%	32194
1968	5486	4496	990	69574	-1.4%	63327	63398	-1.4%	65.6%	33179
1969	5542	4127	1415	68159	-2.0%	62060	61912	-2.3%	64.1%	34722
1970	5515	3505	2010	66149	-2.9%	60261	59716	-3.5%	62.1%	36372
1971	5500	3248	2252	63897	-3.4%	58212	57177	-4.3%	60.3%	37661
1972	5468	3223	2245	61652	-3.5%	56174	53420	-6.6%	58.3%	38196
1973	5450	3245	2205	59447	-3.5%	54512	49892	-6.6%	57.0%	37728
1974	5431	3421	2010	57437	-3.4%	52311	42838	-13.2%	53.8%	36832
1975	5343	3324[b]	2019	55418	-3.5%[b]	50480	39519	-8.6%	50.4%	38803
1976	5391	3015[b]	2376	53042	-4.3%[b]	48309	36460	-7.7%	48.8%	38218
1977	5428	2668[b]	2760	50282	-5.2%[b]	45797	33562	-7.9%	47.0%	37904

	WHITES, U.S. CENSUS			ANGLOS				
	<5	10-14	% Anglo	<5	10-14		10 Year Retention	11 Year Retention
1950	51343	28412	.81	41588	23014	R_{50}	.718	.695
1960	48194	37805	.79	38073	29866	R_{60}	.663	.636
1970	35852	37682	.67	24021	25247	R_{70}	.608	.578

[a] Interpolated.

[b] Potential effect of 1970-71 court actions on births.

[c] From Denver Public School Ethnic Distribution Reports.

COURT ACTIONS (Keyes v. School District)

1969 Suit brought; Park Hills area desegregated.
1970 First order of general desegregation.
1973 Supreme Court affirmed.
1974 Start of desegregation; part-time elementary plan.
1976 Full time elementary plan.

ANGLO ENROLLMENT PROJECTIONS FOR PASADENA, CALIFORNIA 1968-1977

Year	White Births	Anglo Fraction	Retention Rate (R)	Cohort Net
1950	1721	.97	.959	1601
1951	(1706)[b]	.968	.927	1531
1952	(1690)[b]	.966	.895	1461
1953	1674	.964	.863	1393
1954	1659	.962	.831	1326
1955	1644	.96	.799	1261
1956	1638	.958	.767	1204
1957	1622	.956	.735	1140
1958	1607	.954	.703	1078
1959	1582	.952	.671	1011
1960	1566	.95	.638	949
1961	1516	.93	.638	900
1962	1554	.91	.638	902
1963	1596	.89	.638	906
1964	1476	.87	.638	819
1965	1330	.85	.638	721
1966	1240	.83	.638	657
1967	1224	.81	.638	633
1968	1300	.79	.638	655
1969	1358	.77	.638	667
1970	1448	.75	.638	693
1971	1118[c]	.73	.638	521
1972	989[c]	.71	.638	448

Year	Loss	Gain	Net Loss	Net K-12	Projected Loss Rate	Projected K-12	Actual K-12[a]	Actual Loss Rate	Percent Anglo	Minority
1966							20958		65.6	11019
1967				15757		20049	20049	-4.3%	63.1	11731
1968	1601	906	695	15062	-4.4%	19167	19008	-5.2%	60.4	12476
1969	1531	819	712	14350	-4.7%	18266	17859	-6.0%	58.3	12763
1970	1461	721	740	13610	-5.1%	17334	15647	-12.4%	53.7	13476
1971	1393	657	736	12874	-5.4%	16398	13848	-11.5%	50.3	13699
1972	1326	633	693	12181	-5.4%	15513	12271	-11.4%	46.8	13954
1973	1261	655	606	11575	-5.0%	14737	11188	-9.1%	44.0	14226
1974	1204	667	537	11038	-4.6%	14059	10970	-1.9%	42.2	15084
1975	1078	693[c]	385[c]	10653	-3.5%[c]	13567	10664	-2.8%	40.9	15419
1976	1011	521[c]	490[c]	10163	-4.6%[c]	12943	9839	-7.7%	38.3	15879
1977	949	448[c]	501[c]	9662	-4.9%[c]	12309	8962	-8.9%	36.3	15771

WHITES, U.S. CENSUS				ANGLO			
	<5	10-14	Percent Anglo	<5	10-14		10 Year Retention	11 Year Retention
1950	6421	4250	.97	6228	4122	R_{50}	.963	.959
1960	6854	6315	.95	6511	5999	R_{60}	.665	.638
1970	5549	5769	.75	4162	4327	R_{70}	.665	.638

[a]From "Racial and Ethnic Distribution of Enrollments," Pasadena schools.
[b]Interpolated.
[c]Potential effect of start of desegregation (1970) on birth rates.

COURT ACTIONS (Spangler v. Pasadena)

1969 Suit brought.
1970 Order and start of general desegregation.

WHITE ENROLLMENT PROJECTIONS FOR PONTIAC, MICHIGAN 1968-1977

Year	White Births	Retention Rate (R)	Net
1950	1918	.832	1596
1951	(1938)[b]	.813	1576
1952	(1968)[b]	.794	1563
1953	1998	.775	1548
1954	2127	.756	1608
1955	2162	.737	1593
1956	2350	.718	1687
1957	2259	.699	1579
1958	2189	.680	1489
1959	2009	.661	1328
1960	2098	.644	1351
1961	2048	.644	1319
1962	1820	.644	1172
1963	1844	.644	1188
1964	1812	.644	1167
1965	1852	.644	1193
1966	1754	.644	1130
1967	1755	.644	1130
1968	1764	.644	1136
1969	1896	.644	1221
1970	1984	.644	1278
1971	1778[c]	.644	1145
1972	1530[c]	.644	985

Year	Loss	Gain	Net Loss	Net K-12	Projected Loss Rate	Projected K-12	Actual K-12[a]	Actual Loss Rate	Percent White	Minority
1966							16071		68.6%	7363
1967				19409		16074	16074	0.0%	67.6%	7695
1968	1596	1188	408	19001	-2.1%	15736	15845	-1.4%	66.3%	8043
1969	1576	1167	409	18592	-2.2%	15390	15915	+0.4%	64.8%	8603
1970	1563	1193	370	18222	-2.0%	15082	14977	-5.9%	62.2%	9100
1971	1548	1130	418	17804	-2.3%	14736	12277	-18.0%	56.8%	9358
1972	1608	1130	478	17326	-2.7%	14338	11953	-2.6%	56.4%	9212
1973	1593	1136	457	16869	-2.6%	13965	11422	-4.4%	53.6%	9754
1974	1687	1221	466	16403	-2.8%	13574	10899	-4.6%	52.1%	9900
1975	1579	1278[c]	301	16102	-1.8%	13330	10652	-2.3%	51.5%	10206
1976	1489	1145[c]	344	15758	-2.1%[c]	13050	10358	-2.8%	50.4%	10416
1977	1328	985[c]	343	15415	-2.2%[c]	13343	9699	-6.4%	48.8%	10408

WHITES, U.S. CENSUS					
	<5	10-14		10 Year Retention	11 Year Retention
1950	6704	4668	R_{50}	.846	.832
1960	8015	5672	R_{60}	.670	.644
1970	6864	5371	R_{70}	.670	.644

[a]Supplied by Pontiac School District. Includes less than 1% minorities other than black and Hispanic for consistency with early data; 1975-77 excludes County Special Education Centers which were excluded in earlier years.
[b]Interpolated.
[c]Possible effect of desegregation.

COURT ACTIONS (Davis v. School District

1969 Suit brought.
1970 First order.
1971 Affirmed; start of general desegregation.

WHITE ENROLLMENT PROJECTIONS FOR SPRINGFIELD, MASSACHUSETTS 1968-1977

Year	White Births	Retention Rate (R)	Net	Year	Loss	Gain	Net Loss	Net K-12	Projected Loss Rate	Projected K-12	Actual K-12	Actual Loss Rate	Percent White	Minority
1950	3427	.888	3043	1966							25808			
1951	(3491)[a]	.872	3044	1967				37109		24606	24606	-4.7%	77.7%	7062
1952	(3553)[a]	.855	3038	1968	3043	2273	770	36339	-2.1%	24089	24222	-1.6%	76.4%	7478
1953	3614	.838	3029	1969	3044	2140	904	35435	-2.5%	23487	23604	-2.6%	74.5%	8067
1954	3674	.822	3020	1970	3038	1964	1074	34361	-3.0%	22784	22501	-4.7%	71.8%	8845
1955	3743	.806	3017	1971	3029	1710	1319	33042	-3.8%	21917	21547	-4.2%	69.6%	9407
1956	3726	.789	2940	1972	3020	1560	1460	31582	-4.4%	20952	20631	-4.2%	67.6%	9866
1957	3710	.772	2864	1973	3017	1582	1435	30147	-4.5%	20010	19220	-6.8%	64.9%	10408
1958	3702	.756	2799	1974	2940	1463	1477	28670	-4.9%	19029	17946	-6.6%	62.4%	10821
1959	3676	.740	2720	1975	2864	1680	1184	27486	-4.1%	18248	17327	-3.4%	60.1%	11512
1960	3658	.723	2645	1976	2799	1560	1239	26247	-4.5%	17609	16656	-3.9%	58.9%	11633
1961	3570	.723	2581	1977	2720	1490	1230	25017	-4.7%	16746	15826	-5.0%	56.5%	12206
1962	3276	.723	2369											
1963	3144	.723	2273											
1964	2960	.723	2140											
1965	2717	.723	1964											
1966	2365	.723	1710											
1967	2158	.723	1560											
1968	2188	.723	1582											
1969	2024	.723	1463											
1970	2324	.723	1680											
1971	2157	.723	1560											
1972	2061(est)	.723	1490											

WHITES, U. S. CENSUS

	<5	10-14		10 Year Retention	11 Year Retention
1950	14816	8527	R_{50}	.898	.888
1960	17134	13303	R_{60}	.745	.723
1970	10740	12764	R_{70}	.745	.723

[a]Interpolated.

COURT ACTIONS (School Committee v. School Board--state)

1967-69	Secondary school desegregation mandated by State Board.
1970	State Board voted to withhold funds.
1971	Suit brought.
1972	First order (Sept. 1973 start ordered).
1974	Start of elementary desegregation.

WHITE ENROLLMENT PROJECTIONS FOR INDIANAPOLIS, 1968-1976

Year	Actual K-12	Actual Loss Rate	Projected Loss Rate[a]	Projected K-12	Minority	Percent White
1967	73449				35700	67.3%
1968	72010	-2.0%			36577	66.3%
1969	70204	-2.5%			37988	64.9%
1970	67772	-3.5%		67772	38044	64.1%
1971	63334	-6.6%	-2.7%	66150	38992	61.9%
1972	59079	-6.7%	-2.8%	64266	38522	60.5%
1973	53292	-9.8%	-2.9%	62382	38422	58.1%
1974	50041	-6.1%	-3.0%	60498	37550	57.1%
1975	47390	-5.3%	-3.1%	58615	37235	56.0%
1976	45210	-4.6%	-3.2%	56731	36815	55.1%

[a]Based on linear regression of 1967 to 1970 actual enrollment;
slope = -1884, constant = 75568

COURT ACTIONS (U.S. v. Board of School Comm.)

1968	Suit brought.
1971	First order.
1973	Start of "interim" plan (partial desegregation).
1973	Metro order; not yet decided.

WHITE ENROLLMENT PROJECTIONS FOR SAN FRANCISCO, CALIFORNIA 1968-1977

Year	White Births	Anglo Fraction	Retention Rate (R)	Cohort Net
1950	12782[b]	.880	.575	6468
1951	(12621)[b]	.872	.562	6185
1952	(12460)[b]	.864	.549	5910
1953	12298[b]	.856	.536	5642
1954	11842	.848	.523	5252
1955	11132	.840	.510	4769
1956	10902	.832	.496	4499
1957	11366	.824	.483	4524
1958	11082	.816	.470	4250
1959	10498	.808	.457	3876
1960	10476	.800	.444	3721
1961	10418	.782	.444	3617
1962	9974	.764	.444	3383
1963	9462	.746	.444	3134
1964	9082	.728	.444	2936
1965	8224	.710	.444	2593
1966	7322	.692	.444	2250
1967	7310	.674	.444	2188
1968	6966	.656	.444	2029
1969	6894	.638	.444	1953
1970	6492[c]	.620	.444	1787
1971	5684[c]	.602	.444	1519
1972	4522[c]	.584	.444	1173

Year	Loss	Gain	Net Loss	Net K-12	Projected Loss Rate	Projected K-12	Actual K-12[a]	Actual Loss Rate	Percent White	Minority
1966							39877		41.9%	55294
1967				62096		39559	39559	- .8%	40.8%	57400
1968	6468	3134	3334	58762	-5.4%	37383	38159	-3.5%	39.9%	57478
1969	6185	2936	3249	55513	-5.5%	35327	34700	-9.1%	37.1%	58831
1970	5910	2593	3317	52196	-6.0%	33208	32133	-7.4%	35.1%	59414
1971	5642	2250	3392	48804	-6.5%	31049	26484	-17.6%	31.7%	57061
1972	5252	2188	3064	45740	-6.3%	29093	24094	-9.0%	29.4%	57860
1973	4769	2029	2740	43000	-6.0%	27347	20988	-12.9%	26.9%	57035
1974	4499	1953	2546	40454	-5.9%	25734	18654	-11.1%	25.3%	55079
1975	4524	1787[c]	2737	37717	-6.8%[c]	23984	17405	-6.7%	24.4%	53928
1976	4250	1519[c]	2463	35254	-6.5%[c]	22425	14958	-14.1%	22.9%	50297
1977	3876	1173[c]	2703	32551	-7.7%[c]	20698	13730	-8.2%	21.9%	48932

WHITES, U.S. CENSUS			ANGLO		
	<5	10-14	Percent Anglo	<5	10-14
1950	52970	29715	.88	46614	26149
1960	40937	35243	.80	32750	28194
1970	25304	25229	.62	15688	15642

	10 Year Retention	11 Year Retention
R_{50}	.605	.575
R_{60}	.478[c]	.444
R_{70}	.478[c]	.444

[a] Supplied by San Francisco Schools; excludes "other non-white."

[b] Interpolated.

[c] Possible effects of desegregation.

COURT ACTIONS (Johnson v. San Francisco)

1969 School Board plan adopted (partial).
1970 Start of school board plan.
1971 First court order and start of general desegregation.

WHITE ENROLLMENT PROJECTIONS FOR DETROIT, MICHIGAN, 1968-1977

Year	White Births	Retention Rate (R)	Net
1949	36384[a]	.613	22303
1950	35984	.612	22022
1951	35553[a]	.611	21723
1952	35123[a]	.610	21425
1953	34692	.609	21127
1954	33882	.608	20600
1955	32131	.607	19504
1956	31574	.606	19134
1957	29418	.605	17798
1958	27164	.604	16407
1959	24260	.603	14629
1960	22496	.602	13543
1961	21296	.601	12799
1962	19648	.600	11789
1963	19426	.599	11636
1964	18654	.598	11155
1965	17808	.596	10614
1966	17518	.595	10423
1967	15792	.594	9380
1968	14304	.593	8482
1969	13964	.592	8267
1970	14144	.591	8359
1971	12048	.590	7108
1972	9901	.589	5832

Year	Loss	Gain	Net Loss	Net K-12	Projected Loss Rate	Projected K-12	Actual K-12[b]	Actual Loss Rate	Percent White	Minority
1966				243014		126354	126354		42.5%	170681
1967	22303	11789	10514	232500	-4.3%	120921	120544	-4.6%	40.9%	174321
1968	22022	11636	10386	222114	-4.5%	115479	115295	-4.3%	39.1%	180005
1969	21723	11155	10568	211546	-4.8%	109936	108264	-6.1%	36.8%	185595
1970	21425	10614	10811	200735	-5.1%	104330	100717	-7.0%	34.8%	189046
1971	21127	10423	10704	189924	-5.3%	98800	96269	-9.6%	33.3%	193188
1972	20600	9380	11220	178704	-5.9%	92971	86555	-9.0%	30.8%	194521
1973	19504	8482	11022	167682	-6.6%	86835	74965	-13.4%	28.2%	190613
1974	19134	8267	10867	156815	-6.5%	81191	67833	-9.5%	26.4%	189563
1975	17798	8359	9439	147376	-6.0%	76319	56855	-16.2%	22.8%	192741
1976	16407	7108	9299	138077	-6.3%	71511	44614	-21.5%	18.7%	194600
1977	14629	5832	8797	129280	-6.8%	66648	36227	-18.8%	15.8%	192544

WHITES, U. S. CENSUS		
	<5	10-14
1950	150825	96185
1960	103729	96022
1970	59535	65310

	10 Year Retention	11 Year Retention
R_{50}	.640	.612
R_{60}	.630	.602
R_{70}	.620	.591

[a] Interpolated or extrapolated.

[b] Supplied by Detroit Public School District; includes pre-K students for consistency with 1966-67 data.

COURT ACTIONS (Milliken v. Bradley)

1969-70 Board ordered plan (not implemented).
1971 First court order.
1972 Metro order (vacated, 1973).
1975-76 Start of general desegregation (January, 1976)

WHITE ENROLLMENT PROJECTIONS FOR PRINCE GEORGES COUNTY, MARYLAND 1968-1977

Year	White Births	Retention Rate (R)	Net
1950	4493	1.32	5931
1951	(5046)[a]	1.32	6661
1952	(5599)[a]	1.31	7335
1953	6152	1.31	8059
1954	6186	1.30	8042
1955	6661	1.30	8659
1956	7322	1.29	9445
1957	7602	1.29	9807
1958	8528	1.28	10916
1959	8886	1.28	11374
1960	9604	1.27	12197
1961	9974	1.24	12368
1962	10002	1.22	12202
1963	11202	1.19	13330
1964	12318	1.16	14289
1965	12382	1.14	14115
1966	12424	1.11	13791
1967	12702	1.08	13718
1968	12240	1.05	12852
1969	12318	1.03	12688
1970	11400	1.00	11400
1971	10426	.97	10113
1972	8750	.94	8225

Year	Loss	Gain	Net Gain/ Loss	Net K-12	Projected Loss Rate	Projected K-12	Actual K-12	Actual Loss Rate	Percent White	Minority
1966							108906		88.1%	14581
1967				122996		118476	118476	+8.8%	86.8%	17984
1968	5931	13330	+7399	130395	+6.0%	125585	124663	+5.2%	84.8%	22313
1969	6661	14289	+7628	138023	+5.8%	132868	127438	+2.2%	82.1%	26743
1970	7335	14115	+6780	144803	+4.9%	139379	127296	0.0%	79.5%	33101
1971	8059	13791	+5732	150535	+4.0%	144954	123592	-3.3%	75.9%	39236
1972	8042	13718	+5676	156211	+3.8%	150462	119033	-3.7%	73.5%	42396
1973	8659	12852	+4193	160404	+2.7%	154525	107809	-9.4%	69.9%	46495
1974	9445	12688	+3243	163647	+2.0%	157616	101497	-5.9%	67.1%	49713
1975	10916	11400	+484	164131	+0.3%	158088	94872	-6.5%	64.0%	53464
1976	11374	10113	-1261	162870	-0.8%	156824	87047	-8.2%	60.2%	57485
1977	12197	8225	-3972	158898	-2.4%	153060	78476	-9.8%	56.3%	60826

WHITES, U. S. CENSUS

	<5	10-14
1950	23861	11054
1960	43672	31498
1970	56722	55675

Retention	
R_{50}	1.32
R_{60}	1.27[b]
R_{70}	1.00

[a] Interpolated.

[b] Assumes no net growth in 1970s.

COURT ACTIONS (Vaughn's v. Board of Ed.)

1971 Suit brought.
1972 First order.
1973 Start of general desegregation.

ANGLO ENROLLMENT PROJECTIONS FOR DALLAS, TEXAS 1968-1976

Year	White Births	Anglo Fraction	Retention Rate (R)	Cohort Net
1950	9764	.940	1.270	11656
1951	(10653)[b]	.938	1.229	12281
1952	(11543)[b]	.936	1.188	12835
1953	12432	.934	1.147	13318
1954	12792	.932	1.106	13186
1955	12708	.930	1.065	12587
1956	13144	.928	1.024	12490
1957	12990	.926	.983	11824
1958	13106	.924	.942	11408
1959	12948	.922	.901	10756
1960	13166	.920	.860	10417
1961	12550	.909	.860	9811
1962	12338	.898	.860	9528
1963	12008	.887	.860	9160
1964	11356	.876	.860	8555
1965	10514	.865	.860	7821
1966	10372	.854	.860	7618
1967	10606	.843	.860	7689
1968	11512	.832	.860	8237
1969	12212	.821	.860	8622
1970	12536	.810	.860	8733
1971	11460	.799	.860	7875
1972				

Year	Loss	Gain	Net Loss	Net K-12	Projected Loss Rate	Projected K-12	Actual K-12[a]	Actual Loss Rate	Percent Anglo	Min.
1966										
1967				152097						
1968	11656	9160	2496	149601	-1.6%	97888	97888		61.4%	61431
1969	12281	8555	3726	145875	-2.5%	95441	97103	-.8%	59.6%	65772
1970	12835	7821	5014	140861	-3.4%	92196	95012	-2.2%	58.2%	68341
1971	13318	7618	5700	135161	-4.0%	88508	86482	-9.0%	55.0%	70824
1972	13186	7689	5497	129664	-4.1%	84879	78434	-9.3%	51.9%	72655
1973	12587	8237	4350	125314	-3.4%	81993	69603	-11.3%	48.2%	74758
1974	12490	8622	3868	121446	-3.1%	79451	63503	-8.8%	45.4%	76519
1975	11824	8733	3091	118355	-2.5%	77465	57426	-9.6%	42.5%	77691
1976	11408	7875	3533	114822	-3.0%	75141	50008	-12.9%		
1977										

WHITES, U.S. CENSUS			PERCENT ANGLO		ANGLOS			
	<5	10-14	<5	10-14	<5	10-14	10 Year Retention	11 Year Retention
1950	40268	20838	.94	.99	37852	20630	R_{50} 1.243	1.270
1960	59295	48488	.92	.97	54551	47033	R_{60} .872	.860
1970	50636	55970	.81	.85	41015	47574	R_{70} .872	.860

[a] Figures supplied by school district; excludes kindergarten, which was started after desegregation.

[b] Interpolated.

COURT ACTIONS (Estes v. Tasby)

1970 Suit brought (October).
1971 Order and start of partial desegregation (stayed white reassignment in August).
1976 Start of general desegregation in grades 4-8.

ANGLO ENROLLMENT PROJECTIONS FOR FORT WORTH, TEXAS, 1968-1976

Year	White Births	Anglo Fraction	Retention Rate (R)	Cohort Net
1950	6603	.940	1.051	6523
1951	(7019)[a]	.938	1.022	6729
1952	(7436)[a]	.936	.993	6911
1953	7852	.934	.964	7070
1954	7486	.932	.935	6523
1955	7418	.930	.906	6250
1956	7692	.928	.876	6253
1957	8128	.926	.847	6375
1958	7326	.924	.818	5537
1959	7298	.922	.789	5309
1960	7088	.920	.760	4956
1961	6606	.909	.760	4564
1962	6222	.898	.760	4246
1963	6002	.887	.760	4046
1964	6110	.876	.760	4068
1965	5452	.865	.760	3584
1966	5234	.854	.760	3397
1967	5345	.843	.760	3424
1968	6072	.832	.760	3839
1969	6228	.821	.760	3886
1970	6470[b]	.810	.760	3983
1971	5476	.779	.760	3242
1972				

Year	Loss	Gain	Net Loss	Net K-12	Projected Loss Rate	Projected K-12	Actual K-12	Actual Loss Rate	Percent Anglo	Min.
1966										
1967				77246		57579	57579		67.3%	28016
1968	6523	4046	2477	74769	-3.2%	55736	58011	+.8%	67.0%	28510
1969	6729	4068	2661	72108	-3.6%	53730	57429	-1.0%	65.2%	30600
1970	6911	3584	3327	68781	-4.6%	51258	56139	-2.2%	63.7%	31956
1971	7070	3397	3673	65108	-5.3%	48541	51436	-8.4%	61.3%	32476
1972	6523	3424	3099	62009	-4.8%	46211	48839	-5.0%	59.4%	33429
1973	6250	3839	2411	59598	-3.9%	44409	44455	-9.0%	57.6%	32678
1974	6253	3886	2367	57231	-4.0%	42633	41339	-7.0%	54.5%	34495
1975	6375	3983[b]	2392	54839	-4.2%[b]	40842	39525	-4.4%	53.0%	35083
1976	5537	3242[b]	2295	52544	-4.2%[b]	39127				
1977										

	WHITES, U.S. CENSUS		PERCENT ANGLO		ANGLOS			
	<5	10-14	<5	10-14	<5	10-14	10 Year Retention	11 Year Retention
1950	25658	14165	.94	.99	24119	14023	R_{50} 1.046	1.051
1960	32217	26002	.92	.97	29640	25222	R_{60} .779	.760
1970	26150	27173	.81	.85	21182	23097	R_{70} .779	.760

[a] Interpolated.
[b] Possible effect of 1971 orders.

COURT ACTIONS (Flax v. Potts)

1961 Suit brought.
1971 Order and start of partial desegregation.
1973 Second order and start of general desegregation.

ANGLO ENROLLMENT PROJECTIONS FOR HOUSTON, TEXAS, 1968-1976

Year	White Births	Anglo Fraction	Retention Rate (R)	Cohort Net
1950	13556	.810	1.358	14911
1951	(14948)[a]	.808	1.323	15979
1952	(16340)[a]	.806	1.288	16966
1953	17732	.804	1.253	17863
1954	17650	.802	1.218	17241
1955	17946	.800	1.184	16998
1956	14678	.798	1.149	13458
1957	15088	.796	1.114	13379
1958	16372	.794	1.079	14026
1959	18252	.792	1.044	15092
1960	13324	.790	1.009	10621
1961	18352	.784	.975	14028
1962	18640	.778	.941	13646
1963	18174	.772	.907	12726
1964	17756	.766	.873	11874
1965	16568	.760	.840	10577
1966	16750	.754	.806	10179
1967	16966	.748	.772	9797
1968	17902	.742	.738	9803
1969	19114	.736	.704	9904
1970	18858[b]	.730	.670	9223
1971	17754[b]	.724	.670	8612
1972				

Year	Loss	Gain	Net Loss	Net K-12	Projected Loss Rate	Projected K-12	Actual K-12	Actual Loss Rate	Percent Anglo	Min.
1966										
1967				194208		132700	132700		55.6%	107649
1968	14911	12726	2185	192023	-1.1%	131240	131099	-1.2%	53.3%	114999
1969	15979	11874	4105	187918	-2.1%	128484	124451	-5.1%	52.7%	111769
1970	16966	10577	6389	181529	-3.4%	124116	119181	-4.2%	49.4%	121957
1971	17863	10179	7684	173845	-4.2%	118903	107517	-9.8%	46.4%	123976
1972	17241	9797	7444	166401	-4.3%	113790	98282	-8.6%	43.6%	127128
1973	16998	9803	7195	159206	-4.3%	108897	87776	-10.7%	40.4%	128206
1974	13458	9904	3554	155652	-2.2%	106501	83439	-4.9%	38.6%	130019
1975	13379	9223[b]	4156	151496	-2.7%[b]	103626	75085	-10.0%	36.5%	134190
1976	14026	8612[b]	5414	146082	-3.6%[b]	99895				
1977										

	WHITES, U.S. CENSUS		PERCENT ANGLO		ANGLOS			
	<5	10-14	<5	10-14	<5	10-14	10 Year Retention	11 Year Retention
1950	51361	29210	.81	.88	41602	25705	R_{50} 1.321	1.358
1960	87775	64658	.79	.85	69342	54959	R_{60} 1.008	1.009
1970	78119	88469	.73	.79	57027	69891	R_{70} .695	.670

[a] Interpolated.
[b] Possible effect of desegregation.

COURT ACTIONS (Broussard v. Houston)

1966 Suit brought.
1970 Order of partial plan.
1971 Start of partial plan.
1973,75 Expansions of plan.

WHITE ENROLLMENT PROJECTIONS FOR OKLAHOMA CITY, OKLAHOMA, 1968-1976

Year	White Births	Retention Rate (R)	Net
1950	5717	1.050	6003
1951	(5963)[a]	1.037	6184
1952	(6208)[a]	1.024	6357
1953	6454	1.011	6525
1954	6426	.998	6413
1955	6595	.985	6496
1956	6662	.972	6475
1957	6710	.959	6435
1958	6734	.946	6370
1959	7316	.933	6826
1960	7572	.921	6974
1961	7390	.908	6710
1962	7664	.899	6890
1963	7170	.883	6331
1964	7054	.870	6137
1965	6096	.858	5230
1966	5512	.845	4658
1967	5364	.832	4463
1968	5526	.819	4526
1969	6064	.807	4894
1970	6394	.794	5077
1971	6000	.781	4686
1972			

Year	Loss	Gain	Net Loss	Net K-12	Projected Loss Rate	Projected K-12	Actual K-12	Actual Loss Rate	Percent White	Minority
1966							60288		79.9%	15169
1967				84370		59417	59417	-1.4%	79.1%	15699
1968	6003	6331	+328	84698	+.4%	59655	58472	-1.6%	78.2%	16255
1969	6184	6137	-47	84651	-.1%	59595	53470	-8.6%	73.3%	19475
1970	6357	5230	-1127	83524	-1.3%	58820	50495	-5.6%	72.1%	19547
1971	6525	4658	-1867	81657	-2.2%	57526	49571	-1.8%	71.7%	19569
1972	6413	4463	-1950	79707	-2.4%	56146	42224	-14.8%	70.1%	18051
1973	6496	4526	-1970	77737	-2.4%	54798	37453	-11.3%	69.3%	16586
1974	6475	4894	-1581	76156	-2.0%	53702	34568	-7.7%	66.8%	17147
1975	6435	5077	-1358	74798	-1.8%	52736	32861	-4.9%	65.0%	17691
1976	6370	4686	-1684	73114	-2.3%					
1977										

WHITES, U.S. CENSUS

	<5	10-14		10 Year Retention	11 Year Retention
1950	22784	14105	R_{50}	1.045	1.050
1960	33503	23911	R_{60}	.928	.921
1970	24036	28300	R_{70}	.811	.794

[a] Interpolated.

COURT ACTIONS (Dowell v. School Board)

1965 Suit brought.
1968 Order of partial secondary desegregation.
1969 Start of partial secondary desegregation.
1972 Order and start of general desegregation.

WHITE ENROLLMENT PROJECTIONS FOR LITTLE ROCK, ARKANSAS, 1968-1976

Year	White Births	Retention Rate (R)	Net
1950	1851	.892	1651
1951	(1898)[a]	.922	1750
1952	(1945)[a]	.952	1852
1953	1992	.982	1956
1954	1878	1.013	1902
1955	1973	1.043	2058
1956	2078	1.073	2230
1957	2186	1.104	2413
1958	2192	1.134	2486
1959	2134	1.164	2484
1960	2064	1.194	2464
1961	1850	1.164	2153
1962	2290	1.134	2597
1963	2164	1.104	2389
1964	2168	1.073	2326
1965	1790	1.043	1867
1966	1788	1.013	1811
1967	1822	.982	1789
1968	1860	.952	1771
1969	1818	.924	1680
1970	1832	.892	1634
1971	1816	.892	1620
1972			

Year	Loss	Gain	Net Loss	Net K-12	Projected Loss Rate	Projected K-12	Actual K-12	Actual Loss Rate	Percent White	Minority
1966										
1967		2597		27996		16018	16018		65.3%	8495
1968	1651	2389	+738	28734	+2.6%	16434	15895	-.8%	64.0%	8959
1969	1750	2326	+576	29310	+2.0%	16763	15264	-4.0%	62.0%	9364
1970	1852	1867	+15	29325	+.1%	16780	14815[b]	-2.9%	60.6%	9639
1971	1956	1811	-145	29180	-.5%	16696	13273[b]	-10.4%	57.0%	10033
1972	1902	1789	-113	29067	-.4%	16629	11921	-10.2%	53.3%	10427
1973	2058	1771	-287	28780	-1.0%	16463	11562	-3.0%	51.0%	11110
1974	2230	1680	-550	28230	-1.9%	16150	10869	-6.0%	48.8%	11412
1975	2413	1634	-779	27451	-2.8%	15698	10399	-4.3%	47.0%	11727
1976	2486	1620	-866	26585	-3.2%	15196				
1977										

WHITES, U.S. CENSUS

	<5	10-14		10 Year Retention	11 Year Retention
1950	7400	4393	R_{50}	.901	.892
1960	7199	6665	R_{60}	1.175	1.194[c]
1970	7015	8456	R_{70}	.901	.892[c]

[a] Interpolated.

[b] Based on known total, interpolated minority.

[c] Reduction to R_{50} assumed to obtain better pre-desegregation fit.

COURT ACTIONS

1959 Suit brought.
1971 Order and start of general desegregation.

WHITE ENROLLMENT PROJECTIONS FOR JACKSON, MISSISSIPPI, 1968-1976

Year	White Births	Retention Rate (R)	Net
1950	1425	1.49	2123
1951	(1520)[a]	1.42	2158
1952	(1615)[a]	1.35	2180
1953	1710	1.28	2189
1954	1602	1.21	1938
1955	1557	1.14	1775
1956	1558	1.07	1667
1957	1680	1.00	1680
1958	1506	.93	1401
1959	1436	.86	1235
1960	2096	.79	1656
1961	2298	.79	1815
1962	2036	.79	1608
1963	1998	.79	1578
1964	1836	.79	1450
1965	1594	.79	1259
1966	1470	.79	1161
1967	1538	.79	1215
1968	1604	.79	1267
1969	1522	.79	1202
1970	1698	.79	1341
1971	1484	.79	1172
1972			

Year	Loss	Gain	Net Loss	Net K-12	Projected Loss Rate	Projected K-12	Actual K-12	Actual Loss Rate	Percent White	Minority
1966										
1967		1608		23425		21450	21450[b]		55.0%	17580
1968	2123	1578	-545	22880	-2.3%	20957	20793[b]	-3.1%	53.6%	17980
1969	2158	1450	-708	22172	-3.1%	20307	20200[b]	-2.9%	52.4%	18380
1970	2180	1259	-921	21251	-4.2%	19454	12029	-40.4%	39.1%	18729
1971	2189	1161	-1028	20223	-4.8%	18520	11129[a]	-7.5%	36.7%	19229
1972	1938	1215	-723	19500	-3.6%	17853	10153	-8.8%	34.0%	19742
1973	1775	1267	-508	18992	-2.6%	17389	9353[a]	-8.6%	-----	-----
1974	1667	1202	-465	18527	-2.4%	16972	8496	-9.2%	30.6%	19298
1975	1680	1341	-339	18188	-1.8%	16666	8204	-3.4%	29.8%	19292
1976	1401	1172	-229	17959	-1.3%	16449				
1977										

WHITES, U.S. CENSUS

	<5	10-14
1950	5594	3319
1960	10784	8039
1970	6637	8708

	10 Year Retention	11 Year Retention
R_{50}	1.437	1.49
R_{60}	.807	.79
R_{70}	.807	.79

[a]Interpolated.

[b]Based on known total, interpolated minority.

COURT ACTIONS (Evers v. Jackson)

1963 Suit brought.
1970 Order and start of general desegregation.

PROJECTED WHITE ENROLLMENT FOR THE
LOUISVILLE-JEFFERSON COUNTY SCHOOL DISTRICT, 1967-1977

Year	White Births	Retention Rate (R)	Net
1950	10898	1.062	11574
1951	(11262)[b]	1.054	11870
1952	(11626)[b]	1.046	12161
1953	11990	1.037	12434
1954	12762	1.029	13132
1955	13018	1.021	13291
1956	14070	1.013	14253
1957	14220	1.005	14291
1958	13706	.996	13651
1959	13660	.988	13496
1960	13528	.980	13257
1961	12994	.972	12630
1962	12672	.964	12216
1963	12340	.956	11797
1964	12036	.948	11410
1965	10586	.940	9951
1966	10322	.931	9610
1967	10092	.923	9315
1968	10126	.915	9265
1969	10528	.907	9459
1970	10940	.899	9835
1971	10542	.891	9393
1972	9107	.883	8041

Year	Loss	Gain	Net Loss	Net K-12	Projected Loss Rate	Projected Public K-12	Actual 1-12[a]	Actual Loss Rate	Projected Private 1-12	Actual Private 1-12
1966										
1967				169153			107340			
1968	11574	11797	+223	169976	+.1%		110500	+2.9%		38277
1969	11870	11410	-460	169516	-.3%		113115	+2.4%		34180
1970	12161	9951	-2210	167306	-1.3%		116404	+2.9%		30157
1971	12434	9610	-2824	164482	-1.7%		116324	-.1%		28216
1972	13132	9315	-3817	160665	-2.3%		114800	-1.3%		26705
1973	13291	9265	-4026	156639	-2.5%	111131	111131	-3.2%	25718	25718
1974	14253	9549	-4704	151935	-3.0%	107797	103837	-6.6%	24946	27915
1975	14291	9835	-4456	147479	-3.0%	104563	92081	-11.3%	24198	30329
1976	13651	9393	-4258	143221	-2.9%	101531	87249	-5.2%	23496	32944
1977	13496	8041	-5455	137766	-3.8%	97673	82141	-5.9%	22603	33911

WHITES, U.S. CENSUS

	0-4	10-14
1950	47028	27711
1960	64260	49665
1970	49410	63085

	10 Year Retention	11 Year Retention
R_{50}	1.056	1.062
R_{60}	.982	.980
R_{70}	.908	.899

Year	Projected Public & Private	Actual Public & Private	Actual Private 1-12
1968	148771	148777	
1969	147736	147295	-1.0%
1970	145667	146561	-.5%
1971	143191	144540	-1.4%
1972	139898	141505	-2.1%
1973	136400	136849	-3.1%
1974	132308	131752	-3.7%
1975	128339	122410	-7.1%
1976	124617	120193	-1.8%
1977	119882	116132	-3.4%

[a]From Jefferson County Education Consortium (Johnson, et al, 1977).

[b]Interpolated.

[c]Based on 1969-77 projected loss rates for school-age population.

COURT ACTIONS

1971 Jefferson County suit filed.
1972 Louisville suit filed.
1973 First court order.
1974 Merger order (actually implemented by state board).
1975 Start of general desegregation.

WHITE ENROLLMENT PROJECTIONS FOR SAN DIEGO,
1968-1977

Year	White Births	Anglo Fraction	Retention Rate (R)	Cohort Net
1950	8004	.860	1.20	8260
1951	(8875)[b]	.856	1.17	8888
1952	(9746)[b]	.852	1.14	9466
1953	10610	.848	1.10	9903
1954	11232	.844	1.07	10143
1955	10672	.840	1.04	9323
1956	11346	.836	1.01	9580
1957	12244	.832	.98	9983
1958	12074	.828	.94	9397
1959	13198	.824	.91	9896
1960	12898	.820	.88	9307
1961	12716	.816	.88	9131
1962	12642	.812	.88	9033
1963	11730	.808	.88	8341
1964	10842	.804	.88	7671
1965	9448	.800	.88	6651
1966	9424	.796	.88	6601
1967	9382	.792	.88	6539
1968	9626	.788	.88	6675
1969	10028	.784	.88	6981
1970	10102	.780	.88	6834
1971	8512	.776	.88	5812
1972	8394	.772	.88	5702

Year	Loss	Gain	Net Loss	Net K-12	Projected Loss Rate	Projected K-12	Actual K-12[a]	Actual Loss Rate	Percent Anglo	Min.
1966							94182		77%	27696
1967				122310		95878	95878	+1.1%	76%	30281
1968	8260	8341	+ 181	122491	+0.1%	95973	98163	+2.4%	76%	30540
1969	8388	7671	-1217	121274	-0.9%	95110	96221	-2.0%	74%	33310
1970	9466	6651	-2815	118459	-2.4%	92827	95208	-1.1%	74%	33672
1971	9903	6601	-3302	115157	-2.8%	90228	93829	-1.4%	73%	34498
1972	10143	6539	-3604	111553	-3.2%	87341	89307	-4.8%	72%	35227
1973	9323	6675	-2648	108905	-2.4%	85245	87237	-2.3%	71%	36329
1974	9580	6981	-2599	106306	-2.4%	83199	85823	-1.6%	69%	37291
1975	9983	6934	-2947	103359	-2.8%	80869	82492	-3.9%	68%	39006
1976	9397	5812	-3585	99774	-3.5%	78039	80153	-2.8%	66%	41270
1977	9896	5702	-4194	95580	-4.2%	74761	75770	-5.5%	64%	42690

	WHITES, U.S. CENSUS		PERCENT ANGLO		ANGLOS				
	<5	10-14	<5	10-14	<5	10-14		10 Year Retention	11 Year Retention
1950	33515	16255	14%	12%	28823	14304	R_{50}	1.18	1.20
1960	56889	40662	18%	16%	46649	34156	R_{60}	.89	.88
1970	46126	52051	22%	20%	36080	41532	R_{70}	.89	.88

[a] Supplied by San Diego School District.
[b] Interpolated.

COURT ACTIONS (Carlin v. San Diego Schools)

1967 Suit filed.
1977 Hearing and order of a voluntary plan.

ANNUAL WHITE LOSS RATES IN
NORTHERN CONTROL DISTRICTS FROM THE ROSSELL STUDY[a]

	1969	1970	1971	1972	1973	1974	1975
New York	-3.1	-3.6	-2.8	-5.6	-5.0		
Syracuse	-3.2	-4.9	-4.4	-6.7	-4.2	-4.3	
Grand Rapids	1.7	- .1	-3.2	-4.0	-5.6	-5.8	-2.8
Toledo	1.4	-1.8	.2	-1.9	-4.9	-3.7	
Los Angeles	-2.6	-5.2	-4.5	-5.2	-7.4	-7.6	-4.0
San Diego	-2.0	-1.1	-1.4	-4.8	-2.3	-1.6	-3.9
Philadelphia	-3.5	-3.7	-5.1	+3.0	-7.9	-3.4	-2.8
Hartford	-9.1	-9.9	-6.1	-9.3	-8.3	-7.9	-7.8
Cleveland	-6.1	-1.5	-3.0	-3.2	-5.9	-5.1	-3.7
Youngstown	-7.3	-4.5	-1.0	-7.1	-1.3	-8.8	-12.1
Cincinnati	-3.2	-3.3	-4.8	-7.0	-9.1	-6.4	-3.3
Albuquerque	+ .7	+1.6	+1.0	+ .8	-3.0	-3.2	0
Jersey City	-3.5	-5.6	- .5	-6.7	-10.7	-8.7	-11.6
Phoenix	- .7	- .2	-1.1	-4.9	-2.3	-4.3	
Columbus, Ohio	-1.3	-1.3	- .7	-5.2	-5.5	-4.8	-3.9
Akron	-3.9	-1.8	-2.3	-3.7	-6.4	-5.0	-3.2
Kansas City, Kansas	-3.3	-2.3	-3.5	-6.3	-7.3	-6.9	-4.6
Omaha	- .7	1.6	0	-1.9	-4.9	-3.4	-3.1
Average White Loss	-2.76	-2.64	-2.4	-4.43	-5.67	-5.35	-4.77

[a] Includes control group cities as well as northern "token desegregation" districts that showed no white reassignment and less than three percent black reassignment and which had total enrollments over 20,000 and minority enrollments in the 20-60 percent range in 1968 (Rossell, 1977).

Mr. JOHNSTON. Mr. President, just why is it that court-ordered busing has been such an abject failure? Why is it that the public perceives it as a failure, that the educator experts perceive it as a failure?

For one thing it is because the courts have not looked at the results of their orders.

My authority for that statement is Mr. Justice Powell himself of the Supreme Court. If I may read a short excerpt from Estes against Metropolitan Branches, Dallas NAACP, from 444 U.S. Reports, page 437, in paragraphs commencing on page 437, Mr. Justice Powell says this:

Much of the confusion that has plagued this litigation derives from neglect of these principles. The District Court failed to identify the link between the constitutional violation and the desegregation remedy, and the Court of Appeals showed litle concern for either that problem or the question of effectiveness. Unless courts carefully consider those issues, judicial school desegregation will continue to be a haphazard exercise of equitable power that can, "like a loose cannon, . . . inflict indiscriminate damage" on our schools and communities.

He further says:

The imperfect nature of court action in school cases is evident in the phenomenon of self-defeating "remedies," desegregation plans and continuing court oversight so unacceptable that many parents seek to avoid the reach of the court's decree. The impact of such remedies may be seen in higher enrollment in private schools, in further migration to the suburbs, or in refusals to move into the school district.

This Court has not considered seriously the relationship between the resegregation problem and desegregation decrees.

If I may repeat that very important quotation from Mr. Justice Powell:

This court has not considered seriously the relationship between the resegregation problem and desegregation decrees.

He points out, for example, that—

In a case involving a school district in Alabama, however, the Court of Appeals for the Fifth Circuit approved a plan "that will probably result in an all-black student body, where nothing in the way of desegregation is accomplished and where neither the white students nor black students are benefited."

If I may interject at this point, in the situation identified by Mr. Powell, that is, where the court in the fifth circuit knew that if they issued the order, they would have an all-black school, neither black students nor white students were benefited. But guess what? They went ahead and did it anyway. It is precisely the situation we had in Rapides Parish, La. The black and white school leaders, the members of the school board, came to the congressional delegation asking for help, asking us to go with them to the Justice Department to try to vary this decree which was going to cause busing of 30 to 40 miles in one direction. We went to the Justice Department and made an overwhelming case, with the members of the black community seated there saying, "Please help us, Justice Department."

But, oh, no. In their inexorable rush to continue to order busing for busing's sake, they did it in Rapides Parish, and what happened is that it has begun to erode the school system. The private schools set up, by the way, were private schools which were not segregation academies but attended by both black and white students. That is ridiculousness having gone full circle. In the case identified by Justice Powell, neither the blacks nor the whites wanted busing or were benefited by it and it resulted in an all-black student body. In Rapides Parish, it simply chipped away the school system.

To proceed with quoting from Mr. Justice Powell, in this 1979 case he says:

The pursuit of racial balance at any cost—the unintended legacy of *Green*—is without constitutional or social justification. Out of zeal to remedy one evil, courts may encourage or set the stage for other evils. By acting against one-race schools, courts may produce one-race school systems.

So, Mr. President, there is no doubt about it. Everyone knows it. Busing does not work. Busing has not worked. The studies say so. Mr. Justice Powell says so. The American public says so.

So what are we going to do about it?

Mr. President, the pending amendment, the Johnston amendment, takes a carefully calibrated constitutional approach. Under section 5 of the 14th amendment Congress has the power "to enforce this amendment by appropriate legislation." We have that power.

The question is whether the power is appropriately exercised.

I believe it is. I believe limits of 10 miles and 30 minutes roundtrip are sufficient for busing. It is not taking away all remedies from the court. It is bringing down that very unpopular and unworkable remedy of busing to manageable proportions.

I might add, Mr. President, that the Court has never said that busing is required. It has never said that. As a matter of fact, the Court says it is simply one of the tools.

So what we are saying in this amendment, Mr. President, is shape the tool and fashion the tool so it can work, so it has a chance of success.

When busing becomes too long, too far, too burdensome, then it is calculated not to work because parents withdraw their students from school as the Armor study has documented, as Mr. Justice Powell commented, and as all of us know to be the fact. We can summon spirits from the vasty deep, but will they come? And in the case of busing they will not come.

Parents cannot be made to bus their children out of their neighborhoods for long distances. I believe parents will accede to busing where it is reasonable in length and in distance and does not take children vastly out of their neighborhoods.

Under the limit here they would not be more than 5 miles away, and 5 miles, I submit, Mr. President, or 15 minutes is near enough for parents to visit their children in school, to participate in the PTA, to participate and support and reinforce their children in all the various school activities which are so important to the success of an educational program and the success of a school.

Mr. President, it is time we act. We cannot continue every year to avoid the question of busing. If this is not the right approach, then let us vote on it and vote it down, but let us at least give it a fair chance, give it a chance to be voted on.

I urge that the Senate reject the motion for cloture.

● Mr. HART. Mr. President, I intend to vote against cloture on the Justice Department authorization bill. It has been my policy always to vote for cloture except when fundamental constitutional issues are at stake. Just such constitutional issues are at stake in the pending legislation and, accordingly, I will vote against cloture and for further discussion of these vitally important issues.

Two particular amendments pending to this bill have serious constitutional implications. Particularly serious is Senator JOHNSTON'S amendment which would restrict the remedial power of Federal courts in cases involving claims of racial discrimination in public schools. Specifically, the amendment prohibits Federal courts from issuing any orders or writs which directly or indirectly require any student to be assigned or to be transported to a public school other than that which is closest to the student's residence unless certain conditions are met, such as time and distance limitations. By curbing the remedies the courts can order, in school desegregation cases the amendment restrains the ability of courts to correct constitutional wrongs.

Whether one agrees or disagrees with Federal court opinions on busing one should oppose this legislation. Legislative attempts to undermine the independence of the Federal judiciary have implications which go far beyond the question of whether one agrees or disagrees with particular Supreme Court or Federal court decisions. Such legislative attempts are in fact direct assaults on the institutional authority of the Federal courts to interpret and enforce constitutional rights.

The real issue before the Senate is whether we are going to adopt a device whereby each time Congress disagrees with a decision of the Supreme Court or a lower Federal court, the jurisdiction of the Federal courts to hear that issue will be stripped away.

The Johnston amendment has had only 1 day of hearings before the Separation of Powers Subcommittee of the Judiciary Committee. So far there has been no consideration or debate before the full committee. With relatively little formal consideration it would be unwise and imprudent for the Senate to cut off further necessary debate on this constitutional issue by voting for cloture.

Another constitutional question is raised by Senator HELMS' amendment to prohibit the Justice Department from bringing any type of action which could result in a judicial order requiring busing. This amendment would prevent the executive branch from carrying out its constitutional duty to enforce the Constitution and the laws of the United States.

If the Justice Department cannot enter a case that could result in a busing

order, there will in practice be very little prosecution of racial discrimination in education. The constitutional prohibition against segregation will stand but the means to establish the right, and the remedy will be gone.

The constitutional questions raised by the pending amendments go to the very heart of the way our Government was structured by the Founding Fathers. Because such fundamental constitutional issues are at stake, I oppose cloture and hope the Senate will continue to debate and discuss these issues so they receive the serious consideration they deserve.

DEPARTMENT OF JUSTICE AUTHORIZATIONS, 1982

CLOTURE MOTION

The PRESIDING OFFICER. The hour of 12:30 p.m. having arrived, under the previous order, the time for debate having expired, pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will state.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on S. 951, the Department of Justice Authorization Bill.

Howard W. Baker, Ted Stevens, Strom Thurmond, Mack Mattingly, Malcolm Wallop, Thad Cochran, James Abdnor, Paul Laxalt, John Tower, S. I. Hayakawa, Alfonse M. D'Amato, Robert Dole, Paula Hawkins, Steven D. Symms, Orrin G. Hatch, Richard G. Lugar.

VOTE

The PRESIDING OFFICER. By unanimous consent, the call of the roll to ascertain the presence of a quorum having been waived, the question is, Is it the sense of the Senate that debate on the bill (S. 951), the Department of Justice authorization bill, shall be brought to a close?

The yeas and nays are mandatory under the rule, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. PELL (when his name was called). Mr. President, on this vote I have a live pair with the junior Senator from Massachusetts (Mr. TSONGAS). If he were here and voting he would vote "nay." If I were permitted to vote I would vote "yea." I, therefore, withhold my vote.

Mr. LEAHY (when his name was called). Mr. President, I have a live pair with the distinguished junior Senator from Connecticut (Mr. DODD). If he were here he would vote "nay." If I were permitted to vote I would vote "yea." I therefore withhold my vote.

Mr. STEVENS. I announce that the Senator from California (Mr. HAYAKAWA), the Senator from Pennsylvania (Mr. HEINZ), the Senator from Iowa (Mr. JEPSEN), the Senator from Alaska (Mr. MURKOWSKI), and the Senator from Illinois (Mr. PERCY) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Connecticut (Mr. DODD), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Montana (Mr. MELCHER), the Senator from Arkansas (Mr. PRYOR), the Senator from Tennessee (Mr. SASSER), and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

I further announce that, if present and voting, the Senator from Arkansas (Mr. PRYOR) would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

Mr. ROBERT C. BYRD. Mr. President, the Members of the Senate cannot hear the Chair. What did the Chair say?

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The yeas and nays resulted—yeas 38, nays 48, as follows:

[Rollcall Vote No. 184 Leg.]

YEAS—38

Abdnor	Goldwater	Nickles
Armstrong	Gorton	Packwood
Baker	Hatch	Quayle
Bumpers	Hawkins	Rudman
Cochran	Helms	Schmitt
D'Amato	Hollings	Stevens
Danforth	Humphrey	Symms
DeConcini	Kassebaum	Thurmond
Denton	Kasten	Tower
Dole	Laxalt	Wallop
Domenici	Lugar	Warner
East	Mattingly	Zorinsky
Garn	McClure	

NAYS—48

Andrews	Eagleton	Metzenbaum
Baucus	Exon	Mitchell
Bentsen	Ford	Moynihan
Biden	Glenn	Nunn
Boren	Grassley	Pressler
Boschwitz	Hart	Proxmire
Bradley	Hatfield	Randolph
Burdick	Heflin	Riegle
Byrd, Robert C.	Huddleston	Roth
Cannon	Inouye	Sarbanes
Chafee	Jackson	Simpson
Chiles	Johnston	Specter
Cohen	Levin	Stafford
Cranston	Long	Stennis
Dixon	Mathias	Weicker
Durenberger	Matsunaga	Williams

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—2

Pell, for.
Leahy, for.

NOT VOTING—12

Byrd, Harry F., Jr.	Jepsen	Pryor
Dodd	Kennedy	Sasser
Hayakawa	Melcher	Tsongas
Heinz	Murkowski	
	Percy	

The PRESIDING OFFICER. On this vote, the yeas are 38, the nays are 48. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the cloture motion is rejected.

ORDER TO TEMPORARILY LAY ASIDE S. 951

Mr. BAKER. Mr. President, it is clear that it is going to take a while to dispose of this measure, and it seems to me that the logical thing to do now is to try to arrange the affairs of the Senate so we can proceed in an orderly way, taking account of the fact that the Senate does not yet wish to invade on the Department of Justice authorizations bill. I have submitted to the minority leader a request to try to accomplish that purpose. It has been cleared, I believe, by all of the parties directly involved.

I would like to put that request at this time.

Mr. President, I ask unanimous consent that at any time on Wednesday, July 15, or thereafter, it be in order for the majority leader, after consulting first with the minority leader, to lay aside temporarily the pending legislation S. 951, the Department of Justice authorization bill, and turn to the consideration of either the reconciliation bill or the tax bill; further, S. 951 not be made the pending business again until the Senate has acted on both of those measures and, further that no call for regular order serve to bring S. 951 back before the Senate prior to that time.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, my understanding of the words "acted on both of those measures" would not be interpreted by the Chair as requiring final action so as to include the conference report.

Mr. BAKER. Mr. President, if I could answer the minority leader, it would certainly not be my intention for the Chair to interpret it that way.

Mr. ROBERT C. BYRD. That is good enough for me.

Mr. President, still reserving the right to object, is it the plan of the distinguished majority leader if this order is entered, to have a session of the Senate tomorrow? I also take it there will be no more rollcall votes prior to Monday.

Mr. BAKER. Mr. President, the minority leader is right. The concern I had was that we would not be able to transact the business of the Senate in an orderly way, and thus, the apparent need for a Saturday session. This removes that requirement. If this request is granted: First, there will be no more votes today, and if we take up another measure, any votes that are ordered today would go over until Monday, and, second, the order for the session on Saturday would be vitiated.

Mr. ROBERT C. BYRD. I thank the distinguished majority leader. I have no objection.

Mr. JOHNSTON. Mr. President, reserving the right to object, I ask the majority leader, do I understand that upon completion of those two matters, that is, the reconciliation bill and the tax bill, or either or both, as that term is defined in terms of completion as explained by the minority leader, that upon that completion we automatically come back to the DOJ authorization bill?

Mr. BAKER. Mr. President, we do return to DOJ after those two measures are disposed of.

Mr. JOHNSTON. It comes up automatically under unanimous consent without a motion to proceed?

Mr. BAKER. Yes.

Mr. JOHNSTON. I thank the Senator.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

VITIATION OF ORDER TO CONVENE THE SENATE ON SATURDAY, JULY 11, 1981

Mr. BAKER. Now, Mr. President, I ask unanimous consent that the order for the Senate to convene on tomorrow be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL MONDAY, JULY 13, 1981

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 12 noon on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, it is possible that the so-called noise bill will be called up this afternoon. If it is, as I indicated earlier, we will not have any rollcall votes today.

VOTES ON S. 1204 TO OCCUR ON MONDAY

I ask unanimous consent that in the event the noise bill is called up today, that any votes that are ordered today be stacked until after the close of morning business, if it is ordered, on Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER TO PROCEED TO CONSIDERATION OF S. 1204

Mr. BAKER. Mr. President, I do not see the Senators directly involved in the noise bill on the floor at this moment.

Mr. President, I ask unanimous consent that the Senate, at 1:15 p.m., temporarily lay aside the pending measure, the Department of Justice authorization bill, and proceed to the consideration of the noise bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. BAKER. I ask unanimous consent, Mr. President, that the time for the transaction of routine morning business be extended until 1:15 p.m. on the same terms and conditions.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GORTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. DURENBERGER). Without objection, it is so ordered.

AMENDMENT OF NOISE CONTROL ACT

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of S. 1204 which the clerk will state by title.

The legislative clerk read as follows:

A bill (S. 1204) to amend the Noise Control Act of 1972, as amended by the Quiet Communities Act of 1978.

The Senate proceeded to consider the bill.

Mr. GORTON. Mr. President, it is the goal of this bill to eliminate virtually all Federal activity in the regulation of noise and products which produce noise. Those limited authorities which would remain after the enactment of the bill would be discretionary.

In 1972, the Congress enacted the Noise Control Act of 1972, establishing a Federal regulatory presence in an area which had, theretofore, been within the exclusive control of States and their political subdivisions. The Noise Control Act authorized the Federal Government to adopt a comprehensive regulatory program for products generally, as well as two other specific sources of noise: railroads and interstate motor carriers.

In addition to authorizing regulations of noise emissions themselves, the 1972 act permits Federal activity in related fields, including labeling, recordkeeping, and reporting.

In 1979, the Noise Control Act was amended by adding the Quiet Communities Act, a nonregulatory program emphasizing the role of State and local governments in controlling noise. The Quiet Communities Act established a program of research, technical assistance, and discretionary grants to support State and local efforts. The 1978 law has proven to be quite successful. It may well be the most popular program administered by the Environmental Protection Agency.

Despite the enactment of the Quiet Communities Act, the ability of State and local governments to deal with noise has been severely constrained by two court decisions holding that noise provisions of section 17 of the act, which deal with railroads, were preemptive of State and local governments. The effect of these two decisions has been to chill the exercise of State and local control over noise, despite the intent of the two acts that these units of Government play a substantial role.

When the revised 1982 budget was submitted to the Congress, the administration requested a substantial reduction of funding for the noise control program of the Environmental Protection Agency.

This bill results from a policy decision by the new administration to return the control over noise to States and to local communities and, at the same time, to reduce very substantially Federal expenditures on this program.

The budget justification from the administration explained this proposal to reduce the budget as follows, and I quote:

In 1982 we are revising our policy with respect to the Federal effort to reduce noise exposure. We plan to phase out the EPA noise control program by the end of 1982. This decision results from our determination that the benefits of noise control are highly localized and that the function of noise control can be adequately carried out at the State and local level without the presence of a Federal program.

In both 1981 and 1982, activities are being structured to achieve a prompt but orderly phase-out of current program activities. This will be done in such a way so as to transfer the knowledge and experience EPA has gained to the State and local programs. This orderly phase-out of present activities is essential if we are to facilitate an effective assumption of noise control responsibilities by State and local noise programs.

During its consideration of the administration budget, the committee approved the requested reduction and informally committed itself to immediate repeal of the Federal noise regulatory program.

This bill fulfills that earlier commitment.

S. 1204 proposes that the Federal regulatory program for noise be eliminated entirely except for two areas—railroads and interstate motor carriers—and that the regulation of even these two be made discretionary. If this bill is enacted, the Federal Government will be regulating two, and only two, fields of noise; it is possible that even in those areas there will be no Federal activity if the Administrator of the Environmental Protection Agency decides such regulation is unwise.

This regulatory retrenchment is accompanied by a retrenchment of preemption. The basic responsibility for noise regulation is to rest with State and local governments, just as it did prior to 1972. In the absence of a conflicting Federal requirement in the exercise of this bill's discretionary authority, State and local governments remain free to impose specific noise limitation requirements on rail and interstate motor carrier equipment and activities. Not only is that power returned to the State and local governments, but the full and complete power to regulate products generally is returned. Noise from garbage trucks, lawnmowers, motorcycles, and the like, which were previously regulated pursuant to section 6, is the exclusive responsibility of States and their political subdivisions.

If the Administrator exercises the discretion and regulates a specific device or activity, the State and local governments would be preempted as to that same device or activity. For example, if the Federal Government regulates noise emissions from tires used on interstate motor carriers, State and local governments would be precluded from also regulating such tires. But they would not be precluded from regulating the exhaust systems, refrigeration units, idle noise emissions, or other noise sources on or in trucks.

Although the amount of money allocated to the regulatory program remains the same as that requested by the administration, the committee did add $1 million to the overall authorization, increasing it to $3.3 million.

The administration's request had contemplated a complete elimination of the functions of the Quiet Communities Act. Given the success and popularity of this program, the committee concluded that it should continue, albeit at a reduced level of activity. To maintain the integrity of the overall budget limits, however, the $1 million increase in this pro-

gram area was offset by a decrease in another, the Toxic Substances Control Act.

Two specific programs have contributed significantly to the popularity of the Quiet Communities Act. One is the each community helps others, referred to by its acronym, ECHO. The other is the "Buy Quiet" program.

ECHO provides a means for the officials of a locality where a noise control program is off and running to provide advice to areas just starting out. ECHO in a sense still relies on regulation to achieve quietness. But it is local in origin, not Federal. "Buy Quiet" in contrast relies on market mechanisms, not regulation.

The buy quiet program is a new concept in noise control. Its aim is to induce industry to develop and market quieter products by organizing a market for them. Participating states and local governments recognize that noise is a legitimate value concept in product procurement and agree to include noise in their product specifications. The program works through use of noise reduction incentives rather than compulsion and relies upon cooperative rather than adversary communication links with industry.

Under the buy quiet program, bids are evaluated on the basis of both noise level and price, with a dollar for decibel tradeoff being specified in the request for bid. Suppliers thus compete with one another for the sale on the basis of both noise level and price. This creates a market force which operates to provide quieter products at competitive prices.

In addition to the dollar for decibel incentive, a maximum noise level is suggested for the specification at prebid conferences. This level is chosen high enough to insure competition among several manufacturers, and low enough to exclude the noisiest models from this market.

Participating governments are assisted in buy-quiet efforts by the National Institute of Governmental Purchasing, which maintains a data bank on products and product noise levels and generally manages the program.

Given the substantially reduced funding level, drastic cuts in the quiet-communities program appear inevitable. However, the program will continue, unlike product noise regulation. Thus, this bill will locate all authority for noise regulation at the State and local level, absent an affirmative decision to undertake some specific controls by the Federal Government.

Mr. President, in order to accomplish the goal of the administration it was necessary not only to reduce appropriations for the Environmental Protection Agency for this purpose but also to very substantially amend the Noise Control Act. That act had been interpreted by a number of Federal courts to be almost entirely preemptive of any kind of State or local activity in the field of noise control even under circumstances under which the agency itself had not passed regulations governing the entire noise control field. The consequence is the bill which is before the Senate at the present time.

During the course of hearings on the bill, however, we were presented with requests on the part of two industries which are peculiarly a part, more than a part, which constitute the sinews, of interstate commerce, railroads, and motor carriers.

The railroads and the motor carriers felt, and the committee agreed, that to allow a plethora of local regulations over their activities could very substantially impede the efficient conduct of interstate commerce in the United States, and that thorough regulations had already been adopted by the agency in connection with their operations.

They, therefore, felt it appropriate to continue a Federal regulatory scheme which was already totally and completely in phase in order to facilitate interstate commerce itself.

The committee agreed and, therefore, the committee, through this bill, has left intact Federal noise control regulations in the field of railroads and interstate motor carriers. It has also allowed EPA to continue to amend and to pass new regulations as they appear necessary in those fields. The reduction in the budget as a consequence was slightly less than it might otherwise have been because it is anticipated that this regulatory scheme will continue to be in existence.

Nevertheless, it was vitally important in the view of the committee that we explicitly permit States and local communities to control noise and those items which cause noise within their respective jurisdictions.

So, the preemptive effect of this new act will extend only to those items in which there is affirmative Federal control in the railroad and motor carrier areas or in which the Agency has determined that no control at all, is appropriate; that is to say the EPA will have to make an affirmative decision on noise control in a given area or in connection with a given kind of facility or equipment before State and local governments will be precluded from exercising their own local authority in that field.

The necessity for a proposal like this stems, to a certain extent, from the fact that EPA was increasingly involved in noise control over areas which obviously had no impact other than a local impact.

In an article in the New York Times in May of this year, the director of the division which deals with noise control announced that the Agency was planning to move to other consumer items—lawn mowers, air conditioners, vacuum cleaners, and perhaps even noise emissions from refrigerators.

Nothing could illustrate better the wisdom of the administration's decision that such local items should be governed by State and local governments. But, at the same time, the necessity to see to it that there is a smooth conduct of interstate commerce and that a small community not be allowed to disrupt a rail carrier or a motor carrier using routes through that community was the ground for the relatively small number of exceptions which were left in this bill.

The committee reported the bill unanimously and would like to see it passed without further amendment.

I reserve the remainder of my time.

Mr. BAUCUS. Mr. President, I am pleased to join Senator GORTON and other members of the Environment and Public Works Committee in supporting the Quiet Communities Act of 1981, S. 1204.

Maintenance of environmental quality is, unfortunately, taking the back seat to the demands of budgetary restraints all too often in recent days. In particular, the Environment and Public Works Committee has been forced to make some difficult decisions.

In this case, however, I believe that we have developed a bill which provides the necessary fiscal austerity without doing great damage to the desirable goal of noise control. In essence, we can have at least a piece of our cake and eat it, too.

As Senator GORTON indicated, the fiscal year 1981 budget proposal submitted by the Reagan administration argued for the phaseout of the EPA's noise control program. The responsibility for control of noise pollution would be shifted to the States and communities.

Due to the localized nature of noise pollution, the committee determined that this was a reasonable proposal. An immediate concern emerged, however. In light of the reliance which had been placed upon the regulatory framework developed by the Noise Control Act of 1972, a method of preventing undue burdens on regulated industries was necessary.

In hearings before the Toxic Substances and Environmental Oversight Subcommittee, the interstate motor carriers and railroads outlined the problems which they would face under a scenario of regulation by States and communities. The committee agreed that the position of interstate carriers was unique. Unlike a product which is used locally and, therefore, is better regulated on a local level, interstate carriers are more appropriately dealt with at the Federal level.

Thus, the committee included a provision which will continue Federal regulatory authority for interstate carrier noise sources, subject to the discretion of the Administrator of the Environmental Protection Agency.

Additionally, this bill returns all authority for product regulation to the States and localities.

Construction equipment and maintenance equipment, such as lawnmowers and garbage trucks, are a local concern. Needs and requirements of communities vary greatly according to size, location, and density of population. The consensus of the committee was that Federal regulatory activity in this area cease.

The committee also agreed to continue support for the quiet communities program. This has been a highly successful program of providing Federal assistance in the form of discretionary grants, technical advise and information to State and community efforts.

Two especially popular programs within the quiet communities program have

been ECHO—each community helps others—and "Buy Quiet." ECHO enables communities which have designed noise control programs to share their expertise with other communities desiring to set up a system of noise control. "Buy Quiet" promotes the manufacture and marketing of quieter products by encouraging Government and private organizations to purchase them. Another important aspect of the quiet communities program is the promotion of public awareness as to the health effects, sources, and control measures of noise pollution.

I believe that the measure before us honors the intent of the administration in handing over primary responsibility for noise control to the States and localities and phasing out Federal involvement in this area. At the same time it is my belief that this measure thwarts some potential problems with a total retreat from Federal regulatory involvement. I am satisfied that this bill incorporates wisdom and judgment and am pleased to endorse it with my vote.

● Mr. CHAFEE. Mr. President, I rise in support of S. 1204, which would repeal the Federal noise regulatory program in favor of returning authority over noise emission to the States.

Before 1972, State and local governments regulated noise. However, the Noise Control Act of 1972 transferred the authority over noise emissions to the Environmental Protection Agency, the result being that the EPA had to regulate the noise from thousands of products. That authority preempts State and local controls.

The administration's 1982 budget proposal just about eliminates EPA's budget from promulgation and enforcement of noise regulations. Since the benefits of noise control are highly localized, noise control can be adequately carried out at the State and local levels of government without a Federal program.

Mr. President, this legislation incorporates that premise. The bill we are now considering returns noise control back to the States and localities, but it conditionally reserves Federal regulation over railroad and interstate motor carrier noise emissions. This reservation was made in the interest of the smoother functioning of interstate commerce. Railroads and interstate motor carriers are both instruments of interstate commerce.

It is my understanding that an amendment will be offered on S. 1204 that would retain Federal regulations governing motorcycle noise emissions. Those supporting this amendment would argue that motorcycles are sold in more than one State and that compliance with varying State regulations is costly. But it is important to point out that no Federal interest is inherent in either point, nor is there a distinction made between motorcycles and any other product with a multistate market. If an exemption is made for motorcycles, then the floodgates will be open to exempt other products such as lawnmowers and garbage trucks and the premise for the administration's budget, that noise control is a State or local concern, would be destroyed.

If this amendment is adopted, the budget for the EPA must be increased. The cost of regulating motorcycles at the Federal level might be small, but the cost of regulating other products—and as I just mentioned, the pressure to open the floodgates to exempt other industries—would be great. Voting for this amendment would in effect require a vote to increase the budget.

For these reasons, I urge my colleagues to support the committee bill and oppose any amendments.●

The PRESIDING OFFICER. Who yields time?

Mr. KASTEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

UP AMENDMENT NO. 219

(Subsequently numbered Amendment No. 483.)

Mr. KASTEN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Wisconsin (Mr. KASTEN) proposes an unprinted amendment numbered 219.

Mr. KASTEN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike page 6 line 18 through page 8 line 5 and insert the following:

"MOTOR CARRIER AND MOTORCYCLE NOISE

"SEC. 18. (a)(1) Regulations of interstate motor carriers and equipment and of motorcycles and motorcycle exhaust systems in existence shall continue until specifically repealed or amended.

"(2) After the date of enactment of this section, the Administrator may promulgate additional regulations establishing standards and requirements for the design, construction, and maintenance of motor carrier equipment or devices or controls and regulations establishing restrictions on motor carrier operations and activities for the purpose of minimizing or eliminating the environmental noise emissions from such equipment or activities. Such standards, controls, limits, requirements, or regulations, if any, shall reflect the degree of noise reduction achievable through the application of the best available technology, taking into account the cost of compliance.

"(3) Within ninety days after the publication of such regulations as may be proposed under paragraph (1) of this subsection, and subject to the provisions of section 16 of this Act, the Administrator shall promulgate final regulations. Such regulations may be revised from time to time, in accordance with this subsection.

"(4) Any standard or regulation, or revision thereof, proposed under this subsection shall be promulgated only after consultation with the Secretary of Transportation in order to assure appropriate consideration for safety and technological availability.

"(5) Any new regulation or revision thereof promulgated after enactment of this section shall take effect after such period as the Administrator finds necessary after consultation with the Secretary of Transportation, to permit the development and application of the requisite technology, giving appropriate consideration to the cost of compliance within such period.

"(b) The Secretary of Transportation, after consultation with the Administrator, shall promulgate regulations to assure compliance with all standards for motor carrier equipment and operations promulgated by the Administration.

Mr. KASTEN. Mr. President, the amendment that we are considering today is a simple one: simple in that we are asking that the status quo for the Federal noise standard for newly manufactured motorcycles be maintained. S. 1204, the bill reported from the Environment and Public Works Committee, is basically a sound bill. It addresses the problem of Federal regulation and some of the inherent evils associated with it—spending too much money to create and enforce regulations that unfairly burden producers and consumers of the regulated product.

As Members of Congress, we should do our part to correct the problems of over—or excessive—regulation. However, as S. 1204 now stands, it creates a curious anomaly with regard to the motorcycle industry.

The PRESIDING OFFICER. Will the Senator suspend for 1 second? It is the Chair's understanding that there is a 1-hour time limit on S. 1204 and that the time limit has been, by agreement, equally divided between Senator STAFFORD and Senator RANDOLPH. It seems to the Chair appropriate that perhaps the Senator from Washington would yield time to the Senator from Wisconsin on his amendment so that some determination as to who yields time on one side or the other of the bill could be made at this point.

Mr. GORTON. The Senator from Washington does not wish to yield time to the Senator from Wisconsin whose amendment he will be opposed to.

Mr. PROXMIRE addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. PROXMIRE. With the Chair's indulgence, I will confer briefly with the Senator from Washington.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, at this point I yield a total of 20 minutes to Mr. KASTEN or his designee.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. KASTEN. Mr. President, under section 6 of the Noise Control Act of 1972 Federal noise standards have been promulgated by the Environmental Protection Agency for railroads, trucks, truck mounted garbage compactors and motorcycles. This bill, however, repeals that section and consequently eliminates the Federal preemption of those noise standards, but sections 17 and 18 of the bill would retain the noise standards and Federal preemption for railroads and interstate carriers.

Though the bill recognizes the need for a Federal standard for railroad and interstate carriers it does not afford like treatment to newly manufactured motorcycles. Absent a Federal standard, motorcycle manufacturers will be faced with a myriad of differing standards at the State and local levels. These are manufacturing standards, not use standards. Such a system would be inefficient

and place a great burden on the motorcycle industry. The House has recognized this fact and has amended its bill so that the already issued Federal noise standards for newly manufactured motorcycles would remain in force. As was expressed in the House of Representatives Report No. 97–85:

Under the current economic climate, the industries regulated under this act have a sufficient number of regulatory burdens without providing a myriad of additional regulations that would result by removing the authority for nationally consistent regulations.

I am offering an amendment to S. 1204 which would simply afford newly manufactured motorcycles the same treatment as railroads and interstate carriers. As the EPA is revising the noise standards for newly manufactured motorcycles so as to make those standards self certifying, my amendment will not result in the need to increase the funding level prescribed by S. 1204. My amendment also does not diminish the right and authority of the States and local governments to establish their own standards for the use of motorcycles. Such authority is contained in the Federal noise regulations to enable the States and local governments to deal with the real cause of motorcycles noise, which is not newly manufactured motorcycles, but after purchase tampering with the exhaust systems by consumers.

We in no way seek to make any change in the right or authority of the States and local governments to restrict the after-purchase use of motorcycles.

Mr. GORTON. Will the Senator yield?

Mr. KASTEN. I am pleased to yield.

Mr. GORTON. Do I take it that it is the intent of this amendment simply to govern the manufacture of motorcycles and not to govern the use of motorcycles?

Mr. KASTEN. Absolutely.

Mr. GORTON. Does it attempt to govern the sale of motorcycles?

Mr. KASTEN. The intent of the amendment is only to deal with the manufacture of motorcycles. It does not in any way affect the sale or the use. A State or local area would still provide their standards, but they would not provide the standards at the manufacturing level.

Mr. GORTON. Does the Senator understand that the impact of the bill as it relates to motor carriers and railroads very definitely creates the authority for Federal regulations and preemption as to the use of those commodities?

Mr. KASTEN. My amendment does not seek to alter in any way the authority of the States to establish their own standards in terms of the use of motorcycles. This has only to do with the manufacture of motorcycles.

Mr. GORTON. Will the Senator yield for a further question?

Mr. KASTEN. I am pleased to yield.

Mr. GORTON. Does this mean that as far as the Senator offering the amendment is concerned, a State may say that no motorcycle may be used within the State which produces greater than a certain number of decibels of sound?

Mr. KASTEN. It is my understanding, and it is my intention, to allow the State to have that authority which it presently has.

Mr. GORTON. But presently the law preempts everything.

Mr. KASTEN. There is a Federal standard on the books. We are not attempting to alter that. This is so that the manufacturer of the product will not be manufacturing essentially in 50 different ways for 50 different States.

Mr. GORTON. My question is, Does the Senator intend to allow States to govern the amount of sound which may be emitted from a motorcycle in use in that State?

Mr. KASTEN. The States have that authority.

Mr. GORTON. One further question: could a State, my own State of Washington, for example, in any event, no matter what kind of law it passed, put some kind of restriction on what could be manufactured in the State of Wisconsin?

Mr. KASTEN. No State would be able to do that if my amendment was passed.

Mr. GORTON. How could the State of Washington pass a law which would put restrictions on manufacturing operations in the State of Wisconsin? Under what possible theory could it do so?

Mr. KASTEN. The question has to do with manufacturing, does it not, and not with the use?

Mr. GORTON. Yes. If the State of Washington passes a statute saying that no motorocycle may be manufactured with a decibel level above a certain level, how could that affect the manufacturing operations in the State of Wisconsin?

Mr. KASTEN. If they did that, they would not be able to sell it in the State of California or elsewhere. What they would do is to establish the use standards, muffler standards, for example, at the local level. We are trying to prevent different manufacturing standards being imposed upon a motorcycle manufacturer by different states.

Mr. GORTON. So that the State of Washington can pass a standard under the Senator's amendment but cannot prohibit the sale in the State of Washington of an item which would violate the law the minute it is driven out of the seller's place of business?

Mr. KASTEN. If that were the case, the purchaser or the consumer would have to make an alteraton on their own in that State in order to operate that particular motorcycle in that State under that State law.

Mr. GORTON. But the State could not restrict the sale of an item which on its face violated the State's statute? Is the Senator asking for the manufacturer to have the right to sell an item in a State where State law prohibits the use of the item without modfication?

Mr. KASTEN. I am asking that we set a standard and the States could not affect the manufacturer of the item. The problem is not with new motorcycles anyway, but there could be a problem with motorcycles if States came out with certain levels. This just says that the manufacturers of motorcycles are allowed to make motorcycles nationwide consistent with one noise standard.

Mr. GORTON. I thank the Senator.

Mr. KASTEN. The amendment will not alter the regulations for newly manufactured motorcycles. By this amendment we are not exempting the industry from noise regulation. Nor are we allowing them to produce noisy motorcycles. We are simply setting a single standard so that when a motorcycle which meets the noise standard is manufactured it may be distributed nationwide. States or local governments may make the regulations stricter by enacting use restrictions, but then the burden of compliance shifts to the individual user, not the manufacturer. Thus, this amendment stabilizes the burden the manufacturer faces, while in accordance with the intent of S. 1204 it shifts the responsibility of local solutions to local problems to the local governments.

I ask my colleagues to support this amendment.

At this time I yield to the senior Senator from Wisconsin.

First, however, I ask unanimous consent to add as cosponsors to my amendment Senators PROXMIRE, MURKOWSKI, HEINZ, SPECTER, DODD, and HUDDLESTON.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, I rise in support of the Kasten amendment to S. 1204 which would retain the Federal motorcycle noise standard issued by the EPA on December 31, 1980.

In their enthusiasm for deregulation, the Senate Committee on Environment and Public Works has lost sight of the reason for such activities—aiding American industry.

But without our amendment this bill will have the opposite effect. It might result in the imposition of many different State and even local noise standards which would have a devastating impact on America's only remaining motorcycle manufacturer, which happens to be located in Milwaukee, Wis., the Harley-Davidson Motorcycle Co.

A Federal noise control Standard would eliminate the threat of multiple and conflicting state regulations by preempting the field. And it would save the consumer money by allowing manufacturers to limit the number of their models.

Suppose you were manufacturing motorcycles in Milwaukee and selling them in Washington, Montana, and so on. How do you do it with 50 different standards? The people in the industry have told us it would be impossible. I think they are right.

The committee and the administration understand the need for preemption with regard to noise standards. This is the reason that they have chosen to retain Federal regulations for railroads and interstate motor carriers. Why not for motorcyles?

The most serious motorcycle noise problem come from consumers who tamper with exhaust systems after motorcycles are purchased.

Under our amendment, the authority to regulate consumer-altered motorcycles would still be left to the States and localities.

In addition, our amendment has been

attacked on the grounds that it might cost the taxpayers money. But that will not happen.

We call for a self-certifying regulatory program which would be paid for by the manufacturers. Such a plan would have no budgetary impact.

The amendment's opponents also claim that if we succeed it will open the door to other manufacturers of noisy products who seek the benefit of preemption.

This is unlikely. Only truck-mounted garbage compactors, air compressors, and motorcycles have existing Federal noise standards which would be eliminated by S. 1204. The garbage compactor industry has no desire for Federal regulations since its products are usually custom made for particular localities and are designed to comply with local standards.

And I doubt whether Congress would extend regulation to new industries when doing so would require the expense of writing new standards.

The motorcycle standards already exist. Why not apply them.

Senator KASTEN and I speak for the motorcycle manufacturer. I was at the Harley-Davidson plant a few days ago. We talked to the managers there. They say it would be devastating to them if we repeal the Federal standard and let 50 States determine how they manufacture their motorcycles. They simply could not comply.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. KASTEN. Mr. President, I am informed we have roughly 20 minutes on this side on the amendment. I should like to reserve the remainder of my time on the amendment.

(By request of Mr. KASTEN, the following statement was ordered to be printed in the RECORD:)

o Mr. MURKOWSKI. Mr. President, while I have an almost congenital fear of allowing the Federal Government to do something when State or local governments could do it as well, there are times when commonsense indicates that a nationwide approach is reasonable. This is one of those times in my judgment.

S. 1204 revises the Noise Control Act of 1972. I voted for the bill when it was before the Committee on Environment and Public Works and the able Senator from Washington, Mr. GORTON, deserves much credit for his hard work in shepherding this legislation through the committee. But after some further research and consideration, I agreed that the Kasten amendment advances the purpose of this bill and I therefore joined in a letter to my colleagues urging the retention of a Federal noise emission standard for newly manufactured motorcycles.

In committee, we had decided to remove the preemption of noise standards by the Federal Government, thereby allowing each State to set its own standards for motorcycles. The Federal standards had been set only last year and American manufacturers are now prepared to meet them. It would be unfair at this juncture to require these manufacturers to meet 50 different standards, and that could be the result if S. 1204 were to pass as presently drafted.

It is uncontroverted that the most severe noise problems with motorcycles occur when they are "customized" by their new owners after sale. It is at this point that the truly obnoxious clamor is originated, and nothing we do in this legislation will alter that fact. State and local governments will still have the power to regulate and penalize those who insist on creating greater noise out of the purchase of a vehicle that actually meets the appropriate standards. In order that no one be misled that I have any sympathy for people who abuse the public order in such a way, I would certainly encourage local enforcement authorities to seriously deal with those who violate the local peace and quiet.

It should be pointed out that this amendment would afford the motorcycle industry the same treatment as railroads and interstate carriers by protecting it from the proliferation of standards to which I referred above. The amendment would not detract from the ability of the States or local governments to adopt standards for noise resulting from motorcyle use in their areas or to insist that the manufacturers comply with the Federal standard. The amendment offered by Senator Kasten retains the rights of local and State governments to decide how motorcycles are operated, but will relieve the industry from the burden of manufacturing a product to 50 different standards.

Let me further emphasize that no additional Federal funds will be required by including this amendment. The EPA has already developed and issued the noise standards and is revising the regulations so that proof of compliance will be through a self-certification procedure. The manufacturers will expend the money to test the motorcycles, not the EPA. No money is budgeted for this project after September 1981 so this amendment will not add to the 1982 Federal budget.

Thank you.●

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, I yield as much time as the Senator from Washington desires in opposition to the amendment.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, speaking in opposition to the amendment, I should like to emphasize the statement of the Senator from Wisconsin (Mr. KASTEN) and to read one sentence from his "Dear Colleague" letter on this subject:

> Under the Federal standards, the States and local subdivisions have the right to establish their own standards for the use of motorcycles in order to control any noise problem that might arise as a result of the tampering by consumer after purchase.

That is a statement which is somewhat dissimilar to the statement which the Senator from Wisconsin made in answer to my question on the floor somewhat earlier. It is a very, very considerable restriction on the rights of States to control what everyone believes, knows, to be one of the greatest sources of noise pollution in the United States, that is to say, motorcycles. The Senator from Wisconsin (Mr. KASTEN) said in answer to my question that the States would retain the right to exercise any kind of control over the use of motorcycles. If that is indeed the case, the amendment is less offensive than it might otherwise be but also less useful.

It is very clear that the State of Washington or the State of Minnesota or the State of California may not pass regulations which affect the manufacture of motorcycles or any other commodity in the State of Wisconsin. The greatest impact of any regulation in a State will be within the borders of that State. I can assure the two Senators from the State of Wisconsin that the States of the Union desire very greatly at least to have the authority to govern the noise emissions of items used within those States.

The irony of the passage of this amendment would be that a State could control noise emissions from the automobile, driven by millions of Americans, but for one particular kind of motor vehicle, used primarily for pleasure, the State would not be able to do anything, if his letter is correct and the statement of the Senator from Wisconsin (Mr. PROXMIRE) is correct about the use of any motorcycle in the State unless it had been altered. That is quite different from the statement that a State will retain the authority to regulate the noise emission of a motorcycle without any restriction whatsoever.

What conceivable justification, Mr. President, can be advanced by the two Senators representing the only domestic manufacturer for telling a State—not just a State but a local community—that it can undertake no controls over noise emissions from motorcycles within their own communities if those motorcycles have not been altered?

That is an absolutely outrageous interference in the powers of local and State governments, when they will be able to provide that kind of control over every other item manufactured or every other kind of activity with the sole exceptions of the two most important activities dealing with interstate commerce, railroad and commercial truck transportation. What is it about motorcycles that a local community should be forbidden to control their noise emissions that is so different from every other manufactured item in the United States?

I submit, Mr. President, that there is simply no difference in degree; that if the Senator from Wisconsin (Mr. KASTEN), who introduced this amendment is correct as to its effect, it has no effect at all except to allow the sale of an item which would be illegal to use in the State. If his statement is incorrect and the statement of Mr. PROXMIRE is correct, then, indeed, the motorcycle business wishes a privilege accorded to no other industry in the United States of America in a field which is particularly sensitive. It is obvious that many people object greatly to the noise emissions from motorcycles in the United States

and would like the ability through the political process to limit those noise emissions. That will be denied on the behalf of one manufacturer, whose current advertising slogan is "Make Your Own Thunder."

Mr. President, that is exactly what this company wishes to do and it does not wish to give anyone in any community the right to limit that thunder.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, I want to echo the statement of the Senator from Washington, who, I think, has done a very good job of working on this bill, managing it, and also stating the primary reasons why this amendment should not be adopted. The question really comes down to this: Are motorcycles more in the nature of lawnmowers, power boats, snowmobiles, or are motorcycles more in the nature of railroads and motor carriers? This bill today provides that the EPA may regulate noise standards as they apply to common carriers and railroads, but all other noise regulation is transferred back to the States. That is lawnmowers, power boats, snowmobiles, and, I submit, also should include motorcycles.

Mr. President, motorcycles do not travel interstate nearly as much as do railroads or as do motor carriers. We see railroads, trains, all the time travel to and from States. I wish we saw more of them, frankly. But we certainly see a lot of motor carriers on interstate highways, traveling from State to State. Surely, motorcycles do and cars do, sometimes, but I think motorcycles are, as the bottom line analysis, a matter that should be left up to the States on noise regulation.

Otherwise, we should exempt power boats, we should exempt outboard motors. We should exempt, for that matter, some kinds of lawnmowers. There are tractors now that mow lawns.

Where is this going to lead us, Mr. President? I think this bill is very soundly devised and the areas that are left to EPA regulation, compared with those areas that are not, are very logical and make good basic commonsense. We have to draw the line somewhere, and I submit, Mr. President, that the line is properly drawn in this bill. It would be nonsense and very poor public policy to say we should exempt motorcycles from State noise regulation and put them under the control of the EPA.

For that reason, I strongly urge that the amendment be rejected.

Mr. RANDOLPH. Mr. President, who is in charge of the time for the minority?

Mr. BAUCUS. Mr. President, I yield such time as he desires to the Senator from West Virginia.

Mr. RANDOLPH. Mr. President, I shall not address these remarks to the amendment offered by the two able Senators from Wisconsin (Mr. KASTEN and Mr. PROXMIRE) and others who have joined them, except to say that I oppose the amendment.

However, because our committee has worked diligently on the preparation of this legislation, I speak favorably of the leadership in this matter of Senator GORTON and Senator BAUCUS. Also, I know that what I am saying would reflect the attitude of the chairman of our committee, Senator STAFFORD.

We are considering S. 1204, amendments to the Noise Control Act. This is not a new subject within our committee. We have given careful attention to it in the past, as we do today.

This bill strikes a useful balance in reducing the Federal role in noise control and restoring to the States and to the local governments their ability to deal with and to cope with the noise in their jurisdictions.

The provisions of the reported bill attempt very earnestly to cover the subjects of railroad and motor carrier noises. Mr. President, in 1972, I proposed the provisions of current law which cover railroads and interstate trucking. At that time I believed, and I believe now, that there should be Federal regulation of these major sources of noise which operate across State lines, rather than State regulation. We have never intended to preempt States, except where the Federal Government had a specific noise control standard covering the particular source or activity the State desired to regulate and that standard was actually in force. So our committee bill is consistent with the original intent of sections 17 and 18.

In the Subcommittee on Toxic Substances and Environmental Oversight, we have had hearings, very carefully conducted hearings, on the Noise Control Act. The National Association of Neighborhoods proposed expanding the "Buy Quiet" program begun under the Quiet Communities Act as a substitute for the repealed regulatory programs.

Mr. President, the "Buy Quiet" concept is the creation of markets for quieter products and equipment by encouraging governments and private organizations to purchase products which are quieter than competing products. The National Association of Neighborhoods was joined by the National League of Cities and the National Institute of Government Purchasing.

These organization and others who are interested in the concept of "buy quiet," without much Federal help, have done something we should applaud. Their program has met with success and generally has been accepted.

The State of West Virginia's purchasing division has been an active participant in the "buy quiet" program.

Mr. President, I hope that the "buy quiet" effort can continue to be a part of the Quiet Communities Act program, even in a time when Federal funds for noise control are being reduced. The creation of markets for quieter products should be a larger part of Federal procurement policy than ever before, and information on available quiet products should be provided to the Government and to private purchasing agencies. Market forces, rather than regulation, may be the most effective way to provide a quieter environment.

I say again that I recognize the effort being made in the Kasten-Proxmire amendment, which has been joined by other Senators. I shall oppose it earnestly. We shall attempt to speak with our colleagues and give them the information as to why we do so.

I thank Senator BAUCUS for yielding time, and I thank Senator GORTON.

Mr. BAUCUS. Mr. President, I thank the Senator from West Virginia for his usual very sound contribution on this subject and others in the jurisdiction of his committee.

I now yield to the Senator from Vermont such time as he desires, if he wishes to speak with respect to this amendment.

Mr. STAFFORD. I appreciate the Senator yielding to me.

Mr. President, a parliamentary inquiry. The Senator from Vermont inquires as to how much time remains.

The PRESIDING OFFICER. Twelve minutes and twenty-four seconds for the Senator from Washington, and 15 minutes and 7 seconds to the Senator from Montana. Seven minutes of the time of the Senator from Washington have been promised to the Senator from Wisconsin.

Mr. STAFFORD. Mr. President, the difficulties which the distinguished Senator from Wisconsin, Mr. KASTEN, and others have with S. 1204 are nothing but manifestations on a smaller scale that many Senators have had with the budgetary process.

The simple fact is that this administration, this Senate, and this Congress have all committed themselves to cutting the Federal budget. In some cases, that means not merely cutting the budget, but eliminating programs.

Eliminating a program is a difficult choice. I myself have seen programs eliminated which I would have hoped to see continue. But they did not.

I can understand why the Senator from Wisconsin would prefer to see the protective blanket of Federal regulation remain for the motorcycle industry and Harley-Davidson in particular. But it will cost one-quarter million dollars to run such a regulatory program at the Environmental Protection Agency, just for motorcycles. That price does not include the cost of the many other noise control programs which might be required if a special exception is made for noise.

I am well aware that the lobbyists for Harley-Davidson, one of whom is a former colleague of mine, say that this program would cost no money. The lobbyists say that the motorcycle industry would be—and I quote—"self-certifying"—unquote.

But who is to pay the salary of those Federal employees who will define the self-certification program?

Who will pay the salaries of those Federal employees who will enforce the self-certification program?

And who will pay for the sound meters and sound chambers necessary to test the motorcycles?

Self-certification is not self-supporting.

Although the motorcycle lobbyists say this program would post nothing, the Environmental Protection Agency states that it would cost one-quarter million dollars per year. I, for one, am inclined

to believe the administration is correct, not the lobbyists.

But even if the program were self-supporting, I ask what business the Federal Government has telling the citizens of my State that they have no right to define the quality of their environment. The Senator from Wisconsin seems to believe that merely because a product moves in interstate commerce it should be beyond the control of the State and local governments.

Does that mean that the States of Vermont and Oregon cannot have bottle deposit laws because soft drinks move in interstate commerce?

Does that mean that States like Virginia or North Carolina cannot have weights and measures laws because the products move in interstate commerce? Or does that mean that California or Arizona cannot have pure food laws? Of course not.

This is not to say that manufacturers are left helpless and undefended from the whims of the 50 States. They have the same protection they had prior to 1972, before there was a Federal noise law on the books. What the manufacturers find so unacceptable now is exactly what this country and its businesses lived with for the 196 years prior to 1972, although, I concede, of course, there were not motorcycles in existence during all this time.

I suggest that the system is still livable and fair. What would be unlivable and unfair is the system proposed by the Senator from Wisconsin. A system of Federal protection and centralized power.

I will, therefore, have to vote in opposition to the amendment of the Senator from Wisconsin.

Mr. President, I yield the floor.

Mr. RANDOLPH. Mr. President, will the chairman of the committee, Senator STAFFORD, yield to me?

The PRESIDING OFFICER. Does the Senator from Montana yield time?

Mr. BAUCUS. I yield.

Mr. RANDOLPH. I asked the Senator from Vermont to yield.

Mr. STAFFORD. If I still have time I yield.

Mr. RANDOLPH. I understood the Senator had 30 seconds.

Mr. STAFFORD. I am glad to yield 30 seconds to the Senator.

Mr. RANDOLPH. All right.

The PRESIDING OFFICER. The Senator from West Virginia is recognized for 30 seconds.

Mr. RANDOLPH. Mr. President, I take this opportunity to observe that the statement made by the able chairman of our committee, Senator STAFFORD, contains valuable comment on this legislation.

Under the leadership of the Senator from Vermont, who for so many years worked side by side with me, as I now work with him, when we bring a bill to this floor we try to bring one of equity and understanding.

Mr. STAFFORD. I thank the Senator. I again yield the floor.

The PRESIDING OFFICER. Does the Senator from Montana yield time?

Mr. BAUCUS. Mr. President, I understand that the Senator from Wisconsin wishes to speak, and I believe he will be taking his time or the time that has been yielded to him previously.

The PRESIDING OFFICER. The Senator is correct.

The Senator from Wisconsin is recognized.

Mr. KASTEN. Mr. President, I simply wish to point out that I think we are in more agreement than we think we are, especially after listening to the remarks of the Senator from Vermont.

I wish to reiterate it is not the intention, not our intention, not the intention of the amendment, to alter in any way the standards which a State or local government could set on the use of motorcycles. In other words, after manufacture use could still be regulated by States and local governments.

We are simply setting a single standard so that when a motorcycle which meets the noise standard is manufactured it may then be distributed. States and local governments may make all the regulations they wish. They may make the regulations stricter by enacting use restrictions, but then the burden of compliance shifts to the individual user.

The examples that were chosen particularly by the Senator from Vermont and the Senator from Montana were misleading because it would still give the State or local government the ability to restrict noise standards or use standards in any way they saw fit.

What we are simply doing is trying to make it possible for a motorcycle manufacturer to make one standard motorcycle which then would be sent to the States.

So we are not in any way trying to preempt the States. As a matter of fact, in my opinion, this amendment is in accordance with the intent of S. 1204, because it shifts the responsibility for local solutions to local problems to local governments. So maybe we are closer than we think we are.

Is it possible that the committee will accept this amendment?

Mr. GORTON. Mr. President, the Senator from Washington is pleased with the statement of the Senator from Wisconsin. He believes, however, the dilemma posed by this amendment to be that if the Senator from Wisconsin is correct as to its meaning, the amendment is, for all practical purposes, meaningless and does not change the situation from what it would be without the amendment. If it is not, and the Senator from Wisconsin (Mr. PROXMIRE) is correct, the jurisdiction of States to limit the use of motorcycles is indeed severely restricted.

Mr. KASTEN. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time?

Mr. GORTON. Mr. President, at this point there were several Members, I believe, on both sides who wished to make at least brief statements in the future. Could we reserve the remainder of the time on both sides until Monday?

Mr. BAUCUS. Mr. President, that would be fine with this Senator, also, in view of the fact that there are other Senators who do wish to make statements, and also, in view of the fact that this bill is being held over until next week.

Mr. President, I ask unanimous consent that a quorum call which I am about to request not be charged against either side of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GORTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. GORTON. Mr. President, I move that the Senate stand in recess subject to the call of the Chair.

The motion was agreed to; and at 2:37 p.m. the Senate recessed subject to the call of the Chair; whereupon, the Senate reassembled at 3:29 p.m. when called to order by the Presiding Officer (Mr. ABDNOR).

TIME TO MOVE ON SYNTHETIC FUELS DEVELOPMENT

Mr. JACKSON. Mr. President, three times in the past 7 years Americans have seen interruptions in the supply of petroleum. Three times we have suffered through steep price increases. And three times we have seen economic deterioration followed by a temporary supply surplus and recovery.

But, while prices have stabilized, stocks are being drawn down. The Middle East continues to be as unstable as ever. Another supply interruption and run through the cycle is not a question of if, but when.

If we do not learn and benefit from our past mistakes, I fear we are setting ourselves up for a much more painful experience in the future.

I would like to think that we as a nation can learn from our experiences. We know what we must do, and yet we have done nothing.

Years from now we rightly will be considered fools if we continue to do nothing to break the pattern of this cycle.

Petroleum and natural gas account for 75 percent of the energy used in the United States today. And because of our substantial dependence on foreign sources of supply, we have suffered substantial pain each time there is a price increase or supply interruption.

We are in this unenviable position because control of a significant portion of the oil and gas we use is in the hands of

foreign governments. None of these governments regards our interests as theirs. They do not particularly care whether we like the conditions under which they allow us access to supplies.

It is an intolerable situation. Now is the time to move forward.

Listening to my own voice, I sound like a broken record. I am speaking today, as I have done so many times before, urging that we move forward with the synthetic fuels program.

Perhaps my colleagues would rather hear the advice Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, gave his countrymen:

> If we force the West to invest heavily in finding alternative sources of energy (by raising prices), they will. This would take no more than seven years and would result in reducing (the West's) dependence on oil as a source of energy to a point that will jeopardize Saudi Arabia's interests.

Good grief. If Sheikh Yamani believes we can do it, surely it is within our means.

I believe the American people understand this situation very well. Year in and year out, public opinion polls show strong support for increased Federal expenditures for the development of new sources of oil.

The cycle of supply disruption, steep price increases and economic deterioration—which we have suffered through three times—will not be broken by evolution. It will not be broken by the action of economic forces. And it will not be broken by the free market.

In short, the do-nothing approach does not work.

The Energy Security Act and the synthetic fuels program it created are essential features of an effective Government effort to work in cooperation with the private sector addressing our overdependence on conventional petroleum and natural gas sources.

Under the act, Congress established as a national goal of synthetic fuels production the equivalent of 500,000 barrels of crude oil per day by 1987 and at least 2,000,000 barrels of crude oil per day by 1992. Congress also made available $17 billion for the program.

The cost of each of these huge plants is in the billions. No American corporation is willing, and only a few are even able, to take the risks alone.

We have waited since the 1940's for the private sector to develop synthetic fuels. And, we will wait until well into the next century if we abandon the effort started with enactment of the Energy Security Act.

Industry is responding to the Energy Security Act. Applications for Federal participation in a variety of projects are before the Department of Energy and the U.S. Synthetic Fuels Corporation. Some are nearing the point of a final decision.

But despite the positive response, the program is drifting and under ideological attack from both the left and right.

Unless President Reagan steps in and makes the program a personal priority, we will lose all of the progress made to date. We will move slower, rather than faster, developing alternatives to uncertain conventional supplies of petroleum and natural gas.

This is a decision the President must make and soon. If the current ambivalence continues, the choice will be made through delay and there will be no program. If this happens we will once again have turned away from a really meaningful effort to weaken OPEC's power over us.

And Sheik Yamani will no longer have to warn his countrymen of a U.S. effort to break loose.

Abandonment of this effort will not seem a tragedy to those who believe that our energy problems are over. But it will be very hard to explain to the American people when the next round of supply curtailments, price increases and economic disruption is inflicted on the U.S. economy.

If we remain prisoners of this cycle all our hopes of economic recovery are doomed. If we turn away from an activist government role in addressing energy matters we will never break the cycle. I fear this is understood by everyone but the free market ideologues in the administration. It is time for the President to exert his leadership in the national interest.

Mr. President, I ask unanimous consent that an article by Dr. Elihu Bergman of Americans for Energy Independence that appeared in the Washington Star of July 9, 1981, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IDEOLOGY CAN'T SOLVE OUR ENERGY CRISIS

(By Elihu Bergman)

Under the Reagan administration, a new ideological orthodoxy has been introduced into energy policymaking. This fixed position enshrines the free market as the panacea for our energy ills. Its promoters insist that the total and complete removal of government involvement in energy decision-making will unleash domestic energy production and result in the ultimate national energy security.

Ideological purity obstructs constructive performance in American government because it runs counter to the essential function of our political system, which is to reconcile conflicts, not exacerbate differences. The employment of ideological orthodoxies in energy policy-making creates distortions of economic and technological realities on which energy solutions must be based.

POLICY POLARIZATION

The ideologues of the Carter administration polarized energy policy-making into an adversary contest between the Black Hats and the White Hats. In their perspective the Black Hats were those who advocated the use of coal, nuclear energy, and a balancing of energy and environmental values to expand the national energy supply. The White Hats were those who promoted exclusive reliance on a mix of solar energy, conservation, and the decentralization of energy production. This attitude on the part of some of the president's well-positioned subordinates, who ignored his stated commitment to achieving energy security, delayed and frustrated energy policy initiatives which had the strongest potential for reducing the nation's oil dependence.

There are at least two things with the new ideological fixation. First, there is no likelihood of a free market for energy decision-making in the foreseeable future. The global oil market is dominated by a cartel which determines conditions of pricing and production for 40 per cent of the world's oil supply in the domestic arena the federal government cannot decree a free market because of the role of the states and other institutions in imposing limits on the marketplace.

Second, energy remains a key factor in national security, and as such cannot be totally allocated and valued by the marketplace. We are not talking about breakfast cereals, detergents, bananas, or blue jeans. We are talking about the wherewithal of our political independence and economic well-being.

We do not rely on the marketplace to determine the composition of our air forces and battlefleets, or their monetary value. We do not sell submarine futures or condition the financing of a new aircraft carrier on a successful bond issue. By the same token, the free market cannot be expected conclusively to establish the value and provide the investment to maintain a strategic petroleum reserve and to initiate a synthetic fuels program or a nuclear reprocessing project.

Other direct routes to energy security could be slowed by the imposition of free market purity. One is the rapid conversion of the passenger vehicle fleet to fuel-efficient automobiles. Though not the only factor, the greater use of fuel-efficient cars was significant in reducing gasoline consumption, and hence, oil imports, in 1980. Government-mandated fuel efficiency standards influenced the earlier availability of more U.S.-built fuel-efficient cars. A government-backed consumer financing mechanism is required to offset the high sticker prices and high interest rates that prevent more Americans from buying more of these automobiles. There would be multiple advantages in such a program for the automobile industry and national energy security.

CONSERVATION ACHIEVEMENTS

Home weatherization programs involving conservation credits and technical assistance have made higher energy costs, as realistically determined by the market, more tolerable to more Americans. The continuation of government participation in these relatively low-cost programs would contribute simultaneously to a reduction in national energy consumption and to a greater public acceptance of market pricing for energy.

Finally, government cannot walk away from domestic energy production efforts that are obstructed by the built-in inertia of the federal bureaucracy, whether under Democratic or Republican management. The problem is not necessarily willful obstruction, but rather the presence of too many players on the bureaucratic turf, often moving in different directions. Only the Executive Office of the president enjoys the authority and capability to set priorities and deadlines, and reconcile conflicts among the interests and institutions under the president's jurisdiction. Yet the administration's energy policymakers are dismissing the need for a high-level role in expediting priority energy projects in the misguided belief that once "their" people are in place, things will take care of themselves.

Because of the Carter administration's ideologies, the moral equivalent of war quickly degenerated into a fistfight over whether Small is Beautiful or Big is Better. A romantic fixation on the potential of a free market similarly could delay practical and constructive actions necessary to lessen U.S. oil vulnerability.

The Reagan administration has expressed a commitment and a determination to accelerate on energy transition that would more rapidly reduce our dependence on for-

eign oil. During the first 150 days there has also been an abundance of free market rhetoric from the new administration. Those who support their energy goals may well hope that they are not carried away by ideology at the expense of energy security.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 10:50 a.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its clerks, announced that the House has passed the following bill, without amendment:

S. 1395. An act to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982, and to eliminate the requirement that the Secretary of Agriculture waive interest on loans made on 1980 and 1981 crops of wheat and feed grains placed in the farmer-held grain reserve.

ENROLLED BILL SIGNED

At 1:06 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

S. 1395. An act to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982, and to eliminate the requirement that the Secretary of Agriculture waive interest on loans made on 1980 and 1981 crops of wheat and feed grains placed in the farmer-held grain reserve.

The enrolled bill was subsequently signed by the President pro tempore (Mr. THURMOND).

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–1512. A communication from the Administrator of the Bonneville Power Administration, transmitting pursuant to law, a report entitled "Interregional Resource Potentials"; to the Committee on Energy and Natural Resources.

EC–1513. A communication from the Secretary of the Interior, transmitting pursuant to law, a consolidated report on the Department's public disclosures and actions taken relating thereto during the preceding calendar year; to the Committee on Energy and Natural Resources.

EC–1514. A communication from the Acting Administrator of the Energy Information Administration, transmitting pursuant to law, the quarterly report for the period January through March 1981 on certain energy imports, refinery activities, and inventories, and includes data on exploratory activities, exports, nuclear energy, and electric power; to the Committee on Energy and Natural Resources.

EC–1515. A communication from the Acting Comptroller General of the United States, transmitting pursuant to law, a report entitled "Transportation Contingency Plans for Future Gas Shortages will not Meet Commuter Needs"; to the Committee on Energy and Natural Resources.

EC–1516. A communication from the Secretary of Energy, transmitting pursuant to law, a report on the energy conservation program for consumer products other than automobiles; to the Committee on Energy and Natural Resources.

EC–1517. A communication from the Under Secretary of the Interior, transmitting pursuant to law, notice of an oil and gas lease sale on the outer continental shelf, South Atlantic States; to the Committee on Energy and Natural Resources.

EC–1518. A communication from the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds, transmitting pursuant to law, the annual report of the Board of Trustees for 1981 on the trust funds; to the Committee on Finance.

EC–1519. A communication from the Fiscal Assistance Secretary of the Treasury, transmitting pursuant to law, the tenth annual report on the operations of the Airport and Airway Trust Fund; to the Committee on Finance.

EC–1520. A communication from the Chairman of the United States International Trade Commission, transmitting pursuant to law, the twenty-sixth quarterly report on trade between the United States and nonmarket economy countries; to the Committee on Finance.

EC–1521. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting pursuant to law, international agreements other than treaties entered into during the previous sixty days; to the Committee on Foreign Relations.

EC–1522. A communication from the Acting Assistant Legal Adviser, Department of State, transmitting pursuant to law, international agreements other than treaties entered into by the United States within the previous sixty days; to the Committee on Foreign Relations.

EC–1523. A communication from the Acting Comptroller General of the United States, transmitting pursuant to law, a list of reports of the General Accounting Office for the month of May, 1981; to the Committee on Governmental Affairs.

EC–1524. A communication from the Assistant Attorney General for Administration, transmitting pursuant to law, a report on a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC–1525. A communication from the Chairwoman of the Merit Systems Protection Board, transmitting pursuant to law, the second annual report of the Board; to the Committee on Governmental Affairs.

EC–1526. A communication from the Assistant Director of the Office of Management and Budget for Administration, transmitting pursuant to law, a report on a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC–1527. A communication from the Secretary of Education transmitting pursuant to law, a report of an Inspector General-designate relative to deletion by the Senate of certain Student Loan Program amendments from the Reconciliation Bill; to the Committee on Governmental Affairs.

EC–1528. A communication from Acting Commissioner of Immigration and Naturalization, transmitting pursuant to law, copies of orders suspending certain deportations and a list of the persons involved; to the Committee on the Judiciary.

EC–1529. A communication from the Assistant Attorney General for Administration, transmitting pursuant to law, a new Privacy Act system of records; to the Committee on the Judiciary.

EC–1530. A communication from the Attorney General of the United States, transmitting pursuant to law, a report on the implementation of the Parental Kidnapping Prevention Act; to the Committee on the Judiciary.

EC–1531. A communication from the Counsel for the Pacific Tropical Botanical Garden, transmitting pursuant to law, the annual report of the Garden for the calendar year 1980; to the Committee on the Judiciary.

EC–1532. A communication from the Secretary of the Aviation Hall of Fame, Inc., transmitting pursuant to law, the calendar year 1980 audit report of the Aviation Hall of Fame, Inc.; to the Committee on the Judiciary.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–256. A resolution adopted by the City Council of Falls Church, Virginia, urging the exemption of METRO from the Davis-Bacon Act; to the Committee on Banking, Housing, and Urban Affairs.

POM–257. A joint resolution adopted by the Legislature of the State of North Carolina; to the Committee on Banking, Housing, and Urban Affairs.

"HOUSE JOINT RESOLUTION 819

"Whereas, the year-long policy of credit restriction and high interest rates imposed on the United States by the Federal Reserve Board has caused an economic recession that has reduced the level of the nation's productive activity and the standard of living of our people; and

"Whereas, the above policy has been a contributing factor in the reduction of our industrial production in steel, automobiles, rubber, plastics, petrochemicals, and other basic industries; and

"Whereas, the same policy in agriculture has caused a reduction in farm incomes, leading to a wave of farm bankruptcies over the past year; and

"Whereas, the Federal Reserve policy has reduced home building since 1979, causing a doubling of unemployment in the industry and endangering the savings and loan industry; Now, therefore, be it resolved by the House of Representatives, the Senate concurring:

"Section 1. That the General Assembly, motivated by the best interest of the population for which it is responsible, calls for the policies of the Federal Reserve to foster plentiful economical credit for manufacturing, farming and related productive enterprises.

"Sec. 2. The Secretary of State shall transmit certified copies of this resolution to the President of the United States, the Speaker of the House of Representatives, the President of the United States Senate, Members of the North Carolina delegation to the Congress of the United States, and the Chairman of the Federal Reserve Board in order that they may be apprised of the sense of this body.

"Sec. 3. This resolution is effective upon ratification.

In the General Assembly read three times and ratified, this the 1st day of July, 1981."

POM-258. A concurrent resolution adopted by the Legislature of the Commonwealth of Massachusetts; to the Committee on Banking, Housing, and Urban Affairs:

"RESOLUTION

"Whereas, the current standard of living of many poor and elderly Americans is such that they are compelled to live in substandard housing and because of depressed finances are often unable to pay to adequately heat their living quarters; and

"Whereas, that the General Court of Massachusetts respectfully urges the Congress of the United States to enact legislation to expand and better facilitate the section eight subsidy and distribution formula to give direct rental assistance to house the poor and elderly in the two, three, and four family homes through local housing and redevelopment authorities; now therefore be it

"*Resolved*, That copies of these resolutions be transmitted forthwith by the clerk of the house of representatives to the President of the United States, the Presiding Officer of each branch of Congress, and to the Members thereof from this commonwealth."

POM-259. A resolution adopted by the Douglas County, Wisconsin Board of Supervisors, relating to cargo shipping on the Great Lakes; to the Committee on Commerce, Science, and Transportation.

POM-260. A resolution adopted by the City Council of Rohnert Park, California, urging the repeal of section 301 of the Federal Powerplant and Industrial Fuel Use Act; to the Committee on Energy and Natural Resources.

POM-261. A resolution adopted by the Russian River, California Chamber of Commerce, favoring legislation removing the restrictions and prohibitions of the use of natural gas in utility powerplants; to the Committee on Energy and Natural Resources.

POM-262. A resolution adopted by the house of representatives of the State of Michigan; to the Committee on Energy and Natural Resources:

"HOUSE RESOLUTION No. 204

"Whereas, provisions for modified emergency stand-by energy allocation programs contained in the Emergency Petroleum Allocation Act of 1973 are due to expire on September 30, 1981; and

"Whereas, farmer-owned cooperatives and other independent refiners supply seventy-five to eighty percent of all U.S. farm fuel needs and a majority of fuel needs in rural communities. In fact, these farmer-owned cooperatives are oftentimes the only supplier in some communities. Moreover, as major oil companies continue to withdraw from less profitable rural markets, this responsibility is growing; and

"Whereas, the timely delivery of fuel is imperative during the planting and harvest seasons. Farmer-owned cooperatives have established a highly efficient and effective distribution network to supply farm fuel needs. If these farmer-owned cooperatives could not deliver fuel to farm areas, it would take an extensive period of time for other suppliers to institute a distribution network to supply the agricultural industry; and

"Whereas, the disruption in crude oil supplies which occurred in 1979 demonstrated how farmer-owned cooperatives and other independent refiners are affected first and most severely. During that period, farmer-owned cooperative refineries were forced to run at as low as forty percent capacity, while the oil industry average was eighty-five percent; and

"Whereas, the absence of federal stand-by allocation authority would likely lead to a proliferation of nonstandardized state allocation programs and costly delays in the distribution of fuel to farm areas; and

"Whereas, it would be far more appropriate and wise to assure adequate fuel supplies to farmers by providing reliable access to crude oil for farmer-owned refineries, rather than attempting to administer a complex product allocation program during an emergency; and

"Whereas, it would, therefore, be in the best interests of the agricultural industry and the entire country to continue the emergency stand-by energy allocation program established by the Emergency Petroleum Allocation Act of 1973; now, therefore, be it

"*Resolved by the house of representatives*, That this legislative body hereby memorializes the United States Congress to retain the modified emergency stand-by energy allocation provisions of the Emergency Petroleum Allocation Act of 1973; and be it further

"*Resolved*, That a copy of this resolution be transmitted to the Speaker of the United States House of Representatives, the President of the United States Senate, and the Michigan Congregational Delegation."

POM-263. A resolution adopted by the Citizens for Community Improvements, Sonoma County, California, urging the repeal of section 301 of the Power Plant and Industrial Fuel Use Act; to the Committee on Energy and Natural Resources.

POM-264. A resolution adopted by the Board of Supervisors of Alemeda County, California, relating to a specific deregulation action affecting the permitted uses of natural gas; to the Committee on Energy and Natural Resources.

POM-265. A resolution adopted by the Citizen/Labor Coalition, opposing the decontrol of natural gas; to the Committee on Energy and Natural Resources.

POM-266. A resolution adopted by the Monte Rio, California Chamber of Commerce, favoring legislation removing the restrictions and prohibitions on the use of natural gas in utility powerplants; to the Committee on Energy and Natural Resources.

POM-267. A resolution adopted by the Board of Directors of the Santa Rosa, California Chamber of Commerce, favoring the repeal of section 301 of the Powerplant and Industrial Fuel Use Act; to the Committee on Energy and Natural Resources.

POM-268. A concurrent resolution adopted by the Legislature of the Commonwealth of Massachusetts; to the Committee on Environment and Public Works:

"RESOLUTION

"Whereas, that Congress hereby establish and authorize a standing committee within the Environmental Protection Agency for the purpose of making an investigation and study relative to the problem of "acid rain", so-called; and

"Whereas, said committee shall consider the cause and effects of the acidity of rain in the United States and write a detailed report on the findings including:

(1) The relationship between coal or fossil fuel burning and acid rain,

(2) The effects of man-made emissions on the acidity of rain,

(3) The question of whether air patterns are a determinant in why certain areas have higher levels of acid rain,

(4) The environmental effects on man and fresh water supplies,

(5) The future effects of acid rain; now, therefore be it

"*Resolved*, That copies of these resolutions be transmitted forthwith by the clerk of the House of Representatives to the presiding officer of each branch of Congress and to the Members thereof from this Commonwealth."

POM-269. A resolution adopted by the City Council of Sunrise, Florida, favoring effective standards and timetables for clean air; to the Committee on Environment and Public Works.

POM-270. A resolution adopted by the Medical Staff of Pendelton Memorial Hospital, New Orleans, Louisiana, relating to PSRO; to the Committee on Finance.

POM-271. A petition from a citizen of Philadelphia, Pennsylvania, relating to PSRO; to the Committee on Finance.

POM-272. A concurrent resolution adopted by the Legislature of the Commonwealth of Massachusetts; to the Committtee on Finance:

"RESOLUTION

"Whereas, certain provisions of the Internal Revenue Code relating to taxation of individuals make distinctions between married persons and unmarried persons; and

"Whereas, certain individuals have procured judgments of divorce for the sole purpose of avoiding payment of certain taxes; therefore be it

"*Resolved*, That the Massachusetts general court call upon the Congress of the United States to amend the Internal Revenue Code to abolish distinctions in taxation between married persons and unmarried persons; and be it further

"*Resolved*, That copies of these resolutions be forwarded forthwith by the clerk of the House of Representatives to the President of the United States, the presiding officer of each branch of Congress and to the members thereof from the commonwealth."

POM-273. A petition from a citizen of Philadelphia, Pennsylvania, relating to PSRO; to the Committee on Finance.

POM-274. A petition from a citizen of Philadelphia, Pennsylvania, relating to PSRO; to the Committee on Finance.

POM-275. A resolution adopted by the Medical Staff of Doctors' Hospital, Shreveport, Louisiana, relating to PSRO; to the Committee on Finance.

POM-276. A resolution adopted by the Medical Staff of Memorial Hospital, Roxborough, Philadelphia, Pennsylvania, relating to PSRO; to the Committee on Finance.

POM-277. A resolution adopted by the Medical Staff, Memorial Hospital, Roxborough, Philadelphia, Pennsylvania, relating to PSRO; to the Committee on Finance.

POM-278. A resolution adopted by the House of Representatives of the Commonwealth of Massachusetts; to the Committee on Finance:

"RESOLUTION

"Whereas, communities have been mandated under the Federal Clean Water Act to participate in the construction of waste water treatment plants; and

"Whereas, these communities must bear the cost of operation and maintenance and their share of capital costs of such plants; and

"Whereas, these costs place an extreme financial hardship on the residents of the community; and

"Whereas, if these costs are included in the tax rate residents are allowed to use them as a tax deduction; and

"Whereas, in those instances where it has been considered more equitable to reflect all or a part of the costs as a user fee these fees are not recognized as a tax deduction: Therefore be it

"*Resolved*, That the Massachusetts House of Representatives hereby respectfully requests the President and the Congress of the United States to amend the IRS code to

allow citizens who pay costs related to waste water treatment facilities to deduct such costs or be given a tax credit therefor on their income tax returns; and be it further

"*Resolved*, That copies of these resolutions be forwarded by the clerk of the house of representatives to the President of the United States, to the Presiding Officer of each branch of the Congress and to the Members thereof from this commonwealth."

POM-279. A resolution adopted by the Medical Staff of Saint Anne General Hospital, Roseland, Louisiana, relating to PSRO; to the Committee on Finance.

POM-280. A resolution adopted by the Executive Committee of the Catholic Medical Center Medical Staff, Manchester, New Hampshire, relating to PSRO; to the Committee on Finance.

POM-281. A resolution adopted by the House of Representatives of the Commonwealth of Massachusetts; to the Committee on Foreign Relations.

"RESOLUTION

"Whereas, the Massachusetts General Court deplores any form of domestic and international violence and terrorism, wherever it may occur, as a means of achieving social justice; and

"Whereas, the violence and terrorism which is initiated by a comparative few in Northern Ireland, not only victimizes all of the citizenry of "The Six Counties", but also, horrifies the balance of the civilized world; and

"Whereas, the plebiscite of nineteen hundred and eighteen demonstrated a cultural will for national self-determination by an overwhelming majority of the Irish people; and

"Whereas, the subsequent incorporation of "The Six Counties" comprising Northern Ireland into the United Kingdom is viewed by many as an artificial colonial partition: Therefore be it

"*Resolved*, That the Massachusetts general court respectfully urges the President and the Congress of the United States to review and make such alteration to national foreign policy which results in an end to the violence and terrorism in Northern Ireland and which promotes a political solution to the social and cultural dislocation which affects all people who reside therein: And be it further

"*Resolved*, That copies of these resolutions be forwarded by the clerk of the House of Representatives to the President of the United States, the Presiding Officer of each branch of Congress and to the Members thereof from this commonwealth."

POM-282. A resolution adopted by the Lithuanian Americans of Rochester, New York, urging United States support in the struggle for Lithuanian freedom; to the Committee on Foreign Relations.

POM-283. A resolution adopted by the Democratic National Committee, relating to the situation in Northern Ireland; to the Committee on Foreign Relations.

POM-284. A resolution adopted by the House of Representatives of the Commonwealth of Massachusetts; to the Committee on Foreign Relations:

"RESOLUTION

"Whereas, ten million infants and young children annually suffer from sometimes fatal malnutrition and other diseases associated with inadequate breast-feeding and the use of milk substitutes; and

Whereas breast-feeding is free and nutritionally superior as compared to infant formulas that can be and often are contaminated by bad water, dilution and lack of refrigeration which is common in undeveloped countries; and

"Whereas, said resolution would prohibit consumer advertising, free samples, premiums and commissions on the sale of infant formula and would prevent manufacturer's agents from selling to mothers directly and ban labels that present infant formula as a healthful alternative: Therefore be it

"*Resolved*, That the Massachusetts House of Representatives hereby urges the President and Congress of the United States to direct the United States Representative to the United Nations World Health Assembly to support the resolution outlawing the promotion of infant formula around the world; And be it further

"*Resolved*, That a copy of these resolutions be forwarded by the clerk of the house of representatives to the President of the United States and to the Presiding Officer of each branch of the Congress and the Members thereof from this commonwealth."

POM-285. A resolution adopted by the City Council of Fremont, California, expressing its support of efforts by the Federal Administration to return powers to local entities and urging a careful implementation of those efforts in a way that will enhance, not further impede, home rule; to the Committee on Governmental Affairs.

POM-286. A resolution adopted by the City Council of Isleton, California, expressing its support of efforts by the Federal Administration to return powers to local entities and urging a careful implementation of those efforts in ways that will enhance, not impede, home rule; to the Committee on Governmental Affairs.

POM-287. A resolution adopted by the Senate of the State of California; to the Committee on the Judiciary:

"SENATE RESOLUTION No. 13

"Whereas, English is the official language of the United States; and

"Whereas, the process of naturalization undergone by applicants for United States citizenship requires the ability to read, write, and speak English; and

"Whereas, the Federal Voting Rights Act presumes a certain level of proficiency in the English language on the part of all voters; and

"Whereas, the providing of non-English election materials to specified language minorities may hinder, rather than facilitate, the full integration of those minorities into the American mainstream; and

"Whereas, the providing of non-English election materials to specified language minorities represents an unnecessary and wasteful taxpayer expense; and

"Whereas, the providing of non-English election materials to specified language minorities may inflame prejudice against those minorities and promote a negative reaction to other, more valid minority programs; and

"Whereas, the federal government has neither provided the guidance nor the funding necessary to carry out the language minority provisions of the Federal Voting Rights Act: Now, therefore be it

"*Resolved by the Senate of the State of California*, That the Members respectfully memorialize the Congress of the United States to repeal the language minority provisions of the Federal Voting Rights Act; and be it further

"*Resolved*, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM-288. A concurrent resolution adopted by the Legislature of the Commonwealth of Massachusetts; to the Committee on the Judiciary:

"RESOLUTION

"Whereas, arson has become a major violent crime in the United States; and

"Whereas, the Federal classification of "part 1" mandates the collection of such data; Therefore be it

"*Resolved*, That the General Court of Massachusetts respectfully urge the Congress of the United States to enact such legislation to permanently classify arson as a part 1 crime in the Federal Bureau of Investigation uniform crime report; and be it further

"*Resolved*, That copies of these resolutions be forwarded by the clerk of the House of Representatives to the President of the United States, the presiding officer of each branch of Congress and to the Members thereof from this commonwealth."

POM-289. A concurrent resolution adopted by the Legislature of the Commonwealth of Massachusetts; to the Committee on the Judiciary:

"RESOLUTION

"Whereas, the United States Supreme Court ruled that an abortion during the first three months of pregnancy is a matter to be decided by the pregnant woman with her physician; and

"Whereas, the United States Supreme Court ruled that a State may not take any steps to protect unborn life until the third trimester of pregnancy; therefore be it

"*Resolved*, That the Massachusetts General Court respectfully urges the Congress of the United States to enact legislation presenting the States a proposed constitutional human life amendment proposing.

"All persons are conceived and born free and equal, and have certain natural, essential and unalienable rights; among which may be reckoned the right of enjoying and defending their lives and liberties from the moment of conception; and that of acquiring, possessing and protecting property; in fine, that of seeking and obtaining their safety and happiness.

"The United States shall not make or enforce any law which shall abridge the privileges or immunities of its citizens; nor shall it deprive any persons, including the unborn, of life, liberty or property without due process of law, nor deny to any person, including the unborn, within its jurisdiction, equal protection of the laws; and be it further

"*Resolved*, that copies of these resolutions be transmitted forthwith by the clerk of the House of Representatives to the President of the United States, the presiding officer of each branch of Congress and to the Members thereof from this commonwealth."

POM-290. A concurrent resolution adopted by the Legislature of the Commonwealth of Massachusetts; to the Committee on the Judiciary:

"RESOLUTION

"Whereas, unfortunately, there seems to be a part of the new U.S. immigration policy which is neither just nor equitable toward the Irish, and as a practical matter, the average Irish person who desires to come and settle here in the United States will no longer be allowed to do so; and

"Whereas, if the present U.S. Immigration Law had been on our statute books one hundred and fifty years ago, at least ninety per cent of the Irish in American would not have been allowed to enter the United States; and

"Whereas, it is recognized that the old immigration law was unjust and unfair to some other nationalities but that the 1965 Immigration Act substituted a law which, now, is as unfair to Ireland as the old law was to these other nationalties; and

"Whereas, Irish nuns and brothers, have, for many years staffed schools, hospitals, orphanages and rest homes for the aged in our

nation and these religious groups, who desire to come here to continue this work, must now wait their turns because of this new Immigration Act; and

"Whereas, in 1965, the Irish ranked fifth among the nationals immigrating to the United States and since then, she no longer ranks fifth or even tenth. Irish immigration is at an all time low. In 1967, 2,665 were admitted. Since the enactment of the new law in July, 1968, a total of 1,076 persons applied for visas and through November 30th, 1968, only 72 were issued: Therefore be it

"Resolved, That the General Court of Massachusetts respectfully urges the Congress of the United States to enact such legislation as may be necessary to allow greater immigration to the people of Northern Europe; and be it further

"Resolved, That copies of these resolutions be sent forthwith by the Clerk of the House of Representatives to the President and Vice President of the United States, the presiding officer of each branch of Congress and to each member thereof from this Commonwealth."

POM-291. A resolution adopted by the Civil Rights Commission of Michigan, favoring extension of the Voting Rights Act of 1965; to the Committee on the Judiciary.

POM-292. A resolution adopted by the Assembly of the State of New York; to the Committee on Labor and Human Resources:

"LEGISLATIVE RESOLUTION

ASSEMBLY NO. 497

"Whereas, the Community Services Administration has over the past fifteen years facilitated the mandate of the Federal Economic Opportunity Act of nineteen hundred sixty-four by creating, funding and providing support and advocacy services to over nine hundred community action agencies throughout the country in order to assist families struggling for survival and self-sufficiency; and

"Whereas, the Community Services Administration has provided a federal presence and network of coalitions which advocate on behalf of low-income persons throughout the country; and

"Whereas, low-income persons, whose lives and daily existence depend on services of anti-poverty agencies, expect and deserve to be assisted by community action agencies; and

"Whereas, community action agencies throughout the country fulfill a federal mandate to recognize and deliver services to low-income persons: Now, therefore, be it

"Resolved, That this Legislative Body pauses in its deliberations and proclaims that it supports the reauthorization of the Community Services Administration as the independent Federal agency through which community action agencies are served and funded; and be it further

"Resolved, That the Congress of the United States is respectfully memorialized to support the reauthorization of the Community Services Administration and to enact appropriate Legislation to that end; and be it further

"Resolved, That copies of this Resolution, suitably engrossed, be transmitted to the Honorable George Bush, Vice-President of the United States, to the Speaker of the House of Representatives of the United States and to each member of Congress from the State of New York."

POM-293. A joint resolution adopted by the Legislature of the State of California; to the Committee on Veterans' Affairs:

"RESOLUTION

"Whereas, veterans of the Vietnam era in California and elsewhere are experiencing continuing difficulties of unemployment far in excess of nonveterans of comparable age; and

"Whereas, to a great degree these unemployment problems of Vietnam era veterans are due to insufficient education, training, and job skills; and

"Whereas, the country owes an inestimable debt of gratitude to these veterans; and

"Whereas, Veterans Administration educational benefits (the so-called 'G.I. Bill') for Vietnam era veterans have been much more restrictive than comparable benefits available to World War II veterans even though the problems of assimilation and readjustment have been much more severe for the Vietnam era veteran: Now, therefore be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California hereby respectfully memorializes the President and Congress of the United States to extend the period during which educational benefits are available to Vietnam era veterans so that those veterans may successfully attain the levels of education or training necessary to become more fully employable and productive members of society; and be it further

"Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM-294. A resolution adopted by the House of Representatives of the Commonwealth of Massachusetts; to the Committee on Veterans' Affairs:

"RESOLUTION

"Whereas, due to the nature of the Vietnam war, the Vietnam veteran has not received the public approbation commonly accorded to military veterans; and

"Whereas, the Vietnam era veteran is subject to problems unique to veterans of that period; and

Whereas, the Vietnam veterans who were recently evicted from the grounds of the Veterans Administration medical facility in Wadsworth, California performed a valuable service in bringing these issues to the public's attention: Therefore be it

"Resolved, that the Massachusetts House of Representatives calls upon the Federal Government to:

"1. Provide adequate treatment and compensation for any physical and mental disabilities caused by exposure to the chemical defoliant "agent orange";

"2. Thoroughly study and research the long term health effects caused by exposure to "agent orange";

"3. Recognize the delayed stress effects known as "post Vietnam Syndrome" as legitimate medical problems; and be it further

"Resolved, That copies of these resolutions be forwarded by the clerk of the House of Representatives to the President of the United States, to the Presiding Officer of each branch of Congress and to the Members thereof from this commonwealth."

REPORTS OF COMMITEES

The following reports of committees were submitted:

By Mr. HATFIELD, from the Committee on Appropriations:

Special report entitled "Allocation to Subcommittees of Budget Totals From the First Concurrent Resolution, Fiscal year, 1982" (Rept. No. 97-149).

By Mr. THURMOND, from the Committee on the Judiciary, with amendments:

S. 863. A bill to establish a uniform law on the subject of bankruptcies (Rept. No. 97-150).

By Mr. HATCH, from the Committee on the Judiciary, with an amendment, and an amendment to the title:

S.J. Res. 58. Joint resolution proposing an amendment to the Constitution altering Federal fiscal decisionmaking procedures (Rept. No. 97-151).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

Charles L. Dempsey, of Virginia, to be Inspector General, Department of Housing and Urban Development; referred to the Committee on Governmental Affairs for not to exceed 20 days;

Donna Pope, of Ohio, to be Director of the Mint for a term of five years;

Warren T. Lindquist, of New York, to be a Member of the Board of Directors of the New Community Development Corporation;

Carol E. Dinkins, an Assistant Attorney General, to be a Member of the Board of Directors of the National Consumer Cooperative Bank for the remainder of the term expiring September 23, 1982;

William Gene Lesher, an Assistant Secretary of Agriculture, to be a Member of the Board of Directors of the National Consumer Cooperative Bank for the remainder of the term expiring September 23, 1982;

Roger William Mehle, Jr., an Assistant Secretary of the Treasury, to be a Member of the Board of Directors of the National Consumer Cooperative Bank for the remainder of the term expiring September 23, 1982;

Darrell M. Trent, Deputy Secretary of Transportation, to be a Member of the Board of Directors of the National Consumer Cooperative Bank for the remainder of the term expiring September 23, 1982;

Philip D. Winn, an Assistant Secretary of Housing and Urban Development, to be a Member of the Board of Directors of the National Consumer Cooperative Bank for the remainder of the term expiring September 23, 1982;

Joseph Robert Wright, Jr., Deputy Secretary of Commerce, to be a Member of the Board of Directors of the National Consumer Cooperative Bank and for the remainder of the term expiring September 23, 1982; and

Albert Angrisani, an Assistant Secretary of Labor, to be a Member of the Board of Directors of the National Consumer Cooperative Bank for the remainder of the term expiring June 10, 1983.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. SCHMITT (for himself and Mr. SYMMS):

S. 1459. A bill to amend the Internal Revenue Code of 1954 to increase the amount of the partial exclusion of dividends and interest and to make such exclusion permanent; to the Committee on Finance.

By Mr. LAXALT:

S. 1460. A bill to amend the Military Personnel and Civilian Employees' Claims Act of 1964 to increase from $15,000 to $25,000 the maximum amount that the heads of certain agencies may pay in settlement under such Act; to the Committee on the Judiciary.

By Mr. ANDREWS (for himself and Mr. BURDICK):

S. 1461. A bill for the relief of certain employees at antiballistic missile sites; to the Committee on the Judiciary.

By Mr. DECONCINI (for himself and Mr. GOLDWATER):

S. 1462. A bill to establish the Arid Lands Renewable Resources Corporation; to the Committee on Commerce, Science, and Transportation, by unanimous consent.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SCHMITT (for himself and Mr. SYMMS):

S. 1459. A bill to amend the Internal Revenue Code of 1954 to increase the amount of the partial exclusion of dividends and interest and to make such exclusion permanent; to the Committee on Finance.

PARTIAL EXCLUSION OF DIVIDENDS AND INTEREST

(The remarks of Mr. SCHMITT and Mr. SYMMS on this legislation appear earlier in today's RECORD.)

By Mr. LAXALT:

S. 1460. A bill to amend the Military Personnel and Civilian Employees' Claims Act of 1964 to increase from $15,000 to $25,000 the maximum amount that the heads of certain agencies may pay in settlement under such Act; to the Committee on the Judiciary.

SETTLEMENTS UNDER THE MILITARY PERSONNEL AND CIVILIAN EMPLOYEES CLAIM ACT OF 1964

● Mr. LAXALT. Mr. President, the purpose of this proposed legislation is to amend section 3 of the Military Personnel and Civilian Employees' Claims Act of 1964 (31 U.S.C. 241) (hereinafter "the Act") to increase the limit on payments from $15,000 to $25,000 for loss of, or damage to personal property incident to service.

This legislation would raise the present limitations on payment for claims under the act to a level consistent with rising costs of repair and replacement of personal property. These increased costs are due primarily to the general inflationary trend that has occurred over the last several years.

A reliable method of calculating the increasing costs of repair and replacement of personal property is to make reference to the Consumer Price Index (CPI). In May 1964, when the payment limit under the act was $10,000, the CPI, according to the U.S. Bureau of Labor Statistics, was 92.7. In October 1974, when the payment limit under the act was increased to $15,000, the CPI was 153.0. In January 1981, the CPI was 258.4, a 68.6 percent increase since October 1974. Today, the present payment limit of $15,000 is equivalent to $8,810 in October 1974 purchasing power. An increase in the payment limit to $25,539 is now needed to match the October 1974 purchasing power of $15,000.

Mr. President, during the 96th Congress, when the Subcommittee on Administrative Law and Governmental Relations of the House Committee on Judiciary held hearings on H.R. 6086 and H.R. 6099, bills which were concerned with the payment limits of the act, several questions were raised about whether military and civilian personnel should purchase insurance to adequately protect themselves from damage or loss to their personal property incident to their Government service. Since that time the Air Force has done considerable study regarding the availability and costs of such insurance.

Two major companies, which insure military personnel almost exclusively, will provide coverage only for lost or destroyed property. That is, they will not cover damage. Two other companies will write an "all risks" policy, but the quoted premiums for "all risks in transit" policies ranged from $500 to $750 for $25,000 coverage.

The military member or civilian employee would, of course, be required to purchase insurance and pay such premiums each time he was reassigned and his personal property was shipped. The policies covering loss but not damage are clearly inadequate as substantial claims often arise from "damages", such as flood and resulting mildew, rodent infestation, and moving van accidents.

Yet the premiums of $500 to $750 for "all risks" coverage are more than most anyone is willing to pay. For enlisted personnel and junior officers, these premiums are more than most are able to pay.

One insurance company has made a $15,000 deductible policy available to Army and Air Force exchange service (AAFES) personnel as a pilot program. This program extends to approximately 400 moves a year. Under this pilot program, the premiums for $25,000 coverage (with $15,000 deductible) is $34 for each move in the United States and $112.50 for each move overseas, when coverage is based on cash value or depreciated value.

If coverage is based on replacement value, the premiums are $96.50 for each move in the United States and $112.50 for each move overseas. Based upon the assumptions that this pilot program were to be made permanent and that the program were to be made available by the insurer at the same rates to all military personnel, it is possible to project the cost of such a program to Air Force members.

In fiscal year 1980, 315,000 permanent change of station moves occurred in the Air Force. Based on the premiums presently charged under the pilot AAFES program, if all 315,000 moves had been privately insured for the full $25,000 coverage, the total cost to Air Force members subject to permanent change of station moves in fiscal year 1980 would have exceeded $15 million.

Realistically, this full cost would not have been incurred because not all of these moves would have involved property valued in excess of $15,000, and consequently insurance would not have been purchased in all cases. It is not possible to establish with any certainty the number of moves that did involve property valued at more than $15,000.

However, of the 315,000 moves, about 50,000 involved married personnel on overseas assignment and about 60,000 involved married personnel moving in the United States. Considering only these moves by married personnel (thus excluding all moves by single members), and assuming that each of the married personnel insured their goods for $25,000, the total cost of this private insurance would have been almost $4.5 million.

In contrast to this, during fiscal year 1980 only 16 personnel claims submitted in the Air Force were adjudicated in excess of the present limit of $15,000. If the statutory limit had been $25,000, the additional cost of compensating these claimants would have been $72,647.

It could well be argued that even the estimated cost of $4.5 million for Air Force personnel is exaggerated since many of the married personnel would not purchase additional insurance. Unfortunately, this argument may be correct; however, the argument is also a reflection of the basic problem with requiring private insurance as the source of protection from loss or damage incident to Federal service.

The chances that any one person will have a catastrophic loss are so small that it is probable that a high percentage of military personnel, especially enlisted and junior officer personnel, would take the gamble that they would not suffer such a loss and thus would not purchase the insurance.

When the tremendous difference in total premium cost just for Air Force personnel ($4.5 million) is compared to the cost to the Government to serve as insurer at the $25,000 level proposed by this legislation just for Air Force personnel ($72,647), it becomes clear that the Government can provide a tremendously important benefit at very low cost.

Although the cost to the Government would certainly increase as inflation brings more claims into the over $15,000 category, the estimated cost for all of the Department of Defense for fiscal year 1981 is only $300,000, and it is estimated that this would increase over a 5-year period to an annual DOD-wide cost of only $480,000, or a cumulative total of approximately $1.95 million for that period.

Although these projected Government costs are not large, the value to military personnel is enormous and could mean the difference between the bothersome problem of having to repair or replace personal property and the devastating, uncompensated loss of such property.

Now, as in 1974, the assurance that military and civilian personnel will not face such a tragic loss without compensation from the Government should not be lost to the effects of inflation. Private insurance is not a viable alternative to statutory claims protection at the $25,000 level.

Mr. President, raising the limit to $25,000 would serve to maintain the level of protection that was previously considered appropriate by the Congress for the type of property covered by the act. With respect to the philosophy of the act, nothing has changed since the last increase in the payment ceiling 7 years ago.

The House Judiciary Committee report at the time of the 1974 increase (House Report 93–1320, August 22, 1974, page 3) states that the increase would—

Serve to maintain the level of protection that was previously considered appropriate for this property by Congress as a matter of fairness, support for morale, of Government personnel. As to the Armed Forces, such protection would be a further inducement

for entering and continuing membership in the Armed Forces.

Mr. President, I ask unanimous consent that a copy of the bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1460

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3 of the Military Personnel and Civilian Employees' Claims Act of 1964 (78 Stat. 767, as amended; 31 U.S.C. 241) is amended—

(1) by striking out "$15,000" in subsection (a)(1) of such section and inserting in lieu thereof "$25,000"; and

(2) by striking out "$15,000" in subsection (b)(1) of such section and inserting in lieu thereof "$25,000".

SEC. 2. The amendments made by this Act shall apply only to claims arising on or after the date of enactment of this Act.●

By Mr. DECONCINI (for himself and Mr. GOLDWATER):

S. 1462. A bill to establish the Arid Lands Renewable Resources Corporation; to the Committee on Commerce, Science, and Transportation, by unanimous consent.

ARID LANDS RENEWABLE RESOURCES CORPORATION ACT OF 1981

Mr. DECONCINI. Mr. President, today I am introducing, along with my distinguished colleague, Senator GOLDWATER, legislation which carries with it very important national security implications and which is critical to the future availability of natural rubber supplies needed for national defense purposes.

The bill, entitled the "Arid Lands Renewable Resources Corporation Act of 1981," presents not only an effective, but cost effective means to reduce imports of oil and natural rubber by hundreds of millions of dollars, provides thousands of full-time jobs and stimulates an immense investment in this country. We propose to do this by simply utilizing the resources which exist, and exist naturally, in the arid regions of this country.

Mr. President, those of us from Southwestern States and those who have had the good fortune to spend much time in the Southwest's deserts have developed a profound respect for the resources and resourcefulness of the desert. Although it appears to be barren at first glance, much is to be found in the desert if we only look for it—food, minerals, water, and even energy. The only thing the desert asks in return is that we not destroy it—that we not take too much of any one thing and destroy the balance that is critical to its existence.

There was a period of time when we did not keep very close tabs on that balance. There seemed to be more than enough farmland and plenty of water—plenty of energy—plenty of just about everything except perhaps jobs. Life was good, and very productive in the desert regions.

And, because life was, and is, good in the desert, it has lured thousands, hundreds of thousands, and now, millions, into its valleys and basins. We all know the story of what is happening in the Southwest—change—very rapid change.

Water basins are now in danger of being depleted and giant water projects are being stretched across the desert floors.

Prime farmlands are being swallowed at a very alarming rate by urban growth.

Other farmlands are lying vacant and useless because of the prohibitive costs of pumping water from deeper and deeper underground.

Add to this the national demands for new energy resources in the form of synthetic fuels—and our very serious national security demands that involve immense construction and transportation proposals—and we know there will be given greater competition for land and water—and for all our resources throughout the West and Southwest.

Mr. President, I think we can provide more balance to our desert environment, and at the same time support and serve the national security needs of our country, cut down on our dependence on imported petroleum and build new and lasting industries to provide thousands of jobs, especially in some of the hard-pressed rural areas and on the Indian reservations. We can stimulate investment and production and, maybe most important, we can go a long way to reducing water consumption—even with the dramatic population increases which are inevitable. I believe we can do this with the development of arid land agriculture. The cultivation and production of oil and rubber producing desert plants.

The plants I am speaking of, of course, are jojoba, guayule, euphorbia (gopher plant), buffalo gourd, and others. The properties and potential of most of these desert stalwarts have been ignored, forgotten, or underestimated by all but a few dedicated scientists and pioneers. But over the past 2 years, after having tried without much success to get the Bureau of Indian Affairs to support some Indian jojoba projects, I began to take a closer look at what might be possible. I began to ask the question, How can we really establish arid land crops as successful and flourishing agricultural industries?

I had a series of informal meetings and discussions in my office with officials of the Defense Department, the Federal Emergency Management Agency, the Department of Commerce, the Department of the Interior, the Department of Energy, the Department of Agriculture, and the General Services Administration. I talked with farmers and businessmen from Arizona and scientists from the universities. Everyone I talked with agreed that something needs to be done. Domestic industries producing oils, rubber, and biomass energy would be a good thing but everyone also agreed that such an undertaking would be bigger and more complex than any one segment of the private sector could handle alone.

Well, I would like to share with you just a few of the things I have learned and how we can get something started to introduce arid land agriculture back to the desert. First of all, the obvious: Arid land rubber and oil-producing plants are attractive to farmers and industry because they are drought resistant, grow in areas of low-soil fertility, low rainfall, high atmospheric temperature and high-soil salinity.

Although not well known, the guayule plant produces rubber almost identical to that produced by the hevea rubber tree of Southeast Asia. Guayule is certainly not new to this country. As recent as 1910 it supplied 50 percent of all our rubber use. However, rubber cultivation in Asia increased while wild stands of guayule were depleted throughout the West without being restored. Hevea rubber was plentiful until World War II and the Japanese takeover of Southeast Asia. The United States was then forced to implement an emergency rubber project to grow guayule in California. It lasted until 1946. It was large—75,000 acres—and employed 10,000 people.

After the war, however, hevea rubber was again plentiful and petroleum-based synthetic rubber was being perfected. There was nothing more abundant or cheaper than petroleum. The guayule project was simply abandoned.

Today we remain over 50-percent dependent on foreign oil and 100-percent dependent on imported natural rubber from Asia. Rubber consumption in the United States is approximately 3 million tons annually—75-percent synthetic—25-percent natural. Synthetic rubber use in the United States alone requires 3⅔ billion barrels of petroleum per year. And, as you can guess, the cost of producing synthetic rubber has doubled in the past few years. At the same time, the cost of natural rubber has more than tripled. It is essential to aircraft tires, heavy vehicle tires, and radial tires on automobiles.

Approximately 42 percent of the rubber consumed in the United States for aircraft tire production is for Department of Defense aircraft—and 90 percent of that rubber is natural rubber. The military has estimated that demand for natural rubber will exceed supply in the 1980's, and a shortage of over 20 percent is possible by 1990. Not only are we 100-percent dependent on imported natural rubber, but U.S. production capacity for synthetic rubber is only 20 percent of U.S. annual peacetime requirements.

For those reasons and others, the United States—for security purposes alone—is being forced to take some very big and very expensive steps to be less vulnerable to the whims of foreign governments. The United States has set a strategic and critical materials stockpile goal of 850,000 long tons of natural rubber—and we only have about 120,000 tons now—a shortfall of 730,798 long tons. The cost of acquiring that much rubber would be at least $1 billion, and the cost of just storing it would probably be over $10 million a year. Second, we recently ratified the International Rubber Agreement of 1979, which means we have to contribute $100 million this year alone to guarantee minimum price support levels to the farmers in Southeast Asia so that they will continue to produce rubber.

However, it is estimated that if we had the capacity in this country to pro-

duce 300,000 tons of processed guayule rubber per year—and I believe it is possible—approximately 90 percent of the stockpile goal for natural rubber would not be needed and about one-third of our domestic natural rubber needs could be met.

I have also been very much impressed with the calculations done by Jack Johnson of the University of Arizona Office of Arid Land Studies. He reports that the gopher plant—euphorbia—could yield about 26 barrels of crude oil per acre at approximately $20 per barrel. Less than 30 million acres, grown without irrigation, could meet about 10 percent of the current U.S. petroleum needs.

These plants, along with jojoba and others, provide an opportunity to reduce imports by hundreds of millions of dollars, provide thousands of full-time jobs, and stimulate an immense investment in this country. They also give us a great opportunity to build something together with Mexico. That country, as well as ours, has a great opportunity to develop its arid lands wisely and establish a stable economy in its northern states. Together we can do the research and development that is going to result in new agricultural techniques and new processing technology.

All right—so how do we do this? I think the last thing we need is some Federal agency using Federal money and taxpayer risk to create an industry. What we need is an independent entity which has a direct line to the White House, the Congress, and the private sector. This legislation will create a Corporation—the Arid Lands Renewable Resources Corporation—which is similar in concept to the synthetic fuels corporation. Its chairman and four-member board of directors would come from the private sector, from both political parties, and would be appointed by the President. The Board would have an advisory committee made up of the Secretaries of Defense, Agriculture, Interior, the EPA, and the Director of the Federal Emergency Management Administration to coordinate with strategic stockpile needs which would be funded through the Defense Production Act of 1950.

The Board would have the authority and flexibility to hire its own officers and employees but the President would also appoint an Inspector General to carry out independent inspections, audits, and investigations.

The principal purpose of the Corporation is to provide financial assistance when and if necessary to reach the production goals which will be written into the act. Limitations are included in the bill to make sure assistance is given only to cost/effective proposals. and with a great deal of prudence, without destroying flexibility. The Corporation would be able to offer assistance through price guarantees. loans, and through joint ventures (in that decreasing order of priority).

When you stand back and begin to look at all the possibilities such an enterprise creates. you begin to comprehend the complexity of it all. I do not believe it is wise or even possible to write a complete development scheme into law. For that reason, the Corporation is directed to establish a comprehensive strategy over a year's time, which would then be submitted to the President and the Congress for approval. I would have the Corporation Board and its officers to get out into the field and build a strategy along with the experts—with the Governors of the States and with the people who live in the affected regions.

It is a big bill—over 90 pages—but most of it consists of detailing the operation of the Corporation. To the greatest extent possible, I have made these details identical to those in Public Law 96-294—the Synthetic Fuels Corporation. Those procedures were hammered out by both Houses of Congress and signed into law.

Mr. President, we did not want to reinvent the wheel. We simply want to put a lighter and less costly chassis on the wheels that already exist to create a vehicle we can move with—one that would not sink of its own weight. But what we have here is a start—and it is time to get started.

We ask our colleagues to join us in the continued development of this legislation and in a unified and concentrated effort to avoid disruptions in resource availability over the coming decade. Congressman GEORGE BROWN is introducing identical legislation today in the House of Representatives and it is our hope both Houses will be able to hold, and perhaps complete through hearings during this session of Congress, and pass this legislation as expeditiously as possible.

Mr. President, I ask unanimous consent that this bill be assigned to the Committee on Commerce, Science, and Transportation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was referred to the Committee on Commerce, Science, and Transportation and ordered to be printed in the RECORD, as follows:

S. 1462

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Arid Lands Renewable Resources Corporation Act of 1981".

TITLE I—GENERAL PROVISIONS

FINDINGS AND PURPOSES

SEC. 101. (a) The Congress finds and declares that:

(1) The cultivation and use of arid land plants yielding oil and rubber is known to have existed for centuries. As recently as 1910, natural rubber from the plant Parthenium argentatum (guayule) supplied 50 per centum of the rubber used in the United States.

(2) During World War II, the Department of Agriculture was directed by Congress to produce natural rubber from guayule on an emergency basis, and used up to 75,000 acres of land and employed up to 10,000 persons.

(3) In 1978, the Congress passed the Native Latex Commercialization and Economic Development Act, which included an authorization of appropriations for research and development of guayule and other hydrocarbon-producing plants through fiscal year 1982.

(4) The United States remains over 50 per centum dependent on imported oil and 100 per centum dependent on imported natural rubber. Annually, approximately three million metric tons of rubber is consumed in the United States and, of such amount, approximately 75 per centum is synthetic rubber and 25 per centum natural rubber (Hevea brasiliensis). Synthetic rubber use in the United States alone requires 3,666,666,667 barrels of petroleum per year.

(5) Ninety-one per centum of the world supply of natural rubber comes from Southeast Asia.

(6) Demand for natural rubber will exceed supply in the decade of the 1980s, and it has been forecast that by 1990 demand for natural rubber will exceed supply by 22 per centum.

(7) Natural rubber is essential to certain national defense uses, and is used for equipment such as aircraft tires and heavy vehicle tires. Guayule rubber has been demonstrated to have qualities equal to Hevea brasiliensis in military aircraft landing tests.

(8) Approximately 42 per centum of the rubber consumed in the United States for aircraft tire production is for Department of Defense aircraft and 90 per centum of that rubber is natural rubber.

(9) The production capacity of the United States for synthetic rubber is only 20 per centum of the annual peacetime requirements of the United States for synthetic rubber.

(10) The United States has set a strategic and critical materials stockpile goal of 850,000 long-tons of natural rubber, and there is a current shortfall of 730,798 long-tons. The estimated cost of purchasing the required amount is $1,000,000,000.

(11) If an industry were developed which could produce 300,000 long-tons of processed guayule rubber per year, approximately 90 per centum of the strategic and critical materials stockpile goal for natural rubber would not be needed.

(12) An industry which could produce 300,000 long-tons of guayule rubber annually would reduce rubber imports by about $450,000,000 annually, provide thousands of full-time jobs, and involve thousands of farmers.

(13) The United States, in keeping with the International Natural Rubber Agreement of 1979, will contribute approximately $100,000,000 to a 550 metric ton buffer stock to assure price levels for Southeast Asian producers in fiscal year 1981 alone.

(14) Arid land rubber and oil-producing shrubs are drought resistant, can grow in areas of low soil fertility, low rainfall, high atmospheric temperature, and higher soil salinity.

(15) Orderly harvesting for continuous operation of commercial processing facilities for rubber will require coordinated land planning.

(16) Farming of arid land renewable resources would result in lower energy requirements through reduced pumping and reduced fertilizers and because there would be no requirement for annual land preparation.

(17) Arid land rubber and oil-producing shrubs require one-fourth to one-third the water required by other conventional crops now being grown in the Southwest.

(18) It has been estimated that Euphorbia lathyris could yield as much as 65 barrels of crude oil per hectare at a cost of approximately $20 per barrel. Approximately 10 per centum of current United States petroleum demands could be met by the growth, without irrigation, of 8,000,000 to 12,000,000 hectares of Euphorbia lathyris.

(19) Mexico has a large arid land renewable resource potential which could be developed in a manner which is complementary to a United States development program.

(b)(1) The purposes of this title are to improve the Nation's balance of payments,

reduce the threat of economic disruption from oil and natural rubber supply interruptions, and increase the Nation's security by reducing its dependence upon imported oil and natural rubber.

(2) Congress finds and declares that the purposes described in paragraph (1) can be served by—

(A) demonstrating at the earliest feasible time the practicality of commercial production of arid land renewable resources from domestic resources employing the widest diversity of feasible technologies;

(B) fostering the creation of commercial production facilities of diverse types with the aggregate capability to produce from domestic resources in an environmentally acceptable matter; (amount to be supplied).

(C) creating the United States Arid Land Renewable Resource Corporation, a Federal entity of limited duration, to provide financial assistance to undertake arid land renewable resources projects;

(D) providing for financial assistance to encourage and assure the flow of capital funds to the sectors of the national economy which are important to the domestic production of arid land renewable resources;

(E) encouraging private capital investment and activities in the development of domestic sources of arid land renewable resources and fostering competition in the development of the Nation's arid land renewable resources;

(F) encouraging and supplementing, and not competing with or supplanting, private capital investments in the development of domestic sources of arid land renewable resources;

(G) fostering greater energy security and reducing the Nation's economic vulnerability to disruptions in imported energy and natural rubber supplies; and

(H) giving special consideration to the production of arid land renewable resources which have national defense applications and expediting the initial development of such resources through the Defense Production Act of 1950.

GENERAL DEFINITIONS

SEC. 102. For purposes of this Act:

(1) The term "Board of Directors" means the Board of Directors of the Corporation, including the Chairman and the four other Directors.

(2) The term "Chairman" means the Chairman of the Board of Directors of the Corporation.

(3) The term "concern" means any—

(A) person;

(B) State or political subdivision or governmental entity thereof, or an Indian tribe or tribal organization;

(C) multi-State entity which possesses legal powers necessary to carry out activities under this Act;

(D) foreign government or agency thereof when participating in joint ventures with any entity described in subparagraph (A) or (B); or

(E) combination of the aforementioned, which is engaged, or proposes to engage, in an arid lands renewable resources project pursuant to this Act.

(4) The term "Corporation" means the United States Arid Lands Renewable Resources Corporation.

(5) The term "Corporation construction project" means an arid lands renewable resources project undertaken in accordance with the provisions of title V.

(6) The term "Director" means a member of the Board of Directors, including the Chairman.

(7)(A) The term "financial assistance" means any of the following forms of financial assistance, or combinations thereof, as provided in title IV—

(i) loans;

(ii) loan guarantees;

(iii) price guarantees;

(iv) purchase agreements;

(v) joint-ventures; and

(vi) acquisition and lease back of an arid lands renewable resources project pursuant to section 407(c).

(B) Such term shall not include any form of grant, except cost-sharing agreements pursuant to section 401(u).

(8) The term "Indian tribe" means any Indian tribe, band, nation, or other organized group or community, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

(9) The term "joint venture" means an arid lands renewable resources project module undertaken in accordance with the provisions of section 406.

(10) The term "loan" means a loan, or commitment to loan, made under section 402.

(11) The term "loan guarantee" means a guarantee of, or commitment to guarantee, indebtedness, which is made under section 403.

(12) The term "person" means any individual, company, cooperative, partnership, corporation, association, consortium, unincorporated organization, trust, estate, or any entity organized for a common business purpose.

(13) The term "price guarantee" means a guarantee of, or commitment to guarantee, the price received or to be received by a concern for the sale of arid lands renewable resources. Such term includes only a guarantee, or commitment to guarantee, which is made under section 404.

(14) The term "purchase agreement" means any contract to purchase arid lands renewable resources, any guarantee thereof, or a commitment thereof, which is made under section 405.

(15) The term "qualified concern" means a concern which demonstrates to the satisfaction of the Board of Directors evidence of its capability directly or by contract to undertake and complete the design, construction, and operation of a proposed arid lands renewable resources project.

(16) The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

(17) The term "arid lands renewable resources" means the following species of plants native to arid lands:

(A) Parthenium Argentatum (guayule);

(B) Cucurbita (principally buffalo gourd);

(C) Simmondsice Chinensis (jojoba); and

(D) Euphorhia Lathyris (gopher plant).

TITLE II—ESTABLISHMENT OF CORPORATION

ESTABLISHMENT

SEC. 201. (a) There is hereby created the United States Arid Lands Renewable Resources Corporation.

(b) The principal office of the Corporation shall be located in the District of Columbia. The Corporation may establish offices elsewhere in the United States as determined by the Board of Directors of the Corporation. The Corporation is deemed to be a resident of the District of Columbia.

(c) The general powers of the Corporation are those powers specified in section 801.

BOARD OF DIRECTORS

SEC. 202. (a)(1) The powers of the Corporation shall be vested in the Board of Directors, except those functions, powers, and duties vested in the Chairman by or pursuant to this Act.

(2) The Board of Directors shall consist of a Chairman and four other Directors appointed by the President by and with the advice and consent of the Senate. Not more than three Directors shall be members of any one political party. The Chairman shall devote full working time to the affairs of the Corporation and shall hold no other salaried position.

(b)(1) The Directors shall serve for five-year terms. Of the Directors first appointed, the Chairman shall serve as Chairman for a five-year term, one Director shall serve for a term of four years, one shall serve for a term of three years, one shall serve for a term of two years, and one shall serve for a term of one year.

(2) Upon expiration of the initial term of each initial Director, each Director appointed thereafter shall serve for a term of not to exceed five years. Whenever a vacancy shall occur on the Board of Directors, the President shall appoint, by and with the advice and consent of the Senate, an individual to fill such vacancy for the remainder of the applicable term. Upon the expiration of a term, a Director may continue to serve for a maximum of one year or until a successor shall have been appointed and shall have taken office, whichever occurs first. A Director may serve for more than one term.

(3) Any Director may be removed from office by the President only for neglect of duty, or malfeasance in office.

(c) The President shall designate, at the time of appointment of a Director, whether such Director, other than the Chairman, will serve in either a full-time or part-time capacity. Directors serving in a part-time capacity may not hold any full-time salaried position in the Federal Government or in any State or local government. Directors serving in a full-time capacity shall hold no other salaried position.

(d) Before assuming office, each Director shall take an oath faithfully to discharge the duties thereof. All Directors shall be citizens of the United States.

(e) The Board of Directors shall meet at any time pursuant to the call of the Chairman and as may be provided by the bylaws of the Corporation, but not less than quarterly. A majority of the Board of Directors shall constitute a quorum, and any action by the Board of Directors shall be effected by majority vote of all members of the Board of Directors. The Board of Directors shall adopt, and may from time to time amend, such bylaws as are necessary for the proper management and functioning of the Corporation.

(f)(1) All meetings of the Board of Directors held to conduct official business of the Corporation shall be open to public observation, and shall be preceded by reasonable public notice. Pursuant to such bylaws as it may establish, the Board of Directors may close a meeting if the meeting is likely to disclose—

(A) information which is likely to adversely affect financial or securities markets or institutions;

(B) information the premature disclosure of which would be likely to—

(i) lead to speculation in securities, commodities, minerals, or land; or

(ii) impede—

(I) the ability of the Corporation to establish procurement or arid lands renewable resources project selection criteria; or

(II) its ability to negotiate a contract for financial assistance; or

(C) matters or information exempted from public disclosure pursuant to paragraphs (1), (2), (4), (5), or (6) of subsection (c) of section 552b of title 5, United States Code.

(2) The determination to close any meeting of the Board of Directors for any of the

purposes specified in subparagraphs (A) through (C) of paragraph (1) shall be made in a meeting of the Board of Directors open to public observation preceded by reasonable notice. The Board of Directors shall prepare minutes of any meeting which is closed to the public and such minutes shall be made promptly available to the public, except for those portions thereof which, in the judgment of the Board of Directors, may be withheld under the provisions of subparagraphs (A) through (C) of paragraph (1).

(g) The levels of compensation of the Board of Directors shall be fixed initially by the President and may be adjusted from time to time upon recommendation by the Board of Directors and concurrence of the President.

OFFICERS AND EMPLOYEES

SEC. 203. (a) The Chairman shall be the chief executive officer of the Corporation, and shall be responsible for the management and direction of the Corporation.

(b) The Board of Directors shall—

(1) establish the offices and appoint the officers of the Corporation (including a General Counsel and Treasurer) and define their duties;

(2) fix the compensation of individual officer positions and categories of other employees of the Corporation taking into consideration the rates of compensation in effect under the Executive Schedule and the General Schedule prescribed by subchapters II and III of chapter 53 of title 5, United States Code, for comparable positions or categories; and

(3) provide a system of organization to fix responsibility and promote efficiency.

(c) Except as specifically provided herein, Directors, officers, and employees of the Corporation shall not be subject to any law of the United States relating to governmental employment.

(d)(1) Except as provided in paragraph (2), the Chairman shall appoint such employees as may be necessary for the transaction of the Corporation's business to, and may discharge such employees from, positions established in accordance with this section.

(2) The Corporation shall not be authorized to employ more than individuals in full-time professional positions at any time. For purposes of the limitation contained in the preceding sentence, individuals employed for Corporation construction projects under title V shall not be counted.

(e) No political test or qualification shall be used in selecting, appointing, promoting, or taking other personnel actions with respect to officers, agents, and employees of the Corporation, except as provided in section 202(a)(2).

CONFLICTS OF INTEREST AND FINANCIAL DISCLOSURE

SEC. 204. (a) The financial disclosure provisions of the Ethics in Government Act of 1978 (92 Stat. 1824; Public Law 95-521) applicable to individuals occupying positions compensated under the Executive Schedule shall apply to the Directors and officers of the Corporation and to employees of the Corporation whose position in the schedule established by the Board of Directors pursuant to section 203(b)(2) is compensated at a rate equivalent to that payable for grade GS-16 or above of the General Schedule established by chapter 53 of title 5, United States Code. The financial disclosure provisions of the Ethics in Government Act of 1978 shall apply to the Corporation as if it were a Federal agency.

(b) Any provision of law governing post-Federal employment activities shall not apply to former Federal employees who may be employed by the Corporation while acting on behalf of the Corporation.

(c)(1) Except as permitted by paragraph (3), no Director shall vote on any matter respecting any application, contract, claim, or other particular matter pending before the Corporation, in which, to his or her knowledge, he or she, his or her spouse, minor child, partner, or an organization (other than the Corporation) in which he or she is serving as officer, director, trustee, partner, or employee, or any person or organization with whom he or she is negotiating or has any arrangement concerning prospective employment, has a financial interest.

(2) Action by a Director contrary to the prohibition contained in paragraph (1) shall be cause for removal of such Director pursuant to section 202(b)(3), but shall not impair or otherwise affect the validity of any otherwise lawful action by the Corporation in which the Director or officer participated.

(3) The prohibition contained in paragraph (1) shall not apply if the Director first advises the Board of Directors of the nature of the particular matter in which he or she proposes to participate and makes full disclosure of such financial interest, and the Board of Directors determines by majority vote that the financial interest is too remote or too inconsequential to affect the integrity of such Director's services for the Corporation in that matter. The Director involved shall not participate in such determination.

(d) Subsection (a) of section 207 of title 18, United States Code (and subsections (f), (h), and (j) of such section to the extent they relate to subsection (a)) shall apply to former Directors, officers, and employees of the Corporation as if they were former officers or employees of the executive branch of the United States Government. Such section shall apply to the Corporation as if it were an agency of the executive branch of the United States Government.

DELEGATION

SEC. 205. (a) The Board of Directors may, by resolution, delegate to the Chairman and the other Directors functions, powers, and duties assigned to the Corporation under this Act other than those expressly vested in the Board of Directors pursuant to sections 202(f), 203(b), 204(c)(3), 302(a)(1)(D), 302(b), 303(c), (e), and (f), 401(a), (b), and (f), 402(a) and (d), 403(a) and (b), 404, 405(a), 406(a) and (b), 407(b) and (c), 501(a), 604, 801(a)(8) and (c), 803(a) and (b), 901(a) and (c), and 1001(b). The Chairman may, only by written instrument, delegate such functions, powers, and duties as are assigned to the Chairman by or pursuant to the provisions of this Act to such other full-time Directors, officers, or employees of the Corporation as the Chairman deems appropriate.

(b)(1) Notwithstanding any other provision of law, the President and any other officer or employee of the United States shall not make any delegation to the Chairman, the Board of Directors, or the Corporation of any power, function, or authority not expressly authorized by the provisions of this Act, except where such delegation is pursuant to an authority in law which expressly makes reference to this section.

(2) Notwithstanding any other provision of law, the provisions of chapter 9 of title 5, United States Code, shall not apply to authorize the transfer to the Corporation of any power, function, or authority.

AUTHORIZATION OF ADMINISTRATION EXPENSES

SEC. 206. (a)(1)(A) The Corporation is authorized to expend during any fiscal year for—

(i) subject to paragraph (2), reasonable and necessary administrative expenses, not to exceed $ and;

(ii) subject to paragraph (4), generic studies and specific reviews of individual proposals for financial assistance, not to exceed $.

(B) For purposes of section 208(e), and from the amount specified in subsection (a)(1)(A)(i), the Inspector General of the Corporation may expend not more than $ during any fiscal year for reasonable and necessary administrative expenses.

(2) For purposes of this section, administrative expenses shall include all ordinary and necessary expenses, including all compensation for personnel and consultants, expenses for computer usage, for space needs of the Corporation and similar expenses. For each fiscal year commencing after September 30, 1981, the $ limitation in subsection (a)(1)(A)(i) and the $ limitation in subsection (a)(1)(B) shall be increased as of October 1 each year by an amount equal to the percentage increase in the Gross National Product implicit price deflator, as published by the Department of Commerce or its successor, for the year then ended over the level so established for the year ending September 30, 1980.

(3) Administrative expenses include reimbursement to Directors for reasonable expenses which are incurred in connection with their service as Directors of the Corporation.

(4) Expenditures authorized under subsection (a)(1)(A)(ii) shall not be available—

(A) for administrative expenses;

(B) for the reimbursement of governmental agencies for the salaries of personnel of such agencies detailed to the Corporation;

(C) to exceed the personnel limits established pursuant to section 203(d); or

(D) for operating expenses.

(b) Funds authorized for administrative expenses shall not be available for the acquisition of real property or for expenses related to Corporation construction projects pursuant to title V.

(C) The Corporation may make expenditures, without further appropriation, for reasonable and necessary administrative expenses not to exceed the limit provided in subsection (a) in any fiscal year and then only in accordance with a detailed statement of such expenditures which has been transmitted to the Congress, the appropriate committees of the Senate and the appropriate committees of the House of Representatives in accordance with the provisions of section 603 along with the President's proposed budget for such fiscal year, except that such expenditures for fiscal years 1982 and 1983 may be made without prior statement. It is the intention of this section that the Corporation's expenditures for administrative expenses shall reflect due consideration for economy and efficiency.

PUBLIC ACCESS TO INFORMATION

SEC. 207. (a) The Corporation shall make available to the public, upon request, any information regarding its organization, procedures, requirements, and activities, except that the Corporation is authorized to withhold information which is exempted from disclosure pursuant to subsection (b) of section 552 of title 5, United States Code, and section 202(f) of this Act as it pertains to minutes of meetings of the Board of Directors.

(b) The Corporation, upon receipt of any request for information, shall determine promptly whether to comply with such request and shall promptly notify the person making the request of such determination. In the event of an adverse determination, and if requested by the person requesting the information, such determination shall be reviewed by the General Counsel of the Corporation.

(c) Section 1905 of title 18, United States Code, shall apply—

(1) to Directors, officers, and employees of the Corporation as if they were officers or employees of the United States; and

(2) to the Corporation as if it were a Federal agency.

INSPECTOR GENERAL

SEC. 208. (a)(1) In addition to the officers provided for in section 203(b)(1), there shall be in the Corporation an Inspector General, who shall be appointed for a term of five years by the President, by and with the advice and consent of the Senate, solely on the basis of integrity and demonstrated ability and without regard to political affiliation. The Inspector General shall report directly to, and be under the general supervision of, the Board of Directors, and shall not be under the control of, or subject to supervision by, any other officer of the Corporation.

(2) Neither the Board of Directors nor any other officer or employee of the Corporation shall prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit, investigation, or inspection.

(3) There shall also be in the Corporation a Deputy Inspector General who shall be appointed for a term of years by the President, by and with the advice and consent of the Senate, solely on the basis of integrity and demonstrated ability and without regard to political affiliation. The Deputy Inspector General shall assist the Inspector General in carrying out his duties under this section and shall, during the absence or temporary incapacity of the Inspector General, or during a vacancy in that office, act as Inspector General.

(4) The Inspector General or the Deputy Inspector General may be removed from office by the President only for neglect of duty, or malfeasance in office. The President shall communicate the reasons for any such removal to both Houses of Congress.

(5) The Inspector General and the Deputy Inspector General shall be compensated at a rate fixed by the Board of Directors in accordance with section 203(b)(2), which rate for the Inspector General shall be not less than the rate provided for level III of the Executive Schedule under section 5314 of title 5, United States Code, and for the Deputy Inspector General not less than the rate provided for level IV of such schedule under section 5315 of title 5, United States Code.

(b)(1) It shall be the duty and responsibility of the Inspector General—

(A) to supervise, coordinate, and provide policy direction for auditing, investigative, and inspection activities relating to the promotion of economy and efficiency in the administration of, or the prevention or detection of fraud and abuse in, programs and operations of the Corporation;

(B) to determine the extent to which such programs and operations are consonant with the purposes of this Act, and in compliance with the provisions of this Act;

(C) to make recommendations for correcting deficiencies in, or improving, the programs and operations of the Corporation; and

(D) to keep the Board of Directors and the Congress fully and currently informed, by means of the reports required by subsections (c), (d), and (h), and otherwise, concerning problems, abuses, and deficiencies relating to the administration of programs authorized by this Act, to recommend corrective action concerning such problems, abuses, and deficiencies, and to report on the progress made in implementing such corrective action.

(2) In carrying out his duties and responsibilities, the Inspector General shall give particular regard to the activities of the Comptroller General of the United States in relation to the Corporation, with a view toward avoiding duplication and insuring effective coordination and cooperation.

(3) In carrying out his duties and responsibilities, the Inspector General shall report expeditiously to the Attorney General whenever he has reasonable grounds to believe there has been a violation of Federal criminal law.

(c) The Inspector General shall, not later than November 30 of each year, prepare an annual written report summarizing the activities of his office during the immediately preceding fiscal year. Each such report shall include—

(1) an identification and description of significant problems, abuses, and deficiencies relating to the administration of programs and operations of the Corporation disclosed by such activities;

(2) a description of recommendations for corrective action with respect to significant problems, abuses, or deficiencies identified and described under paragraph (1); and

(3) a summary of matters referred to law enforcement authorities and the extent to which prosecutions and convictions have resulted.

(d) The annual report of the Inspector General shall be furnished to the Board of Directors not later than November 30 of each year and shall be transmitted by the Board of Directors to the President, the Majority Leader of the Senate, and the Speaker of the House of Representatives within thirty days after the receipt of the report, together with a report by the Board of Directors containing any comments it deems appropriate. The Board of Directors shall make copies of each annual report available to the public upon request and at a reasonable cost within sixty days after its transmittal to the Congress.

(e) In addition to the authority otherwise provided by this section, the Inspector General, in carrying out the provisions of this section, is authorized—

(1) to have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material available to the Corporation which relates to programs and operations with respect to which the Inspector General has responsibilities under this section;

(2) to request such information or assistance as may be necessary for carrying out the duties and responsibilities provided by this section from any Federal, State, or local governmental agency or unit thereof;

(3) to require by subpena the production of all information, documents, reports, answers, records, accounts, papers, and other data and documentary evidence necessary in the performance of the functions assigned by this section, which subpena, in the case of contumacy or refusal to obey, shall be enforceable by order of any appropriated United States district court;

(4) to have direct and prompt access to the Board of Directors when necessary for any purpose pertaining to the performance of functions and responsibilities under this section;

(5) to select, appoint, and employ such employees as may be necessary for carrying out the functions, powers, and duties of the Inspector General, which employees shall be compensated in accordance with salary schedules established pursuant to section 203(b)(2);

(6) to obtain services of consultants at daily rates not to exceed the daily rate prescribed for grade GS–18 of the General Schedule under section 5332 of title 5, United States Code; and

(7) to enter into contracts and other arrangements for audits, studies, analyses, and other services with public agencies and with private persons, and to make such payments as may be necessary to carry out the provisions of this section.

(f)(1) Upon request of the Inspector General for information or assistance under subsection (e)(2), the head of any Federal agency involved shall, insofar as is practicable and not in contravention of any existing statutory restriction or regulation of the Federal agency from which the information is requested, furnish to such Inspector General, or to an authorized designee, such information or assistance.

(2) Whenever information or assistance requested under subsection (e)(1) or (e)(2) is, in the judgment of the Inspector General, unreasonably refused or not provided, the Inspector General shall report the circumstances to the head of the establishment involved without delay.

(g) The Board of Directors shall make available to the Inspector General appropriate and adequate office space at offices of the Corporation.

(h) The Inspector General—

(1) may make such additional investigations and reports relating to the operations of the Corporation as are, in the judgment of the Inspector General, necessary or desirable; and

(2) shall provide such additional information or documents as may be requested by any committee or subcommittee of either House of Congress with respect to matters within their jurisdiction.

(i) Notwithstanding any other provision of law, the reports, information, or documents required by or under this section shall be transmitted to the Board of Directors and to the Congress, or committees or subcommittees thereof, by the Inspector General without further clearance or approval.

ADVISORY COMMITTEE

SEC. 209. (a) There is hereby established an Advisory Committee to the Board of Directors for the purpose of—

(1) reviewing the Corporation's solicitations of proposals for financial assistance proposed for issuance pursuant to section 303; and

(2) advising the Corporation in relation to other matters within the expertise of the Advisory Committee, or any member thereof, as the Board of Directors may request of the Advisory Committee from time to time.

(b) The Advisory Committee is composed of the Secretary of the Treasury, the Secretary of Defense, the Secretary of the Interior, the Secretary of Energy, the Administrator of the Environmental Protection Agency, the Secretary of Agriculture, the Secretary of Commerce and the Directors of the Federal Emergency Management Agency. The Chairman of the Advisory Committee shall be designated by the President from among its members.

(c) The Advisory Committee shall meet with the Board of Directors not less than semiannually, and the Corporation shall furnish to the Advisory Committee such professional, secretarial, and other services as the Advisory Committee may request.

(d) During any meeting with the Board of Directors or in any communication with the Corporation, the members of the Advisory Committee shall be governed by the laws and regulations respecting conflicts of interest applicable to their respective departments and agencies as such laws and regulations relate to meetings with representatives of a private corporation.

TITLE III—PRODUCTION GOAL OF THE CORPORATION

NATIONAL ARID LANDS RENEWABLE RESOURCES PRODUCTION GOAL

PRODUCTION STRATEGY

SEC. 302. (a)(1) In order to assure achievement of the purposes of this Act and the national arid lands renewable resources

production goals set forth in section 301, the Corporation—

(A) shall, pursuant to section 303(a), solicit proposals for arid lands renewable resources projects;

(B) shall, pursuant to section 401(a), award financial assistance to those qualified concerns submitting proposals acceptable to the Board of Directors;

(C) shall, after soliciting proposals pursuant to subparagraph (A) and reviewing such proposals, if in the judgment of the Board of Directors, there are, or will be, insufficient acceptable proposals as necessary to achieve the purposes of this Act, undertake to negotiate contracts pursuant to title IV as necessary to achieve the purposes of this Act; and

(D) may, only after fulfilling the requirements of subparagraphs (A), (B), and (C), and paragraph (3), if in the judgment of the Board of Directors, there still are, or will be, insufficient acceptable proposals as necessary to achieve the purposes of this Act, consistent with the objectives set forth in paragraph (2) and subject to the limitations of title V, undertake Corporation construction projects pursuant to title V as necessary to achieve the purposes of this Act.

(2) Prior to the approval of a comprehensive strategy pursuant to subsection (c), the Corporation in discharging its responsibilities under paragraph (1) shall employ financial assistance pursuant to title IV or Corporation construction projects pursuant to title V in such manner as will, in the judgment of the Board of Directors, incorporate a technological diversity of processes, methods and techniques for each domestic resource that offers significant potential for achieving the national arid lands renewable resources production goals set forth in section 301.

(3) Prior to undertaking a Corporation construction project pursuant to title V, the Corporation shall publish in the Federal Register its intent to undertake a Corporation construction project and the objectives of such a Corporation construction project, and shall solicit proposals to meet such objectives through the use of financial assistance mechanisms established under title IV. If the Corporation does not receive, within thirty days after the publication of the objectives pursuant to the preceding sentence, an acceptable notice of intent to submit a proposal, the Corporation may undertake such a Corporation construction project pursuant to title V.

(b)(1) Subject to the requirements of paragraph (2), the Corporation shall, consistent with the purposes of this Act, establish a comprehensive strategy to achieve the national arid lands renewable resources production goals established by section 301. In the formulation of such comprehensive strategy, the Corporation—

(A) shall consider all practicable means for the commercial production of arid lands renewable resources from domestic resources, employing the widest diversity of feasible technologies; and

(B) after consultation with the Secretary of Defense, shall consider the feasibility of meeting national defense rubber requirements utilizing guayule rubber produced pursuant to the provisions of this Act.

(2) Subject to the requirements of paragraph (3), not later than one year after the effective date of this Act, the Board of Directors shall adopt and directly submit its proposed comprehensive strategy to the Congress. Such comprehensive strategy, when approved pursuant to subsection (c), shall become the comprehensive strategy of the Corporation to achieve the national arid lands renewable resources production goals established by section 301.

(3) The proposed comprehensive strategy shall—

(A) to the extent feasible, set forth the recommendations of the Board of Directors on the Corporation's objectives and schedules for their achievement;

(B) directly address and give emphasis to private sector responsibilities in the efforts necessary to achieve the national arid lands renewable resources production goals established by section 301;

(C) specifically address how any Corporation involvement recommended in the comprehensive strategy will be expressly limited and ultimately terminated upon a date or event certain in the future;

(D) include a financial or investment strategy prospectus which sets forth the justification for the requested authorization of appropriations;

(E) include findings, based upon accompanying comprehensive reports, regarding arid lands renewable resources projects which received financial assistance prior to submission of such comprehensive strategy to the Congress with respect to—

(i) the economic and technological feasibility of each such project including information on product quality, quantity, and cost per unit of production; and

(ii) the environmental effects associated with each such project as well as projected environmental effects and land and water requirements; and

(F) include recommendations based upon accompanying comprehensive reports concerning the specific mix of technologies and resource types which the Corporation proposes to support after approval pursuant to subsection (c) of the comprehensive strategy.

(4) After the approval of the comprehensive strategy, the Board of Directors may request, pursuant to subsection (c)(10), additional authorizations of appropriations. Such requests shall include a financial or investment prospectus which sets forth the justification for the requested authorizations of appropriations.

(c)(1)(A) The comprehensive strategy submitted by the Board of Directors to the Congress pursuant to subsection (b)(2) shall be deemed approved if a joint resolution of approval has been enacted into law during the same Congress in which such comprehensive strategy was submitted to the Congress. If either House of the Congress within ninety calendar days of continuous session after introduction fails to pass such a joint resolution or rejects such a joint resolution, the comprehensive strategy shall be deemed disapproved. For purposes of this subsection, the term "joint resolution" means only a joint resolution of either House of Congress as described in paragraph (5) or paragraph (10)(B).

(B) Ninety calendar days after receipt by the Congress of the comprehensive strategy, on the first day that both Houses of the Congress are in session after such ninety-day period, a joint resolution of approval containing the authorization of appropriations requested by the Corporation for the proposed comprehensive strategy shall be introduced in their respective Houses by the Majority Leader of the Senate and the Majority Leader of the House of Representatives.

(C) The Corporation may withdraw the comprehensive strategy any time prior to the adoption of such joint resolution by either House of the Congress.

(2) Upon introduction, the joint resolution shall be referred immediately to the appropriate committee or committees of the Senate and the appropriate committee or committees of the House of Representatives.

(3) For the purpose of subsection (c)(1)(A) of this section—

(A) continuity of session is broken only by an adjournment of Congress sine die at the end of the second session of a Congress; and

(B) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of the calendar-day period involved.

(4) This subsection is enacted by Congress—

(A) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described by paragraph (5) of this subsection; and it supersedes other rules only to the extent that it is inconsistent therewith; and

(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of the respective House.

(5) The joint resolution approving the comprehensive strategy under this Act shall read as follows after the resolving clause: "That the Congress of the United States approves the comprehensive strategy submitted to the Congress by the United States Arid Lands Renewable Resources Corporation on and dollars are hereby authorized to be appropriated without fiscal year limitation to the Secretary of the Treasury to purchase and retain notes or other obligations of the United States Arid Lands Renewable Resources Corporation.", the first blank space therein being filled with the date and year, the second blank space therein being filled with the appropriate dollar figure.

(6)(A) If any committee to which such joint resolution with respect to the comprehensive strategy has been referred has not reported it at the end of 60 calendar days after its referral, it shall be in order to move either to discharge any such committee from further consideration of such joint resolution or to discharge any such committee from further consideration of any other joint resolution with respect to such comprehensive strategy which has been referred to such committee.

(B) A motion to discharge may be made only by an individual favoring such joint resolution, shall be highly privileged in the House of Representatives and privileged in the Senate (except that it may not be made after all committees to which such joint resolution has been referred have reported a joint resolution with respect to the comprehensive strategy), and debate thereon shall be limited to not more than 1 hour, to be divided equally between those favoring and those opposing the joint resolution. Except to the extent provided in paragraph (9)(A), an amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(C) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other joint resolution with respect to the same comprehensive strategy.

(7)(A) When all such committees have reported, or have been discharged from further consideration of, a joint resolution, it shall be at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of such a joint resolution. The motion shall be highly privileged in the House of Representatives and privileged in the Senate and shall not be debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(B) Debate on the joint resolution and all amendments thereto pursuant to paragraph

(9)(A) shall be limited to not more than 10 hours and final action on the joint resolution shall occur immediately following conclusion of such debate. A motion further to limit debate shall not be debatable. Except to the extent provided in paragraph (9)(B), an amendment to, or motion to recommit such a joint resolution shall not be in order, and it shall not be in order to move to reconsider the vote by which such a joint resolution was agreed to or disagreed to.

(8)(A) Motions to postpone made with respect to the discharge from committee or the consideration of a joint resolution, shall be decided without debate.

(B) Appeals from the decision of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedures relating to a joint resolution shall be decided without debate.

(9) With respect to the comprehensive strategy—

(A) In the consideration of any such joint resolution on any such comprehensive strategy, it shall be in order to offer an amendment to the dollar figure in the second blank of the text of the joint resolution described in paragraph (5), and any amendments thereto only containing such a dollar figure. No other amendments except pro forma amendments shall be in order.

(B) If one House receives from the other House a joint resolution with respect to the comprehensive strategy, then the following procedure applies:

(i) the joint resolution of the other House with respect to such comprehensive strategy shall not be referred to a committee; and

(ii) in the case of a joint resolution of the first House with respect to such plan—

(I) the procedure with respect to that or other resolutions of such House with respect to such plan shall be the same as if no joint resolution from the other House with respect to such comprehensive strategy had been received; but

(II) on any vote on final passage of a resolution of the first House with respect to such plan a resolution from the other House with respect to such plan where the text is identical shall be automatically substituted for the joint resolution of the first House.

(10)(A) The Corporation at any time after the approval of the comprehensive strategy may submit requests pursuant to subsection (b)(4) for additional authorizations of appropriations each of which shall be in the form of a joint resolution of approval (bearing an identification number).

(B) Such joint resolution shall read as follows after the resolving clause: "That the Congress of the United States approves the request transmitted to the Congress by the Arid Lands Renewable Resources Corporation on and there are hereby authorized to be appropriated without fiscal year limitation to the Secretary of the Treasury to purchase and retain notes or other obligations of the United States Arid Lands Renewable Resources Corporation the sum of dollars.", the first blank space therein being filled with the day and year, and the second blank space therein being filled with the appropriate dollar figure.

(C) On the first day that both Houses of the Congress are in session after receipt of a joint resolution of approval containing the additional authorization of appropriations requested by the Corporation, the joint resolution described in subparagraph (B) shall be introduced in their respective Houses by the Majority Leader of the Senate and the Majority Leader of the House of Representatives. Such resolution shall be considered in accordance with the procedures of this subsection.

(11) The aggregate of the authorizations of appropriations under paragraph (5) enacted into law and any subsequent requests by the Corporation for additional authorizations for appropriations under paragraph (10) enacted into law shall not exceed $.

(d)(1) Notwithstanding the provisions of subsection (c), if at the expiration of such time as the Corporation is permitted for submission of its comprehensive strategy to the Congress, the Corporation determines that an adequate basis of knowledge has not yet been developed upon which to formulate and implement a comprehensive strategy for the achievement of the national arid lands renewable resources production goals established in section 301, the Corporation shall report the reasons for such determination to the Congress, and may request, in a Corporation action pursuant to section 304, such additional time up to one year as the Corporation considers necessary for the formulation of its proposed comprehensive strategy.

(2) Such request shall be deemed approved unless disapproved by either House of Congress pursuant to section 304. If such request is disapproved pursuant to section 304, the Corporation shall submit its proposed comprehensive strategy to the Congress within ninety days of such disapproval.

(3) The Board of Directors may, consistent with the purposes of this Act, amend the approved comprehensive strategy if, in their judgment, such amendment is necessary to achieve the national arid lands renewable resources production goals set forth in section 301. If such amendment would substantially alter the use of funds previously approved by the Congress pursuant to subsection (c), the Board of Directors may not implement such amendment unless such amendment has been submitted to the Congress and has been approved pursuant to section 305. Any such amendment and its justification shall be included in the subsequent quarterly report to the Congress pursuant to section 807(c).

SOLICITATION OF PROPOSALS

SEC. 303. (a)(1) The Corporation is hereby directed to solicit proposals from time to time from concerns interested in the construction or operation, or both, of arid lands renewable resources projects. The Corporation shall provide notice of such solicitations in the Federal Register and by such other notice as is customarily used to inform the public of Federal assistance for major research and development undertakings.

(2) All proposed solicitations under paragraph (1) shall be submitted to the Advisory Committee established under section 209. The Advisory Committee shall have 30 calendar days to review and comment on such solicitations prior to their initial issuance.

(3) Within six months after the date of the enactment of this Act, the Corporation shall make an initial set of solicitations directed by paragraph (1). Such set of solicitations shall encompass a diversity of technologies (including differing processes, methods, and techniques) for each potential domestic resource as well as all of the forms of financial assistance authorized in title IV.

(b) All solicitations of proposals for financial assistance shall be conducted in a manner so as to encourage maximum open and free competition.

(c) Any concern may request the Board of Directors to issue a solicitation pursuant to this section for proposals for a general type of arid lands renewable resources project and the Board of Directors, if it deems the action to be in accordance with the purposes and provisions of this Act, may issue such a solicitation.

(d) Each solicitation for proposals pursuant to the authority of this section shall set forth general evaluation criteria, as determined by the Board of Directors, taking into account—

(1) the achievement of the national arid lands renewable resources production goals established in section 301; and

(2) the requirements of section 302(a), for a general type of arid lands renewable resources project concerning—

(A) the type of domestic resource to be used by the proposed arid lands renewable resources project;

(B) the type or types of technologies to be employed; and

(C) the type and amount of resource to be produced.

(e) The Corporation shall consult with the Governor of any State in which a proposed Corporation construction project or a proposed joint venture project under section 406 would be located with regard to (1) the manner in which the project would be developed and (2) regulatory, licensing, and related governmental activities pertaining to such project. The States shall have the opportunity to provide written response to the Corporation on all aspects of such project development, licensing, and operation.

CONGRESSIONAL DISAPPROVAL PROCEDURE

SEC. 304. (a) For purposes of this section, the term "Corporation action" means any matter required to be transmitted, or submitted to the Congress in accordance with the procedures of this section.

(b) The Corporation shall transmit any Corporation action (bearing an identification number) to both Houses of the Congress on the same day. If both Houses are not in session on the day on which any Corporation action is transmitted to the appropriate officers of each House, for the purposes of this section such Corporation action shall be deemed to have been received on the first succeeding day on which both Houses are in session.

(c) Except as provided in subsection (e), if a Corporation action is transmitted to both Houses of Congress, such Corporation action shall take effect at the end of the first period of 30 calendar days of continuous session of the Congress after the date on which such Corporation action is received by such Houses, unless between the date on which such Corporation action is received and the end of such 30 calendar day period, either House passes a resolution stating in substance that such House does not favor such action.

(d) For purposes of subsection (c)—

(1) continuity of session is broken only by an adjournment of the Congress sine die; and

(2) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of the 30-calendar-day period.

(e) Under provisions contained in a Corporation action, any provision of such Corporation action may take effect on a date later than the date on which such Corporation action otherwise would take effect, if such action is not disapproved, pursuant to the provisions of this section.

(f) This section is enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such, it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described by subsection (g) of this section, and it supersedes other rules only to the extent that it is inconsistent with such rules; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as they relate to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of the House.

(g)(1) For purposes of subsection (b), the term "resolution" means only a resolution

of either House of the Congress the matter after the resolving clause of which is as follows: "That the does not favor the Corporation action numbered received by the Congress on , 19 .", the first blank space therein being filled with the name of the resolving House and the other blank spaces therein being appropriately filled. Any such resolution may only contain a reference to one Corporation action.

(2) A resolution once introduced with respect to a Corporation action shall immediately be referred to each appropriate committee of the Senate and the House of Representatives (and all resolutions with respect to the same Corporation action shall be referred to each such committee).

(3)(A) If any committee to which a resolution with respect to a Corporation action has been referred has not reported it at the end of 20 calendar days after it was received by the House involved, it shall be in order to move either to discharge such committee from further consideration of such resolution or to discharge such committee from further consideration of any other resolution with respect to such Corporation action which has been referred to the committee.

(B) A motion to discharge may be made by an individual favoring the resolution, shall be highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same Corporation action), and debate thereon shall be limited to not more than one hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(C) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same Corporation action.

(4)(A) When all committees to which the resolution was referred have reported (or have been discharged from further consideration of) a resolution, it shall be at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion shall be highly privileged and shall not be debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(B) Debate on the resolution referred to in subparagraph (A) of this paragraph shall be limited to not more than 5 hours, which shall be divided equally between those favoring and those opposing such resolution. A motion further to limit debate shall not be debatable. An amendment to, or motion to recommit, the resolution shall not be in order, and it shall not be in order to move to reconsider the vote by which such resolution was agreed to or disagreed to.

(5)(A) Motions to postpone made with respect to the discharge from committee or the consideration of a resolution and motions to proceed to the consideration of other business, shall be decided without debate.

(B) Appeals from the decision of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution shall be decided without debate.

(6) Notwithstanding any of the provisions of this subsection, if a House has approved a resolution with respect to a Corporation action, then it shall not be in order to consider in that House any other resolution with respect to the same Corporation action.

CONGRESSIONAL APPROVAL PROCEDURES

SEC. 305. (a)(1) Any amendment to the comprehensive strategy submitted by the Board of Directors to the Congress pursuant to section 302(d) shall be deemed approved if a concurrent resolution of approval has been approved by the Congress during the same Congress in which such request was submitted. If the Congress, within 90 calendar days of continuous session after introduction, fails to approve such a concurrent resolution or either House of Congress rejects such a concurrent resolution, the request shall be deemed disapproved .

(2) On the first day that both Houses of Congress are in session after receipt of such amendment, a concurrent resolution of approval shall be introduced in their respective Houses by the Majority Leader of the Senate and the Majority Leader of the House of Representatives.

(3) The Corporation may withdraw the amendment any time prior to the adoption of such concurrent resolution by either House of the Congress.

(b) Upon introduction, the concurrent resolution shall be referred immediately to each appropriate committee of the Senate and the House of Representatives.

(c) For the purpose of subsection (a)(1) of this section—

(1) continuity of session is broken only by an adjournment of Congress sine die at the end of the second session of a Congress; and

(2) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of the calendar day period involved.

(d) This subsection is enacted by Congress—

(1) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described by subsection (e) of this section; and it supersedes other rules only to the extent that it is inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of the respective House.

(e) The concurrent resolution approving the amendment under this Act shall read as follows after the resolving clause: "That the Congress of the United States approves the amendment to the comprehensive strategy submitted to the Congress by the United States Arid Lands Renewable Resources Corporation on .", the blank space therein being filled with the date and the year.

(f)(1) If any committee to which such concurrent resolution with respect to the amendment to the comprehensive strategy has been referred has not reported it at the end of 60 calendar days after its referral, it shall be in order to move either to discharge any such committee from further consideration of such concurrent resolution or to discharge any such committee from further consideration of any other concurrent resolution with respect to such amendment to the comprehensive strategy which has been referred to such committee.

(2) A motion to discharge may be made only by an individual favoring such concurrent resolution, shall be highly privileged in the House of Representatives and privileged in the Senate (except that it may not be made after all committees to which such joint resolution has been referred have reported a concurrent resolution with respect to the request), and debate thereon shall be limited to not more than 1 hour, to be divided equally between those favoring and those opposing the concurrent resolution. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(3) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other concurrent resolution with respect to the same amendment to the comprehensive strategy.

(g)(1) When all such committees have reported (or have been discharged from further consideration of) a concurrent resolution, it shall be at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of such a concurrent resolution. The motion shall be highly privileged in the House of Representatives and privileged in the Senate and shall not be debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(2) Debate on the concurrent resolution shall be limited to not more than 5 hours and final action on the concurrent resolution shall occur immediately following conclusion of such debate. The 5 hours shall be equally divided between supporters and opponents of such resolution. A motion further to limit debate shall not be debatable. Except to the extent provided in subsection (i), an amendment to, or motion to recommit such a concurrent resolution shall not be in order, and it shall not be in order to move to reconsider the vote by which such a concurrent resolution was agreed to or disagreed to.

(h)(1) Motions to postpone, made with respect to the discharge from committee, or the consideration of a concurrent resolution shall be decided without debate.

(2) Appeals from the decision of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedures relating to a concurrent resolution shall be decided without debate.

(i) With respect to a concurrent resolution related to an amendment to the comprehensive strategy, if one House receives from the other House a concurrent resolution with respect to such amendment, then the following procedure applies:

(1) the concurrent resolution of the other House with respect to such request shall not be referred to a committee; and

(2) in the case of a concurrent resolution of the first House with respect to such request—

(A) the procedure with respect to that or other concurrent resolutions of such House with respect to such amendment shall be the same as if no concurrent resolution from the other House with respect to such request had been received; but

(B) on any vote on final passage of a concurrent resolution of the first House with respect to such amendment a concurrent resolution from the other House with respect to such plan where the text is identical shall be automatically substituted for the concurrent resolution of the first House.

TITLE IV—FINANCIAL ASSISTANCE

AUTHORIZATION OF FINANCIAL ASSISTANCE

SEC. 401. (a) Financial assistance shall be awarded to a qualified concern whose proposal is most responsive to a solicitation for proposals issued under the authority of section 303 and is most likely to advance the purposes of this Act, including consideration of price and other factors. Whenever, in the judgment of the Board of Directors, it is practicable and provident to do so, the Corporation shall award financial assistance on the basis of competitive bids.

(b)(1) Subject to the limitations set forth

in this Act, the Corporation is authorized, upon such terms and conditions as the Board of Directors shall determine—

(A) to provide financial assistance to a qualified concern whose proposal is most responsive to a solicitation for proposals issued under the authority of section 303;

(B) with the consent of the recipient, to renew, modify, or extend such financial assistance; and

(C) in connection with the awarding of financial assistance, to require such security and collateral as the Corporation deems appropriate for the repayment of any fixed or contingent obligations to the Corporation.

(2) The proposal selected for financial assistance pursuant to any solicitation shall be that proposal which, in the judgment of the Board of Directors, is most advantageous in meeting the national arid lands renewable resources production goals established under section 301. Preference in such selection shall be given to—

(A) the proposal which represents the least commitment of financial assistance by the Corporation and the lowest unit production cost within a given technological process, taking into account the amount and value of the anticipated products; and

(B) in determining the relative commitment of the Corporation, in decreasing order of priority—

(i) price guarantees, purchase agreements, or loan guarantees;

(ii) loans; and

(iii) joint-ventures.

(3) The Corporation shall also consider, in awarding financial assistance, among other relevant factors—

(A) the diversity of technologies (including differing processes, methods, and techniques); and

(B)(i) the potential cost per unit of production;

(ii) the overall production potential of the technology, considering the potential for replication, the extent of the resource and its geographic distribution, and the potential end use; and

(iii) the potential of the technology for complying with applicable regulatory requirements.

(4) If after a formal solicitation for competitive bids no bids are received during the period for response, or those received are not acceptable to the Board of Directors, and the Board of Directors makes a finding (A) that the arid lands renewable resources project is essential for the achievement of the national arid lands renewable resources production goals established under section 301 and the requirements of section 302(a) and (B) that competitive bids are not appropriate, the Board of Directors shall report such findings to the Majority Leader of the Senate and the Speaker of the House of Representatives and may then proceed to negotiate a contract of financial assistance for such project with a qualified concern.

(c) All contracts and instruments of the Corporation to provide, or providing, for financial assistance shall be general obligations of the United States backed by its full faith and credit.

(d) Subject to the conditions of any contract for financial assistance, such contract shall be incontestable in the hands of the holder, except as to fraud or material misrepresentation on the part of the holder.

(e) Any contract for financial assistance shall require the development of a plan, acceptable to the Board of Directors, for the monitoring of environmental and health related emissions from the construction and operation of the project. Such plan shall be developed by the recipient of financial assistance after consultation with the Administrator of the Environmental Protection Agency and appropriate State agencies.

(f) Notwithstanding the provisions of the Federal Financing Bank Act of 1973 (12 U.S.C. 2281 et seq.) or any other provision of law (except as may be specifically provided by reference to this subsection in any Act enacted after the effective date of this Act), no debt obligation which is made or committed to be made, or which is guaranteed or committed to be guaranteed by the Corporation, or which is secured in whole or in part by financial assistance provided by the Corporation, shall be eligible for purchase by, or commitment to purchase by, or sale or issuance to, the Federal Financing Bank or any Federal agency or department of the United States, except as provided in section 601.

(g) No financial assistance may be awarded unless an application therefor has been submitted to the Corporation in such manner and containing such information as the Corporation may require.

(h) The Corporation in awarding financial assistance shall give due consideration to promoting competition.

(i) Every applicant for financial assistance under this Act shall, as a condition precedent thereto, consent to such examinations and reports thereon as the Corporation or its designee may require for the provisions of this Act. The Corporation shall require such reports and records as it deems necessary from any recipient of financial assistance in connection with activities carried out pursuant to this Act. The Corporation is authorized to prescribe the manner of keeping records by any recipient of financial assistance and the Corporation or its designee shall have access to such records at all reasonable times for the purpose of insuring compliance with the terms and conditions upon which financial assistance was awarded.

(j)(1) In no case shall the aggregate amount of financial assistance awarded or committed under this Act exceed at any one time 15 per centum of the total obligational authority of the Corporation authorized under section 602—

(A) to any one arid lands renewable resources project, either directly or indirectly; or

(B) to any one person, including such person's affiliates and subsidiaries, either directly or indirectly.

(2) For the purpose of determining compliance with paragraph (1)(B), any financial assistance to an arid lands renewable resources project under this Act shall be allocated among the project participants in direct proportion to each person's participation in such project.

(k)(1) Any contract for financial assistance shall specify in dollars the maximum amount of the liability of the Corporation under such contract, as computed in accordance with section 602.

(2) The Corporation shall notify the Secretary of the Treasury of its intention to enter into a contract for financial assistance prior to the execution of such contract.

(3) Any such contract shall be accompanied by a certification by the Secretary of the Treasury pursuant to section 1101(a)(3) that sufficient unencumbered appropriations are available to satisfy the obligation of the contract.

(l) With regard to an arid lands renewable resources project proposed by a concern whose rates are regulated, or with regard to an arid lands renewable resources project the management of which proposes to sell resulting resources or fuels to a person whose rates for the use or transportation of such resources or fuels are regulated, the Corporation is authorized to consider as a factor in any decision to award financial assistance whether the regulatory body, or bodies, are likely to issue a ratemaking decision which will protect the financial interests of the investors and the Corporation.

(m) For the purposes of determining (1) the total costs of the arid lands renewable resources project for sections 402 and 403, and (2) the total costs of the arid lands renewable resources project module for section 406, any real or personal property or services obtained for the facility in a transaction with any person or concern (including an affiliated company as defined in section 2(a)(2) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(2)) and an affiliated person as defined in section 2(a)(3) of such Act (15 U.S.C. 80a-2(a)(3))) who has, or will have, an ownership or profit interest in the facility shall be valued at the lower of the cost to the project or fair market value, disregarding any portion of such fair market value which is attributable to the prospect of receiving financial assistance under this Act.

(n) The Corporation, as a condition to providing financial assistance, other than loans pursuant to section 402 and loan guarantees pursuant to section 403, may require that the Corporation share in profits from the operation of an arid lands renewable resources project on a fair basis.

(o) Whenever the Corporation, by one or more actions, awards a combination of two or more forms of financial assistance for a single arid lands renewable resources project, the Corporation shall insure that the recipient of such financial assistance shall bear a reasonable degree of risk in the construction and operation of such project, except that any person who is solely in the position of a lender shall not be required to bear such risk. The Corporation shall not award more than a single form of financial assistance under this Act unless the Board of Directors determines that multiple forms of financial assistance are required for the viability of the project, and further, that the project is necessary to achieve the purposes and provisions of this Act.

(p) The Corporation shall not award financial assistance in the form of loans pursuant to section 402 or joint ventures pursuant to section 406 unless the Board of Directors determines that neither price guarantees, purchase agreements, nor loan guarantees will adequately support the construction and operation of the arid lands renewable resources project or will restrict the available participants for such project.

(q) The Corporation, in consultation with the Secretary of the Treasury, shall insure to the maximum extent feasible that the timing, interest rate, and substantial terms and conditions of any financial assistance will have the minimum possible impact on the capital markets of the United States, taking into account Federal activities which directly or indirectly influence such capital markets. Additionally, the Corporation shall impose such terms and conditions on any financial assistance (after evaluating the financing of the arid lands renewable resources project, the tax benefits which would be available to investors in the arid lands renewable resources project, and any regulatory actions associated with the arid lands renewable resources project) as may be necessary to assure that any investors having an ownership or profit interest in the arid lands renewable resources project bear a substantial risk of after tax loss in the event of any default or other cancellation of the arid lands renewable resources project.

(r) The Corporation shall insure that financial assistance awarded under this Act for (1) loans pursuant to section 402, (2) loan guarantees pursuant to section 403, (3) joint ventures pursuant to section 406, or (4) any combination of forms of financial assistance including one or more of the aforementioned forms, in the judgment of the Board of Directors, encourages and supplements, but does not compete with or supplant, any private capital investment which otherwise would be available to a proposed arid lands renewable resources project on reasonable terms and conditions which would permit

such project to be undertaken. To that end, the Corporation shall establish internal procedures, standards and criteria for the timely review for compliance with such requirement of each new award of financial assistance for a specific proposed arid lands renewable resources project and, further, the Board of Directors shall determine, in its judgment, that any financial assistance by the Corporation for the project will not compete with nor supplant such available private capital investment and that adequate financing for the project would not otherwise be available to a proposed arid lands renewable resources project on reasonable terms and conditions which would permit such project to be undertaken.

(s) Any price guarantee pursuant to section 404 or purchase agreement pursuant to section 405 shall include an express provision to the effect that the price guarantee or purchase agreement shall be the subject of review and possible renegotiation, pursuant to section 401 (b) (1) (B), within years from the date of initial production by the arid lands renewable resources project, at which point the Corporation shall specifically determine the need for continued financial assistance pursuant to such price guarantee or purchase agreement.

(t) The Corporation shall, in its determination of the need for financial assistance awarded pursuant to this Act, take into consideration (1) any specific tax credit directly associated with an arid lands renewable resources project and (2) any financial assistance that has been or will be provided by Federal or State agencies.

(u) (1) The Corporation is authorized to enter into cost-sharing agreements with applicants for financial assistance to refine the design of proposed arid lands renewable resources projects so as to improve the accuracy of the preliminary total estimated costs upon which financial assistance in the form of loans and loan guarantees will be based. In the event of an award of a loan or loan guarantee, the Corporation's share of any such cost-sharing agreement shall be incorporated in such loan or loan guarantee.

(2) Such cost-sharing agreements shall not exceed 1 per centum of the preliminary total estimated cost of the applicant's proposed arid lands renewable resources project.

(3) The Corporation is authorized to expend not to exceed 1 per centum of the aggregate obligational authority under section 601 for cost-sharing agreements under this subsection.

LOANS MADE BY THE CORPORATION

SEC. 402. (a) (1) Subject to the limitations set forth in paragraphs (2) and (3), the Corporation is authorized, on such terms and conditions as the Board of Directors may prescribe, to commit to, or enter into, loans to any concern for an arid lands renewable resources project.

(2) (A) Subject to the limitation contained in subparagraph (B), loans under this section shall not exceed 75 per centum of the initial total estimated cost of the arid lands renewable resources project, as estimated by the Corporation as of the date of the loan or commitment to loan.

(B) Any loan under this section shall be limited to the lesser of 49 per centum of the initial total estimated cost or not more than a minority financial position in the project, unless the Board of Directors determines that the borrower has satisfactorily demonstrated that the limits established in this subparagraph would prevent the financial viability of the proposed project and therefore additional loan assistance is necessary.

(3) In the event the total cost of the project are thereafter estimated by the Corporation to exceed the total cost estimated under paragraph (2), the Corporation may, upon application therefor, lend additional amounts as follows:

(A) up to 50 per centum of the difference between the revised total estimated cost and the initial total estimated cost under paragraph (2) if the revised total estimated cost does not exceed 200 per centum of the initial total estimated cost under paragraph (2); and

(B) if the revised total estimated cost exceeds 200 per centum of the initial total estimated cost, up to 40 per centum of the amount in excess of 200 per centum of the initial total estimated cost, except that if the revised total estimated cost exceeds 250 per centum of the initial total estimated cost the Corporation shall not award such additional amounts unless the Corporation has transmitted to the Congress a Corporation action pursuant to section 304, and such Corporation action has not been disapproved.

(4) The per centum specified in the exception contained in paragraph (3) (B) shall be computed based upon the initial total estimated cost of the project adjusted to include any increase or decrease pursuant to an appropriate construction price index for the type of construction involved.

(b) Each loan made under this section shall bear interest at such rate as the Corporation may determine, giving consideration to the needs and capacities of the recipient and the prevailing rates of interest (public and private). The rate determined by the Corporation shall not be less than a rate determined by the Secretary of the Treasury, for the Corporation, taking into consideration the current average yield on outstanding marketable obligations of the United States with remaining periods of maturity comparable to the average maturities of such loans. No loan shall be made unless the Corporation shall have determined that there is a reasonable prospect of repayment or that successful completion and operation of the arid lands renewable resources project will have a substantial value in helping to meet the national arid lands renewable resources production goals established under section 301.

(c) Loans may be made either directly or in cooperation or participation with banks or other lenders. Loans may be made directly upon promissory notes or other evidence of indebtedness or by way of discount or rediscount of obligations tendered for the purpose.

(d) If the Board of Directors determines that the borrower is unable to meet payments under a loan agreement and is not in default, it is in the public interest to permit the borrower to continue to pursue the purposes of the arid lands renewable resources project, and the probable net benefit to the Corporation in forbearing from exercising its rights under a loan agreement will be greater than that which would result in the event of a default, and if the borrower agrees to make such payments to the Corporation on terms and conditions, including interest, which are satisfactory to the Corporation, then the Corporation may forbear from exercising its rights under the loan agreement.

(e) No loan under this section shall have a maturity date of more than 30 years or the useful life of the arid lands renewable resources project involved, whichever is less.

LOAN GUARANTEES MADE BY THE CORPORATION

SEC. 403. (a) (1) Subject to the limitations set forth in paragraphs (2) and (3), the Corporation is authorized, on such terms and conditions (including the right of subrogation) as the Board of Directors may prescribe, to commit to, or enter into loan guarantees against loss of principal and interest on bonds, notes, or other obligations (including refinancing thereof) issued solely to provide funds to any concern for an arid lands renewable resources project.

(2) Loan guarantees under this section shall not exceed 75 per centum of the initial total estimated cost of the arid lands renewable resources project, as estimated by the Corporation as of the date of the guarantee or commitment to guarantee.

(3) In the event that the total cost of the project are thereafter estimated by the Corporation to exceed the total cost estimated under paragraph (2), by the Corporation, the Corporation may, upon application therefor, guarantee additional amounts as follows:

(A) up to 50 per centum of the difference between the revised total estimated cost and the initial total estimated cost under paragraph (2) if the revised total estimated cost does not exceed 200 per centum of the initial total estimated cost under paragraph (2);

(B) if the revised total estimated cost exceeds 200 per centum of the initial total estimated cost, up to 40 per centum of the amount in excess of 200 per centum of the initial total estimated cost, except if the revised total estimated cost exceeds 250 per centum of the initial total estimated cost, the Corporation shall not award such additional amounts unless the Corporation has transmitted to the Congress a Corporation action pursuant to section 304 and such Corporation action has not been disapproved pursuant to such section; and

(C) the per centum specified in the exception contained in subpargraph (B) shall be computed based upon the initial total estimated cost of the project adjusted to include any increase or decrease pursuant to an appropriate construction price index for the type of construction involved.

(4) The Corporation, in reviewing the need for financial assistance pursuant to applications for loan guarantees, shall consider whether the concern or concerns making such application otherwise would be unable, exercising prudent, business judgment, as determined by the Board of Directors, to finance the arid lands renewable resources project, taking into account among other factors, the availability of debt financing under normal lending criteria based on the assets associated with the project.

(5) Any loan guarantee made by the Corporation under this section shall not be terminated, canceled, or otherwise revoked, except in accordance with the terms thereof, and shall be conclusive evidence that such loan guarantee complies fully with the provisions of this Act and of the approval and legality of the principal amount, interest rate, and all other terms of the securities, obligations, or loans and of the guarantee.

(6) The Corporation is authorized pursuant to paragraph (1) to award loan guarantees to any concern with a partial interest in an arid lands renewable resources project.

(b) If the Board of Directors determines that—

(1) the borrower is unable to meet payments and is not indefault; it is in the public interest to permit the borrower to continue to pursue the purposes of such project; and the probable net benefit to the Corporation in paying the principal and interest due under a loan guarantee agreement will be greater than that which would result in the event of a default;

(2) the amount of any payment which the Corporation would be required to pay shall be no greater than the amount of principal and interest which the borrower is obligated to pay at that time; and

(3) the borrower agrees to reimburse the Corporation for such payment on terms and conditions, including interest, which are satisfactory to the Corporation, then the Corporation is authorized to pay the lender under a loan guarantee agreement, an amount not greater than the principal and interest which the borrower is obligated to pay and which the Corporation has guaranteed under such agreement.

(c) No loan guaranteed under this section shall have a maturity date of more than 30 years or the useful life of the arid lands

renewable resources project involved, whichever is less.

PRICE GUARANTEES MADE BY THE CORPORATION

SEC. 404. The Corporation is authorized, in accordance with this section and on such additional terms and conditions as the Board of Directors may prescribe, to commit to, or enter into, price guarantees providing that the price that a concern will receive for all or part of the production from an arid lands renewable resources project shall not be less than a specified sales price determined as of the date of execution of the commitment or the price guarantee. No such price guarantee may be based upon a "cost plus" arrangement or variant thereof which guarantees a profit to the concern, except that the use of a "cost of service" pricing mechanism by a concern pursuant to law, or by a regulatory body establishing rates for a regulated concern, shall not be deemed to be a "cost plus" arrangement or variant thereof. If the Corporation determines in its sole discretion that such project would not otherwise be satisfactorily completed or continued and that completion or continuation of such project would be necessary to achieve the purposes of this Act, the sales price set forth in the price guarantee may be renegotiated. In awarding financial assistance under this section, the Corporation shall establish such specified sales price at the level which will provide the minimum subsidy determined by the Board of Directors to be necessary to provide an adequate incentive, in light of projected prices of competing resources and the requirements for economic and financial viability of the arid lands renewable resources project.

PURCHASE AGREEMENTS MADE BY THE CORPORATION

SEC. 405. (a) The Corporation is authorized, on such terms and conditions as the Board of Directors may prescribe, to commit to, or enter into purchase agreements for all or part of the production from an arid lands renewable resources project. The sales price specified in a purchase agreement shall not exceed the estimated prevailing market price as of the date of delivery, as determined by the advisory committee, unless the Corporation determines that such sales price must exceed such estimated prevailing market price in order to insure the production of arid lands renewable resources to achieve the purposes of this Act.

(b) The Corporation in entering into, or committing to enter into a purchase agreement shall require—

(1) assurance that the quality of the resources purchased meets standards for the use for which such resource is purchased;

(2) assurances that the ordered quantities of such resources are delivered on a timely basis; and

(3) such other assurances as may reasonably be required.

(c) Each purchase agreement, or commitment to enter into a purchase agreement, shall provide that the Corporation retain the right to refuse delivery of the resource involved upon such terms and conditions as shall be specified in the purchase agreement.

(d) The Corporation is authorized to take delivery of resources pursuant to a purchase agreement and, subject to section 802(d), to sell such resources. In any case in which the Corporation accepts delivery of and does not sell such resources to a person, such resources may be purchased by the Federal Government for use by an appropriate Federal agency. Such Federal agency shall pay the prevailing market price, as determined by the Advisory Committee, for the product which such arid lands renewable resources are replacing from sums appropriated to such Federal agency for the purchase of appropriate resources.

(e) The Corporation is authorized to transport and store and have processed and refined any arid lands renewable resources obtained pursuant to a purchase agreement under this section.

JOINT VENTURES BY THE CORPORATION

SEC. 406. (a) Prior to the approval of a comprehensive strategy pursuant to section 302(c), the Corporation is authorized, on such terms and conditions as the Board of Directors may prescribe, to commit to, or to enter into joint ventures for arid lands renewable resources project modules. In the selection of a concern or concerns for a joint venture and in the negotiation of a joint venture agreement pursuant to this section, the Corporation may, to the extent that the Corporation does not have available sufficient capability for evaluation or management of the proposed joint venture, utilize personnel of the appropriate departments or agencies, pursuant to section 801 (a)(9), to the extent that such personnel have technical expertise related to the technical matters associated with such selection and negotiation. In a joint venture the Corporation may undertake the construction and operation of an arid lands renewable resources project module only by contract. The Corporation shall not finance more than 60 per centum of the total costs of the arid lands renewable resources project module, as estimated by the Corporation as of the date of execution of the joint venture agreement.

(b) Any joint venture shall be restricted to an arid lands renewable resources project module which, in the judgment of the Board of Directors, will—

(1) demonstrate the commercial feasibility of a technology for the production of arid lands renewable resources from a significant domestic resource which offers potential for achievement of the national arid lands renewable resources production goal set forth in section 301; and

(2) can, at the same site, be expanded into an arid lands renewable resources project.

(c) With regard to any joint venture, the initial contract may provide for purchase pursuant to such joint venture agreement of the equity interest of the corporation in such joint venture by the participating concern, or concerns, after an appropriate interval, not to exceed years after the date of operation of an arid lands renewable resources project module. The purchase price set forth in the joint venture agreement shall be established by the Board of Directors. If such purchase from the Corporation is not provided for in the initial joint venture agreement or is not exercised by such concern, or concerns, the Corporation, after an appropriate interval, not to exceed years after the date of operation of an arid lands renewable resources project module pursuant to a joint venture agreement, shall dispose of its participation in such agreement pursuant to section 901.

(d)(1)(A) For the purposes of this section, the term "arid lands renewable resources project module" means any facility located in the United States which—

(i) is of a size smaller than an arid lands renewable resources project;

(ii) will, if successful, demonstrate the technical and economic feasibility of the commercial production of arid lands renewable resources; and

(iii) can eventually be expanded into an arid lands renewable resources project, or to produce arid lands renewable resources.

(B) Such term may include the necessarily related transportation or other facilities, equipment, plant, machinery, supplies, other materials, land, and mineral rights as described in section 102(18) (including all limitations and requirements in section 102 (18)) associated with an arid lands renewable resources project module.

(2) For purposes of this section, the term "joint venture" means an agreement under which the Corporation and one or more persons participate in construction and operation of an arid lands renewable resources project module. The interest of the Corporation in such joint venture shall be in proportion to the relative contribution of the Corporation to the joint venture.

(e) The Corporation participation in any joint venture pursuant to this section shall be limited to financial participation only and shall not include any direct role in the construction or operation of the module, other than as provided in subsection (f). Additionally, the Corporation's participation in any joint venture shall, pursuant to partnership law applicable to such joint venture, be limited to limited partnership status.

(f)(1) Nothing in this section shall prohibit the Corporation from negotiating, as part of the joint venture agreement pursuant to this section, such participation of the Corporation in the management decisions of the joint venture as the Board of Directors deems appropriate and necessary pursuant to the Corporation's financial interest in the joint venture.

(2) In no event, however, shall the persons in the joint venture agreement be denied the primary responsibility for management of the joint venture. The Corporation shall be liable only to the extent of its contractual commitment to contribute capital to the venture. No additional liability shall ensue even if, and to the extent that, the Corporation were to assume a role which might be construed to constitute the role of a general partner.

CONTROL OF ASSETS

SEC. 407. (a) The Corporation may acquire or retain control of an arid lands renewable resources project only—

(1) by foreclosure of a security interest or pursuant to a default under any financial assistance contract;

(2) pursuant to section 406 or subsection (b) of this section; or

(3) pursuant to title V.

(b) The Corporation may acquire control of an arid lands renewable resources project which, prior to the approval of the comprehensive strategy pursuant to section 302(c), is the subject of financial assistance under this Act under the following circumstances:

(1) substantial progress has been made toward completion of the construction and operation of such project and the Board of Directors determines that such project will not commence operation, or will cease operation unless acquired by the Corporation;

(2) the operation of such project will make a significant contribution toward achieving the purposes of this Act;

(3) such acquisition of control will not result in losses to the Corporation disproportionate to the benefits that operation of the project will produce in demonstrating a particular technology;

(4) failure of the Corporation to acquire such project would result in a greater financial liability of the Corporation than acquisition of the project by the Corporation; and

(5) with respect to projects subject to loans or loan guarantees, the Board of Directors determines that the concern is in default or immediately will go into default.

The Corporation may not acquire any control of an arid lands renewable resources project under the preceding sentence until the Corporation has submitted a plan for such acquisition to the President and the President approves such plan and transmits, with respect to such plan, a Corporation action pursuant to section 304 and such Corporation action has not been disapproved pursuant to such section. The completion of the construction or operation of any such project, the control of which was acquired

pursuant to this subsection, may only be undertaken by contract. The authority of this subsection does not apply to arid lands renewable resources projects which are the subject of price guarantees or purchase agreements.

(c) With respect to an arid lands renewable resources project subject to a loan or loan guarantee where the Corporation acquires control pursuant to subsection (b), the Corporation, on such terms and conditions as the Board of Directors may prescribe, is authorized to lease back to the concern involved such arid lands renewable resources project where such lease will assure the production of arid lands renewable resources from such project consistent with the purposes of this Act. The Corporation may not lease back such a project under the preceding sentence until the Corporation has submitted a plan regarding such lease-back to the President and the President approves such plan and transmits, with respect to such plan, a Corporation action pursuant to section 304 and such Corporation action has not been disapproved pursuant to such section.

(d) For the purposes of this section, the term—

(1) "operating asset" means any real or personal property used in the arid lands renewable resources project; and

(2) "control" means the power to direct the use or disposition of operating assets of the arid lands renewable resources through (A) direct ownership; or (B) ownership of the majority of the voting securities of a corporation or other concern which (i) owns or (ii) leases an arid lands renewable resources project, and "control" shall not be deemed to result from the ownership of operating assets of an arid lands renewable resources project which are leased back in accordance with subsection (c).

(e) Any control of arid lands renewable resources projects obtained pursuant to subsections (b) or (c) must be disposed of within not more than years after the date of the acquisition of such control.

UNLAWFUL CONTRACTS

SEC. 408. Sections 431 and 432 of title 18, United States Code, shall apply to all contracts, instruments, or agreements of the Corporation, other than those contracts, instruments, or agreements of the Corporation which are exempted from the application of such sections by section 433 of such title, as if the Corporation were an agency of the United States. Such contracts, instruments, or agreements include financial assistance, advances, discounts and rediscounts, acceptances, releases, and substitution of security, together with extensions or renewals thereof.

FEES

SEC. 409. (a) The Corporation may charge and collect fees in connection with the financial assistance provided pursuant to this Act which do not exceed 1 per centum of the amount of such financial assistance. Fees received by the Corporation may be applied against the administrative expenses of the Corporation related to providing financial assistance and probable losses.

(b) The Corporation shall prescribe and collect an annual fee in connection with each loan guarantee provided pursuant to this Act of one-half of 1 per centum of the amount of such loan guarantee.

DISPOSITION OF SECURITIES

SEC. 410. The Corporation shall, as soon as practicable, sell in public or private transactions all or any part of the notes, bonds, or any other evidences of indebtedness (except for the instrument of indebtedness received by the Corporation for any loan pursuant to section 402) of any other person ownership of which is acquired by the Corporation pursuant to this Act. In the case of joint ventures pursuant to section 406 and Corporation construction projects, any contract by the Corporation in connection therewith shall provide for the disposition, as soon as practicable, of any notes, bonds, or other evidences of ownership acquired by the Corporation pursuant to this Act.

TITLE V—CORPORATION CONSTRUCTION PROJECTS

CORPORATION CONSTRUCTION AND CONTRACTOR OPERATION

SEC. 501. (a) Subject to the requirements of section 302(a)(1)(D), section 302(a)(3), and section 502, the Corporation is authorized to own arid lands renewable resources projects, and the Corporation shall contract for the construction and operation of any such arid lands renewable resources project (hereinafter referred to as a "Corporation construction project"), except that prior to the approval of a comprehensive strategy pursuant to section 302(c), the Corporation may undertake such projects only if, in the judgment of the Board of Directors, the Corporation construction project is necessary to meet the objectives of section 302(a)(2) and would not otherwise be constructed with financial assistance awarded under title IV.

(b) The power of the Corporation to own and contract for the construction and operation of a Corporation construction project shall include, among other things, the authority to—

(1) take delivery of arid lands renewable resources from such project;

(2) transport and store and have processed and refined such resources;

(3) subject to section 802(d), sell such resources to a person; and

(4) take all actions reasonably necessary therewith.

To the maximum extent feasible, the Corporation shall utilize the private sector to carry out its activities under this subsection.

(c) Contracts for Corporation construction projects shall be negotiated on the basis of solicited bids pursuant to section 303, and any such contracts shall be expressly contingent upon the availability of sufficient funds.

(d) If, after undertaking a Corporation construction project, the Board of Directors determines that the total revised estimated cost of such Corporation construction project will exceed the initial estimated cost specified in the contract pursuant to subsection (c), the Board of Directors may, in its sole discretion, amend, modify, or renegotiate such contract to cover such additional costs; except that, if the revised estimated cost exceeds 175 per centum of the initial estimated cost, the Corporation shall not make such amendment, modification, or renegotiation unless the Corporation has transmitted to the Congress a Corporation action pursuant to section 304 and such Corporation action has not been disapproved.

(e) The Corporation is authorized to undertake contractual agreements with, among others, any Federal department or agency (including the Department of Energy, the United States Army Corps of Engineers, and the Federal Emergency Management Agency) to provide the design, the construction, or the management of the operation of Corporation construction projects, except that in the case of a Federal department or agency, the Corporation is authorized to undertake such an agreement only if such department or agency has the available experienced personnel to perform such project management function.

LIMITATIONS ON CORPORATION CONSTRUCTION PROJECTS

SEC. 502. (a) Prior to the approval of a comprehensive strategy pursuant to section 302(c), the Corporation is authorized not more than three Corporation construction projects subject to the requirements of sections 302(a)(1)(D) and 501.

(b) After the approval of a comprehensive production strategy pursuant to section 302(c), the Corporation shall not undertake any new, or expand any existing, Corporation construction project.

ENVIRONMENTAL, LAND USE, AND SITING MATTERS

SEC. 503. (a) Corporation construction projects and joint ventures by the Corporation pursuant to section 406 shall be subject to all Federal and nondiscriminatory State and local environmental, land use, and siting laws to the same extent as such laws apply to privately sponsored arid lands renewable resources projects receiving financial assistance under this Act and other similarly situated and used property.

(b) Contracts for the construction or operation of any Corporation construction project shall provide for the monitoring of the environmental and health related emissions from the construction and operation of such project. Such monitoring shall be conducted in accordance with a plan developed by the contractor after consultation with the Administrator of the Environmental Protection Agency and the appropriate departments and agencies.

PROJECT REPORTS

SEC. 504. Within three years of the initial operation of each Corporation construction project, the Corporation shall publish a report providing detailed information including—

(1) whether the arid lands renewable resources product can be sold at a price which is competitive with imported oil, hevea rubber, or other resource, as the case may be;

(2) whether such technology can be operated on a commercial scale in compliance with applicable environmental requirements, including the Federal Water Pollution Control Act (33 U.S.C. 1151–1175) and the Clean Air Act (42 U.S.C. 7400 et seq.);

(3) the effect on regional and local water supplies of the project and the commercial operation of such technology;

(4) the health effects on workers and other persons of the project including any carcinogenic effects; and

(5) the social and economic impacts on local communities which were most directly affected by such project.

FINANCIAL RECORDS

SEC. 505. Recipients of contracts under this title shall keep such records and other pertinent documents as the Corporation shall prescribe, including records which fully disclose the disposition of the proceeds of such assistance, the cost of any Corporation construction project and such other records as the Corporation may require to facilitate an effective audit. The Corporation and the Comptroller General of the United States or their duly authorized representatives shall have access, for the purpose of audit, to such records and other directly pertinent documents.

TITLE VI—CAPITALIZATION AND FINANCE

OBLIGATIONS OF THE CORPORATION

SEC. 601. (a)(1) Subject to the limitations in section 602 and to the extent provided in advance in appropriation Acts, the Corporation is authorized to issue, solely to the United States of America acting by and through the Secretary of the Treasury (who shall purchase within five days of each such issuance and retain), notes or other obligations of the Corporation in the aggregate principal amount of $.

(A) plus such sums as are authorized pursuant to section 302; and

(B) less such sums—

(i) as are obligated for purposes of carrying out the provisions of section 305 of the

Defense Production Act of 1950 before the date determined under section 305(k)(1) of the Defense Production Act of 1950 or are required to be retained as a reserve against a contingent obligation incurred before such date under such section, up to a maximum of $; and

(ii) as are obligated from the Energy Security Reserve by the Department of Energy pursuant to the Federal Non-Nuclear Energy Research and Development Act of 1974 (Public Law 93-577; 42 U.S.C. 5901 et seq.), up to a maximum of $.

(2) Such aggregate principal amounts shall become available to the Corporation upon the date of enactment of this Act or under paragraph (1)(A) upon satisfying the requirements of section 302.

(b) The Corporation shall not issue any note or other obligation to the Secretary of the Treasury without prior consultation with the Secretary of the Treasury.

LIMITATIONS ON TOTAL AMOUNT OF OBLIGATIONAL AUTHORITY

SEC. 602. (a) The Corporation may not incur obligations or make commitments, including administrative expenses pursuant to section 206 and operating expenses, in excess of the aggregate principal amount of $.

(1) plus such sums, if any, as are authorized pursuant to section 302; and

(2) less such sums as are obligated for purposes of carrying out section 305 of the Defense Production Act of 1950 before the date determined under section 305(k)(1) of the Defense Production Act of 1950 or are required to be retained as a reserve against a contingent obligation incurred before such date under such section, up to a maximum of $.

(b)(1) For purposes of determining the Corporation's compliance with this section—

(A) loans shall be counted at the initial face value of the loan plus such amounts as are subsequently obligated pursuant to section 402(a)(3);

(B) loan guarantees shall be counted at the initial face value of such loan guarantee (including any amount of interest which is guaranteed under such loan guarantee) plus such amounts as are subsequently obligated pursuant to section 403(a)(3);

(C) price guarantees and purchase agreements shall be valued by the Corporation as of the date of each such contract, based upon the Corporation's estimate of its maximum potential liability;

(D) joint ventures and Corporation construction projects shall be valued at the current estimated cost to the Corporation, as determined annually by the Corporation; and

(E) any increase in the liability of the Corporation pursuant to any amendment or other modification to a contract for a loan, loan guarantee, price guarantee, purchase agreement, joint venture, or Corporation construction project shall be counted.

(2) Determinations made under paragraph (1) shall be made in accordance with generally accepted accounting principles, consistently applied.

(3) If more than one form of financial assistance is to be provided to any one arid lands renewable resources project or if the financial assistance agreement provides a right to the Corporation to purchase the arid lands renewable resources project, then the obligations and commitments thereunder shall be valued at the maximum potential exposure on such project at any time during the life of such project.

(c) Any commitment by the Corporation to provide financial assistance or make capital expenditures which is nullified or voided for any reason shall not be considered in the aggregate for the purpose of subsection (a).

BUDGETARY TREATMENT

SEC. 603. The obligations and outlays incurred by the Secretary of the Treasury in connection with the purchase of notes and other obligations of the Corporation shall be included in the totals of the Budget of the United States Government. The receipts and disbursements of the Corporation in the discharge of its functions shall be presented annually in the Budget of the United States Government but shall not be included in the totals of the Budget.

RECEIPTS OF THE CORPORATION

SEC. 604. (a) Subject to the limitations contained in section 602, moneys of the Corporation, other than those received pursuant to sections 409(b) and 601, shall be used to defray administrative expenses and, to the extent that surplus is available thereafter, to provided financial assistance pursuant to title IV. In the event that additional surplus is available thereafter such additional surplus shall, when authorized by the Board of Directors, be used in the purchase for redemption and retirement of any notes or other obligations of the Corporation.

(b) Moneys of the Corporation not otherwise employed shall be—

(1) deposited with the Treasury of the United States subject to withdrawal by the Corporation by check drawn on the Treasury of the United States by a Treasury disbursing officer; or

(2) with approval of the Secretary of the Treasury, deposited in any Federal Reserve bank.

(c) In the event that moneys of the Corporation, including moneys received pursuant to sections 409(b) and 601, exceed the limitation set forth in section 602, such surplus shall be deposited as miscellaneous receipts in the general fund of the Treasury of the United States.

(d) Not later than 10 calendar days after the end of each fiscal quarter, the Corporation shall submit a written report to the Secretary of the Treasury detailing all moneys received by the Corporation during the previous fiscal quarter. Such reports shall be incorporated in the quarterly and annual reports required under section 807.

TAX STATUS

SEC. 605. (a) The Corporation, its franchise, capital, reserves, surplus, income, and intangible property shall be exempt from all taxation now or hereafter imposed by the United States, or by any State, county, municipality, or local taxing authority, except that—

(1) any real property owned in fee by the Corporation shall be subject to State, territorial, county, municipal, or other local taxation to the same extent, according to its value, as other similarly situated and used real property, without discrimination in the valuation, classification, or assessment thereof;

(2) the Corporation and its employees shall be subject to any nondiscriminatory payroll and employment taxes intended to finance benefits based upon employment (such as social security and unemployment benefits) to the same extent as any privately owned corporation; and

(3) with respect to any Corporation construction project undertaken pursuant to title V, the Corporation shall be subject to any nondiscriminatory tax levied or imposed by any State, county, municipality, or local taxing authority on—

(A) the extraction or severance of minerals owned or leased by the Corporation; and

(B) the purchase or lease of tangible personal property.

(b) With respect to any loan or debt obligation which is (1) issued after the enactment of this Act by, or on behalf of, any State or any political subdivision or governmental entity thereof, (2) guaranteed or otherwise secured by the Corporation prior to the approval of a comprehensive strategy under section 302(c), and (3) not supported by the full faith and credit of the issuer as a general obligation of the issuer, the interest paid on such obligation and received by the purchaser thereof (or the purchaser's successors in interest) shall be included in gross income for the purposes of chapter 1 of the Internal Revenue Code of 1954: *Provided*, That with respect to the amount of such obligations that the issuer would have been able to issue as tax exempt obligations (other than obligations secured by the full faith and credit of the issuer as a general obligation of the issuer), the Corporation is authorized to pay only to the issuer any portion of the interest on such obligations, as determined by the Secretary of the Treasury after taking into account the interest rate which would have been paid on the obligations had they been issued as tax exempt obligations without being so guaranteed or otherwise secured by the Corporation and the interest rate actually paid on the obligations when issued as taxable obligations. Such payments shall be made in amounts determined by the Corporation, and in accordance with such terms and conditions as the Secretary of the Treasury shall require.

TITLE VII—UNLAWFUL ACTS, PENALTIES, AND SUITS AGAINST THE CORPORATION

FALSE STATEMENTS

SEC. 701. Whoever makes any false statement, knowing or having reason to believe it to be false, or whoever knowingly overvalues any security, for the purpose of obtaining for himself or for any applicant any financial assistance under this Act, extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation or for the purpose of obtaining money, property, contract rights, or anything of value, under this Act, shall be punished by a fine of not more than $5,000 or by imprisonment for not more than two years, or both.

FORGERY

SEC. 702. Whoever—

(1) falsely makes, forges, or counterfeits any agreement, instrument, contract, or other obligation or thing of value, which purports to have been issued by the Corporation; or

(2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited agreement, instrument, contract, or other obligation or thing of value, which purports to have been issued by the Corporation, knowing the same to be false, forged, or counterfeited; or

(3) falsely alters any agreement, instrument, contract, or other obligation or thing of value, issued by the Corporation; or

(4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true, any falsely altered agreement, instrument, contract, or other obligation or thing of value, issued by the Corporation, knowing the same to be falsely altered,

shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

MISAPPROPRIATION OF FUNDS AND UNAUTHORIZED ACTIVITIES

SEC. 703. (a) Whoever—

(1) embezzles, extracts, purloins, or willfully misapplies any moneys, funds, securities, or other things or value, whether belonging to it or pledged or otherwise entrusted to the Corporation;

(2) makes any false entry in any book, report, or statement of or to the Corporation

or, without being duly authorized, draws any bond, other obligation, draft, bill of exchange, mortgage, judgment, or decree thereof, with intent to defraud the Corporation, any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation;

(3) participates in, shares in, or receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Corporation, with intent to defraud; or

(4) gives to any person any unauthorized information concerning any future action or plan of the Corporation, or having such knowledge invests or speculates, directly or indirectly, in the securities or property of any company, bank, or corporation, receiving financial assistance from the Corporation,

shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both. With respect to paragraph (4), the Corporation is authorized to obtain injunctive relief against the threatened misuse of information.

(b) Whoever falsely assumes or pretends to be a Director, officer, or employee acting under authority of the Corporation, and acts as such, or in such pretended character demands or obtains any money, paper, document, or thing of value, shall be fined not more than $1,000 or imprisoned not more than three years, or both.

CONSPIRACY

SEC. 704. If two or more persons conspire to commit any of the acts made unlawful by section 701, 702, or 703, each such person shall be fined or imprisoned, or both, as if such person committed the unlawful acts.

INFRINGEMENT ON NAME

SEC. 705. (a) No person or other government entity may use the words "United States Arid Lands Renewable Resources Corporation" or a combination of these words in a manner which is likely to mislead or deceive.

(b) A violation of this section may be enjoined at the suit of the Corporation.

ADDITIONAL PENALTIES

SEC. 706. In addition to any penalties imposed as a result of a violation of any provision of this title or section 408, the Corporation shall have the authority to bring an action to recover damages for losses incurred by the Corporation or any profit or gain acquired by the defendant as a result of a violation of any section of this title.

SUITS BY THE ATTORNEY GENERAL

SEC. 707. (a) If the Corporation shall engage in or adhere to any action, practices, or policies inconsistent with the provisions of this Act, or if the Corporation or any other person shall violate any provision of this Act or shall obstruct or interfere with any activities authorized by this Act, or shall refuse, fail, or neglect to discharge the duties and responsibilities under this Act, or shall threaten any such violation, obstruction, interference, refusal, failure, or neglect, the district court of the United States for any district in which such Corporation or such other person resides or may be found shall have jurisdiction, except as otherwise prohibited by law, upon petition of the Attorney General of the United States, or upon petition of the Comptroller General of the United States, to grant such relief as may be necessary or appropriate to prevent or terminate such conduct or threat.

(b) Nothing contained in this section shall be construed as relieving any person of any punishment, liability, or sanction which may be imposed otherwise than under this Act.

(c) Nothing in this section shall be deemed or construed to prevent the enforcement of the other provisions of this Act by appropriate officers of the United States.

CIVIL ACTIONS AGAINST THE CORPORATION

SEC. 708. District courts of the United States constituted under chapter 5 of title 28, United States Code, and courts constituted under section 22 of the Organic Act of Guam (48 U.S.C. 1424), section 21 of the Revised Organic Act of the Virgin Islands (48 U.S.C. 1611), section 1 of title 3 of the Canal Zone Code, and the first section of the Act entitled "An Act to create the District Court for the Northern Mariana Islands, implementing article IV of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America", approved November 8, 1977 (91 Stat. 1265), shall have original jurisdiction for all civil actions against the Corporation. The Federal Tort Clams Act (28 U.S.C. 2671 et seq.) shall apply to the Corporation as if it were a Federal agency and any judgment or compromised claim resulting from any action thereunder shall be paid by the Corporation from its funds. The Corporation shall be liable for contract claims only if such claims are based upon a written contract to which the Corporation is an executing party. The liability of the Corporation shall be limited to the asset of the Corporation.

TITLE VIII—GENERAL PROVISIONS

GENERAL POWERS

SEC. 801. (a) In carrying out the provisions of this Act, the Corporation shall have the power, consistent with the provisions of this Act—

(1) to adopt, alter, and rescind bylaws and to adopt and alter a corporate seal, which shall be judicially noticed;

(2) to make agreements and contracts with persons and private or governmental entities, except that the Corporation shall not provide any financial assistance except as specifically permitted under this Act;

(3) to lease, purchase, accept gifts or donations of, or otherwise to acquire, and to own, hold, improve, use, or otherwise deal in or with, and to sell, convey, mortgage, pledge, lease, exchange, or otherwise dispose of, any property, real, personal, or mixed, or any interest therein;

(4) to sue and be sued, subject to the provisions of section 708, in its corporate name and to complain and defend in any court of competent jurisdiction;

(5) to represent itself, or to contract for representation, in all judicial, legal, and other proceedings, except actions cognizable under the Federal Tort Claims Act (28 U.S.C. 2671 et seq.), in which actions it will be represented by the Attorney General;

(6) subject to section 203, to select, employ, and fix the compensation (including, without limitation, pension plans, health benefits, incentive compensation plans, paid vacation, sick leave, and other fringe benefits) of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the Corporation;

(7) to make provision for and designate such committees, and the functions thereof, as the Board of Directors may deem necessary or desirable;

(8) to indemnify Directors and officers of the Corporation, as the Board of Directors may deem necessary or desirable;

(9) with the approval of the agency concerned, to make use of services, facilities, and property of any board, commission, independent establishment, or executive agency or department of the executive branch in carrying out the provisions of this Act and to pay for such use, such payments to be credited to the applicable appropriation that incurred the expense;

(10) to determine and prescribe the manner in which obligations of the Corporation shall be incurred and its expenses allowed and paid;

(11) to obtain the services and fix the compensation of experts;

(12) to use the United States mails on the same terms and conditions as the executive departments of the United States Government; and

(13) to exercise all other lawful powers necessarily or reasonably related to the establishment of the Corporation, to carry out the provisions of this Act and the exercise of its powers, purposes, functions, duties, and authorized activities.

(b) The foregoing powers shall only be exercised in connection with, as authorized by this Act, administrative activities, financial assistance, and Corporation construction projects and, notwithstanding any other provision of law, the Corporation shall have no legal authority, power, or purpose pursuant to this Act or any other law to engage in any other activities of a business, commercial, financial, or investment nature or perform any other governmental function; and any violation of this subsection shall be punished by—

(1) a fine of not more than $10,000 or by imprisonment for not more than five years, or both;

(2) additional penalties pursuant to section 706; and

(3) relief pursuant to section 707.

(c) In addition to the powers granted under subsections (a) and (b), and only in connection with Corporation construction projects, the Corporation is authorized to exercise the power of eminent domain in the United States district court for the district in which the real property is located to acquire interests in real property, including property owned by any State or local government body or entity or any Indian tribe, when it is necessary to provide access to the stie of a Corporation construction project for site-related transportation, power transmission, and other services. The Corporation may acquire property or interests in property by eminent domain only upon a finding by its Board of Directors that the property in question is necessary for a Corporation construction project and that no other alternative property is reasonably available. These findings of the Board of Directors shall not be subject to judicial review in any court.

COORDINATION WITH FEDERAL ENTITIES

SEC. 802. (a) Prior to awarding, or making any commitment to award, financial assistance for any arid lands renewable resources project, the Corporation may seek the advice and recommendations of, or information or data maintained by, any Federal department or agency to assist the Corporation in determinations to be made hereunder. Any such advice, recommendation, information, or data, to the extent permitted by law, shall be provided to the Corporation within thirty days of its request. In any case in which such information or data comprises a trade secret, or confidential or proprietary data, the Corporation shall agree to receive such data under the same terms of confidentiality agreed to by the agency involved.

(b) The heads of appropriate departments or agencies are authorized to provide such technical assistance to the Corporation as is necessary to carry out the provisions of this Act.

(c) (1) The Corporation is authorized and directed to consult with the Secretary of Defense in order to identify those national defense resource supply requirements which may be achieved under this Act. Such consultation shall include identification of the

technical specifications for particular resources and such other information as may be necessary to facilitate the production of arid lands renewable resources under this Act for the purposes of national defense.

(2) With regard to any arid lands renewable resources which may be acquired by the Corporation through purchase agreements, joint ventures, or Corporation construction projects, the Corporation shall offer to sell such resources first to the Department of Defense for national defense needs in accordance with such terms and conditions as the Corporation and the Secretary of Defense may provide by contract.

PATENTS

SEC. 803. (a) Any contract to provide financial assistance under title IV in the form of a loan, a loan guarantee, or a joint venture may, in the judgment of the Board of Directors, require that whenever any invention is made or conceived in the course of or under such contract, title to the patent for such invention shall vest in the Corporation. The Corporation shall have the right to license the patent on a nonexclusive basis.

(b)(1) The Corporation may grant a nonexclusive license for the use of any invention for which it holds the patent but it may not grant an exclusive or partially exclusive license except as provided in paragraph (2).

(2) The Corporation is authorized to grant an exclusive or partially exclusive license for the use of any invention for which it holds the patent to a responsible applicant or applicants, upon terms reasonable under the circumstances, on the basis of competitive bids and following an opportunity for a hearing, upon notice in the Federal Register thereof to the public, only when, in the judgment of the Board of Directors, such exclusive or partially exclusive license is necessary to assure substantial utilization of such invention within a reasonable time.

(c) Each exclusive or partially exclusive license for the use of an invention granted under subsection (b) shall contain such terms and conditions as the Corporation may determine to be appropriate for the protection of the interests of the United States and the general public, including provision for the Corporation, commencing two years after the grant of a license pursuant to subsection (b), to terminate such license if steps have not been taken as necessary to assure substantial utilization of such invention within a reasonable time.

(d) Loan or loan guarantee agreements entered into pursuant to sections 402 and 403, respectively, shall include such terms and conditions consistent with this subsection with respect to patents as the Corporation deems appropriate to protect the interests of the Corporation in the case of default. Such agreements shall require in the case of default that all patents, technology, and other proprietary rights resulting from the arid lands renewable resources project shall be available to the Corporation or its designee, to complete and operate the defaulting project. Such agreements shall contain a provision specifying that other patents, technology, and other proprietary rights owned by the borrower which are necessary for the purpose of completion and operation of the arid lands renewable resources project shall be licensed to the Corporation and its designees on equitable terms, including due consideration to the amount of the default payments due to the Corporation.

(e) Patents, technology, and proprietary rights vested in the Corporation as a result of default on a loan or loan guarantee agreement or vested in the Corporation pursuant to subsection (a) shall be transferred to the appropriate department or agency for administration under applicable law upon termination and liquidation of the Corporation.

(f)(1) Any contract entered into by the Corporation pursuant to title V shall be subject to subsections (a) through (m) of section 9 of the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5908 (a) through (m)). In applying such subsections to title V—

(A) the term "Administrator" in such subsections shall mean the Chairman of the Board of Directors;

(B) the term "Administration" in such subsections shall mean the Corporation;

(C) the term "United States" in such subsections shall mean the Corporation;

(D) the term "Government" in subsections (a) and (d) of such sections shall include the Corporation for purposes of such subsection; and

(E) the term "any Government agency" in subsection (h)(2) of such section shall mean the United States.

(2) Section 9 of the Federal Nonnuclear Energy Research and Development Act of 1974 shall not apply to financial assistance granted pursuant to title IV.

(g) The United States Government shall have a royalty-free, nonexclusive license to any invention in which the Corporation owns title or reserves a license pursuant to subsection (a). The Corporation may assign title to any invention in which it has the title to the United States Government.

SMALL AND DISADVANTAGED BUSINESS UTILIZATION

SEC. 804. In providing financial assistance, the Corporation shall require the recipient thereof to provide for the fair and reasonable participation by small and disadvantaged businesses in the arid lands renewable resources project receiving financial assistance and the Corporation shall do so with respect to Corporation construction projects under title V.

RELATIONSHIP TO OTHER LAWS

SEC. 805. (a) No Federal law shall apply to the Corporation as if it were an agency or instrumentality of the United States, except as expressly provided in this Act.

(b) No action of the Corporation except the construction and operation of arid lands renewable resources projects pursuant to title V shall be deemed to be a "major Federal action significantly affecting the quality of the human environment" for purposes of section 102(2)(C) of the National Environmental Policy Act of 1969, and with respect to Corporation construction projects, the Corporation shall be deemed to be a Federal agency for the purposes of such Act.

(c) The provisions of the Act entitled "An Act relating to the rate of wages for laborers and mechanics employed on public buildings of the United States and the District of Columbia by contractors and subcontractors, and for other purposes," approved March 3, 1931 (40 U.S.C. 276a et seq.) and commonly known as the Davis-Bacon Act, and the provisions of the Service Contracts Act shall apply to the Corporation as if it were an agency of the United States. All laborers and mechanics employed for the construction, repair, or alteration of arid lands renewable resources projects funded, in whole or in part, by the Corporation pursuant to section 402, 403, or 406 shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality as determined by the Secretary of Labor in accordance with the Act commonly known as the Davis-Bacon Act. The Corporation shall not extend any loan or loan guarantee for construction, repair, or alteration of an arid lands renewable resources project unless a certification is provided to the Corporation prior to the commencement of construction, or at the time of filing an application for a loan or loan guarantee if construction has already commenced, that these labor standards will be maintained at the arid lands renewable resources project. The Secretary of Labor shall have, with respect to the labor standards specified in this subsection, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 and section 276c of title 40.

(d) The securities laws of the United States as defined in section 21(g) of the Securities Exchange Act of 1934 (15 U.S.C. 78u(g)) shall apply to the Corporation as if it were an agency or instrumentality of the United States.

(e) The antitrust laws, as defined in section 12 of title 15, United States Code, shall apply to the Corporation as if it were an agency of the United States.

(f) The Government Corporation Control Act (31 U.S.C. 841 et seq.) shall not apply with respect to the Corporation.

(g) Except to the extent expressly provided herein, the Corporation shall not be deemed to be an agency of the United States or an instrumentality of the United States.

(h) The Longshoremen's and Harbor Workers' Compensation Act shall apply with respect to the injury and disability or death resulting from injury as defined in section 2(2) of such Act occurring to any Director, officer, or employee of the Corporation.

(i)(1) For purposes of section 211(b) of the Powerplant and Industrial Fuel Use Act of 1978 (92 Stat. 3300), a petitioner under such section shall be deemed to have made the demonstrations required by section 211(b)(1) and section 211(b)(2) of such Act if he has entered into a legally valid agreement with a qualified producer of arid lands renewable resources for the future delivery of sufficient quantities of arid lands renewable resources to be used at the facility for which the exemption is sought. The submission to the Secretary of Energy of evidence of the existence of such a legally valid agreement also shall be deemed to satisfy the requirement of section 211(b) of such Act that the petitioner file and maintain a compliance plan satisfying the requirements of section 214(b) of such Act.

(2) For purposes of paragraph (1), a person shall be deemed to be a "qualified producer of arid lands renewable resources" if he received financial assistance in the form of a loan, loan guarantee, purchase agreement, or price guarantee pursuant to title IV.

(3) In addition, in order to constitute a "legally valid agreement" for purposes of paragraph (1), the agreement with the qualified arid lands renewable resources producer must provide for the initial delivery of arid lands renewable resources within the period of time during which such facility is exempted pursuant to section 211(e) of such Act.

(4) For purposes of section 211(b) of such Act, an extension or renewal under section 211(e)(1) of such Act or section 211(e)(2)(B) of such Act may be granted at the time the original exemption is issued or at any subsequent date.

(5) Nothing in this subsection shall be construed to relieve the petitioner from compliance with subtitle A of title II of the Powerplant and Industrial Fuel Use Act of 1978.

(j) This Act shall not affect any authority contained in the Defense Production Act of 1950.

SEVERABILITY

SEC. 806. If any provision of this Act, or the application of any such provision to any person or circumstance, shall for any reason be adjudged by any court of competent jurisdiction to be invalid, the remainder of this Act, or the application of such provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

FISCAL YEAR, AUDITS AND REPORTS

SEC. 807. (a) The fiscal year of the Corporation shall coincide with the fiscal year of the United States Government.

(b)(1) The Corporation shall retain a firm or firms of nationally recognized public accountants who shall prepare, in accordance with generally accepted accounting principles, and report an annual audit of the accounts of the Corporation including statements of the type required in section 106 of the Government Corporation Control Act (31 U.S.C. 851).

(2) The General Accounting Office is authorized to conduct such audits of the accounts of the Corporation and to report upon the same to the Congress, as the General Accounting Office shall deem necessary or as the Congress may request, but not less than every three years.

(3) All books, accounts, financial records, reports, files, papers, and property belonging to or in use by the Corporation shall be made available to the person or persons conducting the audit for verifying transactions.

(c)(1) The Corporation shall submit quarterly reports to the Congress and the President. Each report will state the aggregate sums then outstanding or committed for financial assistance under title IV and for corporation construction projects under title V, and a summary of any financial assistance retired or any arid lands renewable resources project liquidated by the Corporation pursuant to title IX. Each report shall contain a list of the concerns receiving financial assistance involved in Corporation construction projects.

(2) The quarterly report in which any expenditure or commitment to a concern or arid lands renewable resources project is first noted shall contain a brief description of the factors considered by the Corporation in making such expenditure or commitment. The report shall include (A) financial statements prepared in accordance with generally accepted accounting principles, consistently applied, as of the end of the Corporation's fiscal quarter preceding the date of the report and (B) compensation of persons employed or under contract by the Corporation at salary rates exceeding $2,500 per month.

(d)(1) Not later than 120 days after the end of each fiscal year, the Corporation shall submit to the Congress and the President an annual report containing, in addition to the information required in the quarterly report required under subsection (c)(2), (A) a general description of the Corporation's operations during the year, (B) a specific description of each arid lands renewable resources project in which the Corporation is involved, (C) a status report on each such project, and (D) an evaluation of the contribution which the project has made and is expected to make in fulfilling the purposes of this title (including, where possible, a precise statement of the amount of domestic rubber or other resource produced or to be produced thereby).

(2) The annual report shall describe progress made toward meeting the purposes of this Act (including the national arid lands renewable resources production goal established in section 301) and contain specific recommendations on what actions the Congress could take in order to facilitate the work of the Corporation in achieving the purposes of this Act. The annual report shall address the environmental impacts of the Corporation's generic programs and decisions.

(3) The annual report shall contain financial statements prepared by the Corporation in accordance with generally accepted accounting principles, consistently applied, and certified by the accountants retained under subsection (b)(1).

(e) On or before , the Corporation shall submit to the Congress and the President a report evaluating the overall impact made by the Corporation and describing the status of each arid lands renewable resources project. This report shall contain a liquidation plan. The liquidation plan shall describe how each arid lands renewable resources project, and every substantial asset or liability of the Corporation, will be liquidated, terminated, satisfied, sold, transferred, or otherwse disposed of. Each annual report thereafter made by the Corporation will describe the progress made in carrying out such liquidation plan.

WATER RIGHTS

SEC. 808. (a) Nothing in this Act shall (1) affect the jurisdiction of the States and the United States over waters of any stream or over any ground water resource, (2) alter, amend, repeal, interpret, modify, or be in conflict with any interstate compact made by any States, or (3) confer upon any non-Federal entity the ability to exercise any Federal right to the waters of any stream or to any ground water resource.

(b) No project constructed pursuant to the authorities of this Act shall be considered to be a Federal project for purposes of the application for or assignment of water rights.

WESTERN HEMISPHERE PROJECTS

SEC. 809. (a) The Corporation is authorized to transmit a Corporation action under section 304 relating to an award of financial assistance pursuant to title IV for not to exceed arid lands renewable resources projects located in the Western Hemisphere outside the United States. If such Corporation action is not disapproved by either House during the period specified in section 304, the Corporation shall be authorized to award such financial assistance.

(b) The Corporation may use the authority of subsection (a) if the Corporation determines that—

(1) the project will use a class of resource that is located in the United States but that such class of resource will not be subject to timely commercial production in the United States even if the Corporation provided financial assistance;

(2) the project will receive financial assistance from the government of the country in which the project is located;

(3) the arid lands renewable resources produced by such project will be available to users in the United States in quantities the Corporation determines to be equitable considering the nature and amounts of financial assistance; and

(4) all technology, patents, and trade secrets developed in connection with such project shall be available to citizens of the United States through rights in the Corporation or through licensing at reasonable cost for use in the United States.

(c) There is authorized for the purpose of this section not to exceed 10 per centum of the aggregate obligational authority under section 602(a). Such authorization shall terminate upon approval of the comprehensive production strategy pursuant to section 302(c).

COMPLETION GUARANTEE STUDY

SEC. 810. The Corporation shall conduct a study of supplemental financial protection for lenders including completion guarantees and other mechanisms to ascertain the desirability of employing such mechanisms to enlarge the number of potential participants in the arid lands renewable resources development program. A report on such study and recommendations based thereon shall be included in the comprehensive strategy submitted under section 302(b).

TITLE IX—DISPOSAL OF ASSETS

TANGIBLE ASSETS

SEC. 901. (a)(1) The Corporation, by and through its Board of Directors, is authorized, from time to time, on the basis of the criteria of subsection (b), to dispose of any portion or all of the tangible assets of the Corporation when such disposal is in the best interests of the Corporation for purposes of carrying out the provisions of this Act either—

(A) on the basis of competitive bids, by selling to any person or concern any portion of the assets of the Corporation; or

(B) by transferring to a Federal agency of any portion or all of the tangible assets of the Corporation; or

(C) on the basis of a negotiated contract, consistent with paragraph (2), by selling to a person or concern any portion or all of the tangible assets of the Corporation.

(2) With regard to the sale of tangible assets pursuant to subsection (a)(1)(C), the Corporation shall—

(A) publish in the Federal Register notice of the proposed sale of such asset;

(B) convene a prospective bidders conference; and

(C) no earlier than thirty days after such notice and conference, undertake negotiations for the sale of such asset.

(3) At least thirty days prior to the disposal of any tangible asset pursuant to paragraph (1), the Corporation shall notify the President, the Majority Leader of the Senate, and the Speaker of the House of Representatives of the intended disposal of such tangible asset.

(b) For the purpose of this section, the term "tangible asset" means any single asset, or aggregation of assets, with a value of $1,000,000 or more.

(c) In establishing the acceptable terms and conditions of the sale or transfer of tangible assets constituting an arid lands renewable resources project, or portion thereof, or a Corporation construction project, or portion thereof, the Board of Directors shall make every reasonable effort—

(1) to recover the financial investment, if any, of the Corporation in such assets;

(2) to foster competition within the industry to which the assets are to be sold; and

(3) to assure that such assets will be productively utilized and, if possible, will continue in operation.

(d) With regard to the sale or transfer of tangible assets not included under subsection (c), the Corporation shall establish terms and conditions for the sale or transfer of such tangible assets in order to achieve the greatest financial return to the Corporation.

DISPOSAL OF OTHER ASSETS

SEC. 902. Except as provided for in section 901, the Corporation is authorized, from time to time, (1) consistent with the requirements of the Federal Property and Administrative Services Act, to sell to any person any portion of the assets of the Corporation, or (2) transfer to a Federal agency any portion or all of the assets of the Corporation.

TITLE X—TERMINATION OF CORPORATION

DATE OF TERMINATION

SEC. 1001. Notwithstanding any other provision of this Act—

(1) the Corporation shall make no new awards or commitments for financial assistance under title IV for arid lands renewable resources projects after ; and

(2) the Corporation shall terminate on , except that the President, on recommendation of the Board of Directors, may by Executive order terminate the Corporation at an earlier date, but in no event prior to .

TERMINATION OF THE CORPORATION'S AFFAIRS

SEC. 1002. (a) On and after the final commitment date under section 1001(1), the Board of Directors shall diligently commence all practical and reasonable steps to achieve an orderly termination of the Corporation's affairs on or prior to its date of termination pursuant to section 1001(2).

(b) The steps taken pursuant to subsection (a) may include the disposal of the tangible assets of the Corporation pursuant to section 901 and the disposal of other assets pursuant to section 902.

(c) On termination of the Corporation, any contract or obligation for financial assistance pursuant to title IV shall be administered pursuant to section 1003.

TRANSFER OF POWERS TO DEPARTMENT OF THE TREASURY

SEC. 1003. (a) If, on the date of termination of the Corporation, its Board of Directors shall not have completed the termination of its affairs and the liquidation of its assets pursuant to title IX, the duty of completing such winding up of its affairs and liquidation shall be transferred to the Secretary of the Treasury, who for such purposes shall succeed to all the powers, duties, rights, and obligations of the Corporation, its Board of Directors and Chairman under this Act and nothing herein shall be construed to affect any right or privilege accrued, any penalty or liability incurred, any criminal or civil proceeding commenced, or any authority conferred hereunder, except as herein specifically provided in connection with such termination of the affairs and liquidation of the remaining assets of the Corporation. Following such transfer, the Secretary of the Treasury may assign to any officer or officers of the United States in the Treasury Department the exercise and performance, under such Secretary's general supervision and direction, of any powers, duties, rights, and obligations so transferred from the Corporation to the Secretary.

(b) When the Secretary of the Treasury finds that the liquidation of any remaining assets will no longer be advantageous to the United States and that all of the legal obligations of the Corporation have been provided for, the Secretary shall pay into the general fund of the Treasury as miscellaneous receipts the unused balance of the moneys belonging to the Corporation and shall make a final report on the Corporation to the Congress. Thereupon the Corporation shall be deemed to be dissolved.

TITLE XI—DEPARTMENT OF THE TREASURY

AUTHORIZATIONS

SEC. 1101. (a)(1)(A) There is hereby authorized to be appropriated without fiscal year limitation to the Secretary of the Treasury to purchase and retain notes and other obligations of the Corporation, $

(i) plus such sums, if any, as are authorized pursuant to section 302; and

(ii) less such sums—

(I) as are obligated for purposes of carrying out the provisions of section 305 of the Defense Production Act of 1950 before the date determined under section 305(k)(1) of the Defense Production Act of 1950 or are required to be retained as a reserve against a contingent obligation incurred before such date under such section, up to a maximum of $; and

(II) as are obligated from the Energy Security Reserve by the Department of Energy pursuant to the Federal Non-nuclear Energy Research and Development Act of 1974 (P.L. 93-577, 42 U.S.C. 5901), up to a maximum of $2,208,000,000.

(B) Such moneys shall be deposited in the Arid Lands Renewable Resources Reserve established in the Treasury of the United States by the Treasury, Postal Service, and General Government Appropriation Act, which account, and the appropriations therefor, shall be available to the Secretary of the Treasury for the purpose of carrying out the purposes of this Act. The appropriations and authorities provided for alternative resources production in such appropriations Act are hereby authorized without fiscal year limitation.

(2) On the basis of each notification by the Corporation made pursuant to section 401(k)(2) to the Secretary of the Treasury of an award of financial assistance by the Corporation, and consistent with the provisions of section 602, the Secretary of the Treasury shall reserve within the Arid Lands Renewable Resources Reserve an amount equal to the amount determined pursuant to section 401(k)(1).

(3) Upon receipt of notification from the Corporation under section 401(k)(2), the Secretary of the Treasury, within 15 calendar days, shall certify to the Corporation that the amount required by paragraph (2) has been reserved within the Arid Lands Renewable Resources Reserve.

(b) For purposes of purchasing the obligations of the Corporation pursuant to subsection (a), the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act (31 U.S.C. 752 et seq.), and the purposes for which securities may be issued under such Act are extended to include such purchases.

(c) All redemptions, purchases, and sales by the Secretary of the Treasury of such obligations under this section shall be treated as public debt transactions of the United States.

ADDITIONAL COSPONSORS

S. 123

At the request of Mr. INOUYE, the Senator from Kentucky (Mr. HUDDLESTON) and the Senator from Maryland (Mr. SARBANES) were added as cosponsors of S. 123, a bill to amend titles XVIII and XIX of the Social Security Act to provide more adequate coverage of the services of mental health specialists under the medicare supplemental benefits program and under medicaid programs.

S. 131

At the request of Mr. INOUYE, the Senator from California (Mr. CRANSTON), the Senator from Alabama (Mr. DENTON), the Senator from Missouri (Mr. EAGLETON), the Senator from North Carolina (Mr. EAST), the Senator from Nebraska (Mr. EXON), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Indiana (Mr. LUGAR), the Senator from Montana (Mr. MELCHER), the Senator from Maryland (Mr. SARBANES), the Senator from New Jersey (Mr. WILLIAMS), and the Senator from Texas (Mr. BENTSEN) were added as cosponsors of S. 131, a bill to incorporate the Pearl Harbor Survivors Association.

S. 155

At the request of Mr. SCHMITT, the Senator from North Carolina (Mr. EAST) was added as a cosponsor of S. 155, a bill to amend the Internal Revenue Code of 1954 to make additional interest from savings eligible for exclusion.

S. 243

At the request of Mr. CHAFEE, the Senator from Wisconsin (Mr. KASTEN) was added as a cosponsor of S. 243, a bill to amend the Internal Revenue Code of 1954 to increase the allowable contributions to individual retirement plans and to allow employees a deduction for savings contributions to employer retirement plans or to individual retirement accounts.

S. 312

At the request of Mr. LEVIN, the Senator from Tennessee (Mr. SASSER), the Senator from Illinois (Mr. DIXON), and the Senator from Georgia (Mr. NUNN) were added as cosponsors of S. 312, a bill for the relief of Maria and Timofei Chmykhalov, and for Lilia, Peter, Liubov, Lidia, and Augustina Vashchenko.

S. 622

At the request of Mr. INOUYE, the Senator from Connecticut (Mr. DODD) was added as a cosponsor of S. 622, a bill to control the export of hazardous wastes.

S. 890

At the request of Mr. SCHMITT, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of S. 890, a bill to amend title 5, United States Code, to improve procedures for the issuance of agency rules.

S. 1034

At the request of Mr. GRASSLEY, the Senator from North Dakota (Mr. BURDICK) was added as a cosponsor of S. 1034, a bill to amend title 38, United States Code, to provide a more equitable formula for payments by the Administrator of Veterans' Affairs to States for the cost of care provided in State nursing homes to veterans eligible for such care in Veterans' Administration facilities.

S. 1183

At the request of Mr. BENTSEN, the Senator from West Virginia (Mr. RANDOLPH) was added as a cosponsor of S. 1183, a bill to amend the Internal Revenue Code of 1954 to allow credit for production of natural gas from certain nonconventional sources only if such natural gas was sold at a lawful price without regard to section 107 and subtitle B of title I of the Natural Gas Policy Act of 1978.

S. 1215

At the request of Mr. PROXMIRE, the Senator from Missouri (Mr. EAGLETON) was added as a cosponsor of S. 1215, a bill to clarify the circumstances under which territorial provisions in licenses to distribute and sell trademarked malt beverage products are lawful under the antitrust laws.

S. 1230

At the request of Mr. CRANSTON, the Senator from Wisconsin (Mr. PROXMIRE), the Senator from Vermont (Mr. LEAHY), and the Senator from Michigan (Mr. LEVIN) were added as cosponsors of S. 1230, a bill to provide for the minting of commemorative coins to support the 1984 Los Angeles Olympic games.

S. 1412

At the request of Mr. D'AMATO, the Senator from New Mexico (Mr. SCHMITT) was added as a cosponsor of S. 1412, a bill to amend the Internal Revenue Code of 1954 to make permanent certain rules relating to travel expenses of State legislators.

S. 1436

At the request of Mr. D'AMATO, the Senator from Minnesota (Mr. BOSCHWITZ) was added as a cosponsor of S. 1436, a bill to amend the Securities Exchange Act of 1934 to provide uniform margin requirements in transactions involving the acquisition of securities of certain U.S. corporations by foreign persons where such acquisition is financed by a foreign lender.

79-059 O-84-12 (Pt. 12)

SENATE JOINT RESOLUTION 58

At the request of Mr. HATCH, the Senator from Louisiana (Mr. JOHNSTON) was added as a cosponsor of Senate Joint Resolution 58, a joint resolution proposing an amendment to the Constitution altering Federal fiscal decision-making procedures.

SENATE JOINT RESOLUTION 84

At the request of Mr. DECONCINI, the Senator from Washington (Mr. JACKSON) was added as a cosponsor of Senate Joint Resolution 84, a joint resolution to proclaim March 19, 1982, as "National Energy Education Day."

SENATE JOINT RESOLUTION 96

At the request of Mr. DOLE, the Senator from Missouri (Mr. DANFORTH), the Senator from Missouri (Mr. EAGLETON), and the Senator from Kansas (Mrs. KASSEBAUM) were added as cosponsors of Senate Joint Resolution 96, a joint resolution giving the consent of Congress to an agreement between the State of Missouri and the State of Kansas establishing a boundary between the States.

AMENDMENT NO. 110

At the request of Mr. CHILES, the Senator from Arizona (Mr. DECONCINI) was added as a cosponsor of amendment No. 110 intended to be proposed to S. 951, a bill to authorize appropriations for the purpose of carrying out the activities of the Department of Justice for fiscal year 1982, and for other purposes.

AMENDMENTS SUBMITTED FOR PRINTING

DEPARTMENT OF JUSTICE AUTHORIZATION, 1982

AMENDMENTS NOS. 428 THROUGH 481

(Ordered to be printed and to lie on the table.)

Mr. WEICKER submitted 54 amendments intended to be proposed by him to the pending amendment to the bill (S. 951) to authorize appropriations for the purpose of carrying out the activities of the Department of Justice for fiscal year 1982, and for other purposes.

AMENDMENT NO. 482

(Ordered to be printed and to lie on the table.)

Mr. DOLE submitted an amendment intended to be proposed by him to the bill S. 951, supra.

CRIME CONTROL AMENDMENTS

● Mr. DOLE. Mr. President, at this time I submit for consideration by the Senate a package amendment to S. 951, the Department of Justice authorization bill, which I have prepared.

This amendment is a comprehensive crime control package which adds three additional titles to S. 951. These additional titles are identified as: first, the Criminal Procedures Reform Act of 1981, second, the Violent Crime Act of 1981, and, third, the Criminal Justice Assistance Act of 1981.

Each title contains procedural and substantive measures which reform various provisions of the criminal statutes of the United States. The measures which are affected by these titles are those which have hindered law enforcement agencies in the performance of their duties, enabled criminals to escape prosecution on technicalities of the law, and allowed violent offenders to remain at large among the general public even after conviction.

Some of the more significant measures encompassed within my amendment are limitations on the exclusionary rule; reform of habeas procedures; pretrial detention for persons dangerous to the community; enhanced criminal forfeiture provisions; changes in procedures allowing commitment of offenders who are successful in pleading insanity as a defense; amendments to the Freedom of Information Act protecting law enforcement informants, personnel, and their investigations; amendments to the Special Prosecutor's Act; mandatory prison sentences for offenders who use firearms or inflict bodily injury upon another person; and a program of assistance for State and local law enforcement agencies in developing new strategies for combating crime.

Mr. President, I believe my amendments offer a sound, unified, and comprehensive approach toward remedying the problems we see in our criminal justice system. I urge their adoption by the Senate.●

AMENDMENT OF NOISE CONTROL ACT

AMENDMENT NO. 483

(Ordered to be printed.)

Mr. KASTEN (for himself, Mr. PROXMIRE, Mr. MURKOWSKI, Mr. HEINZ, Mr. SPECTER, Mr. HUDDLESTON, and Mr. DODD) proposed an amendment to the bill (S. 1204) to amend the Noise Control Act of 1972, as amended by the Quiet Communities Act of 1978.

ADDITIONAL STATEMENTS

IN DEFENSE OF BLOCK GRANT FUNDING

(By request of Mr. BAKER, the following statement was ordered to be printed in the RECORD:)

● Mr. JEPSEN. Mr. President, one of the major components of the President's economic recovery program is the implementation of block grant funding.

For the past several months, much debate has taken place over the merits of block grant funding to the States. One of the central and most common criticisms about block grants by interest groups and local government officials alike is that States would be less responsive than the Federal Government to the competing needs of constituents. Furthermore, it is believed that at the State level—the groups with the most political clout invariably would succeed in securing funds for their favorite programs.

It is because of such criticism that I am particularly pleased by the efforts of Congressman ROBERT S. WALKER, of Pennsylvania, who has gone to great lengths to provide his constituents with detailed answers to the most commonly asked questions about block grants.

Congressman WALKER's efforts represent one of the most informative responses to the criticisms and misinformation about block grant funding under the President's economic recovery program to date. I personally support the President's efforts. More importantly, the concept of block grant funding is an idea whose time has come. I urge my colleagues and all others interested in this issue to read and study Congressman WALKER's work on block grants.

Mr. President, I send to the desk a copy of Congressman WALKER's response to 15 of the most commonly asked questions about block grants and ask that it be printed in the RECORD.

The material follows:

HOW MANY GRANTS CAN A BLOCK GRANT GRANT IF A BLOCK GRANT PLAN GETS BLOCKED?

1. Q. What is a block grant?

A. The Advisory Commission on Intergovernmental Relations has defined a block grant as:

". . . a program by which funds are provided chiefly to a general purpose governmental unit in accordance with a statutory formula for use in a broad functional area. The key elements are structural, functional, managerial, not fiscal."

It is this last element that is the source of much confusion and apprehension.

2. Q. In general, what are the distinguishing characteristics of a block grant relative to categorical grant programs?

A. Essentially, there are five key features of a block grant. The ACIR has identified the following:

1. Federal aid is authorized for a broad range of activities within a defined functional area (e.g., preventive health services as opposed to individual rat control or other overly specific grant programs).

The goal is not merely consolidation, but decentralization. Simply consolidating several federal categorical programs may result in some savings and efficiencies, but it may also lead to the construction of new bureaucratic empires replete with the promulgation of more regulations and programs.

The real advantages of a block grant are achieved only through decentralization.

2. Recipients have substantial, yet closely monitored, discretion in identifying problems, prioritizing resources, designing programs, and allocating available resources to meet the problem.

Rather than have to wait for some bureaucrat in Washington to tell a local official how to solve his problem, that local official can solve the problem with the resources he has.

3. Administrative, fiscal reporting, planning and other federally imposed requirements are kept to the minimum necessary while insuring that established national goals are met.

4. Federal aid is distributed on the basis of a statutory formula, set by Congress, which results in a more equitable distribution of funds based on historical usage and need, at the expense of a substantial dissolution of Federal administrative and bureaucratic overhead.

In effect, block grants will eliminate the power structures constructed within the bu-

reaucracy over the past two decades; fiefdoms which have been constructed at the expense of the American taxpayer and, unfortunately, at the expense of legitimate recipients of assistance.

5. Eligibility provisions are statutorily specified and favor as decisionmakers general purpose governmental units (e.g., cities as opposed to community action agencies) and elected officials and administrative specialists (e.g., mayors and town administrators rather than unelected, unaccountable federal bureaucrats) as recipients.

3. Q. Where does the block grant fit into the Reagan economic recovery program?

A. It is the linchpin of the program. President Reagan acknowledged this on March 20, 1981 when he laid out the fundamental philosophy of his Administration: ". . . we are not cutting the budget simply for the sake of sounder financial management. This is only a first step toward returning power to states and communities, only a first step toward reordering the relationship between citizen and government . . ."

Without successful implementation of the block grant concept, the Reagan program cannot succeed. Without the degree of flexibility provided by the block grants, state and local officials will be straitjacketed into cutting services for specific programs. With that flexibility, they will at least be able to ameliorate, to some degree, the effect of the overall budget reductions by deciding which essential programs should continue to be fully funded (or close to it) and which programs can be reduced.

4. Q. Has the idea ever been proposed before?

A. Yes, several times. The Hoover Commission, in 1949, recommended that categorical grants be "classified and systematized" and that a "system of grants be established based upon broad categories—such as highways, education, public assistance, and public health—as contrasted with the present system of extreme fragmentation." That was in 1949, but each major attempt at consolidation/decentralization was met with congressional skepticism and defeated.

President Reagan resurrected the idea during the 1976 Presidential campaign when he proposed turning $90 billion worth of domestic programs back to state and local governments.

The idea continued to germinate and, as more and more people became familiar with the objectives and purpose, block grants became a fundamental plank of the 1980 GOP Platform.

"For too many years," the platform said, "the political debate in America has been set by Democrats. They believe that every time new problems arise beyond the powers of men and women as individuals to solve, it becomes the duty of government to solve them, as if there were never any alternative . . . Our society consists of more than that; so should the political debate . . . we will restore and strengthen their ability to solve problems in the places where people spend their daily lives and can turn to each other for support and help . . ."

That really is the fundamental issue in the current debate—returning control of power to state and local governments in defined areas. The key question is whether our efforts to help people will continue to become a regulatory nightmare or whether they will develop a neighbor helping neighbor character.

5. Q. Why the sudden sense of urgency?

A. There are a lot of answers to that question. There is a fiscal crisis threatening not only the federal budget, but state/local governments as well. Many state/local governments, with their debt ratio approaching alarming proportions, are teetering on the brink of bankruptcy. As federal spending has increased, there has been a punishing multiplier effect on state/local budgets.

Several features of federal programs, particularly grant-in-aid programs, serve to extend the fiscal impact of Federal assistance on state budgets far beyond the impact of Federal dollars alone. For example, the majority of grant programs require a non-Federal matching share. Also, a number of Federal grant programs are seed money programs where states often become induced to continue programs with short-term Federal money. Finally, Federal grants come to states laden with a formidable array of conditions and mandates with far-reaching fiscal and programmatic consequences for state/local governments. One study indicated that there are now over 1250 Federal mandates in effect; whereas, in 1960, there were virtually none.

Further evidence of the degree to which the federal government has overwhelmed state/local governments is provided by the following:

In 1949, there was a total of $1.8 billion spent for grant-in-aid programs (defined as budget authority and outlays provided by the federal government in support of a state or local program of government operations or provision of services to the public), or 0.7 percent of GNP.

By 1960, total spending for grant-in-aid programs was $7.0 billion, an increase of almost 300 percent, and now accounted for 1.4 percent of GNP. Spending for these programs increased by another 250 percent during the 1960s, and totaled $24 billion in 1970—2.5 percent of GNP.

By 1981, spending for grant-in-aid programs had quadrupled again to $94 billion, accounting for 3.3 percent of GNP. Thus, overall spending for grant-in-aid programs has increased by almost 5,000 percent since 1949—when the Hoover Commission first reported that the intergovernmental system was extremely fragmented.

These spending increases have imposed an almost intolerable burden on state and local governments. Further adding to the confusion is the fact that, in 1960, 80 percent of the 132 federal grant programs dealt with transportation and income security programs. By 1980, there were 500 categorical grants in effect which blanketed virtually every facet of state/local government, leading one observer to comment, "when Washington thinks, Federal programs spring up like dandelions."

This is the fiscal environment in which the block grants were proposed. It is clear that, as spending has run wild at the federal level, state/local governments have been forced to match or even exceed this spending.

We have simply run out of resources to maintain this chaos at all levels of government. From a fiscal standpoint, either we begin to lessen the growing load on state/local governments, or they will soon face the consequences of draconian slashes in services or bankruptcy. No one benefits from that.

6. Q. How would the President's block grants begin to redress the overwhelming imbalance threatening our system of federalism?

A. In reality, the initial budgetary savings that will be derived from the block grants will be relatively minor. Total savings in FY82 are expected to be approximately $4 billion.

The real savings and significance of the block grants will become apparent in the long term. More than 10,000 specific, individual grants to state/local governments will be cut to less than 500, with corresponding efficiencies resulting from the elimination of separate plans, applications, reports and other Federal requirements.

The advantages of the block grants will then become clear: increased coordination; decentralization; economy/efficiency; effective targeting; and innovation.

7. Q. Aren't block grants actually cleverly designed devices that will result in entire programs being wiped out and millions of low-income people being thrown into the streets?

A. No. This is what many special interest groups would like you to believe. It is not true. Unfortunately, the block grant issue has gotten confused with the budget reduction package.

This confusion has not been entirely unintentional, either. The single issue of organizations, often looking out for their own interests instead of the interests of those they purportedly serve, have whipped the general public into a state of hysteria by feeding them a steady stream of misinformation about the effect and purpose of the block grant.

For example, one coalition recently released a statement saying that these proposals would "repeal landmark legislation, eliminate essential programs and undermine principles of fiscal accountability and lay the groundwork for confusion, neglect, and new bureaucracy at the state level . . . many believe these proposals are the first steps in a strategy of abandonment of federal involvement in meeting human needs."

These charges are totally without basis in fact, irresponsible, and serve only to mislead the general public, while scaring those who will benefit most from the block grants—the legitimately needy.

The block grants and the budget cuts are two distinct entities. While they can, and will, work together to soften the impact of the budget cuts, the purposes of each are entirely different. The primary purpose of the budget reduction package is to curb extravagant spending and improve the condition of the economy.

The intent of the block grants is to redirect many federal programs and improve the delivery of federal funds. So, in the Administration's effort to give states and localities more decisionmaking authority, decentralization of federal programs would have been proposed in the absence of any effort to reduce overall expenditures.

Actually, the block grants are cleverly designed devices aimed at truncating this special interest coalition, and other groups like it, and reducing the size of the federal government. The only thing they will eliminate is the calcified federal layer of administration.

In that regard, the block grants would be better associated with the Reagan Administration's deregulatory efforts.

8. A. What type of safeguards are there to ensure that the states will be responsive to constituencies and localities?

A. The purposes of the block grants are the purposes of the programs being consolidated. Funds must be used for these purposes. Implementation of the block grants will be the responsibility of non-Federal elected officials, thereby providing various constituencies with more direct access to decisionmaking than they currently have.

With the changes brought about by voting rights and other civil rights laws, elected officials, Federal/state and local, have become much more responsive to citizens whose needs were not being met before enactment of these laws. In fact, the franchise power will be enhanced because local voting patterns will have positive policy effects. The charge that the block grants would ". . . undermine entitlements, civil rights and other safeguards . . ." is pure political claptrap with no basis in fact.

9. Q. Another criticism leveled at the block grant concept is that one of the reasons why the federal government usurped so much state authority was that state governments

were not sophisticated enough to identify problems and create solutions to them. Why are we asking states to assume responsibility for services they were unable to deliver 15 years ago?

A. Most opponents of the block grant concept prefer to ignore the fact that state and local governments, as they have been forced to review the increasingly complex array of Federal grant programs, have become institutionally modernized, efficient and sophisticated entities.

For example, restrictions on the length of legislative sessions have either been substantially reduced or eliminated entirely in most states. In 1962, only 19 state legislatures met annually; 31 had biannual sessions. By 1978, 43 legislatures held regular sessions in both years of the biennium, and 28 were able to call themselves into special sessions to deal with emergency situations (many times caused by the failure of the federal government to address a problem related to their states).

Second, compensation for legislative service has increased. From 1961 to 1977, the average rate of increase for the salaries of state legislators has been twice that for all other/local employees in those states. This can be positively related to strengthening the institutions of the legislature and executive branch because higher levels of compensation can discourage high rates of turnover.

Third, permanent, professional staff with a variety of skills have been added to enhance the analytical capabilities of state legislatures. This is reflected in the movement toward more permanent legislative service agencies performing research and/or policy analysis (from 36 agencies in 1962 to 197 in 1979), fiscal review and analysis (from 36 agencies in 1962 to 88 in 1979), and post audits (from 28 agencies in 1962 to 62 in 1979).

Fourth, procedures and practices have been developed to expedite the legislative process in the interim period between sessions. In about 30 states, regular House and Senate standing committees (or their equivalent) perform some interim work between sessions and frequently operate jointly or are augmented by special interim panels and ad hoc study groups.

Finally, most states have developed an increased capability to review and analyze the activities of the government and oversee the performance of the executive branch in program administration. In 40 states, legislatures carry out their oversight of the executive branch through post audits and program evaluations performed by state legislative auditors and evaluators.

Legislatures have recently provided themselves with several mechanisms with which to perform oversight activities. These include post-audit and program evaluation "tools," review of administrative rules and regulations, sunset laws, closer review of Federal grants, and an overall enhanced capability for budget review.

As Walter Heller, once a leading proponent of consolidation/decentralization, wrote:

"Transcending all other considerations as we seek new forms of Federal fiscal relief for the states is the need not simply to increase their resources, but to restore their vitality; not simply to make them better 'service-stations' of federalism, but to release their creative and innovative energies; not simply to pay 'lip-service' to states' rights, but to give substance to state governments . . ."

The charge that the block grants are ". . . undirected, unmonitored, and unexamined . . ." cannot be substantiated.

10. Q. Won't giving administrative authority for these programs result in the state and local governments hiring more bureaucrats at that level? Aren't we just shifting bureaucrats around?

A. No. It is important to remember that the programs being consolidated/decentralized are already, for all intents and purposes, being administered at the state/local level in some form or another.

Officials at this level of government are responsible for implementing the programs. Officials at the federal level write the regulations the local officials have to comply with, then check and monitor the application procedures to determine who is eligible for program assistance, and then audit the performance of local officials in implementing the program in accordance with standards they played no role in setting. It's a lot like a marionette show, with the federal government pulling the strings to make the puppet dance.

Under the block grants, all local/state officials would have to do is assume an extra degree of responsibility. They wouldn't have to hire anyone else. There are already plenty of bureaucrats at the state/local level to assume the responsibility.

In 1978, there were a total of 2.8 million federal employees, representing an increase of 19 percent since 1960 and 36 percent since 1950. There were almost six times as many bureaucrats at the state/local level: 12.7 million (3.5 million state and 9.2 million local).

That represents an increase of 203 percent in total employees since 1950 (254 percent: state; 188 percent: local) and a 99 percent increase since 1960 (131 percent: state; 89 percent: local).

Block grants will all but eliminate the federal overhead involved in administering the categoricals. For example, implementing the education block grants would make a significant number of Education Department employees expendable. With funding for these programs in block grants and with the day to day decisionmaking at the local and state level, much of the justification for retaining a separate Department of Education would be eliminated.

One of the real advantages to the block grant concept is that it provides a way of reducing Federal bureaucracy without increasing the need for more state and local administrative personnel and costs.

11. Q. Then state and local taxes will have to be raised to finance services and programs, won't they?

A. No. Essential services will continue to be delivered and financed, in the short term, by the federal government. Overall funding for many of these programs is being reduced anyway; the question becomes how best to deliver the lower level of assistance so that the legitimately needy are not adversely affected.

As state/local officials adapt to block grant funding and introduce efficiencies and innovations of their own, they can begin to combine funding for several programs, coordinate others, and generally begin to weed out less essential services. The current level of taxation can then be reduced.

Further, as recipients of assistance are moved back into the private sector from the public as a result of stimulative economic policies (e.g., Kemp-Roth), the tax base is broadened and tax rates can be dropped still further.

The ultimate objective of the block grant is to leave the taxing authority at the state and local level, rather than have it come to the federal government first, and then be distributed by formula among the states. State and local governments would then have their own pool of resources from which to finance services.

It must be remembered that one reason for the federal government's original assumption of state and local services was because it was believed that the state and local governments did not possess the ability to raise their taxes to the necessary level to finance the growth in programs and spending. Somehow, it was decided that the federal government possessed this ability and federal tax rates began to climb.

We have learned two lessons from that experience. One, the federal government did not have the ability to indiscriminately raise taxes any more than the state and local governments did and, two, maybe there's a better way to finance public services without raising taxes, namely through programs stressing delivery efficiencies.

12. Q. How will funds be distributed under the block grants?

A. Funds will be distributed according to an objective, statutory formula that will take funding decisions out of the hands of subjective bureaucrats and introduce an element of fairness and equity not currently present in the categorical system.

Under the current categorical system, proficiency at grantsmanship is emphasized. The question becomes: how do we manage to convince the federal government that our program is worthy of being funded?

Categorical funding stresses the application for funds; secondary importance is attached to how the funds will be used once they are received. Block grant funding will remove the uncertainty and the element of competition for federal funds. This will allow state/local officials to concentrate on how best to deliver assistance to needy individuals.

Block grant funding formula distribution will ensure stability of funding, thus removing another major headache for administrators.

13. Q. Will block grants allow local/state administrators to plan ahead and devise programs that will help the truly needy rather than force them to adjust every year to funding level changes, or changes in program rules and regulations?

A. Yes. Currently, the frequency of funding and the level of funding for many of these programs is often held hostage by federal officials, sometimes until the state or locality complies with some obscure federal mandate. Block grants would remove that subjective discretion from federal officials.

Because of the proliferation of federal programs, rules and regulations, state/local governments often must devote considerable time and resources just to keep informed of, identify, and avail themselves of various forms of Federal assistance. Despite these herculean efforts, many state/local officials do not learn of Federal assistance until it is too late, or don't learn of it at all.

For example, one state education department established a separate office in Washington in an attempt to keep informed of Federal education programs. The office reviews the Federal Register, the Congressional Record, Education Daily and other professional journals, and numerous other possible sources of information. They also maintain a close working relationship with the staffs of congressional delegations and respective education committees in both Houses of Congress.

The head of the office said all of this was necessary because he could not rely on receiving notification of pertinent information from the Education Department.

In some cases, if state and local officials learn of the availability of funds at all, it is due more to sheer luck or coincidence than anything else.

For example, a project director in another small county was actively seeking funds for a social service planning project. He became aware of a possible funding source when discussing an unrelated matter with an HEW regional director. The director said that, because of limited funds and the short time frame for soliciting proposals, HEW made

only a limited, arbitrary announcement of the program. The regional office would not have notified the county of the program had not the county project director talked to the regional director by chance.

Some state/local officials make no effort at all. The State of Wyoming recently turned down a juvenile justice grant because it would have cost $500,000 in paperwork just to get the $200,000 grant.

Who suffers because of this? Not the federal bureaucrats. Legitimate recipients of assistance lose. Block grants would remedy that by channeling funds more effectively to those in need.

These are just some of the problems involved in applying for categorical funds. Once you get the money, administering the program is another story.

It is clear that state/local officials regard the uncertainty of Federal funding to be one of the most significant and intransigent problems in dealing with the current Federal assistance delivery system. Because of funding uncertainty in the grant-in-aid system, state and local governments are frequently confronted with short lead times to apply for available assistance as well as difficulties in planning for the continuation of existing programs.

This uncertainty reduces the value of forword planning on the part of state/local governments and makes them much too reactive to the availability of Federal funding. This further discourages any attempt at integrating Federal programs and their functions.

Ultimately, this situation results in a reduction of services to recipients because program implementation is based on ad hoc decisionmaking rather than need generated criteria.

A perfect example is the annual ritual surrounding funding for the Food Stamp program. Each year, the USDA underestimates the total funding level necessary to allow the program to continue operations through the end of the fiscal year. Each year, in a crisis atmosphere, Congress is forced to appropriate additional funds. Each year, funding is held hostage until Congress tinkers with the program, usually with the eligibility requirements. This places the state administrators in a highly reactive position; wondering, first, if they will have to shut their program down, and, second, what kinds of technical adaptations they will have to make to their program.

Any responsible state/local administrator will admit that, even more important than the level of funding for their programs, is stability of funding. This is because, first of all, from their point of view, federal programs will never be fully funded and, second, much like the theory behind multiyear tax cuts, they need to plan in advance and be able to rely on a steady source of funds to truly maximize delivery of assistance.

Block grants would provide them with that stable, flexible, single source of funds around which they can construct programs that best meet the needs of their constituencies.

14. Q. How will block grants allow coordination and integration of current Federal programs?

A. Another major problem that the block grants would solve concerns the inability of state/local administrators to combine all funding sources in a coordinated, cohesive fashion. The sheer volume of programs, documented earlier, makes it virtually impossible to become knowledgeable of the content of each program enough to coordinate them and target the assistance. This is compounded to the *n*th degree by the fact that different Federal agencies or agency components administer similar programs.

Put yourself in the position of the intergovernmental coordinator for Shelby County, Iowa, Mr. Cliff Tuck:

"In 1973, we had an eye-opening energy crisis coupled with galloping inflation and the possibility of a recession . . . now we have 29 new energy assistance programs to deal with as well. Twenty of these programs are applicable to local government. Fourteen of these programs are so new they lack regulations and in many cases are not even listed in the 1979 edition of the Federal Domestic Assistance catalog. USDA has 3 programs. HUD–3, DOT–3, SBA–2, TVA–1, EPA–4, DOE–8, HEW–1, EDA–1. If that is economical and efficient anything . . . I must be a five-eyed, three pound visitor from outer space . . ."

Even if, by some miracle, you were able to coordinate all that, the multiplicity of these narrowly defined programs for one function present the grantee with a further dilemma: a particular program may be too restrictive to meet a need completely.

In a situation reminiscent of Gulliver and the Lilliputians, one official in Black Hawk County, Iowa, related a problem where five-year old needy children were excluded from federally funded nutrition programs because one program only provided for children up to age five and the school lunch program serves only children six or over.

Block grants would eliminate these interdepartmental conflicts and coordinating problems at the Federal level, and would encourage coordination among recipient agencies at the state/local level. This will further encourage development of innovative programs and efficient targeting of resources.

15. Q. If block grants are so great, why has there been so much opposition to the Reagan proposals?

A. Two answers, actually: confusion and misunderstanding. Both have fed on each other to create a climate of fear and hostility. Creating this climate has been an essential element in the strategy aimed at preserving the categoricals.

There is a substantial amount of confusion concerning just the term block grants. The wording is perceived to be much too harsh and threatening to have any merit to it. The whole issue of block grants vs. categorical grants, and intergovernmental relations in general, sounds too much like a dry, academic debate to spark any significant interest. Trying to explain the concept is difficult enough, but trying to explain to someone affected that their program is going to become part of a block grant competing with other priorities raises some eyebrows and many questions.

Unfortunately, a major contributor to this confusion has been the media. The extent to which some have been captured by the strategy of the left is provided by the following Carl Rowan column:

"The question arises: Does Mr. Reagan want the children of America to break out of their shackles and help build a secure America, or does he prefer that they languish in misery? Does the Administration want to make children contributing Americans or does it merely want to keep them as pawns?"

For reasons known only to Mr. Rowan, he chose the wrong answer. Only by removing the nearly insurmountable barriers created by federal administrators through the growth of more and more categorical programs will the children of America break out of their shackles. Only by breaking down the bureaucratic power structures will children and other legitimate recipients of assistance be able to receive the quality and level of assistance they require.

But there are others who understand full well the purposes of the block grants and their implications. They are the coalition of special interest groups that has spawned and nurtured the growth of categorical programs.

The strategy of these groups has been clear from the start: to confuse the public, use scare tactics when necessary, and employ erroneous and wildly exaggerated claims (some of which have been mentioned here) to construct a smokescreen of fear and apprehension that will make it impossible to discuss the block grant idea in a rational manner.

It is the existence of these groups that is at stake. In their view, "these proposals will certainly mean two things: less assistance to those in genuine need . . . and a brutal political struggle at the state level where the most vulnerable and those without clout are almost certain losers."

The only "brutal political struggle" that will result from implementation of the block grants will pit federal bureaucrat vs. federal bureaucrat. One observer compared the current struggle to a "social Armageddon" and, while that may be accurate, it is clear that the losers will not be legitimate recipients of assistance. Once the logjam created by the categorical programs and federal bureaucrats is broken, the truly needy are the ones that stand to gain the most. Block grants will dissolve some of these self-perpetuating coalitions that have served to keep the truly needy in the bondage of poverty.

That has been the purpose of this paper, to sort out fact from fiction, cut through their smokescreen and provide answers to most commonly asked questions about block grants.

Block grants are not a magic elixir; they will not solve all our problems. No one is making that claim. There may be problems that arise during implementation, but they can be worked out and alterations made by working with officials at the state and local level, instead of against them.

But whatever problems arise, it is clear that fewer people will be hurt and the problems will pale in comparison to continuing to fund these programs in a categorical manner. It is imperative that we provide local officials with the maximum degree of flexibility in administering the budget reductions to ensure that the truly needy are not hurt. Under the categorical system, it will be impossible to ameliorate the effect of budget reductions.

So this is anything but a dry, academic debate. At stake is the livelihood and future of millions of Americans. The real question that must be answered is how the interests of the truly needy will be protected as the budget reductions are administered. That question has been answered by block grant supporters, but opponents, despite all their chest-beating and hysteria, have yet to do so.●

AWACS SALE

● Mr. LEVIN. Mr. President, some proponents of the proposed sale of F–15 enhancement equipment and AWACS aircraft to Saudi Arabia have now reached the point of saying that the Congress must approve the sale because the President has made a commitment and a failure to honor it would constitute a reversal of a basic policy decision. Such arguments—which seek, in essence, to prevent us from carefully examining the merits of the sale—ignore the fact that in this area the administration does not make policy and cannot make commitments. By law, the administration recommends policy and makes proposals to the Congress. It is Congress which ultimately is empowered to approve the policy.

Those who suggest that Congress cannot reverse the President simply fail to understand the nature of our constitutional system. And they also ignore, it

seems to me, the fact that while we may suffer some temporary embarrassment from having a Presidential defeat, we will emerge from such an outcome with our national interest and honor secure.

These points, Mr. President, were recently made in a forceful editorial which appeared on June 28 in the Detroit Free Press. I recommend that editorial to my colleagues and ask that it appear in the RECORD.

The article follows:

TOO RISKY: CONGRESS IS RIGHT TO OPPOSE THE AWACS SALE TO THE SAUDIS

The Reagan administration professes to be confident that it can avoid congressional rejection of the sales of five sophisticated AWACS planes to Saudi Arabia. But with a majority in each house of Congress joining in an appeal to the president to cancel the sale, the persistence in pursuing the sale seems more bravado in the face of a genuine dilemma than anything else.

President Reagan, in offering the AWACS as well as attachable fuel tanks that will enhance the range of F15s the Saudis already have, has created the dilemma. The proposal is a serious mistake, endangering the security of Israel and adding little to the security of the United States. The capacity of the AWACS (Airborne Warning and Control Systems) planes to enhance the surveillance and attack-directing abilities of the Saudis would mean that, for the first time, Saudi Arabia would be a direct threat to Israel.

And why? The theory that the sale increases the security of the oil-rich Middle East simply does not make sense. There are already AWACS planes, under American control, close enough to provide surveillance against possible Soviet intrusion into the Middle East. In addition, the danger that this sensitive equipment could fall into unfriendly hands, as happened with so much American-supplied equipment in Iran after the fall of the shah, is no frivolous issue.

The Saudis have played oil politics down the line in trying to win approval of the sale: first arguing within the Organization of Petroleum Exporting Countries for price restraint, and now deciding to reduce their own oil output. First, there was an act of seeming friendship, now there is the reminder that they have the capacity to disrupt supplies long-term. The dependence of the U.S. on foreign oil may be diminished, but it remains a serious vulnerability. And the Reagan administration has seemed far too willing to trade the sophisticated arms for temporary price stability.

Having accepted the proposed sale of the AWACS planes, which was initiated in the closing days of the Carter administration, the Reagan administration does indeed have a dilemma. Rejection of the sale will be offensive to the Saudis and will bear some risks.

In this case, though, the risks inherent in rejection seem to us to be less of a hazard than that presented by going ahead with the sales. The security risks involved in the sale ought to stiffen the resolve of Congress to stand firm on this one and to reject the agreement. There is a congressional veto over such sales as a check on administration judgment about its appropriateness. Now, if ever, is surely a time to use that veto power. The administration made a mistake, and Congress will have to correct it.●

THE CASE AGAINST THE ERA IN A NUTSHELL

● Mr. HATCH. Mr. President, much public attention was recently given to the fact that only 1 year remains before even the extended ratification period of the Equal Rights Amendment expires. While I continue to have great doubts about the constitutionality of the ERA extension (see HATCH, "The ERA Extension: A Critical Analysis," 2 Harvard Journal of Law and Public Policy 19), I believe that it is also worth reviewing the basic argument against the amendment itself. Much of this argument has been mischaracterized and distorted in public debate.

Here, in the view of this Senator, is the case against the proposed Equal Rights Amendment in a nutshell:

First, 14th amendment guarantees equal rights—Supreme Court decisions under the equal protection clause of the 14th amendment have already guaranteed that legal distinctions on the basis of sex will not be upheld—unless there is a compelling basis for doing so. Because the courts will be required to construe a new amendment to the Constitution as going beyond this rule, even the demonstration of a compelling basis may not be enough for Congress or the States to justify a rare public policy that recognizes sex differences. Congress, for example, would have been constitutionally required to draft women on precisely the same basis as men.

Second, increased Federal power—the Equal Rights Amendment would sharply increase the authority of both the Federal courts and the Congress at the expense of the 50 State legislatures. Because of the vagueness of the ERA, the Federal courts would constantly be required to interpret its provisions and spell out the obligations of State legislatures. Section 2 of the amendment would give explicit authority to Congress to enforce the amendment against the States. In the process, the States would inevitably relinquish much of their own authority in such areas as labor law, family law, estate law, and so forth.

Third, vagueness of the ERA—the debate surrounding the ERA is virtually unprecedented in that it does not focus upon whether or not what the ERA will achieve is desirable or undesirable, but rather upon what, in fact, the ERA will achieve. In other words, the terms of the amendment are so vague and general that it is unclear what policies we will be requiring if it becomes part of the Constitution.

Fourth, rule of law impaired—because of its vagueness, it is likely that the ERA will develop in the same manner as the 14th amendment and its mandates of "due process" and "equal protection." Such terms will be defined by shifting majorities on the Supreme Court, free of any kind of textual anchor. The predictability of the law—and with it the rule of law itself—will be seriously undermined. Judicial innovation and creativity will be encouraged.

Fifth, private sector intrusion—with the ERA will come many of the same intrusive Federal policies that have come with the 14th amendment. The distinctions between private and State action will be blurred, equality of opportunity will be transformed into equality of result, and the whole panoply of Federal affirmative action programs and guidelines will be imposed upon the private sector.

Sixth, ERA and extremist policies—concerns raised by some opponents of the ERA that it will lead to homosexual marriages and legally required unisex dormitories, and such, have never been adequately addressed by proponents. Not only have some of the extreme feminists shown themselves entirely capable of promoting such policies, but the clear language of the ERA seems to prohibit any legal distinctions between men and women. There is no catch-all "right of privacy" under the Constitution that protects against these results.

Seventh, ERA is unnecessary—as a result of Court decisions under the 14th amendment, and numerous State and Federal enactments, most of the traditional goals of the women's movement and of the American people generally have already been achieved. While there remains gaps in these laws—gaps that ought to be remedied—it is preferable that this be done by statute rather than through a constitutional amendment.

Mr. President, while I remain hopeful that the ERA extension will be overturned, I believe nevertheless that the debate over the substance of the equal rights amendment can prove useful in shedding light on the meaning and purpose of our Constitution. The implications of the ERA for American federalism and for the principle of checks and balances are immense, in my view. I would hope that the final year's debate will illuminate some of these issues.●

CONTINENTAL EMPLOYEES' STOCK OWNERSHIP PLAN

● Mr. CRANSTON. Mr. President, much support has been rallied around the employees of Continental Airlines and their efforts to establish an employee stock ownership plan to acquire a majority interest in the company. I have been and continue to be impressed by the desire of the Continental employees to strengthen and invigorate the airline by investing $185 million of their own capital. It clearly demonstrates the commitment and sacrifice employees are willing to make when they are given an opportunity to make a company more efficient and productive and share in its profits.

The California State Assembly and Senate passed Joint Resolution No. 46 on June 18, 1981. This resolution is another indication of the widespread support for Continental employees. I ask that the resolution be printed in the RECORD.

The resolution follows:

Whereas, Continental Airlines has served California communities for more than 25 years and has been an integral part of this state since that time; and

Whereas, Continental Airlines currently employs nearly 5,500 people in California with an annual payroll exceeding one hundred fifty million dollars ($150,000,000) and provides an additional contribution to the California economy with average annual expenditures of over two hundred million dollars ($200,000,000); and

Whereas, Continental Airlines provides direct and convenient service for business people and tourists between six California communities and other cities in the continental United States, Mexico, Hawaii, and the Central and South Pacific; and

Where as, California and its citizens clearly have a strong interest in the future of

Continental Airlines because its employees live here and their jobs and other jobs depend upon the financial health of the airline; and

Whereas, the employees of Continental Airlines have proposed that an Employee Stock Ownership Trust (ESOT) be created in order that the employees of Continental Airlines may acquire controlling interest in their own airline and prevent a takeover by outside interests; and

Whereas, studies have shown that companies that are employee owned are more productive and more profitable than their conventionally owned competitors, and with adoption of the ESOT plan Continental's employees will be more than employees, they will be the owners of the company with an interest in its future; and

Whereas, there is renewed awakening nationally to the importance of employee interest in their jobs in order to gain productivity, and also of the importance of creation of capital for industry, both of which would be accomplished through the Continental employees' ESOT plan: Now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California expresses its support for the employees of Continental Airlines in their efforts to acquire control of Continental Airlines by creation of an Employee Stock Ownership Trust (ESOT); and be it further

Resolved, That the Legislature hereby commends Continental's employees for their efforts to make Continental an even more valuable asset to this state through greater productivity and service to the citizens of California; and be it further

Resolved, That the Legislature of the State of California respectfully urges the Civil Aeronautics Board and other federal agencies to refrain from any extraordinary action with regard to the proposed merger between Texas International Airlines and Continental Airlines in order to permit the federal courts to make such determinations as are appropriate for the protection of shareholders, and urges the Civil Aeronautics Board to proceed with consideration of such proposed merger under its regular procedures which are scheduled to be concluded in August 1981; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Civil Aeronautics Board, to the Secretary of Transportation, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States.●

CAPTIVE NATIONS WEEK

● Mr. ARMSTRONG. Mr. President, Captive Nations Week is a time for remembrance, a time for reflection, a time for stock-taking.

During Captive Nations Week, we reflect upon the fate of the people who have been absorbed, against their will, into the Soviet empire. We do this primarily out of humanitarian concern. But we should be motivated as well by self-interest, because the fate that has overtaken these unfortunate peoples could well be our own, if we fail to be properly vigilant.

Because we in the Free World desire only peace and friendship with our neighbors, we find it difficult to comprehend that there is a powerful force in the world whose primary motivation is our destruction.

Because we view negotiation as the means by which reasonable people settle their differences with one another, we find it difficult to comprehend that there are those for whom negotiation is simply another weapon of war, a means of conquest, not compromise.

Because we view trade and cultural exchanges as a means of promoting mutual prosperity and understanding, we find it difficult to comprehend that there are those for whom trade and cultural exchanges are merely means to acquire from us the rope with which to hang us.

We must comprehend these difficult truths, or we will learn them in the bitter fashion they were taught to the captive nations.

When we in the West think of the captive nations, we think primarily of the nations of Eastern Europe—Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, East Germany—which at the end of World War II passed from Nazi domination into a tyranny no less brutal because we in the West believed, recklessly, that Marshal Stalin shared the democratic ideals that caused the great democracies to rise up against Hitler.

We should have known better. The nature of the Soviet state was evident long before Operation Barbarosa forced Stalin to throw in his lot with the great democracies. During the period in which Nazi Germany and the Soviet Union were allies, the Soviets extinguished the liberty of the Baltic States of Latvia, Lithuania, and Estonia, and encroached upon the territory of Finland.

But Soviet imperialism had begun even earlier. Imperialism was part and parcel of the Soviet state from the very beginning. We in the West tend to think of the Union of Soviet Socialist Republics as a single entity. But it is a union of diverse nationalities—Georgia, Byelorussia, Armenia, Turkestan, Kazakhstan, Uzbekistan—chained together by brute force. In each of these "Soviet Socialist Republics," people have struggled bravely but futilely for individual liberty and national independence.

We in the West have an unfortunate tendency to equate Soviet imperialism, when we recognize it, with Russian imperialism. But it is the Russian people themselves—a minority in the Soviet Union—who have suffered most at the hands of their Communist overlords. However much Soviet imperialism may be the enemy of the Free World, it is even more the enemy of the people who already have fallen under its sway.

Year after year, we in the West look in vain for signs that the leadership in the Kremlin is mellowing, abandoning its oft-stated goal of world dominion. And year after year, the Soviet empire expands. Cuba has fallen, and Afghanistan. Soviet designs on Nicaragua, El Salvador and the Iranian province of Azerbaijan become every day more plain.

The world darkens. But the future need not be black. The resistance in Poland—led by the very proletariat in whose name the Communists ostensibly govern—is proof positive of the moral bankruptcy of communism. And it is not only in matters moral that communism is bankrupt. The Soviet imperialists are incapable of feeding themselves without large infusions of Western grain; are incapable of arming themselves without large infusions of Western technology.

Captive Nations Week is a very good time for us to remember that all of the peoples of the world are brothers under the skin. We all want the same things: Freedom, national independence, a chance for a better life. The human spirit is unquenchable. No amount of repression can kill it, as our brothers in Poland are proving now; as our brothers in Czechoslovakia a decade ago; in Hungary two decades ago; in the Ukraine three decades ago, have proven time and time again.

We must recognize that we have an enemy. But our enemy is not a people or a group of diverse peoples chained together in a slave empire. It is an antihuman ideology which is no less their enemy than our own. We must strive not only to preserve our freedom, but to restore the freedom of our brothers and sisters in the captive nations.

There are other ways to accomplish this than military force. The best weapon against a bad idea is a better idea. But we must not confuse the slave masters with the enslaved, and we must not concede to the slave masters their right to dominion over any portion of the globe. We must go on the ideological offensive. If we stand foursquare for freedom, and if we treat the slavemasters as the outlaws they are, we will find that the people of the captive nations, far from being the enemies some suppose them to be, to be our staunchest allies.●

THE F. D. R. MEMORIAL COMMISSION RESOLUTION—SENATE JOINT RESOLUTION 95

● Mr. LEVIN. Mr. President, I am pleased to be a cosponsor of the F. D. R. Memorial Commission Resolution, Senate Joint Resolution 95. I am also pleased to note that the distinguished Senator from Oregon (Mr. HATFIELD) is once again taking a lead in this effort to honor one of our most distinguished Presidents, Franklin Roosevelt.

The story behind a memorial to F. D. R. and our failure to actually construct it, is a long and bureaucratic tale of failure, inefficiency, and lost opportunities But there is really no value to be obtained from yet another examination of the mistakes of the past. Instead, it seems to me that we ought to take this opportunity to rectify rather than reexamine those mistakes by moving ahead with the construction of this memorial.

Not only is the anniversary of Roosevelt's birth an appropriate "peg" for this legislation, it is also appropriate under the administration of a President whose politics are almost the antithesis of F. D. R.'s, but whose personal style and popularity is very similar, that we finally move ahead on this project.

There is something special about this Federal City. A part of its charm rests in its monuments, in the physical tributes we pay to our spiritual leaders. Our failure to implement long standing plans to honor President Franklin Roosevelt is

an oversight which has been permitted to persist for far too long. I strongly urge my colleagues to give their support to this effort to correct this situation and to do so promptly.

I recognize that some will argue that the expenditure of funds for this purpose at this time would be inappropriate. Given the massive reductions in Federal spending which the Congress has authorized, this monument may be seen as just the kind of activity which the Congress should eliminate rather than expand. But, Mr. President, this argument fails to come to grips with a central responsibility of the Federal Government: Preservation of our national history. That certainly is not a task which can be transferred to the States or localities. It is, by definition, a Federal task and one which this Congress ought to be willing to accept and discharge.

Surely, President Roosevelt's accomplishments and contributions were significant enough to merit some lasting memorial. We should make sure that they receive one.●

PRAISE FOR SENATOR EAST ON SUBCOMMITTEE EFFORTS

● Mr. HATCH. Mr. President, yesterday the Senate Subcommittee on the Separation of Powers reported out favorably S. 158, the proposed human life bill. This represents the first time since the Supreme Court's decision in Roe against Wade in 1973 that a congressional panel has acted favorably on legislation that would restrict abortions. This is an impressive achievement for any subcommittee chairman, much less one who is serving his first term in this body.

Senator JOHN EAST, the chairman of the Separation of Powers Subcommittee, deserves tremendous credit for his efforts in behalf of S. 158. He has my admiration and respect for having established as the priority of his subcommittee the issue of when human life begins. In establishing this priority, he has demonstrated courage and an unsurpassed commitment to protecting innocent, unborn human life.

While it was inevitable that hearings on a subject as emotional as abortion would be embroiled in conflicts and controversies, Senator EAST's maiden hearings have done him and the subcommittee credit. They have been fair hearings, with all perspectives on this divisive issue represented. They have been thorough hearings, exploring the full array of implications of the human life bill. They have been hearings that, whatever happens to S. 158, will have contributed substantially to the ability of the U.S. Senate to make intelligent public policy in the area of abortion. The hearing volumes on S. 158 represent an important and essential record on one of the great social issues of our time.

While I have not always been in agreement with the distinguished Senator from North Carolina (Senator EAST) on this legislation. Senator EAST has my enduring admiration for having decided to focus, as his first order of business in this body, upon the issue of abortion. I believe that everyone in this body—whatever their views on abortion and whatever their views on S. 158—owes the Senator and his subcommittee a debt of gratitude for his outstanding efforts on this issue.●

A FULL PARTNERSHIP FOR SERVICES

● Mr. INOUYE. Mr. President, the United States has suffered serious merchandise trade deficits ever since 1971 when we encountered our first merchandise deficit since 1892. The deterioration of our competitiveness in manufactured goods has been a fact of life for more than a decade. These deficits are not merely a result of currency values or protectionist barriers—though these have been factors—but also of a genuine, measurable decline in our competitiveness due to underinvestment and our unwillingness or inability to export.

In contrast to the dismayingly large trade deficits, our current account for the last 2 years has been very strong. The current account measures both goods and services, including investment receipts, and last year recorded a surplus of $3.7 billion.

Our country needs a strong manufacturing sector, and I support strongly efforts to revitalize important American industries such as automobiles and steel and to strengthen the competitiveness of the high-technology sector such as computers, microprocessors, and aircraft. In so doing, we should not, however, overlook the significance of the service sector, which not only provided us with a current account surplus in our international transactions but also now provides this country with the vast majority of jobs and the gross national product.

One of our Nation's most aggressive international service multinationals is American Express, which has assumed a leading role in promoting the consideration of the service sector in trade activities and the domestic economy. Mr. James D. Robinson III, chairman and chief executive officer of American Express recently wrote a thoughtful article for Business Week on this subject of services in the U.S. economy. I submit the article for the RECORD.

A FULL PARTNERSHIP FOR SERVICES

As the Administration and Congress, under a new spirit of leadership, design a program for economic strength, both must realize that there has been a significant restructuring of the economy. And as the industries that make up the private sector define their needs and goals, they too must take account of the shifts that are occurring. The service activities of the economy are now larger than manufacturing. No economic program can succeed today unless its framers recognize the service sector as a full partner, not a junior partner, in the economic life of the nation. Such recognition is long overdue because today:

Service industries employ two out of every three Americans working in the private sector.

Services account for more than one-third of our export receipts, 46 percent of our gross national product, and almost 50 cents out of each household dollar spent.

Services contributed a $34.4 billion surplus to the balance of payments in 1980, more than offsetting the $27.4 billion merchandise deficit.

Given these facts, it seems obvious that the service sector joins with manufacturing and agriculture to provide the major economic underpinnings of our society. And yet, in many ways, business and government are still living in the past—often pursuing separate, instead of common, goals. The nation's approach to three major issues—trade, productivity, and technology—tells the tale very well.

TRADE

The U.S. is the largest exporter of services in the world, but when we discuss our export competitiveness or our balance of payments, the focus is almost exclusively on the trade problems of manufacturers. In addition, while nontariff trade barriers—such as restrictions on transborder data flow—have been rising abroad, these impediments have been sorely neglected in national and international trade treaties and debates. Major service issues were not addressed in the Tokyo Round negotiations, and the Trade Act of 1974 does not include remedies for service trade problems.

Many service companies—American Express included—have been trying to rectify this lopsided approach to trade policy. We are encouraged by the progress that has been made, but more needs to be done.

PRODUCTIVITY

Despite the evidence supplied by most economists, the shift to services is often blamed by many writers for the declining rate of our productivity growth. There are no statistics supporting this myth. The fact is that everyone is working with nonexistent or incomplete data. Today, when productivity figures are published, they largely represent the output of manufacturing. Service-sector productivity is normally excluded. So, too, is the large service component of manufacturing. Also, inadequate models exist for measuring the quality—not simply the quantity—of service output.

While electronic technology offers great opportunities to turn our productivity rate upward, how can we develop viable national policies to improve and encourage productivity if we do not have a true picture of the contribution of services to the overall economy?

Again, it is in our enlightened self-interest to frame the productivity debate without bias, to work for better ways to measure service input and output, and to give equal weight to manufacturing and services.

TECHNOLOGY

In the past, new technologies had the greatest impact on the assembly line. Today, the service sector is increasingly integrating data-processing and communications technologies into its businesses. Thus, more than ever, manufacturing and services face two mutual concerns: the limits to which we can introduce new technologies without arousing customer and employee resistance and the impact of technology's growth on the fabric of our society.

Both sectors can and must play a positive role in the larger human and social consequences of the technological revolution. We must address such issues as education, training, retraining, and job dislocation. If business does not shoulder more responsibility for solving some of these national problems, then government will.

We can begin by recognizing that the service sector can play a supportive and crucial role in easing the pain of transition from our industrial to our post-industrial economy. In the past, the assembly line absorbed millions of rural workers. In the future, the services can help replace jobs eliminated in factories. To do this, we must encourage service-sector growth.

So, as we revitalize America through supply-side tax incentives, new policies for savings and investment, and relief from overregulation, we need to recognize that the rebuilding of America must involve a synergy between all segments of the private sector. Service and manufacturing are not unrelated segments of the economy. In fact, they are both sides of the same economic coin.

It is time for a closer economic partnership between the manufacturing and service sectors in which each is equally treated, equally valued, and equally heard.

American business must work more closely with the U.S. Trade Representative and industry organizations to develop specific trade initiatives that balance the needs and goals of the service and manufacturing sectors. It must work with academic and business groups to develop service productivity standards and measures that can be used by both service and manufacturing industries. And it must support education and training policies that deal with the impact of advanced technology on the country's work force.●

A VITAL PROGRAM

● Mr. D'AMATO. Mr. President, in recognition of a serious deficiency in the U.S. Navy's ability to quickly move critical supplies to its carrier task forces, the New York State Assembly passed Legislative Resolution No. 435. In this resolution, the assembly calls upon the U.S. Congress to "proceed forthwith with the purchase of 39 new COD transport planes designated the VCX from Grumman Aerospace Corporation of Bethpage, Long Island. . . ."

This is not a glamorous program, but it is a vital one. Because storage space is restricted even on *Nimitz* class aircraft carriers, and parts and inventories are based on a statistical analysis of parts usage, unexpected failures of critical parts can seriously impair aircraft combat readiness. Unless adequate numbers of carrier onboard delivery (COD) aircraft are in the Navy inventory, the Navy's ability to quickly move needed parts, equipment, and personnel from shore to on-station aircraft carriers is imperiled.

Our recent experiences operating two carrier battle groups in the Indian Ocean highlighted the vital role carrier onboard delivery aircraft play in sustaining the combat capabilities of our naval aviation. Without the responsive logistical support provided by COD aircraft, our ability to maintain a credible military posture in the Indian Ocean during the Iranian hostage crisis would have been called into doubt. In fact, without adequate COD support, we would have serious difficulty sustaining our carrier-based naval aviation in a combat-ready status on station in any critical situation which might develop far from a major U.S. Navy base.

The Navy's present COD aircraft fleet is composed of 49 old C–1 aircraft, and 11 C–2A aircraft, the last of which were delivered in January 1968. These C–2A's are so old they required extensive overhauls to extend their service life. And the shorter range C–1 uses aviation gasoline for fuel, a factor which greatly limits its usefulness, because aviation gasoline is no longer stored onboard U.S. aircraft carriers. Therefore, the C–1 must carry enough fuel onboard to make a round-trip from shore to carrier and back. These C–1's should have been retired from the Navy's inventory long ago, but due to budget constraints, they have been retained in service.

The Navy, to its credit, recognized this problem some time ago. A center for naval analysis study was commissioned. This study was released January 5, 1980, and recommended purchase of a mix of heavy lift helicopters, medium-range COD aircraft, and long-range COD aircraft. Medium-range aircraft comprised the bulk of the recommended purchase.

The improved Grumman C–2A, in its VCX version, represents a proven airframe design, one which the Navy has successfully operated since 1965. The new aircraft will incorporate significant improvements over the present C–2A fleet, but will retain great commonality with the present C–2A and E2–C aircraft now in the Navy inventory. The VCX will have new solid-state avionics, uprated engines, improved corrosion resistance, and other design changes which represent significant improvements to an already reliable, operationally proven aircraft.

I urge my colleagues to carefully consider the critical need for these COD aircraft when the Department of Defense appropriations are acted upon. The Navy is requesting $32 million for advanced procurement of COD aircraft long-lead parts in its fiscal year 1982 budget, leading to the purchase of the first eight aircraft in fiscal year 1983. It is essential to the maintenance of a credible, combat-ready naval aviation force that this money be appropriated and these aircraft be purchased without delay. The Navy intends to purchase at least 39 aircraft over the next several years to perform this mission. This is the start of that program, a program which should receive our well-deserved support.

Mr. President, I ask that the New York State Assembly Resolution No. 435 be printed in the RECORD.

The resolution is as follows:

RESOLUTION No. 435

Whereas, President Reagan has placed great emphasis on maintaining the strength, quality and readiness of United States military forces to balance the growth of Soviet Bloc and Warsaw Pact forces and our nation's ability to rapidly deploy forces in times of crisis is now under close scrutiny in Congress and throughout the world; and

Whereas, The recent events underscore the importance of our nation's ability to respond to military threats; and

Whereas, The State of New York, as a political body and as a body of individual citizens, has always supported a strong defense force to protect our nation and our allies; and

Whereas, New York State is a pioneer in the development of industrial skills and technologies that contribute to the economy of the state and nation and have led to the production of vital military hardware for our armed forces; and

Whereas, Grumman Aerospace Corporation, which has provided jobs and has helped to support the economy of New York State for one-half century, manufactures military aircraft vital to the survivability and effectiveness of our Navy and Marine forces; and

Whereas, The Grumman fleet of highly effective aircraft includes the F–14 Tomcat, the most capable fighter-interceptor in the world; the A–6E Intruder, the free world's only tactical bomber capable of completing its mission in any weather, day or night; the EA–6B Prowler, our nation's only combat proven electronic jamming aircraft; and the C–2A Greyhound, a carrier onboard delivery (COD) aircraft used to transport personnel and supplies to aircraft carriers at sea; and

Whereas, The Navy has told the House Appropriations Committee, before which the program is currently pending, that it is desirous of obtaining a new Grumman COD, code named VCX, by production of thirty-nine such aircraft commencing in fiscal year nineteen hundred eighty-four; and

Whereas, This tested and well-powered aircraft type will continue to provide the dependable and efficient transportation on which our armed forces are so dependent; and

Whereas, The need of the Navy for this new aircraft is urgent and the jobs of New York State residents are dependent upon this procurement; now, therefore, be it

Resolved, That this Legislative Body memorialize the President of the United States and the Congress to proceed forthwith with the purchase of the thirty-nine new COD transport planes for the Navy, designated the VCX, from Grumman Aerospace Corporation of Bethpage, Long Island, because they are urgently needed and their production will serve as a deterrent to the Soviet Union in launching any offensive against this nation or its allies; and be it further

Resolved, That copies of this resolution, suitably engrossed, be transmitted to the Honorable Ronald Reagan, President of the United States, and to each member of the Congress of the United States from the State of New York.●

THE SUGAR PROGRAM

● Mr. INOUYE. Mr. President, recently representatives of the U.S. Department of Agriculture circulated an unofficial document prepared by USDA entitled, "Inflationary Impact Statement: Sugar." This document has been quoted extensively by the New York Times, the Washington Post, the Wall Street Journal and numerous other publications in articles opposing the sugar provisions now part of both the House and Senate Food and Agriculture Act of 1981. Unfortunately, this study, rather than a comprehensive, objective analysis of the sugar proposals before Congress, appears to be a thinly disguised attempt to distort the facts and present a negative view of the sugar provisions contained in the House and Senate farm bills. Despite the fact that the USDA now says it is withdrawing this document for modification, the unfavorable and incorrect image of the sugar provisions remain.

The USDA study purports to demonstrate a very sizable consumer cost, by claiming that the Government must maintain a market price for sugar of up to 26.6 cents per pound, when shipping, storage, and interest costs are added to the 19.6 cents support price. In fact, a domestic market price of about 22.3 cents per pound would provide adequate protection.

The USDA assumes in this study that processors of sugar would pay all of the costs of transportation, storage, and interest and that sugar producers would be required to pay none of these costs. This is unwarranted. In fact, the market price cushion needed to avoid incentive

to forfeit sugar would be slightly larger than the expected cost of interest and storage, or about 2.71 cents per pound, a figure substantially lower than the 7 cents cushion quoted by the USDA study. Thus, rather than the 26.6 cents figure established by the USDA study to prevent sugar from being forfeited to the Commodity Credit Corporation, a domestic price of just over 22.3 cents per pound would be necessary to protect a 19.6 cents per pound loan rate for sugar.

This 7 cents per pound cushion or differential between a 19.6 cents loan rate for sugar and 26.6 cents market price is grossly overstated and much too high.

It should also be remembered we had a sugar loan program in 1977 and 1978 known as the de la Garza amendment, which established the loan rate at 52½ percent of parity. Under that program some 3,230,000 tons of sugar were placed under loan. With the market price less than three-tenths of a cent over the loan rate, some 660,000 tons of sugar was forfeited to the Government. This sugar was later sold by the Commodity Credit Corporation for a net profit to the treasury of some $67 million.

In 1979 the administration continued a loan program under voluntary authority setting the market price objective 2 cents over the loan rate. None of the 1,745,000 tons of sugar placed under loan in 1979 was forfeited. We are now being asked to believe that to avoid forfeitures a price spread of 7 cents will be essential.

Mr. President, it is important that the economic impact of the pending sugar proposal, which will soon be before us as part of the Agriculture and Food Act of 1981, is fully and accurately understood. As an important aid to that understanding, I wish to have printed in the RECORD a document entitled, "An Analysis of the Sugar Program Proposal in Senate Bill S. 884." This study was prepared by Dr. J. B. Penn, until recently career Assistant Administrator for Economics at USDA.

I urge those who are concerned about the impact of the pending sugar proposal in the farm bill to read this study with care. I think it will convince you that sugar, an important agricultural crop and an important source of our nutritional needs, is deserving of the proposed sugar loan program, contained in S. 884.

The study follows:

AN ANALYSIS OF THE SUGAR PROGRAM PROPOSAL IN SENATE BILL S. 884

SUMMARY

The world sugar market today is characterized by its inherent volatility. Sugar prices are volatile both because of the nature of the product and the nature of the market. Small changes in production can cause large swings in price.

World sugar prices will continue to be unstable in the future. The ISA may dampen the cycle somewhat, but is unlikely to be able to hold prices within its specified range.

The domestic loan program contained in the Senate Bill S. 884 could be expected to provide added stability to the sugar market. Given the USDA's economic outlook for sugar over the next five years, the program with a 19.6 cent per pound loan rate would be unlikely to involve any cost to the government. Moreover, the stabilizing influence of the program could be expected to have a beneficial effect on consumer food and sweetener expenditures.

INTRODUCTION

Each U.S. consumer bought about 135.1 pounds of sweeteners in 1980—about 128 pounds of caloric and 7.1 pounds of noncaloric sweeteners. For U.S. consumers, sweeteners are an important source of calories, but their most important impact on our food is on the taste. Sweeteners are used in most things we eat and drink, ranging from the refined table sugar that is used with most meals to candies, bakery products, and canned food products.

The level of per capita sweetener consumption in the United States has been increasing steadily for many years. The 1980 level is about 15 percent greater than in 1963. Of the 128 pounds of caloric sweeteners consumed in 1980, about two-thirds came from sugar, 32 percent from corn products and the rest from honey and sirups. Corn has been the fastest growing source of U.S. sweeteners, while per capita sugar consumption has declined steadily since 1970.

The United States produces just over one-half of the sugar we use, and we import the rest. This means that price fluctuations in the world market are directly reflected in domestic sugar prices.

The world market for sugar is one of the most volatile commodity markets. Prices may change many fold as a result of small changes in production and consumption. For example, production in 1974 declined by 1.7 percent from the 1973 level. The world price averaged 30 cents per pound in 1974 compared to 9.6 cents in 1973—a 212 percent increase.

Sugar prices are volatile both because of the nature of the product and the nature of the market. Sugar consumers and sugar importing nations tend to purchase at least a minimum amount of sugar regardless of the price. Because the annual expenditure for sugar is small for most consumers, most are able to buy sugar, even at high prices. However, consumers do not increase sugar purchases much no matter how low prices fall. As a result, small changes in production cause huge swings in prices.

Second, most of the world's sugar is not traded on a free market. Of the annual consumption of about 90 million metric tons, about 80 percent is consumed in the country where it is produced and another five percent is traded through special marketing agreements such as the Cuban-Communist Block Agreement.

Of the remaining 15 percent of world sugar production, there are substantial trade restrictions on about two-thirds. Sugar producers like Australia and Brazil permit no imports. The EEC imports only from certain countries. The result is exaggerated swings in price when small supply or demand changes occur. About one-fourth of the world free market sugar is sold in the United States, and we depend on that market for about 45 percent of our sugar supply.

THE INTERNATIONAL SUGAR AGREEMENT

In an effort to reduce the instability of the world sugar market, the International Sugar Agreement was organized in 1977. That agreement requires members to hold stocks (up to 2.5 million tons in total) when prices are low and release them when prices rise. The ISA price range is from 13 to 23 cents per pound, raw value.

The principal objective of the ISA is to stabilize sugar prices at a level "remunerative and just to producers and equitable to consumers". Prices were below this range for the first 21 months of the Agreement. In late 1979, poor crops in a number of countries (especially in the Soviet Union and in Cuba) pointed to a coming production-consumption deficit in 1979/80. The daily ISA price rose from an average of 9.90 cents per pound in September 1979 to 22.75 cents in February 1980, triggering quota increases along the way. None of these increases had much effect on the price surge upward. In February 1980, the prevailing price passed 19 cents and triggered the release of one-third of total reserve stock obligations. The remaining stocks were also released in February as prices continued to rise. As of November 1980, about 1.5 million of the supposed total of 2 million tons had been documented as released and shipped.

Prices peaked in October 1980 and since that time have shown a steady decline, falling back into the ISA target range. The price target range was increased one cent in March 1980 and by another cent in November 1980 to 13–23 cents per pound.

The United States became a full-fledged participant in the ISA in April 1980 following Congressional and Presidential approval of implementing legislation. This enabled the International Sugar Organization (ISO) to put into effect the Stock Financing Fund Fee System whereby a small fee was paid into the Fund for each ton of sugar traded. The fee, previously set at 50 U.S. cents per metric ton, may be raised to $1.65 on July 1 as recommended by the ISO Council.

Because the total world ending stocks drawdown in 1979 (7.3 MMT) and 1980 (2.9 MMT) was so great, the ISA stocks release did not hold world prices within the 13 cent to 23 cent per pound range. World prices in 1980 averaged 29.02 cents per pound. The 1980 price was almost 100 percent higher than the 1979 price, in response to a less than 2 percent decrease in production.

THE U.S. SUGAR MARKET

Sugar is a major U.S. agricultural crop. About 800,000 acres of sugarcane and about 1.2 million acres of sugarbeets are planted annually. Sale of U.S. sugarcane and sugarbeets accounts for $3 billion in farm receipts. Sugar production ranks about tenth in acreage and seventh in value among U.S. farm crops.

We produce almost three-fourths of the sweeteners we consume, but import about 44 percent of our sugar. This means that price swings in the world sugar market are very important in the United States. This is a relatively new development in domestic sugar markets, and the impact on producers has been important.

From 1934 through 1974, U.S. sugar policy was based on Sugar Acts which prescribed a U.S. market price objective and limited imports of sugar to defend the price objective. Throughout the 40-year history of the Sugar Acts, the domestic production base and domestic price levels were quite stable.

Since the end of the Sugar Act in 1974, the United States has depended upon the market for a major part of our sugar. Domestic prices have become much more volatile, and sugar substitutes made from corn have made increasing inroads upon U.S. sugar markets.

After the record high levels of world sugar prices in 1974 and 1975, a sugar surplus developed. U.S. prices dropped sharply from a high of about 60 cents per pound in November 1974 to below 10 cents in the latter half of 1977.

In late 1977, the Congress mandated a price support loan program for sugar as part of the 1977 Farm Bill. Under permanent authorities from the 1949 Act, the Secretary of Agriculture continued a loan program for the 1979 crop. Since that time, there has been no price support program for sugar. During the last 18 months, sugar prices have fluctuated from below 20 cents per pound to above 40 cents per pound.

Sugar production in the United States has been declining since 1975/76, following a sharp increase that year. Cane sugar production has declined each year since 1975, and is expected to decline again in 1980/81. Beet sugar production declined each year since

1975 with the exception of 1978/79. However, it is expected to increase slightly in 1980/81 in response to the high prices of 1980.

U.S. sugar cane and sugar beet producers depend on processing plants for their markets. There are 46 sugarcane mills and 43 sugarbeet factories currently in operation. These are extremely expensive facilities that cost many million dollars to build. The loss of a mill or factory means the end of production of sugar crops in many areas which depend on a single plant. Thirteen beet processing plants and 17 sugar mills have closed since 1973, with a reduction in annual sugar processing capacity of more than one million tons.

The cost of production per ton for U.S.-produced sugar is slightly higher than in some other countries, largely due to higher wages paid to domestic workers and expenditures to comply with government regulations for clean air, water, etc. Furthermore, under current policies corn sweeteners can be produced more cheaply than sugar. U.S. processors and producers have limited incentive to invest in more efficient sugar production technology because the price uncertainty for sugar is so great. USDA reports that "In the United States and Puerto Rico there are 3,100 to 3,200 sugarcane producers, 11,500 sugarbeet producers, 46 cane mills and 43 sugarbeet factories. Given current economic conditions in the industry, there appears to be little incentive for cane mills and beet processors to build new facilities. Some plans have been announced to refurbish or rework existing facilities. It appears that there are a number of plants that are probably vulnerable to closing in the next few years".

THE OUTLOOK FOR SUGAR

USDA projects that world sugar prices will reverse the current downward trend and average above 20 cents per pound in 1981. They project with no program:

	Crop year—					
	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86
World price:						
Cents per pound		26.25	25.50	21.25	18.50	18.00
Landed New York		28.45	27.90	23.85	21.30	21.00
Cost of production	21.4–23.5	24.0–25.3	[1] 26.62	[1] 28.75	[1] 31.05	[1] 33.54

[1] USDA 1981/82 cost estimate increased 8 percent per year.

The world sugar price outlook would not normally be expected to be adequate incentive for domestic sugar producers to increase their investment in sugar production and sugar processing facilities. Three major factors are weighing against such investment.

(1) *Current prices.* World and U.S. sugar prices have been falling for several months and are now below 20 cents per pound in spite of the fact that most analysts believe world consumption will exceed production this year and stocks will be drawn down once again. These price levels add uncertainty to the outlook and reduce the likelihood of increased investment.

(2) *Continuing increases in the national average cost of producing sugar.* The cost of production, excluding land costs, in the current year is estimated to be 21.4 and 23.5 cents per pound for cane and beet sugar, respectively. These costs are estimated at much higher levels for next year—24.0 cents per pound for cane sugar (an increase of 12.1 percent) and 25.3 cents per pound for beet sugar (an increase of 7.7 percent).

Assuming the projected levels for 1982, and 8 percent annual increases in cost for later years, the national average cost of producing sugar would exceed the projected N.Y. landed price in every year after 1982/83.

Because the cost of production estimates are for less than full cost (land is excluded), U.S. prices would not be expected to lead to expanded domestic production for any year after 1983. Thus, the outlook for the domestic industry indicates continuation of the downward trend in production, assuming world price levels projected by USDA.

(3) *Continuing inroads into domestic sugar markets by high fructose corn sirups.*

In 1971, per capita caloric sweetener consumption was 124.7 pounds. Of that 102.4 pounds was sugar and 0.9 pounds was HFCS. In 1980, the caloric total was 128. Sugar was 85.6—down 16.8 pounds—and HFCS was 18.9—up 18 pounds. HFCS picked up all of the market lost by sugar, plus about 40 percent of the overall increase in caloric sweetener consumption.

A major reason why HFCS is cutting so deeply into domestic sugar markets, in spite of the fact that HFCS has characteristics that put it at a disadvantage to sugar in some uses, is that it has been selling for lower prices.

WHOLESALE PRICES—CHICAGO-WEST

[Cents per pound—dry basis]

	Refined cane sugar	Refined beet sugar	HFCS
1976	16.93	16.93	14.03
1977	15.08	15.08	12.44
1978	18.66	18.66	12.12
1979	19.56	19.68	13.15
1980	38.34	38.29	23.64

USDA projects that refined sugar consumption will continue to decline while HFCS will continue to capture a growing share of the U.S. sweeteners market. Sugar is projected to fall from 66.9 percent of domestic sweetener consumption to 56.6 percent, while corn products are projected to increase from 32.1 percent of the domestic sweetener market to 42.3 percent by 1985.

IMPACTS OF PRICE STABILITY ON U.S. CONSUMERS

Sugar and HFCS together make up more than 80 percent of the U.S. sweetener market. Although HFCS prices have been somewhat more stable than sugar prices, the two sweeteners do compete with each other for a wide range of uses. Price instability in the world sugar market destabilizes U.S. sugar prices and, to a lesser extent, U.S. prices of HFCS. The result is that swings in the world sugar market have significant impacts on U.S. food costs.

The first and most obvious impact of a change in raw sugar prices is on prices of sugar and sweeteners. Each 10 percent increase in the world sugar price would be expected to increase the U.S. price of all sweeteners about 3.5 percent. Because sugar is used in so many food products, a 10 percent increase in world sugar prices would be expected to increase all U.S. food prices by about 0.2 percent and to increase the CPI by about .04 percent.

These impacts are small, but very large changes in sugar prices are quite common. Increases as large as 100 percent are frequent. Such an increase would be expected to increase U.S. sweetener prices by 35 percent, U.S. food prices by 2 percent, and the CPI by one-half percent.

SUPPLY AND DEMAND SETTING THROUGH 1985

Observations

(1) The USDA price projection calls for renewed strength in world sugar markets in 1981, further increases in 1982, relatively steady prices in 1983 as world sugar stocks begin to build once again, and weak world and domestic sugar prices in 1984 and 1985 as the world stocks/consumption ratio reaches price depressing levels once again. The stocks/consumption ratio is projected to decline again in 1981/82, the third year that consumption has exceeded production. At a stocks/consumption ratio of less than about 25 percent, the potential for sharp price runups is great should weather or other factors reduce production below the expected levels.

(2) The USDA baseline calls for declining domestic sugar production, declining sugar imports, and declining ending stocks for each year, 1982 through 1984.

(3) The key reason for these declines is the projected reductions in domestic use of sugar. This is the result of the USDA projection that corn sweetener use will continue to increase sharply through 1985. The basis of the projected increase in corn sweetener use is stable corn prices and strong sugar prices through 1983. If these projections are not realized, the market displacement of sugar may not be realized.

WORLD SUPPLY AND DISTRIBUTION

[mmt—raw value]

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86
Production	86.1	91.0	94.0	96.0	98.0	100.0
Consumption	89.0	91.0	93.0	94.5	96.0	98.0
Stocks change	−2.9	0	1.0	1.5	2.0	2.0
Ending stocks	20.6	20.6	21.6	23.1	25.1	27.1
Stocks/consumption (percent)	23.1	22.6	23.2	24.4	26.4	27.1
World price (ISO)	25.65	26.25	25.50	21.25	18.50	18.00
Landed New York price	27.85	28.45	27.90	23.85	21.30	21.00

Source: U.S. Department of Agriculture.

Conclusions

(1) World sugar prices will continue to be unstable. The ISA stock building-release policy will dampen the cycles somewhat, but will not have sufficient capacity or stocks to hold world prices within the ISA target range.

(2) If the U.S. has no policy to moderate price swings in the domestic sugar market, swings in world sugar prices will continue to have serious negative impacts on domestic sugar producers, all sweetener prices, all food prices, and on the CPI.

(3) The national average cost of producing sugar in the United States is above the average cost of producing foreign sugar, and above the average cost of producing sugar substitutes from corn.

In the case of both foreign sugar and domestic sugar substitutes, there have been significant investments in production technologies and in programs to stabilize production and price, and thus to help provide a favorable climate for investment.

There have been no such programs for U.S. sugar since the end of the 1979 price support programs. As a result, the world price instability and its unmitigated impacts on domestic sugar prices have been discouraging investments in U.S. sugar technology. As a result, with no U.S. sugar program, the cost of producing U.S. sugar can be expected to increase as input costs increase and its competitive position relative to imports and substitutes to continue to worsen.

USDA DOMESTIC BASELINE PROJECTIONS ASSUMING NO PROGRAM

Item	1980	1981	1982	1983	1984	1985
Raw sugar supply and distribution (1,000 short tons):[1]						
Beginning stocks	3,701	3,046	2,856	2,842	2,730	2,611
Production	5,681	5,813	5,931	5,931	5,621	5,397
Beet sugar	3,025	3,075	3,217	3,217	2,964	2,789
Cane sugar	2,656	2,738	2,714	2,714	2,657	2,608
Imports and shipments	4,662	4,447	4,205	3,707	3,585	3,672
Total supply	14,044	13,306	12,922	12,480	11,936	11,680
Domestic disappearance	10,200	9,900	9,700	9,500	9,300	9,100
Exports	650	550	450	250	25	25
Total use[2]	10,998	10,450	10,150	9,750	9,325	9,125
Ending stocks	3,046	2,856	2,842	2,730	2,611	2,555

Item	1980	1981	1982	1983	1984	1985
Sugar beets and sugarcane acreage (1,000 acres), yield (tons per acre), and production (1,000 short tons):[3]						
Beets:						
Planted	1,232	1,256	1,269	1,269	1,169	1,100
Harvested	1,187	1,218	1,231	1,231	1,134	1,067
Yield	19.6	19.8	19.8	19.8	19.8	19.8
Production	23,275	24,116	24,374	24,374	22,453	21,127
Cane:						
Harvested	689	707	715	715	700	687
Yield	39.1	37.2	36.5	36.5	36.5	36.5
Production	26,935	26,327	26,098	26,098	25,500	25,076

[1] Calendar year.
[2] Includes refining loss adjustment and invisible stock change.
[3] October–September crop year.

THE SENATE BILL

Senate Bill S. 884 provides that for any part of the 1981 through 1985 crops of sugarbeets and sugar cane processed into sugar between the time the subsection becomes effective and September 30, 1986, price support is required at not less than 19.6 cents per pound for raw cane sugar, and at levels for beet sugar fair and reasonable relative to the loan rate for cane sugar.

1981 Crop—sugar processed between the effective date of the subsection and March 31, 1982 is to be supported by purchases or other means to approximate a raw sugar price of 19.6 cents per pound.

1982–85 Crops—An April 1–March 31 crop year is specified. Sugar processed between April 1 and March 31 is eligible for a price support loan of not less than 19.6 cents per pound. Loans may not be offered before October 1 and must mature before September 30.

Observations

(1) The minimum price support level in this bill is 19.6 cents per pound. There is no escalator clause. Because the Administration opposes offering any sugar program, it is safe to assume that the minimum price support loan would be offered each year.

(2) When the market price exceeds the national average loan rate by the amount of the interest on the loan, storage charges, and the cost of moving sugar to market, processors with sugar under loan will have adequate incentive to repay the loan rather than to forfeit the sugar. USDA estimates this differential to be about 2.71 cents per pound. Thus, at a national average loan rate of 19.6 cents per pound, when price exceeds about 22.3 cents per pound we would expect little, if any, sugar to be forfeited.

(3) The bill requires that all loans made in any fiscal year mature in that same year. Thus, when there are no loan forfeitures, there would be no net outlays for the sugar program in this bill.

Impacts

(1) A "minimum domestic price" of 19.6 cents per pound for the 1981 crop would be required, with a 19.6 cent loan rate for the 1982 through 1985 crops. The 19.6 cent loan implies a domestic sugar price floor in the 22 to 22.5 cent range, depending upon the Administration's concern about minimizing the incentive for loan forfeitures and the effectiveness of the mechanism used to protect the loan.

(2) During the FY 1982–FY 1985 period, the 19.6 cent per pound loan would be expected to lead to from 1½ to 2 million tons of sugar being placed under loan each year. This would generate about $0.75 billion in short term credit for sugar processors and producers.

(3) Because the bill requires that the loans mature during the same fiscal year in which they are made, loans that are repaid with full interest and carrying charges would involve no net budget outlays. Only if some loans are forfeited and the CCC takes over the sugar are net outlays possible.

(4) Assuming the supply, demand and price projections in the USDA baseline, market prices in FY 1982 and FY 1983 would appear to provide strong incentives for loans to be repaid. In FY 1984, FY 1985, and FY 1986, when world prices are projected to weaken, the Administration would be expected to use import fees to avoid any incentive to forfeit sugar under loan. Given such steps, no significant amount of forfeitures would be expected during any year of the FY 1982–FY 1986 period.

(5) The increasing price during the latter part of 1980 has apparently caused some increase in beet production in 1981. And, producers would be expected to respond with somewhat higher sugar production during FY 1982 and FY 1983 if prices are satisfactory, thus moderating the prices projected in the USDA baseline for those years. By moderating the price increases projected for FY 1982 and FY 1983, the incentive to increase production during FY 1984, FY 1985, and FY 1986 would be reduced somewhat. And, while the impact of U.S. program activities on world price swings would not be expected to be major, it would be consistent with efforts to stabilize world prices.

(6) Because the market price floor implied by a 19.6 cent per pound loan rate is well below the estimated cost of producing sugar in 1982 and through the life of the bill, it will provide an incentive for increased production only for those producers and processors who are more efficient than average. It would not provide an incentive for increased production to producers whose costs are as great as the national average or greater.

(7) While the bill could imply the need for fees to maintain domestic raw sugar prices above levels they might otherwise reach in FY 1984 and later years, the fees implied would be only those necessary to protect quite efficient producers. The implied market level in FY 1986 is 22.3 cents. At such prices, U.S. sugar would certainly be below the U.S. and world average cost of producing sugar and probably below the cost of producing HFCS.

Prices at such levels cannot be sustained, and would be expected to lead to sharp cutbacks in production and external high prices in the near future—prices high enough to more than offset the potential savings from letting domestic sugar prices fall to world market levels. As a result, rather than representing a net cost to consumers, the actions taken in FY 1983 through FY 1986 to moderate otherwise low domestic sugar prices would be expected to have a beneficial impact on consumer food and sweetener expenditures over the intermediate term.●

U.S. TRADE

● Mr. CHAFEE. Mr. President, I would like to take this opportunity to share with my colleagues a recently published article which underscores once again, the need to amend the Foreign Corrupt Practices Act.

I ask that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NO WONDER NO EXPORTS: AN OFFICIAL VIEW: BILL BROCK ON U.S. TRADE

(NOTE.—Also published by the following newspapers: Washington Post, May 1981; International Herald Tribune, May 1981; Knoxville Sentinel, June 1981; Los Angeles Times, June 1981; Detroit News, May 1981; Dallas Morning News, May 1981; The State (S.C.), May 1981; Birmingham News, June 1981.)

WASHINGTON.—"We have met the enemy and he is us."

This often-quoted line from the comic strip "Pogo" is particularly relevant to U.S. foreign trade.

Where our trading partners offer incentives and export promotion programs, we have impediments and barriers. As a result, since 1970, the U.S. share of total world exports has declined from 15 percent to 12 percent while our competitors have maintained or increased their shares.

Improved access to foreign markets is one of this administration's priorities, but the most perfect market access arrangements will mean nothing if our domestic laws and policies discourage exports.

The list of domestic export disincentives is long. Taxation of U.S. workers employed abroad, regulations under several export control laws and environment and safety requirements that impose U.S. standards on foreign buyers are only a few.

One of the most complex and confusing of our self-imposed laws is the so-called Foreign Corrupt Practices Act (FCPA). It's difficult to bring up in casual conversation; politically, it's a hot potato.

The FCPA started out like most other export disincentives, with good and noble intentions. When public disclosures in 1975 and 1976 revealed that U.S. multinational corporations had paid bribes to high-ranking foreign government officials, Congress reacted quickly and emotionally to daily newspaper headlines and public outcry. I know; I was in the Senate when those disclosures hit.

The Senate Banking Committee demanded a strong criminal statute making bribery punishable by a prison term. The Securities and Exchange Commission demanded greater authority to regulate accounting and bookkeeping practices. So, in the spirit of true Washington compromise, a law was produced that combined the worst of both worlds.

With members of Congress, the administration and the business community all unwilling to challenge a draft of the law for fear of being accused of favoring bribery, the bill sailed through Congress by unanimous vote and was signed into law in December, 1977.

CREATED PROBLEMS

The result? Apparently, the United States is the only country in the world to impose a comprehensive extraterritorial anti-bribery law upon all of its foreign business practices, public and private. In fact, from the day of enactment, the FCPA has created problems for fully law-abiding companies engaged in overseas transactions. The law itself is difficult to decipher, hard to enforce and ambiguous enough to have bred confusion for both business people and regulators.

Far from defining black and white in business conduct, the FCPA provides vast expanses of "gray" areas, where what is and is not permissible is hard to figure out. This has had a chilling effect on U.S. export activities; many businesses have pulled their entire operations out of some countries. The law raises endless questions about business expenses, Christmas gifts, local customs or law, contributions to local charities or participation in official affairs.

The cost of complying with the accounting and record-keeping requirements of the FCPA places an excessive burden on all publicly held companies, regardless of whether they make any foreign sales. To violate the statute one need not export at all; one need only to fail to keep company books in the detail that the SEC deems necessary. Most alarming is the fact that the American Bar Association, the American Institute of Certified Public Accountants and the SEC disagree among themselves as to a firm's responsibility under the accounting provisions of the law.

To be sure, corporate bribery did undermine U.S. foreign policy and national security interests. By passing the FCPA, Congress affirmed that the U.S. government does not condone bribery. It must never do so.

If we are to continue as the world trade leader, our responsibility must include ethical leadership as well. To do so we must be sure we prohibit bribes, not the conduct of legitimate business. Because of its negative impact in the latter area, the FCPA deserves congressional attention and action. Major surgery is required.

First, unless substanially improved, the name should be changed. It is a misnomer to call this law, as written, the Foreign Corrupt Practices Act when one can violate it without being involved either in foreign trade or in corrupt practices of any kind.

Second, the accounting requirements must be limited. There is no need to require all issuers of securities, large and small, to devise intricate and costly internal accounting control systems, which the law implies should be fail-safe.

Third, enforcement of an anti-bribery law must be consistent and predictable, centered in one agency, instead of divided between the Justice Department and the SEC.

COSTLY LESSON

Fourth, and perhaps most important, the bribery prohibition must be rewritten to protect the innocent, to remove the "chilling" requirement that every exporter be prepared to prove beyond a doubt that he did not have "reason to know" that a foreign agent was planning to engage in a questionable payment. We must eliminate the current liability of U.S. citizens for unknown and unauthorized actions by agents in foreign markets.

Additionally, it is an international imperative that we must recognize that illicit payments are in no nation's best interest. We must provide the leadership to encourage every trading nation to halt such practices.

There was something courageous and typically American in Congress' efforts to prohibit corporate bribery overseas. Yet, the FCPA stands as a costly lesson of what can result when people don't speak up against a law, however commendable in intent, that is unenforceable and vague.

It is a lesson that need not be repeated.●

RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. JACKSON. Mr. President, I ask unanimous consent that the Senate stand in recess subject to the call of the Chair.

There being no objection, at 3:33 p.m. the Senate recessed subject to the call of the Chair; whereupon, the Senate reassembled at 4:12 p.m. when called to order by the Presiding Officer (Mr. BOSCHWITZ).

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I apologize to all Senators for being absent from the floor of the Senate for a necessary meeting away from the Capitol. I appreciate the forbearance of the Chair in keeping the Senate in recess until this time.

There is no further business to be transacted by the Senate this afternoon, except routine business; and the matters I am about to present, I believe, have been cleared on the minority side.

Mr. President, is there an order for the convening of the Senate on Monday next?

The PRESIDING OFFICER. At 12 noon, in recess.

Mr. BAKER. I thank the Chair.

ORDER FOR RECOGNITION OF SENATOR THURMOND ON MONDAY NEXT

Mr. BAKER. Mr. President, I ask unanimous consent that on Monday next there be a special order for the recognition of the distinguished President pro tempore of the Senate, Senator THURMOND, for not to exceed 15 minutes, after the recognition of the two leaders under the standing order.

The PRESIDING OFFICER. Without objection, it is so ordered.

REFERRAL OF PORTIONS OF S. 1249, DEBT COLLECTION ACT OF 1981

Mr. BAKER. Mr. President, I ask unanimous consent that if and when the Governmental Affairs Committee reports S. 1249, the Debt Collection Act of 1981, those sections of the bill under the jurisdiction of the Committee on Finance be subsequently referred to the Committee on Finance.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS CONSENT AGREEMENT—S. 1204, AMENDMENT OF NOISE CONTROL ACT

Mr. BAKER. Mr. President, I ask unanimous consent that the rollcall vote ordered today on the Kasten amendment to the noise control bill, S. 1204, and any vote that might be ordered on final passage occur at 2 p.m. on Tuesday, July 14, and that the votes occur back to back.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. And that paragraph 4 of rule XII be waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I also ask unanimous consent that there be 20 minutes, equally divided, on the Kasten amendment, beginning at 1:40 p.m. on that day; that the time be divided between the chairman of the Committee on Environment and Public Works and the ranking minority member of that committee or their designees, and that paragraph 4 of rule XII be waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

VETERANS' ADMINISTRATION

Mr. BAKER. Mr. President, there is one item that is cleared on the executive calendar on this side of the aisle. I inquire of the minority leader if he is in a position now to proceed to the consideration of the nomination of Robert P. Nimmo, of California, to be Administrator of Veterans' Affairs, vice Joseph Maxwell Cleland.

Mr. ROBERT C. BYRD. Mr. President, that nomination has been cleared on this side of the aisle.

Mr. BAKER. I thank the minority leader.

I understand that the distinguished Senator from Wyoming (Mr. SIMPSON), who is the chairman of the Veterans' Affairs Committee, is on his way to the floor to speak on that matter.

PROGRAM

Mr. BAKER. Mr. President, while we await the arrival of the Senator from Wyoming, I take this opportunity to advise the minority leader that it is my expectation that on Monday, after the Senate convenes, I will propose that the Senate proceed to the consideration of the budget reconciliation bill, which is on the calendar, sent to us by the other body. I would expect at that time to proceed to place that measure in position so that we can go to conference with the House of Representatives and make other arrangements for that conference.

Mr. ROBERT C. BYRD. I thank the majority leader for the information. He is also counting on the vote to occur on the Johnston motion?

Mr. BAKER. The minority leader is entirely correct.

There will be a vote, under the provisions of rule XXII, on the cloture motion filed against further debate on the Johnston second-degree amendment on the Department of Justice authorization bill.

Mr. President, I believe that will be the only vote—indeed, it will be the only record vote, other than a procedural vote, if one is necessary, on Monday. I have just asked—and the Senate has given consent—that any votes ordered on the noise control bill occur on Tuesday instead of on Monday.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

Mr. ROBERT C. BYRD. In the event cloture will be invoked on the Johnston amendment—and I am not assuming that the vote will be in the affirmative or that it will be in the negative—there would then be, however, the possibility of votes on that amendment, would there not?

Mr. BAKER. Yes.

Mr. President, the minority leader is entirely correct, as usual.

If cloture is invoked on Monday, the full provisions of rule XXII would be in effect, and it would be necessary to go forward with the final disposition of the matter before the Senate could proceed to other matters.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I observe that the distinguished chairman of the Veterans' Affairs Committee is in the Chamber, and I assume he is prepared to proceed with debate on the nomination.

I ask unanimous consent that the Senate now go into executive session for the purpose of considering calendar No. 294, the nomination of Robert P. Nimmo, of California, to be Administrator of Veterans' Affairs.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nomination will be stated.

VETERANS' ADMINISTRATION

The assistant legislative clerk read the nomination of Robert P. Nimmo, of California, to be Administrator of Veterans' Affairs.

Mr. SIMPSON. Mr. President, I say to the leader that I did not know whether I was on the floor or on a treadmill until I got here. I thank him.

Mr. President, I am very pleased to report that the Committee on Veterans' Affairs has completed its consideration of the qualifications of Robert P. Nimmo, the President's nominee to be Administrator of Veterans' Affairs and the committee does unanimously recommend that the nomination be confirmed.

Robert Powers Nimmo has had a long and distinguished career of service to his country, his State of California and to the Nation.

From 1976 to 1980, Robert Nimmo served in the California State Senate, being a member of the senate rules, finance, agriculture and revenue and taxation committees. From 1973 to 1976, he was a member of the California State Assembly for two terms prior to his election to the State senate.

In 1970 through 1973, Mr. Nimmo served as U.S. property and fiscal officer for the State of California. This position involved receiving and accounting for all Federal property and Federal funds furnished the State of California for support of the Army and Air National Guard. His further service to his State of California over a period of some 15 years was in the California State Military Department in various military assignments.

From 1952 through 1955, Mr. Nimmo was engaged in livestock raising and grain farming in Terrebonne, Oreg.

Robert Nimmo was a company commander of the 161st Ordinance Co., the first National Guard unit called to Federal active duty in Korean conflict. He served as division ordinance supply officer, 7th Infantry Division, Korea, in winter of 1951–52.

He had a most distinguished record in World War II. During World War II, the VA Administrator-designate was a pilot in U.S. Army Air Corps. He served with 8th U.S. Air Force in England as a B–24 bomber pilot in action against Germany prior to, during, and after the invasion of Europe on D-Day, June 6, 1944.

I do not need to remind members of this body of the importance of the position of Administrator of Veterans' Affairs. The Veterans' Administration is a large, diverse and extremely important agency of the Federal Government. It needs strong and able leadership.

I am convinced the agency and the Nation will have that strong and able leadership under Robert P. Nimmo. His civilian and military background indicates the experience and the capability to fulfill all of the myriad duties of the office of Administrator of Veterans' Affairs.

Today there are nearly 30 million veterans and the VA has 230,000 employees and an annual budget of more than $24 billion.

The United States has the most comprehensive system of assistance and care for veterans of any nation in the world. The Veterans' Administration operates 172 hospitals, 16 domiciliaries, 96 nursing home units, 228 outpatient clinics and 58 regional offices.

The disability compensation and the veterans pension programs have grown into two of the Nation's largest income maintenance programs, with total combined expenditures of $21.7 billion.

Of course, one of the most successful programs administered by any governmental agency has been the GI bill education program which has helped to educate over 18 million veterans. More than 7.5 million persons have been trained at the college level, including your loyal correspondent.

The investment of almost $15 billion in education over the past quarter century has been more than repaid by a better educated citizenry and by additional taxes paid to the Government by veterans who increased their earning capacity by use of this educational benefit.

The agency has been without an administrator since February 25, 1981. It has functioned under an acting administrator during the past several months. I want to pay brief tribute to both Rufus H. Wilson and Dr. Donald L. Custis. They are to be commended for their loyal and efficient services as acting administrators during this interim period. But it is indeed time for an administrator appointed by the President to take over the responsibility of leadership of the Veterans' Administration.

Members of this Committee on Veteran's Affairs have been waiting for some time now for this day to arrive. Employees of the Veterans' Administration and all of those interested in veterans affairs have likewise been looking forward to this date of confirmation.

Those employed within the VA need to have a leader with clear access to the White House in connection with policy determinations. Congress needs to know the official position and recommendations of the Veterans' Administration on matters relating to veterans' legislation, veterans' benefits and programs. Our Committee on Veterans' Affairs especially feels the need for consultation with an administrator who will indeed be leading the VA in the weeks and months and hopefully, years ahead.

I can tell you as chairman of the Veterans' Affairs Committee I will thoroughly look forward to this consultation process and sharing of information, material, and viewpoints with the new Administrator.

Robert Nimmo as Administrator faces the challenge of an agency which has grown to enormous size and complexity. He faces a challenge of a Congress and executive branch seeking all possible ways to reduce Government spending. He faces the reality of a large veterans population with many very real problems and many active and restive veterans organizations seeking to solve and satisfy their members' problems. Important and satisfying as it may appear to be, the position of Administrator of the Veterans' Administration will be a most difficult one to fill and perform. It will not be an easy task to take on this assignment.

I certainly wish the next Administrator all of the success possible and pledge to him my cooperation, and I know that the ranking minority member of the committee, Senator CRANSTON, will extend him that wish also and that the full committee sees him as being able to meet the problems and the needs of our veterans who have contributed so much to our Nation.

I rise in strong support of the nomination of Robert P. Nimmo to be Administrator of Veterans' Affairs and urge the Senate to support the unanimous vote of the Committee on Veterans' Affairs in conforming this nomination.

I thank you, Mr. President.

Mr. CRANSTON. Mr. President, I join with my good friend and chairman of the Veterans' Affairs Committee in supporting the nomination of Robert Nimmo, a Californian, to be the new Veterans' Administrator.

He has a fine record of public service, and I shall not go into the details since they were set forth by the distinguished chairman of the committee. In the hearing we held yesterday on the nomination, he displayed a remarkable grasp of the issues that will confront him and a determination to all within his capacity, and I think his capacities are considerable, to deal effectively with the many problems confronting the veterans of our country.

I am delighted to support the nomination. I wish him well and look forward to working with him.

I join in paying tribute also to Rufus Wilson and Dr. Custis for the fine work that they have been doing in the Veterans' Administration.

I hope very much that the new Administrator will carry on the tradition of compassion and deep concern for each individual veteran that characterized the work as Administrator Max Cleland.

I am delighted now to join in supporting the nomination.

Mr. THURMOND. Mr. President, I rise in support of Robert P. Nimmo as Administrator of Veterans' Affairs. The Senate Committee on Veterans' Affairs conducted hearings on Bob Nimmo yesterday and unanimously reported him out of committee yesterday afternoon.

Mr. President, Bob Nimmo is a very qualified individual for this post. He served his State of California and the Nation in two wars—World War II and Korea. As a member of the State assembly and senate, he is aware of the workings of the legislative branch of Government and its interaction with the executive branch. These experiences will serve him well as Administrator.

Mr. President, I have found Bob Nimmo to be a man of character and integrity. During the past several months, he has taken a firm hand on the affairs at the Veterans' Administration and has established himself as a strong manager of this $24 billion agency. He has the capacity to be a great leader for the 30 million veterans in this Nation.

Mr. President, I have observed that one of the most outstanding qualifications of Bob Nimmo is that he is truly committed to the well-being of the veterans of this Nation. He is committed to a quality health care system that is efficient and effective.

Mr. President, I support Bob Nimmo for Administrator of Veterans' Affairs and urge my colleagues to do likewise.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. CRANSTON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENT OF JUSTICE AUTHORIZATIONS, 1982

Mr. BAKER. Mr. President, earlier in response to a question by the minority leader as to the situation were cloture to be invoked against the Johnston amendment on Monday, I answered, I believe, that in that event provisions of rule XXII would apply, which, of course, in my view is correct. I did not mean that, and I believe perhaps others did misinterpret it, but I wish to state for the RECORD I did not mean that that answer in any way diminishes the effect of the previous unanimous-consent order which was granted by the Senate which gives to the majority leader, after consulting with the minority leader, the opportunity on or after next Wednesday to move to consideration of either the reconciliation bill or the tax bill in the place instead of the Department of Justice authorizations bill.

Could I inquire of the minority leader if he has a similar understanding of the situation?

Mr. ROBERT C. BYRD. Mr. President, the distinguished majority leader has enunciated the intent and understanding of the order and of the majority leader's response to my question, and I so state it for the RECORD.

Mr. BAKER. I thank the minority leader.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I know of no further business to come before the Senate now. I will inquire of the minority leader if he has further business to transact.

Mr. ROBERT C. BYRD. Only a brief statement.

Mr. BAKER. I yield the floor.

AN EXPLANATION OF THE VOTE ON THE MOTION TO INVOKE CLOTURE ON S. 951

Mr. ROBERT C. BYRD. Mr. President, the vote earlier today on the motion to invoke cloture on S. 951, the Department of Justice authorizations bill, was a very complex vote that easily could be misunderstood. I want to clarify the situation, as I see it. I believe it is fair to say that my colleagues voted "No", each for several different but compelling reasons, and each Senator may state his own reasons or have his own reasons.

A vote against cloture on the bill, as I see it, could mean that the Senator so voting supported the Helms-Johnston approach to the busing question and did not want to see that amendment ruled out of order for not being germane.

On the other hand, as I see it, some Senators who voted "No" support busing as a remedy that the Justice Department may seek and that Federal courts may order. Those Senators may have supported the continued filibuster against the Helms-Johnston amendment No. 96 (as modified); they may not have wanted the Helms amendment No. 69 considered under the time limitation provided for in the rule XXII if cloture were invoked.

I am foursquare against the use of forced busing, and have been from the very beginning, for the purpose of achieving an arbitrary racial balance in public schools. However, I voted "No" against the motion to invoke cloture for another reason. Had the motion to invoke cloture succeeded, cloture would have precluded the Democrats from offering our crime control package which has been developed by Senators BIDEN and NUNN and other Democratic Senators, with the support of the Democratic conference.

We are very concerned about the problem of crime that plagues our society. We want an opportunity to immediately address this problem by debating and voting on the Democratic crime control amendments to the bill. We will lose that opportunity if cloture is invoked on the bill.

Mr. President, I yield the floor.

RECESS UNTIL MONDAY, JULY 13, 1981

Mr. BAKER. Mr. President, I know of no further business to be transacted by the Senate, and in the absence of a request for recognition, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 12 noon on Monday.

The motion was agreed to; and the Senate, at 4:32 p.m., recessed until Monday, July 13, 1981, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate July 10, 1981:

DEPARTMENT OF STATE

John Langeloth Loeb, Jr., of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Denmark.

Keith Foote Nyborg, of Idaho, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Finland.

AGENCY FOR INTERNATIONAL DEVELOPMENT

Julia Chang Bloch, of the District of Columbia, to be an Assistant Administrator of the Agency for International Development, vice Calvin H. Raullerson, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 10, 1981:

DEPARTMENT OF THE INTERIOR

Richard Mulberry, of Texas, to be Inspector General, Department of the Interior, vice June Gibbs Brown.

COMMUNITY SERVICES ADMINISTRATION

K. William O'Connor, of Virginia, to be Inspector General, Community Services Administration, vice Frankie Muse Freeman.

DEPARTMENT OF STATE

Paul Heron Robinson, Jr., of Illinois, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Canada.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

COUNCIL OF ECONOMIC ADVISERS

Jerry L. Jordan, of New Mexico, to be a Member of the Council of Economic Advisers, vice Stephen M. Goldfeld, resigned.

VETERANS' ADMINISTRATION

Robert P. Nimmo, of California, to be Administrator of Veterans' Affairs, vice Joseph Maxwell Cleland, resigned.

EXTENSIONS OF REMARKS

TRIBUTE TO DR. PHILIP HANDLER

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. FUQUA. Mr. Speaker, I want to take this opportunity to pay tribute to one of the truly outstanding scientists and one of the most important figures in science policy of our time—Dr. Philip Handler, who is retiring after 12 years as President of the National Academy of Sciences.

The Honorable LARRY WINN of Kansas, ranking minority member of the Committee on Science and Technology, joins me, as chairman of the committee, in expressing gratitude to Dr. Handler for his many significant services to the legislative branch. Even before Dr. Handler's tenure with the Academy, many of us on our committee and on other committees in the House had frequent, productive liaison with him during the decade he spent as a member of the National Science Board, much of that time as Board Chairman. I know that I am speaking for a large number of the Members of the House in wishing Dr. Handler well in the future and in expressing our highest regard, admiration, and thanks for his past endeavors and many achievements.

Mr. Speaker, at this point, I wish to call attention to a resolution adopted a few days ago by the Academy's Governing Board of the National Research Council—and also to a pertinent and informative letter about Dr. Handler written by Mr. Howard Lewis, Director of the Office of Information of the Academy. They are as follows:

RESOLUTION

Whereas Philip Handler has been President of the National Academy of Sciences and Chairman of the National Research Council for twelve years, July 1, 1969 to June 30, 1981, the maximum length of service permitted in those offices by the bylaws of the National Academy of Sciences; and

Whereas by virtue of his eminence in his own field of biochemistry, and his wide-ranging knowledge of the substance and significance of advances in every field, he has added luster to the National Research Council; and

Whereas by vision, imagination, and administrative vigor he has during those years brought the National Research Council to new levels of service to science, technology, and the nation; and

Whereas by his keen sense of both the potentialities and the limitations of science and technology he has guided the National Research Council with a sure hand in the crucial areas where its work increasingly impinges on matters of legislation and public policy; and

Whereas by his intellectual force, his clarity of thought, and his power of expression he has won widespread respect in the Executive and Legislative Branches of the United States Government as the authoritative spokesman for the National Research Council and as a leader of the national scientific and technological enterprise; and

Whereas he has steadfastly guarded the integrity and independence of the National Research Council as a unique instrument for public service; and

Whereas he has inspired and directed the most fundamental reorganization of the National Research Council in its history, greatly enhancing its ability to deal not only with scientific and technological problems but also with the interactions between science and technology on the one hand and the issues and problems confronting society on the other; and

Whereas he has instituted farseeing policies and procedures within the National Research Council to insure its standards against erosion and to safeguard its undertakings against bias and undue influence; and

Whereas he has administered the office of Chairman of the National Research Council with a rare combination of skill, strength, and human understanding: Now therefore be it

Resolved, That the Governing Board extends to Philip Handler on behalf of the entire National Research Council this expression of its admiration and affection, and, above all, its profound gratitude for his twelve years of distinguished and devoted leadership.

NATIONAL ACADEMY OF SCIENCES,
Washington, D.C., June 3, 1981.

Dr. MARTIN SULLIVAN,
The Institute on Man and Science,
Rensselaerville, N.Y.

DEAR DR. SULLIVAN: At the request of Dr. Clinchy, I write to suggest some language that you might wish to use to illustrate the contributions that Dr. Handler has made to the Academy, to science, and to the human condition. Naturally, I am more familiar with some aspects than with others, but I shall try to maintain some sort of rough balance among the various sectors.

With respect to the Academy, when Dr. Handler in 1969 began his first term as president, he brought with him a plan to reorganize the National Research Council, which had been since 1916 the principal mechanism within the Academy for performing studies on behalf of the federal government. With the guidance of a committee of Academicians, Dr. Handler's reorganization plan provided concrete results: (1) it enlarged the Research Council's capacity for service, (2) it insured that no studies would be accepted without the prior review of distinguished authorities in the field, and (3) it guaranteed that the work performed would be in accordance with sound scientific principles. At the same time, he brought into being a Report Review Committee, the purpose of which was to insure that the completed studies responded to the original charges to them and that their conclusions and recommendations were germane to the scientific evidence provided.

His second major accomplishment for the Academy, in my view, was to enable the institution to enter an arena of high visibility, during a period of intense public cynicism, to undertake the study of highly charged public-policy issues, and yet emerge with its reputation for integrity and objectivity enhanced rather than damaged.

This countercurrent accomplishment can be traced primarily to certain procedural innovations he recommended to the Academy Council—to assure balance in the Research Council's study committees and to permit maximum public access to their deliberations. But in no small measure it was also due to his unflagging insistence that the conclusions and recommendations of the study committees conform strictly to the scientific evidence rather than to the popular perceptions of the day.

You may also be interested in the services he performed on behalf of fellow scientists suffering harassment from repressive regimes. These activities began early in his 12-year presidency, first in persistent but quiet diplomacy with his counterparts in the Soviet Union and other countries and eventually—as quiet diplomacy, in the words of Jacobo Timerman, became silent diplomacy—through the news media. although he sought to intercede personally on behalf of a number of foreign colleagues, including Benjamin Levich and more recently Orlov and Shcharansky, his major efforts were directed toward the protection of Andrei Sakharov, a distinguished physicist and foreign associate of the Academy.

In collaboration with the Academy foreign secretary, Harrison Brown, he made public vigorous protests to their Soviet counterparts on behalf of Sakharov in 1973, when it appeared that Sakharov might be imprisoned or even physically harmed as a result of his criticisms of current Soviet policies. Mindful of the potentially bitter outcome, Dr. Handler, nevertheless warned that the beneficial exchange of scientists and scientific information carried out under a formal agreement between the two academies would be seriously threatened were any harm to come to the Academy foreign associate as a result of his forthrightness.

Although the Soviet Academy peremptorily rejected the protest, a New York Times reporter on the scene later credited the Academy's intercession with primary responsibility for the temporary Soviet retreat that followed. Later, Dr. Handler had the gratification of a personal acknowledgment to this effect from Sakharov himself.

A few years later, Dr. Handler appointed an Academy Committee on Human Rights to facilitate the participation of several hundred members of the Academy in such affairs—not only vis-a-vis the Soviet Union but also with respect to a number of other nations engaged in the repression of scientists for solely political reasons.

In February 1980, as leader of the American delegation to the Hamburg "Scientific Forum" of the Conference on Security and Cooperation in Europe, he successfully led the effort of a number of Western European

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● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

delegations to insert in the final report of the Forum an unprecedented affirmation—for that continuing body—of the universality of scientific freedom. Approved by all participating nations, including those of the Eastern bloc, that report affirmed the desirability of "providing equitable opportunities for scientific research and for wider communication and travel necessary for professional purposes." Hardly a revolutionary utterance in the West, but a pregnant statement to emerge as a consensus of East and West.

The report went on to say:

"It is furthermore considered necessary to state that respect for human rights and fundamental freedoms by all States represents one of the foundations for significant improvement of their mutual relations and of international scientific cooperation at all levels."

Thus was a linkage forged between the strong endorsement of international cooperation in science and technology on one hand and profound statements concerning human rights and fundamental freedoms on the other. In recognition of his extraordinary contributions, Dr. Handler was invited to address the full CDCE meeting in Madrid the following December, specifically on the subject of Andrei Sakharov.

Finally, you may want to take note of the highly successful efforts of both Dr. Handler and his wife, Lucille, to bring about a new and marvelously congenial relationship between the Academy and the broader Washington community—in the lively arts and humanities as well as the natural sciences.

An Arts-in-the-Academy program was begun, initially supported by honoraria Dr. Handler turned over to a special fund, that brought splendid works of art to the Academy in temporary exhibitions or as additions to the Academy's own collection. A monumental statue of Albert Einstein, erected by the Academy on its own grounds to commemorate the centennial of his birth, has become an objective of tourists and Washingtonians alike.

Dance groups and musical ensembles now perform in the Academy's fine new auditorium, several benefiting from an Academy subsidy. A number of annual social events to which local artistic, political, and community leaders are invited have already become part of Washington tradition.

Through the efforts of this remarkably gifted and eloquent man, the nation has gained a new source of insight into the scientific nature of some of its most grinding issues, the scientific community has gained an indestructible anchor point within the councils of the federal government, and the city of Washington has come to look upon the National Academy of Sciences as a source of delight as well as wisdom.

Very sincerely,

HOWARD J. LEWIS, *Director.*●

CHARLES O'BRIEN, AN EXAMPLE FOR US ALL

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. GOODLING. Mr. Speaker, I am proud to announce to the Members of Congress that the spirit of adventure and the joy of accomplishment still endure as American values.

Mr. Charles O'Brien, an attorney from my district, is 1 of the 10 handicapped climbers to conquer the summit of Mount Rainier in the State of Washington on July 3. Mr. O'Brien, who lost part of his left leg while serving in Vietnam, was determined to demonstrate that his handicap need not impede him in his endeavors, whatever they might be. His aim and hope was to show that he need not shun physical challenges: I think he commendably proved his conviction. Mr. O'Brien's happiness after the successful ascent was followed by the news that his wife had given birth to a twin daughter and son on Independence Day.

The climbers' accomplishment, coming less than a month after the most tragic mountaineering disaster in our Nation's history had occurred on the same mountain, is surely an achievement we can all admire. Their fortitude and perserverance in the face of the mountain's obstacles, let alone those the climbers encounter in daily life, create within us a new spirit of hope and confidence in our attempt to influence our lives and to succeed beyond the expectations of others. Their achievement should elicit a similar kind of resolution to succeed and endure.

I take pride in representing constituents like Mr. O'Brien; his hard-fought struggle and his triumphant success should serve as examples of the rewards we all can achieve, and the accomplishments we all can share.●

SUPPORT FOR INNER CITIES/ SMALL BUSINESS

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. BIAGGI. Mr. Speaker, earlier this week I presented testimony to the House Subcommittee on Economic Stabilization in support of the Urban Jobs and Enterprise Zone Act of 1981.

Simply stated, this bill, H.R. 3824, seeks to stimulate much needed economic growth in our Nation's most severely distressed urban areas. To accomplish this goal the proposal calls for Federal and local tax incentives and regulatory relief to encourage new businesses to locate and prosper in urban areas with a high unemployment and poverty level. Particular emphasis is placed on targeting the vast energies and creative genius of small business on these urban enterprise zones.

I ethusiastically endorse this proposal as a creative solution to severely economically depressed areas, like the South Bronx in my own congressional district, that have failed to respond to traditional development tools that include grants, loans, and loan guarantees.

However, while the enterprise zone approach offers much needed hope to the urban revitalization effort, it is intended as a supplement—not a replacement—for already existing urban development programs. Unfortunately, President Reagan's budget cuts have significantly reduced programs such as the urban development action grant (UDAG) program, and the Economic Development Administration's loan guarantee, direct loan and grant programs, which have provided billions of dollars in vital urban development assistance over the past several years.

I joined a large number of my colleagues in opposing President Reagan's budget proposal, largely because it forces urban residents, and others on fixed and low incomes to bear an unfair share of the economic burden. Now, we can only hope that President Reagan does not totally abandon our Nation's cities and works as effectively for the urban enterprise zone proposal—which he endorsed during the Presidential campaign—as he did in cutting billions of dollars out of existing urban development programs.

Mr. Speaker, at this time I am inserting the full text of my testimony in support of the Urban Jobs and Enterprise Zone Act of 1981.

STATEMENT OF HON. MARIO BIAGGI BEFORE THE HOUSE SUBCOMMITTEE ON ECONOMIC STABILIZATION, JULY 8, 1981

Mr. Chairman, as a cosponsor, I wish to express my full support for H.R. 3824, the "Urban Jobs and Enterprise Zone Act of 1981."

In general terms, this legislation seeks to stimulate much needed economic growth in distressed urban areas. The formula to be used to accomplish this goal includes: selecting a number of our nation's most depressed urban areas—based on unemployment and poverty criteria; providing these so-called "urban enterprise zones" with Federal and local tax incentives and regulatory relief to encourage new businesses to locate and prosper in these distressed areas; and requiring businesses in these zones to hire a significant number of their workers from the surrounding community.

Specific incentives that would be offered to these selected communities, include elimination of the capital gains tax, dramatic reductions in the income tax structure, and allowance of a tax credit to help rebuild low-income rental housing. In addition, another important provision of this legislation would require local governments to take similar steps aimed at providing economic and administrative relief to employers and employees within the zones.

Certainly, a key component to this proposal is its emphasis on keeping newly generated dollars within the distressed communities themselves. A major flaw in other urban renewal plans has been bringing business into a high unemployment area and allowing jobs to be filled by persons outside the community. Under H.R. 3824, a business is required to hire a significant number—at least 40 percent—of their employees from within the enterprise zone, or the immediate surrounding area. In addition, tax incentives

would be offered to ensure that adequate rental housing is available within the community for prospective employees.

Simply stated, this proposal offers a creative solution to severely distressed urban areas that have failed to respond to traditional development tools that include grants, loans, and loan guarantees. There is certainly no better example of this problem than the South Bronx, which comprises part of my 10th Congressional District.

Despite the billions of Federal dollars that were pumped into the South Bronx during the Carter Administration, the situation has not improved. The South Bronx population has declined 20 percent since 1970, while the number of welfare recipients during that same period has dropped by less than three percent. While 11.6 percent of all Americans were considered to be living at or below the poverty level in 1979, recent estimates show that 29.3 percent of South Bronx residents live in poverty. Likewise, while the national unemployment rate was 7.6 percent in 1979, the South Bronx reports approximately 25 percent of its residents are out of work.

The enterprise zone approach seeks to address this problem by creating an extremely attractive environment for private business through reductions in taxes and bureaucratic redtape that tend to stifle an energetic and creative entrepreneur. The success of this proposal hinges on the assumption that small, innovative businesses—which are so vital to the job market and overall economy of any inner-city—are willing to take risks if only given the chance.

Certainly, it is a risk for any business—large or small—to venture into a distressed area like the South Bronx. This responsible legislation recognizes this fact and offers special incentives to make that risk worth taking, especially for small businesses that might not otherwise exist.

Further, it is important to note that while this proposal calls for major tax reductions, the net long-term result at both the local and Federal level should be substantial cost "savings." These tax reductions are actually expected to stimulate significant increases in both business and personal income tax revenues in a community that was previously generating little, if any, of either. For example, it is anticipated that this proposal will result in thousands of inner-city residents leaving the welfare roles in exchange for "taxable" employment income.

However, while the enterprise zone approach offers much needed hope to the urban revitalization effort, it is intended as a supplement—not a replacement—for already existing urban development programs. Unfortunately, President Reagan's budget cuts have significantly reduced programs such as the Urban Development Action Grant (UDAG) program, and the Economic Development Administration's loan guarantee, direct loan and grant programs, which have provided billions of dollars in vital urban development assistance over the past several years.

I joined a large number of my House colleagues in opposing President Reagan's budget proposal, largely because it forces urban residents, and others on fixed and low incomes to bear an unfair share of the economic burden. Now, we can only hope that President Reagan does not totally abandon our nation's cities and works as effectively for the urban enterprise zone proposal—which he endorsed during the Presidential campaign—as he did in cutting billions of dollars out of existing urban development programs.

Mr. Chairman, since the beginning of our free enterprise system, small businesses have served as the backbone of our economy. At times, we seem to have overlooked the special needs of the entrepreneur and our economy has suffered as a result. For the sake of our inner-cities, we cannot afford to make that mistake again. Instead, we must target the vast energies and genius of small business on our distressed urban areas.

I am encouraged by these hearings today, and especially pleased that earlier this week Connecticut became the first State to authorize their own version of the urban enterprise zone plan. As a result, businesses located in depressed areas of Connecticut cities will receive corporate income tax reductions, $1,000 grants for each job created, significant reductions in local property taxes, State-financed training assistance for their employees, a freeze on local tax assessments for business and residential buildings, and low-interest, start-up loans. History would indicate the plan will succeed. Under a 1978 Connecticut law, 200 businesses have taken advantage of less substantial incentives in depressed areas.

As an active supporter of this bi-partisan proposal, I am hopeful and would strongly urge that the Urban Jobs and Enterprise Zone Act of 1981 will receive the prompt and favorable consideration it merits by the full Congress.●

TRIBUTE TO PETER B. BENSINGER

HON. LAWRENCE COUGHLIN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. COUGHLIN. Mr. Speaker, today marks the retirement of Peter B. Bensinger as Administrator of the U.S. Drug Enforcement Administration, a position in which he has served ably for the past 5½ years.

As a member of the House Select Committee on Narcotics Abuse and Control, I have had the great privilege of working closely with Mr. Bensinger on our common concerns about drug abuse problems and want to express my gratitude to him for the cooperation and consideration which he has always given to me and to the committee.

First appointed by President Gerald Ford, Mr. Bensinger has spearheaded DEA efforts under three administrations. During this critical period, real progress was achieved in the war on drug abuse in no small part due to Mr. Bensinger's capable and effective leadership. The number of drug overdose deaths, for example, has dropped significantly since 1976.

Last year the select committee conducted field hearings in Philadelphia which uncovered an extensive problem with the proliferation of illicit laboratories that produce methamphetamines or "speed." The success of these hearings in focusing public attention on this danger and in initiating closer law enforcement cooperation to combat it would not have been possible without the complete cooperation and support of Peter Bensinger and his agency.

I hope the select committee can continue to call on Mr. Bensinger from time to time to contribute his expertise on drug enforcement matters. I congratulate him on his service to the Nation and wish him every success in his future activities.●

OIL PROFITS FOR OIL EXPLORATION

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. WALGREN. Mr. Speaker, I want to bring to the attention of my colleagues a major study just released by the Energy Action Educational Foundation. This study on the spending habits of the Nation's 16 largest oil companies shows that the major companies are "hoarding extra cash and acquiring competing firms, rather than increasing the search for U.S. oil and natural gas."

When the United States is still dependent on OPEC and most Americans are having trouble heating their homes in the winter and filling their gas tanks, the major oil companies cannot continue to reap billions of dollars at the expense of the middle-income taxpayer without putting those billions back into energy exploration.

The study follows:

ENERGY ACTION STUDY SHOWS MAJOR OIL COMPANIES HOARD EXTRA CASH AND ACQUIRE COMPETING FIRMS RATHER THAN INCREASE SEARCH FOR U.S. OIL

New York/Washington: The Energy Action Educational Foundation today released a major study on the spending habits of the nation's 16 largest oil companies.[1] The study shows that the major companies are hoarding extra cash and acquiring competing firms, rather than increasing the search for U.S. oil and natural gas.

This is the first independent, exhaustive scrutiny of the oil companies' earnings and spending.

Commenting on the startling findings, Energy Action director, Edwin Rothschild, stated, "The results of this study repudiate not only the self-serving and misleading oil company pronouncements on profits, but also the claimed social benefits of their investment strategies.

"The facts show that when these companies got the extra cash from decontrol and higher OPEC prices, they chose to spend a tiny percentage of it on finding oil and gas here at home."

Entitled "Where Have All the Dollars Gone?" the Energy Action report concludes that:

[1] Exxon, Mobil, Texaco, Socal, Gulf, Amoco, Arco, Shell, Sohio, Conoco, Phillips, Sun, Union, Getty, Occidental and Tenneco.

Only 18%, or $5 billion, of the major oil companies' increased financial resources were used to explore for and produce oil and gas in the U.S. in 1980. Decontrol and OPEC price hikes increased the major oil companies' profits and other available cash by $29 billion between 1978 and 1980. Of that amount, only $5 billion was invested in the exploration and production of domestic oil. Another $2 billion, or 8%, was used to acquire land in the U.S. (not including the land acquired in the purchase of competing firms), and $3 billion, or 10%, was used to explore for and produce oil and gas overseas.

The companies spent twice as much to acquire competing firms and to invest in nonpetroleum lines of business than they did to explore for and produce oil and gas in the U.S. In all the companies' spent $11 billion, or 37%, or their increased financial resources to acquire competing oil companies, other firms and on investments in their nonpetroleum lines of business.

The major oil companies are spending more of their increased financial resources to gain control of land in the U.S. than they are to find and develop U.S. oil and gas. One out of every four dollars of increased oil company spending in 1980 was used to acquire land in the U.S. Between 1976 and 1980, the non-producing acreage of the 16 major companies increased by 46 percent while their producing acreage increased by only 1 percent.

The nation's four largest companies—Exxon, Mobil, Texaco and Standard of California—reinvested an even smaller share than the others of their increased financial resources in the search for domestic oil and gas. Between 1978 and 1980 these companies spent 6 percent on domestic exploration and production, 11 percent to acquire land in the U.S. (including acquiring other companies) and 9 percent on foreign exploration and production.

The top four oil companies devoted 36 percent of their extra cash flow—more than they reinvested in their petroleum operations—on increasing their hoard of cash and marketable securities. Exxon alone has $4.9 billion worth of cash and marketable securities which is comparable to the holdings of some of the nation's largest banks.

Between 1978 and 1981 the oil companies will have increased spending to find and produce oil overseas as quickly as they will have increased spending to find and produce oil here at home. Indeed, in 1981, the first year of decontrol, the industry plans to increase its overseas exploration and production spending by 40 percent, while increasing its spending here at home by only 16 percent!

Acquisitions and non-petroleum investments are the fastest-growing use of oil company cash, increasing by over 200 percent between 1978 and 1980.

Oil company spending, oil company acquisitions and accumulation of cash and marketable securities are driven primarily by the explosive growth of net income (profits). Thus,

Over the last two years oil company profits have increased by 117 percent, while profits for the rest of U.S. industry increased by only 13 percent! The 16 companies had combined profits of $27 billion in 1980, and the oil industry as a whole accounted for 40 percent of all manufacturing profits in the U.S.

In 1980 the top five oil companies earned as much profit as more than 700 of the 1000 largest manufacturing corporations in the U.S. Exxon, alone, accumulated profits almost equal to the amount earned by the Fortune Second 500.

"For the last two years," said Rothschild, "in every forum from Op-Ed advertisements to testimony before Congress, spokesmen for the companies have repeated their three point program for energy independence: more revenue through decontrol, less taxation through reduction or elimination of the windfall profits tax, and greater access to federal lands. They insisted that every dollar was needed for the effort and that more land was needed for exploration. But now the facts are in. The facts show that when these companies got the extra cash from decontrol and higher OPEC prices, they chose to spend a small fraction of it on finding oil and gas here at home."

"The people of this country ought to get a clear and honest explanation from the American Petroleum Institute, the oil companies' public relations arm, why it is that the major oil companies, despite decontrol, despite oil at $35 per barrel and despite billions of additional dollars, are spending less of their available resources today to find oil and gas than in 1978 when controls kept the price of domestic oil at $9 per barrel and when the industry complained of a capital shortage," Rothschild stated.

Rothschild added, "This report shows that despite their claim that the windfall profits tax is keeping them from spending all they might, the major companies are using their cash windfall to acquire competitors, buy more land than they can possibly explore efficiently and hoard vast amounts of cash. These spending habits raise serious questions about the efficacy of natural gas decontrol and the expanded leasing of federal oil and gas lands."

"This report shows," Rothschild said, "that the companies are accumulating cash faster than they are able, or are willing, to spend on the legitimate search for oil and gas. Under these circumstances, an energy policy designed to turn over even more billions of dollars to the major oil companies in the hope that it will be applied toward a rational and efficient strategy to alleviate our energy problems is not just politically foolhardy, it is economically ruinous."

"The price other industries and consumers have paid," continued the Energy Action director, "to allow the oil companies to idle billions of dollars, hoard millions of acres of land and buy up competitors has been extremely high. Oil company profits have come at the expense of other major, basic American industries. In 1980, for example, Gulf generated more funds from operations than the U.S. automobile industry and Phillips Petroleum generated more funds than America's five largest steel manufacturers. While the major oil companies drown in more cash than they can intelligently and efficiently spend, the rest of American industry struggles amidst a paralyzing capital shortage which has forced interest rates to 20 percent, which severely restricts most industries from retooling and modernizing to face stiff competition from more efficient foreign firms."

"Decontrol," said Rothschild, "coupled with the mild windfall profits tax has been an energy policy failure. The nation would be importing less oil, be less dependent on insecure foreign sources, be enjoying a more stable economy and a higher standard of living, if the extra revenues shifted to the companies from decontrol were invested in conservation, mass transit and solar energy rather than used to acquire other companies, hoard land and accumulate large reserves of cash and marketable securities."

"In 1980," Rothschild pointed out, "the 16 companies alone used more than $25 billion for purposes other than petroleum investments and dividends. That $25 billion could have been used to completely weatherize every low income household in the nation, or make $500 conservation grants to more than two-thirds of all the households in America, which could have cut 300 million barrels of imported oil and saved $10.5 billion from going to OPEC. Twenty-five billion dollars is more than five times what the federal government has spent to develop solar energy."

"Finally," Rothschild said, "the oil companies' record raises fundamental equity questions. Did Congress make the right choice in allowing these companies to earn enormous profits that were not reinvested in the search for oil and gas while higher prices caused untold hardships for millions of Americans? Was it equitable for Sohio to purchase nearly $2 billion in long-term U.S. Treasury notes in 1980, money which could have been used to provide $1,000 grants to nearly 2 million low-income households, or to protect many of the nation's senior citizens who were forced to enter nursing homes because they could not afford their energy costs, or to protect thousands of parents from making the choice between heating their apartments and feeding their children?"●

BUTTER SUBSIDIES FOR THE SOVIET UNION

HON. DONALD J. PEASE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. PEASE. Mr. Speaker, I am very concerned about a report in the Washington Post today detailing plans to sell surplus butter to New Zealand. The butter could then be resold to the Soviet Union. If the United States sells the butter at current market prices, the result would be a $50 to $100 million subsidy to the Soviet Union. In other words, the butter would cost the Soviet Union approximately $1.05 per pound while U.S. consumers are paying almost twice that.

Current storage and distribution of our surplus dairy products is certainly a costly problem. But the Agriculture Department is looking in New Zealand for solutions, and they should be looking in their own backyard. The Agriculture Act of 1980 provides for food bank demonstration projects. These projects would provide a vehicle for distribution of surplus dairy products to the poor and needy people of this country.

The Agriculture Department has yet to implement these projects, 7 months after they were signed into law. I believe their energy and attention needs some direction, Mr. Speaker. They apparently cannot see the forest for the trees. Until every hungry and needy person in this country has food avail-

able to them, a subsidy to the Soviet Union, direct or indirect, is out of the question.●

MIDDLE CLASS, SMALL BUSINESS GIVEN HIGH PRIORITY BY FORD

HON. HAROLD E. FORD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. FORD of Tennessee. Mr. Speaker, recently I wrote the following opinion column for the Memphis Commercial Appeal so my constituents would have the opportunity to examine the advantages and disadvantages of the two tax cut proposals—one developed by the Reagan administration and the other devised by Ways and Means Democrats. I am inserting a copy of the article for the benefit of my colleagues and readers of the CONGRESSIONAL RECORD:

[From the Memphis Commercial Appeal, July 10, 1981]

MIDDLE CLASS, SMALL BUSINESS GIVEN HIGH PRIORITY BY FORD

(By HAROLD FORD)

Now that the budget debate is over, and more than $38 billion in budget cuts for fiscal year 1982 have been approved by the House and Senate, attention is being focused on phase II of President Reagan's Economic Recovery Plan—the tax cut package. As a member of the Ways and Means Committee, the tax-writing body for the U.S. House of Representatives, I have, over the months, listened and questioned a variety of economic and tax experts, administration officials, and business leaders on their testimony before my Committee.

From these discussions, two tax packages are now being considered by the Ways and Means Committee. One was developed by the Reagan administration, while the other was devised by Democratic members of the Ways and Means Committee. The two packages are vastly different in their approaches toward providing tax cuts for both individual citizens and the business community.

The major difference in the two tax proposals for individuals is that the administration's tax package is targeted to primarily benefit higher income taxpayers (incomes exceeding $50,000), while the Democratic tax plan is targeted to favor middle income taxpayers (income levels between $15,000 and $50,000).

Under the Democratic tax proposal, taxpayers in income groups between $15,000 and $50,000 would receive 67 percent ($31.7 billion in 1982) of the cuts as compared to 57 percent ($23.3 billion in 1982) under the administration's tax plan. This is accomplished because the Democratic tax package is skewed toward middle income taxpayers, while the administration's provides an across-the-board cut. His package results in more favorable treatment of higher income taxpayers. Yet, it is the middle class and the working poor taxpayers in American which has been hit hardest by inflation and significant increases in the Social Security payroll tax.

The tax plan developed by the administration offers little in real tax cuts to those in the $20,000 to $30,000 range. When payroll taxes (Social Security) and inflation are factored in, the results are an average cut of 3 percent as compared to a 7.8 percent for taxpayers making over $100,000, and 16 percent for those making over $200,000. Again, the administration's tax package is designed to benefit the wealthy. When various income levels are considered, the administration's tax plan will actually result in tax increases for those at the bottom of the income scale.

In an effort to provide real tax relief to this group of taxpayers, the Democratic tax plan would raise the zero bracket amount (standard deduction), and expand the earned income tax credit. These steps will mean a tax cut for those workers rather than the tax increase they face under the administration's tax plan.

Furthermore, the Democratic tax plan provides additional benefits to the middle-income taxpayers by easing the current marriage tax penalty, and by increasing child care tax credits. Presently, the tax laws fall harder on working married couples than two single taxpayers earning the same salaries. The tax plan developed by the Democrats permits married couples filing jointly to deduct 10 percent of the earnings of the lesser-earning spouse up to a maximum of $5,000. The administration's tax plan is phased in over two years—5 percent the first, and 10 percent in the second with a maximum deduction of only $3,000.

In the area of Individual Retirement Accounts (IRA) for workers not covered by an employer's pension plan, the Democratic tax plan proposes to raise the annual maximum contribution from $1,500 to $2,000, and creates a universal IRA of up to $1,000 deduction for workers already covered by a pension plan. Additionally, the deduction for self-employed workers investing in a Keogh plan is increased from $7,500 to $15,000. The administration's tax proposal provides none of these incentives for individuals to save money.

Also, the maximum tax on unearned income (dividends, interest, etc.) is lowered under the Democratic tax plan from today's 70 percent to 60 percent in 1982, and 50 percent in 1983. This will have the effect of reducing the maximum tax on capital gains from the current 28 percent to 24 percent in 1982, and 20 percent in 1983.

The tax cut plan for individuals developed by the Ways and Means Democrats would result in a reduction in the marginal tax rate by an average of 10 percent in 1982 and 15 percent in 1983; a reduction in the maximum tax on unearned income and capital gains tax rate; a larger standard deduction; substantial relief from the marriage penalty tax; new incentives for savings; and revisions in the gift and estate taxes.

There has been much discussion about the administration's plan for faster depreciation which would permit a 15 year write-off of property, 5 years for equipment and machinery, and 3 years for vehicles. Ways and Means Democrats have proposed a simpler plan called "expensing" which would permit a full write-off deduction for equipment in the year it is purchased.

This plan would be particulary helpful to small business since bookkeeping procedures would be easier and less costly as the total write-off would occur in the first year, rather than using complicated formulas for multi-year write-offs.

The administration's tax plan provides for no corporate tax rate cut while the Democratic tax proposal reduces the rate from the current 46 percent to 34 percent over a six year period. Reducing corporate rates, I believe, is the fairest way to cut taxes because it gives each business the same proportional reduction. Small businesses with taxable earnings under $200,000 would get an even sharper rate reduction under the Democratic tax plan. Owners of small businesses would also benefit from the rise in contributions to Keogh plans, and proposed estate tax relief.

Furthermore, the Democratic tax plan gives growth industries a tax credit for a portion of research and development (R. & D.) costs which would mitigate some of the risks involved in R. & D. and also would increase productivity.

The tax proposal presented by the Ways and Means Democrats also would permit distressed industries such as auto, steel and airline corporations to "carry back" unused investment tax credits (10 percent of equipment costs) to claim against taxes paid in earlier years. The administration's tax plan does not do this.

The administration's tax plans calls for a third year 10 percent rate reduction for individuals while the Democratic tax plan provides for a two year reduction. Given our economic uncertainty, I have serious concerns about locking in a three-year tax cut which might create a tremendous deficit in the federal budget. Tax cuts represent reductions in revenues to the federal treasury which must result in either reduced spending or a deficit in the budget.

If after two years, the economy has improved significantly, I am sure the Ways and Means Committee would consider a third year tax reduction. But to be committed to a third year cut would be disasterous if the economy did not improve, and interest rates, inflation, and unemployment remained high. Most of the economists and tax experts who have testified before the Ways and Means Committee have expressed a high degree of skepticism over a long-term tax cut, especially when our defense spending will increase significantly. According to them, the combination of the two will create inflationary conditions at a time when the inflation rate is finally beginning to come down. We cannot gamble on the future of our country with an unproven tax proposal.

In some cases, the Ways and Means Democratic and the administration's tax proposals are similar; certainly, the overall goal of both plans is to provide relief to the American taxpayers, and to give incentives for individuals to save and for businesses to expand and increase productivity. The major difference revolves around the question of equity. When the American public examines both tax plans, I believe they too will reach the conclusion that the tax plan presented by the Ways and Means Democrats offers far more benefits to the American Middle Class, and small businesses. These two groups comprise the majority of our citizens, and businesses, and it is only right that they should be the focal point of any tax cut plan.●

TRIBUTE TO JAMES M. HOOKER

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. KEMP. Mr. Speaker, I would like to pay tribute to an outstanding American, a dedicated administrator, and a personal friend, James M. Hooker, Director of the Veterans' Administration Buffalo Regional Office, who passed away Friday, June 19.

Jim Hooker's career in the Federal Service spanned 3½ decades of heartfelt contribution to his agency. After defending his country in Africa, Italy, and Sicily in World War II, he was with the Buffalo VA Office when it opened its doors in 1946, serving in various responsible capabilities for 20 years until his transfer to the Baltimore Regional Office. While working as assistant director in Baltimore, he pioneered the development of the Federal Executive Board, serving as its first president.

Jim returned to Buffalo in 1970 and continued his association with the Federal Executive Board. A dedicated Government employee, Jim was committed to improving delivery of Government services to his constituents in the Niagra Frontier. For his exemplary record of integrity and devotion to the public, he received the John E. Foley Memorial Award. After his appointment as Director of the Buffalo office, Jim's career was marked with distinction; he won numerous awards as well as the admiration of his fellow workers.

Despite his countless achievements, Jim never discarded his open, jovial manner. He was always willing to hear anyone's problems, at any hour of the day or night. He was also active in many community and service organizations, particularly American Legion sponsored athletics. He devoted many hours of his rare free time to organizing Legion baseball leagues in the summer for young people.

All his life, Jim Hooker epitomized that selfless devotion to duty in Government which is the hallmark of a truly successful servant of the Veterans' Administration, his family, and the U.S. Government. His many friends across the Niagra Frontier join me in mourning his passing. Together, we fondly bid Jim farewell.●

BUDGET CUTS WILL NOT HURT THE TRULY NEEDY

HON. GERALD B. H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. SOLOMON. Mr. Speaker, there has been a lot of talk here in Congress and throughout the various Federal agencies that the budget cuts we passed 2 weeks ago are going to hurt the truly needy more than any other segment of our society.

Well, I have just returned from my district in upstate New York and I can tell you that that sort of argument is not selling in the rest of the country.

I know we have criticized the press for distorting our actions during the budget battle but I am proud to say there is a newspaper in my district that understands the games that bureaucrats play. I have here an editorial that appeared in the June 25 edition of the Saratogian, in Saratoga Springs. It is such an insightful piece I think we should all read it and learn from it. I am inserting it into the CONGRESSIONAL RECORD and I commend it to all my colleagues.

[From the Saratogian, June 25, 1981]

THE POOR: A GOLD MINE FOR BUREAUCRATS

As President Reagan's budget package continues to face opposition in the House, the latest polls reveal the president's popularity beginning to slip, particularly in regard to what is perceived as his attitude toward the poor and needy.

There is little doubt that the campaign by House Democrats to discredit Reagan's economic plan as a scheme to help the rich and hurt the poor is responsible in large part for the poll results.

Unfortunately, the root of these scare tactics likely lies with the people who administer social programs, not with the poor themselves.

Economist Thomas Sowell of the Hoover Institute at Stanford explains: "The poor are a gold mine. By the time they are studied, advised, experimented with and administered, the poor have helped many a middle class Liberal to achieve affluence with government money."

And there's fraud. For example, a dozen sponsors and contractors of New York's federally-financed summer lunch program were recently indicted on fraud charges. Agriculture Department officials estimate $20 million of the $120 million spent nationwide on the summer lunch program is actually stolen.

Temple University economics professor Walter Williams says federal, state and local government poverty programs spend about $200 billion every year.

"If we simply gave the money to the poor," he says, "each eligible family of four would get close to $40,000 a year." Unfortunately, very little of that $40,000 is left after the bureaucrats get their cut.

The lesson to be learned from all this is that one who advocates economic change and new directions need not be automatically be labeled insensitive to the poor and needy. In fact, proper changes in our current system will likely help the poor, not hurt them.●

RESULTS OF SOCIAL SECURITY QUESTIONNAIRE

HON. STEVE GUNDERSON

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. GUNDERSON. Mr. Speaker, the pending insolvency of the social security system is a fact just about everyone recognizes. To help me better understand the views and opinions of my constituents on this important issue, I held seven social security forums throughout Wisconsin's Third Congressional District during the July 4 district work period.

Some 1,000 constituents participated in the forums. We described the problems confronting the system today, discussed the options for solving the problems, and answered questions from the participants.

At each meeting, a representative of the Social Security Administration very ably answered technical questions about the system.

At the conclusion of the forums, we distributed survey questionnaire cards in an effort to ascertain community opinion on the alternative methods of handling our social security funding problems.

The responses to that questionnaire follow:

CONGRESSMAN STEVE GUNDERSON'S 1981 SOCIAL SECURITY SURVEY

[In percent]

	Yes	No
1. Raise the retirement age from 65 to 68	29	67
2. Change the timing of the cost-of-living adjustment	65	29
3. Increase the social security payroll tax on current employees and businesses	36	54
4. Use general tax revenues for social security benefits	50	39
5. Discourage early retirement before 65 by reducing benefits	60	36
6. Reduce the number of people eligible for disability benefits	72	21
7. Eliminate the nonretirement programs added onto social security over the years	80	11
8. Prohibit so-called double-dipping by those receiving social security and a Federal pension	86	10
9. Remove the limit on outside earnings while collecting social security	69	27
10. Include Federal employees under the social security system	62	30

●

POSTAL REORGANIZATION: AN EDITORIAL VIEWPOINT

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. BEREUTER. Mr. Speaker, since the Postal Reorganization Act of 1970, which abruptly removed the Postal Service from Presidential and congressional oversight, the Service has been plagued with numerous problems. The biggest of these problems has been a troublesome deficit.

The Postal Service has continued to rely on raising postal rates to pay its

debts, which has resulted in ever-increasing costs to postal patrons. The Norfolk Daily News, an important newspaper in my congressional district, recently suggested a novel approach to cut down the Service's deficit: Reduce the starting salaries of postal employees. As the News points out, the starting pay of $9.38 an hour is far above the prevailing rate for the skills required. I believe this is an approach that should be given consideration.

I ask permission to have the editorial reprinted in full:

[From the Norfolk Daily News, June 23, 1981]

WAY TO CUT COSTS

The Postal Service has twice been turned down on requests to raise the first class rate to 20 cents. Now it is said to be considering taking that step anyway. Authorities hope to avert a larger deficit.

There is another approach beyond raising mail rates, however. It would require only a small display of courage on the part of the Postal Service leaders and Congress as well. Evidence of what could be done to reduce costs—at the least to stabilize them—is seen in the statistics revealed in the recent applications for openings in the Postal Service. With job vacancies severely limited, there were still 1,297 who took a clerk-carrier text given at the Norfolk Post Office. Applications had numbered even more—2,073.

The reason for that number was, in great part, the $9.38 per hour starting pay. For the skills required, that is well beyond prevailing rates in this and most areas of the country. Even in major metropolitan areas today, these vacancies attract large numbers of applicants. Add the generous pension programs, vacations and sick leave, and applicants are attracted to postal jobs even when rates of pay are comparable.

Payroll is by far the largest ingredient in postal expense. It ought to be possible to stabilize that without severe penalty to existing employees simply by making those starting jobs comparable to similar work in other areas of government and to the private sector as well.

It is something that postal patrons ought to be demanding.●

SUPPORT OF VOTING RIGHTS ACT

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. MAZZOLI. Mr. Speaker, today I rise in support of H.R. 3112, extension of the Voting Rights Act.

Sixteen years ago Congress enacted this landmark civil rights legislation to protect the constitutional right of American citizens to vote.

At this juncture, Mr. Speaker, the progress achieved because of this law has been encouraging. Large numbers of minority citizens have registered to vote. There has been an increase in the number of black and Hispanic mayors, sheriffs, county commissioners, and State legislators.

In 1968 there were 156 black elected officials in seven Southern States. Today, there are 1,813 such officials.

The enforcement provision—the so-called preclearance mechanism—of the Voting Rights Act requires covered jurisdictions to seek approval from the U.S. Department of Justice before any State or local election law can be changed.

This provision is widely accredited with making the Voting Rights Act an effective remedy for the racial discrimination which formerly was evident at the voting booth and in the registrar's office.

Mr. Speaker, Congress can be proud of the strides taken because of the Voting Rights Act. However, the job has not been done. The successes are welcome, but the possibilities for backsliding exist.

Backsliding is particularly a possibility today because voter discrimination seldom is blatant or clearcut.

Nowadays, discriminatory techniques are more subtle. Instead of poll taxes and literacy tests, voter discrimination takes the form of annexation, redistricting, at-large elections, reregistration requirements, and candidate qualification changes.

Mr. Speaker, the Congress commitment to protecting the fundamental right to vote for all Americans must remain firm.

I, therefore, urge my colleagues to join me in supporting the extension of the Voting Rights Act.●

HARRIS POLL CONFIRMS ANTI-ELDERLY NATURE OF REAGAN ECONOMIC PLAN

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. BIAGGI. Mr. Speaker, as an original member of the House Select Committee on Aging I was interested to read in this morning's Washington Post an article summarizing the findings of a new Harris survey on the Reagan economic plan. Its most significant finding was by a 61-to-33-percent margin, Americans believe that President Reagan's new economic policies will be unfair and cause hardship on the elderly and those on pensions. This represents a complete reversal from people's views in February. It is revealing that once people see what it is in the package—their sentiments change.

Despite the administration's claims that their plan would provide a safety net for the poor and elderly—as time has gone on we are seeing how porous and hazardous this net really is. The Senate and House passed budgets—which the administration hails as largely identical to their own plan would be cruel on the elderly. An analysis prepared by the staff of the House Select Committee on Aging provides graphic illustrations:

The reconciliation bills would eliminate the minimum benefit under social security for current and future beneficiaries—the first time in history that social security benefits have been reduced for existing recipients.

House-passed reconciliation bill would also increase medicare part B annual deductible to $70. Further both reconciliation bills call for reduced spending for medicaid.

Food stamps benefits will be slashed for many elderly.

The social service block grant will cause senior centers to close across the Nation.

The Harris survey confirms what the mail in my office has been saying for the past several months—the Reagan budget is antielderly. While most of the damage has already been done in terms of congressional action on the budget—it is imperative that we work in individual appropriations bills to avert major reductions in programs and vital services to the elderly. Let the Harris survey demonstrate—that not all Americans march to the same mandate drummer as does the administration. As a fervent opponent of Gramm-Latta I and II and any which may follow, I know that my position in opposition has been based in large part over these proposals abandonment of the elderly, poor, and needy.

At this point in the RECORD I insert the aforementioned Washington Post article.

GROWING NUMBER VIEW REAGAN ECONOMIC PLAN AS UNFAIR TO THE ELDERLY, PENSIONERS, AND POOR

(By Louis Harris)

Although President Reagan won a smashing congressional victory on his federal budget cuts, he is paying a price in the rising number of Americans who believe that his economic program will be unfair to the elderly, those on pensions and the poor.

The latest Harris Survey has revealed some trends that could spell trouble for the president and the Republicans in next year's elections:

By 61 to 33 percent, a majority of Americans believe that Reagan's new economic policies "will be unfair and cause hardship on the elderly and those on pensions." In February, just after the president announced his massive spending and tax cut proposals, a 56-to-38-percent majority thought his economic plan would be fair and equitable for older citizens and those on fixed incomes. By May, the assessment of his plan was reversed and a 53-to-38-percent majority sensed inequities. Now, 61 percent think the new economic policies will cause hardship for the elderly, up 23 points in four months.

By 57 to 34 percent, a majority now believe that the president's economic policies will be "unfair to the poor and will cause hardship on them." In February, a 49-to-45-percent plurality thought the poor would not be hurt by the Reagan program. By May, this had turned around to a point

where a 50-to-41-percent plurality thought that there would be hardship for the poor.

By 54 to 39 percent, a majority still feels that the president's economic plan will be fair and equitable for them. However, back in February, a much higher 70-to-25-percent majority felt that way, so there's been a decline of 16 points over the past four months.

The groups that are worried most are people in the East and Midwest, big-city dwellers and rural residents, people under 30 and over 65, women, blacks, people with incomes under $15,000 a year, skilled labor and white-collar workers, union members, Democrats and liberals.

The Reagan program is thought to be "fair and equitable" by large numbers of people in the South and West, suburban and small-town residents, people between 30 and 49 years of age, men, whites, those in the higher income brackets, businessmen and conservatives.●

REAUTHORIZE HEAD START AT $950 MILLION FOR 1982

HON. JIM DUNN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. DUNN. Mr. Speaker, today I am introducing a resolution urging that the House reauthorize the Head Start program for 3 years at a level of $950 million in 1982 and for such sums as may be necessary the following 2 years.

Authorization for Head Start expires on September 30. The President recommended that the program be reauthorized at $950 million for 1982, an increase of $130 million over 1981.

The authorization for Head Start was inadvertently omitted from the reconciliation bill that passed the House on June 26.

Head Start is a program for primarily low-income preschool children between the ages of 3 and 5 years old. It has as its broad objective, the elimination of the gap in early childhood development between economically disadvantaged children and their more advantaged peers. The program is designed to prepare disadvantaged children for formal education, by providing health, educational, nutritional, and other social services that will help these children to start their education on a more equal basis with less disadvantaged children.

The President recognized that this program was essential to providing equal educational opportunities for the poor and included it in his safety net of programs to be spared from budget cuts.

During fiscal year 1980, 356,500 children participated in full year and 16,200 children participated in summer Head Start programs at a Federal cost of $735 million. For fiscal year 1981, appropriations of $820 million were provided for this program.

News reports of the program's omission from the reconciliation bill have understandably alarmed the Head Start community.

The Lansing Head Start program in my district is the largest in the State of Michigan. Its program serves 873 children. In addition, the Jackson Head Start program, also in my district, serves 501 children.

The participants of these programs have contacted my office to express their deep concern about the omission of Head Start's authorization from the omnibus reconciliation bill.

I am, therefore, introducing this resolution today to assure the Head Start community that Congress has a deep commitment to this highly effective and popular program and to erase any doubts as to whether Congress intends to continue it.●

ANOTHER TURKISH DIPLOMAT FALLS INNOCENT VICTIM TO ARMENIAN ASSASSIN

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. ADDABBO. Mr. Speaker, in recent years the wave of terrorism which has spread throughout the world has often taken as its victims many innocent lives, in perhaps the most blatant and senseless violation of international law known possible. Even right here in the United States many have fallen victim to foreign terrorists who have managed to enter the country. Something must be done to insure that all, including foreign visitors working here, can live safe and secure lives. The FBI must step up its actions in investigating the whereabouts of terrorist groups before there are more deaths and maimings, more senseless destruction and pain.

With this in mind Mr. Speaker, I would like to take this opportunity to call to the attention of my colleagues in the House the recent murder by the secret liberation army of Armenia of a member of the Turkish diplomatic corps in Geneva, Switzerland, the 19th victim so far.

The wave of terrorism against Turkish diplomats has also wounded many in attempted assassinations during the past few years. Even more tragically, in several cases the victims have been wives, children, or other family members innocently caught up in the violence. In all, over 40 bombings have occurred, most of them in Europe, but some right here in the United States, the most recent taking place in October 1980, in New York and Los Angeles.

The terrorist group responsible for these actions is, according to a New York Times story of February 28, 1980, PLO-trained. According to the press conference given by them in Beirut, Lebanon, in April 1980, and reprinted in the Armenian Observer, they are Marxist in ideology, anti-imperialist, and have high praise for the Soviet Union which has "granted a homeland to the Armenians." It is indeed rather strange that the group concentrates on Turkey where only 80,000 Armenians, the survivors of the 1915–1916 massacres, live, and not the Soviet Union, where the largest concentration of Armenians in the world, estimated at 1.5 million reside, and who are oppressed religiously and culturally.

Whatever their connections with the Soviets, the members of the secret army of Armenia work in favor of Soviet objectives, whether on a conscious or only parallel basis. They are both aiming at the destabilization and harming of our loyal and strategic NATO ally, Turkey.

To condemn the killings as the breach of the most elementary principles of international law is not to take sides on the ethnic disputes between Turks and Armenians, or to denounce Armenians per se. The Armenian Catholic archbishop in Turkey and his counterpart in the United States, as well as responsible Armenian American organizations have denounced the terrorists and are appalled at the foul deeds which cannot do but disservice to the Armenian minority in Turkey.

Mr. Speaker, we alone as a nation cannot stop world terrorism. What we can do is to continue to condemn those nations which knowingly harbor terrorists and continue our efforts to stop them from entering our country and taking the lives of innocent men, women, and children.●

PERSONAL EXPLANATION

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mrs. SCHROEDER. Mr. Speaker, Congresswoman MARY ROSE OAKAR and Congresswoman PATRICIA SCHROEDER were testifying in front of the Senate Committee on Social Security on how the cuts in social security will severely impact on women. Because the hearings were running late, we were forced to miss the vote on the rule on HUD and the vote on going into committee for general debate on HUD. Both of us would have voted for the rule and for going into committee.●

AWARD OF A SECOND AIR FORCE OUTSTANDING UNIT AWARD TO THE 146TH TACTICAL AIRLIFT WING, CALIFORNIA AIR NATIONAL GUARD

HON. BOBBI FIEDLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Ms. FIEDLER. Mr. Speaker, with the widespread concern over the readiness of our Armed Forces, I would like to report that one unit can surely be counted on as ready for any of its assigned missions. That is the 146th Tactical Airlift Wing of the California Air National Guard. Based at Van Nuys Airport in California's San Fernando Valley, and flying Lockheed C-130 Hercules transport aircraft, the 146th has just earned its second Air Force Outstanding Unit Award. My remarks on that occasion help underline not only the fine performance of this unit, but the importance of the 146th and all the other Reserve tactical airlift wings to the security of our Nation as a whole.

146TH TACTICAL AIRLIFT WING RECEIVES SECOND UNIT AWARD

The award of a second Air Force Outstanding Unit Award to the 146th Tactical Airlift Wing is a truly outstanding event. The Air Force has shown its recognition of "The Hollywood Guard" as one of the best units in its order of battle. I would like to add my own appreciation and, on behalf of my fellow residents of the San Fernando Valley, to join in the recognition of our friends and neighbors who serve in the 146th.

Field Marshal Viscount Slim of Burma, the famous British leader of the Second World War, said that a reservist is twice a citizen. I think the 146th is the best proof one can find of this. Not only do the vast majority of its members hold full-time civilian jobs in our community, but they are fully ready, both for their peacetime and wartime missions. They serve the community they live in through their commitment to the traditional National Guard role of disaster prevention, of helping in times of peril, of saving lives and property. They serve the Nation through their wartime mission, able to take their C-130's into unprepared airstrips anywhere in the world with troops, equipment, and supplies. Tactical airlift has often been the difference between victory and defeat in modern warfare, and history gives us many examples of its importance. Today, as the Rapid Deployment Force becomes increasingly important in our national security planning, our vital tactical airlift assets have become even more vital. I am pleased that the 146th is performing this important mission so well.

I am sorry I cannot be here myself today, but the pressures of Congress are keeping me in Washington this weekend. I am pleased to report that more and more of my colleagues in Congress are joining with me in my appreciation of the fine work done not only by the 146th, but by Air Force Reserve and National Guard units throughout the country. This week, we have had under consideration the Fiscal Year 1982 Defense Authorization Act. I strongly support the provisions of this act procuring 12 brand-new C-130H Hercules transports especially for our reserve airlift wings. More and more aircraft will be coming to the reserves directly from the production line. I support and applaud these actions. We owe you the finest possible tools for your demanding tasks.

I remember fondly my visit with you here at Van Nuys last April, but, as a San Fernando Valley resident, I enjoy looking skyward at the sound of engines and seeing a Hercules going about its business as part of the Valley's very own Air Force. So, to the men and women of the 146th Tactical Airlift Wing—keep 'em flying, folks. We're proud of you.●

HUMAN RIGHTS—SOVIET UNION AND REPRESSION IN LATVIA

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. BONKER. Mr. Speaker, every day, every week, and every month, we are confronted by the harsh repressive activities of the Soviet Union in the Baltic States. I would like to bring to the attention of my distinguished colleagues a recent example which is typical of Soviet policy in Latvia, Lithuania, and Estonia.

In the early part of June, jurist Bumeisters, a 63-year-old Latvian, was sentenced by a Soviet court in Riga, Latvia to 15 years in a strict labor camp. Arrested and tried at the same time was Dainis Lismanis, who was accused of complicity with Bumeisters and given a 10-year sentence.

What were their crimes? Bumeisters and Lismanis were accused of "activity" with the underground Latvian Social Democratic Party, sustaining contracts with foreign organizations, and defaming the Soviet Union.

Neither of these men has been known as an activist or anti-Soviet dissenter. The severity of the sentence given to both men is meant as a warning to any nationalist dissenter living in the Baltic States. I would hope that as the administration continues its discussion with the Soviet Union concerning the sale of our agricultural products that these men and many thousands like them in the Soviet gulag are remembered.●

REWARDS FOR THE ELECTED

HON. GEO. W. CROCKETT, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. CROCKETT. Mr. Speaker, on June 18, 1981, at its legislative conference, the Michigan Council of Senior Citizens adopted a resolution concerning national budget issues. Their resolution, strongly opposing cuts in programs for senior citizens, presents an eloquent statement of concerns by the council, and a pledge of action by their members.

I commend to my colleagues the text of this resolution, and I insert it in the RECORD for their consideration:

REWARDS FOR THE ELECTED

A resolution adopted unanimously during the Michigan Council of Senior Citizens, Inc., Legislative Conference held June 18, 1981.

Whereas, Many of the Reagan Administration's proposals will inflict devastating results and uncountable tragic hardships on and for many senior citizens, the handicapped and the poor in Michigan and in the whole country, and

Whereas, Some of Michigan's elected officials, both in the State and in Washington, D.C., are blindly supporting the Reagan Administration's programs because of the Administration's claimed, mandate from the country's electorate, and

Whereas, Many State officials and some of those serving in Washington, D.C., have forgotten they were elected by Michigan voters and not the oil and natural gas industries, the banking and other big businesses, therefore be it

Resolved, The Michigan Council of Senior Citizens, Inc., joins the millions of citizens, nationwide, in opposing the Reagan Administration's butchering of all social programs, be it further

Resolved, That we of the Michigan Council of Senior Citizens, Inc., shall make every effort possible to bring to the attention of those elected officials the needs and requirements of senior citizens, the handicapped and the poor, be it further

Resolved, The mandate if indeed there was one, was to reduce unemployment, reduce inflation, reduce high interest rates and to curb the enormous profits of the oil and natural gas industries and the blank checks to the military, be it further

Resolved, Our elected officials shall be held individually accountable for their respective actions and votes on all Reagan Administration budget proposals, tampering with Medicare and Social Security, all social program cuts, oil and natural gas deregulation and the monumental military expenditures for weapons and particularly, the huge cost overruns, be it further

Resolved, That the entire membership of the Michigan Council of Senior Citizens, Inc., do hereby pledge themselves to give and work for the removal from office all those elected officials, who by their actions and votes prove themselves our enemies, be it finally

Resolved, That the Michigan Council of Senior Citizens, Inc., do all in its power to enlist the members of the National Council of Senior Citizens, Inc., to encourage all seniors to join in this effort of rewarding our friends and the punishment of our enemies.

Respectfully submitted,

JOSEPH MCCARTHY,

Chairman, Legislative Committee.●

BISHOP GALLAGHER'S BASEBALL TEAM 1981 CLASS A STATE CHAMPIONS

HON. DENNIS M. HERTEL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. HERTEL. Mr. Speaker, Bishop Gallagher Catholic High School in Harper Woods, Mich., excels not only in academics but in athletics as well. Today I would like to bring to your attention the Bishop Gallagher baseball team which is the 1981 class A State champion.

Bishop Gallagher's baseball team is the first class A team to win more than one class A baseball title. Gallagher won its first class A title in 1971, the first year the State held a baseball tournament.

Head Coach James Bresciami, who has been head coach at Gallagher for 17 years, and Assistant Coach Dennis Purgatori led this year's team to its outstanding record of 32 wins and 9 losses. Members of the champion team are as follows: Dan Davies, Brian Hopp, Roger Horrie, Greg Hudas, Pat Ireland, Andrew Krause, Joe Loria, Angelo Matera, Brian McEvoy, Paul Muehring, Don Rowland, Tom Ostrowski, Mike Stevenson, Levi Stubbs, Deron White, Kirk White, Joe Wolf, and Brian Wolschlager. Cheering the team to victory were Lancerettes: Cathy Peralta, Lora Zanoni, Wendy Klenk, and Shelly Ficarra.

Over the years Bishop Gallagher's baseball teams have had very successful records including: 10 league championships, 3 Catholic championships, 1 city championship, 2 State class A championships, 2 State B runner-up, and 11 invitational titles. The 1981 class A State champions have upheld school tradition by adding another great season to their already impressive list of accomplishments.●

BUSINESS AND HISTORIC PRESERVATION

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. HOYER. Mr. Speaker, we have a lot to be proud of in Prince Georges County, Md. We have a fine school system, a thriving business community, beautiful countryside, and a true historical heritage.

In recent years, civic and political leaders in Prince Georges County have been working hard to polish the image of our county and improve the quality of life there. This is particularly true in our older communities, those located close to the District's borders.

It has come to my attention that one of the oldest homes in the once bustling colonial port of Bladensburg, the Magruder House, will become part of the revitalization effort through a unique merging of business interests and historical preservation.

Richard Charlton and his accounting firm, Millard T. Charlton Associates of Washington, have joined forces with Bladensburg Mayor Susanna Cristofane and Prince Georges Heritage, Inc., to combine free enterprise, government assistance, and civic involvement in returning Magruder House to its former splendor.

Mr. Speaker, in order that all Members of this House may see what is being done in Prince Georges County, Md., I would like to bring to the attention of my colleagues an excellent editorial and article by Helen Cordes that appeared in the Prince Georges Journal on Friday, June 26, 1981.

The text of the article follows:

ACCOUNTANT TO RESTORE REMNANT OF COLONIAL PAST

(By Helen Cordes)

In Dick Charlton's mind's eye, the mighty vessels that once sailed from London to the Chesapeake Bay to the Potomac and up the Anacostia to pitch anchor at the Port of Bladensburg may grace the waves again, at least figuratively.

And there he'll be, surveying the return from the tiny lookout window of the portside Magruder House, the 250-year-old stone landmark that will house his business come January.

Yet even as he makes the ultimate show of faith in Bladensburg's future by transplanting his offices to the Magruder House from its current downtown Washington location, he still worries about when Bladensburg ships will actually come in.

"I'm very excited by the move, but I'm still taking a risk," said the University Park native of the relocation of his firm, Millard T. Charlton and Associates, Certified Public Accountants.

"This area could stand some improvement," he remarked, contrasting the many dated business places on the Annapolis Road strip near the Magruder House with the "very cosmopolitan" area he will leave behind at 11th St. and E, NW. Magruder itself was most recently a flea market.

Still, Charlton shows no regret when reviewing his decision to renovate the historic 'Old Stone House' at 4703 Annapolis Road, where Kenilworth Avenue cloverleafs over Route 450. It will be the first time, he said, one of Prince George's historic buildings is renovated for use by a business.

Charlton said he had never considered relocation to a historic spot until it was brought to his attention by veteran historical preservation activists Susanna Cristofane and Sara Walton.

Cristofane, the mayor of Bladensburg, lives with her husband Felix in a stately mansion around the corner from the Magruder House. The huge, yellow 'Bostwick,' surrounded by gardens and terraced lawn, was one of four built in the mid-1700s by Bladensburg's founding father Christopher Lowndes.

Lifelong Bladensburg resident Cristofane had kept a watchful eye out for the Magruder. The Dutch colonial style two-story house, marked by small dormer windows front and back and flanked by two huge chimneys, had once hosted a dinner visit by George Washington with its second owner, merchant Richard Henderson.

Oral tradition has it that when in August 1814 invading British troops passed the house on their way to the Battle of Bladensburg in August 1814, the only civilian resistance at Bladensburg came from the house. After the battle, the house was used as a hospital for wounded troops.

Prominent Prince Georgians owned or occupied the Magruder, including Dr. Alexander Mitchell, Leonard M. Deakins, Christopher Hyatt, Dr. Benjamin Day, Dr. William Draine, and its namesake Dr. Archibald Magruder.

When the elevated portion of 201 cut through Bladensburg, the State Highway Administration bought the property and leased it as an antique store until 1979.

In light of its deteriorated condition, the Prince George's chapter of the Maryland Historical Trust had already targeted the house for restoration in 1976. In 1979, the group set up the Prince George's Heritage Inc., which bought the house from the Highway Administration.

Cristofane and Walton chaired the corporation and began looking for the $350,000 they estimated necessary for renovation. They lobbied Annapolis to get a $150,000 grant from the state on the condition the money be matched locally.

The pair took their crusade one night to a Prince George's Kiwanis Club meeting where Charlton, an active Kiwanian as well as a former president of the Chamber of Commerce, was present.

Charlton had been scouting for a Prince George's location for a move when his Washington lease expired in January. Office space in the county rents for $6 a square foot as compared to $20 in Washington, and Charlton would have had to pay $60,000 annually for rent at his Washington office. Also, many of the firm's clients are from the county.

Charlton decided to lease the Magruder House, and he discovered it had many advantages. To come up with the matching $150,000 to the state grant for renovation, Prince George's Heritage held a number of fund-raisers.

Charlton had to borrow $75,000, but the 15 percent loan he got from Citizen's National Bank was further lowered to 12 percent by an Interest Reduction Grant from the Neighborhood Business Revitalization Office.

Also, Charlton's renovation investment serves as rent for the 30-year lease.

Now, Charlton said he's sold on the idea of relocating businesses in renovated historic buildings. "It makes sense," said Charlton, "to use a building than keep it as a museum."

He notes that it's also "one of the newest and best tax shelters available today," since a tax measure designed to spur renovation permits spreading costs over a number of years.

In the remaining six months, then, Magruder House will be stripped of the stucco covering its stone walls, and the inside will be redone to accent many of its original features, including intricately carved oak paneling.

Once the work's done, Charlton will move his 15 employees in, and then wait for many of his neighbors to catch up with him in the revitalization of Bladensburg. He wishes there were more businesses like the Bladensburg Professional Building next to the renovated Indian Queen Tavern, instead of the topless club, liquor stores, thrift marts,

and aging shopping centers that line Annapolis Road.

Still, Charlton's imminently hopeful that Bladensburg will once again be the bustling trade center it was as a colonial port. "There's been a lot of change just in the past five years," he emphasized.

GOOD WAY TO SAVE AN HISTORIC HOUSE

The years have not been kind to Magruder House, the 18th Century mansion that now sits ignominiously almost underneath the roaring traffic of Kenilworth Avenue in Bladensburg.

What a far cry from its heyday in the 1740s, when Magruder House—named for one of its later owners, Dr. Archibald Magruder—was among the oldest and finest houses in the bustling Colonial port of Bladensburg Towne, a stopping-off place for the ubiquitous George Washington, who may never have slept in the house, but reportedly dined there.

And what a let-down from those moments of glory during the War of 1812, when the house was used as a hospital for wounded troops.

There's no question that the last couple of decades have been the worst in the long history of Magruder House. At one point, when the State Highway Administration moved to "improve" Kenilworth Avenue, Magruder House was in the right-of-way and was actually slated to be torn down like so many historic county structrues that have fallen victim to the bulldozer or the careless match.

But then a feisty preservationist by the name of Susanna Cristofane, now the mayor of Bladensburg, stepped in and eventually got the highway people to redraw their plans. Magruder House, however, languished for several years after that, first sheltering a flea market, then becoming vacant.

Now, thanks to a splendid combination of free enterprise, government assistance and civic involvement, Magruder House may regain some of its old splendor.

This is how it came about: The Maryland Historical Trust, recognizing the importance of the landmark, set up a corporation that bought Magruder House from the highway administration, then lobbied the state for renovation funds. The state agreed to put up $150,000, provided that amount could be matched locally.

That's when Mrs. Cristofane and fellow historical trust member, Sarah Walton, talked to Dick Charlton about leasing a renovated Magruder House as an office for his accounting firm—which is to relocate from downtown Washington in January. Mr. Charlton, a county resident, agreed, and part of his money will cover a portion of the matching funds. The rest is being raised through local efforts such as the buffet hosted by the Crossroads restaurant in Bladensburg and the $100 that a local DAR chapter voted to contribute to the cause.

Everyone involved in the project—Mrs. Cristofane, Mrs. Walton, Mr. Charlton (who is taking some risk in moving his business to Bladensburg)—deserves high praise.

Some purists may say that an accounting office is an inappropriate use for such a venerable structure, but we disagree. There are already too many poorly patronized museums around, and, public funds being as scarce as they are, we think this is a wonderful way of preserving Magruder House for future generations without putting an undue burden on taxpayers.●

RETIREMENT OF ARTHUR T. HOBSON, JR.

HON. WAYNE GRISHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. GRISHAM. Mr. Speaker, it is my pleasure to bring to the attention of the House the accomplishments of Arthur T. Hobson, Jr., who is retiring after serving for 15 years as assistant superintendent for educational services in the Whittier Union High School District, Whittier, Calif.

Arthur Hobson is a man who has dedicated his life to education. He grew up in Los Angeles County, going through the Los Angeles and Orange County school systems. He received B.A. and M.A. degrees from Whittier College and educational credentials from Claremont and U.S.C.

Before his appointment as assistant superintendent, Mr. Hobson served as teacher, counselor, and coach in the Whittier Union High School District and as principal of California High School.

Mr. Hobson is not the only educator in his family. His wife, Barbara, is a teacher in the Whittier area, and all of his children have carried on the academic tradition. His son, Richard, is a teacher of special education, and daughters Kathleen Paladino and Patricia Cox are teaching nursery school and first grade in California schools.

The life's work of Arthur Hobson stands as an example to us all. By passing on his love for education to his children, he has left a legacy that will endure long after he retires. This House is privileged to be able to honor such a fine American.●

OLYMPIC COIN ACT OF 1981

HON. JACK KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. KEMP. Mr. Speaker, I would like to take a moment to explain to my colleagues the importance of a bill, the Olympic Coin Act of 1981, recently introduced by the California delegation. This bill could play a very important role in the future of amateur sports, our many amateur athletes, and the financial success of the 1984 Summer Olympics to be held in Los Angeles.

In 1975 I was fortunate to have served on the President's Commission on Olympic Sports. I have long been interested in amateur and professional sports, and my service on this commission gave me new insight into all aspects of competition in our country.

We found and I quote from the final report:

At all levels of amateur sports administration—local, State, regional, and national—resources are inadequate to allow for the development of athletes, coaches, and officials; to foster adequate competition; to build and maintain facilities; and to ensure professional administration.

Our report went on to highlight financial needs in the areas of administration, development, competition, and facilities. We analyzed the money needs for sports such as archery, basketball, biathlon, bobsled, boxing, canoeing, cycling, diving, equestrian, fencing, field hockey, figure skating, gymnastics, ice hockey, judo, luge, penthalon, rowing, shooting, skiing, soccer, speed skating, swimming, team handball, track and field, volleyball, weight lifting, water polo, wrestling, and yachting.

We also studied the many organizations that are benefited by the U.S. Olympic Committee and who, in turn, contribute many athletes to the Olympics, the Pan American games, world class competitions, and other forms of sports participation. Among them were the Amateur Athletic Union (AAU), Association for Intercollegiate Athletics for Women, the military, National Catholic Youth Organization Federation (CYO), National Jewish Welfare Board, National Association of Intercollegiate Athletics (NAIA), National Collegiate Athletic Association (NCAA), National Federation of State High School Associations, National Junior Collegiate Athletic Association, Young Men's and Women's Christian Associations (YMCA and YWCA), and the Special Olympics for the Handicapped.

I know first hand the need for full funding of amateur sports, and I appreciate the moral and physical value of healthy competition.

In an effort to prepare for the 1984 Olympiad to be held during the summer in Los Angeles, the Los Angeles Olympic Organizing Committee, and the U.S. Olympic Committee will be seeking non public funding. The California delegation recently introduced H.R. 3958 which would authorize the U.S. Mint to manufacture a series of special coins to commemorate the Olympics. The LAOOC would, under the act, pay in advance all costs of the Treasury plus a handsome profit to the taxpayers for the right to market the coins. The net proceeds, after expenses, would be divided 50-50 between the LAOOC to stage the Olympics and the USOC to train our athletes.

Any funds left over after the Olympics would be divided among the USOC and the U.S. amateur athletic organizations.

This is a good way for Congress to honor American participants, amateur sports, and salute the host city of Los Angeles.

This is a good way to allow the LAOOC and the USOC to raise needed revenues without asking the American

taxpayer to reach deeper into his pocket. In fact, this program should help relieve the taxpayers' burdens.

This is a good way to cooperate with, but not preempt, the private sector's involvement in the Olympics.

Most of all, this is a good way to support American youth—our future—by giving the sports organizations a fighting chance to finance their programs.

I am pleased to join many of my colleagues in co-sponsoring H.R. 3958, and will support the legislation vigorously.●

A TRIBUTE TO PETER B. BENSINGER

HON. ROBIN L. BEARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. BEARD. Mr. Speaker, today, my good friend Peter B. Bensinger will leave his post as Administrator of the Drug Enforcement Administration, a position he has held for more than 5 years. Under Peter's leadership, the DEA has developed into a first-rate law enforcement agency which is capable of responding quickly and effectively in our national effort to stop drug abuse.

Because of Peter, the DEA now has good relations with State and local law enforcement agencies. This close cooperation has resulted in many successful cases being won against major narcotics traffickers. Further, through Peter's personal relationship with many foreign dignitaries, DEA agents abroad have developed close working ties with their foreign counterparts to prevent heroin, cocaine, and marihuana from entering the United States.

Eliminating drug abuse is a formidable task which Peter has undertaken with singleminded determination and dedication. His remarkable achievements will not quickly be forgotten. Mr. Speaker, Peter Bensinger should be commended for doing an outstanding job. I wish Peter the best of luck in whatever endeavors he chooses to pursue.●

LET US SPEND OUR DEFENSE DOLLARS WISELY

HON. STEVE GUNDERSON,

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. GUNDERSON. Mr. Speaker, in a year of historic occurrences we are about to embark on yet another legislative milestone this week as we consider the fiscal year 1982 authorizations for the Department of Defense.

There is little doubt that the vast majority of Americans advocate a strong national defense and welcome an increase in defense spending to overcome the ambivalence of past years to this most important budgetary function. I am certainly pleased to see that the current administration is assigning the priority to defense that it needs and deserves.

In fact, it is estimated that we will spend almost $1.6 trillion on defense from 1981-86. In fiscal year 1982, alone, over 27 percent of the Federal budget and almost 6 percent of the country's estimated gross national product will be committee to defense spending. H.R. 3519, therefore, represents the beginning of the largest peacetime military dollar expenditure in the history of the United States.

My commitment to a strong national defense necessitates a vote in favor of H.R. 3519. However, at the same time I am reminded of the fact that you can not cure a problem by simply throwing money at it. That is why I am concerned about the size of the proposed increase and the fact that almost half of it is targeted for procurement.

Throughout the 1980 election campaign we heard that an increase of $20 billion to $30 billion was necessary in the defense budget. Yet, we are now presented with a requested increase for all defense areas of almost $50 billion. This is, to say the least, a very significant difference.

That is why we must be sure that the increase will be employed in the most useful way and targeted to the right defense programs.

I have been told that in the next two decades the military needs of our country will be more in terms of conventional weapons and manpower than in terms of strategic weapons. Yet, throughout our recent discussions several essential questions about these needs have been left unanswered.

How much military manpower will we need to meet this future challenge? What pay and benefit package will be necessary to insure that an all-volunteer military can meet these requirements? Have we allocated enough of the proposed increase in defense spending to the pay and benefits package we will consider this month in H.R. 3380? Or will money, alone, simply not achieve our manpower needs?

I'm not convinced that the Pentagon can spend the proposed increase in procurement efficiently and effectively in 1 fiscal year under their present purchasing policies. This skepticism results from recent criticism that the runaway costs currently experienced in our defense procurement program are the result of the relatively loose purchasing policies of the Department of Defense.

In fact, former Comptroller General Elmer B. Staats listed 15 major areas of potential savings for the DOD in a letter sent to Secretary Weinberger just prior to Staats' retirement. Staats concluded that the implementation of these proposals could save the DOD a minimum of $4 billion and perhaps more than $10 billion annually.

In a time of fiscal restraint when virtually every other budgetary function is receiving fewer dollars, the very least that we can expect from the Department of Defense is the effective use of these increased procurement funds. This can be accomplished only if the DOD pursues programs designed to eliminate waste and to improve cost effectiveness such as those suggested by Mr. Staats.

It is absolutely vital that Congress and the Department of Defense demonstrate a sense of shared economic responsibility and accountability with all of the others who have been called upon to make economic sacrifices in our attempts to revitalize the American economy.

In the final analysis we must remember that planes and ships are not built in 1 year but rather over a number of years and with a series of appropriations. I fear that if we move too fast in the procurement area in a single year without appropriate safeguards, waste and abuse will result and ultimately create a backlash of public opinion against defense spending that is, in fact, necessary in future years.

Increased defense spending will provide for a strong national defense only if it is spent wisely. It is our congressional duty to see that this goal is accomplished.●

GEN. DRAZA MIKHAILOVITCH DAY

HON. JAMES L. NELLIGAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. NELLIGAN. Mr. Speaker, I rise to commemorate an important Yugoslavian holiday—Gen. Draza Mikhailovitch Day.

Gen. Draza Mikhailovitch Day salutes the Serbians who lost their lives fighting for freedom under General Mikhailovitch in World War II. This holiday is celebrated every year on June 29.

General Mikhailovitch was appointed Minister of War by the exiled King Peter in January 1942. The general led the Chetniks, who were the royalist Yugoslavian underground. The Chetniks were organized as a resistance movement against the Nazis who occupied Greater Serbia during the war. Many Chetniks lost their lives in the effort to overcome Nazi occupation.

Let us honor the Yugoslavians who died in the fight for freedom against the Nazi forces.●

SUGAR PRICES AND THE U.S.: HOW SWEET IT IS

HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. PEYSER. Mr. Speaker, today's Wall Street Journal contains an excellent article on the sugar price support program. It examines the cost of the Government's relationship with the sugar producer industry.

The farm bill as reported by the House Agriculture Committee would institute a new sugar loan program which is expected to cost the American consumer up to $8 billion over the next 4 years. I will offer an amendment to delete this sugar loan program from the bill. I believe that the following article by Prof. Bruce Gardner provides valuable background on this issue.

[From the Wall Street Journal, July 10, 1981]

SUGAR PRICES AND THE U.S.: HOW SWEET IT IS

(By Bruce L. Gardner)

The Reagan administration has said that it did not make specific deals with Congressmen from sugar-producing states in return for support on the House vote on the administration's budget package. Nonetheless the stories brought the sugar price-support program into the news, providing an opportunity to look closely at the cost of the government's relationship with that industry.

Anyone familiar with the political economy of special-interest activity will recognize the classic patterns that have made sugar one of the most heavily protected of all U.S. farm commodities.

A small number of well organized producers selling to a large and dispersed market: A conservative estimate of the number of U.S. sugar producers is 10,000; two-thirds are beet growers and one-third cane growers. By comparison, there are over a million producers of corn. However, sugar is important to consumers and accounts for about 30% of the U.S. caloric intake; that amounts to 90 pounds per capita annual consumption. We have the case, then, where the interests of one group are focused on roughly 10,000 producers, while the interests of the other group, consumers, are spread over some 200 million people.

Market volatility: The costs and benefits of the sugar program are absorbed by a market that is more volatile than even the grain market. Within the past 15 years, the annual average price in world trade (based on raw sugar at Caribbean ports) has varied between 1.9 cents per pound (in 1966) and 30 cents (in 1974), a much wider range than for other commodities.

U.S. policy has isolated the domestic market so much that the price of sugar at New York, on which duty has been paid has been less volatile, ranging from 6.1 cents in 1965 to 24.2 cents in 1974. The argument has been made that U.S. sugar policy has beneficially stabilized supplies and prices for consumers. However, the increased stability has come about by keeping U.S. prices above world prices during periods of low prices. When the supply-demand situation has resulted in high world prices, as in 1974 and 1980, U.S. prices have gone right up with them.

Foreign competition: Sugar is the most important domestically produced commodity for which imports account for a substantial part of U.S. consumption. Roughly 45 percent of the sugar consumed in the U.S. is imported.

During most of 1978 and 1979, duties kept sugar in the U.S. about 6 cents per pound above the world market. The U.S. price was higher by perhaps 5 cents and the world price lower by one cent than they would have been without U.S. import restrictions.

The implied redistributions were: U.S. producers gained $600 million annually (roughly $40,000 per producer), U.S. consumers lost $1.44 billion, the U.S. Treasury gained $770 million (in tariff revenue) and foreign producers lost $140 million, which resulted in a net social loss, which nobody gained, of $210 million.

In 1980, world sugar prices increased considerably, as part of a general rise in commodity prices and a tighter demand-supply situation for world sugar. The protecting effect of U.S. sugar policy, and the consequent redistribution of income, was substantially less in 1980 than the preceding two years, since current policy works much like earlier sugar programs: It holds the U.S. price up during low-price years but it doesn't provide a corresponding mechanism to hold U.S. prices down during high-price years.

When economic analysis has something forceful to say, it figures more often in White House decisions than in Congress. But Presidents are also susceptible to the same short-run, special-interest political pressures as Congressmen. The effect is generally most notable in election years. For instance, prior to the 1976 election, the Ford administration decided to triple the tariff on sugar from 0.625 cent to 1.875 cents per pound.

The Food and Agriculture Act of 1977 retained the 1.875-cent tariff and added "import fees," which have fluctuated as high as 3 cents per pound. The 1977 act also authorized import quotas for sugar, which can be used to achieve any target price, as well as a loan-purchase program. Thus, the Secretary of Agriculture has at his disposal a number of tools that can be used in combinations to establish a support price.

The 1978 and 1979 programs involved payments to producers, loans from the Agriculture Department's Commodity Credit Corp. and import tariffs and fees. As a result the CCC acquired about 200,000 tons of sugar, which is costly to store and is not easy to dispose of through the usual channels for donating CCC stocks. During the tight market of 1980, tariff and import fees were reduced to the statutory minimum and the sugar program was essentially put on hold.

The issue is further complicated by "cross-commodity interests." Here these involve the relationship between the sugar program and the interests of corn producers. In recent years, technical innovation in corn-based sweeteners, particularly in high fructose corn syrup (HFCS), has made them a good substitute for sugar. As a consequence of increases in sugar prices in 1974, large investments were made in HFCS. When sugar prices fell, these investments began to look dubious. The program to keep the price of U.S. sugar high has thus been a lifesaver to HFCS interests and helpful to corn producers.

A final element of the sugar prospect is the International Sugar Agreement (ISA). After international negotiations and domestic political discussion that lasted more than three years, the U.S. finally became a full participant in the ISA in 1980. Although the sugar agreement contains buffer-stock arrangements, its principal economic tool appears to be provisions by which sugar exporters will jointly restrain exports when the price falls to a floor trigger. Then it becomes a cyclically triggered international cartel, which could more suitably be called OSEC, except that net consuming nations like the U.S. have chosen to abet its effect. This act aligns the U.S., the world's most important importer of sugar, against the interests of its consumers and with the interests of foreign and domestic producers.●

PETER B. BENSINGER

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. DORNAN of California. Mr. Speaker, on the final day of Peter B. Bensinger's service as Administrator of the Drug Enforcement Administration, I would like to thank him for 5½ years of dedicated and excellent leadership.

Peter Bensinger is responsible for developing DEA into the excellent law enforcement organization it is today. He is a fine administrator who has an unusually high level of energy. Moreover, his integrity is unquestioned.

Because of him, DEA has by far the best relations it has ever had with State and local law enforcement. In fact, a maximum number of successful cases have been made cooperatively against major drug traffickers. In addition, he has led the way in building an unparalleled era of cooperation among Federal law enforcement agencies.

Internationally, DEA is regarded as the premium U.S. law enforcement agency. DEA agents and foreign officials worldwide work closely together to disrupt the flow of heroin, cocaine, and marihuana before it reaches the United States. Although the State Department is reluctant to admit it, DEA often has the only solid channel of communication left open with foreign governments with which our diplomatic relations have deteriorated. Bensinger is mainly responsible for this. He knows personally, and is highly respected by, every major police official in the world.

Peter was appointed by President Ford in 1976 and retained throughout the entire Carter administration. I have long believed that President Carter kept two major Ford appointees on board because they were qualified for their positions and were performing in an outstanding manner. One was Gen. Alexander Haig, Commander of NATO forces, and the second was Peter Bensinger.

I wish my friend Peter all the best in the future and thank him for his valiant service to our Nation.●

A NEW VICTORY AT YORKTOWN

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. WHITEHURST. Mr. Speaker, on July 4 of this year, there was a delightful column in the Norfolk Virginian-Pilot, written by Guy Friddell. I am pleased to share it with my colleagues as the closing days of our great bicentennial approach, with the major ceremony to be held at Yorktown, and a smaller observance in Virginia Beach.

I continue to hope that Admiral De Grasse will ultimately receive the full recognition he deserves for his role in the victory off the Virginia capes on September 5, 1781, a victory without which the war would probably not have ended so happily for America at Yorktown. Perhaps one day we will see a statue of Admiral De Grasse in Lafayette Park along with those of Lafayette and Rochambeau.

Thank you, Mr. Speaker.

The article follows:

A NEW VICTORY AT YORKTOWN

More French died at Yorktown than did Americans, Lillian Belk Youell said the other day.

That is a piece of the ammunition the Virginia Beach resident mustered in her own Battle of Yorktown to see that America's allies are honored fully on Oct. 19 at the 200th anniversary observance of the victory that assured America's independence from the British.

Most especially she wished to see French Adm. Francois Joseph Paul De Grasse credited with his crucial role in the victory at Yorktown.

Now she has won the battle. A bronze plaque describing De Grasse's contribution will be unveiled Oct. 19 by the National Society, Daughters of the American Revolution on the seaside of the monument at Yorktown.

Without De Grasse in 1781 there probably would have been no victory to commemorate in 1981, she said.

George Washington had said that control of the sea was "the pivot upon which everything turned."

And the turn began when De Grasse's fleet from the West Indies arrived in time to reinforce Washington with 3,000 troops in his siege against Gen. Cornwallis and his British troops at Yorktown.

Then in a daylong battle Sept. 5, 1781, the French fleet slugged it out with the British fleet under Adm. Thomas R. Graves near the mouth of the Chesapeake Bay.

The sea battle was a draw in casualties, but De Grasse prevented Graves from rescuing Cornwallis. Further, as the two opposing fleets drifted south, a smaller French fleet under Commodore De Barras slipped into the Chesapeake Bay with siege guns essential to the land battle. Cornwallis didn't realize until too late that the allies had mounted the big guns.

It was a coup De Grasse, Mrs. Youell said the other day.

Well, one can forgive her the pun after all she had done to give the French their due.

The plaque, citing their achievements, begins:

In memory of men in the French fleet who died in the Battle off the Capes, Sept. 5, 1781.

In appreciation of the service of Admiral Francois Joseph Paul De Grasse.

In the land battle the Americans had 103 fatalities, the French 132, and the British 309. In addition, the French suffered 200 casualties during the Battle of the Capes and the British 336.

Parks, roads, and plazas throughout America celebrate French Gens. Lafayette and Rochambeau, and their statues stand in Lafayette Park in Washington opposite the White House.

But so far as Mrs. Youell can determine the only statue to De Grasse is one erected in 1976 at Cape Henry in Virginia Beach.

That statue was a gift of the French people, a copy of one that had been presented to them in the 1930s by an American, A. Kingsley Macomber.

The national vice chairman of the Bicentennial for the Daughters of the American Revolution, Mrs. Youell has been campaigning with other DAR members more than a year to honor De Grasse. She also is a member of the Virginia Beach Commemorative Committee which will honor him Sept. 5.

The handsome De Grasse, 59, had fought the British since boyhood and had once been captured and then imprisoned three months in England. From a noble family, he trained in a Jesuit seminary and a naval school at Malta. He stood 6 feet 2, and, it was said, "6 foot 6 on the days of battle."

Not long after the Yorktown campaign, an English admiral summed up De Grasse's bold stroke: "If the British government had sanctioned or a British admiral had adopted such a measure, however necessary to carry out a political operation, the one would have been turned out and the other would have been hung. No wonder they succeeded and we failed."

Now, thanks to Mrs. Youell, the story is in bronze as well.●

COMMENDING VOLUNTEER FIREFIGHTERS AND PARAMEDICS

HON. ROBERT S. WALKER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. WALKER. Mr. Speaker, on Saturday, June 13, a grave tragedy fell upon the community of Lancaster, Pa., in my district. A young boy, 8-year-old Benjamin Walker, crawled into and became trapped in an abandoned septic tank in his front yard.

Responding to what was thought to be a routine call, paramedics from St. Joseph Hospital in Lancaster and volunteer firefighters from the Bausman Fire Co., were immediately dispatched to the scene. "Jamie," as he is fondly addressed by his family, was rescued through the heroic efforts of these rescue squads. But in their attempts to retrieve the boy, three brave, selfless, young men lost their lives.

Mr. Speaker, I have introduced a resolution expressing the sense of the Congress that volunteer firefighters, paramedics, and rescue team members be commended for their service. I hope that each of us will reflect upon the dangerous duties performed by these men and women in communities throughout this great Nation and will approve this resolution.●

THE MEDICARE EXPERIENCE: CAN WE DO SOMETHING?

HON. DENNIS E. ECKART

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. ECKART. Mr. Speaker, on July 30, 1965, the U.S. Congress passed the Social Security Amendments of 1965 giving birth to the medicare program. Since the first full year of medicare in 1967, benefits paid have increased from $4.5 billion to $33.3 billion in 1980. Currently, there are over 28 million people enrolled in the medicare program.

Providing health care insurance and peace of mind for our senior citizens is certainly a necessary and worthwhile endeavor. However, when recipients are subjected to needless redtape, confusion, and exorbitant claims payment delays, the purpose of the program is greatly undermined. I would like to take this opportunity to share with my colleagues a constituent's personal medicare experience that outlines just such a situation. A copy of the following has also been forwarded to Health and Human Services Secretary Richard Schweiker.

A total of 14 bills (claims) were submitted on behalf of my constituent's deceased father. This is a description of what happened to one claim:

November 28, 1980—One month rental of bedside commode, $30.60.

November 28, 1980—Paid $20.04 by check No. xxxx.

December 17, 1980—Returned bedside commode.

December 20, 1980—Claim was submitted directly by the medical equipment distributor.

January 5, 1981—Medicare wrote for doctor's statement regarding need for bedside commode.

January 12, 1981—Returned questionnaire completed by doctor to medicare together with a copy of his prescription for the commode.

February 2, 1981—Medicare wrote asking for copy of receipted bill and completed form 1660.

February 5, 1981—Returned original letter to medicare together with copy of receipted bill from the equipment distributor and completed form 1660.

February 6, 1981—Medicare sent EOMB advising that they were denying claim be-

cause we were late in returning required information.

February 13, 1981—Called medicare in Columbus and explained that we had complied promptly with their every request. I was instructed that since it was a November charge we were much too slow. We would have to submit a new claim if we wanted anything further.

February 13, 1981—Went to local social security office with all papers. I completed a new form 1660 and a new form 1490. Copies of everything in our file were made and submitted these to medicare with a cover letter of explanation.

March 5, 1981—Medicare wrote for doctor's "Authorization for durable medical equipment." (We already sent this on January 12, 1981 and sent another copy with the papers on February 13, 1981.)

March 9, 1981—Took this letter and our entire file to local social security office. Person at social security called medicare in Columbus and relayed entire story. They promised to investigate and call back. Social security person made copies of our entire file and promised to call when she got any information from medicare.

March 16, 1981—Took entire file to local social security office and talked to the same person that I spoke with on February 13, 1981. This person checked but was unable to learn if the other person I had talked with on March 9, 1981, had heard anything from medicare in Columbus. (The other person was out.) This person prepared a Request for Review (form 1964) and sent it to medicare in Columbus.

March 19, 1981—The social security person I met with on February 13, 1981 called and advised that medicare had finally called back. A new person at medicare was now handling our case. I was told that all the information needed to process our claim was obtained and that everything looked favorable and that we should be receiving payment in another couple weeks.

March 18, 1981—Medicare allowed $12.92 and paid $10.34.

March 26, 1981—Medicare wrote for Authorization for Durable Medical Equipment form from doctor. Did not reply. (Third request).

April 1, 1981—Medicare sent EOMB claiming duplicate claim and advised us to use new Health Insurance number. Don't understand this request. Told us to refile claim and in future send claims more promptly!

April 1, 1981—Medicare wrote and asked for copies of all claims for the months of November and December of 1980.

April 10, 1981—Wrote and told them that we had been paid, and couldn't afford to send them more copies of material they already have in their files.

April 16, 1981—A new person from medicare in Columbus called in answer to our letter of April 10, 1981, and apologized for all our problems.

April 16, 1981—Medicare sent EOMB rejecting claim on the basis that we had not furnished the information they had requested and suggested that we resubmit the claim with this additional information. We ignored this request.

Question.—Would the average elderly widow or widower, living alone, understand and persevere until payment of the claims they are entitled to receive?

Question.—Would they know enough to make copies of everything they sent to medicare so they would have a record for themselves?

Question.—Could they afford the cost of making the copies plus the postage?

Question.—Would they be able to chase after the medical services to get the requested receipts, prescriptions, doctor's letters, et cetera?

Question.—Can something be done to correct this problem?

This is just one individual's account of a needless, frustrating, and frightening experience with the medicare system. I wonder how many of my colleagues have received similar complaints. I wonder how many more persons suffer through situations such as this and never have the courage to come forward and ask for assistance.

The medicare program was designed to provide assistance to the elderly, not to hinder or frustrate them. Every effort should be made to insure that all phases of the medicare system work together to benefit our Nation's elderly.●

AUSTERLITZ—A SPECIAL PLACE

HON. GERALD B. H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. SOLOMON. Mr. Speaker, last week Newsweek magazine devoted its cover story to the topic of small towns in America. Many of the communities in my district can be classified as small towns and I was glad to see that the virtues of living in clean, close-knit communities are coming back into fashion.

The editors of Newsweek, in their wisdom, listed 10 perfect small towns throughout the country. One of those 10 tempting havens was Austerlitz, N.Y., described as "an old colonial town near the Massachusetts border whose cultural center draws big city entertainment to the area."

Mr. Speaker, the 1,314 residents of Austerlitz have always known what a special place they live in and now the rest of the country is aware of it. The community is just lovely and I am proud to say that the people of Austerlitz are very loyal Americans and very devoted to their country. We would all do well to adopt some of their small town characteristics.●

PETER BENSINGER, AN OUTSTANDING PUBLIC SERVANT

HON. TOM RAILSBACK

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. RAILSBACK. Mr. Speaker, this week marks the end of the distinguished tenure of Peter B. Bensinger as the Administrator of the Drug Enforcement Administration. Originally appointed Administrator in January 1976, by President Ford and reappointed by President Carter, Peter Bensinger has nurtured the Drug Enforcement Administration into an excellent professional international law enforcement organization.

As a member of the Select Committee on Narcotics Abuse and Control since its inception in September 1976, I have worked very closely with Peter Bensinger on a number of complex issues. Since the committee has dealt with every facet of the drug problem, I have had the opportunity to observe at close hand the outstanding performance and capabilities of Peter Bensinger as DEA Administrator. Peter has always taken the time to insure that members of the Select Committee, as well as other Members of Congress, are thoroughly briefed and up to date on the performance of the Drug Enforcement Administrator. He has always responded to my inquiries without hesitation and has conducted the affairs of DEA in an open and forthright manner.

Our relationship, however, is more than professional. Peter Bensinger is a friend who I have known since 1970, when former Governor, Dick Ogilvie appointed him as the director of the department of corrections in my home State of Illinois. During his 3 years tenure in this position, Peter proved to be an innovative director who created a number of programs which served as models for subsequent programs developed by the Federal Bureau of Prisons. He worked closely with those of us on the Judiciary Committee who have been interested in corrections and prison reform.

Over the past 5½ years as DEA Administrator, Peter Bensinger has instituted numerous innovations and has made some noteworthy accomplishments. Cooperation within the Federal law enforcement community has witnessed a quantum growth. For example, the evolution of the interagency intelligence operation at the El Paso Intelligence Center (EPIC) has proven to be a vital tool by providing intelligence information to Federal and State agencies with differing law enforcement responsibilities.

Under Peter's leadership, the targeting of upper-echelon traffickers and criminal financiers has become an increasing DEA priority. Efforts to immobilize major trafficking organizations through the development of conspiracy and financial investigation cases have yielded significant successes. New, stricter criteria for identifying high-level traffickers have resulted in an increased proportion of arrests of major violators.

DEA's training program has been a significant force in the development of narcotics law enforcement expertise worldwide. In the last 3 years, DEA has effectively trained over 7,000 foreign law enforcement officers and provided special in-service training for

2,000 DEA personnel. In addition, 1,400 of the 1,500 criminal investigators in the field have been trained in development of complex conspiracy cases.

Through Peter's dilligence and constant attention to the needs and the priorities of the law enforcement community, DEA now enjoys its best relations by far with State and local law enforcement. He is also principally responsible for DEA's widespread international respect.

It is my hope that Peter will retain his desire to serve our Nation in a public capacity. His broad experience and vast capabilities lead me to believe that Peter Bensinger will be a major figure on the national scene for many years to come.●

CRIME IN MIAMI

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. LEHMAN. Mr. Speaker, I recently submitted a letter and additional material to the Subcommittee on Crime chaired by our colleague, the Honorable William J. Hughes. The subcommittee held hearings on crime in Washington, Atlanta, and Miami. I would like to include in the RECORD the comments I provided the subcommittee for the hearing record.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 23, 1981.

Hon. WILLIAM J. HUGHES,
Chairman, Subcommittee on Crime,
Washington, D.C.

DEAR MR. CHAIRMAN: As a representative from Dade County, Florida, I have a strong interest in the hearings your subcommittee is holding concerning crime.

Miami has experienced a tremendous increase in crime during the past year. This is partly due to the influence of the drug trade in South Florida and partly due to the increased anxieties caused by the tremendous influx of refugees from the Caribbean.

As one who has supported stricter handgun laws, I am especially alarmed by the increase in handgun-related deaths. During the past three months, I have inserted into the CONGRESSIONAL RECORD the "Handgun Body Count" which is compiled by Handgun Control, Inc. The number of persons killed by handguns in Florida during the months of February, March and April is 234, far more than any other state in the Union.

When the subcommittee goes to Miami later this month, you will learn a great deal about the criminal activity which stems from drug trafficking. This is a very serious problem, and I support federal efforts to assist local and state law enforcement agencies in coping with drug-related crime. I would, however, like to draw your attention to the increase in crime which is related to the refugee crisis in Miami.

With your permission, I would like to include in the hearing record an article and editorial which appeared in the Miami Herald concerning the "Marielito" murder rate.

The increase in violence which accompanied the refugee influx has created a siege mentality in Miami. Many people have purchased guns seeking to protect themselves from what they believe has become a lawless society. Others have simply chosen to flee to what they perceive to be safer parts of Florida. The result is a radical change in the character of Miami. As a longtime resident, I am greatly disheartened by the rising tide of violence and sense of despair that grips many in the community. Needless to say, the economy suffers when businessmen and skilled laborers are afraid to move to Miami, or when tourists are afraid to vacation in Miami Beach because of our high crime rate.

Another very special segment of our population, the elderly, has also found reason to be afraid. As the members of the subcommittee know well, Miami has long been a haven for retirees. Now many of the elderly who left their homes in the north in order to seek the peace, relaxation and sunshine of South Florida are finding it increasingly difficult to enjoy their retirement years. Because they are older and usually weaker than the rest of the population, they are the most vulnerable. They are easy targets for criminals whose attempts to rob senior citizens often result in the victim's physical injury or death.

While crime has always been primarily a matter of state and local jurisdiction, the federal government does have a special responsibility to the people of South Florida. It was a federal decision that permitted well over 100,000 refugees to come to our shores. The resulting social upheaval should not come as a surprise to us in Washington, and we should be willing to provide some special assistance to the Miami area.

Miami is a community that has been victimized much in the same way an innocent bystander can be injured during the commission of a crime. Because of its geographical location, Miami became the focal point for those who were a part of the mass exodus from Mariel. Because of a lack of a coherent federal immigration policy, Miami was forced to accept thousands of newcomers who were poor, illiterate and, in some cases, criminal.

I sincerely hope that the subcommittee will give serious attention to the special problems created in Miami by the refugees, and I would like to work with you in providing the means by which crime in South Florida can be reduced.

I appreciate this opportunity to make my views known to the subcommittee and to have these comments included in the hearing record.

With best wishes, I am
Sincerely,

WILLIAM LEHMAN,
Member of Congress.

Enclosures.

[From the Miami Herald, June 4, 1981]

WASHINGTON MUST HEED "MARIELITO" MURDER RATE

Murder is the leading cause of death among Mariel refugees in Dade County. That revelation, dismal as it is, comes as no surprise to most Miamians. It is the ugliest proof yet of the high cost of Federal failure to control immigration.

Marielitos suffer a homicide rate more than five times that of the general Dade County population. Refugee deaths compose one-third of the murders within Miami city boundaries. Following the homicide pattern that passes for normal in the United States, most of the dead refugees were shot with handguns by their friends or relatives. The bloody picture is a grotesque caricature of the American way of life that they sought.

Most of the victims, like most of the known perpetrators, are men in their 20s or 30s. Many bear the elaborate tattoos that are characteristic of Cuba's prison population. If any doubts remained about Castro's viciousness in emptying his jail cells onto the boats at Mariel, they are erased by the murder statistics first published in The Herald on Sunday.

Federal irresponsibility in dumping unscreened strangers into an already-overcrowded community is directly responsible for these deaths and for similar killings that will occur.

The Federal Government also must face its own role in the ease with which refugees obtain firearms. Of the 90 new arrivals killed in Dade in the past year, more than 70 were shot with handguns. There are no valid statistics on how many other crimes were committed with those guns. It's a national disgrace that people whose fitness to remain in this country has not yet been determined apparently find it easy to obtain the handguns with which to shoot each other at such an alarming rate.

Apart from the human cost of children left orphaned and families bereaved, there is a staggering financial cost to local taxpayers for this carnage. Ninety cases for the Dade medical-examiner's office. Ninety cases for municipal and county homicide detectives, difficult cases in which it often takes days even to identify the victim.

Residents of Miami and Dade County are rightly angry that their Federal Government perpetrated this damage upon them and on the reputation of their town. The tens of thousands of honest, hard-working, law-abiding new refugees also are resentful because they are wrongly assumed to be criminals and misfits.

This entire community, newcomers and old-timers alike, has every right to demand that the Reagan Administration face and resolve, not perpetuate, the problems that its predecessor created.

[From the Miami Herald, May 31, 1981]

VIOLENT DEATH STALKS THE BOATLIFT REFUGEES

(By Helga Silva and Carl Hiaasen)

Jorge Rodriguez and Jose Baties sat two or three barstools apart as the clock moved toward midnight last March 27 at the smoky El Centro Matancero tavern.

Both men had come to Miami aboard a boat from Mariel, and they were good friends. Jorge worked construction, when there was work. Jose unloaded vegetables at a market on NW 12th Avenue.

Their beers were on the counter a few minutes past 12 when a killer walked through the bar and fired a bullet into the same spot in each man's neck. By the time Miami detective Andrew Sundberg got there, the Matancero "looked like a morgue."

Twenty-two blocks away, Fernando Fuentes and Maria Esther Penton were riding in a car together. Both had come to the United States in the boatlift. He had been plucked suddenly from a Cuban prison; she had sought refuge in the Peruvian Embassy compound in Havana.

Their love affair ended at the corner of NW 7th Street and 17th Avenue when a man with a submachine gun pulled alongside Fuentes' car and took aim.

He held the trigger for a long time. Maria was hit 10 times, Fernando six. Twenty-two shells from .45-caliber hollow-point bullets were found on the pavement.

Death came to these new refugees within a 37-minute period, the bloodiest moments since the Mariel boatlift ended. Hardened Miami homicide detectives added to their wall-sized murder scoreboard four more names, each bearing a red letter R, for refugee.

Dade County's Mariel refugees are dying violently in increasing numbers, and they are being killed at a pace that dramatically outstrips the homicide rate for the general population.

Since the Mariel-to-Miami boatlift delivered the first refugees to Key West in April 1980, the homicide toll for Dade's marielitos has reached 90.

According to the FBI, that is more people than were murdered all last year in Fort Lauderdale, Orlando and St. Petersburg—combined.

"It's mind-boggling. An astronomical number," says Dade Chief Medical Examiner Dr. Joseph Davis, whose office performs autopsies on all county homicide victims.

In recent months, Davis and his staff have come to recognize the typical Mariel victim: a slender male in his 20s or early 30s, dead from multiple gunshot wounds, stripped of his few belongings, often covered with elaborate jailhouse tattoos from years in Cuban prisons.

Juan Jose Toledo was the first casualty. On May 25, 1980, less than a month after his arrival, the mentally disturbed 32-year-old refugee was shot as he attacked a Miami policeman with a razor blade outside an Opa-locka health clinic.

Felipe Alba was the most recent to die. On May 21 of this year, he was gunned down in an alley at 1144 SW 8th St. Like most of these cases, Alba's is unsolved.

Many of the estimated 90,000 Mariel refugees now in South Florida have settled in Miami, and that is where most of the homicides occur. Miami homicide Sgt. Ernie Vivian says that 36 of the city's 113 victims so far this year were Mariel refugees.

And in the Mariel cases in which arrests have been made, Vivian says, the defendants usually are other boatlift arrivals. Twenty-four refugees have been arrested this year in connection with 18 Miami homicides.

"Mariels kill each other," Vivian says. "If we didn't have them, our murder rate would be down by one-third."

"Let's face it, the sudden, upsurge of homicides in this community is not within the native population," Davis concurs.

Statistics compiled for the 12-month period ending March 31 indicate that a Mariel refugee in Dade County was five times more likely to die in a homicide than a person in the general population. The killings reflect no pattern beyond the familiar deadly denominators of alcohol, handguns and passion:

Nancy Balbuena, 23, shot four times by her husband when he found another man in their house, was one of 11 refugees slain during domestic quarrels. Police say that family fights are probably at the root of many more unsolved cases.

Pedro Morales was confronted by police after spraying a Flagler Street lounge with gunfire, robbing the patrons and ordering an employe to stack three cases of Heineken beer outside—to go. Morales, 33, was hit by police gunfire, one of 12 Mariel refugees killed while committing a crime.

Luis Acuna, a diminutive 26-year-old clerk who was shot during a holdup at the U-Tote'm store where he worked, was one of five Mariel arrivals killed as robbery victims.

Carlos Valcalzel, 25, was gunned down in front of Milano's Bar after arguing with another man. Police found Valcalzel's toy gun nearby and $4 in his pocket. He was one of 27 Mariel refugees killed at or near a Dade County bar. Among the 90 Mariel victims, Valcalzel was one of 41 who had been drinking before their deaths. Thirty-two of the victims had no alcohol in their blood; in 17 cases, the results of alcohol tests were unavailable.

Benjamin Quintana was found floating off Watson Island with 25 cents in his pockets, two bullet holes in his chest, teeth marks on his right shoulder and a tattoo that said: "Solo soy un veneno"—I am only poison. Quintana's is one of at least 33 Mariel homicides for which police have not yet found a motive.

MIXTURE OF CAUSES

The causes seem a mixture of frustration, idleness, criminal enterprise and cultural confusion, particularly among those abruptly uprooted from Cuban prisons and transplanted here.

"Dealing with freedom and choices is not easy, especially for those who have lived through long periods of confinement," explains Maria Valdez-Beola, a psychologist who counsels new refugees at the Miami Mental Health Center.

"The level of frustration is high when they are seeing overabundance in which they don't participate," she says. "They feel marginal to society—because this society has made them feel marginal—and of course also marginal to its laws."

The result is often a fatal emotional eruption. The Mariel caseload has climbed so steadily in the last year that now, in an average week, at least two refugees are killed.

"The biggest problem is getting data on the origins of these people," Dr. Davis says.

Fernando Fuentes came from prison—at the behest of Cuban officials who put him on a boat in Mariel Harbor. His stepfather, Manuel Martinez says Fuentes was serving 12 years for trying to escape from the island in a homemade raft.

After a stay at Fort Chaffee, Fuentes came to Miami. He had trouble getting work until his stepfather advised him to stop telling prospective employers that he was a marielito. Soon he got a job at a garage.

"He was quiet. I didn't know of any enemies," Martinez says. "I hope they apprehend whoever did this."

Police say there are no leads so far. And new cases are piling up.

THE HOMICIDES

Figures prepared by the county manager's office report that 57 Mariel refugees were killed in homicides between April 21, 1980, and March 31, 1981. However, a survey of autopsy files and police records by Miami Herald reporters found that at least 72 Mariel refugees were stabbed, shot or beaten to death during that 12-month period—a figure that represents 14.6 percent of all homicides in the county.

In fact, more Mariel refugees died of gunshot wounds than of any other cause during their first year in this country. Of the 116 total Mariel deaths from all causes recorded by March 31, 82.1 per cent were homicides—a bleak contrast to the general county population, among whom homicides account for only about 12.2 percent of all deaths.

Of the Mariel victims, 56 were white and 34 were black.

For police, the cases are enigmatic. "Whodunits," the detectives call them, a body in a roadway, in an empty bar or dumped in a rural field. Frequently the refugee victims have no family here and they often have been rejected or estranged from the sponsors who claimed them.

Homicide victim Juan Bermudez, for instance was sponsored by another Mariel refugee, Roberto Cardenas Morales. Cardenas met Bermudez at Miami International Airport last summer, brought him home briefly, then dropped him off at the headquarters of a local exile organization.

After that, Cardenas heard nothing from Bermudez until the Medical Examiner's Office called in November.

Often it takes days just to identify the body; at least one Mariel homicide victim is still marked as "unknown remains"—or, in police parlance, a "Juan Doe."

FEW WITNESSES

Trying to solve the crimes can be like working in a vacuum. "Mariel witnesses are few and far between," says Miami Detective Bill O'Connor. "The phones don't ring off the walls with tips."

There are few anxious friends and relatives to help police or press for a lengthy investigation in one case, the Mariel victim's U.S. sponsor gave police a phony address and telephone number.

Even when detectives identify a suspect, they often cannot determine a reasonable motive for the killing. Police say drug disputes account for only a few of the Mariel homicides; more common is the simple drunken argument.

Juan Bermudez had gone drinking with two other Mariel refugees Nov. 14 after losing a night-watchman's job at a construction site. His friends, Angel Palli and Carlos Campanioni, told him he should ask for the job back. Bermudez said no. The three men argued loudly at a Wag's Restaurant on Kendall Drive.

Then, according to Metro detective Debbie Wiley, Palli and Campanioni took Bermudez down a remote dirt road and faked engine trouble in their car. When the refugee bent over to look under the hood, Campanioni shot him several times in the head and threw his body into a brackish waterway.

Police say Campanioni was caught when he casually told Bermudez' former employer that Juan was "bathing in the canal."

"How cold-blooded can you get?" Wiley says. "There was no black-and-white motive. The guy just kept saying that Juan should have gone and asked for his job back."

THE FEUDS

The motives for some killings can be traced to old feuds: One refugee was stabbed to death by his former cellmate from Cuba. "A lot of the refugees carry grudges over from Cuba, and they are settling them here," says Miami Detective Hector Martinez.

"The *marielitos* are considerably less sophisticated than the Colombians," he adds. "They'll use sticks, knives, Saturday-night specials, anything they can get their hands on."

"You kill whomever you associate with, and that's why they're killing each other," says Dr. William Wilbanks, criminology professor at Florida International University.

Not all the victims were ex-prisoners, luckless lovers or heavy drinkers.

Roberto Ruiz was 17, the youngest Mariel homicide victim. His home in the United States was a barracks at Opa-locka Airport.

His older brother, another boatlift arrival, was awaiting release from the refugee center at Fort Indiantown Gap, Pa. He and Roberto planned to start a business together.

"He had a vision of going to work, making lots of money and sending for his mother in Cuba," says Francisco Garcia, who was administrator of the program for young refugees at the airport. "If any one of those kids would have made it, it would have been Roberto."

But on the night of Sept. 14, Roberto Ruiz joined a group of other young refugees who sneaked out of the barracks. The next time Garcia saw the teenager was on an autopsy table.

Ruiz had been shot in the abdomen and wrist by a homeowner who surprised six refugees as they burglarized his house. Ruiz lurched out of the house and fell dead at the corner of Baghdad and Jann Avenues. Roberto's brother flew down for the burial.

This year has brought many funerals for new refugees. Jorge Rodrigues and Jose Batles, the friends who died over drinks, were buried in Our Lady of Mercy Cemetery.

Fernando Fuentes and Maria Penton, slain that same night, were buried side by side at Woodlawn Park. Maria's only known relative in the United States did not learn of the young woman's death until a reporter called last week.

"This is terrible," gasped Carmen Castro, wondering aloud what will happen to Maria's two young children, who were left behind with her first life in Cuba.●

TRIBUTE TO SENIOR RELAY RIDERS FOR CROSS-COUNTRY TREK

HON. DUNCAN HUNTER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. HUNTER. Mr. Speaker, on Sunday, May 31, 1981, six bicyclists left San Diego, Calif., bound for Washington. What distinguished these intrepid travelers from previous cross-country relay riders were their ages—the eldest is 76, and youngest a spry 61.

All but one of the riders and crew were from California—six from the San Diego area alone—and one, Mr. Gillogly, hails from San Ysidro, which I have the pleasure to represent as Congressman from the 42d District.

I was present on the Capitol steps on June 10 to greet the riders, and was most impressed with their vigor and courage.

The riders were: Ed Delano, Davis, Calif.; Albert "Dutch" Klinge, San Marcos, Calif.; Gordy Shields, El Cajon, Calif.; Joe Startin, Temple City, Calif.; Libby Rogers, South Dakota; Al Gillogly, San Ysidro, Calif.;

The crew were: Elinor and Charles Wilson, Lakeside, Calif.; Jinx and Don Grinder, San Luis Obispo, Calif.; Dene Foltz, Alpine, Calif.; and Bruce Hall, Santee, Calif.

The relay was sponsored by the National Association of Mature People. It was an act of symbolism that once again reminded Americans that mature citizens are not to be underestimated.●

ALASKAN BUSH PILOT

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. YOUNG of Alaska. Mr. Speaker, on June 30, the Wall Street Journal ran a feature story on one of my constituents on its front page. I would like to share that story with my colleagues because it offers many insights into Alaskan life.

Pete Haggland and his family are old friends but I want to place this article in the RECORD because they embody the values and attitudes of Alaskans and I would like more people to take note of their dedication to the lifestyle they have worked so hard to achieve. This can help the people of the lower 48 understand why we look at things the way we do and why we desire so strongly to maintain our lifestyle.

The article follows:

FLEXIBLE FLIER—ALASKAN BUSH PILOT IS THE CONNECTING LINK FOR WILDERNESS TOWNS

(By Patrick O'Donnell)

ABOVE THE YUKON RIVER, ALASKA.—Eight dogs, three bags of mail, several dozen pounds of horsemeat, a reporter and two Athabascan Indians list slightly to the left as pilot James P. Haggland banks his Piper Cherokee toward the airstrip at the village of Tanana.

The home of 350 people deep in the Alaskan wilderness, the village lies at the junction of the Yukon and Tanana rivers, just south of the Arctic Circle. From the air, the two rivers look like huge fingers squeezing a slender wedge of land dotted with log cabins and laced with trails.

As the Cherokee descends, Mr. Haggland breaks off the energetic geography lesson he has been delivering over the roar of the plane's single engine. Waiting for the distinctive feel of wheels gripping the landing strip, he is as intent as a wolf studying its prey.

Fifteen seconds later, the plane is at rest. Led by the six-foot, five-inch, 235-pound pilot in a porkpie hat, the human and canine passengers look like some improbable circus act as they pop out of the plane, which isn't much bigger than a family station wagon inside.

It's all in a morning's work for Mr. Haggland, who has made three other stops today in the bush villages sprinkled across Alaska's vast interior. But this afternoon a more pedestrian task awaits the 38-year-old bush pilot, whose friends call him Pete. Instead of flying, he will be hearing a sales pitch for a computerized recordkeeping system for the air-taxi and charter service he runs out of Fairbanks.

THE GOOD OLD DAYS

Life isn't as simple as it used to be for Alaska's several hundred bush pilots. Almost gone are the days when a rugged individualist could run a one-man show and keep his records in a pocket notebook. The pressures of increasing competition and paper work, along with soaring fuel and insurance costs, have added growing financial risks to the dangers of flying in a region notorious for its often vicious weather, unforgiving terrain and high aircraft accident rate.

Mr. Haggland's predecessors were a crusty breed of aerial pioneers who risked, and often lost, their lives for the adventure of exploring Alaska's 536,000-square-mile treasure chest, much of it accessible only on foot or by air. And although the solo commercial aviator is a vanishing breed, Alaskans are still the country's most airborne citizens, with 26 times as many airplanes per person than the national average. The reason: Although Alaska is one-fifth the size of the entire lower 48 states, it has only about 7,000 miles of highways, less than Rhode Island.

In fact, small planes and bush pilots are indispensable for miners, trappers, hunters, homesteaders, fishermen, mountain climbers and the thousands who live in Alaska's wilderness settlements. "Without these bush pilots there'd be no way to get around up here," says Peter Robles, an Air Force captain who flew to Fairbanks from Tanana with Mr. Haggland after inspecting a mothballed microwave station a few miles from the village. "I'd rather fly with a bush pilot than with an Air Force pilot. They may fly by the seat of their pants, but they survive. They fly in the most amazing conditions and you can depend on them."

MAKESHIFT RUNWAYS

Being knowledgeable in the ways of seat-of-the-pants aviation is an occupational necessity for Mr. Haggland, who has logged more than 8,000 flying hours since he was 16 years old. He lands on frozen lakes, sand bars in raging rivers, dirt roads, desolate snow-blanketed alpine meadows and innumerable short gravel landing strips near wilderness mining and drilling operations. He has been tossed upside down in the air by an errant bluster and engulfed by the unpredictable Alaskan whiteouts, freak weather conditions that make depth perception impossible.

After 22 years of this, flying has become second nature to Mr. Haggland. His wife, Phyllis, herself a pilot, describes it this way: "He doesn't get into the plane; he puts it on. They're a unity."

But Mr. Haggland's flying skills don't solve all his problems as president of Alaska Central Air, a six-airplane outfit whose five pilots fly charters and scheduled flights to the bush villages in north-central Alaska. The state's oil wealth and contact with the thousands of workers from "the outside" who built the $9 billion oil pipeline in the mid-1970s have changed Alaskans' attitudes and standards of living.

"It's getting harder and harder to make a living this way," Mr. Haggland says. "The expectations out in the bush have changed. You used to be able to almost strap them under a wing as long as you got them where they were going. Now they expect better equipment and regular schedules. And my costs are eating me up. Opening the hangar door in the winter costs me $100 by the time I make up the lost heat."

Mr. Haggland's problem is neatly illustrated at Tanana, which can be reached only on foot, by plane or, during the few months a year the rivers aren't frozen or ice-clogged, by barge. The village's biggest business is a

federally financed 20-bed hospital. Unemployment runs about 70 percent. The 350 residents, 85 percent of whom are Athabascan Indians, get cash from time to time by working "sort of piecemeal," as one puts it, usually for state or federal projects, like fighting forest fires. Cash incomes range from about $2,000 to $8,000 a year.

Yet three different air-taxi companies fly five scheduled flights a day to the village. Indeed, while some in Tanana still make clothing from animal skins, "They think nothing of flying to Fairbanks to go shopping," says Carla Bonney, the hospital's administrator. (The 140-mile one-way trip from Tanana to Fairbanks costs about $35.)

And planes bring in all the village's mail, canned goods, liquor, diapers, horsemeat for dog rations, stoves, J.C. Penney catalog items, snowmobile parts and the thousands of other things that have become necessities in the modern bush. "The air carriers are our lifelines," says Mrs. Bonney.

Mr. Haggland sees this through the eyes of a struggling small-business man whose company lost about $79,000 last year. He doesn't think Tanana can support three carriers and five flights a day indefinitely, and that makes him angry at the government. "To fly these routes you used to have to prove the service was necessary," he says. "But since deregulation (two years ago) all you have to prove is that you're willing and able to fly them. Deregulation favors carriers with capital. In Tanana somebody is going to fall by the wayside."

Even smaller than Tanana is the town of Manley Hot Springs, home of about 60 people along the Tanana River 80 miles west of Fairbanks. Tucked in the back of Mr. Haggland's plane on a flight from Fairbanks to Manley Hot Springs are Cleo Schnorf, a 65-year-old retired Los Angeles mailman, and Tonya and Paula Schlentner, eight years old and two years old, respectively. Paula nestles under Cleo's arm and falls asleep as easily as though she were riding a bus. As Mr. Haggland takes the plane over a ridge, an updraft bounces it around like a buckboard on a rocky road. But nobody seems to notice. Paula sleeps and Mr. Schnorf explains he's returning from cashing his pension check in Fairbanks. Why did he come to Manley, where he lives with his brother Virgil in a log cabin? "Have you ever seen Los Angeles?" he asks with a look of eyebrow-raised incredulity that a visitor has to inquire.

Tonya's and Paula's mother, Carol, arrives shortly after the landing pulling a small sled behind her. After inquiring about the girls' father, whom they have been visiting in Fairbanks, she begins to pack the supplies they have brought into the sled. "We live in a sod house a mile and a half from here," she explains. "I've wanted to live in the country ever since I read the Laura Ingalls Wilder novels (upon which the "Little House on the Prairie" television series is based). Both girls were born here. We can live simply here without seeming weird."

Mr. Haggland, meanwhile, has drifted over to talk to his old friend Cy Hetherington, who has been flying in Alaska since 1952. Mr. Hetherington is an encyclopedia of information about the bush and is dismayed by the changes in Alaskan aviation.

"In order to keep up with the competition, you had to get fancy planes," he says, standing a few feet from his Cessna 205, which has a "for sale" sign on it. "That was fine as long as there was a lot of business during the pipeline construction, but I haven't flown three hours in the last three months. You can't afford anymore to fly out to a village and hope you'll get a fare."

Even if he could get the fares, Mr. Hetherington might not be able to keep up with the paper work federal regulators have increasingly demanded in the last few years. "A solo operator can't make it anymore," says William Nelmes, the supervising inspector for the Federal Aviation Administration in Fairbanks. "Regulation has driven those guys almost out of business in the last five years."

To explain Mr. Hetherington's economic predicament, and his own, Mr. Haggland produces a calculator from his shirt pocket and describes the economics of Alaska Central Air. "Liability insurance costs about $1,400 a passenger seat every year and hull insurance is about 10% of the value of the plane," he says. "By the time I've paid the bank at a few points above the prime, it's very tough to make money. I have to keep the planes in the air as much as I can."

To keep his fleet flying, Mr. Haggland is emphasizing the charter business: for that service he can charge a premium rate, which he can't apply in the scheduled passenger service. "There are some price shoppers for charters," he explains. "But the charter business depends on good equipment and the job you do. You can charge good rates and get return customers."

That's just what he does on a trip to Wiseman, where 11 people, one with a pet bear, live in the Brooks range above the Arctic Circle. On this trip, Mr. Haggland carries in two mechanics to repair broken gear on a natural-gas drilling rig.

As the mechanics begin their work, Mr. Haggland shoots the breeze with the construction workers and then moves on to talk with the supervisors. Within a few minutes, he has been asked to bring back Marlboro cigarets and Canadian Club whisky; he has also been chartered again for later in the day. "It's a service business, after all," he says with a big smile.

Like many Alaskans, Mr. Haggland is something of a jack of all trades. For several years in the 1970s he dropped out of Alaska Central Air and worked as a part-time guide and trapper while also running a small store. "Phyllis and I were building our house and starting a family and I liked being my own boss," he recalls. Mr. Haggland and his wife lived for a year in a one-room log cabin built by Mr. Haggland while the couple worked on their comfortable, two story log home in Fairbanks facing south toward three of the most majestic peaks in the Alaskan range.

In fact, Mr. Haggland still hunts and fishes to fill three freezers with the moose, antelope and fish his family eats all winter. But even hunting and fishing are more difficult than they used to be, as the federal government reserves more and more territory for national parks and monuments.

That makes people like Pete Haggland angry. Last year, he became the president of Alaskans Unite, a 14,000-member organization formed to fight what its members regard as Washington's colonial treatment of Alaska and Alaskans. And while that struggle continues, Mr. Haggland from time to time considers running for the state legislature, where his father, a Fairbanks surgeon, once served.

Says Phyllis Haggland: "When you tell people up here that they can't hunt and fish, they get political.●

EXPORT TRADING COMPANY ACT SUPPORTED

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. LAFALCE. Mr. Speaker, the fact that the House Export Task Force's membership is expanding is reflective of an increasing awareness that this country must develop a comprehensive and national export policy. Disincentives to exports should be removed and new incentives for exports provided. A number of specific problem areas should be addressed, including a reform of the Foreign Corrupt Practices Act, the taxation of Americans working abroad, and export credit subsidy wars.

At the very center of that national export policy must be U.S. export trading companies which could help facilitate exports by small- and medium-sized companies in this country. Therefore, I have introduced H.R. 1648, the Export Trading Company Act of 1981. The companion bill in the Senate, S. 734, passed by a remarkable margin of 93 to 0, and H.R. 1648 has received the bipartisan support of more than 90 Members. In addition, the Reagan administration has wholeheartedly supported the bill; and Commerce Secretary Baldrige has personally testified twice in favor of H.R. 1648.

H.R. 1648 has two central features. First, it would allow bank participation in and ownership of export trading companies under strictly regulated conditions. Second, it clarifies the antitrust status of export trading companies through a certification process, in order to give businessmen more certainty concerning their future antitrust treatment by the Department of Justice.

H.R. 1648 recently received the endorsement of the American League for Exports and Security Assistance which is an organization of export-oriented corporations and labor unions to promote exports of U.S.-manufactured products. In light of the league's expertise in boosting exports, I thought that all of my colleagues would be interested in reading this endorsement by the president of the league.

The letter follows:

AMERICAN LEAGUE
FOR EXPORTS AND
SECURITY ASSISTANCE, INC.,
Washington, D.C., July 2, 1981.

Hon. JOHN LAFALCE,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN LAFALCE: On behalf of the ALESA organization, with its 33 corporate and four national and international union members, we want you to know that we support as part of a positive national export policy your bill H.R. 1648 to facili-

tate the exports of smaller and medium sized firms through Export Trading Corporations.

Our nation's economy, its very security, depends upon a positive, comprehensive trade program, including the Export Trading Corporation legislation. Our cumulative trade deficits of over $100 billion over the past five years have fueled inflation, cost the nation dearly in lost jobs and revenues. In a shrinking world economy with easily transferable technolgy as well as goods and services no economic program can succeed without a positive trade policy.

We sincerely hope that in this Congress both the House and the Senate Committees with jurisdiction over various aspects of our trade policy will enact legislation to both eliminate disincentives and create appropriate export incentives.

Thank you for your consideration of our views.

Sincerely yours,

ARMISTEAD I. SELDEN.●

TECHNOLOGICAL INNOVATION—ECONOMIC GROWTH IN THE EIGHTIES

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. MATSUI. Mr. Speaker, as a Representative from the State of California, I am aware of the importance of industrial innovation to the economic security of the country. It is well documented that technological innovation accounts for approximately half of all productivity growth in the United States. Ironically, today for the first time in our Nation's history our technological superiority is threatened. Thus, its time that Congress start to seriously consider action on Federal legislation in order to secure our lead in technological innovation. In my home State, the growth in such diverse areas as electronics, agriculture, aerospace, energy resources, and the biosciences provides dramatic evidence of the benefits derived from technological innovation.

As cochairman of the National Governor's Association task force on technological innovation, Gov. Edmund G. Brown, Jr. of Califorina chaired a 1-day conference entitled, "Technological Innovation-Economic Growth in the 1980's." The conference provided an important link to business, government, and labor in understanding the important issues surrounding technological innovation.

Gov. Harry Hughes of Maryland opened the conference with a thought-provoking introduction on the importance of technological innovation in improving the quality of life for all Americans. The Governor was followed by a panel of distinguished businessmen (Francis Kelly, president of IDS; Robert Noyce, vice president of Bell Labs; Robert Hall, president of Satellite Business Systems) who addressed the question of Innovation for Prosperity: The Coming Decade. The panel provided a constructive analysis of the potential benefits of technological innovation.

Gov. James Hunt of North Carolina provided the conference with additional insightful comments as to the proper interplay between State incentives and private sector involvement in promoting technological innovation. As a result, I have asked that a summary of their remarks be made part of the RECORD. am sure that my colleagues will find these comments a useful tool in handling the complex problem of maintaining this country's lead in technological innovation.

GOV. HARRY HUGHES—MARYLAND

"What we are here to talk about today is how to bring the public and private sector into closer contact for more effective partnership to promote economic growth and prosperity, and to improve the quality of life."

As Chairman of the National Governors' Association Committee on Transportation, Commerce and Technology, I want to welcome you all here today.

The Conference as you know is about technology. Technology is a powerful shaping influence on what our society has become, and what it is going to become. The ever-expanding range of problems and issues that ignore conventional solutions also ignore governmental and institutional boundaries. All of this presses upon us the resolution of a modern dilemma: will we use technology to further the goals of our society, or will we allow technology to direct the evolution of our society? Will our governmental, academic, and private institutions meet this challenge?

What we are here to talk about today is how to bring the public and private sector into closer contact for more effective partnership to promote economic growth and prosperity, and to improve the quality of life. The NGA is sponsoring this conference on technological innovation to focus on critical choices to be made in the next several years, to provide governors a new perspective on these issues, and also to allow participants a glimpse at the unique character of state government, how states serve as experimental laboratories for testing of new policies, and how states work collectively on issues of national importance. Specifically we hope to utilize some of the best minds in the country to help us find a framework for the development of policy on technological innovation.

FRANCIS H. M. KELLY—EXECUTIVE VICE PRESIDENT, IDS ADVISORY

"The pervasiveness and self-augmentation of technology are now irreversible. The question is whether society can learn to manage the political, social, and cultural implications of continuing growth."

For almost 200 years Western society has had a deepening obsession with its control over nature. The catalyst of this obsession was the preoccupation of 18th century Europe with scientific method and the timely occurrence of significant inventions. Scientific method involved the empirical measurement of all forms of behavior and the formulation of working laws from that experience.

The exactness, rationalism and standardizations implied by scientific inquiry contributed to the proliferation of invention. This conjunction of invention and scientific method was controlled by individuals in the 18th and 19th centuries. Then, as the impact of invention on the national economy mounted, the government came into growing contact with technology. Technology offers a standardized means of attaining predetermined ends (to use one scholar's definition) and extends beyond mere physical processes to marketing, management, and methodological techniques.

The issue is not whether technology will attain new victories in years to come, for, as Jacques Ellul has observed, the pervasiveness and self-augmentation of technology are now irreversible. rather the question is whether society can learn to manage the political, social, and cultural implications of continuing growth. For each major technology is shaped by the past and casts its shadow on the future, often in a foreboding fashion. There is a fundamental conflict between the progressive thrust of technology and the reactionary nature of political and social systems. Periodically this comes to a head in a painful resolution that forces the realignment of the latter with the new technological imperatives.

Our society appears, once again, to have begun a term of trial where the dominant innovation of the last fifty years, public sector management of defense and welfare, has overreached the capacity of the original technology. Relatively simple decision-making systems in the 1940's and 1950's, applied principally to goods-producing industries, have become incomparably more complex in the 1970's, when their major effects fall on the consumption of services. Meanwhile, the ascendancy to political power of a new debtor class forcibly drives government on to spending decisions that are detached from a purposeful economic rationale. The resulting inflation operates at cross-purposes to the pursuit of high productivity, output, and employment.

In a technological sense, telematics invites a plausible solution to the dilemma. Since the limitation of complex decision-making (that is, the type of decision-making that is typical in most highly developed service industries) is the inability of the unaided human mind to simulate convoluted cause-and-effect sequences, all forms of economic activity that depend on such counter-intuitive decision-making stand to become major beneficiaries. This is particularly true of government management of the economic system, the principal technological innovation of the previous fifty years.

It is probably no exaggeration to say that the ultimate victory of the information revolution is conditional on the timing of the rationalization of public sector management. I would summarize the task as follows:

(1) There must be a shift in resource allocation by the public sector;

(2) Pressure on financial institutions caused by exessive credit and misassignment of savings must be relieved to reduce inflation and provide funds for emerging technologies;

(3) State and federal regulations need to be reformed to address present realities;

(4) The awareness of the role and responsibility of national strategic planning is the beginning of wisdom for the 1980's.

ROBERT C. HALL—PRESIDENT AND CHIEF OPERATING OFFICER, SATELLITE BUSINESS SYSTEMS

"It will be possible to have not only traditional telephone services, but also video teleconferencing, high-speed electronic mail, and computer-to-computer networking across long distances at close to the computers' natural operating speeds."

The word "re-industrialization" represents a part of our national effort to understand and find solutions for a stagnating economy and a slowdown in innovation, for the ravages of inflation and inadequate capital investment and productivity growth. If anything, the United States and other advanced economies are well into a period of deindustrialization, in which more and more people are occupied with the handling and distribution of information. This is not to say that heavy industry has no more future in this country. What it does say is that the typical business or government organization today will need to improve its ability its ability to handle information if it is to succeed in the years ahead.

A key part of the answer lies in advanced communication tools. Better communications must be recognized as a new, basic requirement for economic vitality. We are about to witness an explosion of practical applications for advanced communications similar to the data processing developments of the past two decades.

Our information handling requirements have been rapidly outgrowing the traditional pathways. The information explosion has put a higher premium on the timeliness of the information. Fortunately, the solutions to these problems were developing at the same time as the problems themselves. I'm talking about the development of integrated, wideband communications facilities, including the advent of space technology as a proven and reliable communications resource.

By utilizing new, advanced communications capabilities, it will be possible to have not only traditional telephone services, but also video teleconferencing, high-speed electronic mail, and computer-to-computer networking across long distances at close to the computers' natural operating speeds.

The aggregate result of advanced communications will be a gradual dispersal of ourselves and our places of work across the country. There will be a reduced load on energy-intensive and time-wasting activities such as business travel and commuting. We'll enjoy faster access to needed information, and in general be more productive. I suggest that a good part of service delivery of the future, including health, education, and welfare, will rely to a great degree on advanced communications by the end of this decade.

In this conference, the focus will be on encouraging and developing technological innovations for economic prosperity. It is only through broad implementation that any idea can, in the end, affect the economy. To accomplish this takes capital investment and risk-taking. The legislative and regulatory climate must continue to encourage competition if the resulting benefits are to be achieved. Public funds prudently spent on R. & D. are a solid investment for our economic future.

To meet our challenges of the 80's, a renewed cooperative and supportive effort between government and industry will be essential. With this climate, the virtual technological revolution that is developing in telecommunications will be one of the key factors of the decade in addressing the urgent need to improve productivity and get back on the path to economic prosperity.

SOLOMON BUCHSBAUM—EXECUTIVE VICE PRESIDENT, BELL LABORATORIES

"We will make possible end-to-end digital connectivity important to the information age, technologies which can provide information handling capabilities undreamed of in the past."

In his remarks this morning, Governor Brown stated that "The Information Revolution holds the key to economic prosperity." He described how such a revolution will increase productivity and reduce energy consumption because of better management of business activities, as well as travel and heating, lighting, and air conditioning systems.

At its ultimate, the "Information Age" will mean that people will have access to any kind of information, anytime, anywhere, and at affordable cost. It is an immense job to make this statement come true.

The new technology is driven by these three trends: solid state electronics, processors, and software. Solid state electronics began with Bell Lab's invention of the transistor. As circuit cost and size continue to decrease, the intelligent power of the processors can be decentralized and processing capability can be spread throughout the network. The Bell System has the largest network of interconnected computers and processors in the world.

Now to lightwave and photonics. Alexander Graham Bell, the inventor of the telephone, was also the inventor of the photophone, which transmitted voice sounds on a beam of light. He used the sun as a source and the air as a transmission medium. Today we use lasers, light-emitting diodes, and optical fibers. We have already begun to use lightwave communications in the network, and this exciting new technology is becoming increasingly cost effective. We plan to have the nation's first long distance lightwave link in 1983 between Boston and Washington, D.C. The age of photonics—doing with photons what we now do with electronics—is upon us.

Satellites will also help enhance the information-handling capabilities of the telecommunications network. Using these and related technologies, we will make possible end-to-end digital connectivity important to the Information Age. These technologies can provide information handling capabilities undreamed of in the past. For example, it will be possible for the American Automobile Association to have a single number that members call in an emergency. The calls will be routed, according to directions given the network by AAA, to the nearest service station, which can then send a tow truck. This is all made possible by an intelligent network that is instructed to respond to particular customers in particular ways.

Another important Information Age service is on trial in Florida. The system's information offerings include a complete news report, home shopping service, banking service, entertainment and travel bargains, and other information.

Work is being done to improve computer software. Technologists must make human/machine interactions approach the spontaneity of human/human interactions.

I represent a regulated industry. The rate at which innovation is being introduced and deployed is dictated in large measure by regulatory bodies. Today the partnership between regulatory bodies and industry leaves a lot to be desired. Governors should look at that issue, because unless greater initiative is allowed, much of the innovation behind the "Information Age" is going to languish.

The rate at which technology can be and will be used depends on making software easier and more fun to use; the ability of technologists to get the story to the public so the public is comfortable with it; and lastly, the ability of society to organize and promulgate "rules of behavior" for technology to be used in a productive way. The opportunity for economic progress and well-being is enormous, and I think it will happen—if we take advantage of what technology has to offer.

ROBERT N. NOYCE—VICE CHAIRMAN, INTEL CORPORATION

"The industry creating the information revolution is an example of the high growth, high technology industries which provide a greater social surplus to the society. That surplus can be used to achieve the other goals of the society, whether those goals are to provide more leisure, a better environment, or more resources devoted to the arts."

I refuse to subscribe to the idea that our society has run its course, or that our children will have less than we have had. Homo sapiens has proven himself to be marvelously adaptive, and except for brief periods, due to war, natural disasters, climate changes, or inadvertent mistakes, he has always succeeded in improving his lot.

Innovation and prosperity are joined in a cause-and-effect relationship. If our society is to produce more per capita, we must find better ways of producing the goods and services that are in demand. Many studies have shown that the greatest contributor to increasing productivity has been innovation: new ways of doing things.

There is good reason for this panel to emphasize the "Information Revolution" when addressing future prosperity. First, there has been a drastic change in the distribution of the work force over the last few decades, so that now nearly half of the work force is engaged in the creation, manipulation, and distribution of information and knowledge. Secondly, the industry creating the Information Revolution is an example of the high growth, high technology industries which provide a greater social surplus to the society. We can calculate the "social surplus" which has been returned to society by the semiconductor industry, and the number is staggering. That surplus can be used to achieve the other goals of the society, whether those goals are to provide more leisure, a better environment, or more resources devoted to the arts.

Intel was founded in 1968, with an initial investment of three million dollars. It has grown to the point that its sales last year were about 10 percent of the U.S. semiconductor industry. Over the last decade the company has paid $244,495,000 in federal, state, and local taxes. Our employees paid $146,352,000 in federal and state income taxes. During this same period, Intel purchased $466 million of goods and services to expand our capital plant. Our employment has grown from 500 to 16,000. Given this record, we conclude everyone has profited—

investors, the government, suppliers, and employees—from the creation of Intel.

However dazzling the growth of the semiconductor industry has been so far, we are really only at the beginning. The industry will grow from about $8 billion in 1980 to $55 billion in 1990, according to one analyst. By the end of the century, annual sales are expected to go to $100 billion. What can and should be the role of government in creating or capitalizing upon a windfall such as this one for our society?

Perhaps the first requirement is to realize that it is a windfall, creating jobs in an energy efficient, clean, intellectually satisfying counter-inflationary industry. Building on that realization, we need to create the environment in which the growth of the high technology industries will flourish.

Increased capital formation and lowering of the inflation rate are essential to the survival of the electronics industry. The high technology industry clearly depends much more on the results of research and development than does industry in general. Consequently it is essential that a high level of R&D be maintained if the industry is to be enhanced. The combination of the two problems of inadequate R&D and a shortage of trained manpower suggests that shifting a significant portion of the support of our educational institutions to private sector needs would be advantageous.

Last, it must be emphasized that high technology products are international in their markets. We have seen significant barriers to the export of our high technology goods, both by our government and by that of the importing country.

The information revolution has indeed been a windfall to the American society. Enchancing our progress in this field promises a better life for all Americans.

MICHAEL MARKKULA—CHAIRMAN OF THE BOARD, APPLE COMPUTER INC.

"Today a personal computer costs $1,000 to $2,000. We've brought the power of the personal computer to within the economic reach of every person in this room. I predict that by the time of the next presidential election, most of you will not only own a personal computer, but will use it on a regular basis."

I'm going to make most of my remarks about personal computers, and give you a perspective about what personal computers are, and what they could mean to our economy, to jobs, and to the quality of our lives.

The best way to explain what a personal computer is is to use an analogy. Man has always been known as a toolmaker, and another way to define a tool is as a productivity enhancer. The personal computer can be described as the first general purpose tool man has invented for the intellect.

It enhances the intellect in four different ways. First, it augments our memory. Second, it removes tedium and error from our ability to analyze. And a computer has the capacity to present results of these analyses in many different forms: graphic, audio, visual, on a piece of paper, and so forth. The value of removing tedium and error from the analyses leads me to the fourth point: we make better decisions, we are better informed, we are better able to do what people do best—that is, think about the general picture and use intuition, rather than doing the tedious dogwork of adding up numbers.

But we've had computers for a long time: what's so new and innovative about personal computers? Several years ago to provide an individual with a computer as powerful as those we call "personal computers" would have cost approximately a million dollars. Today a personal computer costs $1,000 to $2,000. We've brought the power of the computer to within the economic reach of every person in this room.

My guess is that less than 10% of the people in the audience own or use a personal computer. I predict that by the time of the next presidential election, most of you will not only own a personal computer, but will use it on a regular basis.

I'd like to describe the possible effects of personal computers on our economy, on inflation, on jobs, and on our overall quality of life. About seventy percent of our workforce today is involved in the knowledge-worker segment. If we are to improve the efficiency and productivity of our society, we must apply a tool to improve that productivity. It is my belief that the effect of the personal computer will be to significantly incrase the productivity of the knowledge worker.

There's a secondary effect which has to do with quality of life. I believe that people should do what people do well, and machines should do what machines do well. If we use machines in the knowledge-worker industry to free the worker up to do what he does well rather than have him involved in the drudgery of routine, then we will have an increase in the quality of life for the worker through increased satisfaction with his job. And if we are able to increase productivity we should be able to perform those jobs at much lower cost and have some impact on inflation.

What about jobs? I see some significant change in the classical definition of jobs within the knowledge-worker industry. At my own company we no longer have a classical secretary function. Each professional employee and many of the nonprofessional employees has an Apple of their own on their desk. Apple's sales per employee is about $250,000 per year. We feel that the use of the personal computer throughout our company is partially responsible for that high productivity level.

GOV. JAMES HUNT—NORTH CAROLINA

"States are in the best strategic position to lead in fostering the partnership relations so essential to technological innovation."

All of us with the National Governors' Association are indebted to Governor Brown and his leadership in organizing this conference, to the talented panel members, and to all other participants. We are in a decade of transition, and the policy recommendations growing out of this conference can make a great difference in how we make that transition.

I subscribe fully to the goal of this conference. In North Carolina we are fostering technological innovation as a very important key to economic growth, jobs, and lower inflation in the 1980's. In North Carolina, we believe this is the chance of a lifetime, the chance to break away from the anchors of low wages and low income, the chance to give our people a better economic future and a better life. For the nation, this is our chance to revitalize our economy and to regain our position as the world's industrial leader.

We all know that technological innovation has its roots in fundamental advances in science and mathematics. Our long-run approach to development of outstanding scientists and mathematicians is through the North Carolina School of Science and Mathematics. A residential high school, it admits only the very highly talented students in these fields. Our Board of Science and Technology is active in planning many of these developments. We also have a Board on Goals and Policy, an Economic Development Board, and a North Carolina Business Council. These organizations are developing the essential partnership relations—among government agencies, universities, industry, labor and financial institutions within the state. The process has resulted in more than $8.2 billion in new investment in the state over the last four years, creating over 122,000 new jobs.

The premise upon which we base our effort in North Carolina is that states are in the best strategic position to lead in fostering the partnership relations so essential to technological innovation.

Our experience with technological innovation suggests that we should keep several key points in mind as we draft our NGA Policy Statement:

(1) Ethical Imperatives of Partnership.—As we move towards closer working relationships among government, industry, and universities, we must ensure that justice prevails throughout. Also, we must not exploit our environment unfairly.

(2) Minimize Regulatory Procedures and Adversary Positions.—We should establish agreed-upon principles whereby these partnership relations are to function in order to avoid regulatory processes, adversary positions, and work stoppages.

(3) Prepare to Cope With Organizational Change.—Technological innovation will foster sweeping organizational changes in our society. We must cope with these changes with justice and integrity rather than with strife and distrust.●

BALTIC HOLOCAUST REMEMBERED

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. BIAGGI. Mr. Speaker, this month our Nation celebrated its 205th year of liberty. Last month, another anniversary was recognized by the entire world, but unfortunately this one was not accompanied with joyous festivities.

The days of June 14 and 15 marked the tragic 40th anniversary of the Baltic holocaust when the Soviet regime began its terrorizing campaign of mass deportation of Baltic peoples from their homelands in Estonia, Latvia, and Lithuania to Siberian slave labor camps. With this, the Soviet Union began their complete occupation and annexation of the Baltic States.

The American people, blessed with over 200 years of uninterrupted freedom, have been more fortunate than many other peoples in the world. Because of this, we must not forget our obligations to spread and preserve human rights throughout the world, and bring an end to the repressive tac-

tics of the Soviet Union and other foreign govenments.

The peoples of Estonia, Latvia, and Lithuania all lived freely before forced Sovietization denied them of their basic rights. Soon after deportation began on June 14, 1941, more than 850,000 people—more than 10 percent of the Baltic population—had died from exposure and execution. The reason for these purges and reign of terror was to eradicate all people who attempted to exercise such natural rights as the freedom of expression or the right to emigrate—actions which threatened Sovietization.

Today the Soviets continue to enforce their campaign of terror. The Baltic peoples live in an environment of fear, mistrust, and hostility, as the Soviets repress indigenous national, cultural, and religious movements in these countries, as well as in all other captive nations. Families have been disbanded and deported, an unknown number of people executed, and the industrial wealth of the nation has been exploited. Yet, throughout all this, the Baltic people have exhibited unfaltering spirit in their fight to preserve their culture, identity, and right to self-determination.

The ethnic makeup of the Baltic peoples is distinctly different from that of the Russians, in language, culture, common traditions, and religion. The Soviet Union's forcible occupation of Estonia, Latvia, and Lithuania was the result of a conspiracy between Nazi Germany and Soviet Russia, and is maintained by force alone.

The right to self-determination is a fundamental and moral policy objective of the United States. The courageous freedom fighters of the Baltic States should serve as an inspiration to us all. We must not waver in our support of basic human rights for all people.●

ENERGY AND SOCIAL PERSPECTIVE OF INNOVATION

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. WALGREN. Mr. Speaker, today we face the complex problem of strengthening the American economy. Budget and tax cuts will provide some relief to our struggling economy. However, we might be underestimating the importance of technologically based industrial innovation in rebuilding our economy. As chairman of the House Subcommittee on Science and Technology, I have seen the importance of promoting technological innovation. Patent reform, capital formation, and increased expenditures in research and development are just a few of the issues that need to be addressed by Congress.

On February 21, 1981, the National Governors' Association and the National Science Foundation sponsored a 1-day conference entitled "Technological Innovation—Economic Growth in the 1980's" in which I participated. The conference made a giant step in establishing communication among the different groups affected by the growth of technological innovation. Leaders in business, labor, and science provided their insights on a variety of panels. I participated on a panel with Governor Lamm of Colorado, Roger Sant of the Carnegie-Mellon Institute, and William Norris, president of Control Data Corp., wherein we discussed the "Energy and Social Perspective of Innovation." I have asked that their remarks and my own introductory remarks be made part of the RECORD. I hope my colleagues in the House will read these remarks and in the future take into consideration the importance of promoting technological innovation in increasing the quality of life for all Americans.

The information follows:

REMARKS BY DOUG WALGREN, CHAIRMAN, HOUSE SCIENCE AND TECHNOLOGY SUBCOMMITTEE

"If government can create such an engine, there is much they can do in other areas. The institutions which block us are inadvertently exposing the nation to economic and social danger."

As the new Chairman of the Committee on Science, Research and Technology, this is an area which I don't know a tremendous amount about. I appreciate the chance to be with you and listen to the other panelists and presentations.

The big eye-opener at this conference today is the intense interest on the part of the states to be active in this area, to provide the bridge that is clearly needed to change the institutions we have been operating through. Clearly the federal government has a part to play in this, but with the legislative powers of states to shape institutions at the state level, we can have success that could not be had if we approached this from the federal government alone.

As a Pennsylvanian, I come from a state which has suffered badly from lack of investment in our industries. We are suffering in the steel industry. Our capital investment is almost nil; we are recreating steel industry plant once every 40 years, as compared to every 15 years abroad.

The problem exists not only in the steel industry. The rate of new patents is declining drastically. There has been an 11% drop in the number of patents issued each year, and in the United States patents issued to foreign industry are exceeding those issued to Americans.

Although government was certainly part of the problem it also has to be a major part of the solution. The President has addressed the problem of regulatory reform and capital formation very directly, but I think we have to have reservations about whether the entire government should be approached on the basis of an absolute theory. This is especially true in the area of science and innovation, where government activities are truly related to investment. These areas should not simply be left behind by an economic theory which turns its back on government.

Where budgets have to be cut they will be cut, and we will play our part. But in dealing with the National Science Foundation, I do not think we can take an absolute approach to that budget. Science is an area where labels should lose all meaning. Science knows no labels. The essence of science is that it must accept the facts as they are and act on them without prejudice or political preconceptions. And that seems to me to be the spirit in which we have to approach involvement of the federal government in the area of research.

During the space shuttle testing, the technological problem which had to be overcome was how to pump the volume of liquid fuels into the engines on board the shuttle, going literally from zero movement to an incredible volume in less than a second. They came up with an engine that goes from 0 to 75,000 horse-power in less than a second. If you compare that engine to the automobile engines we have now, we would be generating the same power of a V8 engine on an automobile with an engine that weighs less than 3 pounds. It seems to me that if government can create such an engine, there is much they can do in other areas. The institutions which block us are inadvertently exposing the nation to economic and social danger.

There is need for institutional reform, I hope my Committee will be able to play a role in that. I think that with the interest of the states, we can make a lot of progress.

REMARKS OF GOV. RICHARD LAMM OF COLORADO

We recently discovered forty radium sites in Colorado, and now we find office buildings, streets, and vacant lots which are awfully hot. We need better ways to prospectively assess the value of some of the things we are doing. For society often must live, as we must live with the consequences of radium, for a very long time.

One of the most exciting things expressed today is the exuberence of new technology. I'd like to add my thanks and admiration to Jerry Brown for organizing this conference.

In Colorado we have lived with some of the unplanned consequences of technology; problems which I have spent a good deal of time trying to deal with in my six years as Governor.

The ying and the yang of technology is technology assessment, and trying to find some prospective way to deal with the consequences we will face in the new world of technological innovation.

We recently discovered forty radium sites in Colorado. Back in the early turn of the century, Denver became the radium capital of the world. Nobody anticipated that there was a down side to radium, and now we find office buildings, streets, and vacant lots which are awfully hot.

Colorado was also the focus for what they call Project Plowshare, which would have seen the explosion of nuclear devices in our very heavy shale formations to release endless amounts of energy. But we discovered that technology had its down sides too, for it would result in the release of a great deal of tritium. Tritium is a heavy hydrogen that can move through stagnant water and contaminate whole river systems. And we find in shale oil some evidence of carcinogenic properties. So we wonder how to make intelligent prospective decisions in regard to technology.

In the past the law was an effective prophylactic to the negative effects of technology. In the early 1900's we had a technology called the railroads and if that technology went wrong the cost was high: seven breakmen might lose their legs or perhaps their lives. But there was not a whole society at risk. The law, by retrospectively assessing damages, was able to act as a device to make the technology safe.

But today we need better ways to prospectively assess the value of some of the things we are doing. This is a subject that is of great importance to Colorado. What are the prospective institutions? Does the Delaney Amendment serve that purpose, or the environmental impact statement? And if these institutions don't work, what does work? How can we ensure that those people who are assessing the technology are at the table at the same time the technology is being devised? For society often must live, as we must live with the consequences of radium, for a very long time.

REMARKS OF ROGER SANT, DIRECTOR, ENERGY PRODUCTIVITY CENTER, CARNEGIE MELLON INSTITUTE

The final myth is that we cannot conserve our way to economic growth. If everything that we find is accurate, the investment we make in what may be called conservation, which I would prefer to call productivity, is probably the means of economic growth.

The positive side of our discussions today is the incredible opportunities that lie ahead of us. The negative side is what is not happening, as expressed in the lag in our economy and the decline in research. I am going to focus on the good side, because the studies we do in energy tend to work out that way.

One of the interesting things about technology and energy is that energy is useless without technology. We myopically view our energy as a bunch of BTU's, when in fact there is a whole accompanying system which we use to burn those BTU's in a way that gives us goods and comforts and mobility.

In purchasing that mobility and that comfort we spend half our money on fuel and half on the system that uses it. In our work we have been focusing on that system to see how we can change it so that in the future our fuel bills will not be so onerous. The average American spends about $4,200 for energy services. About half of that is fuel and half of that is the technology which uses it. How can we make that technology cheaper?

GE has developed a new lightbulb which costs a lot more than the conventional lightbulb. But it uses 25% electricity for the same amount of lights and lasts 16,000 hours, so the total cost to the consumer is 40% less. In Connecticut we've remodeled a house, put in better furnishing and insulation, so it now uses one-third the amount of fuel oil it used before. In our studies we have developed a number of such opportunities, and we call it a "least cost strategy."

Our latest publication will be entitled The Seven Great Myths about Energy. The first of these myths is that energy in the quantities which we now use it is essential to our economic well-being. We've found that in the least cost sense, if we pursued least cost strategies, we would be using about half the energy per dollar by the year 2000 that we are using now.

The second myth is that the cost of energy services will continue to rise. In truth, if we used technologies available now, the cost per capita of services would be less in the year 2000 than what we are now paying. The inflationary impact of energy could be behind us.

The third myth, that acting in our own self interest in regards to energy will jeopardize the interest of nation, is also untrue. We've found that if we really act out of self-interest, by the end of the 1990's imports will be gone, inflationary impact of energy will be gone, environmental impact will be substantially reduced and new industries and jobs will be produced.

The fourth myth is my favorite, and that is that the critical energy problem is our dependence on foreign oil. Right now foreign oil is the highest cost competitor in this energy system. Electricity is the second most expensive. Oil can be replaced by technologies that improve efficiency: microprocessors and pulse combustion furnaces and fluidized bed-boilers.

The fifth myth is that environmental restrictions get in the way of energy solutions. This just doesn't appear to be so; least-cost solutions exist within existing clean air and clean water restrictions.

The sixth myth is that liquid fuels required for autos and other vehicles is the most unsubstitutable energy. In fact we find that this sector is most flexible. We find that by the year 2000, even with a 75% growth in the economy, liquid fuel consumption in the transportation sector will be one third less than our current consumption.

The final myth is that we cannot conserve our way to economic growth. If everything that we find is accurate, the investment we make in what may be called conservation, which I would prefer to call productivity, is probably the means of economic growth.

I have two hopes for the Reagan Administration. My first hope is that the free market will be given a chance, and consumers will be allowed some choices in the area of energy. The second hope is that government will stop rigging the game in favor of nuclear. Let's give it a chance, but let's give everything a chance at the same time.

And my one hope for this group is that you will keep on doing what you are doing; it's making one hell of a difference.

REMARKS OF WILLIAM NORRIS, CHAIRMAN OF THE BOARD, CONTROL DATA CORP.

"Technological innovation isn't going to be achieved until we break out of our present regressive culture. Business is not alone in its timid and reactionary stance. The education establishment, institutional investors, and labor unions all have contributed to the situation. A distinguishing feature of our present culture is the predilection of most organizations to pursue their own agendas without concern for the common good."

Let me commence by noting that too few people in our society appear to comprehend the serious, deep-seated nature of the problems that underlie rampant inflation, persistent unemployment and under employment, our declining competitive position in world markets, and a litany of other woes.

Adequately addressing these problems will require technological innovation on a unprecedented scale. And the required progress isn't going to be achieved until we break out of our present regressive culture. Except for those hardy souls who start-up and operate small businesses, and a few large, progressive companies, there is a lack of new product and service innovations that yield increases in productivity, that permit a higher standard of living and subdue inflation and create new jobs.

Business is not alone in its timid and reactionary stance. The education establishment, institutional investors, and labor unions all have contributed to the situation. A distinguishing feature of our present culture is the predilection of most organizations to pursue their own agendas without concern for the common good, and without recognizing the benefits possible from cooperation.

What is needed is a massive and systematic effort to stimulate the start-up of millions of new businesses and small family farms, and at the same time to assure the profitable growth of small business. Such an effort is based on a number of premises:

Existing resources must be better utilized;

Government policies and commercial practices must reflect the needs of small businesses;

Resources of government agencies, universities, and large businesses could aid in the start-up and growth of small businesses for the benefit of all;

Cooperative approaches to social problems will benefit business as well as society.

What is needed is a systematic method of delivering, consulting, and other support services, and it can be accomplished through the cooperation of businesses, universities, and community-based organizations. This is not mere theory. Control Data has been offering a wide range of services to small businesses including consulting services, technological assistance through Technotech and Worldtech, relevant, low-cost education and training through computer-based education, and business and technology centers.

Cooperation between the different sectors of society can address major social problems. Efforts in this area include:

City Venture.—Control Data has joined in a consortium of business and church groups in an effort to revitalize urban areas through small business development;

Rural Venture.—Control Data has joined a consortium of businesses, church organizations, farm cooperatives and foundations to promote rural development through the improvement of small family farms and small-scale food processing.

In concluding, I refer again to our seeming inability to face the seriousness of our problem. Instead, we resort to "reindustrializing America." This is catchy phrase for beefing up the status quo. The proposals I've seen are a rehash of assorted actions such as cutting taxes, changing depreciation schedules, and reducing government regulations. These and similar actions have a role, but overall they don't address the root causes of our deterioration. Basically, we have drifted into a regressive culture and we must break out of it. Some of the ways for doing that have been outlined today.●

RETIREMENT OF FRANK EDWARD MASON

HON. WAYNE GRISHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. GRISHAM. Mr. Speaker, it is my pleasure to bring to the attention of the House the record of an exemplary American, Frank Edward Mason.

Frank Mason was born and raised in California, serving his country in the Navy from 1944 to 1946 and receiving his bachelor of science degree in education from the University of California at Berkeley.

Frank Mason's life has been dedicated to the education of our Nation's youth. He began his educational career in 1951 with the Rivera School District. He then assumed the responsibilities of principal at Gettysburg School in the Little Lake City School District. In 1964 he was appointed superintendent and has served in that capacity ever since.

I should note that this House is not the first body to recognize the outstanding life's work of Mr. Mason. In 1979, the California Legislature honored him for his record of civic responsibility. He was also named Distinguished Citizen of the Business and Professional Community by the Santa Fe Springs Chamber of Commerce and the Industrial League.

Mr. Mason's community involvement has by no means been limited to his work. He is past president of the East Whittier Kiwanis Club, past president of the C.I.F. southern section, and serves on the Alcoa Scholarship Board and the Executive Board of the Whittier Area Study Council. He has been honored by the NEA and PTA with life memberships.

As Americans, we can be proud of fellow citizens like Frank Mason, and thankful for his lifetime of service to his country and his community.●

GENERAL REVENUE FINANCING OF SOCIAL SECURITY: AN IDEA WHOSE TIME HAS COME

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. PEPPER. Mr. Speaker, general revenue financing of the social security program is hardly a new idea. The drafters of the legislation which was to become the Social Security Act of 1935 envisioned a program financed by a combination of payroll taxes and general revenues. The last two Social Security Advisory Councils, one appointed by President Ford in 1975 and the other appointed by President Carter in 1979, recommended funding the entire medicare program with general revenues, and funneling a portion of the payroll tax now directed at medicare into the old age fund. The 1981 National Commission on Social Security recommended that 50 percent of the medicare program be funded out of general revenues.

Our former colleague, Representative Jimmy Burke, for years the chairman of the Social Security Subcommittee, advocated funding social security benefits with a formula consisting of one-third employer payroll tax contributions, one-third employee contributions, and one-third general revenue contributions.

No less than 10 bills currently pending before Congress would finance all or part of the medicare program out of general revenues. H.R. 150 and H.R. 2386 (Brodhead), H.R. 497 (Roe), H.R. 1018 (Conable), H.R. 1121 (Lagomarsino), H.R. 1568 (Addabbo), H.R. 1848 (Annunzio), and S. 484 (Chiles) would all inject a much greater proportion of general revenues into the social security programs than is used at present. H.R. 3393, which I introduced along with 17 cosponsors, would finance 70 percent of the cost of medicare hospital insurance with general funds. Representative J. J. PICKLE, the distinguished chairman of the Social Security Subcommittee, has introduced legislation (H.R. 3207) which would pay for half of the cost of the HI program out of the general fund.

Mr. Speaker, almost $20 billion in general revenues will be used to pay for OASI, DI, HI, and SMI benefits in fiscal year 1982. The anachronistic opposition to general revenues for social security in this day and age puzzles me. I would like at this point to commend to the attention of my colleagues a letter to the editor which appeared in the June 6 Orlando Sentinel Star, which may shed some light on this issue:

SOCIAL SECURITY A REGRESSIVE FEDERAL TAX

To the EDITOR:

Much misunderstanding exists as to the operation of the Social Security system. Clarification might be helpful in pointing the way toward continuation of the Old Age and Survivors Insurance (OSAI), which is what most people mean when they mention "Social Security."

When OASI was originated in 1935, it resembled an insurance company annuity plan: Money collected from the participants was to be used to build up a large reserve and to meet future requirements of retirees. Each participant, when he reached 65, was to receive at least as much in benefits as he had contributed. This plan was abandoned in 1939 in favor of a pay-as-you-go system.

Under the pay-as-you-go system checks are distributed each month to retirees from the OASI fund, which is then replenished before the next monthly distribution as the Social Security deductions from worker paychecks are turned over to the system. The OASI fund is simply a contingency reserve; since 1939, it has averaged about enough to meet one year's retirement benefits.

Predictions that OASI will run out of money within a few years are based mainly upon demographic projections; the number of people who will reach 65, the number of years they can expect to live, the number of people entering the work force, the number of employed people. Such economic factors as recession, inflation, productivity enter the equation. Within a few years there will not be enough monthly replenishment of the contingency reserve to meet promised payments.

Where did the payroll deductions of the people, who are now retired, go over their working lives? They went to pay benefits to people already retired. Where are current benefit payments to retirees coming from? They are coming from the payroll deductions of those now employed. If the system continues as now established, the people now working will retire and have their benefits paid by payroll deductions from people working in the future. OASI is simply a monthly transfer of money from those who are working to those who are not working.

Many aggrieved retirees feel the money they contributed to Social Security over their working years has been stolen by the politicians, used to support Great Society programs, wasted in the Vietnam War, etc. Such conclusions, while understandable, are erroneous.

The concept of Social Security as a compulsory annuity is a mere pretense; instead, Social Security is just another federal government tax. But it is a frightfully regressive tax. It is a tax solely on salary and not on other forms of income—interest, dividends, capital gains, etc.—which often are larger for affluent people than their lush paychecks.

Also, there is a cutoff point, referred to as a "wage base," beyond which no deduction is made. Currently, the cutoff is $29,700. The individual making $29,700 a year pays the same tax as a person with a salary of $297,000. As a percentage of income, the lower an individual's salary, the more he is likely to pay in Social Security taxes; conversely, the higher one's salary the less proportionately one pays in taxes.

What can be done to make the well-to-do pay their fair share to support the nation's aged population? One approach would be to eliminate the wage base cutoff in the present tax. Let every wage earner pay a percentage of his annual salary, regardless of how high that salary is. This would be more equitable than the present system, but still would leave regressive features. It would not tax income from sources other than salary and the percentage of the tax would not increase with higher income, as it does with the income tax.

A more desirable approach would be to use the general revenues of the U.S. Treasury. General revenues are funds obtained by the federal government through its various taxes, chief of which are personal income and corporation taxes. General revenue support for OASI could be initiated partially at the present time to meet the current "emergency" with the hope that such revenues eventually would take over the entire beneficial role, thereby eliminating the inequitable Social Security tax deductions. A precedent for such action has existed since 1976 in the Supplemental Security Income, which is administerd by the Social Security Administration and financed entirely from general revenues.

Admittedly, it will be difficult to legislate a fairer Social Security tax structure under the present administration with its basic soak-the-poor and save-the-rich philosophy. Nevertheless, the attempt should be made.

WILLIAM FERRIS,

Orange City.●

INNOVATION FOR PROSPERITY—A WORKER PERSPECTIVE

HON. GEORGE E. BROWN, JR.
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. BROWN of California. Mr. Speaker, as the Congress strives to find ways to strengthen the economy we must not overlook the importance of the American worker. As a member and former chairman of the House Science, Research, and Technology Subcommittee I share a deep concern on the way we handle new technologies in the future. As industry advances in different areas helped by advancements in technology, the American worker becomes threatened. Therefore, workers must advance with the advancements in technology.

On February 21, 1981, I had the pleasure of participating in the National Governors' Association Conference on Technological Innovation—Economic Growth in the 1980's. The conference provided an opportunity for different factions in our society to come together and share ideas on technological innovation. I served on a panel entitled "Innovation for Prosperity—A Worker Perspective" with Governor Miliken of Michigan, Don Ephlin on the UAW, D. L. Landen of General Motors, Markely Roberts of AFL-CIO, and Gar Alperovitz, director of the National Center for Economics Alternatives. I have asked that these remarks be made part of the RECORD. I know my colleagues will find these remarks as constructive and thought provoking as I have. They serve as a good starting point for investigating the future of the American worker:

REMARKS OF GEORGE BROWN, JR., MEMBER, HOUSE SCIENCE, RESEARCH AND TECHNOLOGY SUBCOMMITTEE

"It is not the manipulation of conditions that is important, but the attitude of caring expressed by management. Most of the changes that take place as a result of technological innovation will not be due to the hardware of technology, but to the software of the institutional change."

I must compliment the National Governors' Association and Governor Brown and others involved with this conference for focusing on what I consider to be one of the biggest problems facing us in the decade ahead.

The question of how to improve productivity is not really new. I'm reminded of one case in which a progressive company improved the conditions of the workers and productivity went up. They did this several times and productivity increased, and then they decided to make conditions worse. Believe it or not, productivity continued to go up. Which illustrates a very simple point: it is not the manipulation of conditions that is important, but the attitude of caring expressed by management. It is the attitude of caring that is responsible for improved worker efficiency in almost any environment.

The Japanese example has been mentioned many times, yet at the heart of it is the fact that Japanese management and Japanese society care about Japanese labor. Caring is indicated by the system of permanent employment, by quality control circles, and other examples of participative management.

We cannot copy the Japanese; we will have to devise our own system here. There are underlying factors in the Japanese system that we cannot match: a homogeneity of culture and a shared sense of values that we don't have here. We can invent our own system based on our diverse culture and pluralistic values. We have a special role to play because we are the epitome of a peaceful society built on diverse culture and a lack of shared value systems.

We need a broader definition of technological innovation and a broader concept of growth. In measuring growth in this country we've confined ourselves to static concepts centering on economic indicators and GNP which aren't worth a damn. We need to develop sophisticated ways of measuring quality of life and translating that into meaningful terms that we can use.

The other aspect of technological innovation which has not received adequate attention is the need for new institutional arrangements. Most of the changes that take place as a result of technological innovation will not be due to the hardware of the technology, but to the software of the institutional change.

Let me give you an example. The health-care delivery system in this country is a shambles. It is the most advanced and sophisticated technological systems in the world, with CAT scanners and dialysis units running out your ears, yet it's the most highly inflationary in the world because it's institutionally inadequate. If we could reshape the institutions by which we deliver health care in this country, and introduce a little of the caring I referred to earlier, we could shave the cost, improve the quality, and we'd all be a lot healthier.

I urge you to consider that factor. It enters into the quality-of-life question we've been talking about. The need to improve the quality of workplace life, the quality of life in the home and the community; this should be the focus of the partnership we're talking about.

REMARKS OF GOV. WILLIAM MILLIKEN OF MICHIGAN

"In Michigan we are witnessing with hope the birth of a new age of robots. Robotics as an industry could well provide more economic growth than we ever dreamed."

In a certain sense—a very real sense—we have come to the most crucial point of this conference: the point at which the worker and the machine come together.

Technological innovation, of course, is the key to our future as a liveable society built on a function in economy. But I think we all would agree that the machine, whether it is a computer, a lathe, an entire assembly line or a crescent wrench, is only half of the production equation. Now we are going to look at the other half—the worker—and examine how the two relate to each other.

We also need to look at other social systems: government, unions, and management, and examine how they relate to each other, to the worker, to the machines, and to the change that is coming at us faster every day.

The members of this panel will consider various aspects of the human element in the workplace: the integration of sophisticated technologies into social systems; the need for cooperation among labor, management, and government; employee involvement in factory decisions and operations; European and Japanese experience with such systems as workers' councils and quality control panels. They will describe some of the innovative things that are being done in American factories and board rooms.

In Michigan, for instance we are witnessing with hope the birth of a new age of robots. We are learning from worldwide experience that robots can help make our products competitive in the world marketplace. Robotics as an industry itself could well provide more economic growth than we ever dreamed. It is estimated that the auto industry alone will need 14,000 robots to work in auto plants by 1990.

Before I turn this discussion over to the experts I would like to emphasize two points. First, perhaps the greatest service that government can provide to industry and labor in these years of rapid change is to do no more than it absolutely has to, allowing workers and managers the greatest possible degree of flexibility in meeting the challenges of the future.

Secondly, we can learn much from the Japanese and the European experience with worker involvement programs, but we should be aware that their experience may not "translate" exactly.

REMARKS OF DONALD EPHLIN, VICE PRESIDENT, UNITED AUTO WORKERS

"By involving employees in the decision-making process, we're seeing increased productivity and product quality in plant after plant. We believe that total involvement of workers and union representatives in plant operation is the way of the future."

I want to talk about human resources, and the role of workers in improving technology.

Many years ago Walter Reuther and Henry Ford were touring a new engine plant, Ford's most highly automated plant at the time. Young Henry Ford said to Walter Reuther, "Look at all those machines, and no workers. Walter, those machines don't pay dues." And Walter responded, "But, unfortunately, they don't buy Fords either."

Therein lies the problem that people are failing to recognize. Improvements in technology are important, but we must keep jobs in mind. We have accepted new technology and improvements in productivity as being important to the success of the companies and to the livelihood of our members. But it is our job to preside over that transition, because as new technologies are introduced there are dislocations; there is the need to take care of people. That is our role.

We are in an era of great technological innovation, but our economy is in shambles and we are losing our standing in international competition. I'd like to talk about the impact workers can have on technological innovation. By involving employees in the decision-making process we're seeing increased productivity and product quality in plant after plant.

We're involving workers in the decision-making process for a number of reasons. We are doing it to improve the quality of work-life, we are doing it to improve the quality of the product, and we are doing it to solve some of the problems that management faces.

I've been involved in the UAW for a good many years, dealing with the auto industry, and what has happened is a change in the

way we deal with one another. We still go to the bargaining table and we still have our roles to play. But we spend a great deal of time working on common problems and trying to find mutually advantageous solutions.

We believe that total involvement of workers and union representatives in plant operation is the way of the future. We're asking our members to participate in decisions concerning workers' roles and new technologies. But, as Mr. Kearns said, if we're going to ask workers to do that, we have to find new answers, we have to talk about training and new concepts. Employees cannot be expected to innovate themselves out of a job. Under the present system, blue collar workers are the most expendable part of the system, and the minute productivity is improved, our people are cast aside.

Our present adversarial system is out of date. One of the things we can do as a nation is to work together to set some national goals. The question of whether or not labor and management can work together has already been settled. We are doing it in the auto industry. But political leaders at the state and national level have an important decision to make, because we are at a crossroads. Because of economic conditions in our country there are people who see this as an opportunity to try to eliminate organized labor. If that happens we will go on fighting with one another, or we can unite labor and management and government in a new partnership and try to work together.

Is it possible to work together? Well, we're doing it at the plant level. Supervisors and workers are sitting down together to form "problem solving teams." Why not do that at the national level? Let's try to work out solutions to our problems rather than blaming each other.

REMARKS OF D. L. "DUTCH" LANDEN, VICE PRESIDENT, ORGANIZATIONAL RESEARCH, GENERAL MOTORS CORP.

"There are now 90 union-management Quality of Worklife Committees operating at GM, and they're having a significant impact not only on the performance of the organization, but on the quality of people's working lives."

We need to get beyond the rhetoric in terms of enunciating what we all believe are some fundamental goals and principles. One of the things we're beginning to find is that if you want to engage workers more broadly and more creatively in the decisionmaking process, you have to provide a mechanism to allow workers access to information so that they can develop decisions and formulate goals. This mechanism should include some sort of feedback system which informs participants that their contribution has made a difference.

At General Motors there was a joint labor-management effort to improve the quality of employees' working lives. To make this effort effective, a national committee was created. The national committee didn't accomplish a great deal; for 2 or 3 years it just existed. But the committee had a symbolic effect: it communicated to GM divisions and to the unions that labor and management can work together. As a result, there are now 90 union-management Quality of Worklife Committees operating at GM, and they're having a significant impact not only on the performance of the organization, but on the quality of people's working lives.

In Michigan, we have created what is called the Michigan Qualitative Worklife Council. One of the things we intend to study is the interrelationship between people's working lives, the educational system, the family structure, and the community. Much study has been done on the different facets of our lives, but little has been done to articulate the interrelationships between these aspects of human existence. We do indeed come to work as human beings; we do not check our value systems at the plant gate or office door, but somehow the structures we work in deny the validity of that concept.

The MQWC hopes to develop a more intelligent dialog concerning the relationship between the quality of worklife and productivity. The ultimate notion is that we are not dealing with independent entities; organizations are sociotechnical systems. The quality of outcome of that system and its productivity have a lot to do with the quality of the organization and the quality of people's working lives.

In Michigan we're attempting to take what we've achieved and elevate it to another level of abstraction through the creation of a statewide mechanism which will act as multiplier of these concepts, not only in other businesses and unions, but in the field of education as well. We have labor and administrators and school boards coming together to form labor-management teams which are considering ways to improve the educational process.

We will not be able to enrich the quality of people's lives generally until we recognize that the quality of our working lives is fundamentally important to the quality of our lives as human beings. A lot can be done at the level of plants and organizations, as well as at the level of communities and the State. We can create a harmony and rapprochement between the values we hold as citizens and what we believe to be the rights of every individual to work in an atmosphere and climate that enriches the dignity of the individual, and creates a better society and a better citizen.

REMARKS OF GAR ALPEROVITZ, DIRECTOR, NATIONAL CENTER FOR ECONOMIC ALTERNATIVES

"We need to target jobs to specific communities and industries so that: (a) workers can be assured that innovation will not eliminate jobs; (b) industries and unions will not have to resist free trade decisions; and (c) stability can be provided for the decaying cities of the Northeast and Midwest."

I want to try to push the intellectual horizons a little harder than I think we have yet pushed them. Meeting with people who are interested in new technology and innovation is a pleasurable experience, but it is also very sobering, frankly. It's pleasurable because the people here are sophisticated in business practices and in their ideas about national policy. It is sobering because we in this room are an extremely tiny minority. We represent a small minority both in government and in the business community. This presents a challenge to extend beyond this industry and this interest group and reach out for allies and build a different consensus. Else I suspect we will not get ahead with what needs doing, and indeed may go backwards.

The decade of the 1970's was a time of mismanagement of the economy, high inflation, high interest rates, and general instability. All of this in turn slowed down business investment and diffusion of technology. With many American plants operating at between 65 and 70 percent capacity, people were not thinking of bold ventures.

In my judgment, unless we change our ways, we are going to enter a period in the 1980's that will be characterized by more inflation, despite the President's program and in part because of it, great uncertainty about the business future, and high capital costs. If that forecast is correct, we will be seeing a retrenchment attitude, a fearfulness about new innovation, rather than the aggressive risk-taking attitude we so desperately need. Unless the larger context which shapes the environment in which we work and invest and in which government decisions are made, unless that is put front and foremost, the result will be social decay, chaos, and perhaps violence.

Unless we are able to develop a mechanism for coordinated strategies to set our goals and implement our decisions, we will see the economy wracked by food jolts and energy jolts; we'll see Federal Reserve policy in conflict with investment strategies and no upward growth. Individual firms will not be able to do what Xerox does: guarantee to workers that if a new idea is forthcoming, a job will still be there. Firms will find that they will have to displace people whether they innovate or not. The spirit of labor and management will be to retrench.

How can we create a more stable climate? We can learn from Japan, but I have no illusions that we can copy from the Japanese. I do think that unless we develop our own form of economic strategy, we will find ourselves even further behind them at the end of this decade than we are now.

That is one need: explicit discussion of how we coordinate our strategies. The second requirement is for an equitable consensus that informs the decisionmaking process well beyond the narrow idea of one group against another.

How is such a consensus to be created? Three elements are critical: technological innovation, and innovation in energy and resource management; stability in the price of necessities (i.e. food, energy, housing, and health care, which make up 70 percent of most family budgets); and targeting jobs to specific communities and industries so that (a) workers can be assured that innovation will not eliminate jobs; (b) industries and unions will not have to resist free trade decisions; and (c) stability can be provided for the decaying cities of the Northeast and Midwest.

Unless we begin to set goals, I don't see a way of developing a consensus. Without an equitable consensus there can be no coordinated strategy, and without a coordinated strategy, no possibility of moving beyond the '70's syndrome and thus, a very ugly future.

So I want to press a little bit harder about the difficult decade we face. A slightly more pessimistic time, but a decade not without hope; one that we must take responsibility for, or be victims of.

REMARKS OF MARKLEY ROBERTS, ECONOMIST, AFL-CIO

"The independent, creative spirit of a free people in a free society characterized by democratic, political, social, and cultural institutions is fundamental. It is reasonable to believe that these and other non-economic factors are more important than economic factors in determining the pace of innovation. Only through true cooperative action can the reindustrialization of America be achieved."

The best way to stimulate industrial innovation is to make sure the U.S. economy is

operating at full employment and high utilization of the nation's resources. A fully employed economy is the key to an adequate supply of capital for business investment. Business expands more rapidly in a healthy economy with full employment and reasonably stable prices. The latest technology and machinery are brought into the workplace more quickly when business is expanding.

Workers and their unions have a vital interest in how innovation is introduced in the workplace—to make sure people don't get squashed by new technology and to make sure human values prevail.

Collective bargaining holds a vitally important role in meeting the challenges, opportunities and dangers of new technology. Collective bargaining can help democratize labor-management relations and humanize the workplace. In a full employment economy linked with adequate employment services, employment and training programs and unemployment compensation, the disruption of workers' lives and job displacement resulting from technological change can be minimized. Certainly there should be advance notice before any innovation which results in layoffs or plant shutdowns. Other methods to cushion adverse effects of industrial innovation include income maintenance with work and/or pay guarantees.

The AFL-CIO is supporting legislation which would require firms to (1) provide advance notice of plant closing or relocations, (2) advocate programs to support troubled businesses, (3) call for economic impact statements and federal investigation of the circumstances surrounding plant closures and (4) require employers to provide minimal protections to workers through transfer rights, relocation expenses, severance pay, pension protection, health care benefits, and job training.

Business tax cuts and tax incentives are wasteful and inefficient ways to stimulate industrial expansion or innovation. Venture capital is not waiting for tax breaks, it is waiting for a healthy expanding economy with profitable markets. Loosening protection for workers' health and loosening environmental protections are misguided ways to lure private business into engaging in industrial innovation.

Overseas imports and the export of American jobs, capital, and technology have seriously damaged America's industrial base. These transfers have caused loss of jobs, loss of workers' skills, loss of technological superiority in certain fields, and loss of incentives to innovate. The U.S. government has the right and the duty to regulate the flow of capital and technology and scientific and managerial know-how.

The independent, creative spirit of a free people in a free society characterized by democratic, political, social, and cultural institutions is fundamental. It is reasonable to believe that these and other non-economic factors are more important than economic factors in determining the pace of innovation.

If we measure U.S. output intelligently, we will recognize the social benefits of protecting the environment and the health and safety of our citizens. We will recognize the output gains and productivity gains in the form of increased leisure and better quality of life.

Only through true cooperative action, reflecting a balance of the interests of the public, labor, and industry, can the reindustrialization of America be achieved. The success of this program is vital for the nation as a whole.

TRIBUTE TO ALLAN E. WALTON

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. EDWARDS of California. Mr. Speaker, I would like to bring to the attention of my colleagues an event that will be taking place in Fremont, Calif., on July 18. On that date the Washington Township Historical Society will be paying a surprise tribute to Allan E. Walton on his 80th birthday. Mr. Walton is a true pioneer of the tricity area.

Allan graduated from Centerville Elementary School in 1916, and from Washington Union High School in 1920. He went on to the University of California in San Francisco and graduated in 1925 with a degree in pharmacology. He married Josephine Gerken of Palo Alto and they have two sons, Don and Lee. Allan purchased the Stier Drug Store in Centerville and settled down to become a major force in the growing Washington Township area.

Mr. Walton purchased the property for the first post office in Centerville and gave part of the property to the fire department. The first station built there is still standing. In 1946, Allan took a seat on the school board and served in that position for 12 years. As the area grew it became apparent that there was a need for a hospital to serve the growing population of the area. Allan worked long and hard to establish a hospital district and served on its governing board for 10 years.

Mr. Walton worked with Supervisor Stanley and Judge Norris to find a location for the courthouse. They were able to persuade Dr. Grimmer to donate an acre of land on Peralta Boulevard. He has also found time to be a Rotarian, 50 years as a "Native Son of the Golden West," a member of the Masonic lodge for 42 years, and a member of the Centerville Chamber of Commerce for 41 years.

Those of us who call the tricity area home are fortunate that Allan dedicated his life to the task of providing essential services to the growing population of our area. Thanks to people like Allan and Jo our area has become a much better place to live.●

ROSE PALMQUIST

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. YOUNG of Alaska. Mr. Speaker, I was privileged this May, to have a most remarkable 75-year-old young lady from Alaska work in my Washington, D.C. office, as my senior citizen intern. Rose Palmquist of Anchorage (and her homestead in Wasilla), is the former president of the Older Persons Action Group, Inc., in Anchorage. Her other affiliations and contributions are too numerous to mention but appreciated by many.

The first day she arrived in my office, she had just walked several miles from her hotel downtown. She was full of energy and ready to get down to business. Needless to say, my staff was immediately impressed with her jauntiness and vigor and soon gave up that condescending "What can we get you—are you all right?" attitude that is too often used when communicating with the elderly. All too often we ignore the tremendous potential of our seniors.

Rose never sat still the whole time she was here. She whizzed in and out of the office attending meetings and hearings—writing and learning—and charming everyone she met along the way. This included Chairman CLAUDE PEPPER of the Aging Committee, who interviewed her on a TV show, discussing the many important concerns of the elderly.

We all learned a whole lot from Rose and look forward to better communications with the elderly in Alaska, because of her.

I would at this time like to enter for the RECORD a memo that she wrote me that concerns changes in the social security system.

AN EVALUATION OF THE ADMINISTRATION'S PROPOSED CHANGES TO THE SOCIAL SECURITY SYSTEM

There are areas of policy that need to be looked at as well as the specific amendments to Social Security benefits.

When Social Security was first established and for 20 years or more, the Social Security trust fund was not included as an integral part of the "unified Federal Budget". For all of that time, and to this day, the Social Security funds were adequate to meet all obligations without drawing upon the general fund. It has been independently solvent. The general public does not view Social Security as a part of the whole budget, but as a separate system. It is confusing to have Social Security Trust funds considered as a source for savings to partially make up the deficits in the general fund.

There should be a hard look at the Social Security System, its funding source through payroll taxes on employers and employees, and the various social service additions that were made to that system in the past. Three notable past administrators of the Social Security administration, under both Democratic and Republican presidents recently testified that, except for the immediate next five years, Social Security would not be finanically troubled until about the year 2006. It was their united opinion that the shortfall expected for the next five years could be, and should be, solved by interfund borrowing. The House bill, H.R. 3207 provides borrowing from the other two components of Social Security to make up the shortfall in the old age benefits. It also suggests borrowing from the general fund as an alternative for the Congress to consider.

Before plans are set in cement for the period of time after year 1006, carefull consideration should be given several demographic factors. The most important of these, and which appears to have received no attention, is the fact that in recent times more an more women have entered and remained in the Nation's workforce. These women pay into social security and when they reach retirement age, they will not be a dependent on the husbands social security but on their own. I stated at a meeting that women made up 44 percent of those working for wages, whereupon a guest panel speaker corrected the figure saying that women made up 51 percent of the workforce. Women working have fewer children, on the average, and this will result in fewer dependents upon the system when a parent wage earner dies or retires. Another factor which has not been taken into account in that with recent elimination of compulsory retirement, there will be an increasing momentum of older workers remaining at work and therefore paying into the social security system. This trend should have an actuarial value.

There have been and in the future there will continue to be other demographic changes taking place in our society. We have seen the effects of lower birth rates and death rates in the age makeup of our population. No forecasts have been visible regarding social security of any possible major technological changes and resultant affects on the work force.

The situation today is far different that it was in the 1930's when social security was first enacted. Women in those days mainly were housewives and child raisers. With huge rates of unemployment older workers were shoved into retirement to make way for younger men, (mostly men). The number of children per couple was much larger.

Therefore every wage earner at that time paying into the system carried, on his back so to speak, more dependents than workers do today.

Social security should be a basic old age and disabled security annuity for all. It should not cover any other aspect of security, whether health care or higher education. Health care (medicare) for the elderly and disabled should be a part of our public health system. Education beyond high school should be provided for in our student support policy in the education department. It should be noted that medicare has been more of a bonanza for the medical providers than a real coverage for the elderly. Medicare now provides less than 44 percent of medical costs. It would appear that the administration, the Congress, (and everybody) should seriously look to reducing the high costs of medical care.

Now to address the itemized changes proposed by the Department of Health and Human Services for social security.

1. Sharply reduce early retirement benefits beginning in January 1982.—Rather than reduce benefits, change policy to open opportunities for workers to remain working. Since most people retire early because of illness, provide shorter hours and "flex" time work.

Consider changing the cash benefit to a system of paid volunteerism. Many elders now piece out their meager income by involvement in the foster grandparent program, the retired senior volunteer program, the title V employment provision under the Older Americans Act or by part time work in the private sector. There should be many ways for people with illness or handicaps to remain active and employed at reduced hours or reduced input. There are those who are forced out by a declining or relocated industry. These older workers should have more protection from within the industry, portable private pensions could take up a good part of the slack. There could be encouragement for self-employment in family type or cottage industry. Also, a system of part time public work would be preferable (especially to the displaced employee) to a cash out in the form of a lessened social security pension.

2. Phaseout earnings limitations.—Rather than a total phaseout consider placing a cap on the limitations, like $12,000 to $15,000 for a single retiree. I favor the continuation of the present statutes which provides that in 1982 the limitations on earnings will be eliminated for age 70. However the present limitations are too low for Alaska.

3. Delay the COLA increase from July to October 1982.—And use either COLA or average wage increase, whichever is lower.

The time delay is an outright reduction in benefits to present social security recipients and is contrary to the President's public policy. This provision should be deleted by the Congress.

On the use of the average wage increase whenever this would result in a lower increase in the social security, this provision would in effect lower the buying power of the social security pension. Inflation would not be adequately reflected. As it is there is a considerable lag between the rise in prices over a year's time between pension adjustments. Estimates place this lag to equal over 3% loss in purchasing power to the pensioners.

4. Trim payments for all future retirees.—This is manifestly unfair to all of those now paying into the system and those who for many years have paid in with the faith that the U.S. Government would honor its commitment.

It is unfair to rob from these funds for any purpose, whether to solve the temporary shortfall, or to reduce the tax structure which supports the Social Security Trust Funds.

5. Reduce disability protection, particularly for older workers.—This provision needs a lot of review. The present weighting of all the factors; physical impairment, age, type of work experience, amount of education, should remain as considerations in the determination of an applicant's incapacity for work. However, there should be periodic evaluation of the person's ability to work together with possible changes in industry that might improve work opportunities. I am opposed to lengthening the waiting period and the extension of 1 year to 2 years as nonproductive. These people should not be forced onto the welfare rolls.

As the Alaska teamster retiree coordinator I had experience in dealing with social security for the disabled. In my opinion the system is already too restrictive in its disability determinations. It should not be assumed that the majority of the disabled are faking and then found a friendly doctor to corroborate their claim.

Strangely enough, on the Alaska Railroad and in other merit system or civil service employment, I have noticed that a disability determination is far easier to obtain. This is especially true when the worker's superior wants the position to be vacant. Maybe the Congress and the administration should survey this area for possible savings.

The administration did not propose raising the retirement age above 65. The approach outlined in H.R. 3207 by the Social Security Subcommittee of the House Ways and Means Committee has certain drawbacks. A better way to get people to work longer would be to offer opportunities and encouragements. The administration's proposal to remove earnings limitations, or to raise the limitations levels would be very effective. Providing for gradual or phased in retirement with part time or shared work or transfers to less arduous work would also do a lot. Another encouragement would be to raise the present advantage for working past age 65 and not drawing social security from 3 percent to 5, 7 or 10 percent for each additional year of work.

With a system of providing incentives to work past age 62 or 65, there will be no reason to make definitive changes in the pension amounts or the statutory age for retirement on social security.●

PRODUCTIVITY IMPROVEMENT ACT

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. LAFALCE. Mr. Speaker, on March 10, I joined with my distinguished colleague from New York (Mr. LUNDINE) to introduce H.R. 2412, the Productivity Improvement Act of 1981. This bill was based on recommendations from the General Accounting Office which conducted an exhaustive study of past Federal initiatives to boost the declining rate of productivity, as a result of a request from myself.

H.R. 2412 would establish an Independent National Productivity Council which would develop, implement, and revise a national plan on improving productivity. This council is an absolute necessity, as the GAO reported, because the Federal Government must play a more positive role in fostering improved productivity in this country. Without that encouragement and coordination, productivity will continue to decline or languish, which would undermine any possibility of economic recovery.

In response to a request from Senator ROTH, the GAO has formally commented on the Senate companion bill to H.R. 2412 which is S. 489. I believe that the House should carefully weigh the GAO's recommendations in favor of the Productivity Improvement Act, because it is an important reiteration of the thesis that the Federal Government must take bold and forceful steps to reverse the current trend toward declining productivity. I want to share the GAO letter, therefore, with all of my colleagues; and I hope that we will heed this timely warning from the GAO.

The letter follows:

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., June 2, 1981.

Hon. WILLIAM V. ROTH, Jr.,
Chairman, Committee on Governmental Affairs, U.S. Senate.

DEAR MR. CHAIRMAN: This is in response to your March 24, 1981, letter in which you requested our comments on Senate bill 489, the Productivity Improvement Act, which has been referred to your Committee.

As Senator Bentsen made clear when he introduced the bill on February 17, 1981, it is based largely on our recommendations prepared at the Senator's request. We recommended enactment of a similar bill in our report "Stronger Federal Effort Needed To Foster Private Sector Productivity" (AFMD-81-29, Feb. 18, 1981). The bill reflects our belief that a strong and effective Federal effort is needed to counter the Nation's declining productivity growth. We urge favorable consideration of the bill.

NEED FOR AN EFFECTIVE PRODUCTIVITY EFFORT

The current National Productivity Council was established on October 23, 1978, by Executive Order 12089. It is chaired by the Director of Office of Management and Budget. In over 2 years of existence, the National Productivity Council has been relatively inactive and has largely ignored the functions assigned to it. It has seldom met, has not provided guidance to Federal productivity programs, and has not become recognized as the government's productivity focal point.

We believe that the current national productivity effort has been ineffective because it lacked support from the executive branch. As a result:

Federal programs directly related to productivity improvement, now totaling more than $2 billion annually, are funded and operated without any central review, direction, coordination, or evaluation.

No spokesperson for productivity concerns has been recognized.

No open channel exists for airing private sector concerns about productivity-related policies.

Productivity is a vitally important national issue that requires a Federal commitment stronger than the current Council has provided.

THE PROPOSED NATIONAL PRODUCTIVITY COUNCIL

We believe that the proposed bill, if enacted, will create a National Productivity Council that, for the following reasons, will be a significant improvement over the current Council.

The proposed Productivity Council would have the added authority and stability of being a statutory body rather than an organization established by executive order. The present Council is simply a committee of Federal officials with no statutory authority or funding.

The Council, the Departments of Commerce and Labor, and the Federal Mediation and Conciliation Service would be assigned specific functions and responsibilities for improving productivity.

The proposed Council would (1) be headed up by a high-level, full-time chairperson who would provide a meaningful focus on national productivity and (2) be provided adequate staff to help it meet its legislative mandate.

The Council would be required to develop a national productivity plan to outline what the Federal Government is doing and should be doing to improve productivity.

A National Productivity Advisory Board composed of not more than 10 members representing business, labor, and academia would be developed to advise the Council on appropriate actions for the Federal Government to take to improve productivity. If properly used, this Board could contribute to improved cooperation between the public and private sectors in attempts to improve productivity.

We consider the development of a national productivity plan to be the most important aspect of the proposed act. While Federal efforts to improve productivity are numerous, they fall far short of an effective national productivity improvement effort. They are unrelated and do not add up to a productivity policy or program. A national productivity plan, backed up by a strong Productivity Council, is needed to guide and coordinate these activities and encourage national productivity growth.

On a more technical level, we suggest further exploration of the contracting needs of the Council. Specifically, our concern is the authority found in Section 4(e)(3) of the bill permitting the Council to make payments "in advance, by transfer or otherwise." We think the intent and operation of this provision should be clarified.

CONCLUSION

Although the National Center for Productivity and Quality of Working Life was terminated in September 1978, the problems it was to have addressed remain; in fact, they have grown worse. Furthermore, there is now no strong Federal mechanism to help improve productivity despite the existence of the current Productivity Council and the increased recognition that declining productivity is a major contributor to inflation.

The proposed legislation will, at nominal cost, provide the United States with a needed organization to plan and coordinate Federal actions related to private sector productivity. Such an effort is needed to reverse our productivity trend and strengthen our economy. Therefore, we urge favorable consideration of the Productivity Improvement Act. We believe it should be the subject of a hearing by the Committee on Governmental Affairs.

Thank you for providing us the opportunity to comment on this important legislation.

Please contact us if we can be of further assistance.

Sincerely yours,

JOHN D. HELLER,
Acting Comptroller General
of the United States.●

GOVERNMENT'S ROLE IN REINDUSTRIALIZATION

HON. LES AuCOIN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. AuCOIN. Mr. Speaker, in our drive to reindustrialize America, rebuild our industrial infrastructure, and maintain our edge in competitive technology, a recurring question is the proper role of Government in promoting reindustrialization and stimulating technological innovation. On February 21, 1981, this and other questions were addressed during the National Governor's Association Conference on Technological Innovation-Economic Growth in the 1980's. The conference discussed the future role of business, labor, Government, and science in developing technological innovation.

As chairman of the House Task Force on Industrial Innovation and Productivity, I had the pleasure of serving on a panel entitled "Innovation for Prosperity—A Government Perspective." Also serving on the panel were distinguished leaders like Governor Byrne of New Jersey; Thomas Paine, former Director of NASA; and John Slaughter, Director of the National Science Foundation. The panel provided exciting insights on the future role of Government in technological innovation which I know my colleagues will find of interest. I include these remarks in the RECORD:

INNOVATION FOR PROSPERITY—A GOVERNMENT PERSPECTIVE

CONGRESSMAN LES AU COIN, CHAIRMAN, HOUSE TASK FORCE ON INDUSTRIAL INNOVATION

"We'd like to create a new climate of thinking that will stop concentrating on Government bail-outs, and unleash the dynamic sectors of our economy. If the automobile industry had matched the semiconductor industry in the United States over the last 10 years, Detroit would be producing cars that sell for $90 apiece and get over 15,000 miles per gallon."

I am here today to tell you what some of us are trying to do in the House of Representatives to come to terms with the Federal side of this issue.

The House Task Force on Industrial Innovation and Productivity is a long-term bipartisan effort to build a new political climate across the country. Those of us on the Task Force are intent on trying to mobilize and help move opinion within Congress and within the public away from this fetish for bailing out and subsidizing our economic failures in the United States, and toward the idea of rewarding and promoting our economic successes. We'd like to create a new climate of thinking that will stop concentrating on Government bail-outs, but concentrate instead on removing public and private impediments, and unleashing the dynamic sectors of our economy. If we are able to do this at the State and the Federal level, I think we can then embark on a strategy for economic growth—real growth and jobs for the future.

The decline of U.S. innovation activity can be seen in the record of what used to be the giants of the American economy: Automobiles, steel, and textiles. The Japanese carworker produces 46.6 cars a year, his American counterpart produces 19. The Japanese steelworker pours 475 tons of steel a year compared to the American's 180 tons a year.

I'd like to point out the difference between American industrial dynamos and dinosaurs by comparing their innovation and productivity advances. If the automobile industry had matched the semiconductor industry in the United States over the last 10 years, Detroit would be producing cars that sell for 90 dollars apiece, and get over 15,000 miles per gallon.

From the governmental point of view I believe it is more a problem of organization and communication than it is of ideas. Many of the ideas are already on the table. Patent law reform, for example. Why is it that the federal government locks ideas

within the confines of patent law and regulation?

Another idea that is prevalent in Congress is for tax credits for research and development. Such tax credits would provide more generous tax deductions to corporations who contribute funds to universities for research purposes. Eliminating taxes on savings accounts would create much needed capital and thus enable us to reduce the high interest rates which are an obstacle to economic development in this country.

Government today isn't effectively organized to deal with the questions of industrial innnovation in any complete or systematic way. That is why the House Task Force for Industrial Innovation was formed. The Task Force brings together members of a variety of committees to: (1) raise the level of awareness concerning possibilities and problems; and (2) serve as an action-oriented device to develop and support appropriate legislation.

I believe that if we can jointly develop policies to remove and eliminate obstacles to industrial progress, if we can reduce regulatory barriers, provide tax incentives and all the rest, then we will have given American business and industry the chance of a lifetime.

If states and their Governors are interested in pursuing some of the ideas raised during this conference, I extend to you as Chairman of the Task Force on Innovation an invitation to send representatives to me on a regular basis so we can look at this problem from both the state and the federal levels in the years to come.

DR. THOMAS O. PAINE, PRESIDENT AND CHIEF OPERATING OFFICER, NORTHRUP

"The critical resource with the greatest long-range attraction for industrial prosperity is the quality of the state's educational enterprise. Wernher von Braun put it succinctly: 'It is not water or real estate or power or cheap taxes that brings industry. It is brainpower.'"

America needs a renaissance in technological creativity, in industrial innovation, and in economic productivity. This is a positive way to create new jobs, to lick inflation, and to generate new wealth throughout society. In my view, the key to a renaissance in productive science and technology is teamwork involving government, industry and universities. America's goal must be the reestablishment of our preeminence in world science and technology.

Of course the United States knows how to stimulate technical innovation: we've been there. After Pearl Harbor we quickly organized highly productive government-industry-university teams that put the science-technology enterprise into high gear. The prodigious technical output of America's government-industry-university partnership changed world history. In only four short years, technical breakthroughs were achieved in radar, jet propulsion, electronic computers, antibiotics, nuclear energy, rockets, synthetic materials, and the other myriad technological advances that won World War II. These fields became the great growth industries of the 1950's and 1960's.

In the 1960's NASA's bold space goals challenged a new generation of government-industry-university teams to meet the challenge of making America the leading space-faring nation by conquering the moon. The critical mass of technical knowledge generated by NASA was so broad and deep that the impetus has carried us through the drifting 1970's.

When I was at NASA in the surging sixties, it was our policy not to concentrate space research in government laboratories but to move it out onto academic campuses and into private industry. I believe this accounted for NASA's outstanding achievements. In the 1970's, however, federal support for bold, mission-oriented R&D in the universities declined as campuses drifted away from partnership with the federal government. This has weakened the vital partnership in America's knowledge industry and produced a substantial decline in America's vital technological leadership, with a loss of productivity and competitiveness in world marketplaces. We must accomplish the renaissance in American science and technology immediately because there have never been so many opportunities for future benefits from R&D as we see today.

Although Washington must provide new leadership, industry and the states must also invest more vigorously in R&D in new fields of science and technology. The Committee for Economic Development recently reported that firms that have invested heavily in developing technology and carrying it forward into commercial products have been shown to have twice the productivity rate, three times the growth rate, nine times the employment growth and one-sixth the price increase as firms with relatively low investment in these activities.

High technology and widening prosperity are inextricably linked. During the past 40 years, employment in the high technology industries has grown nine times the rate of employment in low technology industries. Some economists credit innovation with 45 percent of the nation's economic growth between 1930 and 1970.

But the critical resource with the greatest long range attraction for industrial prosperity is the quality of the state's educational enterprise. Wernher von Braun put it succinctly: "It is not water or real estate or power or cheap taxes that brings industry. It is brainpower."

The states have a major role to play in the needed renaissance of America's science and technology. The federal government must reduce inflation and reinvigorate its mission-oriented R&D. Industry must increase its investment in productive innovation. Occupying a pivotal position between the federal government and industry, the states have direct control of critical educational resources and major responsibility for their effectiveness. We need to do a better job here to provide the trained men and women for tomorrow's growth enterprises.

This is the primary responsibility of the states: to provide a critical resource in the infrastructure of innovation.

DR. JOHN SLAUGHTER, DIRECTOR, NATIONAL SCIENCE FOUNDATION

"We have not very often demonstrated a great ability to seek cooperation with each other. Yet it is in cooperation that our untapped strength lies."

Those of us from the National Science Foundation are very pleased to have the opportunity not only to participate but to help sponsor this very important session today.

The NSF is an independent federal agency that was established by Congress nearly 31 years ago. Our policies are determined by a board consisting of 24 volunteers, plus the director. The board is concerned with monitoring action necessary to see that the health of science is strong throughout the country.

As we discuss the options and opportunities for enhancing technological innovation and stimulating the well-being of our economy; we have to remember that the ultimate source of innovation is the finding of new knowledge. There is no shortcut to the acquisition of new knowledge, and there is no recourse than very hard work to acquire it. A number of studies in recent years attribute a large portion of the country's output—nearly 50% between 1948 and 1969—to what might be referred to as advances in knowledge. Such advances are precisely the motivation for the NSF's traditional responsibility of identifying and supporting basic research in science. Such research is critical to the USA's longterm ability to produce the innovation needed for economic growth.

Congressman Walgren pointed out that there are no labels associated with science. Over the 30 years of its existence, through a number of administrations, NSF has reflected the truth of that statement; we have seen strength in the existence of diversity of thought and opinions.

Because of industry's obvious role in the innovation process, NSF has looked for mechanisms to permit beneficial cooperation between industry and the academic community. Such programs include individual cooperative research projects, research centers, university-based innovation centers and a small business innovation research grant program. Lastly, the NSF's Inter-Governmental Program integrates the scientific and technical resources of the state to the policy-planning and decision-making processes.

The current determination to reduce the federal budget will obviously effect many of these programs. It is going to be important that states be in a position to adapt and adopt these program models for continuation under increased state support. I'm sure we are all aware that effective responses to local, political and social problems require local participation and leadership. Likewise very often the scientific and technical resources best suited to local and regional activities are already in place.

If the federal government's role in providing technical and scientific assistance to the states is limited, then other elements will have to play a stronger role. The participants will include government at all levels, private citizens and their organizations, labor, business, universities, and scientific and technical groups. We have not very often demonstrated a great ability to seek cooperation with each other. Yet it is in cooperation that our untapped strength lies.

In closing, I would like to quote John Gardner who said, "What this country needs right now is a lot less pluribus and a lot more unum."●

ALL THIS BREAST BEATING ABOUT INFANT FORMULA

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. McDONALD. Mr. Speaker, on July 8, 1981, an editorial appeared in the Washington Star which courageously supports the Reagan administration's decision to vote against the World Health Organization's infant formula code. Through all the nonsense we put up with from the bleeding heart left, usually with few willing

to contradict their position, it was refreshing to see an editorialist that delved into this particular subject and came to the conclusion that the position of the United States was the correct one. I commend the editorial by Smith Hempstone to the attention of my colleagues.

ALL THIS BREAST BEATING ABOUT INFANT FORMULA

When the Reagan administration finds itself outvoted 118-1 in the World Health Organization and opposed by both the U.S. Senate (89-2) and the House of Representatives (301-100), the White House is in the wrong, right?

Not necessarily. And, in the case of the current breast-feeding brouhaha, almost certainly not.

For the past six years, an odd assortment of liberal activists and other gollywogs (Ralph Nader, Cesar Chavez, Dr. Benjamin Spock, Mother Jones) have been after the scalp of the baby-food industry, and particularly Nestle, the venerable Swiss giant (with annual sales of $13 billion) that markets about a third of the baby formula sold in Asia, Africa and Latin America. The charge: that use of the formula causes 1 million infant deaths a year in the Third World.

That is, of course, hogwash. The infant formulas, which are used extensively in the United States, are not responsible for a single death. When such deaths occur—and they do occur—the cause inevitably is the mother's improper dilution of the formula, the use of polluted water or the failure to sterilize bottles.

No one would argue that breast-feeding, when the mother is healthy, is the cheapest, healthiest and most emotionally satisfying method of infant nutrition. Unfortunately, not all Third World mothers are healthy, or able and willing to breast-feed their children.

TRADITIONAL SUBSTITUTES

When this is the case, the woman denied access to nutritionally balanced baby-food formulas obviously will use traditional substitutes such as gruel, sugar-water or mashed fruits, foods that are lacking in nutritional value and hard to digest. Since such substitutes invariably are mixed with the same polluted water, it is difficult to see how the rate of infant mortality is reduced.

The code passed recently by WHO, with the U.S. casting the sole dissenting vote, rests on the incorrect assumption that marketing practices are the primary cause of the decline of breast-feeding in the underdeveloped world.

There is not a scintilla of evidence to support this thesis, and more than a little to contradict it.

In the U.S., for instance, where baby formulas are heavily advertised, there has been a dramatic increase in breast-feeding over the past decade; in the Soviet Union, where there is no advertising, use of baby formula has been equally dramatically on the upswing. WHO's own 1975-77 survey of 23,000 mothers in nine disparate countries showed no causal link between breast-feeding decisions and marketing practices.

A cynic might observe that, since the WHO vote was only a recommendation, many nations that have not the slightest intention of enforcing it voted for it, not to save the lives of children but to indict multinational corporations, and to avoid admitting the existence of primitive and unsanitary conditions in their own countries.

But how to explain last month's votes in the U.S. Senate and House?

"CORRECT" SIDE OF THE ISSUE

Rep. Larry McDonald, a Georgia Democrat who is a medical doctor, suggests that many of his colleagues "didn't have the foggiest idea what they were voting on . . . but simply wanted to be perceived . . . as being on the 'correct' side of this issue."

McDonald, who calls the WHO code "absurd," points out that it prohibits all advertising and promotion of formula, and bans all sales incentives to salesmen and efforts by marketing personnel to educate mothers on the proper use of these products.

The code "will not improve infant health but rather have the opposite effect," concludes McDonald.

It is clear that special precautions ought to be taken in marketing products in semiliterate societies lacking in hygenic traditions and refrigeration. But the baby-food corporations themselves have done much to regulate their marketing practices, and there is no reason to believe that supranational organizations such as WHO are better placed to dictate such procedures.

At least in theory, the WHO code could be translated into regulations that would be binding on all nations, including the U.S. Sec. of Health and Human Services Richard Schweiker, however, has made it plain that, in his view, application of the code here would violate constitutional guarantees of free speech and association, and violate anti-trust laws.

Rather than castigating a 100-year-old firm such as Nestle as "a baby-killer," the liberal activists who created this phony issue might better spend their energy and money teaching Third World mothers to read labels and boil polluted water.

But than the health of the world's children is not their genuine concern, is it? They prefer a grievance to a solution.●

THE CHURCH IN EL SALVADOR—ANOTHER VIEW

HON. VIN WEBER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. WEBER of Minnesota. Mr. Speaker, today I insert into the RECORD an article written by Donna Steichen of St. Cloud, Minn., which provides some valuable insights into the relationship between the churches in El Salvador and the rebel movement trying to overthrow the Duarte government.

This article appeared in the St. Cloud Visitor on June 25, 1981.

[From the St. Cloud Visitor, June 25, 1981]

WHO SPEAKS FOR THE CHURCH IN EL SALVADOR? WHO WILL LISTEN?

In late May, the senior Bishop of El Salvador made a pastoral visit to his refugee flock in California. Bishop Pedro Aparicio y Quintanilla came to bring them spiritual comfort, and to try, on behalf of El Salvador's Episcopal Conference, to clarify for U.S. Catholics the tragic situation in his homeland.

His visit was not widely noted in the American Catholic press, but he was quoted in two illuminating interviews, by Kevin Long in the Wanderer, (June 11), and by Richard Araujo in the National Catholic Register (June 14 and 21).

In Los Angeles, the Bishop celebrated Mass for 900 Spanish speaking Catholics at St. Thomas the Apostle Church. In his homily, he said:

(The) extreme right was not willing to listen to the cry of the poor, while among the poor and the peasants, communist Russia took its advantage to foment hatred and bitterness . . . With everyone confused, what was right became wrong and what was wrong became right. The universities both planted and received the doctrine of hatred and rancor . . . Unfortunately, members of the Catholic Church let themselves be used to fool people and, thought I don't know why they did this, it reached the bottom of our souls as we lived through it and has been our deepest hurt.

Bishop Aparicio has twice served terms as president of El Salvador's Episcopal Conference, and was elected in 1979 to his present office of vice-president; among those voting for him was Archbishop Romero, later assassinated. He speaks for the Church in that suffering nation. He deserves to be heard.

The conflict in El Salvador "is no longer a war between Salvadorans but a war between foreigners," he said. "We cannot criticize the actions of the U.S. government. This administration knows well the actions of Russia and its intentions toward El Salvador and Central America." The Church in El Salvador would not favor U.S. military aid if Soviet aid to the guerrillas were stopped, he said, but "while Russia is supplying the guerrillas with arms we need the United States to help to strengthen our own army . . . Leftists in El Salvador have received tons of sophisticated weapons not only from Russia but also from other Soviet Bloc nations . . . There are Cubans, Panamanians, Nicaraguans, Mexicans, and Costa Ricans fighting alongside the leftist guerrillas."

His own diocese of San Vicente he called a "volcano" surrounded by thousands of well-trained terrorists hiding in hillside caves, acting under orders from marxist leaders now based in Mexico City. In the mornings, he said, his people find the evidence of their night raids, on the highways: "first the heads, and then, further along, pieces of bodies blocking the roads."

The Duarte government, Bishop Aparicio said, is neither right nor left, but moderate. Its land reform program has heightened hostility among both dissident factions: the left wants the reforms to fail because they cut away their reason for support from the poor; the right opposes them because they reduce the privileges of the rich. But the campesinos, the poor tenant farmers, support the government which has enabled them to buy, through cooperatives, the land they work. Duarte's land reform, he said, "swept the peasants out of the guerrilla movement."

Along with U.S. military aid, the Bishop said, El Salvador desperately needs economic aid. The wealthy "took all their money to Miami and left the banks empty. There are no funds for rebuilding the country." Refugees in the country number about 100,000, some displaced by the military but the majority driven from their homes by guerrillas. They need food, shelter, clothing, and medicine.

Asked about the assassination of Archbishop Romero, Bishop Aparicio said it was done by a professional marksman, but no

one knew whether to blame the extremists of the left or the right, since he had been threatened by both. Most U.S. reports have blamed the rightists, but the Bishop said that, by the time of his death, Romero had realized that his compassion was being exploited by Marxists whose "thirst for power was stronger than their desire for social justice." Romero had entered into "open dialogue" with the government. His death was useful to the left because "their movement was crumbling," Aparicio said. "They wanted Romero to be their martyr in El Salvador as Chamorro had been in Nicaragua."

One of the tactics of the left has been the formation of a so-called "People's Church" (CONIP) which, claiming to speak for the poor, has organized fund-raising and propaganda activities in South America, Europe, and the U.S., forging the name of Bishop Rivera y Damas on their pamphlets. These forgeries have been publicly denounced by the Bishop and the Episcopal Conference, Aparicio said. Only the Episcopal Conference and Caritas are authorized to collect and distribute aid.

Another propaganda vehicle is the internationally active Committee in Solidarity with the People of El Salvador (CISPES), organized by a communist party member.

The major obstacle to the survival of El Salvador, the Bishop said, is "the vicious propaganda campaign against it which is spread all over the world." Through groups like CONIP and CISPES, leftists distort the reality of the struggle. For example, homilies delivered by 9 a.m. in San Salvador by Bishop Rivera y Damas are rebroadcast from Havana by 9 p.m. rearranged to sound as though he spoke in support of the leftists.

Salvadoran Churchmen are frustrated by the failure of many news services to report their views fairly, NCR's Araujo told me. When Aparicio met with the Papal Nuncio and the Episcopal Conference on his return from California, the meeting was covered by television and the press in El Salvador, but was not reported in the U.S. press.

In an attempt to provide accurate information to the outside world, El Salvador's Episcopal Conference (CEDES) has established an information service under the direction of Msgr. Freddy Delgado, secretary of CEDES. Anyone who wishes to ascertain the position of the Church in El Salvador may write or telephone. The address:

CEDES, Ecclesiastical Information Service of Latin America, 1A-C.P. No. 3412, San Salvador, El Salvador, (telephone 23-03-87).

If you wonder about the truth, write or call them. If you want to help, send a donation. The Church is suffering.

PLAIN TALK ABOUT UNFAIR TAXES

HON. JOE SKEEN

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. SKEEN. Mr. Speaker, among the provisions of President Reagan's bipartisan tax package is a continuation and expansion from the windfall profit tax for small royalty owners. I applaud this effort. Royalty owners—farmers and others who own the mineral rights in the ground—have been hit harder by the windfall profit tax than anyone.

The National Association of Royalty Owners, Inc., has prepared a fact sheet on America's oil tax victims: This country's 2.5 million royalty owners, which I recommend to my colleagues:

THE GREAT ROYALTY ROBBERY: WHO IT HIT, AND WHY!

On April 2, 1980, a bill was signed into law that had been sold to the American public as a "punitive measure to tax the major oil companies for any excess profits they might gain from the nation's new energy policy."

In debate, and in drafting the Windfall Profits Tax, all impacted groups but one had full-time lobbyists working around the clock. The unorganized and unaware exceptions were the royalty owners of the nation. As a result they were taxed at the same hefty rate as Exxon. These innocent victims were targets, according to most sources, primarily because few facts existed about the nature of mineral ownership, the demographics of the people owning these interests, or even how many existed.

The nature of mineral ownership itself is not widely understood, even in the prime producing states. First, a royalty owner is a person who receives a portion of oil and gas production, "if and when it is produced." The figure has traditionally been ⅛. The royalty owner receives this amount because he has leased the mineral rights underneath his land for the exploration of oil and gas.

If near production, the landowner paid a handsome premium for obtaining the mineral rights when he purchased this land. Aside from this financial commitment, the landowner faces several risks in negotiating a lease on his property. First, if no production is found, the value of his estate has been diminished dramatically. Second, if production is minimal, the resulting income from the well may not return a fraction of the damages that occur to property from the exploration and operation of the oil or gas well. So-called damages paid under most contracts are usually weak and unenforceable so the property may be ruined forever.

In heavy production areas, severed royalty and mineral interests have long been used as a means of barter and trade. In these areas, they have also been a prime source of investment, much as stocks and bonds have been to people in the industrialized sectors of the nation. People invested in these interests as a means of retirement income. Royalty owners have also been the prime source of funds for the drilling of wells by independent producers, who account for most exploration in the nation.

It is because of the free exchange of these rights as a form of currency that the nation has a whomping 2.5 million royalty owners. Thus, mineral estates underlying a single unit of land may encompass many owners. Deaths, assignments and other transactions have divided these interests into many more sections than the surface ownership of land.

It has further been traditional over past years that upon the death of a parent, the minerals would be divided among heirs and the surface ownership consolidated to the one surviving family wishing to work the land.

ROYALTY OWNER FACTS

Approximately 2.5 million royalty owners exist in the United States today.

As exploration intensifies, it is estimated by Oklahoma State University that 13 million people may well become royalty owners in the next decades. These are people owning mineral interests in rapidly developing geologic prospects such as the Appalachian Overthrust, which slices through the heavily populated Northeast quadrant of the nation.

About 70 percent of the nation's royalty owners live in 24 major producing states. The other 750,000 are evenly scattered, with heaviest concentrations being in the industrial metro areas that drew migrant populations during the Depression and World War II years. Areas of the East Coast with heavy concentrations of oil refineries also have heavy owner concentrations.

Several recent studies indicate Oklahoma has over 200,000 royalty owners, Texas well over 700,000, Louisiana 150,000, Kansas 100,000, Michigan 80,000, Illinois 180,000, California 500,000, New York 200,000 and Ohio 80,000. Other states are being surveyed by NARO.

A survey by Eason Oil Company for the National Association of Royalty owners among 15 states proved that 73 percent of royalty owners were over 61 years of age, 45 percent were on Social Security, 27 percent were widows, 12 percent disabled and nearly 5 percent were in health care facilities.

Until recently, in most states it was mandatory that surface taxes be paid to hold ownership of mineral estates. This also resulted in a great deal of sacrifice over the years, as mineral owners often paid surface taxes for destitute relatives in order to protect their own interests.

Further, oil and gas is still found in paying quantities in only one out of 50 drilling ventures.

Royalty owners state they can better live with those uncertainties, than with a government that in one-tenth of a second can wipe out the fruits of generations of labor.

In over 70 percent of the cases, royalty owners had received checks resulting from decontrol of stripper categories of oil in the years prior to the bill's passage. This decontrol of wells producing less than ten barrels daily was necessary to keep this marginal production active. Stripper well production is cost ineffective and requires continual attention as the reservoir is drained to its final recoverable drop.

To those royalty owners the windfall profits tax severed 60 percent of the difference between market price and an adjusted base price.

Decontrol is considered long overdue, and not a bonanza, by royalty owners, since domestic production has for more than two decades been controlled at prices far below market value. So, as royalty owners saw the prices of vital goods and services jump as high as 700 percent during this period, their mineral estates were being drained forever at prices comparable to a barrel of spring water in much of the nation.

Only 1 percent of respondents had incomes exceeding the salary of a United States Senator. Major methods of acquisition of mineral properties include 1) purchased with the land, 2) for investment, 3) inheritance and 4) production share for retirement income.

Only 8 percent of responding royalty owners in a West Texas survey had incomes from single unit production in excess of $500 monthly. The advanced age of royalty interest owners parallels the date of discovery of most major producing fields of oil in the nation. It is noted that in recent years investments in oil and gas lean toward "working interest units" as opposed to royalty interests, the most popular means of production ownership in the boom days of the 1920's and 1930's. This is because the

more favorable tax benefits accrue today to working interest owners. Thus the value of a royalty interest, which is also taxed by the WPT at the same rate as "Big Oil," has declined considerably because of both tax situations.

Royalty income has not only endowed many of the major institutions of the oil belt, but hundreds of foundations centered in Washington, D.C., New York, and Chicago.●

CURRENT VOTING IN CONGRESS REFLECTS JEFFERSONIAN PHILOSOPHY

HON. DUNCAN HUNTER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 10, 1981

● Mr. HUNTER. Mr. Speaker, on July 4, I had the honor of addressing a gathering of citizens in National City, Calif., to celebrate America's 205th birthday. I ask unanimous consent that my comments on that occasion be incuded in the RECORD.

The comments follow:

"On the Fourth of July, it is appropriate that we refresh ourselves by re-reading the document that was signed 205 years ago today—the Declaration of Independence."

"The philosophy of our government, and the inspiration of people all over the world is in the first part of the second paragraph."

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable rights, that among these are life, liberty and the pursuit of happiness; that to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed, that whenever any form of government becomes destructive of these ends, it is the right of the people to alter or abolish it. . . ."

205 years ago, our founding fathers abolished an oppressive government that had been imposed on us by the King of England, by signing the Declaration of Independence.

Since then, we have, by the peaceful means of voting, changed the direction of our government.

Last week, the Congress of the United States, having found our government to have grown oppressive, altered that government. It was my privilege to have participated in that alteration, when Republicans and Democrats joined together to reduce drastically the size of our Federal government, and to also remove some of the oppressive overregulations that are part of oppressive government.

In short, we have recently put our government on a new course. And what is that new course? It is, in reality, that old course that our country followed as it was growing into the mightiest and most benign nation on this earth.

Thomas Jefferson is the acknowledged author of the Declaration of Independence. Although Congress made a few changes before its final adoption, he was the man charged with writing it; the philosophy of government and the clarity of language are his.

Thomas Jefferson was later to become President of the United States. In his inaugural address of 1801, he defined the "sum of good government" as follows: "A wise and frugal government, which shall restrain men from injuring one another, which shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned."

This description of good government, written by Thomas Jefferson, can be said to express the philosophy of our present administration in Washington. That is why so many Democrats, particularly from the southern states and Texas—men who are the philosophical heirs of Thomas Jefferson, are willing to stand up and be counted for the Reagan administration.

For once again, we have in Washington an administration aimed at making our government frugal, at freeing our people from over-regulation and over-taxation, so that "they may be free to regulate their own pursuits of industry and improvement."

And next week, we will reconvene in Washington in the Congress to seek another Jeffersonian concept of good government—that it shall not take from the mouth of labor the bread it has earned.

In 1826, Thomas Jefferson, at age 81 and feeble from chronic illness, was invited to come to Washington to make the address on the 50th anniversary of the Declaration of Independence. Too ill to make the trip, he wrote of the "consoling fact that our fellow citizens, after half a century of experience and prosperity, continue to approve the choice we made." The Declaration, Jefferson wrote, "restores the free right to the unbounded exercise of reason and freedom of opinion."

Thomas Jefferson, though failing fast, was determined to live until the Fourth of July, 1826. On the third of July, he asked if it was the Fourth. On the Fourth, he died. Far away, in New England, John Adams also died on the Fourth, so that there was only one signer of the Declaration alive after that date.

We owe an immeasureable debt to Thomas Jefferson, and to the other founding Fathers of this country. We also owe, today, an immeasurable debt to those who are supporting our present administration in Washington. This Administration is bringing about a renaissance in the American spirit, it is again restoring the frugality that Thomas Jefferson said was essential, and the freedom of the individual to pursue his industry and improvement without overbearing government interference.

Those Democrats, who share Jefferson's philosophy, are making an invaluable contribution to America today. For the most part, they are from the South, Texas and Oklahoma, and have been designated as "boll weevil" Democrats. I propose that they be known henceforth as Jeffersonian Democrats, for they reflect precisely the philosophy of that far-seeing author of our Declaration of Independence, Thomas Jefferson.●

SENATE—*Monday, July 13, 1981*

(Legislative day of Wednesday, July 8, 1981)

The Senate met at 12 noon, on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Holy, holy, holy, Lord God Almighty, which was, and is, and is to come. Thou art worthy, O Lord, to receive glory and honor and power: For Thou hast created all things, and for Thy pleasure they were and are created.

We give thanks to Thee, O Lord God Almighty, for the weekend recess. We thank Thee for time with our families and friends. We thank Thee for rest and relaxation. We thank Thee for the opportunity to visit with some of the people, to hear their concerns, their cares, and their desires.

Now we thank Thee for the prospect of continuing the work to which we have been called as public servants. We thank Thee for those who labor with us in the Senate, in the cloakrooms, in our offices, and on the Hill. Help us never to take for granted their faithful service and to be responsive to their needs. Help us, dear God, to love and serve one another.

In the name of Him who was the servant of servants. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. Under the previous order, the acting majority leader is recognized.

Mr. McCLURE. Mr. President, I yield 2 minutes to the Senator from Arizona (Mr. GOLDWATER).

The PRESIDING OFFICER. The Senator from Arizona.

SANDRA O'CONNOR—THE CONSERVATIVE

Mr. GOLDWATER. Mr. President, having now reviewed all published legal opinions and articles written by Sandra O'Connor during her service as an Arizona appeals judge, I am delighted to find four prominent conservative themes that stand out in her papers.

It is clear that Sandra O'Connor is and will be a strict constructionist; tough on criminals; a strong defender of private property rights; and respectful of State sovereignty.

Now, Mr. President, Judge O'Connor's attachment to these four major principles means far more to me than whatever position she may have taken on any single issue. Her consistently correct stand in these four broad areas of basic conservative philosophy mark her as exactly the type of Supreme Court Justice that Ronald Reagan and the millions of Americans who voted for him want on the Court.

STRICT CONSTRUCTIONIST

Mr. President, on at least nine occasions Judge O'Connor was required to make decisions turning on the interpretation of State statutes. Often she had to construe a law as a threshold issue before reaching the final holding of the case. Thus, she had ample opportunity, if she was so inclined, of expanding statutes or putting her own imprint on the law by applying it to situations never contemplated by the drafters.

In every case she deferred to the plain legislative intent. Never once can Sandra O'Connor be charged with rewriting a State law.

It is clear she is one Supreme Court Justice who will know the difference between the Court and the Congress. As a conservative, I have no fear that Sandra O'Connor will use the Court as a superlegislature.

TOUGH ON CRIMINALS

Mr. President, there are numerous instances when Judge O'Connor was assigned criminal cases as a trial judge. There are also seven opinions she wrote for the appeals court which involved review of criminal cases.

It is accurate to say that she was tough, but fair, in each of these cases. She is clearly concerned about protecting society from violent crimes.

In fact, on March 14, 1977, Judge O'Connor told the Republican Forum at Sun City, Ariz., that she was disturbed at the rising crime rate. She warned that the emphasis on civil liberties has made it difficult to convict people of crimes they "obviously" have committed. She called upon the legislature to enact uniform, certain penalties for repeat offenders and for more serious crimes.

Judge O'Connor's no-nonsense stand toward criminal offenders and her fairness both can be seen in the decision she wrote in State of Arizona against Blevins on January 2 of this year.

The case involved a defendant who was charged with hitting and running, leaving the scene after his vehicle had struck the operator of a motorcycle. Only circumstantial evidence was offered by the prosecution. Judge O'Connor held that this evidence alone was sufficient to sustain a conviction of manslaughter.

She wrote:

> The prosecution is no longer required, in a case based wholly upon circumstantial evidence, to negate every conceivable hypothesis of innocence.

Now, this succinct statement proves she is a conservative. She definitely will be a welcome addition to the High Court by all who are concerned that the rights of society are being trampled on by liberal activists who put narrow technical points ahead of the community's ability to protect itself.

Yet Judge O'Connor is not harsh. She is not blind to justice. In the case I just discussed she ruled that the trial judge had failed to instruct the jury properly on the issue of the defendant's actual knowledge that anyone had been injured. While the conviction for manslaughter was upheld, the conviction of leaving the scene of the crime was reversed.

Also, in the case of State against Miguel in May 1980, Judge O'Connor reversed the conviction of a defendant because he was not given the benefit of a full 12-member jury. Only an 8-member jury had been impaneled. So while she is strongly on the side of society against obviously guilty criminals, she insists that express constitutional guartees, such as trial by jury, be given full application.

PRIVATE PROPERTY RIGHTS

In her public speech of March 14, 1977, at Sun City, Judge O'Connor indicated her firm commitment to a free enterprise economy. It is wrong, she said:

> To believe that Government should provide solutions for every demand.

She added:

> Such demands of special interest groups place strains on our economy and tax burdens on our citizens.

This statement is as relevant today as when spoken. It might well have been taken from the Reagan administration economic recovery briefing book in 1981.

Judge O'Connor has not had much opportunity to rule on economic matters in court decisions, but I do know she upheld private property rights in Sende Vista Water Co. against city of Phoenix last August.

In this case there was a strong reason to rule in favor of the city against a small private business. The city had a clear interest in supplying water service to a large new development, which included a small parcel of 360 acres where a private company already held a certificate of convenience to supply water. The most efficient way to provide service was for the city to supply the entire area. But the city did not condemn the holding and pay just compensation. Judge O'Connor held that private property rights had been infringed and ruled in favor of the private company.

STATE SOVEREIGNTY

We can see a clear sign of Sandra O'Connor's deep respect of State sovereignty in a recent law review article she wrote for William and Mary Law School. Here she spells out her belief that the Federal Government should not usurp functions that can be completely and fairly handled by State bodies.

Speaking of the overlapping jurisdiction of Federal and State courts, she presents a persuasive argument that

State jurists are just as qualified—and are perceived by most practicing attorneys as being so qualified—to interpret U.S. constitutional issues. Instead of removing almost every case out of State courts and starting over again when a Federal constitutional question is raised by one of the parties, she urges that Federal courts should show judicial restraint or abstention and allow the case to proceed through the State tribunals.

She reminds us:

State judges in assuming office take an oath to support the Federal as well as the State constitution. State judges do in fact rise to the occasion when given the responsibility and opportunity to do so.

Mr. President, I know that many of my colleagues will wish to examine Mrs. O'Connor's writings more closely so I have prepared a short bibliography grouped by subjects. I ask unanimous consent that the list be printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

LIST BY SUBJECT OF PUBLISHED APPEALS COURT OPINIONS BY JUDGE SANDRA O'CONNOR

CRIMINAL LAW

1. State v. Ferrari, 541 P.2d 921, October 23, 1975.
2. State v. Miguel, 611 P.2d 125, May 8, 1980.
3. State v. Brooks, 618 P.2d 624, September 9, 1980.
4. State v. Blevins, 623 P.2d 853, January 27, 1981.
5. State v. Morgan, 625 P.2d 951, February 10, 1981.
6. State v. Schoonover, 626 P.2d 141, January 29, 1981.
7. State v. Gessner, 626 P.2d 1119, March 26, 1981.

TORTS

1. Fernandez v. United Acceptance Corporation, 610 P.2d 461, January 24, 1980.

WORKERS' COMPENSATION

1. Town of El Mirage v. Industrial Commission of Arizona, 621 P.2d 286, October 16, 1980.
2. Nolden v. Industrial Commission of Arizona, 622 P.2d 60, November 13, 1980.*
3. Ryan v. Industrial Commission of Arizona, 623 P.2d 37, January 20, 1981.*
4. Parkway Manufacturing v. Industrial Commission of Arizona, 626 P.2d 612, February 12, 1981.
5. Owens v. Industrial Commission of Arizona, No. 1 CA–IC 2424, March 19, 1981; (slip decision).

UNEMPLOYMENT INSURANCE

1. Thompson v. Arizona Department of Economic Security, 619 P.2d 1070, November 13, 1980.
2. Magma Copper Company v. Arizona Department of Economic Security, 625 P.2d 935, January 20, 1981.
3. Gardiner v. Arizona Department of Economic Security, no. 1 CA–UB 041, undated; (slip decision).

SUNSHINE LAW

1. Cooper v. Arizona Western College, etc., 610 P.2d 465, March 4, 1980.*

TAXING POWER

1. J. C. Penney Company v. Arizona Department of Revenue, 610 P.2d 471, April 10, 1980.*

MUNICIPAL LIABILITY

1. Lowman v. City of Mesa, 611 P.2d 943, March 27, 1980.
29, 1980.*

*Indicates statutory construction.

CONDEMNATION POWER

1. Sende Vista Water Company v. City of Phoenix, 617 P.2d 1158, August 7, 1980.

DIVORCE

1. Andrews v. Andrews, 612 P.2d 511, May

MECHANICS' LIENS

1. O'Malley Lumber Company v. Riley, 613 P.2d 629, May 15, 1980.*

CONTRACTS

1. Helena Chemical Company v. Coury Brothers Ranches, Incorporated, 616 P.2d 908, June 5, 1980.

INNKEEPER LIABILITY

1. Terry v. Lincscott Hotel Corporation, 617 P.2d 56, July 24, 1980.*

MEDICAL MALPRACTICE

1. Lewis v. Swenson, 617 P.2d, 69, June 3, 1980.*
2. Ott v. Samaritan Health Service, 622 P.2d 44, October 9, 1980.

LANDLORD-TENANT

1. Blair v. Stump, 617 P.2d 791, September 16, 1980.*
2. Roosen v. Schaffer, 621 P.2d 33, August 12, 1980.
3. Cote v. A. J. Bayless Markets, Incorporated, 626 P.2d 602, January 15, 1981.

LAW REVIEW ARTICLE

"Trends in the Relationship Between the Federal and State Courts From the Perspective of a State Court Judge," 22 William and Mary Law Review 801 (1981).

VITIATION OF SPECIAL ORDER FOR SENATOR THURMOND

Mr. McCLURE. Mr. President, I ask unanimous consent that the special order for Senator THURMOND be vitiated.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. McCLURE. Mr. President, I ask unanimous consent that, following the recognition of the two leaders under the standing order, there be a period for the transaction of routine morning business not to extend beyond 1 p.m. and that Senators be permitted to speak therein for not more than 5 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

THE JOURNAL

Mr. McCLURE. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

RECOGNITION OF THE MINORITY LEADER

The PRESIDENT pro tempore. The Senator from West Virginia is recognized.

Mr. ROBERT C. BYRD. Mr. President, I have no request for time. I have no need for it myself. I, therefore, yield my time back.

Mr. McCLURE. Mr. President, I yield my time back.

ROUTINE MORNING BUSINESS

The PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business.

Mr. McCLURE. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. WEICKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SYMMS). Without objection, it is so ordered.

DEPARTMENT OF JUSTICE AUTHORIZATIONS, 1982

Mr. WEICKER. Mr. President, prior to the cloture vote that will take place a little later, I should like to have printed in the RECORD at this time an editorial which appeared in this morning's Hartford Courant entitled "The Robes of Congress."

THE ROBES OF CONGRESS

If the Supreme Court alone has the power to interpret the Constitution, can the Congress remove from judicial scrutiny specific constitutional questions, namely busing, school prayer and abortion?

Dozens of constitutional scholars, six former attorneys general and now a dozen senators, have taken unusually united action to prevent such radical restructuring of the federal system.

Still, congressional conservatives press on with approximately 25 bills to limit the jurisdiction of the federal courts, simply because they disagree with the Supreme Court's interpretation of the Constitution on school prayer (against), abortion (permissible) and busing to achieve racial balance (sometimes necessary).

The Supreme Court, since the first chief justice, John Marshall's day, has been the ultimate arbiter of the Constitution and whether federal and state law comport with constitutional guarantees. To charge that judges have become too "zealous, partisan and prejudiced," as did one proponent of the legislation, or that the courts have usurped congressional authority, is to disregard 178 years of American history. It is to disregard a separation of powers delicately balanced by the nation's founders.

The court already has ruled that First Amendment protections against the establishment of religion prohibit prayers in public schools. Fourteenth Amendment guarantees of equal protection permit, and sometimes require, school busing. A variety of constitutional privacy rights mandate legalized abortion. These are constitutional questions which should not be removed from the court's purview because a few vocal members of Congress are unhappy with the results.

But these legislators know that it takes a two-thirds majority of the House and Senate to amend the Constitution (a legitimate congressional exercise) but only a simple majority to enact ordinary legislation. Hence, this expedient effort to limit jurisdiction by statute.

The congressmen are on firmer ground when they try to limit the lower federal courts, since only the Supreme Court is constitutionally established. What Congress creates (the lower courts), Congress presumably can take away. Their constitutional selectivity however, is questionable.

The bills would leave issues of abortion, school prayer and school busing to the state courts. The states conceivably could come up with 50 different interpretations of the Constitution, a result the nation's founders wanted to avoid in a federal system.

Congress already has confined the availability of abortion under the 1973 decision and discouraged government reliance on school busing.

But to exempt these questions from federal judicial review entirely would be to remove an important and practical constitutional check. It would be to violate individual rights (to abortion, not to pray, to attend an integrated school) in the name of majority rule—the very abuse of government power the Bill of Rights and the judiciary are supposed to prevent.

Mr. WEICKER. I should like to add my own editorial comment, which is that this is about as concise an analysis of the confrontation before the Senate that I have ever read or heard.

FOREIGN CORRUPT PRACTICES ACT

Mr. PROXMIRE. Mr. President, I wish that every Senator would review a statement by John Miles Keefe, Esq., appearing in the New York Times, July 9, 1981. Mr. Keefe makes a persuasive case against S. 708, legislation to amend the Foreign Corrupt Practices Act.

Mr. Keefe's points, made from the vantage of his experience, convinces me more than ever that adopting S. 708 would be a disaster. I request unanimous consent that the full text of the New York Times letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[From the New York Times, July 9, 1981]

LEAVE THE TEETH IN THE BRIBERY ACT

To the Editor:

Attorney Mark Feldman's letter of June 28 ["To Be Principled in a Cynical World, Within Limits"] supports the proposed legislation—the Chafee bill (S. 708)—that would pull the teeth of the Foreign Corrupt Practices Act. This act has convinced American businessmen that they cannot, without risking criminal prosecution under American law, bribe foreign goverment officials directly or through foreign "agents."

Mr. Feldman states that the purpose of the Chafee bill is to make sure that American businessmen are not punished "for the marketing tactics of a foreign agent so long as the exporter was not implicated in the agent's misdeeds."

On the basis of a number of years as an attorney in the defense industry, I will state that any U.S. businessman in possession of his faculties can distinguish legitimate sales commissions from multimillion-dollar "agent" payments that are actually under-the-table payments funneled through intermediaries to known or unknown foreign officials.

The real question is whether or not the United States should have effective laws that penalize and discourage bribery abroad by American businesses.

Recognizing that American business will, in complying with the present act, lose some contracts to foreign companies, I nevertheless believe that this tough law should not be weakened, because we cannot close our eyes to bribery abroad by U.S. businessmen without seeing it spread to business transactions and defense procurement in this country. Moreover, possible contract losses will be more than offset if foreign governments come to believe that U.S. contractors will not bribe.

Attorney Feldman makes the additional point that the present law presents ". . . an ever-present risk that a payments investigation will seriously damage U.S. relations with a foreign government critical to U.S. interests in the world." Has he forgotten the bribes that brought down a Japanese cabinet and contributed to the revolution in Iran?

JOHN MILES KEEFE.

UGANDA AND THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, a recent article in the Washington Post calls our attention to the tragic situation in Uganda.

Enraged Ugandan Army troops, supposedly in search of guerrilla fighters, slaughtered scores of civilians in a Red Cross compound. One of the least surprising aspects of this grisly story is that the dead were primarily Logbara and Kakwa tribesmen, rivals of the Acholi tribe which dominates the army.

Tribal conflicts are a major cause of bloodshed throughout the underdeveloped world. Such conflicts are particularly odious because combatants often seek complete destruction of a rival group rather than simply its defeat. One need only recall the plight of the Ewe in Nigeria and the Huta in Rwanda to be reminded of this pattern.

What can we do in these situations? Surely, it is not simply a domestic matter for the country involved.

As a major actor in the world community we have an absolute moral commitment to speak out against the massacre of a religious, racial, or ethnic group even where it is being carried out by citizens of the same country.

However, Mr. President, we cannot speak out. Who are we to reproach any nation for mass murder when we have not ratified the Genocide Convention?

We have not taken even the very small step in demonstrating our commitment to the elimination of genocide.

Do we have such a commitment? I think we do, and I feel most Americans would agree with me. I strongly urge the Senate to ratify the Genocide Convention.

ORDER OF BUSINESS

(The following proceedings occurred later and are printed at this point in the RECORD, by unanimous consent:)

Mr. BAKER. Mr. President, will the Senator yield to me?

Mr. JOHNSTON. I certainly will.

Mr. BAKER. Mr. President, once again I ask unanimous consent that the interruption that has now occurred and will continue for a few moments, be shown elsewhere in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. I thank the Senator from Louisiana for permitting me to take care of this detail.

OMNIBUS BUDGET RECONCILIATION ACT OF 1981

Mr. BAKER. Mr. President, as our colleagues know, it is desirable now, in trying to complete action on the reconciliation bill, to work out the differences between the House and Senate versions, and I am prepared now to take the steps that are necessary to create and execute a conference between the House and Senate.

I have discussed this matter with the distinguished minority leader, and I believe the procedure I have outlined is satisfactory on both sides, and I would like now to go forward.

Mr. President, I move that the Senate proceed to the consideration of Calendar No. 188, H.R. 3982, the reconciliation bill.

The PRESIDING OFFICER (Mr. EAST). The question is on agreeing to the motion of the Senator from Tennessee.

The motion was agreed to.

The PRESIDING OFFICER. The clerk will state the bill by title.

The legislative clerk read as follows:

A bill (H.R. 3982) to provide for reconciliation pursuant to section 301 of the first concurrent resolution on the budget for the fiscal year 1982.

The Senate proceeded to consider the bill.

Mr. BAKER. Mr. President, I move to strike all after the enacting clause and insert in lieu thereof the text of the Senate reconciliation bill, S. 1377.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee.

The motion was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I wish to state for the record that these requests have been cleared by me with the distinguished Senator from South Carolina (Mr. HOLLINGS), the ranking member of the Budget Committee.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill (H.R. 3982) was ordered to be read a third time, was read the third time, and passed, as amended.

Mr. BAKER. Mr. President, I now move that the Senate insist on its amendment and request a conference with the House on the disagreeing votes of the two Houses, and that the Chair be authorized to appoint conferees.

The motion was agreed to.

Mr. ROBERT C. BYRD. Mr. President, what is the understanding with respect to the appointment of conferees by the Chair?

Mr. BAKER. I was preparing to say that we are not now going to ask the Chair to appoint conferees. There will be a great number of conferees on the part of the Senate. Certain negotiations are still underway as to the composition of the conference and as to the identification of the conferees.

Later in the day it is my expectation that we will request the Chair to appoint the conferees and to complete the action which has now been begun.

Mr. ROBERT C. BYRD. Mr. President, I want some definite understanding that the minority will be protected. We have already authorized the Chair to appoint conferees. I did not interpose an objection at that point. I know the majority leader intends to protect the minority but I want it in the RECORD.

Mr. BAKER. Yes, Mr. President, the minority leader can be assured that I will do everything that is possible for me to do to protect the minority. I believe he is in no jeopardy. We have negotiated now on the size and composition of the conference. I believe there is only one element outstanding and that is a dispute to be reconciled on this side of the aisle.

Mr. President, I assure the minority leader that the appointment of conferees will be in accordance with the understanding that he and I have discused as to the ratios and the responsibilities.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader get an order to the effect that the Chair will appoint these conferees only after consultation with and the approval of the minority leader, insofar as the minority conferees are concerned?

Mr. BAKER. Yes; I have no difficulty with that.

Mr. President, I ask unanimous consent that the Chair will appoint conferees on behalf of the minority only after consultation with an approval of the minority leader and will appoint conferees on behalf of the majority only after consultation with and approval of the majority leader.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I thank the majority leader.

Mr. BAKER. I thank the Senator from Louisiana for yielding.

Mr. President, later I shall have a further statement to make on the schedule of the Senate.

(Conclusion of later proceedings.)

OUR MILITARY MANPOWER SITUATION

Mr. EXON. Mr. President, as a member of the Armed Services Committee with major responsibilities in the military manpower area, I rise today to focus attention on an inaccurate and misleading statement on the part of the Secretary of Defense regarding our military manpower situation.

On June 17, 1981, Secretary of Defense Caspar Weinberger made a speech to the Council on Foreign Relations in New York City entitled, "The Defense Policy of the Reagan Administration." A portion of that speech dealt with military personnel and our mobilization capability in time of a national emergency. The portion of his speech to which I am referring reads as follows and I quote:

> You may have noticed that I said, "We can retain the Volunteer concept while we are at peace." If we increase pay and benefits, use military manpower only where it is needed, and restore the honor and gratitude which the American people used to accord those who served in the Armed Forces, I see no need for a peacetime draft. In the event of an emergency, we would first begin activating the well-trained units of our 800,000 man Selected Reserve to fill out our total force structure. If we go into actual combat, initial replacements would come from the 250,000 pre-trained people in the Individual Ready Reserve. This addition of over one million people to our two million man active force should enable us to hold the line until the first conscripts begin arriving on the battlefield.

Mr. President, I also believe that the pay and fringe benefits and others for those who serve our country must be increased. I have cosponsored legislation to do just that. However, when the Secretary of Defense states that, during a mobilization, our existing Reserve Forces "should enable us to hold the line until the first conscripts begin arriving at the battlefield," he is dead wrong. I am not saying that the Secretary of Defense is intentionally trying to mislead anyone. He obviously was not properly informed by the Pentagon staff.

According to the Defense Department's own statistics, at the end of fiscal year 1980, the Army had a shortage of 249,000 people in the category of pretrained-military manpower in the event of a mobilization. Given the Defense Department's calculations on assumed casualty rates and other assumptions, what this statistic means is that, in the event of a mobilization, the U.S. Army would run out of personnel—on the order of a quarter of a million people—before a postmobilization draft would deliver the first conscript to the battlefield. Furthermore, this problem will not be solved in the near future. Indeed, the Department's most recent estimate is that even by 1986, this shortage will still be 111,000, including the recall of 120,000 military retirees.

So who is correct—the Secretary of Defense himself or the Department he heads? I asked for an explanation from the Defense Department on this matter and received the response that the shortage of approximately 249,000 people does, in fact, exist and that the Secretary's speech was in error, in my view, a glaring error which is grossly misleading.

Mr. President, it is most disturbing to this Senator that the Secretary of Defense, in a major policy speech, could make such an erroneous statement. I do not, I wish to emphasize, imply any questioning of the Secretary's integrity on this issue. Rather, it represents another example of the "show-and-tell" approach of this administration toward some of our defense policies. It indicates that the Secretary may not understand the breadth and complexity of the personnel problems we face. In fact, the United States cannot mobilize effectively today and this problem must receive higher priority attention.

In its report, the Senate Armed Services Committee, upon my recommendation, addressed this problem and required the Secretary of Defense to present to the Congress plans for eliminating this trained-manpower shortfall by 1984.

We must get serious about our military personnel difficulties. We cannot wait years for solutions to them. The administration has not yet faced these problems in a forthright manner. As another example, just last week, the administration began actively opposing legislation aimed at enforcing draft registration. Without enforcement, the effectiveness of registration will be severly impaired, as we are already witnessing.

Interestingly enough, last Thursday the Washington Post detailed the Army's growing manpower difficulties. I ask unanimous consent that the Post article by George Wilson be reprinted in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ARMY HINTS DRAFT MAY BE REQUIRED

MANPOWER DEMANDS FOR REAGAN POLICY DETAILED IN REPORT

(By George C. Wilson)

The Army has told Defense Secretary Caspar W. Weinberger in a secret report that almost 100,000 more soldiers will be needed to carry out President Reagan's military strategy and that it doubts they can be recruited under "the volunteer concept," suggesting a draft may be required.

The report is the Program Objective Memorandum detailing the Army's manpower and weapons plans for fiscal years 1983 through 1987 and requesting money to carry them out.

Citing Reagan's plan to expand the Rapid Deployment Force—designed to rush to emergencies in the Persian Gulf—as part of new demands for officers and troops, the report said the Army should grow to 870,000 by fiscal 1987. That would be about 96,000 above its current force and 83,700 more than the number expected in uniform by the end of fiscal 1982.

The Army's civilian work force also would expand under the new five-year plan, from 381,700 in fiscal 1982 to 412,900 in fiscal 1987.

In discussing its plan to field a force of 870,000 by 1987, the Army report said: "This growth is necessary to support substantial force structure increases and will require extraordinary manpower policies to include significant augmentation to the Volunteer Concept.

Although the words "draft" and "conscription" were not used in asking for such augmentation, several Pentagon sources said the Army is counting on a draft eventually, whether or not that is officially admitted.

Asked if what he has called the "new" military strategy will require conscription, Weinberger said through a spokesman yesterday that "the draft is not anything anybody is considering." Although he could disapprove any Army requests to resume the draft, Weinberger has left himself the loophole of resorting to it if the all-volunteer system fails to attract enough soldiers.

The volunteer force replaced the draft in 1973 as part of the backlash after the Vietnam war. The military services are currently recruiting enough volunteers to fill their ranks, although leaders have warned that the pool of available young men and women will shrink in this decade. If the economy improves, fewer young people are expected to join the military since civilian jobs will be available.

The volunteer force has been criticized heavily in Congress, with a growing number of lawmakers contending that it costs too much, puts too much of the defense burden on minorities and the poor and is providing

9 a.m.-to-5 p.m. soldiers who see the military as just another job, not an obligation.

Although Reagan opposed draft registration and the draft during his campaign, he has not moved to repeal the registration requirement enacted under President Carter. To avoid a return to the draft, Reagan has vowed to improve life in the volunteer force through higher pay and other benefits.

The administration yesterday announced the formation of a high-level manpower task force that officials acknowledged could lead to recommendation of some type of draft to augment or replace the volunteer force.

"We're not prejudging anything," an administration official said when asked if the task force, to be headed by Weinberger, may recommend a return to the draft.

The official said the other military services also will need more people to carry out the administration's military strategy. He estimated a 10 percent increase would be required by 1985, meaning 200,000 additional officers and troops for the Army, Navy, Air Force and Marine Corps unless civilians or reservists fill some of the active-duty billets. The United States now has 2,031,395 men and women on active duty.

Executive director of the manpower task force is Maj. Gen. Thomas K. Turnage, designated director of the Selective Service System, which would run any conscription program.

Other members are budget director David A. Stockman; presidential counselor Edwin Meese III; Richard V. Allen, national security adviser, Air Force Gen. David C. Jones, chairman of the Joint Chiefs of Staff; the secretaries of the military services; Martin Anderson, assistant to the president for policy development, and Murray L. Weidenbaum, chairman of the Council of Economic Advisers.

Mr. EXON. In closing, I want to emphasize that our mobilization capability is an integral part of our military readiness posture—just as important as ships, aircraft, and tanks. Inaccurate and misleading statements by the Secretary of Defense do not assist the Congress and the Nation in solving our difficult problems. It seems at least inconsistent to this Senator that the administration continues to mouth disclaimers about even the need for effective registration while our manpower problems mount.

To the administration, I say, "Weigh your words and actions carefully—Congress is listening and watching" as we fulfill our constitutional responsibilities.

DEPARTMENT OF JUSTICE AUTHORIZATIONS, 1982

THE HELMS-JOHNSTON AMENDMENT NO. 96, AS MODIFIED

Mr. JOHNSTON. Mr. President, when the original Johnston amendment on busing was brought up, I put into the RECORD a number of public opinion polls, extending over almost a 10-year period, showing consistently that Americans disapproved of busing by a margin of 72 percent to 78 percent. Those are part of the RECORD.

However, since that time, I have come into possession of an NBC news poll dated June 4, 1981, that bears on the subject of busing. I did not have this poll and did not see it, as a matter of fact, until over the weekend. The results of this poll are even more startling than those previously mentioned.

What this poll shows is that Americans oppose busing by a margin of 73 percent to 24 percent, with 4 percent not sure. What is startling, however, is that blacks disapprove of busing by increasing margins.

The question was asked: "Do you strongly favor, mildly favor, strongly oppose, or mildly oppose, or are you not sure, with respect to busing of school children to achieve racial integration?

If you take the total, those who favor compared to those who oppose, blacks oppose busing by a small margin. But if you compare those who strongly favor with those who strongly oppose, blacks oppose it strongly by a large margin. Thirty-seven percent strongly oppose, compared to 24 percent who strongly favor.

Mr. President, I ask unanimous consent that an excerpt from this NBC poll be printed in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

MAY NATIONAL POLL

Public confidence in the Social Security system's ability to deliver benefits on retirement has deteriorated sharply over the past year and a half, according to the results of the latest survey of public opinion by NBC News and The Associated Press. Americans continue to support the Reagan Administration plan to cut the federal budget and income taxes, but there is far less unanimity about volatile social issues, including abortion, school busing and the Equal Rights Amendment.

The most recent telephone survey was conducted on May 18–19, among 1,599 adult Americans. Questions dealt with social security, a variety of social issues, military aid abroad, federal spending and taxes, President Reagan's job ratings and other subjects.

Some highlights:

Americans who haven't reached retirement age are only half as confident as they were 18 months ago that the Social Security system will have enough money to pay them their benefits. Only one in five expresses high confidence in the system's solvency.

By a two-to-one margin, the public opposes the proposed 10 percent cut in Social Security retirement benefits.

Support for the Equal Rights Amendment and a woman's right to have an abortion remains strong, while a substantial majority continues to oppose school busing to achieve racial integration.

President Reagan's overall job rating stands at 62 percent excellent or good, which represents no significant change in the past month.

Busing:

Do you favor or oppose busing of public school children to achieve racial integration?

	May 1981 (in percent)		
	All	White	Black
Strongly favor	8	6	24
Mildly favor	10	8	22
Strongly oppose	61	65	37
Mildly oppose	15	15	12
Not sure	6	6	5
	Favor	Oppose	Not sure
September 1979 (percent)	27	73	4

Most important issue:

Which of the following three issues is most important to you: the busing of public school children to achieve racial integration, the proposed Equal Rights Amendment, or abortion?

	Percent
Busing of public school children	31
Equal Rights Amendment	23
Abortion	34
Not sure	12

Military aid abroad:

How do you feel about U.S. aid to Israel? Do you think we're giving too much aid, not enough aid, or do you think the United States is giving about the right amount of aid?

[In percent]

	May 1981	December 1979
Too much aid	32	38
Not enough aid	8	5
Right amount of aid	43	38
Not sure	17	19

Mr. JOHNSTON. Mr. President, earlier this year, I put into the RECORD a column by Mr. William Raspberry, who happens to be black, who writes for the Washington Post. I commend his words to my colleagues, those who do not put any stock in public opinion polls.

Mr. Raspberry says this, among other things, and I will quote two short paragraphs:

Busing for school desegregation has nearly always cost more in political, financial and emotional capital than it was worth in educational gains for black children.

Ordinary blacks have understood, even if the black leadership has not, the difference between the racial segregation that was outlawed in 1954 and the active integration of schools that later came to be the trend. . . . What they wanted then was precisely an end to racially based busing beyond the nearest neighborhood school.

So there we have it, Mr. President—a very persuasive statement by Mr. Raspberry which shows that there is, indeed, a great difference of opinion between the black leadership and the rank and file of blacks across this country.

To be sure, the NAACP is a great organization, has done great things, has great leadership and great people, but they are not in step with blacks around this country. The polls show it—not just one poll, but consistently, over and over again.

So, Mr. President, if you say that minority rights, that constitutional rights are not to be put to a plebiscite, to a vote of the people, that they are protected by the Constitution—and I certainly agree with that—there comes a point when you must say: "For whose benefit are we protecting these rights? For whose benefit are we giving to blacks not just the right but the requirement that they be bused? Is it for their benefit"? Oh, no, Mr. President; oh, no. Not according to the public opinion polls. Not in my State, in Rapides Parish.

For example, when the black leadership comes to Washington, asking for their legislative delegation to accompany them to the Justice Department and they plead with the Justice Department to hold off busing plans for a year, busing is not for the benefit of the local black

leadership, not for the local blacks or the rank and file or for the students. For whose benefit is it?

Who is it that wants busing in this country? I do not know, Mr. President. I do not know who it is and why they want it.

The American public awakened to that fact a long time ago. Sometimes it takes a long time for an idea to trickle down from the American public to this Congress. I think that idea has finally trickled down, Mr. President, the innate wisdom of the American public, which overwhelmingly disapproves of busing, has finally gotten through, I believe, to most Senators in this body and most Representatives in the House.

Mr. President, in some 20 minutes we will vote on cloture on the Johnston amendment. If we are able to effect that cloture, then I would think that we will very soon, I hope before Wednesday, have a vote upon the Johnston amendment. We will thereafter lay aside that matter and enact the tax package and the reconciliation package.

I think, frankly, we should be able to dispose of that tax package in a week, which would mean that thereafter we would be ready to go back to this Department of Justice authorization bill.

I believe that the time for delay, the time for lack of action, and the time for dodging the issue has long since passed.

For my part, Mr. President, I am going to keep on until the Senate takes a meaningful position, and I think there are many, many of my colleagues here who are determined to do the same.

I recognize minority rights, not only minority rights in the sense of black people around this country but minority rights in the sense of those on the floor of this Senate who are in the decided minority and who oppose this busing amendment, and I know that they will use every inch of the rules and every bit of their physical and mental energies to block majority rule in this Senate. I understand that because I have been in the minority.

Mr. BENTSEN. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. BENTSEN. First, I congratulate the distinguished Senator from Louisiana for his amendment and I am in full support of it.

Mr. President, busing is a social experiment that has failed and failed badly. During my 10 years in the Senate I have voted 66 times to end this disastrous program. I voted against busing 31 times on education bills, against it 17 times on Labor Department and related bills, against it 9 times on Justice Department bills, against it 3 times on energy related bills, and against it 6 times on other bills. Today I will vote to end a filibuster which would allow busing to continue for a total of 67 votes against the forced busing of our schoolchildren.

I want to make sure that the record is clear about how this issue is progressing on the current Justice Department bill so that there will be no mistake about what has happened. As I said, I will vote today to end any chances of a filibuster against the antibusing amendment of Senators HELMS and JOHNSTON. In fact, I personally signed the motion asking for a vote to kill the filibuster and I am an original cosponsor of the bill to end busing that my very good friend from Louisiana proposed and that Senator HELMS has incorporated in his amendment.

Last Friday I joined a majority of the Senate in rejecting a cloture motion that would have killed the Helms/Johnston amendment. In order to be sure that the cloture motion would have killed the Helms/Johnston language Senator JOHNSTON was very careful to ask the Presiding Officer about the parliamentary procedure. There is no doubt, and the Presiding Officer confirmed, that had the motion passed it would have deleted the Helms/Johnston antibusing amendment.

By voting cloture, we would also have cut off the right of other Senators to bring up many of the amendments that were scheduled on this bill and that are of vital importance to improving and strengthening our system of criminal justice. Many of these amendments were generated by the Senate's recent 95-to-0 vote to take immediate action on crime. I had two amendments to offer on that issue myself.

So on Friday we rejected, and rightfully so, a cloture motion that would have killed the Helms/Johnston antibusing amendment and that would have removed the right of Senators to offer many other amendments to a bill that is going to dictate how the Justice Department spends over $2 billion of the taxpayers' money. With the cloture motion we will vote on today, each Senator can stand up and vote directly on whether or not he or she wants to continue a filibuster that would allow busing to continue to split apart our Nation's people.

Mr. President, I think that my record on this issue is crystal clear. I have opposed busing, I do oppose busing, and today, for the 67th time I will continue to oppose a program that simply does not work.

Mr. JOHNSTON. Mr. President, while I strongly support the right of the minority to conduct the filibuster, I wish to put them on notice that this Senator does not plan to be derailed or distracted by their efforts. I will not give up easily because there comes a time when the will of the American public and of the majority of the Senate needs to be carried out by this Senate, and I believe this is the time.

On the substance of the amendment, we have had discussions about the legality of the Johnston amendment. We have had the American Bar Association letter brought up before the Senate, and let me say, Mr. President, I now have followed through completely, I believe as completely as one can on how that letter came about, and it came about this way:

In 1958 the American Bar Association took a position on a bill then pending, the Jenner bill. That bill provided for restricting the appellate jurisdiction of the U.S. Supreme Court, and the bar association adopted a resolution stating that they opposed restricting appellate jurisdiction.

So far as I know, the house of delegates of the American Bar Association, that part of the bar association which takes positions, has not since reiterated, changed, modified, or expanded its original opinion. Based upon that action in 1958 the legislative director of the American Bar Association, not the house of delegates which is the decisionmaking group, has said that, in effect, this amendment conflicts with the position of the American Bar Association.

Mr. President, I submit that it does not. The American Bar Association has taken no such position because this legislation is grounded principally upon section 5 of the 14th amendment.

Mr. President, I believe in the Constitution, but I believe in the whole Constitution, not just selected parts, not just those decisions that some would use to support the right, the duty to bus.

Now the whole Constitution includes section 5 of the 14th amendment which provides that Congress may enforce this article by appropriate legislation. The drafters of the 14th amendment saw there was, indeed, a place for Congress in defining and in legislating 14th amendment rights. That is the reason that section 5 was placed in the Constitution.

Section 5 of the 14th amendment has been used a number of times. It was used in the Voting Rights Act, for example, and it was also used in the 18-Year-Old Voting Act.

These two actions of Congress later produced Supreme Court decisions in Katzenbach against Morgan and in Oregon against Mitchell, the former having to do with the Voting Rights Act, and the latter having to do with the 18-year-old vote.

In both of these decisions, neither of which is precisely on point, there is language in which the Court talks about things that are important to our consideration here.

First. The Court says that Congress has the unique ability to find facts;

Second. Those findings of fact will be respected unless such findings are arbitrary, unreasonable, and irrational, if I remember precisely the three words used; and

Third. There is the indication that Congress has the right to make policy under section 5 of the 14th amendment.

Again, Mr. President, the two cases are not precisely on point because both of those cases dealt with an expansion of rights by Congress under the 14th amendment, not a construction of rights, but it seems to me that the language of the Court in those decisions dealing with the right of Congress to find facts, the right of Congress to make policy, and the duty of the courts to respect that factfinding and policymaking ability, would lend, as the Congressional Research Service said in their opinion on this legislation, great comfort to those of us who believe that it is, indeed, a

valid exercise under section 5 of the 14th amendment.

Mr. President, it is particularly appropriate, I think, for Congress to make findings of fact about busing. The amount of material and the number of studies that have been done on the subject are absolutely mindboggling.

We put into the record in the Judiciary Committee a computer listing of all the articles on this subject written over the last decade. The computer paper would extend from me to the President of the Senate if laid out in one continuous stream. Stacked up it is about 3 inches thick.

The most important of these articles, we put into the record in the Judiciary Committee; the most recent, the David J. Armor study, we have put into the RECORD here verbatim.

Those articles, those studies, and those educational experts, armed with demographic data, statistics, and interviews conducted with thousands of students, show without any doubt that busing has been and will continue to be a miserable failure.

It has neither integrated the schools nor given that educational experience that those who promoted it originally had hoped it would do. Mr. President, it simply has not worked.

This Congress is in a uniquely advantageous position to look at those kinds of studies. It is much better situated, it is in a much better position, than a court to consider those studies because a court, under the Constitution and under our system of jurisprudence, acts on a case-by-case basis. Only a case or controversy can be considered by the Supreme Court or by a district court.

We need not be circumscribed by a particular case. We can study the situation nationwide. We have done so in the Judiciary Committee, and the evidence we have introduced here on the floor pertains to more than one school system. When you look at the breadth of American education and the history of busing in the last decade, it has been proved conclusively by the experts that busing does not work, Mr. President.

That is precisely the finding which this amendment makes. This amendment makes the finding that busing has been overused by the courts, that it does not work, and this amendment, therefore, proposes to restrict the amount of busing that can be done, limiting it to 5 miles or 15 minutes. In that limitation, Mr. President, it offers a formulation, a restriction, that can actually vindicate constitutional rights.

We are not taking away constitutional rights by shaping, limiting, modifying, calibrating the exercise of the busing remedy. We are insuring that it does not extend so far that it cannot work. It is our hope that, by shaping this remedy as stated in this legislation, the remedy can be made to work. It is percisely the kind of role that section 5 of the 14th amendment is designed for.

Mr. President, as we inch toward our 1 o'clock date, rendezvous with destiny, as it were, Mr. President, I think it is particularly appropriate that we review one of the most powerful and compelling statements against busing that appears anywhere in the literature on the subject. That comes from Mr. Justice Powell of the U.S. Supreme Court dissenting in Estes against Metropolitan Branches, Dallas NAACP, a 1979 case.

Mr. Justice Powell points out in that dissent that much of the problem in busing is that courts have pursued busing, in effect, as an end in itself without consideration at all of the results of what that busing would bring about.

For example, in that particular dissent, Mr. Justice Powell pointed out a particular case:

> In a case involving a school district in Alabama, however, the Court of Appeals for the Fifth Circuit approved a plan "that will probably result in an all-black student body, where nothing in the way of desegregation is accomplished and where neither the white students nor black students are benefited.

There, Mr. President, Mr. Justice Powell is pointing out that courts have not considered what the end result, what the total result, of their court orders would be.

One of the things that this bill does, in addition to putting a 5-mile and 15-minute limitation on the amount of busing, is to require courts not to order busing where the net effect of that busing would be to cause white flight and thereby inhibit integration, or where the net educational effect would be negative.

So, Mr. President, we have shaped this amendment precisely to fit the advice given us by Mr. Justice Powell, of the Supreme Court. He puts it quite succinctly, Mr. President, in describing busing. He says on page 450 as follows:

> The pursuit of racial balance at any cost—the unintended legacy of Green—is without constitutional or social justification. Out of zeal to remedy one evil, courts may encourage or set the stage for other evils. By acting against one-race schools, courts may produce one-race school systems.

● Mr. KENNEDY. Mr. President, I oppose the amendment offered by Senator HELMS, as modified by the amendment of Senator JOHNSTON. That amendment would restrict civil rights litigation by the Department of Justice, and would also attempt to prevent the courts from enforcing rights protected by the Constitution.

As Senator WEICKER has forcefully pointed out, the issue transcends any Member's particular views on student transportation. The question, simply put, is whether we will handcuff the Department of Justice and prevent it from enforcing the Constitution.

When the availability of a remedy essential to enforce a constitutional right is denied, then we have denied the right. The constitutional rights secured by the 14th and 15th amendments will become hollow promises.

Our sworn duty is to preserve and protect the Constitution. A complete denial of all channels for the Government to end school segregation raised the most serious constitutional questions.

In recent years Congress passed an amendment which prohibits HEW from requiring school districts to use transportation in order to end school segregation. The courts upheld that law against constitutional challenge. However, the courts explicitly relied upon the fact that another avenue was open for the Government to end school segregation in districts receiving Federal aid. The Department of HEW could still refer cases under the Civil Rights Act of 1964 to the Department of Justice.

If the Helms-Johnston amendment is adopted in its present form the Federal Government will be completely prevented from seeking to end segregation in school systems receiving Federal aid.

But the Helms amendment poses constitutional concerns beyond the specific issue of school desegregation. If we begin to restrict the Department of Justice in this area, then the temptation will be to restrict the executive branch's enforcement of other constitutional rights, as well. That is a very dangerous path on which to proceed.

It threatens the basic separation of powers between the executive and the legislative branches.

The Helms amendment will not stop busing. It will not affect existing court orders, or prevent future ones. The amendment will only accomplish two things.

First it will remove the Justice Department from cases in which the Department might provide the court with a compromise alternative plan for school desegregation. The amendment would thereby leave courts with little to choose between the desegregation orders proposed by civil rights plaintiffs and the plan if any proposed by the defendant school system. That result hardly makes sense for foes of student transportation.

Far more important is the second result of this amendment. The Federal Government would be stopped from efforts to enforce the Constitution of the United States. I believe that result is unconstitutional. It is unprecedented in our history since the bitter years in the aftermath of the Civil War. If he is to remain faithful to his oath of office to "preserve, protect and defend the Constitution," and faithfully to execute the laws of the United States, he would be obliged to veto the measure. In a recent editorial the Washington Star summed up the Helms amendment as an "illusion" for those opposed to court-ordered busing:

> "What is at stake," the editorial concludes, "is not busing . . . or 'equal justice,' it is, as we have noted before, law and order." In that respect, more than any other, Collins-Helms is a disturbing precedent.

Moreover, the Helms amendment is not workable, in light of the actual process by which the Department of Justice participates in school desegregation cases.

Contrary to the implication of the Helms amendment, the Department of Justice does not "require" remedies involving student transportation. When the Department first considers a case of unlawful segregation, it cannot be sure

whether an appropriate remedy will necessarily include student transportation.

The final determination of what relief will sufficiently remedy a proven constitutional violation remains with the court. Even then, transportation is required only when all other means to desegregate have been shown to be infeasible or ineffective. Both the Supreme Court in *Swann* v. *Board of Education*, 402 U.S. 1 (1971), and Congress, in 20 U.S.C. 1713, have suggested that student transportation is to be the remedy of last resort—and I emphasize the word "last." In addition, under Swann the court must consider factors such as the ages of the affected students, safety, and transportation time in formulating any remedy requiring transportation.

This summary of the process illustrates how unclear it may be at the inception of a case what precise remedy, if any wil ultimately be imposed. Therefore, neither the Justice Department nor the Federal court can know in advance which cases will fall under the section 607 prohibition.

Given this process, the Department will be presented with a dilemma of abstaining altogether from participating in a case before it is clear whether the case is likely to lead to transportation orders.

The portion of the amendment based on the proposal of Senator JOHNSTON is no less troubling.

One of the benefits of the debate this far, Mr. President, is that my colleagues and the press and the American public now understand the issues raised by the amendment. They go far beyond the specific controversy on student transportation in school desegregation.

The Supreme Court has made clear that efforts by Congress to dictate to the courts how they will decide cases is a clear assault on constitutional independence of the Federal Courts. This was the essential point of the Court's decision in *U.S.* v. *Klein*, 80 U.S. 128 (1871). The question is posed most starkly when, as here, Congress tries to tie the Court's hands and prevent them from using a remedy they find necessary to enforce constitutional rights. We would be telling the courts, "even if you find a constitutional injury to American citizens, don't fix it, just forget it."

As a practical matter, student transportation beyond the limits imposed by the Johnston amendment may be the only remedy that will actually correct a massive violation of constitutional rights. Chief Justice Warren Burger made that clear in *Swann* v. *Board of Education* (402 U.S. 1, 17 (1971). The Chief Justice spoke for a unanimous court. In that case the Supreme Court itself noted that Federal judges were bound by limits of reason and could not impose student transportation which posed a threat to the welfare of the students. The pending legislation will frustrate the ability of Federal Courts to use reasonable and necessary remedies. In effect, the amendment is an assault on the 14th amendment.

The supporters of this proposal cite as authority the power of Congress under section 5 of the 14th amendment to "enforce" the amendment by "appropriate legislation." Their argument is fatally flawed. They assume that this is simply a case of Congress selecting from among alternative remedies the one that would best enforce the constitutional rights guaranteed by the 14th amendment.

But that reasoning does not apply here. The pending amendment precludes the courts' use of a remedy even when it is the only available one which could correct a constitutional violation and enforce rights guaranteed by the 14th amendment.

Another aspect of the Johnston amendment is equally troubling. The proposal is retroactive. It would reopen existing school desegregation plans throughout the country. It would reopen long-healed wounds in hundreds of communities throughout the South and elsewhere in the country. It would lead to bitter debates, court fights, and unnecessary community divisions in many parts of the Nation.

In many communities where court desegregation orders have included student transportation, the initial controversy has subsided and the plan has been working with widespread acceptance, often for many years. Dedicated teachers, parents and children have made it work. New pupil assignments, new attendance zones, new school construction and all the other aspects of the school system and community life have developed under the plan.

The Johnston amendment would upset all this. It would place intense political pressures on some community elements to challenge existing plans and reopen old and bitter controversies. Disruptive passions and animosities would be stirred at a time when the need for understanding and tolerance is greater than ever.

Instead of its avowed purpose of promoting reason and order in local education, the Johnston amendment will foment disorder and conflict. The costs to this Nation in educational disruption and community upheaval would be immense.

Even Senators who have strong doubts about student transportation remedies, should think very carefully before voting for a measure which could produce such disruption in communities throughout the land.

I believe that when the very independence of the Federal judiciary, the power of the executive branch to enforce the law and the vindication of constitutional rights for all our citizens are at stake, then careful exploration of the issues and their implications are essential. Surely we can give more than a few days of debate to article III and the 14th amendment of the Constitution.

The proposal of Senator JOHNSTON has had only 1 day of hearings. There have been no hearings in this Congress directly on Senator HELMS' proposal. Senator HATCH was recently quoted by the congressional quarterly magazine as saying that he would like his Constitution Subcommittee to consider these proposals along with others on the subject. While I am sure that the Senator from Utah and I disagree on the merits of these measures, I agree with him that more hearings are appropriate. He has already indicated his desire to have full and fair hearings on this sensitive and complex matter. The Senate would be better served by requiring these amendments to undergo the strict scrutiny of detailed committee hearings.

In the absence of such scrutiny, it is even more inappropriate for the Senate to act on these amendments in haste and without adequate floor debate on their implications for our system of government and our commitment to enforcing the constitution.

Almost 45 years ago, the Senate Committee on the Judiciary considered another threat to the independence of the judicial branch—President Franklin Roosevelt's so-called "Court Packing Plan" of 1937. The committee rejected that plan as a dangerous attack on the courts. The committee report warned:

> Shall we now, after 150 years of loyalty to the constitutional ideal of an untrammeled judiciary, duty-bound to protect the constitutional rights of the humblest citizen even against the Government itself, create the vicious precedent which must necessarily undermine our system?

Mr. President, these amendments would set an equally dangerous precedent and we should reject them.●

● Mr. BIDEN. Mr. President, I am voting for cloture on the Johnston amendment today because the Senate ought to have an opportunity to vote against busing on this bill. The reason I opposed the majority leader's cloture motion last Friday was that it would have prevented the Senate from considering the Johnston antibusing amendment. This amendment is the first piece of antibusing legislation before the Senate this year and I believe the Senate should have the opportunity to vote on the amendment.●

Mr. RIEGLE. Mr. President, I have long opposed court-ordered school busing because it is an ineffective device for achieving integrated schools and high-quality education for all our students.

At no time has the Congress ever voted for busing—or have I voted for busing. Busing plans have come from the courts, not from the Congress. Here in the Senate I have consistently voted to prohibit forced busing that would result from administrative actions by the Department of Health, Education, and Welfare, a limitation within the legal reach of Congress.

Even the courts have now come to realize that forced busing usually has negative consequences, and the courts themselves have steadily moved away from busing and toward other methods of achieving integrated, high-quality education.

While I do not favor busing, I do fully recognize that our Constitution divides Federal power and creates three separate, but equal branches of Government.

When the courts invade the jurisdiction of the Congress—or the Congress invades the jurisdiction of the courts—we violate both the spirit and structure of our Constitution. I have always opposed these unconstitutional invasions of power by any of the three branches of Government and I will continue to do so.

So while I oppose busing, I do not believe the Congress can tell the courts exactly how to settle each and every case it must deal with. The court derives its legal authority from the Constitution and I do not believe that authority can be taken away whenever the Congress might disagree with a particular decision.

The aim of the Johnston amendment, to sharply limit the amount and degree of court-ordered busing, is a goal I support. However, I believe the effort to achieve this goal must not violate the Constitution in the process. Also we find ourselves in a parliamentary situation where we must make these crucial votes without full debate—and without a proper set of public hearings conducted within the committees of jurisdiction.

We cannot abandon a proper and legal course of conduct however strongly we feel on a given issue and therefore we should not invoke cloture under these circumstances.

CLOTURE MOTION

The PRESIDING OFFICER. The hour of 1 p.m. having arrived, pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will state.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on Amendment Number 96 (As Modified) to S. 951, the Department of Justice Authorization Bill.

Bennett J. Johnston, Walter D. Huddleston, J. James Exon, Edward Zorinsky, Orrin G. Hatch, David L. Boren, Lloyd Bentsen, Don Nickles, Jennings Randolph, Russell B. Long, Lawton Chiles, Dennis DeConcini, John C. Stennis, Quentin N. Burdick, Sam Nunn, Joseph R. Biden, Jr.

CALL OF THE ROLL

The PRESIDING OFFICER. Pursuant to rule XXII, the Chair now directs the clerk to call the roll to ascertain the presence of a quorum.

The legislative clerk called the roll and the following Senators answered to their names:

[Quorum No. 8 Leg.]

Baker	Johnston	Stafford
Byrd, Robert C.	Kennedy	Symms
Cochran	Laxalt	Thurmond
Domenici	McClure	Tower
East	Mitchell	Weicker
Hatfield	Nunn	Zorinsky
Jackson	Sasser	

The PRESIDING OFFICER. A quorum is not present. The clerk will call the names of the absent Senators.

The legislative clerk resumed the call of the roll and the following Senators entered the Chamber and answered to their names.

[Quorum No. 8 Leg.]

Abdnor	Garn	Matsunaga
Armstrong	Glenn	Mattingly
Baucus	Goldwater	Melcher
Bentsen	Gorton	Metzenbaum
Biden	Grassley	Murkowski
Boren	Hatch	Nickles
Boschwitz	Hawkins	Packwood
Bumpers	Hayakawa	Pell
Burdick	Heflin	Percy
Cannon	Heinz	Pressler
Chafee	Helms	Proxmire
Chiles	Hollings	Pryor
Cohen	Huddleston	Quayle
Cranston	Humphrey	Randolph
D'Amato	Inouye	Riegle
Danforth	Kassebaum	Roth
Dixon	Kasten	Sarbanes
Dole	Leahy	Schmitt
Durenberger	Levin	Simpson
Eagleton	Long	Specter
Exon	Lugar	Stennis
Ford	Mathias	Wallop

The PRESIDING OFFICER. A quorum is present.

The question is, Is it the sense of the Senate that debate will be brought to a close?

CLOTURE MOTION

Mr. JOHNSTON. Mr. President, I send to the desk a motion in accordance with rule XXII.

The PRESIDING OFFICER. The clerk will state——

Mr. McCLURE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLURE. Is it in order at this time to accept such a motion?

The PRESIDING OFFICER. Rule XXII says that a cloture motion is in order at any time.

Mr. McCLURE. Is it a motion or a filing of a petition, Mr. President?

The PRESIDING OFFICER. Is it a cloture motion.

Mr. McCLURE. I thank the Chair.

The PRESIDING OFFICER. The clerk will state the motion.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on Amendment Number 96 (As Modified) to S. 951, the Department of Justice Authorization Bill.

J. Bennett Johnston, Lawton Chiles, Don Nickles, Russell B. Long, J. James Exon, Jennings Randolph, Walter Dee Huddleston, Sam Nunn, John C. Stennis, Lloyd Bentsen, Steven D. Symms, John Tower, John P. East, Edward Zorinsky, Charles Grassley, Dennis DeConcini, Strom Thurmond.

VOTE

The PRESIDING OFFICER. The question is, Is it the sense of the Senate that debate shall be brought to a close? The yeas and nays are mandatory under the rule. The clerk will call the roll.

The legislative clerk called the roll.

Mr. PELL (when his name was called). On this vote, I have a live pair with the Senator from New York (Mr. MOYNIHAN). If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." I therefore withhold my vote.

Mr. BAKER. I announce that the Senator from North Dakota (Mr. ANDREWS), the Senator from Alabama (Mr. DENTON), the Senator from Iowa (Mr. JEPSEN), the Senator from New Hampshire (Mr. RUDMAN), the Senator from Alaska (Mr. STEVENS), and the Senator from Virginia (Mr. WARNER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from New Jersey (Mr. BRADLEY), the Senator from Virginia (Mr. HARRY F. BYRD), the Senator from Connecticut (Mr. DODD), the Senator from Colorado (Mr. HART), the Senator from New York (Mr. MOYNIHAN), the Senator from Massachusetts (Mr. TSONGAS), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that, if present and voting, the Senator from Massachusetts (Mr. TSONGAS) and the Senator from Connecticut (Mr. DODD) would each vote "nay."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The yeas and nays resulted—yeas 54, nays 32—as follows:

[Rollcall Vote No. 185 Leg.]

YEAS—54

Abdnor	Goldwater	Melcher
Armstrong	Gorton	Murkowski
Baker	Grassley	Nickles
Bentsen	Hatch	Nunn
Biden	Hawkins	Proxmire
Boren	Hayakawa	Pryor
Byrd, Robert C.	Heflin	Quayle
Cannon	Helms	Randolph
Chiles	Hollings	Roth
Cochran	Huddleston	Sasser
Danforth	Humphrey	Schmitt
DeConcini	Johnston	Simpson
Dole	Kasten	Stennis
Domenici	Laxalt	Symms
East	Long	Thurmond
Exon	Lugar	Tower
Ford	Mattingly	Wallop
Garn	McClure	Zorinsky

NAYS—32

Baucus	Glenn	Metzenbaum
Boschwitz	Hatfield	Mitchell
Bumpers	Heinz	Packwood
Burdick	Inouye	Percy
Chafee	Jackson	Pressler
Cohen	Kassebaum	Riegle
Cranston	Kennedy	Sarbanes
D'Amato	Leahy	Specter
Dixon	Levin	Stafford
Durenberger	Mathias	Weicker
Eagleton	Matsunaga	

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Pell, for.

NOT VOTING—13

Andrews	Dodd	Stevens
Bradley	Hart	Tsongas
Byrd, Harry F., Jr.	Jepsen	Warner
Denton	Moynihan	Williams
	Rudman	

The PRESIDING OFFICER. On this vote, the yeas are 54, the nays are 32. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

THE SENATE AGENDA

Mr. BAKER. Mr. President, this is the 12th day of consideration of this bill, and

I expect that we will continue with the debate on it for a while.

Mr. RANDOLPH. Mr. President, I suggest Senators take their seats while the statement is being made by the able majority leader.

The PRESIDING OFFICER. The majority leader has the floor. Senators will please take their seats.

The majority leader.

Mr. BAKER. Mr. President, as I was saying, we have been 12 days on this bill now, but I know of no other practical alternative except to consider the debate for the time being. So it is my expectation that the Senate will continue to debate this measure for the remainder of this day and that we will recess over until tomorrow.

TUESDAY

It is my hope and intention to proceed tomorrow to the consideration of the conference report on the cash discount bill, H.R. 31. But in any event, at 2 p.m. tomorrow the Senate will proceed under a previous order to the disposition of the Kasten amendment to S. 1204, the noise-control bill, to be followed immediately by a vote on final passage of that bill.

Some Senators have expressed hope that when we finish with consideration of the noise bill the Senate might briefly turn to the consideration of Calendar Order No. 167, Senate Resolution 87, a sense-of-the-Senate resolution in respect to taxing social security benefits, and for other purposes.

That item has not yet been cleared, but Members are on notice that it might be brought up after we complete the noise bill, and I have been advised that if indeed we do proceed to the consideration of Senate Resolution 87, there will be a rollcall vote on that measure.

WEDNESDAY

Mr. President, on the remainder of the day on Tuesday the Senate will resume debate on this measure, that is on the Department of Justice authorization bill, and recess over then until Wednesday, at which time under the order previously entered it is my intention, after first conferring with the minority leader, to move to the consideration of House Joint Resolution 266, the tax bill.

Mr. JOHNSTON. Mr. President, will the Senator yield at that point?

Mr. BAKER. I yield.

Mr. JOHNSTON. There has been another cloture motion filed on this matter similar to this which would be ripe for a vote on Wednesday.

I wonder if the majority leader might consider first having that cloture motion before moving to the tax bill.

Mr. BAKER. Mr. President, I thank the Senator from Louisiana. I really cannot honestly say that.

The original intention was that the tax bill would become the pending business as soon as possible on Wednesday.

But let me leave it this way: I will be glad to confer with the Senator and we will see how we can proceed with that, but Members should be on notice, as I have said a number of times from this place, that on Wednesday we will proceed to the consideration of the tax bill. I will reserve, if I may, for further consideration with the Senator from Louisiana on whether or not we will dispose of the cloture vote which will mature on Wednesday or whether it will go over until after we finish the reconciliation bill.

THURSDAY

Mr. President, after the tax bill is laid before the Senate it is my expectation that it will require the remainder of the week to dispose of it. As I said earlier, we will be in late on Thursday, as the memorandum which has been issued twice points out. If we have a choice in these matters, Thursdays are the nights in which the Senate will remain late. Members should certainly take account of the almost certain prospect that the Senate will be in late on this Thursday, and by "late" I mean as late as 10 or 11 p.m., or perhaps even later, because it is my hope that we can finish the tax bill on Friday. If we do not finish the tax bill on Friday, it is my intention to ask that the Senate reconvene on Saturday.

I think it is imperative that we try to complete this measure as soon as reasonably possible.

Mr. President, I have no clear view of where we go from there. We have other matters to deal with, including the reconciliation conference report, the farm bill, and a number of other things that we could discuss at this time, and I will be in consultation with the several chairmen and ranking minority members and with the minority leader in trying to construct a schedule.

But overall and in general, it is my hope that we complete the tax bill and receive and act on the reconciliation conference report well in advance of the time that Congress recesses for the August recess.

Mr. President, might I inquire of the Chair what is the pending business before the Senate?

The PRESIDING OFFICER. The pending business is the Helms second degree amendment to his own amendment to S. 951.

Mr. BAKER. I thank the Chair.

Mr. President, the only thing I will add to this statement and announcement I have made so far, things I would add, are, first, I have made this announcement and the contents of it known to the minority leader in advance. A little later today it is my hope and expectation that the Chair will announce the appointment of conferees for the reconciliation conference report.

Mr. President, I yield the floor.

Mr. HELMS. Mr. President, will the Senator yield?

Mr. BAKER. Yes, I yield.

Mr. HELMS. Has the distinguished majority leader made even a preliminary judgment as to when we might anticipate the farm bill being called up?

Mr. BAKER. Mr. President, I have not. As the distinguished Senator from North Carolina knows, I had hoped we would be on the farm bill today and tomorrow. That was the original tentative schedule which had been announced, I believe, on the floor and had been made known to the principally involved Senators.

But since we are stuck now on the Department of Justice authorization bill today and tomorrow I am sure it is not going to come up this week because this, together with the tax bill, will certainly take us through Friday and, perhaps, Saturday. The outlook for next week is not quite that clear.

Mr. HELMS. I thank the majority leader. I would say to him if it is at all possible I hope we can call up and dispose of the farm bill before the August recess.

Mr. BAKER. Mr. President, I thank the distinguished Senator and I yield the floor.

DEPARTMENT OF JUSTICE AUTHORIZATIONS, 1982

The Senate continued with the consideration of the bill, S. 951.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. WEICKER. Mr. President, I rise in opposition to the amendment of the distinguished Senator from Louisiana.

I would like to have printed in the RECORD a letter from the American Bar Association dated July 10, 1981, addressed to the distinguished Senator from Louisiana.

During the debate at the end of last week the distinguished Senator from Louisiana kept referring to the position described by Mr. Herbert E. Hoffman in a letter which Mr. Hoffman had sent to Senator BAKER as not being representative of the feelings of the American Bar Association. In effect, it tended to cast doubt upon the credibility of that missive.

I would like to read the contents of the letter Senator JOHNSTON received from the American Bar Association:

AMERICAN BAR ASSOCIATION,
Washington, D.C. July 10, 1981.

Hon. J. BENNETT JOHNSTON,
U.S. Senator,
Washington, D.C.

DEAR SENATOR JOHNSTON: In the Senate debate of July 8 on the Department of Justice reauthorization bill you raised questions and concerns about my letter of June 22, 1981 to Senator Howard Baker regarding your proposed amendment which would delimit Federal court jurisdiction in the area of busing.

Let me assure you, first, that a letter written by me as Director of the ABA Governmental Relations Office represents the official policy of the Association and not merely the views of one staff member. Let me also reiterate that we take no position on the issue of busing and that our views are confined to the issue of Federal court jurisdiction limitations.

You are correct that we did not have a great deal of time to study the specific language of your amendment. However, the positions expressed in the letter were not "hastily-prepared thoughts" of first impression. In addition to the Association's broad policy statement of 1958 on efforts to delimit Federal court jurisdiction, our Special Committee on Coordination of Federal Judicial Improvements for the last several months has had under serious study the myriad of bills introduced this year to delimit court jurisdiction, including those in the area of busing. As has been pointed out in the floor debate, the Chairman of the

Special Committee, Edward I. Cutler, testified on this subject on behalf of the Association in June before the Senate Judiciary Subcommittee on the Constitution. In addition, the Special Committee is submitting to our House of Delegates for consideration at its meeting next month a resolution reaffirming our policy position in this area.

Since you expressed the view that your specific amendment was not made public in sufficient time for outside groups such as ours to study it adequately, we would respectfully suggest that you delay seeking a vote on your amendment until all interested groups have had sufficient time to study it and so that hearings may be held on it. If the issue is delayed until after August 13, you will also have the benefit of the action of our House of Delegates on the court jurisdiction issue.

In closing, we appreciate your having stated in your floor remarks that you do value the views of our Association. We have worked closely with you on a number of occasions in the past, and we hope you will call upon us for assistance in the future.

Sincerely,

HERBERT E. HOFFMAN.

Mr. President, I think that fairly well lays to rest the implications set forth here on the floor by the distinguished Senator from Louisiana that Mr. Hoffman's letter was in any way divorced from the positions of the American Bar Association, that he was some minor official merely expressing a personal bias.

(Mr. WALLOP assumed the chair.)

Mr. WEICKER. The amendment of the distinguished Senator from Louisiana may be many things and it might have merit. It might have merit insofar as it is an excellent piece of special purpose legislation for Rapides Parish, but it is not constitutional, it is not lawyer-like, it does not embody those principles of American jurisprudence that would have the admiration of any association of lawyers in this country. So let us not make any more of it than what it is by discrediting the valued opinion of men and women who have made their careers that of American jurisprudence, who have no desire to dictate the policies of this body but, by the same token, have no hesitation in pointing out the frailty of legislation where that frailty impinges upon treasured longstanding constitutional principles.

This bill or rather these particular amendments, whether they go under the title of the amendment of the Senator from North Carolina (Mr. HELMS) or under the aegis of the distinguished Senator from Louisiana (Mr. JOHNSTON), the longer they stay out here the worse they smell, and that is exactly the purpose for this debate so that everybody knows full well what it is that is transpiring on the floor of the U.S. Senate.

This Senator has absolutely no objection whatever to a clean authorization bill as it applies to the Department of Justice.

What I object to most strenuously is an attempt to circumvent the Constitution of the United States by statute rather than by the very precise, carefully worded, amending process as contained in that document, in the Constitution.

It is my intention now to go ahead and read to the Chamber the report of the U.S. Commission on Civil Rights.

This letter is dated July 7, 1981. I dare say that by the time I get through reading it I will have questions raised by the distinguished Senator from Louisiana as to whether or not this represents the position of the U.S. Commission on Civil Rights and probably have to have a second letter reaffirming this one of July 7.

DEAR SENATOR WEICKER: The Commission is pleased to respond to your request for an analysis of the legal and policy issues raised by the Johnston-Helms amendment to S. 951, the Department of Justice FY 1982 Authorization bill.

The amendment has two distinct parts. Its first part parallels the Collins amendment that recently passed the House.

Mr. President, I want to point out, interrupting my reading of this letter, that at no time has the discussion of this matter involved the reading of irrelevant material, the feeling being that the constitutional issue involved was too important to cheapen it by virtue of the tactics from earlier times, which tactics fairly discredited what is commonly known as a filibuster. Rather, it was of the highest priority that the debate, both extemporaneous and prepared, be specifically on point.

Granted, with something as flawed as this amendment and the underlying amendment, it is not particularly difficult to be on point. But, aside from the specifics of what it is we are disussing here, I think it terribly important that the American public grasp the general tenor of what it is that is going on on this floor, because this is not the last time that we are going to be out here. It is the attempt by a handful of Senators, Democrat and Republican, of differing philosophies, it is the attempt of this handful to make certain that, regardless of the change of partisanship here or philosophy, that the Constitution of the United States will remain constant and the principles contained therein will remain as undiluted for future generations as they came to us.

Now, that is what is at issue. It is important, in other words, that the style be of an excellence that equates with the excellence of the substance. For that reason, there will be no reading of the Bible or some irrelevant economic report. It will be to the point, so that we understand that there comes those times when it is disagreeable to live with this Constitution of ours, but it is terribly important, even though everything else in this country changes, that that document remain unchanged.

The letter dated July 7 states:

DEAR SENATOR WEICKER: The Commission is pleased to respond to your request for an analysis of the legal and policy issues raised by the Johnston-Helms amendment to S. 951, the Department of Justice FY 1982 Authorization bill.

The amendment has two distinct parts. Its first part parallels the Collins amendment that recently passed the House. By prohibiting the Department of Justice from bringing or maintaining school desegregation cases that require student transportation beyond the school which is nearest to the student's home, the Senate version of the Collins amendment would require the Federal Government to violate its constitutional obligation not to fund school systems that are intentionally segregated. Its second part, to which we will devote most of our attention, is the "Neighborhood School Act of 1981." This measure seeks to define and limit the conditions under which the Federal courts can order student assignment and transportation as remedies for unconstitutional school segregation.

Mr. President, I know that my good friend, the distinguished Senator from Maine, is at his seat and I am certainly prepared at this point—I know that he has important things to say about the matter before this body—to yield the floor at this juncture. But I want to say something before he takes the floor.

I think he is as good an example as anybody here on the type of courage which is needed from time to time in defense of the Constitution and the principles that have brought this country to the prosperity and to the preeminence which it enjoys today.

The Senator from Maine is one of those who is up for reelection and, because of the broad-brush generalities that are applied as between politicians and those that seek our demise, runs in the face of the possibility of somebody saying, "Oh, this is Senator MITCHELL. He is for busing," et cetera, et cetera.

The fact is that Senator MITCHELL, like the rest of us that stand on this floor, is here because we uphold the Constitution of the United States. Indeed, if you want to find the conservatives on this issue, then look to the Mitchells and others who have taken on what, admittedly, is an unpopular cause.

I want to commend the Senator from Maine for the votes that he has already given on this matter, for his deep feelings, and especially I want to commend him for his courage.

Everybody should be standing up here, not ducking. And if anybody has, I suppose, the right to duck—although I do not recognize that as anything that belongs to any one of us when the Constitution is threatened—it would be those up for reelection, such as the Senator from Maine. But he is here to address this subject and to reaffirm that oath which each one of us took a while back in the well of this Chamber.

I just wanted him to know of my personal admiration for him and everything that he stands for.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MITCHELL. Mr. President, I rise to express my opposition to the pending amendment and to express to the Senate my deep reservation about the procedural course we are on.

I have been a Senator for a relatively short time. The impressions of my former occupation as a U.S. district court judge are fresh in my mind. As every Member of the Senate knows, courts of law avoid constitutional issues whenever possible. If a case raises both constitutional and nonconstitutional issues, a court must attempt to resolve the case on a nonconstitutional basis. Only if that cannot be done does the court resolve the constitutional question. That is a prudent and appropriate approach. A court should not attempt to interpret the Constitution if there is an alternative way to provide relief for the parties before it.

That same sentiment should prevail in this body as it considers legislation which raises grave constitutional concerns. We should tread lightly. We should proceed with caution. And most importantly, we should build a record upon which we can debate the issues with care and in detail. We have not built such a record in this matter.

I speak of not only a record on the issue of busing, but of a record on the larger constitutional issues that have been mentioned during this debate. I will speak about some of the matters I feel should be thoroughly examined in a few moments. However, before turning to that, I would like to raise a more practical concern.

We are attempting to address a very serious social problem—the busing of children to achieve racial integration—by amending the statutes of jurisdiction of our Federal courts. On its face, this approach is subject to question. Is it wise to address specific issues by changing the jurisdictional basis of our courts? Are we pursuing an appropriate remedy for the perceived harms of busing? If such harms exist, is this amendment a legitimate response? I submit that it is not.

A delicate balance of power exists between the branches of our Government. When the legislature tries to address social problems by weakening the powers of one of its coequal branches, it creates an imbalance in the underlying structure of the system. We not only weaken the courts, but we erode the respect that our citizens have for our judiciary.

We are venturing into gray areas of immense constitutional significance without a proper foundation. I do not think that is wise.

I might add, Mr. President, I am not alone in that thinking. All Senators have received a letter addressed to the majority leader from the American Bar Association. I would like now to quote one paragraph from that letter and then ask unanimous consent that the full text of the letter be inserted into the RECORD at the conclusion of my remarks.

The American Bar Association opposes this amendment because of one overriding conviction: the necessity to protect the integrity of the courts of this nation from misdirected legislative efforts to achieve something that can be done only through Constitutional amendment. The issue is not busing. The issue is whether as a matter of policy and of Constitutional permissibility, this nation is going to adopt a device whereby each time a decision of the Supreme Court or a lower Federal court offends a majority of both Houses of Congress the jurisdiction of the Federal courts to hear that issue will be stripped away. We do not believe that is a system the framers intended or one that we should strive to institute.

Mr. President, I ask unanimous consent that the full text of this letter be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

It is true that Congress has acted in the past to limit the jurisdiction of Federal courts. But no legislative enactment upheld by the courts has ever completely removed the authority either of the lower Federal courts or the Supreme Court to grant necessary relief in cases of constitutional violation. The proposed amendments almost certainly would preclude busing in many cases and would undoubtedly obviate existing desegregation orders.

The Norris-LaGuardia Act of 1932 is often cited as support for the argument that Congress does have power to withdraw particular subjects from the Federal Courts. Section 7 of the act bars injunctions in labor dispute cases unless a hearing is held and certain findings are made. But nothing in that act withdraws the authority of Federal courts to enforce existing constitutional rights.

The Tax Injunction Act, which prohibits actions to restrain the assessment or collection of any tax does not deprive any court of jurisdiction to hear constitutional challenges to tax collections.

In each instance where the Congress has acted to restrict court jurisdiction, and the courts have upheld the restrictions, there has been no preclusion of effective relief for constitutional infringement. The proposed amendments would do just that, for the first time. The Chief Justice of the United States, Warren Burger, has stated:

. . . Bus transportation has long been an integral part of all public educational systems, and it is unlikely that a truly effective remedy could be devised without continued reliance upon it. (*Bd. of Educ.* v. *Swann*, 402 U.S. 43, 46 (1970)).

Members of the Senate ought to be unwilling to deny this remedy on the basis of this debate and one-half day of hearings on the Johnston amendment. If there is a need for restructuring of remedies in desegregation actions, Congress should work to devise reasonable alternatives. We should not attempt to address the problems by limiting the jurisdiction of the Federal judiciary.

There is a balance between article III of the Constitution and other constitutional provisions that must also be considered and preserved. Section 1 of article III provides that the judicial power of the United States be vested in a Supreme Court and such inferior Federal courts as Congress "may from time to time ordain and establish." By successive legislative enactments, Congress created the Federal court system which evolved to its present form and has remained essentially unchanged since 1911.

Debate about the scope of congressional power over lower Federal courts under article III has continued since their creation. Most scholars agree that Congress has broad discretion to establish, alter, or eliminate the jurisdiction of lower Federal courts. This power over the jurisdiction of the lower Federal courts could be compared to congressional power over interstate commerce, which is so ample that despite the enormous proliferation of Federal legislation, not since 1936 has a Federal regulation of commerce been held unconstitutional. Nothing is better settled, however, than that this power is subject to constitutional limitations.

The same principles applies to congressional power under article III. The Constitution itself restricts Congress enumerated powers. Having created Federal courts and confererred upon them jurisdiction over cases arising under the Constitution, Congress may not curtail this jurisdiction in violation of other parts of the Constitution.

Congress may not, through regulation of Federal court jurisdiction, achieve what it could not achieve through direct substantive legislation altering constitutional rights. If we act to prohibit a court from providing a remedy for a right which exists, we have effectively withdrawn the right. And the courts must decide whether such withdrawal is permissible.

To the extent that this body acts to eliminate the Federal judiciary as the only available or effective forum for the vindication of constitutional rights, it acts beyond the Constitution. To the extent that the Johnston amendment would deprive minority schoolchildren of a racially integrated school environment as mandated by the Constitution, it is unconstitutional. The language and structure of the Constitution, and the case law, compel this conclusion.

Chief Justice Burger's language from the Swann decision, that I quoted earlier, strongly suggests that in some cases, busing is the only remedy to correct some violations of the 14th amendment. If his conclusion is accurate, the denial of court-ordered busing as a remedy for school desegregation cannot be distinguished from the denial of the underlying 14th amendment right.

Mr. President, I do not believe that the Senate has established a foundation upon which we can reasonably debate the question that is raised by this analysis.

The amendments now pending and other bills that have been introduced to limit the jurisdiction of Federal courts are without precedent in the history of this country. They are attempts to alter basic political relationships and constitutional balances. We should move with caution and deliberation in considering these drastic proposals.

EXHIBIT 1

AMERICAN BAR ASSOCIATION,
Washington, D.C., June 22, 1981.

Hon. HOWARD H. BAKER, Jr.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BAKER: I am writing to urge your opposition to the Johnston-Helms Amendment to the Justice Department authorization bill. This amendment would drastically restrict the jurisdiction of the Federal courts to issue remedies in school desegregation cases, even when such remedies are the only available means of vindicating Constitutional rights against deliberate and intentional violations of the equal protection clause of the Fourteenth Amendment.

The American Bar Association opposes this amendment because of one overriding conviction: the necessity to protect the integrity of the courts of this nation from misdirected legislative efforts to achieve something that can be done only through Constitutional amendment. The issue is not busing. The issue is whether as a matter of policy and of Constitutional permissibility, this nation is going to adopt a device whereby each time a decision of the Supreme Court or a lower Federal court offends a majority of both Houses of Congress the jurisdiction

of the Federal courts to hear that issue will be stripped away. We do not believe that is a system the framers intended or one that we should strive to institute.

The American Bar Association has long opposed efforts, from whatever spectrum of the political scene, to alter constitutional intepretation through means other than constitutional amendment. We stood in opposition to the "Court-packing" plan of the late 1930's, which would have altered prevailing law by stacking the Court's membership. More than thirty years ago we called for the adoption of assurance that jurisdictional manipulation would not and could not be used to work substantive changes in the Constitution. In 1958, the Association opposed bills pending in Congress that would have denied the Supreme Court review of decisions involving alleged subversives in various fields. That policy is Association policy today.

Because the policy considerations are so substantial and because the constitutional propriety of these bills is open to such serious reservations, we urge the Senate to oppose the curtailment of the jurisdiction of the Federal courts for the purpose of effecting constitutional change that is properly the province only of the amending process. Irrespective of the subject involved and regardless of our individual beliefs with respect to any of them, the overriding consideration is that we support the integrity and independence of Federal courts, whether we agree with particular decisions or not, and that we support the integrity and inviolability of the amending process.

In view of the above, I urge you and your colleagues to reject the Johnston-Helms Amendment.

Sincerely,

HERBERT E. HOFFMAN.

Mr. MITCHELL. Mr. President, the American Bar Association, as I indicated, set forth very clearly and concisely its views regarding the Johnston-Helms amendment. I should like to refer again to that correspondence. The letter said:

I am writing to urge your opposition to the Johnston-Helms Amendment to the Justice Department authorization bill. This amendment would drastically restrict the jurisdiction of the Federal courts to issue remedies in school desegregation cases, even when such remedies are the only available means of vindicating Constitutional rights against deliberate and intentional violations of the equal protection clause of the Fourteenth Amendment.

The American Bar Association opposes this amendment because of one overriding conviction: the necessity to protect the integrity of the court of this nation from misdirected legislative efforts to achieve something that can be done only through Constitutional amendment. The issue is not busing.

That should be emphasized, Mr. President. That is not the issue here. It is not busing.

The issue is whether as a matter of policy and of constitutional permissibility, this Nation is going to adopt a device whereby each time a decision of the Supreme Court or a lower Federal court offends a majority of both Houses of Congress the jurisdiction of the Federal courts to hear that issue will be stripped away.

If once we embark down that course, Mr. President, if once we say that 51 percent of the Congress disagreeing with the policy or with decisions of the Federal courts is enough to eliminate that jurisdiction of the Federal courts on that basis, where then, does it end? There will be no end to it. The jurisdiction of the Federal courts, particularly with respect to Federal courts, is something we should proceed very, very carefully with.

The American Bar Association went on:

We do not believe that is a system the framers intended or one that we should strive to institute.

The American Bar Association has long opposed efforts, from whatever spectrum of the political scene, to alter constitutional interpretation through means other than consitutional amendment. We stood in opposition to the "Court-packing" plan of the late 1930's, which would have altered prevailing law by stacking the Court's membership. More than thirty years ago we called for the adoption of assurance that jurisdictional manipulation would not and could not be used to work substantive changes in the Constitution.

Mr. JOHNSTON. Will the Senator yield on that point? Has he finished reading the American Bar Association letter?

Mr. MITCHELL. No, Mr. President, I have not finished it, if the Senator will permit me to finish it.

Mr. JOHNSTON. Certainly.

Mr. MITCHELL (continuing):

In 1958, the association opposed bills pending in Congress that would have denied the Supreme Court review of decisions involving alleged subversives in various fields. That policy is Association policy today.

Mr. JOHNSTON. Will the Senator yield on that point? When he finishes with the American Bar Association letter, I wish he would yield for a question.

Mr. MITCHELL. Certainly, Mr. President, I shall be glad to do so for the Senator from Louisiana. The letter goes on:

Because the policy considerations are so substantial and because the constitutional propriety of these bills is open to such serious reservations, we urge the Senate to oppose the curtailment of the jurisdiction of the Federal courts for the purpose of effecting constitutional change that is properly the province only of the amending process. Irrespective of the subject involved and regardless of our individual beliefs with respect to any of them, the overriding consideration is that we support the integrity and independence of Federal courts, whether we agree with particular decisions or not, and that we support the integrity and inviolability of the amending process.

In view of the above, I urge you and your colleagues to reject the Johnston-Helms Amendment.

Mr. President, that is the conclusion of the letter from the Director of the Governmental Relations Office of the American Bar Association.

I yield to the Senator from Louisiana for a question.

Mr. JOHNSTON. Mr. President, I thank my distinguished colleague from Maine. I have, as I must tell my colleague from Maine, a sort of pen-pal relationship with Mr. Hoffman, who is head of that office of the American Bar Association. We have been writing back and forth, my basic theme being that he had no authority to write that letter. I want to give some facts and ask the Senator if he has any facts to the contrary.

In 1958, Mr. President, when Congress was considering legislation—at that time, the Jenner-Butler bill—to withdraw Supreme Court appellate jurisdiction in certain matters, the ABA took a position—when I say the ABA took a position, I mean the House of Delegates of the ABA, which is the policymaking division—as follows:

Reserving our right to criticize decisions of any court in any case, and without approving or disapproving any decisions of the Supreme Court of the United States, the American Bar Association opposes the enactment of such legislation which would limit the appellate jurisdiction of the Supreme Court of the United States.

My first question is this: Does the Senator have any information that the House of Delegates of the American Bar Association has done anything on this subject other than adopt that resolution, to which Mr. Hoffman has referred, dealing with the appellate jurisdiction of the U.S. Supreme Court?

Mr. MITCHELL. No.

Mr. JOHNSTON. Is it not also true that since that 1958 position, there has been no word from the House of Delegates of the ABA on any issue similar to busing or similar to an exercise of power under article 3 or section 5 of the 14th amendment?

Mr. MITCHELL. To the best of my knowledge, the Senator is correct.

Mr. JOHNSTON. I ask the Senator, as a good lawyer—he is one of the best in the country and certainly in the Senate—whether he would say that that 1958 action dealing with the appellate jurisdiction of the Supreme Court would be a proper predicate for a paid employee of the ABA to make the judgment that the House of Delegates of the ABA disapproves of a bill to limit busing if that bill to limit busing is based primarily upon an exercise of the powers conferred on Congress under section 5 of the 14th amendment.

Mr. MITCHELL. I say to the Senator that the important thing here, of course, is the principle involved.

The Senator is right in advancing his cause, attempting to point out, apparently, that Mr. Hoffman did not, in the Senator's view, have authority to write this letter. I would say that the position he has set forth is consistent with the prior position, and whether or not he has had an explicit mandate or an explicit direction to write this particular letter is of secondary importance to the principle involved.

Mr. JOHNSTON. He said specifically that the issue was not busing—in effect, conceding that the ABA has taken no position on busing. If that is so, the Senator certainly recognizes the vast difference, the difference in kind and quality, between Congress seeking to exercise power under article III of the Constitution, dealing with our power to create and establish courts and provide for their jurisdiction, as opposed to an exercise of section 5 of the 14th amendment power, which gives us the authority to enforce the amendment by appropriate legislation. Is there not a vast difference between the two?

Mr. MITCHELL. Conceding a difference between the two does not lead to the conclusion that the principle set forth by Mr. Hoffman is consistent with the prior principle taken by the ABA. Almost every legal principle applies to

more than the specific factual situation in which it is generated.

Mr. JOHNSTON. What is the legal principle, then, that Mr. Hoffman is talking about?

Mr. MITCHELL. The principle set forth here, I think, is very well stated, and that is the attempt to achieve indirectly, by striking away the jurisdiction of the lower Federal court here, a subject which should be taken up directly, if the Senator chooses, by constitutional amendment.

Mr. JOHNSTON. I should like to quote precisely the words of the resolution of the ABA:

> The American Bar Association opposes the enactment of such legislation which would limit the appellate jurisdiction of the Supreme Court of the United States.

Section 5 of the 14th amendment and the appellate jurisdiction of the Supreme Court are not the same legal principle. They are not the same subject matter. They are not even cognate subjects.

Mr. MITCHELL. They certainly are the same with respect to the principle that we have coequal branches of Government—the legislative and the judicial—and there is an appropriate constitutional mechanism for the legislative branch of Government to attempt to override the decisions of the judicial branch of Government—and that is to amend the Constitution and the principle as to shortcutting that by proceeding through indirection, by legislation, stripping away jurisdiction of some part of the judicial branch of Government, when a bare majority of both Houses of Congress are offended by a decision, is precisely applicable even though there are different levels of Federal court and different types of jurisdiction.

The principle remains the same. It is not appropriate, it is not constitutional, and it is not morally right in our system of Government for the legislative branch to attempt to undertake this type of undermining of the jurisdiction of the Federal courts to achieve by indirection that which the legislative branch should try to achieve by direction, if it so chooses.

Mr. JOHNSTON. Will the Senator tell me, then, what Congress can do under section 5 of the 14th amendment, if not enforce the amendment by appropriate legislation?

Mr. MITCHELL. Enforcing the amendment by appropriate legislation and taking away the jurisdition of the Federal courts so that they cannot enforce the amendment are two completely different things.

I do not believe it can be said that it is advancing the enforcement of the Constitution to say that a Federal court cannot enforce someone's rights when those constitutional rights are violated. This amendment is the furtherest thing in the world from legislation implementing constitutional rights.

This proposal is an attempt to do just the opposite, to say to someone whose constitutional rights are violated: "We are not trying to change the Constitution and take away the right. We are going to try to emasculate the Federal courts so that they cannot enforce the right." That is the same thing as not having the right.

Mr. JOHNSTON. I tell my friend that the question of whether this is an appropriate exercise of power under section 5 of the 14th amendment is an issue that the American Bar Association could take a position on, and I would welcome their taking a position on it. They have not taken that position.

I disagree with my friend as to whether this is appropriate under section 5 of the 14th amendment, because I believe it is shaping a right so as to be effective; whereas, the present use of the right, as Mr. Justice Powell said in his dissent in that 1979 case of Estes against Metropolitan Branches of the Dallas NAACP, "The exercise of the present power to enforce busing has been counterproductive and has not worked and has resulted in white flight," which is what I have pointed out.

Mr. MITCHELL. That is a subjective judgment which the Senator has made and has asserted repeatedly throughout these proceedings, and obviously a judgment he is entitled to make, but that does not make it a fact. There are others who have reached a subjective judgment to the opposite. That does not make it a fact, either. However, it should be made clear that merely repeating an assertion over and over again does not make it a fact.

I can look at this table here and I can call it a chair 800 times straight, and it is still going to be a table.

Mr. JOHNSTON. I say to my friend that I have waited in vain for someone to produce authorities on the other side. I have put into the RECORD a number of studies. I do not want to overburden the RECORD in weight, because there are tens of studies on the issue.

But surely the Senator recognizes that the weight of authority, including the Coleman study and the Armor study, and others, is against busing as presently employed by the Federal courts.

Mr. MITCHELL. I beg the Senator's pardon. I was listening to someone else speak, and I did not hear what the Senator said.

Mr. JOHNSTON. What I am asking the Senator is the following: He says that repeating something over and over again many times does not make it so.

The Senator would, in all fairness, though, acknowledge that the decided weight of the authority is in favor of the position which I have stated here over and over again which is that court ordered busing has not worked and has resulted in white flight from the schools.

Mr. MITCHELL. I certainly do not agree with the statement that court ordered busing has not worked. I am not as intimately familiar with the subject as the Senator is. I acknowledge that. But I feel quite certain that there are areas in which it has been successful and that it has vindicated a constitutional right.

The Senator says it has not worked. I think one must define what he means by that.

If a group of American citizens has their constitutional rights violated and those violations are redressed by resort to court ordered busing, to those American citizens who may have no other alternative to see their rights vindicated that solution may well be working.

There may have been other effects of the orders which have led to some of the actions the Senator deplores, and I frankly am not going to stand here—I am so expert on the subject—and suggest that some of the effects he has suggested may not have occurred. They clearly have in many instances, but I think one has to define what he means by whether or not it has worked.

Mr. JOHNSTON. I certainly admit that to try to encapsulate the whole sum of experience in court ordered busing with one word, whether it works or has not worked, is a simplification.

What I am saying is that the weight of authority supports what I have been saying over and over again here, and if the Senator is not familiar with it, and I know most Senators are not, I invite him to read the studies. We, I think, all of them, and I invite the Senator to read them, and I think he will come to the same conclusion that others have.

I simply add one additional thing, and I prevailed upon the patience of my friend from Nebraska who I know wishes to speak for a few minutes, and I told him I would only be a couple minutes, and for that I apologize. I will only say one additional thing.

Mr. MITCHELL. He has been in the Senate long enough to know a couple minutes is the same as the definition of "work" when we were using it. It depends on who says it.

Mr. JOHNSTON. I shall only say one additional thing, and that is this: It is not necessarily these black students who are seeking to vindicate their constitutional rights. What has practically happened in most of these jurisdictions is that years ago, perhaps as much as 10 years ago, some black students filed a lawsuit to vindicate their rights, back when the school was really segregated, and since that time the Justice Department intervened in that suit. The black student and her compatriots who filed the original suits have long since left the school system, and what we have really as the affected plaintiff is the Department of Justice that frequently takes a position diametrically opposed to those black students who remain in the school system.

What I was trying to explain is I was personally involved in Rapides Parish when the black leadership came up to Washington, along with the white leadership, and said, "Look, give us some help with the Justice Department."

We went to the Justice Department and said: "Whose rights are you trying to vindicate? Is it the black? There are the black leadership. Hear from them."

And they said their piece, and they said, "No, Mr. Justice Department; please give us some help."

It was certainly not the white leadership.

So the Justice Department has in these busing matters been doing their own thing, not vindicating rights, but sort of preserving the jobs, I guess it is,

of civil rights workers in the Justice Department, if one wishes to know the truth about it, and that is what has happened, and that is one of the reasons why I feel it is appropriate for Congress to exercise this power under the 14th amendment.

Mr. President, I ask unanimous consent to have printed in the RECORD a copy of my latest letter to Mr. Herbert E. Hoffman of the American Bar Association.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JULY 10, 1981.

Mr. HERBERT E. HOFFMAN,
American Bar Association,
Washington, D.C.

DEAR MR. HOFFMAN: I received with interest your letter of July 10th.

I do not quarrel with the right of the American Bar Association to give advice on constitutional issues; indeed, it is to our advantage that you do so. But I believe that the position taken by you was "hastily prepared" and was not a proper reflection of what I understand to be the action of the American Bar Association in 1958.

Although I do not have a full copy of the resolution adopted in 1958, I do have a copy of Mr. Cutler's testimony on behalf of the American Bar Association before the Senate Subcommittee on the Constitution dated June 22, 1981, which alludes to that action. He states:

"In 1958, when the Congress was considering legislation (the 'Jenner-Butler Bill') to withdraw Supreme Court jurisdiction in certain matters, the A.B.A. adopted a resolution which stated that, 'reserving our right to criticize decisions of any court in any case and without approving or disapproving any decisions of the Supreme Court of the United States, the American Bar Association opposes the enactment of (such legislation) which would limit the appellate jurisdiction of the Supreme Court of the United States.' "

On its face, this action related to the withdrawal of appellate jurisdiction from the Supreme Court of the United States. It is surely not a mandate to conclude, as you did, that our amendment is an assault upon "the integrity of the courts," is "misdirected" and that antibusing legislation can be achieved only through constitutional amendment.

My amendment is posited principally (and S. 528 was posited exclusively) upon the power of Congress within the purview of Section 5 of the Fourteenth Amendment. The 1958 resolution did not deal with this issue. Mr. Cutler's testimony dealt neither with this issue nor with my bill. If it is possible for you to extend the 1958 resolution dealing with appellate jurisdiction of the Supreme Court to include, by analogy, the exercise of any power under Article III dealing with original jurisdiction, it is certainly not possible to do so with respect to the power of Congress under Section 5 of the Fourteenth Amendment. And in saying so I believe that you created a position for the American Bar Association which it clearly has not taken.

Sincerely,

J. BENNETT JOHNSTON,
U.S. Senator.

Mr. JOHNSTON. Mr. President, I thank my friend from Maine, who may not always be right but he is always a very sagacious debater and a pleasant gentleman to do intellectual combat with in the Chamber.

Mr. MITCHELL. I thank the Senator.

Mr. WEICKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LEVIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. KASTEN). Without objection, it is so ordered.

Mr. LEVIN. Mr. President, as I read the Constitution this amendment is an unconstitutional attempt to restrict the power of the courts.

First, the amendment is purportedly rooted in section 5 of the 14th amendment and its grant to the Congress of the "power to enforce, by appropriate legislation, the provisions of this article."

But the Court, in its examination of that clause, has held that the Congress was given a "positive grant" to adopt legislation which is "plainly adopted to the end" of enforcing equal protection and "consistent with the letter and spirit of the Constitution" (*Katzenbach* v. *Morgan*, 384 U.S. 641 (1966)). The Court's explanation of this congressional power is spelled out in Morgan at 651–52, note 10. There they find that:

Section 5 does not grant Congress power to exercise discretion in the other direction and to enact statutes so as in effect to dilute the equal protection and due process decisions of this Court. We emphasize that Congress' power under Section 5 is limited to adopting measures to enforce the guarantees of the Amendment; Section 5 grants to Congress no power to restrict, abrogate, or dilute those guarantees. Thus, for example, an enactment authorizing States to establish racially segregated systems of education would not be—as required by Section 5—a measure "to enforce" the Equal Protection clause since that clause of its own force prohibits such state law.

That this amendment attempts to restrict the equal protection guarantees insured by a long line of school desegregation cases is plain and apparent. The direct and rigid limit on the equitable power of the Federal courts it contains circumscribes a specific remedy which has been construed by the Supreme Court as being essential, in many cases, to the effective elimination of the remnants of State-sanctioned school segregation.

Chief Justice Burger wrote in *North Carolina Board of Education* v. *Swann*, 402 U.S. 42 (1971) at 46:

Bus transportation has long been an integral part of all public school systems, and it is unlikely that a truly effective remedy could be devised without continued reliance on it.

The point is not whether we agree with him in all cases. The point is that the Supreme Court and Federal courts have found busing to be constitutionally required in some cases. In my view, this amendment is inconsistent with section 5's requirement, as interpreted by the Supreme Court, that the Congress adopt legislation designed, in a positive sense, to extend the rights guaranteed under the 14th amendment. It is, on its face, an attempt to restrict a remedy determined by Federal courts to be necessary constitutionally in some cases, and, as a result, is a violation of the limitations placed on the power of Congress under the 5th section of the 14th amendment.

A second legal problem, Mr. President, also springs from the attempts made in this amendment to exercise the power granted to Congress in article III of the Constitution.

If the pending amendment were adopted by the Congress, I believe it would signal a new open hunting season on the Constitution. Any time we find the Federal courts protecting constitutional rights which we want to see abrogated, we would simply restrict their power in that particular area. The result would be two-fold.

First, we would eliminate the Federal nature of our Government. As the Court indicated in *Ableman* v. *Booth*, 62 U.S. (21 Howard) 506 (1858), such an action would have the effect of nullifying the supremacy clause of article VI of the Constitution. The Court reasoned that:

The supremacy thus conferred on this government could not peacefully be maintained, unless it was clothed with judicial power, equally paramount in authority to carry out its execution; for if left to the courts of justice of the several states, conflicting decisions would unavoidably take place . . . and the Constitution and the laws and treaties of the United States would soon receive different interpretations in different states and the Government of the United States would soon become one thing in one state and another thing in another.

Equally damaging, however, would be the elimination of the Supreme Court as an institution. In the 1930's, this Nation properly rejected attempts by President Roosevelt to "pack" the Supreme Court in an effort to implement a mechanism which would give him control over it. As much as many believed in the products he wanted, the process was highly objectionable. To dismantle the integrity of the Court would have been to dismantle the very basis of our system of checks and balances and do jeopardize enforcement of guarantees in the Constitution itself.

But what was rejected so clearly when it was attempted so visibly in the thirties may now sneak into law and practice through this amendment. This amendment is nothing more than an attempt to "pack the Court" through less overt means. And if it passes, we shall be packing the Court in bill after bill after bill. Each of us has some disagreement with the Court, some decision we believe was improper. All we need to do to overturn it is deny the Court the right to examine our action or effectively remedy constitutional violations in the area. We cannot carve up the Constitution that way no matter how desirable any given slice might be. We are concerned here with process as well as product and, as desirable as a total ban on busing might be, attempts to achieve it in this fashion are dangerous to the rights this country holds dear and are therefore undesirable and unacceptable.

This amendment seeks a generally desirable end, one with which I sympathize. But it does so in ways which make us all potential victims of the whims of the moment. The Constitution protects us from those whims.

79-059 O-84-14 (Pt. 12)

For as much as busing away from neighborhood schools is undesirable, as much as I dislike that kind of busing, I love the Constitution far more.

My vote today, Mr. President, was not a probusing vote; it was a pro-Constitution vote. The vote had little, if anything, to do with busing; it had everything to do with the Constitution. That is why I oppose this amendment and attempts to close debate on it.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, once again it is clear that we will not finish consideration of the Department of Justice authorization bill.

There are certain housekeeping details that can be attended to, I hope, and after that I propose to ask the Senate to recess over until tomorrow.

I do not intend to ask for the appointment of conferees this afternoon. It is my understanding that the other body will not be in a position to choose their conferees until tomorrow morning. There are certain conferences and negotiations underway this afternoon which may facilitate the conference results, and I believe that the investment of time between now and tomorrow will be beneficial in the long run. Therefore, I will not ask for the appointment of conferees today.

Mr. President, may I inquire of the distinguished minority leader if there are items on today's executive calendar which might be dealt with? Before he replies may I say on our calendar all of the names beginning with "Nominations, ACTION agency," and continuing through pages 1, 2, and 3 are cleared on this side.

Mr. ROBERT C. BYRD. Mr. President, all nominations on pages 1, 2, and 3 are cleared on the minority side with the exception of the nomination under "ACTION agency." The minority is ready to proceed on those nominees who have been cleared.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I thank the minority leader.

In view of that information, I ask unanimous consent that the Senate now go into executive session for the purpose of considering nominations appearing on today's executive calendar beginning with "Export-Import Bank of the United States," beginning with the name of William H. Draper III, of California, and continuing through all of page 2, "New Reports," and page 3, "National Consumer Cooperative Bank."

The PRESIDING OFFICER. Without objection, it is so ordered.

EXPORT-IMPORT BANK OF THE UNITED STATES, DEPARTMENT OF THE TREASURY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, NATIONAL CONSUMER COOPERATIVE BANK

The assistant legislative clerk proceeded to read the nominations.

Mr. BAKER. Mr. President, I ask unanimous consent that the nominations identified be considered en bloc.

The nominations considered and confirmed en bloc, are as follows:

EXPORT-IMPORT BANK OF THE UNITED STATES

William H. Draper III, of California, to be president of the Export-Import Bank of the United States, vice John Lovell Moore, Jr.

DEPARTMENT OF THE TREASURY

Donna Pope, of Ohio, to be director of the Mint for a term of 5 years, vice Stella B. Hackel.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Warren T. Lindquist, of New York, to be a member of the Board of Directors of the New Community Development Corporation, vice A. Russell Marane.

NATIONAL CONSUMER COOPERATIVE BANK

Carol E. Dinkins, an Assistant Attorney General, to be a member of the Board of Directors of the National Consumer Cooperative Bank for the remainder of the term expiring Sept. 23, 1982, vice William A. Clement, Jr.

William Gene Lesher, an Assistant Secretary of Agriculture, to be a member of the Board of Directors of the National Consumer Cooperative Bank for the remainder of the term expiring Sept. 23, 1982, vice Carol Tucker Foreman.

Roger William Mehle, Jr., an Assistant Secretary of the Treasury, to be a member of the Board of Directors of the National Consumer Cooperative Bank for the remainder of the term expiring Sept. 23, 1982, vice Roger C. Altman.

Darrell M. Trent, Deputy Secretary of Transportation, to be a member of the Board of Directors of the National Consumer Cooperative Bank for the remainder of the term expiring Sept. 23, 1982, vice Graciela (Grace) Olivarez.

Philip D. Winn, an Assistant Secretary of Housing and Urban Development, to be a member of the Board of Directors of the National Consumer Cooperative Bank for the remainder of the term expiring Sept. 23, 1982, vice Geno Charles Baroni.

Joseph Robert Wright, Jr., Deputy Secretary of Commerce, to be a member of the Board of Directors of the National Consumer Cooperative Bank for the remainder of the term expiring Sept. 23, 1982, vice Sam W. Brown, Jr.

Albert Angrisani, an Assistant Secretary of Labor, to be a member of the Board of Directors of the National Consumer Cooperative Bank for the remainder of the term expiring June 10, 1983, vice Alexis Herman.

Mr. BAKER. Mr. President, I move to reconsider en bloc the vote by which the nominees were confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has given its consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, is there an order for the convening of the Senate tomorrow?

The PRESIDING OFFICER. There is no order for the convening of the Senate at this time.

ORDER FOR RECESS UNTIL TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 12 noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR BENTSEN TOMORROW

Mr. BAKER. Mr. President, on tomorrow, after the recognition of the two leaders under the standing order, I ask unanimous consent that the distinguished Senator from Texas (Mr. BENTSEN) be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business to extend not longer than 15 minutes in which Senators may speak for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I understand certain Senators are on their way to the floor to speak during morning business and, in the meantime, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE RETIREMENT OF JOHN M. PRICE

Mr. BAKER. Mr. President, today marks the 33d anniversary of John M. Price's employment with the U.S. Senate. As you know, Mr. Price serves under the jurisdiction of the Senate Sergeant at Arms as the Chief Janitor in charge of all custodial services in the Senate Wing of the Capitol Building. One need only walk through this historic building and witness the number of people who visit here every day to appreciate the

fine work that Mr. Price and his department do to maintain the Senate side of the U.S. Capitol.

Mr. President, I regret to announce that Mr. Price intends to retire at the end of this month. I know that other Members of the Senate join me in thanking John Price for his many years of dedicated service. We wish him much happiness and good health as he begins his well earned retirement.

U.S. FOREIGN POLICY IN DISARRAY

Mr. KENNEDY. Mr. President, despite campaign promises to the contrary, the Reagan administration has failed to speak with one voice. It has failed to inspire the confidence of our allies and the respect of our adversaries. During a perilous passage for our Nation and the world, the foreign policy of the United States is in disturbing disarray.

I commend to my colleagues a very thoughtful analysis of the foreign policy problems we face, and of the means we have to resolve them, by my good friend and distinguished Democratic leader, Senator ROBERT C. BYRD. As Senator BYRD points out,

> There is higher tension and greater danger in the world today than 5 months ago, when this administration took office.

We must counter effectively "the threat posed by the Soviet Union to the peace and stability of the world," but "a singular preoccupation with Soviet communism is not a substitute for reality and an understanding of the multiplicity of forces at work around the world."

Mr. President, I request that the full text of Senator BYRD's excellent article in the July 12 issue of the Washington Post be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BAITING THE RUSSIANS IS NO SUBSTITUTE FOR FOREIGN POLICY

(By ROBERT C. BYRD)

Whether or not the American people will be better off economically and more secure militarily three years from now may well turn on what I would describe as the global tension index. I submit that there is higher tension and greater danger in the world today than five months ago, when this administration took office. The reason is simple: Today, the foreign policy of this nation is predicated on a singular, ideological preoccupation with the Soviet Union.

I do not underestimate in the least the threat posed by the Soviet Union to the peace and stability of the world, or the need for the United States to strengthen significantly our defense posture in response to this threat. However, a foreign policy which is based solely upon a narrow preoccupation with the Soviet Union is doomed to failure and potentially harmful to our national interests. Such a policy does not recognize that there are numerous, festering sources of instability and threats to the peace of the world which, if not dealt with realistically and effectively, can only be exploited to the advantage of the Soviet Union. For example:

A preoccupation with the Soviet Union in the Middle East, with no recognition that traditional enmities and fears among the nations of the region are a greater source of instability than possible Soviet designs on the Persian Gulf.

The perception that the Soviet strategic weapons buildup is such a threat to the security of the world that the growing problem of nuclear arms proliferation is almost excluded from policy considerations.

An arms sale policy, ad hoc in nature and predicated upon assisting friends and allies to respond more effectively to the Soviet threat, but which does not take into consideration the legitimate defense needs of the recipients or regional problems, thereby creating potential areas of new instability.

An overestimation of Soviet involvement in El Salvador which has challenged U.S. credibility in marshaling world support for meeting legitimate Russian threats.

The lifting of the grain embargo on the Soviet Union, while imposing a food embargo on Nicaragua because the latter is under growing Russian and Cuban influence.

An inept playing of the so-called "China Card" which has been disconcerting to friend and foe alike.

The administration decided early on that the Arab-Israeli issues would be placed on the back burner in the Middle East. In an effort to build a strategic consensus that the Soviet Union constituted the major and immediate threat to the vital oil fields of the Persian Gulf, Secretary of State Alexander Haig undertook a mission to that region in March. Yet the Syrian missile crisis and the Israeli bombing raid on Iraq's nuclear facility exposed the folly of the administration's narrowly based policy toward the Middle East. Hopefully, the administration now recognizes what has been apparent for years: that stability in the region is threatened not only by the Soviet Union, upon whom we have called to restrain the Syrians in Lebanon, but also by the traditional mistrust between Israel and its Arab neighbors. A failure to appreciate the latter factor most probably undermined Secretary Haig's goals of last March.

The administration has moved belatedly in recognizing the need for formulating a policy to deal with the deadly implications of nuclear arms proliferation around the world. The president gave short shrift to this issue during his campaign by admitting it was a problem over which we could exercise little control. Until recently, the administration ignored the problem. It finally took the Israeli raid to force this issue to the forefront of executive branch policy considerations. Despite the fact that the administration has now outlined a nonproliferation policy which generally tracks the policy of the Carter administration, it remains to be seen how aggressively we pursue implementation of that policy in concert with our allies.

If the policy is mere window dressing, then preemptive strikes could become commonplace in dealing with nuclear arms developments around the world. The potential is there between India and Pakistan, in southern Africa and in Argentina and Brazil. It is somewhat ironic that it has been the West, rather than the Soviet Union, which has been the culprit in providing nuclear facilities and highly enriched uranium—the potential source of weapons-grade material—to fuel these reactors. This problem has to be brought under control because it is not only an issue of peace and war in a given region of the world, it also can easily escalate into a global conflict which could threaten the very survival of the human race.

The administration's arms transfer policy also has been ad hoc and ill-conceived through the proliferation of some of the most sophisticated weapons we have developed for our own use. Rather than enhancing our own security by meeting legitimate defense needs of our friends, we could potentially increase insecurity and instability in various regions of the world.

For example, is the sale of F16s to Pakistan, the most sophisticated high-performance fighter-bomber we have in our inventory, really necessary to deal with the Soviet threat posed by the occupation in Afghanistan? Remember it was the F16 which was used to bomb the Iraqi nuclear reactor. Remember, India has already exploded a nuclear device. Remember, it is hardly a well kept secret that Pakistan is bent on developing its own nuclear weapons capability. Remember that relations between India and Pakistan have been marked by traditional enmity. Need more be said concerning the future stability of the Indian subcontinent? And has the administration given serious attention to the fact that the accelerated sales of sophisticated weapons such as the F16 affect our own readiness, which is already plagued by a spare parts shortage?

In Central America, the administration's credibility concerning the Soviet-inspired communist threat to El Salvador has suffered a somewhat serious blow. The nation's major newspapers have challenged the accuracy of the so-called "White Paper" which was used as the justification for significant military assistance to the junta of President Jose Napoleon Duarte and as the basis for rejecting attempts to seek a political settlement.

The administration has acted much like the little boy who cried "wolf" once too often. Whether in real life or in fairy tales, the danger is the same: When the wolf really appears, we also may not be believed. Our European allies have always viewed the "White Paper" as being of a dubious nature. The democracies of Latin America, in particular Mexico, Costa Rica and Venezuela, have always maintained that until the massive social and economic inequities in countries such as El Salvador are addressed effectively, revolution is inevitable. In order to deal effectively with Soviet behavior and to marshal world opinion to our side in countering such behavior, the threat must be legitimate for U.S. foreign policy to be credible.

The administration's inconsistencies have also spilled over to another country in Central America—Nicaragua. The grain embargo on the Soviet Union, imposed by President Carter after the invasion of Afghanistan, was lifted by President Reagan despite the fact that 85,000 Russian troops remain in that country. In turn, because of the administration's concern over a growing Soviet and Cuban presence in Nicaragua and the increasing Marxist flavor of the junta, food aid was cut off to that Central American republic. Yet, in a twist of irony, it has been reported that the Soviets have provided 20,000 tons of wheat to the Sandinista government.

I believe in tough talk when it comes to dealing with the Soviets. But tough talk is one thing—baiting Soviet leaders is quite another. Therefore, I am concerned over the possible ramifications of the administration's incessant rhetorical baiting of the Soviet Union, particularly as it may affect the fate of Poland. It is in our interest to allow events in Poland to take their natural course, rather than provoking a crisis by ill-considered rhetoric, no matter how much truth there may be to the claim being made. That is the measure of a responsible presidential conduct of foreign policy. Whether the Soviet Union will invade Poland to demonstrate that the Soviet empire is not crumbling or exercise restraint by recognizing that such an invasion would be detrimental to its national interests remains to be seen.

It is against the backdrop of the president's observations concerning the decline and fall of the Soviet empire, with Poland being his primary example, that Secretary of State Haig emerged from his discussions with leaders in Peking with the announcement of a new arms sale policy toward the People's Republic of China. The reaction of our Japanese allies and our other friends in Asia was one of surprise and concern, evidence that no advance

consultations had been undertaken. While I have long supported entering into a modest military supply relationship with the PRC, I was disturbed by the atmosphere in which this decision was announced. Coupled with the revelation that the United States has maintained bases in China to monitor Soviet missile tests, the leaders in the Kremlin could logically deduce that there was more involved here than just the future prospects of modest arms sales to the PRC. The United States, under the Nixon-Ford and Carter administrations, had delicately balanced our relationships with the Soviet Union and the PRC. However, that balance may be lost with a premature, if not inept, playing of the so-called "China Card."

Finally, the administration continues to be plagued by disarray within its own foreign policy decision-making processes. Secretary of Defense Caspar Weinberger carried the day on AWACs sales to Saudi Arabia, ignoring the foreign policy implications of that decision and clearly preempting the secretary of state. The secretary of defense has been all over the foreign policy lot, from pressing his views on modernization of U.S. tactical nuclear weapons in Western Europe to lecturing the Japanese on increasing their defense expenditures. Both issues involve highly sensitive foreign policy considerations.

Secretary Haig lost the battle to Agriculture Secretary John Block in lifting the grain embargo on the Soviet Union. In order to recoup some semblance of foreign policy consistency, the secretary of state was placed in the ridiculous position of saying that while we would provide bread for the Soviets, we would not provide the butter. The National Security Council structure has been largely ineffective, the vice president is in charge of both domestic and foreign crisis management, and for all his alleged political astuteness, Ed Meese does not have the expertise to be an effective arbiter of U.S. foreign policy.

These are but a few examples of how I believe the administration's preoccupation with the Soviet Union and the disarray within its own decision-making processes have significantly increased the global tension index. It is not enough for the president to plead that his full attention has to be devoted to getting our economic house in order, for what happens around the world could be the determining factor in the success or failure of his domestic program.

Our economic situation began deteriorating with the first OPEC oil price hike in 1974. The president has been lucky thus far, mainly because there is currently a world oil glut which has been driving prices down. But events could change rapidly, and that oil glut could disappear overnight due to factors over which even the Soviets could not exercise influence. And then what would happen to the administration's domestic economic program? I would venture to predict that such an occurrence would leave our economy in ruins, no matter how much Congress slashes the federal budget, or what tax package is ultimately enacted into law.

The test of the success of any foreign policy is whether it recognizes all potential threats to our national security and whether it contributes to the reduction of tensions around the world. Thus far, the administration's foreign policy has had the direct opposite effect. It has created a more dangerous global climate than existed five months ago. A singular preoccupation with Soviet communism is not a substitute for reality and an understanding of the multiplicity of forces at work around the world.

THE EFFECT OF HIGH INTEREST RATES ON THE HOUSING INDUSTRY

Mr. BOREN. Mr. President, Chairman Volcker's strong medicine of high interest rates now being used to fight inflation threatens to disrupt housing production to such an extent that we may soon find this country plunged into the greatest economic crisis in the housing industry since the Great Depression. The housing industry is not comprised of big business, but it is our largest small business industry. At a time when housing demands exceed 2 million units per year, our Federal policies cause the homebuilding industry to lay off more than 1.5 million workers in construction-related industries resulting in the loss of $24 billion in annual wages and annual tax revenue loss of $6.4 billion. We cannot control inflation by destroying economic growth.

New housing starts declined from 2.02 million in 1978 to 1.74 million in 1979 and finally to a devastatingly low 1.29 million in 1980—reflecting this decline is an estimate that 20 to 30 percent of the people who were in the building industry in 1979 are out of business today, and about 757,000 construction workers are out of work. Residential construction costs have gone up 62 percent since 1970, with materials costs accounting for much more of this than labor costs.

A construction-cost breakdown for single-family houses shows lumber costs up by 50 percent, carpentry labor costs up by 30 percent, and land costs rose 62 percent by 1974. Monetary policies by the Federal Reserve designed to counteract inflation not only made housing construction almost impossible, but the Fed's methods also brought a smaller selection for new home buyers along with outrageous and equally impossible prices.

According to estimates by builder groups, whenever interest rates are above 9 percent, 2.5 million families are knocked out of the market for a median-priced new home with every percentage-point jump in rates. When interest rates are 14 percent, only one-quarter of the American families can qualify for a home carrying a $55,000, 30-year mortgage. Despite sluggish sales, new home prices last year continued to rise, reaching a median of $65,000.

With the strong, pent-up demand for homes, families are expected to flood the market at the first sign of a downward trend in interest rates. This rush of demand will not find any supply of newly constructed homes from the crippled housing industry and economists predict the result will be a jump in housing prices of nearly 10 percent in 1981 and about 12 percent in 1982.

The housing industry, which is at the very end of the Federal Reserve's tight money policy, is suffering a disproportionate burden of the anti-inflation fight. Housing is too important a sector of our economy—it touches each and every one of our lives and should not be allowed to fail. Our inability to produce housing to meet the demands of the American people will result in super-inflated housing costs during the 1980's.

ROBERT A. LOVETT HONORED

Mr. JACKSON. Mr. President, I want to call to the attention of my colleagues a very special occasion which took place on May 7. The first major room at the Marshall Library in Lexington, Va., to honor an individual other than General Marshall—the library's reading room—was dedicated to Robert A. Lovett, former Secretary of Defense.

The Marshall Foundation trustees named the room for Mr. Lovett in recognition of his long and close partnership with General Marshall, and because of his years of leadership as the Foundation's president and now as board chairman. He has been the prime mover in the development of the Foundation's research library and its programs of education and research.

Chaired by William McChesney Martin, former chairman of the Board of Governors of the Federal Reserve System, the dedication ceremony included remarks by John J. McCloy, a colleague of Mr. Lovett and General Marshall during World War II and former head of the World Bank, and by Robert S. Lovett, 2d, who read a message from his father, whose doctors declined to approve his travel to the ceremony.

Mr. Lovett, a key figure during World War II in the development of the U.S. Army Air Force, came to Washington as Assistant Secretary of War. General Marshall, then Army Chief of Staff, and Mr. Lovett worked closely together during the war.

When General Marshall became President Truman's Secretary of State in 1947, he chose Mr. Lovett as his principal deputy. He was constantly at General Marshall's "right hand" in hearings which led to the passage of the Marshall Plan legislation, and worked closely with the men who put the plan into effect.

In September 1950, when General Marshall became Secretary of Defense, he again summoned Mr. Lovett to be his second in command. When the general retired in 1951, Mr. Lovett succeeded him as Secretary of Defense. After Mr. Lovett left the Defense post, he continued to serve in an advisory capacity under Presidents Eisenhower, Kennedy, and Johnson. In 1963, President Kennedy awarded him the Presidential Medal of Freedom with distinction.

Robert Lovett has a record of national service going back more than 65 years. He is one of America's great statesmen. He, above all, deserves the title "Mr. National Security."

I am honored to include at the close of these remarks the warm-hearted, generous-spirited message which Mr. Lovett sent to the dedication ceremony.

I ask unanimous consent that the text of Mr. Lovett's message be printed in the RECORD.

There being no objection, the text was ordered to be printed in the RECORD, as follows:

My Dear Fellow Trustees, Colleagues, Associates and Friends of the Marshall Foundation and Library:

This is one of the great days of my life and I had hoped to stand before you to pay homage to the General and to express in person my gratitude to you for your thought of me. I am deeply distressed that this is not possible; I have therefore asked my wife and son to carry to you this message of pride and appreciation of the great honor you have done me in giving my name to the handsome Reading Room in the Marshall Library. Nothing could have given me greater pleasure and I thank you from the bottom of my heart.

It would be hard to find a more perfect spot for the library than this one. Something in the atmosphere of this lovely countryside and in the tempo of life seems to foster a sense of tradition and remembrance which is perhaps the first step towards immortality. The cadets of VMI as the inheritors of greatness have the courage to feel and show emotions in the New Market ceremonies and gain stature in doing so.

It was in these surroundings that General Marshall spent the formative years of his youth which were reflected so beautifully throughout his mature career. It was here at VMI that his natural gifts were refined by discipline and nourished by learning. As the General himself said: "This Institution gave me not only a standard for my daily conduct among men, but it endowed me with a military heritage of honor and self-sacrifice."

Seeing General Marshall at close hand in the War Department, State Department, and Department of Defense was a great experience, and Adele and I agree that some of the happiest days of our sixty-two years of marriage were those spent working with General Marshall in the grim and difficult war and immediate postwar years.

Now that I am retired and have plenty of time to reminisce while listening to my arteries harden, I find myself wondering why so little attention has been paid by historians to some of the traits of character and virtues of General Marshall which seem to me to be of cardinal importance in his noble life. In thinking about them, I have been surprised how little public notice history has so far given to several of his most outstanding qualities. First of all I recall with wonderment, which quickly turns to something akin to reverence, his boundless generosity of mind and action under all circumstances. Next I recall his complete lack of envy both in thought and action and his willingness to hear new ideas. Above all I remember his grace of spirit which seemed to give him the incredible strength needed to bear the constant pressures placed upon him. The General was unflappable, he had style, was modest and had innate consideration for others and natural courtesy. It was therefore a great pleasure and privilege to do his bidding.

Another fact in the Marshall story which has not received much public notice, although always in plain view, was the development and operation of the personal office staff he set up in the War Department and continued in substantially the same form in both State and Defense Departments. It was under the able and devoted Pat Carter, his senior assistant, and consisted of a few expert and versatile people. In addition to Carter, there were Frank McCarthy, Merrill Pasco, Jim George and Millie Asbjornson. This small group was as little known as the name of Paul Revere's horse and performed its job with equal success. Those of us who dealt with this group generally look back on the experience with nostalgia and a broad grin.

I am especially disappointed not to have a chance personally to see my loyal friends and colleagues and to reminisce with you on some of the experiences we shared. Many of you have participated in the thoughtful planning of the Reading Room and in its completion. Many others have contributed generously. To all of you I want to express again the depth of my feeling of gratitude and to extend to all of you my affectionate regards and my very best wishes.

Faithfully yours,

ROBERT A. LOVETT.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

ENROLLED BILL PRESENTED

The Secretary reported that on today, July 13, 1981, he had presented to the President of the United States the following enrolled bill:

S. 1395. An act to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982, and to eliminate the requirement that the Secretary of Agriculture waive interest on loans made on 1980 and 1981 crops of wheat and feed grains placed in the farmer-held grain reserve.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–1533. A communication from the Director of the Congressional Budget Office, transmitting, pursuant to law, a report entitled "Indexing with the Consumer Price Index: Problems and Alternatives"; to the Committee on Agriculture, Nutrition, and Forestry.

EC–1534. A communication from the Acting Secretary of Agriculture, transmitting, pursuant to law, the fourth quarterly commodity and country allocation table showing the planned programming of food assistance under Title I/III of Public Law 480 for fiscal year 1981; to the Committee on Agriculture, Nutrition, and Forestry.

EC–1535. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a three volume report entitled "Farmer-Owned Grain Reserve Program Needs Modification to Improve Effectiveness"; to the Committee on Agriculture, Nutrition, and Forestry.

EC–1536. A communication from the Assistant Secretary of Defense (Comptroller), transmitting, pursuant to law, notification of the intent to obligate $8 million in the Defense Stock Fund for war reserve stocks; to the Committee on Appropriations.

EC–1537. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report concerning the Department of the Army's proposed letter of offer to Tunisia for defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC–1538. A communication from the President of the United States, transmitting, pursuant to law, his recommendation on certain ships to be built for the United States Navy; to the Committee on Armed Services.

EC–1539. A communication from the Acting Assistant Secretary of the Air Force (Research, Development, and Logistics), transmitting, pursuant to law, a report on a study with respect to converting the power production function at King Salmon Airport, Alaska, and the decision that performance under contract is the most cost-effective method of accomplishment; to the Committee on Armed Services.

EC–1540. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Logistics Concerns Over Navy's Guided Missile Frigate FFG–7 Class"; to the Committee on Armed Services.

EC–1541. A communication from the Secretary of the Navy; transmitting, pursuant to law, a report on a study with respect to converting the Key Entry function at the Naval Supply Center, Oakland, California, and the decision that performance under contract is the most cost-effective method of accomplishment; to the Committee on Armed Services.

EC–1542. A communication from the Assistant Secretary of the Army (Installations, Logistics, and Financial Management), transmitting, pursuant to law, a report on a study with respect to converting Installation Support at the National Training Center and Fort Irwin, California, and the decision that performance under contract is the most cost-effective method of accomplishment; to the Committee on Armed Services.

EC–1543. A communication from the Acting General Counsel of the Navy, transmitting, a report concerning allegations of abuse of authority, mismanagement, and fraud concerning a former employee of Ship Repair facility, Subic Bay, The Philippines; to the Committee on Armed Services.

EC–1544. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report concerning the Department of the Air Force's letter of offer to Japan for defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC–1545. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report on the Department of the Air Force's proposed letter of offer to Saudi Arabia for defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC–1546. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report on the Department of the Air Force's proposed letter of offer to Saudi Arabia for defense articles estimated to cost in excess of $25 million; to the Commitee on Armed Services.

EC–1547. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report on the Department of the Army's proposed letter of offer to Saudi Arabia for defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC–1548. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report on the Department of the Army's proposed letter of offer to Jordan for defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC–1549. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report on the Department of the Navy's proposed letter of offer to Portugal for defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC–1550. A communication from the Chairman of the Securities and Exchange Commission, transmitting, pursuant to law, the tenth annual report of the Securities Investor Protection Corporation for 1980; to the Committee on Banking, Housing, and Urban Affairs.

EC–1551. A communication from the Secretary of Energy, transmitting, pursuant to law, a report that certain appropriations and staffing for monitoring submarine electric transmission cables are unnecessary; to the Committee on Commerce, Science, and Transportation.

EC–1552. A communication from the Secretary of Transportation, transmitting, pursuant to law, a report on risks and financial responsibility associated with production, transportation, and storage of liquefied natural gas; to the Committee on Commerce, Science, and Transportation.

EC–1553. A communication from the General Counsel of the Department of Energy, transmitting, pursuant to law, notice of a meeting related to the International Energy Agency; to the Committee on Energy and Natural Resources.

EC–1554. A communication from the Secretary of Energy transmitting, pursuant to law, the annual report on the State Energy Conservation Program for calendar year 1980; to the Committee on Energy and Natural Resources.

EC–1555. A communication from the Administrator of the General Services Administration, transmitting, pursuant to law, a prospectus proposing continued occupancy under a succeeding lease of certain space in Albuquerque, New Mexico; to the Committee on Environment and Public Works.

EC–1556. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, the annual report of the Office on activities under the Freedom of Information Act for calendar year 1980; to the Committee on the Judiciary.

EC–1557. A communication from the General Counsel of the National Council on Radiation Protection and Measurements, transmitting, pursuant to law, the audit report of the Council for the calendar year 1980; to the Committee on the Judiciary.

EC–1558. A communication from the Chairman of the National Endowment for the Arts, transmitting, pursuant to law, the annual report on the activities of the National Endowment for the Arts under the Freedom of Information Act for calendar year 1981; to the Committee on the Judiciary.

EC–1559. A communication from the Secretary of Education, transmitting, pursuant to law, final regulations for special educational programs for students whose families are engaged in migrant and other seasonal farm work—High School Equivalency Program and College Assistance Migrant Program; to the Committee on Labor and Human Resources.

EC–1560. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Consistent Criteria Are Needed To Assess Small-Business Innovation Initiatives"; to the Committee on Small Business.

EC–1561. A communication from the Acting Administrator of Veterans Affairs, transmitting, pursuant to law, the annual report of the Administrator of Veterans Affairs for 1980; to the Committee on Veterans' Affairs.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–295. A resolution adopted by the School District of Mukwonago, Wisconsin, requesting the Congress to retain the present appropriation for the National School Lunch program; to the Committee on Appropriations.

POM–296. A resolution adopted by the Massachusetts Conference of the United Church of Christ, urging termination of the military bombardment of, and expediting civilian dominion over, the Puerto Rican Island of Vieques; to the Committee on Armed Services.

POM–297. A resolution adopted by the City Council of Chicago, Illinois, supporting the actions of the Chicago Regional Port District relating to Great Lakes Ports; to the Committee on Commerce, Science, and Transportation.

POM–298. A joint resolution adopted by the Legislature of the State of Nevada; to the Committee on Energy and Natural Resources:

"SENATE JOINT RESOLUTION No. 9

"Whereas, the Wild Free-roaming Horses and Burros Act of 1971, 16 U.S.C. § § 1331 et seq., protects wild horses and burros from destruction, capture or sale by any person or governmental entity except when authorized by the Secretary of the Interior or the Secretary of Agriculture in connection with public lands administered by the Bureau of Land Management and the Forest Service; and

"Whereas, The Wild Free-roaming Horses and Burros Act has been overly successful and has allowed once-threatened populations of wild horses and burros in Nevada to increase to the extent that approximately 35,000 wild horses and 1,800 wild burros currently inhabit public lands in this state; and

"Whereas, The populations of wild horses and burros are increasing at an annual rate between 12 and 18 percent and will, absent stronger measures to control their numbers, double in the next 5 years; and

"Whereas, The Wild Free-roaming Horses and Burros Act requires the Secretary of the Interior and the Secretary of Agriculture to manage the wild horse and burro populations in a manner that protects the natural ecological balance of all species of wildlife inhabiting the public lands; and

"Whereas, Wild horses and burros are already so numerous that they are destroying the habitat used by other species of wildlife; now, therefore, be it

Resolved by the Senate and Assembly of the State of Nevada, jointly, That the legislature of the State of Nevada strongly urges the Congress of the United States to enact legislation which:

1. Requires the Secretary of the Interior and the Secretary of Agriculture to control strictly the populations of wild horses and burros on public lands;

2. Authorizes additional or more effective methods for the capture, sale, donation, transfer or other removal of wild horses and burros from public lands in Nevada;

and be it further

Resolved, That this resolution shall become be prepared and transmitted forthwith by the legislative counsel to the President of the United States, the Vice President of the United States as presiding officer of the Senate, the Speaker of the House of Representatives, the Secretary of the Interior, the Secretary of Agriculture, the director of the Bureau of Land Management and each member of the Nevada congressional delegation; and be it further

Resolved, That this resolution shall become effective upon passage and approval.

POM–299. A resolution adopted by the Maryland and Washington, D.C. State Association of Letter Carriers, opposing the immediate decontrol of natural gas; to the Committee on Energy and Natural Resources.

POM–300. A resolution adopted by the City Council of Fort Bragg, California, urging the repeal of section 301 of the Powerplant and Industrial Fuel Use Act; to the Committee on Energy and Natural Resources.

POM–301. A joint resolution adopted by the Legislature of the State of California; to the Committee on Finance:

"ASSEMBLY JOINT RESOLUTION No. 46

"Whereas, Continental Airlines has served California communities for more than 25 years and has been an integral part of this state since that time; and

"Whereas, Continental Airlines currently employs nearly 5,500 people in California with an annual payroll exceeding one hundred fifty million dollars ($150,000,000) and provides an additional contribution to the California economy with average annual expenditures of over two hundred million dollars ($200,000,000) : and

"Whereas, Continental Airlines provides direct and convenient service for business people and tourists between six California communities and other cities in the continental United States, Mexico, Hawaii, and the Central and South Pacific; and

"Whereas, California and its citizens clearly have a strong interest in the future of Continental Airlines because its employees live here and their jobs and other jobs depend upon the financial health of the airline; and

"Whereas, The employees of Continental Airlines have proposed that an Employee Stock Ownership Trust (ESOT) be created in order that the employees of Continental Airlines may acquire controlling interest in their own airline and prevent a takeover by outside interests; and

"Whereas, Studies have shown that companies that are employee owned are more productive and more profitable than their conventionally owned competitors, and with adoption of the ESOT plan Continental's employees will be more than employees. they will be the owners of the company with an interest in its future; and

"Whereas, There is renewed awakening nationally to the importance of employee interest in their jobs in order to gain productivity, and also of the importance of creation of capital for industry, both of which would be accomplished through the Continental employees' ESOT plan; now, therefore, be it

"Resolved by the Assembly and Senate of the State of California jointly, That the Legislature of the State of California expresses its support for the employees of Continental Airlines in their efforts to acquire control of Continental Airlines by creation of

an Employee Stock Ownership Trust (ESOT); and be it further

"*Resolved*, That the Legislature hereby commends Continental's employees for their efforts to make Continental an even more valuable asset to this state through greater productivity and service to the citizens of California; and be it further

"*Resolved*, That the Legislature of the State of California respectfully urges the Civil Aeronautics Board and other federal agencies to refrain from any extraordinary action with regard to the proposed merger between Texas International Airlines and Continental Airlines in order to permit the federal courts to make such determinations as are appropriate for the protection of shareholders, and urges the Civil Aeronautics Board to proceed with consideration of such proposed merger under its regular procedures which are scheduled to be concluded in August 1981; and be it further

"*Resolved*, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Civil Aeronautics Board, to the Secretary of Transportation, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM-302. A petition from a citizen of Chalmette, Louisiana, relative to PSRO programs; to the Committee on Finance.

POM-303. A resolution adopted by the Medical Staff of Warren General Hospital, Warren, Ohio, relative to PSRO programs; to the Committee on Finance.

POM-304. A resolution adopted by the Warren Twelfth District Academy of Osteopathic Medicine, Warren, Ohio, relative to PSRO programs; to the Committee on Finance.

POM-305. A resolution adopted by the St. James Parish Hospital Medical Staff, Lutcher, Louisiana, relative to PSRO programs; to the Committee on Finance.

POM-306. A resolution adopted by the Medical Staff of the Clinton Medical Clinic, Inc., Clinton, North Carolina, relative to PSRO programs; to the Committee on Finance.

POM-307. A resolution adopted by the Real Estate Board of Metropolitan St. Louis, Missouri, urging Congress to take notice of the severe conditions in the housing industry; to the Committee on Finance.

POM-308. A resolution adopted by the Massachusetts Conference of the United Church of Christ, urging a mutual nuclear weapons freeze; to the Committee on Foreign Relations.

POM-309. A concurrent resolution adopted by the Senate of the Commonwealth of Massachusetts; to the Committee on Foreign Relations:

"RESOLUTIONS

"Whereas, The United States and the Soviet Union are engaged in a nuclear weapons race and are testing, producing and deploying nuclear warheads, missiles and delivery systems; and

"Whereas, The Congress of the United States is expending huge sums of money for such testing, producing and deploying of nuclear warheads and weapons; therefore be it

"*Resolved*, That the Massachusetts General Court memorialize the President and Congress of the United States to immediately initiate and enter into a mutual nuclear weapons moratorium with the Soviet Union; and be it further

"*Resolved*, That the Massachusetts General Court further memorialize the Congress to transfer all funds appropriated for the construction, testing, production and deployment of nuclear warheads, missiles and delivery systems to the domestic betterment of the American way of life; and be it further

"*Resolved*, That copies of these resolutions be transmitted forthwith by the clerk of the Senate to the President of the United States, the Presiding Officer of each branch of Congress, and to the Members thereof from this Commonwealth."

POM-310. A resolution adopted by the Assembly of the State of New York; to the Committee on Foreign Relations:

"LEGISLATIVE RESOLUTION] NO. 732

"Whereas, Both the Soviet Union and the United States possess the nuclear capability for swift and mutual destruction; and

"Whereas, Development of nuclear arsenals is an increasing reality in other nations; and

"Whereas, It has been stated by experts in defense planning that there is no such thing as the ability to defend one's country against a nuclear attack; and

"Whereas, The future of our nation and all civilization may depend upon our ability to agree with the leaders of the Soviet Union on an expeditious and mutual reduction of our nuclear arsenals which can lead the way to world nuclear disarmament; now, therefore, be it

"*Resolved*, That this Legislative Body calls upon the President of the United States as Commander-in-Chief to propose to the Soviet Union a mutual, verifiable nuclear weapons moratorium, immediately halting the testing, production and deployment of all nuclear warheads, missiles and delivery systems and memorializing Congress to apply the funds saved thereby for civilian purposes; and be it further

"*Resolved*, That a copy of this Resolution, suitably engrossed, be transmitted to the Honorable Ronald Reagan, President of the United States, and to the President of the Senate of the United States, to the Speaker of the House of Representatives of the United States and to each member of the Congress of the United States from the State of New York."

POM-311. A resolution adopted by the City Council of Richmond, California, supporting efforts of the Federal Administration to return powers to local entities and urging federal funds be directly applied to the government unit responsible for a program's administration; to the Committee on Governmental Affairs.

POM-312. A resolution adopted by the National Sheriff's Association, calling for a high priority by the Federal administration in the fight against crime; to the Committee on the Judiicary.

POM-313. A resolution adopted by the Fraternal Order of Eagles, requesting the President to proclaim June 20, 1982 as "Bicentennial Emblem Day"; to the Committee on the Judiciary.

POM-314. A joint resolution adopted by the Legislature of the State of California; to the Committee on Labor and Human Resources.

"SENATE JOINT RESOLUTION NO. 22

"Whereas, the Wage and Hour Division of the United States Department of Labor has proposed the repeal of Part 530 (commencing with Section 530.1) of Chapter V of Title 29 of the Code of Federal Regulations, which regulates the employment of homeworkers in the women's apparel industry, the jewelry manufacturing industry, the knitted outerwear industry, the glove and mittens industry, the handkerchief manufacturing industry, the button and buckle manufacturing industry, and the embroideries industry; and

"Whereas, The proposal to repeal these regulations would result in the proliferation of sweatshops, exploitation of children, and an increase in the use of illegal aliens; and

"Whereas, This state has tightly regulated or banned the use of homework in the aforementioned industries because of their susceptibility to the use of substandard wages and working conditions; and

"Whereas, The increase in the use of homeworkers would undermine legitimate entrepreneurs and create an unfair tax burden for the general public; now, therefore, be it

Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to oppose the department's plan to repeal the industrial homeworkers' regulations; and be it further

Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States, and to the Secretary of Labor."

JOINT REFERRAL OF S. 1354

Mr. BAKER. Mr. President, I ask unanimous consent that S. 1354, "A bill to provide standby authority to deal with petroleum supply disruptions," be jointly referred as follows: To the Committee on Finance for consideration of title I and III and to the Committee on Energy for consideration of title II and III.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. PROXMIRE:

S. 1463. A bill to amend title 38 United States Code, to increase the maximum amount of servicemen's group life insurance and veterans' group life insurance to $35,000; to the Committee on Veterans' Affairs.

By Mr. LEVIN:

S. 1464. A bill for the relief for Rey Alberto H. Franco, M.D., and Rosario M. Franco, husband and wife, and their children, Regina M. Franco and Marianne M. Franco; to the Committee on the Judiciary.

By Mr. COCHRAN:

S. 1465. A bill for the relief of Kwok Tung Yu; to the Committee on the Judiciary.

By Mr. KENNEDY (for himself and Mr. LEAHY):

S. 1466. A bill to amend title 5, United States Code by inserting immediately after chapter 7 the following new chapter: "Chapter 8—Review of Regulatory Programs"; to the Committee on the Judiciary and the Committee on Governmental Affairs, jointly, by unanimous consent.

By Mr. LEAHY:

S. 1467. A bill to eliminate the exemption for Congress the application of certain provisions of Federal law relating to employment, privacy, and social security, and for other purposes; to the Committee on Governmental Affairs.

By Mr. MITCHELL:

S.J. Res. 97. Joint resolution to designate the second full week in October as "National Legal Secretaries' Court Observance Week"; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. KENNEDY (for himself and Mr. LEAHY):

S. 1466. To amend title 5, United States Code, by inserting immediately after

chapter 7 the following new chapter: "Chapter 8—Review of Regulatory Programs"; to the Committee on the Judiciary and the Committee on Governmental Affairs, jointly, by unanimous consent.

REGULATORY IMPROVEMENTS ACT OF 1981

● Mr. KENNEDY. Mr. President, I am pleased to introduce the Regulatory Improvements Act of 1981 which is designed to increase the effectiveness of Government regulation. This legislation, which has been cosponsored by Senator LEAHY, was introduced last Congress and unanimously adopted by the Judiciary Committee as an integral part of the comprehensive regulatory reform legislation. This year, the Congress is once again examining regulatory reform legislation, and I am hopeful that this proposal will be given serious consideration.

I have long been concerned about excessive Government interference in the competitive marketplace. As chairman of the Subcommittee on Administrative Practice and Procedure in past Congresses, I held numerous hearings on the anticompetitive effect of excessive regulation in the airline industry—hearings which resulted in the first legislation to deregulate this major American industry. Subsequently, we deregulated the trucking industry—a reform which economists predict will save the American consumer billions of dollars in coming years. Our efforts to reform Government regulation did not focus exclusively on the so-called economic regulation. Last year we passed legislation in the Senate to improve the effectiveness of regulation in protecting public health.

Based on our experience with these reforms, Mr. President, I am convinced that the best approach to improving Government regulation is to review the regulatory process, agency by agency, program by program. There are no easy, magic solutions which will cure all regulatory defects by one across-the-board piece of legislation. Rather I believe that meaningful regulatory reform will best be accomplished by examining each agency, in great detail, to determine how to eliminate burdensome regulation without affecting the agency's ability to protect the public health and safety.

This legislation requires a systematic review of the entire regulatory process by the President and Congress, according to a fixed schedule. It supplements the congressional oversight process by focusing congressional attention on the broad direction of regulatory policy rather than on the technical details of an agency's daily activities. The proposal derives from the recommendation of the American Bar Association's commission on law and the economy which has suggested the creation of an institutionalized review procedure for government agencies:

Although unnecessary or inappropriate regulation is contrary to the public interest, regulatory programs tend to survive longer than they should. Institutional inertia and the press of current business tend to defer governmental reconsideration of earlier decisions establishing such programs. The beneficiaries of regulatory policies may also find it in their interest to oppose changes. Such beneficiaries may be politically influential in Congress, and the costs of their benefits may be spread widely among consumers generally. All of these factors create practical obstacles to mobilizing adequate political support for a careful reconsideration of the value of any particular agency or function.

The Commission believes that periodic governmental review of regulatory arrangements is essential, both to keep the multitude of such arrangements in reasonable harmony and to assure their relevance to current problems. Without such review, other measures to procure greater coordination, efficiency, and fairness in regulation have little hope of avoiding unwise proliferation of regulatory requirements. To assure that regulatory requirements serve the public interest and achieve the objectives set out in earlier chapters of this report, obstacles to effective governmental review must be overcome. An institutionalized review procedure, subject to schedules and deadlines, is essential for this purpose.

When this proposal was raised last year it received support from such diverse groups as the AFL–CIO, the Natural Resources Defense Counsel, the Business Roundtable, and Senators from both sides of the aisle. This year the administration also suggested it could support a systematized review procedure.

The legislation establishes a two-stage mechanism which requires the President and Congress to evaluate the effectiveness of certain regulatory programs according to a 10-year timetable. The timetable governs review of programs within 34 regulatory agencies between 1985, before the 99th Congress, and 1994, the 103d Congress. The list does not include all Government programs that issue regulations, but targets those programs, or series of programs, which have a significant impact on the economy. The programs are divided into five general categories: First, energy and environment; second, transportation and communications; third, food, consumer health, and safety; fourth, industrial safety and housing; and fifth, commerce and international trade. The programs in each category are subject to evaluation in the designated Congress. Thus, in the 98th Congress, programs concerned with energy and the environment will be reviewed. In the 99th Congress, programs concerned with the transportation and communications are scheduled for review, and so on. The proposal ties mandated Presidential and congressional actions to this review schedule.

This schedule is flexible enough to take into account congressional workload. By joint resolution, Congress can change the order in which any regulatory program is scheduled for review if the change is necessary to meet national or congressional priorities. Moreover, if a congressional committee does not have the resources to review a regulatory program it may, by vote of a majority of the Members, postpone the review to the following Congress, subject to congressional review of this decision.

In the first stage of the review process, the President, must evaluate the regulatory programs designated on the review schedule and propose regulatory reform legislation and issue an accompanying report. A framework, established for evaluating the agencies, requires the President to consider, among other things, reforms which will achieve the statutory goals of the agency by less restrictive or nonregulatory means, including the use of taxes, penalties, market-based incentives, bargaining techniques, required disclosure, or the creation of new causes of action.

The President is encouraged to consult with a broad range of viewpoints in evaluating the regulatory programs. He must obtain the perspective of the Attorney General, the Secretary of Labor, the Chairman of the Council of Economic Advisers, the Special Assistant to the President for Consumer Affairs, the Administrator of the Small Business Administration, and individuals who broadly represent regulated industries, small business, labor, and consumer groups. The President is also required to invite the head of the agency subject to review to participate in the evaluation process.

The President must submit his legislative recommendations and report to Congress by January 15 of the first session of the Congress in which a program is scheduled for review. If the President determines that a regulatory reform bill is inappropriate or unnecessary, he must set forth his reasons in the report. For example, the President might decide that legislation is unnecessary because an agency can achieve the needed reforms administratively.

Once the President's regulatory reform bill and report are sent to Congress, the second stage of the procedure begins. The legislation is referred to the appropriate congressional committees which have until March 15 of the second session of the Congress to scrutinize, amend, and report out the regulatory reform legislation. If the committee fails to report out the bill by this deadline, a motion to discharge the bill can be used to force the bill to the floor of the Congress. This motion can be made only by an individual favoring the bill and only if supported by one-third of the Members of the House involved. If the motion receives the support of a majority of the Members involved, the committee has 30 days to report the legislation before it is discharged from furthre consideration of the legislation. There are no limits placed on filibuster.

The proposal creates action-forcing mechanisms, in addition to the discharge procedures, to expedite congressional action on regulatory reform legislation. These mechanisms are similar to those found in the Congressional Impoundment Control Act of 1974 and the Trade Act of 1974. However, there is no sunset trigger whereby a regulatory program is terminated in the absence of congressional action. I believe that the action-forcing procedures in this legislation are sufficient to prompt serious congressional cons'deration of regulatory reform initiatives.

This proposal is an experiment which terminates at the end of the 10-year period. If the procedure proves successful in improving the quality of Government regulation, the mechanism can, and should, be revived.

Mr. President, I am hopeful that in this Congress we will continue our bipartisan efforts to enact legislation

which will reduce the unnecessary Government interference of the marketplace while preserving the ability of the agencies to protect the public health and safety. I believe that the legislation that I am introducing today will accomplish this goal.●

Mr. BAKER. Mr. President, I ask unanimous consent that the bill which Senator KENNEDY introduced today concerning the review of agency regulatory programs, known popularly as the high noon bill, be jointly referred to the Committees on the Judiciary and Governmental Affairs.

The PRESIDING OFFICER. Without objection, it is so ordered.

By Mr. LEAHY:

S. 1467. A bill to eliminate the exemption for Congress the application of certain provisions of Federal law relating to employment, privacy, and social security, and for other purposes; to the Committee on Governmental Affairs.

ELIMINATION OF EXEMPTION FOR CONGRESS FROM CERTAIN LEGISLATION

● Mr. LEAHY. Mr. President, twice in the past 3 years, I have introduced bills that would pass on to employees here on Capitol Hill the benefits of legislation which we have adopted on behalf of working Americans over the last 75 years.

The bill I am introducing today would bring the Congress into line with other employers in the country and would bring to the people who serve each of us every day the benefits of these landmark statutes, including the Civil Rights Act of 1964, the Equal Employment Opportunity Act of 1972, the Equal Pay Act, the Fair Labor Standards Act, the National Labor Relations Act, the Occupational Safety and Health Act, the Social Security Act, the Freedom of Information Act, and the Privacy Act.

Collectively, these laws spell out civil, social, physical, and financial rights and standards for all Americans—except if they work for Congress. It is time to end this disparity and to bring fairness and equity to the people who serve us faithfully every day and in a very literal sense make the legislative process possible.

Congress, in enacting these measures, proclaimed that what is good and fair for the country is not necessarily good and fair for Congress. In each instance, Congress specifically wrote itself out of the legislation.

Removing congressional exemptions would make Congress subject to the same restrictions upon employment and discrimination under the Civil Rights Act and the Equal Employment Opportunity Act which apply to the rest of the country. It would give affected individuals legal redress that they do not presently enjoy.

Since my last effort to promote this legislation in 1978, we have passed title VII of the Civil Service Act of 1978, which reached a whole new plateau for Federal sector labor relations. Title VII for the first time established a statutory framework for the relationship between employee representatives and Government managers with the opportunity for third-party resolution of disputes between the parties. But not all Government managers were included and not all employee representatives. By now you may well guess who was left out. Ourselves.

This omission was particularly stinging to me in light of one of the sentences in our findings and purpose provision of title VII when we said that we wanted to "establish procedures which are designed to meet the special requirements and needs of the Government" and when we added that the chapter "should be interpreted in a manner consistent with the requirement of an effective and efficient Government," Are we not part of Government?

No one would argue that this bill would prevent all racial, religious or sex discrimination in employment practices on the Hill, but it would give affected individuals legal redress that they do not presently enjoy.

Similarly, subjecting Congress to the provisions of the Equal Pay Act and the Fair Labor Standards Act would give legal standing to the women who currently, and all to often correctly, charge that they are not receiving equal pay for equal jobs.

In 1979, the Supreme Court handed down its decision in Davis against Passman, a case in which a congressional employee sued a Member of Congress directly under the due process clause of the fifth amendment for alleged discrimination based on sex. The Court recognized the right of employees of Congress to protection under the fifth amendment and found nothing in the Civil Rights Act of 1964 to bar such suits, even though congressional employees did not benefit from direct coverage under the act.

This case frankly embarrasses me. The prospect of requiring our own employees to go to such lengths to acquire the same quality of justice that we have guaranteed to the rest of the Government's employees is disheartening. And this year we can do something about it.

Extending the coverage of the National Labor Relations Act to congressional employees seems to me another obvious step. I am particularly mindful of the many congressional employees in support positions, in the restaurants, in the various maintenance shops and others. Why is not what is good for the country also good for management and labor in Congress?

The Occupational Safety and Health Act should be mentioned in the same breath. Congressional employees deserve the protection of the act, and we should have to live by the same OSHA standards that we have imposed upon the rest of the country's employers. Why should we not have to take the same remedial action private employers must take?

With regard to social security, I believe we made a mistake in failing to incorporate Congress and its employees into the system, at least where there has been no election to join a Federal retirement plan. In principle, I do not see why this group should be excluded from either the benefits or the tax bite.

Finally, when Congress passed the Freedom of Information Act, we made it national policy and law that an individual has the right to petition the Government for information held by the Government.

When we passed the Privacy Act, we made it Federal law that the Government must place better safeguards on the files it keeps on individuals, including allowing those individuals to see their files and correct erroneous information.

But those rights of individuals do not extend to information or files within the walls of Congress. How is that fair, much less rational?

I might be tempted to say that this is a bill whose time has come, if it were not already so painfully overdue. I want to put my colleagues on notice that I do not raise this issue idly. It will not fade away, at least not as long as I am in the Senate to advance it.

I think that at a time when we are all examining anew the relationship between Government and the citizens affected by what Government does, we should also pay important heed to the citizens in our midst without whom our work would not be accomplished.●

By Mr. MITCHELL:

S.J. Res. 97. Joint resolution to designate the second full week in October as "National Legal Secretaries' Court Observance Week"; to the Committee on the Judiciary.

NATIONAL LEGAL SECRETARIES' COURT OBSERVANCE WEEK

● Mr. MITCHELL. Mr. President, I am today introducing a joint resolution to authorize the President to proclaim the week of October 12, 1981 as "National Legal Secretaries' Court Observance Week."

This joint resolution would call upon Federal officials, Governors, chief officials of local governments, interested groups and organizations, and the people of the United States, particularly the legal community, to observe the week with appropriate activities, so that the legal secretaries of this country will receive the recognition they deserve for the significant role they play in our judicial system.

We mention judges, lawyers, court reporters, policemen, jurors, and clients when speaking of our American judicial system. Often, however, we fail to give proper recognition to the legal secretaries who make it possible for our judicial system to function.

Because legal secretaries work behind the scenes of the judicial system, many of these people have little opportunity for exposure to actual courtrocm proceedings. Courtroom exposure would certainly enrich the secretaries' understanding of their work.

There are 24,000 members of the National Association of Legal Secretaries. This association greatly enhances the learning process of legal secretaries. NALS strives to upgrade the knowledge of its members through continual legal education training programs and cooperates with the judiciary in promoting a high order of professional standards and ethics in the legal profession.

But even with the best efforts of the NALS and other secretarial organiza-

tions, the education gained by field experience is, as we all know, invaluable.

The motto of the NALS is "professionalism plus education equals excellence." It is with this spirit that we have worked to make possible a special week of courtroom observance to honor this excellence of America's dedicated and hard-working legal secretaries.

This joint resolution would bestow upon legal secretaries the recognition they deserve for the important role they play in our judicial system, and I urge my colleagues to join me in sponsoring this joint resolution.

I ask unanimous consent that the full text of the joint resolution be printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 97

Whereas, legal secretaries are an integral part of the administration of justice in the United States;

Whereas, highly skilled and highly trained secretaries make it possible for the legal system to function effectively;

Whereas, the contributions of legal secretaries to the legal system are often made outside the courtroom and many secretaries have little exposure to courtroom proceedings;

Whereas, exposure to courtroom proceedings would enrich the legal secretaries' understanding of their work; and

Whereas, the Congress of the United States recognizes and emphasizes the desirability of providing legal secretaries an opportunity to observe court proceedings: Now therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the second full week in October each year is designated "Legal Secretaries' Court Observance Week". The President is authorized and requested to issue a proclamation calling upon Federal officials, the Governors of the several States, the chief officials of local governments, interested groups and organizations, and the people of the United States, particularly the legal community, to observe the week with appropriate activities.●

ADDITIONAL COSPONSORS

S. 395

At the request of Mr. WALLOP, the Senator from Wisconsin (Mr. KASTEN) was added as a cosponsor of S. 395, a bill to amend the Internal Revenue Code of 1954 to provide estate and gift tax equity for family enterprises, and for other purposes.

S. 1091

At the request of Mr. ZORINSKY, the Senator from Idaho (Mr. SYMMS) and the Senator from Alabama (Mr. DENTON) were added as cosponsors of S. 1091, a bill to provide an entitlement for educational institutions for the reimbursement of the reasonable costs incurred in responding to compliance reviews conducted by the Office for Civil Rights of the Department of Education, and for other purposes.

S. 1120

At the request of Mr. KASTEN, the Senator from Oregon (Mr. HATFIELD) was added as a cosponsor of S. 1120, a bill to reduce the amount of funds available to an agency unless the agency has reduced waste, fraud, and abuse to the maximum extent feasible or demonstrates that no waste, fraud, or abuse exists in the administration of programs, and for other purposes.

S. 1131

At the request of Mr. DANFORTH, the Senator from Rhode Island (Mr. PELL) was added as a cosponsor of S. 1131, a bill to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes.

S. 1298

At the request of Mr. WALLOP, the Senator from Wyoming (Mr. SIMPSON) was added as a cosponsor of S. 1298, a bill to amend the Internal Revenue Code of 1954 to extend certain tax provisions to Indian tribal governments on the same basis as such provisions apply to States.

S. 1429

At the request of Mrs. KASSEBAUM, the Senator from Oklahoma (Mr. NICKLES) and the Senator from Oklahoma (Mr. BOREN) were added as cosponsors of S. 1429, a bill to amend the Securities and Exchange Act of 1934 to make the margin requirements for domestic purchasers of securities applicable to foreign purchasers of securities in certain significant transactions involving the U.S. securities markets, and for other purposes.

S. 1439

At the request of Mr. PELL, the Senator from Maine (Mr. COHEN) and the Senator from West Virginia (Mr. RANDOLPH) were added as cosponsors of S. 1439, a bill to provide for the distribution of overcharges collected by the Department of Energy.

S. 1448

At the request of Mr. MATHIAS, the Senator from Wisconsin (Mr. KASTEN) and the Senator from Vermont (Mr. STAFFORD) were added as cosponsors of S. 1448, a bill to provide for the issuance of a postage stamp to commemorate the 70th anniversary of the founding of the Girl Scouts of the United States of America.

SENATE JOINT RESOLUTION 78

At the request of Mr. COCHRAN, the Senator from Kansas (Mr. DOLE) was added as a cosponsor of Senate Joint Resolution 78, a joint resolution to provide for the designation of October 2, 1981, as "American Enterprise Day."

SENATE JOINT RESOLUTION 83

At the request of Mr. CHAFEE, the Senator from Oregon (Mr. HATFIELD), the Senator from Montana (Mr. MELCHER), the Senator from Arkansas (Mr. BUMPERS), the Senator from West Virginia (Mr. RANDOLPH), and the Senator from Mississippi (Mr. COCHRAN) were added as cosponsors of Senate Joint Resolution 83, a joint resolution to authorize and request the President to call a White House Conference on Education not later than January 15, 1982, and for other purposes.

SENATE RESOLUTION 163

At the request of Mr. D'AMATO, the Senator from Nebraska (Mr. ZORINSKY) and the Senator from Arizona (Mr. DECONCINI) were added as cosponsors of Senate Resolution 163, a resolution authorizing and requesting the President of the United States to issue a proclamation inviting the people of the United States to observe June 30, 1981, as Ukrainian Independence Day.

SENATE CONCURRENT RESOLUTION 24—CONCURRENT RESOLUTION TO IMPROVE THE INTERNATIONAL NONPROLIFERATION REGIME

Mr. GLENN (for himself, Mr. SPECTER, and Mr. PERCY), submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 24

Whereas the proliferation of nuclear weapons is a threat to the security of the United States and all other nations of the world and,

Whereas the world community has developed valuable institutions, including the Nuclear Nonproliferation Treaty (NPT) and the International Atomic Energy Agency (IAEA) Safeguards System to deal with the problem of nuclear proliferation and,

Whereas notwithstanding their value, the NPT and the International Safeguards System contain serious deficiencies and,

Whereas such deficiencies can produce lack of confidence in the system leading to dangerous situations such as the Israeli raid on a nuclear reactor in Iraq and,

Whereas, despite such deficiencies, there is no prohibition on the transfer of sensitive equipment and technology to politically unstable nations and regions of the world and,

Whereas sensitive nuclear materials, equipment, and technology carry with them the capability of mounting a nuclear weapons option and,

Whereas the United States has traditionally taken a leadership role in raising world consciousness to the dangers of nuclear proliferation and,

Whereas U.S. nonproliferation actions such as supporting the International Safeguards Regime and the NPT, participating in the Nuclear Suppliers Conferences, and establishing the Nuclear Nonproliferation Act of 1978, have been positive steps in moving toward an effective international nonproliferation regime and,

Whereas it is necessary for significant additional actions to be taken to strengthen the international nonproliferation regime and to raise world consciousness further, now therefore be it resolved by the Senate of the United States (the House of Representatives concurring) that the President should take immediate action to:

(1) Reopen the nuclear suppliers conference, as a first step toward achieving a new worldwide consensus on nuclear transfers, to consider tightening restrictions on dangerous nuclear trade through measures which include:

(a) Establishing, while discussions on a new regime for nuclear trade proceed, a temporary worldwide moratorium on transfers of enrichment and reprocessing equipment and technology, even at the experimental level, to sensitive areas, including the Middle East and South Asia;

(b) Limiting the size of all research reactors transferred, eliminating the use of highly enriched uranium in such reactors, and obtaining the return of spent research reactor fuel to the country of origin;

(c) Extending the list of sensitive nuclear equipment, including components and dual use items, whose export the suppliers only permit under safeguards, with public recording of all sales of such items;

(d) Making nuclear transfers only to na-

tions which have accepted full-scope safeguards;

(e) Imposing established sanctions in the event of violation of safeguards.

(2) Propose, through the U.S. Mission to the IAEA, the improvement of the International Atomic Energy Agency safeguards regime through measures which include:

(a) Extending the concept of full-scope safeguards to mean safeguards on all nuclear materials, equipment, and facilities within a non-weapon state whether or not such materials, equipment, and facilities have been formally declared to the IAEA;

(b) Increasing the quality and quantity of IAEA inspections;

(c) Publishing inspection reports and;

(d) Extending and upgrading surveillance and containment measures.

(3) Formulate a clear U.S. policy on enhanced international restrictions on dangerous nuclear trade and on improving the international safeguards regime, and use all feasible leverage to induce others to adopt similar policies.

(4) Start planning for a world nuclear energy policy conference that would, among other things, discuss concerns about national security and their relationship to nuclear activities, as well as possible NPT revisions to deal with those concerns;

(5) Reaffirm U.S. policy to cooperate with other countries, particularly in the developing world, to assist them in meeting their energy needs, with nonnuclear energy alternatives considered on an equal basis with nuclear energy in providing such cooperative assistance.

(The remarks of Mr. GLENN and Mr. SPECTER on this concurrent resolution appear elsewhere in today's RECORD.)

AMENDMENTS SUBMITTED FOR PRINTING

DEPARTMENT OF JUSTICE AUTHORIZATION, 1982

AMENDMENT NO. 484

(Ordered to be printed and to lie on the table.)

Mr. HEFLIN submitted an amendment intended to be proposed by him to the bill (S. 951) to authorize appropriations for the purpose of carrying out the activities of the Department of Justice for fiscal year 1982, and for other purposes.

ECONOMIC TAX RECOVERY ACT OF 1981

AMENDMENT NO. 485

(Ordered to be printed and to lie on the table.)

Mr. D'AMATO submitted an amendment intended to be proposed by him to the joint resolution (H.J. Res. 266) to provide for a temporary increase in the public debt limit.

DIVIDEND AND INTEREST EXCLUSION

● Mr. D'AMATO. Mr. President, during the upcoming debate on House Joint Resolution 266, the 1981 tax reduction bill, I will offer an amendment to establish equity in the incentive to save provided to American taxpayers. My amendment will amend section 302 to increase the current $200 to $400 dividend and interest exclusion to $1,000 to $2,000. This increase in the tax-exempt amount of dividends and interest a taxpayer could earn would be made permanent.

The reason for this amendment is simple equity. Under the All Savers Act, already included as part of the tax reduction bill, taxpayers who are in marginal tax brackets greater than 30 percent will be provided an additional incentive to save. At the same time, however, taxpayers in marginal tax brackets lower than 30 percent are deprived of the savings incentive which exists under current law. The generalized tax-exempt amount for dividends and interest would be reduced to $100 to $200 from $200 to $400 under House Joint Resolution 266 and would no longer apply to interest.

America faces an urgent need to expand its pool of available capital. Without additional savings and investment the economy will stagnate, the housing industry will collapse, the industrial base will erode, and unemployment will increase. Given this need for increased savings, we cannot justify providing incentives to some taxpayers while depriving others of comparable encouragement.

Under my amendment the thrifts would still be protected. All Savers Certificates would still be attractive investments to those in upper income brackets. At the same time, however, other investment alternatives would not be deprived of their opportunity to compete in a free market investment environment. Thrift institutions would still be afforded some protection, but both small and large investors would still be given the right to choose their own best investment strategy.

This amendment will foster new savings and investment, will restore equity to taxpayers of all income classes, and will permit various investment opportunities to compete more fairly in a less restrictive environment.●

PRICE SUPPORT AND PRODUCTION INCENTIVES FOR FARMERS

AMENDMENT NO. 486

(Ordered to be printed and to lie on the table.)

Mr. PELL submitted an amendment intended to be proposed by him to the bill (S. 844) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes.

NUTRITIONALLY SUPERIOR SCHOOL LUNCHES

● Mr. PELL. Mr. President, today I am submitting an amendment that would call for schools to provide nutritionally superior school lunches as a condition for participating in the national school lunch program.

Our country is one of the most affluent, but, unfortunately, it does not lead the world in the quality of its diet. A good American breakfast has always included bacon and eggs. Traditionally Americans were taught to think that a good meal was not really complete without a large serving of red meat. Until recently, butter has been preferred over margarine, and ice cream, candy, and soft drinks are most of our children's favorite foods. In short, our affluence has promoted eating habits, generation after generation, which have contributed to needless and costly medical problems.

With all of our modern technology and in spite of the fact that 10 percent of our gross national product is spent on health care annually, our country still [illegible] in life expectancy and 10th in infant mortality in comparison to other industrialized countries. The simple fact is that we are putting more and more of our health care resources into expensive equipment and treatment programs and our population is not a great deal healthier because of it.

The dietary habits and sedentary lifestyle of modern Americans represent a serious threat to public health. Recent scientific evidence has demonstrated that too much fat, too much sugar, or too much salt are linked to killer diseases. These findings have made it more apparent that in the future major advances in health will result not from the curing of disease, but from its prevention. There is no doubt that all of us can improve our health by exercising more and being more selective about what we eat.

Our deplorable eating habits begin in the cradle and our young people depend on junk food as staples in their diet. We do not teach our children the importance of good nutrition and, too frequently, we do not set a good example in our own dietary habits.

Three decades ago the Federal Government decided to do something about inadequately nourished children and established the national school lunch program. Schools that participate in the program receive a Federal subsidy in exchange for providing a "nutritionally adequate" lunch. Through the years many nutritionists and educators have commented on the nutritional inadequacy of the school lunch and have criticized the sale of so-called competitive foods that are available in school cafeterias. In spite of all the evidence that has come to light to recent years about the harmful effect of too much sugar in young people's diets, many schools have continued to permit the placement of vending machines in their cafeterias, filled with candy, soda, and other sweet goods.

A number of schools around the country have voluntarily raised the standards of their lunch program. I would like to see this trend continued and am submitting today an amendment that would amend the National School Lunch Act so that schools and school districts will have to provide their students with a nutritionally superior lunch as a condition of participation in the program.

To qualify, schools would have to offer their students low fat as well as whole milk. All breads would have to be whole grain. Meals would have to be low salt, low sugar and low fat. The sale of soft drinks, candy, and sweets would be strictly prohibited as opposed to current Agriculture Department guidelines that simply limit their availability. I am hopeful that over a period of years more and more children will participate in this new program. Providing a well-balanced, nutritionally sound meal for our school children should encourage them to adopt good eating habits at an early age and enable them to build strong bodies and strong minds.

I ask unanimous consent that the text

of the amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 486

On page 235, between lines 17 and 18, insert the following new section:

REQUIREMENT FOR SERVING NUTRITIONALLY SUPERIOR LUNCHES UNDER THE NATIONAL SCHOOL LUNCH ACT

SEC. 1112. Subsection (a) of section 9 of the National School Lunch Act (42 U.S.C. 1758 (a)) is amended to read as follows:

"(a)(1) Schools participating in the school lunch program under this Act must provide a nutritionally superior school lunch to its students. In order to meet the minimum requirements of a nutritionally superior school lunch, a school shall—

"(A) provide the following items in the lunches which it serves:

"(i) unflavored fluid milk (both whole and low fat milk must be offered);

"(ii) at least 2 ounces (1½ ounces for children under 8 years of age), edible portion as served, of lean meat, poultry, or fish; or the nutritional equivalent in cheese, eggs, cooked dry peas, beans, or peanut butter; or the nutritional equivalent in any combination of such foods (to meet the requirements of this subclause such foods must be served in a main dish or in a main dish and one other menu item);

"(iii) two or more vegetables or a salad, or both;

"(iv) one slice of whole grain bread or a serving of cornbread, biscuits, or rolls, made of whole grain flour; or whole grain pasta or whole grain rice; and

"(v) fresh fruit, canned fruit (packed in water), or other item which does not contain refined sugar, for dessert;

"(B) plan its lunches with a low content of fat, sugar, and salt, and not put sugar or salt in containers on cafeteria tables;

"(C) limit competitive food items to those which are permitted under this paragraph to be included in the lunch;

"(D) ban from sale on school premises any product which contains refined sugar, artificial sweeteners, or added salt, including, but not limited to, regular and artificially sweetened soft drinks, candy, chewing gum, ice cream, cake, pies, cookies, potato and corn chips, and pretzels;

"(E) offer in its cafeteria (during all hours of operation) one fresh fruit, at least one pure fruit drink, and milk (both whole and low fat); and

"(F) establish a nutrition council, as provided in paragraph (2), to oversee the nutritionally superior school lunch program and to recommend ways to improve it.

"(2) The nutrition council of any school referred to in paragraph (1)(F) shall be composed of members appointed by the principal of the school concerned and may include the principal, a dietitian, school athletic director, a student representative, and such other members as the principal may consider appropriate.

"(3) Each school system shall have the authority to develop portion quantities for food items required by subclauses (i), (iii), (iv), and (v) of paragraph (1)(A) in order to meet the food and nutritional needs of children according to their ages, to reduce plate waste, and to insure that the lunches provided are more cost effective.

"(4) The Secretary shall, within one year after the date of the enactment of the Agriculture and Food Act of 1981, prescribe such regulations as the Secretary considers necessary to administer the provisions of this subsection and shall include in such regulations procedures necessary to insure that all schools participating in the school lunch program are complying with the provisions of this subsection.".

NOTICES OF HEARINGS

COMMITTEE ON THE BUDGET

Mr. DOMENICI. Mr. President, the committee business meeting of the Senate Budget Committee which was scheduled to be held today, Monday, July 13, 1981 at 2 p.m. in room 6202 of the Dirksen Senate Office Building is canceled.

This was a meeting of the committee to consider budget waivers.

For further information, contact Mr. Bill Stringer of the Budget Committee staff at 224–0538.

Mr. President, the Senate Budget Committee will meet for a committee business meeting on Wednesday, July 15, 1981 at 2 p.m. in room 6202 of the Dirksen Senate Office Building to review legislation requiring section 402(a) budget waivers.

For further information, contact Lynn Pearson of the Senate Budget Committee staff at 224–0544.

SUBCOMMITTEE ON ENERGY, NUCLEAR PROLIFERATION, AND GOVERNMENT PROCESSES

Mr. PERCY. Mr. President, the Subcommittee on Energy, Nuclear Proliferation, and Government Processes, of the Committee on Governmental Affairs, will hold a hearing at 9 a.m. on Tuesday, July 14, 1981 in room 3302 Dirksen Office Building. The subcommittee will be receiving testimony on the International Energy Agency and global energy security matters.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Intergovernmental Relations of the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Thursday, July 16, to hold oversight hearings on Commerce Clause and Severance Taxation.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON ENERGY, NUCLEAR PROLIFERATION, AND GOVERNMENT PROCESSES

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Energy, Nuclear Proliferation, and Government Processes of the Committee on Governmental Affairs, be authorized to meet during the session of the Senate on Tuesday, July 14, to hold hearings on the International Energy Agency and global energy security matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Intergovernmental Relations of the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Wednesday, July 15, to hold oversight hearings on commerce clause and severance taxation.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

CAPTIVE NATIONS WEEK

● Mr. D'AMATO. Mr. President, this week, the week of July 12–18, marks the 23d observance and anniversary of Captive Nations Week. It is indeed a week of both hope and despair for the basic rights of people throughout the world.

Emigration from Communist-bloc countries has fallen dramatically in the past months. Repression of dissident factions in the Soviet Union and behind the Iron Curtain has increased and shows no sign of abating. The concept of free exchange of ideas and information, rights basic to all, is becoming, once again, virtually unknown in the Soviet Union. The peoples of the captive nations have not given up the struggle; they have not stopped looking to America for help.

The glimmer of hope does exist. The might and power of the Soviet Union have met their match in Afghanistan. For the first time in recent memory the Russians have shown the strain of occupying a country whose people have always fought viciously and successfully to overthrow any oppressor. A willingness to negotiate an orderly withdrawal from Afghanistan is indeed a remarkable event, a sign that the Red Army is not invincible in its attempts to enslave a people who refuse subjugation at all costs.

This week might well be remembered as an expression of our outrage over the abuse of freedoms all over the world by the Soviet Union and its minions, Libya and Cuba. It is further highlighted by intense negotiations of Afghanistan, demonstrating that a peaceful solution to the conflict is possible.

Captive Nations Week is important as a message to the Soviet Union but even more importantly as an expression of commitment to those nations that are not free. We must continue to speak out against oppression around the world. The United States must continue to negotiate on and actively work for freedom for all nations laboring under Soviet oppression or the threat of Soviet aggression.●

NORTH CAROLINA CHAMBER PLAYERS

● Mr. EAST. Mr. President, the State of North Carolina is noted for the high quality of its cultural life. This past Saturday night, Washington was treated to a guest appearance by one of our musical treasures when the North Carolina Chamber Players appeared in concert in the Coolidge Auditorium of the Library of Congress.

The concert was conducted by Nicholas Harsanyi, retired director of orchestras at the North Carolina School of Arts at Winston-Salem, and the program included works by Haydn, Ward, Chausson, Schiffman, and Dvorak. Maestro Harsanyi's wife, Janice, was the soloist in Chausson's Chanson Perpetuelle, and composer Harold Schiffman was pres-

ent for the performance of his Prelude and Variations for Chamber Orchestra. Robert Ward, Pulitzer Prize-winning composer of Duke University, was unfortunately not on hand to hear the Chamber Players give a sensitive rendition of his Fourth Sympony.

I am informed that the entire program was warmly received by a capacity crowd. Indeed, when Maestro Harsanyi brought the evening to a close with the spirited and technically demanding finale to Dvorak's Czech Suite, many members of the audience spontaneously rose to cheer.

I congratulate the North Carolina Chamber Players on their successful appearance in Washington, and I would like to thank the Mary Biddle Foundation for making this concert possible. I hope that we may have the pleasure of hearing these talented musicians again, and soon.●

TRIBUTE TO SENATOR EAST BY EARLHAM COLLEGE GRADUATE

● Mr. QUAYLE. Mr. President, Earlham College in Richmond, Ind., counts among its alumnae, my distinguished colleague from North Carolina, Senator JOHN P. EAST. Earlham College is very proud of the accomplishments of this 1953 graduate.

One of Richmond's residents and also a graduate of Earlham College, Mr. Steven R. Valentine, has written an article entitled, "Earlham Graduate Senator John East Right To Fight Abortion."

Mr. Valentine, an aide in the Indiana attorney general's office, is on leave this summer working with the Americans United for Life Legal Defense Fund. Mr. Valentine's article on Senator EAST has been published in the Richmond Palladium-Item. I submit the article for the RECORD:

THE RIGHT TO LIFE—EARLHAM GRADUATE, SENATOR JOHN EAST RIGHT TO FIGHT ABORTION

(By Steven R. Valentine)

Shortly after he took office as the new Republican United States senator from North Carolina last January, Earlham College alumnus John P. East was quoted in the local campus newspaper as saying that he hoped "to do Earlham honor." Since then, East has gained national attention while chairing this spring's hearings of the U.S. Senate Subcommittee on the Separation of Power concerning the so-called Helms-Hyde Human Life Bill.

Earlham College was founded and nurtured by ante-bellum era Quakers, many of whom were counted among the anti-slavery radicals of their day. These slavery abolitionists fought the cruel practice of slavery, which denied the full humanity of black people. This racist view was given official sanction in the 1857 U.S. Supreme Court Dred Scott ruling, which effectively withheld the rights of personhood to black slaves. It took a civil war and a series of constitutional amendments to reverse the court's tragic error.

East fights a different form of bigotry today. He, and other members of the Right to Life movement, are battling the violent and inhumane practice of abortion on demand, which evinces a pervasive social prejudice against "unwanted" unborn children. This modern view of life in the womb as expendable and unworthy of protection was given official sanction in the 1973 U.S. Supreme Court Roe vs. Wade decision, which declared by judicial flat that the unborn are not persons and have no constitutional rights. East seeks to correct the court's sad mistake by means of a simple federal statute.

The reasons why slavery was accepted in America before the mid-19th century have a good deal in common with the reasons why a majority of Americans seem to accept abortion now. Slavery was economically beneficial, it was considered by many to be socially necessary and it was convenient. Abortion is justified today on similar grounds of economic benefit to expectant parents and society generally, social necessity, and convenience.

But slavery's benefits were outweighed by the immorality of keeping human beings in bondage. Abortion's utilitarian benefits are counter-balanced by the gross injustice of killing hundreds of thousands of the unborn each year in the name of "freedom of choice."

The first part of East's hearings were aimed at discovering the nature of intra-uterine human life. A steady stream of expert witnesses testified to the scientific fact that the unborn child is alive from the point of conception. He has a functioning heart and brain after under 10 weeks of gestation. Early in pregnancy, she reacts to light, moves under her own power and recoils from pain. That they are members of the human community is undeniable. The only question is whether the Supreme Court was right when it said that the being in the womb may be killed for any reason or no reason, in nearly every case right up until birth.

Those in the pro-abortion camp who criticized the scientific portion of East's hearings sought to avoid the issue of the morality of genocide against the unborn by claiming that what is objectively true cannot be determined by science. To accept the humanity of the unborn would be publicly to support a freedom to kill them, so the critics have tried to envelope the matter in fog by saying that science does not know when life begins.

But intellectual honesty demands more. Those who approve of "just war" or of capital punishment are honest enough to say that they approve of some forms of killing, so why are pro-abortionists afraid to be so candid? Perhaps it is because abortion's victims are so innocent.

East's Human Life Hearings recently turned to the legalities of the proposed legislation. In brief, the Helms-Hyde Bill would act under Congress's power to enforce the 14th Amendment to the Constitution, which guarantees the right of persons to be free for the deprivation of life, liberty, or property without due process of law. By defining a legal person as one who exists from the moment of conception, Congress would grant to the states the authority to proscribe abortion as a form of murder.

Declaring the unborn to be legal persons, of course, directly contradicts the Supreme Court's 1973 directive. For that reason, the Human Life Statute might be held to be unconstitutional by the same judicial body. But given the fact that there is not yet two-thirds support in Congress for a Human Life Amendment to the Constitution, which would defeat the court ruling permanently, it is noble of East to back the only means that realistically is open to the majority anti-abortion Congress. John East is helping to end the oppression of the unborn by those who choose not to recognize their humanity and rights of personhood.●

ARMS SALES TO SAUDI ARABIA

● Mr. KENNEDY. Mr. President, I wish to bring to the attention of my colleagues a letter signed by the chairman, Mr. Howard Squadron, and presidents of all 34 constituent members of the Conference of Presidents of Major American Jewish Organizations, which expresses "profound concern that America's interests are at risk as a result of the misguided proposal to sell the most sophisticated conventional weapons systems in the American arsenal" to Saudi Arabia.

Since the earliest indications of the proposal to sell AWACS planes and advanced military equipment to the Saudi Government, I have expressed my strongest opposition and urged the Congress to oppose this dangerous arms sale. We are not talking about some mere technical enhancement of the F–15. We are talking about advanced Sidewinder missiles, aerial refueling capabilities, and sophisticated AWACS planes that will give Saudi Arabia a command platform in the air to guide attacks against the territory of Israel—our surest friend and strongest ally in the Middle East.

I agree with the Conference of Presidents that "from every point of view, the proposed arms package for Saudi Arabia is wrong." I share their judgment that "the arms package for Saudi Arabia imperils our country's interests. It threatens our allies. It damages the cause of peace." I join with them in urging defeat of this arms package in the Senate and Congress of the United States.

I request that the full text of the letter from the Conference of Presidents of Major Jewish Organizations be inserted at this point in the RECORD.

CONFERENCE OF PRESIDENTS
OF MAJOR AMERICAN
JEWISH ORGANIZATIONS,
New York, N.Y., July 2, 1981.

DEAR SENATOR: This letter, signed by the presidents of all 34 constituent members of the Conference of Presidents of Major American Jewish Organizations, is sent to you because of our profound concern that America's interests are at risk as a result of the misguided proposal to sell the most sophisticated conventional weapons systems in the American arsenal.

If this plan goes through, our country will be, we are persuaded, in grave danger. Here is why:

(1) American secrets could fall into Soviet hands.

The parallels with Iran—where sophisticated U.S. weapons were compromised after Khomeini seized power—are frightening. Saudi Arabia is unstable and unreliable. The danger of revolution is underscored by the take over of the Grand Mosque in Mecca that nearly brought down the royal family in 1979.

All the advanced armaments our country poured into Iran could not save the Shah. Must we make the same mistake in Saudi Arabia?

(2) America needs strong bases—and allies committed to Middle East stability—to halt Soviet expansionism in the Middle East. Saudi Arabia bitterly opposes our country's efforts to achieve peace in the region.

The Saudis have objected to the permanent stationing of U.S. forces on Saudi soil or anywhere in the Persian Gulf area. They have denounced the Camp David process and cut off economic assistance to Egypt while continuing to give hundreds of millions of dollars to the terrorist PLO. And they have called for a jihad—a holy war—against Israel.

What is the wisdom of selling American weapons to a nation that insists that the primary threat to its security is Israel, and not the Soviet Union? Why sell arms that

are intended for attack against our friend and ally Israel?

(3) America's friends—and enemies—must know we keep our commitments.

Three years ago Secretary of Defense Harold Brown promised the U.S. Senate, then debating the sale of F-15 jets to Saudi Arabia, that these planes would never be equipped with offensive capabilities that could be used to attack Israel. President Carter publicly repeated that pledge last October. Nothing has changed to warrant breaking that promise.

Is America's word no longer its bond?

In sum, it is our judgment that from every point of view, the proposed arms package for Saudi Arabia is wrong.

It will not enhance the security of Saudi Arabia, but endanger it by increasing the temptation of subversive groups to revolt and seize power.

It will not promote Middle East peace, but threaten it by rewarding Saudi Arabia for condemning the Camp David process.

It will not strengthen trust in our country's commitments, but weaken it by signifying the breaking of a solemn pledge to the American people.

The arms package for Saudi Arabia imperils our country's interests. It threatens our allies. It damages the cause of peace. We urge you to do everything possible to stop it.

Respectfully,

HOWARD M. SQUADRON,
Chairman, Conference of Presidents.

CONFERENCE OF PRESIDENTS OF MAJOR AMERICAN JEWISH ORGANIZATIONS

Lawrence Weinberg, American Israel Public Affairs Comm.; Howard M. Squadron, American Jewish Congress; Roselle Silberstein, American Mizrachi Women; Rabbi Joseph P. Sternstein, American Zionist Federation; Maxwell E. Greenberg, Anti-Defamation League of B'nai B'rith; Jack J. Spitzer, B'nai B'rith; Grace Day, B'nai B'rith Women; Sidney Wiener, Bnai Zion.

Rabbi Herman Schaalman, Central Conference of American Rabbis; Shirley Billet, Emunah Women of America; Frieda S. Lewis, Hadassah; Donald S. Slaiman, Jewish Labor Committee; Rabbi William Berkowitz, Jewish National Fund; Rabbi Ludwig Nadelmann, Jewish Reconstructionist Foundation; Irvin Steinberg, Jewish War Veterans of the U.S.A.; Allen Pollack, Labor Zionist Alliance.

Hermann Merkin, Mizrachi-Hapoel Hamizrachi; Aaron L. Solomon, National Committee For Labor, Israel; Shirley Leviton, National Council of Jewish Women; Harold M. Jacobs, National Council of Young Israel; Lillian Maltzer, National Fed. of Temple Sisterhoods; Bennett Yanowitz, National Jewish Comm. Rel. Advisory Co.; Robert L. Adler, National Jewish Welfare Board; Stuart Fund, North American Jewish Youth Council; Frieda Leemon, Pioneer Women.

Rabbi Seymour J. Cohen, Rabbinical Assembly; Rabbi Sol Roth, Rabbinical Council of America; Rabbi Alexander M. Schindler, Union of American Hebrew Congregations; Julius Berman, Union of Orth. Jewish Cong. of America; Simon Schwartz, United Synagogue of America; Beverly Minkoff, Women's American ORT; Goldie Kweller, Women's League for Conservative Judaism; Charlotte Jacobson, World Zionist Org., American Section; Ivan Novick, Zionist Organization of America.●

THE PATENT TERM RESTORATION ACT OF 1981

● Mr. DANFORTH. Mr. President, S. 255, the Patent Term Restoration Act of 1981, will correct a significant inequity in existing patent law and provide a needed spur to research and development in this country. I would like to commend the Senator from Maryland for the speed with which he brought this measure to the floor, and the Senate for its speed in passing the bill. I am delighted to have been a cosponsor.

Patent law is designed to protect a new invention for a period of 17 years. But Federal regulatory reviews, aimed at protecting the public from unsafe products, can cut the life of a patent almost in half. This simply is not fair. Patent law does not say that the life of a patent shall be reduced by the amount of time it takes the Government to study the product. But by not saying the contrary, the law has exactly that effect. All this bill will do is extend the life of a patent to make up for the time taken by Government testing, thus correcting the inequity that now exists.

That in itself would be reason enough to support this bill. But another reason is at least as compelling: our need for increased research and development. If we are to make progress in our attempts to feed the world's hungry and to heal the sick, we must maintain our pace of technological advance. If we are to remain the economic leaders of this highly competitive world, we must not only maintain our pace, we must accelerate it.

Mr. President, agricultural chemicals are particularly important to the State of Missouri. Increases in yield attributable to these chemicals have played a significant role in increasing the productivity of our farms. But continued innovation in this area is not easy. On the average, it now takes more than 8 years and $20 million to bring a new agricultural chemical to market.

In testimony before the Senate Judiciary Committee April 30, Nicholas Reding—chairman of the board of the National Agricultural Chemicals Association and a group vice president of Monsanto—reported the results of a survey his association conducted among its members. He said:

> Nearly all companies indicated that a favorable patent position was a critical factor in determining whether to invest in new product development. The survey also indicated that availability of patent protection is a highly important element in long-range research planning and funding. Respondents reported that the uncertainties, cost and delay caused by government regulations have forced a reduction in research efforts.

Mr. President, we cannot in one day eliminate "the uncertainties, cost and delay caused by Government regulations." But we can go a long way toward mitigating their adverse effect. Extending patent life to make up for regulatory delays will assure the creators of new products that they will be protected as was originally intended—for a full 17 years. By passing S. 255, the Senate has acted to provide that equity and promote the creativity and innovation that we so sorely need.●

HOWARD CASMEY

● Mr. DURENBERGER. Mr. President, once in a very great while there comes along a man who has touched so many lives and influenced so many of his peers in the course of his work, that he becomes somewhat of a legend after leaving that post.

There is such a man in Minnesota, who has sat as head of the State department of education for over 11 years.

Howard Casmey served as commissioner of education under four Governors, and in that time advanced education for the State in a way previously unmatched. Howard Casmey is endeared to all Minnesotans for his persistence and dedication to educational causes.

He brought forward the issue of school desegregation at a time when no one else would. He went to the State supreme court over the issue of equal educational opportunities for the handicapped several years before our Federal laws guaranteeing them were in place. Howard Casmey always went out of his way in the name of education for all—remembered for the time he drove through a famous Minnesota blizzard to get to the dedication of a school on an Indian reservation, when most people were at home huddled in front of fireplaces.

Howard Casmey, the man who served as president of the Council of Chief State School Officers for the United States, is the only State commissioner of education who did not have a high school diploma—but did get a master's degree in education.

Howard Casmey started high school in the small town of Crookston, Minn., and dropped out soon afterward to join the Air Force during World War II, where he served as a paratrooper.

At the end of the war, he started school at Concordia College in Moorhead, Minn., and no one ever asked him if he graduated from high school. Howard Casmey graduated from college with a B.A. degree in 1949, and graduated with a master's degree in education from the University of North Dakota in 1956—still without a high school diploma.

He went on to teach math and coach sports in Plummer, Minn., before becoming superintendent of Lake Bronson Public Schools, Herman Public Schools, Ada Public Schools, and Golden Valley Public Schools, respectively. He was then appointed State Commissioner of Education on February 2, 1970—still without a high school diploma.

Seven years after he had been appointed commissioner, Crookston High School awarded him the diploma he never held. To this day, Howard Casmey is the only commissioner of education to learn the system—from the top down.

Howard Casmey retired as commissioner of education last week. He will be missed in that position—but the achievements he attained, the advancements he made for better education—will forever bear the mark of accomplishments attained by Howard Casmey.

Mr. Casmey brought to the job of State commissioner of education all of the compassion, dedication, and love for education that has made his name one with the word in Minnesota.

Mr. President, I ask to have printed in the RECORD the following article from the Saint Paul Pioneer Press of June 2, 1981.

CASMEY SAYS HE QUITS WITH NO RANCOR

(By Theresa Monsour)

Howard Casmey looked relaxed Monday as he reminisced in his Capitol Square office with the purple couch, orange chairs and

windows on one side that overlook the state Capitol.

Someone suggested the view allows him to keep an eye on state legislators.

"No, you never do," he said, "sometimes you think you are, but you're not."

He won't have to worry about trying to keep an eye on them anymore, at least not in an official capacity. On Monday, the state board of education chose Casmey's replacement, John Feda, superindtendent of schools in Marshall.

Casmey, who submitted his resignation last November, is leaving his post on June 30. He said Monday he will become president of a small corporation in Minneapolis that produces building materials.

"There are a few people in the legislature I won't miss," he said. "But 90 percent of the people in the legislature are good, quality people."

Casmey said he resigned so his wife could pursue her career.

He denied that he resigned because things were getting rough for education in the state with the recent budget cuts.

"I've never run away from a good fight," he said. "I enjoy a good fight."

In 1979 his first wife, Eva Lee, died of cancer. Last October he married his assistant, Sandra Hobson Schilling, who had been with the department seven years. Criticism about his marriage to his assistant followed.

Casmey maintained that he is not bitter about the experience, but his words indicated otherwise.

"Im not bitter," he said. "Things always turn out for the best. But I am disappointed."

All the state government stationery says "Equal Opportunity Employer" at the bottom, he said, but it apparently didn't apply to his wife.

Casmey said he got tired of "living in a fishbowl" and that "there's a certain amount of relief in knowing who will take over."

"But there's always a certain amount of nostalgia in leaving something you've been dedicated to for 11½ years," he said.

Casmey was first appointed in February 1970. He spoke with pride about accomplishments made during that time.

"We built the most effective vocational education system in the world," he said, pointing out that since he became commissioner, the state biennial appropriation for vocational education has gone from $8 million to about $300 million.

"Every handicapped child in Minnesota has a program," he said, pointing to another accomplishment. "No other state can say that."

He also was proud of the role the education department has played in equalizing opportunities for female students and employees.

"When I became commissioner all a girl could do was be a cheerleader," he said, but now they have equal access to school activities, especially sports.

"I have hired more professional women than any other department," he added.

He said if he had to list his most important accomplishment, it would be desegregation.

"We've eliminated the ghettos in Minneapolis and St. Paul," he said. "Education did that, but no one will give education credit except me. But then I'm prejudiced."

Casmey had some advice for his successor regarding his professional and personal life.

"Be patient. The process of change, I found, came slowly," he said. "It took nine years to get mandatory kindergarten."

"Your personal life is not your own," Casmey said. "Your personal life is that of the public . . . You're an example and that gets tiring sometimes."

Casmey said he probably won't take much of a vacation in between jobs.

"I may take some time off on Aug. 19," he said with a big smile.

That's when his wife is expected to deliver their first child.●

GRANTING AMNESTY TO ILLEGAL ALIENS

● Mr. EAST. Mr. President, for almost a decade illegal immigration to our country has been out of control. Reliable estimates now place the annual influx of illegal aliens at over 1 million. Sadly, Congress has failed to act to defend our national sovereignty and the future of our citizens.

At a time when we should be acting decisively to stop illegal immigration, there is talk of granting amnesty to illegal aliens. I suspect that 8 million unemployed Americans would question the wisdom of an amnesty policy which rewards lawbreakers.

Our distinguished former colleague, Secretary of Health and Human Services Richard S. Schweiker, set forth a compelling case against amnesty 4 years ago. Secretary Schweiker also made a persuasive case for enacting sanctions against employers who knowingly hire illegal aliens. Mr. President, I ask that Mr. Schweiker's article from the October 1977 Congressional Digest be printed in the RECORD.

The article follows:

STATEMENT BY RICHARD S. SCHWEIKER

From a statement issued on August 29, 1977, and from remarks delivered on the floor of the U.S. Senate on May 25, 1977, on the occasion of his introduction of S. 1601, a bill designed to protect American workers from the adverse impact of illegal alien employment.

I oppose President Carter's plan to grant amnesty to illlegal aliens. I believe this proposal is ill-conceived, based on erroneous assumptions, and mischievous in impact.

In his recent message to Congress, the President accurately stated the problem: "In the last several years, millions of undocumented aliens have illegally immigrated to the United States. They have breached our nation's immigration laws, displaced many Americans from jobs, and placed an increased financial burden on many states and local governments." The Immigration and Naturalization Service estimates that one million jobs are now held by illegal aliens. And yet, the essence of the President's plan is to reward this illegal conduct with special benefits for which aliens who have obeyed the law will be ineligible.

Although there are precedents in our history for granting an amnesty or pardon to lawbreakers to remove the adverse consequences of law enforcement, the illegal alien amnesty plan goes much further. It puts the government squarely behind the lawbreaker, and, in effect, says, "Congratulations, you have successfully violated our laws and avoided detection—here is your reward."

Millions of people throughout the world, including legal aliens temporarily in the United States and relatives of American citizens, have tried to work patiently within the confines of the immigration laws to obtain permanent status and eventually American citizenship. If the Administration's proposal is adopted, the government will be saying to them. "Sorry, we have nothing for those who obey the law." We are fond of saying America is a nation of laws. By accepting the President's plan, we would be setting a nasty precedent of putting the government on the side of the lawbreaker by rewarding his illegal conduct and undermining the efficacy of our laws.

The amnesty proposal is not only misguided in approach, but also based on erroneous assumptions. Administration spokesmen have conjured up images of massive dragnets of federal officials having to comb communities throughout the nation for illegal aliens unless amnesty is granted. Obviously, this could not and would not happen. Enforcement of the immigration laws against illegal aliens has been a very difficult task. But one of the primary reasons is that employers at present can lawfully hire illegal aliens. Easy employment in the United States is the primary attraction for illegal aliens. We need effectively to cut off this source of jobs which rightfully belong to Americans and legal immigrants. When this is accomplished, I suspect many illegals would return to their homes, and others who are deported would have no incentive to return to the United States. The assumption that the only alternative to a massive roundup and deportation of millions of illegal aliens is to grant a general amnesty is simply erroneous.

Although the Administration emphasizes difficulties in enforcing the immigration laws against illegal aliens, there appears to be no adequate appreciation of the problems involved in enforcing the proposed amnesty plan. Under the President's proposal, aliens without legal status who have been in the United States since before January 1, 1977, but not as early as January 1, 1970, will be placed in a new category called "temporary resident alien." Almost certainly, the Administration contemplates that these people will in several years be granted full amnesty and adjusted to permanent resident status, the last step before American citizenship. Apparently, all that will be necessary to establish residency since prior to January 1, 1970, is to show rent receipts, wage records, or the like. It is unclear how the Immigration and Naturalization Service will be expected to detect fraudulent records.

The possible ease which even newly arriving aliens will be able to take advantage of the amnesty compounds the mischief of the proposal. Recent reports from Immigration officials at our southern border show a significant increase in illegal alien traffic since talk of amnesty began. Although the proposal on its face may appear not to benefit new arrivals, the lack of understanding of the limits of the plan and the difficulties in enforcing it actually aggravate this very burdensome problem.

For these reasons, I oppose the Administration's amnesty plan. But I support the President's recent call for sanctions against employers who knowingly hire illegal aliens. Some months ago I introduced legislation (S. 1601) to make it unlawful to knowingly employ an illegal alien and to provide stiff fines for those who choose to violate the law. Although my bill prescribes a stronger arsenal of penalties to deter violations than the Administration proposal, I welcome this part of the President's program. Drying up employment opportunities, not rewarding illegality, should be the cornerstone of our nation's policy toward illegal aliens. We should open up the jobs illegal aliens now hold to unemployed Americans and legal immigrants, not make permanent the unfair labor competition. I believe strong employer sanctions can go far toward accomplishing this goal. I feel employer sanctions are a workable program to deal with the problem of illegal aliens without rewarding illegality.

I stated the case for such a policy as follows when I introduced S. 1501 on May 25 of this year:

Unemployment in the United States today is our most urgent domestic problem. The administration, Congress, the governments of our States, and the American people have properly focused great attention on efforts to put the economy back on track and alleviate the personal hardships of unemployment.

One step we can take in the right direction is to protect American workers from the unfair competition of illegal aliens who take jobs which should be held by American citizens and those lawfully in the United States and depress prevailing wage rates and working conditions we in Congress have worked so hard to guarantee.

Action in this area will certainly not solve all of our economic problems, but I have concluded it is a necessary step. Although we do not have reliable statistics on how many illegal aliens there now are in the United States, estimates range from four to eight million. The Commissioner of the Immigration and Naturalization Service estimates that as many as one million jobs are improperly being held by aliens not authorized to work. The adverse impact of these figures is obvious. Moreover, the magnitude of the problem illustrates a great distortion to our immigration policy, probably the most compassionate in the world. In fiscal year 1975, Immigration authorities caught about twice as many illegal aliens as the number lawfully admitted that year for permanent residence.

The primary drawing card for aliens seeking to illegally enter the United States is the greater economic opportunity here than in the nations from which they come. These illegal alien workers can successfully compete with American workers as they will often work for lower wages and under unfavorable working conditions. There is simply no way Immigration officials can adequately deal with this problem as long as the enticement of employment in the United States remains. We must, therefore, close off these attractive opportunities by first, making it unlawful for an employer to knowingly hire an illegal alien, and second, by providing effective sanctions against employers who choose to violate the law.

I would like to mention several aspects of my proposal. First, a ban on knowingly employing illegal aliens will be less than fully effective without strong and efficient sanctions for violations. Although I share the fear of some that a flat rate civil penalty will not effectively deter some employers, I do not advocate criminal penalties, primarily due to several problems of practical application. I propose that the legislation provide an arsenal of civil penalties, increasing in severity with each additional violation.

A second aspect of this bill I wish to highlight deals with the issue of whether we wish to allow States to also legislate in this field. I believe Congress should not preempt the field, and should say so in the act. Although the adverse impact of illegal alien employment is national in scope, it certainly is more serious in some areas of the country than in others, and is manifested in different job markets in varying geographical areas. Not only can State legislatures better deal with the nuances of the problem within their State, the States can also provide needed enforcement personnel resources to deal with the overall problem. Of course, no State legislation may conflict or be inconsistent with the congressional enactment.

A third aspect of this bill I wish to highlight is one which creates a private course of action for enjoining violations of the ban, in addition to power of the Government to seek an injunction. In view of the enormity of the effort required by the Government to deal with the problem which exists, I feel the Government should welcome the cooperation of the private sector. Such plaintiffs could include competing businesses, labor unions, private individuals, and others adversely affected by illegal alien employment.

A fourth point I wish to note is a proposal aimed at easing the direct expense to the taxpayer for enforcement of these and other provisions of the Immigration and Nationality Act. It has been estimated that any effective attack on illegal alien employment will cost an additional $12 million each year. As a means of attempting to partially hold down the appropriations for the Immigration and Naturalization Service, I suggest that all administrative and civil penalties, such as those assessed for knowingly employing illegal aliens, paid into the Treasury under the act be counted as a credit under the Service's appropriation for that year.

I hope my colleagues will seriously consider this and other proposals which have been made to make available to American workers jobs which have been illegally taken by violators of our immigration laws.●

TOBACCO—A MAJOR SOURCE OF PROTEIN FOR A HUNGRY WORLD

Mr. HELMS. Mr. President, it was approximately 3 years ago that I discussed in this Chamber the subject of tobacco as a potentially important source of protein. The heading in the RECORD on that occasion read, "Tobacco—A Major Source of Protein for a Hungry World?"

Mr. President, I have requested the same heading for the remarks I am about to make except that I have asked that the question mark be eliminated. The question mark in April 1978 was appropriate. But there is no longer any question about the potential of tobacco as a major source of protein. It is a demonstrable fact.

In the 3 years since I first raised the subject, there have been developments which leave no question that tobacco indeed will become a major source of food for a hungry world.

Tobacco protein will be an integral part of the food chain in the years ahead because it represents an entirely new and different kind of protein. Unlike any other known protein, the kinds of proteins extracted from tobacco have properties which make them an odorless, tasteless, crystalline protein which is soluble in water.

Because of the developments of the last 3 years which have taken the production of these tobacco proteins from the laboratory into the practical commercial development stage, we are, without doubt, on the verge of an era when world shortages of protein can be a part of the past.

Once these proteins are made available as food supplements to a hungry world—and I emphasize that they will be most useful in association with other food products—people worldwide will be able to achieve dramatic improvement in their diets. A consequence will be their spending a declining percentage of their disposable income for food, with a corresponding increase in the standard of living and the quality of life for persons everywhere.

For the full impact to be understood, Senators should be reminded that Americans spend some 17 percent of their income for food. In many countries of the world that percentage is two and even three times that figure, and even higher. Obviously, any real reduction in the percentage of income foreign people spend for food will result in an improvement, first, in the diets of people, and then in their overall economic well-being.

To a great extent the modern miracle of American prosperity is built upon the foundation of a bountiful supply of food at a reasonable cost. Less than 3 million American farmers produce enough food for all 212 million Americans, and still manage to ship one-third of all their production overseas. Because of the incredible productivity of American agriculture all other Americans are free to pursue other occupations, productive enterprises, and to enjoy leisure which contributes to the quality of life. So, in a very real sense, American economic growth and strength is based upon the fact that we are required to utilize less of our productive resources for our bountiful diets than do other nations for their more meager diets.

With widespread use of tobacco proteins in conjunction with other food sources we can literally eradicate hunger in the world and build the foundation for unprecedented economic growth and prosperity.

Without question such developments will greatly stabilize the world political economy and the geopolitical situation. It will strengthen America's relationship with the rest of the world, and help secure the blessings of liberty to all people, which will contribute mightily to keeping the peace and assuring the safety of our country.

Mr. President, I hope that Senators who may have negative feelings about tobacco in general will appreciate how important the protein for tobacco can be for America and for mankind. Perhaps these developments will encourage their indulgence of our golden leaf. That is my hope and wish.

I am proud that tobacco is uniquely suited to play this role, and I commend the good people who are devoting their efforts to make tobacco proteins a reality. I have encouraged these efforts from the very beginning, and am pleased to provide this up-to-date report.

Mr. President, I wish to share with Senators recent correspondence and a detailed report I have received on the subject, as well as copies of the correspondence included in my original report to the Senate in April 1978. In addition, just today a newspaper article relating similar developments in using these tobacco proteins to feed swine has come to my attention. I ask unanimous consent that all these materials be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

LEAF PROTEIN INTERNATIONAL, INC.,
Raleigh, N.C., April 7, 1981.

Hon. JESSE HELMS,
Dirksen Office Building,
Washington, D.C.

DEAR JESSE: Thank you for your past assistance to our project. It was through your efforts that we were able to form a joint venture between Farm Bureau Research, Inc., an affiliate of the North Carolina Farm Bureau Federation, and Leaf Protein, Inc. The joint venture has proven to be a satisfactory vehicle for the continued smooth operation of our project.

Although some progress was made last summer, due to unforeseen delays and difficulties we are not as far along as we had

hoped to be at this time. We did learn that we can count on the farmers of North Carolina to supply us with the quality and quantity of tobacco needed for processing. The cooperation of the local farmers last season was outstanding. And they have assured us that we can count on their continued support.

For the past four months Prachuab Kwanyuen, Ph. D., an employee of LPI, has been working at General Foods Corporation's Technical Center in Tarrytown, New York. During this period progress has been made in solving some of the problems encountered last summer. In addition functionality of protein and why it is important has been learned.

Functionality was a new term to our group. Most of our efforts have been spent on examining the nutritional value of leaf protein. A tremendous amount of protein is used as a food additive not for its nutritional value but for its functional properties. The addition of a small amount of the right type of protein can improve the taste, texture and appearance of many foods. Protein is added to coffee whiteners, gravy mixes, whipped topping even to the filling of the ubiquitous "Twinkie". Not just any type of protein will do for this purpose. Only expensive animal proteins have been found suitable until now for these uses. Look for sodium caseinate, albumin, or casein on product labels; you'll be surprised how many products contain them.

Work done this past winter tends to indicate that leaf protein is a very functional protein and might find possible uses as a functional food additive. The cost of leaf protein would be very competitive with the proteins it could be substituted for.

Very truly yours,

JOHN BECKER.

LEAF PROTEIN INTERNATIONAL, INC.,
Raleigh, N.C.

Leaf Protein International, Inc. is a North Carolina joint corporate venture between Farm Bureau Research, Inc., an affiliate of the North Carolina Farm Bureau Federation and Leaf Protein, Inc., a California Corporation. Leaf Protein International, Inc. controls certain patent rights and trade secrets regarding the extraction of leaf protein from tobacco plants and the use of by products in smoking and other products.

1. If there is currently no shortage of protein in the United States, what is the value of leaf protein?

At the present time there is not a protein shortage in the United States. Nevertheless, many persons in this country are not ingesting diets that are adequate in respect to their protein content. This may be due to a number of reasons. The high cost of foods which are good sources of proteins particularly animal proteins such as those from meat, fish, poultry and dairy products have priced these products out of the budget of many low income groups. The rapid increase in the cost of such foods as a result of inflation and their continuing increase in cost is resulting in a marked decrease in the amount of animal proteins ingested, particularly among persons in low income groups. For persons in high risk groups such as pregnant women, young children and the elderly, such a reduction may have serious effects in respect to their health. Currently available plant proteins such as those from cereal grains, vegetables and fruit are deficient in one or more of the essential amino acids. Whereas it is true that a combination of variout plant proteins in proper proportion can maintain adequate protein nutrition (for example, tortillas and beans or wheat and soybean protein), this requires a knowledge of nutrition that is beyond that possessed by a large majority of our population. Furthermore, for many persons this would require a change in the diet and the type of foods ingested that would be unacceptable for many persons. The net result is that a reduction in the consumption of animal proteins by populations that have previously been ingesting such proteins results in a marked reduction in the protein adequacy of the diets of such populations. Whereas it is true that there is sufficient protein available in this country to feed our population, inadequate income and inadequate knowledge as to how to prepare adequate diets from inexpensive sources of plant proteins results in many persons, particularly persons of low income, ingesting diets that are inadequate in respect to their protein content. The water soluble leaf proteins have a biological value that is superior to any of the plant proteins obtained from cereal grains, vegetables or fruits. They are comparable in nutritive value to the animal proteins but on the basis of cost per unit of protein can be produced at a lower cost. Since they are odorless and tasteless they can be readily incorporated in other foods without altering their appearance or taste. Such proteins would make an ideal supplement to replace animal proteins in the diet.

2. How could these proteins be marketed?

The types of protein products from leaf protein have different applications and uses and would be of interest to different kinds of marketing organizations. The water-soluble proteins are of two types: (1) crystalline Fraction-1 protein which is a single homogenous protein with a molecular weight of approximately 500,000 daltons and (2) Fraction-2 protein which is a mixture of a number of proteins ranging between 30,000 and 100,000 daltons in molecular weight. Both Fraction-1 and Fraction-2 protein are unique products that have never been available to the food and pharmaceutical industries. They will permit the manufacture of products by the food and pharmaceutical industries that at present cannot be produced with any of the currently available protein materials. In this regard they are not in competition with other agricultural products in the U.S. market. Since they are odorless, tasteless, water-soluble, colorless in solution, and have a biological value equal or greater than that of casein which the U.S. Food and Drug Administration employs as a reference standard, they have applications in the formulation of food and pharmaceutical products that currently cannot be duplicated by any available protein materials.

A decision must be made as to whether the company that produces these proteins wishes to market them on a bulk basis to food and pharmaceutical companies or whether the producing company will manufacture and market the new products on its own. For example, a vast market exists in the beverage industry for a water-soluble, odorless and tasteless protein of high biological value that can be incorporated in the beverages without altering their color, taste or appearance. Such a protein product has not previously been available, but Fraction-2 protein meets these specifications. Manufacturers of soft drinks such as "Coca-Cola", "Pepsi Cola" and others have been criticized that these products are junk foods with no nutritional value. Their nutritional value would be markedly increased with only a small increment in cost if Fraction-2 protein were incorporated in these beverages. The benefits of such supplementation would be particularly marked for young children, teenagers and young adults among whom such beverages have wide acceptability. Supplementation of beer with Fraction-2 protein is also feasible. Management might well consider whether it might not be wiser to market such products on its own when it has exclusive possession of Fraction-2 protein rather than to make it available to others. The same decision must be made in respect to the use of Fraction-2 protein for the production of a milk replacer. Fraction-2 has the potential of being developed as a milk replacer whose sales might well equal or exceed on a global level that of the present dairy industry. Dairy herds are virtually non-existent in most of Asia, Africa, Central and South America; and even in those countries where they do exist the increased cost of production is making their continuance unfeasible. Furthermore, cow's milk with its high lactose content is unacceptable for many of the ethnic groups in these countries. Employing Fraction-2 protein as a base, it is possible to prepare a milk replacer that will have the color, appearance and taste of milk but will be far closer to human milk in composition, be more nutritious than cow's milk for the human infant and child; and be less expensive to produce and market.

One of the major markets for Fraction-2 protein would be as a supplement to cereal grains. China, for example, has been purchasing large quantities of wheat from Canada and other countries. As far back as 10 years ago, the Chinese government was interested in purchasing wheat from Canada which would be supplemented with the appropriate amount of a protein of high biological value to correct its amino acid imbalance. It was determined that spraying fish protein concentrate at a 5 percent level onto the wheat would result in an increase of over 300 percent in its biological value for a nominal increase in cost. Fraction-2 protein of tobacco has far more potential in this regard than even existed for fish protein concentrate.

With the rapid increase in population that is now occurring (particularly in the underdeveloped countries), it is apparent that new sources of protein of high biological value must be developed if protein malnutrition is to be avoided in the future. When plant proteins are fed to animals and the latter are fed to man as a source of protein, a great loss of potentially usable protein for man occurs. This is an inefficient utilization of protein that much of the world cannot afford today, and that future generations may not afford at all. The plant proteins must be utilized more efficiently. Since the cereal grains which are the most abundant and acceptable source of plant proteins are deficient in one or more of the essential amino acids, they must be supplemented with the deficient amino acids if they are to provide adequate protein nutrition. Because (1) Fraction-2 can be incorporated in cereal grains without changing their color, odor, texture or taste, (2) it is an excellent source of the amino acids deficient in cereal grain proteins, (3) it is available as a virtually 100 percent protein product (thus requiring only a small quantity being employed as a supplement), and (4) it is potentially available in virtually unlimited quantities, Fraction-2 protein would appear to be an ideal protein for supplementing purposes.

From a nutritional point of view the closest protein product currently available from the standpoint of amino acid composition is casein. Quantities however are distinctly limited; and in view of the costs of production it is most unlikely that production can be increased to the levels that will be required in the future for grain supplementation. Fraction-2 protein from tobacco (which is nearly 100 percent protein) can be produced in virtually unlimited amounts. Soy protein concentrates and soy protein isolates can also serve as a cereal grain supplement at a cost somewhat below that of leaf proteins. They do not have the advantage of taste and water-solubility that Fraction-2 protein has, nor can soybeans be grown economically in tropical and subtropical climates. Furthermore, soybean protein is significantly inferior to Fraction-2 protein in respect to its protein efficiency ratio. By

the year 2000 there is good likelihood that tobacco grown as a food crop to serve as a source of Fraction-2 protein for cereal grain fortification may well be one of the major agricultural crops in the world.

In the U.S. and other Western countries, Fraction-1 and Fraction-2 proteins might be marketed directly to individual food and pharmaceutical companies. A large beverage company such as "Coca-Cola" or "Pepsi-Cola" might well consider purchasing Fraction-2 protein directly for their purposes. The Mexican government has recently expressed an interest in Fraction-2 protein as part of a milk replacer for the school children in the Mexico City area. Discussions have been held with the Chinese Government in regard to the use of proteins in China. An inquiry on obtaining proteins has been made by France, Germany and the Soviet Union. Private brokers currently selling casein and other protein products could also be a source of marketing such products. In the pharmaceutical field, such companies as Mead Johnson and others now marketing liquid protein products might well be interested.

3. What are the medical applications of these proteins and related by-products?

Both Fraction-1 protein and Fraction-2 protein have medical applications. Crystalline Fraction-1 protein is particularly important in this regard.

This protein is composed of 18 amino acids accounting for 99.8 percent of its mass. It has a PER (protein efficiency ratio) equal or greater than that of casein. Fraction-1 protein contains no carbohydrates, fats, purines, pyrimidines, pigments or minerals (with the exception of the sulphur present in the sulphur-containing amino acids). It is the only protein available to the food and pharmaceutical industries that contains no sodium or potassium. The pure protein is odorless, colorless and soluble. In the crystalline state, lyophilization produces a tasteless white powder. Because of its unique composition and qualities, this crystalline material has the potential of being developed into important therapeutic products for the treatment of patients with certain types of kidney disease, liver disease with ascites, severe heart failure with hepatic congestion and other conditions.

There are currently approximately 30,000 persons in the United States who are on hemodialysis two or three times per week for the treatment of renal insufficiency or failure at an average annual cost of approximately $25,000 to $30,000 per patient. These conditions are treated by repeated hemodialysis. Drug regimens also have a role but are not without side effects and high expense. By feeding protein of high biological value, it is possible to maintain the patient with renal insufficiency or failure in nitrogen balance with lower amounts of protein than would be the case if proteins of lower biological value are fed. Such lower amounts of protein reduce the amount of urea formed from amino acids not utilized for the production of protein in the body and reduce the work required by the kidney. Recent studies in which the amino acid requirements of the body were met by a mixture of amino acids indicated that a reduction in blood urea nitrogen occurred in patients with renal failure by such feeding and also that the frequency of hemodialysis in such patients could be reduced from two to three times per week to once weekly or even less. Crystalline Fraction-1 protein is particularly suitable for the treatment of patients with renal insufficiency and has a number of advantages over the use of amino acid mixtures or other sources of protein in such patients. Amino acids are rapidly absorbed after feeding and result in higher blood amino acid levels than is the case when an intact protein is fed. The duration of elevated blood amino acid levels is also less in the case where individual amino acids are fed than when an intact protein is fed for in the latter case the absorption of amino acids from the intestinal tract takes place over a more prolonged period of time. As a consequence the administration of intact proteins of high biological value result in a more efficient utilization than when a mixture of amino acids is fed. In addition, crystalline Fraction-1 protein is far more palatable than the mixture of amino acids and costs but a fraction of the price of a suitable mixture of crystalline amino acids.

In addition to the disadvantages of such amino acid mixtures indicated above, they also have the disadvantage of containing both the levo rotatory and dextro rotatory amino acids in contrast to just the naturally occurring forms present in Fraction-1 protein. Since there is evidence that only the naturally occurring form is physiologically active in the case of some of the amino acids, Fraction-1 protein would be the preferable product. No amino acid solutions are currently being marketed to our knowledge in the United States. Such solutions have been obtained from Japan for experimental purposes on patients with kidney disease at a cost of $50.00 per pound on a dry weight basis. The projected cost of crystalline Fraction-1 protein is $5.00 per pound. Since the daily dose per patient would be approximately 20 grams per day, the cost of a day's dose on a bulk basis would be approximately 22½ cents.

A further complication of renal insufficiency and failure is the retention of sodium and potassium that may occur in patients with this condition. The latter can result in congestive heart failure and other cardiac and muscular abnormalities. Virtually all natural sources of protein contain significant amounts of sodium and potassium whose intake must be rigorously controlled in patients with renal insufficiency. The latter is one of the major reasons why crystalline amino acid mixtures have been used in the treatment of this condition for such mixtures can be prepared which are virtually free of these minerals and the latter can be added in amounts as required by the patient. Crystalline Fraction-1 protein contains no sodium or potassium, both of which are present in all other available proteins.

A number of products containing crystalline Fraction-1 protein as the sole source of protein can be prepared for the feeding of patients with renal insufficiency. These could consist of liquid diets of varying caloric intake containing adequate amounts of all essential nutrients. If desired, these could be fed for prolonged periods as the sole source of food. Such preparations could be prepared in a number of different flavors. In addition, special foods could be prepared that could be eaten either along or in combination with the above liquid diets by patients with renal insufficiency or other conditions requiring drastic restriction of sodium and/or potassium intake. Meat substitutes made of textured Fraction-1 protein could be prepared that would look, feel and taste like chicken, turkey, ham, meat loaf, etc. (as is done with textured soy protein products) that would be devoid of sodium and potassium. Desserts and other foods could be similarly prepared. It is not possible to make comparable products that are free of sodium and potassium when other available intact proteins are used. Products such as those described above do not exist today. Their availability could result in a major change in the care and feeding of patients with renal disease and other conditions requiring a restriction in sodium and/or potassium intake not only in the United States but in the rest of the world as well.

Fraction-2 protein is a mixture of water-soluble proteins that is virtually colorless, odorless and tasteless. It has a PER (protein efficiency ratio) that is equal or greater than that of casein, and the product contains in excess of 96 percent protein on a dry weight basis. This protein preparation has a number of advantages over existing commercial product in the areas indicated below:

LOW RESIDUE NUTRITIONALLY COMPLETE LIQUID DIETS

Diets of this type are employed therapeutically in the treatment of patients with pyloros_asms, gastrointestinal fistula, short bowel syndrome, tumors of the esophagus and gastrointestinal tract, pancreatitis and other diseases involving maldigestion and malabsorption. They require little digestion and as a consequence leave little residue for excretion. Three kinds of such products are currently on the market: (1) Elemental Diets which contain either crystalline amino acids or hydrolyzed protein (usually casein) plus crystalline amino acids as the source of protein. Examples are such products as Vivonex (Eaton) and Flexical (Mead Johnson); (2) Protein Isolate Diets which contain caseinate and/or soy protein as the source of protein. Examples are Ensure (Ross) and Isocal (Mead Johnson); and (3) Food Based Diets which contain beef and nonfat milk as source of protein. Examples are Compleat B (Doyle) Formula 2 (Cutter) and Nutri 1000 (Synetex). The large number of such products in the market indicate the need and marketability of such products for medical purposes.

Fraction–2 proteins can be employed for the production of low residue nutritionally complete liquid diets and have a number of advantages in this regard over the protein sources in the products indicated above. Their nutritional value as sources of protein (i.e., their protein efficiency ratio) is superior to that of diets containing crystalline amino acids, hydrolyzed casein, caseinate or soy protein as sources of protein and is at least comparable to that of diets containing beef and non fat milk. The Fraction–2 proteins are odorless and tasteless in contrast to the unpleasant taste of casein hydrolysate and crystalline amino acid mixtures. They do not have the "beany" taste of some of the soy protein products. They do not contain lactose which is present in products containing nonfat milk and which may cause problems in lactose intolerant persons (particularly among Blacks, Asians and Indians). Their efficiency of utilization is superior to that of protein hydrolysates or amino acid mixtures which result in high blood amino acid levels for short periods of time after ingestion in contrast to the lower but more prolonged blood amino acid levels following the ingestion of the intact proteins. Their water solubility facilitates the production of a stable liquid diet with no settling out of protein which may occur on diets containing casein, soy protein and beef. Finally the cost of Fraction–2 protein would be substantially less for a given amount of protein than for an equal percentage of the U.S. RDA (recommended daily allowance) than would be the case for the crystalline amino acids, hydrolyzed casein, caseinate and beef proteins.

INFANT FORMULAS

In the case of mothers who are unwilling or unable to nurse their young or when the young are allergic to or will not respond well to infant formulas containing cow's milk or goat's milk (possibly due to lactose intolerance), infant formulas prepared from Fraction–2 protein have a number of advantages over soy milk formulas and other artificial formulae. The biological value of Fraction–2 protein is superior to that of soy protein and is comparable to that of the milk proteins. Because it is odorless and tasteless and readily soluble in water, Fraction–2 protein can readily be made into a formulation that will simulate mother's milk and will approach the composition and nutritive value of the latter far more closely than is the case with formulae derived from cow's milk, goat's

milk or soy bean products. Furthermore, the cost of such infant's formulas will not exceed and may well be substantially below that of other infant formulae currently on the market.

POTENTIAL MEDICAL PRODUCTS FROM TOBACCO BY-PRODUCTS

An extensive literature is available indicating that co-enzyme Q may have important therapeutic applications in the prevention or treatment of immune disorders. Coenzyme Q can be obtained in high concentration as a byproduct of tobacco protein production. Phytosterols with potential value in the prevention or treatment of hypercholesterolemia can also be obtained as a byproduct of protein production. The above have the potential of being developed into important therapeutic products with important economic possibilities. Additional work is required before their potential can be adequately evaluated.

4. Why has tobacco been used as the source of leaf protein?

Tobacco is the primary choice because crystalline Fraction-1 protein can be produced from no other plant except tomato and eggplant by the Scheme I method. Alfalfa, sugarbeets, and clover have been investigated without success. The much simpler Scheme II has only been tried with tobacco but it is our intention to make a far-reaching survey of other plants as soon as appropriate security to conduct the experiments is available. But in defense of tobacco, the plant is a weed which grows very rapidly when provided with adequate water and fertilizer. In yield of biomass per acre per year, tobacco will outgrow corn or alfalfa and hence produce more protein. Our concept of growing tobacco as a forage crop should minimize pest problems because frequent removal of the aerial portion of the plants would prevent buildup of pest populations. In contrast to present practices of producing leaves with as few blemishes as possible, blemishes would not be a factor in protein and tobacco residue production. Also, tobacco has been tailor-made by plant breeders to conform to qualities demanded by tobacco manufacturers. We propose to develop cultivars of tobacco by breeding and molecular biological techniques where first priority will be placed on protein yield and quality of tobacco residue being of secondary importance. We foresee the time when the amount of tobacco grown for protein and pharmaceutical products will be so great as to overwhelm the market for smoking material. Then, the smoking requirement would be met by conventional cultivars but with protein and pharmaceuticals still being the primary product. However, the opportunity would exist to put additional land into protein production and to utilize hybrids between tobacco and other Nicotiana species which would have been specifically bred for maximum biomass, drought resistance, disease control, etc. This would be akin to developing hybrid vigor in tobacco as has been done for corn and to breed new cultivars especially adapted to microclimates.

Whereas the plants are perishable, once they are processed to obtain the three kinds of proteins and the decolorized tobacco residue, the products are unusually stable materials. When dried, the proteins will keep indefinitely without refrigeration. As liquids, they can be kept under refrigeration for prolonged periods without sterilization.

As mentioned above, tobacco needs water, fertilizer, and suitable environment for maximum growth. It cannot survive frosts. Tobacco is now grown from the equator to latitude 55°. As a good crop, the longer the growing season, the greater the yield of biomass, other things such as perfection of plant husbandry being equal. We foresee tobacco grown as combination food and tobacco crop occupying lands historically devoted to tobacco for smoking material. But with saturation of the smoking market, tobacco could be grown profitably for food in other areas. The tropics would be of prime importance because much larger yields of biomass per acre per year might be obtained in these climates where tobacco is known to grow very rapidly. There is also a great need for a crop of high protein yield and quality to supplement the almost exclusively starch producing plants now grown in these regions.

5. What are the potential benefits of tobacco protein to North Carolina?

North Carolina Agricultural income has relied upon tobacco as a major contributor for much of this century. Tobacco growers of this state are recognized world wide as a group possessing the technical knowledge, heritage, soils and climate to produce top quality tobacco. The economic significance of tobacco to North Carolina becomes very vivid when one observes the following statistics:

1. Is produced in 91 of the 100 counties.

2. Recent annual gross income from tobacco has averaged approximately $1 billion or 35 percent of all cash farm receipts. Tobacco also represents about 57 percent of the states crop income.

3. There are more than 134,000 farm allotments producing almost 400,000 acres of tobacco.

CURRENT TOBACCO SITUATIONS AND FUTURE PROJECTIONS

Tobacco growers are beginning to voice concern over the future outlook for tobacco utilization in smoking products. Some growers worry about possible declines in production during the next decade.

Cigarette consumption is stable and not increasing

U.S. consumers smoked 620 billion cigarettes (estimated) in the 12 months ending June 30, 1980. This is virtually the same as in the previous four years. The smoking age population continues to increase but the share of the population that smoke cigarettes (both men and women) has been declining since the mid-1960's. The decline extends to every age group except older girls and younger women (17–24 years). In per capita terms, the consumption per person, 18 years and over (191 packs of 20 each) has been drifting downward for several years and last year reached the lowest level since 1957.

Market

Several scenarios can be visualized for the 1980's. With the persistence of anti-smoking sentiment of the past few years, the recent rate of per capita decline averaging 1–2 percent per year would continue to 3,500 cigarettes by 1990. With a one-ninth larger adult population, cigarette consumption would remain about the same level as last year.

Alternatively, the population shifts indicated for this decade—a decrease in the younger adult groups—suggest a further lessening of the per capita consumption. A reduction of an additional ½ percent a year, would bring the per capita rate to 3,400 cigarettes.

Finally, it is not inconceivable that new administrative or legislative actions will further discourage smoking and bring the per capita rate down 2½ percent annually, reaching 3,060 cigarettes by 1990.

The projections made here are for per capita cigarette use by 1990 to decline 10 to 30 percent lower than last year.

Current producers may have potential of expanding production

The many small burley and flue-cured tobacco farmers in North Carolina may be producing tobacco for revolutionary products if current tobacco protein extractions research can be fully implemented. From the harvested immature leaves of the tobacco plant there appears to be an abundant reservoir of food for man and animals.

If additional uses can be found and developed for tobacco, this could lead to an alternate or supplementary source of income for our current tobacco growers. Not to be over looked would be providing tobacco with a positive image when we begin to visualize the potential for human nutrition.

6. Why and What is Farm Bureau's Intent in Securing Tobacco Proteins and Other Potential Products from Tobacco?

Farm Bureau is interested in promoting and improving the economic well being of tobacco farmers and producers of all farm commodities grown in North Carolina. With this principle established, Farm Bureau proposes to organize and incorporate Farm Research, Inc. as a legal vehicle or entity under the direction of the N.C. Farm Bureau. The intent and purpose of Farm Bureau Research, Inc. is to work with other groups and organizations to utilize current and future technology to extract proteins from tobacco and develop other potential products. Farm Bureau takes the position that it should help promote, direct and influence those activities that could possibly benefit and improve the financial position of farmers. We contend that any new technology which would require additional production of tobacco acreages that current allotment holders should have first opportunities for production. Farm Bureau supports the current historical tobacco producing areas being given first priority in any future expansion in production for alternate uses.

INSTITUTE FOR NUTRITIONAL STUDIES,
Culver City, Calif., March 31, 1978.

Senator JESSE HELMS,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR HELMS: Dr. S. G. Wildman and I are most grateful for the interest you expressed during our telephone conversation of March 30th concerning our studies on tobacco proteins. We feel that such studies have the potential of vastly improving the economic status of the tobacco growers not only in your state but throughout the entire country, and we feel that within 10 to 20 years tobacco grown as a food crop will be one of the major agricultural products in the world.

With the rapid increase in world population, the importance of obtaining new sources of protein fit for human consumption, high in biological value and low in cost, cannot be overemphasized if worldwide protein malnutrition is to be avoided in the future. Leaf proteins are by far more abundant of all protein sources: but for them to serve as a significant source of protein for man, they must be concentrated. The cost of such concentration has priced these proteins out of serious consideration as a source of protein in the past. Technological improvements in the concentration of leaf proteins (particularly from tobacco) now make it possible to produce at nominal cost highly purified proteins from tobacco of high biological value to have no odor or taste and that can be added to foods to improve their protein content without altering their appearance, texture or taste.

When tobacco is grown for smoking purposes, the plants are harvested when mature. In the case of Burley tobacco grown in Kentucky, tobacco culture as presently practiced calls for planting approximately 8,000 plants per acre. When tobacco is grown as a food crop for its protein content, however, the plants are harvested while still immature (i.e., approximately 6 weeks after the seeds are planted with a second harvest from the same plant 4 weeks later). Under the latter conditions, close spacing culture is employed with as many as 150,000 plants per acre. Two or more plantings can thus take

place depending on weather conditions during the course of the growing season. This can result in a substantial increase in the financial return to the farmer per acre of land per year over the obtained when tobacco is grown for smoking purposes.

Dr. Wildman and associates have prepared from young tobacco plants 3 different classes of proteins of major economic importance: (1) a crystalline, water-soluble protein of high biological value that contains no sodium or potassium that would have marked value in the treatment of patients with certain kinds of renal, liver and heart diseases; (2) a series of water-soluble proteins of high biological value that are odorless, colorless and tasteless that could be incorporated in beverages, liquid foods (such as soups for senior citizens), etc. to increase their nutritional value; these proteins would be particularly valuable in the preparation of milk replacers in parts of the world where milk is not readily available for infants and children; and (3) a non-soluble protein that could be incorporated into cereal grain products, flour and other food substances to increase their protein value both quantitatively and qualitatively.

The material remaining from tobacco plants after the above protein products are removed can be processed to produce material that is similar in color, texture and taste to various blends of smoking tobacco but from which many of the constituents which have been implicated as possibly hazardous to health have been removed.

The above studies have been conducted to date only on a laboratory scale. We are most anxious at this time to initiate studies to determine the most feasible methods for their production on a commercial scale, to conduct the toxicity tests required by the FDA to obtain approval of these various tobacco proteins for use as an additive to foods; to determine the optimal conditions for planting and harvesting; etc. Funds are lacking for this purpose. We should be most grateful for any suggestions that you might care to offer to further such a program.

Enclosed is a copy of a paper dealing with one of the proteins prepared by Dr. Wildman and associates from tobacco that may be of interest to you. It was presented at a conference on Non-Conventional Proteins and Foods sponsored by the National Science Foundation that was held last October at the University of Wisconsin.

Sincerely yours,

BENJAMIN H. ERSHOFF, Ph. D.,
Director.

PRODUCTION AND BIOLOGICAL EVALUATION OF CRYSTALLINE FRACTION I PROTEIN FROM TOBACCO LEAVES

(S. G. Wildman, P. Kwanyuen and B. H. Ershoff, Department of Biology, University of California, Los Angeles, California 90024, and Institute for Nutritional Studies, Culver City, California 90230.)

Abstract. Fraction I protein (F–I–p) is the most abundant single protein in Nature and can constitute 25 percent of the total protein in leaves. Compared to other green leaves such as alfalfa, the F–I–p from tobacco leaves is unique in that it can be obtained in crystalline form. The crystalline protein is composed only of amino acids and is odorless and colorless. The pure protein is soluble to a large extent in dilute salt solutions. In the salt-free crystalline state, lyophilization produces a tasteless white powder. When fed to rats at a 10 percent level in the diet the lyophilized F–I–p had a PER (protein efficiency ratio) which was consistently greater throughout a 28-day experimental period than that of rats fed a similar diet containing casein. In California, field experiments with tobacco plants grown as a forage crop indicate a potential yield approaching 60 metric tons of fresh plants per acre per growing season and a yield of more than 100 kg/acre of lyophilized, crystalline F–I–p. It is anticipated that the crystalline protein may have medical applications such as reducing the frequency of hemodialysis for patients suffering renal failure, maintaining adequate protein nutrition of patients with pylorospasms and other disorders of the gastro-intestinal tract, and as a more adequate milk replacer for infants and children allergic to cow's and goat's milk. The absence of taste together with superior nutritional quality would indicate F-I-p to have advantages over current protein hydrolysates employed in medically supervised reducing diets.

INTRODUCTION

Fraction I protein (F–I–p) is the most abundant, single protein in the world, since it is present in all green plants (1). F–I–p may constitute 25 percent of the total protein and 50 percent of the soluble protein in leaves. The leaf proteins constitute the most direct utilization of solar energy in the manufacture of protein. F–I–p is synthesized in the chloroplasts of leaves where photosynthesis occurs in the first instance.

With the current rapid increase in world population, the importance of obtaining new sources of protein fit for human consumption and of high biological value cannot be overemphasized if worldwide protein malnutrition is to be avoided in the future. Leaf proteins are by far the most abundant of all the protein sources of the world but very little of them are used directly for human consumption. Proteins constitute but a small portion of the leaf, and for them to serve as a significant source of protein for man, they must be concentrated. The cost of concentration has priced these proteins out of consideration as a source of human protein in the past. With the increasing costs of protein from conventional sources and technological improvements in the concentration of leaf proteins, the possibility that leaf proteins may serve directly as an important source of protein for man is receiving increasing consideration.

F-I-p from tobacco is unique from that derived from other green plants such as spinach, wheat, rice, cabbage, clover, alfalfa and others in that only from plants of the genus Nicotiana (of which tobacco is a member) can it be obtained in pure, crystalline form (2). The crystalline protein is composed entirely of amino acids with no carbohydrates, prines, pyrimidines, pigments or minerals (with the exception of the sulphur present in the sulphur-containing amino acids, none of which are united by disulfide bonds). It consists of a single homogeneous protein whose molecular weight is approximately 500,000 daltons. The pure protein is odorless, colorless and soluble to a large extent in dilute salt solutions (3). In the salt-free, crystalline state, lyophilization produces a tasteless white powder. The protein breaks down into 80–100 small peptide when treated with the digestive enzymes of human gut, trypsin and chymotrypsin. Because the essential amino acid composition of crystalline F-I-p was closely comparable to that of an ideal protein for human nutritional purposes by F.A.O. standards (4) as shown in Table 1, the Rann Division of the National Science Foundation funded a project whereby 0.6 kg of crystalline F-I-p were prepared by laboratory methods for biological evaluation. Production of this quantity of protein was greatly facilitated by the cooperation of Dr. Richard Lowe of the University of Kentucky in notifying us of his discovery that F-I-p would crystallize upon passage through a G–25 Sephadex chromatography column (5). Thanks to Lowe's cooperation, we have used this method with great success with greenhouse and field grown plants. The following is a description of the procedure employed to prepare crystalline F-I-p in batches of 6 to 12 g per day.

Production of Crystalline F–I–p on a Laboratory Scale. Turkish tobacco plants were grown in a greenhouse at a spacing of one plant per 0.25 ft.^{2} until they attained a height of 18 to 21 inches. The leaves were detached from the stems. The blades of a gallon size Waring Blender were covered with 400 ml of 2.5 M NaCl solution and 10 ml of beta mercaptoethanol. Then 2 kg of fresh leaves were homogenized in this solution. The homogenate was filtered through two layers of fine cheesecloth supported on a 32 mesh screen, the cheesecloth was twisted by hand to press out the green juice whose pH ranged from 5.7 to 6.2 and amounted to about 1900 ml. In 400 to 500 ml batches, the green juice was heated in a 50° water bath for 10 minutes. After removal from the bath, 10 ml of 50 times concentrated Tris-HCl-EDTA buffer was added to produce a pH of 7.6–7.8, and a final concentration of 0.025 M Tris and 0.0005 M EDTA.

Upon standing at room temperature for 1 hour, partial separation of a green sediment from a brown juice could be seen. The neutralized juice was centrifuged at 5000 g for 15 min. The brown juice (total volume, ca. 1700 ml) was collected and passed through a G–25 Sephadex column equilibrated with Tris-HCl-EDTA buffer. As Tris-HCl-EDTA buffer passed through the Sephadex column, the total soluble proteins of the tobacco leaves eluted in the void volume of the column. Frequently, crystals of F-I-p appeared during collection of the eluate or shortly thereafter. The eluate was allowed to stand for 2–3 days at 8° C to allow more F-I-p crystals to form and settle into a thin layer at the bottom of the flask. Then, the proteins which remained dissolved in the mother liquor were decanted so that the F-I-p crystals could be collected and washed with distilled water. The crystals were redissolved in 0.1 M NaCl solution, the latter centrifuged to remove slight amounts of undissolved material and the water-clear, supernatant solution dialyzed against distilled water to cause recrystallization of F-I-p. The recrystallized protein was transferred to flasks and the protein lyophilized to produce a white, nonhygroscopic powder which was tasteless. The yields of recrystallized F-I-p have been consistently between 3 to 4 grams dry protein per kg of fresh tobacco leaves during the Fall, Winter and Spring months of 1976–77.

Protein Efficiency Ratio of Crystalline F-I-p Compared to Casein. Twenty male rats of the Sprague-Dawley strain ranging from 48 to 52 g in body weight were divided into 2 comparable groups of 10 animals each. These were fed diets similar to the AOAC Protein Evaluation Diets (6) but differed as to the source of protein. Rats in group I were fed ANRC Reference Casein and those in group II twice crystallized F-I-p from tobacco leaves as the sole source of dietary protein which was incorporated at a 10 percent level in the test diets. Sucrose was employed as the source of dietary carbohydrate. Animals were placed in individual metal cages with raised screen bottoms and were provided the above diets and water ad libitum. Animals were fed daily, and all food not consumed 24 hours after feeding was discarded. Food consumption was determined daily for each rat for 28 days. Animals were weighed once weekly. The average weight increments and PERs of rats in the two groups after 7, 14, 21 and 28 days of feeding are summarized in Table 2. Findings indicate that the average weight increment and PER of rats fed the diet containing F-I-p from tobacco were consistently greater throughout the experimental period than that of rats fed the casein-containing diet.

After the 28th day of feeding, rats were fasted overnight. The next morning they were anesthetized with sodium pentobarbital, and 5 ml of blood were withdrawn from

each rat by heart puncture. Two ml were taken for hematological determinations; serum was separated from the remaining 3 ml and analyzed with a Technicon SMAC high speed computer controlled Biochemical Analyzer from serum levels of protein, lipids and other serum constituents. No significant differences in respect to hematological findings and serum levels of proteins, lipids and other constituents were noted between rats in the two dietary groups.

Potential Medical Applications of Crystalline FXI-p—Because crystalline F–I–p from tobacco leaves is composed entirely of animo acids and contains no carbohydrates, purines, pyrimidines, pigments or minerals (with the exception of the sulphur present in the sulphur-containing amino acids) and because of its high nutritional value and absence of odor and taste, it has the potential of being developed into important therapeutic products for the treatment of a number of medical conditions. It would appear to be particularly valuable in the feeding of patients with various types of renal disease whose sodium and potassium intake must be rigorously controlled and might well be incorporated in special diets which could reduct the frequency of hemodialysis required by patients suffering from renal failure. F–I–p from tobacco in water soluble and can readily be administered in conjunction with other water-soluble and water-dispersible nutrients in amounts sufficient to meet the nutritional requirements of patients with pylorospasms and other disorders of the gastrointestinal tract. In the case of mothers who are unwilling or unable to nurse their young and when the young are allergic or will not respond well to infant formulas containing cow's milk or goat's milk, infant formulas containing F–I–p from tobacco as the sole source of protein may be particularly appropriate. It has a number of advantages over soy protein not only in respect to the biological value of its protein but also in regard to such factors as odor, taste and water solubility. Current medically supervised fasting in which patients are administered vitamin and mineral supplements with limited quantities of a protein hydrolysate as the sole source of calories is gaining considerable popularity for patients who are markedly obese and who have failed to lose weight on other dietary regimes.

It might be anticipated that the efficiency of F-I-p from tobacco in maintaining nitrogen equilibrium and meeting protein requirements in such patients would be greater than that obtained with protein hydrolysates in current use. The latter are prepared primarily if not solely from connective tissue which is deficient in one or more of the essential amino acids. Inasmuch as F-I-p from tobacco is water-soluble, odorless and tasteless, it has the further advantage over preparations now in use in that it can be prepared in the form of a tasty beverage in contrast to the liquid hydrolysate preparations currently available that can most charitably be described as "unpleasant".

Potential Yields and Uses of Crystalline F-I-p from Tobacco. Current tobacco culture, as for example the production of Burley type tobacco in Kentucky, is based on growing 8000 plants per acre which result in a harvest of 2000-2400 dry lbs per acre or at 85 percent moisture, somewhat more than 30,000 lbs of fresh plants. As compared to forage crops such as alfalfa, this is not a very impressive yield of biomass. However, it is possible to grow tobacco as a forage crop like alfalfa. In California, we have been growing tobacco at a density of one plant per 0.25 ft² in the San Fernando Valley. During July and August 1977, growth for six weeks produced plants which averaged 0.125 kg per plant (fresh weight) cut off four inches above the soil level. This yield is equivalent to more than 20,000 kg fresh weight tobacco plants per acre. At 15 percent dry matter, a single harvest would produce about 3000 kg dry matter per acre. Allowing the harvested plants to regenerate new shoots for a second harvest followed by replanting and two more harvests, we envisage yields approaching 60 metric tons of fresh tobacco plants per acre per year. At our present level of recovery of crystalline F-I-p from these field grown plants, we could anticipate a yield of more than 100 kg of F-I-p/acre per growing season.

A project under the direction of Dr. T. C. Tso of the Tobacco Laboratory of the U.S. Department of Agriculture at Beltsville, Maryland, is attempting to develop a method for extracting crystalline F-I-p during a process known as homogenized leaf curing (HLC) (8, 9). This process is being developed in response to the need for saving the high costs of labor now required for conventional harvest and curing of tobacco. It is also believed that a safer smoking product can be F-I-p and other soluable nitrogenous components become reduced in amount during the tobacco leaf residue into cigarette tobacco. F-I-p and other soluble nitrogenous components become reduced in amount during the homogenization stage of the HLC process. Extensive studies are underway to see whether crystalline F-I-p could be obtained during the HLC process. There is considerable evidence that protein content including the F-I-p content of leaves is less in very mature plants than in young growing plants.

The need to "yellow" the leaves before HLC in all probability results in a further diminution of its F–I–p due to the senescence of the leaves while still attached to the plants standing in the fields prior to harvest. There is good likelihood that when tobacco plants are grown primarily for their protein content and harvested at an early stage when they have attained a height of 18 to 21 inches, their F–I–p content will be significantly greater than that obtained from mature plants in the HLC process.

Of the various sources of plant proteins, those from tobacco leaves would appear to have important advantages over other plants on the basis of production and economics. Compared to soybeans, for example, which grow poorly in subtropical and tropical regions, cultivars of tobacco have been bred which are suited to growing from the equator to as far north as Novosibirsk, Siberia (latitude 55°). Tobacco leaves also can serve not only as a source of crystalline F–I–p but also of a mixture of a large number of different soluble proteins. No single protein in this mixture comprises more than 10 percent of the total nor does the molecular weight of any of them exceed about 50,000 daltons. These proteins as well as the non-crystallized F–I–p can also serve as human grade protein of high biological value. In addition to the above, tobacco leaves can also serve as a source of a number of by-products of considerable commercial value. These include proteins ("green" protein) for use in animal feeds, nicotine and other alkaloids which can be employed in the manufacture of pesticides, and deproteinized tobacco leaf residue which can be processed to produce smoking products of improved quality, safety and usability. It would appear that the combined value of the various by-products indicated above when added to that of the human grade protein might well make the financial return from the growing and processing of tobacco primarily for its protein content a most lucrative venture.

This investigation was supported in part by Research Grant AER 76–11051 from the RANN Division of the National Science Foundation. However, any opinions, findings, conclusions or recommendations expressed herein are those of the authors and do not necessarily reflect the views of the National Science Foundation. The authors are indebted to Dr. H. T. Huang of the National Science Foundation for his constructive criticism and encouragement during the course of this study.

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TABLE 1.—ESSENTIAL AMINO ACIDS IN CRYSTALLINE F-I-P FROM TOBACCO LEAVES COMPARED TO FAO PROVISIONAL PATTERN

Amino acid [1]	Provisional pattern [2]	F-I-P [3]
Isoleucine	4.2	4.2
Leucine	4.8	8.8
Lysine	4.2	5.8
Phenylalanine	2.8	4.4
Tyrosine	2.8	4.9
Methionine	2.2	1.6
Threonine	2.8	5.2
Tryptophan	1.4	1.5
Valine	4.2	7.2

[1] G/100 g protein.
[2] 4.
[3] Calculated from amine acid analyses contained in 7.

TABLE 2.—COMPARATIVE EFFECTS OF CASEIN AND CRYSTALLINE F-I-p FROM TOBACCO ON THE WEIGHT INCREMENT AND PER (PROTEIN EFFICIENCY RATIO) OF RATS

Dietary protein	(10 animals per group) average weight increment (g) after the following days of feeding—			
	7	14	21	28
ANRC casein	18.1	51.5	80.8	114.4
F-I-p from tobacco	25.7	64.2	100.6	139.1
	PER after the following days of feeding [1]—			
	7	14	21	28
ANRC casein	2.73	3.07	2.88	2.83
F-I-p from tobacco	3.40	3.44	3.10	3.01

[1] PER equals weight gain/protein consumed.

[From the Greensboro Daily News, July 7, 1981]

PIGS MAY PROVE TOBACCO IS GOOD PROTEIN SOURCE

LIVE OAK, FLA.—Convinced that young tobacco plants contain nearly pure protein,

scientists plan to feed extracts from the leaves to Florida farm animals in a research project this summer.

"Chemically, tobacco looks real good as a protein source," said Ed White, an assistant professor of animal science at the University of Florida.

Last year, pigs at the university's Agriculture Research Center in Live Oak were fed small amounts of whole tobacco leaves mixed with corn and soybeans.

This year, the experiment will be expanded. Pigs will be fed tobacco protein powder as their only source of protein, White said Monday.

If results of the animal studies are encouraging, scientists say tobacco eventually may be used as a protein booster for humans.

Although tobacco-protein research is in the early stages, it already has captured the attention of the tobacco industry.

"We're very happy about the (research)," says Reg Lester of the Tobacco Growers Information Committee in Raleigh, N.C. "The dual purpose of the leaf—creating protein in addition to smoking purposes—would make it more valuable."

Scientists have learned that young tobacco plants have low levels of tar. Further, tars can be removed during an extraction process called homogenized leaf-curing.

Scientists at the U.S. Department of Agriculture Research Center in Oxford, N.C., developed the extraction method.

The North Carolina Farm Bureau has joined private investors to form a venture called Leaf Protein International. The company has started a pilot project in Wilson, N.C., to streamline the process of separating protein from tobacco, says John Sledge, president of the state's farm bureau and chairman of the firm's board of directors.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR EXTENSION OF TIME FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I earlier entered an order for 15 minutes for morning business. It appears now it may require longer than that.

Let me say, by the way, that I do not anticipate that any Senator will ask for any action of the Senate this afternoon, but perhaps it is the intention of the Senator from Ohio to submit a resolution for referral and at least two other Senators to speak on that measure. So it seems desirable to extend the time for the transaction of routine morning business.

Mr. President, I ask unanimous consent that the time for the transaction of routine morning business be extended to not later than 5 p.m. and that Senators may speak therein for not more than 15 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

PROPOSALS TO IMPROVE INTERNATIONAL NONPROLIFERATION REGIME

Mr. GLENN. Mr. President, on July 9, 1981, I placed a long statement in the CONGRESSIONAL RECORD, beginning on page 15163 entitled "Control of Nuclear Weapons: Now—or Ever?"

That statement traces the history of U.S. nonproliferation efforts up to the point of the Israeli raid on the Osirak reactor in Iraq. It is not my intention to repeat that discussion today. Regardless of how we got to our present state, we all know that serious problems exist, that the international safeguards regime must be strengthened, that the nuclear programs of a number of countries around the world give us cause for concern, that the supplier nations—those supplying nuclear materials, equipment, and technology—have not shown an adequate level of restraint in the transfer of nuclear materials, equipment, and technology, and that the whole nonproliferation regime does not have sufficient force behind it to give us confidence in its effectiveness.

In my July 9 statement I offered a number of proposals to improve the international nonproliferation regime.

The most salient of these have been included in the resolution I am introducing today, along with my distinguished colleagues, the Senator from Pennsylvania (Mr. ARLEN SPECTER), and the distinguished chairman of the Senate Foreign Relations Committee, Senator CHARLES H. PERCY of Illinois.

I am glad to see a revival of interest in this issue in the Senate. I am sorry that it had to take as dramatic an example as the Israeli raid in order to focus attention upon it. Now that we are paying close attention to the problem once again, I hope we will not have a repeat of the pattern that has existed during the years I have been in the Senate, which is to pay attention to this problem when a dramatic event occurs and then to forget about it shortly thereafter.

The national security of the United States and the international security of the world community demands that we develop an ongoing interest in this problem and that we aid whatever administration is in power in formulating suitable policies to deal with it. This resolution should be seen in that light.

The resolution urges the President to launch a major program in cooperation with other nuclear supplier and recipient nations and the IAEA, which is the International Atomic Energy Agency, to slow the spread of nuclear weapons capabilities by limiting transfers of sensitive nuclear technology and enhancing IAEA safeguards, among other measures.

In the near term, the resolution calls on the President to reopen the nuclear suppliers' conference—which was active from 1974 to 1978—to try to tighten common supplier policies on nuclear technology transfer. The resolution outlines a number of positive steps to be considered by the conference.

These include a temporary worldwide moratorium while discussions on a new regime for nuclear trade proceed on transfers of enrichment and reprocessing equipment and technology, even at the experimental level, to sensitive areas, including the Middle East and South Asia; addressing the problem of research reactor transfers posed in cases like that of Iraq by establishing limits on the size and fueling of such reactors; enlarging the nuclear suppliers' "trigger list"—that is, the list of items whose exports will be allowed only if IAEA safeguards are applied—to include a wider range of materiel; and bolstering the IAEA regime by requiring that nuclear export recipients accept such safeguards on all of their nuclear activities as a condition of the nuclear supply and by establishing clearly defined sanctions to be imposed in the event of safeguards violations—today the only "sanction" is public disclosure of the safeguards breach. Some of these measures are already in force in the number of supplier nations, but to be fully effective they need to be adopted more widely. This would be a major objective of the suppliers' meeting.

Also in the near term, the resolution called on the President to work through the IAEA to propose improvements in the agency's safeguards regime, through measures that include: Expanding the definition of full-scope safeguards to mean safeguards on all nuclear materials, equipment, and facilities within a nonweapons state whether or not such materials, equipment, and facilities have been formally declared to the IAEA; increasing the quality and quantity of IEAEA inspections; publishing inspection reports; and extending and upgrading IAEA surveillance and containment measures.

These proposals would address the number of recognized weaknesses in the safeguards regime including those recently highlighted in the testimony before the Senate Foreign Relations Committee by an IAEA inspector which reduced the effectiveness of safeguards of Iraq's nuclear program.

Third, while efforts to launch the foregoing initiatives are getting underway, the resolution calls on the President to formulate a clear U.S. policy on tightened international restriction on dangerous nuclear trade and on improving the international safeguards regime and to seek adoption of such policies by other nations, using U.S. leverage to the extent feasible to support this effort. For example, the United States could use the granting of nuclear trade concessions to supplier countries as a bargaining tool to obtain these supplier nations' acceptance of the needed nonproliferation controls.

Assuming these initiatives succeed, it would be appropriate to go on to a world nuclear energy policy conference to discuss revisions to the nonproliferation regime in the context of national security needs, including possible NPT revisions. The resolution calls on the President to begin planning for such a worldwide conference.

Finally, the resolution seeks to give recognition to the fact that many nations, because of their economic position

or lack of natural resources, require substantial cooperation and/or assistance in meeting their legitimate energy needs. To this end the resolution would reaffirm U.S. policy to cooperate with other nations, particularly in the developing world, to assist them in meeting their energy needs with nonnuclear alternatives considered on an equal basis with nuclear energy in providing such cooperative assistance. This policy is currently embodied in title V of the Nuclear Nonproliferation Act and would be underscored by the resolution.

Mr. President, the resolution reads as follows:

Whereas the proliferation of nuclear weapons is a threat to the security of the United States and all other nations of the world and,

Whereas the world community has developed valuable institutions, including the Nuclear Nonproliferation Treaty (NPT) and the International Atomic Energy Agency (IAEA) Safeguards System to deal with the problem of nuclear proliferation and,

Whereas notwithstanding their value, the NPT and the International Safeguards System contain serious deficiencies and,

Whereas such deficiencies can produce lack of confidence in the system leading to dangerous situations such as the Israeli raid on a nuclear reactor in Iraq and,

Whereas despite such deficiencies, there is no prohibition on the transfer of sensitive equipment and technology to politically unstable nations and regions of the world and,

Whereas sensitive nuclear materials, equipment, and technology carry with them the capability of mounting a nuclear weapons option and,

Whereas the United States has traditionally taken a leadership role in raising world consciousness to the dangers of nuclear proliferation and,

Whereas U.S. nonproliferation actions such as supporting the International Safeguards Regime and the NPT, participating in the Nuclear Suppliers Conferences, and establishing the Nuclear Nonproliferation Act of 1978, have been positive steps in moving toward an effective international nonproliferation regime and,

Whereas it is necessary for significant additional actions to be taken to strengthen the international nonproliferation regime and to raise world consciousness further, now therefore be it resolved by the Senate of the United States (the House of Representatives concurring) that the President should take immediate action to:

(1) Reopen the nuclear suppliers conference, as a first step toward achieving a new worldwide consensus on nuclear transfers, to consider tightening restrictions on dangerous nuclear trade through measures which include:

And then, Mr. President, I list some 12 or 13 different items that could be discussed at such a nuclear suppliers' conference, but I would certainly not want it to be limited to just those items if others did come up.

(a) Establishing, while discussions on a new regime for nuclear trade proceed, a temporary worldwide moratorium on transfers of enrichment and reprocessing equipment and technology, even at the experimental level, to sensitive areas, including the Middle East and South Asia;

(b) Limiting the size of all research reactors transferred, eliminating the use of high enriched uranium in such reactors, and obtaining the return of spent research reactor fuel to the country of origin;

(c) Extending the list of sensitive nuclear equipment, including components and dual use items, whose export the suppliers only permit under safeguards, with public recording of all sales of such items;

(d) Making nuclear transfers only to nations which have accepted full-scope safeguards;

(e) Imposing established sanctions in the event of violation of safeguards.

Then the second major part of the proposals would:

(2) Propose, through the U.S. Mission to the IAEA, the improvement of the International Atomic Energy Agency safeguards regime through measures which include:

(a) Extending the concept of full-scope safeguards to mean safeguards on all nuclear materials, equipment, and facilities within a non-weapon state whether or not such materials, equipment, and facilities have been formally declared to the IAEA;

(b) Increasing the quality and quantity of IAEA inspections;

(c) Publishing inspection reports; and

(d) Extending and upgrading surveillance and containment measures.

(3) Formulate a clear U.S. policy on enhanced international restrictions on dangerous nuclear trade and on improving the international safeguards regime, and use all feasible leverage to induce others to adopt similar policies.

(4) Start planning for a world nuclear energy policy conference that would, among other things, discuss concerns about national security and their relationship to nuclear activities, as well as possible NPT revisions to deal with those concerns:

(5) Reaffirm U.S. policy to cooperate with other countries, particularly in the developing world, to assist them in meeting their energy needs, with nonnuclear energy alternatives considered on an equal basis with nuclear energy in providing such cooperative assistance.

Mr. President, that completes the reading of the proposed resolution, which I shall send to the desk shortly. I only add in closing, Mr. President, that one of the difficulties in dealing with a very technical and complex subject such as nuclear nonproliferation has been in keeping world attention focused on the problem for any sufficient length of time to permit meaningful action to be taken by the various nuclear supplier nations.

If we go back to the early days of nuclear power in this country, we had proposals by Acheson, Lilienthal, and by Baruch shortly after World War II to put all things nuclear under some sort of international control. In fact, Mr. Baruch made a formal presentation of that concept to the Soviets through the United Nations in 1946. It was declined, and the Soviets then exploded their first nuclear weapon in 1949. We have been on a downhill run ever since.

We cannot, obviously, unring that bell from those days. We wish we could go back, perhaps, to those simpler days and work out some international control for not only nuclear weapons but nuclear energy and technology that can possibly lead to control of nuclear weapons. But we cannot do that. What we can do in our time is follow a dual track. For existing nuclear weapons states, we can try to negotiate and try to work out control of existing nuclear weapons stockpiles. That effort has been conducted through the strategic arms limitation talks.

On a parallel track, at the same time, we have tried to prevent the spread of nuclear weapons to more and more nations around the world through the nonproliferation treaty. In it, we strike a bargain with other nations. We say, "If you will give up your attempts to make nuclear weapons, we, in turn, will cooperate with you in the peaceful uses of nuclear energy." Pursuant to those efforts, we have had some 115 nations sign that agreement and forswear the development of nuclear weapons in return for our cooperation and that of other nuclear supplier nations in the development of peaceful uses of nuclear energy.

Now, for the first time, what we saw a few weeks back was Israel's vote of no confidence in this nonproliferation regime. So it behooves us, it seems to me, to call on the President as forcibly as we know how, to convene a conference of the nuclear supplier countries. To this day, there are probably no more than six, or at the most seven nations that do any substantial amount of nuclear trade. This nuclear suppliers' conference will now have its attention focused on the danger we will be confronting from now on if we do not get some sort of improved international regime organized to control this burgeoning, worldwide problem. If we cannot get this problem under control, then we may, one of these days, find ourselves having to just give up and say we have reached truly that mad—MAD—world of mutually assured destruction where weapons are so commonplace among even the smaller powers that we no longer have control. We could find those smaller nations using these weapons of mass destruction, perhaps, on border problems that, because of a long history of border disputes, these nations may attach life-and-death importance, even if these disputes seem less significant to us.

This may be one of our last chances, Mr. President, to bring attention to vitally important issues. I think we are at a point where almost any nation in the world can develop the capability to have nuclear weapons if they so desire and if they wish to go ahead.

Mr. President, I have been joined in this resolution by Senator SPECTER, who is on the floor now. I know he would wish to make a statement in this regard. Senator PERCY has joined in this, also. We see this as, perhaps, a last-ditch effort to focus attention on this problem and, hopefully, get some control over it before it is too late.

Mr. President, I shall be glad to yield the floor to Senator SPECTER any time he wishes to complete the statement.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SPECTER. I thank the Senator.

Mr. President, it appears that every few years an event occurs that shocks the world into realizing the awesome threat that nuclear weapons proliferation poses for the future of mankind. The dropping by the United States of atomic bombs on Hiroshima and Nagasaki, the explosion of nuclear devices by the Soviet Union, then Great Britain, France, China, and most recently India have each served as catalysts for con-

certed actions and public concern to halt the spread of nuclear weapons.

Israel's destruction last month of Iraq's nuclear reactor may prove to be another such catalyst. As the first such action of its kind, Israel's raid highlighted with frightening clarity the lack of confidence and deficiencies inherent in the existing system of international nonproliferation safeguards and the dangers inherent in the continued proliferation of nuclear weapons, particularly to volatile regions of the world.

I have, therefore, joined with Senators GLENN and PERCY in developing and introducing the current resolution, which addresses this very serious issue in a comprehensive and reasoned fashion. It is vitally important, in my view, to bring this question before the Senate at this time and to insure that it remains a high priority for U.S. national security policies. Sustained and urgent attention to it by the U.S. Government is critical to insuring that it remain a sustained and urgent topic on the international agenda. The issue is particularly timely as the heads of state of the major Western nations prepare to meet in Ottawa next weekend to discuss, among other global issues, the question of nuclear exports policy.

Whatever one's views on the wisdom of the Israeli action, Israel was clearly confronted with a threatening and destabilizing situation. Despite the fact that Iraq had signed the Non-Proliferation Treaty and submitted its facilities to IAEA inspection, sufficient questions existed in the minds of Israeli politicians—and nuclear and intelligence experts throughout the world—to doubt the intent and future use of the Iraqi reactor. Subsequent statements by the Iraqi President clearly confirmed these doubts.

Several expert witnesses who testified before the Foreign Relations Committee noted the glaring loopholes in the international nonproliferation regime that would have opened the way for a nation like Iraq to develop a nuclear weapons capability without detection. Such warnings of the deficiencies in the IAEA system of safeguards are not new; they have taken on a new urgency, however, in the wake of last month's raid and Israel's unique response to the nuclear weapons proliferation issue.

The issue is not one that will disappear through inaction. With the widening prestige associated with developing a nuclear weapon capability and the increasing availability of means needed to acquire such a capability, the possibility that more nations and possibly groups may obtain such a capability grows, as does the threat to global security and stability. If there is one lesson to be learned from Israel's raid, it is that the world must focus consistent and effective attention on the problems of nuclear weapons proliferation. The United States, in particular, must assume its traditional leadership role in this area and use the lessons learned from the Israeli raid to strengthen the existing international nonproliferation regime.

The concerns expressed in this resolution are similar to those highlighted in previous congressional actions. In particular, the Nuclear Non-Proliferation Act of 1978, which Senators GLENN and PERCY so artfully developed, states:

> That the proliferation of nuclear explosive devices or of the direct capability to manufacture or otherwise acquire such devices poses a grave threat to the security interests of the United States and to continued international progress toward world peace and development.

The act further states that—

> It is the policy of the United States to (a) actively pursue through international initiatives . . . the establishment of more effective international safeguards and controls over the transfer and use of nuclear materials and equipment and nuclear technology for peaceful purposes in order to prevent proliferation.

The purpose of this resolution is to urge the President to take immediate steps to actively pursue these international initiatives. Specifically, the resolution calls for the reopening of the nuclear suppliers conference to devise stricter codes governing the sale of dangerous nuclear technology and equipment, particularly to sensitive areas such as the Middle East; the strengthening of the International Atomic Energy Agency safeguards regime; the formulation of a clear U.S. policy on stricter international controls regarding dangerous nuclear trade; and the planning of a world nuclear energy policy conference.

The resolution specifically addresses the weaknesses in the international nonproliferation regime which would allow Iraq to meet its international obligations while developing a nuclear weapons capability. It calls on the nuclear supplier states to develop a temporary moratorium on transfers of enrichment and reprocessing equipment to volatile areas of the world, to limit the size of research reactors and the use of highly enriched uranium in such reactors, and to extend the list and conditions for the export of sensitive nuclear equipment.

Mr. President, it is difficult to stress the urgency of the problem before us. My own concern for the issue led me to make a statement on the Senate floor soon after the Israeli raid calling for an immediate meeting of the nuclear supplier states. It is important for the Senate to go on record as well to stress our shared concern for the urgency of the issue.

It could well be a question of global survival. It could well be a question of our children's lives. It could well mean securing the peace of our planet. By ignoring the issue, we may soon be faced with a situation far more threatening than that Israel faced last month. And by then, it will be too late to realize what should have been done.

I am pleased, therefore, to join Senator GLENN on the floor this afternoon to urge the adoption of this resolution.

Mr. GLENN. Mr. President, I thank the distinguished Senator from Pennsylvania very much. I know of his concern on the other side of the aisle to improve international controls in regard to nuclear nonproliferation.

One of the difficulties, I believe he will agree, has been in keeping attention focused on this problem. Because it is such a technical problem and so difficult to deal with, it is hard to keep attention focused on it for very long.

In the Nuclear Nonproliferation Act of 1978, we tried for the first time to put some real teeth into a nuclear export policy. It was difficult to work that out, and it has not worked perfectly since that time.

I was particularly critical of the Carter administration, my own party, at the time they let the bars down a little, as I saw it, in making the fuel shipment to India. I thought that was our first real test under the Nuclear Nonproliferation Act.

One of the first letters I sent to President Reagan after he assumed office was the request that the second half of that shipment to India be held up; because since the time of our vote on that fuel shipment to India last year, India has come out and said they will use the fuel for whatever purpose they deem necessary in their national interest. This may not be in our national interest.

There are so many places around the world where we see the potential for nuclear weapons at the present time that I fear that unless we can take some action now and get a more restrictive policy on the shipment not only of nuclear fuel itself, not only on just that material, but also on the equipment and technology that can go into bomb-making, we will undoubtedly, over the next decade or so, see the spread of nuclear weapons to many more nations around the world.

Equipment exports is a very important part of this, because to make a bomb, you can enrich uranium up to weapons-grade material or use spent fuel and, through a reprocessing plant, extract plutonium from it and use the plutonium for weapons construction.

If we can get some sort of agreement from the nuclear suppliers to restrict the shipment not only of materials, which some of them have done now, but also the equipment and the technology which permit bomb making, we will have made a great step forward.

I urge my colleagues to give their support to this resolution after we get it through the Foreign Relations Committee and bring it to the floor.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. DURENBERGER). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, is there an order for the convening of the Senate at noon tomorrow?

The PRESIDING OFFICER. The Senator is correct.

ORDER FOR RECESS UNTIL 11 A.M. TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that the time for the convening of the Senate be changed until 11 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, as I recall the order earlier entered, the distinguished Senator from Texas (Mr. BENTSEN) is entitled to recognition for not to exceed 15 minutes following on after the recognition of the two leaders under the standing order; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. I thank the Chair.

PROGRAM

Mr. BAKER. Mr. President, tomorrow there are certain matters that must be attended to in caucuses on both sides of the aisle near midday which I am sure will facilitate the business of the Senate.

ORDER FOR RECESS AT 11:30 A.M. TOMORROW UNTIL 1:40 P.M.

In order to assure that there is a minimum inconvenience to Members, I ask unanimous consent that at 11:30 a.m. the Senate stand in recess until the hour of 1:40 p.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

TWENTY MINUTES OF DEBATE AT 1:40 P.M. ON KASTEN AMENDMENT

Mr. BAKER. Mr. President, as I recall the order previously entered, at 1:40 p.m. there will be 20 minutes of debate to be equally divided on the Kasten amendment; is that correct?

The PRESIDING OFFICER. The Senator is correct.

VOTE ON KASTEN AMENDMENT AT 2 P.M.

Mr. BAKER. At 2 o'clock there will be a vote on the Kasten amendment to be followed immediately on final passage of the noise bill.

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. Mr. President, may I inquire of the Chair, after the disposition of the noise bill, what will be the pending bill before the Senate?

THE PENDING BUSINESS, S. 951

The PRESIDING OFFICER. The pending business will be S. 951.

Mr. BAKER. The Department of Justice authorization bill.

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. I thank the Chair.

Mr. President, I would not expect the session of the Senate tomorrow to extend for a great length of time.

Beginning on Wednesday, I expect to turn at the earliest practical moment to the consideration of the tax bill, but before that time, of course, in accordance with the order previously entered. I will consult with the distinguished minority leader with respect to that request.

PROGRAM FOR TOMORROW AND WEDNESDAY

Now, Mr. President, the schedule of the Senate tomorrow, as I have outlined that, is to say that the Senate will convene at 11 o'clock. After the recognition of the two leaders under the standing order, there is a special order for the recognition of the distinguished Senator from Texas (Mr. BENTSEN) for not to exceed 15 minutes.

It is possible that there will be a period for the transaction of routine morning business. In any event, the Senate will stand in recess at 11:30 a.m. until 1:40 p.m. in order to facilitate conferences of Senators on both sides of the aisle.

At 1:40 p.m. the Senate will resume consideration of the noise bill (S. 1204), at which time there will be 20 minutes of debate equally divided on an amendment which has been offered by the distinguished Senator from Wisconsin (Mr. KASTEN).

At 2 o'clock there will be a rollcall vote, as previously ordered, on the Kasten amendment, to be followed immediately by third reading and final passage of the noise bill.

I hope we might turn to the consideration of the cash discounts conference report tomorrow, if there is no objection to that. The conference report, of course, is a privileged matter, but I put Members on notice that the leadership may attempt to present that matter to the Senate tomorrow afternoon.

I do not anticipate a late session tomorrow. I do anticipate that the first order of business on Wednesday will be consideration of the tax bill as reported from the Senate Finance Committee.

Mr. President, if I may inquire of the minority leader if he knows of any further business to be transacted by the Senate at this time.

Mr. ROBERT C. BYRD. I know of none.

RECESS UNTIL 11 A.M. TOMORROW

Mr. BAKER. I thank the minority leader.

Under those circumstances, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 11 a.m. tomorrow.

The motion was agreed to; and at 4:54 p.m., the Senate recessed until Tuesday, July 14, 1981, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate July 13, 1981:

DEPARTMENT OF STATE

Abraham Katz, of Florida, a Foreign Service officer of class 1, to be the Representative of the United States of America to the Organization for Economic Cooperation and Development, with the rank of Ambassador.

DEPARTMENT OF JUSTICE

A. Melvin McDonald, of Arizona, to be U.S. Attorney for the district of Arizona for the term of 4 years, vice Michael D. Hawkins, resigned.

R. Lawrence Steele, Jr., of Indiana, to be U.S. Attorney for the northern district of Indiana for the term of 4 years, vice David T. Ready, resigning.

Thomas E. Dittmeier, of Missouri, to be U.S. Attorney for the eastern district of Missouri for the term of 4 years, vice Robert D. Kingsland.

Richard A. Stacy, of Wyoming, to be U.S. Attorney for the district of Wyoming for the term of 4 years, vice Charles E. Graves, resigned.

CONSUMER PRODUCT SAFETY COMMISSION

Nancy Harvey Steorts, of Maryland, to be a Member of the Consumer Product Safety Commission for the remainder of the term expiring October 26, 1984, vice Susan B. King.

Nancy Harvey Steorts, of Maryland, to be Chairman of the Consumer Product Safety Commission (new position).

U.S. INTERNATIONAL TRADE COMMISSION

Alfred E. Eckes, Jr., of Virginia, to be a Member of the U.S. International Trade Commission for the term expiring June 16, 1990, Vice Italo H. Ablondi.

Eugene J. Frank, of Pennsylvania, to be a Member of the U.S. International Trade Commission for the remainder of the term expiring December 16, 1982, vice George H. Moore, resigned.

IN THE ARMY

The following-named officer under the provisions of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in grade as follows:

To be lieutenant general

Maj. Gen. Robert William Sennewald, xxx... xxx-xx-... U.S. Army.

Maj. Gen. Hugh Joseph Clausen, xxx-xx-x... xxx-... for appointment as the Judge Advocate General, U.S. Army, under the provisions of title 10, United States Code, section 3037.

Brig. Gen. Hugh Robert Overholt, xxx-xx-x... xxx..., Army of the United States (colonel, Judge Advocate General's Corps, U.S. Army), for appointment as the Assistant Judge Advocate General, as major general, Judge Advocate General's Corps, in the Regular Army of the United States and as major general, Army of the United States, under the provisions of title 10, United States Code, sections 3037, 3442, and 3447.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 13, 1981:

DEPARTMENT OF THE TREASURY

Donna Pope, of Ohio, to be Director of the Mint for a term of 5 years, vice Stella B. Hackel.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Warren T. Lindquist, of New York, to be a Member of the Board of Directors of the New Community Development Corp., vice A. Russell Marane.

EXPORT-IMPORT BANK OF THE UNITED STATES

William H. Draper III, of California, to be President of the Export-Import Bank of the United States, vice John Lovell Moore, Jr.

NATIONAL CONSUMER COOPERATIVE BANK

Carol E. Dinkins, an Assistant Attorney General, to be a Member of the Board of Directors of the National Consumer Cooperative Bank for the remainder of the term expiring September 23, 1982, vice William A. Clement, Jr.

William Gene Lesher, an Assistant Secretary of Agriculture, to be a Member of the Board of Directors of the National Consumer Cooperative Bank for the remainder of the term expiring September 23, 1982, vice Carol Tucker Foreman.

Roger William Mehle, Jr., an Assistant Secretary of the Treasury, to be a Member of the Board of Directors of the National Consumer Cooperative Bank for the remainder of the term expiring September 23, 1982, vice Roger C. Altman.

Darrell M. Trent, Deputy Secretary of Transportation to be a Member of the Board

of Directors of the National Consumer Cooperative Bank for the remainder of the term expiring September 23, 1982, vice Graciela (Grace) Oliverez.

Philip D. Winn, an Assistant Secretary of Housing and Urban Development, to be a Member of the Board of Directors of the National Consumer Cooperative Bank for the remainder of the term expiring September 23, 1982, vice Geno Charles Baroni.

Joseph Robert Wright, Jr., Deputy Secretary of Commerce, to be a Member of the Board of Directors of the National Consumer Cooperative Bank for the remainder of the term expiring September 23, 1982, vice Sam W. Brown, Jr.

Albert Angrisani, an Assistant Secretary of Labor, to be a Member of the Board of Directors of the National Consumer Cooperative Bank for the remainder of the term expiring June 10, 1983, vice Alexis Herman.

HOUSE OF REPRESENTATIVES—*Monday, July 13, 1981*

The House met at 12 o'clock noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

O Lord God, whose mercy is everlasting and whose truth endures forever, bless all of those who see in their daily tasks the opportunities for helping to build relationships of trust and good will. May Your Spirit guide us that we will see others as created by Your eternal love, who share with us the resources and bounty of Your Kingdom. Teach us, whatever our position, to meet other people with respect, appreciation, and favor because of their inherent dignity received at creation. May each person demonstrate through actions of kindness and grace the everlasting values that bind together our human family one with another. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 255. An act to amend the patent law to restore the term of the patent grant for the period of time that nonpatent regulatory requirements prevent the marketing of a patented product; and

S. 816. An act to amend the Clayton Act to limit the circumstances under which foreign governments may sue for violations of the antitrust laws, and for other purposes.

A SCURRILOUS ATTACK ON THE SPEAKER OF THE HOUSE

(Mr. MOFFETT asked and was given permission to address the house for 1 minute and to revise and extend his remarks.)

Mr. MOFFETT. Mr. Speaker, the gentleman from Long Island (Mr. LEBOUTILLIER) has indeed gone too far. Over the weekend the gentleman made a scurrilous attack on the Speaker of the House. It is an attack that I will not repeat in the House Chamber. It does not deserve to be repeated, but it was made before a group of young Republicans.

We have had disagreements with leaders of the other side and many of us have even had disagreements with leaders on our own side, but I have never seen in my 8 years here an attack on a leader from either side go to such a poisonous extreme, to such personal ad hominem attacks.

Surely, there must be someone on the Republican side who would like to condemn these attacks. Surely, the people of East Hills, East Williston, Garden City Park, Great Neck, Mineola, New Hyde Park, Westbury, and other towns on Long Island would like to disassociate themselves from this attack.

Mr. FINDLEY. Mr. Speaker, will the gentleman yield?

Mr. MOFFETT. I yield to my distinguished colleague, the gentleman from Illinois.

Mr. FINDLEY. Mr. Speaker, I came here into the Chamber today with the very thought of giving my impressions of our distinguished Speaker and if the gentleman will permit me to do it at this time, I would welcome that opportunity.

Mr. MOFFETT. If the Chair will allow me.

Mr. FINDLEY. I have known the gentleman from Massachusetts for 20 years. My first year here in this Chamber, Sam Rayburn was in his final months as Speaker, so I had served under four Speakers. In my opinion, the gentleman from Massachusetts is the strongest and best Speaker we have had.

I have engaged in a number of common undertakings with him. I have noted his courage, his daring, especially in the field of foreign policy back in the Vietnam years; but more importantly, as a member of the minority, an obscure member of the minority, I have engaged in a good many parliamentary scrambles and without exception he has always been fair and decent in dealing with me as a member of the minority; but more importantly than that, the gentleman from Massachusetts in his personal conduct and his conduct of the high office he occupies has always set the very highest example for all of us.

In my opinion, instead of being the proper subject for ridicule, he ought to be the subject of praise.

Finally, I want to say that he looks skinny to me.

Mr. MOFFETT. The gentleman from Illinois is far from an obscure member of his party. He is a very fair and distinguished member and we thank him for his thoughts.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. MOFFETT. I yield, if I have the time.

Mr. WALKER. I thank the gentleman for yielding.

I, too, would like to indicate that although the Speaker and I have had our disagreements over the years, I too, have always found that he lives up to his word. He says that people can disagree agreeably. We can find ways by the end of the legislative day to patch up any differences and go on about the business of developing legislation for the benefit of this country on succeeding days.

While we may personally disagree on a multitude of issues, I think the Speaker does try to be fair in the conduct of this body and he and his office deserve our admiration and respect.

I would hope that the vast majority of the Members would recognize the difficult role which accrues to the Speaker and would reflect that recognition in their public comments. Let us limit our disagreements to substantive policy issues.

Mr. MOFFETT. I thank the gentleman for his very kind remarks.

SAFETY NET MUCH MORE HOLE THAN FABRIC

(Mr. MOAKLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOAKLEY. Mr. Speaker, just a few short weeks ago President Reagan stood before a joint session of the Congress, here in this Chamber, and announced his program for a national economic recovery.

As he described it, the security and well-being of our Nation demanded substantial cuts in Federal spending for social programs over the next several years.

But, he emphasized, we would not abandon our commitment to the truly needy and the elderly; there was what he called a "safety net" of programs that would be exempt from any cuts.

Unfortunately, Mr. Speaker, the facts do not square with what the President promised. An examination of the reconciliation package, which I will include with my remarks for the RECORD, indicates that six out of the seven specific areas declared off limits by the President were cut by reconciliation. Six out of seven, Mr. Speaker, is more than 85 percent of the safety net programs. Unfortunately, it appears that this safety net is like most nets: much more hole than fabric.

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

The trend has been established, Mr. Speaker. It is clear that, with further major cuts facing us, and with 85 percent of the safety net programs not having survived the first round of budget cuts unscathed, if the Republicans do achieve a balanced budget in 1984, it will be hanging from the last shreds of what the President once called his safety net.

NUCLEAR PROLIFERATION FLOOR STATEMENT

(Mr. ECKART asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ECKART. Mr. Speaker, we are in profound danger. The continued spread of nuclear weapons poses a grave threat to us all. Unless dramatic action is taken, soon every nation, friendly and unfriendly, stable and unstable, will have the bomb. While the nuclear genie can never be put back into the bottle, the United States can take steps to make the bottle more difficult to open. We can begin to do this by insuring that a credible nuclear proliferation policy is established quickly. Our resolution is a step in that direction.

At present the United States has no official nonproliferation policy. While recent press reports have hinted that the administration is planning to release its policy soon, we believe that congressional involvement in that process is essential. Many distinguished Members of this body have devoted significant attention to this vital issue; it is the intention of the sponsors of this resolution to see that that role is expanded.

The United States cannot alone convince the nonnuclear states to forgo the nuclear option. Such action will require the concerted efforts of all nuclear supplier states—most of which are our allies. This resolution would encourage that cooperation.

A recent GAO report on nuclear proliferation concluded, among other things, that the safeguards of the International Atomic Energy Agency need improvement. I share that conclusion. Unless international safeguards are dependable, and unless nations appreciate the seriousness of the international community in its commitment to impose stiff sanctions on noncomplying nations, there will be no deterrent to the development of nuclear weapons. Given that the United States provides the IAEA with a full 25 percent of its regular budget, we are in a position to effect real change in their safeguards procedures.

Our resolution also calls for full implementation of the Nuclear Nonproliferation Act of 1978. This act was unanimously approved by the Congress in 1978, and has enjoyed strong congressional support since. A reaffirmation of executive branch support for the act will only serve to strengthen its effectiveness.

In closing, I would urge my colleagues to give full consideration to the resolution. The time has again come when the Congress must act to reverse this dangerous trend.

TORYISM'S TOLL

(Mr. GONZALEZ asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GONZALEZ. Mr. Speaker, Great Britain is going through a tragic storm of riots, the root cause of which is undoubtedly Thatcher's Toryism. Under the stern dictates of Thatchernomics, which is the model of Reaganomics, Great Britain is suffering immense unemployment. At the same time, the government is insensitive to the immense social changes that have taken place. Its reaction to every problem, every difficulty, is to stiffen up, resist compromise, and restate the dogma.

Reaganomics takes its form and principles from the policies of Margaret Thatcher Toryism. What we are seeing in Great Britain today may well be a foretaste of what can happen in our own country, when the price of Reaganomics starts taking its toll.

There is a third model of Reaganomics, and that is in Chile. The Government of Chile has been able to avoid disorder, even as social suffering has reached terrible levels—but then, Chile is anything but a free country. There is no dissent there; dissenters are killed, or have disappeared, or keep quiet because they know they will be crushed if they dispute the government's dogma.

The Thatcher government's response to the riots has been to curb civil liberties—an ominous thing in the world's most freedom loving land. Could that happen here? It could.

Here on this side of the Atlantic, every question about Reaganomics, every difficulty, meets with a Thatcher-like reply. There will be no compromise, they say. There will be no change in policy, they say, For every question, Stockman and his clones have a reply, in the form of restated dogma, Tories to the bone.

DEATH OF SIXTH HUNGER STRIKER IN NORTHERN IRELAND

(Mr. WALGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALGREN. Mr. Speaker, with sadness we mark the death of the sixth hunger striker in Northern Ireland.

Martin Hurson died of self-imposed starvation yesterday, only 5 days after Joseph McDonnell died a similar death to call the world's attention to injustice in Northern Ireland under British rule. Each of the six has inexorably followed those before him with others ready to take their place when they are gone in an understandable, but totally unnecessary, tragedy. We all know that only those certain of the rightness of their cause will submit themselves to this kind of suffering and loss.

The great irony is that Britain, more than any other country should appreciate the strength and commitment of these hunger strikers because their actions are inherent in the response of free men to injustice. It was the same inherent quality of resolve and sacrifice that brought Great Britain through the Second World War.

How tragic that the same country that needed to rely so much on the strength of human nature to bring it through its darkest hour cannot find it in its conscience to understand what that same human nature is driving others to do in the face of British Government policy. And how unnecessary that the leaders of the British have failed to find the flexibility to avoid this kind of suffering.

THE HUGHES AND WHITE ALTERNATIVE TO CONTROL DRUG TRAFFICKING

(Mr. FAUNTROY asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. FAUNTROY. Mr. Speaker, I join my colleagues in a deep concern for formulation of remedies to deal with the growing menace of drug trafficking. The problem is complex and solutions are varied.

In hearings on June 5, 1981, conducted by the Select Committee on Narcotics Abuse and Control, testimony from local jurisdictions and local prosecutorial and enforcement spokesmen repeated the helplessness of these jurisdictions to effectively deal with the ever-growing menace of drug traffic without a partnership between Federal resources and local jurisdictions.

It is in this context that I am appreciative of the vigorous efforts of the gentleman from Florida, the Honorable CHARLES E. BENNETT. He has offered a solution, involving the utilization of our military.

In a democracy, however well intentioned our aims, certain safeguards must be preserved, even at the seeming loss of an immediate gain. Legislation that brings together the joint power of civilian law enforcement and

the military must receive extra care and precautions.

While I appreciate the initiative by Mr. BENNETT, in the light of these precautionary needs, I want to urge, as an alternative, support for the Hughes amendment as perfected by the White amendment. The Hughes and White legislation will provide needed authority to utilize military resources against this dread and growing menace of drug trafficking, but also maintain our safeguards against the unecessary centralization of power between the civilian law enforcement arms and the military services where the general well-being of the citizen of a democracy is concerned.

□ 1215

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5(b) of rule I, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote for the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such rollcall votes, if postponed, will be taken on Tuesday, July 14.

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1982

Mr. BOLAND. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3454) to authorize appropriations for fiscal year 1982 for the intelligence and intelligence-related activities of the U.S. Government, for the intelligence community staff, and for the Central Intelligence Agency retirement and disability system, to authorize supplemental appropriations for fiscal year 1981 for the intelligence and intelligence-related activities of the U.S. Government, and for other purposes.

The Clerk read as follows:

H.R. 3454

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Intelligence Authorization Act for Fiscal Year 1982".

TITLE I—INTELLIGENCE ACTIVITIES

AUTHORIZATION OF APPROPRIATIONS

SEC. 101. Funds are hereby authorized to be appropriated for fiscal year 1982 for the conduct of the intelligence and intelligence-related activities of the following agencies of the United States Government:

(1) The Central Intelligence Agency.
(2) The Department of Defense.
(3) The Defense Intelligence Agency.
(4) The National Security Agency.
(5) The Department of the Army, the Department of the Navy, and the Department of the Air Force.
(6) The Department of State.
(7) The Department of the Treasury.
(8) The Department of Energy.
(9) The Federal Bureau of Investigation.
(10) The Drug Enforcement Administration.

CLASSIFIED SCHEDULE OF AUTHORIZATIONS

SEC. 102. The amounts authorized to be appropriated under section 101, and the authorized personnel ceilings as of September 30, 1982, for the conduct of the intelligence and intelligence-related activities of the agencies listed in such section, are those specified in the classified Schedule of Authorizations prepared by the Permanent Select Committee on Intelligence of the House of Representatives to accompany H.R. 3454 of the Ninety-Seventh Congress. That Schedule of Authorizations shall be made available to the Committees on Appropriations of the Senate and House of Representatives and to the President. The President shall provide for suitable distribution of the Schedule, or of appropriate portions of the Schedule, within the executive branch.

CONGRESSIONAL NOTIFICATION OF EXPENDITURES IN EXCESS OF PROGRAM AUTHORIZATIONS

SEC. 103. During fiscal year 1982, funds may not be obligated or expended for any program for which funds are authorized to be appropriated by section 101 in an amount in excess of the amount specified for that program in the classified Schedule of Authorizations described in section 102 unless the Director of Central Intelligence or the Secretary of Defense notifies the appropriate committees of Congress of the intent to make such obligation or expenditure not less than fifteen days before such obligation or expenditure is made.

RESTRICTION ON CONDUCT OF INTELLIGENCE ACTIVITIES

SEC. 104. Nothing contained in this Act shall be deemed to constitute authority for the conduct of any intelligence activity which is not otherwise authorized by the Constitution or laws of the United States.

AUTHORIZATION OF APPROPRIATIONS FOR COUNTER-TERRORISM ACTIVITIES OF THE FEDERAL BUREAU OF INVESTIGATION

SEC. 105. In addition to the amounts authorized to be appropriated under section 101(9), there is authorized to be appropriated for fiscal year 1982 the sum of $11,900,000 for the conduct of the activities of the Federal Bureau of Investigation to counter terrorism in the United States.

TITLE II—INTELLIGENCE COMMUNITY STAFF

AUTHORIZATION OF APPROPRIATIONS

SEC. 201. There is authorized to be appropriated for the Intelligence Community Staff for fiscal year 1982 the sum of $13,600,000.

AUTHORIZATION OF PERSONNEL END-STRENGTH

SEC. 202. (a) The Intelligence Community Staff is authorized two hundred and twenty full-time personnel as of September 30, 1982. Such personnel may be permanent employees of the Intelligence Community Staff or personnel detailed from other elements of the United States Government.

(b) During fiscal year 1982, personnel of the Intelligence Community Staff shall be selected so as to provide appropriate representation from elements of the United States Government engaged in intelligence and intelligence-related activities.

(c) During fiscal year 1982, any officer or employee of the United States or member of the Armed Forces who is detailed to the Intelligence Community Staff from another element of the United States Government shall be detailed on a reimbursable basis, except that any such officer, employee, or member may be detailed on a nonreimbursable basis for a period of less than one year for the performance of temporary functions as required by the Director of Central Intelligence.

INTELLIGENCE COMMUNITY STAFF ADMINISTERED IN SAME MANNER AS CENTRAL INTELLIGENCE AGENCY

SEC. 203. During fiscal year 1982, activities and personnel of the Intelligence Community Staff shall be subject to the provisions of the National Security Act of 1947 (50 U.S.C. 401 et seq.) and the Central Intelligence Agency Act of 1949 (50 U.S.C. 403a–403j) in the same manner as activities and personnel of the Central Intelligence Agency.

TITLE III—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

AUTHORIZATION OF APPROPRIATIONS

SEC. 301. There is authorized to be appropriated for the Central Intelligence Agency Retirement and Disability Fund for fiscal year 1982 the sum of $84,600,000.

TITLE IV—SUPPLEMENTAL AUTHORIZATION FOR FISCAL YEAR 1981

AUTHORIZATION OF APPROPRIATIONS

SEC. 401. In addition to the funds authorized to be appropriated under title I of the Intelligence Authorization Act for Fiscal Year 1981 (Public Law 96–450; 94 Stat. 1975), funds are hereby authorized to be appropriated for fiscal year 1981 for the conduct for the intelligence and intelligence-related activities of the United States Government. The amounts authorized to be appropriated under the preceding sentence are those specified for that purpose in the classified Schedule of Authorizations described in section 102.

TITLE V—GENERAL PROVISIONS

INTELLIGENCE ADVISORY COMMITTEES

SEC. 501. (a) Subsection (a) of section 303 of the National Security Act of 1947 (50 U.S.C. 405) is amended by striking out "at a rate not to exceed $50 for each day of service" in the last sentence and inserting in lieu thereof the following: "at a daily rate not to exceed the daily equivalent of the rate of pay in effect for grade GS–18 of the General Schedule established by section 5332 of title 5, United States Code."

(b) Subsection (b) of such section is amended by striking out "section 281, 283, or 284 of Title 18" and inserting in lieu thereof "section 203, 205, or 207 of title 18".

ALLOWANCES AND BENEFITS FOR INTELLIGENCE PERSONNEL

SEC. 502. (a) Section 4 of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403e) is amended—

(1) by inserting "(a)" before "Under such regulations"; and

(2) by adding at the end thereof the following new subsection:

"(b)(1) The Director may pay to officers and employees of the Agency, and to persons detailed or assigned to the Agency from other agencies of the Government or from the Armed Forces, allowances and benefits comparable to the allowances and benefits authorized to be paid to members of the Foreign Service under chapter 9 of title I of the Foreign Service Act of 1980 (22 U.S.C. 4081 et seq.) or any other provision of law.

"(2) The Director may pay allowances and benefits related to officially authorized travel, personnel and physical security activities, operational activities, and cover-related activities (whether or not such allowances and benefits are otherwise authorized under this section or any other provision of law) when payment of such allowances and benefits is necessary to meet the special requirements of work related to such activities. Payment of allowances and benefits under this paragraph shall be in accordance with regulations prescribed by the Director. Rates for allowances and benefits under this paragraph may not be set at rates in excess of those authorized by section 5724 and 5724a of title 5, United States Code, when reimbursement is provided for relocation attributable, in whole or in part, to relocation within the United States.

"(3) Notwithstanding any other provision of this section or any other provision of law relating to the offically authorized travel of Government employees, the Director, in order to reflect Agency requirements not taken into account in the formulation of Government-wide travel procedures, may by regulation authorize the travel of officers and employees of the Agency, and of persons detailed or assigned to the Agency from other agencies of the Government or from the Armed Forces who are engaged in the performance of intelligence functions, and may provide for payment for such travel, in cases in which, in the opinion of the Director, such travel is important to the performance of intelligence functions.

"(4) Members of the Armed Forces may not receive benefits under both this section and title 37, United States Code, for the same purpose. The Director and Secretary of Defense shall prescribe joint regulations to carry out the preceding sentence.

"(5) Regulations issued pursuant to this subsection (and any changes to such regulations) shall be submitted to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate before such regulations (or such changes) take effect.".

(b)(1) Subsection (b)(1) of section 9 of the National Security Agency Act of 1959 (50 U.S.C. 402 note) is amended to read as follows:

"(1) allowances and benefits—

"(A) comparable to those provided by the Secretary of State to members of the Foreign Service under chapter 9 of title I of the Foreign Service Act of 1980 (22 U.S.C. 4081 et seq.) or any other provision of law; and

"(B) in the case of selected personnel serving in circumstances similar to those in which personnel of the Central Intelligence Agency serve, comparable to those provided by the Director of Central Intelligence to personnel of the Central Intelligence Agency; and".

(2) Such section is further amended by adding at the end thereof the following new subsections:

"(d) Members of the Armed Forces may not receive benefits under both subsection (b)(1) and title 37, United States Code, for the same purpose. The Secretary of Defense shall prescribe such regulations as may be necessary to carry out this subsection.

"(e) Regulations issued pursuant to subsection (b)(1) (and any changes to such regulations) shall be submitted to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate before such regulations (or such changes) take effect.".

LANGUAGE TRAINING AND CRYPTOLOGIC LINGUIST RESERVE PROGRAMS

SEC. 503. The National Security Agency Act of 1959 (50 U.S.C. 402 note) is amended—

(1) by inserting after section 9 the following:

"SEC. 10. (a) The Director of the National Security Agency shall arrange for, and shall prescribe regulations concerning, language and language-related training programs for military and civilian cryptologic personnel. In establishing programs under this section for language and language-related training, the Director—

"(1) may provide for the training and instruction to be furnished, including functional and geographic area specializations;

"(2) may arrange for training and instruction through other Government agencies and, in any case in which appropriate training or instruction is unavailable through Government facilities, through nongovernmental facilities that furnish training and instruction useful in the fields of language and foreign affairs;

"(3) may support programs that furnish necessary language and language-related skills, including, in any case in which appropriate programs are unavailable at Government facilities, support through contracts, grants, or cooperation with nongovernmental educational institutions; and

"(4) may obtain by appointment or contract the services of individuals to serve as language instructors, linguists, or special language project personnel.

"(b)(1) In order to maintain necessary capability in foreign language skills and related abilities needed by the National Security Agency, the Director, without regard to subchapter 55 of title 5, United States Code, may provide special monetary or other incentives to encourage civilian cryptologic personnel of the Agency to acquire or retain proficiency in foreign languages or special related abilities needed by the Agency.

"(2) In order to provide linguistic training and support for civilian cryptologic personnel, the Director—

"(A) may pay all or part of the tuition and other expenses related to the training of personnel who are assigned or detailed for language and language-related training, orientation, or instruction; and

"(B) may pay benefits and allowances in accordance with chapters 57 and 59 of title 5, United States Code, to such personnel who are assigned to training at sites away from their designated duty station.

"(c)(1) To the extent not inconsistent, in the opinion of the Secretary of Defense, with the operation of military cryptologic reserve units and in order to maintain necessary capability in foreign language skills and related abilities needed by the National Security Agency, the Director may establish a cryptologic linguist reserve. The cryptologic linguist reserve may consist of former or retired civilian or military cryptologic personnel of the National Security Agency and of other qualified individuals, as determined by the Director of the Agency. Each member of the cryptologic linguist reserve shall agree that, during any period of emergency (as determined by the Director), the member shall return to active civilian status with the National Security Agency and shall perform such linguistic or linguistic-related duties as the Director may assign.

"(2) In order to attract individuals to become members of the cryptologic linguist reserve, the Director, without regard to subchapter .IV of chapter 55 of title 5, United States Code, may provide special monetary incentives to individuals eligible to become members of the reserve who agree to become members of the cryptologic linguist reserve and to acquire or retain proficiency in foreign languages or special related abilities.

"(3) In order to provide training and support for members of the cryptologic linguist reserve, the Director—

"(A) may pay all or part of the tuition and other expenses related to the training of individuals in the cryptologic linguist reserve who are assigned or detailed for language and language-related training, orientation, or instruction; and

"(B) may pay benefits and allowances in accordance with chapters 57 and 59 of title 5, United States Code, to individuals in the cryptologic linguist reserve who are assigned to training at sites away from their homes or regular places of business.

"(d)(1) The Director, before providing training under this section to any individual, may obtain an agreement with that individual that—

"(A) in the case of current employees, pertains to continuation of service of the employee, and repayment of the expenses of such training for failure to fulfill the agreement, consistent with the provisions of section 4108 of title 5, United States Code; and

"(B) in the case of individuals accepted for membership in the cryptologic linguist reserve, pertains to return to service when requested, and repayment of the expenses of such training for failure to fulfill the agreement, consistent with the provisions of section 4108 of title 5, United States Code.

"(2) The Director, under regulations prescribed under this section, may waive, in whole or in part, a right of recovery under an agreement made under this subsection if it is shown that the recovery would be against equity and good conscience or against the public interest.

"(e)(1) Subject to paragraph (2), the Director may provide to family members of military and civilian cryptologic personnel assigned overseas to representational duties, in anticipation of the assignment of such personnel abroad or while abroad, appropriate orientation and language training.

"(2) Language training under paragraph (1) may not be provided to any individual through payment of the expenses of tuition or other cost of instruction at a non-Government educational institution unless appropriate instruction is not available at a Government facility in the United States or, if such individual is already abroad, unless such instruction is directly related to the assignment abroad.

"(f) The Director may waive the applicability of any provision of chapter 41 of title 5, United States Code, to any provision of this section if he finds that such waiver is important to the performance of cryptologic functions.

"(g) The authority of the Director to enter into contracts or to make grants under this section is effective for any fiscal year only to the extent specifically provided in appropriation Acts.

"(h) Regulations issued pursuant to this section (and any changes to such regulations) shall be submitted to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate before such regulations (or such changes) take effect."; and

(2) by striking out "SEC. 10." before "The Director" and inserting in lieu thereof "(i)".

CRYPTOLOGIC RESEARCH GRANTS

SEC. 504. The National Security Agency Act of 1959 is amended by adding at the end thereof the following new section:

"SEC. 12. (a) The Director of the National Security Agency may make grants to private individuals and institutions for the conduct of cryptologic research. An application for a grant under this section may not be approved unless the Director determines that the award of the grant would be clearly consistent with the national security.

"(b) The grant program established by subsection (a) shall be conducted in accordance with the Federal Grant and Cooperative Agreement Act of 1977 (41 U.S.C. 501 et seq.) to the extent that such Act is consistent with and in accordance with section 6 of this Act.

"(c) The authority of the Director to make grants under this section is effective for any fiscal year only to the extent specifically provided in appropriation Acts.".

AVAILABILITY OF APPROPRIATIONS FOR CERTAIN CRYPTOLOGIC PROCUREMENT

SEC. 505. The National Security Agency Act of 1959 is amended by adding after section 12 (as added by section 505) the following new section:

"SEC. 13. Funds appropriated to any entity of the Federal Government other than an element of the Department of Defense that have been specifically appropriated for the purchase of cryptologic equipment, materials, or services with respect to which the National Security Agency has been designated as the central source of procurement for the Government shall remain available for a period of three fiscal years.".

INCREASES IN EMPLOYEE BENEFITS AUTHORIZED BY LAW

SEC. 506. Appropriations authorized by this Act for salary, pay, retirement, and other benefits for Federal employees may be increased by such additional or supplemental amounts as may be necessary for increases in such benefits authorized by law.

EFFECTIVE DATE

SEC 507. The amendments made by this title shall take effect on October 1, 1981.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Massachusetts (Mr. BOLAND) will be recognized for 20 minutes, and the gentleman from Virginia (Mr. ROBINSON) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Massachusetts (Mr. BOLAND).

Mr. BOLAND. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 3454, the Intelligence Authorization Act for fiscal year 1982, is the fourth such bill in as many years reported out by the Permanent Select Committee on Intelligence. Like its predecessors, it was approved unanimously in committee, as it was by the Committee on Armed Services.

As in past years, this bill authorizes all the funds for the next fiscal year, as well as supplemental funds in the current fiscal year, for the intelligence and intelligence-related activities of the U.S. Government.

The category of "intelligence activities" includes all the activities of the Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, other intelligence components of the Department of Defense and the Departments of the Army, Navy, and Air Force, the Bureau of Intelligence and Research of the Department of State, the intelligence divisions of the Federal Bureau of Investigation, intelligence elements of the Departments of the Treasury and Energy and of the Drug Enforcement Administration, and the intelligence community staff of the Director of Central Intelligence.

These activities provide intelligence for the use of the President, the Cabinet, the National Security Council, and the Joint Chiefs of Staff. Further, this bill authorizes intelligence-related activities of the Department of Defense which are programs that are integral to the Defense force structure but which are similar to national intelligence programs and are often tasked for national intelligence purposes, particularly in peacetime. The similarity of programs and functions between the national intelligence programs and the intelligence-related activities of the Defense Department is the reason that both are considered by the Permanent Select Committee on Intelligence and authorized in this bill. We have worked to assure that the program areas are complementary and mutually supportive but not duplicative. The referral of this bill to the Committee on Armed Services has assured that the judgments we have made from an intelligence viewpoint are equally sound from a military perspective. We have worked closely with that committee on a continuous basis and achieved a position agreeable to both committees even before referral.

Mr. Speaker, most intelligence activities are classified and necessarily so. In some cases, even the very existence of the program or activity is held secret. This sensitivity limits the description we can offer here on the floor. The schedule of authorizations to accompany the bill and the classified annex to the report have been available to Members. A number of Members have reviewed these materials. The subject material is complex but we have continued to revise these classified reports to improve their clarity.

The committee continues to recommend that the budget for intelligence not be disclosed. The disclosure of a single budget number might not itself be harmful but some explanation of the content and meaning of the number would be essential. But such an explanation would be excessively revealing. Moreover, the committee recognize that intelligence is inherently secret and any disclosure is the beginning of an erosive process. In discussing this point, people often refer to the degree of disclosure of our military budgets and systems. It is not a good analogy: The existence of military systems must be known in order to have deterrent value. If deterrence fails, military systems are effective in battle because of their numbers, the manner in which they are employed, and the skill of the personnel using them. Conversely, in the case of intelligence, the mere awareness of an intelligence activity can easily reduce or eliminate its effectiveness, may endanger lives, and may lead to the collection of false information contrived by our adversaries to confuse or mislead us.

Mr. Speaker, I would like to summarize briefly the organization of H.R. 3554.

Title I provides for the bulk of our intelligence and intelligence-related activities. As I said earlier, funds and program details are in the classified schedule of authorizations and the annex to the report. One exception is the authorization for the counterterrorism program of the FBI which is unclassified. The bill provides $11.9 million for this function.

Title II provides for the intelligence community staff, whose function is to assist the Director of Central Intelligence with his responsibilities for overall coordination of intelligence and preparation of the budget. An authorization of 220 personnel and of $13.6 million is recommended which is 25 fewer personnel and $1.8 million less than requested. The reduction is in the area of external contracts and in consequence of an ongoing reorganization and consolidation of the staff.

Title III provides authorization of $84.6 million for the Central Intelligence Agency retirement and disability system. This is a program established by Congress in 1964 to provide for those CIA personnel who perform hazardous duties or are in special situations, usually abroad, which may limit the length of their careers.

Title IV authorized additional intelligence and intelligence-related expenditures in fiscal year 1981. The details of this supplemental authorization are found in the classified schedule of authorizations and in the accompanying classified annex to the committee's report.

Title V is devoted to general provisions which allow for a number of permanent authorities. As in the past, section 506 provides for adjustments to pay which may occur as a result of general pay raises and other personnel legislation.

Title V contains certain new statutory authorities for fiscal year 1981. These include:

Authority for the CIA to pay members of advisory committees the daily rate of pay of a GS-18;

Authority for CIA and NSA personnel overseas to receive allowances and

benefits comparable to those received by members of the Foreign Service;

Additional authority for the same agencies to extend other benefits related to unique requirements for travel, security, cover, or special operations;

Authority for NSA support for language training and language programs as well as to offer incentives to employees and members of a cryptologic linguist reserve to acquire and retain language skills;

Authority for NSA grants for cryptologic research; and

Authority to make available for 3 years, funds specifically appropriated to purchase cryptologic equipment.

Mr. Speaker, as in this last fiscal year, this bill authorizes less than the administration requested but still permits real growth over last year. Some specific proposals have been recommended for deferral, others for termination while a few have been increased. The net reduction in this bill is in contrast to a substantial addition by the other body.

Mr. Speaker, I am pleased once again to note for the fourth time in as many years—that this bill has received full bipartisan support. One reason for that is the painstaking and dedicated work of the members and staff of the Subcommittee on Program and Budget Authorization. Through long hours, great volumes of material, numerous meetings, and constant discussion, the subcommittee's efforts have produced what I believe to be a fair, balanced, and very thorough assessment of these intelligence and intelligence-related budgets. As a result, the guidance given by this committee in particular areas is strong and well founded. I am proud of the efforts of those who have labored to produce this bill—and I have leaned most heavily, as always, on the gentleman from Virginia (Mr. ROBINSON), the ranking minority member of the subcommittee and the full committee. His tireless work and deep knowledge of intelligence matters is a mainstay of the committee's work.

Mr. Speaker, let me close by saying that, as in years past, the committee has made and continues to make the classified annex to its report available to all Members of the House during business hours in the committee's rooms. I would urge Members who have not yet had an opportunity to do so to read this report carefully.

Mr. DICKINSON. Mr. Speaker, will the gentleman yield?

Mr. BOLAND. I am happy to yield to the gentleman from Alabama (Mr. DICKINSON).

Mr. DICKINSON. Mr. Speaker, I would just like to compliment the gentlemen for the product of their labors. Speaking as both the ranking member of the full Committee on Armed Services and of the Research and Development Subcommittee, I would like to commend the gentleman and his committee for the close cooperation that has always been extended to us and our staff. I think this is a good bill and, speaking for myself and on this side of the aisle, we certainly support it.

Mr. BOLAND. I thank the gentleman from Alabama (Mr. DICKINSON).

Mr. Speaker, I reserve the balance of my time.

Mr. ROBINSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I join my colleagues in urging support of H.R. 3454, to authorize appropriations for the intelligence and intelligence-related activities of our country.

H.R. 3454 is the product of a continuing intensive examination of our Government's intelligence needs and a detailed review of the fiscal year 1982 intelligence resources requested by the President to meet these needs. Concurrent with this review of intelligence resources was a program-by-program review of all intelligence activities. As a member of the select committee's Subcommittee on Program and Budget Authorization, I participated in these detailed reviews.

Authority over the resources available to intelligence agencies, as represented by the annual authorization of funds, continues to provide the committee with a key means to carry out its responsibility of insuring effective congressional oversight of the U.S. intelligence effort. This authority also conveys a responsibility to insure adequate legislative and funding support for our country's intelligence agencies and operations.

The United States today faces severe challenges both at home and abroad. We face a strong and aggressive Soviet Union which, with the help of its proxies, continues to extend its influence in the Caribbean and Central America and from southern Africa to the Arabian Peninsula. This projection of Communist influence, coupled with the volatile nature of our political and economic alliances and Third World instability arising from the action of terrorist factions or internal political and economic strife, underscores the need for high quality and timely intelligence.

In view of the vastly improved Soviet military, I was particularly concerned that we continue to maintain and improve our tactical and strategic military intelligence capabilities and not permit them to be compromised in cost tradeoffs with highly sophisticated systems supporting high-level national intelligence.

The select committee examined carefully the balancing of national intelligence versus tactical and strategic military intelligence resource requirements, and I am convinced we have provided for essential intelligence capabilities within the always present budget constraints. In fact, the principal function of more than half of the intelligence resources authorized in H.R. 3454 can be categorized as providing direct support to our tactical and strategic forces.

For fiscal year 1982, the President requested a substantial increase in overall intelligence funding over 1981 levels. I fully support our committee's recommendation not to publicly disclose the amounts of these requested funds and will, therefore, not discuss specific committee recommendations. Details of these recommendations are contained in the classified annex to our committee report which, along with the classified schedule of authorizations referred to in H.R. 3454, have been available for review by Members of the House since May 19.

While the committee generally supported the funding levels requested by the President, we were not persuaded that all of the specific programs were fully warranted, and the committee's recommendations would delete or defer certain programs and in other cases would increase program funding. I am pleased to add that the funding authorization recommended by the committee will allow real growth in the intelligence programs.

In addition to authorization of appropriations and personnel ceilings for intelligency activities, H.R. 3454 contains, under title V, several new statutory authorities which have already been described. I fully support these provisions to provide certain needed authorities to the Central Intelligence Agency and the National Security Agency.

In closing, Mr. Speaker, H.R. 3454 provides for a program to meet the near-term intelligence needs of our Nation, as well as providing for the investment needed to sustain the intelligence capabilities and technologies essential to our national security and foreign policy in the future.

I fully support the bill and urge its passage.

□ 1230

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. ROBINSON. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

Mr. Speaker, it was my understanding that the administration had expressed some reservations about section 503 of the bill which establishes National Security Agency language training and cryptologic linguist reserve programs, and that they wanted to modify or eliminate the benefited educational grant features of the bill in that particular section.

Now, in discussing the matter with the gentleman before the debate

began, I understand that those particular objections have been withdrawn. Could the gentleman provide the whole House with those assurances so that we do not have that come up as a matter on the final passage of the bill?

Mr. ROBINSON. I am pleased to respond to the gentleman from Pennsylvania to the effect that indeed those reservations, although expressed in the Legislative Digest that came out last Friday, have been totally withdrawn. The reservation was a product of OMB and was the result of a misunderstanding with regard to the application of one of the paragraphs in section 503 to which the gentleman refers. But this morning I have it from OMB directly to me in person to the effect that not only are there no reservations to the bill coming up under suspension, which had been expressed in that publication, but there are no reservations to the bill, period. There is a reservation with regard to something that is in the Senate bill which does not appear in our bill at all.

Mr. WALKER. I thank the gentleman very much.

Mr. BOLAND. Mr. Speaker, I want to thank the gentleman from Virginia (Mr. ROBINSON) for his kind remarks. The gentleman has stated the revised administration position with reference to the opposition of the Office of Management and Budget to this bill appearing on the Suspension Calendar. The gentleman states it correctly, and he has indicated that there is no concern by the OMB to consideration of this bill now on the Suspension Calendar. OMB approves the bill and its contents.

Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. PRICE), the chairman of the Armed Services Committee who, together with his staff, has worked closely with this committee on all of the intelligence-related activities with which his committee and the Permanent Select Committee on Intelligence are jointly concerned.

Mr. PRICE. Mr. Speaker, I thank the gentleman from Massachusetts for yielding, and I thank him for his remarks.

Mr. Speaker, this is the fourth year that the Permanent Select Committee on Intelligence and the Armed Services Committee worked together to report the authorization bill for intelligence and intelligence-related activities of the intelligence community.

As the Members will recall, the Armed Services Committee shares responsibility for authorizing certain elements in the intelligence authorization bill with regard principally to intelligence-related activities for the Department of Defense, and I am most pleased to report on the continued excellent working relationship with, and cooperation of, the select committee members and staff in arriving at complete agreement on all items of joint responsibility.

As part II of the report states, the results of our recommendations are classified and are included in the classified annex to the report on H.R. 3454 prepared by the select committee.

For the information of the Members, the overall funds jointly authorized fall in budget category 050 and are in the Armed Services Committee authorization figures contained in H.R. 3519.

I urge the Members to support the intelligence authorization programs for fiscal year 1982 and cast a favorable vote for H.R. 3454.

Mr. BOLAND. Mr. Speaker, I thank the gentleman from Illinois for his remarks.

Mr. Speaker, I yield such time as he may consume to the gentleman from Kentucky (Mr. MAZZOLI), who serves with great distinction on this committee.

Mr. MAZZOLI. I thank the chairman for yielding.

Mr. Speaker, I rise in very strong support of the bill before us. I would like to extend to the chairman of the full committee my sincerest thanks for the way he has exerted leadership of our committee for these 4 years. As chairman of the subcommittee which deals with this subject matter, I had the opportunity to sit in on the chairman's meetings; they were thorough and meticulous, and I believe they would rank with any subcommittee and full committee hearings in this House for their thoroughness and for their objectivity and for their completeness.

I would like to indicate to the gentleman from Massachusetts (Mr. BOLAND) that he has done an excellent job.

Mr. Speaker, the gentleman from Kentucky in years past has urged the House, with no great success, to at least divulge a total figure for the national intelligence budget. The gentleman from Kentucky, of course, does not seek to do that today. I do believe at some point that the matter should come before our panel and should come before this House.

We did hear, as everyone remembers, some interesting testimony from people who were very active in the intelligence field. They felt that divulging a total figure would not provide particularly significant information to our enemies, of whom there are many in the world, but it would certainly be helpful to the Members who are trying to gage the effectiveness of the intelligence activities of our own Nation.

Perhaps, as I say, this matter can come before the House for debate at some time in the future. But I would like to sum up, Mr. Speaker, by thanking the chairman for the work that he has done and the work that his subcommittee has done and to thank him for allowing us to sit with him during the deliberations. I think the House and the Nation will benefit from voting this bill up as it stands today.

Mr. ROBINSON. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. MCCLORY), a very hard-working member of the committee.

Mr. MCCLORY. Mr. Speaker, I, likewise, want to commend the gentleman from Massachusetts (Mr. BOLAND) and the gentleman from Virginia (Mr. ROBINSON) for bringing this legislation to us and to indicate my strong support of it.

At a time when a consensus is finally being achieved in the need for substantial increases in our defense budget, it makes exceedingly good sense to provide adequate funding for the activities of our intelligence agencies.

We live in a time in which international conflicts can escalate with great suddenness. It has become increasingly difficult for the superpowers to avoid a direct military confrontation, while it becomes increasingly important for such to be avoided in order that the ultimate horror of nuclear confrontation not come to pass.

It seems to me that one of the extremely important elements in today's society, in view of the large military buildups, is to have a maximum of intelligence information which can apprise our military of the consequences of the preparations of all of the different things that can be most informative as we try to guide a path toward security and at the same time toward peace.

I am particularly impressed by the fact that we have authorized increased counterintelligence activities on the part of the FBI, and I know that we are going to rely on that in this increasingly troubled world.

No single element provides a greater protection against this than our foreign intelligence activities. Without a full understanding of both the capabilities and intentions of our adversaries, serious, and ultimately fatal, mistakes can be made. A massive military apparatus can do little good if it lacks the information necessary to determine if, when, and how it should be used.

Mr. Speaker, one specific matter of this legislation which I would like to touch upon briefly regards the foreign counterintelligence operations of the FBI. While I am not at liberty here to discuss the specific resources which would be allocated for this important program which protects our Nation from the espionage activities of our adversaries, I do want to note an increased effort against what is unfortunately a great problem. With newspaper reports of Soviet bloc efforts to steal our advanced technology, for ex-

ample, there should be little doubt in this body that the FBI's counterintelligence program must be given our full support.

Mr. Speaker, I urge passage of H.R. 3454.

Mr. ROBINSON. Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. YOUNG), a member of the committee.

Mr. YOUNG of Florida. Mr. Speaker, I rise in strong support of this legislation. As a member of the Subcommittee on Program and Budget of the Intelligence Committee, I can say that nothing was slipped through. The members of the subcommittee spent many hours and days and weeks reviewing all aspects of this legislation. I am happy to say that, as indicated by this bill, the unacceptably low condition of our intelligence capability of just recent years has been changed and that a new, positive direction has been taken.

Any discussion of intelligence and counterintelligence must acknowledge that we live in a hostile world. There is no doubt that a lot of intelligence is directed against our Nation by hostiles. This legislation before us today declares that we have put ourselves back into the business of defending ourselves against those hostilities, of strengthening our ability to not only know what is happening or about to happen in the world, and to take positive action to do something about it.

The Soviet KGB and the intelligence services under its control, the Cuban DGI, the Czech, East German, Polish, and other east bloc services, look upon our country as "the main enemy." They carry out espionage and covert action against us in our own country. Soviet covert action, or active measures as they call it, includes disinformation, forgeries, media placement, and support to terrorist groups. The Cuban DGI provides substantial support to the KGB in these activities, particularly the support to terrorism.

The FBI counterintelligence program is our protection against such Soviet activities in our own country. Our committee has paid particular attention to the strengthening of this FBI program.

The FBI has had some significant successes in this area. The revelation last year that the FBI had captured and turned a colonel in the KGB and had run him for some time is an example of these successes. More recently a Polish illegal agent was arrested. This shows that the FBI is able to cope with not only the official-cover KGB diplomats but the deep-cover illegals as well.

On another matter, Mr. Speaker, I would like to point to the committee's concern to improve NSA cryptolinguistic training. I had the pleasure of speaking to the Crypto-Linguistic Association at NSA last May 19. As I pointed out at that time—

> The declining level of foreign language competence nationwide results in decreasing numbers of language-proficient personnel for government service. In harmony with the laws of supply and demand, the government should respond to this important deficiency by substantially increasing the rewards for language-proficient personnel. To fail to respond in this way would not only prolong the deficiency, but would tend to undermine further the free-market character of federal employment. Scarce commodities and skills—should command a higher price. They do in the private sector—witness the flow of trained linguists from the military to much-higher paying jobs in the industry.
>
> Retention of trained linguistic and cryptolinguistic personnel has been identified as one of the most critical problems facing that part of the intelligence community . . . . A program of incentives and rewards to foster and nurture linguistic development, if sharply focused, could be effective without being excessively costly in the aggregate.

Our committee is working with the intelligence community to solve this problem.

In conclusion, I would like to thank our chairman, the gentleman from Massachusetts, and our ranking minority member, the gentleman from Virginia, for the leadership that they have provided for our efforts to repair the damage that our intelligence agencies suffered in the closing years of the 1970's.

Mr. BOLAND. Mr. Speaker, I want to pay my compliments to the other members of the Program and Budget Authorization Subcommittee of the Permanent Select Committee on Intelligence, including the distinguished chairman of the Foreign Affairs Committee, the gentleman from Wisconsin (Mr. ZABLOCKI); the gentleman from California (Mr. MINETA); the gentleman from Arizona (Mr. STUMP); the gentleman from Virginia (Mr. WHITEHURST); and the gentleman from Florida (Mr. YOUNG).

Our committee was fortunate this year in having three new members added to it, the gentleman from Indiana (Mr. HAMILTON); the gentleman from Tennessee (Mr. GORE); and the gentleman from Arizona (Mr. STUMP).

Although the gentleman from Tennessee (Mr. GORE) does not serve on this particular subcommittee—he serves on the Oversight and Evaluation Subcommittee—he attended practically all of the sessions of the Program and Budget Authorization Subcommittee and has contributed substantially to the markup on this bill. We are pleased to have the gentleman with us, and I am delighted to yield such time as he may consume to the gentleman from Tennessee (Mr. GORE).

Mr. GORE. I thank my chairman for those kind words.

Mr. Speaker, I rise to strongly recommend passage of H.R. 3454. During my first year of committee service, I have been impressed with the thorough work of the Subcommittee on Program and Budget Authorization. Their diligent work won the unanimous endorsement from the full committee for this authorization bill.

I rise briefly today for two purposes: First, to recommend passage of the bill; and, second, to briefly give the impressions of a new member joining this committee for the first time.

First, I can tell my colleagues that there is no more dedicated and professional staff anywhere on Capitol Hill. I have also been extremely impressed with the dedication of the members of the committee on both sides of the aisle and the working relationship that we have together there. I have also been impressed, Mr. Speaker, with the professionalism and dedication in the intelligence community. That is not to say that from time to time there are not initiatives undertaken which might need closer examination. I guess the principal reason I wanted to take this time is simply to tell my colleagues that I have had an opportunity, as a new member of this committee, to examine those initiatives; and where, in my judgment, some of those initiatives have not been completely thought through, the committee has been more than willing to take the time necessary to delve into these programs and initiatives. We have recommended some substantial changes, the full committee has accepted the recommendations of the subcommittee, and the bill has been reshaped because of the work of the staff and the members of the committee. I think it is a better bill because of the amount of work that has been done. I do not hesitate to strongly recommend passage of this legislation to my colleagues on both sides of the aisle and of all political persuasions and ideologies.

Mr. BOLAND. Mr. Speaker, will the gentleman yield?

Mr. GORE. I yield to the gentleman from Massachusetts.

Mr. BOLAND. Mr. Speaker, I want to express the appreciation of the entire Intelligence Committee for the gentleman's remarks, and particularly with reference to the staff. All of us on this committee, the entire subcommittee itself and also all of those who serve on the various other subcommittees, appreciate the fact that we are blessed with a great staff. I think we can say that for most legislative committees and the Appropriations Committee, too. But on this particular committee I think we are twice blessed by those who serve on the staff of the Program and Budget Authorization Subcommittee, as the gentleman from Tennessee has pointed out. I do not know of any group of people who could do a more thorough job or who

have done a more thorough job over the years than Jim Bush, Marty Faga, Duane Andrews, and Annette Smiley. All four are absolutely marvelous staff employees. The same can be said, of course, for the staff employees of the other three subcommittees. It also can be said for the staff director and also for our general counsel and associate counsel. They have contributed substantially by insuring that the staff that has been structured by this committee are people who are intelligent, who have knowledge, who have ability, and who are not afraid to express that knowledge or ability to members of the committee. I thank the gentleman very much for his remarks.

Mr. Speaker, in closing, let me add that the gentleman from California (Mr. PANETTA) has had a longstanding interest in the foreign language capabilities of Federal personnel engaged in important trade, diplomatic, and intelligence functions. He has helped focus the concern of the Permanent Select Committee on Intelligence upon linguistic shortfalls in the intelligence community. Last year, the committee directed that a communitywide approach be taken to address a series of critical problems affecting language problems, in particular, personnel rotation policies, career paths for linguists, language training, and pay policies.

Although Mr. PANETTA was prevented from being on the House floor today, he had been prepared to put several questions to me in order to follow up his concerns. The following exchange had been agreed to:

Question. Is the Committee concerned about the severe shortages at the Defense Language Institute in classroom and barracks space and would the Chairman support me in pushing for expeditious funding of military construction projects to expand classroom and barracks capacity at DLI?

Answer. The Committee is concerned about any problem which inhibits the development and maintenance of an effective language training program to support the needs of intelligence activities. The Committee, along with the Committee on Armed Services, has supported the recent expansion of Defense Language Institute facilities and the addition of a new faculty. In the coming years, the Committee will watch carefully to ensure that appropriate resources are devoted to the ongoing effort to upgrade and expand DLI.

Question. What progress has been made in the past year in addressing the linguist shortfall?

Answer. The Committee is pleased to report that progress is being made toward improving the training and utilization of language qualified personnel within the intelligence community. DIA has developed and is funding in fiscal year 1982 a language and area studies program for intelligence analysts. The faculty and staff of the Defense Language Institute are being increased by 28 percent to handle the heavy student loads. The Department of the Army has taken the lead among the military services to improve recruiting, retention and utilization of military linguists. The Committee is encouraged that the other Military Services are studying similar programs. Finally, the DLI has established an ad hoc task force to develop resource proposals to insure growth in key language skills over the longer term.

The Committee supports these efforts and will continue to review such programs closely to determine the extent to which they solve the linguist shortfall.

Question. What are the ongoing Committee concerns regarding the linguist shortfall problem and what deadlines are contained in the intelligence authorization bill to deal with these concerns?

Answer. The Committee is concerned that the efforts of the community to train and retain an adequate number of qualified linguists are only the beginning of a long and slow process to rebuild skills that have deteriorated for several years. In this respect, the Committee has addressed itself this year to two specific areas requiring congressional attention: The first is the NSA linguist training and reserve program which was mentioned earlier; the second is a provision contained within the classified index which deals with the equitable assignment of male and female linguists to selected reconnaissance activities. The Committee recognizes that linguist shortfalls have been studied too long without sufficient efforts toward actual solutions. The Committee has seen a reversal of this trend in fiscal year 1981 and fiscal year 1982 and will encourage and support positive action on the part of the intelligence elements to solve the problem. The Committee also will continue to identify and help remedy those specific problem areas that require congressional intervention.

I want to thank the gentleman from California for his interest in the language-training problem. The committee has benefited from the gentleman's suggestions and support to improve the intelligence community's language capabilities.

□ 1245

Mr. ROBINSON. Mr. Speaker, will the gentleman yield?

Mr. GORE. I will be delighted to yield to the gentleman from Virginia.

Mr. ROBINSON. Mr. Speaker, I thank the gentleman from Tennessee for yielding. I would certainly be remiss in not expressing the same feelings with regard to the Republican members of the Intelligence Committee, and the gentleman gives me that opportunity to do so.

We appreciate, believe me, the attention that we are able to get from the staff as minority members, as opposed to what we know is the way we are treated on some other committees. It is totally impartial. The staff works with us just as ably and readily, and gives us as much time as we require. I thank the chairman again for making it so, and I thank the staff for the privilege of working with them in producing a bill which I think is a very good bill and in the interests of the Intelligence Committee.

● Mr. DERWINSKI. Mr. Speaker, I rise in support of the Intelligence Authorization Act for fiscal year 1982. A reasonable, balanced measure, this legislation permits the President to conduct foreign policy as the Constitution intended, yet it provides that the Congress play its role of proper oversight. The conduct of foreign intelligence matters is an important aspect of the exercise of foreign affairs. This legislation is thus an important step in the foreign affairs process.

When we have taken care of this housekeeping function we can consider the several other important intelligence matters which need to be addressed, for example, the protection of our intelligence personnel. We have recently seen still another example of the work of an American anti-intelligence group which publishes the names of alleged intelligence employees under cover abroad. The lives of our dedicated intelligence personnel who engage in this essential national security function abroad must be protected as must our methods of operations. That is the next step, however. In the meanwhile, this necessary legislation—intelligence authorization—should be passed and I urge that we do so.●

Mr. BOLAND. Mr. Speaker, I have no further requests for time.

Mr. ROBINSON. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Massachusetts (Mr. BOLAND) that the House suspend the rules and pass the bill, H.R. 3454.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

OMNIBUS TERRITORIES BILL

Mr. WON PAT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3659) to authorize appropriations for certain insular areas of the United States, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3659

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—GUAM

SEC. 101. (a) The Organic Act of Guam is hereby amended by adding after section 11 (48 U.S.C. 1423a) the following:

"SEC. 11a. The people of Guam shall have the right of initiative and referendum, to be exercised under the conditions and procedures specified in the laws of Guam.".

(b) The Organic Act of Guam is amended by adding after section 7 (48 U.S.C. 1422a) the following:

"SEC. 7a. (a) Any official of Guam named in subsection (b) may be removed from office by a referendum election in which more than one-half of the number of votes cast for the candidates for such office in the last preceding general election at which

such official was elected are cast in favor of recall and in which those so voting constitute a majority of all those participating in the referendum election. The referendum election shall be initiated by the Governor following—

"(1) a two-thirds vote of the members of the legislature in favor of a referendum; or

"(2) a petition for such a referendum to the Governor by registered voters equal in number to at least 40 per centum of the whole number of votes cast for the candidates for such office at the last general election at which such office was filled preceding the filing of the petition.

"(b) The officials subject to recall under this section are—

"(1) the Lieutenant Governor; and

"(2) the members of the legislature.".

SEC. 102. (a) For grants to the government of Guam for the rehabilitation, upgrading, and construction of public facilities, there is hereby authorized to be appropriated to the Secretary of the Interior $8,000,000 for each of fiscal years 1983, 1984, 1985, and 1986, plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in construction costs from October 1981 price levels as indicated by engineering cost indexes applicable to the types of construction involved.

(b) The Secretary may place such stipulations as he deems appropriate on the use of funds appropriated pursuant to subsection (a) hereof.

(c) Grants provided pursuant to this Act and not obligated or expended by the government of Guam during any fiscal year will remain available for obligation or expenditure by such government in subsequent fiscal years for the purposes for which the funds were appropriated.

(d) Funds provided under subsection (a) may be used by Guam as the matching share for Federal programs and services.

TITLE II—TRUST TERRITORY OF THE PACIFIC ISLANDS

SEC. 201. In section 402(a) of Public Law 96-597 (94 Stat. 3478) strike "by October 1, 1982," and insert in lieu thereof: "by the date of termination of the trusteeship agreement governing the administration of the Trust Territory of the Pacific Islands.".

TITLE III—VIRGIN ISLANDS

SEC. 301. There is authorized to be appropriated to the Secretary of the Interior $8,000,000 for each of fiscal years 1982 through 1985 (plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in construction costs from October 1981 price levels as indicated by engineering cost indexes applicable to the types of construction involved) to be paid as a grant to the government of the Virgin Islands for construction of water and power generation and distribution facilities in the Virgin Islands pursuant to a plan, approved by the Secretary of the Interior, that: (1) projects the purchase, with the funds authorized by this section, of sufficient water and power capacity for the territory through 1996, (2) facilitates integration of additional water and power capacity after 1996, (3) provides for the administration of water and power generation and distribution facilities within a single agency or entity, and (4) includes such other requirements as the Secretary of the Interior deems necessary. Such grant funds appropriated but not obligated nor expended by the government of the Virgin Islands during any fiscal year shall remain available for obligation or expenditure by such governments in subsequent fiscal years for the purposes for which the funds were appropriated. Such grant funds also may be used by the government of the Virgin Islands to match other Federal funds that may be available for such construction or services.

SEC. 302. (a) There is authorized to be appropriated to the Secretary of the Interior $150,000 for the fiscal year 1983 to be paid as a grant to the government of the Virgin Islands for use by the College of the Virgin Islands to study and plan for the creation of an institution for educational, cultural, and technical interchange.

(b) The Secretary may place such stipulation as he deems appropriate on the use of funds appropriated pursuant to subsection (a) of this section.

(c) Grant funds appropriated pursuant to subsection (a) but not obligated or expended during the fiscal year in which they are appropriated shall remain available for obligation or expenditure in subsequent fiscal years.

TITLE IV—AMERICAN SAMOA

SEC. 401. (a) The Secretary of the Interior (hereafter in this section referred to as Secretary) is authorized to guarantee for purchase by the Federal Financing Bank bonds or other obligations of the American Samoa Power Authority which shall be issued in order to finance the purchase, shipment and installation of power generating equipment, and related accessories, and to finance as needed overhaul of existing power generating equipment, and to finance as required power distribution equipment, parts and lines.

(b) The aggregate principal amount of obligations which may be guaranteed under subsection (a) shall not exceed $15,000,000. No commitment to guarantee shall be entered into under this Act after October 1, 1985.

(c) The Secretary is authorized, with the approval of the Secretary of the Treasury, to guarantee and to enter into commitments to guarantee, upon such terms and conditions as he may prescribe, payment of principal and interest on bonds and other obligations issued by the American Samoa Power Authority under subsection (a). No guarantee or commitment to guarantee shall be made unless the Secretary determines:

(1) There exists reasonable financial capability of the American Samoa Power Authority to repay to the Federal Financing Bank the required interest and principal as determined above.

(2) That the proceeds of such issue will be used only for those items listed in subsection (a).

(3) That the maturity of any obligations to be guaranteed does not exceed thirty years or 90 per centum of the useful life of the physical assets to be financed by the obligation, whichever is less, as determined by the Secretary.

(4) The interest rate on obligations purchased by the Federal Finance Bank shall be not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of notes or other obligations adjusted to the nearest one-eighth of 1 per centum.

(d) If the Secretary determines that the American Samoa Power Authority will not meet its obligation to pay interest and principal (1) notwithstanding any other provisions of law, Acts making appropriations may provide for the withholding of any payment of the United States to the government of American Samoa which may be or become due pursuant to any law and offset the amount of such withheld payments against any claim the United States may have against the government of American Samoa or the American Samoa Power Authority pursuant to this guarantee. For the purposes of this Act, under section 3466 of the Revised Statutes (31 U.S.C. 191) the term "person" includes the government of American Samoa and the American Samoa Power Authority. The Secretary may place such stipulations as he deems appropriate on the bonds or other obligations he guarantees.

TITLE V—MISCELLANEOUS

SEC. 501. Any amount authorized by this Act or by Public Law 96-597 (94 Stat. 3477), but not appropriated for a fiscal year is authorized to be available for appropriations in succeeding fiscal years.

SEC. 502. (a) In section 604 (c), (d), and (e) of Public Law 96-597 (94 Stat. 3481) delete "Secretary of Energy or any administrative official who may succeed him" each time it appears and substitute in its place, "Secretary of the Interior".

(b) In (c) and (d) of section 604 delete "with the approval of the Secretary of the Interior" and substitute "after consultation with the Secretary of Energy or any administrative official who may succeed him".

SEC. 503. Notwithstanding any other provision of law, the governments of American Samoa, Guam, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the Virgin Islands, and any local units of such governments, which have undertaken, or which undertake, authorized capital improvement projects shall be deemed to have met, or to meet the matching assistance requirements otherwise required without transfer of funds.

SEC. 504. (a) For grants to the governments of American Samoa and the Northern Mariana Islands for the rehabilitation, upgrading, and construction of public facilities, there is hereby authorized to be appropriated to the Secretary of the Interior, to be equally divided by him between said governments, $4,000,000 for each of fiscal years 1982 through 1985, plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in construction costs from October 1981 price levels as indicated by engineering cost indexes applicable to the types of construction involved.

(b) The Secretary may place such stipulations as he deems appropriate on the use of funds appropriated pursuant to subsection (a) hereof.

(c) Grants provided pursuant to this Act and not obligated or expended by the governments of American Samoa and the Northern Mariana Islands during any fiscal year will remain available for obligation or expenditure by such governments in subsequent fiscal years for the purposes for which the funds were appropriated.

(d) Funds provided under paragraph (a) may be used by American Samoa and the Northern Mariana Islands as the matching share for Federal programs and services.

The SPEAKER pro tempore. Is there a second demanded?

Mr. LAGOMARSINO. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Guam (Mr. WON PAT) will be recognized for 20 minutes, and the gentleman from California (Mr. LAGOMARSINO) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Guam (Mr. WON PAT).

Mr. WON PAT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, before us today is the annual omnibus insular areas bill. This bill, which is a very modest one because of budget constraints, provides a few needed authorizations and changes in current law for insular areas of American Samoa, Guam, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the Virgin Islands. Important additional provisions were left out of this bill this year in order to assure its acceptance by the Congress. Those provisions retained in the bill are either very low in monetary value or will cost nothing at all.

Among the provisions are the following:

For Guam, there is first of all, provision to establish a process for recalling either the Lieutenant Governor or members of the legislature. Many of my constituents have requested that I provide such a method by amending the Guam Organic Act and I am hereby complying with their request. The Organic Act already provides for the recall of the Governor, hence that office is not included in this provision.

Guam's current capital improvements authorization runs out at the end of fiscal 1982. And since there is always a need for rehabilitating and constructing public facilities impaired by age or damaged by typhoons, it is necessary to include in this bill an authorization beginning with fiscal 1983. Eight million dollars for each of 4 fiscal years is what we are seeking.

For the Trust Territory of the Pacific Islands, which comes under the jurisdiction of my friend and colleague, JOHN SEIBERLING, we have added a provision that changes the October 1, 1982, date in current law (Public Law 96-597) for the transfer of excess personal property in the trust territory from the U.S. Government to the governments of the Federated States of Micronesia, Palau, the Marshalls, and the Northern Mariana Islands. The date would become that date on which the trusteeship is terminated. We are making this change because we understand there are a number of things that cannot be transferred before the termination of the trusteeship.

For the Virgin Islands, we are authorizing $8 million for each of 4 fiscal years to take care of the construction of water and power generation and distribution facilities in the Virgin Islands. The water and power situation in the Virgin Islands is critical and in need of immediate attention. Water shortages and power outages are becoming a way of life in the Virgin Islands and it is our responsibility to help alleviate these problems. I am sure that all of you who have constituents who vacation in the Virgin Islands or who do business down there have heard complaints about the lack of water and power. The economic viability of the Virgin Islands is dependent on an adequate water and power supply and we hope that this will help solve their dilemma.

American Samoa has been experiencing a power generation crisis for sometime now. The government of American Samoa owns 10 generators, only 4 of which are operating. There are six units on loan from the Corps of Engineers, and only four of these are working. Their current total production is at 15 megawatts. With American Samoa's peak demand load at 12.9 megawatts, any further loss of generating capacity would seriously incapacitate them. Furthermore, if an emergency situation were to to occur, they would need 100 percent over what their total operating capacity is in order to cope with it and as you can see from the figures, they have only half of what they need.

To help them to improve their power situation, the bill authorizes up to $15 million in federally guaranteed loans for the American Samoa Power Authority.

Additionally, the bill changes current law (Public Law 96-597) to provide that the Secretary of Interior, rather than the Secretary of Energy, should be responsible for developing the comprehensive energy plans on renewable sources of energy for each of the insular areas. While the Department of Energy has been working on developing these plans, it was only able to come up with about $200,000 in funds which run out just about now, and there is no money in their budget for either the rest of the year or for fiscal 1982.

We believe that if the program were switched to the Department of Interior, which is where the House wanted it to begin with, the Department might be able to better control the project and the pace of it could be picked up considerably. No department is more conscious of the urgent need for finding alternative sources of energy for the insular areas than Interior.

Another provision of H.R. 3659 stipulates that none of the governments of the insular areas will be required to meet any matching requirements for capital improvement projects that anyone may propose. The impact of the budget cuts will be severe enough on these areas without adding any additional burdens.

And lastly for American Samoa and the Northern Mariana Islands, the bill authorizes $2 million a year for each of these governments for 4 fiscal years for capital improvement projects.

I urge my colleagues to support this measure designed to meet the most immediate needs of the insular areas.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. WON PAT. Yes; I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, I appreciate the gentleman yielding. I was listening carefully to the gentleman's remarks, because as I understand it, on this bill—and correct me if I am wrong—there were no hearings held on this bill. Is that correct?

Mr. WON PAT. There were no formal hearings on the matter. We had what we call conferences with both the Republicans as well as the Democratic members of the committee, and consulted with the island representatives who are here.

Mr. WALKER. But there were no hearings held as such?

Mr. WON PAT. No formal hearings in the usual sense of the word.

Mr. WALKER. The reason why I raised the issue, I have gone through the committee report, and what concerns me to some extent is that we have $8 million of authorization for Guam, $2 million for the Northern Marianas, $8 million for the Virgin Islands, and several other specifications of funds here, but they are specified in very general ways. For example, the public facilities construction improvement and rehabilitation, but I see no specifics in the gentleman's report. I heard no specifics for those projects in the gentleman's remarks, and of course we have no hearing record to refer back to to find out where the money was going to go specifically in each of these areas.

Could the gentleman detail for us in some sort of specific fashion what we are going to spend this $80 million on, which is $80 million above the administration's budget request?

Mr. WON PAT. First of all, let me say that the amounts here are very minimal. They are way below the reconciliation budget figures. As I pointed out in my statement, these are for capital projects. More importantly, of course, more vital are what we call the water and power facilities.

Mr. WALKER. If the gentleman would yield further, is it the gentleman's understanding, as it is mine, that the administration strongly opposes consideration of this bill under the Suspension Calendar because they believe it exceeds the President's budget by $80 million in fiscal years between 1982 and 1986? Is my understanding on that correct?

Mr. WON PAT. I know of no budget proposed, or rather figured out and submitted by the administration, up to now.

Mr. DE LUGO. Mr. Speaker, will the gentleman yield?

Mr. WON PAT. Yes; I yield to the gentleman.

Mr. DE LUGO. H.R. 3659 falls considerably below the amount that was authorized for the territories in Gramm-Latta II. Gramm-Latta II authorized some $236.5 million in fiscal year 1982 for the territories, while this bill only authorizes $12 million for fiscal year 1982.

The amount that has thus far been appropriated for the territories by the Appropriations Committee is $171.4 million. The gentlemen can see that the appropriations are way below the amount that the House authorized just recently in Gramm-Latta II. This appropriations bill will be coming to the floor shortly.

Also, may I point out that H.R. 3659 was taken up by the full committee on June 24. The bill was handled in the same manner as similar bills in the past; concerns were addressed when language was put in for authorizations in the committee budget. With regard to the $8 million dollars authorized for water and power in the Virgin Islands, the administration has been fully apprised of the dire need for water and power assistance in the islands. The authorization is clearly justified and the figure pared to meet budgetary constraints.

□ 1300

Mr. LAGOMARSINO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, my colleagues on the other side of the aisle, the gentleman from the Virgin Islands (Mr. DE LUGO) and the gentleman from Guam (Mr. WON PAT), have explained how this bill came about. I would like to amplify that explanation myself.

Over a period of several years we have held hearings on the needs of the territories, and many of the projects that would be financed by the capital improvement project moneys contained in this bill were discussed at those meetings. In addition, many of the projects were described, and the need for them was described in hearings that were held this year, not long ago, by the Interior Subcommittee of the Committee on Appropriations.

In addition to that, I believe it is true that every Member representing one of these offshore areas is a member of this subcommittee or at least has an input into it. So we have had those kinds of exchanges, and that kind of need has been known.

We have also discussed many of these projects with the Interior Department itself. They recognize the need for infrastructure capability, the lack of which is hurting some of the areas. For example, in several of the areas the water system is so bad that somewhere between 30 to 50 percent of the water is lost before it gets to the ultimate user. That is affecting not only the health and safety and convenience of the inhabitants of those islands but also, perhaps even more important in the long run, it is affecting their ability to attract and keep capital-producing enterprises going, such as fish canneries, and so on, on American Samoa.

I have myself, Mr. Speaker, spoken on many occasions with the representatives of the territorial governments, not only the elected representatives who serve here in the Congress, but also those elected and nonelected officials who come here from time to time for the purpose of discussing their needs and objectives in the area. So we are personally aware of the grave social and economic problems confronting America's insular areas in this period of soaring inflation.

Although H.R. 3659 falls far short of correcting all of those serious deficiencies, it does keep faith with our fellow Americans in the strategic bastions of the Pacific and Caribbean, and it does, I think, keep these areas going. For example, capital improvement funds authorized for Guam and the Northern Marianas would be used for port improvement and the upgrading of antiquated public facilities such as water and sewers.

American Samoa as America's center of commerce in the South Pacific is badly in need of improved harbor facilities. Moreover, the $15 million in guaranteed Federal loans for power generation is absolutely essential to repair existing facilities and to accommodate future expansion in American Samoa. And, finally, the Virgin Islands sorely needs to improve its water and power distribution systems.

Mr. Speaker, America's offshore areas in the Pacific and the Caribbean are not only strategically important in the military sense, but they also contribute significantly to America's international image as showcases of our way of life. As a matter of fact, just this weekend Secretary of State Alexander Haig met with representatives from Venezuela, Mexico, and Canada to start putting together a formula for assisting the Caribbean and nations surrounding its rim.

Certainly if we are going to have any kind of a meaningful program—and I might say that my understanding is most of this will be through the private sector, although some of it will be through public funds—certainly if we are going to have that kind of a program, we have to start out and anchor it with meaningful programs for our very own possessions and territories in the area. The Federal moneys allocated to offshore areas, therefore, are not giveaways at all; they are sound investments in the future of all Americans.

There has been concern expressed here about some of the specific projects and why they are not spelled out here. The reason for that is that that is the job of the Appropriations Committee. They held detailed hearings. They have done that, and one of the reasons they did not include in that all of the projects we are talking about here, as I understand it, is because there is no authorization. That is what this bill is for.

So, Mr. Speaker, I urge the passage of this legislation.

Mr. DE LUGO. Mr. Speaker, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman from the Virgin Islands.

Mr. DE LUGO. Mr. Speaker, I thank the gentleman from California (Mr. LAGOMARSINO) for yielding, and I want to commend the gentleman for his remarks. I would like to associate myself with the gentleman's remarks.

I would like particularly to commend the gentleman on raising the very important point of strategic importance. I will address myself primarily to my area, the Caribbean and the U.S. Virgin Islands. I would stress the importance of these areas to the United States strategically, and particularly, in this particular case, the U.S. territory in the Caribbean, the U.S. Virgin Islands.

I will again underline the fact that there is contained in this bill less money authorized—substantially less—than was authorized by Gramm-Latta II. So this is not a budget-buster by any means. The items that are authorized in here were gone into in great detail in the hearings that we held. The Governor of the Virgin Islands and his commissioners and all the experts appeared before the Appropriations Subcommittee, and there were hearings held in great detail.

The authorizations we make here are for the most basic items—for instance, as the gentleman from California (Mr. LAGOMARSINO) pointed out, water and power. We want these U.S. territories to be able to stand on their own two feet. We cannot stand on our own two feet if we do not have water and power; we cannot attract the necessary investment and keep it. When we lose, as the gentleman from California pointed out, one-half of the water that we are creating through distribution, we have got a serious problem. We create our water in the Virgin Islands. We catch some from the Heavens and put it in cisterns, but most of it is created through desalinization projects. The other items are items such as the hospital.

So, Mr. Speaker, I think this is a good bill, and certainly a lot of thought has been given to this matter by both the Committee on Interior and Insular Affairs and the Appropriations Subcommittee on Interior.

Mr. LAGOMARSINO. Mr. Speaker, I thank the gentleman from the Virgin Islands (Mr. DE LUGO).

I would just like to emphasize one thing that the gentleman mentioned, and that is that the reconciliation figures contained in Gramm-Latta II are well above what we propose in this bill today and in the other legislation that is on the books.

In addition to that, as the gentleman also pointed out, it is our understanding that the Appropriations Subcommittee has recommended to this House a figure that is almost $60 million below the authorization level. So there need be little fear that we are going to bust the budget here. In fact, I think we have gone too far the other way, and it may seriously damage some of these territories. But the point is that we are within the budget figures.

Mr. DE LUGO. Mr. Speaker, if the gentleman will yield further, there is one other point that I failed to make.

Mr. LAGOMARSINO. I yield to the gentleman from the Virgin Islands.

Mr. DE LUGO. Mr. Speaker, as to the impact of the action that is being taken at the national level on these offshores areas, in many instances we are doubly impacted. Of course, we are impacted by the budget cuts in Gramm-Latta I and Gramm-Latta II, but aside from that we are also impacted by the tax cuts, because in the territories, in an effort to get these territories to be able to stand on their own two feet, the taxes are collected but they are retained in the Treasury, but now when these tax cuts are imposed, that will mean additional losses in revenues to the territories.

So, Mr. Speaker, this help is vitally needed, and certainly it is in line with the national interest.

Mr. LAGOMARSINO. Mr. Speaker, I thank the gentleman from the Virgin Islands (Mr. DE LUGO).

Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. WALKER).

Mr. WALKER. Mr. Speaker, this may well be a bill that the House would want to approve. I think the gentleman from Guam (Mr. WON PAT), the gentleman from the Virgin Islands (Mr. DE LUGO), and the gentleman from California (Mr. LAGOMARSINO) make strong arguments for this bill.

However, the question I raise here this afternoon is whether or not this is a bill that should be brought up on the Suspension Calendar. I raise the question for some procedural reasons and some substantive reasons. Let me cover some of the procedural reasons first.

This is a bill that had no hearings in the committee, and as a result the administration, which evidently did have some concerns about this bill, was given no opportunity to present its views. Therefore, some of the concerns that they have which have been indicated are that the capital improvement authorizations contained in the legislation are either, in their language, unjustified or certainly unspecified and had no chance at all to be considered in committee.

We are bringing the bill onto the floor under the Suspension Calendar, and there is no chance to offer amendments on behalf of some of the things that may be concerns within this legislation. I think it would be far better with this type of legislation that we bring it out under the regular procedures of the House and allow the House to work its will on these provisions, since these particular concerns have been raised.

In the substantive area, I would indicate that the administration does feel that this bill over the period of the 1982-86 fiscal year pattern would exceed the President's budget by $80 million. That, too, is a major concern and one which I think should be addressed as a part of the regular procedures of this House.

So, Mr. Speaker, it would be my recommendation to the House that we reject this bill on the Suspension Calendar and go forward with the bill under the regular procedures of the House, and allow the very strong arguments to be made as a part of that consideration that have been made already on this House floor and also allow whatever amendments might be offered to the bill. I believe we should go forward in that manner rather than under the Suspension Calendar.

Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. LAGOMARSINO. Mr. Speaker, I yield myself such additional time as I may consume.

As has been pointed out already in the debate, Mr. Speaker, the sum of $12 million is the figure being used for 1982. I do not think that is going to be a serious problem for the budget. As we have pointed out many times already in this debate, it is well within the Gramm-Latta figures.

I might also point out with regard to procedure that the procedure that is being used today for the omnibus territories bill—and this is a rather thin omnibus bill compared to many that we have handled here in the past—is exactly the same as the procedure that we have used in the past and, I think, very effectively and very fairly, and I think we have done a good job.

I would point out also that the administration had every opportunity to present their views if they wished to do so. We did have a hearing of the full committee on this legislation. They could have presented their views at that time.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, I notice, for instance, in the body of this report—the usual, standard procedure in these reports is to indicate what the administration's position is—there is no indication whatsoever in this report anywhere that the administration took a position on the bill.

Mr. LAGOMARSINO. That is correct, although we did discuss it with them; but they did not see fit, for whatever reason, to present their views to us. It was discussed with the Department of the Interior.

Mr. WALKER. And at that time did they give an indication as to whether or not they were supporting or were not supporting the bill?

Mr. LAGOMARSINO. They did not say they did not support it.

Mr. WALKER. And they did not say they did support it either; is that true?

Mr. LAGOMARSINO. Usually they are not loath to tell us when they do not support something.

Mr. WALKER. Mr. Speaker, I thank the gentleman from California (Mr. LAGOMARSINO).

Mr. LAGOMARSINO. Mr. Speaker, I yield back the balance of my time.

Mr. WON PAT. Mr. Speaker, before I relinquish my time, I will yield myself such time as I may consume.

Mr. Speaker, I just want to say that I recognize, of course, the merit of the argument raised by the gentleman from Pennsylvania (Mr. WALKER). This particular bill is much more modest than others in all respects, and it carries forward the projects ongoing in the territories.

□ 1315

I want to commend highly the gentleman from California, the ranking minority member of the committee, for his very excellent comments and the point he brought out about our responsibilities to the territories.

We have not only that responsibility, but we have a national responsibility as well as moral responsibility to these territories and the people.

Mr. JOHNSTON. Mr. Speaker, will the gentleman yield?

Mr. WON PAT. I yield to the gentleman from North Carolina.

Mr. JOHNSTON. I thank the gentleman for yielding.

This recognizes it has a moral responsibility to the American taxpayer and it is curious to me that we are again resorting to the type of off-budget financing to the tune of $15 million that is not even acknowledged in this report. When we are talking about $80 million, we are really talking about $95 million because the American Treasury is going to have to come up with another $15 million.

In addition, the report itself sets out the fact that this provision could result in additional demand for other Federal grant programs, a bit of

candor that is not normal in reports such as this.

Mr. WON PAT. I thank the gentleman for raising those issues.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Guam (Mr. WON PAT) that the House suspend the rules and pass the bill, H.R. 3659, as amended.

The question was taken.

Mr. WALKER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

The point of no quorum is considered withdrawn.

MARINE PROTECTION, RESEARCH, AND SANCTUARIES ACT AUTHORIZATION

Mr. D'AMOURS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2449) to amend title III of the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, to authorize appropriations for such title for fiscal years 1982, 1983, and 1984, and for other purposes, as amended.

The Clerk read as follows:

H.R. 2449

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 304 of the Marine Protection, Research, and Sanctuaries Act of 1972 (16 U.S.C. 1434) is amended—

(1) by striking out "and" immediately after "fiscal year 1978" and inserting a comma; and

(2) by adding immediately after "fiscal year 1981" the following: ", not to exceed $2,235,000 for fiscal year 1982, and such sums as may be necessary for fiscal year 1983,".

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from New Hampshire (Mr. D'AMOURS) will be recognized for 20 minutes, and the gentleman from New Jersey (Mr. FORSYTHE) will be recognized for 20 minutes.

The Chair recognizes the gentleman from New Hampshire (Mr. D'AMOURS).

Mr. D'AMOURS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 2449 reauthorizes the marine sanctuaries program which was created by title III of the Marine Protection, Research, and Sanctuaries Act (MPRSA) of 1972.

The congressional intent in establishing the sanctuaries program is to recognize that there are certain areas in the coastal and ocean waters which exhibit sensitive and irreplaceable biologic and ecological value. These areas often contain valuable fishery, oil, and gas resources; consequently, a designated sanctuary site can benefit greatly from a well-balanced and integrated management program of research, monitoring, education, recreation, resource exploitation, long-term planning, and regulation.

Marine sanctuaries have been designated to protect diverse areas such as coral reefs off Georgia and Florida, marine mammal and bird habitats off California, and the Civil War ironclad U.S.S. *Monitor* off North Carolina.

The program is designed to protect important marine areas for the long-term benefit of the public. It is similar to Federal programs such as the national park system and the national forest system which are responsible for management of special areas on land. The sanctuary program is designed to allow multiple use of ocean areas, but only if activities do not interfere with the purposes for which the sanctuary was established and do not threaten the integrity of the resource values of the site.

The reauthorization bill, H.R. 2449, was unanimously reported out of the Merchant Marine and Fisheries Committee on May 13. Essentially, the bill contains the administration's requested authorizations of $2.235 million for fiscal year 1982 and such sums as are necessary for fiscal year 1983.

It has been the committee's goal to insure that the development of the marine environment proceed in a balanced fashion, one which is sensitive in the need to protect our valuable marine resources.

I urge my colleagues to join with me in support of the authorizations for this program, in order to continue the management schemes for the present six sanctuaries and to enable the program to expand in the future.

Mr. FORSYTHE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 2449, a bill to authorize $2.25 million for the marine sanctuaries program in fiscal year 1982 and such sums as necessary in fiscal year 1983.

This bill conforms to the administration's budget request for 1982 and 1983. Its enactment would allow the Department of Commerce to continue to evaluate and designate areas as marine sanctuaries where the regulation of certain activities is needed to protect the resources in areas outside the jurisdiction of coastal States. The marine sanctuaries program provides for a multiuse management approach to preserve and protect selected habitats or other significant resources in marine waters.

Since the inception of the program in 1972, six sanctuaries have been designated, and the Department of Commerce is currently considering several additional candidates. The authorization provided by H.R. 2449 would allow for the continued review of potential sites, the preparation of the necessary issue papers or impact statements, and for workshops and hearings to be conducted in the affected localities. In addition, this authorization will provide necessary support for the ongoing monitoring and management activities in the existing sanctuaries.

Mr. Speaker, I support the marine sanctuaries program if the areas designated are of a reasonable size and if the purpose for designation is for the protection of a significantly valuable, sensitive, or unique area, and not merely for the purpose of arbitrarily halting development within such area. If the program is carried out responsibly, then there is value in its continuation. The new administration has taken steps to insure this. Several policy and program refinements have been developed to clarify site selection criteria so that only sites with exceptional resource values will be considered. The administration will also be placing greater emphasis on improving the effectiveness of existing authorities and programs in order to minimize the need for new regulations.

I urge my colleagues to support H.R. 2449 and the authorization it provides for the marine sanctuaries program.

● Mr. PRITCHARD. Mr. Speaker, I rise in support of H.R. 2449 which reauthorizes the marine sanctuaries program at a level of $2.235 million for fiscal year 1982 and such sums as may be necessary for fiscal year 1983.

This program, established in 1972 with the enactment of the Marine Protection, Research, and Sanctuaries Act, provides for the protection of unique and sensitive marine and Great Lakes areas. Substantive changes in the program regulations in 1979 and in the legislation in 1980 have resulted in significant improvements in the administration of this program by NOAA. The scope of the program has been more narrowly defined and implementation procedures have been clarified.

Four of the six sanctuaries presently designated received final approval within the past year. The recent designations include unique marine mammal and seabird habitats in the Channel Islands and the Point Reyes-Farallon Islands Marine Sanctuaries off California, a sensitive live-bottom area at the Gray's Reef site off the Georgia coast, and a spectacular coral formation and reef community at Looe Key Marine Sanctuary off Florida. These designations will allow the preservation of these sites for their resource values by managing multiple uses within the sites to minimize potential harm to these values. Comprehensive management plans for these areas will also promote research and

educational programs to increase public awareness and understanding of these ecosystems. Designation of a seventh site, a significant stand of mangroves at St. Thomas, U.S. Virgin Islands, has recently been proposed by NOAA. In my view, Mr. Speaker, the marine sanctuaries program is making considerable progress in achieving its goals.

The authorization level provided in H.R. 2449, for $2.235 million in fiscal year 1982 and such sums as may be necessary in fiscal year 1983, is consistent with the administration request for funding of this program. An administration review is currently being conducted of the progress made in implementing this program and of future plans for the program. A determination of the fiscal year 1983 funding requirements will be appropriate at the conclusion of that review.

I support this reauthorization for the continuation of these efforts to protect distinctive and fragile marine areas.

Thank you, Mr. Speaker.●

● Mr. LENT. Mr. Speaker, I want to commend the distinguished gentleman from New Hampshire, the chairman of the Subcommittee on Oceanography and the distinguished gentleman from Washington the ranking minority member, for their leadership in bringing H.R. 2449 to the floor today.

I rise in support of H.R. 2449, authorizing funding to carry out the national marine sanctuaries program created with enactment of title III of the Marine Protection, Research, and Sanctuaries Act (MPRSA) of 1972. The authorization of $2.235 million for fiscal year 1982 and such sums as may be necessary for fiscal year 1983 is consistent with the administration's position.

The marine sanctuaries program was enacted to provide protection to unique or distinctive marine areas having significant conservation, recreational, ecological, or esthetic values. Marine sanctuaries may be designated in ocean areas as far seaward as the outer edge of the Continental Shelf, coastal waters where the tide ebbs and flows, and the Great Lakes. To date, six such areas have been designated:

The U.S.S. *Monitor* Marine Sanctuary off the coast of North Carolina;

The Key Largo Coral Reef Marine Sanctuary off the coast of Florida;

The Channel Islands National Marine Sanctuary off the coast of California;

Gray's Reef National Marine Sanctuary off the coast of Georgia;

Point Reyes/Farallon Islands National Marine Sanctuary off the California coast; and

Looe Key National Marine Sanctuary off the Florida coast.

As ranking minority member of the House Panama Canal and Outer Continental Shelf, I am anxious to make sure our marine sanctuary program is a viable one. One of the important protections accorded marine sanctuaries is the regulation of multiple uses within the area to minimize potential harm and maximize the protection needed to insure the integrity of the sanctuary's ecology.

Enactment of H.R. 2449 is needed to manage the six presently designated sanctuaries and to review and assess active sanctuary candidate sites. I urge my colleagues to join in voting for this legislation before us today.●

Mr. D'AMOURS. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Hampshire (Mr. D'AMOURS) that the House suspend the rules and pass the bill, H.R. 2449, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title was amended so as to read: "To amend title III of the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, to authorize appropriations for such title for fiscal years 1982, and 1983, and for other purposes."

A motion to reconsider was laid on the table.

Mr. D'AMOURS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill, S. 1003, to amend title III of the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, to authorize appropriations for such title for fiscal years 1982 and 1983, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1003

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 304 of the Marine Protection, Research, and Sanctuaries Act of 1972 (16 U.S.C. 1434) is amended by—

(1) striking "and not" immediately after "1978" and substituting ", not"; and

(2) inserting immediately after "1981" the following ", not to exceed $2,235,000 for fiscal year 1982, and not to exceed $2,235,000 for fiscal year 1983".

MOTION OFFERED BY MR. D'AMOURS

Mr. D'AMOURS. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. D'AMOURS moves to strike out all after the enacting clause of the Senate bill, S. 1003, and to insert in lieu thereof the provisions of the bill, H.R. 2449, as passed by the House.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title of the Senate bill was amended so as to read: "To amend title III of the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, to authorize appropriations for such title for fiscal years 1982, and 1983, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 2449) was laid on the table.

GENERAL LEAVE

Mr. D'AMOURS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

UPGRADE 1890 LAND-GRANT COLLEGES RESEARCH FACILITIES

Mr. DE LA GARZA. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1309) to provide grants to the 1890 land-grant colleges, including Tuskegee Institute, for the purpose of assisting these institutions in the purchase of equipment and land, and the planning, construction, alteration, or renovation of buildings to strengthen their capacity for research in the food and agricultural sciences, as amended.

The Clerk read as follows:

H.R. 1309

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it is hereby declared to be the intent of the Congress to assist the institutions eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321-326 and 328), including Tuskegee Institute (hereinafter referred to in this Act as "eligible institutions"), in the acquisition and improvement of research facilities and equipment so that eligible institutions may participate fully with the State agricultural experiment stations in a balanced attack on the research needs of the people of their States.

SEC. 2. There are hereby authorized to be appropriated to the Secretary of Agriculture for the purpose of carrying out the provisions of this Act $10,000,000 for each of the fiscal years 1981 through 1985, such sums to remain available until expended.

SEC. 3. Four per centum of the sums appropriated pursuant to this Act shall be available to the Secretary for administration of this grants program. The remaining funds shall be available for grants to the eligible institutions for the purpose of assisting them in the purchase of equipment and land, and the planning, construction, alteration, or renovation of buildings to strengthen their capacity to conduct research in the food and agricultural sciences.

SEC. 4. Grants awarded pursuant to this Act shall be made in such amounts and under such terms and conditions as the Secretary shall determine necessary for carrying out the purposes of this Act.

SEC. 5. Federal funds provided under this Act may not be utilized for the payment of any overhead costs of the eligible institutions.

SEC. 6. The Secretary may promulgate such rules and regulations as the Secretary may deem necessary to carry out the provisions of this Act.

The SPEAKER pro tempore. Is a second demanded?

Mr. THOMAS. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Texas (Mr. DE LA GARZA) will be recognized for 20 minutes, and the gentleman from California (Mr. THOMAS) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Texas (Mr. DE LA GARZA).

Mr. DE LA GARZA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it is my privilege and pleasure to bring before this Chamber, H.R. 1309, a bill that will help to rectify a case of historic omission and neglect. The bill will authorize assisting the 1890 land-grant institutions with "catch-up" funds for research facilities, so that they may participate fully with the 1862 land-grant institutions in a balanced approach to research on food and the agricultural sciences.

This bill represents an overdue step toward bringing 17 unique and important educational institutions assistance in building a more effective capacity for agricultural research. It leads the way to more efficient and lower cost methods of production for our farmers and to effective methods of protecting the environment while we steadily increase production. It leads to improved marketing systems which cut the cost of food and fiber for all Americans, and finally it leads to giving us the productive capacity which will be absolutely vital to feeding the world in the 21st century.

This Congress has been supporting agricultural research for a long time. As far back as 1862, Congress set up the land-grant college system. Over the years, the institutions created under the 1862 act have been helped to build research programs which are the envy of the world.

Later, in 1890, Congress passed a second Morrill Act which was designed specifically to support black land-grant institutions. Without going through the full history of these colleges, some of which were created before 1890, one thing is clear.

These institutions, which were originally created under the old separate-but-equal doctrine, have had to make do with inadequate State funding and little or no Federal funding in the past for research, teaching, and extension. Their achievements with limited resources have been tremendous, but Mr. Speaker, there is a limit to the number of bricks a man can make without straw. The 17 institutions we are dealing with need help now to bring their food and agricultural research facilities up to acceptable levels.

The 1890 colleges need, simply, to catch up. That is what H.R. 1309 is designed to help them do. The bill would authorize a very modest program of grants to enable the institutions to buy land, equipment, and buildings and to finance the alteration of buildings for research.

In the past, researchers at some of the colleges have been forced to work in facilities which limit their ability to do effective work. In some cases, research workers have had to use regular college classrooms—rooms which could only be used during hours when classes were not meeting.

The results have been predictable. The 17 colleges have not been able to build the kind of research programs they need to give full service to their students, to their States, and to the Nation.

We want the 1890 colleges to become full partners with other land-grant institutions in meeting the needs of their States and the Nation.

The legislation before you would authorize grants of $10 million in each of the 5 fiscal years authorized.

Mr. Speaker, this bill has the support and approval of the administration and the fiscal year 1982 Reagan budget includes funds for these grants, contingent on passage of this authorizing legislation.

The program authorized by this bill is not a random choice. It grows out of a study made by the 1890 institutions and Tuskegee Institute, with assistance from USDA, to determine what is needed to make their facilities comparable to those of other State and Federal agricultural laboratories.

The bill includes the following provisions:

An authorization for appropriating $10 million a year in each of the fiscal years 1981 through 1985, with the funds to be available until expended.

Four percent of the appropriations to be used by the USDA for administering the program.

Finally, Federal funds appropriated for grants may not be used for overhead costs at the recipient institutions.

The 17 institutions affected by H.R. 1309 are: Alabama, Alabama A. & M. University and Tuskegee Institute; Arkansas, University of Arkansas at Pine Bluff; Delaware, Delaware State College; Florida, Florida A. & M. University; Georgia, Fort Valley State College; Kentucky, Kentucky State University; Louisiana, Southern University; Maryland, University of Maryland-Eastern Shore; Mississippi, Alcorn State University; Missouri, Lincoln University; North Carolina, North Carolina A. & T. State University; Oklahoma, Langston University; South Carolina, South Carolina State College; Tennessee, Tennessee State University; Texas, Prairie View A. & M. College; and Virginia, Virginia State University.

Mr. Speaker, we need H.R. 1309 for two reasons.

First, we have an obligation to be fair to the 1890 institutions, to their students, their faculty, their researchers, and the many additional experts they could produce if their facilities were more adequate.

Second, we have an obligation to be fair to the States in which these 17 institutions are located, and to the Nation as a whole. When we leave these colleges starved for adequate research facilities, we leave the Nation starved for the benefits which will surely come from those facilities.

Mr. Speaker, I urge the Members to join me in support of the legislation.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1309.

This legislation will provide $50 million in Federal grant funds to the 1890 land-grant colleges and Tuskegee Institute to assist these institutions in the purchase of equipment and land, and the planning, construction, alteration, or renovations of buildings to strengthen their capacity to do research in the food and agricultural sciences.

The term 1890 land-grant colleges encompasses the 16 institutions that were established by Congress with the passage of the Second Morrill Act of 1890. That act was designed to give black students, primarily from the South, educational facilities which were separate but equal to those which white students were attending at State land-grant colleges established under the first Morrill Act of 1862. Tuskegee Institute, also a black college, located in Alabama, was not originally a land-grant institution but eventually was given a dual status in 1899, and is now recognized legally with the 1890 institutions.

These institutions have never received the support envisioned when the legislation establishing them was passed. H.R. 1309 is designed to allow the black colleges to catch up to a position which would permit full participation in well-coordinated research in their States and regions with the 1862 institutions.

It is absolutely necessary that both Federal and State agricultural re-

search, extension, and teaching capabilities be of the finest caliber if we are to meet our responsibilities of feeding and clothing our own people and also a major portion of the needs of an increasing world population. With the upgrading of these facilities all cooperative agricultural research will benefit.

This legislation is very similar to the bill that was passed last year by this body by unanimous consent but which never received further consideration. Consequently, it becomes necessary for us to take up this legislation again this year. I am happy to report that it has the approval of the administration, as it has been included in President Reagan's budget submission.

I urge all of my colleagues to join with me in support of this legislation.

● Mr. WAMPLER. Mr. Speaker, I rise in support of H.R. 1309. This legislation provides $50 million in Federal grant funds over a 5-year period for the construction of agricultural research facilities and the purchase of equipment to be used by the 1890 land-grant colleges and Tuskegee Institute.

Last year, the House passed similar legislation but unfortunately the bill was not acted upon by the Senate, so it has become necessary to redo the legislation this year.

This $50 million proposal will go a long way in providing catchup funding so that these colleges may contribute to our badly needed agricultural research. It will improve equal opportunities for research, teaching and extension that have been denied these institutions because of inadequate State funding and very little Federal funding in the past.

In my own State of Virginia, we have Virginia State College, which stands to benefit from this legislation, and I would hope that the various States with these predominantly black land-grant colleges will see fit to share in the funding necessary to upgrade these research facilities.

I cannot stress too much the potential that is present at both the 1862 and 1890 land-grant colleges for the full utilization of agricultural research which is so necessary if we are to feed this Nation.

Congress has seen fit to support the upgrading of Federal and State agricultural research, extension, and teaching capabilities to enable our country to meet the future needs by enacting title XIV, Public Law 95-113, the National Agricultural Research, Extension, and Teaching Policy Act of 1977. This legislation is yet another step in the chain of events.

President Reagan has included this funding in his budget submission and I would urge my colleagues to join with me in the passage of this legislation.●

● Mr. FORD of Tennessee. Mr. Speaker, I rise today in support of H.R. 1309, which provides $10 million to the 17 1890 land-grant colleges to be used to purchase equipment and land, and to strengthen the research capabilities of the colleges.

The 1890 land-grant colleges were established by law 28 years after the 1862 land-grant institutions. The schools set up in 1862 were for white students; the 1890 land-grant colleges were for black students. Both sets of schools have a legally mandated responsibility to provide instruction, public service, and research.

The 1890 institutions have done an outstanding job in instruction and public service. Forty percent of all black students still attend all-black colleges, and over 60 percent of the degrees awarded to black students last year were awarded by historically black schools. Further, the majority of our black doctors, lawyers, dentists, and other professionals are graduates of the historically black colleges.

In 1963, the Federal Government provided funding to the 1862 land-grant schools for research. These schools had been strongly supported by both States and the Federal Government, and so had the facilities in which good research could be carried out. The 1890 schools were allowed to apply for this same money in 1967—But because of meager monetary support over the years, had few facilities in which to conduct research. Thus, they have not been able to completely fulfill their role, as it was designed by Congress 90 years ago.

The problem with facilities exists now in the land-grant schools. They have been forced to limit their research activity, and have not been able to make the contributions they are capable of. It is not as if the schools were doing duplicative research. Many of the other, larger, agriculture schools are finding solutions for the problems of agribusiness. The 1890 schools are conducting research for the small farmer, the farmer who, even today, makes up the largest group of farmers in this country and in the world.

We hear every day that people in this part of Africa, or in that part of Asia are starving, or that people in one part of the world or another—even in the United States—are malnourished. Better farming methods, different varieties of food, resulting from agriculture research can solve these problems. H.R. 1309 will insure that the 1890 land-grant institutions will be able to enhance their research environment in order to strengthen their capacity for agricultural research. In this way, they will expand their opportunities to have a greater role in assisting this country and the rest of the world, in diminishing and eliminating our food problems, and the devastating effects of hunger and starvation.●

● Mr. BAILEY of Missouri. Mr. Speaker, I rise today in support of legislation that will strengthen agriculture in America. This bill, H.R. 1309, would provide grants to the 1890 land-grant colleges, including Tuskegee Institute, so that they may pursue research in food and agricultural sciences. Seventeen institutions would benefit significantly from this act including one in my district, Lincoln University in Jefferson City, Mo.

The need for more efficient and productive agricultural methods is very evident. World food demand continues to rise while potential farmland is decreasing at an alarming rate. The United States loses 3 million acres of rural land annually to industrialization. One-third of this acreage is prime farmland. If we are to continue to feed America and the world, agricultural research must be accelerated. H.R. 1309 is aimed in this direction. I strongly urge my colleagues to join the Reagan administration in support of this legislation.●

Mr. DE LA GARZA. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is the motion offered by the gentleman from Texas (Mr. DE LA GARZA) that the House suspend the rules and pass the bill, H.R. 1309, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 1309, just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

EXTENSION OF THE DEFENSE PRODUCTION ACT OF 1950

Mr. BLANCHARD. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2903) to extend for 1 year the expiration date of the Defense Production Act of 1950.

The Clerk read as follows:

H.R. 2903

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 717(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2166(a)) is amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1982".

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Michigan (Mr. BLANCHARD) will be recognized for 20 minutes, and the gentleman from Connecticut (Mr. MCKINNEY) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Michigan (Mr. BLANCHARD).

Mr. BLANCHARD. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise to support the passage of H.R. 2903, which would extend the Defense Production Act of 1950 until September 30, 1982.

This legislation is a simple 1-year extension of existing authorities without any additional amendments.

For 30 years, every administration has emphasized the need for extension of the Defense Production Act to keep the United States in a high state of industrial preparedness and mobilization readiness. Because of the broad powers conferred upon the President by this act and the need for constant monitoring, the Congress has never approved more than a 2-year extension, and in many cases, the extensions have been for 1 year or less. The administration requested a 5-year extension. However, the committee, in a fully bipartisan decision, approved only a 1-year extension in order to conduct a study of actions needed to strengthen and modernize the U.S. defense industrial base and the capability and domestic capacity to produce critical and strategic materials.

Authorities which would be extended under the legislation are:

All sections of title I, providing authority to order priority performance of contracts and to allocate materials and facilities to promote the national defense;

All of the authorities contained in title III, which provides for the expansion of productive capacity and supply of materials and services for the national defense through the use of loans, loan guarantees, and purchase agreements; and

Title VII.

Title VII includes authority to promote participation of small business enterprises in defense production, authority for the President to delegate powers and authorities conferred on him by the act, to develop a national defense executive reserve, and to permit voluntary agreements in the private sector for national defense and preparedness when our national security is threatened.

Last year Congress expanded the authorities of title III to initiate a major new program—the development of a viable synthetic fuels industry to insure an assured domestic supply of fuels for national defense purposes. This program is the "fast-start," interim effort to develop a commercial synthetic fuels industry under the Energy Security Act until the Synthetic Fuels Corporation is fully operational.

It was launched by overwhelming bipartisan congressional approval during the latter part of President Carter's administration and is now being carried forward by President Reagan. Congress directed the President in the legislation, and I quote to "take immediate action to achieve production of synthetic fuel to meet national defense needs."

Mr. Speaker, the Secretary of Defense informed our committee that extension of the Defense Production Act is absolutely vital to our national security. He said, and I quote:

The Defense Production Act provides the singular legislative authority for a number of essential programs designed to convert our peacetime economy into one which can support an intense national defense effort. This transition could range from a controlled industrial surge to a potential for full-scale mobilization, and we have several viable options for national security preparedness programs based on the Defense Production Act.

Title I—Priorities and Allocations—is vital to maintain ongoing defense acquisition program schedules in direct support of national security. Loss of Title I support could result in unacceptable program stretchouts accompanied by significant program cost increases.

On the basic resources side, Title III—Expansion of Productive Capacity and Supply—provides the means for insuring availability of certain critical and strategic materials that are necessary for national security. We are currently exploring actions under Title III to promote domestic availability of selected materials for which we have become foreign dependent. Among these are: Cobalt, titanium, refractory bauxite, and natural rubber. Title III is the sole legislative vehicle for practical measures in this vital area of U.S. industrial support for the national defense.

Mr. Speaker, I strongly urge my colleagues on both sides of the aisle to continue their overwhelming support of the Defense Production Act and vote "aye" on this legislation to keep America strong and well prepared.

□ 1330

Mr. VENTO. Mr. Speaker, will the gentleman yield?

Mr. BLANCHARD. I am happy to yield to the gentleman from Minnesota.

Mr. VENTO. Mr. Speaker, I want to commend the subcommittee chairman, the gentleman from Michigan (Mr. BLANCHARD), and the ranking minority member, the gentleman from Connecticut (Mr. MCKINNEY) for their work on this act and for the way the gentleman is assuming responsibilities in this area.

Mr. Speaker, I rise today in support of H.R. 2903, a bill which will extend the Defense Production Act of 1950 for 1 year.

The Defense Production Act has proven to be one of our most useful tools in recent years. As Members will remember, in the 96th Congress, the Defense Production Act provided the means for enacting the synfuels legislation which represents probably our most concerted effort to date to insure future energy independence for the United States.

The Defense Production Act will continue to be a useful and vital tool, especially as we contemplate defense budgets of increasingly greater magnitude. The DPA is the act which gives Federal agencies and departments the authority to monitor our basic industries and maintain ongoing defense contracting and preparedness programs to support our national security objectives. Many of the witnesses who testified before the Subcommittee on Economic Stabilization on the DPA drove home to us the vital point that the United States cannot remain a truly effective military power if we are unable to produce the goods that basic industry must be able to produce in times of war. It is essential that the DPA be reauthorized because it is the key to our ability to mobilize industry and insure supplies of critical materials and resources for our defense needs.

I support Chairman BLANCHARD and ranking minority member Mr. MCKINNEY in their decision to seek a 1-year reauthorization of the DPA at this time without amendments. Although I think all of us agree that there are areas of the act which could be enhanced by legislative action, our review time was greatly limited by the May 15 deadline for reporting authorization bills out of committee. It is more prudent to seek only a simple 1-year reauthorization at this time and instead lay the groundwork for a more comprehensive review next year. Toward this end, Chairman BLANCHARD has scheduled a series of hearings on the DPA covering such issues as the defense industrial base, critical materials, production and manpower, capital formation, and offsets and foreign sourcing. Thus far, the subcommittee's hearings have proven to be very informative and given us a good idea of changes that can be made to enhance the effectiveness of the Defense Production Act.

At this time, I would also like to thank Chairman BLANCHARD and Mr. MCKINNEY for their attention to a particular subject that I have taken a great interest in, that of offsets in military sales. At my request, the subcommittee has scheduled a hearing on offsets on September 17 and also included language in the report on this bill expressing the subcommittee's interest in offsets and directing the Department of the Treasury to collect data on the subject.

Mr. McKINNEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today the House is asked to consider H.R. 2903, a 1-year extension of the Defense Production Act of 1950. This bill was reported from both the Economic Stabilization Subcommittee and the full Banking Committee with strong bipartisan support.

Since this act was passed in 1950, each succeeding Congress has recognized the authorities contained therein to be the Nation's sole authority for national defense preparedness and the cornerstone of the legal structure for our national preparedness programs. As such it should be obvious to all that the Defense Production Act of 1950 be extended without interruption.

H.R. 2903 extends the authorities of the act to September 30, 1982. The Senate Banking Committee has reported an identical extension. During the extension period I hope that the Banking Committees of both bodies will develop substantive amendments to the Defense Production Act that will strengthen our ability to respond in the event of national security crises.

Chairman BLANCHARD gave me his assurance that our subcommittee will work diligently to develop proposals which we may consider and pass on to the full committee. Hearings have been announced and I expect that our proposals will start to take shape very soon. In fact, I hope that we might be able to have a bill reported by the Economic Stabilization Subcommittee before the House adjourns this year. My chairman will have more to say about our timetable, but personally I feel that our top priority should be to make certain this Nation can meet future challenges to its security.

As I said earlier, this 1-year extension of the Defense Production Act is essential to our national defense preparedness. I urge my colleagues to vote for H.R. 2903.

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. McKINNEY. I yield to my chairman.

Mr. BLANCHARD. Mr. Speaker, I thank the distinguished ranking member.

I think it should be indicated for the record that I concur with the analysis of the gentleman of how we should proceed with the Defense Production Act, and as the members of our committee know, we have outlined an extensive set of hearings and meetings to thoroughly explore the whole idea of improving the Defense Production Act with regard to not only critical materials, but also the readiness and soundness of our defense industrial base.

It is our hope that we will use this important time this year to do something concrete and specific that the entire House and ultimately the Senate and the administration will fully support.

So I want to commend the gentleman for his contribution and his encouragement that we go forward with improvements to the Defense Production Act.

Mr. McKINNEY. Well, I thank my chairman.

I would suggest to the Speaker that perhaps in the overflow of emotions, after what is commonly referred to as Watergate, we became a little nervous about laws like the Defense Production Act. We perhaps destroyed in some ways one of the major vehicles we had to protect the industrial base of this country, the ability of this country to respond to the President's wishes.

I am sure between the chairman's hearings and our thoughts on this side of the aisle we will come forth with a bill which recognizes the basic authority of the Congress of the United States and the basic authority of the President of the United States. I believe we will make the Defense Production Act capable of what we proved it to be during what the chairman has already mentioned, the synthetic fuels bill last year. I am sure our actions will allow this country to respond to threats as far as our defense production capability is concerned.

Mr. McKINNEY. Mr. Speaker, I have no other requests for time.

Mr. BLANCHARD. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Michigan (Mr. BLANCHARD) that the House suspend the rules and pass the bill, H.R. 2903.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BLANCHARD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

GENERAL LEAVE

Mr. YATES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material and that I may be permitted to include tables, charts, and other material, on the bill (H.R. 4035) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATION, 1982

Mr. YATES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4035) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to not to exceed 1 hour, the time to be equally divided and controlled by the gentleman from Pennsylvania (Mr. McDADE) and myself.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. YATES).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4035, with Mr. DANIELSON in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimous-consent agreement, the gentleman from Illinois (Mr. YATES) will be recognized for 30 minutes, and the gentleman from Pennsylvania (Mr. McDADE) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Illinois (Mr. YATES).

Mr. YATES. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I am pleased to bring the Interior and related agencies appropriation bill for fiscal year 1982 before the committee. This bill continues our investment in America and Americans. It supports the national heritage of all Americans—the national parks, the forests, the cultural and historic preservation of the heritage that we want to pass along to our children, our grandchildren, and to the generations to come.

The bill provides total appropriations of $11,209,727,000. This is $6,893,000 below the budget as proposed by President Reagan and

$2,992,727,000 above the 302 allocation of $8,217,000,000 to the subcommittee from the first budget resolution. We exceed the allocation because the budget resolution assumes the strategic petroleum reserve will be funded off budget in fiscal year 1982 and includes no budget authority for it. Legislation to move the reserve off budget has not yet been enacted but is included in the reconciliation bills of both Houses. The committee has included $3,383,408,000 for SPRO, and if the off budget mechanism in the reconciliation bill is approved, the new budget authority included in this bill would be reduced to $8,025,727,000, which is $191,273,000 below the section 302 allocation.

Further, the administration has not withdrawn the budget request. Thus, the committee recommendation for SPRO is also within the President's proposed budget for fiscal year 1982.

The bill includes $3,720,619,000 for the programs of the Department of the Interior; $4,459,057,000 for the Department of Energy, including as I mentioned earlier $3,383,408,000 for the strategic petroleum reserve; $1,701,395,000 for the U.S. Forest Service; and the balance of $1,328,656,000 for Indian health, Indian education, the Smithsonian Institution, the National Endowments for the Arts and Humanities, and the other related agencies of the bill, all of which are described in detail in the report accompanying the bill.

The programs within the jurisidiction of the Interior Subcommittee in many ways represent an investment in America itself and those investments provide significant returns. For example, programs funded in this bill will generate an estimated $17 billion in revenues in fiscal year 1982. This is an increase of $2.8 billion over the revenues estimated to be received in fiscal year 1981. This does not reflect the value of the assets managed by the agencies in the bill—the public lands and the minerals on those lands. The national parks, the wildlife refuges, the national forests, and the value of the oil that will be placed in the strategic petroleum reserve by the end of fiscal year 1982. The 269 million barrels in storage then will have a value of $9.7 billion at today's prices.

The bill includes funds for several programs that were proposed for termination in the budget for fiscal year 1982 presented by President Reagan. These programs include the Youth Conservation Corps, for which $20 million is included in the bill; the urban park and recreation program, for which $10 million is included in the bill; the historic preservation program, for which $26.5 million is included in the bill; the low-income weatherization program, for which $150 million is included in the bill; the energy extension service, for which $15 million is included in the bill; the Institute of Museum Services, for which $14.4 million is included in the bill;[1] and conservation research and development for which $77 million is included in the bill.

In addition, the committee did not agree that the programs for the National Endowments for the Arts and Humanities were of lower priority and should be phased out. We took 6 days of testimony on these programs from witnesses from the private sector, from performing artists themselves, and from administration witnesses. Based on this testimony the committee recommends the programs be continued at levels substantially in excess of those proposed by OMB.

The committee also does not agree that a land acquisition moratorium should be imposed for the parks, forests, and refuges. Most of these areas have been established by legislation and the owners of land within these areas are restricted in their use of the land until it is acquired. The Secretary's proposal that an aggressive land exchange program be used in lieu of fee acquisition is not realistic. It is not reasonable to expect the owner of a 5- or 15-acre tract in Santa Monica, Grand Teton, the Blue Ridge Parkway, or Yosemite National Park to exchange that tract for public lands in Wyoming or Arizona or the California desert. The bill includes a total of $155,633,000 for land acquisition of which $87,778,000 is for areas in the National Park Service. Details of this recommendation are included within the report.

No funds are recommended for the payments in lieu of taxes program. The administration has proposed amendments to the authorizing legislation which will provide a different statutory allocation than now exists under the present law. Until action is taken on the proposed legislation, the committee recommends that no funds be provided for the program.

The committee continues its initiative to provide adequate schools and hospitals for the Indian people of the United States by providing a total of $19.5 million over the budget for these facilities.

These increases could not have been made without offsetting decreases. Overall the committee has made reductions in 104 separate programs and is recommending increases in 182 programs for a net decrease of $6,893,000.

On the basis of testimony taken in 49 days of hearings, the committee members have made many difficult decisions. It is on the basis of those hearings and other information that the committee is able to bring you a strong, balanced bill for your consideration. I will now highlight the recommendations, program by program.

[1] This committee, believing the proper place for this Institute was under the umbrella of the Foundation for the National Arts and Humanities, provided language to include it within that umbrella.

DEPARTMENT OF INTERIOR

The committee recommends a continued strong program for management of lands and resources under the Bureau of Land Management. BLM is responsible for the multiple-use management, protection, and development of 417 million acres of public lands onshore, 840 million acres of subsurface rights, and 1.1 billion acres of Outer Continental Shelf lands. The committee feels it is important that the BLM managers continue to understand that their responsibility is to insure that the owners of the public lands, the people of the United States, receive maximum return for the use of those lands by grazers, mineral developers, and timber companies.

For management of these resources the committee is recommending $470,872,000, a reduction of $46,397,000 below the budget request. Of that reduction, $45 million is associated with payments in lieu of taxes.

For the Office of Water Research and Technology the committee is recommending an appropriation of $9,755,000. This amount, along with funds deferred from 1981 appropriations will provide a program level of $12,500,000. The committee continues to believe that Government support is necessary and desirable for research into water reuse and saline water recovery.

For the U.S. Fish and Wildlife Service the committee recommends $265,207,000, an increase of $35,228,000 over the request. That includes $18,039,000 for land acquisition for high priority recently established refuge areas, including $2 million for land acquisition in fee simple in the Alaska Maritime MWR.

For the National Park Service, which also includes the programs previously administered by the Heritage Conservation and Recreation Service, except for the Land and Water Conservation Fund, the committee recommends $822,213,000, an increase of $113,948,000 over the request. Of that increase, $65,514,000 is for land acquisition; $12,800,000 for the Historic Preservation Fund; $10 million for the urban park and recreation program; and $13 million for health and safety maintenance projects that can be done in 1982 which had been scheduled originally for 1983 and beyond. The committee continues to move aggressively to provide adequate funds to insure the safety of visitors to the parks.

The committee recommends $538,161,000 for the Geological Survey, the budget request. The recommendation includes $4,034,000 for a new digital mapping program, an increase of $2 million for research into

earthquake hazards reduction, $1 million to continue the world energy assessment program initiated by the committee last year, and a reduction in uranium/thorium investigations.

The committee concurs with the recommendation of the administration to discontinue Government exploration in the national petroleum reserve in Alaska. As the result of legislation included in the 1981 appropriations act, the Secretary is now authorized to permit private exploration and development of the reserve, and the committee is informed that the first such lease sale will take place this December.

For the Bureau of Mines the committee recommends $143,460,000, an increase of $1,550,000 above the President's budget. In addition, the committee provides for transfer of $16 million from the Abandoned Mine Reclamation Fund to the Bureau of Mines to continue high-priority demonstration projects in areas with acute subsidence and other health and safety problems; $850,000 of that amount will be available to determine the limits of the Centralia, Pa., mine fire.

For the Office of Surface Mining a total of $181,260,000 is recommended, an increase of $1,465,000 over the President's request. This is for an increase of 31 inspectors and 15 direct support personnel to insure a Federal presence until all States have achieved regulatory primacy and during the first months of State permanent regulatory programs. Language is included in the bill which would prohibit the transfer of any field facilities from fiscal year 1981 locations.

For the Bureau of Indian Affairs the committee recommends $1,050,326,000, an increase of $42,895,000 over the budget request. The administration proposed a block grant to the Indian tribes which assumed that significant staff reductions would occur in BIA itself. The committee has long been concerned that too many of the resources provided to BIA end up with BIA staff rather than the Indian people. It became apparent, however, as hearings were held and information was received from tribes that the Department had very little idea of how the block grant proposal was going to work. Further, the administration had proposed that the total amount previously budgeted for the programs ($160 million) would be reduced by 25 percent ($40 million). In view of the lack of knowledge as to how the block grant proposal would work, how it would be allocated, and its uncertain impact on the staff of the BIA, which it was intended to replace, the committee rejected the block grant concept and restored most of the $40 million to the various education, social service, and employment programs of the BIA.

For the Office of Territorial Affairs the committee recommends $171,401,000, an increase of $18,047,000 above the budget request. The recommendation includes $11,717,000 to eliminate the local matching requirement for construction projects that had been proposed by the administration.

Pending tax reduction legislation will have significant effects on the territories which by law receive 100 percent of the Federal revenues collected within their jurisdiction. The committee did not feel it was responsible to add a 25-percent matching requirement at the same time that other legislation reduces their revenues.

For the Office of Solicitor and Secretary $67,964,000 is recommended, a reduction of $10,398,000 below the request. The committee also recommends limitations which would prohibit nonreimbursable details within the Department of Interior, prohibit closing the Office of Aircraft Services, and prevent reorganizations made under authority provided by reorganization plans unless approved in an appropriations act.

For the Forest Service $1,701,395,000 is recommended, an increase of $48,948,000 over the budget request. Of the increase, $27,389,000 is for land acquisition and $20 million is for the Youth Conservation Corps. The Forest Service is one of several agencies for which a new general administration account is established. The Forest Service has a general administration program in excess of $300 million which is financed through assessments on the various operational programs. When asked how this was allocated among the organizations and functions which are funded from that account, the Service indicated they did not know. Therefore, a separate appropriation is recommended which will require the agencies involved to justify their general administration expenses in the same manner that they justify their regular program appropriations. In the event that costs increase, they will have to request a supplemental rather than reducing the amount provided for the operational programs without notification to Congress. The appropriation recommended for the Forest Service will provide a total of about 84 percent of the Resource Planning Act (RPA). It will also complete the funding needed to salvage over 770 million board feet of timber damaged by the Mount Saint Helens eruption; $22,607,000 to begin that effort and to construct roads necessary for the salvage effort were provided in the 1981 supplemental.

For the Department of Energy $4,459,057,000 is recommended. This is $394,154,000 below the President's budget. The amount recommended includes $3,383,408,000 for the strategic petroleum reserve. If that level is approved, there will be 45 days supply stored by the end of 1982 to replace imported oil and gas in the event of a total import embargo.

For fossil energy research and development $463,750,000 is recommended, an increase of $46,410,000 over the budget. There are many additions and deletions in this amount, but the main increases are $29 million for MHD, $16 million for R. & D. on gasification of coal and peat, $10 million for liquefaction R. & D., $9 million for an international coal combustion test facility, and $7 million for fuel cells. No funds are included for fossil energy construction, but design of the SRC–I demonstration plant will continue with the aim of having a good cost estimate by May 1982.

The committee recommends a significant increase of $77,890,000 in energy conservation to continue an aggressive Government program in cooperation with the other sectors of the economy to assure short-term success at reducing the Nation's dependence on imported oil and, in the long term, reducing the depletion of domestic resources. Including transfers of about $100 million from the defunct SRC–II demonstration plant, and funds deferred in the fiscal year 1981 supplemental, the 1982 program totals $440 million. The major increases over the budget request are $24 million for buildings and community systems, $29 million for the highly regarded industrial conservation program, $24 million to continue development of turbine and Stirling engines for automobiles, $15 million for the energy extension service, and $150 million for low income weatherization. With regard to weatherization, this recommendation rejects its consolidation into community development block grants in HUD because such consolidation would skew assistance to urban areas and would likely cause the poor and elderly to suffer because funds could be diverted locally to other purposes.

The committee recommends $32,000,000 for economic regulation. In all, with the $38,200,000 deferred from fiscal year 1981 into fiscal year 1982, $70,200,000 will be available. Within this amount, the Department of Energy will have $45,000,000 to pursue alleged oil price violations in excess of $10 billion and $5 million to continue the issuance of fuel conversion orders.

OTHER RELATED AGENCIES

For Indian Health Services $676,223,000 is recommended, an increase of $41,304,000 over the budget. This amount will provide funds required to staff recently constructed hospitals and health clinics and dental service facilities which the administration had proposed not staffing. It will also provide increases of $5 million to continue the urban health program and $1.8 million for the mental health program; $28 million is included for sanitation facilities, for the Indian

housing units planned to be built by HUD, BIA, and the tribes; $10 million is provided for construction of three outpatient facilities at Anadarko, Okla.; Huerfano, N. Mex.; and Tsaile, Ariz.

For the Smithsonian Institution $151,524,000 is recommended, a reduction of $4,712,000 below the budget request. A $6 million reduction is associated with the first-phase construction of an aquatic habitat facility at the National Zoological Park. Small amounts were added to the many institutions within the Smithsonian to restore funds for such things as guards and security specialists. The committee thought it was essential to augment the security at the Smithsonian.

For the National Endowment for the Arts the committee recommends $157,500,000.

For the Humanities the committee recommends $144,061,000.

For the Institute of Museum Services the committee recommends $14,420,000.

In total, the recommendations of $315,981,000 are $142,761,000 above amended budget requests. They are $7 million below the 1981 level and reflect the committee's position that these programs should not bear a greater share of the proposed reductions than the other agencies within the bill.

For the Commission of Fine Arts, the committee recommends an appropriation of $303,000. The recommendation includes funding to maintain the full-time staff at seven rather than the three proposed by the administration.

Mr. Chairman, this is a good bill, a balanced bill, I recommend that it be adopted and favorably reported.

The following table compares the fiscal year 1982 amounts recommended to the amended budget request and the fiscal year 1981 appropriation:

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1981 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1982

Agency and item	New budget (obligational) authority, fiscal year 1981 [1]	Budget estimates of new (obligational) authority, fiscal year 1982 [2]	New budget (obligational) authority, recommended in bill	Bill compared with— New budget (obligational) authority, fiscal year 1981	Bill compared with— Budget estimates of new (obligational) authority, fiscal year 1982
(1)	(2)	(3)	(4)	(5)	(6)
TITLE I—DEPARTMENT OF THE INTERIOR					
LAND AND WATER RESOURCES					
Bureau of Land Management					
Management of lands and resources	$406,730,000	[3] $296,888,000	$295,789,000	−$110,941,000	−$1,099,000
Acquisition, construction, and maintenance	14,768,000	[3] 12,945,000	12,720,000	−2,048,000	−225,000
Land acquisition		[4] 307,000	1,137,000	+1,137,000	+830,000
General administration		[3] 83,541,000	82,638,000	+82,638,000	−903,000
Payments in lieu of taxes	103,000,000	45,000,000		−103,000,000	−45,000,000
Oregon and California grant lands (indefinite, appropriation of receipts)	57,500,000	[3] 54,988,000	54,988,000	−2,512,000	
Range improvements (indefinite, appropriation of receipts)	13,500,000	13,500,000	13,500,000		
Service charges, deposits, and forfeitures (indefinite, special fund)	9,600,000	10,000,000	10,000,000	+400,000	
Miscellaneous trust funds (indefinite)	100,000	100,000	100,000		
Total, Bureau of Land Management	605,198,000	517,269,000	470,872,000	−134,326,000	−46,397,000
Office of Water Research and Technology					
Salaries and expenses	24,585,000		9,755,000	−14,830,000	+9,755,000
Total, Land and Water Resources	629,783,000	517,269,000	480,627,000	−149,156,000	−36,642,000
FISH AND WILDLIFE AND PARKS					
United States Fish and Wildlife Service					
Resource management	233,430,000	[5] 191,853,000	207,235,000	−26,195,000	+15,382,000
Construction and anadromous fish	35,397,000	7,240,000	9,475,000	−25,922,000	+2,235,000
National Wildlife Refuge Fund	8,500,000			−8,500,000	
Migratory bird conservation account (definite, repayable advance)	1,250,000		1,250,000		+1,250,000
Land acquisition		[4] 1,139,000	18,039,000	+18,039,000	+16,900,000
General administration		[5] 29,747,000	29,208,000	+29,208,000	−539,000
Total, United States Fish and Wildlife Service	278,577,000	229,979,000	265,207,000	−13,370,000	+35,228,000
National Park Service					
Operation of the national park system	459,041,000	[6] [7] 451,717,000	527,606,000	+68,565,000	+75,889,000
National recreation and preservation	15,980,000	[6] 13,088,000	13,088,000	−2,892,000	
Urban park and recreation fund	1,000,000		10,000,000	+9,000,000	+10,000,000
Land and Water Conservation Fund (indefinite)	288,593,000	([4])		−288,593,000	
(Increase in limitation)	(413,000)			(−413,000)	
Historic preservation fund	26,000,000	4,700,000	26,500,000	+500,000	+21,800,000
Construction	43,367,000	[7] 60,721,000	108,771,000	+65,404,000	+48,050,000
Construction (trust fund) (rescission)	−12,000,000			+12,000,000	
Land acquisition and State assistance		[4] 34,954,000	100,468,000	+100,468,000	+65,514,000
John F. Kennedy Center for the Performing Arts	4,541,000	[7] 4,315,000	4,315,000	−226,000	
Park restoration and improvement		105,000,000			−105,000,000
General administration		[7] 33,770,000	31,465,000	+31,465,000	−2,305,000
Total, National Park Service	826,522,000	708,265,000	822,213,000	−4,309,000	+113,948,000
Total, Fish and Wildlife and Parks	1,105,099,000	938,244,000	1,087,420,000	−17,679,000	+149,176,000
ENERGY AND MINERALS					
Geological Survey					
Surveys, investigations, and research	516,201,000	529,527,000	535,561,000	+19,360,000	+6,034,000
Exploration of national petroleum reserve in Alaska	107,001,000	2,600,000	2,600,000	−104,401,000	
Digital Cartography		6,034,000			−6,034,000
Total, Geological Survey	623,202,000	538,161,000	538,161,000	−85,041,000	
Bureau of Mines					
Mines and minerals	142,319,000	141,910,000	143,460,000	+1,141,000	+1,550,000
Office of Surface Mining Reclamation and Enforcement					
Regulation and technology	89,679,000	64,568,000	66,033,000	−23,646,000	+1,465,000
Abandoned mine reclamation fund (definite, trust fund)	82,485,000	115,227,000	115,227,000	+32,742,000	

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1981 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1982—Continued

Agency and item	New budget (obligational) authority, fiscal year 1981 [1]	Budget estimates of new (obligational) authority, fiscal year 1982 [2]	New budget (obligational) authority, recommended in bill	Bill compared with— New budget (obligational) authority, fiscal year 1981	Bill compared with— Budget estimates of new (obligational) authority, fiscal year 1982
(1)	(2)	(3)	(4)	(5)	(6)
Total, Office of Surface Mining Reclamation and Enforcement	172,164,000	179,795,000	181,260,000	+9,096,000	+1,465,000
Total, Energy and Minerals	937,685,000	859,866,000	862,881,000	−74,804,000	+3,015,000
INDIAN AFFAIRS					
Bureau of Indian Affairs					
Operation of Indian Programs	838,140,000	764,030,000	797,395,000	−40,745,000	+33,365,000
Construction	100,182,000	103,089,000	112,619,000	+12,437,000	+9,530,000
Road construction	48,625,000	48,800,000	48,800,000	+175,000	
General administration		63,512,000	63,512,000	+63,512,000	
Alaska native fund	30,000,000			−30,000,000	
Trust funds (definite)	3,000,000	3,000,000	3,000,000		
Trust funds (indefinite)	25,000,000	25,000,000	25,000,000		
Eastern Indians Land Claims Settlement	81,500,000			−81,500,000	
Revolving fund for loans (limitation on direct loans)		(14,770,000)	(14,770,000)	(+14,770,000)	
Indian loan guaranty and insurance fund (limitation on guaranteed loans)		(27,630,000)	(27,630,000)	(+27,630,000)	
Total, Bureau of Indian Affairs	1,126,447,000	1,007,431,000	1,050,326,000	−76,121,000	42,895,000
TERRITORIAL AFFAIRS					
Office of Territorial Affairs					
Administration of territories	77,915,000	80,854,000	92,571,000	+14,656,000	+11,717,000
(Limitation on guaranteed loans)		(31,000,000)			(−31,000,000)
Trust Territory of the Pacific Islands	94,522,000	72,500,000	78,830,000	−15,692,000	+6,330,000
Total, Office of Territorial Affairs	172,437,000	153,354,000	171,401,000	−1,036,000	+18,047,000
SECRETARIAL OFFICES					
Office of the Solicitor					
Salaries and expenses	17,407,000	19,667,000	17,000,000	−407,000	−2,667,000
Office of the Secretary					
Departmental Management	39,155,000	47,925,000	36,194,000	−2,961,000	−11,731,000
Office of Construction Management	8,789,000		4,000,000	−4,789,000	+4,000,000
Office of Inspector General	9,172,000	10,770,000	10,770,000	+1,598,000	
Youth Conservation Corps	26,000,000			−26,000,000	
Rural Water Treatment and Distribution System	1,900,000			−1,900,000	
Total, Office of the Secretary	85,016,000	58,695,000	50,964,000	−34,052,000	−7,731,000
Total, Secretarial Offices	102,423,000	78,362,000	67,964,000	−34,459,000	−10,398,000
Total, title I, new budget (obligational) authority, Department of the Interior	4,073,874,000	3,554,526,000	3,720,619,000	−353,255,000	+166,093,000
Consisting of:					
Appropriations	4,073,874,000	3,554,526,000	3,720,619,000	−353,255,000	+166,093,000
Definite appropriations	3,671,081,000	3,450,938,000	3,617,031,000	−54,050,000	+166,093,000
Indefinite appropriations	402,793,000	103,588,000	103,588,000	−299,205,000	
TITLE II—RELATED AGENCIES					
DEPARTMENT OF AGRICULTURE					
Forest Service					
Research	127,812,000	[9] 105,622,000	109,722,000	−18,090,000	+4,100,000
State and private forestry	74,184,000	[9] 66,830,000	68,715,000	−5,469,000	+1,885,000
National forest system	1,036,050,000	[9] 754,613,000	769,093,000	−266,957,000	+14,480,000
Consultant services	−156,000			+156,000	
Construction and land acquisition	452,506,000	431,043,000	509,743,000	+57,237,000	+78,700,000
Land acquisition		[4] 8,600,000	35,989,000	+35,989,000	+27,389,000
Timber receipts transfer			−78,700,000	−78,700,000	−78,700,000
Youth Conservation Corps			20,000,000	+20,000,000	+20,000,000
General administration		[9] 278,068,000	259,162,000	+259,162,000	−18,906,000
Acquisition of lands for national forests:					
Special acts (special fund, indefinite)	754,000	754,000	754,000		
Acquisition of lands to complete land exchanges (special fund, indefinite)	446,000	327,000	327,000	−119,000	
Rangeland improvements (special fund, indefinite)	6,800,000	6,500,000	6,500,000	−300,000	
Miscellaneous trust funds		90,000	90,000	+90,000	
Total, Forest Service	1,698,396,000	1,652,447,000	1,701,395,000	+2,999,000	+48,948,000
DEPARTMENT OF ENERGY					
Alternative fuels production (rescission)	−1,175,000,000			+1,175,000,000	
Fossil energy research and development	659,917,000	417,340,000	463,750,000	−196,167,000	+46,410,000
Fossil energy construction	333,900,000	18,000,000		−333,900,000	−18,000,000
Naval petroleum and oil shale reserves [10]	216,313,000	230,963,000	222,023,000	+5,710,000	−8,940,000
Energy conservation	711,675,000	195,000,000	272,890,000	−438,785,000	+77,890,000
(Limitation on guaranteed loans)		(6,000,000)			(−6,000,000)
Economic regulation	165,712,000	28,500,000	32,000,000	−133,712,000	+3,500,000
Strategic petroleum reserve	2,790,507,000	3,883,408,000	3,383,408,000	+592,901,000	−500,000,000
Energy Information Administration	90,417,000	80,000,000	84,986,000	−5,431,000	+4,986,000
Biomass Energy Development:					
(Limitation on direct loans)		(80,000,000)			(−80,000,000)
(Limitation on guaranteed loans)		(35,000,000)			(−35,000,000)
Total, Department of Energy	3,793,441,000	4,853,211,000	4,459,057,000	+665,616,000	−394,154,000
DEPARTMENT OF THE TREASURY					
Energy security reserve (rescission)	−469,500,000			+469,500,000	
DEPARTMENT OF HEALTH AND HUMAN RESOURCES					
Health Services Administration					
Indian health services	606,795,000	626,819,000	629,484,000	+22,689,000	+2,665,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1981 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1982—Continued

Agency and item	New budget (obligational) authority, fiscal year 1981 [1]	Budget estimates of new (obligational) authority, fiscal year 1982 [2]	New budget (obligational) authority, recommended in bill	Bill compared with—	
				New budget (obligational) authority, fiscal year 1981	Budget estimates of new (obligational) authority, fiscal year 1982
(1)	(2)	(3)	(4)	(5)	(6)
Indian health facilities	83,053,000	8,100,000	46,739,000	−36,314,000	+38,639,000
Total, Indian health	689,848,000	634,919,000	676,223,000	−13,625,000	+41,304,000
DEPARTMENT OF EDUCATION					
Office of Elementary and Secondary Education					
Indian education	81,680,000	81,096,000	82,096,000	+416,000	+1,000,000
NAVAJO AND HOPI INDIAN RELOCATION COMMISSION					
Salaries and expenses	2,737,000	15,061,000	15,051,000	+12,314,000	−10,000
SMITHSONIAN INSTITUTION					
Salaries and expenses	122,478,000	135,086,000	136,374,000	+13,896,000	+1,288,000
Museum programs and related research (special foreign currency program)	3,650,000	5,500,000	4,500,000	+850,000	−1,000,000
Construction and improvements, National Zoological Park	3,290,000	7,150,000	1,150,000	−2,140,000	−6,000,000
Restoration and renovation of buildings	7,539,000	7,500,000	8,500,000	+961,000	+1,000,000
Construction	5,000,000	1,000,000	1,000,000	−4,000,000	.....
Subtotal	141,957,000	156,236,000	151,524,000	+9,567,000	−4,712,000
Salaries and expenses, National Gallery of Art	24,651,000	32,777,000	32,777,000	+8,126,000	.....
Salaries and expenses, Woodrow Wilson International Center for Scholars	1,830,000	2,260,000	2,260,000	+430,000	.....
Total, Smithsonian Institution	168,438,000	191,273,000	186,561,000	+18,123,000	−4,712,000
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES					
National Endowment for the Arts					
Salaries and expenses	114,195,000	57,835,000	113,635,000	−560,000	+55,800,000
Administrative expenses	11,900,000	12,665,000	11,365,000	−535,000	−1,300,000
Subtotal	126,095,000	70,500,000	125,000,000	−1,095,000	+54,500,000
Matching grants (indefinite)	32,700,000	17,500,000	32,500,000	−200,000	+15,000,000
Total, National Endowment for the Arts	158,795,000	88,000,000	157,500,000	−1,295,000	+69,500,000
National Endowment for the Humanities					
Salaries and expenses	106,522,000	59,000,000	100,087,000	−6,435,000	+41,087,000
Administrative expenses	11,277,000	11,000,000	12,000,000	+723,000	+1,000,000
Subtotal	117,799,000	70,000,000	112,087,000	−5,712,000	+42,087,000
Matching grants (indefinite)	33,500,000	15,000,000	31,974,000	−1,526,000	+16,974,000
Total, National Endowment for the Humanities	151,299,000	85,000,000	144,061,000	−7,238,000	+59,061,000
Institute of Museum Services	12,857,000	[11] 220,000	14,420,000	+1,563,000	+14,200,000
Total, National Foundation on the Arts and the Humanities	322,951,00	173,220,000	315,981,000	−6,970,000	+142,761,000
COMMISSION OF FINE ARTS					
Salaries and expenses	298,000	173,000	303,000	+5,000	+130,000
ADVISORY COUNCIL ON HISTORIC PRESERVATION					
Salaries and expenses	1,590,000	1,865,000	1,632,000	+42,000	−233,000
NATIONAL CAPITAL PLANNING COMMISSION					
Salaries and expenses	2,400,000	2,381,000	2,371,000	−29,000	−10,000
FRANKLIN DELANO ROOSEVELT MEMORIAL COMMISSION					
Salaries and expenses	30,000	40,000	30,000	.....	−10,000
PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION					
Salaries and expenses	2,443,000	2,340,000	2,340,000	−103,000	.....
Land acquisition and development fund (borrowing authority)	15,000,000	2,500,000	2,500,000	−12,500,000	.....
Public development	14,169,000	14,200,000	14,200,000	+31,000	.....
Total, Pennsylvania Avenue Development Corporation	31,612,000	19,040,000	19,040,000	−12,572,000	.....
FEDERAL INSPECTOR FOR THE ALASKA GAS PIPELINE					
Permitting and enforcement	21,038,000	36,568,000	28,568,000	+7,530,000	−8,000,000
HOLOCAUST MEMORIAL COUNCIL					
Salaries and expenses	722,000	800,000	800,000	+78,000	.....
Total, title II, new budget (obligational) authority, related agencies	6,345,681,000	7,662,094,000	7,489,108,000	+1,143,427,000	−172,986,000
Consisting of:					
Appropriations	6,330,681,000	7,659,594,000	7,486,608,000	+1,155,927,000	−172,986,000
Definite appropriations	6,256,481,000	7,619,513,000	7,414,553,000	+1,158,072,000	−204,960,000
Indefinite appropriations	74,200,000	40,081,000	72,055,000	−2,145,000	+31,974,000
Borrowing authority	15,000,000	2,500,000	2,500,000	−12,500,000	.....
RECAPITULATION					
Total, new budget (obligational) authority, all titles	10,119,555,000	11,216,620,000	11,209,727,000	+790,172,000	−6,893,000
Consisting of:					
Appropriations	10,404,555,000	11,214,120,000	11,207,227,000	+802,672,000	−6,893,000
Definite appropriations	(9,927,562,000)	(11,070,451,000)	(11,031,584,000)	(+1,104,022,000)	(−38,867,000)
Indefinite appropriations	(476,993,000)	(143,669,000)	(175,643,000)	(−301,350,000)	(+31,974,000)
Borrowing authority	15,000,000	2,500,000	2,500,000	−12,500,000	.....
(Limitation on direct loans)	.....	(94,770,000)	(14,770,000)	(+14,770,000)	(−80,000,000)
(Limitation on guaranteed loans)	.....	(99,630,000)	(27,630,000)	(+27,630,000)	(−72,000,000)
TITLE I—DEPARTMENT OF THE INTERIOR					
Bureau of Land Management	605,198,000	517,269,000	470,872,000	−134,326,000	−46,397,000
Office of Water Research and Technology	24,585,000	.....	9,755,000	−14,830,000	+9,755,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1981 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1982—Continued

Agency and item	New budget (obligational) authority, fiscal year 1981 [1]	Budget estimates of new (obligational) authority, fiscal year 1982 [2]	New budget (obligational) authority, recommended in bill	Bill compared with— New budget (obligational) authority, fiscal year 1981	Bill compared with— Budget estimates of new (obligational) authority, fiscal year 1982
(1)	(2)	(3)	(4)	(5)	(6)
United States Fish and Wildlife Service	278,577,000	229,979,000	265,207,000	−13,370,000	+35,228,000
National Park Service	826,522,000	708,265,000	822,213,000	−4,309,000	+113,948,000
Geological Survey	623,202,000	538,161,000	538,161,000	−85,041,000	.....
Bureau of Mines	142,319,000	141,910,000	143,460,000	+1,141,000	+1,550,000
Office of Surface Mining Reclamation and Enforcement	172,164,000	179,795,000	181,260,000	+9,096,000	+1,465,000
Bureau of Indian Affairs	1,126,447,000	1,007,431,000	1,050,326,000	−76,121,000	+42,895,000
Territorial Affairs	172,437,000	153,354,000	171,401,000	−1,036,000	+18,047,000
Office of the Solicitor	17,407,000	19,667,000	17,000,000	−407,000	−2,667,000
Office of the Secretary	85,016,000	58,695,000	50,964,000	−34,052,000	−7,731,000
Total, Title I—Department of the Interior	4,073,874,000	3,554,526,000	3,720,619,000	−353,255,000	+166,093,000
TITLE II—RELATED AGENCIES					
Forest Service	1,698,396,000	1,652,447,000	1,701,395,000	+2,999,000	+48,948,000
Department of Energy	3,793,441,000	4,853,211,000	4,459,057,000	+665,616,000	−394,154,000
Energy Security Reserve	−469,500,000	.....	.....	+469,500,000	.....
Indian Health	689,848,000	634,919,000	676,223,000	−13,625,000	+41,304,000
Indian Education	81,680,000	81,096,000	82,096,000	+416,000	+1,000,000
Navajo and Hopi Indian Relocation Commission	2,737,000	15,061,000	15,051,000	+12,314,000	−10,000
Smithsonian	141,957,000	156,236,000	151,524,000	+9,567,000	−4,712,000
National Gallery of Art	24,651,000	32,777,000	32,777,000	+8,126,000	.....
Woodrow Wilson International Center for Scholars	1,830,000	2,260,000	2,260,000	+430,000	.....
National Endowment for the Arts	158,795,000	88,000,000	157,500,000	−1,295,000	+69,500,000
National Endowment for the Humanities	151,299,000	85,000,000	144,061,000	−7,238,000	+59,061,000
Institute of Museum Services	12,857,000	220,000	14,420,000	+1,563,000	+14,200,000
Commission of Fine Arts	298,000	173,000	303,000	+5,000	+130,000
Advisory Council on Historic Preservation	1,590,000	1,865,000	1,632,000	+42,000	−233,000
National Capital Planning Commission	2,400,000	2,381,000	2,371,000	−29,000	−10,000
Franklin Delano Roosevelt Memorial Commission	30,000	40,000	30,000	.....	−10,000
Pennsylvania Avenue Development Corporation	31,612,000	19,040,000	19,040,000	−12,572,000	.....
Federal Inspector for the Alaska Gas Pipeline	21,038,000	36,568,000	28,568,000	+7,530,000	−8,000,000
Holocaust Memorial Council	722,000	800,000	800,000	+78,000	.....
Total, Title II—Related Agencies	6,345,681,000	7,662,094,000	7,489,108,000	+1,143,427,000	−172,986,000
Grand total	10,419,555,000	11,216,620,000	11,209,727,000	+790,172,000	−6,893,000

[1] Includes fiscal year 1981 supplemental appropriations and rescissions contained in Public Law 97–12.

[2] Includes budget amendments in H. Doc. 97–29 as follows:

Bureau of Land Management:	
Management of lands and resources	−$29,412,000
Acquisition, construction, and maintenance	−6,000,000
Payments in lieu of taxes	+45,000,000
Oregon and California grant lands	−13,000,000
Office of Water Research and Technology	−32,028,000
U.S. Fish and Wildlife Service:	
Resource management	−42,588,000
Construction and anadromous fish	−22,663,000
National Park Service:	
Operation of the national park system	+1,621,000
Park restoration and improvement	+105,000,000
Land and water conservation fund	−475,365,000
Heritage Conservation and Recreation Service, salaries and expenses	−16,842,000
Historic preservation fund	−27,800,000
Urban park and recreation fund	−75,000,000
Geological Survey: Surveys, investigations, and research	37,664,000
Bureau of Mines: Mines and minerals	−7,806,000
Office of Surface Mining Reclamation and Enforcement:	
Regulation and technology	−20,307,000
Abandoned mine reclamation fund	−46,315,000
Bureau of Indian Affairs:	
Operation of Indian programs	−60,112,000
Construction	−12,849,000
Road construction	−3,000,000
Office of Territorial Affairs:	
Administration of territories	−24,054,000
Trust Territory of the Pacific Islands	−21,278,000
Secretarial Offices:	
Office of the Solicitor, salaries and expenses	−189,000
Office of the Secretary, departmental management	−1,150,000
Youth Conservation Corps	−60,000,000
Salaries and expenses (special foreign currency)	−350,000
Forest Service:	
Forest management, protection, and utilization	−41,771,000
Construction and land acquisition	−32,000,000
Miscellaneous trust funds	+90,000
Department of Energy:	
Fossil energy research and development	−344,130,000
Fossil energy construction	−772,200,000
Energy production, demonstration, and distribution	−22,979,000
Energy conservation	−726,658,000
Economic regulation	−155,626,000
Strategic Petroleum Reserve	+233,000,000
Strategic Petroleum Reserve entitlements	−248,000,000
Energy Information Administration	−47,178,000
Health Services Administration:	
Indian health services	−28,073,000
Indian health facilities	−108,807,000
Department of Education:	
Indian education	−20,720,000
Institute of Museum Services	−16,717,000
Smithsonian Institution:	
Salaries and expenses	−1,800,000
Restoration and renovation of buildings	−1,000,000
Construction	−23,135,000
Salaries and expenses, National Gallery of Art	−500,000
National Foundation on the Arts and the Humanities:	
National Endowment for the Arts, salaries and expenses	−70,100,000
National Endowment for the Arts, matching grants	−16,900,000
National Endowment for the Humanities, salaries and expenses	−60,483,000
National Endowment for the Humanities, matching grants	−24,000,000
Commission of Fine Arts	−174,000
Pennsylvania Avenue Development Corporation:	
Salaries and expenses	−222,000
Land acquisition and development fund	−10,000,000
Public development	−1,550,000
Total, budget amendments	−3,425,784,000

[3] New account established to consolidate administrative expenses. Budget estimates for other accounts are reduced by the following amounts:

Management of lands and resources	$77,743,000
Acquisition, construction, and maintenance	681,000
Oregon and California grant lands	5,117,000
Total	83,541,000

[4] Budget estimate of $45,000,000 for the Land and Water Conservation Fund was distributed to the following new accounts:

Land acquisition, Bureau of Land Management	$307,000
Land acquisition, U.S. Fish and Wildlife Service	1,139,000
Land acquisition and State assistance, National Park Service	34,954,000
Land acquisition, Forest Service	8,600,000
Total	45,000,000

[5] New account established to consolidate administrative expenses. Budget estimates for other accounts are reduced by the following amounts:

Resource management	$29,616,000
Construction and anadromous fish	131,000
Total	29,747,000

[6] Estimate for the former Heritage Conservation and Recreation Service, salaries and expenses account, was contained in the budget in operation of the National Park system at $13,088,000.

[7] New account established to consolidate administrative expenses. Budget estimates for other accounts are reduced by the following amounts:

Operation of the National Park system	$32,627,000
Construction	914,000
John F. Kennedy Center for the Performing Arts	229,000
Total	33,770,000

[8] New account established to consolidate administrative expenses. Budget estimates for other accounts are reduced by the following amounts:

Operation of Indian programs	$58,967,000
Construction	2,853,000
Road construction	1,692,000
Total	63,512,000

[9] New account established to consolidate administrative expenses. Budget estimates for other accounts are reduced by the following amounts:

Forest research	$28,678,000
State and private forestry	2,675,000
National Forest system	204,065,000
Construction and land acquisition	42,650,000
Total	278,068,000

[10] Name of account changed from "Energy production, demonstration, and distribution."

[11] Included in budget in the Department of Education.

Mr. Chairman, I reserve the balance of my time.

□ 1345

Mr. McDADE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, it is a great privilege to rise along with my friend from Illinois (Mr. YATES) in support of H.R. 4035, making appropriations for the Department of the Interior and related agencies.

At the outset I want to say that it is this year, as it has been for so many years, a great pleasure for me to deal with our very able subcommittee chairman, the gentleman from Illinois (Mr. YATES). He has always conducted this committee in an open and bipartisan and scholarly way, and I think that helps us enormously to come to consensuses.

Mr. Chairman, I rise in support of H.R. 4035, making appropriations for the Department of the Interior and related agencies and to urge its adoption by the full House.

Under the very capable leadership of our subcommittee chairman, my good friend from Illinois (Mr. YATES), the members of our subcommittee bring you a bill that attempts to continue the longstanding and bipartisan tradition of investing our tax dollars in the stewardship of our Nation's resources. It is a good bill. It is a compromise bill. Perhaps this year it contains more than our usual share of compromises because we are trying to remain true to the multiyear goals of these programs while living under the spending limits that the administration and Congress are developing for the 1982 budget. This bill bears the imprint of every member of our subcommittee—all of whom have worked diligently. We are fortunate also in having such an excellent staff who provide us sage advice.

The bill contains new budget authority of $11.2 billion. We are right now, $6.89 million below the President's budget request. We are $2.99 billion above our subcommittee's 302 budget allocation from the first concurrent budget resolution. This disparity results from our decision to honor the bulk of the administration's pending budget request for the strategic petroleum reserve.

Mr. Chairman, the budget process gives our committee the guideposts, but it is we who have the responsibility to steer the course we will take in shaping spending priorities. That is our constitutional mandate. We have the mandate to invest tax dollars in activities that bring revenues to our Treasury and which renew our natural, cultural, energy, and human resources.

You will note that the programs we fund here will yield $1.55 for every dollar invested. For an expenditure of $11.2 billion the citizens of this Nation will receive $17.34 billion in revenues. This amount is double that which accrued to the Treasury as late as fiscal year 1980 and $3 billion more than last year. And, these dollars do not reflect the $9.7 billion in oil held in the SPRO by the end of fiscal year 1982, along with the livestock, timber, minerals, fish, water, and game animals that are found on our public lands.

Mr. Chairman, your committee shaped the priorities in this bill by taking 12 volumes of testimony from the administration, from experts in energy research, on land management, on cultural enrichment, and from witnesses in the trust territories, on Indian reservations, and in areas served by these programs. As a result, we made major adjustments to a complete array of programs, many of which represented multiyear congressional initiatives aimed at resource protection.

Forty percent of the budget authority contained in this bill supports the programs of the Department of Energy and the funding for the strategic petroleum reserve. The committee funded the SPRO at that particular level to allow for the purchase of 70 million barrels of oil, an action that would give us 269 million barrels of oil in the ground by the end of fiscal year 1982—about 45 days' supply.

The committee acted to accomplish a number of things in our energy accounts. We supported research in accordance with the administration's goal of high-risk, long-term technology and with protecting taxpayer investments in congressional initiatives we believed would yield success in developing our fossil energy programs.

In the shorter term, the Members will see that we did make increases through transfers and additions to the energy conservation programs, especially $150 million for the weatherization and school and hospitals retrofit program. If we are enjoying any kind of a brief respite from the blackmail of OPEC, it is in large measure due to the willingness of the American people to conserve energy.

You will notice that each account in the energy conservation programs received modest increases—increases predicated on expert testimony received by our committee as to what the private industry will and will not pick up in the field of conservation R. & D.

This bill does not contain any further funding for two committee initiatives which I am happy to say were successful. We have insured that a workable synthetic fuels program exists today and is before the Synthetic Fuels Corporation and the Treasury Department for action. Also, I am pleased to tell you that later this year the Interior Department expects to begin private leasing on the national petroleum reserve in Alaska. Your support and your prodding are in the largest measure responsible for these significant energy initiatives coming to fruition.

The Indian accounts total $1.8 billion in this bill with increases totaling $84 million above the budget request. One-half of these increases are for health, sanitation, construction programs designed to strengthen your national commitment to improve Indian health. Despite this increase, I would point out to the Members that we are well below $77 million, the amount spent for these programs in fiscal year 1981.

Another $1.7 billion found here supports the renewable resource programs of the U.S. Forest Service. The committee has sustained a multiyear commitment to timber production, forest research to insure that future generations will also be able to utilize our Nation's forest resources, as well as fire protection and disease control, two grave problems for our Nation's forests. We provided increases totaling $49 million above the budgeted amounts in an effort to enable the U.S. Forest Service to harvest 11.7 billion board feet of timber and prepare 11.9 billion board feet for sale. This $49 million includes increases of $4 million for research; $3.6 million for assistance to urban areas on forest management; $15 million for management programs in our national forest system; $27 million for programs in our national forest system; $27 million for land acquisition; and $20 million for the YCC program. You will note that this year our committee decided to continue funding for the YCC program, a program which we have all supported, but a program which has been targeted for elimination.

The bill also contains slightly over $1 billion for the fish, wildlife, park, and recreation programs of the Interior Department. We provided no funding this year for the State grant programs under the land and water conservation fund. This was a difficult decision, but one that is consistent with the administration's desire to reduce spending and to give at least a 1-year moratorium to the land and water fund. We were able to insure as part of the supplemental in 1981 that each State will receive at least 75 percent of their 1981 money in the wake of the administration's proposed 1981 rescission. This money is just being freed up and will be funding projects well into fiscal year 1982.

You will also note that the committee provided the administration's request for $105 million to undertake cleanup maintenance and restoration work in our Nation's parks. The committee also earmarked $110.6 million for land acquisition for priority identi-

fied park, forest, fish, and wildlife refugee projects, acquisitions which we believe need to be made to protect endangered areas or to honor the Government's commitments to purchase private lands.

In summary, Mr. Chairman, I hope the Members can support this bill because it is the major resource bill before the Congress this year. It makes investments that yield returns for every single American, our energy independence, our cultural heritage, our recreational opportunity, indeed, the very livelihood of millions of native Americans rest on the programs found here.

Mr. Chairman, I reserve the balance of my time.

Mr. YATES. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Chairman, I wish to commend the Interior Appropriations Subcommittee and its distinguished chairman, Mr. YATES. The committee's work and commitment to environmental concerns such as the Boundary Waters Canoe Area and support for programs such as urban parks and historic preservation are worthy of our praise. The bill they have presented to the House, H.R. 4035, has my support.

I am wondering though if the chairman, Mr. YATES, would be willing to clear up a point I have about this bill.

As the chairman is aware, Public Law 96-607 authorized the creation of a Metro River Corridor Study Commission in Minnesota. This study was intended to actively involve Interior and other Federal agencies who have interests in the rivers, along with the Minnesota metropolitan policymakers, in focusing on the recreational opportunities along these unique river systems.

Does the chairman believe that the Study Commission would be eligible for funding under the river and trail budget activity in the operation of the national park system appropriation?

Mr. YATES. Will the gentleman yield?

Mr. VENTO. I am happy to yield to the chairman.

Mr. YATES. Yes; it is my understanding that nearly all appointments have been made to the Commission, which has already started to meet. The committee hopes that the National Park Service will give careful consideration to funding this study.

Mr. VENTO. I thank the gentleman for that positive response.

I want to recommend this bill to the Members, and especially I am impressed with the job the committee has done in energy and with regards to the job they have done in the arts and humanities. We are proud of the subcommittee and I intend to strongly support this bill on the floor. I thank the gentleman.

Mr. YATES. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon (Mr. WEAVER).

Mr. WEAVER. I thank the distinguished chairman for yielding. I want to compliment him as one of the most esteemable Members of the House and for the fine job he has done with this bill, which is a most vital bill perhaps of all of the bills to the States that come from this Congress, seeing as how it deals with the Forest Service and the Bureau of Land Management.

I also want to thank the ranking minority member, the gentleman for Pennsylvania (Mr. MCDADE), for his excellent work and his concerns to easterners and also for his great concern for the concerns of the West.

However, I do want to say that I will offer two amendments to the bill when the bill is opened to amendment. I would like to say that the payment in lieu of taxes, the legislation of which I am the author and which passed in my first term in Congress, is vital to those areas in the West that do not have vast oil or mineral resources or forests, but simply rangelands, grazing lands that do not pay in their fair share in lieu of taxes to the local counties in which they are situated.

I agree, and I carefully put in the bill, that moneys from the forest receipts, from oil and gas and mineral leasing should be deducted from any receipts or funds that might go into payments in lieu of taxes. If there is any discrepancies there, I would be willing, in fact most eager to bring in an amendment to the original bill to take out any such discrepancies such as exist in the State of Utah.

I do believe payments in lieu of taxes must be fully funded as a matter of equity to those counties in which the vast rangelands are now situated and do not pay their share of property taxes.

Mr. MCDADE. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio (Mr. REGULA).

Mr. REGULA. Mr. Chairman, I rise in support of H.R. 4035, the Department of Interior and related agencies appropriations bill and urge its approval by the House.

This country's vast natural resources have become a matter of increasing concern in recent years, in part, because demand for their products—both tangible and intangible—continues to grow at a rapid rate. The public lands, which belong to all the people, provide much of our water, timber, minerals including coal and oil, grazing for livestock, and outdoor recreation of many types. I often remind school groups that as U.S. citizens their share of our great Nation and its natural resources amounts to about 3 acres per person. We all have a stake in this resource.

The management of much of our great natural resource base is vested in this Congress and particularly with the Interior Appropriations Subcommittee which holds the purse strings. Teddy Roosevelt understood that the Nation's lands and resources are the real basis of economic and national security. He also understood that these resources are limited, but if properly managed can continue to be the basis of national wealth and strength for generations to come. Speaking at the National Governors Conference in 1908, he said:

> The prosperity of our people depends directly on the energy and intelligence with which our natural resources are used. It is equally clear that these resources are the final basis of national power and perpetuity.

Our responsibility becomes even more critical in a year such as this when increasing demands are being placed on our natural resources and the Federal funds for all programs are limited.

With this administration's emphasis on multiple use of our public lands, including accelerating development of our domestic energy, mineral, and forest resources, it is crucial that careful attention be given and sufficient funds allocated for resource management. We have worked diligently to provide a budget which will insure that we preserve that which needs to be preserved and develop that which can and should be utilized in an environmentally sound way. In this bill, I believe we have struck an excellent balance between our dual and sometimes conflicting responsibilities of fiscal restraint and sound resource management.

This subcommittee has for several years worked to increase the investment in the Nation's natural resources, recognizing that these resources are a major contributor to the wealth of America. The renewable natural resources, in particular our timber and grazing land and their multiple products of timber, forage, wildlife, outdoor recreation, and clean water must be protected and enhanced to meet present and future needs. At the same time, this subcommittee has endeavored to increase the productivity and the ability of the public lands to meet the increasing and sometimes competing needs of the Nation for these products. For these reasons, I am especially supportive of the research and development programs supported in this bill which benefit not only the Federal lands, but other public and small private ownerships, too.

It is because of research and development that this Nation has made great strides. Hybrid corn and genetically improved beef and dairy cattle are examples familiar to most of us. Comparable technology in forestry is emerging in the area of genetically improved trees, new methods for utiliz-

ing our small and underutilized tree species, and new technology to better utilize the products of the forest and rangelands of America. It is also important that we continue to disseminate this technology to the many public and private owners who manage our resources. It is through a strengthening of our natural renewable resources base that the best interests of all Americans, both in the near term and long run will be served. To this end I fully support the programs of the Forest Service, a leader in this field, and other agencies charged with sound management of our natural resources, and I endorse the increases this subcommittee has made in this agency's budget.

I would like to digress at this point to make a few comments on this bill as it compares to the President's budget proposals. In the recent debate on the omnibus reconciliation bill, opponents of that bill raised the ominous specter that Congress was becoming a rubber stamp for the President. We bring you a bill today which I believe clearly refutes those charges. This bill is, in fact, nearly $7 million below the President's budget, but on every agency and department funded in the bill, the subcommittee has worked its will. In some cases, this has gone counter to the President's specific policy goals. In others, it has merely modified those objectives. But the point is that we have brought you a fiscally responsible bill which is not merely a carbon copy of the President's budget.

One example I would like to highlight concerns our national park system. There has been much controversy about the administration's position on our urban parks. Having visited some of our more prominent parks in the West, I would not dispute that the Yellowstones and Yosemites of the Far West are the crown jewels of the park system. These parks are magnificent and I wish every American could have the opportunity to visit and enjoy these natural treasures, but unfortunately that is not possible. Congress recognized this several years ago; and from this realization emerged the concept of the urban park—putting our parks where our people are. The enormous success and popularity of the urban parks is clearly attested to by their high visitation. Last year over 16 million people visited Golden Gate National Recreation Area and over 8 million people visited Gateway National Recreation Area in New York. This compares to 2.5 million visitors to Yosemite and less than 2 million to Yellowstone.

Only Congress could decide to eliminate the urban parks from our national park system. I do not believe we would ever elect to confine the enjoyment of the outdoor recreational opportunities afforded by our Federal parks only to those who live in the West or can afford to travel there. This bill maintains the strong commitment to urban parks which Congress has mandated.

One last feature of this bill I would like to highlight involves our subcommittee's jurisdiction over territorial affairs. As the committee report points out, the Secretary of the Interior is responsible for promoting the economic, social, and political development of the territorial areas with an eye toward the goal of self-government. Currently, dependence on Federal funds for local government programs varies from 67 percent in the Virgin Islands to a high of 91 percent in the trust territories. While continuing to meet our financial commitment in the territories, this subcommittee has endeavored to promote self-sufficiency. As one step, we have included language in this report directing the Department of the Interior to explore the possibility of providing loans or loan guarantees to the local governments for certain projects, as opposed to our right grants, as is the present practice. This would, we believe, engender a greater sense of responsibility and better promote the goal of self-government. I would also like to note that Representative ANTONIO WON PAT'S omnibus territories bill, which was one of the suspensions debated earlier today, also authorizes loan guarantees for the American Samoa Power Authority to purchase generating equipment. I am confident that these two initiatives are courses of action which are in the best interest of the people of our territories and the American people in general.

Mr. Chairman, I urge all my colleagues to support this bill. It is one of the most constructive expenditures we make, because we are investing in our future heritage. This bill contains the necessary funds to insure that we manage that heritage well so that future generations will have the benefits of this resource that we now all enjoy.

□ 1400

Mr. YATES. Mr. Chairman, I yield 1 minute to the gentleman from Kansas (Mr. GLICKMAN).

Mr. GLICKMAN. Mr. Chairman, I want to commend the chairman of the subcommittee, the gentleman from Illinois (Mr. YATES), on an excellent bill, particularly in the energy area.

My Subcommittee on Transportation, Aviation and Materials passed a bill out last year called the Methane Transportation, Research, Development, and Demonstration Act, to try to provide some R. & D. to provide natural gas and methane as a motor fuel.

On page 69 of the committee report, we have a line item under "Transportation" marked "Alternative Fuels Utilization," $5,150,000, which was the amount, basically, requested.

I just want to make sure that it is the intention of the committee that R. & D. funds under this Methane Act could be used in this number; that is, a portion of the $5,150,000 could be used as research funds in implementation of the Methane Transportation, Research, Development, and Demonstration Act. At least that is what my intention would be.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Illinois.

Mr. YATES. It is the intention of the committee that it could be used for that purpose.

Mr. GLICKMAN. I thank the chairman.

Mr. McDADE. Mr. Chairman, I have no further requests for time.

Mr. YATES. Mr. Chairman, I yield 4 minutes to the gentleman from Oregon (Mr. AUCOIN).

Mr. AUCOIN. Mr. Chairman, I rise today in support of H.R. 4035, the Interior appropriations bill for fiscal year 1982. First of all, let me say that it has been a pleasure to be a part of the Interior Subcommittee. Chairman YATES and Congressman MCDADE, the ranking member, are to be commended for their leadership on this bill. I have nothing but respect for them and for my other colleagues on the subcommittee for their diligence in the preparation of this bill.

The Interior appropriations bill is noteworthy because it touches on so many areas. I would like to take this opportunity to discuss a few of the items which are of particular interest to me.

For the Forest Service, the subcommittee has recommended a timber sales level of 11.9 billion board feet. This level of sales is really a minimum level and one that is absolutely essential to meet the demand for housing in the 1980's. It is estimated that we will have to construct 2 million new houses in every single year of this decade in order to meet the demand.

This level of sales, while it could be higher, at least is not less than last year's level. By retaining the 11.9-billion-board-foot figure, we have recognized the fact that bidding on timber has risen to a point where price no longer reflects supply and demand. Without an adequate supply of timber, stumpage prices will continue to escalate, driving more and more small mills out of business. We need all the mills we can so that the production capacity is there when it is needed. If it is not, consumers will be gouged in the prices they pay for lumber.

The bill also includes funding for reforestation. Here again, my colleagues on the subcommittee should be commended. In 1974, the Interior Subcom-

mittee recognized the need to eliminate the reforestation backlog. The Congress agreed with a program launched in fiscal year 1975 to eradicate that backlog. This year's bill continues that effort and provides over $75 million for reforestation. This represents the maximum reforestation program that can be accomplished in fiscal year 1982.

I understand that there may be an amendment offered to shift $5 million from road construction to reforestation. This amendment would drop the timber sales program by 100 million board feet in exchange for the onsite preparation of some 30,000 acres. I am sympathetic to the intent of this amendment but must urge my colleagues to reject it because it simply is not the most efficient use of our dollars.

The recommendation in the bill is the maximum amount which can be used efficiently by the Forest Service for reforestation.

There may also be an amendment to alter the language in the bill pertaining to log exports. The banning of log exports is an extremely complex and emotion-packed issue. Senator Wayne Morse, in 1968, was the first to develop language which addressed this issue. The language in the bill, which bans the exporting of logs from Federal lands, has been a part of the Interior appropriations bill for 9 years. I believe it is unwise to change the language at this time. The legislative committee with jurisdiction over this issue has before it a bill which addresses the problem. That committee should be allowed to develop the legislation as it sees fit.

The bill includes $155 million for the land and water conservation fund. The administration's request was $45 million for emergency acquisitions only. The amount recommended is absolutely essential for the acquisition of lands that, if not purchased soon, will be lost forever. This appropriation recognizes the importance of our natural heritage and provides the means by which our refuge and park systems are enhanced.

In the area of energy, the bill reflects the desire for the prudent development of our Nation's resources. The bill added funding for various conservation programs which the administration had sought to eliminate. I am proud to be associated with this bill which recognizes that the fastest and most efficient way to develop new energy is to conserve.

The bill also includes funding for energy research and development. The subcommittee, at my request, added funding for fuel cells. This technology is an environmentally sound, highly efficient process which has won the support of environmental groups and utilities. The fuel cell is flexible and adaptable to various fuels. With the additional funding, fuel cells could be commercially operational within 5 or 6 years.

The bill reflects the desire of the subcommittee to aggressively move in the area of energy resource development, though not at the expense of the environment. A perfect example of this is the limitation on spending for the four northern basins of OCS lease sale No. 53. The four northern basins represent approximately 20 percent of the oil and gas potential of lease sale No. 53. That works out to 12 days' supply of oil and gas for the United States. At stake are the fishing and tourist industries of Oregon and northern California. The amendment I offered in subcommittee has bipartisan support, including that of the gentleman representing the district where three of the four offshore basins are located. Many have discussed how this provision is controversial. It should not be controversial.

Those who oppose the opening of the four northern basins do not oppose energy development. What I do oppose is development where the risks involved outweigh the potential benefits. That just seems like commonsense to me.

I would like to commend the leadership shown by the chairman in boosting appropriations for the endowments. The figures approved by the committee reflect an amount that will keep the endowments active, growing, and accessible. Benefits reaped from the endowments' higher level of funding further the development of our cultural and scholarly heritage, providing incentives to States, counties, universities, organizations large and small, and individuals.

In conclusion, Mr. Chairman, I would like to urge my colleagues to support this bill. It provides the necessary funding to protect and enhance our natural resources in a balanced fashion and it does so under the spending ceilings set by the reconciliation bill. I am proud to be associated with the bill and my colleagues who helped draft it.

● Mr. SHUMWAY. Mr. Chairman, I rise in support of those portions of H.R. 4035 relating to the fiscal 1982 appropriation for land acquisition by the Forest Service. I am pleased that $7 million of the $35.9 million requested by the committee for land acquisition activities will be used for the initial purchase of environmentally sensitive lands at fair market values in the Lake Tahoe Basin. This funding will thus provide for implementation of Public Law 96-586, the Santini-Burton Lake Tahoe lands bill.

As my colleagues are no doubt aware, Public Law 96-586 was designed to solve two difficult problems insofar as revenues generated by the sale of public lands in Clark County, Nev., would be used by the Forest Service to purchase such environonmentally sensitive lands in the basin. Although Public Law 96-586 would ultimately be self-supporting and result in a net deficit of zero to the Federal Government, the bill was drafted to conform with the requirements of the 1974 Budget Act by providing for annual appropriations through the land and water conservation fund (LWCF).

Public Law 96-586 authorized the expenditure of $24 million in fiscal year 1982, which includes approximately $14 million already returned to the Treasury from Clark County land sales since October 1, 1978. A matter of great concern to myself and my constitutents is that these revenues previously generated could be appropriated through the LWCF for purposes other than those expressly intended by Congress: the acquisition of Tahoe lands.

In the future, I would be supportive of legislative efforts to restructure Public Law 96-586, perhaps by creating a separate revolving fund that would be authorized until land sales and purchases had been completed. However, in the short term, fiscal year 1982 funding of at least $7 million would enable Lake Tahoe preservation efforts to continue, thereby protecting this national treasure for us and for future generations, and providing just compensation to private property owners who have not been allowed to build on their land.●

● Mr. DANNEMEYER. Mr. Chairman, I wish to express my opposition to a provision in the fiscal year 1982 Interior appropriations bill which would prevent energy exploration in four of five California offshore basins under oil and gas lease sale No. 53. I urge my colleagues to consider the following information in weighing the great cost and questionable benefit of section 109 of H.R. 4035.

The time to consider our energy development actions is now, before we run into another crunch. The so-called oil glut is cited as evidence that we do not need this sale. "The glut in crude oil is above the ground, not below the ground," cautions Barry Saghal of Bache Halsey Stuart Shields. "There is still a shortgage of resources in relation to the world's demand pattern," he adds.

The four basins in question—Eel River, Point Arena, Bodega, and Santa Cruz, have generated a lot of numbers. The trouble is that none of the numbers is conclusive. Leasing is the method which provides the best opportunity to explore and determine the likely production from a given area. Let me review what the numbers tell us about these four basins.

The four basins represent approximately 20 percent of lease sale 53, comprising an estimated 197 million barrels of oil and 272 billion cubic feet

of natural gas. Lease critics reduce those figures to demonstrate that they represent only 10 days of energy for the country. For what some call marginal fields, that is considerable production. It is also worth noting that yield estimates in the four basins have increased some 30 percent from one estimate to the next by the U.S. Geological Survey.

Let us look at the figures in the context of our oil import bill. Although we have been importing increasingly less, the bill keeps going higher. The Commerce Department reports that the 1980 oil import bill was $62 billion, up from $46 billion in 1979. At an average price of $36.58 per barrel, the conservative value of oil from the four basins is some $7.2 billion. That is $7.2 billion staying here at home, not going overseas. It would be hard to describe this as a short-term gain, particularly when these fields may take some 6 to 8 years to bring them to market. Thus, there is something substantial out there.

But this expectation must be tested. For that we have the leasing program which requires secretarial approval, balancing the national interest and the well-being of the State's citizens, considering the developmental benefits and the environmental risks. Below are risk statements from the final environmental impact statement for lease sale 53:

The probability of an oil spill * * * is statistically difficult to establish with any meaning because of the very low accident rate. The risk of an oil spill caused by seismic activity will have to be assumed to be zero.

The cumulative impacts of all OCS activities on the marine and coastal ecosystems * * * should (be) insignificant except in the areas immediately around proposed and existing activities.

The greatest impact on commercial fisheries probably will be from oil spills. Offshore, the fishing area that will be removed will be very small and there probably will not even be a detectable loss in catch.

Leasing does not close the door on environmental safeguards. The coverage of such safeguards is clearly seen in the 10-year lease term sought by the oil industry, twice as long as the Outer Continental Shelf Act provides for, in order for industry to comply with the various environmental regulations.

In a letter to the Interior Secretary, I and other California Members stated:

It seems to us that it is far more humane for Members of Congress to explain to parents of a son who reside along the beautiful northern California coast why we are erecting drilling platforms than to explain to those parents why their son must fight in the sands of the Middle East to protect a resource which we have here at home.

This is not to say that one lease sale stands between us and a Mideast war. But it is to say that there can be serious environmental risk in not even inventorying our domestic oil and gas resources and in setting aside a long and careful selection process mandated by Congress.●

Mr. YATES. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. All time for general debate having expired, the Clerk will read.

The Clerk proceeded to read the bill.

Mr. YATES (during the reading). Mr. Chairman, I ask unanimous consent that the bill be read by titles, and that title I be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PARLIAMENTARY INQUIRY

Mr. WEAVER. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WEAVER. Mr. Chairman, when may a point of order be lodged at any point in this bill?

The CHAIRMAN. When that portion is read or the reading dispensed with by unanimous consent.

Mr. WEAVER. And only to title I now?

The CHAIRMAN. That is correct.

Mr. WEAVER. I thank the Chair.

The CHAIRMAN. Are there any points of order against title I? The Chair hears none.

Are there any amendments to title I?

AMENDMENT OFFERED BY MR. YATES

Mr. YATES. Mr. Chairman, I offer an amendment.

(The portion of the bill to which the amendment relates is as follows:)

URBAN PARK AND RECREATION FUND

For supplemental grants to existing "rehabilitation grants" made under authority of section 1003 of the Urban Park and Recreation Recovery Act of 1978 (title 10 of Public Law 95-625), $10,000,000, to remain available until expended.

The Clerk read as follows:

Amendment offered by Mr. YATES: On page 12, line 4 after "existing" strike out "rehabilitation" and insert "innovation".

Mr. YATES. Mr. Chairman, the technical amendment to the urban park program makes the $10,000,000 recommended available for innovation grants rather than for rehabilitation grants. Since we are making only $10,000,000 available, the Department of Interior has stated that a higher return on our investment can be realized through innovation grants. These grants aim at improving and implementing local recreation plans. These plans identify priorities for management and service actions to increase the viability and self-sufficiency of local programs.

This amendment will enhance local management planning to increase efficiency in facility operation and maintenance, examination of alternative financing sources such as fees and donations, use of citizen volunteers to expand on public staff capabilities in running recreation programs, and improved coordination of services at the local level. Such actions supported by innovation grants will help local recreation systems get on their feet and develop self-reliance

□ 1415

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. YATES).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DANNEMEYER

Mr. DANNEMEYER. Mr. Chairman, I offer an amendment.

(The portion of the bill to which the amendment relates is as follows:)

ACQUISITION, CONSTRUCTION, AND MAINTENANCE

For acquisition of lands and interests therein, and construction and maintenance of buildings, recreation facilities, roads, trails, and appurtenant facilities, $12,720,000, to remain available until expended.

The Clerk read as follows:

Amendment offered by Mr. DANNEMEYER: On page 2, line 14, strike "$12,720,000" and insert in lieu thereof "$12,710,000".

Mr. DANNEMEYER. Mr. Chairman, this amendment is offered for several purposes. The initial purpose is, on the face of it, to delete $10,000 for the appropriation for the next fiscal year as enumerated in title I of this bill. The second valid reason for the offering of the amendment is that there is considerable concern about the suggestion, which at this point is uncertain in the mind of this Member from California, as to what the true status of the bill is.

We have received intelligence on this side that the bill presently before the House exceeds the President's budget for 1982 by some $600 million. Now, at this point in the afternoon it is not clear as to whether or not that statement is correct or not; that is, whether or not it does in fact exceed the budget by $600 million. Since that is a substantial sum of money, and I think there should be time for the Members of the House to resolve that uncertainty, it is for this reason that the amendment is offered.

After the taking of a vote it will be the intention of the Member from California to ask for a recorded vote on this particular amendment, and pending the decision of the Chair, to make the point of order that a quorum is not present.

Mr. YATES. Mr. Chairman, I rise in opposition to the amendment.

I do not know where the gentleman from California gets his figures about this being $600 million above the budget. The committee has analyzed this very carefully. If the gentleman

will review the report, he will see that the committee has stated all the appropriations and all the authorities respecting the acts of the committee. According to the committee's calculations, the acts of the committee come to a reduction of approximately $7 million below the President's budget. Now, what I would like to ask the gentleman is, What is the possible basis for the gentleman's contention?

Mr. DANNEMEYER. The gentleman from California was furnished with a document within the last half hour relating to this particular bill, which contains the express statement—I will read to the gentleman as follows:

> The administration is concerned that while the committee report shows slight reductions below both the budget authority requested by the President and the section 302 allocation, this bill would add roughly $600 million to the program levels proposed in the 1982 budget. Further, this bill does not leave room under the 302 allocation to cover all of the known requirements of supplementals, including pay increases, and so forth.

It is out of this concern that this amendment is offered.

Mr. YATES. I can understand the gentleman's concern. I stated in my remarks at the opening of the debate that we were over the 302 allocations by approximately $3 billion, and the reason we were over the allocations by $3 billion was because we have approved $3.4 billion for direct funding of the strategic petroleum reserve.

We recognize the fact that both Gramm-Latta I and Gramm-Latta II have provided for offbudget funding of the strategic petroleum reserve. There is no legislation for that purpose now, which was the reason that we put it in here. We thought the strategic petroleum reserve funding was important enough to go over the budget at this time. It is possible that when reconciliation is achieved under Gramm-Latta II, that provision will be made for an offbudget procedure or mechanism so that the funding can be applicable to that mechanism.

May I point out to the gentleman that both Gramm-Latta I and II did provide for appropriations for the strategic petroleum reserve. We have made that appropriation. The question that remains is whether it should be on budget or off budget. If it is on budget, we are over section 302. If it is going to be off budget, as I suspect it will be inasmuch as both House- and Senate-passed reconciliation bills provide for that, then we are almost $200 million underneath our 302 allocation.

So that I have no concern about bringing this bill to the House under section 302. I tell the gentleman, yes, we are over the 302 allocation on that. I do not know quite what the basis for the gentleman's other contention is respecting the $600 million. We have gone over the President's budget in a number of respects, but we have cut back in other programs, as is our right to do as an appropriations committee, and are within the budget levels. We are now approximately $7 million below even President Reagan's budget.

That is the reason I ask the gentleman, and I ask him respectfully to take my request seriously, because I do want to get on with the bill as far as I can today, for the basis for his contention.

I would suggest to the gentleman in all respect that just to tell us we are $600 million—he has reason to believe we are $600 million over the budget—does not really help the House, does not help the committee, does not help anybody. What it does is just stop us in our tracks when we ought to have a bill of particulars of what the basis of the gentleman's suspicion is.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(By unanimous consent, Mr. YATES was allowed to proceed for 5 additional minutes.)

Mr. YATES. I yield to the gentleman.

Mr. DANNEMEYER. I thank the gentleman. I can only observe, it is not my privilege to serve on the policy committee that considered this matter. The intelligence I have received this afternoon in the House Chamber I have relayed to the gentleman. It is because of this uncertainty and the substantial sum that is involved, that is the only intelligence upon which I can operate this afternoon. I feel for those reasons that it is reasonable that we take the position that I have in this amendment, and ask for a recorded vote, which I think will have the result of putting it over for a day or two for further consideration and deliberation. I think that is appropriate to do under the circumstances.

Mr. YATES. Well, will the gentleman permit me to say that, could the gentleman permit us to go along with the bill for a period and move his amendment to another account or another appropriation later in the bill?

Mr. DANNEMEYER. I think, in response, that I would think it would probably be not best to do that. There are other features of the bill that have been brought to my attention that other Members may want to offer amendments to. I am not privy to what precisely they are, but I think, since the gentleman will note that this amendment is offered at the beginning of title I, it will preserve the ability of other Members to offer amendments in the event that they feel inclined to do so, and I think that is the way to proceed.

Mr. YATES. Mr. Chairman, has the gentleman consulted with the gentleman from Pennsylvania (Mr. MCDADE) and the gentleman from Texas (Mr. LOEFFLER)? Both of them are on this subcommittee, and they were at every part of the markup of this bill. I understand the gentleman's attitude.

Mr. McDADE. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield.

Mr. McDADE. Mr. Chairman, as I indicated in my initial remarks, there were a lot of compromises reached in this bill. There are changes in figures, sometimes what the President wished and sometimes what he did not wish, but the important thing is, as has been stated, we are under the President's budget recommendation. The only reason that we are even approaching being over the 302 allocation is in an effort to try to give the administration time to work out the question of whether they want SPRO funded on budget or, as we believe, they want it funded off budget. We are perfectly willing to have it funded off budget.

This committee report has been printed and has been around for at least a week, and it shows that we are about $7 million under the President's request. It spells out where we are with respect to the SPRO, and our willingness to take it off budget.

I would point out that my friend from Ohio (Mr. REGULA), who is a member of the Budget Committee, just addressed the House and lent his support to this bill as a member of the Budget Committee, and recommended that it be passed. We are coming to the floor, as my chairman has so accurately stated, under the President's budget in a position where we have to work out a detail—and it is only a detail—with respect to SPRO.

We are perfectly willing to take it off budget just as soon as the mechanism is available, but we believe, since the administration submitted a budget request to us, we ought at least to carry it here because of its importance to the Nation. We are the only Western Nation in the world that does not have a strategic petroleum reserve, so we funded it contingent upon actions that will occur as we go to conference.

So, I would hope that my distinguished friend from California would once again look at this process, recognize that we held months of hearings, and that we made many compromises. We are bringing this bill to the floor under the President's budget with a contingency to be worked out on the strategic petroleum reserve, and we would like to proceed with the bill.

I would be very grateful, and I think all of us would, if we could do that. We have a very crowded calendar this week, and we have reconciliation and the tax bill that we hope to get accomplished before recess. So, I would hope that my friend would reconsider and that we could go forward.

Mr. YATES. I yield to the gentleman from California.

Mr. DANNEMEYER. It has been brought to my attention by another Member that he was told that amendments to this bill would be available to be offered on Wednesday of this week. If we proceed with this bill as scheduled today, it would appear that Member would be foreclosed from offering such an amendment, because it is the understanding of this Member that if no other amendments are forthcoming today, that the process or the desire is to move forward with consideration of this bill and conclude it today.

Mr. YATES. Let me just say to the gentleman, I do not know where that Member got his understanding.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

(By unanimous consent, Mr. YATES was allowed to proceed for 5 additional minutes.)

Mr. YATES. I read from the colloquy of last Friday between the minority leader (Mr. MICHEL) and the Democratic whip (Mr. FOLEY). Mr. FOLEY was asked about the schedule, and this is what Mr. FOLEY said, and I read from page H4213 of the RECORD of July 10:

> Following that, H.R. 4035, the Interior Appropriation bill for fiscal year 1982. A rule has been adopted. We will proceed with general debate, and time permitting, the chairman intends to proceed with the bill. All recorded votes will be postponed.

Now, there is nothing in the agreement between the minority and the majority to indicate that this would go over until Wednesday in order that amendments might be offered. Certainly, the business of the committee is to proceed with the bill today in accordance with the agreement between Mr. MICHEL and Mr. FOLEY.

So, I would hope that the gentleman would permit the committee to proceed with its discussions under the bill. Certainly, the agreement is right there in black and white in the CONGRESSIONAL RECORD.

May I ask the gentleman to withdraw his amendment at this point so that we can proceed with further reading of the bill?

Mr. DANNEMEYER. The gentleman from California is not inclined to withdraw his amendment.

Mr. YATES. Well, there has been no argument made that has to be answered. We have answered all the contentions the gentleman has made. As far as this Member is concerned, the gentleman has a wild rumor indicating that somebody—and he has not told who that somebody is—has indicated this committee is approximately $600 million over the President's budget.

□ 1430

Mr. DANNEMEYER. Six hundred million.

Mr. YATES. Six hundred million over the President's budget?

Mr. DANNEMEYER. It is only the matter of one zero.

Mr. YATES. Six hundred million over the President's budget?

Mr. DANNEMEYER. That is the representation that was made.

Mr. YATES. If that is true, why would the gentleman from Pennsylvania not know this? He is on the committee. Why would the gentleman from Texas not know that? He is on the committee. Who in the world gave the gentleman that information? He has not told us yet. The gentleman cannot just step up here and say that he has heard it is $600 million over the budget and, therefore, hold up the proceedings of the House.

Mr. DANNEMEYER. Mr. Chairman, let me say in response to the gentleman that the source of the intelligence I have shared with the House is a credible, responsible source. I am relying on it, and I feel the position I am taking is a reasonable one.

Mr. YATES. Mr. Chairman, the only thing we can do, if the gentleman insists on his vote, is, I guess, to bring the matter to a vote. We can bring it to a vote and see whether or not the gentleman can get a rollcall vote. If he can get a rollcall vote, all right. Maybe he cannot get a rollcall vote.

Mr. Chairman, as I understand the agreement in the House, it was that there would be no recorded votes. We could bring it on to a vote.

The CHAIRMAN. Does the gentleman have further debate?

Mr. YATES. There is no further debate, Mr. Chairman. I see no alternative, in view of the gentleman's position, except to say, let us have a vote and see what the House does.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. DANNEMEYER).

The question was taken; and the chairman announced that the noes appeared to have it.

Mr. DANNEMEYER. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

Mr. YATES. Mr. Chairman, I move that the Committee do now rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. DANIELSON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4035) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes, had come to no resolution thereon.

OFFICE OF U.S. TRADE REPRESENTATIVE OPPOSES SUGAR BILL AS UNNECESSARY

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. GIBBONS. Mr. Speaker, as chairman of the Ways and Means Trade Subcommittee, I have for some time been concerned about the impact on trade of the sugar provisions of the 1981 farm bill. Therefore, I asked the Office of the U.S. Trade Representative to comment on the sugar provisions of title IX of the Food and Agriculture Act (H.R. 3603).

The USTR responded by noting that the proposed sugar support price of 19.6 cents per pound would have an adverse impact on imports and that the USDA estimates that over the lifetime of the farm bill the sugar provisions alone could cost consumers $5 billion. The USTR concluded that—

> In view of the discretionary authority given the Secretary of Agriculture and keeping in mind this administration's commitment to promote free trade and to fight inflation, the sugar provisions of the farm bill appear unnecessary.

I would like to make two additional points:

The administration has talked about developing a Caribbean investment and trade policy to improve the economies of the many small, low-income countries in the Caribbean Basin. There is no way that we can develop a coordinated economic program to help those countries without providing for a reasonably free trade policy in sugar. Yet, as the U.S. International Trade Commission has reported to me, the effect of the sugar bill will be to reduce sugar imports by about 10 percent a year. This is due to the fact that to protect the Commodity Credit Corporation and the Treasury against the sugar program becoming too costly because of excess sugar being forfeited to the CCC, the administration will have to impose very high fees, tariffs, and even restrictive quotas. To cut off sugar imports from the Caribbean at the same time we are talking about a grand alliance of developed countries to help the region is the height of hypocrisy and makes the task of Caribbean Basin and Latin American development doubly difficult. To disrupt the sugar trade of the Caribbean is one of the worst things we could do and plays right into Castro's hands, by making it easier for him to exploit the economic problems of the region.

Second, there has been some talk that during the debate on the budget reconciliation bill, the administration somehow changed its position on the sugar provisions of the farm bill. I hope that is not true, because nothing has happened to change the excellent arguments made in the USTR letter. As USDA has pointed out, the sugar provisions would cause $5 billion in sugar price inflation over the next 4 years. Surely no rational person can

believe that the administration would seek votes for reducing the Federal budget and therefore inflation by promising to support a massive increase in food inflation.

Mr. Speaker, at this point, I would like to include in the RECORD the full text of the USTR's letter to me:

EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, D.C., June 25, 1981.

Hon. SAM M. GIBBONS,
Chairman, Subcommittee on Trade, Committee on Ways and Means, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I appreciate having the opportunity to comment on the sugar provisions of Title IX of the Food and Agriculture Act of 1981 (H.R. 3603).

Analysis of the provisions indicates that in order to defend the 19.6 cent support price, the U.S. would have to sharply boost sugar import duties and fees. Such actions would have an adverse effect on U.S. cane sugar imports which historically account for about one-half of U.S. sugar needs. As you know, this Office, along with other U.S. Government agencies, recently took a position in favor of a bill to further reduce the rate of duty on raw sugar. This position was based on the idea that a reduction in duties would mean that sugar supplying countries would have improved access to U.S. markets, and that U.S. sugar users and consumers would pay less for sugar.

In addition to its effects on trade, this Office is also concerned with the inflationary consequences of the sugar provisions. The U.S. Department of Agriculture estimates that over the lifetime of the farm bill the sugar provisions alone could cost consumers $5 billion.

If the farm bill were passed without sugar legislation, the Secretary of Agriculture would retain his discretionary authority under section 301 of the Agricultural Act of 1949 to provide price support for sugar. In view of the discretionary authority given the Secretary of Agriculture and keeping in mind this administration's commitment to promote free trade and to fight inflation, the sugar provisions of the farm bill appear unnecessary.

Sincerely,

DAVID R. MACDONALD.

UNFAIR OSHA STANDARDS

(Mr. JOHNSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JOHNSTON. Mr. Speaker, we are all aware of the recent Supreme Court decision wherein the Court ruled that OSHA need not consider the financial impact upon an employer in deciding whether or not a particular health or safety measure is "feasible." In the suit, the American Textile Manufacturers' Institute challenged OSHA's interpretation of that part of the Occupational Safety and Health Act which requires employers to adopt those procedures which most adequately assure "to the extent feasible," that no employee will suffer material health impairment even if the employee is regularly exposed to a health hazard at work.

Subsequent to the enactment of OSHA, the Occupational Safety and Health Administration developed standards to limit the amount of cotton dust which may be present inside a cotton mill at any time. Unfortunately, the standard adopted by OSHA is so strict that the purchase of the extensive equipment needed to meet the standard is beyond the financial capability of many small mill owners. As a result, many of the employees for whose benefit the standard was adopted end up losing their jobs, as the smaller mills are forced to close down rather than violate the Occupational Safety and Health Act.

While no dollar amount can be attached to the value of a human life, I do not think this fact necessarily precludes the need to consider the financial burden to be borne by an employer in meeting OSHA's standard. Particularly when compliance with the standard will result in the closure of a mill, with its resultant loss of jobs, I think it is only reasonable that OSHA at least consider the financial impact of such a standard, in determining whether or not the standard is "feasible" for the employer.

As we all know, this issue of cost versus benefit of a regulation extends far beyond the situation presented by OSHA's cotton dust standard. The creation of the Presidential Task Force on Regulatory Reform is evidence of the growing awareness of the need to more adequately address this issue. The task force has stated that it intends to review existing regulations, and that this review is to include an examination of the costs of these regulations in relation to the benefits to be derived from their implementation. Needless to say, the ATMI decision undercuts the future efforts of the task force in this direction, particularly with regard to OSHA's regulations. We need to act now to remedy the situation created last week by the Court's decision.

On June 26, I introduced a bill which would amend the Occupational Safety and Health Act to clarify the meaning of "feasibility" as used in the act. My bill would require OSHA to conduct cost-benefit analyses as part of their determination of the feasibility of health and safety measures to be imposed on employers. For example, if a proposed OSHA regulation requires an employer to install such expensive safety equipment that the employer is forced to shut down, this fact would have to be considered by OSHA in determining whether or not the proposed requirement is "feasible." While the cost-benefit analysis would not by itself determine the feasibility of a safety measure, it would be one of the factors to be considered by OSHA. Under the ATMI decision, OSHA is prohibited from even considering the cost-benefit issue.

My amendment would have far-reaching implications for all employers who are now subject to OSHA's regulations, not just for cotton mill owners. It is my hope that by requiring OSHA to conduct cost-benefit analyses of its proposed regulations, we will be able to stop our small businesses from having to close down as a consequence of their regulatory burdens. This new policy would thus help the business sector of our economy get back on its feet, while at the same time keep us mindful of the need to protect the health and safety of our Nation's employees.

MONTEBELLO-ASHIYA SISTER CITY AFFILIATION ASSOCIATION CELEBRATES 20TH ANNIVERSARY

(Mr. DANIELSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANIELSON. Mr. Speaker, on Saturday, August 8, 1981, a dinner will be held to celebrate the 20th anniversary of the Montebello-Ashiya Sister City Affiliation Association. This is a cultural and civic association between the cities of Montebello, Calif., and Ashiya, Japan.

This event, honoring an organization that has approximately 200 members and has been active since 1961 in the 30th Congressional District, which I am privileged to represent, will be attended by a delegation from Ashiya, including Ashiya's mayor.

Each year the Sister City Association selects two outstanding high school juniors who reside in the city of Montebello to send as Montebello's student ambassadors to Ashiya. The students live with Japanese families in Ashiya for 1 month and, in return, Montebello hosts two students from Ashiya who live with families in Montebello for 1 month.

The dinner to be held on August 8 is the Sister City Association's annual fund-raising dinner. The Sister City Association pays for all expenses involved in sending the two ambassadors to Japan in order to give all students an equal opportunity to participate in this program, regardless of personal financial resources.

This year's ambassadors from Montebello are Sophia Campos and George Maya and Ashiya's ambassadors are Noriyo Yahagi and Setauko Yukitoshi. I would like to note, as well, that one of the 1977 ambassadors from Montebello to Ashiya, Ms. Catherine J. Kissee Sandoval, is serving as an intern in my Washington office this summer, and attests to the value of the sister city program.

The Sister City Association also participates in the Nisei week cultural celebration held each year in Los An-

geles to honor Japanese-Americans. Additionally, the Sister City Association has been active in acquiring a Japanese tea house donated by the city of Los Angeles, to be placed in the Montebello Cultural Center. The Montebello City Council recently gave its final approval for that project.

The Montebello-Ashiya Sister City Association continues to promote people-to-people programs for better understanding, goodwill, cultural exchanges, and friendship between the Japanese and American peoples and the cities of Montebello and Ashiya.

Mr. Speaker, I congratulate this very effective Sister City Association and its president, Heather Lee, as well as all of the officers and acitve members who strive so hard in this successful effort.

DON'T BE BEASTLY TO CONGRESS

The SPEAKER. Under a previous order of the House, the gentleman from Michigan (Mr. DINGELL) is recognized for 5 minutes.

● Mr. DINGELL. Mr. Speaker, pursuant to permission granted, I insert into the CONGRESSIONAL RECORD an excellent article appearing in the July 13, 1981, issue of Newsweek which I hope will be helpful to my colleagues in understanding their responsibilities to the Congress as an institution.

The article, by Mr. Norman J. Ornstein, follows:

DON'T BE BEASTLY TO CONGRESS

(By Norman J. Ornstein)

America's second favorite indoor sport is knocking politicians. True, this has long been the case—it goes back well before Mark Twain referred to Congress as America's only native criminal class, or Will Rogers said we have the best politicians money can buy. But lately, the criticism of our government and our leaders has been at almost a fever pitch. If the news on Congress doesn't focus on Abscam, sex scandals or alcoholism, it features tales of overseas junkets, overgenerous political perks or oversize Congressional office buildings. Political cynicism and public bitterness over our politicians' venality are rising at an even faster rate than the national debt.

None of the news stories are made up, but they tell only a small part of the story. I have watched Congress and Washington closely for more than a dozen years, most of it from the outside, and I can add with total confidence the following startling assertions:

1. Congress is clean and honest. I would bet a lot of money that the proportion of alcoholics, drug abusers, homosexuals, bribe takers and sex maniacs is not greater in Congress than it is among any other group of people with similar high-pressured jobs, whether they be doctors, lawyers, dentists, journalists, bankers or industrialists. In fact, it is probably less. But a congressman sleeping with a lobbyist or even his own wife (if it's on the Capitol steps) is news, while a businessman's affair is not—and even if the latter makes the headlines, it's not generalized in the same way. The plain fact is, however, that the overwhelming majority of people in Congress are of the basic, dull, family-oriented variety.

2. Congress works hard. The average member of Congress works 70 to 80 hours a week on public business, ranging from committee hearings to floor debate to meetings with constituents. The workweek is usually seven days, four or five in Washington and the weekend back in the district—a nomadic existence that strains family life and physical well-being. Everyone derides Congressional recesses, including the President, and newsmen are especially fond of poking fun at the Congress's own term for them, "district work periods." In fact, they are district work periods. Most legislators go back to their districts and work long hours—meeting with individuals, visiting senior-citizen homes or community centers. We all try to have it both ways: we accuse the member of Congress of "losing touch" if he doesn't spend a lot of time back home, and of "laziness" if he misses a vote or a meeting in Washington—but then we deride him when he tries to meet all our demands.

3. Most Congressional "junkets" are in the public interest. It is the rare trip that is taken for pleasure alone. Most Congressional travel is brief, with as much time in the air as on the ground, and involves far more work than play. Our domestic and foreign policies are shaped by Congress; we need to have congressmen travel. We would be in a fine mess if we forced our legislators to become insulated from the outside world. We cannot possibly set the best policies for the United States in agriculture, arms sales, energy or any other area without seeing how our key allies in Europe do things or how they feel about our policies. We also need direct contact with the Russians, the Chinese, the Salvadorans and every other nation. Congressional trips inform and educate, and an informed and educated Congress is in everyone's interest.

4. Congress's working conditions should be improved. Capitol Hill is filled with uncomfortable offices. It may be hard to believe—for those who read about expensive, posh office buildings (and the cost overruns are inexcusable)—but, despite the odd exception, legislators and their staffs do not luxuriate in plush offices with fancy furniture. They sweat and strain in overcrowded offices with too many people and too much noise. Few if any businesses would tolerate such a setup. Congress should have better office arrangements.

5. Members of Congress are underpaid. Every attempt to increase Federal pay results in a cacophony of screams of outrage. Of course, it is hard for the average citizen to feel sorry for a poor congressman trying to get by on "only" $60,000 a year. But the fact is that in Washington—where a truly modest family home in a decent location goes for $200,000 and up—$60,000 does not go very far. This is especially true for a member of Congress, who must maintain two residences, including one in the district. Moreover, for most members, serving in Congress means a substantial financial sacrifice; their "peers"—lawyers, lobbyists and consultants—command anywhere from two to five times a Congressional salary. Our best public servants regularly receive lucrative opportunities out of government. We should keep Congressional pay at a level where legislators like Sen. Pete V. Domenici (with eight kids waiting to go through college) are not forced out of public life because they can't afford it.

I am well aware that many people will greet my claims about Congress with disbelief and outrage. But many others—including, I suspect, some who make their living reporting on Congressional scandal and sloth—will recognize their truth. I hope the latter group will start to echo my themes, or at least to counter some of the worst negative excesses. I hope that people and organizations with some clout and prestige will apply some resources to recognizing and rewarding our best public servants, instead of publicizing and emphasizing our worst.

For the foreseeable future we will be living in a political system where citizen demands exceed public supplies, where government services are cut back and redistributed, taking more from some than from others. There is no better way to commit societal suicide than to reinforce the erroneous belief that Congress is a collection of corrupt, venal, greedy and hypocritical characters who, by extension, make unfair and illegitimate decisions. I for one would rather have Congress making tough decisions than any other legislature on earth, or than any other collection of people I could name.

(NOTE.—Ornstein is professor of politics at Catholic University, scholar at the American Enterprise Institute and political editor for public television's "The Lawmakers.")●

THE IMPORTED MEAT LABELING ACT OF 1981

The SPEAKER. Under a previous order of the House, the gentleman from Iowa (Mr. BEDELL) is recognized for 5 minutes.

● Mr. BEDELL. Mr. Speaker, today my colleagues, Mr. DASCHLE, Mr. HARKIN, Mr. MARLENEE, and I are introducing the Imported Meat Labeling Act of 1981, a bill designed to assure that consumers have full knowledge about the origin of the meat and meat products which they purchase.

This legislation was borne out of a recognition that the U.S. livestock producer offers a product that is generally superior in quality to the beef, pork, poultry, lamb, and other meat varieties that this country imports. Because we feel that American livestock producers provide an exceptional product, we believe that American consumers should have the right to make a distinction between American and foreign products when making their meat purchases, just as they have the ability to do with the shirt, automobile, or television that they buy. Currently there is no means for consumers to make such a distinction, as imported meat often loses its identity when entered into commerce in the United States.

American consumers are able to make an intelligent choice about many of the items they purchase primarily because most items are labeled as to product composition and origin. Our legislation would extend this concept to include all meat or meat products sold at retail in grocery stores, restaurants, fast food outlets, and so on, by requiring that all imported meat be labeled as imported or by country of

origin until it reaches the ultimate consumer.

We believe that this labeling requirement could be met with minimal, if any cost to meat packers or processors. First, the legislation allows for the labels to read as "imported," "this product contains imported meat," or "this container contains imported meat." In addition, the meat may be labeled as "may be imported," "this product may contain imported meat," and so on, thereby relieving the packer or processor of the burden of having to determine exactly if each item is, at least in part, imported. The product may even be labeled as to the country of origin. The processors would be given 1 full year after enactment of the act before the requirement would become effective, thus giving them sufficient time to change their label.

In addition, we believe that the notification requirement can be met without burden to restaurants, fast-food outlets, and other retail establishments that sell prepared imported meat. First, those establishments that sell insignificant amounts of imported meat, as defined by the Secretary of Agriculture with the approval of the House and Senate Agriculture Committees, would be exempt from the requirement that they notify their customers that they sell imported meat.

Second, those establishments that sell significant amounts of imported meat would be required under the legislation to indicate either on a sign located in a conspicuous place in the establishment, or on the menus made available to each patron, that the establishment served imported meat or that specific items sold contained imported meat. Establishment owners would also be given 1 full year to change their menus or otherwise comply with the notification requirement. Furthermore, those establishments found to be in violation of the act would only be issued a warning for their first violation.

Mr. Speaker, in order for U.S. livestock producers to be able to compete fairly in the marketplace, consumers must be able to identify the source of the meat and meat products offered for sale. Only then can consumers be afforded the opportunity to select the premium beef, pork, poultry, lamb, and other meats produced by the American livestock industry.

I hope that our colleagues will join us in recognizing the value of this proposal to both consumers and producers, and lend the measure their full support.

A section-by-section anaylsis of the bill, and the language of the bill itself, follows:

SECTION-BY-SECTION ANALYSIS OF H.R.—, THE IMPORTED MEAT LABELING ACT OF 1981

Section 1. Amends the Federal Meat Inspection Act to include under the term "Misbranded" as defined in the Act any carcass, part of a carcass, meat or meat food product that is or was imported if its labeling does not include the words "imported", "this product contains imported meat", "this container contains imported meat", "may be imported", "this product may contain imported meat" or "this container may contain imported meat", as the case may be, or words to indicate the country of origin.

Section 2. Amends the Federal Meat Inspection Act to require that the owner or operator of any eating establishment that sells "significant" amounts of imported meat, as defined by the Secretary with the approval of the House and Senate Agriculture Committees, to display a sign in a conspicuous place indicating that the establishment does sell imported meat, or indicate on the menus made available to patrons that the establishment serves, or a certain item contains, imported meat.

Anyone who knowingly violates this provision is to be warned for the first offense, and issued a fine of up to $500 per day for each day on which any such failure to comply occurs after the initial warning.

Section 3. Section 1 shall take effect one year after the date of enactment of the Act.

Section 2 shall take effect one year after the expiration of the 60-day period which the House and Senate Agriculture Committees have to disapprove the rule issued by the Secretary of Agriculture defining the term "insignificant amount" of imported meat.●

PERMISSION FOR COMMITTEE ON INTERIOR AND INSULAR AFFAIRS TO FILE REPORTS ON H.R. 3975 AND H.R. 1946

Mr. WEAVER. Mr. Speaker, I ask unanimous consent that the Committee on Interior and Insular Affairs may have until 5 p.m. today to file reports on the following two bills: H.R. 3975, to facilitate and encourage the production of oil from tar sand and other hydrocarbon deposits; and H.R. 1946, to reinstate and validate U.S. oil and gas leases numbered OCS-P-0218 and OCS-P-0226.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

REAGAN'S SAFETY NET: WHERE DID IT GO?

(Mr. MOAKLEY asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous material.)

Mr. MOAKLEY. Mr. Speaker, just a few short weeks ago President Reagan stood before a joint session of the Congress, here in this Chamber, and announced his program for a national economic recovery.

As he described it, the security and well-being of our Nation demanded substantial cuts in Federal spending for social programs over the next several years.

But, he emphasized, we would not abandon our commitment to the truly needy and the elderly; there was what he called a safety net of programs that would be exempt from any cuts. I would like to share with my colleagues the President's stirring words on protecting the safety net. Mr. Reagan said:

I know that exaggerated and inaccurate stories about these cuts have disturbed many people, particularly those dependent on grant and benefit programs for their basic needs. Some of you have heard from constituents. I know, afraid that social security checks, for example, were going to be taken away from them. I regret the fear that these unfounded stories have caused and I welcome this opportunity to set things straight.

We will continue to fulfill the obligations that spring from our national conscience. Those who through no fault of their own must depend on the rest of us, the poverty stricken, the disabled, the elderly, all those with true need, can rest assured that the social safety net of programs they depend on are exempt from any cuts.

The full retirement benefits of the more than 31 million social security recipients will be continued along with an annual cost of living increase. Medicare will not be cut, nor will supplemental income for the blind, aged, and disabled, and funding will continue for veterans' pensions.

School breakfasts and lunches for the children of low income families will continue, as will nutrition and other special services for the aging. There will be no cut in Project Head Start or summer youth jobs.

All in all, nearly $216 billion worth of programs providing help for tens of millions of Americans will be fully funded.

That was February 18 of this year. On June 26 of this year, the House took a major step toward enacting the President's economic program by passing the Republican substitute to the omnibus reconciliation bill. That action came one day after the Republican-controlled Senate had completed a similar piece of legislation.

Now that some of the dust has settled from those two actions, I would like to review how the safety net programs that Mr. Reagan promised to protect fared in this hectic process.

(1) What the President said: "The full retirement benefits of the more than 31 million social security recipients will be continued along with an annual cost of living increase. . ."

What is in the President's budget: The Republican package will end the $122 minimum monthly benefit in January 1982, except for present recipients, whose benefits will continue until April 1982. This will mean the reduction of benefits for 1.5 million current recipients, only 360,000 of whom are retired civil servants whose "windfall" benefits the proposal is intended to eliminate.

(2) What the President said: "Medicare will not be cut * * *"

What is in the President's budget: The Reconciliation package contains a shift of additional costs to Medicare beneficiaries by increasing the deductible for "Part B," which provides extra health insurance benefits to the elderly.

Additionally, in the Republican-controlled Senate, beneficiaries will pay even more because of a requirement that premiums cover

at least 25 percent of program costs—a change that means future premiums will rise automatically as costs increase.

(3) What the President said: "* * * will not * * * cut * * * supplemental income for the blind, aged and disabled * * *."

What is in the President's budget: The Republican substitute in the House incorporates certain changes in the period used for computing the benefits of SSI recipients, which will cut $150 million in budget authority and outlays from SSI over the next three years.

In addition, the Senate repealed the current federal program of state reimbursement for vocational rehabilitation services for SSI beneficiaries.

(4) What the President said: "School breakfasts and lunches for the children of low income families will continue * * *"

What is in the President's budget: The Republican Reconciliation package lowers paid school lunch subsidies by 56%. Although the supporters of the substitute claim that it achieves its savings while focusing assistance directly on the neediest students, the American School Food Service Association contends that the child nutrition programs cannot absorb a cut that deep, and program benefits to all children will be significantly reduced if not altogether eliminated.

Many needy children who now pay 20¢ for a school lunch this year will have to pay as much as $1.00 next year. Estimates are that as many as 3 million paying children will be forced out of the program, closing thousands of lunchrooms across the country.

(5) What the President said: "* * * will continue, as will nutrition and other special services for the aging."

What is in the President's budget: There are many items affecting the elderly in the Republican substitute. Among them, the "Meals on Wheels" program will be dropped into a block grant, with no guarantee that funding will continue; the low-income energy assistance program, which so many of our elderly depend on to meet the ever-rising price of home fuel, will be cut back; and the section 202 housing program, which subsidizes rental housing for lower income persons who are elderly or handicapped, will be reduced from the current 18,400 units to 17,000 units in the House bill and 15,000 units in the Senate bill.

(6) What the President said: "There will be no cut in Project Head Start or summer youth jobs."

What is in the President's budget: In the Republican substitute, Head Start is eliminated. Even if the program is restored in conference, funding could only reach the Senate reconciliation figure of $820 million, which is $68 million below the current policy level for Head Start of $888 million.

The President's original budget called for the summer youth jobs program to be submerged in a block grant, along with various other youth employment programs. That proposal was not adopted by either the House or the Senate, but the Reconciliation package from the Republican-controlled Senate will reduce funding for the CETA summer jobs program from the current policy level of $865 million to a total of $766.1 million—at a time when the unemployment rate among teenagers is 19%, the rate among minority teenagers is 35%, and the rate among some inner-city minority youths is an incredible 50 to 60 percent.

Furthermore, the Republican substitute that passed the House, which is a 3-year package, specifically states that no funds are authorized to be appropriated for the CETA summer youth employment in fiscal 1983 and 1984.

(7) What the President said: "* * * funding will continue for veterans' pensions."

What is in the President's budget: Reconciliation does not affect veterans' pensions. Finally, a safety net program was spared.

The answer to the original question then, Mr. Speaker, as to how the safety net programs have fared so far in the budget process, is that six out of seven specific areas declared off limits by the President were cut by reconciliation. Six out of seven, Mr. Speaker, is more than 85 percent of the safety net programs. Unfortunately, it appears that this safety net is like most nets: much more hole than fabric.

Clearly, the Republican package, which the President calls his package, represents an abandoment of our commitment to the less fortunate of our Nation, the ones the President said "through no fault of their own must depend on the rest of us, the poverty stricken, the disabled, the elderly, all those with need * * * ". These are the one the President said "can rest assured that the safety net of programs they depend on are exempt from any cuts." The American people need to know, Mr. Speaker, that when it comes to the Republican budget-cutting ax, one is immune and there is no safety net.

Finally, it must be pointed out that all this is just the beginning. The cuts in this year's reconciliation package were, by all accounts, the easy ones. The worst is yet to come. Even by the administration's own rosy figures, the nearly $40 billion that has been cut from social programs in this year's reconciliation will have to be followed by another $30 billion next year, and yet another $44 billion in 1984, if the 1984 budget is to be balanced without cutting what the administration wants to spend on defense. Analysts other than those in the administration figure the necessary cuts to balance the 1984 budget will have to be twice as high as what the administration figures are for the next 2 years.

The trend has been established, Mr. Speaker. It is clear that, with further cuts of such magnitude facing us, and with 85 percent of the safety net programs not having survived the first round of budget cuts unscathed, if the Republicans do achieve a balanced budget in 1984, it will be hanging from the last shreds of what the President once called his safety net.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. JONES of North Carolina (at the request of Mr. WRIGHT), for this week, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Member (at the request of Mr. DANNEMEYER) to revise and extend his remarks and include extraneous material:)

Mr. BURGENER, for 1 hour, July 16, 1981.

(The following Members (at the request of Mr. WEAVER) to revise and extend his remarks and include extraneous material:)

Mr. ECKART, for 5 minutes, today.
Mr. GONZALEZ, for 15 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. DINGELL, for 5 minutes, today.
Mr. BEDELL, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. DANNEMEYER) and to include extraneous matter:)

Mr. NELLIGAN.
Mr. JOHNSTON in two instances.
Mr. SHAW.
Mr. FIELDS.
Mr. MICHEL in three instances.
Mr. COURTER.
Mr. MOORE.
Mr. SHUMWAY in two instances.

(The following Members (at the request of Mr. WEAVER) and to include extraneous matter:)

Mr. LANTOS in two instances.
Mr. FORD of Michigan.
Mr. STOKES.
Mr. HOLLAND.
Mrs. SCHROEDER in two instances.
Mr. JONES of Oklahoma.
Mr. ANDERSON in 10 instances.
Mr. GONZALEZ in 10 instances.
Mr. BROWN of California in 10 instances.
Mr. ANNUNZIO in six instances.
Mr. JONES of Tennessee in 10 instances.
Mr. BONER of Tennessee in five instances.
Mr. FORD of Tennessee.
Mr. MCHUGH.
Mr. EDGAR.
Mr. CONYERS.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 255. An act to amend the patent law to restore the term of the patent grant for the period of time that nonpatent regulatory requirements prevent the marketing of a patented product; to the Committee on the Judiciary; and

S. 816. An act to amend the Clayton Act to limit the circumstances under which for-

eign governments may sue for violations of the antitrust laws, and for other purposes; to the Committee on the Judiciary.

ADJOURNMENT

Mr. WEAVER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 35 minutes p.m.), the House adjourned until tomorrow, Tuesday, July 14, 1981, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1779. A letter from the Director, Office of Management and Budget, Executive Office of the President, transmitting a cumulative report on rescissions and deferrals of budget authority as of July 1, 1981, pursuant to section 1014(e) of Public Law 93-344 (H. Doc. No. 97-70); to the Committee on Appropriations, and ordered to be printed.

1780. A letter from the Acting Comptroller General of the United States, transmitting his review of proposed rescission of budget authority reported in the message from the President dated June 8, 1981 (House Document 97-58), pursuant to section 1014(b) of Public Law 93-344 (H. Doc. No. 97-71); to the Committee on Appropriations, and ordered to be printed.

1781. A communication from the President of the United States, transmitting his conclusions with respect to survivability, cost effectiveness, and combat effectiveness of such ship; a recommendation whether such ship should be nuclear or conventionally powered; and the reasons for such conclusions and recommendations, pursuant to section 810(b) of Public Law 95-485 (H. Doc. No. 97-72); to the Committee on Armed Services, and ordered to be printed.

1782. A letter from the Secretary of Education, transmitting a report from the Inspector General-Designate, regarding the proposed amendments to Federal insured student loan program authorized by the Higher Education Act, pursuant to section 5(d) of the Inspector General Act of 1978; to the Committee on Education and Labor.

1783. A letter from the Secretary of Energy, transmitting the report for calendar year 1980 on the progress of the energy conservation program for consumer products other than automobiles, pursuant to section 338, Energy Policy and Conservation Act, as amended; to the Committee on Energy and Commerce.

1784. A letter from the Assistant Secretary for Congressional Relations, Department of State, transmitting notice of the State Department's intention to a request by the Government of the Republic of Korea for permission to transfer certain U.S. origin defense equipment to the Government of Uruguay, pursuant to section 3(d) of the Arms Export Control Act, as amended; to the Committee on Foreign Affairs.

1785. A letter from the Assistant Secretary for Congressional Relations, Department of State, transmitting notice of the State Department's intention to a request by the Government of Italy for permission to transfer certain U.S. origin defense equipment to the Government of Tanzania, pursuant to section 3(d) of the Arms Export Control Act, as amended; to the Committee on Foreign Affairs.

1786. A letter from the Acting Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on Foreign Affairs.

1787. A letter from the Director, Office of Management and Budget, transmitting a report on the Office's activities under the Freedom of Information Act during calendar year 1980, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

1788. A letter from the General Counsel, National Council on Radiation Protection and Measurement, transmitting the annual report entitled, "Financial Statements and Supplemental Schedules for the Year Ended December 31, 1980 and Auditors' Opinion," pursuant to section 14(b) of Public Law 88-376; to the Committee on the Judiciary.

1789. A letter from the Acting Administrator of Veterans Affairs, transmitting the annual report for fiscal year 1980, pursuant to 38 U.S.C. 214; to the Committee on Veterans' Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 3975. A bill to facilitate and encourage the production of oil from tar sand and other hydrocarbon deposits. (Rept. No. 97-174). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 1946. A bill to reinstate and validate U.S. oil and gas leases numbered OCS-P-0218 and OCS-P-0226 (Rept. No. 97-173). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. APPLEGATE:

H.R. 4125. A bill to amend the Internal Revenue Code of 1954 to allow individuals a deduction for social security and railroad retirement taxes; to the Committee on Ways and Means.

By Mr. BEDELL (for himself, Mr. DASCHLE, Mr. HARKIN, and Mr. MARLENEE):

H.R. 4126. A bill to amend the Federal Meat Inspection Act to require that imported meat and meat food products containing imported meat be labeled imported, and to require that certain eating establishments serving imported meat inform customers of that fact; to the Committee on Agriculture.

By Mr. DELLUMS (for himself and Mr. FAUNTROY):

H.R. 4127. A bill to amend the District of Columbia Self-Government and Governmental Reorganization Act to increase the amount authorized to be appropriated as the annual Federal payment to the District of Columbia; to the Committee on the District of Columbia.

H.R. 4128. A bill to amend the District of Columbia Self-Government and Governmental Reorganization Act to extend the authority of the Mayor to accept certain interim loans from the United States and to extend the authority of the Secretary of the Treasury to make such loans; to the Committee on the District of Columbia.

H.R. 4129. A bill to amend the District of Columbia Self-Government and Governmental Reorganization Act to extend the authority of the Mayor to accept certain interim loans from the United States and to extend the authority of the Secretary of the Treasury to make such loans; to the Committee on the District of Columbia.

By Mr. SOLOMON:

H.R. 4130. A bill to amend the National Security Act of 1947 to prohibit the unauthorized disclosure of information identifying certain U.S. intelligence officers, agents, informants, and sources; to the Permanent Select Committee on Intelligence.

By Mr. ECKART (for himself, Mrs. FENWICK, and Mr. BINGHAM):

H. Res. 177. Resolution calling for the development and implementation of a U.S. nuclear nonproliferation policy which strengthens the barriers to the further spread of nuclear weapons; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. PHILLIP BURTON:

H.R. 4131. A bill for the relief of Rosa Maria Jansa de Mendez; to the Committee on the Judiciary.

H.R. 4132. A bill for the relief of Milika Tafuna; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 1909: Mr. MCCOLLUM.

H.R. 2163: Mr. ERLENBORN.

H.R. 3429: Mr. TAUZIN, Mr. FOGLIETTA, Mr. OBERSTAR, Mr. PATMAN, and Mr. SUNIA.

H.R. 3787: Mr. BLANCHARD and Mr. DINGELL.

H.R. 4014: Mr. COATS.

H.J. Res. 124: Mr. FORD of Michigan, Mr. BRINKLEY, Mr. KEMP, Mr. CARNEY, Mr. HANSEN of Idaho, Mr. BONIOR of Michigan, Mrs. CHISHOLM, Mr. MINISH, Mrs. HECKLER, Mr. HAMMERSCHMIDT, Mr. BONER of Tennessee, Mr. DONNELLY, Mr. IRELAND, Mr. DASCHLE, Mr. RUDD, Mr. GINGRICH, Mr. EDGAR, Mr. BAILEY of Pennsylvania, Mr. MATTOX, Mr. GILMAN, Mr. FRENZEL, Mr.

HEFNER, Mr. BEARD, Mr. DORNAN of California, Mr. JONES of North Carolina, Mr. MARTIN of North Carolina, Mr. SHAMANSKY, Mr. BARNARD, Mr. SOLOMON, Mr. STUMP, Mr. VENTO, Mrs. HOLT, Mr. FOUNTAIN, Mr. MATSUI, Mr. ADDABBO, Mr. BARNES, Mr. SMITH of New Jersey, Mr. EVANS of Delaware, Mr. BROYHILL, Mr. ANNUNZIO, Mr. ROEMER, Mr. WINN, Mr. LANTOS, Mr. MARKS, Mr. ALBOSTA, Mr. ROBINSON, Mr. ANDERSON, Mr. FLIPPO, Mr. DORGAN of North Dakota, Mr. ROBERTS of Kansas, Mr. CAMPBELL, Mr. WALGREN, Mr. LEBOUTILLIER, Mr. JEFFRIES, Mr. ROE, Mr. HORTON, Mr. FIELDS, Mr. WOLF, Mr. SAWYER, Mr. MCDONALD, Mr. SCHEUER, Mr. DOUGHERTY, Mr. EVANS of Indiana, Mr. DENARDIS, Mr. RAHALL, Mr. SUNIA, Mr. BRODHEAD, Mr. JOHN L. BURTON, Mr. BOWEN, Mr. BEVILL, Mr. QUILLEN, Ms. FERRARO, Mr. PATTERSON, Mr. DE LA GARZA, Mr. JACOBS, Mr. ERDAHL, Mr. WEBER of Minnesota, Mr. MOLLOHAN, Mr. FROST, Mr. DUNN, Mr. EMERY, Mr. MCGRATH, Mr. DOWNEY, Mr. ENGLISH, Mr. MCCOLLUM, Mrs. OAKAR, Mr. DYMALLY, Mr. APPLEGATE, Mr. BINGHAM, Mr. CONYERS, Mr. FAZIO, Mr. FOLEY, Mr. GONZALEZ, Mr. KILDEE, Mr. STENHOLM, Mrs. MARTIN of Illinois, Mr. GEJDENSON, Mr. GUARINI, Mr. HAGEDORN, Mr. LAGOMARSINO, Mr. KOGOVSEK, Mr. DAUB, Mr. SAM B. HALL, JR., Mr. GAYDOS, Mr. HUTTO, Mr. CHAPPIE, Mr. LOWERY of California, Mr. DYSON, Mr. GREGG, Mr. FORSYTHE, Mr. SIMON, Mr. MCEWEN, Mr. MURPHY, Mr. LIVINGSTON, Mr. GRAMM, Mr. OBERSTAR, Mr. ANDREWS, Mrs. SMITH of Nebraska, Mr. NEAL, Mr. WALGREN, Mr. MICA, Mr. PANETTA, Mr. WON PAT, Mrs. FENWICK, Mr. LOEFFLER, Mr. RODINO, Mr. SCHUMER, Mr. ZABLOCKI, Mr. BROWN of Ohio, Mr. MADIGAN, Mr. COELHO, Mr. LEATH of Texas, Mr. MORRISON, Mr. ROTH, Mr. RINALDO, Mr. MARRIOTT, Mr. RANGEL, and Mr. ROBERTS of South Dakota.

H. Con. Res. 96: Mr. FITHIAN, Mr. JAMES K. COYNE, Mr. PATTERSON, and Mr. WEAVER.

H. Res. 142: Mr. YATRON and Mr. STARK.

PETITIONS, ETC.

Under clause 1 of rule XXII,

132. The SPEAKER presented a petition of the Massachusetts Conference of the United Church of Christ, Framingham, Mass., relative to nuclear arms reduction; which was referred to the Committee on Foreign Affairs.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3519

BY MR. VENTO:

F/A-18 FIGHTER/ATTACK AIRCRAFT

—Page 60, after line 17, add the following new section:

SEC. 912. (a) None of the funds appropriated under any authorization contained in this Act may be used for research, development, test, evaluation, or procurement of any F/A-18 fighter/attack aircraft (commonly referred to as the "Hornet").

(b) The amount of any authorization of appropriations contained in this Act that would be available for research, development, test, evaluation, or procurement of any F/A-18 fighter/attack aircraft except for the limitation contained in subsection (a) is authorized to be appropriated for fiscal year 1982 for other Navy and Marine Corps aircraft programs consistent with the objectives of reducing the cost and logistic burden now required for training, maintenance, and supplying multiple types of aircraft.

H.R. 4034

By Mr. WINN:

—On page 25, line 20, strike the figure "$1,065,000,000" and insert in lieu thereof "$995,000,000".

H.R. 4035

By Mr. GLICKMAN:

—On page 51, strike lines 8 through 14.

EXTENSIONS OF REMARKS

FINANCIAL NEEDS OF THE U.S. POSTAL SERVICE

HON. EDWARD J. DERWINSKI
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. DERWINSKI. Mr. Speaker, in sharp contrast with the irrational and illogical action of the Postal Rate Commission, the Board of Governors of the U.S. Postal Service has responded logically and responsibly in evaluating the financial needs of the Postal Service. That is why the Board, for the second time in recent months, has requested the Commission to reconsider an earlier decision which deprived the Postal Service of about $1 billion in needed revenue.

If the Commission had acted in a responsible manner and provided an adequate rate structure, postal rates would have been stabilized for the next 2½ to 3½ years. The Postal Service has suffered an operating loss of more than $20 million during the first quarter of the test year under current postal rates, and is estimating a total loss of more than $600 million for the full test year. The problem has been compounded by reductions in its subsidies as a result of the budgetary reconciliation procedure.

For the benefit of Members who are interested in assessing the financial needs of the Postal Service, I am enclosing the first part of the decision of the Board of Governors requesting the Postal Rate Commission to reconsider its earlier action. The decision follows:

DECISION OF THE GOVERNORS OF THE U.S. POSTAL SERVICE ON THE POSTAL RATE COMMISSION'S JUNE 4, 1981, RECOMMENDED DECISION UPON RECONSIDERATION

(Commission Docket No. R80-1)

On March 10, 1981, the Governors of the United States Postal Service, under protest, allowed the Postal Rate Commission's February 19 Recommended Decision on postal rates and fee changes to take effect, with certain exceptions that are explained in the "Decision of the Governors" of that date. We noted that our unanimous decision was based on the Postal Service's urgent need for revenues, and on our duty to assure the fiscal integrity and stability of the Postal Service.

On June 4, the Commission transmitted its Recommended Decision upon Reconsideration, reiterating the same recommendations (with the sole exception of a slight change in the rate for a 35 lb. nonmachinable parcel shipped by parcel post of Zone 8).

We must reject the Commission's Recommended Decision upon Reconsideration because the rates proposed provide patently insufficient revenues for the Postal Service. Approval would be inconsistent with our legal responsiblities under the Act. The Postal Service will resubmit its request to the Commission.

The financial needs of the Postal Service have become even more pressing during the period of the Commission's reconsideration. The Postal Service's most recent financial assessment shows that it will suffer an operating loss of more than $600 million in the test year under the Commission's recommended rates.

Accordingly, we reject the Commission's recommended rates and direct the Postal Service to resubmit its request to the Commission.

STATEMENT OF EXPLANATION AND JUSTIFICATION

In our March 10 Decision, we explained at some length our reasons for protesting the Commission's recommendations. These reasons still hold. The Commission's unchanged recommendations upon reconsideration remain unacceptable.

Because we allowed most of the recommended rates to take effect last March, albeit under protest, the rates that then became effective can continue in effect as the statutory process of developing acceptable rates proceeds. But the protested rates were inadequate to the needs of the nation's postal system last March, and the passage of time underscores that inadequacy. Remedial action is urgently and expeditiously needed.

The Postal Reorganization Act (at 39 U.S.C. § 3621) requires us to establish reasonable and equitable rates of postage; it states imperatively that postal rates and fees shall be sufficient to enable the Postal Service under honest, efficient, and economical management to maintain and continue the development of postal services of the kind and quality adapted to the needs of the United States; it mandates that postal rates and fees be sufficient so that total estimated income and appropriations will equal as nearly as practicable total estimated costs of the Postal Service.

The rates recommended by the Commission are not sufficient to enable the Postal Service to maintain and develop the kind and quality of postal services that the Congress intended. They are not sufficient to allow the Postal Service to "break even" in the test year.

We must reiterate that a refusal to recommend higher rates creates the illusion of a benefit to mailers, but in reality only increases mailers' costs in the long run. Not only will new, larger rate increases be necessary sooner, but revenue-producing volume will be threatened by uncertain, inconstant rates.

The fact is that the Postal Service showed unusual economic strength during the three years that followed the May, 1978, rate increases. Mail volume, perhaps the single best test of how useful the Postal Service is to the nation, grew at an unprecedented rate. In large measure, these results stem from the high degree of rate stability that the Postal Service has maintained despite an inflationary economy. This stability, which serves the interests of both the mailing public and the Postal Service, cannot continue with the inadequate rates that the Commission again has recommended.

CURRENT FORECAST

In keeping with the Act, we assess the adequacy of the Commission's recommended rates in the light of the record in this case. Our March 10 Decision explained that the Commission's cuts of nearly $1 billion in the Postal Service's revenue requirement were not justified. The Commission's further explanations of these cuts in its June 4 opinion are not persuasive, as we explain below.

The Commission's recommendations are also thrown into question by Commissioner Duffy's dissent, which points out that the Commission's cuts in the revenue requirement apparently stem from:

"A pre-exisiting, intuitive determination that the highly visible first-class stamp should be set at 18 cents. All projections, calculations and conclusions of the staff were then directed to justify this level. The resultant $1 billion cut in revenue necessitated by this lower rate was not calculated, nor can it be expected to meet the actual revenue requirement of the Postal Service as established on the record of this proceeding."

We have also considered the adequacy of the recommended rates in the light of recent developments and current projections. No one would be more gratified than we would be if further rate increases were unnecessary. But the plain truth is that the most recent information still points to the same conclusion: the Commission's recommended rates will not yield sufficient revenues to meet the statutory "break even" requirement for even the test year; they are not sufficient to enable the Postal Service to maintain and develop postal services adapted to the needs of the nation; we cannot accept them without violating our statutory obligations.

The Postal Service incurred sizable operating losses during fiscal year 1980 and the first half of fiscal year 1981. The Commission seems to conclude that, because the losses were less than originally projected, the Postal Service is in a healthy financial position and that this justifies the proposed reduction in the revenue requirement for the test year. The facts do not support this conclusion.

The Postal Service has suffered an operating loss in excess of $20 million during the first quarter of the test year at current rates and is now projecting a loss in excess of $600 million for the full test year. This estimate does not take into account any provision for prior year loss recovery or contingencies. These losses confirm the reasonableness of the revenue requirement and rate levels specified in the Postal Service's original request to the Commission, which it now resubmits.

We point out the most recent operating results and test year forecasts so that the Commission may take them into account as it did the preliminary financial data reported during its reconsideration preceding its June 4 recommendation. The loss for the first quarter of the test year is reflected in the Postal Service's "Summary Financial and Operating Statements" the Accounting Periods 7, 8 and 9, copies of which are routinely furnished to the Commission. The

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

projected loss for the full test year takes into account updated inflation estimates and recent legislative action reducing Congressional appropriations to the Postal Service.

The Commission may wish to refer to this most recent financial data, in the same manner as it did in its June 4 reconsideration. In this connection and for this purpose, the Postal Service will supply any available underlying data that the Commission may find necessary to a fuller understanding of these projections.

REVENUE REQUIREMENT

The Commission has cut five elements of the revenue requirement (the income the Postal Service estimates it will need in the test year to cover its costs, less appropriations). Together these cuts total more than $1 billion. Each of these five elements, as originally set forth, represents a legitimate cost that belongs in the revenue requirement.

1. Prior Years' Losses. The Commission cut $449 million because the Postal Service delayed its rate filing and defrayed operating expenses with funds which might otherwise have been used to rebuild equity and diminish the accumulation of prior years' losses. The deferral of the rate filing reflected the Board of Governors' management judgment on the importance of rate stability and the timing of rate increases so as best to sustain mail volume growth and the economic health of the nation's postal system. The deferral could have been made possible by borrowing rather than by expending the funds in question, in which case the financing costs would unquestionably have been includible in the revenue requirement—but at greater cost to the ratepayers.

The Commission now asserts that if the Postal Service seeks funds for the recovery of prior years' losses, it must make "financial management decisions" accordingly, or else the Commission will not allow for recovery as part of the revenue requirement. This finding cannot be squared with the 1979 decision of the Court in *NAGCP III*, in which inclusion of prior years' losses in the revenue requirement was explicitly affirmed in an opinion that should have put the matter to rest once and for all: "The various economic stratagems [for recovering prior years' losses through rates] and their effects are matters entrusted to the wise discretion and expertise of the Postal Service."

2. Provisions for Contingencies. The Commission cut nearly $270 million from the "reasonable provision for contingencies" that must be included in the revenue requirement under section 3621. The Postal Service suggested a contingency provision that amounts to three percent of estimated test year costs. In the previous two rate cases, the Commission approved contingency provisions of four percent. The Commission represents its contingency provision in this case as 2.5 percent by incorrectly including a $144.1 million increase in known and definite COLA costs. In fact, the Commission has reduced the contingency provision to 1.8 percent. The Commission now asserts that this $144.1 million difference "is not particularly relevant to the level of the revenue requirement."

There is no reasonable explanation of why 1.8 percent should replace the Postal Service's provision for contingencies. The state of the national economy at the time this case was first filed with the Commission, at the time the record closed, and still today, is so uncertain that no reasonably prudent manager can suppose that 1.8 percent is an adequate level. The record of postal rate cases under the Act is dominated by underestimates of postal costs and undue optimism about inflation. Although this record turned sharply for the better in 1978 (foreshadowing the Postal Services' achievement of a moderate surplus in fiscal year 1979), it is improper to project a reliable trend line solely on the basis of the last link in a chain of experiences, ignoring all earlier links. Yet this is what the Commission has done in calculating the "variance analysis" on which it bases its recommended contingency provision.

When this case was filed in the spring of 1980 the Postal Service submitted a conservative estimate if its revenue needs for the test year. The inflation factors used for forecasting expenses approximated 10.5 percent for 1980, 8.5 percent for 1981, and 8.5 percent for 1982. It is now clear that these factors led to substantial understatements of expenses. Moreover, the Postal Service proposed an enlargement of the prior-year-loss amortization period from seven to nine years, an increase in the discount factor applied to accruals for workers' compensation costs from 6.5 percent to 7.5 percent, and a 3 percent contingency provision rather than the 4 percent approved in previous cases. These proposals held down the estimated revenue requirement by $128 million, $173 million and $220 million, respectively.

In short, neither the general record of Postal Service forecasts of its revenue needs nor the specific filing in this case displays any kind of "let's play it safe and estimate on the high side" forecasting. To force fit the contingency provision to a preconceived notion of a desired end result is not consistent with reasoned decisionmaking. It is hard to find any other explanation of the Commission's action.

3. Discount Rate. The Commission removed $327 million from the revenue requirement by increasing the rate used to discount the future stream of workers' compensation payments. The Postal Service had proposed an increase in the discount rate used in prior cases from 6.5 percent to 7.5 percent. The Commission increased it to 10.0 percent, even though there was no support in the record for such a rate. The Commission now says that it would be "unrealistic" not to rely solely on interest rates since October of 1979, and that the discount factor represents the expected level of return over a period beyond the test year. The Commission thus assumes for this purpose both that the present high yields of long-term government securities, in which the Postal Service invests, will continue over the long term beyond the test year, and that the inflation which has produced those high yields will continue for an equally long period. However, the future portion of the workers' compensation liability is not adjusted to reflect future inflation. Therefore, the Commission's higher discount rate would be appropriate only if the future stream of workers' compensation liability were also adjusted by the same inflation estimate, and, at a minimum, the result would be no diminution in the revenue requirement.

4. COLA Roll-In. The Commission also removed $123 million from the revenue requirement by refusing to recognize the full amount of the Postal Service's test-year obligation to the Civil Service Retirement Fund. This obligation is based on sound accounting treatment of the roll-in of cost-of-living adjustments to base salaries. The Commission's reduction is contrary to its action in the last case, Docket No. R77-1. In that case, the Commission accepted the entire amount of the COLA roll-in. The test year was a hybrid year, just as it is now. The Commission's action in striking the $123 million in this case is inconsistent with other accounting practices it has followed in this case and with the COLA roll-in practice it followed in the last case.

5. Productivity. The Commission has not squarely addressed the comments of the Governors regarding productivity measurement. The Commission has not presented any explanation for its failure to provide a witness to be questioned on the inputs, assumptions, and methodologies of its new measurement techniques, but simply notes that it allowed parties to file comments in reply to its post-record Notice of Inquiry.

This procedure, however, does not fulfill the requirements of section 556 of the Administrative Procedure Act, which applies to rate proceedings before the Commission. That section requires that parties (including the Postal Service) must be allowed to conduct necessary cross-examination. The Commission's failure to provide a witness for such cross-examination, despite specific requests for one, means that its deduction of $143 million was made without adequate record support.●

TRIBUTE TO HARRY L. MILLER

HON. NORMAN D. SHUMWAY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. SHUMWAY. Mr. Speaker, at this time I ask that my colleagues join with me in recognizing the contributions of Mr. Harry L. Miller, and in extending congratulations and best wishes to him as he prepares to retire as assistant State 4-H youth program director. Harry Miller has given 40 years of service to 4-H, and throughout that period of time he has made valuable contributions which have helped to mold the character and scope of the 4-H program.

Harry Miller was the first full-time youth services adviser for the University of Californaia Extension Service, a position to which he was appointed in 1941. For 17 years, he served as the San Joaquin County 4-H adviser based in Stockton, which I am pleased to call my hometown. Following that tenure, he moved to the University of California, Berkeley, where he served as 4-H specialist for 2 years. In 1960, he assumed the position of 4-H specialist and assistant State 4-H youth leader at University of California, Davis. In that capacity, he has assumed responsibility for the training and development of some 22,000 adult volunteer leaders, as well as development of programs for California's central counties and the 4-H plant science program. He has been extensively involved with 4-H professional organizations including the State 4-H Youth Association; the National 4-H Agents Association, and the State 4-H Policies and Procedures

Committee, of which he was chairman in 1979. Additionally, he chaired the State 4-H leadership conferences for 17 years.

During his four decades of service, Harry Miller has touched the lives of more than 40,000 members, adult leaders, and staff members in the 4-H program. His contributions have been invaluable, and his outstanding leadership was recognized last year when he was awarded the National 4-H Distinguished Service Award.

Harry's contributions have not been limited to 4-H, extensive though those contributions have been. He has remained extremely active and involved in civic, church, and community affairs, and his roster of memberships and achievements are impressive. From 1968-72, he served as a member of the Davis City Council. He has also served as a member of the Yolo County Water Resources Board, the Yolo County Historical Society, the Davis City Water Development Committee, and is currently serving as a member of the board of directors of the Yolo County Taxpayers Association.

To Harry Miller, his wife, Fern, and his three children, I extend every best wish for rewarding and peaceful retirement years. I know my colleagues will be pleased to join with me in honoring this outstanding example of American citizenship and community spirit.●

IT HAS HAPPENED HERE

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. MICHEL. Mr. Speaker, during the Carter administration I found myself learning about the activities of leftist social activists groups who were being funded by ACTION, the Government antipoverty agency then under the control of Sam Brown. A recent article in the Wall Street Journal demonstrates that the leftist social activist movement is alive and well in California. It is clear that these radicals, having ultimately lost their battle in the streets in the late 1960's and early 1970's and at the polls in 1980, are now seeking to become respectable. They seek to exploit community problems in order to gain their own ideological ends.

I think it would be in the national interest for the media to keep an eye on the community grassroots conquests of leftist social activists. They are now, as ever, a threat to democratic values and, as is the case in so many instances of ideological activism, they are not above exploiting the democratic process to reach goals that are essentially against democratic values. In this particular case it would seem the people of Santa Monica, Calif., have unwittingly supported a left-radical takeover.

At this point I include in the RECORD "Santa Monica's Suburban Radicals" by James Ring Adams, from the Wall Street Journal, July 1, 1981:

SANTA MONICA'S SUBURBAN RADICALS

(By James Ring Adams)

SANTA MONICA, CALIF.—Radicals have a new Mecca—it's here in Santa Monica, a well-off beachfront suburb of Los Angeles. In a smashing election victory in mid-April, control of the city government passed decisively to a coalition of local "economic democrats" that includes some of the best-known national leaders of the intellectual "New Left."

Their victory comes as the radical spirit ebbs from its famous outposts of the '70s. (Almost simultaneously, college-town Berkeley turned its radical city council out of office.) And more impressively, their support comes not from students or polarized minorities, but from the aged, from single professionals and from young families. The secret of the radical breakthrough now troubling landlord groups across the country is the relentless exploitation of rent control.

Santa Monica has 88,000 people in its compact 8.3 square miles, and some 80% of them are renters. Some of the renters are elderly pensioners (40% of the renters are elderly, say the radicals; 15%, say the landlords). Many more renters are young professionals, who jog in swarms, morning and evening, in the parks overlooking the ocean. According to the U.S. Treasury Revenue Sharing Office, the city's per capita income is 29% higher than that of Los Angeles County.

Although local radicals worry about its "untrammeled development," the city gained only 25 persons between the 1970 and 1980 Census. Its housing stock grew by 10%, however. As elsewhere, large families were giving way to singles and young marrieds, and high-rise condominiums were springing up to house them. With freeway access to downtown Los Angeles, smog-free Santa Monica would be a prime site for real estate development, except for the people who already live there.

The city's beachfront neighborhood of Ocean Park had become an enclave of home-owning activists and film industry professionals, including Tom Hayden, 1963 founder of the Students for a Democratic Society, and his wife, Jane Fonda. Santa Monica was the state-wide headquarters for Mr. Hayden's 1976 run for the Democratic nomination for Senator, in which he received an impressive 37 percent of the vote against incumbent John Tunney. It's here that he subsequently founded his Campaign for Economic Democracy. The local CED is an important part of the triumphant radical coalition, which ran as Santa Monicans for Renters' Rights; other veterans of Mr. Hayden's 1976 Senate campaign are now prominent in city politics.

The most prominent is Ruth Yannatta Goldway, 35, who dropped her English literature graduate studies in 1973 to help organize the nationwide meat boycott and has wound up as Santa Monica's mayor. Her husband is radical theorist Derek Shearer, 33, son of Parade magazine literary editor Lloyd Shearer.

The Hayden-Fondas and the Goldway-Shearers are apostles of "economic democracy," a vaguely defined anti-capitalist, local-action platform which depicts big business as the source of most evil and grassroots self-determination, whether in neighborhoods or factories, as the solution.

But Mr. Shearer and Ms. Goldway are much more concerned with local government, which Mr. Shearer sees as the base for any successful national radical movement. As the leaders of the Santa Monica coalition, they don't hide their exasperation at life in the shadow of Hayden-Fonda.

As Mr. Hayden removed himself from the campaign, the Santa Monicans for Renters' Rights this year took all four open city council seats, the open seat on the elected rent control board and even the two contested seats on the United Santa Monica-Malibu Board of Education. The five-to-two radical majority on the city council promptly elected incumbent Councilwoman Goldway as mayor and appointed Mr. Shearer as city planning director.

One secret of the radicals' success may be that they do not look very threatening to the young professional or low-income elderly renter. The Renter's Rights slate included a working mother of four and a Methodist minister. Mr. Shearer seasons his left rhetoric with a dash of Yale College, class of 1968. Even the high disapproval rating of Tom Hayden and Jane Fonda has softened as residents see them at daily life in their unpretentious two-story house near the beach, taking their seven-year-old son Troy to the local public school in their Volkswagen Rabbit, like any suburban couple.

Yet local landlords find the radicals very threatening indeed. To those who bear its economic burden, Santa Monica's form of rent control looks like a means of buying votes by a forced redistibution of wealth.

Although the radicals now thoroughly exploit what Mayor Goldway brags is the strictest rent control ordinance in the country, they stumbled on the issue more or less by accident.

"Rent control was never our base," says Mayor Goldway. The first referendum on rent control lost heavily in June 1978. Yet the Proposition 13 property tax cuts that passed that same day ironically revived rent control agitation across the state.

Very little of the property owners' tax savings showed up in lower rents, which were under upward pressure from other inflationary costs and a booming rental market. The Renters' Rights coalition put the charter amendment back on the ballot in April 1979. Santa Monica voters gave it a 54% margin. They also sent Ms. Goldway to the city council.

The charter amendment established a rent control board to be elected by city voters, the only place in the country where a voting majority with a financial stake in the outcome of these quasi-judicial decisions elect the persons who make them. In the first rent control board election, the Renters' Rights group took all the seats. Both Mayor Goldway and her enemies agree that the board became a most useful tool for organizing tenants.

In apartment house by apartment house, committees that organized to petition for lower rents had their efforts rewarded by favorable rent board decisions; and each committee became another unit in the Renters' Rights election network. Apartment owners reacted with fury; according to one account, they booed and hooted at early rent board meetings from the pledge of allegiance through the reading of the minutes

and interrupted tenant speakers with catcalls.

The details of the law go far beyond regulating rents, economically damaging as that may be. According to Lowell Wedemeyer, an attorney who represents many local landlords, the board not only forces landlords to operate at a cash loss, it makes evictions practically impossible and prohibits owners from removing vacant apartments from the rental market.

On paper, says attorney Wedemeyer, the board determines rents by the rate of return on the original cash investment, no matter how long ago it was made. So there is no way rents can keep pace with inflation. Yet landlords with negative cash flow face criminal action if they neglect building maintenance. One part of the ordinance even makes it a misdemeanor, punishable by six months in jail or a fine, for a landlord to institute court proceedings to evict a tenant without first going through the rent board. Landlords can't withdraw units from the market or convert them to condominiums without rent board approval, which is slow in coming.

Rent control advocates often argue that buildings aren't run for a cash profit, but for the tax shelter the rapid depreciation provides for high-income investors. But the Santa Monica law goes one step further, subtracting from every rent increase application the amount its hearing officers figure the owner saves in tax write-offs. The local law provides for figuring this amount as if the owner were in a 40 percent tax bracket, no matter what his actual income is.

The Renters' Rights people seem to think this law hurts only well-heeled landlords, speculators and Saudi investors. Mayor Goldway argues that small landlords are protected by the exemption of three-unit, owner-occupied buildings. But landlord Stavisa M. Milosavljevic tells a far different story.

A disabled mechnical engineer, Mr. Milosavljevic owns one building of six units and says his rents fall far short of his annual taxes, bank payments and costs. The rent board, he says, has been totally capricious in setting his rents, giving a special break to one tenant who was a rent activist. The majority of Santa Monica landlords, he says, are "mom-and-pop" operations in his situation.

TITO WIPED OUT BACK TAXES

Mr. Milosavljevic is a Yugoslav immigrant who remembers when the communists expropriated an apartment building his father owned in Belgrade. At least Tito, he says, also wiped out the back taxes and mortgage.

Mr. Milosavljevic has brought one of some 150 landlord suits against the rent control charter or the rent board. Most have been successful in overturning specific rent board decisions, though at a cost to the landlords of some half million dollars in legal fees. Both sides are closely watching a major suit in which a lower court said parts of the law might be unconstitutional. The decision came a month before the election, and the Renters' Rights slate thinks their promise to defend the law strongly swelled their margin. Other observers think that the hope the law will be struck down has kept the Santa Monica housing market from collapsing.

In the meantime, the housing industry fears that radicals now have a program that can win the support of any electorate comprised mainly of renters. They've gone to state and federal levels to try to forestall it. But Mayor Goldway isn't worried by a current U.S. Senate drive to suspend federal housing aid to communities with rent control. "The total help for 1980-81 in the city from the federal government is $77 million" she says. "We have a UCLA estimate that tenants saved in one year of rent control approximately $54 million. There is no way that federal programs can have leverage on us."

The Santa Monica experiment may wind up forcing the "mom-and-pop" owners to sell out to anyone with cash reserves to wait out the legal challenge.

The ironic result would be that the policies of "economic democracy" would bring about a futher concentration of Santa Monica property in the hands of speculators and large corporations. But one can argue that the experiment should be left alone, as long as local voters want it, if only to be an example to the rest of the country.●

SALVADORAN TERRORIST GETS VISA

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. McDONALD. Mr. Speaker, American supporters of the Castroite terrorists in El Salvador have announced that one of the top terrorist leaders will arrive in America tomorrow to commence organizing a campaign to focus political pressure against the policies of the U.S. Government which support the Government of El Salvador against the revolutionary terrorists.

I am deeply shocked that for the second time in 6 weeks, the State Department has issued visas to members of international terrorist organizations. I am especially shocked that this has happened in the case of the El Salvadoran terrorist Farabundo Marti National Liberation Front (FMLN) and its political arm, the so-called Democratic Revolutionary Front (FDR). Under the leadership of Secretary of State Haig, one of the first actions of the State Department was to produce an official report with attached documentation on the support being given to the terrorist FMLN/FDR by Nicaragua, Cuba, the Soviet Union, and other Communist regimes alined with the Soviet Union.

President Reagan and Secretary of State Haig made it evident that American policy was to draw a line at El Salvador against the Soviet bloc's use of revolutionary terrorism to capture Central America. Last month, Secretary of State Haig said that the shipment of arms from the Soviet bloc countries to the Salvadoran terrorists via Cuba and Nicaragua had escalated. The arms shipments to the FMLN/FDR were followed by renewed violence in the last 4 weeks.

Why then has one of the top functionaries of the FMLN/FDR, responsible for its international liaison activities, been given a U.S. visa?

The leader of the terrorist FMLN/FDR who is to arrive in New York tomorrow is Ruben Zamora, 38, the head of the FMLN/FDR Political Diplomatic Commission. Formerly, he was the leader of the ultraleft faction of the Christian Democratic Party and worked to subvert that party and undermine its leader, Jose Napoleon Duarte, President of the Salvadoran Government junta. In the first junta formed in October 1979, Zamora was a top aide to President Duarte. But within 2 months, he and other extreme leftists in the junta resigned to join openly with the Marxist terrorists.

The FMLN is the coalition of Marxist-Leninist revolutionary groups, including the Moscow-line Salvadoran Communist Party, created at Cuban and Soviet insistence in Havana early last year. This forced marriage to terrorist factions in turn runs a political front, the FDR, composed of all the armed terrorist groups, the Communists, their subservient front groups and unions, and several tiny, political impotent non-Communist parties.

Zamora, a political science professor, is useful to the FMLN terrorists and its strategists in Havana and Moscow because he heads one of those tiny political sects, the Popular Social Christian Movement (MPSC). Zamora pretends to be something other than a Communist terrorist. The fact remains that the FMLN/FDR itself admits it is one unified organization. It is a terrorist organization which boasts of its murders of Salvadoran civilians it accuses of having collaborated with the Government; commits kidnapings; kills civilian noncombatants in order to terrorize the people into submission; and burns and destroys the homes, farms, and property of civilians.

I am requesting the support of my colleagues in asking the State Department for an explanation of its granting a visa to Ruben Zamora.●

EL SALVADOR MASSACRES MUST END

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. LANTOS. Mr. Speaker, last week the Minister of Foreign Affairs of El Salvador met here in Washington with several of us who are members of the Foreign Affairs Committee. Apparently, while we were exchanging views around the conference table, armed extremists of the junta perpetrated yet another brutal massacre 36 miles north of San Salvador along the banks of the Metayate River.

Outrages such as these are simply intolerable. Fascist terrorism and in-

discriminate killings cannot be condoned. Economic and social reform, improved living conditions, and a government that respects its people are the building blocks of a better tomorrow for El Salvador's long-suffering people.

I call upon President Reagan to bring to bear the full weight of our considerable influence on Salvadoran authorities to put an end to indiscriminate killings of civilian women and men. This country and this Congress will neither tolerate nor support such continuing outrages.●

FEDERAL FAT: MORE ON THE DAVIS-BACON ACT

HON. TOM HAGEDORN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. HAGEDORN. Mr. Speaker, support for repeal of the Davis-Bacon Act has been growing steadily stronger and more diverse, and the large number of articles and editorials on the subject that have appeared in recent months are indicative of this public concern. Once again, I would like to bring to the attention of my colleagues an editorial which calls for repeal of this costly and superfluous law.

In a June 26 editorial, the Christian Science Monitor gets right at the heart of the issue as it now confronts us. "The closest possible scrutiny of each and every taxpayer dollar," which we are now conducting in an effort to curb spiraling budget outlays, should lead us to conclude that the expensive and unjustifiable Davis-Bacon Act must be repealed.

I believe that the facts clearly support repeal and that the opposing position is rationally indefensible. While the Davis-Bacon once served a useful purpose, construction workers are now among the highest paid in the Nation and are well protected by other Federal laws from the kinds of abuses the act was designed to prevent. Its impact now is in disrupting local wage structures by requiring, in many cases, that the highest wage in the region, and not the truly prevailing wage, be paid to workers on Federal construction projects. This in turn inflates the Federal construction budget by hundreds of millions of dollars every year. I suggest that this kind of waste should not be exempt from our efforts to constrain Federal spending.

Therefore, I commend the following article to my colleagues and urge you to join me in sponsoring legislation to repeal this harmful and unnecessary law.

DAVIS-BACON IS OUT OF DATE

The Reagan administration is committed to taking all appropriate legal steps to lowering the US inflation rate. And Congress is at last moving to curb spiraling federal budget outlays. In other words, "economy"—the closest possible scrutiny of each and every taxpayer dollar—is the almost official byword in Washington these days.

That being the case, the administration and Congress should either sharply revise—or better yet, repeal—the costly and no longer economically justifiable Davis-Bacon Act. Enacted in the stark depression years of the Hoover administration, even before the New Deal, the statute requires that wages paid workers on federal construction projects should be based on "prevailing" local wages. The original intent of the legislation was to keep the massive purchasing power of the government from driving wages downward in whole regions or industries by hiring cut-rate laborers at a time when construction work was hard to come by. At that time the legislation made good sense, since there was no minimum wage and no federal law recognizing the right either to bargain or to strike.

The upshot of Davis-Bacon in the United States of the postwar period, however, has been that federal construction workers are often paid wages far out of line with local wage scales, thus adding sharply to the costs of building projects, forcing up wages in general, and contributing to the inflation rate. The added costs are considerable, reckoned by the General Accounting Office (GAO) as more than $700 million a year, and possibly billions more given indirect costs.

Clearly, the US can no longer afford such wage-scale profligacy, no matter how much a continuation of that policy is sought by organized labor, which sees the retention of Davis-Bacon as one of its most important legislative battles this year.

President Reagan, while strongly critical of the act, has to date publicly resisted outright repeal. Whether he can (or in fact, wishes to) hold back business lobby groups and conservative lawmakers from overturning the legislation is unknown. The administration has been considering revisions that would have the effect of limiting the scope of the law. If such revision proves to be the only politically acceptable alternative at this time, then lawmakers should insist that wages be based on genuine prevailing wages, and not determined by such dubious statistical measurements as the "30 percent" rule under which federal officials can use the wages of 30 percent of the workers in a particular craft as the model of a local wage. The 30 percent selected for measurement, it need hardly be noted, are too often the highest paid workers in a region.

The wisest course would be to forthrightly rescind the act, as recommended by the GAO. Though it served a useful purpose five decades ago, the law is now an anomaly and a terribly costly one at that. The government should use tax dollars where they are truly needed, instead of lavishing them on already well-paid and heavily unionized construction workers on lucrative government contracts.●

VICKI MASSEY—FREE ENTERPRISE WEEK ESSAY CONTEST WINNER

HON. W. HENSON MOORE

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. MOORE. Mr. Speaker, recently we celebrated the 205th birthday of our Nation. This annual celebration is a time when we renew our dedication to the principles of individual liberty upon which our Nation was founded.

I am one of the Members of this House who believes that one of the major underpinnings of our individual liberty is economic freedom. In fact, without economic freedom there can be no true liberty.

Like any liberty, however, it is easy to lose sight of its importance until we lose it.

Each year I sponsor in my congressional district a special program, Free Enterprise Week, to remind the citizens in my district of the importance of the free enterprise system.

One of the most important aspects of this program is a high school essay contest. Essays are written by students in all of the high schools in my district about the importance of the free enterprise system. It is a great learning experience for the students and their essays are of value for all to read.

This year the essay which was judged as the best essay in the contest was written by an exceptional young lady, Miss Vicki Massey. Miss Massey is from Slaughter, La., and she is a student at Zachary High School.

Mr. Speaker, I am reprinting Miss Massey's winning essay here and I recommend it for all to read. The lessons discussed in Miss Massey's essay are ones we can all benefit from.

THE AMERICAN FREE ENTERPRISE SYSTEM DURING THE 1980'S

As another decade is laid to rest, Americans must face the future with high hopes. Being United States citizens, we will not just dream about the future, but we will set goals to obtain during the 1980's. The economic system of the United States is called "free enterprise." The most essential part of the free enterprise system is the individual or the consumer. Encyclopedia Americana says "A policy that places the fewest restraints on the natural and rational actions of the individual is regarded as the one that will tend toward the greatest economic good of society." This is the policy of our free enterprise system, but because of certain factors and restraints, the United States economy has developed some problems. The outlook for the 1980's begins on a sour note, but through the combined efforts of the business enterprises, our government, and the American citizens, the problems of the United States economy will be solved.

Before looking at what lies ahead for our economy, we must first see where we have been. As citizens of the United States, we have watched our country struggle through the worst recession since the depression of

the 1930's; the inflation rate has risen three times the rate in 1960, and we have seen the value of the dollar drop 29 percent during the last decade. Also during the 1970's, shortages of capital and natural resources became problems. The energy crisis was one of the biggest problems of the seventies and continues to be one of the biggest challenges of the eighties. Even though these were problems of the 1970's, the American economy is still faced with the same situations. Let's examine the problems which must be overcome before the United States economy will begin to grow.

The first major problem of the 1980's is inflation. The solution to this problem will not be easy. Over the past decade, prices have more than doubled and are advancing at a rate of three times that of 1960. This is an incredible speed. Even the dollar is not worth one hundred pennies anymore. The value of a dollar bill dropped twenty-nine percent over the last ten years. With prices doubling and the value of the dollar dropping, many people cannot afford to own things they could before. An expert in the housing industry believes that by the mid 1980's probably no "single-family-detached homes" will be constructed. Increased inflation will make it difficult for most people to own their own single-dwelling homes, so many people will be living in complexes and townhouses. People are cutting back on luxuries because they can only afford the necessities of life. Businesses must keep the prices high to make a profit and this hurts our economy. Many people are dropping into lower economic classes, and our nation is losing its wealth.

Another problem, besides inflation, facing the United States' economy in the 1980's is our government. The United States government is spending too much money—money that it does not have. According to Milton Friedman, in order to achieve a better economy, the government must lower income taxes and revise the United States budget. The government must also slow down borrowing and spending money and must stop unnecessary programs and expenses until the economy is in better financial shape. The stringent government-regulated controls and regulations under which the American businessmen must operate increase their costs of production and thus prevent them from competing with the foreign-made products. Many times extra workers are needed just to fill out special federal and state government reports for a business. This paper work increases the operating costs of the business, which eventually increases the price of the product. Without this control, businesses could concentrate on improving their products or developing new, more efficient products.

America is considered to be the wealthiest nation of natural resources in the world. For varying reasons, over the past decades there have been shortages of a few of these resources. Last summer when oil was in short supply, the price of gasoline rose from forty cents a gallon to over a dollar. As a consumer, I experienced waiting in gas lines. I also turned my heater thermostat down during the winter to conserve electricity. The energy problem is one of the biggest challenges of the 1980's. The answer to this problem could well be the answer to many of our other problems. These shortages are still here in the eighties, so we must come up with some substitutes. Nuclear power plants are being erected all around the country to aid the energy shortage. If the United States is to continue to be a big, powerful nation, some source of energy, whether nuclear or not, must be found.

With all of these problems facing the economy in the next decade, Americans must face the challenges with high hopes. One strong point of the United States is our economic system. The free enterprise system allows individuals to make choices which include taking risks to improve our economy and making wise economic choices. The only way to improve the United States economy is to have determination and to work with the government and to commit ourselves to reaching the goal of a better economy.

The American free enterprise system consists of three decision-making bodies. These are the consumers, the government, and the producers. Each part of the triangle must do its share to make the economy work. As we march forward into a brand-new decade, we must set goals to strive for in the 1980's.

As consumers we should learn to be wiser and more conservative in our decision making. Since consumers are individuals, they are considered the most important part of the free enterprise system. Consumers must able to recognize an economical buy from a mistake. They must also buy products which give them the most for their money. In order to conserve our natural resources, consumers must learn to be more energy conscious even if only for the cost. Consumers must not only talk about the economy, but must also be willing to work and to make sacrifices, if necessary, to change the economy. During the next ten years, consumers will realize the important role they play in the economy and will strive to become wiser consumers and more energy conscious.

By electing Ronald Reagan President of the United States, consumers have already begun to help the economy. People are realizing that the free enterprise system was established to increase our freedom. Over the past years the United States government has slowly taken almost total control of our businesses. The government has also made it very difficult for a business to make a profit because of the red tape involved. Businesses must be free to improve their products and to seek the rewards of their ideas. President Reagan wants to lessen government control and cut the red tape. Spurred by the election of President Reagan and the insistence of the nation, there will be a marked decrease in governmental involvement in businesses in the 1980's that will enable the entrepreneur to expend his energies and his resources into increasing productivity.

In the next decade businesses will begin to develop and manufacture energy-saving devices to help conserve energy. With less restrictions by the government, businesses will explore and discover new energy sources and other ways to conserve our resources. Our economic system allows a man to use his ingenuity and his brains to find new ideas for our future. The reward of a profit will be the incentive that will make man explore new ideas and invent new products. This is the free enterprise system. We must all work together to get the job done.

Looking into the eighties, I see a decade of changes facing the United States. Changes in the United States government are inevitable, but solutions are on the way to these problems. Even though the government is in charge, we cannot expect the government to handle the situation by itself. People must help with the problems. The government must provide the environment that will allow the businesses to operate as efficiently as possible with limited controls. Businesses must develop products the consumers can use at affordable prices. These products should adapt to the resource shortages and to the needs of the consumers. Consumers must slow down and decide which products are necessary and which products are the wisest buy. In other words, we must learn to be wiser consumers. This will not be an easy job; but we must set our goals high, just like our forefathers, and strive to make our economy great. The United States of America must stand united and face its problems with courage. The 1980's began with many problems and difficulties; but with the determination and cooperation of the people of the United States and the free enterprise system, the 1980's look hopeful and promising.●

PLIGHT OF ABA TARATUTA

HON. BOB EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. EDGAR. Mr. Speaker, I wish to join many of my colleagues in taking part in the Congressional Call to Conscience Vigil for Soviet Jews. It would be my hope that the vigilance, caring, and support which all Americans share for these oppressed people can serve to give hope to those who wish to emigrate from the Soviet Union to Israel, and that our solidarity with their cause will serve as a sign to the Soviet Union that our commitment to human rights is a serious one.

I call your attention to the plight of Aba Taratuta, a mathematician from Leningrad, his wife Ida, and their son Misha, age 19. The family has applied repeatedly for an exit visa since 1973, and has been refused every time. They have been continually harassed since then, and Misha has recently been threatened with the draft. Although their situation is bleak, the family tries to maintain hope. Ida has written, "the main thing is, of course, there is no good news to write—there are no changes in our situation—everything is as before. * * * We must hope, we must.* * *"

Our efforts to obtain and insure the human rights of the Taratuta family and other Jews being held captive in the Soviet Union are just a small step toward obtaining and protecting the human rights of all peoples in all lands. It would be my hope that our concern for the basic human need of freedom would encourage the Soviet Union to change its human rights policies, thereby moving us closer to a world in which no one's basic needs are denied.●

DEMOCRACY IN THE PHILIPPINES?

HON. MATTHEW F. McHUGH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. McHUGH. Mr. Speaker, Raul Manglapus is a former Foreign Minister and Senator in the Philippines who has been in exile from his native land for many years now. The reason for his exile is that Mr. Manglapus is committed to democratic processes in the Philippines, which were suspended by Ferdinand Marcos in 1972 and which were recently mocked in the so-called "democratic" elections called by Mr. Marcos.

Because of his strong commitment to democratic principle and to democratic processes, Mr. Manglapus' comments on Vice President BUSH's recent trip to the Philippines are well worth reading. I would especially call the attention of my colleagues to the warning laid down by Mr. Manglapus:

The United States should recognize that its real friends are peoples with democratic aspirations and not the flamboyant dictators who will bring American interests crashing down with them when their violent hour comes.

For the benefit of those Members who may not have seen his comments in the New York Times last Friday, I am inserting a copy of Mr. Manglapus' remarks into the RECORD at this point.

[From the New York Times, July 10, 1981]

BUTTERY TOAST IN MANILA

(By Raul S. Manglapus)

McLEAN, VA.—Before Vice President Bush's celebrated Presidential-inauguration toast to Ferdinand E. Marcos—"We love your adherence to democratic principle and to the democratic processes"—passes forever into the satirists' domain, let us not forget that this startling obeisance is a natural expression of President Reagan's foreign policy.

The United States, in supporting any dictator who proclaims himself anti-Communist, apparently has forgotten an important lesson: Right-wing dictatorships, by driving the moderate opposition underground, are the fastest breeders of radical movements.

Before Mr. Marcos seized power in a coup in 1972—three years after he was elected for a second, and constitutionally last, four-year term—there were 1,000 to 2,000 Communist guerrillas in the New People's Army; before the coup, the Rand Corporation says, the guerrillas were not a threat to the Government. By last October, the insurgents' army numbered 5,500, according to Mr. Marcos' Defense Minister, Juan Ponce Enrile. Further, it is supported by a mass base—tens of thousands of people who, led by priests, nuns, and ministers, have been gone into the ranks of the Communist Party or its National Democratic Front.

Mr. Bush, by his presence and by adding his benediction to Mr. Marcos' mockery of the democratic electoral process—a process long and passionately, albeit imperfectly, practiced by the Filipinos—may have considerably accelerated the final exhaustion of popular patience and pushed the population closer to the brink of violence.

Mr. Marcos' mockery of democracy has been so extensively reported in the news media that Mr. Bush's toast and his presence cannot be excused on the grounds of ignorance. Pope John Paul II had seen through Mr. Marcos' so-called lifting of martial law last January and announcement of a Presidential election when, speaking directly to Mr. Marcos in February during his visit to Manila, he said that "even in exceptional circumstances, one can never justify any violation of the fundamental dignity of the human person and of the basic rights that safeguard this dignity."

The Pope knew, as Mr. Bush should have, that in "lifting" martial law after eight years, Mr. Marcos also kept in force all the decrees that he had promulgated and that are assembled in the National Security Code, with patchwork provisions that include six months' imprisonment for "rumormongering," summary dismissal of judges, and immunity for all public officers, civil and military, in carrying out the code. The code also outlines a national-security network capable of reaching down to household and classroom.

All this meant that the repression was to continue unabated. Thus, it was not surprising that the opposition boycotted the election June 16 and that Mr. Marcos, faced with two handpicked strawman candidates, could claim an overwhelming victory, which America was all to eager to accept.

Mr. Marcos, wielding the Subic Naval Base and Clark Air Base for extortion, had gotten President Carter to promise him half a billion dollars in military aid over a five-year period. Yet Mr. Carter managed to keep him at arm's length, refused to invite him on a state visit, and thus consoled the Philippine democratic movement that, in giving Mr. Marcos more money, Washington was acting only out of fear of losing its bases rather than out of conviction.

But Mr. Bush's visit and his words bear the stamp of conviction, not fear. Now a rapidly radicalizing population, despairing over American support for Mr. Marcos—70 percent of the Filipinos are malnourished while Mr. Marcos' family and cronies amass obscene wealth—will become a more serious threat to the bases than the anti-American street demonstrations before the coup.

Filipinos are entitled to wonder why they must be forced to swap democracy for bases—which are not even vital for Philippine defense—especially after their country was the most devastated in Asia during World War II because of their stubborn allegiance to democracy and to America, and after they allowed the bases on their soil, thereby disqualifying themselves from membership in the nonaligned movement.

It appears that the quickest way for an Asian country to lose its democracy is to be the friend of America. More Filipinos are beginning to perceive that the most durable postwar democracies in developing Asia are neutralist India and Sri Lanka, and that India is closer economically and militarily to the Soviet Union than to the United States. In the coming decade, will a democratic Philippines rely on the Soviet Union to protect its independence?

Democracy has launched a formidable counterattack in Western Europe and in important parts of Latin America and Africa. The United States should recognize that its real friends are people with democratic aspirations and not the flamboyant dictators who will bring American interests crashing down with them when their violent hour comes.●

AMERICAN PUBLIC DIPLOMACY: A UNIQUE PERSPECTIVE

HON. JAMES A. COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. COURTER. Mr. Speaker, an important facet of our foreign policy is to broadcast the truth about our Nation and its role in the international community. There are hundreds of millions of people around the world who want to learn about the United States firsthand, but cannot, or are not permitted to leave their countries, even for so much as a visit. Radio Free Europe, Radio Liberty, and Voice of America provide programing that is beamed to many countries to educate the masses of the Third World and those behind the Iron Curtain about our Nation, its people, and its policies. Our distinguished colleague, Hon. TOBY ROTH, who sits on the House Committee on Foreign Affairs, recently gave a speech in Chicago where he dealt with the issue of American public diplomacy. I highly commend the gentleman from Wisconsin for its content and recommend its reading by the Members of Congress.

The speech follows:

AMERICAN FOREIGN POLICY: DIRECTION FOR THE 1980's

Chances are that at one time or another you've heard Victor Hugo's famous observation: "There is one thing stronger than all the armies in the world and that is an idea whose time has come." Even though Communist leaders throughout the world have to rely on bayonets and bullets to stay in power, they constantly tell us that their brand of Marxism is the wave of the future, an idea whose time has really come. We, in turn, respond that freedom and self-determination are the ideas whose time has come—and I think that the Polish workers and the Afghan freedom fighters agree with us.

This morning I would like to talk to you about the way we wage this constant war of ideas with the Communist world, since it has become a full-fledged part of our foreign policy. More formally, it is known as public diplomacy, which is in turn defined as the attempt to influence the attitudes of both influential elites and mass populations in other countries. Just as both our allies and adversaries do, America uses a number of methods to practice public diplomacy: international radio broadcasts, cultural exchange programs, American libraries in foreign countries, and the dissemination abroad of American books, films and periodicals. There are two main organizations that carry out our public diplomacy, the International Communications Agency and the Board for International Broadcasting. In 1980 their combined budget was about $500 million dollars. That sum is less than the cost of eighteen F15 fighter planes.

Public diplomacy encompasses three propositions. The first proposition is that it is

one of the most powerful tools for implementing foreign policy that we have. The second proposition is that, Poland and Afghanistan notwithstanding, the real masters of the art of public diplomacy reside in the Kremlin, not in Washington, and that in large part explains why Soviet expansionism and pressure has already been able to make such inroads against the forces of freedom in the world. And thirdly, I'd like to argue that if our foreign policy is going to be successful in containing the Soviet Union in the 1980's we are going to have to drastically revitalize and expand our own public diplomacy efforts while there's still time.

Now, as far as my first point is concerned, the power of public diplomacy, if we stop and think about it for a moment, I don't think there can be much argument. Let's consider what may well be the most important form of public diplomacy of all, international radio broadcasts, the type of activity we currently pursue with Radio Free Europe and Radio Liberty, and the Voice of America. Most people have heard the story of how Orson Welles' famous radio broadcast about a fictitious invasion by Martians caused thousands of people in the New York City area to panic and flee their homes in 1938. But did you also know that many experts feel that it was an international broadcast claiming that Americans were responsible for the attack on the grand Mosque in Mecca that led a mob to set fire to our embassy in Pakistan and reduce it to ashes back in November 1979? Certainly we shouldn't need any greater proof of the power of international radio—and the power of public diplomacy—than that.

My second point, that the real masters of the art of public diplomacy are the leaders of the Soviet Union, I think that a quick look at some facts and figures is enough to establish that. Depending on how you calculate it, the Soviets spend from five to ten times what we spend on information and cultural programs. The objective of their programs, is to create a favorable public environment for Soviet expansionism and to convince the rest of the world that the United States is aggressive, colonialist and imperialist. Every year they distribute 180 million books and pamphlets around the world; we distribute about 200,000. Ours is not even 1 percent of the Soviet commitment. In 1981 the Soviets offered some 4,500 college scholarships to Latin Americans; we offered 181—just a little over 4 percent as many. And then there are the radio broadcasts. The Soviets broadcast over 2000 hours a week in 82 different languages; our Voice of America broadcasts 891 hours a week in only 39 languages. And let no one say that the Soviets don't fear what might happen if their own people or the people of Eastern Europe had unrestricted access to uncensored news. It's been estimated that they spend almost twice as much money jamming our radio broadcasts to Eastern Europe and the Soviet Union as we do producing them. Last summer, after the onset of the Polish worker's strikes, they started jamming the Voice of America again, even though they hadn't done that since 1973.

So, at least for the present, the Soviets seem to have clearly outdistanced us with their public diplomacy effort. Why is that? I think the basic reason is because unlike us they really understand the power of ideas and aren't the least bit shy about propangandizing for the ideas they believe in. Many people have heard of Lenin's famous quote, "Ideas are more fatal than guns," but we don't even have to go back as far as Lenin to see that the Soviets take ideas seriously. All we have to do is turn to an article in the February 1981 edition of International Affairs, the Soviet Union's top foreign policy journal, which publishes only what the leaders in the Kremlin want it to publish. The article is entitled "Detente: The Battles of Ideas," and the author states right at the beginning that while the communist world and the West have in recent years been living in peaceful coexistence, this "does not mean any changeover to coexistence in the sphere of ideology." He also goes on to quote Soviet party leader Brezhnev as stating that peaceful coexistence "in no way means the possibility of reducing the idelogical struggle. On the contrary, we should be prepared to see this struggle intensify and become an increasingly acute form of confrontation between the two social systems." In other words, regardless of whether we have arms agreements or detente, the Soviets are going to keep on using their massive public diplomacy apparatus to try to convince the rest of the world that Soviet foreign policy is all for peace and goodwill while we are imperialist, colonialist and aggressive.

And that's where my third proposition comes in, which is that unless American foregin policy makers take their gloves off and start responding in kind with our own ideological message of freedom we are going to find ourselves losing World War III without one missile ever having been fired. I've already noted the figures show that our public diplomacy efforts lag behind that of the Soviets. But there are a lot of other problems, too. Instead of increasing in order to better handle the intensified ideological struggle the Soviets are waging, the amount of money we are devoting to public diplomacy has been declining. If the International Communications Agency was operating at the same level as in the mid-1960's its budget would be $750 million; instead it is around $450 million. Meanwhile Alexander Solzhenitsyn recently complained that "in their zeal to serve detente," the people who write the Russian-language Voice of America broadcasts have removed "everything that might irritate the communists in power." Another study, in fact, has shown that only 5 percent of the Voice of America's Russian broadcast hours are devoted to interpretation or explanation—and that even this 5 percent doesn't always present a clear pro-American, pro-freedom viewpoint. As if that wasn't bad enough, many of the signals of our international broadcasts are so weak they are almost inaudible, and many of the radio transmitters are rusting and out-of-date. Finally, for the most part the people who run our public diplomacy programs are professional bureaucrats, not academics or writers who know the true power of an idea or people with sales or advertising background who know how to market an idea once they've found it.

But fortunately there now appears to be a chance that public diplomacy is going to finally be given the attention it deserves. During the campaign last fall, President Reagan pledged to strengthen both the International Communication Agency and Radio Free Europe/Radio Liberty. As he put it: "The dollar amounts involved in this area are small. What is needed most is a sense of conviction." The Reagan transition team, meanwhile, urged a reversal of the Carter Administration's decision to cut Radio Free Europe/Radio Liberty's 1982 budget by $4 million. As a matter of fact, they urged $2 million more in order to strengthen Radio Liberty's transmitting power to Soviet Central Asia.

So the will power on the part of the Reagan Administration is there. Most of the Administration's key appointees to ICA and the Board for International Broadcasting have at least been named if they haven't yet taken office. And Secretary of State Haig has asked the Assistant Secretary of State for European Affairs, Lawrence Eagleburger, to meet with the appropriate officials and begin hammering out a new and strengthened approach to public diplomacy.

Now comes the hard part: the need to make sure that the personnel at ICA and the Board for International Broadcasting who are not Administration appointees are imbued with the same type of resolve the President has shown on this issue. If you agree with me that selling the idea of freedom around the world should be one of the top objectives of American foreign policy in the 1980's, also write a letter to Assistant Secretary Eagleburger telling him so. Also, sit down and write to your Congressman—send me a copy of the letter—and urge him to join me in cosponsoring H.R. 2983, a bill that would give Radio Free Europe and Radio Liberty enough money to repair the damage done last February when someone set off a powerful bomb in their Munich headquarters. Finally, especially since we Republicans pride ourselves on supporting voluntary efforts to make America great, join together with your friends to draw up suggestions for an expanded public diplomacy effort and then send them along to me on Capitol Hill. I'm already in the process of setting up an advisory council like that in my own Congressional District.

Since I mentioned Poland and Afghanistan at the start of my talk this morning, I'd like to tell you a story about something that happened at the Polish Communist party's Central Committee meeting a couple of weeks ago. Casting about for something to symbolize the growing Western influence in his country, Communist party leader Stanislaw Kania complained to his anxious comrades: "It is no accident that leaflets circulating in Poland increasingly resemble broadcasts from Radio Free Europe."

The fact that Kania chose Radio Free Europe as a target shows that when we put our minds to it it *is* possible for us to get past the jammers and the censors and score a victory now and then in our war of ideas with the Soviet Union. But strong public diplomacy programs—good radio broadcasts, well-produced magazines and films, rewarding cultural exchanges—don't develop in a vacuum. They need something that has been lacking for a long time and which I want you to help me establish: a political constituency and a broad network of concerned citizens.

I've been quoting a lot of other people here this morning—Victor Hugo, President Reagan, Stanislaw Kania. After much reflection on this issue, this is the way I feel about it: "The struggle for men's minds is the ultimate weapon, and one for which the adversaries of freedom will never have an adequate defense."●

PEACETIME HEROS

HON. E. CLAY SHAW, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. SHAW. Mr. Speaker, there are not many peacetime heros, because acts of heroism in peacetime are not common occurrences.

When a helicopter crew flies into the flames of a wrecked airplane in an effort to rescue the pilot and passenger, that is a heroic act; it is all the more notable that the crew has used their military training to aid civilians in distress.

That was the thrilling scenario which took place on May 11 in Pembroke Pines, Fla., at the North Perry Airport. As a result of their alert, immediate response, the three crew members involved, Lt. John Spatuzzi, Lt. (jg.) Scott Neeld, and PO Gary Wood, an aviation machinist, have been recognized by the President of the United States as well as the Commandant of the Coast Guard. They have been awarded medals among the highest that may be given for peacetime bravery.

After I read an account of their brave actions, I brought the matter to the attention of the President's chief assistant for legislative affairs, and the crew members will receive their awards in a formal ceremony at the Opa Olcka Coast Guard Air Station.

The helicopter crew witnessed a tragic crash on that spring day while practicing their helicopter takeoffs and landings. Lieutenant Neeld was at the controls, practicing under the trained eye of his instructor, Lieutenant Spatuzzi, when they saw the crash of a light, private airplane. A twin-engine Piper Aztec, carrying pilot John Toro, 44, of Miami, and flight instructor Rachel Poleto, 20, lost power after takeoff, turning to the right and cartwheeling into a ball of fire. Poleto was not instructing on the flight—she was just along for the ride. Toro is an accomplished Delta airlines flier, who pilots the wide-bodied L-1011's.

Observers of the flaming crash were amazed to see movement when Toro crawled from the wreckage, struggling to free himself while beating the flames on his shirt.

Spatuzzi, the senior officer on board the helicopter, took charge of the situation. He took control of the craft seconds after the initial explosion spewed debris and burning gasoline over the area, and with Neeld giving constant reports of the smoking, flaming wreckage, Spatuzzi flew into the flames, fanning them back with the powerful wash from the rotor blades. He lowered the chopper to within 10 feet of the ground and told Gary Wood, the aviation machinist, to jump down and save the second victim. The passenger was not even visible, but Toro frantically indicated that she was pinned in the wreckage.

All this time, the helicopter was in serious danger of being blown up or engulfed by smoke and flames.

Wood leapt from the chopper, into dense billowing smoke and intense heat, and dragged the passenger from the fire. Wood assisted a paramedic from the crash/fire/rescue crew who had arrived on the scene, and he coordinated the loading of both patients aboard the helicopter. During the brief flight to Jackson Memorial Hospital's burn unit in Miami, Wood rendered aid and comfort to the victims.

The passenger, Rachel Poleto, suffered from critical burns and later died in the hospital. John Toro survived.

The courage, sound judgment, and unwavering devotion to duty demonstrated by the crew have been commended by the Coast Guard, "in keeping with the highest tradition of the U.S. Coast Guard."

Their fortitude, remarkable courage, and exceptional daring, in spite of imminent personal danger deserve this recognition. We are proud of these men.●

AN INDEPENDENT PEACE CORPS?

HON. EUGENE JOHNSTON

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. JOHNSTON. Mr. Speaker, title VI of H.R. 3566 is the most recent version of a continuing effort to separate the Peace Corps from ACTION. This effort is most often described—erroneously—as a restoration of the "independence" of the Peace Corps; a return to the status quo ante which was originally intended for the Peace Corps by the Congress, and which was modified by the creation of ACTION in 1971.

It may be well to remember that neither the Congress, nor President Kennedy, usually regarded as the founder of the Peace Corps, intended that the Peace Corps be an independent agency. While the original Peace Corps Act authorized the President to delegate authority for the Peace Corps to any agency or individual in the Government, it was well understood that authority for the Peace Corps would be delegated to the Secretary of State, and redelegated by him to the Director of the Peace Corps.

A central concern shared by all was that the authority of the Secretary of State, and of our ambassadors, not be diluted. To assure that this concern was met, the Senate included in section 4 of the Peace Corps Act language requiring that the Secretary of State, and the chiefs of our diplomatic missions abroad play a leadership role in Peace Corps functions overseas. That language is still law, and the Peace Corps overseas does not operate independently. It is a part of the country team, under the leadership of our ambassadors.

The proposal for an "independent" Peace Corps is therefore, a Washington fight. It has little, if anything, to do with the service of the Peace Corps volunteers abroad. Over the years, the fight has included several variations. It has been proposed that the Peace Corps become an independent foundation. It has been proposed that it become an autonomous agency within the International Development and Cooperation Agency (IDCA). Both these proposals have been superseded by the most recent proposal, that the Peace Corps become an independent agency within the executive branch.

Mr. Speaker, all these proposals have been studied by Presidents of both parties, and their staffs, over the years, and have been uniformly rejected. Since, as we have seen, the question of the placement of Peace Corps is exclusively one relating to the organization of the executive branch, the views of the President ought to be accorded extraordinary weight.

The Congress ought not, except for the most serious reasons, force on the President an organizational structure which he opposes. In this case, the Office of Management and Budget has indicated the opposition of the President in the strongest possible terms, and I believe that the President's position should prevail.

Mr. Speaker, as nearly as I can tell, those who seek an independent Peace Corps include many who opposed that position a short 2 years ago. Their change of heart appears to stem from a matter which is minor, even frivolous. It involves the fact that the Director of ACTION, the present parent agency of the Peace Corps, served his country in Vietnam a dozen years ago, and, while so serving, was associated with Army intelligence. The proponents of an independent Peace Corps have taken this long-ago association, which under existing Peace Corps law and policy, or at least under Peace Corps law and policy as it existed 3 months ago, and was interpreted by successive Peace Corps Directors over a 20-year period, would not have barred him from serving in any position in the Peace Corps, and have blown it up to the point it is unrecognizable for what it really is—the patriotic service of an ordinary American citizen.

Instead, those who would create an independent Peace Corps have made it seem that the appointment of Thomas Pauken as Director of ACTION directly jeopardizes the lives of Peace Corps

volunteers abroad. I believe that it is not the appointment of Mr. Pauken which has placed inflammatory material in the hands of those who wish the United States and the Peace Corps ill, but the distorted rhetoric of those who wish to play politics with his appointment without regard to the consequences. Without the concerted effort of the advocates of an independent Peace Corps, I doubt that Mr. Pauken's long-ago and honorable service could have been seen by anyone as contrary to the spirit and letter of the Peace Corps intelligence policy.

We now come to the affirmative reasons why things should be left as they are. First, there is the question of cost. There can be little doubt that separation of the Peace Corps from ACTION will result in a substantial increase in overhead for both parts of the Agency. In this time of fiscal austerity, and in the absence of compelling reasons to the contrary, such cost increases ought to be avoided.

Second, despite the turmoil that has been created around this issue, largely by a small minority, the centralization of the Government's volunteer programs in ACTION is sensible. There has been, and continues to be, a significant benefit to the country from the sharing of the volunteer experience. I personally do not know of a single real—as opposed to theoretical—disability to the Peace Corps volunteers overseas which is the result of the administrative placement of the Peace Corps in ACTION. The Director of the Peace Corps is autonomous in policymaking functions, and has direct access to the White House, without the necessity of clearance from the Director of ACTION. I would want to see much more evidence that the tie between ACTION and Peace Corps is operating as a drag on the volunteers serving overseas before voting for a change.

Finally, the attempts to remove the Peace Corps from ACTION are being disguised as parts of larger bills. No administration witness has ever been called to testify on the proposal. The Office of Management and Budget has indicated unequivocally that the President would veto a bill separating the Peace Corps from ACTION. Proponents of the bill are trying to avoid this result by tying it to other legislation which they apparently deem more important. This in fact is a measure of their lack of regard for the Peace Corps. They do not consider it—or the President's view of it—to be of sufficient importance to warrant discussion independently and on the merits. The Peace Corps may be a small program, but it represents much of the idealism of this country, and it warrants better than it is receiving at the hands of those who would "save" it. The Peace Corps independence will be far better served by leaving it within ACTION.

Despite the views of four successive Presidents to the contrary, and despite the undoubted fact that Peace Corps "independence" has little, if any, meaning except to a few Washington theorists, we are being asked to launch this important program on a course to which the proponents have not been able to ascribe any positive benefit. The floor of the Congress is not the place to work out the details of how programs should be administered within the executive branch. That is the function of the committee process, and it has not been carried out in this case. I am going to vote against an independent Peace Corps because I believe it to be the wrong approach. But I am also going to vote against it because I believe in orderly procedure, and have not seen it in connection with this proposal.●

WAR ON FRAUD, WASTE, ABUSE, AND MISMANAGEMENT

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mrs. SCHROEDER. Mr. Speaker, earlier this year I sent around a Dear Colleague letter with an April 27, 1981, U.S. News & World Report article.

The article detailed billions of dollars in massive mismanagement, goldplating of weapons, even fraud. And U.S. News' advice was simple: "the big spending Defense Department offers a prime target for an administration bent on fighting waste."

When debate on H.R. 3519, the fiscal year 1982 Defense Authorization Act, resumes next week, I will offer an amendment to title IX to require the President, by January 15, 1982, to report to Congress with $8 billion in proposed defense savings as a result of cutting fraud, waste, abuse, and mismanagement.

Lest my colleagues think $8 billion is too high, too much to ask the administration to locate, I will point out that it represents only one-half the amount that the General Accounting Office has identified in 44 reports on DOD for the period January 1979 through July 1980.

Moreover, these 44 GAO reports provided the basis for one-half the findings disclosed in the Republican Study Committee's famous August 22, 1980, study on fraud, waste, abuse, and mismanagement in the Federal Government.

My amendment, therefore, is truly bipartisan, and should elicit the support of all Members interested in controlling Federal waste.●

PUT THE UNITED STATES BACK IN GOVERNMENT INFORMATION

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. MICHEL. Mr. Speaker, I have noted on previous occasions that our overseas information programs, including but not limited to the Voice of America, Radio Free Europe, and Radio Liberty are—or at least should be—a major part of our national security system. We have to compete in the war of ideas. A recent newspaper article by a former National Security Council staff member suggests a number of ways that we can improve our communications agencies.

At this point I wish to insert in the RECORD, "Put the United States Back in Government Information" by Paul B. Henze, in the Christian Science Monitor, July 2, 1981:

PUT THE UNITED STATES BACK IN GOVERNMENT INFORMATION

Not all the money the United States allocates to improve American national security needs to go to the Department of Defense. A small portion should go to Radio Free Europe, Radio Liberty, the Voice of America, and the many other ICA (former USIA) programs. Words and ideas can be as important for defending U.S. positions and advancing U.S. purposes as guns and submarines and aircraft.

President Carter approved a transmitter-building program for VOA and RFE/RL during the first weeks of his administration but failed to follow through with expansion of all the other components that are needed for more effective broadcasting. Meanwhile the Russians went on building new transmitters and expanding language services.

Traveling in the Middle East and the Horn of Africa in recent weeks, I had to twist the dial continually to hear VOA, which has no transmitters closer than Greece to penetrate the whole area between Ethiopia and Afghanistan. Soviet broadcasts, on numerous frequencies, come booming in to this part of the world.

In the second year of the Carter administration, educational and cultural exchange programs which had been in the Department of State were merged into USIA (U.S. Information Agency) and its name was changed to the International Communication Agency. This "new" organization remained structured much as its predecessor had been, but the name change betokened a shift to a passive approach to its work. The agency's output was reoriented to apologize for America's actions.

There was a strong bias against anti-Communist programming. USIA's most distinguished publication, "Problems of Communism," had a hard time surviving during ICA's first year. Soft, third-world oriented cultural dialogue took priority.

Level budgets at a time of rapidly rising costs meant that all operations actually declined. Schemes for computerized management replaced the judgment of seasoned, professional information officers with significant experience abroad. Flexibility to respond to events as they occurred was lost. The proud motto that had served USIA for

25 years, "Telling America's Story to the World," was erased from over the entrance at 1776 Pennsylvania Avenue.

The overseas information arm of the U.S. government should not hide behind the designation "international." Both the name and the spirit of the old USIA should be restored. Nothing would boost morale more than a budget that would permit initiative and creativity. There is no lack of priority tasks, both within ICA's area of direct responsibility and in related fields.

The new transmitters President Carter approved in 1977 are now coming into operation but they are too few and none of them is aimed at the Middle East. A new transmitter-building program is overdue. Meanwhile U.S. weakness should be compensated by leasing transmitter time wherever facilities can be found.

VOA should inaugurate new services for priority areas, such as Pushtu and Amharic, the national languages of Afghanistan and Ethiopia. VOA broadcasts in Soviet Muslim languages should be expanded.

Radio Liberty, which has never reached the level of impact of Radio Free Europe, but whose target area—the whole Soviet Union—is more important than any other, should be given the resources to expand to the fullest possible effectiveness. RL needs more manpower, more transmitters, better research and more broadcast time, especially to vital areas such as the Ukraine, the Caucasus, and Central Asia.

The oversight structure of RFE/RL should be simplified by eliminating the wasteful and meddlesome Board for International Broadcasting, as the Reagan transition team recommended.

All ICA's nonbroadcasting operations should be strengthened too: films and magazines, libraries, book distribution, overseas lectures and U.S. travel grants for foreign leaders, journalists, politicians and professors. These cost a pittance compared to arms or economic aid and bring returns for years. Posts abroad should get back into the business of serious political and economic dialogue with local opinion leaders.

"Problems of Communism" should be translated into major world languages and greatly increased in circulation. It is the best bargain the U.S. government has in the field of ideological competition.

Last but not least, serious planning for a Radio Free Cuba should get under way posthaste. It is astonishing that after 22 years of Castro, the U.S. still has not set up for Cuba the kind of hardhitting, objective, round-the-clock broadcasting operation that Radio Free Europe has provided for Poland and the other countries of Eastern Europe since 1950. It is still not too late to do so. Broadcasts to Cuba could be supplemented by English and Spanish services for the entire Caribbean and Central American region. The U.S. looks inept when it does nothing to counter the Soviet broadcasts which are now relaying out of Havana to Latin America as well as to the U.S. and Canada.

(Paul B. Henze is a former National Security Council staff member.)●

OKLAHOMA FIRST DISTRICT QUESTIONNAIRE RESULTS

HON. JAMES R. JONES

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. JONES of Oklahoma. Mr. Speaker, nearly 14,000 Oklahoma First District citizens responded to our 1981 spring congressional questionnaire, with the results showing mixed reactions to the Reagan administration's policy initiatives.

As has been true in the past, a majority of First District voters support spending cuts designed to reduce Federal deficits and to achieve a balanced budget. The respondents strongly endorsed the proposition that tax cuts should be preceded by further spending cuts. Two-thirds said further spending cuts were needed before cutting more taxes. And 85 percent said the $45 billion deficit projected by the Reagan administration for 1982 was too large.

In the First District, concerns about a balanced budget take precedence over large personal tax cuts. Only 28 percent of those responding support President Reagan's initial plan of cutting marginal tax rates by 10 percent across the board for each of the next 3 years. Nearly half of the respondents (47 percent) supported a mixed package which had been suggested by House of Representatives' Democratic leaders. Interestingly, one-fourth of those who responded preferred no tax cut at all until the Federal budget is balanced.

I believe the results of this questionnaire indicate that the American people are still very concerned with eliminating the Federal deficit and balancing the budget. I hope my colleagues will take notice of that message and act upon it.

The results of the questionnaire follow:

SPRING, CONGRESSIONAL QUESTIONNAIRE

1. Should the United States provide military aid to El Salvador? Yes 52% No 48%.

2. The Reagan Administration predicts that next year's budget deficit will be $45 billion. Analysts at the Congressional Budget Office have testified that the Administration program will result in a deficit that is much larger, perhaps as large as $70 billion. Do you believe that deficits of either size are too big? Yes 85% No 15%.

3. Do you believe that Congress should vote on spending cuts before tax cuts in order to keep the size of the deficit down? Yes 66% No 34%.

4. The Administration's budget proposes to reduce spending in several education and training programs.

(a) Should the college student loan guarantee program be cut by almost 20 percent next year? Yes 83% No 17%.

(b) Should the elementary and secondary school lunch program be reduced by almost 40? Yes 69% No 31%.

(c) Should all 300,000 CETA public service jobs be eliminated? Yes 76% No 24%.

(d) Should job training programs such as vocational education be reduced by 25 percent? Yes 65% No 35%.

(e) Should basic research and development programs administered by the National Science Foundation and universities be reduced by almost 20 percent? Yes 72% No 28%.

5. The Administration budget calls for the largest increase in military spending since World War II. Military spending authority is budgeted for a 25 percent increase next year totaling almost $30 billion. Some people say we must spend this much to protect our national security. Others say we can't solve this important problem just by throwing money at it, and that spending this much in one year will result in a waste of tax dollars. Do you think the proposed increase in military spending should be scaled down? Yes 32% No 68%.

6. About half the federal budget is automatically increased each year, and next year these automatic increases will total about $40 billion. The programs that will be increased this way include federal civil service retirement programs, Social Security, and some veterans' benefits. Should the rate of the increase of these programs be reduced? Yes 70% No 30%.

7. There are two basic proposals being discussed in Congress to cut personal income taxes.

Plan A would cut taxes using a series of proposals including: widening tax brackets to keep inflation from moving taxpayers into higher brackets; lowering the investment income rate from a maximum 70 percent level to a 50 percent level, thus lowering the maximum capital gains rates to 20 percent; providing tax credit relief against the so-called marriage tax penalty; and expanding incentives for Individual Retirement Accounts.

Plan B would cut marginal tax rates by 10 percent at every level.

Do you prefer Plan A? Yes 47%.

Do you prefer Plan B? Yes 28%.

Do you prefer to have no tax cut until the budget is balanced? Yes 25%.●

MARVA COLLINS—A MASTER TEACHER

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. STOKES. Mr. Speaker, I take this opportunity to salute one of the most notable educators in this Nation today—Mrs. Marva Collins of Chicago.

Most of my colleagues are familiar with Mrs. Collins as a result of the CBS "60 Minutes" program on the West Side Preparatory School which she founded. Mr. Speaker, the "60 Minutes" program highlighted the fact that the West Side Preparatory School is simultaneously a haven for discarded and educationally neglected children and an institution where educational excellence and a thirst for knowledge are encouraged. Central to the success of the West Side Preparatory School and the educational achievements of its students has been Mrs. Marva Collins.

Mr. Speaker, scholars, administrators, teachers, and parents alike across the Nation marvel at the seeming miracles that Mrs. Collins has achieved with children who were labeled by other schools as retarded, troublesome, and uneducable. Many ask what secret prescription Mrs. Collins has or what new educational teaching technique she employs to reap these results.

Mr. Speaker, I think that Mrs. Collins would respond and explain her uncomplicated yet effective methodology by saying that she gives the children at West Side Preparatory School an extraordinary amount of attention, the motivation to learn, the knowledge they need, and a sense of their responsibility to share that knowledge with the community. Her unfaltering commitment to those goals has been so successful that the test scores of her students have surpassed the national standards in reading and math.

What is remarkable to people who do not really understand the length and breadth of what Marva Collins is giving her students is that she has attained what many call educational miracles without the help of public funds. Instead, Mr. Speaker, she has used her own courage, commitment to excellence, and the will of parents to secure a good education for their children to underwrite and undergird her efforts at West Side Preparatory School.

Additionally, Mr. Speaker, Marva Collins has exemplified the courage of her convictions by using her talents as an educator within the West Garfield Park community in which she grew up and in which West Side Preparatory School is located. Finally, Mrs. Collins has held steadfastly to the philosophy that if we equip our children with the proper education, motivation and quench their natural curiosity and thirst for knowledge of the world, they can and will achieve.

That brings me to the conclusion that Marva Collins is not a miracle worker. However, she is a dedicated teacher and the kind of person we need in classrooms throughout this Nation. Her perseverance and commitment to young people serves as a shining example to us all and a beacon of hope for the future of quality education for our children.

At this time, Mr. Speaker, I insert in the RECORD an article on Marva Collins which appeared in the Washington Post.

[From the Washington Post, May 31, 1981]

MARVA COLLINS: MIRACLES THE HARD WAY

(By Juan Williams)

CHICAGO.—Marva Collins, teacher extraordinary, lives here on West Adams Street in a brownstone, a few broken bottles from a vacant lot covered with bricks and garbage, houses with doors hanging off the hinges and ragged children running the streets, begging change.

This is the same Marva Collins who was the hero of a "60 Minutes" television show. The same Marva Collins whom producers paid $100,000 for the story of the successful slum school she started so Cicely Tyson could play her in a TV special set for the fall. This is the Marva Collins who has been offered and has rejected the job of superintendent of the Los Angeles public schools, said no to the request that she be head of the Chicago school board and turned down an offer of $1 million to start her own chain of Marva Collins' schools.

"I've lived in this neighborhood 21 years by choice," Collins, a bean-thin woman over six feet tall, says between the repeated buzzings of the doorbell by small children who want to know if they can work for a dollar and, if not that, then borrow a piece of bread.

"I want to live here," she says. "This is where I come from and where I belong. I take the bus, too. I am one of the few positive things around here, and I want to be here all the time. I'm not running to the suburbs like most black teachers."

This Chicago neighborhood—West Garfield Park—is where Marva Collins started a private school five years ago, West Side Preparatory, that has proved wrong all the public school teachers and principals who say poor black children in crowded city neighborhoods can't be expected to learn. Collins dismantled all the excuses for public school failures by taking in 18 children the Chicago public schools had discarded as being retarded, troublesome and truant and bringing them above national test standards in reading and math. And she did it with no public money.

Now Collins is famous, and the school is no longer on the top floor of her house. It has moved three blocks to an old office building on West Madison Street, this ghetto's main street, complete with iron gates covering every storefront and a huge broken clock, stuck at a quarter of 12, which hangs over a major intersection and seems to say that this whole section of town is broken down.

Upstairs in the old building, across from the broken clock, Marva Collins is working. Her school has grown from one teacher and 18 students to six teachers and 200 children in grades kindergarten through sixth. The walls are layered with grade "A" student papers.

"I've had teachers and school officials from all over the world and every state in the nation come visit me looking for the answer to how I teach these children. It is as though I had some trick or instant soup—you know, you just add water and it's all there," says Collins. "They have even stolen the papers off the walls as if there were some secret in them.

"There's no secret to it," she says. "I believe in two-by-four teaching: the two covers of the book and the four walls. That and some strong legs to hold me up all day is all I need to stay right on top of these children. . . . If they say 'tham,' I'm right there to say 'them,' spell it and pronounce it for them. There is none of this 'come to me if you need help' like in the public schools. How do they know if they need help?"

Collins is a taskmaster, keeping a grim, even angry face as she patrols her classroom, stopping to drill one child in vocabulary, then snapping out surprise questions to other children.

"I've seen where people write that Mrs. Collins is a miracle worker for getting us to learn," says Erica McCoy, a sixth grader who was put out of Catholic school for misbehaving. "That's not true. Mrs. Collins just works hard."

This day starts with math for all 37 students in Collins' class. They go over questions on a mimeographed sheet as Collins walks between the cramped desks. She looks over shoulders, asks questions, sometimes stops the whole class to do a problem at the board. After an hour of math, half of the class begins to read an English textbook quietly for 30 minutes while the other half reads aloud stories that Collins has mimeographed, and then they answer questions about the story. If a child has a problem reading a word, Collins has him say it by syllables. If the child still can't get the word, Collins will write it on the board the way the child mistakenly said it. When the class has the word properly pronounced, they go on to its definition and then its derivation. When the half-hour is done, the other half of the class begins working on the mimeographed stories while the first group switches to the English textbooks.

Then there is an hour of spelling tests and quizes; an hour of dictation; an hour of vocabulary, and finally a little time for Latin and a discussion of current events in which Collins keeps asking the children to say what they think—to make a judgment.

Collins' students react to her and the work before them as challenges. They are going to prove that they can do it. They are going to show the world that they have been underestimated. So Collins' questions are answered in rapid fire. Two students answer a question, racing to see who can get the answer out first. The classroom is electric with the energy of a crusade. Some newcomers to the class bristle at the atmosphere and require private work with Collins before school to become adjusted. As a result, she plans to stop taking new students in the upper grades next year. But most students respond to Collins as if in the woman and her class they have found their life's purpose—someone who treats them as serious intellects.

All the while Collins is on her feet, roaming the room, prodding students, demanding full attention and silence, stroking students one minute, glaring at them the next. "You only know one-half the answer," she once said to a student. "I tell you what. I'll tell your mother to give you only half your dinner."

"I don't talk down to them," says Collins. "I don't think of them as poor children, children with no fathers, no food, no money. I have a child here who has been to 14 other schools, and they all said she couldn't learn. When they come in here I say 'Welcome to success. Say goodbye to failure. You are here to stay. You are going to learn. If I have to love you more than you love yourself, I'll do it. I'm not going to call your mother. I'm not going to call your father. There is no principal here. I'm too busy teaching. You are here to stay.' "

Collins, who quit her job as a public school teacher after 14 years and cashed in her $5,000 pension to buy books and desks to start her school, does all she can to avoid sending her sixth-grade graduates back to public schools. She tells stories of teachers in public schools coming to school stoned on marijuana and teachers telling her that black children can't learn. She says most public school teachers she knew couldn't speak well or spell words correctly themselves. Collins is not only hard on public school teachers; she fired two from her own school this year.

To keep her students away from public school teachers, Collins is now searching for a building to buy so she can start her own junior high school. Her plan is to have a kindergarten-through-12th-grade school in the next five years.

Parents seem to agree that Collins' West Side Prep is better than other schools; "I send [Erica] here because this is the best education a black man can get for his child in this city," said Eliza Winter, a post office worker, as he brought his 5-year-old to the school. He pays $125 a month in tuition.

"Compared to public schools, it is like night and day," says Winter. "Erica can read. My two others couldn't read when they had been in public school for a few years. She's more outgoing. She is more aware of the situation in the world."

Collins says she would not send her students back to public schools even if busing helped to get them into the best Chicago has to offer. "I'm not in favor of busing," she says. "I want them to stay right here. There is a lot of building and work to be done right in this neighborhood. I don't want them going to some neighborhood where they are not wanted. They are wanted here.

"My payoff will come when these children grow up and come back to live in this neighborhood," Collins says. "I could have gone to Los Angeles or Washington, but I don't think there are enough good people really doing the dirty work of education in the classroom with the children who need help. When these children finish school and come back, they are going to make this neighborhood into something that people will be trying to get into, not leave."●

A SALUTE TO VIETNAM VETERANS

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. LANTOS. Mr. Speaker, my wife Annette and I have just returned from one of the most remarkable—and moving—Fourth of July celebrations in my memory. The city and county of San Mateo, Calif., devoted the Fourth of July weekend to our Vietnam veterans, honoring them with a grand parade, a picnic, special receptions and ceremonies, and a band review and military show. The 101st Airborne Division, which was adopted by the city of San Mateo during the Vietnam war, took part in these patriotic festivities. Mr. Speaker, I was proud to be a part of "Vietnam Veterans Recognition Days," July 4 and 5, and draw to your attention the following article which appeared in the San Mateo Times, July 6, 1981.

SAN MATEO'S SALUTE TO VETS GAINS NATION'S NOTICE

(By George Golding)

San Mateo proved itself the little city that could by throwing a Vietnam Veterans Recognition Days event this weekend that attracted national attention.

During the weekend of memories and memorials, the city and its citizens took part in Redwood City's giant Independence Day parade, shared sandwiches and small talk during a community picnic in Central Park, held a formal reception Saturday night and a memorial ceremony Sunday morning, and then capped the observance with a military show and band review at Bay Meadows.

"It's been just grand," said ex-Mayor John Murray late Sunday afternoon. "People have been swell.

"I got phone calls this morning before I left home from all three television news networks in New York, they were so interested.

"One of them asked me: 'Why San Mateo?'

"I answered: 'Why not?'

"Actually, I think it was the adoption—the fact that we adopted Company A of the 101st Airborne Division back during the Vietnam war, and welcomed them home. Then, when we got to thinking about recognizing our Vietnam veterans, it all came together."

City officials and citizen committee members who put together the observance did so in about four months, and did not know until two weeks ago that the 101st Airborne actually would send some of its units across the country to take part.

Within those final two weeks, plans for entering a Screaming Eagles float in the Redwood City parade, plans for the Eagles to march in that parade, plans for the community picnic Saturday and the band review Sunday were juggled, reshuffled, and finally firmed up.

The Tien Mu Mamas Folk Dance Group from Taipeh City was fit into the program after being invited by Mayor Donna Richardson and agreeing to pay their own way to America. Thirty-three of the 80 housewives who belong to the group flew in to take part in the Saturday night reception at the Villa Hotel, and to join in Sunday recogitions.

All weekend long, members of the 101st Airborne Assault Division played leading roles in the city's observances. As adopted sons of San Mateo, they appeared in the morning parade, refreshed themselves during the afternoon picnic, and were honored during the Saturday reception.

On Sunday, they honored the nation's dead in ceremonies at Golden Gate National Cemetery in San Bruno, and closed the show as the final marching unit in the band review at Bay Meadows Sunday.

But the unexpected stars of that show were 40 civilians whose T-shirts bore the legend "Vietnam Young Vets."

Part of a group of 70 members from the Veterans Administration Hospital in Menlo Park, the Young Vets are in part a choral group, in part a self-help organization to assist troubled veterans in making their way successfully in civilian life.

An estimated 5,000 people sat in the Bay Meadows grandstands under alternately sunny and cloudy skies as the Young Vets alternated between cheery choral music and outbursts of individual pathos.

"First of all," said one speaker, a veteran of the Marine Corps, "I am proud to be a veteran."

He then explained how he had been welcomed home from Vietnam by people who called him a "killer."

Another veteran who had won medals for valor and heroism and for risking his life, told how, upon his return, he had lost his wife, and nearly taken his own life in despair.

"They called us things that hurt inside," read another Young Vet from a poem he had written.

And then the group sang "Perfect Harmony."

"It has been a long time coming home," said one member.

And they sang "Shenandoah."

They told how they had battled drugs and alcohol.

And sang "We All Need Somebody to Lean On."

They told of being prisoners of the Viet Cong and seeing their buddies killed.

And sang "What the World Needs Now is Love Sweet Love."

Time and again, the Young Vets brought thousands of people to their feet, clapping. Time and again they brought tears to the eyes.

"San Mateo has outdone everyone in the United States," said the group's director. "We love you. We hope you stand by us."

And they closed their performance with "Take Me Out to the Ball Game."

Parachutists dropped from the skies, members of the 101st Airborne rappeled to the ground on ropes slung from a helicopter, and Master of Ceremonies Peter Cleveland introduced Mayor Richardson, ex-Mayor Murray, Lt. Col. John McGurk, and Lt. Gen. R. Dean Tice.

Members of the Concord Blue Devils Drum & Bugle Corps marched, members of the 159th Army band played, members of the smart-stepping Coast Guard drill team pivoted and slapped rifles, and people smiled and cried and shook hands and went home.

"I hope this will not be just a yearly thing," said Cleveland as he closed the afternoon's official events.

"I hope that what we have done here this afternoon will go on."

DO NOT BE BEASTLY TO CONGRESS

HON. KEN HOLLAND

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. HOLLAND. Mr. Speaker, believe it or not, in Newsweek's issue of July 13, 1981, there was an article written by Norman J. Ornstein, professor of politics at Catholic University, which told the truth in print, for no fee, at last, about the conditions Congress, with the help of the Democratic and Republican leadership, has imposed upon itself. At the end of this Congress, we will probably see more good, hard-working, decent Members evacuating these premises unless our leadership somehow takes the lead in removing such onerous burdens as the outside earnings limitation, the pitiful $3,000 tax deduction for Washington living expenses, the absurd cap on executive and congressional pay, and the ridiculous image we have painted of ourselves. Perhaps my colleagues will be interested in reading this rare bit of journalistic honesty which Newsweek presented, and so it follows:

DO NOT BE BEASTLY TO CONGRESS

America's second favorite indoor sport is knocking politicians. True, this has long been the case—it goes back well before Mark Twain referred to Congress as America's only native criminal class, or Will

Rogers said we have the best politicians money can buy. But lately, the criticism of our government and our leaders has been at almost a fever pitch. If the news on Congress doesn't focus on Abscam, sex scandals or alcoholism, it features tales of overseas junkets, overgenerous political perks or oversize Congressional office buildings. Political cynicism and public bitterness over our politicians' venality are rising at an even faster rate than the national debt.

None of the news stories are made up, but they tell only a small part of the story. I have watched Congress and Washington closely for more than a dozen years, most of it from the outside, and I can add with total confidence the following startling assertions:

1. Congress is clean and honest. I would bet a lot of money that the proportion of alcoholics, drug abusers, homosexuals, bribe takers and sex maniacs is no greater in Congress than it is among any other group of people with similar high-pressured jobs, whether they be doctors, lawyers, dentists, journalists, bankers or industrialists. In fact, it is probably less. But a congressman sleeping with a lobbyist or even his own wife (if it's on the Capitol steps) is news, while a businessman's affair is not—and even if the latter makes the headlines, it's not generalized in the same way. The plain fact is, however, that the overwhelming majority of people in Congress are of the basic, dull, family-oriented variety.

2. Congress works hard. The average member of Congress works 70 to 80 hours a week on public business, ranging from committee hearings to floor debate to meetings with constituents. The workweek is usually seven days, four or five in Washington and the weekend back in the district—a nomadic existence that strains family life and physical well-being. Everyone derides Congressional recesses, including the President, and newsmen are especially fond of poking fun at the Congress's own term for them, "district work periods." In fact, they are district work periods. Most legislators go back to their districts and work long hours—meeting with individuals, visiting senior-citizen homes or community centers. We all try to have it both ways: we accuse the member of Congress of "losing touch" if he doesn't spend a lot of time back home, and of "laziness" if he misses a vote or a meeting in Washington—but then we deride him when he tries to meet all our demands.

3. Most Congressional "junkets" are in the public interest. It is the rare trip that is taken for pleasure alone. Most Congressional travel is brief, with as much time in the air as on the ground, and involves far more work than play. Our domestic and foreign policies are shaped by Congress; we need to have congressmen travel. We would be in a fine mess if we forced our legislators to become insulated from the outside world. We cannot possibly set the best policies for the United States in agriculture, arms sales, energy or any other area without seeing how our key allies in Europe do things or how they feel about our policies. We also need direct contact with the Russians, the Chinese, the Salvadorans and every other nation. Congressional trips inform and educate, and an informed and educated Congress is in everyone's interest.

4. Congress's working conditions should be improved. Capitol Hill is filled with uncomfortable offices. It may be hard to believe—for those who read about expensive, posh office buildings (and the cost overruns are inexcusable)—but, despite the odd exception, legislators and their staffs do not luxuriate in plush offices with fancy furniture. They sweat and strain in overcrowded offices with too many people and too much noise. Few if any businesses would tolerate such a setup. Congress should have better office arrangements.

5. Members of Congress are underpaid. Every attempt to increase Federal pay results in a cacophony of screams of outrage. Of course, it is hard for the average citizen to feel sorry for a poor congressman trying to get by on "only" $60,000 a year. But the fact is that in Washington—where a truly modest family home in a decent location goes for $200,000 and up—$60,000 does not go very far. This is especially true for a member of Congress, who must maintain two residences, including one in the district. Moreover, for most members, serving in Congress means a substantial financial sacrifice; their "peers"—lawyers, lobbyists and consultants—command anywhere from two to five times a Congressional salary. Our best public servants regularly receive lucrative opportunities out of government. We should keep Congressional pay at a level where legislators like Sen. Pete V. Domenici (with eight kids waiting to go through college) are not forced out of public life because they can't afford it.

I am well aware that many people will greet my claims about Congress with disbelief and outrage. But many others—including, I suspect, some who make their living reporting on Congressional scandal and sloth—will recognize their truth. I hope the latter group will start to echo my themes, or at least to counter some of the worst negative excesses. I hope that people and organizations with some clout and prestige will apply some resources to recognizing and rewarding our best public servants, instead of publicizing and emphasizing our worst.

For the foreseeable future we will be living in a political system where citizen demands exceed public supplies, where government services are cut back and redistributed, taking more from some than from others. There is no better way to commit societal suicide than to reinforce the erroneous belief that Congress is a collection of corrupt, venal, greedy and hypocritical characters who, by extension, make unfair and illegitimate decisions. I for one would rather have Congress making tough decisions than any other legislature on earth, or than any other collection of people I could name.●

DR. BERTRAM GROSS ON THE MEANING OF PATRIOTISM

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. CONYERS. Mr. Speaker, that there is in America today a rising tide of bigotry, sectarianism, and political extremism should not be a matter of doubt. The reasons for this shift in opinion and attitudes are numerous, among which can be found the cumulative effects of years of economic dislocation and insecurity, rising popular discontent and the instinct for scapegoating, and the presence in Washington of a new breed of crusading ideologues who seem bent on total victory for their side.

It is in this context that I wish to bring to the attention of my colleagues a major commentary on the meaning of patriotism written by Dr. Bertram Gross, that appeared in Newsday, July 5, 1981. Dr. Gross examines carefully the traditions of patriotism in this country, and makes the important distinction between a tolerant and constitutional patriotism, on the one hand, and a sectarian and extremist notion, on the other. The former Executive Secretary of President Truman's Council of Economic Advisers, architect of the Employment Act of 1946, and subsequent full employment legislation, and currently distinguished professor of public policy at Hunter College in New York, Dr. Bertram Gross is in a position to speak to the distortions in the meaning of patriotism that are so widespread today.

[From Newsday, July 5, 1981]

MY PATRIOTISM COMES OUT OF THE CLOSET

(By Bertram Gross)

I have a secret that I can keep no longer.

If it were a purely private affair, I would keep it within the family. My wife already knows it. My children suspect it—and I have seen that it makes them uncomfortable.

But many others have the same secret—and are afraid to admit it. Maybe I can help them bring it into the open.

If it were an easy secret to reveal, I would have done it long ago. particularly in the classroom, where candor is important. Last semester, when we were debating public policy and the budget, I almost let the cat out of the bag. But I was afraid of being met with indulgent ridicule.

Now, on this Independence Day weekend, I have resolved to free myself from that fear and come out of the closet.

I love America!

My country is beautiful. But I do not love America merely for the physical beauty exalted in patriotic songs. There are more rocks and rills in Scotland, more templed hills in India, more purple mountain majesties in the Andes or the Himalayas. The waves of grain are just as amber in Argentina, Australia and Canada. The skies over Africa may be more spacious. All seas shine in the moonlight. We have no alabaster cities and none undimmed by human tears.

How do I love America? I cannot count the ways.

I love America for the freedoms that many of my people have won and that my family has been able to enjoy. I love my country for the great promise in the Bill of Rights and the vigor with which many Americans have fought for those rights against the concentrated power of a privileged few.

I am thrilled by the energy bred from my country's enormous diversity, by the common decency and openness of most Americans and by the "Don't tread on me!" resistance to snobbism and elitism. I am proud of the historic progress during my lifetime in fighting against racism, sexism, classism, ageism and homophobia.

I love my country's history as it is truly told. I honor the memory of well-known heroes—from Tom Paine to Martin Luther

King, Jr. I honor still more the unhonored heroes and heroines—poor white, black, Hispanic and native American—who struggle daily against the fearful odds of desolation and hopelessness in urban ghettos and rural slums.

I am proud of the ceaseless creativity that, like a wild flower, pushes up through the crevices of corporate and government hierarchies. One can hardly think of an innovative idea for human betterment—whether through self-help or group action—that is not being tried someplace in this country, perhaps just around your corner. Some of the flowers are crushed in the bud. But ask not "Where have all the flowers gone?" without first looking. Now, in the early 1980s, I see more flowers than there were a decade earlier.

I am in love with the English language—and especially the American variant, including our slang. I love our poetry, music, painting, dance, theater and even some of our movies. I love Philadelphia, where I was born, and Syracuse, Detroit and Berkeley, where I have worked as a teacher. And I have always loved New York City—especially Harlem, which I used to visit as a child, the South Bronx, which I visit now as a member of a new Research and Strategy Center located there, and Greenwich Village, where I now live—and even the poverty-stricken subways that get me there.

My patriotism is not exclusive. I admire an old statement by Mahatma Gandhi: "My patriotism is inclusive and admits of no enmity or ill will. I will not hurt England or Germany to serve India." As for me, I would not hurt Iranians, Russians or Cubans to serve this or that administration in the United States.

I go along with Mary Parker Follett, one of the many American women whose wisdom has been forgotten or ignored. "We are not wholly patriotic," she wrote in 1918, "when we are working with all our heart for America only. We are truly patriotic only when we are working also that America may take her place worthily and helpfully in the world of nations."

Even more than in 1918, our independence should not be used to deny interdependence. We Americans are first and foremost earthlings. As a privileged earthling, I sometimes travel around this wondrous planet. I enjoy the love and affection of family members and friends in other countries. Whenever I return to America, or course, I feel, "Home at last." The polluted air of New York City is in many ways fresher, and healthier, for me than the cleaner air in some cities abroad.

But I am not now and have never been an "America Onlier." My love for America does not imply hate or disrespect for foreigners. I give them the same respect in my country that I expect—and have usually received—when visiting theirs. If some Americans are superior to some foreigners in some ways, this gives me no right to proclaim any form of inherent, all-encompassing American superiority.

My love is not blind. A loving parent is able to see his children's faults, even if tending to exaggerate—as some say I do—their virtues. This does not mean withdrawing love and offering to give it back if and when the child behaves better in your judgment. A loving parent tries to understand the nature of a child's faults, to help correct them where this is possible or—as is often necessary—to correct his or her misperception. So it is between wives and husbands. So it is with one's country.

"Our country, right or wrong!" declared naval officer Stephen Decatur more than 150 years ago. Since then, his words have too often been repeated in a manner suggesting that we should close our eyes to wrongs. Carl Schurz, therefore, made an historic addition: "When right, to be kept right. When wrong, to be put right." Both, of course, were referring mainly to the right or wrong decisions of government officials, not necessarily of the country or people as a whole. Neither was arrogant enough to suggest that he always knew the difference between right and wrong. On some issues this is a hard distinction to make—at least until we have heard opinions on all sides.

Love of country, as I understand it, means commitment of the time and energy needed to learn from the clash of both expressed opinions and unexpressed interests. It means defending the First Amendment, the rights of others to speak out on behalf of what you believe wrong. To me, it often means using my First Amendment rights in an effort to open the eyes of more Americans to the grievous wrongs inflicted by some Americans on other Americans and on people in other countries.

There are many wrongs—far too many for my comfort. I shall not try to list them. Nor shall I suggest that somewhere there is a magic scale on which they could be balanced out by an equal or even a larger number of good things. Two rights may not undo a wrong, particularly when a wrong—whether it be slavery or the war waged by American presidents in Vietnam—has long-lasting effects and after effects.

Today, I am terrified by those who seem willing to terrify the world (and American dissenters) in the name of fighting terrorism. I am upset by those who, in the name of democracy, would diminish it or, in the name of fighting Soviet communism, threaten to commit nuclear suicide. Above all, I am terrified by those who commit these wrongs in the name of patriotism.

As far back as 1796, George Washington warned against this tendency. In his farewell address, he distinguished between real patriots and false patriots. He pointed out that "real patriots who may resist the intrigues" of false patriots "are liable to become suspected and odious." while the false patriots "may betray or sacrifice the interest of their own country without odium."

Among the false patriots, as I interpret his words (which foreshadowed Dwight Eisenhower's farewell warning against the military-industrial complex), were the people even then trying to build "those overgrown military establishments which, under any form of government, are inauspicious to liberty and which are to be regarded as particularly hostile to republican liberty."

This confusion between false and genuine patriotism is what led Samuel Johnson to make his famous remark, "Patriotism is the last refuge of a scoundrel." And it was certainly the observed behavoir of scoundrels that led Ambrose Bierce, in his "Devil's Dictionary," to correct Johnson by saying: "I beg to submit that it is the first."

I beg to submit that genuine patriotism is not a refuge of any kind. Like other forms of love, it is one of the guiding principles of humankind.

Why then are so many genuine patriots unwilling to come out into the open?

I have seen a few explanations. According to Francis Coker, an old-time professor at Yale University, there are divisive and exclusive patriots who "insist that the country must always be set above the rest of the world and . . . in the name of patriotism conduct a virulent propaganda against economic and political measures of which they disapprove."

In his book, "Militaris, USA," retired Col. James A. Donovan of the Marine Corps identified the *dangerous patriot as follows: "The one who drifts into chauvinism and exhibits blind enthusiasm for military actions.* He is a defender of militarism and its ideals of war and glory. Chauvinism is a proud and bellicose form of patriotism . . ."

With an insider's gift for well-observed detail, Donovan relates this dangerous patriotism to the "vast, expensive, and burgeoning military-industrial-scientific-political combine which dominates the country."

A few years ago the late Kalman Silvert of New York University observed that "People who wrap themselves in the flag and proclaim the sanctity of the nation are usually racists, contemptuous of the poor and dedicated to keeping the community of 'ins' small and pure of blood, spirit and mind."

The people described by Coker, Donovan and Silvert have usually been the very scoundrels against whom Johnson and Bierce were warning us. Most of them define patriotism as loyalty to themselves, their organization or the regime, not to the Constitution, the country or any higher principles of morality. If some of them love the country, the Constitution or the American people less, it may be because they love the almighty dollar—or the almightier bomb—more.

The upshot of all this is that the symbols of nationhood—indeed, the very concept of patriotism itself—have been sullied. That is why true patriots are ashamed to use them.

There is something touching—indeed, admirable—about this self-denial. I know many dedicated patriots who believe that action is more important than words, that acts of love are more meaningful than declarations. In fact, they are accustomed to being attacked as unpatriotic if they act to defend, let alone extend, democracy.

Consider the case of Wendell Phillips, the abolitionist. It was he who used the now immortal phrase, "Eternal vigilance is the price of liberty." That was in 1852. He was attacked as unpatriotic. After slavery had fallen, he advocated women's suffrage and was again attacked on the same ground. Not long ago, people who were "prematurely" for civil rights or against the Vietnam War were smeared as paid or unpaid foreign agents.

Today, liberty is being attacked on many fronts. Washington bureaucrats are trying to undermine the Freedom of Information Act, compile computerized dossiers, authorize FBI or CIA break-ins and mail covers and deny poor people the right to equal justice under the law. Judges have rendered decisions that undermine the freedom of the press and the right to a jury trial. The Senate Judiciary Committee's subcommittee on internal security and terrorism has encouraged a "friendly witness" to smear an antinuclear group, Mobilization for Survival, as a "Soviet front." Meanwhile there has been a dangerous revival of anti-Semitism, the Ku Klux Klan and the neo-Nazis.

Fortunately there are those who truly believe in eternal vigilance. They have organized. They have protested. They have defended the Bill of Rights. They have given pause, I think, to those who would tear it to shreds.

The American Civil Liberties Union is one of these groups. So is the National Emergency Civil Liberties Committee. And so is Mobilization for Survival. The brave and farsighted Americans in these and similar groups are often criticized for "overreacting"—a term used by armchair liberals in excusing themselves for abstention from vigilance. All are smeared as unpatriotic by extremists.

If Mark Twain were alive today, he would probably use the same language against the armchair liberals that his Connecticut Yankee used against anybody who would not agitate against repression: "He is a traitor." And he would probably turn the tables on the militarists and the terrorism senators—Strom Thurmond (R-N.C.) and Jeremiah Denton (R-Ala.)—by calling them unpatriotic, even un-American.

But I am against name-calling. That is the game of the false patriots who today are trying to do, in a more sophisticated manner, the kind of work done very crudely many years ago by Martin Dies, Richard Nixon and Joseph McCarthy.

I favor the accurate use of the American language. That is why the guardians of our freedom should overcome their hesitations. Let them come out the closet. Let them stop hiding their patriotism. Let them boldly pick up the flag that the extremists have dragged into the mud. By so doing, they may help energize more of the people who openly love America to join in exercising the eternal vigilance on which the maintenance and enlargement of our freedom depend.●

DOUBLE DIPPING AND THE MILITARY PAY RAISE

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. FORD of Michigan. Mr. Speaker, this week the House will continue consideration of H.R. 3380, the Armed Forces Pay Act of 1981. In the companion report, the Armed Services Committee lists three primary purposes for the bill, one of which is to provide certain increases in special pays and bonuses that are designed to assist in attracting and retaining individuals in critical skills in the uniformed services. It is noteworthy that the rule under which the bill is to be considered was adopted with a minimum of disagreement on the merits of this bill. It is ironic that the House adopted a budget reconciliation resolution that rejected a proposal which would have accomplished this goal by eliminating a major incentive which undermines the military's ability to retain skilled personnel. I refer, of course, to the Dual Compensation Act of 1964 which the Post Office and Civil Service Committee had proposed to amend to bar double-dipping by military retirees.

Because of the intervening days of the Independence Day recess, I would like to refresh the memories of my colleagues regarding the issue of double-dippers and the proposal of the Post Office and Civil Service Committee. In compliance with the spending reduction instructions of the reconciliation bill the committee proposed to amend the Dual Compensation Act of 1964 to provide that military retirees, with certain exceptions, would have their civil service pay reduced by the full amount of their military retired pay, thereby ending double-dipping. This proposal not only makes good fiscal sense, it makes good commonsense. Not only would it save the Federal Government an estimated $870 million in fiscal year 1982, it would eliminate a major incentive which encourages military personnel to leave the services when eligible and immediately become employed in the Federal civilian sector.

As soon as the committee's double-dipper proposal was published it was attacked and labeled as unfair and deceptive. I responded to these spacious charges in a statement to my colleagues on June 17, 1981—CONGRESSIONAL RECORD, H3061. In that statement, I pointed out the disparity between military retirement and Federal civilian retirement; the pay inequities between military retirees who are full-time civilian employees of the Federal Government and other civil service employees; and most important, the boost to armed services retention efforts if this incentive were eliminated.

My June 17 statement also provided data on the current average total compensation—retired pay and civil service salary—of military retirees which is reproduced below:

	Military retired pay	Civil service pay	Total compensation
Officers	$14,640	$30,190	$44,830
Enlisted	8,510	19,275	27,785
Combined	9,690	21,250	30,940

Under the committee's proposal, the total compensation of these retired military personnel would be reduced to an amount equal to their civil service pay.

In contrast to the compensation of military retirees, the average annuity of retired Federal employees is approximately $11,000 and the average annuity of survivors is approximately $4,700.

We do not know how much of a cost-of-living increase military retirees will receive or exactly when the increase will go into effect. However, we do know that the reconciliation bill provides a pay raise benchmark of not more than a 4.8-percent comparability raise for Federal civilian employees. If that percentage raise is adopted, military retirees who are civilian employees will benefit. The following shows the increased compensation double dippers will receive with the civilian pay raise alone:

	Military retired pay (current)	Civil service pay (Oct. 1, 1981 raise)	Total compensation
Officers	$14,640	$31,639	$46,279
Enlisted	8,510	20,200	28,710
Combined	9,690	22,270	31,960

The foregoing data illustrates the increased average compensation double dippers will receive effective October 1, 1981. In addition, they will receive an increase in their military retired pay that has yet to be determined.

Mr. Speaker, if we are serious about reducing Government spending, we should be considering a bill to remove the inequity and unfairness of providing military retirees with dual compensation. The situation that required legislation to ease the transition from military to civilian government employment no longer exists. Rather, there has been a dramatic reversal of personnel needs. It is the military that is now experiencing difficulty in retaining skilled personnel. There is no question that this situation is aggravated by the Dual Compensation Act of 1964 which serves as a strong incentive for military personnel to serve the minimum number of years for retirement purposes, then become employed by the Federal civilian Government and receive double compensation, full military retired pay, and full civil service salary.

There is no justification for continuing dual compensation for military retirees who are civil service employees. These retirees receive retirement pay plus other benefits for which they make no contribution.

In terms of equity, no individual should receive both retirement and pay based on Federal service and salary for active Federal service during the same period of time. In terms of the military's manpower shortage, there is no reason to retain an incentive which exacerbates this problem.●

SHARON KNIGHT

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. FIELDS. Mr. Speaker, I was deeply saddened to learn of the death, June 11, of a truly outstanding and inspiring resident of the Eighth Congressional District of Texas. Sharon Knight was deservedly honored in May of this year when she graduated as valedictorian of the 1981 class at C. E. King High School in Houston.

Sharon, the daughter of Leonard and Carole Knight of 8530 Mayhaw, was the recipient of the Mary Gibbs Scholarship. She maintained an A average throughout high school and did not miss a single schoolday in 4 years. Her name will appear in the 1981 edi-

tion of International Youth Achievement, an international publication recognizing some of the world's most outstanding young people.

Sharon's high academic achievement and the joy she brought to all who knew her made her sudden death all the more tragic. I know you join with me in extending sincere condolences to her family and friends.

Mr. Speaker, in memory of Sharon Knight, I would like to submit for the RECORD a copy of her valedictory address delivered May 29, at C. E. King High School. I am sure you and my colleagues will find it as inspirational as I did. Thank you, Mr. Speaker.

SPEECH BY SHARON KAY KNIGHT

Good evening, distinguished guests, ladies and gentlemen.

It was the choice of this 1981 graduating senior class to make the following declaration by John F. Kennedy its class motto:

"Let the word go forth from this time and place to friend and foe alike that the torch has been passed to a new generation of Americans. . . ."

Let the word go forth from this time and place to friend and foe alike. This assertion exemplifies by its openness, the confidence which Americans have in their youth. This confidence is best justified by the education of today. Of course, schools should train the use of words and numbers, and properly give skills needed in a trade or business; however, their most pertinent duty is the teaching of individual thought, imagination, and action, because the very core of Americanism, which is based on individual responsibility, is individual liberty, a cherished fundamental right. However, the price of its continued possession is an untiring alertness.

That the torch has been passed. The torch is an untiring alertness to all things that would be a menace to freedom and liberty. It is the responsibility of all persons. However, this does not mean that we as individuals should try to take on the world. The distingushed lawyer and champion of civil liberties, Clarence Darrow, once stated, "You can only protect your liberties in this world by protecting the other man's freedom. You can only be free if I am free. The same thing that might get to me may be used to get to you . . ."

Consequently it is our responsibility to create goals based not only on personal gain, but also on the gain of all people.

To a new generation. These few key words suggest that the young Americans are now capable of these responsibilities. A person is never too young to take part in his community. Alexander Hamilton, the great American statesman, was addressing large audiences at Columbia University on the topic of the American Revolution at age 17. However, today many young Americans are not participating in this country as is necessary. THEY ARE DRIFTING. Oliver Wendell Holmes, foremost protector of justice, once commented on this observation. He said, "I find the great thing in this world is not so much where we stand as in what direction we are moving. To reach the port of life, we must sail sometimes with the wind and sometimes against it—but we must sail, and not drift, nor lie at anchor."

So, it is most important for us now, while we are still young, to find a direction which we wish to take and to choose one which will challenge our very soul. Once this direction is found, our life takes on much more success. Those who fail in life often pursue the path of least persistence.

Of Americans. It is most significant that we identify ourselves as Americans, because our own character is developed on the basis of our country's character. Our self interest and patriotism are exchanging forces in our lives. In order to protect our own basic freedoms, we must work to defend America. It is not right to think of it as one great mechanism run by a few great men. America is a concept. A concept which is democracy. It is run by many diverse individuals—farmers, factory workers, shopkeepers, longshoremen, businessmen, engineers, auto mechanics, all people, including you and me.

Consequently, it is to the advantage of all of us to accept the torch and its responsibilities; to strive to perform its duties, now in our youth. If we do not, the torch will go out; then, our freedoms and liberties, the substances of a fulfilling and meaningful life, will perish.●

HUMAN RIGHTS: WHAT ABOUT CHINA?

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 13, 1981

● Mr. MICHEL. Mr. Speaker, the Communist Party Central Committee of the People's Republic of China has released a resolution concerning "certain questions in the history of our party." By this bland phrase is meant the monstrous and wholesale violations of human rights committed by the Chinese Communist Party under the dictator Mao Zedong.

The resolution praises Mao as "a great proletarian revolutionary" who made some "serious mistakes." We learn that from 1949, when the Communists took over China, to 1956, there were "brilliant successes" for the party and the people. From 1956 to 1966, however, there were "serious faults and errors." According to the resolution all the "successes" during that period can be traced to "the collective leadership of the Central Committee headed by Comrade Mao Zedong."

All of this sounds quite admirable. After all, here are the rulers of the Chinese Communist Party admitting "mistakes" and "faults and errors." What could be more fair than that?

What the rulers do not say is that these bland words—mistakes, faults, errors—do not even begin to describe the inhuman butchery, unprecedented slaughter, and indiscriminate denial of basic human and civil rights that has been the legacy of communism in China.

Nationally syndicated columist John Roche, has described that period as a time of one "of the great purges of history." During 1957 Mao himself admitted that he had liquidated 800,000 alleged counterrevolutionaries.

This figure is laughable. It is the same kind of figure that Nikita Khruschev used in describing Stalin's victims as having been in the "thousands." Mao, like Stalin, numbered his victims in the tens of millions.

On June 8, 1978, Todd Culbertson of the Richmond News Leader wrote the following about the "human cost" of Chinese communism:

According to Richard Walker, director of the Institute for International Studies at the University of South Carolina, Communist-connected casualties on mainland China may exceed 64 million persons. In just the Political Liquidation Campaigns (1949-1958), 30 million Chinese may have been killed.

Such figures are so vast, so incomprehensible that the mind cannot accept them as referring to murdered human beings. There must be some mistake, we say. There must be some unimaginable error to account for such figures.

But there is no error. By every scholarly and objective means of verification known the Western World, Mao's "mistakes, errors, and faults" led to the deaths of tens of millions. Nothing like this has occurred in human history. Nothing, not even Hitlers genocide, can match in sheer numbers and ferocity of this Communist ruler.

His henchmen still rule China. Needless to say they have turned on each other and there are and will be new purges of one sort of another. But the same philosophy that caused the genocide under Mao still is the official philosophy of China. All this talk about the "pragmatism" of the new rulers should be carefully scrutinized.

In case anyone thinks that the recent changes in China have brought forth a new day of civil and human rights consider the following, taken from a New York Times story published on January 3, 1981:

PEKIN, January 2.—Despite a recent effort to create a fair legal system and prevent a renewal of the arbitrary persecutions of the Cultural Revolution era, China still operates a vast network of labor reform camps populated by hundreds of thousands of prisoners.

This conclusion emerges from interviews with several dozen former camp inmates whose accounts presented a portrait of a system under which the work is hard, the food scanty and the punishment often brutal.

Chinese communism stands before history as one of the most bestial and depraved form of tyranny ever known. Let us remember this every time we clink glasses with its new rulers, every single one of whom bear direct guilt for the deaths of more innocent human beings than we can imagine.

Yes; we have to deal with the Communist rulers in China because the Soviet Union fears the Chinese as much as it fears anyone. Yes; we should deal with these rulers if it is in

our national interest. But we should never forget that for all their newfound pragmatism, they are heirs to a bloody and horrible legacy of dictatorship. The question we have to ask ourselves now is: At what point will our aid to the Chinese Communist enable them to gain the kind of strength that can be used against our values? I hope someone in the administration is thinking of this.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, July 14, 1981, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

JULY 15

9:00 a.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To resume oversight hearings on fiscal disparities within the Federal budget system, focusing on the commerce clause and severence tax provisions.
3302 Dirksen Building

*Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

9:30 a.m.
Banking, Housing, and Urban Affairs
Financial Institutions Subcommittee
To resume hearings on S. 1406, proposed Credit Deregulation and Availability Act, and S. 963, authorizing loans at interest rates in excess of certain State usury ceilings.
5302 Dirksen Building

Commerce, Science, and Transportation
Consumer Subcommittee
To hold oversight hearings on the Federal Trade Commission's activities relating to state-regulated professionals and professional organizations.
235 Russell Building

Judiciary
Constitution Subcommittee
To hold oversight hearings on the implementation of the Freedom of Information Act, and to hold hearings on S. 1247, S. 1235, and S. 587, bills providing for the protection of certain confidential information from the disclosure requirements of the Freedom of Information Act.
2228 Dirksen Building

Small Business
Innovation and Technology Subcommittee
To resume hearings on S. 881, to stimulate technological innovation and to increase economic productivity by using businesses more effectively in Federal research and development programs.
424 Russell Building

*Veterans' Affairs
To hold oversight hearings on procedures for the adjudication of certain claims, and to hold hearings on S. 349, providing for limited judicial review of the administrative action of the Veterans' Administration, and for reasonable fees to attorneys representing legal counsel for veterans.
412 Russell Building

10:00 a.m.
Energy and Natural Resources
Energy Conservation and Supply Subcommittee.
To hold hearings on S. 1166, to provide grants to States for low-income weatherization assistance programs.
3110 Dirksen Building

Foreign Relations
East Asian and Pacific Affairs Subcommittee
To hold hearings on U.S. policy in Southeast Asia.
4221 Dirksen Building

1:00 p.m.
Appropriations
Agriculture and Related Agencies Subcommittee
To mark up the substance of H.R. 4119, pending in the House, proposed budget estimates for fiscal year 1982 for the Department of Agriculture and certain related agencies.
1318 Dirksen Building

1:30 p.m.
Joint Economic
Economic Goals and Intergovernmental Policy Subcommittee
To hold hearings on block grants and intergovernmental systems.
2247 Rayburn Building

2:00 p.m.
Budget
Business meeting, to consider Senate Resolution 159, Senate Resolution 160, Senate Resolution 166, Senate Resolution 168, Senate Resolution 170, Senate Resolution 171, Senate Resolution 172, and Senate Resolution 173, measures waiving section 402(a) of the Congressional Budget Act with respect to consideration of pending Senate Calendar business.
6202 Dirksen Building

Governmental Affairs
Intergovernmental Relations Subcommittee
To continue oversight hearings on fiscal disparities within the Federal budget system, focusing on the commerce clause and severance tax provisions.
3302 Dirksen Building

Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

4:00 p.m.
Foreign Relations
Closed briefing on the administration's position on nuclear nonproliferation.
Room S-116, Capitol.

JULY 16

9:00 a.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To continue oversight hearings on fiscal disparities within the Federal budget system, focusing on the commerce clause and severance tax provisions.
3302 Dirksen Building

*Select on Ethics
To continue hearings on matters involving Senator Williams
6226 Dirksen Building

Joint Economic
To resume hearings on certain economic issues affecting the international economy which will be addressed by Western leaders at the forthcoming Ottawa Summit on July 19 and 20, 1981, in Ottawa, Canada.
2128 Rayburn Building

9:30 a.m.
Commerce, Science, and Transportation
Business meeting, to mark up S. 898, establishing as national policy the promotion of marketplace competition, deregulation, and reliance on the private sector to provide telecommunications services, and other pending calendar business.
235 Russell Building

Finance
Savings, Pensions, and Investment Policy Subcommittee
To resume hearings on S. 1310, proposed Urban Jobs and Enterprise Zone Act.
2221 Dirksen Building

Judiciary
Constitution Subcommittee
To resume hearings on Senate Joint Resolution 41, proposed constitutional amendment prohibiting the United States or any State from making or enforcing any law which makes distinctions on account of race, color, or national origin.
2228 Dirksen Building

Small Business
Innovation and Technology Subcommittee
To continue hearings on S. 881, to stimulate technological innovation and to increase economic productivity by using businesses more effectively in Federal research and development programs.
424 Russell Building

10:00 a.m.
Appropriations
Military Construction Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1982 for the Middle East (RDF)/Rapid Deployment Force construction programs.
1223 Dirksen Building

Commerce, Science, and Transportation
Consumer Subcommittee
To continue oversight hearings on the Federal Trade Commission's activities relating to State-regulated professionals and professional organizations.
3110 Dirksen Building

Environment and Public Works
Water Resources Subcommittee
To resume hearings on S. 809, providing for the recovery of certain expenditures of the U.S. Army Corps of Engineers for operation, maintenance, and construction of deep draft channels and oceans and Great Lakes ports of the United States, and amendment No. 31 thereto, authorizing a program to expedite the construction of deep-draft harbors; S. 810, prescribing a system of user fees to be levied on commercial transportation on the inland waterway projects, and amendment No. 32 thereto, expediting the construction of inland waterway projects, and assuring that the users of such projects repay a fair percentage of the costs of such works; and related measures, including S. 68, S. 202, S. 576, S. 828, and S. 1094.
4200 Dirksen Building

Foreign Relations
To hold hearings on the nominations of Davis R. Robinson, of the District of Columbia, to be Legal Adviser of the Department of State, Dean E. Fischer, of Virginia, to be Assistant Secretary of State for Public Affairs, Joan M. Clark, of New York, to be Director General, U.S. Foreign Service, Gilbert A. Robinson, of New York, to be Deputy Director of the International Communication Agency, and Everett Alvarez, Jr., of Maryland, to be Deputy Director of the Peace Corps.
4221 Dirksen Building

Select on Indian Affairs
Business meeting, to further discuss S. 1088, promoting the goal of economic and social self-sufficiency for American Indians, Hawaiian Natives, and Alaskan Natives, and to discuss a proposed committee report on the adequacy of Federal supervision and monitoring of oil theft on Indian and Federal lease lands.
1224 Dirksen Building

2:00 p.m.
Appropriations
Interior and Related Agencies Subcommittee
Business meeting, to mark up the substance of H.R. 4035, pending in the House, proposed budget estimates for fiscal year 1982 for the Department of the Interior.
1318 Dirksen Building

Environment and Public Works
Regional and Community Development Subcommittee
To hold oversight hearings on the implementation of the Disaster Relief Act, and to hold hearings on proposed legislation authorizing funds for disaster relief programs.
4200 Dirksen Building

*Foreign Relations
To hold hearings on the nomination of Richard T. Kennedy, of the District of Columbia, to be U.S. Representative to the International Atomic Energy Agency, with the rank of Ambassador.
4221 Dirksen Building

Governmental Affairs
Intergovernmental Relations Subcommittee
To continue oversight hearings on fiscal disparities within the Federal budget system, focusing on the commerce clause and severance tax provisions.
3302 Dirksen Building

Labor and Human Resources
To hold hearings on the scope of preventive health programs.
4232 Dirksen Building

Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

JULY 17

9:00 a.m.
*Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

9:30 a.m.
Labor and Human Resources
To continue hearings on the scope of preventive health programs.
4232 Dirksen Building

10:00 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
Business meeting, to markup the substance of H.R. 4034, pending in House, proposed budget estimates for fiscal year 1982 for the Department of Housing and Urban Development.
1223 Dirksen Building

*Environment and Public Works
To hold hearings on the nominations of Kathleen M. Bennett, of Virginia, to be Assistant Administrator for Air, Noise, and Radiation, and John P. Horton, of New Jersey, to be Assistant Administrator for Administration, both of the Environmental Protection Agency.
4200 Dirksen Building

Foreign Relations
To hold hearings on the nominations of Monteagle Stearns, of California, to be Ambassador to Greece, Robert Strausz-Hupe, of Pennsylvania, to be Ambassador to the Republic of Turkey, David Anderson, of New York, to be Ambassador to the Socialist Federal Republic of Yugoslavia, and Marshall Brement, of Arizona, to be Ambassador to Iceland.
4221 Dirksen Building

Rules and Administration
Business meeting, to consider Senate Resolution 20, providing for television and radio broadcasting of Senate Chamber proceedings; S. 778, authorizing additional funds to plan for the development of the area south of the original Smithsonian Institution building (South Garden Quadrangle); the nomination of Danford L. Sawyer, Jr., of Florida, to be U.S. Public Printer, and other legislative and administrative business.
301 Russell Building

2:00 p.m.
Foreign Relations
To hold hearings on the nominations of Richard N. Viets, of Vermont, to be Ambassador to the Hashemite Kingdom of Jordan, and John R. Countryman, of the District of Columbia, to be Ambassador to the Sultanate of Oman.
4221 Dirksen Building

Labor and Human Resources
To hold hearings on the nominations of Donald J. Senese, of Virginia, to be Assistant Secretary for Educational Research, and Improvement, Daniel Oliver, of Connecticut, to be General Counsel, Thomas P. Melady, of Connecticut, to be Assistant Secretary for Postsecondary Education, and Anne Graham, of Virginia, to be Assistant Secretary for Legislation and Public Affairs, all of the Department of Education, George A. Conn, of Maryland, to be Commissioner of the Rehabilitation Services Administration, Thomas L. Lias, of Iowa, to be an Assistant Director of the ACTION Agency, William E. Mayer, of California, to be Administrator of the Alcohol, Drug Abuse, and Mental Health Administration, and Robert A. Rowland, of Texas, to be a Member of the Occupational Safety and Health Review Commission.
4232 Dirksen Building

Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

JULY 20

9:00 a.m.
*Labor and Human Resources
To resume oversight hearings on the activities of the Office of Federal Contract Compliance Programs of the Department of Labor, focusing on Executive Order 11246, regulations relating to affirmative action.
4232 Dirksen Building

9:30 a.m.
Commerce, Science, and Transportation
To hold hearings on the nomination of George A. Keyworth, II, of New Mexico, to be Director of the Office of Science and Technology Policy.
235 Russell Building

10:00 a.m.
*Environment and Public Works
To hold hearings on S. 548 and S. 1192, bills authorizing funds for completion of Union Station, Washington, D.C.
4200 Dirksen Building

2:00 p.m.
Banking, Housing, and Urban Affairs
International Finance and Monetary Policy Subcommittee
To hold hearings on S. 868, proposed Competitive Export Financing Act.
5302 Dirksen Building

Environment and Public Works
Environmental Pollution Subcommittee
To resume oversight hearings on the implementation of Public Law 96-510, providing for the adequate and safe treatment of hazardous substances released into the environment.
4200 Dirksen Building

Foreign Relations
To hold hearings on the proposed Agreement reached by the Governments of the United States, Egypt and Israel on the stationing of a multinational force in Sinai.
4221 Dirksen Building

JULY 21

9:30 a.m.
Select on Intelligence
To hold hearings on S. 1273, providing relief to the Central Intelligence Agency and other components of the intelligence community from the burden of responding to certain types of information under the provisions of the Freedom of Information Act.
3110 Dirksen Building

10:00 a.m.
Foreign Relations
East Asian and Pacific Affairs Subcommittee
To resume hearings on U.S. military strategic policy in Southeast Asia.
4221 Dirksen Building

2:00 p.m.
Environment and Public Works
Regional and Community Development Subcommittee
To resume oversight hearings on the implementation of the Disaster Relief Act, and to resume hearings on proposed legislation authorizing funds for disaster relief programs.
4200 Dirksen Building

Judiciary
Criminal Law Subcommittee
To hold hearings on S. 1434, permitting U.S. courts to sit in judgment of cases alleging that a foreign government official violated international law.
2228 Dirksen Building

JULY 22

9:00 a.m.
Foreign Relations
East Asian and Pacific Affairs Subcommittee
To hold hearings on U.S. trade and economic policies and development problems in Southeast Asia.
4221 Dirksen Building

*Veterans' Affairs
To hold hearings on S. 5, S. 7, S. 25, S. 26, S. 48, S. 105, S. 248, S. 417, and S. 742, bills providing educational assistance to members of the Armed Forces.
318 Russell Building

9:30 a.m.
Banking, Housing, and Urban Affairs
To hold oversight hearings on the conduct of monetary policy.
5302 Dirksen Building

Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To hold joint hearings with the House Committee on Science and Technology on the operational remote sensing system.
235 Russell Building

Judiciary
Constitution Subcommittee
To resume oversight hearings on the implementation of the Freedom of Information Act, and to resume hearings on S. 1247, S. 1235, and S. 587, bills providing for the protection of certain confidential information from the disclosure requirements of the Freedom of Information Act.
2228 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Energy Conservation and Supply Subcommittee
To hold hearings on S. 506, reinstating and validating certain numbered U.S. oil and gas leases.
3110 Dirksen Building

Environment and Public Works
Business meeting, to resume consideration of S. 548 and S. 1192, bills authorizing funds for completion of Union Station, Washington, D.C., and other pending calendar business.
4200 Dirksen Building

2:00 p.m.
Environment and Public Works
Environmental Pollution Subcommittee
To hold hearings on S. 1018, providing for the protection and conservation of fish and wildlife resources.
4200 Dirksen Building

Governmental Affairs
*Intergovernmental Relations Subcommittee
To hold hearings on State governments' implementation of Federal standards relating to the Clean Air Act.
3302 Dirksen Building

JULY 23

9:00 a.m.
Office of Technology Assessment
The Board, to hold a general business meeting.
S-126, Capitol

*Veterans' Affairs
To continue hearings on S. 5, S. 7, S. 25, S. 26, S. 48, S. 105, S. 248, S. 417, and S. 742, bills providing educational assistance to members of the Armed Forces.
1202 Dirksen Building

9:30 a.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To continue joint hearings with the House Committee on Science and Technology on the operational remote sensing system.
Room to be announced.

*Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold hearings on S. 1032, and S. 1383, bills promoting the development of oil shale resources.
3110 Dirksen Building

Judiciary
Agency Administration Subcommittee
To hold hearings to review section 912 of S. 815 (Department of Defense Authorizations for fiscal year 1982), relating to liability of the United States for certain tort actions of members of the National Guard.
2228 Dirksen Building

Judiciary
Constitution Subcommittee
To resume hearings on S. 534 and S. 585, bills creating a Federal cause of action for the violations of a person's civil rights under color of State law relating to constitutional rights or laws providing for equal rights of citizens or all persons within U.S. jurisdiction.
5110 Dirksen Building

*Labor and Human Resources
Aging, Family and Human Services Subcommittee
To hold hearings on adoption services in the United States.
4232 Dirksen Building

10:00 a.m.
Banking, Housing, and Urban Affairs
To continue oversight hearings on the conduct of monetary policy.
5302 Dirksen Building

Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold oversight hearings on the implementation of the Federal coal leasing program.
3110 Dirksen Building

1:30 p.m.
Banking, Housing, and Urban Affairs
International Finance and Monetary Policy Subcommittee, and the Securities Subcommittee
To resume joint hearings on S. 708, clarifying the intent and modifying certain provisions of the Foreign Corrupt Practices Act of 1977.
5302 Dirksen Building

2:00 p.m.
Environment and Public Works
Toxic Substances and Environmental Oversight Subcommittee
To hold hearings on the environmental impact of chloroflurocarbons.
4200 Dirksen Building

JULY 24

10:00 a.m.
Environmental and Public Works
Water Resources Subcommittee
To resume hearings on S. 809, providing for the recovery of certain expenditures of the U.S. Army Corps of Engineers for operation, maintenance and construction of deep-draft channels and oceans and Great Lakes ports of the U.S., and Amendment No. 31 thereto, authorizing a program to expedite the construction of deep-draft harbors; S. 810, prescribing a system of user fees to be levied on commercial transportation on the inland waterway projects, and Amendment No. 32, thereto, expediting the construction of inland waterway projects, and assuring that the users of such projects repay a fair percentage of the costs of such works; and related measures, including S. 68, S. 202, S. 576, S. 828, and S. 1094.
4200 Dirksen Building

JULY 27

9:30 a.m.
Finance
International Trade Subcommittee
To hold hearings on proposed legislation extending the President's authority to waive the freedom of immigration provision of the Trade Act.
2221 Dirksen Building

Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold oversight hearings on research activities of the National Institute on Alcohol Abuse and Alcoholism and the National Institute on Drug Abuse.
4232 Dirksen Building

10:00 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Research and General Research Subcommittee
To hold hearings on proposed revisions of the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), Public Law 96-539.
324 Russell Building

Environment and Public Works
Business meeting, to resume consideration of S. 548 and S. 1192, bills authorizing funds for completion of Union Station, Washington, D.C., and other pending calendar business.
4200 Dirksen Building

2:00 p.m.
Agriculture, Nutrition, and Forestry
Agricultural Research and General Research Subcommittee
To continue hearings on proposed revisions of the Federal Insecticide, Fungi-

cide, and Rodenticide Act (FIFRA), Public Law 96-539.
324 Russell Building

JULY 28

9:00 a.m.
*Select on Ethics
To resume hearings on matters involving Senator Williams.
6226 Dirksen Building

9:30 a.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To hold hearings on proposed legislation to provide title to contractors receiving Federal research and development funds.
235 Russell Building

2:00 p.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To hold hearings to review alternatives for delivering public services, focusing on certain private sector involvement in social services.
3302 Dirksen Building

Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

JULY 29

9:00 a.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To continue hearings to review alternatives for delivering public services, focusing on certain private sector involvment in social services.
357 Russell Building

*Labor and Human Resources
To resume oversight hearings on the activities of the Office of Federal Contract Compliance Programs of the Department of Labor, focusing on Executive Order 11246, regulations relating to affirmative action.
4232 Dirksen Building

*Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

9:30 a.m.
*Veterans' Affairs
Business meeting, to mark-up S. 349, providing for limited judicial review of the administrative action of the Veterans' Administration, and for reasonable fees to attorneys representing legal counsel for veterans and other pending legislative business.
412 Russell Building

10:00 a.m.
Environment and Public Works
Business meeting, to resume consideration of S. 548 and S. 1192, bills authorizing funds for completion of Union Station, Washington, D.C., and other pending calendar business.
4200 Dirksen Building

Select on Indian Affairs
To hold hearings on S. 792, establishing a National Institute of Native American Culture and Arts Development.
5110 Dirksen Building

2:00 p.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To continue hearings to review alternatives for delivering public services, focusing on certain private sector involvement in social services.
357 Russell Building

Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

JULY 30

9:00 a.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To continue hearings to review alternatives for delivering public services, focusing on certain private sector involvement in social services.
3302 Dirksen Building

*Labor and Human Resources
To continue oversight hearings on the activities of the Office of Federal Contract Compliance Programs of the Department of Labor, focusing on Executive Order 11246, regulations relating to affirmative action.
4232 Dirksen Building

*Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

9:30 a.m.
Select on Indian Affairs
To hold hearings on S. 159, authorizing the exchange of certain land held by the Navajo Tribe and the Bureau of Land Management, Department of the Interior, and S. 1340, providing for the use and distribution of judgment funds awarded to the Clallam Tribe of Indians, State of Washington.
3110 Dirksen Building

10:00 a.m.
Judiciary
To hold hearings on S. 326, prohibiting a refiner, other than an independent or small refiner, from operating a gas station in the United States, and making it unlawful for a supplier to practice price discrimination in the sale of motor fuel.
2328 Dirksen Building

2:00 p.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

JULY 31

9:00 a.m.
*Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

2:00 p.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

AUGUST 24

9:30 a.m.
Select on Ethics
Closed meeting, to discuss committee procedures in its investigation of Senator Williams.
6228 Dirksen Building

SEPTEMBER 15

9:30 a.m.
Labor and Human Resources
Aging, Family and Human Services Subcommittee
To hold hearings on primary intervention in addressing societal problems.
4232 Dirksen Building

SEPTEMBER 16

9:30 a.m.
*Veterans' Affairs
Business meeting, to markup S. 5, S. 7, S. 25, S. 26, S. 48, S. 105, S. 248, S. 417, and S. 742, bills providing educational assistance to members of the Armed Forces, and S. 266 and amendment No. 62 of S. 636 (Veterans' Administration Health Care Amendments), measures implementing procedures and guidelines for the interagency sharing of health resources between the Department of Defense and the Veterans' Administration.
412 Russell Building

SEPTEMBER 22

10:00 a.m.
Veterans' Affairs
To hold hearings on fiscal year 1982 legislative recommendations of the American Legion.
318 Russell Building

SEPTEMBER 23

10:00 a.m.
Labor and Human Resources
Investigations and General Oversight Subcommittee
To hold oversight hearings on the activities of the Occupational Safety and Health Administration.
4232 Dirksen Building

SEPTEMBER 24

10:00 a.m.
Labor and Human Resources
Investigations and General Oversight Subcommittee
To continue oversight hearings on the activities of the Occupational Safety and Health Administration.
4232 Dirksen Building

CANCELLATIONS

JULY 15

10:00 a.m.
Environment and Public Works
To resume oversight hearings on the implementation of the Clean Air Act.
4200 Dirksen Building

2:00 p.m.
Foreign Relations
To hold hearings on the agreement reached by the Governments of the United States, Israel, and Egypt on the stationing of a multinational force in Sinai.
4221 Dirksen Building

JULY 16

9:30 a.m.
*Veterans' Affairs
To continue oversight hearings on procedures for the adjudication of certain claims, and to hold hearings on S. 349, providing for limited judicial review of the administrative action of the Veterans' Administration, and for reasona-

ble fees to attorneys representing legal counsel for veterans.
412 Russell Building

JULY 20

9:30 a.m.
Select on Ethics
To resume hearings on matters involving Senator Williams.
6226 Dirksen Building

2:00 p.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

JULY 21

9:30 a.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

2:00 p.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

JULY 22

9:30 a.m.
Select on Ethics
To continue hearings on matters involving Senator Williams
6226 Dirksen Building

2:00 p.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

JULY 23

9:30 a.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

2:00 p.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

JULY 24

9:30 a.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

2:00 p.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

JULY 27

9:30 a.m.
Select on Ethics
To resume hearings on matters involving Senator Williams.
6226 Dirksen Building

2:00 p.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

SENATE—*Tuesday, July 14, 1981*

(Legislative day of Wednesday, July 8, 1981)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the Honorable NANCY LANDON KASSEBAUM, a Senator from the State of Kansas.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

O God: Your justice is like rock, and Your mercy like pure flowing water. Judge and forgive us. If we have turned from you, return us to Your way; for without You we are lost people.

From brassy patriotism and blind trust in power; deliver us, O God. From public deception that weakens trust; from self-seeking in high political places; deliver us, O God. From divisions among us of class or race; from wealth that will not share, and poverty that feeds on bitterness; deliver us, O God. From neglecting rights, from overlooking the hurt, the imprisoned, and the needy among us; deliver us, O God. From lack of concern for other lands and peoples; from narrowness of national purpose; from failure to welcome the peace You promise on Earth; deliver us, O God.

We pray this in the name of Him who received all who came to Him, who responded with compassion to whatever need they suffered, who gave His life as a sacrifice of love for all. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. THURMOND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., July 14, 1981.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable NANCY LANDON KASSEBAUM, a Senator from the State of Kansas, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mrs. KASSEBAUM thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the majority leader is recognized.

Mr. BAKER. Madam President, I thank the Chair.

THE JOURNAL

Mr. BAKER. Madam President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Madam President, I announced earlier that I would hope that sometime today, after we dispose of S. 1204, the noise bill, we might turn to the consideration of the cash discount bill conference report on H.R. 31.

Might I inquire of the distinguished minority leader if he would be agreeable to a request to put that conference report in place at this time?

Mr. ROBERT C. BYRD. Madam President, yes, I think it would be quite all right to do that.

Mr. BAKER. Madam President, I thank the minority leader.

CONFERENCE REPORT ON CASH DISCOUNT BILL (H.R. 31)

Madam President, I ask unanimous consent that upon the disposition of S. 1204, the noise bill, the Senate turn immediately to the consideration of the conference report on H.R. 31, the cash discount bill.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Madam President, will the distinguished majority leader yield?

Mr. BAKER. Yes.

Mr. ROBERT C. BYRD. Madam President, I am advised that Senator PROXMIRE is expecting to proceed with the conference report at that time and I think he wants to speak on it. So I want to say that for the record.

Mr. BAKER. I thank the minority leader. Of course, we will arrange the schedule so that Senator PROXMIRE can be present and I am sure will be present in order to speak on that subject.

Mr. ROBERT C. BYRD. I thank the majority leader.

Mr. BAKER. Madam President, under the order previously entered, after consulting with the minority leader, the majority leader is authorized to call up the tax bill. It is my intention to do that tomorrow. I will consult further with the minority leader during the course of this day. However, in anticipation of that action, I would like now to get orders for the convening of the Senate for the remainder of this week.

I expect that the tax bill will require our sustained and diligent effort for all of this week, including, perhaps, Saturday.

DAILY TIME OF CONVENING THROUGH MONDAY, JULY 20, 1981

Mr. BAKER. Madam President, I now ask unanimous consent that, when the Senate completes its business today, it stand in recess until the hour of 10:30 a.m. on tomorrow; that when the Senate completes its business on tomorrow, it stand in recess until the hour of 10 a.m. on Thursday; that when the Senate completes its business on Thursday, it stand in recess until the hour of 10 a.m. on Friday, and that, when the Senate completes its business on Friday, it stand in recess until the hour of 10 a.m. on Saturday.

Mr. ROBERT C. BYRD. Madam President, will the distinguished majority leader also get an order for Monday just in the event the Senate is in Saturday and has to go out for the lack of a quorum?

Mr. BAKER. Madam President, I am distressed even to contemplate the possibility that that would occur, but I think that is a wise precaution to take.

Madam President, I also ask unanimous consent that, when the Senate stands in recess on Saturday, it do so until the hour of 12 noon on Monday.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Madam President, might I inquire of the minority leader if he would be in a position at this time to enter an order to provide that the Senate would proceed to the consideration of House Joint Resolution 266, the tax bill, at not later than 11 a.m. tomorrow, recalling, as I am sure he does, that we now have an order for the Senate to convene at 10:30 a.m. tomorrow, and that 30 minutes intervening would provide, I believe, ample time for the recognition of the two leaders under the standing order plus other housekeeping details and arrangements that might be necessary.

If the minority leader does not wish to accede to that request at this time, I will be glad to confer with him further on the subject, but if he is prepared to do so, I am in a position to make that request at this point.

Mr. ROBERT C. BYRD. Madam President, at the moment I see no reason why we should not be able to begin debate on the tax bill at 11 a.m. tomorrow. If the majority leader would withhold that until a little later, I would like to ascertain whether or not the manager on my side of the aisle will be available at 11 o'clock tomorrow.

Second, I assume that the leader intends to put over the vote on the Johns-

ton cloture motion until after action on the tax bill.

Mr. BAKER. Yes. I am perfectly happy to withhold the request, Madam President. The minority leader is correct. I advised the Senator from Louisiana on yesterday that, in view of the fact that we should anticipate a late session on Thursday and perhaps a Saturday session, I thought we ought not to go ahead with the cloture vote on the Johnston amendment until after we have disposed with the tax bill.

The answer to the distinguished minority leader's question is yes, that is my intention. I would point out, however, that under the order entered, as soon as we dispose of the tax bill the Department of Justice authorization bill will automatically be placed before the Senate. At that time the cloture vote on the Helms-Johnston amendment would be eligible and I would assume would be laid before the Senate by the Chair.

Mr. ROBERT C. BYRD. I thank the majority leader.

FLY INFESTATION

Mr. BAKER. Madam President, I wish to take a few moments this morning to commend the Secretary of Agriculture John Block, for his responsible and expeditious efforts concerning the "Medfly" crisis in California.

If mighty oaks from tiny acorns grow, then it is also often true that enormous problems have minute origins. The distance from Washington to California does not prevent us from appreciating the dilemma that the State finds itself in. California's crops are an integral part of the Nation's food supply; if the fields in the Santa Clara Valley fell victim to insect strife, the results would be devastating for the entire country.

It is hardly Earth shattering to observe that almost no one cares for the now infamous Medfly. Not since the Killer Bee has there been a more unpopular insect. To be perfectly honest, the Medfly is a pesty little creature which does not do anyone any good, and creates a terrible time for farmers, crops, and consumers.

I cannot recall attending a reception honoring a Medfly, nor can I remember being approached by a Medfly lobbyist. They obviously have no concerns; their purpose is destructive at best.

I suggest that instead of sitting around and blaming the Peruvian Fruit Fly for not being sterile, we should support the Secretary of Agriculture in his positive steps to rid the Nation of this bizarre invasion.

I hope that the aerial spraying which begins today in Palo Alto will curtail the obnoxious and damaging path that those bantam beasts have embarked on.

ORDER OF BUSINESS

Mr. BAKER. Madam President, I have no further requirements of my time under the standing order. I am prepared to yield back the remaining time or yield it to the minority leader, if he has a requirement for the time.

Mr. ROBERT C. BYRD. I thank the distinguished majority leader. I would like to have the time.

Mr. BAKER. Madam President, I assign my remaining time under the standing order to the minority leader.

Mr. ROBERT C. BYRD. I thank the distinguished majority leader.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. Under the standing order, the minority leader is recognized.

Mr. ROBERT C. BYRD. Madam President, I suggest the absence of a quorum to be charged to the time which is under my control.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

REVISION OF ORDER FOR RECESS

Mr. BAKER. Madam President, is there an order for the recess of the Senate at 11:30 a.m. until 1:40 p.m.?

The ACTING PRESIDENT pro tempore. The majority leader is correct.

Mr. BAKER. Madam President, I foresee at least a possibility of a problem with that. I am going to change that order now, if the Senate will permit.

Madam President, I ask unanimous consent that, at 11:30 a.m. or at the conclusion of the time utilized by the distinguished Senator from Texas (Mr. BENTSEN) under the special order, the Senate stand in recess until the hour of 1:40 p.m.; and that if the time for the recess under this order extends beyond 11:30, the Chair recess the Senate on its own motion at the conclusion of the remarks of the Senator from Texas.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BAKER. I thank the Chair.

Mr. ROBERT C. BYRD. Madam President, I thank the majority leader.

Mr. BAKER. I suggest the absence of a quorum, Madam President.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BENTSEN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Texas is recognized.

INTERNATIONAL TERRORISM

Mr. BENTSEN. Madam President, last month the Central Intelligence Agency released a research paper, Patterns of International Terrorism: 1980. The study provides compelling evidence of startling growth in international terrorist activity. I commend this paper to the attention of my colleagues in the Senate. I suggest that one of the most disturbing elements of the report is the fact that established governments are increasingly inclined to carry out deadly acts of terrorism.

Unfortunately, Madam President, U.S. citizens, American property, and our diplomatic installations abroad are the primary targets of terrorists around the world. Forty percent, or two out of every five, international terrorist incidents, are aimed at America. This country has a vital, legitimate, and undeniable interest in combatting terrorism with every means at our disposal.

In 1980, according to the CIA report, there were 287 attacks on Americans. Ninety-four of our people were wounded in these attacks, and 10 Americans were brutally murdered: 6 in El Salvador, 2 in Turkey, 1 in the Philippines, and 1 on the West Bank of the Jordan. In the course of these attacks, the property of American citizens was damaged in 97 incidents.

Especially alarming is the fact that there were 112 attacks on U.S. citizens serving abroad in various diplomatic missions during 1980. Clearly, this country is no longer prepared to look the other way when the safety of our diplomatic representatives is in such jeopardy.

Another alarming conclusion of the CIA report is that terrorist attacks are becoming more lethal and less discriminate, thereby claiming the lives of many innocent bystanders. Between 1968 when we first kept statistics, and 1972, there were 1,435 incidents of terrorism that resulted in at least one casualty. That works out to an attack with a casualty once every 3 days.

The increasingly deadly nature of international terrorism may be attributable to the fact that established governments, with the Soviet Union, Libya, and Cuba in the forefront, have turned their hand to terrorism, with an emphasis on assassination.

According to the report, the CIA files "contain almost a hundred terrorist attacks conducted directly by national governments. They occurred every year since 1972, but the majority of them took place in 1980. Almost half were assassinations or attempted assassinations. These state-sponsored attacks were more lethal than other terrorist incidents, with over 42 percent resulting in casualties."

The prime example of state-supported terrorism, Madam President, is almost certainly the seizure of our Embassy and 52 American hostages, with the support of the Government of Iran. When governments are prepared to act outside the law, when they are prepared to embrace terrorism as a weapon, law-abiding governments must be prepared to respond. The United States, as the No. 1 target

of terrorists throughout the world, has an obligation to provide leadership in the international effort to combat terrorism.

In this regard, Madam President, I would like to call attention to legislation I have drafted, the omnibus antiterrorism bill of 1981, which provides for the creation of a list of countries that support or abet international terrorism. My legislation is intended to make it clear to governments that any government engaging in terrorism can expect the United States of America to exact a price in return and respond with appropriate action.

Once it is determined that a government sanctions or engages in terrorism, the visas of students from that country studying in America would be canceled. The President could also stop or withdraw all foreign aid directed to that country and halt any pending or existing sales or guarantees related to defense materials. Current or future export licenses for commodities or technical data with military potential could also be stopped and duty-free GSP treatment could be withdrawn.

Over the years, we have seen that many terrorist attacks take place in or originate from airports lacking proper security standards. The omnibus antiterrorism bill of 1981 would require the DOT to survey foreign airport security facilities and report to Congress.

Countries with inadequate security at their airports would have 60 days in which to make necessary improvements, and DOT would be authorized to provide technical assistance on a reimbursable basis.

If the countries in question refuse to upgrade airport security, the Secretary of Transportation would have the option to decide if the cause were serious enough to withdraw operating authority for U.S. airlines to that airport.

My legislation also provides for a thorough, ongoing review of policies and programs established by our Government for dealing with terrorism. Every time an incident of terrorism occurs, the President would be charged with reporting to Congress on the adequacy of our response and any recommendations he might have for legislation to stop similar incidents in the future.

The President is also encouraged to place the highest priority on the negotiation of international agreements to assure more effective cooperation in the battle to halt terrorism. My bill would also require the President to develop standards and programs to insure full implementation of the provisions of the Montreal Convention dealing with aircraft hijacking.

I do not pretend, Madam President, that there is some simple or magical cure to the plague of terrorism. I am, however, suggesting that there is much more we can do to put terrorists and governments that support them on notice that they stand to lose much more than they gain by flaunting international codes of conduct.

The legislation I have proposed will help demonstrate to the world that the United States will not bend to the will of senseless violence and will not tolerate officially sanctioned terrorism.

I sincerely hope the Senate will take positive action on this legislation and help us send this message around the world, because it is a message consistent with the policy of the administration and with accepted principles of international conduct.

I thank the Chair, and I suggest the absence of a quorum.

Mr. BAKER. Madam President, will the Senator withhold his request for a quorum call?

Mr. BENTSEN. I will.

ORDER OF PROCEDURE

Mr. BAKER. Madam President, it is now 11:22 a.m. There is an order for the recessing of the Senate over at 11:30 a.m.

I might say once again that the reasons for the recess are twofold:

First, there is a caucus on the part of one of the two parties in the Senate which begins at about 12 o'clock.

Second, there is another caucus and a meeting with the President of the United States beginning at 12 o'clock.

It appears that it is unlikely that the Senate would transact any meaningful business during that time and the better part of discretion would seem to suggest that we recess so that those two caucuses can occur.

RECESS UNTIL 1:40 P.M.

Mr. BAKER. Madam President, I ask unanimous consent that the Senate stand in recess from this moment until 1:40 p.m. this afternoon.

There being no objection, the Senate, at 11:22 a.m., recessed until 1:40 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. DENTON).

AMENDMENT OF NOISE CONTROL ACT

The PRESIDING OFFICER. Under the previous order, the hour of 1:40 p.m. having arrived, the Senate will now resume consideration of S. 1204, which the clerk will state by title.

The legislative clerk read as follows:

A bill (S. 1204) to amend the Noise Control Act of 1972, as amended by the Quiet Communities Act of 1978.

The Senate resumed consideration of the bill.

The PRESIDING OFFICER. There will be 20 minutes of debate overall on the Kasten amendment No. 483 to the bill to be equally divided and controlled by the Senator from Vermont (Mr. STAFFORD) and the Senator from West Virginia (Mr. RANDOLPH) or their designees, with back-to-back votes on this amendment, with final passage, to begin at 2 p.m.

AMENDMENT No. 483

Beginning on page 6, line 18, strike all through page 8, line 5, and insert in lieu thereof the following:

"MOTOR CARRIER AND MOTORCYCLE NOISE

"SEC. 18. (a)(1) Regulations of interstate motor carriers and equipment and of motorcycles and motorcycle exhaust systems in existence shall continue until specifically repealed or amended.

"(2) After the date of enactment of this section, the Administrator may promulgate additional regulations establishing standards and requirements for the design, construction, and maintenance of motor carrier equipment or devices or controls and regulations establishing restrictions on motor carrier operations and activities for the purpose of minimizing or eliminating the environmental noise emissions from such equipment or activities. Such standards, controls, limits, requirements, or regulations, if any, shall reflect the degree of noise reduction achievable through the application of the best available technology, taking into account the cost of compliance.

"(3) Within ninety days after the publication of such regulations as may be proposed under paragraph (1) of this subsection, and subject to the provisions of section 16 of this Act, the Administrator shall promulgate final regulations. Such regulations may be prescribed from time to time, in accordance with this subsection.

"(4) Any standard or regulation, or revision thereof, proposed under this subsection shall be promulgated only after consultation with the Secretary of Transportation in order to assure appropriate consideration for safety and technological availability.

"(5) Any new regulation or revision thereof promulgated after enactment of this section shall take effect after such period as the Administrator finds necessary, after consultation with the Secretary of Transportation, to permit the development and application of the requisite technology, giving appropriate consideration the cost of compliance within such period.

"(b) The Secretary of Transportation, after consultation with the Administrator shall promulgate regulations to assure compliance with all standards for motor carrier equipment and operations promulgated by the Adminis-".

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. BAKER. Mr. President, on behalf of the Senator from Vermont (Mr. STAFFORD) I yield control of the time in opposition to the amendment to the distinguished Senator from Washington (Mr. GORTON).

The PRESIDING OFFICER. The Chair recognizes the Senator from Washington.

Mr. LUGAR. Will the Senator from Washington (Mr. GORTON) yield for a question?

Mr. GORTON. I yield.

Mr. LUGAR. Section 15 of S. 1204 creates a new section 18. That section would contain a section 18(a)(1) which states:

Regulations of interstate motor carriers and equipment in existence shall continue until specifically repealed or amended.

The current EPA regulations relating to the noise emitted by trucks were promulgated under the authority of section 6 of the Noise Act of 1972. This bill will repeal that section. Is it the intention of the language in new section 18 to incorporate, continue and reauthorize the EPA noise standards for the manufacture of trucks which were promulgated under prior section 6?

Mr. GORTON. Yes.

As a holdover from the debate on Friday, I believe of the time of the majority on this side that approximately 6 minutes still remain to the Senator from Wisconsin (Mr. KASTEN).

The PRESIDING OFFICER. That agreement was superseded by the present agreement.

Mr. GORTON. Under those circumstances, I will simply yield 6 minutes to the Senator from Wisconsin.

The PRESIDING OFFICER. The Chair recognizes the Senator from Wisconsin.

Mr. KASTEN. During the debate on my amendment on Friday, considerable discussion concerned the scope of the already issued Federal standards for newly manufactured motorcycles, and whether the amendment would open some floodgate whereby all products sold nationwide could demand a Federal standard.

The regulations make it clear that they apply only to newly manufactured motorcycles and that the States and local authorities have the right to enact standards governing local motorcycle use.

We tried back and forth in discussions on Friday to make a difference, a point, between manufacturing standards and use standards. In no way is it our intention to affect use standards at the State or local level. The States and local authorities have the right, and they have it now, and we are not trying to change it, to enact standards governing local motorcycle use. Use includes the manner, time, and place of operation plus licensing controls. The only thing that the States and local authorities are preempted from is to establish the levels to which the motorcycles must be manufactured or sold.

That is far different from the authority that S. 1204 takes away from the States regarding railroad noise for example. The Federal standards for railroads preserved by S. 1204 are use standards. Thus, under the bill the States and local authorities will have no right to enact standards for railroads which are not identical to those Federal use standards retained by the bill.

The purpose of the administration's deregulation program and the scope of S. 1204 is to minimize the burden of regulation and reduce the cost of regulation. Retaining the already issued Federal standard for newly manufactured motorcycles will minimize that burden without diminishing the rights of the States and local authorities under present law to control local motorcycle noise problems.

No floodgate will be opened. Federal noise standards have not been issued by the EPA for lawnmowers, jackhammers, or snowmobiles or other examples that were brought up in the debate on Friday as they have, in fact, been issued on motorcycles. S. 1204 repeals section 6 of the Noise Control Act of 1972 thereby depriving the EPA of the authority to issue noise standards for additional products. So we are not opening any floodgates; we are simply retaining a standard which has already been issued at expense to the Government and the motorcycle industry.

Mr. President, I reserve the remainder of my time.

Mr. HEINZ. Mr. President, will the Senator yield?

Mr. KASTEN. I yield to the Senator from Pennsylvania.

Mr. HEINZ. Mr. President, I commend the Senator from Wisconsin on his amendment, and I am pleased to join with Senator KASTEN as a cosponsor of this amendment, the purpose of which is to retain the Federal noise standard for newly manufactured motorcycles.

Passage of this amendment is essential because in its present form, S. 1204—in the name of regulatory reform—would actually increase the regulatory burden on domestic manufacturers of motorcycles, of which there is only one, Harley-Davidson. Otherwise motorcycle manufacturers might face a myriad of regulations promulgated at the State and local level, increasing costs needlessly.

I do not want to see the last domestic manufacturer of motorcycles, which has a plant in my State in York, Pa., be put at a further competitive disadvantage by Government regulations. That is the issue right here and now, and it is the provisions of the Kasten amendment which are already, I might add, reflected in the House counterpart to this legislation, which will correct this problem.

I understand, as the distinguished Senator from Wisconsin has said, that this amendment will not require any increased Federal outlays, and I urge its adoption today. I thank the Chair.

Mr. PROXMIRE. Mr. President, will the Senator from Wisconsin yield?

Mr. KASTEN. I am pleased to yield to the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, before we vote on the Kasten amendment, I want to make sure all of my colleagues understand what we are not trying to do.

We are not trying to put controls on the way motorcycles are operated. Neither do we seek to control the time of day in which they may be operated.

We are not regulating the places where they may be operated, nor the number which may be operated together.

Neither do we want to control noise emissions from the property on which the products are used, nor licensing of motorcycles, nor environmental noise levels.

All we seek with this amendment is to insure that motorcycles, as they are manufactured, in compliance with Federal standards, will be acceptable products for sale in the various States.

Thus the amendment would not disturb the right of the States and localities to enact many different kinds of standards to protect against noise pollution.

I urge my colleagues to support the Kasten amendment.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, I welcome the statement of each of the Senators from Wisconsin which, as I interpret those statements, indicate that they do not believe this amendment will restrict the right of any State to govern the noise emissions from motorcycles used within their borders.

That statement, I must say, does differ somewhat from the import of the "Dear Colleague" letter from the Senator from Wisconsin (Mr. KASTEN) and of the floor statement of the Senator from Wisconsin (Mr. PROXMIRE) on Friday, in which the States were to be left only with the ability to control noise emissions other than those for which the motorcycle was originally manufactured.

In any event, I am sure my State, and every other State, would find relatively minor impact from preemption which did not in any way restrict their right to control noise emissions from motorcycles used within their respective States.

That, however, does not much lessen the reasons for voting against this amendment. If all this amendment does is allow the manufacture and sale of motorcycles in a given State which will not be able to be operated legally on the roads of other States unless their noise emissions were reduced, it is simply useless. The State of Washington at the present time, the State of Montana, cannot conceivably regulate manufacturing operations in the State of Wisconsin or in the State of Pennsylvania.

If, however, a State can regulate noise emissions on motorcycles on its roads, it can effectively prohibit the sale of motorcycles within its borders of their own State. Under this interpretation the amendment is of no meaning and of no particular use.

The issue here is not that there will be no further preemption by the Federal noise controls over refrigerators and over air conditioners and the like. The bill itself is designed to see to it that that kind of noise regulation no longer reposes in the arms of the Federal Government and of the EPA. The real point to be debated here, the real point to which the proponents of this amendment have not addressed themselves at all, is why one single consumer product, among the millions of such products produced in the United States of America, should be subject to Federal controls and Federal preemptions when none of these other products are.

The only exemptions in S. 1204 are exemptions for the interstate commerce operations of rail carriers and motor carriers and there is simply no reason to exempt from complete State regulation a particular consumer item which probably annoys more people than any other single one.

The PRESIDING OFFICER. The Chair must note that all time allotted to the Senator from Washington has expired.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Montana for 10 minutes.

Mr. BAUCUS. Mr. President, I yield 2 minutes to the Senator from Washington.

Mr. GORTON. I thank the Senator from Montana. I will complete my remarks in a shorter period of time than that.

The absence of justification for this amendment is in its very unique nature. There is simply no reason to tell States that they can control noise emissions from every other consumer product sold within their States but that they are somehow limited as to their control over noise emissions from motorcycles. This is true whether the current interpretation of the Senators from Wisconsin is correct or the earlier one is correct. We are dealing with the single item that communities and States are most likely to wish to control because of the annoyance it provides to people within those States. Of all the areas in which we should permit full and complete local control, this stands out No. 1.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I yield 1 minute to the Senator from Pennsylvania (Mr. SPECTER).

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SPECTER. Mr. President, I thank the Senator very much.

Mr. President, I rise in support of the amendment because of the undue burden which would be placed upon the manufacturers of motorcycles, some of which are located in the State of Pennsylvania, for each State to be able to put on individual noise requirements. I think, in the interest of national uniformity, this amendment would solve a very realistic problem and would not create any significant impediment on a noise problem.

Mr. President, I would like to emphasize that the retention of already promulgated noise standards for newly manufactured motorcycles, similar to those provided for trucks and railroads, is entirely consistent with the goals of S. 1204. First, such retention will not add to the Federal budget. The money has already been expended to develop the regulations, which were issued last December. Also, no Federal funds will be required after September 1981 as the Environmental Protection Agency is revising the standards so that they will be self certifying, that is, the manufacturers must provide proof of compliance.

Second, local political subdivisions will be free to solve any local noise problem at the local level through the authority to issue standards for motorcycle use. In addition, local governments and even private citizens under section 12 of the Noise Control Act have the power to bring suit against manufacturers who fail to comply with the noise standard for newly manufactured motorcycles.

Finally, the regulatory burden on motorcycle manufacturers will be less with one Federal standard than with a myriad of local rules for newly manufactured motorcycles. The motorcycle industry supports Federal regulation. It would be an immense task to design a product which would conform to a variety of rules and still be marketable nationwide. This concept has been recognized by S. 1204 for railroads and interstate carriers. The amendment offered by Mr. KASTEN affording motorcycles the same recognition should be adopted.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, in opposition to this amendment, I wish to make two or three very simple points.

First of all, we could all agree that the regulation of noise generally is a matter of local concern. It is not a matter that the Federal Government should get involved in, whether we are talking about lawnmowers, air conditioners, powerboats, snowmobiles, appliances, and also motorcycles.

I think there is something very basic about motorcycles, something essentially local about motorcycles, and I think that the American people would much rather that motorcycle noise be regulated at home, not far away in Washington, D.C.

Second, I am amused and amazed that the sponsors of this amendment would come in and ask for more Federal regulation. That is what they are doing. They want Uncle Sam and they want Washington, D.C., to regulate motorcycles. As I interpret the last election, the American people wanted less Federal regulation and they wanted more State control, more local control. I am a bit surprised, frankly, that the proponents of this amendment would come in with an amendment which asks for more Federal regulation.

Third, if by some strange reason—and it would be very strange—if by some quirk, we were to adopt this amendment, every other appliance manufacturer would come in here and ask for an exemption based upon the same reason.

It seems to me that this amendment, first, is ill conceived—it does not make sense—but, second, that we are about to adopt such a very, very pernicious precedent.

For those reasons, Mr. President, I think we should oppose this amendment. We should keep local authorities in control of local noise and not let Uncle Sam and the Federal Government—Washington, D.C.—get involved in the regulation of local noise.

We have two exemptions, the motor carriers and the railroads, which, by their very nature, are interstate in their operation. Motorcycles do not often cross State lines. Once in a while they will, I grant you. But so do powerboats once in a while cross State lines. The motorcycles are essentially a local concern and they should be regulated by State and by local areas, not by the Federal Government.

Mr. STAFFORD. Mr. President, will the distinguished Senator yield me a couple of minutes?

Mr. BAUCUS. Mr. President, I am delighted to yield 2 minutes to the Senator from Vermont.

Mr. STAFFORD. Mr. President, first let me say that the Senator from Vermont not only likes motorcycles but owns one and rides it, notwithstanding his wife's occasional admonitions. But I do believe that the States ought to determine how much noise they make, and the one I have is a quiet motorcycle.

Mr. President, I with regret, will vote against the Kasten amendment and hope that my colleagues will do the same. I say this for the following reasons:

First, although I have the utmost respect for the Senator from Wisconsin, I believe his amendment goes beyond what he believes. His amendment would, in fact, do more for the motorcycle industry than the committee bill does for the interstate railroad and motor carrier industries. Because interstate rail and motor carriers transport goods from State to State, the committee bill permits a Federal noise regulatory program to continue for them. But this program is discretionary. The Administrator of the Environmental Protection Agency may choose to exercise it and she may choose not to exercise it.

As the distinguished colleague, Senator BAUCUS, has said, Senator KASTEN's amendment, however, mandates a Federal regulatory program for motorcycles. The Administrator would have no choice. This Senator cannot support such a mandatory requirement, nor can the current administration. I would quote the administration's position on S. 1204 and possible amendments to it. These views are contained in a letter dated July 10, 1981:

> We initially proposed elimination of the noise regulatory program, but consider the limited authorities of S. 1204 acceptable. However, we would oppose expansion of the regulatory scope of S. 1204 or the reduction of discretion in its implementation by the Administrator of EPA.

The Kasten amendment proposes to not only expand the regulatory program but to reduce the Administrator's discretion, both of which are objectionable to the administration of President Reagan. Even if that were not the case, however, I would urge my colleagues to reject the proposal.

The sponsors of this proposal are seeking to protect the last remaining manufacturer of motorcycles. I can understand why they are doing this. But forcing the Federal Government into a program of protective regulation for an entire industry and tying the hands of the States is not the way to do it.

States have a legitimate interest here, and there is no good reason for the Federal Government to infringe on their rights. The suggestion that the system of State control which was livable 10 years ago has for some reason become unlivable today, makes no sense and should be rejected. The way to reject it is to vote against Senator KASTEN's amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I have no request for time on my side and understand that time on the other side has already expired. That being the case, I yield back the remainder of my time and I am prepared, if it is not contrary to the agreement, to vote on the amendment.

The PRESIDING OFFICER. The vote is scheduled to occur at 2 o'clock, and we have about 1 minute.

Mr. BAUCUS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. I yield any time allotted to me by the Senator from West Virginia (Mr. RANDOLPH).

The PRESIDING OFFICER. Without objection, the quorum call is dispensed with, but all time on the amendment has expired and we are to vote at 2 o'clock.

Mr. RANDOLPH. Mr. President, I certainly want to be within the rules. We have been in the Democratic Conference, and I thought I was arriving here before 2. But I can well understand. Of course, I shall vote against the Kasten amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin. The yeas and nays have been ordered. The clerk will call the role.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Colorado (Mr. ARMSTRONG), the Senator from Arizona (Mr. GOLDWATER) and the Senator from California (Mr. HAYAKAWA) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Colorado (Mr. HART) and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

The PRESIDING OFFICER (Mr. ABDNOR). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 40, nays 55, as follows:

[Rollcall Vote No. 186 Leg.]

YEAS—40

Andrews	Glenn	Percy
Bentsen	Hawkins	Pressler
Boren	Heflin	Proxmire
Boschwitz	Heinz	Pryor
Bumpers	Helms	Riegle
Burdick	Huddleston	Sasser
Cannon	Kassebaum	Schmitt
Cochran	Kasten	Specter
D'Amato	Long	Stevens
DeConcini	Matsunaga	Tower
Dodd	Mattingly	Williams
East	McClure	Zorinsky
Exon	Murkowski	
Ford	Pell	

NAYS—55

Abdnor	Garn	Mitchell
Baker	Gorton	Moynihan
Baucus	Grassley	Nickles
Biden	Hatch	Nunn
Bradley	Hatfield	Packwood
Byrd, Harry F., Jr.	Hollings	Quayle
Byrd, Robert C.	Humphrey	Randolph
Chafee	Inouye	Roth
Chiles	Jackson	Rudman
Cohen	Jepsen	Sarbanes
Cranston	Johnston	Simpson
Danforth	Kennedy	Stafford
Denton	Lavalt	Stennis
Dixon	Leahy	Symms
Dole	Levin	Thurmond
Domenici	Lugar	Wallop
Durenberger	Mathias	Warner
Eagleton	Melcher	Weicker
	Metzenbaum	

NOT VOTING—5

Armstrong	Hart	Tsongas
Goldwater	Hayakawa	

So the amendment of the Senator from Wisconsin (No. 483) was rejected.

Mr. BAUCUS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. GORTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The question is on final passage. Without objection, the bill is passed.

The text of the bill (S. 1204) is as follows:

S. 1204

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Noise Control Act of 1972 is amended as follows:

(1) Sections 6 and 8 are hereby repealed.

(2) Section 1 is amended to read as follows:

"SHORT TITLE

"SECTION 1. This Act may be cited as the 'Quiet Comunities Act'.".

(3) Section 2(a)(3) is amended by striking out "deal with major noise sources" and all that follows, through the period at the end thereof and substituting: "promote effective State and local programs and provide Federal research, demonstration, planning, technical, and other assistance for such programs.".

(4) Section 2(b) is amended by striking "to authorize the establishment of Federal noise emission standards for products distributed in commerce, and", changing the period at the end of said sentence to a comma and adding "and to assure that railroad and motor carrier equipment and operational noise emissions are controlled adequately by either State or Federal regulation.".

(5) Section 3(2) is amended by striking out "sections 11(e) and" and substituting "section".

(6) Section 3 is amended by striking paragraphs (3) through (8).

(7) The second sentence of section 4(b) is amended by striking "6," and ", other than for those products referred to in section 3(3)(B) of this Act".

(8) Section 12(f) is amended by striking out "paragraph" and all that follows down through "section 611" and substituting "a standard, rule, or regulation under section 17 or 18 of this Act or section 611".

(9) Section 10 is amended by striking subsections (a) and (b) and substituting the following: "The failure or refusal of any person to comply with any requirement of regulations prescribed under sections 13, 17, or 18 is prohibited.".

(10) Section 11 is amended by—

in subsection (a), striking "paragraphs (1), (3), (5), or (6) of subsection (a) of" each place it appears;

in subsection (b) striking "any paragraph of section 10(a)" and substituting "section 10" each place it appears;

in subsections (c) and (d), striking "10(a)" and substituting "10".

(11) Section 18(a) is amended by striking "6 or section 8" and substituting "17 or section 18".

(12) Section 14(b)(2) is amended by striking "subject to possible regulation under sections 6, 7, and 8 of this Act".

(13) Section 16(a) is amended by striking "6, 17, or 18 of this Act or any labeling regulation under section 8" and substituting "17 or 18".

(14) Section 17 is repealed, and the following new section enacted in lieu thereof:

"RAILROAD NOISE

"SEC. 17. (a)(1) Regulations of interstate railroads and equipment in existence shall continue until specifically repealed or amended.

"(2) After the enactment of this section, the Administrator may promulgate additional regulations establishing standards and requirements for the design, construction, and maintenance of rail equipment or devices or controls and regulations establishing restrictions on interstate railroad operations and activities along specific rail lines or specific centers of activity, including, but not limited to, switching and marshaling yards, for the purpose of minimizing or eliminating the environmental noise emissions from such equipment or activities. Such standards, controls, limits, requirements, or regulations, if any, shall reflect the degree of noise reduction available through the application of best available technology, taking into account the costs of compliance.

"(3) Within ninety days after the publication of such regulations as may be proposed under paragraph (1) of this subsection, and subject to the provisions of section 16 of this Act, the Administrator shall promulgate final regulations. Such regulations may be revised, from time to time, in accordance with this subsection.

"(4) Any standard or regulation, or revision thereof, proposed under this subsection shall be promulgated only after consultation with the Secretary of Transportation in order to assure appropriate consideration for safety and technological availability.

"(5) Any regulation or revision thereof promulgated under this subsection shall take effect after such period as the Administrator finds necessary, after consultation with the Secretary of Transportation, to permit the development and application of the requisite technology, giving appropriate consideration to the cost of compliance within such period.

"(b) The Secretary of Transportation, after consultation with the Administrator, shall promulgate regulations to assure compliance with all standards promulgated by the Administrator under this section. The Secretary of Transportation shall carry out such regulations through the use of the powers and duties of enforcement and inspection authorized by the Safety Appliances Acts, the Interstate Commerce Act, and the Department of Transportation Act. Regulations promulgated under this section shall be subject to the provisions of sections 10, 11, 12, and 16 of this Act.

"(c)(1) Nothing in this section shall diminish the right of a State or political subdivision thereof to establish and enforce standards, controls, limits, restrictions, or other requirements on environmental noise, including those from rail equipment and operations, in the absence of a Federal requirement pursuant to this section, or a Federal decision that no Federal, State, or local requirement is appropriate, on a specific class of equipment or operations.

"(2) Nothing contained herein shall preclude a State or political subdivision thereof from adopting and enforcing a Federal standard, control, limit, restriction, or other requirement promulgated under this section.

"(3) Any person adversely affected by a State or local requirement, or the Administrator, may demonstrate by a preponderance of the evidence the existence of conflict between the requirement of a State or political subdivision thereof and that of the Federal Government.

"(d) The terms 'carrier' and 'railroad' as used in this section shall have the same meaning as such terms have under the first section of the Act of February 17, 1911 (45 U.S.C. 22).".

(15) Section 18 is hereby repealed and the following new section enacted in lieu thereof:

"MOTOR CARRIER NOISE

"SEC. 18. (a)(1) Regulations of interstate motor carriers and equipment in existence shall continue until specifically repealed or amended.

"(2) After the date of enactment of this section, the Administrator may promulgate additional regulations establishing standards and requirements for the design, construction, and maintenance of motor carrier equipment or devices or controls and regulations establishing restrictions on motor carrier operations and activities for the purpose of minimizing or eliminating the environmental noise emissions from such equipment or activities. Such standards, controls, limits, requirements, or regulations, if any, shall reflect the degree of noise reduction achievable through the application of the best available technology, taking into account the cost of compliance.

"(3) Within ninety days after the publication of such regulations as may be proposed under paragraph (1) of this subsection, and subject to the provisions of section 16 of this Act, the Administrator shall promulgate final regulations. Such regulations may be revised from time to time, in accordance with this subsection.

"(4) Any standard or regulations, or revision thereof, proposed under this subsection shall be promulgated only after consultation with the Secretary of Transportation in order to assure appropriate consideration for safety and technological availability.

"(5) Any new regulation or revision thereof promulgated after enactment of this section shall take effect after such period as the Administrator finds necessary, after consultation with the Secretary of Transportation, to permit the development and application of the requisite technology, giving appropriate consideration the cost of compliance within such period.

"(b) The Secretary of Transportation, after consultation with the Administrator shall promulgate regulations to assure compliance with all standards promulgated by the Administrator under this section. The Secretary of Transportation shall carry out such regulations through the use of the powers and duties of enforcement and inspection authorized by the Interstate Commerce Act and the Department of Transportation Act. Regulations promulgated under this section shall be subject to the provisions of sections 10, 11, 12, and 16 of this Act.

"(c)(1) Nothing in this section shall diminish the right of a State or political subdivision thereof to establish and enforce standards, controls, limits, restrictions, or other requirements on environmental noise, including those from motor carrier equipment and operations, in the absence of a Federal requirement pursuant to this section, or a Federal decision that no Federal, State, or local requirement is appropriate, on a specific class of equipment or operations.

"(2) Nothing contained herein shall preclude a State or political subdivision thereof from adopting and enforcing a Federal standard, control, limit, restrictions, or other requirement promulgated under this section.

"(3) Any person adversely affected by a State or local requirement, or the Administrator, may demonstrate by a preponderance of the evidence the existence of an inconsistency between the requirement of a State or political subdivision thereof and that of the Federal Government.

"(d) For purposes of this section, the term 'motor carrier' includes a common carrier by motor vehicle, a contract carrier by motor vehicle, and a private carrier of property by motor vehicle as those terms are defined by paragraphs (14), (15), and (17) of section 203(a) of the Interstate Commerce Act (49 U.S.C. 303(a)).".

(16) Section 19 of the Noise Control Act of 1912 is amended by striking out "$15,000-000 for the fiscal year ending September 30, 1979" and substituting "$3,300,000 for fiscal year 1982".

Mr. BAUCUS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. GORTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GARN. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. ROBERT C. BYRD. Mr. President, I wish to express for the record my hope that, in the future, on a bill that is not otherwise cleared for passage by unanimous consent, the Chair will not state, upon final passage, "Without objection, the bill is passed."

I believe that Senators should have an opportunity, if they wish, to demand a rollcall vote. I presume they did not in this instance. Someone, at the very last second, may wish a rollcall vote on a bill, and I hope the Chair will give Senators the opportunity to ask for a rollcall vote.

There was a rollcall vote on the amendment, so it was not a minor bill. It was not a bill that was cleared for passage by unanimous consent. It had some controversy involved.

I do not say this with any criticism of the Chair. I know that the Chair acted in good faith.

In any event, I believe I should say this for the record, so that Senators, especially on a vote on which there is not much controversy, may ask for a voice vote on final passage, so that Senators, if they wish to have a division or if they wish to have a rollcall vote, may demand it.

However, when the Chair says, "Without objection, the bill is passed," it is over.

I say this with apologies to the Chair, because, certainly, no rancor is intended. However, I believe that if someone does not say it for the record now, it could create quite a controversy at some time in the future.

Mr. LONG. Mr. President, will the distinguished minority leader yield?

Mr. ROBERT C. BYRD. I yield.

Mr. LONG. Mr. President, I agree with the distinguished minority leader in this matter.

I know that the Chair was acting in good faith about this. However, sometimes Members are not present who would vote against a measure, and other times Senators are present who would vote against it. Since they did not see any point in insisting on a rollcall vote, they should be spared having to demand the yeas and nays in order to make clear that the bill was not passed unanimously.

So I believe that the minority leader is right about this. I hope the Parliamentarian will take due note and so advise the Chair.

Mr. ROBERT C. BYRD. I thank the distinguished Senator from Louisiana.

CASH DISCOUNT ACT—CONFERENCE REPORT

Mr. GARN. Mr. President, I submit a report of the committee of conference on H.R. 31 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 31) to amend the Truth in Lending Act to encourage cash discounts, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of June 23, 1981.)

Mr. GARN. Mr. President, I request that my colleagues act immediately to accept the conference report on the Cash Discount Act. The provisions of this report are exactly those that were passed by voice vote in the Senate on March 12, 1981. After much delay, the House conferees have receded to the entire content of the Senate amendment to H.R. 31. On June 24, 1981, the House adopted the conference report by a vote of 398 to 9.

The extensive delays in the conference on this bill have been the result of the bifurcated nature of H.R. 31. The bill contains not only the provisions which deregulate cash discounts and extend the prohibition against surcharges until February 27, 1984, but also has an unrelated provision regarding certain specifications for the unrelated provision regarding certain specifications for the position of the Surgeon General of the United States. Because of the dual issues in this bill, conferees were appointed from both the Banking and Labor Committees, and were instructed to confer on only the issues within their respective jurisdictions.

Shortly after the conferees were appointed, the banking conferees met and the House receded to the provisions of the Senate amendment. Then we were forced to sit and wait for the conferees on the Surgeon General provision to resolve that issue. Close to 2 months passed before the House receded to the Senate on that remaining section of the bill.

Mr. President, I wish to tell my colleagues that I have never been involved in a conference with less controversy and as little debate as the conference on the banking provisions of this bill. I had no more than sat down at the conference table than the distinguished Congressman from Illinois, Mr. ANNUNZIO, made a motion to concur in the Senate amendment. It was readily accepted and we adjourned within less than 5 minutes of convening the conference. The expeditious fashion with which the banking conferees were able to dispense with our issue, is proof of the undisputed support for the provisions of this bill.

Since action on this bill should have taken place prior to February 27, so that the previous prohibition on surcharges would not have expired. I encourage the Senate to act without delay in agreeing to the conference report.

Mr. PROXMIRE addressed the Chair.

Mr. GARN. Mr. President, may we have order before the distinguished Senator from Wisconsin speaks?

The PRESIDING OFFICER. The Senate will be in order.

Mr. PROXMIRE. Mr. President, I oppose the conference report.

I believe that the Republican Party in the Senate and in the country deserves full credit for taking the strong position they have taken against excessive regulations. There is no question that this has caused a great burden on business and on consumers. But I am amazed that in its first legislative opportunity to strike a blow for deregulation, the administration has opted for more regulation.

All of us gain if we rely more on the freedom of the marketplace and less on the heavy hand of Government. Business will be more efficient and resources will be better allocated.

But here we have the spectacle of our new majority following through on a bill calling for increased restrictions—I repeat, increased restrictions, and that is what this bill does in the conference report—of the private enterprise system as one of the first orders of business when we come to regulatory matters before us.

Mr. President, the No. 1 domestic problem facing this country—and, I think the President is absolutely right—is inflation. One of the reasons why inflation is so serious is because there has been far too much borrowing and too little cash payment in this country by the Federal Government and in the private sector.

We are correct to criticize the Federal Government's excessive borrowing and spending. I think the Federal Government has to reduce its borrowings, has to run surpluses instead of deficits, has to stop bidding up interest rates.

Mr. President, we have a conference report on a bill here today which would continue to discourage people from paying cash and to encourage them to borrow on credit.

The Federal Government is a big factor. It is about a quarter of our economy. But almost two-thirds of our economy is in the private sector. If we are going to follow a policy of supporting regulations which discourage the payment of cash and encourage borrowing money, encourage driving up interest rates, encourage inflation by excessive credit, it seems to me we are following a most unwise course, economically, and a course which is not in the interest of consumers, a course which particularly contradicts the very essence of the position the Republicans have properly taken, that it is time we emphasized free enterprise.

This legislation is opposed by consumer groups, business groups, and free enterprise groups. I do not know any consumer group, not one, which has taken the position that this regulation is in the consumer interest. These consumer groups are ably staffed. They have won the admiration of us. We may disagree, but they won our admiration on the basis of their competence.

They say that consumers will be ill served if we pass this bill restricting the credit surcharges, that it will be against the interest of the consumer and it will mean that the consumer will have to pay more when he pays cash.

This legislation is opposed by the retail merchants, merchants such as Montgomery Ward and Zayre's. These merchants are on the line with consumers every day. They run the big discount houses. They feel they can give consumers a better break and increase sales if they stop subsidizing credit purchases and offer cash customers higher discounts.

This legislation is also opposed by free enterprise groups such as the National Taxpayers Union, the Council for a Competitive Economy and the Heritage Foundation, all of whom oppose continued regulation of surcharges.

According to the title this bill is concerned with cash discounts. Let us not kid ourselves.

Make no mistake about it, the heart and soul of this legislation is the demand of the credit card industry that the Congress extend the ban on credit card surcharges for another 3 years.

Talk about a special interest group. Last year, the credit card industry charged merchants $1.5 billion. Why did they get that from merchants? They got it because when people went in to use their credit cards the merchants, in turn, would be billed by the credit card company for the interest and the cost of processing that credit transaction.

Of course, the credit card companies enjoy very much getting that $1.5 billion, but does anybody really believe that that $1.5 billion did not result in higher prices for the merchandise that all of us buy? Of course, it did. It is translated simply into higher prices. That is why the consumer organizations unanimously, without exception, emphatically oppose the bill in its present form.

It is why they feel that merchants should be free. That is all we are asking. We are not asking that this be imposed. We are saying let the free enterprise system work. Why not let the merchants be free to make a surcharge if they wish to do so? What is wrong with free enterprise, Mr. President?

Back in 1975, the lines of battle on the surcharge question were far less clearly drawn. By a 4-to-3 vote, the Governors of the Federal Reserve Board came down in favor of the ban on surcharges. The Consumer Federation of America also opposed credit card surcharges at that time. The Consumer Affairs Subcommittee heard testimony from the Federal Reserve Board, the Consumer Federation of America, the Federal Trade Commission, the Comptroller of the Currency, and Consumers Union calling for an end to this unnecessary restriction of the free market system.

So not only do we have all the consumer organizations, not only do we have all the free enterprise organizations, every responsible, competent Government agency that has studied the situation and testified, testified that we should remove that ban. That is what this amendment does. They are unanimously for it. There is no competent testimony that does not have a clear special interest, such as the credit card companies themselves, that opposes this amendment.

On the other side of the coin, the credit card industry claims that the Government restriction of surcharges is somehow in the public interest.

Frankly, when we first began the debate on surcharges in 1974, I had no idea how inflationary the hidden merchant discount fees might become. For example the domestic operations of the three

major credit card issuers—Visa, Master Charge, and American Express—collectively earned in excess of $1.5 billion from these hidden fees in 1980 alone.

After listening to literally hundreds of bankers testify before the Banking Committee that every law and regulation eventually results in additional costs which are always passed along to consumers, there is certainly no doubt in my mind that the $1.5 billion hidden fee was likewise passed along to all consumers in the form of higher prices for goods and services. Nor, I might add, does there seem to be any doubt on the part of the Federal Reserve Board that these hidden fees are buried in the regular prices of goods and services of merchants who accept credit cards.

Of course, they are. We were not born yesterday. We know there is no way the merchants can assume this. They are going to go out of business if they do not pass along their costs. They have to. It is the first thing you learn in cost accounting. Every merchant who has enough sense to come in out of the rain is going to require that his costs be covered in the price he charges. They do that.

There is nothing wrong in that. It is proper, it is desirable, it is necessary. And they pass along that cost.

Unfortunately for cash purchasers, merchants have no way of knowing which customers will pay by cash and which will pay by credit card. Consequently, merchants must bury the $1.5 billion merchant fee in their regular price, with the result that both cash and credit card customers alike must shoulder this hidden fee.

Even if we conservatively assume that cash customers wind up paying only one-third of the merchant fee, that still amounted to a $500 million subsidy of credit card purchasers by cash customers in 1980.

Finally, let me say this to my Republican colleagues. If this conference report is adopted and is sent to the White House for signature it will be an embarrassment to President Reagan who speaks so eloquently of free enterprise.

The administration and the new majority have not put their money where their mouths are on this legislation.

Mr. GARN. Mr. President, I am not aware that anyone else desires to speak on this issue. As I said, it passed the Senate overwhelmingly, and also the House of Representatives, and it was debated at that time.

If there is no one else who desires to speak, I am also unaware of any request for a rollcall vote, and I am prepared to vote by voice vote.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

(Putting the question.)

The PRESIDING OFFICER. The Chair is in doubt and asks for a division. All those in favor will stand and be counted.

(Senators rising.)

The PRESIDING OFFICER. All those opposed will stand and be counted.

(Senators rising.)

The PRESIDING OFFICER. The ayes appear to have it, the ayes have it, and the conference report is agreed to.

Mr. GARN. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, is there an order for the next item of business?

DEPARTMENT OF JUSTICE AUTHORIZATIONS, 1982

The PRESIDING OFFICER. The clerk will report the pending business and will state the bill by title.

The assistant legislative clerk read as follows:

A bill (S. 951) to authorize appropriations for the purpose of carrying out the activities of the Department of Justice for fiscal year 1982, and for other purposes.

The Senate resumed consideration of the bill.

SENATE RESOLUTION ON SOCIAL SECURITY

Mr. BAKER. Mr. President, it is my hope that this afternoon we can turn to the consideration of the sense-of-the-Senate resolution in respect to social security which I identified on yesterday.

Negotiations have been under way with the hope that we can obtain a time agreement on that measure. I think the prospects are good that we can. But for the moment we are not prepared to proceed. Therefore, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT—SENATE RESOLUTION 87

Mr. BAKER. Mr. President, as I indicated earlier, there is a desire on the part of some Members to proceed to the consideration of Calendar Order No. 167, Senate Resolution 87, a sense-of-the-Senate resolution expressing concern regarding social security benefits.

I understand that all parties to that measure will be ready to proceed to the consideration of that resolution at 4 o'clock this afternoon. I have a time agreement that I am about to propound, Mr. President, with respect to the consideration of that measure that I believe has been cleared on the minority side.

Mr. President, I ask unanimous consent that when the Senate turns to the consideration of Calendar Order No. 167, Senate Resolution 87, a resolution expressing the sense of the Senate regarding social security benefits, it be considered under the following time agreement:

One hour total time of debate on the resolution, to be equally divided between the distinguished Senator from Pennsylvania, Mr. HEINZ, and the distinguished minority leader or his designee, with the proviso that no motions, amendments, appeals, or points of order be in order to the resolution and that the agreement be in the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 4 P.M.

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate stand in recess until the hour of 4 p.m. and that when it reconvenes at 4 p.m. the Chair lay before the Senate, Senate Resolution 87 under the terms and the provisions of the order just entered.

There being no objection, the Senate, at 2:44 p.m., recessed until 4 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. DANFORTH).

QUORUM CALL

The PRESIDING OFFICER. The Chair, in his capacity as a Senator from the State of Missouri, suggests the absence of a quorum.

The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HEINZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAXATION OF SOCIAL SECURITY BENEFITS

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of Senate Resolution 87, which will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 87) expressing the sense of the Senate that the Congress not enact legislation to tax social security benefits, and for other purposes.

The Senate proceeded to consider the resolution, which had been reported from the Committee on Finance, with amendments, as follows:

On page 2, line 4, strike "the", and insert "their"; and

On page 2, line 4, strike "of American workers".

The cosponsors of the resolution are:

Mr. Heinz, for himself, Mr. Chiles, Mr. Proxmire, Mr. Grassley, Mr. Pressler, Mr. Cohen, Mr. Percy, Mr. Melcher, Mr. Pryor, Mr. Glenn, Mr. Burdick, Mr. Bradley, Mr. Dodd, Mr. Packwood, Mr. Dole, Mr. Cannon, Mr. Williams, Mr. Moynihan, Mr. Mitchell, Mr. Sasser, Mr. Garn, Mr. Levin, Mr. Sarbanes, Mr. Roth, Mr. Simpson, Mr. Symms, Mr. Harry F. Byrd, Jr., Mr. Matsunaga, Mr. Bentsen, Mr. Riegle, Mr. Zorinsky, Mr. DeConcini, Mr. Goldwater, Mr. Bumpers, Mr. Randolph, Mr. Kennedy, Mrs. Hawkins, Mr. Weicker, Mr. Thurmond, Mr. Warner, and Mr. Robert C. Byrd.

Mr. HEINZ. Mr. President, it is my understanding that a time agreement has been entered into on this measure; that the time limitation is to be 1 hour, evenly divided between me and the minority manager of the bill, Senator MOYNIHAN. Will the Chair advise me if that is correct?

The PRESIDING OFFICER. The Senator is correct. The time is controlled by the Senator from Pennsylvania and the designee of the minority leader.

Mr. HEINZ. I thank the Chair.

Mr. President, the resolution before the Senate, Senate Resolution 87, has numerous cosponsors, including the following three cosponsors whose names I ask unanimous consent be added: The Senator from Massachusetts (Mr. KENNEDY), the Senator from Florida (Mrs. HAWKINS), and the Senator from Connecticut (Mr. WEICKER).

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HEINZ. Mr. President, I submitted this resolution last March, and its purpose is, very simply, that of opposing the taxation of social security benefits.

When I submitted the resolution, in my remarks on the floor I referred to the continuing fear of social security recipients that their benefits will suddenly be subject to taxation. I also said that action on the resolution was needed to reassure those citizens that they would not face a sudden, unexpected loss of income.

Mr. President, since that time, older Americans have been bombarded on a daily basis, verbally and in print, with proposals that make sweeping, drastic changes in the social security system, changes far beyond taxation, which are causing a crisis of confidence, among our retired citizens and those who are about to retire, about our social security system.

I believe that today the Senate has an opportunity—at least, partially so—to allay those fears by strongly supporting Senate Resolution 87, by expressing the sense of the Senate that the 97th Congress will not enact legislation which would change the tax treatment of social security benefits. I urge my colleagues on both sides of the aisle, on a strong bipartisan basis—this should not be a partisan issue—to vote in favor of the resolution.

Mr. President, for many older Americans in every State, retirement income is less than adequate to meet the costs of basic necessities. That was true when we started the social security system more than 40 years ago. Regrettably, it is still true today.

The fact is that there are millions of elderly people who are struggling to keep up with inflation. Prices for food, utilities, fuel, and medical care have increased faster than the Consumer Price Index. Despite the indexing of social security benefits, the overall incomes of the elderly have not kept pace with inflation. Taking away in taxation what already has been given in benefits that have not kept up is, of course, a reduction of benefits, however we might try to disguise it.

Any decision to tax social security benefits would be grossly unfair to those who have planned their retirement with the expectation of a tax-free social security benefit.

Those already retired and people who are about to retire do not have the opportunity to change their future plans. They have already planned, and taxing their social security benefits would be pulling the rug right out from under them. It would be shredding their plan. It would be a human disaster.

We must not lose sight of the fact that social security is a vital source of income for older Americans. Over 90 percent of the families headed by an older person depend upon social security for at least a portion of their income and for two-thirds of those families social security is their major source of income.

Mr. President, our citizens are already burdened enough by heavy taxes. At the time when we are seeking to alleviate some of this tax burden, it is unwise and it is wholly inconsistent to increase taxes for those on limited incomes.

The elderly, even without taxes on social security, pay a substantial portion as it is of the total Federal income taxes collected by the Internal Revenue Service. Persons over age 65 who constitute about 11 percent of the total population pay 10 percent of all personal income taxes.

Social security, Mr. President, is the cornerstone of our Nation's retirement system. It is a system that has worked. It has worked well. It has worked well for more than 40 years.

While Congress can and must act now to restore fiscal stability to the program, and I trust we will do so this year, to spare people any further anxiety, taxation of benefits is not the solution. It is not the answer, as some would have us believe, to the problems of social security.

So, Mr. President, it is my view that approval by the Senate today of Senate resolution 87, the measure before us, will be proof to the Nation's elderly that we strongly support the past commitment that we reaffirm in today's present to their economic security and well being.

Mr. President, I yield to the Senator from New York.

Mr. MOYNIHAN. Mr. President, I thank the distinguished Senator from Pennsylvania. On behalf of the Democratic cosponsors of Senate Resolution 87 I rise to express solidarity with the views that the Senater from Pennsylvania has stated and to add simply to a position that the Democratic Members of this body have sustained through the nearly half-century since passage of the Social Security Act. This resolution to express our opposition to taxing social security benefits is particularly timely and particularly important at a moment when there has been in our view an unfortunate and unnecessary effort on the part of some members of the administration to suggest that the social security system is in some grave crisis that will require extraordinary reductions in benefits from persons entering the system.

On the 12th of May the administration proposed that for persons entering the system as of January 1 benefits be reduced 10 percent across the board. For persons retiring at 62, when the majority of persons do retire, that the overall reductions be 40 percent, leaving such persons who have no other income with an average retirement benefit that is 19 percent of their average earnings in years when paying into the social security system. This is a benefit that would keep them permanently below the Government's poverty line and would indeed leave them impoverished.

I think it important to recognize just how many people, as the Senator from Pennsylvania has said, depend utterly on social security. According to a 1976 study by the Department of Health, Education, and Welfare (as it was then called) 57 percent of the persons retiring at age 62 are ill. The evidence from the one survey taken in 1977 would have us understand that a majority of those persons have at the time of their retirement no other income. Some of them are unemployed. Many of them are ill. They entered a system which provides a source of income for when they will have none. I think it is clear that this body will not accept the administration proposals. Throughout the country there has has been a tremor of concern, particularly among older persons who do not follow the specifics and the details of the actuarial estimates of what will be the ratio of beneficiaries to contributors in the middle third of the 21st century.

All they hear, as they heard from Mr. Svahn on July 6, is "crisis, crisis, bankruptcy, crisis, crisis," four crises in 2 pages of a press statement.

The persons in the system now have the right to know that their benefits are secured and will not be reduced and will not be taxed.

It is certainly the view on this side of the aisle that this will not happen and I am happy to see the degree to which this is shared on both sides of the aisle. I wish to state our complete support for this resolution at this time.

Mr. HEINZ. Mr. President, I compliment and thank my distinguished colleague from New York, Senator MOYNIHAN, for his comments on behalf of this resolution.

He was one of the Senators who joined with me very early on when I introduced this legislation in the first place.

He, as a member of the Finance Committee, has taken a special interest in the problems of our social security system, and I publicly recognize his efforts and thank him for his remarks.

Mr. President, I ask unanimous consent that Senator THURMOND be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COHEN. Mr. President, I support Senate Resolution 87, a resolution reaffirming the sense of the Senate that social security benefits should continue to be exempt from taxation.

In recent weeks we have all been made painfully aware that the economic viability of the social security system is severely threatened. There is very little dispute that the Congress must act immediately and responsibly in order to insure that the Nation's oldest and most popular social program is not allowed to

drift into the throes of bankruptcy. While the task will be difficult, we have no choice but to address the problem. The most irresponsible course of action would be to simply turn our back to the problem and do nothing.

While we face a number of difficult choices for restoring health to the social security system, I do not believe that the taxation of social security benefits is necessary in order to solve our immediate short-term financing problems. As a cosponsor of this resolution, and as a supporter of the social security system, I do not believe the wise choice will be to place further tax burdens on our older Americans, who already pay 10 percent of all personal income taxes and who are the hardest hit by inflation.

Older Americans on fixed incomes, nearly two-thirds of whom try to make ends meet on social security as their major source of income, cannot tolerate further taxation. Time after time, in hearing after hearing, and in letter after letter, I have heard from the elderly residents of my State and across the country that inflation, energy costs, and spiraling interest rates threaten their daily security. For some, nearly half of their income is devoted to necessities. Can we really afford to tax the hardest hit segment of our population further?

I believe the answer to that question is an unequivocal no. As a member of the Senate Special Committee on Aging, I am pleased that hearings have been held, witnesses have been heard, and suggestions have been considered for reforming the social security system. To my knowledge, no one has recommended the taxation of social security benefits as a method of relieving the system of its financial problems.

The American public deserves our reassurance that we will follow the wisest course of action possible, and that social security benefits will not be rashly and immediately cut by exposure to further taxation.

Mr. THURMOND. Mr. President, today I am pleased to rise, as a cosponsor, to support Senate Resolution 87, which expresses the sense of the Senate that social security benefits should not be subject to Federal income taxes. This resolution could not be considered at a more opportune time.

As Congress nears completion of its annual budget process, it is imperative that those Americans who now depend on social security be assured that we here in the Senate are sensitive to their needs. People who have retired are the people who deserve the security this system offers. They have worked hard to help make this country great, and they have contributed financially to the retirement system. Now, they have a reasonable expectation of receiving this retirement income. We have a solemn duty to insure that every effort is made to protect these retirement benefits.

Just as we owe these retired Americans our diligence in guarding their individual benefits, we owe them the greater duty of protecting the whole system. The social security system must remain sound. It is not enough that social security retirement checks be sent next month; they must be available next year and the years after that. We in Congress must take every step necessary to insure that the retirement system remains fiscally sound, no matter what the political cost.

Mr. President, I believe that this resolution is one sign of our dedication to protecting those who rely on social security. For those who believe that the Federal Government only has their best interests at heart, an attempt to tax social security benefits is a rude awakening. As we now reap the results of the excesses of past administrations and Congresses in both entitlements and a slowed economy, the dollar has weakened to the point that many of our elderly citizens are losing their fight against the ravages of inflation. On top of this, there are those who would further diminish the finances of these Americans by subjecting their social security income to Federal taxation.

Last year, I joined with Senator JEPSEN and others to oppose this proposal. I am glad that the full Senate now has the opportunity to indicate its strong opposition to such taxation. This resolution should indicate our commitment to the social security system—both in protecting the benefits of currently retired Americans and in insuring the long-term existence of the system. We must act to insure the soundness of the social security system. The situation demands it, and Americans deserve no less.

DO NOT TAX SOCIAL SECURITY BENEFITS

Mr. CHILES. Mr. President, I rise in support of Senate Resolution 87 expressing the sense of the Senate that social security benefits should not be subject to Federal taxation.

Senator HEINZ and I, as chairman and ranking minority member of the Special Committee on Aging, introduced this resolution along with many of our colleagues on March 5. I am pleased that the Finance Committee has taken such timely action on the resolution, and I urge all of my colleagues here today to vote favorably on the resolution.

During the past few weeks, millions of social security beneficiaries all across the Nation have had nothing but bad news about social security. They have heard that the trust funds are going broke and that their checks may stop coming or be delayed. Many older Americans are afraid. They have heard all the bad news—and I think it is unfortunate that they have not gotten much reassurance from us here in Congress.

This is a good time to remind all social security beneficiaries that we have already gone on record—with a 96-to-0 vote—that we will not make changes to social security any more than is absolutely necessary to make sure that the checks keep coming on time. And it is a good time to point out that we have already taken some action in the budget reconciliation bill which will help make sure that social security checks will not stop and will not be delayed.

This resolution gives us another opportunity to reassure social security beneficiaries that we will not be making cuts any more than is necessary to insure the solvency of the system. Taxing social security benefits is not necessary.

I do not think my colleagues need to be talked into voting favorably on this resolution, because I think you agree with me. But I would like to point out that we will soon be taking up a tax cut bill in the Senate. We certainly do not want to be telling social security beneficiaries that we are going to ask for additional taxes from them at the same time we are cutting taxes for everyone else.

Taxing social security benefits is not even part of the answer to solving social security's problems. Social security beneficiaries need all the reassurance we can give them now, and this resolution can help give them that reassurance.

Mr. BURDICK. Mr. President, during a period of some confusion in the country as to the strength of the Federal Government's commitment to the social security system, the Senate has an opportunity today to send a clear message to older Americans: There will be no taxation of social security benefits approved by this Congress.

At a time when those dependent on social security are justifiably concerned about what changes in the program will be approved by Congress in the effort to restore it to short-term and long-term financial solvency, we can at least make it clear that the designation of social security benefits as taxable income is not one of the changes being contemplated.

This sense of the Senate resolution was introduced in March in response to a recommendation by the President's Commission on Pension Policy that social security receive the same tax treatment as other retirement programs. Since then, with both the House and Senate including elimination of the minimum social security benefit in their budget reconciliation bills and long-terms cuts in benefits being considered by the appropriate committees, it has become even more apparent that taxation of social security benefits is an economic blow that millions of older Americans should not be asked to sustain.

It is estimated that the average annual tax increase for households receiving social security benefits would be $350. The deduction of that amount of money from the disposable income of those whose only income is derived from social security benefits could make a significant difference in their ability to purchase such necessities of life as food, medicine, and clothing.

Congress faces a number of difficult decisions in its deliberations on reform of the social security system, but the vote on this resolution is not one of them. Just as the Senate voted unanimously on May 20 to reject any precipitous and unfair reduction in early retirement benefits, so today we can act to assure social security recipients that they need not worry about taxation of their benefits. I urge the Senate to give its overwhelming approval to this important resolution.

SOCIAL SECURITY BENEFITS SHOULD NOT BE TAXED

● Mr. JEPSEN. Mr. President, I rise in support of the resolution offered by my distinguished colleague from Pennsylvania (Mr. HEINZ). I must say, however, that I do so reluctantly. Not because I do not agree with the intent of the res-

olution, but rather because I do not think it goes far enough. I believe the simplest and most straightforward thing to do would be to spell out our sentiments in law. A Senate resolution is not enough.

Contrary to conventional wisdom, public law does not provide for the tax-exempt status of social security benefits. It enjoys the much weaker and more uncertain protection of an Internal Revenue Service ruling, dating from 1941. This raises the frightening possibility that benefits could become subject to Federal income tax at any time and without the prior approval of any legislative body. This resolution would not prevent this.

In 1979 the Advisory Council on Social Security published an opinion that the 1941 IRS ruling was inequitable and argued for taxation of half of social security benefits. A recent book by Mickey Levy, "The Tax Treatment of Social Security," and a series of articles in leading publications have adopted similar positions.

Several months ago, the President's Commission on Pension Policy issued a recommendation along identical lines. I mention these references to underscore a serious threat confronting older Americans. For example, in the past many of the advisory's council's proposals have ultimately become legislation. This threat is not trivial. The need for legislative response is critical.

Three powerful arguments urge immediate consideration of this response.

First, the taxation of social security benefits would target one of the poorest sectors of our society. The incremental burden on our elderly population would amount to $36 billion by 1985. This averages $350 per year for every affected person over 65. Approximately 10.6 million of the 42.2 million benefit recipients would be impacted. Considering that almost 20 percent of retired persons—even with social security—live below the poverty level, it is difficult to comprehend why any proposal to tax program beneficiaries could enjoy even limited support. The idea bears frightening implications for the already depressed standard of living of America's older citizens.

Second, and this is extremely important, Mr. President, the apparent logic for taxing social security implies that the system is a welfare mechanism designed to redistribute income from the wealthy to the poor. This concept was forcefully articulated by the New York Times in an editorial last year. The paper's endorsement of the taxation of social security was based on the mistaken assumption that most beneficiaries would be unaffected because their income is so low: Only the privileged few, the article suggested, would be assessed. This line of thinking is wrong.

The social security program is a pension system to which one has a right based on the withholdings one pays into it throughout a working lifetime. It is neither a welfare mechanism nor a medium for redistributing society's assets. That is not interpretation, it is the language of the Social Security Act. I oppose any nonlegislative ruling which contradicts the original expressed purpose of Congress. I oppose turning social security into an instrument of political manipulation. The Wall Street Journal published an editorial responding to the statements that appeared in the New York Times and emphasizing the point I have just made, I urge my colleagues to read this article.

The third and final argument is one of integrity. At a time when confidence in the Federal Government is at an all-time low, I believe it would not be imprudent to aggravate that cynicism further by undermining the value and purpose of social security. Inflation and interest rate instability affects older Americans more than other groups. This makes it all the more important for Congress to guarantee, by statute, the integrity of the one social program which this sector of our society depends upon most.

In closing Mr. President, I applaud my distinguished colleagues leadership on this issue. I only hope that later this year we can give the Senate an opportunity to vote on a bill that will make the tax-exempt status of social security part of permanent law so that the retirees in this country will never have to worry about the possibility that their benefits might be taxed.●

● Mr. BENTSEN. Mr. President, as an original cosponsor of Senate Resolution 87, I am pleased to speak in support of this measure which expresses the sense of the Senate that social security benefits remain exempt from Federal taxation. Social security benefits are not explicitly precluded from taxation by statute, but have remained tax free because of administrative rulings dating back to 1938. A change in this policy of long standing would defeat the underlying purposes of the social security program and I do not believe that such a change is warranted at a time when our citizens are already overburdened by heavy taxes.

It would be unconscionable, particularly during a period of high inflation, to increase the tax burden for some of this Nation's most vulnerable citizens, elderly persons on fixed incomes. While the 1979 Advisory Council on Social Security and the President's Commission on Pension Policy Report released in February of this year recommend that benefits from social security receive the same tax treatment as other retirement programs, it is clear that the administrative problems associated with taxing such benefits would be extraordinarily complex and that the information available on the effects of such a change in policy is insufficient to justify implementing these recommendations.

Mr. President, the financial integrity of the social security system is of great concern to me and will be one of the most important issues before the 97th Congress. Adoption of this resolution will not delay examination of alternative funding sources for the payment of benefits under the Social Security Act, however, it will serve as a substantial commitment to the protection of benefits now being received. I urge my colleagues on both sides of the aisle to join with me in support of this resolution.●

● Mr. PRYOR. Mr. President, I join today with Senator HEINZ and other members of the Special Committee on Aging in supporting a sense of the Senate resolution expresing the view that social security benefits should remain exempt from Federal taxation.

During these times of uncertainty within the social security system, it is imperative that we continually reassure our elderly citizens that the social security program will fulfill its original promises to the American people.

With economic unrest and high inflation, our social security beneficiaries live in a constant fear that their benefits will become subject to taxation. At the present time 25 percent of our elderly citizens are near or below the poverty line and struggle with rising costs of fuel, food, medical care, and utilities. Prices for these basic necessities have escalated far above the Consumer Price Index.

To consider taxation for moneys that have been guaranteed as tax-exempt benefits would actually serve as a re-reduction in benefits. Such a reduction through taxation would be detrimental to those people who live on fixed incomes and lack any other avenue of receiving additional benefits. Those who would be affected by such a tax already pay 10 percent of the total personal income tax paid to the IRS.

Many hearings by the Special Committee on Aging have sharpened our perception of the vital importance and extensive dependence that our elderly place on the social security program. Although there is definite need for reform in the social security system to insure its financial soundness, a tax on guaranteed benefits would prove to be an unfair and undermining factor toward the reformation of our system.

The taxation of the benefits enjoyed by 93 percent of Americans over 65, coupled with inflation, would be requiring the millions of Americans who have paid faithfully into the social security program to carry an undeserved burden for the American people.●

● Mr. GRASSLEY. Mr. President, social security owes its current tax-exempt status to Bureau of Internal Revenue bulings in 1938 and 1941, which held social security lump sum and monthly benefits to be nontaxable. The 1941 ruling was based, in part, upon the Bureau's conviction that subjecting benefit payments to income taxation would tend to defeat the underlying purposes of the Social Security Act, the most important of which is to attack the problems of insecurity by poviding safeguards designed to reduce future dependency.

This sense-of-the-Senate resolution is necessary for a number of reasons. Foremost among those reasons is the concern generated among current beneficiaries by recent Advisory Council on Social Security recommendations that one-half of social security benefits be made subject to taxation. This resolution, expressing the sense of the Senate that the current tax exempt status of social security

benefits not be changed, should help to assuage their fears.

This resolution is also justified on substantive grounds. It is highly likely that Congress will be forced to take actions to alleviate the short- and long-term funding difficulties in social security this year, which will probably entail limited benefit reform. Any action by Congress or the IRS to tax benefits—especially the benefits of current recipients—this year would be ill considered.

Mr. President, I submit that the underlying purposes of the Social Security Act have not changed substantially since 1941. Logic would dictate, then, that social benefits should continue to be accorded tax-exempt status.●

● Mr. DODD. Mr. President, I believe the Senate should act affirmatively on Senate Resolution 87, expressing the sense of the Senate that the Congress not enact legislation to tax social security benefits.

On May 20, by a vote of 96 to 0, the Senate passed an amendment to the omnibus supplemental appropriations bill expressing its sense that Congress not reduce social security benefits. The Senate agreed to consider only those reforms necessary to insure the social security system remains financially sound.

Taxing social security benefits is merely a back-door means of slashing benefit payments. Whether social security benefits are taxed or cut outright, the end result remains the same: benefits are reduced.

Reducing social security benefits would break a promise made not only to senior citizens who contributed to the fund in the past but to wage earners who contribute in the present. Thus, taxing social security benefits would seriously weaken the faith all Americans have in the integrity of the social security program and its ability to protect them from the sharp drop in income which often accompanies retirement, disability, and death of a spouse.

Today, one of every nine Americans is a senior citizen. These older Americans helped make this country what it is. They have fought wars, grown our food, worked as laborers and managers in our factories, built our roads, diiscovered cures for our diseases, and educated us and our children. They contributed part of their wages to the social security system during their most productive working years, confident that they would receive benefits when they needed them after retirement. Our senior citizens retired in good faith, believing that they could count upon governmental assistance if they needed it.

We cannot change the rules in the middle of the game for these seniors. They abided by the rules all their working lives, paying into social security funds year after year. How can we now decide not to pay back those who contributed to the social security program, thereby refusing to abide by the same rules we held them to?

Many of our elderly constituents made the decision to retire based upon the premise that the social security benefits due them would be paid. We cannot back out on them now without dangerously undermining not only their confidence in Congress but also the confidence of their children and their children's children.

Mr. President, this year the Congress is in the business of figuring out how best to limit, not increase, the tax burden on the American people. A number of tax reduction proposals have been floated by members of both parties, and I do not agree with all of them. For example, multiyear rate reductions of the sort proposed by the administration will probably prove inflationary and may lock us in to longer term policies without the flexibility needed to address rapidly changing economic circumstances. However, it is clear that stemming the tax burden in a manner consistent with our national economic objectives is of high priority. It is clear that imposing taxes on social security benefits not only is unfair for beneficiaries, but runs directly counter to the expressed wishes of the American people and Members of Congress of both parties. We should not inflict a double whammy on our senior citizens by simultaneously increasing taxes for them while cutting taxes for others, and imposing an arbitrary new standard which can only complicate and undermine their financial planning.

Mr. President, I urge that the Senate adopt Senate Resolution 87.●

TAX-FREE STATUS OF SOCIAL SECURITY BENEFITS

Mr. DOLE. Mr. President, I am pleased to support this resolution. I trust that there will be no opposition to this measure. It is virtually identical to Senate Resolution 432, passed by the Senate last August 4.

The resolution is very simple. It merely states that it is the sense of the Senate that social security benefits not be taxed. Recommendations by the 1979 Advisory Council on Social Security and the President's Commission on Pension Policy that social security benefits be taxed, in part, may have alarmed many Americans. This resolution will put their fears to rest. The Senate, to my knowledge, has never considered taxing social security benefits and will not start now. The amendments made, in committee, to the resolution originally referred to us are minor language changes and modifications of factual statements. There were no objections to the changes or the measure itself in committee.

This resolution may be the least controversial item regarding social security we will see for quite awhile. This Congress must face very difficult decisions regarding the social security system this year. The taxation of benefits, however, will not be one of them.

KEEPING SOCIAL SECURITY BENEFITS EXEMPT FROM FEDERAL TAXATION

Mr. ROBERT C. BYRD. Mr. President, I rise in support of the resolution before the Senate today, which reaffirms our longstanding policy that social security benefits should not be taxed by the Federal Government

In recent weeks, we have heard a great deal of talk about reducing the size of social security benefits to help reduce the cost of the retirement system. Taxing benefits would certainly be one means of reducing benefit levels. And, a decision to tax current benefits would constitute a precipitious and unfair benefit cut for elderly Americans who have planned for their retirement with the full expectation of tax-free benefits.

The resolution before the Senate today states that the 97th Congress will not adopt any social security financing plan which would immediately subject social security benefits to Federal taxation.

The purpose of the resolution is simply to reassure the elderly community. It seems clear that the circumstances and events of recent months call for the Congress to reassure our Nation's social security retirees, and workers.

The integrity of the social security system depends upon the essential qualities of trust, confidence, and predictability. This year, there have already been too many surprises—shocks, in many instances—regarding proposed social security benefit cuts for Americans approaching retirement age, and for Americans who are already retired. These shocks have greatly disturbed the Nation's elderly and the Nation's workers. They have worked to undermine the integrity of the social security system.

The administration would like everyone to believe that it has not supported cuts in social security benefits for current beneficiaries, but that has not been the case. The administration called for a variety of such cuts, through the budget process. Its budget proposals drastically reduce disability coverage. Its budget proposals reduce and then eliminate benefits for dependents and survivors, between the ages of 18 to 21, who are attending school fulltime. Its budget proposals permanently eliminate the minimum benefit payment for both current and future retirees.

More than 500,000 Americans, age 80 or older, have been receiving the minimum payment for 15 years or longer. The administration would tell these elderly Americans, many of them widows, that they are no longer entitled to the benefits promised to them by the social security system when they made their retirement plans and that, if they need assistance, they should apply for welfare.

Many of us fought to preserve the minimum benefit payment for retired Americans. Senator RIEGLE twice offered amendments to preserve the payment for those already retired; both attempts resulted in rollcall votes, but were unsuccessful.

Reducing and eliminating social security benefits for retired Americans—through the budget process, not even a separate piece of legislation—sends a chilling message to Americans who believe in the social security system.

In May, when the administration called for major and immediate cuts in social security retirement benefits, the Senate unanimously went on record to reject the plan. At that time, I had many concerns. I was afraid that the President's advisers were misinterpreting his personal popularity as a license to unravel the social security system. I was afraid that the plan, accompanied by dire administration predictions of the social security system's imminent col-

lapse, was causing unnecessary fear and extreme distress among Americans—both young and old.

The depth of benefit cuts in that plan went beyond what might be necessary to insure adequate future financing of retirement benefits. The plan sent rapid shock waves through the elderly community because it was completely unexpected.

In accepting the Republican nomination for the Presidency, Mr. Reagan quoted Franklin D. Roosevelt, telling the American people, "It is essential that the integrity of all aspects of social security be preserved."

Mr. Reagan continued to strongly support social security throughout his campaign and just 2 months before he was elected he said:

This strategy for (economic) growth does not require altering or taking back necessary entitlements already granted to the American people. The integrity of the Social Security system will be defended by my administration.

The only benefit changes that I remember President Reagan discussing in his campaign for the Presidency were ones which would raise the cost of the system, because at that time, he supported raising the benefit levels for women.

When the President came before Congress to argue the merits of his budget plan, he said that no budget savings would be made by cutting social security retirement benefits. He said that those benefits would be preserved as part of the Nation's "safety net."

It is time for realism on social security; it is time for calm deliberation and no more surprises. The Congress should provide reassurance to our Nation's retirees and workers. The administration must also contribute to a restoration of confidence, and its officials must not prey upon our most vulnerable fears.

When OMB Director Stockman defended the administration's social security "reform" plan, he testified before a congressional committee:

The question before the Congress is whether the 36 million Americans who currently depend on the Social Security system can count on any check at all less than two years hence. . . . The most devastating bankruptcy in history will occur on or about Nov. 3, 1982.

Mr. Stockman said this to defend $88 billion in social security cuts over the next 5 years which would grow into a 23-percent cut in total social security benefit protection. The $88 billion in cuts would have destroyed the essential qualities of trust, confidence, and dependability in the system. The plan would have destroyed the system's integrity because the plan was cruel and inhumane. According to the administration's own economic forecasts, more than $80 billion of the "savings" in social security, proposed over the next 5 years, would not be needed to pay for benefits during this time.

In the Senate resolution disapproving the administration's social security plan, the Senate made it clear that we will oppose social security cuts designed to balance the Federal budget, rather than to restore financial solvency to the trust funds.

Let us now have some realism from the administration. Exaggerated statements do not contribute to debate, they distort it.

I support the social security resolution before the Senate today. It is a sensible statement of the sense of the Senate regarding Federal taxation of social security benefits. It is a positive declaration intended to reassure our Nation's elderly citizens. I am proud to be a cosponsor of the resolution, and I commend Senator HEINZ, chairman, and Senator CHILES, ranking minority member, of the Special Committee on Aging, for their bipartisan cooperation on the resolution.

Mr. HEINZ. Mr. President, I wish to ask for the yeas and nays on the resolution, unless they have been previously ordered. I do not recollect that part of the order.

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. HEINZ. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HEINZ. Mr. President, I am prepared to yield back the remainder of the time.

Mr. MOYNIHAN. Mr. President, I am prepared to yield back the remainder of the time on this side of the aisle.

The PRESIDING OFFICER. All time having been yielded back, the question first is on agreeing to the amendments in the body of the resolution.

Mr. CHILES. Mr. President, I wish to join with my colleagues and say I congratulate them on the introduction of this resolution.

I think it is very important, and it is a signal that we should be sending to the retired and disabled people of this country. With all of the shocks that have occurred in regard to the social security so far, with people told that the system is going to go broke, or that benefits are going to be cut precipitously, it is important to assure people that we are not going to put a tax on social security benefits on top of all the program benefit reductions reported by the Finance Committee, and I am delighted to be a cosponsor of the legislation.

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments to the resolution.

The amendments were agreed to en bloc.

Mr. HEINZ. Mr. President, we asked for the yeas and nays.

Mr. MOYNIHAN. We asked for the yeas and nays on the resolution as amended.

The PRESIDING OFFICER. The question is on agreeing to the resolution, as amended. The yeas and nays have been ordered.

Mr. HEINZ. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HEINZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the resolution, as amended. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from California (Mr. HAYAKAWA) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Massachusetts (Mr. TSONGAS) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who have not voted and who wish to do so?

The result was announced—yeas 98, nays 0, as follows:

[Rollcall Vote No. 187 Leg.]

YEAS—98

Abdnor	Ford	Metzenbaum
Andrews	Garn	Mitchell
Armstrong	Glenn	Moynihan
Baker	Goldwater	Murkowski
Baucus	Gorton	Nickles
Bentsen	Grassley	Nunn
Biden	Hart	Packwood
Boren	Hatch	Pell
Boschwitz	Hatfield	Percy
Bradley	Hawkins	Pressler
Bumpers	Heflin	Proxmire
Burdick	Heinz	Pryor
Byrd, Harry F., Jr.	Helms	Quayle
	Hollings	Randolph
Byrd, Robert C.	Huddleston	Riegle
Cannon	Humphrey	Roth
Chafee	Inouye	Rudman
Chiles	Jackson	Sarbanes
Cochran	Jepsen	Sasser
Cohen	Johnston	Schmitt
Cranston	Kassebaum	Simpson
D'Amato	Kasten	Specter
Danforth	Kennedy	Stafford
DeConcini	Laxalt	Stennis
Denton	Leahy	Stevens
Dixon	Levin	Symms
Dodd	Long	Thurmond
Dole	Lugar	Tower
Domenici	Mathias	Wallop
Durenberger	Matsunaga	Warner
Eagleton	Mattingly	Weicker
East	McClure	Williams
Exon	Melcher	Zorinsky

NOT VOTING—2

Hayakawa Tsongas

So the resolution (S. Res. 87), as amended, was agreed to.

Mr. HEINZ. Mr. President, I move to reconsider the vote by which the resolution passed.

Mr. CHAFEE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendments to the preamble.

The amendments to the preamble were agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the preamble as amended.

The preamble, as amended, was agreed to.

The resolution, as amended, with its preamble, as amended, is as follows:

S. RES. 87

Whereas social security was established to protect the income of Americans against the serious economic risks that families face upon retirement, disability, and death; and

Whereas social security provides a monthly payment to some thirty-five million beneficiaries; and

Whereas various bodies have recommended that social security benefits be included in taxable income for Federal income taxes; and

Whereas for the people affected, taxing of social security benefits would be tantamount to a cut in benefit payments; and

Whereas the elderly are especially burdened by inflation and the cost of basic necessities such as fuel, food, and medical care have risen faster than the rate of inflation; and

Whereas the prospect of taxation of benefits has alarmed many older Americans and may have undermined their confidence in the integrity of the social security program: Now, therefore, be it

Resolved, That it is the sense of the Senate that any proposals to make social security benefits subject to taxation would adversely affect social security recipients and undermine their confidence in the social security programs, that social security benefits are and should remain exempt from Federal taxation, and that the Ninety-seventh Congress will not enact legislation to subject social security benefits to taxation.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business, to extend not beyond 5:30 p.m., in which Senators may speak for not more than 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE LAST OF THE NAZI WAR CRIMES TRIALS COMPLETED

Mr. PROXMIRE. Mr. President, I would like to call the Senate's attention to an event which recently took place in West Germany. After 5½ years, the longest, most costly and probably the last of the Nazi war crimes trials was completed.

Although there are certainly other war criminals still at large, the difficulty of producing evidence of actions taken 40 years ago will probably rule out further prosecutions.

Some might hail this as a landmark, the end of official governmental actions taken in response to the holocaust. While this may be the end of the West German Government's actions, we in this country, and particularly in this Chamber, have a large piece of unfinished business still before us.

I am speaking of the Genocide Convention, the treaty which has been before the Senate for 30 years. How much longer must we wait before we take this most basic step in response to the holocaust?

West Germany has worked long and hard in attempting to face up to its responsibilities. We have hardly lifted a finger to face up to ours. I urge immediate ratification of the Genocide Convention.

ALL THAT'S GOLD GLISTERS

Mr. MATHIAS. Mr. President, Shakespeare once said that "All that glisters is not gold," and no one has contradicted him yet. But if Shakespeare had been a reader of the Washington Post he might also have said that "All that's Gold glisters."

Bill Gold's columns have glittered, glowed and glistered through the years. And in so doing they have shed light on countless issues for the benefit of myriad readers.

I have personally read Bill's columns for years and found them a source of both legislative inspiration and occasional correction of some erroneous idea or opinion of my own. I shall miss this fount of knowledge and I know that in this feeling I shall accurately represent a massive majority of Maryland Post fans.

I ask unanimous consent that an editorial from the Washington Post be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

BILL GOLD RETIRES

In an obviously crazed moment of self-indulgence this morning, Bill Gold is telling his countless thousands of readers that he has reached the end of The District Line and "will write only occasionally" from now on. Some friend he turned out to be—just like that, after a mere 34½-year run, Bill all of a sudden decides he wants out of daily newspapering, and never mind that he's packing in a Washington tradition. Silence may be golden, but Gold silent?

No way. Bill Gold has never been at a loss for words—and he'll surely have a few harsh ones for us when he sees this, because he's been adamant that no fuss be made. But we owe as much to all the Washingtonians—natives as well as those who became naturalized, permanent citizens of this community thanks to Bill's potpourri of news, views and vignettes about our town. And then there are all those children—and their children—who know what Bill Gold has meant to the health care of young people in Greater Washington. We lost count when he headed for his second $1 million, but Bill's collections for Children's Hospital have made him one of the greatest individual fund-raisers ever in our town.

In this way, as in his daily reports, Bill has always succeeded in bringing out the best in people from every corner of the region, from offices, clubs, youth organizations, schools and civic groups. But as we indicated, he gets irritated when showered with deserved praise and moves quickly to shift the spotlight. This morning he does exactly that, with a warm introduction for Bob Levey, who begins a new local column for The Post on Monday.

It's not farewell to Bill for us, anyway, because we know better than to believe that this incurable newspaperman won't be on the phone or hovering over the city desk with his notes from an accident, fire or any other local news event he comes across. But for his unflagging love of the town and for sharing it with us and you, as a friend and as a pro, our thanks go to Bill Gold.

AMERICA SEEN FROM ABROAD

Mr. PROXMIRE. Mr. President, I hope each Senator will read Alex Brummer's Manchester Guardian article titled "America Seen From Abroad" with serious reflection.

Mr. Brummer decries the current furor to amend the Foreign Corrupt Practices Act. He says that changing the ethical standard to allow salesmen to corrupt foreign government officials on the ground of unleashing competition is an assumption that must be challenged. He challenges the assumption well and makes a good case for the defeat of S. 708 a bill that would gut the existing foreign bribery law.

I ask unanimous consent that Mr. Brummer's article, appearing in the Washington Post June 7, 1981 be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AMERICA SEEN FROM ABROAD

(By Alex Brummer)

The name Magellan Petroleum hardly ranks among America's corporate giants. Until the last fortnight, when its affairs occupied three separate full-page advertisements in the Wall Street Journal, few investors can have even known or cared for its existence given its bleak record of 23 successive years of losses.

But Magellan's tangled affairs provide an instructive guide to the changing business ethics that are becoming commonplace in President Reagan's Washington.

The company is largely controlled by America's most prominent family of the New Right—the Buckleys. Among the family members are former senator James Buckley, who is now under secretary of state for security affairs, and William Buckley, a newspaper and television commentator and a regular on Reagan's dinner guest list.

A rebel group of Magellan shareholders, led by Canadian-based United Canso Oil and Gas Co., is seeking to dislodge the Buckley family. In their message to shareholders, the oilmen have noted that the Securities and Exchange Commission is currently investigating certain companies associated with members of the Buckley family, particularly Catawba Corp., which they control. As a result of these investigations, the SEC has informed Magellan that it will soon be seeking remedy through a civil lawsuit.

Whatever the merits of the Magellan case, it seems that the New Right has a different view of business ethics and regulation from that of the more moderate Republicans and Democrats who have dominated Washington thinking in recent years.

The change in attitude has been on full public view in recent days. Stanley Sporkin, who in his 20 years as SEC enforcement chief had earned the reputation as the toughest policeman around, abandoned ship in the face of New Right resentment and became general counsel to the CIA, where his investigatory talents were likely to be more appreciated.

Despite a Senate furor over the nomination of Ernest Lefever as assistant secretary of state for human rights, the Reagan administration for an extended time persisted in his defense. At issue in the Senate was not so much Lefever's view of human rights but the ethics of donations to a center he directed from the milk formula lobby.

Two other examples of the changing ethic spring to mind. President Reagan seemed to see nothing wrong in the behavior of his son, Michael, who invoked his father's name to try to secure government defense contracts. Yet under the now abandoned code of conduct introduced by his predecessor, Jimmy Carter, after his brother Billy's dealings with Libya, such behavior would have been specifically forbidden.

Second, the White House appears to have decided that bribery by American companies is not such a bad thing after all. After the Carter team spent the last few years trying to bully its friend, including Britain, into a tougher code to prevent international bribery, the United States under Reagan believes that export business comes first.

The theme that connects this series of

apparently unconnected events is the New Right's antipathy to regulation of business of any kind and international regulation in particular. Although it might clearly be possible in pure balance-sheet terms to show that regulation stifles initiative and in some cases profits and dividends, it does not address the abuses that created the necessity for such rules in the first place.

The United States, which has been in the forefront of corporate regulation, is abandoning its leadership role in the pursuit of short-term gains.

There can be little doubt that the SEC has been the glittering light over the years in the bureaucratic wasteland that is Washington. As Sporkin said: "We've helped preserve the integrity of our markets. That has made the U.S. markets safer than any other markets in the world."

It is a scandal that more information on British companies is available in the United States through the SEC's tough disclosure rules than in Britain. It is also worth noting that on many occasions in the United States the threat of litigation alone is enough to bring the errant companies to heel.

Nowhere was this more clear than in the case of international business bribery that erupted in the mid-1970's. Although the Reagan administration, in the hope of improving America's export performance, has taken aim at the Foreign Corrupt Practices Act, it was not the act, but the threat of legal action that led to disclosure statements by so many companies—including British firms.

Institutions and laws such as the Corrupt Practices Act have established a certain moral authority for American business after the dark days of Watergate, Vietnam, and ITT intervention in Chile.

The New Right appears to believe that by adapting ethical standards to allow unscrupulous businessmen to plunder investors, multinational companies to plunder governments they dislike, salesmen to corrupt foreign government officials and the presidents' family to trade on its name, they will unleash a competitive spirit in the American economy that has been lacking in recent years.

It is an assumption that must be challenged. Despite the burden of regulation, compounded by sky-high interest rates imposed almost by government fiat, business appears to be doing very nicely. Gross domestic product is up by 8.4 percent in the first quarter.

If Congress eases the Foreign Corrupt Practices Act, and a bribery row with an oil supplier erupts or the SEC fails to prevent a share-dealing scam, it will be only a short time before clamor for tough regulation will again be heard all the way to the White House. So why needlessly change the rules in the first place?

HIGH INTEREST RATES

Mr. BOREN. Mr. President, today, I again come to the floor of the Senate to address the negative effect which high interest rates are having on our Nation's productivity. For several days now, my colleagues and I have voiced our concern over the threat that interest rates are posing to our economy, in an effort to encourage the President and key policymakers of the administration to develop a plan to restore workable interest rates to our financial markets.

Mr. President, today I would like to briefly comment on the effects high interest rates are forcing on the general level of productivity in America. Without focusing on one industry or economic sector in particular, I shall present statistics which will point out the damaging across-the-board effects interest rates are causing.

We hear reports that small businesses can no longer afford to borrow the full amount of short-term credit required to maintain and modernize their businesses. Statistics released by the Small Business Administration point out that the average size of SBA loans to these businesses have, indeed, decreased over 8 percent in the last year.

While our smaller businesses and industries suffer the effects of high interest costs, productivity is becoming concentrated in the largest firms. The result is that the largest 200 firms in the United States now control 60 percent of all manufacturing assets. High interest rates are continuing to drain resources away from productive investment and innovation so that today there are 5 percent fewer people in research and development efforts than there were 12 years ago.

Industry spent $50 billion on advertising last year, compared to only $20 billion in research and development. The effect has been to choke out long-term productive investment, with the result that the United States share of world manufacturing output has declined from 21 percent in 1972 to 15 percent last year.

Our Nation was founded on a strong economic base of hardworking, productive, and innovative people. We need to implement a return to our American society where individual initatve and productivity are the primary stimulus to economic growth. To accomplish this important end, we must stop following a misguided high interest rate policy.

EXPORT TRADING COMPANY LEGISLATION

Mr. HEINZ. Mr. President, on April 8 of this year the Senate passed S. 734, the Export Trading Company Act of 1981 by a vote of 93 to 0. That bill is now proceeding to make its way through the House of Representatives.

One of the House committees that has been most careful in its examination of the bill is the Judiciary Committee, which has had 3 days of hearings on an alternative proposed by Congressmen RODINO and MCCLORY. A number of the witnesses at those hearings, and a number of the additional statements submitted also commented on S. 734 and its House counterparts, H.R. 1648 and H.R. 1799, contrasting the latter approach with that of the Rodino-McClory bill.

A particularly clear and thoughtful comparison of the two was submitted to the Committee by International Business-Government Counsellors, Inc. That organization's general counsel, John F. McDermid, has produced, in my view, a comprehensive piece of legal research and analysis which clearly lays out the differences between the bills and makes a compelling case that the Senate version will better meet the needs of the exporting community without prejudicing our antitrust enforcement interests. Mr. President, I think everyone interested in this legislation would be well-advised to take a close look at Mr. McDermid's testimony, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF JOHN F. MCDERMID

I. INTRODUCTION

My name is John F. McDermid and I am General Counsel and Government Relations Counsellor for International Business-Government Counsellors, Inc., a private international government relations counselling firm with headquarters in Washington, D.C.

My previous experience includes: Attorney-Advisor, U.S. International Trade Commission; Attorney, Bureau of Competition, Federal Trade Commission; and Assistant General Counsel, National Association of Manufacturers. While at NAM, I testified before the Senate Subcommittee on International Finance on various export trade association proposals (i.e., S. 864, S. 1499, and S. 1663).

I have authored several law review articles on international trade and foreign antitrust issues, including an article on the President's 1979 Antitrust Commission review of the Webb-Pomerene Act (Webb Act.)[1] I have long been concerned that U.S. antitrust laws are formidable obstacles for American companies operating abroad.

II. RECOMMENDATION

I endorse the good intentions behind H.R. 2326, the "Foreign Trade Antitrust Improvements Act of 1981", which, amongst other things, seeks to introduce a less complicated alternative to an export trading company antitrust certification procedure. However, the proposal will not—without numerous changes—respond to the needs of U.S. firms wishing to defray their costs and increase economies of scale by collectively seeking to enter the export market.

In this regard, Title II of H.R. 1648, the Export Trading Company bill is a far preferable route for legislative action. Therefore, I strongly urge the Committee to adopt H.R. 1948 in lieu of H.R. 2326.

III. REASONS FOR RECOMMENDATION

A. My criticisms of H.R. 2426 are based principally upon the following:

1. H.R. 2326 fails to even acknowledge that its primary purpose is to increase U.S. exports by helping U.S. firms better compete in the increasingly competitive world market. Unless the export promotion intent is made clear, the overall policy which is being sought may not be implemented by the U.S. government agency monitoring or administrating the antitrust exemption. Findings to this effect should be included in any initiative such as H.R. 2326.

2. H.R. 2326 fails to give adequate antitrust protection to enterprises seeking to cooperate jointly for export purposes. H.R. 2326 goes nowhere near that protection afforded enterprises under H.R. 1648, the Export Trading bill.

3. By concentrating half of its efforts to amending Section 7 of the Clayton Act, HR 2326 misses what is in fact really needed in terms of legislation by the U.S. business community to operate collectively for export purposes. The primary inhibiting factor to joint activity in export trade is not the uncertainty as to the types of effects on interstate trade that must be shown in order to establish U.S. antitrust jurisdiction over an international transaction. Thus, whether Congress legislates the standard to read "directly and substantially affects U.S. commerce" or "direct, substantial, and foreseeable," or some other formula for judging il-

[1] "The Antitrust Commission and the Webb-Pomerene Act: A Critical Assessment," 37 Wash. and Lee L. Rev. 105 (1980).

legality is not the burning issue. Rather, U.S. business enterprises are more concerned with the question of whether any kind of concerted action in export trade will be prosecuted either by the U.S. government or by private parties.

This is not to say it isn't laudable that Congress may want to legislatively standardize the effects doctrine. But such an amendment will not address the real and central problem that exists. Moreover, even with Section 7 amended as proposed under HR 2326, U.S. firms will still not be able to predict with any assurance whether their conduct will have a "direct, substantial, and foreseeable" effect on U.S. interstate trade. This determination is, after all, a factual question which is frequently very complex.

B. Possible certification procedure for H.R. 2326:

A meaningful certification procedure must be available for U.S. firms, or they cannot be expected to take advantage of any antitrust exemption for exporting.

If the Committee fails to embrace Title II, HR 1648, it should amend HR 2326 so as to provide a "meaningful" certification procedure which would include the following:

1. Remove the Justice Department as the sole or even primary decision-maker for assessing the legality of the joint conduct. Instead, the responsibility should be within the Commerce Department, the lead U.S. government export promotion entity.

If the Justice Department must be the administrator of the antitrust exemption, Congress should provide that Justice could not make any final decision as to the legality of the cooperative export arrangement without concurrence of the Commerce Department. In this way, a balance between the loss to competition against the gain to exports could be achieved.

2. Remove any possibility of private action, whether single or treble damages, unless the firms operating under the certification umbrella are found by the Justice Department to be operating beyond the granted certification. In this regard, however, U.S. firms should be given an opportunity to correct whatever abuses may be found before private actions may be brought.

3. Expand the scope of the term "joint venture." Under the present Webb Act and under Title II, H.R. 1648, firms are provided broad latitude to cooperate jointly for export purposes, therefore their activities are not limited to only "joint venture" relationships. There may be many reasons why U.S. firms would rather get together to export other than through legally created joint ventures. For example, companies may not find it necessary or even desirable to enter into a joint venture when their only purpose for cooperating with one another is to defray marketing expenses. To this point, former President Carter, in his September 26, 1978, export policy message, noted that there are instances in which joint ventures *and other kinds of cooperative arrangements between American firms are necesary or desirable to improve our export performance.* (Emphasis added)

In this regard, one of the principal purposes behind H.R. 2326 should be to allow exporters to achieve greater efficiencies through joint marketing so that they may offset some of the high costs incurred by international exporters who wish to enter foreign trade. Without an antitrust exemption, companies are terrified, for antitrust reasons, over any kind of inter-corporate cooperation, even if only for marketing purposes.

C. Justice Department should be removed as prime decision-maker:

The apparent intent behind H.R. 2326's amendment to the Clayton Act, Section 7, is to provide exporters a simple and easily understood antitrust exemption for concerted action in export trade which would promote U.S. exports, a change that is recognized in the following quote:

"For many years the manufacturers in this country have felt the need of passage of this bill in order to clarify their rights in the foreign export trade."

These were not the remarks of any present day member of Congress, but rather a 1917 statement of Senator Pomerene, one of the key sponsors of the present Webb Act (Cong. Rec. 2785 (1917)).

The obvious question is why was the Congressional intent never realized and therefore why hasn't the Webb Act really increased exports? One of the principal reasons lies in the fact that Congress placed Administration of the Webb Act with the antitrust authorities rather than with those government policymakers committed to enforcing an export promotion policy and because the thought of cooperative arrangements in export without the protection provided by the Webb Act was too risky for firms to undertake.

Since 1945, the Justice Department was given judicial approval to carry out possible Webb Act violations without waiting for the Federal Trade Commission (FTC) to conduct a section 5 "readjustment hearing", which permitted Webb Associations to readjust their business so as to comply with the law. With Justice essentially preempting the FTC, companies that may have been interested in the trading advantage of the export exemption did not do so for fear of possible criminal prosecution and/or treble damage private actions.

Perhaps due to a realization that Justice was reluctant to defer to the Webb exemption, the Minnesota Mining Court chastised Justice when it stated that:

The courts are required to give as ungrudging support to the policy of the Webb-Pomerene as to the policy of the Sherman Act. Statutory eclecticism is not a proper judicial function.[2]

Moreover, the Justice Department's bias against Webb Associations, and against non-Webb Act cooperative export transactions, (and therefore bias against implementing a proper balance between antitrust principles and export promotion) is seen in the role it played in examining the Webb Act in the President's National Commission for the Review of Antitrust Laws and Procedures (the Commission).

A close examination of the Commission's record and its findings reveal that—as a direct result of the Department's leadership role in that Commission and predictable institutional bias toward antitrust enforcement policies—(as compared for example, to export promotion)—much of the Webb-Pomerene analysis was both factually incorrect and wholly misleading.

As a result in the absence of the Presdentially appointed Business Advisory Panel's affirmative findings, the commission would likely have recommended repeal of the Webb Act.

It is more than reasonable to expect—based upon the above history of the Department vis-a-vis the Webb Act—that it will continue to be antagonistic toward any departure from purely competitive, free market doctrines. This is not, after all, surprising since the Department has an institutional mandate to assure that this country's antitrust laws and principles are fully implemented.

Accordingly, unless U.S. firms are given some clear assurances—preferably through a certification procedure—that their cooperative action will not be subject to an unexpected U.S. government (or private party) prosecution, Congress should expect that the antitrust exemption will not be taken advantage of and that we will be right back to the situation we are witnessing and have witnessed under the present Webb Act.

IV. NEED FOR EXEMPTION

A. Antitrust As "Real" Impediment to Export Trade:

Many witnesses before this Committee and elsewhere have argued that there is only a business community "perception" that this country's antitrust laws are an impediment to export trade.

It is more than a "perception problem". There is a *real* fear that what may be done collectively for export may be unlawful. Examples in support of this are as follows:

1. Justice Department's attitude towards cooperative arrangements for export:

The Antitrust Division's attitude towards collective export arrangements and whether they may be lawful depends upon the policymakers in charge, which in turn results in confusion as to whether certain conduct is lawful or not. For example, imagine the reaction of established Webb Associations, potential Webb Associations, or firms contemplating a collective export arrangement, to the following statement made by a former Assistant Attorney General in charge of the Antitrust Division:

The existence of an antitrust exemption for export associations *inevitably affects competition at home and thereby affects the American consumer. Every export arrangement that offsets the amount of a product sold abroad must inevitably affect the amount sold at home* (emphasis added).[3]

Mr. Turner's remarks conspicuously fail to recognize that, in passing the Webb Act, Congress intended to effectuate a policy in the national interest and stimulate exports even though there might exist some danger to domestic competition. Moreover, the Department's antitrust chief failed to acknowledge that if, in fact, abuses are found judicial remedies are available to deal with them.

2. Confusion in defining application of antitrust laws:

As admitted by many antitrust lawyers both in and out of the government, and as indicated in the Justice Department's 1977 Antitrust Guide for International Operations, this country's antitrust laws—particularly, as they apply to foreign commerce—are rarely susceptible to clear and concise rules for determining what is permissible conduct.

For example, a former Antitrust Division Chief recognized that the standards for analyzing "collateral restraints" in joint ventures are "both too tough and too vague. [4] Moreover, he stated, this critical area of international trade activity is "quite rightly subject to confusion and criticism and the (Antitrust) Guide did nothing to resolve the issue."

Similarly, the Guide notes that "the United States Antitrust statutes do not provide a checklist of specific, detailed statutory requirements, but instead set forth principles of almost constitutional breadth" (Guide at 21).

With regard to joint ventures for export, although certain very narrowly defined short-term joint ventures may be permitted by the Justice Department, there is no assurance that they may not be attacked through a potentially crippling private right of action.[5] The Justice Department, through

[2] *United States* v. *Minnesota Mining and Mfg., Co.*, 92 F Supp. 947, 965 (D. Mass. 1950).

[3] Testimony of Donald F. Turner, 1976, before the Subcommittee on Antitrust and Monopoly of the Senate Committee on the Judiciary.

[4] Baker, Donald, "The Published Guide for International Operations Two Years Later" (1979) at 11–12.

[5] The *Antitrust Guide* even conditions the creation of short term joint ventures, stating "Any joint venture among competitors involves some antitrust risk that the cooperation may spill over into other areas." (The Antitrust Guide at 20). It is important that

its Guide, fails to recognize that many long-term joint ventures are necessary to reap the benefits of developing and retaining profitable foreign markets.

B. U.S. competitive disadvantages in foreign transactions:

One of the primary reasons why U.S. firms need antitrust protection for export cooperation arrangements is to enable them to compete more effectively in world markets.

As stated so succinctly by the American Bar Association as far back as 1954,

. . . the existence of State controlled buying agencies, State monopolies and other foreign industrial combinations make it desirable that American exporters be permitted to combine amongst themselves in export associations.[6]

In centrally planned economies, there is no necessary link between economic lists and prices. Indeed, like cartels, state-trading organizations are given a monopoly over the importing and exporting of such goods and may control the quantities and prices of such goods. The decisions of the state planners promote governmental objectives and bear no relation to competitive conditions. As a consequence, it is extremely difficult for the individual American exporter to face nonprice competition in these countries' home markets and in third country markets.

Moreover, the Judiciary Committee should be mindful of the competition individual American exporters currently face in competing with the large integrated trading companies which have been established worldwide, particularly in Japan. These organizations began on the theory that a combination operates more efficiently than the independent constituent firms. The enormous success of international trading companies is most pronounced in Japan and Korea, where their role in export expansion has greatly contributed to the growth in their economies.

Lastly, unlike other antitrust systems in the world, American law prohibits any cooperative arrangements by firms which restrain export trade, even if the restraint has no effect on domestic interstate trade. Most other industrialized countries strike a balance between antitrust enforcement and other national priorities, such as export promotion or increased employment. In stark contrast, in one landmark case, the U.S. court found that "the art has rapidly advanced, production has increased enormously, and prices have sharply declined . . ." Yet, because "the suppression of competition . . . is in and of itself a public injury . . ." a violation of our antitrust laws was found.[7]

C. Possible U.S. multinational alternatives:

If Congress fails to provide an adequate exemption and system for permitting U.S. firms to cooperate for export purposes, there is a possibility that more and more U.S. multinationals will undertake cooperative arrangements from other trading countries' markets rather than our own.

Such "global sourcing" might be necessary to compete against the private, public, and quasi-public combinations that are operated for export in such countries as France, Germany and Japan.

If U.S. multinationals are forced to look abroad to export collectively from those countries, the result will mean (1) lost U.S. jobs, (2) lost U.S. revenues and (3) declines in the U.S. balance of trade and payments.

V. JUSTICE DEPARTMENT RECENT RECOMMENDATIONS ON FOREIGN TRADE ANTITRUST IMPROVEMENTS ACT

It was encouraging to learn that the Justice Department endorses the thrust of this statement; namely, in William Baxter's words, that the Title II Export Trading Company "procedure would provide a degree of antitrust certainty and assurance beyond that provided by legislation such as S. 795". (S. 795 is the Senate companion to HR 2326.)

However, I would urge Congress to carefully assess the effects of introducing a 50 percent rule, as recommended by the Assistant Attorney General. This rule would prohibit, with only certain undefined exceptions, certification to associations whose members comprise 50 percent or more of the domestic market for a product or service that they are exporting.

The apparent rationale for this recommendation is based upon a concern that the activities of highly concentrated U.S. industries—if permitted to be carried out collectively for export purposes—are more likely to result in domestic spillover effects than if concentration did not exist. It is believed that a limitation placed upon the industries able to take advantage of an antitrust exemption is unnecessary since the FTC or Justice can always bring suit in Federal court when there is evidence of a restraint on domestic trade. It is simply bad policy to assume that the activities of every concentrated industry that cooperates in any way to increase exports will result in a restraint on interstate trade.

Additionally, the 50 percent rule could very easily exclude many of the small and medium sized firms that Congress would like to see enter the export market. It is well known that in antitrust or trade regulation analysis, product markets can be defined extremely narrowly. Invariably, there are fewer firms in any industry where the product market is defined narrowly. As a result, if the Justice Department's recommendation is accepted, many small and medium sized firms in both the manufacturing and service sector may be unintentionally excluded from taking advantage of the antitrust exemption for export trade.

VI. CONCLUSION

If enacted, H.R. 2326 would provide only a marginal benefit to U.S. firms seeking to enter into collective export arrangements without fear of antitrust retaliation.

In order to provide the assurance that is necessary to permit cooperative action and therefore to enable U.S. firms to better compete in world markets, Congress must place primary jurisdiction for administering any antitrust exemption in the Commerce Department where there is an increasingly committed determination to increase U.S. exports, which in turn will stimulate domestic production, increase U.S. employment and improve this country's international trade account.

In order to effectuate the desired policy, it is critical to establish a procedure (i.e. compliance procedure) which precisely conveys the message to exporters that they will not be antitrust liable for transactions which are carried out within the parameters of the certification.

In this regard, it is believed that the certification procedure as set forth in HR 1648, Title II is not difficult to understand or to follow and that—on balance—the complexity that may be seen by some observers is far preferable to an exemption that does not provide maximum antitrust certainty. If this certainty is not provided by Congress, there is a strong likelihood that a substantial number of companies will not take advantage of the exemption, as has been the case under the present Webb Act.

procedures be created that would allow firms to alter their commercial practices—without fear of antitrust prosecution—where there are indications that domestic competition is being adversely impacted as a result of the export arrangement.

[6] Report of the ABA Committee on Antitrust Problems in International Trade, 5 ABA Section of Antitrust Law 188 (1954).

[7] *United States* v. *National Lead Co.*, 63F Supp. 513 (D.C.N.Y.), aff'd., 332 US 319.

TAX STRADDLES

Mr. DIXON. Mr. President, the Senate will soon be considering House Joint Resolution 266, the Economic Recovery Act of 1981. I agree with the Senate Finance Committee that tax relief is essential if our economy is to be put back on the road to economic health. Tax relief is essential for individual citizens as well as for business, both small and large, and for the agricultural community.

The tax proposal reported by the Senate Finance Committee has 5 titles: Four of these titles are designed to provide needed tax relief. I have some concerns regarding the provisions in those titles, but I will save my comments on them for another day.

What I would like to discuss for a few moments now is the 5th title of the tax bill, entitled "Tax Straddles."

At the outset let me say that while I believe the Finance Committee provisions may go too far, I also believe that the committee has done the Senate a considerable service by bringing this issue to our attention. After reviewing the testimony presented to the committee, I am convinced that there are tax abuses involving commodity straddles, and that there is a definite need for legislation to correct those abuses.

I am concerned, however, that the Finance Committee's proposal could have significant adverse impacts on our Nation's commodity markets and could serve to disrupt the efficient functioning of those markets.

I agree with the senior Senator from New York (Mr. MOYNIHAN), one of the most intelligent and perceptive Members of this body, who was quoted in a recent Wall Street Journal story as stating that "the commodities markets are invaluable institutions." The distinguished Senator from New York might be somewhat surprised to find out that I also agree with his further comment, that the commodities markets "are being invaded by people with no interest in commodities who use this vehicle to avoid paying taxes." I support efforts to end this abuse.

However, Mr. President, I also agree with the Assistant Secretary of the Treasury for Tax Policy, Mr. John Chapoton, who, in testimony before the Senate Finance Committee on the straddle issue, stated that the commodities markets, and the instruments which are traded on these markets, are totally unlike the stock and securities markets with which most of us are familiar.

I am concerned, therefore, about provisions in title V of the tax bill which seem to be trying to force commodities transactions into the mold of securities transactions.

The commodities markets are unique and they do play a vital role in the American agricultural distribution and marketing system. I believe, and I understand that the Department of Agriculture shares this belief, that the changes proposed by House Joint Resolution 266 could increase the volatility of commodity prices and make the outcome of essential hedging transactions more uncertain and costly.

I am concerned that the Finance Committee's proposal does not give adequate

consideration to the impact the changes would have on the operation of the commodity markets. I believe that further hearings on the potential impact of the proposal should be held before so drastic a change in the tax law is made.

A recent editorial from the Chicago Sun Times summarizes very well the concerns I have with the straddle provisions in House Joint Resolution 266. The editorial states that the goal of the legislation is worthy: "to prevent those who make financial killings in entertainment, real estate, the professions or otherwise from sheltering their earnings against taxes by investing them in futures contracts."

The editorial goes on to state that "the problem, however, is that this dragnet also sweep in bona fide futures traders—hedgers and speculators—who serve a very useful function in the economy. By their willingness to take risks on what futures prices might be, these traders take risk off the backs of those who cannot afford it: farmers, ranchers, food processors, businesses, and financial institutions.

To fulfill this function the risk taker must be able to average profits and losses over time and be assured of capital gains treatment on his earnings."

The editorial concludes that legislation to shut off the tax shelter to outsiders is appropriate, but that legislation should be written to exempt bona fide futures traders.

If this is not done, some go as far as to say that the bill (H.J. Res. 266) could literally destroy U.S. futures markets as they exist today.

Mr. President, I ask unanimous consent that two recent columns in the Chicago Tribune by Bob Wiedrich which explore the problems raised by title V in more detail be printed at this point.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

BILLS WOULD DESTROY FUTURES MARKET HERE

Congress has short-changed the Midwest on defense spending. It consistently has taken more Midwestern tax dollars than it returns. Because of partisan politics, it is threatening the future of the Great Lakes shipping industry.

Now, an alliance of certain House and Senate members with Treasury Department bureaucrats is jeopardizing the existence of the Chicago Board of Trade, the Chicago Mercantile Exchange, and the nation's agricultural community.

Commodity tax bills introduced in both houses under the guise of reform measures would destroy the futures market in farm products, a system that has served this country well for 150 years and is the envy of the world.

That is the judgment of commodities market leaders, supported by such agricultural interests as the 3 million member families of the American Farm Bureau Federation.

The bill sponsors, however, are attempting to railroad their efforts through Congress on grounds the measures would obliterate the practice of wealthy persons who abuse the futures market to create tax shelters for income earned in totally unrelated fields.

The farmers and commodities speculators don't quarrel with that goal. They don't like tax dodgers any more than anyone else.

But they say that if the legislation introduced by Sen. Daniel Patrick Moynihan and Rep. Benjamin Rosenthal, both New York Democrats, is enacted as offered, the speculators who provide risk capital vital to the market's functions will take their money elsewhere.

Thus, industry leaders—again backed by farm groups, grain elevator operators, and the 460,000 producers of the American Soybean Association—are asking that Congress reach a compromise:

Drive out the rock stars and professional people like doctors and lawyers, who use the commodities futures market to shelter substantial incomes from taxation. But preserve the practice that permits legitimate market speculators to offset any profits made with other commodity losses.

Otherwise, they predict, the commodities market place, which handled $150 billion in agricultural products in 1979, will suffer anywhere a dislocation of from 1 to 10 percent.

That estimate comes from, among others, Leslie Rosenthal, Chicago Board of Trade chairman. And he says those percentages translate into a $1.5-billion to $15-billion dislocation, a serious disruption indeed.

Congress has been gnawing at the issue for some time. Rep. Rosenthal (no relation to Chicago's Leslie Rosenthal) introduced a similar measure a year ago, but received little support.

This year, however, some congressmen are on an economy kick and the Reagan administration, through the Treasury Department, is supporting the legislation in the hope Uncle Sam will be $1.3 billion richer in tax revenue by closing such loopholes.

The motivation is noble; the consequences, however, could be disastrous unless common sense prevails.

The proposed law would, for example, prohibit a rock star from taking $200,000 earned warbling at Woodstock and writing off that income against $200,000 in futures market losses.

Neither he nor the physicians, surgeons, dentists, and other professionals with big bucks, who play the market with the intention of losing, would be permitted to persist in their intrusion.

But the bona fide risk takers, estimated by Rosenthal to number 500,000 to 1 million across the country, would also be barred from writing off market losses against income earned in the same market.

"Our marketplace has been used in the last three to four years by people seeking tax shelter gimmicks," declared Leo Melamed, Chicago Mercantile Exchange special counsel.

"The Treasury Department correctly feels our market should not be abused that way. Government, however, usually does not understand the complexities and possible ramifications of its actions.

"In the attempt to get rid of these abuses and tax avoiders, it is proposing rules that would jeopardize the entire market. As the legislation now stands, it is building a $1.5 to $15 billion mousetrap to catch a $1.3 billion mouse.

"These events are occurring at a time when the political climate is for fiscal restraint and revenue raising. But the Treasury is using a blunderbuss approach. It is not differentiating between types of income.

"New York is the capital of the securities market. Chicago is the capital of the futures market. The effect of this legislation would be devastating on Chicago."

In Tuesday's column, I'll tell you just how devastating that would be.

ONE MARKET WITH A FUTURE

Chicago would be a catastrophic loser if Congress succeeds in dismantling the American system of commodities futures markets. So would American farmers.

Every day commodities traders here must deposit in Chicago banks an average of $1.5 billion in good faith money to cover potential market losses.

That money generates an enormous amount of investment income that gives the entire community an economic boost. It also generates a large number of support activities—lawyers, accountants, computers, and real estate.

The Chicago Board of Trade is constructing a $108-million building to house its trading facilities. The Chicago Mercantile Exchange has entered into an undertaking of similar proportions.

"We've made this investment because Chicago is well on the way to becoming the premier financial center of the world," declares Leslie Rosenthal, Chicago Board of Trade chairman. "The amount of jobs these centers create is almost staggering for a one-industry effect.

"If you take the value of the total annual transactions of the futures markets, 80 per cent of which are in Chicago, the figure approaches the gross national product of $3 trillion."

A recent Tribune series on the city's economic woes demonstrated the downtown curve of Chicago's growth in virtually every sector. The futures industry, however, has been on a growth curve for the last decade and persists in that direction.

"Our volume has grown tenfold in the last 10 years," said Leo Melamed, Chicago Mercantile Exchange special counsel. "If Congress kills off this industry, Chicago will be dealt a potentially mortal blow."

For 150 years, the agricultural community has prospered because of the unique tradition of trading in commodities futures.

Now Congress is threatening the entire structure of that market by entertaining legislation that would prohibit tax shelters for those suffering losses.

The intent of the measures is good—to banish from the marketplace abusers such as professional people and rock stars who avoid paying taxes by charging off market losses against capital gains earned elsewhere.

The futures industry agrees with that stance. So does a majority of farm organizations.

But the bills, as they now stand, also would prohibit bonafide speculators, who take enormous risks in the market, from enjoying similar tax advantages. And without such speculators, Rosenthal predicts, the industry could collapse.

"It will push capital to overseas markets modeled after the American system in London, Hong Kong, Canada, and Australia," Melamed said.

"The farmer is the biggest gambler. He plants his crops. He figures out such cost factors as planting, machinery, manpower, and harvesting.

"But the one thing he cannot figure is the eventual sales price, whether his crop will produce a profit or a loss. When it produces a loss, the government must support him. And that risk has become even greater in an era of inflationary costs.

"The futures market, however, provides the only mechanism whereby a farmer can establish a sales structure for his product before it is harvested. That's the key factor.

"It gives him the opportunity to shift his risk to someone else, the speculator, someone with risk capital. Thus, the farmer is guaranteed a price as much as 6 to 18 months in the future.

"The United States is the only country with markets on such a scale and the only one with a highly successful agricultural industry. If you tinker with that mechanism, you endanger a vital part of that complex. What these markets do is insure price. And the cost of that insurance is assumed by the risk taker.

"Otherwise, the farmer would have to increase the price of his products to offset the cost of his risk. So there is no question that damaging that mechanism will eventually cost consumers many dollars."

Once a farmer, grain elevator, or feedlot operator has sold a futures contract, it is like money in the bank. He can take that agreement to a bank as collateral on loans for expansion or expenses.

But if Congress drives off that risk capital essential to the market's function, Rosenthal predicts Americans will soon see the results reflected in their grocery bills.

It is as simple as that. But somehow Congress has not yet perceived the folly of the proposed legislation.

Mr. DIXON. Mr. President, I am convinced that the risk of serious disruption of the commodity markets due to the changes proposed in House Joint Resolution 266 is real. On Friday, July 10, the House Ways and Means Committee adopted a tax straddle proposal that differs significantly from that contained in the Senate tax bill. I believe that the House proposal eliminates the real abuses that so rightly concern the Senate Finance Committee, but I believe the House proposal is much less likely to cause disruptions in the commodity markets.

The House proposal would eliminate the use of tax-motivated commodity straddles to shelter income which is unrelated to the commodity markets. It will keep entertainers, executives, professionals and others from using the commodity markets to shelter their ordinary income from salaries or investments which have nothing to do with the commodity markets.

Further, the House proposal will retain the provisions of existing law regarding treatment of interest and other costs related to holding a commodity. Requiring the capitalization of these costs could have serious ramifications on the storage of grain in this country, and I see no reason to treat the costs of holding commodities differently from the costs of holding any other assets. Interest incurred in holding real estate, stocks, and other forms of investments is deductible, and any gain from a sale of the asset can still qualify as a long-term capital gain. Interest related to holding a commodity should also be deductible.

The House proposal would also eliminate the Finance Committee's proposal to tax gains on commodities using the fair market value of the commodity as of the end of the tax year even though the commodity was not sold. I believe that this action is without precedent, and I do not think it has any place in the Tax Code.

Mr. President, the House proposal strikes a reasonable balance between the need to eliminate abuses of the Internal Revenue Code and the need to avoid significant injury to the commodity markets. The Finance Committee estimates revenue loss from tax avoidance at approximately $1 billion a year; their proposal would raise roughly $1.3 billion in fiscal year 1982. The House proposal would result in additional revenues of almost $900 million in fiscal year 1982, which demonstrates that it eliminates the real abuses that have recently come to the attention of the Senate.

Mr. President, because of the potential problems raised by the Senate proposal, I had seriously considered offering the House provisions as an amendment. I am a political realist, however, and I recognize that there is not now sufficient support in the Senate to insure that such an amendment would be successful.

Even if the straddle provisions are not modified on the Senate floor, there is still an opportunity to achieve a reasonable compromise. The Senate-House conference on the tax bill will have the flexibility to fashion a compromise that will close any loopholes without adversely affecting the commodity markets and American agriculture. I hope that the eventual conference on the tax bill will achieve these two objectives.

I urge my colleagues to join me in working to see that it does.

Mr. BAKER. Mr. President, it is my hope and expectation to be able to ask the Chair to name the conferees to the conference requested on the reconciliation bill within the time prescribed for the transaction of routine morning business. I am not prepared to do that at this moment, but I expect to be able to do that before 5:30. I wish to announce that there will be no more rollcall votes today.

ORDER FOR STAR PRINT—S. 881

Mr. RUDMAN. Mr. President, I ask unanimous consent that a star print be made of S. 881, the Small Business Innovation Research Act of 1981. The correction appears on page 4, line 20, of the bill.

I ask unanimous consent that the correct copy of this bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

9 S. 881

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. This Act may be cited as the "Small Business Innovation Research Act of 1981".

SEC. 2. (a) The Congress finds that—

(1) technological innovation creates jobs, increases productivity, competition, and economic growth, and is a valuable counterforce to inflation and the United States balance-of-payments deficit; and

(2) while small business is the principal source of significant innovations in the Nation, the vast majority of federally funded research and development is conducted by large businesses, universities, and Government laboratories.

(b) Therefore, the purposes of this Act are—

(1) to stimulate technological innovation;

(2) to use small businesses to meet Federal research and development needs; and

(3) to increase private sector commercialization of innovations derived from Federal research and development.

SEC. 3. Section 9(b) of the Small Business Act is amended—

(1) by striking out "and" at the end of clause (2);

(2) by striking out the period at the end of clause (3) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following:

"(4) to develop and maintain a source file and an information program to assure each qualified and interested small business concern the opportunity to participate in Federal agency Small Business Innovation Research programs;

"(5) to coordinate with participating agencies a schedule for release of SBIR solicitations, and to prepare a master release schedule so as to maximize small businesses opportunities to respond to solicitations;

"(6) to independently survey and monitor the operation of SBIR programs within participating Federal agencies; and

"(7) to report annually to the Committee on Small Business of the Senate and the Committee on Small Business of the House of Representatives on the SBIR programs of the Federal agencies and the Administration's information and monitoring efforts related to the SBIR programs.".

SEC. 4. Section 9 of the Small Business Act is amended by adding at the end thereof the following new subsections:

"(e) For the purpose of this section—

"(1) the term 'Federal agency' means an executive agency as defined in section 105 of title 5, United States Code, or a military department as defined in section 102 of such title;

"(2) the term 'funding agreement' means any contract, grant, or cooperative agreement entered into between any Federal agency and any small business for the performance of experimental, developmental, or research work funded in whole or in part by the Federal Government;

"(3) the term 'Small Business Innovation Research program' or 'SBIR' means a program under which a portion of a Federal agency's research or research and development effort is reserved for award to small business concerns through a simplified, standardized acquisition process having a first phase for determining, insofar as possible, the technical and economic feasibility of ideas proposed under the program, and a second phase, the awarding of which shall take into consideration the potential commercial applications of the research or research and development, to further develop the proposed idea to meet the particular agency needs; and a third phase where private capital pursues commercial applications of the research or research and development; phase three may also involve follow-on contracts with some agencies for products or processes intended for use by the United States Government; and

"(4) the term 'research' or 'research and development' means any activity which is (A) a systematic study directed toward fuller scientific knowledge of the subject studied; (B) a systematic study directed specifically toward applying new scientific knowledge to meet a recognized need; or (C) a systematic application of new scientific knowledge toward production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements. Such term does not include studies related to the social sciences or the humanities.

"(f) Each Federal agency which has a research or research and development budget in excess of $100,000,000 for any fiscal year beginning with fiscal year 1982 shall expend not less than two-tenths of 1 per centum of such budget for fiscal year 1982, not less than six-tenths of 1 per centum for fiscal year 1983, and not less than 1 per centum of such budget for all subsequent fiscal years with small business concerns specifically in connection with a Small Business Innovation Research program which meets the requirements of this Act and regulations issued hereunder. Funding agreements with small business concerns for research or research and development which result from competitive or single source selections other than under an SBIR program shall not be counted as meeting any portion of the percentage requirements of this section.

"(g) Each Federal agency required by subsection (f) to establish a Small Business Innovation Research program shall in accordance with this Act and regulations issued hereunder—

"(1) establish an agency Small Business Innovation Research program;

"(2) determine categories of projects to be in its SBIR program;

"(3) issue SBIR solicitations in accordance with a schedule determined cooperatively with the Small Business Administration;

"(4) receive and evaluate proposals resulting from SBIR proposals;

"(5) select awardees for its SBIR funding agreements;

"(6) administer its own SBIR funding agreements (or delegate such administration to another agency);

"(7) make payments to recipients of SBIR funding agreements on the basis of progress toward or completion of the funding agreement requirements; and

"(8) make an annual report on the SBIR program to the Small Business Administration.

"(h) In addition to the requirements of subsection (f), each Federal agency which has a budget for research or research and development in excess of $20,000,000 for any fiscal year beginning with fiscal year 1982 shall establish goals specifically for funding agreements for research or research and development to small business concerns, and no goal established under this subsection shall be less in actual dollars than the amount of research or research and development awards made to small businesses in 1981.

"(i) Each Federal agency required by this section to have an SBIR program or to establish goals shall report annually to the Small Business Administration the number of awards pursuant to grants, contracts, or cooperative agreements over $10,000 in amount and the dollar value of all such awards, identifying SBIR awards and comparing the number and amount of such awards with awards to other than small business concerns.

"(j)(1) The Administrator of the Office of Federal Procurement Policy, in conjunction with the Small Business Administration, shall promulgate and issue appropriate regulations, in accordance with the provisions of subsections (f), (g), and (h) and within one hundred and twenty days after the date of enactment of the Small Business Innovation Research Act of 1981, for conduct of Small Business Innovation Research programs within the Federal Government. Such regulations shall—

"(A) provide for simplified standardized and timely SBIR solicitations, proposals, and evaluation processes; and

"(B) require Federal agencies to coordinate SBIR solicitation release schedules with the Small Business Administration.

"(2) The National Science Foundation and the Small Business Administration shall furnish the Administrator of the Office of Federal Procurement Policy advice and assistance in the promulgation of regulations under this section.".

SEC. 5. The amendments made by this Act do not authorize the appropriation of funds.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIXON. Mr. President. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CHAFEE). Without objection, it is so ordered.

Mr. MITCHELL. Mr. President. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

GROUNDBREAKING FOR THE MARGARET CHASE SMITH LIBRARY CENTER, SKOWHEGAN, MAINE

Mr. MITCHELL. Mr. President, I would like to bring to the attention of my colleagues and honor that has recently been bestowed on one of the finest and most dedicated persons that Maine or any other State has ever sent to this body—Margaret Chase Smith. On Thursday, July 9, ground was broken in her hometown of Skowhegan, Maine, for the Margaret Chase Smith Library Center.

A facility to house the papers and records of Senator Smith's career will be an invaluable resource, not only to the people of Maine, but to the entire Nation. During her 24-year tenure in the Senate, Margaret Chase Smith was a tireless voice for her constituents. But her contributions to public life reached far beyond the borders of Maine.

As the first woman elected to the U.S. Senate, and as the first woman to seek the Presidential nomination of a major party, Senator Smith was an important pioneer in the ongoing struggle to make women full participants in the political process.

The courage and honesty with which she spoke out against the deplorable tactics of Senator Joseph McCarthy earned her the respect of her colleagues and the country.

An able legislator, a dedicated public servant, and a national political figure, Margaret Chase Smith has brought great honor to Maine and to the Nation. It is gratifying to see her important contributions honored in this way.

I ask unanimous consent to print in the RECORD the text of a recent editorial in the Portland Evening Express honoring Senator Smith on this occasion.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE LADY FROM MAINE

The groundbreaking for the $1 million Margaret Chase Smith Library Center in Skowhegan the other day represents an important step in preserving the historical records of one of the most remarkable political figures in American history.

Sen. Smith was, characteristically, brief and to the point at the ceremony. "This," she said, "is truly one of the most cherished moments of my life. It is because of the peace of mind that it gives me as to the use and security of my papers and records for posterity."

All Maine shares that peace of mind. Margaret Chase Smith embodies the best of the Maine character and it is fitting that the records of her long and distinguished career be housed within the state.

Although she left the political arena almost a decade ago, her qualities of honesty, courage, dedication and devotion to purpose remain as benchmarks for all public servants.

She was the first woman ever elected to the United States Senate and for 24 years was one of its most respected figures. Her courage was unquestioned; in a terse, 15-minute "Declaration of Conscience" speech in June of 1950 she became the first national figure to decry the communist-hunting tactics of Sen. Joseph McCarthy.

Her honesty was without parallel. She kept her own political counsel and once she had made up her mind she never once broke her word. Her credibility was unassailable.

Her dedication and devotion were monumental. In her time she set the record for an unbroken string of consecutive roll call votes.

In becoming a nationally known and influential senator—she was the first woman ever to seek the presidential nomination of a major political party—Margaret Chase Smith paved the way for the entry of many women into national politics.

Yet she has never considered herself a feminist. She simply did the best job she could, secure in the knowledge that her Maine neighbors would judge her on the basis of her performance without regard to her sex.

The new Margaret Chase Smith Library Center assures that the record of her extraordinary political life will be permanently gathered in her hometown. That's where it belongs.

Mr. CRANSTON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

OMNIBUS RECONCILIATION ACT OF 1981

Mr. BAKER. Mr. President, may I inquire is the Chair in a position to name conferees on the part of the Senate in respect to the conference on the budget reconciliation bill?

The PRESIDING OFFICER. The Chair has that authority.

MOTION TO INSTRUCT SENATE CONFEREES

Mr. CRANSTON. Mr. President, on behalf of the Senator from Alabama (Mr. DENTON), the Senator from Florida (Mr. CHILES), and myself, I move that the conferees on the part of the Senate to be appointed in connection with H.R. 3982 be instructed as follows:

That the conferees on the part of the Senate insist that provisions authorizing appropriations for the Head Start program be included in the conference report at the following levels: $950,000,000 for fiscal year 1982, $1,007,000,000 for fiscal year 1983, and $1,058,357,000 for fiscal year 1984.

Mr. President, that is the motion. Let me explain the reason for it.

First, let me say I am delighted to be joined in this motion by the Senator from Alabama (Mr. DENTON), who is the chairman of the authorizing subcommittee on the Labor and Human Resources Committee, and the Senator from Florida (Mr. CHILES).

This motion is designed to insure that the Head Start program, one of the most successful and important programs supported by the Federal Government, does not become the victim of the rush to complete action on the reconciliation legislation.

My motion would simply instruct the conferees to include a provision authorizing appropriations for the Head Start program at the level requested by the administration for fiscal year 1982 and the levels approved by the Senate for fiscal years 1983 and 1984.

Mr. President, the Senate-passed rec-

onciliation measure included an authorization of appropriations for Head Start for fiscal year 1982 at the 1981 level of $820 million, although the administration has requested $950 million and the Labor and Human Resources Committee has approved the $950 million level in separate reauthorization.

It was anticipated that the House would include the administration's requested level of $950 million in its reconciliation bill; unfortunately, in the haste to prepare the Gramm-Latta substitute, Head Start was omitted entirely. In fact, it was not discovered until days later that Head Start had been left out of the House bill.

I have heard in the last week from numerous Head Start supporters who are deeply concerned about the fate of Head Start as a result of this mishap in the House. The authorization of appropriations for the Head Start program expires at the end of September.

I am deeply concerned that efforts to move a separate reauthorization bill are likely to get bogged down in the legislative process. I do not think we should allow this program to be placed in jeopardy. I think the Senate ought to make very clear its desire to see the Head Start program funded at the level requested by the administration for fiscal year 1982 and its desire to see this matter resolved immediately.

I reiterate that my motion would simply instruct the conferees to include in the conference report provisions authorizing appropriations for the Head Start program at the level requested by the administration for fiscal year 1982 and the levels approved by the Senate and the Labor and Human Resources Committee for fiscal years 1983 and 1984. The latter levels are simply the administration's level for 1982, adjusted for inflation.

I have been advised by the Parliamentarian that it would be within the scope of conference in the Senate for the conferees to agree to this level for fiscal year 1982.

Head Start is, perhaps, the most successful of all programs designed to render help to children from low-income families. I have been a supporter of the Head Start program since I first came to the Senate. As the chairman during the 95th and 96th Congresses of the Child and Human Development Subcommittee, I was deeply involved in matters relating to the Head Start program. I authored the legislation passed in 1978 which continued the authorization of appropriations for Head Start through October of this year and at the beginning of this Congress I introduced legislation, S. 181, to continue the Head Start program for another 5 years. This is an important, effective program that helps break the cycle of poverty at a critical point in the lives of young children. It more than pays for itself by enhancing the lives and the futures of these children and their families.

I strongly urge that this motion be agreed to.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. BAKER. Mr. President, I not only have no objection to the motion filed by the distinguished Senator from California and cosponsored by the distinguished Senator from Alabama, but I commend both of them for their initiative in this respect.

Mr. President, I am advised that there is no time remaining for debate on this measure. I think we should provide some time for remarks and comments.

I inquire of the Chair if there is time remaining on this measure.

The PRESIDING OFFICER. All time has expired for consideration of the reconciliation measure and motions relating thereto.

Mr. BAKER. Mr. President, I thank the Chair.

Mr. President, I ask unanimous consent that there be 15 minutes under the control of the majority and minority leaders for further debate on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I yield to the distinguished Senator from New Mexico, the chairman of the Budget Committee.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield first to the distinguished Senator from Alabama, if he has some remarks. Mine would be of a general nature regarding the budgetary impact.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. DENTON. Mr. President, I thank the Senator from New Mexico.

Mr. President, I am pleased to join the Senior Senator from California, (Mr. CRANSTON) as a cosponsor of his motion to instruct the Senate Conferees on the budget reconciliation bill to insist on the Senate position on the Head Start program and to increase the level of funding from $820 million to $950 million for fiscal year 1982. This motion, in effect, would approve the legislative proposal unanimously reported from the Senate Labor and Human Resources Committee on June 24.

Few in this Chamber are unaware of the accomplishments of the Head Start program over the past 15 years. Since its beginning over 7 million children have benefited. In my opinion, the most significant attribute of the program comes through the recognition and involvement of parents as the key element to the success of the program. Head Start participants consistently score higher on standardized tests of intelligence and general ability; show significant gains in cognitive development and language development; and demonstrate positive long-term effects including improved grades, better test scores and fewer special education placements when parents are involved.

In designating this program as part of the social safety net, the administration also endorses the increased funding level and the consideration of this proposal as part of the reconciliation package.

This motion is most timely because it will allow the Appropriations Committee to take prompt action for the upcoming fiscal year 1982 appropriation at the authorization level recommended by the President without waiting for a possible prolonged reauthorization process on the Senate and House floors. It is my understanding that the House bill might run into particular difficulty because it includes a reauthorization of the Community Services Administration.

I would like to commend Senator CRANSTON for his efforts to insure the continuation of this valuable program. During my brief tenure as chairman of the subcommittee which has jurisdiction over the Head Start program, I have learned much from the record he established while he was the chairman. I have come to appreciate the strengths of this program and without reservation I urge my colleagues to support it.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield myself 1 minute.

Mr. President, I commend the Senator from California and the distinguished junior Senator from Alabama for bringing this matter to the Senate's attention and for the way they have done it. It is obvious that we are not going to let Head Start suffer. The President of the United States has requested funding at the level included in this instruction. Through some kind of oversight as a part of the reconciliation, this authorizing level was not included in the House bill. That would not have conclusively harmed the program but it would have required that we have an authorization bill clear both Houses.

As it is now, we have the matter in our bill. It is my understanding that this will raise the level to that requested by the President. I think we should do it.

My advice to the majority leader is that we accept it. I commend the Senators and have no objection as far as the Budget Committee is concerned.

Mr. MOYNIHAN addressed the Chair.

Mr. ROBERT C. BYRD. Mr. President, do I have control of the time under the order?

The PRESIDING OFFICER. The Senator from West Virginia controls the time.

Mr. ROBERT C. BYRD. Mr. President, I yield to Mr. MOYNIHAN such time as he may require and to Mr. CRANSTON.

Mr. MOYNIHAN. I thank the minority leader.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I ask that my name be added as a cosponsor of this legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I was a member of the task force that drew up the original poverty program and Head Start program.

I would like to comment on the statements of our distinguished chairman of the Budget Committee that it is obvious that this was an oversight and ask what is in this legislation, what is being left out of this legislation that is not obvious?

In the history of this body, there cannot have been so chaotic an enterprise

as the reconciliation procedures of the past month.

I have introduced in this body a resolution which declares it to be the sense of the Senate that no bill will be engrossed or enrolled which a majority of the Members present and voting cannot attest to having read. I have not had any very strong response as yet, but here is just the most recent instance of the not altogether nongermane nature of the proposal.

Mr. BAKER. Mr. President, is there time remaining?

The PRESIDING OFFICER. There is time remaining on both sides.

Mr. BAKER. Mr. President, I am prepared to yield back the time on this side.

Mr. CRANSTON. Mr. President, will the minority leader yield me just 1 minute?

Mr. ROBERT C. BYRD. Mr. President, I yield all time under my control to Mr. CRANSTON.

Mr. CRANSTON. Mr. President, I wish to thank Senator DENTON for his effective work with me on this matter. It is a pleasure to work with him. I thank the majority leader for his cooperation and support. I thank Senator DOMENICI for his contribution. It is important to have the chairman of the Budget Committee working with us as it is to have the majority leader. And I thank Senator MOYNIHAN for his helpful contribution. I know of his great concern about issues like the one that we are dealing with here.

● Mr. CHILES. Mr. President, I am pleased to join in introducing this motion to instruct the reconciliation bill conferees to bring back a bill which reauthorizes the Head Start program at the level of $950 million for fiscal year 1982, instead of the $820 million level included in the Senate-passed bill.

Head Start is one of the most critical of our programs to provide equal educational opportunity for poor children. It provides a comprehensive set of educational services to disadvantaged preschool age children, so that they can enter school with basic skills and orientations equivalent to those acquired at home by middle-class children.

Getting poor children off to a good start in school is critical to assuring them the opportunity, when they become adults, to be fully participating members of the economy. As our economy becomes more complex, and as we undertake to upgrade our technology to improve our productivity, higher levels of education are necessary for our work force. We have learned over the years that good education begins in the earliest years, and Head Start provides educational beginning for poor children.

The $950 million funding level we are seeking here was assumed in the budget resolution, and it is the full amount requested by President Carter. President Reagan has endorsed that request.

This funding level will allow the program to continue serving over 366,000 children in full-year projects. Of the $130 million increase over the 1981 funding level, $78 million will be used to offset higher operating costs, and $52 million will be used to restore or upgrade the quality of program operations in some key areas where inflation has eroded services in the last few years. I think a clear measure of the success of this program is that while it employs 73,000 full-year staff, it also enlists the help of 494,000 volunters, almost seven times the number of paid staff. That demonstrates to me that the residents of the communities where Head Start operates recognize its importance and are willing to give their time and effort to keep it going.

I hope this motion will be agreed to, so that the parents and poor children who depend on the Head Start programs can get a clear signal that we are going to provide adequate funding.●

Mr. BAKER. Mr. President, I yield back my time.

Mr. CRANSTON. I yield back the time on this side.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the motion of the Senator from California.

The motion was agreed to.

Mr. CRANSTON. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. BAKER. I thank the Chair.

Mr. President, I ask that the Chair name the conferees on behalf of the Senate.

APPOINTMENT OF CONFEREES

The PRESIDING OFFICER. Pursuant to the order granted yesterday, the Chair appoints the following conferees on the part of the Senate:

From the Committee on the Budget: Mr. DOMENICI, Mr. ARMSTRONG, Mrs. KASSEBAUM, Mr. BOSCHWITZ, Mr. HOLLINGS, Mr. CHILES, and Mr. BIDEN;

From the Committee on Agriculture, Nutrition, and Forestry, for matters within their jurisdiction: Mr. HELMS, Mr. HAYAKAWA, Mr. LUGAR, Mr. COCHRAN, Mr. HUDDLESTON, Mr. LEAHY, and Mr. ZORINSKY;

From the Armed Services Committee for matters within their jurisdiction: Mr. TOWER, Mr. HUMPHREY, Mr. JEPSEN, Mr. EXON, and Mr. LEVIN;

From the Banking, Housing, and Urban Affairs Committee for matters under their jurisdiction: Mr. GARN, Mr. HEINZ, Mr. LUGAR, Mr. PROXMIRE, and Mr. RIEGLE;

From the Commerce, Science, and Transportation Committee for matters within their jurisdiction: Mr. PACKWOOD, Mr. GOLDWATER, Mr. SCHMITT, Mr. CANNON, and Mr. INOUYE;

From the Energy and Natural Resources Committee for matters within their jurisdiction: Mr. MCCLURE, Mr. HATFIELD, Mr. WALLOP, Mr. JACKSON, and Mr. JOHNSTON;

From the Environment and Public Works Committee for matters within their jurisdiction: Mr. ABDNOR, Mr. STAFFORD, Mr. CHAFEE, Mr. SYMMS, Mr. RANDOLPH, Mr. MOYNIHAN, and Mr. MITCHELL;

From the Finance Committee for matters within their jurisdiction: Mr. DOLE, Mr. DANFORTH, Mr. CHAFEE, Mr. LONG, and Mr. HARRY F. BYRD, JR.

From the Foreign Relations Committee for matters within their jurisdiction: Mr. PERCY, Mr. MATHIAS, Mrs. KASSEBAUM, Mr. PELL, and Mr. BIDEN;

From the Governmental Affairs Committee for matters within their jurisdiction: Mr. ROTH, Mr. STEVENS, Mr. MATHIAS, Mr. EAGLETON, and Mr. PRYOR;

From the Judiciary Committee for matters within their jurisdiction: Mr. THURMOND, Mr. MATHIAS, Mr. LAXALT, Mr. BIDEN, and Mr. DECONCINI;

From the Labor and Human Resources Committee for matters within their jurisdiction: Mr. HATCH, Mr. STAFFORD, Mr. QUAYLE, Mr. NICKLES, Mr. DENTON, Mrs. HAWKINS, Mr. KENNEDY, Mr. RANDOLPH, Mr. PELL, Mr. EAGLETON, and Mr. METZENBAUM;

From the Small Business Committee for matters within their jurisdiction: Mr. WEICKER, Mr. BOSCHWITZ, Mr. HAYAKAWA, Mr. NUNN, and Mr. BUMPERS;

From the Veterans' Affairs Committee matters within their jurisdiction: Mr. SIMPSON, Mr. KASTEN, Mr. MURKOWSKI, Mr. CRANSTON, and Mr. RANDOLPH;

From the Select Committee on Indian Affairs for matters within their jurisdiction: Mr. COHEN, Mr. ANDREWS, Mr. GORTON, Mr. MELCHER, and Mr. INOUYE.

Mr. HATCH. Mr. President, the reason for six Republicans and five Democrats serving for the Senate Labor and Human Resources Committee is because of the wide variety of programs under our jurisdiction. Senator KENNEDY and I have agreed to vote three Republicans to two Democrats on all miniconference issues. On final adoption of our portion of reconciliation we will vote six Republicans and five Democrats.

Mr. BAKER. Mr. President, I should like to take a moment this morning to commend my colleagues who chair their respective committees in the Senate, for their forthright and constructive contributions to the budget reduction effort last Friday.

Our initiatives in this Chamber over the past 7 months have been both challenging and demanding. I believe that we have been and will continue to be equal to the task. I also believe that now is not the time to let up. We must continue to pursue and produce the best possible achievements for our country.

As I have stated on so many occasions on this floor and elsewhere, the proposed spending cuts in our Nation's budget are quintessential to the economic recovery which we are all pledged to.

To a degree unprecedented in recent years, we have been fortunate enough to join in partnership with our President and chart a common course. I view this relationship with the White House as one of the most rewarding facets of my position as majority leader.

With that in mind, I believe our decision to sit down with our friends in the House and iron out minor differences in next year's budget will prove to be of great service to our Nation.

Working with the White House, we

have launched one of the most impressive legislative agendas in this century. Our actions have been deliberate and responsible, and I expect that the reconciliation process will be looked back upon as an exemplary effort in which we can all take pride.

What we are embarking on with our colleagues in the House, is a journey toward betterment. Both the Senate and the House versions of the budget proposal reflect the same philosophical considerations. The need for abating the limitless expenditures of the past is clear.

Budget analysis is a highly technical and time-consuming procedure. It is usually born from necessity, and raised under urgency. It is no simple matter.

Subsequently, what now remains to be done is some fine tuning, in order to give the American people the best possible bill. I applaud the efforts of the distinguished Senator from New Mexico (Mr. DOMENICI) and thank him and the Budget Committee staff for their tireless efforts. Their work was not done in vain. It will become part of a great blueprint for getting our economy on the right track again.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–1562. A communication from the Acting Comptroller General of the United States transmitting, pursuant to law, a report entitled "Military Contractor-Operated Stores' Contracts Are Unmanageable and Vulnerable to Abuse"; to the Committee on Armed Services.

EC–1563. A communication from the Deputy Assistant Secretary of Defense for Administration, transmitting, pursuant to law, notification of a determination by the Department to exclude the clause providing for examination of records by the Comptroller General from a certain proposed contract; to the Committee on Armed Services.

EC–1564. A communication from the Assistant Secretary of the Army for Installations, Logistics, and Financial Management transmitting, pursuant to law, notification of a decision made to convert the guard services at Fort Bliss, Tex., to performance under contract; to the Committee on Armed Services.

EC–1565. A communication from the Assistant Secretary of the Army for Installations, Logistics, and Financial Management transmitting, pursuant to law, notification of a decision made to convert the combined maintenance/motor vehicle operations activity at the U.S. Military Academy, West Point, N.Y., to performance by contract; to the Committee on Armed Services.

EC–1566. A communication from the Secretary of Transportation transmitting, pursuant to law, the annual report on activities under the Emergency Rail Services Act and an evaluation of the financial condition of railroads having outstanding certificates guaranteed under the act; to the Committee on Commerce, Science, and Transportation.

EC–1567. A communication from the Secretary of Transportation, transmitting pursuant to law, a report on the financial conditions and operations of the Railroad Rehabilitation and Improvement Fund and the Obligation Guarantee Fund; to the Committee on Commerce, Science, and Transportation.

EC–1568. A communication from the chairman of the Board and the President and Chief Executive Officer, respectively, of the U.S. Railway Association, transmitting, pursuant to law, the final annual report of the association on the performance of Conrail; to the Committee on Commerce, Science, and Transportation.

EC–1569. A communication from the Acting Administrator of the National Oceanic and Atmospheric Administration, transmitting, pursuant to law, a report on the status of negotiations relating to a system for the protection of interim investments in deep seabed mining; to the Committee on Commerce, Science, and Transportation.

EC–1570. A communication from the Acting Comptroller General of the United States transmitting, pursuant to law, a report entitled "Limited Progress Made in Consolidating Grants to Insular Areas"; to the Committee on Energy and Natural Resources.

EC–1571. A communication from the Secretary of the Federal Trade Commission transmitting, pursuant to law, the annual report of the Commission on the impact of the international energy program on competition and on small business; to the Committee on Energy and Natural Resources.

EC–1572. A communication from the Director of the Office of Management and Budget transmitting additional language to original draft of proposed legislation entitled "Debt Collection Act of 1981"; to the Committee on Government Affairs.

EC–1573. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Gains and Shortcomings in Resolving Regulatory Conflicts and Overlaps"; to the Committee on Governmental Affairs.

EC–1574. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Internal Control Weaknesses Contributed to the Mismanagement and Misuse of Federal Funds at Selected Community Action Agencies"; to the Committee on Governmental Affairs.

EC–1575. A communication from the Director of ACTION, transmitting, pursuant to law, a copy of a regulation on trainee deselection and early termination procedures; to the Committee on Labor and Human Resources.

EC–1576. A communication from the Special Assistant to the Secretary of Defense, transmitting, pursuant to law, a report on Department of Defense Procurement from small and other business firms for the period October–December 1980; to the Committee on Small Business.

EC–1577. A communication from the Secretary of Commerce, transmitting, pursuant to law, a report on progress made in implementing of Public Law 96–481, title IV, section 301—Small Business Export Expansion Assistance; to the Committee on Small Business.

EC–1578. A communication from the Assistant Secretary of the Army (civil works), transmitting a draft of proposed legislation to amend the National Cemeteries Act of 1973, to rescind the requirement that the superintendent positions of national cemeteries under the jurisdiction of the Secretary of the Army be limited to disabled veterans, and for other purposes; to the Committee on Veterans' Affairs.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–315. A resolution adopted by the House of Representatives of the Commonwealth of Massachusetts; to the Committee on Armed Services:

"Whereas, 1981 marks the 38th anniversary of the U.S.S. Wasp CV–18, the ninth ship of the United States Navy to bear the distinguished name of her predecessors, since the first Wasp was commissioned over 200 years ago as one of the first two vessels in the Continental Navy; and

"Whereas, The Wasp, nicknamed the "Stinger", gained a brilliant record in combat against the enemy, downing 230 Japanese planes by airmen, 16 enemy planes by ship guns, 411 enemy planes on the ground, sinking 52 enemy ships and damaging 305 enemy ships; and

"Whereas, those who lived and died valiantly defending their ship and their country, fought honorably and heroically true to the tradition of their ship's name, to the Navy, and the United States of America; and

"Whereas, in tribute to those who served, the next nuclear powered aircraft carrier should bear the name U.S.S. Wasp, thereby memorializing a record of distinguished service for 200 years; therefore be it

"*Resolved*, That the Massachusetts House of Representatives hereby urges the Congress of the United States to enact legislation designating the next nuclear powered aircraft carrier the U.S.S. Wasp; and be it further

"*Resolved*, That a copy of these resolutions be forwarded by the Clerk of the House of Representatives to the Presiding Officer of each branch of the Congress, and to the Members thereof from this Commonwealth, and the Secretary of the Navy."

POM–316. A resolution adopted by the House of Representatives of the Commonwealth of Massachusetts; to the Committee on Finance:

"RESOLUTION

"Whereas, A worker who chooses to retire at the age of 62 years currently receives 80% of the pension to which he is entitled should he retire at age 65, yet President Ronald Reagan proposes that a retiring 62 year old worker receive 55% of his full pension; and

"Whereas, The net effect for those contemplating early retirement is a choice between two unattractive alternatives: viz. either stay on the job until age 65 or rely on their life savings; and

"Whereas, Early retirement is a goal of millions of Americans and President Reagan's proposal will jeopardize long years of hard work and careful retirement planning; and

"Whereas, the 31 million retirees who currently receive social security checks will lose their cost of living increases in the third fiscal quarter of this year, which will cost them 4 billion dollars; and

"Whereas, in the Commonwealth of Massachusetts there are 650,000 men and women over 65 years of age and approximately 95% of those individuals receive social security benefits; and

"Whereas, we have 1,000,000 men and women over 60 years of age, of which number, some 350,000 are between the range of 60 to 65 years of age and approximately 100,000 of these individuals receive social security benefits; and

"Whereas, as social security benefits are based on wages earned, women are severely discriminated against. Throughout this century, up to present day, women employees have historically earned substantially less than their male counterparts even though they held the same job and performed the same work duties. Though it is now unlawful to discriminate in this fashion, it will take approximately 30 to 40 years for the social security system to catch up. Cuts in their

benefits would be felt much more so than the male retiree; and

"Whereas, another instance of discrimination is the homemaker. If the wife's husband dies, the wife does not receive the same dollar amount of her husband's social security benefit, but rather a much smaller percentage of the total; and

"Whereas, said proposal, if passed, would reduce, in real dollars, benefits for those employees who retire either at age 62 or 65, for, while the average retiree currently receives approximately $41 for every $100 earned while working, under the President's plan, workers who retire after January of 1987 will receive 38% of pre-retirement income; therefore be it

"Resolved, that the Massachusetts house of representatives hereby urges the Congress of the United States to reject President Reagan's proposal to reduce social security benefits; and be it further

"Resolved, that a copy of these resolutions be forwarded by the clerk of the house of representatives to the presiding officer of each branch of the Congress and the members thereof from this commonwealth."

POM-317. A resolution adopted by LaSociete des 40 Hommes et 8 Cheveaux du Iowa, opposing any reduction in the social security death benefit; to the Committee on Finance.

POM-318. A resolution adopted by the Massachusetts Conference of the United Church of Christ calling for a reduction of nuclear arms by the United States, to the Committee on Foreign Relations.

POM-319. A resolution adopted by the La Societe des 40 Hommes et 8 Cheveaux du Iowa, opposing reductions in certain Veterans' benefits; to the Committee on Veterans' Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HELMS, from the Committee on Agriculture, Nutrition, and Forestry;

Special report entitled "Allocation of Budget Totals for Fiscal Years 1981 and 1982" (Rept. No. 97-152).

By Mr. THURMOND, from the Committee on the Judiciary, with an amendment and an amendment to the title:

S.J. Res. 42. Joint resolution to designate the third Sunday in September as "National Ministers Day."

By Mr. THURMOND, from the Committee on the Judiciary, without amendment, and with a preamble:

S.J. Res. 78. Joint resolution to provide for the designation of October 2, 1981, as "American Enterprise Day."

S.J. Res. 92. Joint resolution to authorize and request the President to designate the week of September 6, 1981, through September 12, 1981, as "Older Americans Employment Opportunity Week."

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary:

Daniel K. Hedges, of Texas, to be United States Attorney for the Southern District of Texas, for the term of four years;

Sarah Evans Barker, of Indiana, to be United States Attorney for the Southern District of Indiana, for the term of four years;

Rex. E. Lee, of Utah, to be Solicitor General of the United States; and

Edward C. Prado, of Texas, to be United States Attorney for the Western District of Texas, for the term of four years.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HATFIELD:

S. 1468. A bill to provide for the designation of the Burns Paiute Indian Tribe as the beneficiary of a public domain allotment, and to provide that all future similarly situated lands in Harney County, Oregon, will be held in trust by the United States for the benefit of the Burns Paiute Indian Colony; to the Select Committee on Indian Affairs.

By Mr. STEVENS:

S. 1469. A bill to amend the Internal Revenue Code of 1954 to provide for an investment tax credit for theatrical productions; to the Committee on Finance.

By Mr. HEFLIN:

S. 1470. A bill for the relief of Grietje Rhea Pietens Beumer, Johan Christian Beumer, Cindy Larissa Beumer, and Cedric Grant Beumer; to the Committee on the Judiciary.

By Mr. HUDDLESTON (for himself and Mr. ROTH):

S. 1471. A bill to amend the Internal Revenue Code of 1954 to redefine individuals eligible for the earned income credit, and for other purposes; to the Committee on Finance.

By Mr. DENTON:

S. 1472. A bill to amend the Internal Revenue Code of 1954 to exclude the value of certain research and experimental expenditures from the aggregate face amount of certain small issues of industrial development bonds; to the Committee on Finance.

By Mr. HART (for himself and Mr. ARMSTRONG):

S. 1473. A bill for the relief of the Jefferson County Mental Health Center, Incorporated, and of certain current and former employees thereof; to the Committee on Finance.

By Mr. QUAYLE:

S. 1474. A bill to continue the operation of the Defense Department's education system in the Department of Defense; to the Committee on Armed Services.

By Mr. McCLURE (for himself and Mr. JACKSON):

S. 1475. A bill to amend the expiration date of section 252 of the Energy Policy and Conservation Act; to the Committee on Energy and Natural Resources.

By Mr. DURENBERGER (for himself and Mr. ANDREWS):

S. 1476. A bill to provide standby authority to deal with petroleum supply disruptions, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. METZENBAUM (for himself, Mr. TSONGAS, and Mr. WILLIAMS):

S. 1477. A bill to require the Secretary of Labor to submit an annual report on child day care services; to the Committee on Labor and Human Resources.

By Mr. METZENBAUM (for himself, Mrs. HAWKINS, Mr. TSONGAS, and Mr. WILLIAMS):

S. 1478. A bill to amend the Internal Revenue Code of 1954 to increase the amount of the credit for expenses for household and dependent care services necessary for gainful employment, to provide a credit for employers who provide such services, and for other purposes; to the Committee on Finance.

By Mr. METZENBAUM (for himself, Mr. TSONGAS, and Mr. WILLIAMS):

S. 1479. A bill to amend the Internal Revenue Code of 1954 to exclude from the income of an employee certain adoption expenses paid by an employer, to provide a deduction for adoption expenses paid by an individual, and for other purposes; to the Committee on Finance.

S. 1480. A bill to amend the Internal Revenue Code of 1954 with respect to the treatment of foster children as dependents of taxpayers; to the Committee on Finance.

S. 1481. A bill to amend title II of the Social Security Act to eliminate gender-based distinctions under the old-age, survivors, and disability insurance program; to the Committee on Finance.

By Mr. HOLLINGS (for himself and Mr. WEICKER):

S. 1482. A bill to amend certain provisions of the Act of May 27, 1970, to provide a procedure for determining whether a plan for the Federal Government to participate in an international exposition should include construction of a Federal pavilion, whether such Federal pavilion should be a permanent structure, and for other purposes; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HATFIELD:

S. 1468. A bill to provide for the designation of the Burns Paiute Indian Tribe as the beneficiary of a public domain allotment, and to provide that all future similarly situated lands in Harney County, Oreg., will be held in trust by the United States for the benefit of the Burns Paiute Indian Colony; to the Select Committee on Indian Affairs.

LAND DESIGNATED TO THE BURNS PAIUTE TRIBE

● Mr. HATFIELD. Mr. President, I am introducing legislation today that will designate a parcel of land in Harney County, Oreg., to be held in trust for the Burns Paiute Tribe pursuant to Federal law (25 U.S.C. 373b). This bill is primarily of a technical nature as it will fulfill the requirements of 25 U.S.C. 373b which provides that parcels of land, where the value of the land exceeds $2,000 and the allottee dies without legal heirs, shall be held in trust by the United States for such Indians as Congress may designate.

This bill addresses a matter that arose in Harney County, Oreg., where a Burns Paiute Indian named Jesse T. James died on January 12, 1978 without heirs or a will. At the time of his death, he was the sole owner of 160 acres of trust land in Harney County, land which is classified as a "public domain allotment." The proposed legislation is needed to clear up this matter, as well as comply with Federal law.

The Burns Paiute Tribe has occupied the southeast corner of the State of Oregon for the last 8,000 years. In 1868 representatives of the Federal Government negotiated a treaty with the tribe to end hostilities between the tribe and the growing influx of white settlers. That treaty, however, was never ratified by the Senate.

Instead, President Ulysses S. Grant established a reservation comprising approximately 1,778,560 acres by executive orders in 1872, 1875, and 1876. Not less than 10 years later the reservation was cancelled by executive orders in 1882, 1883, and 1889, and the land converted to the public domain. The Paiutes were compensated for the taking of this land

in 1959 by the Indian Claims Commission, which awarded each Indian 40 cents an acre for the loss of their aboriginal lands.

In 1887 Congress passed the General Allotment Act, which intended to assimilate Indians into the non-Indian culture. Each "allottee" was given a 160-acre allotment of reservation or public domain land, with the title to the land held in trust by the United States. In 1896 and 1897, 115 allotments were created out of the public domain near Burns, Oreg., for the Paiutes, totaling 17,541.96 acres. After an aggressive policy of attempting to end the restricted status of these allotments, many of these were sold to non-Indians, with less than 70 allotments in the Burns area remaining in Indian hands, totaling approximately 11,000 acres.

Federal law governs the probate disposition of allotments. Congress enacted 25 U.S.C. 373b in 1942 to address this matter. That law states that such allotments "be held in trust for such needy Indians as the Secretary may designate, where the value of the estate does not exceed $2,000, and in the case of estates exceeding such sum, such estates shall be held in trust by the United States for such Indians as the Congress may designate."

In the case of the allotment covered by the bill I am introducing today, the value of the allotment exceeds $9,000. Thus, under 25 U.S.C. 373b, Congress must designate what Indians shall receive this property. During hearings on this matter before the Board of Hearings and Appeals in the Bureau of Indian Affairs, the board stated, "based on the record before the board, and following a full opportunity for individual Indians and Indian groups to state a claim to the property at issue, the board has no reservation stating that were it within its authority to decree, it would allow the Indian Joe allotment—Jesse T. James estate—to go to the Burns Paiute Tribe, rather than reverting to the public domain or being conveyed to other Indians."

The present Burns Paiute reservation comprises 770 acres and the tribe hopes to use this allotment for economic development to enable it to become more self-sufficient. By utilizing the land for agricultural purposes, the tribe hopes to increase its income, reduce its dependence upon the Bureau of Indian Affairs and provide employment for tribal members and residents of the area. To that end, this legislation would designate this parcel of land to be held in trust for the Burns Paiute Tribe. An action which is supported by the record accumulated before the Board of Hearings and Appeals of BIA.

In addition, to avoid subsequent action of this nature, the legislation introduced today would also provide that future public domain allotments that fall under this same situation would go directly into trust for the tribe. The utilization of 25 U.S.C. 373b is rare, having been used only once before, but by including this provision in the proposed legislation administrative efficiency is promoted. In the future when this situation occurs, the Secretary of the Interior would designate that these allotments go to the tribe, thereby avoiding the need for Congress to be involved in this process.

In closing, I urge expeditious action on this matter by the Congress as the Burns Paiute Tribe will be greatly benefited by the development of this allotment.●

By Mr. STEVENS:

S. 1469. A bill to amend the Internal Revenue Code of 1954 to provide for an investment tax credit for theatrical productions; to the Committee on Finance.

THEATRICAL PRODUCTION INVESTMENT TAX CREDIT ACT OF 1981

Mr. STEVENS. Mr. President, today I am pleased to introduce a bill which will amend the Internal Revenue Code of 1954 extending the investment tax credit to theatrical productions.

This bill is identical to S. 2500 that was introduced in the last Congress and was the subject of hearings before the Senate Subcommittee on Taxation and Debt Management on May 30, 1980.

The Theatrical Production Investment Tax Credit Act of 1981 extends the investment tax credit to live commercial theatrical production. Provisions of this bill closely parallel those which were included in the Tax Reform Act of 1976 that extended the investment tax credit to qualifying production costs in the motion picture industry. The Theatrical Production Investment Tax Credit Act of 1981 will provide tax credit to persons to invest in productions of the commercial theatre.

This credit will provide an effective incentive to the performing arts industry while minimizing direct Government funding in this area. Under the provisions of this bill the investment tax credit will be allowed with respect to production costs if such costs constitute new section 38 property. Each taxpayer's share of the credit will be limited to their ownership interest in the theatrical production.

The investment tax credit was designed to spur investment and create new employment opportunities.

The theatrical industry badly needs the stimulus of an investment tax credit. Fewer new plays are being produced each year in commercial theatres. To a great extent, the decline in theatrical productons over the last few years can be traced to skyrocketing production costs. The play must run for months, if not a year, if the investors are to recoup production costs; yet four out of five productions lose money. The investment tax credit will help abate the deterrent to invest in new productions.

Theatre is an important component of American culture. The theatre industry provides a valuable cultural resource that attracts corporations and their employees to locate near the city environment.

The cost of the Treasury for this measure is extremely small. The Joint Tax Committee estimate for last year's bill determined that the Theatrical Production Investment Tax Credit Act will reduce budget receipts by only $5 million annually. This is certainly a small price to pay for encouraging investors to participate in theatrical productions that will have such a significant effect on the American artistic community.

I urge consideration of this measure.

By Mr. HUDDLESTON (for himself and Mr. ROTH):

S. 1471. A bill to amend the Internal Revenue Code of 1954 to redefine individuals eligible for the earned income credit, and for other purposes; to the Committee on Finance.

TAX SUBSIDIES FOR ILLEGEAL ALIENS

● Mr. HUDDLESTON. Mr. President, on April 15 millions of Americans completed their tax returns for 1980 and in the process paid an unprecedented amount of taxes. Hundreds of billions of dollars in income taxes have been paid into a tax system which is the largest in the world and which functions primarily upon the voluntary compliance of the American taxpayer.

Unknown to most taxpayers, large numbers of illegal aliens also rushed to get their income tax return filed. However, a substantial number of illegal aliens who file income tax returns are using the earned income tax credit to either reduce their taxes or to receive a refund on taxes that were never paid.

In 1975, Congress passed a tax bill which created a new concept in tax law: the earned income tax credit. This credit was intended to provide some tax relief for low-income workers who have dependent children. The underlying rationale for the credit was that it would offset the impact of social security taxes and encourage individuals to find employment.

Under this law, the worker is entitled to a 10-percent tax credit for the first $5,000 in earned income; the credit is phased out when adjusted gross income reaches $10,000. The most expensive feature of this law is its refundable aspect. If the worker owes taxes which are less than the credit, the excess of the credit will be paid to him or her by the Government as an "overpayment." In 1979 about 9 million individuals qualified for the earned income tax credit, which cost the Federal Treasury approximately $2.1 billion. Of this amount, $1.4 billion was attributable to the refundable aspect of the law.

There is compelling new evidence that illegal aliens are using the earned income tax credit in order to reduce taxes or to secure refunds from the Government even though they do not pay any taxes. A new study just released by David North, director of the Center for Labor and Migration Studies at the New Trans-Century Foundation, concluded that nearly a third of those with refunds secured EITC payments. Furthermore, they had larger average EITC payments and larger refunds than Americans generally.

The study states that part of the study group of 17 individuals received EITC payments totaling $19,637 and that this resulted in a mean payment of $302. If we assume a very conservative number of 3 million illegal alien workers in the United States, this would result in EITC payments of about $120 million. The 3

million assumption is conservative, because even the U.S. Bureau of the Census admits that there could be as many as 6 million illegal aliens in the country and other reliable sources believe there could be as many as 12 million.

According to a letter from the acting commissioner of IRS, illegal aliens can qualify under the law for the EITC and they use the earned income tax credit. In order to prevent this continued misuse of the EITC, I am introducing a bill today which limits eligibility for the EITC to a citizen of the United States or an alien individual who has been admitted to the United States as a permanent resident.

It is ironic that an earned income tax credit primarily meant to encourage low-income individuals to work instead serves to limit employment opportunities for them. Even though we have about 8 million unemployed people in the country today, this provision is an added incentive to enter the United States to take jobs from American citizens. In effect, the Federal Government is paying illegal aliens to take American jobs, at a time when the administration is reducing unemployment benefits and jobs programs.

To believe that this is not a widespread problem would be to ignore what we have learned in the past about the speed with which illegal aliens catch on to the loopholes in our tax laws. The IRS has established through experience that illegal aliens learn very quickly how to beat the tax collector. Between 1976 and 1978 the IRS conducted a pilot program in which it interviewed apprehended illegal aliens to determine whether they had outstanding tax liabilities. This program was dropped because the illegal aliens quickly learned how to get around it. In a letter to me dated January 4, 1980, the Director of the Collection Division at the IRS stated:

An awareness of the program developed within the Mexican illegal alien community which comprised the majority of apprehended illegals. The Mexican press publicized the fact that illegals caught with money were subject to being interviewed by IRS, and the word evidentally spread. Consequently, when Mexican illegals were picked up, they had little or no money, but numerous postal money order stubs from payments they had apparently sent back to their families in Mexico.

In essence the Director admitted that even though the IRS found that many of the apprehended illegal aliens did in fact owe Federal income taxes, there was no way to collect, since the illegals learned very quickly to send most of their money out of the country as soon as possible.

There is further evidence that illegal aliens learned quickly of other methods of avoiding Federal income taxes. The IRS published a manual which was used by its own agents for the tax collection program aimed at illegal aliens. In this manual was a section entitled "Practices to Avoid Taxes" which stated:

(1) Assigned personnel should be aware of practices utilized by some illegal aliens and their employers to avoid their Federal tax obligations.

Many aliens also claim excessive exemptions, since they are aware that by doing so they will receive larger take-home amounts.

This manual states conclusively that many illegal aliens are deliberately falsifying their tax returns and W–4 forms. The result is that if an illegal alien does not bother filing a tax return before he returns home, he in effect takes the uncollected, nonwithheld taxes with him. If he does file a return, he pays little or no taxes because of the excessive number of exemptions. Under the latter method he also increases the amount of the refundable earned income tax credit.

Although the amounts involved in each individual case may be relatively small, they are very substantial if several million illegal aliens are in fact manipulating the tax system. The earned income tax credit alone cost the Federal Government over $2 billion in 1979. Further, we should not forget that the Congressional Budget Office has determined that each one percentage point increase in unemployment costs the Federal Treasury $29 billion every year. Any program which encourages illegal aliens to take jobs in this country will result in a substantial indirect cost by increasing our unemployment rate.

Mr. President, at the present time most Americans are paying more in taxes but are being told they will receive less in benefits for those taxes. In the near future we may be able to reduce this inequity for many taxpayers by passing a substantial tax reduction bill. I think that it would be very appropriate to pass along hundreds of thousands of dollars of savings now by denying the use of the EITC to illegal aliens. The EITC was intended to encourage Americans to find jobs, not to recruit illegal aliens.

I ask unanimous consent that chapter 7 of Mr. North's study entitled "Government Records: What They Tell Us About The Role of Illegal Immigrants in The Labor Market and In Income Transfer Programs" be printed in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

CHAPTER SEVEN: THE STUDY GROUP AND THE INCOME TAX

The Internal Revenue Service was able to trace 517 members of the study group through its data systems. It found (to its surprise) that 355 of them, or 68.8 percent had filed one or more income tax returns.

The distribution among the three subpopulations was predictable; walkins were the most likely to file at least once (85 percent), the mainstream aliens were next (68 percent), and the introubles came in last (57 percent).

As Table 7–1 indicates, some members of the study group were filing returns as early as 1966 (nine years before their encounter with INS), and many of them were still doing so for 1979. The peak year was 1974, as it was in the SSA earnings data.

It should be noted that, while filing an income tax return is required by the law (for those with incomes above a rather low cutoff level) and is a commendable civic exercise, it is also an act that is usually rewarded, subsequently, with the delivery of a check. Most Americans find that their employers withhold more than the tax liability. In most years, about seven out of nine return filers receive refunds. This combination of motivations must have inspired the members of the study group as it does other taxpayers.

Table 7–2 provides 1979 data on the three subpopulations in our study group regarding tax liability, withholdings, refunds, and Earned Income Tax Credits (EITC). A total of 226 of the study group members filed returns, and 204 of them were rewarded with refunds. Nearly a third of those with refunds secured EITC payments. Comparing the three subpopulations, one finds the expected pattern, with the largest tax liability being recorded by the walkins, the next by the mainstream aliens, and the least by the introubles.

Members of the study group on average have lower levels of tax liability and withholdings than American taxpayers generally, reflecting below-average incomes as Table 7–3 shows. For the same reasons, the study group members had larger average EITC payments and larger refunds than Americans generally.

Balance sheet: In 1979 members of the study group had a combined tax liability to IRS of $229,556 and received $96,795 in refunds and $19,637 in EITC payments for a total of $116,432.

TABLE 7–1.—INDIVIDUAL INCOME TAX FILINGS OF THE 3 SUBPOPULATIONS IN THE ILLEGAL IMMIGRANT STUDY GROUP, 1966–79

Data item	Mainstream		Walkin		In trouble	
	Number	Percent	Number	Percent	Number	Percent
SSN's on masterfile	405	100.0	61	100.0	51	100.0
Record of filing	274	67.7	52	85.2	29	56.9
No record of filing	131	32.3	9	14.8	22	43.1
Filings by year:						
1966	9	2.2			2	3.9
1967	11	2.7			2	3.9
1968	14	3.5			2	3.9
1969	22	5.4	2	3.3	2	3.9
1970	36	8.9	8	13.1	5	9.8
1971	67	16.5	16	26.2	10	19.6
1972	98	24.2	18	29.5	16	31.4
1973	138	34.1	32	52.5	22	43.1
1974	210	51.9	39	63.9	23	45.1
1975	195	48.1	36	59.0	17	33.3
1976	178	44.0	30	49.2	19	37.3
1977	183	45.2	32	52.5	18	35.3
1978	188	46.4	34	55.7	19	37.3
1979	180	44.4	29	47.5	17	33.3

Source: Unpublished IRS tabulations.

TABLE 7-2.—COMPARISON OF TAX DATA ON THE 3 SUBPOPULATIONS IN THE ILLEGAL IMMIGRANT STUDY GROUP, 1979

Data item	Mainstream			Walkin			In trouble		
	Total	Number	Average	Total	Number	Average	Total	Number	Average
Tax liability	$154,681	123	$1,258	$64,238	26	$2,471	$10,637	17	$626
Withholding	215,936	170	1,270	66,793	27	2,474	21,602	17	1,271
Earned income tax credit	16,210	54	300	1,443	4	361	1,984	7	283
Refunds [1]	90,384	164	551	13,847	23	602	12,201	17	718
Filings		180			29			17	

[1] Includes earned income tax credit. Source: Unpublished IRS tabulations.

TABLE 7-3.—COMPARISON OF STUDY GROUP TAX RETURNS WITH THOSE OF U.S. TAXPAYERS, 1978 AND 1979

Data item	Members of study group (mean)	U.S. taxpayers (mean)
Tax liability	$1,383	$2,742
Withholding	1,422	2,172
Earned income tax credit	302	202
Refunds [1]	571	500

[1] Includes earned income tax credit.
Note: Study group data are for 1979; data for U.S. taxpayers for 1978.

Source: Unpublished IRS tabulations.●

By Mr. DENTON:

S. 1472. A bill to amend the Internal Revenue Code of 1954 to exclude the value of certain research and experimental expenditures from the aggregate face amount of certain small issues of industrial development bonds; to the Committee on Finance.

RESEARCH AND DEVELOPMENT TAX EXEMPTION

● Mr. DENTON. Mr. President, I am today introducing legislation to remove a needless and unjustified obstacle to the carrying out of research and development activities by companies using tax-exempt industrial development bond financing. Specifically, my bill would permit research and development costs to be treated for purposes of the so-called "small-issue exemption" for industrial development bonds in the same manner as they are treated elsewhere in the Internal Revenue Code, as expensable items rather than capital costs.

The "small-issue exemption" of section 103(b)(6) of the code permits localities to provide tax-exempt financing for businesses within their jurisdictions. Under this exemption, a business may not have more than a total of $10 million in capital expenditures within the bond-issuing jurisdiction in the 6-year period beginning 3 years prior to the issue date. The $10 million cap applies to all of a company's capital expenditures in that 6-year period, whether or not the specific expenditure was financed with the proceeds of an IDB.

Section 174 of the code expressly permits research and experimentation costs to be expenses for most tax purposes. The Internal Revenue Service, however, has held that expenses for research are capital expenditures within the meaning of the industrial development bond provision. In other words, because of section 174, research and development costs are generally permitted to be treated as expenses, except if considered in the IDB context, in which case they must be treated as capital expenditures.

This rule has had unfortunate consequences for research by American industry. Those companies which build, renovate or expand their facilities through the use of IDB's must avoid or curtail their research expenditures for a 6-year period in order to stay within the $10 million limit. Even more seriously, the small, high technology firms that are on the cutting edge of this Nation's innovation and productivity, are effectively denied the advantages of tax-exempt financing. For if a firm spends a large share of its budget on research and development, it cannot afford to finance its capital facilities—land, plant, and equipment—through an industrial development bond.

In addition to its adverse impact on research, the current rule needlessly compounds the bureaucratic burden upon businesses. While section 174 was intended to end the need for companies to separate their research and development capital expenses from normal operating expenses, and avoid repeated audits and challenges on this point, the IDB rule raises these problems all over again. A business which uses an industrial development bond must analyze all of its expenditures in the preceding 3 years, separating out research, and must segregate research expenditures for the subsequent 3 years as well. And because this determination can always be challenged, the bond issue's tax exemption will be uncertain.

My bill would correct this situation, by providing that research and experimental costs which are treated as expenses for the purposes of section 174 may also be expenses for the purposes of the small-issue exemption under section 103(b)(6). By doing so, the bill will provide uniform treatment for research and development expenses in the code, and avoid the uncertainty and unnecessary accounting problems created by the present IRS position. The bill will permit firms which use IDB financing to carry out normal research and experimentation activities, and it will permit those high technology firms which depend heavily on research and innovation to benefit from tax-exempt financing.

To assure an immediate beneficial impact, the bill would apply to research and development expenditures by companies already operating under IDB's, as well as to expenditures under new bond issues. The provision would not be retroactive, validating bond issues that have already been ruled taxable. But it would remove the disincentive to research and development activities by companies using IDB's as of its effective date.

The bill's revenue impact will be negligible. The research and development expenditures to which it would apply cannot themselves be funded out of the proceeds of an industrial development bond issue. IDB's basically can only fund capital costs for plant and equipment. Thus the number and size of IDB issues should not increase significantly. However, this valuable low-cost financing tool will not be denied to those companies which help to advance American technology and industry solely because of their high research costs.

Mr. President, in the context of President Reagan's tax proposals, the Congress is considering a number of measures to promote research and development and encourage small business. The bill I am introducing today would accomplish both of these important objectives at an insignificant loss of tax revenues.●

By Mr. HART (for himself and Mr. ARMSTRONG):

S. 1473. A bill for the relief of the Jefferson County Mental Health Center, Inc., and of certain current and former employees thereof; to the Committee on Finance.

JEFFERSON COUNTY MENTAL HEALTH CENTER

● Mr. HART. Mr. President, I am introducing today, on behalf of myself and my colleague, Mr. ARMSTRONG, a bill designed to provide relief to the Jefferson County Mental Health Center in connection with certain social security tax payments.

The Jefferson County Mental Health Center, located in Colorado, is a nonprofit organization which is exempt from employee participation in the social security program. However, employees at the center elected to participate in the program, and, in 1963, the center filed the appropriate forms with the Internal Revenue Service and began withholding FICA taxes.

When IRS reviewed the center in 1975, however, no record of this filing could be found. As a result, the IRS directed the center to refund the withheld FICA taxes to any employee who did not wish to continue his/her social security coverage.

After refunding $74,128 to its employees, the center applied to IRS to have that amount repaid to it. But even after IRS discovered that a valid waiver of immunity from social security taxes had, in fact, been filed, it was unable to reimburse the center. IRS does not have authority to expend funds without a legal obligation or statutory authorization.

Mr. President, the Jefferson County Mental Health Center is seeking reimbursement solely for the employee share of the social security taxes involved and only for the period before IRS notified the center of its error. This legislation authorizes the Secretary of the Treasury to determine the amounts withheld and

to treat those amounts as tax overpayments, reimbursable to the center.

During the 95th Congress, the Senate passed this legislation as an amendment to an authorization bill. Unfortunately, Congress adjourned before final action on the bill was completed. In the 96th Congress, Congressman WIRTH of Colorado introduced the measure. It passed the House, but neither the Senate Finance Committee nor the full Senate had an opportunity to act on it.

Congressman WIRTH has reintroduced the bill in the House of Representatives, and the House Judiciary Committee plans to consider it in the near future.

Mr. President, under the circumstances, relief to the Jefferson County Mental Health Center is certainly justified. I look forward to quick action on this necessary measure by the Senate Finance Committee on the full Senate.●

● Mr. ARMSTRONG. Mr. President, today Senator HART and I are introducing a bill to provide relief to the Jefferson County Mental Health Center. The center, located in Lakewood, Colo., and serving a tricounty area, suffered a round of administrative misunderstandings with the Internal Revenue Service that can only be corrected by this legislation.

The Jefferson County Mental Health Center is exempt from employee participation in the social security program, as are all nonprofit organizations, unless the employees elected to participate in the system. In 1963 the employees at the center elected to take coverage in the program and the proper forms were filed with the IRS. Subsequently, FICA taxes were withheld to effect such participation.

The problem developed in 1975 when IRS initiated a survey and the Jefferson County Mental Health Center was unable to find any indication that it had waived its immunity of taxes. Consequently, the IRS directed the center to refund those FICA taxes withheld to all employees and said that the IRS would reimburse the center.

The 133 employees were reimbursed by the center for a total of $74,128. At that point, the IRS discovered a valid waiver of immunity had, in fact, been filed, and it was therefore unable to refund the taxes paid to the center. By this time it was too late to get money back from the employees.

Mr. President, the IRS cannot remedy this blunder because it does not have the authority to expel funds without a legal obligation to do so or a statutory authorization. This bill provides that the Secretary of the Treasury determine the amounts withheld and treat these amounts as tax overpayments which are then reimbursed to the center. The center is seeking relief only for the employee share of the social security taxes involved and only for the period prior to the time when IRS notified the center that its previous instructions were in error.

The bill also provides for social security coverage for the affected employees. Services performed by the employees were covered and should not be removed from coverage because of erroneous information given by a Government agency.

The Finance Committee's Subcommittee on Taxation and Debt Management held a hearing on this proposal in October 1977. The Senate subsequently reviewed and passed the legislation as an amendment to an authoriztion bill. Unfortunately, that authorization bill was not acted on before Congress adjourned. In the 96th Congress, the House agreed to such a measure, with no Senate action.

Mr. President, the facts and equities of this case merit legislative relief as provided for in the bill and I enthusiastically recommend to the Senate expeditious approval by the 97th Congress.●

By Mr. QUAYLE:

S. 1474. A bill to continue the operation of the Defense Department's education system in the Department of Defense; to the Committee on Armed Services.

REPEAL TRANSFER OF DEPARTMENT OF DEFENSE SCHOOLS TO DEPARTMENT OF EDUCATION

● Mr. QUAYLE. Mr. President. Today, I am introducing legislation to repeal that provision in law which requires the transfer of Department of Defense dependents schools (DODDS) to the Department of Education. I firmly believe that the Defense Department should operate these schools.

The DODDS system was instituted after World War II when dependents began to accompany parents to their overseas assignments. Over 260 schools are operating in 23 countries providing education to over 135,000 students.

I am opposed to this transfer because: First, the quality of education would not be improved, second, the transfer is used to justify the existence of the Department of Education, and third, the transfer does not recognize the unique characteristic of these schools.

On May 6 of this year, the Secretary of Education transmitted to Congress a report of a plan for the transfer of the overseas schools to the Department of Education. Throughout this report, there are references to equating the practices and operation of these schools to resemble those in the United States. However, the DODDS are already providing quality education equal or better to that provided by public schools in the States. All of the DODDS high schools are accredited by the North Central Association of Colleges and Schools, which provides accreditation to over 4,700 schools and colleges in the United States. The teachers are highly qualified with 1.3 percent having doctor's degrees and 48.7 percent having master's degrees (compared with 0.4 percent doctor's and 34.3 percent master's in the public schools). On SAT's, students from the DODDS system, on the average, score slightly higher than students from the States.

This transfer, while not improving the quality of education, would increase the bureaucracy. The transfer of these schools would more than double the size of the Department of Education. At the end of the fiscal year 1980, the Department had approximately 6,100 full-time employees. The schools employ over 9,000 individuals, most of whom are professional educators. This would add more employees than are currently in the Department of Education, providing a justification for maintaining a department-sized Federal education entity.

In the Secretary's report to Congress, it states that the Department of Defense will—

> Continue to provide personnel services to overseas employees to the dependents education system, provide administrative control over overseas school system personnel, and treat all overseas school system personnel, for the purposes of access to services and facilities, as employees of DOD.

In addition, those personnel "whose duties involve support for the overseas dependents schools" but are not employees of the DODDS will not be transferred to the Department of Education. DOD will also continue to hold title to the facilities used by the schools.

What this means is that DOD and the Department of Education will have to meet continually to coordinate the operation of these schools. This bureaucratic "runabout" is unnecessary if the schools remain where they are now, within the Department of Defense.

Finally, the desire by the Department of Education to treat these schools as educational institutions in the United States ignores the unique character of both the schools and the students.

The normal tour of duty for military personnel at one location is approximately 3 years. This frequent change causes social and adjustment problems for the children. The schools tend to be a secure, stable environment in a nonstable life. Insuring this understanding has been a goal of the Department of Defense in operating the schools. Treating these schools and their students as the same as schools in the continental United States would destroy the compassion needed to deal with the rigors of overseas military life.

The DODDS personnel as employees of the Department of Defense have security clearance and receive advance information on transfers to be able to adequately prepare for the arrival of new students. This is a rare feature not usually provided in U.S. local schools. The DODDS system is operating in a completely different environment, in foreign countries with different customs and cultures.

The law currently requires that advisory councils be instituted to assure more systematic participation by parents, students, teachers, and military personnel in the operation of the schools. The report to the Congress by Secretary Bell devotes a large number of pages to the composition and activities of the councils.

I have included in my legislation a section making minor technical changes in the composition of the national-level council. The Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics will be the chairman of the council.

He will also appoint 12 individuals who will be well "versed by training or experience" in the field of primary or secondary education. These include representatives of professional employee organizations, school administrators, par-

ents of students enrolled in the schools, and one student. My change comes by giving the Assistant Secretary the discretion to also appoint representatives from overseas military commands and from other educational organizations. This provision insures a cooperative effort on the council between those involved in educational functions and those involved in the day-to-day operation of the schools.

My bill makes one other technical change in current law. The Director is to submit to Congress a report on the schools "not later than 1 year after July 1, 1979." The system has not made a report to Congress in part because they must consult with the advisory council which is not yet established. Therefore, I have amended this section to require a reporting date to Congress of January 1, 1983.

My bill is very simple, Mr. President. It repeals the transfer of the DOD overseas dependents school system to the Department of Education.

The administration has informed me that it is taking a position in support of maintaining the schools within the Defense Department. I shall ask that a letter from White House Assistant Max L. Friedersdorf be printed in the RECORD following my remarks.

Time is running out, Mr. President. We must ask now if the transfer is to be stopped. I urge expeditious consideration of this legislation.

Furthermore, I urge my colleagues to join me in this effort to keep the overseas dependents schools within the Department of Defense.

I ask unanimous consent that the bill and the letter referred to be printed in the RECORD.

There being no objection, the bill and the letter were ordered to be printed in the RECORD, as follows:

S. 1474

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That (a) (1) sections 208 and 302 of the Department of Education Organization Act are repealed.

(2) Sections 202(e), 401(f), 419(a)(2), and 503(a)(2) of the Department of Education Organization Act are repealed.

(b) The items relating to sections 208 and 302 in the table of contents of such Act are repealed.

SEC. 2. (a) Section 1410(b) of the Department of Defense Dependents' Education Act of 1978 is amended by striking out "The Secretary of Education, in consultation with the Secretary of Defense," and inserting in lieu thereof "The Secretary of Defense".

(b) Section 1411(a) of the Department of Defense Dependents' Education Act of 1978 is amended to read as follows:

"(a) There is established in the Department of Defense an Advisory Council on Dependents' Education (hereinafter in this section referred to as the 'Council'). The Council shall be composed of—

"(1) the Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics (hereinafter in this section referred to as the 'Assistant Secretary'), who shall be the chairman of the Council;

"(2) twelve individuals appointed by the Assistant Secretary, who shall be individuals versed by training or experience in the field of primary or secondary education and who shall include representatives of professional employee organizations, school administrators, sponsors of students enrolled in the defense dependents' education system, and one student enrolled in such system; and

"(3) representatives from overseas military commands and from educational organizations as designated by the Assistant Secretary.".

(c) Section 1411(b)(1) of the Department of Defense Dependents' Education Act of 1978 is amended by striking out "Secretary of Education" and inserting in lieu thereof "Assistant Secretary".

(d) Section 1411(c) of the Department of Defense Dependents' Education Act of 1978 is amended—

(1) by striking out clause (2);

(2) by redesignating clauses (3), (4), and (5) as clauses (2), (3), and (4), respectively; and

(3) by striking out "Secretary of Education" in clause (4) (as redesignated in clause (2) of this subsection) and inserting in lieu thereof "Assistant Secretary".

(e) Section 1412(a)(2) of the Department of Defense Dependents' Education Act of 1978 is amended by striking out "two years after the effective date of this title" and inserting in lieu thereof "January 1, 1983".

(f) Section 1412(c) of the Department of Defense Dependents' Education Act of 1978 is amended by striking out "one year after the effective date of this title" and inserting in lieu thereof "January 1, 1983".

SEC. 3. The Director of the Office of Management and Budget, the Secretary of Defense, and the Secretary of Education are each directed to take whatever action is necessary to assure the continued effective administration of the Defense Dependent's education system pursuant to title XIV of the Education Amendments of 1978.

THE WHITE HOUSE,
Washington, D.C., June 2, 1981.

Hon. DAN QUAYLE,
U.S. Senate, Washington, D.C.

DEAR DAN: I sincerely apologize for this extreme delay in responding to your February letter in which you urge that the Department of Defense Overseas Dependent Schools remain within the Department of Defense and not be transferred to the Department of Education.

As you know, the Department of Education Organization Act (Public Law 96-88) called for the transfer of these schools no later than 3 years after the effective date of this act (May 1980). Such transfer has not yet taken place, and the Administration is taking the position that the Overseas Dependent Schools should remain within the Department of Defense.

Your views on this matter are most appreciated, and we will be sure to contact you as additional information becomes available. I have taken the liberty of sharing your correspondence with the appropriate advisory staff within the Administration so that they may have the benefit of your views on this important matter.

Thank you for bringing your concerns to our attention.

With cordial regard, I am,
Sincerely,

MAX L. FRIEDERSDORF,
Assistant to the President. ●

By Mr. McCLURE (for himself and Mr. JACKSON):

S. 1475. A bill to amend the expiration date of section 252 of the Energy Policy and Conservation Act; to the Committee on Energy and Natural Resources.

EXTENSION OF SECTION 252 OF ENERGY POLICY AND CONSERVATION ACT

● Mr. McCLURE. Mr. President, today I am introducing legislation that would amend the Energy Policy and Conservation Act by extending the expiration date of section 252 of that act. The expiration date in the current law is September 30, 1981. The bill would extend the date to June 30, 1985, which is also the expiration date for titles I and II of the act. Those titles relate to domestic energy supplies, the strategic petroleum reserve, and standby energy authorities, including authorities with respect to the international energy program.

Section 252 of the Energy Policy and Conservation Act authorizes U.S. oil companies to participate in voluntary agreements for implementing the allocation and information provisions of the agreement on an international energy program. That program provides a mechanism for an oil allocation system to be utilized by the participating countries in the event of a major oil supply disruption. Section 252 also provides a limited defense against any antitrust suits that may be brought against U.S. oil companies participating in the international energy program. The antitrust defense is limited to actions taken in implementing the allocation and information provisions of the program.

The agreement creating the international energy program was originally signed in 1974 as the result of an effort by the United States to promote cooperation among major industrial countries in reducing dependence on imported oil. There are presently 21 signatories to the agreement, consisting of most of the principal industrialized oil consuming nations. The agreement provided for creation of the international energy agency as an autonomous entity within the Organization for Economic Cooperation and Development. The agreement also provided that the IEA would serve as the medium for the operation of an international oil sharing system for use during oil supply emergencies, and an information system on the international oil market. It also required each country to establish an emergency petroleum storage program, and to have a means for restraining demand for petroleum products in the event of an interruption of petroleum supplies to the IEP countries.

Section 252 of EPCA sets out procedures applicable to the development or carrying out of voluntary agreements and plans of action to implement the allocation and information provisions of the international energy program. Under this authority, U.S. oil companies entered into the voluntary agreement and plan of action to implement the international energy program. At present, 22 U.S. oil companies, including both major international oil companies and independent oil companies, are participants in the voluntary agreement.

The antitrust defense made available by section 252(f) is essential to the participation of U.S. oil companies in the voluntary agreement and, through it, in the IEP. The IEP, in turn, can function effectively only with participation by United States and foreign oil companies, which are primary sources of information about conditions in the international oil market and would be the primary actors in redistributing oil if the

IEP's emergency-sharing provisions were activated.

As I have previously noted, the current expiration date of section 252 is September 30, 1981. If the Congress fails to act by that date and section 252 is allowed to expire, U.S. oil companies participating in the international energy program would be compelled to cease their participation in the program. If that should occur, the allocation mechanism of the program could not operate effectively in the event of any new disruption of oil supplies in the international oil market.

During the last Congress, the expiration date was extended on three separate occasions. It was extended a fourth time during this Congress, when the date was changed from March 15 to September 30, 1981. It is now time for Congress to avoid the necessity for these periodic amendments by enacting a long-term extension.

Participation by the United States in the international energy agency is central to the pursuit of our long-term international energy objectives. In general terms, the IEA provides a unique and effective forum for consultations and joint actions with our principal allies in the industrialized world. It represents a shared commitment to cooperate in dealing with one of the most critical issues of our time. More specifically, in terms of facing oil shortages, the United States benefits from the IEA emergency sharing commitment. Our participation in the allocation program reduces our vulnerability to politically inspired embargoes directed solely at the United States. Moreover, during a general triggering of the system, member countries would share the shortfall equitably, and the result would be a reduction in the devastating ratcheting of prices that otherwise would result from individual members scrambling for oil on their own.

I am pleased to note, Mr. President, that the legislation would not result in an increase in the budgetary requirements for the Department of Energy.

The Energy and Natural Resources Committee will schedule a hearing on this bill in the near future. Mr. President, I am hopeful that the Congress will enact an extension of section 252 before the current expiration date, and that the extension will be long term, to June 30, 1985.●

By Mr. DURENBERGER (for himself and Mr. ANDREWS):

S. 1476. A bill to provide standby authority to deal with petroleum supply disruptions, and for other purposes; to the Committee on Energy and Natural Resources.

PETROLEUM DISRUPTION MANAGEMENT ACT

Mr. DURENBERGER. Mr. President, the Emergency Petroleum Allocation Act of 1973 expires on September 30 of this year. Since its enactment shortly after the Arab oil embargo, this legislation has been the core of our energy policy in the United States. It provided the authority to control crude oil and gasoline prices and to allocate crude oil and petroleum products among refiners, consumers, and regions of the Nation. Although we did not always use this authority wisely and although the President will continue to have some emergency power under other law, the expiration of EPAA will leave us largely without a policy focus during petroleum emergencies.

Senator ANDREWS and I are today introducing legislation to replace EPAA. This legislation does not extend EPAA. It replaces EPAA with a new approach to managing petroleum disruptions. Before describing this legislation in detail, I would characterize it through a brief comparison to EPAA. First, it does not rely on extensive Government programs to manage shortfalls. It does not authorize crude oil price controls. It uses the marketplace supplemented only to the extent necessary to protect public health and safety, our national security, and our economic well-being.

This bill authorizes no semipermanent Government regulations. Any regulation activated under this legislation would have a life limited to 120 days. It does not provide Presidents with broad authority to use any and all forms of intervention for any and all emergencies. Rather it provides a series of responses to be implemented sequentially in a gradual response to a shortfall.

Finally, unlike EPAA this bill provides no subsidy to any sector of the petroleum industry or energy consuming public. It sends the right signals to all parties so as not to discourage our efforts to become independent from foreign imports.

Mr. President, the bill we introduce today contemplates five disruption management techniques. At the beginning of every shortfall and for the duration of any small shortfall our response should rely primarily on private stocks. The problem with such reliance is that the market encourages refiners to sell crude oil during a surplus and hold during a disruption. These incentives, although easily understood, sometimes work contrary to the national interest. The bill requests a study from the President to determine the practicality of reversing these incentives through amendments to the Internal Revenue Code which would encourage refiners to build stocks during gluts and draw down these stocks during disruptions.

The second disruption management program is based on the strategic petroleum reserve. The bill would authorize the Department of Energy to sell oil from the strategic reserve during substantial petroleum disruptions or at times when the International Energy Program is activated. These sales would be to small and independent U.S. refiners and would provide them with some recourse other than the spot market where prices rapidly escalate during a shortage. A minimum level of strategic reserve oil would be withheld from sale for purposes of national security.

Mr. President, I am confident that if our SPR program had gone forward as we planned in the early part of the last decade, we would now be in a position to respond adequately to any but the most severe petroleum disruption. However, it will now be several more years before the fill level is sufficient for this kind of protection and it is necessary to provide a transition program to meet intermediate disruptions until such time as our SPR goal is reached. The bill includes such a program, called the private dedicated reserve, which is a limited allocation program for sales between refiners with adequate supply in a shortfall and those who because of a disruption cannot operate at the national utilization rate.

The fourth management technique is a national crude oil sharing program to be used only in the most severe petroleum supply interuption. It requires equal distribution of all available crude oil among all refiners. It would also allow the President to order specific product yields and refinery utilization rates on a refinery-by-refinery basis.

Finally, the bill also authorizes a product allocation program which again is intended only for use during severe interuptions. This portion of the bill tracks the currently expiring EPAA to establish priority use designations, continued supplies to all regions of the country and the State set-aside program.

Mr. President, it is clear from this short description that the bill is designed to provide for a sequential management system. We begin with reliance on the marketplace and only move toward government intervention as necessary and then only in limited steps.

Perhaps the most difficult task in drafting such a sequential program is to determine the levels of disruption or price increases which should activate a government response. This is the trigger problem. We have avoided this difficulty in drafting the bill by providing for an implementation process that describes the effect rather than the size of the shortfall and relies on a political rather than a statistical determination of the appropriate point to activate any one of the five mechanisms.

Implementing these disruption management techniques begins with a requirement that the President promulgate standby regulations for each program within 120 days of enactment. These regulations are transmitted to the Congress but are not effective in a standby status unless approved by a joint resolution within 30 days. Once approved they can only be activated by a second resolution submitted to the Congress after a Presidential determination that a substantial or severe disruption exists or is imminent. Again, affirmative congressional action is required to activate any such program. One further feature is the automatic sunset of the activating resolutions. No program so authorized could continue beyond 120 days without further congressional authorization.

Mr. President. this is a simple outline of the bill. I am submitting a detailed section-by-section analysis with my comments today and a copy of the legislation. I am sure that there will be much debate about the fine points as there should be in the case of a policy with this importance. However, I believe that the basic structure of the bill—sequential management triggered by congressional action—is the essential fea-

ture that makes this legislation unique. I believe that the structure of the bill will survive the scrutiny of close examination and analysis and that a program very similar to this will emerge as a replacement for EPAA. It is clear that we need such a program and I am pleased to offer this bill as a starting point.

Mr. President, I would ask that the section-by-section analysis and a copy of the bill be printed in the RECORD.

There being no objection, the bill and the summary were ordered to be printed in the RECORD, as follows:

S. 1476

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE AND TABLE OF CONTENTS

SECTION 1. (a) This Act may be cited as the "Petroleum Disruption Management Act of 1981".

(b) Sec. 1. Short title; table of contents.
Sec. 2. Statement of findings and purposes.
Sec. 3. Definitions.
TITLE I—SEQUENTIAL MANAGEMENT AUTHORITY AND ACTIVATION
Sec. 101. Petroleum disruption management program development and implementation.
Sec. 102. Congressional consideration of petroleum disruption management programs.
Sec. 103. Activation of petroleum disruption management programs.
TITLE II—PRIVATE CRUDE OIL AND PETROLEUM PRODUCT STORAGE INCENTIVES
Sec. 201. Oil storage tax incentives report.
TITLE III—STRATEGIC PETROLEUM RESERVE AND PRIVATE DEDICATED RESERVE DISTRIBUTION
Sec. 301. Definitions.
PART A—STRATEGIC PETROLEUM RESERVE DISTRIBUTION
Sec. 302. Distribution from the Strategic Petroleum Reserve.
Sec. 303. Amendment of the Strategic Petroleum Reserve Plan.
Sec. 304. Temporary reserve storage.
PART B—PRIVATE DEDICATED RESERVE PROGRAM
Sec. 305. Establishment of private dedicated reserve program.
PART C—EVALUATION OF NEAR-TERM USE OF STRATEGIC PETROLEUM RESERVE TO MANAGE CRUDE OIL DISRUPTIONS
Sec. 306. Report on near-term use of Strategic Petroleum Reserve.
TITLE IV—NATIONAL CRUDE OIL SHARING PROGRAM
Sec. 401. National crude oil sharing program.
TITLE V—PETROLEUM PRODUCT PROGRAMS
Sec. 501. Petroleum product disruption management program.
Sec. 502. Amendment of section 203(f) of the Energy Policy and Conservation Act.
TITLE VI—ESTABLISHMENT OF ADVISORY, DATA COLLECTION AND COORDINATION FUNCTIONS
Sec. 601. Establishment of Energy Emergency Council.
Sec. 602. Establishment of Energy Advisory Committee.
Sec. 603. Information collection and monitoring.
Sec. 604. Coordination of sequential management authorities with other energy emergency authorities.
TITLE VII—MISCELLANEOUS PROVISIONS
Sec. 701. Administration and enforcement.
Sec. 702. Amendment of Department of Energy Organization Act.
Sec. 703. Extension of certain Energy Policy and Conservation Act authorities.
Sec. 704. Effect on other law.
Sec. 705. Expiration.

STATEMENT OF FINDINGS AND PURPOSES

SEC. 2. (a) CONGRESS FINDS AND DECLARES THAT—

(1) shortages of crude oil and refined petroleum products caused by inadequate domestic production and the general unavailability of imports sufficient to meet domestic demand have occurred in the past and are likely to recur in the future;

(2) during such shortages, hoarding and destructive competition among petroleum refiners for available supplies cause spot market prices to rise precipitously above the prices of crude oil sold pursuant to contracts; such a dramatic escalation of spot crude oil prices tends to encourage price increases in crude oil sold pursuant to contracts and encourages producers to divert crude oil to the spot market where much higher prices prevail;

(3) such shortages and the resulting price escalations have threatened and will threaten national security, and have created and will create severe economic dislocations and hardships, including severe inflationary pressures on the economy and sharp increases in the prices of gasoline, diesel fuel and other refined petroleum products sold to consumers across the United States;

(4) during such shortages and dislocations, which begin as crude oil disruptions but are readily translated into refined petroleum product disruptions, petroleum refiners have unequal access to crude oil supplies at competitive prices, with the result that regional supply imbalances occur and some regions and areas of the United States are more severely affected by shortages and higher prices than others; in these areas such shortages will create particularly severe economic dislocations and hardships, including loss of jobs, closing of factories and businesses, reduction of crop planting and harvesting, shortages of home heating oil, and curtailment of vital public services, including public transportation and the transportation of food and other essential services; such regional shortages are particularly acute in rural and less densely populated areas served by independent refiners; these are the same areas in which many larger refiners have discontinued or are discontinuing service;

(5) the American economy should not, and need not, be held captive by international cartel-controlled supply and price levels which threaten the viability and competitiveness of the domestic refining industry, thereby impairing service to all regions of the country;

(6) such hardships and dislocations have, in the past, interrupted the normal flow of commerce and created national energy crises which have impaired the public health, safety and welfare before effective responsive action was initiated; extensive governmental intrusion can be avoided in dealing with more limited disruptions if the crude oil shortages that could lead to regional imbalances are dealt with effectively and in a timely manner, including use of the Strategic Petroleum Reserve; and

(7) the national security and economic well-being of the United States requires that a standby sequential petroleum disruption management program be established and maintained in anticipation of a future crisis so that efficient and immediate action can be taken by the President and the Congress to manage such disruptions and their consequences.

(b) The purpose of this Act is to establish an overall sequential petroleum disruption management program comprised of several individual programs each of which is to be formulated and implemented so as to assure timely and effective action in managing petroleum supply disruptions of varying magnitudes and causes. The authority granted under this Act shall be exercised for the purpose of minimizing the adverse short- and long-term effects of petroleum disruptions on the American people and the economy, and in a manner that such adverse effects are anticipated and contained at their inception.

SEC. 3. DEFINITIONS.

As used in this Act, the term—

(a) "international energy program" means the Agreement on an International Energy Program, signed by the United States on November 18, 1974, including (1) the annex entitled "Emergency Reserves," (2) any amendment to such Agreement which includes another nation as a party to such Agreement; and (3) any technical or clerical amendment to such agreement;

(b) "national utilization rate" means the ratio of crude oil available as input to domestic refineries in any particular period (excluding inventory volumes as determined by rule by the Secretary after consultation with the Energy Advisory Committee and included as part of the programs established in Sections 305 and 401), compared to the aggregate refining capacity of all domestic refineries which have been in operation during all or part of the three months prior to the activation of the program or programs established in Titles III and IV of this Act;

(c) "petroleum disruption management program" means the Strategic Petroleum Reserve Program, Private Dedicated Reserve Program, National Crude Oil Sharing Program, and Petroleum Product Disruption Management Program as specified in this Act;

(d) "refiner" means a person which owns, operates or controls the operation of one or more refineries;

(e) "refined petroleum product" means any refined petroleum product, including gasoline, kerosene, middle distillate (including Number 2 fuel oil), LPG, refined lubricating oils, diesel fuel, jet fuel, residual fuel oil, and any natural gas liquid or natural gas liquid product;

(f) "Secretary" means, unless otherwise specified in a particular section, the Secretary of Energy;

(g) "severe petroleum supply interruption" means a national petroleum supply shortage which (1) is, or is likely to be, of significant scope and duration, (2) may cause major adverse impact on national security or the national economy, and (3) results, or is likely to result, from an interruption in the crude oil or refined petroleum product supplies of the United States, including supplies of imported crude oil and refined petroleum products, or from sabotage or an act of God;

(h) "substantial crude oil supply disruption" means a national crude oil disruption of lesser magnitude than a severe petroleum supply disruption, or a regional crude oil disruption, arising from either limited crude oil supplies or anomalous crude oil price conditions, which affects 'qualified refiners' in the manner specified in Section 301(d)(1); and

(i) "United States" means all of the several States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

TITLE I—SEQUENTIAL MANAGEMENT AUTHORITY AND ACTIVATION

PETROLEUM DISRUPTION MANAGEMENT PROGRAM DEVELOPMENT AND IMPLEMENTATION

SEC. 101. (a) Within 120 days after the date of enactment of the Act, the President shall

prescribe by rule, after notice and opportunity for oral presentation of data, views, and arguments, and transmit to the Congress for approval in accordance with Section 102 the following four petroleum disruption management programs:

(1) a Strategic Petroleum Reserve Distribution Program, promulgated in conjunction with the Secretary of Energy's authority to develop a Strategic Petroleum Reserve Plan and in accordance with the requirements of Part B of Title I of the Energy Policy and Conservation Act, as amended by this Act;

(2) a Private Dedicated Reserve Program, promulgated in accordance with the requirements of Section 305 of this Act;

(3) a National Crude Oil Sharing Program, promulgated in accordance with the requirements of Section 401 of this Act; and

(4) a Petroleum Product Disruption Management Program, promulgated in accordance with the requirements of Section 501 of this Act.

(b) The programs specified in subsection (a) may not become effective unless—

(1) The President has transmitted such program to Congress in accordance with subsection (a);

(2)(A) the Strategic Petroleum Reserve Distribution Program has been approved as an amendment to the Strategic Petroleum Reserve Plan in accordance with the provisions of Part B of Title I of the Energy Policy and Conservation Act, as amended by this Act; and

(B) the Private Dedicated Reserve Program, Natural Crude Oil Sharing Program, and Petroleum Product Disruption Management Program have been approved by Congress in accordance with the provisions of Section 102 of this Act; and

(3) the activation of the program or programs has been approved in accordance with Section 103 of this Act.

(c) The Private Dedicated Reserve Program, National Crude Oil Sharing Program, or Petroleum Product Disruption Management Program may not be amended unless the President has transmitted such amendment to the Congress and the Congress has approved the amendment in accordance with the procedures specified in Section 102. Technical or clerical amendments to a program may be prescribed after notice and opportunity for oral presentation of data, views, and arguments and the amendments have been submitted to the Energy and Natural Resources Committee of the United States Senate and the Energy and Commerce Committee of the United States House of Representatives.

APPROVAL OF PETROLEUM DISRUPTION MANAGEMENT PROGRAMS

SEC. 102. (a)(1) The Strategic Petroleum Reserve Plan, as amended to comply with the requirements of this Act, shall be transmitted for approval in accordance with Section 159(a), as amended, of the Energy Policy and Conservation Act.

(2) The Private Dedicated Reserve Program, National Crude Oil Sharing Program, and Petroleum Product Disruption Management Program shall each be transmitted to both Houses of Congress on the same day and to each House while it is in session.

(b)(1) No such petroleum disruption management program specified in subsection (a)(2) may be considered approved for purposes of Section 101(b) of this Act unless between the date of transmittal and the end of the first period of 30 calendar days of continuous session of Congress after the date on which such action is transmitted to the Congress, each House of Congress passes a resolution described in subsection (c).

(2) For the purpose of subsection (1)—

(A) continuity of session is broken only by an adjournment of Congress sine die; and

(B) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of the calendar-day period involved.

(c) For purposes of applying this section with respect to a petroleum disruption management program, "resolution" means only a resolution of either House of Congress the matter after the resolving clauses of which is as follows: "That the ———— approves the ———— Program submitted to the Congress on ————, 19—," the first blank space therein being filled with the name of the resolving House, the second blank space being appropriately filled with the name of the program considered, and the last blank space being filled with the appropriate date; but does not include a resolution which specifies more than one petroleum disruption management program.

(d) A resolution once introduced with respect to a program listed in Section 101 of this Act shall be considered by the Congress in the same manner as an energy conservation contingency plan is considered pursuant to the expedited procedures established in Section 552 of the Energy Policy and Conservation Act.

(e) If the Strategic Petroleum Reserve Plan (or amendment thereto) or a petroleum disruption management program submitted in accordance with this section is not approved, the President shall, within 15 days, submit a revised Plan or program (or revised amendment thereto) to the Congress for approval pursuant to the requirements of Section 159(a), as amended, of the Energy Policy and Conservation Act in the case of the Strategic Petroleum Reserve Plan and the requirements of this section for the programs specified in subsection (a)(2).

ACTIVATION OF PETROLEUM DISRUPTION MANAGEMENT PROGRAMS

SEC. 103. (a) Activation of the below-listed petroleum disruption management programs shall be made in the following manner—

(1) Strategic Petroleum Reserve Distribution.

(A) Except as provided in Section 302(a), the President may distribute and allocate crude oil and/or refined petroleum products from the Strategic Petroleum Reserve whenever the President determines that a substantial crude oil supply disruption exists or is imminent, a severe petroleum supply disruption exists or is imminent, a severe energy supply interruption exists or is imminent, or such distribution and allocation is necessary in order to comply with the obligations of the United States under the international energy program, and only with the passage of a joint resolution authorizing distribution and allocation from the Strategic Petroleum Reserve.

(B) In the event of an actual or imminent substantial crude oil supply disruption, or an actual or imminent severe petroleum supply interruption, or an actual or imminent severe energy supply interruption, or that the international energy program has been implemented and the obligations of the United States under that program require distribution and allocation from the Strategic Petroleum Reserve, the President shall transmit evidence of the determination called for in subsection (A) and a request for a joint resolution to both Houses of Congress on the same day.

(2) Private Dedicated Reserve Program.

(A) The President may implement the standby plan prescribed in Section 305 of the Act whenever the President determines that a substantial crude oil supply disruption exists or is imminent and only with the passage of a joint resolution authorizing implementation of the Private Dedicated Reserve Program.

(B) In the event of an actual or imminent substantial crude oil disruption, the President shall transmit evidence of the determination called for in subsection (A) and a request for a joint resolution to both Houses of Congress on the same day.

(3) National Crude Oil Sharing Program.

(A) The President may implement the standby plan prescribed in Section 401 of the Act whenever the President determines that a severe petroleum supply interruption exists or is imminent or such implementation is necessary in order to comply with the obligations of the United States under the international energy program and only with the passage of a joint resolution authorizing implementation of the National Crude Oil Sharing Program.

(B) In the event of an actual or imminent severe petroleum supply interruption or that the international energy program has been implemented and the obligations of the United States under that program require implementation of the National Crude Oil Sharing Program, the President shall transmit evidence of the determination called for in subsection (A) and a request for a joint resolution to both Houses of Congress on the same day.

(4) Petroleum Product Disruption Management Program.

(A) The President may implement the standby plan prescribed in Section 501 of the Act whenever the President determines that a severe petroleum supply interruption exists or is imminent or such implementation is necessary in order to comply with the obligations of the United States under the international energy program and only with the passage of a joint resolution authorizing implementation of the Petroleum Product Disruption Management Program.

(B) In the event of an actual or imminent severe petroleum supply interruption or that the international energy program has been implemented and the obligations of the United States under that program require implementation of the Petroleum Product Disruption Management Program, the President shall transmit evidence of the determination called for in subsection (A) and a request for a joint resolution to both Houses of Congress on the same day;

(b) No such joint resolution may be considered approved for purposes of subsection (a) unless, between the date of transmittal and the end of the first period of 6 calendar days of the date on which such action is transmitted to such House, each House of Congress passes the appropriate joint resolution described in subsection (d)(2).

(c) If the Congress is not in session the President may call the Congress into emergency session.

(d)(1) This subsection is enacted by Congress—

(A) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of joint resolutions described by paragraph (2) of this subsection; and it supersedes other rules only to the extent that it is inconsistent therewith; and

(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of the House.

(2) For purposes of this subsection, the term "joint resolution" means only a resolution of Congress which reads, where appropriate, as follows:

(A) "The President is authorized to implement the Private Dedicated Reserve Program promulgated pursuant to Section 305 of the Petroleum Disruption Management Act of 1981 for a period of time not to ex-

ceed 120 days beginning on the date ten days after the enactment of this joint resolution."

(B) "The President is authorized to implement the National Crude Oil Sharing Program promulgated pursuant to Section 401 of the Petroleum Disruption Management Act of 1981 for a period of time not to exceed 120 days beginning on the date ten days after the enactment of this joint resolution."

(C) "The President is authorized to implement the Petroleum Product Disruption Management Program promulgated pursuant to Section 501 of the Petroleum Disruption Management Act of 1981 for a period of time not to exceed 120 days beginning on the date ten days after the enactment of this joint resolution."

(D) "The President is authorized to distribute and allocate crude oil and/or petroleum products from the Strategic Petroleum Reserve pursuant to the Strategic Petroleum Reserve Plan and allocation regulations for a period of time not to exceed 120 days beginning on the date ten days after the enactment of this joint resolution."

(3) A joint resolution once introduced shall immediately be referred to the House Committee on Energy and Commerce and the Senate Committee on Energy and Natural Resources by the Speaker of the House of Representatives or the President of the Senate, as the case may be.

(4)(A) If the committee to which a joint resolution has been referred has not reported it at the end of two calendar days after its referral, it shall be in order to move either to discharge the committee from further consideration of such joint resolution or to discharge the committee from further consideration of any other joint resolution which has been referred to the committee.

(A) A motion to discharge may be made only by an individual favoring the joint resolution, shall be highly privileged, and debate thereon shall be limited to not more than 1 hour, to be divided equally between those favoring and those opposing the joint resolution. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(C) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other joint resolution.

(5)(A) When the committee has reported, or has been discharged from further consideration of, a joint resolution, it shall be at any time thereafter in order (even though a previous motion to the same effect has been disagreed to), to move to proceed to the consideration of the joint resolution. The motion shall be highly privileged and shall not be debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(B) Debate on the joint resolution referred to in subparagraph (A) of this paragraph shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing such joint resolution. A motion further to limit debate shall not be debatable. An amendment to, or motion to recommit the joint resolution shall not be in order, and it shall not be in order to move to reconsider the vote by which such joint resolution was agreed to or disagreed to.

(6)(A) Motions to postpone, made with respect to the discharge from committee, or the consideration of a joint resolution and motions to proceed to the consideration of other business, shall be decided without debate.

(B) Appeals from the decision of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedures relating to a joint resolution shall be decided without debate.

(e) The procedures described in (a) and (b) above may also be initiated by either the Senate or the House of Representatives with the introduction of a joint resolution sponsored by either 8 Senators or 25 Congressmen, respectively. If the President vetoes the measure so initiated, the Congress may attempt to override the veto in the usual manner.

(f) The President may seek implementation of each of these programs for successive 120 day periods under the procedures described in this section by submitting an additional request using the same procedure specified in this Section as may the Congress under the procedures specified in Section 103 (e).

TITLE II—PRIVATE CRUDE OIL AND PETROLEUM PRODUCT STORAGE INCENTIVES

OIL STORAGE TAX INCENTIVES REPORT

SEC. 201. Within 180 days after the date of the enactment of this Act, the President shall submit a report on the advisability and alternative means of (1) reducing the tax liability of persons who draw down crude oil and petroleum product reserves during oil supply disruptions, and (2) providing tax or other incentives for the construction of private-sector crude oil and petroleum product storage facilities and the maintenance of increased private-sector crude oil or petroleum product reserves.

TITLE III—STRATEGIC PETROLEUM RESERVE AND PRIVATE DEDICATED RESERVE DISTRIBUTION

DEFINITIONS

SEC. 301. For purposes of this Title, the term—

(a) "crude oil runs to distillation units" means the total number of barrels of crude oil input to distillation units processed by a refiner measured in accordance with standards established by rule by the Secretary of Energy after consultation with the Energy Advisory Committee;

(b) "designated refiner" means a refiner which is not a small or independent refiner, and which has, as determined by rule by the Secretary after consultation with the Energy Advisory Committee, volumes of crude oil available to it sufficient to enable it to operate in excess of the national utilization rate;

(c) "independent refiner" means a petroleum refiner whose total petroleum refining capacity (including the refinery capacity of any person who controls, is controlled by, or is under common control with such refiner) is located within the United States, who, during any calendar year, as certified to the Secretary of Energy by such refiner obtained, directly or indirectly, in the previous calendar year, more than 70 per centum of its refinery input of domestic crude oil (or 70 per centum of its refinery input of domestic and imported crude oil) from producers who do not control, are not controlled by, and are not under common control with such refiner;

(d) "qualified refiner" means a small and independent refiner that—

(1)(A) is incurring, or would incur during a given period, a reduction in its supply of crude oil such that its ratio of crude oil runs to distillation units to Department of Energy certified crude oil refinery capacity would fall below 95 percent of the national utilization rate, and (B) is not able or cannot reasonably be expected to replace such lost supplies through its own efforts, including, but not limited to a situation where the refiner must pay a price for replacement supplies in excess of the weight-averaged price during a given time period for all crude oil produced in, and imported into, the United States, with consideration being given to economically-based quality differentials.

(2)(A) The Secretary shall by rule, after consultation with the Energy Advisory Committee, establish criteria the Secretary will use in deciding whether to designate a refiner as a qualified refiner under this title, which criteria shall be incorporated into the Private Dedicated Reserve Program. In making such a designation the Secretary shall consider the national and regional need for particular types of petroleum refining and minimum levels of storage capacity, and the cost of supplying such capacity.

(B)(i) The Secretary shall, upon application, designate any small and independent refiner as a qualified refiner under this title if based on information provided by such refiner the Secretary determines that (1) such refiner meets the criteria established under subsection (A); or (2) such refiner provided a written commitment, including a commitment of funds, satisfactory to the Secretary, that the refiner through control of a new, expanded or retrofitted refinery or refineries will comply with subparagraph (1) within a time period specified by the Secretary.

(ii) Notwithstanding paragraph (i), the Secretary may designate a domestic refiner as a qualified refiner under this Title if the Secretary determines, based on information provided by such refiner, that, but for such designation, it is likely that essential public service or econcmic activity in a region or regions of the United States will be impaired during a substantial crude oil supply disruption to an extent significantly greater than would otherwise be the case.

(C) Any refiner designated a qualified refiner under paragraph (B)(i)(2) shall make such progress reports with respect to any commitment under such paragraph as the Secretary may reasonably require. The Secretary may periodically review any designation under subsection (B), but may not rescind any such designation unless he determines, after notice and opportunity for a hearing, that the requirements for the designation are not being met, or in the case of a designation under paragraph (B)(a)(2) are not likely to be met within the time period set forth in the commitment under such subparagraph or any reasonable extension thereof.

(3) Notwithstanding subparagraph (B)(i)(2), the Secretary of Energy may determine that a refiner is a qualified refiner if the refiner is one which provides essential public service or economic activity in a region or regions of the United States; and

(e) "small refiner" means a refiner, the sum of the capacity of the refineries of which (including the capacity of any person who controls, is controlled by, or is under common control with such refiner) does not exceed 175,000 barrels per day.

PART A—STRATEGIC PETROLEUM RESERVE DISTRIBUTION

DISTRIBUTION FROM THE STRATEGIC PETROLEUM RESERVE

SEC. 302. (a) Notwithstanding any other provision of law and upon a determination that a substantial crude oil disruption exists, the President is authorized to distribute crude oil from the Strategic Petroleum Reserve in amounts not to exceed 300,000 barrels per day for no more than 90 days in any calendar year. Such distribution shall be made on a pro rata basis by rule promulgated in accordance with the standards and in the manner provided in Section 305 of this Act.

(b) Section 3 of the Energy Policy and Conservation Act is amended by adding at the end of such section the following—

"(11) The term 'severe petroleum supply interruption' means a national petroleum product supply shortage which (1) is, or is likely to be, of significant scope and dura-

tion, (2) may cause major adverse impact on national security or the national economy, and (3) results, or is likely to result, from an interruption in the petroleum product supplies of the United States, including supplies of imported crude oil and refined petroleum products, or from sabotage or an act of God.

"(12) The term 'substantial crude oil supply disruption' means a national crude oil disruption of lesser magnitude than a severe petroleum supply disruption, or a regional crude oil disruption, arising from either limited crude oil supplies or anomalous crude oil price conditions, which anects 'qualified refiners' in the manner specified in Section 301(d) (1) of the Petroleum Disruption Management Act of 1981."

(c) Section 151 of the Energy Policy and Conservation Act is amended to read as follows—

"(a) The Congress finds that the storage of substantial quantities of petroleum products will diminish the vulnerability of the United States to the effects of an energy supply interruption, and provide an important means for dealing in a timely and effective manner with the short-term and long-term consequences of interruption in supplies of pertoleum products."

(d) Section 154(b) of the Energy Policy and Conservation Act is amended by—

(1) deleting "not later than December 15, 1976", and substituting "within 120 days of the date of enactment of the Petroleum Disruption Management Act of 1981" in lieu thereof; and

(2) deleting "551" and substituting "552" in lieu thereof.

(e) Section 159 of the Energy Policy and Conservation Act is amended by—

(1) amending subsections (a) and (b) to read as follows:

"SEC. 159. (a) The Strategic Petroleum Reserve Plan shall not become effective and may not be implemented unless—

"(1) the Secretary has transmitted such Plan to the Congress, in conjunction with the development by the President of petroleum disruption management programs as required in the Petroleum Disruption Management Act of 1981;

"(2) such Plan has been approved by a resolution by each House of Congress in accordance with the procedures specified in section 552 except that the "60 days" in section 552(b)(1) shall be changed to 30 days; and

"(3) activation of the Plan has been approved by the Congress in accordance with the requirements of section 103 of the Petroleum Disruption Management Act of 1981.

"(b) In developing the Strategic Petroleum Reserve Plan required by the Petroleum Disruption Management Act of 1981, the Distribution Plan and allocation regulations must be revised so as to reflect such Act's requirements pertaining to distribution from the Strategic Petroleum Reserve."

(2) amending subsection (e)(2) to read as follows—

"(2) such proposal or amendment has been approved by a resolution by each House of Congress in accordance with the procedures specified in section 552."

(f) Section 161(d) of the Energy Policy and Conservation Act is amended to read as follows—

"(d) Neither the Distribution Plan contained in the Strategic Petroleum Reserve Plan nor the Distribution Plan contained in the Early Storage Reserve Plan may be implemented, and no drawdown and distribution of the Reserve or the Early Storage Reserve may be made, unless (1) the President determines that a (i) substantial crude oil supply disruption, (ii) severe petroleum supply interruption, or (iii) severe energy supply interruption exists or is imminent or that such implementation is necessary to comply with obligations of the United States under the international energy program, and (2) a joint resolution authorizing such implementation is passed in accordance with Section 103 of the Petroleum Disruption Management Act of 1981."

(g) Section 161(e) of the Energy Policy and Conservation Act is amended to read as follows—

"(e) The Secretary shall, by rule, provide for the allocation of any petroleum product withdrawn from the Strategic Petroleum Reserve in amounts specified in (or determined in a manner prescribed by) and at prices specified in (or determined in a manner prescribed by) such rule, which rule shall become part of the Strategic Petroleum Reserve Plan. The rule shall provide, during a substantial crude oil disruption, for the allocation of crude oil withdrawn from the Strategic Petroleum Reserve in the same manner and upon the same basis as crude oil is provided pursuant to the program established under Section 305 of the Petroleum Distribution Management Act of 1981. In addition, such price levels and allocation procedures shall be consistent with the attainment, to the maximum extent practicable, of the objectives specified in Section 4(b)(1) of the Emergency Petroleum Allocation Act of 1973, as amended."

AMENDMENT OF STRATEGIC PETROLEUM RESERVE PLAN

SEC. 303. Within 120 days after the enactment of this Act, the Secretary of Energy shall submit to Congress an amendment to the Distribution Plan contained in the Strategic Petroleum Reserve Plan implementing the amendment to Section 161(d) of the Energy Policy and Conservation Act set forth in Section 302(f) of this Act, and the elements of the Strategic Petroleum Reserve Plan allocation regulations set forth in Section 302(g) of this Act.

TEMPORARY RESERVE STORAGE

SEC. 304. Within 180 days of the enactment of this Act, the Secretary shall submit to Congress a report evaluating the expansion of the physical capacity of the Reserve through the use of temporary storage facilities.

PART B—PRIVATE DEDICATED RESERVE PROGRAM

ESTABLISHMENT OF PRIVATE DEDICATED RESERVE PROGRAM

SEC. 305. (a) Within the time period specified in Section 101(a), the President shall promulgate a rule establishing a Private Dedicated Reserve Program in accordance with the provisions of subsection (b). This rule shall be approved in the manner specified in Section 102, but shall not be activated except in accordance with the findings and procedures specified in Section 103 of this Act.

(b) The rule establishing the Private Dedicated Reserve (PDR) Program shall—

(1) Provide for the equitable distribution of crude oil at competitive prices among all regions and areas of the United States;

(2) Require designated refiners to provide crude oil to any qualified refiner that is experiencing or is about to experience a substantial crude oil supply disruption;

(3) Distribute crude oil to such qualified refiners which is of suitable quality for their refineries in amounts which will permit such refiners to operate at 95 percent of the national utilization rate for the United States during the relevant period;

(4) Provide that the obligation of each designated refiner to sell crude oil to qualified refiners shall be a given percentage of each designated refiner's average crude oil runs to distillation units during the previous 12 months and that the total obligation for all designated refiners shall be determined by the total distribution of crude oil to qualified refiners under this Section;

(5) Provide that the price paid by a qualified refiner will not exceed the weight-averaged price during the previous 60-day period for crude oil produced in, and imported into, the United States, including appropriate adjustments for transportation, gravity, sulfur content, and handling;

(6) Provide a mechanism to assure that designated refiners are reimbursed for the crude oil so provided;

(7) Provide for timely action on applications submitted pursuant to this Section; and

(8) Provide for adjustments to the regulation promulgated under this section in accordance with the standards established in Section 504(a) of the Department of Energy Organization Act.

(c) This rule shall be promulgated after consultation with the Energy Advisory Committee.

PART C—EVALUATION OF NEAR-TERM USE OF STRATEGIC PETROLEUM RESERVE TO MANAGE CRUDE OIL DISRUPTIONS

REPORT ON NEAR-TERM USE OF STRATEGIC PETROLEUM RESERVE

SEC. 306. Within 120 days after the enactment of this Act, the Secretary of Energy shall submit to Congress a report determining the minimum volumes of reserves to be maintained in the Strategic Petroleum Reserve as necessary for national defense needs and analyzing the near-term capability and advisability of distributing crude oil from the Strategic Petroleum Reserve (other than as is authorized in section 302(a)) in lieu of activating the Private Dedicated Reserve Program.

TITLE IV—NATIONAL CRUDE OIL SHARING PROGRAM

NATIONAL CRUDE OIL SHARING PROGRAM

SEC. 401. (a) Within the time period specified in Section 101(a), the President shall promulgate a rule establishing a National Crude Oil Sharing Program in accordance with the provisions of subsection (b). The rule shall be approved in the manner specified in Section 102, but shall not be activated except in accordance with the findings and procedures specified in Section 103 of this Act.

(b) The rule establishing the National Crude Oil Sharing Program shall—

(1) Provide for the equitable sharing of crude oil at competitive prices among all regions and areas of the United States during a severe petroleum supply interruption or in order to comply with the obligations of the United States under the international energy program;

(2) Require refiners to offer for sale any crude oil supplies that would permit their refineries to operate in excess of the national utilization rate;

(3) Assure that refiners are able to purchase sufficient crude oil to permit operation of their refineries at the national utilization rate;

(4) Provide that the price paid by a refiner will not exceed the weight-averaged price during the previous 60-day period for crude oil purchased in, and imported into, the United States, including appropriate adjustments for transportation, gravity, sulfur content, and handling;

(5) Provide, based upon standards developed in consultation with the Energy Advisory Committee, for the issuance of directives, which may be issued whenever, a refined petroleum product is or will be in short supply during a severe petroleum supply disruption, requiring a refiner or refiners to adjust their percentage yield of that product in order to increase the relative output of that product in short supply;

(6) Provide, based upon standards developed in consultation with the Energy Advisory Committee, for the adjustment of the quantities of crude oil allocated among refiners pursuant to this rule in a manner designed to ensure desired production levels of refined petroleum products in short sup-

ply during a severe energy supply interruption; and

(7) Provide for adjustments to the regulation promulgated under this Section in accordance with the standards of Section 504(a) of the Department of Energy Organization Act.

TITLE V—PETROLEUM PRODUCT PROGRAMS

PETROLEUM PRODUCT DISRUPTION MANAGEMENT PROGRAMS

SEC. 501. (a) Within the time period specified in Section 101(a), the President shall promulgate a standby regulation which when implemented will provide for the mandatory allocation of refined petroleum products produced in or imported into the United States in amounts specified in (or determined in a manner prescribed by) and at ceiling prices specified in (or determined in a manner prescribed by) such regulation. This regulation shall become effective in the manner prescribed in Section 102, but shall not be activated except in accordance with the findings and procedures specified in Section 103 of this Act.

(b)(1) The standby regulation under subsection (a), to the maximum extent practicable, shall provide for—

(A) protection of public health (including the production of pharmaceuticals), safety and welfare (including maintenance of residential heating, such as individual homes, apartments and similar occupied dwelling units), and the national defense;

(B) maintenance of all public services (including facilities and services provided by municipality, cooperatively, or investor owned utilities or by any State or local government or authority, and including transportation facilities and services which serve the public at large);

(C) maintenance of agricultural operations, including farming, ranching, dairy, and fishing activities, and service directly related thereto;

(D) preservation of an economically sound and competitive petroleum industry, including the priority needs to foster competition in the producing, refining, distribution, marketing, and petrochemical sectors of such industry, and to preserve the competitive viability of independent refiners and marketers;

(E) equitable distribution of refined petroleum products at equitable prices among all regions and areas of the United States and sectors of the petroleum industry, including independent refiners and marketers, and among all users;

(F) allocation of refined petroleum products in such amounts and in such manner as may be necessary for the maintenance of, exploration for, and production or extraction of—

(i) fuels, and

(ii) minerals essential to the requirements of the United States, and for required transportation related thereto;

(G) economic efficiency; and

(H) minimization of economic distortion, inflexibility, and unnecessary interference with market mechanisms.

(2) In specifying prices (or prescribing the manner for determining them), the standby regulation under subsection (a) shall provide for a dollar-for-dollar passthrough of net increases in the cost of crude oil and refined petroleum products at all levels of distribution from the producer to the retail level.

(c) The standby regulation under subsection (a) shall also provide for the establishment of a state set-aside program for refined petroleum products to be activated on a state-by-state basis upon application of the Governor of the State in which the program is to be implemented.

AMENDMENT OF 203(f) OF THE ENERGY POLICY AND CONSERVATION ACT

SEC. 502. Section 203(f) of the Energy Policy and Conservation Act is hereby amended to read as follows—

"(f) Notwithstanding section 531, all authority to carry out any rationing contingency plan shall expire on the same date as authority to issue and enforce rules and orders of the Petroleum Disruption Management Act of 1981."

TITLE VI—ESTABLISHMENT OF ADVISORY, DATA COLLECTION AND COORDINATION FUNCTIONS

ESTABLISHMENT OF ENERGY EMERGENCY COUNCIL

SEC. 601. (a) Within 60 days of the enactment of this Act, the President shall establish an Energy Emergency Council for the purpose of advising the President on matters relevant to the implementation of the various provisions of this Act and the activation and management of the programs established by this Act. The Energy Emergency Council shall be composed of the following, and such other members of the Executive Branch as the President may, from time to time, designate:

(1) the Secretary of Energy, who shall be the Chairman;

(2) the Secretary of State;

(3) the Secretary of Defense;

(4) the Secretary of Agriculture;

(5) the Secretary of Commerce;

(6) the Secretary of Transportation;

(7) the Secretary of the Interior; and

(8) the Secretary of Labor.

(b) The duties and responsibilities of the Energy Emergency Council shall be—

(1) to advise the President on matters concerning the development, activation and management of the petroleum disruption management programs established by this Act; and

(2) to consult with the Energy Advisory Committee regarding the development of specific mechanisms to deal with petroleum disruptions and appropriate management programs to deal with the effects of a particular disruption.

ESTABLISHMENT OF ENERGY ADVISORY COMMITTEE

SEC. 602. (a) Within 60 days of the enactment of this Act, the President shall establish an Energy Advisory Committee for the purpose of advising the President and the Energy Emergency Council on matters relevant to the implementation of the various provisions of this Act and the activation and management of the programs established by this Act. The Energy Advisory Committee shall be a group reasonably representative of the functions and points of view of the various segments of the petroleum industry, as well as consumers and other users of refined petroleum products, and shall have no fewer than ten nor more than thirty members.

(b) The duties and responsibilities of the Energy Advisory Committee shall be—

(1) to advise the President and the Energy Emergency Council on matters concerning the development, activation and management of the petroleum disruption management programs established by this Act, including the responsibilities of the Committee otherwise specified in the Act; and

(2) to provide recommendations regarding the development of specific mechanisms to deal with petroleum disruptions and appropriate management programs to deal with the effects of a particular disruption.

(c) All records, reports, transcripts, memoranda, and other documents prepared by or for the Energy Advisory Committee shall be made available for public inspection and copying at a single location determined by the Energy Advisory Committee.

(d) The Energy Advisory Committee established pursuant to this section shall be governed in full by the provisions of the Federal Advisory Committee Act, as amended (Pub. L. 92-463, Oct. 6, 1972), except the requirements contained therein that are inconsistent with this section.

INFORMATION COLLECTION AND MONITORING

SEC. 603. (a) Within 90 days of the enactment of this Act, the Energy Emergency Council, after consultation with the Energy Advisory Committee and such persons from the Department of Energy as the Chairman of the Energy Council may designate, shall evaluate the current energy information collection and monitoring systems within the federal government in order to ascertain their effectiveness in assuring that the programs established by this Act may be implemented in a timely and effective manner and report their findings to the Secretary of Energy. In evaluating these systems, the Council shall give particular attention to the adequacy of such information to determine trends in national and international crude oil markets, to measure differentials between spot and contract prices, and to project when substantial crude oil supply disruptions are about to occur, as well as their scope, magnitude and likely duration.

(b) Within 120 days of the enactment of this Act, the Secretary of Energy, based on the conclusions reached by the Energy Emergency Council under subsection (a), shall inform the Administrator of the Energy Information Administration—(1) whether the energy information now being collected and monitored is sufficient for purposes of the development and implementation of petroleum disruption management programs; and (2) whether changes in the current energy information collection and monitoring systems maintained by the federal government need to be made.

(c) If the Energy Emergency Council finds, under subsection (a), that additional or different information than that currently being collected and monitored should be collected and monitored, the Secretary of Energy shall direct the Administrator of the Energy Information Administration to make the necessary changes in the reporting or other information gathering requirements to assure that the information necessary for the development and implementation of petroleum disruption management programs provided for in this Act is readily available for those purposes.

(d) In the event that it is determined that additional authority is required to collect the information necessary to assure the timely and effective development and implementation of the programs specified in this Act, the Secretary shall submit a report to the Congress specifying authority required within 120 days of enactment of this Act.

(e) Information collected by the Energy Information Administration shall be cataloged and, upon request, any such information shall be promptly made available to the public in a form and manner easily adaptable for public use, except that this subsection shall not require disclosure of matters exempted from mandatory disclosure by section 552(b) of title 5, United States Code. The provisions of section 11(d) of the Energy Supply and Environmental Coordination Act of 1974, and section 17 of the Federal Nonnuclear Energy Research and Development Act of 1974, shall continue to apply to any information obtained by the Administrator under such provisions.

COORDINATION OF SEQUENTIAL MANAGEMENT AUTHORITIES WITH OTHER ENERGY EMERGENCY AUTHORITIES

SEC. 604. (a) Within 90 days after the enactment of this Act, the Secretary of Energy

shall submit to Congress a report examining the standards for activation of the programs established in the various existing energy emergency authorities, and any necessary changes to those authorities to conform those activation levels to the levels established in this Act.

(b) In preparing the report required by subsection (a), the Secretary of Energy shall consult with the Energy Emergency Council and the Energy Advisory Committee.

TITLE VII—MISCELLANEOUS PROVISIONS

ADMINISTRATION AND ENFORCEMENT

SEC. 701. (a) Except as provided in subsection (b), (1) sections 205 through 207 and sections 209 through 211 of the Economic Stabilization Act of 1970 shall apply to the regulations promulgated under this Act, to any other order this Act, and to any action taken by the President under this Act, as if such regulation had been promulgated, such order had been issued, or such action had been taken under the Economic Stabilization Act of 1970, and (2) section 212 (other than 212(b)) and 213 of such Act shall apply to functions under this Act to the same extent such sections would apply to functions under the Economic Stabilization Act of 1970.

(b) The expiration of authority to issue and enforce orders and regulations under section 218 of such Act shall not affect any authority to amend and enforce the regulation or to issue and enforce any order under this Act, and shall not affect any authority under sections 212 and 213 insofar as such authority is made applicable to functions under this Act.

(c)(1)(A) Whoever violates any provision of the regulations promulgated or any order issued under this Act, shall be subject to a civil penalty of not more than $20,000 for each violation.

(B) Whoever willfully violates any provision of such regulation or such order shall be fined not more than $40,000 for each violation.

(2) Any individual director, officer or agent of a corporation or other business who knowingly and willfully authorizes, orders, or performs any of the acts or practices constituting in whole or part a violation of subsection (c)(1) shall be subject to penalties under this section without regard to any penalties to which that corporation or business enterprise may be subject under subsection (c)(1).

AMENDMENT OF DEPARTMENT OF ENERGY ORGANIZATION ACT

SEC. 702. Section 504(a) of the Department of Energy Organization Act is amended by inserting "Petroleum Disruption Management Act of 1981" after "Federal Energy Administration Act".

EXTENSION OF CERTAIN ENERGY POLICY AND CONSERVATION ACT AUTHORITIES

SEC. 703. (a) Section 252(1) of the Energy Policy and Conservation Act is amended by striking "September 30, 1981" and inserting in its place "October 1, 1989".

(b) Section 531 of the Energy Policy and Conservation Act is amended by striking the date "June 30, 1985" in each place that it appears in that section and inserting in each such place "October 1, 1989".

EFFECT ON OTHER LAW

SEC. 704. (a) The regulations promulgated under this Act and any order issued thereunder shall preempt any provisions of any program for the allocation and pricing of crude oil or any refined petroleum product established by any State or local government if such provision is inconsistent with such regulation or any such order.

(b) There shall be available as a defense to any action brought for breach of contract in any Federal or State court arising out of delay or failure to provide, sell, or offer for sale or exchange crude oil or any refined petroleum product, that such delay or failure was caused solely by compliance with the provisions of this Act or with the regulations or any order under this Act.

EXPIRATION

SEC. 705. The provisions of this Act shall cease to have effect on October 1, 1989, but such expiration shall not affect any action or pending proceeding, administrative or civil, not finally determined on such date, nor any administrative or civil action or proceeding, whether or not pending, based on any act committed or liability incurred prior to such expiration date.

SECTION-BY-SECTION ANALYSIS—PETROLEUM DISRUPTION MANAGEMENT ACT OF 1981

Sec. 1. Short Title and Table of Contents.

Sec. 2. Statement of Findings and Purposes.

Sec. 3. Definitions.—

"International energy program" means the agreement between 21 oil consuming nations to share supplies during a shortfall exceeding 7 percent.

"National utilization rate" means the ratio of total crude oil available through domestic production or imports to U.S. refiners to total refining capacity of U.S. refiners. This definition would allow the Secretary to exclude extraordinary pre-disruption inventories so as to encourage the buildup of private reserves.

"Petroleum disruption management program" means any one or combination of four standby regulations designed to reduce the impact of crude oil supply disruptions including the Strategic Petroleum Reserve, Private Dedicated Reserves, National Crude Oil Sharing, Petroleum Product Disruption Management.

"Refiner."

"Refined petroleum product."

"Secretary."

"Severe petroleum supply disruption" means any crude oil or petroleum shortage of significant scope and duration that would have a major adverse impact on the economy, public health and safety or the national defense. During "severe petroleum supply interruptions" the President could seek Congressional activation of any or all four disruption management programs.

"Substantial crude oil supply disruption" means a shortfall with lesser impact than a severe interruption or a shortfall with only regional implications in either case to be managed without resort to a major national crude oil sharing or petroleum product allocation.

"United States."

TITLE I. SEQUENTIAL MANAGEMENT AUTHORITY AND ACTIVATION

The bill outlines various disruption management techniques from a study of tax credits for storage to product allocations that would be used sequentially in response to supply shortages of various magnitudes. This title authorizes a series of steps to put these programs in place on a standby basis and to activate them at the time of disruption. The steps, Presidential promulgation of programs, Congressional approval on a standby basis, activation by joint resolution and sunset, are similar for each program.

Sec. 101. Program Development and Implementation.—

(a) Requires the President within 120 days of enactment to propose four standby programs for the Strategic Petroleum Reserve Distribution Plan, a Private Dedicated Reserve Program, a National Crude Oil Sharing Program and a Petroleum Product Disruption Management Program.

(b) Requires Congressional approval of the proposed programs before they are effective in a standby status. Provides for procedures to amend programs already approved for standby status.

Sec. 102. Approval of Standby Petroleum Disruption Programs.—

(a) Requires that the Strategic Petroleum Reserve Plan be approved according to the provisions of EPCA (Sec. 552). EPCA requires that the plan be approved by an affirmative resolution passing both Houses within 30 days of transmittal. EPCA provides for discharge of the Committee after 20 days, expedited floor procedures and a limit on the debate of 10 hours on the resolution.

(b) Provides that proposed programs for the Private Dedicated Reserve Program, the National Crude Oil Sharing Program and the Petroleum Product Disruption Management Program are only effective in standby status if approved by both Houses through resolution within 30 days of transmittal.

Specifies language for resolutions approving standby regulations.

Provides that such resolutions be considered in the same manner as energy conservation contingency plans under EPCA. These provisions include motion for discharge after 20 days of Committee consideration and expedited floor procedures limiting debate on the resolution to 10 hours.

Requires that if a standby program is not approved, the President shall submit a new plan within 15 days which shall be approved or disapproved according to the same procedures.

Sec. 103. Activation of Disruption Management Programs.—

(a) Provides for the activation of standby petroleum disruption management programs.

Requires a separate joint resolution of approval by Congress to activate each program.

Requires the President to transmit evidence of substantial or severe disruption to Congress or a report indicating that the International Energy Program has been activated. Sunsets each activated program 120 days after activation.

Authorizes Strategic Petroleum Reserve Distribution during substantial or severe disruption or when obligations of international energy program so require.

Authorizes Private Dedicated Reserve Program during substantial disruption.

Authorizes a National Crude Oil Sharing Program only during a severe interruption or in conjunction with International Energy Program.

Authorizes a Petroleum Product Disruption Management Program only during a severe interruption or in conjunction with IEP.

(b) Stipulates that standby programs are not activated unless joint resolution of approval passes the Congress within 6 days after transmittal.

(c) Provides that the President can call Congress into session to consider a joint resolution to activate a standby disruption management program.

(d) Recognizes these provisions as an exercise of the rulemaking powers of each House.

Specifies the language of the activation resolutions.

Provides for referral of activating resolutions to the Committee on Energy and Natural Resources in the Senate and to the Committee on Energy and Commerce in the House.

Provides for discharge of activating resolutions after 2 days of Committee consideration.

Provides for expedited floor procedures in consideration of an activating resolution. Limits debate to 10 hours on the resolution.

(e) Allows activating resolutions to be initiated in the Congress upon sponsorship of a joint resolution of approval by 8 Senators or 25 Congressmen.

(f) Provides that a petroleum disruption management program once activated can only be extended beyond 120 days by reauthorization through a joint resolution of approval according to the procedures described above.

TITLE II.—PRIVATE CRUDE OIL AND PETROLEUM PRODUCT STORAGE INCENTIVES

Sec. 201. Oil Storage Tax Incentives Report.—

Requires the President to submit a report to the Congress on the use of tax incentives to encourage private stockpiling of crude oil and petroleum products during periods of glut and the use of tax incentives to encourage drawdowns of private stocks during disruption.

Although this legislation does not authorize any such tax incentives, the legislation envisions the use of private stocks to manage the first stages of all disruptions and tax incentives to be the only form of government intervention in small disruptions. The storage tax credit would be interrupted and the drawdown tax credit activated according to the provisions of Title I above.

TITLE III.—STRATEGIC PETROLEUM RESERVE AND PRIVATE DEDICATED RESERVE DISTRIBUTION

If reliance on the market and the drawdown of private stocks is not sufficient to prevent significant adverse impact from a crude oil or petroleum disruption, it is intended that the Strategic Petroleum Reserve be used as the primary government response to mitigate adverse impacts on the economy and to protect public health and safety. A Strategic Reserve containing 750 million barrels would allow the U.S. to meet a 20% shortfall for approximately 180 days with a sufficient cushion (100–200 million barrels) to satisfy defense needs.

However, it will be several years before the Strategic Petroleum Reserve reaches the 750 million barrel level. To manage substantial—but not severe—disruptions in the interim, the bill authorizes a limited crude oil allocation program to be used only after private stocks have been drawn down and the SPR is at a minimum security level (as specified by the Secretary).

Sec. 301. Definitions.—

"Crude oil runs to distillation units."

"Designated refiner" means a refiner who has sufficient crude oil available to operate above the national utilization rate (average) who is not a small or independent refiner.

"Independent refiner" means a refiner who produces less than 30 percent of the crude oil input to the refinery.

"Small refiner" means a refiner who controls refinery capacity less than 175,000 barrels per day.

"Qualified refiner" means a refiner who is eligible as a purchaser under the Strategic Petroleum Distribution Plan or the Private Dedicated Reserve Plan. The Secretary of Energy determines eligibility. The refiner must be a small and independent refiner. The refiner must show an insufficiency of crude oil availability that prohibits operation at or above 95 percent of the national utilization rate. The Secretary may by rule require that qualified refiners meet certain specifications such as efficiency, capacity to process heavy and sour crude oil and pre-disruption inventory levels. The Secretary may allow exceptions to the above qualifications where a refiner who would not otherwise be a qualified refiner shows that such designation would be necessary to protect public health and safety.

Sec. 302. Distribution from the Strategic Petroleum Reserve.—

(a) Authorizes the President to distribute up to 300,000 barrels per day for a period to exceed 90 days in a year from SPR without Congressional authorization to mitigate the impact of disruptions that have only regional impacts and do not require activation of any other disruption management programs.

(b) Amends the Energy Policy and Conservation Act to define "severe petroleum supply interruption" and "substantial crude oil supply disruption."

(c) Amends the Energy Policy and Conservation Act and declares it to be government policy to use the Strategic Petroleum Reserve to mitigate impacts resulting from supply disruptions.

(a) Amends the Energy Policy and Conservation Act to require that a new Strategic Petroleum Reserve Plan be submitted to the Congress within 120 days of the enactment of this Act and provides that the plan shall be considered by the Congress according to the provisions of section 552 (30 day two House approval) rather than section 551 (15 day one House veto).

(e) Amends EPCA to provide that a Strategic Petroleum Reserve Plan can only become effective if transmitted according to the provisions of this Act if approved according to the provisions of section 552 of EPCA and if activated according to Title I of this Act.

Amends EPCA to provide that amendments to the Strategic Petroleum Reserve Plan be considered according to section 552 (30 day two House approval) rather than section 551 (15 day one House veto).

(f) Amends EPCA to prescribe the conditions under which crude oil can be distributed from the Strategic Petroleum Reserve.

(g) Describes and defines the rule which the Secretary shall promulgate to provide for distribution of oil from the Strategic Petroleum Reserve. The rule will provide for allocating crude oil to qualified refiners at a price not to exceed the weight-averaged price of all crude oil sold in the U.S. over the previous 60 days.

Sec. 303. Amendment of the Strategic Petroleum Reserve Plan.—

Requires the Secretary to submit an amendment to the Strategic Petroleum Reserve Plan (not the same as the Distribution Plan) within 120 days of enactment to provide for integration of the provisions of this Act and the Energy Policy and Conservation Act.

Sec. 304. Temporary Reserve Storages—

Requires the Secretary of Energy to submit a report on the use of temporary storage (such as empty tankers and tankage) to rapidly increase the level of the SPR.

Sec. 305. Establishment of Private Dedicated Reserve Program—

(a) Requires the President to promulgate regulations for a limited crude oil allocation program which can only be activated by approval of a joint resolution in the Congress after a finding by the President that a substantial disruption exists.

(b) Describes and defines the rule for the Private Dedicated Reserve Program.

Requires designated refiners to provide crude oil which is available in excess of that needed to operate at the national utilization rate. Each and all designated refiners shall be required to make available an equal percentage of their base period runs such that the needs of qualified refiners for operation at 95% of the national utilization rate are met.

Provides that qualified refiners can purchase crude oil sufficient to operate at 95% of the national utilization rate at the weight-averaged price of all crude oil sold in the U.S. over the previous 60 days.

The definition of designated refiners provides that extraordinary inventories acquired and maintained by designated refiners in anticipation of a disruption shall not be available for re-allocation under this program.

(c) Requires the Secretary to consult with the Energy Advisory Committee in designing the Private Dedicated Reserve Program.

Sec. 306. Report on Use of Strategic Petroleum Reserve.—

Requires the Secretary of Energy to submit a report within 180 days specifying the minimum level of the SPR which should be reserved for national defense purposes. This amount (100 to 200 million barrels) would not be available for distribution during a supply disruption.

TITLE IV.—NATIONAL CRUDE OIL SHARING

Sec. 401. National Crude Oil Sharing Program.—

(a) Requires the President to promulgate regulations for a crude oil sharing program to be approved according to Title I of this Act and only activated by approval of a joint resolution in the Congress after a finding by the President that a severe disruption exists or is imminent or the international energy program has been activated.

(b) Describes and defines the rule for the National Crude Oil Sharing Program. Requires refiners to make available for sale all supplies that are in excess of that necessary to operate at the national utilization rate. Assures that refiners without crude oil sufficient to operate at the national utilization rate can purchase excess supplies from other refiners at a price not to exceed the weight-averaged price for all crude oil sold in the U.S. over the previous 60 days. Provides the President with authority to determine product yields of specific refineries during a severe interruption. Provides the President with authority to set utilization rates for specific refineries during a severe interruption.

TITLE V.—PETROLEUM PRODUCT PROGRAMS

Sec. 501. Petroleum Production Disruption Management Programs.—

(a) Requires the President to promulgate regulations for a petroleum product management program according to Title I which can only be activated by approval of a joint resolution in Congress.

(b) Describes and defines the criteria for establishing allocation priorities under the regulations. These criteria include protection of public health, maintenance of public services, maintenance of agricultural operations, preservation of a competitive petroleum industry, regional equity in pricing and supply and economic efficiency.

Provides authority to manage petroleum product prices by limiting margins from refiner through distributor, but provides dollar-for-dollar pass through of any net cost increases.

(c) Authorizes a state set-aside program that can be activated on a state-by-state basis by the President upon request of the Governor.

Sec. 502. Gasoline Rationing.—

Amends EPCA to extend the time period during which the President may propose or carry out a contingency rationing program.

TITLE VI.—ESTABLISHMENT OF ADVISORY, DATA COLLECTION AND COORDINATION FUNCTIONS

Sec. 601. Establishment of Energy Emergency Council.—

(a) Authorizes the creation of a cabinet-level advisory group including the Secretaries of Energy, State, Defense, Agriculture, Commerce, Transportation, Interior and Labor.

(b) Authorizes the Council to advise the President on management of petroleum disruptions and to consult with the Energy Advisory Committee.

Sec. 602. Establishment of Energy Advisory Committee.—

(a) Authorizes the creation of a 10 to 30 member group representing the petroleum industry and petroleum consumers.

(b) Authorizes the Committee to advise the President and the Council on management of petroleum disruptions.

(c) Requires that all records of the Committee be available to the public.

(d) Applies the provisions of the Federal Advisory Committee Act to the activities of the Committee.

Sec. 603. Information Collection and Monitoring.—

(a) Requires a review of existing energy

information collection and monitoring systems to determine whether current sources are sufficient to support the disruption management programs authorized by the Act.

(b) Requires the Secretary to inform the Administrator of the Energy Information Administration on the adequacy of the current systems and the need for changes to support the disruption management programs.

(c) Authorizes the Secretary to collect and maintain adequate information to support the programs authorized by this Act.

(d) Provides a method for the Secretary to seek additional authority to collect and maintain information.

(e) Provides that information collected in support of the disruption management programs shall be available to the public with the exception of proprietary information.

Sec. 604. Coordination with Other Energy Emergency Authorities.—

Requires the Secretary to prepare and transmit to Congress a report on the integration of existing energy emergency authorities with the petroleum disruption management programs authorized by this Act.

TITLE VII.—MISCELLANEOUS PROVISIONS

Sec. 701. Administration and Enforcement.—

Extends existing administration and enforcement procedures to support disruption management programs.

Provides for penalty upon violation of provisions of this Act.

Sec. 702. Amendment to Department of Energy Organization Act.—

Provides an exception procedure to rules and regulations promulgated under authority of this Act.

Sec. 703. Extension of EPCA Authorities.—

Extends the antitrust exemption for participation in IEP through October 1, 1989.

Extends authorization for Titles I (Domestic Supply and SPR) and Title II (Emergency Authorities and International Energy Program) through October 1, 1989.

Sec. 704. Effect on Other Law.—

Preempts other law including any state or local law providing for allocation or price control of crude oil or petroleum.

Sec. 705. Sunset.—

Provides that authority under this Act expires on October 1, 1989.

Mr. ANDREWS. Mr. President, it is with great pleasure that I join today with my distinguished colleague from Minnesota in introducing the Petroleum Disruption Management Act of 1981.

This bill is intended to provide the President with the necessary tools to manage petroleum disruptions of varying magnitudes and causes in a timely and effective manner. Our overriding objective is to minimize adverse short- and long-term effects of petroleum disruptions on the American people and the economy. As a Senator representing a State where agriculture is the dominant industry, I have a particular interest in assuring a dependable supply of petroleum products to that industry.

We must face the harsh reality that this Nation will remain vulnerable to petroleum supply disruptions for the foreseeable future. Our allies will be even more vulnerable. We have lived through four disruptions in the past 8 years, and there is no evidence to suggest that the future holds anything but the continued potential for instabilities in the world petroleum community.

Mr. President, oil is increasingly becoming a potent political weapon, and governments in many producing nations face uncertain tenure. A number of studies have recently pointed out that the United States is even more vulnerable to supply disruptions because the international oil companies no longer have the predominant control at the wellhead in producing nations that existed just a decade past.

The Emergency Petroleum Allocation Act of 1973 is scheduled to expire on September 30, 1981. This act contains authorities which recognize agriculture's priority needs and accords the President the power to deal with petroleum disruptions through actions such as crude oil and products allocation. It is imperative that this Congress and the administration move forward in an expedited fashion so that the President will have appropriate authorities on a standby basis at his disposal for dealing with future disruptions.

Mr. President, we are most fortunate to have a unique opportunity to carry out this legislative process in the relatively calm environment which now exists. We cannot afford to wait until the next emergency to make the difficult decisions before us. The chaos that would occur could destroy our progress toward economic recovery and undoubtedly would lead to bad legislation crafted in the midst of crisis.

The Petroleum Disruption Management Act of 1981 has been carefully written with an eye toward keeping the level of Government involvement in the marketplace at a minimum, dictated by the nature and severity of a particular disruption, while dealing effectively with the problems which occur. Government could not and would not intrude into the petroleum marketplace if there are no disruptions. The decontrolled marketplace would be permitted to operate.

This act provides for the development of a set of management tools designed and placed on the shelf for selection and use by the President in the event of a disruption. Thus, a given program or programs can be activated in a timely fashion and tailored to respond to the problems generated by a particular disruption.

This approach is far superior to waiting until a disruption actually occurs before attempting to construct the actual mechanics in the midst of a crisis atmosphere. It is unlikely that any response developed in such a manner could be timely, and problems would deteriorate more than necessary.

The tools to be developed under this act recognize that disruptions require different responses, depending upon their characteristics and severity. They are also targeted toward minimizing the damaging pressures, on spot market prices in avoiding regional supply imbalances, both of which are prevalent consequences of disruptions.

In examining how disruptions have actually occurred, it is quite evident that they tend to be focused upon certain regions. Thus, very serious problems occur in certain areas long before a disruption reaches crisis levels for the Nation as a whole. I am most familiar with how past disruptions have impacted people in my part of the country.

Looking back to the spring of 1979, farmers and other residents in North Dakota were desperately short of fuel—particularly diesel fuel required for spring planting. My office was swamped with requests for assistance, and our staff worked on this problem around the clock in trying to locate alternate supplies, usually at larcenous prices.

In 1979, diesel fuel had been decontrolled for several years, so Government regulations could not be blamed. The Government was forced back into product allocation through Special Rule No. 9, and some diesel fuel was moved to farmers. We were extremely fortunate to "muddle through" that crisis and still get the crops in and the grain harvested.

This situation was repeated throughout most rural areas in the Midwest and the Great Plains—the country's agricultural heartland. Yet these shortages occurred at a time when the record clearly showed that imports were at a higher level than they had been in the prior year. In addition, crude oil prices jumped 150 percent during the 12 months following the Iranian Revolution. Unfortunately, oil price increases ratcheted by disruptions never returned to previous levels.

Even a casual assessment clearly reveals that such problems evolved unnecessarily, as many refineries serving rural areas suffered sharp reductions in crude oil supplies—again, at a time when there was no real shortage. Some refineries were forced to run at half of capacity. Yet other refiners, operating at close to full capacity, failed to provide diesel fuel to rural areas until ordered to by the Government.

Mr. President, the Petroleum Disruption Management Act of 1981 authorizes use of crude oil from the strategic petroleum reserve for alleviating regional shortages, once the SPR has been filled to adequate levels. The President could also provide for access to crude oil for refiners who have lost supplies through the private dedicated reserve. It is anticipated that the SPR would replace the private reserve function within a few years.

These first two programs are intended to permit the distribution system to operate in a balanced fashion to cope with regional imbalances. In the event of a true national shortage, the national crude sharing program would provide for sharing of crude oil among all regions and areas. In the event that inadequate supplies of petroleum products are available for critical sectors of the economy, the President would have the authority to impose product allocation measures, recognizing home heating oil requirements, agricultural uses, and other specified priority uses.

The SPR, PDR, national crude sharing, and standby product authorities would be developed within 120 days of enactment of this legislation with a review by Congress. Then they will be placed on the shelf until needed. Obviously, it is our common hope that disruptions will not occur and there will be no need.

The President will have the discretionary authority to activate any of these programs. In the event of regional shortages, the President may employ the private dedicated reserve or limited use of

the strategic petroleum reserve. If Congress determines that regional shortages require such action and the President takes no action, the Congress can initiate such action through passage of a joint resolution.

In the event of a severe national supply interruption, the President may act through more extensive use of the strategic petroleum reserve, national crude sharing, or standby product authorities. However, such action can be undertaken only if Congress passes a joint resolution, with the President retaining veto rights.

Mr. President, this system of checks and balances maintains the dual responsibilities of the President and the Congress in determining how petroleum disruptions are to be addressed. It is a system of checks and balances which would minimize the opportunity for unresponsive or overzealous action.

The President would be advised on disruption policy by a Cabinet-level Emergency Energy Council and an industry energy advisory committee, which would include all segments of the petroleum industry, consumers, and priority users. The act would also provide for the information collecting and monitoring necessary for development and implementing of disruption management policies.

No program activated under this act can be operated for more than 120 days without reauthorization. Its authors are determined to avoid perpetuating Government involvement beyond the actual period of disruption.

I am particularly concerned about the impacts of petroleum disruptions upon agriculture and rural America. In the search for appropriate solutions, I have endeavored to express these concerns in a number of instances. For example, 27 of my colleagues have joined me in expressing our views in a resolution relating to assurance of access to crude oil during disruptions for refiners serving the rural petroleum system. The resolution recognizes the predominant role played by farmer-owned oil-refining cooperatives and other independent refiners in satisfying 75 to 80 percent of all U.S. farm fuel needs, as well as the majority of fuel needs in rural communities.

Mr. President, last month I chaired hearings of the Oversight Subcommittee of the Senate Agricultural Committee on the energy needs of agriculture and rural America—in particular, the need to assure uninterrupted fuel supplies to this Nation's agricultural system. The record established during these 2 days of hearings clearly shows that past disruptions have impacted agricultural regions first and hardest, primarily as a result of crude oil supply losses experienced by refiners serving rural markets.

I was particularly impressed, as were many of my colleagues, by the almost universal expression of support shown at these hearings by not only our most prominent general farm organizations, but by commodity groups and many others intimately associated with the entire "food chain"—from production, to processing, to marketing.

I would like to have my colleagues know of this diverse but unanimous expressions of concern and for those of my colleagues who have some familiarity with the frequent competitiveness between certain organizations, I think they will be pleased to learn that on the question of assuring reliable energy supplies to agriculture, there is no disagreement.

We had witnesses and statements from the American Farm Bureau Federation, the National Farmers Union, the National Grange, and the National Council of Farmer Cooperatives.

From commodity groups, we were encouraged by the comments of the National Cotton Council, the National Milk Producers Association, the American Soybean Association, the National Association of Wheat Growers, the International Apple Institute, and both the National and the American Frozen Food organizations.

Among others in the processing and marketing fields, we heard from the National Food Processors Association, and American Bakers Association, the Food Marketing Institute, the Milk Industry Foundation—representing the International Association of Ice Cream Manufacturers. Additionally, my resolution and the thrust of the hearings was supported strongly by the American Association of Engineering Societies and the National Association of the State Departments of Agriculture.

Mr. President, I have every reason to believe that this impressive array of initial supporters and witnesses will be augmented many times over by the spokesmen for the millions of people engaged in the entire food delivery chain. For nothing is more important to our Nation than to continue unabated the delivery of wholesome and plentiful supplies of food at reasonable costs.

It was also made clear at my hearings that continuing market withdrawals from rural areas by major oil companies placed an even heavier responsibility for supplying agricultural needs in the hands of farmer-owned and other independent refiners.

As a result of these hearings, I committed myself to work with the leadership in both Houses of Congress to pursue legislation which would create post-EPAA authorities designed to deal with the needs not only of agriculture but also to minimize unnecessary impacts of disruptions across the economy.

The Petroleum Disruption Management Act of 1981 represents the fruits of these labors, and we believe the most appropriate means of addressing future disruptions.

Mr. President, the following remarks were made by me at the opening of the hearings of the Agriculture Subcommittee:

As I am sure you know, I am a farmer and proud of it. I have been all my life, as was my father and grandfather, and now my son. I am here representing what is probably the most agricultural State in the country—at least as measured in terms of North Dakota's annual gross income generation. As our farmers prosper or suffer, so do all our people.

Less than 3 million farm families produce enough food and fiber to feed and clothe 225 million Americans. These same farm families also export enough agricultural products to pay for half of our $80 billion annual bill for oil imports. The high level of this agricultural productivity depends heavily on critical petroleum fuel supplies. To achieve full food and fiber production, farmers must have fuel when they need it. Indeed, the perishability of food dictates that this holds true for the entire food system.

Farmers have increasingly turned to their own cooperatives to assure themselves of more secure fuel supplies, better quality service, and fairer prices. Farmer-owned refineries now represent only 2.5 percent of the total U.S. refining capacity, but supply about 45 percent of all onfarm petroleum fuels, with distribution of petroleum products occurring in more than 40 States. Cooperatives and other independents combined supply about 75 percent of onfarm use. In addition, many rural communities—the infrastructure so vital to the farm system—rely heavily upon the cooperative petroleum system for their fuel needs. According to the Department of Agriculture, more than 1,000 communities are supplied totally or predominantly by farmer cooperatives.

This responsibility is increasing for cooperatives and other independent petroleum operations due to major oil company withdrawals from sparsely populated, less profitable rural markets. Two of the majors have already completed their pullout in my State of North Dakota.

The rural petroleum system is a fragile one at best, and which is extremely vulnerable to supply disruptions. The system is an efficient one, and alternative suppliers cannot fill this void in a timely fashion when shortages occur. Without continued fuel supplies on a timely basis we are not going to be able to produce grains and other vital food at the phenomenal rate the American public has come to take for granted. It is just that simple.

USDA studies indicate that America's food costs are very sensitive to events in the energy arena. For example, one estimate is that a 10-percent fuel shortage at the farm could lead to as much as a 55-percent increase of farm commodity prices. This cannot be allowed to happen.

Sharp rises in energy costs are also cause for concern. Each 10-percent increase in energy costs across the food system can raise food prices more than 1 percent. Farmers themselves are price takers, and large-energy price increases could impair the ability of many family farms to survive.

Mr. President, we cannot allow a disruption of fuel supplies to agriculture. Mother Nature dictates that timing is critical in the production of food. Should fuel supply disruptions, even of short duration, occur at the wrong time, an entire season's production can be lost. Policymakers must recognize the impact of such an event, not only on the farmer, who makes up less than 5 percent of the population, put upon all of this Nation's consumers and indeed the world community. It would be the height of folly to jeopardize the critical economic activity of the individual farmer and the entire agricultural system in serving one of the most basic of human needs—that of food. In order to continue to perform this vital role, agriculture must have uninterrupted access to essential fuels.

In conclusion, Mr. President, I want my colleagues to know that I have consistently supported and applauded President Reagan's decontrol of petroleum. The signals are clear that a number of positive benefits are resulting. Fuel supplies are currently abundant, and recently the consumer has benefited from slightly lower fuel prices. Petroleum exploration and production activities are moving forward at a record pace. Con-

sumers and industrial users are going to great lengths to conserve energy, and import levels are down considerably. Free enterprise must be encouraged as much as possible. I will do my share to support free enterprise.

The critical remaining task before us now is to plan for future disruptions, learning as much as possible from painful past experiences. We cannot leave a void in this critical dimension of national policy, or make false promises. Nor can we leave the burden of standby authorities to 50 State governments.

I fully intend to work with all my power for passage of the Petroleum Disruption Management Act of 1981. I urge my distinguished colleagues to join with us as cosponsors of this bill in the pursuit of providing our Nation with appropriate means of dealing with petroleum disruptions.

By Mr. METZENBAUM (for himself, Mr. TSONGAS, and Mr. WILLIAMS):

S. 1477. A bill to require the Secretary of Labor to submit an annual report on child day care services; to the Committee on Labor and Human Resources.

By Mr. METZENBAUM (for himself, Mrs. HAWKINS, Mr. TSONGAS, and Mr. WILLIAMS):

S. 1478. A bill to amend the Internal Revenue Code of 1954 to increase the amount of the credit for expenses for household and dependent care services necessary for gainful employment, to provide a credit for employers who provide such services, and for other purposes; to the Committee on Finance.

By Mr. METZENBAUM (for himself, Mr. TSONGAS, and Mr. WILLIAMS):

S. 1479. A bill to amend the Internal Revenue Code of 1954 to exclude from the income of an employee certain adoption expenses paid by an employer, to provide a deduction for adoption expenses paid by an individual, and for other purposes; to the Committee on Finance.

S. 1480. A bill to amend the Internal Revenue Code of 1954 with respect to the treatment of foster children as dependents of taxpayers; to the Committee on Finance.

S. 1481. A bill to amend title II of the Social Security Act to eliminate gender-based distinctions under the old-age, survivors, and disability insurance program; to the Committee on Finance.

STRONGER AMERICAN FAMILIES

Mr. METZENBAUM. Mr. President, I am today introducing the Stronger American Families Act of 1981. a package of five bills designed to address the changing needs of families and children in the areas of child care, adoption, foster care, and social security. Senators HAWKINS, TSONGAS, and WILLIAMS have joined me as cosponsors of various parts of this package. I look forward to working with them and with other Senators to secure its enactment.

The Stronger American Families Act recognizes and responds to the fact that the real world in which American families live in the eighties is very different than it was even a few years ago. The package realistically addresses the changing roles of women, the rising costs of adoption and foster care, the irrational gender-based distinctions in the social security system, and the rapid growth in our population of senior citizens.

Ten years ago, Mr. President, 39 percent of the Nation's children had mothers in the work force. But today, the children of working mothers make up fully 50 percent of all American youngsters below the age of 18.

In the years to come, that percentage is virtually certain to grow for the simple reason that in today's economic climate, fewer and fewer families can get by, much less get ahead, on one income. The working mother is an economic necessity—and she is here to stay.

But unfortunately, Mr. President, the child care facilities available to working families have not expanded to match the movement of mothers into the workforce. In too many cases, children must be left, often for several hours a day, without adequate supervision.

A majority of American families have identified child care as an area in which Government policies must be more responsive. In a recent Gallup poll, 67 percent of those surveyed supported tax credits for businesses to provide on-site child care, and 70 percent supported tax credits to assist families in meeting child care expenses. In selecting items which they believed would most help families in coping with competing demands on work and family responsibility, 28 percent of those polled selected on-site child care facilities.

In order to assist businesses in providing badly needed child care for their employees, this legislation shortens the depreciation time for employer-provided facilities from the current 5 years to 3.

In addition, it excludes from employee income the value of such services provided by employers who choose to contract out day care programs to other organizations.

The bill also recognizes that most working parents are not fortunate enough to be employed by companies that offer their own day care programs. It therefore strengthens substantially the existing day care tax credit for all working parents and provides special assistance to middle- and lower-income families.

Under current law, taxpayers may claim as a tax credit, 20 percent of their first $2,000 in day care expenses. The bill raises the maximum expenses to $2,400 for all taxpayers and, in order to help those who need it most, adds 1 percent to the 20 percent credit for each thousand dollars by which a family's annual income falls below $40,000. The maximum tax credit under this provision is 50 percent of day care expenses for which families earning $10,000 per year or less would be eligible.

Finally, Mr. President, I want to point out that this legislation will be of real assistance to the working parents of handicapped children by permitting them to claim tax credits for the expense of placing such children in special day care programs for the handicapped.

Under existing law, eligibility is limited to the cost of in-home care, an expense so great that parents have been forced to institutionalize children they would prefer to keep at home. That, Mr. President, should not be happening in this country.

QUALITY CARE

In order to monitor the impact of the dependent care amendments on the quality and quantity of child care services the second bill in this package directs the Secretary of Labor to report annually to Congress on the status of child care arrangements. Senators HAWKINS, WILLIAMS, and TSONGAS join me in introducing this legislation.

FOSTER CARE

It is a sad fact, Mr. President, that most kennels charge more to board dogs than most States pay foster parents to board children. And it is also true that the tax code provides inequitable treatment to foster parents as compared to parents caring for their natural children. The intent of this component of the stronger American Families Act, which has the cosponsorship of Senators TSONGAS and WILLIAMS and the endorsement of the National Foster Parents Association, is to end those inequities by permitting foster parents to treat foster children as their dependents for tax purposes.

Mr. President, I believe that we should encourage—not discourage—families that are willing to open their homes to needy children. This tax concession is a small step in that direction.

ADOPTION BENEFITS

At least 30 major companies have in recent years begun to assist their employees with the costs incurred in adopting children. IBM, for example, has had an adoption assistance program since 1972 and has averaged approximately 350 to 400 claims per year. Smith-Kline Corp. initially paid employees $400 per adoption when it initiated its program. Now, Smith-Kline pays $750 and intends to increase the benefit each year until the amount of the benefit is comparable to the cost of a normal obstetric delivery.

More corporations should be encouraged to take such socially responsible positions, but unfortunately, they are today discouraged by the tax code from doing so. Adoption assistance is considered regular income for tax purposes and so the companies giving it incur added costs for social security taxes and an extra burden of paperwork. That should not be—and this bill corrects the inequity by excluding adoption benefits from employee income.

In addition, Mr. President, the bill permits families that adopt to claim the costs of adoption as a tax deduction—that, I believe, is a small but very helpful posture by this Nation to those who take in as their own any of the 120,000 American children who need a home.

I am pleased to say that this component has the cosponsorship of Senators WILLIAMS and TSONGAS and the endorsement of the National Committee for Adoption.

SOCIAL SECURITY AND SEX DISCRIMINATION

In the 1930's, Congress enacted the basic income maintenance program in the United States, social security. The design of the program largely reflects the generally accepted sex roles and lifestyles prevailing at that time. But since the 1930's, American women have moved in large numbers into occupations and have attained levels of education that were in the past available to very few.

In 1940, only 17 percent of all married women held jobs. Today, that figure is fast approaching 50 percent. But even so, the social security system continues to treat women as economic dependents rather than as earners in their own right. The system often leaves women without full protection in the event of death of the husband or divorce. In some areas the system fails to treat the wage record of a woman equally with that of a man by denying benefits to a husband based on his wife's wage record.

Although Congress enacted the Equal Pay Act of 1963 and title VIII of the Civil Rights Act, it has yet to address all of the inequalities in social security benefits.

In 1977, legislation designed to eliminate gender-based distinctions in the Social Security Act overwhelmingly passed the House. The Senate, however, determined that more information was necessary on the impact of the proposed changes and so directed the Department of Health, Education, and Welfare to conduct a study and report to Congress.

That report is now in and the bill I am introducing today is based on its findings.

According to the report there still exist nine gender-based distinctions which are not founded on any supportable rationale. The costs of eliminating these provisions would amount to only $5 million in each of the next few years, with the amount diminishing over time. The Advisory Council on Social Security and Working Women concurs with my view that the time has come to eliminate these last vestiges of discrimination in the social security system.

Mr. President, I ask unanimous consent that section-by-section analysis of the "Stronger American Families Act of 1981" and text of the legislation itself be printed at this point in the RECORD.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

S. 1477

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, Beginning in calendar year 1982, the Secretary of Labor shall submit an annual report to the Congress concerning the availability and quality of child day care services provided in the United States.

S. 1478

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Dependent Care Amendments Act of 1981".

SEC. 2. INCREASE IN PERCENT OF EXPENSES ALLOWED AS CREDIT.

(a) GENERAL RULE.—Subsection (a) of section 44A of the Internal Revenue Code of 1954 (relating to credit for expenses for household and dependent care services necessary for gainful employment) is amended by striking out "20 percent" and inserting in lieu thereof "the applicable percentage".

(b) APPLICABLE PERCENTAGE DEFINED.—Subsection (b) of section 44A of such Code is amended to read as follows:

"(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a), the term 'applicable percentage' means the greater of—

"(1) 50 percent reduced by one percentage point for each $1,000 amount by which the taxpayer's adjusted gross income exceeds $10,000, or

"(2) 20 percent.".

SEC. 3. CREDIT MADE REFUNDABLE.

(a) GENERAL RULE.—Subsection (b) of section 6401 of the Internal Revenue Code of 1954 (relating to excessive credits treated as overpayments) is amended—

(1) by striking out "and 43 (relating to earned income credit)" and inserting in lieu thereof "43 (relating to earned income credit), and 44A (relating to expenses for household and dependent care services necessary for gainful employment)", and

(2) by striking out "39 and 43" and inserting in lieu thereof "39, 43, and 44A".

(b) AMENDMENT OF SECTION 44A.—Subsection (a) of section 44A of such Code is amended by striking out "the tax imposed by this chapter" and inserting in lieu thereof "the tax imposed by this subtitle".

(c) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 53 of such Code (relating to limitation based on amount of tax) is amended by adding "and" at the end of paragraph (4), by striking out the comma at the end of paragraph (5) and inserting in lieu thereof a period, and by striking out paragraphs (6) and (7).

(2) Sections 44C(b)(5), 44D(b)(5), 44E(e)(1) 55(c)(4), and 56(c) of such Code are each amended by striking out "and 43" and inserting in lieu thereof "43, and 44A".

(3) Paragraph (2) of section 55(b) of such Code is amended by striking out "and 43" and inserting in lieu thereof ", 43, and 44A".

(4) Subsection (b) of section 6096 of such Code is amended by striking out "44A,".

SEC. 4. INCREASE IN DOLLAR LIMIT.

(a) GENERAL RULE.—Subsection (d) of section 44A of the Internal Revenue Code of 1954 (relating to dollar limit on amount creditable) is amended—

(1) by striking out "$2,000" and inserting in lieu thereof "$2,400", and

(2) by striking out "$4,000" and inserting in lieu thereof "$4,800".

(b) TECHNICAL AMENDMENT.—Paragraph (2) of section 44A(e) of such Code (relating to special rule for spouse who is a student or incapable of caring for himself) is amended—

(1) by striking out "$166" and inserting in lieu thereof "$200", and

(2) by striking out "$333" and inserting in lieu thereof "$400".

SEC. 5. CREDIT ALLOWED FOR CERTAIN SERVICES OUTSIDE TAXPAYER'S HOUSEHOLD.

Subparagraph (B) of section 44A(c)(2) of the Internal Revenue Code of 1954 (defining employment-related expenses) is amended to read as follows:

"(B) EXCEPTION.—Employment-related expenses described in subparagraph (A) which are incurred for services outside the taxpayer's household shall be taken into account only—

"(i) if, in the case of care and services provided by a child care center (as defined in subparagraph (C)) such center complies with all applicable laws and regulations of a State or unit of local government, and

"(ii) if such expenses are incurred for—

"(I) the care of a qualifying individual described in paragraph (1)(A), or

"(II) the care of a qualifying individual described in subparagraph (B) or (C) of paragraph (1) who ordinarily returns to the taxpayer's household each day.

"(C) CHILD CARE CENTER DEFINED.—For purposes of this paragraph, the term 'child care center' means any child care facility which—

"(i) provides child care for more than six children (other than children who reside at the facility), and

"(ii) receives a fee, payment, or grant for providing services for any of the children (regardless of whether such facility is operated for profit).

Such term shall not include a facility which regularly provides care for six, or fewer, children (other than children who reside at the facility) and which serves as the residence of the individual operating the facility.".

SEC. 6. APPLICATION OF EARNED INCOME LIMITATION IN CASE OF INDIVIDUALS ENGAGED IN BUSINESS ON SUBSTANTIALLY FULL-TIME BASIS.

Subsection (e) of section 44A of the Internal Revenue Code of 1954 (relating to earned income limitation) is amended by adding at the end thereof the following new paragraph:

"(3) SPECIAL RULE FOR CERTAIN INDIVIDUALS ENGAGED IN BUSINESS ON SUBSTANTIALLY FULL-TIME BASIS.—

"(A) IN GENERAL.—For purposes of paragraph (1), for each month during which an individual engages in a trade or business on a substantially full-time basis, such individual shall be deemed to have earned income of not less than—

"(i) $200 if subsection (d)(1) applies for the taxable year, or

"(ii) $400 if subsection (d)(2) applies for the taxable year.

"(B) DEFINITION.—For purposes of subparagraph (A), an individual shall be treated as engaged in a trade or business during any month on a substantially full-time basis if, during each week beginning during such month, such individual performs at least 35 hours of services in such trade or business.".

SEC. 7. EXEMPTION FROM TAX FOR CERTAIN ORGANIZATIONS PROVIDING DEPENDENT CARE.

(a) GENERAL RULE.—Section 501 of the Internal Revenue Code of 1954 (relating to exemption from tax on corporations, certain trusts, etc.) is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

"(j) TREATMENT OF CERTAIN ORGANIZATIONS PROVIDING DEPENDENT CARE.—For purposes of subsection (c)(3) of this section and sections 170(c)(2), 2055(a)(2), and 2522(a)(2), the term 'educational purposes' includes the providing of nonresidential dependent care of individuals if—

"(1) substantially all of the dependent care provided by the organization is for purposes of enabling individuals to be gainfully employed, and

"(2) the services provided by the organization are available to the general public.".

(b) CROSS REFERENCES.—

(1) Subsection (i) of section 170 of such Code is amended by redesignating paragraphs (1) through (7) as paragraphs (2) through (8), respectively, and by inserting before paragraph (2) (as so redesignated) the following new paragraph:

"(1) For treatment of certain organizations providing dependent care, see section 501(j).".

(2) Subsection (f) of section 2055 of such Code is amended by redesignating paragraphs (2) through (10) as paragraphs (3) through (11), respectively, and by inserting after paragraph (1) the following new paragraph:

"(2) For treatment of certain organizations providing dependent care, see section 501(j).".

(3) Subsection (d) of section 2522 of such Code is amended to read as follows:

"(d) CROSS REFERENCES.—

"(1) For treatment of certain organizations providing dependent care, see section 501(j).

"(2) For examples of certain gifts to or for the benefit of the United States and for rules of construction with respect to certain gifts, see section 2055(f).".

SEC. 8. EXCLUSION OF QUALIFIED HOUSEHOLD AND DEPENDENT CARE SERVICES FROM THE INCOME OF AN EMPLOYEE.

(a) EXCLUSION FROM INCOME.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to items specifically excluded from gross income) is amended by redesignating section 128 as section 129 and inserting after section 127 the following new section:

"SEC. 128. QUALIFIED HOUSEHOLD AND DEPENDENT CARE SERVICES.

"Gross income of an employee does not include the value of any qualified household and dependent care services (as defined in section 44F(b)) furnished to such employee by, or on behalf of, his employer.".

(b) EXCLUSION FROM WAGES.—

(1) EMPLOYMENT TAXES AND COLLECTION OF INCOME TAX.—Subtitle C of such Code is amended by striking out "section 127" in section 3121(a)(18) (relating to the Federal Insurance Contributions Act), section 3306(b)(13) (relating to the Federal Unemployment Tax Act), and section 3401(a)(19) (relating to collection of income at source on wages) and inserting in lieu thereof "section 127 or 128".

(2) SOCIAL SECURITY ACT.—Subsection (q) of section 209 of the Social Security Act (defining wages) is amended by striking out "section 127" and inserting in lieu thereof "section 127 or 128".

(c) CONFORMING AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 of such Code is amended by striking out the item relating to section 128 and inserting in lieu thereof the following:

"128. Qualified household and dependent care services.

"129. Cross references to other Acts.".

SEC. 9. ALLOWANCE OF A CREDIT FOR HOUSEHOLD AND DEPENDENT CARE SERVICES PROVIDED BY AN EMPLOYER.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by inserting after section 44E the following new section:

"SEC. 44F. HOUSEHOLD AND DEPENDENT CARE SERVICES PROVIDED BY EMPLOYER.

"(a) IN GENERAL.—In the case of an employer (as defined in section 3401(d)) who provides qualified household and dependent care services to his employees, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the excess of—

"(1) the expenses paid or incurred by such employer during the taxable year in providing such services to his employees, over

"(2) the amount of remuneration, if any, paid to such employer by his employees for providing such services during the taxable year.

"(b) QUALIFIED HOUSEHOLD AND DEPENDENT CARE SERVICES.—For purposes of this section, the term 'qualified household and dependent care services' means those services which if paid for by the employee would be considered employment-related expenses under section 44A(c)(2).

"(c) CAPITAL EXPENSES.—The expenses which may be taken into account under subsection (a) in determining the amount of the credit shall not include any amount paid or incurred by the employer which is chargeable to capital account.

"(d) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the tax imposed by this chapter for the taxable year, reduced by the sum of the credits allowable under a section of this subpart having a lower number or letter designation than this section, other than the credits allowable by sections 31, 39, 43, and 44A. For purposes of the preceding sentence, the term 'tax imposed by this chapter' shall not include any tax treated as not imposed by this chapter under the last sentence of section 53(a).

"(e) DENIAL OF DOUBLE BENEFIT.—No deduction or credit shall be allowed under this chapter with respect to any amount for which a credit is allowed under this section.

"(f) PASS-THROUGH IN THE CASE OF SUBCHAPTER S CORPORATIONS.—Under regulations prescribed by the Secretary, rules similar to the rules of subsections (d) and (e) of section 52 shall apply.".

(b) CONFORMING AMENDMENTS.—

(1) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 44E the following:

"Sec. 44F. Household and dependent care services provided by employer.".

(2) Section 6096(b) of such Code (relating to designation of income tax payments to Presidential Election Campaign Fund) is amended by striking out "and 44E" and inserting in lieu thereof "44E, and 44F".

SEC. 10. CERTAIN EXPENDITURES FOR CHILD CARE FACILITIES.

(a) AMORTIZATION.—

(1) IN GENERAL.—Section 188 of the Internal Revenue Code of 1954 (relating to amortization of certain expenditures for child care facilities) is amended to read as follows:

"SEC. 188. AMORTIZATION OF CERTAIN EXPENDITURES FOR CHILD CARE FACILITIES.

"(a) ALLOWANCE OF DEDUCTIONS.—

"(1) IN GENERAL.—At the election of the taxpayer, made in accordance with regulations prescribed by the Secretary, each of the following amounts shall be allowed as a deduction ratably over a period of 36 months:

"(A) An amount equal to the adjusted basis (as defined in section 1011) of any section 188 property of such taxpayer determined at the time such property is initially placed in service.

"(B) Any amount chargeable to capital account incurred by the taxpayer with respect to section 188 property after such property has been placed in service.

Each amount described under subparagraph (A) or (B) shall be reduced by the amount of the deduction, if any, allowed under paragraph (3) which is attributable to any portion of the amount described in such subparagraph.

"(2) PERIOD OF AMORTIZATION.—The period referred to in paragraph (1) shall begin with—

"(A) the month in which the section 188 property is placed in service, or

"(B) in the case of amounts described in paragraph (1)(B), the month after the month in which such basis was acquired.

"(3) ADDITIONAL FIRST YEAR DEPRECIATION.—In addition to any deduction allowed under paragraph (1), there shall be allowed, at the election of the taxpayer, as a deduction for the taxable year in which any section 188 property is placed in service an amount equal to any additional allowance which the taxpayer could elect under section 179 with respect to such property if the taxpayer elected the deduction under section 167 rather than the deduction under paragraph (1).

"(4) APPLICATION WITH OTHER DEDUCTIONS.—The deductions provided by this subsection with respect to any expenditure shall be in lieu of any depreciation deduction otherwise allowable on account of such expenditure.

"(b) DEFINITIONS.—For purposes of this section—

"(1) SECTION 188 PROPERTY.—The term 'section 188 property' means tangible property which—

"(A) is an integral part of a child care facility (as defined by regulations prescribed by the Secretary) in which—

"(i) at least a majority of all the children for whom care is provided during the taxable year (determined over the period of such taxable year) are children of employees of the taxpayer, and

"(ii) the care of each child is provided without charge or for a fee that is reasonably related to the operating costs incurred by the taxpayer in providing services to such child,

"(B) is of a character subject to depreciation, and

"(C) is located within the United States.

"(2) PLACED IN SERVICE.—The term 'placed in service' means placed in a condition or state of readiness and availability to function as section 188 property.

"(3) EMPLOYEES.—In the case of a child care facility operated by two or more employers, the employees of such an employer shall be considered the employees of each employer who operates such facility.".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to expenditures incurred and property placed in service (as defined in the amendment made by paragraph (1)) after December 31, 1980.

(b) AVAILABILITY OF INVESTMENT CREDIT.—

(1) IN GENERAL.—Paragraph (8) of section 48(a) of such Code (relating to definitions and special rules for the investment credit) is amended by striking out "188,".

(2) USEFUL LIFE.—Paragraph (2) of section 46(c) of such Code (relating to qualified investment) is amended by inserting "(if amortized under section 188, the useful life which would have been used if depreciated under section 167)" after "section 167".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to periods after December 31, 1980, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1954.

(c) REAL PROPERTY AMORTIZED UNDER SECTION 188 SUBJECT TO RECAPTURE UNDER SECTION 1250.—

(1) IN GENERAL.—Subparagraph (D) of section 1245(a)(3) of such Code (relating to gain from dispositions of certain depreciable property) is amended by striking out "188,".

(2) EFFECTIVE DATE—The amendments made by this subsection shall apply to disposition made after December 31, 1980.

SEC. 11. EFFECTIVE DATE.

Except as otherwise provided in this Act, the amendments made by this Act shall apply to taxable years beginning after December 31, 1980.

S. 1479

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXCLUSION FROM THE INCOME OF AN EMPLOYEE OF ANY BENEFITS RECEIVED FROM, OR CONTRIBUTIONS OF AN EMPLOYER TO, AN ADOPTION EXPENSE PLAN.

(a) EXCLUSION FROM INCOME.—Subsection (b) of section 105 of the Internal Revenue Code of 1954 (relating to amounts received under accident and health plans) is amended to read as follows:

"(b) MEDICAL CARE AND ADOPTION EXPENSES.—Except in the case of amounts received by a taxpayer attributable to, and not in excess of, deductions allowed under section 213 (relating to medical, etc., expenses) or section 221 (relating to adoption expenses) for any prior taxable year, gross income does not include—

"(1) amounts referred to in subsection (a) if such amounts are paid, directly or indirectly, to the taxpayer to reimburse the taxpayer for expenses incurred by him for the medical care (as defined in section 213(e)(1)) of the taxpayer, his spouse, and his dependents (as defined in section 152), or

"(2) amounts—

"(A) received by an employee under an adoption expense plan, or

"(B) contributed by an employer on behalf of an employee to an adoption expense plan.".

(b) DISCRIMINATORY PLANS.—Subsection (h) of section 105 of such Code (relating to amounts paid under a discriminatory self-insured medical expense reimbursement plan) is amended—

(1) by striking out "self-insured medical reimbursement plan" each place it appears and inserting in lieu thereof "self-insured reimbursement plan",

(2) by inserting "or adoption benefits" after "health benefits" in clause (iv) of paragraph (3)(B), and

(3) by striking out "Self-Insured Medical Expense Reimbursement Plan" in the caption and inserting in lieu thereof "Self-Insured Reimbursement Plan".

(c) DEFINITION OF SELF-INSURED REIMBURSEMENT PLAN.—Paragraph (6) of section 105(h) of such Code is amended to read as follows:

"(6) SELF-INSURED REIMBURSEMENT PLAN.—For purposes of this section, the term 'self-insured reimbursement plan' means—

"(A) a plan of an employer to reimburse employees for expenses referred to in subsection (b)(1) for which reimbursement is not provided under a policy of accident and health insurance, or

"(B) an adoption expense plan.".

(d) DEFINITION OF ADOPTION EXPENSE PLAN.—Section 105 of such Code is amended by adding at the end thereof the following new subsection:

"(i) ADOPTION EXPENSE PLAN.—For the purposes of this section, an adoption expense plan is a written plan of an employer to reimburse employees for adoption expenses (as defined in section 221(b)) incurred by such employees.".

(e) CONFORMING AMENDMENTS.—

(1) The heading of section 105 of such Code is amended by inserting "; ADOPTION EXPENSE PLANS" after "PLANS".

(2) The table of sections for part III of subchapter 8 of chapter 1 of such Code is amended by inserting "; adoption expense plans" after "plans" in the item relating to section 105.

(3) Paragraph (20) of section 3401(a) of such Code (relating to the collection of income tax at source) is amended—

(A) by striking out "medical care", and

(B) by striking out "self-insured medical reimbursement plan" and inserting in lieu thereof "self-insured reimbursement plan".

SEC. 2. DEDUCTION FOR ADOPTION EXPENSES PAID BY AN INDIVIDUAL.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to additional itemized deductions for individuals) is amended by redesignating section 221 as section 222 and by inserting after section 220 the following new section:

"SEC. 221. ADOPTION EXPENSES.

"(a) ALLOWANCE OF DEDUCTION.—In the case of an individual, there shall be allowed as a deduction the amount of the adoption expenses, not compensated by insurance or otherwise, paid or incurred by the taxpayer during the taxable year.

"(b) ADOPTION EXPENSES DEFINED.—For purposes of this section, the term "adoption expenses" means reasonable and necessary expenses incurred which are directly related to the legal adoption of a child by the taxpayer, including, but not limited to, legal fees, medical expenses, adoption fees, temporary foster care expenses, transportation costs, or expenses related to the pregnancy of the natural mother of such child, when said adoption has been arranged by a public welfare department (or similar State or local public social service agency with legal responsibility for child placement) or by a not-for-profit voluntary adoption agency authorized or otherwise licensed by the State or local government to place children for adoption and when said adoption expenses are not incurred in violation of State or Federal law.

"(c) DENIAL OF DOUBLE BENEFIT.—No amount which is taken into account in computing a deduction or credit under any other provision of this chapter shall be allowed as a deduction under this section.".

(b) ADJUSTED GROSS INCOME.—Section 62 of such Code (defining adjusted gross income) is amended by inserting after paragraph (16) the following new paragraph:

"(17) ADOPTION EXPENSES.—The deduction allowed by section 221.".

(c) CONFORMING AMENDMENT.—The table of sections for such part VII is amended by striking out the item relating to section 221 and inserting in lieu thereof the following:

"Sec. 221. Adoption expenses.
"Sec. 222. Cross references.".

SEC. 3. EMPLOYER CONTRIBUTION TO ADOPTION EXPENSE PLAN TREATED AS AN ORDINARY AND NECESSARY BUSINESS EXPENSE.

Section 162 of the Internal Revenue Code of 1954 (relating to trade or business expenses) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

"(h) CONTRIBUTIONS TO ADOPTION EXPENSE PLAN.—For purposes of subsection (a), any contribution made by an employer to an adoption expense plan (as defined in section 105(i)) for, or on behalf of, an employee shall be treated as an ordinary and necessary expense incurred in carrying on a trade or business.".

SEC. 4. EFFECTIVE DATE.

The amendments made by this Act shall apply to taxable years beginning after December 31, 1980.

S. 1480

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (b) of section 152 of the Internal Revenue Code of 1954 (relating to rules relating to general definition of dependent) is amended by adding at the end thereof the following new paragraph:

"(6) For purposes of subsection (a), in the case of an individual who—

"(A) for at least 270 days during the calendar year in which the taxable year begins had a foster child (whether or not the same child) whose principal place of abode was the individual's home and who was a member of the individual's household, and

"(B) provided over half of the support for any foster child during any period taken into account with respect to such foster child under subparagraph (A),

such individual shall be treated as having (in addition to any other children of such individual) one child by blood who has not attained the age of 19 before the close of such calendar year and with respect to whom such individual has provided over half of such child's support for such calendar year. For purposes of the preceding sentence, no foster child described in paragraph (2) shall be taken into account under this paragraph. For purposes of determining under this title the amount of expenditures on behalf of a dependent of a taxpayer, amounts paid or incurred on behalf of all foster children described in subparagraph (A) shall be treated as made on behalf of one child.".

(b) The amendment made by this section shall apply to taxable years beginning after December 31, 1980.

S. 1481

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DIVORCED HUSBANDS

SECTION 1. (a)(1) Section 202(c)(1) of the Social Security Act is amended, in the matter preceding subparagraph (A), by inserting "and every divorced husband (as defined in section 216(d))" before "of an individual", and by inserting "or such divorced husband" after "if such husband".

(2) Section 202(c)(1) of such Act is further amended—

(A) by striking out "and" at the end of subparagraph (B), by redesignating subparagraph (C) as subparagraph (D), and by inserting after subparagraph (B) the following new subparagraph:

"(C) in the case of a divorced husband, is not married, and";

(B) by striking out "after August 1950" in the matter following subparagraph (D) (as so redesignated); and

(C) by striking out "the month in which any of the following occurs:" and all that follows and inserting in lieu thereof the following:

"the first month in which any of the following occurs:

"(E) he dies,

"(F) such individual dies,

"(G) in the case of a husband, they are divorced and either (i) he has not attained age 62, or (ii) he has attained age 62 but has not been married to such individual for a period of 10 years immediately before the divorce became effective,

"(H) in the case of a divorced husband, he marries a person other than such individual,

"(I) he becomes entitled to an old-age or disability insurance benefit based on a primary insurance amount which is equal to or exceeds one-half of the primary insurance amount of such individual, or

"(J) such individual is not entitled to disability insurance benefits and is not entitled to old-age insurance benefits.".

(3) Section 202(c)(3) of such Act is amended by inserting "(or, in the case of a divorced husband, his former wife)" before "for such month".

(4) Section 202(c) of such Act is further amended by adding after paragraph (3) the following new paragraph:

"(4) In the case of any divorced husband who marries—

"(A) an individual entitled to benefits under subsection (b), (e), (g), or (h) of this section, or

"(B) an individual who has attained the age of 18 and is entitled to benefits under subsection (d), such divorced husband's entitlement to benefits under this subsection shall, notwithstanding the provisions of paragraph (1) (but subject to subsection (s)), not be terminated by reason of such marriage.".

(5) Section 202(c)(2)(A) of such Act is amended by inserting "(or divorced husband)" after "payable to such husband".

(6) Section 202(b)(3)(A) of such Act is amended by striking out "(f)" and inserting in lieu thereof "(c), (f),".

(7) Section 202(c)(1)(D) of such Act (as redesignated by paragraph (2) of this subsection) is amended by striking out "his wife" and inserting in lieu thereof "such individual".

(b)(1) Section 202(f)(1) of such Act is amended, in the matter preceding subparagraph (A), by inserting "and every surviving

divorced husband (as defined in section 216 (d))" before "of an individual", and by inserting "or such surviving divorced husband" after "if such widower".

(2) Section 202(f)(1) of such Act is further amended by striking out "his deceased wife" in subparagraph (D) and in the matter following subparagraph (F) and inserting in lieu thereof "such deceased individual".

(3) Paragraphs (2), (3), (6), and (7) of section 202(f) of such Act are each amended by inserting "or surviving divorced husband" after "widower" wherever it appears.

(4)(A) Paragraph (3)(A) of section 202(f) of such Act is further amended by striking out "his deceased wife" and by inserting in lieu thereof "such deceased individual".

(B) Paragraph (3)(B) of section 202(f) of such Act is amended by striking out "deceased wife" each place it appears and inserting in lieu thereof "deceased individual", and by striking out "such wife" and inserting in lieu thereof "such deceased individual".

(5) Section 202(f)(4) of such Act is further amended by striking out "remarries" and inserting in lieu thereof "or a surviving divorced husband, marries", and by inserting "or surviving divorced husband's" after "widower's".

(6) Section 202(e)(3)(A) of such Act is amended by striking out "(f)" and inserting in lieu thereof "(c), (f),".

(7) Section 202(g)(3)(A) of such Act is amended by inserting "(c)," before "(f),".

(8) Section 202(h)(4)(A) of such Act is amended by inserting "(c)," before "(e),".

(c)(1) Section 216(d) of such Act is amended by redesignating paragraph (4) as paragraph (6), and by inserting after paragraph (3) the following new paragraphs:

"(4) The term 'divorced husband' means a man divorced from an individual, but only if he had been married to such individual for a period of 10 years immediately before the date the divorce became effective.

"(5) The term 'surviving divorced husband' means a man divorced from an individual who has died, but only if he had been married to the individual for a period of 10 years immediately before the divorce became effective.".

(2) The heading of section 216(d) of such Act is amended to read as follows:

"DIVORCED SPOUSES; DIVORCE".

(d)(1) Section 205(b) of such Act is amended by inserting "divorced husband," after "husband," and "surviving divorced husband," after "widower,".

(2) Section 205(c)(1)(C) of such Act is amended by inserting "surviving divorced husband," after "wife,".

FATHER'S INSURANCE BENEFITS

SEC. 2. (a) Section 202(g) of the Social Security Act is amended—

(1) by striking out "widow" wherever it appears and inserting in lieu thereof "surviving spouse";

(2) by striking out "widow's" wherever it appears and inserting in lieu thereof "surviving spouse's";

(3) by striking out "wife's insurance benefits" in paragraph (1)(D) and inserting in lieu thereof "a spouse's insurance benefit";

(4) by striking out "he" in paragraph (1)(D) and inserting in lieu thereof "such individual";

(5) by striking out "her" wherever it appears and inserting in lieu thereof "his or her";

(6) by striking out "she" wherever it appears and inserting in lieu thereof "his or she";

(7) by striking out "mother" wherever it appears and inserting in lieu thereof "parent";

(8) by inserting "or father's" after "mother's" wherever it appears;

(9) by striking out "after August 1950"; and

(10) by inserting "this subsection or" before "subsection (a)" in paragraph (3)(A).

(b) The heading of section 202(g) of such Act is amended by inserting "and Father's" after "Mother's".

(c) Section 216(d) of such Act (as amended by section 1(c)(1) of this Act) is further amended by redesignating paragraph (6) as paragraph (8), and by inserting after paragraph (5) the following new paragraphs:

"(6) The term 'surviving divorced father' means a man divorced from an individual who has died, but only if (A) he is the father of her son or daughter, (B) he legally adopted her son or daughter while he was married to her and while such son or daughter was under the age of 18, (C) she legally adopted his son or daughter while he was married to her and while such son or daughter was under the age of 18, or (D) he was married to her at the time both of them legally adopted a child under the age of 18.

"(7) The term 'surviving divorced parent' means a surviving divorced mother as defined in paragraph (3) of this subsection or a surviving divorced father as defined in paragraph (6).".

(d) Section 202(c)(1) of such Act (as amended by section 1(a)(2) of this Act) is further amended by inserting "(subject to subsection (s))" before "be entitled to" in the matter following subparagraph (D) and preceding subparagraph (E).

(e) Section 202(c)(1)(B) of such Act is amended by inserting after "62" the following: "or (in the case of a husband) has in his care (individually or jointly with such individual) at the time of filing such application a child entitled to child's insurance benefits on the basis of the wages and self-employment income of such individual".

(f) Section 202(c)(1) of such Act (as amended by section 1(a)(2) of this Act) is further amended by redesignating the new subparagraphs (I) and (J) as subparagraphs (J) and (K), respectively, and by adding after subparagraph (H) the following new subparagraph:

"(I) in the case of a husband who has not attained age 62, no child of such individual is entitled to a child's insurance benefit,".

(g) Section 202(f)(1)(C) of such Act is amended by inserting "(i)" after "(C)", by adding "or" after "223,", and by inserting at the end thereof the following new clause:

"(ii) was entitled, on the basis of such wages and self-employment income, to father's insurance benefits for the month preceding the month in which he attained age 65,".

(h) Section 202(f)(6) of such Act is amended by striking out "or" at the end of subparagraph (A), by adding "or" after the comma at the end of subparagraph (B), and by adding after subparagraph (B) the following new subparagraph:

"(C) the last month for which he was entitled to father's insurance benefits on the basis of the wages and self-employment income of such individual,".

REMARRIAGE OF SURVIVING SPOUSE BEFORE AGE SIXTY

SEC. 3. Section 202(f)(1)(A) of the Social Security Act is amended by striking out "has not remarried" and inserting in lieu thereof "is not married".

CREDIT FOR CERTAIN MILITARY SERVICE

SEC. 4. Section 217(f) of the Social Security Act is amended by striking out "widow" each place it appears and inserting in lieu thereof "surviving spouse", by striking out "his" the first three times it appears in paragraph (1) and inserting in lieu thereof "such veteran's", and by striking out "her" each place it appears in paragraph (2) and inserting in lieu thereof "his or her".

TRANSITIONAL INSURED STATUS

SEC. 5. (a) Section 227(a) of the Social Security Act is amended—

(1) by striking out "wife" wherever it appears and inserting in lieu thereof "spouse";

(2) by striking out "wife's" wherever it appears and inserting in lieu thereof "spouse's";

(3) by striking out "she" wherever it appears and inserting in lieu thereof "he or she";

(4) by striking out "his" wherever it appears and inserting in lieu thereof "his or her"; and

(5) by inserting "or section 202(c)" after "section 202(b)" wherever it appears.

(b) Section 227(b) and section 227(c) of such Act are amended—

(1) by striking out "widow" wherever it appears and inserting in lieu thereof "surviving spouse";

(2) by striking out "widow's" wherever it appears and inserting in lieu thereof "surviving spouse's";

(3) by striking out "her" wherever it appears and inserting in lieu thereof "the"; and

(4) by inserting "or section 202(f)" after "section 202(e)" wherever it appears.

(c) Section 216 of such Act (as amended by the preceding provisions of this Act) is further amended by inserting before subsection (b) the following new subsection:

"SPOUSE: SURVIVING SPOUSE

"(a)(1) The term 'spouse' means a wife as defined in subsection (b) or a husband as defined in subsection (f).

"(2) The term 'surviving spouse' means a widow as defined in subsection (c) or a widower as defined in subsection (g).".

EQUALIZATION OF BENEFITS UNDER SECTION 228

SEC. 6. (a) Section 228(b)(2) of the Social Security Act is amended—

(1) by striking out "the husband's benefit" and inserting in lieu thereof "each of their benefits"; (2) by striking out "$64.40" and inserting in lieu thereof "$48.30"; and

(3) by striking out everything after "section 215(i)" the first time it appears and inserting in lieu thereof a period.

(b) Section 228(c)(3) of such Act is amended to read as follows:

"(3) In the case of a husband or wife, both of whom are entitled to benefits under this section for any month, the benefit amount of each, after any reduction under paragraph (1), shall be further reduced (but not below zero) by the excess (if any) of (A) the total amount of any periodic benefits under governmental pension systems for which the other is eligible for such month, over (B) the larger of $48.30 or the amount most recently established in lieu thereof under section 215(i).".

(c) The Secretary shall increase the amounts specified in section 228 of the Social Security Act, as amended by this section, to take account of any general benefit increases (as referred to in section 215(i)(3) of such Act), and any increases under section 215(i) of such Act which occur after June 1974.

ILLEGITIMATE CHILDREN

SEC. 7. (a) Section 216(h)(3) of the Social Security Act is amended by inserting "mother or" before "father" wherever it appears, by striking out "his" wherever it appears and inserting in lieu thereof "his or her", and by striking out "he" in subparagraph (E) and inserting in lieu thereof "he or she".

(b) Section 216(h)(3)(A)(i) of such Act is amended by striking out "daughter," at the end of clause (III) and all that follows and inserting in lieu thereof "daughter; or".

(c) Section 216(h)(3)(A)(ii) of such Act is amended by striking out everything after

"time" and inserting in lieu thereof "such applicant's application for benefits was filed;".

(d) Section 216(h)(3)(B)(i) of such Act is amended by striking out "daughter," at the end of clause (III) and all that follows and inserting in lieu thereof "daughter; or".

(e) Section 216(h)(3)(B)(ii) of such Act is amended by striking out "such period of disability began" and inserting in lieu thereof "such applicant's application for benefits was filed".

TREATMENT OF SELF-EMPLOYMENT INCOME OF MARRIED COUPLES

SEC. 8 (a) Section 211(a)(5)(A) of the Social Security Act is amended to read as follows:

"(A) If two individuals are husband and wife and either of them derives any income from a trade or business (other than a trade or business carried on by a partnership), all of the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the spouse who exercises the greater management and control of the trade or business; except that if each spouse exercises equal management and control of the trade or business, or the two spouses elect to be treated for purposes of this subparagraph as exercising equal management and control of the trade or business, such income and deductions shall be evenly divided between them.".

(b) Section 1402(a)(5)(A) of the Internal Revenue Code of 1954 is amended to read as follows:

"(A) two individuals are husband and wife and either of them derives any income from a trade or business (other than a trade or business carried on by a partnership), all of the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the spouse who exercises the greater management and control of the trade or business; except that if each spouse exercises equal management and control of the trade or business, or the two spouses elect to be treated for purposes of this subparagraph as exercising equal management and control of the trade or business, such income and deductions shall be evenly divided between them; and".

(c) The amendments made by this section apply with respect to taxable years beginning after December 1981.

EFFECT OF MARRIAGE ON CHILDHOOD DISABILITY BENEFITS AND ON OTHER DEPENDENTS' OR SURVIVORS' BENEFITS

SEC. 9. (a) Sections 202(b)(3), 202(d)(5), 202(e)(3), 202(g)(3), and 202(h)(4) of the Social Security Act are each amended by striking out "; except that" and all that follows and inserting in lieu thereof a period.

(b) The amendments made by subsection (a) shall apply with respect to benefits under title II of the Social Security Act for months after December 1981, but only in cases where the "last month" referred to in the provision amended is a month after December 1981.

CONFORMING AMENDMENTS

SEC. 10. (a) Section 202(b)(3)(A) of the Social Security Act (as amended by section 1(a)(6) of this Act) is further amended by inserting "(g)," after "(f),".

(b) Section 202(q)(3) of such Act is amended by inserting "or surviving divorced husband" after "widower" in subparagraphs (E), (F), and (G).

(c) Section 202(g)(5) of such Act is amended—

(1) by inserting "husband's or" before "wife's" each place it appears;

(2) by inserting "he or" before "she" each place it appears;

(3) by inserting "his or" before "her" each place it appears;

(4) by striking out "the woman" in subparagraph (B)(ii) and "a woman" in subparagraph (C) and inserting in lieu thereof "the individual" and "an individual", respectively; and

(5) in subparagraph (D), by inserting "or widower's" after "widow's", by inserting "wife or" before "husband" each place it appears, by inserting "wife's or" before "husband's" each place it appears, and by inserting "father's or" before "mother's".

(d)(1) Section 202(q)(6)(A)(i) of such Act is amended by striking out "or husband's" in subdivision (I), and by inserting "or husband's" after "wife's" in subdivision (II).

(2) Section 202(q)(7) of such Act is amended, in subparagraph (B), by inserting "or husband's" after "wife's", by inserting "he or" before "she", and by inserting "his or" before "her", and in subparagraph (D) by inserting "or widower's" after "widow's".

(e)(1) Section 202(s)(1) of such Act is amended by inserting "(c)(1)," after "(b)(1),".

(2) Section 202(s)(2) of such Act is amended by striking out "Subsection (f)(4), and so much of subsections (b)(3), (d)(5), (e)(3), (g)(3), and (h)(4), of this section as precedes the semicolon," and inserting in lieu thereof "Subsections (b)(3), (d)(5), (c)(4), (e)(3), (f)(4), (g)(3), and (h)(4) of this section".

(3) Section 202(s)(3) of such Act is amended by striking out "So much of subsections (b)(3), (d)(5), (e)(3), (g)(3), and (h)(4) of this section as follows the semicolon, the" and inserting in lieu thereof "The".

(f) The third sentence of section 203(b) of such Act is amended by inserting "or father's" after "mother's".

(g)(1) The text of section 203(c) of such Act is amended to read as follows:

"(c) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefits or benefit under section 202 for any month—

"(1) in which such individual is under the age of 70 and on seven or more different calendar days of which such individual engaged in noncovered remunerative activity outside the United States;

"(2) in which such individual, if a wife or husband under age 65 entitled to a wife's or husband's insurance benefit, did not have in his or her care (individually or jointly with his or her spouse) a child of such spouse entitled to a child's insurance benefit and such wife's or husband's insurance benefit for such month was not reduced under the provisions of section 202(g);

"(3) in which such individual, if a widow or widower entitled to a mother's or father's insurance benefit, did not have in his or her care a child of his or her deceased spouse entitled to a child's insurance benefit; or

"(4) in which such an individual, if a surviving divorced mother or father entitled to a mother's or father's insurance benefit, did not have in his or her care a child of his deceased former spouse who (A) is his or her son, daughter, or legally adopted child, and (B) is entitled to a child's insurance benefit on the basis of the wages and self-employment income of such deceased former spouse.

For purposes of paragraphs (2), (3), and (4) of this subsection, a child shall not be considered to be entitled to a child's insurance benefit for any month in which paragraph (1) of section 202(s) applies or an event specified in section 222(b) occurs with respect to such child. Subject to paragraph (3) of such section 202(s), no deductions shall be made under this subsection from any child's insurance benefit for the month in which the child entitled to such benefit attained the age of 18 or any subsequent month; nor shall any deduction be made under this subsection from any widow's insurance benefits for any month in which the widow or surviving divorced wife is entitled and has not attained age 65 (but only if she became so entitled prior to attaining age 60), or from any widower's insurance benefit for any month in which the widower or surviving divorced husband is entitled and has not attained age 65 (but only if he became so entitled prior to attaining age 60).".

(2) With respect to taxable years ending on or before December 31, 1981, the number "70" in section 203(c)(1) of the Social Security Act (as amended by paragraph (1) of this subsection) shall be deemed to be "72".

(h) Section 203(d) of such Act is amended by inserting "divorced husband," after "husband," in paragraph (1), and by inserting "or father's" after "mother's" each place it appears in paragraph (2).

(i)(1) Section 205(b) of such Act (as amended by section 1(d)(1) of this Act) is further amended by inserting "surviving divorced father," after "mother,".

(2) Section 205(c)(1)(C) of such Act (as amended by section 1(d)(2) of this Act) is further amended by inserting "surviving divorced father," after "surviving divorced mother,".

(j) Section 216(f) of such Act is amended by inserting "(c)," before "(f)" in clause (3)(A).

(k) Section 216(g) of such Act is amended by inserting "(c)," before "(f)" in clause (6)(A).

(l) Section 222(b)(1) of such Act is amended by striking out "or surviving divorced wife" and inserting in lieu thereof ", surviving divorced wife, or surviving divorced husband".

(m) Section 222(b)(2) of such Act is amended by inserting "or father's" after "mother's" each place it appears.

(n) Section 222(b)(3) of such Act is amended by inserting "divorced husband," after "husband,".

(o) Section 222(d)(1) of such Act is amended by inserting "and surviving divorced husbands" after "for widowers" in the matter following clause (iii).

(p) Section 223(d)(2) of such Act is amended by striking out "or widower" where it appears in subparagraphs (A) and (B) and inserting in lieu thereof "widower, or surviving divorced husband".

(q) Section 225 of such Act is amended by inserting "or surviving divorced husband" after "widower".

(r)(1) Section 226(e)(3) of such Act is amended to read as follows:

"(3) For purposes of determining entitlement to hospital insurance benefits under subsection (b), any disabled widow age 50 or older who is entitled to mother's insurance benefits (and who would have been entitled to widow's insurance benefits by reason of disability if she had filed for such widow's benefits), and any disabled widower age 50 or older who is entitled to father's insurance benefits (and who would have been entitled to widower's insurance benefits by reason of disability if he had filed for such widower's benefits), shall, upon application for such hospital insurance benefits, be deemed to have filed for such widow's or widower's benefits.".

(2) For purposes of determining entitlement to hospital insurance benefits under section 226(e)(3) of the Social Security Act, as amended by paragraph (1) of this subsection, an individual becoming entitled to such hospital insurance benefits as a result of the amendment made by such paragraph shall, upon furnishing proof of such disability within 12 months after the month in which this Act is enacted, under such procedures as the Secretary of Health and Human Services may prescribe, be deemed to have been entitled to the widow's or widower's benefits

referred to in such section 226(e)(3), as so amended, as of the time such individual would have been entitled to such widow's or widower's benefits if he or she had filed a timely application therefor.

EFFECTIVE DATE

SEC. 11. Except as otherwise specifically provided in this Act, the amendments made by this Act shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after December 1981.

SECTION-BY-SECTION ANALYSIS

A. DEPENDENT CARE AMENDMENTS

Section 2—Increase in credit percentage

The Internal Revenue Code currently permits a working individual to take a tax credit for day care costs equal to 20 percent of the expense, up to 20 percent of $2,000 (or $4,000 if the family has expenses for two or more dependents). Thus, the maximum credit, for all incomes, is $400 for one dependent, $800 for two or more.

This bill replaces the current credit of 20 percent of allowable expenses with a sliding credit based on family income. Families with incomes of $10,000 or less receive a 50 percent credit, with the credit reduced by 1 percent for each $1,000 increase in income—until the credit equals 20 percent. As income exceeds $40,000, the credit remains equal to the existing 20 percent level. This scale targets greater tax relief to those most in need of financial assistance in pursuit of employment.

Section 3—Refundable credit

Currently, the day care tax relief is applied as a credit against taxes owed. This bill would make the benefit refundable in cash to those families whose tax liability is less than the value of the credit. Allowing the credit to be refundable will assist mainly two dependent families with incomes below $20,000 and single dependent families with incomes below $14,000.

Section 4—Increase in allowable expenses

The bill increases the dependent care expenses upon which a taxpayer may apply the credit from $2,000 to $2,400 for families with one dependent receiving care, and from $4,000 to $4,800 for families with two or more dependents receiving care. Because inflation has increased the average expense for child care from that prevailing in 1976, when Congress established the current limits, this bill reflects the existing weekly average care facility fee of $50.

Section 5—Service outside taxpayer's household

Existing law enables taxpayers to take advantage of the tax credit for dependents 15 years of age or older if they are physically or mentally incapable of caring for themselves. Currently, families may utilize out-of-home care only for dependents under age 15. Therefore, under existing law, a handicapped dependent over age 15 must receive care in the home. The bill responds to the interest in encouraging families to care for elderly and handicapped dependents without institutionalization by permitting qualified dependents 15 years of age or older to receive care outside the home. For care provided in a child care center, the center must comply with all state and local laws and regulations in order for a taxpayer to utilize the credit.

Section 6—Coverage for parent with low income

The dependent care expenses which a taxpayer may consider for credit computation cannot exceed the income of the spouse who earns the least. Thus, under current law, a parent who engages in substantial full-time employment or farming, but because of the nature of his or her job earns little or no income, cannot take full advantage of the dependent care credit. This bill treats parents engaged in substantially full-time employment, but who receive little or no income, as if they had earned income for the purpose of computing the dependent care credit.

Section 7—Tax exempt status

The bill eliminates the requirement that a non-profit day care facility provide some educational purpose to qualify for tax exempt status. This change will permit non-profit facilities to more readily solicit charitable contributions.

Section 8—Exclusion from income

The bill excludes the value of dependent care provided by employers from the gross income of the employee. Although the IRS does not currently litigate this issue because of a temporary congressional ban on IRS activity to expand the concept of in-kind compensation, under general tax theory employees should include in their gross income the value of dependent care services provided by employers.

Section 9—Employer credit

To encourage the expansion of on-premise facilities and the provision of quality care services, this bill provides a credit for all non-capital expenses incurred by an employer in providing care to the dependents of its employees. The employer could not generate a profit from these activities in order to receive a credit. This credit treats the non-profit on-premise facility similar to community non-profit operations, without requiring employers to create a separate entity to operate their facilities. This credit also enables small businesses to contract with community facilities for the care of their employees' dependents.

Section 10—Rapid amortization for child-care facilities

To encourage the expansion of on-premise facilities, the bill provides incentives for employers to make capital investments in dependent care. The bill reduces the current special 5-year depreciation period for these capital costs to a 3-year period. The existing 5-year provision expires at the end of this year. By electing to apply the existing depreciation provision, an employer loses the opportunity to take first year depreciation and an investment tax credit which the code provides for other capital expenditures. The bill eliminates this discrimination against child care facilities depreciated in this rapid manner. The bill also reduces the requirement that 80 percent of the children cared for by a facility depreciated in the rapid manner must be children of employees; the bill requires that only a majority of the children be those of the employees. Any fees charged by an on-premise facility cannot exceed reasonable operating expenses to qualify for accelerated depreciation.

B. ADOPTION EXPENSE AMENDMENTS

Section 1—Exclusion from income of employees

Under Current Law, the value of adoption benefits provided by employers must be included in computing the income of an employee. This bill permits an employee to exclude from his or her income the value of any adoption benefit. This exclusion from income parallels the treatment of employer-provided medical insurance which covers the cost of pregnancy related expenses.

Section 2—Deductions for adoption expenses

Under current law, expenses related to an adoption such as legal bills, adoption fees, and medical expenses of the natural mother are not deductible. This bill enables a taxpayer to deduct the reasonable and necessary expenses which are directly related to the adoption of a child. This provision will encourage the adoption of foster children and reduce the economic barriers to adoption for prospective parents. The adoption must be arranged by a public agency or a state authorized or licensed not-for-profit voluntary adoption agency. The stipulation on the placement agency is intended to protect the welfare of the child by assuring that placements are not made by totally unqualified organizations.

Section 3—Employer contributions deductible

This bill treats expenses incurred by an employer in providing adoption benefits to its employees as ordinary and necessary business expenses, and thus deductible as a trade or business expense. Under current law, an employer can take a deduction only by including the value of the benefit in the wages of the employee. This section treats adoption benefits as a true fringe benefit rather than as a form of wages for tax purposes.

C. FOSTER CARE AMENDMENTS

Under current law, a taxpayer may take a dependent deduction only if he or she provides over half the support to a child during the taxable year. However, taxpayers who provide support as foster parents to many children throughout the year, each for a short period of time, usually cannot qualify for a dependent deduction because they do not provide over half for a single child during the year.

This bill amends the definition of "dependent" by permitting a taxpayer to be treated as having one dependent if the taxpayer has a foster child in the home for at least 270 days during the taxable year, regardless as to whether or not it is the same child, and provides over half the support for each child used in computing the period. This bill would thus enable taxpayers acting as foster parents for a substantial period during the year to qualify for a dependent exemption and to take advantage of deductions for medical expenses incurred for the care of foster children. This change in the definition of dependent injects greater equity into the tax code by treating all taxpayers similarly, regardless of whether the support they provide is for their own or foster children.

D. SOCIAL SECURITY AMENDMENTS

Section 1—Divorced husband benefits

Section 1 would equalize the treatment of divorced spouses. Under current law, a divorced woman qualifies for benefits on a former husband's wage record when she reaches age 62, at 60 if her former husband is deceased, or at age 50 if she is a disabled widow. A divorced man, however, qualifies for benefits on a former wife's wage record when he reaches age 62 and his former wife is still living. This provision would make the eligibility criteria for men the same as those now existing for women.

A report issued by HHS estimates that this change would affect about 500 men and cost about $1 million in additional benefits in each of the first five years. The long-range program and administrative costs would be negligible.

Section 2—Father's insurance benefits

This provision, which equalizes the treatment of spouses caring for young children, has the broadest impact of any of the provisions. Currently, a mother caring for young children receives benefits for herself and children if her husband (or former husband) is deceased or receiving disability or retirement benefits. A father receives benefits only if his wife (or former wife) is deceased. Section 2 extends benefits to fathers caring for young children if his wife (or former wife) is disabled or retired.

HHS estimates that 2,000 men would become newly eligible for benefits based on earnings of their retired, deceased, or disabled wives. These additional benefits would average between $3 and $4 million a year for the first five years.

Section 3—Remarriage of surviving spouse before age sixty

A widow under existing law qualifies for benefits based on a deceased first husband's earnings if she has remarried before age 60 and is divorced or widowed from her second husband when she applies for benefits. A widower, however, cannot receive such benefits based on a first wife's earnings if he has remarried before age 60, even though the later marriage has terminated. This section enables widowers to qualify for survivor benefits on the same basis as widows.

This provision affects very few widowers since most are insured on the basis of their own earnings.

Section 4—Credit for certain military service

Currently a widow can waive a payment of a civil service survivor's annuity based on whole or in part on credit for military service performed prior to 1957. A widow can apply these credits to qualify for, or raise, her social security widow's benefit. A widower, however, cannot waive payment of such an annuity in order to credit his earnings record. This provision puts no financial demand on the social security trust funds as military service credits are provided out of general revenues.

Section 5—Transitional insured status

Some individuals had no opportunity to qualify for social security retirement benefits because of their age when the program began (eg. those born in 1898 or before). In order to assure some retirement income to those people, Congress enacted a special monthly payment provision for persons in this age category. Currently, wives and widows of men qualifying under this provision receive a benefit based on the husband's record; no benefits are provided to husbands and widowers of women eligible for the benefit. This section eliminates this distinction, enabling men to qualify for the benefit.

Today, very few persons qualify for this benefit and only a few additional persons would receive funds under this change. In time, this provision is made ineffective as persons born prior to 1891 become deceased.

Section 6—Equalization of special age 72 benefits

Under current law, individuals attaining 72 before 1968 qualify for a special transitional benefit. An entitled individual receives a monthly benefit of $117. However, when a husband and wife each qualify on their own merits, the husband receives $117 while the wife receives $58.50 (one-half the benefit she would receive if she were single). This section equalizes benefits by providing for full payment of $117 to each qualified individual regardless of marriage status or sex.

Equalizing benefits costs approximately one-half million dollars, with the cost declining to zero as qualifying individuals become deceased. In addition, this change does not place an additional burden on trust fund moneys since general revenues provide 98 percent of its funding.

Section 7—Illegitimate children

Current law applies the interstate inheritance statute of the applicant's residence in determining whether the applicant qualifies as a child of the insured. In those states in which an illegitimate child cannot inherit from the estate of his parent, the law establishes the relationship of parent and child. There are two means of establishing paternity which cannot be used to establish maternity. This provision eliminates the differing standards of evidence, permitting methods used to establish paternity to also establish maternity.

Section 8—Self employment income

In some states, the entire amount of self-employment income of a couple is considered, for social security purposes, to be the husband's income. In other states, all of the income is credited to whichever spouse is more active in the business.

This section of this bill offers couples engaged in self-employment two options. First, they may split their income equally among themselves. Second, the spouse who exercises the greatest management and control can have the full amount credit to his or her account, This section provides equal credit for equal work and enables women to become covered for disability and retirement on the same basis as men.

Section 9—Childhood disability benefits

Existing law discourages people who were disabled as children from marrying and returning to work. Because their disabilities occurred before they reached working age, these early disabled individuals receive benefits based on a parent's wage record.

Currently, if two such disabled persons marry and the husband's health improves, the disabled wife loses her benefits. However, if the wife's health improves, the husband's benefits continue. This section in the proposed bill eliminates the bias against the importance of wives' earnings.

Mrs. HAWKINS. Mr. President, I rise to join the distinguished Senator from Ohio (Mr. METZENBAUM) in introducing legislation entitled the Dependent Care Amendments Act of 1981. We propose to amend the Internal Revenue Code to assist workingwomen in obtaining reliable quality child care.

By 1978, more than half of 16.1 million mothers with children under the age of 18 were in the labor force. Of these working mothers, 5.8 million had children under the age of 6. By 1990, two-thirds of all mothers with children under age 6 will be in the work force, and three-fourths of all two-parent families will have both parents in the work force.

This tremendous increase in the numbers of workingwomen has obviously led to the expansion of Government spending and support for child care services, with aid being focused on lower income Americans. In 1978, the Federal Government spent over $2.5 billion on child care. About 90 percent, or $1.8 billion, was in the form of direct Federal support through six Federal programs: First, title XX; second, Head Start; third, child care food program; fourth, title I; fifth, AFDC work expense allowance; and sixth, work incentive program. All of these Federal programs target their child care services to low-income Americans. Only the remaining 10 percent in indirect Federal subsidies, through the dependent care tax credit and the amortization of child care facilities, assist middle class working mothers.

While this Federal outlay is large, it is only 25 percent of the estimated U.S. expenditures for child care. The brunt of the financial burden of child care continues to be borne by the families of working mothers. Many of these mothers are working not for their own career advancement, but out of economic necessity. Increasingly, these women are middle class citizens trying to make ends meet.

Yet in the existing economic climate, women in the middle class, suffering under an ever-increasing burden of inflation, are discouraged from entering the workforce and increasing our Nation's productivity, because of the cost of child care. The legislation we are offering today would ease this financial burden by increasing the dependent care credit by providing for rapid amortization of child care facilities over 3 years instead of 5. Our bill seeks to aid working mothers with minor children who are forced to work outside the home. Since the Federal Government funding for child care primarily serves low-income families, there is a growing need to assist middle class mothers who are entering the workforce out of economic necessity.

With two important differences, this legislation is identical to H.R. 1894, introduced in the House of Representatives by Representative BARBER CONABLE, the ranking Republican on the House Ways and Means Committee. Our bill would add a provision excluding the value of qualified household and dependent care services from the definition of income for tax purposes. Under current law, employer contributions to child care services for employees are treated by the IRS in different ways depending on the circumstances of the contribution.

In some cases, the IRS may consider child care services as income to employees, rather than as a general benefit to attract employees and therefore not income. This provision will end the confusion over the taxability of child care services and benefit the women who are working out of economic necessity and cannot afford to be taxed for these services.

The second change from the Conable bill is a provision that amends section 188(a) of the Internal Revenue Code to allow rapid amortization of child care facilities over a 3-year period instead of the current 5-year period. This amendment seeks to encourage industries to establish onsite child care facilities for their employees. Industries that have established child care services for their employees have found that the child care centers resulted in lower job turnover, lower absenteeism and tardiness, improved employee morale and improved recruitment of new employees.

Despite these benefits, there are currently only 15 child care centers sponsored by industries in the United States. The current 60-month amortization of child care facility expenses has not proven to be as advantageous to some employers as the usual tax incentives, so we are shortening the time period for amortization in an attempt to encourage the establishment of child care centers by industry.

There are those who will argue that this proposal runs counter to the urgent need for Government austerity manifested in the Reagan budget proposals. That argument misunderstands the nature of the economy and the tax system. It is part of the argument that holds that all income is by rights the property of the Government, except for that portion that the Government deigns to permit the worker to keep. In other words, this legislation creates a tax expenditure.

This argument further holds that we can balance the budget by increasing taxes, something we have been trying to do for years, with remarkably little success. I would argue exactly the opposite: It is only by reducing tax burdens that

we will generate the economic activity which will permit us to balance the budget.

In this case, Mr. President, we would, in effect, extend the investment tax credit to individual workers. For the woman with small children in the home, an investment is required before she can become economically productive. The investment must take the form of some kind of payment for child care facilities. This legislation would improve the applicability of that investment tax credit to individuals, and to the industries, and to the industries which will be building the facilities for their workers.

Mr. President, this legislation is needed, desirable, productivity enhancing, and a matter of equity. I urge Senators interested in these concepts to work with me in enacting this and similar legislation targeted to the problems of working mothers.

Mr. METZENBAUM. Mr. President, I commend the distinguished Senator from Florida for a very able and incisive statement on this subject. I know that she has had a good deal of experience and background along this line in private life, and we are pleased to have her support, assistance, and cooperation in connection with the proposed legislation.

● Mr. TSONGAS. Mr. President, today I am pleased to join Senator METZENBAUM in introducing three bills that support American families. They will improve our networks of day care, foster care, and adoption without any increase in Federal spending.

This legislation deals with realities faced by American families:

Single-parent households are increasing. Families with two wage earners are increasing. Yet day care facilities are far too limited. The cost of quality day care is skyrocketing.

All children deserve families that care for them. Yet some children remain in institutions because potential parents cannot afford to care for them.

We must devise cost-effective policies that face these realities.

DAY CARE

More and more women are joining the work force, motivated by a mix of economic survival and personal fulfillment. More than 6 million children of preschool age have mothers who work, yet only 2 percent of the kids are in day care centers. For some women, day care can mean the difference between self-support and welfare.

The Dependent Care Amendments Act of 1981 increases the current child care tax credit based on ability to pay. This is vital to low-income families who are losing benefits as the Federal budget is cut. In addition, the bill raises incentives for industry to provide day care. It also fills in gaps in the tax credit structure for older handicapped children and adults who are cared for outside of the home.

I believe that Federal incentives for day care are cost-effective because they increase employment and tax revenues. The help out families and help our economy as well.

FOSTER CARE AND ADOPTION

The foster care amendment also would strengthen the American family. It improves the chances for a child to find a solid, supportive family rather than enduring a childhood of revolving door. It emphasizes the temporary nature of foster care while recognizing this troubling time in a child's life.

The fact is that the financial burdens of foster care are far greater than foster care stipends. Most foster families spend a great deal more than is allotted. Families that would give foster children the love and support they need may be unable to offer it, or to stay with it over time.

This bill attacks the shortage of quality foster homes by letting families claim as dependents any foster children in their home for at least 260 days. It is a sensible, overdue initiative to help children grow up in a stable, family unit.

The adoption amendment provides some tax relief for adoption expenses. The cost of adoptions continue to rise. In an era when the Congress has cut spending in many family assistance programs we must provide a different kind of assistance to families who would like to open their homes to children through adoption. The bill not only addresses the expenses incurred by the adoptive family, it makes adoption expenses paid by an employer tax exempt.

Mr. President, strong family units are vital to America's future. I know my colleagues are united in this belief, and I urge bipartisan support for these cost-effective efforts to make American families stronger.●

By Mr. HOLLINGS (for himself and Mr. WEICKER):

S. 1482. A bill to amend certain provisions of the act of May 27, 1970, to provide a procedure for determining whether a plan for the Federal Government to participate in an international exposition should include construction of a Federal pavilion, whether such Federal pavilion should be a permanent structure, and for other purposes; to the Committee on Foreign Relations.

CONSTRUCTION OF PAVILIONS FOR INTERNATIONAL EXPOSITIONS

● Mr. HOLLINGS. Mr. President, last year, as chairman of the Subcommittee on State, Justice, Commerce Appropriations, I asked the General Accounting Office to look into the financial management of the Knoxville International Energy Exposition, or "Expo '82" which is now known as the 1982 World's Fair. I was prompted to request this investigation because of allegations concerning the way contracts were being awarded that involved Federal funds.

On March 20, 1981, the GAO submitted their report which indicated that sufficient controls have been established to prevent exorbitant profits from being realized by the developers and contractors in connection with the World's Fair. However, the GAO also made a series of recommendations to the Congress that will avoid unnecessary expenditures and maximize residual use of U.S. pavilions constructed as part of such expositions in the future. I rise today to introduce legislation to carryout those recommendations and urge that it be promptly enacted. I am pleased that Senator WEICKER, who now chairs the State-Justice Subcommittee, is joining me in submitting these critically needed reforms.

As the Senators will recall, I opposed the Federal participation in "Expo '82." While the recent resuscitation efforts by the new administration will apparently insure a viable program in Knoxville next year, the events over the last 2 years are a case study of what is wrong with the current law governing U.S. participation in international expositions.

When we first got into this project it was evident that a key purpose of the fair was to redevelop a railroad yard adjacent to Knoxville's downtown business district as a site for new office buildings, hotels, and civic buildings. The involvement of one prominent Tennessee banker was particularly evident to the point that Federal participation would not have been authorized except for his associations with the Carter administration. Senator WEICKER and I were both concerned that this fair had no real purpose, inasmuch as it was called an international energy exposition, an area that America has precious little to exhibit.

Even if there was a better theme, it is disturbing that these international expositions were becoming scantily disguised efforts to develop rundown areas with massive infusions of Federal funds under the name of a world's fair. In this particular case, GAO has established that the total Federal investment is now more than $44 million of which $21 million is associated with the Federal pavilion, and the remaining $23 million composed of an assortment of grants from the Departments of Housing and Urban Development, Commerce, Energy, Interior, as well as the Appalachian Regional Commission for various improvements and construction of buildings at the fair site.

The total funding of the fair is $177 million, and the remaining $133 million consists of less than $15 million in developers' equity and survey funds. The bulk of the non-Federal funds is city and industrial bonds, as well as $45 million in loans by national and Knoxville banks.

Mr. President, not only was "Expo '82" premised on the wrong theme and shakey financing, but no clear afteruse of the $12,300,000 Federal pavilion has been established. As the GAO report clearly shows, there was little cooperation between the Department of Commerce and the General Services Administration in the development of this project. GSA had determined that the Federal Government had a definite need for 100,000 square feet of office space in Knoxville, but due to lack of cooperation from Commerce—which apparently was hellbent on giving the building to the University of Tennessee—gave up in trying to get the pavilion designed for Federal afteruse.

GSA decided to convert the post office and courthouse building in Knoxville, and in addition adapt several historic buildings in downtown Knoxville to

satisfy its space requirements. Within the last few weeks we have learned that the University of Tennessee does not plan to take the building which the Department of Energy has said is not even energy efficient in itself.

Since 1962 there have been five World's Fairs, of which three have been held in the United States, excluding the Hemis Fair at San Antonio in 1968 which apparently was not designated as a World's Fair even though our involvement amounted to $6,800,000.

As the Senators will recall, the Federal Government wound up paying $530,000 to demolish the $10,400,000 Federal building constructed for the 1964 New York World's Fair when no one would take it off of the Government's hands. Hopefully, we will not have to repeat that tragic event in Knoxville, but it is imperative that before we become involved in another World's Fair, we must strengthen the laws governing our participation to insure that a permanent facility is absolutely required and that the residual use of the facility is clearly documented.

Mr. President, we are going to be into another World's Fair quicker than you might expect, for on April 17, 1981, President Reagan authorized the U.S. participation in the 1984 Louisiana World Exposition in New Orleans. The Federal participation in this World's Fair is to be limited to $10,000,000. However, the current estimates for the Federal pavilion range from $20,000,000 to $40,000,000. We certainly should be skeptical of holding the U.S. participation to $10,000,000.

Before we become involved in another World's Fair just 2 years after Knoxville, I believe that the Congress should review and develop a more comprehensive policy than now governs our participation in such events. I am informed that under current rules and regulations the United States can host a World's Fair every 2 years if it so desires. There are those who believe that frequently holding such events in the United States can be an important part of the Government's trade promotion activities. Congress may eventually share that judgment, but at the moment Congress has not been involved in any such decision.

The Secretary of Commerce will soon be transmitting the legislation authorizing U.S. participation at the 1984 Louisiana World Exposition, and I call on the Committee on Foreign Relations to use that opportunity to carefully develop a rational policy for Federal participation in such events. In that regard I call to the attention of the Senate on an article entitled "Are Fairs Obsolete?" that appeared in the New York Times of June 3, 1981. I shall ask unanimous consent that the article be printed in the RECORD at the conclusion of my remarks.

Mr. President, at the minimum I believe that the Congress should amend Public Law 91-269 which presently governs U.S. participation in international expositions along the lines recommended in the GAO report of March 20, 1981. Accordingly, we are submitting amendments similar to those proposed in that report providing for full documentation by the Secretary of Commerce, as well as the Administrator of the General Services Administration, that a permanent structure is required for the U.S. Pavilion. Furthermore, these amendments would insure that the residual needs of the Government are met in the design of the Pavilion, and that the appropriation for the construction of the building includes funds necessary to convert the Pavilion to the identified Federal need.

Mr. President, I wish to acknowledge the assistance of Jimmy Behling who interned in my office last month and was of great assistance in the preparation of this statement. I ask unanimous consent that the bill and the article referred to earlier be printed in the RECORD.

There being no objection, the bill and the article were ordered to be printed in the RECORD, as follows:

S. 1482

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3 of the Act of May 27, 1970 (84 Stat. 272; 22 U.S.C. 2803) is amended by—

(1) striking out "The" and inserting in lieu thereof "(a) The";

(2) redesignating clauses (a), (b), and (c) as clauses (1), (2) and (3) respectively;

(3) striking out all after the period where it first appears in clause (3) as redesignated in clause (2) of this Act and inserting in lieu thereof the following: "The Secretary of Commerce shall include in such plan any documentation described in subsection (b)(1)(A) of this section, a rendering of any design described in subsection (b)(1)(B) of this section, and any recommendation based on the determination under subsection (b)(1)(C) of this section."; and

(4) by adding at the end thereof the following new subsections:

"(b)(1) In developing a plan under subsection (a)(3) of this section the Secretary of Commerce shall consider whether the plan should include the construction of a Federal pavilion. If the Secretary of Commerce determines that a Federal pavilion should be constructed, he shall request the Administrator of General Services (hereafter in this section referred to as the 'Administrator') to determine, in consultation with such Secretary, whether the Federal Government needs a permanent structure in the area of the exposition. If the Administrator determines that any such need exists—

"(A) the Administrator shall fully document such determination, including the identification of the need, and shall transmit such documentation to the Secretary of Commerce;

"(B) the Secretary of Commerce, in consultation with the Administrator, shall design a pavilion which satisfies the needs of the Federal Government for—

"(i) participation in the exposition; and

"(ii) permanent use of such pavilion after the termination of participation in the exposition; and

"(C) the Secretary of Commerce shall determine whether the Federal Government should be deeded a satisfactory site for the Federal pavilion in fee simple, free of all liens and encumbrances, as a condition of participation in the exposition.

"(2) Notwithstanding paragraph (1)(B) of this subsection, if the Secretary of Commerce, in consultation with the Administrator, determines that no design of a Federal pavilion will satisfy both needs described in paragraph (1)(B) of this subsection, the Secretary shall design a temporary Federal pavilion.

"(c) Upon authorization of the Congress approving the participation and the proposal submitted under subsection (a) of this section, there shall be authorized to be appropriated such sums as may be necessary—

"(1) to construct a Federal pavilion in accordance with the plan prepared pursuant to subsection (a)(3) of this section;

"(2) if the Federal pavilion is not temporary, to modify such Federal pavilion after termination of participation in the exposition if modification is necessary to adapt such pavilion for use by the Federal Government to satisfy a need described in subsection (b)(1)(B)(ii) of this section; and

"(3) if the Federal pavilion is temporary, to dismantle, demolish, or otherwise dispose of such Federal pavilion after termination of Federal particiaption in the exposition.

"(d) For the purposes of this section—

"(1) a Federal pavilion shall be considered to satisfy both needs described in subsection (b)(1)(B) of this section if the Federal pavilion which satisfies the needs described in paragraph (1)(B)(i) of such subsection can be modified after completion of the exposition to satisfy the needs described in paragraph (1)(B)(ii) of such subsection; and

"(2) a Federal pavilion is temporary if the Federal pavilion is designed to satisfy the minimum needs of the Federal Government described in subsection (b)(1)(B)(i) of this section and is intended for disposal by the Federal Government after the termination of participation in the exposition.".

ARE FAIRS OBSOLETE?

(By Howard P. Segal)

ANN ARBOR, MICH.—Is it time to end world's fairs?

Scholars of fairs, gathered at a symposium last fall at the Queens Museum, in Flushing Meadows, N.Y., commemorating the 1939–40 New York World's Fair, agreed that "The World of Tomorrow"—the theme of that fair—was the boldest in a succession of world's fairs dating back to London's Crystal Palace Exhibition of 1851.

Although other international expositions from 1851 onward displayed no-less-impressive exhibits than New York's did, the 1939–40 fair alone announced the prospect of creating a veritable utopia in the very near future—by 1960, to be exact. The most famous exhibit, the General Motors Futurama, designed by Norman Bel Geddes, showed "The World of Tomorrow" as almost within his and other planners' grasp. For them, as for scores of other utopian prophets beginning with Francis Bacon in the 17th century and continuing through, among others, Buckminster Fuller today, technology held the key to transforming utopia from the "impossible" to the "possible" and even the "probable."

Forty years later, those at the symposium reflected on the considerable gap between what had been predicted in 1939–40 and what had been achieved. As with so many other technological utopias—and not only fairs but model communities and visionary writings, too—the problem has been twofold: the inability to predict the "real" future technologically and non-technologically, and the inability to translate actual technological advances into equivalent social advances. Thus, Norman Bel Geddes, Henry Dreyfuss, Raymond Loewy, and Walter Dorwin Teague—the four major industrial designers of the New York fair—were excessively optimistic both in their shared chronology for the future and in their shared assumption that technology would solve nearly all future problems. By 1960, American society resembled Futurama and its peer exhibits only in bare outline—in its sleek skyscrapers and superhighways. Much remained to be filled in and obviously still does.

Of the numerous symposium participants, only one appeared confident that the future really could still be so fashioned and thus improved: the Knoxville Fair representative, who gave a lively talk on "From Out of History Comes Energy Expo '82—the Knoxville

World's Fair." Moreover, he exuberantly named all definite or possible sites for world's fairs between 1981 and 2001.

Among planners of coming fairs there seems little concern for the future of fairs as social and cultural artifacts. Apart from the always sensitive question of finances, isn't there a no-less-weighty question of the utility of world's fairs as conveyors both of ideals and of technical information? Just as postage stamp, peace ships, and peace congresses no longer are viewed as efficient means of achieving international harmony, perhaps world's fairs ought not to be so viewed. Simply bringing together masses of people into one geographical space is hardly a serious route to that admirable goal. Other means to world peace more suitable to the late 20th century should be sought.

Technology comes readily to mind, whether a military deterrent or in more positive forms. Yet it is the advance of technology since 1939–40 that has probably rendered fairs obsolete. The revolution in electronics and information processing, barely envisioned in 1939–40, has made possible instantaneous visual communication throughout most of the globe and has drastically reduced the amount of time elapsing between generations of computers and other machines. Hence, the other principal purpose of international expositions—bringing technological advances to the attention of the largest number of people in the most effective way—has likewise been severely undermined.

This is not to say that the mundane international trade fairs, as distinct from world's fairs, that predated even the Crystal Palace Exhibition, and that persist today, are necessarily obsolete. Nor are the amusement parks that accompanied world's fairs. But they have no serious social and cultural pretensions. Rather, it is to say that the international extravaganzas exemplified by the 1939–40 fair may, like its streamlined style, no longer be appropriate to contemporary society.

Those who, like the Knoxville Fair representative, claim that history is fundamentally continuous, and that forms of social, cultural, and technological expression should therefore be continuous as well, ought to reconsider these assumption. World's fairs have not always been with us, and need not be, particularly if they no longer serve their intended purposes. The same technological progress that inspired so many fair deisgners and patrons may have ultimately rendered the object of their affections irrelevant to the future.●

ADDITIONAL COSPONSORS

S. 170

At the request of Mr. PACKWOOD, the Senator from Pennsylvania (Mr. SPECTER) was added as a cosponsor of S. 170, a bill to amend the Internal Revenue Code of 1954 to allow the charitable deduction to taxpayers whether or not they itemize their personal deductions.

S. 561

At the request of Mr. CRANSTON, the Senator from Arizona (Mr. DECONCINI) was added as a cosponsor of S. 561, a bill to extend the authorization of the appropriations for programs under the Child Abuse Prevention and Treatment Act and the Child Abuse Prevention and Treatment and Adoption Reform Act of 1978, and for other purposes.

S. 569

At the request of Mr. JEPSEN, the Senator from Maine (Mr. COHEN) was added as a cosponsor of S. 569, a bill to amend the Internal Revenue Code of 1954 to provide an investment tax credit for certain soil and water conservation expenditures.

S. 584

At the request of Mr. HATCH, the Senator from North Carolina (Mr. HELMS), the Senator from New Mexico (Mr. SCHMITT), and the Senator from New Mexico (Mr. DOMENICI) were added as cosponsors of S. 584, a bill to amend section 1979 of the Revised Statutes (42 U.S.C. 1983), relating to civil actions for the deprivation of rights, to limit the applicability of that statute to laws relating to equal rights.

S. 585

At the request of Mr. HATCH, the Senator from New Mexico (Mr. SCHMITT), the Senator from North Carolina (Mr. HELMS), and the Senator from New Mexico (Mr. DOMENICI) were added as cosponsors of S. 585, a bill to provide a special defense to the liability of political subdivisions of States under section 1979 of the Revised Statutes (42 U.S.C. 1983) relating to civil actions for the deprivation of rights.

S. 756

At the request of Mr. HOLLINGS, the Senator from Nevada (Mr. CANNON) was added as a cosponsor of S. 756, a bill to amend Military Selective Service Act to provide for the reinstitution of the registration and classification of persons under such act and to reinstate the authority of the President to induct persons involuntarily into the Armed Forces, and for other purposes.

S. 791

At the request of Mr. MITCHELL, the Senator from Maine (Mr. COHEN) was added as a cosponsor of S. 791, a bill to amend the Internal Revenue Code of 1954 to exclude certain service performed on fishing boats from coverage for purposes of unemployment compensation.

S. 881

At the request of Mr. RUDMAN, the Senator from Texas (Mr. BENTSEN), the Senator from Ohio (Mr. GLENN), the Senator from Massachusetts (Mr. TSONGAS), the Senator from Utah (Mr. GARN), the Senator from Kansas (Mr. DOLE), the Senator from Michigan (Mr. RIEGLE), the Senator from New Jersey (Mr. BRADLEY), the Senator from Texas (Mr. TOWER), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Oregon Mr. HATFIELD), the Senator from Virginia (Mr. WARNER), the Senator from Pennsylvania (Mr. HEINZ), the Senator from Rhode Island (Mr. CHAFEE), the Senator from New York (Mr. MOYNIHAN), the Senator from New York (Mr. D'AMATO), the Senator from Missouri (Mr. DANFORTH), the Senator from Illinois (Mr. PERCY), the Senator from Arizona (Mr. GOLDWATER), the Senator from Nebraska (Mr. ZORINSKY), the Senator from Rhode Island (Mr. PELL), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Alaska (Mr. MURKOWSKI), the Senator from New Hampshire (Mr. HUMPHREY), the Senator from Oklahoma (Mr. BOREN), the Senator from Vermont (Mr. LEAHY), the Senator from Florida (Mrs. HAWKINS), the Senator from Maryland (Mr. SARBANES), the Senator from Connecticut (Mr. DODD), the Senator from North Dakota (Mr. BURDICK), the Senator from Arkansas (Mr. PRYOR), the Senator from Wyoming (Mr. SIMPSON), the Senator from South Dakota (Mr. ABDNOR), the Senator from Ohio (Mr. METZENBAUM), the Senator from Pennsylvania (Mr. SPECTER), the Senator from Wisconsin (Mr. KASTEN), the Senator from Kentucky (Mr. FORD), the Senator from Vermont (Mr. STAFFORD), the Senator from Illinois (Mr. DIXON), the Senator from Florida (Mr. CHILES), the Senator from Minnesota (Mr. DURENBERGER), the Senator from New Jersey (Mr. WILLIAMS), the Senator from Delaware (Mr. ROTH), the Senator from Arizona (Mr. DECONCINI), the Senator from Hawaii (Mr. INOUYE), the Senator from Indiana (Mr. LUGAR), the Senator from Montana (Mr. MELCHER), the Senator from Nevada (Mr. CANNON), the Senator from New Mexico (Mr. DOMENICI), the Senator from Maine (Mr. COHEN), the Senator from Hawaii (Mr. MATSUNAGA), the Senator from Tennessee (Mr. SASSER), the Senator from California (Mr. CRANSTON), the Senator from Iowa (Mr. GRASSLEY), the Senator from Maryland (Mr. MATHIAS), the Senator from Iowa (Mr. JEPSEN), the Senator from Nebraska (Mr. EXON), the Senator from South Dakota (Mr. PRESSLER), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Alabama (Mr. HEFLIN), the Senator from Maine (Mr. MITCHELL), the Senator from Arkansas (Mr. BUMPERS), the Senator from Mississippi (Mr. COCHRAN), the Senator from North Dakota (Mr. ANDREWS), the Senator from West Virginia (Mr. RANDOLPH), the Senator from West Virginia (Mr. ROBERT C. BYRD), the Senator from North Carolina (Mr. EAST), the Senator from Mississippi (Mr. STENNIS), the Senator from Alabama (Mr. DENTON), the Senator from Kansas (Mrs. KASSEBAUM), the Senator from Michigan (Mr. LEVIN), the Senator from North Carolina (Mr. HELMS), the Senator from Wyoming (Mr. WALLOP), the Senator from Washington (Mr. GORTON), and the Senator from Colorado (Mr. HART) were added as cosponsors of S. 881, a bill to amend the Small Business Act to strengthen the role of the small innovative firms in federally funded research and development, and to utilize Federal research and development as a base for technological innovation to meet agency needs and to contribute to the growth and strength of the Nation's economy.

S. 888

At the request of Mr. DURENBERGER, the Senator from North Dakota (Mr. BURDICK) was added as a cosponsor of S. 888, a bill to provide effective programs to assure equality of economic opportunities for women and men, and for other purposes.

S. 900

At the request of Mr. HEINZ, the Senator from Louisiana (Mr. LONG), the Senator from Arizona (Mr. DECONCINI), and the Senator from South Carolina

(Mr. THURMOND) were added as cosponsors of S. 900, a bill to assure that job skills training, and employment opportunities are furnished through Opportunities Industrialized Centers and other community based organizations of demonstrated effectiveness in certain block grant programs involving the creation of urban jobs in enterprise zones, and for other purposes.

S. 1086

At the request of Mr. DENTON, the Senator from South Dakota (Mr. PRESSLER) was added as a cosponsor of S. 1086, a bill to extend and revise the Older Americans Act of 1965, and for other purposes.

S. 1166

At the request of Mr. WEICKER, the Senator from Pennsylvania (Mr. SPECTER), and the Senator from Illinois (Mr. PERCY) were added as cosponsors of S. 1166, a bill to provide weatherization assistance to States in the form of energy grants.

S. 1215

At the request of Mr. PROXMIRE, the Senator from Florida (Mr. CHILES) was added as a cosponsor of S. 1215, a bill to clarify the circumstances under which territorial provisions in licenses to distribute and sell trademarked malt beverage products are lawful under the antitrust laws.

S. 1230

At the request of Mr. CRANSTON, the Senator from Rhode Island (Mr. CHAFEE) was added as a cosponsor of S. 1230, a bill to provide for the minting of commemorative coins to support the 1984 Los Angeles Olympic Games.

S. 1236

At the request of Mr. HEINZ, the Senator from Pennsylvania (Mr. SPECTER), the Senator from Florida (Mr. CHILES), and the Senator from Texas (Mr. BENTSEN) were added as cosponsors of S. 1236, a bill to amend sections 5701(a)(2) and 5702(m) of the Internal Revenue Code of 1954 to modify the base on which the tax on large cigars is imposed and to achieve a phased reduction in the tax rate.

S. 1347

At the request of Mr. HEINZ, the Senator from Idaho (Mr. SYMMS), the Senator from New York (Mr. D'AMATO), the Senator from Vermont (Mr. STAFFORD), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Maryland (Mr. MATHIAS), the Senator from Florida (Mrs. HAWKINS), the Senator from California (Mr. HAYAKAWA), the Senator from Arizona (Mr. DECONCINI), and the Senator from Hawaii (Mr. MATSUNAGA), were added as cosponsors of S. 1347, a bill to amend the Internal Revenue Code of 1954 to extend for 1 year the credit against tax for employment of members of targeted groups.

S. 1348

At the request of Mr. SASSER, the Senator from Alabama (Mr. HEFLIN) was added as a cosponsor of S. 1348, a bill to amend the Internal Revenue Code of 1954 to clarify certain requirements which apply to mortgage subsidy bonds.

S. 1394

At the request of Mr. DECONCINI, the Senator from Oklahoma (Mr. NICKLES), and the Senator from New Mexico (Mr. SCHMITT) were added as cosponsors of S. 1394, a bill to improve the ability of the Secret Service to protect the President and other designated protectees.

S. 1448

At the request of Mr. MATHIAS, the Senator from California (Mr. CRANSTON) was added as a cosponsor of S. 1448, a bill to provide for the issuance of a postage stamp to commemorate the seventieth anniversary of the founding of the Girl Scouts of the United States of America.

S. 1459

At the request of Mr. SCHMITT, the Senator from Iowa (Mr. GRASSLEY) was added as a cosponsor of S. 1459, a bill to amend the Internal Revenue Code of 1954 to increase the amount of the partial exclusion of dividends and interests and to make such exclusion permanent.

S. 1462

At the request of Mr. DECONCINI, the Senator from Nevada (Mr. CANNON) was added as a cosponsor of S. 1462, a bill to establish the Arid Lands Renewable Resources Corporation.

SENATE JOINT RESOLUTION 10

At the request of Mr. HUDDLESTON, the Senator from New Jersey (Mr. BRADLEY) was added as a cosponsor of Senate Joint Resolution 10, a joint resolution to establish a Commission on Presidential Nominations.

SENATE JOINT RESOLUTION 42

At the request of Mr. THURMOND, the Senator from Mississippi (Mr. COCHRAN), the Senator from Nevada (Mr. LAXALT), the Senator from North Carolina (Mr. HELMS), the Senator from Utah (Mr. HATCH), the Senator from Idaho (Mr. MCCLURE), the Senator from New Mexico (Mr. DOMENICI), the Senator from Florida (Mrs. HAWKINS), the Senator from California (Mr. HAYAKAWA), the Senator from Kansas (Mr. DOLE), the Senator from Iowa (Mr. GRASSLEY), the Senator from Arizona (Mr. DECONCINI), the Senator from New York (Mr. MOYNIHAN), the Senator from North Dakota (Mr. BURDICK), the Senator from Alabama (Mr. HEFLIN), the Senator from Florida (Mr. CHILES), the Senator from Arkansas (Mr. BUMPERS), and the Senator from North Carolina (Mr. EAST) were added as cosponsors of Senate Joint Resolution 42, a joint resolution designating the third Sunday in September as "National Ministers Day."

SENATE JOINT RESOLUTION 62

At the request of Mr. DOLE, the Senator from Tennessee (Mr. SASSER) was added as a cosponsor of Senate Joint Resolution 62, a joint resolution to authorize and request the President to designate the week of September 20 through 26, 1981, as "National Cystic Fibrosis Week."

SENATE JOINT RESOLUTION 78

At the request of Mr. THURMOND, his name was added as a cosponsor of Senate Joint Resolution 78, a joint resolution to provide for the designation of October 2, 1981, as "American Enterprise Day."

SENATE CONCURRENT RESOLUTION 24

At the request of Mr. GLENN, the Senator from California (Mr. CRANSTON) was added as a cosponsor of Senate Concurrent Resolution 24, a concurrent resolution submitting a proposal to Improve the International Nonproliferation Regime.

SENATE RESOLUTION 87

At the request of Mr. HEINZ, the Senator from Florida (Mrs. HAWKINS), the Senator from Connecticut (Mr. WEICKER), the Senator from Virginia (Mr. WARNER), the Senator from South Carolina (Mr. THURMOND), the Senator from West Virginia (Mr. ROBERT C. BYRD), and the Senator from Massachusetts (Mr. KENNEDY) were added as cosponsors of Senate Resolution 87, a resolution expressing the sense of the Senate that the Congress not enact legislation to tax social security benefits, and for other purposes.

SENATE RESOLUTION 167

At the request of Mr. DOLE, the Senator from Arizona (Mr. GOLDWATER), the Senator from Indiana (Mr. LUGAR), and the Senator from Iowa (Mr. GRASSLEY) were added as cosponsors of Senate Resolution 167, a resolution to commend the disabled individuals who climbed Mount Ranier, Wash., during the summer of 1981.

NOTICES OF HEARINGS

SUBCOMMITTEE ON ENERGY REGULATION

Mr. HUMPHREY. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Subcommittee on Energy Regulation regarding the Federal Energy Regulatory Commission licensing procedures affecting hydroelectric development in New England. This oversight hearing will be held on Friday, August 7, beginning at 10 a.m. at the Franklin Pierce Energy Institute in Concord, N.H.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Committee on Energy and Natural Resources, Subcommittee on Energy Regulation, room 3104 Dirksen Senate Office Building, Washington, D.C. 20510.

For further information regarding this hearing, you may wish to contact Mr. Howard Useem of the subcommittee staff at 224-5205.

SUBCOMMITTEE ON WATER AND POWER

Mr. MURKOWSKI. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Subcommittee on Water and Power regarding the potential for hydroelectric development in Alaska and related regulatory factors. This oversight hearing will be held on Monday, August 17, beginning at 9 a.m. in the Anchorage Federal Office Building in Anchorage, Alaska.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Com-

mittee on Energy and Natural Resources, Subcommittee on Water and Power, room 3104 Dirksen Senate Office Building, Washington, D.C. 20510.

For further information regarding this hearing, you may wish to contact Mr. Russ Brown of the subcommittee staff at 224–2366.

SUBCOMMITTEE ON INTERNATIONAL FINANCE AND MONETARY POLICY AND SUBCOMMITTEE ON SECURITIES

Mr. GARN. Mr. President, the Subcommittee on International Finance and Monetary Policy and the Subcommittee on Securities of the Committee on Banking, Housing, and Urban Affairs will hold a joint hearing on S. 708 on July 23, 1981. The hearing will be held in room 5302 of the Dirksen Senate Office Building, beginning at 2 p.m.

S. 708, the "Business Accounting and Foreign Trade Simplification Act," has been the subject of three previous hearings of the two subcommittees.

For further information about the hearing, interested persons should contact Paul Freedenberg or John Daniels of the Banking Committee staff at 224–7391.

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

Mr. DURENBERGER. Mr. President, I would like to announce that the Subcommittee on Intergovernmental Relations of the Governmental Affairs Committee has scheduled 2 days of oversight hearings on the commerce clause and the severance tax. The hearings will be conducted at 9 a.m. on July 15 and July 16 in room 3302, Dirksen Senate Office Building.

Those wishing to submit written statements to be included in the printed record of the hearings should send five copies to Ruth M. Doerflein, clerk, Subcommittee on Intergovernmental Relations, room 507, Carroll Arms Building, Washington, D.C. 20510.

For further information on the hearings, you may contact Larry Hunter of the subcommittee staff on 224–6716.

COMMITTEE ON THE BUDGET

Mr. DOMENICI. Mr. President, the Senate Budget Committee business meeting scheduled for Wednesday, July 15, 1981 at 2 p.m. in room 6202 has been canceled.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. McCLURE. Mr. President, I would like to announce for the information of the Senate and the public the scheduling of a public hearing before the Committee on Energy and Natural Resources to consider S. 1475, a bill to extend the expiration date of section 252 of the Energy Policy and Conservation Act. The hearing is scheduled for Monday, July 20, beginning at 10 a.m. in room 3110 of the Dirksen Senate Office Building.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Committee on Energy and Natural Resources, room 3104, Dirksen Senate Office Building, Washington, D.C. 20510.

For further information regarding this hearing, you may wish to contact Mr. David Doane of the committee staff at 224–7144.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON ENVIRONMENTAL POLLUTION

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Environmental Pollution of the Committee on Environment and Public Works be authorized to meet during the session of the Senate today at 3:30 to continue their markup of water pollution amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate today to vote on the following nominations:

Richard D. Erb to be Executive Director International Monetary Fund (IMF).

Edward L. Rowny to be Special Representative for Arms Control and Disarmament with rank of Ambassador.

William L. Swing to be Ambassador to Republic of Liberia.

Parker W. Borg to be Ambassador to Republic of Mali.

Julius W. Walker to be Ambassador to Upper Volta.

Vernon A. Walters to be Ambassador at Large.

H. Monroe Browne to be Ambassador to New Zealand.

Richard L. Walker to be Ambassador to South Korea.

And to hear brief testimony and vote on the following treaties:

Treaty with Canada on Pacific Coast Albacore Tuna Vessels and Port Privileges(97–13).

International Convention Against the Taking of Hostages (Ex. N, 96–2).

Convention on the Physical Protection of Nuclear Material (Ex. H, 96–2).

The 1979 amendments to the Inter-Governmental Maritime Consultative Organization (IMCO) Convention (Ex. K. 96–2).

Revised Customs Convention on the International Transport of Goods Under Cover of TIR Carnets (1975 TIR Convention) (Ex. M, 95–1).

Treaty with the Republic of Colombia concerning the Status of Quita Sueno, Roncador, and Serrana (Ex. A, 93–1).

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON ENERGY CONSERVATION AND SUPPLY

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Energy Conservation and Supply of the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Wednesday, July 15, to hold hearings on S. 1166, the National Home Weatherization Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet during the session of the Senate on Thursday, July 16, to hold hearings on the issue of preventive medicine and health promotion.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet during the session of the Senate on Friday, July 17, to hold confirmation hearings on the nomination of the following:

Donald Senese to be Assistant Secretary for Education Research;

Daniel Oliver to be General Counsel, Department of Education;

Thomas Melady to be Assistant Secretary for Postsecondary Education;

Anne Graham to be Assistant Secretary for Legislation and Public Affairs, Department of Education;

George Conn to be Commissioner, Rehabilitation Services Administration;

Thomas Lias to be Assistant Director, ACTION;

William Mayer to be Administrator, Alcohol, Drug Abuse, and Mental Health Administration; and

Robert Rowland to be a member of the Occupational Safety and Health Review Commission.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

SPIRITUAL FOUNDATION OF AMERICA

● Mr. CANNON. Mr. President, on July 5, 1981, as a fitting conclusion to ceremonies celebrating our Nation's 205th birthday, President Ezra Taft Benson, president of the council of the Twelve Apostles of the Church of Jesus Christ of Latter-day Saints, gave a fireside address in Las Vegas, Nev.; reminding us of the great importance of the spiritual foundation on which this great Nation of ours is based. That address carried an uplifting message, and I ask that the text of the message be printed in full in the RECORD.

The address follows:

SPIRITUAL FOUNDATION OF AMERICA

Brothers and Sisters: I use this salutation to include all assembled, for we are all children of one Eternal Father in the Spirit—brothers and sisters all.

It is an honor and a privilege for me to stand before you this evening. I do so gratefully and humbly; grateful for the opportunity to be in your presence, and humbled by the responsibility to say something that may be uplifting and of value to you.

This evening, I speak about the spiritual foundation of America.

I choose to speak on this subject because of my firm conviction that, unless we get our spiritual house in order, what we do in an economic or any other sense will not matter much.

Our nation had a spiritual beginning.

That must never be forgotten or doubted. Lest we forget, let us review some of our most cherished documents which declare the canons of our faith—

This nation began with the founding of Plymouth Colony in 1620. You are all familiar with the pilgrimage which brought the Puritans to this land.

They had come to these shores under financial sponsorship of the Virginia Company of London and of Plymouth, England. Their intent was to settle in the Virginia Colony.

but they landed far to the north where the king of England had no authority.

Since England had no government for them, they decided to form a government of their own!

Assembled in the cabin of the Mayflower, 41 of 43 adult males formed a compact as the source of their authority.

That compact was drafted in "the name of God." Their reasons for a government were also asserted: "for the glory of God" and "the advancement of the Christian faith." These are the twin pillars of our religious freedom in this nation!

One hundred and two pilgrims had left England for the Promised Land. Fifty-one, just half the colony, survived the first winter. Not one of the survivors returned to England.

They made a commonwealth on the principle of religious liberty—faith in an Omnipotent God.

Ay, call it holy ground
The soil where they first trod,
They have left unstained what they found—
Freedom to worship God.

Hardly had the new nation had its beginning than oppression came from the mother country.

Injustice, oppressive taxation, the despised navigation acts—led the colonists to deliberate on their rights and liberties under the crown.

A petition to the king failed—

Then the shot heard 'round the world was fired at Lexington.

A year later, in the summer of 1776, the Continental Congress met in Philadelphia and declared independence from England.

The doctrine of that canon—The Declaration of Independence—is this: that the Creator (God) endowed all men with rights, and the governments derive their powers from the consent of the governed.

Until the American Revolution, a millennia of political tradition vested powers only in monarchs or dictators.

No government recognized that God was the source of man's rights.

The Founders reasoned that if rights are derived from government, in reality, there are no rights. There are merely government "favors," and those favors may be subject to recall and change at any time.

The framers of our Republic simply declared the truth—that God gave all men the right to life, liberty, and property.

Man, therefore, was master over government rather than the other way around.

That is what the American Revolution was all about—not just a separation from England, but a separation from the historical tradition that made one man another's chattel and denied all men liberty and property.

Some vacillated on whether to take such a bold step as separation from England. At this point, John Adams stepped forward and pled:

Sink or swim, live or die, survive or perish, I give my hand and my heart to this vote. It is true, indeed, that in the beginning we aimed not at independence. But there's a Divinity which shapes our ends. . . . Why, then, should we defer the Declaration?

. . . You and I, indeed, may rue it. We may not live to the time when this Declaration shall be made good. We may die; die colonists; die slaves; die, it may be, ignominiously and on the scaffold. Be it so, Be it so. If it be the pleasure of Heaven that my country shall require the poor offering of my life, the victim shall be ready. . . . But while I do live, let me have a country, or at least the hope of a country, and that a free country.

But whatever may be our fate, be assured . . . that this Declaration will stand. It may cost treasure, and it may cost blood; but it wil stand, and it will richly compensate for both. Through the thick gloom of the present, I see the brightness of the future, as the sun in heaven. We shall make this a glorious, an immortal day. When we are in our graves, our children will honor it. They will celebrate it with thanksgiving, with festivity, with bonfires, and illuminations. On its annual return they will shed tears, copious, gushing tears, not of subjection and slavery, not of agony and distress, but of exultation, of gratitude, and of joy. Sir, before God, I believe the hour is come. My judgment approves this measure, and my whole heart is in it. All that I have, and all that I am, and all that I hope, in this life, I am now ready here to stake upon it; and I leave off as I begun, that live or die, survive or perish, I am for the Declaration. It is my living sentiment, and by the blessing of God it shall be my dying sentiment, Independence, now, and Independence for ever. (*The Works of Daniel Webster*, 4th ed., 1851, 1:133–36.)

Fifty-six men stepped forward and signed the declaration.

From the standpoint of numbers, equipment, training, and resources, the rag-tag army of the colonists should never have won the war for independence.

But America's destiny was not to be determined by overwhelming numbers, or better military weapons or strategy. As Adams declared: "There's a Divinity which shapes our ends."

When the war was over, here is how Washington ascribed the victory:

"The success, which has hitherto attended our united efforts, we owe to the gracious interposition of Heaven, and to that interposition let us gratefully ascribe the praise of victory, and the blessings of peace." (To the Executive of New Hampshire, November 3, 1789.)

The newly formed nation, however, was hardly a united commonwealth. At best it could be described as a federation of colonies loosely held together by the Articles of Confederation.

Under this instrument, the nation had no head—no president, and no supreme court—only a congress devoid of any power.

In addition, rebellions and potential anarchy threatened the victory won by war.

Providentially, a Constitutional convention was called in 1787.

The delegates met from May 25th to September 17th with George Washington presiding.

A central issue was whether they were to merely revise the Articles of Confederation or write a new constitution.

Debates were earnest and at times it appeared that the convention was deadlocked. On one of those occasions, the elder statesman of the group, Benjamin Franklin, appealed to the delegates. He declared:

"I have lived, Sir, a long time; and the longer I live, the more convincing proofs I see of this truth, that God governs in the affairs of men. And, if a sparrow cannot fall to the ground without his notice, is it probable that an empire can rise without his aid? We have been assured, Sir, in the Sacred Writings, that "except the Lord build the house, they labor in vain that build it." I firmly believe this; and I also believe, that, without his concurring aid, we shall succeed in this political building no better than the builders of Babel; we shall be divided by our little, partial, local interests, our projects will be confounded, and we ourselves shall become a reproach and a by-word down to future ages. And, what is worse, mankind may hereafter, from this unfortunate instance, despair of establishing governments by human wisdom, and leave it to chance, war, and conquest.

"I therefore beg leave to move,

"That henceforth prayers, imploring the assistance of Heaven, and its blessings on our deliberations, be held in this assembly every morning before we proceed to business; and that one or more of the clergy of this city be requested to officiate in that service." (Jared Sparks, *The Works of Benjamin Franklin*, 1837, pp. 155–56.)

The deadlock was broken.

Compromises were made.

A constitution was drafted.

And 39 of 55 delegates signed it.

Before the states ratified the document, ten amendments were added. We call them our Bill of Rights. More accurately, these amendments are limitations on the powers of the federal government.

The preamble to the document prescribes its purpose:

We, the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for a common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution of the United States of America.

In a Republic, the people are the government through chosen representatives.

This implies that the majority of people must be virtuous, principled, and moral so that they select only those to represent them who reflect those same standards.

This is why John Adams declared, "Our constitution was made only for a moral and religious people." (John R. Howe, Jr., The Changing Political Thought of John Adams, Princeton University Press, 1966, p. 185.)

Self rule implies self-restraint and self-discipline.

Our first years under the new Constitution were bound to be trying. Some felt too much power had been given to the executive; others not enough.

The times demanded an executive or strength—not one whose love for office or personal ambition would lead to excess and thereby fulfill some of the more dire predictions by the critics of the new Republic.

Providence had raised up such a man in the person of the Commander-in-Chief of the Revolutionary Army, President of the Constitutional Convention, and America's foremost citizen—George Washington.

As we look back on his eight-year administration, we see strength of character, leadership, and sensitivity to the powers of office that maintained a delicate moral balance so needed at this critical time.

Washington's use of power in office was exemplary for every successor to the executive position—although not all successors followed that example.

At the conclusion of his eight-year term of office, Washington felt to tell his countrymen that he would not seek a third term of office.

With a "solicitude for (the) welfare" of the governed, Washington prepared his Farewell Address—counsel which is as applicable today as when it was given.

I believe the wisdom contained in that address was as inspired as our other canons of government.

What did Washington counsel?

First, a unity among the people as the pillar "in the edifice of your real independence"—to avoid factionalism, sectional geographic jealousies, and party strife.

Government of the whole, he declared, is essential to the prosperity of liberty!

Second, to think and speak of the Constitution as the palladium of our political safety and prosperity. He urged citizens to resist the "spirit of encroachment" where departments of government tend to consolidate all powers into one. He called this tendency "a real despotism."

Third, he called for harmony, peace, justice, and good faith with all nations, but permanent alliances with none.

Fourth, he urged fiscal responsibility. This meant not to add to our public debt in times of peace, but to "discharge the debts which unavoidably wars may have occasioned, not

ungenerously throwing upon posterity the (burden) which we ourselves ought to bear." Such was his counsel to his countrymen.

He also declared:

"Of all the dispositions and habits which lead to political prosperity, religion and morality are indispensable supports . . . let us with caution indulge the supposition, that morality can be maintained without religion. Whatever may be conceded to the influence of refined education on minds of peculiar structure—reason and experience both forbid us to expect that national morality can prevail in exclusion of religious principle.

"'Tis substantially true, that virtue or morality is a necessary spring of popular government."

Our first great crisis as a nation was now over—that critical interval between the Revolutionary War and the ratification of the Constitution when there was no federal government.

The Civil War which threatened to dissolve the Union brought another major crisis to our young nation.

This time Abraham Lincoln was the man of the hour.

In the midst of that fratricidal struggle, Lincoln—a God-fearing man—rose to his finest hour and issued a Proclamation for a National Fast Day. His words are timeless:

"It is the duty of nations as well as men to own their dependence upon the overruling power of God, to confess their sins and transgressions in humble sorrow, yet with assured hope that genuine repentance will lead to mercy and pardon, and to recognize the sublime truth, announced in the Holy Scriptures and proven by all history, that those nations only are blessed whose God is the Lord:

"And, insomuch as we know that by His divine law nations, like individuals, are subjected to punishments and chastisements in this world, may we not justly fear that the awful calamity of civil war which now desolates the land may be but a punishment inflicted upon us for our presumptuous sins, to the needful end of our national reformation as a whole people?

"We have been the recipients of the choicest bounties of Heaven: we have been preserved these many years in peace and prosperity. We have grown in numbers, wealth, and power, as no other nation has ever grown. But we have forgotten God. We have forgotten the gracious hand which preserved us in peace and multiplied and enriched and strengthened us, and we have vainly imagined, in the deceitfulness of our hearts, that all these blessings were produced by some superior wisdom and virtue of our own. Intoxicated with unbroken success, we have become too self-sufficient to feel the necessity of redeeming and preserving grace, too proud to pray to the God that made us.

"It behooves us, then, to humble ourselves before the Offended Power, to confess our national sins, and to pray for clemency and forgiveness." (Abraham Lincoln)

These are five canons of our faith—

The Mayflower Compact;

The Declaration of Independence;

The Constitution of the United States of America;

Washington's Farewell Address; and

Lincoln's Proclamation for a National Day of Fasting and Prayer.

A contributing cause of our problems today is a general decline in spirituality and unrighteousness on the part of many of our people.

If we use the Decalogue—a standard used by the founders of our nation—how do we measure up?

The first and second commandments stipulate our worship and belief in God: "Thou shalt have no other gods before me: . . . Thou shalt not make unto thee any graven image."

As we have shown, worship and belief in God are the foundation of our society. We deliberately declare on our currency and coin—"In God We Trust."

We take oaths of office before God.

Our legal testimonies are based on an oath before God.

We pledge allegiance to our republic, that it is a nation "under God."

Yet can we deny that Americans generally disregard God in their daily pursuits and are seeking their own self-interests?

Lincoln chastised his countrymen for their faithlessness in 1863. What would he say today?

I think he would repeat: "In our prosperity, we have forgotten God!"

The third commandment states: "Thou shalt not take the name of the Lord thy God in vain." There seems to be a deliberate, concerted effort to punctuate dialogue on stage, screen, and in novels with blasphemy in addition to coarse, vulgar expressions. And is not the motive economic—to sell more tickets or books?

The fourth law pertains to setting aside one day in seven as a day of worship. Not only has the Sabbath become a work day, but it has become primarily a day of amusement and recreation: golfing, skiing, hunting, fishing, picnicking, racing, movies, and ballplaying.

Next, "Honor thy father and mother," which Jesus said meant to support them. Yet today untold thousands of young people have abandoned their parents to the care of others.

The sixth law states, "Thou shalt not kill." As a nation we deplore violence and murder, yet need we be reminded in what small esteem life is now held?

So blinded have some become that they cannot see the relationship between a nation legally sanctioning abortion and our declining spiritually, one measure of our lack of regard for human life.

"Thou shalt not commit adultery," and later, "Thou shalt not covet thy neighbor's wife." These laws are the basis for maintaining an undefiled home.

Never in our generation have morals been so loose as now.

Never has youth been so exposed to sex in its crudest, coarsest, and most debasing form. Sex is almost worshipped, and the curtain of modesty has been stripped away. "R-rated" and some "P-G" movies have become open invitations to youth and adults to vicariously violate the law of chastity. This permissiveness has no doubt encouraged the promiscuity that is so commonplace in almost every community.

The eighth law states: "Thou shalt not steal." When God gave this law, He recognized the fundamental right to property. Yet how much we pay for the violation of this law through increased costs of merchandise, higher insurance rates, and wasting human resources by incarceration in penal institutions.

"Thou shalt not bear false witness." When we speak of morality, we imply that a man is true to his word—true to his signature on a contract. The violations of God's laws already mentioned are evidence that lying and misrepresentation are not absent from us.

Our system of law and government depends on truthfulness!

Last, "Thou shalt not covet." This is a besetting sin of our times.

Covetousness, plus love of idleness, lies at the root of our violation of the law of work. Covetousness has reached every forbidden item in the other commandments: our neighbor's house, wife, employees, worldly goods—everything that is our neighbor's.

Covetousness brings with it greed, avarice, ambition, and love of power. Cheating, lying, misrepresentation are all used as justification to acquire a neighbor's legacy.

How can God bless America when America does not honor God's laws?

Are we not now reaping the whirlwind?

Disregarding these laws will inevitably lead this nation to ruin, just as it has other civilizations in history.

It is my faith that we are tenants on this blessed land, and will remain so only as we keep these fundamental commandments of God.

I remember a number of years ago when Cecil B. DeMille, the producer of the great film "The Ten Commandments," was invited to accept an honorary degree from Brigham Young University. In his address to the student body, Mr. DeMille said that men and nations cannot really break the Ten Commandments; they can only break themselves upon them.

How true that is!

If America is to survive as a free nation, we will have to return to the spiritual foundation that gave rise to our beginnings.

We have this promise from the great Lawgiver Himself:

If my people which are called by my name, shall humble themselves, and pray, and seek my face, and turn from their wicked ways; then will I hear from heaven, and will forgive their sin, and will heal their land. (2 Chronicles 7:14.)

That, ladies and gentlemen, is the prescription for most of our ills.

I know the power of prayer!

I saw its effect in one administration for eight years.

I was somewhat startled when President-elect Eisenhower called on me in our first cabinet meeting to offer prayer. I did so.

After that first meeting, I was disappointed when our next meeting was opened without prayer. After some considerable thought I sent President Eisenhower a note, an excerpt of which I quote here:

"May I make bold to suggest that each of our weekly Cabinet meetings be opened with a word of prayer, as you so appropriately started the first one. The suggestion is made only because of my love for you, members of the Cabinet, and the people of this great Christian nation. I know that without God's help we cannot succeed. With His help we cannot fail. Franklin said, 166 years ago when he made a similar suggestion, 'God governs in the affairs of men.'

"I feel sure there are several of us, who, if called on for a word of prayer, would willingly respond. Such a procedure is working with my own staff.

"If you feel the suggestion is not practical, then I will understand and will not trouble you further in the matter."

At our next meeting which was on February 6th, the President said simply, "If there is no objection, we'll begin our deliberations with prayer."

And that's how it was with the Eisenhower Cabinet from that time on.

Usually we raised our hearts to the Almighty in silence.

If ever there was a time when this nation needed the help of Almighty God, it is now.

When we have the inspiration of God—and desire to do His will—we will make the right decisions and the people will be prospered and kept free.

Yes, our nation's foundation is spiritual.

Without spirituality, we are no better than any of the other nations which have sunk into oblivion.

Our founding fathers, with solemn and reverent expression, voiced their allegiance to the sovereignty of God, knowing that they were accountable to Him in the day of judgment.

Are we less accountable today?

I think not.

I declare my allegiance to God. I know He governs in the affairs of men because I am a witness to it.

My allegiance to this nation as "a land

choice above all other lands" stems not from patriotism alone, but from the fact that I am confident that God governs in the affairs of men and nations.

We live amidst difficult, trying, and evil times, but we have no need to despair if we remain righteous.

The real issue today is not economic or political; it is spiritual—man being true to the principles which have guided the destiny of mankind from our beginning.

That is what inspired our nation's birth and independence.

Those nations only are blessed whose God is the Lord!

Therefore, my hope is that we will plead with the God of heaven to sustain this nation and inspire our leaders with wisdom and judgment; that we will resolve to keep His commandments so that we and our posterity can merit His protection, gain His mercy, and receive His blessings.

Theodore Roosevelt said over a half century ago—

"We hold in our hands the hope of the world, the fate of the coming years, and shame and disgrace will be ours if in our eyes the light of high resolve is dimmed, if we trail in the dust the golden hopes of men."

I know some of you gathered here today, and I know you to be dedicated to that "light of high resolve" in your communities.

With God's help and our devotion to high moral principles, we can keep that hope alive. That we may do so faithfully is my humble prayer.●

WHAT IS HAPPENING IN POLAND?

● Mr. EAST. Mr. President, few observers have interpreted the stirring events in Poland as astutely and eloquently as has Dr. Leopold Tyrmand in an article in today's Wall Street Journal. Dr. Tyrmand is a native of Poland who has lived for many years in the United States. He is vice president of the Rockford Institute, editor of the bimonthly literary journal, Chronicle of Culture and a noted commentator on national and international affairs. I ask that his article be printed in the RECORD.

The article follows:

WHAT IS HAPPENING IN POLAND?

(By Leopold Tyrmand)

No one knows what is happening in Poland. The Poles themselves have so many answers that precise inferences seem impossible. But whatever eventually happens in Poland will be of a magnitude comparable to the Russian revolution.

The developments in Poland differ importantly from other milestones of rebellion within the postwar Soviet empire. Tito's sedition was a conflict of personalities, and by manipulating geographic circumstance and his own secret police, the Yugoslav outmaneuvered Stalin. The Hungarian uprising was a romantic outburst of youth and army officers—a time-honored alliance in central Europe—with a disoriented society in the background. The Sino-Russian split was a conflict between two national egos fueled by ancient hatreds. The Czech rebellion was an intellectual mutiny, with no roots in the nation, which from the outset abjured confrontation with the Soviets.

RADICAL DEPARTURE

What began in Gdansk, Poland, is the first authentic social upheaval on an all-national scale in a country ruled by a Communist Party on behalf of the Soviet Union. It challenged the absolutism of communist power and, consequently, it tacitly accepted the possibility of confrontation with the Soviet Union, whose *raison d'etat* is exactly that kind of power.

Moreover the outbreak seemed, from the beginning, less like a spontaneous event and more like a prepared action, with channels of communication opened to every corner of the society and well-orchestrated approval from the entire nation.

Yet, as the special congress of Poland's Communist Party begins today, it remains unclear how such open and organized antigovernmental activity could have materialized under a regime whose ruling techniques exceed everything mankind has known in tyranny. The world expects some sensational denouncement any day.

One thing is certain: All that communism's theoreticians and sympathizers thought they knew about their faith and its materializations between October 1917 and September 1980 has abruptly come to an end. If nothing else, their *Weltanschauung* has lost its validity.

The infrastructure of communist totalitarianism's power has broken down in Poland. No one who has not lived under communism can properly understand what this infrastructure means. It is only tangentially related to the terror of the security forces or direct political persecution. Its elements were devised by Lenin and Dzerzhinsky and perfected by Stalin; under Khrushchev and Brezhnev it changed neither its nature nor its role, though some cosmetic adjustments were made.

The communist power infrastructure is based on a total control of communication that renders man powerless against any lie about or abuse of himself as a citizen and a person. It produces a sort of psychological, even psychotic, fetters unknown in even the most despotic statehood of the past. It parallels the psychological mechanism of the "democratic centralism" within the Communist Party which makes a party member believe that his absolute rulers decide his fate through his free choice.

Even the sharpest Western reporter deludes himself and his readers when he claims to have insight into the human condition under communism: it's like blackness or womanhood, a nontransferable experience. In communism every preconceived social activity must be scrutinized and endowed with an ideological rationale before it can be permitted by the party—the infrastructure of power ruthlessly exercises precise enforcement of this principle.

Dissent is old-hat, both in Eastern Europe and in the USSR, and it has always been kept under control, sometimes even encouraged and manipulated. But the efficiency of what has developed in Gdansk indicates that dissent in Poland has been transmuted into an organized effort to rewrite the rules, something unheard of until now without political violence. Thus the infrastructure must have begun to crack even before open contention erupted in Poland.

One of the ideological archtenets to which the infrastructure gave the highest priority was that the workers' unity must be monopolized by the party. Marxism-Leninism made its world career on the merciless enforcement of the premise that the idea of the workers' solidarity was *their* idea. In communist states it is a crime against the state, a capital offense, to organize, congregate or unite *not* behind the party. Once the Poles captured the notion and device of solidarity as a social weapon and used it against their communist government, they reversed the course of history.

Whether the infrastructure broke because the Poles discovered the invincibility of united action, or whether solidarity was attainable because the infrastructure broke, is unclear. Why this infrastructure, still the cornerstone of the system's unassailability in Russia, China, Cuba, Bulgaria and elsewhere, suddenly collapsed in Poland under Gierek's tenure is still little known. Whether the breakdown is an isolated Polish phenomenon, or can be exported is a question that will decide the fate of the Soviet empire, and a question to which the empire's rulers have no answer.

It is universally accepted that a prime factor in what happened in Poland was the Catholic Church, a distinct and mighty institution of the Polish reality by dint of its ancient churches, its religious mass demonstrations and celebrations that attract immense crowds. Moreover there is the towering authority of its leaders, like the current Pope or the late Cardinal Wyszynski.

All this is certainly true, but it is of less importance than the Polish Catholic intelligentsia which, under communism, acquired an even more complex influence on the society. Every well-educated young Catholic priest is, by nature, a member of this intelligentsia—which, in effect, has created a sort of shadowy Catholic infrastructure that competes with the official communist one.

This became apparent during the formative stages of the Solidarity movement. Its key consultants and theorists were prominent representatives of the Catholic intelligentsia, not always acting in precise obedience to the church's guidelines.

No one in the West should be deluded: Solidarity is a Christian democratic political occurrence, all lip service to the communist *raison d'etat* notwithstanding. It is a phenomenon that surprises even the Poles themselves. After all, the intelligentsia—Poland's ruling class since the end of the 18th Century—was always a reservoir of not religious but secular ideas like nationalism, positivism, liberalism and social democracy. The emergence of a powerful and highly intellectualized group that receives its inspiration from Catholicism and knows how to transmute religious ideology into modern political weaponry (and with explosive effects) is astounding. How it happened is not easy to explain, but worth a try.

Together with the other paraphernalia of power that Catholicism could muster, its leaders understood how to capitalize on its sudden fashionableness among not only the faithful but also the society at large. For 35 years countless jokes have circulated about how much safer it is to be Catholic than communist in communist Poland. Ultimately, Catholicism identified itself in the popular consciousness with a rejection of communist oppression, a repudiation which might bring the church misery and persecution but is nevertheless invincible.

Suddenly Catholicism relinquished the status of traditional form and became a hotbed of politicized thoughts, convictions and beliefs. This fatally undermined the communists' psychological infrastructure, a development that would have been impossible without the Catholic intelligentsia—the vital link between Church and society.

Finally, capitalism has become a silent prostulate of the Polish workers.

It would be foolish to expect Lech Walesa to admit publicly that capitalism is an economic system superior to socialism. Yet there's little doubt among the Poles that the reborn Polish syndicalism would fare much better in a healthy market economy than in the state-owned one.

The persuasion that socialism is a thorough failure is so deeply ingrained in the Polish mind that words like "people's property," "class consciousness" or "proletarian interests" will remain symbols of wretchedness and insanity for generations to come. The Poles perceive the economic aspect of communism as a sort of Mafia-like system of extortion—a daily ransom from an entire nation.

The claim so frequently made in some segments of the American press that the Gdansk

workers are "defending true socialism" is amusing and preposterous.

PROGRESS BETWEEN THE WARS

Before World War II "authoritarian" Poland had one of the most powerful labor unions and one of the most advanced social-security systems in Europe. It had a ministry of social care and national health service. In reaffirming their support for this kind of social progressivism, the Solidarity leaders are only stressing the inferiority of the communist "Workers" Party efforts in this area as compared to the prewar institutions.

The Soviet Union is in a peculiar position: Short of instigating a bloodbath it can do nothing. Most likely the Soviet leaders will resort to the oldest Russian political wisdom, that time and intrigue will sooner or later bring results. But these events demonstrate for the first time that the Soviet empire must reform or perish.

What happened to communism in Poland must have a crucial impact on the fate of Marxist ideas in the contemporary world. For the first time in Poland's turbulent history in which heroic, if unsuccessful, violence was considered a supreme value, the Poles have resorted to argument and ideology as explosives and ammunition. Their renowned heroism has never had a profound impact on the outside world, but their political maturity may alter the course of history.●

SPECIAL COMMENDATION TO SEVERAL CITIZENS OF HAWAII

● Mr. INOUYE. Mr. President, many patriots have served this Nation in times of crisis throughout our long and distinguished history. Many of them are well known to us through history books and folklore. However, there are also many deserving heroes whose deeds have escaped recognition by the general public.

I wish to bring to the attention of my colleagues the stories of several Hawaii citizens whose service to our country, above and beyond the call of duty, merit our special commendation.

In the days preceding World War II, citizens of Hawaii served as colonists in the isolated, deserted Pacific islands of Jarvis, Howland, and Baker, to establish American occupation of these strategic areas. Two young men, Richard Whaley and Joe Keliihahanui, gave their lives when they were killed in a Japanese bombing attack on Howland Island on December 8, 1941. Very few knew of their sacrifices as two of America's earliest casualties of the war.

In another case, Hawaii resident Edwin M. S. Lee and other civilian workers on Wake Island assisted the American military defense of the island on December 7, 1941, until it was captured several weeks later. Mr. Lee and others served nearly 4 years in Japanese prison camps. Unfortunately, it was not until many years later that the U.S. Government formally acknowledged their Federal service during this period.

I ask that the following articles be reprinted in the CONGRESSIONAL RECORD.

The articles follow:

[From the Honolulu Advertiser, May 5, 1981]

CASTAWAYS HONORS—40 YEARS LATER

(By Bob Krauss)

Richard Whaley and Joe Keliihahanui were the forgotten castaway heroes of World War II until yesterday.

They have lain side by side in a tiny cemetery at Schofield Barracks for nearly 40 years, their deeds unsung, their names unrecorded in Hawaii history books, their memories dim even among Kamehameha School classmates.

Yesterday they received recognition 1,000 miles from the barren coral atoll where they died on Dec. 8, 1941, during a Robinson Crusoe adventure that ended in war.

Survivors of that adventure gathered around the graves to say a prayer and spread the 48-star flag that was flying when a Japanese submarine and a bomber blasted their lonely outposts.

No one is better fitted to honor the names of Richard Whaley and Joe Keliihahanui than their companions—other young men from Kamehameha School who were trapped under fire for nearly two months on their lonely islands.

"The bomber came over every day," said Walter Burke of Aiea, one of the survivors.

"We dug fox holes and stayed under cover. Early in the morning and late in the evening we caught lobster and squid to eat. It wasn't until Jan. 28, 1942, that the U.S.S. Helm, a destroyer, picked us up.

"Richard and Joe had to be buried on Howland Island where they were killed. Their bodies were moved to Schofield Cemetery in the 1950s. Very few people even know it happened.

"When they brought us back to Hawaii, they kept us at Pearl Harbor for a month before they let us go. Then they told us not to talk about it."

The strange story of Richard Whaley and Joe Keliihananui began in the 1930s, when Pan American World Airways was pioneering air travel across the Pacific.

"There was great interest in the U.S. Department of Interior in establishing United States possession for Pacific Islands that might serve as air bases," said Abe Piianaia, director of Hawaiian Studies at the University of Hawaii, who is also a survivor.

"I believe the idea came out of the then Bureau of Air Commerce, a single desk at Interior. The director was Bill Miller. His idea was to colonize the uninhabited Equatorial Line Islands and establish American possession.

"In Hawaii, he met Bishop Estate trustee Albert Judd, who suggested that Hawaiian boys from Kamehameha Schools would make good colonists because they were disciplined."

The unique operation began in 1935. Some 135 boys participated until World War II put a bloody end to their occupation of Jarvis, Howland and Baker Islands.

"In the beginning, we lived in pup tents," said Soloman Kalama of Kailua, one of the colonists.

"There is no fresh water on the islands. A supply ship brought it in 52-gallon drums. If the sea was too rough to bring it to the beach in boats, they just dumped the barrels over the side and let them float in.

"You don't know how heavy a drum like that is until you try to roll it across a soft sand beach. There were only four of us on each island at a time.

"The drums were so heavy we didn't try to roll them across the island to the camp if they landed on the wrong side. We'd just walk across the island when we needed water."

Eugene Burke of Aiea, brother of Walter, said their main job was taking weather observations and sending back weather reports on a ham radio.

"There wasn't much to keep us busy," he said. "When I stood on top of Baker the first time, 20 feet above sea level, I said to myself, 'Can I make it out here for six months?' The challenge made it exciting."

Walter Burke was on Baker when the war broke out. The colonists with him, all Hawaiians, were Blue Makua, James Coyle and James Pease.

On nearby Howland Island, the colonists were Richard Whaley, Joe Keliihahanui, Thomas Bederman and Elvin Matson.

"The four of us on Baker lived in a wooden shack we called the Government House," said Burke. "There was one on each of the islands.

"I got up on Dec. 8 at dawn and took the flag outside to raise it. There was a Japanese submarine about 100 yards off shore. I heard a 'whang' and a shell blasted the top off the government house.

"I ran inside and told the boys we'd better skedaddle out of there. I tell you, we were four scared Hawaiians taking off across the island. Jesse Owens couldn't have run any faster.

"We hid all day. A bomber came over and dropped some bombs. I think it was the bomber that killed Joe and Richard on Howland. But none of us really knows how it happened because the other two boys never wanted to talk about it.

"That night we sneaked back to the Government House. The shells had blasted everything. But we saved some tin from the roof and made sun shades for our fox holes. We covered the tin with brush so the bomber couldn't see us.

"That bomber was based in the Marianas Islands. It was a big, four-engine flying boat that came over every day around noon.

"We saved as much of the food as we could. The rats had gotten into the sugar. There was a little coffee. It's easy to live off the land there. We had plenty of dried fish. You can pick up squid and lobster with your hand.

"For greens, we picked palolo leaves.

"That Christmas we had lobster for dinner. We sang Christmas carols under the moon that night. I wasn't sure we'd ever get picked up and I expected the Japanese to land any time.

"When the U.S. Navy ship came, I thought it was Japanese and told the boys to stay hidden. The ship put a boat over and started rowing to the beach. I thought, 'Oh boy, we've had it now.' Then I saw blond hair and I knew they weren't Japanese."

At the last minute, Burke cut his foot on a piece of iron, he said. He was bleeding so badly he was afraid of attracting sharks if he swam to the boat and the Navy officer in charge refused to row to quieter water.

"It was Blue Makua who swam back and got me to swim to the boat," said Burke.

"During the whole time we were being bombed. I kept the flag. Before we left the island, I buried it in a gunnysack and piled stones over it. In 1943, I went back to Baker to help build the airstrip.

"The first thing I did was find the rock pile and dig up my flag. I brought it home and have kept it ever since."

Burke said he went to Howland Island with some of the construction crew to find the graves of Whaley and Keliihahanui. Later, the bodies were taken to Schofield and reburied.

Somehow, nobody ever got around to arranging public recognition for two of America's early casualties of World War II. So their friends decided at a reunion last week that it was time to honor the memory of their fallen comrades.

They are all in their 60s, those Kamehameha School boys who used to surf on redwood boards.

The party included William Whaley, brother of Richard, well known as a former professional baseball player. The former colonists present were the Burkes, Soloman Kalama and Joe Kim.

Eugene Burke spoke over the graves for the group:

"At this time it is appropriate that we say a silent prayer for these two. They are with us in spirit. They fill our hearts with pride. They gave their lives for us."

For a long time the survivors stood beside the graves talking story, remembering.

[From the Honolulu Star-Bulletin, Mar. 20, 1981]

CIVILIAN'S WAR EFFORT RECOGNIZED BY NAVY

(By Lyle Nelson)

More than 39 years after Edwin M. S. Lee of Makakilo helped Marines vainly defend Wake Island and after serving nearly four years in Japanese prisoner of war camps, the U.S. government finally acknowledged his "fighting spirit, courage and devotion to the common cause in the highest tradition of the Navy."

Written May 8, the "thank you" from Navy Capt. W. P. Behning of the Navy's personnel staff in Washington, D.C., ended many years of persistent effort by Lee.

The oddity is that Lee was never in the Navy. As a civilian employee of Contractors Pacific Naval Air Bases, Lee was a deckhand on a tugboat working in the Wake lagoon on Dec. 7, 1941.

And when the Japanese attacked Wake, everyone had to pitch in.

In all the years since, Lee has been after the government to recognize what happened to him on Wake.

"I just never quit; I kept going after them because it was only right," Lee said in an interview this week.

In fact, Behning's letter reads, "On behalf of my shipmates, I would like to express a long-overdue sincere thank you for your patriotism, extraordinary service and dedication to the U.S. Navy."

Lee was helped in his quest for recognition by Hawaii's congressional delegation and his union, the Hawaii Federal Lodge, No. 1998, International Association of Machinists and Aerospace Workers, and its director, Ernie Reyes.

Japanese bombers came over at noon on Dec. 7 and for the next 16 days Wake was under constant attack. Lee and many of the other 1,500 civilian workers there helped Marine and Navy defenders to repulse the invasion attempts.

A Navy commander notified Lee and about 15 other men from Hawaii that under martial law he was making them members of the military defense force, sort of deputizing them on the spot like vigilante sheriffs in the Old West.

Starting with an appeal to Delegate to Congress John A. Burns in 1956, Lee sought to have his war record at Wake accepted legally to extend his total government service time for retirement and medical benefit purposes.

But Lee had to prove "active participation in the defense" of Wake.

The testimony of witnesses, documents and his own testimony in a war crimes trial on Guam in 1948, finally helped to establish Lee's role on Wake.

Lee retired from the Navy's public works center at Barbers Point last year.

With the notification that he was part of the gallant stand on Wake, Lee can add four years to his already 23 years of government service for the Navy.

This will increase his retirement pay and make him eligible for medical benefits that stem from a service-connected disability. Lee said he received a back injury when he was knocked unconscious by the concussion of a Japanese bomb on Wake. In addition to new medical benefits, Lee has received an honorable discharge and three World War II war medals.

Lee's education was limited to the eighth grade at the Watertown School located where Hickam Air Force Base is now. He helped build Hickam and with Hawaiian Dredging was sent to Johnston Island in 1939 before going to Wake.

Wake was surrendered two days before Christmas 1941, although Lee and many other POWs were not moved from the atoll until the following September.

During the Japanese occupation of Wake, Lee witnessed the beheading of an American serviceman and was forced to dive into 40 feet of water—without any equipment—to retrieve an American torpedo that had been fired at a Japanese ship bringing supplies to Wake, he said.

While a POW at Yokosuka and Yokohama in Kanagawa Prefecture, and in Tokyo, Lee said he was beaten more than once. He also saw the Doolittle raid of 1942 and the Tokyo Bay plane crash that killed Gaylord Dillingham of Honolulu.●

WHAT REAGANOMICS IS ALL ABOUT

● Mr. ARMSTRONG. Mr. President, today's Wall Street Journal printed a thoughtful article about why high tax rates impair personal development and economic growth.

The author, David M. Smick, forcefully writes that what America needs is "a climate of economic buoyancy—that sense of economic boundlessness where a person can, with energy and inititative, take a new idea as far and as high as he or she wants" and that with such an economic climate "our entire economy will gain in production and jobs; and the Nation will regain the energy and opportunity and spirit upon which its greatness depends."

Mr. Smick's article paints a bright future for America once it is unshackled from a tax code that now discourages individual initiative. The article is insightful, and it places Mr. Smick on the forefront of the new thinking that is reshaping America's political landscape. The article is well worth reading, and I commend it to my colleagues. I ask it be printed in the RECORD.

The article follows:

WHAT REAGANOMICS IS ALL ABOUT

(By David M. Smick)

In the late 1930s, Chester Carlson had a revolutionary idea—an electrostatic printing process—which he tried to sell to the top mimeograph companies in America. Turned away time and again, he finally converted his kitchen into a workshop and went into business for himself. There was risk and a shortage of capital, but the tiny enterprise survived and prospered.

Today, we know it as Xerox.

Were Mr. Carlson alive, he probably would ask, "What ever became of those smug mimeograph companies?" The answer is that they fell victim to what Joseph Schumpeter, the economic theorist, called "the creative destruction of capital"—the process by which a new idea enters the marketplace, making existing capital worthless.

What sounds like some arcane concept is the heart of Reaganomics. It explains the President's understanding of how growth is produced in the private sector, and why he believes, against a multitude of critics, that his across-the-board tax cuts for people will lead directly to new jobs.

To give the President credit, most policymakers have in recent years understood the process of job creation about as well as John McEnroe has mastered the art of diplomacy. Mention "jobs" and the picture is of giants of industry like Chrysler and U.S. Steel either protecting existing jobs or expanding plant and equipment to create new ones.

Actually, the Fortune 500 have experienced virtually no net job growth for more than a decade. The newest research shows instead that nearly all new jobs are coming from firms with precisely the opposite characteristics.

They are not only small, but minuscule. Nearly 70% of new jobs come from firms with 20 or fewer employees. Almost 100% of net new jobs in the Northeast come from such firms.

They are young. Most new jobs come from firms four years old or less.

They are unpredictable and unstable. The more stable a firm is, the less likely it is to produce new jobs.

FAIL NATIONALLY AT SAME RATE

Many of these fledgling enterprises will go out of business (four out of five do so within the first year) with new ones springing up to take their place. Frostbelt or Sunbelt, such businesses fail nationally in metropolitan areas as roughly the same rate—8% a year. Booming Houston, according to David Birch of MIT, proportionally has more business failures today than the old cities of Boston, Baltimore, Hartford—indeed more than almost every other city in the U.S.

What these facts and statistics create is a perfect object lesson. Houston's success stems not from a strong defense, but a strong offense. Entrepreneurs with new ideas are creating jobs at a pace far exceeding the rate jobs are lost, providing Houston a tremendous engine for prosperity.

The secret to maintaining high levels of national employment is hardly import quotas or Chrysler-like bailouts or even tax proposals aimed merely at modernizing existing plant and equipment.

The secret is creativity encouraging a groundswell of men and women with fresh ideas to strike out on their own. The secret lies in the enterprises yet unborn, the oil wells yet undrilled, the inventions yet untried. Some of these fledgling entrepreneurs will fail, but others—like Chester Carlson—will replace today's capital and products with new and better ones, to the benefit of all of us.

The irony is that city planners, government growth economists and even successful corporate executives usually find this thinking unrealistic. The reason may be that productive change is not in their own vested interest. But it also may result from the great frustration that in this age of sophisticated econometric models and corporate "five-year plans," enterprise and job growth is just as unpredictable as it was decades ago. It still involves the dynamic process of two competing forces; success and failure. And perhaps most frustrating, it continues to depend directly on the creative implementation of new ideas by folks who, in the eyes of corporate America and the federal government, appear unpolished and relatively inexperienced.

If you have met a true entrepreneur even once, you know they tend to be nothing but crazy. Like Chester Carlson, they appear illogical dreamers, even though many have that inner genius for success. As a sophisticated business or government executive would you, or could you, take the risk of investing in such unpredictable characters knowing that many will end up as miserable failures? Perhaps this is why large institutions have not provided many permanent new jobs.

While entrepreneurs may be crazy, they are crazy like a fox. Most expect to lose money in the early years; still they make a careful calculation of current risk against future reward. They are society's dreamers and will endure incredible risk—far more than established business—with promise of great future reward.

In a sense, every individual is a potential entrepreneur. By that I mean that we have near limitless sources of both human and

financial capital—professionals in high tax brackets working only three days a week, mid-level industry technicians teeming with new ideas but apprehensive of the risks of individual enterprise, and many others.

Notice this is not just capital formation, but capital mobilization. Capital is more than money. It is also productive ability and thus exists in the minds, hands and hearts of people. The question is, how do you encourage these potential new wealth and job creators to invest their talent and savings in a new enterprise instead of in real estate, elaborate tax shelters, money market funds or in doing nothing at all? What they need is a climate of economic buoyancy, so necessary to individual initiative, and a system that capitalizes on human nature by strengthening the link between effort and reward.

House Speaker Tip O'Neill calls this "the whims of free enterprise." With all due respect, it is precisely such entrepreneurial risk-takers, now lining Route 128 outside Boston with small "hi-tech" firms, who are shouldering his city's job and tax base. If he simply visited these enterprises, the Speaker would discover that entrepreneurial success in America is taxed and harassed more than in just about any other free industrialized country. By the sheer force of logic, he would immediately help lower or eliminate the capital gains tax, lower the corporate rate, eliminate senseless overregulation and, most importantly, lower marginal tax rates on personal income across the board.

POTENTIAL ENTREPRENEURS

After all, 90 percent of American businesses still pay taxes through the personal schedules. These include proprietorships, partnerships and all the other noncorporate entities engaging in enterprise. Just as vital are potential entrepreneurs who, before entering a risk situation by pulling savings out of tax shelters, look instinctively to their personal tax bracket, which inflation has pushed higher and higher in recent years.

This is why President Reagan calls his across-the-board personal tax-rate reduction plan a "small-enterprise incentive" and why he favors the proposed end to the distinction between "earned" and 'unearned" income (establishing a top tax rate on personal income of 50 percent now, with the goal of 35 percent as soon as is politically possible). Both increase the after-tax reward for greater entrepreneurial risk, for the direct creation of jobs.

Congress, with a false sense of sophistication, has always preferred more complicated solutions to the creation of jobs—the targeted gimmicks with bulit-in "triggers" that have failed for so many years. Yet the birth of an enterprise has an elusive, almost metaphysical quality that makes targeting, planning, certainty and "sophistication" most difficult. Something as common and essential as the ballpoint pen was conceived by, of all people, an insurance executive on his summer vacation. The arrival of the automatic transmission had little if anything to do with the multi-million-dollar engineering departments of Detroit's Big Three.

Growth involves ideas and thus is unpredictable. All we can provide is buoyancy—that sense of economic boundlessness where a person can, with energy and initiative, take a new idea as far and as high as he or she wants. If we can keep that initiative from being stifled, as it is today by an inefficient tax and regulatory system, people may once again follow their dreams. Allow entrepreneurs and potential entrepreneurs across-the-board worthwhile returns on their effort and they will start taking risks. Our entire economy will gain in production and jobs, and the nation will regain the energy and opportunity and spirit upon which its greatness depends.●

UNITED STATES NEEDS A DOMESTIC SUGAR PROGRAM

● Mr. INOUYE. Mr. President, I wish to share with my colleagues editorials from Hawaii's two major newspapers regarding the sugar provision included in the Senate Agriculture Committee's Food and Agriculture Act of 1981.

I strongly support the Senate Agriculture Committee sugar provision and am deeply concerned over the erroneous reports, studies, and news stories that have been recently published on sugar. The sugar industry is extremely important in my State of Hawaii, and to many other States across the Nation. More importantly, since the expiration of the Sugar Act in 1974, American sugar consumers and producers have been at the mercy of the extreme price fluctuations prevalent in the sugar market.

The domestic sugar loan support program contained in S. 884 will provide added stability to the sugar market. Given the USDA's economic outlook for sugar over the next 5 years, the program's 19.6 cents per pound loan rate would probably not involve any cost to the Government. Most importantly, the stabilizing influence of the program will have a beneficial effect on consumer food and sweetener expenditures.

The United States produces just over half of the sugar we use. The rest we import. Hawaii supplies approximately 20 percent of the sugar grown in the United States, or 10 percent of the entire amount of sugar consumed in our country. Thus Hawaii, other producing States and our Nation's consumers must suffer through the price fluctuations in the world market.

The world market for sugar is one of the most volatile commodity markets. Prices may change dramatically as a result of small changes in production or consumption. For example, in 1974 and early 1975 sugar prices went from 9.6 cents to almost 65 cents per pound and back down to around 9 cents per pound. And again in just the past 18 months, sugar prices moved from 9 cents per pound to 45 cents per pound, back down to below 20 cents per pound today.

Consumer and industrial users benefit from low sugar prices, while sugar producers incur substantial losses. The opposite occurs during times of high prices, when the consumer pays dearly for sugar while the sugar producer may not make up for losses incurred when prices were low. The extreme price fluctuations have cost the American consumer and the domestic sugar producer dearly.

Most of the world's sugar is not traded on a free market. Of the annual consumption of about 90 million metric tons, about 85 percent is consumed in the country where it is grown or is traded through special marketing agreements. Of the remaining 15 percent of world sugar production, there are substantial trade restrictions on about two-thirds.

About one-fourth of the world free market sugar is sold in the United States, and we depend on that market for about 45 percent of our sugar supply. The result is exaggerated swings in price following even small changes in supply or demand.

It would be justifiable to expect U.S. sugar producers to compete with foreign sugar producers if it was in a truly free market. However, how can we expect U.S. sugar producers to compete in a market where sugar is produced through foreign government subsidy and Government-manipulated low wage rates?

The United States needs a domestic sugar program, and it is my hope that my colleagues will support the sugar provision now part of the Food and Agriculture Act of 1981. This program will bring greater stability to the U.S. sugar market, and will benefit both the sugar producer and consumer of the United States. I ask that the following two editorials which expand on the points that I have made be printed in the RECORD.

The editorials follow:

[From the Honolulu Advertiser, May 12, 1981]

SUGAR NEEDS SUPPORT

The end of the week should tell whether an important hurdle has been cleared in efforts to get sugar included with other commodities in the 1981 Omnibus Farm Bill that Congress is expected to pass later this year.

The Senate agriculture committee has approved a price support program for sugar under the bill. A House agriculture subcommittee earlier did the same. By Friday the full House Agriculture Committee is expected to send its version of the farm bill to the floor.

The United States imports half the sugar it uses, buying on the so-called world market where other countries sell their surplus. Prices and supplies fluctuate wildly on this market, and domestic prices follow along.

The goal of a federal price support program ought to be to ensure that prices are high enough so efficient producers can stay in business but not so high as to unfairly pinch the pocketbook of consumers.

As far as the Hawaiian sugar industry is concerned, price stability is a main goal. Several months ago when the sugar industry made its annual report on 1980—its most prosperous year since 1974—the price of sugar was 41 cents a pound. Now it is in the 15- to 17-cent range.

Inclusion in the farm bill would guarantee sugar producers across the country access to what is called a non-recourse loan program. Under it, when sugar prices fall to a specified level, producers would be able to get loans from the federal Commodity Credit Corporation using their crops as collateral.

If prices go up the producer could sell his crop and repay the loan. If prices stay low the producer would forfeit the collateral, keep the money and the corporation would hold the sugar until prices rise again.

In 1977 and 1978 a loan program was in effect and the corporation profited $67 million. Such a program is legally possible now, but only at the discretion of the Secretary of Agriculture who has indicated that the administration does not believe the sugar growers need help. Inclusion in the farm bill would guarantee the loan program to sugar growers when low prices prevail.

A stable, reasonably prosperous sugar industry is obviously important to Hawaii. This is especially so now that tourism is stagnant and always uncertain federal spending—the "third leg" on which Hawaii's economy stands—is being reduced sharply in some areas.

But the stability of the sugar industry is not just a local concern. Hawaii and Florida each represents about 20 percent of domestic sugar production and the rest is spread across the country, particularly in the South and West.

Finally, the decline in the American capacity to produce sugar, which could lead to an unfortunate over-dependence on other countries, is something everyone needs to be concerned about.

Prospects for sugar's inclusion in the farm bill are just better than even, observers believe. The $100 million potential cost of the program—out of an expected $2.1 billion farm bill—is not large. But sugar is a small-fry in the funding competition next to farm products like wheat, corn, milk and tobacco.

There is obviously a trend, led by the Reagan administration, to cut federal farm aid, or to increase it only modestly. There is still a chance that sugar could be left out in the general fray. But sugar would be an unfortunate place to make cuts.

[From the Honolulu Star-Bulletin, May 20, 1981]

PROTECTION FOR THE SUGAR INDUSTRY

It wasn't going to last forever, and it hasn't. We mean the bonanza of high sugar prices. They're down again from a peak of 43 cents a pound last November to less than 16 cents.

That is the break-even point for the Hawaii sugar industry, or maybe a little below. The party is over, for a while at least.

The industry went for the same ride on the price roller-coaster in the mid-1970s. That experience produced the International Sugar Agreement (ISA), which was supposed to stabilize world prices. So far the ISA hasn't been effective, partly because the European Economic Community (Common Market) has refused to join.

Hawaii's sugar industry has maintained that it needs domestic legislation to replace the Sugar Act, which expired in 1974, in addition to the ISA.

It was difficult to gain support for that view in Congress when prices were so high. Now that the pendulum has swung the other way, the case for new sugar legislation has been strengthened.●

THE WORLD HEALTH ORGANIZATION'S CODE ON INFANT FORMULA

● Mr. EAST. Mr. President, the recent controversy surrounding the World Health Organization's code of marketing for breastmilk substitutes has generated much heat but little light. We all want to protect and improve the health of infants. Is the WHO code the way to do so?

In a recent address at a meeting sponsored by the Heritage Foundation, Assistant Secretary of State for International Organization Affairs, Elliott Abrams ably defended the Reagan administration's position.

I ask that his address be printed in the RECORD.

The address follows:

DISCUSSION OF THE WHO CODE ON INFANT FORMULA

(By Elliott Abrams)

I welcome the opportunity to be here this afternoon to talk with you about the United States' decision to oppose the World Health Organization's International Code of marketing Breastmilk Substitutes.

Last month we, as a nation, stood alone in voting against the Code after a careful review revealed that little, if any, of it could be implemented in the United States. We acted only after thoughtful consideration of all of the issues involved. Although both the House and Senate have raised questions about our vote, we remain firmly convinced that there are portions of the Code which are contrary to the best interests of both the United States and of the world community, and that our vote was correct.

As we review the Code and the Reagan Administration's reaction to it, I think it is helpful to separate health issues from political issues. We found the Code wanting on both counts; but still the issues are different and should be discussed separately. Let us start with the health issues.

I do not want to represent myself as a health expert. After all, I am a lawyer, not a doctor, and I represent the Department of State, not the Department of Health and Human Services. Yet even to a layman, I think it is obvious that there was considerable exaggeration and distortion in the argumentation surrounding this code, and even in the code itself. For almost every scientific study claimed to prove one thing, another study claimed to prove the opposite. Nevertheless, let us look at some of the basic considerations.

Let me begin by saying that the medical profession is unanimous in saying, and we of course agree, that breast milk is the superior form of infant feeding. We will continue to promote breast feeding through HHS programs at home and AID programs in the Third World.

But the code itself is a different issue. Just because we support and want to promote breastfeeding, we need not support every document that purports to deal with the issue. In regard to this particular document, careful thought needs to be given to whether it is appropriately modest in its claims and whether it appropriately recognizes the debate that still exists on many of the health claims on this issue. The fact is that there are many differences of opinion.

For example, the code is based on the supposition that Third World mothers who would otherwise breast feed are led into using the formula by the promotional activities which are said to be a significant cause of the decline in breastfeeding. It is also argued that this declining rate of breastfeeding accounts for infant deaths which are associated with misuse of formula and which could otherwise be avoided.

But these suppositions should not be lightly accepted as the whole truth. For one thing, decreasing breastfeeding is directly associated with the phenomena of urbanization and industrialization. Simply put, city dwellers in the Third World are less likely to breast feed than the rural population. In part, this is simply because many more urban women work outside the home and cannot arrange to breastfeed.

Needless to say there are also many women who choose not to breast feed, and others who are unable to breast feed successfully.

Thus it cannot be said that promotional activities of the infant formula industry are the main determinant of the rate of breastfeeding. In the U.S. we have a free economy which permits the promotion of infant formula for profit. In the last ten years the rate of breastfeeding has doubled. In many Communist and Socialist countries such as the Soviet Union, or Hungary, or Algeria, where production and advertising of infant formula for profit is forbidden, the rate of breastfeeding continues to decline. In my view, we learn from these facts that advertising simply has very little to do with the rate of breastfeeding. Supporters of the Code who stress that it is being produced by profit-making corporations and who ignore the kind of facts I have just mentioned are displaying their own ideological bias against private corporations.

Supporters of the code also claim that the use of infant formula causes up to a million deaths a year. Now this figure comes out of thin air. There is no factual or demonstrable basis for it. It is a straight-out guess, presented to us by polemicists as undeniable truth.

But if there are deaths associated with the absence of breastfeeding, here is what they mean. They mean that the use of contaminated infant food costs many lives a year which could be saved if mothers breastfed their infants instead. This argument assumes that there are only two choices for mothers: to breast feed or to use infant formula. In fact, millions of mothers in the Third World use harmful breast milk substitutes such as local water mixed with corn, sugar, flour, or rice. In many cases, the impure water which they mix with these foods to give their children is very damaging or even fatal.

Now it should be clear that water is the culprit in that case. And it should be clear that if that mother switches from using contaminated local water and sugar, to using contaminated local water and infant formula, the health of her infant is no worse off. Indeed, it may even be improved.

Critics of infant formula are vociferous in citing the incorrect use of it as a menace to infant health. (The Washington Post just recently ran a long story with this contention right here in Washington.) But let us not be naive about the choices that are available to mothers. In most developing countries, if mothers gave up using infant formula, their only real choice is to go to sugar water or cassava root or something even less nutritious.

In short, we are not convinced that the code was based on accurate assumptions. Indeed, it seems clear that the code and its supporters overstate the role of infant formula marketing in leading women away from breastfeeding. They also appear to ascribe to infant formula certain health evils that are far more broad and far more pervasive. The fact is that infant formula as produced is a safe and nutritious product, for which there is clearly a legitimate market And it is a product that could not possibly be responsible for all of the evils ascribed to it. As Dr. George Graham of the Departments of International Health and of Pediatrics at the Johns Hopkins University recently testified before Congress:

"There is a very real danger that the formulation of a code devoted to the control of infant formula marketing practices, no matter how carefully written, will leave the impression that a major problem has been solved and delay or prevent other much more important actions that need to be taken."

I would like to turn now to the other side of the Code—its political side. If the health issues are, as we believe, complex, if honest men and women can differ on them, what explains the terribly high emotions involved in this dispute? What explains some of the more extreme provisions within the code and claims about it? The answer is not to be found in the field of health policy but rather in the field of politics. In my personal view the Code was dragged into the current dispute over North/South relations, the New International Economic Order, and the role of the multinational corporations. For two years the United States engaged in serious negotiations to get a code we could vote for. But the code as it emerged raises very serious problems.

First, the Code calls for a complete ban on advertising of infant formula to the general public and for restrictions on the flow of information between manufacturers and consumers. It would not restrict misleading or untruthful advertising only, but all advertising no matter how accurate. This is a position that runs counter to our Constitutional guarantee of free speech, and serves to underscore the dangers of similar moves currently underway in UNESCO to regulate the free flow of information to the public

through the media. In both cases, that of infant formula manufacturers and that of the press, there is an effort by an international organization to limit the flow of accurate information which is being supplied by a profit-making private corporation. In both cases, the United States has taken a position of firm opposition.

An additional problem is that the Code goes into extensive detail about internal corporate operating procedures. For example, it recommends that salesmen not be paid bonuses based on sales volume. We thought this a completely inappropriate provision for an international health code, and on which was clearly informed by a strong anti-corporation bias.

The Code was in addition subject to the interpretation that its provisions are binding on corporations even though they are only recommendatory to governments. In our view, the World Health Organization is an intergovernmental organization which can have no independent authority over the private sector in any country. We oppose any effort by the United Nations system to control private corporate activity.

Finally, let me mention one other problem. The Code appeared to interfere with the role of health professionals in dealing with their patients by assigning to governments, not doctors, the role of ensuring that families are informed about infant feeding. Assigning more and more tasks to the States is a practice favored by many nations but not one that the U.S. wishes to encourage by a "yes" vote. The Code states that "governments should develop social support systems to protect, facilitate, and encourage" breastfeeding. As Dr. Graham noted in his testimony, "the use of the word 'societies' instead of 'governments' would have recognized the fact that in most non-Socialist countries many of these functions are carried out effectively by private voluntary organizations. . . ."

Dr. Graham goes on to discuss another troubling portion of the Code, Article 4.1. I quote Dr. Graham's testimony:

"This article, in its entirely, states: 'Governments should have the responsibility to ensure that objective and consistent information is provided on infant and young child feeding for use by families and those involved in the field of infant and young child nutrition. This responsibility should cover either the planning, provision, design and dissemination of information, or their control.' No matter how it is read, this article is proposing prior government censorship of scientific and health information: in free countries such shackles are totally unacceptable, even when governments might have a great deal of expertise on the matter.

"In many developing countries no such wisdom exists in the government: the article is an open invitation to arbitrary imposition of ideas and to the denial of access by the public and health personnel to dissenting opinions or evidence. If the intent was to control only manufacturers and distributors, whether proper or not, the letter of this article can and will be interpreted to prevent scientists, health workers, community representatives, or the communications media from speaking up when they disagree with official thinking. It can and will be used to block the circulation of scientific journals, particularly if they carry advertisements."

We consider it deeply unfortunate that a Code was not developed which took full account of such complexities in the infant feeding issue and which the United States could support.

And so, despite our governmental interest in encouragement of breast-feeding, we were faced with a code that was simply defective from our point of view. We would not, or could not, have enacted it into law in the United States, and we were concerned in general about the propriety of WHO's involvement in codes addressed to the commercial sector. It is true that the code was not binding, that it was only a recommendation to member governments and could have been rejected or ignored. But we considered it hypocritical to vote in favor of a code we could not implement ourselves. And under the circumstances, we did not believe it proper to recommend the code to others.

The United States will continue to promote breastfeeding as the best form of infant feeding, but we cannot support a detailed and inflexible code, global in scope and rigid in structure, that our laws and our traditions would never permit us to implement at home. We believe strongly in this position. We were prepared—if necessary—to stand alone on it and, as it turned out, we did. It was a risk we were willing to take. To begin changing our positions whenever they are unpopular in the United Nations is a policy with staggering implications, and one this Administration rejects completely.

Where do we go from here? For one thing, it should be clear that our vote on the code has been misperceived by many. The language adopted by the Senate yesterday acknowledged that misperception, and we welcome the Senate's recognition of this problem. It is ridiculous to interpret our vote as a vote against babies, against breastfeeding, or against better nutrition for infants and mothers. Nor is it a vote against the UN system. It was a vote on one piece of paper—this Code—and simply a reflection of our views that the code was inapplicable and unimplementable in the United States and contained a number of premises and conclusions that were not based on decisive medical evidence.

The big storm we have seen in the past few weeks was unnecessary. I have argued time after time against the intrusion of politics in the UN specialized agencies, and here we see the typical result of that intrusion. What should have been a measured debate on health issues was transformed into a shouting match over intentions and over integrity. Instead of disputing the Administration's position with persuasive medical evidence, too many opponents spoke of killing babies, or of big business' influence, or simply invented evidence.

Let me assure you that we in the Reagan Administration will never be swayed by this kind of polemics. We will stick to the policies we believe in, no matter how polemical the charges against us. We are aware that in many votes on issues of free press or free market economics, as on many issues affecting so-called North/South relations or issues related to the New International Economic Order, we will be in a small group, or even alone. Rest assured this will never change our minds or change our vote.●

PROGRESS IN POLAND

● Mr. KENNEDY. Mr. President, today, July 14, marks an important day for Poland—and potentially for Eastern Europe and the world. A Polish Communist Party Congress convenes in Warsaw based on elections by secret ballot by all members of the party; 80 percent of the delegates are participating for the first time. New democratic forces are at work in Poland; at the same time, the Polish people face serious economic problems which are the result of decades of mismanagement by the state.

It is essential to the Polish people, and of the greatest importance to the world, that they proceed in resolving their own internal problems without external intervention. I have complete confidence in the ability of the Polish people, government and church to do so in a manner which contributes to both peace and their future political and economic progress.

I also believe strongly that the international community should respond generously to Polish economic needs and make it possible for Poland to resolve its longer-term problems. Both Communist and non-Communist nations and both the private and the public sectors should play full and supportive roles in economic assistance to Poland. In addition to the decision last year to provide Commodity Credit Corporation credits to Poland, I call upon the administration to provide further credits for corn and other food supplies at this critical time for Poland and the Polish people.

Mr. President, William Beecher and Jim Hoagland have written thoughtful articles, in the Boston Globe and Washington Post respectively, on the current economic and political situation in Poland. As Mr. Beecher points out, we must not be surprised by "mistakes of omission and commission * * * during a period of transition" to decentralized economic management so essential to Poland's long-term economic success. Mr. Hoagland explains the "Polish paradox": those who wish to reform the political system in Poland must be careful not to destroy the progress achieved to date.

On this important date for Poland, we all join in wishing it well in its critical passage to economic and political success for the Polish people.

I request that William Beecher's article, "Have the Poles Reached a Time of Decision?," and Jim Hoagland's article, "Polish Paradox," be printed at this point in the RECORD.

The articles follow:

[From the Boston Globe, July 10, 1981]

HAVE THE POLES REACHED A TIME OF DECISION?

(By William Beecher)

WARSAW.—It may seem a small thing, but historians and sociologists may look back at the summer of 1981 as marking a turning point in the expectations of the next generation of Poles.

It's traditional that Polish babies, when they cry out in their carriages, are given small, hard cookies, just as mothers in the United States pop a pacifier in a wailing infant's mouth between feedings.

About six weeks ago, the baby cookies disappeared from the shelves. Why, since they are baked locally from flour and sugar?? Who can say about Polish foodstuffs, a journalist answers. Things just disappear. There is no explanation. There is very little in the markets.

Now, in perambulators all over Warsaw, infants must be satisfied with rubber and

plastic pacifiers. If the situation persists, it could prove significant. In the past, from their earliest recollection, Poles had only to cry out to be rewarded with something sweet. Inadvertently, that may have shaped a nation's expectations that instant gratification was the normal condition.

For the last three decades the Poles have always demanded good food at low prices. Often they have taken to the streets and rioted when higher prices threatened that condition—twice even bringing down governments.

But, although sweeping changes in the political, social and economic structures are being won at the insistence of workers and farmers, currently skimpy market shelves are expected to get even worse.

Plant managers and state farm directors, who depended on directives from bureaucrats in Warsaw to tell them what to do, are suddently going to have to make a lot of their own decisions, being judged on the heretofore unheard of test of whether they can turn a profit. Many mistakes of omission and commission can be expected during a period of transition.

As grandiose plants ordered by the previous regime are closed because they are uneconomic, will displaced workers return to farms which are desperately short of help? City life can be more exciting and farmers are looked upon by society as country bumpkins. But as private farmers, who own 75 percent of the land, begin to get realistic prices, farm incomes should spiral compared with urban salaries, as in Hungary. Or will the unemployed insist on retraining for service jobs, such as automobile repair?

What about the hundreds of thousands of bureaucrats and managers and editors—the new middle class—whose cars, nice apartment and television sets have come to them less from ability than loyal membership in the Communist Party? For many of them the lifestyles they have become accustomed to could be jeopardized if future rewards are based on performance under the most competitive circumstances. Will they nonetheless implement the changes, or obstruct them in hopes they will flounder further and people will finally decide to trade their new freedoms and five-hour lines for meat, for a return to the old ways where perhaps a relieved and grateful Soviet Union will send in handsome bounty?

In all walks of life, despite what should be a heady mood here, one meets 10 pessimists for each optimist.

An intellectual puts the case this way: Over the past 35 years there has developed a new bourgeois class of people who gained everything not through talent but party membership. They suddenly realize they can lose everything, much like Franco's middle class in Spain. So instead of talking about renewal and solidarity, they keep quiet. They follow orders and keep the situation in suspense—until the majority in Poland get so tired of lines they will agree to anything, even a return to the old ways, to get meat and rice without ration coupons. The Russians will not invade. They will just wait and the fruit will fall into their hands—in the autumn.

A Solidarity official sees it differently: the mismanagement and waste of the previous regimes were appalling. This crisis had to arise, it was only delayed by loans from the West. Our economic situation is so bad that turning back to the situation of the past will not end the lines, or put meat in the shops. There's no turning back. It's gone too deep.

[From the Washington Post, June 22, 1981]

POLISH PARADOX: PARTY'S FOES TRYING TO KEEP REGIME AFLOAT TO REFORM IT

(By Jim Hoagland)

GDANSK, POLAND.—Jan Labecki, first secretary of the Communist Party in the Lenin Shipyard, member of Poland's Central Committee and seeker of a new form of communist rule for his country, fidgeted as his visitor returned to the question of the banner that had been strung across the shipyard's main entrance early that morning.

It was now midday and the banner still hung in the defiant spot chosen by Solidarity union activists, their neat black lettering demanding the release of Poland's political prisoners. Soon, regional officials would be passing beneath it as they gathered at the shipyard to elect delegates to the national Communist Party Congress, and Labecki was acknowledging that the banner would still be there to greet them.

"Find somebody to take it down," the party administrator challenged his questioner. "There would be trouble, and whoever took it down would be out of a job and would never get another job here. The one who replaced him would not even try the next time."

"In the history of Poland it is always like that," he continued. "At one time you can do whatever you want, without responsibility for it. That was the last decade. Now, the pendulum has swung, and they can do whatever they want. Solidarity is giving the orders right now."

Poland's national revolt against three decades of misrule and repression has turned this Eastern European country into an ideological no man's land in the late spring days leading toward a climactic party congress next month. A surge of open nationalism, political activity and freedom of expression here makes it seem that the Iron Curtain has been parted at the Polish frontier.

Suddenly, the fear that has been the cement of Soviet rule in Eastern Europe has been turned. In Gdansk, the party and its police fear the people, not vice versa. In this Polish paradox, Communist Party officials are actually running for election to their jobs, in secret balloting, and they cannot yet know where this novel experience will lead.

Neither can the police, who would normally have yanked down the Solidarity banner at the shipyard. Nor can the censors, who normally would have halted the unvarnished reporting appearing in the Polish press and curbed the outpourings of Polish men and women who are excitedly telling each other what has happened to them and their country under 35 years of Communist rule.

Now, a reporter asks a Polish activist what help the United States could send and is told calmly, in the hearing of a dozen persons in a public place, "How about tanks?"

In this new Poland, it takes a well-publicized outburst by Communist Party leader Stanislaw Kania, backed by a nastily threatening letter from the Kremlin, to stir the old fear patterns and to give a little backbone to the police and censors. Kania's promise of a crackdown is not an end to this season of dissent but an acknowledgment of the enormous task his weakened government faces in trying to get the genie of democracy back into the bottle.

"We've started rooting for the government," said one Western journalist covering the upheaval. "You have to go with the underdog."

Seen from inside, Poland's revolt looks dramatically different than when it is viewed from Washington against the ever present backdrop of the Kremlin and the White House muttering menacingly at each other or at the Poles. Here, the periodic threats of global conflict are adjuncts to a subtle, cosmopolitan and highly risky internal power game that is not obeying traditional rules of such struggles.

"People talk about a power struggle, but power lies on the sidewalk and nobody picks it up," says Father Josef Tischner, an influential Roman Catholic theologian in Krakow. Andrzej Gwiazda, Solidarity's deputy leader, adds: "We're doing our best to convince the government it is a government. Maybe that is why we argue so much with it."

That sentiment contains the core of the paradox. Many opponents of the party fear that its government will simply disintegrate one day, provoking a Soviet invasion. Church leaders, Solidarity members and intellectuals who accept this view maneuver in silent complicity with party reformers to keep the government afloat long enough for it to be completely overhauled from the bottom.

Maneuvering in a completely different direction, of course, are the members of the old guard who are not in sympathy at all with the liberalism and patriotism that could cost them their power. It is difficult to judge their strength, particularly since they continue to shun contact with visiting journalists, but it is sufficient to worry Kania and Solidarity activists. "The party elections are so democratic that they trouble me," says Zbigniew Bujak of Solidarity. People who are losing power are our biggest opponents and they are not happy to be going."

Poles appear to be too busy trying to advance and understand the palpable transformation occurring within their society to keep asking themselves, as Westerners do constantly, if the Russians are going to invade. Instead, it is the profound human experience that is occurring within the Polish revolt that occupies Poles, and it requires the shouting of Kania and Moscow to jerk them back to the global dangers that fixate outsiders.

Two dominant impressions emerge from the comments of several score of Polish Communists Party officials, Solidarity members, journalists, steelworkers, farmers and others interviewed during a week in Warsaw, Gdansk and Krakow. These impressions suggest something of the texture of life in those cities today.

First is an almost total alienation of the population from its ruling class, expressed in the most open and visible way imaginable in a country subject to totalitarian rule for 35 years. A visit suggests that Gerald Ford was perhaps no more than premature in his 1976 presidential campaign debate judgment that Poland was not under Soviet domination.

The second is the consequent turning inward of that population on its own resources. While the ideological hurricanes sweep the ground around them, Poles evidence a gentle human concern in personal contacts, almost as if they are celebrating the collapse of barriers that ideology had sought to erect among them. The mood in the long lines that form in front of tobacco stores, food shops, gasoline stations and other places where consumer goods have become scarce is unfailingly calm and courteous.

The seemingly complete disgust of the people for the rulers, who are seen particularly in the last decade as having driven the country into national bankruptcy through miscalculations and a policy of lies and deception, powers the still evolving drive for democratic freedoms in a Poland that would remain in the Warsaw Pact and have a socialist

economy run for the first time for working-class interests.

Three often conflicting goals seem to be gathered in loose harness around the Polish revolt, at times racing in the same direction, but usually wildly pulling against each other and making the Polish revolt seem to outsiders to lurch from crisis to crisis without direction.

From Kania on down, the Poles want to keep the Soviets out. Secondly, many Poles seem convinced that the Communist Party here must be reformed through democratic procedures to regain a minimal measure of consent from the population to govern—a consent that does not exist today.

Equally urgently, moderates in Solidarity and in the party voice a need to work together to resolve the deepening economic disaster that Poland faces. But a major struggle still looms over the conditions of that cooperation, with Solidarity wanting to "control" the implementation of economic reform without taking the "coresponsibility" for reform, and sacrifices, as the party urges.

This much has been clear for several months. What has changed in recent days is that the most important struggle in Poland no longer pits Solidarity directly against the party. The confrontation has moved inside each organization as Solidarity and the Communists prepare for their separate national congresses and seek political programs that define their aims and, inevitable, who is in charge. With his twin warnings this month that the Soviets have drawn a line and that reforms must nonetheless continue, Kania has moved to contain both his party's ideological conservatives and grass-roots reformers.

Solidarity leader Lech Walesa, apparently against the advice of some of his closest aides, has chosen to stress moderation and responsible behavior to give Kania some breathing room. Each side gives the impression for the moment of waiting to see if the internal divisions will cause the other to crack, to fragment, to lose the cohesiveness that has brought power with it. In this view, the Soviets have also chosen to wait, while trying to influence this internal process through threats as an alternative to invasion.

The final outcome is uncertain, but almost all of those interviewed insisted on one point as being essential—something approaching the current level of freedom of expression and association must survive this process. They see no turning back without a bloody repression directed from Moscow. Even then, a number of Poles said, much of the spirit of their revolt would survive, and would haunt the Soviets throughout their empire. That, they added, is one reason they believe there will be no invasion.

They could be tragically wrong. But even so, the invading Soviets will find that the revolution they came to stop has in many ways already occurred, at least on a psychological level. Poles who have takeh part in that transformation are far more concerned that external events—such as belligerent posturing from a Reagan administration that suggests that events in Poland will lead to an end to communist rule in the Soviet Union or Soviet paranoia spurred by events in Afghanistan, China or elsewhere—will weigh far more in the invasion balance than the developments here this summer.

"Lines outside the shops in my neighborhood are good news. It means there is something in them to buy."—A Polish journalist.

The censor sat across the cocktail lounge table sipping a double Scotch, explaining why his government had failed and the revolt had begun.

Despite his liberal credentials and beliefs, Karol Macuzynski is an influential member of the parliamentary committee that is drafting a new censorship law that will determine the legal limits of what is said or printed in the "renewed" Poland. This law is crucial, he says, because the current turmoil is a crisis of faith.

It started, he said, with the sudden shifting of priorities, and of style, when fast-moving Edward Gierek took over from the stolid Wladyslaw Gomulka in 1970 and immediately set out to give cars and consumer goods to workers to ease the pressures that led to Gomulka's ouster.

"Gomulka said workers didn't need cars. But Gierek wanted to do everything, to please all the people that Gomulka was always quarreling with. He opened the gates for Poles to travel; he got the licenses, the technology and the bank loans from the West and he traveled all over the country to hold meetings."

"In the first five years, it was dynamic, and nobody asked where the money was going," Macuzynski said. "Then the growth stopped and the leadership couldn't admit it. The meetings became empty, part of a completely autocratic way of ruling, and the leaders became victims of their own propaganda, that propaganda of success. The unbearable part was hearing how well we were doing, when we knew how poorly we were doing."

The borrowed money continued to flood in from the West, however, and through mismanagement, corruption, or a combination of the two, Gierek's lieutenants invested enormous sums in industrial white elephants that produced worthless goods, put the country $27 billion in debt, polluted the countryside and eventually angered both workers and consumers.

Macuzynski maintains that his fellow members of the parliament and the party leadership accept the idea that free discussion and reporting are necessary to clean up this mess. The censorship law, which will restrict only national security, obscenity, war propaganda and religious intolerance, will "contain 90 percent of what Solidarity says it wants," he said.

"Polish radio and television news has become so good now that people have stopped listening to the Voice of America and Radio Free Europe. . . . We are transmitting plenary sessions of parliament live, 12 or 14 hours a day sometimes, and people are listening. It is extraordinary."

The journey actually begins in a physical no man's land, in the death strip that East German authorities have created between the two Berlins. The West Berlin taxi halts, the passenger unloads his baggage, clears the checkpoint and hauls his luggage into the strip, crowned by watchtowers, to wait for an Interflug airport bus. A West German businessman who has done this often in catching connecting flights to Moscow, Warsaw and Budapest, smiles at a question about Poland today.

"It is a mess," the businessman says.

"But a hopeful one, a promising one?" he is asked.

"My God, no. It is an awful mess. Before, we placed our orders with a factory manager and we got deliveries at the right price, on time, more or less. But now, you have to talk to three Solidarity guys, a priest, and the factory manager, who can't give you any commitment. Prices are already 20 percent up and they still want to raise them more. No, it's impossible," the businessman says of the turmoil unleashed by Walesa's attempt to reform Communism in Poland.

The quietest line in central Warsaw the next day twists along the front corridor of a drab, five-story office building converted a few weeks ago into an organizational headquarters for Solidarity. In the lobby of this visible symbol of Solidarity's new permanence and problems, volumes of poetry written by Poland's Nobel Prize winner, Czeslaw Milosz, have gone on sale.

Printed in Paris by emigree groups and still officially banned in Poland, the books disappear over the counter at an even faster clip than the stylish Solidarity badges, banners and T-shirts in vogue in Warsaw's streets today.

Solidarity is careful not to provoke the authorities by boasting of such sales. But neither are they clandestine. They are part of the breaking of a long silence by the uprising that has come to be known by, and protected by, the name Solidarity.

Factory worker Zbigniew Bujak describes it this way: "The school only let us know that there was knowledge that it was unable to convey. The press informed us every day that it was not telling us everything about ourselves."

At 27, Bujak has become one of the three or four top officials in Solidarity, who work quietly in Walesa's shadow to organize and shape a mass trade union out of the enthusiasm and support of the 10 to 12 million people—nearly a third of Poland's population—who have joined the movement.

These organizers wrestle with the internal dangers that success has brought to Solidarity, as Walesa is increasingly absorbed by national and international problems and as he works to defuse the situation by endorsing Kania's calls for moderation. Bujak and the others remain a primary target of Kania's saber rattling because of the differences among them over Solidarity's strategy toward the party and the government.

Those differences have given the party leadership a chance to fight back, to heighten the chances of fragmentation within Solidarity by convincing Polish public opinion that Solidarity has split into clear camps of "moderates" and "radicals." In this two-prong strategy, the government would blame economic chaos on the radicals and seek accommodation with the moderates to avoid new confrontation, especially before the party congress convenes July 14.

The earnest, muscular Bujak appears to have come down with Walesa, on the side of trusting Kania and a new party leadership to deliver on the promises already gained from confrontation. He broods that Solidarity may have gained too much too fast.

"We are amateurs at this," he says in a second-floor office as he sifts with a slightly overwhelmed air, through organizational reports from factories. "We need professional organization to handle 10 million people and the trust they have put in our union after the failures of other institutions for the past 35 years. We should have had the structure first so we could welcome members in, where we were ready, but it happened the other way."

Bujak's own story illustrates the depth of the feeling that helped Solidarity grow so spectacularly so quickly. In a self-education group that he set up at the Ursus tractor factory outside Warsaw, he had drawn up a three-to-five year plan to organize an independent union. When news of the Gdansk strikes reached the factory, Bujak jumped onto a chair and persuaded thousands of others to support Walesa's group.

An hour later, two blocks away, Andrzej Gwiazda takes two packets of sugar out of a small carrying case as he orders coffee and sits down, his back to the wall of the crowded coffee house. A childhood in a Russian prison camp in World War II has taught him "not to be afraid of polar bears" and to be prepared for anything. Solidarity's deputy leader says with a whimsical laugh. Then

the waitress tells him that today they have run out of coffee, too. He settles for lemonade.

Gwiazda is the engineer of Solidarity. He speaks rapidly and elliptically, his voice barely carrying above the clatter of passing streetcars and strains of the U.S. rock group Blondie's "Heart of Glass" being played on the coffee house's stereo system. His manner suggests the long career of an underground union activist somewhat uncomfortable with being totally above ground now.

"In March, the Politburo realized that Solidarity was a permanent element that could not be broken down overnight," he says, pausing constantly during the discussion to answer other questions rained down upon him by knots of union workers who approach him almost reverentially. "So they have changed tactics, trying to weaken and to civilize us in their own way. They are trying to blame food shortages on Solidarity. They manipulate the crime statistics upward and blame that on Solidarity. After we agree to freeze our wage demands, they offer increases to party unions. What we face now is a well-prepared and long-range action against Solidarity. And we must respond."

Solidarity "should do nothing to make this party trustworthy," he continues. "The elections [to the party congress] will probably not assure good results. The methods may be democratic, but the candidates are not."

It is on these differences that Kania and ultimately the Kremlin must pin their hopes for a Solidarity that can be tamed, or alternatively, one whose failures can be used as a pretext for a crackdown that would gain some popular support. But these differences may in the end be overshadowed by the impressive agreement among men like Bujak and Gwiazda on the shape of a workable future for Poland, which centers on the acceptance of Solidarity's plan for workers' councils that will overhaul and run the major state economic activities. Such councils could then get the population to accept the sacrifices that will be necessary to get the economy running again, they maintain.

It is the week that the government has permitted Lech Walesa to go to Geneva to be Poland's primary speaker at the International Labor Organization. There is evident pride in Walesa's entourage over his performance. But there is also concern that, as one of the aides closest to Solidarity's leader puts it, "the government has suddenly become intelligent enough to try to make life very comfortable for us instead of very difficult. Our credibility is what makes us a national force, and we must protect it against such a trap."

"Several times a day now I have to remind myself that I am now carrying on real discussions with people, not just giving orders. It is part of the adjustment we all have to go through in this new environment. I will learn that, or I will have to go."

Halfway up the party ladder in terms of age and seniority, Tadeusz Zareba admits to having had difficulty in adjusting to "this fascination with democracy" that has been sweeping Poland since August. He is one of the Central Committee's top staff members in charge of the volatile area of press, radio and television and he has come through the upheaval shocked but with a chance of surviving. Up to a point, he favors what has happened to the party he has belonged to for 31 years.

"In this country now, the authorities will have to get used to spending so much of their time answering criticism," said Zareba, a short, compact man with gray hair cropped in a crew cut. "Critizing the government, even without basis at times, has become a lasting element of Polish political life. It is not the most rational method of spending your time, or ruling the country, but it is necessary after this eruption of democracy."

Zareba believes that the elections now under way are reviving a party that "had become so passive before the total criticism that blamed the entire party for everything." The party is rebuilding itself from the base level through democratic means that were not used much before last August. Reasonable people in Solidarity know they need a strong party trusted by the people. "We are not fighting Solidarity now. We want to influence the character of Solidarity. It should be a constructive element in socialist Poland."

Did the party official see any circumstance that could lead to a Soviet invasion?

"Nothing short of a civil war here in Poland," he said. "I don't know what the authorities would do in that event. And I don't foresee any such possibility.

"But it is important to remember that Poland is not an island. Geographically and politically, we are part of a given political system and a military alliance. This system is the base of our security, our integrity as a state. We regained our western territories [from Germany] as part of this system, and that is a guarantee of Poland as it is within its present borders. . . . Poland is not only part of the socialist system, but an important part. What happens here cannot be a neutral thing."

Question to a Solidarity activist: "Can you trust the Army?"

Answer: "We trust the soldiers."

When Communist Party officials talk about "antisocialist elements" in Poland, they usually have in mind Jacek Kuron and his fellow intellectuals in the Committee for Social Self-Defense, known as KOR. During the past two decades, Kuron has spent six years in prison and has been harassed repeatedly by police when out of jail because of his public campaign for democratic freedoms.

But the party is not likely to be overjoyed to hear that Kuron now says KOR "has finished its existence" and gone out of business as of Sept. 1. The reason is that KOR has moved into Solidarity and its members have become intellectual and spiritual advisers to the union. Kuron was last arrested in January and ordered on his release to report to the prosecutor's office twice a week. He has not gone to the office yet and the police seem to have dropped their usually constant surveillance of him.

"The entire society of Poland has moved within Solidarity," Kuron said. "So KOR finished its existence on Sept. 1, when the government recognized Solidarity as a legal movement. We have not acted as KOR since. You have to realize that we were never 'dissidents' since we were always part of the society. We weren't underground; we operated openly and as part of a society. When there were arrests, there was turmoil and eventually we were released."

Kuron is helping Solidarity shape a program that would lead to reforms in political institutions in Poland, but is not ready to talk about it specifically before the Solidarity congress.

"The important struggle now is for concept, for system, for the program that will solve our problems," he said. "That is occurring both within the party and within Solidarity right now."

He is fairly sure this debate and its results will not trigger Soviet intervention beyond the current psychological war directed at the ruling Communist Party Politburo and Solidarity.

"We will have a party and a Solidarity that are both accepted by the society, that both work and that can give guarantees to the Soviet Union not to invade. I'm sure of that," he said.

"What I remember, though, is a story about the man who thought he was a mouse. After six months, a psychiatrist convinced him that he was not a mouse. And as he goes to open the door he says to himself, 'I know that I'm not a mouse, and the doctor knows I'm not a mouse. I sure hope that cat across the street knows it.' "

Behind the roar of the ideological battles and the world power games, much of what is happening in Poland is recognizable as a struggle of generations, a thrusting for power and position by younger people who have, until now, seen the roads to these goals blocked by an ossified bureaucracy that rewarded mediocrity and longevity, as well as blind obedience to the party. In the party, in Solidarity and within the powerful Roman Catholic Church here, a new generation sees national reform as its opportunity to participate in shaping the future.

"We knew immediately that this was our last chance," said Mieczyslaw Gil, a steelworker in Krakow who has just been elected head of the regional Solidarity organization. "I am 37. I knew that if Solidarity didn't work, I would never have another chance to help make a different Poland. We had become sickened by the enormous waste in the system, which set prices of our plant's output only by cost. Plant managers sent by the party, sent in a briefcase we would say, got bonuses if they could push costs up, even beyond the point where the goods could sell."

"We are working to make sure this plant belongs to the nation, and not to the state," said Stanislaw Handzlik, Gil's deputy at the Nova Huta steelworks. "The workers will be managing their own enterprises and make sure that new ideas and methods are implemented. Until now, we have had a shortage of wise people, of people put in power because of intellectual ability instead of ideological acceptability."

In the party, this year's upheaval has also emboldened those few younger party officials who had already been working for reform from within. The prospect of fair elections has suddenly turned risk-taking into an acceptable, indeed necessary, part of Communist rule here.

Jan Broniek began campaigning for direct elections within the party before Solidarity forced the issue last year. He is one of two party secretaries reelected this month to the seven-member district committee in Krakow. Of the 433 delegates elected to the district conference, he estimated that only 30 percent had been elected to a party office before this year.

The five party secretaries not reelected "will have to find other jobs now, I guess," Broniek said in a small conference room at the party's headquarters in Krakow. "Bad decisions on investments in tractors our farmers can't use, color television factories that produce too costly goods, and trucks that are not suited for our roads have created an atmosphere in which changes have to be made."

In Gdansk, where it all started, Jan Labecki, the 37-year-old first secretary in the shipyard, easily won reelection to the Central Committee, a body he reportedly shocked last year by confronting it with what were to become Solidarity's strike demands and endorsing them.

"New faces mean new credibility for the party," Labecki said, "But a simple exchange of leadership is not enough. The party has to get rid of the notion that it has the exclusive recipe for wisdom and efficiency and

has to listen to the people much more. We can have a democracy that would be competitive with Western democracies, and that will be built on true socialism, too."

Asked how the form of Communist rule in this kind of Poland would differ from that of the Soviet Union, Labecki replied:

"It is like taking a garment from an older brother. You can get in it, but the sleeves are too short, the pants are too long. If you want to take it as your own, you have to trim it here and let it out there. We don't have communism, we have socialism. . . . A new Polish history is being created now. But we take into account our address and the address of our neighbors. We assure the security of the nation."

As archbishop of Krakow before becoming Pope John Paul II, Karol Wojtyla left a strong imprint on Poland. His friend, Father Tischner, believes that Wojtyla in effect paved the way for what has happened here since August by bringing a new public sense of unity and pride to the Polish population, particularly through his 1979 visit and by opening churches in Krakow to study groups that helped identify the government's shortcomings.

"Polish workers have been victims of exploitation within socialism, a new form of exploitation of man by man, a form perhaps unknown in capitalist countries," Tischner said. "It can be called labor without sense, people working a lot but their labor losing all sense to it when the goods they produce cannot be used, cannot be sold for more than they cost to produce. When work becomes senseless, the only sensible behavior is to strike. That is what happened and Marxism lost its monopoly on ideological interpretation of life in this country.

"Now we must provide a new morality, a new ethical practice that will in turn create its own religious and political experiences. But we must stay in the realm of practice. Czechoslovakia made the mistake of trying to invent a new socialism, and the Soviet Union reacted. You have to live within the framework of the illusion that socialism with a human face already exists in the Soviet Union, that you are not going to invent something that already exists.

"We are sentenced to be ruled by the Communist Party," he said with a smile. "Some optimists think it can be a party that will have the role of the British queen in our new arrangement. I am not that optimistic, but the party may know now that it does not have to rule in every area of our society. Maybe the party knows now that it can trust the nation."●

FTC INTERVENOR FUNDING

● Mr. McCLURE. Mr. President, in the past several years we have seen many problems and questionable practices arise concerning the public participation provision of the Federal Trade Commission Improvements Act of 1975—better known as intervenor funding. This provision allows the FTC to provide reimbursement for the costs of participating in its hearings to groups who have a interest in the proceedings but cannot otherwise afford to participate, and it gives the Commission great latitude in determining on whom to bestow this funding. This amendment was added in the House-Senate conference committee, thus without hearings or floor debate.

A recent article by Morgan Norval published in Reason magazine presents striking examples of how this well-intentioned idea has deteriorated into a Government subsidy program for various antibusiness, proregulation public interest groups. Congress, as the creator of such a bureaucratic monster, must awaken itself to the present state of this program and its ominous implications for America's industry.

The compensation provision states that intervenor funding is to be used to assure a fair determination of the rulemaking process. However, in seven major trade regulation rule proceedings between November 1978 and May 1979, the FTC funded only the advocates of the proposed rule. In addition, a mere eight groups received two-thirds of all public participation moneys doled out by the Commission in 1979.

The Federal funding of these "ideological soul-mates" of the FTC has been a major cause of the excessive regulation produced by the Commission recently. Small business, the most common target of FTC activity, is often handcuffed by lengthy and confusing hearing reports which average 25,000 pages. Even with large corporations who hire teams of lawyers for this purpose, the costs are passed on to the consumers in the form of higher prices. Thus, we Americans are hit doubly hard—first by having to finance the intervenors with our tax money and second by having to pay higher prices for our goods at the stores.

As the Senator from Wyoming, the Honorable ALAN SIMPSON, said in 1979:

In a free society it is intolerable that the taxpayer should be required to finance private lobbying groups, who often take positions opposed by a vast majority of our citizens.

I believe that it is time for this body to take note of these activities and take appropriate action as soon as possible. I ask that this article be printed in the RECORD.

The article follows:

[From Reason Magazine, July 1981]

KEPT CRITICS

(By Morgan Norval)

During the past 3 years the Federal Trade Commission has been doling out hundreds of thousands of dollars to various self-proclaimed public interest groups who then appear before the FTC Commissioners and commend them and their latest regulatory scheme as being a remarkable effort by the Commission to protect the public interest.

In reality, I have found there is far more personal interest and far less "public interest" in the administration of this program than is permissible under the statutes that control the FTC. . . .—Senator ALAN SIMPSON (R-Wyo.), CONGRESSIONAL RECORD, Feb. 7, 1980.

Since the Federal Trade Commission was established in 1914, one of its primary responsibilities has been to investigate complaints involving allegedly fraudulent or deceptive business practices. For the first 60 years of its life, the FTC handled such matters on a case-by-case basis. Standard agency practice was to investigate a complaint against a specific business firm and, if warranted by the facts, take action against the offending firm.

Often the action took the form of a directive to the firm not to engage in the questionable business practices in its future business dealings. That is, the FTC functioned essentially as a police force pursuing individual wrongdoers and not as a quasi-legislative body issuing rules and regulations requiring compliance from all the businesses within an industry, whether or not they had ever engaged in questionable practices.

All this changed dramatically a few years ago with the enactment of the Federal Trade Commission Improvements Act of 1975, more commonly known as the Magnuson-Moss Act. Now the FTC can and does issue sweeping rules and regulations that apply industrywide and not just to specific firms engaged in "unfair or deceptive" practices. And what is an unfair practice? Under Magnuson-Moss, it is whatever the FTC finds or decides is unfair practice. Unfair practice is in the eye of the beholder.

Prior to Magnuson-Moss, the FTC had to show that the questionable practices it was investigating were actually "in commerce," or being done. Magnuson-Moss, however, allows the FTC to act if it thinks some business practices would "affect commerce." That opened up a whole new ball game. As FTC Commissioner Paul Rand Dixon put it, "There isn't anything you can do in the United States today that doesn't affect commerce, so we have been moved right down to every act in every state in every city."

Tacked onto this awesome grant of authority in 1975 was an innocent-sounding little amendment—the public participation amendment. Like the proverbial road to hell, it was paved with good intentions. The amendment authorized the FTC to "provide compensation for reasonable attorney's fees, expert witness fees, and other costs of participating" in the FTC's trade regulation rulemaking proceedings. The rationale: to open up FTC rulemaking to the public by reimbursing the expenses of groups that otherwise could not afford to participate.

The legislative history of the public participation provision—often called "intervenor funding"—illustrates how a lot of laws end up on the books. The amendment was added to the bill in the House-Senate conference committee. As a result, there were no hearings on the matter and no floor debates in either house. It was simply inserted into the conference report and became law when Congress passed and President Ford signed the act in 1975.

DISCRETIONARY FUNDING

Who gets to take part in FTC proceedings under this program? The exact language of the intervenor funding amendment gives the FTC a good deal of discretion in administering the program. The compensation provision states:

"The Commission may, pursuant to rules prescribed by it, provide compensation for reasonable attorney's fees, expert witness fees, and other costs of participating in a rulemaking proceeding under this section to any person (A) who has, or represents, an interest (i) which would not otherwise be adequately represented in such proceeding, and (ii) representation of which is necessary for a fair determination of the rulemaking proceeding taken as a whole, and (B) who is unable effectively to participate in such proceeding because such person cannot afford to pay costs of making oral presentations, conducting cross-examination, and making rebuttal submissions in such proceedings."

With this wording, Congress granted the FTC considerable freedom to choose those on whom to bestow its largess. Naturally, the temptation looms large to parcel out intervenor funds to favored groups and individuals.

Would the FTC succumb to the danger warned of by John W. Gardner, former head of Common Cause? "Public participation proposes direct assistance," noted Gardner. If the concept of conflict-of-interest means anything, then there is danger in potential critics of an agency being financed by the very agency they criticize. We could easily create a class of kept critics, and damage the future of an independent public interest movement."

Like Adam in the Garden of Eden, the agency has yielded to temptation. The history of the FTC's intervenor funding program—which has so far handed out nearly $2 million—is one of helping its friends and ignoring its adversaries. The result has been an almost total anti-business, pro-regulation bias in the allocation of what are, after all, taxpayers' funds.

In testimony before Congress in 1979, it was brought out that supporters of more regulation of business received 95 percent of the intervenor funds distributed by the FTC between November 1978 and May 1979. And in seven major trade regulation rule proceedings during that time, the commission funded only advocates of the proposed rule. The subjects of those proceedings and the grants involved were:

Children's advertising (kid/vid)—18 grants totaling over $133,000, including more than $32,000 to the group that originally petitioned the FTC to initiate the rulemaking (Action for Children's Television/Center for Science in the Public Interest);

Used cars—two grants totaling over $17,000;

Food advertising—one grant, over $3,000;

Over-the-counter drugs—two grants, over $7,500;

Antacids—four grants, over $26,000;

Insulation—five grants, over $14,800;

Funerals—eight grants, over $18,500.

When it comes to receiving FTC money, it seems that friends make out a lot better than enemies.

MUTUAL BENEFITS

The FTC's behavior is not that difficult to understand, of course. Despite what many people think, bureaucrats are human beings, so they generally make decisions based on what will benefit them the most. In this respect they are no different from ordinary consumers and business people.

Like those who toil in the private sector, bureaucrats are interested primarily in enhancing their salaries, working conditions, power over others, reputations, and prestige. Thus, they can be expected to be keenly interested in possibilities for action that increase their chances for promotion, raises, and growing influence.

Nationally, when the passage of Magnuson-Moss expanded the jurisdictional base of the FTC's power, the bureaucrats were not hesitant to move into the new territory. Adding to the momentum was the Carter administration's infusion of "consumer activists" into the supper levels of the bureaucracy. At the top, of course, was Michael Pertschuk, appointed FTC chairman in 1977. Pertschuk had been chief counsel to the Senate Commerce Committee when it was headed by Sen. Warren G. Magnuson, a favorite of the consumer movement. Pertschuk was the chief architect of many federal consumer laws, including the Magnuson-Moss Act.

Pertschuk's appointment delighted the consumer movement, for now they had one of theirs on the inside. The prospects seemed bright for advancing consumerism. The FTC and the consumer movement could work together for the mutual benefit of both parties. The agency would gain more bureaucratic turf by issuing new trade regulation rules under the expanded powers granted it by Magnuson-Moss. And the consumer groups would gain in prestige as regulations advocated by them were adopted by the FTC.

This symbiotic relationship was enhanced by the new ace up the FTC's sleeve—the public participation funding program. The FTC now had at its disposal a device whereby it could reward the very consumer groups that would be most likely to support its proposed new rules and regulations.

This is precisely what happened. The FTC has been very generous to a select few groups that share its penchant for more and more governmental regulation. The record shows that eight favorite groups received two-thirds of all public participation funds doled out by the FTC in 1979:

Center for Public Representation—three grants for over $16,700 to testify in two proceedings, children's advertising (kid/vid) and thermal insulation;

Consumers Union/Committee for Children's Television—three grants totaling over $39,000 on the kid/vid rule;

Americans for Democratic Action—over $31,400 via five grants to support four rulemaking efforts (eyeglasses, over-the-counter drugs, health spas, and the funeral industry);

Community Nutrition Institute—three grants for the kid/vid rule for a total of $33,368;

National Consumers League—over $28,000 for two proceedings (care labeling and food advertising);

Action for Children's Television/Center for Science in the Public Interest—over $32,700 from four grants for the kid/vid rule;

Council on Children, Media, and Merchandising—over $31,500 from five grants for three rulemaking proceedings (antacids, food advertising, and kid/vid);

Center for Auto Safety—three grants for over $18,000 to support two proposed rules (mobile homes and used cars).

PAYING FOR EXPERTISE?

Aside from the incestuousness of this relationship between the FTC and its paid supporters, there are other questionable features of the intervenor program. Was this small corps of ideological soul-mates even qualified to speak out on particular rules under consideration by the FTC.

Take, for example, the Council on Children, Media, and Merchandising, an organization that seemed to depend on the bounty of the FTC for its sustenance. It consisted of a single individual and had no dues-paying members. But from 1976 through the middle of May 1979, this "organization" received $185,839 in FTC intervenor funding to participate in rulemaking proceedings on antacids, food advertising, over-the-counter drugs, and children's TV advertising.

The Council's founder and principal member, Robert Choate, was astute enough to take advantage of the legal plum handed to him by the FTC. Choate understands how the game is played in Washington: "Washington is an organization town. The first question asked of one going to his or her government with other than a purely personal matter is 'who are you with?'" So Choate created an organization to be with, consisting of himself and 13 others listed on a letterhead—an "ad hoc group," he called it in a letter to the FTC.

So a clever Washington entrepreneur can create a paper organization. To qualify, however, for a large grant for extensive participation in FTC rulemaking proceedings, it would seem that an organization would have to have sufficient expertise. In fact, evidence shows that small groups that receive intervenor funding often end up farming out most of its participation functions to persons or organizations not eligible themselves for compensation—outside law firms, survey research companies, or individual experts-for-hire.

The Community Nutrition Institute, for example, received over $40,000 from the FTC to participate in the children's TV advertising proceedings. It was small—no paid members—and turned around and hired Opinion Research Corporation of New Jersey to conduct a personal opinion survey. The presiding officer in these FTC proceedings cited serious flaws and discrepancies in the survey, however. Likewise, the small San Francisco-based Safe Food Institute received over $12,000 to conduct a survey that was later found by the FTC not to be valid.

The problem with consumer groups as sources of expertise has been pointed out by Stephen Breyer in the Harvard Law Review. "Consumer groups, often in an adversary posture toward industry, tend to have the least experience of all," he noted. "Though they may appeal to competing elements within industry for help, they frequently are dependent upon the agency and outside experts for information."

And not just outside experts. According to C. C. Clinkscales, director of the National Alliance of Senior Citizens, proponents of the FTC's hearing aid rule were reduced to advertising for witnesses to testify before FTC hearings. In cities where the hearings were scheduled, they took out newspaper ads reading: "If you bought a hearing aid in the last 30 days, you were probably cheated. The U.S. Government wants to know about it." The National Council of Senior Citizens, sponsor of this ad, was given $46,734 in intervenor funding by the FTC.

MONIED INTERVENORS

Other groups receiving intervenor funds have been large organizations with substantial budgets. They could hardly be considered poor and in need of taxpayers' money to participate in the FTC's rulemaking proceedings.

Americans for Democratic Action, for example, has been awarded $177,000 in intervenor funding to participate in five separate proceedings. This group has a national membership in the neighborhood of 75,000 people and an annual budget exceeding $1.6 million.

The Sierra Club shared an award of $28,241 with four other environmental groups to participate in a rulemaking activity (the proceedings on thermal insulation). It has around 183,000 dues-paying members who come up with $25 a year. This gives the Sierra Club financial resources of at least $4.5 million annually.

The Environmental Defense Fund, one of the groups sharing the insulation grant with the Sierra Club, is able to maintain offices in Washington, D.C., New York City, Denver, and Berkeley, California. It takes a lot of money to keep four offices open in four major cities. Yet the FTC felt this organization needed taxpayers' funds to participate in its rulemaking process.

Consumers Union, another recipient of intervenor funding, has an operating budget of nearly $24 million. It has a staff of almost 400 and publishes the magazine Consumer Reports, with a circulation exceeding 2 million. This needy organization shared with another group $73,900 from the FTC just to participate in the children's advertising proceeding.

How can an organization with that amount of revenue be qualified to receive these funds? It is quite easy. Mark

Silvergelb, director of CU's Washington office, told the Senate Subcommittee for Consumers in September 1979. "Conscribers $23 million dollars primarily to support participation in either Federal Trade Commission rulemaking or any other forum." He went on to point out that Consumers Union's primary function is to publish its magazine, and it only devotes a small part of its operating budget to advocacy activities. "If you divert more than what is financially sound to nonrevenue producing activities [appearing before the FTC], you eventually reduce your ability to carry on both kinds of activities, revenue and nonrevenue producing, and you simply waste away the base of the organization's financial abilities."

Mr. Silvergelb is onto something, only he is probably not aware of its implications. If Consumers Union is concerned about diverting money into, as he calls them, "nonrevenue producing activities," what about the businesses that stand to be directly affected by the FTC's proposed rules? Won't they, out of necessity, maybe even to stay in business, have to divert money into nonrevenue producing activities—such as taking part in FTC rulemaking proceedings? If Mr. Silvergelb's group can't divert funds from Consumers Union without affecting its program, might not the businesses facing potentially devastating FTC regulation be up against the same problem?

WHAT THE BILL COMES TO

What has all this activity actually cost? During its first three years, the FTC intervenor funding program soaked up $1.8 million in taxpayers' money. The program virtually ground to a halt in mid-1979, as Congress kept the FTC on a short budgetary leash during nearly a year of grueling oversight hearings. The tough hearings eventually lead to a rather mild FTC reform bill that slapped the agency's wrists for regulatory excess over such matters as the kid/vid rule but left its basic powers unscathed.

Since that time, however, few new trade regulation rules have reached the public participation stage. As a result, additional intervenor funding since mid-1979 has added up to only $187,000 so far, making the total expenditure since the program's inception just under $2 million.

This figure may seem like a drop in the bucket when compared with the billions our government seems determined to spend on all sorts of schemes and programs. Yet, the $2 million is just one part of existing and envisioned intervenor funding spread throughout the government (see box, p. 41). In the 96th Congress alone, nearly 50 bills to establish intervenor programs were introduced. Although one of its champions—Sen. John Culver (D-Ia.)—was retired to private life last November by his constituents, the concept lives on. Its new hero is Sen. Edward Kennedy (D-Mass.), who has been active in trying to create a government-wide intervenor funding program since 1976.

In addition to the seemingly small amount spent so far on intervenor funding, its end product, rules regulating business, can have tremendous cost impact upon the consumers of this nation. Increased business costs resulting from the rules are passed on to the consumer in the form of higher prices for goods and services.

Since consumers are also taxpayers, they end up getting stuck with both tabs—the original (tax) cost of the governmental process and the increase in the costs of goods and services resulting from the action of the government. Joyce A. Legg, a taxpaying consumer from Virginia hit the nail squarely on the head when she told Rep. Herb Harris (D-Va.) in a letter that, "as a consumer, I have not been fleeced one tenth as much as I have as a taxpayer."

EXPENSIVE RULES

A good example of how FTC rules can raise costs to the consumer was its trade regulation rule "Labeling and Advertising of Home Insulation," the so-called R-value Rule announced in August 1979. The purpose of the rule was to mandate the disclosure of insulation capacity in labeling, advertising, and promoting home insulation products. The R-value is supposed to be a scientific measurement of thermal resistivity—the higher the R-value, the greater the insulation power.

There was one fly in the ointment, however. Testing to determine R-values is a complicated process overseen by the National Bureau of Standards (NBS) and the American Society of Testing and Materials (ASTM). The science of testing various thicknesses of the many and varied types of insulating products is still in its infancy. Just before promulgating its rule, the FTC switched from one R-value test to another and imposed new mandatory testing requirements. Until recently, meeting these changed requirements was beyond the capability of existing testing equipment and methods, a point made to the FTC by the NBS, the ASTM, the Department of Energy, and other experts in the field of thermal-insulation testing.

The FTC turned a deaf ear to these protests and proceeded with the rule. If it were to go into effect without proper equipment and standards, warned Stanley L. Matthews, president of the Mineral Insulation Manufacturers Association, it "will increase the cost to consumers of insulation by as much as $90 million."

Fortunately, the 10th Circuit Court of Appeals put a hold on the FTC's rule; Congress reaffirmed that hold in its FTC reform bill. The National Bureau of Standards hopes to have standard calibrated equipment and samples available sometime this year.

In other recent action the FTC is proposing a set of rules requiring new warranties on the sale of mobile homes. "This is a classic case of overregulation," says Walter L. Benning, president of the Manufactured Housing Institute. "Every one of our homes must be inspected by agents from the Department of Housing and Urban Development before they can be sold. No other house in America must go through such rigorous inspection." The FTC estimates that its rules would increase the cost of a mobile home by only $100–$125, but Benning figures it would be more like $2,000 per home.

The cost to the consumer of the FTC's originally proposed used car rule requiring dealers to inspect 14 systems of the automobile and to disclose the results on a window sticker ("OK," "Not OK," or "We Don't Know") was pegged, during Senate testimony, at between $1 billion and $10 billion, depending on how the cost of the inspection and any subsequent repairs is calculated. Evidently, the cost seemed too high even to the FTC, for in April 1981 it approved only a twice watered-down rule requiring used car dealers to put in writing whatever warranties are offered and to disclose "major defects."

Attempts by the FTC to break up the cereal industry would, if successful, have serious economic consequences. According to Phil Leonard, United Rubber Workers Political Education Director, it "will mean over 2,600 jobs will be lost" in the cereal industry alone. In addition, Mr. Leonard pointed out, if the FTC proceeded with its proposal to ban children's advertising on TV, jobs in the toy industry would be lost.

THE COST OF THREATS

Mr. Leonard's latter fear is moot because in its 1980 FTC reform bill Congress forbade the FTC from issuing any ban on children's television advertising. But the mere announcement by the FTC that it is considering a rule can have detrimental effects upon the chosen industry.

The agency has proposed a rule that would allow health club members the right to cancel their membership contracts, for any reason (or no reason at all), at any time during the life of the contract. This rule would have disastrous effects upon the health spa industry because its ability to raise both long- and short-term capital depends upon pledging accounts receivable, in the form of membership contracts, to banks and other lenders for credit. The FTC's proposed rule would, in effect, make a health club contract a useless, non-binding, one-party document that no lending institute would accept as collateral.

According to the September 1979 Senate testimony of Richard Wood, president of the Golden Life Physical Fitness Centers, when the FTC announced its proposed rules, "Abruptly, the financing of my Odessa [Texas] center was withdrawn, leaving me with no source of short-term working capital or expansion funds. Despite a delinquency rate of only two percent, I could not convince bankers or finance company executives to reinstate my financing. They were frightened by the severe nature of the FTC rule which calls for giving consumers the unilateral right to cancel their retail installment agreement with me at any time for any or no reason."

Wood was forced to ask prospective consumers to pay in advance for the entire term of their contracts. As a result, business at Wood's Odessa facility has dropped 50 percent and it has not shown a profit. The Texas gym is being carried by Wood's other clubs in New Mexico.

Dr. Reynold Sachs, a professor of managerial economics at American University in Washington, D.C., testified that "the proposed trade regulation rule would make it all but impossible for the typical health spa operator to obtain external debt financing . . . [and would] lead to an increase in the number and frequency of bankruptcies and insolvencies. . . . consumer prices would increase by an estimated 100 to 200 percent."

HITTING THE LITTLE GUYS

Other direct costs to business are more difficult to measure. For example, consider the cost involved in the sheer amount of paperwork involved in FTC rulemaking proceedings. The average record of a proceeding is 25,000 pages; some exceed 50,000 pages.

How can a businessman, especially a small businessman, wade through that morass of paperwork and still devote sufficient time to his business? Clearly, it is beyond the means of the average business owner. And although large corporations can hire teams of lawyers to do the job, such expenses are passed on to the consumer.

It is not the large corporation, however, that is the typical target of FTC activity. The FTC is a bureaucracy employing 700 lawyers that seems to thrive on hassling the small businessman. As Dr. F. M. Scherer, former director of the FTC's Bureau of Economics, told a 1976 hearing before the House Small Business Subcommittee: "What I have learned since joining the Commission staff is that many attorneys measure their own success in terms of the number of complaints brought and settlements won. In the absence of broader policy guidance, therefore, the typical attorney shies away from a complex, long, uncertain legal contest with well-represented giant corporations and tries to build up a portfolio emphasizing small, easy-to-win cases. The net result of these broad propensities is that it is the little guys, not the giants who dominate our manufacturing and trade industries, who typically get sued."

Among the indirect costs of FTC rulemaking is the time lost by businesses in trying to comprehend the proposed FTC action,

fighting it, or both. Any time spent on these activities is time not spent on providing goods or services desired by consumers, which means higher prices for the ones that are provided.

The heavy-handed intrusion of the FTC into the affairs of business also generates a climate of fear. Zealous defenders of the regulatory agencies will applaud this, saying the businessman will be too scared to try any shady tactics. (This is a dubious assertion because anyone who is bent on fleecing consumers is not likely to be overly deterred, if at all, by some FTC regulation.) But the other side of the coin is that the climate of fear also makes entrepreneurs have second thoughts before developing and introducing new goods and services that may be better and cheaper than those currently on the market.

CURBING THE FTC

The FTC's use of public funds to hire advocates of its position on proposed industry-wide rules is a gross abuse of its powers and of the taxpayers' money. As Senator Simpson told his colleagues in 1979: "In a free society it is intolerable that the taxpayer should be required to finance private lobbying groups, who often take positions opposed by a vast majority of our citizens."

Unfortunately, Simpson's words had little effect upon his Senate colleagues last year when they passed their weak-kneed FTC reform bill. When they finally approved the agency's budget the intervenor funding program was continued, with but two restrictions: the amount that any one group can be awarded is now limited to $50,000, and 50 percent of the grant funding must now go to business interests.

The reform bill took several other steps to restrain the FTC, namely allowing new FTC regulations to be vetoed by a vote of both houses of Congress and restricting somewhat the proposed FTC regulations on children's TV advertising, voluntary codes and standards, trademarks, cooperatives, life insurance, and funeral homes. In other words, the big boys with the political clout won a reprieve from the FTC. But Congress left the small businessman still exposed to the agency's awesome powers.

The FTC intends to use that power. After the legislation was signed into law, Chairman Michael Pertschuk told the Associated Press, "We intend to go ahead with everything Congress hasn't specifically stopped us from going ahead with." In spite of the change of administrations, the FTC is still peopled by those who have admitted to carrying out a vendetta against whole industries. They are ready, willing, and able to dream up new rules to regulate business, as Pertschuk has admitted. They can still dole out money, although now on a reduced basis, to hire groups to speak for their proposed rules and regulations.

Last February the Reagan administration sent shock waves through the Federal Trade Commission. The Office of Management and Budget recommended that the FTC's current fiscal 1981 budget be cut by 13 percent and its 1982 budget by 24 percent. OMB also urged that the intervenor funding program be abolished.

The latter, however, is a creature of the Congress. Congress conceived intervenor funding, gave birth to it, annually nourishes it with taxpayers' funds, and regularly contemplates cloning it for other federal agencies. It is up to Congress, not the OMB, to get rid of the little monster it created.

The time is rapidly approaching when, according to former Atty. Gen. Griffin Bell, "if the Republic is to remain viable, we must find ways to curb, and then to reduce, this government by bureaucracy." A good place to start would be to abolish the practice of intervenor funding.●

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I have certain housekeeping details to tend to. I believe these matters are routine.

May I inquire of the minority leader? During this morning I put a question to the minority leader on whether or not he might be in a position to agree to a request that the Senate turn to the consideration of the tax bill at 11 a.m. tomorrow. Since that time, I have found that certain Senators require special orders.

ORDER FOR THE RECOGNITION OF CERTAIN SENATORS TOMORROW

Mr. BAKER. Mr. President, let me put the request at this time.

I ask unanimous consent that, after the recognition of the two leaders under the standing order on tomorrow, the Senator from Vermont (Mr. LEAHY), the Senator from Utah (Mr. HATCH), and the Senator from Virginia (Mr. WARNER) each be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 9:45 A.M. TOMORROW

Mr. BAKER. Mr. President, I am prepared to change the convening order from 10:30 a.m. tomorrow to 9:45 a.m. tomorrow in order to accommodate these special orders and still permit the opportunity to go to the tax bill at 11 o'clock.

Might I inquire of the minority leader if he is in a position now to agree to a request that the Senate proceed to the consideration of the tax bill at 11 o'clock on tomorrow.

Mr. ROBERT C. BYRD. Mr. President, I have no objection.

Mr. BAKER. Mr. President, I make that request. I request that the time for the convening of the Senate be changed to 9:45 a.m. on tomorrow; that at 11 a.m. on tomorrow the Senate proceed to the consideration of the tax bill, House Joint Resolution 266.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER DESIGNATING PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS AND TO PROCEED TO CONSIDERATION OF HOUSE JOINT RESOLUTION 266 TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that after the recognition of the two leaders under the standing order, and after the recognition of the three Senators with special orders which have been provided for, there be a period for the transaction of routine morning business to extend until the hour of 11 a.m., during which Senators may speak for not more than 5 minutes each.

Mr. President, I amend the request only to the extent that I ask that the Senate proceed to the consideration of the tax bill at 10:40 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BAKER. Mr. President, in just a moment I will ask that the Senate recess over until 9:45 a.m. tomorrow.

After the Senate convenes on tomorrow, after the prayer of the Chaplain and the recognition of the two leaders under the standing order, three Senators will be recognized for not more than 15 minutes each on special orders.

After that there will be a brief period for the transaction of routine morning business.

At 10:40 a.m. The Senate then will proceed to the consideration of House Joint Resolution 266, the tax bill. It is anticipated the entire day will be devoted to debate on that measure. I expect that most of the day will be consumed in opening statements and general debate. I do not anticipate there will be votes ordered on tomorrow.

In the event votes are ordered on tomorrow, at that time I will request—I do not now request, but I anticipate requesting—that the votes go over until the following day.

There is already an order for the Senate to convene at 10 a.m. on Thursday. It is my full expectation that I will ask the Senate to stay in session reasonably late on that evening since Thursday is the evening set aside for late sessions, if necessary. I would anticipate that the Senate might be in session as late as 10 or 11 p.m., or perhaps even later.

The Senate will then convene at 10 o'clock a.m. on Friday, according to the order previously entered, and will continue debate on the tax bill, if necessary, until a reasonable hour in the late afternoon on Friday. I do not expect a late session on Friday.

There is already an order entered for the Senate to convene at 10 a.m. on Saturday, if necessary, at which time we will resume consideration of the tax bill, if that proves necessary.

Similarly, there is an order for the Senate to convene at 12 noon on Monday next and to proceed with the consideration of the tax bill.

Mr. President, notwithstanding that orders have now been provided to accommodate extensive debate on the tax bill, it is my sincere hope, and it is my guarded belief and expectation, that we can complete action on the tax bill by the afternoon on Friday.

I urge Senators who have amendments they wish to offer to make those amendments known on this side to our cloakroom so we make an inventory of measures to be acted upon. During the day tomorrow, I will explore with the minority leader the possibility of a time agreement either on the bill as a whole or on amendments to the bill.

RECESS UNTIL 9:45 A.M. TOMORROW

Mr. BAKER. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 9:45 a.m. tomorrow.

There being no objection, the Senate, at 5:50 p.m., recessed until Wednesday, July 15, 1981, at 9:45 a.m.

HOUSE OF REPRESENTATIVES—*Tuesday, July 14, 1981*

The House met at 12 o'clock noon.

The Reverend Dr. Charles V. Bergstrom, executive director, Lutheran Council, Washington, D.C., offered the following prayer:

Dear Lord, we thank You and pray for people of politics. We pray first for all the people of this land who need a new birth of participation in the political process. Help voters to learn more about dedicated men and women in the House of Representatives. Fade into perspective the stories of weakness. Help all of our people to be freed from meanness of spirit, divisiveness, and inactive citizenship. Change lazy complainers into voting participants.

And so we pray also for the Members of the House here and those not yet here, that they may know again the joys of political vocation. Make them aware of the needs of people in this great land. Fade into the background dollar signs and selfish motives. Zoom into focus the pictures of people in need of justice.

Give hope to all who need it. Give faith in the process of government. Give us charity, especially when there is difference regarding issues and legislation. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE PRIVILEGED REPORT ON 1982 ENERGY AND WATER DEVELOPMENT APPROPRIATIONS BILL

Mr. BEVILL. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a privileged report on a bill making appropriations for energy and water development for the fiscal year ending September 30, 1982, and for other purposes.

Mr. MYERS reserved all points of order on the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

THE REVEREND DR. CHARLES BERGSTROM

(Mr. SIMON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SIMON. Mr. Speaker, our Chaplain this morning is not a constituent of mine, I regret to say, but Dr. Bergstrom represents what a few people in Washington represent—the various religious bodies here on the Washington scene. Monsignor Higgins, representing the Catholic bishops, during the last two decades probably was the most prominent. Dr. Bergstrom is one of those, along with several others, who try to apply faith to life and he does it with great distinction in behalf of the Lutheran Council.

It is my personal privilege to count him a friend and, more than that, I appreciate what he is doing. His prayer called upon all of us to avoid inactive citizenship.

One other point I noted in his prayer, which was an admonition as well as a prayer; he advocated that we apply charity as we have differences. His approach is not, "If you don't agree with me, you're morally inferior or morally wrong," but that we somehow through difficulties, through disagreements, must apply faith to life. He exemplifies that in the finest kind of tradition.

REAGAN BUDGETMAKERS HAVE PLAYED FAST AND LOOSE WITH THEIR ASSUMPTIONS TO MAKE POLITICAL HAY OVER FEDERAL SPENDING PRIORITIES

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Speaker, last Sunday, July 12, Treasury Secretary Regan told Americans that the deficit for 1981 would be in excess of $54 billion due to interest rates being higher than anticipated.

Mr. Speaker, when the Stockman budget was formulated, it assumed an interest rate of 11.5 percent. That assumption was unrealistic in March when it hovered around 14 percent and it remains unrealistic today when the 91-day Treasury bill is at 14.56 percent and expected to rise.

The Reagan budgetmakers have played fast and loose with their assumptions in order to make political hay in the debate over Federal spending priorities. I think it is time to stop fooling the American people and let them know that the Reagan administration is using Federal deficits as the excuse for practicing a high interest rate policy which is meat-axing small businesses, choking the housing and automobile industries, and clobbering the Federal budget while benefiting rich investors in money market funds.

IRELAND—MAZE PRISON HUNGER STRIKE

(Mr. SHANNON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHANNON. Mr. Speaker, last Wednesday, in the H block of Maze Prison, Belfast, Joe McDonnell died. Yesterday morning, it was Martin Hurson. And Kieran Doherty, recently elected to the Irish Parliament in Dublin, is weakening and may die of starvation within the next few days.

When the hunger strikers began to fast, their demand was for political prisoner status. After five men had died, the Irish Commission for Justice and Peace, composed of clergy and lay people, and affiliated with the Irish Catholic Bishops' Conference, met with inmates and with British officials. The nationalists were willing to moderate their demands. They asked for reforms for all prisoners in Northern Ireland, and dropped the request of political prisoner status for themselves. It looked then like the hunger strike could be resolved.

But the British Government balked, and delayed, and Joe McDonnell died. The negotiations, so nearly concluded, fell apart. The Irish Commission for Justice and Peace left Belfast for Dublin on Saturday.

Is the government of Prime Minister Thatcher unaware that with every death by starvation, the IRA is provided another name for its ballads of revolution? Moderate men and women are being pushed to sympathetic violence by the intransigent, inflexible British Government. This is an intransigence which will lead to death—of inmates in the Belfast prison, and of citizens in Belfast streets.

It is up to Mrs. Thatcher to replace the chaos and destruction with reason. British inflexibility in this grevious situation is not discouraging terrorism. It is spreading terrorism.

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

BIZARRE AND OUTLANDISH DEMAND FROM MR. STOCKMAN

(Mr. WRIGHT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WRIGHT. Mr. Speaker, one of the most bizarre reports in a time of outlandish demands from executive appointees is the report that Director of the Office of Management and Budget, Mr. Stockman, had requested of the Senate leadership that they simply accept the reconciliation bill as it had been passed by the House without amendments and adopt it in that form.

Now, as those of us who labored through the exercise are aware, there are numerous and glaring inconsistencies and terribly gaping holes in that bill.

A few examples: The low-income weatherization program is authorized at a level of $193 million for 1982; but in a preceding section, the original act authorizing the whole program is repealed.

The Merchant Marine and Fisheries section of the bill provides for the establishment of an ocean dumping fee not to exceed $5 per ton, whereas the public works section of the bill makes as assessment of any such fee illegal.

□ 1210

An even more confusing example is contained in the Education and Labor package under the so-called Gramm-Latta II which simultaneously repeals the community economic development program of the Community Services Administration; then authorizes appropriations to carry out the program; and, finally, provides that no funds will be available for the program in fiscal years 1982, 1983, and 1984, while in another section it authorizes the OMB Director to take over administration of the Community Services Administration and terminate the agency itself.

The bill, as it is presently drafted, makes it extremely unclear as to its impact on blind vendors in Federal facilities. We do not know from the inconsistent provisions whether the Randolph-Sheppard Act, as it applies to blind vendors, has been repealed or been left intact.

The first nine lines of the Small Business Administration Act have been inadvertently repealed without any apparent reason or purpose.

The Head Start program, the National Science Foundation, and all of our weather stations, by an apparent error in drafting, were removed from law.

Now we do not know what other inconsistencies may exist, and I suggest the conferees be very, very careful.

CONGRESSMAN STRATTON URGES PRESIDENT REAGAN AT THE UPCOMING OTTAWA SUMMIT TO PERSUADE PRIME MINISTER THATCHER TO TAKE A MODERATING STAND ON NORTHERN IRELAND HUNGER STRIKERS

(Mr. STRATTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STRATTON. Mr. Speaker, I want to endorse and congratulate the gentleman from Massachusetts (Mr. SHANNON) for his remarks a moment ago in connection with the continuing deaths of the hunger strikers in Northern Ireland.

I participated on Saturday in my home district of Albany with a group that were also demonstrating against the inability to achieve what appeared at one moment to be a very satisfactory compromise on this problem between the British Government and the Catholic clergy in Ireland. Unfortunately, that compromise failed.

I made the suggestion at that time, and I hope that perhaps the gentleman from Massachusetts (Mr. SHANNON) and others in the Chamber might join with me now that we call on President Reagan, when he will be visiting next week in Ottawa with the heads of the various governments in the European Economic Community and Japan, including the United Kingdom, that he use his great prestige to persuade the Prime Minister of Great Britain, Mrs. Thatcher, to be just a little bit more flexible on this issue. Certainly nothing is accomplished by allowing these individuals to die in this fashion. Certainly nothing would seem to be lost if these IRA wore different clothing. And certainly nothing is more clear to the whole world now that these prisoners who have been willing to lay down their lives for this principle cannot possibly be called common criminals. No common criminal would starve himself to death for an idea. A common criminal wants to live as long as possible.

If the compromise that was originally proposed could be worked out on this one issue it might actually lead to a compromise that could settle the whole problem in Northern Ireland.

MISUSE OF FUNDS BY EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

(Mr. WINN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. WINN. Mr. Speaker, I am speaking today on the placing of a newspaper advertisement in the Kansas City Times. The ad was paid for by the U.S. Equal Employment Opportunity Commission. In it, the Commission correctly states that the U.S. District Court for the Western District of Missouri found Cook Paint & Varnish Co. in violation of title VII of the Civil Rights Act of 1964. Among other things, the court determined that Cook Paint failed to hire female applicants for employment in production and technical job classifications between October 1973 and June 1975.

Now the Equal Employment Opportunity Commission is working with Cook Paint, which is appealing the court decision, to locate females who applied for production and technical positions with Cook during the aforementioned time period.

Mr. Speaker, the Equal Employment Opportunity Commission has not only spent taxpayer's money in placing this ad, but has urged these female applicants to call collect. This is a blatant misuse of hard-earned taxpayer money, and is simply more proof that the Federal Government wastes money, time, and talent. This is precisely the kind of wasteful Government spending the President and many of us in Congress are trying to stop.

The advertisement read as follows:

[Advertisement]

PUBLIC NOTICE

The United States District Court for the Western District of Missouri has determined that Cook Paint and Varnish Company has violated title VII of the Civil Rights Act of 1964 by, among other things, failing or refusing to hire female applicants for employment in production and technician job classifications between October 23, 1973 and June 2, 1975. The company is appealing from this decision.

In the meantime, the United States Equal Employment Opportunity Commission and Cook Paint and Varnish Company are seeking to locate all females who have applied for production and technician positions at Cook Paint and Varnish Company located at 1412 Knox Avenue in North Kansas City, Missouri at any time between October 23, 1973 and June 2, 1975. The production and technician positions would have been referred to as "factory jobs" at Cook Paint and Varnish Company's paint factory.

If you are such a person or know of such a person please contact: Morgan Stewart, Trial Attorney, United States Equal Employment, Opportunity Commission, 625 North Euclid Avenue, St. Louis, Missouri 63108.

Contact should be made as soon as possible, but not later than July 23, 1981. You may call collect at (314) 425-6527. (United States Equal Employment Opportunity Commission).

NONSENSE TALK ON INTEREST RATES

(Mr. WALKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALKER. Mr. Speaker, a few moments ago the gentleman from Arkansas (Mr. ALEXANDER) addressed this

body on what he called the high interest rate policy of this administration. I think it was an interesting bit of political talk, but not very good history. The gentleman from Arkansas knows full well that the interest rates of this country have not risen since the time that the Democratic administration left office. In fact, they have not risen at all. I think they are probably a little bit lower than they were in January of this year. The gentleman's comments were a bit of political nonsense because he and some of his colleagues have tried to stand in the way of the economic programs designed to bring down those interest rates, the tax cut program and the budget cut program.

So I would suggest instead of historic revisionism, like that we have seen on the House floor today, we get a bipartisan effort under way to reform the economy of this country in a way that will bring down interest rates.

REGULATIONS AT NATIONAL AIRPORT

(Mr. VOLKMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VOLKMER. Mr. Speaker, recently the proposed regulations for the use of National Airport have come to my attention and I think the attention of most of the Members of Congress. It amazes me that in this time of deregulation fostered by this administration and supported by me that we now have increased regulations for National Airport.

These increased regulations will actually lend themselves by 1986 to meaning that people from my district, my constituents, my taxpayers, will have to fly into Dulles Airport rather than to National. I cannot understand the purpose of the new Secretary of Transportation other than to benefit people in businesses and private interests and land speculators from northern Virginia with this new proposed regulation. Those are the only ones that will benefit.

Who will pay for the inconvenience? The people from other parts of the United States, which is just to benefit northern Virginia interests.

Mr. STRATTON. Mr. Speaker, will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from New York (Mr. STRATTON).

Mr. STRATTON. I want to congratulate the gentleman on his comments. The people of northern New York feel just as strongly as they do out in Missouri on that decision. I hope the House will assert its wisdom, as it always has in the past, and give the proposal of the Secretary of Transportation on Washington National Airport the treatment it deserves, namely deep-sixing it in the Potomac River. After all, Washington National is one of the Nation's greatest assets—with its convenience and its safety. Why cannot the bureaucracy leave it alone?

SALUTE TO THE FLEET BALLISTIC MISSILE SUBMARINE FORCE

(Mr. HARTNETT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HARTNETT. Mr. Speaker, I might say that it is a real pleasure to see the gavel being wielded this morning by such an able, competent, and nonpartisan presiding officer, the gentleman from Massachusetts (Mr. MAVROULES).

I am happy to have the gentleman in the Chair and I hope that this is a sign of things to come.

My real purpose this morning, Mr. Speaker, is to salute the men of the Fleet Ballistic Missile Submarine Force on the occasion of the completion of the 2,000th strategic deterrent patrol.

When the U.S.S. *James K. Polk* (SSBN-645) returned to Charleston, S.C., on Saturday, June 27, 1981, and finished its 49th patrol, a truly remarkable milestone was reached on behalf of all the original 41 ballistic missile submarines.

These dedicated navymen have served our great Nation since 1960, when deterrent patrols were first undertaken as instruments of our national policy and they have accumulated more than 100,000 submerged days carrying out their mission of strategic deterrence.

It is perhaps coincidental, but also noteworthy, than in approximately the same time frame, we have also witnessed our newest addition to the strategic fleet, the U.S.S. *Ohio* (SSBN-726), successfully complete its maiden sea trial. This nuclear-powered Trident submarine will soon join the cornerstone of the U.S. defense Triad served proudly by Navy submariners for over 20 years.

On the occasion of the 2,000th FBM patrol, I join all Americans in paying tribute to these patriotic citizens of our country and our Navy—the men of the Fleet Ballistic Missile Submarine Force.

□ 1220

BEWARE THE 3-YEAR TAX CUT

(Mr. PEASE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEASE. Mr. Speaker, are you nervous about a 3-year tax cut?

President Reagan says he can do it and still have a $1 billion surplus in fiscal year 1984.

But three expert sources who should know predict budget deficits of $80 billion in fiscal year 1984 if the 3-year tax cut goes through.

You know that cutting $37 billion in spending this year has not been easy or pleasant. Yet President Reagan's $1 billion surplus in fiscal year 1984 assumes that Congress will cut another $20 to $30 billion in spending next year and another $28 billion the year after that. All are listed in the Reagan budget as "unspecified cuts."

Even more disturbing is this. You are also required to accept the extremely optimistic economic assumptions of the Reagan administration regarding inflation, interest rates, unemployment and GNP growth.

If those two factors—assumed spending cuts and optimistic economic assumptions—are removed, what then? I asked three independent sources to estimate the likely fiscal year 1984 budget deficit under those circumstances. The answers are remarkably similar.

The Congressional Budget Office put the fiscal year 1984 budget deficit at $80 billion.

Economist Joseph Pechman of the Brookings Institution put the fiscal year 1984 deficit at $79 billion.

Rudolph Penner, economist with the American Enterprise Institute and a general supporter of the Reagan economic recovery plan, estimates the fiscal year 1984 budget deficit at $87 billion.

From economist to economist, and from month to month, the projections for fiscal year 1984 will vary slightly, but not much. If Congress adopts the Reagan economic recovery package this summer, it will face 2 years from now a fiscal year 1984 budget which is $80 billion in the red.

The tough choice for Congress in 1983 will be to make massive additional cuts in Federal spending or to endure a huge budget deficit, the largest in U.S. history.

Is that the kind of choice you want in the summer of 1983? If not, beware the 3-year tax cut.

PERMISSION TO WITHDRAW MOTION MADE ON YESTERDAY TO SUSPEND THE RULES AND PASS H.R. 3659, OMNIBUS TERRITORIES BILL

Mr. WON PAT. Mr. Speaker, I ask unanimous consent to withdraw the motion I made yesterday to suspend the rules and pass the bill (H.R. 3659) to authorize appropriations for certain insular areas of the United States, and for other purposes, as amended.

The SPEAKER pro tempore (Mr. MAVROULES). Is there objection to the request of the gentleman from Guam?

Mr. LAGOMARSINO. Mr. Speaker, reserving the right to object—and I

shall not object—I want to just say that I have had discussions about this legislation with the Director of the Office of Management and Budget. The Office of Management and Budget is concerned about the outyear parts of the bill. I think we will be able to work out an amendment that will take care of those objections and concerns.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Guam?

There was not objection.

FACILITATING AND ENCOURAGING PRODUCTION OF OIL FROM TAR SAND AND OTHER HYDROCARBON DEPOSITS

Mr. SANTINI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3975) to facilitate and encourage the production of oil from tar sand and other hydrocarbon deposits.

The Clerk read as follows:

H.R. 3975

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (1) section 1 (30 U.S.C. 181), sections 21 (a) and (c) (30 U.S.C. 241 (a) and (c)), and section 34 (30 U.S.C. 182) of the Mineral Lands Leasing Act of 1920, as amended, are amended by deleting "native asphalt, solid and semisolid bitumen, and bituminous rock (including oil-impregnated rock or sands from which oil is recoverable only by special treatment after the deposit is mined or quarried)" and by inserting in lieu thereof "gilsonite (including all vein-type solid hydrocarbons),", except that in the first sentence of section 21(a) the word "and" should be inserted before "gilsonite" and the comma after the parenthesis should be eliminated in section 21.

(2) Section 27(k) of such Act (30 U.S.C. 184(k)) is amended by deleting "native asphalt, solid and semisolid bitumen, bituminous rock," and by inserting in lieu thereof "gilsonite (including all vein-type solid hydrocarbons),".

(3) Section 39 of such Act (30 U.S.C. 209) is amended by inserting "gilsonite (including all vein-type solid hydrocarbons)," after "oil shale".

(4) Section 1 of such Act (30 U.S.C. 181) is further amended by adding after the first paragraph the following new paragraphs:

"The term 'oil' shall embrace all nongaseous hydrocarbon substances other than thoses substances leasable as coal, oil shale, or gilsonite (including all vein-type solid hydrocarbons).

"The term 'combined hydrocarbon lease' shall refer to a lease issued in a special tar sand area pursuant to section 17 after the date of enactment of the Combined Hydrocarbon Leasing Act of 1981.

"The term 'special tar sand area' means (1) an area designated by the Secretary of the Interior's orders of November 20, 1980 (45 FR 76800-76801) and January 21, 1981 (46 FR 6077-6078) as containing substantial deposits of tar sand.".

(5) Section 27(d)(1) of such Act (30 U.S.C. 184(d)(1)) is amended by inserting before the period at the end of the first sentence the following: "*Provided, however,* That acreage held in special tar sand areas shall not be chargeable against such State limitations.".

(6)(a) Section 17(b) of such Act (30 U.S.C. 226(b)) is amended by inserting "(1)" after "(b)" and adding a new subsection to read as follows:

"(2) If the lands to be leased are within a special tar sand area, they shall be leased to the highest responsible qualified bidder by competitive bidding under general regulations in units of not more than five thousand one hundred and twenty acres, which shall be as nearly compact as possible, upon the payment by the lessee of such bonus as may be accepted by the Secretary. Royalty shall be 12½ per centum in amount or value of production removed or sold from the lease, subject to section 17(k)(1)(c). The Secretary may lease such additional lands in special tar sand areas as may be required in support of any operations necessary for the recovery of tar sands.".

(b) Section 17(c) of such Act (30 U.S.C. 226(c)) is amended by deleting "within any known geological structure of a producing oil or gas field," and inserting in lieu thereof "subject to leasing under subsection (b),".

(c) Section 17(e) of such Act (30 U.S.C. 226(e)) is amended by inserting before the period at the end of the first sentence the following: ": *Provided, however,* That competitive leases issued in special tar sand areas shall also be for a primary term of ten years.".

(7) Section 39 of such Act (30 U.S.C. 209) is amended by adding after the period following the first sentence: "*Provided, however,* That in order to promote development and the maximum production of tar sand, at the request of the lessee, the Secretary shall review, prior to commencement of commercial operations, the royalty rates established in each combined hydrocarbon lease issued in special tar sand areas. For purposes of this section, the term 'tar sand' means any consolidated or unconsolidated rock (other than coal, oil shale, or gilsonite) that either: (1) contains a hydrocarbonaceous material with a gas-free viscosity, at original reservoir temperature, greater than 10,000 centipoise, or (2) contains a hydrocarbonaceous material and is produced by mining or quarrying.".

(8) Section 17 of such Act (30 U.S.C. 226) is amended by adding at the end thereof the following new subsection:

"(k)(1)(A) The owner of (1) an oil and gas lease issued prior to the date of enactment of the Combined Hydrocarbon Leasing Act of 1981 or (2) a valid claim to any hydrocarbon resources leasable under this section based on a mineral location made prior to January 21, 1926, and located within a special tar sand area shall be entitled to convert such lease or claim to a combined hydrocarbon lease for a primary term of ten years upon the filing of an application within two years from the date of enactment of that Act containing an acceptable plan of operations which assures reasonable protection of the environment and diligent development of those resources requiring enhanced recovery methods of development or mining. For purposes of conversion, no claim shall be deemed invalid solely because it was located as a placer location rather than a lode location or vice versa, notwithstanding any previous adjudication on that issue.

"(B) The Secretary shall issue final regulations to implement this section within six months of the effective date of this Act. If any oil and gas lease eligible for conversion under this section would otherwise expire after the date of this Act and before six months following the issuance of implementing regulations, the lessee may preserve his conversion right under such lease for a period ending six months after the issuance of implementing regulations by filing with the Secretary, before the expiration of the lease, a notice of intent to file an application for conversion. Upon submission of a complete plan of operations in substantial compliance with the regulations promulgated by the Secretary for the filing of such plans, the Secretary shall suspend the running of the term of any oil and gas lease proposed for conversion until the plan is finally approved or disapproved. The Secretary shall act upon a proposed plan of operations within fifteen months of its submittal.

"(C) When an existing oil and gas lease is converted to a combined hydrocarbon lease, the royalty shall be that provided for in the original oil and gas lease and for a converted mining claim, 12½ per centum in amount or value of production removed or sold from the lease.

"(2) Except as provided in this section, nothing in the Combined Hydrocarbon Leasing Act of 1981 shall be construed to diminish or increase the rights of any lessee under any oil and gas lease issued prior to the enactment of such Act.".

(9)(a) Section 2 of the Mineral Leasing Act for Acquired Lands (30 U.S.C. 351) is amended by adding at the end thereof: "The term 'oil' shall embrace all nongaseous hydrocarbon substances other than those leasable as coal, oil shale, or gilsonite (including all vein-type solid hydrocarbons).".

(b) Section 3 of such Act (30 U.S.C. 352) is amended by inserting "gilsonite (including all vein-type solid hydrocarbons)," after "oil shale".

(10) Nothing in this Act shall affect the taxable status of production from tar sand under the Crude Oil Windfall Profit Tax Act of 1980 (Public Law 96-223), reduce the depletion allowance for production from tar sand, or otherwise affect the existing tax status applicable to such production.

(11) No provision of this Act shall apply to national parks, national monuments, or other lands where mineral leasing is prohibited by law. The Secretary of the Interior shall apply the provisions of this Act to the Glen Canyon National Recreation Area, and to any other units of the national park system where mineral leasing is permitted, in accordance with any applicable minerals management plan if the Secretary finds that there will be no resulting significant adverse impacts on the administration of such area, or on other contiguous units of the national park system.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Nevada (Mr. SANTINI) will be recognized for 20 minutes, and the gentleman from Utah (Mr. MARRIOTT) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Nevada (Mr. SANTINI).

Mr. SANTINI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today the House considers under suspension of the rules, H.R. 3975, to provide for the leasing of tar sands on the public domain. For

my colleagues who may be unfamiliar with what a tar sand is, it is an oil impregnated or bituminous sand and constitutes the largest known, nonfluid petroleum resource in the United States—coal and oil shale, while containing vastly greater energy reserves, are not considered to be a petroleum resource. The estimated total domestic tar sand resources range from 15 to 30 billion barrels of oil. Over 90 percent of this resource occurs in the State of Utah, and the majority is on Federal lands under the jurisdiction of the Department of the Interior or Department of Agriculture. Utahan's have been paving roads and driveways with the stuff for years. Unfortunately, that is all the Interior Department has allowed them to do with it.

In interpreting the present law, the Department of the Interior has been unwilling, as a result of the lack of a clear distinction between the two chief classes of hydrocarbons; that is, oil and gas leases issued under section 17 and tar sand leases issued under section 21 of the Mineral Leasing Act to issue tar sand leases. Leases issued under these two sections are mutually exclusive; that is, a section 17 lease carries no rights to deposits of native asphalt, bitumen and bituminous rock—including tar sand, and conversely, a section 21 lease carries no rights to deposits of oil and gas.

Because of this difficulty and the fear of disputes between developers of heavy oil and developers of tar sand, the Interior Department has simply refused for the past 15 years to issue a single lease for tar sands. The State of Utah has resolved this heavy oil versus tar sand ownership problem by uniting these resources into a combined hydrocarbon lease (CHL). Utah's tar sand properties are mixed in checkerboard fashion with Federal tracts and therefore, cannot be economically developed without a Federal leasing system.

The concept of a combined hydrocarbon lease has been under consideration by the administration and Congress for several years. H.R. 3975 would include all hydrocarbons in one lease, with the exception of gilsonite, oil shale, and coal. The latter three are easily distinguishable and would remain under section 21 and section 2 of the Mineral Leasing Act.

The bill contains the following provisions:

First, provides for issuance of a combined hydrocarbon lease (5,120 acres) in special tar sand areas which embraces all nongaseous hydrocarbon substances other than coal, oil shale, or gilsonite.

Second, provides that lease acreage in special tar sand areas shall not be chargeable against State aggregate acreage limitations (246,080 acres).

Third, defines special tar sand areas by reference to those areas in Utah already designated by the Secretary of the Interior.

Fourth, provides for a flat 10-year primary term without the possibility of extension for both competitive and converted hdyrocarbon leases.

Fifth, provides for a 12½-percent royalty on all production from leases within special tar sand areas and authorizes the Secretary to waive, suspend, reduce or otherwise adjust the royalty rate on tar sand to promote development on a case-by-case basis.

Sixth, defines tar sand for royalty purposes using the DOE definition.

Seventh, provides for conversion rights from an oil and gas lease to a combined hydrocarbon lease.

Eighth, provides that the royalty on a converted lease shall be the same as that set forth in the lease to be converted.

Ninth, provide for conversion of valid mining claims as well as oil and gas leases to combined hydrocarbon leases with a royalty of 12½ per centum.

Tenth, for conversion, requires submission of a plan of operations within 2 years after enactment of the act which provides for reasonable protection of the environment and diligent development of resources requiring enhanced recovery methods of development or mining.

Eleventh, requires the Secretary to act upon a proposed plan of operations within 15 months of its submittal, to issue final regulations to implement the act within 6 months of passage, and provides for suspension of leases under limited circumstances during the 6-month period.

Twelfth, authorizes the Secretary to issue leases for additional acreage in special tar sand areas when required for operations necessary to tar sand development.

Thirteenth, a disclaimer as to the tax consequences and the taxable status of production of tar sands versus oil is included. The conference agreement applicable to the Crude Oil Windfall Profit Tax Act of 1980 specifically stated that taxable crude oil, for windfall profit tax purposes, does not include hydrocarbon production from tar sands. The purpose is to assure that nothing in the act will affect the present tax treatment of tar sands production on Federal or fee lands, under the Federal income tax or the windfall tax.

Fourteenth, mineral leasing under the provisions of this bill is prohibited within the national park system, except as authorized by law and pursuant to management plans of the Park Service.

The administration has given its support to the enactment of H.R. 3975 which was reported unanimously by the Committee on Interior and Insular Affairs.

I want to thank Representative MARRIOTT and the rest of the Mines and Mining Subcommittee for the time they have invested in this bill. Hopefully we will see the enactment of this bill and we will soon see oil produced from tar sands.

Mr. MARRIOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today we are voting on legislation, which is backed by the administration, I might add, which will, for the first time, truly open Federal lands to tar sand leasing and development. For too long, legal and administrative obstacles have stood in the way of recovery of this valuable resource. With over 97 percent of the tar sand located in Utah, and 65 percent of these resources on Federal land, the Federal Government has an obligation to see to it that this resource is made available to the public. It is intolerable to think that 24 to 30 billion barrels of oil within domestic tar sand has been virtually barred from commercial development due to the inability of the Interior Department to distinguish oil from tar sand under the Mineral Leasing Act of 1920. This bill, H.R. 3975, which my good friend and colleague JAMES SANTINI and I introduced, and my fellow Congressman from Utah JAMES HANSEN cosponsored, will finally clear the way for tar sand development. It will remove the necessity for making that distinction between oil and tar sand prior to leasing by providing for the issuance of a combined hydrocarbon lease under which both oil and tar sand can be developed.

I am convinced that the legislation we are voting on today provides the soundest solution to responsible development of our domestic tar sand resource. As one who has long advocated tar sand legislation, by introducing and sponsoring several bills in past sessions of Congress, I strongly urge passage of H.R. 3975.

□ 1230

Mr. MARRIOTT. Mr. Speaker, I yield 2 minutes to my distinguished colleague from Utah (Mr. HANSEN).

Mr. HANSEN of Utah. Mr. Speaker, I just want to commend the chairman of the committee (Mr. SANTINI), and the ranking minority member, the gentleman from Utah (Mr. MARRIOTT), for the excellent work they have done on this bill.

I would like to point out that 90 percent of the tar sands located in America are in my district—those that are recoverable. I would also like to say that one-half of these tar sands are on Federal ground, interspaced in checkerboard fashion with State ground. I do not think the people of this House realize the enormity of these deposits and what development of these deposits means to our Nation. If all of the

tar sands in my district is recovered, it would provide the needs of petroleum products for America for 5 years.

I would hope that we would send a clear message to the people in America that we are serious about developing our energy. By passing this particular bill we will follow the lead of the State of Utah which has cleared the way for development of tar sands on State lands by similar legislation that they have passed.

Further, I would like to point out that officials of Canada came to the State of Utah and made a big point of the deposits we have in Utah. Some of those officials made a very interesting point when they said, "With the technology we have, and none of the obstructions you have, we will be developing tar sands oil and petroleum projects in about 5 years."

Even with kicking the much needed development of tar sands off now, it looks to us as though it will be 8 to 10 years before we will be developing this valuable mineral resource.

Mr. Speaker, I strongly urge the passage of this legislation.

Mr. MARRIOTT. Mr. Speaker, I would just conclude by saying that we do have the technology. Tar sands is now economically feasible. I would urge the House to adopt this legislation.

Mr. WINN. Mr. Speaker, will the gentleman yield?

Mr. MARRIOTT. I yield to the gentleman from Kansas.

Mr. WINN. Mr. Speaker, I thank the gentleman for yielding. I am not rising in opposition to the bill. I think it is probably a pretty good idea to make this arrangement.

I just want to clarify, though, for the record if possible, there is no Federal funding involved in this as far as the research of the technology is concerned, is there?

Mr. MARRIOTT. Not at this point. My understanding is that for tar sands to be a viable alternative, it will be left to the private sector, and the Reagan administration wants it to be a market phenomenon, not a Government-subsidized program.

Mr. WINN. I appreciate that clarification because I am a member of the United States-Canadian Parliamentary Delegation, and we have several times visited their tar sands facilities, and they do have the technology. They are actually in production, but they are cutting back because it is not financially feasible. I just wanted to be sure that if the commercial enterprises want to become involved, and I hope that they do, that it will be fiscally feasible, but not for the Federal Government to take the lead. I appreciate the gentleman yielding.

Mr. MARRIOTT. I thank the gentleman. I would only indicate to the gentleman that we believe that those that are private sector companies involved believe that they can develop oil from tar sands somewhere around a $20 to $25 per barrel price. If that is the case, I think we have something optimistic to look forward to.

Mr. SANTINI. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. Mr. Speaker, I wonder if the gentleman from Nevada could indicate what limitations the bill places on tar sands leasing so far as such leasing might have an impact on areas within the national park system?

Mr. SANTINI. In response, I cite page 7, section 11:

(11) No provision of this Act shall apply to national parks, national monuments, or other lands where mineral leasing is prohibited by law. The Secretary of the Interior shall apply the provisions of this Act to the Glen Canyon National Recreation Area, and to any other units of the national park system where mineral leasing is permitted, in accordance with any applicable minerals management plan if the Secretary finds that there will be no resulting significant adverse impacts on the administration of such area, or on other contiguous units of the national park system.

Mr. SEIBERLING. And section 11 thus precludes tar sands leases which would involve significant adverse impacts on the administration of a national park system unit, even though that unit is not withdrawn from operation of the mineral leasing laws?

Mr. SANTINI. Yes.

Mr. SEIBERLING. And would the gentleman agree with me that in that context the word "administration" involves more than such matters as the provision of visitor services and the like—and would include such aspects of administration as control of air or water pollution or other matters impacting on the lands within the unit?

Mr. SANTINI. Yes, all that is involved in "administration" of a national park system unit.

Mr. SEIBERLING. And further, is it not correct that section 11 clearly precludes activities which would have an adverse impact on any national park system unit not open to mineral leasing, if that unit were contiguous to a unit open to leasing?

Mr. SANTINI. Yes, that is right.

Mr. SEIBERLING. So, for example, any leasing under this bill of lands within the Glen Canyon National Recreation Area, which is open to leasing under the Mineral Leasing Act, could only be done if that leasing would not adversely impact the values of the Canyonlands National Park, which is contiguous to Glen Canyon and which is withdrawn from mineral leasing?

Mr. SANTINI. Yes, that is right.

Mr. SEIBERLING. And the values of Canyonlands that are protected by section 11 of the bill include such matters as air quality, water quality, and the like?

Mr. SANTINI. The gentleman has all the good lines. Yes, that is correct.

Mr. SEIBERLING. Well, I think the "yes" line is the best one of all.

I appreciate the gentleman yielding.

Mr. MARRIOTT. Mr. Speaker, I urge the House to adopt this legislation, and I yield back the balance of my time.

GENERAL LEAVE

Mr. SANTINI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous matter on the legislation under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nevada?

There was no objection.

Mr. SANTINI. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Nevada (Mr. SANTINI) that the House suspend the rules and pass the bill, H.R. 3975.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BROOMFIELD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device and there were—yeas 416, nays 0, not voting 16, as follows:

[Roll No. 127]

YEAS—416

Addabbo	Brown (CA)	de la Garza
Akaka	Brown (CO)	Deckard
Albosta	Brown (OH)	Dellums
Alexander	Broyhill	DeNardis
Anderson	Burgener	Derrick
Annunzio	Burton, John	Derwinski
Anthony	Burton, Phillip	Dickinson
Applegate	Butler	Dicks
Archer	Byron	Dingell
Ashbrook	Campbell	Dixon
Aspin	Carman	Donnelly
Atkinson	Carney	Dorgan
AuCoin	Chappell	Dornan
Badham	Chappie	Dougherty
Bafalis	Cheney	Dowdy
Bailey (MO)	Chisholm	Downey
Bailey (PA)	Clausen	Dreier
Barnard	Clay	Duncan
Barnes	Clinger	Dunn
Beard	Coats	Dwyer
Bedell	Coelho	Dymally
Beilenson	Coleman	Dyson
Benedict	Collins (IL)	Early
Benjamin	Collins (TX)	Eckart
Bennett	Conable	Edgar
Bereuter	Conte	Edwards (AL)
Bethune	Conyers	Edwards (CA)
Bevill	Corcoran	Edwards (OK)
Biaggi	Coughlin	Emerson
Bingham	Courter	Emery
Blanchard	Coyne, James	English
Bliley	Coyne, William	Erdahl
Boggs	Craig	Erlenborn
Boland	Crane, Daniel	Ertel
Boner	Crane, Philip	Evans (DE)
Bonior	D'Amours	Evans (GA)
Bonker	Daniel, Dan	Evans (IA)
Bouquard	Daniel, R. W.	Evans (IN)
Bowen	Danielson	Fary
Brinkley	Dannemeyer	Fascell
Brodhead	Daschle	Fazio
Brooks	Daub	Fenwick
Broomfield	Davis	Ferraro

Fiedler	Livingston	Rodino
Fields	Loeffler	Roe
Findley	Long (LA)	Roemer
Fish	Long (MD)	Rogers
Flippo	Lott	Rose
Florio	Lowery (CA)	Rosenthal
Foglietta	Lowry (WA)	Rostenkowski
Foley	Lujan	Roth
Ford (TN)	Luken	Roukema
Forsythe	Lundine	Rousselot
Fountain	Lungren	Roybal
Fowler	Madigan	Rudd
Frank	Markey	Russo
Frenzel	Marks	Sabo
Frost	Marlenee	Santini
Fuqua	Marriott	Sawyer
Garcia	Martin (IL)	Scheuer
Gaydos	Martin (NC)	Schneider
Gejdenson	Martin (NY)	Schroeder
Gephardt	Matsui	Schulze
Gibbons	Mattox	Schumer
Gilman	Mavroules	Seiberling
Gingrich	Mazzoli	Sensenbrenner
Ginn	McClory	Shamansky
Glickman	McCloskey	Shannon
Goldwater	McCollum	Sharp
Gonzalez	McCurdy	Shaw
Goodling	McDade	Shelby
Gore	McDonald	Shumway
Gradison	McEwen	Shuster
Gramm	McGrath	Siljander
Gray	McHugh	Simon
Green	McKinney	Skeen
Gregg	Mica	Skelton
Grisham	Michel	Smith (AL)
Guarini	Mikulski	Smith (IA)
Gunderson	Miller (CA)	Smith (NE)
Hagedorn	Miller (OH)	Smith (NJ)
Hall (OH)	Mineta	Smith (OR)
Hall, Ralph	Minish	Snowe
Hall, Sam	Mitchell (MD)	Snyder
Hamilton	Mitchell (NY)	Spence
Hammerschmidt	Moakley	St Germain
Hance	Moffett	Stangeland
Hansen (ID)	Molinari	Stanton
Hansen (UT)	Mollohan	Staton
Harkin	Montgomery	Stenholm
Hartnett	Moore	Stokes
Hatcher	Moorhead	Stratton
Hawkins	Morrison	Studds
Heckler	Mottl	Stump
Hefner	Murphy	Swift
Heftel	Murtha	Synar
Hendon	Myers	Tauke
Hertel	Napier	Tauzin
Hightower	Natcher	Taylor
Hiler	Neal	Thomas
Hillis	Nelligan	Traxler
Holland	Nelson	Udall
Hollenbeck	Nichols	Vander Jagt
Holt	Nowak	Vento
Hopkins	O'Brien	Volkmer
Horton	Oakar	Walgren
Howard	Oberstar	Walker
Hoyer	Obey	Wampler
Hubbard	Ottinger	Washington
Huckaby	Panetta	Watkins
Hughes	Parris	Waxman
Hunter	Pashayan	Weaver
Hyde	Patman	Weber (MN)
Ireland	Patterson	Weber (OH)
Jacobs	Paul	Weiss
Jeffords	Pease	White
Jeffries	Pepper	Whitehurst
Jones (OK)	Perkins	Whitley
Jones (TN)	Petri	Whittaker
Kastenmeier	Peyser	Whitten
Kazen	Pickle	Williams (MT)
Kemp	Porter	Williams (OH)
Kildee	Price	Wilson
Kindness	Pritchard	Winn
Kogovsek	Pursell	Wirth
Kramer	Quillen	Wolf
LaFalce	Rahall	Wolpe
Lagomarsino	Railsback	Wortley
Lantos	Rangel	Wright
Latta	Ratchford	Wyden
Leach	Regula	Wylie
Leath	Reuss	Yates
LeBoutillier	Rhodes	Yatron
Lee	Richmond	Young (AK)
Lehman	Rinaldo	Young (FL)
Leland	Ritter	Young (MO)
Lent	Roberts (KS)	Zablocki
Levitas	Roberts (SD)	Zeferetti
Lewis	Robinson	

NOT VOTING—16

Andrews	Ford (MI)	Solarz
Bolling	Hutto	Solomon
Breaux	Jenkins	Stark
Cotter	Johnston	Trible
Crockett	Jones (NC)	
Fithian	Savage	

□ 1250

The Clerk announced the following pairs:

Mr. Breaux with Mr. Trible.
Mr. Hutto with Mr. Johnston.
Mr. Stark with Mr. Solomon.
Mr. Jones of North Carolina with Mr. Jenkins.
Mr. Solarz with Mr. Fithian.
Mr. Ford of Michigan with Mr. Savage.
Mr. Crockett with Mr. Andrews.

Mr. RUDD changed his vote from "nay" to "yea."

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

WAYS AND MEANS COMMITTEE CREATES CLASS OF SUPER INDUSTRIES

(Mr. MOORE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOORE. Mr. Speaker, the Ways and Means Committee is on the verge of creating a class of super industries. Industries who, because of their political power, have elbowed their way to a preferential spot at the trough of Federal spending.

Six industries have banded together, pooled their collective political IOU's, and had themselves offically declared "distressed."

These industries will receive billions of dollars in rebates from the taxpayers for their unused investment tax credits.

It is estimated that the taxpayers will lose over $3 billion through this industrial slush fund. But, no one knows for sure because the only cost figures available are the ones supplied by these so-called distressed industries themselves. There has been no independent accounting of how much this corporate charity will cost.

No one knows exactly how desperately these industries need this taxpayer bailout because the Ways and Means Committee has not received, nor has it asked for, a single piece of evidence that this bailout is needed.

No one knows what other industries are deserving of this rebate, because no hearings were ever held to identify which industries were distressed.

Finally, no one knows what other goodies these industries will want in the future, because if these six industries have the political clout to give themselves a multi-billion-dollar slush fund at a time when we are asking everyone else to tighten their belts, they have got the power to give themselves anything.

□ 1300

DEPARTMENT OF DEFENSE AUTHORIZATION ACT, 1982

Mr. PRICE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3519) to authorize appropriations for fiscal year 1982 for the Armed Forces for procurement, for research, development, test, and evaluation, and for operation and maintenance, to prescribe personnel strengths for such fiscal year for the Armed Forces and for civilian employees of the Department of Defense, to authorize appropriations for such fiscal year for civil defense, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. PRICE).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3519, with Mr. SIMON in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Friday, July 10, title IX had been considered as having been read and open to amendment at any point.

GOVERNMENT OPERATIONS COMMITTEE AMENDMENT

The Clerk will report the committee amendment recommended by the Committee on Government Operations.

The Clerk read as follows:

Government Operations Committee amendment: Page 29, beginning on line 19, strike out all of section 903 through line 5 on page 30 and redesignate the succeeding sections accordingly.

Mr. HORTON. Mr. Chairman, I rise in support of the amendment from the Government Operations Committee.

Mr. Chairman, this is another amendment that was acted on by the Government Operations Committee and was proposed to be added to this bill. As I indicated last Friday, this bill was referred after it was acted on by the Armed Services Committee.

Mr. Chairman, as I indicated, this is an amendment that came from the Government Operations Committee. After the Armed Services Committee had completed action on the bill, it was sequentially referred to the Government Operations Committee.

This is another seemingly unimportant amendment, but it has great implications as far as procurement is concerned. I hope that I can keep the

attention of the Members so I can explain to you what we are dealing with here.

As I indicated last Friday, again this is an amendment that came out of the Government Operations Committee. As a result of the bill being sequentially referred to our committee, we heard testimony from the Deputy Director of OMB, we heard testimony from the General Accounting Office and we also heard testimony from the Department of Defense relating to those matters that were referred to the Government Operations Committee, namely those matters that referred to procurement.

Now, in this instance what the provision of H.R. 3519 would do is raise the threshold on three different items. The first provision of H.R. 3519 that we would like to remove by our amendment, this provision in the bill would raise the $10,000 limit for small purchases to $25,000.

The second threshold would be to raise the threshold established in the Truth in Negotiations Act from $100,000 to $500,000. This is the level above which contractors must be required to certify the cost and pricing data submitted in connection with negotiated contracts is current, accurate and complete.

The third one would raise the statutory threshold for the service secretary review of determination and findings for research and development contracts from $100,000 to $500,000.

Now, the proponents, those who proposed these amendments to raise these thresholds, claim that these increases would relieve both the Department of Defense and contractors of unnecessary paperwork requirements. I do not deny that. It certainly will and, as a matter of fact, one of the things that we did when we had the report from the Procurement Commission was to raise thresholds, because it does eliminate unnecessary paperwork.

I served as the Chairman of the Paperwork Commission. This is another recommendation of that subsequent Commission to eliminate paperwork; but the problem here is that the Department of Defense would be raising these thresholds and other agencies in the Government would not be raising thresholds; so you would have one set of thresholds for the Department of Defense and you would have other thresholds for other agencies.

Now, as I indicated in earlier debate last week when we had this bill up before us, there are going to be recommendations from the Office of Federal Procurement Policy that will deal with all of these threshold raisings and this will be done in October. If we get ahead, put the horse before the cart, we could disrupt the Government-wide effect of putting on this increase of thresholds.

Now, in the testimony before my committee, before the Government Operations Committee, both the Office of Management and Budget and also the General Accounting Office, who basically are for the raising of thresholds, indicated that it should be uniform throughout the Government and recommended that this section be deleted.

The CHAIRMAN. The time of the gentleman from New York (Mr. HORTON) has expired.

(By unanimous consent, Mr. HORTON was allowed to proceed for 3 additional minutes.)

Mr. HORTON. So it is important for us to understand, what we are urging here is that the Congress not raise these thresholds now, that we believe in uniform across-the-board Government-wide thresholds. It would injure the chances, in my judgment, of enacting the recommendations of the Federal Procurement Policy Office for a uniform system which will be coming up this fall; so I urge you to adopt this amendment, in spite of how wonderful it may sound to raise these thresholds. It is not going to hurt to hold it up until the fall of this year, so I would urge that the action of the Government Operations Committee for this amendment be upheld on the floor and that we not raise the thresholds now, but wait until the Government-wide raising of the thresholds can be put into effect.

Mr. BROOKS. Mr. Chairman, I move to strike the last word, and I rise in support of the amendment.

Mr. Chairman, the Government Operations Committee has proposed an amendment to section 903 of the DOD authorization bill which raises the dollar thresholds in three areas. First, the small purchase limit would be raised from $10,000 to $25,000. Second, the threshold established in the Truth in Negotiations Act would be raised from $100,000 to $500,000. This is the level above which contractors must be required to certify that cost and pricing data submitted in conjunction with negotiated contracts is current, accurate, and complete. Third, section 903 would also raise the statutory threshold for service secretary review of determination and findings (D. & F.) for research and development contracts from $100,000 to $5 million.

The Armed Services Committee maintains that such increases are needed to offset inflation and reduce paperwork. While the Government Operations Committee recognizes the inflationary trend that has occurred over the last decade, it believes that such thresholds should be uniform throughout the Government and should not be raised for DOD alone. Making agency exceptions to Federal policies, such as DOD, ultimately increases the paperwork problem for both private contractors and the Government.

In testimony before the Government Operations Committee, both the GAO and OMB opposed the increases in thresholds as contained in the armed services DOD authorization bill. Such a provision solely for DOD undermines procurement reform currently being addressed by the Office of Procurement Policy (OFPP). The thresholds cited should be uniform throughout the Government and should not apply only to DOD.

Mr. Chairman, H.R. 3519 authorizes one of the largest Defense budgets in history while at the same time decreasing DOD's accountability to the Congress and the public. So far the House has voted to:

First, effectively exempt DOD from the Government-wide policy stressing reliance on the private sector for goods and services; and

Second, allow DOD to funnel billions of dollars to private profitmaking corporations through grants.

Now, Mr. Chairman, the DOD wants to further undermine Government-wide procurement reform and at the same time circumvent the Truth in Negotiations Act. That act simply requires that on contracts above $100,000 the contractor must certify that his cost figures are accurate, current, and complete. DOD wants to raise the threshold to $500,000. Why? Because they claim they do not have the resources to audit contract submissions under $500,000. In fact, the Armed Services Committee provision has nothing to do with relieving DOD of audit requirements. What it does is relieve the contractors of certification requirements. The end result is simply to increase the opportunity for fraud and abuse by the contractors.

The pattern for this bill is clear. Give DOD more money, exempt them from Federal procurement policies, scuttle procurement reform, circumvent truth in negotiations, allow grants to private businesses, and increase the opportunities for negotiated contracts. This is not all.

Coming up are provisions to effectively establish a separate procurement system for DOD and approve blanket use of multiyear contracting with unlimited termination penalties for the Government.

Mr. Chairman, would be increase appropriations to any other agency by billions of dollars and at the same time reduce oversight, accountability, and safeguards against fraud? I do not think so. I urge every Member to support the amendment of the Government Operations Committee and allow the Office of Federal Procurement Policy to review these thresholds and, if legitimate, include them in the new procurement reform proposal due here in October.

□ 1310

Mr. GONZALEZ. Mr. Chairman, will the gentleman yield?

Mr. BROOKS. I yield to my distinguished and beloved friend from San Antonio, Tex.

Mr. GONZALEZ. Mr. Chairman, I rise in compliment to my distinguished leader and the dean of the Texas delegation (Mr. BROOKS). This is an extremely important message he has just given us. He in effect, I think, is anticipating and preventing thereby, if we accept this amendment, a wholesale, what I call profiteering, because this is the last vestige of the last effort to remove all kinds of controls, as our distinguished chairman has so aptly and eloquently put it.

This one of the most important actions I have seen taken by anyone, and I compliment my colleague for his fortitude and his leadership in this respect.

Mr. MAVROULES. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to speak in opposition to the amendment of the Government Operations Committee to delete section 903 of H.R. 3519, the fiscal year 1982 Defense authorization bill.

Very briefly, section 903 increases the dollar thresholds for certain Defense Department contract regulations. These modifications to existing law will reduce paperwork, provide administrative relief from unnecessary regulation, and provide substantial cost savings.

As I stated during general debate, if there is one area where I believe we can use our defense dollars more efficiently, it is the modernization of our procurement and defense acquisition policies.

On June 23, the Secretary of Defense, Caspar Weinberger, appeared before the Armed Services Committee to discuss multiyear contracting and the other procurement reforms included in the Defense authorization. With respect to section 903, Secretary Weinberger said the following:

Section 903 raises the threshold for use of simplified small purchase procedures from $10,000 set in 1974 to $25,000; contractor submission and certification of cost or pricing data is increased from $100,000 set in 1962, to $500,000; and the requirement of a Service Secretary to authorize negotiations for research and development is increased from $100,000 set in 1962 to $5 million.

Further, Secretary Weinberger stated:

The current thresholds have clearly been overtaken by inflation in the economy. The paperwork and resources involved simply cannot be justified for any perceived benefits in retaining these thresholds. Complying with current thresholds extends procurement leadtime, diverts manpower resources from more essential work, and is costly and burdensome to DOD as well as industry.

The key point the Secretary makes—"The resources involved simply cannot be justified" in implementing these thresholds.

Now, the House Government Operations Committee recommends deletion of section 903 pending a review by the Office of Federal Procurement Policy. According to Government Operations, new thresholds, if justified, would be applied on a Government-wide basis without recognition of the special needs of defense at this critical time.

While a uniform procurement policy certainly is desirable, I believe we cannot wait for one single comprehensive procurement reform package. Instead, we must begin with procurement reform now.

If we wait, as Secretary Weinberger told the Armed Services Committee—

It is likely several more years will elapse before necessary legislative changes are made and policies issued on a Government-wide basis. In the interim, unnecessary and burdensome paperwork will continue, and the Committees of the Congress and others will no doubt continue to chastise us for not doing business efficiently and quickly.

Again, the Secretary's key point is that failing to adopt these new contracting thresholds "add to cost and delays" which waste manpower and dollars.

Now let me give you an example of the wasteful paperwork and expense created by these low thresholds. Case in point—the $10,000 ceiling on simplified procurement procedures. Section 903 increases this ceiling from $10,000 to $25,000.

Once the $10,000 threshold is broken, additional contracting requirements for larger procurements must be followed. The simplified procedures reduce the number of man-hours required to process each action. Procurement administrative leadtimes are reduced by as much as 50 days per action when the simplified procedures are used.

Today, because of inflation the $10,000 ceiling for the simplified purchase procedures no longer is realistic. Let me give you an example.

Each of us know what casework is. We all have constituents who run into problems with the Federal Government over one thing or another.

Our colleague from Texas (Mr. WHITE) has been good enough to share with me one particular case his office worked on earlier this year.

The Air Force at Holloman Air Force Base, in early March, began renting 40 rooms at a hotel in El Paso, Tex. The occupancy period was about 2 weeks and the total cost of using the hotel for that time was $13,743.08.

Since the costs exceeded $10,000, the Air Force could not use the simplified procurement procedures. Instead, they were forced to use more cumbersome procurement procedures.

There is an Air Force contract for the hotel rooms. It is 23 pages long.

The contract includes 10 pages of general provisions.

Now this is the type of unnecessary regulation that each Member of this House is against. It wastes money. It certainly does not contribute to the national defense effort. And it is totally unnecessary.

Again, while I support the Government Operations Committee's efforts to promote a Government-wide procurement policy, we must begin with procurement reform now.

Our common goal is this Nation's improved defense capability, which I believe can only be realized through restructuring the present procurement system. That is why I urge you to reject the amendment and support section 903.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. MAVROULES. I yield to the gentleman from New York.

Mr. STRATTON. I just want to congratulate the gentleman from Massachusetts (Mr. MAVROULES) who is a very effective and capable member of our Procurement Subcommittee on his remarks and on the amendment which he offered to the bill in our subcommittee, the amendment which the gentleman from Texas (Mr. BROOKS) now seeks to strike.

Once again we get these pictures of terrible, egregious waste of funds by the Defense Department unless our bill is amended, which appears to be the theme of the Government Operations Committee in this debate; and nobody can provide any oversight except the Government Operations Committee.

Actually, this is the kind of thing our committee has done all along. All the gentleman's amendment is doing is raising limits that were set years ago to reflect the reality of the current inflation that has overtaken us, and also to expedite and save money, as the gentleman has said, by not burdening us with all of these minutiae.

I hope the amendment of the gentleman from Texas will be defeated.

Mr. MAVROULES. I thank the gentleman from New York.

Mr. HUNTER. Mr. Chairman, will the gentleman yield?

Mr. MAVROULES. I will be pleased to yield to my colleague from California (Mr. HUNTER).

□ 1320

Mr. HUNTER. I thank the gentleman for yielding.

It is my understanding that the Government Operations Committee contends that profiteering will be rampant if these ceilings are lifted. But it is my understanding, and possibly the gentleman can verify this, that since 1967, in the aerospace industry alone,

the number of the companies doing business has declined from 6,000 in 1967 to about 3,500 today; is that right?

Mr. MAVROULES. I believe that is correct.

Mr. HUNTER. So apparently the profiteering is not as rampant as has been thought.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. MAVROULES) has expired.

(By unanimous consent, Mr. MAVROULES was allowed to proceed for 7 additional minutes.)

Mr. HUNTER. Further, I would ask the gentleman, is it not true that the defense industrial base panel that was appointed by the Committee on Armed Services found that generally the small defense companies are the ones that suffer the greatest from the paperwork that would be eliminated by H.R. 3519?

Mr. MAVROULES. Well, the fact is that we have been talking for many years about helping to broaden the industrial base of this great country of ours, and certainly to help and assist those in the small-business sector. I do believe that this amendment, our amendment in the committee, addresses those needs of the small business people and the vendors for the major defense contractors.

Mr. HUNTER. I thank the gentleman.

Mr. SKELTON. Mr. Chairman, will the gentleman yield?

Mr. MAVROULES. I yield to the gentleman from Missouri.

Mr. SKELTON. Our No. 1 objective is to save money in the long run; is that not correct?

Mr. MAVROULES. That is absolutely correct.

Mr. SKELTON. It is also to simplify and cut out a lot of burdensome paperwork; is that not correct?

Mr. MAVROULES. Absolutely.

Mr. SKELTON. That is the bottom line of the gentleman's amendment in the full committee.

Is it not true that, according to the Office of the Secretary of Defense, it takes six times as long to process a procurement of over $10,000 as it does for one using the simplified procedure?

Mr. MAVROULES. I believe that testimony is before the Procurement Subcommittee, I will say to my dear colleague, and I think the gentleman is correct.

Mr. SKELTON. Is it not also true that this year, if the threshold were increased from $10,000 to $25,000, an additional 40,000 procurements would fall under the jurisdiction of the simplified procedure?

Mr. MAVROULES. That has been stated before our Subcommittee on Procurement.

Mr. SKELTON. Can the gentleman imagine how much additional paperwork and cost and expense $40,000 worth of additional procurements under the complicated system would cost the Federal Government?

Mr. MAVROULES. As I go into my testimony, I will try to cite a very prime example of exactly what the gentleman is referring to.

Mr. SKELTON. I thank the gentleman.

Mrs. BYRON. Mr. Chairman, will the gentleman yield?

Mr. MAVROULES. I yield to the gentlewoman from Maryland.

Mrs. BYRON. I thank the gentleman for yielding.

Mr. Chairman, I rise in opposition to the amendment.

Several of the previous speakers have spoken on the amount of the threshold, and I just want to put it into a little different formula.

Since the mailing of a letter has changed from 2 cents to 18 cents, since a Coke used to cost 5 cents and now in New York City it costs 50 cents, I think we have a very important inflation factor that transcends the entire area.

I think the gentleman is absolutely correct in his section 903 that the issue has to be addressed.

The Armed Services Committee has been addressing the procurement issue. This is just the very beginning in the overall addressing of the procurement issue.

Mr. Chairman, I rise to urge defeat of the amendment and I urge my colleagues to support such an approach.

Mr. MAVROULES. I thank my dear friend, the gentlewoman from Maryland, for her comments.

Mr. HUNTER. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I would like to make a few points.

Subsection (a) raises the current ceiling for use of the simplified small business procedures from $10,000 to $25,000.

This section particularly would affect small businesses, the most frequent bidders on small contracts.

Simplified procedures on contracts under $25,000 allow less paperwork, with the resultant reduction in manhours and procurement leadtimes. The current $10,000 level was established in August 1974. Since that time, inflation has forced many more contracts to be awarded under the more complex contracting procedures, and I think if we took inflation alone, we would find that the ceiling in terms of real dollars has risen to about $19,150. That is if we use the Government Operations Committee's own figures.

So actually we are proposing a ceiling that is right at or just slightly above what inflation has mandated.

Subsection (b) increases the contract value at which contractors must certify their cost and pricing data for certain negotiated contracts and subcontracts from $100,000 to $500,000. This change will significantly reduce the contractor's paperwork for contracts under $500,000 and reduce the Government cost of contract administration. The $100,000 threshold has been in effect since 1962.

Again, if my figures are correct, in terms of real dollars that threshold should rise simply as a result of inflation to right around $300,000.

Mr. Chairman, subsection (b) has administration support as expressed in the June 11, 1981, letter from the General Counsel of the Department of Defense to the Speaker requesting introduction of similar legislation.

The third subsection raises the threshold for research and development determinations and findings from $100,000 to $5 million. This amendment simply means that the service Secretary would be relieved of the requirement to approve the negotiation process for actions under $5 million. He would retain his control over the actual awarding of all the contracts. Increasing the threshold to $5 million will reduce paperwork by about 88 percent. This provision does not allow a contract to be awarded. It only allows the service to negotiate with contractors.

□ 1330

In order for a contract to be awarded, negotiated contract review procedures are still required. These include a legal review and audit by the Defense Contract Audit Agency, review of the contractor's cost and pricing data, and a cost analysis by a contracting review agency.

Mr. HORTON. Mr. Chairman, will the gentleman yield?

Mr. HUNTER. I will be happy to yield to the gentleman from New York.

Mr. HORTON. Mr. Chairman, I thank the gentleman for yielding. Part of the problem that I have with raising these ceilings is this: I served on the Procurement Commission, which was a statutory Commission established to try to make some order out of chaos. We found some years ago, because different agencies had different threshold ceilings, there was a need to take a look at ceilings. The Commission did make recommendations with regard to raising ceilings after careful study of all factors. As I have indicated, I am not opposed to the concept of raising ceilings. I do feel that raising ceilings will reduce paperwork, but how do I know that $25,000 is the place where the ceiling ought to be? And, is that what it should be for the rest of the agencies throughout the Federal Government?

I do not know whether the gentleman's committee had any hearings on

this subject, but on the Procurement Commission we found that it was very important to consider the levels of the thresholds. The recommendation of the Armed Services Committee is to go from $10,000 on this one to $25,000. The threshold in the Truth in Negotiations Act would go to a half million dollars. The threshold for the service Secretary's review of research and development contracts would go from $100,000 to $5 million. The General Accounting Office said that the Deputy Secretary of Defense had recommended $1 million, and the bill came up with $5 million. GAO was at loss to determine why the figure was set at $5 million.

The point I am making is, these are things that ought to be very carefully considered not only for the Department of Defense, but also Governmentwide, and that is not what is being done here. Figures are just being pulled out of the air. We do not want to wait until the procurement policy is established Governmentwide, and I think it is a mistake.

Mr. MAVROULES. Mr. Chairman, will the gentleman yield?

Mr. HUNTER. I yield to the gentleman from Massachusetts.

The CHAIRMAN. The time of the gentleman from California has expired.

(At the request of Mr. MAVROULES and by unanimous consent, Mr. HUNTER was allowed to proceed for 2 additional minutes.)

Mr. MAVROULES. Just in response perhaps to what the gentleman is stating, I just might remind all of those present here this afternoon that on June 24, 1981, in a letter to the Speaker of the House, Mr. TIP O'NEILL, that the proposal that is part of the Department of Defense legislative program for the 97th Congress—and this is counsel to DOD, the Office of Management and Budget advises, OMB advises that from the standpoint of the administration's program there is no objection to the presentation of this proposal to the Congress. The Department of Defense strongly recommends that the proposal be enacted by the Congress. It is signed by William H. Taft IV.

Mr. HORTON. If the gentleman will yield further so that I could answer the question, we had a discussion last Friday on this same point. In the Government Operations Committee we had testimony from Mr. Harper of the Office of Management and Budget on this very subject. On June 3, 1981, on the subject of thresholds, he said, "We do not question the desirability of raising the thresholds. However, we believe that dollar thresholds should be uniform throughout the Federal Government."

That testimony is specific; it is related directly to this question.

Mr. MAVROULES. This is a great dialog, and just so we get this in a proper perspective, that came over after the testimony. I think the testimony or the letter from Mr. Taft keys in on the things that we are talking about here this afternoon. I think the gentleman is talking about general policy across the board. Yet, his response to us was just to key in these two or three areas. That is the difference between both their communications.

Mr. HUNTER. If I might respond further, if Mr. Harper accepts the validity of the $10,000 ceiling, then I think the number was computed by your committee in terms of real dollars, it should raise at least to $19,150, and if we further consider that the last ceiling was established around 1974, and consider at that we are probably not going to establish another ceiling at least for the next several years, we can assume that threshold in terms of real dollars is going to be surpassed in 1983 or 1986.

The CHAIRMAN. The time of the gentleman from California has again expired.

(At the request of Mr. HORTON and by unanimous consent, Mr. HUNTER was allowed to proceed for 2 additional minutes.)

Mr. HORTON. If the gentleman will yield further, that is the whole point I am making. I am not trying to get into a debate as to who said what, who authorized what, and so forth. The Government Operations Committee in its considered judgment recommended that these thresholds not be included in this bill so we could get a Government-wide approach to this subject.

The point I am making now is that we ought to have input from the Office of Federal Procurement Policy as to how much these thresholds should be raised. You want to raise it to $25,000, to $500,000, to $5 million. I do not know whether this is good for other agencies of the Government or not, or whether separate thresholds should be set for the Department of Defense.

The point I am making is that there ought to be input as to what those ceilings should be, and there has not been that kind of input. Recommendations are being considered right now in the Office of Federal Procurement Policy. These are serious matters, and I know from personal experience because we ought to have expert testimony as to what is involved.

I probably am as aware of paperwork requirements as anybody in this Chamber because I served for 2 years as the Chairman of the Paperwork Commission, designed to try to reduce paperwork. but you can increase paperwork by setting administrative requirements haphazardly, or by not setting them Governmentwide.

Mr. HUNTER. If I may retain my time, I think the point the Armed Services Committee is making is that we have been talking and talking and talking about raising ceilings. We are looking at portions of the defense industrial base that have been shrinking rapidly. I spoke of the aerospace portion of the industrial base which has shrunk from about 6,000 companies in 1967 to 3,500 today. As I understand it, the OFPP has been around quite a while, and they have been working on a number of projects and trying to come up with some type of consistent solution, but they have not managed to do it. We think the time is now.

The CHAIRMAN. The time of the gentleman from California has again expired.

(At the request of Mr. HORTON and by unanimous consent, Mr. HUNTER was allowed to proceed for 2 additional minutes.)

Mr. HORTON. If the gentleman will yield further, let me give him a good example of what I am talking about. This has to do with the raising of the threshold for the service Secretary's review of determination and findings for research and development contracts from $100,000 to $5 million. The General Accounting Office said the threshold, now $100,000 in this area, simply sets a level below which the service Secretary can delegate approval by a subordinate to depart from formal advertising. The Deputy Secretary of Defense's proposal would permit delegation up to $1 million, whereas the language in H.R. 3519 raises the level to $5 million, 50 times greater than the present level. We do not know the reason for this difference.

The matter is of even greater concern, says GAO, however, if the implication is that such delegations could be misused on occasion, as they have in the past, to justify sole-source procurement.

Mr. McCURDY. Mr. Chairman, will the gentleman yield?

Mr. HUNTER. I yield to the gentleman from Oklahoma.

Mr. McCURDY. Mr. Chairman, the gentleman raises a number of interesting points. The point I was wanting to ask a question about, and also make a statement on, is that it appears that the Government Operations Committee is talking about a Governmentwide procurement policy. They want a Government-wide procurement policy, which would be uniform for HUD, HEW, or any Federal agency, the same as DOD.

The point I think that is overlooked is that in our subcommittee we have seen that there is very little competition within the defense industry as it relates to large weapons systems. Is that not a fact?

Mr. HUNTER. That is substantially true; yes.

Mr. McCURDY. Largely because of the nature of the weapons systems, the fact that you just cannot go out and buy an F-15 off the shelf. Is that correct?

Mr. HUNTER. That is right.

Mr. McCURDY. It seems inconceivable to me that we should be up here talking about savings by instituting a Government-wide procurement policy which in fact increases the paperwork and bureaucratic redtape for the defense contractors regardless of size.

The CHAIRMAN. The time of the gentleman from California has again expired.

(At the request of Mr. McCURDY and by unanimous consent, Mr. HUNTER was allowed to proceed for 2 additional minutes.)

□ 1340

Mr. McCURDY. Mr. Chairman, I do not object to a uniform policy for minor items and off-the-shelf procurements. Quite frankly, I do not care about the ceiling going from $10,000 to $25,000 on minor systems. I am talking about the major systems. We are talking about $5 million in cancellation costs and extremely sophisticated systems. There are only a few companies capable of such production in this entire country.

I believe the committee chairman, Mr. BROOKS, he says he wants to reduce costs and recognize the effect of inflation, yet he treats the purchase of major weapons systems the same as buying toilet paper for the PX, and it makes no sense.

Mr. HUNTER. Mr. Chairman, I commend the gentleman from Oklahoma (Mr. McCURDY) on his observation. I would also point out in regard to his statement that in fact the market basket test or the price index for the military systems and the critical materials is much greater than it is in the domestic areas.

If we look at the military market basket, this $25,000 ceiling should perhaps be higher than it is. I think the Government Operations Committee utilized the civilian market basket to come up to its $19,150 level; is that correct?

Mr. HORTON. Mr. Chairman, if the gentleman will yield to me, the gentleman is getting back to my point. How do we know the $25,000 ceiling is the best ceiling for the type of thing we are doing? It ought to be considered by the Office of Federal Procurement Policy, rather than just being handled like this, with a figure picked out of the air.

Mr. HUNTER. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the Government Operations Committee amendment.

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. BROOKS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device and there were—ayes 109, noes 311, not voting 12, as follows:

[Roll No. 128]

AYES—109

Addabbo	Garcia	Peyser
Atkinson	Gilman	Pursell
AuCoin	Gonzalez	Rangel
Bailey (MO)	Gray	Ratchford
Beilenson	Hall (OH)	Reuss
Bingham	Heckler	Richmond
Bolling	Hightower	Rodino
Bonior	Hollenbeck	Rosenthal
Brodhead	Horton	Rostenkowski
Brooks	Howard	Roybal
Brown (CA)	Hughes	Russo
Burton, John	Jacobs	Sabo
Burton, Phillip	Kastenmeier	Scheuer
Chisholm	Kildee	Schroeder
Clay	Kogovsek	Schumer
Clinger	LaFalce	Seiberling
Collins (IL)	Leland	Simon
Conte	Long (MD)	Smith (IA)
Conyers	Lowry (WA)	Solarz
Coyne, William	Markey	St Germain
Crockett	Matsui	Stark
Danielson	Mattox	Stokes
Dellums	Mikulski	Studds
DeNardis	Minish	Synar
Dingell	Mitchell (MD)	Traxler
Dixon	Moakley	Vento
Dwyer	Moffett	Walgren
Eckart	Mottl	Washington
Edgar	Murphy	Waxman
Edwards (CA)	Oakar	Weaver
English	Oberstar	Weiss
Evans (IN)	Obey	Whitten
Fascell	Ottinger	Wirth
Ferraro	Patman	Wolpe
Fish	Patterson	Yates
Florio	Paul	
Frank	Pease	

NOES—311

Akaka	Butler	Dreier
Albosta	Byron	Duncan
Alexander	Campbell	Dunn
Anderson	Carman	Dyson
Andrews	Carney	Early
Annunzio	Chappell	Edwards (AL)
Anthony	Chappie	Edwards (OK)
Applegate	Cheney	Emerson
Archer	Clausen	Emery
Ashbrook	Coats	Erdahl
Aspin	Coelho	Erlenborn
Badham	Coleman	Ertel
Bafalis	Collins (TX)	Evans (DE)
Bailey (PA)	Conable	Evans (GA)
Barnard	Corcoran	Evans (IA)
Barnes	Coughlin	Fary
Beard	Courter	Fazio
Bedell	Coyne, James	Fenwick
Benedict	Craig	Fiedler
Benjamin	Crane, Daniel	Fields
Bennett	Crane, Philip	Findley
Bereuter	D'Amours	Flippo
Bethune	Daniel, Dan	Foglietta
Bevill	Daniel, R. W.	Foley
Biaggi	Dannemeyer	Ford (TN)
Blanchard	Daschle	Forsythe
Bliley	Daub	Fountain
Boggs	Davis	Fowler
Boland	de la Garza	Frenzel
Boner	Deckard	Frost
Bouquard	Derwinski	Fuqua
Bowen	Dickinson	Gaydos
Breaux	Dicks	Gejdenson
Brinkley	Donnelly	Gephardt
Broomfield	Dorgan	Gibbons
Brown (CO)	Dornan	Gingrich
Brown (OH)	Dougherty	Ginn
Broyhill	Dowdy	Glickman
Burgener	Downey	Goldwater
Goodling	Madigan	Roukema
Gore	Marks	Rousselot
Gradison	Marlenee	Rudd
Gramm	Marriott	Sawyer
Green	Martin (IL)	Schneider
Gregg	Martin (NC)	Schulze
Grisham	Martin (NY)	Sensenbrenner
Guarini	Mavroules	Shamansky
Gunderson	Mazzoli	Shannon
Hagedorn	McClory	Sharp
Hall, Ralph	McCloskey	Shaw
Hall, Sam	McCollum	Shelby
Hamilton	McCurdy	Shumway
Hammerschmidt	McDade	Shuster
Hance	McDonald	Siljander
Hansen (ID)	McEwen	Skeen
Hansen (UT)	McGrath	Skelton
Harkin	McHugh	Smith (AL)
Hartnett	McKinney	Smith (NE)
Hatcher	Mica	Smith (NJ)
Hefner	Michel	Smith (OR)
Heftel	Miller (OH)	Snowe
Hendon	Mineta	Snyder
Hertel	Mitchell (NY)	Solomon
Hiler	Molinari	Spence
Hillis	Mollohan	Stangeland
Holland	Montgomery	Stanton
Holt	Moore	Staton
Hopkins	Moorhead	Stenholm
Hoyer	Morrison	Stratton
Hubbard	Murtha	Stump
Huckaby	Myers	Swift
Hunter	Napier	Tauke
Hutto	Natcher	Tauzin
Hyde	Neal	Taylor
Ireland	Nelligan	Thomas
Jeffords	Nelson	Trible
Jeffries	Nichols	Udall
Jenkins	Nowak	Vander Jagt
Jones (OK)	O'Brien	Volkmer
Jones (TN)	Panetta	Walker
Kazen	Parris	Wampler
Kemp	Pashayan	Watkins
Kindness	Pepper	Weber (MN)
Kramer	Perkins	Weber (OH)
Lagomarsino	Petri	White
Lantos	Pickle	Whitehurst
Latta	Porter	Whitley
Leach	Price	Whittaker
Leath	Pritchard	Williams (MT)
LeBoutillier	Quillen	Williams (OH)
Lee	Rahall	Wilson
Lehman	Railsback	Winn
Lent	Regula	Wolf
Levitas	Rhodes	Wortley
Lewis	Rinaldo	Wright
Livingston	Ritter	Wyden
Loeffler	Roberts (KS)	Wylie
Long (LA)	Roberts (SD)	Yatron
Lott	Robinson	Young (AK)
Lowery (CA)	Roe	Young (FL)
Lujan	Roemer	Young (MO)
Luken	Rogers	Zablocki
Lundine	Rose	Zeferetti
Lungren	Roth	

NOT VOTING—12

Bonker	Fithian	Jones (NC)
Cotter	Ford (MI)	Miller (CA)
Derrick	Hawkins	Santini
Dymally	Johnston	Savage

The Clerk announced the following pairs:

Mr. Miller of California for, with Mr. Jones of North Carolina against.

Messrs. PEPPER, FOUNTAIN, and EVANS of Georgia changed their votes from "aye" to "no."

Mr. STOKES changed his vote from "no" to "aye."

So the Government Operations Committee amendment was rejected.

The result of the vote was announced as above recorded.

□ 1400

JUDICIARY COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will report the Judiciary Committee amendment.

The Clerk read as follows:

Judiciary Committee amendment: Page 43, strike out line 12 and all that follows through line 17 on page 45 and insert in lieu thereof the following:

CHAPTER 18—MILITARY COOPERATION WITH CIVILIAN LAW ENFORCEMENT OFFICIALS

Sec.
371. Use of information obtained by members of the Army, Navy, Air Force, and Marine Corps.
372. Use of Army, Navy, Air Force, and Marine Corps equipment and facilities.
373. Training and advising civilian law enforcement officials.
374. Regulations.
375. Military personnel assistance.

§371. Use of information obtained by members of the Army, Navy, Air Force, and Marine Corps

The Secretary of Defense may, in accordance with other applicable law, provide to Federal, State, or local law enforcement officials any information collected during the normal course of military operations that may be relevant to a violation of any Federal or State law within the jurisdiction of such officials.

§372. Use of Army, Navy, Air Force, and Marine Corps equipment and facilities

The Secretary of Defense may, in accordance with other applicable law, make available any equipment, base facility, or research facility of the Army, Navy, Air Force, or Marine Corps to any Federal, State, or local civilian law enforcement official for law enforcement purposes.

§373. Training and advising civilian law enforcement officials

The Secretary of Defense may assign members of the Army, Navy, Air Force, and Marine Corps to train Federal, State, and local civilian law enforcement officials in the operation and maintenance of equipment made available under section 372 of this title and to provide expert advice relevant to the purposes of this chapter.

§374. Regulations

(a) The Secretary of Defense shall issue such regulations as may be necessary to assure that the provision of any assistance, or the provision of any equipment or facility, to any law enforcement official under this chapter does not—

(1) adversely affect the military preparedness of the United States; or

(2) include or permit direct participation by any member of the Army, Navy, Air Force, or Marine Corps in any search and seizure, arrest, or other similar activity unless participation in such activity by such member is otherwise authorized by law.

(b) The Secretary of Defense shall issue regulations providing that reimbursement may be a condition of assistance to any law enforcement official under this chapter.

§375. Military personnel assistance

The Secretary of Defense, upon request from the head of a Federal agency with jurisdiction to enforce the Controlled Substances Act or the Controlled Substances Import and Export Act, may assign members of the Army, Navy, Air Force, or Marine Corps to operate and maintain or assist such agency's law enforcement officials in operating and maintaining equipment made available under section 372 of this title with respect to any violation of the Controlled Substances Act or the Controlled Substances Import and Export Act.

Mr. HUGHES (during the reading). Mr. Chairman, I ask unanimous consent that the Judiciary Committee amendment be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. HUGHES. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the amendment now before the House to section 908 of H.R. 3519 is the result of a sequential referral of this section to the Committee on the Judiciary. This amendment differs substantively in several respects from the approach taken in the version of the bill reported by the Armed Services Committee. Let me attempt to succinctly outline the differences between the two approaches and the public policy implications of each.

As I said yesterday, and as was noted by all of the other speakers during the general debate on this question, we are deeply indebted to our colleague CHARLES BENNETT. His leadership in this area is commendable. The Judiciary Committee started with the suggestions he had developed. As good as his suggestions were, however, there were a number of refinements which were necessary.

The version of section 908 found in the armed services bill was the result of an amendment offered in committee and without any hearings. While virtually everyone in the areas of drug law enforcement agreed that changes in the so-called Posse Comitatus Act were necessary, there was very little focus on the exact parameters of the changes to be made. The Bennett approach had never been scrutinized by the Departments of Defense or Justice, the agencies most affected by these proposals.

The Committee on the Judiciary's Subcommittee on Crime held hearings on these proposals. Most of the witnesses found merit in the idea of clarifying the types of indirect assistance which can be rendered to civilian law enforcement authorities. Both the Department of Defense and the Department of Justice, however, strongly opposed the suggestion that the military become involved directly in the process of arresting and seizing drug law violators. Both agencies established to the satisfaction of the committee that there was no need to give the military this authority. The types of law enforcement missions which are involved in the interdiction of drug smugglers and the like inevitably will involve the presence of DEA, Customs, or Coast Guard personnel. These civilian authorities are trained to make arrests and seizures, thus there is no need to involve the military directly.

Both Justice and Defense opposed Mr. BENNETT's proposed section 375 because the military was not trained to be directly involved in making arrests. This lack of training has at least three potential adverse consequences:

First, the military could make mistakes in effectuating the seizures or arrests and the arrests could be thown out by a court.

Second, the military, who are trained and prepared to engage in combat and to operate outside the limitations which we have placed on civilian law enforcement, could be tempted to use excessive force to achieve the arrests or seizures.

Third, training of the military to make these arrests would be costly and inevitably divert the military from its primary mission of defending this county. Because the military would be unable to anticipate which vessels or aircraft and personnel would be called upon to make arrests, virtually all of them would have to be trained to make these arrests. This type of training would take time and resources from our military preparedness. As an active participant in arrest, search and seizure they would be subjected to the constraints of a primary witness in the judicial process.

The Committee on the Judiciary carefully evaluated this testimony and agreed to reject the arrest authority suggested by Mr. BENNETT. The Judiciary Committee version is supported by the Justice Department and, with the White amendment, also by the Defense Department, and is virtually identical to the provisions in the authorization bill already adopted by the Senate.

No one in Federal or State law enforcement, including the Justice Department, former Attorney General Griffin Bell—who is currently cochairman of the Attorney General's Violent Crime Task Force—Customs, DEA, or Coast Guard has suggested that the military be given the arrest authority. The Bennett approach is opposed by an unlikely alliance of the Departments of Justice, Defense, and the American Civil Liberties Union. The approach taken by the Judiciary Committee, on the other hand, gives law enforcement all the tools they need and all that they have asked for.

Mr. Chairman, adoption of the provisions found in the Bennett version of section 908 would cause unnecessary controversy and could have substantially serious adverse consequences. Therefore, the House should heed the advice of those who call for restraint in making drastic or dramatic changes in the fundamental law of our country with respect to the balance between military and civilian spheres by adopt-

ing the amendment offered by the Judiciary Committee

Before concluding, I would like to clarify several other points of difference between the Judiciary Committee amendment and the provisions of the Bennett version. First, in response to the concerns of the Committee on Government Operations, several technical—but important—changes were made to assure that the process by which information shared by the military with civilians is governed by the provisions of existing law such as the Privacy Act. This change was also supported by the Department of Justice and Defense. In addition, a similar change was made in proposed section 372 with respect to the disposition of equipment and other property by the military. As written, Mr. BENNETT's approach would have the effect of overturning decades of congressional enactments with respect to the procedures for property disposal or loans. Thus, the Judiciary Committee amendment meets these problems and satisfies the objections of the Committee on Government Operations in this regard.

Finally, I should point out that the Judiciary Committee amendment has been carefully fine tuned. Under the Bennett version, the Coast Guard is made subservient to the Secretary of Defense during peacetime for certain purposes. This change in command authority and Cabinet structure was probably not done by design; however, this unintended result is a good example of why legislation should be developed first at the subcommittee level and generally only after a set of hearings.

Mr. Chairman, I must add in closing that after the House hears from my distinguished colleague from Michigan on this matter, we expect to hear from our colleague from Texas with a perfecting amendment. For the reasons to be propounded by the gentleman, we are prepared to gladly accept his amendment.

I hope that you will support the amendment offered by the Committee on the Judiciary.

□ 1410

Mr. ZEFERETTI. Will the gentleman yield?

Mr. HUGHES. I am happy to yield to my colleague from New York (Mr. ZEFERETTI).

Mr. ZEFERETTI. I thank the gentleman for yielding. I want to commend the gentleman for his statement that he just made and want to associate myself with his remarks. If there ever was a time that we are going to break through this drug trafficking probem that we have with this drug industry that regulates some $70 billion in this country, I think now is the time. If we are ever going to have the tools necessary to make that effort a sincere one, it is by using that kind of assistance from the military. But I agree with the gentleman wholeheartedly that using the men in the service is not the answer. It takes a special kind of skill and profession to do that, to make an arrest in a proper manner.

In our efforts to make that arrest, if the men are not trained—and the military men would not be trained in that effort—we could do a lot of damage to have that effort be going forward in a profitable way.

So I want to commend the gentleman for his statement and tell him to go forward and make that amendment possible, but, along with that, include the White amendment and make it possible for our law enforcement people to get the kind of tools necessary to do their job.

Mr. HUGHES. I thank the gentleman for his significant contribution.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

(By unanimous consent, Mr. HUGHES was allowed to proceed for 3 additional minutes.)

Mr. HUGHES. I commend the gentleman from New York (Mr. ZEFERETTI). He has demonstrated a great deal of leadership as chairman of the Select Committee on Narcotics. The gentleman has a background in law enforcement. He knows how important it is to make sure that we have proper training or those with the power of arrest.

Just this morning the gentleman from Louisiana, BILLY TAUZEN, engaged in a colloquy with the Coast Guard in our Merchant Marine and Fisheries Committee, on the subject of the problems we now run into, even when the Coast Guard are trained to board and to arrest and to seize, the myriad of legal entanglements that we involve ourselves in, even when we provide training. How in the world can we train all military personnel in the law enforcement field to deal with the problem that will confront them. Defense attorneys are looking for any little mistake to ask our court to throw out the entire matter. These drugs cases are extremely important and we have to make certain that we know what we are doing when we provide additional authority, as we are doing in this bill, so that there is a role for the military, but a limited one.

Mr. MAZZOLI. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I am happy to yield to my colleague from Kentucky (Mr. MAZZOLI).

Mr. MAZZOLI. I thank the gentleman for yielding. I would like to commend him for the work that he did in the full committee and here on the floor on behalf of the proper kind of law enforcement. Certainly the drug problem is one of the most pernicious in the country and in the world, and I think the gentleman will actually go down in history as being one of the prime movers of a proper response.

I would like to ask the gentleman one question. I understand in his statement he has accepted the amendment soon to be offered by the gentleman from Texas (Mr. WHITE). If I understand that amendment, I believe it extends the reach of the posse comitatus to customs matters and immigration and enforcement. As chairman of the Immigration Subcommittee of the House Judiciary Committee, I have to say that we have never, as a committee, come to grips with the question of interdiction, when it should be done, how it should be done, by what method, using which personnel.

I wonder if the gentleman's subcommittee took that up and what his argument would be in behalf of extension of this principle to these cases when, so far as I know, there was not, at least in our point, any legislative history.

Mr. HUGHES. If the gentleman would bear with me, first of all the Justice Department sought the extension for many very valid reasons, and we discussed them and debated them in full committee and decided to come down as we did. But often we do not know what type of investigation we are dealing with. We may believe at first it is a drug-related matter, but often it turns out to be a drug-related matter, or immigration matter, or customs matter, or all three. It could conceivably provide defense counsel with additional arguments if, in fact, we extend posse comitatus, for instance, in the loaning of the military personnel to operate sophisticated equipment for drug enforcement matters, but not for immigration matters, which are often interrelated, as well as customs matters; so in order to avoid that particular problem we intend to extend it to those two other areas. The Justice Department supports that extension.

The CHAIRMAN. The time of the gentleman from New Jersey has again expired.

(At the request of Mr. MAZZOLI and by unanimous consent, Mr. HUGHES was allowed to proceed for 2 additional minutes.)

Mr. MAZZOLI. Will the gentleman from New Jersey yield?

Mr. HUGHES. I yield to the gentleman from Kentucky.

Mr. MAZZOLI. I thank the gentleman. I will not ask for further time. I am wondering if the gentleman is satisfied that we are not inadvertently, by acceptance of the amendment of the gentleman from Texas, creating a whole new law which deals with interdiction on the high seas which could involve foreign policy matters, and in addition to which, of course, many constitutional and legal matters arise in an effort to give proper attention to

the drug-related crimes? Is the gentleman satisfied, having examined all of these, that we are not going too far?

Mr. HUGHES. I might say to my colleague that we have given it as much attention as we can. We have conducted hearings, as the gentleman well knows, and heard from the agencies that are impacted and others on the issue. We have tried to carefully craft the amendment to take care of existing needs.

It is my intent as chairman of the Subcommittee on Crime to take up posse comitatus either later this year or early next year to look at the criminal sanction aspect of it. The matter was before us on sequential referral and we were unable to deal with the penal provisions.

But I think we have done a relatively decent job of trying to focus in on just exactly the areas where the military can provide assistance to the drug and other agencies.

Mr. MAZZOLI. I thank the gentleman very much.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I yield to the gentleman from Texas (Mr. WHITE).

Mr. WHITE. I would say in response to the gentleman from Kentucky (Mr. MAZZOLI), I think it is the understanding from the Attorney General's Office that they were concerned, No. 1, about the matter the gentleman from New Jersey (Mr. HUGHES) brought up about an arrest and then having a defense in the event that it turned out to be a different crime.

In addition, I would ask the gentleman to understand the amendment I have relates only to surveillance, the use of surveillance equipment, and monitoring equipment. I think with the number of people that are coming into this country in boats, I think they were interested in the use of naval facilities and naval surveillance only. That amendment and the committee change does not call for arrest or apprehension at all, as the gentleman would understand.

The CHAIRMAN. The time of the gentleman from New Jersey has again expired.

(By unanimous consent Mr. HUGHES was allowed to proceed for 3 additional minutes.)

Mr. HUGHES. I want to say one additional thing. The first four sections basically are a codification essentially of present practice. Right now the Immigration and the Customs Services do use intelligence information provided by the military as a matter of course and they are able, from time to time, to piggyback with equipment a routine flight and Customs often uses that equipment. If, in fact, we exclude Customs and Immigration, we might be suggesting by negative implication that we do not wish to condone what is, indeed, the present practice. That is something else that gave us some concern.

Mr. MAZZOLI. Will the gentleman yield further?

Mr. HUGHES. I yield to the gentleman from Kentucky.

Mr. MAZZOLI. I thank the gentleman for his indulgence and, in fact, I thank the committees for their indulgence too, because we may be putting the cart before the horse. But I think the gentleman from Texas (Mr. WHITE) said just a moment ago that his amendment does not deal with what was commonly called interdiction. That is a word that has newly come into the lexicon, but I guess it means actively intercepting a boat or some cargo. If I understand the gentleman's amendment correctly, which the gentleman from New Jersey has accepted, it deals only with surveillance.

But in the event the President, in his comprehensive plan on immigration, comes in with a recommendation for interdiction of ships on the high seas, the gentleman's amendment would not influence that. That would be another piece of legislation which would have to come before the gentleman from Kentucky's committee?

Mr. WHITE. If the gentleman will yield?

Mr. HUGHES. I am happy to yield to the gentleman from Texas to respond.

Mr. WHITE. The Judiciary Committee's amendment, and the amendment that I have to that, would only permit use of equipment. I presume they could transport, but as far as arrest and apprehension and seizure, that must be done by the existing authorities and not by the military.

Mr. MAZZOLI. That would have to come before, if I might have 1 final second, that type of authority would have to come before the House Judiciary Committee and its various subcommittees in the event the President recommends that as a part of his plan; is that correct?

Mr. HUGHES. That would be correct.

Mr. EVANS of Georgia. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I yield to the gentleman from Georgia (Mr. EVANS).

Mr. EVANS of Georgia. I thank the gentleman for yielding.

In the opinion of the gentleman, what we would be doing with the Hughes version of this bill is, as amended by the White amendment, in the event we have a situation in which there were personnel present from the armed services, present with civilian law enforcement, under the present law or under the bill as it would be amended, could those people assist the civilian law enforcement in search or seizure or any of the other things that we are not authorizing the military authority to do?

Mr. HUGHES. Under the Bennett version of the bill, the authority is granted, provided the Secretary of Defense makes the findings that are required by that section of the armed services bill, to permit the military to make arrests and seizures.

□ 1420

Under the Judiciary Committee approach, what we have tried to avoid is that confrontational setting.

While we give the authority to provide equipment and the loan of military personnel to operate that equipment, we do not provide for the right to arrest or seize.

The CHAIRMAN. The time of the gentleman from New Jersey (Mr. HUGHES) has expired.

(By unanimous consent, Mr. HUGHES was allowed to proceed for 1 additional minute.)

Mr. EVANS of Georgia. If the gentleman will yield further, in the event that personnel was present and not sufficient civilian personnel were present to effect a search, or whatever, could the military, under the gentleman's version of the bill as amended by White, assist civilian law enforcement in a support capacity to effect what I have asked?

Mr. HUGHES. Well, we have mandated that the support capacity is one of providing equipment and personnel to operate the equipment.

The law enforcement community tells us that they have ample personnel to provide civilian law enforcement officials to carry out arrest and seizure.

I might say that under the Bennett version, however, we have a major blind spot, in that under the Bennett version, the military could not provide the manpower to operate the equipment.

One of the major problems we have is that the offer of equipment without military personnel to operate it is an empty gesture.

Under the Bennett approach, it speaks of assisting in arrest or seizure—not of operating and maintaining equipment.

The CHAIRMAN. The time of the gentleman from New Jersey (Mr. HUGHES) has again expired.

(On request of Mr. RUDD and by unanimous consent, Mr. HUGHES was allowed to proceed for 2 additional minutes.)

Mr. RUDD. Mr. Chairman, if the gentleman will yield, I would like to clarify one issue with regard to whether or not the gentleman has no objection to the presence of military police at the time of an arrest without participating in the arrest itself. Because does not the gentleman presume that they are properly trained in this area?

Mr. HUGHES. Of course, when you are talking about military police, you

are talking about something else again. Military police have a law-enforcement responsibility on the base or on shore and have responsibility over military personnel. We are talking about something else again. We are talking about arrests or seizures or investigations which are primarily within the province of civilian law enforcement.

Mr. RUDD. That is what I am talking about.

But there would be no objection to the presence of military personnel at the situs of an arrest?

Mr. HUGHES. If in fact their presence is there in a capacity approved by the Defense Department under regulations which the Defense Department is required under section 374 to promulgate.

Mr. RUDD. I thank the gentleman.

Mr. BENNETT. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I yield to the gentleman from Florida.

Mr. BENNETT. Mr. Chairman, I just want to make one thing clear.

I think the gentleman misconstrued a little bit the language of section 375, because it does provide: "The Secretary of Defense, upon request from a Federal drug agency, is authorized to assign members of the Armed Forces to assist Federal drug enforcement officials in drug seizures or arrests provided" these other things transpire.

And, of course, it was never my intention, not the intention of the requirement of that provision that they could not operate the material, they could not operate the ships. There is no way in which you are going to get the Department of Justice to operate a naval ship. So it is inherent in what I have provided here. If you want an amendment to make that clear, it certainly was my intention and the intention of the committee that they would operate these ships and do everything that the gentleman suggests under his amendment.

Mr. HUGHES. I say to the gentleman that I have no doubt that the gentleman intended to permit the military to assign personnel to operate and maintain the equipment, but it does not say that.

Mr. BENNETT. It is inherent in what is said here, and this colloquy has cleared it up. That is the intention of the law.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I yield to the gentleman from New York.

The CHAIRMAN. The time of the gentleman from New Jersey (Mr. HUGHES) has again expired.

(On request of Mr. GILMAN and by unanimous consent, Mr. HUGHES was allowed to proceed for 2 additional minutes.)

Mr. GILMAN. Mr. Chairman, I want to associate myself with the remarks by the gentleman from New Jersey (Mr. HUGHES), and to commend him and his subcommittee for bringing this issue to the House floor.

I rise in support of the Judiciary Committee amendment, as amended by the gentleman from Texas (Mr. WHITE), permitting the assignment of military personnel to operate and maintain military equipment made available to civilian drug law enforcement authorities and limiting the operation of such equipment to monitor and communicate the movement of air and sea drug trafficking entering or leaving the United States.

I comment, too, the gentleman from Florida (Mr. BENNETT) for his efforts to help stem the flow of drug trafficking into our Nation, but I believe that the gentleman's proposal would go too far by also authorizing our Armed Forces to make drug seizures and arrests. I have been informed that the Department of Defense opposes the direct involvement of Armed Forces personnel in such civilian law enforcement functions.

As a cosponsor of a measure similar to the measure offered by the Judiciary Committee and as a member of our Narcotics Select Committee that has extensively studied the drug problem both here and abroad, I want to remind my colleagues that if the war against drug trafficking is going to be won, then military intelligence, equipment, personnel, training, and technical advice to civilian drug law enforcement agencies are urgently needed. We should, however, resist efforts to clothe our Armed Forces with the policing authority or making drug searches, seizure, and arrests—a function that is beyond the scope of their training and expertise and one that is best left to civilian law enforcement authorities.

Narcotics trafficking and drug abuse in our Nation represent a staggering billion dollar business—a $64 billion business. Our drug law enforcement officials unfortunately lack the jet planes, the swift vessels, and other sophisticated equipment to compete with the highly organized, well-financed drug traffickers. The Judiciary Committee amendment, as amended by the White proposal, would shore up our defenses against the drug traffickers by providing our Nation with military equipment, base facilities, training capabilities, and personnel to help our drug law enforcement officials interdict the flow of illicit drugs crossing our extensive borders and thousands of miles of shoreline. Accordingly, I urge my colleagues to support the White amendment.

Mr. HUGHES. I thank my colleague, a very valued member of the Select Committee on Narcotics, who has been a leader in this entire area.

Mr. BETHUNE. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I yield to the gentleman from Arkansas.

Mr. BETHUNE. Mr. Chairman, I am genuinely concerned about the gentleman's approach to the situation, the Judiciary Committee's approach, and Chairman BENNETT's approach for reasons which I will get into as the debate wears on. But there is one that I would like to pursue at this moment.

The gentleman spoke a moment ago to the wisdom of the Judiciary Committee's approach in separating out arrest and search and seizure.

I have a letter here from the General Counsel of the Department of Defense addressed to the gentleman in the well, wherein he makes the point that law enforcement operations, particularly those involving drugs, tend to be intense confrontational matters and it is unreasonable to expect——

The CHAIRMAN. The time of the gentleman from New Jersey (Mr. HUGHES) has again expired.

(On request of Mr. BETHUNE, and by unanimous consent, Mr. HUGHES was allowed to proceed for 5 additional minutes.)

Mr. BETHUNE. And it says, further, that it is unreasonable to expect that the crew of a military helicopter or armored vehicle will stand by in the midst of an operation without assisting law enforcement officials in arrest or seizure should the situation necessitate such action.

And it occurred to me the other day, when we were debating this issue and I wandered in unexpectedly and asked a few questions, that perhaps we were creating some difficulties, perhaps we were creating a fertile field for those imaginative lawyers out there who would raise points and argue that evidence should be excluded, because we were drawing the line that the Judiciary Committee seeks to draw.

Mr. HUGHES. Well, the fact of the matter is that the gentleman has a broad background in law enforcement, as I do and as does our ranking minority member, and we believe that in fact what we have done is try to prevent what could be a rash of technical motions directed by the Defense counsel at personnel who are not trained in that type of confrontation situation, who are not versed in the area of arrests, search or seizure, who should not be subjected to the magistrate's proceedings, grand jury proceedings, and court trials. They are soldiers. They are not law enforcement officials.

Mr. BETHUNE. If I could make this point: Under the present state of the law, however, they are precluded from doing anything, and we still have a number of cases where they wander into the law enforcement situation, giving rise to Defense counsel's objection and motion to exclude evidence.

Mr. HUGHES. That is precisely why we have drafted our language so that we try to avoid that type of a confrontation.

The only area that civilian law enforcement needs help—I think this is the key—is in the area of providing equipment and personnel to operate that sophisticated equipment. That is why it is carefully drawn to provide the operation and maintenance of the equipment. The rest is basically a codification of existing practice.

Mr. BETHUNE. Does not the Coast Guard now have the power to——

Mr. HUGHES. That is by specific statute. They are a law enforcement agency.

Mr. BETHUNE. But presumably if we empower the military to get involved here, it would be to be sort of as deputy to the Coast Guard, if we limit it to extraterritorial effect.

Why should the Navy or the Marines, or whoever else comes in to assist the Coast Guard in those instances, have restrictions on them that will not be on the Coast Guard? And are we not then creating some delineations that will be used, as a matter of fact?

Mr. HUGHES. We are creating a very important delineation, and the delineation is that the military's mission is preparedness, national defense. They are not policemen, and they do not want to be policemen, and we do not want them to be policemen. The law enforcement agencies of the country, including the Justice Department and every agency that has testified before our committee believes that they do not need that authority. They have ample manpower to take the lead in making arrests and seizures, and they have a difficult enough time trying to contain evidence even when they are trained to do it let alone having people who are untrained actively participating in an operation.

□ 1430

Mr. BETHUNE. The gentleman mentioned a moment ago that he has not discussed the idea of criminal sanctions yet on the committee, or have not at least shaped any sanctions that might be employed. This is a very important point, because many of the court decisions I have read in the last few days make the point that there has never really been a prosecution under those statutes for violation of posse comitatus prohibition, and the courts say there have not been enough unlawful searches and seizures and arrest procedures by the military up to this point for them to fashion an exclusionary rule. So, therefore they have really done nothing and there are no sanctions there right now.

Mr. HUGHES. There are sanctions. There is a criminal penalty.

Mr. BETHUNE. But it has never been prosecuted. The court, I can cite case after case——

Mr. HUGHES. I say to the gentleman, what difference does it make? It is still a criminal statute and any field commander that has to make a fast decision as to whether to give a piece of equipment is going to think about the Federal statute. That is one of the reasons we are trying to address the concerns of the law enforcement community.

Mr. BETHUNE. Have there been prosecutions?

Mr. HUGHES. There have been no prosecutions.

Mr. BETHUNE. It has been on the books for 100 years.

Mr. HUGHES. The fact of the matter is, it is there, and it has had a chilling effect. The testimony is that there are times when field commanders will resolve an issue against a law enforcement agency for fear that they might invoke that criminal statute.

Mr. McCLORY. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I yield to my colleague from Illinois.

Mr. McCLORY. Mr. Chairman, I think the importance of this legislation is that it would remove the restraints which have prevented the military from providing the kind of support through information and through use of equipment and through training of personnel that can be so extremely useful, particularly in the drug traffic.

The CHAIRMAN. The time of the gentleman from New Jersey has again expired.

(At the request of Mr. McCLORY and by unanimous consent, Mr. HUGHES was allowed to proceed for 2 additional minutes.)

Mr. McCLORY. If the gentleman will yield further, I think the fact that there have been no prosecutions is entirely beside the point. The fact that there has been a lack of cooperation has been a recognition of what the existing law is, but as the gentleman pointed out, most of this amendment that we are offering here is in existing law, and the amendment to our amendment which is offered, being offered by the gentleman from Texas (Mr. WHITE), does limit the use of equipment and personnel to areas outside the United States, so that we are not having the military involved in any kind of support operation within the country, and then at the same time it is authorizing the assignment of personnel for the purpose of operating and maintaining and assisting in the operation and maintaining of equipment, as the gentleman stated.

So that, the Judiciary Committee amendment, plus the amendment to be offered by the gentleman from Texas does, it seems to me, specifically identify the kind of support that we want, particularly in the area of drug enforcement, but incidentally in connection with immigration and customs cases.

Mr. HUGHES. The gentleman is absolutely right. In fact, the White amendment does provide for those instances where aircraft have to take off and land in the continental United States, and it takes care of the coastal problems we have and problems in the estuaries. So, the amendment has been carefully drafted to take care of the needs of the law enforcement community, and we have provided for the law enforcement agencies exactly what they have requested.

Mr. McCLORY. I want to commend the gentleman from New Jersey and the ranking minority member the gentleman from Michigan (Mr. SAWYER) for their major contribution in perfecting this part of the Department of Defense authorization legislation.

Mr. HUGHES. I thank the gentleman, and commend him for his leadership.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I will be happy to yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, I too would like to add my commendation. As a member of the Judiciary Committee, I was very concerned when the question came before us.

The CHAIRMAN. The time of the gentleman from New Jersey has again expired.

(At the request of Mr. SEIBERLING and by unanimous consent, Mr. HUGHES was allowed to proceed for 3 additional minutes.)

Mr. SEIBERLING. We are all threatened and our children are threatened by the drug traffic, but that does not mean we should not be very careful in how we proceed against it.

As I understand, the Posse Comitatus Act came out of the abuse of the military law enforcement in the so-called reconstruction era, and it was out of the same experience of that time and some of the other disorders that the act was enacted. I think the gentleman's amendment strikes a good balance between cautious authorization of the use of military equipment in appropriate circumstances, particularly with the amendment to be offered by the gentleman from Texas (Mr. WHITE) limiting it to offshore areas and aerial surveillance.

Now, in recent experience we used military law enforcement, military enforcement of civilian laws in an area which happens to be in my district. In Kent State University in 1970 the National Guard was given a practically blank check to enforce the civilian laws against civil disorders. Result: four students killed, another group of students wounded, and a bunch of

GI's and officers dragged through the courts for 10 years. Why? Because they had no experience in this kind of situation. They were not given the adequate backup by the civilian authorities, and I would hope that we would learn from that more recent experience that we must be very, very cautious about involving the military in civilian law enforcement.

Rather significantly, the Defense Department itself wrote us a letter and asked that we not get them involved. So, I feel that the gentleman has moved about as far as we ought to go, and at the same time has preserved the very distinct line between military functions and those of the civil law enforcement authorities.

Mr. HUGHES. I thank the gentleman for his very important statement, and I urge my colleagues to vote for the Judiciary Committee amendment to the armed services bill.

Mr. SAWYER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I realize this has now been pretty well talked to death, and I as ranking Republican on the Crimes Subcommittee am in total agreement with the amendment as now offered and as will be amended by the amendment to be offered by Mr. WHITE of Texas.

Basically, I cannot feel very upset about allowing the military to intervene and assist civilian law enforcement, but we nevertheless bring down a great wave of concern once we do that. It does have some open avenues of abuse. The military are not trained in such things as Miranda warnings which might render unusable admissions or confessions that are made. They are not familiar with the restrictions on seizure of properties and whatnot. This is just not their training.

I am sure that if we were to follow up the concern of legal counsel for the Department of Defense, who says it is totally unrealistic to think the military would stand by while the civilian arresters were, let us say, viciously attacked without assisting, I agree it would be unrealistic. On the other hand, I cannot conceive of any court convicting them of a violation of the criminal statute of posse comitatus under those circumstances. I think that rather than add legitimacy to military participation in civilian law enforcement, for which they are not trained, we have gone about as far as we should go. We expressly permit the military's operation of sophisticated equipment. We remove the fear of prosecution, if you will, that military commanders are kind of wont to use, that they do not want to help or they do not want to even give information because they might be subject to this criminal penalty.

I think we have clarified that. While it is true that there never have been any criminal prosecutions, I too have read all the cases under this statute and there have been denials of claims under the Tort Claims Act on the basis that the military, who are merely helping look for some escaped convicts with their helicopters, were operating outside their duty and in violation of the law. Therefore, some injured people were denied their Federal tort claims resulting from the crash of a helicopter. So, its validity has been recognized even though not criminally enforced. I think with the amendments to be offered by the gentleman from Texas, going as far as the gentleman from New Jersey and I and our subcommittee hearings, both the Defense Department and the Justice Department say they do not need military assistance and participation in the arrest or seizures, we have gone just about as far as we should go and we get the maximum mileage.

□ 1440

Mr. RAILSBACK. Mr. Chairman, will the gentleman yield?

Mr. SAWYER. I yield to the gentleman from Illinois.

Mr. RAILSBACK. Mr. Chairman, I want to agree with the gentleman in the well. I happen to be a member of the Judiciary Committee, but in addition, I happen to be a member of the Select Committee on Narcotics, and I think it is most significant that the testimony before the Narcotics Committee indicates that the law enforcement people believed they would have no trouble handling the job, but they wanted the use of the very sophisticated tracking equipment and the intelligence capability that the armed services could provide to them.

I agree with what the gentleman in the well has said, and I want to commend him and the others who have made the points he made. I would also say that the members of the Armed Services Committee, however, including the gentleman from Florida (Mr. BENNETT), are, I think, doing the right thing in making the effort to do what they are trying to do; namely, to help combat drug abuse. I just think the bill goes a little too far, although I think the thrust of the two bills, the amendment and what is contained in the bill, is the same. I think the Judiciary Committee refines it and reverses what has been the traditional practice.

Mr. SAWYER. Mr. Chairman, I thank the gentleman from Illinois (Mr. RAILSBACK).

I would say that the amendment is strictly a refinement of a weak link in the chain and makes an improvement on what was basically the initiative of the gentleman from Florida.

Mr. BETHUNE. Mr. Chairman, will the gentleman yield?

Mr. SAWYER. I yield to the gentleman from Arkansas.

Mr. BETHUNE. Mr. Chairman, I thank the gentleman for yielding, and I do not mean to be a bother. I am not on the Judiciary Committee, so I am just trying to catch up to its speed here.

Mr. SAWYER. Yes. We are doing a pretty good job.

Mr. BETHUNE. Not being on the committee is either an advantage or a disadvantage, and I have not decided which yet.

Mr. SAWYER. To the gentleman or to the committee?

Mr. BETHUNE. Mr. Chairman, last week I asked the gentleman in the well whether or not we might encounter a situation under the Judiciary Committee's approach where a defense attorney would argue that a military man had involved himself in someway or another peripherally in the arrest circumstance, and, therefore, running afoul of the Judiciary Committee approach, the evidence should be excluded.

The CHAIRMAN. The time of the gentleman from Michigan (Mr. SAWYER) has expired.

(On request of Mr. BETHUNE, and by unanimous consent, Mr. SAWYER was allowed to proceed for 2 additional minutes.)

Mr. BETHUNE. Mr. Chairman, if the gentleman will yield further, I think the gentleman's response was that he was not certain that that would occur or he did not know of any cases to that effect.

I, in the meantime, have looked very assiduously for a case in the gentleman's own jurisdiction, and I found one wherein the court held that the use by the State police of a member of the U.S. Air Force in arresting a drug traffic offender was not proper, that posse comitatus was designed to prohibit the use of military personnel as agents for enforcement of civil law, and the airman, therefore, could not properly testify in the criminal case.

So this is the point I was trying to make. If we are going to limit the effect of what we are doing here to extraterritorial instances so we are only talking about things that happen outside the territory of the United States, the Coast Guard presently has the authority to arrest and search and seize.

We are creating a line of delineation here for the Navy which might involve itself with the Coast Guard, so a defense attorney might come in and use this act and say, "Well, the Coast Guard might have had the right to be involved in the arrest circumstance or the search and seizure circumstance, but the Navy did not, and, therefore, I move to exclude the admission of the cargo of heroin," or whatever it might be.

Now, I want to stop drug trafficking as well as anybody else and spread the burden in law enforcement, but I think that is a valid point, and I do not think the committee has satisfactorily answered it as far as I am concerned.

Mr. SAWYER. Mr. Chairman, if I may recapture my time, I think clearly that we have eliminated the impact of the case the gentleman has named in that we have prohibited or not given authority to the military to participate in the actual arrest or seizure. They can be there, they can operate the equipment, they can provide information, they can track, they can do all those things.

If the gentleman thinks that by any statute we can outstrip the imagination of criminal lawyers who would be offering motions to suppress evidence or testimony, then I think the gentleman is overly optimistic. No matter what we do, the criminal lawyer's imagination is unlimited.

The CHAIRMAN. The time of the gentleman from Michigan (Mr. SAWYER) has again expired.

(On request of Mr. HUGHES, and by unanimous consent, Mr. SAWYER was allowed to proceed for 3 additional minutes.)

Mr. HUGHES. Mr. Chairman, will the gentleman yield?

Mr. SAWYER. I yield to the gentleman from New Jersey.

Mr. HUGHES. Mr. Chairman, I just want to say in addition that what we have attempted to do once again is to avoid the confrontation, because indeed what I think we would do if we permitted the average military personnel to participate in the arrest or seizure is that we would open up Pandora's box, because civilian law enforcement personnel make enough mistakes now, and they are trained. So if anything, what we are trying to do is we are trying to minimize the effect of a motion to suppress.

Mr. BETHUNE. Mr. Chairman, will the gentleman yield further?

Mr. SAWYER. I yield to the gentleman from Arkansas.

Mr. BETHUNE. Mr. Chairman, the point of the Department of Defense and the point of the Armed Services Committee and the point I made last week is that due to the nature of law enforcement and confrontations of that nature, especially drug violations, we cannot separate the arrest from all the other functions. We cannot separate search and seizure. We are limiting arrest and search and seizure, but there are a lot of other functions in law enforcement that we have not treated, like electronic surveillance, the interrogation of witnesses, and all that.

Mr. HUGHES. Mr. Chairman, will the gentleman yield further?

Mr. SAWYER. I yield to the gentleman from New Jersey.

Mr. HUGHES. Mr. Chairman, I thank the gentleman for yielding.

The fact of the matter is that we are only talking about those instances where civilian law enforcement personnel believe they need a piece of equipment that they do not have available to them, and it is only to be used in those instances where the equipment is offered and there is not sufficient time to train the civilian law enforcement personnel. They are then loaned military officials to operate that equipment in accordance with regulation.

So it is only in those situations. It is not going to be a routine, regular situation. It is going to be an emergency situation where we happen to have a particular need.

Mr. BETHUNE. Mr. Chairman, if the gentleman will yield further, I clearly see the point the gentleman is making, and he has made it repeatedly. It is that he hopes to narrow down the scope of activities.

I would hope that if we do this, we can narrow down the scope of activities. The point I have been trying to make is that I think we are rushing pell-mell to do away with a hundred-year-old rule of law that must have had a number of good reasons behind it.

There is some very good language in the decisions suggesting that this might even be in the nature of a constitutional right approximating that of separation of church and state, and the gentleman in the well, by his own statement, indicated that we have not even treated the issue of sanctions on his subcommittee. Yet he wants the House to pass a bill to dispense with a hundred-year-old rule of law, and we have not even tested it.

Mr. SAWYER. Mr. Chairman, if I may recapture my time, the gentleman seems to be arguing in circles. At first, if I understood the gentleman, he felt it was unreasonable not to allow the military to assist in the arrest or seizure because otherwise defense attorneys would raise all these objections—either where they did or where they did not. And now the gentleman is in effect saying that we ought not to allow even the use of the equipment. The gentleman is very much confusing the issue.

Mr. BETHUNE. Mr. Chairman, the gentleman is questioning my logic, and may I respond?

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. SAWYER. I yield to the gentleman from New York.

Mr. BIAGGI. Mr. Chairman, this has been a very interesting discussion, and to a great extent we are just going around and around. I understand the language that represents the committee's position. I speak not only as a member of law enforcement for many years but as former chairman of the Coast Guard Subcommittee which has addressed itself to this issue.

Time and time again the interdiction of the flow of drugs that come in from the Caribbean has been addressed.

The CHAIRMAN. The time of the gentleman from Michigan (Mr. SAWYER) has again expired.

(On request of Mr. BIAGGI, and by unanimous consent, Mr. SAWYER was allowed to proceed for 5 additional minutes.)

Mr. BIAGGI. Mr. Chairman, if the gentleman will yield further, we were clearly confronted with the situation that our Government did not have the capacity to respond to the problem—a problem on the seas and a problem in the air. This Congress voted for legislation last year—and it was enacted into law—that kind of closed the loophole as far as the free and easy manner in which the traffickers' functions is concerned. They would be arrested, they would remain silent, and they would be processed, and then they would be out within several hours and then back to their abode with no indictments or convictions.

Now, one of the major difficulties that was found by the Coast Guard, as well as the Customs Service and the DEA, was the inability to detect and determine the planes that were coming in carrying drugs and the vessels that were doing likewise, because of the limited amount of equipment.

So it was hoped and suggested that perhaps we could employ some military equipment for two express purposes—for surveillance and for monitoring. What has been established during those hearings and by these committees and by these different agencies is the development of a profile. Certain types of aircraft would be subject to surveillance, identification, and reporting to ground crews, to the established agencies that were concerned with this problem. They needed certain profiles of a vessel that would be similarly identified and reported to the Coast Guard or the Customs Service that would respond with their equipment, and we did not have that capacity.

□ 1450

Frankly, the language contained in the amendment offered by the gentleman from Texas (Mr. WHITE) is sufficient to provide the kind of response so that we can practically and effectively respond to the needs of the agencies, because currently we have hundreds of planes flying in, low-level planes flying in and landing on strips and farms and we are not aware of their existence.

With this sophisticated equipment they can be almost immediately identified when they are several hundred miles out and there can be a response on the part of the agencies.

This in my judgment is necessary. This in my judgment is a critical supplement to the entire law enforcement area. To go any further at this point, I think: First, would be premature; and second, might be begging for troubles, the kind of troubles that have been articulated here by the gentleman who is on his feet and by many others.

If we are concerned about really producing a meaningful response to a genuine need, to the law enforcement area, the gentleman's amendment, the amendment of the gentleman from Texas (Mr. WHITE), is the one that should be supported.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. SAWYER. I yield to the gentleman from Ohio.

Mr. SEIBERLING. I thank the gentleman for yielding.

I wonder if the gentleman from Arkansas understands that the amendment offered by the gentleman from New Jersey is a strict limitation of a very broad authority that exists in the committee's bill. The committee's bill would authorize military personnel to enforce the drug laws, and that would get into the area that the gentleman from Arkansas is so rightly concerned about; whereas the amendment of the gentleman from New Jersey, further amended by that of the amendment to it of the gentleman from Texas, would put very strict limitations, limited to loaning equipment and limited to offshore and aerial surveillance only, and it seems to me that ties right in with what the gentleman from New York (Mr. BIAGGI) said and at the same time it prevents real danger to civilian law enforcement.

I would think this amendment addresses the concerns of the gentleman.

Mr. BETHUNE. Mr. Chairman, will the gentleman yield?

Mr. SAWYER. I yield to the gentleman from Arkansas.

Mr. BETHUNE. I thank the gentleman for yielding.

My logic has been called into question and it has been suggested that there is some circuity in the arguments that I make.

In a word, I would like to say this. I think that if we are going to enact something here in the interest of controlling crime, then the proposition brought forward by the Defense Committee is the right one when paired with the amendment of the gentleman from Texas (Mr. WHITE), because having been limited to extraterritorial matters it empowers them to do the job that we want them to do and we would not have to worry about it happening within the territory. That is my position if I were looking at that one solely.

On the other hand, as I view the Judiciary Committee's approach, I think it creates problems, which I have tried to enunciate here before. Frankly and honestly, I really admire the work of the committee, they are usually very thoughtful, but when the gentleman said we have not even considered the sanctions that would be imposed in the event of encroachment——

The CHAIRMAN. The time of the gentleman from Michigan (Mr. SAWYER) has expired.

(At the request of Mr. BETHUNE and by unanimous consent, Mr. SAWYER was allowed to proceed for 1 additional minute.)

Mr. BETHUNE. Mr. Chairman, will the gentleman yield further?

Mr. SAWYER. I yield to the gentleman from Arkansas.

Mr. BETHUNE. It truly occurs to me that we are moving a little fast when it comes to a rule of law that has stood inviolate for 100 years, and so my position is, as I stated on both the defense and the judiciary approach, but my position is that we should go back to the drawing board and resolve some of these questions that have been raised here, and I think rightfully so, and to say that we need to stop drug trafficking in this country and use that as an excuse for rushing through this particular piece does not make sense.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. SAWYER. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Then certainly the gentleman from Arkansas should support the amendment of the gentleman from New Jersey (Mr. HUGHES), because the alternative is to adopt the committee's language which was adopted without any hearings and without any concern for these questions.

The Defense Department supported the kind of limitations that the gentleman from Texas (Mr. WHITE) and the gentleman from New Jersey (Mr. HUGHES) wanted to add to this bill.

Mr. BETHUNE. If the gentleman will yield further, if I felt that the Judiciary Committee's hearings were extensive and comprehensive and had been finished and had treated the issue of sanction, then I think to compare it with——

The CHAIRMAN. The time of the gentleman from Michigan (Mr. SAWYER) has again expired.

(At the request of Mr. FISH and by unanimous consent, Mr. SAWYER was allowed to proceed for 2 additional minutes.)

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. SAWYER. I yield to the gentleman from New York.

Mr. FISH. I thank the gentleman for yielding.

Mr. Chairman, I support the concept embodied in section 908 of H.R. 3519, the Defense Department authorization bill for fiscal year 1982. The gentleman from Florida and the other members of the Armed Services Committee are to be highly commended for making an important contribution to facilitating cooperation between the military and civilian law enforcement authorities. Our Subcommittee on Crime and the full Judiciary Committee agreed that such authorization was needed, with some adjustments. I strongly support the bipartisan version reported by our committee and the amendment that will be offered by the gentleman from Texas. The gentleman's amendment wisely extends certain types of assistance into the areas of immigration and customs law.

Posse comitatus is a criminal law enacted during reconstruction which prevents the Army and Air Force from serving as a posse. The confusion created by this law is a barrier to cooperation between the military and civilian law enforcement officials. Specifically, under that law, it is unclear what sort of assistance the military may legally provide and even which parts of the military are affected. Even though no one has apparently ever been prosecuted under the posse comitatus provision, it may form a basis for excluding evidence in criminal trials and an obstacle to recover under the Federal Tort Claims Act. Testimony before the Subcommittee on Crime earlier this year convinced us that something needed to be done about the problems created by posse comitatus, particularly in the area of drug smuggling and immigration.

The Judiciary Committee's version of section 908 addresses the problems that I have outlined by essentially codifying existing authority for the military to provide essential and appropriate assistance to civilian law enforcement authorities. By codifying this authority, we clarify the limits on military involvement in law enforcement, thus eliminating the confusion. We do not, however, authorize Armed Forces personnel to assist civilian law enforcement in making arrests and seizures. I believe that our approach is preferable to the language reported by the Armed Services Committee, which expands existing authority by permitting the military to participate in such activities.

First, our language would specify which branches of the military are in fact affected. Second, like the Armed Services Committee's version, it would provide for the sharing of intelligence, equipment, and base facilities, and would authorize training. It would also prohibit military assistance which would adversely affect this country's military preparedness and would encourage reimbursement to the Defense Department. However, unlike the language recommended by the Armed Services Committee, our language would specifically prohibit military personnel from participating in hands-

on arrests and seizures. This type of assistance is a departure from traditional military-civilian relations and was not requested by the Drug Enforcement Administration when they testified before our subcommittee about the posse comitatus problem.

On the other hand, we felt that it was necessary to insure that the offer of equipment was not an empty one because we envisioned situations where there would not be time for civilian law enforcement authorities to be trained to operate sophisticated military equipment or where such training would not be cost effective. For this reason, we included authority for the Secretary of the Treasury, at the request of the head of a Federal agency responsible for enforcing the Controlled Substances Act, to make military personnel available for the maintenance and operation of equipment. Under the amendment offered by the gentleman from Texas, agency heads responsible for enforcing the Immigration and Nationality Act and the customs laws also make such requests. I support that change.

Despite certain claims that have been advanced, the Judiciary Committe's version is not a departure from traditional military-civilian relations. However, providing authority for the military to arrest persons and make seizures would be such a departure. Military personnel are not trained to perform such functions. As a result, their arrests and seizures would more likely be reversed by the courts on technical grounds. Furthermore, let me stress that the head of the Drug Enforcement Administration emphatically stated before our subcommittee that there was no need for that sort of military participation.

We share with our colleagues on the Armed Services Committee the strong conviction that military assistance is needed in the war against crime, particularly in the fight against drug trafficking. I believe the Judiciary Committee's version and the amendment offered by the gentleman from Texas represent an appropriate balance.

Mr. EDWARDS of California. Mr. Chairman, will the gentleman yield?

Mr. SAWYER. I yield to the gentleman from California.

Mr. EDWARDS of California. Mr. Chairman, I also want to join with the others in complimenting the gentleman from New Jersey, and of course, the gentleman from Texas, who will offer a most important amendment, and I urge support of those amendments.

However, I do agree with the gentleman from Arkansas that we are talking about a rather important consitutional separation and constitutional right here, actually, and that we should tread very lightly and it is not very appropriate to be considering this important issue in the context of a military appropriations bill.

Mr. Chairman, I rise in support of this amendment.

Sections 371-375 of the legislation before us profoundly affect the traditional separation of the military from routine civilian law enforcement. At the outset, I must question the wisdom of allowing a defense authorization bill to be the vehicle by which we relinquish a treasured constitutional safeguard. Such a change deserves a more careful scrutiny than it is likely to get in the context of a budget debate. The better forum would seem to be in legislation to reform the Federal criminal code.

Assuming, however, that we are determined to embark on such a course, now, we should at the very least adopt the amendment offered by the gentleman from Texas to narrow the scope of the intrusion. Even the Department of Defense opposes the bill's expansion of military involvement into civilian law enforcement. We are warned that the use of military equipment thrusts military personnel into situations involving the use of force—situtions the military is not trained for and which may expose them to civil liability. It appears the military has shown more concern for our traditional political system than has Congress.

Moreover, the Department of Justice—the agency responsible for Federal law enforcement—itself opposes any law enforcement role for the military within the United States itself.

This bill contains no provisions to limit the use of the military in routine domestic law enforcement activities, including, lest we so soon forget, the surveillance of civilian political activity. The provisions now in the bill are so broad as to permit military involvement in the enforcement of any and all aspects of criminal law.

Although I congratulate my colleague from New Jersey's efforts to narrow the sweeping scope of the Armed Services Committee bill, I believe we should act to narrow it still further. I supported such an effort in the full Judiciary Committee and I am happy to see that my colleague from New Jersey does so now.

I urge adoption of this amendment.

AMENDMENT OFFERED BY MR. WHITE TO THE JUDICIARY COMMITTEE AMENDMENT

Mr. WHITE. Mr. Chairman, I offer an amendment to the Judiciary Committee amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITE to the Judicary Committee amendment: Page 47, strike out line 19 and all that follows through line 4 on page 48 and insert in lieu thereof the following:

"§ 375. Assistance by Department of Defense personnel

"(a) Subject to subsection (b), the Secretary of Defense, upon request from the head of an agency with jurisdiction to enforce the Controlled Substances Act (21 U.S.C. 801 et seq.), the Controlled Substances Import and Export Act (21 U.S.C. 951 et seq.), any of sections 274 through 278 of the Immigration and Nationality Act (8 U.S.C. 1324-1328), or a law relating to the arrival or departure of merchandise (as defined in section 401 of the Tariff Act of 1930 (19 U.S.C. 1401)) into or out of the customs territory of the United States (as defined in general headnote 2 of the Tariff Schedules of the United States) (19 U.S.C. 1202) or any other territory or possession of the United States, may assign personnel of the Department of Defense to operate and maintain or assist in operating and maintaining equipment made available under section 372 of this title with respect to any criminal violation of any such provision of law and to take necessary action incidental to such operation or assistance.

"(b) No equipment made available under section 372 of this title may be operated in the land area of the United States (or of any territory or other possession of the United States) by or with the assistance of personnel assigned under subsection (a) except to the extent the equipment (1) is used for monitoring and communicating the movement of air and sea traffic, or (2) is entering or leaving the land area of the United States (or any possession or other territory of the United States) incidental to a mission assigned to be accomplished only outside such area.".

Conform the table of sections after line 19 on page 45 accordingly.

Mr. WHITE. Mr. Chairman, I certainly applaud the purpose of the gentleman from Florida (Mr. BENNETT) in what he is trying to do, to control nefarious trafficking of drugs, but in trying to do good we must not do harm, that is, harm to our defense, harm to our troops, harm to our society and freedoms, and potential harm to international relations.

My amendment to the amendment of the Committee on the Judiciary and the Hughes amendment is designed to accomplish good results without harm. It is a product of careful crafting and compromising with Judiciary and other Members of Congress.

Now, compare the language of the bill of the gentleman from Florida (Mr. BENNETT) to my particular amendment. The language of the bill of the gentleman from Florida (Mr. BENNETT) calls for the use of military personnel only, not any experts in the civilian capacity in the military, but merely military only, to search and seize anywhere at sea, in the United States or on the borders of this country, internally too, if you will, because there is no limitation.

I really believe this was the purpose initially of the original bill, which prohibited the use of military in enforcement procedures, because in its very extreme, it could be the predicate for developing, if you would, without trying to sound alarmist, a police state.

My amendment with the consent of the Secretary of Defense, Defense per-

sonnel, military and civilian, could track, monitor and communicate the movement of air and sea traffic with Defense equipment, such as ships, planes, radar and we have big sections in southern parts of this country that are not even covered by radar that should be covered by radar and other surveillance equipment.

The enforcement personnel, DEA, or Immigration or Customs could be transported on such ships and aircraft and they would make the searches and seizures, they would have their own craft to make searches and seizures. They would seize the illicit drugs. They would arrest the offenders, apprehend illegal aliens, or seize other contraband, and this as pointed out was necessary to include other offenses besides illicit drugs, because otherwise, we might have a real question arising in courts if we stopped and apprehended for one offense and found another offense, and I so acceded to that particular change.

□ 1500

But the troops would not be used to search and seize. Why is it better not to use troops to seize and arrest as the language of the gentleman from Florida (Mr. BENNETT) provides?

Our military numbers are founded on military need. We are already having difficulty recruiting enough people into the military. To use troops to operate their equipment would not put more strain on the military. Their activities and operating equipment is more in the nature of training exercises; but to require them to seize and arrest, would require many more troops.

Some future budget-cutting administrator might try to substitute troops for trained DEA, immigration or customs personnel, and therefore there would be less control of drugs, contraband and aliens.

Of course, illegal aliens are very critical at the present time at sea, because we have had an incident of recent time of boat people illegally coming into this country and they could be controlled by surveillance by military personnel.

Law enforcement, especially to control drugs, contraband and aliens, requires special training and skills, often including language skills. It requires special training in the techniques of arrest to prevent injury or death of the seizing and arresting officer.

It is unlikely that troops would have that training and experience, and to require them to search and seize will expose them to injury and death in a pursuit for which they did not enlist. Surviving parents and spouses would rightfully be incensed.

For what I next say, those favoring the language of the gentleman from Florida (Mr. BENNETT) might say that the location and circumstances of searches and seizures must first be approved by the Secretary of State, as in the amendment the gentleman provided; but remember, we are proposing to change the law existing since the 1870's. Administrations and their attitudes change, so we cannot predict the commonsense of future administrations or future Secretaries of State. We have to make permanent law and assume the worst whenever you make law.

Judging from the past, there has been very little understanding by many administrations of the delicacies of international relations along the Mexican-American border. I have lived on the Mexican-American border all my life. As other colleagues who are familiar with the border and Mexico know well, the Mexican and Canadian borders traditionally have no military troops patrolling or guarding the borders. To change this by having uniformed troops on the border would destroy this tradition and international good will. Within 1 year or less there would arise a grave international incident under the latitude of the language of the gentleman from Florida (Mr. BENNETT) that would allow troops to patrol, seize, and arrest. Shots inevitably would be fired in the dangerous night and troops would be injured or killed and shots would impact in Mexico, if it were on the international border of Mexico. Repercussions would follow, especially if innocent citizens and children of Mexico were killed or injured.

Even trained enforcement officers and personnel on the borders during the day and at night are killed through accidents of the night, not knowing the identity of the other and shooting at each other in the night. We have fire fights on the border and that is precisely what you would be exposing troops to if you allowed them to seize and arrest on the border for drug contraband.

The CHAIRMAN. The time of the gentleman from Texas (Mr. WHITE) has expired.

(By unanimous consent, Mr. WHITE was allowed to proceed for 3 additional minutes.)

Mr. WHITE. The ability to speak Spanish can save lives in the night. Troops probably would not have this skill.

Therefore, rather than get more control with the language of the gentleman from Florida (Mr. BENNETT), we could get less control, less defense and more needless casualties in the military and some severe international embarrassment.

The language of the amendment I have introduced will allow the Defense Department to do what it can do best in operating its equipment, ships, planes and surveillance equipment to track, monitor and communicate the movements of suspected violators, for the professionals trained to search, seize and apprehend, without the bad results I have outlined, without the casualties and the international incidents.

Mr. HUGHES. Mr. Chairman, would the gentleman yield?

Mr. WHITE. I yield to the gentleman from New Jersey.

Mr. HUGHES. Mr. Chairman, I thank the gentleman for yielding. He has made a very important statement and I commend the gentleman for his leadership.

The gentleman's amendment is agreeable to this side of the aisle. I believe that it adds to the amendment. It is delimiting in nature. In fact, it was an amendment that we considered in the Judiciary Committee as a way of delimiting the loaning of equipment and the providing of personnel in the continental United States. So I commend the gentleman.

I just want to make one additional point. The gentleman referred to the arrest and seizure and search aspect of the Bennett language. I might point out to my colleagues that the Bennett language permits arrests and seizure but not search authority.

Now, that means, if, in fact, the military were utilized, as envisioned by the gentleman from Florida (Mr. BENNETT) in making a direct arrest or seizure, there would be no authority to search. That means, in effect, that if the arresting military official wanted to ascertain whether the people that he confronted had weapons, he would not have the right to search. He would not have the right to search in any other part of the vessel, for instance, under the language of the bill, because it is strictly limited to arrest and seizure.

Now, I am sure that that was inadvertent, but it points out just exactly why we should not be designing language of this nature without giving it very careful thought. It is that precise reason why we are trying to avoid a confrontational situation and all the problems inherent in an arrest situation; so I commend the gentleman. We accept his amendment on this side.

Mr. WHITE. Well, I thank the gentleman for his clarification and, of course, too, the Bennett language would allow use of troops anywhere in the United States internally and not as we have tried to do externally and off the shores of the United States to help work with the authorities.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. WHITE. I yield to the gentleman from Texas.

Mr. KAZEN. Mr. Chairman, I would like to associate myself with the remarks of the gentleman in the well.

I would shudder to think that a member of the armed services along the Mexican border taking part in what is purported to be a seizure of

drugs and it turns out that someone is wounded or killed by a military personnel, by a member of the Armed Forces of the United States on the friendly border with Mexico, would bring about repercussions that we cannot even comprehend. I appreciate the gentleman's position.

The CHAIRMAN. The time of the gentleman from Texas (Mr. WHITE) has again expired.

(At the request of Mr. SAWYER, and by unanimous consent, Mr. WHITE was allowed to proceed for 2 additional minutes.)

Mr. SAWYER. Mr. Chairman, will the gentleman yield?

Mr. WHITE. I yield to the gentleman from Michigan.

Mr. SAWYER. Mr. Chairman, I want to associate myself with the gentleman's remarks and state that his amendment is agreeable to this side of the aisle also.

Mr. BETHUNE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I do not know whether any other issue has interested me as much as this since I have been in the Congress, but for some reason or another when I heard the debate last week it occurred to me that we were discussing something that was perhaps more important than it seemed at first blush; so I asked for some briefings on the subject and tried to dig into it some.

This business of posse comitatus and the rule of law that has existed now since 1875 is a pretty significant piece of law. It has held firm for a long, long time. I have wondered why it has held firm and there have been no encroachments on the law over the years. I mean, the most serious encroachment that got outside of the area of putting down riots or holding down rebellions or insurrection or domestic violence or something like that that I could find was to protect the rights of discoverers of the Guano Islands. Somehow that crept in as an exception to the law some years ago.

Now, I do not know what the argument was at that time which permitted that exception, but I do know that the law has withstood virtually every other argument since that time.

In reading some of the court decisions right on up to and including the decisions of the U.S. Supreme Court, I found some very strong language which indicates that many people who have given thoughtful consideration to this issue see the business of posse comitatus and this particular law that we are discussing here today as approximating a constitutional right to keep separate from civilian law enforcement the use of military force, the use of military might. The arguments go along the line that military personnel are trained in most instances to do a particular mission in disregard of civil rights, whereas on the other hand, at least in the last 20 or 30 years, law enforcement personnel are trained now to respect civil rights and to appreciate civil rights.

So as I began to read more about those cases, I began to understand why our courts and why this Congress has thrown off every attempt in the last 100 years to make a serious encroachment on this.

Then as I heard the debate today, I heard someone even say that we have talked this matter to death. I take respectful issue with that. We have only devoted 2 or 3 hours to a debate here before the whole House on this issue. We have not talked it to death. We have not talked about the sanctions that would be employed if the military were to run afoul of this law and to exceed their authority.

We have not talked about what will happen when the cases get to court and how the exclusionary rule should be treated by the court.

I think that this Congress if it is going to breach this law, this Congress has the responsibility to give some criteria to the court as to how it should respond when the cases come, and they will come when we involve the military with civilian law enforcement.

□ 1510

I think the points that have been made here have been good points. I think everyone is working as hard as they can to control this heinous spread of drug traffic in this country.

But that does not mean that we have to throw down all of our responsibilities here and pass a law in this Congress contravening 100 years of history without even discussing it completely and thoroughly and finally out in the subcommittee.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from Michigan (Mr. CONYERS).

Mr. CONYERS. I want to commend the gentleman for his thoughtful attention to this part of our bill. It is very important and I think it has been understated.

Does the amendment offered by the gentleman from Texas (Mr. WHITE) change any of the views of the gentleman from Arkansas?

Mr. BETHUNE. Not really. I think the amendment of the gentleman from Texas (Mr. WHITE) does purport to set some geographical limitations which are certainly better than to lay out these very fuzzy limitations such as arrest and search and seizure. I think that is a step in the right direction but it does not settle the issue with me completely and principally for the last point that I made. If I could, I would like to bring out the case of *United States* v. *Wolffs*, 594 Fed. 2nd 77, a 1979 case, wherein the court did not reach the question of whether there was a violation of the statute. They said they really did not need to get into that because "application of the exclusionary rule is not warranted."

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

(At the request of Mr. CONYERS and by unanimous consent Mr. BETHUNE was allowed to proceed for 3 additional minutes.)

Mr. BETHUNE. The court went on to say:

> The application of an exclusionary rule is not warranted. If this court should be confronted in the future with widespread and repeated violations of the Posse Comitatus Act, an exclusionary rule can be fashioned at that time.

It went on to say:

> Such an extraordinary remedy is not required until such time as repeated cases involving military enforcement of civil laws demonstrates a need for such sanction.

In other instances the courts have noted that there have been no prosecutions under the Posse Comitatus Act of 1865. So, as a matter of fact, we really have not treated the issue of sanctions in the rule previously and we have not treated the issue of sanctions here today. I think we should do that before we pass an exception to the law. That is my point.

Mr. CONYERS. If the gentleman will continue to yield, the problem that bothers me was enunciated by my colleague on the Judiciary Committee, the gentleman from Michigan. He said we of course envision that there could be confrontations between drug pushers and the military, but "so what?" The "so what" is that we will have military people forced into physical confrontation with civilians, and I cannot see where the amendment of the gentleman from Texas (Mr. WHITE) will change that one bit. We will still be confronted with a situation, from what I gathered from the reactions of most Members to that remark, that would be absolutely outrageous. It would be unthinkable that the Congress would deliberately involve U.S. Armed Forces in the routine enforcement of civilian laws for any reason.

I hate drugs as much as anybody else here. But we are already now talking about using military personnel to enforce customs laws.

Mr. BETHUNE. That is my point.

Mr. LEVITAS. Mr. Chairman, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from Georgia (Mr. LEVITAS).

Mr. LEVITAS. I thank the gentleman for yielding and I want to commend the gentleman. I am not sure I agree with his conclusion, but I commend him for his concern and focusing on this issue and elucidating something that is of great importance under our system of government and

separation of civil from military authority.

But I am concerned at where we are in this debate. As I understand the gentleman, he is opposed to the utilization of military personnel in law enforcement, civilian law enforcement matters.

Mr. BETHUNE. As a general rule.

Mr. LEVITAS. As a general rule, and the gentleman would not like to see any change in the posse comitatus law.

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

(At the request of Mr. LEVITAS and by unanimous consent, Mr. BETHUNE was allowed to proceed for 2 additional minutes.)

Mr. LEVITAS. If the gentleman will continue to yield, the question is whether or not we adopt the Judiciary amendment as amended by the gentleman from Texas (Mr. WHITE) or whether we adopt the amendment of the Armed Services Committee. The question before us at this point is not whether we should leave the law intact as it is today but whether or not we accept the Judiciary Committee provision, as amended by the gentleman from Texas, or the gentleman from Florida's (Mr. BENNETT), provision from the armed services bill.

So in dealing with a vote on this matter, if the gentleman would explain to me what he from his point of view would urge the Members to do under that circumstance.

Mr. BETHUNE. I am going to support the amendment of the gentleman from Texas (Mr. WHITE). I think that I am going to vote against both of the other proposals for the reason that I think more consideration needs to be given out in the committee to the questions that I have raised here. I do not think the time is of such necessity here that we need to push forward.

I would just like to correct the record, because the gentleman said I am not for any change in the posse comitatus law. As a general rule, I think it is a wise law. But I am not certain yet that it should be changed, and that is the point I have made repeatedly here. I have not been convinced by the members of the Judiciary Committee so far, that it should be changed without further study and review.

Mr. HUGHES. Mr. Chairman, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from New Jersey (Mr. HUGHES).

Mr. HUGHES. I thank the gentleman for yielding. I want to assure the gentleman that we could not have taken up the question of penal sanctions because of the way it came to the Judiciary Committee, which was by sequential referral. We would have to remand title XVII to get at that segment dealing with penalty.

But let me just assure the gentleman our hearing was exhaustive from the standpoint of what is actually needed to try to provide a limited amount of additional cooperation between the military and civilian law enforcement agencies and still maintain that important separation.

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

(At the request of Mr. HUGHES and by unanimous consent, Mr. BETHUNE was allowed to proceed for 2 additional minutes.)

Mr. BETHUNE. I yield to the gentleman from New Jersey (Mr. HUGHES).

Mr. HUGHES. So I have listened to the gentleman very carefully and he has given obviously a lot of thought to this, both from the standpoint of case law that has been developed as well as the rationale behind the original posse comitatus law. I say to my colleague the first four sections, and I am going to repeat it again, are a codification of existing practice. The only additional change, section 375, is very narrowly focused and it is to minimize the confrontation situation the gentleman is concerned about. What it does, in effect, is it says under section 375 where we loan equipment we are also going to provide where manpower is needed because there is not enough time to train manpower from the military and we are going to permit the military, where it is consistent with our military mission, to loan people to operate that sophisticated equipment. That is as far as we go.

Mr. BETHUNE. I disagree that it is just a codification of existing law and maybe this would be a good time to discuss it.

Mr. HUGHES. That happens to be the case.

Mr. BETHUNE. I disagree. It is my opinion that it is not. But maybe this would be a good time to make the point if this Congress did nothing, did not make any inroads on the posse comitatus law as presently written, that the Navy Department tomorrow, if they wanted to, by changing their regulation, could go ahead and do what the Coast Guard is doing because they are not covered by the original law to begin with.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from Michigan (Mr. CONYERS).

Mr. CONYERS. Let us examine this notion about merely codifying the existing practice. When one codifies existing practices, one is carving them in stone and making them law. That is a little bit different, I think, from what the gentleman from Arkansas is concerned about and what the subcommittee chairman is implying is happening.

□ 1520

What I am telling you now is that these practices, once codified into law, are now going to be the law.

The CHAIRMAN. The time of the gentleman from Arkansas (Mr. BETHUNE) has expired.

(On request of Mr. CONYERS and by unanimous consent, Mr. BETHUNE was allowed to proceed for 3 additional minutes.)

Mr. CONYERS. What we are doing, with a very few number of cases, is codifying existing practices before we have even examined what they are. I think that is what the gentleman from Arkansas is saying.

What I am going to do, contrary to the gentleman's suggestion to the gentleman from Georgia that the Members should support the White amendment and then vote against the rest, is oppose the White amendment because what we are trying to do is clean up something that cannot be cleaned up. This issue belongs in committee.

Now, another member from Judiciary asserted that the Defense Department supported this bill. Well, as a good friend of the Pentagon, I want to tell the Members that that is exactly not the case.

The Defense Department is not in support of this measure. It is ironic that I am the only Member who can rise from Judiciary to remind the Members of that. They are no in support of getting this additional power.

Why? Because they know that once they send equipment and personnel to a drug raid, the personnel are quite likely to become directly involved. They are not going to stand by while some punk narcotic pusher tries to draw a .45 and hold off the Coast Guard or the U.S. Marines. That is why they do not want it. The gentleman from Arkansas should be commended for thoughtfully forcing us to address this matter.

Mr. HUGHES. Mr. Chairman, would the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from New Jersey.

Mr. HUGHES. Mr. Chairman, the fact of the matter is that the Defense Department opposes the Bennett language. The fact of the matter is that the Defense Department does support the White amendment to the Judiciary Committee bill, which parallels pretty much the Senate bill which the defense Department has been generally supportive of.

So to characterize the Defense Department's position as being opposed to the bill is not accurate. The Defense Department is adamantly opposed to the Bennett approach.

Now, the fact of the matter is, also that we are dealing, as the gentleman from Georgia has indicated, with two versions of a bill, the Judiciary Committee approach as opposed to the

Armed Services Committee approach. And it seems to me that the approach taken by the Judiciary is the one that is very carefully crafted, the one that is very delineative, that only extends the authority to those areas where a case has been made. And even though it had been suggested that what we are doing is codifying language, I do not know of anybody who complains about the sharing of intelligence information.

Is the gentleman from Michigan opposed to the military sharing intelligence information with drug enforcement agencies? Is the gentleman from Michigan opposed to the military providing a piece of equipment so that the Drug Enforcement Administration or the Coast Guard can carry out a mission because they do not have equipment? Is the gentleman saying he is opposed to that? Because that is what we are doing.

The CHAIRMAN. The time of the gentleman from Arkansas (Mr. BETHUNE) has again expired.

(On request of Mr. CONYERS and by unanimous consent, Mr. BETHUNE was allowed to proceed for 4 additional minutes.)

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from Michigan.

Mr. CONYERS. I thank the gentleman for yielding.

Mr. Chairman, I would like to point out that the White amendment was not in existence at the time the subcommittee handled the matter; so I do not know how the Department could at that time have had some insight about whether they were for it or not.

Now, in a letter to the Crime Subcommittee chairman, dated June 3, 1981, the Defense Department points out—this is a quote—

> The operation of equipment cannot reasonably be separated from the direct application of force in the course of law enforcement.

It seems to me that you could fairly deduce that the Department of Defense has some strong reservations about this legislation. And that is what I am referring to. This is just a matter of simple fact.

Now, either they are anxious for it or they are not anxious for it. I suggest to the Members that this language tells me that they do not want this responsibility.

They also say, and I quote from the letter:

> There is a substantial problem of civil liability of military personnel.

They are perfectly well aware of the problems that the gentleman from Arkansas has articulated that they will be getting into.

Now, we also happen to have a multi-billion-dollar administrative agency devoted to fighting drugs. It is not as if we are defenseless. There are plenty of ways that we can funnel some assistance to drug law enforcement without changing a tradition almost of a constitutional nature by allowing the military to intrude upon the enforcement of civilian laws.

Do not any of the other Members feel a little bit disturbed about what that suggests?

In Kent State we had an experience that I will talk about later, and in Detroit we had an experience. We are still feeling the effects of that military intrusion today.

I thank the gentleman for yielding.

Mr. BROOKS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to commend the Judiciary Committee and the distinguished chairman of its Subcommittee on Crime, Mr. HUGHES, for their constructive amendment to H.R. 3519, the Department of Defense Authorization Act. Section 908 of the bill, which was sequentially referred to the Judiciary Committee, also contains a matter of longstanding concern to the Committee on Government Operations; namely, the management and disposal of Federal Government property.

Section 908 as reported by the House Armed Services Committee allows the Secretary of Defense to make available any equipment, base facility, or research facility of the Armed Forces to law enforcement officials if it does not adversely affect U.S. military preparedness. If unchanged, this provision would have a substantial impact on the Federal property disposal system which is conducted under the terms of the Federal Property and Administrative Services Act.

The Judiciary Committee has taken note of the Government Operations Committee's concern in this area and has added the phrase, "In accordance with other applicable law," to the property disposal provision. With the understanding that this amendment brings the authority under the provisions of the Federal Property and Administrative Services Act and related statutes, I urge support of the Judiciary Committee's amendment to H.R. 3519.

Also, as originally reported, section 908 of H.R. 3519 would allow the Secretary of Defense to provide to Federal, State, and local civilian law enforcement officials any information collected during the normal course of military operations that may be relevant to a violation of any Federal or State law. The Privacy Act, which comes within the jurisdiction of the Government Operations Committee, presently contains guidelines for the disclosure of information or private citizens for law enforcement purposes. This section would go substantially beyond the Privacy Act's restrictions on disclosure. The Judiciary Committee has amended this provision of section 908 so that such release will be "in accordance with other applicable law," and the Judiciary Committee's report makes clear that this phrase is meant to continue the application of the Privacy Act to this type of intelligence sharing. With this understanding, I again urge approval of the Judiciary Committee's amendment on this section.

I would also mention that there are several other provisions of H.R. 3519 which appear to conflict with provisions presently contained in the Privacy Act. First, section 904 of the bill would require Selective Service registrants to provide their social security number. This conflicts with section 7 of the Privacy Act, which forbids any Federal agency from denying any individuals "any right, benefit or privilege provided by law" for refusal to disclose his social security number. This section of H.R. 3519 also would give the President authority to require the Social Security Administration to turn over personal data, including social security numbers, to the Selective Service and would allow the President to require that Internal Revenue Service records be made available to the Selective Service.

Further, this information could be shared with the heads of the service agencies for recruiting purposes. The committee is concerned over this provision because of its potential for creation of a computer data bank linking numerous information systems. The Privacy Act was meant to place a moratorium on the use of social security numbers as vehicles for compiling data in such large systems pending the establishment of congressional policy in this area.

The disclosure and use of social security numbers and IRS data is a very sensitive issue which should be carefully reviewed by the appropriate committees of the Congress, and I would hope until that can be done that any use of that authority under this bill would be undertaken with caution.

Meanwhile, I again urge support of the Judiciary Committee amendments.

Mr. McCLORY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am in strong support of the Judiciary Committee amendment as amended by the amendment offered by the gentleman from Texas (Mr. WHITE).

I want to assure the Members of this body that I feel that there are full and adequate protections to the civilian community in every area of activity as a result of the Judiciary Committee's amendment, as amended by the gentleman from Texas. This is vital legislation. It is essential support in our fight against the terrible drug trafficking that is going on.

I hope that our committee amendment and the amendment of the gentleman from Texas can be adopted expeditiously and that this important legislation be promptly enacted.

Mr. Chairman, I rise in support of the Judiciary Committee amendment to H.R. 3519, as amended by the amendment offered by the gentleman from Texas.

Clearly, we are all in agreement on the general proposition that the military should be authorized to provide certain types of assistance to civilian law enforcement authorities. There is no dispute about the sharing of information, equipment and training. Where we do part company, however, is on the extent of military personnel involvement in law enforcement activities.

Mr. Chairman, I firmly believe that it is essential to preserve the cherished tradition of separating the military and civilian law enforcement authorities in this country. The Posse Comitatus Act, to which we are providing one of a very few exceptions, was originally enacted because of the abuses which arose during reconstruction when the military was brought in to enforce civil law. Although we all agree that every appropriate weapon should be used in the war against drugs, we must act cautiously to avoid setting a precedent for military involvement in other areas of law enforcement, which are more controversial and where military intrusion would be more offensive.

The Judiciary Committee amendment, as amended, would authorize limited personnel assistance for which a very clear need has been demonstrated. Furthermore, it is structured to minimize the possibility of abuse and to maximize the potential for achieving the outcome we all support—the incarceration of the drug traffickers who have caused so much pain in this country.

Mr. Chairman, I strongly oppose any version of section 908 which would permit the military to make arrests and seizures. Limiting such authority to areas outside the land area of the United States would constitute only a slight improvement. Although the proponents' goal of cracking down on drug traffickers is highly commendable and one we all share, I fear that arrest authority would not ultimately achieve that goal. The military is simply not trained to make arrests and seizures which will ultimately result in the incarceration of the offender and the forfeiture of the fruits of his illegal trade. Furthermore, there is no evidence to suggest that there is any need for such involvement. The Drug Enforcement Administration emphasized in recent testimony before the Subcommittee on Crime that arrest authority is neither needed, nor wanted. The assistance requested by the DEA is adequately provided for in the Judiciary Committee amendment and in the amendment offered by the gentleman from Texas.

Finally, Mr. Chairman, I would like to commend the gentleman from Texas for including in his amendment authority for military personnel to assist in the operation and maintenance of loaned equipment to enforce Federal immigration and customs law as well. Like drug enforcement, these are areas where such assistance will prove invaluable. I understand that the Justice Department supports this approach.

In conclusion, Mr. Chairman, I urge my colleagues to support our committee's version of section 908, as amended by the amendment offered by the gentleman from Texas, and to resist any effort to extend military involvement into the area of arrests and seizures.

Mr. COUGHLIN. Mr. Chairman, will the gentleman yield?

Mr. McCLORY. I yield to the gentleman from Pennsylvania.

Mr. COUGHLIN. Mr. Chairman, I rise in support of the Judiciary Committee amendment to section 908 of H.R. 3519, the fiscal year 1982 Department of Defense Authorization Act. The basic purpose of this section would be to permit military cooperation with civilian law enforcement officials under certain circumstances. The amendment proposed by the Judiciary Committee would prohibit the direct participation of military members in searches and seizures, arrests, or similar activities while permitting military personnel to operate and maintain equipment on loan to civilian law enforcement officials. Use of sophisticated equipment and trained personnel who know how to operate and maintain it is where the real need for military assistance to civilian law enforcement agencies, particularly drug enforcement agencies, lies. The need is not for additional personnel to conduct searches and make arrests.

Mr. Chairman, present interpretation of the Posse Comitatus Act has generally prohibited the military from enforcing civil laws. The result has been that the military has been extremely hesitant to respond to requests from civilian law enforcement officials for assistance. Section 908 of the fiscal year 1982 DOD authorization bill now before this body would clarify the intent of Congress on this matter.

In recent hearings before the Select Committee on Narcotics Abuse and Control, on which I serve, an array of State and local law enforcement officials testified that a new wave of international drug smuggling is underway. The results are reflected in higher figures for drug abuse, drug-related deaths, and drug-related crimes in most major metropolitan areas. It has been estimated that only 10 percent, or perhaps less, of all illegal drugs bound for the United States are presently seized by law enforcement agencies. With virtually unlimited financial resources, unpatrolled coastline, and unmonitored airspace, the drug smugglers have an enormous edge. Local and Federal drug enforcement officials have their hands full and need any help available.

While careful not to impinge on the military's paramount function of providing for national defense, section 908 recognizes that the military is in a key position to lend assistance in the massive drug enforcement effort. Military facilities and personnel are widespread geographically and their broad scope of activity and monitoring for defense purposes frequently brings them into contact with illegal drug trafficking operations.

Section 908 is a sensible and much-needed step to make available some of the vast resources of the Department of Defense on a limited basis to assist drug enforcement officials in their uphill battle against the mounting tide of illegal international narcotics traffic. I strongly support it and urge approval of this measure.

Mr. SHAW. Mr. Chairman, will the gentleman yield?

Mr. McCLORY. I yield to the gentleman from Florida.

Mr. SHAW. Mr. Chairman, I have been listening to the debate, and I have been staying rather quiet because I have a further amendment to offer following the White amendment. However, I feel that in support of the concept of this bill, as well as the concept behind the bill from the gentleman from Florida (Mr. BENNETT), I think we have gotten off track.

Neither one of these bills puts the military in control in any particular instances. It simply lends, for purposes of equipment or purposes of personnel, whether it is directly involved, as in the case of the Bennett proposal, or indirectly involved in the operation of equipment under the Hughes proposal.

Mr. McCLORY. Mr. Chairman, I think the gentleman is essentially correct. The only thing I would point out is that the Judiciary Committee amendment does insure that the military will not be involved in civilian-type searches and seizures and will not be involved in civilian-type arrests. I think those are essential protections in our modification of the posse comitatus law to accommodate the needs that have arisen as a result of drug trafficking.

Mr. BETHUNE. Mr. Chairman, will the gentleman yield?

Mr. McCLORY. I yield to the gentleman from Arkansas.

Mr. BETHUNE. The gentleman says that it insures that they will not be in-

volved in civilian law enforcement with respect to the arrests and search and seizures, I suppose.

Mr. McCLORY. That is correct.

Mr. BETHUNE. But the point I have made a number of times here is that there is much more to law enforcement than arrest and search and seizures. There are a number of other functions. They overlap. It is very hard to define them.

Mr. McCLORY. Let me point out that we are providing for the exchange of intelligence and for other kinds of support that we think is essential, particularly in connection with drug trafficking. It is a dire situation that we are confronting.

Mr. BETHUNE. If the gentleman will yield, what are we going to do to the military officer or military man or military commander who goes beyond his authority?

Mr. McCLORY. Anyone who violates the law is subject to any applicable penalties. By modifying the law in this respect and adopting these amendments, we are not inviting anybody to violate the law.

Mr. BETHUNE. Will the exclusionary rule be in effect?

Mr. McCLORY. The courts will be fully capable of interpreting what we do here today. I think that we are making our intent and purpose very, very clear, so that there should be no misunderstanding on the part of any court or law enforcement agency with regard to our intent in adopting this amendment.

□ 1530

Mr. BETHUNE. Before we expand the law, should we not treat the issue of what the penalty would be if they violate, or under what circumstances the exclusionary rule will apply?

Mr. McCLORY. I think that there is urgent need for this legislation. I have given the problems that you mention thoughtful consideration as have my colleagues on the committee. Furthermore, this issue has been given full and fair debate here on the floor of the House today. I think it is now time for us to exercise our judgment. My judgment is that the Congress should adopt the Judiciary Committee amendment, as amended by the gentleman from Texas. If that happens, I think we will be making some very good law.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. McCLORY. I yield to the gentleman from Texas.

Mr. WHITE. Mr. Chairman, just briefly I want to point out to the gentleman from Arkansas that on page 47 it says:

"§374. Regulations

"(a) The Secretary of Defense shall issue such regulations as may be necessary to assure that the provision of any assistance, or the provision of any equipment or facility, to any law enforcement official under this chapter does not—

"(1) adversely affect the military preparedness of the United States; or

"(2) include or permit direct participation by any member of the Army, Navy, Air Force, or Marine Corps in any search and seizure, arrest, or other similar activity unless participation in such activity by such member is otherwise authorized by law.

"(b) The Secretary of Defense shall issue regulations providing that reimbursement may be a condition of assistance to any law enforcement official under this chapter.

Mr. BENNETT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, after hearing over an hour and a half debate on this without having the position of the Armed Services Committee yet enunciated, I hope Members will be liberal in allowing me some extension of time.

First of all, it may be a good idea to discuss just exactly what we are talking about, and that is this posse comitatus provision. It was injected into our law, the words "posse comitatus" in the 1870's. There was no reason for that language being put in there, and we have made a mystique out of it which far exceeds the thoughtfulness that went behind that law.

This is how the law came about, that law came about because of the fact that the South had at last obtained enough Members of Congress who would vote favorably for this position. The Reconstruction governments, however, were there and they were imposing local law upon the people that the people did not enjoy having, such as interfering with the Ku Klux Klan and other matters of that type.

So, they went to Congress and got the law passed so that there would be no possibility of having the Federals of the Yankee side of the late war imposing laws which were imposed by the carpetbag governments upon the South. That is exactly what this law is. It is not exactly part of the Parables of the Lord or the Psalms, or the prophets. It comes from a rather dingy background.

Actually, the philosophy of our country was quite to the contrary. George Washington put down the so-called Whiskey Rebellion with U.S. troops, where people did not want to pay any money to produce their bootleg whiskey in Pennsylvania. Then down in the Florida-Georgia boundary there were people who were playing around with the idea of making Florida into a territory, and George Washington sent Captain Randolph and others down there to see that they did not do it, and be threatened to put them in jail if they did do it. There are many other illustrations about what happened in the early days of our country and later days of our country. But Congress did pass this law to take care of dissension with the carpetbag government of post Civil War.

But, since that time we have passed 20-some odd amendments to that law. We passed an amendment saying that we could use the military to take care of anybody who trespassed on Indian lands, or on national parks, and to enforce civil rights. Everybody knows about the enforcement of civil rights laws with troops in this country. It has already been mentioned, Customs was also taken care of by an amendment; then crimes against Members of Congress, including threatened assaults on Members of Congress. We can call out the military to put that down. As has been mentioned before, If one happens to have a proprietary right in bird droppings they can get the Federal Government military officials, officers, and enlisted men to enforce the law. So, that is what the law actually is, not a very distinguished law and often amended for things of less significance than drug law enforcement.

What do some people think about it that have given it a lot of thought? The National Anti-Drug Coalition has written this:

It is the coalition's belief that the legislation now pending in Congress would provide a crucial weapon in the antidrug enforcement arsenal. The NADC believes that the provision (section 375) added by Rep. Bennett to the amendment, specifying that military involvement in arrests and seizures be confined to drug enforcement activities, comes closest to the appropriate constitutional spirit of the issue, while it provides the strongest measures against drug traffickers, it also maintains the spirit of the posse comitatus law by restricting military involvement in such activities to drug smuggling cases, thereby eliminating the possibility that such legislation could be employed against law abiding civilians.

This is the section 375 I added to the Senate provision. So, these people who are bound together throughout the United States have looked at my provision and say that it is superior to that of any other provision before us today.

The House of Representatives of the State of Florida asked that we put compulsion on the Department of Defense to utilize equipment, personnel, and technical resources to assist local law enforcement officers to apprehend those in the illegal drug trade. That was passed May 5, 1981. It is as follows:

STATE OF FLORIDA—RESOLUTION 1178

Be It Resolved by the House of Representatives of the State of Florida:

Whereas, illegal drugs are a menace to society and drug traffickers prey on our nation's youth, and

Whereas, the flow of illegal drugs coming into the United States has grown in recent years to epidemic proportions, and

Whereas, the law enforcement agencies of the State of Florida and those of the other states in the Union are strained to the limit in the effort to combat this situation, and

Whereas, federal law enforcement agencies have not been able to provide all of the required assistance, and

Whereas, the Armed Forces of the United States has the capability of rendering assistance in locating and seizing airplanes and boats involved in drug traffic, Now, Therefore, be it

Resolved by the House of Representatives of the State of Florida: That the House of Representatives respectfully requests His Excellency, the Governor of Florida, to ask the President of the United States, under his powers as Commander-in-Chief, to order and compel the Department of Defense to implement a plan to utilize the equipment, personnel, and technological resources of the Armed Services to locate and apprehend those who traffic in illegal drugs.

The National Defense Council wrote me on July 13, as follows:

I am writing on behalf of the National Defense Council in support of your amendment modifying the posse comitatus law to aid in drug enforcement activities in the United States.

The continuous flow of drugs into the United States is a threat not only to the lives of our citizens but to our national security as well. It is readily evident that civilian law enforcement agencies cannot check their constantly growing drug trade. Modification of posse comitatus would bring together the forces necessary to successfully combat this problem.

As elected representatives of the people it is Congress' duty and responsibility to provide the most effective means available for dealing with the problem of illegal importation of drugs into our country. If this can be achieved through the modification of posse comitatus laws then it must be done without delay.

We, therefore, urge you and your colleagues in both Houses of Congress to answer this problem through passage of this amendment.

That is the amendment which I introduced, not the amendment which has been offered by others.

Then, I have here before me a letter that came to me from Judge Thomas Russell Jones of the Supreme Court of the State of New York:

SUPREME COURT OF THE
STATE OF NEW YORK,
Brooklyn, N.Y., July 7, 1981.

Hon. CHARLES E. BENNETT,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN BENNETT: Judges who know how effectively the terror tactics of drug smugglers and drug sellers against potential witnesses and informers have frustrated criminal prosecutions in drug traffic cases, support your bill to permit the United States military to share personnel and equipment in the fight against the corrupters of our civilization.

Sincerely,

THOMAS R. JONES, J.S.C.

Finally, as far as quotations are concerned, I have here a letter from Adm. "Mark" Hill, speaking for the Association of Naval Aviation, Inc.:

ASSOCIATION OF NAVAL AVIATION, INC.,
Falls Church, Va., July 13, 1981.

Hon. CHARLES E. BENNETT,
Chairman, Sea Power Subcommittee, Committee on Armed Services, Rayburn House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: In my conversations with Admiral Tom Moorer concerning the problem of the runaway drug trade in the United States, we both agreed that our country would benefit from your proposed modification of the Posse Comitatus Law. By allowing for military participation in drug enforcement activities of our country, I heartily agree that this amendment would result in immediate reduction of the widespread drug smuggling that now occurs.

Civilian law enforcement agencies are currently overburdened by a problem that demands more resources than they have. If they could have access to additional resources (both manpower and equipment) and information of the military, they could properly perform their duties and reduce illegal drug trade.

At the same time, the military would have an opportunity to perfect their skills in a low intensity, controlled combat environment. Hence, both the military and civilian agencies will operate more efficiently.

Even more importantly, the general population now plagued by the lack of strong drug enforcement will immediately feel the good results of the enhanced capabilities of our civilian law enforcement agencies. If we are to stop the widespread smuggling of drugs into our country and its accompanying ill effects, we must take special action. By modifying Posse Comitatus we are addressing the problem simply and directly. For these reasons, we strongly urge and support the passage of this amendment.

Sincerely,

C. A. "MARK" HILL, Jr.,
Rear Admiral, U.S. Navy (Ret.),
Vice President, Government Relations.

They are referring to the amendment which I offered to the Armed Services Committee bill, not the ones which have been submitted here today.

Now, of course, this requires courage. Of course, this is disturbing. Almost everything of importance that man does, almost everything that a legislative body does that is important, distresses somebody, worries somebody. There is always somebody on both sides. There are always people who will say, "Let's wait. Let's do this tomorrow, let's don't do this thing, it is too disturbing."

I have already told the Members that this posse comitatus is not a part of the Constitution. It is contrary to the views of George Washington and Thomas Jefferson and others who enforced the laws in the early times of our country. It is not a part of that tradition whatsoever in our country. It is in fact a law which has been a hampering to our country. We have seen fit to amend it with respect to rather trivial things—some of them important like civil rights and customs—but some very trivial, like bird droppings and assaults on Members of Congress. These are hardly very significant things.

This is a tremendous problem in our country. The latest news magazines that came out in the last 2 or 3 days pointed to the annual figure of about $80 billion; in Florida, maybe $7 or $8 billion or more than that. The facts are that only 15 percent of the drugs which attempt to get into the shores of the United States are stopped; 85 percent of them are not stopped.

□ 1540

And so what a callous thing for the Department of Justice to say that we can have officers there all the time to stop it. They are not there; they do not see it. The fact is that they do have an arrest opportunity when they have everything well in hand. When they have the dope well in hand and everybody is there, they can arrest; they are in good shape to do that but how about the 85 percent which escape them?

What is our problem in this country today? The first thing is the tremendous importation of drugs into our country. This leads to the destruction of the American society more cruelly and more directly and more truly than any other way in which it is being destroyed today. There is not a single other way which is more destructive. There is nothing more ominous upon the scene of American society today than drugs. Russia, Afghanistan, Iran, all these problems are nothing compared to what is happening with drugs. We are really in fact destroying a great proportion of the population of our country, and we are destroying the operation of our country and preventing it from being the kind of a country it ought to be.

This is a tremendous problem, and yet we have people who apologize one way or the other and who dream up all kinds of ideas why something like this should not be done.

How many hard decisions have we made in Congress?

I have been here 33 years, and many hard decisions have been made. I have in that time made many hard decisions. The way to make a decision is to get all the facts, and that is what I am trying to do. We have had an hour and a half on the other side, and I am trying to give the Members some of the facts from my side.

The CHAIRMAN. The time of the gentleman from Florida (Mr. BENNETT) has expired.

(By unanimous consent, Mr. BENNETT was allowed to proceed for 5 additional minutes.)

Mr. BENNETT. So this is indeed an extremely important decision, and it is something we must address. The reason why it should be addressed in the way it is being addressed in this committee amendment that we have here is, first of all, that it did have a lot of good study. It was studied thoroughly by the Senate. My amendment was not unique to me. It came first from the Senate. I just added to it.

There are only a few ships available in the Coast Guard to do the job. There are only a few enlisted men and officers who are able to do it. In my hometown and around the Mayport

area there are 42 naval ships. There are thousands and thousands of military personnel who are thoroughly capable of doing this job.

Let us understand who makes most of these arrests. Most of these arrests are not made by somebody in the Department of Justice; they are made by the Coast Guard. They are made by Coast Guard vessels. They do not have enough vessels, and they do not have enough presence. They are not there.

There is no particular mystique about the Coast Guard. I had a Coast Guard son myself, a very fine and a very capable man. But to say that they are much more capable of doing these things than the military is not true. Actually there are many more arrests made by the military—by the Navy, the Air Force, and the Army—than by Coast Guard members.

The Members must remember that I have worked and I have thought about this. Suppose we treat the problem of putting a coastguardsman on every Navy ship. In the first place, they say they have to have two. Multiplying that out for 453 Navy ships it came to $12 million, $12 million a year. That is not much money, but I just do not believe it is very workable to have just two coastguardsmen on every Navy ship. It is $12 million for just having somebody stand by and not have any regular duties to perform.

Another way to do it would be to buy the ships for the Coast Guard. How much would that cost? It has been testified to. It would take $4 billion to buy the ships, and it would take 4 years to build the ships. That is $4 billion to buy the necessary ships. That is the amount of money that would be necessary to buy Coast Guard ships.

In addition to that, there is the personnel involved. We would have to have 20,000 personnel involved for the Coast Guard if we did an adequate job on this. That 20,000 personnel adds up to $180 million a year. So that is $4 billion for the capital investment, and it takes 4 years to get the ships, and we would have to pay $180 million a year in personnel costs to take care of what is needed for the Coast Guard to do an adequate job with regard to drug enforcement. There is no way that this Congress would even consider making such expenditures.

Let us look for a moment at what this provision is. The basic provision was taken from the Senate, and it is a provision which was studied very carefully. It was not inadequately studied; it was very thoroughly studied. There was only one section that I added, and that is the one about arrest and seizure; the rest of it comes from the Senate version. I told the committee when I introduced it that it was a workable provision, and the committee agreed it was so. The gentleman from Georgia (Mr. EVANS) had a large part to do in this, in drafting this, and we introduced it. He was a leader in this effort.

I added this particular section because I really do not feel that there is any comparability between what these two bills are doing. Some people are talking about this as if it were a very small amendment. It is no small amendment; it is a terrific amendment, it is a colossal amendment, and it makes a tremendous difference.

The difference is that there is no comparability between the two. Why is that so? It is so because if we pass the amendment I provided, every time a military plane is overhead or a ship on the sea, every time that is so, the smuggler will know that he has a real possibility of being arrested or being detected. He will know that is a real possibility that may occur. There is no way in which the other provision that has been suggested here would take care of that, because the smugglers will know that is not going to be the case.

So the two basic things that are debated here is, No. 1, whether we are going to allow military personnel to do any actual arresting, and whether or not we are going to allow people to do this on the land of the United States. I would like to address that for a moment.

Why do I not want to eliminate the land use? Simply because I grew up in a town which was full of drugs. I grew up in Tampa, Fla., and when I was a youngster, many city officials were at that time, long ago, involved in drugs and prostitution and everything else that made quick money.

The CHAIRMAN. The time of the gentleman from Florida (Mr. BENNETT) has again expired.

(By unanimous consent, Mr. BENNETT was allowed to proceed for 5 additional minutes.)

Mr. BENNETT. Mr. Chairman, the heinous effect of these things upon public servants is felt even today. We just read about 12 people who were arrested in Miami just the other day by law enforcement officials for drug trafficking or for being involved in the matter. It is very easy for smugglers when they have billions and billions of dollars involved. There was a man the other day who skipped bail of $1 million, and they say that is the highest bail that has ever been skipped. And there was another one for half a billion. Money means nothing to them at all.

I was going to address for a moment why it is important for me to have the land in here. It is not the end of the world if we do not have the land in here, but I think it is gravely important to have it in there, and it is a real loss if we take it out.

Why is it a loss if we take it out? It is a real loss because once we close up the Gulf of Mexico, once we close up the coast of Florida, and once we close up the Pacific coast, they are going to move across the Mexican border, and there are 1 million people coming across the Mexican border every year. They are not now toting drugs, but they will be toting drugs. We can be sure of that, if smugglers see that the land cannot be involved in this law.

So I put the protection of the land in there. Incidentally, there was a letter addressed to the committee, and the gentleman from New Jersey (Mr. HUGHES), on June 3 from the Department of Defense, and it was pointed out in essence that if you are going to do anything like you suggest in the Hughes bill, you had better put in the things you left out of the Bennett bill, because the Bennett bill was the best, and not the other amendment the State Department had to agree. So I put them in there. Even the wisest man in the Department of Justice, none of them, suggested that my language was not good—not a one. No one said it was unartfully drawn up. They agreed it was well drawn. In fact, the Department of Defense said, do not pass the Hughes bill without having those provisions in there, those which are in my section of the bill and which are left out of the Hughes bill.

So in summary, Mr. Chairman, I would like to say that this is not a trivial thing. This is probably the most serious thing that has happened in my lifetime, and I hope the committee passes the bill.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, I want to commend the gentleman from Florida (Mr. BENNETT) on his very sincere presentation. He has taken now 15 minutes, and I can understand why. Is the gentleman instructing the House, then, to vote against the White amendment?

Mr. BENNETT. Well, I do not like the portion of the White amendment which limits the land. I really am not debating that.

But I really would say that all of the other amendments suggest to me that we are dealing with just little curlicues, small things in a small portion, of a very important measure.

Mr. CONYERS. Mr. Chairman, what I mean is that if those who support the gentleman's position are to vote for it, there is no point in approving another position on the amendment?

Mr. BENNETT. I am not vigorously supporting the White position because I think the language of my amendment that is in the bill, the original bill, is sufficiently protecting what the gentleman from Texas (Mr. WHITE) is worried about.

I like the gentleman from Texas (Mr. WHITE), and I may vote for the

amendment for that reason, but it does not make that much difference. It will buy some intelligence information, that is fine, and it is a step forward, but it is not girding up for a real battle against a real enemy like this, not like my amendment does.

□ 1550

Mr. HUNTER. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I yield to the gentleman from California.

Mr. HUNTER. I thank the gentleman for yielding.

I would like to commend the gentleman for a tremendous statement, and I think that he has made the one major point that perhaps the Judiciary Committee has missed, and that is that in looking at the illicit drug trade, we are looking at a trade and operation that is in itself a military operation. It is complete with generals, soldiers, it has got an extensive armada of vessels and ships, it has got a huge budget, it has got a tremendous intelligence operation, and the Coast Guard, at least in Florida, we are all aware, is not up to snuff in combating this operation.

We have talked about Miranda and whether or not some of these cases are going to fly and whether we are going to be able to train our military people to make proper arrests.

I think the point that has been missed is regardless if there is a suppression motion, perhaps it wins, and there is no conviction, that 100,000 heroin or whatever that was confiscated can still be destroyed and it is not going to be flowing into the arms of American children.

And another point that I think that has been missed by a lot of people on the judiciary side is the fact that our naval officers with years of discipline and experience are probably better able to follow the mandates of Mairanda than some of our rookie policemen.

So, I commend the gentleman and I support the language in the bill, which is his language.

Mr. HUGHES. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I yield to the gentleman from New Jersey.

The CHAIRMAN. The time of the gentleman from Florida (Mr. BENNETT) has expired.

(At the request of Mr. HUGHES and by unanimous consent, Mr. BENNETT was allowed to proceed for 3 additional minutes.)

Mr. HUTTO. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I yield to the gentleman from Florida.

Mr. HUTTO. I thank the gentleman for yielding.

Mr. Chairman, I want to commend my colleagues from Florida for the tremendous statement that he has made and for the great amount of work that he has done on this problem which affects our great Sunshine State of Florida I guess more than any other, and I want this body to know that with the amendment that the gentleman from Florida (Mr. BENNETT) has in the Armed Services Committee bill that I believe at least we will finally be able to do something about the drug trafficking into the United States of America, and particularly as it comes into Florida and to the other coastal areas, and also I would like to ask the gentleman to please verify again that under his amendment that nothing could be done without the authorization of the civilian authority.

Mr. BENNETT. That is correct.

Mr. HUTTO. Without the Secretary of Defense's authorization?

Mr. BENNETT. Yes, and the Secretary of State. It remains under the control of the civilian authority, always.

Mr. HUTTO. It seems to me that has plenty of restrictive language to make sure it is still under civilian authority and also, is it not true that any operations against the drug trafficking would have to be conducted by the drug enforcement agency?

Mr. BENNETT. That is correct; that is clear under my language.

Mr. HUTTO. If the gentleman will continue to yield, it seems to me we have plenty of restrictions as far as the separation of civilian and the military enforcement of the law is concerned.

Mr. BENNETT. Yes; that is correct.

Mr. HUTTO. I commend the gentleman on a great statement.

Mr. BENNETT. I thank the gentleman.

Mr. HUGHES. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I yield to the gentleman from New Jersey.

Mr. HUGHES. I thank the gentleman for yielding.

I want to commend the gentleman. We pay each other, as a matter of course, a lot of compliments. It just seems to me, I say this in all sincerity, the gentleman has performed, in my judgment, a great public service by advancing the issue to begin with.

Mr. BENNETT. I thank the gentleman for his courtesies and kindness and ability in what he has done.

Mr. HUGHES. What we have done is not in derogation of great work that the gentleman has done in armed services. We are concerned, however, as the gentleman is concerned, about the drug problems. In the Subcommittee on Crime, we have primary jurisdiction over the Drug Enforcement Administration. I also happen to serve with our colleague from Florida on the Committee on Merchant Marine and Fisheries, and we are concerned over the lack of resourses on the part of the Coast Guard and the Drug Enforcement Administration, but the fact of the matter is that the equipment often that these military agencies have is not the equipment that we need and we cannot use a destroyer or battleship often. Much of the equipment that we have talked about just does not lend itself to the type of civilian law enforcement operations that are essential in this country. We have got to begin to realistically fund our drug enforcement efforts.

If we really mean business about directing our efforts against drug abuse, then we have got to do more than we have done today.

If we look at the budget, we are cutting across the board in every area dealing with drug enforcement, including task force operations, training, and what have you. So, posse comitatus is an important component of the overall problem we are trying to deal with.

The CHAIRMAN. The time of the gentleman from Florida (Mr. BENNETT) has again expired.

(At the request of Mr. HUGHES and by unanimous consent, Mr. BENNETT was allowed to proceed for 3 additional minutes.)

Mr. HUGHES. If the gentleman will continue to yield, the bottom line is the law enforcement community has requested specific help. They need the sharing of intelligence data. They need to use from time to time facilities that are within the realm of the military. They need research facilities from time to time and we have provided all of those things just as they have provided them as a matter of course in most instances over the last decade or so.

They have asked for one additional thing. They need from time to time a piece of equipment and just do not have it.

When we try to address that particular concern—and that is all the law enforcement community wants—they do not want the right to arrest or seize.

Mr. BENNETT. That is really not an inquiry and I would like to reply to it in my time.

I would like to say that I understand what the gentleman is saying and there has never been a finer gentleman in the U.S. House of Representatives than the gentleman from New Jersey. The gentleman is a fine and able legislator. I am a crude man compared to the gentleman in every respect.

But it is not true that there is nothing that is needed but a little bit of equipment. It may be true in some procedures that we know about, but it is not true that they do not need these ships off the coast of Florida.

They have too few ships. The Coast Guard has said they need 4 billion dollars' worth of new ships which will take 4 years to build. They need 20,000 new men just to fight in drugs, $4 bil-

lion worth of ships and 20,000 men, at $180 million a year. That is what they need to enforce the drug situation. They will have it under control if they do it. It is not a little bit of equipment, it is a very serious thing we are facing, and it would be a good thing to pass.

What the Judiciary Committee has brought out is a good thing, but it is a very, very small thing; it will not seriously end in any great degree the drug trafficking into the United States, while the provision which I have introduced—and which is in the Armed Services Committee—will. Therefore, I plead with the Members of Congress please to pass what is in the bill and turn down, I would say, all amendments in the end result.

Mr. SCHEUER. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I yield to the gentleman from New York.

Mr. SCHEUER. I thank the gentleman for yielding.

I want to congratulate the distinguished gentleman from Florida for the tremendous job that he has done on this issue. It goes a long ways to curing, to enabling our society to stop this devastating flow of drugs into our country that so far we are absolutely helpless to control.

I have served on the Select Committee on Narcotics since its inception, and I share the frustration of the members of the committee and indeed the Members of the Congress with our total inability to cope with the flow of drugs that are flooding our country. We do not think and DEA does not think perhaps more than 5 percent of the drugs that come into this country—it is a desperately tragic situation.

I am also concerned about the problem of illegal immigration, whereby perhaps a million or a million and a half illegal immigrants are coming into our shores every year. It is on that specific matter that I wish to ask the gentleman a question.

The CHAIRMAN. The time of the gentleman from Florida (Mr. BENNETT) has again expired.

(At the request of Mr. SCHEUER and by unanimous consent, Mr. BENNETT was allowed to proceed for 3 additional minutes.)

Mr. SCHEUER. If the gentleman will continue to yield, I ask the gentleman, under his legislation, without the White amendment—because the White amendment does cover the immigration nationality—under the gentleman's amendment, would the equipment, the surveillance equipment and the like be available.

Mr. BENNETT. For immigration?

Mr. SCHEUER. To help domestic agencies in the identification and the apprehension of illegal refugees trying to get over our borders?

Mr. BENNETT. Well, say the question again.

Mr. SCHEUER. It is obvious that the gentleman's language is very well crafted to meet the needs of the DEA and other agencies that are trying to control the influx of drugs, the trafficking of drugs into our country.

Mr. BENNETT. Particularly 375, section 375.

Mr. SCHEUER. What I also am asking is, in addition to identification of drug traffickers, could the surveillance system and the equipment be used for the identification of illegal immigrants?

Mr. BENNETT. It could. It would, yes.

Mr. SCHEUER. Is the gentleman sure?

Mr. BENNETT. Absolutely.

Well, that is true because of the broad sections which came from the Senate. They are broad enough to cover that, also which the Judiciary Committee approved and the way the gentleman frames the question, that is the reason I got the gentleman to restate it because the gentleman used one word that threw me a little bit, because the gentleman left that word out in his further reply. Leaving the word out, it became a thing that I can say, yes, it does cover.

□ 1600

Mr. SCHEUER. If the gentleman's language is passed, the surveillance system, the equipment, and the manpower could be used to help the Immigration and Naturalization Service identify the time and place and the circumstances of illegal immigration taking place across the border.

Mr. BENNETT. Yes; correct. They could not apprehend the people.

Mr. SCHEUER. They could not apprehend them.

Mr. BENNETT. Yes. The first way the gentleman was asking the question, it seemed to me the gentleman was asking whether they could arrest or not.

Mr. SCHEUER. Short of apprehension.

Mr. BENNETT. Short of apprehension.

Mr. SCHEUER. All the surveillance and equipment could be used identify for the INS.

Mr. BENNETT. I think that is true of all the views, everything here, except the views of the gentleman from Michigan (Mr. CONYERS).

Mr. SCHEUER. It is specifically true of the amendment of the gentleman from Texas (Mr. WHITE), because he mentions the Immigration and Nationality Act. I just wanted to clarify for the record that, under the gentleman's language, this entire surveillance system and all the equipment could be used to help the INS to know where, when, and how illegal immigration was taking place.

Mr. BENNETT. That was the intention when it passed the Senate. It was my intention, when I offered it in the Committee on Armed Services, and I think it is clear by the language.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. SCHEUER. May I yield to my colleague, the gentleman from Texas (Mr. WHITE)?

Mr. BENNETT. Yes.

Mr. WHITE. I thank the gentleman for yielding.

Let me read the language of the gentleman from Florida (Mr. BENNETT):

> The Secretary of Defense, upon request from the Federal Drug Agency, is authorized to assign members of the Armed Forces to assist Federal Drug Enforcement officials in drug seizures or arrests, provided that—

Mr. BENNETT. Yes; but he talked about the whole amendment. The whole amendment deals with the other section. It deals with 371, 372, and 373.

Mr. WHITE. But there is no reference to the Nationality Act.

The CHAIRMAN. The time of the gentleman from Florida (Mr. BENNETT) has again expired.

(By unanimous consent, Mr. BENNETT was allowed to proceed for 5 additional minutes.)

Mr. BENNETT. Mr. Chairman, I have asked for 5 additional minutes because I am not getting much of my time. Everybody else is using it up but me.

Now I will decide to whom I am going to yield. I will yield to the gentleman from New Jersey (Mr. HUGHES) in just a minute.

It is true that section 375 deals only with drugs, but the other portions of the bill do not deal only with drugs. They are very broad and they would include immigration.

Mr. Chairman, I yield to the gentleman from New Jersey (Mr. HUGHES).

Mr. HUGHES. Mr. Chairman, I thank the gentleman for yielding.

I have a couple concerns with section 375 of the gentleman's bill. The language recites that the Secretary of Defense, upon request from the Federal drug agency, is authorized to assign members of the Armed Forces. By definition, the Coast Guard is defined as being one of the Armed Forces.

Now, it would seem to me that what the gentleman has done is made the Coast Guard now subject to the Department of Defense in drug-related matters.

Mr. BENNETT. It may seem that way to the gentleman, but I am not doing that.

Mr. SHAW. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I yield to the gentleman from Florida.

Mr. SHAW. Mr. Chairman, for purposes of clarification and in specific reply to the question of the gentleman from Texas with regard to the use in immigration problems, section 371 of

the bill of the gentleman from Florida (Mr. BENNETT) says that the Secretary of Defense may provide to Federal, State, or local law enforcement officials any information collected during the normal course of military operations that may be relevant to a violation of any Federal or State law.

I believe that covers the question that was raised.

Mr. BENNETT. I knew that some members of the Judiciary Committee felt that, but there was no intention to exclude Immigration or Customs. In fact, Customs is a specific exception to the comitatus anyway.

I am thankful for your attention. I am sorry I trespassed so much upon our time.

Mr. CONYERS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, well, here we have it. The fact of the matter is that there is very little difference between either of these amendments, even with the proposed White amendment being added to the Judiciary Committee amendment. Both amendments are feared by the Department of Defense.

Just when has it arisen that the Judiciary Committee and the Armed Services Committee suddenly have a wisdom greater than the Department that they are saddling these impossible programs to be carried out with?

I would like to read to you from the testimony given on behalf of the U.S. Department of Defense on June 3, 1981, by the General Counsel of the Department of Defense, William H. Taft IV, Esq. Here is what he said:

The position of the Department of Defense on the proposed legislation is characterized by two overriding considerations. First, the mission of the Department of Defense is military preparedness. Assistance to law enforcement agencies should be provided only when incidental to the performance of the Department's mission.

What is he trying to tell the subcommittee?

Second, the Department is sensitive to the historic separation between military and civilian spheres of activity. This distinction is embodied in the Posse Comitatus Act, 18 U.S.C. § 1385—

Incidentally, a criminal statute—

which generally prohibits military participation in civilian law enforcement, with limited exceptions.

What are those exceptions? An emergency: the Governor of a State declares he can no longer maintain law and order; an invasion by a foreign enemy; the quelling of a domestic insurrection against the Government.

Mr. Taft goes on to say:

Preservation of this distinction is one of the most fundamental precepts of our form of government.

This is not the American Civil Liberties Union speaking, but the Department of Defense, sensitive to its obligations.

Then Mr. Taft goes on to review what happened in the Senate, which was a tragedy as far as the Defense Department was concerned, and so he again expresses the point iterated previously.

There is another important consideration before we vote on this matter. Mr. Taft notes that—

Members of the armed forces put in long, arduous duty hours in furtherance of the training and operation necessary for military preparedness. Military readiness is further enhanced by eliminating performance on nonmilitary tasks by members of the armed forces in order to provide increased time for military training. Assignment of military personnel to civilian law enforcement duties would be contrary to the goal of military preparedness, because civilian operations are not an adequate substitute for military training.

This is the Department of Defense. The Pentagon is telling us that they cannot conduct these operations effectively because to do so would deter from its military preparedness. Mr. Taft concludes by stating that—

Such operations normally cannot replicate the training necessary to meet military contingencies. Moreover, participation in civilian law enforcement activities would require specialized training with respect to civilian operations.

Mr. SHAW. Mr. Chairman, will the gentleman yield, please, on that point?

Mr. CONYERS. Yes; I will yield to the gentleman from Florida.

Mr. SHAW. Mr. Chairman, I would like to address the particular question as to military preparedness. In the Bennett amendment, it provides in section 375 that this assistance shall not be granted if it should be shown that it would adversely affect the military preparedness of the United States.

Mr. CONYERS. Exactly.

Mr. SHAW. I would like to say also that in the Hughes amendment the same question is addressed and it provides in section 374 that the military will not be used if it adversely affects the military preparedness of the United States. And both bills adequately address that question.

Mr. CONYERS. I presume by the gentleman bringing this point to our attention that the gentleman would not want the preparedness to be interrupted by such activities, if that were the case.

Mr. SHAW. Both bills specifically prohibit that.

The CHAIRMAN. The time of the gentleman from Michigan (Mr. CONYERS) has expired.

(By unanimous consent, Mr. CONYERS was allowed to proceed for 5 additional minutes.)

Mr. CONYERS. In that case, I would bring the gentleman to the next paragraph of the testimony before the Crime Subcommittee of the Pentagon's representative. Here is how many provisos he added. The gentleman mentioned one. He said that these considerations are also applicable to section 375 of the proposed amendment, and he said that unless four conditions were met in terms of having members of the armed services participate in drug enforcement operations, we could not possibly support the legislation:

(1) the Secretary of Defense must find that such assistance will not impair military preparedness; (2) the Secretary must verify that the drug enforcement operation may not succeed without military personnel assistance;

Must verify—

(3) Federal drug enforcement officials must maintain ultimate control over the activities; and (4) the assignment cannot take place in any location or circumstances not previously approved by the Secretary of State. The Senate bill does not contain a similar provision.

In other words, Mr. Chairman, if you enforce all four provisos, there is no way they could ever get there in time to intervene with anything. That is why the Pentagon has been telling us in one way or another that with all the limitations they are saddled with, plus the White amendment which now keeps them—how many miles, 12 miles, 60 miles out somewhere in the waters—makes the whole thing totally impracticable, even if you are not sensitive to the constitutional considerations that we have been trying so long to get across to this body.

□ 1610

What we are talking about is no idle matter. We are talking about bringing the U.S. armed services into the normal, ordinary enforcement of civilian laws By doing what? By loaning equipment and personnel to operate that equipment to civilian authorities.

If we loan the equipment with the pilots, the officers and the troops, as soon as one of those are endangered, what is the automatic military response, Miranda warnings to the contrary notwithstanding? Wipe them out. Blow them away. That is what they are trained to do, is it not?

Do they have any understanding of whether the Governor of Florida wants them to come in, or whether the mayor of some drug-infested town approves of it, or where is the Coast Guard as opposed to the merchant marine as opposed to the Army? They see it for what it is, a totally impracticable but well-intentioned notion about how we should deal with the drug problem.

Little has been said about the multibillion-dollar Drug Enforcement Administration. Why do we not just give them some more money? Why do we not loan, or dare I suggest, give them some equipment? If we have so much in the procurement bill that the Navy or somebody has some excessive equip-

ment, let us give it to them and keep them out of enforcing civilian laws.

There are constitutional considerations that are being ignored in this debate. I plead with my colleagues to examine what this could ultimately lead to. It would routinely authorize the armed services to intrude into the civilian laws of the United States. That is the beginning of a police state, I say to my colleagues. Nobody here wants that. Already we are talking about hitting the aliens at the same time. Already we are talking about knocking out terrorists along with drugpushers. Where does it end?

Let us pause for a moment. If it is the collective judgment of this body to change a long-standing principle of our form of government, then obviously I will be unable to restrain that. But let us not do it in a military authorization bill that addresses how much equipment we are going to build for the greatest military instrument on the face of the globe.

Mr. JACOBS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, somebody wrote to me about this proposal a couple of weeks ago, I think, and my offhand response was that it sounded like a pretty good idea to me. But this debate has messed up my thinking with some facts.

The first fact that has messed up my thinking is what happened in the Boston Massacre. Although not generally noted in our history books, the first American citizen to die in the Boston Massacre was a man named Crispus Attucks.

Military law enforcement agencies, without the finery of procedures, shot dead several people in that gathering, that demonstration on that day. It was the precursor, I suppose, of the Kent State tragedy to which reference was made earlier.

My father used to say there are too many people making history who have never read history. I think that has been the problem with most republics throughout history. My father also, a colleague of my dear friend from Florida, Mr. BENNETT, was probably one of the first people to vote in Congress against our unfortunate involvement in the Vietnam war, because there was legislation in the Congress to provide only weapons, not manpower, to the French in their Southeast Asia war. The RECORD will show that my father in that debate many, many decades ago said in this very Chamber that if the equipment goes, our men will follow, eventually, inevitably.

Mr. Chairman, I am a former police officer. I know something about training police officers, and I know something about arrests on the street. Much has been said about protection of the defendant's rights here. What about protection of the public's rights?

The public is entitled to an arresting officer who is trained in the preservation and presentation of evidence, an officer who can give evidence and obtain a conviction. Those who are trained in the military sphere are simply not trained that way, with the possible exception of the military police.

If the tools are lent to the law enforcement agencies, those best capable of operating those tools will, in my opinion, inevitably follow; indeed, they will be there in the first place if the gentleman from Florida's (Mr. BENNETT) proposal is ultimately accepted.

So I caution the committee to think a little bit about history, to think about the cause for the third amendment, the third part of our Bill of Rights, and to think a little bit about the practical means for improving our law enforcement agencies in this area.

The gentleman from Michigan has suggested that the equipment be given to the law enforcement agencies. Why not? The only reason I could think of is the military may still need the equipment. If the military still needs the equipment it probably means that it has the personnel to operate that same equipment. That also probably means that same personnel would end up operating the equipment in its civilian law enforcement role.

As to civilian control of the forces, my colleagues, the civilian part of our Government already controls the military. The President of the United States is the Commander in Chief.

That does not insure constitutional protection of our citizens and their right to have effective, constitutional law enforcement.

In the novel "On the Beach," Nevil Shute wrote that in the final destruction of the Earth, there were five missiles left in China and five missiles left in the Soviet Union. The Prime Minister of Australia reached a Chinese lieutenant who had charge of the five missiles in an effort to stop the last exchange of missiles on Earth. Somebody asked what the answer of the Chinese lieutenant was. And the answer was "If you were trained to fire missiles in hostility, and that was the only training you had, what would your answer have been?"

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. JACOBS. I yield to the gentleman from Michigan (Mr. CONYERS).

Mr. CONYERS. I thank the gentleman for his contribution.

In 1967 Detroit had the largest riot in the history of this country, I am sorry to say. The President of the United States ordered troops into Detroit and Michigan. Without lawful authority, in defiance of national traditions, and in secrecy, the Army seized on that event as an excuse to convert its intelligence unit into a nationwide detective force and to assign 1,500 of their agents to spy as plainclothes agents on civilians and organizations.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

(By unanimous consent Mr. JACOBS was allowed to proceed for 3 additional minutes.)

Mr. CONYERS. One of those organizations was the House of Representatives. We had Members who were the subject of that kind of activity.

Could we have secret intelligence actions going on as a result of this authority being granted?

Whether we could do anything about it is yet another question. I hope the gentleman's remarks on these issues will be considered by every Member who is casting a vote on this matter.

Mr. JACOBS. I thank the gentleman for his contribution. I might just say, Mr. Chairman, that I believe the need to do something should not lead to the willingness to try anything. I urge extreme caution in this area.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. JACOBS. I yield to the gentleman from Texas.

Mr. WHITE. The gentleman would be then very willing to vote for whatever amendment would eliminate the power of arrest and seizure, from what he says. And from what the gentleman from Michigan (Mr. CONYERS) says, the power to merely use equipment and not to make surveillance and not to arrest and seize and search.

Is that correct?

Mr. JACOBS. I do not believe the gentleman grasps the purport of my remarks. I am simply saying that no matter what the statutory prohibition is, when the Constitution in this case becomes a little bit pregnant, eventually "Rosemary's Baby" will be born.

Mr. HARTNETT. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I have sat here this afternoon and listened to the debate. Before I sat here, I knew very little about it. And perhaps I am still not as well versed on the subject matter as many of the Members who have preceded me to these podiums.

I have heard the gentleman from Michigan say to us that we should be concerned that the Department of Defense is opposed to this, and wherein do we think that the wisdom collective of the Judiciary Committee and the Armed Services Committee exceeds that of the Department of Defense?

I would answer that by asking the gentleman or saying to him that I do not know of any group of people or any agency that is more adversely affected by illegal drug use than our military. It threatens the very survival of this Nation as a free nation and our

capabilities of being able to defend ourselves.

The gentleman from Florida pointed out that when things have threatened this Nation internally, such as the great civil rights strife which we have had in past years, and we saw that was an issue that was about to destroy this great Nation from within, no one objected then to the use of our military forces to enforce a law that was about to destroy the American people and our Nation from within.

And what was so capably pointed out by the distinguished gentleman from Florida was: What, Mr. Chairman, what issue in society today more threatens to destroy our Nation from within than the drug problem which we have, to destroy our society, the minds and bodies of countless millions, many of whom happen to be minority members of our great Nation? What greater issue right now than the drug traffic problem?

And we say, "We have got to do something, but we do not want to step on the constitutional rights of those who would prey on the very right to life of many of our young people."

How many of you in your States—and many of you served in your State legislatures—knew that your highway department on peak Labor Day weekends and Fourth of July weekends would park empty patrol cars, highway patrol cars, State trooper cars on sides of roads? Do you know what it would do? Just the presence of that empty automobile alone caused people to be more conscious that there were such people as drug enforcement officers and law enforcement officers nearby, and they would slow down and drive more carefully or be more cognizant of our traffic laws.

And again as was very ably pointed out by the distinguished gentleman from Florida, their mere presence to a drug-trafficking ship passing a naval vessel or a Coast Guard vessel at sea would cause them to think twice about what their cargo might be.

And maybe we will not get convictions. But maybe countless billions of dollars of illegal drugs will be destroyed, and that will keep that terrible agent from reaching, as was so ably pointed out by my distinguished friend from California, the young people of this country.

So maybe it has got to be a temporary thing, I say to the gentleman from Michigan. Maybe it is something that you and I fear because God knows we do not want a police state, we do not want military people stopping your wife or mine, or your husbands or children as they travel our highways and byways. But I think in the cause of eliminating what is the most insidious cancer that is preying on the American society now, maybe—just maybe—we could put the faith in our Department of Defense and our military people and urge them to do what they can to eliminate this terrible, terrible cancer.

So, Mr. BENNETT—I understand you are not supposed to mention names on the floor, but I do not know why. I think when people deserve bouquets, they ought to get them; when they deserve brickbats, they ought to get them. But I salute you and take off my hat to you, sir, for pointing out and being a leader in what I think is an idea that will go a long way toward eliminating a lot of the drug traffic problem which we have, and I hope that this body will see fit to pass what I think is the first step forward in bringing about some control, some first step forward in bringing some relief to our society and this terrible problem that has infected it.

Mr. EVANS of Georgia. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman and my colleagues, I am in a unique position of supporting all versions of the posse comitatus because I think anything that can be done in this area is an improvement over the present situation.

It has been pointed out that posse comitatus has a constitutional, almost a constitutional mandate, that it is a constitutional right for the separation from the military and the civilian.

Congress passed that law in 1875. It can certainly amend it today to deal with the kind of problem that the previous speaker has just addressed.

We are talking about a situation in which several people have pointed out, "Well, why do we not just give more resources to our civilian law enforcement?" The many billions of dollars that it would cost—the gentleman who mentioned that knows—will not be done under this administration or any other administration because we are talking about a $70 or $80 billion industry that has the ability to buy the kind of equipment, the kind of communication, the kind of sophisticated means to evade law enforcement that we cannot compete with and take out of the taxpayers' pockets.

It seems ludicrous, to me, to have the equipment and personnel available. We have the military. What is our military doing? We are not engaging in any war. We can at this time, consistent with routine flights and with routine training, with routine observation, through our military personnel and the use of the equipment that was bought at the expense of the taxpayers, assist law enforcement with a serious problem. Why can we not wait for every minute? Every few minutes that we wait, we have another child caught up in the drug scene.

Mr. SKELTON. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Georgia. I yield to the gentleman from Missouri.

Mr. SKELTON. Mr. Chairman, a lot has been said today in the name of history, and I would like to join with the gentleman in his thoughts. The gentleman mentioned a few moments ago that the law that did away with the military enforcing civilian law was in 1875. I know the gentleman will recall this as a corrective law that corrected the Reconstruction Era and the excesses of that day which were part of our American history.

This is a different situation today.

The drug problem, as the gentleman has so aptly pointed out, is one of the most, if not the most, devastating to the youth of America.

I certainly hope that in looking at history we will not look at it through the wrong tinted glasses and look at this foursquare because we must do something; and the use of history to divert us from a true and correct solution is not the way to go.

I commend the gentleman on his comments.

□ 1630

Mr. EVANS of Georgia. I thank the gentleman. I would like to further point out that in dealing with not only the cost that we have talked about before and what it would cost to put in the same thing that we have available through our military into civilian law enforcement, it would cost tens of billions of dollars. We do not need full-time equipment. We just need the surveillance. We need the assistance when we need it, and Congress certainly has the authority to do that.

It has been pointed out by law enforcement officials that if they could get someone to just tell them when suspicious ships were coming in or suspicious planes were flying in, they can follow that in to where the plane landed. They could confiscate the drugs or make the arrests. There is no reason why the taxpayers of this country have to face the great drug problem because we do not have the good sense to duplicate the use or to double the use of what we already have available.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Georgia. I yield to the gentleman from Texas.

Mr. WHITE. Mr. Chairman, I want to thank the gentleman for yielding. Pertaining to one of the statements the gentleman made earlier as to the use of the equipment, and why should we not use this equipment and personnel, I merely wanted to point out one very important difference between the Bennett bill and the one I have provided.

The CHAIRMAN pro tempore. The time of the gentleman from Georgia has expired.

(At the request of Mr. WHITE and by unanimous consent, Mr. EVANS of

Georgia was allowed to proceed for 5 additional minutes.)

Mr. WHITE. In the Bennett language there is no provision for the use of equipment by the military personnel for the surveillance of those who would violate our narcotics laws. There is no provision in there whatever. The only provision that exists in the language of Mr. BENNETT that is now in the Armed Services Committee bill is that they will provide any information collected during the course of military operations. Otherwise, there is no mention of the use of equipment by military personnel. The only other provision is the lending of military equipment.

Now, this is very sophisticated equipment. Much of it needs to be operated by the military personnel. The amendment I have presented to the Judiciary Committee's amendment does provide for the lending of the equipment, but also provides for the operation of the equipment by the military personnel for the purpose of surveillance, monitoring, tracking those who violate the narcotics laws, and those who are illegal aliens and contraband. So, those are provided specifically in the bill we are supporting here.

Mr. EVANS of Georgia. I thank the gentleman, and I would like to reclaim the balance of my time and conclude my remarks.

The whole point I was trying to make here is not so much which bill to support. I personally believe that the Bennett bill would be much more effective in coping with the drug traffic. At the same time, I believe that the Hughes amendment, as amended by White, would do a great deal because the problem in the past has not been the overuse of the military; the problem has been that the people in charge of the military bases have used the posse comitatus statute to not do anything to assist civilian law enforcement. They have acted on an individual basis depending on who the commander was to not participate, and all this fear of what is going to happen when the military takes over is in direct contradiction to what the facts are.

We have had hearings all over the Southwest; we have had hearings in the Judiciary Committee; we have had hearings in the Defense Committee, and all those hearings indicate that the problem is not abuse, the problem is inaction. The problem is, nobody is doing anything and our children every day, more and more, are being infested with this problem.

If we want to sit here and talk about fine points and talk about the Constitution, where it does not apply to this particular case, and let more and more of our kids go down the drain, and let more and more of our parents be brokenhearted because they have lost their kids, then I think what we ought to do is just sit here and engage in a fine debate and talk about all the fine points and talk about the rights of poor criminals who are making billions of dollars out of killer-dealing death to our young people. If we want to do that, let us do it, but I would say, let us do something today, whether it be Hughes amended by White or Bennett. Let us do something, pass something, and show the criminal element of this country that we mean business about the drug traffic in this country.

Mr. HUGHES. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Georgia. I yield to the gentleman from New Jersey.

Mr. HUGHES. Mr. Chairman, first let me just commend the gentleman for his superb leadership in this entire area. He has been very deeply in this for a number of years, and goes back to before he came to this Congress. He is to be commended.

Let me, if I might, raise another concern that I have about the Bennett language. Section 375 of the Armed Services Committee bill provides that the Secretary of Defense has to make certain findings. One of the findings, and let me read it, is:

> The Secretary of Defense has to verify that the drug enforcement operation may not succeed without military personnel assistance.

Now, our colleague from Michigan aptly pointed out that the Department of Defense does not really want any additional authority. They like it as it is. They are going to say to the Secretary of Defense, "Before you can provide equipment and personnel, you have got to make a finding that the operation would not succeed without your intervention."

How is the Secretary of Defense going to do that? In fact, it gives him an out. All a Secretrary of Defense has to do as an excuse for not cooperating, as often they do not cooperate, as the gentleman knows, is to find that it would have succeeded without them.

Mr. EVANS of Georgia. May I answer the gentleman's question by stating that, if I understand the rules, the Hughes amendment will come up first. I intend to support that. I intend to support Mr. WHITE, and if for some reason they do not pass, I intend to support Mr. BENNETT. The point is, we need to do something. I understand the practical effect. We have a conference committee that will take this and perfect the language if it needs to be perfected, but the important thing today is that we get a version of this bill passed.

The CHAIRMAN pro tempore. The time of the gentleman from Georgia has again expired.

(At the request of Mr. HUGHES and by unanimous consent, Mr. EVANS of Georgia was allowed to proceed for 1 additional minute.)

Mr. HUGHES. Let me just say that in the final analysis we all want to get the ball to the goal line.

Mr. EVANS of Georgia. Yes.

Mr. HUGHES. The important thing is to try to do something of significance to combat the drug traffic. I say to my colleague, whatever we do has to be carefully crafted because if, in fact, in our endeavor to try to provide law enforcement with assistance we in fact undermine law enforcement capabilities by providing personnel that are not trained, then we have not done our job.

Mr. EVANS of Georgia. I would answer the gentleman's question by saying that should the military desire not to do anything, they may be able to use that language not to do it, but that is a guess on my part, and my colleague from Florida may disagree.

Ms. FIEDLER. Mr. Chairman, I move to strike the requisite number of words.

I would like to make an inquiry of the gentleman from Texas. I would like to ask Congressman WHITE for some information regarding the amendment.

I live in the State of California, and there has been a tremendous flow of illicit drugs over the border from Mexico. I am very concerned that the gentleman's amendment might limit any surveillance or involvement on the part of the military where there happen to be a number of bases close by that might be involved, so I would like to know what the limits are of the amendment regarding the geography.

Mr. WHITE. The limits are these: They can monitor, they can survey, they can pass the information. They cannot arrest or seize. They put out sensory devices. They can use radar to catch planes. A good deal of narcotics are coming across in small aircraft. They can use radar, but they cannot go in and seize.

I do not think the gentlewoman from California would want to see any troops where they do not have any military posts on the border, going there in the dead of night when they are coming across, trying to make arrests and seizures, because there may be shootings, international incidents, and we will not have expert apprehensions.

Ms. FIEDLER. Is the gentleman indicating, then, that in the situation on land as between California and Mexico, that it would not be permissible under the gentleman's amendment to seize illicit drugs?

Mr. WHITE. It is not permissible in any event by my amendment to seize, and no arrest whether at sea or on land. It removes the troops from the seizure and apprehension because that is not what their service is for, but it does permit the full limit, unlike the Bennett amendment. It allows them to

be used on request for surveillance. They do not provide for surveillance specifically for narcotics and for other purposes. Theirs is only in relation to military use. Ours is specifically requested to survey, to monitor, to track, and pass that information on to the arresting and seizing officers; have them working in tandem with DEA, Customs, border patrol, with all working in tandem.

□ 1640

They would be the arresting officials, not the military. We would not expose the troops to the shooting and all the other problems and to the poor establishment of evidence as we would if we just used civilian people.

Ms. FIEDLER. Mr. Chairman, I thank the gentleman very much for his explanation.

I simply want to add my support to the efforts of the gentleman from Florida (Mr. BENNETT). I would, in fact, support the use of the military in the event it were necessary and in the event that it was there onsite when there was illicit drug traffic.

As a former member of the Los Angeles school board, I have seen the terrible implications of drug abuse among children. We see it on an ongoing basis in our increasing crime statistics, and I think unless we get it under control, we are going to see a continual erosion of law.

I cannot in strong enough terms indicate that where there is abuse and illegal action and where we have resources on the spot, we ought to utilize them. To do anything less is really a disservice to the people of our country and particularly our children.

Mr. PRICE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to see if we could come to some agreement on winding this up. We have been on this one issue for about 2½ or 3 hours.

I wonder, Mr. Chairman, if we could agree to take the vote on this in 10 minutes, and I make that as a unanimous-consent request.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. HUGHES. Mr. Chairman, reserving the right to object, is the gentleman talking about debate on the White amendment?

Mr. PRICE. On the issue before us.

Mr. HUGHES. The White amendment?

Mr. PRICE. The White amendment and all amendments thereto.

Mr. HUGHES. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mrs. CHISHOLM. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I was viewing the proceedings in my office, and I recognized that I just could not sit still any longer. It was necessary for me to come over here and at least register my deep concern over what is taking place in this Chamber today.

This is a very basic issue. It is a very important issue. First of all, we are cognizant of the fact that the Department of Defense is not interested in this particular situation at all.

Second, if indeed the Department of Justice really feels that we are not winning our battles in the drug war and that one of the several reasons might be the necessity for new kinds of equipment and materials, why is it that the money and the equipment cannot be placed in that particular unit?

Third, I think we have to recognize that because of the training of persons in the military, there is no question of the fact that in the event they have to pursue a number of drugpushers or persons engaged in the drug business, the immediate response would be to put into operation the kind of training and the kind of attitudes that have been engendered in said persons as a result of that kind of training that goes on over a period of years. And in many instances I do not think that many of us can really foresee that there is a possibility of many persons really getting killed and getting hurt unnecesssarily.

There is no room in our society for the intervention by the military in terms of civilian life. We are moving in recent days in the direction of acknowledging that we have failed, in spite of the tremendous amounts of money that we have placed in different areas, to do a job, and in a state of panic and in a state of paralysis or stagnation, dependent on how we view it, we are now going to come forth with suggestions that would help the situation irrespective of what the implications and the ramifications of these suggestions might mean to the people in this country.

I just could not believe that we are moving in the direction of involving the military in terms of the civilian life and the problems that we are finding in our society with respect to the drug business. I do not know if we have really sat down and thought it out very, very carefully as to what we are really doing, and in our panic and with the fact of what the statistics show in terms of the drug trade and in terms of the breakdown of family units and morality in this country, the feeling is that what we must do is come up with anything irrespective of what is meant without taking into consideration what this could do to our society as a whole in the future.

I have been here now going on 13 years, and this has really shocked me more than anything else that I have observed since I have been in the U.S. House of Representatives, because we are moving in our society toward a terrible control on every level and we are moving into a society in which there will be a great deal of control and a great deal of intervention in the lives of people.

Mr. Chairman, it just frightens me to death that we cannot find other ways of combating this particular drug trade that we have in our country without now going to the military and bringing them into our civilian lives.

Mr. CONYERS. Mr. Chairman, will the gentlewoman yield?

Mrs. CHISHOLM. I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, I appreciate the gentlewoman's presentation, because it is a nonlawyer but humane, responsible, legislative examination of what we are doing here.

Now, constant reference has been made to brushing the Constitution aside because this is an important social question. A number of Members here have carelessly gotten up and said, "So what, if it is just a matter of arguing about somebody's constitutional rights?"

But certainly the constitutional rights are those of the American people, not the drug-pushers that we are concerned about here.

The CHAIRMAN. The time of the gentlewoman from New York (Mrs. CHISHOLM) has expired.

(On request of Mr. CONYERS, and by unanimous consent, Mrs. CHISHOLM was allowed to proceed for 4 additional minutes.)

Mr. CONYERS. Mr. Chairman, if the gentlewoman will yield further, let me tell the Members that for everybody who has recognized that there is a constitutional issue involved in this amendment, others are saying, "Well, this is just an argument between lawyers and legislators about an old law, so we will change it." Right?

Wrong. Because if it has a constitutional basis, then we cannot change it without peril to the Federal judiciary and setting it aside. Because of what? Unconstitutionality.

So I ask, could we merely take that into passing consideration? If we decide in our ultimate wisdom that we are going to change this 100-year-old law that has admitted constitutional sacredness, please, let us consider that we are tampering with the Constitution here. I ask all the Members to very carefully consider that one fact.

Mr. Chairman, I thank the gentlewoman for yielding.

Mr. STRATTON. Mr. Chairman, will the gentlewoman yield?

Mrs. CHISHOLM. I yield to the gentleman from New York.

Mr. STRATTON. Mr. Chairman, I appreciate my colleague, the gentlewoman from New York, yielding to me.

I do not pretend to be a constitutional expert nor a lawyer, but I believe the false interpretation of what she said she heard on the tube which brought her over here may be slightly distorted. My understanding of what the proposal that is included in our bill and that was offered by the gentleman from Florida (Mr. BENNETT) and which was defended very ably by him on the floor is directed primarily toward keeping out of the United States those people who would bring in these drugs from somewhere around the world to damage the American people.

This proposal, as I understand it, is not suggesting that we hire the Army to track down the drugpushers on the streets of New York City, for example. It is an attempt to try to establish some kind of border situation, as long as we have a Navy available, that would track down people who are preying primarily on American citizens, people from other countries that bring in drugs and think they can keep it up.

□ 1650

Mrs. CHISHOLM. Mr. Chairman, I yield no further because I think what the gentleman is attempting to do is to really in a sense distort what I have said.

The basic question, the bottom line of what I have said is that we are now going to involve the military in some form with respect to this particular issue, and I am asking the question as to why is it necessary at this point in time to involve the military or any aspect of the military? Why is it that we could not give the equipment and the materials and all of the things that are necessary to those units of Government that are already handling the issue because of the ramifications of involvement of the military in any sense?

Mr. STRATTON. Mr. Chairman, will the gentlewoman yield?

Mr. CONYERS. Mr. Chairman, will the gentlewoman yield?

Mrs. CHISHOLM. I yield to the gentleman from Michigan.

Mr. CONYERS. May I point out the gentleman from New York is in gross error. The Bennett language is not in anyway restrictive in limiting it anywhere in its operation. No. 2, the armed services already have the authority to operate exterritorial. They do not have to get a special law from us to operate overseas and in other places.

Mr. HUGHES. Mr. Chairman, will the gentlewoman yield?

Mrs. CHISHOLM. I yield to the gentleman from New Jersey.

Mr. HUGHES. I thank the gentlewoman for yielding.

What the gentlewoman has said, I think, is apt. What we should be doing is providing more equipment, more personnel, to our law enforcement community. We are not doing that. We put back into the budget about $3.2 million needed by DEA, but it is still inadequate. Each year it keeps going down.

The CHAIRMAN. The time of the gentlewoman from New York (Mrs. CHISHOLM) has expired.

(At the request of Mr. HUGHES and by unanimous consent, Mrs. CHISHOLM was allowed to proceed for 2 additional minutes.)

Mr. HUGHES. If the gentlewoman will yield further, the issue we see on the Judiciary Committee part is a meager effort to try to encourage cooperation where that is possible. The sharing of intelligence information, the sharing of that equipment, where that can be done without taking away from the military mission.

In fact, by regulation, under section 374, the Secretary of Defense can do just as the gentlewoman has suggested, provide the separate arm for the equipment so that when that is loaned out that there is a separate group that would operate that equipment. That can be done by regulation. So, it can be carried out.

But unfortunately, the arguments have gotten off on tangents. The bill as drafted by Judiciary is very narrowly crafted to provide what law enforcement has requested, and unfortunately we have gotten off on a whole host of other issues that are interesting, but they really are not relevant to the Judiciary Committee bill.

Mr. BENNETT. Mr. Chairman, will the gentlewoman yield?

Mrs. CHISHOLM. I yield to the gentleman from Florida.

Mr. BENNETT. I thank the gentlewoman for yielding.

The gentlewoman did ask why not do this through appropriated money? I do not believe the gentlewoman probably understood the statistics cited here. The Coast Guard says it would cost $4 billion to build the ships necessary to make a reasonable attack on the drug trade coming in. It would require 20,000 new personnel. That is $180 million a year. That is $4 billion which we are not going to get. We are not even getting $3 million.

We are actually cutting down, this Congress is cutting down on what is done.

Mr. CONYERS. Mr. Chairman, will the gentlewoman yield?

Mr. CHISHOLM. I yield to the gentleman from Michigan.

Mr. CONYERS. I thank the gentlewoman for yielding.

We have two sets of views here. One, that this is the most horrendous problem we have ever faced, and, two, we know darn well we will not allocate any money to it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. WHITE) to the Judiciary Committee amendment.

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. CONYERS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1700

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have responded. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

On the voice vote, the Chair will rule that the amendment had carried.

So the amendment to the Judiciary Committee amendment was agreed to.

AMENDMENT OFFERED BY MR. SHAW TO THE JUDICIARY COMMITTEE AMENDMENT, AS AMENDED

Mr. SHAW. Mr. Chairman, I offer an amendment to the Judiciary Committee amendment, as amended.

The Clerk read as follows:

Amendment offered by Mr. SHAW to the Judiciary Committee amendment, as amended: Page 47, strike out line 14 and insert in lieu thereof the following: "member is authorized by section 375 of this title or is otherwise authorized by law.".

At the end of the amendment add the following:

"(g) The Secretary of Defense, upon request from the head of a Federal agency with jurisdiction to enforce the Controlled Substances Act (21 U.S.C. 801 et seq.) or the Controlled Substances Import and Export Act (21 U.S.C. 951 et seq.), may assign members of the armed forces to assist such agency's drug enforcement officials in drug seizures or arrests outside the land area of the United States (or of the territories and possessions of the United States) if (1) that assistance will not adversely affect the military preparedness of the United States, (2) the Secretary of Defense verifies that the drug enforcement operation may not succeed without military personnel assistance, and (3) Federal drug enforcement officials maintain ultimate control over the activities and direction of any drug enforcement operation."

Mr. SHAW (during the reading). Mr. Chairman, I ask unanimous consent to dispense with further reading of the amendment, and that the amendment be considered as read printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. SHAW. Mr. Chairman, I will be brief in my remarks. I believe that we have thoroughly debated the proposition before the House with regard to the amendment to that provision. We have heard, I think, eloquent debate late this afternoon.

I think that there is no question in this House in anyone's mind that the drug problem is the No. 1 domestic problem that we have in the country today. In my opinion, it surpasses the problems that we have with a crippled economy that we are dealing with; it surpasses the problem that we are having dealing with the tax problem and the tax cut. We have a cancer that is totally out of control in this country. We have two amendments that are yet to be considered after my amendment. We have two very fine amendments to be considered; one by the gentleman from Florida (Mr. BENNETT) of the Armed Services Committee, which is an excellent amendment. It provides that the military can be used in effecting seizures, as well as arrests. The other is by the Judiciary Committee, as offered by the gentleman from New Jersey (Mr. HUGHES), and amended by the amendment of the gentleman from Texas (Mr. WHITE). It also is a very fine amendment. It restricts the use of military personnel and equipment to providing intelligence and also operating equipment.

What we are trying to do by my amendment is to strike a compromise. We have heard this afternoon statements about the placement of troops on the American-Mexican borders and how that would be repugnant to many of the people here.

We do have a drug problem that we have totally been unable to deal with through local and Federal law enforcement officials. I think it has been very aptly pointed out that the drug traffickers are in themselves a military force outfitted with the finest equipment and with well-trained personnel. They have us outmanned, they have us outequipped, and they have us outgunned.

I therefore think that it is vitally important that we permit in some instances the actual use of military personnel in making seizures and making arrests.

I am specifically concerned about the waters surrounding the United States as the route over which the vast majority of drugs are brought into our country so I am proposing an amendment that would be an amendment to the bill of the gentleman from New Jersey (Mr. HUGHES) which would provide that in those instances outside of the land areas of the United States and our territories under very specific circumstances when military personnel are required to assist in making arrests and seizures, that they would be able to do so.

In all instances, however, the Federal Drug Enforcement officials would maintain the ultimate control over the activities and directions of this enforcement operation.

I think that for us to have the military personnel that we have, and I am specifically concerned with the Navy personnel that we have under our command as a nation, and for us not to effectively use them is very bad judgment, indeed.

I do believe that with their use, we can make a significant dent in the trafficking of drugs coming into this country.

I would like to quickly say, though, that I intend to vote "yes" on the Hughes amendment with or without my amendment attached to it. If that does not pass, I intend to vote "yes" on the Bennett amendment, because I think that it is very important. It is vital that we pass here in this House a bill that will qualify the provisions of posse comitatus to use the military in the enforcement of our drug laws.

□ 1710

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. SHAW. I yield to the gentleman from New York (Mr. STRATTON).

Mr. STRATTON. The effect of the gentleman's amendment is to permit the military to do what?

Mr. SHAW. It permits—the big significant difference or difference that this would make to the Hughes amendment is to allow the Armed Forces to be used outside of the land area of the United States and its territories to assist the Drug Enforcement officials in making arrests and in seizures.

Mr. STRATTON. The Hughes amendment would not allow their use either inside or outside the United States; is that correct?

Mr. SHAW. That is correct.

Mr. STRATTON. So the gentleman would oppose the use within the United States but not outside?

The CHAIRMAN. The time of the gentleman from Florida has expired.

(By unanimous consent Mr. SHAW was allowed to proceed for 5 additional minutes.)

Mr. SHAW. I would ask the gentleman to repeat the question, please.

Mr. STRATTON. In other words, the gentleman's amendment is a perfecting amendment to the Hughes amendment, as I understand it; is that right?

Mr. SHAW. I think it is a compromise. I think Mr. HUGHES would disagree that it is perfecting.

Mr. STRATTON. Is the gentleman offering his amendment as an amendment to the Hughes amendment or as a substitute?

Mr. SHAW. It is an amendment to the Hughes amendment.

Mr. STRATTON. So the gentleman would go further than the Hughes amendment by at least allowing the use of American military forces at sea, if not on land?

Mr. SHAW. Outside of the land area of the United States.

Mr. STRATTON. The Hughes amendment, as I understand it, would say it is all right to use the military, but not use the military people.

Mr. SHAW. The gentleman says it is all right to use the military, but not in arrests and seizures.

Mr. STRATTON. I appreciate the clarification. I have listened to this for so long that it is all getting a little confusing. I think the gentleman's amendment is a good one and I will support it.

Mr. SHAW. I thank the gentleman. We seem to be catching our tail here this evening, but I do think it is an important distinction and I think it is so important that when we have the military personnel out there, one of the most valuable tools that they have in defense of their own safety is the power to make an arrest. This is true of any law enforcement official and I think it is particularly true here when the military is under the control of the law enforcement agency.

Mr. STRATTON. If the gentleman will yield to me further, one of the major sources of drugs, as I understand it, is not just the boats that come in from Cuba to the gentleman from Florida's home State, but that we also have a lot of little planes that fly over from Mexico. If we send some American planes after these people who are coming in with drugs, is that in line with the gentleman's amendment or not?

Mr. SHAW. I believe that the Hughes amendment already addresses that with or without my amendment as far as surveillance is concerned. The only thing my amendment really adds is the arrest and seizure provision outside the land area of the United States.

Mr. STRATTON. They can surveille but they cannot shoot them down.

Mr. SHAW. They cannot shoot them down under either provision; but the gentleman is correct.

Mr. STRATTON. It is a little hard to make an arrest in the air.

Mr. SHAW. I would certainly agree with that.

Mr. Chairman, I yield back the balance of my time.

Mr. HUGHES. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, it has been a long afternoon and I know that we have

spent a lot more time than a lot of people envisioned, but it is an important issue.

I oppose the Shaw amendment, not because it is not well intended, because it is. I understand my colleagues' utter frustration. They have a mind-boggling drug problem in Florida. Some reports suggest it is larger than the citrus industry in money being generated. Their law enforcement community today just cannot cope with the problem. So I understand where the gentleman is coming from.

But the bottom line is we are talking about soldiers and sailors. They are not policemen. They have not been trained as policemen. They have not been trained as witnesses.

My colleague, in all fairness, would provide the right to arrest and seize, but not search. That in itself may seem to be somewhat innocuous, but think of it for just a moment, a military officer on the scene with the authority to arrest and to seize, but not to search. One of the first things one wants to give a police officer, first of all, is the right to search in the event whatever he is seizing does not prompt the person he is seizing it from to assault him. So, under this amendment, you do not have authority to search either the individual or the property in whatever situation is presented.

In addition to that, the gentleman's amendment would make the Coast Guard, and I am sure the gentleman does not want to do this, subject to the authority of the Secretary of Defense in peacetime. By definition, the Armed Forces that he refers to in his amendment incorporate into that the Coast Guard. The last thing we should want to do is make the Coast Guard subject to the Secretary of Defense in peacetime operation. We have enough problems in trying to get agencies to talk to one another.

Finally, and another concern of mine, and it is just as real, is that in order for the Secretary of Defense to act he has to find and verify that the drug enforcement operation may not succeed without military personnel or assistance. I ask my colleagues: How can the Secretary of Defense know whether or not a law enforcement operation is going to succeed?

The reason we are here today is because the Secretary of Defense does not want this authority anyway. He does not want to cooperate. If we require him to make a finding and verification that the operation will not succeed before cooperation is available he will have a perfect out. That is precisely why we did not like the language when we first looked at it.

If my colleagues want to help law enforcement, give them what they want. All they have asked for is, first of all, a sharing of intelligence, a sharing of base facilities, a sharing of research, and they need equipment from time to time. Second, it is an empty gesture to give them equipment without an operator if it is so sophisticated that DEA cannot operate it. Where we are confronted with an emergency situation, where equipment is not available to DEA or the Coast Guard, this permits that agency to seek help from the Secretary of Defense if, in fact, the Secretary can provide it without taking them away from the military mission, which is paramount. That is all the law enforcement community has requested. They do not want the right to arrest inherent in the military role. They cannot possibly train every soldier and Navy personnel in the art of arresting and seizing.

Yet, that is what we would have to do, in effect, to responsibly comply with the mandate that would give them the right to search and seize. So I would urge my colleagues to reject the Shaw amendment. It is well intentioned, but it falls far short of the mark and, in fact, would just be counterproductive. The Justice Department is opposed to it. The Defense Department is opposed to it. And every law enforcement officer that has testified before our committee is opposed to it.

I yield back the balance of my time.

Mr. McCOLLUM. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Shaw amendment.

Mr. Chairman, as a member of the Judiciary Committee, and as a person very vitally concerned with this particular problem, who sat here all afternoon listening to this particular debate, I am very pleased to rise in support of the amendment offered by the gentleman from Florida (Mr. SHAW). I happen to think that my colleague from Florida has hit the nail on the head in perfecting what otherwise is basically a good amendment by the Judiciary Committee.

The efforts by my colleague from Florida (Mr. BENNETT) in bringing this about are to be commended. His objective, which is incorporated in the Shaw amendment, of providing military personnel, at least on the seas, in a real war on drugs, is very appropriate and very necessary if we are going to control the drug traffic incoming in the United States. That is precisely the beauty and the benefit of what the Shaw amendment provides.

Let me speak for a moment to the facts of life in the military. As far as the military justice system is concerned, there are plenty of opportunities and have been historically for the training of military personnel to be engaged in the pursuit of seizures, and arrests as well as seizures.

□ 1720

I have spent 4 years on active duty in the U.S. Navy's Judge Advocate General Corps. I have been a reservist ever since that time wearing that particular banner. And I can tell the Members that the military law under the UCMJ is far more stringent in this area of its requirements than the civilian criminal law area. The military personnel, particulary the officers in command of the vessels and the craft and the units involved, have very strong backgrounds and stringent backgrounds in obeying the constitutional principles involved in enforcing laws of this nature. So I do not think that problem merits the kind of attention that it has gotten today.

Although it should be discussed, it does not hold water.

I can further say that I do not think there is any greater position where there would be a better use of the term "war" on something outside of a foreign enemy than on drugs in this country.

We have talked about wars on poverty, we have talked about wars on hunger. We have talked about a lot of wars, but there is no place better suited to talk about a war than when we talk about the equivalence of piracy on the seas, which is what is going on in this case in our Caribbean in particular, and in some other territorial waters immediately offshore.

We need to use every ship we can possibly use to intercept this particular invader in this particular instance. There is no reason why we cannot follow the piracy precedents in our history while we are talking about that, to use our military for this purpose. And there is no reason why we should not empower, as actually in listening to and in reading the letter from the gentleman representing the Department of Defense. There is no reason why we should not, if we are going to put the equipment out there, let it be used, and have some personnel to operate it. There is no reason why we should not allow the military to protect itself and the military manpower of this country to be used as it would be required to be used in order to implement the Judiciary Committee's approach.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. McCOLLUM. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Why not just draft the DEA and draft Immigration Service and put them in the military? Why do we not just draft the police and put them in the military? Then they will have plenty of funds, and they can enforce the drug laws to the hilt?

Mr. McCOLLUM. The answer to that is, very simply, we do not have enough personnel to do both of those jobs, but the military does.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. McCOLLUM. I yield to the gentleman from New York.

Mr. STRATTON. The gentleman is making a very fine statement, and I support his view.

The gentleman from New Jersey indicated that the Secretary of Defense was against the Shaw amendment, that the Secretary of the Treasury was against the Shaw amendment.

Is it not also likely that the drug pushers are against the amendment, too?

Mr. McCOLLUM. I think the gentleman's point is well taken.

May I say something in response, also?

The letter of the Secretary of Defense, which I have read—the gentleman from New Jersey very eloquently presented it before our Committee—does say that the Secretary of Defense is opposed to any of this. But the fact is he also says in that letter, if I am interpreting it correctly—and I will ask the gentleman from New Jersey to correct me if I am wrong—that if we are giving this power out there, we have got a real problem if the military manpower is out on the seas and is not allowed, in essence, to defend itself or to participate in the activities.

Mr. HUGHES. Mr. Chairman, will the gentleman yield?

Mr. McCOLLUM. I yield to the gentleman from New Jersey.

Mr. HUGHES. Mr. Chairman, I can say, without hesitation, that the language built into the White amendment and existing law is that the military has the authority to defend itself. So any suggestion that the military would not have the authority to defend itself is not accurate.

The CHAIRMAN. The time of the gentleman from Florida (Mr. McCOLLUM) has expired.

(On request of Mr. HUGHES, and by unanimous consent, Mr. McCOLLUM was allowed to proceed for 2 additional minutes.)

Mr. HUGHES. Let me just say to my colleague, the gentleman from New York, I think that all versions, whether we are talking about DICK WHITE's attempt or whether you are talking about the attempt on the part of the author of the armed services amendment, the gentleman from Florida (Mr. BENNETT), are all sincere efforts to try to provide law enforcement with some additional tools. But you have two different approaches.

One, in fact, is very limited, suggested by the law enforcement community, indicating to us what they need, and we tried to craft the language that would meet the needs of the law enforcement community.

Frankly, much of the equipment which is held by the military is not the type of equipment, as the gentleman knows, that we need in law enforcement. And even what we are doing today is inadequate. If you look at the Drug Enforcement budget or the BATF budget or the FBI budget, we are really losing ground on all fronts.

We talk about combating drug abuse. We are doing a lousy job of combating drug abuse when we cut across the board, as we have done in the last several years. If you look at the Drug Enforcement Administration's budget just this year, we have lost ground again. So that is where we ought to be shoring up our resources, right there. And even though the language in our bill is going to help, it is not going to be the cure-all. It seems to me that any effort to give the military the right to arrest and seize is going way beyond what is needed and in fact is going to be counterproductive.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. McCOLLUM. I yield to the gentleman from New York.

Mr. STRATTON. The gentleman from New Jersey says that there are two different ways of proceeding against this.

I might borrow a saying from my friends from the other side of the aisle that the other system that we have been using so far has not worked. Maybe the idea of the gentleman from Florida (Mr. BENNETT) will be a little bit more effective.

Mr. McCOLLUM. I think that the key crux to this whole matter is that we need to stop the drug trafficking. The Coast Guard and the civil law enforcement authorities do not have the equipment.

The CHAIRMAN. The time of the gentleman from Florida (Mr. McCOLLUM) has again expired.

(By unanimous consent, Mr. McCOLLUM was allowed to proceed for 1 additional minute.)

Mr. McCOLLUM. What we need to observe is the fact that the Coast Guard and the civilian law enforcement agencies of this Nation do not have either the equipment or the manpower to cover the vast seas and the limits of our territorial waters off the landmass. What the Shaw amendment does is to give them not only the equipment but also the manpower to cover that territory, not only for the purposes of interception by radar, but also for the purposes of arrest and seizure, which is what is demanded if we are really going to win the war on drugs.

Let me conclude by saying that I believe that it is far greater of a worry for us to be worried about winning the war on drugs than it is to be worried about some minor international embarrassment that might result from this, which I do not think will be the case in any event.

I urge the support of the Shaw amendment.

Mr. CONYERS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will not, possibly, use the 5 minutes; but I should report to the Members what the Subcommittee on Criminal Justice, of which I am a member, is doing.

We are working right now, continuing efforts begun before the consideration of this bill, for additional funding for the Drug Enforcement Administration.

Now, we need that.

We are ready to violate the Constitution, some of us here, in a effort to get more resources to fight the drug problem.

So rather than jeopardize passing an unconstitutional piece of legislation, which is all the subcommittee chairman is suggesting this amendment will do to his already questionable piece of legislation, why do not some of the members join us and testify in support of additional funding, and then perhaps urge on this side of the aisle that the Department of Justice come before the Criminal Justice Committee and testify for what everybody knows is so necessary; namely, some additional funding for the resources that are leading us to beg, borrow, and steal from the armed services?

Mr. SAWYER. Mr. Chairman, will the gentleman yield for a question?

Mr. CONYERS. I yield to my colleague, the gentleman from Michigan, for a question.

Mr. SAWYER. Mr. Chairman, the gentleman has kept continuously referring to this being not changing an old law but violating the Constitution.

Mr. CONYERS. That is right.

Mr. SAWYER. Will the gentleman please cite me what article of the Constitution he is talking about?

Mr. CONYERS. Well, if the gentleman in his years of legal research and wealth of legal experience needs a constitutional citation to figure out whether this is constitutional or not, I am puzzled. Fifty Members have taken the floor and have suggested that there is a constitutional question. Every court case has suggested that there is a potential constitutional infirmity in this whole question of bringing the military into civilian law enforcement.

□ 1730

Mr. SAWYER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would just like to comment that the reason I asked the question is because there is in fact no constitutional problem at all. This is strictly what the gentleman from Michigan originally posed as a problem of changing an old law. It is not what he has then gone on to say, it is

more than that, to violate the Constitution.

The reason I asked is because I know there is no section of the Constitution involved. I have read every case decided under the statute, which I dare say is more than the gentleman from Michigan has done, and there has been no allusion to any constitutional problem at all.

I yield back the balance of my time.

Mr. DELLUMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to my colleague.

Mr. CONYERS. I want to thank my colleague from Michigan, a distinguished lawyer, for recognizing despite 2 days and 6 hours of debate that there was not any constitutional question at all.

Mr. DELLUMS. Mr. Chairman, this has been a very interesing debate, and I would first like to try to put this debate in its broadest context. What we are ostensibly here to do is to debate an authorization for the largest military budget in the history of this Nation, approximately $226.3 billion, a $53 billion increase in budget authority over what we spent last year. It would seem to me that we should spend our time here debating and assessing our perception of the world and America's role in that changing world, to determine whether or not we need to spend what has been purported to be somewhere in the neighborhood of $2.5 to $3 trillion in the next 10 years on the military function alone.

But, we have chosen not to do that. One of our colleagues has chosen to use this particular instrument, this authorization bill, to raise a significant question; that is, whether or not the military shall play some role in addressing one of the significant domestic problems we have; namely, the trafficking of drugs in this country.

Now, this gentleman would not argue with any Member of this body that we have a significant drug problem in this country. I would also not argue with any Members that we need to address this human misery. It is eating tens of thousands of people up every single day in this country. I would also, interestingly enough, not argue with any person that suggested that if we put the full weight and power of the military into this issue, that we could not solve the problem. I do not argue with that. If we put all of our troops with all of our sophisticated technology into this issue, we probably could eradicate it.

But the question is, at what price? Now, one of my colleagues suggested there is no constitutional problem. Perhaps that is true. This gentleman is not a constitutional lawyer, but I can say this, and I would like to raise for a moment two issues. One of our distinguished colleagues from the other side, in a very eloquent speech, suggested that one time in the not-too-distant past, in the 1960's, during the agony of the civil rights movement, Federal troops were used. The gentleman stated that no one argued with respect to that.

I approached the gentleman a little while ago, and I indicated to him that as one young black in this country concerned about those injustices, I had some significant problems with a country that needed Federal troops to march some tiny black children to schools. I also recall that there were a number of Governors in this country, in the full light of television cameras, who stood in the door and said, "To hell with Federal law. These black children will not integrate these schools."

So, I saw State officials abdicate their responsibility and say to the Federal Government, "We will not address these problems." I saw Bull Connors and other local law enforcement agents determined not to implement the mandate of the Federal Government. They did it with Federal troops. That was not a happy time in this country, but the one argument I would make with the gentleman who argued that there is no comparison here in that certainly Federal troops were being used because State and local law enforcement agents and public officials denied the right of young children to matriculate in schools. It was an ugly period in our history.

This gentleman felt anger that we had to have troops to do what civilian law enforcement agents should have been able to do, or local and State public officials, standing up for the rights of young black children to have an education along with other human beings in our society.

The second vision that I have is Nazi Germany, when you consider the Gestapo involved in enforcing laws. We have a very delicate form of government in this country. It is called a democracy. It is called a representative government.

The CHAIRMAN. The time of the gentleman from California has expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 5 additional minutes.)

Mr. DELLUMS. It would seem to me, Mr. Chairman, members of the committee, that all the people on this floor who believe strongly and powerfully that this drug problem must be addressed, I would simply say to them, in the process of dealing with the drug problem, will we unalterably distort and pervert our way of government and our way of life? We have never allowed ourselves to see law enforcement agents in military uniforms—never. Every time that issue came forward many of us felt great pain. I do not want to return to the days of the 1960's when we needed troops to implement laws that civilians were charged with the responsibility to implement, and I certainly do not want to go further than that, to Nazi Germany, where I can see uniforms involved in implementing laws and enforcing laws that civilians ought to be enforcing.

So, this gentleman will say to you, irrespective of whether there is a constitutional concern, we all in this room know that we have evolved a way of life that has separated out clearly the civilian function and the military function. I do not think we need $226 billion to be talking about waging war in the world, let alone waging war in this country.

I find it ludicrous and tragic that many of my colleagues supported a budget resolution that substantially cut the budget of the Drug Enforcement Agency and then said, "But I want to go home and tell my constituents that I am not soft on communism, so I voted for a big military budget—and oh, by the way, we have a drug problem, and since we cut the money out of DEA, let us go over where we are putting all the money and get the military to solve the problem."

Then, maybe this gentleman ought to say, "I think we need to deal with mass transit in this country. Maybe we ought to get the military to develop a mass transit system. I think we ought to better educate our children, but since all the money is going to the Pentagon, maybe we ought to get Pentagon personnel to educate our children. We need housing in this country for tens of thousands of human beings, but since much of our money is going to the Pentagon, maybe we ought to let the Corps of Engineers build the housing."

Your response would be, "That is a civilian function. We do not need the military to engage in this activity."

I am simply saying to you, if it is not good enough to try to build mass transit, to educate our children, it is reasonable to say that we will not do it in terms of law enforcement.

If we have a significant problem of law enforcement in this country, then let us address it, but let us not delude ourselves into believing we can simply throw the ball to the military and run home and say, "I have done something for the drug problem," when we have perverted and distorted our way of government.

We need to effectively keep that dichotomy between civilian and military. Once we put law enforcement people in military uniform, we conjure up in people's minds the agony of Nazi Germany and the pain in the 1960's when

many in this country chose not to address the problems, and we were forced to have the military deal with it. I do not think the drug enforcement agents are saying, "We do not want to implement the laws." What they are saying is, "We need the necessary capability to do it," and that is not turning that function over to the Pentagon. So, I would conclude by saying that it is my hope that we are not treading on constitutionality, and even if we are not, we are treading on a way of life that should be precious to us, and in the process of solving the problem let us not create problems for our children's future and their children's future.

□ 1740

Mr. JOHN L. BURTON. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to my colleague, the gentleman from California.

Mr. JOHN L. BURTON. Mr. Chairman, I thank the gentleman for yielding and for pointing out the most important point that we are on our way to establishing a national police force with this type of legislation.

We are not talking about whether it is constitutional or unconstitutional. This is a national police force in the form of the military, and I think that is something that those on the right, those on the left, and those in the middle should be afraid of.

Mr. Chairman, we want stronger drug enforcement. We have got an agency for that, the DEA, and let us fund it and let us stop them from destroying it in the reorganization plan if we want to do something about drug enforcement.

Mr. DELLUMS. Mr. Chairman, that is one of the clearest and most concise statements my distinguished colleague, the gentleman from California, has made, and I thank him for it.

Mr. Chairman, I yield back the balance of my time.

Mr. GONZALEZ. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the pending amendment.

Mr. Chairman, I rise also to identify myself with the position very eloquently stated heretofore by the distinguished gentleman from Michigan (Mr. CONYERS), a member of the Committee on the Judiciary, with the position, very particularly, of the gentlewoman from New York (Mrs. CHISHOLM), who I think capsulized the whole issue very accurately, and, most particularly, with the position of the last speaker, the gentleman from California (Mr. DELLUMS).

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida (Mr. SHAW) to the Judiciary Committee amendment, as amended.

The question was taken; and on a division (demanded by Mr. SHAW) there were—ayes 52, noes 57.

Mr. SHAW. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. A recorded vote has been demanded. All those in favor of a recorded vote please rise.

Mr. PRICE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. MURTHA) having assumed the chair, Mr. SIMON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3519) to authorize appropriations for fiscal year 1982 for the Armed Forces for procurement, for research, development, test, and evaluation, and for operation and maintenance, to prescribe personnel strengths for such fiscal year for the Armed Forces and for civilian employees of the Department of Defense, to authorize appropriations for such fiscal year for civil defense, and for other purposes, had come to no resolution thereon.

REPORT ON RESOLUTION WAIVING CERTAIN POINTS OF ORDER AGAINST H.R. 4119, AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES APPROPRIATIONS, 1982

Mr. MOAKLEY, from the Committee on Rules, submitted a privileged report (Rept. No. 97-175) on the resolution (H. Res. 178) waiving certain points of order against the bill (H.R. 4119) making appropriations for Agriculture, rural development, and related agencies programs for the fiscal year ending September 30, 1982, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION WAIVING CERTAIN POINTS OF ORDER AGAINST H.R. 4120, LEGISLATIVE BRANCH APPROPRIATIONS, 1982

Mr. MOAKLEY, from the Committee on Rules, submitted a privileged report (Rept. No. 97-176) on the resolution (H. Res. 179) waiving certain points of order against the bill (H.R. 4120) making appropriations for the legislative branch for the fiscal year ending September 30, 1982, and for other purposes, which was referred to the House Calendar and ordered to be printed.

EXPLANATION AS TO VOTE

(Mr. DANIELSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANIELSON. Mr. Speaker, I was absent from the House during the week beginning June 22, 1981, because of an illness in my family. During that week I missed a number of votes and I wish to state how I would have voted had I been present. In every instance my vote would not have changed the outcome. Those rollcall votes, and how I would have voted, are:

Tuesday, June 23, 1981:

Rollcall No. 92, the House, by a vote of 399 to 0, agreed to House Resolution 161, the rule under which it considered the bill H.R. 1257, to authorize appropriations to the National Aeronautics and Space Administration, I would have voted "yea."

Rollcall No. 93, passage of H.R. 1257, to authorize appropriations for the National Aeronautics and Space Administration, I would have voted "yea." The bill passed by a vote of 404 to 13.

Rollcall No. 94, by a vote of 360 to 50, the House passed H.R. 2614, Department of Defense Supplemental Authorization Act for fiscal year 1981, I would have voted "yea."

Rollcall No. 95, by a vote of 146 to 265, the House rejected an amendment to H.R. 3238, to reduce by $50 million and public broadcasting authorization for fiscal year 1984, $45 million for fiscal year 1985, and $30 million for fiscal year 1986, I would have voted "nay."

Wednesday, June 24, 1981:

Rollcall No. 96, by a vote of 344 to 16 the House approved the Journal of Tuesday, June 23, 1981, I would have voted "yea."

Rollcall No. 97, by a vote of 375 to 16 the House agreed to S. 1124, to authorize the Sergeant at Arms and Doorkeeper of the Senate, to enter into contracts which provide for the making of advance payments for computer programing services, I would have voted "yea."

Rollcall No. 98, by a vote of 398 to 9 the House agreed to the conference report on H.R. 31, to encourage cash discounts, I would have voted "yea."

Rollcall No. 99, by a vote of 385 to 16 the House agreed to resolve itself into the Committee of the Whole, to consider H.R. 3238 the public broadcasting authorization bill, I would have voted "yea."

Rollcall No. 100 was a quorum call.

Rollcall No. 101, by a vote of 171 to 226 the House rejected an amendment to H.R. 3238, to retain quarterly disbursement rather than annual, of funds to the Corporation for Public Broadcasting, I would have voted "nay."

Rollcall No. 102, by a vote of 323 to 86 the House passed H.R. 3238 authorizations of appropriations for public broadcasting, I would have voted "yea."

Thursday, June 25, 1981:

Rollcall No. 103, by a vote of 380 to 12 the House approved the Journal of

Wednesday, June 24, 1981, I would have voted "yea."

Rollcall No. 104, by a vote of 210 to 217 the House failed to order the previous question on House Resolution 169, the rule under which the Omnibus Budget Reconciliation Act of 1981, H.R. 3982 was to be considered, I would have voted "yea."

Rollcall No. 105, by a vote of 219 to 208 the House agreed to order the previous question on the amendment offered by Mr. LATTA to House Resolution 169, in the nature of a substitute, which provided for 8 hours of general debate, 2 hours on the Broyhill amendment and 4 hours on the Latta amendment, I would have voted "nay."

Rollcall No. 106, by a vote of 216 to 212 the House agreed to an amendment in the nature of a substitute to House Resolution 169, for the consideration of budget reconciliation, I would have voted "nay."

Rollcall No. 107, by a vote of 214 to 208 the House agreed to House Resolution 169, the rule under which the budget reconciliation bill, H.R. 3982 was considered, I would have voted "nay."

Friday, June 26, 1981:

Rollcall No. 108, by a vote of 346 to 37 the House approved the Journal of Thursday, June 25, 1981, I would have voted "yea."

Rollcall No. 109, by a vote of 316 to 84 the House resolved itself into the Committee of the Whole for further consideration of H.R. 3982, the budget reconciliation bill, I would have voted "yea."

Rollcall No. 110, by a vote of 412 to 4 the House agreed to the conference report on H.R. 3520, to amend the Clean Air Act to provide compliance date extensions for steelmaking facilities on a case-by-case basis, I would have voted "yea."

Rollcall No. 111, by a vote of 217 to 211 the House agreed to amendments en bloc to H.R. 3982, by Mr. LATTA, I would have voted "nay."

Rollcall No. 112, by a vote of 215 to 212 the House agreed to order the previous question on a motion to recommit H.R. 3982 to the Committee on the Budget with instructions to report it back forthwith containing an amendment to provide for semiannual cost-of-living adjustments for Federal employees, I would have voted "nay."

Rollcall No. 113, by a vote of 232 to 193 the House passed H.R. 3982, the budget reconciliation bill, I would have voted "nay."

Rollcall No. 114, by a vote of 187 to 150 the House agreed to table a motion to reconsider H.R. 3982, I would have voted "nay."

INNOVATIVE TUITION FINANCING BY WILKES COLLEGE IN PENNSYLVANIA

(Mr. NELLIGAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. NELLIGAN. Mr. Speaker, in light of our efforts to control Federal spending through substantive cuts and changes in eligibility criteria for Federal assistance, there has been much concern expressed over the continued availability of funds for tuition costs.

I wish to call to the attention of this body, the willingness of Wilkes College in Wilkes-Barre, Pa., to answer the financial needs of their students. Wilkes College has developed an installment payment plan for their students which is interest free. This proves to me that with some creative thought and initiative there are ways to achieve Federal spending cuts without students being denied access to funds for higher education.

The installment payment program of Wilkes College is innovative and should serve as a model for other institutions. I wish to insert in the RECORD at this point information on the plan for the benefit of my colleagues and their colleges and universities.

WILKES COLLEGE TUITION INSTALLMENT PAYMENT PLAN

A CONVENIENT WAY TO FINANCE AN EDUCATION

DEAR PARENTS: Wilkes College is keenly aware of the financial pressures that are beset upon parents of college students. However, like you, we do not feel that a college education should be compromised because of financial barriers.

In an effort to make it easier for you to finance your son or daughter's education at Wilkes, we offer to you an innovative payment program which will allow you to spread your payments over the course of an 11-month period. The Installment Payment Program (IPP) is explained fully below and includes a sample payment schedule for your review.

We are pleased to be able to provide this new service to you and we sincerely hope that you will find it useful and convenient.

If you would like to be considered for the IPP, return the attached card and a check for $35.

Sincerely,

JOSEPH J. CHISARICK,
Comptroller.

ELIGIBILITY

Ordinarily, parents of any Wilkes undergraduate student are eligible if their combined annual income is $15,000 or more. Parents who have a combined annual gross income of less than $15,000 should consult the Director of Financial Aid for other sources of financial aid. It is advised that the student make sure that all other sources of financial aid have been exhausted before applying for the IPP. Independent graduate and undergraduate students should consult the Assistant Comptroller for special permission to participate in the plan.

The amount financed through the plan is determined by the parents and student, and is subject to the following conditions:

(1) The amount must be greater than $1,000 and must be rounded to an even hundred (100) dollars; and

(2) The maximum amount which can be financed annually is the parents' contribution as determined by the Financial Aid Office, or $5,000.

The following table illustrates typical monthly payment schedules:

	Monthly payment
Cash price advance:	
$1,000	$90.91
1,500	136.36
2,000	181.82
2,500	227.27
3,000	272.73
3,500	318.18
4,000	363.64
4,500	409.09
5,000	454.55

SCHEDULE OF PAYMENTS

The first monthly payment will be due July 1 and subsequent payments will be due on the first day of each month thereafter. The plan will extend over a 11-month period, with the first payment due July 1 and the final payment due May 1.

OPTIONAL PAYMENTS

Additional optional payments over the basic schedule may be made at any time.

FEES

Although no finance charge will be assessed on the IPP, an application fee of $35 must accompany your application form. An additional fee of $15 will be assessed for early withdrawal from the plan.

RETAIL INSTALLMENT CONTRACT

The parent(s) will be required to sign a Retail Installment Contract providing for the purchase of the educational services involved. Parents may discontinue the plan at any time providing that the portion of the obligation then outstanding is repaid and the early withdrawal fee is paid.

PAYMENT COUPONS

Parent(s) will receive a book of dated coupons to identify each payment. Each monthly payment, along with the appropriate coupon, should be sent to the Comptroller's Office, Wilkes College, in the postage-paid envelope enclosed with the coupon book. A fee of $5 will be charged for a replacement coupon book.

SEMESTER BILL PAYMENTS

Payments made through the IPP will be credited to the student's account twice a year; once in September and once in January.

DELINQUENT PAYMENTS

A late charge of $5 will be charged on any monthly payment in default for a period of 10 days or more. If any payment is delinquent for 60 days or more, the entire unpaid balance of the IPP account may be declared immediately due and payable. If a check is returned by the bank for insufficient funds, a $10 processing fee will be charged in addition to the above late charge of $5.

APPLICATION DEADLINE

Parent(s) are urged to apply by June 15. If you have not received your financial aid package by this time, you may request an early decision from the Financial Aid Office by calling (717) 824-4651, Extension 420, 421. Parents may still participate after that time by making payment(s) sufficient to catch up to the regular payment schedule.

APPLICATION PROCEDURE

Complete the application form in this brochure and return it to the Comptroller's Office with the $35 application fee. If the application is approved, you will receive a completed Retail Installment Contract in the mail. Read the contract carefully; sign where indicated and return it to Wilkes with your first payment. We will send you a coupon payment book for each of your remaining ten payments.

HOW TO CALCULATE AMOUNT NEEDED THROUGH IPP

(1) Estimate the total annual bill for student's school year.

Tuition	$4,200	$.....
Activity fee	50	.....
Accident insurance	32	.....
Room and board	1,050	.....
Dorm damage deposit	50	.....
Total estimated expenses		.....

(2) Estimate the resources that will be available to pay that bill.

(a) Scholarships	$.....	$.....
PHEAA		.....
BEOG		.....
Wilkes		.....
Other		.....
(b) Student loans		.....
NDSL		.....
Nursing		.....
SGL		.....
Gulf Oil		.....
(c) Parents' contribution		.....
(d) Total estimated resources		.....

(3) Determine the amount of credit desired for the year through IPP. (This amount cannot exceed the difference between charges billed and estimated financial aid.) If the amount of credit requested is in excess of actual adjusted expenses, the amount of credit granted under IPP will be reduced accordingly.

(4) File the application request. The application is due by June 15. If you have not received your financial aid award by this time, you may request an early decision from the Financial Aid Office by calling (717) 824-4651, Extension 420, 421.

ADDITIONAL INFORMATION

For additional information about IPP, you may write to or call Mrs. Karen Campbell, Assistant Comptroller, at (717) 824-4651, Extension 423.

A CONTINUED FIGHT FOR BIG SOUTH FORK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kentucky (Mr. ROGERS) is recognized for 10 minutes.

● Mr. ROGERS. Mr. Speaker, I rise today to voice my strong opposition to the action taken by the Appropriations Committee this morning, when reported out a bill which eliminated all funding for the Big South Fork National River and Recreation Area project.

Since my arrival in Congress I have been fighting for the very survival of Big South Fork. I have lobbied the administration. I have testified before the Appropriation Committee's Subcommittee on Water and Development. I have met with Governor Brown of my great State of Kentucky, Kentucky Secretary of Transportation Frank Metts, Col. Lee Tucker of the Nashville Corps of Engineers, representatives of the National Park Service, and representatives of McCreary, Pulaski, and Wayne Counties, to support the development of Big South Fork.

And on every occasion, my message has been firm: Big South Fork is essential to the development of this portion of my district. This project is not to be characterized as mere recreation—it is an enterprise essential to southeastern Kentucky.

It is expected to attract more than 1 million visitors to the area each year—mainly to Wayne, McCreary, and Pulaski Counties, as well as to the park area in adjoining Tennessee. These counties are chronically depressed, and this project can bring unprecedented economic development.

County and city governments are already preparing. In addition, the State is contemplating the construction of a major access road to the park from I-75. My constituents are fulfilling their end of this longstanding agreement with the Government.

Continued Federal support will encourage these local endeavors and will provide the necessary stimulus for the private development of the tourist industry which will enable this region to help itself.

Big South Fork has the potential to be the Yellowstone Park of the East, providing a tremendous economic boost and a great number of jobs to the area, so our people will not have to leave the State looking for jobs.

All of these facts lead us to one conclusion. Mr. Speaker, this project is far too important to the well-being of the people in the Fifth District of Kentucky for this to become cheap merchandise in political bartering.

This is not just another innocuous park to the people of McCreary, Wayne, and Pulaski Counties: It is an economic tool whereby they are working to provide needed jobs and development in our area.

We have worked too hard for too long for this project for us to just watch it be casually bartered today. The administration has requested $9.9 million to fund Big South Fork. I urge my colleagues to work with me in restoring the administration's request when the energy and water appropriations bill comes before the House.

LEGISLATION CLARIFYING CUSTOMS LAW PROVISION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. FRENZEL) is recognized for 20 minutes.

● Mr. FRENZEL. Mr. Speaker, today I have introduced H.R. 4134, which attempts to clarify a probable inequity in customs law, which I do not believe was intended, that has resulted from a recent ruling by the Customs Service.

The ruling states that courier services may file informal or formal customs entries in their own name and therefore become a nominal consignee eligible to make entries on behalf of others by showing a carrier's certificate or duplicate bill of lading for merchandise about to be entered into this country. At the same time, customs law states that informal or formal customs business can only be transacted by a licensed broker—unless a person enters his own merchandise. Under the new ruling, it may be possible for nearly anyone to provide broker services as a consignee, but without becoming licensed, merely by showing an easily obtained piece of paper to customs officials. While the ruling appears in this instance to refer only to courier services as nominal consignees, I believe it could easily be extended to other unlicensed broker services such as banks, ships, railroads and freight forwarders, and perhaps others as well.

As a result of the ruling, our current system of providing customs clearance by reputable, licensed customs brokers would be eroded. Entries by licensed brokers are far more likely to be lawful entries. Under the new system, customs would have to inspect a far greater percentage of entries than it currently has the capability to handle, and it would be more difficult to keep drugs, criminals and other illegal materials out of this country.

My bill amends the Tariff Act of 1930 so that a nominal consignee cannot misuse his technical status as consignee to enter merchandise in his own name. Since this would appear to affect courier services when entering time-sensitive business materials, the bill also adds "time-sensitive correspondence" to the list of materials which are defined as "intangibles" requiring no entry procedure through customs. In this respect, much of the business documents that courier services bring into this country would be facilitated by avoiding normal customs entry inspections. On the other hand, couriers would not be allowed to make informal or formal entries, which they were never intended to handle, on behalf of others without a brokers license.

Finally, the bill specifies that carriers cannot knowingly certify an unlicensed party as owner or consignee or agent in order that such party could conduct customs business on behalf of another with no requirement to become qualified in customs procedures. This would further prohibit individuals other than licensed brokers from making formal or informal customs entries merely by being designated consignee.●

□ 1750

HEARINGS TO BE HELD ON INCARCERATION OF JAPANESE AMERICANS UNDER EXECUTIVE ORDER 9066

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DYMALLY) is recognized for 5 minutes.

Mr. DYMALLY. Mr. Speaker, I wish to share with you and my colleagues testimony presented today before the Commission on Wartime Relocation and Internment of Civilians:

Madam Chairwoman, members of the Commission on Wartime Relocation and Internment of Civilians, and my distinguished colleagues, my name is Mervyn M. Dymally. I represent the 31st Congressional District of California, including Gardena, where more Japanese Americans reside than in any other city in the continental United States.

Today marks the beginning of an historical event. It is an event which many of us who are concerned with justice and the protection of civil rights are carefully scrutinizing. For today, this distinguished Commission will begin to hear testimony from individuals whose lives were directly effected by the bombing of Pearl Harbor and the implementation of Executive Order 9066.

It is certain that in the next 2 days of hearings in Washington, D.C., and the subsequent ones scheduled across the Nation, much factual information and many statistics will be presented. You will have the opportunity to review official documents related to the incarceration of the Japanese Americans. You will hear testimony from those who experienced personal tragedies and the loss of loved ones. You will meet some of those responsible for administering the uprooting of approximately 110,000 Japanese Americans from their homes and their assignment to "relocation camps." You will be given first-hand accounts of the suffering and hardship endured by our fellow Americans of Japanese descent. You will learn what it was like to be forced to remain within the confines of guarded, barb-wired grounds and to live under the constant surveillance of others who suspected you as the enemy. You will be reminded of how the Japanese Americans struggled to emerge from their oppressed and impoverished state. You will find that the impact of the war was so great that many Nikkei—those of Japanese descent—make a distinction in their lives of "before the war" and "after the war." You sit in a unique position, for you will watch history unfold before your eyes.

Although I am familiar with this matter, I claim no expertise in the details. One observation I do want to make, however, is that if we were to wait another 6 months, America could once again quietly ignore another anniversary of this tragic event. This should not surprise anyone, for up until now, we have somehow been able to successfully diminish the importance of this February 19, 1942, document. We have accepted the events as if we are sufficiently satisfied with the Government's justifications and explanations for these illegal acts. And at the same time, we have managed to mute the cries of those who have sought to expose the injustices imposed.

In other countries, many of those who were responsible for war crimes have stood trial and been punished by prison or death sentences. Yet through the years, despite the uncovering of reports, memoranda, and statements that discredit the notion that the Japanese Americans were disloyal and dangerous, the Government has allowed this belief to be perpetuated. It has done so by taking an unassuming posture. It has found ways to avoid addressing the real issue at hand: Whether or not the Government can justifiably deny the inalienable rights that the Constitution guarantees to everyone.

The Supreme Court has skirted the issue by discussing compliance with curfews and Executive orders, without looking at the constitutionality of this matter. It has also fallen into the trap of playing the game of semantics—of trying to determine whether the Japanese Americans were interned, incarcerated, or imprisoned in relocation centers or concentration camps. The fact of the matter is that many of the Nikkei put in these camps were American citizens and, in spite of the treatment accorded them, chose to fight side by side with their fellow countrymen.

All these points should not be taken lightly. We should not be so naive as to think we are incapable of committing a similar crime today. Just recently we had an opportunity to see a glimpse of our shortcomings when the Iranians held our 52 Americans hostage. It was suggested more than once that we round up the Iranians in the United States. As you can see, we have not progressed as far as we would like to believe.

It is for these very concerns that I come before this distinguished body today to convey my hopes and wishes that this Commission will not restrict itself to the limited and narrow scope of your predecessors. I urge you to actively seek the truth of this bleak period in our history, to take it upon yourselves to accurately report the truth, and more importantly, to have the courage to take the appropriate action to seek remedies in order to rectify the situation. This will undoubtedly be the most difficult task that you must seek to achieve as members of the Redress Commission. By sitting on this Commission, you have the unique opportunity to change the course of history. All eyes will be watching to see that your final recommendations are appropriate, compassionate, and fair.

Thank you for affording me this time. Chairwoman Bernstein, may I make one request? At the request of my constituents of the 31st District, in particular those of the City of Gardena, may I suggest that at least one night hearing be held in the City of Gardena so that these citizens can actively participate in these hearings?

Thank you once again.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kentucky (Mr. MAZZOLI) is recognized for 5 minutes.

● Mr. MAZZOLI. Mr. Speaker, due to responsibilities in my district, I was absent on Friday, July 10, 1981.

Had I been present, I would have voted:

"Yea" on rollcall No. 123, on agreeing to resolve into the Committee of the Whole;

"Aye" on rollcall No. 124, the Government Operations Committee amendment to the Department of Defense authorization bill which sought to strike language in the bill which permits the Defense Department to procure research by grants where contracts are required under current law;

"Yea" on rollcall No. 125, House Resolution 171, the rule waiving certain points of order against H.R. 4034, the Department of Housing and Urban Development appropriations bill; and

"Yea" on rollcall No. 126, on agreeing to resolve into the Committee of the Whole.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. NELSON) is recognized for 5 minutes.

● Mr. NELSON. Mr. Speaker, I was not present during rollcalls 115 through 126 on July 8, 9, and 10. Had I been present, I would have voted as follows:

"Yes" on rollcall No. 115, to resolve the House into the Committee of the Whole on July 8 for consideration of H.R. 3519, to authorize funds for the Department of Defense;

"Yes" on rollcall No. 116, to resolve the House into the Committee of the Whole on July 9 for consideration of H.R. 3519, to authorize funds for the Department of Defense;

"No" on rollcall No. 117, the Simon amendment to the Hansen amendment to prohibit the expenditure of funds in the bill for the MX missile system until both Houses of Congress had adopted resolutions approving the MX missile system selected by the President;

"Yes" on rollcall No. 118, the motion to end debate on the amendment to delete $2.4 billion for development of the MX missile system;

"No" on rollcall No. 119, on the amendment to delete $2.4 billion for development of the MX missile system;

"No" on rollcall No. 120, on the amendment to make funds specified in the bill for the B-1 bomber available also for research and development of an advanced technology bomber;

"No" on rollcall No. 121, on the amendment to require that the Defense Department reduce the number of civilian employees in grades GS-13 to GS-18;

"Yes" on rollcall No. 122, on approval of the Journal of July 10 1981;

"Yes" on rollcall No. 123, on the motion to resolve the House into the Committee of the Whole on July 10 for consideration of H.R. 3519, to authorize funds for the Department of Defense;

"No" on rollcall No. 124, on the amendment that sought to strike language which would permit the Defense Department to procure research

by grants where contracts would be required under current law;

"Yes" on rollcall No. 125, approving the rule providing for consideration of H.R. 4034, making appropriations for the Department of Housing and Urban Development; and

"Yes" on rollcall No. 126, to resolve the House into the Committee of the Whole for consideration of H.R. 4034, making appropriations for the Department of Housing and Urban Development.●

SOVIET ENERGY CHALLENGE TO THE WEST, II

(Mr. LONG of Louisiana asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. LONG of Louisiana. Mr. Speaker, In my CONGRESSIONAL RECORD insert for July 10, 1981, I stressed the importance of adopting a flexible U.S. policy based on a range of possible Soviet energy production in the 1980's. I also highlighted the need to focus congressional attention on the proposed Soviet natural gas pipeline. To obtain insights into the Reagan administration's view on this project, I sent identical letters to the Secretaries of State, Treasury, Commerce, and Energy. My letter and their responses are appended. The respondents indicated they were engaged in an interagency review of the subjects and that they had coordinated their responses. I appreciate the objectivity and responsiveness of these agencies and the detail with which they replied. They tend to substantiate the analysis in our recent study, "Energy in Soviet Policy," partially reproduced in my earlier RECORD submission.

Several points from the Reagan administration responses should be highlighted:

First, the incremental energy is of very considerable importance to West Europe, as are the orders for energy equipment; and

Second, the new gas pipeline will be critical to Soviet energy supply plans and hard-currency earnings. Hence, it could represent a useful tool in U.S. diplomacy.

Thus, as noted in our committee report, the economic health of both East and West Europe may be significantly influenced by the completion of the pipeline.

However, as was also noted, the pipeline will increase the degree of energy dependence of our major allies in Europe. The gas lever in the hands of Moscow may be more effective on short-run foreign policy matters than the technology and credit lever of the West Europeans. What this calls for is a clarification of these complex issues and a thoughtful dialog with our European allies. Certainly we should be prepared to work toward a common policy at the Ottawa summit meeting in July.

We also asked the Reagan administration officials to comment on the Carter administration's policy on the use of export controls for foreign policy purposes as summarized in the letter from Secretary Klutznick to Speaker O'NEILL on December 31, 1980. In this report the Carter administration noted that the sale of energy equipment "continues to provide a flexible foreign policy tool to be used, when necessary and appropriate, to sensitize the Soviets regarding actions that are damaging to the U.S. foreign policy interests." Unfortunately, judging from their responses, the Reagan assessment of the Carter policy is not clear. It would be useful to review the Carter policy on energy-equipment sales to the U.S.S.R. and to assess its effectiveness and appropriateness for application to current issues—including the financing of the Yamburg natural gasline financing.

To facilitate further formulation of U.S. policy on the Yamburg pipeline, I am inserting a copy of my initial letter to Secretaries Haig, Regan, Baldrige, and Edwards, and a copy of Secretary Klutznik's report on export controls to Speaker O'NEILL.

WASHINGTON, D.C., *April 24, 1981.*

Hon. JAMES B. EDWARDS,
Secretary of Energy, Department of Energy, Washington, D.C.

DEAR MR. SECRETARY: The financing and construction of a massive new Soviet natural gas pipeline from the Yamburg gas field in the region in Siberia to West Europe appears to raise both foreign policy and international financial concerns for the United States. May I commend you for the early attention you seem to be giving to the economic aspects of East-West relations. As the development of this pipeline may have significant effect on our relations with the Soviet Union, the global energy balance, our allied relations, and our global posture, permit me to ask several specific questions:

1. What are the likely financial dimensions of the project? Who will provide the credit and at what terms? Will the Soviet Union continue to be a credit-worthy borrower? Would Soviet borrowing for the project dry up government and commercial credit markets in Europe and drive up interest rates? How will the rise of the Soviet debt be affected?

2. Congress opposed a somewhat similar arrangement (Project North Star) involving Siberian gas in 1974. We were correct then. Should we oppose the Yamburg project now? If we do oppose the Yamburg pipeline, how might we influence our allies to accept our judgment?

3. How many of the countries of West Europe would receive Soviet gas from the pipelines? What would be the specific allocation? Would France, the FRG, Austria and other countries become dependent on Soviet gas, in effect, energy hostages to Soviet policy? What would be the effect to Europe of not obtaining the Soviet gas? If there were a total Soviet shutoff, what reserves could be effectively drawn on to keep up European economic activity? What precautions can the U.S. realistically press the Europeans to take in case of a Soviet gas cutoff?

4. How would the incremental gas income affect Soviet hard-currency trade? What would the hard-currency balance of payment effect be at the completion of the project?

5. How much pipeline business can be expected to flow to individual European economies and specific European industries? What would be the economic impact of cancelling the Yamburg pipeline project? Would the threat to terminate orders be an effective lever in Soviet European policy?

6. The U.S. has led efforts to keep international credits at market dictated levels. Should we attempt to persuade the West Europeans, Japanese or others from providing lower than market interest rates on loans associated with the Yamburg project? The determination of the Export-Import Bank to meet subsidized foreign export credits can work to limit the use of export subsidies by our major trading partners. Will the proposed fiscal year 1982 Export-Import Bank funding levels allow the banks to offset the subsidized credit of our competitors?

7. What orders have come or might come to U.S. companies? What should the overall policy be for U.S. banks and businesses that want to become involved in the Yamburg project?

8. How dependent is the USSR on imports of Western technology to meet their plans? To what extent will hard-currency from gas sales represent a critical margin for the USSR? Secretary Klutznick in his letter to Speaker O'Neill of December 31, 1980, indicated that energy-equipment licensing was a "flexible foreign policy tool" for the United States. Would this be your view of sales of energy equipment to the USSR?

I would very much appreciate your earliest attention to these questions.

With warmest personal regards, I remain,

Sincerely,

GILLIS W. LONG,
Member of Congress.

THE SECRETARY OF ENERGY,
Washington, June 8, 1981.

Hon. GILLIS W. LONG,
House of Representatives, Washington, D.C.

DEAR MR. LONG: Thank you for your recent letter regarding Soviet energy development and East-West relations. It is my understanding that the same questions have also been posed to the Departments of State, Treasury and Commerce. As these other agencies will be addressing those questions which relate directly to their expertise, I shall focus my comments on questions 3 and 4.

The West German utility, Ruhrgas, is the principal negotiator on behalf of the European companies who are seeking to purchase West Siberian pipeline gas. The major potential consumers of this gas include utilities from West Germany, France, Italy, Austria, Belgium and the Netherlands. Should this pipeline be completed, the USSR could eventually be able to increase gas deliveries by at least 4 billion cubic feet/day (bdf/d) over present deliveries of about 2.2 bcf/d. European dependence on Soviet gas would increase to about 20 percent of total gas use and about 5 percent of total energy use. Negotiations regarding gas deliveries, equipment contracts for foreign firms, and overall financing are still in progress.

Many Europeans consider Soviet gas as an important incremental energy supply that can serve to reduce dependence on Middle East oil and offset declines in indigenous gas production and Dutch gas exports. However, there are also concerns regarding potential dependence on Soviet supplies. In this regard, we have suggested to our European allies that they improve their emergency management capabilities to cope with any prospective gas supply interruption. Specifically, we have suggested that dual-fired capabilities be developed in the industrial sector in order to facilitate a switch to alternate petroleum fuels, should they become necessary. We have also suggested that the Europeans develop a strategic gas storage capacity and reserve gas production capabilities, where feasible, in order to compensate for any supply interruption.

It should be pointed out that these emergency management capabilities would not only be useful to hedge against Soviet gas supply interruptions but would also be greatly beneficial to Europe in dealing with potential gas interruptions from OPEC gas suppliers.

In 1980, the USSR earned about $14.5 billion from oil sales to the West. This sum accounted for about half of its hard currency receipts. By 1985–86, it is possible that this oil revenue will be eliminated due to the peaking and decline of Soviet oil production, increasing domestic and Soviet Bloc consumption requirements and the consequent phasing out of exports. The USSR is seeking to replace this oil income by increasing gas sales to the West.

The specific amount of hard currency that the USSR would earn from gas sales to the West depends on the capacity of the pipeline as well as the price of gas in the late 1980's. However, if the pipeline is completed, it is reasonable to assume that the USSR will at least be able to replace its lost hard currency earnings from oil sales to the West. Under this scenario, the USSR will remain in a strong financial position to continue making major purchases in Western markets.

Sincerely,

JAMES B. EDWARDS.

DEPARTMENT OF STATE,
Washington, D.C., May 12, 1981.

Hon. GILLIS W. LONG,
House of Representatives.

DEAR MR. LONG: Secretary Haig has asked me to reply to your letter of April 24 concerning the proposed Soviet-West European Gas Pipeline project.

To date, the project still remains very much in the planning stage. The Soviets have not yet decided upon the scope or other technical aspects of the proposed project; nor have the interested West European countries undertaken any firm contractual commitments.

As your letter recognizes, however, should the project proceed toward implementation, there are a number of important political, strategic and financial issues that arise—many of which you have noted. Please be assured that this Administration is deeply concerned about these questions and is undertaking a thorough study of all the implications of the pipeline project relative to East-West relations and, in particular, Western energy security.

Since the questions you proposed are comprehensive, I would ask you to accept this letter as an interim response. A detailed reply to each of the issues you have addressed will follow shortly.

Thank you for your inquiry.

Sincerely,

RICHARD FAIRBANKS,
Assistant Secretary for Congressional Relations.

DEPARTMENT OF STATE,
Washington, D.C., June 10, 1981.

Hon. GILLIS W. LONG,
House of Representatives,
Washington, D.C.

DEAR MR. LONG: Pursuant to my reply of May 12, I am writing to provide a more detailed response to your letter of April 24 regarding the proposed Soviet-Western European gas pipeline. I understand that you posed identical sets of questions to the Departments of Energy, Commerce and Treasury. The State Department has conferred with each of those agencies in preparing our response to your questions.

Let me note from the outset that the Administration is currently reviewing U.S. policy toward the proposed pipeline within the context of more general East-West economic and security issues. As the breadth and depth of your inquiries indicate, the pipeline is a particularly complicated issue. The Administration's strategy for dealing with the pipeline will bear upon a number of important policy areas including international energy policy, U.S.-European relations, U.S. trade policy, and U.S.-Soviet relations. The final determination of the Administration's position will require the accommodation of several policy objectives, and will certainly be decided by the most senior officials.

In recent months, we have conferred with our European allies regarding the pipeline and East-West energy-related trade. We have indicated our concerns regarding the pipeline, as originally conceived, and possible European dependence on Soviet gas attendant to an expansion of Soviet-Western European energy relationships.

Although many European leaders support the pipeline in principle, they too have expressed concern about their potential dependence on Soviet energy supplies and have noted the slow pace at which technical, commercial and financial details of the project are being developed. We have begun to explore with the Europeans alternative sources of natural gas which might replace or supplement the proposed Soviet sales, and have recommended that they improve their emergency management capabilities to cope with gas supply interruptions. We have also suggested that the Europeans develop strategic gas storage, production and distribution capabilities. These emergency management measures would limit the effects of supply interruptions of any imported gas, and would reduce the political leverage that might otherwise be associated with East-West energy trade. In addition, we have recommended that the Europeans limit use of Soviet gas to the industrial sector and that they establish industrial dual fire capability to facilitate use of alternate fuels in the event of interrupted gas supply.

Let me now address some of the more specific questions that you raised in your letter to Secretary Haig.

The Soviets will seek substantial hard currency financing to pay for the imports necessary to construct the pipeline. We estimate that the import bill for the project will run upwards of $10 billion. European and Soviet financial leaders have been meeting to negotiate loan terms, but the talks are stalled. While the Soviets seek generous concessions of financing, Western financiers seek to structure a financial package which reflects recent commercial interest rate increases. We have counseled our allies that it would be inappropriate to offer concessionary financial terms.

Interest and amortization payments would be covered by the pipeline's hard currency earnings. Although the project would initially increase total Soviet debt, it probably would not adversely affect, and could even bolster, the Soviet economy and credit-worthiness over the longer term. Although the price tag on this single project is high, it is unlikely to affect Western money markets or interest rates.

Ruhrgas, a West German utility, is the leading European negotiator on operating terms. The other principal prospective customers are utilities in France, Italy, Austria, Belgium and the Netherlands. If the pipeline is built and operated successfully, the USSR could increase gas deliveries to Western Europe by 2.3–6.5 billion cubic feet/day (bcf/d) over their present 2.2 bcf/d deliveries. If that full potential were realized, European dependence on Soviet gas might increase to 20 percent of total gas consumption and 5 percent of total energy consumption. Of course total European gas consumption and the amount purchased from the USSR would depend heavily on general energy developments and the relative price of Soviet gas compared to those of competing gas sources.

Our European allies would expect to provide much of the technology and equipment required for the pipeline. The dollar value of these sales, as previously cited, would exceed $10 billion. The Soviets are likely to purchase wide-diameter pipe, compressor station equipment, and construction equipment to lay the pipline and to develop their natural gas fields. In addition to the six aforementioned European countries, the United Kingdom and Japan have been approached by the Soviets and are exploring opportunities to sell equipment.

A Western threat to terminate orders for the pipeline cannot be viewed solely as a possible lever for influencing Soviet policy towards Europe. Both the Soviets and the Western Europeans have their own reasons for desiring the construction of the pipeline. The leverage of cancellation would cut both ways.

For the Soviets, the pipeline would earn hard currency and replace foreign-exchange earnings from current oil exports, which are expected to decline appreciably by the end of the decade. The hard currency gained from the pipeline could pay for Western imports.

As for the Western Europeans, the loss of prospective contracts would significantly affect European pipe and compressor station manufacturers. These industries already depend on exports, and key manufacturers are operating at reduced capacity. In addition, the Europeans would be forced to negotiate alternate energy sources in order to continue to reduce their dependence on OPEC suppliers. They tend to view some alternative suppliers as less reliable than the Soviet Union.

U.S. firms could also gain from construction of the pipeline. In the past, our companies have successfully exported a wide-range of oil/gas equipment to the Soviet Union, and are particularly competitive in offering earth-moving equipment, mobile cranes, pipelayers, pipe wrap, compressor stations, and gas field equipment. In contrast to their Western European competitors however, U.S. firms would not be able to depend on

government-backed export financing since under the provisions of the Trade Act of 1974, the Soviet Union is not eligible to receive Export-Import Bank financing.

Of course, significant U.S. exports for the pipeline project would require Government authorization. The Administration is currently reviewing our export licensing policy and is devoting special attention to the question of energy related exports.

The Soviets are not likely to meet their overall gas production goals without importing Western technology and equipment. Western technology played a crucial role in the development of Soviet oil/gas during the 1970's and could play an even more important role in the future as the Soviets begin to exploit more marginal and distant energy sources.

Furthermore, the Soviets are likely to depend on imports to make up shortfalls in their domestic production of oil/gas equipment.

I trust that this information provides you sufficient background on the proposed pipeline.

Sincerely,

RICHARD FAIRBANKS,
Assistant Secretary for Congressional Relations.

DEPARTMENT OF THE TREASURY,
Washington, D.C., May 28, 1981.

Hon. GILLIS W. LONG,
House of Representatives,
Washington, D.C.

DEAR MR. LONG: Your April 24, 1981 letter to Secretary Regan asking a number of questions about the proposed West Siberian pipeline has been referred to me for reply. I have been advised that you also raised the same questions with the Departments of Commerce, Energy and State. As those Departments have agreed to respond to the questions that directly relate to their areas of responsibility I shall confine my response to questions 1 and 6 which are directed towards the financial aspects of the proposed project.

The details of the project have not yet been decided and there is still considerable variation in the estimates of the ultimate project costs. The foreign currency costs of the pipeline will depend, in part, on whether the Soviets decide to build a single or a dual pipeline. Current estimates of the cost of building a dual pipeline range from $10-15 billion. A single pipeline would be about $2 billion less expensive. The six European countries that are expected to receive most of the gas (West Germany, France, Italy, the Netherlands, Belgium and Austria) along with Japan will probably provide the bulk of the financing for the project through official and officially backed credits. Agreements on the financing arrangements have not yet been reached.

Assuming that $15 billion is disbursed over a 4 or 5 year period the impact on both commercial bank loans and government credits would probably be to preempt some marginal foreign borrowers but there would be no significant effects on the credit market as a whole.

Foreign borrowing for the pipeline would increase the gross Soviet hard currency debt, from $17.2 billion at the end of 1979, to perhaps more than $30 billion. This increase in Soviet indebtedness should not affect its international credit standing because the project is self liquidating; the pipeline's hard currency earnings will more than cover the costs of the project within a very short period of time. The Soviet Union's external financial situation is quite strong. Its balance of payments surpluses on current account will probably continue—$3.9 billion in 1979 and about $2.0 billion annually from 1980 to 1982. It also has a large gold reserve estimated at 51 million troy ounces at the end of 1979, and annual production of about 10 million troy ounces.

In regard to your questions about international credit rate competition, the U.S. is still actively seeking to reach understandings with major exporting countries that interest rates on officially supported export credits will be substantially closer to market rates. These understandings will apply to transactions anywhere in the world including the Soviet Union. The Export-Import Bank of the United States supported this effort by selectively meeting the subsidized credit terms of those export credit agencies which have been unwilling to see major changes in the level of supported rates. However, the Bank cannot offer credit to the USSR, by virtue of Title IV of the Trade Expansion Act of 1974 prohibiting the extension of credits or credit guarantees to countries that take certain acts to restrict emigration.

I hope this answers the financial questions raised in your letter.

Sincerely,

W. DENNIS THOMAS,
Assistant Secretary, Legislative Affairs.

THE SECRETARY OF COMMERCE,
Washington, D.C., June 16, 1981.

Hon. GILLIS W. LONG,
House of Representatives,
Washington, D.C.

DEAR MR. LONG: Thank you for your letter concerning the proposed Western European-U.S.S.R. natural gas pipeline project. I regret the delay in responding to you; but I understand our staffs have been in contact.

The Department of Commerce is participating in an interagency review of the U.S. position on this project along with the Departments of State, Energy, Treasury and Defense. We are also working with other agencies in formulating U.S. policy on exports of oil and gas equipment and technology to the Soviet Union. These discussions have not yet been completed. In the meantime, I will respond to your questions in an enclosure to this letter.

Sincerely,

MALCOLM BALDRIGE,
Secretary of Commerce.

Enclosure.

ANSWERS TO QUESTIONS POSED BY REPRESENTATIVE GILLIS W. LONG ON PROPOSED WESTERN EUROPE-U.S.S.R. GAS PIPELINE PROJECT

1. The cost of possible Soviet imports from the West for the project is estimated at between $10-$15 billion. The Soviets would have to make a similar domestic investment as well. Soviet purchases in the West would be financed largely by Western banks with payback in revenues from subsequent Soviet gas deliveries. West Germany, France, Italy, the Netherlands, Belgium and Austria have discussed financing arrangements with the U.S.S.R. in support of sales of equipment by their firms. Discussions have been reported of the following amounts: About $5 billion by West German banks, $3 billion by French banks, $2 billion by Dutch banks, and $1 billion by Belgian banks. Negotiations on the project have been at a standstill for several months, due largely to differences over the terms for financing. West German banks had agreed in principle to extend the approximately $5 billion at 7¾ percent interest, with a three-year grace period and payback over 10 years, but they withdrew the offer when commercial interest rates soared.

Borrowing to finance purchases for the project would significantly increase Soviet net debt to Western banks in the years prior to initiation of gas deliveries through the pipeline. The net debt of the Soviets currently totals about $9.1 billion. They would use between $10 and $15 billion in credits to make purchases for the pipeline. The hard currency earning potential of the project could be expected to reflect very favorably on assessments of Soviet creditworthiness.

2. In the Export-Import Bank Amendments of 1974, the Congress placed certain restrictions which effectively preclude the extension of credit to the Soviet Union in connection with the development of energy resources. During that period, American companies were discussing two projects with the Soviet Union that would have involved export of equipment for development of Soviet natural gas resources and long-term delivery of liquefied natural gas to the United States. For a number of reasons the parties to the discussions were unable to arrange adequate financing or obtain U.S. Government approval for importation of the gas, and the projects never came to fruition.

West Germany, France, Italy, and Austria have been importing significant volumes of gas from the Soviet Union since 1975. The West Europeans are already highly dependent on foreign sources of energy, many of whom they consider less reliable suppliers than the Soviet Union. Even were the West Europeans to be offered reliable and attractively priced alternative energy sources and perhaps direct assistance in obtaining alternative supplies, they might still be inclined to view Soviet gas as a useful additional source.

The Western Europeans have been developing trade with the Soviet Union since the 1950's for what they view as political benefits as well as economic advantages. In seeking to enhance their security, they see no alternative to attempting to develop a degree of stability in Europe. Perhaps because of the close proximity of the Soviet Union, they believe this effort must include an attempt to develop a certain amount of cooperation with the Soviet Union. They believe trade is an important stabilizing factor in East-West relations.

Among the factors which may influence West European attitudes toward the project and East-West trade in general are any drastic actions the Soviets may take toward other countries. For example, concern about the Polish situation already appears to have played a role in slowing negotiations on the project.

3. The major potential customers for the gas include West Germany, France, Italy, Austria, Belgium, and the Netherlands. Should the pipeline be completed, the U.S.S.R. would eventually be able to increase gas deliveries by 2.3-4.6 billion cubic feet/day (bcf/d) over present deliveries of about 2.2 bcf/d. European reliance on Soviet gas would increase to about 20% of total gas use and about 5% of total energy use.

The U.S. has recommended to our European allies that they enhance their capability to cope with any prospective gas supply interruption. Specifically, we have suggested that no Soviet gas be used in the residential sector and that dual-fired capabilities be developed in the industrial sector in order

to facilitate a switch to alternate fuels should that become necessary. We have also suggested that the Europeans increase gas storage capacity and reserve gas production capabilities. This would reduce vulnerability to potential Soviet leverage and would also be useful in dealing with potential gas interruptions from OPEC suppliers.

4. The project could make a major contribution to maintaining Soviet capacity for earning hard currency. We expect Soviet exports of oil to the West, which now account for about one-half of Soviet hard currency earnings, to approach zero by the middle 1980's. With deliveries through the pipeline, Soviet gas exports to Western Europe could equal the current level of Soviet oil exports to the West in terms of energy content. Assuming that world gas prices continue rapidly to approach the price of oil, earnings from gas sales could substantially replace current Soviet hard currency earnings from oil exports.

5. Western sales of equipment for the project are expected to total between $10 and $15 billion. Thirty-five to fifty percent of these sales would consist of large diameter pipe, while compressor station equipment would account for perhaps another 30-35 percent. There would also be extensive sales of other pipeline apparatus, earthmoving equipment, pipelayers, and gas field equipment. If the Soviets are to meet their 1985 target for expansion of natural gas production, they will also have to make additional purchases of Western equipment for their domestic pipeline projects.

Each of the West European countries considering participation in the project expects that its firms will make sales for the pipeline, and each has discussed financing arrangements with the Soviet Union in support of these sales. In terms of financing, the Soviets will probably have considerable flexibility in determining the volume of orders they will place in each country, for they are attempting to arrange lines of credit which taken all together could exceed the total value of purchases anticipated for the project. The size of the proposed financing packages mentioned earlier indicates the scope of sales anticipated by various countries. In addition to the West European participants, firms from the U.K. and Japan expect to compete for considerable sales with support from government-backed financing programs.

In the event the project does not go forward, Western suppliers will miss out on $10 to $15 billion in business. This would be a significant loss, particularly for European pipe and compressor station manufacturers who have to some extent depended on Soviet contracts in recent years. Some of these lost orders could be replaced by Soviet purchases for domestic gas pipeline construction. In the absence of gas deliveries from the proposed pipeline, the West Europeans would have to increase their efforts to get more gas from other suppliers, thus putting more pressure on world gas prices.

6. In 1978 twenty-two OECD countries adopted the "International Arrangement on Officially Supported Export Credits," which specifies a single set of minimum interest rates and maximum repayment terms. U.S. efforts to reduce the degree of government export credit subsidies by linking interest rates more closely to market rates, which have risen dramatically in many countries, have been unsuccessful. The U.S. is continuing its efforts to dissuade the Japanese and other OECD members from offering interest rates or repayment terms more favorable than the Arrangement guidelines for a project such as the proposed Western European-U.S.S.R. gas pipeline. Since Eximbank currently is precluded from providing any financing, including guarantees and insurance to the U.S.S.R., the level of Eximbank's 1982 budget authorizations would not affect American banks' ability to offset foreign subsidized credit.

7. The project is still in the negotiating stage. Contracts for purchase of Soviet gas by six or more countries and financing arrangements in perhaps eight countries for sale of equipment all remain to be worked out. The Western European countries discussing the project, as well as the British and Japanese, clearly intend to compete aggressively for project-related sales. Their firms are probably capable of supplying all the equipment required for the project.

U.S. firms have sold a wide range of equipment for Soviet gas pipelines in the past, and they may have opportunities for some sales for this project. In contrast to their Western European and Japanese competitors, American companies would not be able to utilize government-backed credit programs in competing for sales. In some cases they should be able to offer superior equipment and earlier delivery dates. American firms would be particularly competitive in offering earthmoving equipment, mobile cranes, pipelayers, pipe wrap, compressor stations, and gas field equipment.

Under current regulations, most exports for the pipeline would require a validated license issued by the Commerce Department. The Administration is currently reviewing its overall position on the pipeline project as well as its policy on export of oil and gas equipment and technology to the Soviet Union. In November 1980 the Commerce Department issued a validated license to Caterpillar Tractor Company for export of 200 pipelayers valued at about $79 million to the Soviet Union to be used on the proposed pipeline project. Caterpillar has subsequently informed us that negotiations on the sale of pipelayers for this project have been suspended. Meanwhile, the company has signed a contract to deliver pipelayers for other projects and has applied for an amendment to their export license.

8. Western equipment and technology played an important role in the expansion of Soviet gas production in the 1970's, and it will probably be even more important in the 1980's. Without Western equipment for construction of pipelines, the Soviets will not be able to achieve their production goal for gas for 1985. A portion of this plan is in turn based on the desire to increase export of natural gas to Western Europe to earn hard currency. Incremental gas production will grow at an unprecedented rate in the 1980's. It will be concentrated in northwest Siberia, creating a need for special arctic equipment and a vast new pipeline network to get the gas to consuming areas. Since Soviet equipment suppliers have not kept pace with gas production, the Soviets will need even more Western equipment than in the past, particularly wide diameter pipe, valves, and compressor stations, to step up the pace of pipeline construction. In the short run the proposed Western Europe-U.S.S.R. project would be a drain on Soviet labor and equipment resources. In the long run it would enhance the ability of the Soviets to exploit their gas resources.●

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. SMITH of Alabama) to revise and extend their remarks and include extraneous material:)

Mr. ROGERS, for 10 minutes, today.
Mr. FRENZEL, for 20 minutes, today.

(The following Members (at the request of Mr. MCCURDY) to revise and extend their remarks and include extraneous material:)

Mr. DYMALLY, for 5 minutes, today.
Mr. GONZALEZ, for 15 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. MAZZOLI, for 5 minutes, today.
Mr. NELSON, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. LONG of Louisiana, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $2,040.

(The following Members (at the request of Mr. SMITH of Alabama) and to include extraneous matter:)

Mr. CONTE.
Mr. HARTNETT.
Mr. SMITH of New Jersey.
Mr. WHITEHURST.
Mr. FORSYTHE.
Mr. BAILEY of Missouri.
Mr. GREEN.
Mr. DERWINSKI in two instances.
Mr. RHODES.
Mr. FIELDS.
Mr. PHILIP M. CRANE in two instances.

(The following Members (at the request of Mr. MCCURDY) and to include extraneous matter:)

Mr. ROE in two instances.
Ms. MIKULSKI.
Mr. MINETA.
Mr. STOKES.
Mr. ECKART.
Mr. MATSUI.
Mr. MAZZOLI.
Mr. FRANK in five instances.
Mr. HAMILTON in two instances.
Mr. RICHMOND.
Mr. BOLLING.
Mr. GUARINI in three instances.
Mr. PEASE.
Mrs. SCHROEDER in two instances.
Mr. MCDONALD in 10 instances.
Mr. BRODHEAD.
Mrs. CHISHOLM.
Mr. HUBBARD.
Mr. LEHMAN.
Mr. AUCOIN in two instances.
Mr. BONER of Tennessee.
Mr. MARKEY.
Mr. HARKIN.
Mr. WILLIAMS of Montana.

Mr. OTTINGER.
Mr. NOWAK.
Ms. OAKAR.
Mr. NELSON.
Mr. GRAY.
Mr. LUKEN.

ADJOURNMENT

Mr. McCURDY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 52 minutes p.m.) the House adjourned until tomorrow, Wednesday, July 15, 1981, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1790. A letter from the Assistant Secretary of Defense (Comptroller), transmitting notice of the proposed obligation of certain funds in the Defense Stock Fund for war reserve stocks, pursuant to section 734 of Public Law 96-527; to the Committee on Appropriations.

1791. A letter from the Secretary of the Army, transmitting notice of the recent discovery and disposal of suspected lethal chemical nerve agent munitions at Dugway Proving Ground, Utah, pursuant to section 409(b)(4) of Public Law 91-121 and section 506(d) of Public Law 91-441; to the Committee on Armed Services.

1792. A letter from the Assistant Secretary of the Army (Installations, Logistics and Financial Management), transmitting notice of the proposed conversion to contractor performance of the guard services activity at Fort Bliss, Tex., pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Services.

1793. A letter from the Assistant Secretary of the Army (Installations, Logistics and Financial Management), transmitting notice of the proposed conversion to contractor performance of the combined maintenance/motor vehicle operations activity at the U.S. Military Academy, West Point, N.Y., pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Services.

1794. A letter from the Assistant Secretary of the Navy (Shipbuilding and Logistics), transmitting notice of the proposed conversion to contractor performance of the food service attendant function at Lemoore Naval Air Station, Calif., pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Services.

1795. A letter from the Assistant Secretary of the Air Force (Research, Development and Logistics), transmitting notice of the proposed conversion to contractor performance of the military family housing maintenance and repair function at Pease Air Force Base, N.H., pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Services.

1796. A letter from the Deputy Assistant Secretary of Defense (Administration), transmitting notice that the Army intends to waive the requirement for the examination of records by the Comptroller General from a contract, pursuant to 10 U.S.C. 2313(c); to the Committee on Armed Services.

1797. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 4-57, "To amend the School Transit Fare Act of 1955," pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

1798. A letter from the Secretary of Transportation, transmitting the annual report on the Secretary's activities under the Emergency Rail Services Act of 1970, and an evaluation of the financial condition of railroads which have outstanding certificates guaranteed under the act, pursuant to section 10 of the act; to the Committee on Energy and Commerce.

1799. A letter from the Secretary of Transportation, transmitting the annual report for fiscal year 1980 on the financial condition and operations of the Railroad Rehabilitation and Improvement Fund and of the obligation guarantee fund, pursuant to section 515 of the Railroad Revitalization and Regulatory Reform Act of 1976; to the Committee on Energy and Commerce.

1800. A letter from the Secretary of Energy, transmitting the annual report on the State energy conservation program for calendar year 1980, pursuant to section 365(c) of the Energy Policy and Conservation Act; to the Committee on Energy and Commerce.

1801. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of a delay in the submission of the President's report on strengthening the Interagency Group on Human Rights and Foreign Assistance, requested by section 710 of the International Security and Development Cooperation Act of 1980; to the Committee on Foreign Affairs.

1802. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on Foreign Affairs.

1803. A letter from the Deputy Administrator of General Services, transmitting the fiscal year 1980 report on records disposition activities of the Federal Government, pursuant to 44 U.S.C. 3303a(f); to the Committee on Government Operations.

1804. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to amend the act of October 19, 1973, relating to the use or distribution of certain judgment funds awarded by the Indian Claims Commission or the Court of Claims; to the Committee on Interior and Insular Affairs.

1805. A letter from the Acting Assistant Administrator, Office of Coastal Zone Management, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting a proposed final rule to clarify the meaning of the term "directly affecting the coastal zone" in section 307(c)(1) of the Coastal Zone Management Act of 1972, as amended, pursuant to section 12 of Public Law 96-464; to the Committee on Merchant Marine and Fisheries.

1806. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a Corps of Engineers report on Mill Brook, Arlington, Mass., in response to a resolution of the House Committee on Public Works and Transportation adopted September 23, 1976; to the Committee on Public Works and Transportation.

1807. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a Corps of Engineers report on the Delaware Bay Shore, N.J., in response to a resolution of the House Committee on Public Works adopted June 14, 1972; to the Committee on Public Works and Transportation.

1808. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a draft of proposed legislation to amend the National Cemeteries Act of 1973, to rescind the requirement that the superintendent positions of national cemeteries under the jurisdiction of the Secretary of the Army be limited to disabled veterans, and for other purposes; to the Committee on Veterans' Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FROST: Committee on Rules. House Resolution 178. Resolution waiving certain points of order against H.R. 4119 making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1982, and for other purposes (Rept. No. 97-175). Referred to the House Calendar.

Mr. BEILENSON: Committee on Rules. House Resolution 179. Resolution waiving certain points of order against H.R. 4120 making appropriations for the legislative branch for the fiscal year ending September 30, 1982, and for other purposes (Rept. No. 97-176). Referred to the House Calendar.

Mr. BEVILL: Committee on Appropriations. H.R. 4144. A bill making appropriations for energy and water development for the fiscal year ending September 30, 1982, and for other purposes. (Rept. No. 97-177). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ERLENBORN (for himself, Mr. ATKINSON, Mr. BAILEY of Missouri, Mr. BUTLER, and Mr. LANTOS):

H.R. 4133. A bill to provide for improved financial management and audit of Federal assistance programs; to the Committee on Government Operations.

By Mr. FRENZEL:

H.R. 4134. A bill to amend the Tariff Act of 1930 to prohibit the transaction of customs business by nominal consignees, and for other purposes; to the Committee on Ways and Means.

By Mr. GUNDERSON:

H.R. 4135. A bill for the relief of certain towns, townships, villages, cities, and other entities in the State of Wisconsin and certain departments of the State of Wisconsin; to the Committee on the Judiciary.

By Mr. LELAND:

H.R. 4136. A bill to amend title 5, United States Code, to revise the pay structure for Federal employees whose duties primarily relate to firefighting; to the Committee on Post Office and Civil Service.

By Mr. MOAKLEY:

H.R. 4137. A bill to amend the Railroad Retirement Act of 1974 to eliminate the re-

duction of railroad retirement annuities by amounts payable as social security benefits in cases of persons who had at least 10 years of service, and had attained the age of 65 as of the effective date of such act; to the Committee on Energy and Commerce.

By Mr. NAPIER:

H.R. 4138. A bill to require the Secretary of State to offer a reward for information leading to the discovery of the location of Sgt. Steve Randall Grisham, U.S. Army; to the Committee on Foreign Affairs.

By Mr. RUSSO:

H.R. 4139. A bill to amend the Congressional Budget Act of 1974 to require a two-thirds vote in both the House and the Senate for the adoption of a budget resolution which includes or would result in a Federal deficit of more than 2 percent, to require that any such resolution contain language either expressly affirming the necessity of such deficit or attributing an equal amount of deficit (in the form of unspecified budget outlays) to one or more future fiscal years, to impose similar requirements upon the passage of any bill that would add to such deficit, and for other purposes; to the Committee on Rules

By Mr. SHANNON:

H.R. 4140. A bill to amend title II of the Social Security Act to provide for a minimum primary insurance amount and minimum survivor's benefit for vow-of-poverty members of religious orders and individuals who have attained the age of 80; to the Committee on Ways and Means.

By Mr. WALKER:

H.R. 4141. A bill to amend the Omnibus Crime Control and Safe Streets Act of 1968 to provide death benefits with respect to members of rescue squads; to the Committee on the Judiciary.

By Mr. BEVILL:

H.R. 4144. A bill making appropriations for energy and water development for the fiscal year ending September 30, 1982, and for other purposes.

By Mr. GUARINI:

H. Con. Res. 156. Concurrent resolution expressing the sense of the Congress that minimum monthly insurance benefits under the Social Security Act should be continued at current levels; to the Committee on Ways and Means.

By Mr. BEDELL:

H. Res. 180. Resolution restricting use of appropriated funds for calendars for Members of the House of Representatives; to the Committee on House Administration.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

156. By the SPEAKER: Memorial of the Legislature of the State of California, relative to the use of natural gas as a boiler fuel in existing electric power plants; to the Committee on Energy and Commerce.

157. Also, memorial of the Assembly of the State of New York, relative to Americans missing in Southeast Asia; to the Committee on Foreign Affairs.

158. Also, memorial of the Senate of the First Olbiil Era Kelulau, Republic of Palau, Trust Territory of the Pacific Islands, relative to the recent visit of the Acting High Commissioner to Palau; to the Committee on Interior and Insular Affairs.

159. Also, memorial of the Legislature of the State of Oregon, ratifying the proposed amendment to the Constitution of the United States to provide voting representation for the District of Columbia in the Congress; to the Committee on the Judiciary.

160. Also, memorial of the House of Representatives Commonwealth of Massachusetts, relative to social security benefits; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DANIELSON:

H.R. 4142. A bill for the relief of six employees of the Pearl Harbor Naval Shipyard, Department of the Navy, Pearl Harbor, Hawaii; to the Committee on the Judiciary.

By Mr. YOUNG of Florida:

H.R. 4143. A bill for the relief of Olja Rojas-Pujolar; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 27: Ms. FIEDLER.
H.R. 39: Mr. LANTOS.
H.R. 84: Mr. HOWARD and Ms. MIKULSKI.
H.R. 168: Mr. LANTOS.
H.R. 170: Mr. LANTOS.
H.R. 172: Mr. LANTOS.
H.R. 459: Mr. DAUB.
H.R. 601: Mr. MCDONALD.
H.R. 835: Mr. BAILEY of Pennsylvania.
H.R. 907: Mr. MARKEY.
H.R. 1005: Mr. FROST, Mr. SAWYER, and Mr. FIELDS.
H.R. 1400: Mr. FRANK.
H.R. 1805: Mr. RANGEL.
H.R. 1918: Mr. GOODLING, Mr. JONES of Tennessee, Mr. HYDE, Mr. HUGHES, and Mr. JAMES K. COYNE.
H.R. 2032: Mr. ROBERT W. DANIEL, JR. and Mr. WEBER of Minnesota.
H.R. 2203: Mr. GUNDERSON, Mr. AUCOIN, and Mr. FRENZEL.
H.R. 2319: Mr. ROEMER, Mr. STOKES, and Mr. ERDAHL.
H.R. 2605: Mrs. BOGGS, Mr. MOTTL, and Mr. AKAKA.
H.R. 2826: Mr. RAHALL.
H.R. 2990: Mr. SAM B. HALL, JR. and Mr. WATKINS.
H.R. 3021: Mr. HANSEN of Utah.
H.R. 3550: Mr. LOWERY of California and Mr. GRAY.
H.R. 3575: Mr. OBERSTAR, Mr. STRATTON, and Mr. TAUZIN.
H.R. 3582: Mr. LOWERY of California and Mr. GRAY.
H.R. 3596: Mr. BRODHEAD, Mr. WON PAT, Mr. PEPPER, Mr. EVANS of Indiana, Mr. RINALDO, Mr. ERTEL, Mr. DUNCAN, Mr. PANETTA, Mr. RAHALL, Mr. RUSSO, Mr. WHITEHURST, Mr. BEVILL, Mr. VENTO, Mr. MITCHELL of New York, Mr. FORD of Michigan, Mr. WILSON, Mr. RICHMOND, Mr. MINETA, Mr. FISH, Ms. FERRARO, Mr. MCCLOSKEY, Mr. SNYDER, Mr. FLORIO, Mr. FITHIAN, and Ms. MIKULSKI.
H.R. 3619: Mr. STATON of West Virginia.
H.R. 3632: Mr. BAILEY of Pennsylvania.
H.R. 3704: Mr. CHAPPELL, Mr. HYDE, Mr. LANTOS, Mr. LEATH of Texas, Mr. MILLER of Ohio, Mr. ROE, Mr. SANTINI, Mr. SHAW, Mr. WILSON, and Mr. ZEFERETTI.
H.R. 3870: Mr. MCKINNEY and Mr. LANTOS.
H.R. 3884: Mrs. COLLINS of Illinois, Mrs. CHISHOLM, Mr. STOKES, and Mr. FAUNTROY.
H.R. 3934: Mr. TRIBLE and Mr. BAFALIS.
H.R. 3995: Mr. NAPIER.
H.R. 4004: Mr. YATRON, Mr. WEAVER, Mr. DYMALLY, Mr. BEDELL, Mr. DORGAN of North Dakota, Mr. GARCIA, Mr. LANTOS, Mr. TAUKE, and Mr. KILDEE.
H.R. 4014: Mr. LOTT, Mr. KAZEN, and Mr. HANCE.
H.R. 4043: Mr. HAWKINS.
H.R. 4057: Mr. DYMALLY, Mr. FAZIO, and Mr. MARKEY.
H.R. 4108: Mr. LAGOMARSINO, Mr. MORRISON, Mr. SHUMWAY, Mr. COLEMAN, Mr. PANETTA, Mr. WAMPLER, Mr. BURGENER, Mr. MADIGAN, Mr. CHAPPELL, Ms. FIEDLER, Mr. GUNDERSON, and Mr. EVANS of Iowa.
H.J. Res. 81: Mr. PATTERSON, Mr. EMERY, Mr. D'AMOURS, Mr. RATCHFORD, Mr. GRAY, and Mr. DELLUMS.
H.J. Res. 253: Mr. GRAY and Mr. ROEMER.
H.J. Res. 283: Mr. HANSEN of Idaho, Mr. GREEN, Mr. EMERY, Mr. RINALDO, Mr. DERWINSKI, Mr. ROE, Mr. REGULA, Mr. COLLINS of Texas, Mr. KINDNESS, Mrs. HOLT, Mr. LUNGREN, Mr. LANTOS, Mr. SMITH of Alabama, Mr. WHITEHURST, and Mr. CORCORAN.
H. Con. Res. 130: Mr. GRAY.
H. Con. Res. 132: Mr. GRAY.
H. Res. 100: Mr. LEACH of Iowa.
H. Res. 124: Mr. FRENZEL.
H. Res. 158: Mr. GUARINI, Mr. LANTOS, Mr. DENARDIS, and Mr. GAYDOS.
H. Res. 173: Mr. MCCURDY, Mrs. MARTIN of Illinois, Mr. RINALDO, Mr. PEPPER, Mr. FOGLIETTA, Mr. FORSYTHE, Mr. MOTTL, Mr. BINGHAM, Mr. DERWINSKI, Mr. RITTER, Mr. ANDERSON, Mr. FAUNTROY, Mr. PRICE, Mr. LANTOS, and Mr. FITHIAN.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

133. By the SPEAKER: Petition of David Richardson, District Heights, Md., relative to redress of grievances; to the Committee on Post Office and Civil Service.

134. Also, petition of the 61st Grand Promenade, Grand Voiture du Iowa, La Societe des 40 Hommes et 8 Chevaux, Little Amana, Iowa, relative to veterans benefits; to the Committee on Veterans' Affairs.

135. Also, petition of the 61st Grand Promenade, Grand Voiture du Iowa, La Societe des 40 Hommes et 8 Chevaux, Little Amana, Iowa, relative to the social security death benefit; to the Committee on Ways and Means.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3519

By Mr. GLICKMAN:

—On page 52, strike lines 4 through 12 and insert in lieu thereof the following:

"(3) Before any contract described in paragraph (1) that contains a clause setting forth a cancellation ceiling in excess of $25,000,000 may be awarded, the head of the agency involved shall give written notification of the proposed contract to the Committee on Armed Services and on Appropriations of the Senate and House of Representatives, and such contract may not then be awarded until the end of the 60-day period beginning on the date of such notification. No such contract may be entered into if during that 60-day period both the House of

Representatives and the Senate adopt resolutions disapproving such multiyear contract.".

By Mr. VOLKMER:

—On page 59, strike lines 20 through 24 and on page 60, strike lines 1 through 17.

H.R. 4034

By Mr. MITCHELL of New York:

—Page 18, line 22, strike out "$83,369,000" and insert in lieu thereof "$88,878,000".

Page 19, line 4, strike out "$54,084,000" and insert in lieu thereof "$167,484,000".

Page 19, line 24, strike out "$29,010,000" and insert in lieu thereof "$80,917,000".

By Mr. SKELTON:

—Page 19, line 4, strike out "$54,084,000" and insert in lieu thereof "$138,789,000".

Page 19, line 24, strike out "$29,010,000" and insert in lieu thereof "$69,963,000".

H.R. 4035

By Mr. KILDEE:

—On page 43, line 11, after the comma, insert the following: "if such care can be extended without impairing the ability of the Indian Health Service to fulfill its responsibility to provide health care to Indians served by such facilities and".

On page 43, line 12, strike out "prescribe:" and insert in lieu thereof the following: "prescribe, the proceeds of which shall be deposited in the fund established by sections 401 and 402 of the Indian Health Care Improvement Act:".

By Mr. MARRIOTT:

—On Page 2, after line 15, insert the following new paragraph:

"PAYMENTS IN LIEU OF TAXES

"For expenses necessary to carry out the provisions of Public Law 94-565, including administrative expenses, $100,000,000, to remain available until expended.".

—Page 17, line 14, strike out "$66,033,000" and insert in lieu thereof "$72,233,000".

Page 17, line 16, insert immediately before the period the following: "*Provided*, That $6,200,000 of such amount shall be available to carry out the provisions of title III of the Surface Mining Control and Reclamation Act of 1977 (91 Stat. 445)".

—Page 36, line 20, strike out "$463,750,000" and insert in lieu thereof "$457,550,000".

By Mr. OTTINGER:

—Page 37, line 8, strike out "$272,890,000" and insert in lieu thereof "$295,890,000".

(AMENDMENT TO THE WEBER AMENDMENT)

—Strike "$137,890,000" and insert in lieu thereof "$160,890,000".

By Mr. WEBER of Minnesota:

—Page 37, line 8, strike out "$272,890,000 and $99,608,000" and insert in lieu thereof "$137,890,000 and $234,608,000".

By Mr. WILLIAMS of Montana:

—On page 42, line 16, strike "$46,739,000", and insert in lieu thereof "$62,239,000".

EXTENSIONS OF REMARKS

WHICH DIRECTION—THE DEMOCRATIC PARTY?—I

HON. LARRY McDONALD
OF GEORGIA
IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. McDONALD. Mr. Speaker, over the past several months, there have been many instances when individuals in the Democratic Party have been wondering which direction are we heading. I think my colleagues should take a look, a long look, for the answer to that problem from some observations made by an earlier Democrat in our history.

It was in January of 1936, that the man who rose from the poverty of the streets of New York to become Governor of that State, addressed the Liberty League dinner here in Washington, D.C. In the first part of that speech, Alfred E. Smith, American, painted the honest appraisal of where this country was heading. Also, in that first part, which I share with you today, Al Smith begins to examine the then planks of the Democratic Party. Let us today, seriously examine what Al Smith said yesterday. Then and only then will we as Democrats reply to that soul searching question, are we as Americans first in one of the Nation's darkest hours, going to follow the path of patriotism or partisanship? This is the question that Al Smith asked in yesteryear and we should ask today.

Part I follows:

PATRIOTISM OR PARTISANSHIP—REMARKS OF HON. ALFRED E. SMITH AT THE LIBERTY LEAGUE DINNER IN WASHINGTON, D.C., JANUARY 1936

Mr. Chairman, members and guests of the American Liberty League, and my friends listening in, as I have been told by the newspapers, from all parts of the United States.

At the outset of my remarks let me make one thing perfectly clear. I am not a candidate for any nomination by any party, at any time. What is more. I do not intend even to lift my right hand to secure any nomination from any party at any time.

Further than that, I have no axe to grind. There is nothing personal in this whole performance in so far as I am concerned. I have no feeling against any man, woman or child in the United States. I am in possession of supreme happiness and comfort. I represent no group, no man, and I speak for no man or no group, but I do speak for what I believe to be the best interests of the great rank and file of the American people in which class I belong.

Now, I am here tonight also because I have a great love for the United States of America. I love it for what I know it has meant to mankind since the day of its institution. I love it because I feel that it has grown to be a great stabilizing force in world civilization. I love it, above everything else, for the opportunity that if offers to every man and every woman that desires to take advantage of it.

No man that I know of or that I probably ever read of has any more reason to love it than I have. They keep that gateway open for me. It is a matter of common knowledge throughout the country, and I do not state it boastfully, because it is well known, that, deprived by poverty in my early years of an education, that gateway showed me how it was possible to go from a newsboy on the sidewalks of New York to the Governorship of the greatest State in the Union.

Now listen. I have five children and I have ten grandchildren, and you take it from me I want that gate left open, not alone for mine—I am not selfish about it—not for mine, but for every boy and girl in the country. And in that respect I am no different from every father and mother in the United States.

Now, think it over for a minute, figure it out for yourself. It is possible for your children's success to be your success.

I remember distinctly my first inauguration as Governor of New York, and I am not sure that the young folks understood it throughly, but there were three people at that inauguration that did understand it: One was my mother, and the other was my sister, and the third was my wife, because they were with me in all of the early struggles.

I am here for another reason. I am here because I am a Democrat. I was born in the Democratic party and I expect to die in it. I was attached to it in my youth, because I was led to believe that no man owned it. Furthermore, that no group of men owned it, but, on the other hand, it belonged to all the plain people of the United States.

Now, I must make a confession. It is not easy for me to stand up here tonight and talk to the American people against a Democratic administration. It is not easy; it hurts me. But I can call upon innumerable witnesses to testify to the fact that during my whole public life I put patriotism above partisanship.

And when I see danger, I say danger, that is, then stop, look and listen to the fundamental principles upon which this government of ours was organized. And it is difficult for me to refrain from speaking up. What are these dangers that I see? The first is the arraignment of class against class. It has been freely predicted that if we were ever to have civil strife again in this country it would come from the appeal to the passions and prejudices that come from the demagogues who would incite one class of our people against the other.

Of course in my time I met some good and bad industrialists, I met some good and bad financiers, but I also met some good and bad laborers. This I know—that permanent prosperity is dependent upon both capital and labor alike. I also know that there can be no permanent prosperity in this country until industry is able to employ labor, and there certainly can be no permanent recovery upon any governmental theory of soak the rich or soak the poor. You can't soak capital without soaking labor at the same time.

The next thing that I view as being dangerous to our national liberty is government by bureaucracy instead of what we have been taught to look to: government by law. Just let me quote something from the President's message to Congress:

"In thirty-four months we have set up new instruments of public power in the hands of the people's government, which power is wholesome and appropriate, but in the hands of political puppets, of an economic autocracy, such power would provide shackles for the liberties of our people."

Now, I interpret that to mean that, if you are going to have an autocrat, take me.

But be very careful about the other fellow.

There is a complete answer to that, and it rises in the minds of the great rank and file, and that answer is just this—we will never, in this country, tolerate any law that provides shackles for our people.

We don't want any autocrats, either in or out of office. We wouldn't even take a good one.

The next thing that is apparent to me is the vast building up of new bureaus of government draining the resources of our people, to pool and redistribute them, not by any process of law but by the whim of the bureaucratic autocracy.

Well, now, what am I here for? I am here not to find fault. Anybody can do that. I am here to make a suggestion. Now, what would I have my party do? I would have them reestablish and redeclare the principles that they put forth in that 1932 platform.

Even our Republican friends, and I know many of them—they talk to me freely, we have our little confidences among ourselves—they have all agreed that it is the most compact, the most direct and the most intelligent political platform that was ever put forth by any political party in this country.

The Republican platform was ten times as long as it. It was stuffy, it was unreadable, and in many points not understandable.

No administration in the history of the country came into power with a more simple, a more clear, or a more inescapable mandate than the party that was inaugurated on the 4th of March in 1933, and, listen, no candidate in the history of the country ever pledged himself more unequivocally to his party platform than did the President who was inaugurated on that day.

Well, here we are. Millions and millions of Democrats just like myself, all over the country, still believe in that platform. What we want to know is, why wasn't it carried out?

And listen, there is only one man in the United States of America that can answer that question.

It won't do to pass it down to an Under-Secretary. I won't even recognize him when I hear his name. I won't know where he came from. I will be sure that he never lived down in my district.

Now, let us wander for a little while and let us take a look at that platform and let us see what happened to it. Here is the way it started out.

"We believe that a party platform is a covenant with the people to be faithfully kept

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

by the party when entrusted with power and that the people are entitled to know in plain words the terms of the contract to which they are asked to subscribe."

"The Democratic party solemnly promises by appropriate action to put into effect the principles, policies and reforms herein advocated and to eradicate the political methods and practices herein condemned."

My friends, these were what we called "fighting words." At the time that that platform went through the air and over the wire, the people of the United States were in the lowest possible depths of despair, and the Democratic platform looked to them like a star of hope, it looked like the rising sun in the East to the mariner on the bridge of a ship after a terrible night, but what happened to it?

First plank: "We advocate an immediate drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of not less than twenty-five per cent in the cost of the Federal Government."

Well, now, what is the fact?

No bureaus were eliminated, but on the other hand the alphabet was exhausted in the creation of new departments and—this is sad news for the taxpayer—the cost, the ordinary cost, what we refer to as "housekeeping costs" over and above all emergencies, that ordinary housekeeping cost of government is greater today than it has ever been in any time in the history of the Republic.

Another plank: "We favor maintenance of the national credit by a Federal budget annually balanced on the basis of accurate executive estimates within revenue."

Why, how can you balance a budget if you insist upon spending more money than you take in? Even the increased revenue won't go to balance the budget, because it is "hocked" before you receive it.

It is much worse than that. We borrow. We owe something. We have borrowed so that we have reached a new high peak of Federal indebtedness for all time. Well, that wouldn't annoy me so very much ordinarily.

When I was Governor of New York, they said I borrowed a lot of money. That wouldn't worry me. If it solved our problems and we were out of trouble, I would say, "All right, let it go." But the sin of it is that we have the indebtedness, and at the end of three years we are just where we started.

Unemployment and the farm problem we still have with us. Now, here is something that I want to say to the rank and file: There are three classes of people in this country, there is the poor and the rich, and in between the two is what has often been referred to as the great backbone of America, that is the plain fellow, that is the *fellow* that makes from $100 a month up to the man that draws down five or six thousand dollars a year.

Now, there is that great big army. Forget the rich; they can't pay this debt; if you took everything they got away from them you could not pay it. There are not enough of them.

Furthermore, they ain't got enough. Now, there's no use of talking about the poor. They will never pay it, because they got nothing. This debt is going to be paid by that great big middle-class that we refer to as the backbone and the rank and file, and the sin of it is, they ain't going to know that they're paying it.

It is going to come to them in the form of indirect taxation. It will come in the cost of living, in the cost of clothing, in the cost of every activity they enter into, and because it isn't a direct tax, they won't think they are paying it, but take it from me, they are going to pay it.

Another point: "We advocate the extension of Federal credit to the States to provide for unemployment relief when the diminishing resources of the State render it impossible to provide for them."

That is pretty plain.

That was a recognition in the national convention of the rights of the States. But what happened? The Federal Government took over most of the relief problems, some of them useful and most of them useless. They started out to prime the pump for industry in order to absorb the ranks of the unemployed, and at the end of three years their affirmative policy is absolutely nothing but the negative policy of the administration that preceded it.

"We favor unemployment and old age insurance under State laws." Now, let me make myself perfectly clear so that no demagogue or no crack pot in the next week or so will be able to say anything about my attitude on this kind of legislation. I am in favor of it, and I take my hat off to no man in the United States on the question of legislation beneficial to the poor, the weak, the sick or the afflicted, men, women and children.

Because when I started out a quarter of a century ago, when I had very few followers in my State, during that period I advocated, fought for and introduced, as a legislator, and finally as Governor, for eight long years, and signed more progressive legislation in the interest of men, women and children than any man in the State of New York. And the sin of this whole thing, and the part of it that worries me and gives me concern is, that this haphazard legislation is never going to accomplish the purpose for which it was designed. And bear this in mind—follow the platform—"under State law."

Here is another one: "We promise the enactment of every constitutional measure that will aid the farmers to receive for their basic farm commodities prices in excess of cost."

Well, what is the use of talking about that? "We promise every constitutional measure." The Supreme Court disposed of that within the last couple of weeks. And, according to the papers the other day, some brilliant individual has conceived the idea of how to get around the Constitution. We are going to have forty-eight AAA's, one for each State.

The day that the United States Supreme Court decided the case I left my office to attend a board of trustees meeting. I got in a taxicab to go downtown. The driver was reading the extra, "Supreme Court Declares AAA Unconstitutional."

We rode along for a few minutes and then we got caught at a red light. The taxi fellow turned around and said: "Governor, ain't there any lawyers in Congress any more?"

Just then the light changed. I was afraid to answer him for fear I might disconcert him, but I was all ready to say: "Yes, son, but they don't function."

We got another plank! "We advocate strengthening and impartial enforcement of the anti-trust laws." What happened? The NRA just put a gas bag on the anti-trust laws and put them fast asleep.

And nobody said anything about it. I don't know whether they are bad, but I know that they didn't work.●

DEFENSE DEPARTMENT RESPONDS TO BIAGGI INQUIRY ABOUT THE TRAINING OF BRITISH TROOPS IN THE UNITED STATES

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. BIAGGI. Mr. Speaker, as chairman of the bipartisan—121-member Ad Hoc Congressional Committee for Irish Affairs, I wish to share with my colleagues a recent exchange of letters between myself and the Department of Defense on the issue of British troops training at U.S. military facilities. My inquiry was sparked by consistent reports which I have received from the Irish American community and some published press reports which allege that these troops eventually do serve in Northern Ireland.

I am pleased that the Department responded as quickly as they did to my request although I do consider their response to be interim at best. What needs to be examined in greater detail is the relationship between NATO and Northern Ireland. More specifically, are the troops being trained under a United States-United Kingdom-NATO agreement being eventually dispatched for duty in Northern Ireland? If so, that would be a matter of profound concern to me and to many in the Irish American community.

I have maintained throughout the almost 4 years that the ad hoc committee has been in existence that it does have a role to play in Northern Ireland. That role is as a neutral broker—a role which would have the United States offer to bring all of the parties together for a peace summit—a role that might include eventual foreign economic assistance. We should not be aiding the British Government in maintaining its direct rule over Northern Ireland. I assure my colleagues that I will continue to investigate this information until I have received all necessary data to establish that our Nation is not using taxpayer funds to train British troops for service in Northern Ireland.

The letters follow:

JUNE 23, 1981.

Hon. CASPAR W. WEINBERGER,
Secretary of Defense,
The Pentagon,
Washington, D.C.

DEAR MR. SECRETARY: As Chairman of the 121-Member, bi-partisan Ad Hoc Congressional Committee for Irish Affairs, I am writing to obtain information on persistent reports I receive that British troops are being trained at U.S. military facilities for later stationing in Northern Ireland.

One report indicated that training procedures were being conducted at Hubbert Air Force Base in Florida. Other reports have mentioned facilities in Maryland. Formerly,

Camp LaJeune had been used for such purposes.

I would appreciate the following information:

1. If British troops are using our facilities for training, under what law or treaty is such training permitted?

2. Are any of these troops assigned to subsequent duty in Northern Ireland?

3. What types of training are involved?

4. Have any protests been registered?

Your attention to this matter would be very much appreciated.

MARIO BIAGGI,
Chairman, Ad Hoc Congressional Committee for Irish Affairs.

THE UNDER SECRETARY OF DEFENSE,
Washington, D.C., July 2, 1981.

Hon. MARIO BIAGGI,
House of Representatives,
Rayburn House Office Building,
Washington, D.C.

DEAR CONGRESSMAN BIAGGI: Thank you for your June 23rd letter to Secretary Weinberger regarding the training of British military personnel in this country.

Training of British military personnel is authorized under the Arms Export Control Act and is an integral part of our mutual obligations under the North Atlantic Treaty. Training increases the expertise of the individuals and units involved, develops an appreciation for the tactics of allied forces, provides experience under varying conditions of terrain and climate, and results in meaningful contact between the host and guest armed forces.

Our cooperation with the United Kingdom is solely for the purposes of our NATO missions. Examples of the types of training include: management training, staff colleges, radio operator training, some aircrew training, maintenance training, Red Flag exercises in Nevada, and search and rescue training. None of the UK troops are trained in order to fight in Northern Ireland, and none receive internal police training here.

Concerning your last question, we have had no reason to protest. All training is for NATO missions—not for internal police functions.

I hope this information will be helpful to you in responding to your constituents. If I can be of further assistance, please let me know.

Sincerely,

Fred C. Ikle.●

THE GRANDGREEN BUSINESS/ COMMUNITY ASSOCIATION

HON. WILLIAM M. BRODHEAD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. BRODHEAD. Mr. Speaker, I would like to take a moment to familiarize my colleagues with the work of the Grandgreen Business/Community Association in Detroit. This association is actively working to revitalize neighborhood businesses in the Grandgreen area of the city, and I believe that its innovative approach is worthy of attention.

There is no question about the need to help businesses in urban areas survive. Far too many of these businesses fold each year. The Grandgreen Association has studied the situation in depth, and is convinced that the problem is not that Detroit residents have no need for the goods and services offered by neighborhood businesses, but rather that many urban residents are not aware of the strong connection between thriving neighborhood businesses and the cohesiveness of the entire community. Thus, Grandgreen is undertaking two important and related missions: To let community residents know the importance of patronizing local businesses whenever possible and to let existing and potential entrepreneurs know of the business opportunities that exist within the Grandgreen area. I am pleased that the association's efforts are enjoying broad and increasing support from the community.

At a time when many of America's cities are experiencing severe difficulties, and the administration has proposed large cutbacks in Federal aid to our cities, I know that my colleagues will be very interested in the positive way in which Grandgreen Association in Detroit has responded to this adversity. I hope that they will join me in wishing the association and its president, Morris Goodman, every success.●

THE PROBLEMS OF THE NUCLEAR POWER INDUSTRY—II

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. HAMILTON. Mr. Speaker, in the April 12 edition of the New York Times magazine Mr. Anthony Parisi describes the difficult situation of the nuclear power industry in the United States. Entitled "Hard Times For Nuclear Power," Mr. Parisi's piece is quite detailed and comprehensive. It raises questions of clear relevance for those of us who wish to understand the nuclear power industry's condition and prospects. I hope that my colleagues will give the article the close attention it deserves.

Drawing heavily on the information and opinion contained in "Hard Times For Nuclear Power," I addressed a series of questions to Mr. James Edwards, the Secretary of Energy. The response was signed by Mr. Thomas Dillon, Deputy Assistant Secretary for Nuclear Reactor Programs, Office of Nuclear Energy. In my view, Mr. Dillon is to be commended for a response that is both careful and complete. My letter, Mr. Dillon's covering letter, and the first half of his enclosure 1 are reprinted here for the benefit and use of my colleagues. The second half of enclosure 1, enclosure 2, and enclosure 3 will be reprinted in subsequent editions of the CONGRESSIONAL RECORD.

HOUSE OF REPRESENTATIVES,
Washington, D.C., May 28, 1981.

Hon. JAMES EDWARDS,
Secretary, Department of Energy, Forrestal Building, Washington, D.C.

DEAR MR. SECRETARY: I recently read an article entitled "Hard Times for Nuclear Power" in The New York Times Magazine of April 12, 1981. The author of the article, Mr. Anthony Parisi, is not known to me, but if his observations are accurate then he is raising several important points which must be addressed.

After studying the article quite closely and giving it a good deal of thought, it occurred to me that I ought to get your ideas on a number of matters. Your answers to the following questions would be greatly appreciated:

1. Mr. Parisi states that "nuclear power is shrinking in this country * * * under its own economic weight." He attributes the industry's financial plight to a slackening in demand for electricity in the face of higher prices for fuel. In your opinion, what does the slack demand (high price) referred to by Mr. Parisi mean for the industry in the short run? In the long run?

2. Mr. Parisi claims that existing nuclear facilities save consumers money that they would otherwise have spent to buy coal or oil. He adds, however, that nuclear facilities ordered today would not achieve such savings. Do you agree or disagree? What are your reasons for your view?

3. Because of "slipping economic growth" and "the consumer's decision to shun high-priced energy * * * most utilities today have far more generating capacity on hand than they need," according to Mr. Parisi. Is this an accurate assessment of the situation nationwide? What is the situation in the Midwest? In Indiana?

4. According to Mr. Parisi, analysts on Wall Street are beginning to take a dim view of nuclear facilities, calling them "an unattractive financial proposition" and "too expensive to build * * * to compensate investors adequately." How widespread are such views among analysts and investors? Does your experience lead you to believe that analysts and investors should be skeptical about nuclear power? What does such skepticism mean for the future of the industry?

5. On another question of finance, Mr. Parisi notes that "more than one power company now finds itself in a critical financial squeeze because of nuclear projects that have proved much more expensive than anyone had expected." Is this so? If it is, what are the prospects for these companies?

6. Mr. Parisi acknowledges that federal regulations have hit the industry hard. He then cites a study which concludes that there will be more, not less, regulation in the years ahead. To your way of thinking, how much of the industry's problem is due to unwarranted regulation? Is it your feeling that the conclusion of the above-mentioned study is correct?

7. According to Mr. Parisi, the "number of new safety problems being detected each year isn't falling, it's climbing—steeply." Is it your impression that he is correct? If so, how would you account for the trend? How would it be perceived by the public?

8. According to Mr. Parisi, groups of citizens who oppose nuclear power have caused utilities to incur only minimal additional expense. Do you agree or disagree?

9. In commenting on the relationship between regulation and economic health in the industry, Mr. Parisi suggests that "even the ministrations of a sympathetic White

House are unlikely to cure nuclear's malaise." He then makes the striking claim that "nothing short of a wholesale dismissal of the nuclear community's own safety policies would make a fundamental difference in the economics of nuclear power." What do you think of this point of view?

10. Mr. Parisi reports that among utilities there may now be more interest in coal-fired plants than in nuclear facilities. As concerns cost, he says that "virtually all the analyses show an unmistakable trend toward coal." Do you sense a growing interest in coal among utilities? Is coal in fact overtaking, or has it already overtaken, uranium as a less costly source of electricity?

I understand that I have put a very large number of complex questions to you, but I do want to get a better grasp on the issue of nuclear power and I am certain that you are a person whom I should consult. Please feel free to make whatever additional comments on Mr. Parisi's article you deem to be appropriate. I look forward to hearing from you at the earliest possible date.

With best wishes, I am

Sincerely yours,

LEE H. HAMILTON,
Member of Congress.

DEPARTMENT OF ENERGY,
Washington, D.C., June 29, 1981.

HON. LEE H. HAMILTON,
House of Representatives,
Washington, D.C.

DEAR MR. HAMILTON: This letter is in response to your inquiry to Secretary Edwards of May 28, 1981, regarding nuclear power issues. You have raised interesting and important questions that address many of the key issues facing nuclear power today. We appreciate the opportunity to present our views on these key questions.

The answers to the specific questions you raised are contained in Enclosure 1. In response to your questions concerning generating capacity reserve (question 3), my staff has prepared additional analyses of the current situation. These are included as Enclosures 2 and 3.

We hope our reply meets your needs, and if we can be of further help, please let us know.

Sincerely,

THOMAS A. DILLON,
Deputy Assistant Secretary
for Nuclear Reactor Programs,
Office of Nuclear Energy.

Three enclosures.

Enclosure 1.

ANSWERS TO QUESTIONS RAISED BY HON. LEE H. HAMILTON

Question 1. Mr. Parisi states that "nuclear power is shrinking in this country * * * under its own economic weight." He attributes the industry's financial plight to a slackening in demand for electricity in the face of higher prices for fuel. In your opinion, what does the slack demand (high price) referred to by Mr. Parisi mean for the industry in the short run? In the long run?

Answer. Electric utilities have faced increasingly difficult times since the Arab Oil embargo in 1973-1974. Lower demand growth, quadrupling fossil fuel prices, lengthening project schedules for new construction as a result of substantially increased regulatory requirements, all-time high financing costs as the result of general inflation, and failure of State utility commissions to set rates that permit utilities to earn a fair return on investment, have eroded the strength of most of the Nation's utilities. While these conditions affect all types of powerplants, higher financing costs have significantly impacted both nuclear and coal-fired plants due to the initially larger capital investment required. However, this higher capital cost is offset by significantly lower fuel costs over the operating life of the plant, and, as compared to oil or gas-fired alternatives, nuclear and coal plants produce electricity with overall lower total power costs.

In the short run, utilities have adjusted to these changed conditions by canceling and deferring some previously ordered plants. In 1980, for example, 12 nuclear plants were canceled, continuing a pattern of the last several years. Many utilities have stressed the importance of conservation in an attempt to preclude the requirement for further capital investment.

In the long run, it is important to note that while the rate of change of electricity demand is down from previous levels, the total demand is still growing at a significant rate. Even during periods of stagnant domestic economic growth, the consumption of electricity and the fraction that electricity represented of total energy grew. In recent testimony before the House Science and Technology Committee's oversight and investigations subcommittee, Martin Greenberger, an energy forecasting expert from Johns Hopkins University, said that while energy to gross national product ratios have tended to decline since the 1950's, even during periods of level or declining prices, this has not been true for electricity. Electricity demand has tended to increase faster than gross national product, so that ratio is probably 1.3 to 1.5. Hence, economic growth of 3 to 4 percent would require electric energy demand growth of 4 to 6 percent. Recent studies by the Edison Electric Institute and the Electric Power Research Institute have reached similar conclusions. Fueled by a revitalization of our economy, we believe this trend to increased electrification will accelerate.

Question 2. Mr. Parisi claims that existing nuclear facilities save consumers money that they would otherwise have spent to buy coal or oil. He adds, however, that nuclear facilities ordered today would not achieve such savings. Do you agree or disagree? What are your reasons for your view?

Answer. We disagree with Mr. Parisi's assertion that future nuclear powerplants will not be more economic than coal or oil-fired plants. Existing nuclear powerplants produce power at a lower average cost than coal and oil-fired powerplants; in fact, the cost of fuel for oil-fired plants is more than twice the total average cost of producing power in nuclear plants. Further, we believe that future nuclear powerplants will continue to provide electric power at lower or competitive costs as compared to coal-fired plants. As Mr. Parisi notes, there are large differences in the cost of power from individual plants due to regional and site-related differences, such as design requirements, the cost of construction labor, and the type of coal burned. On a regional basis, existing coal and nuclear plants exhibit a wide range of estimated costs—up to 30 percent. In some regions, nuclear power costs are lower and in some regions coal-fired power is lower, but on the average for the United States, nuclear power is most economic.

It is difficult to predict the future cost of power from any system because of the regional differences, fuel costs, changing regulatory requirements, and time-related uncertainties. Studies of future power costs tend to vary widely, but most, based on realistic assumptions, project a continued cost advantage for nuclear power. There are several reasons for this. Although nuclear powerplant capital costs continue to rise, coal-fired plants are subject to many of the same capital cost escalation factors, such as for labor, materials, equipment, and engineering. Also, both types of plants have similar requirements for turbine plant equipment, electric plant equipment, heat rejection systems, land, and some structures. These items are more than half of total plant costs.

A large capital cost uncertainty affecting both plants is the time required for construction. Factors that lengthen construction periods result in increased costs due to escalation and interest on funds borrowed during construction. High capital costs and longer construction periods make it more difficult to raise funds for construction in a tight capital market. Even though a nuclear plant will produce power at a lower cost over its operating life, a utility may opt for a coal-fired plant to lessen the short-term problems of financing construction. There is no doubt that the time to construct plants and the economics of nuclear plants would be improved if regulatory requirements were stabilized so that plants would not have to be redesigned and backfitted during construction.

The other major uncertainty is the cost of fuel. Nuclear power has always had a fuel cost advantage and there are factors that could make this more pronounced in the future. In 1979, 18 percent of nuclear plant power costs were for the fuel cycle, as opposed to 56 percent for fuel in large coal-fired plants. Therefore, coal-fired plants are more sensitive to fuel-related costs. In the future, coal costs may be even more susceptible to price escalation, since uranium has no significant alternative uses whereas coal does. Most long-term energy analyses project a greatly expanded demand for coal used by industry and utilities, and for synfuels and exports. Hence, if coal supply becomes restricted in the future, coal prices could rise rapidly.

Question 3. Because of "slipping economic growth" and "the consumer's decision to shun high-priced energy * * * most utilities today have far more generating capacity on hand than they need," according to Mr. Parisi. Is this an accurate assessment of the situation nationwide? What is the situation in the Midwest? In Indiana?

Answer. Because of the long lead times required for new generating capacity, utilities began construction of plants in the early to mid-1970's based on the higher trends in electric power demand growth at that time. As a result, some utilities have more than adequate capacity at this time, but this is not true for all utilities.

A large reserve margin does not, however, ensure security of electric energy supply nor low cost power because in some utilities and regions the reserve margin is mostly oil-fired generating capacity. In 1980, about 26 percent of the generating capacity in the United States was oil fired and another 11 percent was gas fired. This compares with an actual reserve margin of 31 percent. In some regions such as New England, Texas, New York, Florida, and the Southwest, this is even more acute, with oil and/or gas comprising 45 to 77 percent of total generating capacity. In some regions such as Southern California, reserve margins are dangerously low, and there is no option but to burn oil and gas for base load power.

Most regions of the United States have the potential to maintain an adequate supply of electric energy throughout the 1980's if new coal and nuclear plants are completed on schedule. However, licensing delays for nuclear and coal plants, environmental concerns with coal, and utility capital shortages will likely delay the schedule of many of these plants. Therefore, reserve margins are likely to be lower than currently projected and will be even lower when electric power demand and economic growth occurs as a result of the Administration's economic revitalization program. We recently prepared analyses of electric supply adequacy for the United States, the Midwest, and Indiana. These analyses are included as Enclosures 2 and 3.

Question 4. According to Mr. Parisi, analysts on Wall Street are beginning to take a dim view of nuclear facilities, calling them "an unattractive financial proposition" and "too expensive to build . . . to compensate investors adequately." How widespread are such views among analysts and investors? Does your experience lead you to believe that analysts and investors should be skeptical about nuclear power? What does such skepticism mean for the future of the industry?

Answer. The view that nuclear powerplants are no longer sound financial investments is widespread among many analysts and investors. The same is true, to only a slightly lesser extent, for coal-fired plants. There have been approximately 50 nuclear and 50 coal-fired plants canceled by utilities in the past 5 years. Although costs for both coal and nuclear plants have increased well above the inflation rate, they both can still provide power at costs substantially below those of oil or gas.

At the present time, any large capital expenditure by utilities is not in their best financial interest due to their current low return on investment. Utility rates being set by State commissions are resulting in an average earned return on investment of only 11 percent, well below that which an investor could obtain elsewhere. Therefore, many utilities have adopted a very conservative investment strategy and are canceling or delaying both coal and nuclear plants, not because it is necessarily in the long-term interest of their customers, but because they are obligated to protect the shorter term financial interests of their investors.

In summary:

Nuclear and coal plant costs have increased substantially due in large part to an unduly long, complicated licensing and regulatory process;

Inflation has driven up the cost of borrowed money and basic plant costs; and

State commission rate decisions have not fully compensated for the effects of increased costs and inflation, but have allowed pass-through fuel adjustment costs. In many cases, these adjustments are automatic without extensive public review.

Unless inflation is brought under control, the nuclear licensing and regulatory process streamlined, and utility rates based on providing utilities with a return on investment consistent with other investment opportunities, then more nuclear (and coal) plants will be canceled, and the current defacto moratorium on new nuclear plant orders will continue.

Question 5. On another question of finance, Mr. Parisi notes that "more than one power company now finds itself in a critical financial squeeze because of nuclear projects that have proved much more expensive than anyone had expected." Is this so? If it is, what are the prospects for these companies?

Answer. Without exception, over the past decade, utilities have found that the costs of nuclear (and coal) plants are higher than originally anticipated. This is primarily the result of the rapid increase in general inflation and a nuclear licensing and regulatory process that has become unduly long and complicated. At this same time, as noted in the answer to the previous question, the rate of return earned by utilities, as set by the State commissions, has not kept pace with general inflation. For many years, utilities were able to compensate for these factors by "feeding" off of their good financial health. They did this by borrowing more money and issuing more stock. However, their financial condition has deteriorated to the point where they can no longer use this approach. Instead, utilities are in the process of improving their financial prospects by the only means they have under their direct control, namely: (1) they are canceling plants that have little construction completed (<20 percent); (2) delaying those that have some construction completed (20-80 percent); and (3) attempting to expedite those that are nearly completed (>80 percent).●

LUTHER BURBANK SENIOR HIGH SCHOOL

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. MATSUI. Mr. Speaker, it was my pleasure recently to learn of the great strides being made at one of the schools in my district, Luther Burbank Senior High School.

A proud faculty member, Frances Graves, the school librarian, has noted for me the great number of students honored for a range of academic and extracurricular activities. The list is too long to reprint here, but I want to formally extend my congratulations to the entire faculty, staff, and student body for their many achievements.

I would urge continuing and new students of Luther Burbank to keep striving for the standards of excellence that have been set by previous classes.

I think it is important for those of us in public life to take official note of the activities and achievements of our young people.●

CONGRESSIONAL SALUTE TO HON. EUGENE ZOPPO, OF NEW JERSEY, EXEMPLARY CITIZEN, DISTINGUISHED LABOR CONSULTANT, AND OUTSTANDING COMMUNITY LEADER

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. ROE. Mr. Speaker, on Thursday, July 16, the residents of my congressional district and State of New Jersey will join with the officers and members of the New Jersey Federation of Senior Citizens in testimony to one of our most distinguished citizens, founder and immediate past president of the New Jersey Federation of Senior Citizens, Hon. Eugene Zoppo, an outstanding community leader and good friend whose standards of excellence throughout his lifetime have truly enriched our community, State, and Nation. I know that you and our colleagues here in the Congress will want to join with me in extending our warmest greetings and felicitations to Gene Zoppo in deep appreciation of all of his good works and share great pride in the success of his accomplishments with his wife, Riva; daughter Dorothea of Dallas, Tex.; daughter Judith Zoppo Filyaw and husband George of Oakland, N.J.; son Eugene, Junior, and wife Barbara of Tucker, Ga.; and grandchildren Laura Filyaw, Jason Filyaw, and Damion Zoppo as they celebrate this milestone of achievements in their family endeavors.

Mr. Speaker, Eugene Zoppo was born in San Leucio, Province of Naples, Italy, on May 30, 1909. He attended Gian Battista Della Porta School, Naples, Italy; Gian Battista Della Porta High School, Naples, Italy; and St. Mary's Elementary School, Paterson, N.J. During the period 1946 to 1974 he attended in-service summer college for UAW union representatives. In 1973 he was awarded a certificate for completion of a course on occupational health and safety—OSHA—at Rutgers University, New Brunswick, N.J.

We are proud to boast that he adopted America as his home and is a resident of the city of Paterson, N.J.

Gene will long be remembered for his outstanding service to the working man and woman as a consultant in labor relations. Beginning January 1928 to January 1946 Mr. Zoppo was employed by the Curtiss-Wright Corp. as aircraft parts inspector. During this period he also served as labor representative helping to negotiate the first collective bargaining agreement, dated October 21, 1943, between UAW Local 669 and Curtiss-Wright.

In 1946 he was employed by the International United Auto, Agricultural, Aerospace Workers of America (UAW) as an international representative where he served with distinction until he severed his duties in June 1974 in compliance with a UAW constitutional provision requiring retirement of persons reaching the age of 65. He negotiated first contracts following union organization and subsequent renewal contracts. He presented approximately 500 cases in arbitration before "ad hoc" and permanent "umpire" system. He was responsible

for presenting worker's grievances at various steps of grievance procedure and prearbitration hearings and for writing prehearing and posthearing briefs. For his professional expertise and capabilities he received the UAW Solidarity Award for outstanding service in December 1972.

Gene addressed college and high school groups on "Labor's Role in our Economy," and achieved renown as a speaker on various subjects concerning labor-management relations. He conducted grievance procedure classes at UAW Summer College and at union halls throughout our Nation. He instructed union leaders in collective bargaining, and is well known for his conduct of classes on contract interpretation and job evaluation—(NMTA). Among his publications on labor relations, he authored the book entitled, "Umpire Decisions"—Bendix Corp. and the UAW, 1946–63.

Mr. Speaker, Gene Zoppo has served on numerous municipal committees and has made an outstanding contribution to the development and enhancement of our community—particularly in providing quality leadership to our senior citizens—all in the cause of good will, friendship, and the ever lasting dignity of his fellowman. He was a founder of the New Jersey Federation of Senior Citizens and with your permission I would like to insert a profile on the organization of this most prestigious organization for our senior citizens which has brought enrichment of the spirit and recreation to all of our people through the many programs fostered by the organization for the enjoyment and richness of the leisure hours of our seniors and retirees, as follows:

THE NEW JERSEY FEDERATION OF SENIOR CITIZENS

New Jersey Federation of Senior Citizens emerged as a result of a "Rally against inflation" held in January 1975 by the Paterson Council of Seniors and the Passaic County of Seniors. This on-target assault on one of the most pressing concerns of seniors is typical of the sharp focus which the Federation has brought to all areas where they have championed the cause of the elderly.

The New Jersey Federation was founded as a non-profit, non-partisan action coalition and has expanded to become the most effective senior organization in the State. It serves as a vehicle which provides input into the decision making processes affecting the lives of our State seniors and their communities. At present, the Federation has over 500 Senior clubs and represents over 300,000 retirees from almost every cultural, ethnic, religious and geographic community in the garden state.

Perhaps the key to the success enjoyed by the New Jersey Federation of Senior Citizens lies in the fact that it is truly a nonpartisan organization and also that it deals with those issues to which seniors can address themselves with unity. Because the Federation embraces, without exception, any senior who wishes to see positive changes for the elderly this viable organization can plan its method more efficiently. With unity of purpose the New Jersey Federation of Senior Citizens is able to do more than just speak out on the issues. It is able to actively work on them each and every day.

Mr. Speaker, it is important to note that Gene Zoppo served as my congressional senior intern in May 1979 and 1980, a program in which I was privileged to be a sponsor with some of my colleagues providing an opportunity for our senior citizens to learn firsthand what the Federal Government is doing in policy areas of special interest to the elderly. I was proud of his representation of my office at the series of briefings with experts from Government agencies and private organizations and his outstanding contribution to the comprehensive overview of issues of concern to our older Americans.

Mr. Speaker, Gene Zoppo was an active member of many civic and charitable organizations. He was secretary, Paterson City Council on Aging; chairman, Passaic County Advisory Board, Office on Aging; legislative director, United County Seniors; founder and immediate past president, New Jersey Federation of Senior Citizens; executive board member, Citizens Labor Energy Committee—CLEC; trustee, Paterson Association for the Blind—PAB; member, Community Development Advisory Committee; and chairman, Title XX Coalition, Passaic County.

All of us have been deeply touched by Gene's exemplary wisdom, dedication, and sincerity of purpose in achieving excellence in the quality of life and its fulfillment. I am pleased to call your attention to his lifetime of good works and seek this national recognition of Gene Zoppo who meets each day's challenge with a zeal and purpose that we can well take heed of and admire. I share the great pride of his family in his accomplishments and am privileged to be numbered amongst his many, many friends.

Mr. Speaker, it is indeed appropriate that we reflect on the deeds and achievements of our people who have contributed to the quality of life and way of life here in America. We do indeed salute a distinguished citizen, community leader, and good friend—Hon. Eugene Zoppo.●

TWICE A YEAR COLA FOR FEDERAL RETIREES

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. SMITH of New Jersey. Mr. Speaker, when we in this House passed the "Omnibus Budget Reconciliation Act of 1981," a provision of this legislation altered the cost-of-living adjustments for Federal civil service retirees from the current twice a year to once a year.

This proposal was considered under a rule which provided for a straight up or down vote on a large package of budget provisions. While I did not support every section of the bill, I felt that on balance it provided a reasonable approach to controlling the growth of Federal spending. Additionally, the bipartisan measure actually provided a higher level of funding for several important educational and social programs than the Budget Committee's alternate proposal.

Immediately following the vote on the bipartisan proposal, there was a motion to recommit the bill to the Budget Committee with instructions to restore the twice a year COLA for Federal retirees. House parliamentary rules require that Members first vote to end debate in order to vote on a motion to recommit. I voted to discontinue debate and move to the consideration of the twice a year COLA. A majority of the House concurred in this action by a vote of 215 to 212.

Soon after the motion to recommit was adopted, Rules Committee Chairman RICHARD BOLLING, who was presiding in the Speaker's chair at the time, called for a vote on the twice a year COLA. I called out "aye," as did many of my colleagues. To the surprise of a great number of Members, myself included, Chairman BOLLING ruled that the "nays" had carried the vote.

As a result of parliamentary maneuvering by the leadership of the House of Representatives, we were denied the opportunity for a recorded vote on this important issue. I am sure that had the Members of the House been presented with a recorded vote, there would have been a very good chance of maintaining the twice a year COLA for Federal retirees.

Mr. Speaker, it is my sincere hope that the House Post Office and Civil Service Committee move expeditiously to restore and reinstate the twice a year COLA for Federal retirees.●

JERRY FALWELL VERSUS LIONEL STANDER OF "HART TO HART"

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. McDONALD. Mr. Speaker, in these days of historical significance, when it appears that America is returning to moral and legal responsibilities, there still exists those who would attempt to smear through gross hypocrisy, those who fight for such a return. One example of such hypocrisy was contained in the May 16–22 issue of TV Guide.

The article was titled, "Lionel Stands Up for Things." He sure does. For my colleagues and the rest of America, the record of Lionel Stander, sometime chauffeur, sometime butler, sometime dog supervisor, should be spelled out. Of course, in the article written very soliticiously by Robert Ward, the first attack is on Jerry Falwell and his moral majority. And that is where the hypocrisy comes in. Stander makes much of the fact that Falwell is an alarmist. After all, Stander, speaking of some 50 years ago states: "Back then, there was as much or more adultery, homosexuality, and all the things Falwell hates."

There is no doubt that the statement of Stander is a truism—for himself. For not a few paragraphs later, Stander would state: "It was always the same. I always went for a girl from the ages of 18 to 24. I always fell madly in love with her, lived with her for anywhere from 4 months to 4 years, then got married because she wanted to. I never wanted to. Then we had a child, and when the child was 2 or 3, I'd leave." And a few sentences later: "You have to do what your heart tells you to do, no matter what." And to the average American thus far, I would query: Which side, America, Jerry Falwell or Lionel Stander?

Then there is Stander calling for Jerry Falwell to take the money in contributions, from which Stander calls suckers and have his TV presentations compete in the free marketplace. Now that is ironic, for you see, Lionel Stander, identified in sworn testimony, has been a Communist Party member since at least 1938. And as most of us know, Communists do not believe in the free marketplace. It is further ironic, for at the time Stander was active—and who knows, still is—in the Communist Party, David Selznick had offered $1 million to the Hollywood Anti-Nazi League—which was directly under the control of Communists—if they would change their name to the Hollywood Anti-Nazi and Anti-Communist League. Of course, the Communists being the hypocritical socialists they were and are, would not accept. And again we ask America: Which side, Jerry Falwell or Lionel Stander?

Then there is the observation of Lionel Stander that, "and my own friends—the half-assed liberals—they ignored me completely." We wonder if he could have been talking about Edward G. Robinson, who on April 30, 1952, testified as follows of men like Lionel Stander:

I have always been a liberal Democrat. The revelations that persons whom I thought were sincere liberals were, in fact, Communists, has shocked me more than I can tell you. That they persuaded me by lies and concealment of their real purposes to allow them to use my name for what I believed to be a worthy cause is now obvious. I was sincere. They were not. Not one of the Communists who sought my help or requested permission to use my name ever told me that he or she was a member of the Communist Party.

For the benefit of my colleagues I submit the sworn testimony of four individuals concerning Communist activity of Lionel Stander. Note in one instance that individual whom Stander introduced to the Communist Party, Marc Lawrence, that he, Lawrence, "* * * will make out more with the dames," if he becomes a knowledgeable Communist. And once more, America, which side, Jerry Falwell or Lionel Stander? Testimony from the House Committee on Un-American Activities follows:

COMMUNIST INFILTRATION OF HOLLYWOOD MOTION PICTURE INDUSTRY

TESTIMONY OF MARC LAWRENCE, ACCOMPANIED BY HIS COUNSEL, MURDAUGH S. MADDEN

Mr. TAVENNER. You are Mr. Marc Lawrence?

Mr. LAWRENCE. Yes, sir, I am Marc Lawrence, and I am a motion picture actor. I have been an actor for 19 years in the motion picture business. I came to California in 1932, and in 1932 I worked around Hollywood.

About 1938 I attended a number of "cause parties." This was not because I was interested at the time, but that is what happened: There was a girl who played the piano very well, and she introduced me to these parties. I went to these parties with her, and then I met an actor named Lionel Stander, who said to me, "You want to get to know how to talk to these people. The thing for you to do is to go to classes."

Mr. TAVENNER. Now, that was Lionel Stander?

Mr. LAWRENCE. Lionel Stander.

Mr. TAVENNER. S-t-a-n-d-e-r?

Mr. LAWRENCE. S-t-a-n-d-e-r, that is correct, sir. So I went to a number of classes with these guys.

Mr. TAVENNER. When was this? Did you state the date?

Mr. LAWRENCE. About 1938, sir. I went to a number of these parties where they used to read from the books and read the lectures, and intellectuals would tell stories, and it was very confusing.

Mr. TAVENNER. The stories of what?

Mr. LAWRENCE. They would read. Guys come in and they would read books. They would tell us, "This is what happened, and this is the reason for the war in Spain. This is what happened here, and that is what happened there." I got a lot of headaches listening to these guys.

I want to say this: That after I attended about 12 of these meetings what happened was this. They came to me with a card and they said, "Sign this card, because you are a member of the party, but don't sign your own name for security reasons." I did not know what this meant. I was at the time interested in paying, you know, for the expenses of this thing, so I signed a name. Not my name. I picked it out of a newspaper, and that is what I signed. I don't know what name I signed.

Mr. TAVENNER. You stated that Lionel Stander was the one who introduced you into the Communist Party?

Mr. LAWRENCE. He was the guy that said to me, "Get to know this stuff and you will make out more with the dames." This is the guy. This is the introduction.

Mr. VELDE. What was that he said to you?

Mr. LAWRENCE. You get to know the dames more, with the line. I got confused a great deal. Now, this stuff really confused me. I thought at first it was a good idea. I went to the thing because I thought that you could learn something. I never learned anything.

Mr. TAVENNER. Well, was he one of the persons who was in this cell with you, Lionel Stander?

Mr. LAWRENCE. He was; yes. Yes, of course he was.

TESTIMONY OF HAROLD J. ASHE

Mr. TAVENNER. You are Mr. Harold J. Ashe?

Mr. ASHE. That's right.

Mr. TAVENNER. When and where were you born, Mr. Ashe?

Mr. ASHE. Irvington, Pa., February 18, 1901.

Mr. TAVENNER. What is your profession or calling?

Mr. ASHE. I am a free-lance magazine writer.

Mr. TAVENNER. Now, while you were a member of the downtown group of the Communist Party, were you assigned the task of organizing units or sections of the Communist Party or cells of the Communist Party?

Mr. ASHE. At one time I was. I held possibly 20 positions at one time or another in the Communist Party.

Mr. TAVENNER. Well, I think this would be a good time for you to state just what positions you have held in the Communist Party.

Mr. ASHE. Well, I was State chairman of the State central committee of the party in 1936. I was downtown-section organizer for about a year, year and a half; Western Worker correspondent for approximately a year.

Mr. TAVENNER. Now, right there for just a moment. What publication was that?

Mr. ASHE. Western Worker, official publication of the Communist Party at that time.

Mr. TAVENNER. Was it succeeded by another publication?

Mr. ASHE. Yes. I was succeeded by the People's Daily World.

Mr. TAVENNER. Proceed.

Mr. ASHE. I believe I was county chairman at one time of the Relief Workers' Protective Union, which was composed of unemployed workers and which was a very fine source for recruiting party members at that time. I was chairman of various united-front groups. I was official speaker for the Communist Party for a considerable period of time. I toured the State. I believe I edited a paper called the Hunger Fighter, official organ of the Relief Workers' Protective Union, and probably held a good many other jobs. I taught briefly in the Los Angeles Workers' School, taught what was known as labor journalism. Actually, it was teaching them basic English.

I can't think of any more offhand. Oh, yes, I served for a while on the Los Angeles County disciplinary committee and I was a member of the executive committee of the Communist Party here in Los Angeles county.

Mr. TAVENNER. Will you give us the name of others, please?

Mr. ASHE. Lucy Stander, who was at the time the wife of J. Stander, also known as Lionel Stander. He was a character actor, I believe, in Hollywood. He, however, was not in the unit for any great length of time. I recall distinctly that he was brought in and a very short time later was transferred out. I don't know the reason for the transfer. I think it was arranged directly between

Stander and the county office of the party. However, his wife remained in one of these professional units.

Mr. TAVENNER. You are definite in your statement, however, that Lionel Stander was a member of this group?

Mr. ASHE. Lionel Stander was definitely a member of this group. He was transferred in, and I handled the transfer. Of that I am positive.

Mr. TAVENNER. Do you recall from what place he was transferred?

Mr. ASHE. I believe New York City.

TESTIMONY OF MILDRED ASHE

Mr. TAVENNER. You are Mrs. Mildred Ashe?

Mrs. ASHE. That is correct.

Mr. TAVENNER. You were formerly the wife of Mr. Harold Ashe?

Mrs. ASHE. Yes.

Mr. TAVENNER. Well, now, tell us more about your duties as a collector.

Mrs. ASHE. Well, my duties were—I had a list of people who contributed each month, and I contacted them at a place that they designated, picked up the money, gave them a receipt always made out to a name that would be comparable to a party name. I mean, their own name never went on a receipt, but they received a receipt that had the party seal on it, and I brought the money into the office.

Mr. TAVENNER. When was this?

Mrs. ASHE. In 1934.

Mr. TAVENNER. What territory or area did you perform those services in?

Mrs. ASHE. Well, Los Angeles, Hollywood, a time or two I even went down to Malibu Beach. It was southern California—I mean, it was the Los Angeles area.

Mr. TAVENNER. Did you seek contributions from persons engaged in the moving-picture industry?

Mrs. ASHE. There were a few; yes.

Mr. TAVENNER. In receiving those donations, did the donor understand the purpose for which the money was being given?

Mrs. ASHE. Yes; they understood it perfectly.

Mr. TAVENNER. They understood that it was for the Communist Party?

Mrs. ASHE. Yes; they understood that.

Mr. TAVENNER. And you gave them receipts in fictitious names?

Mrs. ASHE. That's correct.

Mr. TAVENNER. Can you give us the names at this time of persons in the industry—moving-picture industry?

Mrs. ASHE. Well, I can only give you a few, because my memory isn't good on it. J. Sanders was on my list. That is Lionel Stander, as he is known professionally.

Mr. TAVENNER. How frequently did he make contributions?

Mrs. ASHE. Once a month. I know he used to complain because he said he was a fatted cow for the party, and that was all.

Mr. TAVENNER. He was what?

Mrs. ASHE. A fatted cow. He was making a lot of money.

Mr. TAVENNER. Well, were these special contributions or were they dues?

Mrs. ASHE. No; they were not dues. They were voluntary contributions to the Communist Party for use in party work.

Mr. TAVENNER. Did you receive donations from persons who were not members of the party?

Mrs. ASHE. Well, at the time I was collecting from Mr. Stander we didn't know he was a party member.

Mr. TAVENNER. How is that?

Mrs. ASHE. We didn't know he was a party member at that time.

Mr. TAVENNER. Yes.

Mrs. ASHE. This was before Z-100 and Z-150 were organized.

Mr. TAVENNER. It was after that that he became a member of the Communist Party Cell Z-100?

Mrs. ASHE. Yes, that's correct.

TESTIMONY OF MARTIN BERKELEY, ACCOMPANIED BY HIS COUNSEL, EDWARD BENNETT WILLIAMS

Mr. TAVENNER. What is your profession?

Mr. BERKELEY. I am a screen writer.

Mr. TAVENNER. Now, before we come to a discussion of that, can you give us the names of persons known to you at the time, persons who later were known to you, to be members of the Communist Party who attended this first meeting at the home of Frank Tuttle which was being addressed by V. J. Jerome?

Mr. BERKELEY. There were approximately 50 people at the meeting. Looking back on the meeting I would say that approximately 20 of these people were later revealed to me in fractions or in party groups as members of the Communist Party.

One of the most active there was John Bright, a screen writer whose wife, Josephine Bright, was an organizer in the Mexican section of this community.

Mr. TAVENNER. Will you spell his last name, please.

Mr. BERKELEY. B-r-i-g-h-t. John Bright. His wife's name was Josephine Bright. I also met for the first time Lionel Stander, who later became chairman of the actors' fraction. With him was his wife—his then wife, Alice Twitchell. It is interesting to know that sometime later during the strike at the Hollywood Citizen News, for which I gave a benefit at my home for the striking newspapermen, at which we raised approximately a thousand dollars. I believe, to help the newspaper Guild, and I am very proud that we did, Stander was at this meeting and called me over into a corner and introduced me to Comrade Harry Bridges.

Mr. TAVENNER. You refer to Stander as the chairman of the actors' fraction, if I understood you correctly.

Mr. BERKELEY. Yes, sir.

Mr. TAVENNER. By fraction, what do you mean?

Mr. BERKELEY. Well, a fraction is a group of party members—now, there were two kinds of fractions. There is an open fraction and there is a closed fraction. When I use the word "fraction" from now on, I mean a closed fraction at which only party members are admitted. The fraction is composed of Communists who have a common interest either in a mass organization in which they are functioning or a trade-union, a political party or such like. There were fractions of actors, fractions of writers, I presume fractions of the directors, though I have no knowledge of that; fractions in the Hollywood Anti-Nazi League and other front organizations.

Mr. TAVENNER. But in short, it meant membership in the Communist Party?

Mr. BERKELEY. Yes, sir.

Mr. TAVENNER. You mention the name of Lionel Stander.

Mr. BERKELEY. Yes, sir.

Mr. TAVENNER. Did you ever attend a Communist Party meeting in his home?

Mr. BERKELEY. I did, sir.

And a postscript. We mentioned a doubt as to whether Lionel Stander still is a Communist. Only he knows, and when queried by House committee investigators, he simply hid behind the fifth amendment. Ironic, it is, for one to hide behind the fifth amendment of our Constitution when loyalty to communism was then loyalty to the U.S.S.R. which entertains no tolerance to dissent in the Soviet Union. So much for Lionel Stander, sometime chauffeur, sometime butler, sometime dog supervisor—on the TV program—"Hart to Hart."●

FINANCIAL REPORT OF THE CONGRESSIONAL STEEL CAUCUS

HON. BARBARA A. MIKULSKI

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Ms. MIKULSKI. Mr. Speaker, in accordance with Executive Committee order No. 1, I am respectfully submitting herewith the quarterly financial report of the Congressional Steel Caucus for insertion in the RECORD. The report is as follows:

Quarterly Report, cumulative statement of expenses, U.S. House Of Representatives, Congressional Steel Caucus

Salaries	$10,585.86
Postage	38.45
Stationery (donations—Mr. Bevill)	108.25
Telephone	137.55
Publications	89.60
Equipment	528.60
Printing	169.50
Miscellaneous	236.27
Total expenses for the 1st quarter 1981	11,894.08

Quarterly Report, fund balance statement, U.S. House of Representatives, Congressional Steel Caucus

Balance forward (as of Jan. 1, 1981)	−$230.11
Total revenues (clerk hire, dues and donations)	28,244.11
Balance	28,014.00
Expenses:	
January 1981	−3,260.48
February 1981	−4,617.98
March 1981	−4,015.62
Remainder	16,119.92
Interest deposit	+7.33
Balance (as of Mar. 31, 1981)	16,127.25

Congressional Steel Caucus dues paid as of June 27, 1981:

Joseph Addabbo, Douglas Applegate, Eugene Atkinson, Don Bailey, Adam Benjamin, Tom Bevill, William Brodhead, Clarence Brown, George Brown, and Don Clausen.

William Clinger, Cardiss Collins, John Conyers, Lawrence Coughlin, William J. Coyne, Dan Daniel, Robert Davis, Edward Derwinski, John Dingell, and Dennis E. Eckart.

Allen Ertel, David Evans, John G. Fary, Vic Fazio, William Ford, Joseph Gaydos, Sam Gejdenson, Benjamin Gilman, Sam B. Hall, Jr., and James V. Hansen.

John Hiler, Elwood Hillis, Ken Holland, Thomas Kindness, Ray Kogovsek, Tom Lantos, John LeBoutillier, Raymond Lederer, Gary Lee, and Jerry Lewis.

Clarence Long, Thomas Luken, Stanley Lundine, Robert McClory, Joseph McDade,

Bob McEwen, Marc Marks, Dan Marriott, and James Martin.

Robert Michel, Clarence Miller, George Miller, Barbara Mikulski, Donald Mitchell, Robert Mollohan, Ronald Mottl, Austin Murphy, John Murtha, and John Napier.

James Nelligan, Bill Nichols, Henry Nowak, Mary Rose Oakar, James Oberstar, George O'Brien, Thomas P. O'Neill, Donald Pease, Carl Perkins, and Melvin Price.

Carl Pursell, Nick Joe Rahall, Ralph Regula, Don Ritter, Robert Roe, Marty Russo, Gus Savage, James Scheuer, Richard Schulze, and John Seiberling.

Richard Shelby, Bud Shuster, Paul Simon, Albert Lee Smith, J. William Stanton, David M. Staton, Louis Stokes, Gene Taylor, Bruce Vento, and Doug Walgren.

Robert Walker, Richard White, Lyle Williams, Charles Wilson, Gus Yatron, Clement Zablocki, and Leo Zeferetti.●

AGAIN—THE MISGUIDED SWORD OF ECONOMY THREATENS TO HURT THE ELDERLY POOR

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. BIAGGI. Mr. Speaker, As an original member of the House Select Committee on Aging—and equally as important—as a fervent opponent of the House-passed budget reconciliation bill, I wish to bring to the attention of my colleagues an editorial from this morning's Washington Post entitled "The Unkindest Cut of All."

This editorial deals with a provision contained in both the Senate- and House-passed reconciliation bills—namely the elimination of the so-called minimum benefit paid to some 3 million social security recipients. Let us examine precisely what the minimum benefit is. It provides these 3 million elderly—many of whom are among the poorest in our Nation with a minimum payment of $122 a month. As the Post editorial points out—

Some may have worked for many years as domestics, farm workers, or in low wage self employment not always covered by Social Security.

Of the 3 million affected, it is estimated that perhaps 1 million may be able to be carried into the SSI program. However for the remaining elderly, the future is nowhere near as clear. The reasoning employed for approving this cut is clearly rejected by the Post editorial—

Federal retirees are cited as the main target of the cut—although they make up only 6 percent of the group and the better off Federal pensioners who get more than the minimum will not be affected.

The article concludes with the sobering thought—

If, it turns out that many of the people at risk are both old and far from well-off—these are savings the society should reject.

I agree with the Post's assessment of this issue. I hope that in the upcoming House-Senate conference we can develop an alternative position which might forestall the elimination of the minimum benefit. It behooves us to try.

At this point in the RECORD I would like to insert the Washington Post editorial entitled: "The Unkindest Cut of All."

THE UNKINDEST CUT OF ALL

Take a woman in her 80s who has very little money. One day soon she will open an official-looking envelope containing a machine-typed letter that informs her that the Social Security check she's been receiving for over 15 years will henceforth be reduced by about $100 a month, more than a fourth of her poverty-level income. There's some fine print she can't make out. It says that, if she'll dispose of her modest savings, she might be able to go on welfare to make up some of her loss.

Tear-jerker? Of course—but it's also a live possibility for many recipients of the Social Security minimum benefit who, under the provisions of the two budget bills now headed for conference, will share an income loss of about $1 billion starting next year. We don't know how many such cases there are among the total, but neither does Congress or David Stockman. Perhaps this is why they found it easy to make this cut while shying away from others affecting more vocal segments of the Social Security population.

The Social Security Administration estimates that there are about 3 million people receiving benefits close to the minimum, 2 million of whom will be likely to face a significant income loss. These are people who, as a result of low wages or relatively few years of employment covered by Social Security, would qualify at retirement for benefits smaller than $122 a month. Some may have worked for many years as domestics, farm workers or in low-wage self-employment not covered by Social Security at the time. Others may have entered the labor force late in life after the death of a supporting relative or desertion by a spouse.

On the other hand, some with substantial property income or a working spouse may be relatively well off. A small percent are retired federal workers, some with ample pensions, who earned a Social Security benefit in a few years of private sector employment. The only estimates people have on how many fall into what category of need come from a 1977 survey, but since it only covered people then entering the rolls it didn't give a good picture of minimum beneficiaries, most of whom are known to be quite old—over half a million are said to be in the 80s—and almost all of whom are women. A third of the group might recoup some or all of their loss from welfare, if they're willing to apply. Welfare grants, however, are typically less than a poverty level income and are offset by income from savings or pensions while Social Security is not.

Federal retirees are cited as the main target of the cut, although they make up only six percent of the group and the better-off federal pensioners who get more than the minimum won't be affected. If others in the group are similarly well-situated, as the administration claims, then surely nothing can be lost by adding a little safety net. How about exempting from the cut anyone with an income of less than, say, $5,000 a year? If no one is that poor, it won't cost anything. If, on the other hand, it turns out that many of the people at risk are both old and far from well-off, these are savings the society should reject.●

THE COMMITTEE RATIO RACKET: A REFORM FOR ALL SEASONS

HON. WENDELL BAILEY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. BAILEY of Missouri. Mr. Speaker, for the past several days, I have discussed the serious issue of House committee malapportionment. The system as it now stands invokes invidious discrimination among the Members of this House and, for our constituents, represents a regrettable debasement of their vote and will.

For nearly 20 years, such overt discrimination has been judicially banned for the House as a whole. The 1962 case of Baker against Carr mandated that legislative representation must be fairly apportioned on a population basis. But the House has not seen fit to extend the principle of "one person—one vote" to its own internal operations.

Don Radler, a longtime observer of the congressional scene, noted in his 1976 book "How Congress Works" that House committees are, in essence, "little legislatures." Radler said that "Congress is really a Congress of committees rather than individuals" and that "90 percent of all legislative work is done in committee rather than on the floor." As "little legislatures," committees should be apportioned as equitably as the larger legislature—the House—is as a whole.

Reforms by the minority have been attempted over the years, but as partisanship rather than proportionality was the rule of the day, such reforms have predictably failed. For the sake of our democracy, it is time we try again.

EQUITABLE COMMITTEE APPORTIONMENT: IT IS UP TO US

Mr. Speaker, constitutionally, the rules which govern the proceedings of the House are left to the determination of each Congress. Thus, the manner in which we conduct ourselves and the business of this House is left up to us and reflects on all of us.

With the exception of a few notable Congresses, the practice of apportioning committee slots to insure overrepresentation by the majority reflects badly on the dedication of this body to democratic principles. Since the 94th Congress, cynical partisanship has become the norm. The Republicans evinced the same qualities when last in majority in the 83d Congress. Neither party can be proud of its role in the evolution of House committee apportionments.

The issue of committee apportionment has become an unfortunate game of "one-upmanship" justified by such euphemistic rationalizations as

"the mandate of the people" and "firm working majorities." In reality, committee apportionment has merely become a device to thwart the will of the voters and insure excessive control by the majority party in this House.

Reforms have been discussed many times in the past only to be paralyzed in the grip of partisanship. Only when the Members of this body place the search for right above might will the American voter be truly served.

THREE APPROACHES TO FAIR COMMITTEE APPORTIONMENT

There are basically three paths of reform available to us in the House. First, we can return to the postwar practice, abandoned in 1971, of establishing committee ratios by informal negotiation between the majority and minority leadership. Such a system worked without a great deal of complaint for a quarter of a century although chronic undercounting occurred. The problem with such an approach, however, is that it still does not guarantee equitable committee ratios. Rather it just allows the minority a say before the ax falls. Additionally, this approach smacks of closed door deals and provides no assurances to the American voter that his or her vote will be represented equally. I also believe the committee apportionment system has become so sullied that sole reliance on the good will and fair play of the majority is no longer sufficient.

The second approach to reform is based on the assumption that the House is by nature politically divisive and will never be able to reform itself. Such an approach calls for the imposition of an outside party—that is a Federal court—to mandate reform that the House itself cannot reach by internal consensus. Ignoring for a moment whether House committee ratios are a justiciable issue, the interference of a Federal court to force what the House should do itself would be a most unfortunate precedent. Our system of Government is based on a tripartite division of power. Respect for the constitutionally delineated domain of each of our three branches of Government is the cornerstone of our system of "checks and balances." To allow a Federal court to violate the essential domain of the House could set a precedent in which every decision of the House could become subject to judicial scrutiny. Thus, judicial test of the legitimacy of a House procedure could undermine the entire legislative decisionmaking process.

Whether present committee ratios would even qualify as a justiciable issue is yet another question and one which would only be resolved by a court test. The court could decide that committee ratios are essentially "political questions" prohibited from judicial scrutiny as a prudent limitation on court intrusion into legislative or executive domain. As one lawyer noted: "In short, a court will have to decide not whether it can, but whether it should decide this case."

By the same token, in the case of *United States* v. *Ballin* (144 U.S. 1—1892), the U.S. Supreme Court held that while the "Constitution empowers each house to determine its rules of proceedings * * * it may not by its rules ignore constitutional restraints or violate fundamental rights," thus leaving the door open to judicial scrutiny of House proceedings which unlawfully abridge fundamental rights of citizens. The Court would have to decide whether present committee ratios violate any fundamental rights, including the "one person—one vote" rule, thereby rendering the issue justiciable.

Bringing suit against the majority, while it remains an option, is obviously not a desired means of reform. Such a suit, as noted, would set a regrettable precedent. It is and should remain solely a last resort. If, in the future, the majority should impose even greater committee disparities, a suit might be the only resolve. But for all concerned, it should be avoided if at all possible.

House committee apportionment is an issue whose solution should emanate from the Members of this body. The redress of committee inequities must become a concern for all, regardless of party, and be resolved once and for all by incorporation of an equitable formula in the House rules. Preservation of tradition is not a virtue if that tradition violates the very democratic substance of this House. The Democrats have a stake in equitable committee ratios as one day, they, too, may be in the minority. If my Democratic colleagues feel they can wait until that time to challenge the Republicans on equitable committee ratios, I am afraid their pleas will lack credibility. The Republicans have traditionally supported equitable committee apportionment, but our proposals have faced rejection time and again. It might be too much to expect that we would immediately show magnanimity to our Democratic colleagues after so many years of ill treatment.

Now is the time to achieve reform. The Democrats have held the majority in this House since 1955. They currently hold a 51-seat majority and should not fear allowing that majority to express its will through the equality of "one person—one vote" on our committees. If the Democrats concern is that they cannot hold their majority on committee votes, then that is a concern to be resolved by the party caucus and leadership and not by discriminatory action against the minority.

A number of sound amendments to House rule X, clause 6(a) have been offered. A full discussion of one such proposal is found on pages 496-498 and 519-522 of the 1980 final report of the Select Committee on Committees, House Report No. 96-866. Our distinguished Republican whip (Mr. LOTT) has also introduced House Resolution 100, the Committee Improvement Amendments of 1981, which deserves the support of this House. Over 100 Members of the House have already cosponsored these committee reform amendments.

I hope my colleagues will study the issue of committee apportionment and then search their consciences. The voters of this Nation have no practical opportunity to exert their weight to correct this discrimination on committees, and court resolve would be a most unfortunate precedent for this House. That leaves the issue squarely in our hands. I hope we will ultimately merit that public trust with responsiveness and responsibility.●

THE AGE OF INFLATION

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. WHITEHURST. Mr. Speaker, the following excerpt from "The Age of Inflation," by Dr. Hans F. Sennholz, was sent to me recently, and I found it to be such an excellent statement of principle that I am pleased to share it with my colleagues at this point in the RECORD.

AGE OF INFLATION

(By Hans F. Sennholz)

Dr. Sennholz is one of the clearest voices of economics today. In more than four hundred publications, he has discussed all aspects of the American financial and economic dilemma. In more than one hundred public lectures and speeches per year, he reaches college youth and professional organizations.

Since 1956 Hans Sennholz has been professor of economics and Chairman of the Economics Department at Grove City College.

Dr. Sennholz is a consulting economist for Investment Rarities Inc.

No wealth in the world and no political distribution of this wealth can purchase the peace and harmony so essential to human existence. Peace and harmony can be found only in moral elevation that reaches into every aspect of human life. A free society is the offspring of morality that guides the actions and policies of its members. To effect a rebirth of such a society is to revive the moral principles that gave it birth in the beginning. It is individual rebirth and rededication to the eternal principles of morality that are the power and the might. The example of great individuals is useful to lead us on the way, for nothing is more conducive to morality than the power of a great example.

To spearhead a rebirth of our free society, let us rededicate ourselves to a new covenant of redemption, which is a simple restatement of public morality. In the setting

of our age of economic redistribution and social conflict it may be stated as follows:

"No matter how the transfer state may victimize me, I shall seek no transfer payments, nor accept any.

"I shall seek no government grants, loans, or other redistributive favors, nor accept any.

"I shall seek no government orders on behalf of redistribution, nor accept any.

"I shall seek no employment in the government apparatus of redistribution, nor accept any.

"I shall seek no favors from the regulatory agencies of government, nor accept any.

"I shall seek no protection from tariff barriers or any other institutional restrictions on trade and commerce.

"I shall seek no services from, nor lend support to, institutions that are creatures of redistribution.

"I shall seek no support from, nor give support to, associations that advocate or practice coercion and restraint."

We do not know whether our great republic will survive this century. If it can be saved, great men of conviction must lead the way—men who with religious fervor and unbounded courage resist all transfer temptations. The heroes of liberty are no less remarkable for what they suffer than for what they achieve.

To reverse the trend and reduce the role of government in our lives, and thus alleviate the government deficit and inflation pressures, is a giant educational task. The social and economic ideas that gave birth to the transfer system must be discredited and replaced with the old values of individual independence and self-reliance. The social philosophy of individual freedom and unhampered private property must again be our guiding light.●

OHIO STATE LEGAL SERVICES: A JOB WELL DONE

HON. DENNIS E. ECKART

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. ECKART. Mr. Speaker, recently there has been much discussion about the activities of the Legal Services Corporation. As a Member who supports the Legal Services Corporation, I wish to draw all Members' attention to the fine work of Ohio State Legal Services as pointed out in a letter from Ohio State Representative Mary O. Boyle to Jonathan Marshall, director of Ohio State Legal Services:

OHIO HOUSE OF REPRESENTATIVES,
Columbus, June 5, 1981.

JONATHAN MARSHALL,
Director, Ohio State Legal Services Association, Columbus, Ohio.

DEAR MR. MARSHALL: It has come to my attention that Congress is planning to substantially reduce federal funding for legal services. I would like to take this opportunity to express my concern over any such action, and to publicly commend the Ohio State Legal Services Association (OSLSA) for the many services it has provided me in my state legislative capacity.

OSLSA has provided invaluable guidance and information during my three years as a House Judiciary Committee member. Janice White has been indispensable working with me on issues including reform of paternity laws, domestic violence and housing discrimination legislation, and investigation of the Home Energy Assistance Program; she has provided me with contacts concerning the adult parole authority and fire safety legislation.

Bob Mapes assisted me extensively in the committee work on my House Bill 695, permanency planning for children in custody, which was enacted last year, and has provided invaluable expertise on many other bills before the House Judiciary Committee. Obviously, I have worked with and used OSLSA, and am familiar with the organization and the expert assistance it consistently provides to the Ohio General Assembly.

Without OSLSA, underprivileged and underrepresented persons in Ohio will be largely ignored and bypassed by Ohio's public and private leaders. The people OSLSA serves are those who are least able to provide effective political pressure for themselves, but whom many of our laws affect the most.

I deeply appreciated the accomplishments of OSLSA in Ohio, and I urge you to feel free to contact me if there is any action I may take to maintain funding for legal services.

Sincerely,

MARY O. BOYLE,
State Representative,
14th House District.●

AMERICAN AID PROGRAM IN EGYPT, PART I

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. HAMILTON. Mr. Speaker, on May 18, 19, and 22, 1981, the Jack Anderson columns published three articles which were highly critical of the American economic aid program in Egypt.

I asked the Agency for International Development to comment on the remarks made in the Anderson columns and I would like to bring the articles and AID's rebuttal to them to my colleague's attention.

Appearing here are my correspondence with AID, the article of May 18 and AID comments on it. The other articles and AID comments on them will appear in a subsequent issue of the CONGRESSIONAL RECORD.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C., May 20, 1981.

HON. M. PETER MCPHERSON,
Administrator, Agency for International Development, Washington, D.C.

DEAR MR. ADMINISTRATOR: I would like the Agency for International Development to comment on the recent Jack Anderson columns of May 18 and 19 on the economic aid program in Egypt.

In particular, I would like AID to answer the specific charges made regarding several loans to Egyptian individuals, including some evidence that equipment sold to individual Egyptians under AID loans are then resold at profit on the Egyptian market, and the broad assertion that the AID program in Egypt "is floundering in a morass of waste, corruption and bureaucratic incompetence."

I appreciate your early consideration of these disturbing articles about an important AID program.

With best regards.

Sincerely yours,

LEE H. HAMILTON,
Chairman, Subcommittee on Europe and the Middle East.

AGENCY FOR
INTERNATIONAL DEVELOPMENT,
Washington, D.C., July 10, 1981.

Hon. LEE H. HAMILTON,
Chairman, Subcommittee on Europe and the Middle East, Committee on Foreign Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for your letter of May 20, 1981 requesting our comments on the Jack Anderson columns of May 18 and 19. I am attaching three papers which specifically address the material in those articles as well as the one which subsequently appeared on May 21 in the Washington Post. I believe you will find these responsive to all your questions.

With regard to Mr. Anderson's broad allegations that the A.I.D. program in Egypt is "floundering in a morass of waste, corruption and bureaucratic incompetence," I feel that this characterization is inaccurate and misleading. Both A.I.D.'s internal investigation staff and its audit group have a large presence in Egypt and maintain an active aggressive oversight of the program. In addition, the GAO has undertaken frequent reviews of the program. None of these groups identified problems of a magnitude which support Mr. Anderson's sweeping indictment of the A.I.D. program in Egypt.

This is not to suggest that the program is trouble-free. The portfolio is not being implemented as rapidly as I would like and several of our projects are experiencing difficulties which require special attention. In addition the Egyptian government has been slow to move on a range of economic management issues necessary to improve the effectiveness and efficiency of their economic development effort. Many of these present serious policy issues which properly should be approached with prudence and caution. Nevertheless the pace of Egyptian action does have the effect of limiting the pace at which the aid we provide can be effectively used.

The Egyptian officials I meet have clearly indicated their awareness of the problems and are sensitive to the need to move more vigorously to remove the bottlenecks which are slowing implementation of the A.I.D. program. I expect to see this sensitivity translated into meaningful actions.

If you have any further questions, please feel free to contact me.

Sincerely,

M. PETER MCPHERSON.

Enclosures: As stated.

[From the Washington Post, Monday, May 18, 1981]

SINAI PEACE COSTING U.S. BILLIONS EXTRA

(By Jack Anderson)

American taxpayers have been sending Egypt billions of dollars in foreign aid to pay for the Israeli-Egyptian peace process. Peace in the Sinai may be well worth the price, but the taxpayers have been misled about the cost.

Much of the money has had about the same effect as pouring pitchers of water on

the desert sand. The funds have been misspent with an extravagance that should be called to public attention.

In 1975, then-secretary of state Henry Kissinger promised U.S. aid in return for the Sinai Accords. I reported at the time that the cost would amount to $15 billion over the next five years. The story evoked horrified denials.

Well, I was wrong. The actual total of U.S. military and economic assistance to Egypt and Israel during the five-year period was a staggering $20.6 billion.

Then, in 1978, Jimmy Carter negotiated the Camp David agreement. He assured Americans it would cost them no more than about $1 billion a year in additional aid for the next five years. I reported that the Egyptians and Israelis were actually expecting an additional $19 billion over the five-year period.

Since the Camp David agreement, the American taxpayers have been subsidizing Egypt and Israel to the tune of $5.5 billion a year, which is about $3 billion more each year than Carter claimed it would cost. My $19 billion prediction, therefore, should be close to the mark in another 2½ years.

In other words, our political leaders have consistently understated the price tag on the Middle East peace accords. There were also whispers that millions were disappearing down the drain. So I sent my roving foreign correspondent, Peter Grant, to Egypt.

What he found was an Agency for International Development staff of 120 taking up three floors of one of Cairo's biggest and newest skyscrapers. He also found bales of reports and studies by highly paid consultants, identifying the critical problems of Egypt's floundering economy.

What he didn't find were any tangible results from the accumulation of paper. Most of the ambitious projects aren't even off the drawing board.

Of the billions we have sent Egypt in economic aid, most has been spent on short-term patchwork programs like food and foreign exchange. In fact, about 75 percent of the money allocated for long-range development projects like roads, sewers, communications and industry—some $1.5 billion—is still waiting to be spent.

Scarcely any construction projects have been completed. Not one agricultural program has advanced beyond the pilot stage. Meanwhile, Egypt's economy continues to deteriorate while its population continues to grow at more than a million a year, aggravating the problem severely. Egypt still imports more than one-third of its food while potentially rich farmland along the Nile lies fallow.

Much of the problem is bureaucratic, and the falt lies on both sides. Defending AID's operation, the agency's Egypt-Israel desk officer, Gerald Camens, acknowledged that there were start-up problems because "we were dealing with a country we didn't know that much about."

Another problem at the Washington end seems to be a battle over "turf" between the State Department and AID. As a congressional observer told my reporter John Dillon, "AID and the [U.S.] embassy don't always see eye to eye."

The diplomats want to see more tangible results of the aid program. For example, embassy officials were reportedly upset when AID funds were used to replace engines and equipment in old tugboats working the Nile, instead of replacing the boats outright to provide visible evidence of U.S. assistance.

But by far the hairiest bureaucratic problem, Grant reports from Cairo, is in the government, which is riddled with incompetence, duplication and corruption. Egypt's bloated bureaucracy has been described by AID officials with experience in developing nations as the worst in the world.

SINAI PEACE COSTING U.S. BILLIONS EXTRA

1. "The actual total of U.S. military and economic assistance to Egypt and Israel during the five year period was a staggering $20.6 billion."

Comment: Mr. Anderson does not specify the five year period to which he was referring. For the seven year period FY 75-81 the total is $24.5 billion ($15.7 billion to Israel and $8.8 billion to Egypt).

TOTAL U.S. AID TO ISRAEL AND EGYPT

[Fiscal year 1975–81—(Billions of dollars)]

	Israel	Egypt
Military	$10.4	$6.6
Econ.	5.3	2.2
Total	15.7	8.8

2. "I reported that the Egyptians and Israelis were actually expecting an additional $19 billion over the five year period."

Comment: The supplemental Peace Dividend appropriated by the Congress was for a three year period FY 79-81. Mr. Anderson's use of the word "additional" is misleading. The "additional" Peace supplemental assistance is included in the totals in the tables above. Thus by referring both to a $20.6 billion and a $19 billion figure, Mr. Anderson is to a certain extent double counting. The actual total of the Peace Dividend was $4.8 billion—$3 billion FMS for Israel and, for Egypt, $1.5 billion FMS and $300 million ESF. All other amounts are related to "regular" programs.

3. "Egypt's floundering economy" and "Egypt's economy continues to deteriorate."

Comments: The Egyptian economy has been one of the most vigorous in the world over the past 5-6 years. GDP has grown at an annual rate of 8-9 percent and foreign exchange earnings have increased annually by $1 billion or more on the average over this time period. Available data indicate that all segments of the population are benefiting from this growth though not necessarily in equal proportions.

4. "Of the billions we have sent Egypt in economic A.I.D. most has been spent on short term patchwork programs like food and foreign exchange."

Comment: The Egypt assistance program responds to both short term and long term development needs. The provision of $1.4 billion in PL 480 food assistance has been directed at one of these critical needs, meeting Egypt's wheat requirements. The Commodity Import Program has provided raw materials for Egypt's industrial enterprises, feed for its livestock and machinery to repair public infrastructure and services. While these short term needs are being met, the long term requirement for power, sewerage, water, cement, village development and agricultural productivity improvement are also being addressed through longer term development efforts.

As the short term problems have become less intense, the program focus has shifted to longer range efforts. It is not true that the Egyptian Government simply has been provided free foreign exchange. The bulk of all A.I.D. assistance has been for the financing of U.S. goods and services.

5. "He didn't find any tangible results" (of the A.I.D. presence). "Most of the ambitious projects aren't even off the drawing board."

Comments: Many A.I.D.-supported projects are large and complex. They require thorough planning, detailed final designs, and competitive procurement actions before physical progress can begin. The process has generally taken longer than we or the Egyptians expected.

Nevertheless, the statement that there are not yet any tangible results is erroneous. Two gas turbine electricity generating complexes at Talka and Helwan have been completed and are producing 300 megawatts of electricity. The Ismailia power plant construction is well advanced. The physical construction of the Suez Cement plant is largely completed though equipment installation will take some months yet. The same is true of the grain silos at Alexandria and Shoubra. Major improvements to the port of Alexandria and at the Mehalla textile plant are nearly completed and very visible. Physical evidence of our assistance is also available throughout Egypt in the form of buses, ambulances, tractors, garbage trucks, etc.

235 subprojects benefiting 356 villages in three rural governorates have been undertaken under the Basic Village Services project. These small infrastructure projects include water works, feeder roads, small scale drainage improvements, canal cleaning and repair and pilot alternate energy projects.

6. "Not one agricultural project has advanced beyond the pilot stage."

Comments: The reference to "pilot stage" is unclear. The bulk of our agricultural assistance is research oriented to assist the Egyptians to achieve higher yields. These research programs—on rice, major cereals, aquaculture, water management and so forth, are all operational. They will take time to identify technologies which can be extended.

7. "Egypt still imports more than one-third of its food while potentially rich farmland along the Nile lies fallow."

Comments: Egypt's presently arable farmland is limited to about six million acres along the Nile and in the Nile Delta. This land is intensively farmed, resulting in 1.9 crops per year. Virtually none lies fallow, though water logging and salinity problems since construction of the high dam at Aswan have reduced the productivity of some farm land. Programs are underway to address these technical problems.

While the government intends to develop new lands, there are questions about how much can be developed economically.

8. "The government . . . is riddled with incompetence, duplication and corruption."

Comment: The Egyptian bureaucracy is very large and suffers from red tape, problems of coordination, and the like, as do most large organizations. The Egyptian bureaucracy contains thousands of highly trained, highly dedicated, hard working individuals.●

A TRIBUTE TO ANTHONY R. "TONY" TURTURICI

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. MINETA. Mr. Speaker, it gives me great pleasure to rise today to honor an outstanding public servant, Anthony R. "Tony" Turturici, who retired this month after 30 years of dedicated service to the city of San Jose.

Tony's strongest characteristic is his headfirst approach to challenges. He has shown this relentless determination from the time he began working with the city, as an engineering aide in December 1950, up to the day he retired as director of public works and assistant city manager. Tony played an important role in city administration as San Jose grew from a small town of 94,000 in 1950 to the 17th largest city in the Nation with a population of 650,000.

Born in San Jose and educated in local schools, Tony was a 1951 graduate of the University of Santa Clara where he earned a bachelor's degree in civil engineering. In recognition of his good managerial skills and able engineering ability, Tony was named a division chief in the department of public works in 1957. He was promoted to assistant director of public works in 1964 and became director of the department 1 year later.

Tony has not only served well in city government but has also made great contributions to the community. He has been a member and officer of several State and National professional groups. In 1974, the American Public Works Association named Tony one of the "Top 10 Public Works Men of the Year." Two years ago, he received the Distinguished Service Award from the California Council of Civil Engineers and Land Surveyors.

The governmental expertise Tony gained over the years allowed him to serve effectively on two State boards—the Regional Water Quality Control Board and the FAU-Topics Advisory Committee—to which he was named by the then Gov. Ronald Reagan.

He has served as an executive board member of the Board of Fellows of the University of Santa Clara and on several committees for charitable groups in the San Jose area.

Mr. Speaker, I ask you and all our colleagues in the House of Representatives to join me in commending Anthony R. "Tony" Turturici for the outstanding contributions he has made to the city of San Jose, the State of California, and to our beloved country.

NO MORE COMBAT LEADERS AT THE NAVAL ACADEMY

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. McDONALD. Mr. Speaker, it appears that the conscience of the Congress should be finally awakened to what the defense of this Nation is coming to. Is it the role of the service academies to train combat leaders for the future? If that is so, then my colleagues in the House had better seriously consider cosponsoring H.R. 976, to exclude women from the academies.

The latest example of how bad that legislation is needed, is contained in an article from Human Events of July 11, 1981. The article is titled "Rough Seas at Naval Academy," and written by Phyllis Schlafly of Eagle Forum. It seems that Mrs. Schlafly believes in the adage that the eagle is our symbol and not the chicken. Mrs. Schlafly, it seems, further believes that the pen is mightier than the sword—if you use it. After reading her article, I think that my colleagues will be mad—fighting mad. Then maybe the eagle will soar and the pen will become mightier as the cosponsors gather to support H.R. 976.

I usually am not prone to share such disgusting matters with my colleagues, but the spectacle of degeneracy contained in Mrs. Schlafly's article should be shared with my colleagues and all the American people.

The article follows:

ROUGH SEAS AT NAVAL ACADEMY

(By Phyllis Schlafly)

If prizes were given for investigative reporting on unpopular subjects, Carlton Sherwood would be in the running for his series of articles on sex discrimination at the U.S. Naval Academy at Annapolis. He asked some questions nobody else had asked, and he got some sensational answers.

Over the past several years, the national media have carried numerous stories conveying the impression that the decision to admit women has been a big success. Sherwood's series of articles for the Gannett News Service reveals that major moral, morale, disciplinary and legal problems have been concealed by whitewash, coverups, and sex discrimination against men and in favor of sexual misconduct.

Sherwood found that, since women were first admitted to the Academy in 1976, one of its most frequently violated conduct regulations has been the one prohibiting on-base sexual activity.

He discovered that 29 midshipmen have been prosecuted for sexual misconduct since 1977, and the routine result was harsh punishment for male offenders but none for the female offender. Midshipmen and academy officials say that another 100 cases have been handled informally, and that those cases are only a fraction of the sexual activity in the dormitory that houses 4,000 men and 400 women. Only one case made nationwide news, the "sexathon" on Nov. 22, 1980, in which five males were charged with having sex with one female cadet who was allowing the acts to be filmed. Two of the men, months away from graduation, were expelled and ordered to spend three years as enlisted men at the lowest rank. The other three were given demerits and placed on probation.

The woman, then in her third year, was permitted to resign and given a medical discharge relieving her of further duty. She gave a statement saying that she had "encouraged" the midshipman to have sex with her, and that two of them were so drunk that they couldn't start their own stereo.

This female cadet admitted to the reporter, "What I did was wrong. I was like a lot of women. I went to the Academy because it was free. . . . One of the first things the Naval Academy did for me was to set up an examination and fit me for a diaphragm."

During her final three months there, she said she engaged in sexual encounters "with about 20 midshipmen. . . . Not really a lot for some women in the dormitory. . . . One woman kept count of the guys she slept with—57 in one year. She got caught several times, but nothing much happened, some demerits."

The reporter discovered other Academy sex scandals that never made the general news. One involved a female cadet whose sexual escapades with enlisted men caused her to be "invited to leave" a Navy ship in San Diego, but she was then allowed to graduate and be commissioned an officer. Another involved a lesbian ring of a woman staff officer and 15 female midshipmen.

The obvious reason for the discrimination in favor of female sex offenders and against male sex offenders is that the career officers believe that their own career success is tied to making the sex integration of the military academies look like a success. So superintendent Vice Adm. William Laurence, toadying the Carter Administration party line, said, "There are no discernible differences between men's and women's performance in any area of the Academy's program."

He didn't mention that the Academy's traditionally rigorous physical and psychological training has been watered down to the level women can tolerate or that women are promoted on a quota basis to give the illusion of equal ability. One woman cadet admitted to the reporter, "What bothers me and most other guys is the cowardice and hypocrisy of the brass. They know it isn't working. So what do they do? Kick a couple of good men out, make us patrol the dormitory halls at night and promote a couple of women. It looks good in press releases."

The most outspoken critic of admitting women to the military academies has been James Webb, a 1968 Academy graduate, Vietnam war hero, and author of "Fields of Fire." His article in the November 1977 Washingtonian entitled "Women Can't Fight" (reprinted in Human Events, Feb. 16, 1980), concluded that "there is a place for women in our military," but not in "institutions dedicated to the preparation of men for combat command." "Webb Was Right" became a popular slogan scrawled on walls, textbooks, and T-shirts at Annapolis by the men who agreed.

Last year a visiting admiral lectured at the Academy. During the question period, a female cadet criticized the laws that exempt women from combat, which laws of course the admiral defended. The female, in exasperation, blurted out, "Maybe women shouldn't be here at all!" The male cadets burst into sustained applause.●

H.R. 3112—THE VOTING RIGHTS ACT

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. STOKES. Mr. Speaker, I would like to take this opportunity to express my strong support for H.R. 3112, a bill that would extend the Voting Rights Act for another 10 years.

The Voting Rights Act is one of the most important and effective civil rights laws ever enacted by Congress. As a result of the act, hundreds of black and Hispanic Americans have been able to exercise the most precious of constitutional rights—the right to vote. The act also has removed barriers that previously barred the election of minorities to public office. These two changes have greatly strengthened the legitimacy of representative government in the United States and moved us closer to being a truly Democratic society.

However, unless Congress takes action to preserve the Voting Rights Act, its key provisions—especially section 5 which is the cornerstone of this law—will expire after August 6, 1982. Not only do we need to extend these provisions, we also need to strengthen the act to combat new forms of denials and to correct a misinterpretation of the act resulting from a recent Supreme Court decision in the City of Mobile against Bolden. Therefore, I have cosponsored H.R. 3112. This piece of legislation would:

First, provide for a 10-year extension of section 5 which requires that certain State and local governments demonstrate to the U.S. Department of Justice, prior to their implementation, that new changes in voting or election procedures will not discriminate against blacks and other racial minorities.

Second, continue the requirement that certain State and local jurisdictions provide assistance in other languages to voters who are not literate or fluent in English.

Third, amend section 2 of the act to clarify the confusion caused by the Bolden decision concerning standards of evidence for proof of voting discrimination.

The Voting Rights Act represents the culmination of a long and hard struggle by minorities to participate in Federal, State, and local elections, a struggle that goes all the way back to the period of reconstruction. It has been a struggle against poll taxes, grandfather clauses, white primaries, and the forces of intimidation. Most importantly, it has been a struggle to gain access to the foundation of our democracy—the ballot box.

There were many who thought with enactment of the 15th amendment came the unabridged right, of all citizens, to vote. However, it was 95 years after the enactment of the 15th amendment that the Voting Rights Act finally implemented the amendment's guarantee that the right to vote shall not be denied or abridged by reason of race, color, or condition of servitude.

The hard-won Civil Rights Acts of 1957, 1960, and 1964 held out the hope that the right of minorities to vote would be fully realized. These acts had been designed, in part, to enforce the 15th amendment guarantee by facilitating court challenges against voting discrimination, but case-by-case litigation under these acts has proven insufficient in the face of what former Attorney General Katzenbach called evasion, obstruction, delay, and disrespect. Under the case-by-case approach, Mr. Speaker, State legislatures enacted new obstructive laws as soon as old ones were held unconstitutional. Consequently, blacks were denied their right to vote for the duration of each round of litigation. In short, Mr. Speaker, the Voting Rights Act has succeeded where other measures have failed.

When President Johnson signed the Voting Rights Act into law he correctly pointed out:

> This Act flows from a clear and simple wrong. Its only purpose is to right that wrong. Millions of Americans are denied the right to vote because of color. This law will ensure them the right to vote. The wrong is one which no American, true to our principles can deny.

I submit, Mr. Speaker, that while the act has resulted in increased black and Hispanic voter participation, that the wrong President Johnson spoke of 16 years ago has still not been made right. In fact, black and Hispanic people are still being denied the right to vote in jurisdictions covered by the Voting Rights Act.

We see this denial in discriminatory annexation schemes and racial gerrymandering of district lines.

We see this denial when a jurisdiction shifts from district or ward elections to at-large elections.

We can see this denial in northern Sunflower County, Miss., where residents have to drive 50 miles to the county seat in Indianola to register, on weekdays between the hours of 9 a.m. and 5 p.m., for State and county elections.

However, while some jurisdictions use inconvenient registration times and places and others such as Edgefield County, home county of Senator STROM THURMOND, fail to submit for preclearance, changes in their election laws; the section 5 preclearance provision of the act is an effective mechanism for preventing various schemes that would deny blacks and Hispanics the right to vote. For example, in 1976 when San Antonio, Tex., attempted to annex a number of predominantly white areas, the Justice Department concluded that the annexation would discriminate against minorities because of the city's system of at-large city council elections. As a result of the Justice Department's objection, the city adopted a council election system with members elected from single-member districts.

Richmond, Va., is another example. In 1970 when the city developed a majority black population, whites then in power decided the way to retain power was through annexing the white suburbs. The Justice Department ruled that the annexation could go through only if the city adopted a single member district plan instead of the at-large system that would make it impossible for blacks to be elected. The result was a majority black city council and a black mayor in a majority black city.

When we realize, Mr. Speaker, that during the last 5 years 400 changes submitted under the preclearance procedure were found to be objectionable, we begin to understand the importance of and the need for the preclearance provision. The significance of the preclearance provision is further heightened when we take into account that a number of reapportionment and redistricting changes will be taking place in compliance with the 1980 census. With the preclearance provision in place, at this critical time, it will be possible to prevent discriminatory reapportionment and the gerrymandering of districts which result in weakening the impact of the minority vote.

Unquestionably, Mr. Speaker, the Voting Rights Act has resulted in increased participation of minorities in the political process. However, discrimination still continues. The gains can be easily eroded. We must reaffirm our commitment to a society guided by democratic principles. I urge all my colleagues to support H.R. 3112.●

A UNIQUE FOURTH OF JULY TRIBUTE TO OUR MANY EARLY AMERICAN PATRIOTS FROM FOREIGN LANDS

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. BIAGGI. Mr. Speaker, I am proud to insert into the RECORD a most informative article written by Mr. Anthony Cama, feature writer for the Daily Evening Item of Lynn, Mass. His extensively researched article focuses long-overdue attention on the contributions which men from foreign lands made to our Nation's early history, including its fight for freedom.

Ethnic patriots hail from a variety of lands—including but not limited to—Italy, Poland, France, and Ireland. Mr. Cama remembers such leaders and heroes as William Paca, General Kosciusko, Lafayette, and Haym Solomon. To appreciate the full significance of our pluralist Nation today, it is important that we review history. Anthony Cama's piece is a helpful guide.

As the son of immigrant parents, I know that America has been and continues to be the land of opportunity for all its citizens. Yet I also know that America grew strong as a nation because of the hard work and patriotism of its citizens. The pages of American history are replete with contributions of Americans from various ethnic groups—contributions which span the entire 205-year history of this Nation—from the Declaration of Independence to the present day. The freedom we cherish in this Nation did not come without the supreme sacrifice of many Americans who died to make us free in 1776 and to keep us free in World Wars I and II. July 4 is acknowledged as Independence Day and on that day we bask in the wonderful freedom we enjoy as a nation and people.

I urge my colleagues to review Mr. Cama's article and appreciate the important information it imparts:

INDEPENDENCE DAY, JULY 4

The torrid month of July encompasses its 1981 historical year now bearing at the helm of our nation the leadership of Ronald Reagan and the Republican administration. Americans everywhere, and most especially in the sacred halls of Boston and this Commonwealth, are observing the national holiday!

It is also a time to salute the heroes and patriots who came from foreign soil and to fight and die in the American Revolution; William Paca, Italian refugee whose family settled in Maryland; he became the first governor and was a vital signer of the Declaration of Independence; Philip Mazzei, "Forgotten Hero of the American Revolution," patriot, diplomat, distinguished political philosopher, intimate friend of Jefferson and Franklin and Washington; the two Polish Generals, Kosciusko and Pulaski; Gen. Pulaski died on Oct. 11, 1779 from wounds received in the siege of Savannah; a beautiful monument to Gen. Pulaski stands in Washington, D.C.; the Kosciusko Monument is found at the Boston Public Gardens on Boylston Street. From the shores of France came Lafayette, Rochambeau, Admiral DeGrasse, D'Estaing and thousands of French soldiers and sailors with war ships, supplies and money; the negro, Crispus Attucks, died defying the redcoats; Haym Solomon, the unique hero of the Revolutionary War, a Polish-Jew, he was master of 10 languages and belonged to the Sons of Liberty; he was instrumental in pouring more than $600,000.00 into the Revolution; Aaron Lopez, the Jewish merchant-ship owner, who put his vessels into the hands of the patriots; Salvador Francis of South Carolina, a heroic Jew, who earned the nickname of "The Southern Paul Revere"; he died fighting the Indians; David Emanuel, one of the fearless spirits of Rebel Town, later elected governor of Georgia; Col. Franks, trusted aide of Gen. Lincoln and Gen. Arnold; Lt. Col. Solomon Bush of the Pennsylvania Supreme Council; he was fatally wounded at the Battle of Brandywine; Dr. Philip Moses Russel served the army at Valley Forge during the tragic winter of 1777-1778. Baron De Kalb, the German soldier-leader, friend of Lafayette; he died of wounds received in the Battle of Camden, 1780. Baron Von Steuben, hero of Valley Forge, took part in the Battle of Monmouth and the Siege of New York. He remained in America.

The Irish immigrants filled a glorious history in the Revolution: Daniel Morgan's Irishmen wore upon their breast motto, "Liberty or Death"; In "The Line of Ireland" from Pennsylvania, four commanding officers were natives of Ireland; Timothy Murphy, hero of Saratoga; Capt. John Brady, revolutionary scout and frontiersman; Major John Kelly, who destroyed the bridge at Stoney Brook; Lt. James Gibbbons, who stormed Stoney Point; Capt. William O'Neil, hero of Brandywine; Comdr. John Barry, hero of many seabattles who became the father of the American navy; Comdr. John Paul Jones, heroic son of Scotland, victor of many seabattles against the British. Numerous Irishmen commanded brigades and regiments; Generals James Hogan, John Greaton, Richard Butler, Richard Montgomery, William Irvine, Edward Hand, William Thompson, William Maxwell and Andrew Lewis. Proctor's artillery was 40 percent Irish. Next Gen. Knox, Col. Proctor was the most distinguished artillery officer of the Revolution. In 1790 he became a member of the Hibernian Society of Phil.

Among the heroes of the Signers of the Declaration of Independence, who were from Massachusetts Bay emerged Samuel Adams, the 5th signer, born in Boston, called the "Firebrand of the Revolution"; he became governor and is buried in the Old Granary Burying Ground. John Adams, the 6th Signer, born in Braintree, was one of the outstanding patriots; he became the 2nd President of the United States. Both he and Jefferson died on the same day, July 4th, 1826. His burial place is in Quincy, Mass. Robert Treat Paine, traced his ancestry to the Mayflower. He was a Harvard graduate and studied for the ministry. He became the first attorney general of Mass. He helped to found the American Academy of Arts and Science; Elbridge Gerry born in Marblehead, Mass., was a graduate of Harvard. In 1810, he was elected governor of Mass. The term "gerrymander" came from Gerry's political work. In 1812 he was elected vice president on the ticket with Madison, but died two years later as he walked to the Senate. He wrote: "It is the duty of every citizen, though he have but one day to live, to devote that day to the service of his country."

The pages of American history have shown that the war of Independence was actually an insurrection; a furious rebellion of English subjects of the King who revolted against the tyranny of England. The patriots were brave and valiant, and the colonials had excellent leaders, but there is no doubt that, without the military help of the French and many able military strategists of foreign countries, the British could have emerged victorious and destroyed the Revolution!●

TRANSPORTATION

HON. AUSTIN J. MURPHY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. MURPHY. Mr. Speaker, I feel distressed at the outcome of the recent votes on reconciliation of the budget. It is a difficult time for us all. It is true that the American public wants, and rightfully, deserves, the Federal Government to balance its budget and reduce taxes. However, the American people do not wish to suffer the pains of economic policies which aid the wealthy and take away from those who have the least to give.

The cuts imposed by Gramm-Latta II are more severe than the administration's original proposal. I have long favored trimming the budget and lowering taxes. As we are the most representative body of the Government, it is our responsibility to represent the people by cutting the budget; however, not in the reckless manner such as that put forth by the administration.

Along with the cuts which will effect every American, but particularly the lower and middle classes, the administration proposes to do away with many categorical grants and to fund by means of block grants. The administration claims that block grants will allow State and local governments to utilize Federal funds more productively when, in fact, block grants will detract from program credibility and continuity. Only the Federal Government currently has the oversight capabilities and methods of implementation necessary to effectively administer most programs.

Cutting program budgets in areas such as transportation will incur hardships on the lower and middle classes. Interstate construction funding maintained at present levels, and funding eligibility narrowed toward final completion of the Interstate System by 1986 are steps in the right direction. However, the elimination of lower priority highway programs designed to address State and local problems concerns me a great deal. It is suggested that the States and localities have a greater interest in highway systems below the interstate level, and some merit can be found in this argument. The phaseout of Federal responsibility is to take 2 years with State and localities assuming full funding in fiscal year 1984. This transition time is proposed to be sufficient to allow States to make budget adjustments to meet full funding responsibilities. Yet, there are parts of this country that are so densely covered by State highways that to meet full funding will be extremely burdensome. For instance, the State of Pennsylvania has over 45,000 miles of State and Federal highways.

My district alone, which encompasses only 3 counties of the 67 in Pennsylvania, has 3,000 miles of highway, approximately 65 percent of which are State highways.

In reality, what the Gramm-Latta II budget does is shift the burden from the Federal Government to the State governments. Thus, the taxpayer will see a reduction in Federal taxes, and concurrently, a rise in State taxes. What appears to be a tax reduction has become a tax deferment, and a move toward a more decentralized Federal Government.

It is for the very reasons which I have elaborated, that many aspects of the Gramm-Latta II budget are unacceptable to me. More of a burden will be placed upon taxpayers than less, as responsibilities are shifted from Federal to State governments.

Again, I do not oppose trimming the Federal budget, but I am very much opposed to the reckless and callous methods used by the administration.

ADMINISTRATION MAKES MISTAKE BY SUPPORTING AWACS TO SAUDIA ARABIA

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. FRANK. Mr. Speaker, while the administration waits for an opportune moment to notify Congress of its intent to sell five AWACS to Saudi Arabia, the arguments against the sale become increasingly cogent. No matter how many administration officials try to allay the fears of a concerned public, the questions of Israeli security, the stability of the Saudi regime, and the dangers of transferring sophisticated technology to the Saudis remain unanswered.

Leonard Fein, editor of the distinguished Moment magazine, has written one of the most elucidative analyses of the politics of the AWACS decision and the contradictions between the administration's rhetorical support for Israel on the one hand, and its actions—symbolized by the proposed AWACS sale—on the other.

I believe Members will find Mr. Fein's article to be both interesting and insightful reading. Excerpts of the article follow:

WASHINGTON SLIPS ON THE AWACS

If Jimmy Carter had been reelected, and had gone forward—as now we know he intended to—with the proposal to sell to Saudi Arabia an "enhancement package" for its F-15s and the AWACS surveillance system, he would have been savaged by Israel's friends in this country.

But Ronald Reagan is not Jimmy Carter. According to Senate Majority Leader Howard Baker, "Israel never had a better friend perhaps in the White House than it has with President Reagan." Perhaps. This is certainly a proposition Israel's friends outside of the White House would like to believe. Indeed, their desire to believe it led many of them to set aside their deepest convictions regarding American domestic policy and to support Ronald Reagan in his quest for the presidency. As one prominent Jewish liberal who energetically supported Reagan said last month, "I voted for him on one issue and one issue alone—and that issue was Israel, of course."

And then he added ruefully, "I thought we'd get at least one good year out of him. But I was wrong."

For it is now clear: the soothing words of friendship are just that and no more. The voice promises safety for Israel, but the hands are busy ringing up the sales of weapons to Israel's sworn enemies in the service of no defensible American purpose.

That is the unfortunate and unambiguous lesson of the F-15/AWACS proposal.

First, the details: The current proposal, not yet formally submitted to Congress, which has the authority to reject it, is to sell to the Saudis 62 sets of auxiliary fuel tanks that will substantially extend the range of their F-15s; 1000 to 1800 Sidewinder air-to-air missiles; 5 AWACS; 7 KC-135 tankers for air refueling of both the F-15s and the AWACS. The total value of the package is $2.5 billion.

The AWACS were not part of the original proposal, nor did the original proposal elicit much opposition either from Israel or from the American Jewish community. The Israelis, fearing a dispute with the Reagan administration in its first days, chose to accept American assurances that Israel would be "compensated" for the Saudi sale. Among the elements that might be included in the compensation package were additional military aid, easier credit terms for the repayment of Israel's debt to the United States, increased American purchases from Israeli manufacturers of military equipment, agreement to permit Israel to sell military equipment requiring American licensing to certain other countries and increased use of Israeli maintenance and repair facilities by American forces. Israel's Foreign Minister Shamir made it clear during his March visit to Washington that Israel would not put up a major fight on the F-15 matter.

The American Jewish community, taking its cue from Israel, and also sensitive to the problem of pressing an opposition that might well prove futile, chose relative silence on the matter. The word was passed that only if the AWACS were added to the proposal, as it was rumored they might be, would serious opposition be mounted.

In due course, the AWACS were added, at the urging of Secretary of Defense Weinberger and, as of April 1, with the approval of the National Security Council.

In the meantime, several Democratic senators—Biden, Kennedy, Cranston and others—had begun a fight on the Senate floor. The principal point they made was that no political quid pro quo had been demanded from the Saudis in return for these weapons, and this just after Saudi Arabia had called for a jihad—a holy war—against "the Zionist entity."

Some Republicans in Congress shared this view, and expressed it. Others were distressed that leadership on the issue had been taken by liberal Democrats, just at a time when the Republicans had begun to make serious inroads into the traditional Jewish-Democratic alliance. Opposition mounted.

Still, the Jewish community was silent.

As it had been up until the last minute when the original authorization was given the sale of 60 "unenhanced" F-15s to the Saudis back in 1978. The Carter administration had pressed hard then, and the Israelis were uncertain, and a major drive in opposition to the sale was mounted only at the last minute—and proved ineffective.

In order to win acceptance of the 1978 sale, then Secretary of Defense Harold Brown assured the Senate, in writing, that "the planes will not have conformal fuel tanks. . . . (nor) has Saudi Arabia requested that the plane be outfitted with Ejection Racks (MER 200) which would allow the plane to carry a substantial bomb load. . . . the U.S. will not furnish such MERs. . . ."

It is this assurance that the Reagan administration now proposed to violate. And it is this violation to which the Israelis, for all practical purposes, acceded, and that the American Jewish community grudgingly accepted.

Until the AWACS were added on.

Now the administration, recognizing the vigor of the opposition to the proposal, has decided to defer its formal transmission to Congress until the late summer or early fall, so as not to divert attention from its domestic economic priorities. In addition, there are persistent rumors in Washington that the proposal will be amended, or side-deals developed, in an effort to overcome the current opposition.

The postponement of the proposal's submission not only gives the administration the chance to modify it; it also gives those who are alarmed by it a chance to enhance their understanding of the stakes here involved.

Israel's capacity to maintain a military edge sufficient to deter Arab aggression—or, if necessary, to repel it—depends on three key elements: first, Israel must retain its technological superiority; second, it must retain its qualitative superiority; third, it must retain its capacity for surprise. Given the size of the forces, actual and potential, that might be deployed against Israel, significant deterioration in any of these three elements represents a damaging blow to Israel's security. The current proposal of the Reagan administration would cause such deterioration not to just one of these elements but to all three.

The F-15 enhancement package vastly increases the lethal capability of that aircraft, not only by extending its range and increasing its weaponry, but also by lowering—dramatically—the demands it makes on both pilots and ground crews. The most startling example of this is the effect of adding the Sidewinder AIM-9L/M. This air-to-air missile has omnidirectional capability; a Saudi pilot would not need to position himself behind an Israeli aircraft in order to score a direct hit. Further, the F-15 would become, as Hirsh Goodman, military editor of the Jerusalem Post has argued, "idiot proof"—capable of being serviced on the ground in a very short time even by relatively inexpert mechanics.

As to the AWACS, the Pentagon itself has claimed that the addition of the AWACS to NATO's armory is the equivalent of doubling NATO's entire force of interceptor aircraft. According to U.S. Air Force General John Vogt, "The AWACS determines a threat that may be appearing . . . picks them up several hundred miles out, takes the closest targets [and] can vector the F-15 into the general vicinity." At which point the F-15's own long-range radar can take over.

That is by no means all the AWACS can do. Just now, in an effort to calm the opposition, there is an effort underway to make only modest claims for the AWACS.

Boeing's own puffery—it manufactures the AWACS—has been replaced by uncharacteristic modesty, and the layperson may justifiably feel confused. Can the AWACS really fly for 72 hours without refueling? (It cannot; it can fly 11 hours without and up to 72 hours with refueling.) Can it "see," as has been claimed, any object "moving at more than 80 miles an hour within a 250 mile radius"? (It cannot "see" objects on the ground; that is what enables it to "see" low-flying aircraft.) What about the "black box," without which the AWACS is allegedly harmless? (That depends on which "black box"; the AWACS can be custom-designed to give more or less information.)

But here we have the 1977 testimony of then-CIA Director Stansfield Turner: If the Soviets were to gain access to AWACS, they could leapfrog five to seven years forward in certain technologies. For the fact is that the AWACS, whatever its precise technical specifications, is the most advanced—and the most expensive—air control and command resource in the world. Saudi Arabia, with five AWACS, would be in a position to collect—and disseminate—complete information on the movements of all Israeli aircraft, day or night, good weather or bad.

Israel has no counter-system at the present time. Nor would providing Israel with its own AWACS—which it cannot afford—diminish the usefulness of the Saudi AWACS; the one does not offset the other.

So: In one critical respect, Israel's technological edge is severly blunted, the effectiveness of its air force substantially degraded; Israel's qualitative superiority which has enabled it to withstand attacks by vastly larger forces, is radically diminished; Israel's capacity to surprise the enemy, and thereby to carry the battle outside its own territory, is destroyed.

That, starkly, is the proposal of the "best friend" Israel has ever had in the White House.

But surely Ronald Reagan and his advisors wish Israel no ill. On the contrary: Israel is the key element in Secretary Haig's persistent effort to fashion an anti-Soviet "strategic alliance" in the Middle East. Why, then, such a pernicious proposal?

Here theories abound, and the truth is almost certainly a combination of elements from each.

First: This administration is deeply committed to keeping the Soviets out of the Persian Gulf area. In choosing between blunting the Soviets and any other foreign policy goal, the former takes priority. The Saudis are an important element in the anti-Soviet strategy, and they must therefore be assured of American friendship, support and trust.

Second: The Saudis claim that they are helping keep oil prices down, and imply that this policy of responsibility depends on American reciprocity.

Third: The ability to sell two billion dollars worth of AWACS not only helps the American economy; specifically, it dramatically reduces the per-plane cost to the Pentagon. Foreign purchasers pay not only for the equipment they get, but also for their "share" of its original development cost. The United States has an important economic interest in maintaining the Middle East arms balance at a high level. A low-level balance might be somewhat more stable, but it would be considerably less profitable.

Fourth: In general, the United States has experienced interesting benefits from conflict in the Middle East. Especially in 1967 and 1973, the Pentagon acquired important information regarding the performance of some of its more sophisticated hardware in actual battle. So, for that matter, did the Russians. (The Spanish Civil War provided both Germany and the Soviet Union a test of their equipment, at no cost in either German or Russian lives, and set a precedent for testing new systems with surrogate—and expendable forces.) While such a cynical doctrine may not serve as a motive for the sale of arms, it does help the cost-benefit analysts to justify it.

There is no dearth of arguments with which to oppose the administration proposal. The most telling argument is provided by the precedent of Iran, to which the Carter administration had promised 14 AWACS—happily not delivered before the Iranian upheaval. Can we be certain that Saudi Arabia's medieval monarchy will not collapse one day soon, its weapons taken over the a Saudi-style Qadhafi? That is the argument most of the congresspeople and editorial writers have used, and it is good as far as it goes. But it does not go nearly far enough, for it leaves the F-15 enhancement package very much in place, and on this issue, it is worth fighting, and fighting hard, even if the likelihood is that we will lose. It is worth fighting because it will cause the next Saudi request to be handled rather more cautiously. It is worth fighting because the issue is so important. And it is worth fighting because we may win.

It was only when the AWACS were added to the administration proposal that the American Jewish community announced its readiness to fight the entire package, AWACS and F-15s alike. For that reason, the administration, if it is disposed to compromise—there is no sign of that as yet—may well choose to drop the AWACS, at least for the time being, and press for the F-15s. Unfortunately, the administration has reason to believe that only token opposition would be mounted against the F-15s alone.

Therein lies a cautionary tale.

Every time a new president enters the White House, there is some back and forth before the organized Jewish community develops a working relationship with the new administration. In the first days of the Reagan administration, the particular problem was a modest rivalry between a group of prominent Jewish Republicans who had been actively involved in the Reagan election effort, and who believed themselves to be in the best position to represent Jewish interests to the administration—and who also, presumably, enjoyed the sense of power such relationships provide—and the Conference of Presidents of Major American Jewish Organizations, the "official" spokes organization for Jewish interests. That problem has by now, according to all reports, been resolved.

But while the two groups were still figuring out how to work together—back on March 9, specifically—32 prominent Jewish Republicans met with the President and his chief aides. The meeting had not been scheduled specifically to deal with the F-15 proposal, which by then was public. At that point, Israel was still quite reserved in its opposition, and there seemed no reason for American Jews to take a more vigorous stand in opposition than the Israelis had. But it was obvious that the issue would come up at the meeting, and in a pre-White House caucus, the group very carefully drafted the language of a statement on the matter that would be read to the President by Max Fisher.

Fisher, a long-time Republican fundraiser, is arguably the most powerfull Jewish leader in America. He has been Chairman of the Board of Governors of the Jewish Agency for Israel for many years, and has held at least a dozen other senior leadership positions in national Jewish organizations. Fisher was a belated supporter of Reagan, and there are those who have speculated that his performance in the White House on March 9 was prompted by his desire to ingratiate himself with a president he had earlier opposed.

Whatever his reasons, when the time came for Fisher to read the group statement, he changed its wording. The original included the following language: "We are . . . deeply disturbed by, and opposed to, the proposed sale . . ." But Wolfe Blitzer, the distinguished Washington correspondent of the Jerusalem Post, reported that Fisher—normally a commanding presence—in fact read, in a barely audible voice, a statement in which "deeply" became "a little bit" and "opposed to" was dropped completely.

And later, at a remarkable White House briefing for reporters, Fisher said, "I sure feel a great deal more relieved after hearing the comments of President Reagan and some of his staff on the matter." Pressed quite vigorously by the reporters present, who expressed some measure of disbelief on hearing Fisher's sanguine assessment, Fisher explained: "When a man like President Reagan, in whom we have great faith and great confidence, states categorically his position—and I want to repeat this to you—that the balance of power in the Middle East will not be disturbed, that is a very convincing statement, at least as far as I am concerned."

The reporters were blunt: "The question that is bothering all of us . . . is whether any of you gentlemen see any conflict . . . between the President saying that he is committed to the security of Israel and . . . his decision to provide these weapons to . . . Saudi Arabia?"

That was—and remains—the question. At the White House briefing, it was answered by Gordon Zachs, an active participant in national Jewish organizations and, during the early part of the campaign, an energetic supporter of then presidential candidate George Bush. ". . . If we had our druthers we would prefer that there not be a sale. But in view of the fact that there is going to be a sale . . . we were reassured and comfortable that the strategic balance will be maintained . . . and that Israel from a qualitative, military security point of view will emerge stronger than she is going in without these enhancements."

Fisher and Zachs, in the wake of the AWACS addition to the F-15 enhancement package, have both joined the Conference of Presidents in vocal opposition to the entire proposal. Perhaps, in the future, we will remember that there is a reason we have a Conference of Presidents, and the reason is to insure that Jewish interests will be represented honestly and forthrightly by people who are mandated to represent those interests and who have no personal agenda with the President that might confuse their mission.

In any case, the reporter's question remains. There is a conflict between this administration's professed concern for Israel's

security and its proposed sale of military equipment to Saudi Arabia. There is no way around that conflict. There is no sop the administration can toss Israel that will resolve it, no acceptable compromise it can propose that will remove it. We need not think the President dissembles when he avows his concern for Israel; let us grant that his concern is genuine. We need merely think that he and his advisors are mistaken in supposing that they can go forward with the Saudi sale and not be accused of subverting that concern and Israel's safety with it. It is a mistake that is likely to cost both Israel and the United States dearly, unless we move to correct it.●

COMMEMORATING THE 50TH ANNIVERSARY OF STANLEY HOME PRODUCTS OF WESTFIELD, MASS.

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. CONTE. Mr. Speaker, it has been said by some that the economic climate of New England is not conducive to industry, and that in order to compete in the business world today, companies must relocate to areas which promise low-wage labor, tax concessions, and other inducements. New England has been and continues to be fertile ground for industry. It produces strongly rooted organizations which grow, develop, prosper, and, I am proud to say, remain loyal to their home ties, thereby encouraging other industries to do the same.

I have in mind a particular company, located in the First Congressional District of Massachusetts, which I serve. Stanley Home Products, Inc., of Westfield, is now celebrating its 50th year in business. It was founded on August 15, 1931, in the depths of the Great Depression, by Frank Stanley Beveridge, who often used a quotation from Longfellow to express his philosophy:

> There is an honor in business that is the fine gold of it; that reckons with every man justly; that loves light; that regards kindness and fairness more highly than goods or prices or profits.

Mr. Beveridge believed that the success of his company would be related directly to quality and to service; that is, the best possible products offered in the manner most convenient to the customer. Together with Miss Catherine L. O'Brien, the company's cofounder, and five other associates, he started to produce a line of basic household chemicals, cleaning implements, and brushes. From this humble beginning has grown an enterprise that today, through the parent company and its subsidiaries, offers home care and good grooming products throughout the free world.

As the company expanded, it spread to various locations in Westfield, and came to recognize that it must consolidate in order to efficiently meet the demand for its products. Some advisers felt this would be a strategic time to move to another part of the country, but management, loyal to the company's New England heritage, was reluctant to uproot the sturdily growing organization. Instead, it relocated the warehousing and production facilities in nearby Easthampton, Mass., where, in 1946, it purchased a former textile mill with nearly 700,000 square feet of manufacturing space. I have had the pleasure of visiting this plant myself and have seen its modern equipment and the excellent working conditions it offers, and noted, too, the friendly and cooperative attitudes of the Stanley associates employed there.

Stanley products were originally sold door to door, but by the late 1930's, a new sales concept, that of the Stanley hostess party, was being developed. Through the plan, the salesman would, in effect, make several calls at one time by demonstrating his wares to a group of women who could shop in comfort in a friend's home. This friend, the hostess, would receive a thank you gift for making her home available.

This method of doing business positively and profoundly influenced the growth of Stanley Home Products, the more so because it attracted women to the sales field. As independent Stanley dealers, they were in business for themselves, setting their own hours and goals, selling merchandise with which they were familiar and which they could demonstrate with authority. Indeed, this company has been a pioneer in offering business careers to women and in destroying the artificial barriers which sought to deny women an equal position in the work force. One example of this is the fact that the company's cofounder, former president and chairman of the board was a woman, Miss Catherine L. O'Brien.

Today, independent Stanley dealers number approximately 90,000 worldwide and enjoy profitable and interesting careers with wide opportunities for development and advancement. In Stanley, individuals have demonstrated dramatically, time and time again, the success of the work ethic. They have proven that drive and ambition lead to advancement and success, regardless of race, sex, color, national origin, or religion. This opportunity for meaningful activity, for personal development, and for career progress in Stanley has its basis in a direct promise by Mr. Beveridge. He said, "We will build here an institution the likes of which has never been seen; one that will be a benefit and a blessing to those associated with it."

The Stanley opportunity has been extended to other countries, and this still-developing organization now operates in 18 international markets, with 15 distribution facilities and 6 manufacturing plants outside the United States. The company's contributions to the increase of U.S. trade abroad were recognized this year at a ceremony which I had the privilege of attending, and during which Stanley Home Products was presented with the U.S. Government's "E" Award. This award acknowledged the substantial increase in Stanley's volume of export and its creative marketing efforts.

Stanley Home Products also has diversified into other fields. Its wholly owned subsidiary, Canford Manufacturing Corp., produces custom molded plastics. Its industrial division serves the building maintenance and institutional trades and the fast-food industry.

Stanley's chairman of the board, Homer G. Perkins, worked closely with Frank Stanley Beveridge and has directed his efforts toward carrying on the spirit and force of the company's founder. Stanley's president, H. L. Tower, has avowed his dedication to Mr. Beveridge's ideas and ideals. As Stanley celebrates its golden anniversary, it pays tribute to its heritage and looks forward to even greater progress. There is indeed "an honor in business that is the fine gold of it."●

OSM REORGANIZATION BACKFIRES

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mrs. SCHROEDER. Mr. Speaker, the untold story of the Secretary of the Interior's proposed reorganization of the Office of Surface Mining is how it will affect coal companies. The Secretary routinely dismisses criticism of his actions as the work of diehard environmentalists.

In fact, his actions have been equally criticized by State and local officials and by the private enterprises he claims he is helping. Colorado Business, a pro-Reagan administration publication, explained coal company reactions to the OSM reorganization in an article, "Plan Shafts Firms," in its July 6-12, 1981, edition.

PLAN SHAFTS FIRMS—BUREAUCRATIC BATTLE MAY BACKFIRE

(By Doug Vaughan)

Angry over their bosses' plan to reorganize the Office of Surface Mining, some Denver employees of OSM contend that Interior Secretary James Watt's proposal is a deliberate and illegal plot to scrap the agency that will cost coal companies "plenty." (See accompanying story, page 2)

A spokesman for the employees charges that Watt's proposal already has caused attrition of key personnel, stalling projects and delaying the already protracted process

of review for new mines by up to six months.

While hesitant to criticize the man many of them regard as their champion, some coal producers reluctantly agree that Watt's proposal may be an expensive—if well-intentioned—mistake. They fear that, as a result of the flap over OSM, Watt's plan to accelerate leasing and production of coal on federal lands may backfire, giving environmental groups an opening to attack the new federal policies for development of natural resources on public lands.

According to Keith Kirk, elected recently to head the OSM Region V Employees Association, Watt's reorganization scheme already has caused "a big backlog" at the agency.

Kirk, a geophysicist in the division of technical services, is responsible for coordinating reviews of mine plans submitted by companies for approval under the Surface Mining Act.

"Region V is the only region still active in mine plan reviews," Kirk told Colorado Business. That process already has "slowed up considerably" due to attrition of personnel, demoralization of those who haven't left and uncertainty over Watt's plan. Kirk said a survey of employees in the Denver office indicated 70 percent of the technical staff of 50 would leave OSM if transferred to Casper, as Watt has ordered.

"Last Friday, we held a going away party for five people." Kirk said. "These were all experienced technical people. A lot of people have already jumped ship. At least a dozen have left and everybody else is looking for other jobs. We still have no idea how many will be transferred and how many will be laid off. But it's bound to slow everything up even more."

For example, Kirk said Watt transferred James Hardaway, chief of technical services for the region, to a temporary assignment back in Washington. "Hardaway was responsible for trying to keep the review of mine plans on time," Kirk said. "This is a guy who has received many commendations, who works 60 hours a week. The transfer doesn't make sense if you're serious about efficiency."

By way of contrast, the technical services staff also has lost three of five secretaries. "That may not sound important," Kirk said, "but just trying to get something typed is almost impossible. You've got technical personnel doing their own typing to get reports out on time. Now when you've got a GS-12 biologist typing out reports, that's not a very efficient use of taxpayers' dollars, not to mention the delay on other work."

"The most critical example" of inefficiency and delay caused by the announcement of the planed reorganization, Kirk said, involves review of companies' plans for mines in Utah, which still relies heavily on the regional office "because they don't have the staff at the state level."

For the last several weeks, Kirk said, his staff has been reviewing "four to five plans a week" from companies, including 19 on federal lands, "and they're stacking up."

Lining up behind these companies are plans for at least two dozen mines in Colorado. Under the agreement between OSM and the Colorado Mined Land Reclamation Board, companies who wanted to continue mining in the state on federal land had to reapply for state permits by Feb. 17, 1981.

"We've already crunched through the joint review with MLRB to clear companies for apparent deficiencies in their mine plans," Kirk said. The schedule allows the companies to respond to a list of alleged deficiencies found by OSM and the state board.

"A hell of a lot" of the responses from the companies to these alleged inadequacies "will be coming in in the next few weeks," Kirk said, raising the prospect that OSM, already thrown into chaos by Watt's reorganization, will be inundated with the Colorado plans before the Utah plans can be cleared from the schedule.

"There's not much incentive for people who are going to get laid off in a month or two to bust their butts for Watt under those conditions," remarked another OSM employee, who asked that her name not be used.

Delays of six months to a year are "increasingly likely," Kirk said. "If true," one company lawyer familiar with the process said, "and it sounds possible, that will cost some companies a lot of money in lost contracts, carrying costs of borrowed capital, construction delays and, possibly, more litigation." The amount at stake is "hard to quantify," another spokesman said, "but it could be real expensive for some of us."

"There's no question that many of these plans won't meet the legislatively mandated schedule for review," Kirk said. "As a result, some companies will be operating without a permit."

Some states allow existing mines to operate without a permit under provisions of approved state programs that grant extensions of time in cases of administrative delay for which the company is not at fault. Other states, including Colorado, don't allow such extensions, Kirk said, although MLRB officials reportedly are preparing an administrative mechanism that will assist companies affected by the delays at the federal level.

"The states might try to look the other way," Kirk said, but lawsuits filed by environmental groups against companies operating without permits "could shut down mines right and left."

The OSM regional office also has responsibility for reviewing a petition filed last December by a coalition of ranchers and environmentalists to have the secretary declare certain sections of the coal-rich Powder River Basin of Montana unsuitable for strip-mining. According to the law, that review must be completed within one year of filing of the petition. If OSM does not finish the review on time, Kirk warned, "the petitioners could seek injunctions to prevent the companies from mining. That case is in particular jeopardy because of the resignation of a hydrologist who was assigned to the review.

The dimensions of the problem are indicated in a draft report by the government's Office of Technology Assessment. Some 7.7 million tons of federal coal were mined in Utah, New Mexico and Colorado in 1979. The report, dated May 14, 1981, lists 108 federal leases issued since then, with mine plans projecting up to 70 million tons of additional production by the early 1990s. In addition to those leases for which mine plans have been submitted to OSM, another 139 leases have been awarded for which no plans have been offered—yet.

OSM employees said they expect considerable trouble completing environmental impact statements for several large operations. Review of larger mines, generally, will be extenuated, they said. While reluctant to specify which operations stood to lose the most, one OSM employee said the Antelope mine, operated by Portland-based NERCO, Inc., "was not in good shape at all" due to the resignation of the OSM person responsible for coordinating the EIS.

A NERCO spokesman told Colorado Business, "This is the first we've heard about it, but if it's true, we're going to have some trouble." He refused to identify the nature of the "trouble."

Officials at several companies contacted asked that their names and their companies not be identified. The consensus was, as one put it, "it doesn't pay to get caught in the middle of a bureaucratic fight. If I say something against Watt, whom I happen to like in spite of all this, I break ranks with other people in the industry. If I say something against OSM and they win, they may take it out on us later."

One executive accused the OSM employees of "bureaucratic blackmail: If we openly side with Watt, they'll sit on our permit."

But several agreed with the assessment of one lawyer who represents two of the state's largest coal producers: "I've worked with the people at OSM extensively and the reorganization could have the impact they say it will. In the interim it's a headless monster.

"When things were running normally over there, and the staff was generally trying to be cooperative and we were practically the only ones going through the process, it was cumbersome enough."

The delays "could have a very deleterious effect, especially on the smaller, hungrier outfits opening up new mines. If this had happened to us when we first applied to OSM, and we hadn't been able to expand into new federal coal, we would have been in serious danger of defaulting on supply contracts we had already signed."

Most of those contacted acknowledged that, in the words of one engineer familiar with OSM, "the reorganization will result in losing some excellent people, and that will hurt. But it will also result in losing some people who have been a thorn in the side of the companies seeking permits, and that will help."

The companies hope that, whatever the outcome of the squabble between Watt and the Denver OSM, the federal government will withdraw from regulation of mining in favor of the states.

"But if the delays are as bad as some say they will," one reclamation specialist cautioned, "Jim Watt will have some trouble from the folks like us who put him there."

[From Colorado Business, July 6-12, 1981]

EMPLOYEES FILE SUIT AGAINST JAMES WATT

(By Doug Vaughn)

Disgruntled employees in the Office of Surface Mining filed suit in federal district court in Denver July 1 to stop Interior Secretary James Watt's proposed reorganization of OSM.

The suit is the latest in a series of maneuvers by the staff of the OSM Region V office to thwart a plan they say would effectively scuttle the agency, which is responsible for compliance by coal companies and state agencies in the West with the Surface Mining Act of 1977. The law forces companies planning to mine coal on federal land to submit "mine plans" to OSM in order to receive permits for strip-mining or for surface facilities supporting underground mines. The Act also authorizes OSM to supervise state agencies and review permits granted under state implementation programs approved by the federal agency.

Earlier this year, Watt announced his intention to reduce personnel of OSM from

1001 employees authorized in the federal budget for fiscal year 1981 to 628—part of the Reagan administration's goal of moving toward a balanced budget. He also said he would close all five regional offices of the agency, replacing them with state and field offices—a move justified on grounds of efficiency, cost-cutting and devolution of authority to the states to run their own programs.

Most of the functions of the regional office in Denver would be moved to a technical services center in Casper, Wyo.

Responsibility for monitoring states for compliance with the federal law would be split among offices in Denver, Casper, Albuquerque and Salt Lake City, while scrutiny over rehabilitation of mined land would take place mainly out of Albuquerque.

OSM employees, not exactly thrilled with the prospect of leaving Denver, have denounced the reorganization plan as a scheme by which Watt, a lawyer who formerly headed the Mountain States Legal Foundation, can dismantle the agency he battled on behalf of coal companies prior to assuming his current position as chief steward of the public lands.

At hearings conducted by Rep. Patricia Schroeder, D-Colo., in Denver last month, OSM staff presented an analysis of Watt's plan that contradicted their new boss' claim that the reorganization would enhance efficiency, reduce costs to the government and the coal companies and lift the burden of regulation.

According to testimony by OSM personnel, the purported savings claimed by Watt were grossly exaggerated. For example, savings on personnel costs were based on the authorized level in the 1981 budget. But the office in Denver, with 114 career employees, had never been staffed to the authorized level, so some of the claimed savings were "fictitious," according to the employees.

The OSM employees also said Watt failed to calculate the indirect costs of the relocation to the government and private firms, such as increased travel expenses for firms who have established headquarters in Denver because it is a regional center for federal agencies.

Perhaps most important, the OSM staff charged, the splitting and transfer of functions to separate offices would actually increase the regulatory load Watt pledged to lift.

After the hearings in Denver, Watt refused to budge, ordering that the reorganization take place by Sept. 15, despite a vote by a House subcommittee to remove funds from the fiscal 1982 budget designated for the purpose. On June 25 the House Appropriations Committee voted to deny funds from the current budget Watt hoped to use instead.

The suit filed by the OSM employees seeks to enjoin Watt from implementing his reorganization on the grounds that he is violating the federal "anti-deficiency" laws, which prohibit an agency from using funds for a purpose other than that for which they were appropriated, and the National Environmental Policy Act, which has been interpreted in some court cases to require that an agency file an environmental impact statement for any proposed changes in operations or structure that might adversely affect the environment.●

NO ADDITIONAL PRIVATE SECTOR SUPPORT TO NONPROFIT ORGANIZATIONS: A PAINFUL REALITY

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. RICHMOND. Mr. Speaker, the administration has stated on several recent occasions that the private sector will increase its contributions to nonprofit organizations, thus making up the difference between today's funding levels and the anticipated loss of Federal support in 1982.

In fact, the private sector is unable to offset the Federal funding that the administration proposes to cut. This painful reality was most clearly articulated in a New York Times article of July 6, 1981, by Kathleen Telsch.

I commend Ms. Telsch's thoughtful and balanced analysis and urge my colleagues to review it carefully before we complete the budget process.

Mr. Speaker, the message of this article and the reality that cannot be ignored is summed up in the headlines that appeared atop the column in the Times on July 6: "Nonprofit Groups Call On Industry to Replace U.S. Aid—Federal Fund Cut Feared—Corporations Say They Cannot Make up for Bulk of Grants Reagan Seeks to Drop."

NONPROFIT GROUPS CALL ON INDUSTRY TO REPLACE U.S. AID—FEDERAL FUND CUT FEARED—CORPORATIONS SAY THEY CANNOT MAKE UP FOR BULK OF GRANTS REAGAN SEEKS TO DROP

(By Kathleen Telsch)

Large companies from coast to coast report a surge in appeals for grants from antipoverty groups, universities, cultural agencies and other nonprofit orgranizations scrambling to replace money they fear they will lose as a result of Reagan Administration budget cuts.

The companies say there is no way they can come anywhere near offsetting the Federal grant money that is to be eliminated.

"We've been deluged with thousands of requests, a 100 percent increase in the first quarter of this year," said Mary Hall, vice president of corporate contributions at the Weyerhaeuser Company headquarters in Tacoma, Wash., which twice a day receives mail sacks crammed with appeals. Most corporate givers reported an increase of 25 to 35 percent in requests from the Nation's 300,000 nonprofit organizations, which range from opera companies and private universities to groups that feed the poor.

"There's a certain element of panic about anticipated losses," Richard F. Neblett, contributions coordinator for Exxon, said at its Manhattan headquarters, where the increase in appeals is less dramatic than that at Weyerhaeuser.

VOLUNTEER AID ENCOURAGED

Throughout the budget-cutting process, senior White House officials have said that they expected private volunteer efforts to replace many curtailed Government programs. For example, a Task Force on the Arts and Humanities that President Reagan named in May is to report by the end of the summer on what Mr. Reagan called a plan "to make better use of existing Federal resources and to increase support for the arts and humanities by the private sector."

However, despite efforts in Congress and elsewhere to encourage private giving, corporate officers and other experts on charity say that business, foundations and individual givers combined will be unable to offset the Federal grant money being cut.

While final details of the budget cuts are not yet known, a study by the Urban Institute in Washington recently estimated that there would be reductions of $128.2 billion from 1981 to 1984 for social welfare, health, environment, the arts and Government-financed housing and food programs.

27 BILLION DOLLAR LOSS IN 5 YEARS

Lester M. Salamon, the political economist who directed the institute's study, said that the anticipated cuts would mean a loss of $27 billion over the next five years for the nonprofit organizations working in these fields, the groups now flooding corporations with their appeals for money.

Contributions to nonprofit groups by companies and some 600 company-operated foundations last year totaled only $2.55 billion, according to the American Association of Fund-Raising Counsel Inc.

The difference between the amount of funds to be lost and the total corporate contribution is of such dimensions that companies cannot possibly pick up the whole tab, said Anne Klepper, a senior research associate for the Conference Board, whose 4,000 members include the country's leading foundations, government agencies and educational institutions.

"There have been unrealistic expectations about who will do what for a long time," she said. "Now the situation is getting crunchier. Inevitably there will be a struggle to survive among the non-profits. It could be a Darwinian scene."

Private giving from all private sources for nonreligious purposes would have to increase by 144 percent over the next five years to make up for reductions in Government assistance and keep up with inflation, Mr. Salamon estimated, growth four times faster than the average over the last five years.

TOO MUCH, TOO SOON

Corporate officials say the Administration's assumption that the private sector and especially business can fill the void is expecting too much, too soon.

"You cannot send a Mailgram from Washington to all corporations and say a funny thing happened, and expect they will be ready immediately to make up the shortfall—life is not like that," Edward M. Block, a vice president of the American Telephone and Telegraph Company, remarked in objecting to the proposed cutback in financing for the National Endowment for the Arts. Mr. Block is also president of the American Council for the Arts.

Even if business took the lead in support of the arts, a vast fund-raising campaign could not be started in time to avoid serious damage, Mr. Block contended. Business will also be under heavy pressure to help pay for a variety of human services, he observed, suggesting that these might be assisted at the expense of the arts.

A.T.&T. is the leading partner of the Bell System, whose $38.2 million budget for philanthropy made it the largest single donor in the business community in 1980. Exxon

ranked second, with contributions of $38.1 million. Only six private foundations in the United States give away more money annually.

Many companies plan to increase giving, among them Exxon, International Business Machines, Levi Strauss and General Electric, but the widespread opinion is that the total for all would not offset the Government reductions.

A DROP IN THE BUCKET

Contributions from corporations increased 15 percent in 1978 and 1979, dropping to 4 percent because of low profits last year, but even if the former high level was reached, it would amount to only $380 million more a year, "a drop in the bucket," in the words of John J. Schwartz, president of the American Association of Fund-Raising Counsel.

"Dollar for dollar, there is no way for the private sector to make up for the cuts," agreed John H. Filer, chairman of the Aetna Life and Casualty Company, although he maintained that companies and nonprofit groups could have significant impact in critical areas, including training the hard to employ.

Less than 30 percent of the country's two million companies report to the Internal Revenue Service that they make philanthropic donations, the Conference Board said. Under Federal law, companies are permitted to deduct for charitable giving up to 5 percent of their taxable income. Only a few, mainly companies in the Minneapolis area that have joined a 5 Percent Club, reach the maximum; the average hovers around 1 percent.

Even before the Reagan Administration, there were efforts by organizations and individuals to persuade companies to step up giving and to reach the thousands that do not make any contributions.

The National Business Roundtable issued a policy statement in March endorsed by the Chamber of Commerce and the National Association of Manufacturers calling on the business community to increase giving. And Laurence A. Wien, a New York lawyer and real estate investor, is credited with having "shamed" dozens of prospering companies into increasing their contributions by presenting or threatening to push stockholder resolutions.

Raising the present level of company giving to 5 percent would increase corporate contributions from $10 billion to $12 billion, according to philanthropic experts. However, even doubling the present level to 2 percent is expected to take several years, these analysts said.

BUSINESS FACES IMPLICATIONS

The Administration and public expectations that business can be "the thousand-fingered Dutch boy plugging the dikes" poses risks for business, which "will have to perform as never before," according to Donald H. Haider, professor of public management at Northwestern University.

Speaking at a Public Affairs Council meeting of corporate leaders in Chicago in March, Mr. Haider produced a stunned silence with his warning that a failure by industry to increase business activity, create jobs and also act as the "great gap-filler" could result in a backlash in which business could lose the freedom from regulations and other benefits it expects from the Reagan Administration.

Brian O'Connell, president of the Independent Sector, said it would be a mistake for the Administration to single out business and give the impression that the burden now rests with it to pick up the slack. The group, set up two years ago to stimulate private charitable giving, has been lobbying for new tax laws to encourage giving by individuals. Its 310 members include leading companies, foundations and nonprofit organizations.

"I believe business will do more and can do more, but it has to be done in a spirit of encouragement and cooperation and not by giving the impression that business must fulfill an obligation," Mr. O'Connell said.●

MONROE AND THE PRESERVATION OF AMERICAN INDEPENDENCE

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. McDONALD. Mr. Speaker, the Monroe Doctrine is just as valid as the day it was proclaimed. It should be enforced and again become actively applied to our everyday foreign policy. President Monroe would be taken aback to see Castro trodding roughshod around the Caribbean. He would be shocked to see the state of affairs in Central America as regards Nicaragua and El Salvador. The Richmond Times-Dispatch in an editorial of July 4, 1981, reminds us of this great Virginian and his contribution to America. I commend the editorial to the attention of my colleagues.

MONROE AND THE PRESERVATION OF AMERICAN INDEPENDENCE

Independence Day this year coincides with the 150th anniversary of the death of James Monroe, a Virginian whose career in public service extended over long years from the War of Independence to that enduring landmark of American policy on inter-American freedom and security known as the Monroe Doctrine.

A native of Westmoreland County, Monroe was but an 18-year-old student at the College of William and Mary on that momentous Fourth of July in 1776 when Jefferson's bold Declaration of Independence was proclaimed. Young Monroe stirred to the patriots' cause, quitting school to join the Third Virginia Regiment. He was wounded in battle at Trenton.

When independence had been won, Monroe studied law under Thomas Jefferson, then governor of Virginia. Subsequently he served in the Virginia General Assembly, in both the United States House of Representatives and Senate, as governor of the commonwealth, as minister to France, Great Britain and Spain and as secretary of state and secretary of war. In 1817 he became the fifth president of the United States, the fourth Virginian to hold that office.

Monroe was not born into great wealth, and his long public career did not make him wealthy. Ash Lawn, his farmhouse near Monticello in Albemarle County, is notable for its modesty. The former president was in financial straits when he died in New York City on Independence Day in 1831. It was not until 1858, the centennial of his birth, that his remains were transferred from New York to the gothic tomb that stands in Richmond's Hollywood Cemetry.

Of the Monroe Doctrine—probably more the handiwork of Monroe's secretary of state John Quincy Adams than of Monroe himself—a saying attributed to the American Everyman has been: "I am not quite sure what the Doctrine means, but I would lay down my life to defend it." Indeed the Doctrine is worth sacrificing to defend; it is worth understanding, too.

Having in mind the Holy Alliance of reactionary European monarchies, Monroe on Dec. 2, 1823 declared that the United States would "consider any attempt on their part to extend their system to any portion of this hemisphere as dangerous to our peace and safety." Though various Old World powers have fallen and risen since then, and though the United States has grown to be a major power and a party to world wars, the fundamental proposition remains valid that United States security is endangered by aggression by an imperialistic, absolutist power anywhere in the Western Hemisphere.

The Monroe Doctrine is not, as some have misunderstood or missapplied it, a manifesto of "Yankee imperialism." To the contrary, it is an assertion that the United States of America, both for reasons of national security and on account of the American people's cherished principles of maximized civil liberties and national self-determination, opposes the spread of any imperialism in the New World.

Monroe's description of this inherent security threat applies well to the Soviet domination of Cuba and Nicaragua and the campaign of Soviet backed guerrillas to conquer El Salvador: They are "dangerous to our peace and safety." Moreover, the totalitarianism of the Soviet empire is like the European absolutism of Monroe's day especially in the sense that, as Monroe put it, no one can "believe that our Southern brethren, if left to themselves, would adopt it of their own accord."

That American independence has endured for a century and a half since the noble life of James Monroe is not of itself assurance that it will endure for many more years to come. Our Republic, our constitutional guarantees of civil liberties, do not have a life of their own. Hemispheric security and self-determination among our neighboring nations may not be taken for granted. If there is to be another generation of peace and freedom in our Republic and among our neighbors, we, the living, through creed and deed, must propagate it.●

THE YOUNGEST OLD MEN IN JOURNALISM

HON. RICHARD BOLLING

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. BOLLING. Mr. Speaker, I wish to bring to the attention of my colleagues a column which appeared in the June 21 Washington Post. David Broder writes about two of the finest people I have ever known, Richard L. Strout and Marquis W. Childs.

[From the Washington Post, June 21, 1981]

THE YOUNGEST OLD MEN IN JOURNALISM

(By David S. Broder)

We had breakfast the other morning to honor one of our own, a reporter for the

Christian Science Monitor named Richard L. Strout. It was an ordinary working day for him, as for us, except for Dick Strout it was the start of his 61st year on beat.

He was hired by the Monitor on June 13, 1921, and two years later drove his Model T down to Washington and began covering the administration of Warren G. Harding, the first of 11 presidents he has seen. He is a tall Yankee with a neatly trimmed moustache, straighter and slimmer than most of us a generation or two younger. He stays fit, he says, by steady work: 60 years for the Monitor; 38 years doubling in brass as the weekly columnist for The New Republic, writing under the non-disguise of TRB, an acronym with no meaning.

He may well be the best print journalist working in Washington. His claim to that title was probably strengthened when a colleague and competitor named Marquis W. Childs retired at the beginning of June, after 55 years as a reporter and columnist for the St. Louis Post-Dispatch. Childs quit so he could write some more books, a decision Strout probably thinks he will get around to—in due time.

As we sat with Strout the other morning, hearing him do capsule profiles of the presidents he had known and discourses on his favorite topics—the dangers of the arms race and the folly of our political sweepstakes—all of us, I suspect, were thinking of what such a career can mean. Journalism is, in many respects, in public disrepute these days; the polls and everyday conversation tell us most of our readers disbelieve what they find in our copy and have meager confidence in our ability to get the story right.

Yet Strout and Childs are regarded with affection and trust and confidence, not only by colleagues in the business but by people about whom and for whom they have written.

What lessons can they teach us? One is the importance of steadiness. They did not flit. Sixty years on one paper in Strout's case, 55 for Childs. Most of it on one beat, the nation's capital. They learned the ground they were covering, and they let both their subjects and their readers know what to expect from them.

Today, too many of us move from beat to beat, from paper to paper, from network to network—seeking novelty or fame. We sacrifice the knowledge and credibility of a Strout or a Childs in the process.

The second characteristic the two men have in common is their liveliness and their love of the human follies they have seen. They are the youngest old men in journalism. Childs was a connoisseur of gossip, carrying tidbits both ways across the Atlantic on his frequent trips, reveling in a colleague's rendition of some particularly implausible anecdote.

Strout speaks of the roguish Harding with more affection than any of the late, greater presidents he knew, still marveling at his dalliances among the galoshes in a White House closet, while the Secret Service stood guard.

But, at heart, both men are dead serious about their work. They have witnessed a lot of history, but they have read widely, avidly, to encompass more. They have the scholar's fetish for accuracy, for getting the names and numbers right, for checking their recollections against the reference books.

They care deeply about the fate of this country and this world—and they do not disguise their concern. Childs in his valedictory column and Strout in two of his most recent New Republic essays wrote about the dangers of nuclear arms in the hands of those "fanatics, the ideologues," as Childs called them, "who have brought on one catastrophe after another in this bloody century."

But they are—as journalists must be in order to rise and write another day—optimists. "If occasionally I have despaired over earthlings who seem bound to destroy our small planet," Childs wrote, "I have fallen back on the tough stuff of human nature and the ingenuity for mankind, which has survived despite all the plagues, natural and man-made."

Finally, they have immense pride in their craft. "For all the 'new journalism' and the public's skepticism over what sometimes seems to be invention, it is a splendid trade, and there are admirable practitioners who serve the cause of intelligence and order in a turbulent world," Childs told his readers as he left.

Stout offered this advice to fellow journalists at the National Press Club a couple years ago: "I hope they will stay committed. I hope they will retain their curiosity—their interest; yes, and at their heart a touch of anger. When the Adrenalin runs low, when the little flame of anger flickers out, I think it is time for the reporter to think about going into some more remunerative form of work."

Fortunately, Dick Strout and Mark Childs have not found that other form of work—in all these years when they could have been looking. For us in this troubled, and vulnerable line of work, their example is important.●

NAM SUPPORT FOR H.R. 1648, EXPORT TRADING COMPANY ACT

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. LaFALCE. Mr. Speaker, on April 8, the Senate unanimously passed S. 734 which is the companion bill to H.R. 1648, the Export Trading Company Act of 1981. That unanimous passage was indicative of the broad support which this export incentive bill enjoys throughout the country.

Within the private sector of the economy, supporters include groups as diverse as the Electronic Industries Association, the National Small Business Association, the American Soybean Association, and the National Governors' Association. That wide support demonstrates that the Economist was quite correct in last week's issue, when it described the Export Trading Company Act as the most important export incentive in this country.

The private sector has been enthusiastically joined by the Reagan administration which has repeatedly backed the bill as the top item on its trade agenda. Both Secretary Malcolm Baldrige and Under Secretary Lionel Olmer have frequently spoke and testified in favor of H.R. 1648 and for prompt passage of the bill.

On June 24, Mr. Lawrence A. Fox, vice president of the National Association of Manufacturers, submitted a statement to the Judiciary Subcommittee on Monopolies and Commercial Law concerning the Export Trading Company Act. I want to share the relevant parts of his testimony with all of my colleagues, because it contains succinct and compelling reasons why the House should act expeditiously on this bill. I hope that all of my colleagues will join with me in support of this bipartisan effort to boost U.S. exports and reduce our alarming trade deficits.

The excerpts from his testimony follow:

The legislation under discussion today involves two broad policy areas: competition policy and trade policy. In fact, export trading companies pose no threat to competition policy in the United States or overseas. On the other hand, increased exports can directly benefit the American public through the contribution they make toward increased employment and a stronger dollar. We believe that an export trading company bill such as H.R. 1648 would contribute to an increase in U.S. exports, and we urge the Subcommittee to act favorably upon it. * * *

We cannot reverse the trends of the last decade without at least recognizing both the need to do so and the fact that the future economic strength of the United States will depend in large measure on its own international competitiveness. The export trading company legislation now before you, though hardly a full export policy in itself, is nevertheless a recognition that we must change our institutional or business structures if American industry is to become truly competitive internationally.

This legislation has two basic elements: banking provisions and antitrust provisions. The banking provisions, by permitting banks to invest in export trading companies, give the firms that form such companies access to the expertise on foreign markets which many banks possess and to the financing that is crucial to success in so many export ventures. The antitrust provisions should enable potential exporters to form associations among themselves without fear of running afoul of the antitrust laws. An export trading company statute needs both of these elements.●

THE PEACE CORPS AND ACTION

HON. THOMAS F. HARTNETT

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. HARTNETT. Mr. Speaker, the Peace Corps should not be independent and separate from ACTION. Recently the Senate passed an amendment to the State Department authorization (S. 1193) that separated the Peace Corps from ACTION. This was a mistake for the following reasons:

First, in a period of severe budget cuts, requiring the most efficient use of our resources, an independent Peace Corps would entail larger ex-

penditures. Under the current Peace Corps status as an autonomous agency within ACTION, joint services are provided by ACTION to the Peace Corps and domestic volunteer programs in the areas of: administrative services, recruitment, communications, computer services, health services, accounting, and payroll.

If we make the Peace Corps independent it would cost the taxpayers millions of dollars more a year. Additional funds would be necessary to pay for increased staff, office space, computer hardware and software, business machines, and other expenditures.

Second, under the Executive order which conferred autonomy on the Peace Corps within the ACTION structure (Executive Order 12137), Peace Corps was granted control over policy formulation and implementation, the allocation of its resources, the budgeting function, and the selection and appointment of its personnel. Complete independence from ACTION would give the Peace Corps direct management control over the services outlined in my first point, but at considerable cost to the taxpayers. Little else is gained by granting complete independence.

Third, ACTION serves as a central focus for all federally funded volunteer programs. This capability is needed now more than ever to tap the well spring of the American volunteer spirit that has manifested itself in our country since the early years of our history. We need to work with local communities to provide channels through which this spirit can flow at the community level as well as the national level. Peace Corps itself is the product of such a spirit. Retaining the two agencies under the same roof would insure that we speak as a single voice regarding the federally funded volunteer programs.

Furthermore, from a cost/yield point of view, Peace Corps programs were better managed before the agency was granted autonomy. An analysis of the available data shows that during the 2 years since Peace Corps autonomy the following negative results have occurred:

One. The number of volunteers in the field has diminished.

Two. The number of requests from Host Countries for volunteers has diminished.

Three. The Peace Corps has had to expend more funds on administrative support to establish its own personnel system, budget staff, General Counsel, and legislative and governmental affairs office.

Four. Costs per volunteer have risen considerably.

In fact, the date indicates that instead of creating another bureaucracy by separating the Peace Corps from ACTION, it would be more efficient and better management to return the Peace Corps to the centralized authority and accountability of ACTION.●

ANOTHER IRISHMAN DIES ON A HUNGER STRIKE

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. BIAGGI. Mr. Speaker, Martin Hurson, age 27, on Sunday became the sixth Irishman to die from a hunger strike in the Long Kesh Prison in Northern Ireland. As in the past, the British Government has adhered to a policy of intransigence—and as each person dies—they reveal to the world the true moral bankruptcy of their policies in the North of Ireland.

Tragically, violence has followed Hurson's death as it has when each of the preceding five men who have died. This I oppose, as I do all violence which exists in Northern Ireland. However, I am compelled to be critical of the barbaric actions taken by British security forces at last week's funeral of Joe McConnell. Security forces, using plastic bullets, fired into crowds maiming innocent men, women, and children. I am increasingly disturbed over reports that these plastic bullets are in fact being manufactured in the United States. I have made an inquiry with the Department of State on this issue and expect a report in the very near future. These bullets are to be used for crowd control. They are supposed to be fired at the ground and if they ricochet they are only supposed to hit a person in the legs. Reports I have received indicate that these bullets are being fired point-blank at people, causing far more serious injuries. If my investigation should reveal that our Nation is supplying these plastic bullets, I will seek an immediate legislative remedy.

As the Northern Ireland hunger strike crisis continues to deteriorate, I again appeal to my colleagues to join me as cosponsors of House Resolution 158 which calls on the British Government to exercise greater urgency and flexibility in trying to achieve a humanitarian resolution to the hunger strike. We must convey this message of concern to Great Britain, for this Nation's continued official silence has contributed to Great Britain maintaining its inflexible policy. My resolution currently has bipartisan support from 74 of my colleagues.

The cause of peace, justice, and freedom for Ireland is being drastically delayed as long as the hunger strikes continue. As chairman of the Ad Hoc Congressional Committee for Irish Affairs, I remain committed to working to keep the hopes for peace in Ireland alive through a positive American contribution to the cause.

SUPREME COURT RULING ON RETIREMENT BENEFITS FOR DIVORCED MILITARY SPOUSES

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mrs. SCHROEDER. Mr. Speaker, recently the U.S. Supreme Court in McCarty against McCarty ruled that Federal law precludes a State court from dividing military retired pay in a dissolution of marriage. This ruling has thrown State domestic relations law into chaos since it deprives States of a traditional tool used to provide economic protection to divorced military spouses. It also means that military spouses will be treated differently than civilian spouses in those States.

The McCarty decision has serious ramifications across the country. Members of Congress have received calls from constituents who have been informed that their ex-spouses intend to cut off their court-ordered payments as a consequence of the McCarty decision.

The Supreme Court did not say that the divorced spouses of military personnel should be deprived of any of the retirement benefits earned during the marriage. It simply concluded that the responsibility for making changes in military retirement law should be made by the Congress and not by the courts.

Legislative action on this issue is now critical. This week Representative KENT HANCE and Representative G. WILLIAM WHITEHURST joined me in writing to Secretary of Defense Caspar Weinberger to urge his careful attention to executive comments which are being prepared by the Department of Defense on bills that have been introduced to deal with the plight of divorced spouses of military members.

H.R. 1711, introduced by Representative HANCE, authorizes direct payment of a court awarded portion of the retired pay to a former spouse. H.R. 3039, which I introduced, was cosponsored by Representative WHITEHURST. This bill would allow State courts to award a prorata share of the retired pay and survivor benefits to a former spouse married 10 years or more according to the individual merits of each case. It would also insure that a spouse or ex-spouse sign a waiver agreeing to the retiree's election to take a reduction in or opt out of the survivor benefit plan.

In the letter we state that the position of the service member must be protected. At the same time, we are convinced that a legislative remedy is necessary that is fair to both military members and their families. We also think that protections for military spouses will encourage, not discourage,

military reenlistment because of the well-documented role of the spouse in this decision. We hope to work with both DOD and the Armed Services Committee to resolve this situation.

I ask that the text of the letter to Secretary Weinberger be attached to my statement, as well as an article from the New York Times about the McCarty decision.

Hon. CASPAR W. WEINBERGER,
Secretary of Defense, Department of Defense, The Pentagon, Washington, D.C.

DEAR MR. SECRETARY: The Department of Defense is currently reviewing several bills which have been introduced in the 97th Congress dealing with retirement protection for divorced spouses of military personnel. H.R. 1711 and H.R. 3039 were introduced by Representatives Kent Hance and Patricia Schroeder, respectively and S. 888 was introduced by Senators David Durenberger, Bob Packwood, and Mark Hatfield.

We recognize that the position of the service member must be protected. However, we think that legislative changes are needed that are fair to both military members and their families.

A recent Supreme Court decision makes legislative action on this issue imperative. On June 26, in *McCarty* v. *McCarty* the U.S. Supreme Court overruled the California Court of Appeals, and ruled that Federal law precludes a state court from dividing military retired pay. This ruling has thrown traditional state domestic relations law into chaos, and has effectively deprived states of a tool to provide economic protection to divorced spouses of military personnel.

While the Supreme Court recognized that the plight of an ex-spouse of a retired service member is often a serious one, it concluded that Congress, not the courts, should decide whether more protection should be afforded to military former spouses.

We are all in accord that the Supreme Court decision has made legislative action on this issue critical. In some cases we understand that court ordered payments that are presently being made will be cut off, leaving these divorced military spouses in financial distress.

We urge your immediate attention, therefore, to the Department's Executive Comments that are being prepared on our bills. We ask that the changes to protect military spouses be carefully considered.

We firmly believe that laws that offer a measure of protection to military spouses will enhance the military way of life for families. We think that protections for military families will encourage, not discourage, military reenlistment because of the well-documented role of the spouse in this decision.

We ask for your support for legislative change that will protect the military family, and would appreciate your ideas on the best way to make these changes. We look forward to working with you on this important issue for the military.

Sincerely,

KENT HANCE,
Member of Congress.
PATRICIA SCHROEDER,
Member of Congress.
G. WILLIAM WHITEHURST,
Member of Congress.

[From the New York Times, June 27, 1981]

DIVORCED WIFE MAY NOT SHARE ARMY PENSION

(By Linda Greenhouse)

WASHINGTON, June 26.—The Supreme Court ruled today that military pension benefits may not become part of a property settlement in a divorce.

Since for many military families the service member's pension is the single largest economic asset, the decision placed a significant limit on the financial rights of divorced spouses of military personnel, the overwhelming majority of whom are women.

Groups including the National Organization for Women and the Women's Legal Defense Fund criticized the decision as failing to recognize the economic contributions of women who choose "traditional" roles as homemakers.

ISSUE OF PRIVATE PENSIONS

Private pensions are playing an increasingly important role in divorce settlements. The Court has been asked to decide whether Federal law permits private pensions to be divided as community property. The Justices have not yet said, whether they will hear the case, an appeal from a Federal appeals court ruling that treated a private pension as community property.

In another decision, the High Court ruled that local governments were immune from having to pay "punitive damages" for violating an individual's constitutional rights. [Page 7.]

Today's 6-to-3 ruling on military pensions applied an analysis similar to the one the Court used yesterday in upholding a male-only draft. Writing for the majority, Associate Justice Harry A. Blackmun said that Congress had decided that it was in the nation's military interest to preserve military pensions as the service member's "personal entitlement," not subject to being shared with anyone else.

Justice Blackmun, quoting yesterday's draft decision, said: "In no area has the Court accorded Congress greater deference than in the conduct and control of military affairs. It is manifest that the application of community property principles to military retired pay threatens grave harm to 'clear and substantial' Federal interests."

Justice Blackmun said that Congress had designed the military retirement system to induce military personnel to stay in uniform the 20 years required to receive a pension, and then to induce them to retire soon after eligibility. The prospect that the pension might have to be shared in a divorce, he said, would reduce the value of these inducements.

The decision, McCarty v. McCarty, No. 80-5, overturned the ruling of an appellate court in California. That court, applying the state's community property law in which assets earned by either partner in marriage are regarded as the property of both, awarded the divorced wife of an Army colonel, a 45 percent interest in his $1,500-a-month pension.

Today's decision is not limited to the eight community property states. It also bars a judge in an "equitable jurisdiction" state like New York from awarding an interest in a military pension to a divorced military spouse. The majority based its ruling on the Supremacy Clause of the Constitution, under which Federal law is deemed to override conflicting state laws that interfere with Federal goals.

Justice Blackmun's opinion was joined by Chief Justice Warren E. Burger and Associate Justices Byron R. White, Thurgood Marshall, Lewis F. Powell, Jr., and John Paul Stevens.

Associate Justice William H. Rehnquist wrote a dissenting opinion that was joined by Associate Justices William J. Brennan, Jr. and Potter Stewart. In 110 full decisions this term, this was the only time that Justices Rehnquist and Brennan, who represent opposite ends of the Court's ideological spectrum, dissented in the same case.

They said that the majority opinion was "both unprecedented and wrong" and was "wholly inconsistent with this Court's previous pronouncements" concerning a state's power to determine laws concerning marriage and property in the absence of Congress direct enactment to the contrary.

The ruling does not foreclose a divorced military spouse from obtaining a court order to garnish the pension benefits to satisfy an unpaid alimony or child support obligation.

BILL TO AID MILITARY SPOUSES

Representative Patricia Schroeder, Democrat of Colorado, called today's decision "shocking" and said that she hoped it would aid passage of a bill she has sponsored to guarantee military spouses after 10 years of marriage a pro rata share of pension benefits. The bill has languished, she said, in part because it appeared that the issue was being adequately addressed under state law.

In the last few years, Congress has amended the Foreign Service and Civil Service retirement systems to provide for benefits to former spouses. Lawyers familiar with divorce cases said today that this approach was cumbersome and often fruitless.

Eleanor Smeal, president of the National Organization for Women, said today it was "ludicrous" for the Court to "say that national security depends on men knowing they will get their entire pension."

Several feminist groups, as well as organizations of military wives, argued in briefs filed with the Court that the relatively low pay in the military, frequent transfers, and special obligations placed on military wives made the case for the sharing of pension benefits in divorce especially strong.●

SUPPORTERS OF TERRORISM ATTACK INTELLIGENCE REFORMS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. McDONALD. Mr. Speaker, under the impetus of organizations alined with Cuba and the Soviet Union, a campaign was launched on June 19 to render the Senate Subcommittee on Security and Terrorism impotent, to block efforts by the administration to rectify and reform major gaps in America's foreign intelligence and internal security defenses, and to

frustrate efforts in the Congress to restore the House Committee on Internal Security.

This campaign was launched on June 19 with small rallies in Detroit, Mich.; Los Angeles, Calif.; Houston, Tex.; Albuquerque, N. Mex.; Burlington, Vt.; St. Louis, Mo.; New Haven, Conn.; Washington, D.C.; Amherst, Mass.; and Toledo, Ohio, with larger meetings in Chicago and New York City.

The date chosen for launching the attack on efforts to restore America's internal security defenses was the 28th anniversary of the execution of two convicted Soviet atom spies—Julius and Ethel Rosenberg, both Communist Party members. Communist Party, U.S.A., members played a highly visible role in the anti-intelligence rallies and not surprisingly, the impetus for the rallies came from an old Communist Party, U.S.A., front group, the National Committee to Re-Open the Rosenberg Case (NCRRC), one of its spinoffs called the Fund for Open Information and Accountability, Inc. (FOIA), and the Center for Constitutional Rights (CCR), a litigation and agitational organization founded by leading "Old Left" activists in the National Lawyers Guild (NLG), itself a CPUSA front organization with intimate ties to Cuba and which remains the principal U.S. member of a major Soviet-controlled organization, the International Association of Democratic Lawyers.

In New York, the NMWH main rally was preceded by a picket line and rally outside the U.S. Courthouse in Foley Square. This was sponsored by the NCRRC, 853 Broadway, New York, N.Y., 10003, and attracted only some 75 people. Its main speaker was Michael Meeropol, one of the Rosenberg sons, who called for "official exoneration" of his parents and their codefendant, Morton Sobel, who served 19 years in Federal prison for his part in the Rosenberg spy ring.

The NMWH rally was held on Astor Place outside the headquarters of District 65, a CPUSA-dominated unit formerly of the Distributive Workers but not affiliated with the United Auto Workers. District 65 was the announced location for the NMWH rally in the event of rain. NMWH's various events from 4 until 10 p.m. included a literature fair, press conference, and rally and attracted a total of 1,000 people.

The event was endorsed by 70 organizations ranging from the American-Arab Anti-Discrimination Committee (AAADC) which opposes deportation of members of the terrorist Palestine Liberation Organization (PLO) and the Committee Against Repression in Italy (CARI) which opposes Italian internal security investigations of the Red Brigades and other terrorist organizations through militant homosexual groups like Dykes Against Racism Everywhere (DARE) to the Legal Services Staff Association, the U.S. Peace Council (USPC), a CPUSA front and U.S. section of the U.S.S.R.'s main international front, the World Peace Council; and the small drug-oriented Youth International Party (YIP).

A variety of speakers were scheduled including:

Norma Becker, a leader of the militant socialist/pacifist War Resisters League (WRL) who has been active with the WPC and assorted Communist-dominated coalitions backing the Communist terrorist insurgents in Southeast Asia. In West Germany and other countries, the local affiliates of the War Resisters International have been infiltrated and captured by Communists so that the organizations act as adjuncts to the World Peace Council.

Anne Braden, rally cochair and the CPUSA's veteran southern organizer based in Louisville, Ky., founder and leader of CPUSA's current southern front group, the Southern Organizing Committee for Economic and Social Justice (SOCESJ). Braden called for a minute of silence to honor the Rosenbergs and she praised those two Communist spies who preferred execution rather than reveal other members of the Soviet ring Julius Rosenberg had organized, calling them "two people who did not compromise, two people who all Americans are indebted to."

Braden pointed out the "advances" made by the Left's campaign to smash U.S. internal security defenses over the past 10 years, particularly the killing of the House Internal Security Committee which terminated investigations into subversion, terrorism, and other activities that the KGB calls "active measures" against the United States. She boasted, "We will never have the kind of witch hunts that destroyed some of our movements in the past."

Michael Meeropol, rally cochair and son of the Rosenbergs, provided a political analysis which stated activists should concentrate on breaking up the new consensus among moderates and conservatives that national defense, our foreign intelligence, and domestic security defenses need to be strengthened. He attacked previous periods of consensus in which the United States helped its allies in South Korea and South Vietnam resist Communist aggression with arms if necessary as having brought about "murders" of the Communist attackers.

Gil Green, CPUSA political committee, who was a leader of the underground Communist Party apparatus set up after World War II to operate in the event of a war between the U.S.S.R. and America with a capacity both for propaganda and subversion and for sabotage. Green, who heads the Labor Taskforce of the Mobilization for Survival (MFS) and was one of CPUSA's main overt representatives in the leadership of the anti-Vietnam coalitions, claimed the U.S. Government had forced him to spend 4 years "underground" and had "persecuted" him under the Smith Act.

Robert Lewis, general counsel of the United Electrical Union (UE), long under the influence of the Communist Party, attacked restrictions on Communists in trade unions in the 1940's and 1950's. Lewis, a veteran National Lawyers Guild activist, has been involved in the leadership of Arthur Kinoy's efforts to form a new Marxist-Leninist party, a group now called the Coalition for a People's Alternative (CPA).

Judge Bruce McM. Wright, who excoriated the Senate Subcommittee on Security and Terrorism, and said, "Patriotism is not the last refuge of scoundrels; it is the first."

John Connolly, representing a front of the Trotskyite Communist Socialist Workers Party (SWP), the Political Rights Defense Fund (PRDF), provided a highly biased version of the SWP's lawsuit against the FBI without noting trial evidence that the SWP has given money to Latin American terrorists at the instruction of international Trotskyite leaders or that telephone calls were made from the terrorist FALN's Milwaukee hideout to a New Jersey apartment occupied by two SWP national committee leaders.

Helen Rodriguez Trias, M.D., active with the pro-Castro Committee of 77 and in efforts of Castroite revolutionary groups to gain control of an "independent" Puerto Rico.

Debby Chaplin, a member of the FOIA, Inc., staff who was a coordinator of national NMWH organizing.

Arthur Kinoy, in the 1950's associated with the Ben Davis faction of the Communist Party; and for the past 7 years trying to form his own revolutionary party. His group has undergone a chameleonlike series of name changes from "Organizing Committee for a Mass Party of the People" (1974) to its present "Coalition for a People's Alternative" incarnation. Kinoy is a veteran leader of the National Lawyers Guild and a founder of the Center for Constitutional Rights (CCR).

William Kunstler, Kinoy's colleague in the CCR and NLG, who has said his purpose is to "bring down the system from within the system." His clients have ranged from members of the terrorist Black Liberation Army to West German terrorist fugitive Kristina Berster.

Donna Cooper, Mobilization for Survival (MFS).

Afeni Shakur, former Black Panther 21 defendant now active with the Black United Front (BUF).

ANTI-INTELLIGENCE RHETORIC

The rhetoric utilized both by speakers at the Rosenberg/NMWH rallies and in the promotional literature distributed was shrill and hysterical.

Coalition for a People's Alternative (CPA), headed by NLG veteran and CCR cofounder Arthur Kinoy. The CPA coalition includes several revolutionary and terrorist support groups.

Covert Action Information Bulletin.

Fund for Open Information and Accountability (FOIA)—a spinoff of the National Committee to Re-Open the Rosenberg Case.

Government Accountability Project (GAP) of the Institute for Policy Studies (IPS)—a project by which Washington's Marxist think-tank encourages defectors from the U.S. intelligence agencies to "tell all" to IPS which has been characterized as the "perfect intellectual front for Soviet activities which would be resisted if they were to originate openly from the KGB."

The Grand Jury Project of the NLG, which coordinates resistance and obstruction of grand juries investigating revolutionary terrorist groups from the Weather Underground Organization (WUO) to the Puerto Rican FALN.

National Emergency Civil Liberties Committee (NECLC)—a CPUSA legal action and propaganda front which has played a leading role in the anti-intelligence campaigns of the 1970's. Its principal lawyers, all NLG members, are Victor Rabinowitz and Leonard Boudin, the paid agents of the Cuban Government since the early 1960's. Rabinowitz was identified as a CPUSA member 20 years ago, but Boudin was a secret Communist Party member whose affiliation was revealed during Federal court proceedings in 1980.

Harlem Fightback, a CPA member led by James Haughton.

Institute for Labor Education & Research (ILER).

National Lawyers Guild (NLG), U.S. section of the Soviet-controlled International Association of Democratic Lawyers.

New Democratic Coalition (NDC).

North American Congress on Latin America (NACLA) a Castroite "research" group which Philip Agee credited, along with members of the Cuban Communist Party, for helping him produce his CIA exposé, "Inside the Company."

Vietnam Trial Support Committee—a support group for convicted spy for the Vietnamese Communists, David Truong.

Women Strike for Peace (WSP)—a group thoroughly penetrated and dominated by the CPUSA which works closely with the World Peace Council and Women's International Democratic Federation, a Soviet front with which it affiliated in the early 1960's.

Two groups present and involved with the New York "No More Witch Hunts" campaign were of particular significance in relation to support in the United States for foreign terrorists.

The Committee Against Repression in Italy (CARI), distributed an attack on Italian security authorities and defended revolutionaries arrested following the 1978 kidnaping and murder of Aldo Moro by the Red Brigades.

Among CARI's sponsors are Victor Rabinowitz, identified in the early 1960's in Senate testimony as a Communist Party member, and who has been a paid agent of the Cuban Government for the past 20 years; Bertell Ollman, a Marxist activist who wrote that if he carried out his function correctly as a Marxist teacher, his students would leave his courses as Marxists; George Wald; revolutionary filmmaker Emile de Antonio, who conducted clandestine interviews with leaders of the terrorist Weather Underground Organization (WUO) and made a propaganda film for the terrorists; James O'Connor, a veteran Institute for Policy Studies fellow; Stanley Aronowitz; James Petras, former head of the Trotskyist Young Socialist Alliance in Berkeley who converted to Castroism and is currently active in supporting the terrorist Farabundo Marti National Liberation Front (FMLN), coalition of Castroite terrorists and the Communist Party of El Salvador; Howard Zinn, and Noam Chomsky.

Ignoring the record for brutality earned by the Red Brigades in their assassinations, "kneecapping" maimings and kidnapings, CARI demands that an "international commission of inquiry" be established to analyze "the general degradation of individual and collective civil rights" in Italy brought about by counterterrorist measures and investigations. CARI also calls for consideration of a general amnesty for "political prisoners" in Italy.

Italy's so-called political prisoners are convicted terrorists and individuals awaiting trial for terrorist acts. In December 1980, the Red Brigades started a campaign to demand closings of maximum security prisons holding convicted terrorists. The campaign included murdering and maiming prison physicians, guards, police, and other officials connected to the Italian correctional and judicial systems. Jailed terrorists staged riots which were quelled by special antiterrorist commando units.

CARI distributed a statement at the NMWH/Rosenberg rally attacking the Senate Subcommittee on Security and Terrorism that concluded, "While CARI is primarily concerned with the Italian situation, we recognize a dangerous international trend toward the restriction and criminalization of dissident politics."

Terrorism is not "dissident politics."

The Congolese National Liberation Front (FLNC), represented in New York by a Serge Mukendi and operated from P.O. Box 2919, Grand Central Station, New York, N.Y. 10007, was formed in 1968 and operates against the Government of Zaire headed by President Mobutu. It operates on a two-point program: "To fight against the present neocolonialist and Fascist regime in Kinshasa and against imperialism in general; and to set up a republican state and a new democracy which must guarantee the country its independence and the nation its full sovereignty."

Active in three Provinces of Zaire, the main element in the FNLC is the Katanga Gendarmerie. With East German backing, FNLC invaded Zaire from Angola and Zambia in 1977 and 1978. Supported by Cuban troops, FNLC continues its efforts to overthrow the pro-Western government in Zaire.

A recent development publicized at the NMWH rally is an attempt by the New York-based, pro-Cuban Material Aid Campaign for ZANU-PF group to promote and support the FLNC. The Material Aid Campaign for ZANU-PF started as a support organization for the terrorist Marxist-Leninist Zimbabwe African National Union (ZANU) section of the Patriotic Front of Zimbabwe which is led by now Prime Minister Robert Mugabe. The Material Aid group operates from P.O. Box 1276, Stuyvesant Station, New York, N.Y. 10009, and is a front of the May 19th Communist Organization which was formed in a factional fight inside the terrorist Weather Underground Organization and its open arm, the Prairie Fire Organizing Committee (PFOC).

This branch of the old Weather Underground is working in conjunction with the Covert Action Information Bulletin, the magazine that specializes in exposing alleged American intelligence officers that was launched in Cuba by Philip Agee, and with a black Marxist group, the Patrice Lumumba Coalition, to develop "the historic unity between the black liberation struggle here and the struggle in the Congo" in "building a movement that fights U.S. imperialism as our common enemy and for the full liberation of Africa and the defeat of white supremacy."

In the context of these U.S. support groups for foreign terrorist organizations taking part in the NMWH/Rosenberg rally together with groups such as the Palestine Solidarity Committee (PSC), Puerto Rican Socialist Party (PSP), IRA-supporting H-Block Committee, Socialist Workers Party (SWP) and Communist Workers Party

(CWP), consideration of a brochure, "Tools for Resistance: A Manual for Protecting Civil Liberties in the 80's," is revealing.

According to its publisher, NMWH, "This short guide focuses on some of the many repressive tactics being used by government agencies to stifle public opposition, and gives suggestions and resources to build a strong and united resistance campaign."

Contributors to the brochure include CCR attorneys Michael Ratner and Margaret Ratner; Esther Herst, National Committee Against Repressive Legislation (NCARL); Ann Marie Buitrago, FOIA; Steve Volk, North American Congress on Latin America (NACLA); Michael Smith, SWP; and William Schaap, Covert Action Information Bulletin.

The content of the brief homilies by these contributors are central to a theme that is summarized as:

> The SST has been established and has already begun to hold hearings. We must not let this Committee gain the legitimacy it seeks, legitimacy it needs to subpoena witnesses or hold hearings into the political beliefs of individuals and organizations. The proposal to resurrect the House Internal Security Committee is still working its way through the Congressional machinery. Along with the other legislation previously described, we can and must make sure that these efforts to quash dissent are defeated.

The warped logic of the NMWH groups which term investigations of terrorist infrastructures and unregistered foreign agents "efforts to quash dissent" is plainly set out in a sample letter of protest to Congressmen and Senators which reads in part:

> I was distressed to learn that efforts are underway to dismantle the First Amendment and Strip Americans of their political rights and civil liberties.

Steve Volk of NACLA, an organization along with agencies of the Cuban Government and Cuban Communist Party credited by CIA defector Philip Agee as having provided him with information for his anti-CIA diatribes, directed his attack at the Foreign Agents Registration Act (FARA). Volk singled out the U.S. Government's successful criminal indictment of W.E.B. DuBois and his Peace Information Center, a front of the Soviet-controlled World Peace Council (WPC). [The U.S. Peace Council and its local affiliates were sponsors of the NMWH activities]. Wrote Volk:

> One of the few Justice Department officials considered to be an expert on prosecutions under the FARA, Joel Lisker, is the current Chief Counsel of the Senate Subcommittee on Security and Terrorism (SST). Given that one of the general thrusts of the SST is against U.S. organizations which support liberation struggles abroad, it is highly likely that the Reagan administration will try to prosecute solidarity committees under the provisions of the FARA. At least one California-based solidarity group has already been challenged by the Justice Department under the FARA. It was asked to provide the Justice Department with information as to who "controls or directs" the organization, what type of information they disseminate, and who receives their information.

NACLA is particularly distressed by the fact that those required to register as foreign agents must open their financial records to Justice Department inspection.

Mr. Speaker, it is obvious that in many cases, the mail and other communications we receive originate with the organizations who were involved with the June 19 rallies that marked the anniversary of the executions of two convicted spies who also were members of the Communist Party.

Another organization closely associated with the American Civil Liberties Union and the Center for National Security Studies, the Campaign for Political Rights carried out publicity for the national NMWH campaign as a "day of resistance" against the Senate Security and Terrorism Subcommittee and House Resolution 48.

I believe that most of my colleagues will agree with me that these groups on June 19 revealed their real purpose—to restrict America's foreign intelligence, counterintelligence and internal security defenses so as to make America safe for the next group of David Truongs and Rosenbergs.

Let us make sure that does not happen. I ask that those who have not yet become cosponsors of House Resolution 48 contact me promptly and do so.●

WILLIE H. POWELL

HON. WILLIAM H. GRAY III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. GRAY. Mr. Speaker, it is a great honor for me to note for the RECORD the retirement of a gentleman who for many years has been held in high esteem in the field of higher education.

Mr. William H. Powell is retiring this year as coordinator of student teaching in the Department of Educational Leadership and In-Service Programs at Virginia State University. His retirement comes after 18 years of service at Virginia State and a lifetime of unselfish dedication to the community of Petersburg, Va.

Mr. Speaker, if Mr. Powell's retirement years are anything like his years as an educator, civic leader, and servant to our country, they will be busy years, indeed.

After serving for 24 years in the U.S. Army and receiving the Bronze Star Medal for Meritorious Service and three certificates of achievement for outstanding service, Mr. Powell retired as a chief warrant officer. He enrolled in what was then the Virginia State College, earning a bachelor of science degree and a master's degree in history and education. In addition, he studied at Carnegie Mellon University.

In his native Petersburg, Mr. Powell has served as a member of the Voters' Education Council, the Association for Teachers Educators, the National Association for the Advancement of Colored People, Phi Delta Kappa, and Omega Psi Phi Fraternity, Inc. He is vice chairperson of the Petersburg Redevelopment and Housing Authority, has served on the Petersburg School Board and the Petersburg Board of Housing Appeals, and was active in the local USO and the Retired United States Officers Association.

From 1954 to 1956, Mr. Powell served as president of the Henry Williams Elementary School PTA, and from 1962 to 1964 he was president of the Fourth District of the Virginia Federation of the PTA.

Mr. Powell is married to the former Lena M. Powell. They have three children: Lois Ann, Mary Kathy, and Wayne H.

I know, Mr. Speaker, that my colleagues join me in wishing Mr. Powell well in his retirement years. Fortunately for the community of Petersburg, Mr. Powell plans an active retirement, intending to remain active in those aspects of community affairs—politics, civil rights, and education—to which he has contributed so greatly already.●

A TRIBUTE TO ARPAD HEGEDUS

HON. THOMAS A. LUKEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. LUKEN. Mr. Speaker, I rise to recognize and to honor a great symphony dedicated to the House of Representatives and the American people by Mr. Arpad Hegedus. Mr. Hegedus, an American citizen of Hungarian descent, trapped behind the Iron Curtain, has spent the past several years of his life preparing this gift for his beloved adopted homeland, America.

Mr. Hegedus was educated at the Hungarian Royal Academy, and became music director of the Budapest Main Church and music professor of several universities. After World War II, he was offered a heated apartment, food, and better working conditions if he would accept Communist Party membership and compose a symphony for Lenin. He rejected the offer and was tailed and tormented. Fellow Hungarian music leaders rejected him because he renounced his citizenship in Soviet-dominated Hungary. After 20 years of oppression (living day to day as a casual worker not permitted to compose professionally), he was allowed into the United States under a

special immigration law reserved for outstanding European scientists and artists. This was a great tribute to Mr. Hegedus, who was the first Hungarian to enter the United States under this special law.

Mr. Hegedus was an outstanding asset to the Cincinnati community during his stay in the United States. Not only was he an educator of more than 2,000 students at the University of Cincinnati College Conservatory of Music, he was also staff composer and music consultant at the World Library Publications in Cincinnati. His work was performed at the Ohio Composers First Symposium. Mr. Hegedus was also a music historian and a professional concert singer, and had his own orchestra for many years. He was the music director at the Hungarian state radio, where he used every opportunity to help unknown talented musicians. Along with Arpad's many accomplishments he has written music for theater, several radio plays, television operas, librettos for his operas, hundreds of poems, textbooks, and compositions for piano, organ, classical guitar, violin, cymbalum, and others.

After several years in Cincinnati, Mr. Hegedus was forced to return to Hungary because of an illness in his family. Upon his arrival in Hungary, he refused to renounce his American citizenship; because of this he was refused a previously offered position as a professor of music at a Hungarian academy.

Mr. Hegedus often refers to Cincinnati as "my real home." He has demonstrated his devotion to America in many ways, even voting by absentee ballot in the 1980 elections. He attempted to return to Cincinnati in 1974 but was blocked by a severe illness. Further efforts were deterred because of a lack of financial resources. His greatest show of appreciation and admiration for America have been demonstrated in the last several years of his life. He has spent 14 to 16 hours per day, writing Pentalogy, a symphonic concert drama depicting the story of America, through famous Presidents. In 1977, Mr. Hegedus sent the first volume of the symphony, called "American Trilogy," to the House of Representatives with the hope that the work would be performed in the Kennedy Center on the anniversary of President Kennedy's death. Since then, Mr. Hegedus has sent copies of the first symphony of the "American Trilogy," "Memory of JFK," to my Washington office. The work was then sent to the Kennedy Center which acknowleged the quality and beauty of it. Unfortunately, the directors are unable to use it at this time.

My office has a synopsis of the "Pentalogy"; an excerpt from part II of the American Trilogy, "America"; and the three movements of part I of the American Trilogy, "Memory," which is dedicated to John F. Kennedy. The whereabouts of the complete volume are unknown. The scores that we do have are to be immediately forwarded to the Kennedy Library in Boston, where they will be made available to the public through Shirley Jobe to use and enjoy. Mr. Hegedus has asked that when his music is to be performed that he be informed so that he can come to America and assist in the preparations.

On behalf of the American people, I sincerely thank Mr. Hegedus for his tremendous gift, and I look forward to seeing this unique and beautiful work performed and Arpad Hegedus honored, on an American stage in the near future.●

GUARANTEED STUDENT LOANS

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. GUARINI. Mr. Speaker, on June 23, 1981, Dr. Jerome M. Pollack, president of Fairleigh Dickinson University in Rutherford, N.J., testified before a House Appropriations Subcommittee on the subject of the guaranteed student loan program. I would like to share Dr. Pollack's well-received testimony with my collegues as I believe they demonstrate an innovative approach to the problem of educational assistance:

STATEMENT OF JEROME M. POLLACK, PRESIDENT, FAIRLEIGH DICKINSON UNIVERSITY, RUTHERFORD, N.J.

Good afternoon, I am Jerome M. Pollack, president of Fairleigh Dickinson University, the largest independent higher education institution in New Jersey. In the 39 years since it was established, Fairleigh Dickinson has grown from a two-year junior college enrolling 153 students to a 20,000-student, tri-campus University offering 129 degree programs ranging from the two-year college to the doctorate level. Because of our institution's tremendous growth and diversity, encompassing within its students body a broad socio-economic range, Fairleigh Dickinson is often representative of what is happening at colleges and universities across the nation. We are, in effect, a microcosm for higher education, a typical contemporary American University.

The families of 50 percent of our students have incomes of less than $25,000. Among the 70 percent of our students receiving some form of financial aid, the average family income is $18,722. However, 30 percent of our students come from families with incomes ranging between $25,000 and $40,000, and it is in this category that the Guaranteed Student Loan Program has had the most beneficial effect. I am here today to talk to you about the importance of maintaining federal support for a viable Guaranteed Student Loan Program that allows independent colleges and universities such as ours to continue to educate students of all income levels.

Under current eligibility criteria for financial assistance, middle and higher income familes often are barred from receiving direct tuition aid. This forces many to seek loans if they choose to provide their children with a college education. Frequently parents with the financial assets to pay their own way are faced with cash flow problems and use loans to meet their expenses more effectively. Tightening eligibility requirements for student loans may force their children into public institutions with low tuition, where tax dollars must support them. The Guaranteed Loan Program allows families who want to pay their own way to do so without robbing them of the valued tradition of freedom of choice.

It would be indeed ironic if, at a time when the espoused ideology is "making it on your own with less government handouts," legislation were enacted that resulted in a massive shift of students from the private to the public sector. This would have the effect of forcing people to have their education publicly subsidized.

Furthermore, the availability of Guaranteed Student Loans has ensured that independent colleges and universities reflect a broad socio-economic base, rather than becoming institutions for only the rich and the poor.

Granted there are difficulties with the present program, but the problems are very explicit and can be dealt with in specific ways. The areas that need remedy are: unnecessary borrowing, subsidization of interest for those who have no need for it, and a high default rate.

I propose that all families be permitted to borrow funds to attend college, with interest rate subsidies established on the basis of adjusted gross family income as defined by the Internal Revenue Service. For instance, a family with an adjusted gross income of $25,000 or less would get full rate subsidy and a family with an adjusted gross income of $40,000 or more would get no interest rate subsidy. Between these income amounts the rate subsidy can be scaled. Gross income figures and interest rate subsidies should be adjusted annually for costs of living and current interest rates. We chose the $40,000 figure because most families at Fairleigh Dickinson University show financial need up to this level, based upon our educational costs. The average cost of tuition and fees for a full-time undergraduate student at our University will be $4,232 next fall, compared to an average of $4,031 at independent colleges and universities across the country.

The Guaranteed Student Loan Program should continue to incorporate interest payment by the federal government for students while they are enrolled in school. If the federal government cannot fully subsidize these payments, then, here again, a graduated interest subsidy, sensitive to gross family income, should be employed.

A fully need-based eligibility formula is undesirable. Past experience in this program in the early 1970s demonstrated that a need-based requirement is administratively burdensome and costly for government, schools and banks. It also discourages lender participation due to high servicing costs and the complexity of need-based formulas. Families are discouraged from applying due to the greatly increased amount of paperwork required for need determination.

In order to help eliminate unnecessary borrowing and abuse of the program, other resources such as veterans' benefits and employer tuition reimbursements should be included in the calculations of student eligibility and loan amount which can be borrowed.

To cut down on the default rate and give increased financial stability to the loan program, I propose the following plan. Each state should be required to establish its own reserve fund equal to a fixed percentage of all money on loan in the state. The money would come from a service charge levied against participants in the loan program. The fewer the number of defaults, the less that service charge would have to be. The major accomplishment of such a state-by-state pool of funds would be that Congress would never again have to appropriate any money to cover defaults. In addition, states would have an incentive to be diligent about collecting outstanding loans because the lower a state's default rate, the smaller the service charge to borrowers.

Attached with this statement is profile material on Fairleigh Dickinson University with examples of typical cases which reflect the broad spectrum of what is occurring at independent higher education institutions throughout the country.

I urge you not to view the Guaranteed Student Loan Program as just another addendum to the total student financial aid picture. This is not a scheme for the rich to get richer, but a vital program allowing those with the means and desire for self-reliance, to pay for the cherished privilege of exercising their options as to where they want their children to be educated. Certainly, it is far more cost effective than subsidizing tuition in the public sector.●

PADRE GARCES YEAR

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. RHODES. Mr. Speaker, on June 1, 1981, Gov. Bruce Babbit of Arizona proclaimed the year from July 1981 through June 1982 as "Padre Garces Year." This proclamation was made to honor this outstanding Franciscan Missionary who contributed so much to the rich history of Arizona. Jose de Jesus Vega, Ph. D. of Phoenix, published a paper on the occasion of the second centennial of Padre Garces' martyrdom. I am inserting an abridged version of this article in the RECORD so my colleagues may come to know and appreciate this early Arizona hero.

FATHER GARCES

Father Francisco Tomas Hermenegildo Garces came to Arizona from Mexico in 1768. He was born on April 12, 1738 in Villa de Morata, Spain and assumed responsibility for the Franciscan Order's missionary work in Arizona in 1767.

Father Garces traveled extensively throughout the territories of the present State of Arizona and beyond, teaching the Gospel and showing to the Indians by word and deed the meekness and long-suffering of Christ. He lived among the Indians around his mission of San Xavier. He learned their languages and customs and visited other tribes throughout the territory. He spoke of Christianity and with his fervent zeal, reached the eastern limits of our state.

A very practical man, Garces realized that true religion must appeal to the whole man. Thus, he endeavored to bring the Hispanic culture and the Western tools that would create a more comfortable life in Arizona. He taught the Indians the arts of carpentry, agriculture and building. From Mexico, he brought plants and vegetables and trained his parishioners to cultivate them. He brought horses, cattle and citrus trees; elements that would become the foundation of Arizona's economic progress.

During the 18th Century, Mexican viceroys promoted the building of "caminos reales" to connect Mexico City with outlying towns and cities. In 1769, they instructed representatives in the Northern provinces to open ways of communication among old and newly established cities.

Following those instructions, Juan Bautista de Anza, captain of Tubac, Arizona, decided to explore the possibility of establishing a route to link the "Camino del Rey," recently opened along the California coastline, with Mexican highways in Sonora. This road could replace the long and dangerous sailing trips which previously connected the two areas. To explore this possibility, he chose his good friend, Garces. In 1774, these two early Arizonan pioneers crossed the steep mountains of the Sierra Nevada and the California desert to trace the future route from Tubac to Monterey, California.

Greatly encouraged by the success of Junipero Serra in California, the viceroy of Mexico sent word to Father Garces to establish a chain of cities in Arizona, which would facilitate the traveling of Mexican businessmen and missionaries.

Garces requested his superiors in Mexico to send additional Franciscans to help him. With these new workers, he undertook the task of building towns in the southwestern corner of our state.

Although the "padres" had dreams of many settlements on the banks of "Rio Colorado" and to the west of it into the present State of California, tragic events reduced such ambitious plans to the founding of two villages: the "Pueblo de la Purisima Concepcion" and the "Pueblo de San Pedro y San Pablo de Bicuner." Following the Hispanic custom, each of these towns consisted of a church, a plaza and municipal buildings. The population was a mixture of Indians, Mexicans and Spaniards.

One of the most fervent desires of Father Garces was to spread an atmosphere of understanding and love in the region and to promote a peaceful living among all the people under his care. However, he had to contend with the hostility of nomadic tribes which often attacked the settlements of peace-loving Indians and Hispanics. The Spaniards were quite often responsible for the Indian unrest, because of their frequent injustices to the natives. Garces reprimanded them and reminded them of the words of the Papal Bull, "Sublimis Deus" which directed the Spaniards to respect the rights of the Indians, even those who have not embraced the Christian religion.

Early in the morning of July 17, 1781, two Franciscan missionaries were preparing for mass when a horde of barbarians broke into the church, massacred the two priests and the parishioners who were there worshipping. On July 19th, the blood-thirsty nomads attached the town of Purisima Concepcion, killing Fathers Garces and Barraneche and burning their village.

The martyrdom of these heroes of Christianity became the dawn of a true peace for the inhabitants of Arizona. The viceroy of Mexico, Don Bernardo de Galves, forbade any reprisals against the Apaches. With wisdom and generosity he negotiated a treaty with nomadic tribes by which Mexico would provide for their sustenance on the condition that they commit themselves to live peacefully among Hispanics and other Indians. Arizona began then to experience an era of material abundance which lasted well into the 19th Century.

In 1793 the bodies of the four padres were exhumed from the Franciscan church in Tubutama where they had been buried in 1781 and re-buried in the crypt below the main altar of the church of "Colegio de Misiones de la Santa Cruz" in Queretaro, where the four of them had been trained as missionaries.●

WILLIAMS AMENDMENT TO INTERIOR APPROPRIATIONS—H.R. 4035

HON. PAT WILLIAMS

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. WILLIAMS of Montana. Mr. Speaker, under the Indian Sanitation Facilities Act of 1959, Public Law 86-121, the Indian Health Service (IHS), within the Department of Health and Human Services is authorized to provide water supply and waste disposal systems for Indian homes, communities, and lands. IHS is primarily responsible for direct health care to American Indians and Alaskan Natives living within federally recognized reservations and communities. IHS has also helped to establish community-oriented health programs working toward the prevention of disease. It is toward this goal that the sanitation facilities construction program is directed. As with direct health care, IHS is the primary source for this service to Indian communities.

At present, IHS has the responsibility to provide water and sewer systems for Indian homes through a tripartite arrangement with two other Federal agencies: The Bureau of Indian Affairs (BIA) and the Department of Housing and Urban Development (DHUD). Under this agreement, IHS provides sanitation facilities for Indian housing when they are actually ready for occupancy. This takes into consideration the practical aspect of the time involved in the planning and development phase, as well as the construction phase. It would be wasteful and near impossible to authorize moneys for 1 to 2 years before they would actually be needed. Inflation would be extremely difficult to estimate and compensate for 2 years forward. It would also be difficult to determine the actual number of units that would eventually get built. As a result of this funding arrangement, moneys for this particular IHS budget item are very precise.

For fiscal year 1982, the House Appropriations Committeee has reported

a total of $46,739,000 for the Indian health facilities section of H.R. 4035. According to the accompanying report, House Report 97-163, out of that amount $28,625,000 is to provide sanitation facilities for Indian housing. This amount appears to be an adequate figure but on closer scrutiny $20,500,000 of those moneys are to provide for the construction of facilities for 2,840 homes to be ready for occupancy in fiscal year 1981. An additional $8,125,000 is to provide for the planning and design of 9,233 units that had been previously authorized in preceding years. What it does not take into account are the homes that will be awaiting occupancy in fiscal year 1982. And until moneys are provided and sanitation facilities are constructed those homes will remain empty.

Based on information provided by IHS, the Committee on Interior and Insular Affairs staff has been able to determine the amount needed to provide sanitation facilities for those homes to be completed in fiscal year 1982. It will require an additional funding of $15.5 million, increasing the amount listed on page 42, line 16, of H.R. 4035, from $46,739,000 to $62,239,000.

As Chairman YATES has rightly pointed out in his report, his committee was cognizant of the fact that the amount requested for sanitation facilities may be inadequate. It is the responsibility of Congress, along with the executive branch, to develop a realistic proposal to correct the present program's deficiencies and develop a better coordinated Indian housing program. Staff of the Committee on Interior and Insular Affairs has been working with several concerned and involved parties to develop alternatives to the existing Indian housing program. It is unrealistic, however, to expect that a new solution and more efficient and effective program can be in place by fiscal year 1982.

The fact is that without this $15.5 million, IHS statistics show that there will be 6,300 units for which IHS has not received any funding to proceed with materials purchasing and initial construction. In addition to adequate housing being denied to Indian families, there would be vacant houses subject to vandalism and premature deterioration. There would, of course, be a loss of rent. We cannot allow this wasteful use of Government money. The construction of these 6,300 units was approved by Congress up to 2 to 3 years ago and has now proceeded to finished construction. It is incumbent on this Congress to complete the process so that these homes can be occupied.

Gramm-Latta II sets a ceiling of $725,900,000 for Indian health services. The Interior appropriations bill—H.R. 4035, is well under this amount at $676,200,000. With the addition of this $15.5 million, contained within my amendment, we would still be $34,200,000 under the Gramm-Latta II reconciliation instructions.

I urge the approval of this necessary amendment.●

DECISION OF GOVERNORS OF U.S. POSTAL SERVICE

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. DERWINSKI. Mr. Speaker, in a further effort to bring the attention of the Members to the financial situation of the U.S. Postal Service, I am inserting the second part of the recommendation by the Board of Governors of the Postal Service, which calls for the Postal Rate Commission to reconsider its earlier decision. That decision resulted in a loss of about $1 billion in needed revenue. The recommendation follows:

DECISION OF THE GOVERNORS OF THE U.S. POSTAL SERVICE ON THE POSTAL RATE COMMISSION'S JUNE 4, 1981, RECOMMENDED DECISION UPON RECONSIDERATION

(Commission Docket No. R80-1)

SERVICE-RELATED COSTS

The Commission adheres to its use of the "service-related costs" concept, which assigns $1.8 billion of unattributable costs to certain preferred categories of mail on the ground that these costs would not be incurred if the Postal Service delivered mail only 3 days a week instead of 6, and that the only reason the Postal Service delivers mail 6 days a week is to benefit the mailers of this preferential mail. As we said in March:

"No one who is informed on postal matters can seriously suppose that the Postal Service would make regular deliveries only three days a week if a few paragraphs concerning priorities were cut out of some internal operating instructions. Yet, without precisely this supposition, the whole 'service-related costs' methodology is meaningless. . . . [It is] a transparent fiction."

The Commission asserts that NAGCP III prevents it from abandoning the service-related costing concept. This is not correct. NAGCP III affirmed the Decision of the Governors in the "15¢ stamp" rate case, in which service-related costing was first used. But NAGCP III merely affirmed our Decision in that case—it certainly did not require that the concept be applied in future cases.

The Commission asserts that it did not "assume" that the Postal Service would deliver mail only three days a week if preferential service standards were eliminated, but rather that it found this to be a fact. There is no basis in the record for this assertion.

SECOND- AND THIRD-CLASS RATES

The Commission now asserts that, in our March 10 Decision, we "modified" its recommended rates for Red Tag second-class mail and for bulk third-class mail. This reflects a misunderstanding of our action.

For regular rate second-class mail, the Commission had recommended rates as though two subclasses were in effect: an "expedited" (or Red Tag) subclass and a "regular" subclass. These subclasses were not due to become effective until June 1; only a "regular" classification existed at the time we considered the recommended decision. Accordingly, we allowed the rate recommended by the Commission for the "regular" publications to take effect for all publications in the classification. Subsequently, the U.S. Court of Appeals for the D.C. Circuit decided in the Dow Jones case that our Decision approving the Commission's 1980 Red Tag classification and rate recommendations was "void in its entirety," and we have now rescinded that Decision. Therefore, there is no classification in effect to which the "expedited" rates can apply.

The Commission now reaffirms its recommendation of a separate subclass for "expedited" second-class mail, with rates for that subclass reflecting the assignment of service-related costs. We reject this classification recommendation because it relies on a rate concept (service-related costing) that we have repeatedly rejected.

For bulk third-class mail, the Commission, as part of this rate case, had recommended a classification change dividing third-class bulk mail into light and heavy pieces. As we pointed out in March, folding classification changes into a general rate case in the expectation that we must accept the classification recommendation is inconsistent with the Postal Reorganization Act. The statute is unmistakable: The Commission is to make its recommendations following the statutory procedures and criteria; the Governors are to make their decision on these recommendations in accord with the statutory policies. If the Commission includes a classification change with rate recommendations in circumstances that virtually require the Governors to approve or allow the rate changes as a matter of economic necessity, then the statutory scheme is violated because the Governors cannot, as a practical matter, apply any judgment to the classification change.

This is not to say that the Commission may not recommend a classification change in connection with a rate case. If it elects to do so, however, it should provide alternative rate recommendations—with and without the classification change—so we may decide on the classification change on its merits, as the Act requires us to do. Where, as here, it fails to do so, and we do not approve the classification change, the Commission has not provided us with recommended rates in accord with the Act. Consequently, we reject them. The Board placed temporary rates for bulk third-class mail into effect in March because the Commission had failed to recommend rate changes in accordance with the Act within the statutorily prescribed ten-month period. The rates placed into effect were lower than those we would have chosen had we, in fact, intended to "modify." They were rates which, consistent with the existing classification structure, were not greater for any mailer than either the rates recommended by the Commission or those originally proposed by the Postal Service. As a consequence of the Commission's failure to recommend appropriate rates based upon the existing classification, mailers of third-class bulk materials have thus far had, on the average, a lower percentage rate increase than they would have had under either the Postal Service's suggested rates or the Commission's recommended rates. Accordingly, we urge the Commission to recommend appropriate rate changes for bulk third-class mail that are

based on the existing classification for that category.

The Commission now says that what it previously characterized as a "classification change" was not really a classification change within the meaning of section 3623. But the bifurcation of the bulk third-class mail classification into heavy and light pieces does change classification. The courts have defined mail classification as a grouping of mail matter according to size, weight, content, etc. for the purpose of assigning a specific rate or method of handling. The U.S. District Court for the District of Columbia, in concluding that the Board acted within its authority on March 10 in deciding to implement temporary rates for third-class bulk mail, found in the Advertisers Distribution Services case that the Commission's recommendation was indeed a recommended classification change.

ESTIMATE OF ANTICIPATED REVENUES

This decision to reject the Commission's recommended decision will not, of course, affect anticipated revenues; it does not change any rate or fee now in effect. As we have previously stated, we estimate on the record of this case that Postal Service revenues will fall short of covering costs for the test year by nearly $1 billion. Current forecasts, summarized above, indicate losses of more than $600 million, without providing for contingencies or prior year losses.

ORDER

The Postal Rate Commission's Recommended Decision upon Reconsideration dated June 4, 1981, is rejected. The rate, fee, and classification changes ordered into effect in the Decision of the Governors of March 10, 1981, will remain in force.

The foregoing Decision was adopted unanimously by the Governors on June 29, 1981.

LOUIS A. COX,
Secretary.●

H.R. 1909

HON. MARILYN LLOYD BOUQUARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mrs. BOUQUARD. Mr. Speaker, in February of this year, Mr. FUQUA, Mr. LUJAN, and I were privileged to join as cosponsors of Mr. GOLDWATER'S Nuclear Waste Research, Development, and Demonstration Act of 1981, H.R. 1909. The purpose of this bill is to accelerate and provide direction to the Department of Energy's research, development, and technology demonstration program for the disposal of high level radioactive waste. Since the original introduction of the bill, 13 additional Members have joined as cosponsors led by Mr. ROE, the ranking majority member of the full committee.

In February and June of this year, the Subcommittee on Energy Research and Production, which I chair, received testimony from witnesses representing the Government—NRC, DOE—Congress—OTA—industry, and the research, geological sciences, and the environmental communities. The testimony from these sources was carefully considered, and a bipartisan amendment, incorporating various recommendations, was overwhelmingly adopted at subcommittee markup.

In summary, the key provisions of H.R. 1909, as amended are:

First. The Secretary is required to characterize three sites, and then, by January 1, 1985, select one for a test and evaluation facility. The facility is to be in operation by the end of fiscal year 1988. The facility's operation is to be terminated when the Secretary determines that the continued operation is not necessary for research and demonstration.

Second. The bill prohibits conversion to a permanent disposal facility unless separate legislation for disposal of high-level radioactive wastes is enacted, and the facility meets all the requirements for conversion to a commercial repository.

Third. The test and evaluation facility is to be designed with a capacity for receiving a minimum of 40 and a maximum of 300 full-size canisters of solidified waste.

Fourth. The engineered barriers and the geology operating as a system are to have a design life of sufficient length so as to contain the waste until it decays to a level comparable to the health hazard of the uranium ore which would be the ultimate source of such wastes unless Federal standards for high-level radioactive waste repositories would require an even longer design life.

Fifth. The bill specifies an in situ research program to be conducted at the test and evaluation facility.

Sixth. A requirement is established for the Secretary to provide for waste solidification facilities as authorized by other legislation.

Seventh. The Secretary is required to consult and coordinate with State officials from States where potential sites are located for a test and evaluation facility.

Eighth. A deadline of March 1, 1982, is established for the Secretary to provide the House Committee on Science and Technology and the Senate Committee on Energy and Natural Resources with a comprehensive program management plan.

I believe, Mr. Speaker, that H.R. 1909 is a solid vehicle for focusing the multi-hundred-million-dollar DOE nuclear waste R. & D. program and for building public confidence in waste disposal technology. With the changes that have been incorporated, I believe this bill will generate strong bipartisan support for possible enactment this year. On behalf of the cosponsors, I would welcome the other Members of the House to cosponsor this legislation.●

NATIONAL POW/MIA RECOGNITION DAY, JULY 17, 1981

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. GUARINI. Mr. Speaker, President Reagan signed into law a congressional resolution declaring Friday, July 17, 1981, as National POW/MIA Recognition Day, a day dedicated to former prisoners of war, those missing in action, and their families.

While I was proud to have been an original cosponsor of this resolution, I was prouder still to be chosen honorary State chairman of this POW/MIA Recognition Day program by National Committee Chairman Anthony Varsalona of Jersey City and New Jersey State Commander Patrick Mancino of the Catholic War Veterans of the United States. This recognition day, or day of remembrance as proclaimed by the Catholic War Veterans, will serve to remind all Americans of the great sacrifice our prisoners of war and missing in action made while serving our country and defending the American ideals that we all love and cherish.

Mr. Speaker, I can report to you an overwhelming response to this remembrance by the people of my district and the State of New Jersey. So overwhelming, that through the support of the Catholic War Veterans and other supporting organizations, remembrance day has become remembrance week with ceremonies lasting the entire week of July 13.

As honorary chairman I have asked local governments, various organizations, and private citizens to join with the Catholic War Veterans in the observation of this recognition period with appropriate activities and ceremonies.

On the individual level my offices in Jersey City and Bayonne have provided several thousand citizens of the district we proudly proclaim as the Statue of Liberty district with red lapel ribbons.

Government has also responded in excellent fashion. The Hudson County Freeholders adopted a resolution in support of Recognition Day. Governor Byrne has placed the State of New Jersey firmly behind this effort, while many communities have made plans to show their support. It is also my understanding that groups in almost 20 States are working on their own remembrance day. In some States these events are part of what is called the red badge of courage program.

Because I believe so deeply in this idea, Mr. Speaker, I will introduce legislation calling for a postage stamp honoring the MIA and the POW. It is my feeling that this matter should not be allowed to disappear after 1 day.

Mr. Speaker, it is very important for all of us to remember the people who are missing in action or were prisoners of war. They are the ones being honored. Recently it was my pleasure to present a copy of the POW/MIA resolution to the National Officers of the Catholic War Veterans and to Mr. and Mrs. Sal Mascari, the New Jersey State coordinators for the National League of Families of MIA's.

One of the most impressive ceremonies took place on Monday, July 13, at the New York-New Jersey Transportation Center at Journal Square in Jersey City. With the cooperation of Alan Sagner, chairman of the port authority, three 6-foot ribbons, two American flags, and a 20-foot sign were placed in view of the 70,000 individuals who use the transportation center on a daily basis.

Present at the ceremony was Vice Chairman Francis Gorman who impressively represented Chairman Sagner. Also present were the chapter of the Gold Star Mothers, Veterans of Foreign Wars, the American Legion, AMVETS, Jewish War Veterans, Catholic War Veterans, and the Veterans of World War I Association. In attendance were Peter Parese and his staff at the Vietnam Veterans' Center in Jersey City. The poignant closing remarks were made by Steve Holinka, a Vietnam veteran who is commander of the Lafayette AMVETS Jersey City chapter. Of special note was the attendance of Anthony Stencel of Secaucus, N.J., a prisoner of war during World War II.

At the end of the ceremony red ribbons were placed in Journal Square's 21 trees by Aiden Goggins, commander of the fourth New Jersey Infantry Post No. 51 of the American Legion. These trees were dedicated on November 11, 1978. They honor the 21 Hudson County residents who were then missing in action in Vietnam.

But, Mr. Speaker, the plight of the MIA/POW cannot be measured by statistics. Statistics show that there are more than 2,500 American servicemen who are still unaccounted for from the Vietnam war. Can we really know what they or their families have suffered?

It was the late John F. Kennedy, who while speaking of the POW said:

> The stories of past courage can define that ingredient—they can teach, they can offer hope, they can provide inspiration. But they cannot supply courage itself. For each man must look into his own soul.

Our servicemen still missing in action and our former POW's give us reason for not forgetting acts of courage which men have lived without belittling the courage with which men have died.

Mr. Speaker, there are two particular stories which touch my heart concerning these ceremonies. It was our intention to have Father Wallace Pangborn, S.J., a retired professor and student counselor at St. Peters College, at the Journal Square ceremony. Father Pangborn was captured in the Philippines in 1944 and was a prisoner of war in a Japanese concentration camp in Los Banos. He remained there until released by American forces in February 1945. Unfortunately, Father Pangborn passed away just hours before the ceremony began.

Perhaps the sentiment toward this day of recognition was best summed up by a business card slipped under the door of my Jersey City office. The card listed the name of Chris W. Morgan, Commander, Garden State Chapter, American Ex-Prisoners of War, Old Bridge, N.J. On the back of the card was handwritten, "Thank you for remembering."

I am sure that you will join with all patriotic Americans on July 17 to remember our POW's and MIA's and their relatives who wait with heavy hearts yearning to see and touch their loved ones again.

Thank you Mr. Chairman.●

A LOOK BEHIND THE COLLAR

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Ms. OAKAR. Mr. Speaker, one of Greater Cleveland's most dedicated priests, Father Donulus, is celebrating his 35th anniversary as a Franciscan Friar.

I join members of his Franciscan community, St. Anthony's Parish, and Father Don's many friends in congratulating him and in expressing my personal gratitude for his years of service. The following is an article about Father Donulus which appeared in the Parish Bulletin:

A LOOK BEHIND THE COLLAR

Nineteen eighty-one will mark the 35th year of Father Donulus' service as a Franciscan Friar. In that period, his pastoral ministry has taken him to a variety of assignments throughout the Midwestern Province. Father Don, a native of Washington, Missouri, spent several years as Assistant Pastor at Our Lady of Angels in Cleveland. Subsequently, he moved to Quincy, Illinois where he was also an Assistant Pastor. In addition to those duties, Father Don added what he called his "part-time job." He became a booking agent at the Franciscan-operated Quincy College. At that time, the big bands dominated the music scene and would tour colleges and nightclubs. As an agent, Father Don booked the orchestras to perform at the college. In this capacity, he worked with such stars as the Dorsey Brothers, Benny Goodman, Blue Barron, and many others. In his spare time, Father Don hosted a weekly television program devoted to broadcasting Catholic news.

After his term in Quincy, Father spent the next six years as Pastor in Jordan, Minnesota. From there, he became Pastor at St. Boniface in Sioux city, Iowa. Then, in 1968, he assumed his duties as Pastor of St. Anthony's.

Our parish is located in the Midwest Province which covers an area from Ohio west to Nebraska, north to Minnesota and south to Texas. It's administrative hierarchy is elected and includes a provincial, a vicar provincial, 6 consultors and a secretary.

Father Don was elected consultor in 1975 and, in this capacity, he was the provincial liaison for Ohio and Michigan. One of his current projects is overseeing the construction of a senior citizen housing project located at Our Lady of Angels.

In light of a rather hectic schedule, Father Don has little time for relaxation. He is a golfer and laments the limited opportunities available to play. He is also a theater buff and enjoys live productions of musical shows.

In the time that Father Don has been Pastor, we have seen the emergence of a variety of programs. The PSR program has become expanded and solidified. Our parish debt has been reduced by almost $500,000.

He sees challenges in the future. He would like to see more growth in the parish organizations. He would like to see a church built but he realizes the financial burdens placed on the parish families by inflation. Also, he is intent on providing the students at the elementary school with a quality education. With his commitment to Christ and the parish, Father Don will continue to work hard in providing for the needs of the parishioners.●

SOVIET INSENSITIVITY

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. PHILIP M. CRANE. Mr. Speaker, no one has or can deny that the Soviet Union's treatment of its Jewish population is anything less than despicable. Their policy toward Jews and Judaism has been consistently cruel and insensitive. An article in the July 14, 1981, New York Times, by John Burns, reprinted below, clearly illustrates the depth of the Soviet regime's oppressive nature.

MOSCOW JEWS BURY MATRIARCH

(By John F. Burns)

Moscow, July 13.—Judith Lerner was buried today in a pleasantly shaded glade at a suburban cemetery, her funeral attended by dozens of men and women to whom she had become a symbol of hope and courage in the difficult world of the Soviet Jew.

Mourners, Jews and non-Jews, stood shoulder to shoulder beneath the thick overhang, many in sportshirts and cotton blouses, while an aging rabbi intoned in Yiddish over the grave.

Speeches at graveside and at an open-air funeral earlier near the cemetery gate were filled with the affection Mrs. Lerner earned as a kind of matriarch to Moscow's troubled Jews. But almost everyone knew that it was not the funeral Mrs. Lerner or her family wanted, and that the cemetery, at Vostryakovo, was thousands of miles from the burial place she had sought.

That place was Israel. For 10 years Mrs. Lerner and her husband, Aleksandr Y. Lerner had sought emigration. Dr. Lerner is

a noted specialist in automatic control systems, a field considered sensitive in the Soviet Union, and the emigration petitions were declined on the ground that his departure would be "contrary to the state's interests."

When his wife died last week at the age of 65, the authorities declined permission for her body to leave the country for burial in Israel.

Instead, the authorities allowed the Lerners' 31-year-old daughter, Sonya Leven, who emigrated with her husband and child in 1973, to return for the funeral. In case exit visas are ultimately granted to Dr. Lerner and his 35-year-old son, Vladimir, the family arranged for the body to be placed in a sealed metal coffin inside a wooden box, an arrangement that would allow for exhumation and reburial in Israel.

Dr. Lerner today recounted his visit last week to the police where he was told that his wife's body must remain in the Soviet Union. The 68-year-old scientist, smiling wryly, said the decision had been announced by Col. Konstantin Zotov, who frequently had been delegated in the past to reject the Lerners' emigration petitions.

"When I said, 'Tell me why,' he just sat there at the desk, cast down his eyes and said nothing," Dr. Lerner said.●

TESTIMONY OF STEPHEN M. SONNENBERG, M.D.

HON. LES AuCOIN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. AuCOIN. Mr. Speaker, I commend to the attention of my colleagues the following testimony given by Stephen M. Sonnenberg, M.D., chair of the American Psychiatric Association's Federal Government Health Services Committee and codirector, Medical-Legal Clinic of the National Veterans Law Center. His statement was delivered before the Senate Committee on Veterans' Affairs on April 30.

Thanks to the efforts of Dr. Sonnenberg and others, the Veterans' Administration will be increasing its efforts to assess and treat stress disorders among veterans resulting from combat in Vietnam. This is a program that deserves national attention and the following testimony serves to educate all of us on the special needs of the Vietnam veterans and how effectively the Outreach Centers are dealing with their problems.

STATEMENT OF STEPHEN M. SONNENBERG, M.D.

Mr. Chairman and distinguised Members of the Committee: I am Stephen Sonnenberg, M.D. I am in the private practice of phychiatry in Washington D.C. and Co-Director of the Medical Legal Clinic of the National Veterans Law Center, working side-by-side with the legal staff to help Vietnam Veterans who suffer from Stress Disorders stemming from their Vietnam combat experiences. I also Chair the Committee on Federal Government Health Services of the American Psychiatric Association.

I am testifying today on behalf of the American Psychiatric Association, a medical specialty society representing over 26,000 psychiatrists nationwide, and to share our concerns on S. 26, S. 458 and S. 872 which seek to provide a two-year extension of the Vietnam Veterans Counseling Readjustment Program.

The American Psychiatric Association remains concerned with the plight of the Vietnam Veterans, and the need to develop and evaluate appropriate mental health treatment programs. To this end, the APA mandated the Association's Committee on Federal Government Health Services to study those Vietnam Veterans participating in the counseling program, as well as the treatment provided. This Committee's composition is extensive: its members include the Chair of the Department of Psychiatry at the Uniformed Services University of the Health Sciences; the Associate Director, for Psychiatry, Veterans' Administration Mental Health and Behavioral Science Service; and outside consultants such as Drs. Egendorf and Laufer of the Center for Policy Research, from which stemmed a most comprehensive and perceptive study of the current psychological needs of Vietnam Veterans. The first annual report of the Committee's findings will be presented at the American Psychiatric Association's annual meeting, May 11-15, 1981.

For more than a decade I have worked intimately with these suffering from the effects of psychological stress. Two of these ten years have been spent at the National Veterans Law Center, where I work with Vietnam Veterans who have Delayed Stress Disorder. Through the National Veterans Law Center, I provide two Outreach Centers here in Washington, D.C. with back-up support; in that connection I treat the most needy of Vietnam Veteran patients. I am also familiar with the work of the Outreach Program on a nationwide basis. Indeed, the American Psychiatric Association wholeheartedly endorsed the counseling program, and it has been my charge to encourage psychiatrists around the country to volunteer time as consultants to the program. Moreover, I have in these efforts worked extensively with Jack Ewalt, M.D., Arthur Blank, M.D., and Donald Crawford, Ph. D., whom you know. In sum, I appear here today with a background as a service provider and researcher in the area of psychological stress among Vietnam Veterans; as an individual with a substantial familiarity with the Vietnam Veterans Counseling Readjustment Program; and as the representative of the thousands of American psychiatrists concerned with this issue.

Who are the Vietnam Veterans who attend the Outreach Centers? Why, so many years after Vietnam, is this new program to treat mentally ill Vietnam Veterans so vitally important? First, the majority of the Vietnam Veterans who go to the Outreach Centers are typical of those who suffer the effects of severe psychic trauma. They are similar psychologically to World War II concentration camp survivors, or those who survive tragic civilian disasters. In the case of the Vietnam Veterans, the trauma to which they were exposed was guerilla warfare, and for the most part those who are most substantially disturbed witnessed the mutilation of a close combat buddy, or survived the ambush of their unit. Because they survived, and feel guilty over survival, they suffer emotionally.

A striking feature of this psychological condition, labeled as "Post-Traumatic Stress Disorder" in the 1980 edition of *The Diagnostic and Statistical Manual of Mental Disorders*, the official psychiatric nomenclature recognized by the APA, is that the pyschiatric profession did not recognize its existence throughout the 1970's. The psychiatric profession came to recognize the condition, which the general public referred to as "Delayed Stress Reaction," following the observation of Vietnam Returnees, and the lessons taught by my colleagues working with these veterans.

One reason this program is of such critical import today, years after Vietnam, is that many psychiatrists were, in all honesty, unaware of the Stress Reaction which afflicted many Vietnam Veterans, and were thus unable to diagnose and treat this specific disorder until recently. You may wonder why, for a decade, this condition was absent from our nomenclature. The reason, I believe, is that we are all, even psychiatrists, resistant to recognizing how vulnerable we are to a powerful enough stress. We can accept that there are mentally ill among us, but when viewing the emotional wreckage wrought by psychic stress, we recognize that we are all vulnerable, all potential victims. Thus, when the most disturbed troops from World War II and Korea disappeared from view, we abandoned what we knew about serious combat trauma. Today, then, we must cure those who have waited to be recognized as ill and in need.

Let me now describe Post-Traumatic Stress Disorder, also known as Delayed Stress Reaction, and a typical Vietnam Veteran with the Reaction who goes to an Outreach Center. Keep in mind that this condition is seen in others who have suffered severe psychic trauma, and in the past has been known as Shell Shock, Traumatic Neurosis, and the Survivor Syndrome. To begin, the individual suffering from a Stress Disorder is guilty over having survived a disaster, which took the lives of others. The individual experiences anxiety much of the time and various forms of insomnia. The individual experiences depression, with a full range of accompanying symptoms, such as loss of appetite. In addition to insomnia, the individual experiences nightmares of the traumatic event, and in waking life can experience flashbacks. These are altered states of conciousness in which the individual believes he is again experiencing the traumatic event. As can be seen from what has so far been described, much of the individual's psychic life is devoted to re-experiencing the traumatic event, and on an unconscious level the individual hopes to master the trauma, make it come out differently. As the Disorder is so psychologically painful, many of these individuals sedate themselves with drugs or alcohol. Since at the core of the disorder is a fear of a loss of loved ones and friends, these individuals keep distant from those around them. Thus, they are hardly able to function with friends, family and employers. Their divorce rate and unemployment rate are in excess of what would be predicted based on variables excluding combat service in Vietnam.

The typical Vietnam Veteran who comes to an Outreach Center with elements of Delayed Stress is in his late twenties or early thirties, and saw Vietnam combat in his teens. He was younger than the typical combat soldier of World War II or Korea, and was therefore more psychologically vulnerable than those men. He will be poor and from an underprivileged racial or ethnic background in greater than expected numbers, given the size of his race or ethnic group in the population at large. He may present with a history of poor vocational

and/or marital adjustment, and perhaps alcohol or drug abuse. He will report that his problems began immediately after combat trauma, or that there was a latency period of months to years (which resulted in the name Delayed Stress Reaction), but he will consistently report some combination of the following: guilt over survival, anxiety, depression, nightmares, and altered states of consciousness. He will tell you that he has suffered for long years, was distrustful of the Veterans Administration, and would never have sought treatment in conventional VA facilities. He will tell you that he sees the Outreach Center as a life-saver.

Based on what I have described, we can see that the Outreach Program is of importance today because it meets a medical need of a population so far untreated. In fact, it provides a viable form of treatment for a group which previously believed no appropriate help was offered it by the VA or any other health care provides.

This brings me to the next vital questions: Is this a mental health program in any traditional sense of that term? Is this a program meeting high professional standards? Is this a program designed carefully, allowing assessment of utilization patterns and effectiveness? Is this a program which is potentially self-limited, one which will allow for integration of this clinical population and program into the health care system, or are we asking you to support an open-ended special program, one which sets a precedent for the development of separate health care systems for any group asserting its special needs?

I think it is important for you to know that the Outreach Program bears the special mark of Dr. Jack Ewalt, Director of the Veterans Administration Mental Health and Behavorial Science Service. We are fortunate to have Dr. Ewalt serving in that position. For many years Dr. Ewalt was Professor of Psychiatry at Harvard Medical School, and several generations of American psychiatric residents regarded him as one of the very finest psychiatric educators and innovators in the United States. Among his many contributions to the evolution of psychiatry in this country after World War II was an emphasis on bringing psychiatric services to those in greatest need. He did this with creativity and determination, by bringing psychiatric practitioners and trainees into the streets of Boston, into the neighborhoods, and out of the ivory towers of the university. He taught the psychiatric profession important lessons about how we had to make ourselves available; he taught us that part of this process was in some instances the development of a team approach, so that we worked with talented paraprofessionals who could reach disturbed patients who were poor and underprivileged, who distrusted middle class psychiatrists because, in many ways, these professionals spoke a different language.

This is a good point to elaborate on the role of the paraprofessional in the provision of mental health services. There is much room for potential misunderstanding about these individuals. A better name for this group is "indigenous mental health workers", and the role they play at times is crucial. They are not trained to do the work of psychiatrists. They are trained to be good listeners, they are trusted by their clients because of shared experiences—in this case Vietnam service. This training and quality of being trusted makes them a vital asset to appropriate mental health service teams.

The Vietnam Veterans Outreach Program bears the hallmark of Dr. Ewalt's time honored methods, methods which in my profession are well recognized as most effective and most humane.

Clearly, the Vietnam Veterans who go to neighborhood Outreach Centers with Post-Traumatic Stress Disorder are in need of medical assistance, and they receive it. They present with a medical condition recognized by the psychiatric profession, and at the neighborhood Centers they receive psychological counseling from a team of paraprofessionals and professionals. These helping individuals have certain qualities in common. They have special abilities in dealing with those suffering from Stress Disorders, and in many cases these abilities are related to their experiences in the jungle battles of Vietnam. In all cases they are emphatic, skilled listeners, and thoughtful providers of emotional support and encouragement. They are, as a team, highly skilled, highly professional. In each Center there is ample interaction between those with more formal professional training, and those who are called paraprofessionals, and again in this case this is a hallmark of good psychiatric service provision.

Now, we can ask if this program is scientifically structured and encourages assessment of its effectiveness. The answers are unequivocally "yes". Under the leadership of Jack Ewalt, M.D., and Donald Crawford, Ph.D., who as a younger man saw service in Vietnam, the program allows for service provision where it is needed, given by those who can effectively give it, and in a setting where data collection is conducted in the natural course of events. I am sure that from the testimony coming from Dr. Ewalt's office you will learn of increasing patterns of utilization, of Veterans receiving psychological relief after many years of suffering. It is clear that after only a little over one year no scientifically incontrovertible data is available, and it is also clear that since the program has suffered from threats of extinction and staff freezes since the start of its second year, the chance of fair scientific assessment is even slimmer. However, I do know that preliminary assessment is taking place.

An assessment study conducted by the Office of Planning and Program Evaluation, under the Office of the Administrator of Veterans Affairs, produced a highly favorable report. It shows that the program is effective in the minds of service recipients, VA physicians and administrators, community agencies, Veterans organizations, and police departments which turn to Outreach Center personnel when dealing with troubled Vietnam Veterans. Clearly, the program is having substantial impact on those it seeks to serve.

This brings me to the final question: Is the program self-limited, or does it establish a precedent for separate health care systems for groups shouting loudly enough that they are unique? It is my prediction that a few short years down the road we will see the Outreach Program become an anachronism. This will be the case because those now providing psychiatric services in VA medical centers and those providing what are currently Outreach services will learn, quite naturally and in the course of time to work together in ways which are yet to evolve, ways which will be most helpful to the target population in question—Vietnam-Era Veterans. Finally, these Veterans, now distrustful of the system, will come over time to seek help in long-standing VA medical centers. This will reflect their contacts with the system via the Outreach Program, and alterations in the system reflecting its contact with Outreach Center service providers and service recipients.

We trust you will concur with our views and extend this vital and effective program for three more years. At that time, practitioners inside and outside the VA and Outreach systems will have evaluated the program's strengths and weaknesses, and will be able to provide the Congress well reasoned data concerning how to integrate these Outreach Centers into the VA health care system. These same individuals will be in a position to provide you with a timetable for that integration. Indeed, I am confident that the results of the assessment that would take place during the next three years will identify very specific ways of providing Vietnam Veterans with specially tailored care, and that these techniques, integrated fully into the VA's system of health service provision, will be the lasting legacy of this innovative and courageously conceived program.

This concludes my prepared statement. I appreciate the opportunity to appear before the Committee and welcome the opportunity of working with the Congress in not forgetting the metally ill Vietnam-Era Veterans who remain in need of mental health care. We are pleased to respond to any questions that you may have.●

MONEY MARKET FUND REGULATION

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. HUBBARD. Mr. Speaker, in light of the continued discussions regarding money market mutual funds and whether or not they should be restricted, Mr. William L. Hale III, president of the Exchange Bank of Mayfield, Ky., my hometown, has written to me indicating that these funds should be brought under regulation similar to banks, and banks in turn, should be allowed the instrument to compete with them. With your permission, I would like to insert in the RECORD, Mr. Hale's remarks on this very timely issue now facing Members of Congress.

The letter follows:

DEAR CARROLL: This is just a note to comment on the Money Market Fund issue which Congress will no doubt be discussing. These Funds are for all intents and purposes—banks; they accept deposits and they allow withdrawal by checks or other demand-type methods. If there is any validity to the rationale of regulation of commercial banks and S & L's by the government in the public interest, the same ought to apply to t. e Funds. As you know we are one of the most overregulated industries in the country and for the government to allow other "banks" to spring up unregulated is grossly unfair. Not only must we play by different rules but we are not even allowed to offer a competing deposit-type instrument.

A practical effect that these Funds are having on virtually all banks in your district is the outflow of funds to large money-

center banks that would otherwise be available for loans and investments locally. I can assure you from what I have seen in our bank that this outflow is substantial. It is not inconceivable that as the economy recovers there could be a significant adverse impact on the availability of loan funds at banks and S & L's in our area due to the Funds.

In my opinion, at the very minimum, these Funds should be brought under regulation similar to banks and we should be allowed to offer an instrument to compete with them.

Thanks for considering these views; I hope you will take them seriously.

Sincerely,

WILLIAM L. HALE III,
President.●

STATEMENT BY HON. MAURICE MEYERS, MAYOR OF BEAUMONT, TEX.

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. MARKEY. Mr. Speaker, at this time, I would like to speak out in favor of retaining the Urban Parks and Recreation Recovery Program, generally known as UPARR.

Urban parks have traditionally served as centerpieces of neighborhoods, reflecting and influencing the quality of life of an area. In an era of rising energy costs, more Americans, especially those in lower income brackets, have been turning to their cities' parks for recreation of all types. And in many cases, they have found that their parks have become unusable due to poor neighborhood conditions, the age of the facilities, and a lack of upkeep.

UPARR was enacted in 1978 as a partial solution to this problem, providing matching Federal funds for park rehabilitation, planning, and innovation projects, on a competitive basis. Note that the program places the main emphasis on the needed rehabilitation of the existing park infrastructure, instead of the acquisition of new land.

UPARR is not a large program. In fiscal year 1980, $65 million was appropriated for the program, yet this level of funding has produced impressive results.

On June 15, 1981, I chaired a hearing of the Interior Committee's Oversight and Investigations Subcommittee on the subject of the UPARR program. Twenty-eight mayors attending the annual meeting of the U.S. Conference of Mayors, in Louisville, Ky., provided testimony as to the impact of the program on their cities. The testimony that follows is an example of the overwhelming support that the mayors expressed for the UPARR program and evidence of the valuable role UPARR is playing in helping to revitalize our urban areas by rehabilitating a key element of neighborhoods, the urban park.

HON. MAURICE MEYERS, MAYOR OF BEAUMONT, TEX., EXPRESSES SUPPORT OF URBAN PARKS PROGRAM

Mr. Chairman and Members of the Subcommittee: I am Maurice Meyers, mayor of Beaumont, Tex. I am pleased to have the opportunity to testify in support of the Urban Parks Program.

In a time of severe budget restraints, for both the federal government and local governments, I ask you to evaluate the positive effects a relatively small amount of targeted federal funds has had in stimulating community investment, saving existing facilities from decay and encouraging creative planning and uses.

The current Administration has tried recently to convince state and local governments to support a series of new "special revenue sharing" programs described as state block grants. While this type of funding can be of assistance in some cases, it is not always the best approach. Block grants require larger sums of money in order to distribute funds evenly across the Nation—more money than we will ever see for recreational purposes, I'm afraid. The urban parks program is an excellent example of the type of federal grant program which is not a block grant but is of great assistance at the local level.

The funding requirements of the program are designed to evoke public participation, state financial involvement, and partnerships between public and private organizations and interest groups. UPARR has stimulated a state role in urban recreation. Texas isn't well known for its participation in urban programs. Yet, after the UPARR program was started, Texas began their own program at the state level. Eighteen other states also have contributed varying amounts of funds to UPARR projects.

Furthermore, the UPARR program has maintained great flexibility. For example, Beaumont was not eligible for an Urban Parks grant under program regulations. We were, however, eligible to apply for discretionary fund money because of our specific economic and social circumstances.

In my City of Beaumont, we face two major problems in meeting our present and future park and recreation needs. First, the City is expanding rapidly to the west and north, with new residential areas creating the necessity for new parks. Many areas developed within the past 30 years do not have neighborhood parks at all.

Second, the City must meet the recreational needs of neighborhoods in the older eastern portion of Beaumont where nearly 60 percent of the population lives. Most of this area developed before 1940. There are high concentrations of minorities, low to moderate income families and the elderly. Although the parks are fairly well distributed in eastern Beaumont, many are small and most of the equipment is 20 to 50 years old and in need of replacement due to deterioration or obsolensence.

Participation in the UPARR program has helped Beaumont to attack these recreation problems in at least three ways:

(1) The planning requirements of the program have resulted in an increased awareness of the strengths and weaknesses of our recreation system and what can realistically be done to improve the system;

(2) Our UPARR rehabilitation grant and matching contribution from the State of Texas have enabled us to begin a $345,000 project to rehabilitate four inner-city parks. We are currently rehabilitating two playgrounds with modern "creative playground" equipment, replacing a substandard wading pool, rehabilitating a 4,700-square-foot community center building that might have otherwise been demolished, and installing new slabs and prefabricated shelters at two multi-purpose court areas. Most of this work would not have been done without the UPARR program.

(3) The UPARR planning process and financial assistance have contributed to the development and implementation of a neighborhood conservation strategy which approaches improvements to housing, streets, drainage, parks, social services and neighborhood businesses as parts of and inter-related system.

My City strongly supports the program's emphasis on the need for rehabilitation of existing facilities. Preventing decline in existing investments now will mean substantial future savings, particularly when coupled with a commitment by cities to maintain these facilities. For most cities this is a one time grant to stimulate recovery.

Interest in the program has been understandably high. UPARR makes a substantial contribution to local efforts to rebuild cities by revitalizing one of the key amenities that make urban life attractive. People want and need recreation opportunities for their physical and emotional well being. Yet, particularly now as local governments are asked to take on greater responsibility with limited funds, many cities can afford to meet only the most basic service needs and maintenance. A limited federal role in urban recreation is necessary.

The Administration has proposed elimination of this program in order to redirect funds to the rehabilitation of the National Park System. But the low income, inner city resident is often unable to utilize those facilities, which are usually located some distance from population centers. I ask the Committee to look carefully at the side effects of this redirection of funds.

In summary, the UPARR program has been a welcome source of assistance to financially distressed park and recreation programs in cities throughout the nation. A comparatively very small investment of federal funds has been targeted to assist recreation program in cities with proven abilities to plan creatively and efficiently for providing recreation services in an era of increasing austerity, and the primary beneficiaries of the program have been the inner-city residents who are most in need of close-to-home public recreational facilties and programs.●

INTRODUCE LEGISLATION FOR FEDERAL FIREFIGHTERS

HON. MICKEY LELAND

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. LELAND. Mr. Speaker, today I am introducing legislation which addresses and seeks to rectify the inequitable and inconsistent treatment Federal firefighters receive under current pay practices.

The current compensation scheme for Federal firefighters includes three basic elements—base pay, premium

pay, and overtime pay. Base pay is compensation under the General Schedule, which covers the vast majority of Federal employees. In recognition of the long and irregular schedules required and the hazardous nature of the occupation, Federal firefighters also receive premium pay of up to a maximum 25 percent for the 72 hour workweek. In addition, under the Fair Labor Standards Act of 1974, Federal firefighters are entitled to overtime pay for all hours in excess of 54 per week.

This complicated calculation of Federal firefighter pay levels has resulted in a number of inequities and inconsistencies that demonstrate the inappropriateness of the General Schedule as a basis for Federal firefighter compensation. The General Schedule was designed to cover the wide range of employees and occupations making up the majority of Federal work force. While premium pay and overtime pay provisions seek to recognize the unique nature of firefighting as compared to other occupations falling under the General Schedule, the current pay scheme does not allow for an appropriate classification of Federal firefighters which reflects the actual level of duties, responsibilities, and skills involved in the performance of duty.

Furthermore, the current Federal firefighter pay and classification schedule seems to ignore the overall value of firefighting and the increasing difficulty, responsibility and hazards with which Federal firefighters are being confronted as the state-of-the-art advances in aircraft, weapons, building construction, rescue procedures and as hazardous materials become more abundant and their handling more technical each day.

In spite of the current premium pay and "overtime" pay provisions, the average Federal firefighter works 72 hours per week for which he receives about the same pay as most municipal firefighters receive for an average 54-hour week. The glaring inequity of these long hours and relatively low wages as compared to municipal firefighters, threatens morale and has led to difficulties in retaining high quality personnel, with many firefighters leaving the Federal service to work for municipal fire departments.

Rather than working to bring Federal firefighter salaries in line with the compensation levels of their State and local counterparts and a vast majority of the profession, the complicated Federal firefighter pay formula, with its premium pay policies and its unique calculation of overtime pay has served as a source of discontent and resentment, and has added to the inequitable and inconsistent treatment of Federal firefighters under current pay practices.

While the Fair Labor Standards Act extended special overtime provisions to all fire and police personnel, including Federal, mandating the payment of overtime for all hours in excess of 54 hours per week; under a decision of the Comptroller General, Federal firefighters working 72 hours per week receive only one-half time, not time and one-half, for each of the 18 hours of overtime they are required to work. The rationale for this payment scheme was that since Federal firefighters receive regular pay, which includes premium pay for each of the 72 hours they work, they are only entitled to one-half time their regular rate of pay for the 18 overtime hours. What this has meant to the average Federal firefighter (GS 5, step 4) is the payment of approximately $1.85 per hour for 18 hours of overtime. This calculation of overtime pay has worked to increase resentment and discontent among Federal firefighting personnel.

Furthermore, the current Federal firefighter pay structure has had a severe negative impact on the career development of Federal firefighters. The problem arises due to the reluctance of qualified personnel to move into positions involving promotion and increased responsibilities, but because of a shorter workweek and parallel reductions in the rate of premium pay and overtime pay, offer less take-home pay and reduced retirement and other benefits.

For example, an assistant chief, who is ruled to be exempt under the FLSA, makes less money for the same number of hours than does a crew chief who is two grades lower and subordinate to him. Similarly, the fire chief, who is a program manager and administrator and therefore must work a tour of duty more nearly coinciding with the work hours of other managers at a particular facility, makes considerably less than his assistant chiefs. As a result of these pay practices it is becoming more and more difficult to get employees to accept promotions to more responsible jobs, since they must take substantial cuts in pay to do so.

For all these reasons I am introducing legislation today that removes Federal firefighters from the General Schedule classification and pay system and establishes a separate pay system which is designed to deal with and eliminate the inequities and inconsistencies of current compensation schemes. This separate pay system brings Federal firefighter salaries in line with the vast majority of the profession, and provides a realistic classification system that accurately reflects the nature and level of duties performed at every level within the Federal fire services.

In addition, by providing compensation levels that reflect and include payment for long and irregular hours and the hazardous nature of firefighting, this bill disposes of the need for premium pay and overtime pay and eliminates the problems and inequities that these pay practices have resulted in.

I believe that this discussion of the issues involved completely supports the argument that Federal firefighters are treated unfairly by the Federal Government in terms of pay and classification. I ask that Members of both the House and Senate lend their support to this legislation, so that this inequitable treatment of Federal firefighters may finally be rectified.●

VIEWS FROM THE OTHER SIDE

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. FIELDS. Mr. Speaker, for too long, a few Eastern newspapers have been permitted to "set the agenda" in Washington—to determine what issues the Congress and the President will discuss. Those newspapers are, by and large, liberal publications with an intense dislike for Republicans and conservatives and the policies we want now to implement.

In recent weeks, it is fair to say, the editors of publications such as the New York Times, the Washington Post, and the Boston Globe—to name only a few far-left newspapers—have systematically attacked the President and his policies, urging, instead, that America continue to travel down the same road to ruin on which we have journeyed for the better part of these last four decades.

Ronald Reagan received an overwhelming vote of confidence this past November—and public opinion polls show the overwhelming majority of Americans still like him personally and the policies he has proposed.

I do not know whether President Reagan's policies or his personal popularity most upsets the editors of these liberal Eastern publications. For whatever reason, however, the editors of major liberal publications have attacked President Reagan with abandon—and we conservative Republicans have not called them to task as of yet.

Today, I propose to change that. I am today beginning a regular effort to insert into the RECORD editorials from major Eastern publications alongside of editorials from Southern, Western, and Midwestern newspapers. I believe this process will provide us all with an exhilarating freshness of the kind that new ideas and commonsense can provide.

Today, I would like to insert an editorial from a recent Boston Globe that—predictably—attacks the Reagan

tax plan, and an editorial from the Dallas Morning News which uses sound logic and an understanding of economic realities about our Nation. I think you will agree that compared to the tired hot air coming out of Boston, there is a fresh and exhilarating breeze blowing eastward from Dallas. Thank you, Mr. Speaker.

[Editorial From the Boston Globe, June 10, 1981]

MAKING TAX POLICY

The House Ways and Means Committee is due to begin work on its much discussed tax legislation today. Within the regrettably narrow bounds in which all discussion of tax policy is taking place this year, the committee ought to draft a proposal that provides an alternative to the policies of President Reagan.

The proposal of committee Chairman Dan Rostenkowski to limit cuts in personal income taxes to 2 years ought not be abandoned. A 1-year cut is, in the current climate, not politically possible. However, the 3-year plan favored by President Reagan would leave inadequate revenues for any domestic initiatives in the near future.

Further, a minimum principle of any Ways and Means bill ought to be that all taxpayers at all income levels receive enough of a break to compensate for the effects of inflation and the resulting "bracket creep" and of rising payroll taxes in the 2-year period. The Reagan plan offers no such protection for taxpayers with earnings below $25,000.

Third, the committee—which still has a Democratic majority—ought not accept the Reagan proposals for flat cuts across all income levels. The political pendulum has not swung so far as to rule out the traditional Democratic goal of enhancing the progressive nature of income taxation at the Federal level. Through the widening of brackets and such, the committee ought to endeavor to target the cuts to the degree possible to the lower end of the income spectrum.

On the business side, the committee ought to be chary of accepting the Reagan plan for simplified depreciation schedules. Different capital assets have varying useful lives; a flat depreciation schedule may have the effect of skewing sensible investment policy. Further, the Reagan approach provides too little incentive for investments in research and development. The rationale for cutting business taxes is that it will spur productivity. The Ways and Means Committee ought to strive to make sure that business tax cuts do, in fact, have a reasonable chance of accomplishing that.

The truth, of course, is that now is not the proper time for personal income tax cuts or anything but the most artfully tailored business cuts. The truth is that if tax cuts are to be made, they ought to be accompanied by changes in the tax code that close some loopholes and questionable shelters and that enhance the equity of the tax system. However, both Congress and the President are hellbent on enacting substantial cuts without any tax "reform." The least the Ways and Means Committee can do under the circumstances is to seek to make the cuts fair and effective.

[Editorial from the Dallas Morning News, June 21, 1981]

CLASS DISMISSED

The Marxists, of course, have made class struggle the keystone of their philosophy. But neither are the Democratic leaders in Congress any slouches when it comes to pitting "the poor" against "the rich."

The official Democratic line on President Reagan's economic policy is that it favors what House Speaker Thomas O'Neill grandly calls "the wealthy of America." The poor, by O'Neill's reckoning, get short shrift: Just as you'd suppose with proud, heartless Republicans at the helm.

If automobiles could run on high-octane buncombe, O'Neill and his fellow House leaders would make a mint. The President's reproof to them, offered at his press conference last week, was exactly on target.

O'Neill professes to be some kind of expert on poverty, notwithstanding that House speakers earn $75,000 a year, with limousine and other lucrative perks thrown in.

He has suggested that Reagan doesn't understand the poor; which comes as a surprise to Reagan. "We didn't live on the wrong side of the railroad tracks," he said in answer to the final question at his news conference, "but we lived so close to them we could hear the whistle real loud. And I know very much about the working group. I grew up in poverty and got what education I got all by myself and so forth. . ."

But only debating points are scored in arguments by politicians over who used to be poorest. What matters far more is who's really going to do something to help the poor—and everyone else.

Reagan had something to say about this, too: "We have watched the so-called social reforms for three or four decades now fail in trying to lift people that are not in the mainstream and don't have their foot on the ladder of opportunity, and they failed . . . I believe that our economic package is aimed at stimulating the economy, providing incentives, increasing productivity so as to create new jobs."

By contrast, O'Neill and his colleagues hike taxes, afflict the nation with double-digit inflation and interest rates, and call it compassion. Then, when Reagan proposes compensatory cuts in spending and taxes, the O'Neillians flap their gums and drag their feet.

Democratic-controlled House committees haven't exactly got into the spirit of budget-cutting, the President noted. For instance, "One House committee claims to have achieved savings by eliminating a day-care program to provide suppers. But it also slipped into the changes of the law to say that lunches can be served at supper time."

Meanwhile, according to Reagan, O'Neill indulges in "sheer demagoguery" by pretending "that this economic program which we've submitted is not aimed at helping the great cross section of people in this country that have been burdened for too long by big government and high taxes."

The facts are on the President's side: Fifty-three percent of his tax cuts would go to Americans earning from $20,000 to $50,000—those who pay 51 percent of our taxes. What would be nice now is to have the House speaker and his troops also on the President's side.

What would be nicest of all, naturally, is for O'Neill to call off the class-struggle rhetoric, stop arguing about who loves poor people more, and pass some bills to help not just one segment of the people but the people as a whole.●

POW-MIA RECOGNITION DAY

HON. WILLIAM HILL BONER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. BONER of Tennessee. Mr. Speaker, we have the honor of proclaiming Friday, July 17, as National POW-MIA Recognition Day. A day dedicated to honor former prisoners of war, and those still missing in action, for the painful sacrifices they made for our country and its people, and to give our appreciation, comfort, and support of their families.

I would like to urge my colleagues to support legislation which would continue the investigation in Southeast Asia, until we can be assured that no other Americans are being held captive. The plight of Vietnam will not be over until all POW's have been returned home.

This day honors these citizens that gave up their freedom in order that their fellow Americans could maintain theirs. We owe a great debt, not only to those who have returned home, and their families who will continue to have memories of those long months or even years of anguish, but also to those still missing in action as they will continuously be in our thoughts.

Today, I would like to salute, and pay tribute to these Americans for their loyalty and service.●

HUMAN RIGHTS

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. HARKIN. Mr. Speaker, the Reagan administration has recently signaled its intention of abandoning human rights as a factor in American foreign policy.

At the same time, it wants to increase arms sales to foreign governments.

I believe the Reagan administration policy flies in the face of what the American people want and what the people of the other nations want.

To prove that latter point, I insert in today's RECORD the results of a public opinion poll conducted by the Gallop affiliates in nine Latin American nations.

The results of their poll have not previously been make public. They have, however, been available to the Reagan administration. On May 28, the Office of Research of the United States International Communications Agency summarized the results of this poll for the State Department, the National Security Council, and the Department of Defense.

The poll clearly demonstrates that the people of Latin America, the people who are often the victims of state terror, favor the United States pursuing a strong and aggressive human rights policy. I believe the poll results show that strong, public U.S. efforts to protect human rights have given hope to oppressed Latin Americans and that they very much want those U.S. efforts to continue.

In six of the nine countries surveyed, over half of the respondents said that one of the two things they would "most like to see the United States do in Latin America" was "help protect human rights."

Only in Chile and Argentina was human rights not mentioned by the poll respondents as one of their top two concerns. In those two countries, it was ranked third. Human rights ranked as high as "increase economic assistance"—the only other foreign policy objective favored by the people of Latin America—in most of the countries surveyed.

Among the policy options presented to the poll respondents, only the option of the United States "increasing military assistance" received almost no support.

Over the past few months, the Reagan administration has begun systematically dismantling our human rights policy, substituting instead a policy which can best be described as more arms and more aid for brutal dictators who have no qualms whatever about kidnaping, torturing, and murdering their own citizens.

The new policy not only pulls down one of the last pillars of hope for millions of oppressed Latin Americans, but will only work to alienate us from the people in those countries. It is a policy which is as foolish as it is tragic.

Mr. Speaker, I also want to say that I believe this poll seriously underestimates support for a strong human rights policy among the Latin American people. It does so for two reasons:

First, as the data indicate, many people in Chile and in Argentina expressed no opinion on the question about human rights. I submit that is because the repressive nature of the regimes in those two nations has so cowed the people that they are afraid to say they support human rights.

Second, the pollsters unfairly juxtaposed a private versus a public human rights policy and presented the alternatives in such a way that a private policy of human rights was seen as the middle ground between public demonstration and no human rights policy at all.

Despite these factors, less than one-fourth of the people surveyed said they wanted the United States to stay out of human rights entirely. And, despite the bias in the question wording, most Latin Americans who support human rights said the U.S. Government should publicly denounce abuses in Latin America.

The results of the poll follow:

Now let's talk about some things that the United States could do in Latin America. (Show Card) What two things from this list would you most like to see them do in Latin America?

[In percent]

	Mexico	Argentina	Chile	Uruguay	Brazil	Peru	Ecuador	Colombia	Venezuela
1. Encourage foreign private investment	21	23	32	39	19	25	18	13	14
2. Help combat subversion and terrorism	30	32	26	30	35	25	29	28	42
3. Help protect human rights	59	25	29	43	56	56	57	59	57
4. Increase military assistance	7	8	9	4	12	7	23	8	10
5. Increase economic assistance	53	50	63	63	50	66	58	61	41
6. Reduce U.S. involvement in the region	18	8	5	10	12	9	8	23	12

Percentages add to more than 100 percent because most people gave two answers.

In your opinion, what position should the United States Government take concerning human rights abuses in some Latin American countries? Should the United States denounce those abuses publicly, discuss them privately with the governments concerned, or stay out of the matter entirely, or do you not have an opinion?

[In percent]

	Mexico	Argentina	Chile	Uruguay	Brazil	Peru	Ecuador	Colombia	Venezuela
Denounce publicly	34	19	30	36	24	54	34	40	51
Discuss privately	39	22	28	24	40	28	36	27	22
Stay out entirely	17	25	17	28	25	12	24	24	14
No opinion	10	34	25	12	11	6	6	9	13
Total	100	100	100	100	100	100	100	100	100

Source: Foreign Opinion Note, International Communications Agency, USA, May 28, 1981. Surveys conducted by Gallup affiliates.

THE CHALLENGE FOR NATO IN THE 1980'S

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. DERWINSKI. Mr. Speaker, there have been many news reports in past months on the condition of the North Atlantic Treaty Organization. Much of this news opinion has it that the alliance is in trouble. Ambassador W. Tapley Bennett, Jr., U.S. permanent representative to NATO for 4 years, and a diplomat with a most distinguished record recently spoke his views of NATO. Ambassador Bennett believes that "the alliance today is strong and healthy." His speech covers a good deal of ground, and it is instructive and hopeful. It is printed below in full for the benefit of the Members.

ADDRESS BY AMBASSADOR W. TAPLEY BENNETT, JR., U.S. PERMANENT REPRESENTATIVE TO NATO, TO THE GERMAN-AMERICAN ASSOCIATION STEUBEN SCHURZ—DUSSELDORF, JUNE 11, 1981

THE CHALLENGE FOR NATO IN THE 1980'S

I am most appreciative of the opportunity to speak before this distinguished group. I am also grateful for the generosity of the Deutsch-Amerikanische Vereinigung in agreeing to reschedule the talk at time, after an earlier date at the beginning of the year had to be cancelled.

In any event, the postponement may prove an advantage. As you know, NATO has been very active over the past several months, and the new American administration of President Reagan has been consulting intensively with our Allies on all aspects of Western security policy. Thus, the topic on which I have been asked to speak, namely the outlook for the NATO alliance, has been more sharply defined, at the same time, the policies of the Reagan administration, which have some influence within the alliance, have been more fully developed.

As President Reagan has made clear, NATO remains the keystone—the bedrock—of American foreign policy, just as it has been for over thirty years. Indeed, the new U.S. administration is determined to strengthen ties with the alliance, and to seek a new strategic consensus on the basis of which we can together continue to defend our freedoms.

There is no doubt in my mind—and I have now served as U.S. Ambassador to NATO for over four years—that the alliance today is strong and healthy. The fundamental agreement on the political and strategic requirements for alliance security in the

1980's which has emerged from three ministerial meetings this spring—in Bonn, Rome and Brussels—offers firm demonstration alliance unity continues to be the best guarantee of peace in Europe and in the world.

It is evident, however, that very serious security issues are posed today for the alliance. These issues require difficult political choices. We must, for example, provide increased resources for defense, at a time when many of our nations face severe economic resource problems. We must proceed with the implementation of NATO's double decision on long-range theater nuclear modernization and arms control, at a time when some are raising questions about the requirements of nuclear deterrence. We must develop the conventional military strength needed to meet and thus deter soviet and other challenges outside Europe, at a time when major Soviet improvements have already strained our capacity to maintain the balance in Europe itself.

Defense capabilities

The Reagan administration has taken firm and clear positions on all of these challenges. On the question of providing adequate resources for defense, we have resolved to increase our defense effort by the amount needed to restore the balance with the Soviet Union. This had meant an increase of some $6 billion—approximately DM 13.8 billion—over the already large defense budget presented by the Carter administration for the current fiscal year; an increase of some $25 billion—about DM 57.5 billion in the defense budget planned for next year; and a steady increase of 7 percent per annum in real terms through 1985. The principal objective of these increased expenditures is to improve the readiness, mobility, and equipment of our conventional forces, and to strengthen the Navy, to meet challenges whenever and wherever they occur. These increases are not easy to make. Defense is the only sector of the U.S. budget to be increased; all other sectors have been cut in the proposals of the Reagan administration. Social areas have been hard hit. This action has required political courage. It has been taken because these measures are necessary if the military balance is to be restored. This necessity has been understood and supported by our Congress. In the American view, defense is not deferrable. If we lack adequate national security, then all else is at risk.

I have sometimes heard it argued that the budgetary choices of the Reagan administration unduly favor "guns" over "butter", and that this alleged imbalance will somehow be damaging in the long run. The answer to this is that the American people, in giving President Reagan his sweeping victory last November, indicated very clearly the priority they set on reestablishing a strong defense capability to offset the forces of the Soviet Union. The President's priorities reflect this popular will. Basically, the American people have decided that in the present unsettled circumstances security must come first. The simplistic dichotomy between "guns" and "butter" is meaningless if our opponents see us as weaker than themselves and are thus tempted to further adventures and aggression.

We can afford the needed level of defense. The share of defense expenditures in United States national product is expected to rise modestly, to about 6 percent, well under the 10 percent levels of earlier periods of crisis—and less than half the current level of the Soviet Union, which spends between 12 percent and 14 percent of its national product on defense. Moreover, when this level of expenditure is seen against the backdrop of a more developed United States economy than we had in either the 1950's or 1960's, that level of effort becomes both politically and economically sustainable.

The Reagan administration made clear at the outset that it does not want to engage in fruitless polemics with its Allies about the percentages of national product which they are dedicating to defense, or to focus solely on the percentage rates of increase in their defense expenditures. As Secretary Haig indicated in his first appearance before the Senate, we are very conscious of the important contributions to defense made by our Allies, including particularly the Federal Republic. At the same time, we are convinced that an effective defense of Western interests around the world cannot be achieved unless all members of the alliance are prepared to do more than at present for defense. We cannot be arbitrary in measuring contributions. The financial target established in 1977-78 of real growth in defense expenditures in the neighborhood of 3 percent provides a benchmark for the alliance. But beyond this, the Reagan administration is interested in measuring more directly the results of defense expenditures in terms of increased military output: more tanks, better anti-aircraft defenses, more Active and Reserve brigades, improved models of aircraft, and so forth. The meeting of NATO defense ministers last month in Brussels agreed that future evaluation of Allied defense efforts must include this measurement of specific improvements in military capability.

Consultations

A second topic of major importance for the internal NATO situation is consultations. The Reagan administration has put great weight on improving the consultation process. Secretary of State Haig has made it clear that we will be clear and consistent in our policy line, and that we will discuss all steps thoroughly with our allies. We shall count on the same in return.

This US commitment to improved consultations has been effectively demonstrated in the three ministerial sessions of the alliance which have been held this spring: the Nuclear Planning Group in Bonn; the North Atlantic Council in Rome; and the Defense Planning Committee in Brussels. Having participated with Secretaries Haig and Weinberger for the United States in those meetings, I can tell you that the interchange with Allied colleagues on the full spectrum of Western security issues was extremely rich and productive. There emerged a new consensus on the requirements for the alliance, which should serve us well in coming years. We agree on the need to take new action to restrain Soviet adventurism; we have committed ourselves to provide all the resources necessary to rebuild NATO's conventional forces to counter the build-up of Soviet forces; and we have reconfirmed the double decision of December, 1979 on modernization and arms control affecting long-range theater nuclear forces.

Some observers have said that the NATO framework is no longer adequate for the present world, and that we need new consultative mechanisms. Some people want organizations which are smaller, stressing the need to work closely only with countries which have major forces and interests at stake in particular situations. Some people, by contrast, want organizations which are larger, stressing the need to consult with other actors not engaged in the Central European balance. Personally, however, I find this concern to seek new mechanisms somehow misguided. The institutions we now have are performing well. With their varied specializations they effectively cover a great variety of interests and participants. NATO, for its part, represents an important geo-political reality. It is no less central to Western security today than it was three decades ago. Creation of additional bodies in the security field would not serve to facilitate resolution of difficult problems—and no one denies that we have very difficult problems—but it could further confuse the existing structure and create unnecessary political problems. Let us rather concentrate on making our existing bodies increasingly effective.

LRTNF

The most hotly-debated question in the alliance today is clearly the nuclear issue, and more particularly, the implementation of NATO's December, 1979 double decision on the modernization of long-range theater nuclear forces and the offer to the Soviet Union of arms control negotiations affecting LRTNF. These are extremely important topics, and it is understandable that there should be continuing attention to them. At the same time, I am concerned that much of the debate appears to reflect misunderstanding of the issues involved.

To hear some observers, one might think the issue has been reduced to an almost philosophically abstract choice of whether or not NATO should implement a new step in nuclear armament in Europe, totally without connection to the strategic context in which the December, 1979 decision was made, without reference to the size and dynamism of Soviet nuclear deployments, and in ignorance of the basic purposes of the theater nuclear forces which NATO has maintained over the decades.

I would like, therefore, to attempt to remove a few of the prevalent misconceptions concerning the LRTNF issue.

First, it is sometimes argued that the NATO deployments of cruise missiles and Pershing II will only lead to an arms race, and that it would have been better to await results of negotiations before committing the alliance to modernization in December, 1979. However, it is clear for those who will see that for twenty years the only long-range nuclear missiles in Europe have been Soviet; it is clear that the modernization of that Soviet force of SS-4 and SS-5 missiles with newer, mobile, mirved SS-20 missiles began prior to the NATO decision to modernize its forces with the deployment of cruise missiles and Pershing II; and it is clear that the size of the agreed NATO program is less than the size of the force the Soviets already have deployed. Moreover, the Soviets are continuing to expand their LRTNF force rapidly, with some 220 SS-20's now deployed, representing 660 warheads, which cover all of Europe with lethal danger. Thus, NATO cannot start an arms race in this area. But it must respond to Soviet deployments if the security of NATO populations is to be protected.

Second, some people argue that negotiations would have a better chance of success if we had made no deployment decision, or if we had even accepted Brezhnev's proposals for a moratorium. That is a very naive view of Soviet negotiating tactics, and it goes against all experience of dealing with the Soviets. If there is to be any chance of bringing the Soviets to negotiate seriously, it can only be on the basis of a clear NATO

determination to implement the December, 1979 modernization decision. In its absence, the Soviets will have no incentive to reduce their own theater nuclear forces. Why should they? It was only after the December decision that the Soviets agreed to negotiate, and it will only be by the implementation of that decision that the Soviets can be brought to negotiate seriously.

Third, it is argued in some quarters that deployment by NATO of new missile systems would increase the danger of war in Europe. This argument fundamentally misreads NATO doctrine and the objectives which led to the December, 1979 decision. In fact, theater nuclear forces serve exactly the same purpose as all other alliance forces—they serve to deter conflict. They have done so successfully for three decades. Properly maintained and modernized they can do so in the future. Under the strategy of "flexible response," which NATO adopted in 1967, the alliance must be prepared to meet any possible attack at a level appropriate to defeat aggression and cause an attacker to withdraw. The means behind this strategy range from conventional defenses, through theater nuclear systems, up to strategic nuclear weapons. All these forces are linked together, in a continuous spectrum of deterrence. As long as the Soviet Union understands that NATO has the capacity and the will to employ any or all of its forces, as necessary, to meet potential aggression, then it will not be tempted to attack, and it will not be able to exert political pressure on the alliance. That is how NATO has kept the peace for more than thirty years.

However, the continued success of this strategy of deterrence depends on our ensuring that each element of the NATO posture, including the theater nuclear forces, is effective and credible in the light of the present situation. We no longer ask our infantrymen to defend peace with swords, nor do we send the Navy to patrol the seas in sailing ships. In the same way, we cannot expect the theater nuclear element of the NATO deterrent to be effective against a vastly improved Soviet threat if we remain with only the weapons of twenty years ago.

Fourth, it has been alleged that there is a divergence between United States and European objectives regarding the December, 1979 double decision, with the U.S. primarily concerned for modernization and the Europeans primarily concerned for arms control. This assertion ignores the strong common interest which we all share in maintaining a united and credible deterrent posture vis-a-vis the Soviet Union. To ensure this, it is a common interest of the United States and Europe that there be a strong coupling between the European theater and U.S. strategic nuclear forces. Indeed, European voices—voices in the Federal Republic—were among the first to raise the question of the need to achieve a balance with Soviet theater nuclear forces so as to ensure effective coupling of the theater to the United States strategic forces. Similarly, as regards arms control, both the U.S. and Europe share an interest that any agreement affecting theater nuclear forces be equitable, verifiable, and supportive of alliance security. The December, 1979 double decision thus reflects a common understanding between the United States and the European Allies. The alliance reaffirmed its commitment to both tracks of that decision at the North Atlantic Council meeting in Rome last month. Secretary Haig expects to meet with Soviet Foreign Minister Gromyko in September at the United Nations in New York to work out the arrangements to begin negotiations before the end of the year. Within the past month he has had preliminary talks with the Soviet Ambassador in Washington.

Wider horizons

A major theme of our consultations in the alliance this spring has been the need to take account of the security challenge outside the traditional NATO area. There is a growing recognition that the interests of the Western industrialized democracies cannot be defended in Europe alone. Aggression by the Soviet Union or its proxies, subversion, and pressure are in fact much more likely to be encountered in other regions of the world, where we are less prepared to defend our mutual interest. The Soviet Union has acquired global military capabilities in the past decade. It employs proxy Cuban and other forces in several countries, starting with Angola and Ethiopia; it engages in subversion in Central America; It supports the Vietnamese occupation of Kampuchea; it has invaded Afghanistan.

The Reagan administration believes strongly that, in the face of these challenges, the only sound security policy is a global policy. The United States cannot think merely in terms of self-contained regions, whose problems are supposedly isolated from the problems of other regions. Nor can we assume that the existence of a balance in one region will ensure the protection of our interests in another. We must, therefore, be prepared to face the difficult resource and political questions involved in confronting possible Soviet challenges around the globe. And we must consider how we can best cooperate with our friends and Allies to accomplish this task.

The most urgent threat to Western interests is posed by the situation in Southwest Asia. There, the Soviet Union is in a position, following its brutal invasion of Afghanistan, to strike against the oil fields upon which Western Europe depends for the overwhelming percentage of its energy supplies. If the Soviet Union were to interrupt the flow of oil, the strategic effects would be as serious as a direct attack on the central front of the alliance itself.

Our common problem then, is to devise a credible defense against possible Soviet adventurism in this area. This must be based on, first, strengthening of friendly states in the area; and, second, preparing our own forces for possible rapid intervention in the area if necessary. The United States is working very actively to support our friends with both economic and military assistance. We are also working to resolve the serious political controversies which set parties against each other in the area. And we are preparing a new rapid deployment force, which will enable us to move conventional forces into the region to confront possible attacks. These United States measures are necessary to deter future Soviet aggression. The United States, however, cannot accomplish this task alone. We have, therefore, asked our Allies to assist, either in the region of Southwest Asia, for those who can, or in Europe. For most of the members of the alliance, which are not in a position to send naval or other forces to Southwest Asia, the most immediate requirement is to strengthen forces in Europe, to ensure that NATO's defense remains effective, in a situation in which certain U.S. forces might have been assigned to Southwest Asia and no longer be available to be sent to Europe in a crisis. There is also a requirement for Allies to provide facilities in Europe for the transit of U.S. forces to Southwest Asia.

This topic has been discussed extensively at the ministerial session of the alliance, and agreement has been reached on the importance of improving our overall ability to deal with threats outside the alliance area. I emphasize, of course, that none of this discussion envisions a change in the geographic boundaries of the Treaty area. All that is involved is a commitment by our individual nations to take the broader security situation into account in developing our mutual defense efforts.

The future

In conclusion, I would like to emphasize the strong conviction of the Reagan administration that the West has the resources, the talent, the people, and the will to meet the challenges posed by the Soviet Union, both in Europe and globally. We should never underestimate the advantages we possess as open, dynamic societies, vis-a-vis a Soviet Empire which is increasingly rigid, unimaginative, and repressive and already beset with grave internal difficulties indicative of a political system in decline. The Soviet system produces tanks, but not food. It produces refugees, not freedom. It is the West which offers hope and opportunity, today and in the future. These Western advantages, together with the unity which we have developed in over thirty years of common experience in the alliance, will enable us to continue to preserve our security and our freedoms.●

RESEARCH IMPROVEMENTS FOR BLACK LAND-GRANT INSTITUTIONS

HON. SHIRLEY CHISHOLM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mrs. CHISHOLM. Mr. Speaker, yesterday the House passed H.R. 1309, the land-grant colleges research facilities bill. This legislation will assist traditionally black land-grant institutions in upgrading their research facilities. I am very pleased that the House has acted, again, so quickly on legislation which we passed in the 96th Congress. I am hopeful that the Senate will also move with dispatch on this legislation so the 1890 institutions and Tuskegee Institute will have an opportunity to continue their growth and achievements in agricultural research.

In support of this vital legislation, I wish to bring to my colleagues' attention the historical background of these postsecondary institutions. While several traditionally black institutions became land-grant institutions through congressional action in 1890, these institutions have never received the kind of programmatic support available to other land-grant colleges. Consequently, the 1890 institutions as well as Tuskegee Institute have lacked the equipment and facilities that would enable them to have a competitive research capability in the areas of food and agriculture. The colleges cov-

ered in H.R. 1309 have many of the problems endemic to black colleges, generally: limited academic programs and small staffs. In today's world of expanding educational opportunities, many young black professors, particularly in the science and research fields, are not restricted to the black colleges as their only source of employment. Increasingly, blacks in scientific fields are being sought after by large research corporations or large white universities with established laboratories and facilities. It is very difficult for black colleges, like the 1890 institutions, to compete for this research talent when they lack adequate research facilities or if fiscal constraints force faculty members to carry heavy teaching loads, leaving little or no time to develop research projects.

The 1890 institutions face a particularly difficult burden in this situation since one of their mandates is to provide research in agriculture which will benefit the needs of the people in their State. The 1890 schools, as with most black colleges, have been making do with their limited resources. In fact, the total resources received by all black colleges from the Department of Agriculture in 1979 was only $28 million in comparison to $430 million received by all institutions. This is an actual reduction in support from 7.6 percent of the Agriculture Department's total budgetary support for black colleges for 1978 to 6.5 percent in 1979. If these land-grant schools are to be full partners with the 1862 land-grant colleges, then we need to insure that H.R. 1309 becomes law in the 97th Congress.●

STATE AND LOCAL GOVERNMENTS SUPPORT OTTINGER AMENDMENT TO INTERIOR APPROPRIATIONS BILL

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. OTTINGER. Mr. Speaker, I intend to offer an amendment to H.R. 4035, appropriations for the Interior Department and related agencies. The amendment will add $23 million for various energy conservation programs. The amendment has received wide support from organizations such as the National Governors' Association, the U.S. Conference of Mayors, the National League of Cities, the National Association of Counties, and the Consumer Energy Council of America. The letters of endorsement follow:

NATIONAL GOVERNORS' ASSOCIATION,
Washington, D.C., July 9, 1981.

Hon. RICHARD L. OTTINGER,
Rayburn House Office Building,
Washington, D.C.

DEAR CONGRESSMAN OTTINGER: On behalf of the National Governors' Association, we wish to indicate our strong support for your amendment to H.R. 4035, the Interior Appropriations bill, to add $20 million for state energy conservation programs. While the Governors have supported budget reductions, we have identified the state energy conservation programs as the one area among the many energy and environmental programs where we support additional funding. Your amendment would stave off the elimination of many state energy offices which are critical to fostering energy conservation and renewable resource initiatives as well as coping with energy shortages.

Sincerely,

GOV. VICTOR G. ATIYEH,
Vice Chairman,
Committee on Energy and Environment.
GOV. BOB GRAHAM,
Chairman, Subcommittee on Renewable Resources and Conservation.

U.S. CONFERENCE OF MAYORS,
Washington, D.C., July 9, 1981.

DEAR REPRESENTATIVE: The U.S. Conference of Mayors urges your support of the Ottinger Energy Conservation Amendment during forthcoming House floor consideration of the FY82 Interior Appropriations bill.

The Ottinger Amendment will modestly adjust the energy conservation appropriation by providing an additional $23 million for state and local energy conservation programs. Of this small amount, $20 million would be earmarked for state energy offices while $3 million would be targetted to the Residential Conservation Service which provides much needed assistance to homeowners and renters for energy conservation efforts.

It is important to note that the Ottinger Amendment in no way exceeds the boundaries recently set in the House version of the reconciliation bill.

But the Ottinger Amendment will help to provide the bare minimum of resources necessary to keep state and local governments from losing momentum in the fight for energy independence.

The Ottinger amendment is particularly important to the future of energy programs for the local governments in your district. The Energy Conservation and Power Subcommittee of the Committee on Energy and Commerce will soon mark-up legislation designed to specifically assist local government energy efforts. It is vital that adequate funds be available for this critical function.

Energy conservation is still one of our best tools for fighting inflation—nationally and particularly in local governments. The U.S. Conference of Mayors hopes you will join with Representative Ottinger in helping to make this possible.

Sincerely,

JOHN J. GUNTHER,
Executive Director.

JULY 9, 1981.

DEAR REPRESENTATIVE: The National League of Cities, the National Association of Counties and the U.S. Conference of Mayors urge your support of the Ottinger Energy Conservation Amendment during forthcoming House floor consideration of the FY82 Interior Appropriations bill.

The Ottinger Amendment will slightly adjust the energy conservation appropriations by providing an additional $23 million for state and local energy conservation programs, mostly earmarked for state energy offices which provide state and local governments with assistance for energy conservation efforts.

The Ottinger Amendment falls completely within the ceilings which were set by the House and Senate reconciliation measures.

But the Ottinger Amendment will help to provide the bare minimum of resources necessary to keep state and local governments from losing momentum in the fight for energy independence.

The Ottinger Amendment is particularly important to the future of energy programs for cities and counties in your district. The Energy Conservation and Power Subcommittee of the Committee on Energy and Commerce will soon markup legislation designed to specifically assist local government energy efforts. It is vital that adequate funds be available for this critical function.

Cities and counties are facing the burden of rising energy costs now more than ever. Please join in a prudent effort to help provide them with the tools to turn this problem around.

Sincerely,

ALAN BEALS,
Executive Director,
National League of Cities.
BERNARD HILLENBRAND,
Executive Director,
National Association of Counties.
JOHN J. GUNTHER,
Executive Director,
U.S. Conference of Mayors.

CONSUMER ENERGY COUNCIL OF AMERICA,
Washington, D.C., July 10, 1981.

DEAR REPRESENTATIVE: When the House considers the FY82 Interior Appropriations bill next week, Rep. Ottinger will be offering an amendment to adjust the energy conservation appropriation by adding $23 million for state and local energy conservation programs. The Consumer Energy Council of America (CECA), a broad-based coalition of major national consumer, labor, farm, public power, rural electric cooperative, senior citizen, urban, and low income organizations, urges you to support the Ottinger energy conservation amendment.

Energy conservation is the nation's cheapest and most available energy resource. An aggressive federal commitment to conservation can lessen the nation's dependence on oil imports, thus enhancing national security. In addition, investment in promoting energy conservation is a cost effective means of spending federal dollars, costing less and creating more jobs than other energy policy options.

The Ottinger amendment would restore $23 million for state and local energy conservation programs—the absolute minimum amount necessary to maintain the survival of these programs. The Ottinger amendment complies with the recent budget reconciliation bill approved by the House; the amendment does not exceed these budgetary limits. Of the $23 million, $20 million would be targeted to state energy offices and $3 million would be earmarked for the Residential Conservation Service, a program which assists homeowners and renters in their energy conservation efforts.

State and local governments have demonstrated that they can make an extraordinary contribution to energy conservation, and it is crucial that the modest appropriation contained in this amendment be available to support their efforts.

The Consumer Energy Council of America urges you to affirm your commitment to the nation's energy independence by lending your support to the Ottinger amendment.

Sincerely,

ELLEN BERMAN,
Executive Director.●

IN DEFENSE OF ISRAEL

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. PHILIP M. CRANE. Mr. Speaker, the recent raid of the Iraqi nuclear reactor by Israel has drawn serious criticism from many facets of our society and world opinion at large. Joel J. Sprayregen, a Chicago attorney and chairman of the Public Affairs Committee of the Jewish United Fund of Metropolitan Chicago responded to these criticisms in the Chicago Sun Times, Saturday, June 13, 1981. I commend it to the attention of my colleagues.

ISRAELI RAID ON IRAQ WAS IN SELF-DEFENSE

Israel has drawn much rebuke for demolishing an Iraqi reactor that evidence indicates was intended to produce nuclear weapons for use against the Jewish homeland.

But a significant number of respected and knowledgeable people have raised their voices in defense of Israel's move.

Joseph Sisco, former U.S. undersecretary of state for political affairs, said there is no doubt in his mind that the Iraqi reactor was a definite threat to Israel.

If there was a real question about the reason for building a nuclear reactor in Iraq, a nation that has so much oil it doesn't need nuclear power to produce electricity, the answer was given by the man who knows best: Iraq's president, Saddam Hussein.

He is generally considered by world leaders to be a bona fide kook, a bizarre personality who wants to establish Iraq as the leading Arab nation who will stop at nothing to achieve that goal. It was he who started Iraq's war with Iran. Nonetheless, one must believe the statement made last September in his official organ, Al Thawra, after Iranian forces tried to knock out the reactor. The Baghdad paper said then: "The Iranian people should not fear the Iraqi nuclear reactor, which is not intended to be used against Iran, but against the Zionist enemy."

The question Israel had to answer was: Could an irresponsible, avowed enemy who has been at war with Israel for 33 years be trusted not to use atomic weapons once they were available to him?

For Israel, a nation the size of Massachusetts with a population highly concentrated in urban centers, the answer was "no."

It becomes clear, then, that Israel acted justly in self-defense.

Among the many who agree are Sen. Alan Cranston (D-Calif.) and Rep. Philip M. Crane (R-Ill.) Cranston, who sits on the Senate Foreign Relations Committee, admonished the Reagan administration for criticizing Israel before trying harder "to understand Israeli motives." It is unfortunate that the administration has instead chosen to condemn Israel by suspending a promised shipment of F-16s.

In a column he wrote for the New York Times, Cranston reminds us that when this country faced a situation similar to that of Israel—we were prepared to follow the same path Israel has taken. The year was 1962; the adversary was a Soviet-backed Cuba then developing a nuclear-strike capability.

A courageous naval blockade, itself an act of war, forced the Soviet Union to back down and eliminated the need for this country to make a preemptive strike. Cranston wrote:

"If a large superpower, the United States, felt such a defensive strike to be a serious option in 1962, how can we condemn Israel today for making such a strike when its government felt that the entire Nation was imperiled?" And he reminds us that "small, vulnerable Israel could be destroyed by just three Hiroshima-type nuclear weapons."

Crane, in a statement in the Congressional Record, expressed "particular concern over assertions that Israel was not justified," and added: "I am somewhat distressed by the instant analysis and offhand verdicts rendered by many armchair critics around the country." He urged Americans to "consider the circumstances that confront Israel and reflect on what our decision may have been had we been faced with similar circumstances."

What is most unfortunate about Israel's attack is the very need for it. It is a need predicated upon steadfast Arab refusal to recognize the right of the Jewish people to a homeland and to peaceful existence in the Middle East. It also is a need predicated upon the willingness of Western nations to supply unstable countries, such as Iraq, with the technology to carry out their nuclear threats in return for guaranteed supplies of oil.

These are the essential issues. Until they are justly resolved, Israel must deal with the world as it is, rather than as it should be.●

BILL GREEN AND THE BUDGET RECONCILIATION BILL

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. GREEN. Mr. Speaker, in the last several days there have been many accounts in the media regarding the actions of Republican Members of the House from the Northeast and Midwest on the budget reconciliation bill. Because of confusion following some of those reports, I thought it would be useful if I would recount my activities and those of several others of my colleagues.

The first concurrent resolution on the budget, which we approved last May, not only set out broad spending goals in 19 general areas, it also provided specific instructions to 14 House committees to trim spending in the laws under their jurisdiction by almost $40 billion. This is known as the "reconciliation" part of the budget process because it is designed to reconcile actual law with the spending targets contained in the budget resolution.

NORTHEAST-MIDWEST REPUBLICANS PRESS FOR CHANGES

As work progressed in the various House committees on the reconciliation bill, several other Republicans from the Northeast and Midwest and I met and agreed upon issues of importance to us and our regions. We communicated these concerns to Minority Leader BOB MICHEL, who (in cooperation with Budget Director Dave Stockman and Budget Committee Member DEL LATTA) was in the process of fashioning a Republic amendment to the bill the committee would eventually produce.

Our letter explicitly indicated that we found a cap on Federal medicaid expenditures to be "unacceptable." Instead, we proposed five alternative medicaid reforms to save about $760 million. We also pressed for continued funding of low-income energy assistance, the Department of Energy weatherization program, and the Solar and Energy Conservation Bank. We listed further spending priorities for the National Endowments for the Arts and Humanities, special education, vocational education, guaranteed student loans and Pell grants, the Elementary and Secondary Education Act, youth training and employment, mass transit operating subsidies, and Conrail. Finally, we stated our opposition to the use of the reconciliation process to enact block grants.

NEGOTIATIONS ON REPUBLICAN AMENDMENT

Following delivery of that letter on June 10, the other cosigners and I met several times with Messrs. MICHEL, Stockman, and LATTA as well as officials from the White House and other Members of the House Republican leadership. The purpose of these meetings was to negotiate provisions of the Republican amendment (which would be offered to the committee bill) which would be favorable to the Northeast and Midwest. These negotiating sessions were several and continued into the afternoon of voting on the bill and its amendments.

MEDICAID CAP AND THE BROYHILL AMENDMENT

The medicaid issue is especially important to me and I drafted the medicaid portion of our June 10 letter. As I indicated the administration proposed to "cap" Federal expenditures and adjust them by only 5 percent in fiscal year 1982. My group was opposed to any cap and suggested instead several other reforms which were less arbitrary and more acceptable to States and to medicaid recipients.

The medicaid issue was to have been brought to the floor in the form of an amendment to be offered by Congressman BROYHILL, the ranking Republican on the committee which has jurisdiction over medicaid. His amendment would also have made several other changes in health and energy issues. In our negotiating sessions with Mr.

Stockman, Congressman BROYHILL and others, my group remained adamant in our opposition to a cap. The other side, however, continued to insist upon a cap. Given this impasse, I wanted to make sure that, if there was to be a cap, it be as favorable to New York as possible. Over the weeks that ensued, I was able to get Messrs. BROYHILL and Stockman to agree to a 6-percent adjustment (instead of the 5 percent originally proposed), which would have meant an additional $140 million nationally, and eventually they agreed to a 7½-percent adjustment. I was still opposed to the cap, but 7½ percent was better than 5 percent.

I continued to be very concerned about the Broyhill amendment, which was offered late on the final day of consideration of the bill. Several of my Republican colleagues and I had just finished meeting with Mr. BROYHILL and had indicated to him that we would vote against his amendment. Apparently, he did a final nose count on the floor, concluded that there were too many of us opposed, and withdrew his amendment. In my view, this was a major victory for New York City. The June 30, edition of the Washington Post carried an excellent article on this matter and I ask that it be inserted into the RECORD at this point.

[From the Washington Post, June 30, 1981]

AMID FRIDAY'S BUDGET PANDEMONIUM, ONE VICTORY DENIED REAGAN

(By Spencer Rich and Joanne Omang)

Democrats aided by a handful of northern Republicans opposed to cuts in Medicaid and a few lesser programs denied one victory to President Reagan in the pandemonium last Friday night just before the House approved his version of the budget.

In a strategy decision a few minutes before the final vote, GOP leaders withdrew a budget amendment that would have "capped" future Medicaid growth and installed the president's proposals on medical block grants, family planning, energy subsidies and regulation and all other programs in the jurisdiction of the House Energy and Commerce Committee.

As a result, language proposed by the Democrats led by Energy and Commerce Chairman John D. Dingell (D-Mich.), remained in the budget bill. The administration Medicaid cap was not included, and family planning and a large number of other health programs were kept in separate "categorical" programs rather than being submerged in block grants, as the president sought. Some solar conservation programs were kept alive, as were the Public Utilities Regulatory Policy Act and a number of federally funded state energy conservation programs. The Dingell language on these programs, instead of the Reagan language, will now go to conference with the Senate, which on most issues did as the president asked.

The time was just after 6:30 p.m. Friday and the text of an amendment by James T. Broyhill (R-N.C.) putting the administration language into the bill in place of Dingell's had just been read.

Suddenly Broyhill took the floor and, to the astonishment of many members, asked that his amendment be withdrawn. And he promised it would not be reoffered in any form by the Republicans that night.

He said that he was doing it because the hour was late, but actually, according to House GOP aides, the decision to drop the amendment came after GOP leaders and administration nosecounters had huddled and decided it would be too risky to offer.

Reps. Bill Green (R-N.Y.). Claudine Schneider (R-R.I.) and several others had put together a loose coalition of an estimated 10 to 20 northeastern and midwestern Republicans unhappy with the proposal to limit Medicaid growth to 5 percent next year and other parts of the administration's health, energy and commerce proposals.

"The Medicaid cap would have meant very extensive cuts for the states involved," said Green in a telephone interview from his New York office yesterday. "We negotiated it up to 7½ percent" with administration representatives, but Green said the group was still unhappy with the Medicaid situation or other commerce, energy and health proposals and most would have voted against Broyhill.

Moreover, Dingell several weeks before had corralled several southern Democrats by including in his package a provision allowing natural gas-burning utilities to keep using natural gas after 1990 instead of converting to coal. Republicans later offered a similar provision but Dingell had already nailed down the commitments.

GOP aides said the prospect of these defections made it "unclear whether we had the votes" to pass the Broyhill language. An acrimonious debate followed by a loss on the amendment could have derailed the president's victory express and possibly even endangered final approval of the entire bill, so GOP leaders decided to drop the amendment and go straight to the final vote.

Republican and Democratic sources alike said the hottest lobbying came on Medicaid, on which a number of governors as well as hospital groups exerted pressure on delegations.

According to Dingell, both his version and Broyhill's would have cut about $5.9 billion in fiscal 1982 budget authority from health, energy and commerce programs.

The Dingell amendment proposed to cut Medicaid 3 percent in fiscal 1982, 2 percent in fiscal 1983 and 1 percent in 1984 from the amounts it was estimated states would otherwise get under present federal-state reimbursement formulas. This would mean a loss to the states of $1.1 billion over the next three years.

The president, by contrast, had proposed to cap federal Medicaid outlays at $16.4 billion in fiscal 1981, and limit the increase in this amount in 1982 to 5 percent (later 7½ percent) and by the inflation rate thereafter. It would have cost the states considerably more in this program, which is the second-largest national health program and largest welfare program.

Both Dingell and Broyhill would retain the existing child immunization and venereal disease control programs as separate categorical programs with cuts.

However, the Broyhill proposal would have united 24 other health programs into three block grants: maternal and child health, health services and preventive health, with the states given wide latitude to spend the money as they wish.

Dingell also proposed a maternal and child health block and a preventive health block, plus a separate alcohol and drug abuse block, but Republicans said too many federal strings were still attached to these blocks and they were really categoricals "disguised" as block grants to the states.

Moreover, Dingell's three blocks cover only 15 programs, and Dingell would continue a long list of other programs as categoricals, such as family planning, which is a particularly emotional issue for liberals and conservatives, mental health, and migrant health programs. Moveover, Broyhill would have killed health planning agencies, which seek to control hospital expansion; Dingell only cuts their money.

Broyhill would have converted the Consumer Product Safety Commission into a bureau in the Commerce Department, with its budget cut 25 percent and its legislative proposals subject to veto by the Office of Management and Budget; Dingell keeps it independent with slightly more money.

BLOCK GRANTS

As I indicated in describing our June 10 letter, I was also opposed to using the reconciliation process to achieve the block grants the President had requested. If we were to have block grants—and I not necessarily opposed to them—I thought we should have taken our time, gone through the normal committee and hearing process, and brought them to the floor in bills of their own.

One of the final actions on the reconciliation bill came when Congressman JONES, the chairman of the Budget Committee, wanted to offer a motion to delete the block-grant portions of the bill. I voted to allow him to make that motion and was the only Republican Member of the House to do so. We were unsuccessful, however, and, consequently, the motion to take out the block grants was not made in order.

RULES COMMITTEE ACTION

As my colleagues know, the rule is written by the Rules Committee and governs the manner in which a bill will be considered on the floor and spells out which amendments, if any, may be offered.

The Rules Committee met June 24. The Republican leadership had, by this time, fashioned all but the final details of its amendment, and sought to offer it in its entirety with only a single vote on whether or not the amendment should be adopted. This was a huge amendment affecting literally hundreds of programs. It cut funding for some programs and increased funding for others.

The Rules Committee consists of 11 Democrats and 5 Republicans, and on strict party-line votes it approve a rule which would have made 6 amendments in order. Had the Rules Committee taken the entire Republican package and simply divided it into six parts, I would have had no objection. I saw nothing wrong in asking the Members of the House to vote on the details of the Republican amendment—as opposed to a single vote on the whole package.

However, that is not what the Rules Committee proposed. Instead, it would have permitted only amendments cutting programs to be offered, none adding funding as the Republicans had fashioned their package. And, in the case of medicaid, the Rules Committee would have allowed only an amendment including a 5-percent adjustment, not the 7½ percent I had been able to negotiate. Clearly, the rule proposed by the committee was unfair, and it was obviously designed out of political consideration to make the Republican alternative as unattractive to the House membership as possible. It was an attempt to dictate to the Republicans what amendments they could offer. As I said before, I would not have objected to dividing the Republican package and having separate votes on its components, but that is not what the Rules Committee rule would have done. At that time, it was unclear how much support there was in the House for a medicaid cap and I was upset that the House might adopt the cap with only a 5-percent adjustment instead of the 7½ percent to which I had been able to get Mr. BROYHILL to agree.

Adoption of the rule came before the House the next day (the 25th) and I voted to allow an amendment to the rule. I think the Democratic leadership made a considerable error in putting together such an unfair rule, because a majority of my colleagues agreed with me and approved an amendment to the rule which basically discarded what had been proposed by the Rules Committee and, instead, made in order the Republican package (which was to be offered by Mr. LATTA) and an amendment by Mr. BROYHILL (which had at one time been part of the Republican package, but which he decided to separate and offer on its own). I was pleased with this decision to offer the Broyhill part of the package separately because I thought it contained the most objectionable features to New York, and, as I said, we helped in persuading Mr. BROYHILL to withdraw his amendment.

THE LATTA AMENDMENT

The bill produced by the various House committees and assembled by the House Budget Committee made major revisions in hundreds of Government programs and would have cut spending by $35.1 billion in fiscal year 1982. Obviously, such cuts would have an impact on all areas of the country.

On the 26th the Latta amendment was offered to this bill. Contrary to how some press accounts described it, it was not a total substitute for the bill. It amended only certain parts of the committee bill and left intact those portions on which it was silent. From my perspective, there was good and bad in the committee bill and good and bad in the Latta amendment. For example, one major defect of the committee bill was that it contained a 3-month postponement in the cost-of-living increase for social security recipients. This was a one-shot budget gimmick at the expense of the elderly and disabled. The committee bill also failed to put any income limit on guaranteed student loans.

High-income families fully able to pay college tuition should not receive subsidized loans from the Federal Government that are often reinvested in higher yield bank deposits. Finally, the committee bill provided an unrealistic approach to spiraling food stamp costs by simply setting an artificially low authorization for this program. Congress had done this in each of the past 2 years and it has not worked. When funds ran out in mid-year, Congress had to vote more money rather than let families go without food stamps for several months, so the "savings" never occurred. On balance, I did not think that the additional changes the Latta amendment would make to the committee bill would be detrimental to New York. I did, on the other hand, think that they would help to reduce the deficit, lower interest rates, and help turn our economy around. Consequently, the amendment won my support and that of a majority of my colleagues.

GAINS FOR THE NORTHEAST AND MIDWEST

The bill as amended passed the House June 26 by a vote of 232 to 193. Differences between the House bill and the Senate version are now being resolved. A comparison of my group's June 10 letter and what finally passed the House would show that we from the Northeast and Midwest were totally successful on some issues, partially successful on others, and unsuccessful on a few. This was to have been expected from the outset. Seldom is one able to achieve complete victory on legislation of this magnitude and complexity.

We were totally successful, for example, in receiving the assurance we sought regarding mass transit funding for 1982—the Republican amendment contained no reduction, as it might have—and Conrail funding. We were partially successful on the arts—the amendment cut some funding, but not the 50 percent proposed by the administration—and on the Solar Bank—we were able to retain authorization and funding for the bank, over the opposition of the administration, although not at as high a level as we would have preferred. Finally, of course, I have already given considerable attention to the significant victory we won in opposing the medicaid cap.

This summarizes my actions and those of several of my Republican colleagues on the reconciliation bill. I might add in closing that we are continuing to meet and exert influence regarding the conference report so that the final version of the bill will be as fair and reasonable for our sections of the country as possible.●

SUBSIDIZED ENERGY FINANCING LIMITATIONS

HON. LES AuCOIN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. AuCOIN. Mr. Speaker, Mr. HEFTEL and I are introducing legislation today to correct a problem that has hindered State and local efforts to encourage conservation and renewable energy use.

Our bill would amend the Internal Revenue Code so that taxpayers who receive certain types of low-interest energy loans from State or local agencies, will be able to claim Federal energy tax credits in addition. A companion bill has been introduced in the Senate by my distinguished colleague from Oregon, Mr. PACKWOOD.

Under present law, taxpayers are ineligible for Federal residential energy tax credits if they receive subsidized financing through a State or local agency. Businesses face a reduction in their investment tax credits if they receive State or local subsidized financing.

At least 15 States—including my own State of Oregon—offer low-interest loans for conservation and renewable energy improvements. But many people are discouraged from participating in such loan programs when they learn they must sacrifice their Federal tax credits.

This double-dipping penalty has been a major stumbling block for State programs—programs that are badly needed because they provide capital to people who might not otherwise be able to afford energy-saving improvements.

Interestingly, a person who receives a low-interest energy loan from his utility company is not considered to be double dipping, and is free to claim a Federal tax credit of up to 40 percent. Our bill would simply extend the same treatment to participants in State and local loan programs.

This bill is not a giveaway. It would not allow anyone to take a Federal tax credit on top of a subsidized loan from a Federal agency. Nor would it make tax credits available to persons who receive energy grants. It would only affect those who receive loans from a State or local agency.

Most of all, it would send a strong message of support to State and local governments that have taken the initiative to promote conservation and renewable energy development—and it would encourage other States and localities to follow their example.

The text of the bill follows:

H.R.——

A bill to amend the Internal Revenue Code of 1954 to limit the application of the subsidized energy financing limitations on certain tax credits to Federal subsidies, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SUBSIDIZED ENERGY FINANCING LIMITED TO FEDERAL FINANCING

(a) TAX CREDITS.—

(1) IN GENERAL.—Subparagraph (C) of section 44C(c)(10) of the Internal Revenue Code of 1954 (defining subsidized energy financing for purposes of the residential energy credit) and subparagraph (C) of section 48(l)(11) of such Code (defining subsidized energy financing for purposes of section 38 property) are each amended by striking out "Federal, State, or local," and inserting in lieu thereof "Federal".

(2) CONFORMING AMENDMENT.—Subsection (a) of section 6050D of such Code (relating to returns relating to energy grants and financing) is amended by striking out "a Federal, State, or local program a principal purpose of which is to provide subsidized financing or grants" and inserting in lieu thereof "a Federal program a principal purpose of which is to provide subsidized financing, or a Federal, State, or local program a principal purpose of which is to provide grants".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply with respect to subsidized energy financing made after December 31, 1980.

SEC. 2. PROPERTY FINANCED BY INDUSTRIAL DEVELOPMENT BONDS

(a) IN GENERAL.—So much of paragraph (11) of section 48 (1) of the Internal Revenue Code of 1954 (relating to special rules for property financed by subsidized energy financing or industrial development bonds) as precedes subparagraph (B) thereof is amended to read as follows:

"(11) Special rule for property financed by subsidized energy financing.—

"(A) Reduction of qualifed investment.—For purposes of applying the energy percentage to any property, if such property is financed in whole or in part by subsidized energy financing, the amount taken into account as qualified investment shall not exceed the amount which (but for this subparagraph) would be the qualified investment multiplied by the fraction determined under subpargraph (B)."

(b) CONFORMING AMENDMENT.—Subparagraph (B) of section 48(1)(11) of such Code is amended by striking out "or proceeds" in clause (i) thereof.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after December 31, 1980.●

A.T. & T. DEBATE: SLEEPER ISSUE THAT AFFECTS ALMOST EVERYONE

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. MARKEY. Mr. Speaker, I would like to call to the attention of my colleagues the excellent article, authored by Margot Hornblower of the Washington Post, on how to deal with the biggest company in the world—A.T. & T. As you may know, the Telecommunications, Consumer Protection, and Finance Subcommittee is in the midst of building a record on the status of competition in the telecommunications industry. The issues before the Telecommunications Subcommittee are complex and of critical importance. Ms. Hornblower's article clearly pinpoints and defines these issues. I urge my colleagues to read the following article which is to date the most fair portrayal of this controversial and most far-reaching issue that the Congress may take up.

A.T. & T. DEBATE: SLEEPER ISSUE THAT AFFECTS ALMOST EVERYONE

(By Margot Hornblower)

In the spring of 1976, an obscure bill innocuously named "The Consumer Communications Reform Act" was introduced in the Congress and quickly attracted the sponsorship of 192 senators and representatives. The legislation, unobtrusively drafted and promoted by the American Telephone & Telegraph Co., would have guaranteed AT&T's historic monopoly over the telephone business, just as that lucrative industry was opening up to competition.

Although the bill eventually died—competitors labeled it a brazen power grab—it startled a somnolent Congress into taking a look at the mysterious world of high-technology communications. Today, five years, hundreds of hearings and a thousand witnesses later, Congress finds itself mired in the most complex regulatory reform effort in history.

Rewriting basic laws governing the overlapping industries of telephones, television, newspapers, computers, satellites and electronic is a heady business. It involves asserting congressional power over a huge sector of the economy, a $300 billion market; and it entails a massive restructuring of AT&T, the largest company on earth with 1 million employees, 3.5 million stockholders and 72 million customers.

Communications law has remained essentially unchanged since the 1934 Communications Act, written to regulate communications systems that seem almost primitive today. The "Bell Bill" of 1976 awakened Congress to the implications of the new technology, which until then it had left to the governance mainly of the courts and the Federal Communications Commission, an independent regulatory agency.

Flushed with its success in deregulating trucking, railroads and airlines, Congress has turned to a far more difficult task: deciding how to let a mammoth company—which dominates a market far more than any railroad, airline or trucking company—expand beyond simple phone service into computers, data processing and even electronic Yellow Pages in a controversial effort to become the nation's total communications network.

At stake is nothing less than "the control of information in a democratic society," says Timothy E. Wirth (D-Colo.), chairman of the House telecommunications subcommittee. "In the economy of the 1980s, more than half of our gross national product is based on the development, storage, transfer and use of information."

David K. Aylward, the subcommittee's chief counsel, says, "We're talking about billions and billions of dollars and the future of the American economy."

Explosive political pressures are mounting around the issues. President Reagan's closest advisers are urging him to drop the government's seven-year-old suit against AT&T, the biggest antitrust case in history.

The Defense Department, which depends on AT&T for military communications, is championing the company's cause in the name of national security.

And, at a time when the Japanese and Europeans are energetically trying to surpass the United States in telecommunications, industry says the legislation will affect America's global economic power for decades.

Paving the way for its lobbying campaign, AT&T's 23 political action committees gave $622,252 to candidates during the last election—more than twice as much as the PACs of any other corporation in America.

The Communication Workers of America, the union that covers AT&T employees, supports the company's legislative position and gave another $449,720.

Sen. Barry Goldwater (R-Ariz.) recently said that in 30 years in Congress he had never seen such "outlandish efforts" from all sides to influence legislation.

Despite the grandiose scope, for the public, telecommunications is still a sleeper issue, much like energy in the 1960s. "Everyone who has a telephone, a television set or a radio is affected," says Sen. Harrison H. Schmitt (R-N.M.), a cosponsor of Senate legislation. "But so far the user is a passive bystander."

W. J. (Billy) Tauzin (D-La.) shook his head wearily after a recent hearing entitled "Status of Competition and Deregulation: Defining Markets." "Our constituents don't understand this stuff, so there's no political capital in it. They get mad if you spend time looking into long-range issues that you could be spending on their immediate problems."

Probably few more than a dozen members of Congress understand the complexities of the legislation. Mention the words "telecommunications," "semiconductor," "cross-subsidization," "fiber optics" or "interconnection," and most politicians' eyes glaze over.

Even one of the most knowledgeable, Rep. Al Swift (D-Wash.), a former broadcaster, walked into a discussion recently on AT&T's "installed base migration strategy" (how much the company can charge for obsolescent equipment) and declared, "I don't know if I've been eating magic mushrooms or wandering around Alice's Wonderland, but the more I learn about this field the bigger it gets. I'm always losing ground. I think I'm going to cry."

A major Senate bill, introduced in April by Robert Packwood (R-Ore.), would allow AT&T to move into the lucrative fields of computers and data processing, which it had foresworn in a 1956 settlement of a government antitrust suit. The bill also would deregulate key portions of the telephone industry, including the manufacturing and supply of equipment and certain long-distance services.

AT&T's competitors, which range from tiny telephone equipment firms to highly specialized electronics outfits to ITT and Exxon, contend that unshackling a giant, regulated monopoly to compete in the free market will touch off corporate star wars in which small and large companies alike would be destroyed.

The consequent stifling of competition, they say, would hurt the consumer by inhibiting innovative research and raising prices.

The latest in-joke among the communications crowd at conventions and law firms is the appearance of T-shirts and bumper stickers with the slogan "Reach Out and Crush Someone," a take-off on Ma Bell's long-distance ad campaign, "Reach Out and Touch Someone."

Hardly a business in America will be unaffected by the outcome. Data communications, the information system whereby computers talk to each other through telephone wires, microwaves or satellites, is the central nervous system of the economy.

Farmers now call up weather and price information on home computers before planting crops. Doctors diagnose patients and do medical research through computers.

Bridge building and international banking, petroleum exploration and newspapers—all depend on electronic data processing. Without computers and communications to handle payroll and Social Security checks, guide missiles and submarines, track criminals and court cases, the government would virtually come to a halt.

Today the communications business is overwhelmingly dominated by AT&T, which controls about 90 percent of the market, although Comsat, ITT, MCI, IBM and others are trying to move in.

If AT&T can also make computers and market data software—the information packages that travel over its telephone wires—"it has Orwellian implications," Alan Pearce, a telecommunications economist, told the House subcommittee. "I don't think we can tolerate that kind of unchecked power in a democratic society."

At Boeing Computer Services in Fairfax, William Harris, the company's government relations man, shudders at the thought, Boeing leases large trunk lines from AT&T, which clients use to plug into Boeing's computers. The White House has used Boeing to computerize records of gifts from foreign dignitaries. Alitalia calls in from Rome to make calculations for airplane building.

"We're looking at a company—AT&T—which controls our entire business," Harris said. "The idea that Bell wants to compete scares you."

It is small comfort, he adds, that the legislation would require Bell to set up a separate subsidiary for competitive services. "Can you believe that any company won't control its subsidiary and show favoritism?"

The idea of an unregulated subsidiary to include data communications, telephone equipment and certain long-distance business—everything but basic phone service—has already been approved by the FCC, but is being fought ferociously in the courts.

Without waiting for Congress to act, AT&T already has begun to restructure itself, "Baby Bell," as it subsidiary has been dubbed, would take 100,000 employes and up to $15 billion in assets from the parent company.

Opponents fear, however, that Bell will use the enormous revenues from its regulated phone service, guaranteed by the ratepayers to Bell operating companies like C&P, to subsidize the new unregulated company.

Corporations such as MCI and Southern Pacific, which have survived ferocious competition with Bell in the long-distance and equipment markets thanks to the FCC, fear the new subsidiary will wipe them out by impeding their access to Bell's local phone networks.

The solution for many of these opponents is to break AT&T into smaller companies, which is what the Justice Department has been trying to do since 1974, alleging that Bell has followed a pattern of illegal monopolistic practices to stifle competition and force other companies out of business.

But divestiture is viewed as draconian in Congress, and the Justice attorneys' contention that the legislation would undermine its antitrust case has fallen on deaf ears in the White House, which supports the bill.

Newspaper companies, including the Washington Post, are also opposed to the bill that would set up a second subsidiary to allow AT&T to offer its Yellow Pages over home computers.

Newspapers are just getting into the electronic business. Post and New York Times stories, for instance, are offered on Compuserve, an Ohio data bank that links home computers across the country by telephone. If Bell can offer a constantly updated Yellow Pages, amounting to an electronic ad section, over its own lines, would newspapers, offering their own ads electronically, be able to compete with the owner of the network they use? Would Bell eventually want to add stock tables, sports scores, movie listings and even news?

AT&T officials say they have no interest in supplanting newspapers, and that it would be unfair to confine their Yellow Pages, a $2.3 billion a year business, to the print medim if electronic information is the wave of the future.

Indeed, since 1976, when Bell's bill would have outlawed competition, the company has done an about-face, adopting an "if you can't beat 'em, join 'em" stance. Since it could not hold on to its regulated monopoly, AT&T now advocates a virtual free-for-all.

The bill's passage, AT&T Chairman Charles Brown told a recent Senate hearing, "would make it plain that Congress means what the bill says, namely that it's for competition—real competition—and not for a mishmash of protectionist clauses that seek to define who may compete and who may not."

The bill's sponsors, citing such advances as Bell Laboratories' invention of the transistor, contend it would be crazy to lock the company that has done some of the most brilliant electronics research in history out of the booming data communications market.

They argue that technology is moving so fast that it makes no sense for the law to draw artifical barriers between computers and the lines or microwaves that connect them. Touchtone phones use the same digital bits as computers to transmit the human voice. Long-distance switching takes place through computers. Computers are connected to each other by telephones that transmit data.

As for Bell's regulated arm feeding its unregulated subsidiary, Senator Schmitt says, "We're trying to ensure that it can't happen. I'm convinced we can do it. The FCC will have the power to oversee it."

Schmitt opposes spinning off the new subsidiary as a separate company, as opponents advocate. "Telecommunications is becoming the number one industry in the world. We can't do anything to prohibit its growth," he said.

Politically, deregulation fever has seized the Congress. "My gut feeling is I'm against government," said Texas Rep. James M. Collins, ranking Republican on the telecommunications subcommittee. "When you talk about government regulation, I'm against it. That's why I like the idea of Bell getting into" competitive fields.

Nonetheless, Collins said, he has begun to hear from Ross Perot and some of the smaller electronics firms in Texas. "They see that tank coming down the road and they say, 'You'll kill us off.' And the little guys are the ones who innovate."

The House held hearings on the issues last month, but is proceeding far more cautiously than the Senate. When Rep. Wirth submits the subcommittee bill in the fall, it is likely to have far stricter rules for the separation of Bell's new subsidiary and it may well outlaw the company's electronic Yellow Pages.

"We're not into deregulation for deregulation's sake," Wirth says. "We'll deregulate when the market is competitive. . . . It is nonsense to talk about a competitive market in long-distance when AT&T controls 90 percent of the business."

Meanwhile, Wirth acknowledges, "The politics are mammoth."

Members of Congress are acutely aware that Lionel Van Deerlin, former chairman of the House communications subcommittee, considered unbeatable in his district, was ousted in November after his opponent charged a few days before the election that Van Deerlin's support of communications legislation would raise residential phone bills. Although no one has proven that the phone company was behind the ploy, it demonstrated the potency of the issue.

"Everybody I talk to on the Hill is afraid of AT&T," said Jack Biddle, head of the computer and communications industry association that represents 70 firms with $4 billion worth of business. "AT&T tells them, 'If you move one hair on our head, this whole complex thing will come completely unglued and you won't be able to call your mother on the phone.'"

Virtually every congressman is in tough with the head of the telephone company in his district. Bell is known as a good corporate citizen that contributes to the Boy Scouts and United Way. "It's motherhood, apple pie and the Bell system," John Guttenberg, a consultant for the North American Telephone Association, a Bell opponent, says with some disgust.

Bell's message is that bigger is better. Its well-financed ad campaigns with the slogans "the system is the solution" and "the knowledge business" reinforce its argument that when you're competing against Japan, Inc., the French government and other nationally owned communications systems, "it's not a mom-and-pop deal," as AT&T lobbyist Mickey McGuire puts it.

Many computer companies, including IBM, have failed to join in the crusade against AT&T. "Bell spends $15 billion a year on outside equipment," Biddle said. "Many companies don't want to be put in their opposition. You don't bite the hand that feeds you—even if it is about to choke you."

Nonetheless the fact that in five years the committees have been unable to get a bill to the floor of the House or Senate is evidence of how fierce the opposition is. In both chambers, the Judiciary committees, citing antitrust concerns, have tried to claim jurisdiction from the Commerce committees.

This year, for the first time, General Telephone and Electric Co., the nation's No. 2 phone company, has come out against AT&T, as has the International Communications Association, a group of 430 companies who buy more than $1 million a year in communcation services. ICA members Westinghouse and Montgomery Ward have spoken out against the bill. If others, from Sears to General Motors, become active, AT&T may meet its match.

Last year, the cable television industry and the newspaper industry, whose clout among mediaconscious congressmen rivals that of AT&T, both won amendments in the House bill to prevent AT&T from entering the cable business or the electronic Yellow Pages.

Even the tiny burglar alarm industry, which uses electric alarm systems traveling through telephone lines, pushed through a clause to keep Bell out of its business.

Nonetheless, all sides seem to agree now that no bill will pass without AT&T's endorsement. "Bell doesn't browbeat, but it has enormous resources to persuade," says Rep. Swift.

"I'm trying not to be stampeded. Bell hits me once, then I get hit by 18 competitors. "There's an incredible amount of paranoia. Everybody's terrified because there's so much at stake. It looks to me like what's developing is Bell against the world—the world may lose."●

REAGANOMICS

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. FORSYTHE. Mr. Speaker, with the approval of Gramm-Latta II, President Reagan's economic plan seems to be well on its way to becoming a reality. While our country continues to fight spiraling interest rates and inflation, the importance of a new approach for solving these problems is intensified. Of course, we hear much talk about this new economics, and can only expect both ardent supporters and vocal opposition to its various components. The proposed income tax cuts are one component which bring out many different opinions.

It is certainly not enough simply to support the income tax cuts for which President Reagan has asked. Many people take a negative stand on an issue without really having an understanding of the issue and what one is trying to accomplish. These same people can be convinced of the benefits of that action if one only takes the time to carefully explain it to them. In light of the importance of a public awareness of the income tax cuts and the rationale behind them, I am pleased to bring to the attention of my colleagues in the House an article by David M. Smick which appeared in the Wall Street Journal on Wednesday, July 8, 1981, entitled "What Reaganomics Is All About." I believe that Mr. Smick pinpoints the thrust of the President's economic philosophy, and brings into focus exactly how the tax cuts will help us toward economic recovery. The article follows:

WHAT REAGANOMICS IS ALL ABOUT

In the late 1930s, Chester Carlson had a revolutionary idea—an electrostatic printing process—which he tried to sell to the top mimeograph companies in America. Turned away time and again, he finally converted his kitchen into a workshop and went into business for himself. There was risk and a shortage of capital, but the tiny enterprise survived and prospered.

Today, we know it as Xerox.

Were Mr. Carlson alive, he probably would ask, "What ever became of those smug mimeograph companies?" The answer is that they fell victim to what Joseph Schumpeter, the economic theorist, called "the creative destruction of capital"—the process by which a new idea enters the marketplace, making existing capital worthless.

What sounds like some arcane concept is the heart of Reaganomics. It explains the President's understanding of how growth is produced in the private sector, and why he believes, against a multitude of critics, that his across-the-board tax cuts for people will lead directly to new jobs.

To give the President credit, most policymakers have in recent years understood the process of job creation about as well as John McEnroe has mastered the art of diplomacy. Mention "jobs" and the picture is of giants of industry like Chrysler and U.S. Steel either protecting existing jobs or expanding plant and equipment to create new ones.

Actually, the Fortune 500 have experienced virtually no net job growth for more than a decade. The newest research shows instead that nearly all new jobs are coming from firms with precisely the opposite characteristics.

They are not only small, but minuscule. Nearly 70% of new jobs come from firms with 20 or fewer employes. Almost 100% of net new jobs in the Northeast come from such firms.

They are young. Most new jobs come from firms four years old or less.

They are unpredictable and unstable. The more stable a firm is, the less likely it is to produce new jobs.

FAIL NATIONALLY AT SAME RATE

Many of these fledgling enterprises will go out of business (four out of five do so within the first year) with new ones springing up to take their place. Frostbelt or Sunbelt, such businesses fail nationally in metropolitan areas at roughly the same rate—8% a year. Booming Houston, according to David Birch of MIT, proportionally has more business failures today than the old cities of Boston, Baltimore, Hartford—indeed more than almost every other city in the U.S.

What these facts and statistics create is a perfect object lesson. Houston's success stems not from a strong defense, but a strong offense. Entrepreneurs with new ideas are creating jobs at a pace far exceeding the rate jobs are lost, providing Houston a tremendous engine for prosperity.

The secret to maintaining high levels of national employment is hardly import quotas or Chrysler-like bailouts or even tax proposals aimed merely at modernizing existing plant and equipment.

The secret is creativity—encouraging a groundswell of men and women with fresh ideas to strike out on their own. The secret lies in the enterprises yet unborn, the oil wells yet undrilled, the inventions yet untried. Some of these fledgling entrepreneurs will fail, but others—like Chester Carlson—will replace today's capital and products with new and better ones, to the benefit of all of us.

The irony is that city planners, government growth economists and even successful corporate executives usually find this thinking unrealistic. The reason may be that productive change is not in their own vested interest. But it also may result from the great frustration that in this age of sophisticated econometric models and corporate "five-year plans," enterprise and job growth is just as unpredictable as it was decades ago. It still involves the dynamic process of two competing forces: success and failure. And perhaps most frustrating, it continues to depend directly on the creative implementation of new ideas by folks who, in the eyes of corporate America and the federal government, appear unpolished and relatively inexperienced.

If you have met a true entrepreneur even once, you know they tend to be nothing but crazy. Like Chester Carison, they appear illogical dreamers, even though many have that inner genius for success. As a sophisticated business or government executive would you, or could you, take the risk of investing in such unpredictable characters knowing that many will end up as miserable failures? Perhaps this is why large institutions have not provided many permanent new jobs.

While entrepreneurs may be crazy, they are crazy like a fox. Most expect to lose money in the early years; still they make a careful calculation of current risk against future reward. They are society's dreamers and will endure incredible risk far more than established business with promise of great future reward.

In a sense, every individual is a potential entrepreneur. By that I mean that we have near limitless sources of both human and financial capital professionals in high tax brackets working only three days a week, mid-level industry technicians teeming with new ideas but apprehensive of the risks of individual enterprise, and many others.

Notice this is not just capital formation, but capital mobilization. Capital is more than money. It is also productive ability and thus exists in the minds, hands and hearts of people. The question is, how do you encourage these potential new wealth and job creators to invest their talent and savings in a new enterprise instead of in real estate, elaborate tax shelters, money market funds or in doing nothing at all? What they need is a climate of economic buoyancy, so necessary to individual initiative, and a system that capitalizes on human nature by strengthening the link between effort and reward.

House Speaker Tip O'Neill calls this "the whims of free enterprise." With all due respect, it is precisely such entrepreneurial risk-takers, now lining Route 128 outside Boston with small "hi-tech" firms, who are shouldering his city's job and tax base. If he simply visited these enterprises, the Speaker would discover that entrepreneurial success in America is taxed and harassed more than in just about any other free industrialized country. By the sheer force of logic, he would immediately help lower or eliminate the capital gains tax, lower the corporate rate, eliminate senseless overregulation and, most importantly, lower marginal tax rates on personal income across the board.

POTENTIAL ENTREPRENEURS

After all, 90% of American businesses still pay taxes through the personal schedules. These include proprietorships, partnerships and all the other noncorporate entities engaging in enterprise. Just as vital are potential entrepreneurs who, before entering a risk situation by pulling savings out of tax shelters, look instinctively to their personal tax bracket, which inflation has pushed higher and higher in recent years.

This is why President Reagan calls his across-the-board personal tax-rate reduction plan a "small-enterprise incentive" and why he favors the proposed end to the distinction between "earned" and "unearned" income (establishing a top tax rate on personal income of 50% now, with the goal of 35% as soon as is politically possible). Both increase the after-tax reward for greater entrepreneurial risk, for the direct creation of jobs.

Congress, with a false sense of sophistication, has always preferred more complicated solutions to the creation of jobs—the targeted gimmicks with built-in "triggers" that have failed for so many years. Yet the birth of an enterprise has an elusive, almost metaphysical quality that makes targeting, planning, certainty and "sophistication" most difficult. Something as common and essential as the ballpoint pen was conceived by, of all people, an insurance executive on his summer vacation. The arrival of the automatic transmission had little if anything to do with the multi-million-dollar engineering departments of Detroit's Big Three.

Growth involves ideas and thus is unpredictable. All we can provide is buoyancy—that sense of economic boundlessness where a person can, with energy and initiative, take a new idea as far and as high as he or she wants. If we can keep that initiative from being stifled, as it is today by an inefficient tax and regulatory system, people may once again follow their dreams. Allow entrepreneurs and potential entrepreneurs across-the-board worthwhile returns on their effort and they will start taking risks. Our entire economy will gain in production and jobs, and the nation will regain the energy and opportunity and spirit upon which its greatness depends.●

WHY REAGANOMICS WILL NOT WORK?

HON. DONALD J. PEASE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. PEASE. Mr. Speaker, the Wall Street Journal of today, July 14, carries an interesting article concerning John Rutledge, head of Claremont Economics Institute at Claremont College. Mr. Rutledge's apparent enthusiasm for the Reagan supply-side economics seems to have cooled, according to the article.

Starting off with describing the administration as "hardheaded" (and it does not appear to be a compliment), Mr. Rutledge comes close to ridiculing the supply-side notion that cuts in marginal tax rates will induce people to work harder. "Do you know what effect that has in our model?" he asked the Wall Street Journal writer. "About zero."

Going on to thoroughly punch large holes in supply-side economics and Reaganomics in particular, Mr. Rutledge uses his economic background and knowledge of the administration plan to essentially verify all of the criticisms that Keynesians (bite my tongue) have leveled at supply-side economics for years.

Rather than spoil the impact by paraphrasing him further, I urge my colleagues to read all of this short article. Titled "Where Are the Administration's Marketing Men?" and written by Lindley H. Clark, Jr., it might better be described as "A Supply-sider's True Confessions, or Why Reaganomics Won't Work." The article follows:

[From the Wall Street Journal, July 14, 1981]

WHERE ARE THE ADMINISTRATION'S MARKETING MEN?

(By Lindley H. Clark, Jr.)

A year ago Claremont Economics Institute was a small and little-known consulting firm based in a college town east of Los Angeles. The town is accessible via occasional flights to Ontario (the California town, not the Canadian province). Today the Claremont Economics Institute is still a small consulting firm, but there is a difference: Two of its clients are the Office of Management and Budget and the Treasury.

So when John Rutledge, the 32-year-old head of the institute, meets with his commercial clients—as he did recently in New York—he engages in a careful balancing act. It does him no harm at all to have such well-placed clients in Washington. On the other hand, his commercial customers can watch David Stockman and Donald Regan on television. Mr. Rutledge has to offer the customers something a little different to justify his fees.

He does. One reason the Claremont group lined up the Reagan administration business was that its model was one of the few around that took account of "supply-side" economics. In its more extreme form supply-side economics claims that tax cuts and tight money will generate increased savings, investment and production.

The Claremont model predicts that the consumer price index will rise by less than 5 percent in 1983 and the inflation-adjusted gross national product will grow by more than 4 percent. This forecast has been labeled by some as Alice-in-Wonderland economics.

With Claremont clients, however, Mr. Rutledge sounds quite hardheaded. In fact, he argues that the Reagan program is a lot more hardheaded than many of its critics recognize. What the administration needs, he contends, is better marketing men.

To begin with, he stresses that there simply aren't a lot of supply-side extremists in Washington—at least, not in positions of power. The monetarists, among whom he counts himself, are in charge. He comes close to ridiculing the supply-side notion that cuts in marginal tax rates will induce people to work harder. "Do you know what effect that has in our model?" he asks. "About zero."

The Reagan tax cuts, which Mr. Rutledge enthusiastically supports, aren't really tax cuts at all, he tells his clients. The effect of the tax cuts will be largely offset by bracket creep, as inflation continues to push Americans into ever-higher tax brackets. The tax cuts will serve merely to keep a rein on taxes, not to cut them. A few good marketing men might have put that point across, he says.

Mr. Rutledge further notes that his estimate of the effect of the tax cuts is based on his prediction of a rapid drop in inflation. If inflation doesn't come down quite so fast, there will be even more bracket creep, tax revenues will rise even more and the proposed tax cut will be even less of a cut.

There's some question whether political marketing men could afford to be quite as frank as the Claremont economists would like. One Claremont analyst, for instance, says the Reagan tax cut in effect will be entirely offset for the poor by bracket creep and Social Security tax increases. There will, however, be some tax cut for wealthier Americans, which may mean some of them will save and invest more, and if you can look at the overall effect that will be good for the economy. Businesses also will get some tax cut.

Mr. Rutledge nonetheless wishes that the ideologues in government could do a better job of explaining what they're up to. "The secret weapon is Reagan himself," he says. "Put him on the tube for 20 minutes, give him a chart with one straight line on it and he'll sell anything to anybody."

The Claremont group sees no instant magic in the Reagan program. While their forecasts are described as optimistic, their near-term outlook for the economy actually is more pessimistic than most. They expect only slow growth in the real gross national product this year and next. Despite the fact that they don't expect the Reagan tax cuts to inflate the deficit, they contend that sharp cuts in federal spending are needed to make gains against inflation.

Mr. Rutledge, predictably enough, takes a dim view of the Carter administration's economic management. "They simply didn't know what they were doing." But he's still not sure about the Reagan administration.

He is sure that the administration has not sufficiently made the case against inflation. Tight monetary, and fiscal policy are needed not for supply-side miracles but for the old-fashioned purpose of getting inflation down.

We've got to get inflation down, he says, if we want more capital spending, more production and more productivity. "All that supply-side wonderful stuff," he says, hinges on inflation control.

The Reagan administration, he says, took office at a fortunate time. Raw materials prices were already coming down. An oil glut was holding down oil prices. None of this was due to Reagan policies, but the Reagan program could reap the benefits.

A major worry, in Mr. Rutledge's view, is monetary policy. He's concerned about Federal Reserve overkill. The Fed may make money too tight for too long. This could bring on a sharp drop in the economy and a sharp rise in unemployment, leading to a rise in political pressures for a wild swing in monetary policy toward ease.

Mr. Rutledge worries about the administration itself. Slow growth in the economy already seems likely to push unemployment above 8 percent of the labor force in the third quarter. Will the administration retain the will to resist pressure for offsetting actions? Who knows?

Whatever else it may be, that doesn't sound like Alice-in-Wonderland economics.●

THE NATIONAL SCIENCE FOUNDATION BUDGET

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. CONYERS. Mr. Speaker, one of the casualties of action last month on the fiscal year 1982 reconciliation bill was the complete elimination of funds for the National Science Foundation. No doubt, most of my colleagues were unaware that the Gramm-Latta reconciliation amendments eliminated all funds for NSF. I am sure that most of my colleagues join me now in the expectation that the conference committee will reverse the incredible blunder that was made, and restore full funding to NSF.

The Biomedical Research Council of the University of Michigan, which includes a great many distinguished scientists and scholars, recently wrote me urging my support for the restoration of NSF funds. It is unthinkable that this Congress would take final action to cripple American scientific enterprise, which of course would be the consequence of allowing the House version of the reconciliation bill to stand.

I want to share with my colleagues at this point the letter from the Biomedical Research Council of the University of Michigan, which points out clearly the very considerable and very dangerous effects of the elimination of NSF funds. I urge their review of this communication. The letter follows:

THE UNIVERSITY OF MICHIGAN
MEDICAL SCHOOL,
Ann Arbor, Mich., July 10, 1981.

Hon. JOHN CONYERS, Jr.,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. CONYERS: As a result of deep concerns expressed by all members of the Biomedical Research Council present at our meeting this morning, we are writing to you to urge you to approve a budget for the National Science Foundation at the level recommended by the House Science and Technology Committee. While the current trend clearly stresses the need to cut unnecessary expenses from the federal budget, the economic growth of this nation depends heavily on its accomplishments in research and development. NSF has played a vital role in promoting U.S. science and technology. At a time when our country's traditional position of leadership in a variety of technically-based industries is being challenged by foreign competition, it is especially important to provide for real growth in the country's investment in science and technology research and education. NSF has been very effective in promoting the overall health of U.S. science and technology in the past. It should be strongly supported in continuing this endeavor.

At the University of Michigan the NSF allocation for fiscal year 1979-1980 was $12,298,397 for research and $1,109,434 for non-research (which includes instructional support). The research dollars currently include support for about 100 faculty and staff on 32 major biomedical research projects. These projects are being directed by scientific investigators of national and international stature in the areas of research that are clearly at the forefront of science and technology. Gene regulation, to cite one area, not only promises to lead to the discovery of the cures to many ancient human diseases, it has recently lead to the birth of a new industry based on recombinant DNA technology which is expected to reach in excess of $3 billion by 1990 (Time, March 9, 1981, p. 51) or perhaps as high as $40 billion by the end of this century (Nature, March 12, 1981, p. 78). The current leading position of the U.S. in this new area is wholly attributable to basic research funded by the U.S. Government agencies in the past 20 years. Support of NSF is, therefore, an investment in the future economic health of our nation.

The members of the Biomedical Research Council trust that you will carefully consider the consequences of a reduction in the NSF budget and we have similar concerns about the budgets of the Department of Energy, the Environmental Protection Agency, and the National Oceanic and Atmospheric Administration. As scientific investigators, faculty members of the University, and advisors to the Dean of the University of Michigan Medical School (please see attachment), we believe that a significant reduction in the budget for NSF sponsored biomedical research would have long-lasting, harmful effects for this country as a whole.

Sincerely,

ETHEL N. JACKSON
(and 13 others).

Attachment (1).

THE BIOMEDICAL RESEARCH COUNCIL (BMRC) OF THE UNIVERSITY OF MICHIGAN

The Biomedical Research Council (BMRC) of the University of Michigan encourages biomedical research and facilitates interdisciplinary research and training across the University. The BMRC members represent the Health Science Schools and Colleges: Dentistry, Engineering, LS&A, Medicine, Nursing, Pharmacy, and Public Health.

The BMRC has 12 members, who are appointed for 3-year terms by the Dean of the Medical School or the Vice President for Research. In addition, there are two consultants representing DRDA, and the Veterans Administration Hospital. The BMRC meets every Friday morning from 7:45 to 9:00 a.m., to discuss issues and make recommendations to the Medical School and University Administration on policies and practices to assist research investigators throughout the University. Council members would welcome hearing from you about your comments, questions, and problems in biomedical research. The 1980-81 members and their phone numbers are:

BMRC MEMBERS

James N. Cather, Ph.D., (Chairman), Prof. of Biological Sciences, LS&A.

Ethel N. Jackson, Ph.D., (Vice Chairman), Asst. Prof. of Micro./Immunol.

Bennett J. Cohen, D.V.M., Ph.D., Director of ULAM, Prof. of Lab. Animal Med.

Wayne K. Davis, Ph.D., Director, Off. of Educa. Resources and Research.

Walter Loesche, D.M.D., Ph.D., Prof. of Dentistry, Dental School.

John C. Marshall, M.D., Ph.D., Prof. of Internal Medicine.

John E. Niederhuber, M.D., Prof. of Surgery and Micro./Immunol.

William B. Pratt, M.D., Professor of Pharmacology.

Stanley A. Schwartz, M.D., Ph.D., Assoc. Prof. of Ped. and Micro./Immunol.

Joseph E. Sinsheimer, Ph.D., Prof. of Medicinal and Pharmaceutical Chem.

Peter E. Smouse, Ph.D., Assoc. Professor of Human Genetics.

William C. Stebbins, Ph.D., Prof. of Psychology in the Dept. of Otorhino.●

HANDGUN BODY COUNT

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. LEHMAN. Mr. Speaker, once again the handgun body count has climbed higher. For the month of May there are 600 reported handgun deaths. Florida ranks fourth among the States; only California, Texas, and Illinois, report a greater number of tragic deaths caused by the use of handguns.

When a President, or a Pope, or any famous person is shot, there is a universal outcry, but we seem to pass over with little concern the deaths of 600 of our fellow Americans in 1 month. Among the handgun victims this month was the Rev. John Jackson of Tennessee who spoke out against handguns at the time of the assassination attempt on Pope John Paul II.

The past weeks have seen violent riots in the cities of England; however, no fatalities have resulted, because neither the rioters nor the police have handguns. Will the threats of riots here which we are hearing again open our eyes and ears to the need for stronger handgun control?

The list follows:

HANDGUN BODYCOUNT—MAY 1981

ALABAMA (5)

Julian Baker, Terry Cofield, James Rogers, Henry Wilhoite, Earl Wilkinson.

ALASKA (4)

James Felton, Juan Perez, Marlene Peters, Harold Trent.

ARIZONA (9)

Gilbert Avena, Barbara Brown, Francis Brown, Adolpho Franco, Jaime Freire, Thomas Millage, Pedro Vega (two unidentified males).

ARKANSAS (6)

Audna Bullock, George Clawson, Dr. Bennett Reaves, Johnny Ricks, John Schleuss, Clayton Tompkins II.

CALIFORNIA (94)

Dennis Andrews, Joseph Andrews, Henry Bagliazo, Walter Berkey, Everett Bowman, Mary Brown, Tommy Calloway, Eddie Casio, Maria Casio, Manuel Castro-Lopez, Mary Cole, William Crutcher.

Barbara Compton, James Conley, Richard Crake, Geneoffa Diekmann, Robert Dornan, Frances Douglas, Lillian Dunning, Marjorie Durkin, Francisco Farias, Phillip Freitas, Paul Ganelin, Sr., Detective G. Garrett.

Javier Gomez, Charles Gouge, Isias Gracia, Mrs. Isias Gracia, Robert Grady, Mary Gross, Carmen Gutierrez, Henry Gutierrez, Richard Halbush, Gary Harris,

Henry Hayes, Belynda Hicks, Robert Hirohata, Isra James.

Ernie Jang, Albert Jensen, Terry Jensen, Eddie Johnson, Irma Juarez, David Lewis, Bradley Linzie, Cesario Luna, Bicholas Mannion, Mark Martin, Darlene Mejia, Alfonso Millan.

Winston Moore, Ruben Nanez, Earl Nelson, Henry Nicol, Charles Nicholas, Richard O'Brien, Armando Perez, Vincent Petretti, Dewayne Porter, Curtis Price, Ben Quiroz, David Rivera.

Benito Rodriquez, Melissa Ryan, Primitivo Salazar, Heather Scaggs, Barry Schnittker, Raymond Simons, David Smith, Dwayne Spears, Matthew Stein, Lawrence Thomas, Joe Torre, Donald Wardrip (four unidentified females, sixteen unidentified males).

COLORADO (11)

Janet Castaneda, Calvin Castelberry, Bill Davis, Lorraine Escarzega, Stanley Hunter, Abel Lechuga, Sr., Josephine Lechuga, Harold Martinez, J. C. Tyus, Richard Voshell (unidentified male).

CONNECUTICUT (2)

Kenneth Bateman, Jr., Leonard Strawther.

DISTRICT OF COLUMBIA (7)

Donald Crosland, Mrs. T. Eggimann, Ingrid Marie Ellis, Donald McCrae, Annette Turner, Ellison Wray (unidentified male).

FLORIDA (54)

Felipe Alba, Mrs. Almeida, Joel Alvarez, Jewel Austin, Robert Barton, John Bella, Harold Blackman, Duane Borysik, Robert Boston, William Braddy, Jorge Carvalo, Peter Castellano, Pete Cordova.

Anna Duque, Oscar Duran, Leo Evans, Angel Fernandez, Ercy Forbes, Patricia Gardner, Earl Gates, Enrique Grant, Norman Hoeltzel, Charles Howard, Jr., Antonia Hernandez, John Jackson.

Yvonne Jennifer, Maurice Julien, Denise Keaton, Fredis Machado, Joan Martin, Lavina Mason, Octavio Mejia, Daniel Mendoza, Frederick Moore, Warren Moore, Virgil Nesbitt, Edith Nicholson.

Anita O'Neill, Benjamin Oshell, Robert Parent, Felton Phillips, Jorge Piloto, Wiley Pollock, Dagoberto Rodriquez, Eugene Senior, Keith Thomas, Nicholas Velasco, Lazaro Rivero, Daniel Sussman, Felile Vasquez, three unidentified males.

GEORGIA (10)

Dent Daniel, Patrick Daniels, John Garcia, Ivey Gardner, Walter Geer, Genus Graham, Danny Hansford, Freddie Johnson, Clarence Lovett, Kimberly Rhodes.

HAWAII (3)

Ernest Amona, James Daniels, unidentified male.

ILLINOIS (74)

Daryl Adams, Henry Alonso, Ricardo Banuelos, Grover Bedenfield, Caroline Black, C. J. Boston, Juan Bracamontes, Joseph Braccio, Johnny Brantley, Guy Bruno, Frank Bruns, James Calvin.

Jose Cintron, Robert Connely, Enrico Copenhaver, Cesar Davis, Victoria Del Valle, Leo Dowery, Richard Duncan, Charles Ellis, Jr., James Ellis, Fiore Forestiere, William Franklin, Merlyn Garland.

Fentress Glascow, Dennis Goins, Sr., Thomas Gonzales, Steve Guy, Mark Hall, Morita Hanson, Eddie Harris, James Hicks, Gary Hilliard, Jr., Milton Hills, Wilbert Hobbs, Willie Houskin.

Gumarco Ibarra, Petru Ivanius, Edward Jasper, John Jones, K. Johnson, Nolan Johnson, Virgil Johnson, Joseph Karijolic, Lex Leaks, Leonard Ivy, Lorenzo Lopez, Frederick Mangun.

Emil Moderhack, Douglas Oppelp, Clement Pacini, Nathan Pearl, James Peyton, Salvatore Pranzo, George Oliver, Roy Powell, Louis Reyes, Domingo Rodriquez, Michael Rodriquez, Gregory Rogers.

Scott Sanders, Jesus Santanna, Edward Spanitz, Ralph Spencer, Edmund Sutherland, Celestino Szmenez, Bernard Taylor, Janet Timmes, Felix Trejo, Roy Turner, George Vaughn, Juan Velasquez, Joseph Votava, Edward Woods.

INDIANA (11)

Charles Border, Thomas Collins, Jay Given, John Goshen, Sandra Goshen, Howard Lacy III, John Malone, Dereck Miller, Isaac Plump, Gerri Roberts, John Torrence.

KANSAS (5)

Richard Bemis, Larry Kirby, Michael McGrew, Jeannine Walton, Kenneth Walton.

KENTUCKY (6)

Robin Barnes, Ora Hash, Herman Matthews, Mae Matthews, Lucille Miller, Ernest Petty.

LOUISIANA (14)

Barbara Aguillard, Patrick Anderson, Kelvin Bridges, Annette Butler, Roger Clanton, Carroll Croucher, Melvin Hall, Samuel Jones, Joseph Margavio, Harold Monk, Cheryl Ricks, Scott Russell, Laura Shirley, Samuel Walker.

MAINE (1)

Armand Langlois.

MARYLAND (11)

Ingrid Ellis, Thomas Ferebee, Joseph Hudson, Steven Jones, Baby Joseph-Jones, Sharon Joseph, Carroll Kelley, Anthony Mathews, Larry Smith, Nathan Thomas, Vanessa Williams.

MASSACHUSETTS (2)

Kevin Geise, Anthony Muolo.

MICHIGAN (40)

George Alford, John Allman, Adel Berry, John Bryant, Marshall Burn, Timothy Childs, William Chudy, Minnie Daily, Lisa de Boris, Thomas Eichhorn, Jack Evans, Osie Gaddy.

Theodore Gist, Harry Graves, Paul Haddad, Frank Holman, Oliver Huwitte, Gwendolyn Jackson, Yusef Karrien, Diane Lewicki, Fred Lucus, Frank Magiera, Robert Matthews, Robert Mendoza.

Elizabeth Nance, Bennie Nelson, Adeline Norman, Johnny Randolph, Juan Reed, James Roberts, Janet Roberts, Victor Rodriquez, Raymond Solomon, Danny Stinson, Diane Super, Rodney Trent, Allen Valentine, Leon White, two unidentified males.

MINNESOTA (3)

Carolyn Andrew, Gregory Rice, Barbara Winn.

MISSISSIPPI (8)

Tommy Benson, Joel Carlisle, Ralph Carter, Jr., James Clark, Margaret Deen, Rolando Gonzalez, Donald Mooneyham, Ethel Webster.

MISSOURI (25)

Carl Caldwell, Esther Chappell, Robert Fields, Freddie Franklin, Harry Gangwes, Ronald Hall, William Harris, Arthur Hayes, Ryan Hill, Curtis Johnson, Robert Jordon, Vesta Martin.

Reginald McCoy, Gayle Meyer, Russell Rice, Edwin Schmidt, Verna Schmidt, Bernat Sutter, Jonathan Sykes, David Thomen, Mark Walker, Wanda Walker, Gary Welch, Larry Wilson, unidentified male.

NEBRASKA (2)

John Bollinger, Frankie Peck.

NEVADA (2)

Frank Thompson, unidentified male.

NEW JERSEY (5)

Herbert Bekoff, Stephen Donovan, Terry Weaver, David Yellin, unidentified male.

NEW MEXICO (2)

Joyce Payne, Stephen Ormonde.

NEW YORK (12)

Modesto Barra, Lt. Jan Brinkers, Reynolds George, Alphonse Indelicato, Guillermo Rodriquez, Edward Rogers, John Scarangella, unidentified female, four unidentified males.

NORTH CAROLINA (9)

Willian Brown, Ashley Deaver, Thomas Egan, Calvin Freeman, James Lindsey, Bob Mountford, Jr., Willie Potts, David Rankin, Carlos Woodard.

NORTH DAKOTA (1)

Dennis Zent.

OHIO (23)

Deborah Adams,. Robert Bourgeois, Roberta Carney, Clifford Cogar, Orville Cogar, Laura Cooper, Willa Davis, Raymond Duerr, Grady Evans, John Faist, Debbie Hale, Gregory Jacobs.

Freman Kleski, Andrew Peasley, James Rhinesmith, Michael Slattery, Ervin Wadsworth, Dorothy Wadsworth, Lori Wadsworth, Joanna Williams, Charles Wheeler, two unidentified males.

OKLAHOMA (9)

Robert Burton, William Cleveland, Jonnie Conn, Patty Hall, P. J. Gaynor, Larry Hardeman, Deborah Kinchion, Rodney Spradlin, Roger Wheeler.

OREGON (6)

John Cooper, Lori Cunningham, Robert Hamblin, Charles Roper, Walter Sprogis, Jr., Allen Wilcox.

PENNSYLVANIA (19)

Richard Angatola, Michael Belcher, Chelsais Bouras, Jeanette Curro, William Henderson, Lewis Hendricks, Leroy Jackson, Bertha King, Robert Major, James Mason, Perry Minich.

Bertha King, Clarence King, Joseph Murray, Harry Peetros, George Sager, Joseph Smith, Jr., James Stoutmire, Joe Weaver.

RHODE ISLAND (1)

Yvonne Willette.

SOUTH CAROLINA (4)

Emma Fleming, Dennis Iler, Wayne Taylor, Chester Williams.

TENNESSEE (11)

Phillip Buchanan, Lt. Clarence Cox, Akbar Dadkhah, William Darden, Hobert Greer, Sharon Hankins, Donald Higgins, Rev. John Jackson, Stella Leach, Joe Smith, Jr., Claudia Webb.

TEXAS (63)

Juan Anzaldua, Silvano Arce, Cleve Brooks, Jr., Loretta Browning, Ira Carlock, Wally Carlson, Jr., Anthony Carroll, Sr., Norris Carter, Pete Cordova, Jesus Coronado, Kittie Cromer, Elizabeth Cruthirds.

Dale Dahlstrom, Larry Dahnke, Billy Davis, Charles Downey, Roy Duran, Terence Gannon, Armando Garza, Erma Gentry, William Green, Jeanne Hassell, Joann Hernandez, James Jones.

Willie Jude, Fenwick Langlinais, Jose Lopez, Henry Luna, Thomas Mahr, Raymond Mettler, Phyllis Miller, Janet Mouton, Pat Newsome, Mary Newsome, Lipscomb Norvell, Natividad Orozco.

Frankie Parsons, James Patton, Daniel Perez, George Perkins, Mark Piert, Carol Pope, Donald Pope, Kenneth Randall, Eusebio Rangel, Annie Rawlings, Jack Roberts, Patrick Rock.

Samuel Rogers, H. W. Savage, Degra Scott, John Shelton, Rocky Shelton, Gregory Spears, L. S. Spencer, Rosalin Suarez, Jr., David Thompson, Dolores Velasquez, Jean Wagnon, Tammy Woods, unidentified female, three unidentified males.

UTAH (4)

Raymond Jordan, Floyd Rowley, Larue Rowley, unidentified male.

VIRGINIA (12)

Michelle Copeland, Tyrone Copeland, Hubert Everett, Irene Hardy, Samuel Jackson, Eugene Lawrence, Glenda Lavender, Shawn Lowe, Mary Montecalvo, Ernest Moody, Robert Mountford, Jr., unidentified male.

WASHINGTON (13)

Charles Allan, Robert Carver, Richard Ellerington, Theron Hoerler, Jimmie Horton, Paul King, Joel Louis, John Mahan, Teresa McNeeley, Timothy Parker, Frances Peery, Willie Price, Jr., Robert Smith.

WEST VIRGINIA (3)

Greg Childers, Ethel Fitch, Freman Kleski.

WISCONSIN (3)

John Ford, Chun Son Guthrie, Christine Schultz.●

DEBATE ON SMALL BUSINESS TAX RELIEF

HON. HENRY J. NOWAK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 14, 1981

● Mr. NOWAK. Mr. Speaker, as chairman of the Small Business Subcommittee on Tax, Access to Equity Capital and Business Opportunities, I have advocated for the last 2½ years that small business be given its fair share of any tax cut enacted by the Congress. With this as my firm objective, I conducted subcommittee hearings in March and April on proposed administration tax cuts and their effects on small business.

The Assistant Secretary of the Treasury, John E. Chapoton, testified that small business would benefit from the Reagan proposals, but did not have any solid data to back his claim. Although he agreed to work with my staff to develop pertinent data, as of this date, Treasury has not provided any statistics verifying its position. Despite this lack of a Treasury analysis, in testimony before the Ways and Means Committee on April 7 and again in a letter dated June 9, 1981, I made several recommendations for small business relief.

I am pleased to report that on July 9 substantially all of my recommendations were included by the Ways and Means Committee as part of its small business provisions for the comprehensive tax bill. In brief, the Ways and Means provisions are as follows:

Further reduction and graduation of corporate tax rates at the low end; direct expensing of capital expenditures—as adopted June 18, 1981; a technical report on cash accounting and LIFO simplification to be prepared by the Department of the Treasury; increases in both the minimum accumulated earnings credit and the number of subchapter S corporation shareholders; and further beneficial treatment of losses on small business corporation stock.

These measures nicely complement the substantive relief which capital intensive businesses will receive through accelerated depreciation reform. Further, small- and medium-size businesses in the Nation's older urban centers such as my city of Buffalo, will greatly benefit from the Ways and Means tax bill. This action by the Ways and Means Committee is in glaring contrast to the Treasury's position on small business tax relief, as brought out at my subcommittee hearings.

For the benefit of the Congress and the business community, I have attached a fact sheet on 1981 tax proposals as prepared by the National Small Business Association. This statistical analysis substantiates the degree to which the Ways and Means bill is preferable to small business.

FACT SHEET ON 1981 TAX PROPOSALS

(Prepared by National Small Business Association)

Two major business tax proposals are now being debated: the Administration program, which is embodied in the so-called Conable-Hance bill (H.R. 3849) and an alternative being developed by the House Ways and Means Committee. The Administration began with 10-5-3 depreciation, but both proposals are still evolving. At this time the House Committee's alternative—which earmarks nearly $20 billion of additional benefits for small enterprises—seems clearly preferable for the small business community.

BENEFITS SPECIFICALLY ALLOCATED TO SMALL BUSINESS

An explanation is as follows: On June 24th, the majority caucus of the House Ways and Means Committee announced two measures specifically targeted to small firms: (1) $25,000 in "direct [first year] expensing" and (2) corporate rate reductions beginning in 1982, and becoming fully effective up to $200,000 in 1984.

Official estimates of the taxes which can be saved, if these two provisions are enacted, are summarized in the following table:

POTENTIAL SMALL BUSINESS TAX SAVINGS

[Calendar year tax benefits in billions of dollars]

	1981	1982	1983	1984	1985	1986	Total
Expensing	2.9	2.1	1.5	1.0	0.628	0.355	8.483
Rate cuts under $200,000		1.04	1.65	2.6	2.8	2.9	10.99
Total	2.9	3.14	3.15	3.6	3.428	3.255	
Total 1981–86							19.473

The Senate Finance Committee also approved a direct expensing provision (beginning at $5,000 in 1982 and rising to $10,000 in 1986) with benefits adding up to $3.0 billion for 1981–84.

It is important to note that the targeted tax reductions described above would be in addition to any other provisions of the bill (such as mainline depreciation reforms, rehabilitation credits, estate and gift tax reduction, research and development credits) that partially benefit small business along with other business and/or individual taxpayers.

IMPACT OF CORPORATE RATE REDUCTIONS

Tax savings resulting from the proposed corporate rate cuts, compared to current law, for typical small companies at various income levels are as follows:

POTENTIAL TAX SAVINGS FROM CORPORATE RATE REDUCTION PROPOSAL

	1981 tax—Existing law	1984 tax—House committee	Savings		1984 tax—Administration	Savings
			Dollars	Percent		
$35,000	$6,250	$5,250	$1,000	16.00	$6,250	0
$65,000	13,750	10,500	3,250	23.63	13,750	0
$100,000	26,750	17,500	9,250	34.57	26,750	0
$150,000	49,750	30,000	19,750	39.70	49,250	0
$200,000	72,750	45,000	27,750	38.14	72,750	0

IMPACT OF "DIRECT EXPENSING"

"Direct expensing" would permit a small business to deduct 100 percent of the cost of any machinery, equipment, vehicles, etc. purchased in any year. The House would allow a total of $25,000 annually, beginning in 1981. The Senate would permit $5,000 in 1982 and 1983; $7,500 in 1984 and 1985; and $10,000 per year beginning in 1986.

A business investing within these ceilings could thus recover the capital invested almost immediately, rather than waiting 3, 5, or 10 years under the Administration proposal, or an average of 10½ years under current law.

There are now 130 classifications for different types of property requiring different depreciation periods under existing regulations. "Expensing" would treat all equipment the same—thereby reducing the number of classes to one for those businesses purchasing less than the annual ceiling. The $25,000 limitation in the House proposal would cover approximately 86 percent of U.S. businesses.

For such firms, this massive simplification gives the House alternative a definite advantage over all other depreciation proposals, especially since it is accompanied by sizable financial benefits.

COMBINATION OF BENEFITS SUPERIOR FOR MOST SMALLER COMPANIES

Because the level of investment and the level of income vary widely among businesses, it is difficult to generalize about the total impact of any bill on a particular busi-

ness. The effects can be illustrated, however, by way of examples.

A National Small Business Association analysis found that for a typical family-sized corporation, the House alternative—combining "direct expensing" and corporate rate reductions—results in lower federal taxes and higher retained earnings than either the Administration version or existing law during the period 1981–87 and thereafter.

Based on a company earning $50,000 per year in pre-tax profits and purchasing $25,000 of equipment in 1981,[1] the results are as follows:

COMPARISON OF HOUSE AND SENATE PROPOSALS WITH EXISTING LAW

	Federal taxes paid (1981–87)	Improvement over current law (percent)	After-tax cash flow *
Current law	$58,528	.....	$266,472
Administration proposal	56,390	3.65	268,610
House alternative	51,625	11.79	273,375

*Taking into account $25,000 expended for purchase of equipment.

Thus, at a $50,000 level of income and a $25,000 level of investment, the Administration proposal is slightly better than current law while the House alternative is significantly better than the Administration proposal.

As the level of income rises, especially relative to the level of investment, the superiority of the House alternative becomes more pronounced.

In firms and industries where investment is heavy, the Administration proposal becomes more attractive, because of its increased reliance on investment credits and sharply reducing the write-off period for long-life equipment. For example, the 2015 biggest corporations received 75 percent of all the corporate investment credits in 1976. Because of these features, the Congressional Joint Tax Committee expected the following allocation of depreciation benefits under the Administration's package:

DISTRIBUTION OF BENEFITS UNDER ADMINISTRATION PROPOSAL BY INDUSTRY (1981–90)

	Dollars (billions)	Percent
Electric and gas utilities	$74.751	15.71
Oil and gas production and marketing	69.218	14.55
Telephone and telecommunications	39.961	8.40
Trade	31.356	6.59
Agriculture	25.627	5.39
Machinery	24.088	5.06
Chemicals	21.005	4.41
7 industries	286.006	60.10
55 industries	475.860	.....

Where investment is light, and especially if business income is $25,000 or below, both bills appear to be weak, although "expensing" gives an edge to the House alternative. Accordingly, the National Small Business Association is calling upon all concerned to press for improvements to this part of the legislation for both incorporated and unincorporated enterprises, so that the ultimate bill will be equitable and balanced for all elements of the business community.

Individual income tax reductions are not considered here. It can be observed preliminarily, however, that while individual tax rates apply to all income of proprietorships and partnerships, they apply only to funds withdrawn from corporations. Hence, while reduced individual rates may or may not encourage reinvestment in unincorporated businesses, they could cause dis-investment in corporations, especially if corporate rates are not reduced. These matters need to be examined further.

The 1981 legislation will probably be the largest tax cut in U.S. history. As it develops further, additional information will be assembled, analyzed and distributed, so that business owners can make up their own minds on what provisions are best for their enterprises, their industries, and the national economy.

SCORECARD—PROVISIONS RECOMMENDED BY SBLC IN TESTIMONY OF MARCH 30, 1981, ACCEPTED INTO MAJOR HOUSE AND SENATE TAX BILLS, AS OF JULY 1, 1981

	House Ways and Means Committee	Senate Finance Committee	Administration (Conable/Hance bill, H.R. 3849)
1. Corporate rate reductions up to $200,000.	Yes	No	No.
2. Depreciation-expensing of $25,000 per year.	Yes	Partial [1]	No.
3. Increase in used machinery investment credit.	Yes	Yes	Still open.
4. 15 year period for structures, more flexible period for equipment.	Yes	Yes	Yes.
5. No depreciation on progress payments for property taking more than 2 years to build.	Yes	Yes	Yes.
6. 25 percent rehabilitation credit for existing structures.	Yes [2]	Yes (same)	Yes (same).
7. Spread for structures which are "owner operated".	No	No	No.
8. Broadened job credit	Still open	No	No.
9. (a) New issues credit/rollover/small business participating debenture/diesel excise tax.	No	No	No.
9. (b) Accumulated earnings, subchapter S, incentive stock options.	Still open	Yes	No.
9. (c) Broker-dealer "Profit reserve".	Still open	No	No.
10. Credit against social security tax increases.	No	No	No.
11. Capital gain tax reduction to 20 percent.	Yes	Yes	Yes.
12. Estate tax exclusion to $600,000.	Still open	Yes	Yes.
13. Inventory reform LIFO/cash accounting.	Still open	No	No.
14. Research and development credit.	Still open	Yes	Yes.
15. Savings: Interest exclusion targeted to construction/IRA–LERA.	Yes/yes	Partial [3] Yes.	No/yes.
16. Extend energy credits to rental property.	No	No	No.
Total:			
Accepted in whole or in substantial part.	8	10	6 plus.
Still open	5	.....	1.

[1] $5,000 in 1982, $10,000 in 1986.
[2] 20 percent regular, 25 percent historic.
[3] Not targeted.●

[1] The example, reduced to simple terms, is based on a company earning $50,000 annually, 1981 through 1987, and buying $25,000 in equipment in 1981, of which $10,000 is vehicles and the remaining $15,000 is machinery having the average life of 10 years.

SENATE—*Wednesday, July 15, 1981*

(Legislative day of Wednesday, July 8, 1981)

The Senate met at 9:45 a.m., on the expiration of the recess, and was called to order by the Honorable MARK O. HATFIELD, a Senator from the State of Oregon.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Our Heavenly Father to whom all hearts are open, all desires known, Thou knowest our thoughts, our ambitions, our aspirations. We have no secrets from Thee. Thou knowest the burdens borne by the Members of the Senate. Thou knowest the responsibilities which lie heavily upon them. Thou knowest the pressures of special interests which will use any device to deceive and seduce men and women of honor and integrity.

Strengthen the resolve of these, Thy servants. Protect them against temptations without and within. Give them wisdom and courage to stand firm for that in which they believe.

When their convictions are contrary to those of their colleagues, help them to respect the opposition. Let this Chamber and their offices be filled with love and good will. And as they struggle for what they believe to be right, support them by Thy grace, and out of struggle bring truth and justice.

We ask this in the name of Him who was incarnate righteousness. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. THURMOND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., July 15, 1981.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable MARK O. HATFIELD, a Senator from the State of Oregon, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mr. HATFIELD thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE ASSISTANT MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The Senator from Alaska is recognized.

THE JOURNAL

Mr. STEVENS. Mr. President, I ask unanimous consent that the Journal of the proceedings to date be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SENATOR DOLE'S ROLE IN THE TAX BILL

Mr. STEVENS. Mr. President, today, the Senate will begin consideration of the tax bill. Under the strong, capable, and fair leadership of Senator DOLE, the chairman of the Senate Finance Committee, the Finance Committee has put together a package that I believe will help turn the economic conditions of this country around. The tax bill the Senate will consider today may very well be the cornerstone of a rejuvenated economic policy.

During my service in the Senate, I have gained great respect and admiration for Senator BOB DOLE. The products of his work have always been excellent, and his analysis of the problems that face the country has always been very clear.

In the case of writing the tax bill that the Senate will consider today, it is obvious that the product of the Finance Committee has the mark of Senator DOLE's leadership. Without his unflinching discipline and dedication, this important part of the overall economic package could not have been before the Senate in such a timely manner.

The Wall Street Journal today features an article about Senator DOLE and the critical role he has played as chairman of the Committee on Finance in formulating the legislation that we will act on in the next few days. Senator DOLE and his colleague, the former chairman of the committee, the Senator from Louisiana (Mr. LONG), together with the members of the Committee on Finance, deserve a tremendous amount of credit for the work that has been done on this tax bill.

I commend to the Senate the article on Senator DOLE and the tax bill, and I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SENATOR ROBERT DOLE PLAYS MAJOR ROLE IN FUTURE OF REAGAN TAX BILL

(By Robert W. Merry)

WASHINGTON.—A few weeks ago, when his Senate Finance Committee was in the middle of writing a major tax bill, Chairman Robert Dole of Kansas spent a long day in bill-writing sessions and then flew up to Philadelphia to deliver a speech. After that, he caught a late-night flight to Washington.

The next morning he rose in time for a 7:15 breakfast with magazine editors, met with the nation's governors at 8:40 a.m. and resumed committee action at 9:30. Grabbing a candy bar for lunch, he headed down to the Senate floor for a budget debate that stretched to midnight. Dinner was a bowl of soup at 9 o'clock.

Despite such a frenetic pace—or perhaps because of it—the 57-year-old Sen. Dole is having fun in his new role as chairman of the tax-writing Finance Committee, where 11 votes can redirect multibillion-dollar flows of capital. Five years after he ran for Vice President and collected a reputation as a partisan Republican bruiser, a year after he ran for President and promptly fell to the back of the pack, the smooth-faced, sharp-tongued Sen. Dole is gaining a new reputation as a wily, effective legislator.

That fledgling reputation will be tested starting today when the tax bill Sen. Dole shepherded through his committee three weeks ago goes to the Senate floor for several days of debate—and innumerable efforts to reshape it. To preserve the bill, the chairman will have to demonstrate anew the legislative acumen he showed in committee. There he maneuvered members to approval—on a 19 to 1 vote—of a bill that is close to what President Reagan wanted and even closer to what Bob Dole wanted.

"It was as deft a piece of legislating as I've seen in a hell of a long time," says Sen. Malcolm Wallop of Wyoming, a Finance Committee Republican.

What's more, the new chairman managed to preserve the bipartisan atmosphere that had prevailed in the committee through the almost legendary chairmanship of Louisiana's Democratic Sen. Russell Long. Thus, Sen. Dole's performance should help dispel vestiges of his reputation as a partisan gunslinger.

"A VERY COMPASSIONATE MAN"

"Bob Dole's press image as a tough, caustic hardliner does him a great disservice," says Sen. Lloyd Bentsen of Texas, a powerful Finance Committee Democrat. "He's a very compassionate man with a great sense of fairness." Referring to the committee's tax bill, Sen. Wallop adds, "He was never arrogant or devious, and nobody felt outmaneuvered."

A Senate floor defeat this week on any major amendment could serve to unravel the chairman's control of the issue and lead to a transformation of the bill—and a serious setback for the President. Particularly troubling are efforts to expand tax breaks for charitable giving and to trim back a provision in the bill to end tax-avoidance schemes called commodity straddles. An unraveling of the Senate committee's bill would hearten House Democrats struggling to produce their own alternative because it would give them more bargaining room in a House-Senate conference committee.

But duplication of the chairman's Finance Committee performance would produce a nice victory for the President as well as for Sen. Dole, who is probably more responsible for the shape of the current bill than any other single individual. His stamp on the measure is a product of a series of deft, well-timed moves designed to steer

events toward the kind of compromise package his committee eventually produced.

In the early days of the Reagan administration, Sen. Dole's strategy was to remain noncommittal on the President's tax proposal in order to keep his options open and require that other players move toward him. "He could be very frustrating," says an administration official. "He sent out conflicting signals; we never knew for sure where he was coming from."

ADDING SOME FAT

The Senator's aim was to soften the President's insistence on a lean bill containing only individual tax cuts and faster depreciation write-offs for business. That wasn't feasible, he felt, because there were too many other tax ideas with too much congressional support.

"He definitely wanted to remind us," says a Treasury Department official, "that he was the chairman, and . . . we were going to have to make accommodations to him." At one point, Sen. Dole invited a group of Treasury officials to hear the views of Finance Committee Republicans, who accepted the three-year tax-cut concept but flatly rejected the lean-bill approach.

Later, in a series of interviews, the Senator said the President's 30 percent tax-cut proposal lacked enough votes to get through his committee. Still, he publicly advised the administration against compromise—at that time. "We interpreted that," says the Treasury official, "as saying it's time for us to start thinking compromise—but only with Dole. Those in the administration who wanted to hold out for the full 30 percent in the Senate were undermined."

The chairman's next move came in late May at a breakfast with reporters, when he unveiled a compromise plan calling for a 25 percent cut in individual tax rates, the accelerated-depreciation plan and a series of other tax revisions designed to spur savings and investment or redress certain perceived inequities.

That proposal, similar to proposals floated earlier by conservative Democrats in the House, eventually became the framework for the compromise bill embraced by the President in early June—and approved, with slight modification, by the Finance Committee three weeks later.

Sen. Dole quickly steered the panel to endorsement of the total size of the compromise package and the 25 percent cuts in personal taxes so dear to the President. But the chairman also supported a few fine-tuning suggestions from members as a way of keeping them happy and preserving the committee's bipartisan tenor. Again, that exasperated administration officials, who felt, as one expressed it, that Sen. Dole "was harder on us than on his members."

In fact, it isn't unusual for Sen. Dole to exasperate administration officials, some of whom think he's sometimes unreasonable in expecting recognition of his position as Senator. An example is the Senator's fight to get a former aide named to an Agriculture Department post that the White House would rather give to someone else. "He just won't let go" on the issue, complains a White House aide.

Some see a relationship between this tenacity on such matters and the Senator's appetite for publicity, which one former aide terms "insatiable." The former aide, a Dole admirer, quickly adds: "But he never wants publicity so much that he will resort to gimmicks. . . . He wants press, but only if it's linked to issues and actual performance."

This staffer echoes the expressed perceptions of many other Dole associates, who consider the Senator a complex man, full of apparent paradoxes. Always a rock-ribbed Republican, he nevertheless has championed a number of causes generally considered liberal, including help for the handicapped, food stamps (naturally a help to the Kansas farm economy) and a national health program to provide catastrophic-illness coverage for all families.

He is considered a kind man, and other Senators' aides say Sen. Dole treats them with a generosity of spirit that is rare on Capitol Hill. Yet turnover in his own office is high; one former top assistant, then new at his job, went to a meeting of senatorial administrative aides to find them organizing a pool on the question of how long he would stay on the job. "The shortest was six weeks; the longest was five months," he says. "I lasted seven months."

Then there's the well-known Dole wit. This hard-driving politician leavens his purposefulness with an ability to cast a detached eye at the often-ludicrous machinations of politics and capture them in a quip. Referring to Ronald Reagan's age during last year's Republican primaries, he said the former governor's opponents wouldn't dream of making an issue of it; quite the contrary, he said, they would like to sponsor a big birthday party for him on national television.

But some critics believe Sen. Dole too frequently falls back on quips. Says a Republican colleague in the Senate, "I think he relies too much on his wit and not enough on substance."

In any event, those who know Sen. Dole well suspect that the seeming paradoxes in his approach to politics and people may be related to his experiences during World War II, when he fought in Italy with the 10th Mountain Division and was nearly blown apart by mortar and machine-gun fire. He was left for dead on a Po Valley battlefield for 24 hours, then spent more than three years in hospitals recovering from his wounds. At one point he was paralyzed from the neck down, and even today he has no use of his right arm.

"I'm not a psychologist, but I should think that contributed to Bob's unusual strength and backbone," says his wife, Elizabeth, herself a power in Washington as President Reagan's public-liaison chief. "Things don't get him down; he puts things in perspective."

No doubt that sense of perspective contributes to his sense of whimsy. But others attribute other Bob Dole traits to those harsh wartime events of the past. One former aide lists his ever-present inclination to drive himself toward completion of tasks, as well as his "soft spot for social programs."

And some even link the battle experience and its aftermath with the high turnover on his personal staff, which they attribute to a deep reluctance to delegate responsibility. "What's the key to the kind of rehabilitation Dole faced after the war?" asks the former assistant who outlasted the pool predictions. His answer: "Self-reliance. Bob Dole is the most self-reliant person I know."

Mrs. Dole marvels at her husband's self-reliance. After the national campaigns of 1976 and 1980 ended in failure, she says, "I never heard him complain. . . . He just picked up and moved forward."

The Senator himself recalls feeling some sadness after the 1976 campaign, when he was assigned the role of playing campaign hardball and emerged with a reputation as something of a political hatchet man "who couldn't sell beer on a troopship," as some critics put it, resurrecting an old political adversary's line.

The most depressing time, the Senator recalls, "was the night after the 1976 election. I was exhausted, had caught a cold, and Barbara Walters had the temerity to ask me on national television if I thought I had cost Jerry Ford the election. I felt pretty bad about that for a while."

These days, the Senator is in a far brighter mood. He seems especially pleased about his success in guiding his committee to what he calls "a bipartisan bill." He says: "Everyone was satisfied with the process; nobody felt rushed."

But maintaining a bipartisan atmosphere on the committee wasn't easy. Because just about every member had a pet amendment to push, it was necessary for the chairman to forge a new opposition coalition on every vote, picking up allies who had opposed him on the last one.

But even when he lost he managed to salvage something. An example was an amendment by Sen. Max Baucus of Montana to provide tax breaks to trucking firms hurt by last year's trucking deregulation bill. The Montana Democrat carried the committee by a single vote.

Sen. Dole later picked up another vote and, brandishing it, he offered Sen. Baucus a choice: He could accept a compromise designed to lessen his amendment's budget impact or stick with his original measure and take the risk of having it overturned in a new committee vote. Sen. Baucus took the deal.

But a Treasury official watching the session closely says he wasn't sure the chairman could have carried a second vote. Trucking lobbyists were working the committee feverishly, he says, and the situation was prety fluid. "We were just as pleased that Baucus took the deal," he says.

As Wyoming's Sen. Wallop, an admirer of the chairman's legislative wiles, puts it, "I'd hate to play poker with Bob Dole."

POSTAL SERVICE

Mr. STEVENS. Mr. President, I recently commented in the RECORD concerning the operations of the U.S. Postal Service. One of the statements I made at that time referred to the fact that the Postal Service provides next day delivery for 95 percent of all first class mail deposited in a postal receptacle under the control of the Postal Service by 5 p.m. on any particular day.

On Monday, July 6, the Washington Star printed an article which I feel corroborates those figures. In case there was anyone in the Senate who might question the validity of the statements I made concerning the Postal Service record, I ask unanimous consent that this article entitled "Neither Rain, Snow Nor Bum Rap Slows Local Mail Delivery" be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NEITHER RAIN, SNOW NOR BUM RAP SLOWS LOCAL MAIL DELIVERY

(By Bob Gettlin)

For the U.S. Postal Service, so often blamed for not getting the mail through on time, there is at least some good news to be delivered from the Washington area.

Just as the postal service claims, a recent survey by The Washington Star shows that about 95 percent of all letters mailed in sub-

urban Maryland, suburban Virginia and the District of Columbia are, in fact, delivered the next day to neighboring communities.

Hard to believe? Well, postal service officials say they aren't surprised by the findings, despite the unscientific nature of the survey. Michael A. Pardi, manager of the sales branch for the Eastern region said, "People pick on us because they think it's funny, but we know we are doing the job."

Last Monday, attempting to find out if mail service is really sluggish and inefficient, Star employees mailed 50 letters from five separate locations in Montgomery, Prince George's, Arlington and Fairfax counties and the District. Of those, 48 letters, or 96 percent, reached their destinations in the metropolitan area the following day.

One letter mailed from Potomac in Montgomery County arrived in Southeast Washington on Wednesday, one day behind schedule. And one letter mailed from West Hyattsville in Prince George's County was delivered to Alexandria on Wednesday.

Pardi, who said he is keenly aware of the postal service's reputation, added that "We aren't going to holler about your findings and make a big deal about it because we are just doing what we are supposed to do."

Pardi and other postal officials also know that the service is focusing much of its public relations effort on the new voluntary nine-digit zip code plan. The program, known as "Zip Plus Four," has been criticized as just another bureaucratic numbers game.

Not so, said Michael E. Kurtzman, manager of the program for the Eastern region. He defended the plan as an effort to cut labor costs and reduce handling at bulk mail centers and local post offices. He said the new system will target mail to the side of the street where it is destined.

Kurtzman said the postal service can't do better than next-day service, so the nine-digit plan won't speed up delivery. "The idea is to stabilize postal costs," he said. "We are an 85-percent labor-intensive operation. The United States already has the second-lowest postal rates in the world, behind Canada. We just want to do better."

Postal officials say, however, that the decision to change some zip codes in Montgomery and Prince George's County will mean slightly better service in the Washington area. Some areas of the two counties that once used Washington, D.C. zip codes now conform with other Maryland communities.

The District's main post office on Massachusetts Avenue has been handling about 6 million pieces of mail each day. Officials say the recent change in suburban Maryland will have a significant effect on that number.

They note that Bethesda, which used to have a District zip code and thus routed all mail through the main D.C. facility, generates about 400,000 pieces of mail each day.

In its survey, the Star mailed 10 letters from corner mail boxes in each of the following locations: Potomac, Montgomery County; West Hyattsville, Prince George's County; Springfield, Fairfax County; Clarendon, Arlington County; and 14th and Eye streets in the District.

From each of these five locations the letters were addressed to offices and homes in: Cabin John Mall, Montgomery; Landover Mall, Prince George's; Chain Bridge Road, Fairfax; North Courthouse Road, Arlington; K Street NW, the District; Virginia Avenue SE, the District; 75th Place, Montgomery; Renoir Port Lane, Fairfax; Battery Place NW, the District; Mount Eagle Place, Alexandria; and Windharp Way, Columbia.

THE TAX BILL

Mr. BAKER. Mr. President, it has been 120 years since Congress first enacted Federal income taxation for individuals during the presidency of Abraham Lincoln. I firmly believe that the comprehensive tax legislation which the Senate begins considering today, will be a similar watershed in fiscal legislation.

I would once again like to express my appreciation and admiration to my good friend and colleague, the chairman of the Finance Committee, Senator DOLE, for his exhaustive efforts in delivering the tax relief proposals. These proposals coincide with the President's guidelines, and will release the citizens of this Nation from the deleterious burden which the present tax structure imposes.

Senator DOLE and the most distinguished ranking member of the Finance Committee, Senator LONG, have guided their committee in a most expeditious and deliberate manner. The committee's bipartisan action is emblematic of the national perception that this tax bill is exactly what is needed in order to restore economic growth to the country.

It is imperative that we remember that without our swift action on this measure, taxes will worsen automatically. These are taxes that are higher than ever for most Americans; these are taxes that impede productivity and personal savings.

A cursory examination of the Economic Recovery Act of 1981 illustrates the prodigious scope of the historical economic measure. Individual tax relief will be accomplished through an across-the-board marginal tax reduction of 5 percent on October 1, 1981, and additional reductions of 10 percent on July 1, 1982, and 10 percent on July 1, 1983. Inclusively, this will amount to a 25-percent reduction for all individuals. The measure also provides for marriage tax penalty relief in the form of a 5-percent exclusion up to $1,500 in 1982 and a 10-percent exclusion up to $3,000 in 1983 and thereafter.

The Finance Committee has also provided for explicit incentives for savings, which are essential to economic recovery. Retirement accounts for all individuals will be increased from $1,500 to $2,000, thus permitting taxpayers to save for the future, while at the same time providing vital capital. Additionally, liberalized employee stock options and limited tax-exempt savings certificates will also abet savings.

Modification of the accelerated cost recovery system will provide a 15-year, 10-year, 5-year, and 3-year writeoff for classes of property with increasing depreciating schedules through 1984. This revised depreciation schedule is accompanied by expanded investment tax credit. These provisions combined will deliver a powerful stimulus to capital formation in all industries.

Other business tax provisions include tax credits for research and development to help fuel productivity, as well as measures to aid the all-important small business community.

It is my sincere hope that the floor action which commences today on the tax bill, will be conducted in a proficient and swift fashion. It is my intention not to condone counterproductive obstructions which could besiege these proceedings.

Furthermore, I trust that our friends in the House will also heed the public's expectations for action on this bill, and move forward on their tax legislation.

We are engaged in legislation which affects every American, and we have made a commitment to them. Now is the time to make a commitment to ourselves, and deliver an unprecedented economic triumph to a waiting nation.

ORDER OF PROCEDURE

Mr. STEVENS. Mr. President, what is the order of procedure this morning?

The ACTING PRESIDENT pro tempore. Under the previous order the minority leader will be recognized and then the Senator from Vermont (Mr. LEAHY) is to be recognized not to exceed 15 minutes. Under the previous order, the Senator from Utah (Mr. HATCH) is to be recognized not to exceed 15 minutes. Under the previous order, the Senator from Virginia (Mr. WARNER) is recognized for not to exceed 15 minutes. Under the previous order, there will then be a period for the transaction of routine morning business not to extend beyond the hour of 10:40 a.m. Under the previous order, at the hour of 10:40 a.m. the Senate will then proceed to the consideration of House Joint Resolution 266, the Economic Recovery Tax Act of 1981.

Mr. STEVENS. I thank the Chair.

I reserve the remainder of our time.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The Chair recognizes the minority leader.

Mr. ROBERT C. BYRD. I thank the Chair.

AFGHANISTAN—A SOVIET REBUFF AND A REBEL AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, last week, British Foreign Secretary Lord Carrington traveled to Moscow as spokesman for the 10 members of the European Community. The purpose of the trip was to discuss with the Soviets a European Community plan for a settlement in Afghanistan. Lord Carrington was rebuffed by Soviet Foreign Minister Andrei Gromyko who called the plan unrealistic. However, Gromyko declined to say whether or not it would be given further consideration in Moscow.

The European proposal was unique and offered the Soviets a face-saving way out of their quagmire in Afghanistan. However, as I noted in a speech before this body on July 9, the plan would test the Soviet credibility as to the reason for its brutal invasion and occupation of this Third World, Moslem State.

The July 12 edition of the Economist noted that the peace plan proposed by the Europeans had

> The explicit support of the American administration: and most of the third world is in sympathy with any attempt to end the war and enable the Afghans to get rid of

the Russian army and return to non-alignment. Thanks to careful preparation, the EEC initiative did not open up any rift in the non-Communist ranks that Russia might exploit to its advantage.

In addition, the July 12 Washington Post carried a news item noting that:

The six leading Afghan rebel groups based in Pakistan have pledged in a new agreement to merge their treasuries, weapons stores and military forces in the battle against Soviet occupation of their country.

While the massive opposition within Afghanistan to the Soviet occupation has taken a significant toll on Russian troops and materiel, a more effective resistance has been marred by factionalism among rebel groups.

However, this latest agreement, if it holds together, offers the rebels an opportunity to enhance significantly their capabilities in dealing with the Soviet occupation.

It is evident that world opinion remains solidly in opposition to the Soviet occupation of Afghanistan. Most nations of the world are not buying the Soviet propaganda line that they were invited into Afghanistan because outside forces were attempting to overthrow the government in power.

The European initiative offers the Soviets a way out of their dilemma. And if the Soviets think they can ride out world opinion and the issue of Afghanistan will fade from our consciousness. they are badly mistaken. The rebels will not allow them to forget their brutal occupation nor will they allow Afghanistan to become a Soviet satellite.

If the Soviets were prudent, they would give serious consideration to the EEC plan. If they do not, they will be facing greater losses, both human and material, from the populace of a country unflinching in their determination to recapture their sovereignty.

I ask unanimous consent that the articles from the Economist and the Washington Post be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, July 12, 1981]

REBELS VOW TO UNIFY IN AFGHANISTAN

(By Stuart Auerbach)

NEW DELHI, July 1.—The six leading Afghan rebel groups based in Pakistan have pledged in a new agreement to merge their treasuries, weapons stores and military forces in the battle against Soviet occupation of their country, according to Afghan emigre sources here.

The prospect of the merger's surviving the quarrels within the Afghan rebel movement and having a lasting effect among insurgents actually inside the country was greeted with skepticism by some Western observers here and in Pakistan. As late as last month, for instance, widespread factional fighting persisted across a broad area north of Kabul.

[In Washington, State Department officials also greeted reports of a merger cautiously. "Anything of that nature would likely be cosmetic and not greatly valid," said one informed official, who noted that similar reports in the past had been "greatly exaggerated."]

While the rebel groups based in the Pakistan border city of Peshawar have garnered most of the publicity and in many cases serve as paymasters and weapon suppliers to the revolt, there is a growing feeling that most of the actual fighting is locally controlled, outside the influence of the refugee bands.

But there are some indications that this unity move has a greater chance of success than others in the 18 months since the Soviet Union dispatched thousands of troops into Afghanistan. For one thing, Afghan souces here said, the leaders and members of all six major rebel groups based in Peshawar, on the edge of the Khyber Pass, signed a document sanctifying the merger.

Furthermore, the sources here reported that the Peshawar-based rebels face increasing pressure from some of the fighting bands within Afghanistan—who themselves have begun cooperating more, according to reports here—to stop bickering and form a united anti-Soviet front.

In Afghanistan's second largest city of Kandahar, local rebels were reported to have told representatives of the Peshawar groups to either unify or get out of the area.

The local anti-Soviet forces in Kandahar picked their own leader, a former Afghan Army officer known only as Col. Esmatullah. They told fighters from the groups based in Peshawar that they had to take orders from him while operating in their area. With the local help that rebels depend on for food and shelter threatened, the fighters from Peshawar agreed to serve under his command, according to information received by Afghan refugees here.

Other signs of cooperation among fighting groups in Afghanistan have surfaced in diplomatic reports and information filtering here from a variety of Afghan sources over the past few weeks.

Two months ago, according to Afghans here, fighters from Hesbi Islami, a leading Peshawar-based group, and SAMA, a local group centered near the Afghan capital of Kabul, began working together on military operations and loaning each other specialized weapons such as rocket-propelled grenades for stopping Soviet tanks.

In late June rebel groups from two different parts of the country joined in a battle against the Soviets in Paghman, the old summer capital of Afghanistan just outside Kabul.

"Common sense has dictated that the Afghans help each other," said one former Afghan government official, now a refugee here.

The greatest impetus toward the merger came from an increased willingness of the Hesbi Islami group of Gulbuddin Hekmatyar—the largest and in many ways the most successful of the rival rebel camps—to throw its lot in with the rest on an equal basis, the emigre sources said.

The Afghan sources here, whose information is impossible to verify because Afghanistan generally remains off-limits to Western correspondents, said Hesbi Islami was becoming increasingly isolated, especially since it cut its ties to Saudi Arabia, and was relying completely on financial and military support from Iran.

But Gulbuddin was reported to have realized that the chaos in Iran was hurting his movement and decided to join the other groups, a reliable Afghan source here said. Gulbuddin, a former engineer described as "a cunning, scheming person," sabotaged earlier attempts made under pressure from the Saudis and other Arab states to unify the Afghan resistance. In January 1980, he joined a united front for four days and then quit because he said Hesbi Islami was more powerful than the rest and therefore should dominate any confederation.

This time, however, he appears resigned to going in on an equal footing. Copies of a document merging the six Peshawar groups into the Islamic Unity of Mujahiddin of Afghanistan call for monthly rotations of the new units' leadership among the heads of the six member groups.

Moreover, the six groups will have equal representation on the governing council of the united organization, close their individual Peshawar offices and end their separate activities, according to a copy of the manifesto, with three pages of signatures attached, that was received here.

The Peshawar organizations also agreed to put all their cash, military and nonmilitary equipment and property at the disposal of the unified organization.

[From the Economist, July 11, 1981]

BEARS BACK SLOWLY

Britain's foreign secretary Lord Carrington went to Moscow this week as spokesman for all the 10 European community member states. Their peace plan for Afghanistan, which he presented to the Soviet foreign minister, Mr. Andrei Gromyko, also had the explicit support of the American administration; and most of the third world is in sympathy with any attempt to end the war and enable the Afghans to get rid of the Russian army and return to non-alignment. Thanks to careful preparation, the EEC initiative did not open up any rift in the non-communist ranks that Russia might exploit to its advantage.

Of course, if it had caused a rift or looked like causing one, Lord Carrington would have been made more welcome in Moscow. Ever since the Russians invaded Afghanistan 20 months ago, they have been eagerly encouraging signs of disunity among the governments which lined up to condemn the invasion. They could not make anything much, for that purpose, out of the British foreign secretary's trip. They did what they could, depicting it as a bilateral contact between Russia and Britain, playing down Lord Carrington's role as current president of the EEC council of ministers, and carefully separating their press comment about the European initiative on Afghanistan from their announcements about the Carrington-Gromyko talks. But these tactics were defensive. The Soviet authorities did not want their subjects to take in the awkward fact that Lord Carrington had come to Moscow to propose a means of ending a war which is costing a lot of Russian lives as well as Afghan ones.

Now, through their official Tass agency, the Russians are putting out some rather agonised hair-splitting stuff about their foreign minister's reception of the peace plan—without, of course, giving the Soviet public a factual account of the plan itself. One Tass commentary leans heavily on the argument that the Soviet government, "not having accepted" the plan, has thereby rejected it. But Mr. Gromyko has taken care to avoid using such language. He called the plan unrealistic, but he would not say whether or not it would be given further consideration in Moscow; and he formally, if vaguely, declared an "intention to continue the dialogue".

BEAR AJAR

After 24 years as foreign minister, Mr. Gromyko is a recognized master of the art of leaving doors ajar, while arranging to have enough growls resounding from behind them to indicate an angry bear which might be

pacified if a new pot of honey were laid on the doorstep. Sooner or later, Russia will probably have to find a reasonably dignified way of getting out of its Afghan embroilment. Unless it has by then succeeded in changing the whole international balance, the way out will be backwards, and a respectable peace formula will be needed to cover the nakedness of the retreat. Simply to accept the new EEC proposals would amount to ditching the puppet regime that Russia has installed in Kabul at great cost in blood and treasure, and nobody expected an immediate da from Mr. Gromyko. But his mumbled nyet was meant to leave the door unslammed, in case the bear eventually needs it as an emergency exit.

Negotiation with the Russians is all the more likely to be a slow and arduous process when it involves getting their army to withdraw from occupied territory. After 1945 it took a decade to get their troops out of their zone in Austria and their bases on the coasts of Finland (Porkkala) and China (Lushun, better known as Port Arthur). Lack of quick results ought not to be taken as disheartening. Indeed, since it is a basic Soviet negotiating ploy to sit tight and wait for the other side to give way (the Russian negotiators themselves not being under pressure from a vocal public opinion at home, and not needing to worry about election years), there is all the more need for persistence with proposals which at first seem to be coming up against a brick wall. It took several years of such persistence, in the face of a rigidly negative Soviet attitude, to equip the 1975 Helsinki agreement with its provisions about human rights, which gave it a very different character from the one Mr. Brezhnev had in mind when he originally set out for Helsinki.

Although each of the EEC member states has had ample experience of these things, the community, as a fairly new diplomatic entity, may still have to guard against the temptation to take chances in the hope of chalking up some early achievements that would give it more prominence on the world stage. Its ideas about the Arab-Israeli dispute have, predictably, run into the discovery that that problem is a lot more complicated than it had thought. The Afghan project was better prepared. But it must be hoped that the Russians' refusal to give Lord Carrington any encouragement will not lead to any suggestion in the EEC's councils that the community's diplomatic laurels have become tarnished, and that "something must be done" quickly to remedy this—either by starting to revise the Afghan proposals so as to give the bear more honey, or by launching some other diplomatic project with more concern for speed than for thorough preparation.

It is understandable that the European diplomatic establishment should, at this stage in the community's evolution, wish to be seen to be doing something impressive. But if the choice of what to do is shaped almost entirely by that wish, the thing will surely end in tears.

Mr. ROBERT C. BYRD. Mr. President, I yield to Mr. PROXMIRE.

Mr. PROXMIRE. Mr. President, I thank my good friend the minority leader.

MEMORIAL BY HOLOCAUST SURVIVORS

Mr. PROXMIRE. Mr. President, the World Gathering of Jewish Holocaust Survivors opened its 4-day commemoration with a ceremony at Yad Vasham, the museum dedicated to the 6 million Jewish victims of Nazi concentration camps. The New York Times reported on June 16, that 5,000 holocaust survivors and their families assembled at the museum in Jerusalem. Each person carried a single rose to toss onto the floor of the Hall of Remembrance where the names of the concentration camps are engraved.

The survivors' remembrance of the horrible nightmare in their past is a symbol. This memorial symbol has no power of itself. It cannot bring back the lives of those who suffered and died in the past. It cannot even insure that others will not again suffer and die in the future.

Yet we cherish and esteem such symbolic acts. They unite all those who participate in them in a memorial to the past and a commitment to the future. The holocaust survivors who gather this week in Jerusalem share a common experience, a common dedication and a common symbol. They unite to send a message to the world: In memorializing the horrors of genocide in the past, they commit themselves to the hope that it will never happen again.

Mr. President, the Genocide Convention is also a symbol. It may or may not prevent the horrible crime from occurring in the future. It is a document which unites 86 nations in condemning the crime of genocide, and pledging that they will never support it in the future. Symbols speak a powerful message to the world, a message which bears in turn practical ramifications. I urge my colleagues to unite in conveying an important message to the world. I ask for ratification of the Genocide Convention.

Mr. President, I thank my friend the minority leader and yield the floor.

Mr. ROBERT C. BYRD. Mr. President, I yield my remaining time to Mr. LEAHY if he should need it.

Mr. LEAHY. I thank the distinguished minority leader, my friend from West Virginia.

RECOGNITION OF SENATOR LEAHY

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Vermont (Mr. LEAHY) is recognized for not to exceed 15 minutes plus the time allocated to him by the minority leader.

FINANCIAL STATEMENT

Mr. LEAHY. Mr. President, the various news services carry the official disclosure forms made by all Senators, so such further annual exercises would be redundant. With this in mind, I shall show my present net worth and a recap of my first-term disclosure:

Equity in Vermont home (appraised value less outstanding mortgage balance)	$34,403.90
Equity in McLean, Virginia residence used by Leahy family during the Senate session (appraised value less outstanding mortgage balance)	63,116.47
Amount paid in, and on deposit with, Federal Retirement System	25,535.79
Total of all personal property	25,000.00
Total net worth	148,056.16
In addition, during the six years of my first term in the Senate, my wife and I paid taxes including Federal Income Tax, Vermont State Income Tax, Vermont property tax, etc., in the amount of	85,421.75
During the six years of my first term in the Senate, my wife and I made charitable contributions of	8,751.30

WORLD FOOD DAY

Mr. LEAHY. Mr. President, world hunger is an issue that concerns us, but it is abstract. We feel a vague alarm, yet it is a problem for the future, another time and another place. World hunger—it does not affect us.

For years, as America has fulfilled its promise of plenty, we have ignored the simmering crisis of malnutrition facing over 500 million of the world's people. Children are dying, young people's lives are shortened, health complications abound, when people go hungry.

How many Americans are aware of the world hunger challenge? How many know of the world crisis we face now and the deepening crisis by the year 2000? How many see world hunger as a threat to international stability and our own national security?

These are questions that concern me and that prompt my introduction of this resolution to designate October 16, 1981 as World Food Day. The purpose of this observation, which falls on the 35th anniversary of the founding of the United Nation's Food and Agriculture Organization (FAO), is to alert all Americans to the gravity of the current world food situation and the dangers in the years to come. Events are already being planned in schools, churches, civic organizations, homes, and communities to highlight these issues. For example,

World Hunger Sunday which is observed by the United Church of Christ and the Southern Baptist Churches is on October 11 and churches are being encouraged to use this day for World Food Day recognition.

The United Presbyterian Church has put World Food Day on its liturgical calendar, meaning that all Presbyterian churches in the United States will be encouraged to mark the day in some way.

The Association of Business and Professional Women will hold a special con-

ference at the United Nations in New York during World Food Day and will plan special seminars on food issues for the day. Other U.N. ceremonies are planned, including the awarding of essay prizes on World Food Day themes by Secretary General Waldheim.

Campus seminars in conjunction with World Food Day are now officially programmed at several colleges and universities and many more are considering seminars under the encouragement of the National Association of Land Grant Colleges and Universities.

Gardens for All, a voluntary organization which helps set up community vegetable gardens, will inaugurate a garden at Burlington, Vt., on October 16 and will encourage all community garden clubs across the country to hold observances.

I strongly support these efforts. Increasing public awareness about hunger and hunger-related issues was one of the key recommendations of the Presidential Commission on World Hunger, which I served on last year. As the final report of the commission stated, any effort to meet the world hunger challenge—

Must have the support of the American people, many of whom are not yet aware of the extent or the severity of the hunger problem in either the developing countries or the United States. Polls show that the American public is sympathetic to the suffering of the hungry and poor but uninformed about the kinds of measures needed.

World Food Day not only will stimulate this education process, but also mark the anniversary of FAO, which has played an active developmental role in agriculture, fisheries, forestry, and nutrition.

FAO, the largest U.N. specialized agency, has programs in 128 countries, with over 2,800 on-going projects. These projects include the development of natural resources, crop and livestock production, rural development, fisheries and forestry development.

World food aid is handled through the World Food Programme, sponsored by FAO and the United Nations. This program includes emergency food aid through the International Emergency Food Reserve. FAO is also active in the prevention of food losses due to insects and other forms of spoilage.

Mr. President, I support these activities and I endorse the designation of October 16, 1981, as World Food Day. I urge my colleagues to cosponsor this joint resolution and join with me in this observance of the world hunger challenge.

Mr. President, I ask unanimous consent that a joint resolution sponsored by myself, Mr. ANDREWS, Mr. BAUCUS, Mr. BRADLEY, Mr. CRANSTON, Mr. DANFORTH, Mr. DIXON, Mr. DODD, Mr. DOLE, Mr. DURENBERGER, Mr. HATFIELD, the distinguished Presiding Officer, Mr. HEINZ, Mr. HUDDLESTON, Mrs. KASSEBAUM, Mr. KENNEDY, Mr. LEVIN, Mr. LUGAR, Mr. MELCHER, Mr. MITCHELL, Mr. PELL, Mr. PERCY, Mr. PRESSLER, Mr. PROXMIRE, Mr. PRYOR, Mr. SPECTER, Mr. STAFFORD, Mr. TSONGAS, and Mr. INOUYE be printed in the RECORD and appropriately referred.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The text of the joint resolution reads as follows:

S.J. RES. 98

Whereas hunger and chronic malnutrition remain daily facts of life for hundreds of millions of people throughout the world;

Whereas children are the ones suffering the most serious effects of hunger and malnutrition, with millions of children dying each year from hunger-related illness and disease, and many others suffering permanent physical or mental impairment, including blindness, because of vitamin and protein deficiencies;

Whereas, although progress has been made in reducing the incidence of hunger and malnutrition in the United States, certain groups, notable among native Americans, migrant workers and the elderly remain vulnerable to malnutrition and related diseases;

Whereas the United States, as the world's largest producer and trader of food, has a key role to play in efforts to assist nations and peoples to improve their ability to feed themselves;

Whereas a major global food supply crisis appears likely to occur within the next twenty years unless the level of world food production is significantly increased, and the means for the distribution of food and of the resources required for its production are improved;

Whereas the world hunger problem is critical to the security of the United States and the international community;

Whereas a key recommendation of the Presidential Commission on World Hunger was that efforts be undertaken to increase public awareness of the world hunger problem; and

Whereas the 147 member nations of the Food and Agriculture Organization of the United Nations designated October 16, 1981, as "World Food Day" because of the need to alert the public to the increasingly dangerous world food situation: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating October 16, 1981, as "World Food Day", and calling upon the people of the United States to observe such day with appropriate activities.

Mr. LEAHY. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HATCH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RECOGNITION OF SENATOR HATCH

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Utah (Mr. HATCH) is recognized for not to exceed 15 minutes.

S. 1483—THE RADIATION EXPOSURE COMPENSATION ACT OF 1981

Mr. HATCH. Mr. President, I appreciate the opportunity to introduce the Radiation Exposure Compensation Act today along with my colleagues Senators KENNEDY, GARN, CANNON, DECONCINI, LAXALT, HAWKINS, RANDOLPH, PELL, METZENBAUM, MOYNIHAN, DENTON, MATSUNAGA, HATFIELD, INOUYE, and MATHIAS.

The provisions of this bill establish procedures for compensating victims and the families of victims of low-level ionizing radiation that resulted from atomic bomb testing in Nevada in the 1950's and 1960's. This bill is a revised version of S. 1865 introduced last Congress and cosponsored by several Senators. This bill continues the same premise that the Federal liability extends from the failure of test officials to take appropriate safety and health measures, and the grossly inadequate and deceptive warnings the Federal Government provided to the general public.

In this bill we deal with a national tragedy, but one which is particularly acute in its effect upon the citizens of Nevada, Arizona, and my State of Utah. The major purpose of this bill is to make the Federal Government accept responsibility for actions it took in conducting open-air testing of atomic weapons during the 1950's and 1960's. We also provide for the means of properly assessing the long-term effects of such radiation exposures and their treatment and prevention. A great wrong was committed by the Federal Government in exposing thousands of Americans to harmful radioactive fallout while simultaneously conducting a massive campaign to assure the public that no danger existed. There are now many innocent suffering victims of the mistakes made by Government officials over two decades ago. Further, we have not yet satisfactorily resolved what I personally find the most distressing problem I have witnessed in my career. We must make sure that it does not happen again and to make certain that those who have suffered, and those who will suffer, will receive just compensation.

Over 2 years, we have held several hearings—we will hold more—and we will continue to learn about the testing program and the role of the Government—but much of what we have already learned is tragic. When these atmospheric tests were conducted, there was no thought given to the long-term medical and health problems that could result from the testing. Hours of investigation and hearing testimony indicate that there was a great "coverup" of the true facts in addition to suppression of reports and other crucial material. This has changed all too slowly. Although there have been no open-air tests in many years, we have never aided those whose lives were irrevocably altered for the worse nor admitted that beneath the "coverup" was a great wrong.

This legislation will not bring back the Americans we have lost. It will not heal those who are scarred or psychologically maimed for the rest of their lives. It will provide some justice and some solace to those affected, and it will highlight that we have begun to learn from the

many witnesses who took time to appear before Senate committees to reveal events that occurred during and after the testing.

From their testimony we learned many things, some quite shocking. We learned that the Federal Government did not inform the citizens of the health risks involved in atomic testing. Their Government's chief concern appears to have been keeping the tests on schedule. We also learned that the Atomic Energy Commission withheld evidence linking radiation from the fallout to higher incidences of leukemia and thyroid cancer and deaths of sheep herds. We learned also that Americans were sent into mines in New Mexico and Colorado to mine uranium ore even when the Federal Government, the only purchaser of such ore, knew the mines were unhealthy. Minimal precautions could have substantially reduced the health risks that the miners faced. Further, a great public relations campaign was developed and pursued by the Atomic Energy Commission to cover up the known health risks associated with radiation exposure. In addition we know a lot more now than we did then about what radiation can do, and the hazards associated with it. For example, what the Federal Government used to consider the maximum acceptable dosage of radiation was four times what it is today.

In light of what we have learned from a representative range of witnesses, it can be said now, with even greater confidence, that the fallout tragedy our bill addresses is a distinctive problem. Never before have American citizens become the victims of the peacetime use of nuclear weapons; and victimized not by radiation exposure in an industrial workplace, or on an island in the Pacific, but victimized without their knowledge or consent within their own farms, homes, and communities. Because of the joint work of the Labor and Human Resources and Judiciary Committees within the Senate. we have now provided the evidence. We have new knowledge that these Americans have a valid case and must be heard.

Every witness, Government and scientific expert from whom we have heard testimony revealed evidence of Federal liability. The Radiation Exposure Compensation Act of 1981 establishes that liability while providing necessary protections against nonmeritorious claims. Coverage of the bill establishes compensation to people who live in the affected areas or worked at the test site during the period of nuclear testing and who died from or have been affected by a radiation-related cancer. Also included under compensation eligibility are those individuals who worked in uranium mines during the time the Federal Government was the sole purchaser of uranium, and who have died from, have or have had uranium-related disease. Ranchers who lost sheep due to radiation explosure are also eligible for compensation. The bill provides coverage for those most clearly affected, but allows additional radiation-related diseases and geographical areas to be included based on the judgment of a blue-ribbon advisory board established under this law.

When an individual meets these time, geographic, and disease criteria, there will be a legal presumption that the disease was caused by fallout radiation from Government testing or from uranium exposure. This presumption could be rebutted, but the burden of proof would be on the Government.

Second, the Secretary of Health and Human Services is authorized to conduct a 5-year study of the health effects resulting from the atomic weapons test program conducted at the Nevada test site since 1951. Giving proper regard to the procedures of the peer review process established within the National Institutes of Health, our bill authorizing the Secretary's long-term health research authority does not specifically cite an office or center where these functions can be maintained. This having been said, I believe that the Secretary would be wise to select that already established facilities at the University of Utah where these functions can be most efficiently, effectively, and competently handled. As noted by the several comments made by experts at hearings held last year, the University of Utah pioneered the early research in this area. Dr. Joseph Lyon of the University of Utah published in the New England Journal of Medicine his study of childhood leukemias associated with fallout from nuclear testing. He concluded that a significant excess of leukemia deaths occurred in children up to 14 years of age living in Utah between 1959 and 1967. This excess was concentrated in the cohort of children born between 1951 and 1958, and was most pronounced in those residing in counties receiving high fallout. The scientific and professional staff at the University of Utah live and work closest to the problem and regardless of who receives funding we will look to them for the many unanswered pending questions in the long-term health care and treatment of ionizing radiation.

I might also add that the University of Utah sits in the middle of a State genealogical program that is the best in the world. Genealogical programs are essential to be able to trace back the health and other contributing aspects pertaining to the problems that might exist as a result of the atmospheric tests in the 1950's and 1960's.

Finally, this legislation would transfer from the Department of Energy to the Department of Health and Human Services functions relating to research on health effects of radiation. Further, this bill would make the Secretary of Health and Human Services the coordinator of all Federal programs of research into the human health effects of radiation.

New provisions in this legislation include a limitation on amounts of awards with the exact amount to be set at markup; a rebuttable presumption that fallout caused cancer; attorney's fees limited to 10 percent of the first $100,000 of awards plus 5 percent of excess; and that the advisory panel may determine other radiation-related diseases and other affected areas than defined in the bill.

I suspect that many of my colleagues may harbor the notion that this bill can be relegated to a mere regional interest, that it has importance only for the citizens living in southwestern States. Their suspicions are mistaken. This bill affects all of us. Not only would a great national wrong be at least partially righted, but also the repercussions of what the Federal Government did or failed to do during the years of and since the tests may have touched many areas of our country, among them including Akron, Ohio, and the upper reaches of New York State, where clouds that had earlier overcast the atomic test sites may have rained radioactive particles on the land and people in these parts of our country. Upholding a standard of fairness as fundamental to our American way of life means that when it is the Federal Government which is negligent, the Government must be called to account. It must be made responsible to and for its actions, and the people of our country should know about it.

At a town meeting in St. George, Utah, Mrs. Pat Walter summed up the problem with the following story:

> The way I feel about the government and their responsibility is this, I was trying to think of an analogy and the only thing I could think of was when I was a little girl, I used to stand on the mantlepiece above the fireplace and I'd jump down in my daddy's arms. He always caught me. I kind of feel like the government let me fall. They just didn't catch me when I jumped and I jumped with a lot of faith.

For, despite all the publicity, southern Utahans and those in surrounding States have remained calm. They have raised their voices, but only just loudly enough to be heard. In an era when patriotism has become unfashionable, they still remember their country. In a society where importunity is institutionalized and rewarded, they have remained patient.

Since the full details of the fallout story first became available, a number of us have grappled with the matter, trying to come up with the most effective and equitable legislative solution to the problem and one which would not further violate the Federal balance or bankrupt the U.S. Treasury. I believe, Mr. President, that Senators KENNEDY, GARN, CANNON, LAXALT, DECONCINI, RANDOLPH, INOUYE, HAWKINS, METZENBAUM, PELL, HATFIELD, MATSUNAGA, MOYNIHAN, DENTON, and MATHIAS and I have developed the most practical, humane, and proper alternative available to us as lawmakers. The people of the southwest United States and of my home State of Utah in particular, have suffered unspeakable hardships in the last two decades because of ignorance and because of mistakes made by the Federal Government in the 1950's and 1960's. These mistakes were avoidable, even without what we now know. Certainly they must never, ever again, be repeated. The patriotism, strength, and moral virtue of the citizens who testified at our Utah hearings were obvious to every person in the room at the time. They are part of our country's greatest natural resources, and with this bill we can do something practical to conserve it by meeting the honest debts of this society to these brave people.

I introduce into the RECORD at this time and ask unanimous consent that a copy of the bill, a copy of a summary and some questions and answers about the Radiation Exposure Compensation Act of 1981, and the "Dear Colleague" letter which we have sent to all of our colleagues in the U.S. Senate be printed in the RECORD.

There being no objection, the bill and the material were ordered to be printed in the RECORD, as follows:

S. 1483

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Radiation Exposure Compensation Act of 1981".

SEC. 2. (a) Title 28 of the United States Code is amended by adding after section 2680 the following new section:

"§ 2681. Liability for certain nuclear tests

"(a) Notwithstanding section 2680(a) of this title, the United States shall be liable—

"(1) for damages in an amount not to exceed $----------, plus unreimbursed hospital, medical, and funeral costs per individual to an individual who resided, for a period of one year between January 1, 1951, and October 31, 1958, in an affected area during such time as such area was exposed to low level radiation as a result of nuclear detonation, or who resided, between June 30, 1962, and July 31, 1962, in an affected area during such time as such area was exposed to low level radiation as a result of nuclear detonation, and who after January 1, 1952, died from, has, or has had acute leukemias or chronic myelogenous leukemia, thyroid carcinoma, pulmonary carcinoma, osteogenic sarcoma, or any other cancer identified by the Advisory Panel on the Health Effects of Exposure to Radiation and Uranium under section 4 of the Radiation Exposure Compensation Act of 1981;

"(2) for damages in an amount not to exceed $----------, plus unreimbursed hospital, medical, and funeral costs per individual, to an individual who worked for a period totaling at least one year for a contractor or contractors hired by the United States and who was hired to set up and dismantle nuclear tests at the Nevada Test Site between January 1, 1951, and October 31, 1958, or between June 30, 1962, and July 31, 1962, and who after January 1, 1952, died from, has, or has had acute leukemias or chronic myelogenous leukemia, thyroid carcinoma, pulmonary carcinoma, osteogenic sarcoma, or any other cancer identified by the Advisory Panel on the Health Effects of Exposure to Radiation and Uranium under section 4 of the Radiation Exposure Compensation Act of 1981;

"(3) for damages in an amount not to exceed $----------, plus unreimbursed hospital, medical, and funeral costs per individual to an individual who worked in a uranium mine in Colorado, New Mexico, Arizona, or Utah for at least one year between January 1, 1947, and December 31, 1961, and who after January 1, 1948, died from, has, or has had lung cancer or significant pneumoconiosis, as determined by the standards set in the International Labor Organization's 1980 revised manual. The International Classification of Radiographs of Pneumoconiosis, or any other disease or illness identified by the Advisory Panel on the Health Effects of Exposure to Radiation and Uranium under section 4 of the Radiation Exposure Compensation Act of 1981; and

"(4) for damages to a qualified sheep herd.

"(b) In any action filed under subsection (a), the court shall admit and hear evidence upon the question of whether the plaintiff meets the requirements provided in paragraph (1), (2), (3), or (4) of that subsection. If the court determines that the plaintiff meets such requirements, there shall be a rebuttable presumption that the damages alleged by the plaintiff were caused by exposure to radiation as a result of a nuclear detonation or exposure to uranium as a result of employment in a uranium mine, as the case may be. The court, after a determination that the plaintiff meets such requirements, shall admit and hear evidence rebutting such presumption and upon the question of the amount of damages to which the plaintiff is entitled.

"(c) Notwithstanding section 2401(a) of this title, any action commenced for damages described in subsection (a) shall be barred unless—

"(1) with respect to an action for damages described in paragraph (1), (2), or (3) of subsection (a), the complaint is filed—

"(A) within two years after the date on which the report is filed by the Advisory Panel on the Health Effects of Exposure to Radiation and Uranium under section 4(f) of the Radiation Exposure Compensation Act of 1981; or

"(B) within two years after the date on which the incidence of cancer is discovered; whichever is later; or

"(2) with respect to an action for damages described in paragraph (4) of subsection (a), the complaint is filed within two years after the date of the enactment of this section.

"(d)(1) Notwithstanding section 2678 of this title, no attorney shall charge, demand, receive, or collect for services rendered pursuant to an action brought under subsection (a), fees in excess of 10 per centum of the first $100,000 of any judgment rendered under subsection (a) and 5 per centum of any excess or in excess of 10 per centum of the first $100,000 of any award, compromise, or settlement and 5 per centum of any excess made pursuant to section 2672 of this title for a cause of action under subsection (a).

"(2) Any attorney who charges, demands, receives, or collects for services rendered in connection with such claim any amount in excess of that allowed under this subsection, if recovery be had, shall be required to make restitution of any such excess and may be fined not more than $5,000, or imprisoned not more than one year, or both.

"(e) For the purposes of this section, the term—

"(1) 'affected area' means—

"(A) areas shown to have received a significant level of fallout as a result of the nuclear detonation at the Nevada test site between January 1, 1951, and October 31, 1958, or between June 30, 1962, and July 31, 1962, as shown by the best available fallout maps, as determined by the Secretary no later than 90 days after the date of enactment of the Radiation Exposure Compensation Act of 1981; and

"(B) any other area within the United States identified by the Advisory Panel on the Health Effect of Exposure to Radiation and Uranium under section 4 of the Radiation Exposure Compensation Act of 1981 to have received a significant level of fallout as a result of the nuclear detonations at the Nevada Test Site between January 1, 1951, and October 31, 1958, or between June 30, 1962, and July 31, 1962; and

"(2) 'qualified sheep herd' means any sheep herd which is the subject of an action, initially commenced at least 10 years prior to the date of the enactment of this section, for damages caused to the herd by the Nancy nuclear detonation on March 24, 1953, or the Harry nuclear detonation on May 19, 1953.

"(f) The right to bring a civil action under this section is in addition to, and not in lieu of, any other remedy provided by a Federal law or program which provides for compensation or reimbursement to such person for damages described in subsection (a). The filing of an action under this section does not affect the rights of any person under such Federal law or program.".

(b) The table of sections for chapter 171 of title 28, United States Code, is amended by adding at the end thereof the following:

"2681. Liability for certain nuclear tests.".

SEC. 3. Section 1346 of title 28, United States Code, is amended by adding at the end thereof the following:

"(g) The district court shall have exclusive original jurisdiction of any civil action under section 2681 of this title for damages recoverable under that section due to exposure to radiation or uranium.".

SEC. 4. (a)(1) There is established within the Department of Health and Human Services an Advisory Panel on the Health Effects of Exposure to Radiation and Uranium (hereinafter in this section referred to as the "Advisory Panel"), which shall consist of seven persons not otherwise employed by the United States, appointed by the Secretary of the Department of Health and Human Services without regard to the provisions of title 5, United States Code, relating to appointments in the competitive civil service. At least five members of the panel shall be appointed from among individuals who are distinguished in the subject of the health effects in human beings caused by exposure to radiation and uranium.

(2) The Advisory Panel shall be appointed, and shall convene, within three months of the date of enactment of this section. The Advisory Panel shall meet at the call of the Chairman, or at the call of a majority of the members. Five members shall constitute a quorum for the conduct of business.

(b)(1) The Advisory Panel shall identify, for the purposes of recovery under section 2681 of title 28, United States Code—

(A) those types of cancer, other than acute leukemias or chronic myelogenous leukemia, thyroid carcinoma, pulmonary carcinoma, and osteogenic sarcoma, that are more likely than other cancers to develop in human beings after exposure to low level radiation.

(B) those diseases and illnesses, other than lung cancer and significant pneumoconiosis, as determined by the standards set in the International Labor Organization's 1980 revised manual, The International Classification of Radiographs of Pneumoconiosis, that are more likely than other diseases and illnesses to develop in human beings who worked in uranium mines for at least one year between January 1, 1947, and December 31, 1961, and

(C) those areas which have received a significant level of fallout as a result of the nuclear detonations at the Nevada test site between January 1, 1951, and October 1, 1958, or between June 30, 1962, and July 31, 1962.

(2) The Advisory Panel may undertake an investigation or study of any appropriate matter which is necessary in order to carry out its functions under this subsection.

(3) The Advisory Panel may, for the purposes of carrying out its functions under this subsection, hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence, as the Advisory Panel considers advisable.

(4) In order to avoid duplication of effort, the Advisory Panel may, in lieu of or as part of any necessary study or investigation required or otherwise conducted under this subsection, use a study or investigation conducted by another entity.

(c)(1) The Advisory Panel is authorized to obtain from any department, bureau, agency, board, commission, office, independent establishment or instrumentality of the executive branch of the Federal Government, records, reports, statistics, and any other information for the purposes of carrying out its functions under this section. Such records, reports, statistics, and any

other information shall be furnished to the extent permitted by law and within avaliable resources.

(2) The Advisory Panel shall promptly arrange for such security clearances for its members and appropriate staff as are necessary to obtain access to classified information needed to carry out its functions under this section.

(3) In any case in which the Advisory Panel obtains information under this subsection, the Advisory Panel shall not disclose any information exempt from disclosure under section 552(a) of title 5, United States Code, by reason of paragraphs (4) and (6) of subsection (b) of such section.

(d)(1) The Secretary of the Department of Health and Human Services shall, at the request of the Advisory Panel, appoint such staff personnel as may be necessary to enable the Advisory Panel to carry out its functions under this section. Such personnel shall be appointed subject to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid in accordance with the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(2) Upon request by the Secretary of the Department of Health and Human Services, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of the personnel of such agency to the Advisory Panel to assist it in carrying out its functions under this section.

(3) The Secretary of the Department of Health and Human Services may procure, on behalf of the Advisory Panel, temporary and intermittent services to the same extent as is authorized by section 3109(b) of title 5, United States Code, but at rates for individuals not to exceed the daily equivalent of the annual rate of basic pay in effect for grade GS–18 of the General Schedule.

(4) The Administrator of General Services shall provide to the Advisory Panel on a reimbursable basis such administrative support services as the Advisory Panel may request.

(e) Each member of the Advisory Panel shall be entitled to the daily equivalent of the annual rate of basic pay in effect for grade GS–18 of the General Schedule for each day of service (including traveltime) during which they are engaged in the actual performance of duties vested in the Commission. While so serving away from their homes or regular places of business, they shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed by the Government intermittently.

(f)(1) No later than one year after the date the Advisory Panel convenes as required under paragraph (3) of subsection (a), the Advisory Panel shall file a report with the Congress setting forth its findings pursuant to paragraph (1).

(2) The Advisory Panel shall continue in existence until three months after the date the report is filed under paragraph (1) of this subsection.

(g) The Advisory Panel is not subject to the provisions of the Federal Advisory Committee Act.

(h) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

SEC. 5. Section 301(b)(2) of the Public Health Service Act (42 U.S.C. 241(b)(2)) is amended by adding at the end thereof the following:

"(C) The Secretary shall conduct, and may support through grants and contracts, a comprehensive assessment of the adverse health effects resulting from the atomic weapons test program conducted at the Nevada Test Site since January 1, 1951. For the purposes of carrying out this subparagraph, there are authorized to be appropriated $2,000,000 for the fiscal year ending September 30, 1983, and for each of the subsequent four fiscal years.".

SEC. 6. (a) There are transferred to the Department of Health and Human Services all functions of the Department of Energy relating to research regarding the health effects of radiation on human beings, including those functions described in sections 31 through 33 of the Atomic Energy Act of 1954 and sections 103 and 107 of the Energy Reorganization Act of 1974, which relate to research regarding the health effects of radiation on human beings.

(b) To the extent necessary or appropriate to perform functions and carry out programs transferred by this section, the Secretary of Health and Human Services may exercise, in relation to the functions so transferred, any authority available by law, including appropriation Acts, to the official or agency from which such functions were transferred.

(c) The Secretary of Health and Human Services shall coordinate all Federal programs of research into the health effects of radiation.

(d) The provisions of this section shall become effective 180 days after the date of enactment of this Act.

SOME QUESTIONS AND ANSWERS ABOUT THE RADIATION EXPOSURE COMPENSATION ACT OF 1981

Q: Who is sponsoring the bill?

A: The bill is sponsored by Sen. Orrin G. Hatch (R-Utah), Sen. Edward M. Kennedy (D-Mass.), Sen. Paul Laxalt (R-Nevada), Sen. Jake Garn (R-Utah), Sen. Howard W. Cannon (D-Nev.), Sen. Dennis DeConcini (D-Ariz.), Sen. Jennings Randolph (D-W. Va.), Sen. Howard M. Metzenbaum (D-Ohio), Sen. Mark O. Hatfield (R-Oreg.), Sen. Paula Hawkins (R-Fla.), Sen. Daniel K. Inouye (D-Hawaii), Sen. Spark M. Matsunaga (D-Hawaii), Sen. Daniel P. Moynihan (D-N.Y.), Sen. Claiborne Pell (D-RI), Sen. Jeremiah Denton (R-Ala.), and Sen. Charles McC. Mathias (R-Md.).

Q: Who is covered under this bill?

A: This bill covers everybody who lived in the shadow of fallout from open-air Atomic Bomb testing during the 1950s and 1960s. It provides procedures for compensating people who lived in the affected areas or worked as civilian employees and who died from or have been affected by specified radiation-related cancer. It also covers those persons who mined uranium in Colorado, New Mexico, Arizona and Utah from 1947 to 1961 when the U.S. government was the sole purchaser of uranium. Ranchers who lost sheep due to certain open air tests are also eligible for compensation.

Q: What does the bill do for the victims who are still living?

A: A clinic and research center would be established, with initial funding of $2 million. The center will provide medical care (free or at low cost to victims of fallout), and will serve as an information-gathering research center to investigate the causes, symptoms and treatment of radiation-related health problems.

Q: What are the differences between this bill and S. 1865 introduced during the last session of Congress?

A: There are six major changes in this revised legislation. First, there is a limitation on amount of awards, with the exact amount to be set at committee mark-up; second, a rebuttable presumption that fallout caused cancer; third, attorney's fees are limited to 10 percent of first $100,000 of award plus 5 percent of excess; fourth, areas covered in this bill are those shown to have received a significant level of fallout as a result of the open air nuclear testing as shown by the best available fallout maps, as determined by the Secretary no later than 90 days after the date of enactment of the Radiation Compensation Act of 1981; fifth, the Advisory Panel may determine other radiation-related diseases and other affected areas; and sixth, the Advisory Panel, consisting of 7 members is now under the Department of Health and Human Services.

Q: Does this bill only concern itself with a small portion of the country and population?

A: No. This bill affects all of us. Not only would a great national wrong be at least partially righted, but also the repercussions of what the Federal Government did or failed to do during the years of and since the tests may have touched many areas of our country. For example, fallout may have been carried by clouds as far as the East Coast.

Q: Do you anticipate holding further hearings on this bill?

A: Yes. We have held several hearings during the past two years and we are planning to hold more hearings in September or October on specific provisions of this bill.

Q: How much money will be paid to the victims?

A: The courts will determine the exact amount of compensation. The Advisory Panel will determine what types of radiation-related cancer will be considered sufficient grounds for compensation. This panel will operate under the auspices of the Department of Health and Human Services. A monetary ceiling amount will be set by the Labor and Human Resources and Judiciary Committees after hearings are held.

Q: Does this bill affect the testing that may be planned yet in Nevada?

A: No. Many of the factors that created problems in Southern Utah, Nevada, and Arizona have been changed. Testing is now done underground, greatly reducing the amount of radiation released. Radiation is released only in rare circumstances ("ventings") which have been significantly reduced. Sampling procedures are dramatically improved over those used between 1953 and 1963, so that even if there were a leak of radiation (and that is doubtful), proper warnings could be given and adequate tracking is possible.

Q: What specific cancers are covered in this bill?

A: From expert medical advice, it was determined that the following cancers have a correlation with radiation: acute leukemias, chronic myelogenous leukemia, thyroid carcinoma, pulmonary carcinoma, osteogenic sarcoma. Other types of cancer may be identified by the Advisory Panel on the Health Effects of Exposure to Radiation and Uranium. For uranium miners, correlated illnesses are lung cancer or significant pneumoconiosis. Again, other diseases may be identified by the Advisory Panel.

Q: Why are you introducing this bill?

A: When the United States government began atmospheric nuclear testing in the 1950s—testing which was necessary for national defense purposes—the fallout from the "mushroom clouds" drifted across the farms, homes and communities of residents of the southwest desert states and may also have carried over into other parts of the country. They were not warned that the radioactive dust might make them ill immediately, or worse, set them up for cancers to appear later, sometimes as much as 30 years later. They were not told even the simplest precautions they could take to prevent this exposure. And as a result, many of these Americans have died from diseases precipitated by the fallout; many others are ill. Many more will be expected to become ill, and some die.

At the time some sheepmen sued the Federal Government for killing their sheep, but the case was thrown out of court. The Gov-

ernment had repressed evidence that indicated the bomb fallout could have caused the damage. They are suing again.

But in the case of human afflictions, the government has argued that any statute of limitations has run out. Those who are sick, they say, have waited too long to be able to sue.

I think that is basically unfair. Our hearings have clearly shown the Government was at fault. This bill is intended to give these people the means to obtain some redress of their grievances.

RADIATION EXPOSURE COMPENSATION ACT OF 1981

SUMMARY

1. Makes the United States liable for damages, arising from certain nuclear tests conducted at the Nevada Test Site, to certain residents, participants, and qualified sheep herds.

2. Establishes within the Department of Health and Human Services an Advisory Panel on the Health Effects of Exposure to Radiation and Uranium.

3. Transfers to the Department of Health and Human Services all functions of the Department of Energy relating to research on the health effects of radiation on human beings.

DIGEST OF BILL

Makes the United States liable for (1) damages arising from open-air nuclear tests conducted at the Nevada Test Site to individuals who have certain radiation-related cancers and who resided in certain affected areas for a period of one year between January 1, 1951, and October 31, 1958, or between June 30, 1962, and July 31, 1962; or who, for a period of one year during such dates, was a civilian employee at the Nevada Test Site; (2) damages to individuals who have certain uranium mining-related illnesses and who worked in a uranium mine in Colorado, New Mexico, Arizona, or Utah, for at least one year between January 1, 1947 and December 31, 1961; and (3) damages to a qualified sheep herd.

Establishes in any action filed under this Act, upon a determination by the court that the plaintiff meets the requirements of the Act, a rebuttable presumption that the damages alleged were caused by exposure to radiation as a result of a nuclear detonation or exposure to uranium. Limits the amount of attorney fees which can be received with respect to such actions.

Defines "affected area" to mean areas of the United States which received a significant level of fallout as a result of the Nevada Test Site detonations based on the best available fallout maps as determined by the Secretary of Health and Human Services (HHS) within 90 days of enactment.

Establishes within HHS a seven-member Advisory Panel on Health Effects of Exposure to Radiation and Uranium to identify, for the purposes of recovery under this Act: types of cancer not already identified in the Act which develop after exposure to low level radiation; disease and illnesses not already identified in the Act which develop after uranium mine employment; and areas which received a significant level of fallout and which are not already identified in the Act. Directs the Advisory Panel to report its findings to Congress within one year of the date it convenes.

Amends title III of the Public Health Service Act (General Powers and Duties) to direct the Secretary to conduct a comprehensive assessment of the adverse health effects resulting from the Nevada Test Site atomic weapons test program since January 1, 1951.

Transfers to the Department of Health and Human Services all functions of the Department of Energy relating to research on the health effects of radiation on human beings.

COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, D.C., July 8, 1981.

DEAR COLLEAGUE: We are planning to introduce legislation July 14 that will provide compensation to victims of radioactive fallout from atomic bomb testing in Nevada in the 1950s and 1960s. Senators Hatch, Kennedy, Garn, Cannon, DeConcini and Laxalt will be joining in the introduction of the Radiation Compensation Act of 1981.

These amendments establish procedures for compensating victims and the families of victims of low-level ionizing radiation that resulted from the Nevada testing. This bill is a revised version of S. 1865 introduced last Congress and co-sponsored by several Senators. This bill continues the same premise that the federal liability extends from the lack of safety and health measures taken by test officials and the grossly inadequate warnings provided to the general public.

Specifically, coverage of the bill extends to those who after January 1, 1951 died from or contracted the various diseases connected to fallout from the Nevada tests and to those who were uranium miners in Colorado, New Mexico, Arizona, and Utah between January 1, 1947, and December 31, 1961.

First, the bill would establish procedures to compensate people who lived in the affected areas or worked at the test site during the period of nuclear testing and who died from or have been affected by a radiation-related cancer. Also included under compensation eligibility are those individuals who worked in uranium mines during the time the government was the sole purchaser of uranium, and who have died from, have or have had uranium related disease. Ranchers who lost sheep due to radiation exposure are also eligible for compensation. The bill provides coverage for those most clearly affected, but allows additional areas or radiation-related diseases to be included based on guidance from the advisory board established under this law.

When an individual meets these criteria, there will be a legal presumption that the disease was caused by fallout radiation from government testing or from uranium exposure. This presumption could be rebutted, but the burden of proof would be on the government. The courts would then decide the amount of damages to which each victim would be entitled.

Second, the Secretary of Health and Human Services is authorized to conduct a five year study of the health effects resulting from the atomic weapons test program conducted at the Nevada test site since 1951. There are also provisions to support the maintenance and expansion of cancer-related research such as that conducted at the University of Utah.

Third, the legislation would transfer from the Department of Energy to the Department of HHS all functions relating to research on health effects of radiation. Further, this bill would make the Secretary of HHS the coordinator of all Federal programs of research into the human health effects of radiation.

New provisions in this revised legislation include: 1) limitation on amount of awards (the exact amount would be set at mark-up), 2) Rebuttable presumption that fallout caused cancer; 3) Attorney's fees limited to 10% of first $100,000 of award plus 5% of excess; 4) best available map of fallout pattern will be basis of setting geographic impact area; 5) the Advisory Panel may determine other radiation related diseases and other affected areas.

This comprehensive proposal comes after several years of investigation and discussion and many hours of public hearings. We plan to hold more hearings on specific features of the legislation. Let me reemphasize that should this legislation be enacted, it will not be the first time our Government paid for damages and diseases caused by atomic bomb testing. Compensation for similar injuries has already been extended to residents of the Marshall Islands and special provisions have recently been adopted for military personnel exposed to the same Nevada tests this legislation covers for civilians. All of the citizens with whom this legislation deals have suffered great losses.

We believe this is a good piece of legislation which will make strides toward rectifying a massive injustice, albeit more than 20 years after the fact.

This is why we urge you to join with us as a co-sponsor. Should you wish to do so, or if there are any additional questions you or your staff wish answered, please call either Steve Grossman (#4-3191) or David Sundwall, M.D. (#4-2563). Thank you.

Cordially,

ORRIN G. HATCH,
Chairman.
EDWARD M. KENNEDY.
PAUL LAXALT.
HOWARD W. CANNON.
JAKE GARN.
DENNIS DECONCINI.

● Mr. CANNON. Mr. President, the commitment of our Nation to remain strong militarily has been exemplified for three decades by nuclear testing at the Nevada test site. These tests have had the widespread support of the American public. Unfortunately, the other side of these important and positive activities has been the negative impacts visited upon test site workers and nearby residents who were unwittingly exposed to deadly radiation from the nuclear experiments in the fifties and sixties.

Partially due to negligence and partially due to ignorance, the effects of radiation exposure were downplayed by the Federal Government and the old Atomic Energy Commission. Local residents were encouraged to take to the surrounding hillsides to watch the spectacle of nuclear might. Test site workers were told to reenter the site following a test to clean up the debris and most of them spent their entire workday in a contaminated environment where they would eat lunch, use portable bathroom facilities, and come in contact with radioactive dust particles that covered the area following a test.

It was not until later that the horrible truth was revealed. Disproportionate numbers of cancer and leukemia victims were detected among the population groups that came into contact with the tests. The Government had deceptively minimized the health dangers of exposure and did not inform the public of the uncertainty that existed over the potential dangers of fallout and radiation contamination.

In light of these facts, many of which came out in important Senate hearings conducted in Nevada, Utah, and Arizona by Senators HATCH and KENNEDY during the last Congress, it is appropriate for the Federal Government to provide compensation for these victims, including uranium miners and ranchers whose sheep herds died from the exposure. The causal link between the testing and extraordinary disease rates in exposed areas has been sufficiently demonstrated to convince me that compensation should be afforded under Federal law.

This action is more than appropriate when you compare it with the fact that the Government may spend up to $2 billion to clear up radioactive waste scattered around atomic research sites in 13 States and the fact that residents within a 25-mile radius of the Three Mile Island nuclear powerplant will receive millions of dollars in a settlement of a class action suit brought following the well-publicized accident that occurred there in 1979.

Public Laws 88–485 and 95–134 have previously been enacted to provide compensation to inhabitants of the Marshall Islands exposed to fallout from nuclear testing at the Bikini Atoll in 1954. The individuals exposed under the Radiation Exposure Compensation Act of 1981 are no less deserving of some compensation for the tragedy, illness, and death caused in large measure by the cavalier attitude of the Atomic Energy Commission.

There is an important addition in this bill that was not a part of S. 1865, the compensation legislation introduced in the 96th Congress. Test site workers have now been wisely included in the compensable class of radiation exposure victims. The test site workers were not Federal employees and could not be compensated under the Federal employees compensation program. Because of the same question of casuality that is being settled by this bill, the Nevada State workman's compensation law has not yielded a single recovery because the employer denies any connection between the nuclear testing and cancer cases among test site workers. No such claims have been accepted by workman's compensation in Nevada.

I am gratified that the inclusion of the test site workers under the Radiation Exposure Compensation Act of 1981 will cover more than 80 percent of the test site workers. The version of the bill being introduced today covers the period of atmospheric testing only. During hearings on this measure, I will encourage the Committee on Labor and Human Resources to include under the compensation scheme workers who were exposed to radiation during underground testing as well. The merits of adding these additional workers are the same as for including the workers under the proposed bill. Nevada test site workers were routinely exposed to fallout from surface tests as well as from the 30 or so "vents" of underground tests which occurred between September 1961 and June 30, 1967. Venting means that the shots were not contained underground. Consequently, radioactive debris was scattered over large areas of the test site and the workers were exposed to it, as well as being required to reenter the firing tunnels to drill more tunnels for further tests.

On the merits, all Nevada test site workers who were so blithely exposed to radiation deserve compensation for any radiation-related disease which resulted. On the basis of physical proximity alone, their cause is at least as great as other beneficiaries of the compensation act.

The Radiation Exposure Compensation Act of 1981 is of vital concern to hundreds of my constituents whose lives have been disrupted and whose families have lost a loved one due to the nuclear testing. This compensation plan will never pay for the lost lives and the human misery, but it will go a long way to closing a sad chapter in the important development of atomic energy.●

Mr. KENNEDY. Mr. President, I am pleased to join with Senators HATCH, GARN, CANNON, LAXALT, DECONCINI, RANDOLPH, INOUYE, HAWKINS, METZENBAUM, PELL, MOYNIHAN, DENTON, MATSUNAGA, HATFIELD, and MATHIAS in introducing the Radiation Exposure Compensation Act of 1981. The major purpose of this legislation continues to be for the Federal Government to accept responsibility for actions that it took during the 1950's and 1960's that resulted in irreparable harm to American citizens.

During that period of time, because of the compelling needs of national security, the U.S. Government conducted an extensive series of atmospheric nuclear tests at a test site in southeastern Nevada. This testing program, considered an integral part of our national security, enjoyed the wide support of the American people.

At hearings held in Washington, Utah, and Nevada in 1979 and 1980, much was revealed about the atmospheric testing program, its health effects and the nature of Government deliberations at that time. Unfortunately, much of what we learned was tragic.

We learned that the Federal Government deliberately and consistently minimized the health effects of fallout from the atmospheric tests. We learned that the American people were not informed of the evidence that was gathered about the uncertainty of the health effects.

We learned that the Atomic Energy Commission withheld evidence linking radiation from the fallout to higher incidences of leukemia and thyroid cancer and deaths of sheep herds. We learned of the open hostility within the Atomic Energy Commission to medical staff raising health issues.

We learned that Americans were sent down into uranium mines to mine the ore to keep the testing program going despite the fact that it was known that the conditions of the mines were unhealthy and the precautions that could have been taken to minimize the health risks were not taken.

And, we learned that in the face of all these known factors and uncertainties, an all-out public relations campaign was mounted by the Atomic Energy Commission to assure those affected that there was no danger.

Mr. President, we are just now beginning to fully understand the results of the Government's failure to fully protect the health of the citizens who lived near the test site and who mined the uranium. In February of 1979, Dr. Joseph Lyon of the University of Utah published in the New England Journal of Medicine his study of childhood leukemias associated with fallout from nuclear testing. He concluded that a significant excess of leukemia deaths occurred in children up to 14 years of age living in Utah between 1959 and 1967. This excess was concentrated in the cohort of children born between 1951 and 1958, and was most pronounced in those residing in counties receiving high fallout.

Dr. Harold Knapp, a scientific analyst for the Atomic Energy Commission from 1960 to 1963, testified previously that in the downwind areas during the years of heavy testing, the dose of radiation to the thyroid of infants and young children who drank fresh milk could have been in the range of hundreds of rads. On the basis of his investigation, he found "a direct relation between the increase in thyroid cancers and fallout."

Dr. Donald Frederickson, recent Director of the National Institutes of Health, when asked to explain the reasons for the increase in sheep deaths in areas near the test site, said that it would be "probably impossible to conclude that radiation was not at least a contributary cause to the death of the sheep." An analysis of 3,500 underground uranium miners by the Public Health Service showed that working in those mines significantly increased the incidence of lung cancer.

Mr. President, in order to give you an idea of the magnitude of the injustice, let me cite a comparison to the recent crisis at Three Mile Island. During that incident the Governor of Pennsylvania, after consultation with health and nuclear experts, advised evacuation of pregnant women and children living within a 5-mile radius of the reactor where the radition doses were 2 to 25 milirems. And yet, no one warned citizens of Utah, Nevada, and Arizona who lived near the Nevada test site and who received radiation doses 40 to 500 times higher than that which triggered the evacuation near Three Mile Island.

At our hearing in Salt Lake City, Ms. Elizabeth Catalan who had grown up in St. George, Utah, and whose father had died of leukemia, expressed quite poignantly the feelings of many of those who lived in the affected areas:

> I don't feel bitter . . . but I feel used. I feel like we did what we were asked to do by the government, and the community went all out. And in return, we were used, we were conned. They knew. They knew, and they did not tell us. And I feel that had they told us . . . people would have cooperated, but I feel that we had a right to know.

Mr. President, no legislation can completely rectify the wrongs that have been committed against this group of American citizens. However, the legislation introduced today attempts to do all that can be done 20 years after the fact and tries to guarantee that it can never happen again.

Senator HATCH in his statement has outlined the various provisions of the Radiation Exposure Compensation Act. Basically, coverage of the bill extends to those who after January 1, 1951, died from or contracted the various malignancies connected to fallout from the Nevada tests and to those who were uranium miners in Colorado, New Mexico, Arizona, and Utah between January 1, 1947, and December 31, 1961. Ranchers who lost sheep due to radiation exposure are also eligible for compensation.

When an individual satisfies the various criteria established by the bill,

there will be a legal rebuttable presumption that the disease was caused by fallout radiation from Government testing or from uranium exposure. If the Government cannot meet its burden of proof, the courts would then decide the amount of damages to which each victim would be entitled within a yet to be determined ceiling.

Mr. President, I believe it is important to point out the precedent for this legislation. On March 1, 1954, the inhabitants of the Marshall Islands were exposed to radiation fallout from a U.S. thermonuclear detonation at Bikini Atoll. In 1964, Public Law 88–485 was enacted to compensate these people. Subsequently, the inhabitants began to suffer from thyroid cancer and other diseases, and in 1977 Congress enacted Public Law 95–135, which provided additional compensation for the people of the islands. I believe that we should show that same sense of responsibility and compassion for our own citizens.

RECOGNITION OF SENATOR WARNER

The ACTING PRESIDENT pro tempore. Under the previous order, the the Senator from Virginia (Mr. WARNER) is recognized for not to exceed 15 minutes. The Chair recognizes Senator WARNER.

S. 1484—NATIONAL OIL SHALE LEASING ACT OF 1981

Mr. WARNER. Mr. President, I rise today in order to introduce the National Oil Shale Leasing Act of 1981. I do so on behalf of myself, Mr. MCCLURE, chairman of the Energy Committee, and Mr. WALLOP.

Hearings that have been held in both the Armed Services Committee and the Energy and Natural Resources Committee have emphatically driven home the point that a nation which has adequate energy resources and assured access to these resources, insures its own national security.

Moreover, a nation which has abundant energy resources is able to assume a strong leadership position in the world and exert enormous influence in the movement toward worldwide peace.

America must break away from a ruinous dependence on foreign oil. We must break away from foreign domination in our energy decisionmaking.

To do so, America must develop all of its own energy resources to the greatest extent possible.

One such resource is oil shale.

The United States has some of the richest oil shale reserves in the world.

Oil shale deposits cover about 20 percent of the United States and are located in two major geologic environments:

First, the Devonian-Mississippian oil shale complex located between Texas and New York covers an area of 250,000 square miles; and

Second, the Green River formation oil shale complex covering an area of 17,000 square miles over the States of Colorado, Utah, and Wyoming is the world's largest known hydrocarbon resource.

It is estimated that the Green River formation contains 1.8 trillion barrels of shale oil, of which 600 billion barrels is recoverable by known technology.

Think of it. America's shale oil reserves are greater than the conventional oil reserves of the Middle East and Africa combined.

The estimated 600 billion barrels of oil now recoverable from shale equals about 90 percent of the known world reserves of conventional oil.

At the current U.S. consumption rate of approximately 6 billion barrels of oil per year, the recoverable shale oil reserves would meet America's needs for nearly 100 years.

Faced with these facts, it appears obvious that development of America's oil shale resources, compatible with protection of the environment, would go a long way toward reducing America's dependence on foreign oil sources.

However, in hearings before the Energy Committee, it has been pointed out that changes in the current Federal oil shale program are needed to foster oil shale commercialization—once the Federal prototype program demonstrates that such development can be accomplished in an economically, technologically, and environmentally sound fashion.

To facilitate the implementation of the Federal oil shale program, my bill would:

Expand the number of leases that can be held by a person from one to two per State and from two to four leases nationwide;

Allow an additional lease to be obtained in a State if both leases have produced in commercial quantities and one lease is within 10 years of being mined out;

Allow the Secretary of the Interior to issue additional leases at any time for off-tract uses necessary for the recovery of oil shale;

Provide for leases for the extraction of other minerals associated with oil shale;

Provide that additional leases issued under this act for bypass leases of small acreages of Federal land would not count toward State or national lease limits;

Transfer those functions relating to the fostering of competition of Federal leases, the implementation of alternative bidding systems authorized for the award of Federal leases, the establishment of diligence requirements for operations conducted on Federal leases, the setting of rates for production of Federal leases, and the specifying of the procedures, terms, and conditions for the acquisition and disposition of Federal royalty interests, taken in kind, which under the Department of Energy Organization Act, Public Law 95–91, 91 Stat. 565, had been placed in the Department of Energy, back into the Department of the Interior; and

Expedite judicial review of a decision of the Secretary to issue an oil shale lease under the act.

Mr. President, these provisions of the "National Oil Shale Leasing Act of 1981," taken together, will remove present roadblocks and open the way to an eventual dramatic increase in American production of American oil from American shale.

I am delighted that the distinguished chairman of the Energy and Natural Resources Committee, my friend Senator MCCLURE, has agreed to join with me in sponsoring this measure, as has my friend, the distinguished chairman of the Public Lands and Reserved Water Subcommittee, Senator WALLOP.

I commend this bill to the attention of our colleagues and invite further cosponsorships. Together, we have an opportunity to speed our Nation on its course toward true energy independence.

Mr. President, I ask unanimous consent that the bill in its entirety be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1484

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 1. This Act may be cited as the "National Oil Shale Leasing Act of 1981".

SEC. 2. Section 21 of the Act entitled "An Act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain", approved February 25, 1920 (41 Stat. 437), as amended (30 U.S.C. 241), is further amended as follows:

(1) In subsection (a)—

(A) delete "section" wherever it appears and substitute therefor "subsection"; and

(B) delete from the first sentence "so much of" and "or land adjacent thereto, as may be required for the extraction and reduction of the leased minerals,"; and

(C) delete from the second sentence "to" the first place it appears and substitute therefor "except when the Secretary determines that a larger area may be required to permit long-term commercial operations. Such lands shall ", and delete "to" the second place it appears and substitute therefor "such lands shall"; and

(D) delete from the eighth sentence "one lease" and substitute therefor "two leases in any one State and more than four leases nationwide", and delete from the eighth sentence "except that" and substitute therefor: "*Provided,* That a lessee may acquire one additional lease in any State where it has achieved production in commercial quantities from both existing leases in that State and it is within ten years of exhausting the commercially recoverable reserve on one of the existing leases: *Provided further,* That the limitation on ownership of oil shale leases shall not apply with respect to leases issued to avoid bypass of small acreages of Federal oil shale resources which could not otherwise be mined economically. However,".

(2) In subsection (c)—

(A) redesignate the existing subsection (c) as paragraph (c)(1); and

(B) add thereafter the following new paragraph:

"(2) The Secretary is authorized to issue leases pursuant to subsection (a) allowing the mining, extraction and disposal of other mineral deposits, in addition to oil shale deposits, that are contained in the lands covered by the lease, subject to such terms, conditions, and restrictions as may be imposed by the Secretary consistent with subsection (a), notwithstanding other provisions of this Act with respect to the leasing of such mineral deposits ".

(3) At the end thereof add the following new subsections:

"(d) The Secretary may lease such additional lands as may be required in support of operations necessary for the recovery of oil shale. Such operations may include the disposal of oil shale waste and the materials re-

moved from mined lands, and the building of plants, reduction works, and other facilities connected with oil shale operations, but shall exclude the removal of any mineral deposits contained in such additional lands. The Secretary may issue such leases after consideration of the need for such lands, impacts on the environment and other resource values, and upon a determination that the public interest will be served thereby. Any lease issued under this subsection for any lands the surface of which is under the jurisdiction of a Federal agency other than the Department of the Interior shall be issued only with the consent of that other Federal agency and shall be subject to such terms and conditions as it may prescribe. A lease issued under this subsection shall be for such periods of time and shall include such lands as the Secretary determines to be necessary to achieve the purposes for which the lease is issued, and shall contain such provisions as he determines are needed for protection of environmental and other resource values. Any lease issued under this subsection shall provide for the payment of an annual rental which shall reflect the fair market value of the rights granted and which shall be subject to such revisions as may be needed from time to time to continue to reflect the fair market value. Lands leased under this subsection shall remain subject to leasing under the other provisions of this Act where such leasing would not be incompatible with the lease issued under this subsection.

(e) Any action seeking judicial review of a decision of the Secretary to issue a lease pursuant to this section may only be brought within sixty days following the date the decision of the Secretary is announced and made public by publication in newspapers of general circulation in the areas affected. Any claim shall be barred unless a complaint is filed within the time specified. Any such complaint shall be filed in the appropriate United States district court. Notwithstanding the amount in controversy, such court shall have jurisdiction to determine such proceedings and to provide appropriate relief. Any such proceeding shall be assigned for hearing at the earliest possible date, and shall be expedited in every way by such court. No court shall have jurisdiction to grant any injunctive relief against the issuance of any lease pursuant to this section except as a part of a final judgment entered in a case involving a complaint filed pursuant to this section.".

(4) Subsection (b) of section 21 of such Act is amended by striking out "this section" and inserting in lieu thereof "subsection (a)".

SEC. 3. Section 27(e) of the Mineral Leasing Act of 1920 (41 Stat. 448; 30 U.S.C. 184(e)) is amended as follows:

(1) In paragraph (1) insert after the words "under this Act" the words "or, with respect to oil shale, exceeds in the aggregate the maximum number of leases allowed to any one person, association, or corporation under this Act,".

(2) In paragraph (2)—

(A) insert after the words "against the total acreage" in the first sentence the words "or the total number of oil shale leases";

(B) insert after the words "total acreage" in the second sentence the words "or number of oil shale leases"; and

(C) insert after the words "under this Act" in the second sentence the words, "or, in the case of oil shale, the maximum number of leases allowed to any one person, association, or corporation under this Act.".

SEC. 4. (a) There are hereby transferred to and vested in the Secretary of the Interior all functions vested in the Secretary of Energy by section 302 (b) and (c) (91 Stat. 578; 42 U.S.C. 7152) of the Department of Energy Organization Act.

(b) Section 210 (91 Stat. 577; 42 U.S.C. 7140) and sections 303 (91 Stat. 579; 41 U.S.C. 7153) of the Department of Energy Organization Act are hereby repealed.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business, not to extend beyond the hour of 10:40 a.m.

Mr. WARNER. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

VISITS TO WASHINGTON, D.C., BY 4–H GROUPS

Mr. BOSCHWITZ. Mr. President, during the course of the summer, many people from across the Nation in the 4–H groups are coming to visit the Capital of our country. They are coming here to get some understanding of our Government and how our Government works. But it is well to talk also about where they are coming from and what they represent. They represent the great heartland of our country. They represent the agricultural base of the United States.

So, as they come this summer, I welcome them, as do my colleagues here in the Senate.

Mr. President, we have indeed an extraordinary country in many ways. Perhaps one of the most extraordinary and unusual features is the great Corn Belt, the Middle West, the fertile heart of our country.

The great center of our country, Mr. President, is absolutely unmatched in the world. The idea of having that fertile area, an area that has the proper climate, that has the proper amount of moisture, that has the fertility to grow food, is unmatched anywhere else in the world.

There is, of course, the Ukraine, where the great wheatlands of Russia are, but they are so far north that they cannot grow soybeans or corn in that part of the country. It is very similar to Canada, as a matter of fact. There are also the pampas of Argentina, which are of approximately the same climatic and soil conditions but they shrink and pale in comparison to the great heartland of our country in size, fertility, productiveness, and ability to feed its own people.

Right through the center of that great heartland, Mr. President, we have an unusual river, an unusual river system, indeed, that allows the products of our fields to be taken to the marketplace. That, too, is an extraordinary thing. The Good Lord has indeed blessed this country. No more basic blessing exists than the ability to produce food, the ability to feed ourselves.

My State, Mr. President, is one of the large farm States of the country. It is also an unusual farm State, because we go so far north and also come down into the midst of the Corn Belt, as we border along Iowa. In the northern part of our State, Mr. President, we are unable to grow corn. In the southern part of our State, we are very heavy on corn, soybeans, and the other products that enrich this country. In the northern part, we grow potatoes, sugar beets, sunflowers, and crops that are not found in many other parts of our great Nation.

The other aspect of our agricultural system that is worth noting is the fact that it is based upon free enterprise, upon the private ownership of lands. There, the contrast must be made to Russia, because, in Russia, which is approximately two-and-a-half times our size, not 4 or 5 percent of the people live on farms, as they do in this country, but almost half of the people actually live on farms. Yet, despite that great number, the Russians are not able to produce enough food to feed themselves and, each year, they have various almost excuses, Mr. President, as to why the crop that year has not come up to expectations.

In Russia, each family is allotted approximately 2 acres to themselves. That is, if you live on a collective farm, you have a small plot of your own. On that plot, that family can grow what it wishes, they can consume what they grow, they can take what they grow to the marketplace. They can do with it what they want. From those 2-acre plots come proof of the free enterprise system, because those 2-acre plots, taken all together, constitute approximately 1 percent of the land that is planted, the land that is sown in Russia.

From that 1 percent of the land, where people are allowed to grow and consume and keep what they grow, approximately 30 percent of the agricultural output of Russia comes. So there is no question that when people are allowed to keep a reasonable share of what they produce, they produce more. That is the very basis of our free enterprise system. That is the very basis of our agricultural system that works so well and that has made us such a large exporter of agricultural products.

Mr. President, I am on the Committee on Agriculture. As a matter of fact, I am chairman of the Foreign Agricultural Policy Subcommittee of the Committee on Agriculture. The exports from our farms are among the most important parts of our economic picture. Last year we had exports of approximately $41.5 billion. We had imports of approximately $17 billion, so that we had a surplus—a surplus, Mr. President—of approximately $24 billion. That contributed mightily to the economic health and success of our Nation. That surplus, indeed, is growing.

If we look back, Mr. President, to 1970, we find that farm exports were somewhat less than $7 billion. Ten years later, farm exports have risen to $41.5 billion, a six-times growth. And it was not all made up of higher prices at all. As a matter of fact, prices are one of the principal problems of the farm. The fact is that they have not risen with inflation, despite the fact that farmers and what they buy in fertilizers, energy products, and so

forth, have indeed felt the blistering heat of inflation.

These remarks, Mr. President, about the vast, fertile heartland of our country, about the agricultural abilities of our country are made this morning because I wish to welcome the groups from our heartland, the young farmers of America, the 4–H groups that are coming, all through the summer, that are gracing our great Capital city. As they come, they also bring a certain grace and a reminder of what this country is all about.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. WARNER). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

HIGH-INTEREST RATES

Mr. BOREN. Mr. President, I rise again today, as I have each day for the past several weeks, to call the attention of my colleagues to the ever-increasing problems being created by continued high-interest rates across the country.

There can be no better illustration of the difficulties high-interest rates are causing than two articles that have appeared in the press in the last 24 hours.

Last night in the Washington Star, William A. Niskanen, a member of the Presidents Council of Economic Advisers, acknowledged what I have been saying for months—that interest rates are not coming down. Niskanen held a breakfast meeting of reporters yesterday morning and said that real interest rates—that is, the interest rate minus the rate of inflation—are now at an alltime high, and that he does not expect long-term-interest rates to drop more than 1 percent a year in the near future.

In the same article, Treasury Secretary Donald Regan, now acknowledges that the prime interest rate may possibly fall to 13 percent by the end of the year. I call your attention, Mr. President, to the fact that just 2 weeks ago, the Administration was stoutly contending that the prime rate could reach 10 percent by the year's end.

The implication of just a 3-percent error in interest rate calculations are staggering. To mention just one, a 3-percent differential on a $1-trillion national debt will make it utterly impossible to balance the budget in 1984 as the administration contends they will do.

Incredibly, Mr. President, despite these admissions, the administration says they will not make any changes in their economic policy or in the Federal Reserve Board's restriction on the growth of the Nation's money supply. They even say that they will stick to these policies even if it results in several quarters of no growth or even a decline in the economy.

It is hard for me to accept the apparent feeling of this administration that the only way to resolve this Nation's economic problems is to drive small businesses into bankruptcy and cripple large businesses such as the housing industry.

As further proof of the volatility of high-interest rates, I bring to the attention of the Senate an article in this morning's Washington Post in which the Chairman of the Federal Home Loan Bank Board, Richard Pratt, acknowledges that one-third of this Nation's savings and loans institutions are "not viable under today's conditions" of high, volatile-interest rates.

Mr. President, that means that 4,700 savings and loans with assets of $200 billion are in trouble. Pratt said that if nothing happens to help the industry, and interest rates continue at near-record levels, one savings institution every day will be reduced to a zero net worth. He added that the failure of these savings and loans could produce a $60 billion loss.

Mr. President, all of this grim information in the past 24 hours is, unfortunately, not new. Since I began this vigil on the Senate floor, and even before, you could find similar signs of economic deterioration in nearly any 24-hour period by reading the financial journals of this country.

I say again that something must be done now—not tomorrow or the day after, but now, I ask unanimous consent that the text of the articles to which I have referred be printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

INTEREST RATE PUZZLES TOP ECONOMIST

(By Jonathan Fuerbringer)

One of the Reagan administration's top economists acknowledged today that he can not explain why interest rates have not begun to drop despite a decline in the rate of inflation.

William A. Niskanen, a member of the president's Council of Economic Advisers, said that real interest rates—the interest rate minus the rate of inflation—probably are now at an all time high.

"The reason why they are staying so high is not obvious to me," Niskanen told reporters at a breakfast meeting. He said the continued high rates are the "most puzzling aspect" of the present economic situation. "We should acknowledge that we are puzzled by this," Niskanen said.

While declining to make any interest rate predictions, Niskanen said he does not expect long-term interest rates to drop more than one percentage point a year in the near future.

And he acknowledged that the overall decline in interest rates may not be substantial until the financial markets are more convinced of the success of the president's economic program. This may not occur, Niskanen said, until the administration unveils the additional $40 billion to $50 billion in spending cuts it must make in order to fulfill its promise of a balanced budget in 1984.

However, Niskanen said he would not make any changes in the administration's economic policies or in the Federal Reserve Board's sharp restrictions on the growth of the nation's money supply, even if it results in several quarters of no growth or even a decline in the economy.

In other comments, Niskanen said the bidding war in the House and the Senate over the tax bill has produced two proposals very similar in their economic impact. Referring to the bill being put together by Democrats in the House, Niskanen said "the opposing tax bill is so close to his (the president's) that it is difficult to get exercised about the differences any more."

And Niskanen acknowledged that while he "prefers" the administration tax bill, the proposed Democratic alternative "would represent a major gain relative to the present situation."

Other members of the administration, including Treasury Secretary Donald T. Regan, have recently acknowledged that their forecasts earlier this year of a decline in interest rates have proven wrong.

Regan now acknowledges that the prime lending rate, now between 20 percent and 20.5 percent, may possibly fall to 13 percent by the end of the year. The administration had initially talked of the possibility of reaching 10 percent.

He said a switch in economic policy now could be more detrimental than the impact of a longer than anticipated high interest rates.

The failure of interest rates to decline has been a problem for the administration all year and has led to billions of dollars of upward revisions in the projected deficit because of the high cost of borrowing to cover the federal deficit.

BANK BOARD CHIEF SAYS—SERIOUS LOSS OF FINANCIAL RESERVES CITED

(By Nancy L. Ross)

In the grimmest assessment to date of the troubled savings and loan industry by a government official, Federal Home Loan Bank Board Chairman Richard Pratt acknowledged yesterday that one-third of the nation's 4,700 S&Ls—with assets of $200 billion—are "not viable under today's conditions" of high, volatile interest rates.

In Capitol Hill testimony, Pratt confirmed reluctantly that he gave these figures to a closed housing policy meeting last week. The figures he cited then and confirmed yesterday point to deeper industry trouble than federal financial regulators have hitherto acknowledged.

If nothing happens to help the industry and interest rates continue at the near-record levels of the last eight months, Pratt predicted to the commission that one savings institution every day will be reduced to a zero net worth, the point at which all financial reserves set aside to cover losses are used up.

He said that under a "downside but not wildly, radically pessimistic estimate," the failure of these S&Ls could produce a $60 billion loss. The sale of assets and federal insurance would offset that figure by $15 billion, leaving a net loss of $45 billion, Pratt said.

Pratt previously had used more conservative figures in public, as he did again yesterday in prepared testimony to the House Banking Committee. He said that 263 federally insured S&Ls are on the regulatory agency's list of most troubled institutions and that the $6 billion available in federal insurance would be adequate to take care of any losses caused by the failures or forced mergers of such associations.

When committee Chairman Fernand St Germain (D-R.I.) asked Pratt to confirm a more pessimistic analysis made last week to a meeting of the President's Commission on Housing, Pratt said an account in Washington Financial Reports, a Washington-based newsletter, was accurate. But he did not discuss it further.

A spokesman for Pratt said yesterday the bank board chief was painting a worst-case scenario to impress the housing commission of the seriousness of the situation, but that mergers and other rescue actions could prevent such a $60 billion loss from ever actually occurring. He denied that Pratt was depicting a worse situation in private than he admitted in public.

Although Pratt did not give a time reference in his talk to the commission, one economist who asked not to be identified said yesterday that he thought Pratt meant that if interest rates do not abate and savings and loans are not given any help, the potential loss within a year could be 10 times worse than the potential losses acknowledged at the moment.

Pratt also told the commission that at the end of April, the bottom 10 percent of the industry (395 associations) had a net-worth-to-assets ratio of 1.68 percent, whereas the industry average was 5 percent. Those S&Ls are losing some $3.50 on every $100 of assets.

Overall, the savings and loan industry still has $31 billion of net worth at this time. Moreover, deposits of up to $100,000 apiece are covered by insurance at federally insured institutions.

Pratt, accompanied by two other federal regulators, testified yesterday on ways to alleviate the situation. They pressed for passage of the so-called regulators' bill that was nixed a few weeks ago by the Reagan administration as being too costly. The current version calls for interstate and interindustry mergers as a way of assisting failing financial institutions. The bill also would permit cash infusions to troubled institutions as an alternative to liquidating them or merging them out of existence.

SENATOR KASSEBAUM ON THE REPUBLICAN VIEW OF APARTHEID

Mr. PERCY. Mr. President, an important statement by Senator NANCY KASSEBAUM, the distinguished chairman of the Senate Subcommittee on African Affairs, appeared in the Washington Star of June 10.

The article speaks to the concerns of many people about the direction of the new administration's Africa policy, and takes issue with the "false, but widespread, belief among political commentators that the election signaled an American acquiescence to South Africa's institutionalized system of racial oppression, apartheid."

Quite the contrary is true, says Senator KASSEBAUM, who asserts that "We voted in November for principles that are, in fact, in direct contradiction to apartheid."

Mr. President, I commend Senator KASSEBAUM's article to all my colleagues and ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PRETORIA OFFENDS EVERYTHING REPUBLICANS STAND FOR

(By NANCY L. KASSEBAUM)

The euphoria in Pretoria and the despair in black African capitals about the conservative turn in American government originates in a false, but widespread, belief among political commentators that the election signalled an American acquiescence to South Africa's institutionalized system of racial oppression, apartheid.

The commentators focus on people on the vocal fringe of conservatism and overlook the mainstream Republican philosophy, and how that philosophy views the content and practices of apartheid.

We voted in November for principles that are, in fact, in direct contradiction to apartheid. We voted for maximum individual liberty and freedom of choice; for policies that are formulated with the family in mind; for widespread distribution of private property as a cornerstone of liberty; for the right of law-abiding individuals to pursue happiness without undue governmental intervention; and for a party that declared war on governmental over-regulation.

Apartheid is a system that, by law, prevents millions of South African families from living together as a family. Laws separate mothers, fathers, and children. There are even inspectors who roam the country looking for families who violate these unconscionable laws. Last year a woman and her employer were arrested when government inspectors barged into the house she was cleaning and discovered that the woman's two-year-old child was with her as she worked. The employer, the wife of an opposition politician, described the situation well when she told the judge in court, "It sounds as if we are in the days of Herod, marching from door to door looking for 'illegal' children."

It is simply inconceivable that anyone can really believe that the pro-family Republicans are in sympathy with such policies.

Apartheid is also a system that prohibits real home ownership by blacks (some 73 per cent of the population) in the major cities, offering instead perhaps the most pervasive system of government housing outside the Communist states. It is a system that says blacks can be the customers in downtown shops, but never the owners (or even managers) of the shops. It is a system that says that they can work on commercial farms, but never own the farm. Although South Africa is frequently described as "a bastion of free enterprise in Africa," the overwhelming majority of South Africans have never known free enterprise or the benefits in terms of human liberty that it can provide. Such a system holds little enhancement for a party dedicated to free enterprise.

PERMITS, PERMITS, PERMITS

And a party that has declared war on government interference and overregulation can only be appalled by apartheid. Apartheid is a system of 2,000 laws and regulations that prescribe almost every aspect of daily life. If you are white, you need a government permit to drive a friend home after work, if that friend is black. You need another permit to invite him to dance. And he needs a permit, which is never granted, to actually dance in a hotel or discotheque. There are even regulations on glasses and linens used by blacks in hotels. There is nothing in such a system that can appeal to any American, regardless of party.

The persistence of the belief that Republicans sympathize with apartheid comes from a journalistic lethargy that accepts labels at face value. The term "conservative" is used to describe the Republican Party in the U.S. and the defenders of apartheid in South Africa. Few have bothered to probe beneath the labels to seek what is being conserved.

It is ironic that those in South Africa who sound the most like Republicans by demanding the right to private property, the right to be considered for jobs without regard to race, and freedom from government regulation and interference at home, in the schools, and at work are described as "radical left" and even Marxists. It is also ironic that there is more harmony between the 1980 Republican platform and the decision of the "Marxist" government in Zimbabwe to dismantle a comprehensive system of public housing for blacks and to substitute a system of widespread home ownership (on the basis that the public housing system was "racist") than there is with the South Africa system.

Labels are always misleading, and they are especially misleading in Southern Africa.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

ECONOMIC RECOVERY TAX ACT OF 1981

The PRESIDING OFFICER. Under the previous order, the hour of 10:40 a.m. having arrived, the Senate will now proceed to the consideration of House Joint Resolution 266, which will be stated by title.

The assistant legislative clerk read as follows:

A joint resolution (H.J. Res. 266) to provide for a temporary increase in the public debt limit.

Mr. DOLE. Mr. President, in accordance with the order, at 10:40 a.m., which has some significance to taxpayers, we will now proceed to the consideration of House Joint Resolution 266, as amended by the Finance Committee. I think it is significant that we are embarking upon landmark legislation.

The distinguished Senator from Louisiana (Mr. LONG) is not yet in the Chamber, and while we are awaiting his arrival, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. COCHRAN). Without objection, it is so ordered.

Mr. DOLE. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is House Joint Resolution 266.

Mr. DOLE. It is my understanding that this became the business at the hour of 10:40.

The PRESIDING OFFICER. The Senator is correct.

Mr. DOLE. Mr. President, as I indicated at that time that is of significance to taxpayers, not the hour but the form, so at 10:40 we did begin consideration of House Joint Resolution 266, as amended by the Committee on Finance.

Let me state at the outset it is my hope that we can move quickly on this legislation. This is my first effort in trying to accomplish something of major significance in the U.S. Senate, and I will ask the indulgence of my colleagues if we make any errors in the process. But I hope we can complete action on this bill—maybe I am an optimist, being new on the job—Friday or Saturday of this week. But, if not, sometime early next week we can complete action.

I have heard some rumors that maybe it will take 7 to 10 days. I do not see how it could—on the other hand, I do see how it could, having been around here for a while, and knowing that most anything can take 10 days in the U.S. Senate. But, hopefully, we can move very quickly on amendments. If there are those in their offices who may be listening, it is my hope we can start on amendments as soon as those who want to make opening statements have made them.

I do not really see a great deal of need for extended debate. We have a fantastic piece of legislation, not because it came from the Committee on Finance and not because the Senator from Kan-

sas is on that committee, but because the President of the United States presented to us for our consideration what I deem to be the most far-reaching tax proposal in the history of the United States. We will be explaining that proposal throughout the day and throughout tomorrow.

We have a number of tables, everything from a comparison of the tax rates to the high cost of dying under the estate tax. We will have the high cost of dying until the end. Then we will proceed to set out the reasons why we believe we should stick with the President, and support the committee bill. The vote in committee was 19 to 1. Eight of the nine Democrats and every Republican voted for this bipartisan package. I suggest that, while I know there are a lot of people just burning with desire to rush over and offer some great amendment they worked on for a long time, the President made it rather clear yesterday to Republicans that he would prefer that we hasten action on this bill, not clutter it up with amendments.

There is going to be a second tax bill, and we may adopt some technical amendments, maybe one or two amendments, that will be accepted or at least voted upon. We may lose an amendment or two—I say "we," and I speak for the President—but I hope that for the most part we will be able to move very quickly.

The bill reported by the Finance Committee already does contain a number of provisions that the committee deemed important to the development of a fair and stable tax policy.

I am somewhat amused that on the other side of the Capitol, an interesting trend has developed. The press has been rather less than alert on this matter, but we have had a lot of discussion about how the Democrats are concerned about low-income Americans. So I was very pleased that they were able to address the problems of futures traders—one of those low-income groups—and provide an exemption for traders. They say there are some 2,500 traders and the House exemption amounted to $415 million. Now, that is a rather significant advance for those in this particular low-income group.

I would hope that before the House Ways and Means Committee completes consideration of their proposal they will adopt the Senate Finance Committee version of that provision which, I might say, was pioneered by the distinguished Senator from New York, Senator MOYNIHAN. It was adopted in the Senate Finance Committee not because we have any quarrel with the futures traders but because we have examples. One that had been called to my attention was that in 1978 a trader made $530.000 in long-term capital gains and paid no taxes. In 1979, the same trader made $2.3 million in long-term capital gains and paid no taxes.

If we are talking about tax reductions and tax equity, it would seem to me—and the traders are all nice people, some of them are friends of mine—that we are going to have to make certain that a loophole like this is closed. And on a vote of 18 to 2 in the Senate Finance Committee this loophole was closed.

I was somewhat surprised, very honestly, by the vote in the House of 25 to 8 where they, in effect, exempted one group. There is still time, of course, to rectify what I consider to be a mistake.

I ask unanimous consent to insert in the RECORD the July 15, 1981, editorials from the Washington Post and the New York Times.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Washington Post, July 15, 1981]

BACK IN THE STRADDLE AGAIN

The tax debate this year has been remarkably unencumbered by the sort of good government attempts to close loopholes and otherwise simplify the tax code that normally go by the name of tax reform. There is, however, one important move in that direction in the tax bill coming to the Senate floor. This is a provision ending a $1.3 billion tax dodge known as the "commodity tax straddle." Wait till you hear who's on which side of this one: despite strong backing from the Reagan administration and bipartisan support in the Senate Finance Committee led by Chairman Robert Dole, the reform may now be jeopardized by a contrary Democratic majority vote in the House Ways and Means Committee. This, it is feared, could fuel opposition on the Senate floor.

The commodity tax straddle is a complicated transaction in which investors contract simultaneously to buy and sell some commodity—Treasury bills are the current favorite, silver used to be—at future dates at a specified price. Depending on whether the price of the commodity goes up or down, one contract will show a loss and the other an offsetting gain. The trick is to space out contracts so that losses can be offset against high taxed income or short-term gains in the current year, while gains are deferred until they qualify for the much lower capital gains tax. Staying in the game from year to year can even allow people with millions in income to avoid taxation indefinitely.

The commodity tax straddle is a tax avoidance gimmick pure and simple. IRS studies show that if simple profit were the motive, a roulette wheel would offer better odds. In the dismal history of tax reform, however, standard practice requires that, while tax abuse be widely abhorred, any change be attacked as unacceptably disruptive. In this case the commodity traders are shrieking that closing the loophole will destroy the commodities market by robbing them of needed capital.

The specifics of the Finance Committee's reform, however, cast considerable doubt on the likelihood of a massive loss of liquidity in the commodity markets. The bill would require a once-a-year accounting of trading gains and losses (a simple matter in commodity markets since gains and losses on current positions are tallied daily) and a maximum tax on net gains, no matter how short term, of about 32 percent. Guaranteeing a low tax rate to all investors—not just those who can cope with the intricacies of straddles—will, the committee argued, attract as least as much capital as the loss of the specialized preference will discourage.

Having failed to make their case in the Finance Committee, the commodity traders pulled out all the stops in the House. With the help of yacht parties, big-time lobbyists and letters from NCPAC, they cajoled the Ways and Means Committee into a lopsided vote preserving the tax straddle for professional commodity trades but nobody else.

Now that the parties are over and the boys from the Chicago exchange have gone home, it is time for a little sober reconsideration in the House and continuing sobriety in the Senate. Commodity trades are, no doubt, important facilitators of the mysterious workings of the market. Some provision may well be needed to ease the shock to traders who would face big one-time tax bills on their large accumulated profits. But we know of no special claim to moral precedence that would entitle the traders, alone among society's many useful citizens, to a continuing free ride at the taxpayers' expense.

[From the New York Times, July 15, 1981]

ENOUGH OF STRADDLES

In recent years, well-heeled investors have latched onto a dandy gimmick for reducing taxes and even deferring them indefinitely. It's called the "commodity tax straddle," and is almost as hard to explain as it was to discover. But luckily for most ordinary taxpayers, Congress has finally caught up with this $1.3 billion loophole. Committees of both the House and Senate have recommended changes in the law that would at least close it somewhat.

The question now is whether Congress will find the courage to eliminate the gimmick altogether, by denying the dodge to those who use it most successfully, the professional commodity traders.

A straddle is a pair of contracts—one to buy and one to sell the same commodity for delivery on different dates. One can, for example, buy 100,000 ounces of silver for delivery next January and sell the same amount for delivery in February. The value of these individual buy and sell contracts fluctuates enormously from day to day. But a straddle limits the risk; any decline in the value of one such contract is largely offset by gain on the other.

Say the price of silver goes down after the investor has made the commitments to buy and sell. He can then close out the contract to purchase at the higher price, and write off the loss against other taxable income. But his contract to sell silver at a higher price has now gained in value by an almost equal amount, so the loss exists only on paper. Moreover, the tax owed on the gain is deferred until it is actually realized. And better still, that tax can be deferred again and again by sheltering every realized gain with another such straddle.

At the prodding of Senator Moynihan—and with the support of the Reagan Administration—the Senate Finance Committee has now proposed measures to counter this evasive strategy. Its bill would require investors to pay taxes on net gains in commodities contracts at the end of the year, whether or not the gains have been realized.

The House Ways and Means Committee took a similar approach, but with one big difference; it would exempt some 2,500 professional commodities dealers, at a cost to the Treasury of more than $400 million a year.

When not distributing campaign contributions in Congress, the dealers have offered the legislators a rationale for their exemption. Commodities transactions would be shifted to London, they warned, if they lost the tax break. Treasury Secretary Regan scoffs at the threat, arguing that the advantages of dealing in the United States far outweigh the potential cost. As the former head of one of America's largest commodities dealers, Mr. Regan ought to know.

The fact is that the commodity tax straddle serves no public purpose. The dirty secret is out. Congress should ignore the dealers' threats as well as their contributions.

Mr. LONG. Will the Senator yield?

Mr. DOLE. I am happy to yield to the Senator from Louisiana.

Mr. LONG. Mr. President, let me say to the distinguished Senator that I believe that those of us on the Finance Committee have pretty well agreed for years now that any person who makes a large amount of money, no matter how he makes it, ought to pay some Federal income tax; that they should not just have a complete free ride, even if they are engaged in doing something that is very much in the national interest.

No one has more sympathy for oil and gas producers, I suppose, than I do, because I think that Louisiana produces more oil per acre than any State in the Union. I am a producer myself, a royalty owner, and a great number of my friends and a great number of my campaign contributors are producers and royalty owners.

But I, myself, have insisted that we draw those laws so that anybody in that business is going to pay some taxes. I am not trying to put a back-breaking tax on anyone who is trying to produce energy for the country or doing something in the Nation's interest. I just insist that everybody ought to pay something.

It costs money to defend this great country. It costs money to protect the property rights of citizens, if that were the only activity of the Government.

But those who have a lot of money certainly need to pay somebody to protect it for them. We have to have an Army, a Navy, an Air Force, a police force, an FBI, and a Justice Department, among other things, in order to protect people's property rights, just to mention one activity of Government that should be strongly supported by people who have substantial wealth and by people who make a lot of money.

Those people ought to be willing to pay something for the many goods they enjoy about America. The idea of letting those people get by without paying a penny does not appeal to this Senator at all.

Some of the people contributed to my campaign, just as I am sure they contributed to the campaign of the Senator from Kansas and perhaps everybody in the Senate.

Mr. DOLE. On both sides, right.

Mr. LONG. And I am grateful. But, at the same time, when some of these people came by to see the Senator from Louisiana, the first point I made was people ought to pay some tax. They said, "We want to fix it up so the rock stars cannot get by without paying any taxes." I reacted, "How about you fellows? You are making lots of money. Don't you think you ought to pay something?" Frankly, I could not find anybody in the room who could offer a good explanation of why they should not pay something.

I do not think that any of us on the Finance Committee, or any Senator, should be willing to go along, knowingly, with the situation where somebody makes a million dollars or $5 million or $10 million and gets by without paying 1 red copper cent of taxes.

I think the Finance Committee took that attitude. I am not wedded to precisely the details about how we do it. I just think we ought to see to it that everybody who makes a lot of money, certainly everybody who makes a million dollars, ought to be willing to pay something for this Government to protect him and all those property rights and the right to make that kind of money.

God knows where the world would be if it was not for the United States trying to save democracy for the world and save freedom for people. But it is a burden we should all share.

Is it fair to say the chairman of the committee, speaking for the Republican side of the aisle, feels that everybody who makes a lot of money should pay something just like the Democrats over here have voted everybody should pay something?

Mr. DOLE. I certainly share that view. I must say it was a bipartisan exemption on the House side. Members of both parties voted to exempt the traders from the tax.

But I think the amendment we have in our bill is a very fair amendment. It says the rate is going to be 32 percent. That is a lot better deal than many taxpayers have. It would seem to me it was a compromise, in a sense. Some thought the rate ought to be 40 percent.

The Senator from Ohio is on the floor. I think he has been very interested in this matter.

But I would hope the House Ways and Means Committee would reconsider this action. Some day we will want to go to conference. I assume we will have a conference.

But, in any event, I certainly agree with the Senator from Louisiana. As he has indicated, these are nice fellows and they are great contributors. They have not missed a fundraiser. If you do not pay any taxes, you can afford to go to all the fundraisers.

The thing that I think frustrates some of us from farm States is that there has been a charge made that we have gone too far. I think even the Secretary of Agriculture, maybe not understanding the problems, suggested as much.

I have asked the Secretary this morning to take a look at—he cannot look at their returns—but take a look at the questions the Senate Finance Committee has discussed before he makes a judgment on that. He is concerned about the futures market for farmers. We provided an exemption, a hedging exemption, to take care of that problem. I hope we are not doing a disservice to any class of Americans.

The President himself mentioned yesterday that while the Democrats in the House talked about the poor, they have passed this little $415 million tax break for some 2,500 futures traders. I do think it makes it rather difficult for TIP O'NEILL or DANNY ROSTENKOWSKI to stand up with a straight face and say, "We are helping the poor." Maybe they can do it. I guess, with practice, you could do it, but it would be difficult.

Mr. METZENBAUM. Mr. President, will the Senator from Kansas yield?

Mr. DOLE. I am happy to yield to the Senator.

Mr. METZENBAUM. Mr. President, this is an issue on which I have had a good deal of concern. As a matter of fact, when the budget matter was before the Senate, I offered an amendment, during the budget debate, in anticipation of the Finance Committee's action, attempting to convince my colleagues that there would be $1.3 billion available if we would close this loophole.

I rise to commend the chairman of the Finance Committee, the ranking minority member, and the distinguished Senator from New York for their leadership in doing something about one of the major loopholes that exists in our laws today. When the matter was brought to the attention of the Senator from Kansas, he proceeded with dispatch. He inquired into the subject, he looked at the facts, and has acted aggressively to pick up those dollars to which the Treasury is rightfully entitled.

I do not rise to address myself to the question of whether the rate ought to be 30, 32, or 36. That seems to me to be a detail and I have no problem with the result that the Finance Committee came up with. But I agree with the Senator from Louisiana that everyone should be required to share a part of the tax burden.

I have not hesitated in the past to complain about tax loopholes and special tax privileges. In this instance I rise not to complain but to commend.

I think the Senate Finance Committee has acted with propriety, with good judgment, and with good leadership. I hope the House reconsiders its point of view because if it is, indeed, speaking to the question of being fair in a tax bill and not having a tax bill for the rich, then it can hardly justify a total exemption for the traders in connection with commodity straddles.

There has been good leadership shown on the side of the Senate Finance Committee. I rise to support and commend. I am proud if I have had some little impact upon moving them in that direction. Whether I did or did not is really of little consequence. I am just delighted to see that this matter has been taken care of.

Mr. DOLE. I thank the Senator.

We are not talking about people getting special treatment. We are talking about a $1.3 billion pickup in revenues in 1982. We are not certain what it will be in fiscal years following 1982. It could be substantially more. So this is not just some little $10 million loophole that has been closed.

We believe when the House Ways and Means Committee subtracts from that $1.3 billion the $415 million to $425 million lost by exempting the traders, in effect, they will find they have done a disservice to everyone else we are talking about in this tax package. The House Ways and Means Committee still has time to correct the error.

It was a tentative decision. I am not casting aspersions. I know the chairman on the House side was not involved in that at all. But I wish they would take a look at some of the sanitized tax returns that we took a look at. It would not be hard to make a judgment.

Aside from that, there are other very important issues in this legislation, but

I do believe this issue is one that will come to haunt some on the other side unless there is a change made.

I believe there has been some question about whether the Senate should proceed until the House has acted. I do not see that as a problem. There are certainly precedents which I will discuss later on.

We have also had a legal memorandum prepared laying out the precedents. But let us review the reasons why the Senate is proceeding on tax legislation at this time.

CULMINATION OF AN EXTENDED PROCESS

Senate consideration of this legislation is a major step in a process of revising our tax policy that began well over a year ago. To understand the significance of this legislation before us, I believe it would be helpful to review briefly the history of this process. When Congress passed the Tax Reduction Act of 1978, it believed that it had provided significant tax relief for the American people. It did not. The unprecedented double-digit inflation of the last few years more than wiped out the 1978 tax cut. It has aggravated existing distortions in the taxation of corporate income, savings income, and investment income that had resulted from previous incident.

By the time Congress began to consider the so-called windfall profit tax in 1979, it was clear that the 1978 tax cut had failed to restrain the growing tax burden. Despite that fact, Congress legislated a major tax increase by approving the windfall profit tax.

Mr. President, in early 1980 the impact of this growing tax burden on the American economy became all too clear. In the first quarter of 1980, the gross national product dropped at a 9-percent annual rate, while unemployment neared 8 percent. Despite this economic decline, the inflation rate remained around 13 percent in 1980.

In June of 1980, candidate Reagan proposed immediate congressional action of a 10-percent individual tax cut and the 10–5–3 system of accelerated depreciation for business plant and equipment. The Reagan proposal was made in recognition of the urgency of our economic ills and the key role of tax policy.

In response to the Reagan initiative, in August the Finance Committee, under the chairmanship of Senator LONG, reported H.R. 5829, the Tax Reduction Act of 1980. That bill would have provided tax rate reductions in every income bracket, an accelerated and simplified capital cost recovery system for tax purposes, and other provisions to increase productivity, investment, and the rate of savings. Many of these provisions are incorporated, in some cases with modifications, in the legislation we now have before us.

Mr. President, H.R. 5829 was never enacted because of opposition from the Carter administration and the then-Senate leadership. Now President Reagan has asked us to continue the process begun with H.R. 5829 and help him fulfill his campaign promise of across-the-board rate reductions for all individuals and accelerated cost recovery for business plant and equipment. The bill before us provides for both. It also includes an offset to the marriage tax penalty, incentives for retirement savings, and a number of other provisions that will help restore equity to the tax system and get our economy moving again.

A NEW DIRECTION FOR TAX POLICY

We need a tax policy that favors work, savings, productivity, and investment. That is what Secretary of the Treasury Regan has stressed to the members of the Finance Committee; that is what the President believes; and that is what the members of the Finance Committee have attempted to provide by reporting this bill by a vote of 19 to 1. We believe this legislation will remove disincentives to rational economic decisionmaking that have been induced by inflation and by a past tendency to think short-term when it comes to tax policy.

The Economic Recovery Tax Act of 1981 will bring stability to tax policy with its multiyear approach. The bill will encourage long-term economic growth by freeing the private sector from excessive taxation and the distortions of inflation. Overall, this bill is designed to reduce tax considerations as a factor in economic decisions, not to use the Tax Code as a tool for structuring those decisions. That is a major shift in tax policy, and a much-needed shift.

Mr. President, in a very real sense this bill continues the change in direction for tax policy that was begun with the capital gains tax reduction in 1978. We have learned that higher tax rates can often mean lower revenues, and that there is a point at which high tax rates do more harm to the economy than the Government can remedy by spending the revenues generated by the tax system.

The key to understanding this legislation is the fact that the American people are convinced that we have passed the point where higher taxes are productive, either for individuals or for the Nation. For that reason this bill stabilizes the tax burden and begins to reduce the trend toward higher rates of tax on all forms of income. We should not forget that this is the largest tax bill in history because of the automatic tax increases that we have allowed to become built into our tax laws.

As the administration has reminded us, a 22-percent tax reduction is needed over the next 3 years just to keep taxpayers even with the effects of inflation on tax rates. Those who prefer a smaller tax cut, or one limited to 1 or 2 years, ought to be prepared to justify their preference in light of the tax increases that Americans will face if the commitment to 3 years of rate reductions is not met.

Mr. President, I indicated earlier I would hope that we can keep this bill fairly clean, but I understand from past experience and from discussions with the Senator from Louisiana that is not always possible. We are going to do the best we can.

Let me touch very briefly on the question of how far the Senate should go before the House acts.

AMENDMENT TO HOUSE-PASSED BILL

The House of Representatives is entrusted by the Constitution with the responsibility of originating revenue bills. For that reason, the committee has reported this legislation as an amendment in the form of a substitute to a House-passed debt limit bill. The House has consistently treated debt limit bills as revenue bills, and the Senate has often attached different revenue provisions to House-passed revenue bills.

We all hope and expect that the House will complete action on the tax bill in time for final action before the recess but, given the time pressures involved, there is no reason for the Senate to wait on the House before acting on the tax bill. We have no desire to usurp the prerogative of the House, but there is certainly no harm in reminding the House leadership of the urgency with which the American people view the need for tax reduction.

I might say as an aside, I have been in constant touch with the chairman of the Ways and Means Committee—in fact, less than 35 minutes ago. There is no problem between Chairman ROSTENKOWSKI and the chairman of the Finance Committee. We understand that we are racing the calendar, not each other, trying to make certain that there will be tax reductions for the American people this year. That is the view he has and that is the view that I have.

INDIVIDUAL INCOME TAX REDUCTIONS

The centerpiece of the bill is a multistage, across-the-board cut in individual income tax rates. This implements, with a few minor changes, President Reagan's "5–10–10" tax cut proposal.

I might say as an aside that the pioneer in this effort is not present on the floor, the distinguished Senator from Delaware (Mr. ROTH). As I recall it, about 4 years ago, he started this across-the-board effort. We are now seeing it about to come to fruition, at least as far as the Senate is concerned.

These tax cuts will encourage people to work more and save more. That is what we are told. Most of us want to see that, and we believe it can happen. These cuts will help redirect individual efforts toward productive activity and away from tax avoidance.

By allowing people to keep a larger percentage of their earnings, individual income tax cuts are an essential element in any program to reduce the role of the Federal Government in the economy.

Specifically, the bill reduces taxes by approximately 1 percent in 1981, 10 percent in 1982, 19 percent in 1983, and 23 percent in 1984. These reductions in tax liability will be matched by reductions in taxes withheld from workers' paychecks of 5 percent on October 1, 1981, a further 10 percent on July 1, 1982, and a final 10 percent on July 1, 1983.

From the standpoint of supply-side economics, the most important tax rates are the highest ones because it is the top tax brackets which create the most distortions of economic decisions. An entire tax shelter industry has developed to assist high-income people avoid the ex-

isting 70-percent tax bracket, and it has been doing a booming business as inflation has pushed more and more taxpayers into higher brackets.

In order to achieve the supply-side benefits of the bill as quickly as possible, the bill drops the highest tax bracket from 70 percent to 50 percent in 1982. This will establish a maximum rate of 20 percent on long-term capital gains, which will encourage more people to make more investments in a broader range of areas. It will also allow people to sell appreciated property rather than to hold it to defer or avoid tax. The bill sets a 20-percent top rate on long-term gains for sales after June 10, 1981, so as not to encourage people to delay transactions until next year.

The third major individual tax cut in the bill is a new tax deduction for two-earner married couples designed to reduce the so-called "marriage penalty." One of the least justifiable aspects of the present tax system is that two people often pay more tax after they get married than they would have paid if they had remained single and simply lived together.

I remember hearing the distinguished Senator from Louisiana say that we changed this provision to help all those single people years ago. Now those same people are married and they are in here getting the bill changed back to where it was when they were single. But it is hard to understand why the tax system should discourage marriage. We had witnesses who had been divorced three times. They get divorced in December, remarried in January to save a small bundle.

It is hard for people to understand why the tax system should discourage marriage. Marriage tax penalties discredit the tax system as an equitable way to raise revenues.

The bill, therefore, phases in a reduction for two-earner married couples of 10 percent of the first $30,000 of earnings of whichever spouse has the lesser amount of earnings. This new deduction, along with the across-the-board rate cuts, will reduce the marriage tax penalty by at least 50 percent for most taxpayers subject to marriage tax penalties.

DEPRECIATION REFORM

The bill completely restructures the present system of depreciation. Current law is unnecessarily complex and does not provide adequate cost recovery in a period of inflation. Additional investment by businesses in new plant and equipment is essential if the economy is to grow rapidly, and we can no longer afford a tax system that discourages such investment.

The committee bill replaces the existing system with the accelerated cost recovery system, ACRS for short. ACRS was recommended by President Reagan and has widespread support among both small and large businesses. I am confident it will be a major stimulus to business investment in the year ahead. I should add that this is a change that has been forcefully advocated by Senator HEINZ and others on our committee.

Under ACRS, equipment and other tangible property will be written off over either 3, 5, 10, or 15 years. Most property will be in the 5-year class. Between 1981 and 1984, taxpayers will use an accelerated method based on the 150-percent declining balance method for equipment and other personal property. In 1985 and 1986, there will be further accelerations, and starting in 1986 the accelerated method will be based on the 200-percent declining balance method. The investment credit will be 6 percent for the 3-year class and 10 percent for all other eligible property. Businesses will also be allowed to expense—that is write off immediately—up to $10,000 of investment.

Structures will be written off over 15 years. Taxpayers may use an accelerated method based on the 200-percent declining balance method or may elect the straight-line method. For commercial and industrial property, when a taxpayer who has used the accelerated method sells his property, his gain will be treated as ordinary income to the extent of all depreciation previously allowable.

However, to provide an incentive to build more rental housing, the bill allows capital gains treatment on the sale of residential real estate to the extent that capital recovery does not exceed the deduction allowable under the straight-line method. For nonresidential property, there will also be capital gains treatment for any taxpayer who elects the straight-line method.

The bill gives taxpayers a number of elections to use less accelerated depreciation in order to give them more flexibility. These options answer the legitimate concerns which taxpayers have expressed on this issue. The bill also considerably liberalized the rules under which leases are recognized as such for tax purposes.

OTHER BUSINESS INCENTIVES

The committee bill includes two other significant tax incentives for business—a 25-percent tax credit for incremental research and development wage expenditures and a graduated credit for rehabilitation of structures. The rehabilitation credit is particularly important for older industrial areas. The R. & D. credit will be a major incentive for less capital intensive firms in high-technology industries in which the United States has traditionally held a dominant position. Its inclusion in the bill is largely due to the efforts of Senator DANFORTH on this issue. That is a matter of considerable interest to those who live in the Northeast and had, again, strong bipartisan support from a number of Senators on our committee.

The bill also provides a major tax reduction for Americans working abroad. This is intended to remove a major impediment to U.S. exports.

The proposal was made by Senator CHAFEE, Senator BENTSEN, and was supported by Senator BRADLEY, Senator HEINZ, and others. Under the bill, there will be an exclusion for the first $50,000 of income earned abroad plus half of the second $50,000 plus excess housing costs.

ESTATE AND GIFT TAXES

I think one area that has probably the broadest support would be the estate and gift tax provisions. This was not in the Senate bill last year. It is the tax the President indicated, when he was a candidate, he would like to abolish altogether. We have made significant changes in the estate and gift tax provisions, largely patterned after the bill produced by the Senator from Wyoming (Mr. WALLOP), but with the help of Senators HARRY F. BYRD, JR., SYMMS, GRASSLEY, DURENBERGER, BOREN, GARN, BENTSEN, LONG, and others, we were able to make substantial changes in the estate and gift tax provisions.

The committee bill provides major relief from the estate and gift taxes. With the rapid growth in land and house prices in recent years, the existing exemption from the estate and gift taxes has become obsolete. These taxes have a very severe impact on farmers and small businessmen, an impact that is unrelated to the original purpose of these taxes, which was to tax large concentrations of wealth.

To relieve this burden, the bill raises the level at which the estate and gift taxes begin from $175,000 to $600,000 over a 5-year period. It eliminates transfer tax entirely on gifts and bequests between spouses. Also, it raises the exemption from the gift tax for gifts to any individual in any year from $3,000 to $10,000. The bill also makes some technical amendments to the provisions for current use valuation for farms and small businesses.

Finally, the bill eliminates the transfer tax entirely on transfers between spouses, which is a major change.

I think all of us in the Senate, when we go back to our homes and visit farmers and small business people, find the thing they are concerned most about is working all their lives, working extra time and saving their money, then finding out at the death of the husband, who is the primary wage earner in most cases, that a great portion of the estate that they have worked and slaved for over the years ends up in the hands of the Federal Government. We believe this is a change that is long overdue, one that has been given total support. We have a graph that shows how we pay even more in so-called death taxes than nearly any other country in the world.

SAVINGS INCENTIVES

For the economic recovery program to work, it is necessary for people to save more of their income. Greater saving is needed to finance the additional investment that will result from depreciation reform. Furthermore, to the extent that people are able to provide for their own needs, there is less pressure for Government programs to satisfy those needs. The marginal income tax rate cuts will be a significant stimulant to saving, but we also need tax measures specifically targeted toward encouraging saving. Senator PACKWOOD and others on the committee have urged a reduction of taxes on saving.

We have what we call the all-savers provision. We are not certain who that is going to save at this point, but it is what we adopted. I shall discuss that a bit later.

The bill increases the limit on deductible contributions to individual retire-

ment accounts—popularly known as IRA's—from $1,500 to $2,000, a matter that Senator CHAFEE, Senator GRASSLEY, and others were particularly interested in.

When a nonearning spouse is a beneficiary, the limit goes from $1,750 to $2,250. The annual limit on deductible contributions that a self-employed person may make to his retirement plan—popularly known as a Keogh or H.R. 10 plan—is raised from $7,500 to $15,000. That is another very substantial increase, another way to encourage savings, and we think it has a great deal of merit.

In addition, the bill extends eligibility for IRA's to people who are active participants in an employer-sponsored pension plan. Currently, even $1 of participation in an employer-sponsored plan disqualifies a taxpayer from eligibility for IRA's, and the bill corrects this inequity. The limit for these active participants will be $1,500 for a regular IRA and $1,625 when a nonearning spouse is a beneficiary.

The bill restructures and makes permanent the tax credit for employee stock ownership plans—or ESOP's. The current extra investment credit for ESOP contributions will be replaced by a credit equal to 1 percent of wages. This payroll-based credit will be a much fairer way of structuring the tax credit for ESOP's.

Finally, the committee bill replaces the $200 interest and dividend exclusion for 1982 with a $1,000 exclusion for interest on certain kinds of saving certificates issued by financial institutions. The committee's proposal has come under criticism recently from editorial writers and some groups who feel they would be hurt by it. Some of these criticisms are justified, but few of the critics, so far, have offered a feasible program to save the savings and loan associations, who are in desperate trouble as a result of high interest rates.

I might add that some think that is not a very good provision. It was substituted for what was probably not very good provision, and discussions are going on at this moment with a number of Senators who have a direct interest in trying to modify that proposal. They are trying to make it more attractive and more equitable. Senator DANFORTH, Senator BENTSEN, Senator SCHMITT, and Senator GARN are trying to figure out some way to make certain that we do the best we can on that measure.

WINDFALL PROFIT TAX

As to the windfall profit tax, which was passed in 1979, about 2 million royalty owners came to learn that it affected them. We have addressed royalty owners. There was early misinformation I read in a newspaper, that we were helping out big oil companies. It does not go to big oil companies. This is a $2,500 tax credit that goes only to royalty owners. This means, for all practical purposes, that they could have about $7,500 in royalty income before they start paying the so-called windfall profit tax.

There are literally thousands of royalty owners, many of whom are retired landowners and many of whom have invested in royalties, and they have found that they are paying about 35 percent of that income in windfall profit tax. We believe that this tax credit will take care of about 80 percent of the small royalty owners, and the others will get the credit, and that is all. Small royalty owners should not have to bear the burden of a tax aimed at the wealthy.

Also, the bill phases in a reduction of the tax rate on newly discovered oil from 30 percent to 15 percent. This is a major step in a redirection of our energy policies toward encouraging more production. Most observers believe that a tax cut on new oil is the fairest and most economically beneficial way to cut the windfall profit tax. It was largely the efforts of Senator BOREN that brought this matter to the attention of the committee.

There is another thing we should address with respect to the so-called windfall profit tax. We understand that there may be a bidding war going on in the House—we hope not—on who can offer the most for the oil industry. I come from an oil-producing State, and I am very sensitive to the needs of the industry. We believe that in the Senate Finance Committee bill we have addressed some of the concerns they have.

In the Senate, there will be a proposal for a thousand-barrel exemption. The price tag for that, just for openers, is about $4 billion. We do not have $4 billion.

I failed to mention that in 1982 we have about $1 billion, according to our numbers. In 1983, it is about $300 million; in 1984, $100 million. If you want to, you can call that a surplus between the Senate Finance Committee bill and the President's revenue figures, which we will try to adhere to when we come out of conference.

It seems to me that when the windfall profit tax bill was passed by the Senate in 1979, there were a number of Senators on both sides of the aisle who did not believe we should have a windfall profit tax on new oil. How can you have a windfall profit tax on something that has not been discovered? In the final analysis, we ended up with a 30-percent windfall profit tax on newly discovered oil and heavy oil produced in the State of California and so-called tertiary recovery in Texas and other States. We believe this is in line with the supply-side theory. There will be a production response if you can lower that 30 percent tax rate on new oil for a lesser rate.

So, rather than adopt the 1,000-barrel exemption, what we have done is to phase in a reduction of the tax on newly discovered oil from 30 percent to 15 percent. It is not effective until 1983. Some would like to change it to 1982. That is another discussion. Some would like to have it lower or have it more or have it all taken out. All those things are under active discussion at this time.

SMALL BUSINESS

The most dynamic sector of the economy is small business, which provides a large share of the new jobs and new ideas. The committee bill will provide major benefits to small businessmen through its depreciation reform, individual rate cuts and estate and gift tax relief. But the committee felt that some targeted measures were also needed, and the bill contains a number of such provisions. These include tax incentives for stock options—a proposal by Senators PACKWOOD and BENTSEN—removal of the $100,000 cap on the investment credit for used property, which originated with Senator MITCHELL; an increase in the $150,000 cap on the credit against the accumulated earnings tax, and an increase in the maximum number of shareholders in a subchapter S corporation. These are all small, sometimes technical, changes, but they are all of substantial benefit to small businessmen. That was a bipartisan amendment by Senator CHAFEE and Senator MITCHELL, and had strong support from Senator BAUCUS, Senator MATSUNAGA, and others.

I am mentioning Senators as I go through my statement, to indicate what is a fact—that many Democrats and many Republicans are involved in the final form of this bill. At the appropriate time, when we get to final passage on this bill, I am willing to predict that a great majority of Members on both sides of the aisle will vote for final passage.

COMMODITY TAX STRADDLES

Finally, the committee bill sharply curtails the use of commodity straddles to defer taxes and to convert ordinary income and short-term capital gains into long-term capital gains. Use of these devices has grown rapidly in recent years; they are tax loopholes by any reasonable standard. One of the principal purposes of this bill is to divert investment away from tax shelters toward productive activities, and that requires legislation on commodity straddles.

Any legislation to cut back tax abuses must balance the desire to eliminate these real abuses against the desire to make sure that legitimate businessmen and investors are not hampered by unfair rules. The committee bill achieves this balance. A number of special rules—available to no other taxpayers—are provided to help legitimate businessmen who deal in commodities and commodity futures contracts. Obviously, they would prefer to pay little or no tax on substantial incomes, but that is unacceptable. The committee bill protects the legitimate concerns of the people in the industry, while eliminating the tax abuses of straddles.

INDEXING AMENDMENT

I would also note that the Finance Committee will offer an amendment agreed to in committee that would keep individual tax rates stable despite the effects of inflation on the progressive rate structure. This tax indexing amendment will enable us to preserve the positive effects of the proposed rate reductions by insuring that inflation will not continue to push people into higher brackets. We all hope and expect that the economic recovery program will have a dramatic impact on inflation; but curing inflation takes time. Even under the administration's economic projections, inflation would continue to have a significant impact on tax rates in this decade. The committee amendment would help make sure that the tax burden is con-

trolled by Congress, not by the inflation rate. This is a concept that the President has often endorsed.

I understand that there may be an indexing amendment on the other side. Rather than make it a part of the bill, which the administration did not want to do, the Senator from Colorado agreed to propose a committee amendment on indexing, and it will be offered by the Senator from Colorado (Mr. ARMSTRONG). I believe it is an outstanding proposal. We will debate it today, and I hope we will vote on it sometime tomorrow.

OVERALL REVENUE IMPACT

The committee bill involves very large tax cuts. That follows from our decision to implement a multiyear program that will establish a stable economic environment for the rest of the decade. Specifically, the tax cuts will be $37 billion in fiscal year 1982, $93 billion in 1983, and $150 billion in 1984. These are large numbers.

Mr. President, we have discussed the kind of tax cut we are talking about. It is the largest tax cut in history. If you take the Senate Finance Committee numbers, it is $37 billion in fiscal 1982, $93 billion in 1983, and $150 billion in fiscal 1984. These are large numbers, and we will be talking about them in the next few weeks.

I want to end on a vote of realism.

We must keep in mind that inflation has raised income taxes by substantial amounts in recent years, and that a large payroll tax increase took effect in January. Together, these tax increases will amount to $41 billion in fiscal year 1982, $64 billion in 1983, and $95 billion in 1984. Thus, much of the tax cut will merely offset inflation and social security tax increases. Furthermore, the spending cuts in the reconciliation bill, and the additional spending cuts to be enacted next year, will finance a sizable part of the tax cut.

For these reasons, I do not believe the bill is too large. Some will argue that it is too large. Some may have second thoughts. I recall the admonition of Senator DOMENICI and Senator HOLLINGS of the Budget Committee. I believe that the President, at the first blush, wanted about $54 billion in 1982. That has been reduced to $37 billion. We believe we have reduced the size of the package by $35 billion to $50 billion, depending on whose figures one uses.

So we are cognizant of the concerns of the Budget Committee and the financial community—and even the concerns of the administration—in making some changes in our bill. It is not effective in January. It will become effective in October, so far as individuals are concerned.

Last, the tax cuts will expand the tax base by encouraging more work, saving, investment, and productivity, a factor not taken into account in these revenue estimates.

For these reasons, I do not believe that this tax bill is too large. It is a responsible approach to the Nation's economic problems. What would be irresponsible would be to continue along the old path of ever higher taxes, ever slower growth, ever more inflation.

Mr. President, I hope we will now proceed to act swiftly to enact this legislation, which has already been to long delayed. It is time to conclude debate on the economic recovery program and put that program into operation.

It is my hope, having said that, that we can proceed as quickly as possible, knowing some of the realities in the Senate, to consider this bill.

Again before we take up one amendment I extend my appreciation to all members of the Finance Committee and to every staff member.

Last Friday we had a staff briefing for all Senators and there were 150-some staff members who showed up for that briefing so that every Member in the Senate would have some information about the tax bill, though I must say as I walked out I met one young lady who said she has been in the Senate just for 2 days and she did not really understand all the tax bill but she did go to the briefing. I am not certain who she reported to.

But in any event there has been an effort made to clearly explain the provisions of this bill. We thought it might speed up the date of final passage.

I had four pages of amendments that had come to my attention. I am certain that is only the preliminary count. There will be others.

We expect to defeat every amendment we can and that may not be saying a great deal, but we think with the President coming up yesterday and sort of taking us to the woodshed on the Republican side, that may have had an impact. He really believes that we have amended this bill fairly extensively. I think he figured up the add-ons that we provided, and they are good add-ons that will cost about $30 billion between now and 1984. So it is not that the President has been stingy with what he has agreed to through the Treasury. On the other hand, I must say very candidly I think without some of these amendments we would not be moving along as rapidly as we are. There would not have been a 19-to-1 vote in the Finance Committee. So it has been a give-and-take proposal.

Mr. President, I thank my colleague from Louisiana for his indulgence and patience during the consideration not only of this bill but the others.

I am reminded, as I have indicated before, that when Senator BAKER called me last November and said, "We are going to take over the Senate, and you are going to be chairman of the Finance Committee," my first question was "who is going to tell RUSSELL LONG" because Senator LONG had been the illustrious chairman of that committee for a long time, I think, as Senator LONG will tell you, and it is a true story, on the first vote in our committee the Republicans learned that we vote first.

We had never been in the majority, and they had to tell us. So we had our first confirmation to vote on, and the chairman votes last. So PACKWOOD voted aye, DANFORTH voted aye, and we went down the Republicans. Everyone voted aye. Then we started the Democratic side. This was to confirm Donald Regan as Treasury Secretary. Senator LONG voted aye. And then when the clerk said, "Mr. Chairman," Senator LONG voted aye again.

So it takes some readjustment on both sides, but we had a good working relationship prior to this year, and we are going to continue that.

But that does not mean that we agree on every portion of this bill, and I am certain that Senator LONG will have differences as we consider some of the amendments.

But for the most part, and I say this hoping that some of my House colleagues may be tuned in on the Senate channel, I believe we have demonstrated on the Senate side that we can put together a tax package that deserves bipartisan support. The eight Democrats who voted for this Senate bill in the Finance Committee are all outstanding Members of the other party, and they have a lot of practice in tax politics and tax policies. I think even the one Democrat who voted against the package indicated to me if it were not for the third year, he would be happy to vote for the bill. So we put him down really as undecided, not as a negative vote.

So, it would seem to me that if 20 Republicans and Democrats can sit down in the Finance Committee and come up with a 95-percent agreement, 19 to 1, that 35 Republicans and Democrats in the House Ways and Means Committee might do the same, and there is still time to do that.

I know that the chairman and the ranking Republican Member are working on it, and if we could work out those little problems we could finish this bill long before the deadline, and hopefully we will.

I yield the floor.

Mr. LONG. Mr. President, I am pleased to support the Finance Committee's version of the Economic Recovery Tax Act of 1981. For too long, we have delayed giving the American taxpayer the tax reduction that he deserves and that the economy requires. The Finance Committee bill balances the competing demands of, on the one hand, keeping budget deficits under control and, on the other hand, providing the tax cuts that are needed to revitalize the Nation's economy.

In many respects, the present tax system is counterproductive. High tax rates cause individuals and businessmen to adjust their behavior in ways that cause the economy to be less prosperious and that shrink the tax base. Often, high tax rates cost the Government revenue—they encourage tax shelters; they deter investors from selling property that has risen in value; they discourage saving; they discourage work; they discourage risk taking.

This bill represents a healthy redirection of tax policy. It will make the tax system more responsive to the needs of the economy, rather than vice-versa.

The chairman of the committee, the Senator from Kansas (Mr. DOLE) has ably summarized the principal provisions of the bill. Let me just comment on a few of the provisions which are of par-

ticular importance to improving productivity and stimulating economic growth.

The reduction in the top individual income tax rate from 70 percent to 50 percent is one of the most significant provisions in the bill, and I might add that that is one of the provisions that was added in the committee. It was not in the original recommendation. The 70-percent tax rate is the most counterproductive part of the tax system. It has spawned an enormous effort by high-income people to find ways to avoid tax, and effort that usually is much more successful than have been our efforts to control or limit tax shelters.

Their success is not surprising. Keep in mind that this tax code is thousands of pages long. It is infinitely complicated. It is also backed up by the more than 10,000 pages of regulations. There are more than 20,000 lawyers in the tax section of the American Bar Association alone trying to find ways to help the people paying taxes in the 70-percent tax bracket save money on taxes. By contrast the Government had about 200 lawyers working trying to find where the tax shelters are and how to close them.

Just the sheer numbers and brainpower alone is enough to create all sorts of tax avoidance devices, when one is confronted with a 70-percent tax rate.

There are so many more people trying to open loopholes or find them than there are trying to close them, that it is almost a hopeless task to prevent finding measures of tax avoidance when one is confronted with a 70-percent tax rate which is near confiscatory.

A better strategy is to give people a positive incentive to invest their money in productive activities, and this bill does that.

In this context, the provisions in the bill on commodity tax straddles are very important as well.

May I point out, Mr. President, that the principal sponsor of this measure was the Senator from New York (Mr. MOYNIHAN), a man who represents financial markets, but who is concerned that all taxpayers should make a fair contribution.

These devices enable taxpayers to avoid paying taxes on very large incomes, often by investing only nominal amounts of their own money and taking very little, if any, risk. Indeed, tax sheltering through tax straddles is so easy that we cannot simply expect people to stop doing it just because we have reduced the top tax rate to 50 percent. The committee bill is a carefully structured response to this problem. It meets the legitimate needs of the people in the relevant industries while curtailing tax abuses.

The targeted savings incentives in the bill are an important part of a program designed to move the tax system away from encouraging consumption toward encouraging saving.

In particular, the employee stock ownership, or ESOP, provisions will not only encourage saving by workers but will also encourage them to work smarter and be more concerned with the prosperity and the success of their company.

By making permanent and restructuring the ESOP tax credit, the bill will greatly encourage the use of more ESOP's by businesses.

The bill also gives much-needed relief from the windfall-profit tax to small royalty owners, who were not really the targets of the tax. In addition, the tax reduction on newly discovered oil will be a major stimulus for additional drilling by both major and independent oil producers.

The deduction for two-earner couples, along with the tax rate cuts, will reduce the marriage tax penalty roughly in half. My goal is to eliminate marriage penalties from the entire tax system, but that is difficult to do because it either requires large tax cuts for married couples or large tax increases for single persons. The new deduction in this bill, which is part of the Finance Committee's tax cut bill this year, as it was last year, is a good first step.

The depreciation reform will lead to a major increase in the investment in plant and equipment and in rental housing. Additional capital formation and productivity will help fight inflation and will lead to faster economic growth.

I am concerned, however, that, after 1984, the bill will provide depreciation deductions and investment credits which, taken together, are more generous than simply expensing the cost of the asset in the year it is placed in service. I think that there is a lot to be said for an expensing approach, which has worked well in the oil and gas industry, where it has promoted drilling and development. I hope this problem can be worked out to move business more in the direction of expensing when an investment is made rather than writing it off over a long period of time.

Finally, let me turn to the across-the-board individual tax rate cuts. The revenue from the social security tax increase this January and from bracket creep, along with the funds made available from the spending cuts in the reconciliation bill, make it possible for us to afford large individual tax cuts. I support the committee's decision to cut taxes through across-the-board rate cuts. That is the best way to insure that the tax cut is spread uniformly throughout the economy.

I also support the provisions that have been added to the bill and discussed by the chairman of the committee.

Mr. President, this is a very important bill. It contains many, many different provisions, some of which are very intricate. I am sure no one is satisfied with every line of it, but it represents a reasonable compromise between President Reagan's original program and the concerns that many of us have expressed.

Therefore, I am proud to support the bill and to urge its adoption.

Let me say further that this is a bipartisan bill. Speaking as the ranking Democrat on the Committee on Finance, I am proud to report that every Democrat on that committee was offered an opportunity to make suggestions, and every Democrat in fact did make a significant contribution to the legislation that is before us, as I believe every Republican did also.

I very much hope the bipartisan spirit, which has put the Nation's interests first, will prevail here in the Senate. I know if I have my way, Mr. President, that is how it is going to be.

Let me say in closing, Mr. President, that no one could be any more fair to or any more considerate of all Members of the committee, particularly those of us in the minority, than has the distinguished chairman of the committee (Mr. DOLE). As he indicated, it is a new experience for the Senator from Louisiana to be in a minority on the Committee on Finance. I was here on the last day of the 80th Congress, and I was also here in the Senate during the first 2 years of the Eisenhower administration when we had a Republican chairman, Mr. Milliken, who was a very able chairman, and I though did a very fine job for the Nation and for the Congress as well as for his party.

But, Mr. President, I predict that these laurels will be exceeded by the very able chairman, Mr. DOLE, and I am positive he will continue in the same bipartisan spirit to put the Nation's interest first, as he has up to this point. I predict he will be one of the great chairmen of all times of the committee.

It has been a pleasure to work with him as one of the minority, and let me thank him for the consideration he has accorded every Member of the committee, both those who were supporting his position as well as those who were not.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER (Mr. BOSCHWITZ). The Senator from Kansas.

Mr. DOLE. Mr. President, I certainly want to thank the distinguished Senator from Louisiana. I think we have indicated more by what we have done than what we have said that we mean what we say as far as a bipartisan approach to this problem is concerned. Without the active support of the Senator from Louisiana we probably would not be on the floor today. So we appreciate that very much. I think that is the same working relationship we had in the past, and we are going to continue that working relationship.

I think there must be a certain amount of independence. I do not work for the White House, the Senator from Kansas does not work for the White House. I want to help my President. But I have sometimes different views than some of those appointed people in the White House. In fact, I know one of them very well. [Laughter.]

So where we can agree we agree, and where we cannot agree we agree to disagree, I guess. and then we get written up in Evans and Novak.

I would be happy to yield to the distinguished Senator from Idaho, who is a new member of the committee, and who has been a very effective member of the committee.

Does the Senator have an opening statement?

Mr. SYMMS. Mr. President, I thank the chairman for yielding to me.

I would like to add to the comments of

the distinguished chairman of the committee, the Senator from Kansas, and to the comments of the Senator from Louisiana mentioned. I have, as a new member of the committee, certainly enjoyed the opportunity to work with both the Senator from Louisiana and the Senator from Kansas.

Let me say I will have an opening statement to make on the bill a little later, but I did want to make one point at this time. Even though I certainly support this bill with enthusiasm, and I think it is a good tax bill, there are some things in the bill with which I do not agree.

The chairman knows very well that I am one of the members of the committee who, if I had the opportunity, would have $50 billion worth of amendments I would like to offer to encourage economic activity in this country, but I have restrained myself in order to pass this much of an enthusiastic reward to the producers, the savers, and investors in the country to help get the economic recovery of President Reagan's in place.

One area which I disagree with the committee is the mark-to-market tax straddle proposal.

I have no opposition to the chairman trying to close the tax-straddle loophole, in order to prevent tax-evasion schemes. If we allow people not to pay any taxes at all, people who have earned substantial incomes, that causes other taxpayers to wonder why they are missing out on a good deal.

However, I think the House language, as reported by the Ways and Means Committee, in closing the loophole on commodity tax straddles, is much more favorable than the concept of taxing unrealized gains that is incorporated in our Senate version. With few minor exceptions there never has been a tax policy in this country which taxes unrealized gains.

I think from the standpoint of sound tax policy there will be innumerable reasons for rejecting it. If unrealized gains in the futures industry are to be taxed, why not do the same in the securities industry or the housing industry or on appreciation in any other investment? Any of these would provide a windfall for the Federal Treasury, but with tremendous consequences to the functioning of the American economy.

My concern is the agricultural markets and the metal markets. I hope that my fears are exaggerated. But there have not been any economic studies of what the impact of the Senate language is going to do to the operation of the price discovery and the liquidity and the numbers of people trading in commodities.

Closing the loophole and being sure that everybody pays taxes is fine as long as we continue doing nothing that will remove that liquidity.

I can say for my State that we have grain farmers who rely very heavily on prices discovery which comes from the future markets, and if anything happens in this process that drives many of those traders out of the business, the speculators, the people who provide the liquidity, it is going to be very detrimental to agricultural prices.

Likewise, my State produces nearly half of the silver in the United States. What happens at Comex and the Chicago Board of Trade on the floor is very, very important to their being able to realize the best price for the production of silver at those mines.

If we have a tax policy which, by taxing unrealized gains, drives some of the speculators in this industry out, speculators who are important to make it a liquid market, then they will not be able to be as sure of the price they are going to get. So the risk here is to distort the futures markets.

Futures markets now constitute the major risk management mechanism available to U.S. farmers, businessmen, financial institutions, and mining companies. They help spread that risk around so it stabilizes the market. This is a matter of great concern to me.

The distortion will occur because of the concept itself, which calls for the establishment of a Federal tax based on one's open positions in the futures market as of December 31 of each year. That means that tax considerations are likely to overwhelm basic supply-demand fundamentals in the final weeks and days of each calendar year. The same will occur at the beginning of the following year as taxpayers are saddled with the enormous risk of having open positions on which their tax liability has already been determined. This will cause many of them to liquidate those positions because of inordinate risks involved in the cash flow problems that result from having to pay taxes on a still unrealized gain.

These factors will severely impact these markets over a period of several weeks, making them much less effective as a hedging—risk management—vehicle.

It would create incongruities in the tax treatment of futures contracts and other investment vehicles. We live in a complex business and financial world today. One simply cannot establish the tax treatment of a particular financial instrument or agricultural contract without simultaneously considering the treatment accorded similar instruments of trade or investment.

For example, the tax treatment of futures contracts in mortgage instruments (GNMAs) must be carefully related not only to how the underlying cash instruments are traded, but also to forward cash markets in such mortgages.

If a mark-to-market approach is used in one of these markets, it should also be used in the others. Otherwise, all of them are likely to be distorted, and chaos will result in each of them. Regrettably, there is just no way that all these instruments can be marked to the market.

The same analogy can be made with agricultural contracts: therefore, we can expect incongruous adjustments in many sectors of our economy if the mark-to-market approach is adopted to solve a much narrower tax-straddle problem. In other words, the cure has ramifications far beyond the disease.

Mr. President, this has been a noble and correct effort on the part of the Members of the committee to close what we view as an inequity in our tax system. However, it likens to the old man who was walking down the trail and he jumped because he saw a snake. Very quickly he reached for a stick to kill the snake. But when he grabbed the stick he found that the stick that he grabbed was actually a snake and the snake that he thought he saw was only a stick. That is somewhat like what we are doing.

We have one other problem. We have the potential here of actually causing an increase in interest rates in the handling of the national debt which could increase the cost of managing our debt. It could cost the Treasury as much as we hope to return.

It could have an adverse impact on financing the national debt. Futures markets today perform an extremely valuable function in marketing Federal debt instruments. Turnover in Treasury bill futures alone now amounts to more than $40 billion per day. Should mark to market legislation adversely affect those markets—as we believe it would—the cost could far exceed the benefits. Only a very slight widening of bid-ask spreads will add millions of dollars to Treasury's costs in a new debt issue. We close a $1.3-million-straddle loophole—Treasury's estimate—and in the process increase the cost of Treasury financing by many times that amount.

CONCLUSION

The Congress should not adopt a mark to market solution to the tax-straddle problem until and unless these shortcomings can be dealt with.

Reservations have been expressed about the "basket" approach as well. There is still concern within the committee as to whether it fully responds to the issue of taxpayers "rolling over" income for many years through the use of straddles. The futures industry believes that language submitted recently does respond to that issue.

If, however, doubts still remain, it would be better to continue to work on that question rather than enact a mark to market proposal with all its ills and policy risks.

Having said that, I would like to say to the chairman of the committee that I think that the Senator from Kansas has certainly exerted enormously good leadership in the operation of this committee markup. I have to say that I never had the privilege in my years in the other body of being in the majority. I might have thought that it would be nicer to have had that experience in the other body.

I do believe that generally we have a tax bill that gives the tax benefits back to the people who are working, who are saving, who are investing, and it will have a positive impact on the economy of the United States.

Mr. President, I have other technical amendments that I am working on with the chairman which deal with the area of sections 6166 and 6166A. I think there are some problems with the woodlands area. We hope we can work out technical amendments on those matters, and also the generation skipping tax deferral.

Mr. President, I will reserve comments until a later time, and yield back to the chairman.

Mr. DOLE. Mr. President, I thank the distinguished Senator. We are looking at some of the technical amendments the Senator has brought to our attention. They are, for the most part, technical. Those that are not technical, we are not considering at this moment.

Mr. President, for the benefit of those who may read the RECORD, and some may, let me explain the charts at the rear of the room.

Mr. President, I ask unanimous consent that the explanation and the charts in an appropriate order be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

U.S. DECLINING SHARE OF WORLD OUTPUT (PERCENT OF WORLD GNP)

Mr. DOLE. Mr. President, the first chart is the "U.S. Declining Share of World Output."

This chart illustrates the declining competitive position of the United States and the need for tax reductions that will increase real economic growth in the United States and boost productivity to increase our competitive edge.

In 1953 the U.S. contributed 31.4 percent of world GNP—all goods and services produced that year. By 1980 the U.S. share of world GNP had dropped to 22.8 percent. In the same period the contribution of Japan to world GNP rose dramatically, and the contribution of less developed countries edged up. If this trend is allowed to continue, the United States will be less of a factor in world markets—and declining economic power generally will mean declining political influence as well. That is why the economic recovery program, including the present incentive-oriented tax bill, is so important to America as a whole, not just to the average taxpayer. So it has worldwide implications.

The chart referred to follows:

U.S. DECLINING SHARE OF WORLD OUTPUT

[Percent of world GNP]

	1953	1960	1970	1980	1980 as multiple of 1953
	(1)	(2)	(3)	(4)	(5)
(1) Japan	3.9	5.1	8.8	10.1	2.6
(2) LDC's	20.7	18.7	18.2	21.9	1.1
(3) France	5.2	5.5	5.6	5.5	1.1
(4) West Germany	7.0	8.7	8.2	7.3	1.0
(5) EEC	25.2	26.9	25.4	22.9	.9
(6) United States	31.4	28.0	24.6	22.8	.7
(7) United Kingdom	6.3	5.8	4.6	3.7	.6

WHERE DOES A FAMILY'S MONEY GO? FAMILY OF FOUR WITH 1979 INCOME OF $16,000

Mr. DOLE. Mr. President, I think most taxpayers are interested in, "What is it going to do for me?" They may not be so concerned as to what it is going to do for the world. We have a chart entitled "Where Does a Family's Money Go?" This refers to a family of four.

This chart illustrates the dramatic increase in the percentage of family income that goes to pay taxes. In 1971 the typical family of four had to pay 19.1 percent of their income in taxes on that income. By 1980 that percentage had risen to 27.7 percent of income: a 45 percent increase over the 1971 level. By contrast despite the dramatic rise in housing prices, housing costs as a percentage of family income actually declined over the same period, from 25 percent to 22.5 percent. The less disposable income our citizens have after taxes, the less economic discretion they have: and the more the Government has to make up the difference in deciding how a family's income is spent. Only sustained tax reductions for individuals can reverse the trend toward taxes consuming an ever-higher percentage of family income—and restore to families the freedom to make decisions in the marketplace that keep our economy thriving.

I think that is an indication of why the President feels so strongly about sustaining the effort to reduce the marginal tax rates as opposed to the House side, which is more or less a redistribution of income approach, and not a very good one at that. It is 15 percent on the House side compared to 25 percent offered by the President and the Senate Finance Committee.

The chart referred to follows:

WHERE DOES A FAMILY'S MONEY GO?

[Family of 4 with 1971 income of $16,000]

	Percent of total spending			
	1971	1975	1980	Percent income December 1980 versus 1971
	(1)	(2)	(3)	(4)
(1) Taxes on income	19.1	22.3	27.7	[1] 45.0
(2) Food	20.1	21.6	20.4	1.5
(3) Transportation	7.9	7.4	8.0	1.3
(4) Medical Care	4.0	3.8	4.0	
(5) Housing	25.0	24.0	22.5	(10.0)
(6) Personal care	2.3	2.1	1.9	(17.4)
(7) Other	13.0	11.5	10.0	(23.1)
(8) Clothing	8.6	7.3	5.5	(36.0)
(9) Total	100.0	100.0	100.0	

[1] To the Government.

WHERE DID THE PERSONAL INCOME TAX MONEY COME FROM IN 1980?

Mr. President, there has been a lot of discussion on the House side about how they are going to help the average American, the low-income taxpayers. No one quarrels with that. There are ways that can be done. But what effect does an across-the-board tax cut have?

A chart that might shed some light on that is entitled "Where Did the Personal Income Tax Money Come From in 1980?"

The chart illustrates how different income classes contributed to the Federal tax take in 1980. It shows that taxpayers in the income range $15,000 to $49,999 represented 44.4 percent of all taxpayers in 1980, accounted for 62.5 percent of all taxable income in the country, and paid 60 percent of the taxes. Of the 1980 Federal budget, these taxpayers through their income taxes contributed 25.3 percent of the financing for that budget.

By contrast, taxpayers with incomes between $0 and $14,999 were 50.9 percent of all taxpayers, accounting for 21.9 percent of taxable income, but paid only 10.7 percent of all taxes. Taxpayers with incomes over $100,000 were only .9 percent of all taxpayers, but represented 6.8 percent of all taxable income and paid 16 percent of all taxes.

The chart shows why across-the-board reductions in tax rates are important: they reward taxpayers in direct proportion to their present tax burden. Any other approach to tax reduction means disincentives for the taxpayers who are less favored: not a good way to reward work, savings, and additional effort.

The chart also indicates the significance of the underground economy, which is encouraged to grow by high marginal tax rates that reduce the real return on legitimate taxable activities.

Mr. President, I might say that is an area which the Senate Finance Committee will be digging into sometime this fall, the underground economy and some of the abuses, the fraud, and why the rest of the American people pay more taxes because some pay no taxes. We hope to be able to address that problem.

I know that Senator NUNN will be here with an amendment later which he will discuss, but hopefully withhold until a later time.

The chart referred to follows:

WHERE DID THE PERSONAL INCOME TAX MONEY COME FROM IN 1980?

[In percent]

Expanded income level	Percent of total taxpayers	Percent of total taxable income	Percent of total taxes paid	Ratio of percent taxes to percent income	Taxes paid as percent of $579.6 billion budget
	(1)	(2)	(3)	(4)	(5)
(1) $0 to $14,999	50.9	21.9	10.7	0.5×	4.5
(2) $100,000 plus	.9	6.8	16.0	2.4	6.7
(3) Subtotal	51.8	28.7	26.7	.9	11.2
(4) $50,000 to $99,999	3.8	8.8	13.3	1.5	5.6
(5) Subtotal	55.6	37.5	40.0	1.1	16.8
(6) $15,000 to 49,999	44.4	62.5	60.0	1.0	25.3
(7) Total	100.0	100.0	100.0	1.0	42.1
Social security tax					27.7
Business taxes					11.2
Other revenue					8.7
Deficit					10.3
Total					100.0

Underground economy—$250 billion; lost taxes—$30 billion; equal to 5 percent of the Federal budget, 77 percent of taxes paid by the $100,000 plus income brackets (0.9 percent of all taxpayers). 115 percent of taxes paid by the under $15,000 income brackets (50.9 percent of all taxpayers).

COMPARISON OF TAX RATES UNDER CURRENT LAW AND UNDER REAGAN PLAN AT 1984 AVERAGE TAX RATES

Mr. President, another chart shows the current law tax rates compared with the rates under the Reagan program.

The chart shows what current law tax rates would be for taxpayers in 1984 if no change is made in policy, and compares those rates with the tax rates that would apply in 1984 under the Reagan 5–10–10 plan. The chart assumes that the taxpayer's income keeps pace with inflation.

The difference is dramatic: By 1984 the taxpayer's tax rate would be between 13.5 percent and 23.2 percent lower under the Reagan plan than if present law were continued. The chart also highlights an important fact: In terms of percentage reduction in tax rates, the Reagan program is most meaningful for lower income taxpayers. The taxpayer with $10,000 1980 taxable income will get a 69 percent greater reduction in the tax rate than a taxpayer with a $100,000 income in 1980. This reflects the simple fact that bracket creep has a swifter and more dramatic effect on low-income taxpayers than on upper-income taxpayers, in terms of percentage tax liability.

The chart referred to follows:

COMPARISON OF TAX RATES UNDER CURRENT LAW AND UNDER REAGAN PLAN AT 1984 AVERAGE TAX RATES

			In percent		
	1980 taxable income	Same income 1984 dollars [1]	Under present law	Under Reagan plan	Reagan law under present law
	(1)	(2)	(3)	(4)	(5)
(1)	$10,000	$13,500	18.4	14.2	22.8
(2)	20,000	27,000	23.7	18.2	23.2
(3)	30,000	40,500	29.4	22.6	23.1
(4)	50,000	67,500	37.2	29.2	21.5
(5)	100,000	135,000	43.6	37.7	13.5

[1] Assuming 35 percent inflation between 1980 and 1984—7.8 percent average annual.

TEN PERCENT INFLATION TAX BRACKET CREEP WITH NO INCREASE IN PURCHASING POWER (WAGE AND SALARY INCOME)

Mr. President, we shall discuss this at length when we get into the first committee amendment.

This chart illustrates how the interaction of inflation with the progressive income tax threatens to destroy the progressivity of the tax system. The chart assumes a rough average of 10-percent annual inflation since 1972, for illustrative purposes, and projects the effects through 1993. The chart is indeed dramatic, because it shows that by 1993 every taxpayer would be in the top, 50-percent marginal rate bracket. Even in 1980, relatively moderate incomes in 1972 dollars hit the top marginal rate.

The point is that sustained tax rate reductions are needed just to maintain the progressivity of the individual income tax. The exceptionally high marginal rates that inflation pushes taxpayers toward will surely bog down the economy in stagnation unless changes are made now and sustained in the years ahead.

This will be addressed at greater length in the committee amendment to be offered to the committee bill. I shall be offering the amendment and it will be debated by many in this body. Primarily the lead sponsor is Senator ARMSTRONG, of Colorado.

The chart referred to follows:

10 PERCENT INFLATION TAX BRACKET CREEP WITH NO INCREASE IN PURCHASING POWER (WAGE AND SALARY INCOME)

[In percent]

1972 taxable income	Marginal tax rates			
	1972	1980	1986	1993
	(1)	(2)	(3)	(4)	(5)
(1) $10,000	19	24	32	50
(2) $15,000	22	28	43	50
(3) $20,000	25	37	50	50
(4) $25,000	28	43	50	50
(5) $30,000	32	49	50	50
(6) $40,000	36	50	50	50
(7) $50,000	42	50	50	50
(8) $100,000	50	50	50	50

THE HIGH COST OF DYING

Mr. President, we shall discuss the last chart, the high cost of dying chart, at a later time when we get into some modifications, in the event there are modifications, of the estate tax provisions. It very clearly shows that the United States, compared to many other countries, has the highest percentage gross domestic product in gift and estate taxes. We shall be discussing that further later in the day.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GARN). Without objection, it is so ordered.

Mr. DURENBERGER. Mr. President, America's wage earners and the business enterprises that employ them have been restrained for decades by an unfair, overcomplicated and poorly targeted tax system. We have paid for that system through a stagnant economy, a huge underground economy, and the growth of unproductive tax shelters. The scope of the bill now before us is testimony to the overwhelming need for fundamental tax reform.

The legislation we are about to consider represents a dramatic turnaround in those policies. Obviously, it does not make every change that needs to be made in the Tax Code. No single bill can repair:

The damage done to small business people by a system biased against capital formation;

The damage done to family farms and businesses by a policy of taxing death; and

The damage done to poor and to middle-income taxpayers by decades of exposure to an unindexed tax system.

In addition, the scope of this bill is limited by the fact that even with the budget cuts approved last month, we still face a deficit approaching $55 billion in fiscal year 1981.

But the fact that there are additional needs cannot detract from the landmark reform achieved in S. 266. They are a clear indication that the economic power in this country is being returned to the people instead of being centralized in the Federal Government. Many, in fact most of the highest priorities in tax reform have been included in this bill. It allows individuals to keep more of what they earn, and encourages them to save more. It does away with the disproportionately heavy load placed on small business persons and family farms. It begins to erase the unfair vestiges of sex discrimination in State and retirement laws.

The reduction in individual rates that we have proposed is the fairest, simplest form of tax reform. It is a permanent commitment to allowing people to keep more of what they earn instead of Congress offsetting inflation with a so-called "tax cut" every election year. Individuals and couples are granted relief in direct proportion to how much they pay which means the most to the middle-income American who has no tax shelters and who is getting socked with higher taxes every year.

Millions of small business people who file noncorporate business tax reforms would gain from these rate reductions as well. This means more money left in the communities where it was earned and where it will be turned into new jobs by people who own and operate their own businesses.

This is the kind of change Minnesota small business people want—just let us keep more of what we earn; I want to put it back into my business to make it grow, is what I have heard over and over again. They do not want special programs or complicated tax incentives. They just want to be able to keep more of what they have worked so hard to get and this bill gives them that.

An even more fundamental reform is what this bill proposes in the area of estate taxes. Nowhere have the ravages of inflation done more damage then to the family farm and family businesses. As one Minnesota farmer so graphically put it, "sons and daughters are being forced to buy back their parents' farm that took years and years to build, from the Federal Government for 35 to 40 per cent of its value—not what their parents paid for but the unreal value—not what their parents paid for it but the unreal value created by the Government-induced inflation of recent years.

Another Minnesotan was told to stop trying to improve his farming operation by his lawyers and accounts because it would only increase his estate tax problems. He is only in his midforties. What a waste. This bill begins to remove horrible burden of the unjust, unfair death tax that now stifles the most productive people in our economy. The small business person and the family farmer.

The creation of spousal and voluntary individual retirement accounts (IRA's) and the expansion of the current IRA system may be one of the least noticed

yet philosophically important aspects of this legislation. Once again there is a reason to save for retirement. Inflation and our tax system are no longer major obstacles to Americans providing for themselves as they have done in the past. In addition, these accounts will provide a stable, long-term source of capital so desperately needed by our economy to build more homes, create more jobs, and finance new businesses big and small.

For the first time ever, a nonworking spouse can have his or her own IRA. We have acted to reduce the antifamily burden imposed on working couples. Substantially easing the marriage penalty that is currently a part of our tax code is a matter of simple justice and economic equality for many middle-class Americans.

Much will be said about the business-oriented tax cuts in this bill and rightly so. This legislation is an affirmation in the productive capability of American industry and the American workers. I am glad to be part of this bipartisan effort to put modern tools and equipment in the hands of business and labor.

The accelerated and simplified depreciation schedules in this bill remove major obstacles to investment and job creation that have been plaguing our economy for years. We have regained our commonsense when it comes to our economy. We cannot expect the American workers and the American businessman to compete with the Japanese or West Germans with one hand tied behind their back. These tax changes free the American economy to once again operate at full speed.

Accelerated depreciation, ITC reforms, and the other so-called business tax cuts are designed to promote capital formation and put Americans back to work. But because they are tax incentives, they can only impact on industries that are already yielding profits.

Unfortunately, the industries facing the greatest need for retooling—because they have the oldest physical plant—are also among the economy's least profitable. Steel, automobiles, rail, airlines, and mining are good examples. These basic industries have three troublesome factors in common:

First, each is a true basic industry, employing large numbers of people and producing a product essential to the Nation's economy;

Second, each is facing immense capital investment needs as it seeks to modernize aging plants and equipment; and

Third, in the face of these growing investment needs, each of these basic industries is facing inadequate earnings on an industrywide basis.

No one would deny that modernization of these basic industries is essential to any reindustrialization plan. But it is equally true that most of the tax reforms contained in this bill will have little or no impact on these industries because of their lack of taxable earnings.

Both the administration and the Finance Committee recognized this problem. They responded to request by Senator HEINZ, myself and others by adopting language that liberalizes current leasing regulations so that through the mechanism of leveraged leasing, basic industries like rail and steel can share in the benefits of ITC and ACRS. This is the first time Congress has taken such sweeping action to insure that the benefits of tax reform will actually reach the industries that need those reforms the most. There is not a provision in this bill that will have a greater impact on employment, or on the future of the Nation's transportation system.

Indexing the Tax Code which I expect to see adopted as a committee amendment to this bill is a major step toward assuring these and the other reforms in this bill. With indexing, Government will no longer reap a windfall profit on the inflation that its own spendthrift policies create. Indexing protects the taxpayer from automatic, unvoted tax increases caused by bracket creep.

Mr. President, 100 Senators would probably construct this package in 100 different ways. But there can be only one bill, and the size of that bill is limited by a $55 billion deficit. S. 266 is a carefully crafted compromise. Many of my own priorities, even some of my highest priorities, are not included in the legislation. What the bill does contain is the Senate's consensus on the foundation of reforms necessary to put this country back on a path toward prosperity and economic growth.

During the next few days, I expect to vote against a number of amendments that I support in substance, and would probably vote for under any other circumstances. But to open up this compromise for amendments seeking additional tax relief for any group, sector, or interest, will destroy the compromise and prevent the enaction of any tax reform in the foreseeable future. As difficult as it is to turn away—even temporarily—from tax proposals with which we each have become identified, reopening this compromise is not in the national interest.

The Finance Committee will begin hearings on the second tax package in early September. That is the proper time and place in which to raise these additional issues. For the present, we need to recognize the need to move quickly on this legislation, and send a relatively clean bill to the President's desk by the start of the August recess.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. DURENBERGER). Without objection, it is so ordered.

RECESS UNTIL 2 P.M.

Mr. BAKER. Mr. President, certain Members are in caucus, others are in conference with other Senators and other Members of Congress. It is not possible to proceed with the next amendment and have those Senators who are most directly involved available. I believe the best purposes of the Senate would be served by recessing at this point.

Mr. President, I ask unanimous consent that the Senate stand in recess from this moment until 2 p.m.

There being no objection, the Senate, at 1:06 p.m., recessed until 2 p.m.; whereupon the Senate reassembled when called to order by the Presiding Officer (Mr. PERCY).

Mr. HEFLIN. Mr. President, a few days ago I received a letter from an old and dear friend of mine, a fellow member of the Alabama Bar, Mr. J. Gilmer Blackburn of Decatur, Ala. Gilmer and I have been friends for many, many years and I know that he is one of the most respected members of the tax bar in the State of Alabama.

The occasion for Gilmer's letter was to share with me his thoughts concerning the tax package now pending before the Senate. While I do not necessarily agree with everything Gilmer said, I find his letter to be one of the most thoughtful analyses of the bill I have seen to date. The point that Gilmer makes over and over again is that we must bring simplicity and clarity back to our tax laws. Any provision which adds complexity or makes it more difficult for the average American citizen to understand his tax responsibilities is unacceptable. I do not see how anyone in this body could find fault with that and I think that it is something we need to keep in mind not only while working on this measure, but when examining other areas of the code for reform in the future. I ask unanimous consent that the letter of J. Gilmer Blackburn to me dated July 2, 1981, be inserted at this point in the RECORD so that my colleagues here in the Senate may have the advantage of seeing Gilmer's ideas on the pending tax bill.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

BLACKBURN AND MALONEY,
Decatur, Ala., July 2, 1981.

Re: Reagan Tax Cut Plans.
Senator HOWELL HEFLIN,
U.S. Senate,
Washington, D.C.

DEAR HOWELL: I am very pleased to give you my comments as to the proposed Reagan Tax Cut Plan. This comment is based on my experience as a tax attorney and not on any opinion as to whether the bill is good for the economy, etc.

In regard to federal tax laws, I would like to offer the following general comments:

1. Keep it simple. The federal income tax law has become too complex to be effectively interpreted or administered. This complexity has been created by a desire to satisfy the diverse individual and corporate interest groups by amendments to the Internal Revenue Code. This complexity, however, has in many instances been a cause of the inequity the amendments were intended to eliminate. The Pension Reform Act of 1974, for example, provides extreme complexities to solve a relatively small problem.

2. The income tax law should exist to produce revenue. It has become fashionable to cure various social and other problems by tax incentives or benefits which have no relationship to tax revenue. The basic purpose of any tax law is to equitably allocate the cost of government to its citizens. The use of the federal tax law for purposes other than revenue decreases the effectiveness of the tax law.

3. The federal tax law must be restructed.

The ability to raise the necessary federal revenues by income and payroll taxes to service all the traditional services provided by the federal government, including social security and medicare, is becoming an impossibility. The tax burden is going to have to be readjusted, with the principal funds for social security and medicare being raised by a national sales tax, value added tax, or other type of users fee. The income and/or payroll taxes cannot provide the necessary revenue and still provide incentive for capital growth.

With the above in mind I would like to give you my brief comments on the Economic Recovery Tax Bill of 1981.

1. Individual rate cuts. The present maximum rate of 70 percent is inequitable in relation to inflation, and the reduction of the overall rate to 50 percent should be beneficial. The gradual reduction in the overall rates is also a simple method to reduce the impact of inflation. The law should not be complicated by trying to readjust or modify the amount of the refund to the various parts of the economy. This would require a restructuring of the entire tax schedule.

2. Marriage penalty relief. This provision provides for additional complexity which would benefit only a small number of persons. The overall reduction in rates will help reduce this problem which should not be significant thereafter.

3. Individual retirement accounts. The individual retirement accounts for all taxpayers provides a special benefit for a limited type of investment. The reduction of the overall effective rates will help minimize the need for these type of benefits. Any additional provisions in the Internal Revenue Code should be discouraged. This type of benefit, however, is very popular with the taxpayers.

4. Keogh plans. The allowable deduction for contributions to retirement plans by individual proprietor and partnerships should be equal to that allowed for corporate plans. A number of business people are going to the otherwise unnecessary additional cost of incorporating their business because of the difference in the deduction.

5. Capital cost recovery system. A more efficient cost recovery system must be used to replace the outmoded standard depreciation. Under standard depreciation, cost of the equipment is amortized over the proposed useful life of the equipment. This method is now unrealistic because of the high cost of replacing the item. A fast charge off is a solution. I believe the best method, however, is to allow a deduction based on the current cost of replacement.

6. $400 interest and/or dividend exclusion. This adjustment should be considered in order to adjust the present exclusion for inflation.

7. Tax credit for research. This type of tax legislation creates, I believe, greater complexity and reduces effective tax revenue. Research expense is presently deducted, and an additional tax credit should not be provided.

8. Foreign earned income. This provision should be adopted. Foreign income in most instances is also taxed to the foreign country and should be exempted in this country.

9. Windfall profit tax credit. This provision should be adopted if it will eliminate filing a tax return for small owners of royalty interests. The amount of the benefit, however, should be considered in relationship to the cost of administering, filing, etc.

10. Investment credit for buildings. The need for this provision will be reduced if the new accelerated cost recovery system is adopted. Additional tax credits should not be encouraged.

As to the federal gift and estate tax provisions, I am pleased to recommend the following:

1. Increased credit. Under present law individual estates over $175,000 are subject to estate taxes. The estate and gift tax laws should be applicable only to persons with estates in excess of $600,000. The complexity of the estate and gift tax laws should be eliminated for all estates below this level.

2. Unlimited marital deduction. This would have the possibility of creating an unequal tax on the estate of the surviving spouse by overfunding the marital share, I would therefore not recommend that this provision be adopted. The present law provides adequate relief, especially if the allowable credit is increased.

3. Increase annual gift tax exclusion. This should be adopted to eliminate the filing of returns for small gifts.

It is my recommendation that the major provisions of the Reagan tax plan be adopted. I would not encourage any complicated alternatives. I would also discourage any additional tax benefits or incentive credits because of the complexity of these provisions. If I can provide any additional comments, please give me a call.

Sincerely,

J. GILMER BLACKBURN.

Mr. KENNEDY. Mr. President, the tax bill now before the Senate is, in a sense, the mirror image of the administration's harsh budget cuts that are now part of the reconciliation bill. This tax bill is a bloated bonanza for the wealthiest individuals and richest sectors of our society. These huge tax cuts threaten the fight against inflation. These unjustified tax giveaways are unprecedented in economic policy since the days of Treasury Secretary Andrew Mellon and President Calvin Coolidge, who presided over the policies that lead to the Great Depression.

For the first time in the recent history of major Senate tax bills, the report of the Finance Committee fails to include the customary tables showing the effect of the bill in reducing the tax burden on individuals in various income categories. It is easy to understand the embarrassment that led to the omission—because the tables irrefutably demonstrate the fundamental unfairness of the proposed Kemp-Roth tax cuts to middle-class families, and the executive benefits conferred on the highest income groups. This is a bill that gives the most relief to those who need it least, and gives the least to those who need relief the most.

As calculated by the Joint Tax Committee, the bill proposes the following tax cuts for a family of four:

	Tax cut		
	1982	1983	1984
Earned income:			
$5,000	0	0	0
$10,000	52	78	83
$15,000	151	226	281
$20,000	228	371	464
$30,000	405	744	914
$40,000	639	1,188	1,438
$50,000	947	1,754	2,158
$60,000	1,255	2,370	2,928
$100,000	2,137	4,648	5,822
Unearned income:			
$100,000	2,793	5,304	6,478
$200,000	11,555	15,002	17,514
$500,000	56,155	59,602	62,204

Supporters of the committee bill protest that its provisions are different from the original Kemp-Roth measure. They say that if we only understood the new supply-side economics, we would realize that the measure is helpful to the Nation's economic recovery.

But in its manifestation in this bill, the highly touted supply-side theory is only a 1980's disguise for the thoroughly discredited trickle-down economics of the past. The bill is a clone of Kemp-Roth, with cosmetic additions to purchase support from special interest groups with votes to deliver.

The bill preserves the two most objectionable features of the original Kemp-Roth legislation: First, the massive and highly inflationary tax reductions that roll on for years into the future and that may well cripple any hope for a balanced budget and a national economic recovery; and second, the "let them eat cake" mentality of dispensing tax relief, which proposes a plum of nearly $20,000 in tax cuts for those making $200,000 a year, but a pittance of only $200 for the average taxpayer making $20,000.

In fact, the bill is false to its promise of a tax cut for every taxpayer, as tables prepared by the Joint Tax Committee indicate, for most working men and women and average families, the tax cuts are not even sufficient to offset the impact of the tax increases due to inflation and rising social security taxes. These citizens—millions of middle-class Americans—are truly the forgotten taxpayers of the administration plan. For them, there is no tax cut, only the prospect of higher taxes.

In the past, I have supported responsible measures for tax relief to protect individuals against the rising burden of OPEC oil prices, inflation and social security tax increases, and the marriage penalty. And I have also sought effective business tax relief to reform the archaic system of depreciation, to stimulate saving, investment, and productivity, and to provide needed assistance to small business.

But this administration bill, as it is now written, fails the test of tax justice and of responsible economic policy.

The chief challenge we face in this debate is to remove the inflationary bias of the bill and to make the tax cuts fair for individuals and for businesses. In seeking these goals, I intend to join with my Democratic colleagues in amendments to shorten the 3-year period of the Kemp-Roth tax cut, to make the tax relief fairer for average taxpayers, and to improve the bill in other important ways.

We are now debating a bill that will dispense the incredible sum of $784 billion in tax relief over the next 5 years—by far the largest tax reduction in the Nation's history. Each of us, in both parties, has an obligation to all the people of this Nation to enact a bill that meets the test of fairness and the test of economic responsibility.

Mr. President, I ask unanimous consent that the table prepared by the Joint Tax Committee. to which I referred, may be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

SENATE FINANCE COMMITTEE TAX BILL—INDIVIDUAL INCOME TAX CUTS COMPARED TO INFLATION AND SOCIAL SECURITY TAX INCREASES

[Dollar amounts in millions (1981 income levels)]

Expanded income class (thousands):	Inflation and social security increases [1] (1)	Senate Finance Committee bill [2] (2)		Net tax reduction (col. (2) minus col. (1))	
1982					
Below $5	$371	$48	(*)	−$323	(*)
$5 to $10	1,621	813	(12.7%)	−808	(−17.0%)
$10 to $15	1,899	1,740	(10.7)	−159	(−1.1)
$15 to $20	2,228	2,452	(10.7)	224	(1.1)
$20 to $30	5,150	6,208	(10.6)	1,058	(2.0)
$30 to $50	7,098	9,412	(11.0)	2,314	(2.9)
$50 to $100	3,316	5,549	(10.7)	2,233	(4.6)
$100 to $200	863	2,568	(10.6)	1,705	(7.3)
$200 plus	276	3,567	(16.9)	3,291	(15.8)
Total	22,820	32,356	(11.3)	9,536	(3.6)
1983					
Below $5	567	109	(*)	−458	(*)
$5 to $10	3,178	1,479	(23.2%)	−1,708	(−53.5%)
$10 to $15	3,812	3,287	(20.1)	−525	(−4.2)
$15 to $20	4,264	4,675	(20.4)	411	(2.2)
$20 to $30	9,854	12,349	(21.1)	2,495	(5.1)
$30 to $50	13,644	18,923	(22.1)	5,279	(7.3)
$50 to $100	6,832	11,002	(21.3)	4,170	(9.3)
$100 to $200	1,844	4,437	(18.4)	2,593	(11.6)
$200 plus	598	4,080	(19.3)	3,482	(17.0)
Total	44,601	60,341	(21.0)	15,740	(6.5)
1984					
Below $5	664	114	(*)	−550	(*)
$5 to $10	4,330	1,731	(27.1%)	−2,599	(−126.7%)
$10 to $15	5,338	3,900	(23.9)	−1,438	(−13.1)
$15 to $20	5,732	5,625	(24.5)	−107	(−0.6)
$20 to $30	13,164	14,893	(25.4)	1,729	(3.8)
$30 to $50	18,101	22,520	(26.3)	4,419	(6.5)
$50 to $100	9,448	13,255	(25.7)	3,807	(9.0)
$100 to $200	2,640	5,396	(22.4)	2,756	(12.8)
$200 plus	873	4,413	(20.9)	3,540	(17.5)
Total	60,289	71,847	(25.1)	11,558	(5.2)

[1] Increased tax revenues resulting from inflation and social security tax increases (assumes 9 percent inflation in 1982, 10 percent in 1983, and 9 percent in 1984).

[2] Includes rate reductions, marriage penalty deduction, and changes in interest exclusion.

* Tax liability is negative for this income class, because of refundable earned income tax credit.

Source: Joint Tax Committee.

Mr. KENNEDY. Mr. President, it is time to dispose of the new right's old myth that their tax reduction is simply a supply-side version for the 1980's of the famous—and famously successful—J. F. K. tax cut of the 1960's.

The new right argument is breathtaking in its simplistic superficiality. Like the administration proposal, the J. F. K. plan did reduce taxes for individuals and business. But there the similarity ends, and the obvious and fundamental differences begin.

J. F. K.'s tax cut was fair to average taxpayers. Hard-pressed low- and middle-income citizens received the greatest benefits. The tax reduction was nearly 40 percent for those with lesser incomes, 20 percent for middle-class taxpayers, and 10 percent for the very wealthy. The Reagan-Kemp-Roth tax cut stands that distribution on its head, by giving the most relief to those who need it least.

J. F. K. understood the critical role of small firms in investment and innovation, and his tax cut was sensitive to the small business sector of the economy. In addition to general tax incentives for all businesses, his proposal contained a special 27-percent cut in the tax rate on the first $25,000 of corporate income. The Reagan plan contains no provision targeted to small business.

In addition to rate and bracket changes, the J. F. K. plan included 10—count them, 10—far-reaching proposals for tax reform to "remove unwarranted special privileges, correct defects in the tax law, and provide more equal treatment of taxpayers."

Thus, the $13.6 billion in tax cuts he proposed for individuals and corporations was partially offset by $4.9 billion in revenue gains from tax reform, thereby allowing larger tax relief with smaller budget deficits.

The Reagan plan contains no such offsets. The administration refused to bite the bullet of tax expenditures, which are special tax breaks that cost Federal revenues as surely as any other program. Federal spending through tax subsidies will roar along at the rate of $229 billion this year.

At the very least, the administration should cut back on the $5 billion a year in tax subsidies pouring into the treasuries of the major oil and gas companies, and cut out the $1.3 billion commodity straddle that has become a favored loophole of wealthy speculators.

And, of course, there are equally basic differences between the 1960's and the 1980's with respect to the size and timing of the tax cuts and the contrasting economic climates of the times.

J. F. K.'s tax cut came in an economy with inflation at rock-bottom levels of 1 to 1.2 percent a year. Now we suffer that much inflation in a single month in these days of double-digit disaster.

Incentives for investment, savings, and productivity have broad bipartisan support. But with inflation our top domestic priority in 1981, it makes no sense to throw caution to the winds and plunge ahead with three consecutive years of the inequitable and potentially hyperinflationary tax cuts of this administration.

In fact, J. F. K. proceeded so circumspectly that he cut taxes in two stages.

First came the supply-side incentives proposed in 1961 and enacted in 1962 to encourage capital formation through liberalized depreciation writeoffs and the landmark investment tax credit for purchases of equipment and machinery.

Only later, when the results were in and continuing low inflation and modest Federal deficits permitted more, did the Kennedy administration proceed with the second stage—the large tax cuts for individuals and corporations proposed in 1963 and approved by Congress in 1964.

Mr. President, when the economy is wrong, nothing else is right. When times are bad, the hard-pressed taxpayers of Massachusetts are entitled to demand relief from the burden of their property taxes; and the hard-pressed taxpayers of America are equally entitled to demand relief from the burden of excessive Federal spending. The challenge we face together is to make these budget cuts in ways that are fair to our people and that preserve essential services for our communities.

I have pledged my support for a fair policy of budget restraint and regulatory reform. I have sought budget reductions in the past. I have fought for deregulation every year since 1973. I take some pride in the fact that two of the most significant landmarks of deregulation in the past decade have been the laws I sponsored to eliminate needless Government control over the airline industry and the trucking industry.

There is a growing consensus in the Congress and the country about the broad goals of economic policy. But there are basic questions that must be asked about the President's program.

Where should budget cuts be made? Whose taxes should be cut? What incentives for investment and productivity will prove most efficient? How tight should money be, and how high should interest rates be permitted to rise?

In answering such questions, we can and must consider alternative possibilities to reach our common goals. As the loyal opposition, Democrats in Congress will do all we responsibly can to cooperate with President Reagan. In this endeavor, we shall not be obstructionists. But neither shall we be rubber stamps.

In recent weeks, for example, I have suggested other approaches to the administration's budget cuts. I believe that all of us are prepared to bear a fair share of the burden to bring the Federal budget into balance over time.

But if sacrifice is fair that takes low-income fuel assistance from families struggling to heat their homes; if sacrifice is fair that takes student loans from middle-income families struggling to give their children a college education; if sacrifice is fair that takes urban development action grants from mayors struggling to revitalize their cities; then I say that fair sacrifice must also take from the oil companies, whose only struggle is to count their enormous profits.

I have similar concerns over the other key elements of the administration's program. On regulatory reform, I believe we must continue to reduce the burden of Government and promote more competition in our free enterprise system—but in ways that do not jeopardize the

quality of our environment or the health and safety of workers on the job.

On monetary policy, I believe we can restrain the growth of the money supply, without generating endless credit crunches that will keep interest rates high or send them even higher than they are today. One area of competition our economy does not need is competition promoted by the administration and the Federal Reserve Board to see which bank can charge the highest interest rate.

In the coming weeks, I will continue to speak out on these basic issues of economic policy, and seek responsible alternatives that can truly meet our Nation's needs.

In addition, certain basic principles must guide us in shaping tax policy for the 1980's:

First, when broad-based tax cuts are made for individuals, middle- and low-income citizens must receive the top priority within the revenues available. High-income taxpayers must not be ignored. But tax cuts for the rich must rightly take second place to tax relief for their fellow citizens of lesser wealth, who suffer most from the crisis in our economy.

Second, in giving general tax cuts to business, particular care must be taken to insure that small business receives its fair share of the tax reduction.

Third, we must retain a healthy caution about the ability of tax cuts to meet economic and social challenges. Just as we cannot solve all our problems by throwing money at them, so we cannot solve them by throwing tax cuts at them. And certainly, we cannot afford a policy that provides enormous tax relief for wealthy individuals and corporations, but offers only an economic theory for all the rest of us.

Fourth, where it is appropriate to use tax incentives to encourage specific business activities, the measures must be carefully targeted to the problem, so that the Nation secures the maximum economic benefit for the Federal subsidy involved.

Fifth, amid all our pressing public problems, we cannot lose sight of one central truth—no tax system will work, unless it is fair and seen to be fair by the average taxpayers of this country. Any tax cut and any tax incentive we fashion in the weeks ahead must meet this basic test of fairness.

In applying the principles to our current condition, we must recognize the heavy burdens that individual taxpayers and businesses have suffered in recent years.

There is the burden of ever-increasing energy costs, which in large part are taxes imposed by the OPEC countries on the people of America. These OPEC taxes siphon tens of billions of dollars each year from individuals and corporations.

There is the sharp rise in social security taxes, whose burden falls most heavily on middle- and low-income workers. The social security tax increase in 1981 alone will cost over $13 billion.

There is the tax imposed by runaway inflation, which pushes citizens into higher and higher brackets, without any increase at all in their purchasing power. This "inflation tax" will cost over $16 billion in 1981.

Finally, rising costs are compelling more and more husbands and wives to enter the labor force together. But when they do, they find a tax system that discriminates against working couples. This "marriage tax" will cost more than $10 billion in 1981.

The OPEC tax, the social security tax, the inflation tax, and the marriage tax are four very real problems confronting average working families trying to make ends meet. Yet 30 percent of the Reagan tax cut goes to the 4 percent of Americans making over $50,000 a year. Less than 20 percent of the tax cut would go to the 60 percent of taxpayers who make less than $20,000.

Next year, an individual with income of $200,000 will receive a tax cut under the Reagan plan of $11,555. But a worker earning $20,000 a year will get a cut of only $228.

A plan like that is a flawed plan. It fails the fairness test. It provides the least help to those who need it most, and the most help to those who need it least—and it should not be enacted in its present form.

With respect to business taxpayers, there is an additional set of problems that our policy must address. The present depreciation rules were written for an inflation-free period in our economic history. In today's era of high inflation, no business can hope to recover its capital investment through depreciation, because tax deductions for depreciation are based on inflation-ridden dollars that decline in value by 10 percent or more a year.

Other factors burden business. For at least a decade, there has been an alarming and unacceptable decline in productivity. Capital investment has not increased to the levels necessary to provide jobs for an expanding work-force. Competition from foreign industry is increasingly intense—but not always completely fair. And national policy has too often favored big business, even though small business is at the cutting edge of gains in technology and productivity.

No tax policy can fully solve these business and investment problems, which go to the very heart of our current economic challenge. But I am concerned that the plan the administration has proposed falls short of giving business the most effective incentives for the revenues available.

The administration's 10–5–3 depreciation plan does not solve the crisis over depreciation in a fair or effective manner. It will not offset the effects of inflation for any company in any rational way. Even worse, it will insure the proliferation of tax shelter schemes that are severely eroding the self-assessment mechanism that has always been the cornerstone of our Federal tax system.

Nor is the Reagan plan cost effective. It provides little benefit to the two sectors of our economy that can do the most to solve our problems of productivity and innovation—the high technology industry and small business.

Many high-technology firms will actually be worse off under the plan than under present depreciation rules. And small business will get too small a share of the business tax deduction.

I believe that Congress could have designed a more appropriate tax policy for both individuals and business, a policy that meets the tests of fairness and efficiency.

For individuals, I have favored an alternative approach that concentrates the bulk of tax relief on middle- and low-income families:

We should raise the current $1,000 personal exemption to $1,500;

We should increase the so-called standard deduction to target more tax cuts on middle-income taxpayers and insure that poverty-level families do not incur tax liability;

We should cut tax rates by a uniform amount, such as 2 percentage points in each bracket, instead of the Reagan-Kemp-Roth plan that cuts the lowest bracket by only 4 percent, but cuts the highest bracket by 20 percent;

We should provide a tax credit to eliminate the marriage tax on working couples; and

We should give a tax credit for home heating costs, to ease the burden of the OPEC tax and the administration's policy of oil price decontrol.

For business, I favor an alternative approach that is carefully targeted and efficiently designed to meet the pressing need for the challenges of investment in machinery, equipment, and certain plant facilities. For example, instead of the 10–5–3 plan, which spreads the depreciation deduction over several years, we might adopt a 90–80–60 plan, where the figures represent the percentage of an investment that can be instantly deducted in the year of purchase.

He should insure that under such a plan, high-technology companies are in the category that receives the highest incentives to expand and innovate.

We should also target incentives to encourage investment in cities and regions that need help the most, and in basic industries that must play a central role in any serious effort to reindustrialize America.

We should allocate a specific share of business tax reductions exclusively to small business, such as by lowering the current tax rates on the first $200,000 of corporate income.

We should make the existing investment tax credit refundable, so that new firms, and businesses hurt by recession or soaring energy costs, can participate fully in this basic tax incentive.

We should target a special tax credit for energy conservation to encourage investment in proven energy-saving processes and equipment and help reduce our excessive dependence on foreign oil.

In the coming debate, I hope that Congress and the administration can work in partnership to consider these and other alternatives. Within the revenues available, and by wisely phasing in the steps that are too costly to be taken all at once, I believe we can write the best possible plan to help us reach our economic goals.

To succeed, we will need the support and encouragement of every sector of society—public and private; Federal, State, and local. Above all else, we must mobilize the power of the vast majority of Americans who endure the greatest hardship from our present economic problems. With their power and their help, we can give American business and average American families the kind of tax policy they need and deserve. We can bring new hope to our communities and make America once again a land of new prosperity for all our people.

Mr. GRASSLEY. Mr. President, I rise in support of the important measure the Senate is starting to consider. The Economic Recovery Act of 1981 is an essential part of President Reagan's pledge to get this Nation moving again.

Individual rate reductions should provide all wage earners with some protection from the devastating effects of inflation. If the Federal Government stops demanding a larger and larger percentage of each individual's paycheck, more Americans can save and invest in the future of our Nation.

While these rate cuts will encourage this type of capital formation, their most important effect will be to convince Americans that there is a future to save for. Passage of this bill will show all Americans that we are committed to stopping inflation and we are committed to limiting the role of the Federal Government in each person's life.

The Accelerated Cost Recovery System is a critical component of the Economic Recovery Act. It will enable American industry to reinvest in new plants and equipment to put more Americans back to work, shore up lagging productivity and enable us to meet the challenge of competing effectively in the international arena in the 1980's. There is no need to chronicle the age of our industry versus our international trading partners. We need to move quickly to convince American industry, as well as American individuals, that America is worth investing in.

Other important components of this bill are the correction of the marriage penalty, estate tax reform, savings and retirement incentives, tax relief for research and development, improved tax treatment of Americans working abroad, and a variety of measures designed to help small business.

All of these reforms are necessary if we are to embark upon a new beginning. I commend the Committee on Finance, especially Chairman DOLE for his fine leadership, and I am proud to be part of this economic revitalization effort.

UP AMENDMENT NO. 220—SUBSEQUENTLY NUMBERED AMENDMENT NO. 488

(Purpose: Indexing certain provisions of the Internal Revenue Code of 1954)

Mr. DOLE. Mr. President, I am going to send an amendment to the desk, a committee amendment, for consideration by the Senate. I will make a statement in support of that amendment. The debate on that amendment will be led by the distinguished Senator from Colorado (Mr. ARMSTRONG).

This was an amendment that we adopted in the committee, not a part of the bill, but as a committee amendment, and it is my hope that the Senate will adopt this amendment. I will explain that in detail in just a moment.

I send to the desk a committee amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an unprinted amendment numbered 220.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 29, after line 20, insert the following:

SEC. 104. ADJUSTMENT TO INSURE THAT INFLATION WILL NOT RESULT IN TAX INCREASES.

(a) ADJUSTMENTS TO INDIVIDUAL INCOME TAX RATES.—Section 1 (relating to tax imposed) is amended by adding at the end thereof the following new subsection:

"(f) Adjustments in Tax Tables So That Inflation Will Not Result in Tax Increases.—

"(1) IN GENERAL.—Not later than December 15 of 1984 and each subsequent calendar year, the Secretary shall prescribe tables which shall apply in lieu of the tables contained in subsections (a), (b), (c), (d), and (e) with respect to taxable years beginning in the succeeding calendar year.

"(2) METHOD OF PRESCRIBING TABLES.—The table which under paragraph (1) is to apply in lieu of the table contained in subsection (a), (b), (c), (d), or (e), as the case may be, with respect to taxable years beginning in any calendar year shall be prescribed—

"(A) by increasing—

"(i) the maximum dollar amount on which no tax is imposed under such table, and

"(ii) the minimum and maximum dollar amounts fo reach rate bracket for which a tax is imposed under such table,

by the cost-of-living adjustment for such calendar year,

"(B) by not changing the rate applicable to any rate bracket as adjusted under subparagraph (A)(ii), and

"(C) by adjusting the amounts setting forth the tax to the extent necessary to reflect the adjustments in the rate brackets.

If any increase determined under subparagraph (A) is not a multiple of $10, such increase shall be rounded to the nearest multiple of $10 (or if such increase is a multiple of $5, such increase shall be increased to the next highest multiple of $10).

"(3) COST-OF-LIVING ADJUSTMENT.—For purposes of paragraph (2), the cost-of-living adjustment for any calendar year is the percentage (if any) by which—

"(A) the CPI for the preceding calendar year, exceeds

"(B) the CPI for the calendar year 1983.

"(4) CPI FOR ANY CALENDAR YEAR.—For purposes of paragraph (3), the CPI for any calendar year is the average of the Consumer Price Index as of the close of the 12-month period ending on September 30 of such calendar year.

"(5) CONSUMER PRICE INDEX.—For purposes of paragraph (4), the term 'Consumer Price Index' means the Consumer Price Index for all-urban consumers published by the Department of Labor.".

(b) DEFINITION OF ZERO BRACKET AMOUNT.—Subsection (d) of section 63 (defining (zero bracket amount) is amended to read as follows:

"(d) ZERO BRACKET AMOUNT.—For purposes of this subtitle, the term, 'zero bracket amount' means—

"(1) in the case of an individual to whom subsection (a), (b), (c), or (d) of section 1 applies, the maximum amount of taxable income on which no tax is imposed by the applicable subsection of section 1, or

"(2) zero in any other case.".

(c) PERSONAL EXEMPTIONS.—

(1) GENERAL RULE.—Section 151 (relating to allowance of deductions for personal exemptions) is amended by striking out "$1,000" each place it appears and inserting in lieu thereof "the exemption amount".

(2) EXEMPTION AMOUNT.—Section 151 is amended by adding at the end thereof the following new subsection:

"(f) EXEMPTION AMOUNT.—For purposes of this section, the term 'exemption amount' means, with respect to any taxable year, $1,000 increased by an amount equal to $1,000 multiplied by the cost-of-living adjustment (as defined in section 1(f)(3)) for the calendar year in which the taxable year begins. If the amount determined under the preceding sentence is not a multiple of $10, such amount shall be rounded to the nearest multiple of $10 (or if such amount is a multiple of $5, such amount shall be increased to the next highest multiple of $10).".

(d) RETURN REQUIREMENTS.—

(1) AMENDMENTS TO SECTION 6012.—

(A) Clause (i) of section 6012(a)(1)(A) is amended by striking out "$3,300" and inserting in lieu thereof "the sum of the exemption amount plus the zero bracket amount applicable to such an individual".

(3) Clause (ii) of section 6012(a)(1)(A) is amended by striking out "$4,400" and inserting in lieu thereof "the sum of the exemption amount plus the zero bracket amount applicable to such an individual".

(C) Clause (iii) of section 6012(a)(1)(A) is amended by striking out "$5,400" and inserting in lieu thereof "the sum of twice the exemption amount plus the zero bracket amount applicable to a joint return".

(D) Paragraph (1) of section 6012(a) is amended by striking out $1,000" each place it appears and inserting in lieu thereof "the exemption amount".

(E) Paragraph (1) of section 6012(a) is amended by adding at the end thereof the following new subparagraph:

"(D) For purposes of this paragraph—

"(i) The term 'zero bracket amount' has the meaning given to such term by section 63(d).

"(ii) The term 'exemption amount' has the meaning given to such term by section 151(f).".

(2) Amendments to section 6013.—Subparagraph (A) of section 6013(b)(3) is amended—

(A) by striking out "$1,000" each place it appears and inserting in lieu thereof "the exemption amount",

(B) by striking out "$2,000" each place it appears and inserting in lieu thereof "twice the exemption amount", and

(C) by adding at the end thereof the following new sentence: "For purposes of this subparagraph, the term 'exemption amount' has the meaning given to such term by section 151(f).".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

Mr. DOLE. This is the committee amendment. There will be considerable discussion of this amendment.

Mr. President, on the final day of

its deliberations on this tax cut bill the Finance Committee voted to offer a separate amendment dealing with an equitable matter.

That amendment has now been proposed, that committee amendment. I believe it is an outstanding amendment, and it has strong bipartisan support. I hope it will be adopted.

In a way this amendment is historic. It represents the first time that a committee of Congress has acknowledged the need to keep individual tax rates stable in a period of inflation, and recommended action to deal with the problem. This is a major step forward as Congress reasserts its control over tax and fiscal policy. For too long we have allowed inflation to dictate tax rates and bloat Federal spending. The result has been not only fiscal mismanagement at the Federal level, but a prescription for economic disaster. Now, thanks to the leadership of President Reagan and the cooperation of the Congress, we have a chance to make a break with the past.

The President is directing us to a program of sustained fiscal restraint and tax reduction that will restore stability to our economy. The tax indexing provision agreed to by the Finance Committee will reinforce this program by guaranteeing the stability of tax rates once they are reduced.

Mr. President, this is a straightforward matter. The committee amendment is based on S. 1, legislation introduced this year by the Senator from Kansas and cosponsored by Senator ARMSTRONG, Senator DURENBERGER, Senator COHEN, Senator DECONCINI, and others. The amendment provides for tax equalization: that is, it insures that the progressive rate structure of the personal income tax remains constant until and unless Congress decides to make adjustments.

Under present law, inflation moves taxpayers into higher rate brackets as their incomes keep pace with the rising cost of living. The result is an automatic increase in the tax burden and in marginal tax rates. Our amendment would prevent that simply by providing that the individual rate brackets, personal exemption, and standard deduction (or zero bracket amount) would be adjusted upward each year in line with the inflation rate. Tax rates would then remain stable relative to real income and the progressive rate structure would be preserved.

Then, if Congress undertook any tax reduction after we adopt this amendment in 1985, you would have a real tax reduction, not just some tax reduction to keep you even with inflation.

Under the committee amendment, the adjustments in the tax tables would first take effect on January 1, 1985, after the individual rate reductions proposed by President Reagan and incorporated in this tax bill have been fully phased in.

The issue of tax indexing has been with us for some time now, and in this body it has on occasion been the focus of partisan debate. That is no longer so, I am glad to report. This provision received bipartisan support in the finance committee. Tax indexing is an issue that the other Senator from Colorado, the distinguished Senator GARY HART, who is now on the floor, has long worked for. In the House of Representatives, the comparable bill sponsored by BILL GRADISON has 218 cosponsors, a rare display of agreement among Members from both sides of the aisle and all regions of the country. The President of the United States has long supported tax indexing, and he continues to believe that automatic tax increases induced by inflation must be stopped.

Mr. President, this is as much an issue of accountability and equity as it is a question of tax policy. Failure to stabilize tax rates in periods of inflation particularly penalize low-income taxpayers, because tax brackets jump much more frequently at the lower incomes, with a more dramatic percentage change in tax liability likely to occur.

An unindexed individual income tax also means a political imbalance in Congress: With an inflation bonus in tax revenues, Congress need not vote the tax increases appropriate to higher levels of spending. That is one reason why spending has gotten out of control, and there is every reason to believe that redressing this imbalance by stabilizing tax rates will aid the cause of spending restraint and balancing the budget. A recent survey of the nine States that have indexed income taxes, prepared by researchers at the University of Virginia, indicates that indexing at the State level has slowed expenditure growth and created no significant administrative problems.

This Senator would like to lay to rest one of the most frequently heard objections to tax indexing: That it would amount to an accommodation to inflation, and reduce the incentive to fight inflation. Such a fear can only arise from a confusion of indexing spending programs, or wages, or prices, as a means of living with inflation, with the principle of keeping tax rates stable through inflation adjustments. They are not the same thing at all, and the difference can not be stressed too often. To cushion people from the impact of inflation is one thing, and there is a good case to be made for the proposition that we have provided too much such cushioning in our economy. But the significance of an unindexed tax code is that it cushions the Government—including Members of this Congress—from the effects of inflation by automatically providing extra revenues to reinforce an irresponsible fiscal policy. The Finance Committee has concluded that it is time to abandon that cushion and get on with the job of responsible and anti-inflationary fiscal management. Here is the opportunity for the Senate to ratify that conclusion.

Mr. President, we all hope and expect that the economic recovery program pending before us will bring the rate of inflation down dramatically and permanently. But halting inflation is a tedious process, and there is no reason to leave the American people at risk to the prospect of future inflation increasing their tax liabilities. Such a result would be entirely contrary to the goals the President has set in reversing the policies of the past to bring about long-term, stable, economic growth. It is time to foreclose the option of future automatic tax increases and distortions of the progressive rate structure that could be induced by inflation.

This is the time to act, while we are trying to set a course for economic stability in the years ahead. The need for stable tax rates is clear, and it has wider support than at any time in the past. The New York Times endorsed tax indexing last November 25. The National Education Association, the American Institute of Certified Public Accountants, the National Cattlemen's Association, the Advisory Committee on Intergovernmental Relations, all have given strong endorsements to tax indexing. These are not radical groups, but they do represent citizens concerned that we in Congress ought to reassert control over tax policy by stabilizing tax rates. In conclusion, I would just like to acknowledge the contribution of the distinguished Senator from Colorado, BILL ARMSTRONG, in moving this amendment in the Finance Committee and working for its approval by the full Senate. I urge the Members to grant that approval by voting to adopt the Finance Committee amendment.

Mr. DURENBERGER. Mr. President, none of the tax reform measures we have considered this week are as desperately needed, or as long overdue, as tax indexing. Passage of the Finance Committee amendment is the single most important step we can take to provide permanent relief to inflation- and tax-burdened Americans.

Tax indexing is nothing more than a windfall profits tax on Government. It proceeds from the philosophy that any windfall income created by inflation should remain with the income earner and taxpayer as a buffer against rising prices, rather than passing to the Federal Government. And this is a sound philosophy.

Under the pressure of consistently high inflation, the present tax system has demonstrated built-in inequities and an inherent tendency to fuel the inflationary cycle. Individuals receiving cost-of-living wage increases are penalized by a tax system that simply thrusts them into higher brackets.

As a result, these individuals often suffer actual loss of income through the losses in real dollar purchasing power. They end up falling behind the rise in living costs, forcing them to rob their savings and investments to feed, clothe, and shelter their families. This fuels the desire for even higher wage increases in the next round of bargaining, but the results remain the same. Without indexing, the present tax system guarantees progressive erosion of real income at the same time it spurs inflationary psychology.

In the absence of indexing, that system inevitably makes Government, one of the primary causes of inflation, also the main beneficiary of inflation. For each 1 percent rise in the Consumer Price Index, Federal tax receipts rise by approximately 1.4 percent. This process cuts deeply into savings and investment, disrupting the balance of the economic system as a whole. It also permits Government to profit from annual

tax increases without the necessity of congressional actions—a paradox in this era of increasing demand for Government accountability. It is, in effect, a 1981 version of taxation without representation. Tax increases should neither be hidden nor automatic. Unless Congress chooses otherwise, the inflation dividend should remain in private hands where it can be saved, invested, or used to mitigate the human hardship of inflation.

Frankly, Mr. President, I find it difficult to understand the argument that tax indexing is somehow a concession to inflation. On the contrary, tax indexing does nothing more than redistribute the tax implications of inflation, so that consumers no longer bear all of the burden, while Government reaps all of the benefits. In fact, there is empirical evidence that tax indexing has a positive fiscal effect in slowing down the increase in Government spending.

In Canada, where tax indexing became national policy in 1974, real-dollar spending by the Canadian Parliament had been increasing at an annual rate of 15.9 percent prior to enactment of the indexing law. In the year following its enactment, that growth rate decreased to 10.2 percent, and it fell progressively over the next 3 years to a rate of 2.1 percent. In my own home State of Minnesota, during the years 1971–81, State spending grew at an average rate of 23.8 percent per biennium. Since we indexed our tax system, State spending has been increasing at the rate of only 14 percent. In terms of dollars, indexing will save Minnesota taxpayers over $4 billion during the next two bienniums.

What has happened, Mr. President, is what should be happening all over this country. This legislative session, the legislators came to the State capitol in Minnesota and they reduced recommended spending by almost $1 billion. They got it right down to the hardcore of what they absolutely had to do to meet the needs of the people of Minnesota.

Then they went over and looked into the anticipated tax pot for the coming biennium and they found they were $503 million short.

They ended up having to increase State taxes to accomplish it.

The next time, I suspect they will find a way to reduce that spending even more by finding better ways to deliver public service.

So, clearly, in my opinion, the empirical evidence in at least one State and the figures I have cited show that by forcing revenue projections to be scaled down, tax indexing actually induces fiscal responsibility by placing a restraining effect on budgetary decisionmaking.

After a thorough examination of the nine States that have indexed their tax systems since 1978, the Advisory Commission on Intergovernmental Relations concluded that "we can draw one inference with a fairly high degree of confidence—indexation has forced State policymakers to take a somewhat harder look at their expenditure priorities than would have been the case under a nonindexed system."

That is what indexing is all about.

But, Mr. President, the best way to gage the impact of an unindexed tax system is to measure its impact on individual taxpayers. For example, take the case of a family of four in Minnesota where one parent contributes 70 percent of the family's income while the other contributes 30 percent.

If the combined income of that family was $25,000 in 1979, and if the income kept pace with inflation through cost-of-living allowances, the family by 1981 would have lost $206 in purchasing power if the State tax system were not indexed. More important, with the effects of Federal taxes taken into account, the purchasing power of that family would be reduced by over $500 in just 2 years. In other words, inflation and "bracket creep" have left them with substantially less purchasing power despite cost-of-living wage increases. However, at the same time, the Government—which must share a major part of the blame for causing inflation—now has a lot more of this family's money to spend as it wishes.

Nationally, an employee receiving a 10-percent pay increase to offset a 10-percent inflation rate will be required to pay 16 percent more in Federal and State taxes. Thus, the Government benefits from a 6-percent increase in the employee's tax liability, while the employee loses purchasing power—the power to buy food, the power to buy shelter, the power to buy clothing, the power to buy an education for his family.

Mr. President, the indexing concept has been endorsed by such diverse sources as the American Enterprise Institute, the Christian Science Monitor, and the New York Times. In one form or another, it has become national policy in Brazil, Canada, Israel, the Netherlands, Argentina, Denmark, France, and Luxembourg. In this country, the States of Minnesota, Arizona, California, Colorado, Iowa, Montana, Oregon, South Carolina, and Wisconsin have indexed their tax systems to some degree.

Adopting tax indexing on a national level will minimize the short-term effects of inflation while we treat its causes with long-term remedies. And minimizing inflationary impact on human needs is, by any standard, the principal goal behind our anti-inflation policy.

The American people are demanding indexing, and after 2 years of double-digit inflation, they need its relief as quickly as we can possibly provide it. So I speak as strongly as I can in favor of this amendment.

Mr. HART. Mr. President, it is in the context of the last remark of the Senator from Minnesota that I rise, because I also support this amendment.

The Senator from Minnesota and the chairman of the Finance Committee, the Senator from Kansas, have made eloquent arguments for the principle of indexation. I do not quarrel with a word either of them has said. I endorse all those arguments; they are very sound.

Frankly, however, the arguments made by both my colleagues, and particularly the last statement made by the Senator from Minnesota, remind me a little of the whisky salesman advertising his wares to teenagers. He goes on and on about how good a thing this whisky is, but he ends up by saying, "You can't have it until you are 21."

The question I raise to my colleagues who say that indexing is such an important and equitable principle is this: Why do we have to wait until 1985? The Senator from Minnesota rightly says that this is something that must be done, that it should be done, and that we must do it as soon as we can. The question I raise with regard to this amendment that is pending is, Why do we have to wait until 1985?

At an appropriate time—I understand that, in a parliamentary sense, this is not that time—I intend to offer an amendment to the bill in the nature of a substitute to the individual tax cuts for 1982, 1983, and 1984 indexation.

That is to say, in addition to the amendment that indexes the tax code for 1985, the Senator from Colorado will offer an amendment later, at an appropriate time, to move that up 3 years, to fiscal 1982. It is because of all the arguments that the Senator from Minnesota just made—and the Senator from Kansas before him—with which I agree, and particularly the last statement of the Senator from Minnesota that we must do this as soon as we can, that I intend to offer that amendment.

In the meantime, I will support this amendment, because I believe in it. I believe in all the arguments that have been offered. But the fact is that we do not have to wait until 1985.

It is because of a partisan political judgment that the majority party, the Senate, and the President would go with the so-called Kemp-Roth supply-side economics, that those who support indexing are going to have to wait 3 years.

Why should we have to wait 3 years? So we can experiment with Kemp-Roth and supply-side economics. Let us not wait.

We have a principle of tax justice and tax equity which says we should do it tomorrow, next year, for the next fiscal year, and that is the amendment the Senator from Colorado will offer.

We do not need to experiment with supply-side economics or anything else to give the people of this country tax equity and tax justice. We can do it today. We can vote that on this bill.

If the majority party in the Senate, the President, and the White House support that, as they say they do, then we can move forward with the equitable principle of tax indexation for the individuals of this country for the next fiscal year.

So, Mr. President, I warmly adopt and cordially support this amendment and the principles behind it, and I associate myself with all the arguments that have been made. I just believe we should do it 3 years sooner, and I intend to offer that opportunity for the supporters of indexing, so that those who believe in this principle will have a chance to vote not just for indexing in 1985 but also in 1984, 1983, and 1982.

Mr. DURENBERGER. Mr. President, I have attempted to withhold a response to the Senator from Colorado until he presents his amendment. So that he

might be forewarned as to the response he is likely to get, at least from this Senator, I believe that the purpose of his amendment is to make indexing national policy as of the time of the adoption of this tax legislation.

In fact, the purpose of the committee's indexing amendment is to provide even greater relief from the burdens of inflation's impact on the tax system and on the taxpayers of this country starting on October 1, 1981.

I believe the facts will show that the 5–10–10 rate reduction proposal in House Joint Resolution 266, combined with indexing starting in fiscal 1985, will provide the taxpayers of this country, the income earners of this country, with even greater relief in fiscal years than would be provided only from the indexing proposal.

I thank the Senator from Colorado for his consistent support in the concept of tax indexing and the elimination of bracket creep. I suggest that he might do even more for the people of this country, about whom we are all concerned, by supporting this amendment rather than the substitute.

Mr. LONG. Mr. President, I hope the Senate will not agree to the indexing amendment.

Let us just take an example. If we had had indexing in 1976, we would not be voting for a tax cut now. All the provisions we have in this law that encourage productivity, that get rid of the confiscatory tax rates, and measures to encourage individual sayings—we would not have those. We could not afford it, because the indexing would have reduced Government revenues to the point that we could not afford the tax cut. So we would not be able to structure the tax cut as we are doing now.

We tried to look at where the tax cut is needed most and put it where it will do the most good. But if we had indexed the tax law in 1976, Government revenues would be reduced to the point that, responsibly, you could not have a big tax cut, and we could not do any of the fine things in this bill that are better than just straight indexing, just adjusting for inflation.

If it had had indexing in 1976, we could not have had the 1978 tax cut, because the revenues would have been used up by indexing.

I recall when somebody came up with the idea of indexing social security. At that time, I was opposed to it, and I predicted that if we indexed social security, so that the cost would go up, it was going to give us all sorts of problems in continuing to finance the social security trust funds.

Prior to that time, the social security funds had money on hand. We were in good shape. We were solvent. About every 2 years, we could have another social security benefit increase and make everybody happy, and usually we could do it without a tax increase. But we indexed social security benefits in 1972, against my objection; and, just as I predicted, the social security program has been headed for bankruptcy ever since that time. It is projected to be bankrupt now, according to most estimates. It was projected to be bankrupt a couple of years ago. We passed a big tax increase. I led the charge to keep the social security funds solvent.

During the campaign, when I ran for office, I had an opponent who said—and I am sure many others had such an opponent—that I had voted for the biggest tax increase in history. My opponent reached that conclusion by projecting what that social security tax increase would bring in for the next 50 years. Whether that is right or wrong is beside the point. It was a tax increase, and it would increase later in history to keep the social security fund solvent.

In previous years, we looked at social security the program, both at the taxes needed to pay for it and to increase the benefits, many times increasing benefits without increasing the taxes, looking at the cost-of-living increases and all the factors, and we then found ourselves facing bankruptcy. So we voted for a big social security tax increase that was called by our opposition the biggest tax increase in history, and then we came back here and found that they were projecting bankruptcy of the social security program all over again.

We would not have been in that trap if we had never indexed social security, in the first place. We would have taken a look every year or every 2 years, to see how much the cost of living had gone up; give the dear old people and the widows and the little children an increase based on their need, based on the cost of living—or whatever you wanted to base it on, any just and equitable factor one wanted to take into consideration—and vote in the new higher benefit and pay for it. If we had continued to do business that way, we would not be projecting bankruptcy. However, we have been projecting bankruptcy for that fund ever since we voted for indexing.

Here we have social security benefits indexed to go up; Government retirement indexed to go up; all sort of programs, many of which I cannot recall at the moment, indexed to go up.

Now we have an amendment to index Government taxes to go down. I do not say the amendment cuts the taxes. But it prevents the revenues from going up the way they would go up with inflation.

Mr. President, we had not been able to have a balanced budget for lo these many years. We have not had a balanced budget since Hector was a pup anyway.

Now we want to guarantee we will not have a balanced budget, index expenses to go up and index revenues not to go up.

The result would be, Mr. President, that some future President would at some point be required to come in here and ask for a tremendous tax increase.

If Congress refused to pass an income tax bill, and it might be very well refuse to do so, then the President would have no choice at some future point but to come in here and ask for a major increase in taxes that impact on the consumers. I do not care whether it be a tax on energy, whether it be a value-added tax, whether it be a national sales tax or whatever, any fiscally responsible President watching the cost of Government go up and seeing the needs of people grow greater, looking at the problems of Government, would be compelled to come in here and ask for a tax on consumers. If he cannot get a tax on income, he has to take it however he can get it.

Why do we want to create these problems for Government?

Mr. President, if I were sure that we were going to have a Republican President in 1986, I might be content just to go ahead and let our Republican friends create that problem for their President. But for all I know, Mr. President, we might have a Democratic President in 1986. We might be creating a problem for someone who had nothing to do with creating it, a man who did not advise it, was not consulted, had nothing to do with it and finds this Government in an impossible fiscal situation.

I do not think we should create those kinds of problems for this Government.

That being the case, Mr. President, I believe we would be wise to look at Government revenues, look at Government expenses, look at what the deficit is or surplus if we ever have a surplus might be and proceed to vote whatever tax cut we could afford, help those who need the help the worst and do the least for those who need it the least or for those who have the least justification in asking for a tax cut.

What is wrong with cutting taxes with your eyes wide open, where you know who you are helping and know who you are hurting? You want to try to help those that need it the most and tax those who need it the least. That just makes sense. And it has the wisdom of two centuries of experience to back it up.

As I say, if you want to go for indexing, if you think that is right, why do you not offer an amendment to index starting in 1976 as a substitute for this bill? If you think that would be a better way to do it, just knock out everything that has happened since 1976 and substitute that for this bill. I assume that would be just about where we stand.

As a matter of fact, Alan Greenspan testified with regard to this bill and he said that what the bill did in general terms would be just about what you would do by indexing anyway. It is just about where you would be if you were to index your Tax Code.

I think it does more for justice because no one on the committee to this point has suggested that we substitute this bill for the other bill. But if the argument for indexing is correct, then I would submit that the amendment by the Senator from Colorado would make better sense than this bill makes.

Mr. HART. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. HART. The Senator from Louisiana is absolutely correct. Even though I support this amendment because I support the principle, if all the arguments the Senator from Kansas made and the Senator from Minnesota made are to be believed, then we ought to start indexation next year instead of experimenting

with supply-side economics. We cannot do both.

That is why apparently the majority party has decided that we will try 3 years of supply-side economics and then we will move to a separate principle totally different called indexation and then they give all the arguments for tax justice, tax equity, and fairness, but then they turn around and tell the taxpayers of the country we have to wait 3 years. There is another way to do that and the Senator from Louisiana has just stated it and that is called indexation, fairness, justice, and equity, 1982.

Mr. LONG. Of course, if the logic of this amendment for indexing is correct, then in my judgment it makes all the sense on Earth that you would adopt the Hart amendment, to say that if this is what makes sense, let us do it now, why wait? Why wait if to do it by indexing it makes better sense then look at how everyone is situated and try to vote the tax cut the way you think it will do the most justice, the most equity, and the most to serve the national interest. If that is the best way to do it why not do it now? Why not start January of this year, January 1? Say starting January 1 we index the Tax Code so that we will not need the bill.

Mr. KENNEDY. Mr. President, will the Senator yield for a question?

Mr. LONG. I yield to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I am opposed to indexing but I would like to ask a question.

Mr. LONG. So am I.

Mr. KENNEDY. I understand that.

I do not think there is anyone in here who has any doubt as to the position of the Senator from Louisiana on anything.

Let me just ask a question as to the effect of indexing. Is it true, that under indexing, all taxpayers get the same proportional tax cut? If the inflation rate is 10 percent, the taxpayer with income of $20,000 gets a tax cut based on 10-percent inflation, and a taxpayer with $200,000 income gets exactly the same percentage tax cut. Does not this effectively skew the tax reduction as a result of indexing into the highest income groups?

Mr. LONG. The Senator is entirely correct. As a matter of fact, I gain the impression that all this great furor about indexing started when what happened with some of these tax reform laws we passed in earlier years including back in the time when the Senator's brother, John F. Kennedy, was President of the United States. We passed a tax cut bill but, in reducing taxes, we would have some tax reform on there. We would say: "Well, now, here is some fellow who did not pay us anything to begin with. Let us tighten up a few loopholes and he will pay something."

I attended some meeting of the National Chamber or the National Association of Manufacturers, and was prepared to go there and brag to all these wealthy people how I voted to cut their taxes. The fellow sitting beside me would be angry. He would say that was a gimmick, that was a trick, the bill was unfair, unjust. What happened is he was not paying anything to begin with. He was mad because by the time they got through cutting everyone's taxes and presumably his, too, we tightened up on a few loopholes so that people who had been getting by without paying their fair share would pay a little something.

Mr. KENNEDY. The minimum tax.

Mr. LONG. That is right, that type of thing. We closed some of the loopholes.

So I learned in short order that it was a mistake to assume that just because we cut the rates substantially it meant some of these rich people were getting a tax cut because we had a few provisions in there for folks who were not paying their fair share to begin with or paying either nothing or very little.

So, those kinds of people have benefited very much from the indexing. No-one would have taken a look to see they were not paying any tax to speak of, that they were paying maybe 5 percent. Let us take someone making $1 million a year and paying us 5 percent of income in taxes. He would have had a cut on the 5 percent. No one in good conscience and justice should argue that person should not pay more taxes, and the bill did make him pay more taxes.

Under indexing he would get an automatic cut along with everyone else when he was not paying his fair share to begin with. The indexing would continue that kind of injustice.

Frankly, for years I thought it was these very wealthy people who were angry because the tax reform bills were reducing taxes for others and not for them because they were not paying their fair share to begin with. I thought that that is where the system was coming from to move this indexing thing through because those people were obviously making out a lot better if you cut their taxes sight unseen than they would make out if you take a look at this situation.

But since we have tightened up on those loopholes we have indicated that we have proved in 1978, for example, that we could and we did pass a bill that treated those kind of people very well indeed. If they were already paying a fair amount of taxes, we were willing to give them a tax cut.

As the Senator well knows, those people in this bill if they are paying their fair share already and they are high income earners they are treated very, very well indeed in this bill. I do not think anyone need go back and apologize to them that we were not adequately thoughtful of their problem, both with regard to capital gains and with regard to the rate they pay. They are getting their rate cut from 70 percent down to 50. The indexing does set the stage for people not paying their fair share now to get a future tax cut even thought it is not justified.

Mr. KENNEDY. Does the Senator not agree with me, if you are troubled by Kemp-Roth you should also be troubled by indexing? Is not indexing just Kemp-Roth by another name?

Mr. LONG. Of course.

Mr. KENNEDY. The concept is the same. If the rate of inflation is 10 percent, what you are talking about under indexing is proportional tax reductions, rather than a progressive system of tax reductions, which is what our tax system is built upon. Is not that objection the very same objection we are making to the Kemp-Roth tax cut?

Mr. LONG. Of course.

Mr. KENNEDY. May I ask just one further question?

Mr. LONG. I yield to the Senator.

Mr. KENNEDY. As I understand the indexing concept, it means that the tax reduction will come in the second year, after you make the calculations of inflation in the preceding year. If that is true, then indexing may lead to much larger tax cuts than the economy can stand. Suppose there is a reduction on the rate of inflation, from 10 or 11 percent in 1 year to 7 percent in the following year. Yet the tax rates would be indexed to the 10-percent rate, and spending by American taxpayers would create excess demand which could heat up the fire of inflation. Is not that the real economic issue involved in this discussion?

Mr. LONG. I think there is.

Let us understand from my point of view and I suspect from the point of view of the Senator from Massachusetts what is wrong about indexing. If we do not index and inflation continues as it has in recent years, Congress will indeed be passing tax cut bills from year to year just as we are doing now. In at least every Congress there will be a bill to cut taxes and Congress will look at the whole tax picture.

When we do that in some cases we will be very good to high bracket taxpayers as we are in this bill. That depends upon how the voters vote at the polls. But we will in many cases be very good to high bracket taxpayers as we are now.

But the one thing that Congress has done rather consistently the past 20 years and which it should continue to do is for those people who are making a lot of money and who managed to get by without paying their fair share they will repeatedly find there is something in that bill to make them pay a little something in terms of tax justice and tax equity. I would think those people would find that very revolting to say the least.

They would not like it, to say that here we are with a bill to cut taxes and they are going to pay more because in fact there should be a big revenue bill every Congress and every Congress we ought to take a look and see who are these people getting by without paying anything even though they are making many millions of dollars and there should be something in the law to make them pay their share, pay something within reason just as there is on this bill.

There is an amendment sponsored by the Senator who represents the financial headquarters of the United States, the Senator from New York. He is sponsoring an amendment to say that people trading in commodities who are paying no taxes should pay us a reasonable

amount. That process should go on repeatedly.

If you want to see it does not happen, I guess one way to do it is say let it all happen automatically and that way Congress will not be here passing judgment on who should get a tax cut and who does not deserve it.

Mr. HART. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. HART. I shall pursue some of the colloquy that went on here between the Senator from Louisiana and the Senator from Massachusetts.

I think the Senator from Massachusetts makes the fundamental mistake when he tries to equate the principle of indexing with the Kemp-Roth tax cut. The support in logic behind the concept of indexing is not the question of whether you should tilt a tax cut or favor one economic group or another. It has nothing to do with economic stimulation. It has to do with a subject that is dear and near to the heart of the Senator from Massachusetts and rightly so given his record and that is all fairness, justice, and equity.

Congress, the Government of the United States, is taxing people without legislation today. It has been so long as the rate of inflation has been going up. We are taking money out of people's pockets unconstitutionally in my judgment, and that is automatically bringing revenues into the Federal Treasury for one reason and one reason only and that is high rates of inflation.

The point of eliminating that inequity is not whether it should be entitled to one bracket or another or to fill in one loophole or another. It is to have a fair and just tax law.

In response to the argument of the Senator from Louisiana, there are other options to solve the problems of reduced revenues. We might in fact find 51 Senators with some political courage to vote a tax increase. I know that is unheard of and it is certainly a lot less popular than cutting people's taxes every 2 years and going home and saying, "Boy, weren't we terrific politicians? We just cut your taxes." No, you did not. You did not cut anybody's taxes; you just gave them a break to try to keep even with the rate of inflation. There is not a tax cut. Neither is Kemp-Roth. It is not a tax cut. It is just a 3-year effort to keep people even with the rate of inflation and it itself is going to contribute to inflation. Indexing is not an economic concept. It is a concept of tax reform and tax justice.

I think to say is it better to have a Kemp-Roth tax cut or indexing is to miss the whole point. It is apples and oranges.

Mr. KENNEDY. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. KENNEDY. Under the administration's program, President Reagan started out with 10–10–10 rate cuts over 3 years. Then he compromised slightly and accepted a 5–10–10 program. Under it, 4.8 percent of the taxpayers get 36 percent of the tax benefits. That is because the 5–10–10 tax cuts are proportional—the same percentage for each income group. When you index taxes to the inflation rate, you get that same kind of distortion, because indexing means the tax cuts under it are proportional. That is one of the principal objections to indexing—the distribution of tax cuts under it is not fair.

Either we believe in a progressive tax system or we do not. If we do, then we should not adopt indexing.

I wonder whether the Senator from Louisiana agrees with me.

Mr. LONG. Mr. President, I tend to agree with the Senator. It seems to me that when inflation hits this country, it does all kinds of things to all kinds of people. That requires the Congress to act, and based on that we can take a look at what the situation is and we can pass whatever revenue bills and whatever other relief bills are needed.

I have yet to see it demonstrated to this Senator that you can pass a law which off in the future takes a look at all the problems and makes everything adjust automatically to your problem as well as you can do when you look at the problem and then you adjust to it.

Let us just take one thing which happens which indexing would not have taken care of. Let us take one item I know is of concern to the Senator from Massachusetts. If we had had indexing in 1976 or if we had had indexing in 1978 it would not have taken into account the social security tax increase.

Some Senators feel that in view of the fact that the social security tax had been increased, we ought to give an additional break to those low-income and middle-income people who are being hit by the social security tax increase.

You can do whatever you want to do about it, but it is a lot easier to give those people a break when you are passing a law that looks at what has happened since 1978, including inflation and including the social security tax increase and including the windfall profit tax, and including everything else that might have happened in this great country of ours. It is a lot easier to do uniform justice and fairness to everybody if you can take everything into account than it is to do it automatically in advance.

Let us assume you had had indexing in 1978, and then you passed the windfall profit tax bill. Well, it happens that in passing that bill we did not take into account that there are a lot of little people, small landowners, a lot of farmers who are old and no longer able to work, a lot of widows that I know—I helped to lead the charge for the windfall profit tax—there are a lot of little people hit by that windfall profit tax we did not have in mind hitting with that windfall profit tax.

When we pass another bill, as we do now, we can take those things into account. But if we have used up all your revenue automatically, in many cases for people who have no particular need of it, then some things happen that you would not like.

Mr. President, I have yet to have a single low-bracket taxpayer ask me to vote for indexing. I have yet to have a single middle-bracket taxpayer ask me to vote for indexing. The only people who are interested in indexing are high-bracket taxpayers, and I can understand that. Those people have seen us pass tax reform bills where we have given tax cuts to a lot of little people, a lot of middle-income people, and even a lot of upper-bracket people who deserved it, and raised the taxes of those people who were not paying their fair share all at the same time, and that tends to be the pattern for a big revenue bill just as it is the pattern for this revenue bill.

We are cutting taxes for practically everybody, but we look out and see these commodity traders who are getting away with what appears to be the No. 1 loophole in America today, where one can make a lot of money and pay no income tax at all to the Federal Government, so we tighten up on them. That has been the pattern of these revenue bills.

If you just want to go for those kinds of things, sweep it all under the rug, and give everybody a tax cut whether he deserves it or not, indexing would be the way to do it.

It just seems to me we would do better to take a look at it, see what appears to be fair, and I submit that the 1978 bill as well as this bill demonstrate that.

High-bracket taxpayers do not necessarily lose out because we do not index. Sometimes they are making out better than the average, as they are doing on this bill. So to contend that the only way to go is to index the tax bill, just does not prove out.

History and experience in 1978 and this bill right here prove that if those people have a good case, Congress has the courage to look after them even though they be the highest income earners in America, and, frankly, if they are not going to pay their fair share they are going to be asked to pay something just as in this bill. I think that pretty well makes the case. You can do better justice with your eyes wide open, when you are looking, when passing bills. I am not talking about being in the Supreme Court, I am not going to argue about that matter over here. I am talking about here.

If you go into the Supreme Court they have that statue over there of a lady blindfolded. She is not supposed to know who has these commodities on the left-hand side and who has these commodities on the right-hand side. She is supposed to be holding that scale there, being impartial, not knowing who is going to benefit with that scale, and theoretically she is supposed to treat everybody the same no matter who they are.

That is not how you are supposed to do business up here. We legislators are supposed to know whom we are helping, and we are supposed to know whom we are hurting, and we are supposed to do it deliberately and intentionally because we think it is good for the country or for whatever reason.

We have a different function than they do, and I submit in this case, Mr.

President, to act knowing what we are doing makes better sense than to act not knowing what we are doing.

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. STAFFORD). The Senator from Iowa.

Mr. GRASSLEY. I thank the Chair.

Mr. President, I want it made very clear right off the bat, just in case there is any misunderstanding, that I rise in support of indexing, and specifically this amendment.

I voted for it in committee and I have long been a supporter of this concept. This is not a recent commitment because of my membership on the Committee on Finance. I supported this when I was a Member of the other body.

I want to say that I am intrigued by the comment of the distinguished Senator from Louisiana who has just asked what is wrong with decreasing taxes with our eyes open? I guess I would like to ask back what is wrong with increasing taxes with our eyes open?

He is committed to this principle, and I know he is sincere in his belief that we ought to know exactly what we are doing when we decrease taxes.

Nevertheless, I think we ought to apply that same principle to the other side of the coin. When we are increasing taxes we ought to do it with our eyes open.

But the fact of the matter is we do not increase taxes today with our eyes open because of the impact of inflation upon the tax tables. Taxes go up automatically, and people's take-home pay goes down so that their purchasing power diminishes as inflation increases.

Perhaps we should ask if we had indexing how could we have tax bills like we have today before this body and like we had in 1978? Well, the obvious answer to that is that if we had indexing we would not need tax bills like we have right now, because if we had indexing we would not be suffering from the detrimental impact of inflation on our economy; we would not have a decline in savings; and we would not have the decline in investment that we have today. If we had decided to index our system in 1978, productivity would not be down to a minus level as it was last year and our true revenue would not be as low.

Increased expenditures by the Federal Government are a symptom of a deteriorating economy. If the economy was not deteriorating, we would not have increased expenditures we have today due to the escalating costs of the Government's entitlement programs.

So I would say to the distinguished Senator from Louisiana that in fact we would be applying the same principle to tax increases as we would be to tax cuts just as he would have asked us to do. I would add that if we had indexed the tax system over the last several years and the next few years, we would not be considering this tax bill.

From a personal perspective as a member of the Senate Finance Committee, if we had indexed the system in 1978, I would not have the opportunity to give something to my constituents as I can now when I am voting for this tax bill. Yet I believe they would rather be spared our serious economic plight, than have me look good now.

Mr. SYMMS. Will the Senator yield?

Mr. GRASSLEY. I yield to the Senator.

TAX EQUITY ENCOURAGES FISCAL DISCIPLINE

Mr. SYMMS. Mr. President, we have had an opportunity to demonstrate the strength of our commitment to fiscal discipline. Through all the rhetoric about budget balancing, it is sometimes difficult to separate the sheep from the wolves. Hardly a politician alive can be found who will oppose restraint on Government spending. While there is a consensus on this issue in terms of the direction we must follow, it becomes more difficult to sort out the true believers. An important indicator is the means of achieving fiscal discipline that one advocates.

There are many ways to balance the budget, including various accounting maneuvers that may reduce the deficit on paper but do nothing more than evade the issue. But there are obviously two fundamental approaches to take: raise taxes or reduce spending (or do some of each). Traditionally, Congress has not been overly eager to cut spending, despite the welcome signs that this is changing. Nor is Congress terribly enthusiastic about raising taxes, at least not when they have to go on record as supporting such a move.

The true advocate of responsible fiscal policy takes into account the extent of the Government's role in the economy. A bloated Federal budget that is balanced by exorbitant tax rates is not a stirring exercise in self-discipline by the Government. But as long as current trends are allowed to continue, this is the direction in which we are headed. There is no way that Congress can cut spending without various interest groups feeling the pinch. But there is a way for Government to increase taxes without having to account to anyone. We do it every year.

The method is taxflation. If ever there was a more deceptive and inequitable way of reducing the deficit, it has not come to my attention. Each year as inflation erodes the nominal income that is overstated in dollar terms, the Government hauls in additional revenues. This is because people pay more tax at the higher marginal rates within brackets, or they are pushed into a new and higher bracket. The average tax rate climbs. Yet at the same time real income stays the same or may even decline as a result of inflation.

Congress need do nothing for the Government to receive these extra revenues. They are unearned and undeserved, and they bias our system toward greater spending and a larger role in the economy for the Federal Government. This causes a drain on the productive capabilities of the private sector and reduces the incentive for Congress to hold the line against inflation.

By eliminating the inflation tax bonus to the Government, Congress would be forced to look to reducing the overall size of Government as the proper road to fiscal responsibility. This incentive to disciplined spending would require that waste be cut wherever it is found. A motion that accomplishes this and at the same time restores equity for the taxpayer should be dimcult to resist. As taxflation persists, the public demand for indexing taxes for inflation will become irresistible. The proponents of fiscal responsibility should move now to support indexing.

I would just like to say to my good friend, the distinguished Senator from Louisiana, minority leader of the Finance Committee, that when he posed a question a minute ago concerning the necessity of having a tax cut each year, there is an argument, I suppose because it is more fun to have a tax cut. But we have one here. We are going to reduce the rates 25 percent.

The distinguished Senator from Massachusetts, expressed concern because we are going to reduce the rates by 25 percent for all Americans and then index the rates. What the distinguished Senator fails to mention is that every year taxes go up without even a vote in Congress. In 1986, if we have to have a tax increase, we should vote for it.

It is just as the Senator says. Every year they go up automatically. They print money down here at 14th and Independence Avenue and that causes inflation. Inflation causes the general increase in the price levels of goods and services.

So people have to get a pay raise to live the way they did last year. Then they get a 10-percent pay raise and they get a 16-percent tax increase. We do not even have to have a vote here. Then the big spenders in Congress can come up with another program and say, "We will spend the money over here. We will take the money from this group of people, give it to that group of people, and we can make the group we are taking the money from think we are protecting them from the group we are giving the money to and get the votes from both groups."

That is the old game. We are trying to stop that. Indexing will put the system back into a proper balance, and it will remove the profit from inflation for government. There will be no advantage to government to have an inflationary policy once indexing is in place. So that is why I think it is important.

I am glad the Senator from Colorado has the amendment, and I support it, even though it is not effective this year. It is going to be effective at the end of a 25-percent rate reduction. Then we will not have to vote to keep the tax rates from increasing.

I would say, in answer to the questions from the Senator from Colorado and the Senator from Massachusetts, that I think the progressive income tax is not as popular in this country as it used to be. When I visit the union hall, the one question I am often asked is: "Is there a possibility for a flat income tax?" That is what people want. They want a simplified income tax that people can understand.

What we do is keep passing these complicated tax laws. All rates are too high. That is what is wrong with the tax code. That is why the underground economy is growing so much. Rates are too high. People who try to do business, and who

try to stay within the system, look for tax shelters.

So indexing is a step in the right direction. I would rather lower the rates by 50 percent and then have indexing, but we are going to lower it by 25 percent and then index the rates.

Probably the most significant thing about this tax bill, when people look back at it 10 years from now, will be the indexing provision. It will take the profit out of inflation.

I yield back to my friend. I thank him for yielding.

Mr. GRASSLEY. Mr. President, I say to Members of this body that I think there is a certain right that we want to reserve to ourselves to give the people a tax decrease every so often. This is similar to our attitude about expenditure programs, we like to give the people something.

Mr. SYMMS. Would the Senator agree that we are now spending 25 percent of the productivity of America by the Federal Government?

Mr. GRASSLEY. Exactly 23 percent.

Mr. SYMMS. Twenty-three to twenty-five percent. I would like to see that reduced to 15 to 18 percent. Then there would be more economic activity.

Mr. GRASSLEY. Then, over a period of time, this will do it. Of course, I think that really what is involved with this principle of indexing, is that if there is going to be an increase in revenue to the Federal Treasury, it ought to come in two legitimate ways, not what I consider an illegitimate way of getting revenues through inflation so that we are rewarded, through the inflation, because we do not make the necessary policy changes that need to be made to bring inflation under control. There ought to be only two ways that the income to the Federal Treasury can be increased.

One, if we vote higher taxes. I think the extent to which we would have to vote higher taxes to pay as you go for some of these programs we vote for, we would not be so apt to spend the money. I do not think we would have the same willingness to spend the taxpayers' money if, each time we wanted to increase revenue, we had to vote yes or no on the bill. It is easy to spend the money when it comes into the Federal coffers through inflation.

But, more importantly, and to answer the point raised by the Senator from Louisiana, if we spend more money it ought to be the result of real economic growth to the Federal Treasury. Real growth. If there is real growth, it is legitimate that we would have more money to spend, present tax rates excepted. We should then spend that money to take care of the needs of the people.

I think that the bottom line, quite frankly, is whether or not we are willing to relate our increased expenditures to real growth or relate them to our willingness to vote higher taxes. But real growth is what the Reagan economic program is all about.

You see, we have had a negative increase in the GNP for a long period of time. Everybody here wonders how we are going to get more money to finance the program. Well, we have been collecting more money, but it has been because of inflation, not because of real growth.

What the Reagan economic program is all about is bringing real growth to our economy and, hence, real money to be spent by Senators and Members of the other body, not funny money that we are spending right now.

I think, lastly, I would like to raise the point that to a considerable degree it has been argued that indexing is all right for the expenditures of public funds but somehow, when you want to apply that same principle to the income side of the ledger, that it is wrong. In my judgment, if it is right in the case of expenditures, it is more right and more legitimate in the case of income. Maybe, if we would applied it to the income side, we might come to the conclusion shortly that it is wrong. If it is wrong in one instance, it is wrong in the other.

Unless there is some pressure upon the legislative branch of government to work with it on the income side and see how it works, we will never know if we should get rid of it on the expenditure side.

Indexing, in my judgment, is the most beneficial aspect of any tax bill. I am a supporter of the accelerated depreciation. I am a supporter of the 5–10–10, as I was in the original Roth-Kemp proposal. The reason I support a 3-year tax bill is because we have been experimenting with 1-year tax bills ever since 1969. This is the first time since 1964 and only the third time this century that we have worked with multiyear tax cuts. We are doing that because we want to signal to the workers of America and to the investors of America our Nation's long-term tax policy. Roth-Kemp or 5–10–10 moves in that direction but, in my judgment, not far enough.

Indexing is the only long-term tax policy that will provide this signal to the investors and the workers of America. This will give them encouragement to save, encouragement to invest, and encouragement to produce more for the benefit of all American society and for the betterment of the economy and for the betterment of the Federal Treasury.

Mr. President, I urge the Senate to pass the Finance Committee amendment to index individual rate schedules to inflation. As a Member of the Senate and the other body of Congress, I have long been an advocate of indexing. Inflation keeps paying the Federal Treasury bonuses by collecting a greater and greater percentage of each individual's pay raise. How can we stop the Federal Government from profiting from inflation?

The answer is simple, although the solution is not. We have not made the necessary choices between this Government spending priority and that. Rather, we have allowed Government to expand in virtually all sectors of our society, although we have not raised sufficient taxes to finance that expansion. As a result, inflation eats away at the value of the dollar, and our foreign trading partners fear the prospect of being caught holding too many devalued dollars. In an attempt to restore confidence, we rely on the makers of monetary policy to take the lead in clamping down on inflation and bolstering the dollar. We can only hope that the actions of the Federal Reserve will be backed up by fiscal discipline at all levels of government, so that we may have a chance of easing ourselves out of the inflationary spiral.

Why have we allowed spending to get out of hand? There are a number of reasons, the fundamental one being the ever-growing reliance on Government by groups in our society seeking solutions to problems that concern them. We have not had the political will to resist the cumulative pressures exerted by various interest groups.

There is another, more subtle political reason by spending gets out of hand. Deficit spending tends to build up momentum in a roller-coaster effect, because whenever inflation afflicts the country the Government receives a windfall in tax revenues that encourages it to spend even more. This is a tremendous incentive to allow deficit spending to perpetuate itself.

This revenue windfall comes from the impact of inflation on the progressive income tax. The income tax brackets are designed to increase the rate of tax as income rises, but they define income levels in fixed dollar amounts. The system does not take into account the effect inflation can have on incomes, reducing the purchasing power of a given income level. As a result, when personal income rises to match inflation, the tax system treats that increase as a rise in real income, although it clearly is not. People move into higher tax brackets and pay a higher rate of tax. The Treasury is more than happy to accept the revenues thus generated.

Because of this increase in Federal revenues, inflation gives Congress the ability to create new programs or expand old ones. Those who want more and larger Government programs see inflation as desirable because it reduces the need for new taxes or tax increases. But those of us who want to restrain the role of Government would like to end this inflation-induced fiscal dividend in order to tighten fiscal discipline and promote a more careful review of real increases in Government spending.

We can do that right now. The Senator from Colorado introduced this amendment to correct the income tax brackets, zero bracket amount, and personal exemption for inflation. The guide would be the Consumer Price Index for the previous fiscal year. The amendment would index the income tax for inflation, and thereby require Congress to act if it wants to raise taxes to increase spending. The immediate effect would be welcome relief for the taxpayer. The long-term effect would be to encourage fiscal responsibility and take some of the burden off monetary policy for controlling inflation. There could be no better time for passing this amendment providing for indexing of individual income tax rates.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ARMSTRONG. Mr. President, were I not forbidden to do so by the customs and rules of the Senate, I would like to lead Senators and the gallery in a round of applause for the speech we have just heard. In my opinion, the Senator from Iowa has presented a message of such importance and significance that I only regret that every Senator is not on the floor to have heard it, because the points he has made and the manner and forthrightness with which he has spoken deserves that kind of attention.

I might note that I not only enjoyed his prepared remarks but I especially enjoyed the exchange between him and the Senator from Idaho, not only because they are two of my closest friends, but also because it seems to me, in a very real sense, that the message that they presented about indexing the tax system and their very presence in the example of their political lives is illustrative of the kind of change that has occurred in this country. It is a change which I applaud and I congratulate them for their leadership and for their statements.

Mr. President, I also want to make a brief observation about the bill which is now before us before I address myself to the pending amendment on tax indexing.

I have had the privilege of serving as a member of the Senate Finance Committee and observing the skill with which the chairman, Senator DOLE, has shepherded this piece of legislation through the committee and to the floor. It is my own opinion that this is truly a historic piece of legislation, a most accurate usage of that overused term. It is historic because it marks a turning point in the direction of taxation in this country.

What the President sent up to us was a good bill, in my opinion. What Chairman DOLE has brought forth from the Finance Committee is an even better bill. It seems to me that under his leadership the Finance Committee has walked the delicate line between putting in too many amendments, too many things that would be a burden to final passage of the bill, even in some cases forebearing for the time being to add to the bill provisions which some of us would like to add, but at the same time incorporating important changes in the Tax Code which have been referred to earlier not only in individual rates but in the taxation of business through depreciation, the estate tax, and other changes. I just believe in sum total it is a historic bill, a bill that restores equity to our tax system to a very large degree, which will be the cutting edge of reform to revitalize the Nation's economy.

Mr. President, the prime reason why I wanted to address the Senate at this time, however, does not go to the bill itself, because frankly I think there is little doubt that the bill more or less in the form recommended by the Finance Committee will be adopted by the Senate and ultimately by the House, but because I wanted to speak on tax indexing.

I share the view that others have expressed, that this is the most important single provision in this piece of legislation, and will be so perceived by future generations of American taxpayers.

The amendment is simple in concept, but once enacted it will, in my judgment, do more to achieve permanent tax fairness than any other single provision in the bill or, for that matter, in the current tax law.

The underlying issue is taxflation, the insidious rise in taxes resulting from the interaction of inflation and the graduated income tax.

This amendment, at long last, offers the cure.

The committee amendment is not a new idea. In fact, I think we all know that the concept of indexing the tax system has been proposed in this Chamber before. In fact, the distinguished chairman of the Senate Finance Committee is really the champion of this idea because long before it was popular, long before a majority of Senators were prepared to support this idea, early in the game he began to come forward and explain the fundamental justice of indexing tax brackets and deductions and exemptions for inflation so that people would not be automatically inflated into higher tax brackets.

In fact, Senators will recall that during the last biennium the distinguished chairman of the Finance Committee argued many, many times, in fact, I believe, more than 60 consecutive days he took the floor of this Chamber, to explain the need to index the tax system.

I was privileged to join with him on one occasion 2 years ago to present an amendment which very nearly passed at that time, which I believe in substance will be adopted by the Senate this week.

The issue of taxflation is one which is not of concern to any particular group of taxpayers, but, indeed, to every taxpayer.

Taxflation equals inflation plus higher taxes caused by the graduated income tax. The distinguished economist Milton Friedman summed up the issue so well. He said:

Taxflation is a hidden tax that at first appears painless, even pleasant, and above all, it is a tax that can be imposed without the benefit of any specific legislation.

I would call the attention of Senators to a chart which I have asked to be prepared and posted in the rear of the Chamber which illustrates this problem.

In 1972, the median after tax income for a family of four was $10,036, and their tax rate was 8.5 percent. A decade later, in 1981, the median income in current dollars had risen to $23,593 and the tax rate on this same median income family had risen to 10.8 percent of income. But the real purchasing power of that median income family never increased during the decade, leaving the typical family of four with less, not more, after tax, after inflation income, than they had a decade earlier.

To be exact, $636 less in real purchasing power than in 1971.

Just think about that for a moment. After a decade of hard work, today's typical family, the median income family, is worse off economically than 10 years ago.

As a result of taxflation, most Americans are paying taxes at rates which were originally intended to apply only to the very rich. Nearly 44 percent of the typical American budget today goes to pay taxes. This is more than the cost for most families of food, clothing, shelter, or transportation. Indeed, it is more than the total of all of these items combined. For the average American family, the cost of taxes is not only the largest item in their family budget; it is precisely that part of their budget which is growing most rapidly.

What is the outlook for the future? Obviously, the situation is very bleak indeed, unless we adopt some kind of an amendment along the lines which are suggested by the Finance Committee.

Incredible though it may seem, the median income tax family will be in the 50 percent tax bracket within 10 years unless we make some effort to adjust or index tax rates, and assuming a moderate degree of inflation in the years ahead. In fact, according to the Joint Taxation Committee, if current rates of taxation remain the same, taxflation will cost the American people $172.6 billion in tax increases during the next 5 years. These would be tax increases never voted upon by Congress.

This is taxation by failure of representation.

This predictable increase will be more than two-and-a-half times the entire combined profits of the 10 largest oil companies since 1973, nearly four times larger than the combined assets of the five largest oil companies.

This astronomical sum is staggering to the total economy, but it is in its effect on the individual working taxpayers and families that its most severe effects can be perceived.

Taxflation hurts everyone, but its blow falls hardest on workers with the lowest wages. I emphasize this point because it has been charged here in the Senate today that tax indexing is primarily an agenda item or a priority of the wealthy. In my judgment, nothing could be further from the truth. The one amendment which is pending today in the Senate, the one provision of this bill which is aimed most directly at providing relief for low-income families and workers, is the tax indexing amendment.

Let me explain why.

Under current tax rate schedules and minus indexing, and with inflation continuing at its present rate, those earning less than $10,000 a year will see their taxes rise 185 percent between 1979 and 1984, strictly due to inflation. The tax liability increase for those same years for wage earners in the $50,000 plus per year category is only 76 percent, according to a study by the Advisory Commission on Intergovernmental Relations.

In a moment I shall ask permission to insert in the RECORD the observations of a number of representative groups of taxpayers around the country. I think it will be evident to every Senator that far from being a special preference for the rich, for the wealthy, for the high income families, tax indexing is first and foremost for low- and middle-income

taxpayers, and, in my judgment, this is a bill which properly takes into account the excessive tax burden of middle- and upper-income families. But I think it is important that we do something that is specifically aimed to protect the interests of the middle- and lower-income families, and tax indexing is it.

Just think of it. We have created a tax system that penalizes the neediest wage earning taxpaying members of our society. It is hard for me to believe that such a tax code could be thought to be progressive because when you consider the effect of inflation upon taxpayers nothing could be further from the truth.

There is, of course, a cure for this inflate-and-be-taxed-more syndrome. It is called indexing. The cure for taxflation is the issue contained in this pending amendment.

Here is how the amendment will work, specifically: Each time inflation goes up by a certain percent, say, by x percent, then the tax brackets, credits, and deductions will be automatically adjusted by the same percentage. Thus, workers will not be pushed into higher brackets if they only receive pay hikes commensurate with inflation. This is exactly what the Finance Committee approved amendment does. It indexes the personal exemptions, the standard deductions, and the zero bracket amount by the rate of inflation, as measured by the previous year's Consumer Price Index.

Indexing works. It will stop taxflation. That is not just my opinion. It is the opinion of a number of the Nation's leading economists, the American Bar Association, the American Institute of Certified Public Accountants, the American Farm Bureau, the National Education Association, the National Cattlemen's Association, the NFIB, the National Taxpayers Union and the Advisory Commission on Intergovernmental Relations.

My colleagues have on their desks copies of letters which I have received on tax indexing from these and other groups.

A summary of these letters is as follows:

The American Farm Bureau "supports the indexing of income tax brackets as an important part of tax policy."

The National Education Association believes that indexing is the way to stop unlegislated increases in the individual income tax.

The National Cattlemen's Association will seek indexing so that the Federal share of the citizens' income and wealth can be increased only by overt congressional action.

The National Federation of Independent Business says, "(Tax indexing) would allow for a greater retention of capital by business owners. In short, it would redirect capital to individuals and small business for growth and away from government . . . where it is going now. (NFIB) polled the issue of indexing the income tax . . . (and of their numbers) 62 percent favored the idea, 32 percent opposed it and 5 percent were undecided."

The National Taxpayer's Union says, "An indexed income tax is more honest."

The American Institute of Certified Public Accountants says, "Under an indexed tax code, the validity of a progressive tax structure would be maintained."

The American Bar Association says, "It is recommended that annual cost-of-living adjustments be made to the fixed dollar brackets in the income tax rates tables and to personal exemption."

Mr. President, these statements are not the observations of the rich or the representatives of high-income taxpayers. On the contrary, these and other groups who have endorsed this concept represent middle America, what someone has called Main Street America, people who are just working men and women. By no means, as has been charged during the course of this debate, is this an amendment which is aimed primarily at high-income taxpayers. On the contrary, it is primarily to the advantage and benefit of low- and middle-income taxpayers.

Nor are these recommendations based on untried or half-baked economic theories. Experience proves indexing works. My own State of Colorado indexed State income taxes as of 1978, and an impartial study has shown Coloradans saving more than $80 million over 2 years. The greatest savings were enjoyed by low-income families, for whom tax indexing protection is critical.

Other States—California, Arizona, Iowa, Minnesota, and Wisconsin—index their State taxes, and have enjoyed similar success.

Canada began indexing in 1974, and as a result, its annual increase in Government spending has dropped from 15.4 percent to less than 2 percent. Other countries with some form of indexing are France, Luxembourg, Denmark, Israel, the Netherlands, and Australia.

Unlike our present Tax Code, tax indexing is honest. Here is what the National Journal says about our present Tax Code:

The defects of the tax system are now becoming clear. More importantly, it is becoming to be known for what it is—dishonest. The tax code confuses the average citizen, and the average member of Congress. It puts the nation's highest officials, starting with the President, in a foolish and ultimately self-defeating position of pushing half truths on the public. They promise tax reductions, but in the main, all they are doing is repealing automatic tax increases.

With tax indexing, Congress will have to choose between cutting spending or explicitly increasing taxes, or borrowing from the public to finance spending. None of these are attractive to politicians. But with indexing, when Congress claims it has to cut taxes, they will be real tax cuts. And future tax increases will have to be voted on by Congress.

Mr. President, I also make the point that those who have contended that the choice is between indexing or periodic tax cuts ignore the reality of what has happened in the last decade. We have had periodic tax cuts in the last decade. We have had biennial tax reduction measures. Yet, the total effect of these tax cuts has been insufficient to hold harmless even the median income taxpayers as shown by the chart in the rear of the Chamber. I remind Senators that the median income taxpayer is worse off today, after a decade of hard work, then he was 10 years ago.

Three other points need to be made about why tax indexing should be enacted. First, tax indexing is a true tax reform, not just a tax cut. It is a substantive, systematic reform. While indexing will reduce taxes, it also reforms the basic tax system. In fact, tax indexing will be the most true and permanent tax reform ever enacted by Congress.

Second, tax indexing will have a positive effect on inflation—in two ways. First—and this is a point which has been emphasized by economists—the Federal Government will no longer profit from the inflation it creates. Second, indexing will enable workers to moderate their wage demands, because they will not need raises in the cost of living just to keep up with taxes.

Third, tax indexing enjoys popular support. Obviously, to some extent, Senators are properly guided by the national consensus on policy issues. In that respect, I point out that two recent public opinion polls show that more than 60 percent of Americans favor tax indexing.

In Montana less than 6 months ago, a tax indexing referendum was approved by nearly 80 percent of the voters.

Indexing is an idea whose time has come.

Let me summarize this way. Taxflation increases taxes, destabilizes the economy, only benefits the Federal Treasury, increases tax uncertainty, discourages savings, penalizes particularly low-income wage earners, and wipes out periodic tax cuts.

Indexing is the cure for these economic ills. Indexing permanently reduces tax rates, prevents the Federal Government from profiting from the inflation it creates, is honest, is a true tax reform, creates tax certainty, and stops taxflation cold.

Here is a program that is fair, that makes sense in macroeconomic terms, which responds directly to the most keenly felt need of working and taxpaying peoples who must have relief from inflation and taxes.

Mr. President, I ask unanimous consent to have printed in the RECORD correspondence from some typical taxpayers, three or four people who have expressed. I believe, the view and the opinions of millions. I put this correspondence in the RECORD to share with my colleagues and others who may have occasion to study the RECORD of this proceeding.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

AMERICAN ENTERPRISE INSTITUTE,
Washington, D.C., July 9, 1981.

Hon. ROBERT J. DOLE,
Chairman, Senate Finance Committee,
U.S. Senate

DEAR SENATOR DOLE: I am pleased to see that the Senate Finance Committee will offer an indexing amendment to the tax bill when it comes to the floor.

Indexing is an essential component of honesty in tax policy. Without it, inflation inexorably pushes people into higher tax brackets and raises real tax burdens, so that people whose before-tax income keeps up with inflation find that they are worse off on an after-tax basis. The real value of tax receipts rises without Congress lifting a finger and there is, of course, a strong tendency to spend those receipts.

With indexing, the Congress will have to raise tax rates explicitly when they wish to command a higher proportion of national income, and it will no longer be possible to

take credit for tax cuts that are not really tax cuts.

Two arguments are frequently made against indexing. Keynesian economists would argue that it is appropriate to raise taxes when inflation is accelerating and in a non-indexed system that happens automatically. Keynesian economics is being questioned more and more every day, but even if it is completely accepted, it should be noted that indexing is implemented with a time lag. It is this year's inflation that will determine next year's tax adjustment. The business cycle is short enough that the automatic adjustment to the tax rate structure could come either when it is desirable or undesirable for Keynesian stabilization purposes.

It is also argued that indexing makes inflation less painful to the voters and therefore, makes inflation more likely. Aside from the sadism implicit in this argument, it misses an important point. A non-indexed tax system makes inflation profitable for the Congress. Indexing therefore makes inflation more painful to the Congress and to the government as a whole. Since government must bear the ultimate responsibility for squeezing inflation out of the economy, I believe that the indexing of the tax system—unlike the indexing of wage and other private contracts—makes inflation less likely.

Yours sincerely,

R. G. PENNER.

INDEXING THE TAX SYSTEM FOR HONESTY'S SAKE

(By Robert J. Samuelson)

Nothing better illustrates the brawling tendencies of politicians than the current tax fight. It's an avoidable fight, but one that neither the White House nor Congress chose to avoid. They revel in the combat; the haggling over details, the testing of political skills. The game is being played for the game's sake.

As spectacle, it's engrossing—a summer at the ball park. The players spit tobacco. The managers yell, cuss and kick dirt. There's plenty of catcalling and strategy. Buy your popcorn now. Enjoy it as sport, but don't be deceived into thinking it has much to do with the shape of the tax bill.

This tax bill will benefit businesses and high-income taxpayers primarily. Both Democrats and Republicans have assured that result by endorsing measures that achieve it; a generous liberalization of depreciation for business investment, a reduction in the top personal tax rate from 70 percent to 50 percent and modification of the so-called marriage penalty.

The political brawling and realities of the tax system obscure most of this. Attention focuses on the vast middle class. True, they will receive most of the dollar benefits of any tax package simply because they pay most of the taxes. But their tax rates won't decline to levels of the late 1970s.

Inflation has been kicking people into higher tax brackets for the past two years. Even the original three-year, 30 percent tax cut proposed by President Reagan wouldn't have reduced the tax burden below 1977 levels (themselves relatively high by historic standards). The latest proposals, involving smaller tax "cuts," would leave burdens still higher.

All this may strike you as somewhat devious, and it is. Congress and the White House could have avoided this deception years ago by indexing the tax system.

Aside from pushing people into higher brackets, inflation-induced increases in wages and personal incomes erode the worth of final deductions and credits. Indexing would automatically adjust tax rates, brackets, credits and deductions to compensate for inflation's effect. Actual tax rates would remain the same.

That Congress hasn't done this tells you a lot about the nature of Washington politics.

Congress and presidents have welcomed the additional revenues generated by inflation, plus the frequent opportunities to "cut" taxes. Since 1969, Congress has enacted five major tax bills—about one every two years. It's a giant game of musical chairs. Overall tax rates generally don't decline, but Congress shifts the burden among groups.

In the early 1970s, for instance, federal income taxes averaged 10.1 percent of personal income. By 1980 they had climbed to 11.4 percent, and now they are edging toward 12 percent—nearly a one-fifth increase. Adding Social Security taxes, federal taxes now claim about one-seventh of personal income, up from about one-eighth in the early 1970s.

But Congress has attempted to shift the burden.

In the early 1970s, it substantially reduced income taxes for lower-income taxpayers. A recent study by economists Attiat F. Ott and Ludwig O. Dittrich shows that between 1967 and 1976 the lowest 30 percent of taxpayers received substantial cuts in income tax rates. Higher Social Security taxes may have offset these, but the income tax cuts accurately reflected prevailing social concerns and Democratic congressional majorities.

Now the pendulum is swinging in the other direction.

Even as recently modified, the administration's depreciation proposal would substantially reduce corporate tax rates. In 1980 corporate taxes provided about 12 percent of government receipts; by 1984 they would provide slightly less than 10 percent, according to administration projections. Individual income tax revenues would increase almost twice as fast as corporate tax revenues. Ultimately, the lower corporate taxes would benefit the owners of stock.

Likewise, the cut in the top personal tax rate from 70 percent to 50 percent would represent a real reduction. (The cut applies only to unearned income on dividends and interest; the top rate on wages and salaries is already 50 percent.) Many high-income, two-earner families also would benefit from relief of the marriage penalty. All these provisions reflect the changed political climate and growing concern that high tax rates discourage initiative and investment.

The point here is not the virtues of cutting taxes for low-income taxpayers in the early 1970s versus the virtues of just the opposite now. The arguments on either side can be made on grounds of economic efficiency or fairness. Rather, the point is that these changes get obscured because the tax system isn't indexed.

The case for the status quo rests on pragmatism. As a practical matter, you can argue that the automatic tax increase of the unindexed system came just when an inflation-prone economy needed it. You also can argue that forcing Congress to write new tax legislation every few years is healthy, that Congress ought to open up the tax code to give vent to particular frustrations or fashions of the moment.

But the arguments on the other side are strong and (to this reporter) more compelling. In part, our inflation results from our failure to index. With inflation always increasing tax rates, future budget projections always showed surpluses. This subtly encouraged spending, though the surpluses never materialized (the last was 1969) because Congress always cut taxes first.

The basic argument, though, is honesty. Indexing doesn't allow the White House or Congress the luxury of asserting that they're doing something they're not—cutting taxes. It doesn't allow them to shift tax burdens quietly under the guise of an overall tax "cut." Tax rates stay the same unless they're changed explicitly; those who favor change must make their case openly and forcefully. Advocates of higher spending face the same burden.

Reagan might have embraced the clarity of indexing rather than the confusion of his multiyear "cuts." Even those have offended the jealous guardians of Washington's traditional powers and prerogatives, which include fussing with the tax code and fighting over the fuss. What's being contested in this year's fight are mostly details—and political reputations.

DEAR SENATOR DOLE: Many thanks for trying to get a bill passed to index the taxes. As you know, the American taxpayer is tired, tired, tired of the whole system. We who work cannot support the programs we have—there are jobs for the unemployed but they just don't want to do those jobs. Consequently, we taxpayers have little left to save or invest.

Please continue your efforts because you have more support from the people than you realize.

Sincerely,

Mrs. JANE THURMOND GREGORY,
San Antonio, Tex.

STUDIO CITY, CALIF.

Senate Finance Committee,
Capitol One D.C.

We urgently support tax indexing.

ELIZABETH AND ANDREW WHITE,
DREW W. WHITE,
JOE AND LISA WILLIAMS.

SHAWNEE, KANS., *July 9, 1981.*

Senator BOB DOLE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR DOLE: I am aware that you will be voting soon on the Finance Committee Amendment for tax indexing. I sincerely hope you are supporting the effort to adopt tax indexing. I am convinced that indexing will reduce inflationary government deficit spending, and at the same time help me catch up with the buying power I have lost due to inflation in recent years.

I think that tax increases should be the result of congressional legislation where I can be represented by your vote and not an automatic tax increase as a result of inflation.

I urge you to work for successful adoption of personal income tax indexing and would like to know your views on the matter.

Sincerely yours,

MIKE MILLIORN.

NATIONAL EDUCATION ASSOCIATION,
Washington, D.C., July 9, 1981.

Hon. WILLIAM L. ARMSTRONG,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR ARMSTRONG: The National Education Association welcomes your initiatives in addressing one of the principal issues facing the American taxpayer: income tax "bracket creep." As inflation increases, a taxpayer's income must also increase to enable the family to buy the same amount of goods and services. But, as nominal income rises, the taxpayer is pushed into higher and higher brackets—thus paying a larger tax bill, despite the fact that no gain in purchasing power has been realized.

We are pleased that the Senate Finance Committee has adopted, as part of its 1981 tax bill, your amendment to protect people from bracket creep by automatically adjusting, or "indexing," tax liabilities each year to reflect increases in the cost of living.

NEA believes that indexing is the way to stop unlegislated increases in the individual income tax. It will do much to help teachers and other taxpayers realize a substantially higher proportion of any gains they make in wages and salaries. We applaud your

efforts and will work with you to help secure passage of the amendment.

Sincerely,

JAMES W. GREEN,
Assistant Director for Legislation.

NATIONAL CATTLEMEN'S ASSOCIATION,
Denver, Colo., June 30, 1981.

Hon. WILLIAM L. ARMSTRONG,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR ARMSTRONG: This will confirm the support of the National Cattlemen's Association for the tax indexing amendment which you have sponsored and which the Senate Committee on Finance has now acted upon favorably.

The members of the NCA appreciate your interest in this issue and the effective work you have done to advance the concept of indexing the tax system. Following is the current policy position adopted by the membership body:

"Depreciation in value of the currency of the United States has many destructive effects. One of the most harmful of these is the way it feeds the appetite of big government for an ever-increasing share of the Nation's wealth. By reducing the relative value of tax exemptions and deductions and increasing the total number of dollars subject to higher rates of the graduated income tax, inflation enables the government to effectively increase its taxes on both capital and income without suffering the public debate and discussion occasioned by an open and honest increase in federal taxes.

"Therefore, be it resolved, That the National Cattlemen's Association will seek the indexing of federal tax exemptions, deductions, and rates to a reliable measure of the value of the dollar so that the federal share of the citizen's income and wealth can be increased only by overt congressional action."

The Association pledges its assistance in encouraging members of the Senate to vote in favor of the indexing amendment when it comes to the floor of the Senate.

Sincerely,

B. H. (BILL) JONES,
Vice President.

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., July 1, 1981.

Hon. WILLIAM ARMSTRONG,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ARMSTRONG: Tax policy has a significant effect upon the economic well-being of farm and ranch families. The American Farm Bureau Federation, representing over three million member families and ranking as the nation's largest general farm organization, believes that tax policy should be designed to encourage private initiative, help stabilize the dollar, promote employment and economic growth, and distribute the tax burden equitably.

As an important part of tax policy, Farm Bureau supports the indexing of income tax brackets. At the 62nd annual meeting of the American Farm Bureau Federation voting delegates of the member State Farm Bureau's adopted the following resolution:

"Continued inflation results in higher taxes because we use a system of graduated income tax rates. We recommend the indexing of income tax brackets, both state and federal, in order to make them inflation proof."

Based upon Farm Bureau policy, we support your efforts to incorporate the concept of tax indexing in major tax legislation, S. 683, that will soon be considered by the Senate. We appreciate your interest in this issue and offer our support to you.

Sincerely,

VERNIE R. GLASSON,
Director, National Affairs Division.

NATIONAL FEDERATION OF INDEPENDENT BUSINESS,
July 13, 1981.

Hon. WILLIAM ARMSTRONG,
U.S. Senate,
Washington, D.C.

DEAR BILL: The National Federation of Independent Business (NFIB) and its membership in excess of 500,000 small firms, applauds your effort to index parts of the tax code against the effects of inflation.

Millions of small businesses in this country are organized as sole proprietorships or as partnerships. The income from such firms is taxed at the individual rates of the owners. Your amendment would allow for a greater retention of capital by these business owners. In short, it would redirect to individuals and small business for growth and away from government—where it is going now.

As you know, NFIB takes its position on issues affecting small businesses by direct polling of its membership. We polled the issue of indexing the income tax in October 1978, with the results that 62 percent favored the idea, 33 percent opposed it, and 5 percent were undecided. Small business people across America thank you for bringing the issue to a vote and will be urging your colleagues and the President to help enact it.

Sincerely,

JAMES D. "MIKE" MCKEVITT,
Director of Federal Legislation.

AMERICAN BAR ASSOCIATION,
Washington, D.C., July 10, 1981.

Re Economic Recovery Tax Act of 1981.

Hon. WILLIAM L. ARMSTRONG,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR: The American Bar Association has adopted several resolutions regarding the indexing of various provisions of the Internal Revenue Code as proposed by the Section of Taxation. Summaries of those recommendations are enclosed.

This is to advise you, on behalf of the American Bar Association and its Section of Taxation, of their support of the Senate Finance Committee sponsored floor amendment to H.J. Res. 266 which provides for indexing individual income tax rates and personal exemptions.

Sincerely,

HARVIE BRANSCOMB, Jr.,
Chairman, Section of Taxation.

RECOMMENDATION NO. 1978–16

Section 401. The Code should provide for automatic cost-of-living adjustments to qualified plan limitations applicable to self-employed persons, shareholder-employee, and individual retirement accounts.

31 Tax L. 1511, 79–1 ABA Repts. 107, EMPL Benefits.

The real value of fixed dollar limitations, exemptions, and exclusions declines during periods of inflation. To further the equality of treatment of taxpayers similarly situated, inflation adjustments which now apply to contributions and benefits under corporate plans should be extended to plans covering self-employed persons and shareholder-employees, and to individual retirement accounts.

It is recommended that annual cost-of-living adjustments which apply to contributions and benefits under corporate-qualified pension and profit-sharing plans be extended to limitations upon qualified plans covering self-employed persons and shareholder-employees of subchapter S corporations, and to individual retirement accounts.

RECOMMENDATION NO. 1978–17

Section 1. The Code should provide for automatic cost-of-living adjustments to income tax rates and personal exemptions.

31 Tax L. 1515, 79–1 ABA Repts. 107, GEN INC TP.

During periods of inflation the effect of progressive tax rates is to increase the proportion of the tax burden without regard to whether the taxpayer's real income has increased or decreased. Similarly, the real value of fixed dollar limitations, exemptions, and exclusion declines. The resulting increase in the proportion of gross tax revenues to the aggregate of gross taxable income, and the corresponding redistribution of tax burdens, are effected annually without congressional action.

It is recommended that annual cost-of-living adjustments be made to the fixed dollar brackets in the income tax rate tables and to personal exemptions.

RECOMMENDATION NO. 1978–18

Section 167. For purposes of computing deductions for depreciation, amortization, and cost depletion of property held for more than 24 months, the basis of such property should be redetermined to reflect changes in general price levels between the end of the calendar year in which the holding period of such property commenced (or the end of 1913, if later) and the end of the last calendar year preceding the close of the taxable year in question.

31 Tax L. 1520, 79–1 ABA Repts. 107, DEPREC/INV CR.

Current tax law generally fails to recognize the declining purchasing power of the dollar. The matching of unadjusted costs measured in earlier more valuable dollars against receipts measured in current dollars causes overstatement of income in economic terms. The American Bar Association has therefore recommended indexing of such costs for purposes of more accurately measuring gains on final disposition of assets. See Recommendation No. 1975–4, summarized infra under section 1023. Similar distortion of economic income occurs where costs of wasting assets are recovered through depreciation, cost depletion, or amortization allowances.

It is recommended that the tax basis of wasting assets held for more than 24 months be redetermined for purposes of computing depreciation, amortization, and cost depletion by making annual adjustments to reflect general price level changes during the holding period.

NATIONAL TAXPAYERS UNION,
Washington, D.C., June 30, 1981.

Hon. BILL ARMSTRONG,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ARMSTRONG: The National Taxpayers Union strongly supports the Senate Finance Committee amendment to the tax reduction bill to index the personal income tax rates to inflation beginning on January 1, 1985.

We agree that the multi-year tax rate reductions contained in the bill are sound. If approved, the Committee tax indexing amendment would greatly improve the incentive effects of the tax rate reduction. The outlook for work, savings and investment would be improved because an indexed income tax would reduce expectations of higher marginal tax rates in the future.

Indexing also has several other salutary benefits. It would help slow the growth of government spending. An unindexed tax system is biased toward ever greater government spending. By removing government's ability to raise taxes without an explicit vote by Congress, indexing would make it easier to control spending.

An indexed income tax is more honest. Taxes are now raised automatically each year with no legislative action or public debate. Tax indexing would permanently stop this form of taxation without representation.

The time has come for indexing the personal income tax. It is simple to do and enjoys widespread support. We feel that it is essential that the tax reduction bill include the Finance Committee amendment for tax indexing.

Sincerely,

DAVID KEATING,
Director of Legislative Policy.

Mr. ARMSTRONG. Mr. President, I should also like to share with Senators material I have just received from the Department of the Treasury which underscores the seriousness of what many have characterized as bracket creep.

In 1965, those earning the median income had an average tax rate of 7.1 percent. In 1980, their tax rate was 11.7 percent; and without indexing or rate reductions, their average tax will increase to 14.7 percent.

For those earning half the median income, the impact of an unindexed tax code is even more striking. In 1965, their average tax rate—and I am referring to people whose income is half of the median—was 2.2 percent of income. In 1980, after all the periodic tax cuts we have had, after we have come back and looked at it and taken a careful evaluation every couple of years, these people were paying 6.5 percent; and without indexing or further tax reductions, their average tax rate is anticipated to rise to 9.4 percent. Even with the rate reduction, their average tax rate will climb to 7.2 percent.

So it is fair to ask in retrospect, it seems to me, what would their position have been had we had indexing, say, as long ago as 1965? The answer is that, instead of having an average tax rate of 6.5 percent, their present rate would be only 4 percent.

Mr. President, I stress that these are people whose income is half the median. So the idea or the charge or the allegation that, in some way, indexing is for the rich or for high-income families is simply not borne out to any degree, not even one iota, by the facts.

I ask unanimous consent to have printed in the RECORD the material I have received from the Department of the Treasury.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMPARISON OF AVERAGE TAX RATES AND MARGINAL TAX RATES FOR A 4-PERSON FAMILY WITH INCOME AT THE MEDIAN INCOME FOR ALL 4-PERSON FAMILIES UNDER SELECTED TAX LAW, 1965–85

[In percent]

Year	Tax rates under 1965 law		Tax rates under 1965 law indexed for inflation		Tax rates under tax law actually in effect: 1980 law extended through 1985		Tax rates under tax law actually in effect: proposed law in 1985 [1]	
	Average	Marginal	Average	Marginal	Average	Marginal	Average	Marginal
1965	7.1	17.0	7.1	17.0	7.1	17.0	7.1	17.0
1970	9.3	19.0	8.1	19.0	9.3	19.5	9.3	19.5
1975	11.2	22.0	8.2	19.0	9.6	22.0	9.6	22.0
1980	14.1	28.0	8.5	19.0	11.7	24.0	11.7	24.0
1985	17.0	36.0	8.7	19.0	14.7	32.0	11.4	24.0

[1] Proposed law for 1-earner families.

Note: Calculations assume all wage income and itemized deductions equal to 23 percent of gross income.

COMPARISON OF AVERAGE TAX RATES AND MARGINAL TAX RATES FOR A 4-PERSON FAMILY WITH INCOME AT ½ THE MEDIAN INCOME FOR ALL 4-PERSON FAMILIES UNDER SELECTED TAX LAW, 1965–85

[In percent]

Year	Tax rates under 1965 law		Tax rates under 1965 law indexed for inflation		Tax rates under tax law actually in effect: 1980 law extended through 1985		Tax rates under tax law actually in effect: proposed law in 1985 [1]	
	Average	Marginal	Average	Marginal	Average	Marginal	Average	Marginal
1965	2.2	14.0	2.2	14.0	2.2	14.0	2.2	14.0
1970	4.9	15.0	3.4	15.0	4.7	15.0	4.7	15.0
1975	7.2	17.0	3.6	15.0	4.1	[2] 27.0	4.1	[2] 27.0
1980	10.0	19.0	4.0	15.0	6.5	18.0	6.5	18.0
1985	11.9	22.0	4.2	15.0	9.4	21.0	7.2	16.0

[1] Proposed law for 1-earner families.
[2] Reflects the earned income credit which phased out at a 10 percent rate for incomes between $4,000 and $8,000.

Note: Calculations assume all wage income and itemized deductions equal to 23 percent of gross income.

COMPARISON OF AVERAGE TAX RATES AND MARGINAL TAX RATES FOR A 4-PERSON FAMILY WITH INCOME AT TWICE THE MEDIAN INCOME FOR ALL 4-PERSON FAMILIES UNDER SELECTED TAX LAW, 1965–85

[In percent]

Year	Tax rates under 1965 law		Tax rates under 1965 law indexed for inflation		Tax rates under tax law actually in effect: 1980 law extended through 1985		Tax rates under tax law actually in effect: proposed law in 1985 [1]	
	Average	Marginal	Average	Marginal	Average	Marginal	Average	Marginal
1965	11.1	22.0	11.1	22.0	11.1	22.0	11.1	22.0
1970	13.2	25.0	11.9	22.0	13.5	25.6	13.5	25.6
1975	15.8	32.0	12.0	22.0	14.9	32.0	14.9	32.0
1980	21.0	45.0	12.4	25.0	18.9	43.0	18.9	43.0
1985	25.8	53.0	12.6	25.0	23.8	49.0	18.3	38.0

[1] Proposed law for 1-earner families.

Note: Calculations assume all wage income and itemized deductions equal to 23 percent of gross income.

Mr. ARMSTRONG. Mr. President, I thank those who have furnished me with this information. I particularly am grateful to those public-spirited organizations I have mentioned, which are not the representatives of corporate America, which are not the representatives of the rich, idle or otherwise, but those who represent—as do the National Education Association and the NFIB—small-town America, low-income America, middle-income America, for their leadership and for being willing to stand up and be counted on this important issue.

The PRESIDING OFFICER. What is the pleasure of the Senate?

Mr. BRADLEY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BRADLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRADLEY. Mr. President, today the midsession review of the 1982 budget was released by the Office of Management and Budget and the Office of the President.

There are some things from the March estimate. The estimated outlays for fiscal year 1982 have increased from $695 billion to $704 billion. And the estimates for the 1982 receipts have increased from $650 billion to $662 billion.

Mr. President, included in that increase in receipts is a provision that amounts to $15.7 billion and the entry says, "Substitution of bipartisan tax package for the individual and business tax reductions proposed in March." In March the President's tax program was to cost $51.9 billion in fiscal 1982, and the package that we are now considering costs $36.8 billion. So we have there in the neighborhood of $15.7 billion in increased revenues that result from the difference between the President's tax cut and the tax cut that was reported out of the Finance Committee.

Mr. President, there are a number of Members who have many amendments that they wish to propose to the bill that is now before the Senate. Those amendments are in many cases meritorious. They deal with tuition tax credits. They deal with any number of very important amendments for which there is bipartisan support.

Mr. President, it occurs to me that if this figure of $15.7 billion is included in the receipts for budget purposes then where will the revenue come for this second tax bill? Where will we get the revenue in order to do these things that we are being asked to refrain from proposing on this tax bill?

It occurs to me that if indeed there is no provision made for some source of additional revenue the only result is to increase the size of the deficit, on the one hand. I have asked the distinguished chairman of the Finance Committee if he could state for the record where the revenues will come from for a second tax bill that the administration has promised, that we have talked about in the committee a number of times, and that many Senators are counting on before refraining from offering various meritorious amendments to this tax bill?

I pose that question directly to the chairman of the committee because I know that he does not want a bigger budget deficit in fiscal 1982 than the administration has projected here and that there evidently has been some thought given as to where the money would come from to finance the second tax bill.

Mr. DOLE. I appreciate the Senator from New Jersey raising that question.

First of all, there will be a second tax bill. In fact, this Senator has written a letter to all Senators asking those who had amendments for a second bill to contact the staff. Some of those amendments have been referred to the Finance Committee staff.

I hope that on the basis of that, there will be some restraint on offering amendments to this bill. As to where the money will come from, it is my estimate at this time that there will be some tax expenditure reforms. Treasury is now looking at a number of areas. They have not specified to this Senator what those are. But I discussed that question as recently as this morning with the Secretary of the Treasury, Don Regan, because if we are going to have any credibility here we have to follow through. If we tell someone there is going to be a second proposal we cannot tell them after we pass this bill that we did not mean it.

So it is our intention to have another bill and our intention to find the revenue. I am not certain we can accommodate every conceivable amendment. But certainly a number of Members, and I include the Senator from New Jersey, have meritorious amendments they wish to have proposed to a second measure.

Mr. BRADLEY. I say to the Senator that throughout the debate on the tax bill and particularly after the Finance Committee reported out a bill there was $15.7 billion less, I thought that the revenues would come from that figure, $15.7 billion.

But then when I find that it is included in the receipts for budget purposes, I assume that it is not coming out of there so I was curious. Could the Senator tell me what would be the rough size of the tax expenditures that the Treasury Department would be prepared to recommend?

Mr. DOLE. Again I do not have it. I could give a ball park figure that I think we would need. It would be several billion dollars, $5 or $6 billion.

Mr. MOYNIHAN. I will take it.

Mr. DOLE. You take it. It is gone.

But again that is only an estimate. But I know of a number of amendments that would cost a substantial amount of money in the initial year and a substantial amount more in the outyears.

I know this is a bookkeeping transaction. I had not seen this until the Senator called my attention to it. But I can only repeat what I have been told by the Treasury Secretary, which is that they now have under review a number of items that should produce some revenue.

Mr. BRADLEY. I thank the chairman and I shall anxiously wait to see which tax expenditures are selected because, as the Senator knows, that means according to the rate we will be raising taxes.

Mr. DOLE. If we find some more like the straddles people, they will be paying taxes, but there are not too many of those left that we know of.

Mr. BRADLEY. I thank the Senator for clarifying it.

IN SUPPORT OF TAX INDEXING AMENDMENT

Mr. ROTH. Mr. President, I rise in support of the committee amendment to index the Federal Tax Code for inflation. This amendment would avoid future tax increases by reducing personal income taxes by the rate of inflation. Under this provision, the income tax brackets, personal exemptions and zero bracket would be adjusted, or indexed, to reflect the increase in the rate of inflation, as measured by the Consumer Price Index.

This provision is identical to the measure I introduced 4 years ago with JACK KEMP. And, I must say, if anyone had said to me at the time that the Senate would pass this amendment I would have thought he had been standing out in the Sun too long. However, today the Senate is on the verge of passing the most monumental tax cut in the history of our Nation, a tax cut that will for the first time provide true tax relief for the working men and women of America.

This tax cut which embodies the essential elements of my original legislation is the first step in eliminating the massive tax burden now confronting the American people.

However, once tax rates are reduced, tax indexing is needed to insure that taxpayers will no longer be forced to pay higher taxes simply because inflation pushes them into higher tax brackets.

Under our progressive tax system, an individual whose wage increases merely keep up with inflation will actually lose purchasing power. This is because the wage increase will push the worker into a higher tax bracket.

For example, a family of four now earning $20,000 pays $2,013 in Federal income taxes. If inflation increases 10 percent this year, the family will receive a cost-of-living raise to $22,000. Yet even though the family's wages have just kept pace with inflation, the wage increase will push the family into a higher tax bracket and increase its tax bill to $2,346. So even though this family had no increase in real earnings, the hidden tax of inflation reduces the family purchasing power by $333.

This hidden tax of inflation increases the tax burden of all taxpayers. And the main beneficiary of these nonlegislated tax increases is the Federal Government.

For years, the Federal Government has relied on inflation to supply the Government with a continually growing supply of tax revenues.

The hidden inflation tax has allowed the Government to create more and more spending programs, and enabled Congress to enact politically popular tax cuts every election year.

But these tax cut charades, such as the one enacted in 1978, do not provide real relief to the working taxpayers of this country. It is the pickpocket theory of taxation. The Government proposes tax cuts with one hand while the other hand reaches into the taxpayers' pockets and removes their wallets.

Tax indexing will put an end to this taxation without representation. Its opponents say the budget cannot afford it. I say the American people can no longer afford bracket creep.

Mr. President, I intend to vote for this amendment and I urge my colleagues on both sides of the aisle to join in supporting it.

● Mr. HUMPHREY. Mr. President, we are all familiar with the ever-growing effect of tax bracket creep. The debate over the past several months regarding the President's proposal for a 3-year reduction in personal income taxes has focused public attention upon the unintended, but massive, increases in tax revenues due to the interaction of inflation with the tax rates. Our progressive tax system becomes oppressive as inflation pushes hardworking American families into higher and higher tax brackets with little or no compensating increase in real wages.

Since 1972, the average American family's income rose from $10,036 to $23,593 in current dollars. However, real purchasing power did not keep up. The typical family of four had less aftertax income in 1981 than they had in 1972.

These increases in Federal taxes have

occurred without any action by Congress. Unfortunately, as all taxpayers know, unintended taxes are no less burdensome than those explicitly enacted by Congress. Even with no congressional action, Federal taxes will jump over $20 billion this year alone.

The automatic growth in taxes has encouraged the extravagant and wasteful practices of Congress over past decades. Reducing the growth in Federal revenue will help to control the growth of Federal programs and decrease the intervention of Washington in our daily lives.

New Hampshire families know how to live within a budget. They make ends meet by reducing expenses, not by going further into debt year after year. It is time that the Federal Government learned the basics of frugality and fiscal restraint. By reducing the funds available to the National Government, we can encourage more responsible and economically sensible Federal programs.

The impact of inflation induced tax increases upon New Hampshire alone has been staggering. Last year, citizens of the Granite State paid an additional $67,390,000 in Federal taxes because of the upward thrust of inflation on individual tax rates. This year, it is projected that the taxpayer of New Hampshire will be out nearly $90 million because of tax bracket creep. In times of economic strength, such increases would hardly be acceptable; in these times of economic distress, such increases are intolerable.

What has been the effect of this continued increase in taxes? The accelerating tax burden has reduced incentives to work, save, and invest. It has led to increased Federal spending and prolonged the stagnation of our national economy.

I feel that it is only fitting that this provision to index taxes to inflation be a part of the largest tax reduction act in history. While the President's tax cut just barely keeps up with the increase in taxes due to inflation, indexation will provide permanent tax relief for the American taxpayer. The President's economic recovery tax proposal is aimed at rejuvenating the economy; this indexing provision is based upon the same principles of economic renewal through controlling the tax burden. Indexing the tax rates for inflation will make permanent provision for the principles embodied in the President's tax reduction plan.●

● Mr. HEFLIN. Mr. President, I rise in support of the amendment offered by the Senator from Kansas, Mr. DOLE.

As I understand, Mr. President, this amendment will require that the individual rate brackets, personal exemption, and zero bracket amount be adjusted for inflation beginning January 1, 1985. The indexing factor used for these adjustments will be equal to the percentage increase in the Consumer Price Index in the most recently completed fiscal year divided by the Consumer Price Index in the preceding fiscal year. Consequently, the initial adjustment to be made on January 1, 1985, will be based on the CPI from the fiscal year 1984 which will end on September 30. Each year, withholding tables reflecting cost-of-living adjustments will be instituted before the beginning of the year for which the adjustments will take effect. Also, the minimum gross income level above which a tax return is required will be altered to reflect the cost-of-living increase.

It is regrettable that, because of budget considerations, we cannot bring this indexing measure into effect before 1985. I feel that the indexing of our income tax structure should come sooner. Nevertheless, this amendment is a step in the proper direction.

Mr. President, during the last months, we have been studying the administration's program for economic recovery, both from the standpoint of the budget cuts the administration is proposing, as well as the administration's tax program.

I applaud President Reagan's valiant attempt to deal with these problems, and for the sake of the country I hope and pray that he and his advisers are correct and that their policies will prove successful in the struggle to control the most pressing problem which is facing this country today—inflation. I feel, however, that his goal of balancing the budget by 1984 is perhaps not ambitious enough. We all know that an unbalanced Federal budget is one of the prime causes of the inflationary spiral that has gripped this country for the past several years and that inflation is the cruelest of all taxes. I was disappointed, therefore, when I examined the President's tax package to find that he has deferred his proposal to index the tax tables to take inflation into account.

I am not sure that we help the average American taxpayer by cutting his tax bill in 1981 if inflation moves him into a higher tax bracket so that he might wind up paying the same or even higher taxes even though he is no better off in real terms.

In an editorial appearing in a recent edition of the Washington Post, the following analysis of the Reagan tax plan is found:

> To follow the implications of the Reagan tax plan, it is essential to remember that the cuts would take effect over four years of continuing inflation. The administration assumes that prices will rise 35 percent over those four years. If a family of four had an income of $20,000 in 1980 and took full deductions, it would be in the 21 percent income tax bracket. If inflation follows the administration's expectation and this family's income stays exactly even with the prices, its income in 1984 will be $27,000—the same real income, putting it, once again, in the 21 percent bracket. While the Reagan plan was cutting taxes for each bracket, inflation would have pushed this family up two brackets.
>
> The same would be true for a similar family with $35,000 last year, paying taxes in the 32 percent bracket. By 1984, staying even with the assumed rate of inflation, it would have income of $47,250, which, with the same deductions and exemptions, would leave it right back in the 32 percent bracket. In both cases, because of the changing rate structure, those families would be paying a slightly lower portion of their total income in Federal income taxes. But in both cases most of that reduction would have been recaptured by increases in the social security payroll taxes.

If, as the administration proposes, the budget is balanced by 1984, it is very likely that the problem of inflation will have been licked so that indexing the Tax Code at that time might be superfluous. On the other hand, in the shortrun we know that the budget will not be balanced, that inflation will continue, and that despite nominal tax cuts, bracket creep will continue so that the average taxpayers will be pushed into higher and higher brackets even as the bracket cuts are made.

The measure I am supporting today is similar to a measure I introduced in 1979. And I congratulate my distinguished colleague, Mr. DOLE, for his leadership today on this effort.

Mr. President, one of the insidious aspects of the overall problem of inflation is the hidden tax which impacts on the taxpayers of this country.

The basic problem inflation poses for the individual taxpayer is that the progressive tax system treats changes in nominal income as if these were changes in real income. The result is that adjustments in wages and prices which merely compensate for inflation and represent no real change in income lead to higher taxes. These changes in the tax base would be a problem even if the income tax were proportional. But Federal income tax rates are progressive. As an individual's income increases, additional income is taxed at a higher rate. In a period of inflation, most individuals will experience some increases in their nominal income.

As measured in dollars, incomes will be rising and consequently the fraction of income devoted to taxes will be rising. At the same time, real incomes measured in constant dollars are rising less rapidly, if at all. The result is that many taxpayers will find their real income after taxes actually declining.

For example, consider an individual whose income rises from $10,000 to $11,000 in a period when the price level due to inflation is increasing by 10 percent. The individual's real income before taxes is constant since his gain in income merely keeps him even with the inflation rate. But suppose this person pays an income tax of 20 percent of the first $10,000 of income and 40 percent on the next $1,000. The person's real income after taxes is initially $8,000, and on the income of $11,000 the after tax income is $8,600. But in real terms, the $8,600 is worth only $7,818.

Thus, in effect, the person actually experiences a decline in income as a result of the tax increase caused by inflation. Inflation has the same effect as a general increase in tax rates. This problem affects all taxpayers, and it is likely to be severe for individuals whose incomes would have been low enough not to pay income taxes before the inflation occurred.

Inflation is a serious problem, not only for wage earners, but also for persons who experience capital gains as well. When inflation has occurred, a portion of every capital gain is merely an adjustment for the changing price level. If this portion of the gain is taxed at the same rate as the remainder of the gain, then the real tax rate on capital gains will rise with inflation.

Again, for an example, suppose a person purchased unimproved real estate in

1950 for $20,000 and sold it in 1974 for $50,000. Under present law, the taxable gain is $30,000. However, the total inflation between 1950 and 1974 was 217 percent. Therefore, the real gain is measured by adjusting the cost of $20,000 by 217 percent which reflects an adjusted cost basis of $43,400.

This is the amount necessary in 1974 to restore the taxpayer the purchasing power equivalent to the original cost of the real estate which was purchased in 1950 for $20,000. Therefore, the sale in 1974 for $50,000 reflects a real income gain of only $6,000, rather than $30,000. The tax on the $30,000 is really not a tax on the gain, but a tax on the capital itself, which our present tax law purports not to tax.

Even taking into consideration the special treatment of capital gains and the exclusion of a portion of capital gains from taxation, it is readily apparent that in many cases the amount of tax to be paid will actually be more than the real gain so that, in effect, a portion of the capital is being turned over to the Treasury in the guise of a tax on income.

In 1978 the staff of the Joint Committee on Taxation prepared for the use of the Finance Committee a description of a measure similar to the amendment being considered today. In the discussion of the income tax laws, the committee report contained the following language:

The net result of the way income is defined under current law is that inflation acts as a personal wealth tax rate in which each person's wealth tax rate equals his effective marginal income tax rate multiplied by the rate of inflation. (A direct wealth tax would be unconstitutional because the Constitution prohibits direct federal taxes except for an income tax, unless the tax revenues derived from each state are proportional to that state's population.)

Mr. President, it seems to me that in situations where inflation causes the tax rate structure to eat up not only a person's real gain but a portion of his capital, then certainly we have an unconstitutional direct tax on capital which cannot be tolerated. In my judgment, the Congress has a constitutional obligation to prevent both active and passive direct taxes on wealth and property which are not apportioned according to the constitutional mandate.

Mr. President, the amendment that I am supporting today would alleviate many, if not most of the problems that are caused by the impact of inflation on the tax burden of the American taxpayers.

Mr. President, this amendment would adjust the personal exemptions upward each year as inflation debases the value of the dollar so that proportionally the personal exemption would be in line with the inflation rate. It would adjust the basis of property held by taxpayers to take into account the inflation rate to prevent the kind of situation I described previously where a person could sell property and actually have a portion of the property taken as an inflation tax.

Mr. President, in addition to making certain other technical conforming amendments in the code, my bill also makes revisions concerning the income levels at which a person would be required to file a return—eliminating many of the low-income earners from having to undergo the burdens of filing a return on an annual basis.

Mr. President, I think it is generally acknowledged that the current high rates of inflation have increased the effective tax rates for most Americans and that no short-term end to this situation is in sight. In the past, Congress has enacted periodic tax cuts in an effort to ease the burden of inflation on the Tax Code. These tax cuts are merely nothing other than inflation adjustments. In my judgment, such an ad hoc method of adjusting the Tax Code is inappropriate.

The tax cuts are often not shared equitably; often, a disproportioned share goes to one segment of our society at the expense of another. Moreover, it is possible that in addition to indexing the Tax Code, other adjustments also need to be made from time to time to relieve American taxpayers from the burgeoning tax burden.

Mr. President, what we are wielding is a two-edged sword. We must strive on one hand to move forward expeditiously with efforts to bring Federal spending under control. We must eliminate the wasteful Federal programs, and we must eliminate spending that is not absolutely necessary. In short, we must balance the Federal budget and at the same time we need to reverse the trend of piling more and more taxes upon the American taxpayers.

A carefully designed system of indexing can be an important structural improvement in the Federal tax system. In my judgment, the most significant reason for indexing the tax system would be to restore the equity of the system. Americans do not mind paying their fair share of taxes; what Americans are opposed to are paying a disproportionate share of taxes because of inflation and other factors, and then seeing this money wasted.

Mr. President, although some might argue that indexing adds complexity to the code, I would disagree with this argument. Indexing does not have to be complex, and the results of the indexing certainly could be handled on a fairly simple basis. Other countries around the world—including our neighbor to the north. Canada—have indexed their tax codes and are functioning smoothly under an index system. We should certainly look to these countries for guidance and ideas, and I think that if we do, we will see that indexing is a practical and workable system which should be adopted.

Mr. President, once again I want to impress upon my colleagues the necessity for quick action. Only by indexing the Tax Code can the bite be taken out of inflation when it rages at high levels. I hope every member of this body will carefully consider this measure and help move it forward into law.●

● Mr. RIEGLE. Mr. President, the AFL–CIO has sent a letter dated July 15 to all Senators, expressing their view on the indexing issue. I ask unanimous consent that this letter from them be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS,

Washington, D.C., July 15, 1981.

DEAR SENATOR: The AFL–CIO has examined closely the Senate Finance Committee Tax bill now before the Senate and believes it to be a regressive package of tax cuts and giveaways that, if adopted, will tilt the tax code in favor of the large corporations and the wealthy. Unfortunately, most Americans will receive an unfair portion of the cuts and will shoulder the tax responsibilities of the rich. Bad as the tax bill is, it is made even more grievous by the Senate Finance Committee amendment now pending which would index for inflation individual rate brackets, the personal exemption, and the zero bracket amount (formerly the standard deduction) beginning January 1, 1985. It has been estimated that this amendment could cost the Treasury $20.3 billion in FY '85 and $54.0 billion in FY '86.

It is our view that this amendment represents a built-in automatic and continuing erosion of the tax base heavily weighted in favor of higher-income individuals. Enactment of such a measure would take the three year across-the-board twenty five percent individual tax cuts (already weighted substantially in favor of upper-income individuals) and perpetuate that inequity forever.

Enactment of this amendment would severely limit the Federal government's powers to use fiscal measures as a means to stabilize the economy, promote balanced growth and reverse the unemployment spiral. In our view, such a measure would seriously undermine any future efforts to achieve tax justice.

Although indexing of the zero bracket amount would help low- and middle-income people, the benefits derived by that group would be far overshadowed by the absolute and relative reductions in the taxes owed by higher-income individuals and the huge and continuing losses to the Treasury.

Indexing presumes that the current system is fair—and it is not. Indexation would undermine efforts to enact changes in the future to promote tax justice.

The AFL–CIO urges that you vote against the Finance Committee amendment that would piggyback indexing to the individual tax cut already contained in the bill.

Sincerely,

RAY DENISON,
Director, Department of Legislation.●

UP AMENDMENT NO. 221

(Purpose: Relating to borrowing of funds by the OASI Trust Fund from the Disability Insurance Trust Fund or the Hospital Insurance Trust Fund)

Mr. MOYNIHAN. Mr. President, I send to the desk an unprinted amendment and ask for its immediate consideration. This is an amendment in the second degree.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New York (Mr. MOYNIHAN), for himself, Mr. CHILES and Mr. KENNEDY, proposes an unprinted amendment numbered 221 to amendment numbered 220.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the amendment, add the following new title:

TITLE VI—MISCELLANEOUS PROVISIONS

SEC. 601. Borrowing by Old Age and Survivors Insurance Trust Fund from the Disability Insurance Trust Fund or Hospital Insurance Trust Fund.

Section 201 of the Social Act is amended by adding at the end thereof the following new subsection:

"(1) (1) If in any month the assets of the Federal Old-Age and Survivors Insurance Trust Fund are insufficient to provide that such Trust Fund shall have assets equal to or greater than 25 percent of the amount disbursed from that Trust Fund during the twelve immediately preceding months, the Managing Trustee may borrow (without interest) from the Federal Disability Insurance Trust Fund or the Federal Hospital Insurance Trust Fund, for deposit in the Federal Old-Age and Survivors Insurance Trust Fund, an amount not to exceed the difference between the assets of the Federal Old-Age and Survivors Insurance Trust Fund 15 percent of the amount so disbursed from such Trust Fund.

"(2) If the assets of the Federal Old-Age in any month equal or exceed 25 percent of the amount disbursed from that Trust Fund during the twelve immediately preceding months, all amounts that would otherwise thereafter be paid into that Trust Fund shall instead be paid into the above-mentioned Trust Fund from which the Federal Old-Age and Survivors Insurance Trust Fund has borrowed sums pursuant to paragraph (1), except so much as shall be required to maintain the assets of the Federal Old-Age and Survivors Insurance Trust Fund at 25 percent of the amount so disbursed, until the loan (or loans) under this subsection are repaid.".

Mr. MOYNIHAN. Mr. President, this is one of the most important matters that will be discussed on the floor and decided on the floor of the Senate in the course of the debate of the tax bill.

I think we all understand the concern of the distinguished chairman of the Committee on Finance that not many changes be made to the substance of this bill. And we know from his ability in these matters that that is likely.

This, however, is not a change to the tax bill as such. It has no fiscal consequences of any kind.

But it does give us an opportunity to reassure the American people about a subject of the greatest concern to them at this point, which is the security of the social security system.

It happens, Mr. President, that one of our country's major newspapers will report tomorrow on a nationwide poll it conducted concerning the confidence of Americans in the stability of the social security system. The report is alarming. We find in it very much an age-skewed pattern but nonetheless an overall pattern in which more than half the American people at this point do not believe they are going to collect their social security. They do not think the money is going to be there.

This anxiety is least among those who are now collecting it but it is present among those now collecting it. They do not know that they will continue to be beneficiaries of the system that has been in place for 46 years, a half century, more than the lifetimes of more than half the American people.

Without wishing to reintroduce a partisan discussion, a discussion made partisan not through any intention of the Members on this side, it is simply the fact that pronouncements by members of the administration during the past several weeks have grievously added to this palpable and permeating anxiety.

(Mr. DANFORTH assumed the chair.)

Mr. MOYNIHAN. It is astonishing when more than half the people of the country do not think that the most basic compact the American Government has with the people will not be kept. There is no need for this, Mr. President. It began with a sequence when after the most solemn promises made in the campaign by both parties and by both candidates, and made by the administration, that no reductions were to be made, that on May 12 the Secretary of Health and Human Services sent to this body a proposal to cut social security benefits across the board by 10 percent and to reduce payments of persons entering the system at age 62 by 40 percent. This would take place on January 1, 8 months' notice.

Most people who retire do so at age 62. Why do they do so? Because most of them are ill. The evidence is not final, we only have a 1977 HEW survey, but the evidence certainly suggests that those people do not leave a job and retire. They have no job and suddenly wish to become eligible for benefits, they are ill, some are out of work, others are at a point where they would as soon retire because of the nature of the work they do.

They do not retire in order to spend more of the year in Hobe Sound. They retire because this is the only income available to them and it has been promised to them and they have paid for it.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. MOYNIHAN. I am happy to yield.

Mr. LONG. Does it not seem to the Senator that for Members of Congress, that is not necessarily the case? One can work in this air-conditioned building here, with a doctor at hand to look after our needs and take care of our health, and live to a ripe old age and still continue to serve? It has been done many times.

But people out there working, doing back-breaking work in the hot sun, tend to wear out a lot sooner than those privileged to do intellectual work.

Mr. MOYNIHAN. At age 62 there are some jobs that you cannot do anymore and should not. There are some jobs that should not be done, and this is the condition of a great many people. That is why we created this system and that is why we should preserve it.

It is the one thing that gives peace of mind and a sense of reasonable and dignified old age, an age in which you have an income for which you have saved, which is part of a large system of social insurance to which you are entitled. They are entitled to this.

Now, these people have come to feel they are not going to get it. Why? Because this year the trustees of the Social Security Administration sent up a report, not basically different from the one last year, but publicized to the hilt. These reports have 75-year time perspectives, three-quarters of a century.

Nothing has changed in 12 months to change three-quarters of a century. Whereas last year's measure basically said that the system was sound, that the system will have difficulties, probably in the second quarter of the next century, this year's report took the same facts and created panic. A two-page press release had "Crisis, Crisis, Bankrupt, Crisis, Crisis." Four "crises" and one "bankrupt" in two pages, describing a system that is nothing of the kind.

Mr. President, I wish to set forth a basic proposition with what I think is now a sufficient sense of the demography of our country and the actuarial bases of these funds. It is an important proposition for Americans to know, because I am sorry to have to tell the Senate there is some good news. This will be alarming to many, a source of despair to some, and profound suspicion to most, but the fact is this country and its economy are in very good shape. We have absorbed that great explosion of population that took place after the Second World War.

We have brought it through the schools, through the colleges, in an unprecedented degree. We ended up with a situation where for the first time in the history of any nation in the world more females go to college than do males.

We have gone through that turbulent entry into the labor force, that post-war experience, which is behind us. Those people are settling down. To an alarming degree they appear to be turning Republican. [Laughter.] We have learned this. But there is nothing the matter with Republicans. They are said to pay taxes with the same quiet desperation that we associate with the backbone of our society.

They have a small cohort coming behind them. There are two facts: First, for the next 25 years when the persons retiring in this country are those born before the end of the Second World War, we will have a very thin cohort of retirees and a large cohort paying into the system for the next quarter century. This system will then be in surplus. There is an abundance and surplus of funds.

In the following quarter century that surplus runs down. In the middle third of the 21st century, there are actuarial difficulties to which we will have to address ourselves, and we will address ourselves to this while maintaining a pay-as-you-go system.

The founders of this system, wishing to give an aura of permanency to it, set the 75-year parameters. But this is almost presumptuous. Mr. President, we know very little about our economy in the year 2055. We know something. We know there still will be plenty of coal, we know the Senator from Louisiana will look out for the interests of hydrocarbons in fluid form that arrive in his happy estuary; there will be more older persons in relation to the population as a whole. That will be about 18 percent, which is that of Switzerland today. Great Britain is 16 percent. We are still a young country, only 11 percent of our population is 65 or over.

Mr. President, in the meantime not only is there a surplus coming forward in this fund for a quarter century, but the

dependency ratio in our society goes down for the next 40 years. What is the dependency ratio? It is a calculation demographers make. They take the total number of persons aged 60 to 64, these persons in the work force, and compare those to the portion of persons under 20 and over 64. People under 20 and over 64 typically are dependent and are supported by the group in between. That ratio goes down, down, not up. We are not turning into a society in which there is no one to look after its dependent population.

In demographic terms, we are stronger now than we have ever been. We have never been so strong. If this country had nothing greater to worry about than the demographic profiles and the prospects for the social security trust fund in the next 40 years, we would be a happy Republic indeed.

Not only is this going down, but the third point, Mr. President, is that as a proportion of gross national product social security benefits are going to decline between now and the year 2020.

The curve goes down—by the year 2015 it perks up a bit—and not until the year 2020 do social security benefits exceed their percentage of GNP in 1980.

Now hear this: The number of people retiring is a very small cohort. The number of people who have entered the work force is large. The trust funds will be in surplus for the next quarter century, and that surplus will not be used up until the second and succeeding quarter century, point one.

Point two, the dependency ratio goes down not up. There are more people in the work force and working, that great cohort, and something astonishing happens: more people work. For centuries—Mr. President, I exaggerate, for decades—this is a tendency that can come upon speakers in this Chamber—for decades since we began to measure the labor force participation rate that rate was so stable it came to be known as one of the great ratios in economics. It was 59 percent plus or minus some decimal point.

In 1910, as I recall this date, when families worked on farms, women rarely were engaged in occupation for which wages were paid. Children, on the other hand, entered coal mines and 59 percent of the population was in the work force.

In 1920, when women began to enter the labor force, children left the coal mines, people left the farms, the labor force participation rate was 59 percent.

In 1950, after the great experience of World War II and Rosie the Riveter, while children started going to school for 30 years—they never get out; doctors do not start practicing until they are 40—59 percent of the population was in the work force. Today, the ratio is 63.8 percent. There are more people working than ever in our history, and they are paying into the social security fund. That is point two.

Point three, as a proportion of benefits, proportion of gross national product, benefits go down.

If the President would bear with me, we have the exact percentages of GNP that are social security benefits. These are in the report of the social security trustees. Why they did not include data on labor preparticipation, I do not know.

Let me just read from the rate for II–A, which is the projection based on the President's budget assumptions.

In 1981, in the estimated cost of the OASDI system as percent of GNP is 4.97.

I have to admit that my statement has to be modified only to the degree that in 1982 it goes up by one-hundredth of 1 percent to 4.98. In 1983, 4.91, down; in 1984, 4.84, down; in 1985, 4.77, down; in 1986, 4.69, down; in 1987, 4.63, down; in 1988, 4.61, down; in 1989, 4.59, down; in 1990, 4.56, down, down, down, down, down to the year 2005, when it reaches 4.20. Then it begins to rise slowly.

By the year 2020, the portion of the GNP represented by benefits will be 5.33. That will be 0.37, one-third of 1 percent, above today.

That is, in the next 35 years, it goes down, down, down, down.

Now, what is the crisis about? Where is the bankruptcy? What more do we need to know about the basic solidity of the system?

Mr. LONG. Mr. President, if the Senator would yield, I believe we could understand the Senator a little better if he would place that chart in the RECORD so we could all review it in tomorrow morning's RECORD. Would the Senator be so kind as to have it printed in the RECORD?

Mr. MOYNIHAN. I am happy to do that. I ask unanimous consent to have it printed in the RECORD and record that it is on page 64 of the 1981 annual report of the Board of Trustees of the Federal Old Age and Survivors Insurance and Disability Insurance Trust Fund.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

ESTIMATED COST OF THE OASDI SYSTEM AS PERCENT OF GNP UNDER ALTERNATIVES I, II-A, II-B, AND III, CALENDAR YEARS 1981–2055

	I	II-A	II-B	III
Calendar year:				
1981	4.94	4.97	4.97	4.93
1982	4.90	4.98	4.98	5.03
1983	4.80	4.91	4.95	5.12
1984	4.74	4.84	4.97	5.08
1985	4.67	4.77	4.98	5.10
1986	4.60	4.69	4.99	5.13
1987	4.47	4.63	5.00	5.15
1988	4.41	4.61	5.01	5.16
1989	4.35	4.59	5.01	5.17
1990	4.30	4.56	4.98	5.19
1991	4.30	4.54	4.95	5.22
1992	4.26	4.52	4.92	5.24
1993	4.21	4.49	4.88	5.25
1994	4.16	4.47	4.84	5.24
1995	4.12	4.45	4.81	5.27
1996	4.06	4.41	4.76	5.25
1997	4.01	4.37	4.69	5.21
1998	3.96	4.34	4.63	5.17
1999	3.91	4.30	4.56	5.12
2000	3.85	4.25	4.51	5.10
2001	3.81	4.23	4.48	5.11
2002	3.79	4.22	4.45	5.10
2003	3.76	4.21	4.42	5.10
2004	3.74	4.21	4.40	5.10
2005	3.73	4.20	4.38	5.11
2010	3.82	4.38	4.50	5.36
2015	4.16	4.81	4.90	5.94
2020	4.55	5.33	5.39	6.70
2025	4.85	5.80	5.83	7.48
2030	4.91	6.02	6.03	8.03
2035	4.76	6.01	6.00	8.35
2040	3.48	5.84	5.82	8.43
2045	4.25	5.70	5.66	8.64
2050	4.12	5.63	5.57	8.83
2055	4.04	5.58	5.50	8.96
25-yr averages:				
1981–2005	4.23	4.51	4.78	5.15
2006–2030	4.37	5.13	5.20	6.47
2031–2055	4.40	5.78	5.75	8.58
75-yr average: 1981–2055	4.33	5.14	5.24	6.73

Mr. LONG. I thank the Senator.

Mr. MOYNIHAN. I thank the Senator from Louisiana.

Mr. President, what is the purpose of this amendment? It is the fact that of the three social security trust funds, one of them will run short of funds sometime a year-and-a-half from now. This is the old age and survivors insurance. It will do so because the calculations made 4 years ago proved wrong in that, for the first time in American history, there was a 4-year period where real wages declined or, at best, stayed stable while prices went up quite strikingly in double digits.

In the past, every time you have had inflation, you have had wages going up, or every time you have had wages going down, you have had prices going down. We had that unprecedented shearing effect of wages going down, prices going up, and we are short in the old age and survivors insurance fund.

Now, how short are we? The first thing to say is we are not short in the other funds at all.

The Congressional Budget Office put out a very careful statement done just a few days ago. In testimony on June 16 before the Senate Committee on the Aging, they put out two estimates of the condition of these combined funds between now and 1986. Nobody has suggested that after 1986 there is any problem at all with the fund for the next half a century.

Under these economic assumptions of the first budget resolution, the balance of the combined funds at the start of the year was 28 percent this year, 25 percent next year, 22 percent the year after that, 19 percent in 1984, 19 percent in 1985, 21 percent in 1986, and going up thereafter.

Mr. President, the congressional budget projections show, under the economic assumptions of the first resolution, which were more pessimistic than those of the administration's, that there is no difficulty in the next 6 years at all, it being a rule of thumb of the administrators that you must have at least 9 percent of your payment on hand at the outset of the year to keep the checks moving slowly. You are going down and skidding the bottom, but you could do it.

Under an alternative set of assumptions now prepared by the Congressional Budget Office and presented June 16 by Dr. Rivlin to the Special Committee on Aging, a more pessimistic set, there would be 1 year in the next 6 in which the combined trust funds would drop below a 9-percent balance at the beginning of the year, 1 year. That is in 1986 when they would drop to 7.1 percent. That is too low.

But, Mr. President, we are going through a reconciliation process in which great, important, and, to my mind in many cases, thoroughly unnecessary changes are being made in the social security system—cut, cut, cut. The minimum benefit cut; the burial allowance out: the student allowance, gone.

Well, these have passed both Houses and are likely to take place.

Now, Mr. President, the Congressional Budget Office estimates that, without considering savings realized through the reconciliation process, between now and

1986 there will be a $12.9 billion deficit in the social security system.

Mr. President, these are large sums, but let us understand the context. Between now and 1986 the outlays are likely to be something like $1.2 trillion, 1 percent of which would be $12 billion. As a matter of fact, it looks to be like in the next 6 years we have a 1 percent shortfall. But legislation which has passed this body and the other body will have a cumulative saving between now and 1986 of $26 billion.

On top of that $26 billion there will be interest savings that have been estimated by no less an authority than Mr. Robert Ball, former Commissioner of Social Security, to be as high as $11 billion. If we round it off, at that rate we would have about $36 billion more than anticipated to cover a deficit of $12.9 billion.

The funds are in surplus. They are. I am sorry to have to report that fact to the Chamber. It will dismay some Members. It seems Panglossian. It seems blind to the inexorable forces of evil, ruin, desolation, the Ayatollah, Colonel Qadhafi.

Certain things are going to get worse and they no doubt will. Murphy's law declares they must. But the social security trust fund is not insolvent. The shortages in the next 6 years are approximately 1 percent, and we have already taken up savings of 3 percent. Where is the crisis? What firm would not wish to be in such a situation.

Mr. LONG. Will the Senator yield at that point?

Mr. MOYNIHAN. I am happy to.

Mr. LONG. Is it the Senator's position to report to the Senate and to the Nation that contrary to what we have heard, the social security fund is not broke after all?

Mr. MOYNIHAN. The social security fund is not broke. It has a half-century of thriving existence to look forward to. It has difficulties in the middle third of the 21st century which we should anticipate and within the limited degrees of power we have over the year 2045 should prepare for. But, no, it is not broke.

Mr. LONG. Can those able, enterprising people in the gallery representing the media report the good news to the people of the Nation that the social security fund will go on and that the old people, the disabled people, and the little children receiving social security will continue to get their benefits as long as any of us in this Chamber have any prospect of being alive on this Earth?

Mr. MOYNIHAN. Mr. President, I have to say to my friend from Louisiana, if he has ever seen a newspaper filled with good news, he has been in a totalitarian nation, I fear.

No, Mr. President, it could happen. Mistakes have been known to happen. V–J Day was widely reported. That, I think, was the last I remember, but I was young and impressionable.

I once made the observation about the press that if you are moving around the world and you would like to know what kind of country you are in when you get to the airport, if you are not sure or do not want to take the word of the local consul, pick up the newspaper. If the newspapers are filled with good news, you know you are in a dictatorship. If they are filled with bad news, you are in a democracy, all right.

There is no point in panicking all the older people in America.

May I say to the Senator from Louisiana who, for 40 years, has looked after this social security system, that there are 5 million children in this system, too, who are survivors, who need this.

Mr. LONG. Will the Senator yield further?

Mr. MOYNIHAN. I am happy to.

Mr. LONG. The Senator from Louisiana is 62 years old. I do not expect to live past 100. Assuming I die between now and the time I reach 100, which would be 38 years from now, can the Senator from Louisiana feel assured that based on reasonable estimates we can anticipate that there will be enough money in the fund to take care of the old people, the little children, the disabled people and the widow women—they will be provided for the next 38 years if I should live to be 100?

Mr. MOYNIHAN. The Senator has trained us in candor in the Finance Committee. I am required to tell the Senator that, as I reported earlier, in the year 2015, the social security payments as a proportion of GNP will for the first time be higher than they are today. If the Senator wants to stay in the system until 2019, those last 4 years will require a greater effort in the Nation than we are making today. I think we will do it.

Does the Senator mean to draw benefits in the year 2009? Up to the last 4 years, the Senator's benefit payments will be part of a total that is lower than the year before.

Mr. LONG. That would sound like 39 years.

Mr. MOYNIHAN. Yes.

Mr. LONG. Thirty-nine years would put me on the safe side. The country could still carry on for another 7 years after my reaching 100, if I can rely on the estimate of the Senator.

Mr. MOYNIHAN. If it does not look that way, at the time the Senator is scheduled to depart, I know he will delay his departure because he is committed to the system. And so are we. Not to bring party into the matter, but the Democratic Party brought this system to this country and we will not see it wrecked by people who have another purpose in mind, which is to build up the cut in benefits so that surpluses can on paper offset deficits.

This is a compact we made, an agreement we reached, and it should be kept. Mr. President, it can be kept. We have done the things that are required. This amendment, in which Senator CHILES and Senator KENNEDY asked to join me as original sponsors, and on which Senator CHILES will be speaking tomorrow, would have the simple provision that if at any month, the assets of the Federal Old Age and Survivors Trust Fund are equal to or less than 25 percent of the outlays of the trust fund for the year, it shall be able to borrow money sufficient to bring it to the 25 percent level from the Disability Insurance Trust Fund or the Federal Hospital Insurance Trust Fund. To borrow an amount not to exceed the differences between the assets of the OASI and the 25 percent so disbursed.

If the assets of the OASI, to use the shorthand, in any month equals or exceeds 35 percent of the amount disbursed in the previous 12 months, all amounts that will otherwise thereafter be paid into the trust fund shall instead be paid into the other funds such that you gradually repay the amounts that had been borrowed.

It is not going to be hard to do and it should be done. It should be done now, Mr. President, because now, at this moment, it is needed. We need to reassure Americans that their funds are alright. Life is full of difficulties in this vale of tears, all manner of misfortunes will come, but the Social Security Trust Fund is alright.

Mr. President, in asking that we take this step now, because we know that this floor is going to be clogged with other matters in the months ahead, and we also know this tax bill is going to pass, I should like to make clear that we propose a measure that has the support of the administration. On July 7, testifying before the Subcommittee on Social Security of the Committee on Finance, Secretary Schweiker, our friend and former colleague, said:

> Under these very pessimistic assumptions, the OASI Trust Fund will have insufficient funds to pay monthly benefits by the latter part of next year.

Under most assumptions the OASI fund will be exhausted. We have proposed that the OASI Trust Fund could borrow from the DI or HI trust funds. It is a wide, sensible, prudent measure. Remember, Mr. President, it is all social security money. I cannot imagine anybody but insurance executives, actuaries, and accountants who work in payroll departments are even aware that when the 6.65 percent tax is paid by the employee and the employer, it goes into three checking accounts when it reaches Washington. It is a detail, an unimportant detail. The money is all social security money and the borrowing between these funds is a bookkeeping transaction. But maintaining the integrity of the system is more. It is a responsibility of this Congress and our Government. And it is wrong to threaten the aged people of this country with welfare, to strip them of a sense of an entitled income, to break their dignity, just take that and tear it up, say, I am sorry, you are living beyond your means, you are not going to get the stuff you have been waiting for for 40 years sorry.

Someone in our body, in our committee, has had the misfortune and the poor judgment. I have to say, to refer to the social security system as a chain letter, as a gambling device for getting rich without having to do anything, one with the probabilities of losing everything in there.

Mr. President, it is not a gamble at all. It is insurance. And I would hope that we would let the people of the country know by this simple amendment at this time that it is not a gamble. It is insurance, and it is safe.

Mr. DOLE. Will the Senator yield?

Mr. MOYNIHAN. I am happy to yield to the distinguished chairman of the Finance Committee.

Mr. DOLE. In other words, the Senator is proposing that we take indexing and this amendment in a package?

Mr. MOYNIHAN. Is that an offer that I hear from the Senator?

Mr. DOLE. No, it is a question.

Mr. MOYNIHAN. No, sir, I think that this matter should be voted on separately. We may be wise to withdraw the amendment until the Senate is ready to act on it. I know that the Senator from Massachusetts (Mr. KENNEDY) wants to speak on this matter and the Senator from Florida will want to speak on the matter.

No, sir, I reluctantly do not feel that this would be an appropriate pairing.

Mr. DOLE. Just in the event that the Senator from Kansas would accept the amendment, the Senator would object to that?

Mr. MOYNIHAN. My consent in that matter would only represent a very small fraction of the Members on this side and perhaps even less of the influential Members on this side. I want to consult with the ranking Member on that. Our affairs are open and we can discuss them.

Mr. DOLE. It is a hypothetical question.

Mr. LONG. Will the Senator yield on that?

Mr. DOLE. Yes, Mr. President.

Mr. LONG. Mr. President, may I say to the Senator, I believe we should have a vote on both amendments. As far as the Senator from Louisiana is concerned, I find a great deal of appeal to the amendment offered by the Senator from New York. I am tempted to vote for it. I had thought about it for many years.

Frankly, I have taken a position on the indexing proposal, and even if I am wrong, I am not in doubt. I am positive that I want to vote against the indexing part of it. I hope the chairman of the committee does not put me in the difficult position that I have to vote on both those things at the same time. I would like to stake out my position first on one and next, on the other one. I do not want to be regarded as one who is ducking an issue. I want to face up four square to both these amendments and be counted on them.

I hope the chairman of the committee does not put us in a position where I have to vote on something where I am for one point and against the other. I want to make my position clear.

Mr. MOYNIHAN. Mr. President, in the circumstances, I should like to state that I would intend, in that case, to withdraw my amendment at this point and offer it as an amendment to the bill at a later point.

Mr. DOLE. Would the Senator give us a chance to hear him again, then, later?

Mr. MOYNIHAN. I should be happy to repeat. Perhaps the Senator was called away.

Mr. DOLE. No, I heard every word. It is something I would like to hear again.

Mr. MOYNIHAN. Mr. President, there is little I would not do to accommodate the chairman of the Committee on Finance in a bipartisan approach taken to this matter.

He shall hear it, sir.

Mr. DOLE. This would not be known as a straddle?

Mr. MOYNIHAN. Charts? We have to have a joint committee on charts. There is a distinct imbalance of charts in this matter.

Mr. DOLE. There are plenty up there.

Mr. MOYNIHAN. That I am aware of. We shall have charts tomorrow or whenever it is convenient for the Senator. In that sense and in a sense of comity which he has always shown us, I am happy to reciprocate.

Mr. KENNEDY. Mr. President, will the Senator yield to me briefly?

Mr. MOYNIHAN. I am happy to see the Senator from Massachusetts on the floor. Perhaps he would like to speak on this matter.

Mr. KENNEDY. I thank the distinguished Senator from New York.

I am pleased to cosponsor this amendment. It is extremely important in my judgment that we make it clear to the senior citizens of this country—at a time when there is a great deal of misrepresentation on this issue—that there is no immediate crisis with the social security system that requires the drastic reduction in benefits which the administration has proposed.

The administration is conducting a campaign of fear concerning the financial status of the social security system.

That campaign is designed to stampede us—the Members of the Senate—into adopting massive cuts in the basic social security program.

In May, the administration presented an ill-conceived proposal that would have reduced overall benefits by 23 percent, would reduce benefits by one-third for the disabled, and by over 40 percent for those who are forced to apply for social security at age 62.

At that time, I said, and I continue to believe, that the Reagan administration's proposals constitute a breach of faith to the Nation's 36 million social security beneficiaries and a breach of faith to the 110 million workers who are contributing today toward their own retirement.

The reaction to those proposals was an overwhelming, rejection. As a result the administration indicated that it would reconsider. But 2 weeks ago, they were back again with the same old story.

The release of the social security trustee's report for 1981, it was accompanied by stories that the fund was in worse shape than we had assumed previously. The fact is that very little in the 1981 social security trustee's report added any new facts to what was already known about the state of the system.

Following that report, Secretary Schweiker came before the Finance Committee to argue that the basic social security program was simply not going to be able to meet its basic commitment to millions of Americans unless legislative action is taken almost immediately.

Mr. President, nobody disagrees that there is a short-term cash flow problem that requires attention and solution. But there is absolutely no need to reduce any benefits and absolutely no excuse whatsoever for deep slashes in the basic social security protections that are so essential to both beneficiaries and future retirees.

We all know that the old-age and survivors insurance fund will require additional income at least during the next few years. This is the real basis of the administration's repeated cries of crisis.

The solution to this problem is to permit borrowing between the three trust funds. This would allow reserves in the disability insurance and hospital insurance funds to supplement the OASI fund. That is what this amendment does.

If adopted, even under the rather pessimistic CBO economic assumptions there are sufficients funds at least through 1985. And when we include the $26 billion in cuts approved in the reconciliation bill there is absolutely no difficulty through the end of 1986.

No one denies that we may have a problem even with interfund borrowing in long term.

But by adopting this amendment we can consider those potential funding problems in a calm deliberate manner rather than in a crisis atmosphere.

Considering the three social security funds together, there is simply no justification to talk of bankruptcy on November 3, 1982, as Mr. Stockman did recently before the House Ways and Means Committee. Nor is there any reason to argue that the only reasonable alternative to such "bankruptcy" is a long-range reduction in social security protection of some 23 percent.

By approving this amendment, the Senate can dispel the confusion and misconceptions caused by the administration's plan. We can restore the confidence of the country in the integrity of the social security system.

Mr. LONG. Mr. President, will the Senator yield?

Mr. MOYNIHAN. I yield.

Mr. LONG. Mr. President, the Senator from Louisiana has suggested in his argument that the indexing amendment might place this Government in a very difficult position to finance its essential expenditures.

I hope the indexing amendment is not being offered on the assumption that social security is going to go broke and that we can use these revenues for some other purpose. The revenues from the social security tax should be kept for the social security fund.

Frankly, I say to the Senator, I hope we will not have to use general revenues to pay for any social security benefits. If the situation ever got so desperate that we could not pay for all these things and we had to start cutting back, I believe we should consider using some general revenues to see that the people did not die without medical care or that the poor did not starve or that the old people in the nursing homes were not thrown out without care. I believe we should consider using some of that revenue for those purposes before we vote for a lot

of automatic tax cuts which indexing might entail.

Even when we think about indexing, I hope we will think about all the other Government revenues. Can we afford this? After all, the costs of Government are going to go up, and we have other costs of Government than just social security. We have all the Government retirement programs. We even have the cost of procurement to buy things for the Government, to buy office space, to buy equipment, to provide for the national defense. The costs go up with inflation.

I hope we can be assured that when measures are adopted that mean that in the future the Government will have less revenue, in no instance should that prejudice these dear old people on social security. In other words, implicit in indexing is a sort of automatic tax cut for those whose taxes have been increased by virtue of inflation. The question as to whether we can afford it should be asked about that, as it was with all other things we considered.

One must bear in mind that indexing will not be needed nearly as much for those who are well to do in the future, as would be the case otherwise, because under this bill they are in a 50-percent bracket. So if their income goes up, it would not exceed the 50-percent bracket. That is where they were already. Therefore, they would not be prejudiced to the extent they had been in the past, when they could be moved up to a bracket as high as 70 percent in prior years, and even more than that.

So it may be that this amendment should be offered to the indexing amendment. But I certainly hope that if it is offered in that fashion, we will have an opportunity to record ourselves as to how we feel about the Senator's amendment and how we feel with regard to the amendment of the Senator from Colorado.

I say to the Senator that, so far as the Senator from Louisiana is concerned, if this Senator's vote makes a difference, those dear old people will not do without their social security checks. They can be sure of that. I welcome every Senator to stand up and be counted on that issue.

Mr. DOLE. Count me in.

Mr. LONG. The distinguished chairman of the committee is willing to join forces, and I salute him. I deeply appreciate his courageous stand.

If we can get 100 Senators and 435 Representatives to stand up and be counted, that, so far as they are concerned, these dear old people will not go without their social security benefits on which they count, perhaps the terror I have noticed on the faces of many of the dear old people in this country since this matter came up will be dispensed with, and perhaps it will exist no more.

I have seen the fear that has gone through America with regard to the cutback in the benefits and the announcement that the fund is going to go broke. I believe it is time Congress should do something to assure these dear old people and those widow women and those little children and the disabled that they are not going to be cast aside by a bankrupt program.

I did not think it was going to happen, to begin with; but, to me, it is irresponsible to give people the impression that they will not get their benefits or that they might be terminated sometime soon, when I know and the Senator from New York knows that there are many of us here who would not permit that to happen.

Mr. MOYNIHAN. And it would not be necessary.

I say to the Senator from Louisiana that he knows—and we all know— that there is a measure of hyperbole to be heard on this floor; that as part of the fine spirit of the Senate, sometimes very strong matters are addressed in indirect terms.

There is not a Member of this body—certainly not the chairman of the Committee on Finance or the chairman of the subcommittee—who would want anybody frightened. They care, as we all do, on both sides of the aisle.

What do many old people hear through all the complexities of this matter? All they hear is that their security is in danger, and it is not. It need not be so termed. It is not. With that spirit, I hope we can take this step in the course of this bill.

Mr. President, I send to the desk the amendment, with certain technical corrections, and ask that it be substituted for the original, so that when it is printed, it will be in the final form.

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

The modified amendment subsequently numbered amendment No. 489 is as follows:

At the end of the amendment, add the following new title:

TITLE VI—MISCELLANEOUS PROVISIONS

SEC. 601. BORROWING BY OLD AGE AND SURVIVORS INSURANCE TRUST FUND FROM THE DISABILITY INSURANCE TRUST FUND OR HOSPITAL INSURANCE TRUST FUND

Section 201 of the Social Act is amended by adding at the end thereof the following new subsection:

"(1)(1) If in any month prior to January 1988 the assets of the Federal Old-Age and Survivors Insurance Trust Fund are insufficient to provide that such Trust Fund shall have assets equal to or greater than 25 percent of the amount disbursed from that Trust Fund during the twelve immediately preceding months, the Managing Trustee may borrow (without interest) from the Federal Disability Insurance Trust Fund or the Federal Hospital Insurance Trust Fund, for deposit in the Federal Old-Age and Survivors Insurance Trust Fund, an amount not to exceed the difference between the assets of the Federal Old-Age and Survivors Insurance Trust Fund and 25 percent of the amount so disbursed from such Trust Fund.

"(2) If the assets of the Federal Old-Age and Survivors Insurance Trust Fund in any month equal or exceed 30 percent of the amount disbursed from that Trust Fund during the twelve immediately preceding months, all amounts that would otherwise thereafter be paid into that Trust Fund shall instead be paid into the above-mentioned Trust Fund from which the Federal Old-Age and Survivors Insurance Trust Fund has borrowed sums pursuant to paragraph (1), except so much as shall be required to maintain the assets of the Federal Old-Age and Survivors Insurance Trust Fund at 25 percent of the amount so disbursed, until the loan (or loans) under this subsection are repaid.".

Mr. DOLE. Mr. President, it is my understanding that the Senator would rather not——

Mr. MOYNIHAN. I would rather not at this point; and if it is agreeable to the chairman's schedule, I will withdraw the amendment.

Mr. DOLE. The Senator from Colorado, who is chairman of the subcommittee, might want to say a word, and then perhaps the Senator from New York can withdraw the amendment.

I believe there is no quarrel with many of the things expressed by the Senator from New York. I can offer some assurance to those who are recipients of social security—and I hope I have offered some assurance to those who are or will be early retirees, and others in the system—that it is not the intent of this Senator, nor the Senator from Colorado, nor others, to terminate abruptly or reduce benefits. We hope that has been made clear.

Mr. MOYNIHAN. It has been made abundantly clear to this Senator, and I should like to confirm that.

Mr. DOLE. Having said that, I believe there is a long-term solution. Perhaps we have some disagreement on that. We have just completed hearings. There have been pessimistic assumptions, and maybe there is no need for pessimistic assumptions; but if those assumptions are made, then, according to some, in addition to the interfund borrowing, we are talking about $60 billion to $80 billion that will be needed to maintain the system.

In addition, we have just completed hearings in the Senate Finance Subcommittee on Social Security. The majority leader, Senator BAKER, who is not present in the Chamber—the Senator from New York will recall that we met in his office—has asked us to address this matter on a bipartisan basis. The Senator from New York, the Senator from Colorado, the Senator from Louisiana, and the Senator from Kansas are on that subcommittee. We believe that we can address both the long-term and short-term problems on a bipartisan basis; because without a bipartisan effort, it seems to me, not much will happen that is really constructive.

So I hope that if this proposal is offered later on this bill, we will keep those things in mind. I appreciate the chance to discuss this matter.

I hope that what the Senator from New York, the Senator from Louisiana, and others have said will confirm to every American that we are not about to destroy this system. The only objective we have is to preserve the integrity of the system. We may have differing views on how that may be done.

This Senator is not willing to raise taxes. We did that in the Social Security Act of 1977. We provided for six tax increases. There are four more tax increases coming before 1990 to the employee and to the employer.

I do not believe the American tax-

payer will stand for further tax increases. We can take money from general revenues. That is, of course, what some have suggested. That is not what this Senator suggests. We can have interfund borrowing and I think we must do that. In addition, we may do some other things.

I think probably we should not overlook the work being done on the House side by a very diligent Member of Congress, Congressman PICKLE.

Mr. MOYNIHAN. Exactly so.

Mr. DOLE. I am pleased we had this discussion. It appears we cannot work out a package deal with indexing. If the amendment is withdrawn, perhaps we can discuss it later, hopefully not on this bill, but on another occasion.

I thank the Senator from Colorado for letting me proceed, as the chairman in that instance, just to make that point.

Mr. ARMSTRONG. Mr. President, the Senator from Colorado was not in doubt about the direct priority of the speakers but I must respectfully disagree with the chairman of the Finance Committee in one respect. I am not pleased we had this discussion this afternoon, I say to the Senator. I think it is inappropriate. I must admit I am quite perplexed by the course of this conversation. I certainly had no intention of discussing the social security system this afternoon, but I fear I am now constrained to do so because if I do not someone who might read the record of this proceeding might think that in some way I agree with what has been said.

I think it really unfortunate that the Senator from New York has chosen to raise the social security issue in exactly this way, and I think he has done a great disservice to precisely the people whom I know he seeks to reassure.

First of all, Mr. President, let me point out that merely to reassure people that there is no problem, as the Senator from New York is suggesting or the Senator from Louisiana has suggested, I do not think represents a thoughtful appraisal of the situation, nor do I think we do them any favor.

It may be to simply reassure the people who the Senator from New York says have been polled in a survey of some kind that will be released in the news media tomorrow. If in fact such a poll shows that people are concerned about the condition of the social security system, I will say to the Senator from New York that I do not think that is an irrational attitude on the part of the people of America who may have been surveyed. I have not seen the survey. I do not know what he is referring to exactly.

I have seen some other poll data that suggests that there is a level of concern and I think it is a proper level of concern.

The Senator from New York has stated repeatedly here today that he is upset that someone has characterized this as a crisis and he made that same point over and over again in committee last week and I am going to undertake once again to explain to him what a crisis is, and I refer to Webster's New Collegiate Dictionary and, Mr. President, a crisis is, and I quote, "the decisive moment, the turning point, a crucial time."

I suggest that when the Commissioner for Social Security, Mr. Svahn, used that expression describing the condition of the social security system it was not an inaccurate description. We are, in fact, in a moment of decision, at a time when the important questions must be answered about the future safety of the system.

Mr. President, in a preliminary sort of way, let me say first that I think it is a disservice to the social security recipients and others in this country to simply assure them without any substantiation, that there is not a problem, because there is indeed a problem.

Second, I am really sorry, in fact, I must say to my friend from New York I was offended last week during the committee hearings and I am offended today by the implication that the people in the administration, the trustees, the Secretary of the HHS, and the others who have brought forward this problem in a thoughtful and responsible manner, in a manner which is consistent with their legal and moral obligations, to report on the condition of the trust fund, that in some way by doing so that they are hurting those dear old people as the Senator from Louisiana has correctly referred to them. I do not think it is a fair characterization of the attitude of any person who has spoken, at least in my presence, on this subject to say that we are trying to scare them to death, that we are trying to hurt them, or as someone has implied here this afternoon, that anyone is trying to destroy the system. Far from it.

It is my belief that the trustees of the social security system by raising the issues that they have raised and as they are required by law to raise have done a greater service to the social security recipients, the taxpayers, and the others in doing so.

Mr. President, it was my intention later today to insert in the RECORD for the benefit of Senators a summary of the discussions which took place last week in the Social Security and Income Maintenance Subcommittee of the Senate Finance Committee about the hearings which were held on the issue of social security. Rather than waiting to do so until the end of the day's proceedings, since the Senator from New York has seen fit to raise the issue at this time, I wish to share some of the facts with Senators so that they can consider the overall condition of the social security system in the context of the Senator's proposed amendment.

At the very outset, however, I will point out that while the Senator from New York may think there is little or no problem or that it is a problem of very short duration, a problem that can be solved by a simple amendment and without further action, that is not the opinion of the trustees of the social security system who have the obligation to oversee its soundness. It is not the opinion of the Secretary of the Department of Health and Human Services. It is not the opinion which was expressed over and over again by most of the witnesses who appeared, not all I stress, but most of the witnesses who appeared at the hearings last week before the subcommittee. It is not the opinion of most of the economists and demographers who have looked seriously at this problem. It is not the opinion of representatives of small business, nor as the Senator has pointed out himself is it the opinion of the American people as reflected in earlier polling data which I have seen although I have not seen the poll which he has mentioned here this afternoon. Nor may I point out is it the opinion of many Senators who have been in touch either officially or unofficially with representatives of the Finance Committee and it sure as thunder is not the opinion of our colleagues in the House of Representatives who have been moving forward in a thoughtful, measured, moderate, responsible way to address not only the short-term crisis, and I use the word because we do face a crisis, a crisis which will have serious ramifications if we fail to address it in a responsible way, not only the short-term crisis but also the longer term problem.

Mr. President, social security is woven so deeply into the Nation's economic and social fabric that it is hard to grasp the reality of its daily impact on 150 million Americans. A typical American will work for 45 years and with each paycheck he and his employer will contribute to social security throughout his working life.

In retirement an average worker and his spouse will receive a social security check of $568, adjusted annually for inflation, each month for an average of 15 years.

For this couple and millions of others this check is vital; for some of them it is the only source of retirement income. This monthly check, however, does not as many people suppose come from the taxes paid by the retired person during his working years. The check is paid by those who are now working and paying up to $3,500 annually in social security taxes. In turn, these workers trust that the next generation will finance their retirement on a pay-as-you-go basis.

The commitments which we have made to 36 million retirees and others who are in the system hoping to retire in the future is now on the line, because gradually in slow motion the social security system is going broke. Unless decisive action is taken, the trust funds will soon be unable to make ends meet.

Social security has been operating in the red for 6 straight years and is now losing at the rate of $10,000 every minute.

Today the system has enough money on hand to pay benefits for only 2 months. By approximately November, 1982, the social security pension reserve will be exhausted and the funds will not even be able to pay a full month of pension benefits, according to the report of the social security trustees.

Long term the problem is even worse. Social security faces a $1.5 trillion shortfall over the next 75 years, according to the trustees of the system.

I doubt if anyone can comprehend the disastrous consequences of a bankrupt social security. Social security is the fi-

nancial life blood for its 36 million recipients and yet I stress slowly, incrementally, gradually, imperceptively, day by day, week by week, month by month, the social security system is going deeper and deeper into a hole.

Consider the facts: First, social security is operating in the red and has been for the last 6 years. By the end of next year it will not be able to pay full benefits. For all practical purposes, the social security system will then be insolvent.

How did we get in this mess? The answer is very simple. In 30 years benefits have been adjusted upward 699 percent One trillion dollars have been paid out. The average monthly benefits per person in 1935 were $22. Today the average exceeds $370. We are now to the point where in 1985 alone total pension and disability benefit payments will exceed $220 billion. We are paying benefits in 1 year that equal one-fifth of the total benefits paid in the last 30 years.

In other words, Congress has hugely increased the benefits payable to retirees now and in the future and has done so without providing adequate resources to meet those promises.

Those benefits are financed on a pay-as-you-go basis. In other words, today's benefits are paid by today's social security payroll taxes, not from an accumulation of past savings or investments.

Radical changes have reshaped the American workplace and now jeopardize social security's long-term future. Here is why.

In 1950 there were 16 workers paying for each person receiving social security benefits. Today only three workers pay taxes for each beneficiary, and according to the projection of demographers within a few years, in slightly more than one generation, there will only be two workers supporting each person drawing benefits. Obviously, fewer people carrying the burden will mean—has already meant—skyrocketing social security taxes.

In 1940 the maximum combined employer-employee social security tax was a mere $60 annually. Today that tax exceeds $3,000, and will rise to $9,000 by 1990.

Incredibly even with these higher taxes social security will have an accumulated deficit of $111 billion by 1985.

Since 1950 real wages in the United States have increased 490 percent, while Federal taxes have increased 594 percent, and social security taxes have increased by 2011 percent. It appears obvious to me that further increases in the social security payroll tax will not and should not occur.

(Mr. LAXALT assumed the chair.)

Mr. ARMSTRONG. Some people believe the cure for social security problems is to dip into the general fund of revenues. I believe this would be a mistake. Social security funds have always been kept apart from the general Federal Treasury.

Earlier I pointed out that social security is losing $10,000 a minute, and for those who suggest that we should dip into the general fund, the funds of the overall Treasury, that is losing at a rate of $173,000 a minute.

Our national debt has increased 27 times faster than our population. We now have a general fund debt of more or less $1 trillion.

To me the thought of asking the general fund to bail out social security is sort of like asking Amtrak to bail out Chrysler. So that is the overall picture.

Social security, despite the reassurances of the Senator from New York and others, is deeply in debt. The situation is not hopeless, it is not beyond retrieval, but it is a serious and real problem. The system now lacks the financial wherewithal to pay promised benefits, and incredibly this condition has developed and continues to develop at a time when benefit payments are soaring.

In my opinion, social security can be lifted out of this financial quagmire. But permanent solvency, which I stress, is the main goal, in my opinion, which is to permanently provide for the financial security of the Social Security Trust Fund to the end that no person who has been promised a benefit will fail to receive that benefit. That is the goal. But we cannot do so unless we are willing to approach it in a thoughtful and realistic manner.

I would suggest several guidelines: First of all, I would suggest that if there is any issue pending before the Congress of the United States which ought not to become a political hand grenade to be tossed back and forth between the two parties or the two Houses of Congress it is social security.

By its very nature it is ill-suited to that kind of partisan approach which, on more than one occasion, including today, the Senator from New York has resorted to, and I regret it. I wish—and I have asked him this publicly and privately, and I appeal to him again today—that he not treat this in this kind of a way and not to try to create the wrong impression that somebody in the administration or the White House or the Senate or the House or any place else is trying to foster panic or trying in some way to take benefits away from people.

On the contrary, what the administration is trying to do and what the chairman of the Committee on Finance is trying to do, and what I am trying to do as chairman of the subcommittee, and what JAKE PICKLE is trying to do, as chairman of the counterpart subcommittee over in the other body, is trying to save the system and protect legitimate interests of recipients.

Second, I believe Congress must learn from its past mistakes in shaping social security policy and resolve not to—we have overpromised benefits without providing the necessary long-term financing.

Third, I think we need to be absolutely frank with the people of this country. I think we need to level with them, and that includes talking frankly, not in alarmist tones, but in terms of realism about the true condition of the social security trust funds.

That is why I say the statement of the Senator from New York is wide of the mark when he stands up and merely seeks to reassure people that everything is fine, that no Congress will let the social security trust fund go under, that everything will be all right if we just adopt a simple amendment. I do not think that is an accurate or a responsible message to transmit to the people of this country.

I recall just 4 years ago that Congress enacted a sweeping social security reform bill that resulted in the largest peacetime tax increase in the history of this Nation. At that time we were told that the social security fund would be in good shape from 1980 to at least the year 2030. Experience has now already, just 4 years later, shown that prediction to be wrong.

In 1978, the same year we passed that massive tax increase, the trustees of the social security system said it would remain solvent forever. The announcement a few days ago by the trustees flatly contradicts that earlier optimistic report.

We may not today but this year or during this session of Congress have our last best chance to straighten out the problems in the social security system, and to do so without undue hardship for any taxpayers or any recipients. But I think we have to level with the public and with each other.

Finally, I think we should acknowledge that social security has the potential for fracturing American society by creating a new kind of generation gap. People who are now receiving social security believe their juniors are obligated to pay the taxes necessary to permit them to receive their benefits. Yet it is my observation that younger Americans are increasingly bitter about the heavy burden of social security taxes.

I do not think it does any good to try to sweep this conflict under the rug. People who testified last week before the Social Security Subcommittee spoke of it in very frank terms. One of our colleagues addressed the subcommittee and referred to it as the intergenerational time bomb. A businessman from Pennsylvania talked about it in terms of the bitter attitude that was being fostered among employees.

I think we need to face that and provide for it and establish the kind of ground rules which will not only be fair to everybody concerned but which will be perceived as fair because this system affects all of us in such a personal and intimate way all of our lives that if it is not perceived as fair it is not going to work.

Finally, I think the Senate should operate from the premise that all Americans deserve a financially sound, compassionate social security system, and one that offers reasonable value for the social security taxes they pay over the years.

Unfortunately, pessimism on this issue is very high. While I have not seen the poll referred to by the Senator from New York, I have seen a recent ABC-Washington Post poll which shows that 75 percent of the public believes they will never collect a penny of minimum benefits in their lifetimes. The skepticism about social security is very great indeed.

Mr. President, in brief the Senator from New York has said if we adopt his amendment everything will be more or less OK; that in the long run things will work out fine, and he makes about four specific points in support of that contention: first of all, that benefits are projected to decline as a percentage of the gross national product.

I would suggest to the Senator that the measure of the burden on the economy of social security payments is not what percentage they are of the gross national product but what percentage they are of the payroll tax because social security benefits are not financed out of the gross national product. They are financed out of the, directly out of the, payroll taxes.

We were told that social security taxes would never be more than 3 percent of the first $3,000 of the payroll. Today they are many times that amount. The only remaining question about where they are going in the future is how much higher they must go to finance benefits which have already been promised.

Second, we are told we do not really need to worry too much about this problem because Congress just will not permit a default. That is a point eloquently made by prior speakers, that we were not going to let anything go wrong.

I certainly share that sentiment, but it does not surprise me very much that the people out in the country do not believe Senators when they say that.

There is a growing perception by people all over the country that people in public life on tough issues will say and do just about anything it takes to get themselves elected and reelected to Congress or the Senate or to other offices; that we will, in fact, cut corners with the truth; that we will make any kind of promises, particularly those kinds of promises that are not subject to being verified until after the next election.

I do not entirely share the public's attitude in that respect. I have a kinder view toward my colleagues than to say that I think most Senators or most officeholders or most candidates would treat so casually the facts and the truth. But I must admit that there is more than a grain of substance in this popular idea.

Indeed, if one would go back through the annals of Congress and think about the things that Congressmen and Senators promised would never happen and then examine the result, there is every reason for the people of this country to discount the promises that future generations of Congress will never permit the social security fund to get in serious trouble.

I remember when Senators promised that they would never let occur precisely the economic conditions which are haunting this country today. I remember when economists promised and Senators vouched for the fact that we would never see rising inflation and rising unemployment in this country at the same time; in fact, we were told that that was technically impossible and could never happen.

Well, I am not predicting disaster—in fact, I do not expect disaster—because I believe that we are going to cope with the social security crisis, and I use the word advisedly. I believe we will cope with the social security crisis in a thoughtful, responsible, bicameral and bipartisan way.

I do not think to just gloss the problem over accomplishes that purpose. The social security system is subject to many factors, some of which are not within the control of the Congress of the United States. But, before Senators take too seriously the idea that nothing can go wrong and no serious disaster can befall the system, I just remind you that the stock market did crash in 1929 and the Titanic did sink and there have been a lot of other things, including economic difficulties, that Congress thought it could control which have occurred.

Third, we are told that we do not have to worry too much about this problem because, after all, we can always borrow from general revenue. I think that is a proposition which needs little discussion by me. I think it is preposterous on its face, but I will save that discussion for another day.

Finally, and this is in a sense the thing that troubles me as much or more than any of the points raised today by the Senator from New York, we are told that we do not have to worry too much about this because, after all, the real problem is way out in the future, perhaps as much as 20 years or more.

I would appeal to the Senator to think very carefully about that, because, while it is true that the worst of the problem, not all of it but the worst of it, is some distance out into the future, that should not imply, and I trust he did not mean to imply, that we can postpone until that day coping with the problem. Because if we wait until we get to the point where there are only two workers working for every one who is receiving payments under the social security fund, if we wait until really the financial problem is of such enormous proportions, then the only way to solve it will be by some drastic or severe or abrupt measures.

The one point that seems to be universally agreed to by people who have looked at this social security fund in a careful way is that changes should never be made abruptly but should be made very gradually in a way that does not interrupt or prejudice the living arrangements and economic assumptions on which people have predicated their retirement. Thus, when people talk about, for example, raising the retirement age, a proposal which may or may not be to the liking of Senators, a proposal which I may or may not at the right time endorse, but when that proposal is discussed, it is always in the context of a very gradual change.

For example, I believe our colleague, Representative PICKLE, who has done so much effective work on this subject, has recommended raising the age of first retirement by 3 years, not in one jump or two jumps or even in 10 increments, but in 36 increments, increasing the retirement age 1 month each year for the next 36 years, a change which has been recommended not only by Members of the House but by many Senators and others, as well.

But if we wait until the last minute until the worst of the problem is right on top of us, we deny ourselves the opportunity to act in a gradual, incremental way and we put ourselves in a corner where we might have little choice but to act in a more drastic fashion.

So, Mr. President, with these few thoughts, I would like to first ask unanimous consent that I be permitted to have printed in the RECORD at this point a summary of the 1981 annual report of the social security board of trustees. This is the report which spells out both the short- and long-range financing problems. It incorporates not one economic projection but five. Interestingly, by all five projections, from the most optimistic to the most pessimistic, there is a short-term funding problem. Even under the most optimistic scenario considered and reported by the trustees, the social security system will be in trouble by sometime next year.

It is noteworthy that even the most pessimistic of the scenarios implies better performance of the economy than we have actually seen in the last 5 years. So we have got a serious shortrun problem and a problem which I would say to my friend from New York might well be addressed in the way he has suggested, although it is my view that this is scarcely the time to do so. But the report of the trustees goes far beyond what is going to happen in the next 12 or 18 months and looks well into the future in a documented, carefully worked out way.

This is not a report prepared by Senators. It is a report which has been prepared with the input of demographers and actuaries who are fulfilling their legal and moral obligation to keep the trust fund on a sound basis.

I commend it to the attention of my colleagues and I ask unanimous consent to have it printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

SUMMARY OF THE 1981 ANNUAL REPORTS OF THE SOCIAL SECURITY BOARDS OF TRUSTEES

HIGHLIGHTS

During calendar year 1980, 115 million workers paid Social Security payroll taxes. Monthly Social Security benefits were being paid to 35 million beneficiaries at year-end. About 95 percent of all persons aged 65 or over were protected by Medicare.

The funds held for retirement, survivors, and disability benefits declined by $3.8 billion during 1980, to about $26 billion at year-end, while the fund for Medicare Hospital Insurance increased by $0.5 billion, to about $14 billion.

The short-range financing of the retirement and survivors benefit program must be strengthened very soon, so that benefits can be paid throughout 1982 and beyond.

Hospital Insurance taxes are set at about the levels needed for that program during the early 1980's, but later on these taxes will be too low if the assumptions underlying the estimates are realized.

In approximately 30 years, the aged population will have grown significantly, both in total number and relative to the number of covered workers. While these numbers cannot be forecast precisely, reasonable estimates can be made based on the population already born. To finance the benefits scheduled over the long range, much more income to these programs will be needed from taxes unless benefit outlays are substantially reduced.

Action to remedy the short-range financial crisis by lowering the benefit outgo could well carry over to the long range and solve its problems as well.

INTRODUCTION

Four Social Security programs provide basic financial security to American workers and their families:

(1) Old-Age and Survivors Insurance (OASI) pays monthly cash benefits after a worker retires or dies.

(2) Disability Insurance (DI) pays monthly cash benefits after a worker becomes disabled. (OASI and DI together are referred to as OASDI.)

(3) Hospital Insurance (HI, or Medicare Part A) pays for hospital care of those aged 65 and over and of the long-term disabled.

(4) Supplementary Medical Insurance (SMI, or Medicare Part B) pays for doctor bills and other medical expenses of those aged 65 and over and of the long-term disabled.

These programs are financed essentially on a pay-as-you-go basis. Taxes paid by current workers are used to pay benefits to current beneficiaries. However, Social Security does maintain trust funds that provide small reserves against fluctuations. These trust funds hold all of the income not needed currently to pay benefits and expenses. Social Security funds may not be used for any other purpose.

The Secretaries of Treasury, Labor, and Health and Human Services serve as trustees of the Social Security trust funds. They report annually to the Congress on the condition of each fund and on projected future results.

The 1981 annual reports for the four trust funds are summarized here. Copies of the complete Trustees Report for OASDI can be obtained without charge from the Social Security Administration, Office of Public Inquiries, 4100 Annex, Baltimore, Maryland 21235. The HI and SMI Trustees Reports are available from the Health Care Financing Administration, Office of Public Affairs, Room 313H, Humphrey Building, 200 Independence Avenue, S.W., Washington, D.C. 20201.

Payroll taxes from employees, their employers, and the self-employed go into the trust funds to pay for OASI, DI, and HI. These trust funds pay benefits to current beneficiaries. SMI is financed differently and is discussed separately in Appendix A, so that this summary can focus on the three payroll-tax supported programs.

Table 1 shows the payroll tax rates for employers and employees, as established by law. Taxes at these rates are paid on each worker's earnings up to $29,700 in 1981. In future years, the Social Security earnings base will rise as average wages increase.

TABLE 1.—PAYROLL TAX SCHEDULE

[In percent]

Calendar year	Contribution rates (percent of taxable earnings) payable by employers and employees, each			
	OASI	DI	HI	Total
1981	4.70	0.65	1.30	6.65
1982–84	4.575	.825	1.30	6.70
1985	4.75	.95	1.35	7.05
1986–89	4.75	.95	1.45	7.15
1990 and later	5.10	1.10	1.45	7.65

For the self-employed, the OASDI tax rates are about 1½ times the rates for employees, and the HI tax rates are the same as for employees.

It is intended that the income for each program will closely match outgo in most years. When income exceeds outgo, the excess serves to increase the trust funds. When outgo exceeds income, the trust funds are drawn down. Thus, the trust funds serve as a contingency reserve to absorb temporary fluctuations in income and outgo. The trust funds are invested in U.S. government bonds, notes, and other securities, bearing rates of interest similar to those for long-term securities issued to the general public.

RESULTS FOR 1980

During 1980, 115 million workers contributed to the OASDI and HI programs through payroll taxes. At the end of 1980, 35 million OASDI beneficiaries were receiving monthly benefit payments, and 95 percent of the population over age 65 was covered under HI.

Table 2 presents the cash income, outgo, and changes in assets during 1980 for the three programs, with 1979 data for comparative purposes.

TABLE 2.—RESULTS OF FINANCIAL OPERATIONS DURING 1980

[In billions]

	OASI	DI	HI	Total
Trust fund assets on Jan. 1, 1980	$24.7	$5.6	$13.2	$43.5
Income in 1980:				
Payroll taxes	103.5	13.3 +	23.8	140.6
Premiums from participants			(1)	(1)
General fund of Treasury	.5	.1	.9	1.5
Interest	1.8	.5	1.1	3.4
Transfer from railroad retirement account			.2	.2
Total income	105.8	13.9 +	26.1 +	145.8
Outgo in 1980:				
Benefit payments	105.1	15.4 +	25.1	145.6
Administration, including rehabilitation	1.2	.4	.5	2.1
Transfer to railroad retirement account	1.4	(1)		1.4
Total outgo	107.7	15.9	25.6	149.1
Net change in trust fund in 1980	−1.8	−2.0	.5	−3.3
Trust fund assets on Dec. 31, 1980	22.8	3.6	13.7 +	40.2
Comparative results for 1979:				
Income in 1979	90.3	15.6	22.8	128.7
Outgo in 1979	93.1	14.2	21.1	128.4
Net change in trust fund in 1979	−2.9	1.4	1.8	.3

[1] Less than $50,000,000.

Note: Components may not add to totals due to rounding.

In 1980, income to the three trust funds was $145.8 billion, while outgo was $149.1 billion. As a result, the three trust funds together decreased by $3.3 billion. The OASI and DI Trust Funds dropped by $3.8 billion, while the HI Trust Fund rose by $0.5 billion.

Administrative expenses represented about 1.3 percent of benefit payments for OASDI and 2.0 percent for HI—1.5 percent for the three programs combined. This combined expense rate was 1.6 percent in 1979.

Compared to the prior year's figures, income to the three funds in 1980 rose by 13 percent, but outgo was up by 16 percent. During 1980, as in 1979, there were unanticipated negative developments in the economy, including high unemployment and inflation, with prices rising more rapidly than wages. Thus, Social Security cash benefits (which are adjusted for changes in the Consumer Price Index) went up faster than Social Security revenues (which are based on covered payrolls). Medicare Hospital Insurance expenditures also rose faster than revenues because of rapidly increasing health care costs.

ACTUARIAL COST PROJECTIONS

As required by law, the annual Trustees Reports contain projections on each fund's estimated financial operations and status. The estimates given here are on a calendar-year basis (and are for the programs as they are now structured). They extend over the next 75 years for OASDI and 25 years for HI. The estimated costs after the first few years are presented as percentages of taxable payroll, so that expenditures can be compared directly with the payroll tax rates. A precise prediction of the future is not possible, even in the short range. Both short- and long-range estimates are made using reasonable assumptions to indicate the trend and general range of future costs.

Assumptions used

Future OASDI income and outgo will depend on mortality, fertility, unemployment, inflation, and other economic and demographic factors. Medicare costs will also depend on how often health care services are used and how much these services cost.

The OASDI and HI cost projections are prepared using five alternative sets of assumptions regarding these economic and demographic factors, referred to as "optimistic", "intermediate-A", "intermediate-B", "pessimistic", and "worst-case" assumptions. Because recent economic performance has been erratic, the economic assumptions now allow for more possible variation than before, including both an A and B set of intermediate economic assumptions, and also a "worst-case" set of short-range economic assumptions.

Intermediate A assumes future economic performance resembling the experience in recent periods of more robust economic growth, such as would result from policies aimed at stimulating growth and lowering inflation; this presentation shows the favorable effect on the trust funds of an improved economy. Intermediate B assumes the adoption of policies that would yield less economic growth. The set of assumptions characterized as "worst-case" covers 1981–86 and is more pessimistic than the other four sets (although even more unfavorable assumptions could be designed). The "worst-case" assumptions were also used to test the adequacy of the

short-range financing under the Administration's recent Social Security proposals.

Appendix B shows selected values of several of the assumptions used in the five basic projections.

Measures of actuarial status

In analyzing the financial status of the program, several measures of actuarial status are commonly used.

Fund ratio is the amount in the trust fund at the beginning of a year expressed as a percentage of that year's expenditures. For example, a fund ratio of 25 percent means that the amount in the fund is one-fourth of annual outgo (or enough to pay benefits for about three months in the absence of any income). At the beginning of 1981, the fund ratios for OASI, DI, and HI were 18, 20, and 46 percent, respectively.

Several factors should be considered in determining appropriate fund ratios, as follows:

(1) The OASI and DI benefit payments go out early each month, but the income from payroll taxes is spread over the entire month. If the OASI or DI Trust Funds drop to a point where the balance on hand at the beginning of a month is too low to pay the benefits, the benefit checks could not be sent out in a timely manner. In practice, a fund ratio of about 12 to 14 percent would usually mean that this point is near, and that action must be taken very soon to strengthen the financing.

(2) HI benefit payments do not have this cash-flow pattern, but they do fluctuate noticeably from month to month.

(3) Payroll-tax receipts to the trust funds also fluctuate during the year (as do other items of income and outgo).

(4) Unforeseen changes in the economy may cause the trust funds to decrease unexpectedly. Each trust fund should have sufficient assets to avoid the need for hasty action to assure the payment of benefits.

Year-by-year expenditures as a percentage of taxable payroll is another useful measure. These percentages can be used to establish tax rate schedules that approximately support pay-as-you-go financing.

Actuarial balance is the average difference between the scheduled tax rate and the projected annual outgo over a given period. The actuarial balance is the usual measure of financial status over periods of 25 years or more. The OASDI system is said to be in close actuarial balance over the long-range period if the average scheduled tax rates are between 95 and 105 percent of the average estimated expenditures as a percentage of taxable payroll.

SHORT-RANGE FINANCING (1981–85)

The Trustees emphasize that there is an urgent need to strengthen the financing of the Social Security system in the short range. Without any changes in current law, the OASI Trust Fund will become unable to pay benefits by late 1982. Even if the three payroll-tax financed trust funds were allowed to borrow from one another, their combined assets would decline significantly during the next 5 years. In fact, their combined assets would barely suffice under the two more-optimistic sets of assumptions. Under the three less-favorable projections, combined assets of these trust funds would become depleted within a few years.

Projections over the next 5 years allow Congress and the Administration to monitor and adjust income to the programs. In this short-range picture, the numbers of persons receiving OASDI benefits can be forecast closely. However, changes in the national economy can have major effects on outgo and income, and are difficult to predict. Past economic downturns that were more severe than anticipated have led to the current financial crisis.

Table 3 indicates year-by-year projections of OASDI fund ratios through 1985, under all four sets of long-range assumptions and under the so-called "worst-case" economic assumptions, which prudently served as the basis for the Administration's recommendations to solve the short-range and long-range financing crisis of the OASDI program.

The OASI Trust Fund would become unable to pay timely benefits by late 1982 under any of the projections. Combining the DI Trust Fund with the OASI Trust Fund would not postpone the latter's exhaustion by more than a few months. Even combining all three trust funds would provide a slim margin at best. Under the three less-favorable projections, the three combined trust funds would become exhausted before the end of 1985.

TABLE 3.—FUND RATIOS PROJECTED TO 1985

	Fund at Jan. 1 as a percent of outgo during year—					
	1980	1981	1982	1983	1984	1985
OASI:						
Optimistic assumptions	23	18	[1]14	[1]6	[1]−1	[1]−8
Intermediate A assumptions	23	18	[1]13	[1]5	[1]−4	[1]−13
Intermediate B assumptions	23	18	[1]13	[1]4	[1]−9	[1]−16
Pessimistic assumptions	23	18	[1]13	[1]4	[1]−13	[1]−22
"Worst-case" assumptions	23	18	[1]13	[1]2	[1]−13	[1]−29
OASI and DI combined:						
Optimistic assumptions	25	18	14	[1]9	[1]6	[1]4
Intermediate A assumptions	25	18	13	[1]8	[1]3	[1]−1
Intermediate B assumptions	25	18	[1]13	[1]7	[1]2	[1]−5
Pessimistic assumptions	25	18	[1]13	[1]7	[1]2	[1]−12
"Worst-case" assumptions	25	18	[1]13	[1]5	[1]−7	[1]−18
OASI, DI, and HI combined:						
Optimistic assumptions	29	23	21	20	19	19
Intermediate A assumptions	29	23	21	18	15	13
Intermediate B assumptions	29	23	21	18	14	[1]8
Pessimistic assumptions	29	23	21	17	[1]9	[1]1
"Worst-case" assumptions	29	23	20	15	[1]5	[1]−5

[1] Under present law, the program would be unable to pay timely benefits during this year because financing is projected to be inadequate.

Chart A shows the projected fund ratios through 1990 for these three funds combined. Even on this basis, which assumes interfund borrowing (which would require legislation), there is a need to strengthen the short-range financing. The combined funds would barely get through the early 1980's under the two more-favorable sets of assumptions. Under the other three less-favorable projections, the combined funds would be used up within a few years. Thus, any reallocation of the tax rates or borrowing among the trust funds would not result in adequate short-range financing under adverse conditions.

LONG-RANGE FINANCING (1981–2055)

Over the next 75 years, the projections indicate a need for substantial changes in the long-range financing of OASDI. Action is urgently needed to solve the financing problems during the 1980's (as discussed earlier). Later on, the outlook for the OASDI Trust Funds improves substantially, after the tax increases that would take effect during 1985–90, and remains favorable during the first 25-year period. During the following 25 years, however, OASDI tax rates are projected to become inadequate, as expenditures rise (due to a larger beneficiary population), while tax rates remain level under current law. During the final 25 years of the 75-year projection period, there is a substantial deficit projected under all but the most optimistic assumptions. Thus, the long-range financing of OASDI needs to be strengthened.

HI income is projected to cover expenditures during the early 1980's. But later in the 25-year period, HI financing is estimated to deteriorate. Although the HI Trust Fund is not in imminent danger, the Board of Trustees recommends that Congress should investigate ways of strengthening its financing.

Long-range cost estimates for OASDI over the next 75 years, although sensitive to variations in the assumptions, give the best indication of the trend and general range of the program's cost. HI projections customarily do not go beyond 25 years, because of the high degree of uncertainty about the trend of future hospital costs relative to the rest of the economy.

Several important demographic trends are anticipated in the next 75 years which would sharply raise the proportion of the aged in the population.

(1) After the turn of the century, rapid growth is expected in the aged population because of the large number of persons born shortly after World War II.

(2) Projected improvements in mortality also would increase the numbers of aged persons.

(3) At the same time, low birth rates would hold down the number of young people.

(Charts B and C not reproducible in RECORD.)

Chart B shows the long-range trend in the number of OASDI beneficiaries per 100 covered workers, based on the three sets of demographic asumptions. (It is important to note that "beneficiaries" includes not only retired workers, but also disabled workers, spouses, children, and survivor beneficiaries.) This ratio has gone up from zero in 1940 to 31 currently. It is estimated to rise to a range of 40 to 70 by the middle of the next century. Because most of the beneficiaries during the next 75 years have already been born, their numbers are projected mainly from the present population. The numbers of workers involved in these projections, however, depend on future birth rates, which are subject to more variability.

Chart C shows the trend in the estimated annual OASDI outgo as a percentage of taxable payroll under each of the four sets of long-range assumptions during the next 75 years. Also shown for comparative purposes are the scheduled OASDI tax rates. Under each set of assumptions, the estimated outgo as a percentage of taxable payroll increases rapidly after the turn of the century. Under the intermediate and optimistic sets of assumptions, the outgo in relation to taxable payroll peaks around 2030, while under the pessimistic assumptions, the outgo is still increasing at the end of the valuation period. These projections indicate the need for action to restore the OASDI system to financial health over the long range.

Table 4 compares the estimated average OASDI expenditures in relation to taxable payroll and the tax rates over the next 75 years under the four alternative sets of long-range assumptions. The estimated average annual tax income for the entire 75-year projection period falls below the estimated average annual outgo for the period by 0.93 percent of taxable payroll under Intermediate A and 1.82 percent under Intermediate B.

TABLE 4.—ESTIMATED AVERAGE OASDI TAX RATES, EXPENDITURES, AND ACTUARIAL BALANCE

[Percent of taxable payroll]

	25-yr averages			75-yr average
	1981–2005	2006–2030	2031–2055	1981–2055
Average scheduled tax rate (combined employer-employee rate)	11.94	12.40	12.40	12.25
Estimated average expenditures:				
Optimistic assumptions	9.99	11.07	11.93	10.99
Intermediate-A assumptions	10.67	13.07	15.79	13.17
Intermediate-B assumptions	11.51	13.87	16.81	14.07
Pessimistic assumptions	12.55	17.50	25.43	18.50
Difference (actuarial balance):				
Optimistic assumptions	1.95	1.33	.48	1.25
Intermediate-A assumptions	1.27	−.67	−3.39	−.93
Intermediate-B assumptions	.43	−1.47	−4.41	−1.82
Pessimistic assumptions	−.61	−5.10	−13.03	−6.25

Chart D summarizes the projections of HI expenditures as percentages of taxable payroll as compared with the tax rates through the year 2005, based on the four sets of long-range assumptions. HI income scheduled for the early 1980's is sufficient to cover HI expenditures. But the chart shows that this favorable short-range financing picture is projected to begin deteriorating shortly after 1985. The expected net outflows from HI beginning in the late 1980's add to the problems already discussed for OASDI, and underscore the need to do more than rely on interfund borrowing to restore the strength of the combined system.

Table 5 shows the actuarial balance for HI over the next 25 years, based on the two sets of intermediate assumptions. This actuarial balance compares the average scheduled HI tax rate and the estimated average cost, both for meeting the HI expenditures and for bringing the HI fund ratio up to a more adequate level over the long run. For illustrative purposes, a fund ratio of 50 percent has been used here as providing such a level.

TABLE 5.—HI ACTUARIAL BALANCE, 1981–2005

[Percent of taxable payroll]

	Optimistic assumptions	Intermediate-A assumptions	Intermediate-B assumptions	Pessimistic assumptions
Average scheduled payroll tax rate (Combined employer-employee rate)	2.84	2.84	2.84	2.84
Expenditures	3.21	3.94	4.19	5.46
Trust fund buildup and maintenance	.05	.08	.09	.18
Total cost of the program	3.26	4.02	4.28	5.64
Difference (actuarial balance)	.42	−1.18	−1.44	−2.80

APPENDIX A

FINANCING OF SUPPLEMENTARY MEDICAL INSURANCE (SMI)—(MEDICARE PART B)

SMI income of $10.9 billion during 1980 included $7.5 billion from the general fund of the Treasury and $3.0 billion in monthly premiums from participants. Expenditures of $11.2 billion included $10.6 billion for benefit payments. During 1980, the SMI Trust Fund decreased from $4.9 billion to $4.5 billion.

In July 1980, the SMI standard monthly premium rate increased from $8.70 to $9.60; in July 1981, the rate increased to $11.00. The promulgated premiums paid by SMI participants have been increasing each year by the same percentage by which OASDI benefit payments went up the year before. The payments to the SMI Trust Fund from the general fund of the Treasury cover the portion of program costs not paid by participants.

There is only one principal set of cost estimates for SMI, extending three years into the future, although alternative high-cost and low-cost projections are also made. These projections show that the financing is adequate through June 1982.

The amount of the SMI Trust Fund may be compared to its liability for claims incurred, but not yet paid. In recent years, the SMI Trust Fund has exceeded this liability, so that, by any standard, the program can be said to be actuarially sound.

APPENDIX B

ECONOMIC AND DEMOGRAPHIC ASSUMPTIONS

The table below shows selected values of several of the assumptions used in the projections for OASDI and HI in the 1981 Trustees Reports.

Calendar year	Percent increase over previous year in average annual—				In percent	
	Real GNP [1]	Wages in covered employment	Consumer Price Index	Inpatient hospital costs [2]	Annual unemployment rate	Total fertility rate [3]
Optimistic assumptions:						
1981	1.7	10.6	10.7	15.6	7.7	1.9
1985	4.4	6.8	4.1	11.4	5.7	2.0
1995	3.2	4.5	2.0	6.8	4.5	2.1
2005 and later	3.5	4.5	2.0	6.3	4.0	2.4
Intermediate A assumptions:						
1981	1.1	10.2	11.1	15.6	7.8	1.9
1985	4.2	7.1	4.7	12.9	5.9	1.9
1995	2.8	5.0	3.0	9.1	5.0	2.0
2005 and later	3.1	5.0	3.0	8.4	5.0	2.1
Intermediate B assumptions:						
1981	1.1	10.2	11.1	15.6	7.8	1.9
1985	2.9	8.1	7.4	14.4	6.8	1.9
1995	2.4	5.5	4.0	10.0	5.4	2.0
2005 and later	2.7	5.5	4.0	9.3	5.0	2.1
Pessimistic assumptions:						
1981	.7	11.5	12.6	15.6	7.9	1.8
1985	3.0	10.1	9.7	18.8	7.4	1.8
1995	2.3	6.4	5.4	12.9	6.0	1.8
2005 and later	2.2	6.0	5.0	11.9	6.0	1.7
"Worst-case" assumptions (1981–86 only):						
1981	−.1	10.6	12.8	15.6	8.3	1.8
1985	4.4	10.4	9.7	15.6	8.0	1.8

[1] Gross national product (the total output of goods and services) expressed in constant dollars. The percentage increase in real GNP is assumed to change after the year 2005. The values for the year 2055 are 3.4, 2.5, 2.1, and 0.9 percent for the optimistic, intermediate A, intermediate B, and pessimistic assumptions, respectively.

[2] Includes hospital costs for all patients, not just those covered under HI. Figures shown for "2005 and later" are for 2005.

[3] The number of children who would be born to a woman in her lifetime if she were to experience the age-specific birth rates assumed and were to survive the entire child-bearing period.

Mr. ARMSTRONG. Mr. President, I also ask unanimous consent to have printed in the RECORD the observations of our distinguished former colleague, Richard Schweiker, who is now the Secretary of Health and Human Services, because with his usual perspicacity and candor, Dick Schweiker has spelled out exactly what the problem is. He really gives the lie to any complacency or any thought that if we closed our eyes or make some simple changes, that the problem will more or less go away.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY RICHARD S. SCHWEIKER

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to appear before you today to discuss the financial condition of the Social Security program.

As the members of this Subcommittee know all too well, Social Security faces both a short-range financing crisis and a long-range actuarial deficit. No matter whose economic forecasts or assumptions you use, the basic Social Security program is going to be unable to meet its commitments to millions of Americans unless some legislative action is taken, and taken soon. The time for bland reassurances and for further studies or stopgap measures is over—by late 1982 there just won't be enough money in the OASI Trust Fund to pay benefits to retirees, to widows, and to orphan children and their mothers.

The American people have been told repeatedly over the last several years by some individuals that Social Security will not go bankrupt. And the Congress has repeatedly taken action to shore up the system's financing with large tax increases and measures to help control the growth of benefits. But here we are again faced with the threat of bankruptcy and a continuing threat of insolvency in the long run, which seriously undermines public confidence in Social Security.

CURRENT PROJECTIONS AND STATUS OF TRUST FUNDS

The attached table, which I would like to submit for the record, shows the estimated operations of the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI) and Hospital Insurance (HI) Trust Funds, under "worst case" economic assumptions. In developing Social Security financing proposals, we believe that the most prudent course is to use such assumptions so as to provide an adequate margin of safety just in case unfavorable economic circumstances should arise. These projections show the status of the trust funds if present law is not changed.

Under these very pessimistic assumptions, the OASI Trust Fund will have insufficient funds to pay monthly benefits, by the latter part of next year. Under these assumptions even if, as we have proposed, the OASI Trust Fund could borrow from the DI or HI Trust Funds to meet the deficits, the combined funds would be exhausted in late 1983. So you can see that while the interfund borrowing may be a valuable and necessary interim device, by itself the problem is only postponed by about a year. As things stand, without changes, the deficit of the Social Security program would, under the pessimistic economic assumptions, be $111 billion during the next 5 years.

Under the Administration's economic assumptions, the exhaustion of the OASI Trust Fund will still occur in 1982 if no change in the present law occurs, although deferred for a few months. In fact, under almost any reasonable economic assumptions, the OASI Trust Fund will be at an insufficient level to pay monthly benefits in the latter part of 1982, or at most in early 1983.

I am pleased to be able to tell you that the Trustees of the OASI, DI, and HI Trust Funds met on July 2 and occurred in the respective Trustees Reports for 1981. The reports were transmitted to the Congress yesterday. I must tell you, however, that the OASDI Trustees Report that you received does not differ greatly from the 1980 report with respect to either the short-range or long-range actuarial status of the OASDI system. Under all sets of assumptions, the 1981 OASDI Trustees Report shows that, under present law, the assets of the OASI Trust Fund will become insufficient to pay benefits timely in the latter part of 1982.

You will notice a departure from past practice this year in that we show two sets of intermediate economic assumptions, reflecting the estimated progress of the funds under relatively more favorable and relatively less favorable experience in economic growth. Under the two sets of intermediate assumptions, the combined OASI and DI Trust Funds show an average deficit over the 75-year valuation period of 0.93 and 1.82 percent of taxable payroll. Under even more pessimistic assumptions, the average deficit in the OASDI system is estimated at 6.25 percent of taxable payroll.

In examining the causes of the current crisis, a review of recent experience is instructive. The assets of the combined OASI and DI Trust Funds have fallen continually since 1974. The fund ratio—the assets on hand at the beginning of the year expressed as a percentage of the outgo during the year—fell from 103 percent for 1970 to 66 percent for 1975 and then to only 25 percent for 1980 and 18 percent for 1981. The drawdown of the assets of the Trust Funds has masked the fact that outlays have exceeded revenues each year after 1974.

Only 4 years ago, there was the largest peace-time tax increase in history, which was supposed to have placed the Social Security system on a sound financial basis for at least the next 40 years. The grim recital of these figures illustrates the enormous damage that can be done to the balances in a very short period by unanticipated downturns in the performance of the economy. Even while we work to restore growth, we must prepare in advance for unexpected shocks. There will be no time to react in the future, because there is now no margin for slippage in the trust funds.

The element in the cost estimates with the greatest effect is the projection of real growth in wages—i.e., the excess of the increase in the CPI. When wages do not keep up with inflation, increases in Social Security tax revenues do not keep pace with the increase in expenditures arising from the automatic adjustment of benefits to prices. In 1977, the Board of Trustees assumed that real wages would grow by an average of 2.5 percent per year in 1977 to 1980. The reality, however, was that real wages actually declined by an average of 1.5 percent during that period.

This example highlights past difficulties in relying on predictions of economic performance, that by their very nature are inexact and volatile. to provide a rationale for taking minimal action to ensure the financial integrity of Social Security. In early 1981, some economic indicators have been more positive than earlier predictions, but people can read too much into these short run fluctuations.

As for the economic predictions themselves, common sense will tell you that when they cover a wide range and change so often, you would not want to bet your next paycheck on them, let alone the benefit checks of millions of American people. The prudent course is to prepare for the worst, while striving to adopt policies which produce the best. By using assumptions that allow for real-world domestic and international economic contingencies and the range of possible economic performance, we are acting on the side of prudence.

As you know, Social Security is financed on a pay-as-you-go basis. Current contributions are, on the whole, used to pay current benefits, and the balances in the trust funds act as a contingency reserve.

Any discussion about maintaining appropriate trust-fund levels involves determining the amount of assets that is adequate to provide a margin of safety against economic variations and other contingencies, so that benefit commitments can be met even if payroll tax revenues are temporarily reduced.

An important, accepted measure of adequacy of the trust funds is the fund ratio—the ratio of the assets at the beginning of a year to the total outgo during the year. For the OASI and DI Trust Funds, if income is exactly equal to expenditures each month over the course of a year, the fund ratio must be at least 9 percent to assure that there will be sufficient funds to meet current benefit commitments. A considerably larger ratio is required, however, to assure adequate funds in the course of normal fluctuations in income and outgo, and to provide a margin of safety if economic conditions worsen.

The 1979 Advisory Council on Social Security recommended that a ratio of at least 75 percent be present before the start of a recession, in order to provide an adequate cushion and allow sufficient time to take remedial action. The National Commission on Social Security recommended that a ratio of 100 percent be developed over time. Naturally, we all wish that the trust funds were now at these levels. As a matter of prudence, I personally believe that a level of at least 50 percent is reasonable, and that once the financial integrity of the system is restored, a fund ratio of at least 50 percent should be maintained as nearly as possible.

LONG-RANGE CONSIDERATIONS

While it is possible for analytical and discussion purposes to separate the short-run and long-run financing of Social Security, as a practical matter the two are inseparable. What we do for the short run has impact, obviously, on the long run, and so it is necessary to view them together.

Of course, there are different factors affecting the long-range picture which do not affect the short run. The primary cause of the long-range financing problem is the anticipated demographic changes. Some 50 years from now, the Nation will have a very large retired population being supported by a smaller relative number of workers than at present. Intermediate projections indicate that, by 2030, there will be 2.0 workers per Social Security beneficiary, as compared with a ratio of 3.2 workers per beneficiary today. Put another way, while the total population is estimated to grow by about 40 percent over the next 50 years, the population aged 65 or older will increase by about 150 percent. Growth in the very oldest portion of the population will be greater still—those over age 85 will triple.

This change in the age structure of the population will have a growing effect on Social Security. Despite cash-flow problems in near-future years, under the more optimistic intermediate assumptions of the 1981 Trustees Report, the OASDI system will have an excess of income over outgo averaging 1.27 percent of taxable payroll over the next 25 years.

However, the picture changes drastically when the post-World War II baby boom reaches retirement age. A deficit of 0.67 percent of payroll is shown for 2003–2030, while for 2031–55, it is 3.39 percent of payroll. Under the less optimistic intermediate assumptions of the 1981 Trustees Report, these figures would be 0.43 percent, −1.47 present, and −4.41 percent, respectively. Under the pessimistic assumptions, there is a deficit of 5.10 percent of payroll for 2006–30 and 13.03 percent for 2031–55. These deficits would intensify and continue beyond the end of the usual 75-year planning horizon, representing an ongoing concern.

One point to bear in mind is that these are projections, not certainties. They represent the best estimates of capable actuaries, based on the best information available. As I said earlier, economic and actuarial forecasting is an inexact science. However, despite many uncertainties, there is no doubt that a major demographic shift will occur in the next four decades. Therefore, it is important to act now to ensure the integrity of the Social Security system for the relatively large, aged population which will be present in the 21st century.

Restoring the system's financial integrity will not be easy, popular, or painless. There are really only two basic solutions available: restrain the growth of benefit outgo or increase taxes.

Increasing the Social Security tax rates to cover whatever the current program requires would be both unfair to current taxpayers, who have to bear the tax burden, and a serious drag on the economy. The apparent alternative of turning to general revenues for additional financing is not really a viable or proper option. The current congressional budget process makes it very clear that there really are not any uncommitted general revenues present to turn to for Social Security. Any general revenues for this purpose would have to come from new or increased taxes of other types. This would mean that additional taxes would need to be paid by—and be a burden on—the same people who now pay Social Security taxes. The remaining option of slowing the growth of the benefit outgo under the program is the only real choice.

The Administration's initial budget proposals were a first step toward that goal. Subsequent to these proposals, the Administration has developed further proposals to reform the program. These proposals will overcome Social Security's serious funding problems by eliminating excessive incentives to claim benefits early, by removing penalties for continued work efforts, and by lessening the emphasis on the social-adequacy or welfare aspects of the system at the expense of its basic purposes.

We are prepared to work with interested parties to improve our set of proposals to deal with the fundamental problems. However, we are committed to the following principles:

1. Preserve the integrity of the Social Security system, the basic benefit structure that protects older Americans.

2. Hold down the tax burdens on current workers, who finance Social Security.

3. Eliminate the anomalous features and abuses in the system.

4. Finance the permanent, ongoing benefit provisions solely from visible payroll taxes—and not from general revenues, which in reality involve other, hidden taxes.

Generally, our proposals would restore Social Security to program and financial soundness by:

1. Relating disability benefits more closely to a worker's recent work history and medical conditions. For example, we propose a requirement of, in essence, 7½ years of covered work (rather than the present 5 years) in the 10-year period preceding disability and the elimination of vocational factors in determining disability.

2. Encouraging workers to stay on the job at least until the traditional Social Security retirement age of 65. For example, this would be done by reducing to a greater extent the benefit amounts for people who retire early and by not paying benefits with respect to their children.

3. Reducing the social-adequacy (or welfare-oriented) elements that duplicate other programs. These have been over-emphasized in recent years. For example, we propose the same maximum family benefit for families of retired and deceased workers as is now provided for families of disabled workers.

4. Lowering by about 3 percentage points the future replacement rate of a worker with average covered earnings—that is, the initial benefit as compared with recent preretirement earnings. This would be done by moderating, for the next 6 years, the indexing of the initial benefit formula computation. This would be done so as to adjust for benefit overliberalizations made in the early 1970s, which substantially exceeded the increases needed then to keep pace with changes in prices.

5. Reducing the opportunity for "windfall" benefits—that is relatively high benefits payable to persons who spend most of their working lifetime in noncovered employment, and only a short time in covered work.

These reforms would have very little effect on the 36 million beneficiaries now on the rolls or on the several million persons now aged 62 or over who are eligible for benefits but not receiving them because of employment or other reasons.

CONCLUSION

If these proposals and those that we proposed in April reflecting the Administration's budget are enacted, the Social Security system will be financially viable in the short range and well into the next century. This can be stated without qualifications concerning the state of the economy in the short run. Under the pessimistic economic assumptions, the combined Social Security trust funds will not decrease below 17 percent of annual expenditures in the next few years. Quite naturally, the program would be in more favorable financial condition in the short run according to the estimates based on the economic assumptions which reflect the effect of the Administration's Program for Economic Recovery. Under these more realistic economic conditions, the low point for the fund ratio would be reached next year, at 22 percent.

It will be possible, even under pessimistic economic assumptions, to have a somewhat smaller Social Security tax-rate increase in 1985 than that now scheduled. Then, in 1990, the Social Security tax rates can be decreased below the current level. The present tax rate for employers and employees of 6.65 percent each is scheduled to go to 7.05 percent in 1985, and this rate could be decreased to 6.95 percent. Similarly, the 1990 scheduled rate of 7.65 percent could be 6.45 percent. If the economy improves at a more rapid rate—as we anticipate that it will under the President's Program for Economic Recovery—the tax rates could be further reduced.

If strong actions are not now taken, the Social Security system faces financial insolvency. The economic security of the millions of people who now receive Social Security benefits, and the many more millions who expect to receive them in the coming decades, is threatened. Under the Administration's proposals, these future benefits will be paid, even under the pessimistic economic assumptions.

We recognize that there are other possible ways to deal with the financial problems of Social Security. We are working with congressional leaders to develop mutually agreeable solutions to the Social Security financing crisis. I should emphasize that, although there may be room for debate over the specific details of our proposals, we strongly believe that any alternatives must meet the fundamental objectives mentioned earlier.

ESTIMATED OPERATIONS OF THE OASI, DI, AND HI TRUST FUNDS UNDER PRESENT LAW, BASED ON PESSIMISTIC ECONOMIC ASSUMPTIONS, CALENDAR YEARS 1980-86

[Amounts in billions]

Calendar year	Income					Outgo				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980	$105.8	$13.9	$119.7	$26.1	$145.8	$107.7	$15.9	$123.5	$25.6	$149.1
1981	122.7	17.0	139.7	35.3	175.0	126.7	17.9	144.6	29.4	174.0
1982	132.7	23.9	156.7	40.3	196.9	147.7	20.0	167.7	34.4	202.2
1983	143.0	27.1	170.2	44.7	214.8	171.5	22.4	193.9	40.5	234.4
1984	159.7	31.3	191.0	50.8	241.8	196.4	24.8	221.2	47.9	269.1
1985	184.9	41.0	225.9	59.2	285.1	222.6	27.4	250.0	56.2	306.2
1986	205.1	47.3	252.3	70.6	322.9	249.0	30.1	279.1	65.4	344.5

	Net increase in funds					Funds at end of year					Assets at beginning of year as a percentage of outgo during year				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI [1]	HI	Total [1]	OASI	DI	OASDI [1]	HI	Total
[1]1980	−$1.8	−$2.0	−$3.8	$0.5	−$3.3	$22.8	$3.6	$26.5	$13.7	$40.2	23	35	25	52	29
[1]1981	−4.0	−.9	−4.9	5.8	1.0	18.8	2.7	21.6	19.6	41.2	18	20	18	47	23
[1]1982	−15.0	3.9	−11.1	5.8	−5.2	3.9	6.6	10.5	25.4	35.9	13	14	13	57	20
[1]1983	−28.5	4.8	−23.8	4.2	−19.6	(2)	11.4	(2)	29.6	16.3	2	30	5	63	15
[1]1984	−36.8	6.5	−30.2	2.9	−27.3	(2)	17.9	(2)	32.5	(2)	(2)	46	(2)	62	6
[1]1985	−37.7	13.6	−24.1	3.1	−21.0	(2)	31.6	(2)	35.5	(2)	(2)	65	(2)	58	(2)
[1]1986	−43.9	17.2	−26.8	5.2	−21.5	(2)	48.8	(2)	40.8	(2)	(2)	105	(2)	54	(2)

[1] Assumes interfund borrowing is in effect. [2] Trust fund is exhausted, and so benefits could not be paid.

Mr. ARMSTRONG. Mr. President, I hope that the Senator from New York will withdraw this amendment; that he will see fit not to reintroduce it. It is not, in and of itself, a bad idea. I anticipate, in fact, that interfund borrowing, which has been recommended, I think, by everyone who has looked at the problem, will be a part of the overall final reforms that are necessary to preserve the Social Security System.

I do not know whether or not the precise formula for interfund borrowing which he has suggested will emerge as the ultimate short-term solution. My guess is that it will be part of it in some form and that even the short-run solution will require somewhat more ambitious measures than he has suggested.

But I do not think, at least for my own part—and I will defer to those who are wiser, particularly the chairman of the Finance Committee—that this is any place to be hooking on a social security amendment. I think that that is a subject, by its very nature, which should be treated separately after we have had a chance to consider in detail the various alternatives.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, it is my understanding at this time that the amendment will not be withdrawn, so, at the appropriate time, there will be a motion to table the amendment.

I would agree, as has been suggested by the Senator from Colorado, that there is nothing wrong with offering the amendment. But I can smell politics in the air now with all the people coming forth with objections on the other side.

I might say at the outset that this is one way to frighten the American people. We are getting ready for some horror stories from the other side. Certainly, this matter should be discussed, but I would only suggest that for 26 years this program has been controlled by the Democratic Party, and now we are seeing the problems with the Social Security System.

We are seeking to address those problems in an orderly fashion, with committee hearings and, hopefully, a bipartisan effort to find not only a short term—very

short term, I might add—solution, as suggested by the Senator from New York, but also a long-term solution to the problem.

It is a matter that is under serious consideration on the House side, with the efforts of Congressman PICKLE from Texas, who is the chairman of the committee on that side, and Congressman BILL ARCHER from Texas, the ranking Republican on that side.

I would assume that if we again want to stir up the American people as we did about 6 weeks ago on this Senate floor, then we certainly have that opportunity. But if we are talking about political terror tactics and panic among senior citizens, I hope the senior citizens understand that there are some of us who want to address the problem and there are some of us who want to play with the problem, play politics with the problem.

In 1977 we passed amendments to the Social Security Act. We were told then, "Do not worry about a thing. The system is going to be in good shape until the year 2030." We imposed six new taxes on employers and employees under that provision. Other changes were made to increase the wage base, and certain other things were done. It was everyone's hope that that would see us through the year 2030.

Now it is 1981, less than 4 years after that action. We are back before the Senate. This time the responsibility is that of the President of the United States, Ronald Reagan. This time it is the responsibility of the Republicans in the Senate to address the very serious problems that exist. So I think this time it will certainly be the responsibility of members of both parties to cooperate and find a long-term solution that will preserve the integrity of the social security system.

I would hope that, as we hear the moans and groans about the system and about what some would not be willing to do about the system to preserve its integrity, we ought to keep in mind that we have a very serious responsibility.

The President of the United States made certain recommendations. This Senator did not agree with some of those recommendations. He agreed with others.

The amendment before us is only one of those recommendations.

This Senate, approved an amendment offered by the Senator from Kansas by a vote of 96 to zero. That amendment took a lot of the harsh political language out of the alternative resolution. The resolution we passed indicated our disagreement in principle insofar as early retirees were concerned, primarily, and with the President's view on that issue, or at least with the view that some had suggested to the President.

Now we have just completed hearings in a subcommittee of the Senate Finance Committee, and it would seem to me that in the interest of orderly process and progress we should let that committee and the Senate Finance Committee work its will. Having been on the other side of efforts like this, I can understand the glee that must be emanating from my left as the chance to burn the Republicans a little on the social security issue is there.

With that, I yield the floor because I know the Senator from Michigan wants me to do that.

Mr. RIEGLE. I thank the Senator from Kansas.

I might say at the outset, so that I am not misunderstood, that I have great personal regard for him, as he knows, over a long period of years, and also for the Senator from Colorado who spoke earlier, who now chairs the subcommittee responsible in this area on the Senate Finance Committee.

Having said that, I want to strongly disagree with what I have heard both of them say. The assault on the social security system that is taking place has not come from this side of the aisle. It has come from the new Republican administration. In terms of the specific efforts to damage or cripple the social security system, those have also come from the Republican side of the aisle.

It is fair to say that in the last several days, the new administration and the Republican Party have greatly exaggerated the problems facing the social security system. In fact, within the last 10 minutes on the Senate floor the word "crisis" was used by Members on the other side of the aisle and yet the last speaker seemed to be saying that, in effect, there is no crisis.

Clearly, people in the country today who depend upon social security or those who are about to go into retirement under social security are frightened to death, and they have reason to be, because the Reagan administration on four different occasions has attacked the social security system directly. Any notion that this was part of the mandate of 1980, the 1980 election, just stands the truth right on its head. Everyone here knows that when Ronald Reagan was running for President, part of his platform was that he was going to protect the social security system, that that was part of the safety net and that we would not see that torn apart.

Well, that promise lasted a matter of only a few weeks. Then the administration moved aggressively to start dismantling the social security system. As a matter of fact, the first cut that was recommended was in the minimum benefit on social security, those 3 million old people in the country who rely on the minimum benefit to get by and who found that was going to be withdrawn.

As a matter of fact, I understand that even though that elimination of the minimum benefit is now in the reconciliation bill in both the House and the Senate, perhaps the administration is having some second thoughts about it. Perhaps they would like to put that back in. I do not know whether those reports are true or not.

If that is the view, then let us put it in here now. Let us put it in here now. I do not know how, in the conference, it would even be proper to restore that in light of the fact that the Republicans here overwhelmingly insisted upon and supported and voted into legislation the elimination of the minimum benefit under social security.

I led the fight here in the Senate to restore the minimum benefit on social security—but we fell short because virtually every Republican voted to eliminate the minimum benefit.

But that was only the first of four attacks. Then we had the attack on the cost-of-living index, the COLA formula. And then, of course, the most outrageous proposal of all, namely, the massive reduction, the 40-percent reduction, in the early retirement benefit under social security. It set off such a firestorm of concern and outrage that, yes, in the end, under great pressure from this side of the aisle, every Republican in the Senate felt compelled to vote with every Democrat to express a concern about that and to disassociate themselves from that proposal.

But perhaps the worst thing that has been done yet is the propaganda campaign that the Senator from New York has rightly termed political terrorism which has been launched by this administration just within the last 10 days, to create the impression and to frighten people across the country that there is a crisis, that there is an imminent collapse facing us in social security and, therefore, we have to be prepared to accept whatever cuts the Reagan administration has in mind.

Well, that happens to be an out and out lie. It is just not true. Anybody who looks at the numbers knows that it is not true. In fact, the reductions in social security that have already been legislated and which I think go far beyond what is needed and what is justified, reduce the outlays in the system over the next 5 years by some $26 billion. The proposal by the Senator from New York which is now on the floor, to provide for interfund borrowing, in effect would solve our problem over the next 5 years.

I think the Members on the other side know that. They know that. If we want to talk about who is propagandizing this issue, it is clearly those who have come in and made outrageous statements and claims about the dangers facing the system.

It is an outrage that they are doing it. The fact that the seniors in this country are up in arms is a fact that has been created by these excessive scare tactics which have been used.

There is no excuse for it.

I congratulate the Senator from New York and others on the committee who have fought to try to get the facts out there so people can understand what we are really facing.

The fact of the matter is that the changes that the Reagan administration has proposed, the tremendous reduction in benefits in early retirement, would provide an $82 billion solution over the next 5 years to a $11 billion problem. It makes no sense at all. As a matter of fact, as people start examining carefully what is involved here with these numbers they see that this is a shell game.

There are a number of people who still do not understand what is really taking place here, however, in terms of what the ultimate motive and purpose is. In my view, it is an effort to hide through an accounting gimmick the tremendous def-

icits that are going to be rolled up over the next few years because of the massive tax cut, most of it for the very well-to-do in this country, and also the tremendous increases in defense spending, going up $193 billion cumulatively over the next 5 years, creating horrendous Federal operating deficits.

So the solution that Stockman and the President and the Republicans have hit upon is to generate a big surplus, a big accounting surplus in the social security system. They want a big surplus in the social security fund so that then when that gets put into the unified budget, it will hide the effect of these massive operating deficits from the big tax cut and from the breakout in defense spending.

That is what is taking place here, Mr. President. That is why all the outrageous talk to try to stampede people into accepting major cuts and dismantling off the social security system benefit structure and protections.

But I say this to my friends on the other side of the aisle: If you think you are going to get away with this, either in this Chamber or with the public at large for any length of time, come 1982, you are in for a big surprise and a big shock. There is a reason the Republican Party has been in the minority for so long around here, before 1980. It is because it has fought things like social security.

I suggest they take another look at this issue. If they keep it up and keep waging this campaign of fear and crisis mongering and go and steal money out of that system, they are going to be right back in the minority. And I say the sooner the better.

Mr. DOLE. I object.

Mr. RIEGLE. All you have to do these days is go out across the country and talk to people. If you think people are satisfied with the propaganda that has been directed by the administration and the scare tactics used on the social security system, then you are not really talking to people. What I find in my State of Michigan is that people are plenty angry about it. They are seeing through it. They want the social security system. They want it strong and they want it sound.

I think I can say with respect to the Members on this side of the aisle that we intend to keep it that way. We fought to put the system in place. We intend to keep it in place and we intend to keep it sound.

I must say, Mr. President, it is very, very frustrating to go out, as I did in Michigan the last week, and talk to senior citizens, those that are about to lose the minimum benefit under social security, those that are approaching age 62 and that are in poor health and are intending to go out on early retirement, taking the reduced benefit that the law now provides because their health is not sufficient to continue to work.

They are frightened to death because they do not know exactly what it is that Stockman and others in charge in this administration have in mind in terms of who is going to be the next victim on social security.

So, Mr. President, it is time that we voted on these issues. I hope the chairman of the Finance Committee will not resort to the tactic of using tabling motions. If they have such strong feelings on this, then let us vote up or down. If you want to vote no, vote no. That is your business and you can go out and defend your vote. For those who want to vote yes, let us who want to vote yes have the opportunity to do so. There has been enough crisis mongering on that side of the aisle with the hearings of the past week or so that I think we deserve to have these be up or down votes. Let the people know where we stand.

If the Republicans over there want to vote for more cuts in social security, let them go right ahead. But I want to put this thought forward at this time: We have a way to finance this system with interfund borrowing. The people on the other side know as well as we do that the percentages paid into social security, divided into three funds, are an absolutely arbitrary division. We are running surpluses in two funds, not in the third. Why do we not adjust the percentages?

I do not think we even have to talk interfund "borrowing." That is one way to do it, but let us adjust the percentages to reflect a closer measurement of the way the money is being drawn out.

If we really want to solve the social security problem, let me give a bit of advice that I am sure the other side is not interested in. Let them go to bat on bringing down these horrendous interest rates. They are what is causing the problem. If we could get people back to work, with lower interest rates, we would have enough money coming into the social security fund to meet any of our financial needs. The reason we have any problem at all today is that we have so many people unemployed. With the Republican policy of high interest rates, 20 percent and above, we are going to have problems in social security and every other part of our economic system. So, if we want to do something about solving this problem in a fundamental way, let us put people back to work.

One of the ways we can do it is by better targeting this tax bill that is right before us now. There are several things we can do to strengthen it and that will have the effect of putting people back to work so we shall have more contributions coming into the social security fund. That is fundamentally the answer we need. That is the very big difference between the two parties.

Mr. President, I have a feeling people are beginning to understand this. I think it is healthy and constructive that we debate this issue. I say to my friend from Kansas, I hope that he will be willing to vote on it. It is one thing to speak on it, but let us have these up or down votes and everybody can take the position he or she wishes.

Mr. DOLE. Mr. President, I could have accurately forecast that speaker's response. It is the same speech he gave several weeks ago; he will probably give it several more times. He is running in 1982.

I also say this: One way to frighten the American people is to make speeches like the one just given. If people listen to that, I am certain they are really concerned about not only social security, but the country itself.

I find it somewhat amusing, having only had the privilege of being in charge for a few months, to have the Senator from Michigan always pointing at this side to explain all the problems that must have originated since January. I remind the Senator from Michigan, who at one time sat on this side and then left to go to the other side, that these problems have been building and building for a number of years. They are serious.

They are not going to go away by indignant speeches by the Senator from Michigan. They are going to be resolved by a bipartisan effort to address the problem. They are not going to go away by speeches from this Senator or that Senator or any other Senator.

There are going to be some difficult votes, Mr. President. We shall find out where the people stand. I just suggest that I understand politics—not too well, but I have learned. But I do understand a little about politics. I understand the best time to make certain speeches would not be at 20 minutes to 6, but it is all we could do today. It seems to this Senator that the President is addressing social security for the long term. We do not all agree with some of his recommendations. In fact, as the Senator correctly pointed out, there was a vote of 96 to zero that said that some should not be addressed in the way the President would have done.

That does not suggest that the President is all wrong and the Senator from Michigan is all right. It indicates we have a problem. It suggests that the President has had the courage to address that problem and he has asked the Congress to have the courage to address that problem, not to try to terrify the American people.

I do not know how many times the word "crisis" was used, but I do know if we do not do something by next November, somebody is going to get a short check. Maybe that is not a crisis to the Senator from Michigan, but it is certainly a problem that should be addressed by everybody in this Chamber. I think it will be.

The Senator from Kansas understands the need for campaign rhetoric. I suggest we ought to move on to something else unless there is some strenuous objection.

Mr. President, I should like to move to table this amendment and see if we cannot move on—the Senator from New Jersey is still planning to call up an amendment.

Mr. RIEGLE. Will the Senator yield for a question?

Mr. DOLE. Without losing the floor, yes.

Mr. RIEGLE. I thank him for yielding. As I said before at the outset, despite our disagreement on this issue, I have great regard for the Senator from Kansas, as he knows. Let me ask this question: Why can we not vote up or down on this issue? I realize there is an element of strategy in this but on a basic issue of this kind,

what is gained by tabling? Can we not have a straight up-or-down vote on this proposition?

Mr. DOLE. Mr. President, we are going to have an up-or-down vote on this proposition at some later time. I assure the Senator from Michigan he will have an opportunity not only to vote on this issue but a number of other issues that concern social security. Just to drop in a little social security amendment on a tax bill is not unprecedented, not unanticipated. However, we prefer simply to have a tax reduction bill in which we know how many Members are interested.

There will be votes up and down. We are just trying to move on and finish this bill by Saturday night. We think we can, if we stay tomorrow night until 11 and Friday night late and Saturday night late.

We believe that the American people want a tax cut. They do not want more speeches by this Senator, the Senator from Michigan, or anyone else, on what might be done on social security.

A tax reduction was promised by the President, and the President is trying to deliver on his promise. We can take care of social security. It is a big problem. It cannot be taken care of piecemeal. This amendment is nothing but a Band-Aid. It would not stop the bleeding for longer than 3 years. That is what it amounts to—about a 3-year band-aid. It may get us through the 1982 election, but there will be other elections, and the senior citizens want us to do this now.

Let us not address this problem in a piecemeal fashion. I hope we can go on to the President's tax reduction program.

If the Senator from Michigan is concerned about interest rates, I am sure he must be planning to vote for this tax bill and the spending bill. Once it is understood we mean business and Congress is not going to lose its nerve and do business as usual, we will see the markets respond to the efforts the President has been making ever since he took office in January. He needs cooperation, and he has had a great deal of cooperation from Members in both parties on this bill.

I suggest to the Senator from Michigan that we had hearings last week. I am not sure whether the Senator from Michigan testified, whether it was important enough for him to testify. The Senator from Michigan may have been there. This Senator was not there at every moment of the hearings. We may have more hearings. We have a committee composed of the Senator from New York, the Senator from Kansas, the Senator from Colorado, and the Senator from Louisiana, trying to figure out some way to address the problem, not only short term but also long term.

I suppose that is a long answer as to why I believe that in this case we should not do it piecemeal. We have an opportunity and a responsibility to address the problem.

My mother receives social security. She has all kinds of problems. She does not have a lot of other income. She is concerned about her check, just as many people are concerned in Michigan, and we are concerned in Kansas.

It is not my intent to do anything that would dismantle the program, as suggested by the Senator from Michigan when he looked in this direction. That is not the intent of our committee, our subcommittee, of anyone I know in either party on the committee.

So I believe we should table this amendment by a voice vote, adopt the indexing amendment and then go on to something else. I am certain that will not meet with the complete approval of the distinguished Senator from West Virginia or the Senator from New York.

Mr. MOYNIHAN. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. MOYNIHAN. Mr. President, I ask for the yeas and nays on the motion to table.

Mr. DOLE. I have not made it yet.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the name of the distinguished Senator from West Virginia (Mr. ROBERT C. BYRD) be added as an original cosponsor.

Mr. DOLE. On the indexing?

Mr. ROBERT C. BYRD. Of the Moynihan amendment.

Mr. MOYNIHAN. Is the Senator from Kansas having difficulty following these conversations?

Mr. DOLE. I am confused.

Mr. MOYNIHAN. Mr. President, I associate myself with everything the Senator from Michigan has said. He feels strongly about this matter, and we all feel strongly about this matter.

Mr. President, I hope the distinguished chairman knows that I came to the floor today to offer the data of the Congressional Budget Office about the shortfall that might be expected in the next 6 years and the increased revenues that will come from the tax bills already adopted by this body, such that there is a basic change in the outlook that the trust fund for the next 6 years is the only period with any difficulty in the next half century. Because of the changes that have been made, no one disputes that the problems that we face in the short term and the long term can be dealt with, but they are not a matter of crisis. We have a problem which is manageable.

It was not in a spirit of partisanship but to report the judgment of the CBO and other actuaries about our facts that I came to the floor.

Mr. DOLE. I thank the Senator from New York.

I do not want to shut off the Senator from Michigan.

Mr. RIEGLE. I would be interested in a response.

Mr. DOLE. We had all sorts of charts, as the Senator from New York knows, in our committee hearing. I heard most of the witnesses. Two I recall are Mr. Penner, from AEI, and Dr. Aaron, from Brookings, both very well respected men in the field. They testified before our committee. They had different numbers, different assumptions, different views, different ways to approach it.

I asked both gentlemen, at the end of their testimony, if they felt they could reach some agreement that would take care of the short-term and long-term problems in social security, and they indicated quickly that they could. I have been urged by the Senator from New York to pursue that, and I did not need any urging. I intend to pursue it. One was a Republican, I understand, and one a Democrat.

So I say, without trying to discuss specific numbers, that we did have different opinions expressed. Some were partisan, some are not, but different views were expressed about how seriously we may be in trouble and, if we are in trouble, what we should do about it.

I assure the Senator from Michigan that it is my opinion that we can come to some overall agreement in our committee and on the Senate floor.

There is still some rumor, at least, that on the House side there could be an amendment attached to the tax bill which addresses both the short-term and long-term problems. We are doing our best, I say to the Senator from Michigan.

Mr. MOYNIHAN. Does the Senator want to keep talking so that gang at the rear of the Chamber does not get him?

Mr. DOLE. Having served in the other body, I am pleased that they are here. Perhaps they bring good tidings.

The Senator from Kansas does not want to preclude any debate. I understand that two other Senators wish to speak.

Mr. MOYNIHAN. The Senator from Massachusetts and the Senator from Florida wish to be heard on this matter before we have a vote. The Senator from Florida will be here tomorrow afternoon. The Senator from Massachusetts is here, but he would rather speak tomorrow.

Mr. DOLE. Mr. President, I suggest the absence of a quorum, while the distinguished minority leader confers with the distinguished majority leader, so that we can protect the rights of those who want to speak on this matter tomorrow.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

LOWER INTEREST RATES

Mr. PRESSLER. Mr. President, one of my first actions after the Senate confirmation of Treasury Secretary Donald Regan was to write a letter to the Secretary, urging him to make lower interest rates his top priority in developing a sound economic policy. Today I rise to repeat this plea to the Honorable Secretary and to President Reagan.

Small businesses and farmers are being crushed by high interest rates because credit is essential to their operations. Farmers borrow every year to produce the season's crops and livestock. It is becoming increasingly difficult for them to even recoup their investment when they must pay 20 percent interest rates.

I receive letters daily from persons involved in the housing industry who tell

me they are on the verge of going out of business, indeed, some have already, because of the slump in the housing market created by unreasonably high interest rates. Some of our State's banks report that they are only 30 percent loaned out because no one can afford to buy money at the interest rates charged today.

High interest rates are the major problem facing our Nation right now. If family farmers are unable to borrow money at reasonable rates and if small businesses do not have access to loan funds, we are paving the way for corporate takeover of these enterprises which until now have served as the backbone of our country.

Congress has finally begun to act on one of the causes of high interest rates which is undoubtedly related to the massive Federal debt our country has amassed over the past years. The Federal Government, since 1971, has placed an increasingly burdensome demand on the U.S. credit market for funds. As a consequence, interest rates for all borrowers have increased. I believe that as a legislator one of the most positive and necessary steps I can take is to continue the fight for a balanced budget; a cause to which I have been committed first in my terms in the U.S. House of Representatives and now in the Senate.

However, there also must be immediate action in response to the American people who look to their country's leaders to first explain the cause for these unbearable interest rates and then take appropriate action.

Although the Federal debt is certainly a culprit in this scenario, I also call upon the President to communicate with the Federal Reserve Board on this most pressing matter. Although most Americans are aware that the Federal Reserve establishes the discount rate which determines how much interest member banks must pay to borrow money from the Federal Reserve, how many Americans understand the workings of the Federal Open Market Committee (FOMC)?

I wonder how many of my South Dakota constituents know that the FOMC met just last week to discuss the money supply growth of this country and that this body of 12 men decided at a 2-day meeting in New York to lower a key money growth target as another anti-inflation move. While this action might have a stunting effect on inflation, it will also most likely mean continued high interest rates for the present.

It is past due time to hold the Federal Reserve Board accountable for its decisions that affect the mortgage rate of a young couple trying to purchase their first home in Sioux Falls, the businessman wanting to take out a loan for expansion in Huron, and the farmer who borrows to buy a much needed tractor in Freeman.

On Tuesday I spoke personally with the President and asked him to issue a special statement explaining to the American people why interest rates remain excessively high and detailing the the steps the administration is taking to lower these rates. I have cautioned President Reagan that if sky-high, 20-percent-plus interest rates persist, they could become a millstone that could pull down the administration's entire economic recovery program.

It was, therefore, with urgency and confidence that I called upon our President, who is known throughout the Nation and the world for his ability to communicate effectively with all people, to explain to the American public the cause for the continued 20-percent interest rates and what actions the administration is preparing to deal with the problem.

I believe that America still has the strength to overcome the damage done by these staggering interest rates. However, the time for tackling this problem head on is now. I stand ready to work with the President in fighting this, one of the greatest threats to America's economic security.

POTENTIAL FOR WIDESPREAD CONFLICT IN SOUTHEAST ASIA

Mr. HAYAKAWA. Mr. President, the potential for widespread conflict in Southeast Asia is significantly greater today than it has been for many years.

Thailand in particular is confronted with a serious military threat. Almost 200,000 Soviet-supplied Vietnamese troops occupy neighboring Kampuchea—Cambodia—and operate in strength along the Thai border. There is a long and sorry history of border clashes in the area and Vietnamese troops, heavily outnumbering Thai forces, are capable of mounting even stronger incursions at any time.

Speaking to the opening session of the General Assembly Conference on Cambodia on July 13, Secretary of State Haig said that the invasion of Cambodia in December 1978 was a direct threat to Thailand.

The United States will continue to work closely with ASEAN (Association of Southeast Asian Nations) in seeking to resolve the Kampuchea issue in recognition of the fact that the interests of Thailand are most directly threatened.

I wholeheartedly agree with Secretary Haig's concerns and applaud U.S. participation in the Conference which seeks to find a political settlement to the Cambodian problem, thereby enhancing the stability of all of Southeast Asia. I commend the attention of my colleagues to the Secretary's speech and ask unanimous consent that it be printed in the RECORD.

There being no objection, it was ordered to be printed in the RECORD, as follows:

SECRETARY'S STATEMENT BEFORE INTERNATIONAL CONFERENCE

Mr. Chairman, distinguished delegates, our purpose in meeting here today is of compelling importance—to restore Kampuchea's sovereignty and independence. The conquest of one nation by another represents the most fundamental violation of the UN Charter. The International community cannot and will not acquiesce in the eradication of Kampuchea's sovereign identity through the aggression of its neighbor.

The great majority of the members of that community have already expressed their desire for a comprehensive solution to the Kampuchea problem through UN General Assembly resolution 35/6, which mandates this conference. Our gathering owes much to the initiative of ASEAN, which, besides the Kampuchean people themselves, represents those nations most affected by the situation. The United States will continue to work closely wth ASEAN in seeking to resolve the Kampuchea issue while recognizing that the interests of Thailand are most directly threatened.

A successful conference will be of great importance to the entire world community, but most particularly to the smaller nations, which are increasingly in danger of foreign intervention. Most of all, our efforts are crucial to the Khmer people, whose national life has been marred over the past fifteen years by a succession of horrors. The position of the United States is clear: We believe that the world community has an obligation to assure the Khmer people their right to choose their own government and to live in peace and dignity.

The facts of the Kampuchean problem are not less appalling for being well-known. In December 1978 Vietnam, supported and financed by the Soviet Union, invaded Kampuchea and installed a puppet regime. The puppets are maintained in power by an occupation army 200,000 strong. Vietnam's seizure of Kampuchea poses a direct threat to the security of Thailand, and undermines the stability of the whole region. It is thus the source of tensions that inevitably affect the entire international situation.

We, therefore, see this conference as having two closely related goals: (1) the restoration of a sovereign Kampuchea free of foreign intervention, whose government genuinely represents the wishes of the Khmer people; and (2) a neutral Kampuchea that represents no threat to any of its neighbors. These goals can be realized through the implementation of UNGA resolution 35/6, which calls for UN supervised withdrawl of all foreign forces and restoration of Khmer self-determination. The achievement of these goals would remove the main cause of conflict in the Southeast Asia region, greatly improving the prospect for resolving other regional disputes and for easing global tensions. All nations in the area—including Vietnam—would benefit from such an achievement.

Unfortunately, the Vietnamese authorities have been blind to their own best interests. They have rejected all serious efforts to negotiate the substantive issues of the Kampuchea problem, maintaining that the present arrangement there is an "irreversible" condition. We are therefore asked by Vietnam to ignore the facts, to pretend that there is no Kampuchea problem and that, instead of this forum, a regional meeting should be held between the ASEAN countries and an "Indochina bloc." Such a formulation is a thinly disguised effort to gain acceptance of Vietnam's actions in Kampuchea; the Kampuchea issue would be reduced to a mere border problem with Thailand. We cannot accept such a negotiating format. This is no minor squabble. The principles of self-determination and independence are at stake.

Vietnam is paying a price for its blindness in the form of an ever deepening diplomatic and economc isolation from the world community. Vietnam must recognize that participation in this conference provides the best opportunity to escape the dead end of international reproach and economic depression. The work being done here offers the avenue for Vietnam to rejoin the world community and to work toward a solution which protects its own interests as well as those of the other nations of Southeast Asia.

For our part, the United States has no intention of normalizing relations with a Vietnam that occupies Kampuchea and destabilizes the entire southeast Asian region. We will also continue to question seriously any economic assistance to Vietnam—from whatever source—as long as Vietnam continues to squander its scarce resources on aggression.

Vietnam is not the only party to this tragedy missing here today. We believe that the Soviet Union, the financier of the Vietnamese military occupation of Kampuchea, has a special obligation to cooperate in this effort to resolve a major source of international tension. Soviet participation in this conference and in the conference on Afghanistan this fall will indicate Moscow's interest in surmounting these major barriers to the development of more constructive East-West relations.

The dictates of self-interest cannot be ignored forever, even by Vietnam and the Soviet Union. In the meantime, the rest of the world community must proceed vigorously to search for a solution to the Kampuchean tragedy. This present session provides the opportunity to consider the broad outlines of a settlement.

Let me close by reminding the conference that our fundamental obligation is to the suffering Khmer people, heirs of a proud history and rich culture. They deserve our best efforts to restore peace and self-determination to their land. We have seen already that the world community can act to help Kampuchea. Fourteen months ago, a meeting in Geneva put in motion a massive relief effort that saved thousands of Khmer lives, helping to ensure the survival of the Khmer people. The same spirit of international cooperation can ensure the survival of an independent Khmer nation.

DEREGULATION SPAWNS NEW AIRLINES

Mr. PERCY. Mr. President, in October we will mark the third anniversary of the enactment of the Airline Deregulation Act of 1978. As one who lent active support to this legislation, I would like to report that deregulation has succeeded in fulfilling one of its basic promises: Creating opportunities for new airlines and spurring competition.

A new category of interstate airline has been molded which operates out of underutilized satellite airports and provides low-fare, no-frills service.

The first of these was, of course, Midway Airlines which began service in October 1979. It operates out of Chicago's Midway Airport. When Representative JOHN FARY, Gov. James Thompson, and other Illinois leaders joined me in the effort to revitalize Midway Airport, we never realized that Midway Airlines would become profitable so quickly. Further, we never imagined that it would serve as the prototype for other low-fare interstate operations operating out of satellite airports throughout the United States.

Midway Airlines now flies to eight cities from Chicago and plans to add several other points in short order. Its jet fleet has tripled and more aircraft are on order, including the DC-9-80 jet that is one of the quietest jets now in operation. The increasing use of Midway Airport is already pumping new life into the economically depressed Southwest Side of Chicago—and without the use of Federal dollars. About 527 direct new jobs have been created, most in Chicago, by Midway. Its total annual payroll is $7.8 million. Midway Airlines' outstanding success is directly attributable to the foresight of chief executive officer Irv Tague and President Gordon Linkon.

This fall, another new airline hopes to inaugurate Midway service: Air Chicago. It will eventually generate another 300 new jobs.

The shift to satellite airport utilization is spreading to other sections of the United States.

Later this fall, Jet America will begin operating nonstop jet service to Chicago-O'Hare International Airport from Long Beach, Calif. Its average fares will be $100 less than other carriers. The Long Beach Airport is ideally situated to relieve the congestion at Los Angeles International Airport, where ground access is limited and where motorists have to wait as long as an hour to get near the terminal buildings. Jet America plans a work force of 238 and $6 million annual payroll.

Along the east coast, People Express has begun service out of the Newark Airport at bargain fares to cities such as Norfolk, Buffalo, Columbus, and Jacksonville. It soon will inaugurate service to the Baltimore-Washington International Airport. For many years, Newark has been underserved, while the carriers have crowded into New York-LaGuardia and New York-Kennedy Airports.

Also, in the New York metropolitan area, Air Florida has breathed life into the Westchester County Airport with jet service to Chicago-O'Hare and Washington, D.C.

Recently, plans were announced for a new carrier to operate out of the Baltimore-Washington International Airport: Columbia Air. It will offer low-fare service to several Eastern United States points.

The diversion of traffic to these satellite airports is in the public interest because:

First, it postpones or eliminates the need to build costly new airports;

Second, it lessens congestion at major hub airports that are designed for long distance and international flights. The airlines save fuel and the traveling public saves time; and

Third, it creates new employment opportunities and economic growth patterns. Industrial and business development may be more widely dispersed throughout a metropolitan area, as businessmen have more than one airport among which to choose.

Despite some of the problems experienced by small communities, airline deregulation has proven to be a success. Businessmen can start their own airlines without worrying about overcoming a gamut of Federal regulations, as long as they meet stringent safety standards. This is the way the American economy should operate.

Mr. President, I ask unanimous consent that articles appearing in the Chicago Sun-Times and Business Week regarding the development of the new carriers be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Chicago Sun-Times, June 28, 1981]

THE UPSTART IS GETTING NOTICED

(By Jerry C. Davis)

In the sixth quarter after start-up, Midway Airlines began showing a solid profit and became recognized as more than just a nuisance by the major carriers.

Its big airline competitors took notice of the success of Midway by adopting some of its budget fare tactics.

"United has started to selectively match our fares from O'Hare to some cities and that has to concern us," said Gordon Linkon, president of the Midway Airport-based carrier. "But we feel that their costs are much higher and that they can't follow such a price structure throughout the system. It's like selling two dimes for a nickel. Sooner or later, you'll go broke."

Midway counts on its low overhead and the convenience of Midway to many area residents to meet the competition.

"We really work to keep costs down," Linkon said. "First, we bought used planes so we paid less for our fleet than other carriers. Then, we keep all maintenance here at our hub, not dispersed to other airports. We do not have food service in flight and we have a simplified ticketing procedure. Finally, there are few layers of management. We count on efficiency and productivity to give us an advantage."

That has been the premise behind several smaller airlines that sprang up as the result of governmental deregulation. They have started causing problems for the majors by selling bargain fares and holding down costs to make those fares possible. Midway founder Irving T. Tague had such a concept when he left Hughes Air West, where he was general manager, to start Midway.

"He figured that if you operated from a convenient airport, controlled costs and served areas where there was a lot of air travel, you had to be a winner," Linkon said. A law firm did the paper work to get certified on a contingency fee basis and Tague managed to raise $5.7 million in venture capital after he got the certificate.

The company made its first public offering of stock last year and quickly sold 850,000 shares at $13.50 a share to raise more than $11 million.

It recently filed a registration statement with the Securities and Exchange Commission for an additional offering of approximately 1 million shares of common stock, scheduled for late July.

The first capital infusion bought three more aircraft for a total of nine so the company could add to its routes, which now include eight cities. Midway also paid off some long-term debt and bought needed ground vehicles. With some of the cash, the company put state-of-the-art radar equipment in all of its aircraft as an aid to fuel efficiency.

"We started with less capital than anyone else," Linkon said. That's why we are going back to the well more often."

Linkon, former marketing director of Frontier Airlines until joining Midway last year, says the big disappointment of the first 18 months of operation has been the upkeep and management of the Midway Airport terminal.

"The roof still leaks and the air conditioning was not tested until May 15 when they found it wasn't working," Linkon said. "Its been several weeks now and it still isn't working [as of mid-June]. Can you imagine them letting O'Hare's air conditioning stay out of commission this long? They talk about spending millions on this airport a few years from now. I'd rather see them spend a few thousand to make it work today."

Despite what Linkon regards as the city's continued neglect of Midway Airport, he thinks other airlines will be attracted by its proximity to much of the area's population, and to additional services that are being provided. Continental Transportation has increased its bus service and plans to start a Midway to O'Hare service. A limousine to the University of Chicago is now

available, and a good restaurant and bar are open to supplement the fast-food counters.

In addition to Midway, Delta flies two flights to St. Louis, offering direct price competition, and Northwest provides three flights a day to Minneapolis from the airport. Midway Airlines has 28 departures a day and expects to increase that to 32 in July.

"Other airlines are going to come in—it's only a question of time," Linkon said. "But, I don't know if anyone else will headquarter here as we have. It could do us some good with the airport management if United came out and Delta had more flights because we would carry a bigger stick.

"What is encouraging to us is that surveys show we are still averaging about half passengers who are flying Midway for the first time," Linkon added.

"We'd be worried if they were all new passengers because that would mean that people weren't coming back. But, we've been getting about a 50–50 breakdown, which means we are both building traffic and getting repeat business."

[From the Business Week, June 15, 1981]

UPSTARTS IN THE SKY: HERE COMES A NEW KIND OF AIRLINE

A new kind of airline industry is in the making. Suddenly a flock of cut-rate carriers, offering point-to-point, no-frills service, has jostled its way into a deregulated market to the delight of the flying public and the dismay of the established, full-service airlines. Midway Airlines, New York Air, and People Express have begun service in the past 18 months, and at least five other low-cost, high-frequency carriers—Muse Air, Pacific Express, Sun Pacific, Sun Air, and Air Chicago—expect to take wing this year. Budget airlines are here to stay.

Among conventional airlines, the reaction to this onslaught is one of undisguised concern. Calling the new airlines "upstarts," "skimmers," and other unflattering names, the bigger carriers are matching their low prices even as they complain bitterly that they cannot compete against the low labor costs of the nonunionized newcomers.

And they are fretting about the impact the new entrants will have on the nation's air transport system. One of American Airlines Inc.'s anxieties about airline deregulation in 1978, says President Robert L. Crandall, was that the inevitable influx of cut-rate carriers "would undermine the nationwide, integrated air transport system that has served us all so well. We still think [that's] valid." The question now, says one industry expert, is "whether the system is more desirable, or whether each individual consumer should pay for just the service he or she wants. That is the great airline revolution in the first half of the 1980s."

The revolution is here, and the answer is that there's room for both. The budget carriers cannot fill the needs of all passengers, particularly those with complex itineraries who are likely to want the convenience of multistop ticketing and baggage forwarding. But there are enough travelers willing to accept minimal service in return for lower fares to assure a market niche for the new breed. In the process, cut-rate fares can expand the market for all, including established carriers. Indeed, older airlines sheepishly acknowledge that they are suddenly flying nearly full in the shorter routes where new entrants have lowered fares.

"THEIR SACRED SYSTEM"

An important ingredient lacking in the newcomers' operations is interlining, which they eschew because of its high costs. Interlining, a body of reciprocal agreements between airlines to cooperate on such matters as ticketing and baggage delivery, is the mechanism that enables the air transport system to function as a cohesive entity. Because of interlining, a passenger on a participating airline can buy one ticket for flights on several carriers, use that ticket on any airline, and check his baggage through to destination, even with plane changes. Eliminating interlining may gall the carriers who devised the technique, but it will not destroy what a founder of one upstart calls "their sacred system." Says T. H. Davis, founder and chairman of Piedmont Aviation Inc., who is less alarmist than many of his colleagues: "The new airlines will not be big enough to break down the system."

Perhaps not, but the new entrants are far more than a minor irritant to the airlines, even though their impact on traffic so far is minuscule. In the first quarter of this year, Midway Airlines Inc. and New York Airlines Inc.—People Express Airlines Inc. did not begin operations until Apr. 30—carried only 362,500 passengers. In specific markets, those figures loom larger. In March, for example, New York Air carried more than 25 percent of the traffic on the New York-Washington and New York-Boston routes that have been dominated by Eastern Air Lines Inc.'s shuttles in recent years. Still, these Davids are not out to topple the Goliaths of the airline industry. "Our ambition is not necessarily to be the dominant carrier in any particular market," says Gordon Linkon, Midway's president. "We can do well with a small piece of a large pie."

Such small pieces have a way of growing, however. "Why bother about someone who comes in with a few hundred seats and cuts the fare?" asks Morton Ehrlich, senior vice-president for planning at Eastern. Because, he answers, "successful aggressiveness begets more successful aggressiveness, and that leads to bigness. Then you've got a formidable competitor."

SOUTHWEST'S DESCENDANTS

Eastern should know. Even before it had New York Air to contend with, it watched as new management took over its Miami neighbor, Air Florida System Inc., and turned the tiny intrastate carrier into an aggressive international airline that last year earned $5.7 million on revenues of $161.2 million. It has built a solid route system within Florida, added a few other choice domestic routes feeding into Miami, and flies from Miami to Europe and Central America.

Air Florida is a cousin of today's new airlines. It is a low-fare operator on its flights to Miami from New York and Washington and on its international flights, but it charges full fares on intrastate routes. Its nonunionized work force is among the most productive in the industry, thus helping to keep costs down, even though its wage rates are very close to those of the bigger airlines. It flies the small twin jets that are the mainstay of the upstarts' fleets but also has three widebodied DC–10s. And Air Florida interlines, thus making it a full member of the air transport system.

In genealogical terms, today's upstarts are more closely related to Southwest Airlines Co., the enormously successful Dallas-based carrier. They are, in fact, direct descendants. Southwest began flying the unregulated intrastate skies over Texas from Dallas' downtown Love Field on June 18, 1971. It calls itself a mass transit operation. Its basic formula has not changed in 10 years: frequent flights on short out-and-back routes, high labor productivity, minimal services, fares sharply lower than existing ones, and only two classes of fares (peak and off-peak). The marketing theory behind Southwest's strategy is that, if fares are lowered enough, traffic will explode.

The theory proved out. Southwest asserts that on most routes its low fares and frequent flights have roughly doubled the market. The Dallas-Houston market has mushroomed from 425,000 to 1.1 million in 10 years, and air travel has been boosted throughout Texas. Since deregulation it has been moving into key cities in neighboring states.

The Southwest experience cannot be duplicated everywhere, but it will work when a major city is part of a point-to-point route system that can draw heavy traffic from within a 500-mi. radius if the price is right.

These short-haul markets are precisely where air traffic is growing most. Trunk traffic fell 5.3 percent in 1980 and is expected to drop at least an additional 3 percent this year. Traffic on the regional carriers actually grew by 9 percent last year, and analysts predict it will increase at about 10 percent for several years. They expect short-haul travel—less than 500 mi.—to grow even faster, at 20 percent a year.

"It's very possible we are dealing with the beginnings of a shift for short-haul travel in which a large fraction of what's now auto travel will shift to air," says Roy Pulsifer, an associate director in the Bureau of Domestic Aviation at the Civil Aeronautics Board (CAB). "A shift like this takes place once every 50 years." Pulsifer tracks the evolution of transportation from water to rail to highway and points out that as gasoline prices have soared, the cost of automobile travel has risen faster than air fares. People Express' newspaper ads are headlined, "Flying that costs less than driving." The ads cite $23 flights on weekends and evenings and $35 on weekdays from New York to Buffalo vs. $82.20 by car—without tolls and meals.

The new airlines are wasting no time cultivating new markets with their low fares. In the New York area alone, New York Air and People Express expect to have 37 planes serving 18 cities by mid-1982. "That suggests to me a revolutionary change in the fare structure in the Northeast," says Pulsifer.

Leading the revolution are entrepreneurial alumni of bigger carriers who think they can duplicate the Southwest formula. "It's gotten to the point that as soon as an aggressive guy leaves an airline, you start looking for announcement of the new airline he's going to start," quips one industry source. Even the upstart airlines have upstarts. Air Chicago is the brainchild of two alumni of Midway Airlines. Midway itself was founded by Irving T. Tague, formerly general manager of Hughes Airwest.

AIR REVENGE

Terry R. Ashton, chairman of Pacific Express, also came from Hughes Airwest. His operation is financially the most ambitious of the potential newcomers and the first such effort in the Far West. Pacific Express proposes to begin service on Oct. 1 with seven planes on short-term lease. It is committed to buying six new-technology, 100-seat BAe 146s, with eight more on option, from British Aerospace. The 14 planes, including spare parts, will cost $250 million, much of which will be financed with low-cost loans from Britain's Export Credits Guarantee Dept.

Texas was the training ground for many of the new breed's managers, who thus know the strengths of Southwest Airlines first hand. New York Air is a corporate sister of Texas International Airlines Inc., which is being clobbered by Southwest in its basic Texas markets. (Both carriers are subsidiaries of Texas Air Corp.) Most of New York Air's senior executives are TIA alumni. People Express was founded by TIA graduates as well, but Donald C. Burr and Gerald L. Gitner left TIA early last year, taking five other executives with them.

M. Lamar Muse, one of Southwest's founders, with his son, Michael L. Muse, is starting an airline whose takeoff on July 15 is being watched with perhaps the most interest. The senior Muse, who left Southwest in 1978 after a bitter dispute with directors, now has founded Muse Air Corp. Dallasites say it might just as well be named Air Revenge. He plans to compete directly with Southwest's prime Dallas Love Field-Houston

Hobby Airport local service. Muse is aiming for sophistication. "Halston instead of hot pants," says one observer, referring to the attire of some Southwest flight attendants. Muse does not plan to offer a lower fare than the $40 peak and $25 off-peak currently charged by Southwest.

The newcomers can make money at these low fares because of their very low costs and high labor productivity. Employees' awareness that they are in at the beginning of an experiment that could alter the course of aviation history not only contributes to high productivity but also generates a unity of purpose rarely found in a big organization. Management tries to keep that spirit alive with various incentives including profit-sharing plans; People Express even requires employees to buy a few shares of stock.

Because industry pay scales are based on seniority, the brand-new airlines have rock-bottom labor costs. Captains start at about $30,000, not much lower than entry levels at other airlines. But at the older carriers, a captain's pay averages $71,000 and can rise to $120,000 a year. As important as the pay itself is what the airline gets for it. Pilots at the upstarts put in double the "stick time" (actual flying time) of those at older airlines. Other labor costs are also lower, although the differences are not as dramatic.

Labor is the biggest cost advantage the upstarts have over bigger airlines, but there are others. One is not being a full member of the air transport system. "The complications and costs involved [in interlining] are substantial and would detract from our type of strictly point-to-point service," notes James V. O'Donnell, New York Air's senior vice-president for marketing. And having little investment in maintenance and other facilities, which are leased from established operators, adds New York Air President Neal F. Meehan, "saves considerably on front-end costs."

The newcomers use small twin-jet aircraft, with crews of two, and so far all are flying secondhand planes for which they paid from $3 million to $5 million or, cheaper yet, leased. New planes of the same size—86 to 118 seats—cost about $20 million. The older airliners burn more fuel than new planes, but for short-haul routes that is not critical. "It's a capital cost vs. an operating cost trade-off," says People Express Chairman Burr. The upstarts are gambling that they can clear enough profit in the first few years to enable them to buy more-efficient aircraft, which will help keep operating costs low as seniority begins to push up wages.

The newcomers point out that their cost advantages are not all what they seem. "The advantage we and the newer airlines have in labor all goes out the window when you look as all the airplanes they [established carriers] have that were bought with very inexpensive money and at prices way lower than what we now have to pay," says Air Florida Chairman C. Edward Acker. And the newcomers are outraged at charges that they pay slave wages. Says Gitner: "I reject the bald assertion that People Express is some kind of labor skinner that's going to make money off the backs of its labor."

The eight airlines that have already filed with regulatory authorities (table, page 80) will not be the last new entrants. "They will grow like weeds," predicts Thomas M. Wendel, senior vice-president of finance at Pan American World Airways Inc., "going into specific markets, one city pair at a time." Investment bankers report a steady flow of inquiries about financing more of the new breed of airlines.

Nor will all the newcomers be cut-rate carriers. Alan H. "Skip" Kenison, a founder of AirCal, a California-based regional airline, expects to launch a full-service airline from Long Beach, Calif., in November. Sun Lands Airlines Inc., a Reno-based charter operator, launched scheduled service between Reno and Seattle on May 29. Local businessmen in Erie, Pa., plan an airline, pretentiously named Air International, to bring better air service to their city. And proposals have surfaced for other airlines to provide first-class-only service. "You're going to see a lot of boutiques in the airline industry," says Gitner of People Express.

One thing is certain: Right now, money is no problem. All airline stocks are currently high flyers, including the upstarts that have gone public. Midway, which came out at $13.50 a share, is trading above $20. New York Air and People Express, neither of which has yet shown a profit, are both trading at about $14. "The fact that People Express, [before it had any] planes or anything else, could go out [last November] and raise $26 million in a public offering is incredible testimony," says Michael R. Armellino, a vice-president at Goldman Sachs & Co. Adds Michael Derchin, vice-president at Oppenheimer & Co.: "Airline financing is almost indiscriminate."

Potential problems do loom for the newcomers, notably continued access to the capital markets and the ability to maintain their cost advantages. "There's no secret to it," says Howard D. Putnam, president of Southwest Airlines, which has successfully kept costs down even though part of its work force is unionized and its salary levels approach those at other regional carriers. "It's just high productivity." The biggest challenge to today's upstarts may well be tomorrow's upstarts. "We're not the last," says Kenneth T. Carlson, vice-president of planning at New York Air. "There'll be another and another and another. We'll have to be constantly watching what the new guy is doing."

They will also have to watch what the old guy is doing. "The big boys [the established carriers] are trying to bury them, and fast," says one source. With a few exceptions, the airlines already encountering competition from the new breed—TWA, American (Eastern, United, Piedmont, Delta, and USAir—are cutting fares in entire markets. And there are ripple effects. USAir, for example, not only lowered its $99 basic price for a one-way ticket to Buffalo from Newark International Airport to match the People Express $35 fare but also reduced its fare to Buffalo from New York's LaGuardia and Kennedy airports, although only to $69. That, in turn, led American to drop its LaGuardia-Buffalo fare to match USAir.

Fares will probably come down in other markets as the newcomers add routes. Vows Edwin I. Colodny, chairman of USAir Inc.: "We're going to stay in our markets, keep our frequencies, in some cases increase them, match the fare, and give better service."

Entrenched airlines are heavily advertising their service advantages. "On Piedmont [which competes against People Express from Newark to Norfolk] the extras aren't extra," reads one piece of promotion. The copy refers to the People Express charge for such "extras" as soft drinks (50¢) and checking luggage ($3 per bag).

Passengers seem content to do without the traditional amenities. Indeed, veteran travelers complain that meals, for instance, are of such poor quality and are so badly served on bigger airlines that passengers will not miss them. And few passengers will check a bag they can carry anyway, because too often it does not arrive on the same plane. Says one frequent flyer: "Service could be important, but not the way they [the established airlines] provide it."

GIVING UP AMENITIES

Enough passengers—about half of them business travelers—already have been willing to forgo such traditional amenities that the new airlines are likely to make a profit far sooner than the three years it took Southwest Airlines to turn the corner. Midway, which floundered until it added its New York and Washington routes late last year, reported its first profit in the first quarter of this year—$510,000 on revenues of $13.1 million. In the same period, which was its first full quarter of operation, New York Air lost $1.9 million on revenues of $7 million, which the company says was "well within" its estimates. Analysts expect New York Air to report a small operating profit by yearend.

Making money at the upstarts' cutrate fare levels will be tougher for the older carriers, several of which are less than robust financially to start with. Says Neil M. Effman, TWA's senior vice-president for airline planning: "These new airlines and their low fares won't destroy the entire industry. But unless we can get our act together and control our costs, there will be a danger."

The key to controlling costs is greater productivity, and the airlines are seeking it everywhere. They are improving the productivity of their planes by increasing capacity with newly designed seats. Fuel conservation is another target. "We have a very active program to get more oomph per Btu," says USAir's Colodny. Carriers are also improving materials management and inventory systems. And they are reequipping themselves with more-efficient aircraft, for delivery beginning in 1983.

Now the traditional airlines are turning to their workers and using the upstarts as a threat to try to wring productivity concessions from them. "The new point-to-point airlines represent a profound long-term threat to the job security of every airline employee," Crandall has told American's work force.

Management must share the blame with the big airline unions for the high salaries, big benefits, and rigid work rules at most trunk carriers. In the days of regulation, there was less incentive to hold the line on costs because increases were passed through to the consumer.

LOTS OF RENEGOTIATION

Management knows it cannot force wholesale salary reductions. Revising work rules is another matter. But winning back what was given away at the bargaining table—or, from labor's side, giving up what was won—is not easy. And it will be impossible if union leaders see this productivity push as just another negotiating tactic. The push is especially critical now because 66 union contracts are up for renegotiation this year. "In a perverse way, we're probably the best thing that's happened to Frank Borman [Eastern's president] in a long time," jokes New York Air's Meehan.

All the unions profess concern about the health of the big airlines, which furloughed some 15,000 employees last year. But they are not buying management's claims. "We pride ourselves on our ability to evaluate different conditions at different carriers," says Arthur Brennan, director of representation at the Air Line Pilots Assn. (ALPA).

Most union leaders would agree with William F. Genoese, top organizer for the airline division of the International Brotherhood of Teamsters, when he worries that airline managements are "scapegoating labor." A top official of the International Association of Machinists puts it more bluntly: "All the airlines are going to cry wolf at negotiations this year. If they are looking for big concessions, they are not going to get them from this union."

Among the main issues for the carriers are the use of part-time ticket agents during such heavy seasons as Christmas and Easter, reduction of the number of pilots in new twin-jet airlines, and trimming the number of workers who walk a flight out to the runway.

Airline executives point to the example of Delta Air Lines Inc. to emphasize the importance of work rules. Delta, where only the pilots are organized, is the most profitable of the trunk carriers: It earned $93.2 million on

revenues of $3 billion last year. Eastern, by contrast, lost $17.4 million on revenues of $3.5 billion. Says Robert Oppenlander, Delta's senior vice-president for finance: "We don't have any advantage in pay scales. The plus element in our equation is the work rules."

Other carriers are now pushing for work rules similar to Delta's. Their problem is to persuade labor that higher productivity is essential to meet the new competition and preserve jobs.

Thus far the airlines are losing the battle. American Airlines failed to get its unit of the Transport Workers Union to agree to use part-time workers in some jobs. Borman asked Eastern's workers to agree to 37 specific "productivity improvement prospects" in return for job guarantees; the unions are still talking, but no one is sanguine about the outcome. Workers at Western Airlines Inc. turned a deaf ear to management's request for a one-year pay freeze.

But unions are not always adamant. When convinced that management is not crying wolf, they will cooperate, usually with the pilots in the forefront. Not all unions can bargain with the flexibility of the highly paid pilots, however.

Reducing cockpit crews from three to two on new-generation aircraft remains a critical issue. "That third pilot burns up 3.5 percent to 4 percent of an airline's direct operating costs," says John M. Swihart, vice-president for domestic sales at Boeing Commercial Airplane Co.

Three in the cockpit of its smaller 737s at ALPA's insistence led United Airlines Inc. two years ago to announce a phase out of all of its 737 services. CAB figures show it costs United nearly $53 to fly a passenger 300 mi. in a 737 vs. about $45 for Piedmont, using two pilots, and only $22 for Southwest Airlines.

But in mid-May, United changed course. Now it says it will keep its fleet of 49 737s, stuff more seats into them, and throw them into competition against cut-rate carriers in some of its important short-haul markets.

Many had questioned the wisdom of United's decision to abandon so many of its short-haul services (BW—Aug. 18), because controlling the traffic flow to a hub-and-spoke operation is critical to a full-service airline's success. "The future is feed," says Julius Maldutis, vice-president at Salomon Bros. "Controlling traffic flow will determine profitability for the full-service airlines. Giving away that control will come back to haunt the airlines that do it."

Other trunk carriers are going their own way, nonetheless. "If we find up-starts hurting us in dense markets where we don't have to be, we'll just drop those routes," says Crandall, who pulled American out of New York-Boston and New York-Washington early this year and is dropping New York-Cleveland and New York-Louisville on June 11. Adds TWA's Effman: "We are not a major factor in high-density, short-haul markets. We give them the local markets and stress hub-and-spoke operations. What we're looking for is the guy who's going beyond."

EPHEMERAL LOYALTIES

In a sense the trunks have little choice. They have huge investments in baggage-handling equipment, reservations systems, airport terminals, and other assets that cannot be abandoned. And they are saddled with huge fleets of the jumbo jets and wide-bodies they bought to service the long-haul routes that were allocated to them under regulation.

Veteran airline executives insist that travelers, especially business travelers, would rather fly with a traditional airline than experiment with a new one if given an equal choice. That may be a comforting thought, but the evidence shows that passenger loyalties are ephemeral. Already the three upstarts aloft are flying at least half full and, in some cases, closer to 70 percent. They have forced the airline industry into a new structure offering a variety of services to the flying public. Passengers are delighted at having the opportunity to choose. And if the experience of their role model, Southwest Airlines, is any guide, this is just the beginning.

SENATOR JENNINGS RANDOLPH SPEAKS ON SYNFUELS

Mr. PERCY. Mr. President, last April our distinguished colleague from West Virginia, Senator JENNINGS RANDOLPH, led an American delegation to the Agri-Energy Roundtable meeting in Geneva, Switzerland, for discussions on issues affecting world food and energy production.

The Geneva meeting brought together corporate, government, and academic leaders from the industrialized nations and the energy-surplus developing countries for an exchange of ideas on cooperative approaches to solving the global food/energy dilemma.

JENNINGS RANDOLPH has long been a strong advocate for energy self-reliance and a leader in attempting to develop the dialog on these issues between the nations of the world.

Joining with Senator RANDOLPH in the mission to Geneva were: Dr. Armand Hammer of Occidental Petroleum, our former colleague Adlai Stevenson, and Mr. Warren Lebeck of the Chicago Board of Trade.

Mr. President, I ask unanimous consent that Senator RANDOLPH's excellent thought-provoking remarks before the Agri-Energy Roundtable meeting in Geneva on April 27, 1981, entitled "Synfuels—Future Conflict or Cooperation," be inserted in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

SYNFUELS—FUTURE CONFLICT OR COOPERATION?

Excellencies, distinguished guests, ladies and gentlemen. This conference is focusing on some of the most vital subjects of our time—at a critical juncture in history. We gather in "The City of International Peace," and counsel with you at this Agri-Energy Roundtable.

This is an excellent site for our gathering. It is a friendly atmosphere conducive to developing useful dialogue. I come from "The Mountain State" in America—West Virginia, I feel particularly at home looking out at these majestic mountains and fertile valleys.

Our remarks today, "Synfuels—Future Conflict or Cooperation?" bear at the heart of the issue: interdependence versus self-sufficiency. Can we find ways to cooperate and seize the opportunities of energy development and resource management? or, are we—the industrialized, energy-importing nations and the OPEC countries on a destructive collision course where our relations will be marked by confrontation and disharmony?

The answers to these questions and how we choose to direct our decisions will have a strong impact on successful international economic peacekeeping for decades to come.

Permit me to do a bit of reminiscing . . . to turn back the clock . . .

Historically, the world has experienced several transitions in energy supply and source. Each time energy became cheaper, cleaner and more abundant—contributing to major strides in economic development. Today, we are in a different kind of transition—moving into an era of higher-cost energy. Production levels of non-renewable, traditional fuels—mainly petroleum—are no longer guaranteed or even likely due to shrinking reserves. We are on the threshold of a new era—where alternate energy sources, "synfuels," must play a vital role if together we are to maintain and develop the world's economic base, particularly in the areas of food and energy production.

As a longtime advocate of America's potential in alternate fuel production, I remember our early technology successes with synfuel development. In November 1943, I flew from Morgantown, West Virginia, to Washington, D.C., in an airplane powered by high-grade synthetic gasoline produced from coal. This experimental project and others designed to produce gasoline for automobiles were sparked by World War II and a decrease in the discovery of domestic oil.

I remember our first congressional hearings, in 1942, which reawakened American interest in securing oil and gasoline from sources other than petroleum. As a result, in 1943, Senator Joseph O'Mahoney (D-Wyoming) and I cooperated and introduced legislation to develop and operate fuel plants designed to produce synthetic liquid fuels from coal and other substances. On April 5, 1944, President Franklin D. Roosevelt signed this legislation into law which mandated demonstration programs for the production of ethanol, methanol and other liquid fuels from coal, agricultural products and oil shale.

During the war, three new grain alcohol plants were constructed to support our synthetic rubber effort and, by 1944, the U.S. was producing 600 million gallons of ethanol—100 million more than our recent Department of Energy projection for 1980.

Of course, we were not alone in synfuel development which was particularly advanced in Germany. However, with the war's end—plentiful, low-cost petroleum production surged—thus, reducing the pressure for synfuel development which quickly became suspended.

Since 1973–74 with the first, dramatic oil price increases to the present, the world has slowly begun to face the reality of a new era—and end to cheap, plentiful fuel and a corresponding need to find new sources. The implications of this era of higher energy costs—have not been fully gauged. But, it is safe to say that we are all in this "white water" transition together. It reminds me of the group rafting on some of the wild, uncharted river rapids of my native West Virginia. We must keep our heads clear and paddle together to avoid the rocks and waterfalls. It is in all our economic interests to moderate the shocks of the transition—to buy time for our economies to adjust and absorb the changes.

It is for primarily this reason that I support the Agri-Energy Roundtable concept of cooperative dialogue and information sharing—looking toward world food and energy production.

The connection between synfuels—one form of which is ethanol production from agricultural commodities—and our cooperative food/energy theme is vital. As we plunge into this new area of scarcity and alternate fuels, we must view the world's energy and agricultural economies as a single, interrelated system—with the energy side dangerously burdened by its emphasis on the Arabian Gulf. On the food side we share a collective interest in alleviating the enormous pressures brought on the poorer countries by declining agricultural production. This is in our best strategic, as well as humanitarian, interests—since stagnant economies become quickly destabilized—affecting entire regions.

Even in the rapidly developing economies of the energy-surplus, OPEC countries—where food production is a priority, we have a unique opportunity through en-

lightened technology transfer, equipment installation and farm management and training to stimulate new agricultural breadbaskets.

To succeed, this endeavor will depend on a climate of good will and cooperation engendered by natural trust, respect and dialogue.

So, what about the opportunities and realities of our current situation?

Today, in the United States there is a strong national revitalization underway. We are witnessing a return of confidence, of Yankee "can-do" ingenuity. Other countries can sense this spirit and there is strong, new investment moving into the United States. In the synfuel development arena, foreign investment has contributed a significant sum thus far in our Morgantown, West Virginia, SRC–II demonstration project. This plant will convert coal into synthetic crude oil for refining into gasoline, diesel and boiler fuel producing the equivalent of 20,000 barrels of oil a day. It will also employ over 400 West Virginians.

I would predict considerable additional opportunities for productive investment in synfuels. Despite the Reagan Administration's announced budget cutbacks in research and development, our commitment to synfuels will gather momentum as the private sector seizes the potentials created by market forces. And, just as in past eras of economic development, foreign investment will perform a necessary role. I believe it is in our best interests to accelerate synfuels development and we should welcome all cooperative ideas in this direction.

As we turn our attentions to working together to moderate the shocks of this era of transition, we have a common interest in exchanging our technology, human and financial resources. On the "agri-energy" theme, we will work with friendly OPEC countries in developing their agricultural production while seeking other cooperative approaches in energy and toward the developing countries. In this period our commitment to alternate fuels and conservation will need the cooperation and understanding of oil-producing countries to succeed and cushion the shocks. We must work to reduce inflation. Traditional energy production levels should be maintained—with price increases moderated—as we all adjust our economies.

We stand today at a turning point in civilization. The choice is ours. One hundred years from now—with a cooperative blend of resources and technology—many arid regions of our world could be green, food-producing and peaceful. New agricultural breadbaskets could be making famine obsolete and the world's industrial machine could be powered on cleaner-burning, renewable fuels.

As Daniel Webster, our famous statesman/orator, said in 1849:

"When tillage begins, other arts follow. Farmers, therefore, are the founders of human civilization."

Another source added:

"There's only one way to get rich farming, and that's to sell your corn as whiskey; your potatoes as vodka; your barley as beer; your fruit as brandy; your sorghum as rum."

But, I do know that the doctor heals, the lawyer pleads and the miner follows precious leads. But, this or that, what ere befall, the farmer he must feed them all.

It is gratifying that you, as agribusiness and energy leaders and policy makers, have come together to seek positive, action-oriented solutions and well-reasoned understanding on the agri-energy relationships. It is the mark of the private sector to shape this innovative and constructive effort—and you can be certain of my continued cooperation and enthusiastic encouragement of this crusade in the building of a better world.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE

At 4:19 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the House disagrees to the amendment of the Senate to the bill (H.R. 3982) to provide for reconciliation pursuant to section 301 of the first concurrent resolution on the budget for the fiscal year 1982; agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and appoints the following as managers of the conference on the part of the House:

From the Committee on the Budget, for consideration of the entire bill and Senate amendment: Mr. JONES of Oklahoma, Mr. MINETA, Mr. SOLARZ, Mr. PANETTA, Mr. GEPHARDT, Mr. ASPIN, Mr. LATTA, Mr. REGULA, Mr. SHUSTER, and Ms. FIEDLER.

From the Committee on Agriculture, solely for consideration of title I; sections 7001(12), 7002(10), 7003(9), 8002, 5112, 8007, and 15452 of the House bill, and title I (except part G), title V, subtitle B, section 1117(e), and title VI, subtitle B, part B of the Senate amendment: Mr. DE LA GARZA, Mr. FOLEY, Mr. JONES of Tennessee, Mr. BROWN of California on all matters except as listed below, Mr. BOWEN, Mr. RICHMOND, Mr. ROSE in lieu of Mr. BROWN of California on sections 1027 and 1029 of the House bill and section 112 of the Senate amendment, Mr. WEAVER in lieu of Mr. BROWN of California on sections 1015 and 8002 of the House bill and sections 511–513, 516–519 of the Senate amendment, Mr. HARKIN in lieu of Mr. BROWN of California on section 1021 of the House bill, and in lieu of Mr. BOWEN on sections 1001–1014, and 15452 of the House bill and sections 151–169 of the Senate amendment, Mr. WAMPLER, Mr. FINDLEY on all matters except as listed below, Mr. JEFFORDS on all matters except as listed below, Mr. HAGEDORN on all matters except as listed below, Mr. THOMAS in lieu of Mr. FINDLEY on sections 1015, 7001–7003 of the House bill, and sections 131–133 of the Senate amendment, and in lieu of Mr. JEFFORDS on sections 1023–1026, and 1029 of the House bill and section 111 of the Senate amendment, Mr. HOPKINS in lieu of Mr. JEFFORDS on sections 1027 and 1029 of the House bill and section 112 of the Senate amendment, Mr. COLEMAN in lieu of Mr. HAGEDORN on sections 1001–1014, and section 15452 of the House bill and sections 151–169 of the Senate amendment, and Mr. MARLENEE in lieu of Mr. HAGEDORN on sections 1015 and 8002 of the House bill and sections 511–513 and 516–519 of the Senate amendment.

From the Committee on Armed Services, solely for consideration of title II of the House bill, and title II of the Senate amendment: Mr. PRICE, Mr. BENNETT, Mr. STRATTON, Mr. WHITE, Mr. NICHOLS, Mr. BRINKLEY, Mr. DICKINSON, Mr. WHITEHURST, Mr. SPENCE and Mr. MITCHELL of New York.

From the Committee on Banking, Finance and Urban Affairs, solely for consideration of titles III and VI, subtitles B of the House bill, and title III (except part B), title V, subtitle E of the Senate amendment: Mr. ST GERMAIN, Mr. REUSS, Mr. GONZALEZ, Mr. MINISH, Mr. ANNUNZIO, Mr. MITCHELL of Maryland, Mr. STANTON of Ohio, Mr. WYLIE, Mr. MCKINNEY, and Mr. EVANS of Delaware.

From the Committee on the District of Columbia, solely for consideration of title IV of the House bill, and section 904 of the Senate amendment: Mr. DELLUMS, Mr. FAUNTROY, Mr. MAZZOLI, Mr. LELAND, Mr. GRAY, Mr. DYMALLY, Mr. MCKINNEY, Mr. PARRIS, Mr. BLILEY, and Mrs. HOLT.

From the Committee on Education and Labor, solely for consideration of sections 5101, 5104, 5105, 5109, 5113, 5117, 5120, 5121, 5122, 5124, 5125, 5126, 5130, 5132, 5140, 5143, 5211(2), 5211(3), 5211(4), 5211(5), 5211(6), 5211(7), 5211(8), 5211(9), 5211(10), 5211(11), 5211(12), 5341–5376, 5441–5447 of the House bill; and sections 1111, 1112, 1113, 1115, 1116, 1117(a), 1117(i), 1117(j), 1119, 1120–1, 1121, 1123–7 of the Senate amendment: Mr. PERKINS, Mr. FORD of Michigan, Mr. ANDREWS, Mr. MILLER of California, Mr. CORRADA, Mr. KILDEE, Mr. ASHBROOK, Mr. GOODLING, Mr. ERLENBORN, and Mr. JEFFORDS.

For consideration of sections 5391–5398 of the House bill: Mr. PERKINS, Mr. PHILLIP BURTON, Mr. MILLER of California, Mr. MURPHY, Mr. WILLIAMS of Montana, Mr. RATCHFORD, Mr. ASHBROOK, Mr. ERLENBORN, Mrs. FENWICK, and Mr. JOHNSTON.

For consideration of sections 5103, 5106, 5107, 5108, 5110, 5114, 5115, 5116, 5118, 5119, 5123, 5128, 5135, 5139, 5140, 5142, 5144, 5211(1), 5211(13), 5211(14), 5211(17), 5211(18), 5211(19), 5211(20), 5211(21) of the House bill; and sections 1117(g), 1131–1, 1133–1—1136–1, 1152, 1161–1164 of the Senate amendment: Mr. PERKINS, Mr. HAWKINS, Mr. CLAY, Mr. BIAGGI, Mr. ANDREWS, Mr. MURPHY, Mr. ASHBROOK, Mr. JEFFORDS, Mr. ERDAHL, and Mr. PETRI.

For consideration of sections 5102, 5111, 5127, 5129, 5131, 5134, 5136, 5137, 5138, 5211(15), 5211(16), 5631–5643 of the House bill; and sections 1114, 1117(b), 1117(c), 1117(d), 1117(e), 1117(f), 1118, 1120 of the Senate amendment: Mr. PERKINS, Mr. FORD of Michigan, Mr. SIMON, Mr. WEISS, Mr. PEYSER, Mr. ECKART, Mr. ASHBROOK, Mr. COLEMAN, Mr. ERLENBORN, and Mr. DENARDIS.

For consideration of title V, subtitle C, chapter 2, subchapter A, sections 5611–5625 of the House bill; and title I, part G

of the Senate amendment: Mr. PERKINS, Mr. FORD of Michigan, Mr. ANDREWS, Mr. MILLER of California, Mr. CORRADA, Mr. KILDEE, Mr. ASHBROOK, Mr. GOODLING, Mr. JEFFORDS, and Mr. CRAIG.

For consideration of section 5133, subtitle C, chapter 1, subchapter E of the House bill; and title X, section 1002 of the Senate amendment: Mr. PERKINS, Mr. ANDREWS, Mr. CORRADA, Mr. KILDEE, Mr. WILLIAMS of Montana, Mr. WASHINGTON, Mr. ASHBROOK, Mr. PETRI, Mr. COLEMAN, and Mr. BAILEY of Missouri.

For consideration of sections 1104–5(a)(2), 1104–5(b)(9), 1101–8 (16), (17), (18), (19) of the Senate amendment: Mr. PERKINS, Mr. PHILLIP BURTON, Mr. GAYDOS, Mr. MILLER of California, Mr. MURPHY, Mr. KOGOVSEK, Mr. ASHBROOK, Mr. ERLENBORN, Mr. KRAMER, and Mrs. FENWICK.

For consideration of sections 5311–5328 of the House bill: Mr. PERKINS, Mr. ANDREWS, Mr. BIAGGI, Mr. MURPHY, Mr. CORRADA, Mr. WILLIAMS of Montana, Mr. ASHBROOK, Mr. PETRI, Mr. ERLENBORN, and Mr. ERDAHL.

For consideration of sections 5411–5421, 15427–15429, and title XV, subtitle C, chapter 4 of the House bill; and sections 1132–1—1132–11, section 757–759, and title XI, part D, subpart 2 of the Senate amendment: Mr. PERKINS, Mr. HAWKINS, Mr. CLAY, Mr. ANDREWS, Mr. CORRADA, Mr. WILLIAMS of Montana, Mr. ASHBROOK, Mr. JEFFORDS, Mr. PETRI, and Mrs. ROUKEMA.

From the Committee on Energy and Commerce, solely for consideration of subsection 3110(d), titles VI, V, subtitle C, chapter 1, subchapters A and D; title XV, subtitle C, chapters 4 and 5; and sections 8004, 8005, 8009, 8010, 10003, 15600, 15602, 15614–15616, 15622–15624, 15631–15634, 15636, 15641, 15642, 15651, 15643–15645, 15647–15649 of the House bill, and title XI, part D, subparts 2 and 3, title XI, part E, title IV, parts A, B, and E, sections 421–423, and 427, title V, subtitle D, part 3, title VII, parts C, D, and I, section 1163, title XI, part A (except sections 1104–5(a)(2) and 1101–12), title V, subtitle G, sections 622, 711, 712, 714–716, 718–720, 720A–720H, and 729, title V, subtitle B, part 2; and such portions of title V, subtitle D, parts 1 and 2 as fall within the jurisdiction of the Committee on Energy and Commerce of the Senate amendment: Mr. DINGELL, Mr. OTTINGER, Mr. WAXMAN, Mr. WIRTH, Mr. SHARP, Mr. FLORIO, Mr. SCHEUER, Mr. MOFFETT, Mr. BROYHILL, Mr. BROWN of Ohio, Mr. COLLINS of Texas, Mr. LENT, Mr. MADIGAN, and Mr. MOORHEAD.

From the Committee on Foreign Affairs, solely for consideration of that portion of section 1015 entitled "International Programs" (page 12, lines 32–41, House engrossed bill), and title VII of the House bill, and titles VIII and I, part D of the Senate amendment: Mr. ZABLOCKI, Mr. FOUNTAIN, Mr. FASCELL, Mr. ROSENTHAL, Mr. HAMILTON, Mr. BINGHAM, Mr. BROOMFIELD, Mr. DERWINSKI, Mr. FINDLEY, and Mr. WINN.

From the Committee on Government Operations, solely for consideration of title XVI of the House bill, and sections 905 and 906 of the Senate amendment: Mr. BROOKS, Mr. FOUNTAIN, Mr. FASCELL, Mr. ROSENTHAL, Mr. FUQUA, Mr. CONYERS, Mr. HORTON, Mr. ERLENBORN, Mr. BROWN of Ohio, and Mr. MCCLOSKEY.

From the Committee on Interior and Insular Affairs, solely for consideration of title VIII, and section 6101 of the House bill, and title V, subtitle A, subtitle B, part 1, subtitle C, subtitles F and H, and such portions of title V, subtitle D, parts 1 and 2 as fall within the jurisdiction of the Committee on Interior and Insular Affairs of the Senate amendment: Mr. UDALL, Mr. PHILLIP BURTON, Mr. KASTENMEIER, Mr. KAZEN, Mr. BINGHAM, Mr. SEIBERLING, Mr. LUJAN, Mr. YOUNG of Alaska, Mr. LAGOMARSINO, and Mr. MARRIOTT.

From the Committee on the Judiciary, solely for consideration of sections 13016 and 13017 of the House bill, and title X (except section 1002), and section 1137 of the Senate amendment: Mr. RODINO, Mr. KASTENMEIER, Mr. EDWARDS of California, Mr. SEIBERLING, Mr. DANIELSON, Mr. MAZZOLI, Mr. MCCLORY, Mr. RAILSBACK, Mr. FISH, and Mr. BUTLER.

From the Committee on Merchant Marine and Fisheries, solely for consideration of title XI, subtitle B, chapter 4, and title IX of the House bill, and sections 426 and 1101–4 of the Senate amendment; Mr. JONES of North Carolina, Mr. BIAGGI, Mr. BREAUX, Mr. D'AMOURS, Mr. HUBBARD, Mr. STUDDS, Mr. MCCLOSKEY, Mr. FORSYTHE, and Mr. PRITCHARD.

From the Committee on Post Office and Civil Service, solely for consideration of title X, sections 5397 and 15651 of the House bill, and sections 901–903 of the Senate amendment: Mr. FORD of Michigan, Mrs. SCHROEDER, Ms. FERRARO, Ms. OAKAR, Mr. CLAY, Mr. LELAND, Mr. DERWINSKI, Mr. TAYLOR, Mr. GILMAN, and Mr. CORCORAN.

From the Committee on Public Works and Transportation, solely for consideration of sections 8003, 8007, title IX, subtitle C, title XI, and the portions of section 6531 on page 349, lines 26–37 and on page 350, lines 9–11 and lines 16 and 17 of the House bill, and title V, subtitle C, title III, part B, title VI, subtitles A, B, C, D, E, and F, sections 424, 425, 427 and 431–437 of the Senate amendment: Mr. HOWARD, Mr. ANDERSON, Mr. ROE, Mr. LEVITAS, Mr. OBERSTAR, Mr. FARY, Mr. CLAUSEN, Mr. SNYDER, Mr. HAMMERSCHMIDT, and Mr. HAGEDORN.

From the Committee on Science and Technology, solely for consideration of title XII, section 6101 and the proviso in section 8004, lines 2–24 on page 381 of the House bill, and such portions of title V, subtitle D, parts 1 and 2 as fall within the jurisdiction of the Committee on Science and Technology of the Senate amendment: Mr. FUQUA, Mr. ROE, Mr. SCHEUER, Mr. HARKIN, Mrs. BOUQUARD, Mr. GLICKMAN, Mr. WINN, Mr. GOLDWATER, Mr. FISH, and Mr. LUJAN.

Solely for consideration of section 1101–12 of the Senate amendment: Mr. FUQUA, Mr. WALGREN, Mr. BROWN of California, Mr. SHAMANSKY, Mr. LUNDINE, Mr. WINN, Mrs. HECKLER, Mr. WEBER of Minnesota, and Mr. GREGG.

From the Committee on Small Business, solely for consideration of title XIII of the House bill, and title XII of the Senate amendment: Mr. MITCHELL of Maryland, Mr. SMITH of Iowa, Mr. ADDABBO, Mr. GONZALEZ, Mr. LAFALCE, Mr. BEDELL, Mr. MCDADE, Mr. BROOMFIELD, Mr. MARRIOTT, and Mr. WILLIAMS of Ohio.

From the Committee on Veterans' Affairs, solely for consideration of title XIV of the House bill, and title XIII of the Senate amendment: Mr. MONTGOMERY, Mr. EDWARDS of California, Mr. MOTTL, Mr. EDGAR, Mr. SAM B. HALL, JR., Mr. LEATH of Texas, Mr. HAMMERSCHMIDT, Mrs. HECKLER, Mr. WYLIE, and Mr. SAWYER.

From the Committee on Ways and Means, solely for consideration of title XV; title V, subtitle C, chapter 1, subchapter A, title V, subtitle C, chapter 1, subchapter D, section 10003, title VI, subtitle D, chapter 11, subchapters B and C, and section 6212 of the House bill, and title VII, parts A, B, E, F, G, H, I, and J, and title XI, part D, subparts 2 and 3 of the Senate amendment: Mr. ROSTENKOWSKI, Mr. GIBBONS, Mr. PICKLE, Mr. RANGEL, Mr. STARK, Mr. JACOBS, Mr. FORD of Tennessee, Mr. CONABLE, Mr. DUNCAN, Mr. ARCHER, and Mr. VANDER JAGT.

The message also announced that the House has passed the following bill, with amendments, in which it requests the concurrence of the Senate:

S. 1003. An act to amend title III of the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, to authorize appropriations for such title for fiscal years 1982 and 1983.

The message further announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 1309. An act to provide grants to the 1890 land-grant colleges, including Tuskegee Institute, for the purpose of assisting these institutions in the purchase of equipment and land, and the planning, construction, alteration, or renovation of buildings to strengthen their capacity for research in the food and agricultural science;

H.R. 2903. An act to extend by 1 year the expiration date of the Defense Production Act of 1950;

H.R. 3454. An act to authorize appropriations for fiscal year 1982 for the intelligence and intelligence-related activities of the U.S. Government, for the Intelligence Community Staff, and for the Central Intelligence Agency Retirement and Disability System, to authorize supplemental appropriations for fiscal year 1981 for the intelligence and intelligence-related activities of the U.S. Government, and for other purposes; and

H.R. 3975. An act to facilitate and encourage the production of oil from tar sand and other hydrocarbon deposits.

ENROLLED BILL SIGNED

The message also announced that the Speaker has signed the following enrolled bill:

H.R. 31. An act to amend the Truth in Lending Act to encourage cash discounts, and for other purposes.

HOUSE BILLS REFERRED

The following bills were read twice by unanimous consent, and referred as indicated:

H.R. 1309. An act to provide grants to the 1890 land-grant colleges, including Tuskegee Institute, for the purpose of assisting these

institutions in the purchase of equipment and land, and the planning, construction, alteration, or renovation of buildings to strengthen their capacity for research in the food and agricultural science; to the Committee on Agriculture, Nutrition, and Forestry.

H.R. 3975. An act to facilitate and encourage the production of oil from tar sand and other hydrocarbon deposits; to the Committee on Energy and Natural Resources.

HOUSE BILLS PLACED ON THE CALENDAR

The following bills were read by unanimous consent, and placed on the calendar:

H.R. 2903. An act to extend by one year the expiration date of the Defense Production Act of 1950;

H.R. 3454. An act to authorize appropriations for fiscal year 1982 for the intelligence and intelligence-related activities of the U.S. Government, for the Intelligence Community Staff, and for the Central Intelligence Agency Retirement and Disability System, to authorize supplemental appropriations for fiscal year 1981 for the intelligence and intelligence-related activities of the U.S. Government, and for other purposes; and

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–1579. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a cumulative report on budget rescissions and deferrals for July 1981; pursuant to the order of January 30, 1975, referred jointly to the Committee on the Budget and the Committee on Appropriations.

EC–1580. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report on the President's tenth special message for fiscal year 1981 under the Impoundment Control Act of 1974; pursuant to the order of January 30, 1975, jointly referred to the Committee on Appropriations, the Committee on the Budget, the Committee on Environment and Public Works, the Committee on Energy and Natural Resources, and the Committee on Labor and Human Resources.

EC–1581. A communication from the Acting Assistant Administrator of the National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, regulations for administering the Coastal Zone Management Act of 1972, as amended; to the Committee on Commerce, Science, and Transportation.

EC–1582. A communication from the Acting Assistant Legal Advisor for Treaty Affairs, Department of State, transmitting, pursuant to law, a report on international agreements, other than treaties, entered into by the United States in the prior sixty day period; to the Committee on Foreign Relations.

EC–1583. A communication from the Deputy Administrator of the General Services Administration, transmitting, pursuant to law, the Fiscal Year 1980 Report on the Records Disposition Activities of the Federal Government; to the Committee on Governmental Affairs.

EC–1584. A communication from the Chairman of the United States Commission on Civil Rights, transmitting, pursuant to law, a report entitled "Equal Opportunity In The Foreign Service"; to the Committee on the Judiciary.

EC–1585. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, a report of the review of the Department of Health and Human Services on the issues regarding the export of infant formula that would not meet current domestic standards; to the Committee on Labor and Human Resources.

EC–1586. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, a report on the review by the Department of Health and Human Services of existing Federal requirements for the labeling of infant formula to determine the effect of such requirements on infant nutrition and proper use of infant formula; to the Committee on Labor and Human Resources.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. PERCY, from the Committee on Foreign Relations, without amendment:

Treaty Doc. 97–13. Treaty with Canada on Pacific Coast Albacore Tuna Vessels and Port Privileges (Ex. Rept. 97–15).

By Mr. PERCY, from the Committee on Foreign Relations:

Vernon A. Walters, of Florida, to be Ambassador at Large:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Vernon A. Walters.

Post: Ambassador-at-Large.

Contributions, amount, date, donee:

1. Self: $1,500.00, March 1980, Center for a Free Society, Inc.

2. Spouse: None, $250.00, 1980, Republicans of Palm Beach, Fla.

3. Children and Spouses Names: None.

4. Parents Names: None.

5. Grandparents Names: None.

6. Brothers and Spouses Names: Frederick and Virginia Walters, Vincent and Sheri Walters, None, $500.00, during last 4 years, various Republican Organizations.

7. Sisters and Spouses Names: Laureen and Franco Masini, None.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

VERNON A. WALTERS.

Richard L. Walker, of South Carolina, to be Ambassador Extraordinary and Plenipotentiary of the United States to the Republic of Korea:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Richard L. Walker.

Post: Ambassador to Republic of Korea.

Contributions, amount, date, donee:

1. Self and 2. spouse: $80, 1977; $60, 1978; $75, 1979; $70, 1980; Republican Party.

3. Children and spouses—names: None.

4. Parents—Names: Robert S. Walker, $50 per year each year to the Republican Party.

5. Grandparents—Names: None.

6. Brothers and spouses—Names: Col. and Mrs. Robert S. Walker, Jr., none.

7. Sisters and spouses—Names: Dr. and Mrs. Bryan P. Warren, none.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

RICHARD L. WALKER.

William Lacy Swing, of North Carolina, a Foreign Service Officer of Class two, to be Ambassador Extraordinary and Plenipotentiary of the United States to the Republic of Liberia:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: William Lacy Swing.

Post: Ambassador to the Republic of Liberia.

Contributions, amount, date, donee:

1. and 2. Self and spouse. None except the $1 annual contribution to Presidential Election Campaign Fund provided for on Form 1040 (US Individual Income Tax Return), which I made in 1980 and 1979 but not in 1978. I am unmarried.

3. Children and Spouses—Names: Brian Curtis Swing, 18, no contributions of which I am aware.

4. Parents—Names: Baxter Dermot Swing, none. Mary Frances Swing (nee Barbee), none.

5. Grandparents—Names: Mrs. James R. Swing (nee Sowers), none of which I am aware.

6. Brothers and spouses—Names: James B. Swing, none of which I am aware. Arlene Swing (nee Lashmidt), none of which I am aware.

7. Sisters and spouses—Names: Lawrence Leonard, none of which I am aware. Anna Leonard (nee Swing), $7 National Republican Senatorial Committee (1977); $2, National GOP Campaign Committee (1977). Probably similar amounts in subsequent years.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

WILLIAM LACY SWING.

Edward L. Rowny, of Virginia, to be Special Representative for Arms Control and Disarmament Negotiations, and to have the rank of Ambassador while so serving.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Edward L. Rowny.

Post: Special Representative for Arms Control and Disarmament Negotiations.

Contributions, amount, date, donee:

1. Self: None.

2. Spouse: None.

3. Children and Spouses—Names: Son Michael and his wife Melissa: $200.00, December 1979, Democratic Primary Committee; $2000.00, September 1980, Democratic National Committee. Daughter Marcia Jordan and her husband Charles; son Peter Rowny and his wife Sheila; Son Paul Rowny and his wife Nora; Son Michael Rowny and his wife Melissa (see above); son Grayson John. (Except for Michael and Melissa Rowny, my children and their spouses made no contributions.)

4. Parents—Names: G. John and Mary Rowny, $100.00, April 15, 1978, Congressman Jack Kemp.

5. Grandparents—Names: None.

6. Brothers and Spouses—Names: Brother Carroll and his wife Bernadine Rowny, None.

7. Sisters and Spouses—Names: None.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these per-

sons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

EDWARD L. ROWNY.

Julius Waring Walker, Jr., of Texas, a Foreign Service Officer of Class one, to be Ambassador Extraordinary and Plenipotentiary of the United States to the Republic of Upper Volta:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Julius Waring Walker, Jr.
Post: Ambassador, Upper Volta.
Contributions, amount, date, donee:
1. Self: None.
2. Spouse: None.
3. Children and Spouses—George J. S., none; Names: Savannah Waring, none; Lucile Lenore, none.
4. Parents—Names: Lucile Hill Walker, none.
5. Grandparents—Names: Deceased.
6. Brothers and Spouses—Names: None, I am an only child.
7. Sisters and Spouses—Names: None.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

JULIUS W. WALKER.

Parker W. Borg, of the District of Columbia, s Foreign Service Officer of Class two, to be Ambassador Extraordinary and Plenipotentiary of the United States to the Republic of Mali:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Parker W. Borg.
Post: Bamako.
Contributions, amount, date, donee:
1. Self: $50, April 25, 1979; $25, May 15, 1978; $25, March 13, 1977; $25, October 17, 1976; Democratic National Committee.
2. Spouse: None.
3. Children and Spouses—Names: None.
4. Parents—Names: Mr. and Mrs. Lloyd E. Borg, none.
5. Grandparents—Names: Deceased.
6. Brothers and Spouses—Names: None.
7. Sisters and Spouses—Names: Leslie Conway (separated), none; Merrily Babcock (separated), none.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

PARKER W. BORG.

H. Monroe Browne, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States to New Zealand, and to serve concurrently, and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States to Western Samoa:

Contributions are to be reported for the period begining on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: H. Monroe Browne.
Post: Ambassador, New Zealand.
Nominated: March 24, 1981.
Contributions, (if none, write none) amount, date, donee:
1. Self: $1,000, 1979–80, Ronald Reagan.
2. Spouse: $500, 1980, Ronald Reagan.
3. Children and Spouses—Names: Elizabeth Ann Denny, none; Richard Browne, none; David Browne, none.
4. Parents—Names: Mrs. Ruth A. Browne, none.
5. Grandparents—Names: None.
6. Brothers and Spouses—Names: None.
7. Sisters and Spouses—Names: Mr. and Mrs. M. M. Ackerman, none.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

H. MONROE BROWNE.

Richard D. Erb, of Virginia, to be United States Executive Director of the International Monetary Fund for a term of two years.

The above nominations were reported from the Committee on Foreign Relations with the recommendation that they be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs:

Bevis Longstreth, of New York, to be a Member of the Securities and Exchange Commission for the remainder of the term expiring June 5, 1982.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HATCH (for himself, Mr. KENNEDY, Mr. GARN, Mr. CANNON, Mr. LAXALT, Mr. DECONCINI, Mr. RANDOLPH, Mr. INOUYE, Mrs. HAWKINS, Mr. METZENBAUM, Mr. PELL, Mr. HATFIELD, Mr. MATSUNAGA, Mr. MOYNIHAN, Mr. DENTON, and Mr. MATHIAS):

S. 1483. A bill to amend title 28, of the United States Code to make the United States liable for damages to certain individuals, to certain unanium miners, and to certain sheep herds, due to certain nuclear tests at the Nevada Test Site or employment in a uranium mine, and for other purposes; to the Committee on Judiciary and the Committee on Labor and Human Resources, jointly, by unanimous consent.

By Mr. WARNER (for himself, Mr. MCCLURE, and Mr. WALLOP):

S. 1484. A bill to amend section 21 of the act of February 25, 1920, commonly known as the Mineral Leasing Act; to the Committee on Energy and Natural Resources.

By Mr. ROTH:

S. 1485. A bill to amend the Revenue Act of 1978 to provide that, with respect to the amendments allowing the investment tax credit for single purpose agricultural or horticultural structures, credit or refund shall be allowed without regard to the statute of limitations for certain taxable years to which such amendments apply; to the Committee on Finance.

By Mr. MITCHELL:

S. 1486. A bill to amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 to provide compensation for medical expenses caused by hazardous substance releases, and for other purposes; to the Committee on Environment and Public Works.

By Mr. BOREN (for himself, Mr. COHEN, Mr. KASTEN, Mr. PRESSLER, Mr. STEVENS, Mr. HELMS, Mr. BAUCUS, Mr. LUGAR, Mr. PELL, Mr. COCHRAN, Mr. WILLIAMS, Mr. GOLDWATER, Mr. SCHMITT, Mr. DIXON, Mr. RIEGLE, Mr. SYMMS, and Mr. BENTSEN):

S. 1487. A bill to amend the tax laws of the United States to encourage the preservation of independent local newspapers; to the Committee on Finance.

By Mr. HART:

S. 1488. A bill to amend the Atomic Energy Act of 1954 to condition the license the export of certain nuclear equipment and material to certain countries only on their agreement not to obtain access to separated plutonium, and for other purposes; to the Committee on Foreign Relations.

By Mr. BAUCUS:

S. 1489. A bill to direct the Department of the Interior to conduct certain studies related to the Muddy Creek special water quality project; to the Committee on Energy and Natural Resources.

By Mr. HOLLINGS:

S. 1490. A bill to amend the authorization of the demonstration project at Broadway Lake, S.C.; to the Committee on Environment and Public Works.

By Mr. LEAHY (for himself, Mr. ANDREWS, Mr. BAUCUS, Mr. BRADLEY, Mr. CRANSTON, Mr. DANFORTH, Mr. DIXON, Mr. DODD, Mr. DOLE, Mr. DURENBERGER, Mr. HATFIELD, Mr. HEINZ, Mr. HUDDLESTON, Mrs. KASSEBAUM, Mr. KENNEDY, Mr. LEVIN, Mr. LUGAR, Mr. MELCHER, Mr. MITCHELL, Mr. PELL, Mr. PERCY, Mr. PRESSLER, Mr. PROXMIRE, Mr. PRYOR, Mr. SPECTER, Mr. STAFFORD, Mr. TSONGAS, and Mr. INOUYE):

S.J. Res. 98. Joint resolution to authorize and request the President to issue a proclamation designating October 16, 1981, as "World Food Day"; to the Committee on the Judiciary.

JOINT REFERRAL OF S. 1483—RADIATION EXPOSURE COMPENSATION ACT OF 1981

Mr. BAKER. Mr. President, I ask unanimous consent that S. 1483, a bill entitled "Radiation Exposure Compensation Act of 1981," be jointly referred to the Committee on Labor and Human Resources and the Committee on the Judiciary.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HATCH (for himself, Mr. KENNEDY, Mr. GARN, Mr. CANNON, Mr. LAXALT, Mr. DECONCINI, Mr. RANDOLPH, Mr. INOUYE, Mrs. HAWKINS, Mr. METZENBAUM, Mr. PELL, Mr. HATFIELD, Mr. MATSUNAGA, Mr. MOYNIHAN, Mr. DENTON, and Mr. MATHIAS):

S. 1483. A bill to amend title 28, of the United States Code to make the United States liable for damages to certain individuals, to certain uranium miners, and to certain sheep herds, due to certain nuclear tests at the Nevada test site or employment in a uranium mine, and for other purpose; by unanimous consent, referred jointly to the Committee on Labor and Human Resources and the Committee on the Judiciary.

RADIATION EXPOSURE COMPENSATION ACT OF 1981

(The remarks of Mr. HATCH on this legislation appear earlier in today's RECORD.)

By Mr. WARNER (for himself, Mr. McCLURE and Mr. WALLOP):

S. 1484. A bill to amend section 21 of the act of February 25, 1920, commonly known as the Mineral Leasing Act; to the Committee on Energy and Natural Resources.

NATIONAL OIL SHALE LEASING ACT OF 1981

(The remarks of Mr. WARNER on this legislation appear earlier in today's RECORD.)

By Mr. ROTH:

S. 1485. A bill to amend the Revenue Act of 1978 to provide that, with respect to the amendments allowing the investment-tax credit for single purpose agricultural or horticultural structures, credit or refund shall be allowed without regard to the statute of limitations for certain taxable years to which such amendments apply; to the Committee on Finance.

INVESTMENT-TAX CREDIT FOR POULTRY HOUSES

● Mr. ROTH. Mr. President, I am today introducing a bill which is a technical amendment to section 314 of the Revenue Act of 1978 as it relates to certain agricultural or horticultural structures. This legislation will clarify what Congress thought was its clear intent in making available the investment-tax credit for chicken houses and greenhouses.

Congress enacted section 314 in order to clarify its intent and end years of costly court battles. In 1971, the Senate Finance Committee stated the restored investment-tax credit was to be allowed for the construction of special purpose agricultural structures. Despite this expression of intent, the Internal Revenue Service has continued to deny the investment-tax credit to poultry producers, even though numerous court decisions have ruled in favor of the producers.

Because Congress believed the credit had been unfairly denied to poultry farmers by the IRS contrary to congressional intent, the provision enacted in 1978 was made retroactive to August 15, 1971.

However, the IRS has taken the position that the investment tax credit will only be allowed retroactively to taxpayers who disputed the original IRS regulations. In other words, taxpayers who could not afford to fight the IRS and who filed returns according to the Service's interpretation of the 1971 law are now being penalized for following the laws and regulations.

I believe the IRS position is yet another example of law-abiding working Americans being denied equity by the system. The legislative intent of Congress is clear, the investment tax credit for poultry farmers is to "be effective for taxable years which end on or after August 15, 1971."

However, because section 6511 of the Internal Revenue Code limits refunds for credits to 3 years after the tax return is filed, many taxpayers are finding that they are only eligible for the tax credit for expenditures made after 1976.

The legislation I am introducing today would simply give all taxpayers the right to claim the investment tax credit for all taxable years beginning after August 15, 1971. It provides that credit or refund of the investment credit shall be allowed without regard to the statute of limitations.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD following my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1485

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (c) of section 314 of the Revenue Act of 1978 (relating to investment credit for certain single purpose agricultural or horticultural structures) is amended to read as follows:

"(c) EFFECTIVE DATE.—

"(1) IN GENERAL.—The amendments made by subsections (a) and (b) shall apply to taxable years ending after August 15, 1971.

"(2) REFUND OR CREDIT.—If refund or credit of any overpayment of tax resulting from the amendments made by subsections (a) and (b) is prevented on the date of the enactment of this paragraph or at any time within one year after such date by the operation of any law or rule of law (including res judicata), refund or credit of such overpayment (to the extent attributable to such amendments) may, nevertheless, be made or allowed if claim therefor is filed within one year after such date of enactment."●

By Mr. MITCHELL:

S. 1486. A bill to amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 to provide compensation for medical expenses caused by hazardous substance releases, and for other purposes; to the Committee on Environment and Public Works.

ENVIRONMENTAL POISONING COMPENSATION ACT

● Mr. MITCHELL. Mr. President, I am today introducing legislation to redress the imbalance that currently exists in the "Superfund" hazardous waste law.

My bill will provide compensation to persons injured by toxic chemicals, relief that is not now available. The law passed last year by the Congress makes no provision for medical expenses incurred when human beings are harmed by hazardous substances, but permits recovery of expenses incurred when natural resources are damaged by those same substances.

Giving a higher priority to things than to people is misguided, inequitable, and unacceptable. Good health is irreplaceable. When one party acts in a way harmful to another's physical well-being, he should be held responsible for that harm.

Yet, in the law as it is now written, that is not the case. Not only is the guilty party held free from responsibility for taking away a person's health, but the law also does not provide any recourse to the industry-financed fund to compensate for health care.

But the law does place legal responsibility upon those who damage Federal or State natural resources with toxic chemicals. And the Federal and State Governments may also be compensated for damage to those natural resources should the legal process provide inadequate recovery.

Thus, we now have a law that elevates things above people. No longer can a victim of chemical poisoning seek from the fund out-of-pocket medical expenses for an illness resulting from the action or inaction of another party. Indeed, as to the fund, a guilty party can not be held accountable for any damage it has inflicted on a person.

Under the law now, if a toxic waste discharge injuries both a tree and a person, the tree's owner, if it is a government, can promptly recover from the fund for the cost of repairing the damage, but the person cannot. In effect, at least as to the superfund, it is all right to harm people but not trees.

My bill will redress the imbalance in the current law in two ways. First, any person whose health is damaged by exposure to a hazardous substance may recover his or her medical expenses from the "Superfund," which is financed primarily through a tax on those who make chemicals. This is an extension of the existing law which now permits recovery for the expense of cleaning up hazardous wastes and for demage to Federal and State natural resources. Without this source of compensation, an individual, made temporarily ill or permanently impaired by chemical exposure, is burdened with medical bills, because of the action of another party.

I ask my colleagues: To what higher use could this fund be put? What is more precious than good health? The answer of course, is nothing.

Second, any person harmed as a result of exposure to a hazardous substance will be given a cause of action against a responsible party. This is simply an extension of the cause of action provided in current law to pursue those who damage federally or State owned natural resources, and those who do not fulfill their legal responsibility to clean up releases of hazardous substances into the environment. Without this change in the law, persons whose health is impaired by these wastes must bear the financial burden of health care made necessary by circumstances out of their control.

When Congress enacted the existing law, it made the judgment that the judicial process may be inadequate, or too slow, or too expensive, for the recovery of cleanup costs, or for natural resource damages. If this is so with respect to the land and water, why is the status quo acceptable for recovery of damages to human health? I do not believe this is acceptable, and my amendments to the current law will address this serious shortcoming.

Mr. President, we should not delude ourselves that the hazardous waste prob-

lem is solved simply because we passed a law. Today there are as many dangerous dump sites, as many threatened water supplies, and as many people at risk as there were before the law was passed. We have just begun. And, until the law provides compensation for human beings, we have not yet begun to address the real tragedy of chemical poisons—injury to humans.

When the superfund law was passed by the Senate last year, I reminded this body that we were denying real individuals help. I quoted testimony from a distraught mother whose son is one of the human tragedies of Love Canal. That mother, Ann Hillis wrote to me recently to tell me more about her son. She said:

After over two years of unbelievable mental anguish and also fighting for what I thought were our Constitutional Rights, the right to live in a safe environment, our family has relocated to what we pray is a little better environment. But the anguish goes on, I smile and lead as normal a life as I can, but at times and in the quiet of the night I think about the lumps in my son's lymph glands, what are they? Why have they not gone away? I also think if he will have to forego the wonderment of siring and watching his own child grow, for he will have to make this decision, he has to think about the chromosome damage he may have.

My son has had too much physical, psychic trauma for his young years, but my child and all the others should have the right to know, the right to have testing, if they so wish.

As money prevented our leaving Love Canal in the early days of awareness, so does it prevent the testing and other help he may need.

Yes, I have a paranoia for my child and all the other children.

I cry for my earth, I cry for my Government, and most of all, I cry for the children, with as many as 50,000 waste dumps all over our land, I cry.

Mr President, the people who suffer now from exposure to these chemicals poisons have asked for our help. We have let them down once. We cannot let them down again.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1486

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Environmental Poisoning Compensation Act."

SEC. 2. Section 107(a) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (Public Law 96–510) shall be amended by adding the following:

"(D) any out-of-pocket medical expenses, including diagnostic services, rehabilitation costs, and burial costs, for personal injury resulting from such a release".

SEC. 3. Section 107(c)(1) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Public Law 96–510) is amended by inserting before "shall not exceed" the following: "(other than for damages specified in subparagraph (D) of subsection (a) of this section)".

SEC. 4. Section 111(b) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Public Law 96–510) is amended to read as follows:

"(b) Claims asserted and compensable but unsatisfied under provisions of section 311 of the Clean Water Act which are modified by section 304 of this Act, may be asserted against the Fund under this title. The following other claims resulting from a release or threat of release of a hazardous substance from a vessel or a facility may be asserted against the Fund under this title:

"(1) any out-of-pocket medical expenses, including diagnostic services, rehabilitation costs and burial costs;

"(2) any injury to, destruction of, or loss of natural resources, including the costs of assessing such injury, destruction or loss: *Provided,* That any such claim may be asserted only by the President, as trustee, or by any State for natural resources within the boundary of that State belonging to, managed by, controlled by, or appertaining to the State."

SEC. 5. (a) Section 101(6) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Public Law 96–510) is amended by striking "injury" and inserting in lieu thereof "personal injury."

(b) Section 111(e)(2) of the Comprehensive Environmental Response Compensation and Liability Act of 1980 (Public Law 96–510) is amended by striking "85" and inserting in lieu thereof "66⅔".

SEC. 6. Section 303 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Public Law 96–510) is amended to read as follows:

"SEC. 303. Unless reauthorized by the Congress, the authority to collect taxes inferred by this Act shall terminate on September 30, 1985, or when the sum of the amounts received in the Response Trust Fund totals $3,000,000,000, whichever first occurs.●

By Mr. BOREN (for himself, Mr. COHEN, Mr. KASTEN, Mr. PRESSLER, Mr. STEVENS, Mr. HELMS, Mr. BAUCUS, Mr. LUGAR, Mr. PELL, Mr. COCHRAN, Mr. WILLIAMS, Mr. GOLDWATER, Mr. SCHMITT, Mr. DIXON, Mr. RIEGLE, Mr. SYMMS, and Mr. BENTSEN):

S. 1487. A bill to amend the tax laws of the United States to encourage the preservation of independent local newspapers; to the Committee on Finance.

INDEPENDENT LOCAL NEWSPAPER ACT OF 1981

● Mr. BOREN. Mr. President, over the past 30 years, a profound phenomenon has occurred in the ownership of newspapers in this country. While the number of daily newspapers has remained fairly constant, at 1,750, the growth of groups or chains has become predominant. Today, almost two-thirds of the daily newspapers are owned by chains and media conglomerates. More significant is the fact that these chains control more than 72 percent of all daily circulation. The four largest chains control 30 percent of the Nation's daily newspaper circulation, while the 25 largest chains control over 50 percent of all daily circulation. At present, there are just over 600 independently owned dailies left.

Why do the independents sell out? Obviously, the high prices are too great a temptation for some, and others find there is no interest in the next generation of their families to operate an independent newspaper. However, the most significant cause of sales to the chains may be found in the Federal estate tax laws. The Internal Revenue Services bases its valuation of an estate on the amount a willing buyer will pay a willing seller. Thus, while an independent newspaper owner may consider value to be 10 to 15 times earnings, the IRS must look to the amount a chain would pay for an independent, that is, 40 to 60 times earnings.

Here is an example. If a newspaper were earning $250,000 per year, its value to a chain might be as high as $12,500,000. The estate tax, at 70 percent, would be over $8.5 million. Should the heir to a newspaper seek to borrow such sums to pay estate taxes, the annual cost of interest on the loan would be more than three times the newspaper's earnings. Is it any wonder that the heirs must sell, or that an owner sells prior to death to put his estate in order?

The Independent Local Newspaper Act offers a novel approach to the estate tax problem. Rather than seek a lower tax rate for newspapers, or exemption or exclusions from the sums to be paid, the bill provides for a form of prepayment of the estate tax. This is to avoid the catastrophic situation now facing the heirs to a newspaper. This act would allow the owners of an independent newspaper to establish an advance estate tax payments trust, to be funded by corporate earnings with not more than 50 percent of pretax income of the newspaper in any year. The contributions to and income of the trust may be invested solely in obligations of the United States. Excess funding of the trust is expressly prohibited. The funds accumulated in the trust may be used only to pay the estate taxes of the owners of the newspaper.

This advance estate tax payment trust does offer major tax benefits to owners of independent newspapers. The funding is with pretax income of the newspaper, and sums in the trust are recognized that with a valuation of 40 to 60 times earnings, it will be difficult to fully fund the trust, and there must be an incentive for funding. However, if the owners of the newspapers having established such a trust sell their newspaper, the bill provides for penalties which would amount to some 118 percent of the funds in the trust. The bill also has a recapture provision should the heirs attempt to sell the newspaper after having benefited from the trust.

I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD as follows:

S. 1487

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This Act may be cited as the "Independent Local Newspaper Act of 1981".

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section

or other provision of the Internal Revenue Code of 1954.

(c) TABLE OF CONTENTS.—

TABLE OF CONTENTS

Sec. 1. Short title, etc.
(a) Short title.
(b) Amendment of 1954 Code.
(c) Table of contents.
Sec. 2. Certain advance estate tax payment trusts.
(a) In general.
(b) Clerical amendment.
(c) Conforming amendments.
(d) Effective date.
Sec. 3. Extension of time for payment of estate tax where estate includes interests in independent local newspapers.
(a) In general.
(b) Clerical amendment.
(c) Conforming amendments.
(d) Effective date.

SEC. 2. CERTAIN ADVANCE ESTATE TAX PAYMENT TRUSTS.

(a) IN GENERAL.—Subchapter F of chapter 1 (relating to exempt organizations) is amended by adding at the end thereof the following new part:

"PART VIII—CERTAIN ADVANCE ESTATE TAX PAYMENTS TRUSTS

"SEC. 529. INDEPENDENT LOCAL NEWSPAPER ADVANCE ESTATE TAX PAYMENT TRUST.

"(a) Requirements for Qualification.—A trust created or organized in the United States for an individual has an interest in an independent local newspaper business shall constitute a trust qualified under this section if—

"(1) the trust is created pursuant to a plan adopted by such independent local newspaper business;

"(2) the plan adopted—

"(A) requires the creation of trusts conforming to the requirements of paragraph (3) for one or more individuals having an interest in such independent local newspaper business.

"(B) requires contributions to be made to such trusts by such independent local newspaper business during the period described in paragraph (3) (D) exclusively for the purpose described in paragraph (3) (F), and

"(C) limits the aggregate contributions to such trusts for any taxable year to 50 percent of the taxable income derived from the independent local newspaper business (determined as provided in subsection (e)); and

"(3) the written governing instrument creating each such trust meets the following requirements:

"(A) the contributions to and income of the trust will be invested solely in obligations of the United States except for cash on hand or in bank accounts pending such investment;

"(B) the trustee is a bank (as defined in section 401(d)(1)) or such other person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will administer the trust will be consistent with the requirements of this section;

"(C) the assets of the trust will not be commingled with other property except in a common trust fund;

"(D) the contributions to the trust will be made exclusively by such independent local newspaper business during the lifetime of the individual for whom such trust is created, and after his death during the period (including any extension period) prior to payment of the tax imposed by section 2001;

"(E) the assets of the trust will be devoted exclusively to the prompt payment of the tax imposed by section 2001 which is attributable to the interest in such independent local newspaper business includable in the gross estate of such individual, except to the extent of any excess funding of the trust; and

"(F) any excess funding of the trust will be distributed to such individual if living or if deceased to his estate within 65 days of the determination of such excess funding.

"(b) LIMITATION.—In the case of an individual who has an interest in more than 1 independent local newspaper business, a trust qualified under this section may be created or organized only with respect to the interest in 1 (and not more than 1) such independent local newspaper business includable in the gross estate of such individual.

"(c) DEFINITIONS AND SPECIAL RULES.—

"(1) DEFINITIONS.—For purposes of this section—

"(A) INDEPENDENT LOCAL NEWSPAPER BUSINESS.—The term 'independent local newspaper business' means—

"(i) a proprietorship which publishes an independent local newspaper;

"(ii) a partnership which publishes an independent local newspaper and which has none of its outstanding partnership interests traded in an established securities market; or

"(iii) a corporation which publishes an independent local newspaper and which has none of its outstanding capital stock traded in an established securities market.

"(B) INTEREST IN AN INDEPENDENT LOCAL NEWSPAPER BUSINESS.—The term 'interest in an independent local newspaper business means—

"(i) the interest of the proprietor in a proprietorship described in subparagraph (A)(i) to the extent the value of such interest is attributable to the independent local newspaper published by such proprietorship;

"(ii) the interest of a partner in a partnership described in subparagraph (A)(ii) to the extent the value of such interest is attributable to the independent local newspaper published by such partnership; or

"(iii) the stock of a corporation described in subparagraph (A)(iii) to the extent the value of such stock is attributable to the independent local newspaper published by such corporation.

"(C) INDEPENDENT LOCAL NEWSPAPER.—The term 'independent local newspaper' means a newspaper publication which is not one of a chain of newspaper publications and which has all of its publishing offices (containing its principal editorial, reportorial, circulation, and business staff) in a single city, community, or metropolitan area, or, on January 1, 1981, within one State.

"(D) CHAIN OF NEWSPAPER PUBLICATIONS.—The term 'chain of newspaper publications' means 2 or more newspaper publications which are not published in a single city, community, or metropolitan area or, on January 1, 1981, within one State and are controlled, directly or indirectly, by the same person or persons.

"(E) EXCESS FUNDING.—The term 'excess funding' means the excess of the face value of the assets of a trust qualified under this section over—

"(i) 70 percent of the value of the interest in an independent local newspaper business which would be includable in the gross estate of the individual for whom such trust was created; or

"(ii) in the case of a decedent, the tax imposed by section 2001 which is attributable to the interest in an independent local newspaper business included in the gross estate of such decedent.

"(F) ATTRIBUTABLE ESTATE TAX.—The term 'the tax imposed by section 2001 which is attributable to the interest in an independent local newspaper business' means the excess of the tax imposed by section 2001 over the tax which would have been imposed if the interest in an independent local newspaper business had not been included in the gross estate of the decedent.

"(2) SPECIAL RULES.—For purposes of this subsection—

"(A) TIME FOR DETERMINATIONS.—Except as otherwise provided by subsection (d) or (g)—

"(i) in the case of an individual, all determinations shall be made as of December 31 of each calendar year, and

"(ii) in the case of a decedent, all determinations shall be made as of the time the tax imposed by section 2001 is finally determined.

"(B) CONTROLLED GROUP OF CORPORATIONS.—In applying paragraphs (1)(A)(iii), (1)(C), and (1)(D) of subsection (c), if a corporation is a member of a controlled group of corporations (as defined by section 1563 but substituting the phrase '50 percent' for the phrase '80 percent' each place appearing therein), the determination whether such corporation is publishing an independent local newspaper shall be made by treating all members of such controlled group as a single corporation.

"(C) VALUE ATTRIBUTABLE TO INDEPENDENT LOCAL NEWSPAPER.—In applying paragraph (1)(B)(ii) or (iii) of subsection (c), the determination of the value of an interest in a partnership or the stock of a corporation which is attributable to an independent local newspaper shall, except in the case of a decedent, be made by apportioning the net fair market value of such independent local newspaper (determined as a separate going business concern) proportionately among all the outstanding interests in such partnership or proportionately among all the outstanding shares of the capital stock of such corporation, as the case may be, except that the apportionment made to a partnership interest or corporate preferred stock possessing limited equity participation rights shall not exceed such limited equity participation rights.

"(D) CERTAIN INDIRECT INTERESTS.—In applying paragraph (1)(B) of subsection (c), if an individual is the grantor of a trust which holds an interest in an independent local newspaper business and is treated as the owner of such interest by section 671, or is the beneficiary of a trust which holds an interest in an independent local newspaper business and a deduction was allowed with respect to such interest by section 2056(a), such individual shall be treated as owning the interest held by such trust to the extent such interest is includable in the gross estate of such individual.

"(d) TAX TREATMENT OF QUALIFIED TRUST AND THE INDIVIDUAL FOR WHOM ESTABLISHED.—

"(1) EXEMPTION FROM TAX UNDER THIS TITLE.—

"(A) QUALIFIED TRUST.—Any trust qualified under this section is exempt from taxation under this title except to the extent otherwise provided by paragraph (2).

"(B) INDIVIDUAL FOR WHOM ESTABLISHED.—Except to the extent otherwise provided by paragraph (2), any individual for whom there is created a trust qualified under this section, and the estate of any such individual, is exempt from taxation under this title with respect to—

"(i) such trust and the contributions made to, the gross income earned by, and the payments of the tax imposed by section 2001 made by, such trust in accordance with its governing instrument, and

"(ii) the distributions, if any, made by the independent local newspaper business to any other person who has an interest in such independent local newspaper business on account of the contributions made to such trust.

Any other person who has an interest in such independent local newspaper business shall also be exempt from taxation under this title with respect to such trust (including the contributions to, gross income of, and payments made by such trust).

"(2) TERMINATION OF TAX EXEMPT STATUS.—

"(A) EVENTS CAUSING LOSS OF QUALIFICATION.—If a trust qualified under this section is not administered in conformity with any of the requirements specified in subsection (a) and the regulations prescribed by the Secretary to carry out the purposes of this section, then the trust shall cease to be exempt from taxation under this title and the assets of the trust shall be distributed to the individual by or for whom such trust was created if he is then living or if he is then deceased shall be distributed to his estate.

"(B) DISPOSITIONS AND OTHER EVENTS CAUSING EXCESS FUNDING.—If at any time—

"(i) any part of the interest in an independent local newspaper business is sold, exchanged, or otherwise disposed of (other than under the individual's will or applicable law of descent and distribution) or becomes traded in an established securities market, and such event results in the excess funding of a trust qualified under this section;

"(ii) the local independent newspaper ceases to be published or is sold or otherwise disposed of or ceases to qualify as a newspaper publication which is not one of a chain of newspaper publications; or

"(iii) there is for any other reason an excess funding of a trust qualified under this section;

then the amount of such excess funding shall be distributed to the individual for whom such trust was created if he is then living or if he is then deceased shall be distributed to his estate.

"(C) TAXATION OF DISTRIBUTED AMOUNTS.—

"(i) INDIVIDUAL.—Any amount distributed to the individual for whom such trust was created shall be included in the gross income of such individual for the taxable year of distribution.

"(ii) ESTATE.—Any amount distributed to the estate of a decedent shall be included in the gross income of the estate for the taxable year of distribution as an item of income in respect of a decedent subject to section 691, and shall be included in the decedent's gross estate in determining the tax imposed by section 2001.

"(e) TAX TREATMENT OF INDEPENDENT LOCAL NEWSPAPER BUSINESS.—

"(1) DEDUCTION FOR CONTRIBUTIONS.—Any contribution made by an independent local newspaper business to a trust qualified under this section in accordance with the terms of the governing instrument of such trust shall be deductible under section 162 provided such contribution is paid to the trust during the taxable year and at a time when the trust is exempt from taxation under this title. For purposes of this paragraph, an independent local newspaper business shall be deemed to have made a payment on the last day of the taxable year if the payment is on account of such taxable year and is not made later than the time prescribed by law for filing the return for such taxable year (including extensions thereof).

"(2) LIMITATIONS ON DEDUCTION FOR CONTRIBUTIONS.—

"(A) EXCESS FUNDING.—No deduction under section 162 shall be allowed for any contribution to the extent such contribution results in the excess funding of a trust qualified under this section.

"(B) 50 PERCENT OF TAXABLE INCOME.—No deduction under section 162 shall be allowed for any contribution to the extent the aggregate contributions made during the taxable year exceeds 50 percent of the taxable income derived from such independent local newspaper (determined on a separated basis and without regard to such contributions) for the taxable year.

"(3) RECAPTURE OF DEDUCTIONS FOR PRIOR CONTRIBUTIONS.—If at any time a trust qualified under this section is required to make a distribution described in subsection (d)(2) and if an independent local newspaper business realized a tax benefit as a result of prior contributions to such trust, then such independent local newspaper business (and in the case of a deceased proprietor his estate) shall include in its gross income for the taxable year ending with or during the taxable year of such distribution or if none, for the taxable year immediately preceding the taxable year of such distribution an amount equal to the lesser of—

"(A) the amount required to be distributed under paragraph (2), or

"(B) the prior contributions made to such trust as to which a tax benefit was realized.

"(f) INADVERTENT EXCESS FUNDING.—If there is excess funding of a trust qualified under this section for any calendar year and such excess funding is due solely to a decrease in, or to a good faith dispute concerning, the value of the interest in an independent local newspaper business held by or includable in the gross estate of the individual for whom such trust was created, then the determination of the amount of such excess funding shall be postponed to, and shall be made as of, the last day of the fifth calendar year immediately following such calendar year (or in the event of such individual's earlier death, the date of the determination of the tax imposed by section 2001) and the amount of any excess funding existing on the last day of such fifth calendar year (or the date of such determination) shall be distributed to such individual (or if he is then deceased shall be distributed to his estate).

"(g) TAX TREATMENT OF DISPOSITIONS BY HEIR OR LEGATEE.—

"(1) RECAPTURE OF ESTATE TAX BENEFITS.—If, at any time within 15 years after the death of the individual for whom a trust qualified under this section was created—

"(A) A trust described in paragraph (2)(D) of subsection (c), or any person receiving under such individual's will or applicable law of descent and distribution, sells, exchanges or otherwise disposes of any part of the interest in the independent local newspaper business with respect to which the qualified trust was created, or

"(B) the local independent newspaper is sold or otherwise disposed of or ceases to qualify as a newspaper publication which is not one of a chain of newspaper publications, then the estate tax of such individual shall be redetermined, as of the date of such disposition or other event, by including as part of the gross estate of such individual an amount equal to the payment made by such trust of the tax imposed by section 2001 which is attributable, in the case of such a disposition, to the interest disposed of, or in the case of any such other event, to the interest in the independent local newspaper business included in the gross estate of such individual.

"(2) SELLS, EXCHANGES, OR OTHERWISE DISPOSES OF.—For purposes of paragraph (1), the term 'sells, exchanges, or otherwise disposes of' does not include—

"(A) an exchange of stock pursuant to a plan of reorganization described in subparagraph (E) or (F) of section 368(a)(1),

"(B) a distribution or exchange of stock pursuant to a plan of reorganization described in subparagraph (D) of section 368(a)(1) or a distribution to which section 355 (or so much of section 356 as relates to section 355) applies by reason of subsection (h), or

"(C) a transfer or distribution to an executor or trustee, or by an executor or trustee, or a person entitled to receive such interest, under a will, applicable laws of descent and distribution or governing trust instrument,

but the person receiving the interest in the independent local newspaper business with respect to which such qualified trust was created shall be subject to this section.

"(3) EXTENSION OF PERIOD FOR ASSESSMENT AND COLLECTIONS.—Any additional estate tax owing as a result of such redetermination shall be immediately due and payable by the person making such disposition, or the persons holding the interest in the independent local newspaper business as of the date of such other event, as the case may be, and the periods of limitations provided in sections 6501 and 6502 on the making of assessments and the collection by levy or a proceeding shall with respect to any deficiency (including interest and additions to the tax resulting from such redetermination) include 1 year immediately following the date on which the Secretary is notified of such disposition or other event in accordance with regulations prescribed by the Secretary, and such assessment and collection may be made notwithstanding any provision of law or rule of law to the contrary.

"(4) PHASEOUT OF ANY ADDITIONAL ESTATE TAX.—If the date of disposition or such other event occurs more than 120 months and less than 180 months after the death of such individual, the amount of any additional estate tax shall be reduced (but not below zero) by an amount determined by multiplying the amount of such tax (determined without regard to this paragraph) by a fraction—

"(A) the numerator of which is the number of full months after such individual's death in excess of 120, and

"(B) the denominator of which is 60.

"(h) SPIN-OFF OF UNRELATED BUSINESS.—

"(1) GENERAL REQUIREMENTS.—If an independent local newspaper business described in paragraph (1)(A)(iii) of subsection (c) adopts a plan described in subsection (a) and is engaged in the active conduct of a trade or business in addition to the publication of an independent local newspaper, each of which satisfies the requirements of section 355(b)(2), then the distribution to its shareholders of stock of a controlled corporation (as defined in section 355(a)(1)(A)) engaged in the active conduct of such other trade or business or of such newspaper, so that the determination of the value of its stock attributable to its independent local newspaper is facilitated, shall be treated as satisfying the requirements of section 355(a)(1)(B) (including the required corporate business purpose) provided that the following conditions are satisfied:

"(A) The distributee shareholders do not, prior to the fifth anniversary of the date of distribution, sell, exchange or otherwise dispose of the stock of either the distributing corporation (as defined in section 355(a)(1)(A)) or the controlled corporation except—

"(i) pursuant to a redemption described in section 303 or a plan of reorganization described in section 368(a)(1)(D), (E) or (F),

"(ii) by will or by the laws of descent or distribution, or

"(iii) in the case of a distributee corporation or trust, by distribution to its shareholders or beneficiaries;

"(B) The distributee shareholders (including the successors-in-interest to a deceased distributee shareholder and the shareholders or beneficiaries of a distrubutee corporation or trust) retain control (as defined in section 368(c)) of the distributing corporation and controlled corporation throughout the 5-year period ending on the

fifth anniversary of the date of distribution; and

"(C) The distributing corporation and the controlled corporation each continue to be engaged in the active conduct of the trade or business conducted on the date of distribution throughout the 5-year period ending on the fifth anniversary of the date of distribution.

"(2) EXTENSION OF PERIOD FOR ASSESSMENT AND COLLECTION.—If the distributing corporation or controlled corporation fails to meet the conditions contained in paragraph (1)(C) or if the distributee shareholders (including the successor-in-interest to a deceased distributee shareholder and the shareholders or beneficiaries of a distributee corporation or trust) fail to meet the conditions contained in subparagraphs (A) or (B) of paragraph (1) during any taxable year within 5 years from the date of distribution, then the periods of limitations provided in sections 6501 and 6502 on the making of an assessment and the collection by levy or a proceeding shall not expire, with respect to any deficiency (including interest and additions to the tax) resulting from such failure, until 1 year after the date on which the distributing corporation, the controlled corporation, or a distributee shareholder (including the successors-in-interest to a deceased distributee shareholder and the shareholders or beneficiaries of a distributee corporation or trust) notifies the Secretary of such failure in accordance with regulations prescribed by the Secretary, and such assessment and collection may be made notwithstanding any provision of law or rule of law to the contrary.

"(3) INVOLUNTARY CHANGE OF TRADE OR BUSINESS.—The distributing corporation and the controlled corporation shall be treated as meeting the conditions of paragraph (1)(C) if—

"(A) one of such corporations ceases to be engaged in the trade or business such corporation conducted on the date of distribution as a result of—

"(i) an involuntary conversion,

"(ii) an order of a governmental regulatory agency, or

"(iii) a contested or consent order of any Federal court, and

"(B) the other such corporation continues throughout the 5-year period described in paragraph (1)(C) to actively conduct the trade or business which such other corporation conducted on the date of distribution.

"(i) APPLICABILITY.—This section shall be applicable to trusts created after December 31, 1980.

"(j) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to the application of this section.

"(k) CROSS REFERENCES.—

"(1) ESTATE TAX.—For the exclusion from the gross estate of a decedent of a trust qualified under this section, see section 2046.

"(2) INCOME IN RESPECT OF DECEDENT.—For the taxation of income in respect of a decedent, see section 691.".

(b) CLERICAL AMENDMENT.—The table of parts for subchapter F of chapter 1 is amended by adding at the end thereof the following new item:

"PART VIII. CERTAIN ADVANCE ESTATE TAX PAYMENT TRUSTS.".

(c) CONFORMING AMENDMENTS.—

(1) Section 2002 (relating to liability for payment of estate taxes) is amended by striking out "executor." and inserting in lieu thereof "executor except to the extent paid by an independent local newspaper advance estate tax payment trust as provided by section 529.".

(2) Section 2013 is amended by adding at the end thereof the following new subsection:

"(h) TAX IMPOSED UNDER SECTION 2046 ON CERTAIN INDEPENDENT LOCAL NEWSPAPER ADVANCE TAX PAYMENT TRUSTS.—For purposes of this section, if section 2046 applies to exclude any property from the gross estate of the transferor and an additional tax is imposed with respect to such property under section 259(g)—

(1) the additional tax imposed by section 529(g) shall be treated as a Federal estate tax payable with respect to the estate of the transferor; and

"(2) the value of such property and the amount of the taxable estate of the transferor shall be determined as if section 2046 did not apply with respect to such property.".

(3) Part III of subchapter A of chapter 11 (relating to gross estate) is amended by adding at the end thereof the following new section:

"SEC. 2046. EXCLUSION OF NEWSPAPER TRUST.

"Notwithstanding any other provision of law, the value of the gross estate shall not include the value of any interest of the decedent at the time of his death, or any tax payment made by him, an independent local newspaper advance estate tax payment trust to the extent provided by section 529.".

(4) The table of sections for part III of subchapter A of chapter 11 of subtitle B is amended by adding at the end thereof the following new item:

"Sec. 2046. Exclusion of newspaper trust.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable years ending after December 31, 1980.

SEC. 3. EXTENSION OF TIME FOR PAYMENT OF ESTATE TAX WHERE ESTATE INCLUDES INTEREST IN INDEPENDENT LOCAL NEWSPAPER.

(a) IN GENERAL.—Subchapter B of chapter 62 (relating to extension of time for payment of estate tax) is amended by adding after section 6166A the following new section:

"SEC. 6166B. EXTENSION OF TIME FOR PAYMENT OF ESTATE TAX WHERE ESTATE INCLUDES INTEREST IN INDEPENDENT LOCAL NEWSPAPER.

"(a) EXTENSION PERMITTED.—If an interest in an independent local newspaper business is included in the gross estate of a decedent who was (at the date of his death) a citizen or resident of the United States, the executor may elect to pay, in 2 or more (but not exceeding 10) equal installments, part or all of the tax imposed by section 2001 attributable to the interest in 1 (but not more than 1) such independent local newspaper business. Any such election shall be made not later than the time prescribed by section 6075(a) for filing the return of such tax (including extensions thereof), and shall be made in such manner as the Secretary shall by regulations prescribe. If an election under this section is made, the provisions of this subtitle shall apply as though the Secretary were extending the time for payment of the tax.

"(b) LIMITATION.—The maximum amount of tax which may be paid in installments as provided in this section shall be—

"(1) the excess of—

"(A) the amount of tax imposed by section 2001 on the estate of the decedent, over

"(B) the tax which would have been imposed under section 2001 if the interest in an independent local newspaper business had not been included in the gross estate of the decedent, reduced by

"(2) all payments of the tax imposed by section 2001 which are made by an independent local newspaper advance estate tax payment trust described in section 529 at or before the time prescribed by section 6075(a) for filing the return of such tax (including extensions thereof).

"(c) DEFINITIONS AND SPECIAL RULES.—

"(1) DEFINITIONS.—For purposes of this section, the terms 'independent local newspaper business', 'interest in an independent local newspaper business', 'independent local newspaper', and 'a chain of newspaper publications' have the meaning given such terms in section 529(c).

"(2) SPECIAL RULE.—For purposes of this subsection—

"(A) TIME FOR DETERMINATIONS.—Except as otherwise provided by paragraph (3) of subsection (c), all determinations shall be made as of the time immediately before the decedent's death.

"(B) CONTROLLED GROUP OF CORPORATIONS.—In applying paragraphs (1)(A)(iii), (1)(C), and (1)(D) of subsection (c), if a corporation is a member of a controlled group of corporations (as defined by section 1563 but substituting the phrase '50 percent' for the phrase '80 percent' each place appearing therein), the determination whether such corporation is publishing an independent local newspaper shall be made by treating all members of such controlled group of corporations as a single corporation.

"(C) CERTAIN INDIRECT INTERESTS.—In applying paragraph (1)(B) of subsection (c), if an individual is the grantor of a trust which holds an interest in an independent local newspaper business and is treated as the owner of such interest by section 671, or is the beneficiary of a trust which holds an interest in an independent local newspaper business and a deduction was allowed with respect to such interest by section 2056(a), such individual shall be treated as owning the interest held by such trust to the extent such interest is includable in the gross estate of such individual.

"(d) DATE FOR PAYMENT OF INSTALLMENTS.—If an election is made under subsection (a), the first installment shall be paid on or before the date selected by the executor which is not more than 5 years after the date prescribed by section 6151(a) for payment of the tax, and each succeeding installment shall be paid on or before the date which is 1 year after the date prescribed by this subsection for payment of the preceding installment.

"(e) PRORATION OF DEFICIENCY TO INSTALLMENTS.—If an election is made under subsection (a) to pay any part of the tax imposed by section 2001 in installments and a deficiency has been assessed, the deficiency shall (subject to the limitation provided by subsection (b)) be prorated to such installments. The part of the deficiency so prorated to any installment the date for payment of which has not arrived shall be collected at the same time as, and as a part of, such installment. The part of the deficiency so prorated to any installment the date for payment of which has arrived shall be paid upon notice and demand from the Secretary. This subsection shall not apply if the deficiency is due to negligence, to intentional disregard of rules and regulations, or to fraud with intent to evade tax.

"(f) INTEREST.—If the time for payment of any amount of tax has been extended under this section, interest payable under section 6601 on any unpaid portion of such amount shall be paid annually on each anniversary of the date prescribed by section 6151(a) for payment of the tax. Interest, on that part of a deficiency prorated under this section to any installment the date for payment of which has not arrived, for the period before the date fixed for the last installment preceding the assessment of the deficiency, shall be paid upon notice and demand from the Secretary.

"(g) ACCELERATION OF PAYMENT.—

"(1) DISPOSITION OF INTEREST.—If any part of the interest in an independent local newspaper business is sold or exchanged or otherwise disposed of (including by means of a distribution), then the extension of time for payment of tax provided in this section shall cease to apply with respect to the tax attributable to the interest sold, exchanged or otherwise disposed of and any unpaid portion of such tax shall be due and payable upon notice and demand by the Secretary. The tax attributable to such interest shall bear the same proportion to the total tax as to which an extension has been granted as the value of the interest so disposed of bears to the total value of the interest as to which such extension has been granted.

"(2) TERMINATION OF STATUS OF INDEPENDENT LOCAL NEWSPAPER.—If any part of the interest in the independent local newspaper business becomes traded in an established securities market, or if the independent local newspaper ceases to be published or is sold or otherwise disposed of or ceases to qualify as a newspaper publication which is not one of a chain of newspaper publications, the unpaid portion of the tax payable in installments shall be due and payable upon notice and demand from the Secretary.

"(3) FAILURE TO PAY INSTALLMENT.—If any installment under this section is not paid on or before the date fixed for its payment by this section (including any extension of time for the payment of such installment), the unpaid portion of the tax payable in installments shall be paid upon notice and demand from the Secretary.

"(4) EXCEPTIONS.—

"(A) Paragraph (1) does not apply to an exchange of stock pursuant to a plan of reorganization described in subparagraph (E) or (F) of section 368(a)(1), but any stock received in such an exchange shall be treated for purposes of such paragraph as an interest qualifying under subsection (a).

"(B) Paragraph (1) does not apply to a distribution of stock pursuant to a plan of reorganization described in subparagraph (D) of section 368(a)(1) or a distribution to which section 355 (or so much of section 356 as relates to section 355) applies by reason of section 529(g).

"(C) Paragraph (1) does not apply to a transfer of property of the decedent by the executor to a person entitled to receive such property under the decedent's will or under the applicable law of descent and distribution.

"(h) APPLICABILITY.—This section shall apply to the estate of decedents dying after December 31, 1980.

"(i) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to the application of this section.

"(j) CROSS REFERENCES.—

"(1) SECURITY.—For authority of the Secretary to require security in the case of an extension under this section, see section 6165.

"(2) LIEN.—For special lien (in lieu of bond) in the case of an extension under this section, see section 6324A.

"(3) PERIOD OF LIMITATION.—For extension of the period of limitation in the case of an extension under this section, see section 6503(d).

"(4) INTEREST.—For provisions relating to interest on tax payable in installments under this section, see subsection (j) of section 6601.".

(b) CLERICAL AMENDMENT.—The table of sections for subchapter B of chapter 62 is amended by adding after section 6166A the following new item:

"Sec. 6166B. Extension of time for payment of estate tax where estate includes interest in independent local newspaper.".

(c) CONFORMING AMENDMENTS.—

(1) Section 6166A(b) is amended by striking out "The maximum" and inserting in lieu thereof "No election may be made under this section if an election under section 6166 or 6166B applies with respect to the estate of such decedent, and the maximum".

(2) The following provisions are each amended by striking out "or 6166A" each place it appears therein and inserting in lieu thereof ", 6166A, or 6166B":

(A) section 2204(a),
(B) section 2204(b),
(C) section 2204(c),
(D) section 6324A(a),
(E) section 6324A(c)(2),
(F) section 6324A(e)(1),
(G) section 6324A(e)(3), and
(H) section 6324A(e)(4).

(3) Paragraph (4) of section 6166(a) is amended by striking out "section 6166A" and inserting in lieu thereof "section 6166A or 6166B".

(4) Section 6324A is amended—

(A) by striking out "or 6166(h)" in paragraphs (3) and (5) and inserting in lieu thereof ", 6166A(h), or 6166B(g)", and

(B) by striking out "OR 6166A" in the heading and inserting in lieu thereof ", 6166A, OR 6166B".

(5) Subsection (d) of section 6503 is amended by striking out "or 6166A" and inserting in lieu thereof "6166A, or 6166B".

(6) Subsection (j) of section 6601 is amended by striking out "6166" each place it appears in the text and caption thereof and inserting in lieu thereof "6166 or 6166B".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to the estates of decedents dying after December 31, 1980.●

By Mr. HART:

S. 1488. A bill to amend the Atomic Energy Act of 1954 to condition the license the export of certain nuclear equipment and material to certain countries only on their agreement not to obtain access to separated plutonium, and for other purposes; to the Committee on Foreign Relations.

NUCLEAR NON-PROLIFERATION ACT AMENDMENTS OF 1981

● Mr. HART. Mr. President, every civilization one day reaches the critical point at which it must either control the technology it has created or face certain destruction. It seems hard to deny we have reached, or are rapidly approaching, that point in our development of nuclear energy. We have tried to convince ourselves that the threat of nuclear destruction comes primarily from the expanding nuclear weapons arsenals of the current nuclear weapons states, rather than from the introduction of civilian nuclear power throughout the world. Yet nuclear equipment and materials, even if dedicated to such peaceful purposes as the generation of electricity, can be misused to build nuclear bombs.

We have consistently contended that a sharp, inviolable line separates the military and civilian uses of nuclear energy. The very name of President Eisenhower's atoms for peace program embodies that distinction. We and the other supplier nations have relied on this tenuous distinction to justify peddling all types of nuclear material and equipment to developing nations—for ostensibly peaceful use.

The increased availability of nuclear technology throughout the world carries with it the grave and growing risk that current nonnuclear countries and terrorist or other subnational organizations will seek access to the weapons-usable plutonium necessarily produced by civilian nuclear power programs. Thus, in equipping nations for peace, we have heightened the risks of war—and planted the seeds of our own annihilation.

Since the early days of the atomic age, we have sought ways to prevent any further spread of nuclear weapons from civilian uses of nuclear power. The solutions have proved frustratingly elusive. Diplomatic initiatives, economic and military sanctions, and the application of international pressure may have deterred, but have not prevented, countries from joining the nuclear club.

Twenty-four countries appear technically capable of exploding a nuclear bomb within the next 10 years. They will join the six countries that currently have a nuclear weapons capability. Other countries may also aspire to join the nuclear club.

The gravity of the risk of nuclear proliferation demands that the United States and other supplier nations redouble their efforts to deny nonnuclear countries access to nuclear weapons. Yet, this administration shows disturbing signs it will abdicate this responsibility, giving us "less of the same" rather than proposing a nuclear nonproliferation policy with the authority to work.

The proposed guidelines for the administration's forthcoming nuclear nonproliferation policy, as reported last week, do not address many of the disturbing questions which Israel's strike last month against Iraq's research reactor finally raised. Instead, for the most part they restate the broad nonproliferation objectives already embraced in existing law. Merely stating objectives, however, does not assure their attainment.

Rather than continue with "business as usual," the United States needs to take bold, innovative steps to prevent the further spread of nuclear weapons. On June 16, I outlined an 11-point policy for curbing nuclear proliferation. Today, I am requesting the General Accounting Office to begin an extensive investigation into the ability of the United States and the International Atomic Energy Agency, to track and account for bomb-grade material exported throughout the world for civilian nuclear power programs. (See GAO letter reprinted at end of statement.) Victor Gilinsky, a Commissioner of the Nuclear Regulatory Commission, has been quoted as saying, "To my knowledge, nobody keeps track of this material in a serious way."

Mr. President, in addition to these initiatives, I am introducing today a bill to amend the Nuclear Nonproliferation Act of 1978 (NNPA). This bill does not presume to strengthen the NNPA in every way it should be strengthened. Rather, it attempts to address the single most difficult problem for preventing the spread of nuclear weapons: How to insure that nonnuclear countries do not obtain access to separated plutonium for use in an atomic bomb.

This bill has three main provisions:

First, it imposes a moratorium on the export of all nuclear materials and equipment from the United States until: First, President Reagan submits to the Congress a report setting forth the nuclear

nonproliferation policy of the United States, including a certification by the President that his policy will significantly reduce the risks of nuclear proliferation; and second, the Congress, by concurrent resolution of both Houses, approves the report and concurs in the certification.

Second, it prohibits the export from the United States of any nuclear material or equipment to a foreign nation not now possessing the capability to reprocess spent reactor fuel, unless that nation agrees not to obtain a reprocessing capability or seek access to separated plutonium.

Finally, it provides a positive economic incentive for the foreign nations to enter into such an agreement by requiring the United States to provide, at a discount, a subsequent amount of enriched uranium fuel with the energy equivalent of the unreprocessed plutonium in the spent fuel subject to the agreement.

The moratorium on nuclear exports merely seeks to encourage the development of a nuclear nonproliferation policy acceptable to the Congress. Congress must join with the President in developing a policy on something as vital to our national security and our future survival as nuclear nonproliferation.

The provision requiring a recipient country to agree not to obtain a reprocessing capability or seek access to separated plutonium recognizes that we can only contain the nuclear genie by outright denying nonnuclear countries access to separated plutonium. This provision seeks to build a well between "atoms for peace" and "atoms for war." It places the United States in the appropriate position of explicitly supporting nuclear power without nuclear bombs.

The Congressional Research Service has estimated that even with its low projections for the growth of nuclear power, by the year 2000, the world will generate 270 tons per year (or 594,000 pounds/year) of plutonium in spent fuel. It will have accumulated a total of 2,690 tons (or 5,918,000 pounds) of plutonium in spent fuel. Because it takes from 10 to 20 pounds of plutonium to make a bomb, by the year 2000 the world will have accumulated enough commercial plutonium in spent fuel for between 296,000 and 592,000 bombs. For so long as this plutonium remains "locked" in the spent fuel, it does not pose an immediate risk of diversion for use in nuclear weapons.

If countries use reprocessing facilities to separate or "unlock" the plutonium from the spent fuel, however, the danger that the plutonium will be used to build a nuclear weapon, rather than solely as a substitute fuel for power reactors, increases astronomically. Giving countries reprocessing technology with a warning never to use it for building bombs is as naive as placing bullets next to a gun with a warning never to shoot it.

Currently, seven countries—Belgium, France, West Germany, India, Italy, Japan, and Great Britain—have the ability to reprocess spent fuel and separate out the plutonium. This provision would not apply to them. Instead, it would apply to future attempts to introduce reprocessing technology into countries not currently possessing it, attempts that will bring us dangerously close to the advent of the "plutonium economy."

The reciprocal requirement that the United States supply the agreeing recipient nation at a reduced price—or even free—a subsequent amount of U.S.-enriched uranium equivalent to the energy content of the unreprocessed plutonium in the previously shipped fuel has several beneficial consequences. First, in addition to the currently unfavorable economics of spent fuel reprocessing, it gives agreeing foreign nations another strong economic incentive to forego reprocessing or subsequent access to separated plutonium.

In a preliminary review, the Congressional Research Service has estimated the cost of fully compensating a recipient nation for not recovering the plutonium in its spent fuel at about $9 million per year for a large power reactor (1000 MWe). This is the cost of the additional uranium yellowcake and enrichment services the recipient country will have to use if it does not recycle plutonium into its power reactor. For ease of calculation, the United States may simply want to provide all uranium enrichment services to the recipient country free of charge—a cost of about $15 million per 1000 MWe reactor.

Of course, the unfavorable economics of spent fuel reprocessing as indicated by the CRS analysis, gives recipient countries an independent reason not to go forward with plutonium recycle. The proposal in this bill, however, would encourage these countries to rely upon U.S.-supplied and enriched uranium for their nonrecycle nuclear fuel cycle, rather than uranium enriched and supplied by other countries.

The calculations are contained in a memorandum by Dr. Warren H. Donnelly, senior specialist, CRS, attached at the end of these remarks.

Second, it could make the United States a more desirable and reliable supplier of enriched uranium. The discount in the price of its uranium enrichment services would give the United States a competitive advantage over other suppliers of enriched uranium fuel. The competitive advantage could spill over to increase demand for domestically-produced uranium, and help pull the currently depressed domestic uranium industry out of its slump. The United States could even insure this result by requiring, as part of its agreement, that the recipient nation purchase U.S.-produced uranium as well as use U.S.-enrichment services, to obtain the price discount.

Finally, the provision could demonstrate a positive way of using market forces and economic incentives to achieve desired nonproliferation objectives as a substitute for toothless diplomatic initiatives and restrictive covenants.

Mr. President, this bill is intended to serve as the need for further proposals to prevent the spread of nuclear weapons and restrict the availability of separated plutonium. More important, this proposal raises a question that is central to the nuclear nonproliferation debate: How much is it worth to us to halt the spread of nuclear weapons? I hope the response is, "Quite a lot." There is no more important or more urgent issue facing this Congress.

Mr. President, I ask unanimous consent that the bill, a chart, and a letter to the Acting Comptroller General be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1488

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Nuclear Non-Proliferation Act Amendments of 1981."

SEC. 2. Section 2 of the Nuclear Nonproliferation Act of 1978 is amended by:

(1) striking out in subsection (c) in the whole "and";

(2) striking out the period at the end of subsection (d) and inserting in lieu thereof a semicolon and "and"; and

(3) adding at the end thereof:

"(e) discourage and prevent the use of plutonium as a commercial reactor fuel because of—

(1) the abundance of available natural and low-enriched uranium for use as reactor fuel, and

(2) the substantial risks of misuse of commercial plutonium for nonpeaceful purposes.

SEC. 3. Section 128 of the Atomic Energy Act of 1954, is amended by adding at the end thereof:

"c. Notwithstanding any other provision of law, no production or utilization facility, component for use in a nuclear facility, or source material or special nuclear material may be transferred or licensed for export to any foreign nation which, on the date of enactment of this Act, does not have a capability to reprocess spent reactor fuel for commercial purposes, until the government of such nation enters into an agreement with the Government of the United States by which such nation agrees not to obtain or use such capability or seek access to separated plutonium from the United States or any other nation.

"d. If a foreign nation enters into the agreement required by subsection (c), the Government of the United States shall agree to provide such nation, at a discount, an amount of enriched uranium reactor fuel with a total energy content equivalent to the unrecovered energy content of the plutonium in the spent reactor fuel for which such nation has agreed not to seek access under such agreement."

SEC. 3. The Nuclear Nonproliferation Act of 1978 is amended by adding at the end thereof:

"SEC. 604. Notwithstanding any other provision of law, no production or utilization facility, component for use in a nuclear facility, or source material or special nuclear material may be transferred or licensed for export to a foreign nation until

(1) the President prepares and transmits to the Congress a report setting forth in detail the nuclear non-proliferation policy of the United States, including a certification that such policy will significantly reduce the risks of nuclear proliferation; and

(2) the Congress, by concurrent resolution of both Houses, states in substance that it approves the policy and concurs with the certification set forth in such report.

SEC. 4. Section 131 of the Atomic Energy Act of 1954 is amended by striking out in subsection d. "to prohibit, permanently or unconditionally, the reprocessing of spent fuel owned by a foreign nation which fuel has been supplied by the United States,".

SEC. 5. For purposes of this bill, the terms

"production facility", "source material", "special nuclear material", and "utilization facility" have the same meanings as ascribed to them by paragraphs v., z., aa., and cc., respectively, of the Atomic Energy Act of 1954.

SOME ILLUSTRATIVE CALCULATIONS ABOUT COSTS OF USING AND NOT USING PLUTONIUM

It has long been presumed that sooner or later plutonium from spent nuclear fuel would be recovered and reused to fuel conventional nuclear power reactors (recycle) as well as to fuel breeders. While the economic analysis of this idea is full of uncertainties and assumptions, the following figures will give some feel for the kinds of expenses involved.

Effect on uranium use. For a typical large (1000 MWe) nuclear power reactor of a pressurized water type, the differences in annual uranium with and without plutonium recycle are:

Annual makeup amount of uranium, without recycle, 195 short tons.

Annual makeup amount of uranium, with recycle, 115 short tons.

Difference, 80 short tons.

With uranium at $25 a pound, this difference would cost $4 million a year.

Effect on enrichment. For the same typical large nuclear power reactor, the difference in annual enrichment requirement is:

Annual enrichment without recycle, 118,000 separative work units.

Annual enrichment with recycle, 79,000 swu.

Difference, 39,000 swu.

Using DOE's enrichment charges of $131 to $140 per swu, which take effect in October 1981, and taking the lower figure, the additional enrichment required would cost another $5 million.

Offsetting costs of reprocessing. The plutonium from spent fuel is not free. It has to be recovered by reprocessing, which is expensive. Typically, a large nuclear power reactor (1000 MWe PWR) discharges about 31 metric tons of spent fuel a year. Taking a reprocessing charge of $800/kilogram, which is what the French are charging, the cost of reprocessing the annual spent fuel discharge would be some $24.8 million. This would provide about 240 kg of plutonium.

Fuel value of the plutonium. If the recovered plutonium is used to enrich normal uranium to 5 percent plutonium, the 240 kg could provide about 48 metric tons of fuel most of which would be uranium which would cost about $2 million.

Comparison. Keeping in mind other costs not mentioned, which would require attention in a detailed analysis, the costs of uranium and reprocessing for recycle would be about $26 million a year in comparison with about $9 million a year to buy and enrich an offsetting amount of uranium and enrichment.

U.S. SENATE,
Washington, D.C., July 14, 1981.

MILTON J. SOCOLAR,
Acting Comptroller General,
U.S. General Accounting Office,
Washington, D.C.

DEAR MR. SOCOLAR: Increasing concern over the proliferation of nuclear weapons has raised questions about the United States' ability to account for, and monitor the use of the highly-enriched uranium fuel it exports to foreign countries. For example, Victor Gilinksy, Commissioner of the Nuclear Regulatory Commission, has been quoted as saying, "To my knowledge, nobody keeps track of this material in a serious way."

In light of these questions, I request the General Accounting Office to undertake an investigation that will:

(1) Evaluate the mechanisms established in international agreements of cooperation for controlling the use of U.S.-supplied highly-enriched uranium (HEU) fuel and assuring adequate protection of HEU fuel shipments from terrorists.

(2) Assess the ability of the International Atomic Energy Agency (IAEA) to detect diversions of HEU and fissionable materials produced from this fuel, through use of material accounting techniques and of containment and surveillance devices.

(3) Ascertain the rationale for supplying HEU fuel to foreign countries and the possible nuclear proliferation consequences.

(4) Review the implementation and effects of the United States' programs announced at the United Nations Special Session on Disarmament in 1978 aimed at limiting the use of HEU fuel in research reactors, as well as any United States foreign policy initiatives in this area.

(5) Assess the system used by the United States for keeping track of its exports of HEU fuel and any fissionable materials produced from this fuel.

(6) Determine what controls, if any, the United States has over the use of fissionable materials produced from U.S.-supplied HEU fuel or in U.S.-supplied nuclear facilities.

My staff has discussed the issues presented in this request with Joseph F. Murray, group director for arms control and nonproliferation, International Division. If you have any questions about the scope or nature of this request, please contact me or my staff.

Thank you for your prompt attention to this matter.

Sincerely,

GARY HART.●

By Mr. BAUCUS:

S. 1489. A bill to direct the Department of the Interior to conduct certain studies related to the Muddy Creek special water quality project; to the Committee on Environment and Public Works.

SOIL EROSION AND WATER QUALITY

● Mr. BAUCUS. Mr. President, conservation of our Nation's precious agricultural lands must be one of our highest priorities. We have witnessed in recent years the conversion of our Nation's farmland to nonagricultural uses at increasingly alarming rates. Equally alarming has been the loss of additional millions of acres of prime agricultural land each year through wind and soil erosion.

Mr. President, we must expand our commitment to the preservation and conservation of our farmland. To neglect this commitment in the face of budget austerity is penny-wise and pound-foolish economics. Clearly, I support every effort to cut waste within the Federal budget and to bring spending and revenues into balance. Equally clear, however, is the fact that Government has a legitimate role to play in the long-range management of our natural resources. The preservation of our farmlands falls under this rubric and a failure to commit funding for this task is a false economy, in my estimation.

Last fall, I addressed my colleagues in this Chamber on the subject of Muddy Creek. Muddy Creek is a serious nonpoint pollution problem located in north-central Montana. The problem directly affects over 540 small ranchers and farmers. Local, State, and Federal officials in Montana consider Muddy Creek to be the State's No. 1 water quality and soil conservation problem. For the past 2 years, I have been working with these officials and the landowners along Muddy Creek to develop a coordinated strategy for resolving this very serious threat to some of Montana's best agricultural farmland.

At my request, the Soil Conservation Service (SCS) of the USDA assumed leadership in forming an interagency Federal task force and a technical field committee to develop a strategy for implementing solutions to the erosion problems on Muddy Creek. The technical field committee, with the cooperation and direction of the interagency task force, recently issued its report, "Muddy Creek Erosion Problem: A Coordinated Strategy for Federal Action."

The study reflects a fine example of cooperation among a number of local, State, and Federal agencies working to resolve a serious communication problem. Among the report's many recommendations are two that call for studies to be conducted by the Bureau of Reclamation in the Department of the Interior. One is a hydrology study, which would document the present operation of the irrigation system in the Muddy Creek basin area, highlighting waste water discharge. The other is a feasibility grade surge release study, which would evaluate remedies for the problem of surge flow in Muddy Creek. According to the report, these studies are essential to the on-going efforts to solve the Muddy Creek problem.

Therefore, Mr. President, I am today introducing a bill directing the Department of the Interior to conduct these two studies. The price tag on these studies is not large. Without these studies, however, the future price tag on solutions to Muddy Creek could be quite large indeed. I ask, therefore, that my colleagues join me in support of this legislation.

Mr. President, I ask unanimous consent that my bill, S. 1489, and the interagency task force report be printed at this point in the RECORD.

There being no objection, the bill and report were ordered to be printed in the RECORD, as follows:

S. 1489

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Secretary of Interior shall conduct a hydrology study and a feasibility grade surge relief study in relation to the soil erosion and natural resource problems in the Muddy Creek Basin near Great Falls, Montana.

(b) On or before the expiration of the eighteen-month period following the date of enactment of this Act, the Secretary of Interior shall report to the Congress his findings and recommendations resulting from the study conducted pursuant to this Act.

(c) There are authorized to be appropriated $235,000 to carry out the provisions of this Act.

MUDDY CREEK EROSION PROBLEMS: A COORDINATED STRATEGY FOR FEDERAL ACTION

FOREWORD

In June 1980, Senator Max Baucus requested the Soil Conservation Service of the U.S. Department of Agriculture to assume leadership in forming a technical field committee to develop a strategy for implementing solutions to the erosion problems on Muddy Creek in Cascade and Teton Counties.

Organized in July 1980, the committee membership included representatives of the Soil Conservation Service of the U.S. Department of Agriculture, the Water and Power

Resources Service of the U.S. Department of the Interior, the Environmental Protection Agency, and the U.S. Army Corps of Engineers. The Muddy Creek Special Project Area Coordinator for the Cascade County and Teton Conservation Districts served with the committee. State and local agencies cooperated in an excellent manner.

The committee focused on the role federal agencies could play in contributing to the problem's solution. The committee's recommendations are explained in both the summary and body of this report.

SUMMARY

This report provides a strategy for coordinated federal agency action to solve the Muddy Creek erosion problem and serves as a federal funding guide.

The report describes alternative solutions to immediately accelerate onfarm programs and proposes further feasibility analysis of alternative structural measures.

Representatives of the Departments of Agriculture, Army, and Interior and the Environmental Protection Agency wrote this report as a technical field committee. The Muddy Creek Special Project Area coordinator, Greenfields Irrigation District manager, and many state and local agencies contributed to the report.

Erosion of the Muddy Creek channel contributes about 213,000 tons of suspended sediment to the Sun and Missouri Rivers each year. Irrigation return flows are a big part of the problem, causing flows in Muddy Creek to be approximately 10 times normal watershed runnoff.

Local interest in the problem sparked the formation of a Muddy Creek Special Project Area, sponsored by the Cascade County and Teton Conservation Districts. State and federal agencies have redirected existing resources to the area as much as possible. To save irrigation water, a rehabilitation and betterment project costing $8.3 million is currently being installed through the cooperative efforts of the Greenfields Irrigation District and the Water and Power Resources Service.

After considering five alternative plans to improve onfarm irrigation water management, the committee recommended increasing the area under sprinkler irrigation from the present 5,000 acres to 25,000 acres. Optimum surface irrigation systems with automation would be installed on the remainder of the 51,000-acre area. Installing the recommended plan will reduce the flow in Muddy Creek by approximately 61 percent and contribute to a 35 percent crop yield increase. The estimated cost of implementing the recommended onfarm plan is $19 million or $372 per acre (1980 dollars).

U.S. Department of Agriculture agencies would provide technical, research, and information and education assistance to install the recommended onfarm plan at a cost of $2,765,000.

The committee examined three alternatives to remedy the problem of surge flow in Muddy Creek. These included construction of a surge relief canal to Freezeout Lake, a dam and pumping plants in Big Coulee and a series of canal checks. The committee identified a $171,000 funding need for the Water and Power Resources Service to conduct feasibility grade studies and develop plans for constructing surge relief measures.

Both the onfarm management program and proposed structural measures need an environmental assessment to evaluate the environmental concerns. The U.S. Fish and Wildlife Service will coordinate the environmental assessment at a cost of $31,500. This assessment will evaluate effects of implementing the overall plan on wildlife habitat, ground water, and Muddy Creek flows.

The total estimated costs for installing the improvements in the Muddy Creek area are $32 million. A table showing cost is at the end of the Summary.

The committee's preferred funding method is to fund the Department of the Interior's Water and Power Resources Service as the "lead agency." Funds to other agencies would be provided as necessary through reimbursable agreements.

An optional funding method would be to fund the agencies of USDA, USDI, and EPA separately. There are several USDA programs that could, if adequately funded, serve to implement the onfarm program. The Department of the Interior's Water and Power Resources Service would obtain funds through traditional appropriations procedures.

This study did not include a detailed economic analysis of benefits. Beneficial effects are, however, apparent and are described on a limited basis. Improved irrigation water management, for example, almost always increases crop production and/or reduces the costs associated with irrigation water use.

A total of 53,000 acre-feet of water will be saved for environmental, recreational, and other uses. Sediment production from Muddy Creek will be reduced by 154,000 tons and salt pickup reduced by 48,000 tons each year.

TOTAL COSTS FOR MUDDY CREEK IMPROVEMENTS

[In dollars]

Activity	Total cost	Federal	Other	Responsible agency [1]
On-farm management financial assistance	19,000,000	12,469,000	6,531,000	USDA
On-farm management technical assistance	2,285,000	2,285,000	0	USDA
Snake River Cons. Research Center Asst.	110,000	110,000	0	SEA-AR
Information and education	370,000	370,000	0	CES
Feasibility grade studies	171,000	171,000	0	WPRS
Surge relief construction [2]	10,000,000	10,000,000	0	WPRS
Environmental studies	31,500	31,500	0	F. & W.L.S.
Monitoring	170,000	127,500	42,500	EPA
Hydrology study	64,000	64,000	0	WPRS
Total	32,201,500	25,628,000	6,573,500	

[1] Key to abbreviations follow:
USDA = U.S. Department of Agriculture.
SEA-AR = Science Education Administration-Agricultural Research.
CES = Cooperative Extension Service.
WPRS = Water and Power Resources Service.
F. & W.L.S. = U.S. Fish and Wildlife Service.
EPA = Environmental Protection Agency.

[2] Scheduled after 1985.

FUNDING NEEDS BY YEAR THROUGH 1985 [1]

Year	Total	Federal	Other
1982	2,372,500	1,751,000	621,500
1983	2,338,000	1,717,000	621,000
1984	2,100,000	1,500,000	600,000
1985	7,100,000	6,500,000	600,000

[1] Summarized from appendix, page 31.

INTRODUCTION

Purpose of this report

This report describes alternative onfarm solutions which federal programs could offer to the Muddy Creek erosion problem, proposes further analysis of alternative structural measures, and describes the scope of work for a feasibility study. It is geared to provide a strategy for coordinated federal agency action and to serve as a guide for obtaining federal funding to immediately accelerate onfarm programs and complete feasibility grade studies for structural measures.

Background

Muddy Creek, a tributary of the Sun River in the Upper Missouri River Basin, meets the Sun River 15 miles upstream from the Sun-Missouri confluence at Great Falls, Montana. The Muddy Creek watershed covers about 200,000 acres.

The major problem with Muddy Creek is the large amount of sediment that it discharges into the Sun and Missouri Rivers. Muddy Creek derives its name from historical sediment-laden flows, so the problem is not new. However, the problem is worsening. An average of 213,000 tons of suspended sediment is contributed by Muddy Creek each year. Much of the sediment comes from the lower 10 miles of highly unstable and eroding Muddy Creek channel. Increased flows generated from the Greenfields Irrigation Project have greatly aggravated channel instability. Natural flow before installation of the project is estimated to have been about 8,000 acre-feet per year compared with approximately 88,000 acre-feet measured in recent years at the Near Vaughn gauging station at Gordon.

The Greenfields Irrigation Project is a Water and Power Resources Service project dating back to about 1910. The project is operated by the Greenfields Irrigation District. The project covers 80,000 irrigated acres, 51,000 of which are in the Muddy Creek watershed. (Refer to map, appendix, page 23.)

The Sun River basin provides water for irrigation of Greenfields Irrigation District through Gibson reservoir. The irrigation water is diverted to Pishkun reservoir from the Sun River downstream of Gibson Dam.

Muddy Creek originates east of Freezeout Lake in Teton County and flows generally east toward Power, Montana, where it turns southeast to its confluence with the Sun River at Vaughn, Montana. Throughout its 42-mile length, the creek accumulates flows from small tributaries within its 314-square-mile drainage area.

Muddy Creek was incised in the plains from the draining of a glacial lake, which also created Freezeout Lake. Entrenched in the soft underlying shales, the stream developed a saline-alkaline flow. This low-gradient stream continues to meander into the unstable alluvium, carrying dispersed soil from periodic storm runoff and streambank erosion. The amount of clay particles and the chemistry of the soils produce an easily erodible soil which remains in suspension indefinitely, eventually flowing into the Sun River and on into the Missouri River.

Other groups have analyzed problems in the watershed. The Muddy Creek Landowners Association contracted for a report through the consulting firm of Systems Technology, Inc., to define alternative solutions to the Muddy Creek sediment problem. The report, entitled "Muddy Creek Special Water Quality Project," (November 1979) outlined areas for further consideration:

1. On-farm management:

a. Improved water management systems.

b. Improved watershed and stream corridor management.

c. Increased cost-sharing and program policy modification.
d. Increased technical assistance.
2. A surge relief canal to Freezeout and Priest Lake.
3. Muddy Creek channel stabilization, which could include:
a. Interceptor canal.
b. Storage.
c. Grade and bank stabilization.
4. An expanded operation and maintenance program for the irrigation project.
5. An expanded information and education program.

SOILS AND GEOLOGY

The major landforms in the Muddy Creek watershed and bench-forming terraces, shale uplands, continental glacial till plains, and alluvial valley fans and terraces.

The soils on bench-forming terraces—such as the Greenfield Bench and the Bole Bench—are the main irrigated soils in the watershed area. They were formed predominantly in alluvium derived from limestone, dolomite, and other calcareous sedimentary rock. These soils are nearly level to moderately sloping, deep and well drained, and characteristically have a high concentration of lime in the profile.

In addition to a high concentration of lime, some soils on the Greenfield Bench have a cemented hardpan (caliche) and very gravelly textures at shallow or moderate depths. The cemented hardpan restricts root and moisture penetration, and the very gravelly textures limit the available water capacity and increase the chance of deep percolation of water.

The shale upland soils between the Greenfield Bench and Teton Ridge are used mainly for nonirrigated cropland and rangeland. These soils formed mainly in clayey mantled materials and in interbedded shale, siltstone, and mudstone of the Colorado shale group. These soils range from shallow to deep and are well drained. They are on gently sloping to steep foot slopes, side slopes, and ridges.

An undulating to strongly rolling continental glacial till plain mantles the shale uplands in the eastern third of the watershed. The glacial till plain consists of moderately deep and deep soils formed in compacted glacial till and glacial fluvial deposits, mostly underlain at a depth of 20 to 60 inches by shale of the Colorado group. Many of these soils have a layer of concentrated gypsum and sodium salts. These soils are used mainly for nonirrigated crops and as rangeland. Saline seeps commonly develop on side slopes and foot slopes in this area.

The alluvial valley fans and terraces adjacent to Muddy Creek and the shale uplands consist of nearly level to moderately sloping, deep, well drained soils that formed in silty and clayey alluvium. Some of these soils have high concentrations of salts at or near the surface.

The principal soil management related problems in the Muddy Creek drainage are (1) low and moderate water capacity of the gravelly irrigated soils on the Greenfield Bench and the potential for deep percolation of water; (2) slow permeability and high concentration of salts in the soils on the glacial till plain and alluvial valley fans and terraces; and (3) slow permeability and shallow depth to bedrock on the shale uplands.

PROJECT SUPPORT

Increased sediment flow in Muddy Creek since the installation of the irrigation project has been locally recognized as a problem for over 25 years.

Local interest

In an effort to bring attention to the land loss, erosion, and sediment problems along Muddy Creek, landowners formed the Muddy Creek Landowners Association in 1978. This interest spurred the formation of a Muddy Creek Special Project Area with joint sponsorship by Cascade County and Teton Conservation Districts.

The project area leaders held a number of public meetings and made presentations defining the problems and possible solutions to area farmers, civic organizations, and agricultural interest groups, and gained the active support of the Great Falls Economic Growth Council, the Western Trade Association, and other organizations. Great Falls residents are concerned about the amount of sediment discharged into the Sun and Missouri Rivers, which reduces recreational opportunities in the vicinity of Great Falls.

The Greenfields Irrigation District has been involved in a number of programs to provide better delivery efficiencies and minimize seepage and return flow. These include 48-hour advance notification of farm water delivery and installation of a radio communications system for faster response. These programs will be continued.

Ongoing State and Federal activities

As noted earlier, the Muddy Creek Landowners Association organized a task force in 1979 with membership consisting of more than a dozen local, state, and federal agencies. This group produced the "Muddy Creek Special Water Quality Project" report (November 1979).

The Montana Departments of Health and Environmental Sciences and Natural Resources and Conservation recognized Muddy Creek as a significant sediment problem in the Statewide Water Quality Management Plan. The Environmental Protection Agency provided funds through Section 208 of the Clean Water Act to assist the Montana Department of Health and Environmental Sciences in funding the project coordinator and conducting water quality monitoring activities.

At the federal level, several agencies have committed manpower and funding to evaluate the needs of the project and implement some work. The Agricultural Stabilization and Conservation Service (ASCS) directed approximately $500,000 into the project area in fiscal year 1980 for agricultural improvements. The Old West Regional Commission (OWRC) provided $9,800 for a water quality sampling program in Muddy Creek and later added $200,000 to supplement the Agricultural Conservation Practices Program administered by the ASCS in 1980.

The Soil Conservation Service (SCS) has assigned two additional full-time staff members to the area. The SCS is also providing guidance and direction to the technical field committee responsible for this document.

The Water and Power Resources Service is assisting the Greenfields Irrigation District in financing a canal and lateral rehabilitation and betterment project. This $8.3 million activity is explained in detail later. The Service has developed plans and is ready to proceed under local sponsorship to install a pilot channel stabilization project in the Muddy Creek channel.

The U.S. Army Corps of Engineers, Omaha District, has investigated the feasibility of stabilizing the Muddy Creek channel. The report on this investigation was completed for the Muddy Creek landowner's task force in September 1979. It included preliminary design information and estimated costs for stabilizing the lower 28 miles of Muddy Creek.

EXISTING SYSTEMS AND EFFICIENCIES

During 1975–1978 the average water supply was 217,500 acre-feet. This included direct flow and storage release for the entire 80,000-acre Greenfields project. Canal losses and wastes have been 47,900 acre-feet, leaving deliveries to laterals of 169,600 acre-feet. Canal efficiency, therefore, has been about 78 percent. Lateral losses and wastes have been another 69,800 acre-feet, leaving a farm delivery of 99,800 acre-feet. The lateral efficiency averaged 52 percent. The overall delivery efficiency is 46 percent.

The following methods are currently being used to apply irrigation water in the 51,000-acre area that drains to Muddy Creek.

Method	Percent	Acres
Border ditch	34	17,300
Border dike	10	5,100
Contour ditch	6	3,100
Sprinkler	10	5,100
Wild flooding	40	20,400

A systems modeling approach [1] was used to analyze present management with the above methods. Cropping systems, soils, length of run, and time of set were among the criteria included in making this analysis. The results indicated that existing on-farm efficiencies average about 35 percent.

In 1980 the principal crops grown on the irrigated portion of the project that drains to Muddy Creek were approximately as follows:

Crop	Percent	Acres
Barley and other cereal grains	68	34,700
Alfalfa and other forage crops	21	10,700
Irrigated pasture	11	5,600
Total		51,000

Using the Modified Blaney-Criddle [2] method, the net supplemental irrigation requirement for cropping systems in the irrigated area draining to Muddy Creek is calculated to be approximately 1.15 acre-feet per acre.

Onfarm water budget

Using information supplied by the Greenfields Irrigation District and the systems modeling approach, a water budget was developed for the 51,000 irrigated acres in the Muddy Creek drainage area.

The flow of Muddy Creek provides an indication of the return flow from the portion of the Greenfields Irrigation Project that drains through Muddy Creek. Natural nonirrigated watersheds in Montana with characteristics similar to the Muddy Creek watershed discharge approximately 8,000 acre-feet of runoff per year. The average annual flow of Muddy Creek at the two gauging stations in current use is over 10 times this average. One station shows an average annual flow of 107,700 [3] acre feet and another upstream station shows 88,300 [4] acre-feet.

With interpolation, the amount of water contributed to Muddy Creek by irrigation is estimated to be 83,000 acre-feet per year. The present water budget for irrigated lands contributing to Muddy Creek is shown in appendix on page 24.

Rehabilitation and betterment program

An $8.3 million rehabilitation and betterment program to improve irrigation efficiencies for Greenfields Irrigation District is under construction. The Water and Power Resources Service-assisted program of canal lining and underground pipes will save approximately 37,000 acre-feet of water annually, of which 18,000 acre-feet would have returned to Muddy Creek. A Service document, "Report on Proposed Rehabilitation and Betterment Program—Greenfields Irri-

[1] U.S. Dept. of Agriculture, Soil Conservation Service, West Technical Service Center. 1979. *User's Guide to the Irrigation Method Analysis Program IRMA*. Portland, Oregon.

[2] U.S. Dept. of Agriculture, Soil Conservation Service, Engineering Division. 1970. *Irrigation Water Requirements, Technical Release No. 21*. Washington, D.C.

[3] Muddy Creek At Vaughn Gauging Station USGS data for years 1961–1977.

[4] Muddy Creek Near Vaughn Gauging Station USGS data for years 1968–1979.

gation District" (June 1976), details the program which is now under way and will be completed in 1988. The work is summarized on page 26 of the appendix.

EVALUATION OF ALTERNATIVE ONFARM SOLUTIONS

The problem-causing flows in Muddy Creek are closely correlated with the irrigation season and irrigation water management activities in the watershed. Therefore, only alternative plans for the 51,000-acre irrigated area draining to Muddy Creek were evaluated. The nonirrigated portion of the watershed will be placed in a high priority for use of the Great Plains Conservation Program and other ongoing soil and water conservation programs for land treatment in Cascade and Teton Counties.

Ongoing program

Approximately 20 landowners in the Muddy Creek Watershed have been applying irrigation water management practices with USDA assistance that benefited an estimated 2,400 acres per year. Based on an estimated practice life of 15–20 years, this level is not adequate to install and maintain a continuous high-level of irrigation water management.

Alternative plans of action for on-farm management

In addition to the ongoing program, five alternative plans were analyzed. These are compared in a table on page 26 of the appendix and are summarized as follows:

Plan 1—Recognizing water measurement as one of the primary needs for management of irrigation water, this plan provides for a level of management using only measuring devices and tensiometers. The cost of this plan for the project area would be $485,000. It is estimated that Muddy Creek return flows would be reduced by 5 percent.

Plan 2—This plan builds on Plan 1. Using the same level of management and the measuring devices and tensiometers, Plan 2 would also install ditch lining and pipelines to serve a 25,000-acre area. The total cost of this plan is estimated at $6.58 million. Return flow in Muddy Creek would be reduced by an estimated 25 percent.

Plan 3—This plan also uses measuring devices and the installation of ditch lining and pipelines. It adds 11,000 acres of land leveling and is based on an intermediate level of management. This plan costs an estimated $9 million with an estimated reduction in Muddy Creek return flows at 45 percent.

Plan 4—A high level of management that provides for optimum use of surface irrigation systems characterizes this plan. This plan could be implemented with either intensive use of labor or automated. Intensive use of labor costs are estimated at $12,630,000 while costs for the automated plan are estimated at $12,880,000. Over a 10-year period, the cost of the labor versus automated plan would be nearly equal. It will be difficult to gain acceptance of the intensive labor plan. The estimated reduction of return flows to Muddy Creek is 55 percent.

Plan 5—This plan is based on a high level of management and the installation of sprinkler systems on 50 percent of the area. Sprinklers would be installed where soil and topographic features make surface systems difficult to install and manage. The remaining 50 percent would use optimum surface irrigation systems. A disadvantage in using sprinklers is the increased energy requirement. Maximum use of gravity systems would reduce energy needs. The estimated cost of installing this plan is $19 million. The estimated reduction in return flows to Muddy Creek is 61 percent.

On page 26 of the appendix is a table that describes the management, systems practices, irrigation method, effects and cost of each of these alternatives on farm plans. The cost breakdown for each of these alternative plans is shown in greater detail in the appendix on page 27.

Recommended onfarm plan

Plan 5 is recommended as the most viable onfarm management alternative. This plan offers the best potential for managing the application of irrigation water in areas with shallow soils and difficult topography. Several farmers and ranchers attending the public meeting on November 19, 1980, felt that emphasis needed to be placed on greater use of sprinkler systems. Under this plan, approximately half of the area would be sprinkler irrigated, stressing the importance of these systems for areas of highly permeable soils and difficult topography. Optimum surface systems would be installed on the other half of the project area. In addition to improving the problems, this plan would provide for more efficient use of fertilizer and a full supply of irrigation water. Crop yield increases of approximately 35 percent should be possible with this plan installed. Details of this plan are displayed in the table on page 26 of the appendix. Total cost is estimated to be $19 million (1980 dollars). Annual cost over 20 years at 7⅜ percent interest would be $1,846,000. Operation and maintenance costs were assumed to equal that of existing systems.

Technical assistance needed to implement the recommended onfarm plan

The Soil Conservation Service (SCS) will have leadership for providing technical assistance to implement the recommended plan. The annual SCS technical assistance needed with 1980 costs for providing that assistance is shown in detail on page 33 of the appendix. The total cost of SCS technical assistance over the 10-year period required to implement the recommended plan is $2,285,000.

In addition to SCS technical assistance, the U.S. Department of Agriculture will provide assistance through the Snake River (Idaho) Conservation Research Center. This assistance is needed to develop and implement automated and other up-to-date techniques to achieve the highest practicable onfarm irrigation efficiencies. The estimated assistance in this category for the life of the project with 1980 costs is as follows:

Professional salaries (1 man-year)	$40,000
Research technician (2 man-years)	30,000
Travel	10,000
Equipment, materials purchased, and shop time	30,000
Total	110,000

All onfarm technical assistance will be closely coordinated with the information and education activities that are described in the following section.

INFORMATION AND EDUCATION

The information and education phase is important in developing and carrying out a program to solve the problems of Muddy Creek. The program should address the agricultural community with a coordinated interagency approach to solving those problems. It is recommended that the Cooperative Extension Service be funded sufficiently to provide one additional full-time person to handle the overall responsibilities of information and education relating to the program for solving the problems of Muddy Creek. The cost of providing this additional service is $37,000 per year, or $370,000 over the life of the project.

The following information and education activities are considered essentional to the Muddy Creek solution:

1. Carefully plan and conduct meetings with small groups of 5 to 10 farm operators to develop an understanding of the techniques and benefits of installing systems for improving irrigation water use and management.

2. Identify and work to establish a series of demonstration farms to cover a range of typical soil conditions, irrigation methods, and cropping systems.

3. Develop ways to implement an irrigation scheduling program using the computerized "Ag-Net" and Irrigation Management Systems programs or other acceptable methods.

4. Develop and present information programs to the general public through use of the available media, service clubs, or other means.

STRUCTURAL MEASURES

Discussions are presented for two types of solutions: surge relief for the supply canal and Muddy Creek stabilization.

Surge relief for supply canal

It takes 24 hours to deliver water through approximately 30 miles of canal from Pishkun Holding Reservoir to the Greenfields Project irrigated lands. When a sudden rainstorm occurs and farmers cancel their water orders, water from Pishkun is already in the system. Usually this water already flowing through the canal and lateral system is wasted into Muddy Creek. These wastewater discharges, combined with storm runoff, are closely correlated to high sediment concentrations at a downstream gaging station. Three alternative solutions for surge relief, including a wasteway to Freezeout Lake, storage reservoir, and canal storage are presented.

Wasteway to Freezout Lake—A wasteway (called a surge relief canal by local residents) could be constructed near the town of Fairfield to carry excess water from Spring Valley Canal to Freezeout Lake. It would reduce the impact of these storm-induced wastes into Muddy Creek by about two-thirds. If these flows were wasted into Freezeout Lake, an improved channel would be required from Freezeout Lake to Priest Lake downstream and from Priest Lake to Teton River. Quality of the water that would enter Teton River is a matter of concern and is being investigated by the Montana Water Quality Bureau.

The wasteway from Spring Valley Canal would be 2.5 miles long with a capacity of 600 ft^3/s. An existing wasteway would be enlarged to carry the water through most of the route. Total investment cost (January 1, 1980) would be about $7 million. This alternative could be justified only as an environmental quality project.

Reservoir to store water—Dam(s) located along the canal route could take water from the canal during storms when water orders are canceled. After the storm, the water would be pumped back into the canal. Big Coulee appears to be the only location where the water can be stored. There are two potential dam sites on the Coulee. The upper site was selected as being more advantageous. More fill material would be required, but costs would be more than offset by 20 feet less pumping head. The dam would be 10 miles farther upstream on the canal than the wasteway to Freezeout Lake. The location of the wasteway, therefore, would keep an additional 300 acre-feet of water from dropping into Muddy Creek than the dam would.

The dam would be rolled earthfill with a height of 50 feet and a crest length of 1,200 feet. A grassed spillway with a concrete lip would be located on the left side of the dam. The reservoir would have an active capacity of 3,150 acre-feet.

Surplus water would be dropped from the canal into the reservoir through a drop-chute structure 1,000 feet long. After the storm the water would be returned to the canal by a 100-ft^3/s pumping plant with a total dynamic head of 140 feet. Capacity for the

2-unit plant would be 115 ft³/s to allow for wear. Average diversions during a storm would be 2,000 acre-feet. It would take 10 days to pump the water back into the canal. A repeat storm could occur 5 days after the first storm without causing the reservoir to spill. Total investment would be $9.6 million (January 1980 prices at 7⅛ percent interest rate).

Checks in supply canal—Another alternative is to place checks in the main canal. When it rains, and water users cancel their orders, a series of checks in the canal would be closed. The water between Pishkun Reservoir and the distribution system east of Fairfield would be saved in the main canal instead of wasting into Muddy Creek.

Eleven checks would be required to stop water flow in the canal from Pishkun Reservoir to a point about 2 miles east of the town of Fairfield. The checks would keep about 250 acre-feet more water out of Muddy Creek than the Freezeout wasteway. Canal freeboard would be raised where required. The checks would contain rotating or radial gates. The gates would be controlled by remote-operated mechanisms that would allow them to close at 5-minute delays from Pishkun Reservoir to the lower end. Total investment would be $5.2 million (January 1980 prices at 7⅛ percent interest rate).

SUMMARY OF SURGE RELIEF—3 ALTERNATIVES FOR SURGE RELIEF

	Water kept out of Muddy Creek (acre-feet)	Water saved for project use (acre-feet)	Total investment
Surge relief canal	2,300	0	$10,000,000
Big Coulee Dam and pump plant	2,000	2,000	9,600,000
Surge relief checks	2,600	2,600	5,200,000

The following is a summary of costs of the surge relief alternatives:

	Annual Investment cost	Annual O.M. & R.[1]	Total annual cost
Surge relief canal	$711,000	$9,100	$720,000
Big Coulee Dam and Reservoir.	678,000	33,000	720,000
Canal checks	370,000	530,000	900,000

[1] Operational, maintenance, and replacement.

The Service will conduct feasibility grade studies and provide a detailed plan for surge relief.

Muddy Creek stabilization

Five alternatives were analyzed at appraisal level to determine the most practical solution to stabilize Muddy Creek: (1) a dam near Power, Montana, (2) an interceptor canal, (3) a series of drop structures, (4) a dam near Vaughn, Montana, and (5) a combination of low dams and drop structures.

Dam near Power, Montana—This alternative was explained in "Information on Muddy Creek Erosion Problem," Water and Power Resources Service, April 1974. It includes a dam and reservoir located on Muddy Creek in southeastern Teton County near the town of Power, Montana. The facility would be combined with a recycling system to provide 18,000 acres with additional water and irrigate about 2,350 acres of new land adjacent to the Greenfields District through an exchange agreement. The plan would also utilize the recycling system to provide, through exchange, low flow augmentation of Sun River.

The dam would be a rolled earthfill structure 80 feet in height with a crest length of 660 feet. The total volume of fill required would be about 240,000 cubic yards. It would have an ungated overflow spillway of 30,000 ft³/s and an outlet works with a capacity of 200 ft³/s. The surface area of the reservoir at a capacity of 25,000 acre-feet would be 1,400 acres. Reservoir characteristics are shown below.

	Storage (acre-feet)	Surface area (acres)	Elevation (feet, MSL)
Streambed	0	0	3,591.0
Inactive storage	5,000	410	3,641.5
Active conservation storage	25,000	1,400	3,664.5

The reservoir would store the flows of Muddy Creek originating above the dam and wastewater from the Greenfields Irrigation District. Wastewater from terminal wasteways and drains entering Muddy Creek below the dam would be carried into the reservoir by a collection system. This collection system would extend a distance of 12.8 miles downstream from the dam and collect flows from five major drainages. The flows of each drainage would be fed into the concrete-lined system through small diversion dams. The system capacity would increase from 60 to 200 ft³/s along the 12.8-mile length to the reservoir.

Several possible uses for the stored water were examined. The use selected is to recycle the water onto the lower benches of the Greenfields Division of the Sun River Project for reuse.

The recycling system would consist of a series of 5 130-ft³/s pumping plants and a canal system to serve the lower benches adjacent to the reservoir. This system would be situated so that water flowing in project drains would be pumped simultaneously with water from the reservoir to effect a savings throughout the system. The following physical information is given for the recycling system.

Pumping plant	Q (ft³/S)	Discharge diameter (inches)	Line length (feet)	TDH (feet)
1	130	42	2,900	141
2	130	42	3,960	53
3	130	42	3,100	100
4	130	42	1,500	75
5	130	42	4,300	55
Total			15,760	

Canal length=16,000 feet.
Capacity=130 ft³/s (concrete-lined).

Total investment cost (January 1, 1980 prices) would be $37,000,000. Construction period would be 6 years.

Intercepter canal—A 15-mile-long concrete-lined canal with 500 ft³/s maximum capacity would be constructed along the west side of Muddy Creek. It would begin near the town of Power and end in a relatively stable part of Muddy Creek near the town of Vaughn. The canal would intercept wastewater and return flows from Greenfields Project. Although there may be potential for two small hydropower plants along the canal, flows would probably be too erratic to justify the power plants. They were not analyzed in this study. Flows entering Muddy Creek upstream from the canal and from the east side would not be controlled. Total investment cost (January 1, 1980, prices) would be $14 million.

Series of drop structures—Constructing 35 five-foot concrete retention-drop structures would decrease the channel gradient by three-fourths through the Power-to-Vaughn segment of Muddy Creek. Riprap would be placed to further stabilize the stream in the vicinity of the drops. Total investment (January 1, 1980, prices) would be about $9 million.

Dam near Vaughn, Montana—A dam and reservoir on Muddy Creek about 4 miles upstream from the town of Vaughn would capture most of the creek's sediment load behind the dam. Very little meandering or erosion would be controlled; however, Sun River would again run clear.

The dam would be a rolled earth structure 60 feet high above streambed with a crest length of 1,550 feet. It would require 500,000 cubic yards of earthfill. The ungated concrete spillway would have a capacity of 150,000 ft³/s flow of water. A pipe outlet would have a capacity of 2,000 ft³/s. Four miles of railroad and 3.5 miles of highway would be relocated. Reservoir characteristics are shown below.

	Storage (acre-feet)	Surface area (acres)	Elevation (feet, MSL)
Streambed	0	0	3,400
Sediment storage available	13,800	605	3,447
Surcharge	3,100	603	3,452
Top of dam			

The reservoir would trap about 12,000 acre-feet of sediment during its 100-year useful life span. Beyond that time sediment would have to be dredged out of the reservoir each year if it were to continue functioning. Sediment control and recreation would be the only functions of the reservoir. Total investment (January 1, 1980 prices) would be $23 million.

Combination of low dams and drop structures—A series of four low dams and 13 drop structures would be located in Muddy Creek between the towns of Power and Vaughn. Each dam would be about 40 feet high above the bottom of the channel. They would be rolled earth fill construction averaging 42,000 cubic yards of fill. Grassed chute spillways with earthen plugs would be utilized. Average reservoir area at normal water level would be 50 acres. The 13 drop structures would be identical to those described in the third alternative. Muddy Creek gradient would be reduced by 75 percent. Total investment (January 1, 1980 prices) would be about $23 million.

Summary of Annual Costs—The following summarizes the annual costs of the Muddy Creek stabilization alternatives.

Alternative	Annual investment cost	Annual O.M. & R.	Total annual cost
Dam near Power	2,635,000	105,000	2,740,000
Interceptor canal	995,000	15,000	1,010,000
Drops in Muddy Creek	665,000	155,000	820,000
Dam near Vaughn	1,641,000	39,000	1,680,000
Combination of low dam and drops	1,641,000	99,000	1,740,000

Muddy Creek Stabilization Conclusions—The Muddy Creek Stabilization potentials are all, to one degree or another, alternatives to surge relief, onfarm irrigation water management, and educational programs. If these three proposed action programs are successful, it is doubtful if a Muddy Creek stabilization program would be needed. Therefore, no action should be taken to stabilize Muddy Creek until the surge relief measures, On-farm Management Plan 5, and the Information and Education program are implemented.

Hydrology Study—A hydrology study has been proposed. This study will document present operation of the irrigation system, highlighting wastewater discharge. The time of water spilling or wasting will be studied based on rainfall frequency and/or special

system operations which induce spilling or waste. Details of the study are discussed on page 29 of the appendix.

OVERALL IMPLEMENTATION PLAN

The recommended plan for Muddy Creek is to implement Onfarm Management Plan 5, surge relief measures, and the Information and Education Program.

A limited onfarm management program for the Muddy Creek area is presently ongoing. This program was stepped up to a funding level of approximately $700,000 in fiscal year 1980. The U.S. Department of Agriculture could provide funding up to $350,000 in fiscal year 1981. Action should start immediately to provide the $12.5 million of financial assistance and $2.4 million of technical assistance that are required to implement Onfarm Management Plan 5 over the next 10 years.

Immediate action is needed to provide $97,000 in fiscal year 1982 for Water and Power Resources Service to start feasibility grade studies to evaluate alternatives in detail and develop plans for constructing surge relief measures.

Immediate funds in 1982 totaling $52,000 should also be provided to start an environmental assessment for the overall implementation plan and a feasibility grade hydrologic analysis for that plan. Details on funding needs by fiscal year through 1985 are shown on page 31 of the appendix.

Construction will continue under the ongoing Rehabilitation and Betterment Project, and efforts should continue for installing the pilot Muddy Creek channel stabilization work.

Additional channel stabilizing measures should not be pursued until the success of Rehabilitation and Betterment, onfarm irrigation water management, information and education, and surge relief implementation is determined.

ENVIRONMENTAL CONCERNS

The environmental concerns have been divided into two parts—onfarm and off-farm. Following a discussion of the two parts, the resources needed for assessing the impacts are discussed.

Onfarm management program environmental concerns include:

A. Reduction of wildlife habitat through ditch lining, pipe laying, and sprinkler system development.

B. Lowering of the ground water table which may result in increased nitrate concentrations in wells in the area and the need to deepen wells.

C. Decreased flows in drainageways and upper Muddy Creek where fish and waterfowl populations may be adversely impacted.

These impacts will be addressed through the following activities:

1. Summarize the amount of wildlife habitat that may be disturbed by ditch lining, pipe laying, and sprinkler system development for the entire project area. The SCS will develop this information and establish an associated wildlife habitat unit value. It is believed that reseeding disturbed areas with SCS-approved seeding mixtures will mitigate the disturbance of upland game habitat. SCS will establish the specifications for reseeding which will be required as a condition for receiving cost-sharing funds for ditch lining. This activity can be accomplished with existing resources.

2. Locate and quantify the wetland areas now present because of system water losses and estimate wildlife populations in these areas. This will determine baseline conditions before this type of habitat is reduced as irrigation efficiencies improve and seepage and return flows decline. The SCS and the Montana Department of Fish, Wildlife and Parks should make these estimates. They should also determine if management practices are needed to maintain some impacted wetland areas in present conditions. This activity can be accomplished with existing resources.

3. Evaluate the effect of decreased flows in certain drainageways and in Muddy Creek in terms of adverse impacts on existing fish and waterfowl communities. The Department of Fish, Wildlife and Parks should continue their present effort to determine baseline fish populations. Estimates of waterfowl use of these areas should also be determined, if possible. Present resources are adequate for this activity.

4. Evaluate the effect of increased irrigation efficiencies on ground water table depth and quality. This impact will be partially addressed through a proposed State grant to the Bureau of Mines to drill six to 12 test wells in areas where the SCS will be evaluating alternative irrigation management practices. Although good information should result from this effort, a broader, more comprehensive evaluation will be necessary to evaluate potential cumulative effects of the on-farm irrigation improvements. It is recommended that additional funds be provided to the Bureau of Mines to expand their ground water evaluation to include the potential effects on the Fairfield and Power municipal water supplies. In addition, modeling of the six to 12 test wells sites to project ground water reaction on a much broader scale which would be applicable to various geohydrologic conditions should be undertaken. This investigation should also identify and evaluate alternative potable water supplies for affected farms and municipalities.

To develop a comprehensive evaluation of ground water impacts, surface flows in appropriate drainageways and Muddy Creek must be monitored. Sample collection should be coordinated with the ground water study in terms of timing, duration, and parameter selection. Flow rates, physical and chemical water quality, and biological community reaction are the primary factors to be monitored and related back to the type of irrigation management practice being conducted in the particular subwatershed. The Water Quality Bureau and the Department of Fish, Wildlife and Parks would carry out this monitoring activity in coordination with the SCS. However, additional funds would be required for this effort. The monitoring would also be coordinated with the continuing USGS monitoring on Muddy Creek.

Proposed off-farm measures environmental concerns include:

A. Changes in erosion rates on Muddy Creek streambanks downstream from Gordon.

B. Changes in sedimentation rates in lower Muddy Creek below Vaughn, in Sun River below the mouth of Muddy Creek, and in the Missouri River immediately below the mouth of Sun River.

C. Changes in water quality in stream reaches outlined in items A and B.

D. Changes in fish and wildlife habitats in these reaches and other locations.

E. Projected changes in fishing and hunting attributable to the project alternatives.

F. Decreased return flows may also reduce water available for Freezeout-Priest Butte Lakes and for pumping to Benton Lake Wildlife Refuge.

These impacts will be addressed through the following:

1. Water and Power, in cooperation with other appropriate agencies, will develop projections of the change outlined in items A through C above. These projections will be based on existing data.

2. The Fish and Wildlife Service, with other agencies, will analyze impacts on fish and wildlife habitats associated with the appropriate stream reaches.

3. Water and Power, with assistance of other agencies, will determine changes in fishing and hunting associated with the project alternatives.

4. An estimated 75 percent of the water is currently entering the Freezeout-Priest Lake Butte Lake system arises from the Greenfields Bench irrigated area. The impact on the lakes of improved onfarm irrigation management practices must be considered. To ensure the continued maintenance of a desirable lake system habitat, the Greenfields Irrigation District shall provide sufficient flow to the lakes from water saved by upgrading the irrigation system.

The present baseline flow entering the lakes from the irrigated area will be determined by the Department of Fish, Wildlife and Parks. The Department will also jointly determine with the Irrigation District the feasibility of providing supplemental water supplies to the lakes through existing or new ditch or lateral turnouts. Monitoring of this flow will continue as necessary to determine if improved irrigation efficiencies are reducing the lakes' water supply.

If significant reductions become apparent, the Department of Fish, Wildlife and Parks will coordinate with the Irrigation District to maintain an adequate flow to the lake system. There will be no significant impacts on the Teton River from the onfarm management program if the present flow to the lakes is maintained.

5. Because the Benton Lake Refuge is dependent upon Muddy Creek for most of its water supply, the Greenfields Irrigation District agrees to coordinate with the U.S. Fish and Wildlife Service to ensure that adequate flow is maintained in the creek for this purpose. Appropriate flow data will be obtained, as necessary, to determine if supplemental water must be released from the canal system to Muddy Creek.

Resources needed to carry out the identified environmental assessment activities for both the on-farm and off-farm measures:

ACTIVITY, RESPONSIBLE AGENCY, AND RESOURCES REQUIRED

State

Ground water monitoring: Bureau of Mines/EPA, $50,000/yr/2 years.

Surface WQ monitoring: Water Quality Bureau/EPA, $30,000/yr/2 years.

Biological monitoring: Department of Fish, Wildlife and Parks/EPA, $5,000/yr/2 years.

Federal

Fish and Wildlife Coordination Act Analysis:[1] U.S. Fish and Wildlife Service, $27,500 over 2 years (note: $20,000/1st yr., $7,500/2nd yr.).

Cooperation in habitat assessments: Water and Power Resources Service, $2,000 over 2 years; SCS, $2,000 over 2 years.

Other environmental assessments, monitoring, and analyses listed herein will be accomplished with existing resources.

BENEFICIAL EFFECTS

A detailed economic analysis of implementing improvements in the Muddy Creek area was not done for this study. Beneficial effects based on the limited available data are, however, described in this section.

Improved irrigation water management almost always increases crop production and/or reduces the costs associated with irrigation water use. Better onfarm water management results in less soil fertilizer, and pesticide loss; increased in yield and quality of the crop; and, depending on the system, a reduction in labor. A detailed farm budget is needed to estimate the benefits in specific cases.

The potential for increasing yields in the Muddy Creek area appears good for the principal crops of barley and alfalfa. The 1978 annual report for the Greenfields project, which includes the Muddy Creek drainage area, shows barely yields at 65 bushels per acre. With the planned high level of irrigation water management, barley yields should

[1] Includes habitat impact changes using current assessment techniques.

increase to an 85-bushels-per-acre average for the entire irrigated area. Fertilizer, pesticides, and labor savings that result from changed systems and improved irrigation efficiencies should offset any increase in labor, pesticides, and fertilizer that will be needed to achieve the 20-bushel-per-acre increase in yield. This production increase on 34,700 acres of barley at $3.00 per bushel results in an annual value of $2,082,000.

In the case of alfalfa hay, the 1978 yield reported in the annual report was 3.2 tons per acre. Better irrigation water management should produce an increase to an average of 4.2 tons per acre for the irrigated area. Savings again should offset any increased costs to attain the higher yield. The increased production on 10,700 acres of alfalfa hay, valued at $50 per ton, gives an annual value of $535,000 for the irrigated Buddy Creek area.

Systems Technology, Inc.[1] documented estimates of other benefits from improvements in the Muddy Creek area in a letter dated December 18, 1979, to the Cascade County Conservation District. This document estimated that improved water quality of the Sun River would produce an increase in 3,500 to 5,000 fisherman-days, at a value of $21,000 to $50,000 per year.

The amount of water saved includes a reduction of 33,000 acre-feet delivered to farms and a reduction of 20,000 acre-feet in off-farm seepage and spill for a total savings of 53,000 acre-feet. The water saved will be available for environmental, recreational, and other uses. Return flow through Muddy Creek will be reduced by 72 percent.

It is difficult to document the total dollar value of the improvements to water quality. The reduction in sediment produced is assumed to be equal in proportion to the reduced flow in Muddy Creek, or 154,000 tons annually. Sediment damages to irrigation pumps and agricultural operations along Muddy Creek were estimated to be $24,000 per year by Systems Technology, Inc.

Based on U.S. Geological Survey data for 1978,[2] it is estimated that 67,000 tons of salt are picked up annually in the Muddy Creek area. The reduction in salt pickup by installing improvements is estimated to be in direct proportion to the reduction in deep percolation (appendix, pages 24 and 30). On this basis, the planned improvements would reduce the salt pickup by 48,000 tons per year. Data currently are not adequate to assign a monetary value to this benefit.

[1] Systems Technology, Inc., Helena, Montana, to Joy Fulton, Administrative Assistant, Cascade County Conservation District, December 18, 1979.

[2] U.S. Geological Survey, 1978. Water Resource Data for Montana, pp. 91–98.

FUNDING CONSIDERATIONS

There are two major options for funding the Muddy Creek program. The first and preferred option would be to provide total funding through a "lead agency." That lead agency would provide funds to the other agencies who are responsible for their respective roles. With this approach, all funding would go to the Department of the Interior, and funds to USDA and other agencies would be provided as necessary through reimbursable agreements.

The second option would be to fund USDA agencies, USDI agencies, and EPA separately. There are several programs available in USDA that could, if they were adequately funded, provide a means to implement the onfarm program. These programs include the Agricultural Conservation Program (ACP), Rural Clean Water Program, and the Small Watersheds Program (PL–566). Funding to Department of the Interior's Water and Power Resources Service to implement structural measures would be through traditional appropriations procedures.

Tables showing total costs and funding schedule and agency assignment are found on pages 31 and 32 of the appendix.

APPENDIX

IRRIGATION WATER BUDGET FOR 51,000-ACRE MUDDY CREEK AREA

[Thousand acre-feet]

	Present	Future (recommended plan installed)
On-farm:		
Gross application (field)	146	92
Reuse[1]	[2](−)26	[3](−)5
Project water delivered through "A" drop[4]	120	87
Irrigated crop consumptive use	41	57
Ground water use by crops[1]	[5](+)10	[3](+)3
Total supplemental water use by crops	[6]51	[6]60
Return flow	69	27
Return flow determination:		
Surface runoff	23	12
Deep percolation and seepage	82	23
Ground water use[1]	(−)10	(−)3
Reuse[1]	(−)26	(−)5
Return flow	69	27
Off-farm:		
Off-farm seepage and spill	35	15
On-farm return and off-farm seepage	104	42
Benton Lake Refuge diversion	(−)4	(−)4
Incidental water use (hydrophytes, seeped areas and evaporation)	(−)17	(−)15
Muddy Creek irrigation return flow (both on-farm and off-farm)	83	23

[1] From on-farm and off-farm water losses (seepage, surface runoff, deep percolation).

[2] 18 percent reuse of project water deliveries was based upon information provided by the Greenfields Irrigation District for 1978.

[3] 5 percent.

[4] Based on water measurements information provided by Greenfields Irrigation District.

[5] 20 percent.

[6] Assume 85 percent adequacy of irrigation for present conditions.

REHABILITATION AND BETTERMENT PROJECT

Gibson Dam—Installing automation of three spillway gates, telemetric communication of the water elevation, and supervisory control of two river outlet gates.

Pishkun Dam—Installing telemetric communication of the canal stage and supervisory control of two diversion gates.

Main Canals—(1) Installing 2,500 linear feet of membrane lining in the Greenfields Main Canal (910 ft³/s capacity); 10,000 linear feet of Greenfields South Canal (386 ft³/s capacity); and 12,500 linear feet of miscellaneous reaches (60–145 ft³/s capacity).

(2) Abandonment of a section of the Greenfields South Canal.

(3) Installing telemetric communication of Mary Taylor Drop.

(4) Replacing four lateral turnouts and installing seven new measuring devices.

Laterals—(1) Installing membrane lining in 3,000 linear feet of various laterals, 45–75 ft³/s capacity.

(2) Installing concrete lining in various size laterals as follows: 267,200 linear feet, 0–5 ft³/s capacity; 141,373 linear feet, 5–10 ft³/s capacity; 129,500 linear feet, 10–15 ft³/s capacity; 84,700 linear feet, 15–25 ft³/s capacity; 41,400 linear feet, 25–35 ft³/s capacity; 17,600 linear feet, 35–50 ft³/s capacity; and 11,800 linear feet, 50–75 ft³/s capacity.

(3) Installing 26,340 linear feet of buried low-head pipe ranging in size from 10-inch to 27-inch in various laterals ranging in size from 3 ft³/s to 20 ft³/s.

(4) Installing telemetric communication of J Wasteway.

(5) Replacing or repairing 22 control structures by constructing new structural walls, supports, etc. These structures may be modified to adapt to modern operational techniques.

(6) Providing measuring devices by modifying present turnout structures to adapt to the portable flowmeter measurement method and by providing new devices where required.

Action	Ongoing program	Alternative plans of action 1	2	3	[1]4	5 (Recommended plan)
		Management I and measuring devices	Management I measuring devices ditch lining	Management II measuring devices ditch lining border ditches	Management III optimum surface systems	management III optimum surface system with sprinklers
Management:						
Landowners scheduling irrigation (percent)	0	50	50	75	75	100
Delivered Q	----------	[2]	[2]	[2]	[2]	[2]
IRMA level[3]	----------	IRMA–1	IRMA–1	IRMA–2	IRMA–3	IRMA–3
Systems (Practices) (acres):						
Measuring device coverage	0	50,000	50,000	50,000	50,000	50,000
Ditch lining/pipelines	0	0	25,000	25,000	25,000	25,000
Land leveling	11,000	11,000	11,000	22,000	25,000	22,000
Automation	0	0	0	0	[4]25,000	25,000
Soil moisture sensors	0	[5]	[5]	[5]	[5]	----------
Soil swapping	0	0	0	0	4,000	0
Wildlife habitat improvement	2,000	2,000	2,000	3,250	3,250	3,250
Methods (acres):						
Border ditch	17,000	17,000	17,000	0	0	0
Border dike	5,000	5,000	5,000	22,000	26,000	22,000
Wild flooding	20,000	20,000	20,000	20,000	16,000	0
Contour ditch	3,000	3,000	3,000	3,000	3,000	3,000
Sprinkler	5,000	5,000	5,000	5,000	5,000	25,000

Action	Ongoing program	Alternative plans of action 1 Management I and measuring devices	2 Management I measuring devices ditch lining	3 Management II measuring devices ditch lining border ditches	[1] 4 Management III optimum surface systems	5 (Recommended plan) management III optimum surface System with sprinklers
Effects:						
On-farm efficiency (percent)	37	40	40	50	65	65
Reduction in Muddy Creek return flow (percent)	2	5	25	45	55	61
Sediment reduction (T/yr.)	4,000	10,000	48,000	86,000	106,000	117,000
Salt reduction (T/yr.)	1,350	4,000	20,000	36,000	43,000	48,000
Costs (January, 1980):						
Total cost		$485,000	$6,580,000	$9,000,000	[6] $12,630,000 [7] $12,880,000	$19,000,000
Federal cost share		$332,500	$4,903,750	$6,718,750	[6] $7,378,750 [7] $9,628,000	$12,468,750
Total cost per acre		$10	$129	$176	[6] $247 [7] $252	$372

[1] Options of labor input versus automated systems were considered.
[2] SCS Irrigation Method Analysis Program Level.
[3] 4 cfs minimum is required.
[4] Option.
[5] Total of 2,500 acres for plans 1, 2, 3, and 4.
[6] Labor.
[7] Automated.

ONFARM MANAGEMENT PLAN COSTS

	Total cost	Federal cost share Percent	Federal cost share Amount
Plan 1:			
800 measuring dev. at $450	$360,000	75	$270,000
2,500 tensiometers at $50	125,000	50	62,500
Total, plan 1	485,000		332,500
Plan 2:			
Cost from plan 1	485,000		332,500
Ditch lining & pipelines on 25,000 acres	6,095,000		4,571,250
Total, plan 2	6,580,000		4,903,750
Plan 3:			
Cost from plan 2	6,580,000		4,093,750
Add 11,000 acres of land leveling	2,420,000		1,815,000
Total, plan 3	9,000,000		6,718,750
Plan 4 (with labor):			
Costs from plan 3	9,000,000		6,718,750
Add 4,000 acres leveling	880,000	75	660,000
Addition labor, 10 yr at $275,000/yr	2,750,000		
Total, plan 4 (with labor)	12,630,000		7,378,750
Plan 4 (with automation):			
Costs from plan 3	9,000,000		6,718,750
Add 4,000 acres leveling	880,000	75	660,000
Automation on 25,000 acres	3,000,000	75	2,250,000
Total, plan 4 (with automation)	12,880,000	75	9,628,750
Plan 5:			
Costs from plan 3	9,000,000		6,718,750
25,000 acres automated	3,000,000	75	2,250,000
Add 20,000 acres sprinkler system	7,000,000	50	3,500,000
Total, plan 5	19,000,000		12,468,750

SCS TECHNICAL ASSISTANCE NEEDS AND COST

(1980 dollars)

1—Project leader, GS–11	$22,000
1—Conservation Engineer, GS–11	25,000
2—Soil Conservationist, GS–9	36,000
2—Soil Conservation Technician, GS–7	30,000
1—Clerk, Cartographic, GS–5	12,000
1½ man-years, other specialists, ave. GS–12	40,000
Subtotal	165,000
Benefits @ 10 percent	16,500
Subtotal	181,500
Travel: $1,000	1,000
Computer Services	1,000
Other Overhead @ 25 percent	45,000
Total per year	228,500

HYDROLOGY STUDY

Study Scope—This study will document present operation of the irrigation system, highlighting wastewater discharge. The time of water spilling or wasting will be studied based on rainfall frequency and/or special system operations which induce spilling or waste, etc., (fall shutdown of system). The documentation of the wastewater discharge and its relation to time should allow correction of the present operation if necessary by physical means or management means.

The study steps are:

1. Meet with irrigation district personnel to determine their standard operating procedures for shutting down the canal under various conditions (emergency or normal practices).

2. Obtain discharge information on diversions and wasteways to determine water quantities of outflow from the system. This may require setup of a monitoring program for data collection.

3. Obtain or compute inflow to system, including diversion from the river, return flows to canal system, and storm runoff entering the canal system.

4. With collected data, perform hydrologic analysis to obtain system time response to water travel through system.

5. Water quality evaluation.

6. Prepare appendix.

Estimate of time to perform study:

Step and cost:

1. ½ man-month (project review, meet with district management, and write present operation procedure), $1,700.

2. 2 irrigation seasons (data collection if necessary) or 12 man-months, $35,600.

3. 2 irrigation seasons (data collection if necessary) or 12 man-months, $3,300; 1 man-month (data organization for inflow-outflow analysis), $3,300.

4. 2 man-months (determine from inflow-outflow analysis the travel time response), $6,800.

5. 3 man-months.

6. 1 man-month (prepare appendix), $3,300.

Total: $64,000.

NOTE: Cost-based on $40,000 per year per man or $3,300 per man-month. The data collection of inflow and outflow steps 2 and 3 will be done together by same personnel, so one cost was included using a rate of one man at GS–5, $12,531/year, and one man at GS–9 at $17,035/year, plus $6,000 for equipment equals $35,566.

FUNDING SCHEDULE AND AGENCY ASSIGNMENT

	Federal funds USDA	WPRS	EPA	F. & W.L.S.	Other funds State	Private	Local government
1982							
On-farm	1,500,000					600,000	
Environmental	1,000	1,000		20,000			
Surge relief		97,000					
Hydrology study		30,000					
Information and education	37,000						
Monitoring			65,000		21,500		
1983							
On-farm	1,500,000					600,000	
Environmental	1,000	1,000		7,500			
Surge relief		74,000					
Hydrology study		34,000					
Information and education	37,000						

FUNDING SCHEDULE AND AGENCY ASSIGNMENT—Continued

	Federal funds				Other funds		
	USDA	WPRS	EPA	F. & W.L.S.	State	Private	Local government
Monitoring			62,500		21,000		
1984							
On-farm	1,500,000					600,000	
1985							
On-farm	1,500,000					600,000	
Surge relief (construction)		5,000,000					

TOTAL COSTS

The estimated costs for installing the improvements in the Mud dy Creek area are over $32 million. The costs are summarized in the following table.

TOTAL COSTS FOR MUDDY CREEK IMPROVEMENTS

[In dollars]

Activity	Total cost	Federal	Other	Responsible agency [1]
On-farm management financial assistance	19,000,000	12,469,000	6,531,000	USDA
On-farm management technical assistance	2,285,000	2,285,000	0	USDA
Snake River Cons. Research Center Asst.	110,000	110,000	0	SEA–AR
Information and education	370,000	370,000	0	CES
Feasibility grade studies	171,000	171,000	0	WPRS
Surge relief construction [2]	10,000,000	10,000,000	0	WPRS
Environmental studies	31,500	31,500	0	F. & W.L.S.
Monitoring	170,000	127,500	42,500	EPA
Hydrology study	64,000	64,000	0	WPRS
Total	32,201,500	25,628,000	6,573,500	

[1] Key to abbreviations follow:
USDA = U.S. Department of Agriculture.
SEA–AR = Science Education Administration-Agricultural Research.
CES = Cooperative Extension Service.
WPRS = Water and Power Resources Service.
F. & W.L.S. = U.S. Fish and Wildlife Service.
EPA = Environmental Protection Agency.
[2] Scheduled after 1985.

FUNDING NEEDS BY YEAR THROUGH 1985 [1]

Year	Total	Federal	Other
1982	2,372,500	1,751,000	621,500
1983	2,338,000	1,717,000	621,000
1984	2,100,000	1,500,000	600,000
1985	7,100,000	6,500,000	600,000

[1] Summarized from appendix, page 31. ●

By Mr. HOLLINGS:

S. 1490. A bill to amend the authorization of the demonstration project at Broadway Lake, S.C.; to the Committee on Environment and Public Works.

DEMONSTRATION PROJECT FOR BROADWAY LAKE, S.C.

● Mr. HOLLINGS. Mr. President, section 98, Public Law 93–251, March 7, 1974, authorized a demonstration project to be undertaken for the removal of silt and aquatic growth from Broadway Lake at an estimated cost of $400,000. The authorization states that the Secretary of the Army shall report to the Administrator of the Environmental Protection Agency the plans for the anticipated results of such a project, together with such recommendations as he determines necessary to assist EPA in carrying out the clean lake program under section 314 of the Federal Water Pollution Control Act (Public Law 92–500).

The Savannah district of the Corps of Engineers coordinated with EPA and the State of South Carolina to develop a plan for restoring a 6-foot depth in shallow areas of the lake. The district completed a detailed project report and final environmental impact statement. The selected plan requires dredging to a water depth of 6 feet in both Neals Creek and Broadway Creek arms of Broadway Lake and includes comprehensive monitoring of sediment and water quality and fisheries before, during, and after dredging.

Also, State implementation of land treatment measures to control erosion in the watershed with the aid of an EPA section 314 grant is considered a major part of the plan. Based on October 1979 prices, the demonstration project is estimated to cost a total of $2,539,000, of which $2,112,000 would be Federal and $427,000 would be non-Federal.

The Federal cost is composed of $1,777,000 for the Corps of Engineers to dredge the lake and monitor fish and $335,000 for the EPA's 50/50 share with the State of South Carolina in a program of sediment management. The non-Federal cost for the State of South Carolina of $427,000 is composed of $335,000 for their 50/50 share with the EPA in the program for sediment management and $92,000 to monitor water and sediment quality.

The selected plan has been approved by the corps. However, due to the significant increase in cost over the authorized project, the discretionary authority of the Chief of Engineers to further pursue this project has been exceeded. The Director of Civil Works has determined that Congress must be informed of the selected plan and requested to reaffirm the 1974 authorization. A significant post authorization report is being prepared for coordination with the State of South Carolina and EPA prior to submittal to the Congress through the Secreary of the Army and the Office of Management and Budget.

Investigation made in connection with the dam safety program determined there are major problems associated with the dam, spillway, and low-level outlet which are outside the authority of the demonstration project. An agreement has been signed between the State and Anderson County to repair the dam. Some work has been completed but the State will not certify the dam's safety until all specified work is accomplished. The corps requires the State's certification before requesting funds for the demonstration project.

The significant post authorization report is a long tedious procedure required by current regulations. The land owners around Broadway Lake have agreed to form a taxing district to finance the portion of the repairs to the dam beyond the limits of available funds. However, the land owners are reluctant to pass the bond issue required unless there is a firm commitment by the corps to dredge the lake. Thus, we are now stymied by two equally valid competing interests. Approval of the legislation I am introducing today will enable the Committee on Appropriations to increase the funding for Broadway Lake so that the work can proceed. ●

By Mr. LEAHY (for himself, Mr. ANDREWS, Mr. BAUCUS, Mr. BRADLEY, Mr. CRANSTON, Mr. DANFORTH, Mr. DIXON, Mr. DODD, Mr. DOLE, Mr. DURENBERGER, Mr. HATFIELD, Mr. HEINZ, Mr. HUDDLESTON, Mrs. KASSEBAUM, Mr. KENNEDY, Mr. LEVIN, Mr. LUGAR, Mr. MELCHER, Mr. MITCHELL, Mr. PELL, Mr. PERCY, Mr. PRESSLER, Mr. PROXMIRE, Mr. PRYOR, Mr. SPECTER, Mr. STAFFORD, Mr. TSONGAS, and Mr. INOUYE):

S.J. Res. 98. Joint resolution to authorize and request the President to issue a proclamation designating October 16, 1981, as "World Food Day"; to the Committee on the Judiciary.

WORLD FOOD DAY

(The remarks of Mr. LEAHY on this legislation appear earlier in today's RECORD.)

ADDITIONAL COSPONSORS

S. 782

At the request of Mr. COCHRAN, the Senator from North Dakota (Mr. BURDICK) and the Senator from South Carolina (Mr. THURMOND) were added as cosponsors of S. 782, a bill to amend

the Internal Revenue Code of 1954 to exempt from taxation the pay received by members of the National Guard or of reserve components of the Armed Forces to the extent that such pay does not exceed $5,000.

S. 814

At the request of Mr. NUNN, the Senator from New Mexico (Mr. SCHMITT) was added as a cosponsor of S. 814, a bill to improve the administration of criminal justice with respect to organized crime and the use of violence.

S. 1154

At the request of Mr. MATTINGLY, the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from Nevada (Mr. CANNON), the Senator from Florida (Mr. CHILES), the Senator from Arizona (Mr. DECONCINI), the Senator from New Hampshire (Mr. HUMPHREY), the Senator from New Hampshire (Mr. RUDMAN), the Senator from Alaska (Mr. MURKOWSKI), and the Senator from Utah (Mr. GARN) were added as cosponsors of S. 1154, a bill to prohibit permanently the issuance of regulations on the taxation of fringe benefits.

S. 1163

At the request of Mr. NUNN, the Senator from North Carolina (Mr. EAST) was added as a cosponsor of S. 1163, a bill to increase the penalties for violations of the Taft-Hartley Act, to prohibit persons, upon their convictions of certain crimes, from holding offices in or certain positions related to labor organizations and employee benefit plans, and to clarify certain responsibilities of the Department of Labor.

S. 1215

At the request of Mr. PROXMIRE, the Senator from Arkansas (Mr. BUMPERS) was added as a cosponsor of S. 1215, a bill to clarify the circumstances under which territorial provisions in licenses to distribute and sell trademarked malt beverage products are lawful under the antitrust laws.

S. 1249

At the request of Mr. PERCY, the Senator from Pennsylvania (Mr. HEINZ), the Senator from Wyoming (Mr. SIMPSON), the Senator from Georgia (Mr. MATTINGLY), and the Senator from Michigan (Mr. LEVIN) were added as cosponsors of S. 1249, a bill to increase the efficiency of Government-wide efforts to collect debts owed the United States, to require the Office of Management and Budget to establish regulations for reporting on debts owed the United States, and to provide additional procedures for the collection of debts owed the United States.

SENATE JOINT RESOLUTION 62

At the request of Mr. DOLE, the Senator from Illinois (Mr. PERCY), and the Senator from Wisconsin (Mr. PROXMIRE) were added as cosponsors of Senate Joint Resolution 62, a joint resolution to authorize and request the President to designate the week of September 20 through 26, 1981 as "National Cystic Fibrosis Week".

SENATE CONCURRENT RESOLUTION 24

At the request of Mr. GLENN, the Senator from South Dakota (Mr. PRESSLER), and the Senator from Connecticut (Mr. DODD) were added as cosponsors of Senate Concurrent Resolution 24, a concurrent resolution submitting a proposal to Improve the International Nonproliferation Regime.

AMENDMENT NO. 105

At the request of Mr. PRESSLER, the Senator from Wisconsin (Mr. PROXMIRE) was added as a cosponsor of amendment No. 105 intended to be proposed to S. 884, a bill to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes.

SENATE RESOLUTION 175—RESOLUTION CONGRATULATING OKLAHOMA ON ITS DIAMOND JUBILEE

Mr. BOREN (for himself and Mr. NICKLES) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 175

Whereas, Oklahoma, founded with an unparalleled pioneering spirit, became a State on November 16, 1907;

Whereas, Oklahoma will celebrate its seventy-fifth anniversary on November 16, 1982; and

Whereas, the weekend of June 13, 1981, marks both the seventy-fifth anniversary of the Oklahoma Statehood Act and the beginning of a seventy-five-week period of activities to celebrate the Oklahoma Diamond Jubilee: Now, therefore, be it

Resolved, That the Senate congratulates the State of Oklahoma and its people and leaders on the celebration of their Diamond Jubilee.

SEC. 2. The Secretary of the Senate shall transmit copies of this resolution to the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate of the State of Oklahoma.

● Mr. BOREN. Mr. President, 75 years ago, on a dry and dusty June day, legislation was signed authorizing the admission of Oklahoma Indian Territory into the United States. Five months later, on November 16, 1907, President Theodore Roosevelt proclaimed Oklahoma the Nation's 46th State.

In celebration of its approaching Diamond Jubilee, Oklahoma has launched a 75-week celebration, which began June 13, 1981, and continues through November 16, 1982, to commemorate the 75th anniversary of Oklahoma's statehood.

As senior Senator from Oklahoma, I am honored, along with my colleague, Senator NICKLES, to offer legislation declaring the Senate's congratulations to Oklahoma, its people, and its leaders on the celebration of the State's Diamond Jubilee.

Oklahoma has a lengthy and colorful history. Portions of 68 Indian tribes, more than in any other State, inhabit the area. Oklahoma is proud of its Indian and Western heritage, and this characteristic is reflected in the State's attitudes and institutions. Openness and opportunity are present; the atmosphere is clean and the climate good; people are friendly and tolerant. The pioneering heritage which founded Oklahoma remains intact. Oklahomans believe in the work ethic and in providing a good work environment, which is reaping benefits as new industry is attracted to the State.

As a Senator from Oklahoma, I have taken as one of my goals the efforts to "bring more Oklahoma thinking to Washington." I am proud to be an Oklahoman, and I feel especially honored to author this piece of legislation recognizing the Sooner State. I urge my colleagues to join me in this recognition of Oklahoma's 75th statehood anniversary.●

AMENDMENTS SUBMITTED FOR PRINTING

ECONOMIC RECOVERY TAX ACT OF 1981

AMENDMENT NO. 487

(Ordered to be printed and to lie on the table.)

Mr. KENNEDY (for himself and Mr. TSONGAS) submitted an amendment intended to be proposed by them to the joint resolution (H.J. Res. 266) to provide for a temporary increase in the public debt limit.

ENERGY CONSERVATION

Mr. KENNEDY. Mr. President, I am intending to offer an amendment on the tax bill to increase the incentive for energy conservation.

I would like to ask unanimous consent that a copy of a "Dear Colleague," of the amendment itself and of an explanation of the amendment related to energy conservation be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

After title V, add the following new title:

TITLE VI—ENERGY EFFICIENCY PROVISIONS

SEC. 651. INCREASE IN ENERGY PERCENTAGE FOR CERTAIN ENERGY PROPERTY AND SPECIFICATION OF ENERGY PERCENTAGE FOR QUALIFIED INDUSTRIAL ENERGY EFFICIENCY PROPERTY.

(a) IN GENERAL.—The table contained in clause (i) of section 46(a)(2)(C) is amended by adding at the end thereof the following new subclauses:

"VII. Certain Alternative Energy Property, Specially Defined Energy Property, Recycling Equipment, and Cogeneration Equipment.—Property described in sec. 48(1)(3) (other than clause (viii) or (ix) of subparagraph (A) thereof), sec. 48(1)(5), sec. 48(1)(6), or sec. 48(1)(14)	20 percent	Jan. 1, 1981	Dec. 31, 1986.
"VIII. Qualified Industrial Energy Efficiency Property.—Property described in sec. 48(g)	20 percent	Jan. 1, 1981	Dec. 31, 1986".

(b) AFFIRMATIVE COMMITMENTS.—Section 46(a)(2)(C) is amended by adding at the end thereof the following new subsection:

"(v) LONGER PERIOD FOR CERTAIN ENERGY PROPERTY.—Clause (iii) shall apply to energy property described in subclauses VII or VIII of clause (i). However, in applying clause (iii) to such property, 'December 31, 1986' shall be substituted for 'December 31, 1982', 'December 31, 1994' shall be substi-

tuted for 'December 31, 1990', 'January 1, 1987' shall be substituted for 'January 1, 1983', and 'January 1, 1990' shall be substituted for 'January 1, 1986'.".

SEC. 602. QUALIFIED INDUSTRIAL ENERGY EFFICIENCY PROPERTY TREATED AS ENERGY PROPERTY.

(a) QUALIFIED INDUSTRIAL ENERGY EFFICIENCY PROPERTY DEFINED.—Section 48 (relating to definitions; special rules) is amended by redesignating subsection (q) as subsection (r) and by inserting after subsection (p) the following new subsection:

"(q) QUALIFIED INDUSTRIAL ENERGY EFFICIENCY PROPERTY.—

"(1) IN GENERAL.—For purposes of this subpart, the term 'qualified industrial energy efficiency property' means property used as a part of a modification to an existing industrial or commercial facility (including the modification or replacement of one or more processes carried on at such facility on January 1, 1981), but only if such modification—

"(A) results in the utilization by such facility, process or processes of less energy per unit of output,

"(B) results in an aggregate annual decrease in energy consumed by such facility, process or processes, based upon levels of output in effect before such modification, of not less than 1,000 barrels of oil equivalent, and

"(C) does not increase the total amount of oil and natural gas (or products thereof other than petroleum coke, petroleum pitch and waste gases) consumed by such facility, process or processes per unit of output.

"(2) LIMITATION.—Property shall be considered as qualified industrial energy efficiency property only if it is—

"(A) property—

"(i) the construction, reconstruction or erection of which is completed by the taxpayer after January 1, 1981, or

"(ii) which is acquired after January 1, 1981 if the original use of such property commences with the taxpayer and commences after such date,

"(B) property with respect to which depreciation (or amortization in lieu of depreciation) is allowable, and which has a useful life (determined as of the time such property is placed in service) of 3 years, or more, and

"(C) property—

"(i) which results in the utilization described in paragraph (1)(A), or

"(ii) the installation and operation of which is reasonably necessary to the achievement of such utilization.

"(3) APPLICATION TO PROPERTY WHICH IS ENERGY PROPERTY WITHOUT REGARD TO BEING QUALIFIED INDUSTRIAL ENERGY EFFICIENCY PROPERTY.—No property shall be treated as qualified industrial energy efficiency property if the taxpayer claims the energy percentage provided by section 46(a)(2)(C)(i) (other than by subclause VIII thereof) with respect to that property.

"(4) COMPUTATIONS PER UNIT OF OUTPUT.—The determinations required by paragraph (1) shall be made by comparing the BTU content of the energy (or of the oil and natural gas in the case of the determination required by subparagraph (1)(C)) used by the facility, process or processes per unit of output prior to the modification with the BTU content of the energy (or of the oil and natural gas in the case of the determination required by subparagraph (1)(C)) used by such facility, process or processes per unit of output upon completion of the modification. Computations under this subparagraph shall be made in accordance with subparagraph (6).

"(5) REDUCTION OF CREDIT WHERE COST OF ENERGY SAVINGS EXCESSIVE OR WHERE ENERGY SAVINGS WARRANT INVESTMENT WITHOUT REGARD TO CREDIT.—Notwithstanding subclause (VIII) of section 46(a)(2)(C)(i), the energy investment credit allowable by section 38 for qualified industrial energy property shall be determined in accordance with the following table:

"If the adjusted BOE cost of the property is—	The energy investment credit is—
Less than $10	The reduced credit amount
At least $10 but not more than $60.	The section 46(a)(2)(C) amount.
Over $60	The alternative credit amount.

"(6) DEFINITIONS.—For purposes of paragraph (5)—

"(A) ADJUSTED BOE COST.—The term 'Adjusted BOE cost' means, with respect to any qualified industrial energy efficiency property—

"(i) the section 46(a)(2)(C) amount with respect to such property, divided by

"(ii) the annual number of BOE's saved by the modification of which such property is a part.

"(B) ANNUAL BOE'S SAVED BY PROPERTY.—The term 'annual number of BOE's saved' means, with respect to any property, an amount equal to—

"(i) the excess of the average number of BOE's utilized by the facility, process or processes per unit of output during a representative 1-year period before the use of the property commences over the number of BOE's utilized by such facility, process or processes per unit of output during any representative 12-month period occurring within the recomputation period, multiplied by

"(ii) the units of output during such 1-year period prior to the modification.

"(C) REDUCED CREDIT AMOUNT.—The term 'reduced credit amount' means the energy investment credit determined as if the energy percentage equaled the percentage which bears the same ratio to 20 percent as the BOE cost of the property bears to $10.

"(D) SECTION 46(A)(2)(C) AMOUNT.—The term 'section 46(a)(2)(C) amount' means the energy investment credit determined without regard to paragraph (5).

"(E) ALTERNATIVE CREDIT AMOUNT.—The term 'alternative credit amount' means, with respect to any qualified industrial energy efficiency property, an amount equal to—

"(i) $60, multiplied by

"(ii) the annual number of BOE's saved by the modification of which such property is a part.

"(F) BOE.—

"(i) IN GENERAL.—One BOE shall be equal to 5.8 million Btu's.

"(ii) BOE FOR ELECTRICAL ENERGY.—In the case of electrical energy, BOE's shall be calculated by using a heat rate of 10,000 Btu's per kilowatt hour.

"(7) SPECIAL RULES.—

"(A) SPECIAL RULE FOR PROPERTY PLACED IN SERVICE WITHIN 2 YEARS AFTER DATE OF ENACTMENT.—In the case of qualified industrial energy efficiency property which is placed in service during the 2-year period beginning on the date of the enactment of this subsection, the table contained in paragraph (5) shall be applied by substituting '$5' for '$10' each place it appears.

"(B) CERTAIN ENERGY SAVINGS DISREGARDED.—For purposes of this subsection, energy savings shall be disregarded which result from——

"(i) the installation of property other than qualified industrial energy efficiency property, or

"(ii) substantial changes in the character of either the output or input of the facility.

"(8) REDUCTION OF CREDIT WHERE CAPACITY INCREASES.—

"(A) IN GENERAL.—In the case of qualified industrial energy efficiency property which directly results in more than a 10-percent increase in the capacity of the facility, process or processes, the energy investment credit attributable to such property shall be an amount which bears the same ratio to such credit (determined without regard to this paragraph) as the capacity of the facility, process or processes prior to the modification bears to the capacity of the facility, process or processes upon completion of the modification.

"(B) CERTAIN CAPACITY INCREASES DISREGARDED.— For purposes of subparagraph (A), reductions in intermediate or finished product waste or reprocessing shall not be considered an increase in capacity.

"(9) TIME OF APPLICATION OF LIMITATIONS ON AMOUNT OF CREDIT.—

"(A) IN GENERAL.—The provisions of paragraphs (5) and (8) shall be applied as of the close of the recomputation period.

"(B) RECOMPUTATION PERIOD DEFINED.—For purposes of this paragraph, the term 'recomputation period' means, with respect to any modification, the period beginning on the date on which the qualified industrial energy efficiency property which is a part of such modification is placed in service and ending on the last day of the first taxable year beginning more than 180 days after such date.

"(C) RECAPTURE OF EXCESSIVE CREDIT.—If the amount of the credit allowed under this subsection (determined without regard to paragraphs (5) and (8) with respect to qualified industrial energy efficiency property exceeds the credit allowable under paragraphs (5) and (8), the tax imposed by this chapter for the recomputation year shall be increased under section 47 by the amount of such excess.

"(10) EXISTING DEFINED.—For purposes of this subsection, a facility shall be considered an 'existing facility' if industrial or commercial operations were conducted at that geographic location as of January 1, 1981.

"(11) PROCESS CARRIED ON IN A FACILITY ON JANUARY 1, 1981—A process which was carried on in an existing facility on January 1, 1981, shall not thereafter cease to be treated as such solely because capitalizable expenditures are paid or incurred with respect to such process after January 1, 1981, or the chemical, physical or mechanical action by which the desired result is accomplished is modified.

"(12) REPLACEMENT OF PROCESS.—In the case of a replacement of a process or processes carried on in an existing facility on January 1, 1981, no property shall be treated as qualified industrial energy efficiency property if—

"(A) the replaced property is not retired from service, except for property maintained as standby or temporary replacement property for the qualified industrial energy efficiency property during periods for which such qualified property is inoperable due to an emergency or on account of repairs or maintenance, or

"(B) the replacement property is placed in service on a site other than the site of the replaced property or reasonably adjacent to that site.

"(13) QUALIFIED INVESTMENT.—In determining the amount of the taxpayer's qualified investment in qualified industrial energy efficiency property, for purposes of section 46(c)(1), the applicable percentage shall be 100 percent for items of such property without regard to the useful life of any particular item of such property."

(b) CONFORMING AMENDMENTS.—

(1) TREATMENT AS ENERGY PROPERTY.—Subparagraph (A) of section 48(l)(2) (defining energy property) is amended—

(A) by striking out "or" at the end of clause (viii),

(B) by inserting "or" at the end of clause (ix), and

(C) by inserting after clause (ix) the following new clause:

"(x) qualified industrial energy efficiency property.".

(2) QUALIFIED INDUSTRIAL ENERGY EFFICIENCY PROPERTY DOES NOT INCLUDE PUBLIC UTILITY PROPERTY.—Paragraph (17) of section 48(1) is amended by striking out "and 'cogeneration property'" and inserting in lieu thereof "'cogeneration property', and 'qualified industrial energy efficiency property.'"

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to periods beginning after December 31, 1980.

SEC. 603. AMENDMENTS RELATING TO ENERGY PROPERTY.

(a) AMENDMENTS RELATING TO ALTERNATIVE ENERGY PROPERTY.—

(1) EQUIPMENT FOR CONVERTING ALTERNATE SUBSTANCES INTO ELECTRICITY ELIGIBLE FOR CREDIT.—Clause (iii) of section 48(1)(3)(A) (defining alternative energy property) is amended by striking out "solid fuel" and inserting in lieu thereof "solid fuel, or into electricity (but only, in the case of electricity, up to (but not including) the electrical transmission stage)".

(2) DEFINITION OF BOILER.—Paragraph (3) of section 48(1) (defining alternative energy property) is amended by adding at the end thereof the following new subparagraph:

"(D) BOILER.—For purposes of subparagraph (A), the term 'boiler' means a system for producing a vapor or high pressure liquid steam from water or some other working fluid. Heat is produced by combustion or otherwise, and is transferred through metal of ceramic tube walls to generate a vapor or high pressure liquid steam at a positive pressure within the boiler vessel.".

(3) HEAT TREATING FURNACES, METAL FURNACES AND MODIFICATIONS.—

(A) IN GENERAL.—Subparagraph (A) of section 48(1)(3) (defining alternative energy property) is amended—

(i) by striking out "and" at the end of clause (viii),

(ii) by striking out the period at the end of clause (ix) and inserting in lieu thereof a comma, and

(iii) by inserting after clause (ix) the following new clauses:

"(x) heat treating furnaces, the primary fuel for which will be an alternate substance,

"(xi) melt furnaces if such furnaces use no fuel, or if the primary fuel for which will be an alternate substance, and

"(xii) equipment designed to modify existing equipment in a facility which was using an alternate substance as a primary fuel on October 1, 1978, provided such modification reduces the use of fuels other than alternate substances at the existing facility.".

(B) CONFORMING AMENDMENTS.—

(i) Paragraph (3) of section 48(1), as amended by paragraph (2), is amended by adding at the end thereof the following new subparagraphs:

"(E) MELT FURNACE.—The term 'melt furnace' includes any device, apparatus, or configuration which directly or indirectly converts solids into liquids or gases through the use of heat.

"(F) HEAT TREATING FURNACE.—For purposes of subparagraph (A), the term 'heat treating furnace' means any device, apparatus, or configuration which heats materials (such as metals) for the purpose of obtaining improved properties (such as through normalizing or annealing).".

(ii) Subparagraph (A) of section 48(1)(3) is amended—

(I) by striking out "or (v)" in clause (vi) and inserting in lieu thereof "(v), (x), or (xi)", and

(II) by striking out "or (vi)" in clause (vii) and inserting in lieu thereof "(vi), (x), or (xi)".

(4) CERTAIN SUBSTANCES TREATED AS ALTERNATE SUBSTANCES.—Subparagraph (B) of section 48(1)(3) (defining alternative energy property) is amended by adding at the end thereof the following new sentence: "The term 'alternate substance' includes petroleum coke; petroleum pitch; synthetic fuels; and any other product produced from any alternate substance, whether or not such product has undergone a chemical change in the process of its production.".

(5) PRIMARY FUEL DEFINED.—Paragraph (3) of section 48(1), as amended by paragraphs (2) and (3)(B)(i), is amended by adding at the end thereof the following new subparagraph:

"(G) PRIMARY FUEL.—For purposes of this paragraph—

"(i) IN GENERAL.—An alternate substance shall be considered the 'primary fuel' if any alternate substance or combination of alternate substances accounts for more than 50 percent of the Btu's used by any item of alternative energy property.

"(ii) 50-PERCENT RULE NOT REQUIRED IN CERTAIN CASES.—Notwithstanding clauses (i), (ii), (x), (xi), and (xii) of subparagraph (A) the taxpayer shall not be required to comply with a primary fuel requirement for any taxable year—

"(I) if the taxpayer is unable to obtain the alternate substance for reasons (other than cost thereof) beyond his control, or

"(II) in the case of the 12-month period beginning on the date the boiler, burner, or furnace is placed in service, to the extent a fuel other than an alternate substance is used by reason of startup conditions, requirements or timing.

"(iii) ELECTRICITY TO SATISFY PRIMARY FUEL REQUIREMENT IN CERTAIN CASES.—Electricity shall be treated as an alternate substance for purposes of the primary fuel requirement in clauses (i), (ii), (x), (xi), and (xii) of subparagraph (A) if—

"(I) the electricity is generated by the taxpayer primarily from an alternate substance, or

"(II) the electricity is purchased by the taxpayer and the taxpayer establishes to the satisfaction of the Secretary that the electricity reduces the need for onsite use of oil or gas and that more than 50 percent of the electricity purchased by the taxpayer for that use is generated from an alternate substance.".

(b) AMENDMENTS RELATING TO SPECIALLY DEFINED ENERGY PROPERTY.—Paragraph (5) of section 48(1) (defining specially defined energy property) is amended to read as follows:

"(5) SPECIALLY DEFINED ENERGY PROPERTY.—

"(A) IN GENERAL.—The term 'specially defined energy property' means—

"(i) a heat wheel,

"(ii) a heat exchanger,

"(iii) a waste heat boiler,

"(iv) a heat pipe,

"(v) an automatic energy control system,

"(vi) a turbulator,

"(vii) a combustible gas recovery system,

"(viii) an economizer,

"(ix) modifications to alumina electrolytic cells,

"(x) industrial insulation,

"(xi) an industrial heat pump,

"(xii) modifications to burners, combustion systems, or process furnaces,

"(xiii) batch operations conversion equipment,

"(xiv) product separation and dewatering equipment,

"(xv) fluid bed dryers and calciners,

"(xvi) insulating material or coating installed in connection with a building, pipe, duct, container, or window,

"(xvii) a storm or thermal window or door for the exterior of a building, a second entry door, or a revolving door,

"(xviii) caulking or weatherstripping of an exterior door or window,

"(xix) a furnace replacement burner designed to achieve a reduction in the amount of fuel consumed as a result of increased combustion efficiency,

"(xx) a device for modifying flue openings designed to increase the efficiency of operation of the heating system,

"(xxi) an electrical or mechanical furnace ignition system which replaces a gas pilot light,

"(xxii) an electrostatic precipitator, a charcoal filter, or any other air cleaner,

"(xxiii) an automatic energy saving setback thermostat,

"(xxiv) replacement or modification of heating distribution, cooling, ventilating, or lighting systems which increase their energy efficiency,

"(xxv) a recuperator,

"(xxvi) a regenerator,

"(xxvii) a preheater, or

"(xxviii) any other property of a kind specified by the Secretary by regulations,

the installation of which is for the principal purpose of reducing the amount of energy consumed in any existing industrial or commercial process, processes or activities and which is installed in connection with an existing industrial or commercial facility. The Secretary shall not specify any property under clause (xxviii) unless he determines that such specifications meet the requirements of subparagraph (C) of this paragraph. Any property specified by the Secretary under clause (xxviii) shall be deemed qualified specially defined energy property as of October 1, 1978. In the case of any property installed in connection with any commercial facility (including a hotel, office building, educational facility, health care facility, or retail or wholesale trade facility), any reduction of the amount of energy consumed in connection with such facility shall be treated as a reduction of energy consumed in a commercial process.

"(B) DEFINITIONS RELATED TO SUBPARAGRAPH (a).—

"(i) HEAT EXCHANGER.—The term 'heat exchanger'—

"(I) means a configuration of equipment used to transfer energy to incoming combustion air, or lower temperature fluids, gases, or solids with or without the interposition of heat transfer surfaces, and

"(II) includes but is not limited to devices commonly referred to as recuperators, regenerators, and preheaters.

"(ii) WASTE HEAT BOILER.—The term 'waste heat boiler' means any boiler (within the meaning of paragraph (3)(D)) which uses waste heat from whatever source derived.

"(iii) AUTOMATED ENERGY CONTROL SYSTEM.—The term 'automatic energy control system'—

"(I) means equipment comprising a system which by automatic controls reduces the energy consumed in environmental space conditioning or in other industrial or commercial processes or activities, and

"(II) includes, but is not limited to, systems which automatically control fuel or electric power inputs to a combustion system or process or the utilization or transfer of energy within a process, or which automatically control process variables (other than energy) in order to minimize energy consumption.

"(iv) COMBUSTIBLE GAS RECOVERY SYSTEM.—The term 'combustible gas recovery system' means equipment comprising a system to recover, and condition for use, unburned fuel or other combustible material from combustion exhaust gases or process streams.

"(v) INDUSTRIAL INSULATION.—The term 'industrial insulation' means any material which—

"(I) is designed to possess a material resistance to the flow of heat, and

"(II) is to be used primarily to retard loss or gain of such heat with respect to pipes, tanks, vessels, equipment, or processes, but not with respect to buildings or structural components thereof.

"(vi) INDUSTRIAL HEAT PUMP.—The term 'industrial heat pump' means equipment which—

"(I) uses the compression and expansion of a contained fluid to extract heat from a gas or liquid and transfer it to another gas or liquid at another temperature, or

"(II) uses nonmechanical means to achieve an equivalent result.

"(vii) BATCH OPERATIONS CONVERSION EQUIPMENT.—

"(I) IN GENERAL.—The term 'batch operations conversion equipment' means equipment to permit conversions from batch operations to one or more continuous processes.

"(II) BATCH OPERATIONS.—The term 'batch operations' means operations where temporary storage of materials in process results in heat transfer to the surrounding environment, or where such handling or temporary storage is accompanied by the waste or reprocessing of more than 5 percent of the material in process.

"(III) CONTINUOUS PROCESS.—The term 'continuous process' means a process which minimizes the handling or temporary storage of the material in process so as to reduce either the amount of heat transfer to the surrounding environment or the amount of waste or reprocessed material.

"(viii) PRODUCT SEPARATION AND DEWATERING EQUIPMENT.—The term 'product separation and dewatering equipment' means equipment designed to separate water or other liquids or volatiles from process materials.

"(ix) FLUID BED DRYERS AND CALCINERS.—The term 'fluid bed dryers and calciners' means equipment in which solid particles are chemically processed by direct heat exchange with a gas or liquid. The gas or liquid passes through a bed of solid particles at sufficient velocity to physically suspend the particles in the gas or liquid stream.

"(C) SPECIFICATION OF ADDITIONAL ITEMS BY SECRETARY.—The Secretary shall specify property under subparagraph (A)(xxviii) at his discretion, or if—

"(i) such property is recommended for specification to the Secretary by the Secretary of Energy, and

"(ii) there are no generally available and substantial Federal subsidies for such property. The Secretary shall act on a recommendation of the Secretary of Energy within 6 months of its receipt.".

(c) AMENDMENTS RELATING TO RECYCLING EQUIPMENT.

(1) IN GENERAL.—Subparagraph (A) of section 48(1)(6), (defining recycling equipment) is amended to read as follows:

(A) IN GENERAL.—The term "recycling equipment" means any property which is used exclusively—

(i) for the unloading, transfer, storage, reclaiming from such storage, sorting, and preparation (including, but not limited to, washing, crushing, drying and weighing) of solid waste, or

(ii) in the recycling of solid waste.

(2) INCLUSION OF CERTAIN EQUIPMENT.—

(A) IN GENERAL.—Subparagraph (D) of section 48(1)(6) relating to inclusion of certain equipment is amended to read as follows:

"(D) CERTAIN EQUIPMENT INCLUDED.—The term 'recycling equipment' includes any new or replacement property which is used in the conversion or processing of solid waste into a fuel or into useful energy such as steam, electricity, or hot water an any property which is used in the processing of solid waste to recover and store other reusable resources and materials, including but not limited to paper, ferrous metals, nonferrous metals, and glass.".

(B) APPLICATION WITH SUBPARAGRAPH (b)(1).—Subparagraph (B)(i) of section 48(1)(6) (relating to equipment not included) is amended by striking out "any" and inserting in lieu thereof "except as provided in subparagraph (D), any".

(3) SOLID WASTE DEFINED.—Section 48(1)(6) is amended by adding at the end thereof the following new subparagraph:

"(E) 'SOLID WASTE' DEFINED.—For purposes of this section, the term 'solid waste' means garbage, refuse, and other discarded solid, semi-solid and liquid materials, including materials resulting from industrial, commercial, agricultural and community activities.".

(d) AMENDMENTS RELATED TO COGENERATION EQUIPMENT.—Paragraph (14) of section 48(1) (defining cogeneration equipment) is amended to read as follows:

"(14) COGENERATION EQUIPMENT.—

"(A) IN GENERAL.—The term 'cogeneration equipment' means property comprising a system for using the same fuel for the sequential generation of electric power and/or mechanical shaft power in combination with qualified energy at a facility at which, as of January 1, 1980, electricity, mechanical shaft power, or qualified energy was produced.

"(B) QUALIFIED ENERGY.—The term 'qualified energy' means steam, heat, or other forms of useful energy (other than electric power and/or mechanical shaft power) to be used for industrial, commercial, or space-heating purposes (other than in the production of electric power and/or mechanical shaft power).".

(e) BIOMASS PROPERTY.—Subparagraph (B) of section 48(1)(15) (relating to biomass property) is amended—

(1) by striking out "and" in clause (i) after the word "substance" and inserting in lieu thereof a comma, and

(2) by inserting after the phrase "such coal" the following: "and does not include source separated, separately collected, recyclable waste paper".

(f) AMENDMENTS TO DEFINITION OF EXISTING.—Paragraph (10) of section 48(1) (defining existing) is amended to read as follows:

"(10) EXISTING DEFINED.—For purposes of this subsection,

"(A) EXISTING FACILITY.—When used in connection with a facility, a facility shall be considered an 'existing facility' if industrial or commercial operations were conducted at that geographic location as of October 1, 1978.

"(B) EXISTING PROCESS.—When used in connection with a process, a process shall be considered an 'existing process' if such process was carried on at that facility on October 1, 1978.

"(C) EXISTING EQUIPMENT.—When used in connection with an item of equipment, an item of equipment shall be considered 'existing equipment' if it was placed in service prior to October 1, 1978.

"(D) PROCESS CARRIED ON IN A FACILITY ON OCTOBER 1, 1978.—A process which was carried on in an existing facility on October 1, 1978 shall not cease to be treated as such solely because capitalizable expenditures are paid or incurred with respect to such process after October 1, 1978, or the chemical, physical or mechanical action by which the desired result is accomplished is modified.".

(g) REPLACEMENT OF EQUIPMENT OR PROCESS.—Section 48(1) (relating to energy property) is amended by adding the following new section at the end thereof:

"(18) REPLACEMENT OF EQUIPMENT OR PROCESS.—In the case of a replacement of an item of equipment or one or more processes in service or carried on in an existing facility on October 1, 1978, no property shall be treated as energy property if—

"(A) the replaced property is not retired from service, except for property maintained as standby or temporary replacement property for the energy property during periods for which such property is inoperable due to an emergency or on account of repairs or maintenance, or

"(B) the replacement property is placed in service on a site other than the site of the replaced property or reasonably adjacent to that site.".

(h) INCREMENTAL COST RULE.—Section 48(1) (relating to energy property) is amended by adding the following new section at the end thereof:

"(19) INCREMENTAL COST RULE.—Property, other than alternative energy property, recycling equipment, qualified hydroelectric generating property, or cogeneration equipment, which otherwise qualifies as energy property under this section but which also substantially increases the operating capacity of the existing process, processes or facility, shall only qualify to the extent of the 'energy component' of the property.

"(A) For purposes of this subparagraph, a substantial increase in capacity is defined as an increase as a result of the installation of the otherwise qualified energy property of more than 10 percent over the capacity of the process, processes or facility prior to the installation of the otherwise qualified property.

"(B) Certain capacity increases disregarded.—For purposes of subparagraph (A) reductions in intermediate or finished product waste or reprocessing shall not be considered an increase in capacity.

"(C) The term 'energy component' means a pro rata allocation of the total cost of the installation of the otherwise qualified industrial energy property, determined by multiplying the total cost by a fraction, the numerator of which is the energy related cost of the equipment and the denominator of which is the total cost.

"(D) In the case of property which qualifies under section 48(1)(3) (alternative energy property) 48(1)(6) (recycling equipment), 48(1)(13) (qualified hydroelectric generating property), and 48(1)(14) (cogeneration equipment), no reductions in the credit otherwise allowable under this section shall be required.".

(i) EFFECTIVE DATE.—The amendments made by this section shall apply to periods beginning after December 31, 1980, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1954.

SEC. 604. ASSOCIATED PROPERTY.

(a) IN GENERAL.—Subsection (1) of section 48 (defining energy property) is amended by adding at the end thereof the following new subparagraph:

"(20) ASSOCIATED PROPERTY.—

"(A) GENERAL RULE.—Any property associated with alternative energy property, specially defined energy property, recycling equipment, or cogeneration equipment shall be treated as qualified industrial energy efficiency property.

"(B) WHEN PROPERTY ASSOCIATED.—For the purposes of subparagraph (A), property shall be considered associated if:

"(i) in the case of property associated with alternative energy property, the installation and operation of such property is reasonably necessary to enable the utilization of an alternate substance, or

"(ii) in the case of property associated with specially defined energy property, the installation and operation of such property is reasonably necessary for realization of the reduction of the amount of energy consumed or heat wasted by the process, processes or activity, or

"(iii) in the case of property associated with recycling equipment, the installation and operation of such property is reasonably necessary to achieve the sorting, preparation or recycling, or

"(iv) in the case of property associated with cogeneration equipment, the installation and operation of such property is reasonably necessary to achieve the energy savings intended by the installation of the cogeneration equipment, or

"(v) in the case of property associated with qualified industrial energy efficiency

property, the installation and operation of such property is reasonably necessary for the utilization of less energy per unit of output.".

(b) CONFORMING AMENDMENTS.—

(1) ENERGY PERCENTAGE.—Subparagraph (C) of section 46(a)(2) (defining energy percentage) is amended by adding at the end thereof the following new clause:

"(vi) ASSOCIATED PROPERTY.—In the case of property described in section 48(1)(20), the energy percentage shall be the same as the energy percentage determined under clause (i) for the energy property it was installed in connection with.".

(2) ENERGY PROPERTY.—Subparagraph (A) of section 48(1)(2) (defining energy property), as amended by this Act, is amended—

(A) by striking out "or" at the end of clause (ix),

(B) by inserting "or" at the end of clause (x), and

(C) by inserting after clause (x) the following new clause:

"(xi) associated property,".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to periods beginning after December 31, 1980.

SEC. 605. PERIOD TO WHICH ENERGY INVESTMENT CREDIT APPLIES.

(a) IN GENERAL.—Subclause (I) of section 46(a)(2)(C)(i) (relating to energy percentage) is amended by striking out "1982" and inserting in lieu thereof "1985".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of enactment of this Act.

SEC. 606. EXTENSION OF RESIDENTIAL ENERGY CREDIT TO LESSORS.

(a) IN GENERAL.—Section 44C(d) (relating to special rules) is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraphs:

"(5) EXPENDITURES BY LESSORS.—

"(A) LESSORS.—Notwithstanding any provision of this section requiring the taxpayer to use a dwelling unit as a residence, if any taxpayer who is the lessor of a dwelling unit makes expenditures which, but for such provision, constitute energy conservation or renewable energy source expenditures, then, for purposes of this section, the lessor shall be treated as having made energy conservation or renewable energy source expenditures in connection with such dwelling unit.

"(B) AMOUNT OF CREDIT.—The amount of the credit allowed under subsection (a) in the case of a lessor shall be the amount otherwise determined under this section, except that in any case in which a deduction under section 167, 168, or 179 (or amortization in lieu of depreciation) is allowed with respect to the dwelling unit, subsection (b) shall be applied—

"(i) by substituting '10 percent' for '15 percent' in paragraph (1), and

"(ii) by substituting '30 percent' for '40 percent' in paragraph (2).

"(C) WHEN EXPENDITURE MADE.—An expenditure with respect to an item shall be treated as made when the original installation of such item is completed.

"(D) COORDINATION WITH OTHER PROVISIONS.—No credit or deduction shall be allowed under any other provision of this chapter with respect to any amount for which a credit has been allowed under subsection (a).".

(b) CONFORMING AMENDMENT.—Subsection (a) of section 44C (relating to general rule) is amended by striking out "In the case of an individual, there" and inserting in lieu thereof "There"

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures made after December 31, 1981, in taxable years ending after such date.

SEC. 607. AMOUNT OF RESIDENTIAL ENERGT CREDIT.

(a) IN GENERAL.—Subsection (b) of section 44C (defining qualifying expenditures) is amended—

(1) by striking out "$2,000" in paragraph (1) and inserting in lieu thereof "$3,000", and

(2) by striking out "$10,000" in paragraph (2) and inserting in lieu thereof "$15,000".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1981.

U.S. SENATE,
Washington, D.C., July 13, 1981.

DEAR COLLEAGUE: When the Tax Bill reaches the floor, we will offer an amendment to encourage increased energy conservation by businesses and individuals. The amendment will increase by 10 percent the existing energy conservation tax credit for commercial and industrial energy users. For many years, I have been concerned about the serious imbalance in the energy incentives provided by the Federal Government. According to the Treasury Department, the incentives for energy production in 1980 were nine times greater than those for energy conservation.

This very serious imbalance in our energy incentives will skew energy investments away from the most cost effective toward the least cost effective.

When the 1981 Tax Bill was first considered there was an understanding that no energy matters would be dealt with in this legislation. The legislation that the Senate Finance Committee has reported, however, begins to make major changes in energy related tax matters in its sections related to oil taxation. If these changes are approved—together with other windfall profit exemptions that are being widely discussed—the Windfall Profit Tax would be reduced by more than a quarter in 1986.

Since this legislation is proposing major changes in the incentives for oil production, we believe it is essential that new incentives for energy conservation be adopted in order to prevent Federal energy policy from being further prejudiced against energy conservation. Therefore, we will offer an amendment that will make several changes in the tax treatment of energy conservation expenditures.

First, it will expand the list of equipment eligible for the industrial energy conservation tax credit. The IRS has interpreted the existing legislation in an overly narrow fashion.

Second, the legislation will make eligible for the increased energy conservation tax credit commercial energy savings equipment which the IRS excluded through its narrow interpretation of the existing law.

Third, the legislation will establish an innovative energy conservation capital investment tax credit which will reward energy savings capital projects that are developed by business even though the equipment is not included on the legislated list of equipment.

Finally, the legislation will increase the limits on the home-owner energy conservation tax credit to account for inflation. The amendment will also make the rental buildings eligible for the tax credit.

Extensive hearings have been held on these and other energy conservation proposals. Legislation similar to this amendment we are offering has bipartisan support from every region of the country. We urge you to join us in support of this amendment.

If you have any questions, please contact Jim Cubie at x4-2993, or Mitch Tyson at x4-2742.

Sincerely yours,

PAUL TSONGAS.
EDWARD M. KENNEDY.

EXPLANATION OF COMPREHENSIVE KENNEDY-TSONGAS ENERGY CONSERVATION AMENDMENT

SUMMARY

This amendment combines the Wallop-Boren-Kennedy Industrial Conservation bill (S. 756) with the Kennedy-Tsongas Commercial Conservation bill (S. 1323).

The legislation:

Increases the credit from 10 percent to 20 percent for industrial/commercial energy conservation and expands significantly the projects eligible for the credit.

Makes an increased range of coal conversion equipment eligible for the increased credit.

Broadens the definition of recycling equipment eligible for the increased credit.

Expands coverage of the cogeneration credit to mechanical shaft power.

Extends the eligibility of the residential credit to landlords.

Increases the limits of the residential conservation credit and solar energy credit to compensate for inflation.

EXISTING LAW

The Energy Tax Act of 1978 (Code Sec. 46 (a) and Sec. 48(1)) as amended by the Windfall Profits Tax Act, provides a 10 percent nonrefundable energy tax credit for specified categories of energy property, including:

(a) "Alternative energy property"—generally boilers and burners fueled by "alternative substances" (substances other than oil or gas or their products) together with equipment for converting "alternate substances" into synthetic fuels.

(b) "Specially defined energy property"—generally property to reduce the amount of energy consumed in any existing industrial or commercial process. Only 12 specific items of equipment qualify for the credit and the Secretary of Treasury has not exercised his authority to add additional items.

(c) "Recycling equipment" (partial coverage).

(d) "Cogeneration equipment" (partial coverage).

The credits for "alternative energy property," "specially defined energy property," and "cogeneration equipment" expire at the end of 1982, but for taxpayers with projects that require substantial planning and production periods the expiration date is extended to December 31, 1990, if certain, specified affirmative commitments have been made in a timely fashion.

These credits are not available for public utility property, or for property installed in connection with a "new facility." Rules to prevent "double dipping" through the use of other Federal incentives are included.

The 1978 Energy Tax Act of 1978 also established a 15 percent tax credit for residential energy conservation and a 40 percent tax credit for nenewable energy property. Landlords are not eligible under existing law.

SECTION-BY-SECTION DESCRIPTION

Section 601: Increased Energy Credit.

This legislation would raise to 20 percent the credit available for "alternative energy property," "specially defined energy property," "recycling equipment," and "cogeneration equipment." Additionally, it would make two new categories of energy property also eligible for a 20-percent credit—"qualified industrial energy efficiency property" (QIEEP) and "associated property." It would extend the expiration date for the credit in all the above categories through 1986 and similarly extend the "affirmative commitments" extension made possible by current law.

Like the existing credits, these would not be available for public utility property, or property installed in connection with a new

facility. Double dipping rules continue to apply.

Section 602: Qualified Industrial Energy Efficiency Property (QIEEP).

The most significant improvement over existing law made by this legislation is in the establishment of a new category of energy property called QIEEP. Rather than limiting qualifying equipment to those items that are specified on a list, this category lets energy savings investment projects qualify so long as the taxpayer can meet certain qualifications and show an actual reduction in energy consumption per unit of output. QIEEP must be a part of a modification to an existing industrial or commercial facility (including the modification or replacement of one or more processes carried on at such facility on January 1, 1981).

Additionally, in order to qualify, the taxpayer must show that the installation of QIEEP not only results in the utilization of less energy per unit of output, but also results in an aggregate annual decrease in energy consumed of not less than 1,000 barrels of oil equivalent and does not increase the total amount of oil and natural gas consumed per unit of output.

The bill limits qualifying property under this section to that property which is completed or acquired by the taxpayer after January 1, 1981, and with respect to which depreciation is allowable and which has a useful life of at least three years. Additionally, the taxpayer cannot include property as QIEEP if he has claimed any of the other credits enumerated above. Replacement property qualified in a manner parallel to that described above, and capacity increases result in a reduction in the credit, again in a manner similar to that described above.

The availability of the credit is also dependent upon the amount of energy saving produced by the QIEEP. If the energy investment credit allowed is less than $10 per barrel of oil equivalent (BOE) saved, the credit is reduced to that percentage which bears the same ratio to 20 percent as the actual BOE cost of the property bears to $10. This assures that projects which are highly economic will only get a reduced credit. To "front end load" the bill to get maximum energy savings up front, the $10 figure is reduced to $5 for the first two years the bill is in effect.

There is also a reduction in the credit amount when the investment becomes too great per BOE saved. This bill caps the credit at $60 per BOE saved in the first year, regardless of the percentage equivalent. This is an amount which correlates to the investment per BOE that a synthetic fuels facility is likely to require.

The $10 and $60 limitations are applied at the end of a "recomputation period" where actual operating experience over a representative period is the determining factor, rather than engineering estimates. All QIEEP investment would be entitled to full credits so long as the useful life was greater than three years.

Section 603(a): Alternative Energy Property (AEP).

Existing section 48(1)(3) defining AEP is amended to:

(1) Include equipment, other than boilers, such as combustion turbines and generators, that produce electricity from an alternate substance;

(2) Define the term "boiler";

(3) Include heat treating and melt furnaces (as defined) which use an alternate substance;

(4) Define alternate substance to include petroleum coke; petroleum pitch; and synthetic fuels, as well as electricity produced from an alternate substance;

(5) Define the term "primary fuel".

Section 603(b): Specially Defined Energy Property (SDEP).

Existing section 48(1)(5) defining SDEP is amended to:

(1) Add the following new items of equipment (as defined); industrial insulation, an industrial heat pump, modifications to burners, combustion systems, or process furnaces, batch operations conversion equipment, product separation and dewatering equipment and fluid bed dryers and calciners.

(2) Add definitions for several items of equipment covered by existing law (specifically heat exchanger, waste heat boiler, automatic energy control system, and combustible gas recovery system).

(3) Clarify and expand the authority of the Secretary of the Treasury to add additional items of equipment, and give the Secretary of Energy authority to make recommendations to the Secretary of the Treasury.

(4) Clarifies the definition of the SDEP so that it specifically includes conservation investments in commercial facilities. The bill applies this change retroactively to the 1978 origin of the credit. Section 2 also adds several types of property within the category of SDEP so that businesses can receive tax credits for investments in less technologically complex devices than those already listed (e.g., materials to insulate buildings, pipes, and containers; storm windows). The addition of these properties applies prospectively starting July 1, 1981.

The changes would retroactively provide commercial facilities with credits for expenditures on property presently listed within the category of SDEP. One such property, automatic energy control systems, many commercial facilities can use. The bill would also prospectively provide both commercial and industrial facilities with credits for the smaller, less complex items that the bill adds to the SDEP category.

The retroactive aspect of the change of the SDEP category.

The retroactive aspect of the change of the SDEP statute would normally create tax administration problems. However, since IRS just issued final regulations for this credit on January 23, 1981, few taxpayers would have intentionally not taken the credit in reliance on the regulations. Instead, most have probably taken the credit and face a deficiency. In addition, since the amendment clarified rather than changes the intent of the statute the amendment should apply to the life of the statute.

Section 603(c): Recycling Equipment.

Existing section 48(1)(6) defining Recycling Equipment is amended to:

(1) Broaden the definition of "recycling equipment" to include specifically certain waste preparation equipment, as well as to assure inclusion of equipment to recover and store reusable resources; and

(2) Define "solid waste" so as to include semisolid and liquid materials.

Section 603(d): Cogeneration Equipment.

Existing section 48(1)(14) defining cogeneration equipment is amended to:

(1) Include mechanical shaft power as well as electrical power;

(2) Eliminate the restrictions on oil or gas based cogeneration systems;

(3) Eliminate the limitation that allows the credit only for "capacity increases."

Section 603(e) et seq: Limitation on Industrial Credits.

Other amendments are included to:

(1) Exempt qualifying small power production facilities and qualifying cogeneration facilities from the public utility property exclusion.

(2) Confine the scope of the credit to equipment installed in connection with an existing process at an existing (non greenfield site) facility. In defining an existing facility the percentage of basis test is repealed so that a facility continues to be an existing facility even though more than 50 percent of the basis of that facility is attributable to investments made since October 1, 1978.

(3) Clarify the coverage of replacement property so that such property will be entitled to the credit so long as the replaced property is retired from service. A single exception is allowed for property kept in service for standby or emergency use.

Section 604: Associated Property.

This section makes eligible for the energy credit all property the installation and operation of which is reasonably necessary to achieve the results intended by the qualifying investments in the above categories.

Section 605: Period of Credit.

Extends the credit to 1985. Under present law, the credits will end in 1982.

Section 606: Extension of Residential Credit to Lessors.

Allows landlords to use both the 15 percent energy conservation and 40 percent renewable energy residential credits for expenditures on rental residences. For residence upon which landlords deduct depreciation, the level of the tax credit is lower. This section copies a provision of the 96th Congress S. 3919, the Senate version of the Windfall Profits Tax Bill. The Conference Committee deleted that provision.

Section 607: Increase in Residential and Renewable Energy Credit.

Adjusts the limits on expenditures covered by the residential energy credit upward by 50 percent to compensate for inflation. The section raises the expenditures amount covered by the Energy Conservation Credit from $2,000 to $3,000 and raises the expenditure amount covered by the Renewable Energy Source Credit from $10,000 to $15,000.

The expenditure limits presently in the code came from the Energy Tax Act of 1978 and apply to expenditures made after April 20, 1977. Using the Consumer Price Index, inflation from January 1978, to June 30, 1981, was 47.1 percent. Using the more conservative GNP Deflator, inflation from January 1978, to June 30, 1931, was 33 percent. Since the changes the bill would make will presumably remain effective until the credit's termination date on December 31, 1985, a 50 percent increase seems appropriate to maintain the effect intended in enactment of the credit in 1978.

AMENDMENT NO. 488

(Ordered to be printed.)

Mr. DOLE proposed an amendment to the joint resolution (H.J. Res. 266), supra.

AMENDMENT NO. 489

(Ordered to be printed.)

Mr. MOYNIHAN (for himself, Mr. CHILES, Mr. KENNEDY and Mr. ROBERT C. BYRD) proposed an amendment to the amendment No. 488 to the joint resolution (H.J. Res. 266), supra.

AMENDMENT NO. 490

(Ordered to be printed and to lie on the table.)

Mr. WEICKER submitted an amendment intended to be proposed by him to the joint resolution (H.J. Res. 266), supra.

NOTICES OF HEARINGS

SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES

Mr. WARNER. Mr. President, I would like to announce for the information of the Senate and the public changes in the schedule of certain hearings to be held by the Subcommittee on Energy and Mineral Resources.

The subcommittee hearing previously scheduled for Thursday, July 16 at 9:30 a.m. to consider S. 1032 and S. 1383, bills to amend the Mineral Leasing Act of

1920 to promote development of oil shale, has been rescheduled for Thursday, July 23, beginning at 9:30 a.m. in room 3110 of the Dirksen Senate Office Building. In addition, the subcommittee will consider S. 1484, also related to the development of oil shale.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Committee on Energy and Natural Resources, Subcommittee on Energy and Mineral Resources, room 3104 Dirksen Senate Office Building, Washington, D.C. 20510.

The Energy and Mineral Resources Subcommittee hearing previously scheduled for Thursday, July 23 at 10 a.m. to review the Federal coal leasing program has been postponed and will be rescheduled at a later date.

For further information regarding these hearings, you may wish to contact Mr. Roger Sindelar at 224–4236.

COMMITTEE ON FOREIGN RELATIONS

Mr. PERCY. Mr. President, I wish to announce that the Committee on Foreign Relations has scheduled a hearing on S. 854, the Foreign Missions Act of 1982. The hearing will be held on Friday, July 24, beginning at 10 a.m. in room 4221 of the Dirksen Senate Office Building.

Those wishing to testify or who wish to submit written statements for the hearing record should contact Mr. David Keaney or Mrs. Betty Alonso of the committee staff on 224–4615.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON INNOVATION AND TECHNOLOGY

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Innovation and Technology of the Committee on Small Business be authorized to meet during the session of the Senate today to hold hearings on S. 881, the "Small Business Innovation and Research Act."

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Innovation and Technology of the Committee on Small Business be authorized to meet during the session of the Senate Thursday, July 16, to hold hearings on S. 881, the "Small Business Innovation and Research Act."

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON ENVIRONMENTAL POLLUTION

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Environmental Pollution of the Committee on Environment and Public Works be authorized to meet during the session of the Senate today to continue their markup of water pollution amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Commerce, Science and Transportation be authorized to meet during the session of the Senate on Thursday, July 16, to hold markup hearings on S. 898, the Telecommunication, Competition and Deregulation Act of 1981.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

BRING BACK GOLD

● Mr. HELMS. Mr. President, early this year I introduced S. 6, the Gold Reserve Act of 1981, a bill which is referred to in an article in the June 22 issue of Time magazine.

The article entitled, "A New Cry: Bring Back Gold," describes the growing national effort to provide a gold-backed U.S. currency.

It is often said that in order to restore credibility to the phrase, "as sound as the dollar," we have to make the dollar as good as gold.

The Time article outlines many of the arguments that have been mentioned, though there is one small error in the article which should be noted.

The article states:

In times of steady economic growth, the limits imposed by the gold standard restrain spending and curb inflation. But during hard times, this can cause deflation since it inhibits its deficit Government spending.

It is Keynesian doctrine that Federal deficits can prevent economic downturns. More likely, deficits cause more economic distortions and deepen any slow-down. In fact, deflation is a monetary phenomenon just as inflation is. During "hard times," one would expect the real output of an economy to be declining. If money supplies remain constant, a reduced real output of goods and services would mean more money per unit of output, and higher prices. Reduced output given a same quantity of money means inflation, not deflation.

Second, history shows a close correlation between declining economic activity and inflation, not deflation.

Third, a deflation under a gold standard, that is, an increase in the value of a unit of currency, can come about only if the value of gold—which is the surrogate for the value of all goods and services in the economy—rises vis-a-vis the other components of the economy's output. In other words, only if gold became more valuable could a properly administered gold standard result in a deflationary economy.

Finally, Mr. President, there have been periods of inflation and deflation under gold standards in the past. In other words, there have been times when supplies or production means or growing economies have meant that currencies have depreciated or appreciated during specific short periods under a gold standard.

The statistics show, however, that the largest swings in value, one way or another, seldom exceed 1½ percent per year and almost never exceed 2½ percent per year. This contrasts with recent historical inflation rates in the United States of up to 18 percent annualized rate in a recent 3-month period.

In other words, gold is not perfect. It just happens to be better than anything else.

Mr. President, I ask that the Time magazine article and the accompanying item, entitled, "The Legacy of King Croesus" be printed in the RECORD.

The article follows:

A NEW CRY: BRING BACK GOLD

While gold has not been used to settle accounts between central banks for a decade, it still remains the barometer of world tension. From mud and straw shanties in India to plush villas in France, nervous people stash away Krugerrand coins or gold jewelry at the first sign of any political or economic unrest. Last week, after the Irsaelis attacked Iraq's nuclear reactor, the price of gold immediately shot up $13.50, to $473.50 per oz.

Now a group of conservative economists is trying to make gold again the anchor of the world's monetary system, a position it held during the late 19th and early 20th centuries. Says Lewis Lehrman, a wealthy businessman and sometime consultant to the Reagan Administration: "I am convinced that we will be back on the gold standard within ten years." The Administration later this month will announce the appointment of a committee to study the feasibility of returning to the gold standard. The 17 members include House Democrat Henry Reuss of Wisconsin, chairman of the Congressional Joint Economic Committee; Frederick Schultz, vice chairman of the Federal Reserve; and Murray Weidenbaum, head of the President's Council of Economic Advisers.

The basic requirements of a gold standard are that a unit of money be defined by a specified amount of gold and that the central bank be willing to convert money into gold. The gold standard then becomes a mechanism for controlling the money supply, and thus inflation, by linking the growth of currency to a commodity that is scarce, only slowly increasing in supply and indestructible. In times of steady economic growth, the limits imposed by a gold standard restrain spending and curb inflation. But during hard times, this can cause deflation since it inhibits deficit Government spending. The U.S. has not been on a gold standard since August 1971, and for nearly four decades before that, it had only a modified gold system.

A pure gold standard takes primary control of the money supply away from the Government. The growth of the world's money would be determined by the amount of gold dug out of mines in California, South Africa, the Soviet Union and other gold producers. Any country could get additional gold by exporting more goods abroad than it buys there. But buying gold would be the only way that a country could increase its domestic money supply.

Some supporters of the yellow metal favor a "fractional" gold standard in which money would be only partially covered by Government gold stocks. This would not entirely remove the Federal Reserve's role in monetary policy, but would restrain its powers to issue paper money. They believe that the Fed's policy of controlling inflation through the money supply is well intended but ineffectual. Lawrence Kudlow, chief economist of the Office of Management and Budget, says that the Federal Reserve has become a "monetary Gong Show."

The notion of returning to the gold standard comes from the same supply-side economists who fostered the cuts in personal income taxes that President Reagan is now trying to get through Congress. Such supply-siders as Economist Arthur Laffer and Consultant Jude Wanniski have been putting the gold bug in politicians' ears for the past several years. Republican Congressman Jack

Kemp of New York, co-author of the Kemp-Roth tax-cut bill, says that he plans to take up the gold banner as soon as he has completed his drive to lower taxes. Republican Congressman Ronald Paul of Texas and Republican Senator Jesse Helms of North Carolina have introduced bills that would restore some version of the gold standard. Says Laffer: "President Reagan is going to have a lot of trouble if he does not go to a gold standard soon." Laffer argues that a gold standard should accompany a supply-side tax cut to give consumers incentive to save.

Eugene Birnbaum, a former official of the International Monetary Fund, argues that the Government must "lick inflation first." Then the gold standard would provide the needed "discipline for politicians and bureaucrats" to maintain stable prices. He and other gold advocates believe that without such a system, governments will always fall to the temptation of inflating their currencies rather than taking prudent anti-inflation steps.

Probably the most difficult part of any return to gold would be to establish a suitable price for the yellow metal. In the past decade, gold has been as low as $35 per oz., but in January 1980 it hit $850 per oz. If world leaders fixed the price of gold too low, it could result in a severe depression, because there would not be enough cash to keep the economy running smoothly. If the price was set too high, it could cause more inflation, because the gold would have created too much cash and credit. Roy Jastram, a professor of business administration at the University of California at Berkeley, has studied the world prices of gold and other commodities going back to 1560. He concluded that the historic price of gold, in relation to the prices of those other products, would now be about $250 per oz. Some gold bugs, though, insist that the price under a new gold standard should be as high as $1,500 per oz.

So far the gold advocates have won few converts among leading economists. Opponents argue that a gold system would be far too rigid for the modern international economy. Says Otto Eckstein, president of Data Resources Inc.: "To tie the world economy to an asset that represents such a small part of the total monetary system is really impossible. You could as well stabilize the world economy on the cabbage standard. It is absurd." Adds the Fed's Schultz: "You have to get inflation down before you link the dollar with any commodity. Otherwise there will be turbulence and disruption as the real value of the dollar erodes and people demand their gold."

A new gold standard could perhaps increase the financial and political clout of the world's two major gold producers: South Africa and the U.S.S.R. South Africa mines more than half the world's gold, 21.7 million oz. last year. Most of it is extracted by black miners, whose treatment by their apartheid government is a matter of international concern. In the case of a revolt or strike by the workers, a halt in production could drive up prices and disrupt world commerce. The Soviet Union holds an estimated 60 million oz. of gold and has unmined reserves of perhaps 250 million oz. more. At today's prices, that would give the Soviets a $146 billion stranglehold on Western economies.

World financiers show scant interest in going back to gold. Says European Gold Expert Paul Jeanty of London's Samuel Montagu & Co. Ltd.: "Returning to gold would only force the Saudis to buy it with their oil profits at enormous cost to the dollar. Nobody I know of takes the notion seriously." Hermann Abs, former head of West Germany's Deutsche Bank, says that "the fluctuations of the gold market preclude the establishment of gold as a standard of value."

There is doubt about whether Reagan is seriously interested in bringing back gold. During the 1980 presidential race, he made pro-gold campaign statements, and the Republican platform hinted at endorsing "hard" money. But some observers doubt that the President will actually follow through with any move toward gold. Says the vice president of a large New York bank: "This commission is a very considered maneuver by the Reagan Administration to allow conservatives to have their day. It is a way of diffusing sentiment—a masterful stroke."

The new Government committee is unlikely to endorse a return to gold. Although there are several gold advocates like Lehrman on it, a majority of the 17 members can be expected to come out against a restoration of the gold standard. Says Representative Paul: "The important thing is that we're finally talking about it. Sooner or later, it will all dawn on people."

The final word, however, has surely not been heard from the gold supporters. As long as governments around the world let inflation run wild and debase the value of their currencies, a relentless chorus of hard-money advocates will continue to demand that their money be made as good as gold.

—By Alexander L. Taylor III.

The idea that a currency cannot be trusted unless it is backed by gold seems as durable as the metal itself. In the early 19th century, British Economist David Ricardo declared that without the gold standard the then mighty pound sterling would be at the whim of "all the fluctuations to which the ignorance or the interests of the issuers might subject it."

Though pure gold coins were first minted by King Croesus of Lydia (modern day western Turkey) in the 6th century B.C., a gold-backed currency is usually traced back to 1717, when Sir Isaac Newton, then Master of the Mint, fixed the value of the pound sterling at about .24 oz. of gold. For the next 200 years, except when it was briefly suspended during the Napoleonic wars, the gold standard made the pound the world's most trusted currency and helped Britain dominate world finance and trade.

During World War I, however, Britain went off the gold standard in order to make it easier to finance its military effort. In 1925 Winston Churchill, then Chancellor of the Exchequer, returned the country to the gold standard, believing that such a step would help restore the British Empire to its former pre-eminence. But he made the mistake of setting the value of the pound at its prewar gold price, which did not take account of high wartime inflation. This was a major cause of the nationwide general strike that virtually immobilized the economy in 1926. Indeed some historians believe that Churchill's decision to return to the gold standard helped trigger the worldwide Great Depression. In 1931 Britain again abandoned the gold standard.

As the heir to Britain's role in world finance following World War I, the U.S. clung to the gold standard. Franklin D. Roosevelt partly revoked it in 1933, when he attempted to help banks by forbidding Americans to hold gold. During the international chaos surrounding the Depression and the beginning of World War II, gold flooded into the U.S. The American gold supply jumped from $4 billion at the beginning of 1934 to $17.6 billion by the end of 1939. The U.S. suddenly held 60% of all the gold reserves in the world, and Washington officials worried about the problem of having too much gold.

The Bretton Woods Conference of 1944, which established the postwar international monetary structure, set up the gold-exchange system. The price of gold was fixed by the U.S. Treasury at $35 per oz., and Washington agreed that foreign governments could always exchange their dollars for gold. This system worked well for about two decades, but by the mid-1960s governments fearful of the future convertibility of the American currency started turning in more and more dollars for gold. At the same time, French President Charles de Gaulle began a campaign to restore the full gold standard, proclaiming its merits as a form of payment that is "eternally and universally accepted." On Aug. 15, 1971, President Richard Nixon finally ended the gold-exchange system, when he announced that the U.S. would no longer redeem foreign-held dollars for American gold.

With few exceptions, economists reject proposals for returning the world's money system to gold. Yale's Robert Triffin, for example, says that it is "an absurd waste of human resources to dig gold in distant corners of the earth for the sole purpose of transporting it and reburying it immediately afterward in other deep holes." Yet gold's hold on the general public remains. As Janos Fekete, the deputy head of the National Bank of Hungary, once explained at a conference of monetary experts: "There are about 300 economists who are against gold—and they might be right. Unfortunately, there are 3 billion inhabitants of the world who still believe in it."●

NEW MEXICANS SUPPORT A LOGICAL APPROACH TO ALIEN WORKERS

● Mr. SCHMITT. Mr. President, in the very near future the Cabinet will debate the report of the Attorney General's Task Force on Immigration. At that time, the officials will have to consider whether or not this country should have a rational temporary worker program.

I, and several other Senators, have long maintained that a rational immigration policy requires a realistic temporary worker program. To that effect, I have introduced legislation which would create such a program.

That bill, S. 47, the United States-Mexico Good Neighbor Act, would allow temporary workers from Mexico to come to this country for approximately 6 to 8 months and provide the labor needed for a robust American economy. A realistic program would also protect domestic workers, as well as eliminate that exploitation which is inherent in any illegal system.

New Mexicans recognize that such a plan is an essential ingredient of a realistic immigration policy. On July 6, 1981, the Sun News of Las Cruces, N. Mex., wrote an editorial entitled "A Logical Approach to Alien Workers," which recognizes that a guest worker program must be included in our immigration policy: otherwise, the illegal flood will continue as these Mexican workers are "pulled" north by the lure of good jobs.

Increased enforcement will not be able to close our 2,000-mile land border with Mexico absent the creation of a "tortilla curtain."

Mr. President, I recommend that all Senators read this persuasive editorial, and I request that it be printed in the RECORD.

The editorial follows:

A LOGICAL APPROACH TO ALIEN WORKERS

The Reagan administration's recently announced plan to expand its proposed Mexican guest worker quota from 50,000 annually to

350,000 demonstrates an increasing awareness of immigration realities in Washington.

The first concrete proposal by an administration in nearly two decades takes into account the view of Mexican President Jose Lopez Portillo with whom Mr. Reagan met June 8–9. The two presidents reportedly agreed that a large-scale seasonal immigration of workers would meet the needs of both countries.

Even so, some knowledgeable authorities on this issue believe than 350,000 a year is less than half the number that would have to be admitted to meet the demand for labor north of the border. And the demand for workers in this country is the magnet that draws illegal immigration.

Inasmuch as the Mexican workers will continue to come here as long as they are needed by the economy, the logical way to control illegal immigration is to legalize and regulate it. This the Reagan administration proposes to do by issuing temporary visas and requiring the worker to return to Mexico upon expiration of his work permit.

Combined with adequate enforcement and sanctions against the employment of undocumented immigrants, the guest worker program offers the best chance to control immigration.

Nonetheless, guest workers traditionally have been opposed by organized labor, which fears their competition for jobs, and by many other Americans who are concerned about the economic and cultural impact of so large an influx. As irrational as this opposition is, in view of the present flood of illegal immigration, it will pose a formidable hurdle for the president's program in Congress.

There appears to be no chance of controlling immigrants without a guest worker program. History has shown that they will come—legally or illegally—as long as the U.S. labor market offers them jobs.●

HENRY A. SNYDER COMMENTS

● Mr. DURENBERGER. Mr. President, on June 22, 1981, Henry A. Snyder, vice president of Economics Laboratory Inc., presented testimony before the Senate Environment and Public Works Committee.

Economics Laboratory suggested that the Clean Air Act should be modified to maximize industry's technological flexibility in its attempts to achieve cleaner air. Their statement stressed that that a greater number of control options would tend to minimize costs without sacrificing environmental quality.

The testimony makes several excellent suggestions which I feel are of general interest. I request the Economics Laboratory testimony be printed in the RECORD.

The material follows:

STATEMENT OF HENRY A. SNYDER

Thank you, Mr. Chairman. I would also like to thank the other members of the Environment and Public Works Committee and the committee staff for the opportunity to testify on the implications of new particulate control technology on the Clean Air Act Economics Laboratory, Inc. is a Fortune 500 Saint Paul-based company engaging in the development, manufacture, and sale of products and systems for a wide variety of cleaning, sanitation and pollution control uses. Our Apollo Technologies subsidiary is a leading developer of chemical products and equipment to control pollution and save energy in the burning of fossil fuels, especially coal. Our company strongly supports the goals of the Clean Air Act and the health based standard setting process. It is our belief, however, that those goals can frequently be reached through less costly technological alternatives which are currently discouraged by the Act.

I would like to address some of the technical options which coal-fired power plants could use to control emissions of sulfur dioxide and particulates. These two pollutants are interrelated, as I will explain. An understanding of that interrelationship provides coal burning utilities with certain innovative and cost effective technical approaches for controlling emission levels. I cannot overstate the need for minimizing costs. The utility industry is currently caught in a severe capital crunch. Using a low growth scenario, this country will need to construct about 400 additional power plants by the year 2000. Traditional industry sources of revenue appear to be inadequate as exemplified by stock prices below book value and the retreat by some utilities from the bond market.

As you will see by specific example later in my testimony, utility access to innovative control methods, not presently practical as the Act now stands, can significantly improve air quality while reducing the economic cost of regulatory compliance. Sulfur dioxide and particulate emission levels are affected by changing coal supplies, but in opposite directions. As is well known, sulfur dioxide emission levels can be reduced by adoption of a low sulfur coal supply. This approach, however, increases particulate emissions from a given coal-fired power plant. Coal which has a low sulfur content produces fly ash with greatly increased electrical resistance, thereby reducing the efficiency of particulate removal by the utility's electrostatic precipitators Advances in particulate control, however, can favorably impact on sulfur dioxide emission problems by allowing utilities to burn low sulfur coal, yet effectively overcome the resulting particulate emission problems.

This result is achievable by the use of flue gas conditioning systems which improve the efficiency of electrostatic precipitators in coal-fired power plants. This is a comparatively new technology for particulate control. It involves injecting one or more non-toxic chemicals into the flue gases of a coal-fired power plant. These products are absorbed by the fly ash and thus change the electrical properties of the particulates in the gas stream. As a result, the electrostatic precipitator becomes significantly more efficient. With an existing electrostatic precipitator, a flue gas conditioning system can reduce the emission level by 50–90 percent.

This is an adequately demonstrated technology. Some form of flue gas conditioning, offered either by our company or by numerous competitors, is used in power plant units representing roughly 17 percent of the total megawatts of coal-fired production in this country.

Flue gas conditioning is also a very cost-effective technology. The same increased efficiency could be achieved through a mechanical system such as an additional electrostatic precipitator or a larger retrofit precipitator. The latter options, however, are 7–12 times as costly. Typically, the added costs for a 500 megawatt unit would total $5 to $6 million a year.

Given the above, Congress and the Environmental Protection Agency should encourage regulatory methods which provide the necessary options which industry now has available to control both particulate and sulfur dioxide emission levels.

I submit that the current Act, in certain respects, has the unwanted effect of depriving society of a further reduction of emissions by a few unnecessarily inflexible provisions. May I suggest that the Act can be modified to provide better air quality in the following manner:

First, the Section 120(d)(2) non-compliance penalties should be modified to reflect interim efforts to comply, and also to reflect the degree of non-compliance. Currently, Section 120 penalties are set on the basis of "the economic value which a delay in compliance . . . may have for the owner . . . minus . . . the amount of any expenditure made by the owner or operator of that source . . . for the purpose of bringing that source into, and maintaining compliance . . . ." This method of assessment does not reflect the degree of non-compliance, merely the economic cost of getting into compliance. In addition, the report of the National Commission on Air Quality concluded in Chapter 1, finding Number 310 that the administratively cumbersome method of calculating non-compliance penalties makes them useless for anything other than major violations.

I submit that it would be better to establish a geometric scale of non-compliance penalties, bringing heavy fines against those companies which are grossly out of compliance, and levying much lighter fines against companies which are only moderately out of compliance. Of equal or greater importance, interim compliance measures which could substantially reduce emissions from a non-complying facility during the interim period between the determination of non-compliance and the point at which the facility is ultimately brought into compliance, are currently available but unused. Expenditures for such efforts cannot currently be used to offset non-compliance penalties.

As a result, utilities have a strong economic disincentive for implementing any interim compliance measures unless part of a specific compliance agreement, since they would have to pay for them without reduction in the non-compliance penalties. Our company once guaranteed to reduce the particulate emissions from any non-complying facility by 60 percent of the increment above the compliance level, or the utility would not have to pay for our services. Not one single utility took advantage of this guarantee, simply because a 60 percent emission reduction would not get the utility all the way into compliance and, as a result, expenditures for the system would not be offset by reductions in non-compliance penalties.

We believe the Congressional objective of the 120(d) penalty provision was to improve air quality. However, if we want cleaner air, we should remove the inadvertent disincentives which currently keep our air from being cleaner.

Second, the percentage removal requirement of Section 111(a) should be dropped from the New Source Performance Standards. This section requires "the achievement of a percentage reduction in the (sulfur dioxide) emissions . . . from the emissions (level) which would have resulted from the use of fuels which are not subject to treatment prior to combustion." From an air quality standpoint, a reduction in sulfur dioxide emissions which results from the use of low sulfur coal is the same as a reduction in emissions resulting from the use of scrubbers or other sulfur removal technology. This section in the Act, therefore, merely serves to require the implementation of expensive sulfur dioxide control technology even when emissions are low enough to meet the requirements of the given State Implementation Plan and the National Ambient Air Quality Standards. This means that the use of low sulfur coal is discouraged, since the utility would still have to install expensive equipment to remove a certain percentage of the sulfur content from the flue gas stream, even though emissions are within acceptable levels.

Third, the economic disruption provision in Section 125 should be modified to allow utilities to use low sulfur coal which is not available on a local basis. As members of

this committee are probably aware, Section 125, whenever it is invoked, requires that locally or regionally available coal be used if its discontinuance would cause significant economic disruption or unemployment. Although such economic effects are clearly undesirable, the cost of mitigating them should not be borne by the electric utility or its rate-paying customers, by being forced to use high sulfur local coal and then required to pay for expensive scrubbers to remove the excess sulfur dioxide from the air, when low sulfur coal is readily available to them from other sources. If Congress wishes to reduce economic side effects resulting from a shift away from locally available fuel, it should address those economic disruptions directly rather than forcing the use of a uneconomic fuel source on the utility.

And fourth, Congress should take all steps possible to expand the administrative flexibility of the states. The Environmental Protection Agency is already moving in a direction which would allow expanded use of the bubble concept at the state level. EPA's authority, however, is not clear. For the benefit of the agency and the regulated industry, it would be desirable for Congress to statutorily express support for enforcement policies which allow plant managers to be flexible in their technological approaches to individual emission sources within a given plant location. Similarly, the Federal EPA should approve and audit generic state implementation plans but should allow states to modify individual emission source limitations without Federal duplication of the states' administrative effort.

In summary then, it has been our experience that the technological strictures placed on coal-fired power plants by inflexible Section 120(d)(2) non-compliance penalties, the percentage removal requirement, the Section 125 local coal requirement and inflexible EPA oversight of state activities have had a retarding effect on environmental improvements. Clearly, if this country is to meet the twin goals of environmental acceptability and reasonable economic costs for pollution control, we must modify the Clean Air Act to take advantage of all of our technological options.

Attached to my statement you will find two appendices. Exhibit 1 demonstrates graphically the improvement in particulate removal levels which can be achieved with flue gas conditioning. Exhibit 2 is an analysis of the cost of flue gas conditioning versus the mechanical alternative.

Thank you, Mr. Chairman.

(NOTE: Exhibit No. 1 is not reproducible in the RECORD.)

EXHIBIT 2

COMPARATIVE ANNUAL COSTS TO PRODUCE A SPECIFIED INCREASE IN PERCENT COLLECTION EFFICIENCY

	Relative reduction in percent uncollected	Absolute increase in percent efficiency	Overall new percent efficiency	Annual cost[1]	
				Flue gas conditioning[2]	Retrofit ESP or baghouse[3]
Initial percent efficiency:					
70	50	15.0	85.0	53	667
	90	27.0	97.0	89	370
80	50	10.0	90.0	80	1,000
	90	18.0	98.0	133	556
90	50	5.0	95.0	160	2,000
	90	9.0	99.0	267	1,111
95	50	2.5	97.5	320	4,000
	90	4.5	99.5	533	2,224
99	50	.5	99.5	1,600	20,000
	90	.9	99.9	2,667	11,120

[1] Dollars per year, per megawatt of installed capacity, for each 1-percent increase in collection efficiency.

[2] Cost basis: $800 per megawatt per year and $2,400 per megawatt per year for 50-percent and 90-percent relative reductions in uncollected respectively.

[3] Cost basis: Retrofit capital cost of $40,000 per megawatt of capacity and annual charge of 25-percent (interest, maintenance, etc.).

OTTO A. TENNANT ELECTED PRESIDENT OF NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS

● Mr. GRASSLEY. Mr. President, I would like to take this opportunity to congratulate my friend, Otto A. Tennant, P.E., who was recently elected president of the National Society of Professional Engineers, a nationwide organization representing 80,000 individual engineers.

Before taking on this most prestigious position, Otto served as vice chairman of NSPE's North Central Region and Professional Engineers in Industry. He also served as chairman of the NSPE Legislative and Government Affairs Committee.

Otto holds a BS degree in General Engineering from Iowa State University and an MA in Economics from Drake University.

Currently, Otto is Manager of Industrial Marketing and Technical Services of Iowa Power & Light Company.

It is an honor for me to congratulate Otto on his recent election and to wish him the best of luck.●

THE ENERGY GAP

● Mr. HELMS. Mr. President, I have read with interest an article entitled "Energy Shortages: The Downside Risks," which was recently sent to me by its author, David A. Rossin. Mr. Rossin is a system nuclear research engineer with Commonwealth Edison Co. in Chicago, Ill.

In his article, Mr. Rossin focuses on the risks associated with "not having enough electricity to go around." That is a disturbing thought—"not having enough electricity to go around." And yet it is a very real prospect if we fail to utilize our valuable and abundant resources for producing energy.

Mr. President, many have argued that we should not develop, indeed need not develop, nuclear resources. Mr. Rossin examines what might happen if we do not develop our nuclear resources.

Needless to say, nuclear power is a vital energy source. Without the supplement of nuclear energy, our energy pool would be greatly weakened. In 1980, nuclear power accounted for 12 percent of the total kilowatt supply of electrical energy used in this country—a healthy percentage. According to reliable projections, by the year 2000, 26 percent of our electrical supply should be provided by nuclear energy. But current planning will leave us far short of that goal. So it is time that we become more aware of the risks of a scarcity of electricity.

In his article, Mr. Rossin emphasizes three major risks associated with an energy shortage. The first is a loss of jobs. "* * * If a utility company cannot promise reliable electricity service," he says "the next factory or office complex will go somewhere else. With it go the jobs."

The second risk is that citizens will blame the Government for the shortages. To the extent that the Government is responsible for inhibiting full utilization of our energy resources, this will be true. Ironically, according to Mr. Rossin, "* * * the citizens will turn to the Government to take over the utility and build the plants its own regulatory process stopped."

The third risk, Mr. President, is that alternative energy sources might not work. In Mr. Rossin's words—

> The disciples of decentralized energy sources offer no assurance that their alternatives can actually deliver. What they demand now is the commitment to stop nuclear power. Such a decision would make the likelihood of electric generating shortages before long very high indeed.

Can we afford these risks? I think not, Mr. President. I am fearful, however, that many people in this country have not considered the risks associated with "not having enough energy to go around."

In order that my colleagues have the benefit of Mr. Rossin's article, I ask that it be printed in the RECORD.

The article follows:

WHAT OTHERS THINK—ENERGY SHORTAGES: THE DOWNSIDE RISKS

(By A. David Rossin)

The seventies were a period of newfound concern for the environment and an awakening to the fact that natural resources are limited. Public concern was translated into laws. The laws require a vast array of regulations. Now alternatives must be considered before a project can begin. The impacts and risks must be evaluated, reported, and, in some cases, debated.

The debate about energy—oil prices, synthetic fuels, solar energy, conservation—has become a battle when it touches nuclear power. Individual activists and interest

groups raise questions and make charges about radiation, waste, safety, and weapons proliferation. Industry and government experts document their answers with thick reports. Whom can the people trust?

Nuclear risks are weighed against risks associated with coal (pollution, acid rain, the carbon dioxide layer); with oil (spills, fires, tanker accidents, platform collapses, and dependence on the Middle East); natural gas (rising prices and limited resources), and new alternatives (unknown economics and unproven technologies). On the benefit side is the electric energy produced—the amount necessary to serve a nation that is learning to conserve.

The benefits are to be weighed against the risks. But rarely do people hear about the downside risks: the risks that come with not having enough electricity to go around. No one claims that nuclear power is the answer to all our energy problems. But nuclear power's contribution is vital. Without it the problem is tougher. It is time that Americans start to look at the downside risks of *not* having enough electric power plants.

We have grown up with dependable and relatively economical electricity. Utilities, by law, have served all. But with too few power plants being built today (coal and nuclear) and the eight to ten years or more that it takes to build one, the odds of an electric generation shortage before the end of the eighties are mounting. Even with *zero* growth in electric demand, by 1985 it would take 8,000 megawatts each year (the equivalent of seven new large nuclear plants) just to replace the old plants that become obsolete. That is with no replacement of oil-burning plants and no growth in demand. Only 6,000 megawatts were ordered in 1979. So the stage is being set today, not just for one of the three downside risks, but for any or all of them, perhaps even at the same time.

DOWNSIDE RISK ONE: THE SELF-FULFILLING PROPHECY

Utilities used to be accused (sometimes correctly) of building a new power plant, then advertising to promote demand for the power and justify its decision: the "self-fulfilling prophecy." Sometimes the advertising worked; sometimes it did not because national or worldwide events intervened. But that was back in the days of 3 per cent interest rates when the new plant would produce power at less cost than what it replaced. Now there is no financial incentive for any utility to build anything. The large number of inflated dollars required will just raise total system generation cost.

But what is certain is that if a utility company cannot promise reliable electric service, the next factory or office complex will go somewhere else. With it go the jobs. Next the plans for expansion are canceled, followed by closing of companies that had been pillars of the community for years. That is the real self-fulfilling prophecy.

DOWNSIDE RISK TWO: GOVERNMENT TO THE RESCUE

If utilities cannot build, and citizens realize what is happening, they will not blame the citizen-activist groups that caused the delay, even if the leaders are still around. They will blame the utility company for failing to do its job. And some politicians will probably blast at the utility for not warning the public about what was in store.

If history repeats itself, the citizens will turn to government to take over the utility and build the plants its own regulatory process had stopped. Yet the risk remains that the same regulations and pressure groups may just stop the government too.

DOWNSIDE RISK THREE: PRIORITIES AND ALLOCATION

The theory of some who oppose nuclear power is that if electricity is restricted everyone will conserve, the right amount of energy waste will be skimmed away, and unnecessary growth, with all its environmental impacts, will be prevented. This may be the dream, but in the real world predictions rarely come out accurately, especially where energy is involved. Energy policy decisions sometimes produce results different from those promised.

If the power plant is ready but not needed, it does not run. Interest on its mortgage must be paid anyway, but at least the fuel is saved. If oil or gas can be saved and those plants are kept idle while coal or uranium fuel is used, the benefits are obvious.

However, on the downside, if there is not enough electricity to supply all users, priorities must be set. Over the short term, blackouts and brownouts due to storms or other emergencies will occur more often. But when there are only so many generating plants, and the various new demands turn out to be greater than the supply will be, priorities will have to be set.

What new use should have priority for a limited remaining amount of electric supply? A factory with its jobs? A new energy-efficient office building? A hospital? Apartments? One hundred four-bedroom houses? Should each residence have a limit? Should certain appliances be banned?

Just who should set these priorities? Not the utility company; that is not its role under the law, and a utility has no right to discriminate among users. Should the state order the utility to raise rates or should it tax energy use to depress demand, even though that would increase welfare payments? If not, that leaves allocation. The priorities would be set and enforced, not by the utility, but by government. But not one Congressman, Senator, governor, or other public official has called for public hearings on how to set priorities for electricity when there is not enough to go around!

A number of spokesmen are calling for decentralized energy sources: house by house or in each small community. Their stated objective is to free people from the big, centralized power companies. However, utilities do not decide what uses of electricity are valid and socially acceptable. Individuals and companies make those decisions themselves.

As long as there is enough utility electricity for reliable backup, anyone can build a windmill, a solar heater, or whatever he chooses. The centralized utility cannot stop anybody. The decisions are individual, local: decentralized.

Ironically, with shortages comes allocation of energy, and people may be left with no choice but to build and tend their own generators, even if they would rather go backpacking or read a book. Allocation is centralized decision making by government: big, centralized government.

The disciples of decentralized energy sources offer no assurance that their alternatives can actually deliver. What they demand now is the commitment to stop nuclear power. Such a decision would make the likelihood of electric generating shortages before long very high indeed.

Nobody has a perfect crystal ball. No one can be sure just how much capacity would be right for 1990. But the risks of having too many power plants need to be compared with the downside risks of not enough.

A commercial airline considers downside risk. When a Chicago to San Francisco flight takes off, it is carrying a lot more fuel than it takes to make the flight. This means higher inventory costs and more weight on takeoff and landing because experience says there may be weather delays or other unexpected developments. Cutting fuel loads close to the line is tempting, but the downside risks of running short are well known, not only to pilots and executives, but to passengers and politicians.

If the debate about nuclear energy is to deal with risks, the downside risks of electric energy shortage had better become a feature of it. If a free society is to arrive at an energy policy, its people need to be well aware of the downside risks of all of its options.

CLAIM THAT ANTIBUSING LEGISLATION IS UNCONSTITUTIONAL DISREGARDING COMMONSENSE

● Mr. HELMS. Mr. President, it should be clear by now that the Helms-Johnston antibusing amendment is in no way violative of the Constitution. If I believed for one moment that this amendment violated the Constitution, I would not have offered it. It deprives no one of his or her rights.

Opponents of the amendment, however, continue the myth that it is unconstitutional. In a "Dear Colleague" letter dated June 29, 1981, circulated by the Senator from Connecticut (Mr. WEICKER) and 11 other Senators, the claim was made that the Helms-Johnston amendment "intrudes on and erodes the independence of the Federal judiciary by attempting to limit the remedies which may be required under the Constitution." I also received a letter dated June 22, 1981 from the New York City Bar Association stating that the "proposed amendment appears to violate the 14th amendment to the Constitution." And the American Bar Association—which I am convinced no longer represents the views of the majority of practicing lawyers in America—said in a letter dated June 22, 1981 to Senator BAKER:

> This amendment would drastically restrict the jurisdiction of the Federal courts to issue remedies in school desegregation cases, even when such remedies are the only available means of vindicating Constitutional rights against deliberate and intentional violations of the equal protection clause of the Fourteenth Amendment.

Mr. President, this is simply not so. Forced busing of school children to achieve racial balance is clearly not mandated by the Constitution and is, in fact, violative of the Constitution. Former Senator Sam Ervin remarked to me last year while we were discussing this issue that:

> Oceans of sophistry cannot wash away the plain fact that busing of schoolchildren deprives those who are being bused of their right under the equal protection clause to attend the school nearest their homes.

So, Mr. President, what Federal bureaucrats and judges have been doing with this folly of forced busing is violating the equal protection clause, and in doing causing the waste of hundreds of millions of dollars and the Lord only knows how much fuel and time. For what? Absolutely nothing. All that the 14th amendment requires is that a State may not deny to any person on account of race the right to attend any school that it maintains. The Constitution does not require arbitrary racial balance; it merely forbids discrimination. Yet, this principle has been rejected by the judicial activists on the Federal courts.

Mr. President, let the record be clear: The issue we confront now is the responsibility of Congress to determine what

is and what is not a proper remedy to enforce the mandates of the 14th amendment, and that is what the Helms-Johnston amendment does. This amendment reaffirms the intent of Congress that busing is unacceptable as a remedy. Congress sought to make this understood in the Civil Rights Act of 1964, but the clear legislative intent was subsequently ignored by the Federal courts. That is why it is important for Congress to act now on the Helms-Johnston amendment.

Senator Ervin has prepared an excellent analysis of the meaning of the 14th amendment's equal protection clause as it relates to the issue of school busing. Because of the constitutional objections to the Helms-Johnston amendment by some groups, I ask that Senator Ervin's statement be printed in the RECORD so that my colleagues in the Senate will have the benefit of Senator Ervin's clear thinking on this issue.

The statement follows:

STATEMENT OF SENATOR SAM J. ERVIN, JR.

THE TRUE MEANING AND OBJECTIVE OF THE EQUAL PROTECTION CLAUSE

The Fourteenth Amendment became a part of the Constitution on July 21, 1868. When it is interpreted and applied aright, its equal protection clause is one of the simplest and most salutary of the provisions of the Constitution.

The clause extends its protection to all persons of all races, colors, or classes who are similarly situated within the boundaries of any state. Its objective is to secure equality to such persons under the laws of the state. The clause specifies that no state "shall deny to any person within its jurisdiction the equal protection of the laws."

By this phrase, the equal protection clause requires the laws of the state to treat all persons within its jurisdiction alike under like circumstances, both in the rights conferred and the responsibilities imposed.

The clause applies only to states and to state officials acting under state law. Further than that, the clause does not go. It does not apply in any way to private individuals, or confer upon the federal government any power to control their conduct.

Since all federal officers, including Supreme Court Justices, are bound by oath or affirmation to support the Constitution, no court, department, or agency of the federal government has any power to require a state or any state officer acting in its behalf to violate the equal protection clause. The Supreme Court has expressly ruled that Congress cannot do so.

THE BROWN CASE

During the 86 years following the ratification of the Fourteenth Amendment, presidents, governors of states, Congress, state legislatures, and federal and state courts interpreted the equal protection clause to permit a state to segregate by law persons within its jurisdiction on the basis of race as long as the facilities which served them were equal.

The interpretation was known as "the separate but equal doctrine." This doctrine did not originate in any Southern state. It had its genesis in Massachusetts. In 1849, the Supreme Judicial Court of Massachusetts created and applied it in *Roberts* v. *City of Boston*, 59 Mass. (5 Cush.) 198, when it rejected the plea of Senator Charles Sumner that the City of Boston be compelled to admit black children to a racially segregated school for whites.

By a 7 to 1 vote, the Supreme Court applied "the separate but equal doctrine" to the segregation of passengers on the basis of race in transportation in 1896 in *Plessy* v. *Ferguson*, 163 U.S. 537; and by a unanimous vote, the Supreme Court applied "the separate but equal doctrine" to the segregation of children in public schools on the basis of race in 1927 in *Gong Lum* v. *Rice*, 275 U.S. 78.

Justice Brown of Michigan wrote the opinion in *Plessy* v. *Ferguson* for a court composed of himself and Chief Justice Fuller of Illinois, and Justices Field of California, Harland of Kentucky, Gray of Massachusetts, Brewer of Kansas, Shiras of Pennsylvania, White of Louisiana, and Peckham of New York. Harlan dissented, and Brewer did not participate. Harlan based his dissent on the proposition that "our Constitution is color blind."

Chief Justice Taft wrote the opinion in *Gong Lum* v. *Rice* for a unanimous Supreme Court composed of himself and Justices Holmes and Brandeis of Massachusetts, Van Devanter of Wyoming, McReynolds and Sanford of Tennessee, Sutherland of Utah, Butler of Minnesota, and Stone of New York.

On May 17, 1954, the Supreme Court handed down its unanimous decision in *Brown* v. *Board of Education of Topeka*, 347 U.S. 483. By this ruling the Supreme Court adjudged "that in the field of public education the doctrine of separate but equal has no place." In its final analysis, the decision in the Brown Case is based upon the proposition that the equal protection clause of the Fourteenth Amendment forbids a state to consider race in assigning children to its public schools, and in consequence a state violates the clause if it excludes a child from any of its schools because of the child's race. Hence, the decision accepts as valid Justice Harlan's assertion in *Plessy* v. *Ferguson* that "our Constitution is color blind."

At the time the decision in the Brown Case was announced 17 states and the District of Columbia were maintaining segregated schools for black and white children.

It is no exaggeration to say that the decision of the Supreme Court in the Brown Case shocked the nation. In common with multitudes of other Americans, I doubted its validity and wisdom. Such a drastic change in the interpretation of the equal protection clause, I thought, ought to have been made by a constitutional amendment and not by judicial fiat.

Since the Supreme Court handed down its decision in the Brown Case, I have spent much energy and much time studying the origin, the history, the language, and the objective of the equal protection clause of the Fourteenth Amendment.

My study has constrained me to accept as valid these deliberate and definite conclusions:

The "separate but equal doctrine" is consistent with the origin and history of the equal protection clause.

Nevertheless, the "separate but equal doctrine" is inconsistent with the words and manifest purpose of the equal protection clause.

The equal protection clause requires the laws of a state to treat alike all persons in like circumstances within its borders both in respect to rights conferred and responsibilities imposed.

The objective of the equal protection clause is to insure equality under state law of all persons similarly situated within the borders of the state.

A state frustrates the equal protection clause and its objectives if it make the legal right or legal responsibility of persons within its borders depend upon their race.

The Brown Case requires a state to assign its children to its public schools without regard to their race and invalidates any state law to the contrary.

Despite my original misgivings respecting it, the Brown Case constitutes a proper interpretation of the equal protection clause.

The equal protection clause governs state action only, and does not apply in any way to the conduct, dealings, associations, social activities, or racial preferences of individuals.

Finally, the equal protection clause contemplates that all persons shall enjoy equal civil liberties under state law, but does not entitle any persons of any race to any special privileges or preferences superior to those accorded to persons of other races by state law.

JUDGE PARKER'S EXPLANATION OF THE BROWN CASE AND THE EQUAL PROTECTION CLAUSE

When the Supreme Court made its decision in the Brown Case, it decided four separate cases which it had combined for the purpose of hearing and decision. After its decision, the Supreme Court remanded the four separate cases to the courts in which they had originated for further appropriate proceedings.

One of the four cases, *Briggs* v. *Elliott*, involved a challenge to the constitutionality under the equal protection clause of the public schools of Clarendon County, South Carolina. This case had originated in the United States District Court for the Eastern District of South Carolina and had been decided in the first instance by a three-judge district court composed of Circuit Judge Parker, and District Judges Waring and Timmerman.

Circuit Judge John J. Parker, who afterwards served as Chief Judge of the United States Court of Appeals for the Fourth Circuit, was deemed by the bench and bar to be one of America's greatest jurists of all times.

After the Briggs Case was remanded to the United States District Court for the Eastern District of South Carolina by the Supreme Court for further proceedings, Judge Parker wrote what he called a per curiam opinion for the three judge court, which was then composed of himself, Circuit Judge Dobie, and District Judge Timmerman.

In this illuminating opinion, Judge Parker explained the Brown Case and the equal protection clause with correctness and clarity. In so doing, he said:

"This Court in its prior decisions in this case, 98 F.Supp. 529; 103 F.Supp. 920, followed what it conceived to be the law as laid down in prior decisions of the Supreme Court, *Plessy* v. *Ferguson*, 163 U.S. 537, 16 S.Ct. 1138, 41 L.Ed. 256; *Gong Lum* v. *Rice*, 275 U.S. 78, 48 S.Ct. 91, 72 L.Ed. 172, that nothing in the Fourteenth Amendment to the Constitution of the United States forbids segregation of the races in the public schools provided equal facilities are accorded the children of all races. Our decision has been reversed by the Supreme Court, *Brown* v. *Board of Education of Topeka*, 349 U.S. 294, 75 S.Ct. 753, 757, which has remanded the case to us with direction 'to take such proceedings and enter such orders and decrees consistent with this opinion as are necessary and proper to admit to public schools on a racially non-discriminatory basis with all deliberate speed the parties to these cases.'

"Whatever may have been the views of this court as to the law when the case was originally before us, it is our duty now to accept the law as declared by the Supreme Court.

"(1–4) Having said this, it is important that we point out exactly what the Supreme Court has decided and what it has not decided in this case. It has not decided that the federal courts are to take over or regulate the public schools of the states. It has not decided that the states must mix persons of different races in the schools or must require them to attend schools or must deprive them of the right of choosing the schools they attend. What it has decided, and all that it has decided, is that a state may not deny to any person on account of

race the right to attend any school that it maintains. This, under the decision of the Supreme Court, the state may not do directly or indirectly; but if the schools which it maintains are open to children of all races, no violation of the Constitution is involved even though the children of different races voluntarily attend different schools, as they attend different churches. Nothing in the Constitution or in the decision of the Supreme Court takes away from the people freedom to choose the schools they attend. The Constitution, in other words, does not require integration. It merely forbids discrimination. It does not forbid such segregation as occurs as the result of voluntary action. It merely forbids the use of governmental power to enforce segregation. The Fourteenth Amendment is a limitation upon the exercise of power by the state or state agencies, not a limitation upon the freedom of individuals.

"The Supreme Court has pointed out that the solution of the problem in accord with its decisions is the primary responsibility of school authorities and that the function of the courts is to determine whether action of the school authorities constitutes 'good faith implementation of the governing constitutional principles'."

Judge Parker's sound explanation of the Brown Case and the equal protection clause was subsequently rejected by the judicial activists on the Supreme Court.●

SENATOR SARBANES SALUTES AMERICAN LEGION'S DAN BURKHARDT

● Mr. SARBANES. Mr. President, for the past 32 years Dan Burkhardt has done an outstanding job as adjutant for the American Legion's Maryland department, a tenure of service to our veterans which is unsurpassed in Maryland and second longest in American Legion history. He will be retiring this September, but his numerous contributions will be gratefully remembered and I am certain he will continue to contribute to a stronger Nation in many ways.

During the years that Dan Burkhardt has been adjutant of the Maryland department, membership has nearly doubled to over 62,000, countless young people have learned from Legion-sponsored activities, and the veterans and all the people of Maryland have benefited from his vigorous and dedicated leadership. I have been pleased to work with Dan Burkhardt on a number of matters, including efforts to improve the health care and educational programs available to those who served their country and the many Legion programs for young people which are designed to build better citizens for our Nation's future.

A recent article in the Baltimore Evening Sun recounts well many of the contributions this outstanding Marylander has made to our community, and I ask that it be inserted in the RECORD.

The article follows:

[From the Baltimore Evening Sun, July 1, 1981]

DAN BURKHARDT'S LAST OFFICIAL FOURTH IS SURE TO BE A GLORIOUS ONE

(By James H. Bready)

Dan Burkhardt did his final Boys State last month, at Fort George G. Meade; Ocean City, in two weeks, will be the site of his final Department of Maryland convention of the American Legion; next month, he goes to his final national Legion convention, in Honolulu. The dinner in his honor, given by the department, has already happened. The time comes, in September, he must pay the penalty of age 65 and pack it all in. He vacates the desk and office at the War Memorial where long ago, to help out his old lawyer and friend Ken Hammer, he sat down as fill-in adjutant of the Department of Maryland, for a year. Daniel H. Burkhardt was commander of Waverly Post 164 then, and still full of his Pacific and European Theater experiences as the Marines' "senior permanent p.f.c." and it was 1949.

Across 32 years, changes occur. His service, for instance, becomes the second longest tenure by any department adjutant (in effect, state executive director) in Legion history, far and away Maryland's longest. And Maryland membership, with help from those hostile elements in Korea and then Vietnam, goes from 32,000 to its present, largest-ever 62,000. Yet the sound of martial music wanes—the Hamilton post's best-in-the-nation drum and bugle corps doesn't get around much any more, owing to travel's ruinous expensiveness. As to finery, today's Legionnaire wears matching gray trousers and blue blazers with embroidered pocket emblem, not the modified-military uniform of decades past. And at headquarters, the tile floor gets carpeting and, because Burkhardt's is good with his hands, the plaster walls vanish behind walnut paneling.

Legionnaires still wear those so-called overseas caps, however, and still promote patriotism, and still count roughly as many members as the other veterans organizations put together. And they still tell stories.

At St. Louis in '53, state commander and adjutant parked a couple of times close to the Mark Twain Hotel's marquee. Four stories up, a roomful of Maryland fellow-delegates were on the lookout for driver and passenger, and several times sped an arrival or departure with aimed paper bags full of water. So on the final day, being the 60th birthday of one room member, Burkhardt appeared in the doorway bearing a large chocolate cake. He spoke words of charity and forgiveness. They let him in, they let him light the candles, and the fuse of the cannon cracker buried in the center, before he left. "Everyone got his piece of cake," Burkhardt says, fondly.

Legionnaires, nowadays, are more earnest men—and women. In 1919, at the start of it all, the enrolling of Army Nurse Corps personnel made this the first coed veterans organization; by 1980, the prizewinner among Maryland's seven district commanders was Margie Jo Carnahan, of Hagerstown. Next month, as and when the senior vice commander moves up to state commander, the Vietnam War will take over, in the person of Douglas Henley of Mount Airy—even as World War II first shouldered World War I aside when Hammer and Burkhardt took office. Burkhardt says no breakdown is kept as to white-black; the post he himself now belongs to (and will go on being adjutant of) is No. 127, a downtown lunch group that is about half and half. Supposedly—again, no statistics—former EMs preponderate nationwide. The one Marylander so far to have been elected national commander, Robert E. Lee Eaton of Chevy Chase, in 1973, is a retired Air Force major general.

Retirement is a time to glance back at what has been done and what hasn't. Decades of lining up sponsors and donations, however, have bred in Burkhardt a caution, a refusal to take sides gratuitously. Starting with Truman's, every presidential regime has seen him in the White House on one mission or another. What is the affiliation, the orientation, of Phillip Riggin of Crisfield, the national Legion's new chief Washington lobbyist? Answer: he went through Maryland's Boys State, the summer citizenship-training school directed since 1960 by Burkhardt.

Because the model Legionnaire takes his patriotism so seriously, the presumption is that he or she votes for the sort of President or congressman whose lapel always flies a small U.S. flag. True enough, all presidents within memory have paid Legion dues (now $10 a year); all politicians, pretty nearly. The Maryland department, though, looks beyond, to their budgets or budget votes. That new, downtown-Baltimore VA medical center which, held unneeded, is now in abeyance: the Legion still wants it, not in addition to Perry Point, Loch Raven and Fort Howard but in place of Fort Howard, which would become a nursing home.

But on the verge of taking down the March of Dimes plaques from his office wall, and the framed traffic-safety and crime-prevention awards ("Officer, Ordre du Merite Combattant"), a man reflects rather on ideas and programs that did work out. Burkhardt made the ocean trip with the Constellation in 1955, when it came here from New England via floating drydock. He started the Christmas tree sale, now a Baltimore tradition, on the site of old Oriole Park; he started the Eye Bank, still the largest anywhere, that is its beneficiary. He is the founder-publisher of Free State Warrior, a Legion monthly named by his mother, an old suffragette. He has provided flags of various sizes and designs for uncounted occasions and causes; the War Memorial's Hall of Flags, dedicated to the original moonlanders, is his idea. So too, on the floor above, is the Eternal Flame, lit from the one in Paris on the Legion's 50th anniversary and serviced free by BG&E. A doubly-amputated service man wanted most to see his dog again; going about it through his Legion connections, Burkhardt found and fetched the dog, from Vietnam. On arrival, it hightailed across the hospital day-room and landed in its owner's lap.

Burkhardt was there at the stadium for 1958's Legion Day, when Hoyt Wilhelm beat the Yankees in the modern Orioles' first no-hitter, and Gus Triandos' homer won it, 1–0 two alumni of American Legion baseball. Burkhardt played third base himself, in Legion ball. He was living in New York City, where his father was a theater manager in the Loew's chain—an old marine and a Legionnaire himself. But it was a Baltimore family. The progenitorial Burkhardt needs be shriven of serving on the wrong side in the Revolution—a Hessian captured at Trenton, he then settled in Maryland. A descendant married an immigrant Saxon, and young Dan, spending summers on Frog Mortar Creek, got to know the eminent collateral whom cousins spoke of as Heinz—H. L. Mencken. Ultimately, the personality of Charles DeGaulle, met in Paris, may have registered more on Burkhardt. Or of half a dozen FBI officials. Or of Whittaker Chambers (in his J. Peters role. Chambers set up a camera club, which young Dan joined, at his Manhattan high school, then Burkhardt and Chambers were friends during the latter's Westminster farmer years.) Or of Jan Valtin (Richard Krebs, with whom he sailed the bay). Or of Ignace Jan Paderewski (his coffin is still in Arlington Cemetery, awaiting reburial in a free Poland; Burkhardt, who never met him, spoke there Monday at a plaque dedication.)

The requirement for American Legion membership is honorable service during one of this country's wars. What if wars cease, or U.S. participation in them? The Legion plans ahead to its own dissolution; a separate organization, the Sons of the American Legion, is entered on Legion titles and deeds. Burkhardt, his son and two grandsons living in Tennessee, is remorseful now about the years of going out evenings too, forsaking his wife Elizabeth to attend 174 posts' worth of meetings (the 175th is in Spain). He doesn't plan beyond September, other than tinkering with his cellar HO trains system, and using his powerboat for the first time in eight years. He may try memoirs.

What he looks forward to right now is Saturday. This is the first time in decades that he won't be walking or riding a Fourth of July parade somewhere. Picture Dan Burkhardt home, at last, in Severna Park, taking vigorous part in a neighborhood association's patriotic observances.●

STATUS REPORT ON THE BUDGET FOR FISCAL YEAR 1981

● Mr. DOMENICI. Mr. President, I submit to the Senate a status report on the budget for fiscal year 1981 pursuant to section 311 of the Congressional Budget Act. Since my last report the Congress has cleared for the President's signature S. 1395, eliminating the requirement that the Secretary of Agriculture waive interest on loans made on 1980 and 1981 crops of wheat and feed grains placed in the farmer-held grain reserve.

The report follows:

REPORT TO THE PRESIDENT OF THE U.S. SENATE FROM THE COMMITTEE ON THE BUDGET STATUS OF THE FY 1981 CONGRESSIONAL BUDGET ADOPTED IN H. CON. RES. 115 REFLECTING COMPLETED ACTION AS OF JULY 10, 1981

[In millions of dollars]

	Budget authority	Outlays	Revenues
Revised Second Budget Resolution Level	717,500	661,350	603,300
Current level	715,178	660,947	611,900
Amount remaining	2,322	403	8,600

BUDGET AUTHORITY

Any measure providing budget or entitlement authority which is not included in the current level estimate and which exceeds $2,322 million for fiscal year 1981, if adopted and enacted, would cause the appropriate level of budget authority for that year as set forth in House Concurrent Resolution 115 to be exceeded.

OUTLAYS

Any measure providing budget or entitlement authority which is not included in the current level estimate and which would result in outlays exceeding $403 million for fiscal year 1981, if adopted and enacted, would cause the appropriate level of outlays for that year as set forth in House Concurrent Resolution 115 to be exceeded.

REVENUES

Any measure that would result in revenue loss exceeding $8,600 million for fiscal year 1981, if adopted and enacted, would cause revenues to be less than the appropriate level for that year as set forth in House Concurrent Resolution 115.●

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, there will be no votes this evening. In a few moments I expect the Senate to recess over until 10 o'clock tomorrow, but before I do that there are certain details I would like to attend to that I believe have been cleared on the other side of the aisle.

DIRECTING SENATE LEGAL COUNSEL TO REPRESENT SENATE PARTIES IN MURRAY, ET AL AGAINST BUCHANAN, ET AL.

Mr. BAKER. Mr. President, I send to the desk a resolution by me and by the distinguished minority leader and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the resolution by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 176) to direct the Senate Legal Counsel to represent Senate parties in Murray, et al. v. Buchanan, et al.

The Senate proceeded to consider the resolution.

Mr. BAKER. Jon Garth Murray, Madalyn Murray O'Hair, and the society of separationists, suing as taxpayers and atheists, have brought an action which claims that the payment of salaries and expenses of the chaplains of the Senate and the House violates the establishment clause of the first amendment. The case is now on appeal to the U.S. Court of Appeals for the District of Columbia Circuit following the decision of the district court that the complaint should be dismissed. The plaintiffs have named the U.S. Senate, the President of the Senate, the President pro tempore, and the Chaplain of the Senate, as defendants. The following resolution directs the Senate Legal Counsel to represent the Senate parties in this litigation.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to.

The preamble was agreed to.

The resolution (S. Res. 176), together with its preamble, is as follows:

S. RES. 176

Whereas, in the case of *Murray, et al.* v. *Buchanan, et al.*, No. 81-1301, pending in the United States Court of Appeals for the District of Columbia Circuit, the plaintiffs-appellants are claiming that the payment of salaries and expenses for chaplains in the Senate and House violates the establishment clause of the First Amendment to the United States Constitution;

Whereas, the appellees are, among others, the United States Senate, the Honorable George Bush, in his capacity as President of the Senate, the Honorable Strom Thurmond, President pro tempore of the Senate, and the Reverend Richard C. Halverson, Chaplain of the Senate;

Whereas, pursuant to sections 703(a) and 704(a) of the Ethics in Government Act of 1978, 2 U.S.C. §§ 288b(a) and 288c(a) (Supp. III 1979), the Senate may direct its counsel to defend the Senate, its members, and officers in civil actions relating to their official responsibilities. Now, therefore, be it

Resolved, that the Senate Legal Counsel be directed to represent the United States Senate, the Honorable George H. Bush, in his capacity as President of the Senate, the Honorable Strom Thurmond, President pro tempore of the Senate, and the Reverend Richard C. Halverson, Chaplain of the Senate in the case of *Murray, et al.* v. *Buchanan, et al.*

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER FOR RECOGNITION OF CERTAIN SENATORS TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that on tomorrow, after the recognition of the two leaders under the standing order, the following Senators be recognized on special orders for not to exceed 15 minutes each: The distinguished President pro tempore, the Senator from South Carolina (Mr. THURMOND); the distinguished Senator from Florida (Mrs. HAWKINS); and the distinguished Senator from Wisconsin (Mr. PROXMIRE).

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, in addition, I ask unanimous consent that the distinguished minority leader be granted a special order of 10 minutes duration to follow after the special orders heretofore granted.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I wish to advise the minority leader that on today's Executive Calendar I have three items under the Department of Justice, beginning with Calendar Order No. 306, that are cleared for action. I would inquire if he is in a position to consider those nominations at this time.

Mr. ROBERT C. BYRD. Mr. President, the minority is ready to proceed to those nominations beginning with Calendar Order No. 306.

Mr. BAKER. Mr. President, I thank the minority leader.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now go into executive session for the purpose of considering three nominations, Calendar Orders Nos. 306, 307, and 308.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENT OF JUSTICE

The legislative clerk read the nomination of Edward C. Prado, of Texas, to be the U.S. attorney for the western district of Texas.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

The legislative clerk read the nomination of Sarah Evans Barker, of Indiana, to be the U.S. attorney for the southern district of Indiana.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

The legislative clerk read the nomination of Daniel K. Hedges, of Texas, to be

the U.S. attorney for the southern district of Texas.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the votes by which the nominees were confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has given its consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I know of no further business that can be transacted by the Senate this evening. Before I state the program for tomorrow and the remainder of the week, may I inquire of the minority leader if he is aware of any further business to be transacted this evening?

Mr. ROBERT C. BYRD. Mr. President, I am not.

Mr. BAKER. I thank the minority leader.

PROGRAM

Mr. BAKER. Mr. President, on tomorrow the Senate will convene at 10 a.m., according to the order previously entered. After the recognition of the two leaders under the standing order, four Senators will be recognized on special orders.

Mr. President, I now ask unanimous consent that at not later than 11 a.m. tomorrow the Senate resume consideration of the pending amendment, the Moynihan amendment, and that a vote occur on the Moynihan amendment or in respect thereto at not later than 1 p.m. on tomorrow.

Mr. President, may I rephrase the request so that it is in respect to the Moynihan amendment. May I say parenthetically, that it is not clear at this point whether the vote will occur on the amendment itself or, for instance, on a tabling motion. But, in either event, this order would permit a vote in respect to the Moynihan amendment at 1 o'clock and would require that vote at 1 o'clock.

The PRESIDING OFFICER. Does the Senator renew the request with the modification?

Mr. BAKER. Yes, I renew my request with that qualification.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, after the execution of the special orders, the Senate will resume consideration of the pending amendment, which is the Moynihan amendment, at no later than 11 a.m. At 1 p.m. a vote will occur in relation to the Moynihan amendment.

It is anticipated that an effort will be made tomorrow to find other amendments that may be offered, even with the possibility of temporarily laying aside the Moynihan amendment if the time provided for is not required by Senators.

In any event, it is the expectation of the leadership that after the disposition of the Moynihan amendment there will be a number of other amendments during the day.

Mr. President, I now ask unanimous consent that after the disposition of the Armstrong amendment, the Chair recognize the distinguished Senator from New Jersey (Mr. BRADLEY) to offer one or the other of two amendments: An amendment dealing with a change in the capital gains rate or an amendment dealing with tax adjustments for 1 year only.

I repeat that the Senator from New Jersey will be recognized to call up an amendment, either one of those two amendments, after the disposition of the Armstrong amendment.

The PRESIDING OFFICER. Without objection, it is so ordered

Mr. BAKER. Mr. President, I fully expect that the Senate will be in late tomorrow. The disposition of the Moynihan amendment at 1 o'clock will bring on further debate on the Armstrong amendment. I have no idea how much more debate remains before we can dispose of the Armstrong amendment.

We have now provided for the recognition of the distinguished Senator from New Jersey to offer an amendment after the disposition of the Armstrong amendment. There are a number of other amendments that must be dealt with before the Senate can reach the point of third reading and final disposition of the tax bill.

I have already indicated that I expect the Senate to be in late tomorrow. I would estimate 10 o'clock or later.

The Senate will convene, under an order previously entered, at 10 o'clock on Friday. I do not anticipate that Friday will be very late.

I do now anticipate that the odds are very great that we will have a session on Saturday. There is already an order for the Senate to convene on Saturday morning at 10 o'clock.

Mr. President, I believe that outlines the situation as I see it at this moment.

I wish to thank all Senators on both sides of the aisle for proceeding to the consideration of this important measure, the tax bill, and moving us along to the place where we are prepared now to deal with two of the major amendments that will be offered to the bill. I express the hope that we could finish this bill by Saturday, perhaps even by Friday. But I certainly hope that the Senate will complete final action on this bill within the next few days.

RECESS UNTIL 10 A.M. TOMORROW

Mr. BAKER. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 10 a.m. tomorrow.

The motion was agreed to; and, at 6:17 p.m., the Senate recessed until Thursday, July 16, 1981, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate July 15, 1981:

DEPARTMENT OF STATE

Kenneth L. Adelman, of Virginia, to be Deputy Representative of the United States of America to the United Nations, with the rank and status of Ambassador Extraordinary and Plenipotentiary.

William Jennings Dyess, of Alabama, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of the Netherlands.

Frederic L. Chapin, of New Jersey, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Guatemala.

U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Elise R. W. du Pont, of Delaware, to be an Assistant Administrator of the Agency for International Development, vice Genta A. Hawkins, resigning.

DEPARTMENT OF COMMERCE

Bruce Chapman, of Washington, to be Director of the Census, vice Vincent P. Barabba, resigned.

DEPARTMENT OF LABOR

William M. Otter, of Kentucky, to be Administrator of the Wage and Hour Division, Department of Labor, vice Xavier M. Vela, resigned.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Marie P. Tolliver, of Oklahoma, to be Commissioner on Aging, vice Robert Clyde Benedict.

DEPARTMENT OF ENERGY

William Addison Vaughan, of Michigan, to be an Assistant Secretary of Energy (Environmental Protection, Safety and Emergency Preparedness), vice Ruth C. Clusen, resigned.

DEPARTMENT OF STATE

The following-named person for appointment as a Foreign Service Officer of class 1, a Consular Officer, and a Secretary in the Diplomatic Service of the United States of America:

Avis T. Bohlen, of the District of Columbia.

For reappointment in the Foreign Service as a Foreign Service officer of class 2, a Consular Officer, and a Secretary in the Diplomatic Service of the United States of America:

James Bruce Magnor, of Florida.

For appointment as Foreign Service officers of class 2, Consular Officers, and Secretaries in the Diplomatic Service of the United States of America:

Anthony A. Dudley, of North Carolina.

Gabriel Guerra-Mondragón, of the District of Columbia.

Barbara S. Harvey, of New Jersey.

Susan Margaret Mowle, of the District of Columbia.

Enrique F. Pérez, of Maryland.

Stanley Herman Robinson, of New Jersey.

G. Jean Soso, of California.

For appointment as a Foreign Service Information officer of class 2, a Consular Officer, and a Secretary in the Diplomatic Service of the United States of America:

Thavanh Svengsouk, of the District of Columbia.

For appointment as Foreign Service offi-

cers of class 3, consular officers, and secretaries in the diplomatic service of the United States of America:

Judith F. Buncher, of New Jersey.
Jacklyn Cahill, of California.
Carol A. Colloton, of the District of Columbia.
Marilyn F. Jackson, of Texas.
Patricia Ann Lasbury, of Washington.
Brenda Brown Schoonover, of California.

For appointment as a Foreign Service information officer of class 3, a consular officer, and a secretary in the diplomatic service of the United States of America:

Howard E. Leeb, of California.

For reappointment in the Foreign Service as Foreign Service officers of class 4, consular officers, and secretaries in the diplomatic service of the United States of America:

Leslie Ann Gerson, of California.
Mifia Shayne Goldberg, of Texas.

For appointment as Foreign Service officers of class 4, consular officers, and secretaries in the diplomatic service of the United States of America:

Winston Lewis Amselem, of California.
Janet Stoddard Andres, of Virginia.
Susanne E. Beecham, of New York.
Stephen G. Brundage, of Illinois.
Edward K. H. Dong, of California.
Thomas M. Givens, of Florida.
Douglas Barry Kent, of California.
Cornelis Mathias Keur, of Michigan.
Alan L. Keyes, of Massachusetts.
Frank G. Light, Jr., of Washington.
Bonnie J. Knoll, of Pennsylvania.
Christopher F. Lynch, of California.
Jack Richard McCreary, of California.
Thomas Hunter Ochiltree II, of the District of Columbia.
Dennis Edward Skocz, of Florida.
David Miner Sloan, of California.
William A. Stanton, of California.
Doris Kathleen Stephens, of Arizona.

For appointment as Foreign Service Information officers of class 4, Consular officers, and Secretaries in the Diplomatic Service of the United States of America:

Lauri J. Fitz, of Maryland.
Eugénie A. Lucas, of the District of Columbia.

Members of the Foreign Service to be Consular Officers and Secretaries in the Diplomatic Service of the United States of America:

Raymond Acosta, of Virginia.
Aldrich H. Ames, of New York.
Susan Read Anderson, of Maryland.
Francisco A. Arias, Jr., of California.
Alexander A. Arvizu, of Colorado.
Barbara Jan Martinez Baden, of Michigan.
Edward M. Balint, of New York.
John B. Bestic, of Virginia.
Diane L. Blust, of California.
Peter William Bodde, of Maryland.
R. Wayne Boyls, of Texas.
Arthur M. Brown, of Virginia.
Sue Ann Burggraf, of Virginia.
David S. Cariens, of Virginia.
Thomas E. Carroll, of New Hampshire.
Paul G. Churchill, of Illinois.
Rex N. Clarke, of California.
William G. Corbett, of the District of Columbia.
Vincent Q. Crockett, of Virginia.
Michael D'Andrea, of Virginia.
Scott Davis, of the District of Columbia.
Douglas Blake Dearborn, of California.
John Dimsdale, of Texas.
Robert Richard Downes, of Texas.
Tyler Drumheller, of Virginia.
Robert A. DuCote, of Virginia.
David N. Edger, of Florida.
Stephen Anthony Edson, of Virginia.
Sharon R. Fannin, of Virginia.
Jack G. Ferraro, of Virginia.
Christine L. Fisher, of West Virginia.
John M. Fitzgerald, of Virginia.
Shaun F. Fitzpatrick, of Massachusetts.
George A. Flowers, Jr., of Florida.
Guido F. Gale, of Virginia.
Richard A. Garver, of Virginia.
Barbara L. Gentile, of New York.
Barry R. Gibson, of Maine.
Wilson Fletcher Grabill III, of Ohio.
Robert E. Griffin, of Virginia.
Michael Grivsky, of the District of Columbia.
Jeffrey D. Hallett, of Pennsylvania.
Gerald Hamilton, of Virginia.
George Han, of Florida.
Rennie Hardy, of Virginia.
Richard S. Hayes, of Virginia.
Llewellyn H. Hedgbeth, of Virginia.
A. Daniel Hernández, of Maryland.
Judith A. Hoopes, of Virginia.
Stedman D. Howard, of Massachusetts.
Alan J. Hutchings, of Virginia.
Charles Jones, Jr., of Michigan.
Thomas E. Joseph, of New York.
Rebecca A. Joyce, of the District of Columbia.
Delvin W. Junker, of Texas.
George P. Kaleyias, of Florida.
Nina L. Kane, of Virginia.
Scott Frederic Kilner, of California.
Hellmuth L. Kirchschlager, of Virginia.
Victor P. Kohl, Jr., of the District of Columbia.
Frederick L. Kupke, of Indiana.
James N. Lawler, of Florida.
Richard David Levitt, of California.
Sandra F. Lucas, of Virginia.
Stephen A. Lucas, of Virginia.
Deborah R. Malac, of Georgia.
Alec Lewis Mally, of Florida.
Stephen J. Mangis, of Virginia.
Janice E. Mastoria, of Virginia.
James Jason Matthews, of Connecticut.
Michael Joseph McCamman, of Oregon.
Susan McCloud, of California.
Dundas C. McCullough, of California.
Patricia McGuckin, of Virginia.
James Peter McIlwain, of Virginia.
Thomas M. McMahon, of Virginia.
John W. Mertz, of Virginia.
Dionis F. Montrowl, of Virginia.
Gary Montrowl, of Virginia.
Richard F. Moreno, of Virginia.
Gerald B. Mullikin, of Maryland.
Winkle Williams Nemeth, of Indiana.
H. Wesley Odom, of Florida.
Gordon R. Olson, of the District of Columbia.
William K. Owen, of New Hampshire.
Margaret E. Parke, of the District of Columbia.
Stuart C. Parker, of the District of Columbia.
Charles Evans Peacock, of California.
Thomas D. Poole, of Virginia.
Genevieve J. Pratt, of Illinois.
Kathleen Mavorneen Reddy, of the District of Columbia.
John Reed, of Maryland.
Harold Kirby Ressler, of New York.
Benjamin F. Rider, of Maryland.
Montgomery L. Rogers, of Virginia.
Dorothea-Maria Rosen, of California.
Margaret Scobey, of Tennessee.
Michael B. Sealy, of Virginia.
Peter S. Sellers, of Virginia.
Francis S. Sherry, of Maryland.
Robert Siegenthaler, of Maryland.
Mary Ann Singlaub, of Colorado.
Eugene Skotzko, Jr., of Maryland.
Bradley A. Smith, of Michigan.
James F. Strong, of Virginia.
Susan M. Struble, of California.
Jane E. Stuckert, of Virginia.
Michael J. Sulick, of Virginia.
Tien Foo Ting, of Maryland.
Alvin R. Trencher, of Maryland.
Lawrence A. Urli, of Wisconsin.
Jimmie Eugene Wagner, of Ohio.
Douglas Bruce Wake, of New York.
Ward W. Warren, of Virginia.
Jenonne Walker, of the District of Columbia.
John H. Whitehouse, of New York.
John M. Willcox, of Virginia.
Eric Wilmeth, of Virginia.

Member of the Foreign Service to be a Consular Officer of the United States of America:

James M. Copeland, of Arizona.

Members of the Foreign Service to Secretaries in the Diplomatic Service of the United States of America:

Richard M. Brennan, of Virginia.
Joyce M. Ferguson, of New Hampshire.
Alan D. Fiers, of Virginia.

IN THE NAVY

The following-named Naval Reserve Officers Training Corps candidates to be appointed permanent ensign in the line or staff corps of the U.S. Navy, subject to qualification therefor as provided by law:

Angelini, Phillip T.	McSherry, Tracy D.
Blount, Edward	Morgan, William K.
Bose, David V.	Nadeau, Stephen E.
Daus, William B.	Nankervis, John T., Jr.
Frazier, Jerry W.	Neve, Laurence J.
Gallimore, Richard H., Jr.	Nickens, Patrick D.
Greer, Daniel S.	O'Connell, Joseph M.
Grimes, Nathan M.	Parlin, Joseph D.
Hall, John M.	Patten, John F., II
Hileman, Randall K.	Selby, Vernice B., Jr.
Kidd, Michael E.	Sellers, James K.
Kiser, Richard D.	Speer, David W.
Lucas, Steve A.	St. Clair, Albert L.
Masterson, Richard K., Jr.	Walden, Robert P.
McCollom, Kyle L.	Yarborough, Jerry L.

The following-named candidates in the Enlisted Commissioning Program to be appointed permanent ensign in the line or staff corps of the U.S. Navy, subject to the qualification therefor as provided by law:

Anderson, Robert G.	Harris, Angela F.
Bane, Chuck H., Jr.	Herndon, John E.
Bawden, Scott	Hughes, Randy E.
Bernard, Richard O.	Jinkerson, Richard A.
Bevans, Michael T.	Johnston, Jeffrey M.
Brown, Thomas L.	Keeney, Karen P.
Brown, William	Kennedy, Paul R. B.
Burns, James D.	Logan, Ronald L.
Cahalan, Kathryn	Mince, Johnny A.
Carter, Danny E.	Rawls, Maurice L.
Davis, Freddie L.	Ryan, Patrick W.
Douglas, Duane H.	Sepulveda, Ramico G.
Gatton, Clyde S.	Thompson, Leroy D.
Gonzalez, Hector V.	Vasquez, David R.
Hale, Judy L.	

Luther G. Barr, temporary chief warrant officer, W–2, to be appointed a permanent chief warrant officer, W–2, in the U.S. Navy, subject to qualification therefor as provided by law.

The following-named temporary chief warrant officers, W–3, to be appointed permanent chief warrant officer, W–2 and temporary chief warrant officer, W–3, in the U.S. Navy, subject to qualification therefor as provided by law:

Bonham, Arthur J.
Walls, Robert E.

Robert Gillespie, temporary chief warrant officer, W–3, to be appointed a permanent chief warrant officer, W–3, in the U.S. Navy, subject to qualification therefor as provided by law.

Paul S. Woods, Jr., temporary chief warrant officer, W–4, to be appointed a permanent chief warrant officer, W–3 and tempo-

rary chief warrant officer, W–4, in the U.S. Navy, subject to qualifications therefor as provided by law.

Lieutenant Commander Edward H. Doolin III, U.S. Navy, retired, to be reappointed a permanent lieutenant commander, from the Temporary Disability Retired List, subject to qualification therefor as provided by law.

James P. Felder, civilian college graduate to be appointed a permanent captain in the Medical Corps in the Reserve of the U.S. Navy, subject to qualification therefor as provided by law.

The following-named civilian college graduates to be appointed permanent commander in the Medical Corps in the Reserve of the U.S. Navy, subject to qualification therefor as provided by law:

Ascione, Anthony R.

Howard, Arthur R.

The following-named U.S. Navy officers to be appointed temporary commander in the Medical Corps in the Reserve of the U.S. Navy, subject to qualification therefor as provided by law:

Long, Harry J., III

Shreck, James N.

Robert M. Post, U.S. Navy, to be appointed a temporary commander in the Dental Corps in the Reserve of the U.S. Navy, subject to qualification therefor as provided by law:

The following-named ex-Reserve officers, to be appointed temporary commander, special duty (Merchant Marine, Deck) in the Reserve of the U.S. Navy, subject to qualification therefor as provided by law:

Brocco, William J.

O'Connor, Joseph O., Jr.

Gerard P. Petroni, civilian college graduate, to be appointed a temporary commander, special duty (Merchant Marine, Deck) in the Reserve of the U.S. Navy, subject to qualification therefor as provided by law.

Louis W. Arny III, U.S. Navy, to be appointed a temporary commander in the line in the Reserve of the U.S. Navy, subject to qualification therefor as provided by law.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 15, 1981:

DEPARTMENT OF JUSTICE

Edward C. Prado, of Texas, to be U.S. attorney for the western district of Texas for the term of 4 years, vice Jamie C. Boyd, resigned.

Sarah Evans Barker, of Indiana, to be U.S. attorney for the southern district of Indiana for the term of 4 years vice Virginia Dill McCarty, resigning.

Daniel K. Hedges, of Texas, to be U.S. attorney for the southern district of Texas for the term of 4 years vice Jose Antonio Canales, resigned.

HOUSE OF REPRESENTATIVES—*Wednesday, July 15, 1981*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

O gracious God, creator and sustainer of all people, we praise You for all the blessings of life. This day we specially rejoice in the gift of freedom by which this Nation has been blessed and for which we have enduring gratitude. Even as we celebrate the liberty to speak as we would and to worship as we believe, we remember those who are denied what ought be their birthright. We recall all those who suffer from persecution or who know the anguish of captivity, that they may experience the true hope that abides through Your spirit. Guide us in the way of peace and Your liberating love may be manifest in our lives and the way of hatred be overcome by good. In Your name, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 31) entitled "An act to amend the Truth in Lending Act to encourage cash discounts, and for other purposes."

The message also announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 3982. An act to provide for reconciliation pursuant to section 301 of the first concurrent resolution on the budget for the fiscal year 1982.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 3982) entitled "An act to provide for reconciliation pursuant to section 301 of the first concurrent resolution on the budget for the fiscal year 1982," disagreed to by the House; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints the following Members to be the conferees on the part of the Senate, with instructions:

Committee on the Budget: Mr. DOMENICI, Mr. ARMSTRONG, Mrs. KASSEBAUM, Mr. BOSCHWITZ, Mr. HOLLINGS, Mr. CHILES, and Mr. BIDEN.

Title I (Committee on Agriculture, Nutrition, and Forestry) Mr. HELMS, Mr. HAYAKAWA, Mr. LUGAR, Mr. COCHRAN, Mr. HUDDLESTON, Mr. LEAHY, and Mr. ZORINSKY.

Title II (Committee on Armed Services) Mr. TOWER, Mr. HUMPHREY, Mr. JEPSEN, Mr. EXON, and Mr. LEVIN.

Title III (Committee on Banking, Housing, and Urban Affairs) Mr. GARN, Mr. HEINZ, Mr. LUGAR, Mr. PROXMIRE, and Mr. RIEGLE.

Title IV (Committee on Commerce, Science, and Transportation) Mr. PACKWOOD, Mr. GOLDWATER, Mr. SCHMITT, Mr. CANNON, and Mr. INOUYE.

Title V (Committee on Energy and Natural Resources) Mr. MCCLURE, Mr. HATFIELD, Mr. WALLOP, Mr. JACKSON, and Mr. JOHNSTON.

Title VI (Committee on Environment and Public Works) Mr. ABDNOR, Mr. STAFFORD, Mr. CHAFEE, Mr. SYMMS, Mr. RANDOLPH, Mr. MOYNIHAN, and Mr. MITCHELL.

Title VII (Committee on Finance) Mr. DOLE, Mr. DANFORTH, Mr. CHAFEE, Mr. LONG, and Mr. HARRY F. BYRD, JR.

Title VIII (Committee on Foreign Relations) Mr. PERCY, Mr. MATHIAS, Mrs. KASSEBAUM, Mr. PELL, and Mr. BIDEN.

Title IX (Committee on Governmental Affairs) Mr. ROTH, Mr. STEVENS, Mr. MATHIAS, Mr. EAGLETON, and Mr. PRYOR.

Title X (Committee on the Judiciary) Mr. THURMOND, Mr. MATHIAS, Mr. LAXALT, Mr. BIDEN, and Mr. DECONCINI.

Title XI (Committee on Labor and Human Resources) Mr. HATCH, Mr. STAFFORD, Mr. QUAYLE, Mr. NICKLES, Mr. DENTON, Mrs. HAWKINS, Mr. KENNEDY, Mr. RANDOLPH, Mr. PELL, Mr. EAGLETON, and Mr. METZENBAUM.

Title XII (Committee on Small Business) Mr. WEICKER, Mr. BOSCHWITZ, Mr. HAYAKAWA, Mr. NUNN, and Mr. BUMPERS.

Title XIII (Committee on Veterans' Affairs) Mr. SIMPSON, Mr. KASTEN, Mr. MURKOWSKI, Mr. CRANSTON, and Mr. RANDOLPH.

Select Committee on Indian Affairs: Mr. COHEN, Mr. ANDREWS, Mr. GORTON, Mr. MELCHER, and Mr. INOUYE.

SECRETARY OF TREASURY DONALD REGAN SHOULD CORRECT THE RECORD ON SOCIAL SECURITY

(Mr. LEVITAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVITAS. Mr. Speaker, on last Sunday Secretary of Treasury Donald Regan appeared on "Face the Nation." He was being questioned by George Herman, who said, talking about possible cuts in social security:

People are worried that this will be unfair to those persons on pensions who are elderly and retired.

To which Secretary Regan said:

Well, George, let me make this point clear right now. Anyone on social security right now does not have to worry about whether or not they are going to get their checks. They are.

Unfortunately, Secretary Regan did not know what is in the Gramm-Latta reconciliation bill which passed the House on June 26. He should not feel bad about that. Neither did Congress. Neither did the American people. But, my good friend, OMB Director David Stockman, should tell Mr. Regan that in the reconciliation bill that his administration sent up here for us to buy as a pig in a poke they, in fact, repealed the minimum benefit payment provision in social security and starting next year about 3 million people who are already presently receiving and living and dependent on that benefit who are presently retired are not going to get their social security checks. Mr. Secretary, you are wrong. These retired people are going to lose that social security benefit because of your administration's reconciliation bill.

I suggest that either Mr. Regan, the Secretary of the Treasury, did not know what was in their bill or did not care or was misinformed. In any event, it is a deception of the American people to say what he said on television on Sunday. I trust Secretary Regan will correct the record publicly and let these current recipients of the social security minimum benefits know they will not receive them beginning next year.

HITTING THE AGED ON SOCIAL SECURITY

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Mrs. SCHROEDER. Mr. Speaker, I hope everyone here reads the Washington Post editorial this morning, because they lay out an incredible scenario that will happen if Gramm-Latta II as passed by this House goes into effect. The editorial points out that very shortly very many elderly women over the age of 80 will be opening official envelopes from social security and finding their social security checks have been cut by over 40 percent. This is an incredibly cruel act. There is very little they can do to find employment at this advanced age and less than 12 percent of these women over 80 have any income from any other source.

During President Nixon's term he started a precedent. When the cost of living went through for social security, he put a letter in with the checks reflecting the increase taking credit for it. I hope this body keeps that precedent and insists that if these social security checks go out in this reduced amount due to the Gramm-Latta cuts, a letter will be included with the names of those Members and others who made this cut possible, starting with the President and David Stockman.

I think we should give credit where credit is due. This credit-assigning precedent should be preserved by this body.

ELIMINATING MINIMUM BENEFIT UNDER SOCIAL SECURITY

(Mr. SHANNON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHANNON. Mr. Speaker, under the terms of the reconciliation bill approved by the House and Senate, the minimum benefit under social security will be eliminated. I opposed the reconciliation bill. One of the major objections I had to it was this elimination of social security benefits—not just for future retirees, but for people who already receive, and depend on, their monthly checks.

Yesterday I introduced legislation which would redress this injustice to two particularly vulnerable groups of recipients. Among the 3 million mimimum benefit recipients are half a million people over 80 and thousands of retired members of religious orders.

Elderly widows who have not built up enough quarters in the social security system to qualify for any more than the minimum, make up 74 percent of the over-80 group.

In 1972, religious orders whose members had taken a vow of poverty and received no income for their work, were allowed the option of coverage under the social security system. It meant borrowing money, or selling limited church assets to obtain the required number of quarters for each retiring member of the order, but 225 of 240 religious institutes in this country chose to trust the social security system, and sold their assets. And now we tell them Congress changed its mind—you will not get the minimum after all.

It may not be possible in the climate of this Congress to restore funds to all the programs that deserve to be funded, but I urge my colleagues to consider the special condition of elderly widows and retired religious who have been trying to survive on what amounts to an annual income of $1,464. That is what reconciliation will take from them, and what I urge be restored.

SECRETARY HAIG'S ARMS CONTROL SPEECH

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, Secretary of State Haig's arms control speech with its six principles of arms control, seems to me to reflect the kind of commonsense that has all too often been missing from arms control discussions. I am particularly pleased by his emphasis on cooperation with our allies and the administration's willingness to work with the Congress as arms control policies are pursued.

The Secretary was admirably candid about serious questions that have been raised about possible violations of chemical warfare agreements by the Soviet Union and its proxies. The point was raised without belligerence but also without apology. Our Nation has the duty to publicly express skepticism about Soviet intentions to live up to future agreements, especially if there are specific and grave accusations now being made as to possible Soviet violations of existing agreements.

He also laid to rest the myth that linkage is some sort of artifical addition to arms control. That is not true. Linkage, as the Secretary pointed out, is a fact of life. We have to get away from the view of arms control as something unique and unrelated to the rest of our international security concerns.

I do have one serious question concerning the difficult problem of dealing with our allies as we proceed with arms control negotiations. I know we have gained a certain amount of cooperation recently. But I would feel better if we could clarify exactly what it is that our allies want from our alliance.

It is no secret that the NATO alliance is having problems. I think some straight talk is needed in this area and the sooner the better.

A year and a half ago I called for a conference of the industrial democracies which would discuss the totality of our mutual concerns. Economic, political, military, social, and philosophical questions need to be addressed, not separately, but together. There is a linkage in ideas as well as in international relations. I fear the industrial democracies have neglected to ask basic related questions about the entire meaning of the alliance.

NATO is, in a sense, living off the intellectual and emotional capital accumulated over 30 years ago. The time has long since passed when the alliance could coast along without examining basic concepts. I hope Secretary Haig's speech helps to get our allies—and our own Government—thinking about this.

WHAT THE BAILEY BAILOUT WILL COST IN HUMAN TERMS

(Mr. MOORE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOORE. Mr. Speaker, for the past several days I have discussed a corporate slush fund the Ways and Means Committee is about to pass, called the Bailey bailout.

This legislation will allow certain of our Nation's largest corporations to cash in their unused investment tax credits from the last 20 years and receive billions of dollars in rebates.

We are told that this slush fund will cost $3.3 billion, but we do not know for sure because no hearings were ever held on this proposal. All we know is that if you are a business in one of six select industries, you have hit the jackpot.

We have been talking about budget cutting recently so I thought I would translate what this $3.3 billion slush fund would mean if it were transferred to some other programs.

Over the next 4 years, the Bailey bailout would support 1.8 million food stamp recipients annually, or you could pay for 5.4 million children under the school lunch program each year, or you could pay for 169,000 CETA public service jobs each year through 1986.

But, instead, the Ways and Means Committee has created a slush fund for some of the richest multinational companies in the world.

SOUTH CAROLINA PEACH DAY

(Mr. CAMPBELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CAMPBELL. Mr. Speaker, I have the great pleasure of joining my colleagues from South Carolina in sponsoring South Carolina Peach Day on Capitol Hill. Today you will be receiving in your office a sample of South Carolina peaches, one of our

most delicious exports, and one of which we are justifiably proud.

South Carolina, I am pleased to say, is the second largest peach-producing State in the Nation, producing 355 million pounds of peaches in 1980. This amount of production resulted in revenues for our State which approached $62.4 million. South Carolina, however, is the largest exporter of fresh peaches and in recognition of the importance of peach production to South Carolina's economy, July has been proclaimed Peach Month in South Carolina.

My colleagues and I are happy to have the opportunity to share our State's agricultural wealth with all the Members of the House. Naturally, I would like to point out the nutritional value of this delicious summer fruit, reminding you that peaches contain only 38 calories each and provide an important source of vitamin A, protein, calcium, and iron. But, I feel, especially in light of the recent weather here in Washington, that the highest recommendation I can give our South Carolina peaches is that they are one of the best possible foods for a hot summer day.

On behalf of all of us from South Carolina, I hope you enjoy your fresh South Carolina peaches.

THE SELLING OF THE DEMOCRATIC TAX CUT

(Mr. LUNGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUNGREN. Mr. Speaker, everyone is familiar with the book by Joe McGinniss, "The Selling of the President," but of more immediate importance to us here in the House is the new series, "The Selling of the Democratic Tax Cut."

The first edition appeared yesterday in the Wall Street Journal. I quote:

> A Ways and Means Democrat says "word went out" to Democrats on the committee that (two powerful Chicago commodity traders) were "friends of the Democratic Party, so don't be too rough on them." The word according to the Democrats, came from Representative Tony Coelho (D-CA), Chairman of the Democratic Congressional Campaign Committee, which raises money for Democratic office seekers.

The second installment is a bailout—in fact an industrial strength welfare payment for six of the Nation's biggest industries.

No wonder President Reagan was unable to strike a compromise with the Ways and Means chairman, he was dealing with the wrong person, and in the wrong way.

It seems if you are not a wealthy, influential friend of the Democratic Party, you are out of luck on the tax bill. Pity the poor worker who does not have enough coins to put in the Democratic election change box. Let us look at how he is treated.

The facts are that the O'Neill-Rostenkowski-Coelho Democratic fat cat bill will force a family of four to pay marginal tax rates 2 percent higher than under the Conable-Hance 25-percent across-the-board cut.

And the middle-income Americans who earn $30,000 will be forced to pay 6 percent higher tax rates so that the Democratic Congressional Campaign Committee can evidently please some influential friends.

Forcing these middle-income taxpayers to pay higher marginal rates means they will pay higher taxes.

Mr. Speaker, we all anxiously await the next installment—who will be the highest bidder?

ESTATE TAXES

(Mr. MARRIOTT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MARRIOTT. Mr. Speaker, the estate tax was initiated in 1916 for two purposes: To finance World War I and to do something about the concentration of wealth in America. Its failed in limiting the concentration of wealth problem and the war is over.

The maximum tax in 1916 was 10 percent. Today the tax is 77 percent. That is atrocious and destructive.

The Ways and Means Committee is proposing unlimited marital deductions—that is better than status quo, but this will simply delay tax to the second to die and the tax could be more.

I propose that we simply repeal the estate tax. It may cost $6.8 billion in revenues but will save millions of small businesses and farms and that cost will be returned 10 times over.

DEMOCRATIC SWEETENERS IN THE TAX BILL

(Mr. PARRIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PARRIS. Mr. Speaker, there are a number of us who believe that it is absolutely critical in order to improve the economic condition of the Nation, to adopt budget reductions and tax cuts now. We are halfway there. We adopted the budget bill and now we have the tax cut bill which needs to be across the board and for 3 years.

Those of us who are dedicated Ways and Means Committee watchers are concerned about the continuing institutionalizing and politicizing of the tax cut bill. They are creating the usual Christmas tree; buying votes and fuzzing up the issue with futures traders benefits, oil windfall profit tax reductions, and all of the rest. They are adding sweeteners to buy political support, but I submit, Mr. Speaker, that one man's sweetener is the next man's saltpeter.

The thing for all of us to keep in mind is if the Democratic tax bill is adopted, in 1984 any American with an income over $20,000 will have a tax increase instead of a tax cut. We simply cannot permit that to happen. There must be a meaningful evenhanded tax cut bill adopted soon in order to get our economy moving again. To do less will create a sorry legacy for our children and our children's children.

INFLUENCE OF ATHLETES' CONDUCT ON YOUNG PEOPLE

(Mr. DICKINSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DICKINSON. Mr. Speaker, it is not often I find myself at variance with my good friend from Texas, Mr. JIM COLLINS. But last week he took to the well to compliment tennis star John McEnroe. If I understand the thrust of his remarks, he was saying that while McEnroe had been criticized for his behavior on the court, that the main thing was winning, and he just liked a winner, and hooray, hooray.

I have to demur from that position. I think people like John McEnroe, Jimmy Connor, Ilie Nastase, and their deportment on courts and playing fields around the world are demeaning. As two of them are Americans, it is certainly embarrassing to me with their obscene gestures and their bad conduct.

Sunday afternoon I was very interested in watching a tennis match on television and Don Budge was commenting. Everyone knows who Don Budge is. He was commenting on the impact this had in the tennis clinics as the young people are coming on, and he conducts tennis clinics every summer, and that these young people coming on tend to emulate the stars of tennis. This type of attitude and this type of behavior on the court is increasing, the profanity, the gestures and the whole thing, the bad sportsmanship is being bred, nurtured, encouraged by the behavior of the world tennis professionals. I deplore it and I think such conduct stinks. I would hope that the professional tennis associations and tournament committees will impose such sanctions on players guilty of such conduct as to bring it to a halt.

□ 1020

APPOINTMENT OF CONFEREES ON H.R. 3982, OMNIBUS BUDGET RECONCILIATION ACT OF 1981

Mr. JONES of Oklahoma. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 3982) to provide for reconciliation pursuant to section 301 of the first concurrent resolution on the budget for the fiscal year 1982, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference requested by the Senate thereon.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

MOTION OFFERED BY MR. LATTA

Mr. LATTA. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. LATTA moves that the Managers on the part of the House at the Committee of Conference on the bill, H.R. 3982, be instructed to insist on the provisions of section 5412 of the House bill and to agree to the provision of section 1132-2 of the Senate amendment requiring that $1.875 billion be authorized for the Home Energy Assistance Block Grants.

The SPEAKER. Does the gentleman from Ohio (Mr. LATTA) desire time?

Mr. LATTA. Mr. Speaker, just a word of explanation.

The SPEAKER. The gentleman is entitled to 1 hour.

Mr. LATTA. Mr. Speaker, this same figure appears in the labor and education section of our bill. It appears also in the Senate bill, and we are going to insist on this figure.

Mr. Speaker, I have no request for time, and I move the previous question on the motion.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Ohio (Mr. LATTA).

The motion was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER. The Chair is going to ask the Clerk to read the list of House conferees from the various committees of the House.

Without objection, the list of the sections on which those conferees will be authorized to confer will be printed at this point in the RECORD and the Journal. In other words, it would take an extra 15 minutes of reading to define which parts of the House bill and Senate amendment the members of the various committees would be conferring on.

There was no objection.

The Clerk read the following names of the conferees from the various committees of the House; and pursuant to the foregoing unanimous-consent agreement, the list of the sections on which those conferees will be authorized to confer are included therein:

From the Committee on the Budget, for consideration of the entire bill and Senate amendment: Mr. Jones of Oklahoma, Mr. Mineta, Mr. Solarz, Mr. Panetta, Mr. Gephardt, Mr. Aspin, Mr. Latta, Mr. Regula, Mr. Shuster, and Ms. Fiedler.

From the Committee on Agriculture, solely for consideration of Title I, Section 7001(12), Section 7002(10), Section 7003(9), Section 8002, Section 5112, Section 8007, and Section 15452 of the House bill, and Title I (except part G), Title V, subtitle B, Section 1117(e), and Title VI, Subtitle B, Part B, of the Senate amendment: Mr. de la Garza, Mr. Foley, Mr. Jones of Tennessee, Mr. Brown of California (on all matters except as listed below), Mr. Bowen, Mr. Richmond, Mr. Rose (in lieu of Mr. Brown on Sections 1027 and 1029 of the House bill and Section 112 of the Senate amendment (tobacco inspection and related services)), Mr. Weaver (in lieu of Mr. Brown on Sections 1015 and 8002 of the House bill and Sections 511 through 513 and 516 through 519 of the Senate amendment (forestry and energy)), Mr. Harkin (in lieu of Mr. Brown on Section 1021 of the House bill (dairy)) and in lieu of Mr. Bowen on Sections 1001-1014, 15452 of the House bill and Sections 151-169 of the Senate amendment), Mr. Findley (on all matters except as listed below), Mr. Jeffords (on all matters except as listed below), Mr. Hagedorn (on all matters except as listed below), Mr. Thomas (in lieu of Mr. Findley on Sections 1015, 7001 through 7003 of the House bill and Sections 131 through 133 of the Senate amendment (P.L. 480) and in lieu of Mr. Jeffords on Sections 1023 through 1026 and 1029 of the House bill and Section 111 of the Senate amendment (cotton classing and related services)), Mr. Hopkins (in lieu of Mr. Jeffords on Sections 1027 and 1029 of the House bill and Section 112 of the Senate amendment (tobacco inspection and related services)), Mr. Coleman (in lieu of Mr. Hagedorn on Sections 1001 through 1014 and Section 15452 of the House bill and Sections 151 through 169 of the Senate amendment (food stamps)), and Mr. Marlenee (in lieu of Mr. Hagedorn on Sections 1015 and 8002 of the House bill and Sections 511 through 513 and 516 through 519 of the Senate amendment (forestry and energy)).

From the Committee on Armed Services, solely for consideration of Title II of the House bill and Title II of the Senate Amendment: Mr. Price, Mr. Bennett, Mr. Stratton, Mr. White, Mr. Nichols, Mr. Brinkley, Mr. Dickinson, Mr. Whitehurst, Mr. Spence, and Mr. Mitchell of New York.

From the Committee on Banking, Finance and Urban Affairs, solely for consideration of Title III and Title VI, Subtitle B, of the House bill, and Title III (except part B), and Title V, Subtitle E, of the Senate amendment: Mr. St Germain, Mr. Reuss, Mr. Gonzalez, Mr. Minish, Mr. Annunzio, Mr. Mitchell of Maryland, Mr. Stanton, Mr. Wylie, Mr. McKinney, and Mr. Evans of Delaware.

From the Committee on the District of Columbia, solely for consideration of Title IV of the House bill, and Section 904 of the Senate amendment: Mr. Dellums, Mr. Fauntroy, Mr. Mazzoli, Mr. Leland, Mr. Gray, Mr. Dymally, Mr. McKinney, Mr. Parris, Mr. Bliley, and Mrs. Holt.

From the Committee on Education and Labor, solely for consideration of Title V, Title XV, Subtitle C, Chapter 5, Title XV, Subtitle C, Chapter 4, Title XV, Subtitle E, and Sections 15427, 15428, and 15429 of the House bill, and Title I, Part G, Title VII, Part I, Section 1002, Title XI, Parts B and C (except for section 1117(e)), Title XI, Part D (except for section 1137), Section 1104-5(a)(2), Title XI, Part F (except for section 1163), Title XI, Part G, Sections 757, 758, and 759, and Subsections 1101-8(16) through 1101-8(19) of the Senate amendment: the following groups of conferees, each group to confer only on the provisions indicated, to the extent consistent with the overall designation indicated above:

For purposes of: A. Elementary, Secondary, Vocational, Refugee Education and Consolidation of Programs (Section 5101, Sections 5104, 5105, Section 5109, Section 5113, Section 5117, Sections 120, 5121, 5122, Sections 5124, 5125, 5126, Section 5130, Section 5132, Section 5140, Section 5143, Sections 5211(2), 5211(3), 5211(4), 5211(5), 5211(6), 5211(7), 5211(8), 5211(9), 5211(10), 5211(11), 5211(12), Section 5341 through 5376, Section 5441 through 5447 of the House bill and Sections 1111, 1112, 1113, Sections 1115, 1116, Section 1117(a), Sections 1117(i), 1117(j), Section 1119, Section 1120-1, Section 1121 through 1123-7 of the Senate amendment): Mr. Perkins, Mr. Ford, Mr. Andrews, Mr. Miller, Mr. Corrada, Mr. Kildee, Mr. Ashbrook, Mr. Goodling, Mr. Erlenborn, and Mr. Jeffords.

B. Federal Employees' Compensation (Section 5391 through 5398 of the House bill): Mr. Perkins, Mr. Phillip Burton, Mr. Miller, Mr. Murphy, Mr. Williams, Mr. Ratchford, Mr. Ashbrook, Mr. Erlenborn, Mrs. Fenwick, and Mr. Johnston.

C. Comprehensive Employment and Training Act, Poverty and Older Americans, Vocational Rehabilitation and Handicapped (Section 5103, Sections 5106, 5107, 5108, Section 5110, Sections 5114, 5115, 5116, Sections 5118, 5119, Section 5123, Section 5128, Section 5135, Sections 5139, 5140, Section 5142, Section 5144, Section 5211(1), Sections 5211(13), 5211(14), Sections 5211(17), 5211(18), 5211(19), 5211(20), 5211(21) of the House bill and Section 1117(g), Section 1131-1, Section 1133-1 through 1136-1, Section 1152, Section 1161 through 1164 of the Senate amendment): Mr. Perkins, Mr. Hawkins, Mr. Clay, Mr. Biaggi, Mr. Andrews, Mr. Murphy, Mr. Ashbrook, Mr. Jeffords, Mr. Erdahl, and Mr. Petri.

D. Higher Education, Libraries, Museums, and Arts and Humanities (Section 5102, Section 5111, Section 5127, Section 5129, Section 5131, Section 5134, Sections 5136, 5137, 5138, Sections 5211(15), 5211(16), Section 5631 through 5643 of the House bill and Section 1114, Sections 1117(b), 1117(c), 1117(d), 1117(e), 1117(f), Section 1118, Section 1120 of the Senate amendment): Mr. Perkins, Mr. Ford, Mr. Simon, Mr. Weiss, Mr. Peyser, Mr. Eckart, Mr. Ashbrook, Mr. Coleman, Mr. Erlenborn, and Mr. DeNardis.

E. Child Nutrition (Title V, Subtitle C, Chapter 2, Subchapter A, Section 5611 through 5625 of the House bill and Title I, Part G of the Senate amendment): Mr. Perkins, Mr. Ford, Mr. Andrews, Mr. Miller, Mr. Corrada, Mr. Kildee, Mr. Ashbrook, Mr. Goodling, Mr. Jeffords, and Mr. Craig.

F. Juvenile Delinquency (Section 5133, Subtitle C, Chapter 1, Subchapter E of the House bill and Title X, Section 1002 of the Senate amendment): Mr. Perkins, Mr. Andrews, Mr. Corrada, Mr. Kildee, Mr. Williams, Mr. Washington, Mr. Ashbrook, Mr. Petri, Mr. Coleman, and Mr. Bailey.

G. Black Lung Clinics, Occupational Safety and Health Act, Mine Safety and

Health Act (Section 1104-5(a)(2), Section 1104-5(b)(9), Section 1101-8 (16), (17), (18), (19) of the Senate amendment): Mr. Perkins, Mr. Burton, Mr. Gaydos, Mr. Miller, Mr. Murphy, Mr. Kogovsek, Mr. Ashbrook, Mr. Erlenborn, Mr. Kramer, and Mrs. Fenwick.

H. Social Services Block Grants (Sections 5311 through 5328 of the House Bill): Mr. Perkins, Mr. Andrews, Mr. Biaggi, Mr. Murphy, Mr. Corrada, Mr. Williams, Mr. Ashbrook, Mr. Petri, Mr. Erlenborn, and Mr. Erdahl.

I. Energy Assistance to Low Income Families and WIN (Sections 5411 through 5421, section 15427 through 15429, and Title XV, Subtitle C, chapter 4 of the House bill and section 1132-1 through 1132-11, sections 757 through 759 and Title XI, Part D, subpart 2 of the Senate amendment): Mr. Perkins, Mr. Hawkins, Mr. Clay, Mr. Andrews, Mr. Corrada, Mr. Williams, Mr. Ashbrook, Mr. Jeffords, Mr. Petri and Mrs. Roukema.

From the Committee on Energy and Commerce, solely for consideration of Subsection 3110(d), Title VI, Title V, Subtitle C, Chapter 1, subchapter A and subchapter D, Title XV, Subtitle C, chapters 4 and 5, Sections 8004, 8005, 8009, and 8010, Section 10003, and Sections 15600, 15602, 15614, 15615, 15616, 15622, 15623, 15624, 15631, 15632, 15633, 15634, 15636, 15641, 15642, 15643, 15644, 15645, 15647, 15648, 15649, 15651 of the House bill, and Title XI, Part D, subparts 2 and 3, Title XI, Part E, Title IV, Parts A, B, and E, Sections 421, 422, 423, and 427, Title V, Subtitle D, part 3, Title VII, Parts C, D and I, Section 1163, Title XI, Part A (except section 1104-5(a)(2) and sections 1101-12), Title V, Subtitle G, Section 622, Sections 711, 712, 714, 715, 716, 718, 719, 720, 720A-720H, 729, Title V, Subtitle B, Part 2, and such portions of Title V, Subtitle D, Parts 1 and 2 as fall within the jurisdiction of the Committee on Energy and Commerce of the Senate amendment: Mr. Dingell, Mr. Ottinger, Mr. Waxman, Mr. Wirth, Mr. Sharp, Mr. Florio, Mr. Scheuer, Mr. Moffett, Mr. Broyhill, Mr. Brown of Ohio, Mr. Collins of Texas, Mr. Lent, Mr. Madigan, and Mr. Moorhead.

From the Committee on Foreign Affairs, solely for consideration of that portion of section 1015 entitled "International Programs" (page 2, lines 32 through 41, House engrossed bill) and Title VII of the House bill, and Title VIII and Title I, part D of the Senate amendment: Mr. Zablocki, Mr. Fountain, Mr. Fascell, Mr. Rosenthal, Mr. Hamilton, Mr. Bingham, Mr. Broomfield, Mr. Derwinski, Mr. Findley, and Mr. Winn.

From the Committee on Government Operations, solely for consideration of Title XVI of the House bill, and Section 905 and Section 906 of the Senate amendment: Mr. Brooks, Mr. Fountain, Mr. Fascell, Mr. Rosenthal, Mr. Fuqua, Mr. Conyers, Mr. Horton, Mr. Erlenborn, Mr. Brown of Ohio, and Mr. McCloskey.

From the Committee on Interior and Insular Affairs, solely for consideration of Title VIII, Section 6101 of the House bill, and Title V, Subtitle A, Title V, Subtitle B, Part 1, Title V, Subtitle C, Title V, Subtitles F and H and such portions of Title V, Subtitle D, Parts 1 and 2 as fall within the jurisdiction of the Committee on Interior and Insular Affairs of the Senate amendment: Mr. Udall, Mr. Phillip Burton, Mr. Kastenmeier, Mr. Kazen, Mr. Bingham, Mr. Seiberling, Mr. Lujan, Mr. Young of Alaska, Mr. Lagomarsino, and Mr. Marriott.

From the Committee on the Judiciary, solely for consideration of Section 13016 and Section 13017 of the House Bill, and Title X (except section 1002), Section 1137 of the Senate amendment: Mr. Rodino, Mr. Kastenmeier, Mr. Edwards of California, Mr. Seiberling, Mr. Danielson, Mr. Mazzoli, Mr. McClory, Mr. Railsback, Mr. Fish, and Mr. Butler.

From the Committee on Merchant Marine and Fisheries, solely for consideration of Title XI, Subtitle B, Chapter 4 and Title IX of the House bill, and Section 426 and Section 1101-4 of the Senate amendment: Mr. Jones of North Carolina, Mr. Biaggi, Mr. Breaux, Mr. D'Amours, Mr. Hubbard, Mr. Studds, Mr. McCloskey, Mr. Forsythe, and Mr. Pritchard.

From the Committee on Post Office and Civil Service, solely for consideration of Title X, Section 5397 and Section 15651 of the House bill, and Sections 901-903 of the Senate amendment: Mr. Ford of Michigan, Mrs. Schroeder, Ms. Ferraro, Ms. Oakar, Mr. Clay, Mr. Leland, Mr. Derwinski, Mr. Taylor, Mr. Gilman, and Mr. Corcoran.

From the Committee on Public Works and Transportation, solely for consideration of Section 8003, Section 8007, title IX, Subtitle C, Title XI, and the portions of section 6531 on page 349, lines 26 through 37 and engrossed bill of the House bill, and Title V, Subtitle C, Title III, Part B, Title VI, Subtitles A, B, C, D, E, and F, and Sections 424, 425, 427, and 431-437 of the Senate amendment: Mr. Howard, Mr. Anderson, Mr. Roe, Mr. Levitas, Mr. Oberstar, Mr. Fary, Mr. Clausen, Mr. Snyder, Mr. Hammerschmidt, and Mr. Hagedorn.

From the Committee on Science and Technology, solely for consideration of Title XII Section 6101, and the Proviso in section 8004, lines 2 through 24 on page 381 of the House engrossed bill of the House bill, and such portions of Title V, Subtitle D, Parts 1 and 2 as fall within the jurisdiction of the Committee on Science and Technology of the Senate amendment: Mr. Fuqua, Mr. Roe, Mr. Scheuer, Mr. Harkin, Mrs. Bouquard, Mr. Glickman, Mr. Winn, Mr. Goldwater, Mr. Fish, and Mr. Lujan and solely for consideration of section 1101-12 of the Senate amendment: Mr. Fuqua, Mr. Walgren, Mr. Brown of California, Mr. Shamansky, Mr. Lundine, Mr. Winn, Ms. Heckler, Mr. Weber of Minnesota, and Mr. Gregg.

From the Committee on Small Business, solely for consideration of Title XIII of the House bill, and Title XII of the Senate amendment: Mr. Mitchell of Maryland, Mr. Smith of Iowa, Mr. Addabbo, Mr. Gonzalez, Mr. LaFalce, Mr. Bedell, Mr. McDade, Mr. Broomfield, Mr. Marriott, and Mr. Williams of Ohio.

From the Committee on Veterans' Affairs, solely for consideration of Title XIV of the House bill, and Title XIII of the Senate amendment: Mr. Montgomery, Mr. Edwards of California, Mr. Mottl, Mr. Edgar, Mr. Sam B. Hall, Jr., Mr. Leath of Texas, Mr. Hammerschmidt, Mrs. Heckler, Mr. Wylie, and Mr. Sawyer.

From the Committee on Ways and Means, solely for consideration of Title XV, Title V, Subtitle C, Chapter 1, subchapter A, Title V, Subtitle C, Chapter 1, subchapter D, Section 10003, and Title VI, Subtitle D, chapter 11, subchapters B and C, and section 6212 of the House bill, and Title VII, Parts A, B, E, F, G, H, I, and J and Title XI, Part D, subparts 2 and 3 of the Senate amendment: Mr. Rostenkowski, Mr. Gibbons, Mr. Pickle, Mr. Rangel, Mr. Stark, Mr. Jacobs, Mr. Ford of Tennessee, Mr. Conable, Mr. Duncan, Mr. Archer, and Mr. Vander Jagt.

□ 1030

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. With regard to the conferees who were just appointed, there are potentially 44 different subconference committees, and as the Members will appreciate, there is a lot of work on those conferences.

The Chair wishes to personally thank the Parliamentarian's staff and the legislative counsel's staff for going through the two bills and enabling the Chair to make these appointments. They did a marvelous job, and on behalf of all the Members the Chair is extremely grateful.

The Chair had a conference with the President around a quarter of 10 this morning, in which we talked about expediting this matter as quickly as we possibly can. We do appreciate that there are 44 different conferences. The Chair agreed with the President that the Congress would like to have this matter behind us, and also the tax bill, before we go on our vacation. The two Houses are scheduled to recess July 31 if the work is completed. If the work is not completed, we would stay on until August 7.

So, the Chair would hope that members of the conferences would have morning, noon, afternoon, and night meetings in order to be able to accomplish the work that is before them.

INDEFINITE MORATORIUM ON COMMERCIAL KILLING OF WHALES AND EXPRESSING SENSE OF CONGRESS WITH RESPECT TO CONSERVING AND PROTECTING WORLD'S WHALE POPULATIONS

Mr. BONKER. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs be discharged from further consideration of the concurrent resolution (H. Con. Res. 96) calling for an indefinite moratorium on the commercial killing of whales and otherwise expressing the sense of the Congress with respect to conserving and protecting the world's whale populations, and ask for its immediate consideration in the House.

The Clerk read the title of the concurrent resolution.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

Mr. LEACH of Iowa. Mr. Speaker, reserving the right to object, I do so to ask for a brief explanation from the chairman of the subcommittee, the gentleman from Washington (Mr. BONKER).

Mr. BONKER. Mr. Speaker, will the gentleman yield?

Mr. LEACH of Iowa. I yield.

Mr. BONKER. Mr. Speaker, I want to express my appreciation to you and

to Chairman ZABLOCKI for expediting House consideration of House Concurrent Resolution 96, which expresses the sense of the Congress in support of an indefinite moratorium on the commercial killing of whales and for other measures to enhance protection and conservation of the world's whale populations.

House passage of House Concurrent Resolution 96 today will be particularly timely because this Monday, July 20, the 27 member countries of the International Whaling Commission (IWC) will meet in Brighton, England, for their 33d annual session. The most important question the Commission will debate is whether to place a moratorium on commercial whaling. The pressure on the 10 whaling countries to cease this brutal activity has never been more intense. The chances that the Commission will adopt a moratorium have never looked so good. Favorable House action on House Concurrent Resolution 96 will greatly strengthen the U.S. delegation's position in pressing for a moratorium.

Since 1972, the principal American goal in the IWC has been to seek a ban on whaling for commercial purposes. The whaling nations' record of compliance with and support of Commission decisions is poor. Scientific knowledge about whale populations continues to be extremely sparse and uncertain. Out of more than 30 identified whale stocks, adequate data is available today for only about a half dozen of them. Furthermore, the Commission's conservation program is still insufficient to manage whales without incurring totally unacceptable risks. Nevertheless, the whalers persist. In 1981 alone, 13,851 whales will be killed.

Japan, which is the leader of the whaling bloc in the IWC, is the only market for whale meat in the world, yet it accounts for a mere 0.3 percent of total annual Japanese protein consumption, most of which goes to feed those who have little choice about what they eat: Schoolchildren, prisoners, and animals. Even at the height of Japan's whaling history, in the late 1950's and early 1960's, when they killed about 20,000 whales per year, only once did whale meat contribute more than 2 percent of the animal protein consumed in Japan. Substitutes are readily available for all whale products. Japan's justification for whaling simply doesn't hold water any longer. Whaling has become a matter of narrow commercial benefit for one of Japan's few dying industries.

The purpose of this resolution is to put the House once again on record as strongly supporting an end to commercial whaling. House Concurrent Resolution 96 also sets forth other measures to protect these extraordinary mammals. The resolution endorses:

Broadened and enhanced scientific research on whales;

Participation by all member governments in the IWC's international observer scheme, which monitors compliance with whaling regulations;

Improved enforcement of quotas;

Extension of the ban on the cold—nonexplosive—harpoon to apply to the taking of all whales, including minkes, and the implementation of other measures to insure the humane taking of whales;

Continued collection and study of information on aboriginal-subsistence whaling; and

The fullest use of diplomatic channels in promoting these objectives.

Mr. Speaker, House Concurrent Resolution 96 has 68 cosponsors. The resolution is noncontroversial. The administration fully and strongly supports the statements concerning whaling policy contained in the resolution.

I introduced House Concurrent Resolution 96 on March 19, 1981. It was referred to the Committee on Foreign Affairs, and, in turn, referred to the Subcommittee on Human Rights and International Organizations. The subcommittee held an open hearing and markup session on the resolution on June 16, 1981. The witnesses were: Representative PETE MCCLOSKEY of California; James Walsh, acting administrator, National Oceanic and Atmospheric Administration, Department of Commerce; Thomas Garrett, Society for Animal Protective Legislation, who is our Acting Commissioner to the IWC; Craig Van Note, executive vice president of the monitor consortium; John Kelly, research professor at the University of New Hampshire; and Alan Macnow, president, Telepress Associates, representing the Japan Whaling Association.

During the subcommittee markup, I offered a perfecting amendment that would bring the resolution more closely into line with the positions and strategy the United States will be taking in Brighton by eliminating a reference to two specific species of small whales. The administration has no objection to the perfecting amendment. On June 16, 1981, the subcommittee, acting under unanimous consent, agreed to the perfecting amendment and reported favorably the resolution, as amended, to the committee.

On July 14, 1981, the full Committee on Foreign Affairs, meeting in open session, considered House Concurrent Resolution 96, and agreed unanimously by voice vote to the subcommittee's perfecting amendment and to order the resolution reported favorably.

Passage of House Concurrent Resolution 96 would not authorize appropriation of any funds. The resolution expresses the sense of the Congress in support of the adoption by the International Whaling Commission of an indefinite moratorium on commercial whaling. Any expenditure on the part of the United States for the purpose of this resolution would be subject to the regular procedure for authorization and appropriation.

In closing, Mr. Speaker, I would like to emphasize that the United States has been a leader in pressing for a moratorium on commercial whaling for the last 9 years. There is simply no justification, scientific or otherwise, to permit the continuation of this brutal and needless slaughter of thousands of whales each year. It is my hope that the House will act favorably today in passing House Concurrent Resolution 96, and that we will win the battle in Brighton next week to protect the world's whales. Thank you again, Mr. Speaker, for facilitating floor action on House Concurrent Resolution 96.

Mr. LEACH of Iowa. Mr. Speaker, further reserving the right to object, I do so to yield to the distinguished ranking minority member of the Committee on Foreign Affairs, the gentleman from Michigan (Mr. BROOMFIELD).

Mr. BROOMFIELD. Mr. Speaker, I wholeheartedly support House Concurrent Resolution 96, which calls for an indefinite moratorium on the commercial killing of whales and expresses the sense of Congress with respect to conserving and protecting the world's whale population. I firmly believe that the International Whaling Commission's conservation program is presently inadequate to manage the problem of the world's declining whale population. Although the Commission has made efforts to evaluate the situation, a considerable amount of basic research remains to be performed and vital data on this subject is still needed. Several countries, nevertheless, continue to actively kill whales for commercial gain, regardless of the long-term impact on the whale population. This callous disregard for the very existence of this species clearly indicates that stronger protective action is required.

Because a significant number of International Whaling Commission member countries are either actively involved in the commercial killing of whales or receive benefits from such killing, it is important that the Congress send an unambiguous message to the Commission, and its members, that the U.S. Congress is opposed to the continued commercial killing of whales and advocates an indefinite moratorium on these activities. This resolution will give additional punch to the State Department's stand in the International Whaling Commission. While I applaud the Commission's efforts in the areas of scientific research, international observation, and improved enforcement of quotas, I must also point out that these measures are not enough to stem the tide of a declining whale population.

The Commission's efforts to protect the whales cannot be impeded any longer, for the risks of extinction to the whales are too great. I ask, therefore, that my colleagues join me in supporting this concurrent resolution.

Mr. LEACH of Iowa. Mr. Speaker, further reserving the right to object, I would like to yield to the distinguished gentleman from California (Mr. DORNAN).

Mr. DORNAN of California. Mr. Speaker, the United States has traditionally led the battle to protect whales from extinction by man, and once again we Americans must come to the fore. Diplomatic overtures at high levels are necessary in order to impress upon the international whaling community our commitment to save these magnificent creatures.

Gains have been made in the following directions:

Last year's IWC meeting reduced whaling quotas about 12 percent.

A U.S. proposal was adopted requiring countries that have subsistence whaling to document annually utilization of meat and products taken.

However, these and other gains are overshadowed by the deficiencies in international whale preservation policies:

For example, although the Scientific Committee of the IWC recommended a zero-catch quota for bowhead whales, the Commission established less stringent guidelines—a 3-year block quota of 45 landed or 65 struck, whichever comes first.

Although there are 17 nonwhaling IWC members, only the United States and Canada contributed funds for international observers. There was only enough funding for one observer, but this one international observer reported more violations in Japan than all domestic Japanese observers combined.

Although all countries are obligated to submit infraction reports annually, five countries—the Republic of Korea, Peru, Norway, Denmark, and Spain—failed to do so.

The United States must continue to support a complete commercial moratorium on whaling and must actively pursue the effective enforcement of it. International Whaling Commission decisions require a three-fourths majority, so the 9 whaling nations are a strong minority in the 27-member commission. We must enter the 33d IWC meeting in Brighton, England, with firm convictions and clear goals. A congressional decision to support an international moratorium is crucial to the direction of the international whaling community and to the preservation of these truly majestic creatures.

I ask my colleagues to please note the following special facts concerning whaling. They are, I believe, a solid refutation of economic arguments to continue commercial whaling:

According to Japanese sources, in 1978, whale meat accounted for only 0.32 percent of all animal protein consumed in Japan. Whale meat is not essential to the Japanese diet.

Alternative lubricants for industrial use can easily be substituted for whale oil.

Nutritional demands for whale meat can be satisfied by alternative protein sources.

The United States has not imported whale products nor conducted commercial whaling operations in the past decade—since 1971.

MISCELLANEOUS

The Council of Ministers of the European Economic Community has voted to terminate all whale product imports by January 1, 1982.

It has been calculated that even if all hunting of sperm whales were to cease immediately, some populations would continue to decline for another 20 years.

The Scientific Committee of IWC recommended a zero quota on two of the three stocks of sperm whales being hunted and did not have sufficient data to make a recommendation on the third.

In 1980, a U.S. initiative resulted in an end to whaling by the Taiwanese.

The IWC observer scheme must be expanded. There are currently no observers in Brazil, Peru, Chile, or Korea.

Ten of the twenty-seven IWC members have taken whales commercially under current quotas. Any seven can block a proposed IWC moratorium. The 10 countries—U.S.S.R., Japan, Republic of Korea, Iceland, Norway, Denmark, Spain, Brazil, Peru, and Chile—have opposed bans in the past.

Mr. LEACH of Iowa. Mr. Speaker, further reserving the right to object, I rise in support of House Concurrent Resolution 96, as amended by our committee, expressing strong congressional support for an indefinite, international moratorium on commercial whaling and for whale conservation and protection in general.

This legislation, unanimously endorsed by the House Foreign Affairs Committee, also has the backing of the administration. In a June 5, 1981, letter from the Commerce Department, we were told:

> The Department of Commerce fully supports the statements concerning whaling policy that are set forth in the Resolution ***. The United States has not yet achieved its objectives in the IWC, but with the support of the Congress and other interested parties, we will continue to press for an indefinite moratorium on all commercial whaling.

In a related communication from Richard Fairbanks, Assistant Secretary of State for Congressional Relations, we were informed:

> The Department of State is in agreement with the objectives expressed in the resolution of achieving effective worldwide protection of whale populations ***. We appreciate congressional support in achieving whale conservation on a worldwide basis and the expression of this support as communicated in House Concurrent Resolution 96.

During the hearings held June 16, 1981, by the Subcommittee on Human Rights and International Organizations on House Concurrent Resolution 96, we heard testimony from one of our colleagues on this side of the aisle, Congressman PETE MCCLOSKEY, who has served for the past 4 years as a congressional delegate to the International Whaling Commission. He stressed the importance of the IWC Conference beginning next week, noting that the United States had been pressing for a full moratorium unsuccessfully now for 8 years and warning that: "If we allow these awe inspiring and majestic creatures to become extinct, mankind itself will be diminished."

James P. Walsh, Acting Administrator of the National Oceanic and Atmospheric Administration, also testified at our hearings. He explained that the United States has once again, placed the commercial whaling moratorium on the IWC's agenda and submitted the following statement on the U.S. position:

> The Commission's conservation program is inadequate to manage whales without incurring unacceptable risks. Basic research remains to be performed, required data have yet to be submitted, and compliance with and support of Commission decisions is not total. The United States of America intends to propose a complete moratorium on the commercial killing of whales as the only reasonable response to the fundamental and pervasive uncertainty with which the IWC manages the world's whales.

On this issue, the United States is up against the Soviet Union, Japan, the Republic of Korea, Iceland, Norway, Denmark, Spain, Chile, Brazil, and Peru. Unfortunately, any 7 of these 10 whaling nations can block the U.S. moratorium proposal under IWC voting procedures, so the prospects for U.S. success this year are uncertain. For this reason, it is all the more important that the U.S. delegation to the IWC have the full and unanimous support of Congress on this vital international environmental and conservation issue.

In spite of the difficulties encountered over the past several years in trying to achieve a full commercial whaling moratorium, our delegations have pressed hard for cutbacks in the number of whales taken. The result has been a 70-percent reduction in commercial catch limits from some 46,000 whales in 1972 to less than 14,000 in 1980.

I would also like to take this opportunity to commend the chairman of

our subcommittee for his diligent and tireless efforts in the area of whale protection and bid him and the rest of the U.S. delegation much success at the IWC meeting next week.

Mr. Speaker, I firmly support House Concurrent Resolution 96 and urge my colleagues to join me in voting for its adoption.

● Mr. ZABLOCKI. Mr. Speaker, I support House Concurrent Resolution 96, sponsored by the gentleman from the State of Washington, the Honorable DON BONKER and cosponsored by 67 Members of the House.

This resolution expresses the sense of Congress that the U.S. Government should promote the conservation and protection of the world's whale populations. It also calls on the United States to work to achieve the adoption by the International Whaling Commission of an indefinite moratorium on the commercial killing of whales.

Mr. Speaker, the International Whaling Commission will hold its 33d annual meeting in Brighton, England, next week. One of the most important issues that this 27-member Commission will discuss will be whether to adopt an international moratorium on commercial whaling. For the past 9 years, both Democratic and Republican administrations have supported a moratorium. A growing number of other countries also endorse such a moratorium. The passage of this resolution will serve to enhance U.S. Leadership in seeking the adoption for a moratorium at the upcoming Commission session.

The resolution is not controversial. The Committee on Foreign Affairs adopted it yesterday by unanimous voice vote. Both the Department of State and the Department of Commerce favor its passage.

I congratulate the chairman of the Subcommittee on Human Rights and International Organizations, DON BONKER, for his work on this resolution and I urge its unanimous adoption by this Chamber today.●

Mr. LEACH of Iowa. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 96

Whereas whales are a unique marine resource of great esthetic and scientific interest and are a vital part of the marine ecosystem; and

Whereas since 1972 the United States has sought, through the International Whaling Commission, an international moratorium on the commercial killing of whales; and

Whereas in 1979 the Congress enacted a provision urging the International Whaling Commission to agree to a moratorium on the commercial killing of whales; and

Whereas the current management regime of the International Whaling Commission has not prevented a continuing decline in the world's whale populations, nor has it provided for their adequate protection: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That (a) it is the sense of the Congress that United States policy should promote the conservation and protection of the world's whale populations. Toward that goal, the United States should work to attain the adoption by the International Whaling Commission of an indefinite moratorium on the commercial killing of whales.

(b) The Congress recognizes that proposals have been made—

(1) that the management procedures of the International Whaling Commission be strengthened to ensure that the risks of extinction to individual stocks of whales are not seriously increased by exploitation, this to be accomplished through—

(A) broadened and enhanced scientific research in all areas of cetology,

(B) participation by all member governments in the Commission's International Observer Scheme, and

(C) improved enforcement of quotas and other regulations adopted by the Commission; and

(2) that the International Whaling Commission extend the ban on use of the cold (nonexplosive) harpoon to apply to the taking of all whale species and implement other measures to ensure the humane taking of all whales.

Although these proposals would make a substantial contribution to the conservation and protection of the world's whale populations, the Congress continues to believe that the adoption of an indefinite moratorium on the commercial killing of whales is preferable.

(c) The Congress urges the International Whaling Commission to continue to collect and study information relating to aboriginal/subsistence whaling.

(d) The Congress reaffirms the United States position that the International Whaling Commission possesses regulatory authority with respect to narwhal and beluga whales.

(e) In promoting the conservation and protection of the world's whale populations, the United States should make the fullest use of diplomatic channels and of all other available means.

AMENDMENT OFFERED BY MR. BONKER

Mr. BONKER. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BONKER: Page 3, strike out lines 16 through 18; line 19, strike out "(e)" and insert in lieu thereof "(d)"; and beginning in line 21, strike out "and of all other available means".

Mr. BONKER. Mr. Speaker, this is a perfecting amendment designed to bring the resolution into line with U.S. strategy for the 33d IWC meeting.

The United States continues to recognize the IWC's competence to recommend management principles for small cetaceans, including narwhal and beluga whales. This issue has generated significant controversy at previous Commission sessions, and centers on the authority to regulate marine mammals within a country's 200-mile exclusive economic zone (EEZ). The United States supports the view that the 1946 International Convention for the Regulation of Whaling does not exclude the regulation of small cetaceans from the IWC's competence. Canada, on the other hand, advocates the primacy of coastal States rights, and has linked the question of the IWC's authority to regulate small cetaceans to coastal State jurisdiction over the EEZ.

The subcommittee has also received a letter from Representative DON YOUNG, expressing his concern that a formal affirmation of the IWC's jurisdiction in this area "will in the long run lead to continuing difficulties in terms of regulating subsistence harvest of whales."

The U.S. delegation would be required to invest a substantial amount of time and energy in pursuing this goal to the detriment of other, more important objectives, like the commercial whaling ban. It is, therefore, the desire of the subcommittee chairman, as author of the resolution, that the subcommittee strike the resolved clause on page 3, lines 16 through 18.

The amendment would also strike the last phrase, "and all other available means," as unnecessary for the purpose of the resolution.

The amendment was agreed to.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BONKER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on the concurrent resolution just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

□ 1040

NATIONAL SCHOOLBUS SAFETY WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 141) authorizing and requesting the President to issue a proclamation designating the period from October 4, 1981, through October 10, 1981, as "National Schoolbus Safety Week," and ask unanimous consent for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. WALKER. Mr. Speaker, reserving the right to object, I do not intend to object, but I just want to counsel with the gentleman for a moment and find out whether this had been cleared with the minority, since I see no Member from the minority on the committee on the floor at this time.

Mr. GARCIA. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I am glad to yield to the gentleman from New York.

Mr. GARCIA. Mr. Speaker, the answer is, yes; it has been cleared with the minority.

Mr. Speaker, House Joint Resolution 141 designates October 4–10, 1981, as "National Schoobus Safety Week" to call public attention to the importance of schoolbus safety; 22 million students are transported by schoolbus to and from school each day and the safety of these students deserves the highest priority.

Mr. WALKER. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 141

Whereas twenty-two million students are transported by schoolbus to and from school each day;

Whereas the safety of these students deserves the highest priority; and

Whereas a national program is underway to call public attention to the importance of schoolbus safety during the week of October 4, 1981, through October 10, 1981: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the period from October 4, 1981, through October 10, 1981, as "National Schoolbus Safety Week" and calling upon the people of the United States and interested groups and organizations to observe such week with appropriate ceremonies and activities.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WOMEN'S HISTORY WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 28) designating the week beginning March 8, 1981, as "Women's History Week," and ask unanimous consent for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. WALKER. Mr. Speaker, reserving the right to object, I take this time to ask this question of the gentleman from New York: Has this been cleared with the minority, and are they in agreement with the consideration of this resolution?

Mr. GARCIA. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I am glad to yield to the gentleman from New York.

Mr. GARCIA. The answer is that the resolution has been cleared with the majority, and it has agreed to its consideration.

Mr. Speaker, Senate Joint Resolution 28 designates the week beginning March 8, 1981, as "Women's History Week." Women of every race, class, and ethnic background have helped found the Nation in countless recorded and unrecorded ways. Despite these contributions the role of American women in history has been consistently overlooked and undervalued in the body of American history.

Mr. WALKER. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mrs. SCHROEDER. Mr. Speaker, reserving the right to object, I want to compliment the gentleman from New York (Mr. GARCIA) moving this bill.

I think it is terribly important that we finally honor women with Women's History Week and recognize we not only had forefathers but our foremothers have done some things also. I think it is especially appropriate we do this after we have just finished passing a resolution on whales. It would be terribly embarrassing if people thought this body cared more about whales than about our foremothers and women's history.

So I compliment the gentleman from New York (Mr. GARCIA), and I thank him for all his fine work.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Ms. MIKULSKI. Mr. Speaker, reserving the right to object, as the principle sponsor I am pleased to address my colleagues today regarding House Joint Resolution 162, designating the week of March 7, 1982, as "Women's History Week" which is before us this morning. This resolution calls for a Presidential proclamation for the week to be observed with ceremonies and activities across the Nation. It stimulates State and local action while calling for no Federal expenditure and setting up no Federal bureaucracy.

It has the enthusiastic support of many national organizations which include such diverse groups as the Girl Scouts, the Berkshire Conference of Women Historians, and the National Federation of Business and Professional Women among others.

History has been recorded and taught in this country in such a way that if you believe it and do not conduct your own research, you would think women spent all their time making flags and traveling with explorers. In spite of their achievements, few American women are mentioned in history textbooks, discussed in the classroom or honored in the community. One result is that over half of America's children receive a limited and distorted picture of their own potential as adult American citizens, and the other half continue to view them that way too. For example, how many of the following women can you identify? Elizabeth Blackwell, Rose Schneiderman, Marie Zakzeuska, Harriet Tubman, Fannie Lou Hammer, Henrietta Szold. These are a few of the many women who, in spite of notions of women's roles, in spite of racial and sexual prejudice, in spite of lack of access to education or to the ballot box, shaped the life and thought of our Nation and our world. These women were labor leaders, physicians, a bank president, a pioneer in industrial safety, a Zionist leader, clergywomen, suffragists, civil rights leaders, and others. To teach American history without the rich history of women is to mislead and misinform our people as to the role of women in the present and future society. American women's vast and proud history is a valuable treasure waiting to be shared with us.

I urge my colleagues to lend their support to this resolution which is the first step toward bringing to women the recognition they deserve.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mrs. BOGGS. Mr. Speaker, I am delighted to rise in support of this bill, to establish a "Women's History Week." Ever since I served as chairman of the Joint Committee on Arrangements for the Commemoration of the Bicentennial, I have been especially aware of the many contributions that women have made throughout the development of the United States.

"Women's History Week," as established by the Congress, is an excellent vehicle for national recognition of the special part that women have played in our history. We can acknowledge women's contributions as mothers, homemakers, patriots, educators, scientists, physicians; as performing and visual artists; as supporters of the public and private sectors; and particularly, as the 100-plus Members of Congress who, since Jeannette Rankin's election in 1917, have represented mil-

lions of these valiant and contributing women.

This bill, I hope, would spur elementary and secondary schools and universities, national organizations, political groups, and others to examine the varied roles women have adopted since the Declaration of Independence was signed.

Today's young women will soon be fully involved in the development of public policy at all levels of government. They may marry, and devote their lives to rearing a family, or to being involved in civic activities. Women have the option, also, of working part or full time in both traditional and nontraditional occupations and professions. Every option should be available to American women.

It was not always so, as each of us knows. But in varied ways, American women have surged past the barriers that may have prevented them from achieving their goals. Our history is brightened by outstanding women such as Abigail Adams, Helen Keller, Eleanor Roosevelt, Elizabeth Ann Seaton, Emily Dickinson, Edith Green, Harriet Tubman, Margaret Chase Smith, Tallulah Bankhead, and hundreds of others whose names we may not recognize.

I must commend my colleague, BARBARA MIKULSKI, for having sponsored the "Women's History Week" legislation, and the chairman for having brought it to the floor.

I support this bill heartily, and expect that people all over the country will benefit from learning more about the great women who have made the United States the splendid democracy that it is.

Mr. Speaker, I thank the gentleman from New York (Mr. GARCIA), and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Ms. OAKAR. Mr. Speaker, reserving the right to object, I rise in support of House Joint Resolution 162, which designates the week of March 7, 1982, as "Women's History Week".

Mr. Speaker, historically, a woman's role has been defined by her position in the family. While it cannot be denied that the influence of wives and mothers was and is of central importance to our society as a whole, neither can it be denied that therein the influence remains. Even today, in the decade of the eighties, women are in great measure looked upon as subordinate. Our voices have been silenced and our ideas fettered. I firmly believe that a chief villian in the perhaps unconscious mind-set which perpetuates the myth that women are invisible and inconsequential is the American textbook.

Only in the mid-19th century, with the emergence of suffragism, were women offered a route to social equality. Yet, as we are all well aware, enfranchisement was only realized in 1920 with the 19th amendment. I would venture a guess that the better than half a century battle for the ballot is covered in less than five pages of our history books. Yet, this institutional reform alone reshaped attitudes and generated greater basic societal changes than perhaps any other movement in our short history.

Mr. Speaker, this is but one example among many, of the belligerent neglect of women in our history. Today in this Chamber, however, we have an even more poignant example. If the entire House of Representatives and the Senate were assembled here this morning, we would note 514 men and 21 women—hardly a ratio representative of the population of this country. If we were to travel to our State legislatures, we would find the same disproportionate representation. If each of us recall our years in the university and jobs to follow, my educated guess would be that there were few women role models in any of those situations.

Mr. Speaker, we have a responsibility, not only as legislators, but as mothers and fathers, authors and artists, Democrats and Republicans, educators and workers, to insure that the youth of our Nation who are the directors of our tomorrows, have the most rounded presentation of their ancestral heritage as is possible. Women in history cannot and must not remain invisible caricatures who sewed flags and wiped the brows of men who fought for our freedom. Women are and have been prime architects of our Nation and must be recognized as such. Adoption of this resolution is imminent. I would urge that each of you lend your support and vote for House Joint Resolution 162, "Women's History Week".

Mr. Speaker, I thank the gentleman from New York (Mr. GARCIA), and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

● Mrs. HECKLER. Mr. Speaker, it is a privilege and a pleasure for me to join with my colleagues in this House and with the gentlelady from Maryland (Ms. MIKULSKI) to speak in favor of designating the week of March 8, 1982, as Women's History Week. It is time for our country to celebrate the outstanding contributions which women have made to the development of U.S. society as workers, wives, nurses, nuns, teachers, reformers, slaves, soldiers, pioneers, and politicians. We must recognize women's achievements in virtually every field of American endeavor, from traditional roles in education, nursing and home economics to their advancement of medicine, government, religion, and literature. From inside and outside the home, as volunteer or professional, from all colors and creeds, American women have been in the forefront of major historical movements, such as abolitionism, social progressivism, universal suffrage, trade unionism, civil rights, and working for world peace.

A congressional act to commemorate women's history week is the recognition that women have achieved a newly visible place in our society; and that they, no less than their fathers, husbands, sons, and brothers, are critical to the future evolution of a vibrant America. Certainly, no one believes otherwise; however, for far too long women have been relegated to a secondary status by traditions designed primarily to celebrate men. The research among scholars over the past 20 years has revealed the historically important role of women which moves beyond and enhances a biological identity as childbearers. This research has begun a redefinition of the social relationship between the traditional division of society into a public and private sector; between a citizen's life and homelife. As such, it has provided an intellectual basis upon which women can rest their case for assuming new roles in the late 20th century. Women in the development of the American labor union movement, women in health care, women in reform and women in politics, especially local politics, are an integral part of the American historical fabric. Women who settled American frontiers, no less than women who are mothers, constitute the American woman and she deserves to have her history celebrated.

In Plymouth Colony, the first settlement of my native State of Massachusetts, the unique and valuable contributions of women to the family estate were first legally recognized by procedures established for the treatment of wives and widows. It was a basic principle of inheritance in this period—in both the Old and New Worlds—that a widow should have the use or profits of one-third of the land and movable property owned by her husband at the time of his death. But, at least in Plymouth, the laws prescribed that a husband could not "* * * make an irrational and unrighteous will, whereby he deprives his wife of her reasonable allowance for her subsistency * * * especially in such case where the wife * * * hath by her diligence and industry done her part in the getting of the estate, and was otherwise well deserving." In short, and as first-time historical precedent, the widow's customary "thirds" was not a mere dole; it was her due.

Massachusetts has not only benefited from the wise application of statute but also from the wondrous and myriad contributions of its native daughters. As proud representative of a State endowed with an abundance of

historically meritorious female citizenry, I will cite but a few examples:

It was Abigail Smith Adams, one of the great letter writers of all time and wife of the second President of the United States, who counseled her husband at the Continental Congress to—

Remember the Ladies, and be more generous and favourable to them than your ancestors. Do not put such unlimited power into the hands of Husbands. Remember all Men would be tyrants if they could. If particular care and attention is not paid to the Ladies, we are determined to foment a Rebelion, and will not hold ourselves bound by any Laws in which we have no voice, or Representation.

Elizabeth Cabot Cary Agassiz (1882–1907) participated fully in the worldwide scientific expeditions of her naturalist husband, Louis Agassiz, and devoted the later part of her life to education, as the first president and preeminent fundraiser for Radcliffe College.

Louisa May Alcott, (1832–88), author of "Little Women," was a prolific writer who, in 270 juvenile books and short stories, contributed a charming and straightforward picture of 19th-century domesticity to the annals of American literature.

Susan B. Anthony (1820–1906), driving force behind the women's rights movement, used her exceptional organizational skills and political acumen to work for women's suffrage, civil rights, temperance, and better wages and conditions for workers.

Emily Dickinson of Amherst, Mass., (1830–86), a forerunner of 20th century American poetry, strove to express the singularity of her experiences in the personal tongue of her letters and 1,775 treasured poems. Her perfectly metered themes of separation and death, love and immortality are timeless.

Ludia Folger Fowler, a physician and reformer (1822–79), was the second woman in America to receive a medical degree. She made her mark chiefly through her lectures to women on hygiene, physiology, and temperance, her books for children on health topics and by helping to open the way for women in medicine.

Margaret Fuller, born in Cambridgeport, Mass., in 1810 was an outstanding author, critic, teacher, and feminist who worked with Emerson on a quarterly journal of transcendentalist expression and wrote for Horace Greeley at the New York Tribune.

Josephine Shaw Lowell (1843–1905) was one of the most influential persons in the charity and reform movement of her generation. As the first women member of the New York State Board of Charities, she worked tirelessly for Negro relief and education, prison reform, improvement of orphanages and poorhouses, and assistance to war veterans. She helped establish the modern principles and efficient administration of public philanthropy, encouraged careers in social work and fought to prevent pauperism through adequate wages and humane working conditions.

Mary Lyon (1797–1849) utilized her inheritance of $37,000, her religious fervor, teacher training, and her devotion to women's education to raise the funds and the public interest to found Mount Holyoke College.

Frances Perkins (1880–1965) was the first female Cabinet member in the Nation's history who brought to her position as Secretary of Labor, three decades of commitment to social reform. Under her direction, the Immigration and Naturalization Service was purged of racketeers, the Bureau of Labor Statistics was greatly expanded, the Division of Labor Standards was established, the Women's and Children's Bureaus turned in highly competent performances, and an upgraded Federal Mediation and Conciliation Service gained the confidence of most labor leaders.

Lucy Stone (1818–93) was the first Massachusetts woman to take a college degree and founded the Women's Journal which for 47 years was the voice of the women's movement in the United States. A ceaseless abolitionist and feminist, she helped to organize, and served on the executive committee of the American Equal Rights Association, designed to press for both Negro and women's suffrage.

Phillis Wheatley (circa 1753–84), the first black woman poet in America, was bought directly off a slave ship in Boston at age 6, speaking no English. Her talent for memorial, religious, and occasional verse won national approval and was cited as proof of the antislavery argument that people of her race could profit by education.

It is these 12 outstanding Massachusetts women, and countless others from the other 49 States, who will at last receive appropriate recognition next March.●

● Mr. HOYER. Mr. Speaker, I am pleased to join my esteemed colleague Hon. BARBARA A. MIKULSKI and the majority of Members of this House as a cosponsor on House Joint Resolution 162, establishing National Women's History Week.

This year for the first time Women's History Week was recognized in Maryland, both at the State level and in Prince George's County.

I find, as did my predecessor, Gladys Noon Spellman, that the achievements of the women of this Nation must be highlighted and celebrated.

American women of every race, class, and ethnic background helped found this Nation in countless recorded and unrecorded ways, working as servants, slaves, nurses, nuns, homemakers, industrial workers, teachers, reformers, soldiers, and pioneers. They have been particularly important in the establishment of early charitable, philanthropic, and cultural institutions in this country and have served as early leaders in the forefront of every major progressive social change movement.

They have done this not only to secure their own right of suffrage and equal opportunity, but also in the abolitionist movement, the emancipation movement, the industrial labor union movement, and the modern civil rights movement.

Maryland can be proud of the accomplishments of her women citizens, notably Margaret Brent, a business person, lawyer, and entrepreneur of the 1600's; Elizabeth Bayley Seton, the first native born American saint of the Roman Catholic Church; Anna Ella Carroll, a military strategist of the 19th Century and adviser to Presidents Taylor and Fillmore; Dr. Florence Sabin, distinguished researcher and teacher at the Johns Hopkins Medical School in Baltimore; Lillie May Jackson, civil rights leader and organizer of the largest branch of the National Association for the Advancement of Colored People; and Rachel Carson, author and ecologist, Silver Spring resident and recipient of the Cullum Medal of the American Geographical Society.

In Prince George's County, women only recently broke the sex barriers in the bar association, and in the State general assembly, further illustrating that despite their enormous contributions, the role of American women in history has been consistently overlooked and undervalued in the body of American history.

Mr. Speaker, National Women's History Week will be an outstanding opportunity to recognize the enormous contributions women have made since the founding of the Nation, and I urge my fellow colleagues to join with me in approving this resolution.●

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 28

Whereas American women of every race, class, and ethnic background helped found the Nation in countless recorded and unrecorded ways as servants, slaves, nurses, nuns, homemakers, industrial workers, teachers, reformers, soldiers, and pioneers;

Whereas American women have played and continue to play a critical economic, cultural, and social role in every sphere of our Nation's life by constituting a significant portion of the labor force working in and outside of the home;

Whereas American women have played a unique role throughout our history by providing the majority of the Nation's volunteer labor force and have been particularly important in the establishment of early charitable philanthropic and cultural institutions in the country;

Whereas American women of every race, class, and ethnic background served as early leaders in the forefront of every major progressive social change movement, not only to secure their own right of suffrage and equal opportunity, but also in the abolitionist movement, the emancipation movement,

the industrial labor union movement, and the modern civil rights movement; and

Whereas despite these contributions, the role of American women in history has been consistently overlooked and undervalued in the body of American history: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week beginning March 8, 1981, is designated as "Women's History Week", and the President is requested to issue a proclamation calling upon the people of the United States to observe such week with appropriate ceremonies and activities.

AMENDMENT OFFERED BY MR. GARCIA

Mr. GARCIA. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GARCIA: Page 2, line 3, strike out "March 8, 1981," and insert in lieu thereof "March 7, 1982,".

The amendment was agreed to.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "Joint resolution designating the week beginning March 7, 1982, as 'Women's History Week'."

A motion to reconsider was laid on the table.

NATIONAL CYSTIC FIBROSIS WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 212) to designate the third week of September as "National Cystic Fibrosis Week," and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 212

Whereas cystic fibrosis is the number one genetic killer of children in America, and between one thousand five hundred and two thousand five hundred are born each year in this country with the disease; and

Whereas public understanding of cystic fibrosis is essential to enhance early detection and treatment of the disease and reduce the misunderstanding and confusion concerning the symptoms of cystic fibrosis; and

Whereas a national awareness of the cystic fibrosis problem will stimulate interest and concern leading to increased research and eventually a cure for cystic fibrosis: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the third week of September of each year is designated as "National Cystic Fibrosis Week", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe that week with appropriate ceremonies and activities.

Mr. GARCIA. Mr. Speaker, House Joint Resolution 212 designates the third week in September as "National Cystic Fibrosis Week." This week is designed to increase public understanding of cystic fibrosis, which is the No. 1 killer of children in America. National awareness of the cystic fibrosis problem will stimulate interest and concern leading to increased research and eventually a cure for cystic fibrosis.

House Joint Resolution 212 has been cosponsored by over 218 Members.

AMENDMENT OFFERED BY MR. GARCIA

Mr. GARCIA. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GARCIA: Page 2, line 3, strike out "The third week of September of each year" and insert in lieu thereof "the week beginning September 13 through 19, 1981.".

The amendment was agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "Joint resolution designating the week beginning September 13, 1981, as "National Cystic Fibrosis Week."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous matter, on the joint resolutions just passed.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

DEPARTMENT OF DEFENSE AUTHORIZATION ACT, 1982

Mr. PRICE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3519) to authorize appropriations for fiscal year 1982 for the Armed Forces for procurement, for research, development, test, and evaluation, and for operation and maintenance, to prescribe personnel strengths for such fiscal year for the Armed Forces and for civilian employees of the Department of Defense, to authorize appropriations for such fiscal year for civil defense, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. PRICE).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3519, with Mr. DANIELSON, Chairman pro tempore, in the chair.

The Clerk read the title of the bill.

□ 1050

The CHAIRMAN pro tempore. When the Committee of the Whole House rose on Tuesday, July 14, title IX had been considered as having been read and open to amendment at any point.

Pending was the amendment recommended by the Committee on the Judiciary, as amended, and an amendment offered by the gentleman from Florida (Mr. SHAW) to the committee amendment, as amended, on which a recorded vote had been requested.

Does the gentleman from Florida (Mr. SHAW) insist on his request for a recorded vote?

Mr. SHAW. I do, Mr. Chairman.

RECORDED VOTE

The CHAIRMAN pro tempore. The pending business is the demand of the gentleman from Florida (Mr. SHAW) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 248, noes 168, answered "present" 1, not voting 15, as follows:

[Roll No. 129]

AYES—248

Akaka	Crane, Daniel	Grisham
Albosta	Crane, Philip	Hagedorn
Alexander	Daniel, Dan	Hall (OH)
Andrews	Daniel, R. W.	Hammerschmidt
Anthony	Dannemeyer	Hance
Archer	Daub	Hansen (ID)
Ashbrook	Davis	Hansen (UT)
Badham	de la Garza	Hartnett
Bafalis	Derrick	Hatcher
Bailey (MO)	Derwinski	Hefner
Barnard	Dickinson	Heftel
Beard	Dicks	Hendon
Bedell	Dorgan	Hightower
Benjamin	Dornan	Hiler
Bennett	Dougherty	Hillis
Bereuter	Dowdy	Holland
Bethune	Dreier	Holt
Bevill	Duncan	Hopkins
Bliley	Dunn	Hubbard
Boggs	Dyson	Huckaby
Boner	Early	Hunter
Bouquard	Edwards (AL)	Hutto
Bowen	Edwards (OK)	Hyde
Breaux	Emerson	Ireland
Brinkley	English	Jeffries
Broomfield	Erdahl	Jenkins
Brown (CO)	Erlenborn	Johnston
Brown (OH)	Evans (GA)	Jones (OK)
Broyhill	Evans (IA)	Jones (TN)
Burgener	Evans (IN)	Kazen
Butler	Fascell	Kramer
Byron	Fazio	LaFalce
Campbell	Fiedler	Lagomarsino
Carman	Fields	Latta
Chappell	Fithian	Leath
Chappie	Flippo	LeBoutillier
Cheney	Florio	Lee
Clausen	Fountain	Levitas
Clinger	Fowler	Lewis
Coats	Frenzel	Livingston
Coleman	Fuqua	Loeffler
Collins (TX)	Gaydos	Lott
Conable	Gephardt	Lowery (CA)
Corcoran	Gibbons	Lujan
Coughlin	Gingrich	Lungren
Courter	Ginn	Madigan
Coyne, James	Goldwater	Marlenee
Craig	Gramm	Marriott

Martin (IL)	Pritchard	Spence
Martin (NC)	Quillen	St Germain
Martin (NY)	Railsback	Stangeland
Mavroules	Regula	Stanton
McCollum	Rhodes	Staton
McCurdy	Ritter	Stenholm
McDade	Roberts (KS)	Stratton
McDonald	Roberts (SD)	Stump
McEwen	Robinson	Tauke
McGrath	Roemer	Tauzin
McKinney	Rogers	Taylor
Mica	Rose	Thomas
Michel	Rostenkowski	Traxler
Miller (OH)	Roth	Trible
Minish	Rousselot	Walgren
Molinari	Rudd	Wampler
Montgomery	Sawyer	Watkins
Moore	Scheuer	Weber (MN)
Moorhead	Schneider	Weber (OH)
Morrison	Schulze	Whitehurst
Mottl	Sensenbrenner	Whitley
Myers	Shaw	Whittaker
Napier	Shelby	Whitten
Neal	Shumway	Williams (OH)
Nelligan	Shuster	Wilson
Nelson	Siljander	Winn
Nichols	Skeen	Wolf
Nowak	Skelton	Wortley
O'Brien	Smith (AL)	Wylie
Parris	Smith (IA)	Yatron
Pashayan	Smith (NE)	Young (AK)
Patman	Smith (NJ)	Young (FL)
Patterson	Smith (OR)	Young (MO)
Pepper	Snowe	Zablocki
Porter	Solomon	

NOES—168

Addabbo	Frost	Murtha
Anderson	Garcia	Natcher
Annunzio	Gejdenson	Oakar
Atkinson	Gilman	Oberstar
AuCoin	Glickman	Obey
Bailey (PA)	Gonzalez	Ottinger
Barnes	Gore	Panetta
Beilenson	Gradison	Paul
Benedict	Gray	Pease
Biaggi	Green	Perkins
Bingham	Gregg	Petri
Blanchard	Guarini	Peyser
Boland	Gunderson	Pickle
Bolling	Hall, Ralph	Price
Bonker	Hall, Sam	Pursell
Brodhead	Hamilton	Rahall
Brooks	Harkin	Rangel
Brown (CA)	Hawkins	Ratchford
Burton, John	Heckler	Reuss
Burton, Phillip	Hertel	Richmond
Carney	Hollenbeck	Rinaldo
Chisholm	Horton	Rodino
Clay	Howard	Roe
Coelho	Hoyer	Roukema
Collins (IL)	Hughes	Russo
Conte	Jacobs	Sabo
Conyers	Jeffords	Schroeder
Coyne, William	Kastenmeier	Schumer
Crockett	Kildee	Seiberling
D'Amours	Kindness	Shamansky
Danielson	Kogovsek	Shannon
Daschle	Leach	Sharp
Dellums	Lehman	Simon
Dingell	Leland	Snyder
Dixon	Lent	Solarz
Donnelly	Long (LA)	Stark
Downey	Long (MD)	Stokes
Dwyer	Lowry (WA)	Studds
Dymally	Luken	Swift
Eckart	Lundine	Synar
Edgar	Markey	Udall
Edwards (CA)	Marks	Vento
Emery	Matsui	Volkmer
Ertel	Mattox	Walker
Evans (DE)	Mazzoli	Washington
Fary	McClory	Waxman
Fenwick	McCloskey	Weaver
Ferraro	McHugh	Weiss
Findley	Mikulski	White
Fish	Miller (CA)	Williams (MT)
Foglietta	Mineta	Wirth
Foley	Mitchell (NY)	Wolpe
Ford (MI)	Moakley	Wright
Ford (TN)	Moffett	Wyden
Forsythe	Mollohan	Yates
Frank	Murphy	Zeferetti

ANSWERED "PRESENT"—1

Roybal

NOT VOTING—15

Applegate	DeNardis	Mitchell (MD)
Aspin	Goodling	Rosenthal
Bonior	Jones (NC)	Santini
Cotter	Kemp	Savage
Deckard	Lantos	Vander Jagt

□ 1100

The Clerk announced the following pairs:

On this vote:

Mr. Jones of North Carolina for, with Mr. Mitchell of Maryland against.

Messrs. DYMALLY, EMERY, JEFFORDS, ECKART, and BONKER changed their vote from "aye" to "no."

Messrs. PORTER, ANTHONY, HAGEDORN, LEVITAS, Mrs. BOUQUARD, Messrs. HIGHTOWER, LAFALCE, BEVILL, PRITCHARD, BROWN of Ohio, FRENZEL, and NEAL changed their vote from "no" to "aye."

So the amendment to the Judiciary Committee amendment, as amended, was agreed to.

The result of the vote was announced as above recorded.

Mr. NELSON. Mr. Chairman, I would like to take this opportunity to express my strong support for Mr. SHAW's amendment to H.R. 3519, an amendment that would significantly enhance the power of civil authorities to deter and eliminate the damage that drug-related crime is inflicting upon our society.

I have just returned from an 11-day, 29-stop tour with Government officials in the Caribbean region and I have studied firsthand the transfer point on the drug traffic highway. Our Nation's Coast Guard and civil law authorities have been losing the war in combating an increasing flow of illegal drugs to the United States and as a result, have strained our current resources for drug enforcement to the limit. We are losing this battle because of our inability to use all of the available resources and equipment in our effort against illegal drugs.

My own State of Florida has long been a receiving point for drug-related traffic. The Coast Guard and civilian authorities occasionally seize and apprehend offenders but all too often the offenders escape or go undetected and the only traces are the bales of marihuana that wash ashore on the public beaches or the shells of hollowed out planes that are abandoned on deserted airfields.

I support Mr. SHAW's amendment because I believe it is vitally important that we combine our efforts in order to enhance the power of and the cooperation between our Federal, State, and local authorities. Our U.S. Armed Forces have the equipment and the capability to render assistance to the civilian authorities in locating and seizing ships and aircraft involved in drug trafficking and I urge strong support of this amendment so we may significantly enhance our position in this war on drug crime.

□ 1110

PARLIAMENTARY INQUIRY

Mr. HUGHES. Mr. Chairman, I rise to make a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. HUGHES. As I understand the parliamentary situation, Mr. Chairman, it is that the Hughes amendment, as amended by the Shaw amendment which just carried, is now pending before the House. So, as I seek an aye amendment on the Hughes amendment, that is the next order of business?

The CHAIRMAN. So the Chair can restate, we have before the Committee now the Judiciary Committee amendment, as amended by both the White and Shaw amendments.

Mr. HUGHES. So the situation is that the Hughes amendment is pending, as modified by the White amendment, which was accepted by the Judiciary Committee, and as just mofified by the Shaw amendment? That is the next order of business?

The CHAIRMAN. That is correct.

Mr. STRATTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I take this time in an effort to clarify a point that has been raised by the adoption of the Shaw amendment. The White amendment, which was adopted previously with the approval of the Committee on the Judiciary, said in effect that no equipment could be operated in the land area of the United States, except for the use of monitoring and communicating air and sea traffic; or, second, is engaged in entering or leaving the land area of the United States.

The Shaw amendment, which amended the White amendment, says that the Armed Forces can assist drug enforcement officials in drug seizures or arrests outside the land area of the United States.

My question to the gentleman from Texas (Mr. WHITE), the author of the original amendment, is just how he interprets—and I think we ought to have it in the legislative history—just what is the area involved in "entering or leaving" the land area of the United States? Are we talking about the 200-mile limit, which would severely limit these antidrug activities. I think this is a matter that might be of interest to Members of the House if they are ever entering or leaving the coastal waters in their own boats, and I think we ought to define precisely what is involved. Is it the 200-mile limit or is it just the area directly in shore?

I would appreciate the gentleman from Texas giving his understanding.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from Texas (Mr. WHITE).

Mr. WHITE. I thank the gentleman for yielding. The amendment contemplated that this equipment could be used to monitor, track, and conduct surveillance at any point of the land area. That did not mean the 200-mile limit, but right to the land. In fact, the Attorney General's office interprets this to permit hot pursuit.

With the Shaw amendment added on to the bill, for giving the power of arrest at sea, principally at sea, then I would assume, then, that hot pursuit could also cover arrests, too. In other words, if a would-be violator or suspected violator were to dodge into a reef area or make the land, then I would believe they could come to that land area to grab them, and to arrest at that point.

This was the objective, not. to give them a sanctuary over the 200-mile limit.

This amendment authorizes the use of military personnel, uniformed and civilian, to assist civilian law enforcement officials in the operation and maintenance of equipment which has been made available under proposed section 372 of title 10. This type of direct operational assistance is generally prohibited by the Posse Comitatus Act (18 U.S.C. 1385). The tradition of creating exceptions to the important doctrine of separating the military from civilian law enforcement is maintained by limiting the application of the section to three sets of specific criminal statutes and to narrowly prescribed circumstances.

The type of military assistance which will be rendered under this sectgion consists of the operation and maintenance of sophisticated equipment in circumstances where it would not be practical or feasible to train civilians. The types of laws which can justify the requests for military assistance are Federal statutes which frequently involve the movement of vessels or aircraft into or out of the United States. Three separate types of offenses are listed: Drug laws, immigration laws, and customs-related statutes. The first two sets of statutes are included by reference to the criminal statutes which would form the basis of the investigation and possible criminal charge. The third category, that is customs related laws, is described generically.

The word "arrival" is used to encompass all those criminal statutes which prohibit the introduction, bringing in, entry or importation of property into the United States. The term "departure" is used to mean the exportation or attempted exportation of goods or materials from the United States in contravention of a criminal statute. For example, the arrival of certain merchandise is proscribed by the Tariff Act of 1930, the Gun Control Act, for example (18 U.S.C. 892(a)(3), 18 U.S.C. 922(a)) and by chapter 27 of title 18. The departure branch of this type of statute includes violations, or attempted violations, of 22 U.S.C. 401, relating to illegal exportation of war materials; 22 U.S.C. 2778, relating to control of arms exports and imports; 50 U.S.C. App. 2401 et seq., relating to the Export Administration Act of 1979. The other terms used with respect to violations of the customs laws are defined by reference to an existing statute. These terms are used in order to preserve the judicial and administrative interpretations used in the referenced citation.

The grant of authority to the military personnel to take such action incidental to the operation or maintenance of equipment is meant to be read in conjunction with the limitations of section 374. Proposed section 374 requires the Secretary of Defense to promulgate regulations which prohibit the use of military personnel in "any search and seizure, and arrest or other similar activity." The use of the term "incidental" is designed to continue the current policy of the Department of Defense which authorizes military personnel to take actions to defend themselves and Federal property when such action is undertaken in response to the exigencies of the situation. See, for example, Department of Defense Directive 3025.12 V-C-1-b, August 19, 1971.

Subsection (b) of proposed section 375 places several limitations on the types of operational assistance which may be granted. Nothing in this section limits the permissible locale of maintenance assistance authorized under subsection (a). Under subsection (b) the operational assistance must take place in the land area of the United States with certain defined exceptions. The exceptions are set forth in order to meet legitimate law enforcement needs and to answer questions which arose in the Committee on the Judiciary when a similar amendment was under consideration. See House Report 97-71, part II at 12 n. 3.

The term "land area of the United States" is used to create a line of demarcation which will permit the operation of equipment in coastal waters, estuaries, and other major navigable bodies of water. These waterways are frequent routes of drug trafficking into the United States. Examples of places where such operational assistance would be authorized include the coastal waters surrounding offshore islands of South Carolina, Georgia, and North Carolina. The estuaries where such assistance could take place include places like the Chesapeake and Delaware Bays. It is not intended, however, that military personnel be used to operate equipment to interdict pleasure craft whose passengers may be using illegal drugs while cruising on inland waters, lakes, and rivers.

The two exceptions to this rule against domestic assistance by the military are designed to meet legitimate law enforcement concerns. The first exception would allow the operation of radar or other types of electronic surveillance or tracking equipment. The second exception covers two different types of situations. The first branch of this exception reaches operational assistance on the land area of the United States when such operation is the point of departure or arrival of the equipment. For example, an Air Force pilot based in the United States could operate an aircraft when the law enforcement mission was to occur outside the United States. The second circumstance under which operational assistance could occur within the land area of the United States would be when a suspected violator was entering the air or sea space of the United States and the military equipment was tracking such entry. This type of tracking would most frequently result from hot pursuit by military ships or aircraft, but could, on occasion, be the result of electronic observations.

Mr. STRATTON. In other words, this might allow the AWACS, for example, to determine what planes were coming in or what boats were leaving?

Mr. WHITE. I think the AWACS could have been used in any event, whether we have the Shaw amendment or not, because it was for surveillance and tracking.

Mr. STRATTON. I thank the gentleman.

Mr. HUGHES. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from New Jersey.

Mr. HUGHES. Just for further enlightenment, the land area that we refer to, of course, is the land area of the continental United States.

□ 1120

Mr. HUGHES. And we envision the taking off from and landing of airplanes or helicopters, for instance, on bases in the interior of the country, as well as the right to use that equipment in the estuaries and along the coast of the United States, because often the pursuit does involve those estuaries.

Just so the record is clear, that we have tried to anticipate all of those situations where the law enforcement community will need that equipment or that manpower to operate the equipment.

Mr. STRATTON. I just wanted to make sure that we did not have a 200-

mile sanctuary area where a lot could happen that was not too good.

Mr. McCLORY. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from Illinois (Mr. McCLORY).

Mr. McCLORY. I thank the gentleman for yielding.

Mr. Chairman, what the Judiciary Committee did was to provide the full range of activities that was recommended by the Armed Services Committee, with the exception of searches, seizures, and arrests by the military.

Under the amendment offered by the gentleman from Florida (Mr. SHAW), which was just adopted, the searches, seizures, and arrests can take place beyond the land area, that is the physical land area, of the United States. That is the modification which has been made as a result of the Shaw amendment. I would hope that in this form this body would see fit to support the Judiciary Committee amendment, as amended by the amendments that have been adopted which were offered by the gentleman from Texas (Mr. WHITE) and the gentleman from Florida (Mr. SHAW).

Mr. STRATTON. I think the crucial question is what the amendment offered by the gentleman from Texas (Mr. WHITE) did, and I am happy that it has not provided a 200-mile sanctuary.

Mr. McCLORY. The language relates to the physical land area of the United States, not the 200-mile limit.

Mr. SEIBERLING. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the gentleman from Illinois (Mr. McCLORY) inadvertently referred to the Hughes amendment, as amended by the White and Shaw amendments, as allowing searches and seizures on offshore. It does not allow searches. One of the anomalies of the Shaw amendment is that it allows arrests and it allows seizures, but it does not allow searches. How are you going to determine whether a person should be arrested, how are you going to determine what should be seized, if you cannot make a search?

I just think the record ought to be made clear that we have a very anomalous thing in the language of the Shaw amendment.

Mr. McCLORY. If the gentleman will yield, I thank the gentleman for the clarification.

But I was just trying to explain the status of the legislation. I accept the gentleman's clarification.

Mr. SEIBERLING. I just wanted the record clear so that somebody reading it would not think that it also authorized searches, which would be an even greater infringement.

Mr. BENNETT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I want to congratulate the House on giving very careful thought to this matter that was brought to their attention, everybody doing exactly what they thought was best for our country, and I think the results have been good.

I do feel that, when it comes to a vote on the Hughes amendment, since it does leave out a substantial thing, which I think ought to be added, I am going to ask for a recorded vote; and hopefully a majority vote since the bill as unamended is still a stronger measure

But I must say that, from my standpoint and the view that I have of this matter, it is about a 90-percent victory as it now is, because it does allow most of the things that the original legislation, the amendment to the Armed Services Committee bill, allowed.

The thing that it does not allow is, it does not allow the possibility of seizing on land.

The real reason I want a vote on this is because I would hope that we would pass that you could seize on land. And why would I want to seize on land? Well, really, there is only one place that I have much concern about, and that is the Rio Grande. I do believe that once the drug smugglers feel that they are cut off from the sea and from the air, they will use the hundreds of thousands of millions, or so, a year that come in illegally from Mexico, and the sellers will try to prevail on those people to bring in the drugs.

Well, I think that pushers ought to know that is not a door that is open to them Therefore, I would prefer not having the Hughes amendment, as perfected as it is. I would rather have the thing that is actually in the bill. If there are any imperfections that are not just exactly perfectly written in the amendment which I drafted originally—I do not know of any—but if there are any things of that type, they can be handled in the conference.

The reason I asked for this 5 minutes was just simply to express that when the vote comes upon the Hughes amendment, I will ask for a recorded vote. I hope some Members will stand up with me. I hope we will have a recorded vote. I hope we will vote down the Hughes amendment, even though it has been very much improved, because that will leave the original language of the bill intact.

Mr. SAWYER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would just like to address the gentleman from Florida (Mr. BENNETT), if I may have the gentleman's attention.

Let me clarify that the only thing that is not permitted is actual arrests or seizures by the military.

The DEA, Customs, and other law enforcement agencies are totally empowered to make such arrests and seizures, with the assistance of military equipment.

Mr. BENNETT. The gentleman's observation is correct.

Mr. SAWYER. The military, the DEA, and others testified in hearings before our subcommittee that they have adequate personnel always available to do the actual arresting and seizure. So I do not think we have a problem.

Mr. BENNETT. As long as you are not actually seizing anybody, as long as you are not actually making an arrest, you have plenty of people to do it.

The point is, we are not getting enough of these people.

It is kind of a dumb statement to say that when you are losing 85 percent of the stuff that is entering this country, you have got plenty of people to seize it. Well, of course you have plenty of people to seize it, because you do not know where it is. And it is just like saying if you are not going to arrest anybody, you have plenty of people to arrest them. I think that is true. But I think the bill would be improved by turning down the Hughes amendment, as amended.

Mr. HERTEL. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I think if we look clearly under all of the confusion here in the House, we see that the Hughes amendment, as amended by White, is good. It is good because the great problem that we found throughout this controversy is that we cannot use legally the AWACS to give the information to local and State law enforcement agencies, to intercept, to arrest, which is their duty.

It is ironic that when this House has cut the Coast Guard budget, when one of the primary duties of the Coast Guard is to interdict this type of illegal traffic, that here we are saying, "Now, the Army and the Navy should do the job that is charged to the Coast Guard."

The Coast Guard has testified in opposition to the Army and Navy getting involved. And I ask the question at this time: Since we lose a lot of our drug arrests in court because the arrests are not done properly, under proper procedures, is there any money in the amendment that was just passed by this House to train Army and Navy personnel to make proper drug arrests?

Because we have a great problem with even our local law enforcement officials not always doing that.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. HERTEL. I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, I want to thank my colleague, the gentleman from Michigan, for yielding to raise this question: Where is the money going to come from?

Well, the military has already testified that the reason that they do not want it is because it will require addi-

tional resources, additional training, different from that of military personnel, to enforce civilian laws.

So the answer is probably it is not coming from anywhere, which means that the Secretaries of the respective branches of the armed services under the exemptions included in the Hughes amendment are not going to do a darn thing about sending in the military because it is a catch-22 situation.

□ 1130

Mr. HERTEL. Mr. Chairman, I would say that what the House should be doing is spending the money properly. Increasing the Coast Guard budget is the job we have got to do rather than cutting the Coast Guard budget. The money we are going to lose, especially when we are understaffed now in our armed services by diluting the strength in trying to train new people for new jobs, could more effectively be spent by putting that money where it should be and to increase greatly the Coast Guard budget.

Mr. CONYERS. Mr. Chairman, will my colleague yield further?

Mr. HERTEL. I yield.

Mr. CONYERS. I thank my colleague for yielding. The reason that we are in a more difficult situation is contrary to the statement of my other colleague from Michigan, from Grand Rapids, who said that the DEA testified before this committee that it has adequate resources. They testified just the opposite. As a matter of fact, the former head of DEA no longer works there anymore. Pete Bensinger has now gone the way of the CIA chiefs, and we are meeting here today with testimony in the subcommittee of this committee chaired by the gentleman from New Jersey, that they did not even have the adequate forces to cover the perimeter of the United States, including the Florida area, which the gentleman from Florida (Mr. BENNETT) has been so persistent in arguing that we are inadequate in supplying the resources.

And so there you have it. Do we have enough resources? Well, if we had enough we would not have to bring the military into this in the first place. In the second place, the testimony before that committee was that the head of the DEA does not have sufficient resources, does not have manpower, does not have equipment, and does not have the cooperation of the other branches of law enforcement. So, the gentleman's point is well stated.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

(At the request of Mr. BIAGGI and by unanimous consent, Mr. HERTEL was allowed to proceed for 4 additional minutes.)

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. HERTEL. I yield to the honorable chairman of the Merchant Marine Subcommittee.

Mr. BIAGGI. I thank the gentleman for yielding.

Mr. Chairman, this is the second day of debate on this issue. It is the kind of an issue that interests all of us. The surest way to attract attention in law enforcement is to raise the specter of narcotic trafficking. In fact, it is more than a specter, it is a reality.

For the new Members of this House, I would like to inform them of the fact that I spent 23 years of my life in the police department of the city of New York, on patrol and in charge of detectives, and no one is more committed to the enforcement of our drug laws in this House than myself. I have served as chairman of the Coast Guard Subcommittee. While I served in that position we had hearings, especially in the Caribbean area, and we found out very clearly that there were a number of loopholes. The Congress last year responded in closing one of the loopholes to put some teeth in the prosecution, the ability of law enforcement officials to arrest and prosecute successfully, as contrasted to the previous experience of turnstile process.

The arrest was made, the prosecution would fail to prosecute because they did not have the authority nor the evidence. The law was changed.

Another thing we learned is that we had the facilities, the land agencies had the facilities to make arrests, but they did not have the required information, information that was readily available and obtainable if the AWACS had the authority to transmit that information to the land agencies. The fact of the matter is, they were prohibited by virtue of posse comitatus, and that is one of the reasons—frankly, that is the only reason and the only need that the law enforcement agencies require, an ability to obtain information. When the AWACS, which is always in the air for those who are uninformed, it is always flying and it is always making observations, and it can very effectively detect the typical profile of the aircraft that is transporting narcotics day after day, and can identify the typical vessel that transports narcotics. All that is necessary is the identification and location, and then the land agencies can come into play, effectively come into play and interdict at that point. That is all the law enforcement agencies require.

Now, the notion of bringing in the military and to in fact substitute them, supplement the law enforcement agency, make them policemen, is a little strange. To begin with, there is sufficient testimony to the fact that the military is not interested. The military does not have resources. That is clear; that is clear.

I know why people vote for certain amendments. It is an easy political vote. I understand it, but it is not a correct vote. It is not responding precisely to the need, and we are endangering the total question by perhaps trespassing into the constitutional area. I do not know whether it is or is not. I have heard debate back and forth, and some people say yes, and some people say no. But, I think we should put that question aside. It does not belong here.

We should deal more narrowly with the immediate need. The language we find in the Hughes amendment is critical language, as amended by White. That is all that is necessary. I ask the Members of the House, do not think in terms of easy political vote; think in terms of what is necessary and what can be productive because in the end the actual implementation of the amendment by Mr. SHAW, who is in full support and is as concerned as any one of us—and he is to be commended for his efforts and I understand his special concern, coming from Florida—in the end the military will not be able to effectively deal with the matter. I suggest that they will not respond given the notion that the Secretary of Defense opposes it.

Mr. HUGHES. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, colleagues of the House, I hope that I will not need the full 5 minutes, and if the Members will just bear with me for just a few minutes perhaps we can move on to the votes and on to other issues.

We have right now, for the first time in a long time, two members leading the Crime Subcommittee with a lot of experience in law enforcement—the ranking minority member, who was a prosecutor for a number of years, and this member, who has served for 10 years in law enforcement. Our Subcommittee on Crime is going to give the Members an opportunity in the months ahead to vote on a tough anticrime package, and our first priority, let me assure the Members, is in the area of drugs. But, let me tell the Members what they have done in the budget now before the Congress.

Do you realize that there is not one penny—I will repeat that—not one penny in this budget for an anticrime package? Do you realize that the Drug Enforcement Administration since 1978 has lost real dollars each and every year; that in fact their task force operation was to have been dismantled under the budget, one of the most successful task force operations that we have in law enforcement? That training programs are being gutted? If Members will look at the Bureau of Alcohol, Tobacco, and Fire-

arms, in the area of arson investigations, it is being dismantled. Their handgun tracing efforts are in peril. The FBI and the marshals' programs have been cut.

□ 1140

We have cut across the board, at a time when the crime rate is taking off. What have we done? What we have said in essence is that we are going to take money from the military budget to beef up the training for the military to give soldiers the right to arrest and seize, but deny those funds and resources to our police.

So what we have said in essence is that we are not going to give law enforcement officers more training, but we are going to give our soldiers and sailors that training in order for them to assist law enforcement. Neither the military nor the law enforcement community wants or needs the right to arrest and seize. It is incredible that we have done this. But we have, and I respect the will of this body.

So where do we go from here? The fact of the matter is that the Judiciary Committee did take extensive testimony, and we have tried to craft a bill that meets the needs of the law enforcement community. The administration, the Justice Department, and the Defense Department have asked for certain guidelines, and we have tried to incorporate those into the Judiciary Committee legislation.

Let me just tell the Members briefly some of the differences between the so-called Hughes version and the Bennett version. In the Bennett version of the bill there is provided the right of the military to assist in arrest and seizure. There is no suggestion that they would have the authority, however, to operate equipment. The very thing that the law enforcement community needs—equipment and manpower to operate it—is not covered in the Bennett version of the bill.

Mr. MINISH. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I will be happy to yield after I have finished.

Mr. Chairman, the second problem is that—inadvertently, I am sure—the Bennett version would make the Coast Guard, which is one of the lead agencies in drug enforcement, subservient to the Department of Defense. Here we have an agency—the Department of Defense—that does not want to cooperate, and we are going to take them in peacetime and make them subject to the Secretary of Defense. Does that make sense to the Members? It does not make sense to me.

I will ask the Members to listen to this next provision. It is incredible. In the Bennett language the Secretary of Defense, in order to provide the equipment and in order to provide the personnel for assisting in arrest and seizure, has to make a finding that the drug enforcement operation would not succeed without personal military assistance. How in the world can the Secretary of Defense make that finding? He is not a law enforcement official with such expertise. How can he know whether a drug operation is going to succeed without his assistance? Yet we have help subject to that finding.

The difficulty we have had with the Defense Department is that they do not want to cooperate at times. Field commanders are now rejecting from time to time requests for equipment and assistance from the Drug Enforcement Administration because of a lack of clear policy directives. Here we are, giving the Defense Department another out. All the Defense Department has to do is to say that they cannot determine the operation would succeed without assistance, so we are actually undermining what good we have done. We at least now have an informal understanding between the Defense Department and the law enforcement community to share intelligence, equipment, and personnel from time to time. We are even undermining that by this language.

So, Mr. Chairman, in essence there are some major differences even now between the Bennett bill and the Hughes version.

Mr. MINISH. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I yield to the gentleman from New Jersey.

Mr. MINISH. Mr. Chairman, I thank the gentleman for yielding.

It is my understanding that in Germany, where they do have a drug problem as certified by the military, and some member of the Armed Forces is involved, can the military police make an arrest under the gentleman's amendment?

Mr. HUGHES. Of course. We have not touched that. This is civilian law enforcement. The military has primary responsibility for arrests in the military community. That is an entirely different problem, and we do not touch that.

We are talking about civilian law enforcement. The Justice Department is opposed to the Bennett approach. It is adamantly opposed to that approach, and evey law enforcement agency which testified before our committee is opposed to that.

The CHAIRMAN. The time of the gentleman from New Jersey (Mr. HUGHES) has expired.

(By unanimous consent, Mr. HUGHES was allowed to proceed for 1 additional minute.)

Mr. HUGHES. Mr. Chairman, the Defense Department does not want the arrest and seizure authority for a good reason—they want to keep their personnel as soldiers. They are not versed in law enforcement. We have enough difficulty preserving evidence in court with trained law enforcement officials without making that task even more difficult.

So, Mr. Chairman, I urge my colleagues to support the so-called Hughes amendment.

Mr. CONYERS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, before we get ready to vote, we might just want to determine what the testimony was before the Subcommittee on Crime, which heard from Peter Bensinger, former head of the DEA, on the drug problem. One member of the subcommittee who was there has said that Mr. Bensinger testified that DEA has adequate resources.

I happen to have been there and questioned him rather carefully on this subject, and I happen to have heard something different.

What did Mr. Bensinger say? Did he say that we need the military, the Army, the Navy, and the Marines, to join with the Coast Guard, with the DEA—which operates worldwide on about $10 billion per annum—with the FBI, with the CIA, and with all the State governments' law enforcement agencies? Did he say that we need the military?

Well, I want to tell the Members that Mr. Bensinger said we need resources inside DEA. He said we need additional personnel and additional resources. We are not even covering the perimeter of the United States in Florida, where planes can be seen flying in narcotics cargoes and where, if the drug pushers just fly in five planes, they will get one through on the law of averages. DEA does not have the resources to cover the perimeter on a 24-hour-a-day basis.

What I am suggesting to the Members is that what we have done here is to confound the issue utterly. I am now predisposed to offer an amendment to strike the entire posse comitatus provisions from the defense bill under which it has been so unthoughtfully brought. I will ask the Members to please hold their applause down. It is not in order to raise these public outcrys of approval.

We have taken on an amendment that permits the military to make arrests and permits the military to make seizures but not searches. Imagine the situation of a law enforcement officer who makes an arrest and a seizure and in court finds out, when the bag is opened, that the contents are sawdust and not dope? There is no search permitted under the amendment just adopted.

Mr. Chairman, I urge that the Members consider what we have done here today and how we might best straighten it out. My solution is to strike the entire section from this bill.

Mr. BEARD. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield briefly, if it is appropriate to what I have just said.

Mr. BEARD. Certainly. I would never do otherwise, I say to my colleague.

Mr. CONYERS. The gentleman frequently does otherwise. That is why I made that condition.

Mr. BEARD. Mr. Chairman, let me just ask the gentleman this: I think the gentleman's point about the search aspect or the lack of search capabilities in the bill or the amendment is a very appropriate one. Would the gentleman be disposed to support or offer an amendment to include the search?

□ 1150

Mr. CONYERS. No; I will not. Would the gentleman who asked me that question be predisposed to offer one?

Mr. BEARD. I think I might just consider that.

Mr. CONYERS. Then the gentleman may just offer it and find out what this gentleman does on it at the point the gentleman does make that offer. I will be waiting with bated breath to see what the gentleman does.

Mr. BEARD. I take that for granted.

Mr. STUDDS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I apologize for imposing upon the time of an obviously impatient House, but I speak as chairman of the Subcommittee on the Coast Guard in this Congress.

One of the reasons I was not able to participate in the debate yesterday was—and I find this somewhat ironic—that the Subcommittee on the Coast Guard was having the second in a series of six oversight hearings on the entire mission of the U.S. Coast Guard, and I rise at this point simply to point out that we, I fear, are in the process of doing one of those things which we do best, which is kidding ourselves.

If any Member of this House thinks seriously that the proposition we are in the process of debating, and undoubtedly adopting in a moment, is going to have any constructive, major, substantive impact on the interdiction of illegal drug trafficking in this country, he is indeed kidding himself.

As has been pointed out by a number of Members, there is not one penny of additional resources made available for the Armed Forces in this bill, and let me tell my colleagues something about the U.S. Coast Guard.

The Coast Guard estimates that they are at the moment interdicting approximately 15 percent of the illicit narcotics which they are targeting. The Coast Guard has just been cut again for the umpteenth consecutive year by this body in its infinite wisdom in the adoption of the current budget. We are losing.

The Coast Guard has a number of missions, as Members know, in addition to drug enforcement. One of them happens to be search and rescue, the responsibility for the safety of life and property at sea. More Americans are dying, lives that could, in the judgment of the Coast Guard, have been saved that are not being saved because of the judgment of this Congress that we should reduce rather than increase the resources of the U.S. Coast Guard.

The Commandant of the Coast Guard, in response to a question as to what additional resources he would need in order to interdict 50 percent of the drugs which he is after, said, "I would need additional appropriations of between $1½ and $2 billion."

Let me tell my colleagues two things, first of all, about the entire budget of the Coast Guard. The annual budget of the U.S. Coast Guard is roughly $2 billion. The Commandant informs us that, in order to interdict roughly one-half of the drugs estimated to be coming in, he would need that budget doubled again with the increase devoted solely to drug interdiction.

Let me give my colleagues another figure. We are told that in order to have any meaningful impact on the trade, in order to seriously impact it, we would have to interdict 75 percent of the drugs. That is the target officially of the Coast Guard. They are attempting to interdict 75 percent.

We have given them the resources to interdict roughly 15 percent, and in the budget just adopted by this House, in real dollars, we cut that and we cut it substantially.

It just seems to me that while it might make some of us feel better and some feel worse, depending on whether we have constitutional reservations about what we are about to do, let me assure the Members that with respect to the substance of the question, the potential interdiction of illicit narcotics, we are accomplishing absolutely nothing.

While we may, as I said at the beginning, be doing what we do so remarkably well, namely kidding ourselves and in the process, perhaps, the American people, we are not solving the problem.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. STUDDS. I yield to the gentleman from Florida.

Mr. FASCELL. I thank the gentleman for yielding.

Mr. Chairman, I certainly share the gentleman's frustrations with respect to the Coast Guard. I cannot think of any service that is more worthy, that has been treated more shabbily by this Congress, and the administration.

I would vote for a $2 billion increase in the budget for the Coast Guard right now so they could do their job, but I am frustrated, too. This administration wants to abolish DEA; it did not fund LEAA; it cut back on funds for the Immigration and Naturalization Service and other law enforcement—all to cope with a drug problem that is subverting the entire country, not just the State of Florida.

So, I look at $1,650 trillion to be spent in the next several years for the defense budget, and they are going to have to spend about $1 billion a day for the next 5 years.

The cooperation sought by the amendment will make no dent in that budget. Frankly I am so frustrated at the failure of the Federal Government to come to grips with the crime and drug problem and with the inability to enforce our immigration laws, I am ready to turn it all over to the military. They have the budget—but for now I urge my colleagues to support the effort of the distinguished gentleman from Florida and the pending amendment.

Mr. STUDDS. I appreciate the gentleman's frustration and I, too, support the amendment.

Mr. HUGHES. Mr. Chairman, will the gentleman yield?

Mr. STUDDS. I yield to the gentleman from New Jersey.

Mr. HUGHES. I thank the gentleman for yielding.

Mr. Chairman, I serve on the Coast Guard Subcommittee and I was the member who asked the Commandant the question referred to by my colleague from Massachusetts (Mr. STUDDS) as to the size and shortcomings of the Coast Guard budget. Let me make one more observation. The one man in the entire administration, Peter Bensinger, who was trying to do something about putting money back into the budget for drug operation, was fired. He was fired precisely because he sought additional moneys to combat the illicit traffic in drugs. What a tragedy for this country.

I would assume my colleague supports the Hughes amendment and I would hope that we can get on to a vote.

POSSE COMITATUS

● Mr. YOUNG of Florida. Mr. Chairman, I want to express my strong support for the efforts to amend the Posse Comitatus Act to allow assistance from our military forces in the fight against drug traffickers. This legislative effort is long over due.

I am a sponsor of similar legislation, H.R. 3506, which is also aimed at addressing this growing problem that is devastating not only my home State of Florida but our entire Nation.

I want to take a moment to compliment my good friend and colleague from Florida (Mr. BENNETT) for his initiative in utilizing this fiscal year 1982 DOD authorization bill as the vehicle

for accomplishing our mutual objective. He has done a tremendous service to our Nation and I believe we all owe him a debt of graditude.

As Members from the State of Florida, Mr. BENNETT and I know firsthand the problems our law enforcement officials are running into in attempting to stem the tidal wave of drugs that continue to pour into our country from foreign nations—principally, Colombia, Jamaica, Bolivia, and Peru. Our State is practically caught in the middle of a war between the heavily armed and equipped drug smugglers and our law enforcement officials. Unfortunately, as of today we are still losing the battle. It is time for us to declare war on the drug traffickers. Utilization of the assets of the Department of Defense will enable our law enforcement officials to meet this threat head on and hopefully we can win this war eventually and save millions of Americans from the misery and horrors of drugs.

According to Florida's attorney general, Jim Smith:

> It is estimated that at least 40 percent of all marihuana and cocaine shipments from South America, regardless of where delivered, in some way touch Florida. Even if the actual delivery takes place elsewhere, the negotiations, importation arrangements and payments take place here in transactions worth $25 billion a year.

Adding to this problem is the fact that Florida's topography is a major asset to the drug smuggler. Florida's shoreline is over 8,000 miles which allows any of the 200,000-plus privately owned boats to off-load contraband with little fear of being caught. In addition, the large number of rural roads and undeveloped flat terrain are used to off-load and refuel aircraft. There are in excess of 9,000 privately registered aircraft in Florida and more than 250 registered airports. Even though the State of Florida requires landing strips to be registered, there are literally dozens of unregistered strips capable of handling DC-3's and C-46's.

A clear example of the severity of the drug problem in the State of Florida is the increase in the number of violent crimes being committed, much of which is due to drug-related violence. In 1980, there were a total of 1,387 murders committed in the State of Florida, an increase of 28 percent over 1979. By way of comparison, the national increase was 7 percent. In 1980, the volume of reported crime in Florida increased 18 percent, while the increase nationally was 10 percent. In 1980, arrests for narcotics violations in Florida were up 12.2 percent over 1979.

In addition to the serious crime associated with the immense quantities of drugs moving into the United States through Florida, there are other obvious considerations: The Drug Enforcement Administration estimated that drug transactions through Florida are worth $25 billion annually. It is also estimated that $2.5 billion in drug profits have been invested in Florida real estate, much of it in the anonymity of blind trusts concealing the identity of the owners.

In one recent investigation, the Florida Department of Law Enforcement estimated that a narcotics importer had been grossing $7 million per month in one drug smuggling operation. In another investigation, the drug smuggling organization was bringing an average of one to three loads of marihuana per week into the State of Florida. Each of these loads averaged 40,000 to 80,000 pounds, with a street value of $500 per pound of marihuana. The estimated value per load, then, was $20 to $40 million. As has been mentioned earlier by other speakers, the gross value of the narcotics industry in the United States is, at the very least, in excess of $60 billion per year.

It is apparent to me that if we are going to be successful in our war against the drug smugglers we need to utilize all the resources at our disposal. We need to enhance the capabilities of the DEA, the Coast Guard and the Customs Service both in terms of manpower and equipment. By allowing our law enforcement officials to utilize the assets of the Department of Defense we will be greatly enhancing the capability of our country in the war against the drug smugglers. Amending posse comitatus is by no means the final answer to this problem, but it nevertheless represents a major step forward and puts the world on notice that the United States is indeed serious about attacking the narcotics problem.●

The CHAIRMAN. The question is on the Judiciary Committee amendment, as amended.

The question was taken, and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. BENNETT. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes, 362, noes 49, answered "present" 6, not voting 15, as follows:

[Roll No. 130]

AYES—362

Addabbo	Bedell	Bouquard
Akaka	Beilenson	Bowen
Albosta	Benedict	Breaux
Alexander	Benjamin	Brinkley
Anderson	Bereuter	Brodhead
Andrews	Bevill	Brooks
Annunzio	Biaggi	Broomfield
Applegate	Bingham	Brown (CO)
Archer	Blanchard	Brown (OH)
Ashbrook	Bliley	Broyhill
Atkinson	Boggs	Burgener
AuCoin	Boland	Burton, John
Badham	Bolling	Burton, Phillip
Bailey (MO)	Boner	Butler
Bailey (PA)	Bonior	Byron
Barnes	Bonker	Campbell
Carman	Grisham	Morrison
Carney	Guarini	Mottl
Chappie	Gunderson	Murphy
Cheney	Hall (OH)	Murtha
Clausen	Hall, Ralph	Myers
Clay	Hall, Sam	Napier
Clinger	Hamilton	Natcher
Coats	Hansen (ID)	Neal
Coelho	Hansen (UT)	Nelligan
Coleman	Harkin	Nelson
Collins (IL)	Hartnett	Nowak
Collins (TX)	Hatcher	O'Brien
Conable	Heckler	Oakar
Conte	Hefner	Oberstar
Corcoran	Heftel	Obey
Coughlin	Hendon	Ottinger
Courter	Hertel	Panetta
Coyne, James	Hightower	Parris
Coyne, William	Hiler	Pashayan
Craig	Hollenbeck	Patterson
Crane, Daniel	Horton	Paul
Crane, Philip	Howard	Pease
D'Amours	Hoyer	Pepper
Daniel, R. W.	Hubbard	Perkins
Danielson	Huckaby	Petri
Dannemeyer	Hughes	Peyser
Daschle	Hutto	Pickle
Daub	Hyde	Porter
Davis	Ireland	Price
de la Garza	Jeffords	Pritchard
DeNardis	Jeffries	Rahall
Derrick	Jenkins	Railsback
Derwinski	Johnston	Ratchford
Dickinson	Jones (OK)	Regula
Dicks	Jones (TN)	Rhodes
Dingell	Kazen	Richmond
Dixon	Kemp	Rinaldo
Donnelly	Kildee	Ritter
Dorgan	Kindness	Roberts (KS)
Downey	Kogovsek	Roberts (SD)
Dreier	Kramer	Robinson
Duncan	LaFalce	Rodino
Dunn	Lagomarsino	Roe
Dwyer	Leach	Roemer
Dyson	Leath	Rogers
Early	LeBoutillier	Rose
Eckart	Lee	Rostenkowski
Edgar	Lehman	Roth
Edwards (AL)	Leland	Roukema
Edwards (CA)	Lent	Rousselot
Edwards (OK)	Levitas	Roybal
Emerson	Lewis	Rudd
Emery	Livingston	Russo
English	Loeffler	Sabo
Erlenborn	Long (LA)	Sawyer
Ertel	Long (MD)	Scheuer
Evans (DE)	Lott	Schneider
Evans (GA)	Lowery (CA)	Schroeder
Evans (IA)	Lowry (WA)	Schulze
Evans (IN)	Lujan	Schumer
Fary	Luken	Seiberling
Fascell	Lundine	Sensenbrenner
Fazio	Lungren	Shamansky
Fenwick	Markey	Shannon
Fiedler	Marks	Sharp
Fields	Marlenee	Shaw
Findley	Marriott	Shelby
Fish	Martin (IL)	Shumway
Fithian	Martin (NC)	Shuster
Flippo	Matsui	Siljander
Florio	Mattox	Simon
Foglietta	Mavroules	Skeen
Foley	Mazzoli	Smith (AL)
Ford (MI)	McClory	Smith (NE)
Ford (TN)	McCloskey	Smith (NJ)
Forsythe	McCollum	Smith (OR)
Fountain	McCurdy	Snowe
Fowler	McDade	Snyder
Frank	McEwen	Solarz
Frenzel	McGrath	St Germain
Frost	McHugh	Stanton
Fuqua	McKinney	Stark
Garcia	Mica	Staton
Gaydos	Michel	Stokes
Gejdenson	Mikulski	Studds
Gephardt	Miller (CA)	Swift
Gilman	Miller (OH)	Synar
Gingrich	Mineta	Tauke
Glickman	Minish	Tauzin
Goldwater	Mitchell (NY)	Thomas
Gonzalez	Moakley	Traxler
Gore	Moffett	Udall
Gradison	Molinari	Vander Jagt
Gray	Mollohan	Vento
Green	Moore	Volkmer
Gregg	Moorhead	Walgren

Walker	Whitten	Wyden
Wampler	Williams (MT)	Wylie
Watkins	Williams (OH)	Yates
Waxman	Winn	Yatron
Weaver	Wirth	Young (AK)
Weber (MN)	Wolf	Young (MO)
Weber (OH)	Wolpe	Zablocki
White	Wortley	Zeferetti
Whittaker	Wright	

NOES—49

Anthony	Hammerschmidt	Reuss
Bafalis	Hance	Skelton
Barnard	Hillis	Smith (IA)
Beard	Holland	Solomon
Bennett	Holt	Spence
Bethune	Hopkins	Stangeland
Chappell	Hunter	Stenholm
Daniel, Dan	Jacobs	Stratton
Dornan	Kastenmeier	Stump
Dougherty	Latta	Taylor
Dowdy	McDonald	Trible
Dymally	Montgomery	Whitehurst
Erdahl	Nichols	Whitley
Gibbons	Patman	Wilson
Ginn	Pursell	Young (FL)
Gramm	Quillen	
Hagedorn	Rangel	

ANSWERED "PRESENT"—6

Chisholm	Dellums	Washington
Conyers	Hawkins	Weiss

NOT VOTING—15

Aspin	Ferraro	Martin (NY)
Brown (CA)	Goodling	Mitchell (MD)
Cotter	Jones (NC)	Rosenthal
Crockett	Lantos	Santini
Deckard	Madigan	Savage

□ 1210

Mr. BAFALIS changed his vote from "aye" to "no."

Messrs. VOLKMER, LEATH of Texas, UDALL, HUTTO, HARKIN, BEVILL, FOUNTAIN, and SMITH of Alabama changed their votes from "no" to "aye."

So the Judiciary Committee amendment, as amended, was agreed to.

Mr. FOWLER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I intend to vote for H.R. 3519 because, on balance, many of its major provisions are necessary for our Nation's defense. Among the specific initiatives contained in H.R. 3519 that I heartily endorse are:

Its provision of a much more adequate, and realistic, level of funding for such essential readiness items as spare parts, training, and maintenance;

Its programs aimed at upgrading our Reserve and National Guard Forces;

Its support for mobility forces, especially fast sealift and readily available airlift;

Its support for more cost-efficient production levels for a number of major weapons systems; and

Its establishment of a new armed services procurement policy, including statutory authority for multiyear defense contracting which should produce significant cost savings over time.

However, as one might expect in any legislation that authorizes $136 billion in Federal spending, I do have serious reservations about a number of the provisions of H.R. 3519. I recorded my concerns about the particular M-X and strategic bomber programs mandated by the House Armed Services Committee last week during the amendment process.

Now, prior to final passage of the fiscal year 1982 defense authorization, I would like to register a few more general reservations that could not be addressed by simple amendment.

First of all, I join with the House Armed Services Committee in being "deeply concerned with the systematic underestimation of inflation rates in the defense budget." To quote further from the committee report on H.R. 3519:

> During the fiscal year 1982 authorization hearings, the committee heard witness after witness decry the unrealistically low inflation indices that were imposed by the Office of Management and Budget * * * Historically, this has led to reductions in defense equipment purchases, stretch-out of vital programs, and highly visible cost overruns * * * The defense programs requested in the fiscal year 1981 supplemental and fiscal year 1982 budget have been subjected to the same unrealistic budgeting processes that have been practiced in the past * * * The fiscal year 1982 budget assumes a lowering of the inflation rate from the previous Administration's unrealistically low 9.7 percent to a rate of 8.7 percent.

Yet despite these findings, all of which I concur with, the bill before us makes those same unrealistic budget assumptions. If the executive branch has a responsibility for truth in defense budgeting, so does the Congress.

Based on figures I have received from the Pentagon and from the Congressional Budget Office, for the period 1980 to 1982, the President's defense budget and H.R. 3519 assume a compounded inflation rate for operations and maintenance of 19.4 percent compared to CBO's projection of 25.7 percent. For procurement the numbers are 14.4 percent projected by the Reagan administration and 18.9 percent estimated by CBO. For research and development the story is similar: 16.4 percent inflation in the Reagan budget, 21.9 percent inflation assumed by CBO.

When you add all these numbers up, based on CBO projections H.R. 3519 is underestimating real defense inflation costs by $6.4 billion. Even halfing the differences between the OMB and CBO estimates produces a shortfall of $3.2 billion. Clearly, there are deficiencies in our current defense budgeting procedure and unless we move to correct them, from both sides of Pennsylvania Avenue, we will see a continuation of the problems cited in the Armed Services Committee report: Cuts in procurement of equipment, stretchouts of critically needed programs, and highly publicized cost overruns.

A second area that I am concerned about in H.R. 3519 is the bill's lack of attention to vital command, control, and communications—C^3—programs. Here the problem is not just money, though I am troubled by cuts in the extremely low frequency (ELF) program for communications with our strategic submarine fleet and in other C^3 programs.

What is more disturbing, however, is the lack of visibility and priority that is afforded to C^3, not just in the Congress but in the Pentagon as well. The other body made a step in the right direction, in my opinion, by including in this year's Department of Defense authorization committee report a separate section devoted to strategic C^3 and the committee's initiatives in this area; but throwing more money at the problem is not the total answer.

Last session we heard a great deal about the need for heightened congressional attention to operations and maintenance. I wholeheartedly agree with this assessment and I am pleased with the initial results from the new operations and maintenance authorization procedure.

In my opinion, we now need to focus the same degree of attention and concern on command, control, and communications, both strategic and tactical. We cannot afford to let programs like the ELF communications system or the E-4B airborne command post be canceled or stretched out by default.

It is my belief that our C^3 systems, whether strategic or tactical, are the most vulnerable link in our military forces and are hence the most likely to face initial enemy attack. Unless we devote adequate effort and resources to upgrading these systems all of our other, far more massive weapons investments, whether for new ICBM's, strategic bombers, or conventional armaments, will be seriously compromised.

I strongly concur with the other body's directive to the Secretary of Defense:

> To determine which official within his Office should be tasked with unified responsibility for strategic C^3 policy, associated R.D.T. & E. and procurement.

The benefits from unified oversight and management in this critical field could be substantial. We should look for similar ways to focus on tactical C^3 programs at the Pentagon and on all C^3 programs in the congressional authorization and appropriations processes.

My third major reservation about H.R. 3519 concerns the new naval shipbuilding program and the strategy associated with it. Actually, what concerns me is the absence of a considered strategy in the Reagan administration program and in H.R. 3519.

Former Chief of Naval Operations Elmo Zumwalt and Worth H. Bagley addressed this issue in a March newspaper article:

> The new secretary of the Navy, John Lehman, is supporting what has been called a "major increase in U.S. naval power," call-

ing for a 15-carrier Navy. Associated with this, he speaks of a new naval strategy as a major change from the "pulled-back" defensive stance under the Carter Administration. We admire and support the aggressive stance of Lehman in rebuilding the Navy, but it is important to set the record straight on what a 15-carrier Navy can do—and what constitutes a new naval strategy.

A 15-carrier Navy, or 15 battle groups (made up of carrier and defensive cruisers and destroyers) adds, in about 15 years, three more offensive entities to the Navy. This does not mean the Navy eventually will be able to steam with impunity into the high-threat areas of our vital interests. Rather, it simply means that at the end of the century we will have 25 percent more offensive capability, permitting a few more naval tasks to be done in parallel rather than in series.

Or, it means that instead of 12 ships out of 456 having long-range offensive strike capability (2.63 percent), 15 out of 600 (2.5 percent) will have such a capability. This decline in overall percentage indicated the high defensive and logistic overhead associated with carrier battle groups. This does not mean we should not have carrier battle groups; we do need them, and 15 may be safer than 12 in 1995, given the astounding buildup of Soviet naval power.

On the other hand, if we are to pursue maritime superiority in a global theater in three oceans, and be able to do so in the next few critical years, we should be investing money in ways to make more than 2.5 percent of our Navy offensively capable.

The Secretary's program buys only one more offensive unit, the reactivated carrier U.S.S. *Oriskany,* by 1985, and inevitable maintenance problems with an old hull and propulsion system undoubtedly will prevent the ship from being operational by 1985. After 1985, cruisers and destroyers now at sea begin to get cruise missiles in vertical launchers, yet over half of the missile launchers projected (unless installation in ships is delayed) will remain empty because missile production has not been accelerated.

By 1990 some of Lehman's new ships would become available. What this all means is that:

The Navy will gain very little additional long-range strategic capability in the critical years 1981–85 unless launcher and missile programs are accelerated.

The new budget will lead to an increase of three aircraft carriers by about 1995, but provides no new funds for fitting cruise missiles in existing ships to rapidly create a major force of offensively capable vessels.

The budget increases point to "more of the same": Accepting delays in a critical period of threat rather than seizing opportunities that could be derived from innovative use of emerging technology.

The procurement of three more offensive units for the Navy will demonstrate our resolve to the Soviets, if the program survives the next four to eight years. It does not constitute a "new strategy," either now or in the future.

I am afraid that H.R. 3519 falls prey to the same absence of strategy and "more of the same" mentality outlined by Admiral Zumwalt. In it we are providing funding for the reactivation of the World War II battleships and aircraft carriers and for a new *Nimitz*-class carrier. We are also endorsing the 15-carrier naval strategy, with all that entails in supporting aircraft and naval escorts.

On the other hand, H.R. 3519 denies all funding for new major surface combatant (DDG–X) research and development, light aircraft carrier design, and V/STOL aircraft development. Perhaps most importantly, there is little consideration given to defining the threats to U.S. interests and determining the missions required of our Navy to counter those threats. Instead, we seem to be tailoring the missions to the force structure.

In short, we are headed in exactly the opposite direction from the concluding recommendations of Admiral Zumwalt:

(1) Put more money into things that will have near-term payoff (prior to 1985) to correct a serious present imbalance vis-a-vis the Soviets.

(2) Invest more money to provide future capabilities derived from innovative use of emerging technology.

(3) Recognize that buying more ships does not constitute a new naval strategy. Seek a truly new naval strategy by adapting the current and new force structure to the current geopolitical threat. Don't rely on a strategy bound to a force structure and weapons systems used to fight World War II.

A final major concern I have with the defense authorization bill is in the area of arms control policy. Here the bill and the accompanying committee report are silent. Surely the pursuit of a rational, well-considered arms control policy is as important to our national interests, whether in enhancing our physical security, protecting our vital interests at home and abroad, or cementing our alliances, as is the military buildup provided for at great length and detail by H.R. 3519.

Though congressional initiatives abound in all other major areas related to national defense, there are none when it comes to arms limitation or reduction. Despite the importance of the impending theater nuclear force reduction talks and the promised continuation of SALT negotiations to our national security, not to mention their impact on the structure and mission of our nuclear forces, there is not the slightest interest betrayed by the legislation before us in the topic of arms control.

If we have been dissatisfied with the results of SALT or other arms control measures, surely we have a responsibility to provide to the President at least a broad set of guidelines as to what we would like to accomplish in the next round of negotiations. Given current circumstances, I think that even a simple reconfirmation of our continuing interest in meaningful arms control agreements would be helpful in reassuring friend and foe alike.

The bottom line is that our national security rests on many pillars, and not on strength of arms alone. Without an adequate military capability, of course, security for the United States and its interests would be impossible. H.R. 3519 makes a number of important contributions in this regard and that is why I support its passage.

However, our security also is dependent on the vitality of our economy and the durability of our institutions and ideals. Finally, it is dependent on our willingness and ability to reduce global tensions and instabilities that threaten the survival of ourselves and our civilization.

GOVERNMENT OPERATIONS COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will report the next Government Operations Committee amendment.

The Clerk read as follows:

Government Operations Committee amendment: Page 45, beginning on line 9, strike out all of section 909 through line 14 on page 51 and insert in lieu thereof the following new sections (and redesignate the succeeding sections accordingly):

ARMED SERVICES PROCUREMENT POLICY

SEC. 907. (a) Section 2301 of title 10, United States Code, relating to defense procurement policy, is amended—

(1) by inserting "(b)" before "It is"; and

(2) by inserting after the section heading the following:

"(a)(1) The Congress finds that in order to ensure national defense preparedness, to conserve fiscal resources, to enhance defense production capability, and to promote full and open competition, it is in the interest of the United States to acquire services and property for the Department of Defense in accordance with the policies set forth in the Office of Federal Procurement Policy Act.

"(2) It is the intent of the Congress that the feasibility, practicality, and desirability of broadening existing authorities to permit the Department of Defense to contract for major weapons systems and their various support systems on a multiyear basis with fiscal or limited year funds and to provide by contract for the advance procurement of components, parts, and materials necessary for manufacture or for logistics support of a weapon system when such a procurement is likely to result in benefits to the Government, including reduced costs, be thoroughly tested on a selective basis.".

(b)(1) The Secretary of Defense shall specify in the Department of Defense request for authorization of appropriations for each fiscal year (or in a special request or authority for fiscal year 1982)—

(A) those weapons systems which in his judgment should, for sound management reasons, be procured under multiyear contracts;

(B) the length of the contract and the benefits anticipated;

(C) whether advance procurement authority for components, parts, and materials should be granted; and

(D) whether the cancellation ceiling should include recurring as well as nonrecurring costs.

The Secretary shall also specify the amount of the contract cancellation ceiling planned, if the ceiling is expected to equal or exceed $5,000,000.

(2) Before making a determination that any weapons system to be procured by the

Department of Defense, or any item to be procured in connection with any such system, is suitable for multiyear contracting, the Secretary of Defense shall consider, among other things—

(A) whether the use of multiyear contracts will yield substantial cost avoidance or other benefits when compared with conventional annual contracting methods;

(B) whether the minimum need for the items purchased for such system is expected to remain substantially unchanged during the contemplated contract period in terms of production rate, procurement rate, and total quantities;

(C) whether there is a reasonable expectation that the systems are likely to be funded at or near the required level for the entire contract period;

(D) whether there is a stable design for the item or items to be procured and whether the technical risks associated with the item or items are reasonable;

(E) whether there is a reasonable assurance that the cost estimates for both contract costs and anticipated costs avoidance are realistic;

(F) whether the furnishing of items to be procured under the contract would require (i) a substantial investment in plant or equipment by the contractor, (ii) an exposure to substantial contingent liabilities, or (iii) a substantial financial investment to assemble, train, or transport a specialized labor force;

(G) whether there is a reasonable expectation that effective competition can be obtained for all new starts; and

(H) whether competition will be obtained to the maximum extent practicable in procuring all parts, components, and other items in connection with such systems.

(c) The Secretary of Defense shall report to the Congress one year after any or more selective procurements have been selected by the Department of Defense and approved by the Congress. The report shall advise the Congress on the first year's experiences with multiyear contracting for weapon systems and advance procurement of parts and components of such systems, including the cost/benefit ratio determined. Such report shall also advise the Congress on the length of time the experimental process should stay in effect before a determination of acceptability or nonacceptability of multiyear contracting and advance procurement can be made.

(d) Nothing in this section shall be interpreted to affect any existing statutory authority to enter into multiyear contracts or to procure items in advance of appropriations.

PROCUREMENT OF AUTOMATIC DATA PROCESSING EQUIPMENT

SEC. 908. (a) Chapter 137 of title 10, United States Code, relating to procurement generally, is amended by adding at the end thereof the following new section:

"§ 2315. Law applicable to the acquisition of automatic data processing equipment

"Notwithstanding any other provision of this title, procurement of any automatic data processing equipment or services by or for the use of the Department of Defense shall be conducted in accordance with section 111 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 759)."

(b) The table of sections at the beginning of chapter 137 of such title is amended by adding at the end thereof the following new item:

"2315. Law applicable to the acquisition of automatic data processing equipment.".

Mr. BROOKS. Mr. Chairman, I ask unanimous consent that the committee amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas.

There was no objection.

Mr. BROOKS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, the Government Operations Committee has no intention of second-guessing the Armed Services Committee in determining what the Defense Department should buy for the defense of this country. We do, however, have a strong interest in and jurisdiction over how the Defense Department acquires those weapons and services.

Under the rules of the House, the Government Operations Committee is assigned jurisdiction over "procurement." Nevertheless, the Armed Services Committee bill contains a section entitled "Armed Services Procurement Policy," which essentially establishes a separate policy for procurement for DOD and undermines Government-wide procurement reform efforts currently under way by this administration.

It is this section with which the Government Operations Committee is primarily concerned and which is the subject of the pending amendment.

First, section 909 grants DOD broad discretion to issue its own regulations for the sole purpose of promulgating DOD's view of what is "timely, economic, and efficient" procurement. It requires OMB to modify existing procurement directives to take into account the DOD-issued regulations.

The combined effect of these provisions is to establish a separate procurement system for the Department of Defense with reduced accountability to both the President and to the Congress, and particularly to the Armed Services Committee.

The Government Operations Committee corrects these deficiencies and insures that DOD will be included in the Government-wide procurement reform system which by law will be presented to Congress in October of this year.

The second major change to section 909 involves multiyear contracting.

The Armed Services Committee version of H.R. 3519 grants DOD blanket statutory authority to engage in multiyear contracting for periods of up to 5 years. While there appears to be general agreement that multiyear procurement can result in substantial savings, the financial risks are staggering.

□ 1220

Multiyear contracting commits future Congresses to particular expenditures and reduces congressional oversight. It will significantly reduce the flexibility of DOD and the Congress to respond to unforeseen changes in the world situation and economic conditions and priorities. The success of multiyear procurement projects is totally dependent on good management and the full use of competition, two critical factors so often missing in DOD acquisitions.

The Government Operations Committee amendment does authorize multiyear contracting on a selective basis through the submission to the Congress of candidate weapon systems in annual requests for authorization of appropriations. This authority goes right straight to the Armed Services Committee, which seems reluctant to accept that responsibility. No legitimate candidate for multiyear contracting will be delayed by this provision. If the Department of Defense was ready today, I would offer an amendment to put the F-16 in for a multiyear procurement of 5 years. But DOD is not ready to do it. The truth of the matter is, any legitimate candidate can be put in the annual authorization bills and will go to the Armed Services Committee.

Now, the Secretary of Defense can submit them. The difference between the Government Operations amendment and the Armed Services Committee view is that the Government Operations amendment gives the Congress an opportunity to review the proposed systems prior to the contract.

The CHAIRMAN. The time of the gentleman from Texas (Mr. BROOKS) has expired.

(By unanimous consent, Mr. BROOKS was allowed to proceed for an additional 5 minutes.)

Mr. BROOKS. Congress will have a chance to review this prior to the contract being signed, and that money committed; and I want to point out that billions of dollars can be committed in this manner. You will not be able to drive to Tysons Corner after those billions are committed—the "Beltway Bandits" will have buildings so thick that you won't be able to get there. They will have to build a new beltway to handle the traffic going to the buildings financed by all those billions of dollars.

Mr. Chairman, contracts containing commitments of this size should not be issued until Congress and the Armed Services Committee have had a chance to see that the program is firm, that the design is stable, that competition is maintained to the maximum extent.

Unfortunately, Mr. Chairman, the administration has sent out mixed signals on its position on this issue. I understand that the OMB Director, David Stockman—he served here, as you know, for a couple of years after

the war was over—I understand that he sent a letter to the minority leader, our good friend BOB MICHEL, which in Mr. Stockman's words is intended to "affirm that the administration's position is to oppose the amendment to section 909 on multiyear contracting." Mr. Stockman's embrace of the Armed Services Committee's position on multiyear contracting shows two things. No. 1, it shows that this administration's last word is not necessarily its final word.

On June 3, Mr. Stockman's deputy testified before the Government Operations Committee in support of the position which OMB now repudiates. Mr. Harper, a special assistant to President Reagan who also serves as Deputy Director of OMB, told us just a month ago, "We believe it is a proper function of OFPP to develop Government-wide policies for multiyear procurement and to oversee their implementation in regulations applicable to all Federal agencies."

He also told us, "Clearly, this is the wrong time to make further changes in existing statutes."

Mr. Chairman, what explains OMB's quick turnaround on this issue? That brings me to the second point.

In this administration, the person who is calling the shots and who has the final word on these management issues is not Mr. Stockman, not Mr. Harper. It is Cap Weinberger, the Secretary of Defense.

Now, Mr. Chairman, the final provisions of the Government Operations Committee's amendment involves computer procurements. The Senate Department of Defense authorization bill contains language to exempt DOD from Public Law 89-306.

Since its passage, that law has opened the Government market more widely to the ADP industry. In 1965, almost half of the Federal ADP procurements were supplied by one vendor. Today, many ADP firms supply their products to Federal agencies. As a result of increased competition, $4.2 billion has been saved by the Government since the act's passage.

The central argument used by the Senate Armed Services Committee is that the ADP acquisition process is harming our national security. Such an argument is not based on any factual data, but rather on an intensive desire by DOD to: First, avoid the competitive procurement process; and second, avoid further oversight, if possible, by OMB, by GSA, and the Congress.

The CHAIRMAN. The time of the gentleman from Texas (Mr. BROOKS) has again expired.

(By unanimous consent, Mr. BROOKS was allowed to proceed for 2 additional minutes.)

Mr. BROOKS. All of these groups have in the past highlighted DOD's many costly systems failures which have resulted from their own mismanagement.

Accordingly the Committee on Government Operations amendment includes a new section 908 which reaffirms the requirement that automatic data processing equipment and services procured by and for the Department of Defense be conducted in accordance with Public Law 89-306. This amendment does not expand the authorities of the Brooks bill nor add any additional reporting or paperwork requirements.

In summary, the Government Operations Committee amendment supports the Government-wide procurement reform effort that is currently underway and will insure that Congress will maintain continued oversight over DOD's procurement activities.

Mr. STRATTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think we all recognize that it is always fun to try to poke the Department of Defense, to sneer at them, to suggest that they are some sort of sinister arrangement which is designed to waste the taxpayers' money, and that any Member who wants to stand up in the role of Horatius at the bridge to prevent the Pentagon forces from coming over here and invading the Capitol is always likely to get a little applause and some cheers in the House of Representatives.

My good friend, the gentleman from Texas, has done his share of playing that role in this particular debate, although it is a little bit hard for me to see him in that capacity because when I came here as a freshman Member of Congress, I remember that he entertained the freshmen at a breakfast and was a very gracious host. We both served together in the Navy and Marine Corps Reserve unit, and the gentleman from Texas was one of the most devoted Marine Reserve Officers.

□ 1230

In fact, he and I invaded Istanbul together back in 1960, and had anyone in Turkey or anywhere else cast any aspersions on the U.S. Department of Defense Mr. BROOKS would have rushed to its defense and we might have had an international incident on our hands. So, I think we have to take this kind of thing with a grain of salt. It plays well in Peoria perhaps, although I doubt that that is the best place for it to play. But I think we ought to, in dealing with this amendment, get down to some fundamentals.

What we are talking about is not a question of whether it is the Government Operations Committee turf or the Armed Services Committee turf. What we are talking about essentially is that the United States of America today faces a grave military threat from the Soviet Union because of the neglect that has taken place over the last 10 years in our defenses; because of the fact that the Soviet Union has spent $240 billion more than we have over this period. And what we in the House of Representatives, and what the new administration and the Pentagon, and what the new President in fact was elected to do, was to rearm America, get America back on the track and begin to establish a defense credibility that could not be rolled over and terrorized by the might of the Soviet Union. That is the kind of thing that we are trying to do, and we do not have very much time to do it either.

We already have a 5-year window of vulnerability to a first strike on our land-based missiles. We are vulnerable today to a Soviet move into the entire Persian Gulf and take over the oil lifeline of the free world. That is what we are talking about, and although the gentleman from Texas, who may look older than I am but is actually considerably younger, may not recall it—but I can remember back in 1941 Franklin Roosevelt took to the air and called for the construction of 50,000 planes a year. People thought he was crazy. It could not be done. But somehow, with the inspiration of the Roosevelt administration, we were able to electrify the productive capacity of the United States, and we not only turned out 50,000 planes, we turned out a lot more than that, and they were better than the Japanese Zeroes and the German Stukas.

And we are dealing with exactly the same kind of thing today. We have had witness after witness before our committee and before the subcommittee of the distinguished gentleman from Virginia (Mr. DAN DANIEL) say that the defense structure of this country, the defense mobilization base, is weak. We have got to do something to stimulate it. If we want to catch up with the Russians, we have got to provide increased capability.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent, Mr. STRATTON was allowed to proceed for 5 additional minutes.)

Mr. STRATTON. We have got to build up our defense capability and our defense mobilization base. That is basically what this action is directed to. The one thing that every witness told us was that, if we want to get the manufacturers joining in to produce today's equivalent of 50,000 planes a year, we have got to change our procurement procedures; and multiyear financing is the best way to go. We did not concoct that idea. The experts in the industrial community, General Slay in the Air Force, a number of other experts, all told us the same

thing, and that is where this section of our bill comes from.

Now, what Members have been subjected to these last few days is a myriad of misinterpretations, misstatements and attempts to scare us. Just today the distinguished gentleman from Texas, my dear friend except on this one issue, has circulated a letter in which he tries to scare the Members of the House into voting for his amendment, which has no place, really, in a military authorization bill. He says, "Multiyear contracting offers a potential for substantial savings."

Well, it certainly does. The Secretary of Defense, the fellow put in there by Ronald Reagan to rearm America, says that if this multiyear procurement goes into effect we will save $15 billion over the next 5 years. Mr. BROOKS does not indicate who it was that said what the savings were going to be or how much, but he says, "It also entails tremendous risks for our national security and our fiscal condition."

Why does it entail risks? Well he says, because we will give blanket, unilateral authority to make contracts by the Defense Department up to 5 years on weapons systems that the DOD selects, and unlimited cancellation costs.

Well now, that statement just is not true. In the first place, we are not giving them blanket unilateral authority. Every single multiyear contract that they make has to correspond to four specific conditions laid out in the Daniel amendment that the gentleman from Texas seeks to override. It also requires that the House Armed Services Committee has got to approve those selections. The Government Operations Committee amendment, according to my friend from Texas, would authorize DOD to enter into multiyear contracts on weapons systems which Congress first selects, with cancellation costs which Congress has also agreed to.

How long did it take us yesterday and today to deal with a little amendment about posse comitatus? Are we going to have to go through this kind of procedure everytime the Secretary of Defense wants to speed up the procurement of airplanes or nuclear carriers or something of that kind? Of course not. So we have to act in both Houses in the case of each contract?

That is what the House Armed Services Committee is for. We are the ones that have some expertise in that field. We may not know much about the other issues, but we sure know our onions about defense. So, this is not going to undermine the ability of Congress to express itself. Instead it turns the job over to the one committee that knows something about what we are trying to do. And this is exactly the sort of thing that the Roosevelt administration had to resort to back in the days when we were threatened by the Axis, by Germany and Japan.

So, when it comes to speeding up our defense procurement, I believe we ought to put our faith in an administration that was elected with a commitment to defense and with a Secretary of Defense who has a longstanding reputation for saving money. Imagine that in the remarks we just listened to the old chestnut that somehow David Stockman and the OMB are opposed to our program and really supports Mr. BROOKS, but somehow the word never got into the House of Representatives.

I hold in my hand a document circulated to all of the Republican Members of the House by TRENT LOTT, who is the minority whip, dated July 14, 1981, saying that the administration strongly opposes the Brooks amendment to section 909.

So if we want to really get the defense of our country back on the track, let us defeat this amendment and move on with completing the bill today.

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from California.

Mr. LAGOMARSINO. Mr. Chairman, I thank the gentleman for yielding. I just want to say that yesterday the Secretary of Defense, Mr. Weinberger, made a very strong plea to members of the Foreign Affairs Committee, with whom he was meeting, on behalf of the provision in the bill and against the amendment that is pending now.

Mr. STRATTON. I am glad that we have gotten that straightened out.

I yield back the balance of my time.

□ 1240

Mr. DICKINSON. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I rise in opposition to the amendment because there has been much factual misunderstanding here, I believe, or at least misrepresentation, however unintentional. I think that if the Members of this body just understand the facts and what is contained in the bill, then this will not even be a close vote.

I will commend my friend—and he is my friend—the gentleman from Texas, for being very articulate, being very persuasive, and being very sincere, but he is very wrong. I have never seen a Member speak more eloquently but less encumbered by facts than the gentleman from Texas.

Now, the gentleman from Texas came in and said, as to the allowing of grants for research, quoting his words:

> It costs billions of dollars, it allows them to pour billions of dollars in without any safeguards and without anybody being able to know what the Department of Defense is doing.

In fact, it is very simple, and it is in the law that if the grants are approved, the Department of Defense will be allowed to use grants for research the same as any other department of Government, with the same restrictions, inhibitions, guidelines, and requirements. It is just that simple.

The gentleman says that this is a sweetheart deal because we, the Armed Services Committee, give the Department of Defense anything it wants. Well, as a matter of fact, the Research and Development Subcommittee, on which I sit as ranking member, cut them $1.1 billion just this year. We have cut out several weapons systems that the Department of Defense said it wanted and needed, but we were not convinced this was so. So the total budget was cut almost a half a billion dollars. So we have had just one after the other of these statements that have been made, and they are just not so.

We talked about the OFPP, the Office of Federal Procurement Policy. This is nothing new. The uniform policy concept was fielded at least as early as 1972. It has been kicking around for at least 9 years, and it is still kicking around. And the gentleman from Texas (Mr. BROOKS) says, "Let's not allow the armed services to conduct this business; it is not their business. Let us put this thing off because we know more about it than anybody else. Let us institute an overall policy at some point down the road."

Let me say first that if our bill passes, if by any subsequent act of that committee they would like to institute a uniform procurement policy bill, they can do that. They can supersede this. But I say, as to any additional requirements as to procurement by that committee or any other committee, the OFPP or whatever, it has been 9 years kicking around, and it might be around for 9 more years. We are talking about it here and now. We are trying to do something about it, and it is in this bill.

There are two things contained in this section. There may be several others, and maybe they will be considered in the same section. One has to do with multiyear procurement, and the other has to do with automatic data processing. They are two separate things, but they are both added by this particular provision of the Brooks amendment from the Committee on Government Operations.

So far we have only talked in any detail about multiyear procurement, and I will limit my remarks as to that and hope that if the other matter gets into serious consideration, we can cover that later. I might say that the entire intelligence community, with which I am familiar and with whom I

have talked, says that in the field of computers for satellites, for intelligence gathering and very sensitive intelligence-collecting agencies, in those areas we do not think we need to have this under GSA and have another layer of bureaucracy. We believe that the Department of Defense is quite capable of making decisions on the most sensitive systems we have without the advice and consent of the General Services Agency.

Mr. Chairman, specifically in our bill, under section 907, it would accomplish the following: It would save $2 billion within 2 years of implementation and $3 billion within 5 years.

Now, where do I get my information for this? The General Accounting Office estimate was put forth in the Budget Committee report, in Report No. 97-23. Those are the General Accounting Office figures, not the figures of the Armed Services and not the figures of the Department of Defense.

The CHAIRMAN. The time of the gentleman from Alabama (Mr. DICKINSON) has expired.

(By unanimous consent, Mr. DICKINSON was allowed to proceed for 5 additional minutes.)

Mr. DICKINSON. Mr. Chairman, this would permit the Department of Defense to contract more efficiently by permitting more economical lot buys of raw material. It would encourage competition and greater small business participation by increasing the stability of doing business with the Department of Defense.

To explain those last two items, if you are building and aircraft or if you are building a satellite or any sophisticated weapons system, present law allows you to contract, only 1 year at a time. If the Government cancels the contract and your termination costs exceed $5 million, you will not be reimbursed for any investment that was made in excess of $5 million, in anticipation of the program continuing.

We are trying to raise that ceiling from $5 million to $100 million because of the cost of weapons systems today. If you are to have any degree of continuity or any degree of economy, you have to tell your subcontractors, your vendors, and so forth, "All right, we are going to buy x number of these things," whatever they are, and you tell them we are going to build them over 5 years or 3 years. We do not build 300 aircraft in 1 year. We have to stretch them out.

Contractors have to plan on facilitization, they have to buy tools and equipment, and they have to hire people. They cannot do this on a year-to-year basis without paying exorbitant prices, and each year if they have to get whole new contract, there is a lack of stability there, and it just costs money.

So what we are saying is that by going to multiyear contracting with the contractors, it is more efficient by permitting more economical lot buys of raw materials and it will encourage competition, because small businesses not want to deal with the Department of Defense because it is too iffy; they may get cut off and may not get their money.

This would stimulate production and capital investment, and it would better provide the raw materials and whatever is needed to build these weapons systems and would lower the cost by increasing productivity.

In section 909, the Armed Services Committee insists that the following criteria be met before the program is appropriated and approved for multiyear contracting.

First, there has to be a determination by the Secretary of Defense that there is a low risk of cancellation. If it is a program that is in jeopardy, if it is not proving out, then they cannot say it has a low risk of cancellation. There has to be an established need, and you have to be convinced this is so.

Second, there must be a stable design of low probability of technical changes. We have seen program after program, with ships, aircraft, or whatever, where each year they came in and want to change the design; they want to change this thing and that thing about it. So we say there should be stable design, with low probability of technical changes, with a probability of reduced total cost of contracts, and with a continuing requirement for the item.

Now, the Secretary of Defense has to make this determination before he can designate this system as a candidate for multiyear procurement.

The Armed Services Committee legislation would continue the annual authorization and appropriations oversight of contracts and programs awarded under multiyear provisions, and funds would continue to be subject to 1-year appropriation. One of the biggest fallacies that has been put forth on this issue is that Congress loses oversight and Congress loses control, that if we go to multiyear procurement, we just give them a green light, open the barn door, and everything rushes out and there is no control after that.

Nothing could be further from the truth. Have we ever stopped to think how the interstate and highway system is funded, how a dam is built, or how a river system is developed? We approve the system or the concept, and we say, "Go forward," but each year the appropriate department representatives have to come back to the House and come back to the Appropriations Committee and justify their expenses and explain any overruns.

□ 1250

Then in the wisdom of the Congress, they are funded incrementally for another year but their program initially was approved. That is what we are talking about here.

You do not build an aircraft carrier in 1 year. You do not build 500 F-18's or 14's or whatever in 1 year. We are saying you make a go-no-go decision.

The CHAIRMAN. The time of the gentleman from Alabama (Mr. DICKINSON) has expired.

(By unanimous consent, Mr. DICKINSON was allowed to proceed for 5 additional minutes.)

Mr. DICKINSON. Then when the decision is made, contracts can be let on an orderly basis. Factories can be facilitized for a definite production rate. Employees can be hired on a stable basis with some idea that they will have a job for a given length of time, not on a year-to-year basis. It saves money. It increases productivity, and it just makes sense.

Who supports this concept? Who supports this idea? Well, the administration does. The Secretary of Defense has made a very strong case before our committee and before the Foreign Affairs Committee. He has talked to me personally. He feels very strongly that there will be substantial savings, $2 billion the first year, they can identify, by going this route. The Director of OMB, Mr. Stockman, has written a letter, supporting the Armed Services position. The General Accounting Office supports it. Everybody supports it except the Government Operations Committee that wants to tell the Armed Services Committee what is best for the defense of this Nation.

Now, I am very sorry that this is the case, but I would tell my colleagues if this trend continues, we are only going to need two committees in this Congress. The Budget Committee and the Government Operations Committee will run everything.

So, I really think they have enough on their plate as it is and we have 40-odd members on our committee who have developed knowledge, expertise, who have the best interests of this country at heart, the defense of this country. We are going to see to the maximum extent possible that waste is eliminated and that productivity is increased. We can turn around the direction this country has been going in the past several years and start rearming by getting the best buy for the buck.

To do otherwise is to bet on a piece of pie in the sky. Well, if the Government Operations Committee or any other committee wants to come up with an alternative way of doing business, fine, let them offer it later in an orderly procedure. If voted up, it will be put in place, it will supplant what we are doing here today, but as I said before, we are dealing not only with

the art of the possible, we are dealing with something that is about to be put in place today that is needed, that is asked for by the President and the Secretary of Defense. To OMB, our committee, and the Senate Armed Services Committee, it is a commonsense approach; it is very much needed. I appreciate all the proffers of assistance we have been given, but I do not think we need it at this point.

Mr. HUNTER. Mr. Chairman, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from California.

Mr. HUNTER. I thank the gentleman for yielding.

I think it is very important for us to know that recently the Defense Science Board made a study, finding that certain cost trends on critical, strategic materials and parts have risen dramatically. They found, for example, that aircraft electrical connectors had gone up, in the past year alone, 170 percent; microwave tubes are up 30 percent, high-rel parts are up 25 percent, nonferrous materials, up 86 percent.

I would ask the gentleman, would not multiyear contracting encourage industry to make long-range procurement of these very hard-to-get strategic critical materials and parts.

Mr. DICKINSON. I am not sure the Members of this House who have never dealt with this intimately can appreciate the problem. Presently there is a $5 million ceiling put on multiyear contracting. If a contractor is smart enough to go out and to procure raw materials, supplies, subcontracts, and so forth, for more than 1 year, and if the program is canceled, anything he spent over $5 million he is not reimbursed for, even though it is not canceled because of his fault. The Government makes that decision.

This has an inhibiting influence, a very chilling factor, and consequently contractors are not that adventuresome to go out and make these capital investments.

We are saying that by picking candidate programs, the Secretary of Defense working with industry can selectively and in an orderly manner make contracts for multiyear procurement up to 5 years on major programs.

There would still be a ceiling, contrary to the gentleman from Texas (Mr. BROOKS). There would be a ceiling as to how much the cancellation costs will be. We are raising it up to $100 million. When one considers that one fighter aircraft, the F-18, for instance, is running $30 million per aircraft, that is not excessive.

Mr. DAN DANIEL. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, the matter of multiyear contracting for major weapons systems has been pretty well picked apart and examined during debate. The arguments against it boil down to two. First, the Congress will lose control of defense spending; and second, the Department of Defense cannot be trusted to spend wisely.

Let us examine the first charge. This is not a new argument. It is not a new thing for changes in defense procedures to be resisted. When the Armed Services Committee first began to authorize major weapons systems procurement, there was a great deal of noise generated and the charges were made that such a move would destroy the system.

This proved groundless.

When it was decided that the Armed Services Committee would authorize funds for operations and maintenance, a similar objection was raised. This year O. & M. funds have been authorized; there has been no charge in these deliberations that the funds are excessive or inappropriate and the dome has not fallen off the Capitol.

Again, the charge proved groundless.

So now we come to the proposal for multiyear contracting. It is a procedure which has proved its worth in prior years and is proving it presently, as has been amply demonstrated.

The matter of cost overruns has surfaced during the debate. Now, that is an area where this body takes a back seat to nobody.

Consider the new Senate Office Building. When it is completed next year—if in fact it is—it will have cost almost three times the original estimate, but only because certain proposed refinements have been dropped from the project.

Or maybe we should discuss the Library of Congress newest annex, the Madison Building. This building was only double the original estimate, even though it was years behind schedule.

Perhaps we should consider the J. Edgar Hoover Building, that architectural gem down on Pennsylvania Avenue. That project was estimated to cost $60 million; it actually cost $126 million—more than double.

And finally there is our own Rayburn Building. There seems to be some dispute as to how much that one cost. It was either $87 million or $120 million or $135 million. In any event, it was well over the budget, and according to one estimate was several million dollars more costly than a replica of the Empire State Building would have been in contemporary dollars.

Then there is the matter of Union Station. In 1968, it was estimated conversion to a National Visitors Center could be accomplished in 6 years at a cost of $16 million. By 1980, the cost had risen to $117 million-plus with an estimate of a further $90 million to complete. In addition, the Union Station parking garage, estimated at $11 million in 1968, was estimated at completion to cost $69 million in 1981. And then there is Metro.

We were told in 1971, 101 miles of the system could be completed by 1980 at a cost of $2.5 billion. The estimate is now $8 billion-plus and the earliest completion date is 1990.

Oh, yes. All these had something else in common. None were completed on schedule.

It should be obvious from this that nobody is immune to miscalculation in a period of fluctuating inflation rates and changes both in design and the congressional will.

But we have made a special case of the Department of Defense—and by "we" I mean the Congress and a succession of administrations. As one witness put it in our hearings last year, we are always responding to "the last horror story."

Oh, I do not deny that there have been horror stories, and much of them have derived from the "no-fault" management concept of the past 15 to 20 years.

But the net effect of congressional and executive efforts has been to create a procurement system which addresses potential bidders as latent criminals and so ensnarls participants, Government, and industry alike, that little is accomplished and enslavement to the system has become more important than accomplishment of the goal.

If you believe I am overstating, let me quote from one of the 1981 issues of the Armed Forces Journal:

> Two contractors have submitted 2.8 tons of paper proposals for a small Army targeting helicopter that will weigh only about 1½ tons at take-off. * * * One proposal entails 70 volumes, most of them submitted in multiple copies, and totaled close to 650,000 pages and 3500 pounds of paper. * * * Any one complete copy of that proposal would be about nine times as long as the Holy Bible. If all of the proposals' pages were laid side by side, an Army evaluator would have to walk a 328-mile roundtrip to read it. * * * The two firms have invested close to $10 million readying their bids. In contemporary dollars, the cost per pound of the proposal is seven times the cost per pound of the helicopter itself.

This is not unlike a sign I recently saw in a garage which said:

> Labor—$18 per hour.
> If you watch—$21 per hour.
> If you help—$25 per hour.

One suspects this mechanic somewhere along the line had experience with the "helpfulness" we impose on the private sector.

Let me repeat what I have said before: this body and no committee of this body is qualified to micromanage DOD while at the same time exercising its oversight responsibilities. There exists in this Nation and within the Department of Defense and the companies with which it does business sufficient intelligence to plan well and produce efficiently. There exists within this body and its committees

the intelligence to authorize wisely and oversee effectively. There is no reason to hold this intelligence in check, hostage to a system whose elements we do not know and whose time of adoption lies somewhere down the road.

Sunday's Washington Post indicated the 1982 defense procurement "tail" can inhibit procurement decisions and funding for 1983 and beyond. Even those Members who do not support or endorse section 909 concede that multiyear contracting can be a positive factor in holding down costs. It is therefore all the more urgent that we wait no longer in authorizing this.

Considerable uncertainties, differing interpretations, and differences of opinion have been surfaced in debate on whether to amend section 909.

The function of debate is to air and surface the differences so that the Members know all of the choices before they vote.

But when they vote, they should do so on the basis of facts. So, let us lay aside opinions, and interpretations on this matter and focus on the facts.

The facts are that section 909—

Carefully and explicitly protects competition in multiyear contracting;

Carefully and explicitly maintains congressional control and oversight;

In no way prevents or disrupts any eventual adoption of a Government-wide procurement system; and

In no way constitutes a blank check or abrogation of congressional responsibility to DOD.

And section 909 does two very important things that the proposed amendment ignores:

It provides the opportunity for rational planning and stability necessary to actually get underway on multiyear procurement, and the ability to save money that that affords; and

It treats the serious problems of the defense industrial base—ignored by the substitute.

Section 909 was not conceived in a vacuum. It is not a hasty attempt to address a procurement policy issue.

It is the carefully tailored result of extensive hearings on the problems of the defense industrial base.

When you vote, Mr. Chairman, you must decide whether to retain section 909, and in so doing address real problems with a real solution, or vote for more bureaucracy which does not address the problem.

Real problems demand real solutions. The taxpayer demands real savings.

So, I urge the defeat of the amendment, and the retention of section 909.

Thank you, Mr. Chairman.

If you are interested in saving money—vote against the Brooks amendment.

If you are interested in orderly procurement—vote against the Brooks amendment.

If you are interested in increased productivity—vote against the Brooks amendment.

If you are interested in a stable work force—vote against the Brooks amendment.

If you are interested in better quality—vote against the Brooks amendment.

If you are interested in addressing the long leadtime problem—vote against the Brooks amendment.

If you are interested in enhancing competition—vote against the Brooks amendment.

If you are interested in a stronger defense posture at less cost—vote against the Brooks amendment.

And to the standing committee chairmen, if you are interested in committee integrity—vote against the Brooks amendment.

□ 1300

Mr. HUNTER. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, each year it is a major concern of the American taxpayers that this Congress and the Department of Defense streamline and make more efficient the existing systems for the procurement of major weapons systems. It has been very frustrating to the people of this Nation and to the leadership in the executive and legislative branches that while our adversaries continue to field myriads of new weapons systems annually, all markedly decreasing the qualitative arms advantage that the United States has enjoyed for many decades, we watch our new weapons systems acquisitions stretch out over decades. We are plagued by cost overruns, cancellations, stretch-outs, critical shortages of important materials and parts and a shrinking labor pool of skilled machinists, technicians, and engineers.

The problem is major and the need to solve it is urgent. To address this problem the House Armed Services Committee appointed the Defense Industrial Base Panel to examine the problems of our defense industry and to recommend a course of action that would restore our ability to present a strong and viable conventional and strategic defense for the coming decades. During this panel's hearings a broad range of witnesses testified that multiyear contracting for defense requirements can result in substantial benefits for both the Government and the industry, including small business.

It was found that a long-range production contract provided under multiyear procurement would broaden the competitive base, create economies of scale and greater learning curve, generate a stable work force, and give the contractor the incentive to invest in labor-saving equipment and innovative production techniques and, importantly, the stops and starts of a single-year contract would be avoided.

Now, it is very important to know that the necessity of multiyear contracting has been apparent for quite a while. The Commission on Government Procurement established by Congress in 1969 to report recommendations on methods to achieve economy, efficiency, and effectiveness in procurement, recommended that the Congress enact legislation authorizing all executive agencies to enter into multiyear contracts for supplies and services with annual appropriations.

The General Accounting Office following a 1977 study of multiyear contracting made almost identical recommendations in November 1979.

The Department of Defense investment policy group report cited multiyear contracting as a technique to encourage capital investment by defense contracting. Included in Defense Secretary Brown's annual report for fiscal year 1981 was the recommendation that:

> We consider implementation of several recommendations for reducing unit costs made by the Defense Science Board. These include enhancing program stability through long term funding commitments, increasing use of competition and greater attention of product improvements in lieu of developing new systems.

The Joint Logistics Commanders have estimated that an expanded and more flexible multiyear procurement approach will save between 10 and 15 percent of procurement expenditures.

This year in testimony before the House Armed Services Committee on June 23, our Secretary of Defense, Caspar Weinberger, testified to two examples of significant savings made under existing multiyear contracting authority. He was speaking of the award for the GAU-30 ammunition for the A-10 aircraft, a savings of about $34 million because of multiyear contracting and the AN/ALQ power management system for the B-52 under which the Air Force achieved cost savings of about $10.6 million.

Secretary Weinberger further testified that the Air Force is currently considering the F-16 for multiyear procurement. I would like to remind my colleagues on the Government Operations Committee that much was made in the initial debate on this subject of the claim that Secretary Weinberger had not responded to the Government Operations Committee when they asked him, "What systems can we achieve savings under in multiyear?"

I have seen the letter that the Secretary of Defense sent to the Government Operations Committee and he referred to the F-16 as a candidate for multiyear procurement in his letters. He claimed we could save about $560 million on the F-16 alone.

Unfortunately, the Government Operations Committee has attempted to gut multiyear contracting with their proposed amendment which allows multiyear contracting only on a test basis.

I would like to point out that in the last year we awarded about 1,200 contracts under multiyear contracting. Now, if the Government Operations amendment goes through, it appears to me that we are going to have to review, and require the Secretary of Defense review these 1,200 programs and he is going to have to analyze the programs, present that analysis to us and we are going to have to review his analysis on these programs. So we have apparently 1,200 new programs that we are going to have to look over this year if the Government Operations Committee amendment is adopted.

Now, I think also that we should address very briefly the attempt by the Government Operations Committee to bring sensitive weapons systems and computer systems, automatic data processing systems, under the Brooks law.

The CHAIRMAN pro tempore (Mr. VENTO). The time of the gentleman from California (Mr. HUNTER) has expired.

(By unanimous consent, Mr. HUNTER was allowed to proceed for 3 additional minutes.)

Mr. HUNTER. I think that the best place to look when we are seeking the best rebuttal to the Brooks proposal in the area of ADP is dissenting opinion, written by other Members, learned members on the Government Operations Committee. Now, we are talking about bringing ADPE procurement under the auspices of the Brooks Act and, in fact, some of the computers already are procured under the Brooks Act. I am talking about some of the general-use computers in the Department of Defense. The dissenters in the Government Operations Committee pointed out:

> Numerous authoritative observers in reviewing the ADPE procurement process have found it deficient in important respects. For example, the 1979 President's reorganization project report on Federal data processing found that the average age of computer equipment in DOD is now about 6 years greater than that of comparable equipment used in the private sector. This is nearly a full generation of computer technology behind the private sector. Implementation of the Brooks bill has led to an excessively long procurement cycle of some 3 to 5 years, instant obsolescence.

Similarly, the GAO has called the current acquisition cycle murky, prolonged, complicated, frustrating, and contributing to the obsolescence of Federal computers.

You know, I heard some of the Government Operations Committee members speaking about being able to buy these computers off the shelf a little cheaper or perhaps in some situations having more competition. I wonder if they really realize what is involved in purchasing a defense computer, because computers operate with software. If we are talking about a Cruise missile that houses a guidance system that has a computer, it is run on software that is generated by a DOD computer which itself is run by software. What happens when you change that DOD computer?

You may buy a computer for a few bucks cheaper and end up spending millions and millions more dollars for the conversion of software-procurement of weapons systems computers is not a simple process. That takes me to the second point.

The House Appropriation Committee survey and investigation staff found:

> Although there are more than 230 people in GSA's ADP procurement organization, only seven are involved in the review of agency requests for procurement authority. With these few people assigned. GSA's review of these procurement requests is neither thorough nor constructive. During fiscal year 1977 almost 700 such requests were received for action by GSA and in approximately 95 percent of the cases, GSA elected not to perform the procurements and granted a Delegation of Procurement Authority (DPA) to the requesting agency. The (Surveys and Investigations) Staff found the review process to be rather "check-list oriented" and of no great discernible value.

The CHAIRMAN pro tempore. The time of the gentleman from California (Mr. HUNTER) has again expired.

(At the request of Mr. BEARD and by unanimous consent, Mr. HUNTER was allowed to proceed for 3 additional minutes.)

Mr. BEARD. Mr. Chairman, will the gentleman yield?

Mr. HUNTER. I would be happy to yield.

Mr. BEARD. I thank the gentleman.

Before the gentleman makes his closing remarks, I would like to maybe tie in on the gentleman's remarks made regarding the automatic data processing procurement system as controlled by the Brooks amendment or the Brooks law in dealing with this.

I have in my possession a very interesting memo from an individual that was involved in a weapons system. The gentleman's name is Mr. Polkinghorn. He was dealing with the Project Bulldog. He was responsible for trying to buy minicomputers to help proceed with this project. I would like to read this. I think it would be very interesting to see what an individual who is down at the lower level that has to deal and live within the law in trying to buy these minicomputers has to say. He goes forth saying:

> In trying to get this procurement through, I have been forced to read a dozen different ADP regulations which are inconsistent, in conflict with one another, some probably illegal and almost all immoral in the sense of protecting the rights of the taxpayer with efficient use of his money. The whole ADP procurement process assumes the users are ignorant and the bureaucrats omniscient. This was conceivably true in the early 60's but was fast disappearing by the time the solution (the Brooks Bill) was passed. Today, almost the inverse is true. The users are aware of the problem as well as the technology for its solution. The bureaucrats are over worked and do not have time to keep up with technology let alone the specific requirements of each user. No one in the bureaucracy can validate my requirements within an order of magnitude nor can he tell what other shared resources are available to meet that requirement. Yet, the system has approved my procurement. The bureaucrats do not understand the concepts of scientific computing, real-time systems, multiprocessing, multilevel security, logistics support, military priorities, relative software costs, their own ADP procurement procedures and, I am forced to aid, the concept of what's best for the U.S. taxpayer. The ADP procurement process is not even a dinosaur. The utility of the process was extinct before the process was born. One would hope that in these days of zero based budgets and zero based manning, that this whole process would be unjustifiable and therefore abolished.
>
> 8. In summary, this whole process seems to follow Le Chatelie Principle: Complex systems tend to oppose their own proper function. The requirement for ADP efficiency produced the Brooks law. The implementation of the Brooks law has made ADP procurement either grossly inefficient or, more likely, just impossible to accomplish.

□ 1310

I think that is quite a serious indictment.

Mr. HUNTER. I thank the gentleman.

Mr. BEARD. An indictment I agree with, by the way.

The CHAIRMAN pro tempore. The time of the gentleman from California has expired.

(At the request of Mr. DAN DANIEL and by unanimous consent, Mr. HUNTER was allowed to proceed for 1 additional minute.)

Mr. DAN DANIEL. Mr. Chairman, will the gentleman yield?

Mr. HUNTER. I yield to the gentleman from Virginia.

Mr. DAN DANIEL. The gentleman mentioned the dissenting views by some members of the Committee on Government Operations. I want to pay particular tribute to my colleague from Virginia, Mr. CALDWELL BUTLER. Those dissenting views were very enlightening. It demonstrates an intense interest and perception on the part of those people who presented dissenting views on the subject of multiprocurement. I wish again to take this opportunity to express my appreciation to those members who wrote those dissenting views. I thank the gentleman.

Mr. HUNTER. I thank the gentleman.

I would say in conclusion Mr. Chairman, it appears from the arguments put forth today that all commonsense

mandates a strong rejection of this amendment.

I yield back the balance of my time.

Mr. HORTON. Mr. Chairman, I move to strike the requisite number of words and rise in support of the amendment.

Mr. Chairman, there has been a lot of confusion about the Government Operations Committee amendment. Let me say something I have said in connection with the other amendments offered by the Government Operations Committee in advance of my remarks specifically on this particular amendment.

This bill, after the Armed Services Committee acted on it, was referred to the Government Operations Committee by the Speaker of the House, sequentially, because we have jurisdiction over procurenment matters in the Government Operations Committee. We held hearings, the chairman of the subcommittee, the gentleman from Texas (Mr. BROOKS) and I as the ranking minority member of the subcommittee, we held hearings on the subject of the amendments we have before you today. We had testimony from Mr. Edwin Harper, Deputy of the Office of Management and Budget. We had testimony from Mr. Thomas Morris, Special Assistant to the Comptroller General of the General Accounting Office. We had testimony from Mr. Richard DeLauer, Under Secretary of the Department of Defense, on these various matters.

There has been a lot of misunderstanding about the Government Operations Committee amendment with regard to multiyear contracting. First of all, I want to say that I and the Government Operations Committee believe that multiyear contracting is an important tool to be used. We are not opposed to multiyear contracting.

I served, as I have indicated earlier, as a member of the Procurement Commission some years ago. The Congress set up this Commission to study all problems of procurement. One of the recommendations was that we have multiyear contracting.

Everything that earlier speakers have had to say with regard to the use of this tool, that it would produce savings, stability, knowledge for contractors so they can plan for the future, are all true. We are not disagreeing with that. We are not saying that multiyear contracting is something to be thrown out and not considered. It is to be desired, it should be used, and it is a useful tool. The Government Operations Committee has never said that the Department of Defense has not wisely used multiyear funding.

One of the previous speakers in opposition to the amendment indicated that something like 1,200 new programs were going to have to be reviewed by Congress under the Government Operations Committee amendment. I know that each year there are thousands of multiyear contracts in the Department of Defense, and that is not going to change if the amendment of the Government Operations Committee is adopted. All we are talking about are multiyear contracts that relate to major weapons systems. We are talking about systems that cost in the hundreds of millions or billions of dollars. We are not talking about those small multiyear contracts that the Department of Defense has been entering into every year. We are talking about large contracts.

There is today in law, a cancellation ceiling of $5 million, which inhibits the Department of Defense with regard to multiyear contracts.

What does the bill that was presented by the Armed Services Committee do? H.R. 3519 on page 52, at line 4, has a section raising the ceiling to $100 million. Then it goes on to say, "Before any contract described in paragraph (1) that contains a clause setting forth a cancellation ceiling in excess of $100 million may be awarded,"—in other words, if a cancellation clause is going to be in excess of $100 million—"the head of the agency concerned shall give written notification of the proposed contract and of the proposed cancellation ceiling for that contract to the Committees on Armed Services and on Appropriations of the Senate and House of Representatives, and such contract may not then be awarded until the end of the 30-day period beginning on the day of such notification."

The CHAIRMAN pro tempore. The time of the gentleman from New York has expired.

(By unanimous consent, Mr. HORTON was allowed to proceed for 5 additional minutes.)

Mr. HORTON. I would say to my colleagues, $100 million is a lot of money. That is what the ceiling would be under the Armed Services Committee proposal.

But then the bill goes further and says the ceiling will be not just $100 million, but can be any amount.

All the Defense Department has to do to raise the ceiling is send up a written notice. After 30 days, if they send it up August 1 and we are in recess, 30 days after that, August 31, then they can proceed with the contract.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield on that point?

Mr. HORTON. I yield to the gentleman.

Mr. GLICKMAN. I think the gentleman raises a good issue. Although I am not going to support the Brooks amendment, I think this particular section—section 909—is defective because, in fact, the Pentagon could present a proposal to Congress to build $2 billion of airplanes on October 15, and we are not in session until January 15, so therefore there could be no congressional oversight at all in this entire process.

□ 1320

So I am going to offer an amendment, assuming the Brooks amendment goes down, to change that time to present a large multiyear contract to Congress to 30 legislative days instead of the bill's provision of 30 calendar days and, in addition, I am going to provide similar to what the Hansen amendment provided on the MX, that no such contract may be entered into if both Houses of Congress pass resolutions of disapproval within that 30-day period.

What we need to do is, we need to strengthen the oversight process in the multiyear contracting, which I think can be done, but I do believe that the process deserves a chance and I think that the Brooks amendment does not permit that chance.

Mr. HORTON. I hope the gentleman will listen to the rest of my remarks, because I was not just picking that section out to be critical. I am happy that the gentleman will offer an amendment to the section, because I do think it is defective.

But the point I am trying to make with regard to that section is that DOD can enter into a contract with a cancellation clause in excess of $100 million, and there is nothing we can do about it. And then, under the procedures as already have been outlined by the speakers from the Armed Services Committee, who are opposed to the committee amendment from the Government Operations Committee, DOD will come up here to the authorizing committee, and to the Appropriations Committee, and they will say, "Unfortunately, it is going to cost us a lot more money to cancel than it is to go ahead with the contract."

Now, I have been in this body 19 years, and I have seen that happen time after time after time after time. Time after time they come up with a large cancellation figure which they have entered into down there without us in the Congress having had any oversight whatsoever. They have that large cancellation provision. Let us say it is $500 million. Maybe it is $100 million. I do not know. Whatever it is. But it is a large figure. They come up here, and then they say, "Unfortunately, it is going to cost us more, so we better go ahead with it," and then the Members vote for it. We are stuck with it.

Now, what we do in the Government Operations Committee amendment is say: If you have one of these very special multiyear contracts for a major weapons system—we are talking about hundreds of millions of dollars, and maybe billions of dollars—come up to

the Congress, at least in the next year, and say, "This is what we need"—spell it out, then let us act on it, and then you can proceed with it. We say, "Go ahead and present as many as you want in the next year or so, but just send all the information up; give us a chance to look at it."

Now, I have heard a lot of discussion about GAO favors this and OMB favors that and DOD favors the other thing.

We all favor multiyear contracting. But the testimony that we received from the General Accounting Office I think sets out the proper approach to it very clearly. When you go into a multiyear contract, you are taking on a lot of problems. You want to be very careful when you select that contract because you are obligating the Federal Government for many years with regard to that proposal.

Mr. Tom Morris of the General Accounting Office testified this way on weapon systems. He said:

Weapon systems are a different problem. The issue of how to plan and realize the massive savings which appear possible from multiyear contracting for weapon systems is a problem of far different nature and magnitude. It necessitates program firmness, mission stability, definitiveness of quantitative needs—so that comprehensive analyses can be made by the Government and prospective contractors as to the most efficient investments in plant and tooling to accomplish the long-term production programs—which may run 5 or more years. It also requires identification of the most economic methods of acquiring long lead time components and materials, as well as other economies which can result, such as long-range work force planning.

The CHAIRMAN. The time of the gentleman from New York (Mr. HORTON) has expired.

(By unanimous consent, Mr. HORTON was allowed to proceed for 5 additional minutes.)

Mr. HORTON. And then GAO goes on to say:

We have noted a growing concern with the need to proceed with great care to avoid reduced flexibility in adjusting programs to meet changing threats, unnecessary risk of costly program cancellation, and unrealistic financial risk being imposed on contractors.

And then they say, "If such detailed provisions are to be incorporated in a current statute, we recommend"—this is the GAO speaking—"that a joint OFPP-DOD-GAO drafting team assist in framing the provisions."

That is exactly what is happening right now in the Office of Federal Procurement Policy.

Then GAO goes on to say:

We suggest that another—and perhaps more efficient—solution at this time might be simply to declare in the fiscal year 1982 authorization bill the intent of Congress to thoroughly assess, in actual practice, multiyear contracting for selected major systems, before final legislation is designed.

And then GAO goes on and suggests that based on their experience they believe this is the best way to go.

Now, when this bill was before the Government Operations Committee, we could have said, "We do not like multiyear contracting."

We did not say that. We said, "We think we should have multiyear contracting, but we think it ought to be authorized on a project-by-project basis."

So do not bring the red herring in here and say we are going to eliminate all multiyear contracting. That is not what we are saying at all. We are saying, "Do not let those officers down there, those generals and admirals, sign contracts with large cancellation figures in them which are going to bind us one way or the other, and then come up here and say, 'We are sorry, but it is going to cost more to cancel.'"

The Government Operations Committee says, "Put all the information on the table, let the Congress look at it, and then we will have a better realization as to what is involved before we proceed with it."

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. HORTON. I yield to the chairman of my committee, the gentleman from Texas.

Mr. BROOKS. Mr. Chairman, I want to say to my distinguished friend that I appreciate his support and agree wholeheartedly with his statement. One of the geneses of our amendment came from the Deputy Secretary of Defense, Mr. Carlucci, in his memo on how to improve the Defense Department's procurement.

On multiyear procurement, his recommendation was that we encourage extensive use of multiyear procurement based on a case-by-case benefit-risk analysis. This is what we have endorsed and recommend, and this is what we say the Armed Services Committee should do rather than abdicate their responsibility.

At the same time, Mr. Carlucci points out that there are some disadvantages to multiyear procurement. Even the Defense Department has enough sense to know that there are some possible disadvantages to multiyear contracting. Mr. Carlucci said:

This funding technique fences in money and commits future Congresses. If used to excess, it would significantly reduce the flexibility of the Secretary of Defense to respond to unforeseen changes in the external threat. If a multiyear procurement was used to lock in a border line program, costs would be increased if the program was cancelled.

And then Mr. Carlucci goes on to say: "Secretary of Defense will present fiscal year 1983 President's Budget containing multiyear candidates." This is what we have said they ought to do, and they could do it in the fiscal year 1982 if they were ready to do it.

So I want to say to my distinguished friend that I believe he has stated the case correctly. The Defense Department does not want Congress to know what they are doing, and the Armed Services Committee is willing for us not to know. The Government Operations Committee is not trying to take over any authority. We do not want to infringe on others' authority. All we are saying is that the procurement for DOD should follow some reasonable law and that the Armed Services Committee should exercise its judgment.

My beloved friend, Mr. STRATTON, was in the Navy for a long time. He listened to Roosevelt in 1941. I listened to him, too. I did not join the Marine Corps until 1942. I am sorry, I was a little young. But, at any rate, I do want to say that we believe they should accept our responsibility and have the courage to examine areas where the Government is committing billions of dollars.

The CHAIRMAN. The time of the gentleman from New York (Mr. HORTON) has again expired.

(By unanimous consent, Mr. HORTON was allowed to proceed for 3 additional minutes.)

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. HORTON. I yield to the gentleman from New York.

Mr. STRATTON. I appreciate my friend from New York yielding to me. He expressed a great deal of concern over what might happen over there in the Pentagon with all of the admirals and the generals, and therefore that we ought to send these proposed contracts over here to be looked at by the House of Representatives itself. But does that mean that the gentleman is worried about the man his own President has selected to run the entire Defense Establishment? Under the law, the Secretary of Defense, after all, is the one who negotiates any cancellation ceilings. Does the gentleman not have as much confidence in his own Secretary of Defense as this Democrat does?

Mr. HORTON. It is not a question of my confidence in any individual. I am talking about something that I think is very important. And that is to proceed with a multiyear contracting authority that has been set forth by the Armed Services Committee in a way that we set forth in the Government Operations Committee.

□ 1330

Now, the Government Operations Committee will provide that the Congress receive from the Department of Defense all of those candidates for multiyear contracting. The Congress will then have an opportunity to look at them. Under the provision of the gentleman and the Armed Services Committee, everything can be done at the Department of Defense, and the Congress will know nothing about it until it is too late for us to take any action.

Mr. STRATTON. They report to us.

Mr. HORTON. Or, if you will, the contract is signed, it has a cancellation clause in excess of $100 million, and then it will come up to be reviewed as an accepted fact.

Mr. STRATTON. But your formula seems to be an arrangement for delay. Does not the gentleman from New York feel any sense of urgency that we ought to be moving more expeditiously with multiyear procurement.

Mr. HORTON. Yes; and the Armed Services Committee can move just as quickly as they have moved on this bill.

Mr. BEARD. Mr. Chairman, will the gentleman yield?

Mr. HORTON. I yield to the gentleman from Tennessee.

Mr. BEARD. The gentleman said that in our language the Defense Department could do their own thing without any checks or balances from Congress.

Mr. HORTON. No; I did not say that.

Mr. BEARD. You most certainly did.

Mr. HORTON. No; I did not say that. I said that the Department of Defense could execute a contract with a cancellation clause of $100 million, and we would not have an opportunity until it was an accepted fact to act on it.

Mr. BEARD. I am sorry, but I do not think that is an accurate statement. Congress would still retain control over programs and have the flexibility to change or cancel the programs. We authorize, we appropriate.

Mr. HORTON. I am glad the gentleman brought that up, because it gives me an opportunity——

The CHAIRMAN. The time of the gentleman from New York has expired.

(At the request of Mr. BEARD and by unanimous consent, Mr. HORTON was allowed to proceed for 5 additional minutes.)

Mr. HORTON. Let me finish. That brings up the point I want to underscore, and that is that we are not permitting the authorizing committee to approve a contract or the appropriating committee to approve it. If the contract has already been signed, sealed, and delivered, if it is within the $100 million limitation, then all you can do is look it over. What are you going to do, cancel it and tell DOD to give the contractor the $100 million? You are not going to do that. So, what we are saying is, let us take the advice of the General Accounting Office; let us take the advice of the Office of Federal Procurement Policy; let us take the advice of the Office of Management and Budget; let us take the advice of all the experts who say, "Let us do it on a project-by-project basis until we can determine how it works."

We are dealing with major weapons systems. We are not talking about the small contracts that the Department of Defense enters into—we are talking about those big systems that are going to involve billions of dollars and 5, maybe 10 years, whatever it happens to be. Let us authorize them that way and let the Congress look at them individually, at least next year. That is what we on the Government Operations Committee are saying.

Mr. BEARD. If the gentleman will yield further, our committee held 13 days of hearings with 34 witnesses. If I am not mistaken, the gentleman's committee held 1 day on the multiyear and the industrial base.

Mr. HORTON. We certainly did not have 13 days. We had several days of hearings.

Mr. BEARD. We had 34 witnesses.

Mr. HORTON. I am not trying to say the gentleman had less hearings.

Mr. BEARD. We ran through the whole gamut of different Federal agencies, civilian, and so forth, so we have gone through it in a very indepth manner. Have the hearings, the gentleman's 1 day of hearings, even been published at present, or are they out for public inspection, I would ask?

Mr. HORTON. I just do not know.

Mr. BEARD. I do not think they are out.

Mr. HORTON. Does the gentleman have a question?

Mr. BEARD. Yes. What I would like to do, if I may, because the big argument we were having is on the Congress' check and balance as to our language, I wonder if the gentleman would be so kind as to allow me to read a paragraph that I feel will clear that up and explain it.

Mr. HORTON. The gentleman can get some time, so why does he not read that on his own time? I have other Members who want to ask questions, and I will try to respond to them.

Mr. BEARD. I just thought it would be appropriate, since the gentleman made the statement, and it could be cleared up in this particular time frame, but I will be more than happy to show the inaccuracy of that particular statement.

Mr. HORTON. What statement is the gentleman referring to?

Mr. BEARD. About the fact that it would be too late in our language to have a real, meaningful check and balance of the contractual agreements.

Mr. HORTON. I read the language, and the language indicates that they can get a cancellation ceiling in excess of $100 million by just notifying the appropriate committees of Congress, and then at the end of the 30-day period, they can proceed with the contract.

But the point I am making is, with a large cancellation ceiling, let us say it is a half billion dollars, they will come up and say, "Well, it is going to cost more to cancel than it is to go ahead with the contract." That has been said many times here on the floor.

What I am saying is, practically they can have the thing all in concrete and there is nothing we can do about it. Under the Government Operations Committee proposal, a contract would not be in concrete until after DOD has come up, explained it to the gentleman's committee—not my committee; your committee—and the Appropriations Committee, and the Congress has then acted on it. The gentleman can act very expeditiously. He can do it in 1 day, 2 days, a week, whatever.

Mr. DAN DANIEL. Mr. Chairman, will the gentleman yield?

Mr. HORTON. I will be happy to yield.

Mr. DAN DANIEL. I appreciate the gentleman yielding. When the committee tolerated me for 5 minutes, I said I was going to give the committee some facts. Why did I say that? Because I oversaw the drafting of section 909. I introduced that section. I know what my intent was.

If the gentleman will look at page 52, line 3, and I will read:

(3) Before any contract described in paragraph (1) that contains a clause setting forth a concellation ceiling in excess of $100,000,000 may be awarded, the head of the agency concerned * * *

Mr. HORTON. I read that aloud earlier.

Mr. DAN DANIEL. So this would not be the case under the circumstances presented by the gentleman a moment ago.

Mr. HORTON. It would not?

Mr. DAN DANIEL. Before, not after; and "shall," not "may."

Mr. HORTON. Let us read it all. It says:

(3) Before any contract described in paragraph (1) that contains a clause setting forth a cancellation ceiling in excess of $100,000,000 may be awarded, the head of the agency concerned shall give written notification of the proposed contract and of the proposed cancellation ceiling for that contract to the Committees on Armed Services and on Appropriations of the Senate and House of Representatives, and such contract may not then be awarded until the end of the 30-day period beginning on the date of such notification.

Mr. DAN DANIEL. That is correct.

Mr. HORTON. That does not mean to say they cannot sign a contract without our approval or that they have to give us a notification.

Mr. DAN DANIEL. Does the gentleman believe for one moment that the Department of Defense would buck these four committees in order to carry a point?

Mr. HORTON. I am not suggesting that they would buck committees at all. What I am saying is, they could enter into a contract while the Congress is in recess. Let us assume we recess in October and do not come back until January. They want to

enter into a contract larger than a $100 million cancellation ceiling. They can do it for $2 billion or $1 billion, whatever, and then we are limited because they have entered into that contract without our knowing what it was.

□ 1340

Mr. DAN DANIEL. Mr. Chairman, would the gentleman be happy if we changed that to 30 legislative days?

Mr. HORTON. I would be happy, except that the Committee on Government Operations recommended a much better way to go, and I am surprised that we do not have the cooperation of the Committee on Armed Services on it.

Mr. DAN DANIEL. Mr. Chairman, if the gentleman will yield further, we cannot accept it because it would destroy our multiyear contracting amendment.

Mr. HORTON. I do not see how the gentleman arrives at that conclusion. All we want to do is say, "Go ahead, but submit that major weapons system multiyear contract to the Congress with all the specs." We say, "Give us the information," and then they can move forward.

Mr. DAN DANIEL. Mr. Chairman, I thank the gentleman for his response.

Mr. HUNTER. Mr. Chairman, will the gentleman yield?

Mr. HORTON. I yield to the gentleman from California.

Mr. HUNTER. Mr. Chairman, I think the gentleman stated that they were not really concerned about the myriad of smaller contracts presently made under the multiyear procurement system, and I believe last year about 1,200 defense contracts were made under multiyear.

My question is this: Is it not true that under this amendment these 1,200 systems, assuming there are going to be 1,200 next year, are going to be analyzed by the Secretary of Defense—and I am quoting from your language—and he will specify—

(A) those weapons systems which in his judgment should, for sound management reasons, be procured under multiyear contracts;

(B) the length of the contract and the benefits anticipated;

(C) Whether advance procurement authority for components, parts, and materials should be granted; and (D)—

Mr. HORTON. Mr. Chairman, let me say this to the gentleman.

Mr. HUNTER. Let me finish my question first.

Is it not true that under the gentleman's amendment the 1,200 small contracts are going to have to be analyzed by the Secretary of Defense and presented for approval?

Mr. HORTON. Mr. Chairman, I am glad the gentleman asked that question, and let me say right now so everyone knows this, that those 1,200 contracts will not have to be involved in this process whatsoever.

Mr. HUNTER. That is what the bill says.

Mr. HORTON. Let me finish. All we are dealing with is those major contracts that have to do with major weapons systems. This has nothing to do with the type of thing the gentleman is talking about.

Mr. HUNTER. That is exactly my point, but let me——

Mr. HORTON. Well, let us make some legislative history here. That is not included in the Government Operations Committee amendment. Those contracts would not be subject to being sent up here. We are dealing only with project-by-project multiyear contracting of major weapons systems—only with these large contracts. These are the only types of contracts we are talking about under this amendment.

Mr. HUNTER. The gentleman's bill says that all contracts which are candidates for multiyear contracting will have to be submitted by the Secretary.

Mr. HORTON. I am just telling the gentleman what is intended, what the language is supposed to say, and what is involved.

Mr. DOUGHERTY. Mr. Chairman, will the gentleman yield?

Mr. HORTON. I yield to the gentleman from Pennsylvania.

Mr. DOUGHERTY. Mr. Chairman, I have asked the gentleman to yield for one clarification.

This amendment would grant multiyear contracting as it relates to major weapons systems. What about other major Defense Department contracts that do not involve weapons systems? Would they not be allowed to go on multiyear contracting?

Mr. HORTON. The amendment deals with large contracts in excess of $5 million.

The CHAIRMAN. The time of the gentleman from New York (Mr. HORTON) has expired.

(On request of Mr. DOUGHERTY and by unanimous consent, Mr. HORTON was allowed to proceed for 2 additional minutes.)

Mr. DOUGHERTY. Mr. Chairman, if the gentleman will yield further, the point I am making is a point I will make on my own time, and that is that I know of specific instances where the Department of Defense has been hamstrung in purchases of clothing, for example, because they do not have authorization for multiyear contracting.

I suggest that the Government Operation Committee's amendment is defective in that it only permits multiyear contracting for major weapons systems and does not address other items that are involved in major contracts that do not deal with weapons systems.

Mr. HORTON. Mr. Chairman, that is why we want to deal with it on a project-by-project basis, and as I indicated earlier, the most thoughtful approach is to have this multiyear subject dealt with by the Office of Federal Procurement Policy. They have a task force now studying this. The subject does not pertain just to this one agency, but to other agencies, too. We should have a Government-wide policy.

What I am saying here is that we did not want to take away the opportunity of the Armed Services Committee and the Department of Defense to have multiyear contracting for these major weapons systems.

Mr. DOUGHERTY. Mr. Chairman, if seems to me that that is exactly what has happened in the area of nonmajor weapons systems, and that the amendment of the Government Operations Committee is defective in that it does not permit multiyear contracting for such insophisticated things as clothing, food, and industrial supplies.

Mr. Chairman, I thank the gentleman for yielding.

Mr. HORTON. Mr. Chairman, those, I am telling the gentleman now, are not included.

Mr. Chairman, I yield back the balance of my time.

Mr. McCURDY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to invite the attention of my distinguished colleague, the gentleman from Virginia (Mr. DAN DANIEL), and ask him if he would proceed to the well and enter into a colloquy with me to clarify a couple of points and a couple of questions that I have regarding this bill.

Mr. Chairman, I would like to say that I believe the gentleman in the well is the foremost authority on multiyear contracting, and I believe that he was very instrumental in the drafting of this legislation and providing the particular wording.

There have been a number of questions raised and a number of statements made which have been somewhat confusing to perhaps some of the newer or younger Members of this body who have not served on this committee. I was hoping that if the gentleman could answer a couple of questions, he might be able to enlighten us.

Mr. DAN DANIEL. Mr. Chairman, If the gentleman will yield, I would be pleased to respond.

Mr. McCURDY. First of all, which basic procurement policy for the Department of Defense would section 909 change?

Mr. DAN DANIEL. Well, the important thing is that it does not change section 138, and let me read from that section:

Annual authorizations of appropriations and personnel strengths for the armed forces, annual manpower operations and requirements, and maintenance reports, unless funds have been specifically authorized by law.

Now, we can lay aside all the rhetoric. Section 138 is intact; it is not touched by this amendment. There is no change in this regard. It is just that simple.

Mr. McCURDY. Placing that in layman's language, the question then is: Can the Department of Defense or can an office in the Air Force enter into a contract for a major weapons system obligating moneys without first receiving authorization from the Armed Services Committee or the Appropriations Committee or one of the committees of Congress?

Mr. DAN DANIEL. The gentleman is correct. Absolutely not.

Mr. McCURDY. Mr. Chairman, perhaps for the younger Members and those who are not informed on this issue, I will ask the gentleman to explain what a multiyear contract is. How does it differ from multiyear funding?

Mr. DAN DANIEL. The term, multiyear contract, refers to a contract, for the provision of services or the delivery of one or more completed items during a period of time exceeding 1 year.

Examples are a completed building or dam or a number of aircraft or tanks or the operation and maintenance of a Government-owned facility.

Mr. McCURDY. Does the Department of Defense have authority at the present time to enter into multiyear contracts?

Mr. DAN DANIEL. Yes; the Department of Defense does have the authority to enter into multiyear contracts, but there is one inhibiting factor. It is the only agency of Government which I am aware of, which has any restrictions whatsoever on the cancellation cost.

This is a key part of this bill. Without this bill, competition will be restricted.

Mr. McCURDY. Many people have said that the fear they have is that the Department of Defense will in effect end up with a blank check, and that they will go off and do anything they want.

The question I have is this: Is the Congress or is the Armed Services Committee or the Appropriations Committee really abdicating its responsibility and its oversight responsibility if we enter into a multiyear contracting authorization?

Mr. DAN DANIEL. Mr. Chairman, let me repeat what I said initially. This provision is a child of the Armed Services Committee. We are not in the business of neglecting our children. We are going to see this through to maturity. We are going to make sure that all the provisions of this bill are adhered to or else we are going to call a halt.

□ 1350

Mr. McCURDY. Is it not the basic rationale that in the area of armed services, national defense, and in the military, the contract life or the cycle from conception and development through procurement ranks anywhere from 8 to 10 years on major weapons systems?

Mr. DAN DANIEL. Of course it does.

The CHAIRMAN. The time of the gentleman from Oklahoma (Mr. McCURDY) has expired.

(By unanimous consent, Mr. McCURDY was allowed to proceed for 3 additional minutes.)

Mr. DAN DANIEL. If we are going to reap the rewards of multiyear contracting, we cannot make this law too restrictive. I want to make that clear because we are making legislative history here.

If we are going to restrict DOD to the extent they have no flexibility, we have achieved nothing. I would hate to go home and tell my constituents that I voted against a bill which has the potential of saving the hard-working taxpayers, of this country anywhere from $3 billion to $15 billion over the next 5 years. I do not know what the actual figures will be and I do not think anyone else does, but we do know that they will save considerable amounts and that the risk is certainly not as great as the benefit.

Mr. McCURDY. Is it not a true statement that if we enter into multiyear contracts it actually reduces the ability of the military or Department of Defense to make changes quickly and to create those perturbations within the system that completely drive up the cost of these systems?

Mr. DAN DANIEL. Of course it does. The exact opposite of that presented here by the Committee on Government Operations will happen, in my opinion.

Did the gentleman ever see the briefing on the Russian procurement system?

Mr. McCURDY. Yes.

Mr. DAN DANIEL. They freeze technology when they start producing a system. Well, to some extent that is going to happen in this instance.

So I can see nothing but good coming from this, admitting that there is some risk, but to repeat, the benefits will far exceed it.

Mr. McCURDY. The last question I have is: Since this provision is coming from the gentleman's Subcommittee on Readiness, how does multiyear contracting affect readiness?

Mr. DAN DANIEL. Well, let me say, first of all, that serving as chairman of that committee has been a great inspiration to me because of the intelligence and the vigor of young people like the gentleman from Oklahoma. It cannot help but to enhance our readiness. What we need is more. What we need is to make ready that which we have.

By entering into this type of contract I cannot help but believe that systems acquisition will be enhanced, and enhanced to the extent that it will have to be if we are going to meet the challenges facing us over the next few years.

Mr. McCURDY. I thank the gentleman from Virginia.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. McCURDY. I would be glad to yield to the gentleman from Texas.

The CHAIRMAN. The time of the gentleman from Oklahoma (Mr. McCURDY) has again expired.

(At the request of Mr. WHITE and by unanimous consent, Mr. McCURDY was allowed to proceed for 3 additional minutes.)

Mr. WHITE. I thank the gentleman for yielding.

In the Investigation Subcommittee, insofar as we have a large budget for defense this year, I wanted to make certain there was no waste and we also wanted to make certain that we were able to develop and procure weapon systems in much faster fashion.

As a matter of fact, there is on average now something like 12 years between the time of concept and procurement, which is inordinate.

During our hearings that we held in this quest for finding out why one of the reforms that had been pronounced by Mr. Carlucci and the Defense Department in trying to revamp their system to get more efficiencies and more cost savings was for multiyear procurement.

Is it not true that even with multiyear procurement, like every other agency has, that the Congress would still have control every year by reason of the authorization and appropriation system?

Mr. DAN DANIEL. Mr. Chairman, will the gentleman yield?

Mr. WHITE. I yield to the gentleman from Virginia.

Mr. DAN DANIEL. The gentleman is absolutely correct; not only will our committee have that control, but the gentleman from New York (Mr. ADDABBO) and his committee will have that control.

It is kind of frustrating to stand up here and continue to argue this point when it is so clear what the intent of the legislation is. The gentleman is 100 percent correct.

Mr. WHITE. The reason we have had such a delay of weapon systems is because they have been stopping, stopping, and there has been a reluctance on the part of competing firms to engage in experimentations.

Mr. DAN DANIEL. No question about it. They will not buy long-leadtime items, nor will they train a work force. If we are going to apply any sort of intelligence at all to the way we procure things we have to change the status quo.

It is like our response to the economy. What we have been doing has not been working, and we have to change.

Mr. WHITE. The gentleman in the well, I know, and the gentleman from Oklahoma are for uniformity, too, and we are trying to find uniformity.

Is it not true that the witnesses have said we need this authority now to effectuate the savings now and to get these weapon systems on line?

Mr. DAN DANIEL. If the Government Operations Committee bill passes, it will be in my judgment—and this is a conservative estimate—at least 4 years before we can reap the benefits of these potential savings.

Mr. WHITE. I thank the gentleman.

The CHAIRMAN pro tempore (Mr. VENTO). The time of the gentleman from Oklahoma (Mr. MCCURDY) has again expired.

(At the request of Mr. HUNTER and by unanimous consent, Mr. MCCURDY was allowed to proceed for 2 additional minutes.)

Mr. HUNTER. Mr. Chairman, will the gentleman yield?

Mr. MCCURDY. I yield to the gentleman from California.

Mr. HUNTER. I thank the gentleman for yielding.

I would like to ask it has been stated by the Government Operations Committee and their distinguished members, the leaders, that really they want multiyear, they are for multiyear, and they claim that their amendment is going to open up the process to multiyear contracting.

But in fact, as I read their amendment, it is going to constrain multiyear contracting more than it presently is. In other words, multiyear contracting is being carried on right now in its legal right.

The problem with it is the ceiling on cancellation costs. Right now, last year, we had about 1,200 purchases under multiyear contracts. Now there were a lot of contractors who went ahead and took the risk even though the cancellation ceiling was $5 million. Under the amendment that is offered by the Government Operations Committee there is going to be more constraint because now under their amendment the Secretary of Defense is going to have to come before Congress with an analysis of every single candidate for multiyear. This is not just the big systems, this is little systems, too, every single candidate for multiyear.

There were about 1,200 of them last year. He is going to have to analyze them on the basis of whether there are sound management reasons for procurement, what the length of the contract is, whether advanced procurement authority for component parts and materials should be granted, whether the cancellation ceiling should include recurring as well as nonrecurring costs. He is going to have to make this analysis and present it to the Congress and presumably we are now going to have to review more problems than we are presently reviewing.

So, in fact, the Government Operations amendment constrains multiyear contracting more than what exists right now. It does not expand it.

I thank the gentleman.

Mr. BUTLER. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I want to call the Members' attention to a provision of this amendment of H.R. 3519 relating to multiyear contracting. Government Operations Committee action replaced the bill's expanded authority for multiyear contracting with the so-called Brooks amendment. I would like to speak in favor of retaining the original provisions of H.R. 3519.

The original provisions provided greater authority for the use of multiyear contracting—one of the most universally supported ideas for improving the DOD acquisitions process. Countless experts, in and out of Government, Democrats and Republicans alike, have documented the deterioration in the defense industrial base, and have stressed that new initiatives are needed immediately to reverse this trend. Years of hearings and studies by the Armed Services Committees, the Defense Science Board, GAO, industry panels, and others, have demonstrated serious problems in the defense base—general instability, increasing leadtimes and costs, problems with profits, productivity, labor shortages, and a shrinking supplier base—to name a few.

Criticism frequently focuses on defense contracting procedures and the insufficient use of multiyear contracting. The United States is the only Western industrialized nation that procures contracts 1 year at a time. According to Gen. Alton Slay, one of the most noted experts on this subject, this procedure results in lower worker output, inefficient production runs, limited contractor investment in new plants and equipment, and program instability. Multiyear contracting is a simple concept which allows DOD to span several yearly contracts with a single contract. The single contract is let at the beginning, and it is then funded annually through the normal appropriations and review process in the Congress.

Section 909 of H.R. 3519 institutes some much needed changes giving DOD statutory authority for multiyear contracting. It allows multiyear contracts for not more than 5 years when those at the Assistant Secretary level and above find: That total costs would be reduced, that a low risk of contract cancellation exists, that demand for the item will continue, and so on. The section removes the contract cancellation ceiling of $5 million and requires that DOD notify Congress of contracts in excess of $100 million. It also allows coverage of recurring costs such as advance purchase of parts when such a purchase can be made at a reduced cost. The existing low cancellation ceiling has limited multiyear contracts to small purchases, and prevented its cost-savings features from being applied to major weapons programs.

I cannot stress strongly enough the need for these multiyear provisions. The military departments have estimated that upward of $15 billion can be saved over the next 5 years by multiyear procurement. Moreover, the former GAO Comptroller General Staats, has concluded—and I quote:

> Multiyear procurement is an idea whose time has come. Because of statutory restrictions and a general reluctance on the part of Congress, substantial savings available through multiyear contracting have not been realized.

He estimates procurement savings ranging from 10 to 30 percent. General Staats emphasizes that,

> In the acquisition of major weapons systems, the "up front" commitment to a program demonstrated through multiyear contracting produces program stability and permits scheduling economical production quantities.

Top management in the Department of Defense has been working for over a year to enhance the use of multiyear contracts. This effort demonstrates that officials in the past administration, as well as the present administration, recognized that benefits in multiyear contracting must be realized. The need is so great that Deputy Secretary of Defense, Frank Carlucci, directed a special review of multiyear contracts; as a result, on May 1, 1981, he issued a policy memorandum on multiyear procurement. It is well conceived policy direction providing guidance on the criteria for selection, funding concepts to be used, assessment of benefits versus risk, budget planning, and control.

The amendment offered by the Government Operations Committee fails to address any of the problems and circumstances I have just talked about. Its effect will be to discourage the use of multiyear contracts by DOD at a time when the Congress is dramatically increasing defense spending and should be looking for ways to hold program costs to a minimum.

It is abundantly clear that the amendment, if adopted, will be interpreted by defense acquisition officials and industry officials as a restriction, perhaps even a prohibition against the use of multiyear contracting more severe than the current limitation on cancellation ceiling. The advantages of multiyear contracting will be lost and the loser will be the taxpayer.

Two noted experts on the defense industry agree with my objections to the Brooks amendment. They are Gen. Alton Slay and Mr. Robert Fuhrman. Their urgent statements are filed with my dissenting views to the Government Operations report.

General Slay is former commander of the U.S. Air Force Systems Command, and one of the most widely quoted sources on this subject. In fact, GAO quoted the general extensively before our subcommittee. Since they quoted him so much, I asked them whether they thought the general would support the Government Operations Committee's amendment. I must report that he does not.

Mr. Fuhrman is currently president of Lockheed Missiles & Space Co., and is also chairman of the Defense Science Board task force on industrial responsiveness. Like General Slay, he is in favor of section 909 of H.R. 3519 as reported by House Armed Services and is opposed to the amendment by the Government Operations Committee.

In addition, David Stockman, Director of OMB, strongly supports the Armed Services Committee position. Quoting his letter:

> We believe very strongly that the DOD should be given authority to selectively use multiyear contracting in weapons systems acquisitions.

In my judgment the Government Operations amendment is a poor substitute for the original section 909 provisions. I would like to stress the wide support for this multiyear provision, its ability to save money and strengthen our defense capabilities in the process, and the facts that only tried and true programs will be contracted multiyear and that Congress will still exercise annual review over the programs and can make changes or cancellations if necessary.

With increased defense expenditures before us, now is the time to insure the money is spent efficiently.

□ 1400

Mr. HUTTO. Mr. Chairman, I move to strike the requisite number of words. I rise to speak against the amendment.

Mr. Chairman, I rise in opposition to the amendment offered by the Government Operations Committee, particularly to that part of it that modifies section 908(A) of title X of the United States Code.

This amendment would extend the scope of the present Brooks Act, and I want to commend the gentleman from Texas, our good friend, for his efforts toward bringing about Government efficiency; but unfortunately, this act is widely acclaimed as the single most important reason why Federal computer systems are 6 or more years behind the private sector. This amendment would place acquisition responsibility of computer equipment and services for the Department of Defense, including weapons systems, under the General Services Administration—an organization that is not known for its high technological competence.

The General Services Administration would be responsible not only for the Department of Defense off the shelf computer hardware acquisition, but also for the Department of Defense computer services, computers acquired by DOD contract, computers acquired for our highly classified intelligence systems, and computers imbedded in weapons systems, such as tanks, aircraft, ships, and missiles.

Because of the Armed Services Committee's deep concern over this issue, a hearing was held with the Secretary of Defense on June 23. In the strongest terms, the Secretary opposed this amendment to expand the Brooks Act. It is not difficult to understand why the Secretary, the Armed Services Committee, and in fact, the Appropriations Committee are all strongly opposed to the amendment being offered here today.

Let us look at the record of the GSA's involvement in the acquisition of Department of Defense computers. The Air Force wanted to procure a computer for their global weather central system. The Air Force initiated acquisition of the computer in August of 1978. Through bureaucratic ineptitude, the GSA was able to delay the entire procurement for 30 months. Purchase authority for the computer was finally granted by GSA in July 1980, and over $1 million was expended in unnecessary studies and management overhead.

Another example: In 1976 the intelligence community want to procure a minicomputer system, but because of GSA intervention the procurement was delayed by 2 years.

The President's reorganization project of 1979 concluded in these words:

> Implementation of the Brooks bill has led to an excessively long procurement cycle of some 3 to 5 years—instant obsolescence.

Mr. Chairman, I believe the record speaks for itself. Many more cases could be cited where the computer constraints imposed by the Brooks Act and the GSA have caused many millions of dollars in waste and unnecessary delays.

So I urge that we reject this amendment. Its adoption will lead to further obsolecence of computers that are so essential to our military needs and our preparedness.

Also, let me comment finally that much has been made about the $100 million figure today; but as you know, any figure this size has high public visibility. The public knows about it; but not only that, the Armed Services Committee and the Appropriations Committee will continue to have oversight.

So I urge that you reject this amendment.

Mr. BADHAM. Mr. Chairman, I move to strike the requisite number of words. I rise in oppositon to the amendment.

Mr. Chairman, section 909 does pertain to multiyear contracting and is the result of an extensive amount of study brought forth by the Committee panel on defense industrial base, chaired by Chairman DAN DANIEL and the ranking minority member, the gentleman from Virginia, BILL WHITEHURST. They should be commended for their excellent work and I think that the language produced should remain in and the Government Operations Committee amendment should be defeated.

A cost-effective and efficient defense program is absolutely essential to this Nation for the protection of ourselves and our economy, especially in times of increased defense spending, made necessary to bring our defense community back into a proper state. Multiyear procurement as reported out of the Armed Services Committee is a step in the right direction for more efficient buying practices for our armed services.

May I just say that we on the committee, particularly the Readiness Panel, are aware, the defense community is aware, that our acquisition and procurement systems in our Defense Department is a shambles. It is so bad that it is almost indescribable the amount of dollars that we waste. Yet we are confronted this year in this year's spending proposals to increase the defense spending of our country by a quantum jump. And why? Because it is essential to our national interest, that is why.

In discussions with Secretary of Defense Weinberger personally, in discussions and testimony before the committee by Secretary Weinberger, he agrees and he admits that our acquisitions and procurement policies in the Department of Defense are in a shambles. First we correct the defense and then we start correcting the process. This is step 1 in correcting the process so that we might have some multiyear procurement which will start to put our house in order, because we have to pay for future defense needs out of future dollars and we are only going to be able to have those dollars if proper stewardship is inserted into our system.

Now, by proper stewardship I mean we are going to have to have a lot more bang for the same amount of buck in our defense system and one of the ways we go about that is with multiyear procurement.

Caspar Weinberger, our Secretary of Defense, agrees with me and I think almost everybody on the committee that the United States of America as a

military weapon purchaser is a lousy customer, because of the way we do business. I would vouchsafe that any American businessman who tried to do business the way our Defense Department does would be using the Bankruptcy Act before he used any other acts that are on the books. That, too, is why hundreds of contractors and subcontractors simply refuse to do business with the U.S. Government; they are too uncertain on a yearly basis that their business will not continue to the next year—that is why we must have multiyear contracting; to stabilize contractors, work forces, and encourage capital outlay by contractors.

When Secretary Weinberger appeared before the Armed Services Committee, he just gave us a few examples of what multiyear procurement would do. I would like to quote just a few of his words:

The possible savings through use of multiyear procurement are significant. In recent multiyear contract awards for GAU-8 30mm ammunition used on the A-10 aircraft and for the AN/ALQ-155 Power Management System used on the B-52, the Air Force was able to achieve cost savings of $34.0 million and $10.6 million respectively over single-year acquisitions. These were contracts for three years of requirements and made within existing authority. The Air Force is considering the F-16 aircraft program for multi-year contracting with anticipated savings of $560 million. The Navy is considering the C-2A Carrier On-board Delivery Aircraft for multiyear contracting with anticipated savings of $65 million But unless the Government Operations Committee's action is rejected on the floor of the House, these savings will be lost. That's $669.6 million that could be saved through multiyear procurement—and that's just the tip of the iceberg.

These savings that Secretary Weinberger pointed out to us in one brief amount of testimony was almost $700 million and that is just 1 year, this year, and that is right now.

One other example is the KC-10. We are procuring now KC-10's and we know how many we are going to need over the whole program of KC-10's to provide advanced cargo tanker capability. It is going to be in the neighborhood of 50 or 60 aircraft.

McDonnell Douglas quoted us prices such that if we were to buy with multiyear contract and buy at a certain rate, we would save so many dollars the first year, so many dollars the second year and so forth, and we were unable to take advantage of that. Over the program cost for the KC-10, we would save many, many billions of dollars.

□ 1410

The Department of Defense estimates that over the next 5 years we could easily save many millions of dollars in the KC-10 program. In addition Secretary Weinberger and the DOD estimate by multiyear contracting—the savings of up to $15 billion.

The CHAIRMAN. The time of the gentleman from California has expired.

(At the request of Mr. LEVITAS and by unanimous consent, Mr. BADHAM was allowed to proceed for 3 additional minutes.)

Mr. BADHAM. Members of the House, we are going to need that money because we are going to have to go ahead with the follow-on missile system, a penetrating bomber system, and other vitally needed weapons systems. The best way to do that is not by add-ons, it is by efficiencies and cost savings which can be brought to us by multiyear procurement.

Mr. LEVITAS. Mr. Chairman, will the gentleman yield?

Mr. BADHAM. I am delighted to yield to the gentleman from Georgia (Mr. LEVITAS).

Mr. LEVITAS. I thank my colleague for yielding. I want to clarify one point for the RECORD. Is it the case, and I believe it is the case, that under the language of the Government Operations Committee it would be possible to have multiyear procurement for the major weapons systems?

Mr. BADHAM. I would respond to the gentleman in this way, by saying yes and no. Practically the answer is "No." Semantically, it is possibly yes.

I would explain that in this way: The language proposed by the Government Operations Committee fails to authorize multiyear procurement. It has language in there that says that multiyear procurement should be thoroughly "tested on a selective basis," and the net result would be more redtape, increased costs, and it would really wipe multiyear procurement out as a practical system because it would be tested thoroughly on a case-by-case basis and it really would not be efficient.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. BADHAM. I am happy to yield to the gentleman from Mississippi (Mr. MONTGOMERY).

Mr. MONTGOMERY. I certainly want to commend the gentleman in the well for his fine statement. He is certainly a valued member of our House Armed Services Committee.

I would like for the gentleman to quote again Secretary Weinberger's testimony before our committee where he pointed out some savings by multiyear contract. Will the gentleman repeat those figures he gave?

Mr. BADHAM. The figures in just these items: ammunition for A-10 aircraft, power management system for use on B-52, the F-16 procurement for 1 year, the C-2A carrier onboard COD aircraft for the Navy amount to $669.6 million, over one-half billion dollars. That is 1 year's savings, and if the Government Operations language is adopted those savings will be lost.

Mr. MONTGOMERY. Certainly this amendment should be defeated and I thank the gentleman.

Mr. BADHAM. I thank the gentleman for his contribution and yield back the balance of my time.

Mr. LEVITAS. Mr. Chairman, I move to strike the requisite number of words and I rise in support of the Government Operations Committee amendment.

Mr. Chairman, first of all I want to say unequivocally that I completely support the administration's proposals for the increase in defense spending. It is absolutely essential to our national security. All the debate that we have about social programs and where our priorities lie do not even become matters of discussion if we are unable to defend our liberties as a free nation.

The first responsibility of this Nation is to provide for its national defense. I support the direction in which we are moving. Even though we are talking about $1.635 trillion over the next 5 years as expenditures in the defense area, we have to make that commitment.

But I am concerned that one of the surest ways to undermine our ability to maintain public support for our defense establishment is to waste money that the Government and the taxpayers will be spending in this effort. We can no more solve problems of defense by throwing money at them than we can solve problems in our social area by throwing money at social problems. That money must be spent wisely, that money must not be spent with disregard for the taxpayers' interests.

If we fail to do that, we shall lose the very impetus for defense support that we now have in the Nation.

It was former President Eisenhower who clearly warned this Nation about the military industrial complex as being a potential for doing great harm. So I am concerned that at the same time we are spending billions and hundreds of billions and trillions of dollars in defense that we take those steps necessary to make certain that there is no waste.

What I have seen happen here in the last several days is that whatever safeguards we have already put in place, to make certain that money is not being wasted, we are dropping out and we are seeing efforts made to take away any accountability, any congressional control, any means of monitoring how these moneys are spent, and they will be wasted if these controls are taken away.

So on the one hand we are increasing to these enormous necessary sums defense expenditures, and at the same time we are removing the safeguards that are necessary to assure they are spent wisely and without waste.

There should be multiyear contracting on major defense systems, in my opinion, because that can save money. The Government operations amendment permits multiyear contracting and procurement. But what it does provide is some accountability.

I would no more give a blank check to Caspar Weinberger than I would to Secretary Schweiker. Somebody in this country who is responsible for raising taxes and spending money must see that it is done properly.

Secretary Weinberger, in a letter to the chairman of the Government Operations Committee, Mr. BROOKS, in commenting on the testimony of Dr. deLauer before the committee about multiyear contracts said:

> During your recent hearings on multiyear procurement Dr. deLauer testified that he had reviewed a program which promised large multiyear savings, if properly structured. The program he referred to is the F-16 fighter.

The F-16 fighter procurement can be accomplished with the Government Operations Committee and, at the same time, not give a blank check for waste to anybody.

I think it is also interesting to point out that there is no need to repeal the Brooks Act in this area. In fact, it is not the Brooks Act that has caused the problems that have been occurring in the defense procurement. It has been the Defense Department by mismanagement, and we do not solve mismanagement by taking off accountability. That is like giving a drink to an alcoholic or putting out a fire by throwing gasoline on it.

According to what Dr. DeLauer testified before the Government Operations Committee, he said that there was no reason, I want to repeat that, no reason to fault the Brooks bill, and he goes on to cite that the main problem within the Department of Defense is their own internal review and approval process. So now the Under Secretary of Defense is saying that the problem is their own mismanagement, and what we are being asked to do in the Armed Services Committee approach is to take accountability away from people who, by their own admission, are mismanaging a program.

The CHAIRMAN pro tempore. The time of the gentleman from Georgia has expired.

(By unanimous consent, Mr. LEVITAS was allowed to proceed for 3 additional minutes.)

Mr. LEVITAS. That is not accountability. That is not prudence.

The General Accounting Office, the fiscal watchdog of the Congress, testified before this Government Operations Committee, and in their testimony they said, and I quote:

> The history and current state of Department of Defense automatic data processing acquisitions makes the issuance of a blanket delegation of procurement authority for NORAD or any other command in the worldwide military command and control system inappropriate at this time.

That is our own fiscal watchdog that we have put in place to watch out for waste.

I say to my colleagues who are interested, as I am, in the strongest national defense possible, that that will require public support, it will require the elimination of waste, it will require accountability. If this committee prevails in not only spending trillions of dollars but removing accountability from the system, we will have struck a fatal blow at the public support, because when they begin to hear the investigative reporters, the GAO, and the Inspectors General saying money is going down the drain and, at the same time, we are cutting out other programs in our society, they are going to say support for this vital defense effort will have to be abrogated, and we will be back to the situation that existed prior to this time.

□ 1420

And I think we will be striking a fatal blow at our national defense when we remove accountability from the expenditure of trillions of dollars for defense.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. LEVITAS. I yield to the gentleman from New York.

Mr. STRATTON. The gentleman mentioned that the General Accounting Office was one of the great sources of accountability, and he appeared, as I interpreted his remarks, to be suggesting that they supported his position and the position of the Government Operations Committee.

Let me quote from a letter dated June 15, from Mr. W. H. Skelly, the systems acquisition head at GAO. He says this:

> If the Congress is of the opinion that multiyear contracting should proceed expeditiously, then we believe that Section 909, with one technical amendment discussed below, would accomplish this objective. As amended, we can support Section 909.

Mr. LEVITAS. I would respond to the gentleman by saying that the report to which I referred was signed by Milton J. Sokolar, who was the Acting Comptroller General of the United States, who testified before our committee.

Mr. STRATTON. What date was that?

Mr. LEVITAS. His testimony was given on May 19, 1981.

Mr. STRATTON. This is July 15. So once GAO had compared the two amendments more closely they decided that those who want to expedite multiyear funding should support the Armed Services Committee version.

Mr. LEVITAS. I would say to my friend, the gentleman from New York, that the gentleman knows the problem with the bureaucracy. And that is one of the problems with the Defense Department. Those people down in the bowels do not know what is happening elsewhere.

The CHAIRMAN. The time of the gentleman from Georgia (Mr. LEVITAS) has expired.

(On request of Mr. BEARD and by unanimous consent, Mr. LEVITAS was allowed to proceed for 2 additional minutes.)

Mr. BEARD. Mr. Chairman, will the gentleman yield?

Mr. LEVITAS. I yield to the gentleman from Tennessee.

Mr. BEARD. Is the gentleman familiar with the armed services authorization bill and its relationship or its actions toward the Brooks law?

Mr. LEVITAS. Yes; in fact I participated in all of the hearings that related to that that occurred in the subcommittee.

Mr. BEARD. What is the gentleman's understanding as to our bill and how it affects the Brooks law?

Mr. LEVITAS. My major concern is that it is a carte blanche general delegation rather than a project-by-project delegation so that pilot studies can be taken, to see if this is a cost-effective way. Once you let the genie out of the bottle, you are not going to get it back in.

Mr. BEARD. If the gentleman will yield, I want to clear this up because the gentleman stated that he thought that this was not the time to repeal the Brooks law. And I think the gentleman needs to totally understand that our bill does not address the Brooks law in any way, shape, or form.

Mr. LEVITAS. Yes; I understand that the House version, as it is now written, does not do so.

Mr. BEARD. Which is the one we are dealing with.

Mr. LEVITAS. But I also understand that the version in the other body would in fact repeal that, and in order for us to have something to go to conference and work out, we need the Government Operations Committee language, in my opinion.

Mr. BEARD. If the gentleman will yield, I just wanted to make sure that the House understood that we did not have the repeal of the Brooks law in this, and that now that the gentleman has cleared it up, the Senate, which we have no control over——

Mr. LEVITAS. I understand that, and I also understand the way this whole operation works around here, as does the gentleman from Tennessee, and if we do not have anything in our bill to go to conference on, we are going to be sold down the river on the first day.

Mr. BEARD. I would never be so presumptuous as to say that I understand the way everything works around here.

Mr. DAN DANIEL. Mr. Chairman, will the gentleman yield?

Mr. LEVITAS. I yield to the gentleman from Virginia.

Mr. DAN DANIEL. I appreciate the gentleman yielding. May I further explain to the gentleman section 909.

Congress retains congressional control by existing law over weapon systems and would not relinquish any of that control by Section 909.

And here is why:

United States Code, Title 10, Section 138, states that no funds may be appropriated, obligated, or expended for the procurement of any weapon system by DOD unless those funds are specifically authorized by law. Title 10, Section 139, requires DOD to submit detailed cost and schedule reports to Congress on every weapon system required to be authorized by law. That section also requires that a supplemental report must be submitted not less than 30 days and not more than 60 days prior to any contract award or the exercise of an option, to procure a weapon system.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

(On request of Mr. DAN DANIEL and by unanimous consent, Mr. LEVITAS was allowed to proceed for 2 additional minutes.)

Mr. DAN DANIEL. So the point I am making is that we do not change the law as it is now written with respect to congressional control.

Mr. LEVITAS. I wish the gentleman could clarify it further, because that is not what I read happening in here. As I read what could occur under the armed services approach, all that would occur is written notification to the Committee on Armed Services and to the Appropriations Committees. And there is no control to be exercised by either of those committees under the legislation as it came out of the Armed Services Committee.

Mr. DAN DANIEL. Well, the control is that that all proposals would have to come back to the committee of the gentleman from New York (Mr. ADDABBO) for the money.

He is pretty tight fisted, too, I might say.

Mr. LEVITAS. My great concern, with all of the respect that I have for the gentleman from New York (Mr. ADDABBO) and his colleagues, is that when we are spending this amount of taxpayer's money, we have got to have accountability or we are going to see it wasted and we are going to lose public support.

Mr. DAN DANIEL. The gentleman from Virginia and the gentleman from Georgia are in complete accord on that.

I thank the gentleman for yielding.

Mr. LEVITAS. I thank my colleague for his remarks.

Mr. CLINGER. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I reluctantly rise in opposition to the amendment because I have the highest respect and regard for the chairman of the Government Operations Committee on which I serve, and the ranking minority member, and I think that they have done yeoman work in assuring that we will have efficiency and effective use of money in our defense buildup, specifically with the proposition to include an Inspector General in the Department of Defense. But I do think that in this case the committee is taking a wrong step, a step backward.

I have been home over the last couple of weekends, talking with people, and these are people who are committed to an increase in our defense, to improving our defense posture and spending the kind of money we are talking about. But they are also expressing extreme concern that this money be used effectively, that it be used efficiently, and that we do not have waste and fraud.

So I would take exception, to some extent, with what the gentleman from Georgia just said, because I believe what the Armed Services Committee proposes is going to result in much greater savings by allowing more flexibility in multiyear contracting, than the Government Operations Committee permits.

I am sensitive to the fact that our amendment, the Government Operations Committee amendment, does permit multiyear contracting, but it is very limited and restrictive. As Mr. DANIEL said earlier, if the Government Operations Committee amendment is adopted, we would not really see any savings for about 4 years.

Now, I would point out that we are going to be spending—over $1 trillion in the next 5 years. It is undisputed that we can save $15 billion through multiyear contracting on a general basis. If we are going to spend that kind of money and lose that opportunity by only sticking our toe in the water with a pilot program, we will not really be permitted to use multiyear contracting on a broad basis for about 4 years, and too much water will be over the dam. We are not going to be able to realize the kind of savings that are possible.

The potential cost savings of multiyear contracting is greatest in precisely those areas where, because of the unrealistically low cancellation ceiling in present law—the $5 million—it cannot be used: Major weapon systems acquisition and the advance procurement of critical parts and materials. Industry's willingness to make capital investments in new technologies, facilities, and equipment will be enhanced if it can look forward to sufficient continuing production to get a pay back on these investments.

What I am really talking about here is bringing the supply-side approach to our weapons procurement.

Increased capital investment will lead to increased productivity and lower costs. Contractors will also be able to purchase larger quantities of parts and materials, further reducing costs. And as DOD contracts become through improved stability more attractive, competition for these contracts will begin to increase. And this is really what it is all about. We have seen an enormous shrinkage in our defense base. We just do not have the contractors who are willing to get involved in defense contracting because of the enormous limitations on what they can do.

□ 1430

They have no assurance that they have any guarantee beyond 1 year. Therefore, there is a tremendous fudge factor built into all these contracts. I think that the Armed Services Committee's approach, which allows us to enter into contracts not exceeding 5 years in duration, is a wise approach and provides safeguards which are fully adequate to guard against whatever risks that may exist, and there are risks. Besides statutory criteria and DOD regulations governing these contracts, each must be approved by the top echelon of DOD, and DOD would have to identify multiyear candidate programs and proposed schedules in its budget submissions. Any needing a cancellation ceiling of over $100 million would require approval by Congress.

In fact, I would like to stress again, Congress does retain oversight and control through the annual authorization and appropriations process. The buildup in defense spending upon which we are now embarked, which is the largest in the Nation's peacetime history, makes it imperative that we institute multiyear contracting as soon as possible so that its benefits can be realized to the fullest. Simply throwing money at our defense problems will not work. We need careful planning within the DOD and policies that help to broaden and strenghten the industrial base that supplies it.

So, as a member of the Government Operations Committee I am reluctant to oppose my committee's amendment, but I really feel in this case that we would better serve and effect more cost savings if we permit a less rigid, less inflexible method of Government contracting.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. CLINGER. I would be happy to yield to the gentleman from Ohio.

Mr. LATTA. Mr. Chairman, I thank my friend for yielding. Mr. Chairman, I take this time in order to state my opposition to the Brooks amendment to strike section 909—designed to authorize limited use of multiyear procurement—from the committee bill.

The Armed Services Committee provisions on multiyear procurement, section 909, contained in this legislation is the product of 9 months of committee work. It represents the best judgment of the General Accounting Office, the Defense Science Board, the Commission on Government Procurement, the many procurement experts within the Department of Defense, and numerous people within industry. There was also testimony in support of this provision by the individual Joint Chiefs of Staff.

If changes are made to permit the increased use of multiyear contracts, we can expect to realize significant savings on those programs on which this technique is employed. These savings would come through improved economies, efficiencies, and stability in the production process based on foreknowledge of program levels, better utilization of industrial facilities, enhanced attractiveness of Government contracting in general, and a reduction in the administrative burden associated with our yearly procurement practices.

This is not a step the Pentagon has proposed without study. In early March, the Deputy Secretary of Defense directed that a team composed of financial managers, acquisition managers, and legal advisers be established to work on expanded multiyear contracting procedures. Comprehensive criteria to be used in applying this technique have been devised, including: Benefit to the Government such as substantial cost avoidance when compared with annual contracting methods, validity and stability of the mission need, stability of the quantities required, stability of the funding levels, stability of the configuration of the product, and so forth. Appropriate reviews will be conducted to assure that programs will meet these criteria.

Two illustrations of savings of multiyear contracting might be in order: In March 1980, two multiyear contracts were awarded by the Air Force for GAU-8-30 mm ammunition used on the A-10 aircraft. Since the Air Force was able to request prices on the entire 3 years of their requirement, these two contracts resulted in $34 million in savings on contracts totalling over $330 million over single-year acquisitions. In another example the Air Force, again by offering 3 years of requirements, was able to save an estimated $10.6 million on the AN/ALQ-155 power management system used on the B-52.

Multiyear contracts are not now prohibited by law or regulation—in fact, they have been used extensively in the past, and are used now. Specifically authorizing this practice for DOD contracts under certain conditions is nothing radical. Neither is the provision of section 909 that would extend the authorization of multiyear service contracts (2306(g)), now allowed overseas, to contracts to be performed within the United States.

I wish to stress two points:

The first is that section 909, is permissive in nature. It recognizes that the Department of Defense must have flexibility in the administration of its thousands and thousands of annual contracts.

The second is the requirement that the Director of the Office of Management and Budget and the Secretary of Defense modify existing regulations to conform to the permissive actions authorized by section 909. While it may not be generally recognized, the Director of OMB has issued, and periodically issues, regulations that are binding on the contracting procedures of Federal agencies. Several OMB regulations flatly prohibit certain procurement practices that are authorized by law. It would do little good to direct the Secretary of Defense to modify defense acquisition regulations if he, in turn, would be prohibited from carrying out his policies by OMB regulations.

The Secretary of Defense, for many years, has issued armed services procurement regulations, now called defense acquisition regulations. They are binding on all DOD procurement officials. While it is true that the Office of Federal Procurement Policy, within OMB, is to provide the Congress with its recommended Government-wide procurement regulations by October of 1981, I am unable to speculate on the chances for their adoption. The Congress would certainly review them in depth prior to adoption.

While that review is underway, one cannot ignore the possibility of saving billions of dollars in defense procurement by this change in current law. Secretary Weinberger estimates he can save as much as $15 billion over the next 5 years, and I say, let us give him the tools to do it. I urge you to support the position taken by the Armed Services Committee on this matter and save the taxpayers billions of dollars. To do so, you must vote down the Brooks amendment.

Mr. BEARD. Mr. Chairman, will the gentleman yield?

Mr. CLINGER. I will be happy to yield to the gentleman from Tennessee.

Mr. BEARD. Mr. Chairman, I rise in opposition to the amendment which would delete section 909 of the Armed Services Committee bill.

The gentleman from Texas (Mr. BROOKS) has raised several points that can only be classified as red herrings designed to distract our attention from the real issue involved in section 909 as reported by the Armed Services Committee.

While the arguments of those who favor junking this important aspect of the bill may sound factual, we should recognize that there is somewhat of a spin on the ball—and a bit of fuzziness here and there.

For example, those who would scuttle section 909 would have you believe that that provision would give the Defense Department free rein to spend one and a half trillion dollars over the next few years—and that the Congress would somehow lose control over the purse. The facts are absolutely contrary to that argument—and so is the law.

In fact, Mr. Chairman, because of section 138 of title 10 of the United States Code, no funds may be appropriated, obligated, or expended for the procurement of any weapon system by the Department of Defense, unless those funds are specifically authorized by law. Authorization for fiscal year 1982, in fact, is the primary purpose of the bill before the House today.

The people who want to kill section 909 are also apparently unaware of another provision of existing law that provides for close oversight of Department of Defense procurement and research and development activities. This is section 139 of title 10. Under that law, the Department of Defense must submit detailed cost and schedule reports to the Congress on every weapon system required to be authorized by law. In addition, a supplemental report must be submitted not less than 30 days and not more than 60 days prior to any contract award, or the exercise of an option, to procure a weapon system. These reports are now made quarterly and are carefully reviewed by the Committee on Armed Services and other committees.

There are two authorizing committees, two appropriations committees, two budget committees, two government operations committees, and the General Accounting Office—eight committees—all looking down the neck of the Defense Department. In contrast, who looks for welfare fraud in Health and Human Services programs, or bribery and kickbacks in the General Services Administration? What other Government agency has such congressional oversight?

Another fuzzy argument, Mr. Chairman, would have us believe that section 909 would result in fencing in a large portion of the defense budget and result in loss of flexibility. Flexibility in the past has meant the brutalization of carefully planned programs through arbitrary program cuts and delays, with no public exposure of the additional costs of such actions. In fact, these cuts and delays are always advertised as savings.

We have paid dearly for this kind of flexibility and the almost total lack of discipline that it has introduced into the procurement process. Section 909 of the Armed Services Committee would encourage the DOD to intro-

duce a measure of discipline into the procurement process. This is the central issue that those who would have the House kill this provision are trying to obscure.

The point is that discipline always reduces flexibility. From the teenager on an allowance—to the convict in prison—to the procurement of weapon systems—to the authorization and appropriation of funds by the Congress—following an orderly set of priorities always reduces flexibility. But is that bad? Is the improvement of the country's defense at lower cost as bad as the opponents of section 909 would have us believe? Of course, it is not.

Let us be truthful with the taxpayers out there who want us to provide for an adequate defense, but who also want us to spend our defense dollars more wisely. Let us tell them that, yes, we can buy some weapons 10 percent or 20 percent cheaper if we handle advance procurement differently, or do the multiyear contracting that section 909 would authorize. But if we kill section 909, let us also tell the taxpayers in our districts that we preferred to do business in the same old undisciplined and expensive way; that in the interest of not fencing in money, we thought it better to fence out economy. Let us tell them what the extra costs of flexibility actually amount to.

Let us tell them that we had the opportunity to save several billions of dollars, but we passed up the opportunity because we refused to have the costs of arbitrary changes exposed. This is the real issue here. If we kill section 909, let us also tell them that we refused the advice of the last two Secretaries of Defense, the General Accounting Office, the Congressional Budget Office, and the Office of Management and Budget.

The truth is, Mr. Chairman, that section 909 is designed to foster economy and efficiency in our Government. I would have thought that the committee of this House which has economy and efficiency as its primary concern would have vigorously embraced this provision. But such has not been the case. Instead, this provision, along with others in the Armed Services Committee bill, has been used as a weapon in the fight over the turf claimed by that committee—a provision in the Senate-passed authorization bill relating to computer procurement.

For that reason, I urge the defeat of the Brooks amendments.

Mr. CONYERS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I come to this part of the bill with a small amount of confusion because normally I am opposed to some large outlays, and I am surprised now to find that the chairman of the Committee on Government Operations, who normally is considered a hawk in the language of the corridors, is now locked in some kind of combat with members of the Armed Services Committee over how best the Pentagon can save money. This is a very unique situation.

Here is the committee, which has oversight and has saved our Government and taxpayers billions of dollars, and exposed a great many incidents of waste and abuse over the years, now struggling with what appears to my ears to be an authorizing committee effort to save billions of dollars. The Navy has planes, it has radar systems that work 60 percent of the time. The Air Force has F-15's with about 60-percent capability for its flying missions. The Army's tank-killing helicopter, the Cobra, has a rotor that regularly breaks down. We learn on top of that from Mr. Elmer Staats, recently retired Comptroller General of GAO, that we could save about $16 billion a year at the Pentagon merely by making its management more efficient.

Now, I ask someone on this floor what in heaven's name is wrong with this proposal by the Government Operations Committee, and how would it unhinge the military system and procurement practice as it now exists? It really baffles me, and I would ask the chairman of the Government Operations Committee if he could throw light on this matter for those of us who may wonder how he has been thrust into this rather awkward position.

I yield to the gentleman from Texas.

Mr. BROOKS. Well, to my distinguished friend from Detroit I say that I did serve 23½ months overseas in the Marine Corps, not in peacetime, and I have long supported every defense bill that has come out, and I voted for all the defense we could have and supported the Vietnam war and every war we have been in, and my family before me, since the American Revolution. So, I admit that, but on the other hand I believe that if you are going to win wars you have got to spend money wisely and carefully if we are going to have enough guns and ammunition to win.

So, this weapons system provision we have is just saying that when you are going to have one of these lemons or when you are going to have a major expenditure of multiyear billion-dollar contracts for defense of our tax money, that the Armed Services Committee in their wisdom and expertise should take a look at it and let the Defense Department recommend to them which programs they want to put in, and put them in and recommend them.

If they want to recommend the F-16, which they have not been prepared to do yet, have not come out strongly for yet, but if they do they could put it in this bill today if they were prepared, and then let the regular Congress take a look at it.

□ 1440

I am for defense, like the gentleman says, but I want to see that we get something for that dollar. I do not want to just throw it away. I do not want us to build another set of big buildings around the edge of Washington. We have all those great big buildings called the XYZ building and the QRS building, and we would have all these other things that will come out of this $1.65 trillion that apparently we are going to spend.

Does my friend realize that in the next 5 years we project expenditures of $1.65 trillion? That is in excess of an average of $300 or more billion a year, and that is really about $1 billion per working day that we are giving away.

The CHAIRMAN. The time of the gentleman from Michigan (Mr. CONYERS) has expired.

(By unanimous consent, Mr. CONYERS was allowed to proceed for 3 additional minutes.)

Mr. DAN DANIEL. Mr. Chairman, will the gentleman yield to me. Will my neighbor yield to me?

Mr. CONYERS. I will be very happy to yield in just a moment, but first I want to emphasize a point of commonality that I share with the chairman of the Government Operations Committee about national security.

This is a question that more and more Americans are beginning to ask. Will bucks alone make us No. 1? I mean, is it just a matter of how much money goes into a military bill every year? The statements from thoughtful military strategies suggest that the answer is in the negative.

I am persuaded to the view that just spending money alone, tossing it into complex programs, infinitely complex machinery that may frequently break down and require technical competence beyond our ability to provide in the armed services, does not necessarily bring with it the strength that many hope it would.

Mr. BROOKS. Mr. Chairman, will the gentleman yield further?

Mr. CONYERS. I yield again to the committee chairman.

Mr. BROOKS. Mr. Chairman, I just want to say that I believe we do have to spend a lot of money. We do have to spend a lot of money on defense, but I think we should be doubly certain now and Congress should be particularly aware of the necessity for wise expenditure, and we should not be dismantling our accountability. We should not do away with responsibility and keeping up with accountability and providing public knowledge on expenditures. We should have care in spending this money.

This is what we are trying to avoid, and I do not believe we want to eliminate and exempt the Defense Department from all the procurement legislation, from all the rules, and from all the judgments.

This is a very modest amendment to the committee's bill, and it means only that they would have to take a look at it. They have never been ashamed to work before. This is a hard-working committee.

Mr. CONYERS. In other words, this is not going to the Committee on Government Operations for review and scrutiny?

Mr. BROOKS. No; we have nothing to do with it. It would go to the Armed Services Committee. They would make the determination. They would take the report of the Secretary of Defense, and if he thought he could save a lot of money on a multiyear project, it is in their jurisdiction and they are a warm, receptive body.

Mr. DAN DANIEL. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield to my colleague, the gentleman from Virginia.

Mr. DAN DANIEL. Mr. Chairman, I thank the gentleman for yielding.

First of all, let me reestablish my credentials.

Mr. CONYERS. Does the gentleman mean he is for large military budgets?

Mr. DAN DANIEL. No; it means that I am so much a hawk that I do not use Dove soap.

Now, let me respond to the gentleman's question.

Mr. CONYERS. I do not think there is a Member in this Chamber who would ever question the gentleman's credentials.

Mr. DAN DANIEL. Just in case they did, I wanted to make sure that it was understood.

To answer the gentleman's question, throwing more dollars at our defense shortfalls is not the answer. The gentleman has the answer. The answer is more efficiency in operations, and that is precisely what section 909 does. That is what it is geared to. It is designed to provide more efficiency in operations.

The CHAIRMAN. The time of the gentleman from Michigan (Mr. CONYERS) has again expired.

(By unanimous consent, Mr. CONYERS was allowed to proceed for 4 additional minutes.)

Mr. CONYERS. Mr. Chairman, let me ask the gentleman this question.

Mr. DAN DANIEL. Yes.

Mr. CONYERS. What is there in the nature of this proposal that comes from the distinguished gentleman from Texas, the chairman of a committee, which has, by any modest admission, saved the Government billions of dollars, that the gentleman does not approve of? Where is the gentleman's proposal more efficient than that of the gentleman from Texas (Mr. BROOKS)?

Mr. DAN DANIEL. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from Virginia.

Mr. DAN DANIEL. Mr. Chairman, I appreciate the gentleman's yielding, and I will respond very directly to him.

The amendment of the gentleman from Texas (Mr. BROOKS) will gut our amendment because every single multiyear procurement contract will have to be approved by Congress.

Now, the gentleman from Michigan (Mr. CONYERS) and I have been here a long time—he longer than I—and we both know how long it takes to get the approval of Congress on anything, for that matter. So the result would be that 4 years from now we would still be producing at inefficient rates. That is my judgment.

Mr. CONYERS. Then, let me ask, why does the chairman of the Government Operations Committee not understand that? The gentleman votes for large military budgets and has done so longer than the gentleman and I put together.

Mr. DAN DANIEL. The gentleman from Michigan will have to ask the gentleman from Texas that question. I cannot answer it.

Mr. BROOKS. Mr. Chairman, I will be pleased to answer if I may have half a minute and if the gentleman will yield.

Mr. CONYERS. I yield to the gentleman from Texas.

Mr. BROOKS. Mr. Chairman, the proposal says that major weapons systems would be coming to the committee under the existing law, and under the existing practice hundreds of multiyear contracts are handled now by the Defense Department that are under the $5 million cancellation cost, and they do not specifically come back to the gentleman's committee and they will not in the future. That law is not abrogated. It would still be the law, and that is just not the fact.

The facts are that the 1,200 or so multiyear contracts now carried by the Department of Defense without the committee's special approval will continue in that exact same fashion.

The amendment deals with major weapons systems. It has to do with that subject. That is what we are talking about. This is what Mr. DeLauer was talking about, this is what Mr. Carlucci was talking about, and this is what Mr. Weinberger said he was talking about.

This is what they can do if they want to submit contracts for major weapons systems. We do not save billions of dollars on a $500,000 contract; we save billions of dollars on multiyear contracts, on billion-dollar procurements, not on small ones. Everybody understands that.

They just do not want to do that, I say to the gentleman from Michigan (Mr. CONYERS). They do not want that authority to come back. They do not want Congress to know when they are going to have more than $100 million in cancellation costs. Does the gentleman want to know?

Mr. CONYERS. I would like to know, yes.

Mr. BROOKS. We might vote more than is necessary, but we would like to know. There is nothing wrong with knowing.

Mr. CONYERS. I am curious.

Mr. DAN DANIEL. Mr. Chairman, will the gentleman yield to me?

Mr. CONYERS. Yes; I will yield, but first let me just say to my dear friend, the gentleman from Virginia (Mr. DAN DANIEL), that it appears that the body that he is suggesting would slow down the process would be the Armed Services Committee, his own committee.

Mr. DAN DANIEL. No; I would say to the gentleman from Michigan (Mr. CONYERS) that that is not the entire answer. Let me tell the gentleman what the real problem is with the amendment of the gentleman from Texas (Mr. BROOKS).

The real problem is that it does nothing to remove the cancellation ceiling on multiyear contracts. Thus, a contractor cannot prudently commit to economic lot buys and save the Government money. That is the guts of it right there.

Mr. CONYERS. It does nothing to remove the ceiling on canceled contracts?

Mr. DAN DANIEL. That is correct. That is the problem.

Mr. CONYERS. For the benefit of those Members who are not on the committee, just generally what does that mean?

Mr. DAN DANIEL. At the present time there is a $5 million cancellation ceiling on a contract. That does not apply to any other committee of Government or any other agency of Government, just to the DOD. Let me tell the gentleman what that has done.

During the decade of the 1970's over 40 percent of the small contractors and suppliers providing services and components to the defense industrial base have terminated their participation in defense contracting. This is almost in direct proportion to the burden that this ceiling has put on Government contracting, due to the instability and uncertainty of the resulting year-to-year annual contracts.

Mr. CONYERS. That disturbs me.

The CHAIRMAN. The time of the gentleman from Michigan (Mr. CONYERS) has again expired.

(By unanimous consent, Mr. CONYERS was allowed to proceed for 3 additional minutes.)

Mr. CONYERS. Mr. Chairman, that last point hits a very sore spot, because I am a very strong proponent of small business.

Mr. DAN DANIEL. I know the gentleman is.

Mr. CONYERS. And the minority entrepreneurs are mostly contained within that category. That is a very disturbing factor to be revealed.

The thing that bothers me is this: Is the gentleman trying to control the small contracts, or is he trying to get the "biggies"?

Mr. DAN DANIEL. Well, we rewrote the bill. The original bill was H.R. 745. Upon the consideration of the original bill we wanted to make absolutely sure the small businessmen and the minority contractors were protected. That is why we have section 909 instead of a separate bill, H.R. 745.

Mr. CONYERS. But they would not be adversely affected were we to adopt the Government Operations Committee amendment?

Mr. DAN DANIEL. Oh, indeed they would be affected. We must assure that they get the benefit of the multiyear contracting—otherwise. They would leave the business.

Mr. CONYERS. Why would a review coming out of the gentleman's committee put them out of business?

Mr. DAN DANIEL. That is not the point. The point is that the cancellation ceiling continues to destabilize DOD contracting. In the absence of stability, and the ability to rationally plan their business, small businessmen will continue to abandon the defense industrial base.

□ 1450

Mr. DOUGHERTY. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from Pennsylvania.

Mr. DOUGHERTY. I thank the gentleman for yielding. Let me give a specific example, It is my understanding the Defense Logistics Agency buys $770 million worth of clothing each year for the Army, Navy, Marines, Air Force, and Coast Guard and everything for uniforms. They do not have the authorization to grant multiyear contracts. The small businessman who wants to bid on these contracts has to put a lot of money up front. But he can only get the contract for 1 year. So he makes the capital investment, but then he is not sure he is going to get the bid for that following year for those 6,000 jackets for the Air Force or 15,000 jackets or whatever.

So, the small businessman winds up making a major commitment to a capital investment on the hope that he will get a contract the second year, a contract a third year, maybe.

Mr. CONYERS. I know that is a problem.

Mr. DOUGHERTY. The point I want to make to the gentleman is that the multiyear contracting provisions of the Government Operations Committee only apply to weapon systems, it does not apply to other services within the Department of Defense.

Mr. CONYERS. If I may reclaim my time, just a moment. Is the gentleman suggesting that we ought to extend this proviso of the Government Operations Committee to include those smaller entrepreneurs, is that indeed the gentleman's reluctance?

Mr. DOUGHERTY. I am saying that those small entrepreneurs are covered under the provisions of the Armed Services amendment and excluded under the provisions of the Government Operations Committee. Therefore, if the gentleman is concerned about the small businessman, the gentleman supports the Armed Services Committee.

Mr. CONYERS. If I may reclaim my time, which must be dwindling, what about the review for efficiency that would get the high cost lemons reviewed? Is that not really the point? If this is a small business, anti-small business amendment, we ought to name it that.

The CHAIRMAN. The time of the gentleman from Michigan (Mr. CONYERS) has expired.

(At the request of Mr. DAN DANIEL and by unanimous consent, Mr. CONYERS was allowed to proceed for 3 additional minutes.)

Mr. CONYERS. What I am hearing here, Mr. Chairman, is, one, a reluctance to review these large operations that are multiyear, and instead I am getting the argument that this is now going to prejudice the small business person who has been attempting to contract with the Defense Department. That is an important and separate consideration.

Mr. DAN DANIEL. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I had no idea that I would run into this challenge in terms of the Brooks amendment.

I yield to the gentleman from Virginia.

Mr. DAN DANIEL. Mr. Chairman, our bill, in section 909, contains that provision. The amendment by the gentleman from Texas (Mr. BROOKS) does not.

Mr. CONYERS. Which provision is this?

Mr. DAN DANIEL. The small business part of it. In other words, we are protecting small business and minority small business with our bill. The gentleman's bill does not address it at all.

Mr. CONYERS. Could I ask my chairman, I rose, I struck the last word, I think I am totally in support of the provision that comes from the committee on which I serve, Government Operations, yet I am now in a little bit of a quandary over it.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from Texas.

Mr. BROOKS. I thank the gentleman for yielding.

I do not know what provision the gentleman is talking about protecting small business. It is very obvious anything over $5 million would be subject to the scrutiny of the Armed Services Committee, and I am sure they would be as sympathetic to small business as they are to the large businesses that they scrutinize with a very warm eye.

Mr. CONYERS. I thank the gentleman. We seem to now be into a struggle between who is more for small business and minorities. My understanding in that very few minority businesses are getting much of the action around the Pentagon to begin with since firms have to be so big in order to compete for DOD contracts.

Mr. DOUGHERTY. That is not correct.

Mr. DAN DANIEL. That is not correct.

Mr. CONYERS. I wish the chairman of the Small Business Committee could help us out some. I know things are going poorly in the section 8-A department of the Small Business Administration, because they have suspended the whole operation of it.

Mr. DOUGHERTY. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from Pennsylvania.

Mr. DOUGHERTY. I thank the gentleman for yielding.

I will be very specific and tell the gentleman the Defense Industrial Supply Center, which buys clothing, foods, and medicines for the armed services of the United States, and spends about $3 billion a year, 53 percent of the contracts go to small businessmen.

Mr. BADHAM. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from California.

Mr. BADHAM. I thank the gentleman for yielding.

I had not intended to get into this. What the gentleman came down to the well to do was to support the Government Operations amendment. I can understand that.

Now, the gentleman has serious questions, and the serious question really goes to the heart of section 909 as proposed by the Armed Services Committee.

I can tell the gentleman that there are hundreds upon hundreds of subcontractors and small contractors in this country, and the gentleman's Subcommittee on Readiness and Industrial Base can testify to that and verify that, who refuse to do business, even try to do business with the U.S. Government because it is so unsure and so unpredictable and so easily canceled, and such a ridiculous way to do business——

The CHAIRMAN. The time of the gentleman from Michigan (Mr. CONYERS) has again expired.

(At the request of Mr. BADHAM and by unanimous consent, Mr. CONYERS was allowed to proceed for 3 additional minutes.)

Mr. BADHAM. Mr. Chairman, if the gentleman will continue to yield, it is almost impossible to do business with a government that changes the rules every year on a yearly basis and you do not know where you are going to be next year, and I can assure the gentleman that the gentleman made the comment earlier that somehow the members of the Armed Services Committee had a desire of throwing money at things.

I can tell the gentleman personally as a member of the committee, I have said publicly that we can get more defense, more bang for less buck than we are spending now if we will clean up our procurement and acquisition in contracting things. This is what this gentleman wants to do.

Mr. CONYERS. That is what we hear year after year. I have heard this chorus every year about this time.

Let me try out another one on the gentleman. I do not yield at this point.

What about adopting a block grant approach to NATO as a way of supplying them with weaponry for their security needs, in which we give them the money directly as opposed to doing it this old broken down inefficient way. I noticed a few people reacting to that. Has that been disposed of in the committee?

Mr. BADHAM. If the gentleman will yield further, block grants, as the gentleman knows——

Mr. CONYERS. The gentleman is for block grants, I presume?

Mr. BADHAM. Absolutely, I think the gentleman has a very interesting proposal which I think the committee would pursue.

Let me say that in further response to the gentleman. I thank the gentleman for yielding, but if we continue to do business as usual, as the Government Operations amendment suggests, we will not get anywhere and we have got to change our acquisition and procurement habits.

Mr. CONYERS. If I can get my time back, I assumed that the chairman of the Government Operations Committee had the amendment that would change things. Now, it is being suggested that he is running business in the same old way. I thought his amendment was an amendment that introduced some change.

Mr. DAN DANIEL. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. Can the gentleman enlighten me on that particular question?

Mr. DAN DANIEL. I can.

Mr. CONYERS. I yield to the gentleman from Virginia.

Mr. DAN DANIEL. Let me relate precisely what happened. Let me tell the gentleman what the Government Operations Committee struck out of this bill of ours. I quote from section 909:

> Multiyear contracting under paragraph 1 shall be used in such a manner as to seek, retain and promote the use under such contracts of companies that are subcontractors, vendors, and suppliers. Upon accrual of any payment or other benefit under such a multiyear contract to any subcontractor, vendor, or supplier participating in such contract, such payments or benefit shall be delivered to such company in the most expeditious manner practicable.

That was struck out of our bill.

Mr. CONYERS. Is the gentleman from Virginia suggesting here that he is for a proposal that goes further than just reviewing the biggees and that the gentleman wanted to include all under this umbrella of review?

Mr. DAN DANIEL. All of the contracts, the small contracts as well as the prime contracts.

Mr. CONYERS. The Government Operations does not?

Mr. DAN DANIEL. They struck this out of our bill.

Mr. CONYERS. Does the gentleman not think this is a bit inconsistent?

The CHAIRMAN. The time of the gentleman from Michigan (Mr. CONYERS) has again expired.

(At the request of Mr. DAN DANIEL and by unanimous consent, Mr. CONYERS was allowed to proceed for 2 additional minutes.)

Mr. CONYERS. Does the gentleman not think that this is a little inconsistent with the long tradition of cost cutting, finding abuse and waste and fraud, which characterized the day-to-day operations of the Government Operations Committee and its various subcommittees? Why would they come to this, the largest single item in our entire consideration and blow it—that bothers me—especially when Elmer Staats said that at least $16 billion could be saved in the defense spending annually merely by becoming more efficient. That was a report not requested by the Armed Services Committee; that was requested by the Government Operations Committee.

□ 1500

Nobody has chosen to even comment on poor old Elmer Staats, turned out to pasture, no longer around to harass and hassle anybody; but his parting shot was to the Pentagon.

> Clean it up, fellows, and you don't even have to change the theory of defense that you employ.

Ms. FIEDLER. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentlewoman from California.

Ms. FIEDLER. Exactly on that point, in the Budget Committee where we reviewed some of the recommendations that were made, multiyear contracting including it, beginning to implement it was a very important cost saving mechanism, so based on that you would definitely want to support the multiyear contracting concept.

Mr. DAN DANIEL. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. Yes; I yield.

Mr. DAN DANIEL. As I view this measure, it is not pro big business, it is not pro small business, it is pro taxpayer.

In response to the other comments of the gentleman, if some members of NATO do not improve their performance over the next few years, with respect to defense spending as a percentage of gross national product I will be ready to vote for a "block grant," or any other thoughtful measure which would provoke an equitable defense contribution by each of the allies.

Mr. CONYERS. Well, I thank the gentleman. I hope I have served some good in the interests of the chairman of the Government Operations Committee.

Mr. NELLIGAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, because of the lateness of the hour and because the debate has taken on the air of beating a dead horse, I have asked to revise and extend my remarks.

Mr. Chairman, I rise in opposition to the amendment. We will make a serious blunder if we adopt this amendment which will give the General Services Administration primary management responsibility for the acquisition of Department of Defense computer systems. The lack of competence and technical expertise in the General Services Administration has been widely recognized by many Federal agencies involved in computer procurements as well as several committees of the Congress.

In its report on the 1979 Defense appropriations bill, the House Appropriations Committee stated:

> Although there are more than 230 people in the GSA advanced data processing procurement organization, only 7 are involved in the review of agency requests for procurement authority. With these few people assigned, GSA's review of these procurement requests is neither thorough or constructive.

The report goes on to state and again I quote:

> Each of the military components were found to have procurement organizations of equal, if not superior, capability as compared to GSA. Each of the military components were proportionately better staffed and conducted more procurements than GSA. This observation contributed to the conclusion that subject to the certification of capability, the military components should be delegated full authority to consummate the entire process of computer systems acquisition without GSA involvement.

Mr. Chairman, in examining the record, I must conclude that GSA's involvement in advanced data processing procurement under the existing

Brooks Act has not and does not today provide any added value. In the majority of cases, GSA has delayed the process and has caused needless expenditures of millions of dollars to resolve what amounts to nothing more than extraneous issues raised by the GSA.

The management of extensive and complex state-of-the-art ADP systems to keep this Nation's defenses formidable is rightfully the task of the Department of Defense. We have a commitment from Secretary of Defense Weinberger and Deputy Secretary of Defense Carlucci that they will face up to the challenge of ADP procurement management and that they do not require the assistance of the GSA.

To quote from Secretary Weinberger's letter to the distinguished chairman of the Government Operations Committee on May 18, 1981:

I am willing to be held accountable for areas where I have responsibility * * *

Mr. Chairman, I urge the Members here today to defeat this dangerous amendment that will without a doubt throw the entire Federal Government computer procurement process into a complete state of turmoil.

Mr. ADDABBO. Mr. Chairman, I move to strike the requisite number of words. I rise in support of the amendment.

Mr. Chairman, I rise in support of the amendment because the Appropriations Committee will have to pay the bill if we make any errors today. I think it will be a big error if we do not support the Brooks amendment.

The Brooks amendment is no different than the Armed Services provision, except it is more in line with what the Senate said, what GAO said, and what OMB said.

They said that multiyear contracting is good, but go slow, test it, and that is what the Brooks amendment does. It says go slow for 1 year. Come forward with your contracts. There is not going to be any 1-year or 3-year or 4-year or 5-year delay. We go along with the same process.

As the administration develops its budget, as the Defense Department develops its budget, today it comes to ask for money for an F-15 or an F-16 or any major weapons system, it comes to us with a 5-year program. How much will the whole buy out be? So as they develop that, we now say go one step further. If you want multiyear contracting, come before us and state it meets all criteria. What will it cost? What will be the cancellation cost? That is all the Brooks amendment says. Anything that has a greater than $5 million cancellation clause, you come before the Congress and you come before the same committee that is here today, the Armed Services Committee, and they will authorize and the Appropriations Committee will appropriate.

If you come before us with a contract that will meet the criteria, you will be funded. Let us test that for 1 year. If it proves out and we are in favor of it; why are we afraid to test it? If we are so in favor of it and we think it is such a great program, why are we afraid to test it for 1 year?

We have had experience with multiyear contracting. This is nothing new. The Armed Services Committee had problems with multiyear contracts.

Why do we have a $5 million ceiling? Was that arbitrary? Did that just come out of the air? No; that ceiling was put on back in 1972.

In 1972 this committee, the Armed Services Committee, added to the bill, to their bill, section 604. I will read it:

SEC. 604. MULTIYEAR PROCUREMENT AUTHORITY.

Section 604 of the bill will establish a limitation on the authority of the Department of Defense to enter into multiyear procurement contracts. This section will deny to the Department of Defense any authority to enter into contracts obligating the Government to multiyear procurements involving cancellation ceilings in excess of $1 million.

Not $5 million, but $1 million. That $1 million was changed later in conference to $5 million; but the Armed Services Committee, did that because they found this:

The basic concept of multiyear procurement is to provide the Government with greater economy in procurement by avoiding the "start-stop" inefficiencies which are in theory inescapable under annual ordering. However, in the case of the LHA and DD-963 contracts this "theory" becomes most questionable. The LHA cancellation charge was $109.7 million, and the cancellation charge for the DD-963 program is $279.12 million.

These cancellation charges are obligations incurred by the Government by virtue of the provisions of the multiyear procurement contract entered into between the Navy and the contractor. The cancellation charges had, however, never been approved per se by the Congress.

So they saw something wrong with multiyear contracting. They found that suddenly it was costing us over $100 million, $200 million; so what did they do? They added this section, a limitation, a $1 million limitation, increased in conference to $5 million.

What does the Brooks amendment say today? Maybe multiyear contracting is good now. Maybe it is good, but if it is good, let us not go whole hog. We were burned once before. Let us try it for a year. Any contract with a cancellation clause of over $5 million, come back to the authorization committee, come back to the Appropriations Committee. Let them look at it and follow the normal process.

Now, let us take two programs that might have been multiyear, the F-15 and the F-16. If we went with the F-15 multiyear, what would happen?

The CHAIRMAN. The time of the gentleman from New York (Mr. ADDABBO) had expired.

(By unanimous consent, Mr. ADDABBO was allowed to proceed for 2 additional minutes.)

Mr. ADDABBO. If we went with the F-15, what would have happened? We would have signed a contract for 5 years and there would have been a saving; but for 5 years we would have been stuck with a plane which would not meet the threat. After we were into the contract with the F-15, we found that there was a need for greater range, so we amended the contract and gave the plane greater efficiency, greater range, greater fuel capacity. If that was a multiyear contract, you would have had to cancel the contract, rewrite it and possible pay them $100 million or $200 million cancellation cost.

If the F-16 were a multiyear contract now, and there were a 5-year contract and we find a need for a better radar, what would happen? We would have to rewrite the contract. Rewrite the contract, and who is going to get hurt? The taxpayers.

But more importantly our defenses will be hurt; because what we will have is defense spending and not defense procurement.

So today I ask you, let us go with multiyear contracts, but let us not go whole hog. Let us follow the normal procedure. Let us go, as OMB, as GAO says, "Go easy, a test program, a 1-year test program." If it works, fine; then we can move forward, but let us not go whole hog and be caught as we were back in 1972, requiring as the Armed Services Committee then did when it put on a limitation of $1 million.

Mr. DAN DANIEL. Mr. Chairman, will the gentleman yield?

Mr. ADDABBO. I yield to the gentleman from Virginia

Mr. DAN DANIEL. I thank the gentleman for yielding. My distinguished friend, the gentleman from New York, is not suggesting, I hope, that in order to rewrite a contract, you have to cancel it?

Mr. ADDABBO. No; you do not have to cancel it.

Mr. DAN DANIEL. I understood the gentleman to say that.

Mr. ADDABBO. No; you do not have to cancel it, but the contractor could force you to cancel it before you rewrite it.

Mr. DAN DANIEL. I thank the gentleman.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman from New York (Mr. ADDABBO) has again expired.

(By unanimous consent, Mr. ADDABBO was allowed to proceed for 1 additional minute.)

Mr. ADDABBO. I yield to the gentleman from New York (Mr. STRATTON).

Mr. STRATTON. Mr. Chairman, the arrangement that is contained in the committee bill really does represents a trial period, precisely what the gentleman is suggesting, and it is not really different from what the Committee on Government Operations is proposing.

The Secretary of Defense has already indicated four or five programs that he is going to begin with if multiyear procurement is approved. These contracts still have to be approved by the Armed Services Committee and they cannot be entered into as actual contracts until the gentleman's own subcommittee is prepared to appropriate; so there is really no difference between the one arrangement and the other as proceeding slowly and cautiously. But the Brooks proposal would force us to go through a whole congressional procedure, whereas the Armed Services Committee version would utilize the expertise of the gentleman's own committee and of our committee, and would move much more rapidly.

Mr. ADDABBO. The Brooks amendment, as I read it, I say to the gentleman from New York (Mr. STRATTON), there is only one difference between the Brooks amendment and the Armed Services Committee amendment; the Armed Services Committee amendment lifts that cancellation limitation to $100 million; any contract over $100 million then comes back for further review.

Mr. STRATTON. But that provision also has to be approved by the House Armed Services Committee.

The CHAIRMAN. The question is on the Government Operations Committee amendment.

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. BROOKS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 133, noes 283, not voting 16, as follows:

[Roll No. 131]

AYES—133

Addabbo	Burton, Phillip	English
Akaka	Chisholm	Evans (IN)
Atkinson	Clay	Fascell
AuCoin	Collins (IL)	Ferraro
Barnes	Conyers	Fithian
Bedell	Coyne, William	Florio
Beilenson	Crockett	Foley
Benjamin	D'Amours	Ford (MI)
Biaggi	Danielson	Ford (TN)
Bingham	Dellums	Forsythe
Boland	DeNardis	Fountain
Bolling	Derrick	Fowler
Bonior	Dingell	Frank
Bonker	Dwyer	Fuqua
Brodhead	Dymally	Garcia
Brooks	Early	Gonzalez
Brown (CA)	Eckart	Gray
Brown (CO)	Edgar	Guarini
Burton, John	Edwards (CA)	Harkin
Hawkins	Murtha	Seiberling
Hightower	Nowak	Shannon
Horton	Oakar	Simon
Howard	Oberstar	Smith (IA)
Hughes	Obey	Stark
Jacobs	Ottinger	Stokes
Kastenmeier	Patman	Studds
Kildee	Patterson	Swift
LaFalce	Paul	Synar
Leland	Pease	Traxler
Levitas	Peyser	Udall
Long (MD)	Pursell	Vento
Lowry (WA)	Rangel	Walgren
Lundine	Ratchford	Walker
Markey	Reuss	Washington
Marks	Richmond	Waxman
Mattox	Rodino	Weaver
Mazzoli	Roe	Weiss
Mikulski	Rosenthal	Whitten
Miller (CA)	Rostenkowski	Williams (MT)
Minish	Roybal	Wirth
Mitchell (MD)	Russo	Wolpe
Moakley	Sabo	Wyden
Moffett	Scheuer	Yates
Mottl	Schroeder	
Murphy	Schumer	

NOES—283

Albosta	Dreier	Hyde
Alexander	Duncan	Ireland
Anderson	Dunn	Jeffords
Andrews	Dyson	Jeffries
Annunzio	Edwards (AL)	Jenkins
Anthony	Edwards (OK)	Johnston
Applegate	Emerson	Jones (OK)
Archer	Emery	Jones (TN)
Ashbrook	Erdahl	Kazen
Aspin	Erlenborn	Kemp
Badham	Ertel	Kindness
Bafalis	Evans (DE)	Kogovsek
Bailey (MO)	Evans (GA)	Kramer
Bailey (PA)	Evans (IA)	Lagomarsino
Barnard	Fary	Lantos
Beard	Fazio	Latta
Benedict	Fenwick	Leach
Bennett	Fiedler	Leath
Bereuter	Fields	LeBoutillier
Bethune	Findley	Lee
Blanchard	Fish	Lehman
Bliley	Flippo	Lent
Boggs	Foglietta	Lewis
Boner	Frenzel	Livingston
Bouquard	Frost	Loeffler
Bowen	Gaydos	Long (LA)
Breaux	Gejdenson	Lott
Brinkley	Gephardt	Lowery (CA)
Broomfield	Gibbons	Lujan
Brown (OH)	Gilman	Luken
Broyhill	Gingrich	Lungren
Burgener	Ginn	Madigan
Butler	Glickman	Marlenee
Byron	Goldwater	Marriott
Campbell	Gore	Martin (IL)
Carman	Gradison	Martin (NC)
Carney	Gramm	Martin (NY)
Chappell	Green	Mavroules
Chappie	Gregg	McClory
Cheney	Grisham	McCloskey
Clausen	Gunderson	McCollum
Clinger	Hagedorn	McCurdy
Coats	Hall (OH)	McDade
Coelho	Hall, Ralph	McDonald
Coleman	Hall, Sam	McEwen
Collins (TX)	Hamilton	McGrath
Conable	Hammerschmidt	McHugh
Conte	Hance	McKinney
Corcoran	Hansen (ID)	Mica
Coughlin	Hansen (UT)	Michel
Courter	Hartnett	Miller (OH)
Coyne, James	Heckler	Mineta
Craig	Hefner	Mitchell (NY)
Crane, Daniel	Heftel	Molinari
Daniel, Dan	Hendon	Mollohan
Daniel, R. W.	Hertel	Montgomery
Dannemeyer	Hiler	Moore
Daschle	Hillis	Moorhead
Daub	Holland	Morrison
Davis	Hollenbeck	Myers
de la Garza	Holt	Napier
Deckard	Hopkins	Natcher
Dickinson	Hoyer	Neal
Dicks	Hubbard	Nelligan
Dorgan	Huckaby	Nelson
Dougherty	Hunter	Nichols
Downey	Hutto	O'Brien
Panetta	Schulze	Tauzin
Parris	Sensenbrenner	Taylor
Pashayan	Shamansky	Thomas
Pepper	Sharp	Trible
Perkins	Shaw	Volkmer
Petri	Shelby	Wampler
Pickle	Shumway	Watkins
Porter	Shuster	Weber (MN)
Price	Siljander	Weber (OH)
Pritchard	Skeen	White
Quillen	Skelton	Whitehurst
Rahall	Smith (AL)	Whitley
Railsback	Smith (NE)	Whittaker
Regula	Smith (NJ)	Williams (OH)
Rhodes	Smith (OR)	Wilson
Rinaldo	Snowe	Winn
Ritter	Snyder	Wolf
Roberts (KS)	Solarz	Wortley
Roberts (SD)	Solomon	Wright
Robinson	Spence	Wylie
Roemer	St Germain	Yatron
Rogers	Stangeland	Young (AK)
Rose	Stanton	Young (FL)
Roukema	Staton	Young (MO)
Rudd	Stenholm	Zablocki
Santini	Stratton	Zeferetti
Sawyer	Stump	
Schneider	Tauke	

NOT VOTING—16

Bevill	Dornan	Roth
Cotter	Dowdy	Rousselot
Crane, Philip	Goodling	Savage
Derwinski	Hatcher	Vander Jagt
Dixon	Jones (NC)	
Donnelly	Matsui	

□ 1520

Messrs. MOORE, HAGEDORN, and LEHMAN changed their votes from "aye" to "no."

Mr. BIAGGI changed his vote from "no" to "aye."

So the Government Operations Committee amendment was rejected.

The result of the vote was announced as above recorded.

□ 1530

AMENDMENT OFFERED BY MR. BROOKS

Mr. BROOKS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BROOKS: Page 59, insert before line 6 the following new section (and redesignate the succeeding sections accordingly):

PROCUREMENT OF AUTOMATIC DATA PROCESSING EQUIPMENT

SEC. 910. (a) Chapter 137 of title 10, United States Code, relating to procurement generally, is amended by adding at the end thereof the following new section:

"§ 2315. Law applicable to the acquisition of automatic data processing equipment

"Notwithstanding any other provision of this title, procurement of any automatic data processing equipment or services by or for the use of the Department of Defense shall be conducted in accordance with section 111 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 759).".

(b) The table of sections at the beginning of chapter 137 of such title is amended by adding at the end thereof the following new item:

"§ 2315. Law applicable to the acquisition of automatic data processing equipment.".

Mr. DICKINSON reserved a point of order against the amendment.

POINT OF ORDER

Mr. STRATTON. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. STRATTON. Mr. Chairman, the amendment which the gentleman has offered and which has just been read is part of the amendment which has just been voted down overwhelmingly by the House. I make the point of order that since the amendment has been rejected, it is out of order.

Mr. BROOKS. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The gentleman from Texas may be heard on the point of order.

Mr. BROOKS. Mr. Chairman, I would like to say that the amendment is designed to save the ADP law that the Congress has passed, and would endorse the current situation in the ADP law and would maintain it. It is offered as an amendment appropriately, because it was a part of the previous amendment just voted on. It is a part of that amendment, and the precedents of the House allow the consideration as amendments of portions of an amendment previously considered.

That is what this situation is. I think it affects very clearly the future of ADP acquisition in this country, and certainly I think that it is appropriate to be voted on now, and is well within the rules.

The CHAIRMAN. The Chair will rule under the principle contained in Deschler's Procedures, chapter 27, section 33.8, where it says:

Rejection of several amendments considered en bloc by unanimous consent does not preclude their being offered separately at a subsequent time.

The Chair will rule that the point of order is not well taken, and that the amendment is in order.

PARLIAMENTARY INQUIRY

Mr. STRATTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. STRATTON. Mr. Chairman, the Chair just stated in ruling against the point or order that two amendments offered en bloc can be separated. The parliamentary inquiry is, was the preceding amendment offered by the gentleman from Texas offered as two amendments en bloc?

My understanding was, it was the committee amendment. It embraces two paragraphs and was not offered as two amendments en bloc.

The CHAIRMAN. The precedent cited—and this is not an exact parallel, the gentleman from New York is correct in that—but it does suggest that the original amendment, once rejected as an entire proposition, may be reoffered in part as a narrower different proposition.

The gentleman from Texas is recognized for 5 minutes in support of his amendment.

Mr. BROOKS. Mr. Chairman, I have an amendment now which I would like to offer. It insures that the Department of Defense remains under Public Law 89-306, the act which passed in 1965 and established a framework for the central management and procurement of the Government's ADP computers. Public Law 89-306 is grounded upon one primary objective: Computer resources should be procured as economically and as efficiently as possible, using full and open competition.

Over the last several days Members have heard a lot of talk about the use of competition. Everyone seems to be in favor of it, but many are not backing up their rhetoric when it comes time to vote on the amendments. Public Law 89-306 not only has saved the Government $4.2 billion since its enactment, but through the use of competition the law has opened up the Federal marketplace to many more computer vendors. In 1965, one computer firm held almost 50 percent of the Federal marketplace. That firm's share is now about 8 percent. The entry of additional firms has provided many innovative products to the Government at considerably reduced cost since 1965.

Now, despite these benefits, DOD has refused to fully implement the law. Recent statistics provided by the DOD show that 70 percent of its computer requirements are acquired through sole source or other noncompetitive contracts. Apparently, the goal of DOD is to reach 100 percent in the awarding of sole-source contracts, and they are well on their way. If the Members vote against this amendment, they may well reach their objective.

DOD has resorted to using false and misleading data to support their claim that an exemption is needed from Public Law 89-306. They have attempted to place the blame for their many computer failures on the Federal procurement process under Public Law 89-306. The truth of the matter is that these failures are the result of their own miserable management and poor planning. GAO has testified that this is the rule rather than the exception of most Defense Department computer procurements.

□ 1540

The GAO has documented in over 100 reports since 1965 that the Department of Defense, the Joint Chiefs of Staff, and the military services have: First, failed to effectively plan for automatic data processing procurement and implementation; second, failed to adequately identify user requirements; third, failed to provide centralized acquisition management; fourth, failed to make effective use of the competitive process; and fifth, failed to establish adequate accountability.

These are not my comments. These are the comments of the General Accounting Office. They are well documented by a 100 different reports.

Clearly, the Federal acquisition process has not been responsible for these basic managerial deficiencies.

Unfortunately, the other body ignored these facts and has included in its DOD authorization bill language which exempts the DOD from Public Law 89-306. The central argument used by the Senate Armed Forces Committee is that the ADP acquisition process is harming our national security. Such an argument is not based on any factual data but, rather, on an intensive desire by the Department of Defense to: First, avoid the competitive procurement process; second, avoid further oversight by OMB and by the GSA, which in the past has highlighted their many costly system failures.

Accordingly, my amendment reaffirms the requirement that this Congress set up in 1965 that automatic data processing equipment and services procured by and for the Department of Defense be conducted in accordance with Public Law 89-306.

Mr. Chairman, this amendment that I offer today does not expand the authorities of that bill nor add any additional reporting or paperwork requirements, and I would urge the Members to support the amendment.

The CHAIRMAN. The time of the gentleman from Texas (Mr. BROOKS) has expired.

(On request of Mr. HORTON and by unanimous consent, Mr. BROOKS was allowed to proceed for 3 additional minutes.)

Mr. HORTON. Mr. Chairman, will the gentleman yield?

Mr. BROOKS. I yield to the gentleman from New York.

Mr. HORTON. Mr. Chairman, this amendment was a portion of one of the amendments accepted in committee. This is an important amendment because the companion Senate bill to H.R. 3519 has an amendment which would exempt the Department of Defense from the provisions of the so-called Brooks Act. We are talking about a public law that was adopted in 1965, Public Law 89-306. It requires that there be competition for computer procurement.

This puts the central management of computer acquisition in the place where it should be, which is in the General Services Administration, under policy direction from OMB.

Now, what the Senate has done, as I understand it, is include an amendment which would exempt the DOD from acquiring its computers under the Brooks Act. It is important, it

seems to me, that we put this amendment in the bill that is before us. The Armed Services Committee bill does not have any language to exempt the Department of Defense from the provisions of the Brooks Act. If we do not have something like this, we will not have anything to go to conference on except what the Senate has done.

It seems to me it would be important to make certain that we do reiterate in this bill the provisions of the Brooks bill with regard to acquisition of computers. For us to do otherwise, it seems to me, is going to create chaos as far as the acquisition of computers is concerned, and I would urge the Members to support this amendment offered by the gentleman from Texas (Mr. BROOKS) to put this language in the bill.

Mr. DICKINSON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, if I might have the attention of the Members, hopefully we can dispose of this amendment in very short order.

Let me say first, so that the Members will understand it, that in the amendment which was just voted down by over 2 to 1, there were two provisions. One had to do with multiyear procurement, and the other had to do with ADP, automatic data processing, which is this amendment right here. We have already voted this down one time in the amendment which was just defeated, but it has been offered again as half of the amendment that was just voted on.

Now, what does this say? This says that under the so-called Brooks Act that is already in place, the authority is given to apply the Brooks Act which supports better planning and management by having the General Services Administration involved in the policy of acquiring computers for the Department of Defense. Whenever a DOD computer program has been poorly managed or the procurement poorly managed in the past, the GSA has been involved.

Let me say this. It is just this simple. There are certain areas of intelligence and of sensitive information, where, both minicomputers and large computers, are used and where the Department of Defense has need for secrecy. We do not need to have the GSA involved in policy and procurement. I do not know if the Members are aware of this, but the fact is that we have computers in satellites for surveillance that are very sensitive, we have computers in cruise missiles, we use computers in the mapping that is done for our missile systems, and we use computers in aircraft for navigation purposes. These are both major computers and minicomputers. There are shipboard computers for many, many purposes. There are computers aboard tanks that are built in as an integral part of the system. There are surveillance systems. There are any number of computers of all shapes, sizes, descriptions, and purposes. Now, what this amendment does is to specify in each instance where the Department of Defense acquires these computers for weapons systems, the Department of Defense must request approval of the purchase by the General Services Administration.

The Department of Defense is opposed to this, first, because they do not want another layer of bureaucracy put in the approval process. They do not want their sensitive information being disseminated anymore widely than it has to be; they want it closely held.

This is not necessary at all. In addition, we cannot say that the GSA has any sort of a track record that is remarkable in this area in the past. We cannot point to any performance record of the GSA.

This provision is not even in our bill. We are not dealing with it, and our bill is silent in this regard, but the amendment is offered to give the Government Operations Committee oversight on defense computers. It is redundant, it is not necessary, it is going to be costly, and it is going to drag out the acquisition process.

Mr. Chairman, I think it is bad law, and I would certainly hope that the House would reaffirm its previous position and vote this amendment down by more than 2 to 1.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. DICKINSON. I am very pleased to yield to my distinguished colleague and friend, the gentleman from Texas, the author of the amendment.

Mr. BROOKS. Mr. Chairman, to my beloved friend let me say that it may not have been confided to him that 90 percent of the ADP acquisitions for the Defense Department are delegated to DOD by the GSA. That is 90 percent.

Mr. DICKINSON. But the gentleman is saying that they have to ask GSA for permission.

Mr. BROOKS. Well, this does not hurt them. This is no more burdensome than asking the Armed Services Committee. Ninety percent of DOD's computer acquisitions are delegated to the Defense Department, and with those they have absolute authority to do as they see fit.

Public Law 89-306 applies only to commercially available, off-the-shelf equipment. It does not apply to exotic, specially designed equipment.

There really is no basic problem except this—the Defense Department does not want to concede that GSA has a right to handle this. DOD does not want to give up that much authority, but instead wants to do just as they cotton-well please with their $1 billion a day. I think it is disgraceful. I would just tell my friend that if 90 percent of the authority were delegated to us, he and I would settle for 90 percent and be happy. We would be lucky to get 52 percent.

The CHAIRMAN. The time of the gentleman from Alabama (Mr. DICKINSON) has expired.

(By unanimous consent, Mr. DICKINSON was allowed to proceed for 2 additional minutes.)

□ 1550

Mr. DICKINSON. The Department of Defense is answerable to us and the House Armed Services Committee. It is answerable to the Intelligence Subcommittee when it has to do with satellites and intelligence gathering satellite computers. The Department of Defense is answerable to the Appropriations Committee of the House, to the same three committees on the other side. There is plenty of accountability. There is plenty of oversight, and we do not need additional help from GSA. Their record is not all that good.

Mr. STRATTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment.

I might point out, first of all, that a clear reading of the amendment does not indicate that there is any exception for sensitive computers. The amendment reads:

> Notwithstanding any other provision of this title, procurement of any automatic data processing equipment or services by or for use of the Department of Defense shall be conducted in accordance with the Brooks Act.

Now, I think it is important that some individuals who might be regarded as knowledgeable in this particular field that the gentleman from Alabama (Mr. DICKINSON) has referred to; namely, the sensitivity of some computer systems, I have here, for example, a letter from Adm. Bobby Inman, the Deputy Director of the CIA, dated the 23d of June. Here is what Admiral Inman, our top professional intelligence expert, has to say about this proposal.

He says:

> In my opinion, the passage of the amendment to title X now being proposed by the Government Operations Committee may well prevent this delegation of authority from taking place, thereby severely limiting the laudable efforts of the new administration to improve the quality of ADP support being provided for critical intelligence missions.

Second, I have a report signed by some outstanding authorities on defense in the other body; namely, the Senator from Washington (Mr. JACKSON), the Senator from Maine (Mr. COHEN), the Senator from Ohio (Mr. GLENN), the Senator from Alaska (Mr. STEVENS); and the Senator from Georgia (Mr. NUNN) also associated himself

with these views. And here is what these acknowledged defense experts say:

To take the latter step, however, without correcting the underlying problem, the effect of the Brooks act on our national defense posture, would be tantamount to treating some of the symptoms of the disease without addressing the causes.

Let me say, finally, Mr. Chairman, that it is my understanding—and I got this information from Gen. Don Johnson and Dr. Peter Hass, former officials with the Defense Nuclear Agency, that under the Brooks Act a couple of years ago the Defense Nuclear Agency sought to get its own computer. This request was turned down by the GSA; and GSA required the Defense Nuclear Agency to share the computer located at the University of California in Berkeley; and shortly thereafter our secret nuclear codes turned up in the Soviet Union.

I think enough said, Mr. Chairman. I hope the amendment will be rejected.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from Texas.

Mr. BROOKS. I thank the gentleman for yielding.

I want to say that the gentleman did not read in the amendment that I offered all of the basic law that is incorporated by reference. The amendment simply states:

Notwithstanding any other provision of the title, it shall be conducted in accordance with section 111 of the Federal Property Administrative Services Act of 1949.

All of that statute was not written into the amendment. The authority to delegate is in the law now, and this amendment does not change the authority to delegate.

Mr. STRATTON. I think Admiral Inman is familiar with the law. I think Senator JACKSON and Senator NUNN and Senator STEVENS and Senator COHEN are also familiar with the law.

Mr. BROOKS. Why are they more distrustful of the current administration which is in charge of the GSA and Defense Department than they were with the previous administration? They will have, does the gentleman not believe, the same faith? They will delegate the same authority to the Defense Department.

Mr. STRATTON. Well, we do not want to take any chances with our nuclear codes. We do not want to take any chances with our security. We certainly do not want to delegate national security to the decisions of the GSA.

I hope the amendment will be overwhelmingly rejected.

Mr. BUTLER. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from Virginia.

Mr. BUTLER. I thank the gentleman for yielding.

I want to congratulate the gentleman on his very perceptive reading of the amendment which is before us. It is indeed a substantial extension of the law. The reference the gentleman makes to any automatic data processing equipment is a very perceptive one. It does involve any automatic data processing equipment.

Mr. CHAIRMAN. The time of the gentleman from New York (Mr. STRATTON) has expired.

(At the request of Mr. BUTLER and by unanimous consent, Mr. STRATTON was allowed to proceed for 2 additional minutes.)

Mr. BUTLER. If the gentleman will continue to yield, the present law only applies to data processing equipment. This would extend the law to services, to any automatic data processing equipment or services by and for the use of the Department of Defense. It is that tremendous step from just equipment to equipment and services which puts the General Services Administration right at the heart of data processing equipment procurement by the Department of Defense that is simply not indicated.

We did not take that kind of hearing in the Government Operations Committee and I would insist, Mr. Chairman, that the gentleman's position is very sound and we should reject this amendment.

Mr. STRATTON. I thank the gentleman. The gentleman's comment accounts for the very strong position taken by Admiral Inman.

Mr. BOLAND. Mr. Chairman, I move to strike the requisite number of words.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from Texas.

Mr. BROOKS. I thank my distinguished friend for yielding and say in reply to the question raised by the gentleman from Virginia, that the report of Government Operations Committee on this bill state clearly that services have always been included in the legal interpretation of what was covered by the Brooks Act of 1965. A 1975 Justice Department opinion on the coverage of the Brooks Act on Federal procurement and use of ADP interprets the act as follows:

Allowing GSA to coordinate and provide for the economic and efficient purchase, lease, and maintenance of ADP by federal agencies or by contractors who have specifically undertaken to supply ADP services to those agencies.

Thus, services have been covered all the time, and there is no expansion of authority in this amendment.

Mr. BOLAND. Mr. Chairman. I rise in opposition to the amendment. I do so out of concern for the way that it may be applied to procurement, for intelligence purposes, of automatic data processing equipment. At present, a significant percentage of ADP procurements by intelligence agencies are exempted by GSA from the regular application of the Brooks Act. I am not convinced that the amendment before us merely reaffirms the Brooks Act. Rather, it speaks of purchase or "services" as well as equipment. The Brooks Act directly concerns itself only with equipment purchases, but not services. The amendment also covers ADP purchase "for the use of the Department of Defense," rather than purchases directly by the Department. Both these phrases are troubling, and if they are, indeed, meant merely to reaffirm a statute which does not use such language, they should be struck.

Mr. Chairman, I have another concern about this amendment. I believe that any expansion of the Brooks Act to the intelligence community, particularly an ambiguous or confusing expansion, would run contrary to the interests of national security. The Permanent Select Committee on Intelligence is aware of a range of ADP procurement decisions affecting strategic, national, and tactical intelligence organizations within the Department of Defense, where there have not been waivers of the Brooks Act and where delay and higher costs have occurred as a result. These examples occurred at the Strategic Air Command, within Army, Navy, and Air Force intelligence, and at the Missile Intelligence Agency.

Application of the Brooks Act in these cases had the effect of ignoring or discounting intelligence requirements for interoperability and stringent security, as well as associated software costs.

Mr. Chairman, I recognize the contributions that the Brooks Act has made to more efficient and cost-effective procurement of ADP equipment in many areas of Government. I believe, however, that it tends to work against these goals in the area of intelligence and intelligence-related activities.

Mr. EDWARDS of Alabama. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I would be delighted to yield to the gentleman from Alabama.

Mr. EDWARDS of Alabama. Mr. Chairman, I support the gentleman's statement and agree with his conclusions.

Mr. Chairman, I rise in opposition to the amendment. For years the Appropriations Committee, particularly the Defense Subcommittee, has been urging the entire Federal Establishment to develop new procurement policies and strategies that recognize the total cost of automatic data processing equipment purchases. Contracts are being awarded to vendors on the basis of lowest hardware bid with little

or no consideration of related costs which would be incurred by the Government over the life of the procurement. These additional costs, which can represent three-fourths to 90 percent of the total program, include software conversion, site modification, personnel, training, and maintenance.

What the amendment offered by the gentleman from Texas would do is insure that the provisions of Public Law 89-306, commonly known as the Brooks Act will be applied to all automatic data processing equipment or service by or for the use of the Department of Defense.

These days practically all military hardware, communications gear, and laboratory equipment contain an electronic computer. Currently, the Brooks Act does not apply to "embedded" computers that are a part of larger military weapons systems. The act only applies to the procurement of general purpose ADP equipment. This amendment would expand the General Service Administration's authority over all DOD ADP processing and related equipment purchases. The GSA will now have authority to review the B-1 bomber, the M-X tank, and every ship and aircraft procured by the Department of Defense.

In view of the fact that the existing law is already outdated, at least insofar as it is administered by the General Service Administration, the amendment of the gentleman from Texas would simply make the situation worse by expanding the law's coverage.

The committee's surveys and investigations staff in two separate studies concluded that the—

> Acquisition of computers in the Federal Government is an illogical and disruptive process pursued in a manner that results in a greater cost to the taxpayer than if sound business practices had prevailed. Rather than determine which is the lowest overall cost solution to a computer replacement problem, agencies frequently change vendors because the contract award is based principally on lowest hardware costs as opposed to what would be the lowest cost over the life cycle of the system.

Because of this heavy emphasis on competition over hardware—machinery—and little or no emphasis placed on software costs during the selection process, the Government incurs tremendous costs to convert applications software needed to operate the new equipment.

Recently the General Accounting Office reported that the average age of computers in the Government was some 6 to 10 years older than equipment in the private sector. Some of the equipment in the Department of Defense inventory, such as the IBM 1201, the UNIVAC 1005, and the NCR 500 are candidates for the Smithsonian Institution rather than operational computer systems for data processing to meet today's requirements.

The Appropriations Committee recognized that the Federal Government was not getting the most for its money in ADP procurement and in the 1978 DOD appropriations bill, we instructed DOD to develop and implement lowest total overall cost criteria for use in future ADP acquisitions. While there has been some progress made in changing the applicable "Federal Procurement Regulations and Federal Property Management Regulations" (FMC74-5), the amendment offered by the gentleman from Texas would make matters much worse and put the General Services Administration in the business of reviewing weapon systems, intelligence, and communication systems procurements.

Our investigations reveal that GSA is not even competent to review the general purpose ADP procurements. Although there are more than 230 people in GSA's ADP procurement organizations, less than 10 are involved in the review of agency requests for procurement authority. The military departments have procurement organizations of equal or superior capabilities compared to GSA.

During the 1950's, one contractor—IBM—was receiving between 40 and 50 percent of the Federal Government's ADP procurement dollar. Today that firm receives about 10 percent. Today all ADP manufacturers sell to the Federal Government and there is vigorous competition for those sales. In this sense the Brooks Act has been effective. Today there is no danger that one firm will capture the ADP market either nationwide or within the Federal Government. Also, Federal Government purchases of ADP equipment represent a declining portion of the total ADP produced and sold in this country.

Adoption of this amendment will only add additional Government regulation where it is not needed and further complicate and delay modernization of our Armed Forces.

Mr. BOLAND. Let me add, Mr. Chairman, that the ranking minority member on the Permanent House Select Committee on Intelligence, the gentleman from Virginia (Mr. ROBINSON) shares the concerns that I have just expressed.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. BROOKS).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. BROOKS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 118, noes 299, not voting 15, as follows:

[Roll No. 132]

AYES—118

Addabbo	Forsythe	Pickle
Atkinson	Fowler	Pursell
AuCoin	Garcia	Rangel
Barnes	Gray	Ratchford
Bedell	Hall, Sam	Richmond
Beilenson	Harkin	Rinaldo
Biaggi	Hawkins	Rodino
Bingham	Hightower	Roe
Blanchard	Hollenbeck	Rose
Bolling	Horton	Rosenthal
Brodhead	Hoyer	Rostenkowski
Brooks	Hughes	Roybal
Brown (CA)	Jacobs	Russo
Brown (CO)	Kastenmeier	Sabo
Burton, John	Kildee	Schneider
Burton, Phillip	Kogovsek	Schroeder
Chisholm	LaFalce	Seiberling
Clay	Leland	Shannon
Collins (IL)	Long (MD)	Shaw
Conyers	Lowry (WA)	Smith (IA)
Coyne, William	Lundine	Stark
Crockett	Markey	Stokes
D'Amours	Mattox	Studds
Danielson	Mikulski	Synar
Daub	Miller (CA)	Traxler
Dellums	Mitchell (MD)	Udall
Dingell	Moffett	Vander Jagt
Early	Moore	Vento
Edgar	Mottl	Walgren
Edwards (CA)	Murphy	Washington
Erdahl	Nowak	Waxman
Erlenborn	Oakar	Weaver
Evans (IN)	Oberstar	Weiss
Fascell	Obey	Whitten
Ferraro	Ottinger	Williams (MT)
Fithian	Patman	Wirth
Florio	Patterson	Wolpe
Foley	Paul	Wyden
Ford (MI)	Pease	
Ford (TN)	Peyser	

NOES—299

Akaka	Corcoran	Gaydos
Albosta	Coughlin	Gejdenson
Anderson	Courter	Gephardt
Andrews	Coyne, James	Gibbons
Annunzio	Craig	Gilman
Anthony	Crane, Daniel	Gingrich
Applegate	Daniel, Dan	Ginn
Archer	Daniel, R. W.	Glickman
Ashbrook	Dannemeyer	Goldwater
Aspin	Daschle	Gonzalez
Badham	Davis	Gore
Bafalis	de la Garza	Gradison
Bailey (MO)	Deckard	Gramm
Bailey (PA)	DeNardis	Green
Barnard	Derwinski	Gregg
Beard	Dickinson	Grisham
Benedict	Dicks	Guarini
Benjamin	Dixon	Gunderson
Bennett	Dorgan	Hagedorn
Bereuter	Dougherty	Hall (OH)
Bethune	Dowdy	Hall, Ralph
Bliley	Downey	Hamilton
Boggs	Dreier	Hammerschmidt
Boland	Duncan	Hance
Boner	Dunn	Hansen (ID)
Bonker	Dwyer	Hansen (UT)
Bouquard	Dyson	Hartnett
Bowen	Eckart	Hatcher
Breaux	Edwards (AL)	Heckler
Brinkley	Edwards (OK)	Hefner
Broomfield	Emerson	Heftel
Brown (OH)	Emery	Hendon
Broyhill	English	Hertel
Burgener	Ertel	Hiler
Butler	Evans (DE)	Hillis
Byron	Evans (GA)	Holland
Campbell	Evans (IA)	Holt
Carman	Fary	Hopkins
Carney	Fazio	Howard
Chappell	Fenwick	Hubbard
Chappie	Fiedler	Huckaby
Cheney	Fields	Hunter
Clausen	Findley	Hutto
Clinger	Fish	Hyde
Coats	Flippo	Ireland
Coelho	Fountain	Jeffords
Coleman	Frank	Jeffries
Collins (TX)	Frenzel	Jenkins
Conable	Frost	Johnston
Conte	Fuqua	Jones (OK)

Jones (TN)	Moakley	Simon
Kazen	Molinari	Skeen
Kemp	Mollohan	Skelton
Kindness	Montgomery	Smith (AL)
Kramer	Moorhead	Smith (NE)
Lagomarsino	Morrison	Smith (NJ)
Lantos	Murtha	Smith (OR)
Latta	Myers	Snowe
Leach	Natcher	Snyder
Leath	Neal	Solarz
LeBoutillier	Nelligan	Solomon
Lee	Nelson	Spence
Lehman	Nichols	St Germain
Lent	O'Brien	Stangeland
Levitas	Panetta	Stanton
Lewis	Parris	Staton
Livingston	Pashayan	Stenholm
Loeffler	Pepper	Stratton
Long (LA)	Perkins	Stump
Lott	Petri	Swift
Lowery (CA)	Price	Tauke
Lujan	Pritchard	Tauzin
Luken	Quillen	Taylor
Lungren	Rahall	Thomas
Madigan	Railsback	Trible
Marks	Regula	Volkmer
Marlenee	Reuss	Walker
Marriott	Rhodes	Wampler
Martin (IL)	Ritter	Watkins
Martin (NC)	Roberts (KS)	Weber (MN)
Martin (NY)	Roberts (SD)	Weber (OH)
Matsui	Robinson	White
Mavroules	Roemer	Whitehurst
Mazzoli	Rogers	Whitley
McClory	Roth	Whittaker
McCloskey	Roukema	Williams (OH)
McCollum	Rousselot	Wilson
McCurdy	Rudd	Winn
McDade	Santini	Wolf
McDonald	Sawyer	Wortley
McEwen	Scheuer	Wright
McGrath	Schulze	Wylie
McHugh	Schumer	Yates
McKinney	Sensenbrenner	Yatron
Mica	Shamansky	Young (AK)
Michel	Sharp	Young (FL)
Miller (OH)	Shelby	Young (MO)
Mineta	Shumway	Zablocki
Minish	Shuster	Zeferetti
Mitchell (NY)	Siljander	

NOT VOTING—15

Alexander	Derrick	Goodling
Bevill	Donnelly	Jones (NC)
Bonior	Dornan	Napier
Cotter	Dymally	Porter
Crane, Philip	Foglietta	Savage

□ 1610

Messrs. VOLKMER, HEFNER, FIELDS, STENHOLM, and LEHMAN changed their votes from "aye" to "no."

Mr. ROSE changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

PARLIAMENTARY INQUIRY

Mr. DICKINSON. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. DICKINSON. As a matter of parliamentary inquiry, I would like to know whether or not title IX has been considered as read and open to amendment at any point, and if that is the last title of the bill, as I understand it?

The CHAIRMAN. The gentleman is correct.

Mr. DICKINSON. That being the case, if I might have the attention of the Members, I would like to ask, in view of the hour and the length of debate, and there are still some amendments pending, I would like to ask unanimous consent that all of the debate on this bill and amendments thereto conclude at 7 o'clock tonight.

Mr. GLICKMAN. I object.

The CHAIRMAN. Objection is heard.

□ 1620

AMENDMENT OFFERED BY MR. NICHOLS

Mr. NICHOLS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. NICHOLS: Page 30, line 22, strike out "(1)".

Page 31, strike out line 5 and all that follows through "the Director." on line 11.

Page 31, line 12, strike out "section" and insert in lieu thereof "subsection".

Mr. NICHOLS. Mr. Chairman, my amendment would strike the language in section 904 that would authorize the President to require the Secretary of the Treasury to furnish addresses within the control of the Internal Revenue Service to the Director of Selective Service for purposes of enforcing the registration requirements.

I have been contacted by the Ways and Means Committee and advised they would be very concerned by authority in the law, outside of section 6013 of the Internal Revenue Code, providing access to taxpayer information within the control of the Internal Revenue Service.

Mr. Chairman, as a matter of courtesy to the committee that is charged with legislative jurisdiction over this important area, I am offering this amendment. I do so although I strongly believe that it is appropriate for the Selective Service System to have access to current addresses within the control of the Government to enforce the registration requirement. It is my understanding that the Ways and Means Committee will consider this matter as separate legislation in the very near future. In this connection, I would yield to the gentleman from New York (Mr. DOWNEY) a member of the Ways and Means Committee, for a statement to that effect.

Mr. DOWNEY. I would like to thank the gentleman from Alabama for offering this amendment to strike the language in section 904 of H.R. 3519 dealing with access to information within the control of the Internal Revenue Service.

As the gentleman recalls, the Congress amended the Internal Revenue Code in 1976 to consolidate all statutory authority for access to taxpayer information in one section of the code—section 6103 of title 26. That same legislation also established both civil and criminal penalties for unauthorized disclosure of such information. Unauthorized disclosure is defined as disclosures other than those contained in section 6103. Although the authority contained in section 904 of this bill would be a later expression of congressional intent, there would be some concern about the liability of Internal Revenue Service employees under these apparently conflicting sections.

Also, Mr. Chairman, the Ways and Means Committee, as a matter of policy, would like very much to prevent having authority for such disclosures spread throughout the code.

On behalf of the Ways and Means Committee, I appreciate the gentleman's cooperation in this matter and will be happy to insure that legislation on this subject will receive prompt consideration by our committee. I can state to the gentleman from Alabama that the committee's primary concern arises not from a substantive disagreement on such access, but rather from a difficulty with such authority being contained in a title of the code other than title 26.

Mr. NICHOLS. I yield to the ranking minority member of the subcommittee, Mr. MITCHELL of New York.

Mr. MITCHELL of New York. Mr. Chairman, I want to express my support for the gentleman from Alabama's amendment. The Committee on Ways and Means has raised a valid concern. I would also like to reiterate a strong belief that it is an appropriate action for the Selective Service System to have access to the information in the Government's control such as current addresses in order to permit an effective enforcement process of the legal requirement to register.

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from New York.

Mr. WEISS. For the purpose of clarification, is the gentleman striking the entire section, what is now 902, on pages 30 and 31, or only that part which applies to the Director of Internal Revenue, the Secretary of the Treasury?

Mr. NICHOLS. In response to the gentleman, let me say we are not striking the entire section.

We are striking on page 31, if the gentleman is following the debate here, lines 5 through 11.

Mr. WEISS. Lines 5 through 11.

Mr. NICHOLS. Yes.

Mr. WEISS. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama (Mr. NICHOLS).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BRINKLEY

Mr. BRINKLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BRINKLEY: At the end of the bill, add the following new section:

MILITARY BASE REUSE STUDIES AND COMMUNITY PLANNING ASSISTANCE

SEC. 913. (a)(1) Chapter 141 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 2391. Military base reuse studies and community planning assistance

"(a) Whenever the Secretary of Defense or the Secretary of the military department concerned publicly announces that a military installation is a candidate for closure or that a final decision has been made to close a military installation and the Secretary of Defense determines, because of the location, facilities, or other particular characteristics of the installation, that the installation may be suitable for some specific Federal, State, or local use potentially beneficial to the Nation, the Secretary of Defense may conduct such studies, including the preparation of an environmental impact statement in accordance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), in connection with such installation and such potential use as may be necessary to provide information sufficient to make sound conclusions and recommendations regarding the possible use of the installation.

"(b)(1) The Secretary of Defense may make grants, conclude cooperative agreements, and supplement funds made available under Federal programs administered by agencies other than the Department of Defense in order to assist State and local governments, and regional organizations composed of State and local governments, in planning community adjustments required (A) by the proposed or actual establishment, realignment, or closure of a military installation, or (B) by the cancellation or termination of a Department of Defense contract or the failure to proceed with an approved major weapon system program, if the Secretary of Defense determines that the action is likely to impose a significant impact on the affected community.

"(2) In the case of the establishment or expansion of a military installation, assistance may be made under paragraph (1) only if (A) community impact assistance or special impact assistance is not otherwise available, and (B) the establishment or expansion involves the assignment to the installation of more than 2,500 military and civilian Department of Defense personnel or more military and civilian Department of Defense personnel than the number equal to ten percent of the number of persons employed in counties or independent municipalities within fifteen miles of the installation, whichever is lesser.

"(3) In the case of the cancellation or termination of a Department of Defense contract or the failure to proceed with an approved major weapon system program, assistance may be made under paragraph (1) only if the cancellation, termination, or failure to proceed involves the loss of 2,500 or more full-time Department of Defense and contractor employee positions in the locality of the affected community.

"(4) Funds provided to State and local governments and regional organizations under this section may be used as part or all of any required non-Federal contribution to a Federal grant-in-aid program for the purposes stated in paragraph (1).

"(5) Not more than $2,000,000 in assistance may be provided under this subsection in any fiscal year.

"(c) The Secretary of Defense shall submit a report not later than December 1 of each year to the Committees on Armed Services of the Senate and House of Representatives concerning the operation of this section during the preceding fiscal year. Each such report shall show each State, unit of local government, and regional organization that received a grant under this section during such fiscal years and the total amount granted under this section during such year to each such State, unit of local government, and regional organization.

"(d) In this section, the term 'military installation' includes any camp, post, station, base, yard, or other facility under the jurisdiction of the Department of Defense that is located within any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, or Guam.

"(e) The authority of the Secretary of Defense to make grants under this section in any fiscal year is subject to the availability of appropriations for that purpose.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"2391. Military base reuse studies and community planning assistance.".

(b) Section 610 of the Military Construction Authorization Act, 1977 (Public Law 94-431; 90 Stat. 1349), is repealed.

(c) The first report under subsection (c) of section 2391 of title 10, United States Code, as added by subsection (a), shall be submitted not later than December 1, 1981.

Mr. BRINKLEY (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. BRINKLEY. Mr. Chairman, basically this is the Lagomarsino bill, and I appreciate his leadership in this regard. It is H.R. 3950, which is incorporated in the amendment which is before the House for consideration right now.

The Department of Defense has an obligation to assist communities in meeting the problems caused by major defense program changes. Such changes can cause extensive disruption involving local labor force, related and supporting businesses, and public services. These effects are particularly noticeable in small communities up to 5,000 population, but remain significant through those with a population of 200,000.

Yet communities of this size are just the ones the least likely to have the requisite economic infrastucture, public services, and managerial capability to accommodate major change.

One important management tool normally lacking in smaller communities is planning capability. In the past, affected communities have been heavily dependent on outside funding to provide for planning resources.

Previously, DOD and the domestic agencies have been able to provide community planning assistance in areas affected by base reuse planning, realinement, or closure actions. Often, a small amount of planning funds has enabled a community to organize its own efforts to provide public facilities or seek other domestic agency assistance.

Current authority derives from the 1977 Military Construction Authorization Act which authorizes the expenditure of military construction funds for base reuse planning purposes after a final closure decision has been made, but not during the candidate realinement period.

This amendment, requested by DOD, and recommended by the interagency Report on Community Impact Assistance submitted by the President on March 23, 1981, extends the community planning assistance authority to include situations involving large new bases, serious base realinements, or failure to proceed with approved major weapons systems programs involving 2,500 or more direct civilian jobs, or 10 percent of the total local work force. Resources would be made available from currently authorized funds in the operations and maintenance, defense agencies account for the Office of Economic Adjustments, Office of the Secretary of Defense. Each affected community could receive between $50,000 and $70,000 depending on its requirements, If experience over the past several years is any guide, about 10 planning assistance actions could be expected annually. Therefore, absent unforeseen turbulence in existing base structure or major procurements, the total annual cost of this program would remain below $1 million. However, to insure that the future costs and scope of this program are not allowed to significantly increase without appropriate legislative review and specific statutory authority, my amendment places a $2 million ceiling on annual expenditures.

Again, I want to emphasize that planning assistance would be provided from currently budgeted resources. This amendment does not create new job slots or demand for additional O. & M. funds.

In short, DOD seeks to have authority to assist affected communities plan for either a major influx of personnel or loss of jobs.

Mr. Chairman, this authority is badly needed to ease the impact of disruptions that take place below the size of programs like M-X or Trident. To the communities involved, however, smaller program changes can be every bit as traumatic and their needs are just as legitimate as those affected by M-X and Trident.

In sum, this amendment does no more than what is appropriate, but no less than what is fair. I urge its adoption.

□ 1630

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. BRINKLEY. I yield to the gentleman from California, the sponsor of the amendment.

Mr. LAGOMARSINO. Mr. Chairman, I rise in support of this amendment, which is a carefully crafted attempt to deal with the problems faced by many communities, whenever there is a closing, major realinement, or rapid expansion of military installations as a result of changing national security needs.

As has been indicated, this amendment was developed by the Office of Economic Adjustment after a study by the Intergovernmental-Interagency Task Force on Community Impact Assistance—a Presidential study which Congress ordered last year.

It would authorize the Secretary of Defense to make planning grants to local communities, to help offset the impacts of such realinements. These impacts can be quite substantial, as illustrated by the case of northern Santa Barbara County in my district, where a rapid buildup related to the development of Vandenburg AFB as the west coast launch site for the Space Shuttle and the test site for the M-X missile program has severely strained local resources. By 1984, Vandenburg employment will stimulate an estimated 7,700 new direct and secondary jobs, which will mean 12,300 new residents in the surrounding communities. Studies show that the nearest town, Lompoc, will need to increase its housing stock by 43 percent to handle the impact of Federal programs in the area over the next few years. The other nearby community, Santa Maria, will face similar strains. Along with housing will be the need to put into place an infrastructure of public facilities and services such as roads, water and sewage treatment facilities, fire, police, hospital, and recreation services.

This amendment would permit planning to meet these increases to be done in an orderly and timely fashion and allow necessary studies to be conducted which are beyond the capacities of these communities. In another bill, I will propose a program of direct grants to assist in implementing such facilities. For today, it is not too much to ask that the Federal Government, which is the source of these impacts, at least share in the cost of planning for these facilities. Each of us here, could face the challenge of dealing with such impacts in the future, as the structure of our military defenses changes. And of course, such planning allows systems such as the M-X and the Shuttle to be put into place with the least amount of disruption and the most efficiency. Recent difficulties in hiring enough people to work on the shuttle program at Vandenburg, at least partially related to the tight housing situation in the vicinity, demonstrate the critical need for an approach such as outlined in this amendment.

There is a threshold in the legislation to insure program control, as well as reporting requirement to insure congressional oversight.

I urge adoption of this amendment.

Mr. DELLUMS. Mr. Chairman, will the gentleman yield?

Mr. BRINKLEY. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Chairman, I thank my colleague for yielding. I would like to congratulate the gentleman in the well and my distinguished colleague from California (Mr. LAGOMARSINO) for coming up with this particular piece of legislation. While it certainly does not address the total problem, I think that it is one small step toward removing political consideration from a number of concerns that we have here, allowing my colleagues to better evaluate the merit of a given weapons system or the merit of a particular base closure rather than my colleagues having to address the political considerations and the political nuances.

We are all aware of the fact that a number of our colleagues come to the floor of this body and are precluded by their perspective, from being able to evaluate the worthiness of a particular weapons system because it directly affects their community and their constituency, requiring that they make a political or survival vote rather than an intelligent vote, rather than an enlightened vote. It seems to me that the amendment that my distinguished colleague has offered is one rather small step toward moving us to that moment in American history when we can come to the floor of this body and begin to assess whether or not we need particular weapons systems or particular bases.

In a few minutes my colleague from Colorado is going to offer an amendment dealing with waste, fraud, and abuse, and we all know that one category of abuse in one sense is that when the Pentagon calls for base closures, a number of our colleagues scurry to the Pentagon and ask them not to close a particular base when that base may be totally useless simply because my colleagues are caught up in the politics of the moment.

I think this amendment goes at least one step toward trying to eradicate that. I congratulate my colleague.

Mr. BRINKLEY. I thank the gentleman for his contribution. Planning and thought is where the future is.

Mr. PRICE. Mr. Chairman, will the gentleman yield?

Mr. BRINKLEY. I yield to the gentleman from Illinois.

Mr. PRICE. Mr. Chairman, I have had an opportunity to look at the gentleman's amendment, and I think the committee could accept that amendment.

Mr. BRINKLEY. I thank the chairman.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. BRINKLEY. I yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Chairman, we on this side of the aisle have had an opportunity to examine the amendment. We think it is meritorious, and we are certainly prepared to accept it on this side.

Mr. BRINKLEY. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia (Mr. BRINKLEY).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. HILLIS

Mr. HILLIS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HILLIS: At the end of the bill, add the following new section:

RESTRICTION ON PURCHASE OF FOREIGN-MADE MOTOR VEHICLES

SEC. 914. (a) Chapter 141 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 2391. Restriction on purchase of foreign-made administrative motor vehicles

"The Secretary of a military department may not make a contract or agreement for the purchase of administrative motor vehicles that are manufactured outside the United States or Canada unless (1) the contract or agreement is for an amount less than $50,000, or (2) the Congress has specifically stated in law that it authorizes the purchase of such motor vehicles manufactured outside the United States or Canada.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"§ 2391. Restriction on purchase of foreign-made administrative motor vehicles.".

Mr. HILLIS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HILLIS. Mr. Chairman, I offer this amendment along with Congressman BILL BRODHEAD out of a concern that the Department of Defense is pursuing a policy which is clearly inconsistent with the administration's efforts to assist the U.S. automotive industry. This inconsistency, in my opinion, also ignores the current situation of high unemployment and low sales within our auto industry.

By way of background, the Army and the Air Force decided in 1977 to replace their fleets of administrative vehicles. These vehicles are generally small pickup trucks which are used for

a wide variety of purposes. They are noncombat vehicles.

The replacement of the entire fleet will take over 5 years and will involve 20,000 vehicles at a cost of nearly $300 million to the American taxpayer.

The decision was made to replace these vehicles with vehicles built in the countries where they would be used. For example, vehicles which were to be assigned to West Germany, which constitutes the vast majority of the fleet, were to be built by West German manufacturers. British manufacturers are building the vehicles to be used in England and the same is true in Italy.

In studying this buy-foreign policy, I have been informed by both the Department of Defense and the Department of State that they feel the policy is an example of good cooperation with European allies, while providing the added benefit of improved military efficiency through RSI, which stands for rationalization standardization, and interoperability.

The RSI argument is no more than a smoke screen in my opinion. To begin with, we are discussing administrative vehicles, not combat vehicles, where RSI has a greater validity.

Further, the vehicles being bought are not interoperable even among themselves. If we were concerned about the interoperability of these vehicles we should have chosen a single manufacturer from which to purchase the vehicles.

Certainly, we should only use one manufacturer from each country if our desire is to have the vehicles made in the country in which they were to be used. Yet, in Germany there are a total of five different manufacturers from which we are obtaining the vehicles. How can DOD argue that they are purchasing foreign vehicles for increased efficiency and interoperability when they use five different manufacturers in West Germany alone?

Furthermore, should the United States find itself in an emergency mobilization, there is a strong possibility that vehicles from the United States would be sent to Europe to supplement the fleet. In the event of hostile actions, the probability that the manufacturing capability of European countries would be disrupted is much higher than for own manufacturers.

In cases of emergency mobilization under the current buy-foreign policy, we will not only have vehicles from five German companies, but British and Italian trucks intermixed with U.S. built trucks. Where is the rationalization, standardization, or interoperability in all this?

The Armed Services Committee has been studying the problems of our deteriorating industrial bases. Obviously a strong industry is of major importance in our ability to be able to fight a future war. The auto industry was a major part of the arsenal of democracy which enabled us to win World War II. Yet we find the DOD is pursuing policies which weaken our industrial base by going offshore to purchase administrative trucks. This is incredible to me. We should be trying to develop policies which will improve our automotive industrial base. Are we going to ignore the importance of that industry to or military capabilities and continue to buy foreign made trucks?

It seems the real reason DOD has adopted this buy-foreign policy is to help even the balance of trade between the United States and our NATO allies, particularly West Germany. The Defense Department has argued that the West Germans purchase far more from us in military hardware than we do from them. What they fail to take into consideration is the fact that the balance of trade for nonmilitary and military items combined is in the West Germans favor.

One factor which seems to be lacking from the Department of Defense's arguments is the effect the buy-foreign policy has on our economy, our unemployment rates, and our policy of trying to assist the auto industry remain profitable.

In December of 1979 the Congress passed a bill to grant the Chrysler Corp. $1.5 billion in loan guarantees. Does it not make sense that we would now adopt a policy of buying the products built from Chrysler—or at least give Chrysler an opportunity to compete for the contract to build the vehicles? The Defense Department apparently feels the answer to that question is no.

Let us keep this amendment in perspective. The intent of the amendment is to have Congress decide if the Defense Department's decision to buy-foreign is in our national interest. It is not an amendment mandating against going offshore. But it will require DOD to justify to the Congress a policy of buying foreign. Up to this point, the Defense Department has not made the case that it is.

When Congressman BRODHEAD and I first discussed the idea of offering this amendment, I felt obligated to first give the Department of Defense an opportunity to present their side of the story. While we received numerous promises from the liaison people in the Pentagon that information would be forthcoming that would make us see their point of view, no real justification was ever given.

The fact remains that the military itself cannot really justify this buy-foreign policy. They are only concerned with the vague possibility that NATO countries might slow their purchases of American made military items. They are not concerned with the problems of the American auto industry.

They do not have a proper perspective of the issues involved. Clearly, the Congress is in a better position to review the overall situation, evaluate our national interest and make policy decisions.

The U.S. auto industry is in very serious trouble. It was announced just this week that last month was the worst June in auto sales in 17 years. The cost of unemployment within the auto industry to the Federal Government has been well documented before this House. We all know it runs into the billions when you consider unemployment benefits, food stamps, trade assistance, and lost taxes. Certainly, it is in our national interest that the Federal Government do whatever possible to help build up domestically produced auto and/or truck sales.

This is the position our Government took in seeking voluntary restraints on Japanese imports. How can we possibly expect the Japanese to continue to withhold their products when the Defense Department continues to go to Germany for trucks?

In closing, there is one point which must be made. In a June 24 letter to Chairman PRICE from Mr. James Buckley, Under Secretary of State for Security Assistance, Science and Technology, the following sentence appears:

> Using Germany as an example to show the economic impact, the amendment would possibly save $180 million through 1986.

The State Department admits that this amendment, if passed, could save us $180 million in the next 4 years.

It is an outrage and an insult to the American people for the Department of Defense to be pursuing a buy-foreign policy. For the sake of consistency, for the sake of our domestic auto workers, for the sake of our economy, for the sake of our industrial base, and last but not least, for the sake of the American taxpayer, I urge adoption of the amendment.

□ 1640

Mr. MCKINNEY. Mr. Chairman, will the gentleman yield?

Mr. HILLIS. I yield to my friend, the gentleman from Connecticut.

Mr. MCKINNEY. Mr. Chairman, I would like to concur with the gentleman from Indiana (Mr. HILLIS) and congratulate him on this amendment.

The fact of the matter is that as the ranking member of the committee that took the Chrysler Corp. through this House, I find this whole policy and the excuse of the Defense Department to be ludicrous. There is a great deal of difference between having comparability as to American and foreign components of a defense product. These are not essentially defense products we are talking about.

In fact, it might interest some of my colleagues to know that the U.S. Army

has bought small Japanese pickup trucks and put them in Massachusetts at several of its installations. They did not even have the decency to go out and buy a Japanese-made Chevrolet Luv or Ford, whatever it is called, so that at least the profit would come to the manufacturing company in this country; they went out and bought something that says "Datsun" across the back of it.

I find my constituents outraged, at a time when we are suffering the largest unemployment rate in the history of the automobile business, when we are underwriting the problems of Chrysler Corp., when we have had the worst sales record in the auto industry in history, when Michigan has the highest unemployment rate it has ever had—and in fact it is a disaster zone—that we are turning around and buying what is a standard, ordinary, nonmilitary product from a foreign source.

That is far different than buying a German machinegun to go into an American tank that we are going to sell to Germany. I just think it is outrageous, and I commend the gentleman on his amendment.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. HILLIS. I yield to my colleague, the gentleman from Missouri.

Mr. VOLKMER. Mr. Chairman, I, too, wish to commend the gentleman from Indiana (Mr. HILLIS) and join with him in support for his amendment. I urge the House to adopt this amendment which makes a more sane policy in the acquisition of nonmilitary vehicles by the military.

Mr. WHITEHURST. Mr. Chairman, will the gentleman yield?

Mr. HILLIS. I yield to the gentleman from Virginia.

Mr. WHITEHURST. Mr. Chairman, just to make a correction, the gentleman from Connecticut was talking about the Army buying trucks, but it was the GSA that bought those trucks. The Army did not make the decision.

The CHAIRMAN. The time of the gentleman from Indiana (Mr. HILLIS) has expired.

(By unanimous consent, Mr. HILLIS was allowed to proceed for 2 additional minutes.)

Mr. McKINNEY. Mr. Chairman, if the gentleman will yield further, since the gentleman made reference to me, it may be perfectly true that the GSA purchased the trucks I referred to. However, the Army is using them, and Army people are riding in them. It says "U.S. Army" on the sides of them, and I think it incenses every American to see them.

Mr. EMERSON. Mr. Chairman, will the gentleman yield?

Mr. HILLIS. I yield to the gentleman from Missouri.

Mr. EMERSON. Mr. Chairman, I rise in support of the amendment offered by my distinguished colleague, the gentleman from Indiana (Mr. HILLIS).

At a time when there are, according to the UAW, thousands of unemployed automobile workers in my own home county, Jefferson County, Mo., and at a time when the Government is taking extraordinary steps to shore up the ailing automobile industry, the Federal Government should not be in the business of buying foreign-made vehicles. If we are indeed serious about putting our people back to work, the least we can do is to spend our hard-earned American tax dollars to buy products made by American workers. This is not a trade issue. It is an issue of how we spend American tax money on the American military; and, when we have so many thousands out of work in a very important American industry I do not think it inappropriate that we direct our business here.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. HILLIS. I yield to my colleague, the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, I thank my colleague for yielding.

Mr. Chairman, I want to bring to the attention of the House, before we go too far with this amendment, the fact that there are foreign policy considerations here that are very, very serious. I wish very much that our committee chairman, the gentleman from Wisconsin (Mr. ZABLOCKI) and our ranking member, the gentleman from Michigan (Mr. BROOMFIELD), were here to speak to the Members about this.

This involves, as I understand it, vehicles which would be used abroad, and there are agreements as to their purchase. This could be most damaging. America cannot break its pledged word. If we have made arrangements with foreign governments, we must honor them.

Mr. Chairman, it makes me distressed that there is nobody here from the Committee on Foreign Affairs while this is being debated.

The CHAIRMAN. The time of the gentleman from Indiana (Mr. HILLIS) has expired.

□ 1650

Mr. BRODHEAD. Mr. Chairman, I move to strike the requisite number of words and I rise in support of the amendment.

Mr. Chairman, let me talk about some of the fundamental points that should be taken into consideration.

First of all, the United States has a trade deficit with Germany in very substantial numbers. In 1977, our trade deficit with Germany was $2.6 billion. In 1978, our trade deficit with Germany was $3.9 billion. In 1979, our trade deficit with Germany was $4.3 billion.

We do not yet have the figures for 1980. The deficit is large and it is growing. Basically, we are talking about the U.S. Army in Germany and what sort of administrative vehicles it ought to be buying. There are U.S. vehicles available. They are at a competitive price. The argument is made that we need to buy some things from Germany. I submit the figures speak for themselves. All things considered, we are buying far more from Germany than they are buying from us.

In addition to that, and more importantly than that, we are supplying Germany with the most important asset that we have, the young men and women of our Armed Forces. They are there ready to shed their lives for the German people.

In that connection it seems to me minimal that we who are paying the tab for this ought to say that where there is an American product available and where it is available at a reasonable price, or American industry stands ready to supply the product, that we ought to purchase American.

We are not talking about a situation where we have a country that does not have a healthy auto and truck industry when we are talking about Germany, because they do. We are the country that has the auto and truck industry that is in great difficulty. We are talking about dollars that are raised from the earnings of American workers and from American corporations being spent in the United States.

Now, there is ample precedent for this already in the existing law, section 724, which prohibits any funds to purchase foreign-made specialty metals, food, and clothing. There are other examples of it existing in our current law.

So there is precedent for it.

I noticed my colleague from New Jersey, the gentlewoman from New Jersey, spoke about the foreign policy implications of this amendment. I see one of my colleagues, the gentleman from Michigan, is here, the ranking minority member of the Foreign Affairs Committee. I hope that he will address that question.

But it seems to me since we do have a very favorable balance of trade with Germany, that this is something that we can well afford to do and they can well afford to do it as well.

Now, we have had discussions, my colleague from Indiana (Mr. HILLIS), and I, we have sat down and talked with the Defense Department at length about this. We have heard what they have to say about it. We have gone through all of their arguments, all of their positions and it seems to me essentially they really do not have much of a case in favor of these purchases because they made the balance-of-trade argument, the

figures speak for themselves. Our balance of trade is negative.

They make an argument about interoperability, but these are not strategic weapons we are talking about. They are so-called administrative vehicles, basically to be used on U.S. bases to transport U.S. personnel.

It seems to me if there is an interoperability argument we really ought to be talking about the U.S. Armed Forces having the same kind of vehicles all around the world.

So that these vehicles, if they are needed in some other part of the world, they can be transferred there and they can be utilized rather than having the United States have one set of vehicles in Germany and another set of vehicles everywhere else in the world.

So their interoperability argument, Mr. Chairman, really does not stand up.

Now, we are not closing the door with this amendment to foreign purchases. All we are saying is if DOD wants to make a foreign purchase, it should come back to the Congress and I think the Congress, this Congress, has always stood ready and stands ready today to provide to the armed services whatever it is that they need to provide for the security of our country and the security of our allies, and if they have an important strategic reason why they need to make these purchases, then we would be happy to go along with granting an exception or exemption.

It seems to me that to allow DOD to make this kind of purchase is not in the interest of the taxpayers of our country or the security of our country.

Mr. WHITEHURST. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, I yield to the gentleman from Virginia (Mr. DAN DANIEL).

Mr. DAN DANIEL. I thank the gentleman for yielding.

Mr. Chairman, I can well understand the feelings of those who have spoken in support of this amendment. I share their concern. But I was a party to this agreement and must therefore oppose the amendment. We have this agreement with Germany, and we simply cannot violate that agreement.

Mr. WHITEHURST. Mr. Chairman, I just want to make certain observations to the committee.

First of all, Congress has just cut $88 million from the fiscal year 1981 supplemental that was requested for procurement of administrative vehicles. That $88 million would have helped the U.S. auto and truck industry, but nobody objected to that cut.

Now, why would the Congress object to the procurement of $39 million in foreign made administrative vehicles when it has just finished cutting twice that amount out of the fiscal year 1981 supplemental?

There are some other points. On April 8 this year, the U.S. Army awarded a $128 million, 5-year contract to A. M. General for 5-ton trucks. On May 22, the Army awarded a $251 million, 5-year contract to the Oshkosh Truck Corp. for 10-ton trucks. Over the next 5 years, the Department of Defense will spend more than $1½ billion to procure 56,877 high mobility multipurpose wheeled vehicles from U.S. industry.

Let us talk about what this amendment is going to do insofar as our European allies are concerned.

European parliamentarians are already under fire from their constituents for buying American equipment.

Does anybody in this Chamber really believe that we can keep on selling our equipment to them if we adopt such an openly protectionist legislation? I think I can tell my colleagues that the European market for American defense products is going to dry up if we adopt this amendment and it is going to cost a lot more American jobs than we stand to gain.

How can I be so sure of this? Because as a member of the North Atlantic Assembly for the last few years, I have had the chance to talk on a regular basis with my colleagues and I know what their sentiment is. Every time we meet with them, every time the Military Committee representatives have come and met with our committee, they have made this point about the two-way street. Protectionism breeds protectionism, make no mistake about it.

Now, let us come to the heart of what is standing between us and really breaking our word.

Three years ago, the Federal Republic of Germany agreed to make a $500 million contribution to procurement of NATO AWACS. At the same time, the American Government signed an agreement to purchase some 10,800 German administrative vehicles, such as panel trucks, buses, and sedans, for use by United States forces in Germany over a 10-year period. The total program amounts to between $100 and $120 million.

Congress was notified of that agreement in May of 1978. Furthermore, DOD decided to enter into such an agreement only after determining that our forces in Germany would benefit from lower life cycle costs and lower maintenance and operations costs.

□ 1700

Adopting this amendment would force the U.S. Government to break its word to its allies. To me, that is unthinkable—particularly when the United States is so clearly the beneficiary in the present trade relationship in arms.

At a recent meeting of the North Atlantic Assembly, the subject of theater nuclear force modernization was debated at length. There is growing opposition at the grassroots level to basing the Pershing II and the ground launched cruise missile in Europe. Their domestic political pressures are very similar to the MX basing debate that is building up in the United States.

Thus far to their credit, the majority of NATO parliamentarians continue to support the TNF decision; but just think for a second what an impossible position this amendment would put them in.

The CHAIRMAN. The time of the gentleman for Virginia (Mr. WHITEHURST) has expired.

(By unanimous consent, Mr. WHITEHURST was allowed to proceed for 3 additional minutes.)

Mr. WHITEHURST. For the sake of 169 pickup trucks and $2.5 million we will undermine Italian support for basing theater nuclear weapons in Italy.

For the sake of 331 trucks and $6.2 million we are going to undermine United Kingdom support for basing theater nuclear weapons in the United Kingdom. By the way, that is the same United Kingdom that is going to spend about $5 billion for procurement of the U.S. Trident missile.

In the case of West Germany, the trade balance in defense equipment over the 5-year period is 22 to 1 in our favor.

At this very moment, the Federal Republic of Germany Government and the Bundestag are considering a $1.4 billion program to procure the Patriot air defense system, a $900 million program for procurement of the multiple-launch rocket system and a $660 million purchase of the Pershing II missile, not to mention AWACS. That adds up to $3.5 billion in American jobs, not to mention the loss of military capability in the alliance.

Just last week I had the opportunity to see the President. One of the things we talked about was this amendment. The President made it very clear that he is vehemently opposed to passage of this amendment.

I have in my hand a letter from the Ambassador of the Federal Republic of Germany right here in Washington. He speaks to it and again invites our attention to the agreement that we made with respect to AWACS and the purchase of these vehicles.

There is a letter here from the British Ambassador in Washington, Nicholas Henderson, to the same effect.

We will be on record as having broken our solemn word and I cannot imagine this House going back on the promises that we have made.

Mr. BADHAM. Mr. Chairman, will the gentleman yield?

Mr. WHITEHURST. Yes; I yield to the gentleman from California.

Mr. BADHAM. Mr. Chairman, I thank the gentleman for yielding. I would like to associate myself very much with the gentleman's comments.

It is extremely important that we maintain this relationship with NATO, even if we chose not without the language as proposed by our good friend, the gentleman from Indiana. If we chose to do what the gentleman suggests, but not put it in language, that would be one thing; but putting this kind of thing in language in the defense authorization bill for fiscal year 1982 sends a signal to our NATO allies that will hit them right across the bridge of the nose in a time when we are trying to strengthen the alliance and trying to strengthen our relationship of weapons systems and interoperability on a two-way street.

So I commend the gentleman for his comments.

The President strongly opposes the Hillis amendment. This amendment advocates protectionism and the President will be in Ottawa July 19–21 defending the U.S. anti-inflation economic policies. He will be making a strong case in favor of the principle of free trade and arguing against protectionism. This amendment will undermine U.S. efforts to secure support for our economic policies.

Secretary Haig strongly opposes the Hillis amendment. He made a direct appeal to the Foreign Affairs Committee to reject this amendment because they are inconsistent with the national interest. The Secretary personally called the chairman and ranking member of the Armed Services Committee to express his concern over the consequences of this amendment.

Under Secretary James Buckley wrote to the committee expressing the opposition of the State Department and warned that this amendment "could have a serious influence on our plans for NATO defense improvements, including AWACS."

Deputy Secretary Carlucci wrote to the committee to express the concern of the Department of Defense over this amendment. He said:

Approval of the proposed amendment would create armaments cooperation problems in the NATO alliance, and might negate a number of cooperative efforts that are advantageous to U.S. industry.

He added:

Legislative prohibitions on the purchase of foreign made trucks will have a severe detrimental effect on the overall foreign acquisition of U.S. systems where the balance of trade between the United States and our NATO allies significantly favors the United States.

The United States had a trade surplus of $9.3 billion in 1979 and $18.1 billion in 1980 with NATO countries.

In terms of military equipment purchases, the ratio of trade between the United States and West Germany currently favors the United States by 13 to 1. During the 5-year period 1976–80, the ratio was 22 to 1 in our favor.

A major portion of the vehicles acquired in England by the United States are purchased from U.S. subsidiaries—General Motors, Chrysler, and Ford. The British forces also use these vehicles.

Bill Brock, the U.S. Trade Representative, wrote to the committee opposing the Hillis amendment. He said:

A prohibition on Defense Department purchases of administrative motor vehicles manufactured outside the United States or Canada would violate U.S. obligations under the Government procurement code. The code, which was approved by Congress in the trade agreements October of 1979 requires us to grant nondiscriminatory treatment to products of other signatory countries. Violation of the code on our part would leave us subject to retaliation abroad that would probably hit our most competitive exporters.

The Hillis and Hopkins amendments are in direct contradiction to the policy of the U.S. Government as stated in section 814(a) of the DOD Appropriations Authorization Act of 1976 which says the United States should procure equipment for use primarily in Europe that is standardized or interoperable with that of our allies—particularly when they have agreed to purchase military equipment manufactured in the United States.

Mr. COURTER. Mr. Chairman, will the gentleman yield?

Mr. WHITEHURST. I yield to my colleague, the gentleman from New Jersey.

Mr. COURTER. Mr. Chairman, I thank the gentleman for yielding.

I think this is the type of amendment that everyone would like emotionally to support, because on its face it is the type of thing that will assist American industry.

The CHAIRMAN. The time of the gentleman from Virginia (Mr. WHITEHURST) has again expired.

(At the request of Mr. FRENZEL and by unanimous consent, Mr. WHITEHURST was allowed to proceed for 2 additional minutes.)

Mr. COURTER. Mr. Chairman, if the gentleman will continue to yield, I hope the gentleman will just set my mind at ease with regard to a couple things. Is it not true that if there is retaliation by a foreign government that we stand much more to lose than we possibly could gain. We sell much more than we buy.

Mr. WHITEHURST. Absolutely. Anyone in this Chamber who has got a defense industry of any consequence in his district will be touched and touched in a very harmful way by passage of this amendment.

Mr. COURTER. I appreciate the gentleman's comments.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. WHITEHURST. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, I agree with the statements of the gentleman from Virginia. I think for his reasons and for many others, this amendment should be defeated.

Mr. Chairman, I oppose the amendment offered by Messrs. HILLIS and BRODHEAD. This provision threatens many more jobs than it claims to save and likely will mean similar protectionist actions on the part of foreign governments that have contracted a portion of their own defense needs with U.S. firms.

The amendment would prohibit the Secretary of Defense from purchasing administrative motor vehicles that have been manufactured outside the United States or Canada—for orders totaling more than $50,000—except in rare circumstances. The exceptions would require specific legislation approving such foreign purchases.

Although this amendment will help our domestic automobile industry in a limited way, we cannot close our eyes to the nationwide employment that depends on Government procurement. This includes jobs associated with U.S. exports resulting from purchases by foreign government entities, not only in the defense area but every imaginable government agency.

For example, the Defense Department will purchase $30 million of West German motor vehicles annually for a total of $180 million over the next 6 years. On the other hand, West Germany purchases over $500 million of hardware and services each year from the United States, involving an estimated 13,000 jobs. Over the next 10 years, the West Germans are expected to buy between $565 million and $2.5 billion worth of military equipment from us—translated into as many as 59,000 jobs.

Another factor to consider is the balance of trade that exists between the United States and the European Community. Although we have a slight deficit of $1 billion with West Germany, the United States has a tremendous surplus—more than $18 billion—with the European Community as a whole. High levels of military sales—both tactical and nontactical—contribute to our advantageous position. We have far more to lose in trade and jobs by restricting our foreign purchasing than can possibly be gained by this amendment.

The United States has been a leader in encouraging open competitive bidding in foreign markets as well as our own. As a signatory to the GATT government procurement code, the United States has agreed to follow open bidding procedures on specified purchases in return for reciprocal treatment of bids by U.S. firms. When we reject our international commitments and close off procurement opportunities, we must expect our trad-

ing partners to respond by shutting the door to U.S. bids.

Although this amendment would assist a narrow segment of American workers, the overall effect on domestic employment will be very adverse. Here there is a direct and clear link between the jobs this amendment expects to create and the jobs lost as the result of its enactment. The administration, with the support of many in Congress, has taken significant steps to assist the automobile industry and thereby protect employment there. However, we go too far when we take jobs away from one sector of our economy in order to create jobs in another sector.

Mr. Chairman, the administration has expressed its strong opposition to this amendment. I hope my colleagues will recognize the broad implications of such protectionist actions and will reject this amendment.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. WHITEHURST. I yield to the gentleman from New York.

Mr. STRATTON. Mr. Chairman, I thank the gentleman for yielding.

I share the gentleman's concern about our posture in Europe and our posture with other foreign governments, but I am troubled by the fact that the statistics released yesterday make it clear that we are not reviving the automobile industry. The sales of automobiles in America have gone down. Only Chrysler Corp., which we bailed out to a very substantial amount, has increased its sales.

After all, we recognize that a strong automobile industry is the guts of a defense mobilization base.

I am troubled by the fact that we may, in an effort at generosity to our allies, be destroying our own defense base. It seems to me that we on the Armed Services Committee have got to respond to that. I believe we need to help our defense industry.

I wonder if the gentleman has thought about that particular aspect?

Mr. WHITEHURST. Oh, yes, indeed. I do not think it is a matter of generosity. It does not even begin to redress the balance in arms; but the central point I am making is this. We have made an agreement. If we pass this amendment this afternoon, we are saying that the word of the United States means nothing with its allies. I do not think this House wants to go on record as doing that.

Mr. GIBBONS. Mr. Chairman, I move to strike the requisite number of words. I rise to speak against the amendment.

Mr. Chairman, I have been back in the cloakroom trying to get a little respite between the battles on the tax bill. I thought we were writing a defense bill here on the floor. I came to my senses when I realized that we are trying to write a welfare bill here.

Now, let us put it clearly in perspective. I agree 100 percent with what my colleagues on the Defense Subcommittee have said about the need for working with our allies. I have met with them in the NATO scenario and talked to them about buying. I know we have a real problem there. They do buy a lot more from us than we buy from them; but let us get back to what this is all about.

This is a trade issue. It is a matter of America's integrity. It is a matter of America's word.

About 2 years ago just this time of the year we had a vote on the issue that covers all this. Everybody in this House of Representatives with I think only six dissenting votes agreed that we would enter into an international agreement and we entered into that international agreement with all of the other industrialized nations of the world that we would not do this kind of "buy American" provision. We got concessions from them on the same side.

Now here 2 years later do we want to welch on our international agreement? If we do, we do so at great peril.

The defense arguments have been pointed out, but there are other arguments on the trade side. They then can throw out all the other concessions that we have gotten from them that they will not have their own "buy National" provisions. We have gotten rid of those things. We have opened up markets around the world for American industry.

Now, are we going to throw it out to bail out further the automobile industry? It seems that everywhere I go I have got to bail out the automobile industry. We have to do it here on the floor. We have got to do it in the tax bill. We have got to do it everyplace else. I do not know when we get through buying them. Somebody said never and I am beginning to agree with that.

Now, my good friend, the gentleman from Michigan (Mr. BRODHEAD), who is a very valued member of our Ways and Means Committee, talked about our balance of trade with Germany. I am not going to dispute his figures, but we do not trade with Germany. We do not make international agreements with Germany. We make international agreements in the trade area with the European Community.

What is our balance of payments with the European Community? What is our balance of trade with the European Community, I repeat. Today and last year we had a $20 billion annual surplus, $20 billion. Now, do you want to risk a $20 billion annual surplus with the European Community over a few trucks? It is foolish.

Now, another thing, and I do not want to throw off any more on the American automobile industry. They have the worst problems in the world. The worst problems are really them; but if they cannot make it, let me tell you, that little truck that they are talking about has the highest protective tariff in the world. The ad valorem rate on that little truck that they are talking about not letting you buy at all is 24 percent ad valorem. No other industrialized nation in the world has as high a tax, ad valorem tax, on the importation of a truck as does the United States.

Now, you know, I am an American. I believe very strongly in our country; but let us not be foolish and let us not renege on the solemn word that we have given to all of our international partners, not just our allies, but everybody else, because if we do, we are going to regret it.

□ 1710

Mr. BENNETT. Mr. Chairman, I move to strike the requisite number of words and rise in opposition to this amendment.

I feel about the purchase of foreign-made trucks by the armed services in the same way in which the other gentleman from Florida just spoke and who eloquently told us what the damage would be caused by this amendment.

Deputy Secretary Carlucci wrote to the subcommittee not long ago and said:

> Approval of the proposed amendments would create armaments cooperation problems in the NATO alliance and might negate a number of cooperative efforts that are advantageous to U.S. industry.

Further, he added:

> Legislative prohibitions on the purchase of foreign-made trucks will have a severe detrimental effect on the overall foreign acquisition of U.S. systems where the balance of trade between the U.S. and our NATO allies significantly favors the U.S.

Then our trade representative wrote to the committee and he said:

> A prohibition on Defense Department purchases of administrative motor vehicles manufactured outside the U.S. or Canada would violate U.S. obligations under the government procurement code. The code, which was approved by the Congress in the Trade Agreements Act of 1979, requires us to grant nondiscriminatory treatment to products of other signatory countries. Violation of the code on our part would leave us subject to retaliation abroad that would probably hit our most competitive exporters.

Mr. Chairman, I would just like to say that I really believe this would be a very backward step for our country to take.

This amendment is an unwise and costly provision that will do nothing to improve the national security of the United States or improve relations with our allies.

The United States, as a matter of policy and treaty, has sought to foster the principle of free trade with our allies and to insure that Government

procurement is done in the most economical manner. Enactment of the proposal before us would be directly contrary to these principles and policies. It would prohibit the purchase of foreign built trucks, including those built by NATO allies. It would require all vehicles, including those to be used in Europe with our forces deployed in support of NATO, to be procured in the United States and shipped to the point of use.

The ties between the United States and our allies are at the same time strong and fragile. Actions such as the one before us can only strain and threaten those ties. They cannot help but cause our allies to wonder about U.S. commitment to the NATO alliance.

The balance of trade for military items between the United States and members of NATO is heavily weighted in favor of the United States. During the 5-year period, 1976-80, the defense trade balance favored the United States by more than 6 to 1—$5.1 billion versus $800 million. By contrast, the provision before us would potentially affect the purchase of trucks with a value of $39 million in fiscal year 1982. I urge a negative vote on this amendment.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I speak from my own position as a member of the exalted Foreign Affairs Committee. I do so recognizing, as I look carefully about the floor, that there is one member of my committee who on this amendment may succumb to parochial neoisolationism, and I understand that. I would urge my colleagues to rise above that kind of temptation.

The facts of life are this. We are dealing with an item that is not particularly costly, but it will be costly if we pass it. All through the procurement history of NATO our figures will show that the real expensive armaments sales have been dominated by the United States. In terms of the flow of material from the United States, we have had a very substantial favorable sales flow to Europe.

NATO is not in the best shape. We have to remember that there are a lot of political problems in Western Europe. Take a look at the continued deterioration of the political situation in Italy. Who knows what the new political developments in France will mean over a period of time. The only bright new thing in NATO is the entry of Spain.

But outside of that it is a good, solid, but also a timeworn alliance. This is not the kind of amendment that helps that fragile alliance.

I would think that the practical thing to do would be to discuss a matter like this with the responsible officials in the Defense Department. I do not think it is wise to tie the hands of this administration or any other administration with an amendment of this nature. It is not good diplomacy; it is not good economics; it is not good military cooperation.

So I would urge Members to rise above the temptation to think that in this way they are going to bail out the U.S. auto industry. They are not. If this is what it takes to bail out the U.S. auto industry, they are really in sad shape. They are going to make it on their own and they are going to make it by producing better cars and they are going to have a greater volume of sales in the United States.

What we need is cooperation in NATO. We do not need an artificial barrier like this that will wind up costing us sales in total dollars as much more sophisticated, expensive, U.S. gear gets caught in a political crossfire.

Given the wave of isolationism that is sweeping our country, and given the pacifist kind of political feeling that you see in a country like Holland, parts of Belgium, and France this is no time to add a new political debate to the NATO structure. So I strongly urge my colleagues to look at this from a very long-term and broad viewpoint. We need strong NATO alliance. We have an alliance in which the U.S. investment in our own national defense has been more than well paid.

This amendment, small in target and small in cost, could do irreparable damage. I urge rejection of the amendment.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Kansas (Mr. GLICKMAN).

Mr. GLICKMAN. Mr. Chairman, when I first saw this amendment I was intrigued by it, too, because I want to help our domestic industry. But I listened to the gentleman in the well and the gentleman from Florida talking about the fact that this is truly a trade issue. The fact is that these folks buy 10, 15, 20, 30, 50 times as much from us as we buy from them.

Then I read from my colleague from Minnesota's letter, BILL FRENZEL, who talked about the United States as party to the Government procurement code which pretty much by treaty requires us to engage in reciprocal types of purchasing agreements, so we do not find ourselves in a type of a trade war.

Then I recalled the fact that if it were not for the overwhelming amount of exports this country makes in aircraft and in agriculture and whatever other kind of things that we would be in terrible trouble.

So my judgment is, while my gut tells me, gee, it would be nice to protect the domestic auto industry and its workers, it is probably not in the very long-term interest of the country as a whole.

So I commend the gentleman for his position.

Mr. DERWINSKI. For the new Members of the House, Mr. Chairman, our freshman class, whenever you have Members such as the gentleman from Kansas (Mr. GLICKMAN) and the gentleman from Minnesota (Mr. FRENZEL) join in opposing an amendment, you would be very wise to follow their leadership and, of course, mine.

Mr. GLICKMAN. I thank my colleague for his towering remarks.

Mr. PRICE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

These amendments should be rejected.

Deputy Secretary of Defense Frank Carlucci stated, in the strongest terms, in a letter to me that they were detrimental to both NATO and the U.S. economy.

Let me address for a moment one of the specific provisions of the amendments:

> The Secretary of a military department may not make a contract or agreement for the purchase of administrative motor vehicles that are manufactured outside the United States or Canada. * * *

This provision is in direct contradiction to the policy of the U.S. Government as stated in section 814(a) of the DOD Appropriations Act of 1976 which says that the United States should procure equipment for use primarily in Europe that is standardized or interoperable with that of our allies—particularly when they have agreed to purchase military equipment manufactured in the United States.

I do not think our European allies will understand such conflicting signals—espousing a policy of cooperation and practicing protectionism.

I have received communications from the Deputy Secretary of Defense, Mr. Carlucci, the Assistant Secretary of State, Mr. Buckley, and the President's Trade Representative, former Senator Brock, all strenuously opposing these amendments.

Let me quote some points from these letters. Mr. Carlucci's letter states:

> Legislative prohibitions on the purchase of foreign made trucks will have a severe detrimental effect on the overall foreign acquisition of U.S. systems. The balance of trade between the U.S. and our NATO allies significantly favors the U.S.; a matter about which our NATO partners sometimes complain. In total trade between the U.S. and the European Economic Community (EEC), which includes most of NATO, the U.S. had a trade surplus of $9.3 billion in 1979 and $18.1 billion in 1980. We analyzed in pure monetary terms, our defense transactions through FY 80 with Germany and England, where we purchase most of the foreign vehicles. Those transactions clearly favor U.S. industry by a wide margin. In Germany for example, if we use defense equipment deliv-

ered we find the ratio to be 13 to 1 in our favor. If we use the military trade statistics under the Memoranda of Understanding (MOU) covering FY 80, which are based on orders placed, the ratio is 2 to 1. However, the vast majority of U.S. purchases are related to construction and repair services of our forces in Germany and not military hardware. When we only consider U.S. purchases of equipment, the ratio is again 13 to 1. While we are considering a vehicle buy in Germany valued at approximately $180 million through 1986, potential German defense projects to be purchased from the U.S. could reach from $565 million to $2.5 billion during the next ten years. This is in addition to an annual average of $540 million in military hardware and services that the Federal Republic of Germany (FRG) has purchased from the U.S.

A major portion of the vehicles acquired in England are purchased from U.S. subsidiaries; the great majority from a General Motors subsidiary, followed by Chrysler and a minimal number from the Ford owned plant. It should be noted that the British forces also use these vehicles.

Mr. Brock states:

We are particularly concerned with the proposed amendments because a prohibition on Defense Department purchases of administrative motor vehicles manufactured outside the United States or Canada would violate U.S. obligations under the Government Procurement Code. The Code, which was approved by Congress in the Trade Agreements Act of 1979, requires us to grant non-discriminatory treatment to products of other signatory countries, for Code-covered procurement. Violation of the Code on our part would leave us subject to retaliation abroad that would probably hit our most competitive exporters.

Furthermore, the Procurement Code contains dispute settlement procedures through which we may enforce our rights under the scope of Section 301 of the Trade Act of 1974, which gives the President broad authority to retaliate against unjustifiable, unreasonable or discriminatory acts which affect U.S. commerce. New Section 301 also includes the domestic authority for aggrieved sellers of U.S. products covered by the Code to enforce U.S. rights under the Code. Under revised Section 301, we can negotiate and, if need be, retaliate against products or services of countries that discriminate against us in those procurements covered by the Code.

I ask that the amendment be defeated.

□ 1720

Mr. CONABLE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not rise from any such lofty position as opposing parochial neoisolationism. I just ask my friends in the House not to cut off their noses to spite their faces by supporting what appears on the surface of it to be a perfectly reasonable proposal.

We have talked about the defense aspects of this, and they are real and significant. We cannot divide our relations with other countries. We are asking for cooperation from our NATO allies, and that means we must make common cause with them in many ways.

But the issue is, as has been said, primarily a trade issue, and there all of the advantages run to us. It would be indeed cutting off our nose to spite our face to fly in the face of the existing procurement agreements that have been mentioned.

Now, I can hear my colleagues say, "Why in the world did we get into a procurement agreement, in the first place, if it was going to tie our hands on something as critical as vehicles?"

The procurement agreement we entered into with respect to the multilateral trade negotiations gave us an advantage of at least 3 to 1. It opened up to us in Europe and other countries procurement contracts previously tied up by "Buy National" clauses in those countries, three times as valuable as the procurement contracts we had to open up in our country to foreigners. And so it was clearly to our advantage that we have such an agreement. It was true then; it is still true.

Now, there are some very specific things that have to be said about this particular condition that we have here. There are, as the chairman of the Armed Services Committee said, roughly $30 million of West German motor vehicles annually over the next 6 years that will be bought, and those $30 million have to be balanced against what the West Germans are buying from us, and indeed they are buying many of these things from the same areas that are producing automobiles.

The West Germans will buy from us over $500 million of hardware and services. There are 13,000 jobs involved in those purchases from us. And they are negotiating about the purchase of military equipment worth between $565 million and $2.5 billion from us over the next 10 years. That would create a tremendous amount of additional American jobs.

There is a better than $18 billion surplus at this point running between us and Europe. The Europeans buy that much more from us than we buy from them.

Now, our President is at this point going to Ottawa to try to work with the European Community and the developed countries, in establishing better and more comfortable trade and economic ties to them. As the Members know, the Europeans have some grievances against us now. They used to be upset that we had too low an interest rate, therefore, the dollar was soft, and they hold many of our dollars. Now they are concerned that we have too high an interest rate and, therefore, we are attracting their capital as investment into our country, and we are leaving them capital poor by our high interest rate.

This kind of problem with the Europeans is continual. You can aggravate it very seriously by flying in the face of a well established and soundly based international trade agreement relative to procurement, and I hope you will not do it.

Mr. Chairman, I am concerned that there are so few Members here in the Chamber at this point, and that Members who come over here when the vote comes will look only at the surface appearance of the bill and say, "Well, yes, I want to help the auto industry." I want to tell the Members that it is by no means clear that this will help the auto industry to a degree sufficient to in any way offset the potential loss to us as a result of erosion of our relationship with Europe and the loss of credibility we might have with respect to trade.

I hope my colleagues will reason with our colleagues when they come in here to vote on this measure and urge them not to work against our national interest on this.

I have to say, Mr. Chairman, I know that in a Motorola plant in my district, we are making alternators for German Volkswagens, and that illustrates the complexity of this condition in trade and the fact that all is not as it might appear in this particular amendment that I hope the Members will turn down.

Mr. HERTEL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as a member of the Armed Services Committee, it is difficult for me to oppose my esteemed chairman of the Armed Services Committee, but I must on this issue.

It has been said here today that agreements have been made in the past and acts have been passed by this Congress to allow for the purchase of foreign automobiles, to the detriment of our industry. And I say if that is true—and it is, under the acts of Congress—that it is wrong and we should change it. I am new here, but I have no problems with changing those things that the people think are wrong and in fact indefensible.

We are talking about a 14-percent unemployment rate and higher over the last year in the automotive industry.

There has been a lot of talk today about NATO and our alliance there. But I think that one of the reasons that this amendment was started was because of the announcement that the U.S. Army had bought Datsun trucks. That has nothing to do with NATO. The Datsun industry does very well in this country and around the world. But our cars and our trucks which are built as well and superior could not be purchased because of those purchase agreements by the U.S. Army.

We spend, as the Members know, a great deal in Europe, and it has been talked about today. We are increasing our defense budget more than at any time in our history in peacetime, yet

the Europeans, as we see in the papers day after day after day, are decreasing their defense budgets.

So I think we stand at a strong point in arguing in fact that we should change the law, that we should say that we should "Buy American."

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. HERTEL. I yield to the gentleman from Michigan.

Mr. DUNN. I thank the gentleman for yielding.

Mr. Chairman, I would like to point out a couple of things. We, not they, have been supporting NATO since about June 6, early in the morning, 1944.

We toss a lot of figures around back and forth here. I would like to know the amount of money that is in the German national budget to send troops to America.

□ 1730

I would like to know the amount of money that is in the Japanese national defense budget to send troops to America.

We are the ones doing the supporting. If there is any support or bailout, it is for their Government, not ours. The auto industry is not asking for a break. They are simply saying that with American tax dollars, let us buy American products. It is not a trade issue at all. It is simply whether or not we are going to be spending the American taxpayers' dollars where American men and women are at American bases; whether they are going to be driving American-built equipment or not.

Mr. HERTEL. I thank the gentleman from Michigan for his remarks. I think it shows that we have bipartisan support on this type of amendment, as the names of the sponsors also show.

What we can say, of course, is that this does not go as far as we would like it to go. It is not a prohibition. It just says that when we buy foreign automobles and trucks, it must come before this House. If members of any committee can show at that time that it is in the extreme interests of the national defense that we must for some reason buy foreign vehicles, this body can then approve it. So, it is not a prohibition. What it says is that this Congress will make that decision, not somebody in the Pentagon, somebody in the Army or somebody in the Air Force making decisions, and we cannot defend those because those decisions are wrong.

What we are talking about is strengthening our defense base, as was pointed out by the gentleman from New York. In the Second World War the auto industry was one of the greatest parts of our defense base, and if we weaken it by spending our money in foreign countries when they do not spend theirs here as far as the automobile industry is concerned, because they are not purchasing our automobiles and trucks, then we weaken the Nation as a whole. What we are talking about is not protectionism. We are talking about "Buy American." That is as good a theme today as it was 50 years ago.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield?

Mr. HERTEL. I yield to my colleague from Michigan.

Mr. BROOMFIELD. Mr. Chairman, I would like to compliment the gentleman from Michigan. I certainly join in strong support of the amendment offered by the gentleman from Indiana and Mr. BRODHEAD of Michigan.

I know what it is like to have great unemployment, as the gentleman from Detroit does. We have got a real problem, and when one talks to an unemployed person about how ridiculous it is that we spend all of this money on defense, and yet we see our Government buying foreign-made trucks when we have got the high unemployment, all we are saying is, we do not believe this is going to upset the relationship with NATO.

We have a problem. We had a problem with Japan. We asked for their cooperation on a voluntary basis, and it is starting to work. I really believe we ought to send this kind of signal that we are going to take care of American industry here first. I strongly support this amendment.

Mr. Chairman, I rise in strong support of this amendment.

It seems outrageous that the Defense Department plans to replace, by 1985, its entire NATO fleet of noncombatant vehicles with European-built vehicles.

When the Department's plans were first reported in the Wall Street Journal about 2 months ago, I pointed out to the Secretary of Defense that his procurement plans were contrary to our national effort to help our ailing domestic auto industry—an industry that the 96th Congress called, a strategic national industry that is essential to the economic stability and national security of the United States.

There is no acceptable justification for the Defense Department's "buy foreign" policy when the domestic auto industry is struggling to survive, when auto and truck makers are experiencing record low sales, when we are facing record high unemployment in auto and auto-related industries, when we are spending billions in unemployment compensation, and when we have committed over a billion dollars in loan guarantees to support Chrysler alone.

It does not seem that the Defense Department's policy could logically be defended in view of the President's order to various departments in the Government to examine and adjust regulations affecting the auto industry in order to help the automakers, or our Government's vigorous effort to encourage the Japanese to restrain their auto exports to the United States.

The Department of Defense contends that its "buy foreign" plans are part of its rationalization, standardization, and interoperability (RSI) policy. Not once does it address the point that the American automotive industry is in serious trouble and unusual steps are required to help it through a difficult period.

Even the Defense Department's RSI argument is misleading. With the implementation of the Defense Department's plans, there would not be total interoperability.

There would be five German truck companies building the trucks to be used in Germany. Italian firms would be building the trucks to be used in Italy, and British firms would be building the trucks to be used in England.

Further, if U.S.-based trucks had to be rushed to Europe in case of an emergency, they would not be compatible with the foreign-built vehicles already there.

Thus, Mr. Chairman, even if the Defense Department were to complete its "buy foreign" policy, it would still not meet its objective of interoperability. It would, instead, be pursuing a policy that is contrary to the rest of our national effort to help the domestic auto industry, and it would be sending a strong negative message that far transcends any dollar value involved.

For these reasons, I urge my colleagues to join me in supporting this amendment.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

(At the request of Mr. WOLPE and by unanimous consent, Mr. HERTEL was allowed to proceed for 3 additional minutes.)

Mr. WOLPE. Mr. Chairman, will the gentleman yield?

Mr. HERTEL. I yield to the gentleman from Michigan.

Mr. WOLPE. Mr. Chairman, I too want to associate myself with the remarks of the gentleman in the well and with the remarks of my colleague, the ranking minority member of the Foreign Affairs Committee, Mr. BROOMFIELD.

Reference has been made today of the critical impact this issue has upon the automobile industry and the economy as whole. In my own State of Michigan—which leads the country in economic distress—reduced demand for automobiles has resulted in massive unemployment. And it is important to note that it is not only the automobile industry that has been endangered. Indeed, a sagging automobile industry has signaled the decline of an entire regional economy. As

automobile production in Detroit has fallen, steel plants in Pennsylvania and Illinois have been forced to lay off workers and shut down facilities. Tire manufacturers in Ohio have been forced to curtail production. Glass manufacturers throughout the Northeast and Midwest have found their business substantially reduced. And while we allow the American economy to deteriorate, we have allowed the Pentagon to invest our tax dollars in purchases which stimulate competing industries in Germany, Great Britian, and Japan to the detriment of our entire Nation.

We have before us an opportunity to redirect foreign-bound tax dollars to our own economy. We have an opportunity to put American workers back in the factory. We have an opportunity to reassert our faith in American industry and provide American manufacturers with a portion of the capital that they require to retool their plants so that they may return to a position of strength in world trade.

I congratulate the gentleman in the well on his remarks as well as the sponsors of this amendment, Mr. BRODHEAD and Mr. HILLIS, for their leadership.

Mr. HERTEL. I thank the gentleman.

● Mr. FORD of Michigan. Mr. Chairman, I rise in support of the amendment. I join with Representative BRODHEAD in condemning the Defense Department's plans to replace our fleet of administrative vehicles in Europe with foreign-made versions. I have written to the President and the Secretary of Defense in criticism of this ill-conceived plan and have never received a convincing defense of it from the administration.

I believe that the best policy for our Government is to buy American-made goods in all but the rarest circumstances. It is in our national security interest not to depend on other nations for our military equipment, and it is in our economic interest to support our own industries and our own working people.

When so vitally important an industry as the automobile industry is struggling to recover from the brink of financial disaster, it is incredible that our Government would adopt a policy to "buy foreign." The people of Michigan and the industrial Midwest are justifiably outraged when they learn that one or another Federal agency has purchased Japanese trucks or German buses. But their outrage doubled when they learned of the scope of the Defense Department's current plan. The Defense Department plans to buy—and is buying—not just a few pickup trucks, but 20,000 cars, buses, trucks, and Jeeps. All of them made by foreign companies and foreign workers. How can an administration that declares itself dedicated to economic recovery pursue tight money policies that drive up interest rates and dry up car sales, and then deny a quarter billion dollar vehicle market to American companies and American workers? My constituents are forced to wonder whether anyone in Washington realizes that hundreds of thousands of their neighbors are unemployed and unable to find a job.

It is unfortunate that the Brodhead-Hillis amendment is necessary, but all of our efforts to dissuade the Defense Department from its destructive course have been futile. Only a statutory prohibition on foreign vehicle purchases can prevent this needless transfer of wealth and productive capacity from Americans to Germans. I urge my colleagues to support the Brodhead-Hillis amendment as a vote to protect our national economic and security interest.●

AMENDMENT OFFERED BY MR. HOPKINS AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. HILLIS

Mr. HOPKINS. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. HOPKINS as a substitute for the amendment offered by Mr. HILLIS: Page 60, after line 17, add the following new section:

RESTRICTION ON PURCHASE OF FOREIGN-MADE MOTOR VEHICLES

SEC. 914. (a) Chapter 141 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 2391. Restriction on purchase of foreign-made administrative motor vehicles

"The Secretary of a military department may not make a contract or agreement during the fiscal year ending on September 30, 1982, for the purchase of any administrative motor vehicle that is manufactured outside the United States or Canada, unless the Secretary of Defense submits to the Armed Services Committees of the Senate and the House of Representatives a written statement that there is not available for such purchase a suitable motor vehicle manufactured in the United States or Canada.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"§ 2391. Restriction on purchase of foreign-made administrative motor vehicles.".

Mr. HOPKINS. Mr. Chairman, I agree with the basic philosophy embodied in the amendment of my colleague, Mr. HILLIS. I especially want to congratulate my colleague from Indiana, my colleague from Michigan, and my colleague from Missouri for their efforts on this measure.

However, my substitute would offer what I consider to be minor surgery, because certainly I want the operation to be a success, but I do not want the patient to die. the Hillis amendment prohibits the Pentagon from purchasing these administrative vehicles overseas, and sets in concrete for now and forever except under two circumstances; one, if the purchase is under $50,000 the Pentagon can do whatever they want to do. However, if the purchase is over $50,000, the Pentagon must come to the Congress and seek approval for each and every proposed sale.

Now, my amendment would totally prohibit this practice only for fiscal year 1982 unless the Secretary of Defense certified in writing that no suitable American vehicles were available. In other words, should the Defense Department need 50 right-hand-drive trucks, the Secretary could simply notify the Congress if we are not tooled up in this country to produce them; then, it would be permissible of course, to buy them from a foreign source.

Purchases such as this are not currently under the authorization process. However, starting in fiscal year 1983 they will be. In fiscal year 1983 the Armed Services Committee will have the opportunity for the first time to study and review and make recommendations to the Congress about what needs to be done in accordance with our normal legislative oversight responsibilities.

There are several possibilities which the committee may want to discuss. One, they may want another 1-year moratorium. They may want to make the process competitive. They may want to set a dollar figure over which the Pentagon cannot go without congressional approval, or they may want to change the law permanently to totally prohibit foreign vehicle purchases. These, Mr. Chairman, are just some of the options that would be available.

However, if the Hillis amendment is approved today, these and many other options will have been eliminated. Also, the Hillis amendment would interject the Congress into the daily business routine of the Pentagon by requiring congressional approval for every foreign vehicle purchase of over $50,000. This, in my opinion, is micromanagement of the daily routine in which I think the Congress does not belong. Rather, our oversight responsibility is to set broader guidelines to allow the Pentagon to manage the program.

□ 1740

Mr. Chairman, I think my moratorium is appropriate for 1 year. I have heard my colleagues talk today about what the future might bring. I do not know what the future is going to bring, but I know that right now American workers are unemployed. Right now we are losing tax revenue through unemployed workers, right now we are paying out unemployment benefits, right now too many Americans are on food stamps, and right now we are contributing to the decline of our industrial base.

Mr. Chairman, I do not consider myself to be an expert on Pentagon purchases, but I am the world's greatest expert on what I think, and I think it is time for us to start taking better care of the American people first.

Mrs. BYRON. Mr. Chairman, will the gentleman yield?

Mr. HOPKINS. I am delighted to yield to my colleague on the Armed Services Committee, the gentlewoman from Maryland.

Mrs. BYRON. Mr. Chairman, I thank the gentleman for yielding, and I rise in support of the amendment offered by the gentleman from Kentucky (Mr. HOPKINS).

I think this is the right move. I think the 1-year time frame is a good time frame, and, therefore, I hope my colleagues will support his amendment.

Mr. HOPKINS. Mr. Chairman, I thank the gentlewoman from Maryland (Mrs. BYRON).

Mr. SKELTON. Mr. Chairman, will the gentleman yield?

Mr. HOPKINS. I am delighted to yield to the gentleman from Missouri.

Mr. SKELTON. Mr. Chairman, I rise in support of the amendment offered by our colleague, Mr. HILLIS, of which I am pleased to be a cosponsor. This would prohibit our military from purchasing foreign-made administrative use vehicles except where the contract is for less than $50,000 or where the proposed purchase is specifically authorized by Congress.

Mr. Chairman, the Department of Defense is in the third year of a planned 7-year program to replace its entire NATO fleet of administrative vehicles. This involves the purchase of 20,000 vehicles at a cost of $240 million. Parts and replacement vehicles would presumably also be purchased from foreign sources.

Mr. Chairman, it is hard to find justification for this "buy foreign" policy. The old justifications of readiness, standardization, and interoperability would not suffice in this case. No one can seriously contend that the combat readiness of NATO forces depends on the kind of noncombat administrative vehicles used by American forces in Europe. Nor can there be any claim to standardization or interoperability where the vehicles are purchased from four manufacturers from three nations—as is the case with this purchase.

Moreover, Mr. Chairman, this purchase cannot be justified on the grounds of cooperation with our European allies. Certainly our commitment to the defense of Western Europe—in terms of personnel, equipment, and dollars—speaks for itself. Under the security of the U.S. defense umbrella, the nations of Western Europe have developed vigorous, productive economies. They have recovered from the ruin and devastation of World War II to achieve a level of prosperity and a standard of living which is equal to or greater than our own. Our role in this recovery is too often forgotten today.

Most of all, Mr. Chairman, this DOD policy should be curtailed because it is not in the best interest of the U.S. economy. This year unemployment in the U.S. auto industry will top 250,000. While our unemployed auto workers stand in unemployment lines, would an agency of their own government make large-scale purchases from their overseas competitors?

Mr. Chairman, approval of this amendment will assure that DOD's procurement policy in this area is consistent with overall national policy. By requiring congressional authorization of such purchases, we will assure that they are made only when they are in the interest of national security. I urge my colleagues to support this amendment.

The CHAIRMAN. The time of the gentleman from Kentucky (Mr. HOPKINS) has expired.

(On request of Mr. TRAXLER and by unanimous consent, Mr. HOPKINS was allowed to proceed for 1 additional minute.)

Mr. TRAXLER. Mr. Chairman, will the gentleman yield?

Mr. HOPKINS. I am delighted to yield to the gentleman from Michigan for purposes of debate.

Mr. TRAXLER. Mr. Chairman, I thank my colleague for yielding.

I have an inquiry of the gentleman. I notice that in his amendment he addressed the issue of administrative vehicles. Is the gentleman aware that we are purchasing some forty-five 10-ton tactical trucks from the Germans?

These are combat vehicles in a sense. They are carriers. They are transporters for the cruise missile and for the Pershing II.

Does the gentleman have any comment on that?

Mr. HOPKINS. Mr. Chairman, I was made aware of that today for the first time.

Mr. TRAXLER. Mr. Chairman, it is an issue that the committee ought to be concerned about. I know they have expressed some thoughts about supporting the purchase of administrative vehicles, but I wondered if the purchase of this kind of tactical vehicle, these 10-ton cruise missile carriers and 10-ton Pershing II launch vehicles, had been considered.

Mr. Chairman, I do not support that. I am opposed to that, because we can build these vehicles here. They are expensive vehicles, and they are quasi-combat vehicles.

Mr. SHARP. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment offered by my colleague, the gentleman from Indiana (Mr. HILLIS). I think he has struck a proper balance in what is admittedly a very difficult and complicated problem, because on the one hand we obviously want to honor the agreement we have made internationally, we want to have the full cooperation of our NATO allies, because we have imperative international reasons for carrying out our commitments and retaining the cooperation of NATO, but at the same time we have a perfect right to begin asking our Department of Defense and our American negotiators to be extremely sensitive to the economic conditions here at home.

I think we have every right to ask our NATO allies to understand our problem and cooperate with us on what is an imperative economic problem in my district and in many districts across this country. This is a problem that must be recognized as a national problem and not simply a parochial one.

Mr. Chairman, we are in the process in this Government this year of shifting very dramatically the way in which our Federal tax dollars are spent. We are shifting our tax dollars in many cases, for good reason, into other areas. We are shifting them into higher defense expenditures. That is something that many find difficult to accept, but we are willing to accept it. We find at the same time that in making that shift we are cutting back in areas that are hard to justify. We are finding it hard to justify some of the cuts in benefits to families and people out of work, and we find it hard to justify cutting the food stamp program and cutting compensation, trade adjustment assistance, and CETA programs which are designed to pick up the slack in the economy.

Nobody professes that those should be our first goals, because we want people working in the private sector, but if we are going to ask the American people to cut down on the programs that might help them when the family faces hardship in order to do something on behalf of national security interests, we ought to be able to ask the American officials in charge of the economy to make sure that every cent and every dollar spent on our national defense goes in a way that will help put Americans to work. This amendment helps us to do that.

Mr. Chairman, second, we are not only shifting our tax dollars in this way, but we are doing it not only on behalf of American national security interests, as we say to ourselves and our allies, but on behalf of their interests as well. So I think we have a right to ask them, if they are not totally willing to go along with the increases to their own benefit, to at least understand that we are going to see that those dollars are going to be spent in ways that also might help us in our local economy.

We have an extremely serious problem in autos and trucks in this country, and it ripples over in every other sector of the economy.

Mr. Chairman, I think we have to make it perfectly clear to those who make decisions in the Congress, to those who make decisions in the administration, and to our allies, with whom we want to remain close, that they have got to understand and give us a little support in this particular problem.

Mr. Chairman, I rise to urge support for the amendment offered by my colleague from Indiana which would prohibit under most circumstances the Department of Defense purchasing automobiles and trucks abroad.

There is simply no compelling reason for the Department to spend $300 million to buy 20,000 foreign manufactured trucks at a time when unemployment in our own automobile, truck, and parts industry will hit 250,000. A quarter of a million American families will wonder why we are spending taxpayer money on European companies while they face the hardships of the unemployment lines.

The Midwest is particularly dependent on the automobile and truck industry, Mr. Chairman. Nationwide, one in seven workers is dependent, directly or indirectly, on the industry. There are 225,000 Indiana workers unemployed, many of them in the automobile industry. The Defense Department is undercutting our own workers and we have an opportunity to block that action today.

The administration has outlined a policy for aiding the automobile industry. I endorse that goal as well as action to implement it through regulatory reform, curbing high interest rates through fiscal policy changes, and enacting tax laws to stimulate additional investment in new plants, equipment, and machinery. It is a shallow administration policy which weeks later allows the Government to purchase its new trucks abroad. We cannot get the industry back on its feet by allowing foreign truck purchases by our Government. I cannot justify such a policy to my constituents who are asking me what the Government is doing to help them and the industry.

Mr. Chairman, I joined many of my colleagues in signing a letter to the President in May protesting this purchase and asking for an explanation and reversal of the decision. Only yesterday, when the House expected to vote on the issue, did we receive an answer. A quick review of the Defense Department letter reiterates the initial justification for the action—cooperation with our European Allies. Although the letter expresses concern about standardization of equipment in NATO defense policy, there is no indication in the letter that U.S. manufactured trucks will not meet the standardization/interoperability requirements. Frankly, the letter contains so little justification for the policy that I am encouraged that we are on the correct course by adopting this restricting amendment.

Many of us in the Congress urged the administration to negotiate a voluntary restriction on the importation of Japanese automobiles which is now being implemented. If our Government is truly concerned about the American automobile and truck industry, how can it say it is necessary to restrict foreign automobile imports, but also necessary to use taxpayer money to purchase foreign trucks for Government use?

Cooperation with our European Allies is important, but it should not be at the expense of thousands of American jobs. The U.S. auto industry is losing billions of dollars as sales have fallen to the lowest level since 1958. We are encouraging the industry to invest tens of billions of dollars in retooling to build more small, quality, fuel-efficient cars and trucks. Can we honestly justify saying to the industry that the Government itself will not buy their product?

If the administration wants to allow the Defense Department to circumvent this policy, we should not allow it. A good case has not been made that the $300 million should be spent abroad, and I urge my colleagues to vote for the restriction.

Mr. VENTO. Mr. Chairman, will the gentleman yield?

Mr. SHARP. I yield to the gentleman from Minnesota.

Mr. VENTO. Mr. Chairman, I think the gentleman from Indiana (Mr. SHARP) makes a very good point in regard to our NATO commitment, because everyone has been talking about our commitments and agreements and trying to turn this into an international trade conflict of war. I do not see that this way, I do not think that is the intent, and I think we ought to bring the issue back into focus.

The fact of the matter is that the Germans have told us they are not going to keep their commitment in terms of their gross national product to NATO. Other nations are not able to do that because of economic circumstances. A few of them have kept that agreement, but by and large they have not kept their commitments.

One of the bases for this is the increase of our defense budget. We are not talking about reducing our commitments in this bill, but I think there ought to be a certain degree of understanding that if other countries do not keep their end of the bargain, some of it should come back to us, and we should do the same with regard, for instance, to the purchase of these vehicles.

The second aspect of this that I want to point out to the gentleman from Indiana (Mr. SHARP), who has made a very good statement in the well of the House in regard to the Hillis amendment, which I support, is the question of offsets. It is true that very often, for instance, in the balance of trade with regard to when the defense dollars are spent by the Federal Republic of West Germany or other nations, they are buying military equipment from the United States and actually we are putting a great deal of our money in it. It is equally true very often that Australia and Canada demand a 100 percent of offsets in terms of products produced in their countries in order for them to make purchases from a company in this country.

So I think, compared to the dollars we spend, in fact, compared to Germany and their gross national product, compared to other countries, we are going to spend a lot of money in the balance of trade when they are given offers they cannot refuse in terms of the balance of trade and in terms of offsets and other types of agreements.

The CHAIRMAN. The time of the gentleman from Indiana (Mr. SHARP) has expired.

(On request of Mr. VENTO and by unanimous consent, Mr. SHARP was allowed to proceed for 2 additional minutes.)

Mr. VENTO. Mr. Chairman, If the gentleman will continue to yield, I think we find ourselves in a quandary with this amendment. It is not actually, I do not think, an international trade type of issue; I think it is a national defense type of issue in a sense because we are talking about lines of supply, certain kinds of tactical equipment, and interchangeable parts. What are we going to have? Do we have to have one type in the United States, another type in Australia, and a third type in Europe?

I think these are some very practical questions that have to be faced up to. We have the question of offsets, and the NATO allies have not kept their part of the agreement because of certain economic problems. There is justification for that, and this House does not want to go on record to demand that of them. I think we have to have a certain amount of understanding, and we have to consider what we are demanding of our American workers.

Mr. Chairman, I thank the gentleman for yielding.

□ 1750

Mr. GIBBONS. Mr. Chairman, I am going to be brief. Apparently I did not make myself clear. This is a pocketbook issue as well as whether we are going back on our word. If we renege on our international agreement under the General Agreements on Tariffs

and Trade, there is a discipline in that agreement. That discipline gives to all the people we renege against, and here we are going to renege against everybody in the world, an opportunity to pick out what part of American industry they want to destroy.

Now, all my fine friends from Michigan are here saying, "Save our automobile industry." Let me tell my colleagues, if we vote their way, we may expose some industry in our States to the same kind of reckless treatment we are going to do here.

Now, we made this agreement, we are enforcing this agreement, it is our agreement. We debated it for years, before we entered into, here in the House of Representatives.

As I say, every Member of this House with the sole exception of six—and I do not even remember who those six were—they are probably not here—voted for it. The President signed it and it has a discipline in it. So let us not be foolish about what we are doing.

This kind of thing is going to cost us a lot of money. It is going to cost us a lot of grief and it is going to say that one cannot believe an American when he puts his name on the line and he writes his name there and agreed to it.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman from New York.

Mr. STRATTON. I thank the gentleman for yielding.

Mr. Chairman, I was one of the six and I am still here.

Mr. GIBBONS. The gentleman is forgiven, but the gentleman knows I heard this ridiculous argument we have been supporting this since June 1944, from some gentleman over here—I do not know his name. I remember in June 1944, I rode about 100 miles with about 10,000 other American parachutists from the airfield we left from and we happened to use some administrative vehicles produced by the British. It would have been kind of foolish to have to come back to get permission to ride to the airfield, 100 miles away from where we were camped, so we could take part in the invasion of Europe.

This whole thing is ridiculous. We ought to vote them both down and go on about our way.

This is not a welfare bill. This is not a bail-out of Chrysler again. There is not enough money in the bill to bail out Chrysler. Let us vote this whole thing down.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman from Michigan.

Mr. DUNN. Mr. Chairman, I am the ridiculous gentleman who made the comment.

Mr. GIBBONS. I did not say the gentleman was ridiculous; I said the gentleman's argument was ridiculous.

Mr. DUNN. I was merely trying to point out if the gentleman will look at our defense budget and the amount of money we send to NATO, and we are supporting the defense of those countries, the point I was trying to make——

Mr. GIBBONS. This is not really a defense thing. This is not going to make or win any war.

Mr. DUNN. I would agree with the gentleman.

Mr. GIBBONS. But it is going to cost us money, and I feel sorry the gentlemen from Michigan are having to bail out that automobile industry. I know it is a terrible burden to have to carry. They are the highest paid people in the world and have the worst workmanship in the world. They have got some of the worst management in the world.

The Office of Technology Assessment made an appraisal of the automobile industry yesterday and it just got on the gentleman's desk yesterday and I hope the gentleman had a chance to read it. It points out that these are the highest paid people in America, the highest paid people in the world, and the reason why they cannot compete with anybody, even with a 24 percent ad valorem tax on every other vehicle in the world, is because nobody can compete at the kind of wage rates and the kind of productivity they have got and the kind of management they have. Until we kind of sober up and straighten out, there is no way to do it.

Mr. WHITEHURST. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I find if difficult to oppose two of my colleagues for whom I have the greatest affection and I would expect it would be another 10 or 12 years before I would find myself in opposition to them, that is the gentleman from Indiana (Mr. HILLIS) and the gentleman from Kentucky (Mr. HOPKINS).

Mr. Chairman, despite the tone of concession and conciliation, the Hopkins substitute really goes to the same issue: "Is the U.S. Congress prepared to adopt protectionist legislation despite strong statements from the administration that such action is not in the national interest?"

In terms of its impact on NATO, there is very little difference between a permanent prohibition and a 1-year moratorium. In both cases, we are sending a signal to our allies that we are not prepared to buy from them—only to sell. The Europeans know also—as does this body—that 1 year moratoriums have a way of being extended from year to year; thus, in effect, becoming permanent prohibitions.

The Hopkins substitute supposedly has an escape clause permitting the services to acquire such vehicles if: The Secretary of Defense submits to the Armed Services Committees a written statement that there are no "suitable" vehicles available for manufacture in the United States or Canada.

This is an open invitation to semantic game-playing. Who is to define what "suitable" means or for that matter, what time frame is involved in the meaning of the word "available"?

I also want to point out that this amendment says nothing about costs. If it is adopted, we could conceivably wind up paying millions of dollars more for less suitable vehicles.

Now, what are we really talking about in the way of jobs? The "Dear Colleagues" claim that thousands of jobs are involved. However, according to Department of Commerce statistics on jobs per billion dollars of sales in the auto industry, on annual purchases of $30 to $35 million, we are talking about some 700 to 750 jobs per year.

Now, let us compare that number with what we are getting. In fiscal year 1980, foreign military sales produced $325.6 million in defense contracts for the State of Michigan alone—including $115 million of diesel engine and truck sales. That translates into more than 7,500 jobs in Michigan generated by foreign military sales.

Just imagine the impact on our defense industry if the German Bundestag rephrased the Hillis and Hopkins amendments to read: "The Minister of Defense may not make a contract or agreement for the purchase of aircraft, missiles, rockets or ammunition manufactured outside the Federal Republic of Germany."

I know the mood in Europe, and I am telling you it could happen if we adopt one of these amendments.

Mr. PHILLIP BURTON. Mr. Chairman, will the gentleman yield?

Mr. WHITEHURST. I yield to the gentleman from California.

Mr. PHILLIP BURTON. Mr. Chairman, I would like to commend the gentleman on the other side of the aisle. We have important arrangements with our Western Allies and this, as I understand it, I hope the gentleman will correct me if I am wrong, we have entered into an undertaking with Germany with reference to this and this would in effect be reneging, am I correct in that respect?

Mr. WHITEHURST. The gentleman is entirely correct.

Mr. PHILLIP BURTON. Well, I seldom invoke one of the minor responsibilities the Speaker has seen fit to visit upon me, but I do head our NATO parliamentary group. I can assure the gentleman we have no firmer friend and ally than the Germans in Western Europe and all of our allies in Europe are friends of ours, but it does not make sense for us to

turn our backs on our own word and assurances because in many important respects, as my distinguished colleague knows, our credibility is something that on occasion needs reenforcement and we best retain that credibility by keeping our word in this instance, and I associate myself with the gentleman's position.

Mr. WHITEHURST. I thank the gentleman.

Mr. HILLIS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the Hopkins amendment.

Mr. Chairman, I will be brief.

I do want to be clear on the record I cannot support the substitute offered by my colleagues from Kentucky and good friend (Mr. HOPKINS).

First of all, I think there are some significant differences between the amendment that the gentleman from Michigan (Mr. BRODHEAD) and I offered and the choice that is put to the House today, and that is the substitute.

The substitute, as has been pointed out, is for 1 year only, where the amendment which will be submitted to this body for a vote, if the substitute is voted down, is a matter of policy to be set by the Congress. It is not a temporary thing. It is a signal that will be sent both to not only our allies, but to our allies across at the Pentagon, to ask them to keep track of what is going on in American industry and our industrial base when they start procurement plans.

As far as the argument goes that somehow this is all a one-way street, I would like to point out there are very, very significant purchases which we make from the NATO community today in the way of very sophisticated military hardware.

For example, we are in the process of buying the Rapier missile from Great Britain, we are procuring XMF-56 engines to reengine our Air Force tankers from France, MAG-58 machineguns from Belgium, a combat support boat from the United Kingdom. We will be buying very probably a 120-millimeter tank gun to be coproduced here, but it will come from Germany. The Roland system was procured from overseas to be coproduced here, and the list goes on and on.

So, this is not just one item, but it is an item that is hitting a very critically affected industry, an industry that used to produce 10, 11, and even a 12 million car year is now down to way under half of that, yet we turn around and we buy offshore when we could be of some help to save and help that situation.

It is very hard to explain that, as one of my colleagues made the point awhile ago, to an unemployed automobile worker back home, especially when one takes into consideration those trucks could be bought here in competitive bidding by the best estimates I find for a saving of over $100 million.

□ 1800

It is not that it is going to cost more. We could do it here for less. I think it behooves us to defeat the substitute amendment and pass my amendment, which is for Mr. BRODHEAD.

Mr. BRODHEAD. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, it seems to me, although I think that the amendment of the gentleman from Kentucky (Mr. HOPKINS) is basically the same as the amendment my colleague, the gentleman from Indiana, and I have offered. It is really a 1-year version basically of the same amendment that we have offered. It seems to me that I would join with those who are opposing it.

I think we ought to decide this issue on its merits. If it is a good idea, this sort of amendment must pass. If it is not, the 1-year thing does not really seem to me to address the fundamental issue. Let us address the fundamental issue and dispose of it. If we have made a mistake, we can come back and correct it.

I think it is important to point out that we are not talking about a prohibition. We are talking about requiring congressional approval. This thing took us by surprise. We did not know this was in the works. All of a sudden we are told that this is being done.

It seems to me, we are not saying you cannot buy them. We are not violating the GATT agreement. We are saying if you want to buy them, notify the Congress that you are considering and seek approval of the Congress.

Mr. KILDEE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong support of the Hillis-Brodhead amendment. As the Member of Congress who represents the district which contains the largest truck plant in the United States, I am obviously distressed by the announcement that the Army and Air Force plan to replace their entire fleet of noncombat trucks in Europe with European models. That entails a purchase of 20,000 trucks at a minimum cost of $240 million.

As much as such a policy affects my own district, we should all be aware that this is not a parochial problem. Members of this body know of the problems our domestic auto industry has experienced over the last 3 years. Indeed, most of the Members of the House are aware that these problems have had an impact on our entire economy. One out of every six jobs in our country is either directly or indirectly dependent on the automobile industry. There are presently 250,000 workers in the auto and auto parts industry who are unemployed. That figure does not include those who are out of work in the steel, aluminum, plastics, and other industries because the automobile industry is purchasing lesser amounts of their products.

It is strange that the administration which states its No. 1 priority is economic recovery would pursue such a policy. The purchase of American vehicles will not entail additional Federal expenditures. As a matter of fact, money will be saved because the Federal Government will not have to pay benefits to those who return to work.

I find a procurement policy which assists the economies of Germany, Italy, and Japan, at the expense of our own, to be contradictory to the professed goals of the administration. I question the wisdom of a policy which exacerbates our economic problems.

Since last summer, I have been trying to change the procurement policies of the Federal Government. I have pointed out that some our purchase policies are shortsighted. To its credit, the Federal supply service of the General Services Administration announced last October it would encourage Federal agencies to purchase American vehicles. However, in a letter to me dated March 13, 1981, the Acting Administrator of the General Services Administration repeated the arguments which GSA had made prior to their October announcement.

It is unfortunate that this amendment is even necessary, but the Department of Defense has been particularly insensitve to the plight of our domestic auto industry. Whether it has been for the purchase of 40 Japanese trucks for Fort Devens, Mass., or for the purchase of 20,000 German and Italian trucks in Europe, the Department of Defense has always found an excuse to purchase foreign trucks. The time has come when they should see the reason to buy American vehicles. The passage of this amendment will clearly give them that reason.

It disappoints me that the Department of Defense is so shortsighted. More than any other Federal agency, the Department of Defense should be concerned about the condition of our domestic automobile industry. The automobile industry played a primary role in the industrial mobilization which took place during World War II. In January, the Department of Transportation said that unless we are successful in solving the problems of the domestic automobile industry, our country faces the possibility of a permanent reduction in our industrial base. In such a case, wartime conversion would be much more difficult. Not only will we have lost the physical plant, but we will have lost many of the skills which are necessary to produce the weaponry.

The Department of Defense states that defense purchases are a two-way street, and we cannot afford to offend our allies. Perhaps they are being overly sensitive to the potential reaction of our allies. I would stress the word "potential." They are anticipating a reaction before it ever occurs. I would think it is far more important to our European allies to maintain a strong American commitment. There are no European units stationed in America. It is not unreasonable to ask that American troops stationed in Europe and protecting European countries be equipped with American materials.

I would ask my colleagues to consider both our economic and military strength and to vote for the Hillis-Brodhead amendment.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. KILDEE. I yield to my colleague from Michigan.

Mr. DUNN. I thank the gentleman for yielding to me.

I would ask the attention of the gentleman from Florida (Mr. GIBBONS).

I would remind the gentleman, I do not mind his earlier remarks that my arguments were ridiculous, but when he impugns the residents of my State and calls us overpaid and a highly subsidized State, I would remind the gentleman that Michigan is among the top 10 in dollars we sent to Washington and ranks dead last in terms of dollars we get back from this Federal Government.

I would like to ask the gentleman where Florida ranks and find out who subsidizes who.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. KILDEE. I yield to my colleague from Michigan.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. CONYERS and by unanimous consent, Mr. KILDEE was allowed to proceed for 3 additional minutes.)

Mr. CONYERS. Mr. Chairman, I want to compliment my colleague, the gentleman from Flint, Mich., for his important statement here. I support it wholeheartedly.

Is it possible that if we force the purchase of American cars, they may resent this to an extent that they would not welcome our troops and that we may be forced to withdraw the military from Europe? Perish the thought, but is that a possibility, that they may reciprocate by making us feel unwelcome on their shores?

Mr. KILDEE. I think the gentleman raises a very good point. My district and the gentleman's district has not been unwilling to send our men and women over to Germany. I think if we are willing to do that, they should at least be able to use American vehicles in Germany, because we are there to protect Europe.

Mr. CONYERS. Or maybe they would stop sending so many of their cars over here, if we insisted on using American products and American troops.

I mean, this is merely a suggestion that I gleaned from some of my colleagues and that I wanted to raise, because it is consistent with the block grant approach to NATO of which we will hear more at a later date, namely, that we send them the bucks and keep our men and our equipment over here, if it is so offensive to them to use American equipment in which American armed servicemen are asked to give their lives, if necessary, in defense of that perimeter.

I hope the Armed Services Committee will give this further thought as we progress through this measure.

I thank the gentleman for yielding.

Mr. EMERSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I yield to the gentleman from Kentucky (Mr. HOPKINS).

Mr. HOPKINS. Mr. Chairman, I thank the gentleman from Missouri for yielding.

Mr. Chairman, my amendment is not hastily thrown together. Rather, it is a flexible piece of legislation which places a moratorium on purchases of foreign made vehicles until all interested parties have a chance to present their cases in the normal congressional hearing process.

At the same time, it sends a message of support and concern to the American automobile industry.

Now, the signal is not that we will not buy from Europe, but rather, the signal that we are sending to Americans is that we will not even allow them to compete.

We have a trade deficit with Germany. I cannot repeat that loud or often enough. We do have a trade deficit with Germany.

My amendment is a compromise which simply says, let us put a halt for 1 year to a program which seems so ludicrous until we know exactly why or why not it should be continued, discontinued, or modified.

I thank my colleague, the gentleman from Missouri, for yielding.

Mr. HERTEL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to oppose the substitute amendment and to continue to push for the Brodhead-Hillis amendment, only because and I think the gentleman has made a good effort, the sponsor of the substitute, but it does not go very far. In fact, it really makes no substantial change. By saying for just 1 year we are going to say that the Secretary of Defense must write a letter to the Armed Services Committees of the House and the Senate saying that these things are defense imperative really leaves a pretty big hold for you to drive a truck through. That is, in fact, the problem.

The current law now lends some credence to using American goods whenever possible and American manufactured items whenever possible; but, in fact, what we have seen through the treaties, through the agreements, through the Defense Department, that they are always saying: "Well, this is defense imperative. We have to buy a European missile, a European truck, to keep our allies happy." That is their point.

We could talk someday about the missiles that we purchased that are inferior to some of the products made in this country. We do it for political reasons. It is wrong. It is just as wrong to do it for automobiles as it is to do it, whether it be guns on tanks or whether it be missiles that are made in Europe to keep somebody happy in a political context, which is bad for our national defense, bad for our defense industrial base.

□ 1810

So the substitute offered does not go far enough. It does not make any substantial change, and while it is a compromise, and while it might have a better chance of passage in this House, it will not make any real difference in the procurement of trucks for this Nation's defense.

I want to point out once again we are talking about overall an unemployment rate higher in this country, a defense budget that is higher in this country and is expanding and increasing higher than ever before in peacetime, while at the same time we see European nations, our NATO allies, cutting back on defense and certainly not making a commitment to expand the amount of money they spend on defense. Many of our citizens are making a sacrifice for their defense, and it is time that they at least recognize some of our problems, one being the high unemployment rate in the automobile industry in this country.

Mr. TRAXLER. Mr. Chairman, will the gentleman yield?

Mr. HERTEL. I yield to my colleague from Michigan (Mr. TRAXLER).

Mr. TRAXLER. Mr. Chairman, I rise in support of this amendment to require congressional approval before the Department of Defense purchases any foreign vehicles. I compliment my colleagues, Mr. HILLIS and Mr. BRODHEAD for offering this amendment.

We certainly need to be certain that our Armed Forces have adequate equipment. I have no quarrel with this issue at all.

But I do have great difficulty in understanding why, according to a letter I received this morning from James P. Wade, Jr., the Principal Deputy to the

Under Secretary of Defense, why it is necessary for us to be purchasing about $30 million per year in defense related vehicles over each of the next 5 years from Germany.

In fact, the unemployed autoworkers of this Nation have a difficulty understanding why it is necessary to purchase even a single foreign-made vehicle when we have the capacity in this Nation to build every single truck, car, bus, and ambulance that the military could hope to use, while putting these unemployed workers back to work.

Mr. Wade in his letter to me claims that the reason why we need to purchase German vehicles is that we need to encourage Germany to buy more from the United States. He says that right now Germany buys about $540 million per year in military hardware from the United States, and that there is the potential for Germany to purchase an additional $565 million to 2.5 billion dollars' worth of defense items over the next 10 years. But note one important factor: If these items are crucial defense items, then Germany will continue to buy them. He never tells us what these items are, but tries to make us believe that if we don't buy $30 million from Germany, then we will lose a half billion dollars in business for American manufacturers. Frankly, I fail to see how this expenditure of $30 million can make even a small dent in the Germany economy, especially when one considers that Germany is already spending 18 times that amount in the United States.

Furthermore, this concern for the German interest in American products in no way addresses why it is necessary for the Air Force to purchase 316 vehicles from the United Kingdom and 164 vehicles from Italy in fiscal 1982. It does not explain why the Navy plans to purchase 15 vehicles from the United Kingdom, 5 vehicles from Italy, and 63 vehicles from Japan in fiscal 1982. The number of vehicles purchased by the Navy in the United Kingdom and in Italy would not even support a single dealer, let alone a trade interest with those countries, and the Japanese certainly do not need to find a market for an additional 63 vehicles or go broke.

We have people in my State and in many others that are unemployed as a result of the downturn in our auto industry over the past few years. The administration says that it is sensitive to the plight of the American autoworker, but I find this difficult to believe when the Department of Defense seems so ready to commit itself to the purchase of 2,500 foreign-manufactured vehicles in fiscal 1982, especially when every one of those vehicles can be built in the United States.

Mr. Chairman, the issue before us is not a matter of national security. These are administrative vehicles. The Defense Department claims that it will not purchase tactical vehicles from foreign manufacturers, according to information provided by the Department to some of my colleagues. But a report I received from the Department demonstrates that the Army will, in fact, purchase forty-one 10-ton trucks at a value of $10.3 million in fiscal 1982 from Germany to be used as missile recovery vehicles, certainly tactical vehicles.

The matter before us today, Mr. Chairman, is one of national priorities. Given that we will not be in any way jeopardizing our national security, we need to look at the other impacts of defense procurement policy. If defense contracts can provide real jobs for Americans who are currently unemployed—something the administration claims as one of its goals—then I say that we need to reassess the motor vehicle procurement policy of the Defense Department.

Mr. Chairman, this amendment is in our national interest, and in the interest of the thousands of unemployed autoworkers and related suppliers. I hope that all of my colleagues will support it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky (Mr. HOPKINS) as a substitute for the amendment offered by the gentleman from Indiana (Mr. HILLIS).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. HOPKINS. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

Mr. PRICE. Mr. Chairman, if the gentleman will withhold his point of order for a moment without losing his opportunity, I would like to suggest to the committee that we set a time limit on the rest of the debate here this afternoon at 6:30.

Mr. VOLKMER. Mr. Chairman, reserving the right to object——

Mr. HOPKINS. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman from Kentucky will be protected.

Mr. HOPKINS. I thank the Chairman.

Mr. VOLKMER. Mr. Chairman, reserving the right to object, is this at 6:30 that we would be then finished with the whole bill and all amendments thereto, or just this amendment?

Mr. PRICE. This amendment.

Mr. VOLKMER. Mr. Chairman, I withdraw my reservation.

Mr. MURTHA. Mr. Chairman, I rise for a unanimous-consent request. I ask unanimous consent that we have a limitation on debate tomorrow, that the Vento amendment be limited to 2 hours, the Moffett amendment to 1 hour, the fraud, waste, and abuse amendment of the gentlewoman from Colorado (Mrs. SCHROEDER) to 2 hours, the Weiss amendment to 1 hour, and that there be no further debate on the bill except for amendments printed in the RECORD.

Mr. VOLKMER. Reserving the right to object——

The CHAIRMAN. Before the gentleman proceeds, is he suggesting what would happen on other amendments? The gentleman from Pennsylvania did not mention what the gentleman is limiting other amendments to.

Mr. MURTHA. The normal time for other amendments. I am sorry, a one-half hour for the other amendments.

The CHAIRMAN. One-half hour?

Mr. VOLKMER. Reserving the right to object——

Mr. MURTHA. Equally divided.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

The gentleman from Missouri reserves the right to object.

Mr. VOLKMER. Mr. Chairman, I would like to make an inquiry of the gentleman from Pennsylvania (Mr. MURTHA). There are a number of amendments. I would say to the gentleman from Pennsylvania there are a number of amendments other than those that the gentleman has discussed to the bill, and those other amendments, under the unanimous-consent request, would total or have a limited time that would be one-half hour; is that correct?

Mr. MURTHA. That is correct.

Mr. VOLKMER. I object.

The CHAIRMAN. So there is no misunderstanding, does the gentleman from Missouri object?

Mr. JOHN L. BURTON. Mr. Chairman, a point of order. Are we not in the middle of a rollcall?

The CHAIRMAN. Does the gentleman from Missouri object? An objection was heard.

Mr. VOLKMER. Mr. Chairman, I withdraw that objection and go back to my reservation, if I may, just to clear up one thing with the gentleman from Pennsylvania (Mr. MURTHA).

Mr. CONYERS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Kentucky (Mr. HOPKINS) for a recorded vote.

Mr. HOPKINS. And pending that, Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count for a quorum.

Mr. HOPKINS. Mr. Chairman, I withdraw the point of order, and I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device and there were—ayes 38, noes 371, not voting 23, as follows:

[Roll No. 133]

AYES—38

Ashbrook	Hubbard	Rousselot
Byron	Lewis	Schneider
Cheney	Lujan	Skeen
Clinger	Marlenee	Smith (OR)
Crane, Daniel	Mazzoli	Snyder
Dreier	McDonald	Solomon
Duncan	McEwen	Spence
Evans (IA)	Moorhead	Stangeland
Gilman	Mottl	Stratton
Grisham	Natcher	Tauke
Hansen (ID)	Parris	Taylor
Hansen (UT)	Pashayan	Weber (OH)
Hopkins	Rogers	

NOES—371

Addabbo	Daniel, R. W.	Gray
Akaka	Danielson	Green
Albosta	Dannemeyer	Gregg
Alexander	Daschle	Guarini
Anderson	Daub	Gunderson
Andrews	Davis	Hagedorn
Annunzio	de la Garza	Hall (OH)
Anthony	Deckard	Hall, Ralph
Applegate	Dellums	Hall, Sam
Archer	DeNardis	Hamilton
Aspin	Derrick	Hammerschmidt
Atkinson	Derwinski	Hance
AuCoin	Dickinson	Harkin
Badham	Dicks	Hartnett
Bafalis	Dingell	Hatcher
Bailey (MO)	Dixon	Hawkins
Bailey (PA)	Dorgan	Heckler
Barnard	Dougherty	Hefner
Barnes	Dowdy	Heftel
Beard	Downey	Hendon
Bedell	Dunn	Hertel
Beilenson	Dwyer	Hightower
Benedict	Dymally	Hiler
Benjamin	Dyson	Hillis
Bennett	Early	Holland
Bereuter	Eckart	Hollenbeck
Bethune	Edgar	Horton
Biaggi	Edwards (AL)	Howard
Bingham	Edwards (CA)	Hoyer
Blanchard	Edwards (OK)	Huckaby
Bliley	Emerson	Hughes
Boggs	Emery	Hunter
Boland	English	Hutto
Boner	Erdahl	Hyde
Bonior	Erlenborn	Ireland
Bonker	Ertel	Jacobs
Bouquard	Evans (DE)	Jeffords
Bowen	Evans (GA)	Jeffries
Brinkley	Evans (IN)	Jenkins
Brodhead	Fary	Johnston
Brooks	Fascell	Jones (OK)
Broomfield	Fazio	Jones (TN)
Brown (CA)	Fenwick	Kastenmeier
Brown (CO)	Ferraro	Kazen
Brown (OH)	Fiedler	Kemp
Broyhill	Fields	Kildee
Burgener	Findley	Kindness
Burton, John	Fish	Kogovsek
Burton, Phillip	Fithian	Kramer
Butler	Flippo	LaFalce
Campbell	Foglietta	Lagomarsino
Carman	Foley	Lantos
Carney	Ford (MI)	Leach
Chappell	Ford (TN)	Leath
Chappie	Forsythe	LeBoutillier
Chisholm	Fountain	Lee
Clay	Fowler	Lehman
Coats	Frank	Leland
Coelho	Frost	Lent
Coleman	Fuqua	Levitas
Collins (IL)	Garcia	Livingston
Collins (TX)	Gaydos	Loeffler
Conable	Gejdenson	Long (LA)
Conte	Gephardt	Long (MD)
Conyers	Gibbons	Lott
Corcoran	Gingrich	Lowery (CA)
Coughlin	Ginn	Lowry (WA)
Courter	Glickman	Luken
Coyne, James	Goldwater	Lundine
Coyne, William	Gonzalez	Lungren
Craig	Gore	Madigan
D'Amours	Gradison	Markey
Daniel, Dan	Gramm	Marks
Marriott	Petri	Snowe
Martin (IL)	Peyser	Solarz
Martin (NC)	Pickle	Stanton
Martin (NY)	Porter	Staton
Matsui	Price	Stenholm
Mattox	Pritchard	Stokes
Mavroules	Pursell	Studds
McClory	Quillen	Stump
McCloskey	Rahall	Swift
McCollum	Railsback	Synar
McCurdy	Rangel	Tauzin
McDade	Ratchford	Thomas
McGrath	Regula	Traxler
McHugh	Reuss	Trible
McKinney	Richmond	Udall
Mica	Rinaldo	Vander Jagt
Michel	Ritter	Vento
Mikulski	Roberts (KS)	Volkmer
Miller (CA)	Roberts (SD)	Walgren
Miller (OH)	Robinson	Walker
Mineta	Rodino	Wampler
Minish	Roemer	Washington
Mitchell (MD)	Rosenthal	Watkins
Mitchell (NY)	Rostenkowski	Waxman
Moakley	Roth	Weaver
Moffett	Roukema	Weber (MN)
Molinari	Roybal	Weiss
Mollohan	Rudd	White
Montgomery	Russo	Whitehurst
Moore	Sabo	Whitley
Morrison	Santini	Whittaker
Murphy	Sawyer	Whitten
Murtha	Schroeder	Williams (MT)
Myers	Schulze	Williams (OH)
Neal	Schumer	Wilson
Nelligan	Seiberling	Winn
Nelson	Sensenbrenner	Wirth
Nichols	Shamansky	Wolf
Nowak	Shannon	Wolpe
O'Brien	Sharp	Wortley
Oakar	Shaw	Wright
Oberstar	Shelby	Wyden
Obey	Shumway	Wylie
Ottinger	Shuster	Yates
Panetta	Siljander	Yatron
Patman	Simon	Young (AK)
Patterson	Skelton	Young (FL)
Paul	Smith (AL)	Young (MO)
Pease	Smith (IA)	Zablocki
Pepper	Smith (NE)	Zeferetti
Perkins	Smith (NJ)	

NOT VOTING—23

Bevill	Dornan	Rhodes
Bolling	Florio	Roe
Breaux	Frenzel	Rose
Clausen	Goodling	Savage
Cotter	Holt	Scheuer
Crane, Philip	Jones (NC)	St Germain
Crockett	Latta	Stark
Donnelly	Napier	

□ 1830

Mr. ENGLISH and Mr. McDADE changed their votes from "aye" to "no."

Messrs. GILMAN, CLINGER, TAUKE, and LEWIS changed their votes from "no" to "aye."

So the amendment offered as a substitute for the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana (Mr. HILLIS).

The question was taken; and the chairman announced that the ayes appeared to have it.

Mr. STRATTON. Mr. Chairman, I demand a recorded vote.

Mr. PRICE. Mr. Chairman, I move that the Committee do now rise.

PARLIAMENTARY INQUIRY

Mr. STRATTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. STRATTON. Mr. Chairman, is the vote on the motion to rise or is it a vote on the Hillis amendment?

The CHAIRMAN. This is the vote on the motion to rise.

The request of the gentleman from New York to have a recorded vote will be pending when we go into the Committee of the Whole tomorrow.

Mr. STRATTON. The request for a recorded vote on the Hillis amendment will be the first order of business tomorrow?

The CHAIRMAN. That is correct.

The question is on the motion offered by the gentleman from Illinois (Mr. PRICE) that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SIMON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3519) to authorize appropriations for fiscal year 1982 for the Armed Forces for procurement, for research, development, test, and evaluation, and for operation and maintenance, to prescribe personnel strengths for such fiscal year for the Armed Forces and for civilian employees of the Department of Defense, to authorize appropriations for such fiscal year for civil defense, and for other purposes, had come to no resolution thereon.

APPOINTMENT OF ADDITIONAL CONFEREE ON H.R. 3982, OMNIBUS BUDGET RECONCILIATION ACT OF 1981

Mr. PANETTA. Mr. Speaker, I ask unanimous consent that the Speaker be permitted to appoint an additional conferee on the bill (H.R. 3982) to provide for reconciliation pursuant to section 301 of the first concurrent resolution on the budget for the fiscal year 1982.

This is because of an error that was committed in the names that were forwarded. Four Members were presented for the Science and Technology Committee, and we need an additional conferee.

The SPEAKER. Is there objection to the request of the gentleman from California? The Chair hears none, and appoints Mr. DYMALLY from the Committee on Science and Technology solely for consideration of sections 1101–1112 of the Senate amendment.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair will make the following announcement:

The normal 1-minute speeches which the Chair normally permits at the start of the day will be postponed tomorrow until the close of the session, or after the business of the day has been completed, before we go into special orders.

THE PRESIDENT'S OFFER

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. ALEXANDER. Mr. Speaker, the President has made the American people an offer that they cannot refuse. He has promised to reduce taxes and to lower interest rates. Congress is now poised to pass a tax cut. The Republican bill proposes to reduce Federal revenues in fiscal year 1984 by about $150 billion. The Democratric bill by about $120 billion. The President has gotten his way.

Now, what excuse does President Reagan have for continuing the high interest rate policy?

Today's news reports that White House economic aides are puzzled and confused about the persistent high interest rate policy. I suggest to the White House economic aides that they seek an explanation from the Secretary of the Treasury, Mr. Regan, who says, "You cannot get inflation under control without a high interest rate policy." A high interest rate policy adds to inflation at the expense of the American people.

Mr. Speaker, the Washington Post article of July 14 follows:

[From the Washington Post, July 14, 1981]

REGAN SAYS UNITED STATES WILL ADHERE TO TOUGH MONETARY POLICY

(By Hobart Rowen)

Treasury Secretary Donald T. Regan, acknowledging that most European countries are disturbed about high U.S. interest rates, said yesterday that this country will continue to pursue a tough monetary policy because "you cannot get inflation under control without having high interest rates." But he did offer the hope that "this is a temporary phenomenon, it will pass."

In general, he sought to assure Europe that the United States is sensitive to the impact its economic policies have on Europe. "After all," he said, "we know that the dollar is a reserve currency, and we know that we have to be responsible in the way that we handle the dollar."

At a news conference following a meeting with Gaston Thorn, president of the European Communities Commission, Regan said that the high level of interest rates here is the "most obvious" of "trouble spots" to be discussed at a seven-nation economic summit in Ottawa beginning next Sunday.

But in direct response to European complaints about American policy—including those voiced by Thorn in Brussels last week—Regan pointed to insistence by the Europeans themselves at the Venice summit in 1980 that the United States bring inflation under control.

"We are determined to get inflation under control," Regan said.

"This is one of the main features of President Reagan's economic package. You cannot get inflation under control without having high interest rates. This is one of the side-effects. In saying that, I hope you notice that I'm not saying that higher interest rates are a weapon that the United States is using against its partners or anything else. It's a result of supply and demand for money."

When pressed for comment on the European complaint that monetary policy would not have to be so tight if the Reagan administration was not pressing its big tax cut, Regan said that even if there is no tax cut, monetary policy could not be eased. His rationale was that the $280 billion in tax cuts through fiscal 1984, if not allowed "to stay in the private sector," would be consumed by additional federal expenditures, "and never be applied to reducing the federal debt."

Although Regan stood firm against any change in U.S. ecomomic policy, he held out an olive branch to other summit partners by expressing sympathy with the special problems most European nations are having with youth unemployment. He also made a point of sidestepping any potential controversy with the Socialist government of French President Francois Mitterrand.

Acknowledging that Mitterrand is pursuing a policy to "re-flate" the French economy, while the United States still lists inflation control as its top priority, Regan said: "Each country has to do what it feels is best." he also passed up an opportunity to be critical of Mitterrand's plans for nationalizing certain French industries.

On the other hand, he said directly that the United States will urge France and other nations offering extra-generous interest subsidies to their exporting industries to "cool it," because "in the long run, each one of us has to outdo the other, and the effect is a trade war over interest rates, and that doesn't do anybody any good."

Thorn, who also met with Reagan late yesterday, spoke in diplomatic terms in a question-and-answer period following a National Press Club speech. Thorn said he did not blame the United States for European economic difficulties, and "we share your viewpoint" that the U.S. must fight inflation.

But in an oblique reference to expected U.S. pressure at Ottawa to limit commerce with the Soviet Bloc in strategic and high technology items, he added that "Europe cannot separate economics from politics, nor separate politics from security. We hope you feel the same. The major problem is that what may be good for you may be a problem for us."

CONGRESSMAN SENSENBRENNER INTRODUCES LEGISLATION FOR A TOUGHER NATIONAL POLICY ON IMMIGRATION

(Mr. SENSENBRENNER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. SENSENBRENNER. Mr. Speaker, today I am introducing legislation which provides for a tougher national policy regarding immigration and refugee matters.

This legislation is necessary because of the demonstrated shortcomings of the Refugee Reform Act of 1980, as well as other weak laws, lax enforcement, and too many economic incentives for excessive entry of foreigners into our country. Our present policy has resulted in increased Government expenses and the displacement of American workers from their jobs.

My legislation provides for smaller immigration quotas, stronger deportation rules, harsher penalties on employers hiring illegal aliens, in addition to measures which place restrictions on public assistance or tax breaks to both illegal aliens and their employers.

I have prepared a section-by-section analysis of this legislation and insert it in the RECORD at this point:

SUMMARY OF PROVISIONS OF IMMIGRATION IMPROVEMENTS ACT OF 1981

SECTION 1—SHORT TITLE, REFERENCES IN ACT; TABLE OF CONTENTS

TITLE I—CHANGE IN NUMERICAL LIMITATIONS AND ENTRY OF ALIENS INTO THE UNITED STATES

SECTION 101—ANNUAL IMMIGRATION PLAN AND CHANGE IN NUMERICAL LIMITATIONS

This Section requires the President of the United States to send to Congress by July 1, 1981, a proposed immigration plan for that fiscal year. This plan is to take effect unless with 30 calendar days of continuous session each House of Congress passes a resolution stating its disapproval.

Section 101 provides for a numerical limitation of not less than 300,000 nor more that 420,000. Included in this numerical limitation are spouses, minor children, and in some cases, the parents of U.S. citizens (§ 200(b)(1)(B)(i)), aliens and asylees who are admitted for humanitarian purposes (§ 200(b)(1)(B)(ii)), and all other aliens who are admitted for permanent residence status (§ 200(b)(1)(B)(iii)).

This plan is to include information on the anticipated impact of admission of such aliens on the economy of the U.S. including information on the rate of unemployment and conditions of employment in the U.S. There is a requirement that a summary of the plan be printed in the Congressional Record.

Emergency Refugee Situation

The numerical limitations can be exceeded if the President determines that an emergency situation exists, that the admission of a specified number of refugees is in response to grave human concerns or is in the national interest, and that the admission of the refugees cannot be accomplished under Subsection a. Congressional approval is required if a major refugee crisis exists.

In such a situation, the President is to transmit to the Chairman of the House and Senate Judiciary Committees a recommendation as to the number of refugees who should be admitted. If it is determined that a minor refugee crisis exists, i.e., a crisis which not more that 5,000 aliens can be admitted, the President's recommendation is accepted, unless each House of Congress

passes a resolution of disapproval within 45 calendar days of continuous session. In any event, not more than 15,000 refugees can be admitted in any one calendar year under the minor refugee crisis provisions.

If a determination of major refugee crises if made (i.e., a Presidential determination which recommends the admission of more than 5,000 aliens is reponse to an emergency refugee situation) then both Houses of Congress are required to pass resolutions approving such determinations.

SECTION 102—RESTRICTIONS ON PAROLE AUTHORITY

The Attorney General's parole authority was originally intended to be used in individual emergency situations when it was necessary to bring an alien to the U.S. temporarily. An unsuccessful attempt was made to restrict this authority in the Refugee Reform Act of 1980. The language in this provision attempts to restore the original intent by codifying successive Congressional Report language which has heretofore been ignored.

SECTION 103—LIMITING 5TH PREFERENCE IMMIGRANTS TO UNMARRIED BROTHERS AND SISTERS

This Section would alleviate the present problem of chain migration whereby alien brothers and sisters of U.S. citizens are given a preference when applying for permanent residence by limiting the 5th Preference to unmarried brothers and sisters. The Select Commission on Immigration Reform rejected this change despite a staff recommendation.

SECTION 104

This provision makes hardship suspension of deportation unavailable to aliens still in the U.S., unless they qualify for limited amnesty. At present, aliens who can show they would suffer hardship if deported can become legal residents. Some courts have concluded that aliens on welfare would suffer hardship if deported because they would lose their welfare benefits. Some charge that this change would eliminate the suspension procedure entirely; while others point out that the suspension procedure violates all the other terms of the immigration laws and deserves to be eliminated. The effect of this Section would be to make the suspension of deportation procedures unavailable for most illegal immigrants.

SECTION 105—QUARTERLY REPORTS ON ENTRY OF ALIENS INTO THE UNITED STATES

Section 105 requires the Attorney General to submit a quarterly report to the Chairmen of the House and Senate Judiciary Committees on the number of aliens, parolees, asylees, etc., admitted to the U.S. for the previous quarter. There is also a requirement that the report be printed in the Congressional Record.

TITLE II—IMPROVED ENFORCEMENT

PART A—RESPECTING ILLEGAL EMPLOYMENT OF ALIENS

SECTION 201

This provision prevents work experience an alien obtains while illegally in the U.S. from qualifying the alien for preference as a professional, skilled or experienced worker. The effect of this Section would be to remove an incentive for an alien to come to work in the U.S. before securing permission.

SECTION 202—RESTRICTIONS ON IMPROPER EMPLOYMENT OF ALIENS

This Section toughens the sanctions which may be taken against an employer who knowingly recruits, lures, or employs any alien who has not been lawfully admitted to the United States for permanent residence or has not been authorized to be in the U.S. by the Attorney General. A civil violation of $500 for the first violation and $20,000 for subsequent violations could be assessed for each such alien to whom a violation has occurred. This Section would not pre-empt states or localities from the adoption and enforcement of laws prohibiting or restricting the employment of aliens in the U.S. (who are not lawfully admitted for permanent residence) who the Attorney General has not authorized to be employed.

SECTION 203—ELIMINATING TAX CREDIT FOR EARNED INCOME

This provision amends the Internal Revenue Code to deny the negative income tax, known as the Earned Income Credit, to illegal immigrants. Illegal immigrants now get $500 to $750 from the government from this program. The effect of this Section would be to save the Treasury an unknown amount of money.

SECTION 204—DISALLOWING DEDUCTION FOR COMPENSATION FOR ILLEGALLY EMPLOYED ALIENS

This provision makes salaries paid unauthorized aliens not deductible as business expenses on the theory that no employer should profit from violating the law. The effect should be to make employment of illegal immigrants more expensive.

PART B—IN GENERAL

SECTION 211—STATE AND LOCAL COOPERATION IN APPREHENSION OF ALIENS WHO HAVE ESCAPED CUSTODY

This provision allows the Attorney General to enter into agreements with State and local law enforcement officials to give them authority with proper training, to help to enforce the immigration laws. During the Cuban relocation camp period, the federal government at Fort McCoy in Wisconsin was unable to police or control exits from the camps. The State discovered that their own officials could not do anything about the situation because they were not allowed to detain illegal immigrants. The effect of this Section would be to increase the resources available to enforce the immigration laws.

SECTION 212—PLAN FOR EXPANDED BORDER PATROL

This Section provides for the submission of a plan to expand the Border Patrol to at least 6,000 officers. Such a plan would include the use of the most modern equipment and support available. The effect of this Section would be to start in the direction of increasing the resources available to enforce the immigration laws.

SECTION 213—DEPORTATION FOR ALIENS KNOWINGLY INVOLVED IN SMUGGLING OF ILLEGAL ALIENS

This Section removes the "for gain" requirement for prosecuting alien smugglers. The effect of this change is to ease the administrative burden of prosecuting smugglers. In addition, this change also equalizes the potential penalties afforded aliens who become immigrant smugglers with the harsher penalties suffered by citizen smugglers.

SECTION 214—BURDEN OF PROOF IN DEPORTATION PROCEEDINGS

Section 214 establishes statutory guidelines for the burden of proof in deportation proceedings. Since 1966, the Supreme Court has requested guidance in this area. This language restores the burden of proof to the same level as in 1966 and to the same level as similar civil proceedings through the government. The effect of this Section is to ease the difficulty of deportation.

SECTION 215—PROHIBITING COUNTERFEITING OF CERTAIN IMMIGRATION DOCUMENTS

Section 215 makes either production of or use of fraudulent immigration documents a federal crime. The effect would be to permit federal prosecution of those who aid in or commit violations of immigration laws through fraud.

PART C—DISALLOWING CERTAIN BENEFITS FOR ILLEGAL ALIENS

SECTION 221—LIMITATIONS ON AFDC AND MEDICAID BENEFITS

Section 221 amends the Social Security Act to make only citizens and legal resident aliens eligible for benefits. At present, there is no statutory prohibition against an alien applying for and receiving benefits under several SSA programs. The effect of this Section would be to save the Treasury an unknown amount of money.

SECTION 231—FEES AND CHARGES

Section 231 provides statutory authority for the Attorney General to charge fees for immigration services and documents. Present authority is by regulation and general government statutes. It provides a possible off-setting revenue source for as much as $239,000,000 per year.

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THE 23D OBSERVANCE OF CAPTIVE NATIONS WEEK

The SPEAKER. Under a previous order of the House, the gentleman from Illinois (Mr. DERWINSKI) is recognized for 60 minutes.

GENERAL LEAVE

Mr. DERWINSKI. Mr Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous matter, on the subject of my special order today.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DERWINSKI. Mr. Speaker, this year marks the 23d observance of Captive Nations Week, and I can say that this commemoration is even more dramatic and appropriate than any year in the past in view of the continued Soviet occupation of Afghanistan and the determined struggle of the Polish people for freedom from its Soviet-imposed government. The observance of this week is to be commemorated each year until freedom and independence have been achieved for those peoples held captives of communism. We find this salute especially meaningful this year as the Soviet Union continues its efforts to increase the number of nations under Communist domination.

Mr. Speaker, at this point in my remarks, I insert the proclamation of the President of the United States, the Honorable Ronald Reagan, on Captive Nations Week, 1981.

CAPTIVE NATIONS WEEK, 1981

(A Proclamation by the President of the United States of America)

Twenty-two years ago, by a joint resolution approved July 17, 1959 (73 Stat. 212), the Congress authorized and requested the President to proclaim the third week in July as Captive Nations Week.

Last January 20 saw again a change in Administration under our Constitution, the oldest written document of its type in continuous force in the world. The peaceful and orderly transfer of power in response to the sovereign will of our people is sometimes taken for granted by Americans. Yet events in some other areas of the world should remind us all of the vital, revolutionary ideal of our Founding Fathers: that governments derive their legitimacy from the consent of the peoples they govern.

During Captive Nations Week, Americans should realize our devotion to the ideal of government by consent, a devotion that is shared by millions who live in nations dominated today by a foreign military power and an alien Marxist-Leninist ideology.

This week, Americans should recall the series of historical tragedies—beginning with the broken promises of the Yalta Conference—that led to the denial of the most elementary forms of personal freedom and human dignity to millions in Eastern Europe and Asia.

In recent years, we have seen successful attempts to extend this oppression to Africa, Latin America and Asia—most recently in the brutal suppression of national sovereignty in Afghanistan and attempts to intimidate Poland.

During Captive Nations Week, we Americans must reaffirm our own tradition of self-rule and extend to the peoples of the Captive Nations a message of hope—hope founded in our belief that free men and women will ultimately prevail over those who deny individual rights and preach the supremacy of the state; hope in our conviction that the human spirit will ultimately triumph over the cult of the state.

While we can be justly proud of a government that is responsive to our people, we cannot be complacent. Captive Nations Week provides us with an opportunity to reaffirm publicly our commitment to the ideals of freedom and by so doing maintain a beacon of hope for oppressed peoples everywhere.

Now, therefore, I, Ronald Reagan, President of the United States of America, do hereby designate the week beginning on July 19, 1981, as Captive Nations Week.

I invite the people of the United States to observe this week with appropriate ceremonies and activities and to reaffirm their dedication to the ideals which unite us and inspire others.

In witness whereof, I have hereunto set my hand this thirtieth day of June, in the year of our Lord nineteen hundred and eighty-one, and of the Independence of the United States of America the two hundred and fifth.

RONALD REAGAN.

Mr. Speaker, I recently represented President Reagan at the trade fair in Poznan, Poland, where I was able to gain an understanding of the developments in Poland and the threat posed by the Soviet Union. In this capacity, it was possible for me to obtain full entry to the Polish officialdom and to travel around the country talking to the Solidarity leaders, churchmen, as well as the local citizenry. I found that the Polish people, I spoke to, without exception, were indifferent to a possible Soviet invasion. They accepted this possibility in a matter-of-fact way. The Polish people have a great deal of national pride, spirit, and confidence, and the combination of these characteristics is evident.

This has been called the death of communism in Eastern Europe, but actually, this is not the fact. Communism never had any roots in Poland. This is evidence of the rejection of communism which has occurred despite the Russian-imposed governments in Poland and Eastern Europe.

The people in Poland believe that the overall grassroots spirit, the great worldwide attention, and their deep religious strength, will prevent or make it less likely for the Soviets to make a direct move. With the elevation of Cardinal Wojtyla to the Papacy, the deep ties within the country to the Catholic Church became evident, and from that moment on the drive for reform in Poland took off. The Christian principles of the nation have a deep hold on the people of Poland.

Trade unions in Communist countries are generally tools of the state. However, the Solidarity movement is a legitimately independent Polish national organization. The Communists find it necessary to retreat in the face of this pressure from the union movement. The Solidarity movement claims up to 12 million workers as members, which would be one-third of the population or over 50 percent of the working force. This is a devasting critique of the philosophy and practices of the Soviet-imposed government of Poland. The leaders of Solidarity, and I spoke to dozens in addition to Mr. Walesa, see this, not as much a union for union's sake, but as a much broader effort to produce democracy, stimulate the economy, and improve the standard of living of all the people. In other words, they are interested in goals that go far beyond the normal union movement. They emphasize among their goals the yearning for people to have a voice in their own government.

The union activity also includes a skepticism about the promises of the party. I believe this skepticism is universal. All elements within Solidarity and within the professorial and professional ranks are all very skeptical of what their government may and may not do. They do not trust the promises of the party cadre, which is, of course, understandable.

However, it would not be practical to assume that there will be similar developments in other countries of Eastern Europe since their individual histories, traditions, political structures and relations with the Soviet Union all vary.

One element that does exist, however, is man's aspiration to freedom, both in personal and national areas which becomes self-generating. Nothing that either the Soviet or Western leaders do, or do not do, will stop this force in world affairs. The tyrannical, irrational, and antihuman rights government which is temporarily in control over the Communist-ruled world is doomed historically bacause it fails to satisfy the aspirations of rational, God-centered, freedom-loving man.

The motivation of the Soviet leaders for their goal of continued expansionism can be explained in their fear of free men and free societies outside of their borders, and the aspirations for freedom within their confines. As tyrants, they can only feel secure if they subdue all free men under their control. The terminology of "détente" which has come to mean an easing of tension is simply an illusion by the Soviet leaders. The Soviet imperialism looks upon détente as a weapon to be used in their quest to crush freedom preferably without unleasing a world war. This so-called peaceful coexistence by the Soviet tyrants becomes their facade in maintaining their position in world power, while the people living in the Soviet colonial empire long for freedom and strive to raise their appallingly low standard of living. Meanwhile Soviet tyrants are allocating their precious resources to foreign expansionism and invasions, and to building a global naval and military force.

Nationalism, however, seems to be the greatest challenge to the Soviet rulers. In the case of the Soviet satellites in Eastern Europe, the people's dislike of the regimes is based on their nationalism. This nationalism can be the triggering force which could prove to be a major factor in rejecting the Soviet dogma among the Soviet satellites in Eastern Europe.

One must not overlook the plight of the Baltic States, which were forcefully absorbed into the U.S.S.R. The national aspirations of the more culturally advanced Baltic States has risen to see the emergence of several clandestine nationalist movements. The Revolutionary Front of Lithuania has as its aim the withdrawal of Soviet troops and the holding of free elections under United Nations supervision. A letter sent to the Soviet Government in June 1976, by the Latvian Democratic Youth Committee and the Latvian Independence Movement protested the attempts of Russification and Sovietization and supported the struggle for self-determination of all Soviet-dominated nations. Appeals to the West for support in gaining independence for Estonia have been made by the Estonian Democratic Movement and the Estonian National Front.

Faced with growing dissatisfaction as manifested in a high level of corruption; theft—in order to make a tolerable living, drunkenness and bribery, the Soviet leaders have reacted with institutionalized violence and repression by arming KGB agents and police troops. The growing democratic opposition is not limited to a handful of intellectuals, peasants, and religious believers. The authorities are terrified of the spread of the truth and have maintained a suppressive censorship system to eliminate information on freedom and justice in an effort to alienate still further man's natural desire to search out the truth, to think and to dispute.

The Soviet leaders, in an attempt to win world domination, continued to allocate resources to the military sphere far above what would be required for a purely defensive military doctrine. The first thing that the West must do is to stop aiding the enemy with credits, food and technology. This will exacerbate the feeding, financial, and economic problems and cause the Soviets to shift resources from the military to the economic sector. What the West must do is to create a strategic political warfare capability. It should be aimed at showing the peoples held captive within the Soviet colonial empire that there exists an alternative non-Communist political system which is both free and efficient.

This commemoration is of special significance to the millions of Americans whose native lands are under Communist governments. We in the United States and throughout the free world must confirm our determination to work toward the restoration of the independence of those enslaved peoples held captive by the U.S.S.R. and other Communist governments.

It is important for us to look back on the history of the Soviet's political and strategic intentions, and keep them in mind when forming our current foreign policy. This annual commemoration reminds us once again of the tragedy inflicted on millions of innocent people by Soviet aggressive and imperialistic policies, which must be considered in the formation of our national security and defense and foreign policy decisions.

Mr. Speaker, I wish to include with my remarks some very timely proclamations issued for Captive Nations Week, from the distinguished Governor of the State of Oklahoma, the Honorable George Nigh; and followed by the Honorable Frank White, Governor of the State of Arkansas, and the Honorable Janet Gray Hayes, mayor of the city of San Jose, Calif. Following their proclamation are two announcements of events that will commemorate Captive Nations Week. The first is an article which appeared in the Ukrainian Catholic Daily, "America," describing the observance in Boston, and the second is a description of the events in New York City:

STATE OF OKLAHOMA—PROCLAMATION

Whereas, the imperialistic politics of Russian Communists have led, through direct and indirect aggression, to the subjugation and enslavement of the peoples of Poland, Hungary, Lithuania, Ukraine, Czechoslovakia, Latvia, Estonia, Byelorussia, Romania, East Germany, Bulgaria, Mainland China, Armenia, Azerbaijan, Georgia, North Korea, Albania, Idel-Ural, Servia, Croatia, Slovenia, Tibet, Cossakia, Turkestan, North Vietnam, Cuba, Cambodia, South Vietnam, Laos, Afghanistan and others; and

Whereas, the desire for liberty and independence by the overwhelming majority of peoples in these conquered nations constitutes a powerful deterrent to any ambitions of Communist leaders to initiate a major war; and

Whereas, the freedom loving peoples of the captive nations look to the United States as a citadel of human freedom and human rights and to the people of the United States as the leaders in bringing about their freedom and independence; and

Whereas, the Congress of the United States by unanimous vote passed Public Law 86-90 establishing the third week in July each year as Captive Nations Week and inviting the people of the United States to observe such week with appropriate prayer, ceremonies and activities; expressing their sympathy with and support for the just aspirations of the captive nations;

Now, therefore, I, George Nigh, Governor of the State of Oklahoma, do hereby proclaim the week of July 12-18, 1981 as "Captive Nations Week" in Oklahoma and call upon our citizens to join with others in observing this week by offering prayers and dedicating their efforts for the peaceful liberation of oppressed and subjugated peoples all over the world.

STATE OF ARKANSAS—PROCLAMATION

Whereas the imperialistic politics of Russian Communists have led, through direct and indirect aggression, to the subjugation and enslavement of the peoples of Poland, Hungary, Lithuania, Ukraine, Czechoslovakia, Latvia, Estonia, Byelorussia, Romania, East Germany, Bulgaria, Mainland China, Armenia, Azerbaijan, Georgia, North Korea, Albania, Idel-Ural, Serbia, Croatia, Slovenia, Tibet, Cossackia, Turkestan, North Vietnam, Cuba, Cambodia, South Vietnam, Laos, Afghanistan and others; and

Whereas the desire for liberty and independence by the overwhelming majority of peoples in these conquered nations constitutes a powerful deterrent to any ambitions of Communist leaders to initiate a major war; and

Whereas the freedom loving peoples of the captive nations look to the United States as the citadel of human freedom and human rights and to the people of the United States as the leaders in bringing about their freedom and independence; and

Whereas the Congress of the United States by unanimous vote passed Public Law 86-90 establishing the third week in July each year as Captive Nations Week and inviting the people of the United States to observe such week with appropriate prayer, ceremonies and activities; expressing their sympathy with and support for the just aspirations of the captive nations;

Now, Therefore, I, Frank White, Governor of the State of Arkansas, do hereby proclaim the week of July 12-18, 1981, as "Captive Nations Week" in Arkansas, and call upon our citizens to join with others in observing this week by offering prayers and dedicating their efforts for the peaceful liberation of oppressed and subjugated peoples all over the world.

OFFICE OF THE MAYOR, CITY OF SAN JOSE—PROCLAMATION

Whereas the imperialistic politics of Russian Communists have led, through direct and indirect aggression, to the subjugation and enslavement of the peoples of Poland, Hungary, Lithuania, Ukraine, Czechoslovakia, Latvia, Estonia, Byelorussia, Romania, East Germany, Bulgaria, Mainland China, Armenia, Azerbaijan, Georgia, North Korea, Albania, Idel-Ural, Serbia, Croatia, Slovenia, Tibet, Cossackia, Turkestan, North Vietnam, Cuba, Cambodia, South Vietnam, Laos, Afghanistan and others; and

Whereas the desire for liberty and independence by the overwhelming majority of peoples in these conquered nations constitutes a powerful deterrent to any ambitions of Communist leaders to initiate a major war; and

Whereas the freedom loving peoples of the captive nations look to the United States as the citadel of human freedom and human rights and to the people of the United States as the leaders in bringing about their freedom and independence; and

Whereas the Congress of the United States by unanimous vote passed Public Law 86-90 establishing the third week in July each year as Captive Nations Week and inviting the people of the United States to observe such week with appropriate prayer, ceremonies and activities; expressing their sympathy with and support for the just aspirations of the captive nations;

Now, therefore, I, Janet Gray Hayes, Mayor of the city of San Jose, do hereby proclaim the week of July 12-18, 1981, as "Captive Nations Week" in the city of San Jose, California, and call upon our citizens to join with others in observing this week by offering prayers and dedicating their efforts for the peaceful liberation of oppressed and subjugated peoples all over the world.

CAPTIVE NATIONS WEEK TO BE OBSERVED IN BOSTON

BOSTON, MASS. (UCCA)—The annual observance of the Captive Nations Week will be held on Wednesday, July 15, 1981, starting at 12:00 noon, at historic Faneuil Hall, Faneuil Square, Boston. This event will be the highlight of the week beginning July 12 as proclaimed by Governor Edward J. King: "1981 Captive Nations Week serves as an appropriate forum to manifest public support for freedom and independence for all captive nations everywhere."

The program will feature prayers, reading of proclamations, speeches and cultural program. Our speakers will be Dr. Chester Nowak, a Pole who is professor of history at Bridgewater State College and Earle W. Tuttle, publisher and editor of The Truth—a publication dedicated to captive nations. From the Ukrainian community, Very Rev. Mykola Newmerzyckyj, pastor of St. Andrew Ukrainian Orthodox Church in Boston, will deliver the invocation and the Dance Group of the Ukrainian American Youth Association will perform Ukrainian Folk dances. Invitations have been extended to Governor Edward J. King and other prominent political and civic leaders to attend the observance.

The public is cordially invited to come to the observance and make it more meaningful.

On Sunday, July 12, 1981, priests of the Boston Archdiocese will offer prayers for the freedom of all captive nations. Prayers were requested by Humberto Cardinal Medeiros, Archbishop of Boston. Prayers will also be offered in both Ukrainian Catholic and Ukrainian Orthodox Churches in Boston.

Massachusetts Governor Edward J. King declared the week of July 12-18, 1981, as "Captive Nations Week" in the Commonwealth.

The event is sponsored by the Captive Nations Committee of Massachusetts, with active support from Ukrainian, Afghan, Cuban, Estonian, Hungarian, Latvian, Lithuanian and Polish organizations.

TWENTY-THIRD ANNUAL CAPTIVE NATIONS WEEK—JULY 12-19

Join us in the struggle for freedom!

Captive Nations Week is proclaimed each year by the President of the U.S.A. to focus attention on those many nations imprisoned by the Communist slavemasters. It is dedicated to the overthrow of communism, and offers hope to oppressed and enslaved people all over the world for freedom and self-determination of their beloved lands.

PROGRAM—SUN., JULY 12, 1981

9 a.m.—Assemble at 59th St. & 5th Av.

9:15—5th Av. Parade, 59th St. to 50th

10:00—Memorial Mass in St. Patrick's Cathedral

11:00—5th Av. Parade—50th St. to Central Park Mall (Band Shell near 72nd St.)

12 Noon—Ceremonies, honored speakers, and folklore entertainment at Central Park Mall.

All organizations and individuals welcome!

Mr. SOLOMON. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from New York.

Mr. SOLOMON. Mr. Speaker, as the Members of this esteemed body are undoubtedly aware, the week starting July 12, 1981, will mark the 23d annual observation of Captive Nations Week, that week in which we Americans remember and express our solidarity with those nations held in captivity under the brutal yoke of communism.

Mr. Speaker, there is actually little that we can add to what has already been written and has been noted on this very floor and elsewhere about the fate of the captive nations. Moreover, we Americans find it difficult, with our heritage of constitutional republicanism, to grasp by words alone the abject misery and outright terror that is the essence of communism. But "by their fruits ye shall know them," say the scriptures, and once again I would like to remind my fellow Americans and my colleagues in this esteemed body of the bitter fruits of communism.

They are both manifest and manifold: Thousands of boat people clambering into rickety boats to escape from the new order in Southeast Asia, East Germans dodging bullets and barbed wire to climb the Berlin Wall, the Czech crop duster who loaded his family into his light plane and risked antiaircraft fire to land in Austria, refugees from Red China swimming the straits of Formosa to Quemoy and Matsu. The fruits of communism are a Lithuanian sailor jumping aboard a U.S. Coast Guard cutter off Martha's Vineyard, Afghan Freedom Fighters challenging Soviet tanks and gunships with ancient Enfield rifles, Polish workers rowing across the Baltic Sea to Sweden, trade and cultural representatives of Soviet puppet governments walking away from their prestigious overseas positions, leaving behind all the material rewards of their former existence and seeking out the freedom that their Soviet overlords can neither offer nor tolerate.

Captive nations, Mr. Speaker, entire nations and precious individuals: Such as Cardinal Mindszenty, enduring 15 years of self-imposed exile in his own homeland rather than compromise his pastorate, prisoners of conscience in the notorious Soviet gulag, the members of the Vashchenko and Chmykhalov families, Soviet Christians who have spent 3 years huddled in the American Embassy in Moscow, rather than bend to the atheistic Soviet regime. Nations and individuals who remind us of our own precious freedom and our commitment to see that freedom restored to the peoples of the captive nations.

Mr. Speaker, it was with a deep sense of honor and gratitude that I learned that I had been invited to be the featured speaker at the 14th annual observation of Captive Nations Week to be held by the World Anti-Communist League this year in Taiwan. I look forward to this event, both as an American citizen, and as a Representative of this esteemed body, and I look forward to the day when Captive Nations Week need be only a memory when the captive nations will once again enjoy the freedom that is their God-given right.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I appreciate my colleague's yielding, and I appreciate the fact that our good colleague, the gentleman from Illinois (Mr. DERWINSKI), is taking this time to make sure that neither this House of Representatives nor the Nation forget that we do have a brotherhood with those who live behind the Iron Curtain, who have much in the past experienced some sense of freedom, and who look forward to that day of freedom again.

I think it is important that this House of Representatives not forget that our fellow brethren who live under this yoke of tyranny know that we are aware, that we have not given up, and that we share with them the vision that someday they will again be free.

Again, Mr. Speaker, I thank my colleague for taking this time and making sure that the world knows that we have not forgotten.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from New York.

Mr. FISH. Mr. Speaker, I thank my colleague for yielding.

Mr. Speaker, with the 23d observance of Captive Nations Week, I am reminded of a most appropriate quote by Rousseau: "Man is born free, and everywhere he is in irons." Far from appearing dated, Public Law 86-90, enacted in 1959, is vital today as freedom and human rights are denied persons constrained by the oppressive tyranny of the Soviet Union.

This international observance comes at a most auspicious time when the people of Poland are encouraged to move toward constructive changes in an effort to restore the growth of human liberation. In Poland and in Afghanistan we are witnessing the enduring force of man's desire for freedom. Oppression continues in the Ukraine. To this day, members of the Kiev Helsinki Group and national rights activists are harassed, beaten, and imprisoned.

These actions serve to remind the free world of the existence of direct and indirect aggression resulting in the enslavement of human beings under Communist imperialism throughout the world. Further, Captive Nations Week serves as a reminder to the Communist leaders that Americans continue to take interest in the plight of captive nations, that they have not been forgotten, and that we share their legitimate aspirations for freedom.

Mr. DERWINSKI. Mr. Speaker, I thank the gentleman from New York (Mr. FISH).

Mr. DANIELSON. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from California.

Mr. DANIELSON. Mr. Speaker, I thank the gentleman from Illinois for yielding, and I also commend him as usual for taking this special order and giving us this opportunity to express our opinions on the occasion of Captive Nations Week.

Among the other captive nations, one to which I wish to refer is the Republic of Armenia. A lot of people do not think there ever was such a thing as the Republic of Armenia. They know that historically there was a kingdom. But during World War I—and many of us are old enough to have lived during that period of time—our President, President Wilson, along with many others, tried to see to it that the idea of self-determination of

nations and of peoples was carried out, and the Republic of Armenia was formed in 1918. It was recognized by the United States of America as a recognized member of the family of nations.

Unfortunately, for only 2 years that nation was able to exist as a separate sovereign state. As we all know, it has been dismembered. Approximately one-half of it went into the Soviet Union, where it is now referred to as Soviet Armenia, but it is not an independent sovereignty, and the remainder of it was absorbed into Turkey, where it remains today.

Let us not forget that this proud little nation, like many others, has been captured by other more powerful nations, and let us hope that someday its people will again be free to exercise self-determination.

Mr. DERWINSKI. Mr. Speaker, I thank the gentleman from California (Mr. DANIELSON) for his most appropriate comments.

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We should all keep in mind that the people of Armenia were the victims of the first genocide of this century, and since that went into effect unpunished by the world much tragedy has flowed from that mishap.

Mr. DANIELSON. I thank the gentleman for bringing that up because not only did those people suffer tragedy of the massacre of one-half of all of their living people, but shortly thereafter, their nation was subsumed into other great powers.

Mr. DERWINSKI. Mr. Speaker, I yield to the gentleman from Pennsylvania (Mr. RITTER).

Mr. RITTER. I thank the gentleman for yielding.

Mr. Speaker, I am proud to rise with my colleagues in support of the 23d observance of Captive Nations Week.

Thomas Jefferson once said:

Those who expect to reap the blessings of freedom must undergo the fatigues of supporting it.

As leaders of the free world, we carry the added responsibility of championing the cause of oppressed peoples. For the people of Eastern Europe, the Baltic Countries, the Ukraine, other nations of the Soviet empire, Vietnam, Laos, Cambodia, and Afghanistan we must continue to be the beacon of hope for the day when freedom will return and their native cultures and traditions will transcend the so-called communism imposed by Soviet or Soviet-sponsored forces. Our desire for their freedom must always be in the forefront of our discussions with the Soviet Union. Those captive peoples, longing for freedom cannot be forgotten because their fate, but for the luck of history and geography, could be our own.

Soviet propagandists love to employ the image of being the fraternal brother to all the nations under their domination. Yet is was Soviet bullets that killed 16,000 Polish soldiers at the Katyn Forest in 1940. It was the Soviets who invaded the Baltic countries in June of 1941 bringing wholesale slaughter and forcing thousands into work camps. When Hungary in 1956 and Czechoslovakia in 1968 sought greater freedom, it was the Soviet Army that marched in and unmercifully destroyed their hopes and dreams. Today, the Soviets are still practicing their "fraternal feelings" on their neighbors in Afghanistan. In their quest to bring Afghanistan under their domination, they have laid waste to the villages, to the croplands and to the people themselves. They drop thousands of little but potent scatter mines which explode with the slightest amount of pressure. Many of these mines have been responsible for the maiming of children who mistake them for toys. The price of having the Soviet Union as a "brother" is indeed high.

However, I am guardedly optimistic about some events taking place in some captive nations. In Poland for example, people are enjoying more freedom than since the Soviet takeover. Recent travelers returning from Poland say there is a feeling in the air of promise and renewed expectations. Yes, optimism in a captive nation. I hope the Poles will have the opportunity to enjoy their long deserved freedom. I have enclosed for the benefit of my colleagues a recent article in the Wall Street Journal, Tuesday, July 14, 1981, by Leopold Tyrmand, describing the strength of the changes that are sweeping Poland. In Afghanistan the story is different, but the theme remains the same. A traditional and God-fearing people are waging a war to protect their way of life and freedom against Soviet-imposed communism. The picture is brighter for the Afghan Freedom Fighters today than it was a year ago. The Soviets, despite employing superior weaponry and troops, have been less than successful in controlling Afghanistan.

I believe the captive nations are slowly but surely recoiling against the Soviet imposed way of life. Nationalism has a strong voice and a power that is impossible to stifle. By driving down national feelings, by repressing self-determination, the Soviets are moving against the most potent force of 20th century civilization—that of nationalism.

The captive nations have not only provided us with a shining example of courage and determination, they also have their countrymen representing them around the world to spread their message. The congressional district, which I represent, the Lehigh Valley in Pennsylvania, is an area which has greatly benefited from the different peoples who have emigrated from the captive nations. They have a strong and abiding sense of what freedom means. However, they still retain a love for their original homelands and continue to hope and pray for the day when those homelands will be free and people can live without fear. I, too, pray for the day when this will happen.

I include an article relevant to this topic.

[From the Wall Street Journal, July 14, 1981]

WHAT IS HAPPENING IN POLAND?

(By Leopold Tyrmand)

No one knows what is happening in Poland. The Poles themselves have so many answers that precise inferences seem impossible. But whatever eventually happens in Poland will be of a magnitude comparable to the Russian revolution.

The developments in Poland differ importantly from other milestones of rebellion within the postwar Soviet empire. Tito's sedition was a conflict of personalities, and by manipulating geographic circumstance and his own secret police, the Yugoslav outmaneuvered Stalin. The Hungarian uprising was a romantic outburst of youth and army officers—a time-honored alliance in central Europe—with a disoriented society in the background. The Sino-Russian split was a conflict between two national egos fueled by ancient hatreds. The Czech rebellion was an intellectual mutiny, with no roots in the nation, which from the outset abjured confrontation with the Soviets.

RADICAL DEPARTURE

What began in Gdansk, Poland, is the first authentic social upheaval on an all-national scale in a country ruled by a Communist Party on behalf of the Soviet Union. It challenged the absolutism of communist power and, consequently, it tacitly accepted the possibility of confrontation with the Soviet Union, whose *raison d'etat* is exactly that kind of power.

Moreover the outbreak seemed, from the beginning, less like a spontaneous event and more like a prepared action, with channels of communication opened to every corner of the society and well-orchestrated approval from the entire nation.

Yet, as the special congress of Poland's Communist Party begins today, it remains unclear how such open and organized antigovernmental activity could have materialized under a regime whose ruling techniques exceed everything mankind has known in tyranny. The world expects some sensational denouncement any day.

One thing is certain: All that communism's theoreticians and sympathizers thought they knew about their faith and its materializations between October 1917 and September 1980 has abruptly come to an end. If nothing else, their *Weltanschauung* has lost its validity.

The infrastructure of communist totalitarianism's power has broken down in Poland. No one who has not lived under communism can properly understand what this infrastructure means. It is only tangentially related to the terror of the security forces or direct political persecution. Its elements were devised by Lenin and Dzerzhinsky and perfected by Stalin; under Khrushchev and Brezhnev it changed neither its nature nor its role, though some cosmetic adjustments were made.

The communist power infrastructure is based on a total control of communication that renders man powerless against any lie about or abuse of himself as a citizen and a person. It produces a sort of psychological, even psychotic, fetters unknown in even the most despotic statehood of the past. It parallels the psychological mechanism of the "democratic centralism" within the Communist Party which makes a party member believe that his absolute rulers decide his fate through his free choice.

Even the sharpest Western reporter deludes himself and his readers when he claims to have insight into the human condition under communism: it's like blackness or womanhood, a nontransferable experience. In communism every preconceived social activity must be scrutinized and endowed with an ideological rationale before it can be permitted by the party—the infrastructure of power ruthlessly exercises precise enforcement of this principle.

Dissent is old-hat, both in Eastern Europe and in the USSR, and it has always been kept under control, sometimes even encouraged and manipulated. But the efficiency of what has developed in Gdansk indicates that dissent in Poland has been transmuted into an organized effort to rewrite the rules, something unheard of until now without political violence. Thus the infrastructure must have begun to crack even before open contention erupted in Poland.

One of the ideological archtenets to which the infrastructure gave the highest priority was that the workers' unity must be monopolized by the party. Marxism-Leninism made its world career on the merciless enforcement of the premise that the idea of the workers' solidarity was their idea. In communist states it is a crime against the state, a capital offense, to organize, congregate or unite not behind the party. Once the Poles captured the notion and device of solidarity as a social weapon and used it against their communist government, they reversed the course of history.

Whether the infrastructure broke because the Poles discovered the invincibility of united action, or whether solidarity was attainable because the infrastructure broke, is unclear. Why this infrastructure, still the cornerstone of the system's unassailability in Russia, China, Cuba, Bulgaria and elsewhere, suddenly collapsed in Poland under Gierek's tenure is still little known. Whether the breakdown is an isolated Polish phenomenon, or can be exported is a question that will decide the fate of the Soviet empire, and a question to which the empire's rulers have no answer.

It is universally accepted that a prime factor in what happened in Poland was the Catholic Church, a distinct and mighty institution of the Polish reality by dint of its ancient churches, its religious mass demonstrations and celebrations that attract immense crowds. Moreover there is the towering authority of its leaders, like the current Pope or the late Cardinal Wysynski.

All this is certainly true, but it is of less importance than the Polish Catholic intelligentsia which, under communism, acquired an even more complex influence on the society. Every well-educated young Catholic priest is, by nature, a member of this intelligentsia—which, in effect, has created a sort of shadowy Catholic infrastructure that competes with the official communist one.

This became apparent during the formative stages of the Solidarity movement. Its key consultants and theorists were prominent representatives of the Catholic intelligentsia, not always acting in precise obedience to the church's guidelines.

No one in the West should be deluded: Solidarity is a Christian democratic political occurrence, all-lip service to the communist *raison d'etat* notwithstanding. It is a phenomenon that surprises even the Poles themselves. After all, the intelligentsia—Poland's ruling class since the end of the 18th Century—was always a reservoir of not religious but secular ideas like nationalism, positivism, liberalism and social democracy. The emergence of a powerful and highly intellectualized group that receives its inspiration from Catholicism and knows how to transmute religious ideology into modern political weaponry (and with explosive effects) is astounding. How it happened is not easy to explain, but worth a try.

Together with the other paraphernalia of power that Catholicism could muster, its leaders understood how to capitalize on its sudden fashionableness among not only the faithful but also the society at large. For 35 years countless jokes have circulated about how much safer it is to be Catholic than communist in communist Poland. Ultimately, Catholicism identified itself in the popular consciousness with a rejection of communist oppression, a repudiation which might bring the church misery and persecution but is nevertheless invincible.

Suddenly Catholicism relinquished the status of traditional form and became a hotbed of politicized thoughts, convictions and beliefs. This fatally undermined the communists' psychological infrastructure, a development that would have been impossible without the Catholic intelligentsia—the vital link between Church and society.

Finally, capitalism has become a silent postulate of the Polish workers.

It would be foolish to expect Lech Walesa to admit publicly that capitalism is an economic system superior to socialism. Yet there's little doubt among the Poles that the reborn Polish syndicalism would fare much better in a healthy market economy than in the state-owned one.

The persuasion that socialism is a thorough failure is so deeply ingrained in the Polish mind that words like "people's property," "class consciousness" or "proletarian interests" will remain symbols of wretchedness and insanity for generations to come. The Poles perceive the economic aspect of communism as a sort of Mafia-like system of extortion—a daily ransom from an entire nation.

The claim so frequently made in some sements of the American press that the Gdansk workers are "defending true socialism" is amusing and preposterous.

PROGRESS BETWEEN THE WARS

Before World War II "authoritarian" Poland had one of the most powerful labor unions and one of the most advanced social-security systems in Europe. It had a ministry of social care and national health service. In reaffirming their support for this kind of social progressivism, the solidarity leaders are only stressing the inferiority of the communist "Workers" Party efforts in this area as compared to the prewar institutions.

The Soviet Union is in a peculiar position: Short of instigating a bloodbath it can do nothing. Most likely the Soviet leaders will resort to the oldest Russian political wisdom, that time and intrigue will sooner or later bring results. But these events demonstrate for the first time that the Soviet empire must reform or perish.

What happended to communism in Poland must have a crucial impact on the fate of Marxist ideas in the contemporary world. For the first time in Poland's turbulent history in which heroic, if unsuccessful, violence was considered a supreme value, the Poles have reported to argument and ideology as explosives and ammunition. Their renowned heroism has never had a profound impact on the outside world, but their political maturity may alter the course of history.

Mr. DERWINSKI. Mr. Speaker, I now yield such time as he may consume to the distinguished scholarly conscientious gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Speaker, this week marks the 23d anniversary of Captive Nations Week. I am proud to join with my colleagues, the gentleman from Illinois (Mr. DERWINSKI) and the gentleman from New York (Mr. STRATTON), in taking this opportunity to focus attention upon those nations of the world whose national identities have been trampled upon by Communist intervention.

Each year we take time to pause on this solemn occasion to reflect upon the ideals and beliefs which lie at the very core of our own national identity. It is a deeprooted awareness and respect for the sanctity of human dignity which forms the foundation of our democratic way of life, and which provides a comparison to the degrading lack of personal liberties which are so sadly typical in a nation controlled and exploited by Communist forces.

Due to critical world events, 1981 takes on an added significance for Captive Nations Week. On this very day the Polish Communist Party Congress is in the process of ratifying a Polish grassroots campaign which could well lead to a political, social, and economic renewal, and an unparalleled step toward democratization in an Eastern bloc nation. The courageous spirit of the Polish people serves as an inspiration to all citizens of captive nations throughout the world.

This year also marks the continuation of the brave fight against Soviet expansionism in Afghanistan. The unwelcome and unwarranted invasion into that nation by Communist forces has been valiantly resisted by the Afghan patriots, and the heroic struggle of these vastly outnumbered fightingmen stands as a tribute to their dignity and their determination.

The list of nations over which the oppresive pall of communism pervades has grown steadily since the 1920's. Yet perhaps we may look at this fact not as a sign of discouragement, but rather as an incentive to reassert our devotion to the goal of securing the dignity and self-determination of these captive nations.

The day is fast approaching when Soviet military strength alone cannot sustain a government which ignores

the basic right of its citizens to govern themselves. The Soviet Union may soon be forced to accept the fact that it has more to lose than to gain by blatantly ignoring the fundamental principles of national liberty and justice. What will ultimately convince the Soviets of the futility of continuing with their aggressive behavior and what will eventually convince them of abiding by international laws, will be the examples of nations such as Poland and Afghanistan resisting external intervention in their internal affairs.

Only by steadfast devotion to our democratic principles and our wholehearted support of the protection of human rights around the world will it be possible for others to realize that our observance of Captive Nations Week is more than simply a tradition. It is an important reminder to these captive nations that we have not forsaken them to the enslavement of and domination of an authoritarian government.

Mr. DERWINSKI. Mr. Speaker, I thank the gentleman for his constant support.

I now yield such time as he may consume to the gentleman from Pennsylvania (Mr. DOUGHERTY).

Mr. DOUGHERTY. Mr. Speaker, I want to rise and thank my colleague from Illinois (Mr. DERWINSKI) for raising this special order today.

Mr. Speaker, this week marks the 23d observance of Captive Nations Week in the United States. As you know, it is at this time that we remember the many millions of friends, relatives, and others who have fallen victim to the constant attempts of the Soviet Union to gain control of innocent nations.

Indeed, Mr. Speaker, it is a shame that more people are not here in the Chamber this evening and paying attention to and participating in this special order.

From Armenia in 1920 to Afghanistan in 1979, the list of countries absorbed or dominated by the U.S.S.R. grows each year. How long can we quietly accept this criminal expansion by the Soviets? We must do more than just murmur in protest. We must take some action.

This special order is a fine way to remember the unfortunate citizens of the world who live under Soviet domination. The more often we speak of these people on the floor of the House of Representatives, the less likely it is that they will become forgotten. But what else can we do, as Americans, to give hope to these people around the globe?

For one, the United States can reopen its consulate in Kiev. The closing of this consulate after the Afghanistan invasion eliminated the last symbol of the outside world for Ukrainians, and dashed the hopes of many of these people.

Another way we can provide inspiration to the captive nations is to insure funding for the Lithuanian legation in the United States. As many of my colleagues know, the money that has funded the legation since the 1940's has run out. It is imperative that some solution be found soon, so the representatives may continue working in their posts without interruption.

Sufficient funding for the Voice of America, Radio Free Europe, and Radio Liberty is another way that Americans can give hope to millions of people under Soviet domination. Once the true picture of life on both sides of the Iron Curtain is broadcast, it sets many minds to thinking seriously of their plight.

Although it is our aim to contact the citizens of captive nations directly through radio broadcasts, it is also very important to work on this issue from this end, by refusing to allow our fellow Americans to quietly accept the criminal acts of the Soviets in the aggression they bring upon other nations.

□ 1900

Let us print correct maps, erect monuments, give speeches about this multitude of captive people, that all Americans hear us with the hope that they will never forget the prisoners that live in the captive nations around the world.

Mr. Speaker, I recently visited the border between West Germany and East Germany. Indeed, if there is to be an indictment of the Soviet Union, that border is an indictment. It is an indictment of a nation without a conscience, of a government without support of its own people.

Shame, shame, shame, on the Soviet Government because, indeed, it is a bandit government without respect, without admiration, without acceptance among the free peoples of the world.

Today, as far as I am concerned, Mr. Speaker, the Soviets stand once again condemned, condemned as the criminal nation of the world, condemned in a way that makes all of us want to wonder about why the Soviets continue to pretend that they are a good nation.

Mr. Speaker, we will not be silent and we will not forget, for indeed some day the people of the captive nations will know the dignity of being a free people again.

As cochairman of the congressional Ad Hoc Committee on the Baltic States and the Ukraine, I want to thank my good friend and colleague, the gentleman from Illinois, for bringing this special order on this most significant issue.

Mr. DERWINSKI. Mr. Speaker, I yield such time as he may consume to the gentleman from New Jersey (Mr. COURTER).

Mr. COURTER. Mr. Speaker, I thank the gentleman for yielding. I first would like to go on record by thanking the gentleman from New York (Mr. STRATTON) and congratulate as well the gentleman from Illinois (Mr. DERWINSKI) for coming forward with this special order.

Mr. Speaker, this marks the 23d year that the U.S. Congress is observing Captive Nations Week. I believe that Members of the House and Senate should use this opportunity to educate the American people about the harsh, brutal, and antidemocratic Communist regimes that hundreds of millions of people suffer under. In the past we have seen one human tragedy after another unfold, as a result of Communist aggression or rule in Cuba, Vietnam, Cambodia, Ethiopia, Afghanistan, and Central America. Today, the people of Poland are menaced by a direct Soviet invasion, while the other captive nations of Eastern Europe and the Baltic States remain in the iron grip of Communist tyranny. Furthermore, I urge that we strongly consider sending material aid to the Afghan freedom fighters. Their cause is just and we should not be afraid to assist them. The gentleman from Illinois (Mr. DERWINSKI) is to be commended for his resolution calling for such assistance. It is not surprising that those who leave or escape lands under Communist rule come to our Nation because ours is a nation of hope to the world's oppressed peoples and is humanity's last best hope for the defense of the Free World.

While our Nation tries to rebuild its military strength, we must also arm ourselves with facts, and communicate the truth about communism and the virtues of democracy to the world. Therefore, I urge my colleagues to focus on our needs to expand and improve our public diplomacy efforts and to work to enhance our foreign broadcast capabilities. Radio Free Europe, Radio Liberty, and Voice of America are understaffed, not able to broadcast in all languages, and in disrepair with regard to equipment.

Therefore, I urge support for legislation that will enhance our foreign broadcast capabilities for all three agencies, as a dramatic symbol of our solidarity with the people who live under Communist domination throughout the world. Our public diplomacy efforts can be as effective as any military weapon in helping to defeat Communist tyranny, and should be fully supported and expanded to include new languages.

Finally, I believe that both the gentleman from New York (Mr. STRATTON) and the gentleman from Illinois (Mr. DERWINSKI) are to be commended for sponsoring this special order on such a vital foreign policy and human rights question. As they stated in their

"Dear Colleague" letter, it has become an historic tradition for us—the Congress—to support the aspirations of freedom and self-determination of all captive peoples, and we must not waiver from this challenge. We dare not be silent and must do all we can to help free those who live under the yoke of Communist and totalitarian oppression.

Thank you Mr. Speaker.

Mr. DERWINSKI. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. STRATTON) who will conclude the Captive Nations Week commemoration; but before I do, I wish to remind the House that the gentleman from New York (Mr. STRATTON) has been very busy on the floor this afternoon on the bill that was before us. As a result, he was not able to participate as he had planned in the special festivities here on the Hill; but he was, nevertheless, appreciated in his absence and the fact that he was working so hard as he has been to help maintain a strong national defense of our country is something that all the people who join in this cause appreciate in a very special way.

I am very pleased to now yield to my most respected colleague, the gentleman from New York (Mr. STRATTON).

Mr. STRATTON. Mr. Speaker, I rise today with my colleague from Illinois to commemorate the 23d annual observance of Captive Nations Week, July 12 through the 18, pursuant to Public Law 86-90, the Captive Nations Week resolution.

This annual observance has several valuable purposes: First, it gives us the opportunity to show our support and concern for the brave people of the captive nations in their aspirations for freedom, self-determination and basic human rights. Second, we also have an opportunity to express our outrage and continuing our opposition to Soviet expansion and Soviet rule over so many people who would surely chose another system of government if they had the chance.

We have been making these speeches now for 22 years. Some people have suggested that these speeches are an exercise in futility. We cannot roll back the Iron Curtain, we are told, just by making speeches on this House floor. But the fact is that we are beginning to get results. Take a look at what has been happening in Poland. Take a look at the achievements of the workers of Poland through the Solidarity Union, which has already been able to establish in Poland arrangements and procedures that have not occurred in any other Communist controlled state.

Who would have believed a few years ago that they could hold a secret ballot election in a Soviet satellite state? Who would have believed that the position of the Communist Party boss in Poland could ever be in jeopardy at a Polish Communist Party Congress, as it is this very day?

These changes have come about because the spirit of freedom has never died in Poland, and because of the continuing close ties and deep interest with the United States.

What has happened in Poland can also happen in other Soviet states.

Recently, the House Armed Services Committee visited two other Iron Curtain countries, Romania and Hungary. We were genuinely surprised to see the level of independence that also exists in these countries—not like what is going on in Poland, to be sure, but still not the stilted, frozen framework that might be supposed.

For example, Romania has long exercised a very great deal of independence in her foreign policy. She is not a member of the Warsaw Pact. She does not permit Soviet troops on her soil nor does she permit Romania troops to be placed under the command of the officers of any other country.

Moreover, the Government of Romania seeks closer ties with the United States, and seeks the benefit of modern American technology. For example, just before our committee arrived in Bucharest, Romania had signed an agreement with the General Electric Co. to have GE in Schenectady build two huge turbine generators for two new nuclear power stations in Romania.

They did not turn to the Soviet Union. They turned to Schenectady because they wanted quality goods, and exercised their independence in making that decision. And, indeed, we hope that Romania will continue to turn to America and to the General Electric Co. for the 14 remaining nuclear plants that they intend to build through 1995.

From Romania we went to Hungary. And, incidentally, Budapest was one of the most beautiful cities I have ever visited. Here too we found a great deal of interest on the part of Hungarian Government and Communist Party officials, which impressed us very much.

The situation in Hungary somewhat differed from what we found in Romania. Hungary is a full-fledged member of the Warsaw Pact, and Soviet troops are stationed on Hungarian soil. Hungarian troops maneuver with Soviet troops, and Hungary, in contrast to Romania, does follow the Soviet foreign policy line very exactly.

However, when it comes to the operation of Hungarian economy, they certainly do not follow the rigid orthodox Communist economic procedures of the Soviet Union.

In Hungary they have a kind of social democratic type of economy, based more on cooperatives than on rigid control from the top. As far as we could see, there seemed to be a remarkable degree of personal economic freedom which at least appeared to resemble capitalism in many respects. And here again the Hungarians seek help, and close ties with the United States.

So, Mr. Speaker, based on what I have seen in some of these captive nations, we do seem to be making progress, because Americans across our land are this week renewing their commitment to help the captive nations seek freedom.

Of course not all of the captive nations are doing so well—Ukrainia, the Baltic countries—Latvia, Estonia, and Lithuania are still under very close control.

But the important thing is that the dawn seems to be breaking through. And we can be glad that our efforts, and those millions of other people here in America and around the world, have begun to see things moving in the right direction.

Long live freedom.

□ 1910

Mr. Speaker, I ask unanimous consent to submit the following documents and proclamations concerning Captive Nations Week for the RECORD.

The documents are as follows:

STATE OF NEW YORK—PROCLAMATION

Twenty-two years ago, by a joint resolution approved July 17, 1959, the Eighty-Sixth Congress authorized and requested the President to proclaim the third week in July as Captive Nations Week.

Throughout our history Americans have held the deep conviction that liberty and independence are among mankind's inalienable rights. Our ideal has remained that of our founding fathers: governments derive their legitimacy from the consent of the peoples they govern.

The commemoration of Captive Nations Week is dedicated to the spirit and hope of enslaved peoples in their continuing request for freedom and self-determination in their beloved native lands.

The freedom-loving peoples in captive lands look to the United States as a citadel of freedom and to the American people as a source of guidance and inspiration.

The Captive Nations Committee of New York will hold appropriate activities throughout the week to commemorate this annual observance and to address the issue of human rights and justice on behalf of the oppressed peoples in captive nations.

Now, therefore, I, Hugh L. Carey, Governor of the State of New York, do hereby proclaim July 12-18, 1981, as "Captive Nations Week" in New York State.

STATE OF WISCONSIN—PROCLAMATION

Whereas, the republican form of government—based upon "the consent of the governed"—which has existed in the United States of America for over 200 years, has resulted in the development of a warm understanding and sympathy for the aspirations for freedom of peoples everywhere and in the recognition of the natural interdependency of the peoples and nations of the world; and

Whereas, the United States recognizes the needs of world nations to co-exist peacefully and to remove impediments to their bonds

of understanding with peoples of foreign nations; and

Whereas, the freedom-loving peoples of the captive nations look to the United States as leaders who believe in their efforts to obtain freedom and independence; and

Whereas, the Congress of the United States by unanimous vote passed Public Law 86-90 establishing the third week in July each year as Captive Nations Week and inviting the people of the United States to observe this week with appropriate prayers, ceremonies and activities, expressing their sympathy with and support for the just aspirations of captive people; and

Whereas, it is fitting and proper that the citizens of Wisconsin participate in this week by offering prayers and dedicating their efforts for the peaceful liberation of oppressed and subjugated peoples all over the world;

Now, therefore, I, Lee Sherman Dreyfus, Governor of the State of Wisconsin, do hereby proclaim July 12-July 18, 1981, "Captive Nations Week" in the State of Wisconsin, and I urge the citizens of this state to remember that it is the 23rd Anniversary of this annual observance and to support the efforts of the oppressed peoples of the world to regain their freedom.

PROCLAMATION BY THE GOVERNOR, STATE OF KANSAS

Whereas, the imperialistic policies of Russian Communists have led, through direct and indirect aggression, to the subjugation and enslavement of the peoples of many nations; and

Whereas, the desire for liberty and independence by the overwhelming majority of peoples in these conquered nations constitutes a powerful deterrent to any ambitions of Communist leaders to initiate a major war; and

Whereas, the freedom-loving peoples of the captive nations look to the United States as the citadel of human freedom and to the people of the United States as leaders in bringing about their freedom and independence; and

Whereas, the Congress of the United States by unanimous vote passed Public Law 86-90 establishing the third week in July each year as Captive Nations Week and inviting the people of the United States to observe such week with appropiate prayers, ceremonies and activities; expressing their sympathy with and support for the just aspirations of captive peoples:

Now, therefore, I, John Carlin, Governor of the State of Kansas, do hereby proclaim the week of July 12 through 18, 1981, as "Captive Nations Week" in Kansas, and call upon the citizens of the State to join with others in observing this week by offering prayers and dedicating their efforts for the peaceful liberation of oppressed and subjugated peoples all over the world.

PROCLAMATION—CITY OF SANTA ANA

Whereas, the desire for liberty and independence by the overwhelming majority of peoples in Captive Nations constitutes a powerful deterrent to any ambitions of communist leaders to initiate further aggression; and

Whereas, the freedom loving peoples of the Captive Nations look to the United States as the citadel of human freedom and human rights, and to the people of the United States as the leaders in bringing about their freedom and independence; and

Whereas, the Congress of the United States, by unanimous vote, passed Public Law 86-90 establishing the third week of July each year as Captive Nations Week:

Now, therefore, I, Gordon Bricken, Mayor of the City of Santa Ana, do hereby proclaim the week of July 12-18, 1981 to be "Captive Nations Week" and urge all citizens of Santa Ana to join with me in observing this week through an appropriate expression of sympathy and support for the people of the Captive Nation.

STATE OF COLORADO—PROCLAMATION

Whereas the freedom-loving people behind the Iron Curtain look up to the United States as the citadel of human rights and leader of freedom and independence; and

Whereas the Congress of the United States and President Eisenhower passed Public Law 86-90, establishing the third week of July as "Captive Nations Week"; and

Whereas patriots in the U.S.A. are invited to observe this week with prayers, ceremonies and appropriate activities expressing support for justice in such countries as Czechoslovakia, Estonia, Hungary, Latvia, Lithuania, Poland, the Ukraine and many others; Afghanistan being the most recent;

Now, therefore, I, Richard D. Lamm, Governor of the State of Colorado, do hereby proclaim July 20, 1981, as "Captive Nations Day" in the State of Colorado, and urge all concerned citizens to participate in ceremonies on that day.

PROCLAMATION

Whereas the imperialistic politics of Russian Communists have led, through direct and indirect aggression, to the subjugation and enslavement of the peoples of Poland, Hungary, Lithuania, Ukraine, Czecho-Slovakia, Latvia, Estonia, Byelorussia, Romania, East Germany, Bulgaria, Mainland China, Armenia, Azerbaijan, Georgia, North Korea, Albania, Idel-Ural, Serbia, Croatia, Slovenia, Tibet, Cossakia, Turkestan, North Vietnam, Cuba, Cambodia, South Vietnam, Laos, Afghanistan and others; and

Whereas the desire for liberty and independence by the overwhelming majority of peoples in these conquered nations constitutes a powerful deterrent to any ambitions of Communist leaders to initiate a major war; and

Whereas the freedom loving peoples of the captive nations look to the United States as the citadel of human freedom and human rights and to the people of the United States as the leaders in bringing about their freedom and independence; and

Whereas the Congress of the United States by unanimous vote passed Public Law 86-90 establishing the third week in July each year as Captive Nations Week and inviting the people of the United States to observe such week with appropriate prayer, ceremonies and activities; expressing their sympathy with and support for the just aspirations of the captive nations;

Now, therefore, I, Mike Parker, Mayor of the City of Tacoma, Washington, Do Hereby Proclaim the week of July 12-20, 1981 to be "Captive Nations Week" in the City of Tacoma, and call upon our citizens to join with others in observing this week by offering prayers and dedicating their efforts for the peaceful liberation of oppressed and subjugated peoples all over the world.

PROCLAMATION—CITY OF JACKSONVILLE

Whereas the imperialistic politics of Russian Communists have led, through direct and indirect aggression, to the subjugation and enslavement of the peoples of Poland, Hungary, Lithuania, Ukraine, Czecho-Slovakia, Latvia, Estonia, Byelorussia, Romania, East Germany, Bulgaria, Mainland China, Armenia, Azerbaijan, Georgia, North Korea, Albania del-Ural, Serbia, Croatia, Slovenia, Tibet, Cossakia, Turkestan, North Vietnam, Cuba, Cambodia, South Vietnam, Laos, Afghanistan and others; and

Whereas the desire for liberty and independence by the overwheming majority of peoples in these conquered nations constitutes a powerful deterrent to any ambitions of Communist leaders to initiate a major war; and

Whereas the freedom loving peoples of the captive nations look to the United States as the citadel of human freedom and human rights and to the people of the United States as leaders in bringing about their freedom and independence; and

Whereas the Congress of the United States by unanimous vote passed Public Law 86-90 establishing the third week in July each year as Captive Nations Week and inviting the people of the United States to observe such week with appropriate prayer, ceremonies and activities; expressing their sympathy with and support for the just aspirations of the captive nations.

Now, therefore, I, Jake M. Godbold, Mayor of the City of Jacksonville, Florida, do hereby proclaim the week of July 12-18, 1981 as "Captive Nations Week" in Jacksonville, Florida, and call upon our citizens to join with others in observing this week by offering prayers and dedicating their efforts for the peaceful liberation of oppressed and subjugated peoples all over the world.

NATIONAL CAPTIVE NATIONS COMMITTEE, INC.,
Washington, D.C., June 29, 1981.

DEAR SENATOR: Two months ago you received copies of the Congressional document on the Twentieth Observance and Anniversary of Captive Nations Week. Similar to previous Congressional publications on this fundamental subject of the captive nations, all the essentials pertaining to the concept and the Week are contained in this new one. The volume is dedicated to Poland's Solidarity of workers and through it to all workers in the captive nations. As Americans across the country and our allies abroad prepare to commemorate—in accordance with Public Law 86-90—the 23rd Observance of Captive Nations Week this July 12-18, I believe that you will find this current publication most valuable for your address on the issue during this Week.

On the basis of the well-proven data in this Congressional work alone, allow me to direct your attention to these following points that call for the most resounding observance since Congress unanimously passed the Captive Nations Week Resolution and President Eisenhower signed it into law in July, 1959;

(1) Coincidental or mystical as it may appear—even timed by Moscow—the majority of the CN Observances have been accompanied by some outstanding event bearing on U.S.-U.S.S.R. relations. Significantly, during our "23rd" the Communist Party Congress in Poland will begin on July 14. What an almost God-given occasion for us to voice strongly our support for the freedom forces at work in this captive nation! Interference in internal affairs? One would have to be acutely naive to believe that Moscow and its organs haven't been intefering daily in this captive nation.

(2) Afghanistan—the newest captive nation still fighting for its honor is on the back pages of our media today. Yet Afghan patriots have been heroic in their resistance to Soviet Russian domination, Isn't the CNW an appropriate time to bring this heroic resistance to the front pages?

(3) In perfect conformity with our American traditions, PL 86-90 is the only law on Free World statutory books calling for the eventual liberation of all the captive nations. Extremist? What freedom-enjoying American would keep mute about the freedom aspirations of Latvia, Ukraine and so on?

(4) By documentary evidence I would defy anyone publicly to challenge this next point. As emphasized in the foreword of the Congressional document, "it is not generally known that * * * since World War II no single, activist idea has produced deeper concern in the Kremlin than the composite captive nations one." After a whole generation one would think an examination of the "whys" for this would be in order. We may scatter and waste our efforts everywhere, but the record is there.

(5) As many analysts have shown, a valid and accurate measure of our foreign policy, in related terms of strategy, human rights and basic morality, is provided by the barometer of deviation between the President's proclamation and Public Law 86-90. The results are uncanny.

From a basic view we look forward to your participation in the "23rd" and all best wishes,

Sincerely,

LEV E. DOBRIANSKY,
Chairman, Georgetown University.

P.S.—Special Order in House for July 15. Honorable Derwinski and Stratton.

CAPTIVE NATIONS WEEK

(By Robert Morris)

With the onset of "Captive Nations Week," an assessment of that great moral observance is in order.

The merits of CNW are many. First of all, it is a reminder to the world, if it is properly promulgated, of the long list of nations which have been submerged in Communist bondage. Then it is intended to signal to those held captive that we have not forgotten them. Also by publishing the list which gets longer every year, we alert public opinion to the undeniable fact that what we call the West is losing its war against world Communism.

I suggest that there should be a supplemental list of nations in transition to status of Captive Nations. In this way the observance would alert the world by way of preventing the augmentation of the list. This is enormously important because, if one were to review the events leading up to each nation's captivity, he would find a miasma of disinformation surrounding the annexation that effectively prevented counteraction. That miasma was often so poisonous that in many cases—China, Cuba, Vietnam and Nicaragua, for instance, that important government agencies and the media were in effect on the side of the captivators.

As far as the U.S.S.R. is concerned, the mere listing of the 15 nations that comprise that political force should be most informative to the people in the United States. Even a person with access to so much information as our last president, referred to the U.S.S.R. as a "nation". It is not a nation. It is Soviet Russia and 14 nations it now holds captive i.e. Estonia, Latvia, the Ukraine, Armenia, etc.

The same holds true for "China". Here again misinformation abounds. We hear repeated reference to the insults to "the one billion people of China" by the existence of the Taiwan Relations Act. Actually not only is China a Captive Nation (which we propose to arm with lethal weapons) but contains such nations as Tibet against which Peking committed revolting genocide. Tibet is on the list. Then there are Inner Mongolia and Outer Mongolia. The one, a Chinese Communist captive, the other, a Soviet captive. The mongols in history were a distinctive people and an important nation. Outer Mongolia is on the list but Inner Mongolia is not.

As for potential candidates to join the list of Captive Nations there is a long list of nations which are surrogates of Communist power and inexorably slipping into bondage—Zimbabwe, Nicaragua, Zambia, Chad, Cape Verde, etc. As these nations slide into the chasm, most of the world's international bodies and world's press actually are greasing the chute that leads to the darkness below.

This is the area that I think those forces in Congress who are keeping Captive Nations Week alive, should attend to. The mere listing of those in captivity serves a great purpose but preventing the augmentation would prove to be an additional asset.

MANTOLOKING, N.J., *July 7, 1981.*

[From the Ukrainian Catholic Weekly]

APPEAL OF THE UKRAINIAN CATHOLIC HIERARCHY ON THE 23D ANNUAL CAPTIVE NATIONS WEEK

"You will learn the truth and the truth will make you free" (Jn 8, 32)

DEARLY BELOVED IN CHRIST: It is difficult to believe that two thousand years after the birth of "Eternal Truth and Love" on our planet, there are still peoples deprived of truth and love, peoples trampled upon by the boot of falsehood and hatred! It is difficult to believe that in this age of scientific advancement, invention, computers, rockets, and slogans extolling happiness, plenty and the freedom of man, there are still peoples oppressed by the satanic hatred of the apocalyptic hammer and sickle! Before our very eyes a terrible injustice is being done, for countless millions are denied the right to freely think, speak, write and worship. Communist prisons, concentration camps and psychiatric wards are filled with the innocent victims of atheistic tyranny. Innocent victims of a hatred force against the rights of man are punished for truth, for holy faith, for love of God and country.

Among these captive peoples we find our freedom-loving, God-pleasing Ukrainian people.

We are greatly indebted to the American government for the July 1957 resolution which established "Captive Nations Week" whereby annually the free world is reminded that tyranny, despotism, coercion and enslavement of the weaker must ultimately be banished from the face of the earth; that every person has the right to freely believe and pray; and that truth must triumph.

This year's "Captive Nations Week" which we observe July 12-18, should serve the great ideal of hastening the dawn of liberty for all captive peoples. We must speak and write unequivocally to the powers of this world to make them aware and to remind them of the sad reality that atheistic Moscow has become the criminal prison of oppressed nations. We must vociferously and incessantly remind the United Nations and the government of the U.S.A. that the Red Kremlin, despite its endorsement of the Helsinki accords on the rights of peoples to freedom, continually and criminally ignores these rights.

During "Captive Nations Week" we should pray to the Lord of heaven's forces, that He regard the moans, the plight, the cries, the tears, the blood and sacrifices of our Brothers and Sisters behind the Iron curtain and send them the longed-for freedom.

On Sunday, July 12 during all Divine Liturgies or immediately after its celebration, let us earnestly implore the Almighty that His Truth quickly free us.

STEPHEN,
Archbishop-Metropolitan of Philadelphia.
BASIL,
Eparch of Stamford.
INNOCENT,
Eparch of St. Nicholas in Chicago.

● Mr. MICHEL. Mr. Speaker, as you know, this week marks the 23d anniversary of Captive Nations Week. Along with paying the usual tribute to the courage and love of freedom of the people of the captive nations, I would like to discuss our Nation's attitude toward them over the years.

During the 1950's the phrase "captive nations" was understood by all Americans. We knew that communism had captured hundreds of millions of human beings. Our national traditions and our national security demanded that we tell the world we did not acquiesce in Communist domination of captive peoples.

We all recall the famous inaugural address of President John Fitzgerald Kennedy in 1960 in which he said:

> Let every nation know, whether it wishes us well or ill, that we shall pay any price, bear any burden, meet any hardship, support any friend, oppose any foe, in order to assure the survival and the success of liberty.

Those words were the high water mark of the captive nations theory. Gradually, almost imperceptably, the tide of opinion changed. It became unfashionable to talk about captive nations. Détente became not simply a word to describe one approach to relations with the Soviet Union, but an official and almost sacred concept which must be honored by anyone who would discuss those relations.

Over a period of years, the proclamations of Captive Nations Week by American Presidents became less and less substantive. At times we wondered why some of the proclamations were given at all. These statements were devoid of any semblance of conviction. Presidents of both parties made formal but empty announcements of Captive Nations Week.

Then, during the late 1970's, another change occurred. The phrase "human rights" became very fashionable and replaced "captive nations." We talked about human rights violations but never uttered the words "captive nations."

There is very much to be said about using the concept "human rights" as part of our foreign policy. But when use of that phrase blinds us to the specific and longstanding facts of Communist domination of the captive nations, we are not really serving the cause of human rights.

There are human rights problems in many nations, not all of which are Communist dominated. But the captive nations are unique in being victims of totalitarian tyranny longer than any nations on Earth. They deserve something more than to be lumped together with "human rights" problems.

Recently the heroic struggle of the people of Poland has once again made captive nations a concept that has meaning in discussions of international affairs. The various dissidents in the Soviet Union, members of ethnic groups that once had national independence, have also reminded us of the importance of the captive nations concept.

So it is my hope that this year will begin a new phase of the captive nations story, one in which we regain the profreedom, antitotalitarian fervor of the past and join it to the new knowledge we have gained by watching the new struggle of millions against communism.

The Captive Nations Week should be one that marks the beginning of a new attitude on the part of our Government. We should tell the truth about communism to the world over our international broadcasting stations. We must never forget what the captive nations mean to us and we must never allow those nations to think we have forgotten them.

Observing Captive Nations Week is no mere sentimental gesture on our part. It must be an integral part of our foreign policy. We can no longer afford to pay lipservice to the captive nations concepts.●

● Mr. ADDABBO. Mr. Speaker, nearly 2 weeks ago on Saturday, July 4, millions of Americans in this country took time out to join in the celebration of the birth and independence of the United States of America. Americans from border to border, and coast to coast took to the streets, parks, and beaches to watch parades, fireworks, and listen to speeches and concerts all containing the theme of liberty and reminding us all how precious that liberty is to us every day of our lives.

And yet on that day, to many, perhaps too many, the thought that there are people in countries all over the world who have never known of liberty, freedom, human rights, and most importantly, the acknowledgement of the right to respect and human dignity, never entered their minds. What also never entered their minds was that there are people who were once free, and now, because of foreign intervention live in a world devoid of rights and devoid of dreams of freedom.

Mr. Speaker, I rise today to join my colleagues on the floor of the House in commemorating the 23d observance of Captive Nations Week, a time for people in this country to understand and be educated that there are millions of men, women, and children who live under the constant fear which communism exerts upon a nation and its people. Thanks to the efforts of my distinguished colleagues, Mr. STRATTON and Mr. DERWINSKI, as well as others who have supported it over the years, Captive Nations Week has become an important tradition in this country, a tradition which has found a special place in the hearts of many, especially for those who have fled from communism and truly know how special the life we have here is.

This year many of our thoughts are focused on a fear of communism which is a fear of once and for all having your homeland forcibly invaded and occupied by a foreign power. It is a fear the brave and resourceful people of Poland know all too well. In observing Captive Nations Week we are doing more than just noting how many nations have been added to what is an ever-growing list. The heart of this week is acknowledging the strength, wisdom, character, and courage of people, whether they live in Poland, Hungary, East Germany, or Afghanistan, acknowledging how they have managed to survive and grow, though faced with communism. Indicative of their spirit, the more the Soviet Union takes steps to suppress their cultural, historical, and intellectual traditions, as well as controlling their economy and government, the stronger they have become.

Mr. Speaker, never before has the need been greater and more urgent for the free nations of the world to stand up to communism. Never before has the need to commemorate Captive Nations Week been more appropriate and necessary. It is my sincerest hope that the United Nations, the United States, and the free countries of the world do all which is necessary to stop any nation from ever taking away the liberties, freedoms, and rights which we as a newborn nation fought and died for. In essence, all of society is held prisoner until all of its members are set free.●

● Mr. LENT. Mr. Speaker, as a longtime participant in the captive nations observance, I truly welcome this opportunity to address my colleagues in the House of Representatives on this the 23d anniversary of Captive Nations Week. In July of 1959, President Dwight D. Eisenhower approved legislation that became Public Law 86-90 which set into the law of the land our commitment as a nation to the basic human rights of the subject peoples in the Soviet sphere. Never has the need been greater for the liberation of the oppressed people of these captive nations, still struggling, as we see now in Poland, for the freedom that is rightfully theirs.

The long list of captive nations compiled by the National Captive Nations Committee saddens my heart with its mournful litany of Soviet imperialism and encroachment upon the integrity and self-determination of free states, formerly as sovereign as we are today. Many remember that in 1920, the Soviet Bolsheviks overtook Armenia, Azerbaijan, Byelorussia, Cossackia, Georgia, Idel-Ural, North Caucasia and the Ukraine. In 1939 with Western Europe about to pay the bloody price of appeasement, the time for freedom ran out for Estonia, Latvia and Lithuania. Thousands of innocent people in these formerly free countries were executed by the Soviets when they retreated from the invading armies of Hitler's Germany. Whole populations disappeared into the gaping maw of the Gulag Archipelago. Before 1946 had closed on the war-weary people of Europe, Stalin had engineered the overpowering of Albania, Bulgaria and Yugoslavia. Poland and Romania followed the next year with Czechoslovakia falling to slavery in 1948.

My colleagues, if the cold facts of this shameful history could speak, the cries of millions of tortured, oppressed peoples would split apart the family of nations with piercing clamor. We must never forget the bravery of these peoples and we must continue pressing for the day when the light of true freedom shines on each and every one of these people.

Let us take this time to remember that the United States represents this light of freedom to the millions who have been smothered under the weight of Soviet oppression. As a nation of free men, the United States must continue to champion the cause of freedom across the globe. We must go forward in the struggle to bring freedom and self-determination once again to the courageous people in these captive nations.●

● Mr. GUARINI. Mr. Speaker, this week marks the 23d annual observance of Captive Nations Week. The goal of this commemoration is to draw the attention of all freedom-loving people throughout the world to the plight of the millions of men and women around the world who are forced to live under the burden of foreign domination.

While some critics attack this observance as a development of the "cold war," I believe that a careful look at the resolution passed by Congress in 1959 definitely shows the need for the continuation of this commemo-

ration. Part of the original resolution reads:

Whereas since 1918 the imperialistic and aggressive policies of Russian communism have resulted in the creation of a vast empire which poses a dire threat to the security of the United States and all free peoples of the world; and

Whereas the imperialistic policies of Communist Russia have led, through direct and indirect aggression, to the subjugation of the national independence of Poland, Hungary, Lithuania, Ukraine, Czechoslovakia, Latvia, Estonia, White Ruthenia, Rumania, East Germany, Bulgaria, mainland China, Armenia, Azerbaijan, Georgia, North Korea, Albania, Idel-Ural, Tibet, Cossackia, Turkestan, North Viet-Nam, and other; . . .

Since this resolution was written in 1959 the Soviet Union has continued its drive for greater power and domination. Since 1959 the Soviet Union has expanded hegemony in Southeast Asia by using the Vietnamese to spread its influence to Cambodia and Laos. In Africa Cuban troops are being deployed by the Soviet Union to retain power for favorable governments in Angola, Ethiopia, and South Yemen.

After completing the largest peacetime military buildup in world history during the 1970's the Soviet Union on Christmas Day, 1979, invaded the sovereign territory of Afghanistan. While the world reacted with shock and strong condemnation, Soviet troops marched onward to the Afghan capital, Kabul. Only the patriotic and fervently anti-Communist Afghan freedom fighters stand in the way of full-scale Soviet domination of yet another country.

And yet, Mr. Speaker, even with all these developments since 1959 there has been something about our feeling toward Russia and communism that has changed. I believe that when this resolution was passed in 1959 Americans feared communism more than they feared Russia. However, we have seen enough nations reject communism to know that our greatest fear is the Russian military might which keeps countries Communist.

It was not communism which won the hearts and minds of the Hungarians in 1956; it was the invasion of Russian tanks. It was not communism which appealed to the Czech in 1968; it was the presence of Russian troops. Today, the world watches closely as Poland tries to establish a degree of freedom. It is quite clear to me that communism does not have a grip on the countries of Eastern Europe; it is the Soviet army that has the grip.

The freedom enjoyed by the American people give us great responsibilities. It is up to us to promote the ideals of liberty missing in so many areas of the world today. With the present-day situation so intense in Poland and Afghanistan it is important for all Americans to reaffirm our commitment to freedom in the world.

Captive Nations Week is of special significance to many of my constituents whose native lands are now under Communist rule. I know they join with me in expressing their hope that the day will come when there is no longer a need to commemorate this week.●

● Mr. HOLLENBECK. Mr. Speaker, I would like to take this opportunity to rise and join my distinguished colleagues in commemorating the 23d observance of Captive Nations Week. I believe it is appropriate that we pause and take time each year to remind ourselves of the unending struggle taking place behind the Iron Curtain. I refer, of course, to the quest for freedom, the effort to secure the democratic liberties which we in the United States so often take for granted.

In reflecting on the cause of those behind the Iron Curtain who are attempting to throw off the chains of the Communist oppressors, I am reminded of the words of Thomas Paine who in 1776 spoke of times that try men's souls. Two hundred and five years later, I regretfully admit that these words hold particular relevance for those who live under Soviet domination in the captive nations of Eastern Europe.

During this 23d observance of Captive Nations Week, I want to pledge my continuing support and assistance in this most important cause—the cause of freedom for the captive nations and their people. As we participate in this observance day ceremony, it is essential that we renew our commitment to persevere. For it is only through the combined strength of the captive nation's population, Congress, the administration, and the American people that we can continue our struggle for sovereignty free from Soviet domination.

Needless to say, I only hope for that day when, instead of recognizing an observance day precipitated by Soviet expansionism, we will be celebrating the renewed independence of all captive nations.●

● Mr. FORSYTHE. Mr. Speaker, I would like to take this opportunity to join my distinguished colleagues in recognizing the 23d observance of Captive Nations Week. Twenty-three years ago today, by a joint resolution approved July 17, 1959, the 86th Congress authorized and requested the President to proclaim the third week in July as Captive Nations Week.

Unfortunately, continuing actions by the Soviet Union to expand their domain make this event more meaningful as each year goes by. As a free, democratic people, we should be especially sympathetic toward other less fortunate men who are caught in the powerful grip of a Communist state.

It does not seem fair that we are able to rejoice as a people free in almost every sense of the word, while others are struggling to keep even a semblance of their cultural identity. We know from experience that these people are subject to a power that is not satisfied simply with political domination, but wants complete control, stripping these nations of their heritage.

It is our duty as a truly democratic people to voice our opposition to any actions which threaten a nation's right to self-determination. By once again commemorating Captive Nations Week we reinforce our disapproval of the totalitarian actions of the repressive Communist regimes. We can only hope that one day harmony will be the ruling influence which will make recognition of such an event unnecessary.●

● Mr. ROTH. Mr. Speaker, we are all familiar with the historian's injunction: "The past is prologue; study the past." If we did this more frequently, such events as the Soviet invasion of Afghanistan and the continuing campaign of intimidation against Poland would not surprise us. And if, as historians, we more frequently turned our eyes toward the captive nations we would sadly be able to view a situation in which the totalitarian threat to national self-determination can be seen in vivid colors.

As a member of the Foreign Affairs Committee, I would like to take this opportunity to join in commemorating the 23d observance of Captive Nations Week. The continuing Soviet assault upon the national cultures and identities of the captive nations constitutes one of the black marks of contemporary international relations. I hope that by calling attention to it today we can in some way provide a measure of recognition to those who suffer daily as a result of it.●

● Mr. ZABLOCKI. Mr. Speaker, I am very proud to join my colleagues in observing the 23d anniversary of Captive Nations Week. This anniversary enables us to reaffirm our steadfast support for the liberty of now captive peoples and the principles of sovereignty, particularly the territorial integrity of states. In demonstrating our support, we also reaffirm the values that all Americans hold dearly and all too often take for granted.

The persistent denial of basic freedoms to captive peoples by Soviet authorities continues to be a grave concern as does the expansion of Soviet influence through foreign intervention and invasion. We can only contemplate with amazement and respect the enduring will and determination of the oppressed citizens of captive states to pursue freedom and independence, often at great personal risk and sacrifice. There is surely no more poignant example of the universal human need for personal and political liberty than those living under Soviet tyranny that struggle daily to be free.

Sadly, as we remember those captives who have long suffered Soviet exploitation, we cannot forget more recent victims of Soviet domination. Thousands of Soviet troops continue to occupy Afghanistan. The invasion caused a mass exodus of Afghans, driving hundreds of thousands of refugees from their homeland. Now Soviet troops prop up a puppet regime unrepresentative of the Afghan people. Elsewhere, valiant Polish workers have sought some small measure of self-government and personal freedom, but always in the face of the enduring Soviet threat to their very existence.

In view of these events it is a terrible irony that the Soviet Union has ratified the International Covenant on Political and Civil Rights and the International Covenant on Social and Economic Rights and has cosigned the final Act of Security and Cooperation in Europe. Moscow's patent disregard for internationally recognized human rights and fundamental freedoms cannot be tolerated in a civilized world.

Mr. Speaker, I join my colleagues in expressing outrage with the situation of the captive nations.●

● Mr. O'BRIEN. Mr. Speaker, this year marks the 23d observance of Captive Nations Week. Worse still, this year is the 64th anniversary of Communist rule over the nations which make up the Soviet Union. Eastern Europe's captive nations have been without freedom since the 1940's. Since then more countries have joined the list, including Vietnam in 1975 and Afghanistan in 1979.

In the 23 years that we have had Captive Nations Week observances, many speeches have been made and articles written on the topic. One almost could ask, "What more is there to say?"

I believe there is this to say. As long as there are people in the world who are enslaved, with their rights ignored, and their governments corrupted, the United States will not forget them or the source of their misery. It is our duty to speak on behalf of those less fortunate than ourselves. For this reason, the captive nations will never be forgotten.●

● Mr. McCLORY. Mr. Speaker, the annual celebration of Captive Nations Week is an appropriate time for Americans to focus on how precious our own liberties are and how vigilant we must be to protect them.

There can be no question, as the example of Poland shows, that people everywhere yearn for the democratic liberties we have always enjoyed in America. Certainly all the nations mentioned in the original resolution on captive nations, Public Law 86-90, share this yearning. However, as I look over the list of captive nations in that resolution, I notice one omission, which is Russia itself.

Mr. Speaker, many of the subjugated peoples who make up the Soviet empire are included in this list, but not the great Russians themselves. As the example of Alexander Solzhenitsyn and countless other brave dissidents shows, it is communism imposed by force which is the cause of there being so many captive nations in the Soviet orbit. The Russian people are not the perpetrators of this tyranny, but one of its chief victims.

It is appropriate, then, as we remember this week the loss of freedom of the captive nations to remember that the Russian people are themselves unfree and deserve also to be considered a captive nation.●

● Mr. BROOMFIELD. Mr. Speaker, this 23d observance of Captive Nations Week comes at a particularly important time, as the Polish people struggle to gain greater control of their lives, and as the people of Afghanistan—though they have dropped from this Nation's front pages—continue in their armed struggle to resist Soviet domination.

Therefore, during this Captive Nations Week observance, let us clearly reaffirm our support of all the captive people's aspirations for freedom and self-determination.

We must also make it clear that while 23 years have passed since the 86th Congress first approved the Captive Nations Week resolution, we continue to deplore the imperialistic policies of the Soviet Union and the People's Republic of China. We cannot and do not condone their continued domination of previously free and independent states.

Mr. Speaker, the effort of the people of Poland and Afghanistan to lift the Soviet Union's tyrannous yoke is the clearest manifestation of the desires of all the people now living in those captive nations.

In all of those nations, the people have continued to resist the constant pressures from their captors to conform to the Communist ideology. They have continued to maintain their national identity, their culture, their self-respect, and their dream of one day regaining their independence.

Through our observance of Captive Nations Week, we send forth our prayers to all of the people of those nations, and we offer our spiritual support so that they will know we share their hopes for freedom and self-determination.●

● Mr. ROBINSON. Mr. Speaker, it is a privilege to join in this observance of Captive Nations Week, an anniversary marked faithfully for 23 years by the Congress of the United States, on behalf of over 1 billion people now shackled in the bonds of tyrannical communistic systems of government.

It is the express purpose of this observance to help keep alive the desire for liberty and independence among those many nationalities still struggling for their freedom in Eastern Europe, Asia, and assorted other points, including within the Soviet Union.

It is also the purpose of this observance to point out that the enslavement of a substantial part of the world's population behind the barbed wire and walls of communism cannot possibly foster international peace and understanding. Rather, such a tragic affront to humanity poses a threat to the security of all free peoples and democratic systems.

We take great heart on this particular anniversary, however, at the stunning developments that have been unfolding in Poland, where freedom forces led by solidarity workers and the Christian community are working with dedication to bring about liberalization and progress. It is the profound hope of the American people, and our Free World allies around the world, that this courageous movement will prevail.

What is taking place in that country offers fresh hope to the long-suffering people in every captive nation that their enslavement need not be a permanent condition.●

● Mr. KEMP. Mr. Speaker, every year we rise in this House to reaffirm our solidarity with those whose liberty, patriotism, faith, and independence is stifled by a totalitarian Communist force: the Soviet Union. This year that word solidarity has a new poignance, as it echoes the struggle of the brave Polish people to strive together for freer lives. Let their courage remind us that we must never be complacent about Communist control, that we must never accept the Soviet Union's occupation of the captive nations as a permanent fact of international life. I am grateful that Ed Derwinski has taken the leadership in organizing this tribute to the people of the captive nations.

In an article which appeared in the Washington Star on March 1, 1981, Theodore Draper reminds us just where "the doctrine of Communist irreversibility"—the so-called Brezhnev doctrine—inevitably leads. I wish to associate myself with his conclusion that "if there is to be any resistance to Soviet imperialism, there is no reason to concede irreversibility to Soviet political and security interests * * * there is no reason to acknowledge irreversibility in Poland than there is in Cuba or El Salvador." If we accept Brezhnev's illegal and immoral doctrine we become culpable ourselves, and we betray our brothers and sisters in Poland and the rest of the captive nations who are willing to risk so much more for their freedom.

I commend this excellent article to your attention and salute Captive Na-

tions Week and the resolution of President Ronald Reagan.

The article follows:

[From the Washington Star, Mar. 1, 1981]

IS REVERSING THE TIDE A PART OF THE GAME?

(By Theodore Draper)

The Soviet invasion of Afghanistan and the threatened Soviet military intervention in Poland raise a disturbing and little discussed question. These actions are usually justified on the ground that both countries were already part of the Soviet political or security system and, therefore, the Soviets have some kind of "right" to keep them there.

The question is: Should the United States or any other non-communist country accept this justification?

The Soviet policy of military intervention in communist countries was codified in the so-called Brezhnev Doctrine. It was promulgated in 1968 to serve as an ideological shield for the invasion of Czechoslovakia. Soviet leader Leonid Brezhnev explained that the doctrine was applicable whenever "external and internal forces hostile to socialism try to turn the development of a given socialist country in the direction of the capitalist system." Such a threat, he asserted, "was no longer merely a problem for that country's people, but a common problem, the concern of all socialist countries." According to this reasoning, the Soviet Union was entitled to send in its army to put down the threat.

The Brezhnev doctrine rests on another article of faith that is more far-reaching in its implications and ultimate importance. It is the tenet of communist "irreversibility." This rule holds that a communist state must never be permitted to free itself or break out of the Soviet orbit. Just what deviations from Soviet theory and practice can be tolerated are no longer as clear as they used to be. But it is safe to say that two things cannot be tolerated—loss of control of its people by a national party, and loss of control of the national party by the Soviet Union. In Poland today, the national party is well on its way to losing control of the Polish people; in Czechoslovakia in 1968, the Soviet Union lost control of the national party.

Poland has been ruled by the Communist party since the end of World War II. The Polish party's loss of control unquestionably presents the greatest threat to Soviet rule in Eastern Europe in almost 40 years.

What attitude should we adopt to the doctrine in general and to its application to Poland in particular?

One attitude was expressed by Ronald Steel in The New Republic recently:

"Would we come to the aid of the Poles if the Russians invaded? Of course not. The matter is not even open to question. Poland is an integral part of the Soviet bloc and the Soviet security system. This was tacitly acknowledged in the postwar settlement of 1945 and never seriously challenged since. If we resist telling the Poles to give it a try, it is because we know what will be the likely consequences for them—and for us. And we have to resist giving them any false hopes of armed support that we have not the slightest intention of honoring."

This is bad history and worse politics. There never was any postwar settlement in 1945 that acknowledged that Poland was an integral part of the Soviet bloc. Serious efforts were made by the United States to arrive at a compromise on the status of Poland and to resist the total Sovietization of Poland for at least two years. Those efforts failed because the United States did not have or was unwilling to use the power necessary to make them succeed. The Soviet determination of Poland's fate was a fait accompli—that and nothing more. It was so little acknowledged by the United States that John Foster Dulles was willing to raise the issue again in the form of "liberation" and "rollback" in the early 1950's His catchwords were empty rhetoric; he had nothing with which to back them up.

Actually, Dulles himself never gave Eastern Europe any false hopes of armed support; his fault was that he encouraged them to break away with the understanding that "separation from Moscow" could be achieved peacefully. But whatever Dulles' faults were, they hardly can be said to suggest U.S. acknowledgment of a Polish postwar settlement of a Polish postwar settlement of 1945.

So there was no settlement then; there was only an American failure to dissuade the Soviet Union from setting up a Soviet-style regime in Poland. That failure was due to the adverse circumstances of the times. Among those circumstances were the catastrophic state of postwar Poland as well as the inability of the United States to influence the Soviet Union by diplomatic means alone. A movement such as Solidarity was unthinkable in 1945–47. That it exists today shows that the internal circumstances have fundamentally changed. The decisive factor is no longer armed support by the United States.

What purpose is served today by advising the Polish workers and farmers that they should not count on any false hopes of armed support by the United States? Is anyone in the United States even hinting at such armed support?

Why do some writers, such as Steel, threaten the Poles with "the likely consequences for them—and for us" if they try to refuse to play their assigned role as an integral part of the Soviet bloc? The not-so-subtle hint is that Soviet-communist rule in Poland is irreversible and that the Polish people need to be forewarned of the likely consequences if they are counting on American armed support to make it reversible.

The key to the future of Poland is, in fact, what happens within Poland itself. Eruptions have occurred in Eastern Europe about every dozen years. The system of Soviet bondage and tutelage ultimately cannot survive such regular, always more cataclysmic upheavals within the "socialist camp." There is no need in these circumstances to lecture those who have to take all the risks that there was a fictitious postwar settlement in 1945 or about the likely consequences of trying to challenge it. If we cannot give them armed support, at least we do not have to treat them as if we have to tell them the facts of life in mournful tones.

Of course the question is not one of principle only. What the United States should do in any given case is conditioned by what the United States *can* do. Dulles was culpable for pretending that the United States had a policy of "liberation" and "rollback" without any practical means to bring them about. Nevertheless, does it mean that the liberation of Eastern Europe and the rollback of Soviet power to its own borders was wrong in principle?

DOUBLE BOOKKEEPING

The Soviets constantly invite us to join them in political double-bookkeeping. The whole communist world is irreversible, but the whole non-communist world is reversible. It is astonishing how successfully they manage to play this double game far outside their own ranks. Their rules of the game are implicitly taken for granted, without thought of the implications.

Those implications would foreclose the future. If communism is irreversible and non-communism of whatever variety is reversible; if the armies of "socialism" march only in one direction (forward), and the armies of capitalism, democracy, or anything else also march in one direction (backwards), the end of the road has been clearly marked out. The end must be the universal conquest of communism.

This is where the doctrine of communist irreversibility leads. Whether it can or will be achieved in practice may well be doubted. But a victory of such dimensions even in principle is no small gain. If there is to be any resistance to Soviet imperialism, there is no reason to concede irreversibility to Soviet political and security interests any more than reversibility to American political and security interests. There is no more reason to acknowledge irreversibility in Poland than there is in Cuba or El Salvador. Poland may be an integral part of the Soviet bloc, and the United States may be unable or unwilling to come to the aid of the Poles if the Russians invade. But the Soviet bloc and Soviet security system are not immune—any more than are the American bloc and American security system—from being reversed from within as well as from without.

Nothing in this world is irreversible forever. If the only thing that can save Soviet communism in Poland from being reversed is military invasion, the Soviet system has already been reversed in every respect that humanly counts * * *.

THE REVERSIBLE SIDE

The doctine of communist irreversibility is only one side of the coin; the other side is non-communist reversibility—the unspoken part of the combination.

In 1960, for example, then-Soviet first deputy premier Anastas I. Mikoyan traveled to Havana and made a first commercial deal with Fidel Castro. Since then, Castro has turned Cuba into a communist state, with a self-styled Communist party, vast subsidies from the Soviet Union and an army at the disposal of the Soviet Union for military adventures in distant continents. Non-communist Cuba was reversed into communist Cuba 90 miles from the United States.

The present case of El Salvador is equally instructive. The political and social virtues and vices of both sides in El Salvador have no bearing on this aspect of Soviet American relations. We now have confirmation from the Soviet Embassy in Washington, that Soviet arms shipments to Cuba are trans-shipped elsewhere. The Cubans, in effect, act as Soviet agents in supplying Soviet arms to the Salvadoran rebels and others. The difference between direct Soviet intervention in El Salvador and this gimmick of indirect intervention would impress only a political moron.

Is communism in Cuba irreversible? Is non-communism in El Salvador reversible? The answers remain to be seen. Meanwhile, we cannot evade the questions in principle.●

● Mr. CARNEY. Mr. Speaker, today, July 15, commemorates the 23d anniversary of Captive Nations Week. For 23 years Congress has saluted the fight for independence of these people and their countries which have fallen

under the tyranny of Communist rule. The peoples of the captive nations who came to America to escape persecution in their homelands have worked consistently to do all they can to help their friends and relatives in their respective homelands. These people have unified themselves in a common cause. They have worked not only to better life in their homeland, but have also played an important and vital role in American society; they remind us of the vigilance which America must exercise to promote freedom throughout the world.

The invasion of Afghanistan and continuing threat in Poland demonstrate the voracity of the Soviets in their pursuit of aggressive policy abroad and repression at home. The Communist presence in Latin America and Asia—a presence which incites upheaval and encourages Marxist regimes as cruel as any known—is equally threatening. America must do what it can to promote freedom and democracy in the world. The people of the captive nations can testify compellingly about possible results of our failures to do so.

Mr. Speaker, this commemoration is very important. We remember the fight of the people of the captive nations and we commemorate the 40th anniversary of the Ukrainian fight for freedom. By remembering captive nations and recognizing people here who work for freedom, we express our beliefs in a cause which is clearly just. We reject the view of insensitive pragmatists who would have America forget the legitimate aspiration of many captive peoples and would have us forget crimes of the Soviet regime. In expressing our support of captive nations, we support the right and desire of all people to live in freedom. Congress and America can have no greater responsibility.●

● Mrs. BYRON. Mr. Speaker, less than 2 weeks ago, Americans celebrated the 205th anniversary of their Nation's birth as an independent state. While our country has continued to enjoy the blessings of national independence since 1776, other lands have not been so fortunate. It seems only appropriate that today Americans should commemorate the struggle by captive nations to win freedom for their people. July 12 through 18 marks the 23d observance of Captive Nations Week. American Public Law 86-90 created this occasion in 1959 to promote greater awareness of the many nations across the globe which do not now enjoy the benefits of political self-determination and national independence. From the Baltic States of Latvia, Lithuania, and Estonia to the captive nations of Southeast Asia, formerly free people deserve our recognition for their endless sacrifices in the cause of religious freedom and individual integrity.

Last year at this time, our attention as a people focused on the plight of those living in the newest captive nation, Afghanistan. Word continues to reach the United States every day describing the valiant struggle by the Afghan people to repel the invading Soviet army. On this day, I wish to commend the people of Afghanistan who continue to struggle for freedom on the battlefield. I also wish, however, to remind Americans that a different but no less courageous struggle is underway in another captive nation, Poland. Stripped of their weapons and encircled by the the Soviet army, the Polish people lack Afghanistan's opportunity to resist their oppressors through military means. Yet, the Poles continue to persist in waging efforts to achieve freedom from Soviet domination, armed only with a belief in their national identity and a determination to shape their country's future by themselves.

This week in Warsaw, the elected representatives of the Polish people will choose by secret ballot a new Polish Government. While many around the world have either forgotten that captive nations still yearn for freedom or despair that this dream may never be fulfilled, Poland offers a fresh indication that national sovereignty cannot be long ignored, nor the will of a captive people indefinitely suppressed. I urge Americans everywhere to remember the Polish example and to learn more about the less publicized freedom movements in Eastern Europe and elsewhere. These struggles for independence have chosen a path which offers hope to other captive nations which have not abandoned efforts to resist foreign domination. Such acts of individual and collective moral courage can also serve to inspire Americans to more firmly dedicate ourselves to the goal of assuring people everywhere the right to choose how best to shape their lives.●

● Mrs. HOLT. Mr. Speaker, to many Americans, it is very difficult to imagine living in a country where religion is suppressed, the individual's employment and pay and even place of residence are determined by the Government, opportunities open only to those who adhere to the one official political party, the news media are rigidly controlled to represent party policy, and secret police permeate the environment to seek and punish dissenters.

It is the Soviet Union that imposes this slavery on people, and it is the Soviet Union that relentlessly attempts to spread its totalitarianism to the whole world, because the existence of freedom anywhere is a threat to its system.

The Soviet Union has swallowed nations such as Estonia, Latvia, Lithuania, and the Ukraine, and even today is attempting to swallow Afghanistan despite great and courageous resistance by the Afghan people. The spirit of freedom still lives in the Baltic States and the Ukraine, and we express our faith and confidence that these people will someday be free again.

In Eastern European territory held under Soviet control by military force, the brave people of Poland are demanding reforms and are embarked on a course of greater independence. The popular Polish movement inspired by powerful nationalism and religious faith is being watched nervously by the rulers of the other Soviet satellites in Eastern Europe.

Let us pray for our brothers and sisters in humanity who are living and enduring under the oppression of the Soviet Empire. Let us pray that the Soviet Empire will experience the fate of all other empires in history.

Our commitment is to freedom and independence for all peoples. That is our American heritage. It is our unique mission to keep alive the hope of freedom in a world where millions live under cruel oppression.●

● Mr. DORNAN of California. Mr. Speaker, during this week which marks the 23d observance of Captive Nations Week, it would be well for those of us in the West who still enjoy the blessings of liberty to take a moment to reflect upon what Alexandr Solzhenitsyn refers to as "A World Split Apart."

From its conquest of Russia in 1917, Marxism-Leninism has spread like a virulent cancer over the face of the globe and its victims now number legion: Latvia, Lithuania, Estonia, China, East Germany, Hungary, Poland, Albania, Yugoslavia, Bulgaria, Czechoslovakia, the Ukraine, North and South Vietnam, North Korea, Laos, Cambodia, Ethiopia, Cuba, South Yemen, Angola, Afghanistan, Grenada, and Nicaragua. The only real empire in the world today is the Communist empire, principally the Soviet, and it goes about like a lion seeking whom it may devour. The Communists have publicly, repeatedly, and arrogantly stated that they seek, in accord with the dialectical laws of history, to further the class struggle by any means, including violent revolution, until they achieve global hegemony over the Western forces of decadent, bourgeois capitalism.

While the West, until very recently, has been in full retreat under the hammer-like blows of the militant, atheistic, totalitarian religion of Marxism-Leninism, there do appear to be hopeful signs. The Reagan administration has assisted the El Salvadoran Government in its efforts to combat subversion by Marxist guerrillas, In Afghanistan, the rugged mountain tribesman are living examples of incomparable valor against incredible

odds. Freedom fighters armed only with the most primitive of weapons have successfully thwarted the Soviet attempts at genocide by means of sophisticated tanks and helicopters. In Poland, the free working class union of Solidarity has exposed to the whole world the big lie that the Communist Party, guided by the principles of Marxism-Leninism, represents the interests of the working class. Indeed, the dramatic events which have unfolded in Poland represents the greatest hope to the captive nations of the world today. No totalitarian empire can hope to enslave its subjects forever. The spirit of liberty, implanted by the Almighty in man's nature, is mightier than any materialistic, totalitarian philosophy.

Let the captive nations of the world know that we shall not forget them and that the dark night of totalitarian tyranny is inexplorably giving way to the light of liberty of the sons of God.●

● Ms. OAKAR. Mr. Speaker, this year, the week of July 12 marks the 23d observance of Captive Nations Week. It is entirely appropriate that the United States, the great citadel of freedom, should remember those nations that are not free, that have become captives of communism. As a member of the advisory committee of the National Captive Nations Week Committee, I want to join the tens of millions of Americans who will be taking time this week to join in observance and prayer for the eventual independence and freedom of the many nations that suffer from the tyranny of oppressive political systems and foreign occupation.

In the past generation the world has been shocked by Communist aggression and invasion. The brave efforts of Hungarian freedom fighters were crushed by Soviet tanks in 1956. Again in 1968, Soviet brute force snuffed out the Prague spring of the people of Czechoslovakia who tried to regain their freedom. Now we see Soviet troops in Afghanistan, trying to destroy the free spirit of that brave country. All of this aggression of the past generation follows a pattern that was set after World War I when Ukraine, Armenia, Georgia, Byelorussia and Azerbaijan fell victim to Bolshevik invasion. In 1940, the three Baltic States—Estonia, Latvia, and Lithuania—suffered occupation that continues to this day.

We can also see, however, that the forces of freedom remain strong, as the Afghan resistance continues to tie up the Soviet Army over a year and a half after the Christmas Day invasion. In Poland, nearly a year after the first strikes broke out in Gdansk, the Polish people are asserting their right to govern themselves. Within the Soviet Union itself, many brave individuals such as Yuriy Shukhevych from the Ukraine, Viktoras Petkus from Lithuania and Mart Niklus from Estonia continue to stand up to the Soviet police in a long-standing struggle to secure human and national rights for their countrymen.

There are many signs and reminders that the spirit of independence cannot die. That is why we must continue to speak out in our country for the rights of those in other countries to self-determination and human rights. The United States must remain firm in its defense of human rights and the right of every nation to determine its own destiny and govern itself.

My sincere wish is to see Captive Nations Week become a thing of the past, as every nation wins its freedom and independence. Until that happens, we must believe in the power of our prayers and of our resolute stand for the principles that make our country great.●

● Mr. GREEN. Mr. Speaker, in July 1959, Congress passed the Captive Nations Week resolution, which President Eisenhower signed into Public Law 86-90. This is the only law on the books in the free world that calls for the eventual liberation of all captive nations, and I am very pleased to have this opportunity to commemorate the 23d observance of Captive Nations Week.

By observing Captive Nations Week, we bring the cause of freedom to the foreground. This week we honor those who struggle to obtain the liberty that is the birthright of all, and it is appropriate that Captive Nations Week follows so closely on the heels of the celebration of our own national independence. In cherishing our own freedom, we must not turn our backs on the freedom of men and women elsewhere.

Several weeks ago, Dr. Viktor Brailovsky was sentenced to 5 years of internal exile. His only crime was his desire to emigrate to Israel and to carry on his scientific research unimpeded by Soviet authorities. This incident, which is only one of many that have taken place, reminds us of the cruelty of the Soviet regime, which oppresses not just its own citizens, but the millions of individuals dominated by the U.S.S.R. in Eastern Europe. It is vital that we do not forget these struggling people.

We must work, through peaceful means, to free captive nations that wish for freedom, and we must help to support those nations whose freedoms are in danger. We must let the world know that we will work tirelessly on behalf of human rights until all people enjoy the freedoms which humanity demands as theirs.

The message of Captive Nations Week, then, is both grim and full of hope. This week is a time to recognize the dark specter of repression that hangs over the Soviet Union, Eastern Europe, Afghanistan, and elsewhere. But it is also a time to rekindle the hope within us that someday all people of all nations will be free and independent. We can have no higher aim. Thank you very much.●

● Mr. PORTER. Mr. Speaker, I commend my colleagues Mr. DERWINSKI, and Mr. STRATTON for organizing this observance of Captive Nations Week in the House. I am glad to add my voice to theirs.

Each year at this time we observe Captive Nations Week and celebrate our own precious freedoms even as we lament for those in the world denied theirs.

It has been frequently noted today that this year Captive Nations Week falls coincidental with a significant event behind the Iron Curtain: The Communist Party Congress currently meeting in Poland. This is the first time ever that a reasonably representative assembly has met in Soviet-dominated Poland and is a hopeful sign of democratic evolution there. But as in all captive nations the menacing shadow of Soviet intervention restrains freedom's progress and intimidates the people of Poland.

Afghanistan's freedom fighters are actively struggling to free their country from its relatively recent addition to the sad list of captive nations. As those in Kazakhstan, in Latvia, Estonia, or Lithuania, have learned, there is little opportunity for resistance after one's nation is occupied for some time by the Soviets; which is why the current events in Poland are both historical and heartening.

President Reagan has spoken of the moral bankruptcy of communism; he has prognosticated about the dissolution of the Soviet empire. The peoples of the captive nations await this day, and like them, and like the President I believe that it will come. No one can live without freedom and be content, and no people will live discontented for eternity.

It is vital for those of us in the free world to take note of these facts, both to assist the peoples of the captive nations, and to appreciate and even guarantee our own freedoms.●

● Ms. FIEDLER. Mr. Speaker, most celebrations are a cause for happiness, but our celebration of Captive Nations Week at this time is a cause for deep concern and sorrow. We celebrate this observance because others cannot celebrate in freedom. Captive Nations Week is continuing proof of our American commitment to freedom and self-determination for all nations.

I am sorry to record that, with one notable exception, the plight of the captive nations has not improved in the last year. Surely the worst off is the newest captive nation, Afghanistan. Almost 2 million Afghans are refugees in Pakistan and elsewhere. The Soviet Union continues to use its vast

and sophisticated war machine against the proud Afghans who continue the fight against armor and helicopter gunships armed only with homemade bolt-action rifles. Yet such is the strength of the Afghan resistance and the difficulty of the Afghan countryside that even the Soviets have been held to a long and arduous campaign, one which they show few signs of quickly winning. The agony of Afghanistan, it seems, will be both bitter and long.

From the Baltic Republics of Lativa, Lithuania and Estonia this year has brought more reports of repression, of attacks against any attempts at independent thought or even free expression of the cultures of these nations. While we may remain sure that the spirit of these countries will survive this, as it has survived so much in the past, it is sobering to reflect on another year of captivity passing.

Elsewhere in Eastern Europe, the story is much the same. The one exception—a hesitant, tentative, but highly notable one all the same—has been events in Poland. In the last year the Polish people have been working toward resolving their future with a degree of autonomy that has not been seen in that country since the last summer before the Second World War. While the road before Poland is surely a difficult and hazardous one, we can all join in the hopes that the shared hopes and aspirations of the Polish people will be fulfilled in a peaceful Eastern Europe.

But to celebrate Captive Nations Week is not simply to recount sufferings or to recall sorrows, important though this may be. It is to show that we believe that each of the captive nations—nations as diverse as Afghanistan or Poland are—are worth caring about. We believe that their culture, their ideas, their languages, their traditions and, above all, their people will survive the long cold night of foreign occupation and oppression and be ready, at some long-awaited dawn, to once again feel the bright glow of freedom. Until that great morning, it remains for us who are free to speak and act as free men and women to carry on where our brothers and sisters in the captive nations cannot. With our rights and privileges come responsibilities, and I consider no responsibility to be more important than helping those who cannot help themselves, speaking out on behalf of those who cannot speak themselves, and applauding the efforts of those who keep alive what the tyrant would rather see dead—the spirit of the captive nations. As long as their spirit lives, we can remain hopeful that the freedom it brings will one day return to the captive nations.●

● Mrs. FENWICK. Mr. Speaker, this week marks the 23d observance of Captive Nations Week. During this week, we who have the good fortune to live in the free world are called upon to speak up on behalf of those who do not enjoy such a privilege. I am honored to have the opportunity to salute those courageous men and women who live in "captive nations" today.

The observance of Captive Nations Week is especially important this year. We are now witnessing a clear demonstration that the spirit of freedom in captive nations is still alive and thriving through the expression it has found in Poland's solidarity movement. I know that my colleagues join me in paying tribute to the brave workers in Poland and throughout Soviet empire who retain their belief in freedom.

This brave spirit is alive in Afghanistan, the newest "captive nation." A doctor who has recently returned from that country told me that the people of Afghanistan, who support the resistance, control 80 percent of the country. They travel freely by day. The Soviets, he reported, only dare to venture out of their bases for selective raids, and then they must promptly return. Yet their efforts to dominate Afghanistan continue.

In the Soviet Union itself, there are individuals who continue to speak out for the human rights of their countrymen despite the threat of imprisonment, exile, or commitment to a psychiatric hospital. Many of their names are well known in the free world; others we shall never know. But today we recognize all of these individuals, in the hope that our small salute may provide them with encouragement and hope.

The goal of Captive Nations Week is to move us closer to the day when there will be no captive nations. Until that day arrives, the least that we who enjoy the benefits of freedom can do is to make our voices heard, to speak out against tyranny, and to keep the glare of world attention focused on those for whom it is the only protection.

Thank you, Mr. Speaker.●

● Mr. YOUNG of Florida. Mr. Speaker, I am honored to join my distinguished colleagues in the 23d annual observance of Captive Nations Week.

As a free man, living in a nation that throughout history will symbolize freedom, I am indeed privileged to speak up on behalf of hundreds of millions of human beings who have been deprived of their liberty by Communist tyranny. The freedoms that all too many of our countrymen take for granted are becoming increasingly rare worldwide, in the face of Communist aggression. Even the basic right we enjoy here today, that of assembling to speak freely and to decide our own destiny, is a right that people under the Communist yoke can only dream of having.

Communist expansion continues, even as we speak people are dying while fighting communism in Afghanistan. In the meantime, nations from Asia to Europe suffer enslavement and occupation at the hands of Communist forces, many of them for a period of decades.

Still, the struggle and aspirations of those in the captive nations is not forgotten. We salute those who defiantly oppose Communist domination, and pray for all who live under the shadow of this oppression.

Fortunately for the world, it seems the United States is entering a period when we will no longer tolerate the expansionist policies of communism, when we are willing to take the steps necessary to oppose Soviet aggression. The Reagan administration has put the world on notice that it will not tolerate communism's war against liberty, and I welcome this renewed determination to face up to the enemies of freedom-loving people.●

● Mr. COLLINS of Texas. Mr. Speaker, in this 23d observance of Captive Nations Week, we must pause and honor the brave freedom fighters in Communist dominated lands: Men and women who struggle daily against the oppressive forces of communism.

This year the American public has called for economic changes. This outcry has produced action. Effective legislation has passed that will change the economy of this Nation. This type of self-determination does not exist in Communist-controlled countries. The basic liberties of freedom of speech and freedom of expression are virtually nonexistent in Communist countries.

The United States stands opposed to all forms of tyranny. Communism has grown from an economic ideology to a cruel reality of slavery. We, as Americans have often been accused of expansionism. However, you can look at the rollcall of Soviet expansion and get a broad overview of world geography: Estonia, Latvia, Lithuania, Hungary, Czechoslovakia, East Germany, Bulgaria, Rumania, Poland, North Vietnam, Cuba, Angola, and Afghanistan. These are some of the countries that once knew freedom, but now are subjugated by terror: Countries in which a small minority rules the silent majority by force. In the U.S.S.R.; for example, only 10 percent of its population are members of the Communist Party.

The Polish people have shown us that change is not impossible. The Communist Party Congress is meeting this week, and the Solidarity Party stands a good chance to have more of its demands met and have a say in the governing process. However, until the Polish people and all other captive nations are allowed to decide their own

destiny, there shall be no rest for the brave patriots of freedom.

It is important that we do not forget what this week signifies, We shall continue to observe Captive Nations Week as long as any country does not allow its people to have a voice in its government. The United States of America honors those who have died in their pursuit of liberty and build together for a greater world peace for the future.●

● Mrs. MARTIN of Illinois. Mr. Speaker, I am proud to participate in the observance of Captive Nations Week. As a nation which has a tradition of concern for human rights and for democratic ideals, I feel it is only right that we lend our moral support to those countries who are no longer free, but who live under domination of the Soviet Union.

While we take for granted our freedoms of debate, dissent, travel, speech and religion, it is hard for us to imagine that there are countries where such freedoms are unattainable, and any attempt to exercise such a basic right can be severely punished.

Mr. Speaker, our citizens need to be made aware of the captive nations issue so that they will be more protective of the rights we enjoy, and more concerned about the rights that others are losing.●

● Mr. RODINO. Mr. Speaker, this week, July 12 through 18, marks the 23d observance of Captive Nations Week across America. For over two decades the Congress has set 1 week aside each year to remember those millions of people who live against their will under totalitarian governments. It is a time also when we, as Americans, pay tribute to the spirit of freedom which continues to live in the hearts of these oppressed peoples.

This year's captive nations commemoration is particularly meaningful because of the situations in Poland and Afghanistan. The courageous workers of Poland and freedom-fighters of Afghanistan offer inspiration to all exploited citizens living under outside domination in the captive nations of the world. But along with this inspiration is the tragic oppression which looms over Poland and Afghanistan and all the other captive nations. The people of these countries are simply trying to win basic freedoms of personal liberty and national self-determination which are fundamental to our American way of life. As Americans, we must remain dedicated to these ideals, and in so doing, offer hope to the peoples of Armenia, Azerbaijan, Byelorussia, Cossackia, Georgia, Idel-Ural, North Caucasia, Ukraine, Far Eastern Republic, Turkestan, Mongolia, Estonia, Latvia, Lithuania, Albania, Bulgaria, Yugoslavia, Poland, Rumania, Czechoslovakia, North Korea, Hungary, East Germany, Mainland China, Tibet, North Vietnam, Cuba, Cambodia, South Vietnam, Laos, and Afghanistan.

The liberties that we hold so dear place upon us the moral obligation to promote human rights throughout the world. The oppressed national groups composing the capitive nations have continually demonstrated their dedication and perseverance of spirit toward these same noble goals. The situation in Poland and Afghanistan show that in the face of persistent repression the human spirit continues to strive with vigor against oppression.

This year's Captive Nations Week offers a perfect opportunity for us to show our support for our brothers and sisters in the capitive nations as they seek basic freedoms. I am proud to add my voice to America's proclamation of commitment to human rights for all people during this Captive Nations Week.●

● Mr. ROE. Mr. Speaker, I rise today to join my colleagues in commemorating the 23d observance of Captive Nations Week. It is a time for all of us to remember that there are millions of people living in nations around the world who do not enjoy the basic rights of freedom of thought, movement and expression we all take for granted.

Americans must remember that these people whose basic human rights are being denied to them by their governments have always looked to the United States for guidance and a ray of hope that their desperate situations will one day be relieved.

Captive Nations Week was formally approved by Congress and signed into law by President Eisenhower in 1959. Since that time the world has unfortunately seen more nations added to those in Eastern Europe who fell under the Communist yoke in the periods following the First and Second World Wars.

In Asia, the countries of Laos, Cambodia and South Vietnam have been taken over by dictatorial Communist regimes. But the major oppressor of human rights and dignity around the world still remains the Soviet Union.

Last year at this time many of the nations of the world joined together in an effective boycott against the Moscow Olympic Games in retaliation to the blatant Soviet military takeover of Afghanistan.

The Russians proclaimed they had invaded Afghanistan under the pretense of invitation from the Afghan people to curtail "dangerous political subversion" in their land. It is hard to believe that even the Soviets would expect the free world to believe such a ridiculous notion.

Today the brave Afghan people are still fiercely fighting the Soviet aggressors. Groups of heroic Afghan freedom fighters are putting their lives on the line every day to prove to the Russians that their nation will not be subjected to the slavery of Soviet domination.

Too often, when the headlines have disappeared from the front pages of our newspaper, people tend to forget the troubles of others. It is for this reason that Captive Nations Week has become such an important event in the United States.

The millions of freedom loving people in Estonia, Latvia, Lithuania, and the Ukraine and other sections of the world must not be forgotten.

The Soviet ruling elite should take note that while it maintains political controls over many of these nations, it will never be able to obliterate the strong national traditions held by millions of people living in the Ukraine, the Baltic States, Byelorussia, and the Transcaucasus.

In spite of Soviet domination, these brave people have continued to hold on to their cultural heritage. They have never given up hope that someday they will once again be able to raise their national flags in a declaration of freedom from Russian rule.

Today the world is keeping a constant watch on the situation in Poland where it appears that the Soviets are once again preparing to use massive force in order to quell the stirring of democracy and freedom of expression in that nation.

The Soviets have been hesitant to march through Poland as they did to other once independent and free Eastern European nations only because of world pressure and the fear of further retaliation from the United States.

As long as the Soviets know they will face harsh economic and other sanctions from the United States for acts of aggression against nations they will have many second thoughts about crossing the borders of Poland with their tanks and armed forces.

There is no question that the Polish nation is moving toward a more open and democratic society. This situation may mark a new turning point in determining how the Soviet Union relates to nations in the Eastern bloc who are expressing long held desires for greater expressions of freedom.

Mr. Speaker, perhaps more than any other time in recent history, it is most important for all Americans to remain undaunted in their belief that all peoples of the world should be free from oppression. There can be no better time to reaffirm that belief than during the observance of Captive Nations Week.●

● Mr. DWYER. Mr. Speaker, it is an honor for me to rise today in observance of Captive Nations Week and join my esteemed colleagues who, for the past 23 years, have manifested a deep commitment to the captive nations cause.

Our hearts and minds can never stray far from the doctrines of liberty

and self-determination from which we derive our own strength, and provide inspiration to those captive peoples who struggle still to be free.

It is not surprising that the Soviets fear and condemn this observance, as it drives a powerful wedge through their claim that theirs is the better way. There are at least 31 captive nations who assert that this is not the case. Totalitarian rule, imposed and maintained by force, is, however, the only way these repressive regimes can survive in nations where love of country transcends all efforts to quell it.

The citizens of these various nations are dogged in their resistance to this repression, buoyed by the knowledge that they are supported by their compatriots in the free world.

We must never renege on this pledge. As the Communist Party Congress convenes this week in Poland, we must repeat our strong support for the freedom forces at work in this captive nation.

The example we set as a nation where so many peoples of varying backgrounds live together in freedom, peacefully, and in relative prosperity, is a potent force against Soviet powerplays. It is such, because the Soviets know that they cannot duplicate it. And, under a doctrine of force and oppression that wins nations through captivity in lieu of consent, they never will.●

● Mr. ANNUNZIO. Mr. Speaker, the week beginning July 19 has been proclaimed "Captive Nations Week," and is an occasion for all Americans, especially for us in the Congress who represent a free people, to rededicate ourselves and renew our energies on behalf of the unfortunate millions who are living in wretched hopelessness under the shadow of Communist tyranny.

Summit talks take place and are forgotten; the leaders of various nations sign agreements; but the fact remains that there are millions of human beings who daily must face brutalization of the spirit which is still so much a part of Communist rule.

Three of those human beings are Juris Bumeisters, of the captive nation of Latvia; Vytautas Skuodis, of the captive nation of Lithuania; and Yuriy Shukhevych, of the captive nation of Ukraine. Their stories follow as excerpted from information forwarded to me by the Lithuanian American Council, Inc., the Chicago Latvian Newsletter, and the Women's Association for the Defense of Four Freedoms for Ukraine, Inc.

JURIS BUMEISTERS

First week in June Swedish newspapers reported from Riga that Juris Bumeisters has been found guilty of defaming Soviet Union, giving information to foreign agents, organizing and leading an illegal Social Democrat Labor Party of Latvia. He has been sentenced to fifteen years in a strict regime labor camp. Since Bumeisters is 63, this sentence is tantamount to a death penalty.

Latvian Social Democrats in Sweden do not deny that Bumeisters was a member of the Social Democrat Party. Therefore there is no question whatever that this is a political case and Juris Bumeisters is a prisoner of conscience. His conviction is a clear violation of the human rights declarations of the United Nations—which Soviets have signed!—and of the Helsinki accords, which Soviets have signed, too!

Mr. Bumeisters was arrested in November 1980—even while Soviet delegates in Madrid claimed that their government honors the Helsinki agreement . . .

VYTAUTAS SKUODIS

Through the Lithuanian legations in Washington and Rome we have recieved information that Vytautas Skuodis, an American citizen, on June 15, 1981, began a hunger strike. He is a member of the Helsinki Monitoring Group, has signed a request that the Ribbentrop-Molotov Pact be revoked.

In December, 1980, Vytautas Skuodis was condemned by a Soviet tribunal to 7 years in a slave labor camp and to 5 more years in exile. His last known address was: Tengusevskij rajon, Barasevo ind., 431-200, UCZ zch. 385/3-5, Mordovskaja, ASSR.

Vytautas Skuodis was born in Chicago, Illinois, on March 21, 1929, son of a U.S. citizen Peter Scott. His birth was registered as No. 13870. He was baptized at Our Lady of Vilnius Church, 3327 West 23rd Place, Chicago, Illinois 60608. He is a geologist, was an instructor at the Department of Hydrology and Engineering Geology at Vilnius University.

YURIY SHUKHEVYCH

Yuriy Romanovych Shukhevych was born on March 28, 1934 in Lviv. He is a journalist. Shukhevych had been persecuted by the Soviet authorities all his life because he is the son of General Roman Shukhevych, the Commander-in-Chief of the Ukrainian Insurgent Army, UPA, and the head of the Executive of the OUN in Ukraine. His father was killed in action in 1950. In 1944, when Yuriy Shukhevych was a child of 10, he was exiled together with his mother to Siberia. Yuriy Shukhevych was arrested for the first time on August 22, 1948, at the age of 14, and was sentenced to 10 years of imprisonment solely because he was the son of Roman Shukhevych.

Shukhevych was released in August of 1968, but was barred from living in Ukraine. He settled in Nalchik, in the Caucasian region. He remained "free" for 3½ years; during that time he married and had two children. He was arrested for the third time in Nalchik in March 1972, (In 1970, he had signed, jointly with others, a declaration in support of Valentyn Moroz.) On September 9, 1972, Shukhevych was sentenced in Nalchik, under Article 70-2, CC Russian SFSR, in a court held in camera, to 10 years of strict regime imprisonment and 5 years of exile. He was accused of writing his memoirs on his life in concentration camps, of showing an interest in the circumstances surrounding the death of his father and of carrying on "anti-Soviet agitation and propaganda". Thus Yuriy Shukhevych had been sentenced to a total of 35 years of imprisonment and exile solely for refusing to denounce his father and to condemn the OUN-UPA. Shukhevych is seriously ill. As a "repeater", he has been serving his third sentence in the Vladimir prison, in a special isolation section. His wife's address: RSFSR, g. Nalchik, ul. Sovetskaia 83, kv. 13, Valentyna Trotsenko.

This week of reflection is a time when we who enjoy the blessings of liberty should pause to consider the plight of those who do not. The observance of Captive Nations Week should be a time for both prayerful thoughtfulness and renewed determination.

So long as heroic people in the captive nations subscribe to the principles of true freedom, the spark will be kept alive—and one day it will take form and substance and the nations under captivity will throw off their bonds and become free. With this freedom, God grant that they cherish their added knowledge, born of their suffering under captivity, to truly provide themselves with the new safeguards which will provide protection for their future security in liberty.

Millions of Americans who trace their origin to the captive nations, and to other lands, join each year during this special week to express their hope and their support for policies which will free the captive nations.

Chicago has commemorated Captive Nations Week for many years under the capable leadership of Viktors Viksnins, who passed away recently. He was a dedicated and devoted citizen, who gave unstintingly of his time and effort in behalf of the just cause of the captive nations. He is missed by those who had the opportunity to know him and to work with him, and he will always be remembered for his dedication to the cause of the captive peoples.

I congratulate Mr. Ilmars Bergmanis on his recent election as the new chairman of the Captive Nations Committee. Mr. Bergmanis worked shoulder to shoulder with Mr. Viksnins for a number of years, and I know that his experience will serve him in good stead as he assumes the leadership of the Chicago Captive Nations Committee. Mr. Bergmanis, together with his committee members, has organized a rally in Chicago in observance of Captive Nations Week, and I look forward to being a guest speaker at this human rights rally to take place at the Richard J. Daley Plaza on July 18 in Chicago.

President Ronald Reagan, Mayor Jane Byrne of Chicago, and the Illinois House of Representatives have issued proclamations to mark the 1981 Captive Nations Week observance, and copies of their proclamations follow:

[From the Federal Register, Vol. 46, No. 128, Monday, July 6, 1981]

Proclamation 4850 of June 30, 1981

CAPTIVE NATIONS WEEK, 1981

By the President of the United States of America

A PROCLAMATION

Twenty-two years ago, by a joint resolution approved July 17, 1959 (73 Stat. 212),

the Congress authorized and requested the President to proclaim the third week in July as Captive Nations Week.

Last January 20 saw again a change in Administration under our Constitution, the oldest written document of its type in continuous force in the world. The peaceful and orderly transfer of power in response to the sovereign will of our people is sometimes taken for granted by Americans. Yet events in some other areas of the world should remind us all of the vital, revolutionary ideal of our Founding Fathers: that governments derive their legitimacy from the consent of the peoples they govern.

During Captive Nations Week, Americans should realize our devotion to the ideal of government by consent, a devotion that is shared by millions who live in nations dominated today by a foreign military power and an alien Marxist-Leninist ideology.

This week, Americans should recall the series of historical tragedies—beginning with the broken promises of the Yalta Conference—that led to the denial of the most elementary forms of personal freedom and human dignity to millions in Eastern Europe and Asia.

In recent years, we have seen successful attempts to extend this oppression to Africa, Latin America and Asia—most recently in the brutal suppression of national sovereignty in Afghanistan and attempts to intimidate Poland.

During Captive Nations Week, we Americans must reaffirm our own tradition of self-rule and extend to the peoples of the Captive Nations a message of hope—hope founded in our belief that free men and women will ultimately prevail over those who deny individual rights and preach the supremacy of the state; hope in our conviction that the human spirit will ultimately triumph over the cult of the state.

While we can be justly proud of a government that is responsive to our people, we cannot be complacent. Captive Nations Week provides us with an opportunity to reaffirm publicly our commitment to the ideals of freedom and by so doing maintain a beacon of hope for oppressed peoples everywhere.

Now, therefore, I, Ronald Reagan, President of the United States of America, do hereby designate the week beginning on July 19, 1981, as Captive Nations Week.

I invite the people of the United States to observe this week with appropriate ceremonies and activities and to reaffirm their dedication to the ideals which unite us and inspire others.

In witness whereof, I have hereunto set my hand this 30th day of June, in the year of our Lord nineteen hundred and eighty-one, and of the Independence of the United States of America the two hundred and fifth.

RONALD REAGAN.

CAPTIVE NATIONS DAY IN CHICAGO

July 18, 1981

RESOLUTION

Whereas, in Eastern Europe, Southeast Asia, Cuba, and most recently in Afghanistan, men, women and children, once free, are denied the free exercise of their fundamental constitutional and human rights; and

Whereas, nations, once free, are deprived of their right to self-determination; and

Whereas, the expansion of the Soviet colonial empire and its aggressive policies are now the greatest threat to world freedom, now therefore, be it

Resolved, by the participants of the Captive Nations Day rally, That the people of Captive Nations have not lost their dedication to the ideals of freedom or their desire to see their own nations free,

That on this day we should reaffirm our beliefs in the principles of freedom and renew our dedication in the struggle to free the people subjugated by the Soviet empire; be it further

Resolved, That we call upon the United States government to commit itself to the cause of the Captive Nations and exert pressure on the Soviet government to obtain the release of all national, political and religious prisoners, to end further persecutions and to demand, as provided in the United Nations Declaration, freedom and self-determination for all peoples under constitutional government and a life of liberty and self-fulfillment for all the peoples of the Captive Nations.

STATE OF ILLINOIS, EIGHTY-SECOND GENERAL ASSEMBLY, HOUSE OF REPRESENTATIVES

HOUSE RESOLUTION NO. 411

Offered by Representatives Kulas, J. J. Wolf, Darrow, Matijevich, Lechowicz, Terzich, Piel and Ronan

Whereas, The cause of World Freedom is of great concern to all people who believe in independence, and the right of self-determination; and

Whereas, The national independence of Afghanistan, Albania, Armenia, Azerbiajan, Bielarus, Bulgaria, Cambodia, mainland China, Cossakia, Croatia, Cuba, Czechoslovakia, East Germany, Estonia, Georgia, Hungary, Idel-Ural, Latvia, Lithuania, North Korea, Poland, Rumania, Serbia, Slovakia, Slovenia, Tibet, Turketstan, Ukraine, Viet Nam and other nations has been subjugated by world communism; and

Whereas, President Dwight D. Eisenhower and the Eighty-sixth Congress of 1959 designated the third week in July as Captive Nations Week to remind the world of the plight of those nations whose national independence was lost as a result of direct and indirect communist aggression; and

Whereas, Each President and Congress since 1959 has continued to follow this tradition in observing Captive Nations Week; and

Whereas, 1981 marks the 23rd anniversary of Captive Nations Week, and the observances which are to be held throughout the United States and Canada will include a commemoration ceremony in the City of Chicago; therefore, be it

Resolved, by the House of Representatives of the Eighty-Second General Assembly of the State of Illinois, That we support the aims and aspirations of all people who desire freedom and the right of self-determination; and that we commend the Captive Nations Committee for its valiant untiring efforts in behalf of the restoration of freedom and democracy in communist dominated countries; and, be it further

Resolved, That a suitable copy of this preamble and resolution be forwarded to Mr. Ilmars Bergmaris, Chairman of the Captive Nations Friends Committee.

Adopted by the House of Representatives on June 23, 1981.

ANTHONY J. LEONE, Jr.,
Clerk of the House.
GEORGE H. RYAN,
Speaker of the House.

● Mr. WAXMAN. Mr. Speaker, our commemoration of the 23d anniversary of Captive Nations Week leads me to reflect gratefully on the freedoms and rights which our own system of government guarantees us. Those inalienable rights which we so often take for granted are routinely denied people behind the Iron Curtain.

The Soviet Union is living in a bygone era. The right of nations to political and economic self-determination can no more be challenged than can the physical and moral liberty of human beings. It is interesting to speculate on the outrage and indignation a member of the Soviet regime would express if informed that the United States intended to dominate his country.

The courage, perseverance and, in an important sense, the idealism, of the men and women who struggle daily against Soviet oppression serve as an inspiration for us all. But these men and women are not leading storybook lives. There is no romance in the Afghan rebels' fight for freedom or in the resistance of Polish workers to Soviet dictates and hostile police.

In honoring these peoples' strength and determination, let us show our own courage at home and abroad. If they envy us our freedoms—let us see that we protect them. If they admire our position as leader of the free world—let us earn that admiration. We need not become confused by such Orwellian distinctions as the one between totalitarian and authoritarian regimes which is currently in vogue. Let us use our influence to press for what we know to be the rights—not the privileges, but the rights—of all nations and individuals.●

● Mr. NOWAK. Mr. Speaker, while we citizens of the United States of America exercise the freedoms granted us in the Constitution, we are often slow to remember those who are still fighting for their freedom. Even as we convene today, the Communist Party Congress is meeting in Poland to discuss the status of their control over that country. The Polish Solidarity of Workers, meanwhile, is campaigning for the rights and freedoms which should be guaranteed evey human being.

In Afghanistan, Soviet adventurism is being blunted by the courageous rebels who only recently have begun to coordinate their efforts to repel the invaders in one of the most flagrant violations of human rights and an example of the need for a forum of verbal support for the captive nations of the world.

It has long been a tradition of American people to condemn the type of oppression which is being experienced in Eastern Europe and other captive nations of the world. This tradition was formed into public law 23 years ago when Congress enacted Public Law 86-90, proclaiming Captive Nations Week. It remains important for the free peoples of the world to encourage the cap-

tive nations and to show their support for the quest for freedom, to help insure that the quest does not die.

Our example of freedom has been copied and revered for years, and it is important that we continue to lead by example and show the captive nations that the freedom for which they strive is worth every ounce of the effort they exert.

With the increase in Soviet aggression, as evidenced by the Soviet invasion of Afghanistan, it is essential that we express our desire that all men of all nations may in some way experience the freedom which we have exercised for the past 205 years. Therefore, with pride in the American system of government and the confidence that someday all the captive nations will realize the freedom of self-government in a world which should tolerate nothing else, we commemorate Captive Nations Week and the commitment to freedom which has bound our Nation together so long.●

● Mr. MOAKLEY. Mr. Speaker, As you know, this week marks the 23d annual commemoration of Captive Nations Week, initiated in 1959 by President Dwight Eisenhower and the 85th Congress. The observance is meant to honor and encourage the aspirations for freedom and peace of all those suffering under direct or indirect Soviet domination.

It is truly tragic that this week's observance is every bit as appropriate as was our first in 1959; since that first Captive Nations Week the number of countries fallen prey to the clutch of Soviet imperialism has swelled from 29 to 47. No longer is the Soviet net limited to Central and Eastern Europe; it now entangles not only other nations near Soviet borders, such as Latin America and Southeast Asia as well.

But enough of dwelling on the purely negative. It is the courage and perseverance of the deprived in all of these captive nations that we honor during these days.

Afghanistan, the newest of the captive nations, no longer grabs our newspaper headlines as it once did, but the fight against Soviet domination there rages on nonetheless. Armed Afghan patriots have mounted an impressive attack on Soviet troops and authorities since the Soviet-supported coup of 1979. Perhaps more obviously than any other captive nation, Afghanistan is a land resentful of its "liberator." The vociferousness of Afghan resentment should serve as both a lesson to the world regarding Soviet intervention and a reaffirmation of our own commitment to justice, freedom, and peace.

Another inspiring struggle against Soviet domination is, of course, the struggle in Poland. Lech Walesa and his solidarity trade unionists have fought for labor bargaining powers valiantly, and in so doing they have won concessions from a regime whose ideological base is gravely threatened by the very concepts "independent political actors" and the "give and take" of negotiation. Walesa and his followers have displayed the courage and wisdom which respect for justice and love of peace nurture. But as we remember them now, let us also remember that the Communist Party Conference has just convened in Poland. The striking coincidence of the party conference and our Captive Nations Week can only impress upon us the fact that the road to full freedom and security for the Poles is a delicate and as yet largely untraveled one. May the Poles negotiate it with the vision and fortitude with which they have begun.

Finally, there are the cultural minorities within the Soviet Union itself—the Ukrainians, the Latvians, the Lithuanians, and many other groups which are prisoners of the Soviets' program of cultural consolidation. These groups should be recognized as captive nations, as well. Though the discrimination and abuse they suffer is less publicized than that of the Afghans and Poles, we must remember that they suffer nonetheless.

Orest Szcuzudluk, the Ukrainian American chairman of the captive nations committee of my home State of Massachusetts, makes this point forcefully in the attached Boston Globe article of July 12 concerning our Boston-area commemoration of Captive Nations Week. He himself is separated from his original homeland because of the injustice of Soviet policy. Thousands like him still in the Ukraine suffer not only the deprivation of many civil liberties, but the slow, creeping "cultural genocide" which the Soviets have waged upon minority groups to make all under Soviet rule more culturally homogeneous.

These three examples of Soviet imperialism represent only the most obvious tip of the iceberg, but they are certainly examples with which we, as Americans, can identify. In that spirit of 1776, our own armed patriots fought valiantly for independence in the American Revolutionary War. Workers in American factories bravely struck for their bargaining rights in the 19th century as our own trade union movement began. And American blacks fought for and won equal treatment from whites in the 1960's after suffering years of personal and cultural discrimination.

May these experiences in our history make us sensitive to the plight of those who still suffer from injustice—in the captive nations and in all other nations dominated by oppressive regimes. In this way we might all be united through our common struggle; American, Afghan, Pole, Ukrainian—man.

[From the Boston Sunday Globe, July 12, 1981]

OBSERVING CAPTIVE NATIONS WEEK

(By M. E. Malone)

"The people of Eastern and Central Europe cannot communicate to the world their plight and their hardship, so we are here because we must do it for them," said Aristids Lambergs, a native of tiny Latvia, now part of the Soviet Union.

Twenty-two years ago President Dwight D. Eisenhower established the third week in July as national Captive Nations Week—a week for Americans to reaffirm support for freedom and independence for 47 countries now under direct or indirect Soviet dominance.

To "communicate the plight" of those nations, the 21-year-old Captive Nations Committee of Massachusetts has planned a special observance Wednesday at noon "to remind Americans that there are a large number of people who are depending on their help to gain their rightful independence," according to the committee's chairman, Orest Szczudluk, a Ukrainian-American.

The commemorative service, to be held at Faneuil Hall, will include an address by Dr. Chester Nowak, professor of history at Bridgewater State College, as well as cultural entertainment.

"We can write letters to our families in these countries, but we cannot tell them that we are observing Captive Nations Week, and there's so much that they cannot tell us," Szczudluk said in an interview last week as he reflected the frustrations and objectives of his people. "I only hope that they know that we are doing everything we are able to do to get across their message—the one written between the lines."

"America is their only hope," he continued, saying he wished it possible to be in his "true homeland with a reunited family."

Szczudluk said he can't determine the exact number of relatives and former citizens of the captive nations who reside in Massachusetts, but hopes to see "a few thousand supporters" Wednesday.

Of the 10,000 Latvians who emigrated to America after World War II, Lambergs, who came in 1950, estimates that 3,000 of them stayed in the Boston area. Lambergs, a member of the Captive Nations Committee of Massachusetts and chairman of the June 14 Latvian Memorial Committee, shook his head, and then said, "I've spent more of my life in this country than in my real country."

Szczudluk, Lambergs and most of their colleagues on the Captive Nations Committee do not consider themselves emigrants, but rather, political exiles, hoping to be able to return to their European birthplaces. In the meantime, today they seek to gain for their "melting-pot" committee the recognition and visibility that has been lacking during its 20-year history.

"We cannot bring the dead back to life," but there are many lives to be saved, Szczudluk said.

Szczudluk during an hour-long interview twice told the story of 48-year-old Yuri Shukhevych, imprisoned in Moscow since 1944 because he would not denounce his father, a general in the Army of the Ukrainian People during the second world war.

The Captive Nations Committee feels it offers hope to Szczudluk, Lambergs and other members because it is a cooperative of smaller cultural and ethnic groups across the country.

The Massachusetts committee has existed since 1960 and has the support of many nationalist groups including the Boston chapters of the Free Afghanistan Alliance, Facts About Cuba, Estonian Society of Massachusetts and the Ukrainian Congress Committee of America, of which Szczudluk is also chairman.

There were 29 captive nations on the list when Congress passed Eisenhower's Captive Nations Week Resolution, most of them in eastern and central Europe. Since that time, the Captive Nations Committee says, 18 more nations have come under Soviet influence, including Afghanistan and Cambodia.

"The Soviet Union is not a nation, it is an empire. Its boundaries stretch as far as the American Continent where Cuba and Nicaragua have fallen into their power," Szczudluk said.

"When people speak of the death toll in the Soviet Union during and after the war, they speak as if only Russians died. There were Georgians, Ukrainians, Lithuanians, and Bulgarians who were killed just because of their geographic location," he added, as if angry at the books that didn't record history the way he remembers it.

An especially troubled area of the Soviet "empire" is the Baltic region, in the states of Lithuania, Latvia, and Estonia. "There is a special urgency in this area," said Lambergs. "The Soviets are executing a planned genocide of these people."

In a 1979 census, only 57 percent of the population in Latvia was Latvian, according to Lambergs, and the country's capital, Riga, only has 36 percent of its native population. "Can you imagine what it would be like if only 36 percent of Washington, D.C., was American?" Lambergs asked.

Lambergs and his family were able to escape the Soviet infiltration of their country the night before a "mass deportation" to Siberia and other Soviet wilderness areas began.

"Few people realize that there was a Baltic holocaust," he said. According to Lambergs, about 600,000 citizens of the Baltic states lost their lives or were deported in a single raid which began on June 14, 1941. "Losing 10 percent of the population of your homeland is something most Americans can never understand," he said.

In addition to the "planned genocide," both Lambergs and Szczudluk spoke of a cultural genocide in all of the captive nations under Soviet domination.

"In Ukraine, they are not allowed to speak their own language or read their own newspapers. In essence, their culture is being systematically eliminated in the name of Soviet consolidation," Szczudluk said.●

● Mr. McHUGH. Mr. Speaker, when the history of this century is written, what will be most significant will be not the technological advances which have become increasingly commonplace, but the astounding facility and efficiency with which supposedly civilized nations have inflicted suffering and repression on other nations and groups of people.

As an act of political subjugation affecting dozens of nations over scores of years, the Soviet Union's continuing aggression and genocidal oppression of scores of millions of people remains the most monstrous and totalitarian usurpation of human and international rights ever recorded.

It is hard for the human mind to comprehend the magnitude of the systematic stifling of nations and peoples that the Soviet Union has perpetrated. The recent but continuing Soviet aggression in Afghanistan is but a microcosm of the physical, moral, and spiritual devastation that the Soviet Union continues to inflict in vast areas of our planet. The tragic and epic scope of that human suffering remains the great unfinished business of the Second World War.

As the nations of the free world struggle—in the words of the United Nations Charter—"to save succeeding generations from the scourge of war," let us be reminded that we cannot hope for a true, lasting and just peace among nations if we turn away from that unfinished business which cries out for resolution.

That is the challenge which Captive Nations Week presents to us again this year. How we respond to that challenge will determine whether we will deserve to be called peacemakers, or whether we will be numbered among those who condoned injustice and oppression, who were not worthy of the blessings of liberty because they did not have the courage to defend it.

Mr. Speaker, I believe that the most significant way in which the U.S. Government can respond to that challenge today is to pursue the safeguarding of human rights in the practice of our foreign policy.

I know there are those who believe that a realistic foreign policy must be more pragmatic than principled. But I suggest that in the long run, our adherence to principles of international justice and human rights is the most practical way of preserving and enhancing our own heritage, values, and fundamental interests as a Nation of free people.

It is by the consistency of that dedication to human rights and national self-determination that we as a people will remain worthy of those blessings for ourselves and our posterity. And it is by the authenticity of that commitment that we will be worthy beneficiaries of the countless sacrifices already made in our behalf by many millions of people in nations still held captive today.●

● Mr. BLANCHARD. Mr. Speaker, this week we commemorate the 23d observance of Captive Nations Week. This is a time that has been set aside for the past 23 years when Americans across the country and our allies abroad take note of the plight of those nations that continue to struggle under the yoke of Soviet domination.

The National Captive Nations Committee, Inc., has assembled a congressional document entitled "Twentieth Observance and Anniversary of Captive Nations Week" to highlight some important features that pertain particularly to this year's commemoration. This volume is dedicated to Poland's Solidarity of workers and through it to all workers in the captive nations. I share the committee's view, as expressed in the document, that recent events call for this year's observance to be the most resounding observance since Congress unanimously passed the Captive Nations Week Resolution and President Eisenhower signed it into law in July 1959.

In a letter I received from the National Captive Nations Committee, Inc., Dr. Lev E. Dobriansky, chairman of the committee, summarizes the reasons why this year's observance is especially significant. I would like to share Dr. Dobriansky's five-point summary with my colleagues and call upon them to join in a determined reaffirmation of support for the struggle to bring freedom and independence to the Captive Nations. Dr. Dobriansky's remarks follow:

First, coincidental or mystical as it may appear—even timed by Moscow—the majority of the captive nations observances have been accompanied by some outstanding event bearing on U.S.-U.S.S.R. relations. Significantly, during our "23d," the Communist Party Congress in Poland will begin on July 14. What an almost God-given occasion for us to voice strongly our support for the freedom forces at work in this captive nation! Interference in internal affairs? One would have to be acutely naive to believe that Moscow and its organs have not been interfering daily in this captive nation.

Second, Afghanistan—the newest captive nation still fighting for its honor—is on the back pages of our media today. Yet Afghan patriots have been heroic in their resistance to Soviet Russian domination. Is not the Captive Nations Week an appropriate time to bring this heroic resistance to the front pages?

Third, in perfect conformity with our American traditions, Public Law 86-90 is the only law on free world statutory books calling for the eventual liberation of all the captive nations. Extremist? What freedom-enjoying American would keep mute about the freedom aspirations of Latvia, Ukraine, and so on?

Fourth, by documentary evidence I would defy anyone publicly to challenge this next point. As emphasized in the foreword of the congressional document, "it is not generally known that * * * since World War II no single, activist idea has produced deeper concern in the Kremlin than the composite captive nations one." After a whole generation, one would think an examination of the "whys" for this would be in order. We may scatter and waste our efforts everywhere, but the record is there.

Fifth, as many analysts have shown, a valid and accurate measure of our

foreign policy, in related terms of strategy, human rights, and basic morality, is provided by the barometer of deviation between the President's proclamation and Public Law 86-90. The results are uncanny.●

● Mr. McGRATH. Mr. Speaker, I appreciate this opportunity to participate in the 23d observance of Captive Nations Week. Events over the past year in Afghanistan and Poland are a clear indication of Soviet intentions to dominate Eastern Europe and expand a sphere of influence in Asia. The information reported to us concerning fighting in Afghanistan and the massing of Soviet military forces on Poland's borders is only a narrow part of the scope of Soviet activities directed at the destruction of the many cultures, religions, and ethnic heritages of the captive nations. The brutal treatment of Ukrainians, Jews, residents of the Baltic States, and over a dozen other republics continues under the official policy of russification.

In spite of the tremendous military might of the Soviets and their network of so-called internal security, thousands of courageous men and women persist in their struggle against oppression and seek to preserve their heritage and freedom. That struggle is not carried on without cost. Years of imprisonment, hard labor, and inhuman treatment are faced daily by many citizens of the Soviet bloc.

During this week and throughout the year, we as Members of this great body must call upon our President and our citizenry to support the efforts of those who seek greater religious and intellectual freedom, security before their own laws, and fuller enjoyment of the rewards of their own toil. A message delivered by the late President Eisenhower to citizens of the captive nations remains appropriate today:

> We honor the aspirations of those nations which, now captive, long for freedom. We seek neither their military alliance nor any artificial imitation of our society. And they can know the warmth of the welcome that awaits them when, as must be, they join the ranks of freedom.●

● Mr. DINGELL. Mr. Speaker, on this observance of the 23d anniversary of captive nations, we join in the House giving voice to the aspirations and continuing struggle of mankind for freedom and national self-determination. It is appropriate that in the legislative assembly of a free people, we focus world opinion on the millions in the captive nations who suffer daily the shackles and indignities of foreign domination and the denial of those precious human rights, including the right of national self-determination.

We fully recognize that a lasting and genuine world peace will never be achieved while people are held in bondage. It is imperative that as a nation we encourage the strong living hope of independence in the captive nations and give strength to the spirit and sacrifice of those courageous peoples who remain steadfast in their fight for liberty and justice.●

● Ms. FERRARO. Mr. Speaker, this week marks the 23d anniversary of Captive Nations Week. Legislation was adopted in 1959 to designate every third week of July as Captive Nations Week in order to remind us of the fate of 100 million east and central Europeans who are living under Communist rule. It also serves as a reminder to Communist rulers that Americans continue to care about the plight of the captive nations.

Soviet oppression exists in many nations and in a variety of forms—from the invasion of Afghanistan to the russification of Ukrainian children. We must continue to join forces with other free nations throughout the world who share our outrage at the Soviet oppression of its citizens and work toward constructive policies which will help better the lives of those whose basic rights and freedoms are restricted. When we support the labor movement in Poland and oppose the Soviets' treatment of its dissidents, we give hope and strength to those who do not share our privilege of living in freedom.

As we join in activities across the country to recognize Captive Nations Week, we gain a renewed sense of appreciation for the freedoms we enjoy.●

● Mr. SENSENBRENNER. Mr. Speaker, I am honored to join my colleagues in commemorating this week as Captive Nations Week. Though this week marks the 23d observance of Captive Nations Week, the domination and subjugation of large groups of people, nationalities, and entire nations has been a keystone of Soviet policymaking since the two World Wars. Even in consolidating their own power during the 1920's, the leaders of the Soviet Union forcefully incorporated culturally, socially, and ethnically distinct peoples into their union. Of these heretofore autonomous nationalities, several of them, such as the Crimean Tatars and the Volga Germans, are still denied any homeland and native tongue. All of the nationalities were reorganized over the years into 15 Socialist Republics and several autonomous republics. This signifies a change from over 100 nationalities pre-1917 to less than 20 official nationalities today. Despite the government-sanctioned acceptance of the need for national autonomy and cultural diversity, many peoples within the borders of the U.S.S.R. are continually being subjected to a ruthless policy of russification. Considering the alternatives, it should not be surprising for us to see various ethnic groups giving up their cultural identity. This does not mean, however, that their sense of pride and deep respect for their own heritage have been lost. Indeed, strong feelings of nationalism exist and we must remember the dignity of these freedom-loving peoples as they continue to fight for their own way of life.

As we all know, Soviet domination does not end at her borders. Since the 1930's, the U.S.S.R. has extended its control outward into other nations. The early 1940's saw Latvia, Lithuania, and Estonia subjugated. After World War II, Soviet hegemony in Eastern Europe was a fact. Since then, we have witnessed the continual expansion of this last empire on Earth. The U.S.S.R. has reached its fingers into the Horn of Africa, the Cape of Africa, the Middle East, Southeast Asia, and into Central and South America as well. Fortunately, their efforts have not all been successful. Nevertheless, the number of nations being held captive, either outright or by proxy, is considerable. In the last decade alone, the Soviets have consolidated their hold in Vietnam, Cambodia, and Afghanistan, to mention the most notable. Soviet involvement in Angola, Ethiopia, Somalia, and Yemen has been well documented, even by the Soviets. Even the number of so-called treaties of friendship with the Soviet Union have flourished with countries such as Syria, India, Iraq, and Libya being on the receiving end. While the ultimate goals of Soviet policies may be open to debate, there can be no doubt as to the reality of increased Soviet influence and control in the world. The fact that this expansion has been carried out at tremendous expense to the Soviet leaders' own people is cause for even further sorrow and frustration.

As we observe this Captive Nations Week, we should also note the significance of what is presently happening in Poland. The liberalization of freedom and true democracy now taking place there is a cause of both concern and great hope. On the one hand, a cruel suppression could occur of the Polish right to self-government and national unity. This fear is real and justifiable if one recalls the Soviet invasions of Hungary in 1956, and of Czechoslovakia in 1968. Although Poland itself has not been invaded by the Soviets since World War II, the presence of Soviet troops added to the explosive atmosphere in Poland during the public outpourings of discontent in 1956, 1970, and 1976. Today, in 1981, the Soviet troops are still there and the atmosphere is still explosive. It is not clear to anyone involved just what spark could ignite everything, setting off a chain of events that no one can foresee. Still, amidst all these events and uncertainty, there is cause for hope. The simple fact that the Polish people have not given up their fight for freedom because of previous Soviet repression is cause

enough to be optimistic in the long run. Though physically held captive, the Polish people have proven that Soviet hegemony does not mean a captive mind, to use the great Polish poet Czeslaw Milosz' phrase. Physical occupation, rule by fear and coercion, and a constant denial of rights cannot kill a peoples' desire for freedom and self-government. People naturally long for independence. It is an instinct unique to mankind and one that cannot be destroyed. As an American proud of his country and what it stands for, I ask you, Mr. Speaker, and all freedom-loving peoples to join me in remembering this and to support the Poles and all other captive nations in their struggle for cultural integrity and national identity.●

● Mr. LEBOUTILLIER. Mr. Speaker, it has been 23 years since President Eisenhower signed into law the resolution which established the official U.S. recognition of Captive Nations Week. While the reference to those peoples who are denied basic political, cultural, and religious freedoms as being captive remains most appropriate, free nations throughout the world must remain undeterred in their convictions, and efforts to secure for all mankind the most basic right of all—the right to individual self-determination.

Regrettably, the status of many nations considered captive a generation ago has not improved. Indeed, the number of free nations has declined during the past 23 years.

To many it is passé to cite the advances of Soviet communism. Yet, for the people who in Eastern Europe, Asia, Latin America, and Africa, who have been subjected or are being coerced by the forces of imperial communism, there remains little doubt as to the consequence of freedoms lost.

While it may seem that little has gone favorably for the cause of freedom, there are always glimmers of hope. Refuseniks and emigrees call attention to their fight for liberty, and simultaneously indict the godless, humanists who deny the dignity of all people.

In the battle of ideas and spirit, the United States of America is in the unique position to arm the oppressed who seek the means to attain freedom. In conjunction, then, with the 23d anniversary of Captive Nations Week, to be celebrated July 12-18, 1981, I propose to my congressional colleagues that this body undertake a renewed commitment to the funding and objectives of Radio Liberty, Radio Free Europe, and Voice of America.

I believe most sincerely that by utilizing such technological means, we can bring truth and information to subject peoples throughout the world, and, in so doing, provide them with reassurance that they are not forgotten, and hope for a future life of freedom.●

● Mr. ANDERSON. Mr. Speaker, we have set aside this week to remember captive nations. It is altogether appropriate that we do this, but I would like to say a few things about one nation in particular, Poland, before considering the plight common to all these nations.

Let us look at the situation in Poland. A remarkable thing is happening there. In the heart of the Soviet-controlled Warsaw Pact now lies a nation whose citizenry looks to the head of an independent trade union, Lech Walesa, for guidance as much as—if not more than—the chairman of the Communist Party. This is a fairly interesting phenomenon: A Communist regime bases its legitimacy on the assertion that it is the sole protector of the working class. It is more than a little ironic that the sole protector of the workers has been forced to acknowledge another protector, one that frequently differs with the Communist Party's interpretation of the people's welfare. Unfortunately the country is still very much under the hegemony of the Soviet Union, but imagine—for just a moment—the implications this "new" Poland holds for the Communist bloc. Independent labor unions are not orthodox Marxism-Leninism; in fact, the two are flatly incompatible. In a little less than a year, then, the people of Poland have developed a very significant institutional departure from the Communist bloc's ideology, and they have done it peacefully. I think that the inspiring part of this entire episode is that it has been such a terrific study in nonviolent, restrained civil disobedience. Simply stated, the Poles have so far managed to beat the Russian Communist Party by refusing to fight them. Think what a better world this would be if all conflicts could be resolved this passively.

In the 23 years that we have been observing Captive Nations Week, I cannot remember a time that has shown as much reason for optimism as this year. The risks are enormous, witness the brutal subjugation of Afghan nationalists by the Soviet Army, but the Lithuanians, the Latvians, the Estonians, the Hungarians, the Bulgars, and the people of the more than two dozen other captive nations have now a genuine hope. They can look to Poland and learn how the oppressed of one nation are defeating the oppressors. Mr. Speaker, I feel confident that the "Polish Workers' Revolution" will not long stay confined to the borders of Poland, and I join freedom-loving people everywhere in cheering this fact.●

NEW POLICY TOWARD THE CARIBBEAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DYMALLY) is recognized for 10 minutes.

Mr. DYMALLY. Mr. Speaker, the U.S. Government needs urgently to formulate a new policy toward the Caribbean. The policy should incorporate the following 12 points:

First. Emphasis on economic assistance and preservation of the integrity of the Caribbean nations, rather than a military or security strategy predicated on a supposed Communist threat, which appears to be the orientation of the present administration.

Second. Defining the Caribbean as that region made up of all the islands in the Caribbean Sea, plus Belize, Guyana, Surinam, and French Guiana—rather than the "Caribbean Basin" or "Caribbean Rim", the definition being used by the administration, which includes the northern tip of South America, Mexico, and Central America.

Third. Creation of an Assistant Secretary for Caribbean Affairs in the State Department, and maintenance of the same high standards that are observed with regard to other Assistant Secretaries.

Fourth. A change in name from the "Subcommittee on Inter-American Affairs" to the "Subcommittee on Inter-American and Caribbean Affairs" to properly distinguish between Latin America and the Caribbean and to give needed emphasis to the latter.

Fifth. Increased allocations to Caribbean nations now receiving bilateral aid, and initiation of bilateral aid, along with continuation of multilateral aid, to the smaller Eastern Caribbean nations.

Sixth. Increased trade, and elimination of all discriminatory tariffs, which contradict our advocacy of a free enterprise system in the Caribbean.

Seventh. Amnesty for undocumented Caribbean workers in the United States, including the Virgin Islands.

Eighth. A more humane and equitable policy toward Haitian entrants and refugees.

Ninth. A more conciliatory stance toward the Government of Grenada, including accreditation of the Grenadian Ambassador-designee to the United States.

Tenth. An immediate lifting of the embargo against medical supplies to Cuba, and subsequent normalization of relations with Cuba, which will allow us to more adequately address the issues of political prisoners, human rights and legal migration of Cubans who qualify for admission to the United States.

Eleventh. Assistance in settling the border dispute between Guatemala and Belize, so that Belize may proceed to gain independence without any threat of invasion from Guatemala.

Twelfth. Use of U.S. influence in the OAS to seek admission of Guyana into the OAS, and to seek relinquishment of claims by Venezuela to land in Guyana.

These views which are supported by the Caribbean Action Lobby, are offered in the conviction that their serious consideration and implementation will do much to remedy the present uncertaintly in relations between our Nation and this region of the world that is so vital both to the interests of the United States and to the cause of international peace and stability.

THE ADMINISTRATION'S INTEREST RATE BUBBLE HAS BURST

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Wisconsin (Mr. REUSS) is recognized for 10 minutes.

● Mr. REUSS. Mr. Speaker, the administration's Mid-Session Review issued this morning makes one significant change in the economic forecast. Projections for interest rates in 1981 and 1982 have been increased, from 11.1 to 13.6 percent for 1981, and from 8.9 to 11.1 percent in 1982. This shows that the administration's interest rate scenario is being dragged, kicking and screaming, into the real world—but it is not there yet.

Interest rates are too high now because one of the principal predictions on which the administration was relying simply turned out to be wrong. This was the idea that marketplace expectations would respond enthusiastically to the Reagan program and bring interest rates down almost as soon as the President's program was announced. For this to happen, however, the marketplace had to be persuaded that the administration's program would both stimulate growth and control inflation, as its supply-side promoters claimed. In a prescient remark last December, Congressmen JACK KEMP and David Stockman warned about what would happen if the administration failed to produce a "believable plan" for controlling the Federal budget deficit and thereby taking effective action against inflationary expectations:

> Such a development would almost ensure that high interest rates would hang over the economy well into the first year, deadening housing and durables markets and thwarting the industrial capital spending boom required to propel sustained economic growth.

Well, the predicted supply-side miracle did not happen, inflationary expectations have continued, and interest rates have not come down. Indeed they have gone up, in real terms to levels higher than at any time in modern American history. The new economic forecasts take note of the failure of interest rates to respond to the supply-side game plan, but they are still far more optimistic that the expectations of most respected commercial forecasters. As the attached chart shows, the consensus of economic forecasts expects interest rates to be perhaps 5 points higher in 1982 than the administration is counting on. This will mean higher deficits, slower growth and more trouble for the administration's economic program ahead.

The President needs a new economic game plan. He should take advantage of the Ottawa summit to reassure our allies who are very concerned about the effect that high levels of U.S. interest rates are having on them, that we will reexamine the economic program, trim back on the excessive military expenditure increases and excessive personal and business tax reductions, and get the budget under control so as to bring interest rates down.●

EXPLANATION OF VOTE ON HUGHES AMENDMENT TO H.R. 3519

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. GINN) is recognized for 5 minutes.

● Mr. GINN. Mr. Speaker, I would like the opportunity to explain my vote today on the Hughes amendment to H.R. 3519, the Department of Defense authorization for fiscal year 1982.

The bill, as reported, would have allowed military personnel to make arrests and seizures in drug-related cases anywhere within the jurisdiction of the United States, on both land and at sea. I support that position. The Hughes amendment would have limited the use of military personnel in this capacity to only those areas outside the continental boundaries of the United States. Because this substitute amendment essentially weakened the original language contained in the legislation, I voted against it in hopes that the more comprehensive language would be retained. The Hughes substitute amendment passed the House, however, and I was unable to record my vote in favor of using military personnel in this capacity.

I want to reiterate my support of using military personnel in making drug-related arrests and seizures, and I would like to point out that I was an original cosponsor of legislation (H.R. 1806) introduced by my distinguished Georgia colleague, BILLY EVANS, to permit the military to assist civilian drug enforcement officials in this manner.●

ESTATE TAX RELIEF FOR OWNERS OF LOCAL INDEPENDENT NEWSPAPERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona (Mr. UDALL) is recognized for 10 minutes.

● Mr. UDALL. Mr. Speaker, today I am introducing legislation which provides estate tax relief for owners of local independent newspapers.

Over the past 30 years, a profound phenomenon has occurred in the ownership of newspapers in this country. While the number of daily newspapers has remained fairly constant, the growth of groups or chains has become predominant. Today, almost two-thirds of the daily newspapers are owned by chains and media conglomerates. More significant is the fact that these chains control more than 72 percent of all daily circulation. The four largest chains control 30 percent of the Nation's daily newspaper circulation, while the 25 largest chains control over 50 percent of all daily circulation.

In the past few years, the chains have been buying 40 to 50 theretofore independent dailies each year. At present, there are just over 600 independently owned dailies left. In 10 years, the independently owned daily, now an endangered species, may be extinct. Moreover, 10 to 12 chains or media conglomerates may be then control virtually all of our daily newspapers, with ties to television, cable and other electronic media.

The same situation prevails in the weekly newspaper field. Last year, some 175 weeklies were purchased by the chains—the same chains which own and control daily newspapers. The trade press reports continued incursions into the weekly newspaper field by these media giants.

The chains are not establishing new newspapers, daily or weekly, but are buying out existing newspapers. And, each purchase results in the loss of an independent community based "voice" and base of opinion.

The chains buy newspapers, not to enhance the scope of their editorial and reportorial coverage, but to maximize greater profits. This has been referred to as bottom-line journalism. They are paying 40, 50, and even 60 times annual earnings for the remaining independents. They know that the number of newpapers remains constant, and they are pulling out all of the stops in this interchain competition to snap up the remaining independents.

Why do the independents sell out? Obviously, the high prices are too great a temptation for some, and others find there is no interest in the next generation of their families to operate an independent newspaper. However, the most significant cause of sales to the chains may be found in the Federal estate tax laws. This has been attested to by present and former owners of newspapers. The president of the Evening News Asso-

ciation, a chain which publishes the Detroit News, has commented:

Speaking from the point of view of my experiences with this company, I would like to reinforce the extreme importance of the federal estate tax media merger decisions. There is no other single factor of such importance, in my opinion.

The Internal Revenue Service bases its valuation of an estate on the amount a willing buyer will pay a willing seller. Thus, while an independent newspaper owner may consider value to be 10 to 15 times earnings (which is also the price-earnings ratio of publicly traded chains), the IRS must look to the amount a chain would pay for an independent, that is, 40 to 60 times earnings.

For example, if a newspaper were earning $250,000 per year, its value to a chain might be as high as $12,500,000. The estate tax, at 70 percent, would be over $8½ million. Should the heir to a newspaper seek to borrow such sums to pay estate taxes, the annual cost of interest on the loan would be more than three times the newspaper's earnings. Even if, in its wisdom and within its discretion, the IRS should find the value of this newspaper to be "only" $7,500,000, the tax rate—at 70 percent—would require payment of over $5 million. This would still be more than the owner could borrow, since interest charges would be better than double the earnings of the newspaper. Is it any wonder that the heirs must sell, or that the owner sells prior to death to put his estate in order? There are no other options.

The Independent Local Newspaper Act offers a novel approach to the estate tax problem. Rather than seek a lower tax rate for newspapers, or exemptions or exclusions from the sums to be paid, or valuation of newspapers at an artificial rate, the bill provides for a form of prepayment of the estate tax. This is to avoid the catastrophic situation now facing the heirs to a newspaper.

The Independent Local Newspaper Act would allow the owners of an independent newspaper to establish an advance estate tax payments trust, to be funded by corporate earnings with not more than 50 percent of pretax income of the newspaper in any year. The contributions to and income of the trust may be invested solely in obligations of the United States. Excess funding of the trust is expressly prohibited. The funds accumulated in the trust may be used only to pay the estate taxes of the owners of the newspaper.

This advance estate tax payment trust does offer major tax benefits to owners of independent newspapers. The funding is with pretax income of the newspaper, and sums in the trust are not a part of the owner's estate for tax purposes. It must be recognized that with a valuation of 40 to 60 times earnings, it will be difficult to fully fund the trust, and there must be an incentive for funding. However, if the owners of the newspapers having established such a trust sell their newspaper, the bill provides for penalties which would amount to some 118 percent of the funds in the trust. Thus, there is a "carrot" to induce maintaining independent newspapers, and there is a "stick" to preclude an attempt to take advantage of this proposal. The bill also has a recapture provision should the heirs attempt to sell the newspaper after having benefited from the trust. This recapture provision follows the format established in the Tax Reform Act of 1976.

Also, tracking provisions of the Tax Reform Act of 1976, the bill provides for an extension of the time for payment of estate taxes where the estate includes the interests in an independent local newspaper. Such extensions would be subject to payment of interest.

This proposed bill has been criticized as special interest legislation. The same was said of the Family Farm or Tax Reform Act of 1976. This bill is, at this time, limited to newspapers. An economic reason is only newspapers are now selling at such egregious ratios, with the exacerbating effects this has on estate tax liabilities. A more important basis for this legislation is that only the "press" is referred to and protected in the first amendment to the Constitution. Preservation of the marketplace of ideas through maintenance of independent editorial voices is in the national interest, and is a valid basis for this legislation.

The Joint Committee on Taxation estimated the cost of this proposal at $10 million annually. This may be an overstatement of cost, and it is possible that the bill could provide a favorable revenue flow and a positive gain to the Treasury.

Finally, this proposal could serve as a precursor for other family controlled businesses. If, after passage of the Independent Local Newspaper Act, it is demonstrated that the act resulted in stemming the tide of newspaper mergers without burdening the Treasury, the terms of the legislation could and should be expanded to include other categories of industry. While the idea of prepayment of estate taxes is novel at this time, if this proves successful with newspapers, the coverage of the legislation would be broadened so that it is not limited to one industry.

One final note. Delay in passage of this legislation will limit the benefits it is intended to provide. Every week, at least one daily and approximately four weekly newspapers will be absorbed by the chains, and their independent voices stilled forever. Unless early action is taken, the independent, community based newspaper may be as fondly recalled as the carrier pigeon and other species of an earlier time.●

CUBAN-HAITIAN ENTRANTS ARE CONCENTRATED IN DADE COUNTY, FLA.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. FASCELL) is recognized for 5 minutes.

● Mr. FASCELL. Mr. Speaker, I would like to bring to the attention of our colleagues the newly released Census Bureau estimates on the location of Cuban and Haitian entrants who arrived in the United States between April 1 and September 30, 1980. These figures give striking evidence of the massive impact these entries have made on Florida, and particularly Dade County and the cities within Dade. Of 132,080 Cuban/Haitian entrants in the United States as of last October 1, 99,610 are estimated to have been located in Florida, and out of that number, 92,030 were in Dade County, swelling the population by a full 6 percent. Dade County received virtually as many entrants during 6 months as there are people living in Duluth, Minn. Obviously, the burdens created in providing social and other services for the entrants, in addition to absorbing them in the community, have been enormous. The pressures placed on municipal governments have been huge as well; 53,130 entrants—equal to the population of Ashville, N.C.—were located within city of Miami.

As stunning as these census figures are, they underestimate the true number of entrants in south Florida. First, since they reflect the location of individuals as of last October 1, any secondary migration back of Florida has not been reflected in the figures. Also, the figures do not reflect over 8,500 Haitians who have entered the United States since last October 1, and the many thousands of Haitians who came to the United States beginning in 1972 but prior to April 1, 1980, and who do not even now have any permanent legal status in this country. The total estimate of Haitian population 40,000 to 50,000.

These figures illustrate the magnitude of the crisis faced by this country last year and the degree to which our immigration laws could not be enforced. I recommend to our colleagues that they examine these estimates with great care, as they indicate that the entrants have been located in significant numbers in at least 34 States in all areas of the United States. Clearly, this issue must continue to be met at the Federal level, and local communities must be able to rely on Federal assistance.

Nevertheless, the real issue remains the necessity of stopping the flow of

illegal aliens, and the use of U.S. law to permit what amounts to unlimited entry. Unlimited entry through the use of requests for political asylum is a new phenomenon which in effect circumvents the whole concept of a fairly paced entry system which is the most generous in the world.

The administration must stop immediately the practice of releasing aliens without sponsors from the Krome North processing facility in south Dade County and open additional facilities outside Florida until a policy is adopted and impemented to halt the illegal flow of aliens. Conditions at Krome North are inhumane and outrageous. The United States is not providing equal or fair treatment to Haitians when it permits 1,500 people to be housed in unhealthy sanitary conditions at a site designed to house 750.

Too much time has elapsed and more and more people seek the sanctuary of the United States. The administration must address these issues now.

DEPARTMENT OF COMMERCE

BUREAU OF THE CENSUS

Estimates of Cubans and Haitians Who Entered the United States Between April 1, 1980 and October 1, 1980

In accordance with the requirements of Executive Order 12256, (published in the Federal Register, December 18, 1980) notice is hereby given that the estimates by substate area of the total number of Cuban and Haitian immigrants who entered the United States between April 1, 1980 and September 30, 1980, and who reside in areas having at least 50 such immigrants are as shown in the following table. For the purpose of these estimates, the term "immigrants" excludes those Cuban and Haitian entrants who, as of September 30, 1980, had not been processed and released from camps or detention centers. These estimates were prepared using more complete information than that available at the time when estimates for states were first published in the Federal Register on February 4, 1981.

Executive Order 12256 requires that all departments and agencies of the Executive Branch utilize these estimates for all formulas affecting the allocation of funds in the administration of laws distributing benefits according to population or other population characteristics, unless such utilization would be contrary to law.

ESTIMATES OF CUBAN AND HAITIAN ENTRANTS AND IMMIGRANTS WHO ENTERED THE UNITED STATES BETWEEN APR. 1, 1980, AND SEPT. 30, 1980, BY STATE AND SUBSTATE AREA

[Jurisdictions with less than 50 such persons excluded]

State, county, and place	Number (rounded to tens)
United States	132,080
Alabama	110
Arizona	150
Maricopa County	80
Pima County	70
Tucson	50
Arkansas	290
Sebastian County	160
Fort Smith	130
California	4,850
Alameda County	120
Oakland	50
Los Angeles County	3,270

ESTIMATES OF CUBAN AND HAITIAN ENTRANTS AND IMMIGRANTS WHO ENTERED THE UNITED STATES BETWEEN APR. 1, 1980, AND SEPT. 30, 1980, BY STATE AND SUBSTATE AREA—Continued

[Jurisdictions with less than 50 such persons excluded]

State, county, and place	Number (rounded to tens)
Alhambra	50
Bell	160
Culver City	50
Downey	50
Glendale	130
Hawthorne	100
Huntington Park	160
Inglewood	80
Long Beach	50
Los Angeles	1,530
Pasadena	50
South Gate	100
Torrance	50
Orange County	320
Anaheim	70
Santa Ana	60
Riverside County	60
Sacramento County	70
Sacramento	60
San Bernardino	50
San Bernardino County	100
San Diego County	190
San Diego	120
San Francisco County	220
San Francisco	220
San Mateo County	70
Santa Clara County	160
San Jose	80
Santa Clara	50
Colorado	100
Arapahoe County	50
Connecticut	330
Fairfield County	200
Bridgeport	120
Hartford County	110
Hartford	80
District of Columbia	330
Florida	99,610
Broward County	1,780
Deerfield Beach	70
Fort Lauderdale	760
Hollywood	290
Pompano Beach	330
Collier County	190
Naples	60
Dade County	92,030
Coral Gables	600
Hialeah	18,020
Homestead	140
Medley	50
Miami Beach	1,090
Miami	53,130
Miami Shores	100
Miami Springs	80
North Miami Beach	90
North Miami	310
Opalocka	440
South Miami	220
Sweetwater	170
West Miami	140
Duval County	100
Jacksonville	100
Escambia County	60
Hillsborough County	1,580
Tampa	1,140
Monroe County	540
Key West	360
Okaloosa County	160
Fort Walton Beach	60
Orange County	440
Orlando	260
Palm Beach County	2,090
Belle Glade	710
Boca Raton	70
Delray Beach	310
Lake Worth	120
West Palm Beach	500
Pinellas County	90
Polk County	50
Sarasota County	70
Sarasota	50
Georgia	390
Atlanta	180
De Kalb County	100
Fulton County	180
Atlanta (Part)	160
Illinois	1,730
Chicago	1,400
Cook County	1,580
Chicago (Part)	1,400
Proviso Township	90
Du Page County	50
Indiana	120
Iowa	50
Kansas	150
Sedgwick County	60
Wichita	60

ESTIMATES OF CUBAN AND HAITIAN ENTRANTS AND IMMIGRANTS WHO ENTERED THE UNITED STATES BETWEEN APR. 1, 1980, AND SEPT. 30, 1980, BY STATE AND SUBSTATE AREA—Continued

[Jurisdictions with less than 50 such persons excluded]

State, county, and place	Number (rounded to tens)
Louisiana	770
East Baton Rouge Parish	50
Baton Rouge Metro	50
Jefferson Parish	220
Kenner	90
Orleans Parish	400
New Orleans	400
Maryland	310
Montgomery County	150
Prince Georges County	70
Massachusetts	680
Essex County	60
Lawrence	50
Middlesex County	70
Suffolk County	480
Boston	480
Michigan	240
Wayne County	70
Detroit	60
Minnesota	330
Hennepin County	90
Minneapolis	70
Ramsey County	130
St. Paul	130
Missouri	140
Nebraska	90
Nevada	370
Clark County	360
Las Vegas	270
New Jersey	7,860
Bergen County	190
Essex County	920
East Orange	60
Newark	790
Hudson County	4,520
Guttenberg	70
Harrison	60
Hoboken	90
Jersey City	210
North Bergen Township	290
Union City	2,080
Weehawken Township	190
West New York	1,480
Mercer County	80
Trenton	50
Middlesex County	270
Perth Amboy	160
Monmouth County	60
Morris County	50
Ocean County	90
Long Beach Township	70
Passaic County	340
Passaic	140
Paterson	170
Union County	1,230
Elizabeth	1,110
New Mexico	220
Bernalillo County	150
Albuquerque	130
New York	8,170
New York	7,190
Bronx County	990
New York (Part)	990
Kings County	2,230
New York (Part)	2,230
Monroe County	100
Rochester	70
Nassau County	270
Hempstead Town	220
Freeport	70
New York County	2,520
New York (Part)	2,520
Queens County	1,430
New York (Part)	1,430
Westchester County	370
Greenburgh Town	70
Tarrytown	60
Rye Town	90
Portchester	90
Yonkers	130
North Carolina	60
Ohio	160
Cuyahoga County	50
Oklahoma	300
Tulsa	90
Oklahoma County	50
Tulsa County	100
Tulsa (Part)	90
Oregon	180
Portland	130
Multnomah County	140
Portland (Part)	130
Pennsylvania	990
Berks County	50
Dauphin County	220
Harrisburg	130
Lancaster County	150

ESTIMATES OF CUBAN AND HAITIAN ENTRANTS AND IMMIGRANTS WHO ENTERED THE UNITED STATES BETWEEN APR. 1, 1980, AND SEPT. 30, 1980, BY STATE AND SUBSTATE AREA—Continued

[Jurisdictions with less than 50 such persons excluded]

State, county, and place	Number (rounded to tens)
Lancaster	90
Lebanon County	80
Lebanon	50
Lehigh County	60
Allentown	50
Philadelphia County	190
Philadelphia	190
Tennessee	120
Davidson County	60
Nashville-Davidson	60
Texas	1,410
Dallas	180
Houston	270
Bexar County	70
San Antonio	60
Dallas County	230
Dallas (Part)	180
Harris County	400
Houston (Part)	270
Nueces County	50
Corpus Christi	50
Tarrant County	220
Fort Worth	60
Hurst	140
Utah	80
Virginia	220
Arlington County	70
Fairfax County	50
Washington	70
Wisconsin	860
Milwaukee	140
Dane County	90
Madison	80
Grant County	90
La Crosse County	80
La Crosse	50
Milwaukee County	170
Milwaukee (Part)	140
Monroe County	90

Sources and Methodology

The group specified in Executive Order 12256, "legal immigrants from Cuba or Haiti who arrived between April 1, 1980, and September 30, 1980" is composed of four distinct groups. They are: Cubans who arrived as refugees and were later designated Cuban "entrants", Haitians who arrived as refugees and were later designated Haitian "entrants", persons from Cuba admitted as permanent resident aliens, and persons from Haiti admitted as permanent resident aliens. "Entrant" is the status specially created for the Cubans and Haitians who arrived without prior documentation. Entrants were admitted for a 6-month parole period (recently extended to July 15, 1981). The status of permanent resident alien is conferred upon a limited number of people who meet strict requirements and allows them to live in the United States permanently. Sources and methodology differed among these subgroups.

Cuban Entrants. The Cuban-Haitian Task Force provided a computer file on Cuban entrants, including information on date of entry, age, sex, camp or processing center, sponsor's address, and relative's address, if any. All persons who entered the United States and were resettled between April 1, 1980 and September 30, 1980 and who were not institutionalized in hospital or prisons were included. Coding of the sponsor's (or, if none, the relative's) address to state, county, minor civil division (MCD), and/or place was done using the same geographic coding system as is used in preparing the population and income estimates for the general revenue sharing program.

This geographic coding procedure was developed using 1975 Federal income tax records which included information on governmental unit of residence in addition to filer's mailing address. The geographic coding guide which cross-references this information permits the statistical assignment of the governmental unit in which the person is living using street address, mailing state, and zip code. In cases where the address was incomplete, each person was distributed to an area based on the information available and the geographic distribution of persons having complete addresses. In cases where the address was missing altogether, persons were distributed proportionally between Miami and Hialeah, Florida. This was done because most of those with no address were among the first to enter the United States and were released to family members in the Miami area. Once the geographic codes are assigned, totals for individual places, MCD's counties, and states were computed. A final step involved a slight adjustment to make the state total agree with the distribution of resettled Cuban entrants by state which the Cuban-Haitian Task Force had computed for November 1, 1980.

Haitian entrants. Information on Haitian entrants was supplied by the Cuban-Haitian Task Force based on Immigration and Naturalization Service (INS) files from the Miami district office and the records of various resettlement agencies. After excluding persons who entered before April 1, 1980 or after September 30, 1980 and those still in detention centers, geographic coding of sponsors' or family members' address was done. Those without addresses or with incomplete addresses were assigned codes based on the geographic distribution of all others. State, county, MCD, and place totals were computed.

Cuban permanent resident aliens. The number of Cubans admitted as permanent resident aliens between April 1, 1980 and September 30, 1980 is not currently available from the Immigration and Naturalization Service. After examining INS data on Cubans admitted for permanent residence (less those adjusting to that status) for fiscal years 1977, 1978, and 1979, it was estimated that approximately 2,500 Cubans were admitted as permanent resident aliens during the six months after April 1, 1980. These Cubans were distributed to geographic areas using the distribution of Cuban entrants.

Haitian permanent resident aliens. An estimated 3,200 Haitians entered as permanent resident aliens between April 1 and September 30 of 1980, based on an extrapolation of INS data for fiscal years 1977-79. Analysis of the addresses of Haitian aliens who reported to INS in January of 1979 suggests much greater dispersion of Haitians admitted as permanent resident aliens than of those admitted as entrants. Therefore, the distribution by state of Haitians admitted as permanent resident aliens was assumed to be the same as Haitian aliens who filed I-53 forms (Alien Address Reports) in January of 1979. Substate distributions of Haitian entrants were used to allocate Haitian permanent resident aliens to counties, MCDs, and places.

The final step involved summing the four groups for each geographic area and selecting those with 50 or more Cubans and Haitians.

Dated June 18, 1981.

DANIEL B. LEVINE,
Acting Director, Bureau of the Census.●

FED SHOULD GIVE SIGNAL ON INAPPROPRIATE USE OF CREDIT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Rhode Island (Mr. ST GERMAIN) is recognized for 5 minutes.

● Mr. ST GERMAIN. Mr. Speaker, I have today asked the Federal Reserve to take steps to curb the excessive use of the Nation's credit to fuel takeovers of oil and gas companies.

"Such activity would require close scrutiny at any time, but in a period of highly restrictive monetary policy it is particularly questionable," I wrote to Federal Reserve Chairman Paul Volcker. "Many areas of the U.S. economy, particularly housing and many sectors of the small business community, are at near collapse because of a severe shortage of credit—a shortage clearly not shared by the huge oil companies who desire funds for an international game of monopoly."

I told the Federal Reserve Chairman that public acceptance of the current restrictive monetary policy "requires a perception that everyone is sharing in the hardship." I said headlines carrying news of multibillion dollar credits for takeovers suggest the inequities of the policy and said this was a "particularly bitter pill for small business people who face bankruptcy because of a lack of credit * * *."

"While I am sure there are lengthy dissertations available about the limits of the Federal Reserve's authority, I do know that it is possible for you and the other members of the Federal Reserve Board to make it clear to the Nation's money center banks that this is a very inappropriate moment for huge chunks of the Nation's available credit to be used for corporate takeovers and other nonproductive purposes," I wrote to Mr. Volcker. "The Federal Reserve has many implied powers and no banker will ignore a clear signal from the Nation's central bank."

Mr. Speaker, I would like to place my letter to Mr. Volcker in the RECORD:

COMMITTEE ON BANKING,
FINANCE AND URBAN AFFAIRS,
Washington, D.C., July 15, 1981.

HON. PAUL VOLCKER,
Chairman, Board of Governors, Federal Reserve System, Washington, D.C.

DEAR MR. CHAIRMAN: As you know, the pages of the newspapers have been filled in recent weeks with reports of multi-billion dollar financings involving the takeovers of large corporations. One publication referred to the activity as "mob psychology" that promises to generate more billion dollar credits.

Among the activity have been lines of bank credit approaching $15 billion and centered on maneuvers involving oil and gas mergers, including the highly publicized efforts to acquire Conoco. Texaco is reported to have received bank credits totalling at least $5.5 billion; Mobil $5 billion; Shell Oil Company $3 billion. A number of other multi-billion dollar credits apparently are being processed in this takeover mania.

Such activity would require close scrutiny at any time, but at a time of highly restrictive monetary policy it is particularly questionable. Many areas of the U.S. economy, particularly housing and many sectors of the small business community, are at near collapse because of a severe shortage of credit—a shortage clearly not shared by the huge oil companies who desire funds for an international game of monopoly.

It is interesting, and a somewhat sad commentary on our priorities, to note that the credit extended by commercial banks to just two oil companies—Mobil and Texaco—for merger activity almost equals the $11 billion in budget reductions this Committee is required to make in assistance to housing programs for low and moderate income families in fiscal year 1982.

This Administration and the Federal Reserve insisted on pursuing a tight money, high interest policy and have asked, in effect, that everyone in the economy "bite the bullet" in fighting inflation. Public support for such a policy requires, at a minimum, a perception that everyone is sharing in the hardship. Anything less destroys public confidence. These huge multi-billion dollar extensions of credit for non-productive international oil and gas takeovers are bitter pills for small business people who face bankruptcy because of a lack of credit on reasonable terms.

The Federal Reserve and this Adminsitration cannot escape responsibility for the imbalance that is so clearly apparent in the credit markets. While I am sure there are lengthy dissertations available about the limits of the Federal Reserve's authority, I do know that it is possible for you and the other members of the Federal Reserve Board to make it clear to the nation's money center banks that this is a very inappropriate moment for huge chunks of the nation's available credit to be used for corporate takeovers and other non-productive purposes. The Federal Reserve has many implied powers and no banker will ignore a clear signal from the nation's central bank. If the Federal Reserve wants to put an end to the "mob psychology" of corporate takeovers fueled by unlimited bank credit, it clearly has the power and influence to do so.

Sincerely,

FERNAND J. ST GERMAIN,
Chairman.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. FERRARO) is recognized for 5 minutes.

● Ms. FERRARO. Mr. Speaker, when the House voted on the Judiciary Committee amendment to H.R. 3519, I was unavoidably absent from the Chamber attending a meeting with representatives of the captive nations organization.

Had I been present, I would have voted "yea."●

INCENTIVES FOR SAVING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LAFALCE) is recognized for 20 minutes.

● Mr. LAFALCE. Mr. Speaker, as a member of the Banking Committee and of its subcommittees involved with both financial institutions and housing, I am most cognizant of and sympathetic with the plight of the housing industry and of those financial institutions—savings and loan associations, savings banks, and the like—which rely so heavily on mortgages in their business.

In order to revive struggling, and possibly failing, thrift institutions, we ultimately have to solve the severe problems of our housing industry, principally by driving down interest rates to a point where more Americans can afford to buy homes. But there is real cause for concern that if we wait for the housing industry to revive without doing more, the ailments of the thrift institutions may become so severe that they will not be in a position to provide the needed financing for the housing which our fellow citizens will want to purchase.

Accordingly, I have been and I remain very sympathetic to the pleas of both the housing industry and the thrifts for some relief from their present, short-term problems. I feel that the Congress and the administration can and should act, and act quickly, so that the revival of these crucial industries will come sooner than would be the case if we did not act.

Clearly, one of the best ways of helping these industries is to provide incentives which spur additional levels of saving in the United States and which, to one degree or another, channel such new savings toward thrift institutions. Less desirable, but still helpful to the thrifts and to housing, would be incentives that do not necessarily add to the total savings in the Nation but which have the effect of shifting deposits from one form of saving to another—in this case, for example, from the increasingly popular money market funds to the thrift institutions. Several proposals have been brought forward in the Congress to spur savings and/or to channel savings to thrifts, and it appears that action on one or more of these proposals may well occur within the next few months. I'd like to review this whole situation briefly and to outline some of my thoughts on it.

INCREASING OUR RATE OF SAVING

The United States, compared to most industrialized nations, has in recent years had a very low rate of savings. Americans seem to spend far more of their disposable incomes than, say, the French, the Germans, or the Japanese. Why this is so is a complex question for which no truly comprehensive answer is available, but nevertheless it is true.

It is in our national interest, in my view, to provide incentives for more Americans to save more of their incomes. Over the long run, we all will benefit—individuals will have larger nest eggs to protect them against potential future economic reverses; the Nation will have a larger supply of funds for investment; our economy will be stronger. And an increased rate of saving would play an important role in the overall fight against inflation.

INDIVIDUAL RETIREMENT ACCOUNTS

One effective way to help Americans at almost all income levels protect themselves for their retirement years is to provide incentives for them to save toward retirement. Already on the books is a fairly limited IRA program applying only to persons not covered by other pension plans. Yet even with these limitations, millions of Americans have taken advantage of the tax deductions applicable to contributions to IRA accounts and the tax-free nature of interest on such accounts until after retirement.

We could spur even more saving by removing the limitation and permitting all Americans, whether or not they are covered by other pension plans, to open IRA accounts. Further, we should raise the ceiling on the amount that can be placed in such an account annually—now $1,500. Several bills have been introduced which embody these principles, and I am proud to say that I have introduced bills that include them.

Tax deductions, of course, are valuable to any taxpayer with a net liability at the end of the year. But they are clearly more valuable the higher one's tax bracket, under our progressive tax system. Therefore, I have been intrigued by another more recent suggestion which may make even more sense—providing IRA incentives through tax credits rather than deductions. Credits are less skewed toward benefiting upper income groups than are deductions. A possible result from this change—one that I believe would come about—is that many more Americans will opt to take advantage of establishing an IRA account, and these low- and middle-income individuals are those who will probably be in far greater need of a postretirement cushion than upper income persons.

Spurring greater use of IRA accounts tends not only to increase the overall rate of savings but to put a greater share of these new savings into thrift institutions. When people set money aside knowing that it will not be available to them for several years—often for decades—they tend to search for secure institutions and not necessarily for the greatest short-term yield. They turn to familiar institutions with which they have done business for years. Savings and loan associations and savings banks provide the security and familiarity that money market funds and other newer savings options simply cannot match. Empirical proof of this came in 1980 when savings banks lost $5.3 billion in ordi-

nary deposits but at the same time gained $500 million in IRA's.

It is my firm belief that liberalizing of the restrictions on use of IRA accounts, raising the ceiling for contributions to such accounts, and offering a tax credit rather than a deduction will generate considerable sums of new savings in a relatively short time. I do not know whether this alone would be enough to solve all of the short-term problems of the thrift institutions and the housing industry, but I do strongly believe that action on the IRA front ought definitely to be a major element in any plan to spur new savings in the United States. I am pleased that the House Ways and Means Committee has taken at least some initial steps toward this goal in its tax reduction package.

Another approach now receiving considerable attention is the so-called all savers bill, which in essence would permit taxpayers to receive up to $1,000 in tax-free interest payments from certificates sold by depository institutions—including thrifts but also including other financial institutions, primarily commercial banks and credit unions. The interest rate on these certificates would be pegged to a portion, 70 percent, of the prevailing interest on 90-day Treasury notes.

There is no doubt that such an approach would benefit depository institutions. But there is a real question about what impact this would have on saving in overall terms. Many economists believe that the major impact of the all savers approach would be to spur investors to shift savings from one form—money market funds, principally—to these tax-free certificates.

Whether this would create new savings or merely cause shifts in the pattern of present savings, there is another questionable impact of the all savers approach which I also find disturbing. This is the fact that its economic benefits will flow exclusively to one elite group of Americans, those whose incomes place them in the 30 pecent tax bracket or higher. This happens because with the interest rate pegged at 70 percent of the rate that can be achieved through taxable investments, it makes more sense for lower income persons to put their savings into taxable investments and then to pay taxes, at a rate of under 30 percent, on the earnings. Accordingly, only about the top 25 percent of the Nation's taxpayers will really benefit from what is being called an all savers bill.

Finally, municipal and State governments throughout the Nation have pointed out that enactment of an all savers approach will create new instruments that will be in direct competition with the bonds they sell to carry out public works, road construction, housing finance, and a multiplicity of other functions. Any diversion of investors from their usual markets will have the effect of increasing the cost of borrowing on the part of State and local governments, which in turn will cause increased State and local taxes for people who live in those jurisdictions. I need not dwell on the fact that everyone, rich and poor, pays State and local taxes.

HOME MORTGAGE TAX INCENTIVES

A variation on the all savers theme is a bill which provides the same kind of tax treatment for the same kind of certificates, but requires that the proceeds of the sale of the certificates be used almost exclusively for home mortgages. This would have the effect of substantially limiting the degree of participation in the plan by both commercial banks and by credit unions. Indeed, overall, it is not unlikely that the result would be a shift of savings from those two types of financial institutions—and from the money market funds—to thrift institutions, our primary mortgage lenders. This version does not have the $1,000 ceiling on tax-free interest.

There is no doubt that one effect of this approach would be salutary: Our housing industry would improve, for mortgage funds at lower interest rates would become available in relatively large amounts. And if the all savers approach would help cure the ailments of thrift institutions, then this variation would be even better medicine.

But with this difference the effects of the tie-in to mortgages are the same as the all savers without that tie-in. There is the question of whether new savings will be created, the benefits flow only to the upper and upper middle classes, and State and local governments borrowing costs rise causing increased taxes at those levels of government.

EXCLUSION OF SAVINGS INTEREST EARNINGS FROM TAXATION

Two years ago Congress passed an experimental provision changing the tax laws to permit taxpayers to exclude $200—$400 in the case of joint returns—of savings interest earnings from their income before computing their taxes. This provision essentially equated earnings from interest with earnings from investments in corporate stock, where for some time dividends have had this $200/400 exclusion. Congress made the interest feature experimental, however, by limiting its duration to 2 years.

The evidence available to date is inconclusive as to whether this provision spurred new savings or merely provided a small tax break on the earnings from savings that would have occurred in any event. However, one fact about this provision is incontrovertible: The benefits of this exclusion flow to taxpayers at all levels of income, not just to one class. Savers with only $1,000 or $2,000 in the bank or some other savings investment benefit, in whole or in part, from it.

Yet it is very possible that in trying to provide additional savings incentives, Congress will end this exclusion and therefore repeal one provision that does extend its benefits not just to the wealthy but also to millions of middle and lower middle income Americans.

THE SENATE

The Senate Finance Committee has tentatively opted to include the all savers approach in its approach to the 1981 tax reduction bill. In addition, this committee's bill does not extend the $200/400 exclusion.

Senator DOLE, the Finance Committee chairman, has said that he is not particularly comfortable with the all savers approach toward assisting the thrift institutions and the housing industry, and that if better options come to his attention he will not hesitate to recommend changes.

THE WAYS AND MEANS COMMITTEE

Here in the House, our colleagues on the Ways and Means Committee voted by a 29 to 3 margin to include the home mortgage tax incentive variation of all savers in its version of a 1981 tax-cut bill. Again, the $200/400 exclusion would not be extended. As noted earlier, the committee also makes certain liberalizing changes in the treatment of, and eligibility for, IRA accounts.

THE ADMINISTRATION

Curiously, the administration has been relatively quiet about this issue as the Congress debates various ways of dealing with these problems. Earlier in the year the thrift institutions came to the Federal Government—in particular to those semi-independent agencies that regulate the banking industry in our system of government—and sought a number of changes in policy that would help them weather the storm. A key element in that request was the opportunity to borrow from the Government to tide ailing institutions over until the financial markets became less chaotic.

The regulatory agencies—known popularly as the regulators, despite the general unpopularity of that term—asked the administration to join them in reviewing the problems and coming up with possible solutions. For reasons unknown, the administration opted against participating in that effort. So the regulators forged ahead, coming up with proposed legislation that would have permitted the kind of borrowing that the thrifts sought. Only after this proposal had been worked on and debated for several weeks did the administration finally step forward and declare that this approach was not acceptable to them.

That declaration effectively stopped the regulators' bill in its tracks, and only at that time did the push for all

savers or some variant of it come to the fore.

And now the administration is saying that they don't really like such an approach, but again there are no alternatives being brought forward. And there are clear signals that if an all savers approach of one kind or another is included in the 1981 tax bill, the administration will accept it.

SOME PERSONAL COMMENTS

During the past several weeks I was asked to add my name as a cosponsor of both the all savers bill and the home mortgage tax incentive version of it. In each instance I agreed to become a cosponsor. I did this, however, not because I think either of these bills is wise or ought to be enacted—I do not—but because I felt that expressions of support for the thrift and housing industries in Congress might help convince the administration that it simply could not ignore this problem and hope it would go away.

My hope was that the administration, seeing this congressional support, would come forward with less far-reaching and more responsible means of dealing with these industries' problems. How, I wondered, could the Treasury Department tolerate so large a drain on the Nation's tax revenues when the possible benefits in terms of increased overall savings are so uncertain? Surely the experts, led by an acknowledged financial wizard, Secretary Regan, would come up with something more precisely targeted toward the actual need, I thought.

To my deep chagrin, this has not been the result. Why, I do not know. Maybe the administration is in the process of readying alternatives, but is not yet in a position to present them to the Congress. If this is the case, I hope they will complete their work rapidly, for time is running short. If it is not the case, I hope that the administration will reconsider its essential neutrality on this issue and enter the debate vigorously and positively. In the interim, I have certainly reconsidered the wisdom of my cosponsorship of these two bills and I am taking the appropriate steps to remove my name from the list of cosponsors.

Spurring increased savings is a goal that every Representative and Senator in Congress, and all Americans, can agree upon. But agreeing on the goal is not enough. We also need reasonable and responsible means of reaching our goals, and so far at least I fear that we may be missing the mark on this latter point. Mr. Speaker, we should think long and hard before we approve either of the two major all savers options that have been brought forward thus far.●

CAPTIVE NATIONS WEEK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. RUSSO) is recognized for 5 minutes.

● Mr. RUSSO. Mr. Speaker, I am proud to join with my colleagues in this 23d observance of Captive Nations Week. In participating, I feel a special sense of pride in this Nation and all of the liberties associated with it. Here in America we all have been granted opportunities and the right to read a newspaper, magazine, or book which has not been written or censored by the Government; the right to chat freely with our neighbors on any subject we choose, to buy and sell on a free and open marketplace, and to practice a religion which we freely embrace. These liberties, which we take for granted, are nothing more than a hope and a faint but determined dream for so many millions of people in countries all over the world.

Just one of these liberties in an oppressed country would bring joy to its people; however, one could never represent the total freedom we are privileged to enjoy. It is this week, then, July 12 through 18, that we have set aside to reaffirm our dedication to the furtherance of this freedom, and to reaffirm our commitment to the national independence and the restoration of individual liberties to all people.

Hopefully this is a week in which we are moved to examine and emphasize with the plight of these nations and their inhabitants, placed under the yoke of oppressive tyranny. It is a time to recognize people in other corners of the globe who look to our form of government and our civil liberties with longing.

It is important that each year we stand together to say with a united voice to all those who live in the captive nations that we have not forgotten them. It is important to say through Captive Nations Week, "We are with you." We say with one clear voice that all people must have the dignity and the freedom in their country that are the birthright of every human being.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. BEVILL, for today, on account of a death in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Member (at the request of Mr. DANIEL B. CRANE) to revise and extend his remarks and include extraneous material:)

Mr. PORTER, for 10 minutes, today.

(The following Members (at the request of Mr. HATCHER) to revise and extend their remarks and include extraneous material:)

Mr. DYMALLY, for 10 minutes, today.
Mr. CROCKETT, for 5 minutes, today.
Mr. GONZALEZ, for 15 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. REUSS, for 10 minutes, today.
Mr. GINN, for 5 minutes, today.
Mr. UDALL, for 10 minutes, today.
Mr. FASCELL, for 5 minutes, today.
Mr. ST GERMAIN, for 5 minutes, today.
Ms. FERRARO, for 5 minutes, today.
Mr. LAFALCE, for 20 minutes, today.
Ms. OAKAR, for 5 minutes, today.
Mr. LELAND, for 30 minutes, on July 16, 1981.
Mr. REUSS, for 10 minutes, on July 16, 1981.
Mr. GLICKMAN, for 5 minutes, on July 16, 1981.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. NELSON, to insert remarks on the Shaw amendment in the Committee of the Whole today.

(The following Members (at the request of Mr. DANIEL B. CRANE) and to include extraneous matter:)

Mr. PHILIP M. CRANE.
Mr. LEBOUTILLIER.
Mr. LAGOMARSINO in two instances.
Mr. DORNAN of California.
Mr. MCCLOSKEY.
Mr. GRADISON.
Mr. WEBER of Minnesota.
Mr. DANIEL B. CRANE.
Mr. HENDON.
Mr. WINN.
Mr. BROWN of Colorado.
Mrs. FENWICK.
Mr. DUNN.
Mr. EMERY in two instances.
Mr. BEREUTER in two instances.
Mr. DANNEMEYER.
Mr. PETRI.
Mr. PORTER.
Mr. GILMAN.

(The following Members (at the request of Mr. HATCHER) and to include extraneous matter:)

Mr. HOYER in two instances.
Mr. CROCKETT.
Mr. ASPIN.
Mr. VENTO in two instances.
Mr. STARK in two instances.
Mr. BRODHEAD.
Mr. SIMON.
Mr. MCDONALD.
Mr. EDGAR.
Mr. HAMILTON in three instances.
Mr. OTTINGER in two instances.
Mr. MURTHA.
Ms. FERRARO.
Ms. OAKAR.
Mr. WAXMAN in two instances.
Mr. NELSON.
Mr. REUSS.
Mr. LEHMAN.
Mr. MCHUGH.

Mr. RODINO.
Mr. MAZZOLI.
Mr. BLANCHARD.
Mr. MILLER of California.
Mr. LONG of Maryland.
Mr. DINGELL.
Mr. WON PAT.
Mr. MARKEY.
Mr. ROE.
Mr. FUQUA in six instances.
Mrs. BOGGS.
Mr. FORD of Michigan.
Mr. CONYERS.
Mr. SAVAGE.
Mr. ZABLOCKI.
Mr. MOAKLEY.
Mr. OBERSTAR.

ENROLLED BILL SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 31. An act to amend the Truth in Lending Act to encourage cash discounts, and for other purposes.

ADJOURNMENT

Mr. DYMALLY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 18 minutes p.m.) the House adjourned until tomorrow, Thursday, July 16, 1981, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1809. A letter from the Director, Office of Management and Budget, Executive Office of the President, transmitting the supplemental summary of the budget for fiscal year 1982, pursuant to section 201 of the Budget and Accounting Act of 1921, as amended (H. Doc. 97-73); to the Committee on Appropriations and ordered to be printed.

1810. A letter from the Secretary of Health and Human Services, transmitting a report on the review of existing Federal requirements for the labeling of infant formula to determine the effect of such requirements on infant nutrition and proper use of infant formula, pursuant to section 7(b) of Public Law 96-359; to the Committee on Energy and Commerce.

1811. A letter from the Secretary of Health and Human Services, transmitting a report on the review of issues regarding the export of infant formula that would not meet current domestic standards, pursuant to section 7(c) of Public Law 96-359; to the Committee on Energy and Commerce.

1812. A letter from the Director, Defense Security Assistance Agency, transmitting notice of a proposed supplement to a memorandum of understanding between the United States, the Federal Republic of Germany, France, and the United Kingdom to establish a joint program to initiate concept definition of a terminal guidance warhead for the medium multiple launch rocket system (Transmittal No. 02-81), pursuant to section 27(c) of the Arms Export Control Act; to the Committee on Foreign Affairs.

1813. A letter from the Secretary of Transportation, transmitting the seventh annual highway safety stewardship report, pursuant to section 203(e) of the Highway Safety Act of 1973 and sections 151(g) and 152(g) of title 23, United States Code; to the Committee on Public Works and Transportation.

1814. A letter from the Acting Under Secretary of Energy, transmitting the preliminary report on the study of Federal applications for wind energy systems, pursuant to section 11(1)(C) of Public Law 96-345; to the Committee on Science and Technology.

1815. A letter from the Secretary of Commerce, transmitting the annual report of the Foreign-Trade Zones Board for fiscal year 1979, together with reports covering the same period on the operations of Foreign-Trade Zones Nos. 1, 2, 3, 5, 7, 8, 9, 12, 14, 15, 17, 18, 21, 22, 23, 24, 25, 26, 32, 33, 36, 37, 38, 43, 45, and 47, and subzones Nos. 3A, 9A, 24A, and 33A, pursuant to section 16 of the Foreign-Trade Zones Act of 1934, as amended; to the Committee on Ways and Means.

1816. A letter from the Secretary of Transportation, transmitting a report on levels of financial responsibility for liquified natural gas and liquified petroleum gas facilities, pursuant to section 7(a) of the Natural Gas Pipeline Safety Act of 1968, as amended; jointly, to the Committees on Energy and Commerce and Public Works and Transportation.

SUBSEQUENT ACTION ON A BILL SEQUENTIALLY REFERRED UNDER TIME LIMITATION

Under clause 5 of rule X, the following actions were taken by the Speaker:

The Committee on Foreign Affairs consideration of the bill (H.R. 1957) extended for an additional period ending not later than July 16, 1981.

The Committee on Post Office and Civil Service consideration of the bill (H.R. 2590) extended for an additional period ending not later than July 31, 1981.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WIRTH (for himself, Mr. BROOKS, Mr. COLLINS of Texas, Mr. BROWN of Ohio, Mr. SWIFT, Mrs. COLLINS of Illinois, Mr. TAUZIN, Mr. TAUKE, Mr. BROYHILL, Mr. MARKS, Mr. BLILEY, and Mr. DINGELL):

H.R. 4145. A bill to amend the Securities Exchange Act of 1934 to provide uniform margin requirements in transactions involving the acquisition of securities of certain U.S. corporations by non-U.S. persons where such acquisition is financed by non U.S. lenders, to specify a private right of action for violations of margin requirements, and for certain other purposes; to the Committee on Energy and Commerce.

By Mr. AUCOIN (for himself and Mr. HEFTEL):

H.R. 4146. A bill to amend the Internal Revenue Code of 1954 to limit the application of the subsidized energy financing limitations on certain tax credit to Federal subsidies, and for other purposes; to the Committee on Ways and Means.

Mr. BONER of Tennessee:

H.R. 4147. A bill to provide for the continued deregulation of the Nation's airlines, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. BROWN of Colorado (for himself, Mr. KRAMER, and Mr. KOGOVSEK):

H.R. 4148. A bill to amend the Energy Security Act to authorize the Synthetic Fuels Corporation to guarantee loans and other obligations issued by local units of government to mitigate adverse impacts of synthetic fuel projects; jointly, to the Committees on Banking, Finance and Urban Affairs and Energy and Commerce.

By Mr. DERRICK:

H.R. 4149. A bill to amend the authorization of the demonstration project at Broadway Lake, S.C.; to the Committee on Public Works and Transportation.

H.R. 4150. A bill to amend the Internal Revenue Code of 1954 to permit the cost of property installed to meet the requirements of occupational safety standards relating to cotton dust to be treated as an expense; to the Committee on Ways and Means.

By Mr. DYSON:

H.R. 4151. A bill to amend title 10, United States Code, to eliminate the social security offset from annuities under the survivor benefit plan to the extent that any social security annuity of the survivor benefit plan annuitant is reduced because of a public retirement benefit received by the annuitant based on the annuitant's own employment; to the Committee on Armed Services.

By Mr. EDWARDS of Alabama:

H.R. 4152. A bill to amend the Federal Mine Safety and Health Act of 1977 to provide that the provisions of such act shall not apply to sand, gravel, and surface stone mining operations, shell dredging operations, and certain other mining operations; to the Committee on Education and Labor.

By Mr. FOLEY:

H.R. 4153. A bill to amend the Federal Mine Safety and Health Act of 1977 to provide that stone mine operators and sand and gravel mine operators shall not be subject to the requirements of such act; to the Committee on Education and Labor.

By Mr. GUARINI:

H.R. 4154. A bill to direct the U.S. Postal Service to provide and sell a postage stamp issue to honor American servicemen and servicewomen who, as a result of their service during military conflict, have been prisoners of war or missing in action; to the Committee on Post Office and Civil Service.

By Mr. MARTIN of North Carolina:

H.R. 4155. A bill to suspend for 4 years the duty on double-head latch needles; to the Committee on Ways and Means.

By Mr. MOAKLEY:

H.R. 4156. A bill to amend the Internal Revenue Code of 1954 to provide a deduction for amounts paid into an individual housing account, and for other purposes; to the Committee on Ways and Means.

By Ms. OAKAR:

H.R. 4157. A bill to provide that the receipts and disbursements of the social security trust funds shall not be included in the budget of the U.S. Government, and to permit borrowing between such trust funds under specified conditions when necessary to assist in financing the benefit programs involved; to the Committee on Ways and Means.

By Mr. OBERSTAR:

H.R. 4158. A bill to amend the Internal Revenue Code of 1954 to exclude from the income of an employee certain adoption expenses paid by an employer, to provide a deduction for adoption expenses paid by an individual, and for other purposes; to the Committee on Ways and Means.

By Mr. RINALDO:

H.R. 4159. A bill to require the installation of adequate smoke detector systems as a condition of participating in certain Federal programs providing financial assistance for housing, nursing homes, intermediate care facilities, and hospitals; to the Committee on Banking, Finance and Urban Affairs.

H.R. 4160. A bill to protect taxpayers' privacy regarding third-party recordkeepers summoned to produce records of taxpayers and at the same time to insure effective, efficient enforcement of Internal Revenue Service third-party summons; to the Committee on Ways and Means.

By Mr. ST GERMAIN:

H.R. 4161. A bill to provide for the distribution of overcharges collected by the Department of Energy; to the Committee on Energy and Commerce.

By Mr. SENSENBRENNER:

H.R. 4162. A bill to amend the Immigration and Nationality Act to change the numerical limitations on admission of permanent residents and refugees to the United States, to deter illegal employment of aliens, and for other purposes; jointly, to the Committees on the Judiciary, Rules, Ways and Means, and Energy and Commerce.

By Mr. TAUKE (for himself and Mr. PURSELL):

H.R. 4163. A bill to establish a State and local energy block grant program; to the Committee on Energy and Commerce.

By Mr. UDALL (for himself, Mr. GEPHARDT, Mr. ATKINSON, Mr. BAILEY of Pennsylvania, Mr. BOLAND, Mr. BONER of Tennessee, Mr. CORRADA, Mr. D'AMOURS, Mr. DERWINSKI, Mr. DORGAN of North Dakota, Mr. DUNCAN, Mr. ENGLISH, Mr. EDGAR, Mr. FORD of Tennessee, Mr. FOGLIETTA, Mr. FORSYTHE, Mr. FAZIO, Mr. GUARINI, Mr. GLICKMAN, Mr. HUBBARD, Mr. HATCHER, Mr. HEFNER, Mr. HEFTEL, Mr. HOWARD, Mr. KOGOVSEK, Mr. KILDEE, Mr. LEHMAN, Mr. LUNDINE, Mr. LEE, Mr. LAFALCE, Mr. LENT, Mr. MCGRATH, Mr. MCDADE, Mr. MINETA, Mr. MARKS, Mr. NOWAK, Mr. NATCHER, Mr. OBERSTAR, Mr. PRITCHARD, Mr. PRICE, Mr. PORTER, Mr. PEASE, Mr. PERKINS, Mr. QUILLEN, Mr. RICHMOND, Mr. ROTH, Mr. ROYBAL, Mr. ROBERTS of South Dakota, Mr. SOLARZ, Mr. STANTON of Ohio, Mr. ST GERMAIN, Mr. SIMON, Mrs. SNOWE, Mr. SEIBERLING, Mr. VENTO, Mr. WEAVER, Mr. WATKINS, Mr. WHITLEY, Mrs. COLLINS of Illinois, Mr. WOLPE, and Mr. MARKEY):

H.R. 4164. A bill to amend the tax laws of the United States to encourage the preservation of independent local newspapers; to the Committee on Ways and Means.

By Mr. WEAVER:

H.R. 4165. A bill relating to the restoration and renovation of the Crater Lake Lodge in Crater Lake National Park, Oreg.; to the Commmittee on Interior and Insular Affairs.

MEMORIALS

Under clause 4 of rule XXII,

161. The SPEAKER presented a memorial of the House of Representatives of the Commonwealth of Pennsylvania, relative to mandatory vehicle emissions control inspection/maintenance programs; to the Committee on Energy and Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DAVIS:

H.R. 4166. A bill for the relief of Jean O'Conner; to the Committee on the Judiciary.

By Mr. MURPHY:

H.R. 4167. A bill for the relief of Florence B. Altman; to the Committee on the Judiciary.

By Mr. PARRIS:

H.R. 4168. A bill for the relief of Jurgen, Carol, Alexander, and Joanne Meier; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 27: Mr. HOYER.

H.R. 52: Mr. DOWNEY, Mr. MITCHELL of New York, Mr. GINN, Mr. HYDE, Mr. FORD of Tennessee, Mr. COTTER, Mr. LENT, Mr. WILSON, Mr. GRAY, Mr. JONES of Tennessee, and Mr. MCGRATH.

H.R. 182: Mr. BLILEY.

H.R. 393: Mr. EMERSON.

H.R. 461: Mr. ATKINSON.

H.R. 750: Mr. DICKS, Mr. EMERY, Mr. FRENZEL, Mr. DONNELLY, Mr. GOODLING, Mr. LOWRY of Washington, Mr. LUNDINE, Mr. O'BRIEN, Mr. PATTERSON, Mrs. SNOWE, Mr. WEBER of Minnesota, and Mr. DAUB.

H.R. 1957: Mr. SHAMANSKY, Mr. MATSUI, Mr. MARKEY, Mr. FAZIO, and Mr. BROWN of California.

H.R. 2052: Mr. FLIPPO and Mr. BEARD.

H.R. 2310: Mr. BEARD, Mrs. BOUQUARD, Mr. CHAPPELL, Mr. CORCORAN, Mr. FORSYTHE, Mr. FRENZEL, Mr. HENDON, Mrs. HOLT, Mr. HUBBARD, Mr. MILLER of California, Mr. MITCHELL of New York, Mr. NICHOLS, Mr. RAILSBACK, Mr. SHELBY, Mr. SMITH of Alabama, and Mr. WORTLEY.

H.R. 2389: Mr. MCKINNEY and Mr. MARRIOTT.

H.R. 2883: Mr. ROEMER and Mr. ROE.

H.R. 3112: Mr. FASCELL, Mr. GEJDENSON, Mr. GLICKMAN, Mr. PATTERSON, Mr. ROE, Mr. SABO, Mr. SHAMANSKY, Mr. WYDEN, and Mr. KILDEE.

H.R. 3269: Mr. DICKS, Mr. JEFFRIES, Mr. LEATH of Texas, Mr. ROEMER, Mr. CHAPPELL, Mr. FORD of Tennessee, Mr. GRISHAM, Mr. LUKEN, Mr. SMITH of New Jersey, Mr. PATTERSON, Mr. MCCURDY, and Mr. DREIER.

H.R. 3274: Mr. STENHOLM.

H.R. 3305: Mr. FORSYTHE, Mr. HILER, Mr. PHILIP M. CRANE, and Mr. FIELDS.

H.R. 3364: Mr. SHUMWAY.

H.R. 3456: Mr. NELLIGAN, Mr. BONIOR of Michigan, Mr. HUCKABY, Mr. EVANS of Delaware, Mr. BADHAM, Mr. GOLDWATER, Mr. SWIFT, Mrs. COLLINS of Illinois, Mr. CHAPPIE, Mr. SNYDER, Mr. MCEWEN, Mr. LEACH of Iowa, Mr. REGULA, Mr. GARCIA, Mr. SIMON, Mr. FLORIO, Mr. PASHAYAN, Mr. HARTNETT, Mr. CONTE, and Mr. CARNEY.

H.R. 3575: Mr. DWYER.

H.R. 3666: Mr. PASHAYAN.

H.R. 3901: Mr. STANGELAND.

H.R. 3948: Mr. LUNGREN.

H.R. 3998: Mr. ECKART, Mr. MCCLOSKEY, Mr. FRENZEL, Mr. ASPIN, Mr. EDGAR, Mr. LAFALCE, Mr. DUNN, Mr. REUSS, Mr. MARKEY, Mr. BURGENER, Mr. CHENEY, and Mr. GREGG.

H.R. 4014: Mr. WILSON, Mr. COLLINS of Texas, and Mr. HIGHTOWER.

H.R. 4026: Mr. HEFTEL, Mr. DOUGHERTY, Mr. MCEWEN, Mr. LANTOS, Mr. DWYER, Ms. FIEDLER, and Mr. EDGAR.

H.R. 4027: Mr. SMITH of New Jersey, Mr. HORTON, Mr. PEPPER, Mr. FAUNTROY, Mr. RICHMOND, and Mr. ROE.

H.R. 4042: Mr. HILLIS and Mr. VANDER-JAGT.

H.J. Res. 125: Mr. FITHIAN.

H.J. Res. 144: Mrs. FENWICK.

H.J. Res. 243: Mr. NELLIGAN, Mr. FORD of Tennessee, Mr. ADDABBO, Mr. MURPHY, Mr. FARY, Mr. FAZIO, Mr. WINN, Mrs. FENWICK, Mr. WOLPE, Mr. SMITH of New Jersey, Mr. RICHMOND, Mr. FOGLIETTA, Mr. EDWARDS of California, Mr. FRANK, Mr. MURTHA, Mr. WEISS, Mr. DORGAN of North Dakota, Mr. MCCLOSKEY, Mr. GEJDENSON, Mr. CROCKETT, Mrs. CHISHOLM, Mr. SCHEUER, Mr. OBERSTAR, Mr. FRENZEL, Mr. JEFFORDS, Mr. RAHALL, Mr. GREGG, Mr. TRAXLER, Mr. LAFALCE, Mr. KILDEE, Mr. YATRON, Mr. COELHO, Mr. UDALL, Mr. PHILLIP BURTON, Mr. SHUMANSKY, Mr. ALBOSTA, Mr. WYDEN, Mr. BEDELL, Mr. GORE, and Mr. HERTEL.

H.J. Res. 273: Mr. MOLINARI, Mr. FRENZEL, Mr. NEAL, and Mr. DWYER.

H.J. Res. 285: Mr. WOLPE, Mr. HORTON, Mr. SCHEUER, Mr. MARKS, Mr. DOWNEY, Mr. GORE, Mr. HOLLENBECK, Mr. MURPHY, Mr. PEPPER, Mr. LAGOMARSINO, Mrs. FENWICK, Mr. BEREUTER, Mr. SMITH of Alabama, Mr. BENJAMIN, Mr. ADDABBO, Mr. FORSYTHE, Mr. WINN, Mr. LEBOUTILLIER, Mr. FRENZEL, Mr. DERWINSKI, Mr. FROST, Ms. FERRARO, Mr. LAFALCE, Mr. BLANCHARD, Mr. LOEFFLER, Mr. SMITH of New Jersey, Mr. GINN, Mr. MCDONALD, Mr. FAZIO, Mr. WON PAT, Mr. SUNIA, Mr. LEE, Mr. RICHMOND, Mr. WYDEN, Mr. GINGRICH, Mr. GOLDWATER, Mr. STUMP, Mr. DYMALLY, Mr. BEDELL, and Mr. WIRTH.

H. Res. 158: Mr. WILLIAM J. COYNE.

H. Res. 167: Mrs. HOLT, Mr. ROSENTHAL, Mr. YATES, Mr. WYDEN, Mr. FORD of Tennessee, Mr. WAXMAN, Mr. SCHEUER, Mr. BARNES, Mr. LOWRY of Washington, Mr. MOLINARI, Mr. LEBOUTILLIER, Mr. AUCOIN, Mr. FAUNTROY, Mr. MATTOX, Mr. HORTON, Mr. SABO, Mr. DYMALLY, Mr. DREIER, Mr. PEPPER, Mr. BOLAND, Mr. MITCHELL of Maryland, Mrs. SCHROEDER, Mr. FRENZEL, Mr. DYSON, Mr. RICHMOND, Mr. EDGAR, Mr. ARCHER, Mr. HOLLENBECK, Mr. FASCELL, Mr. FRANK, Mr. MOFFETT, Mr. SOLARZ, Mr. DOWNEY, Mr. KILDEE, Mr. OBERSTAR, Mr. MCGRATH, Mr. KRAMER, Mr. BEILENSON, Mr. GREEN, Mr. FLORIO, Mr. DENARDIS, Mr. GLICKMAN, Mr. BRODHEAD, Mr. DERWINSKI, Mr. COLLINS of Texas, Ms. FERRARO, and Mr. WHITTAKER.

PETITIONS, ETC.

Under clause 1 of rule XXII,

136. The SPEAKER presented a petition of the 84th annual convention of the American Federation of Musicians, AFL-CIO, Salt Lake City, Utah, relative to funding for the National Endowment of the Arts; which was referred to the Committee on Education and Labor.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2975

By Mr. ERTEL:

—Amend the title so as to read: "A bill for the relief of Yuk Yee Li.".

—Page 1, line 4, strike out "Lee" and insert in lieu thereof "Yee".

H.R. 3519

By Mr. BETHUNE:

—Page 48, after line 12, insert the following new subsection:

(d) Not later than 30 days after the end of the 180-day period beginning on the date of the enactment of this Act, the Secretary of Defense shall submit a comprehensive report to Congress on the operation through the end of such period of chapter 18 of title 10, United States Code (as added by subsection (a)). Such report shall include findings of the Secretary concerning the effect of assistance provided under such chapter.

By Mr. COURTER:

—At the end of the bill, add the following new section:

RECOMMENDATIONS WITH RESPECT TO THE ELIMINATION OF WASTE, FRAUD, ABUSE, AND MISMANAGEMENT IN THE DEPARTMENT OF DEFENSE

SEC. . (a) The President shall submit to the Congress not later than January 15, 1982, such recommendations as he considers necessary or appropriate to improve the efficiency and management, and eliminate waste, fraud, abuse, and mismanagement in the operation of the Department of Defense.

(b) In addition to the information required by subsection (a), the President shall—

(1) set forth each recommendation by the Comptroller General since January 1, 1979, for the elimination of waste, fraud, abuse, or mismanagement in the Department of Defense; and

(2) provide a statement of—

(A) which recommendations set forth pursuant to paragraph (1) have been adopted and the actual and projected cost savings from each; and

(B) which recommendations set forth pursuant to paragraph (1) have not been adopted and the projected cost savings from each and an explanation of why each such recommendation has not been adopted.

By Mr. DOWNEY:

—At the end of the bill, add the following new section:

REPORTS ON UNIT COSTS OF MAJOR DEFENSE SYSTEMS

SEC. . (a)(1) The Secretary concerned shall designate the program manager for each major defense system included in the selected acquisition report dated March 31, 1981, and in each second fiscal year quarter thereafter submitted to Congress pursuant to section 811 of the Department of Defense Appropriation Authorization Act, 1976 (Public Law 94-106; 10 U.S.C. 139 note). Within seven days after the end of each quarter of the following fiscal year, each such program manager shall submit to the Secretary concerned a written report on the major defense system included in such selected acquisition report for which such manager has responsibility. The program manager shall include in the report submitted for each quarter—

(A) the total program acquisition unit cost for the system as of the last day of the quarter; and

(B) in the case of a system for which procurement funds are authorized to be appropriated for such fiscal year, the unit acquisition cost for the system as of the last day of the quarter.

(2) If at any time during a quarter of a fiscal year the program manager of a major defense system referred to in paragraph (1) has reason to believe that (A) the total program acquisition unit cost, or (B) in the case of a system for which procurement funds are authorized to be appropriated for such fiscal year, the current unit acquisition cost, has exceeded the applicable percentage increase specified in subsection (b), the program manager shall immediately submit to the Secretary concerned a report containing the information, as of the date of such report, required by paragraph (1).

(3) The program manager shall include in each report submitted pursuant to paragraph (1) or (2) any change since the last such report in schedule milestones, system performance, or number of fully configured end items to be purchased with respect to such system that are known, expected, or anticipated by the manager.

(b)(1) If, on the basis of a report submitted pursuant to subsection (a), the total program acquistion unit cost for a major defense system for which there are no procurement funds authorized to be appropriated for such fiscal year has increased by more than 15 percent over the total program acquisition unit cost for such system as reflected in the selected acquisition report for the second quarter of the preceding fiscal year, then (except as provided in paragraph (3)) no funds may be obligated or expended for such system after the end of the 30-day period beginning on the day on which the Secretary receives such report.

(2) If, on the basis of a report submitted pursuant to subsection (a)—

(A) the current unit acquisition cost of a major defense system for which procurement funds are authorized to be appropriated for such fiscal year is determined to have increased by more than 10 percent over the unit acquisition cost reported in the Congressional Data Sheets submitted to Congress as part of the budget document submitted for the current fiscal year, or

(B) the total program acquisition unit cost of such system is determined to have increased by more than 10 percent over the total program acquisition unit cost for such system as reflected in the selected acquisition report for the second quarter of the preceding fiscal year,

then (except as provided in paragraph (3)) no funds may be obligated or expended for such system after the end of the 30-day period beginning on the day on which the Secretary receives such report.

(3) The prohibition contained in paragraphs (1) and (2) on the obligation and expenditure of funds does not apply in the case of a major defense system to which the prohibition would otherwise apply if the Secretary concerned submits to Congress, before the end of the 30-day period referred to in such paragraph, a written report that includes—

(A) the date on which the Secretary received the report from the program manager under such paragraph;

(B) a statement of the reasons for the increase in total program acquisition unit cost or unit acquisition cost;

(C) the identities of the military and civilian officers and the contractor officials responsible for program management and cost control of the system;

(D) the actions taken and proposed to be taken to control future cost growth of the system;

(E) any change made in the performance or schedule milestones of the system or the number of fully configured end items to be purchased and the degree to which each such change has contributed to the increase in total program acquisition unit cost or unit acquisition cost;

(F) written explanations by the principal contractors of the system for the causes of growth in total program acquisition unit cost or unit acquisition cost and actions taken or proposed to be taken by them to control such cost growth;

(G) a statement of the assumed rate of inflation for the cost of the system; and

(H) an index of all testimony and documents formally provided to the Congress on the estimated cost of such system.

(c)(1) If—

(A) on the basis of a report submitted pursuant to subsection (a), (i) the total program acquisition unit cost for a major defense system has increased by more than 25 percent over the total program acquisition unit cost for such system reflected in the selected acquisition report of the second quarter of the preceding fiscal year, or (ii) in the case of any such system for which procurement funds are authorized to be appropriated for such fiscal year, the current unit acquisition cost of such system has increased by more than 25 percent over the unit acquisition cost reported in the Congressional Data Sheets submitted to the Congress as part of the Budget documents submitted for the current fiscal year, and

(B) the Secretary concerned has submitted a report to Congress with respect to such system pursuant to subsection (b)(3),

then no funds may be obligated or expended for such system after the end of the 60-day period beginning on the day on which the Secretary received such report unless the President has made a certification to Congress under paragraph (2).

(2) The prohibition contained in paragraph (1) on the obligation and expenditure of funds does not apply in the case of a major defense system to which the prohibition would otherwise apply if the President submits to Congress, before the end of the 60-day period referred to in such paragraph, a written certification stating that—

(A) the system is essential to the national security;

(B) there is no alternative to the system that will provide equal or greater military capability at less cost;

(C) the new estimates of the total program acquisition unit cost or unit acquisition cost of the system are reasonable; and

(D) the management structure for the system is adequate to prevent future increases in total program acquisition unit cost or unit acquisition cost.

(d) Any percentage increase under subsection (b) or (c) shall be determined after allowing for an adjustment for inflation in accordance with the estimate for inflation used in the preparation of the budget request for the Department of Defense for the fiscal year involved.

(e) As used in this section—

(1) The term "total program acquisition unit cost" means, in the case of a major defense system, the amount equal to (A) the total cost for development and procurement of, and system-specific military construction

for, such system, divided by (B) the number of fully configured end items to be produced for such system.

(2)(A) Except as provided in subparagraph (B), the term "unit acquisition cost" means, in the case of a major defense system, the amount equal to (i) the total of all development, procurement, and system-specific military construction funds available for such system in a fiscal year, divided by (ii) the number of fully configured end items to be purchased with such funds during such fiscal year.

(B) When used in reference to the Congressional Data Sheets, the term "unit acquisition cost" means, in the case of a major defense system, the amount equal to (i) total amount of funds requested in such data sheets for development and procurement of, and system-specific military construction for, such system in a fiscal year, divided by (ii) the number of fully configured end items expected to be purchased for such systems with such requested funds.

(3) The term "Secretary concerned" has the meaning given such term in section 101 of title 10, United States Code.

(f) Section 811 of the Department of Defense Appropriation Authorization Act, 1976 (Public Law 94-106; 10 U.S.C. 139 note), is amended by adding at the end the following new subsection:

"(c)(1) Each report submitted under subsection (a) shall include the history of the total program acquisition unit cost of each major defense system from the date on which funds were first authorized to be appropriated for such system.

"(2) As used in this subsection, the term 'total program acquisition unit cost' means the amount equal to (A) the total cost for development and procurement of, and system-specific military construction for, a major defense system, divided by (B) the number of fully configured end items to be procured for such system.".

By Mr. GLICKMAN:

—On page 52, strike lines 4 through 12 and insert in lieu thereof the following:

(3) Before any contract described in paragraph (1) that contains a clause setting forth a cancellation ceiling in excess of $100,000,000 may be awarded, the head of the agency involved shall give written notification of the proposed contract to the Committees on Armed Services and on Appropriations of the Senate and House of Representatives, and such contract may not then be awarded until the end of the 30-legislative-day period beginning on the date of such notification. No such contract may be entered into if during that 30-legislative-day period both the House of Representatives and the Senate adopt resolutions disapproving such multiyear contract. For the purposes of this paragraph, a legislative day is a day in which either House of Congress is in session.

By Mrs. SCHROEDER:

—At the end of the bill, add the following new section:

RESCISSION OF BUDGET AUTHORITY ATTRIBUTABLE TO WASTE, FRAUD, ABUSE, AND MISMANAGEMENT

SEC. . (a) Not later than January 15, 1982, the President shall transmit to both Houses of Congress a special message, in accordance with section 1012 of the Impoundment Control Act of 1974 (31 U.S.C. 1402), specifying not less than $8,000,000,000 of budget authority which the President proposes to be rescinded out of budget authority made available pursuant to the authorizations of appropriations in titles I, II, and III of this Act but which the President has determined—

(1) is not required to carry out the full objectives or scope of programs for which the budget authority is provided; and

(2) is not required due to the elimination of waste, fraud, abuse, and mismanagement in the Department of Defense.

(b) In addition to the information required by section 1012(a) of the Impoundment Control Act of 1974 (31 U.S.C. 1402(a)), the special message required under subsection (a) shall—

(1) set forth each recommendation made by the Comptroller General since January 1, 1979, for the elimination of waste, fraud, abuse, or mismanagement in the Department of Defense; and

(2) contain a statement of—

(A) which recommendations set forth pursuant to paragraph (1) have been adopted and the actual and projected cost savings from each; and

(B) which recommendations set forth pursuant to paragraph (1) have not been adopted and the projected cost savings from each and an explanation of why each such recommendation has not been adopted.

(c) The President shall transmit to both Houses of Congress, at the same time that he transmits the special message required under subsection (a), such recommendations for changes in law as he considers to be necessary for the elimination of waste, fraud, abuse, and mismanagement in the Department of Defense.

H.R. 4034

By Mr. ERTEL:

—Page 46, immediately after line 15 insert the following new sections:

SEC. 415. Except as otherwise provided in Section 406, none of the funds provided in this Act to any Department or Agency shall be obligated or expended to provide a personal cook, chauffeur, or other personal servants to any officer or employee of such Department or Agency.

SEC. 416. None of the funds provided in this Act to any Department or Agency shall be obligated or expended to purchase passenger automobiles as defined in 15 U.S.C. 2001 with an EPA estimated miles per gallon average of less than 25 miles per gallon.

EXTENSIONS OF REMARKS

WHICH DIRECTION—THE DEMOCRATIC PARTY?—II

HON. LARRY McDONALD
OF GEORGIA
IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. McDONALD. Mr. Speaker, yesterday I shared with my colleague and the American people, part I of Alfred E. Smith's remarks to the Liberty League dinner here in Washington, D.C., over 45 years ago in January of 1936. These remarks are true, stimulating, timely, and especially provocative in view of the situation we find ourselves in today.

I am aware that there are those among my colleagues who were devoted followers of Al Smith many years ago, but for some reason they have deserted Al Smith, for Al Smith put principle and nation above party and partisanship. It is interesting that Al Smith in the last half of his remarks points out correctly that if one puts the Democratic platform of Franklin D. Roosevelt beside the Socialist platform there is not a dime's worth of difference. And Al Smith says that is fine with me,

If they want to disguise themselves as Karl Marx or Lenin, or any of the rest of that bunch, but I won't stand for allowing them to march under the banner of Jackson or Cleveland.

I know that Al Smith would not be popular today with those who promise everybody something for nothing, with that nothing being the poor taxpayer, but as for me and my conscience, I shall follow Al Smith. Part II follows:

Another one: "We promise the removal of government from all fields of private enterprise (laughter), except where necessary to develop public works and national resources in the common interest."

NRA! A vast octopus set up by government that wound its arms around all the business of the country, paralyzed big business and choked little business to death.

Did you read in the papers a short time ago where somebody said that business was going to get a breathing spell. (Laughter.) What is the meaning of that? And where did that expression arise? I will tell you where it comes from.

It comes from the prize ring. When the aggressor is punching the head off the other fellow, he suddenly takes compassion on him and gives him a breathing spell before he delivers the knockout wallop.

Here is another one (laughter): "We condemn the open and covert resistance of administrative officials to every effort made by Congressional committees to curtail the extravagance and expenses of government (laughter) and improvident subsidies rendered to private interests."

Now, just between ourselves (laughter), do you know any administrative officer that ever tried to stop Congress from appropriating money? Do you think there has been any desire on the part of Congress to curtail appropriations?

Why, not at all. The fact is, that Congress is throwing them right amd left, don't even tell what they are for. (Laughter.)

As to the subsidy—never at any time in the history of this or any other country were there so many subsidies granted to private groups and on such a large scale.

And the truth is that every administrative officer sought to get all he possibly could, to expand the activities of his own office, and throw the money of the people right and left.

The fact of the matter is that most of the cases pending before the United States Supreme Court revolve around the point of whether or not it is proper for Congress to tax all the people to pay subsidies to a particular group.

Here is another one: "We condemn the extravagance of the Farm Board, its disastrous action which made government a speculator in farm products, and the unsound policy of restricting agricultural products to the demands of domestic markets."

Listen, and I will let you in on something. This has not leaked out, so kind of keep it to yourself until you get the news.

On the first of February we are going to own 4,500,000 bales of cotton. The cost is $270,000,000.

And we have been such brilliant speculators that we are paying thirteen cents a pound for it when you add storage and carrying charges, and it can be bought in any one of the ten cotton markets of the South today for $11.50. Some speculators!

What about the restriction of our agricultural products and the demands of the domestic market? Why, the fact about that is that we shut out entirely the foreign market, and by plowing under corn and wheat and the destruction of foodstuffs, food from foreign countries has been pouring into our American markets, food that should have been purchased by us from our own farmers.

In other words, while some of the countries of the Old World were attempting to drive the wolf of hunger from the doormat, the United States of America flew in the face of God's bounty and destroyed its own foodstuffs. There can be no question about that.

Now, I could go on indefinitely with some of the other planks. They are unimportant, and the radio time will not permit it. But just let me sum it up this way: regulation of the Stock Exchange and the repeal of the Eighteenth Amendment, plus one or two minor provisions of the platform that in no way touched the daily life of our people have been carried out, but the balance of the platform was thrown in the wastebasket. About that there can be no question.

And let us see how it was carried out. Make a test for yourself.

Just get the platform of the Democratic party and get the platform of the Socialist party and lay them down on your dining-room table, side by side, and get a heavy lead pencil and scratch the word "Democratic" and scratch out the word "Socialist" and let the two platforms lay there, and then study the record of the present administration up to date.

After you have done that, make your mind up to pick up the platform that more nearly squares with the record and you will have your hand on the Socialist platform; you would not dare touch the Democratic platform.

And incidentally, let me say that it is not the first time in recorded history that a group of men have stolen the livery of the church to do the work of the devil.

If you study this whole situation you will find that is at the bottom of all our troubles. This country was organized on the principles of a representative democracy, and you can't mix socialism or communism with that. They are like oil and water, they refuse to mix.

Incidentally, let me say to you that is the reason why the United States Supreme Court is working overtime, throwing the alphabet out of the window, three letters at a time.

I am going to let you in on something else. How do you suppose all this happened? The young brain trusters caught the Socialist in swimming and then ran away with their clothes. (Laughter and applause.)

Now, it is all right with me, if they want to disguise themselves as Karl Marx or Lenin, or any of the rest of that bunch, but I won't stand for allowing them to march under the banner of Jackson or Cleveland. (Applause.)

Now, what is worrying me is: Where does that leave us millions of Democrats? My mind is all fixed upon the convention in June in Philadelphia. The committee on resolutions is about to report. The preamble to the platform is:

"We, the representatives of the Democratic party, in convention assembled, heartily endorse the Democratic administration."

What happened to the recital of Jefferson and Jackson and Cleveland when that resolution was read out? Why, for us it is a washout. There is only one of two things we can do, we can either take on the mantle of hypocrisy or we can take a walk, and we will probably do the latter.

Now, leave that platform alone for a little while. What about this attack that has been made upon the fundamental institutions of this country, who threatens them, and did we have any warning of this threat? Why, you don't have to study party platforms, you don't have to read these books, you don't have to listen to professors of economics. You will find the whole thing incorporated in the greatest declaration of political principle that ever came from the hand of man—the Declaration of Independence and the Constitution of the United States.

Always have in your mind that the Constitution and the first ten amendments were drafted by refugees and by sons of refugees, by men with bitter memories of European oppression and hardship, by men who brought to this country and handed down to their decendants an abiding fear of arbitrary, centralized government and autocracy.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

There are just three principles and in the interest of brevity I will read them. I can read them quicker than I can talk them.

First, a Federal Government strictly limited in its powers, with all other powers except those expressly mentioned reserved to the States and to the people, so as to insure State's rights, guarantee home rule and preserve freedom of individual initiative and local control.

That is simple enough. The difference between the State Constitution and the Federal Constitution is that in the State you can do anything you want to do provided it is not prohibited by the Constitution, but in the Federal Government, according to that document, you can do only that which that Constitution tells you that you can do.

What is the trouble? Congress has overstepped its power, it has gone beyond the constitutional limitation, and it has enacted laws that not only violate that, but violate the home rule and the State's rights principle. And who says that?

Did I say it? Not at all. That was said by the United States Supreme Court in the last ten or twelve days.

Second, the government with three independent branches, Congress to make the laws, the Executives to execute them, the Supreme Court and so forth, and you all know that.

In the name of heaven, where is the independence of Congress? Why, they just laid right down. They are flatter on the Congressional floor than the rug under this table here.

They centered all their powers in the Executive, and that is the reason why you read in the newspapers reference to Congress as the rubber-stamp Congress.

We all know that the most important bills were drafted by the brain trusters and sent over to Congress and passed by Congress without consideration, without debate, and, without meaning any offense at all to my Democratic brethren in Congress, I think I can safely say without 90 per cent of them knowing what was in the bills, what was the meaning of the list that came over, and beside certain items was "must."

Speaking for the rank and file of the American people, we don't want any Executive to tell Congress what it must do. We don't want any Congress to tell the Executive what he must do.

We don't want Congress or the Executive, jointly or severally, to tell the United States Supreme Court what it must do.

On the other hand, we don't want the United States Supreme Court to tell either of them what they must do. What we want, and what we insist upon, and what we are going to have, is the absolute preservation of this balance of power which is the keystone upon which the whole theory of democratic government has got to rest, and when you rattle it you rattle the whole structure.

Of course, when our forefathers wrote the Constitution, it couldn't be possible that they had in their minds that that was going to be all right for all time to come, so they said, "No, we will provide a manner and method of amending," and that is set forth in the document itself. And during our national life we amended it many times.

We amended it once by mistake, and we corrected it.

And what did we do? We took the amendment out. Fine! That is the way we ought to do it. By recourse to the people.

But we don't want an administration that takes a shot at it in the dark and that ducks away from it and dodges away from it and tries to put something over in contradiction of it upon any theory that there is going to be a great public power in favor of it and it is possible that the United States Supreme Court may be intimidated into a friendly opinion with respect to it.

But I found all during my public life that Almighty God built this country and He did not give us that kind of Supreme Court.

Now this is pretty tough for me to go after my own party this way, but I submit that there is a limit to blind loyalty.

As a young man in the Democratic party I witnessed the rise and fall of Bryan and Bryanism, and in the memory of Bryan, what he did to our party, I know how long it took to build it after he got finished with it. But let me say this, for the everlasting memory of Bryan and the men that followed him, that they had the energy and the courage and the honesty to put into the platform just what their leaders told them.

They put the American people in the position of making an intelligent choice when they went to the polls. The fact of this whole thing is, I speak now not only of the executive but of the Legislature at the same time—that they promised one set of things. They repudiated that promise, and they launched off on a program of action totally different.

Well, in twenty-five years of experience I have known both parties to fail to carry out some of the planks of their platform, but this is the first time that I have known a party, upon such a huge scale, not only not to carry out the planks, but to do directly the opposite thing to what they promised.

Now, suggestions—and I make these as a Democrat, acting for the success of my party, and I make them in good faith. Here are my suggestions:

Number 1—I suggest for the members of my party on Capitol Hill here in Washington that they take their minds off the Tuesday that follows the first Monday in November.

Just take your mind off it to the end that you may do the right thing and not the expedient thing.

Yes, I suggest to them that they dig up the 1932 platform from the grave that they buried it in and read it over and study it, read life into it and follow it in legislative and executive action to the end that they make good their promises to the American people when they put forth that platform and the candidate that stood upon it 100 per cent—in short, make good.

Third, I would suggest that they stop compromising with the fundamental principles laid down by Jackson and Jefferson and Cleveland.

Fourth, stop attacking all the forms of the structure of our government without recourse to the people themselves, as provided in their own Constitution which really belongs to the people, and does not belong to any administration.

Next, I suggest that they read their oath of office to support the Constitution of the United States and I ask them to remember that they took that oath with their hands on the holy Bible, thereby calling upon God Almighty himself to witness their solemn promise. It is bad enough to disappoint us.

Sixth, I suggest that from this moment on they resolve to make the Constitution again the Civil Bible of the United States and to pay it the same civil respect and reverence that they would religiously pay the Holy Scripture, and I ask them to read from the Holy Scripture the paragraph of the prodigal son, and to follow his example (laughter, cheers and applause). "Stop, stop wasting your substance in a foreign land and come back to your father's house."

Now, in conclusion, let me give this solemn warning: There can be only one capital, Washington or Moscow.

There can be only one atmosphere of government, the clear, pure, fresh air of free America, or the foul breath of communistic Russia. There can be only one flag, the Stars and Stripes, or the flag of the godless Union of the Soviet.

There can be only one national anthem, "The Star-Spangled Banner" or the "Internationale."

There can be only one victor. If the Constitution wins, we win.

But if the Constitution—stop, stop there—the Constitution can't lose.

The fact is, it has already won, but the news has not reached certain ears.●

WASHINGTON SPACE WEEK, 1981

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. HOYER. Mr. Speaker, I would like to bring to the attention of my colleagues that this week has been declared "Washington Space Week, 1981" by the Mayor of Washington, Marion Barry.

Numerous activities have been planned for the area, including an "International Cooperation in Space" panel discussion, today at 7 p.m., New South Building, Georgetown University, with representatives of Brazil, Canada, U.S.S.R., Japan, and the European Space Agency; a "Skywatch" on the Mall, at 10 p.m. on Thursday, behind the Air and Space Museum to watch a full lunar eclipse; an "Industry in Space" exposition and panel discussion at the University of Maryland, College Park, Chemistry Building, from 10 a.m. to 6 p.m. on Saturday; and, on Sunday, 10 a.m., a model rocket competition at NASA's Goddard Space Flight Center in Greenbelt, Md.

These events are sponsored by the Washington Space Week Committee, a coalition of groups including the Action Committee on Technology, the Maryland Alliance for Space Colonization, the National Space Institute and the L-5 Society. These groups are interested, as I am, Mr. Speaker, in educating and involving the public on space and on the importance of the American space program.

Mr. Speaker, I know my colleagues would want to join me in congratulating the organizers of Washington Space Week for providing such a comprehensive salute to our space effort.

I urge my colleagues to participate in any or all of these events as time permits, and to continue to support, as I will, our American space program

and explorations into the wonder and magnitude of the universe.●

GRUMBLINGS OF A RESTLESS NATIVE

HON. BILL NELSON

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. NELSON. Mr. Speaker, I would like to call to the attention of my colleagues the following letter which I recently received from a constituent. While I enter it into the RECORD without comment as to its specifics, I do believe it reflects the sentiments of a growing number of very frustrated Americans.

HELLO BILL: We're glad you're here to listen to the grumblings of us restless natives.

I'm Marion C. Bogar, a native Floridian, born and raised in a sandspur patch in Orange County.

I now live in the Piney Woods at nearby Port St. John and have a nice little garden of greens, collards and blackeye peas, notwithstanding the fact that I have to share them with the rabbits who dwell here too. And I work in the shuttle program at the Kennedy Space Center.

Twelve years ago, as a member of the Saturn Apollo Space Program, I helped launch Neil Armstrong and his buddies on a journey to set foot on the Moon—an event that electrified the world—a first that was an almost incomprehensible technological feat. A feat that culminated in another first for the U.S.A. and for the World—recently the maiden flight of her majesty, "The Columbia", that I also participated in—an event that clearly demonstrated the technological superiority of the U.S.A. over that of our friends and adversaries alike.

And I'm certain you know the significance of that first flight—it was the beginning of a new era—we have entered a new dimension—a new military and commercial dimension that will change the world.

During the intervening years from Saturn Apollo and Armstrong and to Columbia and Young—our Nation has undergone many crisis—but no crisis as serious as the one now threatening anarchy and collapse of our social order as we once knew it.

A Social order under vicious attack and being destroyed "lightning fast" by a tidal wave of crime . . .

Crime on the streets, crime in our homes, crime in our schools, crime in our sanctuaries, crimes of rape, murder, arson, robbery, assault, theft, burglary, ad infinitum . . .

Organized crime, extortion, fraud, propogation of drug trafficking, assassinations, ad infinitum . . .

Business, industrial and white collar crime, embezzlement, price-fixing, massive fraud, tax evasion, ad infinitum . . .

Political crime, shades of political leaders, Abscam, Watergate, GSA scandals, profiteering while in office serving "special interests" while doublecrossing their fellow countrymen, ad infinitum.

As a law-abiding citizen, one of tens of millions more, hereby declare . . . We've had enough of it! We are fed-up! We're now going to take matters into our hands and demand an accounting for these outrageous atrocities we now endure. We're going to demand an accounting from our ineffective law enforcement and judicial systems who have failed to do their jobs, and we're going to demand an accounting of those who have subverted our constitution under the guise of "interpretation".

Our U.S. Constitution and Bill of Rights, as you know, is our bible for self government, yet it is violated and trampled on daily by those sworn to uphold it and subverted by those of the ACLU and the American Bar who profiteer greatly in their pursuit of money to be pocketed in the "legal industry" . . . an industry oriented to the technical aspects of getting their criminal clients "off the hook" with absolutely no concern for the victim and his rights and sufferings.

It is now time that we turn things around.

Let's put law-breakers and criminals behind bars and let ourselves out of our prisons. . . The prisons of locks, window bars, security systems, chains, insurance policies, cars with windows rolled up and door locked as we drive our dangerous roadways, pentup fear of not seeing our loved ones again each day as we separate to go to our jobs. . . The prisons of law-abiding citizens imposed on us by our inept and failed judicial system.

A judicial system ranging from the one room courthouse in dogpatch to that imposing "puzzle palace" on the Potomac where liberal-minded judges declare their "interpretations of our constitution" to coddle the criminals while the victims languish in much suffering. I say the U.S. Constitution needs no interpretation any more than the first five words of the holy bible need interpretation: "In the beginning, God created. . ."

The constitution clearly provides guarantees for all citizens. . . And these guarantees for law-abiding citizens are not being fulfilled. . . They have been ignored in favor of the sub-cultured maddogs running amuck with all the protection the liberals can muster.

Recently, Secretary of State Haig proclaimed our USA as the world's "Trustee of Justice and Peace".

What justice and peace is he talking about?

To have justice and peace it is time that rapists, murderers, arsonists and hard drug pushers be executed for their crimes at or adjacent to the place their crime was committed. . . and that all criminal cases be tried in the court nearest to the place where the crime was committed, and that all criminals be sentenced according to the law without any plea bargaining, and that all criminals be required to do constructive work while imprisoned unless physically impaired.

In addition to the necessary reformation of the judicial system and restoration of peace and security in our land, we need to address the promoters of crime and violence . . . the American TV and porno industries.

Without infringing upon the first amendment to our Constitution, the TV industry should be heavily taxed an "advertisement tax" on all programs promoting violence and crime broadcast daily that somehow suggests such crap as "normal" . . . and if that crap desensitizes law-abiding persons with strong moral and or religious convictions, certainly it must be very impressive to the weak and susceptible minds of those who are committing crimes against us. It's a sad commentary that when our president was shot, school children in different parts of our country applauded and commented "that was neat." Let's face it . . . we are in deep trouble!

How in the hell can we proclaim to the world we are numero uno in technological and military expertise, that we are the world's trustee of justice and peace when we hide our heads in the sand as the subculture of criminals destroy us from within. What a paradox . . . we have the military power to destroy every nation on this earth within a span of time from sunrise to sunset, can overkill every Russian 3 or 4 times and reduce his habitat to ashes, yet we don't have the will to clean up our country and make it the true "model of the world."

I thank you.●

TENNIS CHAMP MATT ANGER

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. STARK. Mr. Speaker, today it gives me pleasure to honor a great athlete and fine young man, Matt Anger, who brings pride to the city of Pleasanton. The 18-year-old Amador Valley High School graduate made worldwide news with a straight-sets victory in the Wimbledon Junior Tennis Championship, on Saturday, July 4, 1981.

One cannot imagine a prouder and more emotional moment for his family and friends. This accomplishment does not come as a surprise to those who know him. For years he has obviously practiced long and hard hours. Besides his outstanding skill at tennis, Matt is a warm and likable human being. Respected by his peers and teachers, he pushed himself both academically and on the courts, setting an example by his responsible attitude.

We should pause on this occasion to reflect on our Nation's youth and how proud it makes us feel to see a young man succeed. I urge my colleagues to join me in paying tribute to Matt Anger for his effort and to wish him continued success.●

OPERATION YOUTH

HON. WILLIS D. GRADISON, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. GRADISON. Mr. Speaker, I would like to take this opportunity to recognize an outstanding program—Operation Youth—which recently took place in my district. Operation Youth is a week-long conference during which interested young men and women learn about our system of government.

This year's conference, the 31st edition, was held June 6-13 at Xavier University in Cincinnati, and 95 selected Ohio high school students partici-

pated in the program. The agenda included speeches by leaders in government, education, and the media on topics such as "America's World Affairs," "Science, Energy and Society," and "Free Enterprise Economics." Forums were then set up so the students could discuss these topics and other current issues. In addition, the students formed political parties and elected officials to a mock municipal government. I am extremely proud to recognize those who were elected to office as well as those who participated in all other aspects of this valuable program.

They are as follows: Mayor, Stephen J. Cook, Moeller High School; vice mayor, Beth Stallbaumer, Goshen High School; city manager, Greg Schildmeyer, Roger Bacon High School; clerk of council, Jim Barone, Moeller High School; and city council members: Marty Berning, Elder High School; Tom Breitenbach, Moeller High School; Beth A. Donabedian, McNicholas High School; Joe Sabato, Elder High School; Bill Telles, Elder High School; Barry Tiemeier, Elder High School; and Stephanie Young, London High School.

Also participating in the conference were: Jeff Arling, Minster High School; Mark Arnold, Greenhills High School; Daniel R. Baker, Goshen High School; Leon D. Baranovsky, Wyoming High School; Christopher Barton, Card. Stritch High School; Gregory G. Bernardo, St. John High School; Michelle Boehl, Lockland High School; Paul D. Brown, Greenville High School; Victoria R. Brown, Shelby Sr. High School; Melissa Buschelmann, Reading High School; Mike Callahan, Deer Park High School; Doris Cannon, Hughes High School; Rebecca Cherry, Notre Dame Academy; Lisa Clark, Lima C. Cath. High School; Christopher L. Cloran, Bishop Fenwick High School; Colleen Cullers, Greenville High School; Richard D. Davis, Jr., Northmont High School; Charles Delahunt, Wyoming High School; Steve Dinkins, Newcomerstown High School; Noreen Donovan, Our Lady of Angels High School; Walter Engle, Miami Trace High School; Gail Enright, Mother Seton High School; Debra Fogle, Shelby Sr. High School; Sherry Forste, Deer Park High School; Kathy Funderburg, Greenville High School; Jeannie Gravenkemper, Southeastern High School; Brenda Green, Loveland-Hurst High School; Mary T. Green, St. Ursula Academy; Thomas E. Gremling, Lima C. Catholic High School; Karen Grimm, Mother Seton High School.

Gabrielle Gundrum, McNicholas High School; Derek Hart, Oak Hills High School; Maureen Hennie, Mother of Mercy High School; Jeffrey Hensley, Loveland-Hurst High School; Martha Homan, Marion Local High School; Robert J. Hughes, Elder High School; John Janning, Roger Bacon High School; Kimberly M. Jones, Eaton High School; Stephen E. Kauffman, Findlay High School; Scott Kinnison, Sidney Lehman High School; Jerome E. Klems, Purcell High School; Janet A. Koch, Bishop Fenwick High School; Doug Kremer, Marion Local High School; Andy Kress, Toledo C. Catholic High School; Bill Lehmkuhl, Minster High School; Jennifer Lewis, Bishop Rosecrans High School; Jeff Logsdon, Findlay High School; Lynn Marggrander, Loveland-Hurst High School; Erik Mattes, Madeira High School; Esther Mattick, Taylor High School; LuAnn Mayle, Notre Dame Academy; Forrest G. McClain, Talawanda High School; Melissa McDonald, St. Ursula Academy; Linda McKenzie, McAuley High School; Andrea L. Metz, Mt. Healthy High School; Nancy Minning, Mother Seton High School; Joanie Mooney, New Lexington High School; Annette Morris, Indian Lake High School.

Christine Muller, Wyoming High School; Michael O'Hearn, Toledo C. Catholic High School; Maria T. Ollier, Ursuline Academy; Holly Ann Parnell, Oak Hills High School; Thomas L. Pommering, Loveland-Hurst High School; Tricia Powers, McNicholas High School; Betsy Roth, Mother of Mercy High School; Susan E. Schmid, Madeira High School; Gregory J. Sertell, Arlington High School; Terry Siebel, Norwood High School; Kelly Lyn Smith, Western Hills High School; Stephen S. Smith, Mason High School; Steven Sokoloski, Columbus DeSales High School; Ronald J. Steinbrunner, Coldwater High School; Cindy Sullivan, New Lexington High School; Tim Taylor, Moeller High School; Cheryl L. Thielmeyer, Princeton High School; Richard C. Vandewalle, Taylor High School; Michael D. Watson, St. Bernard High School; Dawn M. Wilbers, Western Hills High School; Wayne C. Wilkey, Oak Hills High School; Marie Wurzelbacher, McAuley High School; Donald P. Zimmerman, Norwood High School; Douglas Zink, Turpin High School; Mary A. Zocolo, Salem Senior High School; Sharon K. Cannedy, Aiken Senior High School.

I would especially like to honor William E. Smith, director of Operation Youth and professor of accounting and finance at Xavier University. His dedication in insuring the success of this program has been unsurpassed. His efforts, as well as those of his staff: Tom Gardner, Maureen Murphy, Rev. Lee J. Bennish, S.J., Kevin Bien, Lisa Bruemmer, Bill Maly, Glen Napolitano, Jean Bolen, Dan Eddingfield, Pam Ehrman, Karen Fahlbusch, Karen Schilling, and Rob Semmel, enabled 95 young citizens to gain new insight into the workings of democracy.●

LETTER AND DOCUMENTS CONCERNING EL SALVADOR

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. LAGOMARSINO. Mr. Speaker, former U.S. Ambassador to El Salvador Robert White has been widely quoted in the press as being highly critical of the State Department's policy paper on El Salvador based on captured documents. Yet on January 26 of this year, he wrote to President Duarte of El Salvador summarizing those documents, which clearly indicate assistance by Cuban and other Communist nations to the leftist guerrillas in El Salvador.

The letter to President Duarte and the summary of the captured documents follow:

EMBASSY OF THE
UNITED STATES OF AMERICA,
San Salvador, January 26, 1981.

His Excellency Ing. NAPOLEON DUARTE,
President de la Junta Revolucionaria Gobierno, San Salvador.

DEAR MR. PRESIDENT: Please find attached a summary of the documents we discussed at my house today, January 26. The Summary deals only with the question of foreign involvement in supply of the insurgency.

I hope this summary is useful to you. With warm regards.

Sincerely,

ROBERT E. WHITE,
Ambassador.

Attachment.

SUMMARY

SOURCE OF SUPPLY

One of captured documents (minutes of DRU meeting of August 30, 1980, prepared by ERP representative, code name "Ana Maria") provides listing of arms and nonweapon assistance commitments provided by Vietnam and other Communist nations (Czechoslovakia, Bulgaria, GDR, Hungary, and Ethiopia) during June-July 1980 overseas trip of Salvadoran Communist Party (PCS) Chief Shafik Handal. This separate, independent account confirms Shafik's own report of Communist assistance commitments. Account of DRU meeting indicates that Vietnamese arms (and possibly other Communist assistance) were supposed to arrive in "Esmeralda" on September 5.

WHAT IS "ESMERALDA?"

Previous analyses have speculated that references to "Esmeralda" in earlier captured documents may have related to an Ecuadorean port. New documents, however, suggest that "Esmeralda," in fact, is code name for Cuba: (a) Report to DRU sent by "Marcial" (code name for Salvadoran FPL leader Cayetano Carpio), "Jonas" and "Eduardo," August 31, from "Lagos" (code name for Nicaragua) indicates that FARN organization, at that time defecting from DRU, was asking "management of Esmeralda" to convoke meeting to discuss its differences with rest of DRU. Marcial and company indicate that they also would inform "Esmeralda" directly of problem with FARN. A "Comrade Mart." (presumably a representative of Cuban CP Central Committee Americas Depatment) indicated

to "Marcial" that "Chief of this department in Esmeralda" wanted to call September 4 meeting to discuss problem of split. Subsequent October 8 letter from Marcial openly addressed to Manuel Pineiro, Chief of Americas Department of Cuban CP Central Committee, thanks Cuban for his advice and suggestions following FARN defection; (b) Minutes of DRU meeting of September 24, 1980, indicate that "Marcial," during visit to "Lagos" (Nicaragua), in previous months, met with "Comrades of Esmeralda." "Esmeraldan" comrades visiting Nicaragua are listed as follows: "C.M. and Abr" (letters "b" and "r" are lower case—we believe this refers to Comrade Manuel Pineiro and Abreu, respectively Director and Central American Department Chief of Americas Department of Cuban Central Committee), "C. Br." (We presume this refers to a Cuban functionary visiting Nicaragua in company with Castro), and "C en F." (word "en" is in small case. This probably refers to Commandante en Jefe Fidel Castro—the Cuban leader's formal title.)

"ESMERALDA'S" ROLE

DRU logistics representative in Nicaragua (code name "Vladimir"), reporting to DRU, Novemeber 1, indicated that some 300 to 400 tons of military supplies would have arrived in "Esmeralda" (Cuba) by the following week and would soon be arriving in "Lagos" (Nicaragua). This was in addition to the more than 109 tons military supplies that "Vladimir" said had already reached "Lagos." In a separate document dated September 26, 1980, reporting on a DRU Joint General Staff (EMGC) meeting, an ERP representative (code name "Jonas") indicated that there were then 130 tons of military supplies stored in "Lagos" (Nicaragua)—only a sixth part of the materiel that had been committed by others to the DRU.

In addition to being logistics transit point and front of political advice, "Esmeralda" helped plan guerrilla military offensive. Undated, unsigned report of trip to "M." (clearly a Managua visit in mid-July 1980 in view of context) indicates that Salavadoran insurgent Joint General Staff (EMGC) delegation would depart soon for "la. H." (Havana) to have "specialists" put finishing touches on plans for guerrilla offensive. In separate September 26 document, ERP representative "Jonas" indicates that "Comrade Ramon" was unable to give report to EMGC on progress of planning offensive since "Written materials" had been left in "Managua and Havana." (Comment: This is rare occasion in which plain language place names appear on these documents.) The same report indicates that EMGC itself was located for some time in "Cuba."

ROLE OF FSLN

Literally dozens of references in captured documents indicate definitively that code name "Lagos"—transit point of arms for Salvadoran insurgents—is, in fact, Nicaragua. The documents point to the initially wavering, but later heavily involved participation of the FSLN in the supply effort by "C. de Frent." (Comrades of the Frente) without specifying names.

FSLN role in early part of 1980, according to documents, was largely facilitative. June 17 DRU report from Managua indicated that one "Gustavo" of FSLN (may be identical with "G." identified in another document as assistant to "Comrade Bayardo") arranged contact for insurgents with Panamanian arms traffickers in March. As late as mid-July, ERP visitor indicates that FSLN appeared to be reluctant to forward arms or to allow arms pick-ups from Nicaraguan coast. On July 23, 1980, however, "Comrade Bayardo" (presumably FSLN Directorate member Bayardo Arce) told visiting Salvadoran insurgent Joint General Staff (EMGC) delegation that urgent guerrilla ammunition request had been approved, meeting had been set up with FSLN "military commission," and that, if insurgents would be receiving help through Nicaragua, FSLN had given thought to possible "triangular" arrangement in which arms from "socialist" countries would be absorbed by Sandinista army (EPS). Nicaragua in turn would pass its Western-manufactured arms to the Salvadoran guerillas. (Comment: Note that at time of this meeting Fidel Castro was in Nicaragua.)

By the beginning of November 1980, (after the FSLN renewed shipments following the one month suspension), the Nicaraguans began pushing more supplies on the insurgents than the latter could handle. Code name "Rodrigo," reporting to the DRU in early November, 1980, indicated that Nicaraguan deliveries were exceeding DRU reception capabilities and that Nicaraguans were sending dangerously overloaded boats. (Judging from documents, large-scale deliveries also began to move in November from Nicaragua by trailer-truck through Honduras and by air.) "Rodrigo" travelled to "Lagos" to ask for better FSLN coordination and supervision of shipments. In the meantime, DRU logistics representative in Managua, "Vladimir," pointed out to Salvadoran insurgent leadership, November 1, that it was necessary to enhance DRU capabilities to receive and distribute deliveries since not only does the FSLN regard the arms as a "hot potato" but also, ". . . all the countries of the socialist camp have dug deep to help us with all the requests we had made and some doubled the promised help. This is the first Latin American revolution which they have unconditionally moved to help before it (the revolution) has taken power." Vladimir urged the DRU—the "last link" in the supply "chain"—to step up its absorption pact.●

CONDITION OF PUBLIC TRANSIT SUMMARIZED BY MR. PREMO

HON. BOB EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. EDGAR. Mr. Speaker, Jerome C. Premo, executive director, New Jersey Transit Corporation summarized the present condition of public transit before the House Subcommittee on Surface Transportation today. I share his important testimony for the general information of the Congress. His statement follows:

STATEMENT BY MR. JEROME C. PREMO, EXECUTIVE DIRECTOR, NEW JERSEY TRANSIT CORPORATION

Good morning, Mr. Chairman. I am Jerome C. Premo, executive director of the New Jersey Transit Corporation. With me this morning are James R. Maloney, executive director of the Port Authority of Allegheny County in Pittsburgh; J. Bass Dyer, president of Pacific Bus Rebuilders, Inc., in San Ramon, California; Loren Ewert, Jr., transportation director of the Mankato Urban System of Transportation in Mankato, Minnesota; Charles Iannini, president of the Greater Aliquippa Transit Authority in Aliquippa, Pennsylvania; Richard B. Griffin, director of government relations for the General Railway Signal Company in Rochester, New York; and Walter Addison, executive director of the Metropolitan Transit Authority of Harris County in Houston, Texas.

To discuss the current condition of public transportation in the United States, I must generalize on what is more accurately a diverse situation. In fact, local financing arrangements, age and condition of the capital plant, and the specific form of public transit operations greatly influence the current condition in areas as diverse as Denver and Houston; New York, New Jersey, and Philadelphia; Pittsburgh, Chicago, and San Franciso; Long Beach, Aliquippa, Mankato, and Pittsfield; and Los Angeles, Detroit, and Cincinnati.

Where stable local financing arrangements are in place, where these precedents have been set, communities are examining the level of funding and considering increases. Where no stable local financing exists, a sense of financial crisis is persuasive.

Where capital investments have rehabilitated or established relatively modern facilities and rolling stock, capital replacement issues focus on expansion or "second generation improvements". Where transit rolling stock and facilities are in service, capital investment priorities are urgent, critical, and intensely in the public eye.

Where public transportation means bus transportation, fleet maintenance, improved scheduling, peak-hour capacity, marketing and communications, and part-time labor are high priority issues. Where public transportation includes rail facilities, intense passenger demand, huge capital and operating costs, modern technology, financing extensions and new projects, system safety and security, and lack of skilled labor are also problems. Where public transportation includes commuter railroads, ownership, work rule reform, escalating costs and fares, and institutional alternatives to operating agencies are also issues of the moment.

Regardless of these characteristics, public transportation is going into this new decade under a cloud of skepticism and unfulfilled expectations. Skepticism comes in part from a national political environment of economic concern and a new administration challenging previous commitments and suggesting lowered Federal funding for transit assistance. Unfulfilled expectations come, in part, from the rhetoric of the 70's which sold some public transportation investments as a panacea for our social, environmental, energy, and sometimes even transportation problems.

Let's first consider some perspectives, discuss some of the current problems, and then summarize transit's current condition.

PUBLIC TRANSIT RIDERS

Transit riders, no matter where they are and no matter what they are riding, have a relatively simple perspective. They want reliability and dependability—service should depart and arrive on time, all the time, everyday; they want a modicum of comfort, safety, and security—riders demand airconditioning when it's hot, heat when it's cold, clean seats, and a safe and secure environment; lastly, they want service—adequate capacity going to their destinations from convenient locations. In New Jersey, our most intense critics are unsatisfied riders

who cannot understand why we sometimes cannot meet these demands.

GENERAL PUBLIC

The perspective of the general public seems overwhelmingly positive. Attitude surveys consistently demonstrate a rising public consciousness of transit service needs and an increasing willingness to finance required transit investments. Again, stated simply, the general public wants improved public transportation. A recent opinion poll in New Jersey found that 86 percent of the residents believe that transit improvements support the social goals of the State.

LOCAL OFFICIALS

Local and State officials, sensitive to the needs of their communities and their citizens, have identified public transportation as a vital urban service and a prerequisite for community growth, development, and success. Local and State officials have assumed a leadership role throughout the United States in solving transit problems.

BUSINESS COMMUNITY

As we will discuss this morning, transit means business. The economic development of or major cities and the continued viability of the Nation's business centers depend on good transportation and good public transportation, in particular. There is a rising chorus of businessmen and women who are raising their voices in their communities, at their State capitol, and here in Washington, in favor of a positive and aggressive commitment to transit improvements.

TRANSIT OPERATORS

The professional men and women who have chosen transit careers and the members of our various governing bodies and boards are unanimous in their perspective to responsibly manage the financial and human resources in their trust, to solve the problems which impede transit development, and to do the best job they can do.

Each of these perspectives adds a dimension to the consideration of the most pressing problems facing public transportation today.

LABOR PRODUCTIVITY

With labor representing up to 80 percent of transit operating costs, I cannot disagree with UMTA Administrator Teele when he said to your associates on the Subcommittee on Investigations and Oversight on June 25, 1981, that transit "productivity shows a disturbingly negative profile". Reversing this trend will not be simple. It will take courageous managers, a patient public, and an enlightened labor force. It will also take leadership on the part of the Congress and the administration to correct some of the problems which have prevented innovation, which have impeded modified labor practices, and which have interfered with local management—labor relations. We believe management and labor must share the responsibility for the decline in labor productivity and jointly accept the challenge of proposing and implementing solutions. Progress on productivity will be made where there is a will to confront the issues.

FAREBOX RECOVERY

After a period of conscious attempts to keep fares as low as possible to attract and maintain ridership, the trend has been dramatically reversed. In February, 1981, the average transit base fare was 45 cents, an 18 percent increase from the previous year. In many of the Nation's largest communities, fare increases have been dramatic. In New Jersey, after an intense series of 16 public hearings, we increased bus fares approximately 20 percent and rail fares approximately 25 percent, and we are now examining our options for a long-range policy to determine the appropriate role of fare revenues within our entire financing scheme. As recovery assumptions are being reexamined throughout the Nation, we will see a typically diverse response which will include fare indexing to inflation, fixed percentages of overall costs, subsidies directed at specific user groups, and generally higher support from transit users.

RIDERSHIP

Transit ridership has continued to climb since its turnaround in the early 1970's. In 1980, public transportation carried approximately 8.2 billion riders, up from its low point of 6.4 billion riders in 1972. In the first few months of this year, a leveling off and, in fact, slight decrease in ridership has been detected. Several factors explain this. Transit fares have risen more rapidly than in the past 5 years, gasoline for automobiles has been easily available and stable in price, and budget economies of local governments have forced some transit systems to reduce either the quantity or quality of the service they offer. As a result, ridership declined by a very small proportion. The continued growth of transit ridership between 1972 and 1980, however, shows a growing demand for transit service that could, nevertheless, result in a return to ridership growth during 1981.

FINANCING

On the transit industry balance sheet, the national revenue column showed, in 1979, 46.1 percent of revenues from fares, 15.7 percent from Federal operating assistance, 11.1 percent from State operating assistance, 24.5 percent from local operating assistance, and 2.6 percent from miscellaneous sources. The expenses side showed 48.7 percent for direct transportation costs, 26.1 percent for maintenance, 18.3 percent for general administration, and 6.9 percent for a range of miscellaneous activities.

As one indicator of the trend in operating costs, it should be noted that during the first quarter of 1981, the average price of No. 1-D diesel fuel—the most common energy source for bus transit systems—exceeded $1 per gallon. On March 31, 1981, the average per gallon price, excluding taxes, was $1.111, a 13.5 percent increase since December 31, 1980, and a 317 percent increase since middle distillates were decontrolled in July, 1976. In 1971, when diesel fuel cost only 12 cents per gallon, motor bus transit systems spent 2.5 percent of their operating budgets for fuel. In 1981, with diesel fuel selling at over nine times its cost a decade ago, transit systems spend nearly 10 percent of their motor bus operating budgets for fuel.

Costs will continue to increase, but throughout the Nation, there is an intense review of transit budgets to assure that efficiency and effectiveness are improved.

In New Jersey for instance, as part of an overall strategy to contend with a projected $80 million budget deficit, we adopted a series of cost cutting measures, including reduced peak-hour train service and adjustments to bus headways. Over the next year, we have embarked on an intense program to reduce costs and increase revenues, while at the same time, delivering on our commitment to improve service. With your permission, we will include, for the record, a copy of a report on this three point program to New Jersey transit's riders.

In summarizing the current condition of public transportation, we must look beyond the agenda of current problems and assure this committee that, although the challenges are great, the partnership of Federal, State, and local governments, American citizens and the business community will meet them and assure the continued improvement of public transportation services throughout the United States. We agree that conditions require a reexamination of many of our current practices and assumptions, but we are convinced of the basic soundness and necessity of a strong public transportation system. We cannot disagree with the conclusion that Federal assistance has exacerbated some problems—we do disagree with the proposed solution.

Federal assistance can be streamlined, its regulatory style can be improved, and administrative and statutory burdens can be changed. There has been, however, no sudden revelation which should disturb the commitment first made by the Congress in 1964 and continued in 1966, 1968, 1970, 1973, 1974, and 1978.

This commitment in the Urban Mass Transportation Act of 1964 stated that "Federal financial assistance for the development of efficient and coordinated mass transportation systems is essential to the solution of . . . urban problems."

Mr. Chairman, I appreciate this opportunity and thank you for your attention. At this time, I will ask the other members of the panel to speak and then, time permitting, we will be happy to answer your questions.●

THE WRONG MAN FOR THE WRONG JOB

HON. JIM MATTOX

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. MATTOX. Mr. Speaker, the Reagan administration's ability to pick the wrong man for the wrong job was demonstrated again yesterday when Max Hugel, the CIA's Director of Clandestine Operations, resigned following published charges that he had engaged in improper or illegal stock practices.

The administration would have been spared this embarrassment if Mr. Hugel had not been appointed in the first place. And he should never have been appointed. His qualifications for this most sensitive job were never apparent. He had no experience in intelligence operations. His only qualifications seemed to be friendship with CIA Director William J. Casey and loyal service to the Reagan election campaign.

Another troubling aspect to this appointment is the fact that the background investigation of Mr. Hugel did not turn up anything about these charges. This is precisely the kind of information that the CIA needs to know before an individual is named to a sensitive post. The potential for blackmail is obvious.

This administration is the same administration that nominated as Deputy Secretary of State a person whose knowledge of foreign affairs was minimal, at best, and as Assistant Secretary of State for Human Rights a person whose devotion to human rights was so questionable that even his own brothers opposed his nomination.

Now it may be true that these individuals are very well qualified for certain posts, but when you put these two together with the Hugel appointment, you wonder whether the administration has some kind of special gift for naming people to positions for which they are not qualified.

I hope the administration will give much more careful consideration to nominees for important posts in the future.●

STEEL: STILL AT THE CROSSROADS

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. MURTHA. Mr. Speaker, we recently passed the first anniversary of the steel industry's report on the steps needed by Government and industry to revive the American steel industry. That report was entitled "Steel At The Crossroads," and it is clear that 1 year later we still have a great deal to do to assist the industry, which while still efficient, is losing its competitive edge.

The problems are evident at the ends of the district I represent. In Johnstown, employment at the Bethlehem Steel plant is down, changeover to electric furnace facilities continues but at an uncertain pace, railcar orders are down, and the coke battery is not scheduled for modernization. At the other end, the Allegheny Ludlum specialty steel facility still nervously watches for the full impact of the surge monitoring mechanism on imports. None of our steel towns have made the full trip back from the economic devastation that struck the industry in 1977.

There are some key areas where action is pending in Congress, and I want to talk about them briefly.

IMPORTS

It was at a meeting of the House Steel Caucus that Commerce Secretary Malcolm Baldrige first put the Reagan administration on firm policy for retaining import controls on foreign steel. The Secretary said the administration fully intends to support the trigger price mechanism. Later, the Commerce Department began investigating 11 foreign countries suspected of selling steel within the United States in violation of the import restrictions. We need this type of vigorous enforcement.

In May, steel imports rose 9.3 percent to 1.77 million tons, the highest since August 1979. Those figures represent 18.4 percent of total U.S. supply, lower than the percentage from a year earlier. The executive board of the Steel Caucus, which I have served on since its creation in 1977, wants that import percentage level down around 13 to 14 percent to aid U.S. producers, and we will continue working for that goal.

Another key import decision has been the voluntary restrictions on the imports of foreign automobiles. One out of every five tons of steel produced at the Johnstown Bethlehem plant is tied to the auto industry, and the steel industry will not totally rebound until the auto industry does. I am also working to keep the restriction on the import of foreign rail cars.

TAXES

I expect Congress to pass a tax-relief bill this year, and I am supporting two changes that could significantly help the industry.

The first provides a faster writeoff of equipment, which is a stimulus to modernization. To give a quick example, let us say a steel company invested $14 billion in plant and equipment. Under present law, within 5 years, the tax laws would have returned only about $4 billion of that investment. The plan I support would return $6.5 billion, money that could be used for more modernization and expansion.

The second proposal, which I have cosponsored, is a special payback to hard-hit industries like steel and auto. It would directly help Bethlehem Steel and would be another step in providing them with more money to modernize, expand, and create more jobs.

A bill will soon be law to provide a 3-year stretchout for some steel plants to meet clean-air laws. It will not loosen any long-range goals, but it will give more time for full compliance to many plants, again allowing more money for expansion and modernization. In 1980 alone, the steel industry spent $510 million on pollution control facilities; adding about $27 a ton to the cost of steel. In Johnstown, we have certainly seen impressive progress to date in cleaner air. The diversion of scarce investment capital from steel production to additional pollution control beyond the 1982 requirements could cause the steel industry to lose production capacity and jobs. A key to the bill being considered was that it was negotiated by the steel industry and environmentalists, hopefully ending years of conflict that have hurt both the industry and our environmental efforts.

Later in the year we face further decisions on the Clean Air Act, along with the Clean Water Act. I am hopeful we can again reach these kinds of agreements that will help both the industry and the environmental goals of the Nation.

In the 4 years since the Steel Caucus was formed and helped stimulate a new era of union-company-Government cooperation, we have: Adopted the trigger-price mechanism which has reduced basic steel imports by 26 percent over those years; convinced Congress of the need for tax stimulation for the industry such as is likely this year; created a loan guarantee program to help communities with aging steel plants; and made progress on the environmental-industry conflicts.

In the year ahead, we must monitor specialty steel imports, toughen our entire import policy to protect the steel industry, and provide more money for development and modernization. Steel is our country's most important single industrial material to revitalization. It is vital to every aspect of our economy and national defense. We cannot move forward in these areas without a healthy domestic steel industry.

Behind all these figures and actions rests the lives of millions of steel families across the United States. For me, that is what is really at the heart of these actions. We cannot forget them, or rest until we have returned them to work and aided the steel communities of our Nation.●

SOCIAL SECURITY PROBLEMS NOT FINANCIAL

HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. DANIEL B. CRANE. Mr. Speaker, 17 years ago, a man named BARRY GOLDWATER crisscrossed this country, warning that the social security system was headed for trouble. This was a courageous act, as he knew that speaking the truth could cost him the Presidency—which it did.

As in 1964, there are people today who prefer to play the proverbial ostrich by burying their heads in the sand rather than face the bitter truth that the 36 million Americans who will depend upon social security in 1982 may find that the system cannot pay its obligations.

Before we attempt to correct the problems, however, it is necessary to know what the problems are. Dr. Carolyn Weaver of the Center for Public Choice, Virginia Polytechnic Institute, has prepared a very impressive analysis of the social security system which should be required reading for every Member of Congress.

The Fiscal Policy Council recently issued a summary of Dr. Weaver's

findings, and I hereby take this opportunity to share them with my colleagues:

WASHINGTON, D.C.—The main problem with the Social Security System is political rather than financial, according to a new study released by the Fiscal Policy Council, a non-profit, economic research and education foundation.

The report says, "The existing crisis in Social Security is decidedly not financial in nature . . . it is at base political, lodged in the institutional weakness of the program." The study labels as "political fiction" the popular explanation that the crisis is the result of problems of inflation, recession, indexing, demography and the like and the solution to such a crisis lay in restoring fiscal balance. It warns that "reform must go well beyond tinkering adjustments in tax and benefit levels. . . ."

The study entitled "Understanding the sources and Dimensions of Crisis in Social Security: The First Step Toward Meaningful Reform." was prepared by Dr. Carolyn L. Weaver, Assistant Professor of Economics at the Center for Public Choice, Virginia Polytechnic Institute, and was published by the Fiscal Policy Council of Washington, D.C. Shortly after completion of the study, Dr. Weaver joined the U.S. Senate Finance Committee staff, on leave from VPI, working on legislation dealing with Social Security, unemployment compensation and welfare.

The study predicts that the Social Security program, "regardless of the presence or absence of deficits will be characterized by age and income related strife in the decades ahead. Without radical reform, conflict is clearly in store. * * *"

The report says, "The likely source of (the Social Security) crisis is traced to central flaws in the early design of the program and the political incentives so created. The pay-as-you-go nature of financing, the monopolistic method of provision and the redistributive feature of tax and benefit distributions are all shown to have obscured and deferred program costs in such a way as to lead to systematic and continuous pressure for expansion."

The original Social Security Act of 1935 contained serious flaws, according to Dr. Weaver. First, institutional restraints to protect the integrity of the program "were unbuttressed by the force of law, either constitutional or contractual."

"The Social Security Act bestowed statutory rights upon individuals, protected by statutory guarantees, meaning that the political process which bestowed these rights could be used equally effectively to rescind them. The likelihood that political demands for income transfers would emerge was enhanced by the method of benefit computation. By having just one benefit formula which was progressively weighted, the near-elderly and lower income workers were effectively granted unearned benefits, in an actuarial sense, as a 'right' under the earnings-related insurance program, even though they had not fully contributed to their cost.

"Second, and relatedly, the Act simply removed broad-scale, old-age insurance from the realm of voluntary, private sector activity and, in so doing, took an important step toward monopolizing the provision of old-age insurance. . . . the consequent stifling of competing sources of information would ultimately lead to a disproportionate weighting of the interests of social insurance advocates and bureaucratic suppliers in the political process. Advocates who had invested heavily in amassing political support for the original bill were installed in the new bureaucracy * * * the Social Security bureaucracy was thus in the position to use its influence to expand the size and scope of its operations. And this it did.

"With the distribution of retirement income removed from the market process, political pressure was certain to mount for larger unearned benefits as a matter of 'right' or 'social adequacy,' thereby obscuring the relation between a person's benefits and tax payments."

A third flaw has its roots not only in the original Act of 1935 but in the 1939 Amendments which radically changed the funding method of the system. The 1939 Amendments eliminated the trust fund in favor of a pay-as-you-go system, abandoned individual equity for the goal of social adequacy, and legislated large windfall gains to most people who would retire in the early years of the program.

"The political temptation of an unspent and unguarded accumulated fund of $8 billion (in 1978 prices) was simply too great. * * * As representatives of the elderly and organized labor became more dominant lobby groups, demands emerged for larger benefits and a redistribution of costs."

"Over time," Dr. Weaver pointed out in the report, "these pressures—unharnessed by any effective political constraints—produced a program that now collects and spends more money than any other (approximately $1 for every $4 spent by the entire federal government), that is very unlike the retirement program enacted in 1935. * * *

In releasing the study, Fiscal Policy Council President Bartlett S. Fleming said, "The political pressures at work in the Social Security system were convincingly demonstrated when the Reagan Administration recently ran into a buzz-saw over its attempt at lasting reform of the Social Security system. Politicians are hesitant to make the hard decisions for institutional and structural reform of the Social Security system because of possible, severe political repercussions from a growing and expanded constituency."

The study concludes that, "Without drastic benefit reductions, or else a reversal of projected economic and demographic trends, for example, it is expected that workers in the next century will have to pay on the order of 20 percent or more of their taxable income to support Social Security beneficiaries, who by then may be outnumbered by taxpayers by less than two to one."

Commenting on the need for reform and a long-term solution to the system's problems, Dr. Weaver said in the report:

"Reform must go well beyond tinkering adjustments in tax and benefit levels that postpone or disguise this crisis, to involve a fundamental restructuring of institutions. The ultimate goal is a system of income security which protects the rights of individuals of all ages to the fruits of their saving and fosters the economic growth from which all derive benefits. . . .

"A system that squarely faces the fact that only in the short-term can the 'elderly' and their treatment be divorced in any meaningful way from the interests of 'workers' preparing for their retirement."

"Reform, from this perspective, involves the introduction of choice, voluntarism and competition—essential characteristics of private markets—into the provision of 'social security'. The long-run solution to crisis lies in buttressing the role and drawing on the strengths of non-governmental institutions in the provision of retirement income."

Copies of the 44-page publication are available at $2 each from the Fiscal Policy Council, Washington, D.C., office, 1611 North Kent, Suite 805, Arlington, Virginia 22209 or the Florida office, 100 East 17th Street, Riviera Beach, Florida 33404.●

BROTHERHOOD AT ITS BEST

HON. BILL HENDON

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. HENDON. Mr. Speaker, we are seeing a rebirth of brotherhood and patriotism all across America today.

Three Americans who certainly exemplify these qualities are the Soesbee brothers, Dick, Roy, and Grover, of Asheville, N.C. They have been truly dedicated in service to their country, and they now work daily in service to hospitalized veterans in western North Carolina.

Recently, the Native Stone, a newspaper in my congressional district, published an article on the Soesbee brothers. I commend the activities of these fine gentlemen to the attention of my colleagues:

[From the Native Stone, Asheville, N.C.]

BROTHERHOOD AT ITS BEST

(By Jo Parker)

Asheville Veterans Administration Medical Center has the unique distinction of having three Brothers, members of AMVETS Post 610 serving in a Volunteer capacity, doing the same job at the same hospital. The three Soesbee brothers, Dick, Roy and Grover all work as Volunteers. Dick is a National Service Representative for the AMVETS, processing claims, taking Power of Attorney for patients, and acting as contact man between the Veteran and the Veterans Administration. Roy works on the wards as a VAVS Representative, Grover works in the Post Office, Pharmacy and the Rehabilitation center, wherever and whenever needed.

Roy and Gover are working toward being a National Service Representative, also.

All are residents of Asheville, and all feel they should continue to serve the Veterans in anyway they can, as long as they can.●

UNCHECKED FLOW OF ILLEGAL ALIENS ONTO SOUTH FLORIDA'S SHORES

HON. DAN MICA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. MICA. Mr. Speaker, as most of my colleagues know, the south Florida area that I represent has been suffering under an emotional and economic burden brought about by the unchecked flow of illegal aliens onto south Florida's shores. At one time, the flow was estimated to be 4,000 ille-

gal refugees a month. It is imperative that we, as a nation, face this problem and even more urgent that the Reagan administration develop an enforceable immigration policy that will not only help solve some of our current problems with illegal immigration but guarantee that the difficulties experienced by south Florida because of these illegal refugees will not occur again.

In the next few days, the President will be announcing a new U.S. immigration policy based upon recommendations he has received from his task force on immigration and, hopefully, information he has received from other knowledgeable sources. I have written President Reagan regarding the illegal immigration problem as it affects Florida and have outlined nine points that I feel are important to include in any immigration policy. I would like to share with my colleagues the text of my message:

DEAR MR. PRESIDENT: With regard to immigration, America must be humane, America must be compassionate, but America must also have limits.

In the next few days you are to weigh the recommendations of a special task force on immigration. The title for a recent cover story in U.S. News and World Report says it all: "Immigration: The Great American Nightmare". These are strong words. Yet they cannot fully express the price Americans are paying for immigration, which is out of control. Florida is especially hard hit, but it is merely one example of a larger phenomenon.

The world is rife with overpopulation, underdevelopment, and political turmoil. There are 4.5 billion people in the world, with another two billion to be added in the next 25 years. Providing jobs, food, housing, and hope to these people is one of the greatest challenges facing world leaders. But the sheer numbers dictate that the problems must be addressed where the people live, not by moving them around. Although reasonably limited immigration to the United States can and should be continued, the age of unlimited immigration is over.

However, man is a migratory species. People have always moved for greater economic opportunity, so it is not surprising that millions are seeking entry to this country, both legally and illegally. But if one combines the number of legal immigrants, refugees, and "entrants" for 1980—808,000—with a conservative estimate of the illegals who came, it is clear that 1980 was the highest single year of immigration in American history. And the pressures can only grow.

This level of immigration is complicating the solution to every important problem before this country. For example, the Administration's policies hope to increase opportunity for downtrodden United States citizens; yet illegal immigrants compete directly with them for jobs and housing. The refugees have special needs for language training, job training, housing assistance, medical care, and a host of other social services.

What the American people need, what the American people want, is a policy which will bring immigration back under the control of their government, a policy which is designed to phase out illegal immigration and place a reasonable limit on legal immigration. In my view, such a policy must, at a minimum, contain the following elements:

(1) Separation of immigration from the normal court system to the Article I court which would have jurisdiction similar to administrative courts with direct appellate authority to the Supreme Court.

(2) A processing center for first asylum seekers, including Haitians, outside the State of Florida (preferably outside the continental United States). Asylum seekers should have their claims promptly addressed; in the interim they should not be released to work in the United States. Experience has demonstrated that any alternative approach will only encourage immigration from Haiti and other countries in this hemisphere.

(3) A continued ceiling on the total number of immigrants and refugees to be admitted each year.

(4) A prohibition on the hiring of illegal immigrants, combined with a possible identification system for people applying for employment—such as an improved social security card or checking social security numbers the way merchants check credit card numbers. Illegal immigration cannot be stopped without taking away the incentive of jobs. And "employer sanctions" cannot possibly work without a system which enables employers to readily ascertain who is entitled to accept employment.

(5) Substantial increases in the enforcement budget of the Immigration and Naturalization Service.

(6) Cooperation with source countries to secure their assistance in curtailing the flow. This may involve pursing interdiction agreements with other nations.

(7) Establish stronger sentences and fines for individuals caught smuggling illegal immigrants into the United States.

(8) Use Foreign Assistance programs as a lever wherever possible and appropriate.

(9) No discussion of amnesty. All other aspects of immigration policy and enforcement must be in place before we address the issue of illegal immigrants already in the United States.

I would also like to add with regard to Cuba my personal opposition to concessions such as the trading off of Guantanamo or any concession in return for favorable action by Castro.

Finally, an effort should be made to bring this issue into an early pertinent international forum. Specifically, the North-South Conference which is to take place in October in Mexico City.

Mr. President, your decision on immigration is one of the most important you have before you. As a member of Congress, I stand ready to help in any way that I can to establish a generous but controlled American immigration policy.●

NEW YORK SENIORS OPPOSE CUTS IN SOCIAL SECURITY

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. OTTINGER. Mr. Speaker, after spending 10 days in my district, it is very clear to me that a major concern of working Americans and retirees is the future of the social security system. Everywhere I went, people were talking about the social security cuts proposed by the President. The reaction is overwhelmingly negative: retirees are scared; workers—especially those near retirement—are confused; and everyone feels angry and betrayed.

I would like to share with my colleagues two statements which are typical of the negative reaction to the President's plan.

On May 22, 250 seniors attending a conference sponsored by my Advisory Committee on the Aging adopted the following resolution:

Whereas all conference participants are deeply concerned by the unprecedented cutbacks in human services affecting the elderly, especially the elderly poor, which have been proposed by the Reagan Administration.

We, therefore, urge Congressman Ottinger to continue his efforts in opposing cuts in such basic and essential programs as Social Security, housing, energy assistance, Medicare and Medicaid, legal services, food stamps, transportation, nutrition programs, senior employment and Title III-B social services.

We also emphatically and unequivocally state our opposition to the concept of block grants for health, education and social services which will undoubtedly reduce basic services for the elderly.

On June 3, a resolution was adopted unanimously by the Somers, N.Y., Senior Citizens Club. The 150 senior citizens of Somers stated:

We are opposed to reductions in our social security benefits.

Many of us are struggling to survive with the current high cost of living, and need increased benefits. Also, it is essential we receive regular cost of living increases.

In our working years, we paid willingly for these benefits in order that we can live with dignity in our later years.

I wholeheartedly share the views expressed in these resolutions and the hundreds of letters I received since the President proposed his cuts in social security.

Everyone recognizes that we must do something this year to insure the program's stability in the future. We have a short-term financial problem that can be addressed in a number of ways other than massive cuts in benefits. The options available include interfund borrowing or partial or temporary use of general revenues. These measures will solve the short-term problem without breaking faith with America's workers and retirees and they would give Congress time to study carefully the long-term financing situation so that a crisis in the future can be avoided.

I object to the administration's suggestion that future benefits will not be forthcoming if the administration's proposals are not adopted now. It is absolutely critical that we do not allow the administration to undermine the public's confidence in the program or our commitment to fulfilling our promises to future retirees. I will do

all I can to see that the proposed cuts in benefits are rejected by this Congress.●

A PROGRAM FOR OUR TIME

HON. HANK BROWN
OF COLORADO
IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. BROWN of Colorado. Mr. Speaker, periodically a report is presented to this body concerning the status of the achievement scholarship program and I am pleased to have that opportunity this year.

The achievement scholarship program (ASP) is a program designed to give the ex-offender an opportunity to start or continue college or a trade school. It emphasizes self-help, private financing, and a no nonsense insistence on standards. As such, it is a model for all seasons and especially for the times in which we live.

Those who have followed the history of ASP will be especially interested in this annual report from program coordinator Ron Malcolm. For the rest of us who are learning of this inspiring program for the first time, it is a captivating story and I know you will join in prayers and good wishes for its continued success.

THE ACHIEVEMENT SCHOLARSHIP PROGRAM—THE "SECOND-CHANCE" SCHOLARSHIP FOR EX-OFFENDERS, AN ALTERNATIVE TO THE "REVOLVING DOOR"

ASP STARTED TO COME OF AGE DURING PAST YEAR

(By ASP Coordinator Ronald D. Malcolm)

WASHINGTON, July 1981.—The Achievement Scholarship Program (ASP), an experimental goal-oriented privately funded scholarship program for ex-offenders begun in 1973, started to come of age during the past year.

On our own, too, for the merger that we had planned with another non-profit organization last year didn't work out.

Foundation funding for ASP increased from $6,100 in 1980 to $11,600 to date this year. We are now funded by foundations from coast to coast, with four foundations contributing about half of our income so far this year. The Weyerhaeuser Foundation of Tacoma, Wash., made its first contribution to ASP this year. We are also funded by the Louis Boehm Foundation of New York City, the Lillian and Stanley Posner Foundation of Washington, D.C., and the Mary King Estill Foundation of Corpus Christi, Tex. The Boehm Foundation, which has provided funding to ASP since 1977, challenged ASP in early May to raise $5,000 from other foundations and business organizations in the months of May, June and July. If we could raise that amount, Boehm said, it would put up and equal amount. Hearing of the Boehm challenge, the Mary King Estill foundation gave us the needed $5,000 on June 3. And we went on and doubled the figure by the end of June from other sources.

Thanks to Joseph F. Horning, Jr., a member of the policy-making Achievement Scholarship Committee and a local Washington businessman, ASP has also increased its funding from the business community this year. In a letter sent to the president of the Washington Board of Trade on May 12, Horning stated he had watched first hand as a Committee member, the effectiveness of ASP "in results with its awardees . . . and in its return on the dollars spent." He called it a "no-nonsense approach to helping those in need." Horning continued, "in light of the new emphasis on the private sector carrying its share of social responsibility, I feel this is an ideal vehicle to provide that opportunity."

NEW APPROACH TO COMMUNITY SUPPORT

My own contribution to ASP's development and "putting down roots" in the community was our ASP support cards, which we have been circulating since May 26, particularly in the inner-city black community of Washington. They fill a long recognized need in ASP, and they are available for as little as $3 per card. They have already raised several hundred dollars for ASP, and they have a myriad of uses, our Committee has discovered. Among the places where we are distributing the cards is the Lorton prison complex, to familiarize the prisoners there with our work, and to help them share in ASP's progress.

Since February we have had our ASP office located at no charge to us at the National Center on Institutions and Alternatives in downtown Washington. In providing us with long-term, no-cost office space, the Center has made a wide range of facilities available to ASP. It has also provided a side benefit to us in enabling ASP to buy health insurance benefits for staff, which we never have been able to do before. Our thanks to the Center.

A unique feature of ASP is that all paid employment goes to its awardees, all ex-offenders. ASP has employed awardees since 1975, and for the past year ASP has had a full-time awardee-manager. I have been ASP's full-time coordinator since August 1980.

ASP is now in the process of revamping the Achievement Scholarship Committee, the policy-making arm of ASP, so that we can have the best combination of volunteers available to help ASP meet its challenges ahead. Such revamping has long been overdue. We did not do so earlier because we thought ASP would be merged with another organization at the end of 1980. A trial period for the merger from August to December 1980 proved to ASP that the merger would not work. Our prospective merger partner was totally publicly funded without a policy-oversight committee. ASP has always been totally privately funded with a carefully selected oversight arm, to which we regularly report. Our prospective merger partner could not meet ASP's high standards of commitment, accountability, and cost control. So we called off the merger in December 1980.

MORE STUDENTS IN COLLEGE, TRADE SCHOOL

It is ASP's goal for the rest of the year to make 20 more awards to probationers and parolees who want to go to college or trade school and can meet ASP's standards. In ASP we look for potential students who are motivated to go to college or trade school in spite of their personal or family problems. ASP's success in this regard speaks for itself.

Since February 1973, ASP has awarded 122 scholarships to 121 awardees, of whom 25 have graduated from college or completed trade school or special school. ASP's completion rate among its awardees is more than 20 percent, equal to that of the general population, even tho all ASP awardees are ex-offenders.

It is also ASP's goal for the coming year to seek a higher level of funding, as we have increased costs with full-time help and we are stepping up the number of scholarship awards we are making annually. ASP has been funded in the past by some 400 contributors from Alaska to Boston, from California to Florida, with one foreign contributor. Many of our contributors are now at retirement age, and some have died, so ASP must continually broaden its funding base.

WHAT ASP IS

ASP provides "seed-money" scholarships to Washington area ex-offenders on parole and probation toward their education in college, trade school or special school, along with back-up support. It was started by Helene C. Monberg, a veteran Washington news correspondent with long experience in working with youth as a volunteer, to help move ex-offenders back into the community as productive, contributing, law-abiding citizens. Its aim is to provide a positive alternative to the ex-offender to help him help himself. It is based on the premise that rehabilitation of ex-offenders can work if carefully targeted.

ASP works only thru established parole and probation offices in the Washington area. ASP awardees are carefully screened before they are given their seed-money scholarships. They must have completed high school or have successfully passed their high school equivalency test. They must have the recommendation of their parole or probation officers, and they must prove to ASP that they have both the inherent ability and sufficient stability to "hack it" in college or trade school. An ASP seed-money scholarship is now $900 per student, and he or she must maintain at least a C average per term to continue get ASP aid. ASP has been successful in increasing the amount of the award gradually from $520 in 1973 to $900 today.

TWO TAX EXEMPTIONS, TWO CITATIONS

As a Washington, D.C., based non-profit tax-exempt privately funded organization, ASP has two tax exemptions, one from the U.S. Internal Revenue Service and the other from the District of Columbia.

In addition to providing "second-chance" scholarship aid to those who have been in the criminal court system, ASP also provides other back-up support for its awardees, including on-the-job training, a how-to-study course, and counselling. All ASP paid work goes to its awardees. ASP has also obtained a few jobs elsewhere for its awardees.

For its work, ASP has received two citations in recent years. It received a citation in 1978 from the Committee for Economic Development, a blue-ribbon business research organization based in New York, for being one of 60 programs nationwide effectively working on training and employing the hard-to-employ, the ex-offender. It was cited by the Probation office of the U.S. District Court on April 17, 1980, for its program of providing "seed-money" scholarships to ex-offenders.

In addition to ASP's success in educating ex-offenders, ASP has been successful in stopping "the revolving door." Very few ASP awardees become recidivists.

The ultimate goal of ASP is to explode the myth that those who go through the criminal court system are losers. We believe that many, even most, can become productive useful citizens through education.

Because ASP has always been privately funded, we have been able to experiment more than similar type public agencies. We seek to meet community needs, not build a bureaucracy. When we get to a higher level of funding, we would like to work out a direct on-the-job training program for those who can't hack it in college or trade school. Few programs are fashioned for this type of ex-offender now.

FROM MY VANTAGE POINT

As both an ex-offender and as an ASP awardee who is now managing ASP on a daily basis, I have learned that I must be a model for the other awardees, so I must put forth greater effort. We treat all of our awardees as students. We take seriously the motto given to ASP by Chairman Bill Butler of the Achievement Scholarship Committee: "Project Sahara: Save a human to achieve respectability again."

ASP has become an integral part of my life, It has given me purpose and direction. I have learned to work with people from different walks of life. I have learned the importance of "hanging in." I have learned to expand and mature as a human being, and I have learned to accept responsibility and leadership. My goal as coordinator and manager of ASP is to help other ASP awardees in the program succeed as students. Chairman Butler set a goal for ASP in 1974 to have our ASP awardees run our program. We achieved that goal on August 1, 1980.

Having reached the foothills we are now climbing the mountains, and we are determined to reach the top.

On our own.●

REAGAN'S FOREIGN POLICY

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. GARCIA. Mr. Speaker, there have been complaints in the press recently concerning the Reagan administration's lack of direction with its foreign policy. The President has not yet made a major speech outlining his goals, yet, there are definite signals from the administration concerning its foreign policy aims.

Last week the administration instructed U.S. representatives on international development banks to no longer oppose loans to Argentina, Chile, Paraguay, and Uruguay. This is a major reversal of the policy instituted by the Carter administration of opposing nonbasic human needs loans to these countries because of their poor human rights records.

In early June, the Commerce Department approved a license for a commercial cash sale of 100 military jeeps and 50 trucks with military and communications capabilities to Guatemala. The Carter administration discontinued all military aid to Guatemala, as well as withdrawing its Ambassador: Again, because of that nation's poor human rights record.

Recently the bodies of 28 murdered peasants were discovered in El Salvador. Many Salvadoran Government officials, businessmen, and church leaders believe that the killings were carried out by Government security forces. According to the U.S. Ambassador to El Salvador, Deane R. Hinton, the violence of the Government security forces is a continuing "serious problem" yet, the administration still supports the present junta without reservation.

I believe that these initiatives and policies are a clear sign of a changing direction of U.S. policy toward Latin America. The administration has decided to pursue a program of quiet diplomacy. This approach makes a clear distinction between so-called Soviet leaning totalitarian regimes, and those military backed regimes which are friendly to the United States.

I am concerned about the shift in U.S. foreign policy priorities toward Latin America. The United States had been establishing a more open and positive dialog with progressive forces in that region. People in Latin nations were beginning to look at the United States in a different light. The United States offered hope instead of continued support for the more repressive elements in Latin societies. Now, with the Reagan administration this had changed. But, quiet diplomacy is not a substitute for effective support of human rights in these countries, Political ideology is poor camouflage for political repression.

I do not believe the United States should become soft on communism. Quite the contrary, the people of Latin America have as much to fear from the extreme left as they do from the extreme right. I believe it is the responsibility of the United States to support more moderate reformist elements in Latin America. A Salvadoran bishop described the direction of the Reagan administration's Latin policy very well in talking about his own country. He said: "The pity is that the United States supports this government because it is friendly to the United States. It is not friendly with its own people." The people of Latin America need aid and support. The sending of military advisers, the sale of military equipment, or a policy of quiet diplomacy are not the answers. The answer lies in offering economic—not military—support to those regimes which are achieving political stability while advocating a positive approach to human rights.●

TRIBUTE TO WAYNE HOERETH

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. LAGOMARSINO. Mr. Speaker, I wish to bring to the attention of my colleagues the outstanding service of my constituent, Wayne Hoereth. Recently Wayne retired as city administrator of the city of Pismo Beach, and I had the honor of participating in the tributes paid to this outstanding public servant at a dinner held in his honor.

Wayne Hoereth has served the city of Pismo Beach well during his 5 years as city administrator. Prior to this position he served 21 years in the Marine Corps followed by work in the city governments of Laconia, N.H., and Needles, Calif.

I extend best wishes to Wayne Hoereth and his family for a successful and rewarding retirement.●

PORT WASHINGTON, N.Y., JUNIOR SOCCER CLUB FOSTERS UNITED STATES-CANADA AMITY

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. LEBOUTILLIER. Mr. Speaker, historically, athletics has often been the vehicle that two or more nations use in order to foster better relations. While the United States and Canada have enjoyed a unique level of cooperation, friendship and shared history; athletic exchanges help to smooth out inevitable pan-national differences.

I am proud to report that more than 100 youths, representing teams of the Port Washington, N.Y., Junior Soccer Club, recently participated in the "All-Canada Day" soccer tournament held in Beaconsfield, Quebec. While Port Washington's young athletes sparred on the soccer fields with their Canadian counterparts, they were also able to share some relaxed and edifying moments in the homes of helpful natives of Beaconsfield. While winning is important, the experience is the key.

I am also happy to report that Port Washington's youngsters did very well in the tournament: Three of the teams won first place trophies, another played in the finals, and two others reached the semifinals. Coach Frank Tomeo and "The Port Blasters" should be proud of their good work, their courteous representation of our country, and the honor which they brought to all residents of Port Washington, N.Y.

This significant event deserves further attention by my colleagues. Therefore, I would like to place into the RECORD an excellent article about the "Port Blasters" recent trip. David Hargreaves' article appeared in the July 9, 1981, edition of the Port Washington News.

PORT JUNIOR SOCCER CLUB PLAYS IN QUEBEC TOURNEY

More than 100 children, representing eight teams of the Port Washington Junior

Soccer Club, played in the Beaconsfield, Quebec, "All-Canada Day" soccer tournament recently. Most of the participants were housed by the residents of the Montreal suburb for the five days and had a busy, fun-filled time.

The Port teams did very well on the field, with three of them winning first place trophies. Another played in the finals and two others reached the semi-finals.

The Port Blasters, coached by Frank Tomeo, won two and tied one in the round robin games to get into the semis. It took a tough 3-2 overtime match over Pointe Clair to reach the finals. The finals versus Beaconfield was a close match and Port finally won on a goal by Freddie Wright, about 10 minutes from the end. Roster: Jamie Hughes, goal; Eddie McLoughlin, Bill Funchion, Jamie Kirmser, Dan Mulholland, fullbacks; Jon Cohen, Brian Ramos, Wright, and Brian Tomeo, halfbacks; Peter Asnis, Jamal Skinner, Adriano Mele, Jose Diaz, Erik Johnson, Toru Fujimori, forwards.

The Port Tornadoes, coached by Nelson Buitron, were undefeated in the round robin, winning two and tying one. The semis was a rematch against a Hudson, Ct., team. However, this time Port had an easy time winning 8-1. The Tornadoes broke open the finals against Beaconsfield in the second half on goals by Catherine Wood and Karen Fico to win 3-1. Maryann Contino netted the other score. Roster: Cynthia Sherman, goal; Doree Ann Vietri, Sandy Buitron, Monique Cibants, fullbacks; Lisa Kaup, Erin Maguire, Caroline Gegan, halfbacks; Susan Gegan, Wood, Lori Salerno, Contino, and Fico, forwards.

The Port Strikers, coached by Ziggy Groeger, won all three of their round robin games. The semis was a high-scoring affair, with a 9-3 victory over Roxboro. The finals was a bruising match against the hosts, Beaconsfield, and was 1-1 at half-time on a goal by Jeff Bernat. However, Port took over in the second half with the winning score by Vinny Mazzilli, and insurance goals from Bobby Singer and Gennaro Caliendo. Roster: Joe Tiberia, goal; Joe Roberts, David Grossman, John Salerno, Haris Stalis, fullbacks; Joe Cella, Bennie Brevard, Mazzilli, halfbacks; Caliendo Bernat, Eli Youssian, and Singer, forwards.

The Port Junior Strikers, coached by Steve Thermes, breezed through the round robin matches. However, they had a tough semis against Pieerefond winning 4-3 in overtime with Gustavo Castillo scoring all the goals. The Junior Strikers could not get untracked in the finals against Beaconsfield, despite suberb efforts by Todd Faude and Mark Scaramucci, losing 3-0. Roster: John Oldak, goal; Neil Koren, Anthony Demelas, Scaramucci, Mark Formisano, Jose Diaz, fullbacks; Danny Erno, Leslie Zacks, Peter Cook, Tommy Coehlo, and John Tiberia, halfbacks; Emerindo Mele, Castillo, Faude, and Johnny Walters, forwards.

The Port Supersonics, coached by Norman Faude, won their three round-robin matches: 6-0, 2-1, 4-1. Playing their fourth game in two days with no substitutes, the Supersonics were finally downed in the second overtime, 2-1, by Beaconsfield. Dawn Davis scored Port's only goal. Roster: Karen Tergesen, goal; Claudia Sherman, Dee Dee Faude, Mieke Bloomfield, fullbacks; Christine Laheney, Trina Coccarelli, Diane McLoughlin, halfbacks; Charis Kayser, Dawn Davis, Nora Maguire, Katherine Kitt, forwards.

The Port Astros, coached by George Saunders and John Meloni, did well in the round robin, winning all three matches. However, they were unable to conquer a tough Dollard team, losing 4-2, in the semis. Port's goals were by Keith Saunders and Kevin Barry. Roster: Saunders, goal; Mike Salerno, John Giagu, Derek Deutsch, Monty Byers, Doug Drew, fullbacks; Paul Meloni, Barry, Toby Zacks, Umberto Diaz, halfbacks; Paul Levine, Billy Breen, Michael Vogt, forwards.

The Port Dynamites, coached by Alex Miller, did not quite make the semis, despite a strong finish. Game scores were 0-1, 1-1, and 4-0. The last game victory came on scores by Lawrence Kiey with two, Ian Miller, and Louis Batsidis. Roster: Tom Fraser, goal; John McCarthy, Roy Pedersen, Anthony DiTore, Ale Moschos, fullbacks; Kiey, Miller, Bob Guagnini, Dirk Giagu, Noah Krieger, halfbacks; Batsidis, Kevin Littman, Keith Johnson, Joshua Wolfman, Alex Byers, forwards.

The Port Cosmos, coached by Herb Johnson, missed the semis by only a goal average. They lost their first game 3-0. However, they won the next two by the same scores, 2-1. Goals were by Scott Johnson, Hugh Fever, Craig Stulberger, and Danny O'Sullivan. Roster: Lance Novinski, goal; Scott Bornholdt, Mark O'Grady, Mike Zofchak, Ken Fisherman, fullbacks; Micah Buder, O'Sullivan, John Villani, Clark Vietri, halfbacks; Scott Murchison, Bill Konig, Masafumi Miuri, Johnson, Fever, forwards.

This report would be amiss if it did not state that the entire contingent of players and adults were unanimous in their appreciation to their very gracious hosts in Beaconsfield. Entire families gave of themselves from the moment we arrived until the time for departure. Port Washington thanks you Beaconsfield and hopes that a chance to reciprocate happens in the near future.●

SMALL BUSINESS AND AMERICA: STILL THE LAND OF OPPORTUNITY?

HON. VIN WEBER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. WEBER. Mr. Speaker, today I insert into the RECORD an article written by Jill Watkins, of St. Cloud, Minn., emphasizing her concern for the future of small business. Ms. Watkins rightly, I believe, points to the growing burden small business faces from the haphazard regulations issued from the Federal Government, and presents us with some working solutions to encourage the growth and development of these businesses.

LAND OF OPPORTUNITY?

America has always been considered the "land of opportunity". Our forefathers came to this country searching for economic freedom, the freedom to work for themselves and their families. As they settled on these shores, the new entrepreneur began to build businesses, small businesses of every kind. But now, over 200 years later, that dream of working for yourself and your family, of owning a small business, is being threatened by the amount of government regulation that it must comply with.

Last year alone, government regulations cost the businessman over $103 billion. Is it any wonder that our productivity as a nation is falling when valuable time and effort has to be spent complying with government regulations? Of course not, and the answer has cost the American businessman over $100 billion.

Why should we relieve the small businessman from the burden of government regulation? The reason was given to us in a recent study conducted by Professor C. Wright Mills. His study showed that the small business community has higher income levels, greater civic participation, more home ownership, better housing and lower mortality rates. These are characteristics of the kind of community that we do do not want to perish. In order to avoid these, we must try and solve this regulatory problem and provide incentives to help promote small business. Not only do small businesses help the community by improving it but they also provide 86 percent of the new jobs which help lower our unemployment rate.

Is this nation the "land of opportunity"? One wonders as you read through the alphabet soup of hundreds of government regulatory agencies. OSHA, EPA, FAA, ICC, and others threated to so overburden the small business. These regulatory agencies' stipulations, along with high costs of starting up a business, may destroy the small businessman.

What we must do is curtail further regulations and reduce the power of regulatory agencies. I see three possible ways to do this. First of all, we should search for unnecessary regulation and eliminate it through executive action. Second, a meeting of business, government, and labor leaders should be organized to induce cooperation among the groups so they can work together to further reduce regulation costs. And finally, by providing additional capital for small business burdened with continued regulation.

If we can help the small businessman out by deciphering government regulations and cutting them down to proper proportions, then we may see hope for the entrepreneur. When we can take these actions, we'll have more jobs, more income for everyone and a true "land of opportunity".●

TOO RISKY: CONGRESS IS RIGHT TO OPPOSE THE AWACS SALE TO THE SAUDIS

HON. WILLIAM M. BRODHEAD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. BRODHEAD. Mr. Speaker, I would like to call my colleagues' attention to a recent editorial in the Detroit Free Press, "Congress is Right to Oppose the AWACS Sale to the Saudis." This thoughtful editorial outlines a number of cogent arguments against the arms sale, and calls upon the Congress to correct the administration's mistake in proposing the sale. I am pleased that a majority of the House has already cosponsored the resolution to disapprove the sale, and I trust that we will remain firm in our resolve to reject this unwise action.

TOO RISKY: CONGRESS IS RIGHT TO OPPOSE THE AWACS SALE TO THE SAUDIS

The Reagan administration professes to be confident that it can avoid congressional rejection of the sales of five sophisticated AWACS planes to Saudi Arabia. But with a majority in each house of Congress joining in an appeal to the president to cancel the sale, the persistence in pursuing the sale seems more bravado in the face of a genuine dilemma than anything else.

President Reagan, in offering the AWACS as well as attachable fuel tanks that will enhance the range of F-15s the Saudis already have, has created the dilemma. The proposal is a serious mistake, endangering the security of Israel and adding little to the security of the United States. The capacity of the AWACS (Airborne Warning and Control Systems) planes to enhance the surveillance and attack-directing abilities of the Saudis would mean that, for the first time, Saudi Arabia would be a direct threat to Israel.

And why? The theory that the sale increases the security of the oil-rich Middle East simply does not make sense. There are already AWACS planes, under American control, close enough to provide surveillance against possible Soviet intrusion into the Middle East. In addition, the danger that this sensitive equipment could fall into unfriendly hands, as happened with so much American-supplied equipment in Iran after the fall of the shah, is no frivilous issue.

The Saudis have played oil politics down the line in trying to win approval of the sale: first arguing within the Organization of Petroleum Exporting Countries for price restraint, and now deciding to reduce their own oil output. First, there was an act of seeming friendship, now there is the reminder that they have the capacity to disrupt supplies long-term. The dependence of the U.S. on foreign oil may be diminished, but it remains a serious vulnerability. And the Reagan administration has seemed far too willing to trade the sophisticated arms for temporary price stability.

Having accepted the proposed sale of the AWACS planes, which was initiated in the closing days of the Carter administration, the Reagan administration does indeed have a dilemma. Rejection of the sale will be offensive to the Saudis and will bear some risks.

In this case, though, the risks inherent in rejection seem to us to be less of a hazard than that presented by going ahead with the sales. The security risks involved in the sale ought to stiffen the resolve of Congress to stand firm on this one and to reject the agreement. There is a congressional veto over such sales as a check on administration judgment about its appropriateness. Now, if ever, is surely a time to use that veto power. The administration made a mistake, and Congress will have to correct it.●

HOOSIER OIL SHALE: QUESTIONS AND ANSWERS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington report for Wednesday, July 15, 1981, into the CONGRESSIONAL RECORD:

HOOSIER OIL SHALE: QUESTIONS AND ANSWERS

Frequently, I have been asked about the development of Hoosier oil shale. Most people know that oil shale is a rock containing small amounts of organic material which, when heated to a certain temperature, yields valuable petroleum products, but they still want to know what the problems of development are and what benefits there might be. The following information may help to answer some of the questions:

Where is Hoosier oil shale located? Although its extent is not fully known, oil shale is present in the Illinois Basin in southwestern Indiana and in the Michigan Basin in northeastern Indiana. Clark, Scott, and Floyd counties are among the counties generally considered to be attractive candidates for the development of oil shale.

Is Hoosier oil shale of high quality? Although it varies in its organic content, much oil shale in Indiana averages roughtly ten percent carbon by weight and contains ten gallons of "oil equivalent" per ton. However, there are oil shales that contain as much as 15 gallons of "oil equivalent" per ton. Since only a few core samples have been assayed so far, more work will have to be done on the geochemistry of Hoosier oil shale.

Is Hoosier oil shale hard to reach? Extensive tracts of oil shale are quite close to the surface in Indiana, so they could be strip-mined or quarried. The New Albany oil shales, a major formation, outcrop in parts of the state and range in thickness from 90 to 130 feet. The rocks dip and thicken southwestward into the Illinois Basin, where they reach a maximum thickness of 337 feet in the extreme southwest.

How will Hoosier oil shale be processed once it is mined? Interested companies are examining a variety of ways to convert oil shale into shale oil. In terms of their maturity, these processes range from small experimental systems to pre-commercial systems that have been successfully tested elsewhere in the United States and abroad. Most likely, the processes selected for use in Indiana will have to be tested in pilot plants before they can produce on a commercial scale. The operation of a pilot plant yields data on whether and how commercial production should proceed.

When will shale oil be produced in the Hoosier State? No company has yet made the substantial financial commitment required to build a pilot plant. A commercial plant is even more costly, so it is even further in the future. Given the current state of industrial technology, the time needed to construct and test a facility, and the degree of interest displayed by the private sector, at least three to five years may pass before a pilot plant is constructed. At least eight to ten years may elapse before a commercial facility is operating. Regulatory obstacles and financial problems could delay the start of commercial production until 1995. The growth of an oil shale industry in Indiana is expected to be slow and difficult.

Will the development of oil shale degrade Indiana's air and water? The development of oil shale can affect the quality of the air and the water. When a processing plant is operating, emissions of sulfur and other pollutants must be monitored and controlled to meet Federal and State standards. The leaching of tailings and other wastes may pollute the water with inorganic salts, acidic effluents, small amounts of radioactive material, heavy metals, and other trace elements.

Will the mining of oil shale do harm to Indiana's land? The scale of mining needed to supply a commercial plant would be large. One estimate suggests that five to eight square miles would have to be mined to feed such a plant for 25 years. Other estimates imply that between 100 and 600 acres would be mined at any one time. The Department of Reclamation of the State of Indiana will be the principal agency seeking to ensure that the mined areas are restored in accordance with state standards, as specified in state permits that will be issued for each project. If a company did not live up to its agreement, Indiana could use reclamation bonds posted by that firm to help restore the land.

Are the environmental effects of oil shale development in Indiana fully known? Many important questions remain unanswered. For example, we do not know whether areas can be successfully reclaimed after mining on a commercial scale. We do not know what processing will do to the small amounts of radioactive material in the oil shale, whether such material will be released into the environment, or what problems it may pose for workers. We do not know whether our water systems will be polluted. We do not know whether technology will be effective in controlling or reducing these and other forms of pollution.

How will the development of oil shale benefit Indiana? There are many possible benefits to be considered. An oil shale industry in Indiana could result in the employment of several thousand people. The economy in some rural regions of the state might be stimulated. The restoration of mined areas could enhance their usefulness in agriculture. Even if commercial production never took place, some landowners might receive different kinds of advance payments for the leasing of the mineral rights.

(Note: This newsletter is condensed from a recent report of the Congressional Research Service, Library of Congress.)●

CONGRATULATIONS TO 41 "NEW AMERICANS"

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. LONG of Maryland. Mr. Speaker, it is with particular pleasure that I congratulate 41 residents of Maryland's Second Congressional District who have chosen to become American citizens, accepting all of the responsibilities that freedom and citizenship entail. I hope that my colleagues will join me in welcoming these new Americans:

Mr. and Mrs. Michael Markin in behalf of David J. Markin; Samuel Jung in behalf of Hyun Man Chung and Hyun Kook Chung; Dennis Robinson in behalf of Dennis B. Robinson, Jr.; Mrs. Robin B. Levine in behalf of Jamie A. Levine; Nguyen Johnson, Leona Buck, George Simon, Andreas Bakoulas, Jai Song, Vipinchandra H. Dave, Sung A. Kim, Lloyd A. Lawrence, Michael Pindrik, Phat T. Tran, Eve Rosman, Livia Samuel, Barbara Freedlander, Sang Hong, Young Hong, Hyong Ho, Son Ho, Yogmati Narayan, Opendra Narayan, Aziz Ullah, Ba-

sharat Aziz, Heike Plath, Grace U. Tavanlar, Adriana G. Rojtman, Matilde Rojtman, Albert D. Rojtman, Pierre Richa, Wadia Richa, Jean Richa, Soon O. Yi, Hae J. Cha, Chong M. Yi, Mariam Chacko, Estella Chambers, Silveria Chambers, Mrs. Mary E. Diaz in behalf of Fernando Diaz.●

DEFENSE SPENDING

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. ASPIN. Mr. Speaker, the Reagan administration has promised to spend more—much more—on defense. This was followed by the announcement from Tokyo that the Japanese Government is promising to spend no more on defense.

The Japanese decision is quite sensible. Why should it spend more to defend the free world when it can count on Washington to shoulder the burden alone. Right now Japan, with the second largest economy in the entire world, spends 0.9 percent of its GNP on defense. The United States spends 5.8 percent, a figure that is due to rise substantially in the coming years.

The money Japan and others of our allies do not spend on defense is being used to outdo us in the free market that we are spending immense sums to defend. We are paying to preserve the freedom of others, which is fine, while others are spending their money to invest in Toyota cars and Sony TV sets and undercut our products, which is not so fine.

American defense policies are and ought to be intertwined with those of our allies. We cannot and ought not try to bear the burden alone. We are only offering our allies a free ride at our expense.

This may sound a bit xenophobic. But it is not. Over the years we have shied away from criticizing our allies until such comments have come to appear unmannerly. But our allies are not longer poor cousins; they are not bearing their full share of the defense burden and that helps explain why their economies are thriving and ours is stumbling.

If we look at the gross numbers, we see that countries with a higher investment in defense have been growing at a slower pace. As table I shows, Japan, with by far the lowest outlays for defense, has enjoyed by far the most rapid growth of the major developed countries in the last decade. Britain and the United States, with the highest commitments to defense, have trailed in the growth sweepstakes while Germany and France are in the middle, in terms of both defense and growth.

TABLE I.—DEFENSE OUTLAYS AND ECONOMIC GROWTH OF MAJOR OECD NATIONS

Country	Defense percent of GNP [1]	Yearly growth [2]	Manufacturing growth [3]
Japan	0.9	6.9	7.2
Germany	3.5	3.1	3.5
France	3.9	4.4	4.4
Britain	4.9	2.3	0.6
United States	5.8	3.0	2.4

[1] 9-year average, 1970–79. Source: CIA Handbook on Economic Statistics, 1980.
[2] Annual growth in GNP, 1969–78. Source: National accounts of OECD countries, 1961–78.
[3] Annual growth, 1969–78. Source: National accounts of OECD countries.

These are very gross numbers. Growth and economic well-being cannot be explained solely in terms of defense outlays. Obviously, other factors are involved, such as the proportion of skilled workers in the labor force, the amount of work time lost to strikes, the attitude of workers toward their jobs, among others. But clearly one of the most important elements is the amount of capital available for investment. And defense expenditures divert unbelievable quantities of investment capital. If each of the major developed countries reallocated its defense spending to investment, the funds available for investment in Japan would grow 3 percent, in Germany 15 percent, France 18 percent, Britain 26 percent. In the United States funds for investment would grow a full 30 percent.

This shows dramatically how much more capital is consumed by defense in the United States than in our major allies and competitors. And it has a severe impact on our economy.

INVESTMENT—THE EXAMPLE OF STEEL

Steel is a declining industry in the United States. For decades U.S. industry dominated the world steel market. In 1960 it was still exporting. But since then the United States has become a net importer. The problem is not a lack of brains to devise the technology. Our industry has mastery of the same modern processes Japan has used to become the world's principal exporter, but we do not have many modern furnaces actually producing steel. As table II shows, we have the slowest rate of replacement of our steelmaking capacity of any of the major states.

TABLE II.—INVESTMENT AND MODERNIZATION IN STEEL, 1969–77

Country	Replacement cycle (years) [1]	Average annual capital expenditures [2]
United States	36	$18.10
France	28	22.70
Germany	28	22.90
Japan	27	24.20
Canada	26	25.00
Britain	22	29.00

[1] Raw steel base.
[2] Per ton of production.
Source: American Iron and Steel Institute.

The United States has substantial natural advantages in steel. A new mill located in the United States and operating at 90 percent of capacity can compete with the most efficient plants in Japan and can overwhelm the most efficient plants in Europe. What would it require to regain our position? About $100 billion would suffice to make the U.S. steel industry the world's most modern.

Less than $100 billion would completely overhaul a number of other U.S. industries. The auto industry, for example, is hampered right now by the competition from Japanese imports. The firms badly need to retool to be able to turn out smaller, more fuel-efficient cars. For that they need about $56 billion—in 1981 dollars—between now and 1995.

Table III shows a sampling of investments that would greatly enhance the competitiveness of American industry.

Table III.—An alternate expenditure of $224 billion 1981 dollars on improving productivity

[In billions of dollars]

Industry:	
Refurbishing steel industry to lead world standards	100.0
Capital investment to switch auto industry over to smaller cars, 1980–95	56.0
Infrastructure:	
Meet non-Conrail railroad industry capital shortfall	14.7
Make Conrail self-supporting	5.7
Restore highways to 1975 pavement conditions:	
Interstate	4.1
Arterial	24.8
Collector	11.0
Dredge 6 Atlantic and Gulf Coast harbors to take 100,000 to 150,000 ton cargo vessels	2.0
Energy:	
Reconvert 77 oil-fired plants to coal for savings of 350,000 bbl of oil daily	5.8
Total cost	224.1
Reagan defense budget for fiscal year 1982	226.0

Sources: Department of Transportation; General Motors Corp.; Corps of Engineers; Edison Electric Institute.

Some of the items in table III may look mundane, but they are fundamental. The dredging of six Atlantic and Gulf Coast harbors would permit the ports of Baltimore, Hampton Roads, Mobile, New Orleans, Baton Rouge, and Houston to take cargo ships of up to 150,000 tons, thus allowing us to export more grain and coal, sales of which are now hindered by port limitations.

These investments would have synergistic effects. Conrail's inability to generate capital for reinvestment is largely the result of declines in freight tonnage, which is in large measure a result of the decline in the auto and steel industries. Reinvestment in railroads would generate sales for steel rails. Reconversion of the oil-fired

plants to coal would slow the growth of energy costs that hamper the expansion of the steel and auto businesses, as well as provide more business for the railroads in hauling coal. Dredging the harbors would promote the export of grains and coal, which in turn means more business for the railroads that would haul those goods to the ports.

The bottom line is that while these sound like large sums of money, we are spending this much now on defense. With the equivalent of just 1 year's defense budget we could fundamentally alter our competitive posture in the world. Obviously, we are not about to abolish the defense budget for a year, but it is an example of what could be done with funds that our Federal tax and spending policies now divert to defense.

PEOPLE—TECHNICAL SKILLS

The United States has almost 20 percent more scientists and engineers than even the Japanese, as shown in table IV.

Table IV.—Scientists and engineers per 10,000 workers, 1976

United States	47.4
Japan	48.4
Germany	40.0
Britain (1975)	30.6
France	29.9

Source: National Science Foundation.

Why, then, are we behind the power curve when it comes to technological competition with Japan? The key is the tasks our technical talent is engaged in. When arms are produced at the leading edge of technology, they consume vast quantities of technical talent. Defense and space employ from 20 percent to 50 percent of all the American scientists and engineers engaged in research and development work.

A glance at table IV shows that the diversion of 20 percent of American technical talent from commercial R. & D. brings the United States down to a par with Japan—where there is hardly any military R. & D.—while the highest estimate of 50 percent puts the United States at the level of France—where there is some military R. & D.

In short, our scientists and engineers are inventing better missiles and space vehicles while Japanese scientists and engineers are inventing better cameras and TV sets. We protect them with our defense and they beat us with their commercial products.

The video cassette recorder is a good example of the fate that has befallen U.S. industry. The VCR was first developed in the United States by Ampex, which restricted itself to the professional market, producing large, expensive recorders in short production runs. After the VCR was developed, the United States devoted considerable attention and talent to miniaturization. Without it, we would not have put a man on the Moon or devised sophisticated warhead guidance systems for our missiles. We are often told that defense miniaturization has a salutory feedback on the domestic economy. But no American firm applied miniaturization to VCR's; that talent was tied up with military programs. The Japanese, however, refined VCR's until they were able to produce a small, reliable, and relatively inexpensive product for the commercial market. Two million VCR's were sold in the United States in 1978–80; all the consumer sales were imports from Japan.

People argue that there is a commercial feedback from defense spending. To a certain extent, this is true. The one industry where the feedback is clear is aerospace. Nearly 80 percent of U.S. aerospace R. & D. is Government-funded. And the feedback is obvious: The Boeing 747 jumbo jet is based on the losing design for the Air Force C–5 cargo plane, a contract that Lockheed probably wishes it had lost. But a key reason for the problems of the C–5 is that the Air Force wanted to push the limits on R. & D. Armies of scientists and engineers were deployed to try to make the C–5 do things no plane that size had ever done before, like land on grassy runways and drop munition loads out the rear. These have no civilian applications; Boeing dropped the unapplicable and costly items to which the Air Force devoted so much money and talent and stuck with the basic airframe design to swamp its competitors. There was a feedback, but it involved the cheaper and simpler advance in technology.

We are undermining our own competitive position in the world. When we desperately need to revitalize our industry, we are instead pouring our investment money into defense and drawing off more scientists and engineers who are sorely needed to reestablish our competitive position.

Obviously we cannot do away with defense spending. Defense is a burden, and some level of defense is an essential burden. Similarly we cannot abolish all sophistication from defense weaponry and expect the armed services to live by the feedback from the automotive and computer games industries. The issue is the size and share of the burden that the United States and the other Western democracies should bear.

It is foolish for the United States to take on a greater share of Western burden while others use the safety provided by our military umbrella to pump capital into industries that are starved in the United States because of that defense umbrella. If we continue to escalate our share of the burden, our allies will have no reason to increase their share. We will see our competitive position continue to shrivel until we will be unable to bear the cost of defense, at which point Japan and Europe will have to carry the full load, not to mention launching a Marshall plan in reverse.

The message is obvious. Rather than proudly shouldering the Western defense burden, the Reagan administration must emphasize burden sharing with our allies. It is in the allies' interest as well as our own that all our economies thrive. To share the blessings of a healthy Western economy, we must also share the burden of defending it.●

WE CAN ALL APPLAUD

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. BEREUTER. Mr. Speaker, Mildred Jorgensen is the kind of hero of whom this Government has far too few. As director of the Dakota County welfare office in my congressional district, Mrs. Jorgensen ran her office for $20,000 less than her $146,172 administrative budget and then returned the leftover money to the State. This action was particularly commendable because other counties were facing welfare cutbacks. Though $20,000 may seem like a drop in the bucket these days when we talk of trillion-dollar budgets, the money that could be saved if every government office saved 14 percent of its budget is staggering.

I request that the following editorial from the South Sioux City Star regarding Mrs. Jorgensen be included in the CONGRESSIONAL RECORD.

[From the South Sioux City Star, July 2, 1981]

WE CAN ALL APPLAUD

It is not often that a governmental office rejects allocated funds.

But that's what happened in Dakota County recently when County Welfare Director Mildred Jorgensen said she told state welfare officials she is willing to return up to $20,000 allocated to administer her department for fiscal 1981–82 to help relieve other counties facing welfare program cutbacks.

Dakota County had been budgeted $146,172 for administrative costs for the fiscal year beginning July 1.

"We don't need the money," Jorgensen said she had informed the state.

Mrs. Jorgensen said a representative in the State Welfare Department was flabbergasted when she informed them she was willing to give up some of Dakota County's state budget allocation. We can understand the state official's surprise. We're certain it doesn't happen very often.

Jorgensen said her department managed on the $116,000 received for fiscal 1980–81 and won't need all of the $30,000 additional budgeted for the next fiscal year.

Mrs. Jorgensen said her department has been running with three fewer people the past few years and has been getting the job done nicely.

Perhaps some people might wonder if seven people are needed to administer the county welfare program in Dakota County.

But at least the reduction of staff from 10 to seven and the return of unneeded state funds is something we can all applaud.

We commend Mrs. Jorgensen and her staff for their effort toward achieving efficiency and saving taxpayer's money.●

NATIONAL PORT WEEK

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. BIAGGI. Mr. Speaker, I am happy to announce that 50 more Members have requested that their names be added to the list of cosponsors for House Joint Resolution 302, which asks the President to proclaim the week of October 4-10, 1981, as "National Port Week." The response by my colleagues has shown a real concern for the recognition of our ocean ports and inland centers of waterborne commerce.

The vital role of ports to a national economy has been underscored by the recent events in Poland. The impact of last Wednesday's work stoppage by 46,000 longshoremen on Poland's Baltic coast is a testimony to the far-reaching effect of any interference with the smooth operation of a nation's harbors.

Our ports are crucial to the economy and security of the United States. National Port Week is a well-deserved recognition of this valuable resource.

The total number of cosponsors now stands at 54, and additional cosponsors are being added each day. Along with the gentlemen from New Jersey (JAMES J. HOWARD) and North Carolina (WALTER B. JONES), the cochairmen of the congressional port caucus, I urge my colleagues who have not yet responded to join us in supporting our Nation's ports by cosponsoring this resolution.

Following is a list of the additional cosponsors:

COSPONSORS OF H.J. RES. 302—NATIONAL PORT WEEK (AS OF JULY 13, 1981)

Mr. Biaggi, Mr. Howard, Mr. Jones of North Carolina, Mr. Roe, Mr. Addabbo, Mr. Alexander, Mr. Anderson, Mr. Annunzio, Mr. Bailey of Pennsylvania, Mr. Boland, Mr. Bonker, Mr. Bowen.

Mr. Cotter, Mr. Dicks, Mr. Fary, Mr. Fascell, Mr. Fauntroy, Mr. Fazio, Mr. Fields, Mr. Foglietta, Mr. Forsythe, Mr. Ginn, Mr. Gonzales, Mr. Hatcher.

Mr. Hefner, Mr. Hollenbeck, Mrs. Holt, Mr. Horton, Mr. Kemp, Mr. Lungren, Mr. McDonald, Ms. Mikulski, Mr. Moakley, Mr. Mottl, Mr. Murphy, Mr. Nowak, Mr. Pashayan, Mr. Pritchard.

Mr. Rahall, Mr. Reuss, Mr. Richmond, Mr. Robinson, Mr. Roemer, Mr. Roth, Mr. Scheuer, Mr. Solarz, Mr. Stanton of Ohio, Mr. Stokes, Mr. Sunia, Mr. Weaver, Mr. Weber of Ohio, Mr. Young of Alaska, Mr. Won Pat, Mr. Zeferetti.●

SHORTCOMINGS IN THE GUARANTEED STUDENT LOAN

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. SIMON. Mr. Speaker, there are many arguments, both pro and con, on the impact and efficacy of the myriad changes in the guaranteed student loan (GSL) and the Pell grant programs, proposed by my colleagues in the House and similar changes in GSL adopted by the Senate. I have personally expressed two strongly held concerns about both the process and the substance of the reconciliation bills before the House-Senate Conference.

My two concerns can be simply stated:

The budget and reconciliation process is an inappropriate forum to fashion major changes in the two most important Federal student assistance programs—changes designed with a view on dollars and cents, not on educational needs and commonsense.

The changes recommended by the administration, adopted by the House and Senate and those which will ultimately become the law of the land—have been developed without the knowledge of their real impact on postsecondary institutions or the educational aspirations and opportunities of low- and middle-income students, especially minorities.

During the past 6 months, I have received many letters from college and university officials, bank presidents, parents, and students concerned about the future of Federal student assistance programs. Many of these letters have deserved better answers than I have personally been able to give. The letters come from people really concerned about the educational future of our Nation and about their institutions and their children.

While I may disagree with my colleagues on the other side of the aisle about the process used and the proposals we adopted on June 26, I hope we will fashion a final bill which keeps students in mind as we seek to reduce Federal spending. I urge my colleagues to read the following editorial from the New York Times of June 22, and several "op-ed" articles from the Washington Post and the Times. The June 7, Post article, by Georgetown University student, Lisa Pent, outlines the typical predicament of middle-income students under Gramm-Latta II.

I urge my colleagues to read these thoughtful articles.

[From the New York Times, July 7, 1981]

ABOUT EDUCATION—YALE PRESIDENT SEES DANGER IF AID IS CUT

(By Fred M. Hechinger)

"When people don't know their history, they make terrible mistakes," said A Bartlett Giamatti, president of Yale University. The history he was talking about was that of the Government's role in supporting higher education. The mistakes he warned against were the threatened cutbacks in Federal aid to students. He called such a policy "a great danger" to America's future.

He vowed that, whatever may happen in Washington, "Yale will not give up the principle of admission to college without regard to financial status." He said that last week's action in Congress has not allayed his apprehensions. A needs test is fine, he commented, "but the ceilings for loans are too low. The message still is that education isn't of great importance."

Mr. Giamatti made these observations, at the end of his third year at the helm of Yale, in an interview on the state of education, the role of university presidents, the responsibility of trustees and the shift of financial support from Government to private dollars.

While optimistically low-key on other issues, the former professor of English literature spoke with passion about the threat of reduced student aid. He chided the present conservative leadership for spreading the "myth" that the Government in the past has not been involved in supporting education. Pointing to a tradition that reaches back to the 17th century, he recalled that Harvard and other Colonial colleges were founded with public funds, that the Northwest Ordinance, the Land Grant Act of 1862, the G.I. Bill of Rights and many other legislative measures have established traditions of Governmental responsibility.

"To pull back from the support of access to higher education is a real shift from that long tradition," he said. "I would have thought that true conservatives would cling to that tradition."

He called aid to students a "basic investment in people and the future, and in the physical and moral health of the country."

While Yale will survive such reversals in national policy, Mr. Giamatti warned that new limits on access to higher education "would be a tremendous long-term change—more a philosophical than merely a dollar change." It would be a signal from Washington that "the notion that education is fundamental" is now in question.

To underscore the importance of student aid, he pointed out that Yale currently provides about $70 million annually through grants and loans, not including students' earnings from campus jobs. Of the $40 million in loans, $35 million at present come from Federal funds. These, he said, are now threatened by the "enormous amount of confusion" about the Federal role.

Mr. Giamatti saw little risk in what he considers the inevitable shift to support for research from the Government to the private sector, especially corporations. He does not worry about interference by corporations with the way students are taught. He emphasized, however, the need to be "most careful" to prevent any "commercialization of the university" through entanglement in exclusively licensing and patenting rights of university-produced fruits of research.

Asked why university presidents today rarely act as spokesmen on national issues in the manner of Harvard's Charles Eliot and James B. Conant, Columbia's Nicholas Murray Butler, Princeton's Woodrow Wilson, Notre Dame's Theodore Hesburgh or Yale's Kingman Brewster, Mr. Giamatti cited changes in the way universities are governed. Shorter presidential terms, he

said, mean that continuity no longer relies on personalities but has shifted back to the faculty. He urged the trustees, "those absentee landlords," to concentrate more on what is continuous and permanent.

"As president," he said, "you have to immerse yourself in the stream—without being inundated."

"The president's key function," Mr. Giamatti insisted, "is not external relations. It must be the other way around. Everything should come from the core and move outward."

If university presidents have stepped back from "the bully pulpit" of national leadership, a major reason he said, is that "daily management concerns are so pressing. Time to sit and think is a problem. Most of the time you just have to see that the clay is moist every day instead of really shaping it yourself."

Public perceptions, Mr. Giamatti adds, have also changed. It used to be assumed that college presidents were entitled to speak out about the big issues. Since the 1960's, "the public hasn't asked" and the presidents themselves "don't want to be perceived as tilting politically."

Moreover, he went on, university presidents today are different people—"managers who deal in quantification, input, output and analysis of data."

"I never used to use the term data," he says wistfully.

To critics who charge that higher education neglects the elementary and high schools, Mr. Giamatti replies by pointing to the Yale-New Haven Teacher Institute, founded in 1972 and expanded at his urging in 1978. It brings together university professors and local teachers as colleagues to study and improve the schools. While not on a level with the late Mr. Conant's nationwide school reform efforts, Mr. Giamatti feels that universities today can make their most useful contribution "to where we live." He said he had urged Education Secretary T. H. Bell to use those severely-limited Federal funds to encourage local cooperation between colleges and schools because "education is a continuous seamless web, or ought to be."

For the past three years, Mr. Giamatti has been clinging to his original game plan—to continue teaching. "I found in teaching a genuine sense of completion," he says. "You don't have that in the presidency." Now, he acknowledges reluctantly that running a major university is no longer compatible with the idea of the teacher-president. "I found last year that I was just going to class," he admits.

Finally, the inevitable question: What is it like to follow Kingman Brewster, one of the last of the breed that relished the role of controversial national spokesman, thus arousing admiration and anger in almost equal measure.

"I see myself in a system that is continuous," Mr. Giamatti says. "I don't think Brewster and I see the world in its essence in different ways."

He recalls the furiously-divided days of Cambodia and of the black Panthers, when his predecessor, defying the example of other colleges, refused to shut down the campus and "pull in behind a moat." It was, he says, "an act of great courage. You only stay free if you stay open."

Kingman Brewster, Mr. Giamatti adds with his slightly rumpled informality that exudes self-assurance, "had gifts for the public policy side of things that aren't mine. Still, we come out of the same side of things. I don't have his beautiful suits, but I wouldn't look good in them."

[From the New York Times, June 22, 1981]

TOWARD SENSIBLE COLLEGE LOANS

Cutting back the college student loan program is a chore not relished by any Congressman who can count constituents. Two committees marched bravely up the hill in recent weeks, but now the House is running for cover. Hope for a sensible retrenchment therefore rests with the work of the Senate Labor and Human Resources Committee.

The pressure of tuition costs on middle-income families led Congress to remove all income limits in 1978. Students were thus able to borrow up to $2,500 a year at a mere 7 percent, regardless of their parents' circumstances. Even the wealthy with no need of Government help couldn't afford to pass up that bargain. The income ceiling for outright tuition grants was simultaneously raised from $15,000 to $25,000. Together, these measures pushed up the program's cost by 150 percent in three years, to nearly $5 billion in 1980.

To save money, both House and Senate committees suggest raising the interest rate on loans to parents to 15 percent, a level more nearly approximating market rates. They would also begin charging a fee of 4 or 5 percent to recoup part of the interest that the Federal Government forgoes while students are in college and not yet repaying the loans. The House Labor and Education Committee also voted to eliminate loans to families earning over $25,000, but now rejects that idea.

On that count alone, the Senate bill is vastly preferable. It still retains a $25,000 income ceiling but would allow some needy families to qualify for loans even if they earn more than that. While the presumption would be against them, such families could make a case for help if they had multiple tuition obligations or hefty medical bills.

One other provision belongs in the final law. Since not every family is able or willing to bear the entire tuition load, students not eligible for subsidized loans need some opportunity to borrow for themselves at commercial rates. A Government guarantee would give them access to the market that otherwise excludes them.

The impending cuts in student aid have prompted anguished protest to Capitol Hill, some of them clearly overwrought. The families of college students are being squeezed by soaring tuitions. But taxpayers generally are also pinched. The obligation of Congress should be to aim Federal subsidies as precisely as possible at needy students.

[From the Washington Post, June 23, 1981]

PATCHING, NOT SCRATCHING, STUDENT LOANS

BOSTON.—I hear they are making this budget the American way, rather like a patchwork quilt. One week the Congress cuts things out, and, the next week, it pieces them back together again.

This is, at least, what's happening to the student-loan program. Following the Stockman pattern, the House Committee on Education and Labor excised guaranteed loans for college students who came from families with incomes of $25,000 or more. The next week, they began sewing the program into place.

Nobody knows yet whether the loans will be fixed permanently into the finished product, but we do know that this particular quilting bee is working under a great deal of heat.

Some of it comes from the families and colleges that are directly affected. In only three years, since guaranteed yearly loans of $2,500 were open to all students, much of the middle class has come to depend on their existence.

But it also emanates from the widespread anxiety on the part of the entire middle class about their children's future. The threat to the guaranteed student-loan program is an attack on the ability of the middle class to give their children the one legacy promised them: an education.

"College," the idea and the reality, has acquired a curious role in this democracy. Most of us are only two or three generations away from immigrants. Our grandparents or great-grandparents pinned their hopes on their children's education. For them, school was central to the myth of making it in America.

Today we are somewhat more skeptical about the value of college for upward mobility. About 50 percent of 18-year-olds are enrolled in higher education and they cannot all rise above average. But we still regard college as the best hedge against downward mobility. It is, at least, the only hedge we have.

Only a rare child now inherits economic security, know-how, tools, from a parent. Most middle-class parents are bureaucrats and managers, technocrats and professionals. Our kids will not inherit a piece of land or a set of tools, a business or a skill by which they can make a living. All that we can do is help them get the price of admission, the college degree.

But when a private college education for one costs as much as $40,000, it is out of reach of all but the elite.

The student who could once work his or her way through college now finds jobs scarce and the gap between paychecks and tuition bills a chasm. The student from a family that earns $30,000 a year can barely more afford college than the student from the family that earns $20,000 a year.

Because of this reality, the student-loan program was extended to help all families. Under it, the government has paid interest on these loans while students are in school. Six months after graduation the students take over their own debts.

Those who oppose this program like to describe it as a handout to the rich. It has, in fact, been abused by some truly unneedy who have borrowed publicly from the government at low rates while investing privately at high rates.

Furthermore, the opponents complain that it is frivolous in an era of hard choices and painful cutbacks. The same congressional panel, for example, that temporarily restored $250 million to the loan program cut $150 million for child nutrition, $205 million for Head Start, and $130.5 million for education of the handicapped.

There is undoubtedly a need to improve the guidelines, to have some income ceiling and make changes in the repayment program.

But I don't think we have to accept the either/ors of this administration. I don't agree that we can either afford college loans for the middle class or school lunches for the poor. Not while we go on a defense-spending spree.

This is not a giveaway program, but a loan to families, and an investment. In an era when both the economy and the technology are changing, we need the educated people

we can get so cheaply. We also need to make sure middle-class families aren't cut off from the future. They too need a place in this vast and intricate patchwork.

[From the Washington Post, June 7, 1981]

A STUDENT CUT OUT BY THE BUDGET

UNLIKE THE RICH, MY OWN RESOURCES CANNOT MEET THE EXPENSE, AND, UNLIKE THE POOR, I AM NOT ELIGIBLE FOR MOST FINANCIAL AID

(By Lisa S. Pent)

If two of the budget cuts President Reagan has recently proposed are passed, I will not be able to attend Georgetown University next year. The reason is this: the average cost per year at Georgetown and most of the nation's private universities is $10,000. For the rich, this is not a problem; their own resources can meet the expense. For the poor, it is an inconvenience because they must fill out many financial aid forms. For the middle-class student like me, the $10,000 yearly cost is a great problem because, unlike the rich, my own resources cannot meet the expense, and, unlike the poor, I am not eligible for most financial aid.

What, then, does a middle-class student do? First of all, he works as many hours as he can during the school year and full-time during the summer. Second, he takes out a student loan. Third, he claims financial independence from his parents so that me might receive a government grant. And fourth, he hopes that some unexpected expense doesn't arise.

Unfortunately, the unexpected expense that I had hoped wouldn't arise has. President Reagan wants to cut two programs, the Basic Educational Opportunity Grant Program (BEOG) and the Federally Insured Student Loan Program, both of which make it possible for me to attend a reputable institution like Georgetown. If they are cut, the Ivy League schools will cater to an infinitesimally small percentage of the population, the rich and the poor.

The BEOG program awards, upon demonstration of need $200 to $1,800 per school year to college students. The federally insured loans are obtained from the student's home state. These are low-interest loans, around 7 percent, which the student isn't required to begin repaying until nine months after graduation. A student is entitled to $2,500 during any single school year and not more than $7,500 during total undergraduate study.

Here is where the problem begins. President Reagan has suggested that both programs be cut in terms of total dollars and that the criteria upon which need is demonstrated become more restrictive. For example, the BEOG program currently rewards students whose family income is $25,000 or less. This prerequisite is disputable in its present form. The government assumes that a family with an income of $35,000 a year can afford to send even one child to a private university at $10,000 a year. Now the president wants to reduce the cutoff mark for aid to perhaps $20,000 a year. (The exact amount is not yet known.) This restriction will exclude students from middle-income families entirely and a percentage of the students from lower-income families as well.

To date, the Federally Insured Student Loan Program has been the saving grace for the middle class. If a family that earns $35,000 a year wants to send a child to a private university at $10,000 a year, it must take out a loan and pay the balance from its personal funds. The family currently isn't eligible for federal grant monies—unless the student is financially independent—and will be less so if President Reagan's proposal passes. Furthermore, if the student applies for aid from his school, he will be one of the last in line for aid—that is, if he is eligible for any at all. The only alternative is a low-interest loan.

Unfortunately, the Federally Insured Student Loan Program is currently having a problem with students who default on repayment. However, the answer is not to cut the program or reduce the amount a student may borrow. Two alternatives to cutting this essential program are to require the parents to co-sign for the loan and to make those low-interest loans available to the parents to use for the student's tuition.

Again, if the Federally Insured Student Loan Program were cut, the middle class would be the hardest hit. If the BEOG program were cut, some of the middle class and most of the students from lower-income families would be affected. Both of these programs have had a positive effect on minority and lower-income student enrollment; thus, a negative impact if they are reduced. For example, in an article about student financial aid, George Neill, columnist for Phi Delta Kappan, says, "between 1968 and 1978 . . . the percentage of blacks enrolled in colleges and universities at the undergraduate level increased a phenomenal 300 percent. This increase can be attributed directly to a boost of $3.8 billion in federal appropriations for student aid between 1973 and 1980. During the same period, guaranteed student loans increased 400 percent—from $1.1 billion to $5.5 billion."

Clearly, the previous two administrations recognized the need for increased student aid. The Reagan administration, on the other hand, in eliminating many of the unnecessary government expenditures, has chosen to decrease student financial aid. However, of the $14.2 billion allotted for education in the 1980 budget, only 22 percent went to student loans and grants. The remaining 78 percent went to the states for elementary and intermediate education. Moreover, the monies from the federal government for local education are further supplemented by the individual states. Thus, if the state funds were combined with federal funds, the college student actually receives less than 22 percent of the total funds allocated for education.

In any case, if President Reagan's objective is to cut the excess from the Education Department, he should look down avenues other than the one leading to student financial aid. Tuition costs alone have risen all over the country as much as 15 percent, which in the case of Georgetown University means an additional $750 for each student.

Today, most students have some type of financial aid package—i.e., loan, grant, work study or scholarship. Thus, a reduction in funds or an increase of restrictions to obtain them on the Basic Educational Opportunity Grant Program or the Federally Insured Student Loan Program will exclude the middle class from the nation's private universities, and only a select group of students will be able to attend them—namely, the upper- and lower-income students. My financial aid officer spelled out the situation quite clearly: "You won't be able to afford this school next year." And, indeed I won't, if these two essential programs are cut.●

CONSTITUENT RESPONSE TO MAILING OF NATIONAL REPUBLICAN CONGRESSIONAL COMMITTEE

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. LEHMAN. Mr. Speaker, during the past few weeks some of my constituents in the 13th Congressional District have brought to my attention the mailing they received from the National Republican Congressional Committee. It is ironic that some of the people who received this recent mailing are themselves poor and in desperate need of Federal assistance.

In the words of one of my constituents:

I receive[d] this letter today. I don't know what they think even with my raise. . . . I still don't have enough to eat . . . they want us to go hungry. I am 78 years old, I worke[d] hard all my life.

When I read this plea from an elderly constituent, I was deeply moved. How can the National Republican Congressional Committee, which wants to cut Federal assistance programs, ask a "$15, $25, $50, or even $100 contribution," from a woman who cannot even afford to eat?

Another constituent, who has since moved from my district, wrote:

I received [a] request for donations from [the] National Republican Congressional Committee. I read the proposals and find I will be unable to donate anything—instead [I] may have to ask for State or County assistance if these proposals go into effect.

The message contained in this statement is all too clear.

The passage of the Reagan-endorsed Gramm-Latta II amendment has meant a severe cutback in the services that our poor and our elderly depend on. And yet, the National Republican Congressional Committee is trying to solicit funds from these people to help elect individuals who are in favor of eliminating even more of their benefits in the 98th Congress.

Maybe it is time for the Republicans to listen to the people and to reevaluate what kind of action the people really want. Before sending out additional mailings the National Republican Congressional Committee should see if the American people really have the desire and if they are financially able to "rush their maximum contribution to the committee so they can fund immediately the programs that will bring a Republican majority to the U.S. House of Representatives."●

AMERICAN ECONOMIC AID PROGRAM IN EGYPT, PART II

HON. LEE H. HAMILTON
OF INDIANA
IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. HAMILTON. Mr. Speaker, in May 1981, three Jack Anderson columns contained several criticisms of the American economic aid program to Egypt. I asked the Agency for International Development to comment on these articles.

Attached below are the Anderson columns of May 19 and May 21, 1981, and AID's replies to them. The article of May 18, 1981, and AID's comments on it appeared in a previous CONGRESSIONAL RECORD.

[From the Washington Post, May 19, 1981]

EGYPTIAN FATCATS FEAST ON AID LOANS

(By Jack Anderson)

Salah Taroty is a prominent member of the Egyptian parliament, a wealthy lawyer and owner of much valuable real estate. He is also recipient of a low-interest $30,000 loan from the U.S. Agency for International Development to buy equipment for a Wimpy fast-food restaurant he is building.

Katthouh Hassan made a fortune as an Egyptian government contractor, and is now getting into the hotel business by building the luxury-class Uncle Sam Hotel. The name is appropriate. Hassan got a $1 million AID loan to buy elevators, furniture and other supplies for his hotel.

Kamal Hanna, a millionaire who owns 10 companies and part of two Egyptian banks, hit up AID for a $1 million loan to buy construction equipment, most of which he resold to the Egyptian government at an undisclosed profit.

Why is a U.S. agency, whose purpose is to help the world's needy, laying out the American taxpayers' money for the benefit of Faroukian fatcats along the Nile? The answer seems to be that this is the price successive administrations have felt they had to pay to "buy" peace between Israel and Egypt.

When Henry A. Kissinger sweetened the peace pot for Anwar Sadat in 1975 with a promise of U.S. aid, Kissinger pledged $750 million a year to Egypt. How he came up with that amount is anyone's guess. A Senate source told my reporter John Dillon that the then-secretary of state pulled the $750 million figure "out of a hat."

The result was that AID had to scramble to find ways to spend the money Egypt had been promised.

In fact, the amount of economic assistance going to Egypt is now running over $1 billion a year. If the agency had used its usual criteria for granting loans, Egypt would be getting only about $200 million a year. But because of the link between U.S. assistance and the peace accords with Israel, Egypt's AID program is not typical.

The commitment to peace is a worthy undertaking, and certainly less costly than a resumption of hostilities between Israel and Egypt would be. But if the American taxpayers are bearing the cost of the peacekeeping effort, they are at least entitled to feel their money is being properly spent.

Unfortunately, as my roving correspondent Peter Grant found during a month's investigation in Egypt, the AID program is floundering in a morass of waste, corruption and bureaucratic incompetence.

With American blessings, President Sadat has been trying to encourage a rebirth of private business, which all but died out during the socialist fervor of Gamal Abdel Nasser's regime. AID has been pumping hundreds of millions of dollars into the private sector.

"Only private businessmen can provide the investment and jobs Egypt so desperately needs," explained one U.S. embassy official, adding: "It also makes it harder to turn the clock back to socialism."

But Grant found that in practice, AID programs seem to be doing little more than making rich Egyptians richer. Many of the low-interest loans produced no new jobs, and most have gone to millionaires.

For example, AID officials estimate that about 70 percent of the $100 million a year available for low-interest loans has gone to Egyptian importers. The agency explains that this helps the economy by making hard-to-get items available for Egyptian businessmen. But, in fact, Grant found, the goods were usually resold, not to other businessmen, but to the government, which already had access to the same goods. The importers, of course, made a fat profit on the resale.

While the corporate fatcats are getting fatter on AID's loan diet, the lean and hungry bureaucrats are also stealing a few scraps. Because the civil service is used as an unemployment cure, each government ministry has about five times as many employees as it really needs. Salaries are ridiculously low, and many officials make up for this with the time-honored extraction of "baksheesh" from those doing business with the government.

AID COMMENTS ON THE EGYPTIAN FATCATS ARTICLE

1. *Question.* How do you justify AID's loaning $30,000 for a fast food restaurant and a million dollars for a hotel?

Comment. These loans were made by the Development Industrial Bank of Egypt from funds provided to them by the Egyptian Government who in turn obtained these funds as a loan under our 1976 Development Industrial Bank project. This was one of our first projects to support Egypt's Open Door policy designed to stimulate private sector growth.

The Development Industrial Bank, one of the only banks in Egypt making term loans to the private sector, has received over $232 million from the World Bank, OPEC, Switzerland, the EEC and IDA. A.I.D. loaned $32 million or 13.8 percent of the total.

Our funds are used only for procurement of U.S. equipment. All items purchased conformed with A.I.D. Regulation 1.

The borrower pays an effective rate of interest of about 17 percent for the loan with a three year grace period and 15 year repayment term. We consider this a reasonable rate.

Investments in hotels and restaurants support the tourism industry, which earned Egypt $800 million in 1980.

Food service and hotel operations are very labor intensive, and both of these investments have or will create a large number of jobs in the private sector.

2. *Question.* How can AID support a $1 million loan for construction equipment which was then resold to the Egyptian Government?

Comment. The construction equipment in question was purchased under our Commodity Import Program set-aside for the private sector. This set-aside encourages the revitalization of Egyptian private enterprise. It also serves to reintroduce U.S. commodities to Egypt's private sector. As in the U.S., the private entrepreneur sells his product to anyone able to buy. We do not intend to control the Egyptian private sector or intrude on commercial activities by designating who can or cannot buy goods purchased in the first instance with borrowed money.

POINTS OF CLARIFICATION

3. *Statement.* Mr. Anderson states, "AID has been pouring hundreds of millions of dollars into the private sector."

Comment. Through March 30, 1981, A.I.D. obligated $93.5 million for the private sector under our Commodity Import Program and $32 million under our Development Industrial Bank project. Of these amounts $16.2 million under the Commodity Import Program and $15 million under the Development Industrial Bank have been disbursed, a total of $76 million. In addition, $38 million has been obligated for two activities which are in the initial stages of implementation—the Private Sector Encouragement Fund and the Private Sector Feasibility Studies projects.

As the promotion and encouragement of private enterprise are important goals of both the United States and Egyptian Governments, we fully intend to continue these activities.

4. *Statement.* "The importers, of course, made a fat profit on the resale."

Comment. The objective of any private sector firms is to realize profits. We have no information, however, that our private sector support activities have resulted in excessive profits.

5. *Statement.* "The lean and hungry bureaucrats are also stealing a few scraps."

Comment. We have adopted a number of measures to avoid corruption in all of our programs. Some highlights are:

The Inspector General Office in Egypt has six U.S. officers plus Egyptians. An investigations office is also located in Cairo to investigate irregularities.

Six U.S. and twelve Egyptian employees carry out end use checks on all A.I.D. financed commodities that arrive in Egypt.

Rigorous bidding and bid evaluation checks by both the Egyptian and U.S. to assure fair and open bidding.

6. *Statement.* 70 percent of the $100 million per annum available for low interest loans go to Egyptian importers.

Comment. The reference in the statement appears to be to the Commodity Import Program set aside for the private sector. The cumulative amount of such set asides, rather than the annual amount, approaches $100 million (actual amount is $93.5 million). Both end-users and importers are eligible to participate in the set-aside program. The loans are for the importation of U.S. goods. Under the current terms of the loans, the rate of interest charged importers is four points higher than the rate charged end-users.

[From the Washington Post, May 21, 1981]

U.S. FIRMS VIE FOR PIECE OF AID PIE

(By Jack Anderson)

I've already reported that Egyptian millionaires and corrupt bureaucrats are growing fat on U.S. economic aid, while the impoverished fellaheen wait.

There is another group that is benefiting from the Agency for International Develop-

ment money being lavished on Egypt as part of the U.S. government's "reward" to its president, Anwar Sadat, for signing peace accords with Israel. That group is American corporations.

The law requires that recipients of AID loans "buy American." It's a logical requirement. There's no reason American taxpayers should lend money at giveaway rates to businessmen or nations so they can hire German or Japanese companies to build their dams or factories. And indeed, many AID borrowers acknowledged that without the inducement of AID funds they probably would have thrown their business elsewhere.

The result is that scores of American firms have set up branch offices in Cairo to wangle their share of the AID pie. And they have taken to lobbying the agency for help.

For example, AID is currently participating with the World Bank and some European countries to install a new telephone system in Cairo. Now American business representatives are pressuring AID to take the lead on the follow-up project—switching stations for long-distance calls.

"We want AID to give more funding, so U.S. manufacturers will get the market for the switches," said one American telecommunications consultant, adding: "Other governments help their industries. It's time we started helping ours."

But in their scramble for profits, American corporations often take advantage of the "edge" that AID gives them. Several Egyptian businessmen complained that U.S. exporters often jack their prices up when AID money is involved.

Adel Rezika, the owner of a candy factory in Cairo, told my roving correspondent Peter Grant that the price of a sugar pulverizing machine he bought from a New Jersey company had gone from $7,800 to $11,000 in just two years, a 41 percent increase.

Sometimes, in fact, it appears that steering contracts to American firms is the primary goal of the AID program.

For example, Adel Gabr, the Egyptian representative of the Multi-Electric Co. of Chicago, had been trying to win a government contract to put in a lighting system at Aswan airport. Gabr said the business was about to go to a Dutch firm. But at the last minute, AID came through with a $960,000 loan, enabling Multi-Electric to get the contract.

It's not all gravy for American contractors, of course. U.S. equipment is gathering dust throughout Egypt because of delays caused by inefficient local contractors and bureaucratic bungling. And infighting between Egyptian government agencies has prevented implementation of technological improvements to the Aswan Dam, recommended in an AID-funded study by the Massachusetts Institute of Technology, which could save Egypt $40 million a year.

Drug Dealing: For years, the big American drug companies had their own little "OPEC," rigging world prices to extract the maximum profit.

Now, faced with lawsuits by foreign governments claiming hundreds of millions in overcharges and price-fixing, the pharmaceutical fatcats have turned to their friends in Congress for help. Proposed legislation would block the foreign governments from pursuing their lawsuits, which are scheduled for trial next month.

Diplomats from West Germany, India, Colombia and the Philippines have raised howls of protest, sources told my associate Jack Mitchell.

The controversy began 20 years ago when the Federal Trade Commission accused several drug giants, among them Pfizer, Bristol-Myers and American Cyanamid, of patent and antitrust violations in sales of common antibiotics. The drug firms wound up paying some $200 million as the result of lawsuits in this country.

Footnote: A Pfizer spokesman said the "legislative relief" involves nothing more than equal treatment from complaining countries.

AID COMMENTS ON THE U.S. FIRMS ARTICLE

1. *Statement.* "Scores of American firms have set up offices in Cairo to wangle their share of the A.I.D. pie."

Comment. Egypt's economy is growing at a rate of 8-9 percent in real terms per year, an economy which is booming, and a market of 42 million people. Many U.S. commercial enterprises, with an interest in expanding international business and a willingness to take risks are setting up offices in Egypt. The U.S. Government encourages firms to expand the export of goods and services and the establishment of local offices is essential to this effort. While U.S. aid plays a significant part in financing exports to Egypt, the bulk of foreign exchange spent by Egypt is not from the U.S. Government, but from other donors and Egypt's own foreign exchange earnings. We know of no reason why U.S. firms should not compete for this business or be criticized for doing so.

2. *Statement.* "Mr. Rezika, the owner of a candy factory in Cairo stated that the price of a sugar pulverizer machine he bought from a New Jersey company had gone from $7,800 to $11,000 in just two years, a 41 percent increase."

Comment. Mr. Rezika purchased a $6,396 machine with $3,000 spare parts FOB New Jersey. The original quotation for the machine was $756 less. The time between the bidding and contract signing and the inflation which occurred around that time (April 1979) accounts for the increase in price. This price was double checked by A.I.D.'s Office of Commodity Management and found justified. This transaction occurred under the private sector component of our Commodity Import Program. Mr. Rezika has never complained to A.I.D. about either the price or quality of this equipment.

3. *Statement.* "The Egyptian representative of the Multi-Electric Company of Chicago, had been trying to win a government contract to put in a lighting system at Aswan airport. The representative said the business was about to go to a Dutch firm. But at the last minute, A.I.D. came through with a $960,000 loan, enabling Multi-Electric to get the contract."

Comment. A.I.D. provided $599,881.19 under our Commodity Import Program Loan No. 038 for the provision of a lighting system at an Aswan airport. Commodity import funds are loaned to the Egyptian Government, which in turn loans them to Egyptian Government enterprises. In this case, a sub-loan was made to an Egyptian service organization which made its decision to use Multi-Electric equipment based on competitive procurement procedures. The transaction was tendered internationally with the U.S. firm being the low bidder. It is also useful to point out that the Commodity Import Program has provided crash vehicles for Aswan airport, which is frequented by tens of thousands of tourists and visitors each year, under similar arrangements as those cited above.

4. *Statement.* "Infighting between Egyptian government agencies has prevented implementation of technological improvement to the Aswan Dam, recommended in an A.I.D.-funded study by the Massachusetts Institute of Technology which could save Egypt $40 million a year.

Comment. The Massachusetts Institute of Technology (MIT) carried out a computer model regarding the use of Nile water. One output of this model was a suggestion that economic benefits could be realized by arranging stream flows through the Aswan Dam in a different fashion. The extent of the presumed benefits were not quantified in the MIT report. The Government is working out ways to implement this recommendation without causing undue risks either to the farmers or the users of electricity who would be concerned with any changes. These determinations are being finalized in the course of preparation of the National Water Master Plan. It is notable that a recent evaluation of the MIT project showed that "any one of several decisions on the 13 active research projects undertaken has involved enough benefits to far outweigh the costs of the MIT program." From A.I.D.'s point of view, this is the most crucial factor with regard to the MIT program.

5. *Statement.* "Said one American telecommunications consultant, 'Other governments help their industries. It's time we started helping ours.' "

Comment. The preponderant amount of economic assistance provided to Egypt by the United States each year is for goods and services, all of which have as their source and origin the United States. The U.S. Government, through A.I.D., has been helping U.S. businesses through our assistance to Egypt for several years.●

SALUTE TO TERRY FOX

HON. JIM DUNN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. DUNN. Mr. Speaker, I would like to bring to the attention of my colleagues the work of a young man whose unyielding courage and selfless devotion to raise funds for cancer research is a paragon to us all.

This young man is not a constituent from my district, nor a citizen of the United States. I am speaking of a young man from Canada by the name of Terry Fox. A man who had lost a leg to cancer, yet devoted all his energies to run a marathon across Canada to raise money for cancer research.

Terry Fox began his marathon in St. Johns, Newfoundland, on April 12, 1980, with a planned finish in Vancouver. His journey took him along the Trans-Canada Highway, stopping in towns and cities for fundraising rallies.

Terry never made it to Vancouver. He was forced to stop in Thunder Bay, Ontario—a halfway point of his ultimate goal—suffering from shortness of breath and chest pains. Upon examination in a Thunder Bay hospital, Terry was diagnosed to have lung cancer. He returned to Vancouver and was admitted to the Royal Columbian Hospital in West Minster.

Although his marathon was interruped, Terry's efforts did not go unnoticed. In 4½ months he had covered 3,339 miles, achieving national attention and admiration by his fellow Canadians from coast to coast. Through his efforts, $20 million was raised for the Canadian Cancer Society.

Terry died Sunday, June 28, after contracting pneumonia. Although his marathon was never completed, his personal sacrifice for others is an inspiration for us all. We share with our neighbor Canadians the sorrow for the loss of such an extraordinary man.●

OAKLAND RAIDERS HEARING

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. STARK. Mr. Speaker, Oakland Raiders management wants to abandon the community that made the team one of the biggest success stories in professional football history. The owner is trying to move the team to Los Angeles in pursuit of greater monetary rewards.

To earn more money, is of course, the strongest of all business incentives. Ordinarily, as a businessman and former banker, I would defend the efforts of a business enterprise to improve its financial condition without Government interference. In this case, however, the issue is more than allowing a business to make a few more dollars it does not need.

The public is a factor, and the fans. Raiders fans number in the hundreds of thousands in northern California. Their loyalty and pocketbooks have produced fame and fortune for the city of Oakland, the county of Alameda, and the team, especially the team.

When fans fail to turn out, they are blamed for a team's financial demise, and there is no valid objection when the distressed team seeks to move to greener pastures. But what of the fans who turn out in great numbers and keep the team rich? Do they get any credit? Do they have any rights?

Those are some of the questions this situation raises in my mind. I think the fans deserve more than a shrug and smirk and a fading trail of jet fumes. I believe a successful team owes a big responsibility to its fans and community.

Besides fan support, professional sports teams get a lot of special treatment from local and Federal Government in the form of tax breaks, antitrust concessions, and stadiums built with tax-free bonds guaranteed by the local taxpayers. Such Government generosity suggests an element of public trust.

I am focusing congressional attention on the current tug of war between Oakland and Los Angeles, first, to discourage the Raiders from moving, and second, to raise questions many other Members of Congress may also have to face before long, especially if the Raiders prevail in current court action and NFL rules governing franchise shifts become meaningless.

There are 143 Members of the House whose districts embrace NFL football teams, and many others whose outlying constituencies support those teams. Perhaps these Members think their teams are secure. A short while ago I would have thought the same about the Raiders, whose home stadium is in my district. Who would have believed that such a highly successful team, one of the league's top moneymakers, twice Super Bowl champion, enjoying sellout crowds for 11 consecutive years, would ever decide to move?

I would prefer to have the NFL police its own industry, but if that proves impossible, Government may have to exert its influence to protect loyal local fans and communities from betrayal by avaricious owners. I am not referring to teams that are losing money and move to survive. I refer to teams such as the Raiders that are doing well and cannot show any good reason for a change of location.

A successful sports team means a great deal to a community such as Oakland in terms of jobs, business, identity, pride, and prestige. To allow such a team to pack up would cause incalculable harm.

Congress has made laws and established policies that benefit professional sports teams. Congress, therefore, has an obligation to monitor the conduct of teams which benefit from public laws and make sure the teams do not violate the public trust.

I have introduced two bills, H.R. 823 and H.R. 2577, through which I intend to explore the rights of fans and the responsibility of teams to their communities.

I began the process recently by chairing a hearing in Oakland before the Ways and Means Subcommittee on Select Revenue Measures. Following are excerpts which illustrate the scope of the testimony:

I have played professional football for 12 years in the AFL-NFL; 7 of them were for the Oakland Raiders. I have held season tickets since 1967. I have seen this community support the Raiders through seasons of 1 and 13, through seasons of 13 and 1, and through Super Bowl victories. The people who have supported the players are certainly a diversified group, but their love for the team is singular.

• • • if players can't pack up and move at will, how can owners, when the rules have been defined?—Tom Keating, former Raider player.

"The Oakland-Alameda county coliseum was built with but one thought in mind • • • the Oakland Raiders."—Joseph P. Bort, Alameda county supervisor.

"During the past 20 years, the City has been involved in a massive economic and cultural rebuilding, an effort which • • • is now in a critical period. • • • The results • • • are beginning to show. These projects • • • are crucially dependent upon marketing outside of Oakland. Of vital importance in those marketing efforts • • • is Oakland's image as a growing 'major-league' city. For many of those investors, an important measure of Oakland is the city's National Football League franchise. Loss of the Raiders would be disastrous to these marketing opportunities. • • • It is difficult, if not impossible, to explain (to outside investors) that the Raiders are seeking to abandon the community despite the franchise's economic, social and cultural success. • • •"—David A. Self, Oakland city manager.

"To accommodate the Oakland Raiders • • • the taxpayers of the city and county incurred a debt obligation of $1.5 million per year through the year 2004.

"Profits to the Raiders' ownership now reach well into the millions of dollars annually.

"If the Raiders, God forbid, were to leave this area, it would be a devastating blow to civic pride."—William A. Cunningham, former general manager, Oakland-Alameda County Coliseum.

"The loss of the Raiders will have a severe impact on Coliseum income and the ability of the Coliseum Board to amortize the long-term indebtedness. • • •

"Withdrawal • • • would be a heavy blow to the image and reputation of Oakland and the East Bay. • • •

"Oakland and its environs are on the threshold of • • • an exciting era of economic development. • • • The loss of the Raiders at such a pivotal time would be no small setback.

"Loss of the Raiders would deprive the city and the area of a community rallying point. The presence of the team • • • has given residents a sense of pride and community interest. While it is difficult to quantify this attitude, it has an undeniably stabilizing effect on the community. • • •—William S. Downing, president, Coalition of Labor and Business (COLAB), Alameda and Contra Costa counties.

"The impact of the Raiders • • • goes beyond economics; the Raiders have a tremendous positive psychological effect on their fans and youngsters in the area. We also see them as role models and deterrents to crime.

To lose $36 million in business would also mean the loss of many jobs; our figures show roughly 1,300 full and part-time workers would lose income."—Lex J. Byers, president, Oakland Chamber of Commerce.

"It is time to realize that professional sports teams are not mere business enterprises subject to the passing whims of their owners, but public trusts of the communities which fostered their development.

"Congress on a periodic basis has had to leave the sidelines and intercede on behalf of the sports fans of America."—Congressman Robert T. Matsui (D-Sacramento), member of the Select Revenue Measures Subcommittee, where the bill is being considered.

". . . the stadium in which the Raiders play was financed by the issuance of $26 million in tax-free bonds. The stadium was built primarily for the Raiders, yet they incurred no financial obligation with respect to the retiring of those tax-free bonds which, by the way, continue as a $1.5 million per year obligation to the city and county.

"The chance of Oakland obtaining a replacement (team) is extremely minimal, especially where the only league in business has a member across the Bay in San Francisco." Fred F. Cooper, supervisor, Alameda county.

". . . over the years, at considerable personal sacrifice, we have supported the team and the individuals who make up the team, and we do not see why a team which receives enough of that support should be allowed to ignore (the community) by moving away.

". . . the support of fans like me is an intangible which cannot be measured in dollars, but should have a significant bearing on the decision."—Angie Zigenis, Oakland secretary, long-time Raider fan.

"The people of Oakland and Alameda county have made Mr. Davis (Raiders owner) a millionaire, and it is now time for Mr. Davis to be more considerate of this community."—Charles Garner, president, Service Employees' International Union, Local 18.●

NEIGHBORS HELP DONALD WOTTON GET A LOBSTER BOAT

HON. DAVID F. EMERY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. EMERY. Mr. Speaker, I would like to draw the attention of my colleagues to an enterprising and industrious young man from New Harbor, Maine, named Donald Wotton. Recently, with the help of a considerable amount of neighborly assistance, he attained a new lobster boat. His story, as it appears in Bill Caldwell's column in the Portland Press Herald, accurately characterizes the honesty and integrity of the citizens of Maine, as well as the enterprising spirit which demonstrates what great accomplishments are possible without Government help.

I commend Donald Wotton's experience as described in Bill Caldwell's article as a fine example to us all.

TEEN GETS HELP FROM NEIGHBORS

(By Bill Caldwell)

When a hard-working kid wants help in Maine, he can get it—get it from his neighbors instead of the government.

Take the case of Donald Wotton Jr. He is 15 years old and at noon Saturday about half the population of New Harbor will be down at the town landing to see young Don launch his new boat. Its worth about $18,000; a brand-new 22-foot Sisu lobster boat, and that's a lot of boat for a 15-year-old to call his own.

When they are done with the launching, close to 300 people are expected to enjoy a celebration picnic at Donald's home. One way and another, a lot of these neighbors had a hand in seeing this youngster succeed. I went to look over the new boat and talk to young Donnie about how it all happened.

"I've been lobstering on my own since I was 10," he told me. "And before that, since I was four or five, I used to go out hauling with my father and my older brothers."

A year ago Donald was hauling 200 traps by hand from his skiff, 100 traps a day. That is hard slow work, and when the lobsters move off shore into deep water, its darn near impossible. That is when young Donald determined to buy a proper lobster boat of his own, and banked his money to buy it.

By last November he had $2,600 saved—all of it made from hauling those 200 traps by hand, before school, after school and in the summer holidays. Money in hand, he went to the Sisu Boat Co. across the border in Dover, N.H., to pick the hull he had been eyeing in the magazines for months. They were amazed to find a 15-year-old customer for a $15,000 bare hull.

"I borrowed more money from the Fishermens' Credit Union. I'd borrowed $600 from them to buy traps, and paid back the full amount in two months. So they knew me. This time I borrowed $5,000. And my brother and uncle lent me the rest," says Donald, a tow-haired, lean, blue-eyed kid who is on the wrestling team and soccer team at Lincoln Academy.

The Gamage Boatyard in nearby South Bristol lent a trailer to bring the 22-foot hull from Dover to New Harbor. Bill Chase of New Harbor lent the use of his building so they could finish the boat under cover in winter.

Chase then gave 100 hours of his skilled time in putting on the rails and the cabin. Chris Gifford, a 24-year-old neighbor, helped with fiberglassing. Reuben Chase, another neighbor, gave the needed wood. Manley Gilbert, across the harbor, donated an anchor and some needed parts. Steve Hope of New Harbor and Jeff Kellett lent their labor.

Gus Kenetsky, who runs a boatyard in New Harbor, gave Donald the factory wholesale price on supplies. Bob Blanchard, who runs an engine shop over in South Bristol, helped Donald buy a 140 h.p. Volvo engine at a big discount. Harold Small, who owns Small's lobster restaurant across the harbor, kicked in with the flares, life-jackets and other safety devices required by Coast Guard regulations.

Nick Chasse, who runs an outboard business in nearby Damariscotta, kept the engine running on Donald's old skiff so he could keep on hauling his lobster traps and making payments on the new boat.

Donald's father, Donald Wotton Sr., has been running up and down the coast of Maine getting materials for young Donald's boat.

Almost everyone who could kicked in what they could to help a spunky kid do it the hard way. Most of them may be a bit embarrassed to see their names in print, getting credit for doing what comes naturally to them—lending a helping hand to a neighbor.

But that's the way it still is in many small fishing villages in Maine. And always has been.

Saturday on the high tide, young Donald will be launching his new boat, which he is calling Huk-e-lau. A couple of hundred neighbors will be there to wish him luck. "I aim to pay back everybody inside two years," Donnie, who will turn 16 three days after the launching.

That's part of Maine for you.●

AN EDITORIAL DISCUSSION OF INDEXING

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. BEREUTER. Mr. Speaker, few people realize the amount of the Federal budget that is on automatic pilot, leaping uncontrollably upward with the Consumer Price Index. A recent Congressional Budget Office study, reported on by the Omaha World Herald, shows that this phenomenon—indexing—affects more than one-half of the Federal budget. This $372 billion worth of programs rises with the CPI whether we like it or not. And, as the World Herald points out, the CPI itself is not necessarily an accurate reflection of true inflation. It is clear that we must come to grips with the problems caused by indexing before we can balance the Federal budget and slow inflation.

I include the following editorial from the World Herald commenting on this issue in the CONGRESSIONAL RECORD.

[From the Omaha World-Herald, July 7, 1981]

INDEXING HAS NOW BECOME PART OF INFLATION PROBLEM

It seemed like a good idea to many people at first.

Whenever inflation increased, simply add on to wages, government benefits and everything else by a like amount.

That way, nobody gets hurt; all just move up with inflation, the economy keeps on rolling and everyone is happy.

That process is known as indexing. Sounds beautiful in theory. But in practice it has turned out to be a monster that has actually fueled inflation and given some American citizens unfair advantages over others.

Some segments of the population, including government beneficiaries and labor union members whose contracts are tied to the Consumer Price Index, ride up with inflation. But other segments, who have fixed incomes or wages that are not indexed, lose ground.

A report by World-Herald Washington Bureau Chief Darwin Olofson Sunday threw additional light on the indexing problem.

He cited a new Congressional Budget Office (CBO) study which showed that 90 federal programs are indexed to the CPI.

These programs total an estimated $372 billion, or more than one half of the federal budget.

This means, says the CBO, "that a significant portion of the budget is on automatic pilot."

This has raised strong doubts as to whether it is possible to control federal spending without coming to grips with indexing.

Social Security payments, estimated in the current fiscal year at $140 billion, represent by far the largest indexed category. A 11.2 percent increase in the CPI will add $17 billion annually to Social Security outlays starting this month.

But other government retirement programs and pensions are indexed directly to

the CPI and some 60 non-entitlement programs are also linked directly or indirectly into it.

So what we have here is a process whereby half the federal budget jumps automatically when a flawed economic measuring device flashes the signal.

The taxpayers, most of whom do not have their own incomes indexed, must thus pay more so that those who receive benefits from the indexed portion of the federal budget can stay even or even get ahead of inflation.

This system is intrinsically unfair and should be stopped.

Several plans have been suggested: Tie the indexing to either wages or prices, whichever increased the least; limit adjustment to less than 100 percent of the CPI; find a new index altogether. All of these ideas have merit.

Rather than working as a soothing ointment for the pains of inflation, indexing has now become part of the cause. Changes are overdue.●

INDIVIDUAL HOUSING ACCOUNT ACT OF 1981

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. MOAKLEY. Mr. Speaker, I am today introducing the Individual Housing Account Act of 1981. This bill, if enacted, would provide many young families who have been priced out of the housing market with the opportunity to buy their own homes.

Over the last decade it has become increasingly difficult for even a moderately affluent young individual or couple to enter the housing market. While home prices have been rising more rapidly than the general inflation rate, interest rates have also soared to nearly three times their level of 15 years ago. Indeed, the availability of home financing, even at high interest rates, has been declining. And mortgage lenders are being forced to demand higher downpayments today than they did only a few years ago.

Because of these developments, only a small percentage of young families are able to purchase a starter home. Homeownership, which was once considered an attainable goal for most American families, is now only available to a small percent of those young people who seek to buy homes. Furthermore, high mortgage interest rates have depressed the rate of construction starts to their lowest level in 5 years. And this low level of construction activity has hit the Nation just at the time the postwar baby boom generation is reaching the home buying age. The confluence of these trends could result in a severe housing shortage by the middle of this decade and for years thereafter.

While much has been said about the crisis in housing, there has been to date little action by the Federal Government to rectify the situation. The legislation I am introducing today would be the first, significant step toward reversing the trends of the last decade. By making it possible for moderate income families to accumulate the downpayment needed to purchase their first homes, the bill would significantly increase the number of persons able to enter the home purchase market.

The bill would promote homeownership by allowing a deduction of up to $2,500 per year for an individual and up to $5,000 per year for a married couple for funds placed in an individual housing account. The rules governing such accounts are similar to those applicable to individual retirement accounts, except that rather than providing for a person's retirement, funds accumulated in an individual housing account would be utilized in connection with the purchase of a starter home by the person or couple for whose benefit the account is established. To assure that depositors who open individual housing accounts have mortgage credit available to purchase their first homes, the bill requires that a trustee of such accounts must be engaged in the business of making home mortgage loans and must agree to make a mortgage loan to an account beneficiary on its usual terms when such person is ready to purchase a home.

This legislation is similar to a bill I introduced in the last Congress at the recommendation of the Greater Boston Real Estate Board, which conducted an extensive study of housing market conditions in Massachusetts. The bill also has much in common with several bills introduced in this Congress to expand the availability and usefulness of individual retirement accounts. Those bills would permit withdrawals from a regular IRA account for the purpose of making a downpayment on a starter home, while my bill would permit the establishment of individual housing accounts specifically for the purpose of accumulating funds to be used in connection with the purchase of a starter home.

Whether Congress authorizes individual housing accounts, as my bill would do, or authorizes withdrawals from IRA's to provide the downpayment for a starter home, is not important. What is important is that we begin to deal with the crisis in housing affordability soon.

No one should underestimate the role that homeownership plays in stabilizing our society. The fact is our society is stable and strong because a large majority of the American people feel they have an economic stake. And by far the most important asset owned by most middle class families in the United States. If the opportunity to own a home is denied to our young workers, we can hardly expect them to be as motivated and committed to productivity as their parents. If our young families are denied their stake in society, if they cannot own a home with all the motivation to work and improve that is associated with homeownership, then we shall all be the losers in the long run, for our social fabric will be immeasurably weakened.

It is startling to realize that if most of us were to try to buy the homes we live in today, we could not afford them. Just try to imagine the effect of paying today's price and today's mortgage interest rates on the home you live in, and you'll get some idea of how young families in America feel today.

We must act to reopen homeownership opportunities, and we must act before demographic trends swell the numbers of housing disenfranchised families to unmanageable proportions. The crisis of homeownership affordability deserves our prompt attention, and I hope my colleagues will seriously consider the provisions of the bill I introduce today as one method of bringing homeownership within reach of our middle income young families.●

CALIFORNIA LEGISLATURE OPPOSES SALE OF AWACS TO SAUDI ARABIA

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. MILLER of California. Mr. Speaker, the administration's proposal to sell five AWACS to Saudi Arabia continues to raise strong, sensible opposition from a variety of people and organizations nationwide. I would like to bring to the attention of my colleagues a joint resolution recently passed by the California Legislature requesting the President to withdraw the proposed sale of AWACS to Saudi Arabia. I certainly hope that President Reagan will respect the wishes of the American people and reconsider his proposal.

The text of the resolution follows:

ASSEMBLY JOINT RESOLUTION No. 45

Assembly Joint Resolution No. 45—Relative to the sale of Airborne Warning and Command System aircraft to Saudi Arabia.

LEGISLATIVE COUNSEL'S DIGEST

AJR 45, as amended, Levine. Sale of Airborne Warning and Command System aircraft to Saudi Arabia.

This measure would memorialize the President and Congress to reconsider, disapprove, and withdraw the decision to sell to Saudi Arabia Airborne Warning and Command System aircraft, aerial tankers, long range fuel and equipment pods, and sophisticated air-to-air missiles.

Fiscal committee: no.

Whereas, It is in the best interests of the United States of America to encourage peaceful relations in the Middle East and to

assist in maintaining the strength and security of the State of Israel; and

Whereas, The President has announced that he will notify Congress of his decision to sell to Saudi Arabia Airborne Warning and Command System aircraft (AWACS), aerial tankers, and additional equipment for F-15 jet fighters currently part of the Saudi arsenal, consisting of long range fuel and equipment pods and sophisticated air-to-air missiles; and

Whereas, When flown within Saudi airspace, AWACS, as highly sophisticated surveillance aircraft, could monitor and expose virtually all major military movement in Israel; and

Whereas, The fuel and equipment pods would enable the F-15 jet fighters to carry a heavier bomb load to distant targets and, by increasing the combat radius of the F-15 jet fighters, would enable them to hit any target in Israel; and

Whereas, The missiles feature "all aspect attack," enabling the missiles to be fired from any direction at a target aircraft with improved guidance, increased maneuverability, resistance to jamming, and a highly lethal warhead; and

Whereas, The sale of AWACS and accompanying weaponry is likely to destablize the balance of power in the Middle East, jeopardize United States interests in the region, and impair the security of the State of Israel; and

Whereas, The Members of the Legislature of the State of California recognize the necessity for development of strategy to counter the threat of Soviet expansion in the Middle East and to defend the Persian Gulf; and

Whereas, American interests in the Persian Gulf area could best be protected by retaining sophisticated and sensitive weaponry in the control of the United States; and

Whereas, American-manned AWACS currently operating in Saudi Arabia are able to provide advance warning of any attack that may be launched against Saudi Arabia; and

Whereas, Retaining AWACS under American control would help to ensure that use of AWACS would be for defensive purposes only; now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President of the United States to reconsider and withdraw the decision to sell to Saudia Arabia AWACS, aerial tankers, long range fuel and equipment pods, and sophisticated air-to-air missiles and the Congress of the United States to disapprove any decision to complete this sale; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States.●

LET'S PLAY BALL

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. BIAGGI. Mr. Speaker, for 34 days, major league baseball, our national pastime has been idled by a strike. Ballparks around the Nation are empty—millions of fans are being deprived of an important form of entertainment—those associated with baseball—from vendors to parking lot attendants to ticket sellers are unemployed—cities are losing revenues. It is a most unfortunate situation begging for a remedy.

Last Thursday, I introduced House Resolution 173 which calls on parties to the negotiations to work for a prompt settlement of the baseball strike. Thus far 17 of my colleagues have joined as cosponsors. I hope the House will give this resolution its quickest consideration.

Today the New York Post's lead editorial calls for the parties to the strike to submit their issues to binding arbitration. I commend this editorial to all of my colleagues who wish for an end to the baseball strike.

[From the New York Post, July 14, 1981]

BASEBALL DEADLOCK: LET'S PLAY—AND ARBITRATE

Once again a brief flurry of optimism about ending the baseball strike has ended in new gloom and doom. The deadlock has begun to resemble the record 33-inning minor league game finally completed in Pawtucket earlier this summer; this is in fact day 33 of the strike. And it shows every sign of dragging on through many more scoreless, listless innings.

With the owners committee's rejection of mediator Kenneth Moffet's settlement formula, the prospect of a lost season mounts. The Players Association, having accepted the plan, will dig in more tenaciously in the light of the rebuff. Personal rancor is rising on both sides.

Meanwhile the damage to innocent bystanders—not just the affected fans but the thousands whose livelihoods are dependent on the baseball industry—has reached indefensible proportions.

Any renewal of the negotiations means at best another protracted delay before serious talks begin. It has been suggested that some of the owners of weaker franchises are content to let things slide until their $100,000-a-game strike insurance expires on August 8.

Since the owners' books are closed (subject to the outcome of the current NLRB proceeding), there can be only conjecture about how many are actually profiting from the stalemate. Certainly such flourishing clubs as the Yankees are not.

But there will be no long-range winners if the season slips away, as George Steinbrenner, one of the more rational figures in the shambles, has warned. Growing numbers have discovered that life is possible without major league baseball. Their ranks will grow.

If there is any residue of reason left on both sides, it must be clear that the answer is to go to binding arbitration—with play resumed while that process goes on.

Actually the unresolved issues are as marginal as they are complex. They are peculiarly susceptible to arbitration. Both sides have so far shown their readiness to fight it out if it takes all summer. Let them now concede the futility of that course.

Surely the public (as well as those dependent on the game) would welcome arbitration as the last reasonable alternative to the continuing chaos. It would have little patience with any curve-throwing obstructionists once U.S. mediator Moffet—or perhaps the President himself—openly put forward the proposal. Let's hear it now.●

CITIZEN INVOLVEMENT CRUCIAL TO GOOD GOVERNMENT

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. WON PAT. Mr. Speaker, one of the basic ingredients of sound government is citizen involvement. This was the theme of a speech I made recently to over 800 members of the Sons and Daughters of Guam Club of San Diego, Calif.

As an elected official, I am very much aware of the need for citizens to express their views to those who represent them in official positions. This is particularly true of my own constituents who are members of a minority and thus less likely to be heard.

It is extremely important that Americans of all walks of life maintain a closer contact with their elected officials. I certainly hope that those who heard my speech in California will recognize that the future of our Government is their responsibility and will take this challenge seriously and write their elected officials.

At this time I ask that a copy of my speech be inserted in the RECORD. Thank you.

President Ramsey, officers and members of the Sons and Daughters of Guam Club, Your Majesty, the Queen and her Royal Court, thank you for asking me to share with you this special occasion in the hearts of all Guamanians—our Liberation Day. As you know we have moved to enlarge the scope of this celebration by changing its name this year to "Fiestan Guam Day". Whether changing the name would make any significant difference, I don't know, but we who lived through the darkest years of Guam's history will long cherish the memory of the liberation of our island by United States military forces in 1944.

It is a tribute to the memory of that historic occasion and to the fortitude of the membership of this—the world's largest and most active Guam club—that you have consistently been celebrating Liberation Day, now for many years. I have been privileged to share some of these celebrations with you and other Guam groups here in the mainland, and, as always, I certainly have looked forward to coming here today.

You can be justly proud of your wonderful efforts here to preserve the traditions and customs of our people and I thank each and everyone of you for the efforts you have put forth on behalf of our island.

As Guam's voice in Washington I speak to many groups of Guamanians and other Pacific Islanders and Asian Americans about our role in the American way of life and our future in the islands.

Today, we face a formidable new challenge to the direction of government programs aimed at helping minorities. The recent decisions of President Reagan and his Cabinet to slash federal spending will certainly put the onus of progress less and

less on Washington and more and more on you and me. The vast reservoir of federal dollars which has been flowing not only to Guam but to Americans of minority descent here in the States will almost certainly slow down to a trickle in the next few years. In response we hear a rising tide of voices who cry out that cuts in food stamps, welfare, and other public subsidies will seriously affect the economic future of America's territories and for minorities here. In the past this was true, but the key to our ultimate success as a people rests not in the amount of federal dollars we receive, but in our spirit as a people and our willingness to pursue our common goals.

In many respects, you here today are a living testament to that spirit. The work this organization has done to preserve our culture carries on our common concern for the future of the Guamanian people. I am always amazed when my friend, Lynn Ramsey, calls me to recount some of the impressive work you people are doing. I can think of nothing more vital than to keep alive the traditions of our people—our sense of family and our sense of community. This is what makes the Guamanian people unique and helps all survive in a vastly different cultural melting pot.

Clearly times are changing. This Administration is less likely to offer financial or even moral support to programs designed to aid the minorities. I am deeply concerned about these developments and I am working hard in Washington, D.C., to preserve what can be preserved of the federal programs which we have built carefully through the years to help Guamanians and minorities but with new times must come new ways. We cannot afford to look back. We must plan for the future.

Several weeks ago, my office was pleased to host a number of Guamanians and other Pacific Island Americans who came to the Nation's Capitol to gather support for programs aimed to help our people. This unified and highly organized approach which was spearheaded by the Guam Federation here in California, is a unique first and I certainly hope to see more of this kind of approach in the future. In fact, the group last week held a meeting in San Francisco to discuss a number of ways they can foster community support for Pacific/American programs. I sent a staff member of mine to help out at that meeting and to give them guidance on ways they can more effectively deal with various federal agencies and the Congress.

This is a good start towards developing a well organized Pacific American advocacy group here. I want to encourage this kind of activity in every way. Just because the new Administration has decided to crack down on minority spending, there is certainly no reason to sit back and let this happen. You can have an effect in Washington but you must make your views known—loudly and clearly—if you are to have any role in shaping future policy.

I hope that every one of you here tonight will learn how you can effectively react to your local government. Learn who your elected leaders are and write them. This approach will also be very helpful to me in Washington. I depend on the support of my congressional colleagues to pass legislation for Guam. It would be most helpful if my colleagues in this area received letters from you—their constituents—asking them to support programs for Guam or for Pacific/Americans here. They want your vote and believe me, you will get action if you write in unison.

By working together we can foster a sense of community spirit. Your own efforts by the Sons and Daughters Club to build a community center is a laudable approach and one I certainly endorse. You are also to be congratulated for the wide variety of cultural programs this organization has sponsored in the past and I encourage you to keep up this activity.

I am confident that the Sons and Daughters Club of San Diego will continue to play a very visible and important role in our future, and I look forward to a continued and close relationship between this organization and my office. Thank you.●

THE STATE OF THE MERCHANT MARINE FLEET

HON. DAVID F. EMERY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. EMERY. Mr. Speaker, the merchant marine has been described as the Nation's fourth arm of defense, but, in reality, it is seldom treated like a vital part of our defense effort. As our defense mobility commitments and requirements grow, our maritime fleet continues to shrink. In fact, our militarily-useful merchant fleet resources have dwindled to approximately one-fourth of the size of the highly integrated and coordinated Soviet merchant fleet.

No one knows these facts better than Jim Day, head of the Federal Maritime Commission. Recently Commissioner Day addressed the Maine State Convention of the American Legion in Waterville, and I am submitting his thought-provoking remarks for the CONGRESSIONAL RECORD, so that all concerned Members may be reminded that the humble merchant vessel is every bit as important to the success of our naval strategy as the flashiest, most expensive surface combatant.

REMARKS BY JAMES V. DAY, COMMISSIONER, FEDERAL MARITIME COMMISSION

To our distinguished congressional delegation, honored guests, and my fellow members, it is a great honor for me to be here today at the state convention.

Within the confines of the state is one of the finest institutions of higher learning in the maritime field. I am speaking, or course, of the Maine Maritime Academy. The performance of this school over the years has contributed significantly to the high degree of professionalism in the operations of the American Merchant Marine.

These professionals in our Merchant Marine play an important role in two distinct spheres of our national interest. The first, of course, is service to our national commerce. This role is generally viewed as the primary function of our Merchant Marine. The second function is service to our national defense. In this respect, our Merchant Marine serves as a ready reserve. It is the relationship between these functions that I would like to briefly discuss with you today.

As most of you know, it was President Eisenhower who coined the description of the U.S. Merchant Marine as this nation's fourth arm of defense. President Eisenhower, of course, was giving recognition to the vital contribution and significant sacrifices the Merchant Marine made in World War II.

In today's world where technological advances in weaponry and nuclear development have the greatest exposure in discussions of national defense, the question arises—is the merchant marine still an important component of our national defense? Put another way, what would our national defense be without the merchant marine?

I can assure you that this is a question that is being given serious consideration by the government today even though, understandably, it is not given as much public attention as are questions related to nuclear warfare.

Out of these discussions is emerging the conclusion that the need for available ocean vessels for military support is as great today as it was in World War II. The only other mode available to bridge the world's oceans is air transport and there is no debate on the question of the adequacy of air transport to support a war effort. It has been reported that it would take all our available air transports three weeks to move a division of men and equipment to the middle east. That estimate came from an analysis of our Rapid Deployment Force's capability.

All defense analysts agree that the availability of ocean vessel support is as essential to our national defense today as it was during World War II. There is a divergence, however, among these analysts, as to how to approach the problem.

The two approaches can be generally divided between those who would rely upon the privately owned U.S. merchant fleet to provide sufficient tonnage and crews in an emergency and those who would build a naval support fleet to be manned and operated on a continuing basis under the aegis of the Department of Defense.

Both of these approaches are being actively discussed within and without the Department of Defense. As to the latter approach, Vice Admiral Kent J. Carroll, the Director of Logistics for the Joint Chiefs of Staff, in recent testimony to the House Merchant Marine and Fisheries Committee, expressed the view that he would not favor an increased role for the merchant fleet in defense matters but would favor control by the Department of Navy.

Vice Admiral William Cowhill, the Deputy Chief of Naval Operations for Logistics, testified that the U.S. merchant fleet's emphasis on containerships is "insufficient" to meet most military contingencies.

Whatever your point of view may be as to how to assure that sufficient vessels are available in a time of emergency, the goal is the same.

Vice Admiral Cowhill's testimony regarding the inadequacy of containerships for military support purposes raises an interesting question. Quite clearly, containerships are considered to be essential to successful commercial operations. In the past, it was always assumed that ships designed for commerical use would be adequate for military support. Containership technology has called this assumption into question among military strategists, including Admiral Cowhill. The consensus in the Defense Department seems to be that more high speed, roll-on roll-off vessels are necessary to serve military needs. Such vessels do not depend upon well developed, undamaged port facilities for off-loading operations. But commer-

cial interests have found that for efficiency and economy, slower speed, crane loaded containerships are best suited for capacity and bunker fuel conservation. As you know, today bunker fuel costs represent the major percentage of vessel operating costs.

Should it turn out that the configuration of vessels for commercial use is incompatible with military use, then the time has come to thoroughly analyze the problem.

Clearly, we need better integration of military and merchant marine planning. It is not enough to promote the development of a merchant marine for commercial and military support purposes without regard to whether vessel development is serving or can serve the needs of both. In this regard, we may want to observe what the Soviet Union has done. Its merchant fleet is a true naval auxiliary. Its commercial operations are coordinated with naval operations and vessel types are planned to fulfill military as well as commercial needs. We should be prepared to do whatever is necessary in order to insure adequate preparedness.

Truly, the U.S. merchant marine plays a significant role in our national defense policy. In World War II it made the greatest sacrifices, proportionately, of any service. We have good reason to be proud of its achievements in military support. I believe we can continue to have pride in our merchant marine, but we must be prepared to do whatever is necessary to assure its viability as the fourth arm of defense.●

CALL TO CONSCIENCE

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. VENTO. Mr. Speaker, I would like to speak today regarding the continuing Soviet indifference to the human rights provisions of the Helsinki agreement. Example after example exists of Soviet indifference to individual and family requests for exit visas and official harassment of those who do seek, for whatever reason, to leave the U.S.S.R.

During the 96th and the current Congress, we have learned about many incidents of Soviet abuse of individual rights. Today, I would like to offer several further examples.

Emanuel Smeliansky is a 44-year-old metallurgical engineer. When his family first applied for visas in 1970, both Emanuel and his wife, Alla, lost their jobs. Since then, they have experienced further harassment from Soviet officials. However, despite this abuse, the Smeliansky's have continued in their efforts to secure visas.

The Maryasin family is another example of Soviet disregard for the Helsinki agreement. Prior to 1972, Alexander Maryasin was a vice president in charge of production at a manufacturing plant in Riga. When he applied for an exit visa, Alexander was fired from his job and his daughter, Faina, was expelled from the university.

Since then, the Maryasins have lived a day-to-day existence. They have sold all their possessions and are dependent, to a large part, on packages sent by family and friends. Their only hope now is a favorable decision by the Soviet officials on their application.

Perhaps one of the most tragic cases I have seen involves a constituent in my district. Mrs. Ida Slobodskoy is an elderly emigrant from the U.S.S.R. who is in very poor health. Because of her deteriorating health and lack of family in the United States she has been seeking for the past 3 years to secure the release of her daughter, Lidia Serova, and her family from the U.S.S.R. The Serova family has repeatedly sought exit visas, including an application this month. Unfortunately, their pleas have been met by Soviet silence. The hardships facing the Serova and Slobodskoy family are obvious and any government with an ounce of compassion would act to end this separation.

Mr. Speaker, in reviewing these three cases, it has become apparent that our efforts must continue. The prisoners of conscience must continue to utilize every possible vehicle to seek a visa and we must speak out in support of their efforts and in opposition to Soviet disregard of the Helsinki agreement.●

DETAILED DESCRIPTION OF WINN SUBSTITUTE TITLE XII OF GRAMM-LATTA II

HON. LARRY WINN, JR.

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. WINN. Mr. Speaker, since the vote the other day by the House of Representatives to accept the Gramm-Latta II reconciliation package, including the Winn substitute for title XII, we have answered many inquiries concerning the exact levels of funding for various programs, and the intent of various portions of the amendment. At this time, I would like to insert into the RECORD a more detailed description of what is contained in the Winn substitute.

To reiterate, the Winn substitute was originally the budget allocations agreed upon by both the majority leadership and the minority leadership of the Science Committee, which was then introduced at the beginning of the full committee markup of the DOE authorization bills. It contains all actions of the committee up to the point that the amendment to terminate the Clinch River breeder reactor project was introduced. Therefore, we rely generally upon the explanations of the programs and committee actions as they appear in the reports of the Committee on Science and Technology for the DOE authorization bills (H. Rept. 97-94 and H. Rept. 97-103, part 1). However, there are significant differences which are further explained in the detailed description which I intoduced at the time of debate, and which are further explained below. Subtitle A of the Winn substitute contains only those items within the sole jurisdiction of the Science Committee. Subtitle B of the Winn substitute contains items which are shared between the Energy and Commerce Committee, the Interior Committee, and the Science Committee.

I would also like to note that the Winn substitute includes the committee views adopted concerning the Three Mile Island activities. The committee said:

> The committee has directed that none of the funds authorized for research and development activities under this Act may be used for releasing any radioactively contaminated water from Three Mile Island nuclear station reactor No. 2 into the Susquehanna River or its watershed.

This language is repeated here, in order to emphasize the fact that this prohibition continues to apply against any funds appropriated pursuant to the authorizations contained in the Winn substitute.

Following my introductory remarks, here is the detailed explanation of the Winn substitute, with additional explanations to answer certain questions we have received concerning the contents of that legislation. It in no way changes or modifies the Winn substitute which was discussed in the House on June 25 and 26, 1981. For further reference, interested persons should consult the statement I made on June 25, 1981, in the CONGRESSIONAL RECORD at page H3570 and the statement I made in the RECORD on June 26, 1981, at page H3895. The tables contained on page H3570 should be helpful in answering questions. Interested persons should also refer to the figures appearing in the column labeled "Winn substitute" appearing on pages H3859-H3863 of the CONGRESSIONAL RECORD for June 26, 1981. However, there is one error: On page H3863, for the subprogram "Risk Analysis," the number should read "4,000". In addition, one other mathematical error appears in the statement I inserted at the time of debate, concerning the funding for the entire liquid metal fast breeder reactor program; the funding should be "$533.286 million", rather than the figure which appears there. The funding for the Clinch River breeder reactor (CRBR) remains at $230 million, and is not affected by this mathematical error.

FOSSIL ENERGY

The Winn substitute for fiscal year 1982 effectively addresses all of the fossil energy research and development programs and at a level of $11 million more than the administration's

request. Changes were made to the request on the basis of technology priorities and of program continuities. Several fossil activities have progressed to the stage of providing data and, therefore, termination is inappropriate. Operation is important to complete the original scope of, for example, the Grimethorpe (U.K.) pressurized fluidized bed combustor and the megnetohydrodynamics project.

The Department has also adopted a new philosophy about funding R. & D. projects whereby they would limit development projects to those which offer high payoff potential but which are high risk by nature and require long-term study. These types of projects contain little or no motivation for industry involvement.

In the fossil energy program, the bill reported out by the Committee on Science and Technology (H.R. 3146) is similar to the Winn substitute. However, there are four significant changes.

H.R. 3146 fossil energy operating expenses included $54.3 million for surface coal gasification. The Winn substitute decreased that amount by $3 million to $51.3 million, which closely relates to subcommittee recommendations: BIGAS pilot plant operation at $8 million; peat at $4 million; fixed bed, fluidized bed, and entrained bed work at $6 million, $4 million, and $2.2 million, respectively; third generation studies at $19.1 million; and technical support at $8 million. The Winn substitute agrees with the committee view that the $4 million peat authorization will be used to structure a program which DOE feels is the most meaningful, which does not necessarily include operation of pilot plant facilities.

H.R. 3146 fossil energy operating expenses included $31.6 million for fuel cells. The Winn substitute decreased that amount by $3 million to $28.6 million, returning to the level originally requested. The intent of the action was to uphold committee views and to support committee action to the extent of holding molten carbonate systems development to $10 million and advanced concepts development to $4.4 million. Phosphoric acid systems development will be authorized at $14.2 million. Allocation of authorization within each development program should be provided as judged by DOE to be prudent and appropriate.

H.R. 3146 fossil energy construction authorization includes $11 million for project 80-FE-11, pressurized fluidized bed combined cycle pilot plant. The Winn substitute supports the committee action that authorization is provided only for construction, and those funds will not be used for operating expenses. The Winn substitute also supports H.R. 3146 committee action on the combustion systems program, that funds will not be authorized for advanced fluidized bed concepts or for a fluidized bed combustion research facility. No funds may be used, therefore, for the component test and integration unit building in Morgantown, W. Va., prior to specific request and justification to the committee and subsequent approval.

H.R. 3146 fossil energy operating expenses included $29 million for the magnetohydrodynamics (MHD) program. The Winn substitute decreased that amount by $9 million to $20 million. The intent of the action is to continue the program at a minimal level for the year and to enable DOE to provide the comprehensive program plan requested by the committee for several years. Allocation of this authorization should be made by DOE in such a manner to insure optimal utilization of funds, along the lines indicated in the report. The sooner the plan is presented to the committee, the sooner decisions can be made on future activity.

The Winn substitute provides nearly $400 million in authorization to other fossil energy programs, such as liquefaction, direct combustion, advanced research and technology development, enhanced oil recovery, and environmental control technology. These and other programs have been supported by the Committee on Science and Technology from inception to their present stages of development.

The Winn substitute looked very closely at the coal conversion processes. For example, additional funds ($10 million) were provided for the continued operation of the H-coal pilot plant—total $30 million. This facility has begun operation and is providing very useful data, as planned, for the conversion of coal to valuable liquid products. It was believed that continuation of this activity would be very beneficial to the development of synthetic fuels in this country. However, the Winn substitute removes all authorization for the demonstration plants which had been previously considered. Specifically, the Winn substitute provides no authorization in fiscal year 1982 for SRC-I, SRC-II, the Memphis gasification project, and the two high-Btu gasification plants planned for Ohio and Illinois. The Winn substitute also proposes continuation of the Exxon donor solvent process (as in H.R. 3146), which in a manner similar to the H-coal pilot plant, is providing very useful data for the conversion of coal by another process to liquid products.

The Winn substitute strongly supports the authorization of advanced technology research and development in such important fields as coal preparation, coal liquefaction, surface coal gasification, advanced environmental control technology, fuel cells, and combustion systems. In all cases, the Government should participate totally in these programs in their early stages since justification for industrial participation is difficult. However, as in the case of the demonstration plants, when the time arrives that the process has been well defined, then it should be made available to the industrial sector for their total participation. This concept is evident in that the Synthetic Fuels Corporation has recently received 63 proposals for the conversion of shale and coal into gas and liquid products by processes claimed to be commercial. In all cases, the participation by the proposer is total and the Government role is that of guarantor only.

SOLAR

This amendment provides $300.05 million for the Department of Energy's solar programs, an increase of $106.75 million over the administration's request. I believe that this action will provide for a more balanced and aggressive program that will permit the orderly development of our Nation's solar resources. This action will allow for the continued development of many solar activities consistent with the intent of previous legislation which has been authored by our committee.

In the active heating and cooling area, an overall cut of $2.7 million from the request is recommended, bringing the funding for operating expenses for this activity to a level of $8.3 million and for capital equipment to a level of $500,000. This action is composed of $5.7 million in cuts in the solar cooling ($5.2 million) and solar-assisted heat pumps ($500,000) from the administration's original request, and increases in spending for codes and standards activities ($3 million). Funding is reduced in basic materials and component development for solar hot water and space heating and for test center operations by close to $2.7 million from the amount recommended in H.R. 3146.

Under this amendment, the passive and hybrid systems program receives a $1 million increase over the administration's request, but is reduced by $3 million compared to the level recommended in H.R. 3146. This increase will be used to initiate the integrated passive/photovoltaic hybrid residential program described in the Science Committee report accompanying H.R. 3146.

In the photovoltaics area, this amendment adds $37.75 million overall for the solar photovoltaics program over the administration's request. This action is composed of the following increases and decreases: An increase is allocated among the technology development program ($44.95 million), systems engineering and standards ($7 million) and tests and applications ($9.8 million), and a decrease is allocated among the advanced research and development program ($22 million) and capital equipment ($2 mil-

lion). Additional funding for the technology development program will allow the Department of Energy to continue vital work in meeting the program's overall cost goals. Funding for this specific activity is allocated in accordance with the recommendations outlined in the committee report accompanying H.R. 3146.

A significant increase ($24.5 million) over the administration's request is also recommended in the solar thermal area. The increase is to be allocated in accordance with the guidelines in the committee report accompanying H.R. 3146. This action will provide funding for many promising solar thermal activities, including the small community solar thermal power project and the utility repowering initiative. Utility repowering is a very promising solar thermal concept which shows great promise for displacing scarce petroleum resources presently being utilized for the production of electricity. In my view, we should push forward with the small community solar thermal project that will demonstrate the feasibility of the parabolic dish system, a system which shows great promise for improved efficiencies and easy adaptability. Of the funds authorized for appropriations in the solar thermal program, the Department is directed to provide $4 million for the Crosbyton 5 MWe solar hybrid electric power project, in Crosbyton, Tex. However, no funds are authorized to be obligated or expended for this project unless the fossil-fired portion of the project, including the fuel costs during the operational period, is privately funded.

Under this amendment, $29.4 million is added to the wind program. Funding increases will be allocated for wind characteristics and resource assessment ($2 million), technology development ($6.4 million), engineering development ($18.7 million), implementation and market development ($1.5 million) and capital equipment ($800,000).

I concur with the Science Committee's view with regard to the continuing progress by DOE to assist the wind industry in the development of voluntary consensus standards. Testimony received by the Science Committee indicates the important role that voluntary consensus standards produced by private industry can play in promoting the development of safe and efficient wind energy conversion systems, and in encouraging accuracy in marketing to consumers. In my view, a modest investment in standards development now is badly needed. Many State and local governments are already considering regulations covering wind systems, and if they proceed in an uncoordinated fashion, this emerging industry could fall prey to overregulation. The wind industry, working in cooperation with affected groups and interested government agencies, is best equipped to suggest the appropriate level of regulation at this time, and voluntary consensus standards provide it with the vehicle to do so.

Based on legislation passed into law last year, this amendment provides $25 million for the ocean thermal energy conversion program. Included in this amount is $6.3 million for the design of 40 megawatt OTEC pilot plants. This funding will allow for the completion of conceptual designs and initiation of phase II preliminary designs during fiscal year 1982. My amendment reduces the base program by $5 million compared to the level recommended in H.R. 3146 as reported out of the Science Committee.

For alcohol fuels, this amendment provides $8 million for fiscal year 1982 activities. These activities will focus on advanced process technology development, including enzymatic and acid hydrolysis technologies, than can utilize alternative feedstocks. Promising work is being pursued in this area, including the hydrolysis program currently underway at the U.S. Natick Laboratories in Massachusetts. According to many studies, most notably the recent reports by the U.S. National Alcohol Fuels Commission, this capability is necessary in order to develop a viable long-term alcohol fuels industry. Due to fiscal constraints my amendment reduces funding for advanced process technology development by $2 million from the level recommended in H.R. 3146.

Finally, this amendment makes several other changes in the administration's solar request. No funding is provided for the solar international program. The solar information program is funded at the $5 million level, with $3.5 million specifically directed for the National Solar Heating and Cooling Information Center. No changes were made to the administration's request in biomass and program direction, but I have recommended a $5 million reduction in biomass conversion activities from the levels recommended in H.R. 3146.

GEOTHERMAL ENERGY

The Winn substitute strongly supports the geothermal program which seeks to utilize geothermal resources as economic, reliable, operationally safe and environmentally acceptable energy sources for electrical power generation, for direct heat applications, and for thermal energy and methane recovery from geopressured resources. All facets of this program are continued by the Winn substitute. Particular emphasis is paid to the hydrothermal processes, particularly the process which will extract energy by the binary method, utilizing lower temperature resources, rather than the flash-steam process. Successful demonstration of this technology will allow for more widespread use of this geothermal resource. The construction project, to be located at Heber, Imperial Valley, Calif., will provide data for the binary process and will prove very useful in characterization of this extraction method. Geopressured resources will be investigated in the gulf coast area of Texas and Louisiana. It is believed that the utilization of these resources is dependent to a large extent on materials and components development. Therefore, the Winn substitute is adopting the realistic course of concentrating authorization for the development of material and components while at the same time continuing geopressured resource drilling at a somewhat lower rate.

H.R. 3146 geothermal energy operating expenses included $11.7 million for the hot dry rock program. The Winn substitute decreased that amount by $2 million to $9.7 million, returning to the level originally requested.

Relative to the binary energy extraction process, a study by the U.S. General Accounting Office dated June 15, 1981, states that the elimination of Federal funds for the Heber project will impede full development and use of hydrothermal resources. The report recognizes that the Heber project is the first of its kind. Despite the risks inherent in such an activity, the project cost is being shared with the industrial sector.

These changes made within the geothermal program are accomplished at a total cost of $2 million more than the administration's request.

I believe that this substitute is a very realistic approach to the utilization of this valuable resource.

ENERGY CONSERVATION

In the conservation area, this amendment would provide $156.424 million for conservation research, development and demonstration activities for fiscal year 1982, an increase of $70.4 million over the administration's request. This additional funding is provided in light of strong testimony before the House Science and Technology Committee which indicated that conservation is one of the most immediate and cost-effective means to deal with our Nation's current energy problems. This amendment attempts to provide for a balanced conservation research, development, and demonstration program along the lines which are consistent with the statutes that the Science Committee has authorized and recommended in the past.

For the buildings and community systems program, this amendment provides an increase of $11.079 million over the administration's request of $30.1 million for a total of $41.179 million. This funding is contained in both subtitles A and B as amended by my amendment.

My amendment differs from the recommendations contained in H.R. 3146 in reducing building systems by $5 million and technology and consumer products by $6 million. However, this amendment includes $6.5 million for the urban waste program, a program which I believe shows great promise for tapping the energy potential of municipal solid wastes. The Science Committee has heard a great deal about the need for a vigorous and comprehensive national urban waste program, and this amendment provides sufficient funding to give this program the emphasis and visibility it deserves. In addition, the technology and consumer products program receives an overall add of $9.279 million, to pursue the promising hardware-type activities than can help our Nation develop more energy-efficient consumer products and appliances. The community systems program is also authorized at the $2.4 million level, to provide funding for a comprehensive district heating program and technical assistance to towns and cities to assess local energy options.

One activity of note within this program is the analysis and technology transfer subprogram. This subprogram provides planning, analysis, and evaluation support; funds crosscutting communication and education activities; performs economic and impact analyses; and supports the interchange of conservation research findings under the International Energy Agency. The subprogram's analytical activities focus on obtaining data and information that describe: (1) how the market responded to energy price strategies and conservation techniques/technologies; (2) why the market has responded this way; (3) and what Federal role is justified to make a market respond more efficiently to national energy policy.

I have been particularly concerned with several recent reports which have criticized the DOE solar and conservation programs. A recent OTA report found that the DOE conservation and solar programs lack the capability to do needed planning, analysis, and evaluation activities. I would encourage the Department of Energy to respond to these concerns as soon as possible. Since the only crosscutting analysis in DOE's conservation programs is done by the analysis and technology transfer subprogram, I would encourage DOE to continue these activities. While no funds are authorized for this subprogram under my amendment, the amendment does authorize funds for sufficient personnel at DOE headquarters to enable the planning and analysis work carried out by this subprogram to be continued in-house, rather than by contractors.

In the industrial conservation area, this amendment provides $19.57 million to continue the promising industrial energy conservation program. Over the years, the Science Committee has heard about the dramatic achievements which could be made in reducing industrial energy use, and our committee has been greatly impressed with the work done to date at the Department of Energy in this area. This funding is directed to continue activities in waste heat recovery, industrial process efficiency, cogeneration, and implementation and development. Funding is reduced by $10 million from the level recommended in H.R. 3146, thereby limiting activities in waste heat recovery, industrial process efficiency, and cogeneration accordingly.

For transportation energy conservation, this amendment provides over $60 million for the Department of Energy transportation programs. This represents an increase of $23 million over the administration's request in this area. The transportation sector uses more petroleum-derived fuel than all other energy-consuming sectors combined and accounts for over 26 percent of all the energy consumed in our country. The transportation sector's almost total dependence on petroleum and the resulting need for imported oil create a major impact on the Nation's balance of payments and result in an already demonstrated vulnerability to petroleum supply disruptions. In response to these problems, this amendment provides funding to permit the continued development of proof-of-concept alternative heat engines. The increase is intended to continue the Stirling engine development program, the gas turbine engine development program, and supporting automotive and truck technology. Funding for operating expenses reduced by $5 million from the level recommended in H.R. 3146.

Funding for the multisector area is identical to that recommended in the two DOE authorization bills for fiscal year 1982—H.R. 3146 and H.R. 3447—which have already been reported out by the committee. The committee added $5 million for the appropriate technology program to enable the program to carry out program evaluation, information dissemination, assistance to grantees, the preparation of final reports for existing grants and activities. At the authorized level, no new grants will be awarded in fiscal year 1982. Based on testimony received by the Science Committee, I believe that the overall integration of technical oversight, information dissemination and outreach, and the appropriate technology small grants program and small investors program is inadequate. The programs have no guidance as to the state of research nor adequate outreach, training, information, or localized/individualized technical assistance. Since Federal money is limited, this amendment intends that these services should help prevent the duplication of efforts of other federally supported programs and assist individuals and localities seeking technical advice on developing their own energy production, conservation, and invention ideas. I also hope that the Office of Small Scale Technology and the Office of Inventions would coordinate their efforts with other Federal agencies.

Finally, this amendment provides $15 million for the Energy Extension Service. It assumes at least 20-percent State cost-sharing in this program. This requirement well help secure adequate State participation in this program. A similar requirement had been considered by the committee in previous fiscal years as well as in the Energy Management Partnership Act, which was also considered by the committee during the 96th Congress. Cost sharing may be satisfied through either a service, capital, or cash contribution.

In response to concerns regarding the management and operation of the Department of Energy conservation and renewable energy technology transfer programs, this amendment requires the Secretary of Energy to transmit to Congress a detailed description of the comprehensive program and management plan for these programs. This plan must include a detailed description of the roles, division of responsibilities, and relationships of the regional solar energy centers with the other technology transfer activities of the Department of Energy, including the Energy Extension Service, the solar energy information data bank, and the National Solar Heating and Cooling Information Center. This plan must also include a detailed description of how the information dissemination activities and service of the Department of Energy in the fields of renewable energy resources and energy conservation are being coordinated with similar or related activities and services of other Federal agencies. The plan must be transmitted to Congress within 6 months after the date of enactment of this act.

SMALL-SCALE HYDROPOWER

My amendment would authorize $2 million for small-scale hydropower research and development. I believe that a continuing low level of Federal involvement is required for research in engineering for use of low-head hydropower and research on relationships between streamflow and fish productivity. In addition, this amendment would authorize $1 million for technological demonstration activities using small-scale hydropower, particularly ultra low-head hydropower, for generating of electricity. This activity, which is complementary to research and development, is new and is established to provide demonstration activi-

ties that emphasize new technology rather than only commercial feasibility.

GENERAL SCIENCE AND RESEARCH

The funding authorization for general science and research total in the Winn substitute was $552.96 million. This includes $288.4 million in operating expenses for high-energy physics, $99.1 million in operating expenses for nuclear physics, $48.3 million in operating expenses for life sciences and nuclear medicine, and $1.36 million in program direction. The total for operating expenses would then be $437.16 million for general science and research; in capital equipment, high-energy physics is $41.7 million, nuclear physics at $10.5 million, and life sciences and nuclear medicine at $2.2 million. There is no capital equipment authorization under program direction, so the total for general science and research capital equipment is $54.4 million. For construction, there is $50.1 million for high-energy physics, and $11.3 million for nuclear physics, giving a total in construction for general science and research of $61.4 million.

In more detail, the decrease in operating expenses below the amount authorized in H.R. 3146, under high-energy physics of $2 million is in the high-energy physics technology activity. This reduction is intended to slow or delay the lower priority accelerator experimental facility research and development.

The general plant projects were reduced below the amount authorized in H.R. 3146, under high-energy physics by $1 million from the President's request. Likewise, the accelerator improvement modifications were reduced by $1 million which in effect would defer lower priority projects. The fiscal year 1982 authorization for Project 78-10-B (Isabelle) at Brookhaven National Laboratory is $16 million; thus, the total authorization through fiscal year 1982 would be $125.5 million. A fiscal year 1982 budget authority of $21 million is recommended for Project Isabelle in accordance with the administration's request.

Project 81-E-218, the Tevatron I at Fermi Laboratory, has been included in the fiscal year 1982 request for construction funding at $14.5 million to continue construction of the Tevatron I project. This project provides for (1) the addition of more refrigeration and radiofrequency accelerating structures to the energy saver superconducting accelerator ring so that it can be used as a 1,000 GeV × GeV proton-antiproton colliding beam storage ring; (2) the construction of an antiproton source and accumulation system; and (3) the construction of two experimental areas suitable for detectors to study the very high energy proton-anti-proton collisions. This project also has a previous authority for $2 million.

In the category of nuclear physics, $400,000 is provided in fiscal year 1982 authorization for the initiation of Project 82-E-223, the Argonne Tandem Lineac Accelerator System (ATLAS). The partial authorization of this worthy project in fiscal year 1982 is based solely on overall budgetary constraints and it is expected that the project will be included in the administration's proposed fiscal year 1983 budget at a level commensurate with the original construction schedule.

For basic energy research, the breakdown is as follows: Basic energy sciences operating expenses, $248.5 million; technology assessment, $3 million; university research support, $10.6 million; advisory and oversight, $3.311 million, with a total for operating expenses of $265.411 million. There is an authorization for capital equipment under basic energy sciences of $16.9 million. This gives a total authorization for basic energy research of $309.911 million.

NUCLEAR FISSION

Under nuclear fission, the total operating expenses authorization for conventional reactor systems is $76.8 million. This is broken down into $33.0 million for the high temperature gas reactor, $14.75 million for the light water reactors, $24.75 million for Three Mile Island, $2.8 million for advanced reactor systems, and $1.5 million for program direction. The total capital equipment authorization for conventional reactor systems would be $9.2 million. This is broken down into $2 million for the high temperature gas reactor, $1 million for the light water reactor, $6 million for Three Mile Island, and $0.2 million for advanced reactor systems. Since there is no money for construction in conventional reactor systems, the total authorization for conventional reactor systems is $86.0 million.

Under civilian waste management, the total authorization for operating expenses in subtitle A is $199.024 million. This authorization, it should be noted, includes $3.124 million for program direction. The capital equipment authorization for civilian waste management is $9.101 million, of which $7.041 million is for terminal isolation, and $2.06 million for waste treatment technologies. Terminal isolation also has an authorization of $1.1 million for construction. This is the only construction authorization under civilian waste management. In addition, in subtitle B, $9.8 million in operating expenses and $0.2 million in capital equipment has been authorized for West Valley. That provides West Valley with a total authorization of $10.0 million. The last category of licensing and supporting studies for civilian waste management has an authorization of $3.5 million.

Interim spent fuel storage has an authorization of $6.417 million in operating and $1 million in capital, for a total authorization of $7.417 million.

The fourth category, advanced nuclear systems, has a total authorization for operating of $35.1 million. This is broken down with $33.9 million in space and terrestrial applications, and $1.2 million in program direction. The capital authorization for space and terrestrial applications is $2.9 million. The total authorization for advanced nuclear systems, then, is $38.0 million.

Under breeder reactor systems, the operating expenses for the liquid metal fast breeder reactor is authorized at $533.29 million. This authorization includes $230 million for the Clinch River Breeder Reactor, and $15 million for the large development plant, giving a subtotal for these projects of $245 million. This also includes the breeder technology which, as in the committee report, is decreased from the request level by $8 million for a total authorization of $133.8 million. The authorization for the test facilities is $154.486 million which represents a decrease of $1.414 million from the President's requested level. The authorization for the water-cooled breeder is $31 million, and breeder program direction is $10.574 million, giving a subtotal of operating expenses for breeder reactor systems of $574.86 million. The authorization for the other areas of breeder reactor systems is consistent with the language in the committee report. The one significant difference is that the Clinch River Breeder Reactor plant is authorized to continue at $24 million less than the President's requested level.

Under fuel cycle R. & D., the total operating expense is authorized at $36 million. This includes an authorization of $12 million for the Barnwell reprocessing plant. Other than this change, the funding for this area is as presented in the committee report. There is no change in the area of uranium enrichment research, including the advanced isotope separation technology, from that presented in the committee report.

MAGNETIC FUSION

For the area of magnetic fusion, the budget breakdown includes applied plasma physics with $67.4 million operating expenses, $6.2 million for capital equipment, for a total of $73.6 million. For confinement systems, there will be a total for operating expenses of $130.47 million, with that broken down between Tokamak Systems at $95.1 million and mirror systems at $35.37 million. The total capital equipment authorization would be $18.21 million and the total construction authorization will be $16.5 million. Construction authorization is broken down

between the ISX with $2.5 million and the Elmo Bumpy Torus with $14 million. Under development and technology, the total authorization would be $62.65 million. The total capital would be $12.7 million and the total construction would be $6 million. That $6 million is for the large coil facilities under magnetic systems. Thus, the total funding for development and technology would be $80.85 million. The Center for Magnetic Fusion Engineering would have a total authorization of $9.15 million for operating, with zero authorization for capital and for construction. The planning and projects portion of the magnetic fusion budget would have an authorization of $28.63 million in operating expenses, and in capital equipment, $2.63 million, and the total construction authorization would be $87.3 million, with $40.1 million for the Tokamak Fusion Test Reactor, $41.5 million for the Mirror Fusion Test Facility, and $5.7 million in general plant projects (at Princeton Plasma Physics Laboratory, N.J., and Oak Ridge, Tenn.). Under program direction for magnetic fusion, there is $3.9 million in operating expenses. The total operating expenses authorization for magnetic fusion is $302.2 million, the total capital equipment authorization for magnetic fusion is $43.0 million, the total construction is $109.8 million, giving a total authorization for magnetic fusion of $455.0 million.

ELECTRIC ENERGY AND ENERGY STORAGE SYSTEMS

Under electric energy systems, the total authorization for operating expenses is $24.6 million, with $8.9 million under systems architecture and integration, $12.725 million under power delivery, $2.1 million under storage application, and $0.875 million for program direction. The subcategory of power delivery has a capital equipment authorization of $0.4 million. This represents the total capital equipment authorization for electric energy systems.

Under energy storage systems, the total operating expense authorization is $37.9 million, with $25.55 million under electrochemical storage, and $11.85 million under physical and chemical storage, and $0.5 million under program direction. The capital equipment authorization for electrochemical storage is $0.7 million and the capital equipment authorization for physical and chemical storage is $0.4 million, with a total capital equipment authorization for energy storage systems of $1.1 million. The total authorization for electric energy systems and storage is $64 million.

BASIC ENERGY RESEARCH

Under basic energy research, the authorizations are as given in the committee report, with one exception. The total construction authorization is $27.6 million. This includes all the projects as given in the committee report with the exception of Project 81-E-308, the Energy Systems Research Laboratory in Oak Ridge, which is not authorized for fiscal year 1982.●

DR. JACK McCOWN RETIRES

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. FUQUA. Mr. Speaker, June 30 marked the retirement of Dr. Jack T. McCown from the post of director of Federal affairs for the Institute of Food and Agricultural Sciences (IFAS) at the University of Florida. For those of us who have known Jack and worked with him over the years, this is an occasion of mixed feelings. We acknowledge his excellent work on behalf of agriculture in the State of Florida and we regret that he will no longer be as active in these matters. I say "as active" because his will be a working retirement and I am confident that he will not abandon IFAS entirely.

Jack has been active in Florida agriculture ever since he began in 1951 as an assistant county agent in Lake County. He moved to Indian River County in 1954 and came to the University of Florida in 1955. He served as an assistant and then associate professor and, for 3 years, he served as district agent for the Florida Cooperative Extension Service. He became professor and associate dean in 1970.

Since 1977 he has served as director of Federal affairs, the position that brought him into the closest contact with members of the Florida congressional delegation. In this capacity he has worked tirelessly on behalf of IFAS and the needs of agriculture in general. His visits to Washington are always most welcomed. Jack arrives full of information as to the latest developments affecting Florida and, occasionally, a few small requests for assistance. He has unfailing good cheer and his ready smile will be missed. Behind this gentle facade is a razor-sharp mind which acts as a storehouse for information ranging from the proper insecticides to use to protect chufas to the exact specifications for a Federal project of interest to the University of Florida.

I have spoken with my colleagues in the Florida congressional delegation and know of the high respect in which Jack is held. He is appreciated for his knowledge and wit and his ability to explain, in short order, the intricacies of a problem.

I take this occasion to wish Jack and his wife, Marilyn, who has been by his side throughout his career, the very best of success in the years to come and to assure him that he will not be forgotten by his many friends in Washington.●

THE PROBLEMS OF THE NUCLEAR POWER INDUSTRY—II

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. HAMILTON. Mr. Speaker, reprinted here is the second part of enclosure 1 from a letter sent to me by Mr. Thomas Dillon, Deputy Assistant Secretary for nuclear reactor programs, Office of Nuclear Energy, Department of Energy. The first part of enclosure 1, together with Mr. Dillon's covering letter and my letter to him, appeared in yesterday's CONGRESSIONAL RECORD. Enclosures 2 and 3 will appear in subsequent editions of the CONGRESSIONAL RECORD.

ANSWERS TO QUESTIONS RAISED BY HON. LEE H. HAMILTON

Question 6. Mr. Parisi acknowledges that Federal regulations have hit the industry hard. He then cites a study which concludes that there will be more, not less, regulation in the years ahead. To your way of thinking, how much of the industry's problem is due to unwarranted regulation? Is it your feeling that the conclusion of the abovementioned study is correct?

Answer. It is difficult to judge the extent of unwarranted regulation although there is substantial opinion and circumstantial evidence that it does exist. The regulatory infrastructure clearly places a burden on the industry. Nuclear safety regulation is contributing significantly to the industry's problem in ways, directly and indirectly, that can be observed but are difficult to quantify.

Immense industry efforts and financial investment are required to assure that regulations are met. The review conducted for the Nuclear Regulatory Commission by Mitchell Rogovin noted that the Commission's own appeals board and others ". . . have pointed out that many of the regulations are vague, inartfully drafted, and in some instances, totally incomprehensible." If one conducted a study of the regulations, it is doubtful that agreement would be obtained as to which elements of the myriad are unwarranted. There is no disagreement that regulations to protect the public and the environment are necessary. There is a feeling, however, that the nuclear regulatory infrastructure is fragmented, uncoordinated, cumbersome, complex, and slow. Two recent comprehensive reviews have arrived at similar conclusions in this regard. The Kemeny Commission observed a Nuclear Regulatory Commission preoccupation with regulation and noted that regulations as voluminous and complex as those men in place can serve as a negative factor in nuclear safety. We agree with this Kemeny Commission conclusion. The Rogovin investigation of the Three Mile Island event was also critical of the regulations in effect at the time. We observe that the Nuclear Regulatory Commission has responded to the event at Three Mile Island by producing substantially more regulations that the industry views as more

narrowly prescribed and more complex than those to which the Kemeny Commission objected.

It is also important to consider the fact that the manner in which the Nuclear Regulatory Commission implements their regulations (i.e., Nuclear Regulatory Commission policy and licensing practices) also has an impact similar to that of their published regulations. These methods of imposing requirements on the industry have been in increasing use since the event at Three Mile Island.

With respect to the future, we would not expect abatement of these trends unless regulatory focus can be successfully redirected.

Although some judgment and opinion is inevitable in regulatory actions, there is almost unanimous agreement by all who have participated in or studied current regulatory policies that the Nuclear Regulatory Commission attempts to regulate at too low a level of detail. The Kemeny Commission concluded that "* * * there is no well thought out integrated system for the assurance of nuclear safety within the current NRC." We agree with this Kemeny Commission conclusion also.

Many of the regulatory actions have been taken based on judgment and opinion, as opposed to being fully supported by systematic analyses showing positive benefit to safety within a unified and consistent systems analysis framework. It is believed that such benefit analyses would show some of these actions to be without merit from an overall systems safety standpoint. As indicated earlier, the process is further flawed by the issuance of narrow, prescriptive, and complex requirements in lieu of more meaningful criteria and acceptance criteria requirements.

If the prescriptive thrust of the Nuclear Regulatory Commission's regulatory approach is not corrected as recommended by the Kemeny Commission and others, there will be, as Mr. Parisi notes, more regulation, not less, in the years ahead.

Question 7. According to Mr. Parisi, the "number of new safety problems being detected each year isn't falling, it's climbing—steeply." Is it your impression that he is correct? If so, how would you account for the trend? How would it be perceived by the public?

Answer. We do not have a study of the history of safety problem detection. There have been a number of safety issues periodically identified in years prior to the event at Three Mile Island (TMI-2). For example, 133 issues were categorized as unresolved or generic safety issues and were included in NUREG-0410, a report to the Congress, January 1, 1978. These issues were so categorized after the Nuclear Regulatory Commission made a determination that the safety significance of an issue did not prohibit continued operation of a plant or licensing action.

This report was of broader scope than the "Unresolved Safety Issues Plan" required by Section 210, Energy Reorganization Act of 1974. The Commission then redefined unresolved safety issue for the purpose of reporting to Congress pursuant to Section 210. The redefinition resulted in 17 issues being included in the 1978 Nuclear Regulatory Commission Annual Report compared to 8 issues reported in the 1977 Nuclear Regulatory Commission Annual Report. In the 1977 report, these issues were categorized as technical problems. No new unresolved safety issues were defined for reporting in 1979, and the list then contained 15 issues.

Following TMI-2, without any assessment of their safety significance, these previously identified issues and other identified but uncategorized issues were included in the Nuclear Regulatory Commission post-Three Mile Island actions. This creates an impression that the number of new safety problems is climbing steeply. It is our impression that the rate of appearance of new problems is nearly constant. Progress is being made on resolving the unresolved issues; however, that category is tending to increase rather than decrease. In a special report in 1980, the Nuclear Regulatory Commission added six new issues to the list in their 1979 Annual Report.

If the unresolved safety issues, new safety problems, and Three Mile Island lessons issues are placed in the perspective of trying to improve safety and the product as industry is constantly doing in other areas, the public would not view these as indicative of decreasing safety or increasing hazard but as an indication of a responsible and responsive industry.

Question 8. According to Mr. Parisi, groups of citizens who oppose nuclear power have caused utilities to incur only minimal additional expense. Do you agree or disagree?

Answer. To our knowledge, no study has documented the degree to which citizens who oppose nuclear powerplants cause utilities to incur significant additional costs. However, the nuclear licensing process does permit groups of citizens to participate in that process and, in some cases, that intervention has resulted in significant delays. What is certain is that the ever lengthening project times, averaging 60 months in 1970 and more than twice that now, have and continue to cause large increases in plant investment cost.

Question 9. In commenting on the relationship between regulation and economic health in the industry, Mr. Parisi suggests that "even the ministrations of a sympathetic White House are unlikely to cure nuclear's malaise." He then makes the striking claim that "nothing short of a wholesale dismissal of the nuclear community's own safety policies would make a fundamental difference in the economics of nuclear power." What do you think of this point of view?

Answer. Wholesale dismissal of nuclear safety policies is not required and has never to our knowledge been advocated. Fundamental reform of the Nuclear Regulatory Commission's regulatory and licensing process has been recommended by everyone who has ever examined the process.

The Mitchell Rogovin Report to the Nuclear Regulatory Commission identified a variety of factors in the regulatory process that are costly and serve as unintended disincentives to safety. For example, the efforts and the length of time consumed by the Nuclear Regulatory Commission's license review process are more costly than necessary and create disincentives to innovation in safety. Also, the Nuclear Regulatory Commission reporting requirements appear to have created disincentives to safety.

The nuclear industry operates within a safety policy established by the Nuclear Regulatory Commission. The bulk of their available time and resources is directed at responding to Nuclear Regulatory Commission prescriptive requirements.

The industry does not believe that the cumbersome, slow, prescriptive Nuclear Regulatory Commission process is necessary. The industry believes that properly implemented safety goals, such as those recently proposed by the Atomic Industrial Form, including individual risk criterion, population risk criterion, cost-benefit criterion, and large-scale fuel melt criterion, could constitute an adequate safety policy.

Question 10. Mr. Parisi reports that among utilities there may be more interest in coal-fired plants than in nuclear facilities. As concerns cost, he says that "virtually all the analyses show an unmistakable trend toward coal." Do you sense a growing interest in coal among utilities? Is coal in fact overtaking, or has it overtaken, uranium as a less costly source of electricity?

Answer. At this time, the primary trend is one of limiting new construction of any kind of capacity. The period from 1964 through 1974 was a vigorous period for utility orders. Since 1974, the situation has been quite different with approximately 50 nuclear and coal-fired plans canceled and many more delayed. Hence, the major trend is one of limiting capital expenditures of any kind.

Our perception is that utilities still have a strong preference for nuclear plants because of their favorable technical, operating, economic, and environmental characteristics. However, coal plants have captured the limited number of new powerplant orders because the current obstacles to their construction appear to be less. The regulatory and licensing processes for both coal and nuclear are involved and time consuming, but many utilities feel the process is somewhat shorter and less uncertain for coal. Also, the financing of coal-fired plants is less cumbersome, although nuclear plants will produce long-term savings once they begin operation. In summary, utilities are still interested in building nuclear plants, but they are largely deterred by regulatory and financial barriers.

As noted in answer to Question 2, we believe that nuclear power will continue to be cost competitive with coal. Considering the projected future demand for coal, nuclear could become even more economical in the future.●

REV. MACEO PEMBROKE

HON. GUS SAVAGE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. SAVAGE. Mr. Speaker, I was deeply saddened to learn of the death of a dear and longtime friend, spiritual leader, and community activist, the Reverend Maceo Pembroke.

I know well that Maceo was a courageous and dedicated Christian leader. His ministry included, but was not limited to, 21 years pastoring Chicago's largest black United Methodist Church, St. Mark. Though this is a so-called middle-class congregation, as recently as last January, he led a group of black ministers in protest of a proposed RTA fare increase, out of special concern for the needy.

He did not wait until civil rights became popular to become a civil rights spokesman. He opened wide the doors of his church to black political independence when others were closed

shut. He stood for right when wrong was winning, and opposed wrong when right had few supporters.

Indeed, his was a life without torturing regrets for years without purpose. In this day of selfishness, he was unselfish. In this day of greed, he was so giving. In this day of divisions, he labored for unity. In this day of reborn hatreds, he was for undying love.

My sympathy is extended to my dear friend's beloved wife, June, their two sons and other family members in this hour of their bereavement.

Your loss is my loss. Your loss is the people's loss, black and white, all over this land. So, know that in your great loss, you are not alone and surely shall never be left alone—for the God he so faithfully served has said this is so.

Maceo Pembroke shall abide with us forever, for there is a bit of his commitment and contributions in every good of mankind.●

TRIBUTE TO TOMMY HEARNS

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. CONYERS. Mr. Speaker, the citizens of Detroit have great pride in their athletes, among them, Tommy Hearns, the current World Boxing Association welterweight world champion, who carries on the great tradition of the late Joe Louis.

Tommy was recently in town and provided the Washington, D.C., residents a rare opportunity to meet a unique athlete. The statistics on Tommy are impressive: 22 years old, 6 feet 2½ inches tall, 147 pounds, he won his title in August of 1980 when he defeated then champion Jose (Pipino) Cuevas. He is currently undefeated in 32 professional fights, 31 of which he has won by knockout. But Tommy Hearns is much more than boxing matches and statistics. He is an unpaid volunteer with the Detroit Reserve Police and actually goes out on patrols with full-time policemen and wears the uniform. He is merely Officer Hearns, badge No. 1220 when he is on duty. He is, however, easily recognized and he takes advantage of this to help influence youth away from a life in the streets and crime. Tommy says he spends as much time in police work as his boxing training will allow and he does so willingly because he feels an obligation as a citizen of Detroit.

While in Washington, Tommy, true to his instinct of service to others, boxed exhibition rounds for the inmates at Lorton Prison. The following articles from the June 3 editions of the Washington Post and the Washington Star report on the exhibition and Tommy Hearns, the man.

[From the Washington Post]

THE TOMMY HEARNS SHOW: A HIT IN SUGAR RAY LEONARD TERRITORY

(By Joann Stevens)

Thomas Hearns, the Detroit "Hit Man" scheduled to meet Sugar Ray Leonard in a championship bout this fall, came into his opponent's backyard yesterday seeking to establish his own identity and charm the nation's capital.

At a luncheon held at the Rayburn Building by Rep. John Conyers Jr. (D-Mich.), the soft-spoken World Boxing Association welterweight champion was greeted enthusiastically by House Speaker Thomas P. (Tip) O'Neill (D-Mass.), Mayor Marion Barry and others.

"Tommy, you certainly can hit like a mule," O'Neill told him. "Listen, son, you're a champ. In everything I've seen you in, you have it. Always act like a champ."

Later, the Tommy Hearns Show continued in a crowd-pleasing eight-round exhibition at the District of Columbia Correctional Facility at Lorton.

Throughout the afternoon, at both the luncheon and at Lorton, the absent Leonard, the World Boxing Council welterweight champ, was present in the questions.

Leonard and Hearns will be on the same card in the Houston Astrodome June 25, Leonard to challenge WBA junior middleweight champion Ayub Kalule and Hearns to defend his title against unranked welterweight Pablo Baez.

Hearns bristled when someone asked if he would be a preliminary fighter on the card. "I don't think I should be under Leonard," he shot back. And Emanuel Steward, Hearns' trainer and manager, said Hearns would have withdrawn from the fight if he hadn't received equal billing with Leonard.

"I don't dislike Ray. I have nothing against Ray as a fighter," Hearns said. What Hearns does have against Leonard is his refusal to fight him over the years.

"I was coming up and Ray didn't want to give me that chance," he said at the luncheon. "I think everybody should be given a chance. When you're a champion you have to take on all comers."

His goal, he said, is to be a four-time champion "from welterweight to light heavyweight" in three years.

He'll start working on that goal by trying to become the undisputed welterweight champion Sept. 16, when he and Leonard meet at a site still to be determined. Hearns, undefeated in 31 bouts with 29 knockouts, is expected to receive $5 million and Leonard reportedly has been promised $8 million. They will split a portion of any revenues in excess of $21 million.

At the end of the luncheon, most of the entourage went to the Lorton gymnasium. Hearns, a volunteer auxiliary policeman in Detroit, said he wanted to do the exhibition to encourage the men on the Lorton boxing team.

"The fights give the men something to hold to" Steward said. "They can always remember what it was like to get inside the ring with the welter-weight champion of the world."

The prison gymnasium was jumping with the sounds of Thomas Browne's album "Let's Dance." More than 300 inmates sat on bleachers, stood along the catwalk or crowded in at ringside, challenging Hearns to show them how he had earned the title "Hit Man."

They applauded when the 22-year-old fighter arrived. The 6-foot-2½, 147-pound boxer was wearing a crimson shirt and shorts outfit with a blue stripe and stars riding down the arms and the sides of the legs. On the back, in white letters, were the words "World Champion Tommy Hearns."

Immediately, the taunting began.

"What you got to say about Sugar Ray?" the inmates yelled.

"Me, I like the champ. I'm not prejudiced," one inmate told another speaking of Hearns.

"I think Joe Sweat will take him," his friend responded.

"Hey, man, this is only sparring," another inmate chimed in. "This is not no championship."

But it was like a championship fight for Hearns' four opponents: Hollingsworth Bey, Stanley (Jack Johnson) Vance, Larry (Golden Boy) Pringle and Joe (Marine Boy) Sweat. Each spent two rounds in the ring.

"It's a pleasure sparring with the champ. It gives me some good experience," said Pringle, who has been fighting since he was 9 years old.

Pringle has been at Lorton five years and on the boxing team four. "Everything they brought down here I've been putting 'em down for a TKO," he said.

Sweat said he joined the Lorton boxing team four years ago "for an opportunity like this." Sweat has been imprisoned six years, and says he never fought on the outside.

Sweat was the first inmate Hearns took on yesterday. Hearns started out the exhibition flat-footed, plowing in with a flickering left. At one point, Hearns backed into the rope, "Don't go for that rope-a-dope," the crowd yelled to Sweat. Unexpectedly, Hearns grabbed Sweat, swung him around into the ropes, and began to pound him as the crowd looked on in amazement.

Against Pringle, Hearns came out dancing, as he did against the remaining two fighters, chasing his opponents and thrilling the crowd with jabs and feints that threw the fighters off balance and nearly had some of them kissing the canvas.

Conyers refereed two of the rounds.

The crowd applauded; stood up and cheered; laughed and called to the "Hit Man" with newfound respect.

"He's spectacular!" exclaimed inmate Caswell Flemings, 23. "I really like him."

But Flemings, like most of Hearns' fans, somehow could not see him defeating Leonard.

"Whereas he's spectacular, Ray Leonard is devastating," Flemings said.

[From the Washington Star]

HEARNS CERTAIN HE'S NO. 1

(By Morris Siegel)

Tip O'Neill doesn't have the clout on the Hill today that he did before Ronald Reagan stormed out of the West to score an early knockout of Jimmy Carter, but that didn't make any difference to Thomas Hearns, not in the slightest.

Politics is not Hearn's business. It is O'Neill's. Fighting is Hearns' racket, and he has considerable clout in it, too, as his record, 28 KOs in 31 all-winning fights, tells so overwhelmingly.

O'Neill is probably the biggest sports nut on either side of the aisle, House and Senate. Boxing and baseball are the Speaker's favorites, especially the Boston Red Sox and particularly Ted Williams and Carl Yaz.

The Tipper says that Sugar Ray Robinson was the greatest fighter he ever saw, "and I've been comparing Sugar Ray Leonard to

him," he said to Hearns, "so that gives you an idea of what I think of Leonard."

WBA champ Hearns, in town for a Rayburn Building luncheon hosted by his congressman, Rep. John Conyers of Detroit, nodded at O'Neill's remark, but not necessarily in agreement.

He respects Leonard, his WBC counterpart whom he will meet in September in Las Vegas, in all likelihood, to determine who is the one-and-only 147-pound boss. But Hearns, publicly and privately, regards Thomas "Hit Man" Hearns as the best fighter around today.

He even went so far as to name himself "No. 1" on a hastily compared list of the four boxers he regards as the best. In the Hearns flash poll, Leonard ranks second.

Leonard was not around to put in a word in his own behalf. He is in Phoenix training for his junior-welterweight challenge to Ugandan Ayub Kalule in Houston on June 25 on the same card on which Hearns defends, using the term loosely, his title against Juan Baez, no kin to the folk singer. In his relatively short pro career, less than four years, Hearns may have gotton too good for his own good.

"People expect me to knock out everybody I fight," he complained mildly.

His failure to dispose of Randy Shields in April in Phoenix reopened the question of how hard the Hit Man really hits.

"Shields was in there just to survive," he said, dealing with old business. "Leonard didn't knock him out either. If they come to me and want to mix it, I'll knock 'em out, but they gotta want to fight and not just stand around."

Leonard was present that day in Arizona, and Shields' tactics, which enabled him to last 12 rounds before the fight was halted by a cut over his eye, were not unheeded by the multi-millionaire from Palmer Park.

"People thought because I couldn't knock out Randy that I wasn't trying," Hearns went on. "I didn't get frustrated. I proved that I could go 15 rounds if I had to."

That's five times longer than any victim of Hearns' had lasted before Shields. The average staying time of Hearns' foes before Shields was a little over three rounds. But he feels dead certain that Leonard has no chance, not only to win, but to last long. It didn't surprise him when he learned that the early odds on this year's "fight of the century" are even.

"They should be even, and so should the money we will make for the fight," he said.

There, in the money department, Leonard is the acknowledged champ. He will receive an estimated $7 million to Hearns' estimated $4 million.

"But I'm getting what I want, the chance to unify the welterweight title—and a bundle of money," Hearns said.

Hearns' manager, Emanuel Steward, thinks even less of Leonard's chances against his fighter.

"If I had Leonard, I wouldn't let him fight Thomas. Thomas is too much better than Ray physically and mentally." Additionally, Steward thought that "Leonard has his mind on too many other ventures—commercials, TV appearances, endorsements, etc."

It sounded like a trace of jealousy that Hearns, who owns a title equal to Leonard's, hasn't come anywhere close to matching Leonard's exposure and the money he has earned, around $22 million gross in three years.

When the fight hype was over, Hearns and his party motored to the federal Reformatory at Lorton for an exhibition and rap sessions with inmates there.

He was pleased to entertain the prison population, but only on one condition—that none of the opponents they select for him to spar with be lefthanded. "Lefthanders are awkward," he explained.

The versatile Leonard might take up on that, too, and convert to a southpaw for their September showdown.●

A.T. & T. AND MASS MEDIA SERVICES

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. WAXMAN. Mr. Speaker, the technological revolution that has developed in our society is a double-edged phenomenon. It has the potential for an unlimited transformation in the development and transmission of information and telecommunications services. The exponential growth of data processing and cable over the past two decades have altered the ways we do business and the ways we absorb information. Even as our society has changed, diversity in the sources and types of information and media available to us has been the constant governing these developments. But the technological revolution has also been marked by a convergence in the means of distributing information, by efforts to harness the computer to the telephone, with the potential that media services could conceivably be provided by one ultra-efficient but ultrally powerful entity. This has enormous implications for a democratic society.

This dilemma is particularly acute in the debate over whether and to what extent to deregulate the telephone industry, and whether to permit A.T. & T. to enter the currently proscribed areas of data processing and other competitive sectors of telecommunications. Should A.T. & T. be permitted to offer mass media services provided by newspapers and cable? In answering this question, we have to take into account the peculiar characteristics of A.T. & T. itself.

A.T. & T. is the largest corporation on Earth, employing 1 million people, with annual revenues of over $50 billion, and annual profits of some $6 billion. Its annual profits alone are three times the size of the entire cable industry. A.T. & T. controls 85 percent of the current telecommunications market. In addition, in every area of potential competition with cable, newspapers, and broadcasters, there is another inescapable fact: Each of these media is trying to get into homes and offices, but A.T. & T. is already there. Permitting A.T. & T. to offer such new services would presumptively shut out those trying to reach new markets. One corporation, less than fully accountable to the public, would have the ability to control the content of information flowing into every home and office.

This is neither necessary nor desirable. The test of our efforts to deregulate telecommunications should be whether new services are made available to the American people without ill-advised regulatory impediment. A.T. & T. should remain, for the purposes of mass media services, what it has always been: a common carrier of information. It should continue to provide the facilities, but not be the source of information products, which will remain available from the evermore competitive industries of cable, broadcasting, newspapers, and data processing. This policy would best balance the needs of efficiency, competition, and diversity.

A consensus reflecting this balance was crafted last year by Representative TIM WIRTH, the chairman of the Energy and Commerce Subcommittee on Telecommunications, Consumer Protection, and Finance. The Senate Commerce Committee is on the verge of agreeing to a similar proposal. An editorial today in the Los Angeles Times analyzes these issues, and concludes that the course charted by Representative WIRTH is the proper one. I am pleased to insert the Times' editorial for the benefit of my colleagues:

[From the Los Angeles Times, July 15, 1981]

A MARRIAGE NOT MADE IN HEAVEN

The marriage of cable televison and computers will look much different at the end of the decade than it does at the beginning. How much different depends in large part on decisions pending in Congress, especially about the role that American Telephone & Telegraph Co. plays in these new home-communication services.

The Senate Commerce Committee will work Thursday on a measure that would rewrite the country's basic communications law, passed in 1934 when radio was essentially all there was electronically. Congress and the Administration seek broad deregulation.

There is one area, however, that cannot be totally deregulated—the entry of AT&T into the information field. Congress seems aware of the dangers of allowing AT&T to enter, unfettered, the equipment-manufacture and transmission ends of the field, so all bills that deal with the subject require AT&T to create a separate subsidiary. That is because it is clear that AT&T cannot be allowed to use the enormous resources it has developed as a government regulated telephone monopoly to undercut competition as it moves into other unregulated electronics fields.

Until recently, it has not been as clear to some senators that there are equal problems about allowing AT&T to provide information. The Senate bill that was originally proposed contained a bar against AT&T providing any "mass-media product." AT&T and newspaper publishers, however, interpreted the bill as allowing "electronic yellow pages" that would carry current price and product information as well as telephone numbers into the home via telephone lines to a computer or cable TV channel.

Now a compromise would allow AT&T to provide directory information through the new media, but would specifically prohibit it from including information about products, services or prices.

That provision makes this year's Senate bill much closer to a measure that was passed last year by the House Commerce Committee but that died in the House Judiciary Committee. It contained an amendment by Rep. Timothy E. Wirth (D-Colo.) that would have banned outright any AT&T information services similar to those provided by newspapers. The House bill also had more safeguards to ensure the separateness of AT&T's unregulated new subsidary.

The Senate's approach handles only one aspect of the issue—in this case, electronic yellow pages versus newspaper classified advertising. It therefore makes the question seem largely one of economic self-interest.

The House telecommunications subcommittee that Wirth heads seems to understand the bigger issue—ensuring that bottlenecks of any sort are not created that would restrict public access to the widest possible sources of information. It is gathering its legislative information and writing its legislative history with an eye to understanding what bottlenecks might occur and writing a bill, planned for this fall, that would handle a range of situations.

It would be far too easy for any organization controlling key transmission facilities in the early stages of this new technology to drift into generating information itself or determining what can be transmitted by whom. AT&T says that this won't happen; we would rather rely on legislative guarantees than on good faith.●

ADDITIONAL COMMENTS ON THE URBAN PARKS AND RECREATION RECOVERY PROGRAM

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. MARKEY. Mr. Speaker, in yesterday's CONGRESSIONAL RECORD, I shared with my colleagues some testimony from a June 15, 1981, hearing on the urban parks and recreation recovery program, conducted by the Interior Committee's Oversight and Investigation Subcommittee. Due to the important role that urban parks play in shaping the character of our cities' neighborhoods, I would like to submit additional testimony from the hearing which illustrates the value of UPARR in helping to revitalize our urban areas, and shows the support of America's mayors for the program.

STATEMENT BY HON. CHARLES ROYER, MAYOR OF SEATTLE, WASH.

Mr. Chairman and members of the subcommittee, I am Mayor Charles Royer of Seattle.

I am pleased to be here today to share with you the views of the city of Seattle on the urban parks and recreation recovery program.

Mr. Chairman, the elimination of the urban parks program and its administering agency, the Heritage Conservation and Recreation Service (HCRS), is one of the more notable examples of the new administration's abandonment of the national commitment to rebuild our cities.

As you know, this program was the only major new program that the Congress enacted during its initial consideration of President Carter's national urban policy program. In many ways, the urban parks program was the centerpiece of this Federal effort to take some serious steps to revitalize our urban centers.

The urban parks program is particularly important to your committee, Mr. Chairman, since it marked the first time that the Department of Interior was drawn into the battle to upgrade and improve the quality of life for the citizens of our urban areas. And for the first time, the Department of Interior was called upon directly to help our cities provide recreation opportunities in the same communities where a large percentage of our people live and work. I cannot overemphasize how important this redirection of emphasis was for the future, given the realities of energy prices and fuel scarcity and the resulting changes they are making in our lifestyles. During the most recent fuel shortage when visitation levels at our national parks fell off sharply, community and neighborhood parks played an increased role in providing needed recreational opportunities for our citizens. And for many of our elderly and low-income families these local parks continue to serve as their only outlet from the harsh realities of daily life.

I commend HCRS for its fine work and strong commitment to make this program a model for Federal grant-in-aid programs. The city of Seattle worked with HCRS and the Congress from its inception as a recommendation in the "National Urban Recreation Study", during the legislative debate on the program, and finally when the program was first getting underway.

Mr. Chairman, I was amazed at how effectively HCRS was able to seek out broad-based participation in the development of the regulations and program design. Their efforts paid off. This program is clearly one of the best examples of how the Federal Government can step in to help our cities solve difficult problems. You have heard public officials talk about the bureaucracy and Federal redtape which has given rise, in part, to the administration's "new federalism". These same people would be hard pressed to make the same case if more programs were operated like the urban parks program.

Last year Congress reaffirmed its support for HCRS' abilities to meet urban needs and deal effectively with local governments by amending the national historic preservation program to allow local governments the opportunity to get directly involved in the decisions on designation and preservation of important historic structures and landmarks. Unfortunately, much of the progress we have made in this area and in the revitalization of our urban parks may be reversed if the new administration has its way.

Mr. Chairman, I am here as a mayor of a city where the parks system has contributed substantially to our reputation as one of the most livable cities in the country. This is not by accident, but by design. Fortunately for Seattle's citizens, a gentleman named Olmstead helped us several years back. He left us with a permanent and visible reminder of the importance of parks to the vitality of a community. Seattle has built upon this earlier foresight to preserve our parks for future citizens and their families. This has not been an easy task and this has not been done without major financial commitments.

In 1968, the city and King County passed a major bond issue for acquisition, development and improvement of parks and recreation facilities. At that time, it was the second largest bond issue in the country for parks and recreation. Seattle's share of that bond was $65 million which we subsequently parlayed into an amount in excess of $110 million through a variety of sources including Federal land and water conservation funds (LWCF) and community development block grant (CDBG) funds. The UPRR program played a small role in this overall financial commitment, but an important role in our parks program. With an innovative grant of $644,000, we were able to rehabilitate and make accessible several of our parks to handicapped individuals. For the first time these rehabilitated parks opened up to those citizens who in the past had been denied access to their use.

I know from travelling to other cities where their economies and infrastructure continue their slow and corrosive decline that their citizens are not as fortunate as we have been in Seattle. When the urban parks program was before Congress, I also knew that Seattle would probably not benefit in terms of large capital outlays from this program. My strong support and work on behalf of this program and its stated goal to rehabilitate the parks in the Nation's more distressed communities is founded in my experience in Seattle. Parks are more than just frills. There is a direct relationship between the vitality of a city's neighborhoods both in human and economic terms and the strength of that community's park system. I am convinced that the economic survival of many of our cities is tied in large part to their livability. Parks are the key ingredient which allows us to live and work in these complex environments by giving each of us a sense of balance and proportion in our daily lives. Cities cannot exist solely on concrete and skyscrapers, they depend on the vitality of their people and their physical environments. Consider our Nation's Capitol without the Mall or Rock Creek Park.

In Washington, D.C. you are all hearing the message of the new federalism which says let the States and local governments deal with their local problems. We came to Washington, D.C. to the Congress and the administration armed with stories about State governments who would not even provide the cities with a fair share of park funding when the State budgets were pumped full of Federal funds from the land and water conservation program. The urban parks program was enacted to help offset this disparity and the growing infrastructure needs of cities, particularly those older, industrialized cities.

Today we return to Congress to ask for your help at a time when the new administration proposes to spend several times the total amount of all UPRR funding to bring two World War II battleships out of mothballs (at an expense that is six times the annual urban parks authorization and twice as much as the annual National Parks Service budget). When our cities have lost track of those key ingredients like parks that determine the vitality of a community, they have paid the price. I hope that this same mistake is not repeated on a larger scale.

Over 73 percent of our national population lives in SMSA's; surely there is a major role for our National Government to play in insuring that these people have adequate park and recreation facilities. I cannot see

how this can be otherwise, where are our national priorities, if they ignore this need of our citizens to have an outlet from the pressures of urban life?●

ROWAN COUNTY, N.C., LOSES ONE OF ITS BEST KNOWN CITIZENS

HON. W. G. (BILL) HEFNER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. HEFNER. Mr. Speaker, on July 6, 1981, Rowan County, N.C., lost one of its most illustrious citizens, Mr. James S. Brawley, who had been in declining health for a period of months. He will be greatly missed by those who knew and loved him.

Paul L. Bernhardt, a friend who knew him well, said:

Jim Brawley was one of the last of the true Southern gentlemen. He was kind, gentle, unhurried. He always gave freely of his time and knowledge to anyone who sought him out for information on the history of our community, be it a school child or a researcher from a major university.

Jim was a human reservoir of information on the history of Rowan County and North Carolina and of the people who have lived here and the deeds they have accomplished through the centuries.

Jim Brawley, loved by all those who met him, is truly an irreplaceable resource.

Following are articles from the July 7, 1981, edition and an editorial from the July 8, 1981, edition of the Salisbury, N.C., Post:

JAMES S. BRAWLEY, HISTORIAN, NEWSMAN DEAD AT AGE 62

James Shober Brawley, 62, of 428 North Ellis Street, widely-known Rowan historian and local newspaperman, died shortly after 3 p.m. Monday at Rowan Memorial Hospital. He had been in declining health for five months.

The funeral will be Wednesday at 11 a.m. at St. Luke's Episcopal Church with the Rev. Uly Gooch, former rector, in charge. Burial will be in the Chestnut Hill Cemetery.

He is survived by a brother, Robert Vance Brawley of Winston-Salem; three sons, James, Jr., of Clemson, S.C., Robert A., of Alexandria, Va., and Neil S., of Sydney, Australia.

The body is at the Summersett Funeral Home where the family will see friends tonight from 7 to 9. Memorials may be sent to the James Shober Brawley Fund.

Brawley was born in Salisbury Nov. 23, 1918, the son of Dr. Robert Vance Brawley and Mrs. May Wheat Boyden Brawley of Salisbury. Both of his parents died while he was young. He was graduated from Episcopal High School in Alexandria, Va., and from the University of North Carolina in 1941. He served as communications officer aboard the battleship, USS *Maryland*, in the Pacific during World War II. After his discharge he did graduate work at Annapolis, the University of Virginia and the University of North Carolina where he received a master's degree in history.

He joined the staff of The Post during its preparation of a special Bicentennial edition, and remained on its staff, with the exception of a short period when he worked for the Atlanta Journal, until his final illness. He served as a wire editor either in a full-time or part-time basis over those years and also contributed a weekly historical column, "Footnotes of History" and special historical features.

Brawley was often termed by his friends "The Last of the Southern Gentlemen," not only for his "southern" appearance but for his impeccable manners and consideration of others.

He was widely acclaimed for his many talents but his forte was history.

His first book of history "The Rowan Story, 1753-1953" was published December 17, 1953. At that time, Spencer Murphy, editor of The Salisbury Post, said "the history of Rowan County that somebody ought to write has been written". In his review, Murphy said of Brawley and the book "his work is sturdy and able, rich in name, and place and documentation."

On October 19, 1954, the Salisbury author received the Spangenburg Medal from the Wachovia Historical Society for "The Rowan Story." It was the first of many recognitions to be paid Brawley, who wrote a popular historical column each Sunday in The Salisbury Post.

His next work was "Old Rowan Views and Sketches" in 1959. Much of the material in the booklet was a condensation of articles by Brawley and which had appeared in The Post.

Brawley's "Rowan County, a Brief History" was published December 4, 1974. It was written at the request of the North Carolina Department of Archives and History. Joe Junod, in reviewing the book, noted "what Murphy said of Brawley's first book is true of this."

In November, 1976, the Salisbury native who had many other interests in community life, was recipient of an Award of Merit from the North Carolina Historical Preservation Society. He was cited for "having furthered the cause of historic preservation or restoration in important and significant ways."

One of those function was "service" as an officer of the reactivated Sixth Confederate Regiment. As such, he took part in the reenactment of the first battle of Manassas near Washington during the Civil War centennial.

In 1970 and 1971, he was appointed by Gov. Bob Scott to the North Carolina American Revolution Commission and served until 1975.

Brawley, a descendant of early Rowan settlers, was elected in 1972 to a three-year term on the executive board of The State Literary and Historical Association.

He was appointed by Salisbury city councilmen to the Salisbury Historic District Commission and a director of the Historic Salisbury Foundation. A descendant of early Rowan families, he was highly familiar with the district where he and many of his ancestors had lived. Brawley was regarded as "the expert and last word" on Rowan history.

Also interested in genealogy, he was generous in his assistance to many, including those who came from out of state, who were tracing their family tree. He spoke on local history and on genealogy to numberless organizations. He contributed an article in Encyclopedia Britannica on Salisbury and on Rowan County for the N.C. Guide.

He was a member of the Rotary Club and served as a member of the vestry of St. Luke's Episcopal Church and was superintendent of the Sunday School for six years. He also taught a class.

The popular and friendly Salisburian was called "Colonel" by many of his friends. They chose that title because of his interest in Civil War matters. His grandfather, A. H. "Baldy" Boyden, was a Civil War veteran, having enlisted as a drummer boy. He, like his grandson, acquired the honorary rank of "Colonel."

But on May 19, 1961, Brawley also became an "Admiral" in the nonexistent North Carolina Naval Fleet.

The title was conferred by Gov. Terry Sanford because of Brawley's work and interest in salvaging the battleship USS North Carolina, now riding at anchor in Wilmington.

While he wrote of history and knew history, Brawley was also a part of history while serving as an officer aboard the Battleship USS Maryland, a proud name in Naval warfare.

The USS Maryland remained afloat after the sneak assault on Pearl harbor, an aerial torpedo at Saipan and Kamikaze attacks at Leyte Gulf and Okinawa.

He was graduated from US Navy Midshipman School in Chicago in August, 1942, and commissioned an Ensign in the Naval Reserve.

He was active in the 1953 Bicentennial Celebration, serving as overall secretary. He was a member of the American Heritage Society and served as its moderator. Brawley was one of the first proponents of establishing the Rowan Museum.

In January, 1954, he was selected by the Salisbury Jaycees as "Young Man of the Year" for his many and varied activities, including that of St. Luke's Episcopal Church, in community life.

The Brawley homeplace was in the 200 block of West Fisher Street on the site of the parking lot of the Rowan Public Library.

His aunt, the late Mrs. Burton Craige of Winston-Salem, a widely known philanthropist, was a major benefactor in establishing the library which is on the site of the old Boyden homeplace.

JAMES S. BRAWLEY, A VALUED CITIZEN

Several weeks ago, a number of friends and admirers of James S. Brawley, knowing that he was terminally ill, met and determined to honor him while he still lived. The result was the James Shober Brawley fund to be used to reprint the popular Footnotes to History columns that ran so many years in The Post.

The result was a touching tribute to the man and the historian and one that he deeply appreciated. But that isn't the point of recalling this incident after his death.

One of those involved in setting up the fund was visiting him in the hospital. "Don't spend that money reprinting those articles I wrote," he said. "Tell them to spend it on the printing of historical articles by others. Mine have already been in print."

His generousity and his concern for ongoing historical research were central to his life. It was characteristic that his concern was in the continuing research into Rowan's history rather than in the creation of a memorial to his life.

Professionally, Brawley was a well-educated historian and, although he didn't follow the profession, was a natural teacher. But unlike most professional historians, his prime interest was in the land of his birth, Rowan County. For a number of years he

has been recognized as one of the finest local historians in the state. It was appropriate and fortunate for Rowan that it was his chosen subject for it has had the richest history of any of the Piedmont and western counties.

The history of Rowan had suffered a long period of benign neglect when Rowan's Bicentennial and Brawley appeared on the scene almost simultaneously, 1953.

The Rev. Jethro Rumple had published an excellent Rowan history in 1881 and some additional findings had been published by Dr. Archibald Henderson and others later. But there were great gaps remaining in Rowan history when the Bicentennial emphasized our history. Brawley undertook to fill those gaps through ceaseless study of local and state records. In some 1,200 columns published on Sundays in the Post, and through many special articles, he vastly expanded our knowledge of our county and our ancestors.

He was still engaged in this seemingly endless pursuit of knowledge and truth at the onset of his fatal illness. It was perhaps characteristic that during the months of his declining health his reading matter was of things historical. "All those Lees . . ." he commented on one of those long days about a biography of Lighthorse Harry Lee he was reading. "There were so many of them they confuse me."

The caricature of historians as dry and dusty researchers would hardly fit Brawley. His was an original and lively mind that perceived life as an experience to be savored and enjoyed to the full. He regarded the follies and sins of mankind, both in the past and today, as foibles natural to man. It wasn't his role either to judge or to forgive; his generous spirit did not permit him to assume roles foreign to him. In short, his outlook was that of an increasingly rare species, a gentleman.

It was this spirit that enabled him to overcome personal problems and become one of Rowan's most useful citizens. While sorrow is inevitable among those who knew him, there must be an equal amount of rejoicing for having known him.●

INTRODUCTION OF EMPLOYER-EMPLOYEE ADOPTION EXPENSES DEDUCTION LEGISLATION

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. OBERSTAR. Mr. Speaker, today I am introducing legislation to encourage adoption by providing for equitable tax treatment of adoption costs. Such costs should be given the same tax treatment as that accorded expenses incurred by natural parents. This legislation offers a three-pronged approach to encourage adoption of the over 100,000 children currently in foster care. I am particularly hopeful that this legislation will encourage adoption of special needs or hard-to-place children. A companion bill has been introduced in the other body by Senator METZENBAUM.

Section 1 provides for the exclusion from taxable income of an employee of those benefits received under an employer's adoption expense plan. Over 30 of the Nation's largest companies presently offer this type of benefit in their health-care plans. Unfortunately, the taxation of these benefits has inhibited other companies, large and small, from initiating this practice. This section would also apply to amounts paid under a discriminatory self-insured medical expense reimbursement plan.

Section 2 is similar to legislation I introduced earlier this year, H.R. 1596, which would authorize a tax deduction for those expenses incurred in the adoption of a child through a State licensed agency or authorized individual or organization. Just as maternal and child health care costs are tax deductible under the law, so should be the administrative and legal costs of parenthood through adoption. These costs are often prohibitive for caring couples who wish to adopt special needs children; adoption expenses in such cases are higher than those of an average adoption. This section includes a denial of double benefit clause.

Section 3 amends the Internal Revenue Code to allow for the treatment of the employer contribution to adoption expense plans as ordinary and necessary business expenses. This compliments section 1.

Adoption is a worthy and admirable practice which should not be discriminated against under the tax laws. We should encourage, not discourage, adoption of the thousands of children, many of whom are in foster homes, to which the Federal Government pays over $400 million annually in AFDC payments.

Despite the high demand for normal, healthy babies, over 100,000 children are waiting to be placed in permanent homes. Many of them are special needs children. The cost of their day-to-day care can far exceed that of other children. Parents who have expressed their interests in devoting their lives, love, and homes should be applauded and encouraged, not thwarted in their efforts.

I urge my colleagues to support this bill by joining as cosponsors.●

INTRODUCTION OF SOCIAL SECURITY LEGISLATION ON REMOVING SOCIAL SECURITY FROM UNIFIED BUDGET AND PERMITTING INTERFUND BORROWING

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Ms. OAKAR. Mr. Speaker, social security benefits paid to the American people are not merely their legal right but their earned right. This inviolable right must be treated as such, not as a discretionary slush fund for balancing the budget. The bill I am introducing today will remove social security from the unified budget, and provide for interfund borrowing between the social security trust funds to cover the short-term deficit.

The administration has recently sounded the death knell for social security. David Stockman predicts a devastating bankruptcy for social security on November 3, 1981. The trustees of the SSA have issued pessimistic projections for a catastrophic crisis that will sink the system if benefit cuts are not enacted. These assertions are biased and unfair. The administration is using the most pessimistic assumptions concerning social security in order to frighten Congress and the American people into accepting drastic benefit cuts that will force fundamental and permanent changes in social security system.

CURRENT OUTLOOK

There is no doubt that some reform is needed to deal with the long-range funding difficulties of social security, but there is no immediate crisis. Data from the Aging Committee's Subcommittee on Retirement, Income and Employment indicate that there is no short-term problem in the combined social security trust funds. This analysis shows that by the end of 1985, under the economic assumptions used by the administration, the trust funds would increase positively by $26.3 billion to $69 billion. Even under pessimistic assumptions, the trust funds would increase by $2.7 billion—not down as some experts would have us believe. Furthermore, the outlook for the next 30 years is very optimistic. Dr. Henry Aaron of the Brookings Institute has stated that after the short-term crisis has passed by 1986, the system will have a 30-year financial interlude. During this period the so-called baby-boom gerneration will be paying into the system offsetting the number of retired people over 65, who will be receiving benefits.

Why then, does the administration call for budget cuts totaling $100 billion—nearly double the amount that the Congressional Budget Office and the Office of Management and Budget estimates deem necessary for social security stabilization—over the next 4 years? Why? Because the administration objective is not merely to address the solvency of the system, but to stockpile a surplus in the overall budget to counteract the huge deficits which would be created by the tax-cutting plan for the rich and the exhorbitant defense spending, among other items in the budget.

My proposal would remove the trust funds from the budget to insure that social security benefits are not used to

provide a quick fix for an unbalanced budget.

Social security was not originally intended to be part of the unified budget. It was included for the first time in 1969 to provide an overall fiscal picture of Government revenues and demands for credit. Robert Ball, director of the SSA under Presidents Kennedy, Johnson, and Nixon, said that this decision, "was probably the worst decision made in the development of social security."

REMOVING THE TRUST FUNDS FROM THE UNIFIED BUDGET

Keeping the trust funds under the unified budget perpetuates the dangerous illusion that social security expenditures are part and parcel of other Federal expenditures based on general revenue taxes. The dangers presented by including the trust funds in general budget accounting are all too obvious. It exposes the social security program to blatant manipulation by persons who would transfer social security surpluses into the general fund to finance budget deficits. It does nothing less than balance the budget on the backs of the elderly.

The financing of social security must be considered separately from the entire budget. Social security policies are spread over long periods of time and pay as you go financing depends on direct line contributions and payments. Political budget tinkering could not take place if social security was returned to its original place apart from the Federal budget. Removing social security from the unified Federal budget should, once and for all, distinguish farsighted social security financing from short-term budget balancing issues.

INTERFUND BORROWING

The second part of my bill, which authorizes interfund borrowing among the three social security trust funds—old-age and survivors insurance, disability insurance, hospital insurance—helps the social security system to weather the current storm, while avoiding drastic and ill-advised changes in the fundamental nature of social security.

The recently issued 1981 trustees report, in my judgment, overemphasizes the worst case scenarios—as well as overemphasizes the status of the old-age and survivors insurance trust fund, rather than the combined totals. However, the facts show there are surpluses in other trust funds, which, when transferred on a short-term basis to the OASI, can alleviate OASI's short-term deficit.

Specifically, recent CBO projections concluded that sufficient reserves will remain in the OASI program up to the beginning of 1984; the DI trust fund will improve its position substantially through 1986, with reserves increasing to 132 percent of outlays; and the HI trust fund balance will grow to over 80 percent of annual outlays over the next 5 years.

Only the OASI fund is expected to experience a cash-flow problem in the next several years.

The provision for interfund borrowing allows for borrowing among the three trust funds if assets of any one fund fall below 20 percent of 1 year's benefits. Shortfall in one fund can be compensated for by loans from another fund. The deficit in the OASI fund, which is expected to persist through 1986, could be paid for by loans from the hospital insurance fund, which is expected to maintain a budget surplus during that period.

Interfund borrowing has been supported by a variety of social security experts. The 1980 Social Security Administration report recommended interfund borrowing on the condition that such loans will not jeopardize the cash position of any one fund. The report added that this action would be sufficient to support social security through the 1980's. Stanford Ross, William Driver, and Robert Ball, three former SSA Administrators, who testified before the Aging Committee's Task Force on Social Security and Women, which I chair, have all endorsed the idea of interfund borrowing.

Interfund borrowing is a simple, costless solution to the current deficit in the OASI fund. Even under pessimistic projection, interfund borrowing among the old-age, disability, and hospital insurance funds would solve most of the short-term problems with the potential to solve the long-term problems as well. Interfund borrowing will see the funds through the lean years ahead without subjecting the elderly to further benefit reductions.

CONCLUSION

Solutions to the long-term financing problems of social security must be considered, but there is no immediate cause of alarm. The administration has blanketed the social security crisis in an artifical atmosphere of crisis, fostering false fears and proposals for massive benefit reductions. These cuts are cruel and excessive, and their long-range effects are uncertain at best. These proposals present dangers to millions of Americans: The 3.1 million Americans who will see their benefits taken away immediately; the 7.1 billion older Americans for whom social security is the only source of income; and the 15 million older Americans who turn to social security as their primary income source. Those hurt worst will be the 72 percent of our elderly poor who are women. It is our collective responsibility to insure that this group, representing the moters, grandmothers, and great-grandmothers of our Nation, is protected.

We can protect them by striking down any proposals for immediate social security benefit cutbacks. Interfund borrowing is a sufficient solution to the current problems. It will give us all time to consider long-term solutions in a rational and objective manner. Second, removing social security from the general budget will eliminate forever the temptation to use social security funds to balance the budget. We cannot allow social security benefits paid for by our elderly to be sacrificed in the name of lower taxes for the rich and higher defense spending. This proposal will insulate the social security system from shortsighted political machinations, which will seriously alter the future course of the social security system, while exhausting the already meager resources of our elderly who deserve to have their social security trust fund protected.●

COTTON DUST STANDARDS

HON. BUTLER DERRICK

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. DERRICK. Mr. Speaker, I am today introducing legislation to assist the textile industry in its efforts to comply with the cotton dust standards issued by the Occupational Safety and Health Administration and recently unheld by the U.S. Supreme Court.

While I agree with the Court that the health of the workers is of the utmost importance, I have a sincere concern for the potential effect which this may have on the textile industry, in particular, the smaller textile mill which does not have the capital to comply with these regulations by 1984. Should these mills be forced to close due to their inability to comply with these standards many workers would be left without employment—a strange twist for those who these standards were intended to help.

My bill would allow the textile industry to fully expense any machinery and equipment placed in service after December 31, 1980, used to meet the 1978 cotton dust standards. Machinery and equipment would be eligible for this tax treatment if used in connection with a facility in operation before January 1, 1981.

Full compliance with the cotton dust standards by the industry will have a greatly beneficial impact upon those men and women who are employed in the textile mills of this country. It has been estimated that 35,000 employed and retired workers, or 1 in 12, suffers from the most disabling form of byssinosis. Their working conditions and thus their health will be significantly improved and at the same time the productivity of the mills will also be improved if this measure is passed.

Mr. Speaker, I believe passage of this legislation to be crucial to the tex-

tile industry in this country and hope that there will be quick enactment of this measure.●

TITLE 9 OF THE DEFENSE AUTHORIZATION ACT

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. CONYERS. Mr. Speaker, I would like to introduce into the RECORD at this time the text of an amendment I will introduce tomorrow to title 9 of the Defense Authorization Act, H.R. 3519. This amendment would delete the posse comitatus provisions, which authorize a military role in civilian law enforcement from the bill. I urge my colleagues to support the amendment. An explanation of the amendment follows:

WASHINGTON, D.C., *July, 13, 1981.*

"Despite my high respect for those who wish to use the military forces to fight the drug traffic, I can not find words adequate to express how unwise that would be."—Sam Ervin, commenting upon the posse comitatus provisions of H.R. 3519.

DEAR COLLEAGUE: The posse comitatus provisions of H.R. 3519 authorize military personnel to share information, equipment, and facilities with civilian law enforcement officials and to train civilian officials in the use of loaned equipment. Under the Judiciary Committee version of the bill, military personnel could be used to assist federal drug enforcement officials by operating the loaned equipment. The Armed Services Committee version of the bill goes even further and permits the use of military personnel to assist federal drug enforcement officials in making arrests and seizures.

That the military should not be used routinely to enforce civilian law is a principle dating back to colonial time. The Founders of our country saw British troops being used for civilian law enforcement and were moved to complain in the Declaration of Independence that the King "has affected to render the military independent of and superior to the civil power."

The function of the military is national defense, not civilian law enforcement. The posse comitatus provisions in both the Judiciary Committee and the Armed Services Committee versions will involve our military forces in civilian law enforcement activities. It should be noted that the Department of Defense does not want such authority and has opposed the narrower Judiciary Committee language as well as the broader Armed Services Committee language.

The principle that the military should not be routinely used for civilian law enforcement is as valid today as it was when the Founders wrote our Constitution. Because the posse comitatus provisions of H.R. 3519 violate that principle, I will offer an amendment to delete them. I urge your support of my amendment.

Sincerely,

JOHN CONYERS, Jr.

AMENDMENT TO H.R. 3519, AS REPORTED OFFERED BY MR. CONYERS

Page 43, strike out line 7 and all that follows through line 12 on page 48.

Redesignate succeeding sections accordingly.●

THE 20TH ANNIVERSARY OF PEACE CORPS

HON. THOMAS E. PETRI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. PETRI. Mr. Speaker, a very significant event took place last month in Washington—over 2,000 returned Peace Corps volunteers—RPC's—assembled at a conference at Howard University as part of the observance of the 20th anniversary of the Peace Corps. As an RPCV myself, I served in Somalia in 1966-67, I was interested in the forum, which focused upon the role of the Peace Corps in the emerging decade. I thought that since the conference was such a success, and that you may have missed the favorable news reports, you might like to hear about it from a returned Peace Corps volunteer.

President Ronald Reagan sent the conference a positive, optimistic message commending the more than 80,000 past and present PCV's for "their personal contributions to international friendship and peace." He pointed out that their efforts "have done much to replace fear and mistrust with mutual understanding." The President's words, in conjunction with a stirring speech by the Peace Corps' new Director Loret M. Ruppe, enthused the crowd by voicing the administration's intention to keep the Peace Corps alive and well, because, in Mrs. Ruppe's words: "The call is even greater now, and it is more our duty to answer it than in 1960."

While the Peace Corps is withdrawing from four countries due to budgetary restraints, Mrs. Ruppe promised that most of the budget cuts would be sustained at the Washington office rather than in the field.

AID Administrator Peter McPherson, a RPCV from Peru, and a keynote speaker, expressed his view on what our tasks in the Third World should be:

We need to help build institutions so that people in the third world can do for themselves—I am thinking of institutions like agricultural extension systems and village health programs. This approach to assistance is truly treating a poor country as a sovereign; too often foreign assistance has been a hand-to-mouth program. It should be a hand-to-hand program. We are not always going to be there. Our resources are relatively limited and our role is not to engage in international welfare. Our task is to help people help themselves.

Another memorable speaker at the conference was Jamaica's Prime Minister Edward Seaga, who warmly thanked the volunteers for their assistance in his country:

In this world of ordinary problems and ordinary folk, helping to build a water tank, teaching farmers in the field, bringing literacy to the unschooled are mightier messages of international friendship than the treaties and accords which resolve conflict and hostility between States.

Similar gratitude was expressed by His Eminence Stephan Cardinal Kim Sou Hwan, Archbishop of Seoul, Korea, and Andre Wright, Niger's Ambassador to the United States. Also speaking to the crowd were some distinguished Peace Corps alumni: Senator PAUL TSONGAS, RPCV from Ethiopia, and Calvin Williams, RPCV Niger and Morocco, now vice president for Africa for the Chase Manhattan Bank. Last but certainly not least, Sargent Shriver, the Peace Corps' first Director, fittingly gave the closing address to the assembly, combining nostalgic memories, as well as great hopes for the future of the Peace Corps.

To sum up the conference in a few words from Mrs. Ruppe, its new director: "The real challenge is to let people know that the Peace Corps has been and continues to be a success story." Everyone at the convention in Washington agreed that there was a large assignment ahead to educate fellow Americans to the realities of the Third World, and to reawaken public awareness of the Peace Corps, in Congress as well as throughout the country.

Therefore, I call upon you, my colleagues, to help restore public consciousness of the Peace Corps. It is quite sad that many people today are not aware that the Peace Corps still exist, let along the fact that it has 5,176 volunteers presently working in 62 countries.

I urge you to recognize, as the conference participants did, that there is a vital place for the Peace Corps in the 1980's; that Americans can be motivated today just as they were in the 1960's; and that the amplitude of the need is even more intense today.

As you can see, the Peace Corps is very special to me. For that reason, I urge you, my distinguished colleagues, to support the continued vitality of the Peace Corps in its 20th anniversary year, and in the decades beyond. I pledge to do all I can, and I hope you will join me, in seeing that the American people know that the Peace Corps is still a winning proposition. But it can only continue to be a success with your help.

I suggest that if you're traveling in one of the 62 countries where the Peace Corps is present, you try to stop at a Peace Corps project site to see for yourself what the volunteers are doing to make life a little better for the villagers there. It is an immensely gratifying experience to see what an effect the Peace Corps can have.●

REAGAN'S BASEBALL INTERVENTION AS AN "OPIATE TO THE MASSES"

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. OTTINGER. Mr. Speaker, President Reagan campaigned against Federal intervention in the private marketplace. He has been making speeches around the country railing against the sins of Federal intervention.

Now suddenly, lo and behold, we find the President actively intervening to settle a private dispute between baseball players and team owners.

As I wondered at the breakfast table this morning what could be the overriding national interest that could impel the President to abandon his staunchest principles, my wife, Sharon Frink, offered a likely answer.

"It is simple," she said:

Baseball is to Reagan like religion is to the Russians—an opiate to the masses; if you cannot give the people jobs or food or housing or health care—why then it is clearly a matter in the national interest such as to justify Federal intervention—to give them baseball.

I pass on this wifely wisdom for the benefit of my colleagues.●

THE REAGAN ADMINISTRATION CHANGING BASIC POLICY THROUGH APPOINTMENTS AS WELL AS THROUGH THE BUDGET PROCESS

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. SEIBERLING. Mr. Speaker, last Saturday I held my regular office hours for constituents in the city of Akron, Ohio. Every one of the individuals and groups that came to see me expressed some fear or concern as to the effect on their lives of the budget cuts and other policy initiatives being pursued by the Reagan administration. Retired people were concerned as to the effect of the proposed cuts in social security. Some persons on general relief were concerned as to the cuts in food stamps.

A young mother, who works as a waitress in order to supplement her husband's earnings, was concerned as to the lack of day care facilities. She told me she would be better off financially to go on welfare, but she is a believer in the work ethic. However, she and her husband, because of the tremendous escalation in interest rates, have all but given up the hope of ever owning their own home. Their concern now is the future of public housing.

A group of minority citizens came to express concern about the administration's ambivalent position concerning the extension of the Voting Rights Act without crippling amendments. A second group expressed concern about the apparent downgrading of environmental protections.

Mr. Speaker, it seems quite clear to me that the public is developing a sense of great unease over the almost reckless determination of the administration to set the clock back on an entire generation of social, environmental, and civil rights progress.

While the Congress has been necessarily focusing on the administration's use of the budget process to make sweeping reversals in established legislation and programs, the administration has also been engaged in a campaign to make similar changes through its control of the executive branch and executive agencies. A recent article in the New York Times, reprinted in the Akron Beacon Journal for July 5, expands on this latter effort.

As the article says, this reversal would consist mainly of lifting restrictions on business while playing down the Government's activist role as a protector of workers, consumers, and minorities. While some regulatory relief for business is, no doubt, appropriate, the administration's effort includes the appointment of officials who, in previous administrations, might have been ruled out by concern over possible lack of qualifications or conflict of interest, or even open hostility to the mission of the agencies they now lead.

While appointments to the key environmental agencies, such as Secretary of the Interior and the Director of the Environmental Protection Agency, have received the most publicity, the article points out that similar efforts have been made all along the line.

In some cases, especially the environmental agencies, this pattern of appointments may well turn out to be the political Achilles heel of the Reagan administration. If there are any two things that the overwhelming majority of the American people seem to agree on, one is getting inflation under control and the other is protecting the environment. The people are not buying the idea that to win the fight on inflation we must destroy our heritage or foul our air and water. Nor, when the full effects of the administration's policies become apparent, with devastating effects on the elderly, on working people, and on blacks, and other minorities, I believe the Nation will reject the idea that we can simply walk away from our national commitments to assure them a decent life.

Mr. Speaker, the full text of the New York Times article follows these remarks:

[From the Akron Beacon Journal, July 5, 1981]

REAGAN SETS OUT TO REVERSE BUSINESS, CIVIL-RIGHTS POLICY

(By Howell Raines, New York Times)

WASHINGTON.—At a time when public attention has been riveted on President Ronald Reagan's tax and budget plans, his administration has quietly set out to accomplish a sweeping reversal of policy and practice in the way the government deals with business and individual citizens.

This reversal would consist mainly of lifting restrictions on business while playing down the government's activist role as a protector of workers, consumers and minorities.

It also involves a broad effort by the administration to review and, in many cases, to modify the network of laws and reforms put into place as a result of the Watergate scandals, the civil rights movement of the 1960s and the environmental movement of the 1970s.

In key Cabinet and regulatory jobs, the Reagan transformation amounts to a revolution of attitude involving the appointment of officials who in previous administrations might have been ruled out by concern over possible lack of qualifications or conflict of interest, or open hostility to the mission of the agencies they now lead.

"The common thread is one of less regulation on business enterprises," says E. Pendleton James, the White House personnel director. "We are following President Reagan's policies and that is why the people we are appointing are so different from Jimmy Carter's appointees. It's a whole new ball game."

Reagan's appointments, unlike the other aspects of his policy shift, have captured a good deal of attention, much of it unfavorable. For example, environmentalists have criticized the Secretary of Interior, James G. Watt, who they contend is more interested in developing federal lands than in conserving them.

But senior White House officials defend such appointments and the attending policy changes as simply the opposite side of the Carter administration's appointments of environmentalists, consumer activists and civil rights figures to positions in which they could convert their personal feelings into government policy.

"It's not unlike putting Carol Foreman in the consumer affairs division at the Agriculture Department," said one of Reagan's key advisers, naming a Carter appointee criticized by Reagan for putting shoppers' interests ahead of those of farmers.

In any case, another White House adviser said, a petition drive to remove Watt from office has only stiffened Reagan's devotion to the political motive behind such appointments.

"It reflects the belief that an election occurred in November, and the President was elected with a clear promise that he would appoint people in the regulatory and environmental areas that favor less regulation," the adviser said. "He believes he had a mandate to appoint people like that."

In fact, Reagan repeatedly promised in his presidential campaign to find appointees who were less adversarial in their attitudes toward business. His staff suggests that some of the reaction to the appointments may stem from surprise at a president's keeping his campaign promises so thoroughly.

But interviews with officials and critics of the administration show that this pattern of appointments is only part of an expansion of the Reagan mandate that has worked in these ways:

In appointments, regulatory jobs important to business were filled months ago, while key positions in agencies aimed at guaranteeing the rights of minorities, consumers, workers and union members have been filled only in the last few weeks or remain vacant.

In regulatory agencies, most appointees are former employees or financial beneficiaries of the concerns whose activities they are supposed to police. But appointees to agencies that guard individual rights often have records of little or no experience, philosophical neutrality or proven opposition to the missions of the agencies they direct.

Stewardship of natural resources on federal lands has been turned over to former employees of mining, timber and oil companies, while environmental quality jobs have gone to advocates of increased use of coal and nuclear power and of lower water and air quality standards for industry.

The Justice Department and White House Personnel Office are preparing a package of efforts to abolish or weaken legislation governing ethic, conflicts of interest and financial disclosures, the Freedom of Information Act and the law authorizing special prosecutors to investigate criminal accusations against government officials.

An offensive is under way to weaken and in some cases reverse the antitrust and corporate bribery activities in the Justice Department and Securities and Exchange Commission, and the administration attempted to wipe out the Federal Trade Commission's "Bureau of Competition," which protects small businesses from larger concerns.

Similar efforts have been made to abolish or change the populist orientation of a broad range of individual rights agencies, including the Equal Employment Opportunity Commission, the Occupational Health and Safety Administration, the Consumer Products Safety Commission, the National Labor Relations Board and the Legal Services Corp.

In the area of civil rights, the proposed policy reversals, some of which would overturn decades of government practice, have caused debate and delay within the White House. The Voting Rights Act of 1965, now under review at the White House and the Justice Department, is the object of passionate argument and "lobbying" among Reagan's advisers, according to several such officials.

The moderate faction believes that if the President sides with Southern congressional conservatives who want to alter the act he will be seen as turning back the clock on race relations. In fact, before a black businessman agreed last month to be chairman of the Equal Opportunity Employment Commission, Reagan had been repeatedly rebuffed by blacks who refused the appointment when White House aides told them of the administration's plan to bring a probusiness tilt to the commission's investigations of job discrimination.

But there were no internal disputes on the policy of turning the regulatory agencies over to representatives or lawyers for the industries being regulated. Such appointees are already in place at the Securities and Exchange Commission, the Federal Aviation Administration, the Federal Communications Commission, the Commodity Futures Trading Commission, the Interstate Commerce Commission and the Federal Home Loan Bank.

The impact of these appointments was almost immediate. At the Federal Home Loan Bank, for example, one of the first acts of Richard T. Pratt, the savings and loan executive chosen by Reagan, was to authorize the variable rate mortgages favored by lending institutions.

James, the White House personnel chief, said that on such appointments the President's top adviser, Edwin Meese III, often "interjects himself" into the interviewing process to assure conformity to Reagan's goal of ending the adversarial relationship between business and regulatory agencies.

James also said that business regulatory appointments had been made more quickly than those having to do with union members and minorities, "because we are moving more cautiously in those areas."

James' remark appears to contradict the official White House position that there has been no conscious purpose in delaying until recently appointments to the labor relations board, the equal employment commission and the government's most important civil rights post, the assistant attorney general for civil rights. But James makes it clear that in these "sensitive" jobs, the administration has a strict ideological prescription.

The labor board appointee that Reagan is looking for is "one who will restore the balance between labor and management," James said.

"Carter tilted it too heavily toward labor. In the EEOC, the Carter appointees are all rather liberal in their civil rights views," he said.

When businesses are accused of racial discrimination before the equal employment commission, James said, the White House wants a "more rational review of those cases than has been given them in the past."

He concluded, "We are not an antibusiness administration."

William M. Bell, a self-employed financial consultant who believes the equal employment commission has been too hard on business, was finally offered the job after the White House abandoned its search for a chairman with stronger credentials in the civil rights area.

"On the EEOC," said one of Reagan's main advisers, "all I can say is that I bet we've asked five or six blacks to chair that commission and we've been turned down."

The key environmental agencies—the Interior Department, the Council on Environmental Quality and the Environmental Protection Agency—represent the administration's most painstaking adherence to the pattern followed in the Watt appointment.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, July 16, 1981, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

JULY 17

9:15 a.m.
Select on Ethics
To resume hearings, in closed session, on matters involving Senator Williams.
6228 Dirksen Building

9:30 a.m.
Labor and Human Resources
To continue hearings on the scope of preventive health programs.
4232 Dirksen Building

10:00 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
Business meeting, to mark up the substance of H.R. 4034, pending in House, proposed budget estimates for fiscal year 1982 for the Department of Housing and Urban Development, and certain independent agencies.
1223 Dirksen Building

Commerce, Science, and Transportation
Consumer Subcommittee
To resume oversight hearings on the Federal Trade Commission's activities relating to State-regulated professionals and professional organizations.
235 Russell Building

*Environment and Public Works
To hold hearings on the nominations of Kathleen M. Bennett, of Virginia, to be Assistant Administrator for Air, Noise, and Radiation, and John P. Horton, of New Jersey, to be Assistant Administrator for Administration, both of the Environmental Protection Agency.
4200 Dirksen Building

Foreign Relations
To hold hearings on the nominations of Monteagle Stearns, of California, to be Ambassador to Greece, Robert Strausz-Hupe, of Pennsylvania, to be Ambassador to the Republic of Turkey, David Anderson, of New York, to be Ambassador to the Socialist Federal Republic of Yugoslavia, and Marshall Brement, of Arizona, to be Ambassador to Iceland.
4221 Dirksen Building

Judiciary
To resume hearings on the nomination of William B. Reynolds, of Maryland, to be Assistant Attorney General for Civil Rights, Department of Justice.
2228 Dirksen Building

Rules and Administration
Business meeting, to consider Senate Resolution 20, providing for television and radio broadcasting of Senate Chamber proceedings; S. 778, authorizing additional funds to plan for the development of the area south of the

original Smithsonian Institution building (South Garden Quadrangle); the nomination of Danford L. Sawyer, Jr., of Florida, to be Public Printer, and other legislative and administrative business.

301 Russell Building

2:00 p.m.

Foreign Relations

To hold hearings on the nominations of Richard N. Viets, of Vermont, to be Ambassador to the Hashemite Kingdom of Jordan, and John R. Countryman, of the District of Columbia, to be Ambassador to the Sultanate of Oman.

4221 Dirksen Building

Labor and Human Resources

To hold hearings on the nominations of Donald J. Senese, of Virginia, to be Assistant Secretary for Educational Research, and Improvement, Daniel Oliver, of Connecticut, to be General Counsel, Thomas P. Melady, of Connecticut, to be Assistant Secretary for Postsecondary Education, and Anne Graham, of Virginia to be Assistant Secretary for Legislation and Public Affairs, all of the Department of Education, George A. Conn, of Maryland, to be Commissioner of the Rehabilitation Services Administration, Thomas L. Lias, of Iowa, to be an Assistant Director of the ACTION Agency, William E. Mayer, of California, to be Administrator of the Alcohol, Drug Abuse, and Mental Health Administration, and Robert A. Rowland, of Texas, to be a Member of the Occupational Safety and Health Review Commission.

4232 Dirksen Building

JULY 20

9:00 a.m.

*Labor and Human Resources

To resume oversight hearings on the activities of the Office of Federal Contract Compliance Programs of the Department of Labor, focusing on Executive Order 11246, regulations relating to affirmative action.

4232 Dirksen Building

9:30 a.m.

Commerce, Science, and Transportation

To hold hearings on the nomination of George A. Keyworth, II, of New Mexico, to be Director of the Office of Science and Technology Policy.

235 Russell Building

10:00 a.m.

Energy and Natural Resources

To hold hearings on S. 1475, extending until June 30, 1985, the authority of section 252 of the Energy Policy and Conservation Act which authorizes U.S. oil companies to participate in voluntary agreements for implementing the allocation and information provisions of the agreement on an international energy program, and provides a limited defense against any antitrust suits brought against U.S. oil companies participating in the international energy program.

3110 Dirksen Building

*Environment and Public Works

To hold hearings on S. 548 and S. 1192, bills authorizing funds for completion of Union Station, Washington, D.C.

4200 Dirksen Building

Judiciary

Immigration and Refugee Policy Subcommittee

To hold hearings to examine issues relative to the Cuban-Haitian mass asylum in the United States.

412 Russell Building

2:00 p.m.

Banking, Housing, and Urban Affairs

International Finance and Monetary Policy Subcommittee

To hold hearings on S. 868, proposed Competitive Export Financing Act.

5302 Dirksen Building

Environment and Public Works

Environmental Pollution Subcommittee

To resume oversight hearings on the implementation of Public Law 96-510, providing for the adequate and safe treatment of hazardous substances released into the environment.

4200 Dirksen Building

Foreign Relations

To hold hearings on the proposed Agreement reached by the Governments of the United States, Egypt and Israel on the stationing of a multinational force in Sinai.

4221 Dirksen Building

JULY 21

9:30 a.m.

Select on Intelligence

To hold hearings on S. 1273, providing relief to the Central Intelligence Agency and other components of the intelligence community from the burden of responding to certain types of information under the provisions of the Freedom of Information Act.

3110 Dirksen Building

10:00 a.m.

Banking, Housing, and Urban Affairs

Financial Institutions Subcommittee

To resume hearings on S. 1406, proposed Credit Deregulation and Availability Act, and S. 963, authorizing loans at interest rates in excess of certain State usury ceilings.

5302 Dirksen Building

Foreign Relations

East Asian and Pacific Affairs Subcommittee

To resume hearings on U.S. military strategic policy in Southeast Asia.

4221 Dirksen Building

Judiciary

Business meeting, to consider pending calendar business.

2228 Dirksen Building

2:00 p.m.

Environment and Public Works

Regional and Community Development Subcommittee

To resume oversight hearings on the implementation of the Disaster Relief Act, and to resume hearings on proposed legislation authorizing funds for disaster relief programs.

4200 Dirksen Building

Judiciary

Criminal Law Subcommittee

To hold hearings on S. 1434, permitting U.S. courts to sit in judgment of cases alleging that a foreign government official violated international law.

2228 Dirksen Building

JULY 22

9:00 a.m.

Foreign Relations

East Asian and Pacific Affairs Subcommittee

To hold hearings on U.S. trade and economic policies and development problems in Southeast Asia.

4221 Dirksen Building

*Veterans' Affairs

To hold hearings on S. 5, S. 7, S. 25, S. 26, S. 48, S. 105, S. 248, S. 417, and S. 742, bills providing educational assistance to members of the Armed Forces.

318 Russell Building

9:30 a.m.

Banking, Housing, and Urban Affairs

To hold oversight hearings on the conduct of monetary policy.

5302 Dirksen Building

Commerce, Science, and Transportation

Science, Technology, and Space Subcommittee

To hold joint hearings with the House Committee on Science and Technology on the proposed operational remote satellite sensing system.

235 Russell Building

Judiciary

*Constitution Subcommittee

To resume oversight hearings on the implementation of the Freedom of Information Act, and to resume hearings on S. 1247, S. 1235, and S. 587, bills providing for the protection of certain confidential information from the disclosure requirements of the Freedom of Information Act.

424 Russell Building

10:00 a.m.

Energy and Natural Resources

Energy Conservation and Supply Subcommittee

To hold hearings on S. 506, reinstating and validating certain numbered U.S. oil and gas leases.

3110 Dirksen Building

Environment and Public Works

Business meeting, to resume consideration of S. 548 and S. 1192, bills authorizing funds for completion of Union Station, Washington, D.C., and other pending calendar business.

4200 Dirksen Building

2:00 p.m.

Environment and Public Works

Environmental Pollution Subcommittee

To hold hearings on S. 1018, providing for the protection and conservation of fish and wildlife resources.

4200 Dirksen Building

Governmental Affairs

*Intergovernmental Relations Subcommittee

To hold hearings on State governments' implementation of Federal standards relating to the Clean Air Act.

3302 Dirksen Building

JULY 23

9:00 a.m.

Office of Technology Assessment

The Board, to hold a general business meeting.

S-126, Capitol

*Veterans' Affairs

To continue hearings on S. 5, S. 7, S. 25, S. 26, S. 48, S. 105, S. 248, S. 417, and S. 742, bills providing educational assistance to members of the Armed Forces.

1202 Dirksen Building

9:30 a.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To continue joint hearings with the House Committee on Science and Technology on the proposed operational remote satellite sensing system.
Room to be announced.
*Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold hearings on S. 1032, S. 1383, and S. 1484, bills promoting the development of oil shale resources.
3110 Dirksen Building
Judiciary
Agency Administration Subcommittee
To hold hearings to review section 912 of S. 815 (Department of Defense Authorizations for fiscal year 1982), relating to liability of the United States for certain tort actions of members of the National Guard.
2228 Dirksen Building
Judiciary
Constitution Subcommittee
To resume hearings on S. 584, S. 585, and S. 990, bills creating a Federal cause of action for the violations of a person's civil rights under color of State law relating to constitutional rights or laws providing for equal rights of citizens or all persons within U.S. jurisdiction.
5110 Dirksen Building
*Labor and Human Resources
Aging, Family and Human Services Subcommittee
To hold hearings on adoption services in the United States.
4232 Dirksen Building
10:00 a.m.
Banking, Housing, and Urban Affairs
To continue oversight hearings on the conduct of monetary policy.
5302 Dirksen Building
2:00 p.m.
*Banking, Housing, and Urban Affairs
International Finance and Monetary Policy Subcommittee, and the Securities Subcommittee
To resume joint hearings on S. 708, clarifying the intent and modifying certain provisions of the Foreign Corrupt Practices Act of 1977.
5302 Dirksen Building
Environment and Public Works
Toxic Substances and Environmental Oversight Subcommittee
To hold hearings on the environmental impact of chlorofluorocarbons.
4200 Dirksen Building

JULY 24

10:00 a.m.
Environment and Public Works
Water Resources Subcommittee
To resume hearings on S. 809 providing for the recovery of certain expenditures of the U.S. Army Corps of Engineers for operation, maintenance and construction of deep-draft channels and oceans and Great Lakes ports of the U.S., and Amendment No. 31 thereto, authorizing a program to expedite the construction of deep-draft harbors; S. 810, prescribing a system of user fees to be levied on commercial transportation on the inland waterway projects, and Amendment No. 32, thereto, expediting the construction of inland waterway projects, and assuring that the users of such projects repay a fair percentage of the costs of such works; and related measures, including S. 68, S. 202, S. 576, S. 828, and S. 1094.
4200 Dirksen Building
Foreign Relations
To hold hearings on S. 854, establishing an Office of Foreign Missions responsible for providing benefits for foreign missions on terms approved by the Secretary of State.
4221 Dirksen Building
1:30 p.m.
Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings to examine the enforcement of U.S. immigration laws.
412 Russell Building

JULY 27

9:30 a.m.
Finance
International Trade Subcommittee
To hold hearings on proposed legislation extending the President's authority to waive the freedom of immigration provision of the Trade Act.
2221 Dirksen Building
Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold oversight hearings on research activities of the National Institute on Alcohol Abuse and Alcoholism and the National Institute on Drug Abuse.
4232 Dirksen Building
10:00 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Research and General Research Subcommittee
To hold hearings on proposed revisions of the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), Public Law 96-539.
324 Russell Building
Environment and Public Works
Business meeting, to resume consideration of S. 548 and S. 1192, bills authorizing funds for completion of Union Station, Washington, D.C., and other pending calendar business.
4200 Dirksen Building
2:00 p.m.
Agriculture, Nutrition, and Forestry
Agricultural Research and General Research Subcommittee
To continue hearings on proposed revisions of the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), Public Law 96-539.
324 Russell Building

JULY 28

9:00 a.m.
*Select on Ethics
To resume hearings on matters involving Senator Williams.
6226 Dirksen Building
9:30 a.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To hold hearings on proposed legislation to provide title to contractors receiving Federal research and development funds.
235 Russell Building
2:00 p.m.
*Governmental Affairs
Intergovernmental Relations Subcommittee
To hold hearings to review alternatives for delivering public services, focusing on certain private sector involvement in social services.
3110 Dirksen Building
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

JULY 29

9:00 a.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To continue hearings to review alternatives for delivering public services, focusing on certain private sector involvement in social services.
357 Russell Building
*Labor and Human Resources
To resume oversight hearings on the activities of the Office of Federal Contract Compliance Programs of the Department of Labor, focusing on Executive Order 11246, regulations relating to affirmative action.
4232 Dirksen Building
*Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building
9:30 a.m.
*Veterans' Affairs
Business meeting, to mark up S. 349, providing for limited judicial review of the administrative action of the Veterans' Administration, and for reasonable fees to attorneys representing legal counsel for veterans, and other pending legislative business.
412 Russell Building
10:00 a.m.
Environment and Public Works
Business meeting, to resume consideration of S. 548 and S. 1192, bills authorizing funds for completion of Union Station, Washington, D.C., and other pending calendar business.
4200 Dirksen Building
Select on Indian Affairs
To hold hearings on S. 792, establishing a National Institute of Native American Culture and Arts Development.
5110 Dirksen Building
2:00 p.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To continue hearings to review alternatives for delivering public services, focusing on certain private sector involvement in social services.
357 Russell Building
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

JULY 30

9:00 a.m.
*Governmental Affairs
Intergovernmental Relations Subcommittee
To continue hearings to review alternatives for delivering public services, focusing on certain private sector involvement in social services.
318 Russell Building
*Labor and Human Resources
To continue oversight hearings on the activities of the Office of Federal Contract Compliance Programs of the Department of Labor, focusing on Execu-

tive Order 11246, regulations relating to affirmative action.
4232 Dirksen Building

*Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

9:30 a.m.
Select on Indian Affairs
To hold hearings on S. 159, authorizing the exchange of certain land held by the Navajo Tribe and the Bureau of Land Management, Department of the Interior, and S. 1340, providing for the use and distribution of judgment funds awarded to the Clallam Tribe of Indians, State of Washington.
3110 Dirksen Building

10:00 a.m.
Judiciary
To hold hearings on S. 326, prohibiting a refiner, other than an independent or small refiner, from operating a gas station in the United States, and making it unlawful for a supplier to practice price discrimination in the sale of motor fuel.
2228 Dirksen Building

2:00 p.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

JULY 31

9:00 a.m.
*Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

2:00 p.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

AUGUST 24

9:30 a.m.
Select on Ethics
Closed meeting, to discuss committee procedures in its investigation of Senator Williams.
6228 Dirksen Building

SEPTEMBER 15

9:30 a.m.
Labor and Human Resources
Aging, Family and Human Services Subcommittee
To hold hearings on primary intervention in addressing societal problems.
4232 Dirksen Building

SEPTEMBER 16

9:30 a.m.
*Veterans' Affairs
Business meeting, to markup S. 5, S. 7, S. 25, S. 26, S. 48, S. 105, S. 248, S. 417, and S. 742, bills providing educational assistance to members of the Armed Forces, and S. 266 and amendment No. 62 of S. 636 (Veterans' Administration Health Care Amendments), measures implementing procedures and guidelines for the interagency sharing of health resources between the Department of Defense and the Veterans' Administration.
412 Russell Building

SEPTEMBER 22

10:00 a.m.
Veterans' Affairs
To hold hearings on fiscal year 1982 legislative recommendations of the American Legion.
318 Russell Building

SEPTEMBER 23

10:00 a.m.
Labor and Human Resources
Investigations and General Oversight Subcommittee
To hold oversight hearings on the activities of the Occupational Safety and Health Administration.
4232 Dirksen Building

SEPTEMBER 24

10:00 a.m.
Labor and Human Resources
Investigations and General Oversight Subcommittee
To continue oversight hearings on the activities of the Occupational Safety and Health Administration.
4232 Dirksen Building

CANCELLATIONS

JULY 16

9:30 a.m.
*Veterans' Affairs
To continue oversight hearings on procedures for the adjudication of certain claims, and to hold hearings on S. 349, providing for limited judicial review of the administrative action of the Veterans' Administration, and for reasonable fees to attorneys representing legal counsel for veterans.
412 Russell Building

JULY 17

2:00 p.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

JULY 20

9:30 a.m.
Select on Ethics
To resume hearings on matters involving Senator Williams.
6226 Dirksen Building

2:00 p.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

JULY 21

9:30 a.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

2:00 p.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

JULY 22

9:30 a.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

2:00 p.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

JULY 23

9:30 a.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold oversight hearings on the implementation of the Federal coal leasing program.
3110 Dirksen Building

2:00 p.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

JULY 24

9:30 a.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

2:00 p.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

JULY 27

9:30 a.m.
Select on Ethics
To resume hearings on matters involving Senator Williams.
6226 Dirksen Building

2:00 p.m.
Select on Ethics
To continue hearings on matters involving Senator Williams.
6226 Dirksen Building

HOUSE OF REPRESENTATIVES—*Thursday, July 16, 1981*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

The following prayer was written in Hebrew by a rabbi of a small village in the Carpathian Mountains composed almost 100 years before the founding of our Nation:

Master of the universe,
Let there be no good hope that is not a command,
Let there be no prayer that does not ask to become a deed,
Let there be no promise unless it be kept.
Upon this Earth may just and reverent nations arise;
Needing no challenge like war,
No more undone by poverty and injustice.
Let there be places where every person matters.
So shall the human community,
Rich in beginning and poor in conclusions,
Grow mature in wisdom and ripe in understanding.
Upon this Earth may women of spirit arise,
Men of integrity and compassion,
Creators of God-seeking peoples;
Slow to judge others,
Quick to judge themselves:
So may they be all their days and years.
We ask for messiahs,
A new age of the spirit,
Your kingdom on Earth.
Let the eternal be King over all the Earth.

Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1204. An act to amend the Noise Control Act of 1972 as amended by the Quiet Communities Act of 1978.

UPDATE ON RECONCILIATION CONFERENCE

(Mr. PANETTA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PANETTA. Mr. Speaker, I would like to provide an update on the reconciliation conference. The conferees were appointed yesterday. Some 17 House Committee jurisdictions are involved. One hundred and eighty-four Members of the House were appointed, some 72 Members for the other body, a total of 256 Members will be participating in this conference which is the largest in the history of the Congress.

Leadership understandings have been developed as well as rules on reconciliation and those have been sent out to all conferees. A copy of those agreements are included at the conclusion of my remarks.

Yesterday the results of the initial conferences were very encouraging. Energy and Commerce, Science and Technology, Interior, the Senate Energy Committees, met at 2 o'clock yesterday and had agreement to proceed with instructions to staff to develop jurisdictional guidelines, similarities on issues between the House and the other body, the differences on issues and recommendations for solution. The staff is expected to conclude that effort within the next few days.

The Banking and Finance Committee has a caucus of their conferees and developed a number of areas of agreement with the Senate which can expedite a resolution of their area.

Today Post Office and Civil Service will meet at 10 o'clock.

Education and Labor is scheduled to meet at 1:30.

The Science and Technology Committee will meet at 4 o'clock.

In addition to that, there have been a number of staff contacts between the various 17 committees that are hopefully developing areas of consensus.

At this point I am encouraged that the various committees are moving expeditiously toward resolution on reconciliation.

RULES FOR RECONCILIATION CONFERENCE

1. Budget Committee conferees are general conferees. They may attend and vote in any of the sub-conferences.

2. Proxies are permissible.

3. Sub-conference members may vote on only those issues within the sub-conference for which they were appointed.

4. Sub-conferences will be convened by the responsible House committee chairmen.

5. The conference agreement should be limited to matters in either the Senate or House bills or related thereto.

6. Each sub-conference will prepare its portion of the joint statement of the managers and the legislative language to be included in the conference report.

7. All provisions agreed upon by the conferees will be priced by the Congressional Budget Office. Sub-conferences are therefore urged to work closely with CBO from the outset. Scoring will follow the same conventions that were used by CBO in the scoring of the House and Senate reconciliation bills.

8. Signature sheets and language for the conference substitute and the joint statement of managers will be collected by the House and Senate Budget Committees' staffs and assembled by those staffs in conjunction with the House and Senate Legislative Counsel.

9. The conference will not be concluded until a majority of the general conferees from the House and the Senate sign the conference report in their capacity as general conferees.

10. All sub-conferences are requested to notify the appropriate House or Senate Budget Committee in advance as to the time and place of sub-conference meetings. If possible, notice should be 24 hours prior to sub-conference meetings. House and Senate Budget Committees will post sub-conference schedules in a prominent place. Information regarding subconference meetings should be directed to the House Budget Committee staff at 225-7234 or 225-7241 and to the Senate Budget Committee staff at 224-1458 or 224-0846.

LEADERSHIP UNDERSTANDINGS

1. The Senate will amend the House bill with an amendment in the nature of a substitute.

2. A majority of the conferees appointed for each subconference will be members who supported the reconciliation bill on final passage.

3. Sub-conferees will not reopen provisions which are the same in both bills and are urged to agree on substantially identical provisions.

4. The leadership of both Houses will make every effort to get conference agreements on all issues, as quickly as possible.

5. Assuming that the conference reaches full agreement on a conference substitute, the House leadership will support a rule which makes the conference report in order and waives all necessary points of order.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. With agreement of the Republican leadership yesterday, the Chair announced that we would

not have any 1-minute speeches this morning, so at this point the Chair will take one from the Republican side. All 1-minute speeches will be after the close of business today.

VIEW OF A DEPRESSED INDUSTRY

(Mr. MOORE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOORE. Mr. Speaker, tucked away in the tax cut bill the Ways and Means Committee is about to pass is a multibillion-dollar corporate slush fund, known as the Bailey bailout.

The provision is supposed to help certain, select depressed industries. The problem with this bill is that many of the so-called depressed industries the Bailey bailout will help will be many corporate conglomerates which are in better financial shape than the Federal Government.

For example, let us take a look at one of the companies which will be able to hook a ride on the Bailey corporate gravy train.

One of the six industries which will cash in under this bill is the paper industry. From information received from the Joint Committee on Taxation one of the big winners in the paper industry will be the International Paper Co.

Let us look at just how depressed International Paper is. In 1980 International Paper was ranked as the 72d most profitable company in America. Last year they earned $426 million in profits and was the single most profitable paper company in America.

Yet, the Bailey bailout will funnel tens of millions of tax dollars to this one company.

This is not time to funnel millions of tax dollars to a company which has worldwide assets of over $5 billion.

RESCISSION AND DEFERRAL PROPOSALS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 97-74)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Appropriations and ordered to be printed:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report a new proposal to rescind $173 million in budget authority previously provided by the Congress. In addition, I am reporting 10 new deferrals totaling $495.1 million, and revisions to four previously reported deferrals increasing the amount deferred by $76.4 million.

The rescission proposal affects a program in the Department of Energy. The deferrals affect programs in the Departments of Agriculture, Commerce, Defense, Health and Human Services, Justice, and Labor, as well as the Railroad Retirement Board and the United States Railway Association.

The details of each rescission proposal and deferral are contained in the attached reports.

RONALD REAGAN.

THE WHITE HOUSE, *July 16, 1981.*

DEPARTMENT OF DEFENSE AUTHORIZATION ACT, 1982

Mr. PRICE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3519) to authorize appropriations for fiscal year 1982 for the Armed Forces for procurement, for research, development, test, and evaluation, and for operation and maintenance, to prescribe personnel strengths for such fiscal year for the Armed Forces and for civilian employees of the Department of Defense, to authorize appropriations for such fiscal year for civil defense, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Illinois (Mr. PRICE).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3519, with Mr. PEYSER, Chairman pro tempore, in the chair.

The CHAIRMAN pro tempore. When the Committee of the Whole House rose on Wednesday, July 15, title IX had been considered as having been read and open to amendment at any point.

Pending was an amendment offered by the gentleman from Indiana (Mr. HILLIS), on which a recorded vote had been requested.

Does the gentleman from New York (Mr. STRATTON) insist on his request for a recorded vote?

Mr. STRATTON. Mr. Speaker, I would insist on a recorded vote.

A recorded vote was refused.

On a division (demanded by Mr. STRATTON) there were—ayes 8; noes 5.

The CHAIRMAN pro tempore. The amendment was agreed to.

Mr. STRATTON. Mr. Chairman, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The CHAIRMAN pro tempore. The request of the gentleman from New York is not in order in the Committee of the Whole.

Mr. STRATTON. Mr. Chairman, I asked for a recorded vote.

The CHAIRMAN pro tempore. A recorded vote has been denied.

Mr. STRATTON. And pending that, I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore. The Chair would inform the gentleman from New York that a recorded vote has already been denied and that request cannot be renewed in the Committee of the Whole.

The amendment, therefore, is agreed to.

So the amendment was agreed to.

□ 1010

AMENDMENT OFFERED BY MR. WEISS

Mr. WEISS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEISS: On page 30, strike line 6 and all that follows through page 31, line 25.

PARLIAMENTARY INQUIRY

Mr. WEISS. Mr. Chairman, is it not appropriate at this point to request a call of the House or quorum call to get Members here?

The CHAIRMAN pro tempore. The point of no quorum would be in order at this point if the gentleman wishes to make it.

Mr. WEISS. I do so make it, Mr. Chairman.

The CHAIRMAN pro tempore. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1020

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The Chair recognizes the gentleman from New York (Mr. WEISS).

Mr. WEISS. Mr. Chairman, the amendment which I am offering—although it is addressed to that part of the bill which says "facilitation of Selective Service registration and of military recruiting," and seeks to strike all of that section 902, from line 8 on page 30 through line 25 on page 31—really has nothing to do with registration for the draft itself or for selective service purposes.

What the amendment has to do with is the failure of the Selective Service System to adhere to the Privacy Act adopted in 1974. That act prohibits any requirement that applicants for registration, or anyplace else, submit

selective service numbers. Section 902 is an attempt by the Selective Service System to bypass both of the appropriate committees of the House and of the Senate and to avoid having to continue a matter now on appeal in the Federal courts that they have lost in litigation in the District Court in Washington, D.C.

Let me give the Members a little bit of a background.

In July 1980, when President Carter imposed selective service registration, the Selective Service System required registrants to provide their social security number on the registration form.

When some potential applicants or actual applicants brought a class action, the Federal district court, Judge Gesell, ruled that the Selective Service System did not have the power to require social security numbers to be listed on Selective Service System registration forms.

□ 1030

Rather than awaiting the outcome on appeal; rather than going to the regular committees in Congress, and without the benefit of hearings either by Armed Services here or in the other body, or any other of the committees of Congress, Selective Service persuaded Armed Services to include this provision in the legislation which for the first time since enactment of the Privacy Act—would allow Selective Service to require applicant registrants to place their social security numbers on their forms.

Now, what is wrong with that? In 1974, the Congress, both the House and the Senate, overwhelmingly adopted a piece of legislation. I am going to read part of it because I think it is significant. It said:

> It shall be unlawful for any Federal, State or local government agency to deny to any individual any right, benefit, or privilege provided by law because of such individual's refusal to disclose his social security account number.

The reason that that legislation was adopted was that during the Ford administration the Department of Health, Education, and Welfare had undertaken a major study which concluded that we were on our way to what they called a standard universal identifier if we did not stop and look to see where we are. Let me read from the report. They said:

> If the use of the SSN as an identifier continues to expand, the incentives to link records and to broaden access to them are likely to increase. Until safeguards such as we have recommended . . . have been implemented, and demonstrated to be effective, there can be no assurance that the consequences for individuals of such linking and accessibility will be benign. At best, individuals may be frustrated and annoyed by unwarranted exchanges of information about them. At worst, they may be threatened with denial of status and benefits without due process, since at the present time records linking and access are, in the main, accomplished without any provision for the data subject to protest, interfere, correct, comment, and in most instances, even to know what linking of which records is taking place for what purposes.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent, Mr. WEISS was allowed to proceed for 5 additional minutes.)

Mr. WEISS. It should also be instructive to us that section 7 of the Privacy Act, which contains the prohibition I read earlier, was placed into the bill on the floor of the other body, offered by the distinguished gentleman from Arizona, Mr. GOLDWATER, and the distinguished gentleman from Illinois, Mr. PERCY.

The CHAIRMAN. The Chair would advise the gentleman from New York that reading from proceedings of the other body is not within the rules of the House and they should not appear in the RECORD.

Mr. WEISS. I appreciate that, Mr. Chairman.

The prime mover in the other body was the distinguished gentleman from Arizona, and interestingly and significantly, one of the prime movers in this body was the distinguished gentleman from California, Mr. GOLDWATER, JR., together with a colleague of mine who is now the mayor of the city of New York. I should tell the Members that the section of the legislation before us that I am seeking to remove not only requires that the Selective Service System be given the social security number, it then mandates that the President may require the Secretary of HHS to furnish the Director—from Health and Human Services records—information about names and addresses and social security numbers and date of birth. The same provision then goes on and mandates the Director of Selective Service to provide his data bank information to the Department of Transportation and the Department of Defense.

Indeed, we are well on our way to doing precisely that which was sought to be prevented from happening; that is, to accelerate this exchange of private personal information through the use of social security numbers. A significant thing occurred on the floor of the House yesterday. One of the provisions of this bill as originally submitted required the submission of information by the Secretary of the Treasury and the Director of Internal Revenue to the Director of Selective Service. By consent, that portion was removed when the Ways and Means Committee objected, very appropriately.

Now, I find no fault with the Armed Services Committee. I think they were taken advantage of. I do not think we ought to compound the problem at this point by accepting this legislation without the benefit of hearings, either here on in Armed Services or in the Government Operations Committee. I think the better part of wisdom is to remove this section.

There is no urgency to enactment of section 902 I should tell the Members. As of March 31 of this year, the Selective Service Director has reported that almost 90 percent of the people who were required to register have registered. In no other time in our history did we ever require social security numbers. During the worst of the Vietnam war we did not require this kind of information. It seems to me that the way we lose our liberty is to allow small chunks to be taken out when we are not aware of what the ramifications are. So, this goes, really, beyond registration. It goes to the very existence of the individual liberty for everyone in our society.

I urge the Members—indeed, I would urge my colleagues on Armed Services—to consent to have the section deleted. I do not think they will do it at this point. If they do not, I would urge my colleagues to vote yes, to delete this particular provision. There will be ample time to go back to the appropriate committees, and if there is merit to the changes or some variation of them, let it be done through the normal processes. Let us not try to move this thing through without concern for the basic constitutional liberties that we have in this country.

Mr. NICHOLS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, section 904 of H.R. 3519 contains a provision that will assist the enforcement process for selective service registrants. Currently, and I think a fact which is not well documented, is the fact that our young people of this country, our young men of 18 years of age, had responded, as the gentleman from New York said, in an excellent manner for the first period. Last year is the first year that we had registration. Some 95 percent of our 18-year-olds actually registered. For the second period beginning in January of this year, some 88 percent have registered.

It is important, I believe, to insure that all those eligible understand their obligations under the law to register and thus share equally the responsibilities of military service in the event of an emergency. It would be inequitable to establish a system that would permit compliance by only some of the eligible population.

To do this, we must have an effective enforcement process. Such an enforcement process, unfortunately does not exist today. On November 24 of last year, the U.S. Supreme Court for the District of Columbia ruled that the Selective Service System could not require that registrants provide their social security identification numbers

as part of the registration process. In its opinion the Court stated, and I quote:

Citizens have a duty to serve in the Armed Forces and a correlative right to register unimpeded by invasion of their privacy unless statutorily authorized.

Without access to social security numbers, the Director of Selective Service has testified that the registration requirement will be largely unenforceable. The Court was also aware of the situation. The Court's opinion continues as follows:

The Court is well aware of the impact of this decision. There is an obvious need for verification of identity by Social Security number in this instance. The failure of Congress to provide the necessary authority quite possibly results from a legislative error. It is clear from the congressional hearings preceding reinstitution of registration that Congress was aware that Social Security numbers would be requested in the registration form. If, in fact, there was an inadvertent omission, this can be immediately corrected by the Congress before the next registration in January.

Mr. Chairman, I am certain the Congress intended to allow the Selective Service System to enforce this requirement by using social security numbers and the Government has so argued by appealing this case. However, rather than permit this ambiguity to continue, the Committee has recommended a provision providing specific statutory authority for the Selective Service System to require that registrants provide their social security numbers. The most complete list of potential registrants is in the social security files. The Selective Service System can match the numbers of those who have registered against those of the relevant age group in the social security files to determine initially those who have not registered. These individuals can then be advised of their obligation and, if they still choose not to register, be subject to criminal charges.

The provision recommended by the Committee would also permit the President to require the Social Security Administration to provide identifying information to the Selective Service System. This information would be used only for the purpose of enforcement of the registration requirement.

Mr. Chairman, section 904 has one additional provision that would authorize the Director of Selective Service to provide the Department of Defense information drawn from registration forms for purposes of recruiting. Currently, only information from the forms of registrants who indicate an interest in receiving recruiting information is provided to the Defense Department by the Selective Service System. In practice, only 15 percent of the individuals have so indicated. To obtain records of eligible individuals, the military recruiting organizations are forced to purchase lists that are commercially available.

Mr. Chairman, at a time when the Department of Defense will spend almost $1.3 billion in fiscal year 1982 to recruit personnel, it seems appropriate to assist this effort by providing a list of eligible individuals.

I urge the Members to support the provisions of section 904 and defeat this amendment.

□ 1040

The CHAIRMAN. The time of the gentleman from Alabama (Mr. NICHOLS) has expired.

(By unanimous consent, Mr. NICHOLS was allowed to proceed for 2 additional minutes.)

Mr. HUNTER. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from California.

Mr. HUNTER. Mr. Chairman, I commend the distinguished gentleman from Alabama (Mr. NICHOLS), the chairman of our Subcommittee on Military Personnel and Compensation, and I would like to point out today we have very largely delegated the responsibility of defending this country to a small community of volunteers who, for a substandard wage, have agreed to serve their country and subject themselves to all the horrors and hardships of modern warfare.

There are many citizens and many Members of Congress and members of this Committee who are concerned that we are creating a rift between our military community and the general American community. We are trying very hard to prevent this alienation. We are trying to let our young men and women know that we appreciate their service to our Nation. We are trying to applaud their courage.

Yet the amendment offered by the gentleman from New York (Mr. WEISS) would let those who defend their country know that while we are happy to ask them to defend this country, we, the civilians who are enjoying the freedoms that they protect, do not even have the guts to give our social security numbers to the Selective Service. The duty to defend this Nation is the responsibility of every American citizen. We are not asking our citizens at this point to be drafted. We are not sending nonvolunteers to the hardships or the dangers or the deprivations that are inherent in military service; all we are asking is the giving of a number.

Mr. Chairman, I would urge the rejection of the amendment offered by the gentleman from New York (Mr. WEISS), an amendment that would drive a further wedge, in my estimation, between our military volunteers and the general community.

Mr. NICHOLS. Mr. Chairman, I thank the gentleman from California (Mr. HUNTER) for his comments.

Mr. DICKINSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this request was brought up yesterday, and if I might have the attention of all those Members in the Chamber, I was just wondering if there is any possibility that we could come to an agreement on a limitation of time. This is the seventh day we have been on this bill, and I realize that there are some other amendments pending, but I was wondering if we could agree that we would limit the debate on this bill and all amendments thereto until 5 o'clock tonight, so we would then know whether or not we have to come back tomorrow. I think that would give the Members ample time and ample opportunity to speak. That still allows 6½ hours more time for amendment and debate.

So, Mr. Chairman, I ask unanimous consent that all debate on this bill and all amendments thereto terminate at 5 p.m. today.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. MITCHELL of New York. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, I would disagree with my friend, the gentleman from New York (Mr. WEISS), when he states that his amendment would not affect our registration procedure. He may not intend it to affect registration, but it certainly would have a direct and very negative impact on it.

The Director of Selective Service testified before our committee on this topic, and he said that without access to the social security numbers, the registration requirement would be largely unenforceable; the system just would not work with any sort of equity, and we want it to work.

I would like to point out, too, that the provision is permissive; it is not mandatory. It simply gives the President the authority to require registrants to provide their social security numbers and to allow the Selective Service to have access to social security lists. The President may not want to take advantage of this authority. His position is unclear at this time.

I feel that the registration program is highly important to the success of the All-Volunteer Force. I want to avoid peacetime conscription by making our All-Volunteer Force work.

Mr. Chairman, the gentleman's amendment would also eliminate the Armed Services Committee provision which would provide access by the Defense Department to registration lists. As the subcommittee chairman mentioned, we will be spending nearly $1.5 billion to recruit people in 1982. The Defense Department needs these lists

to make the recruiting effort effective. We need to make the All-Volunteer Force work, and we need to get our Nation's moneys' worth in this program.

I want to say that I understand the concern of my friend, the gentleman from New York, about the invasion of privacy. This is certainly a genuine concern we are considering, but I feel at this time there is a far greater good to be considered, and that is the defense of this Nation. Several speakers have alluded to that.

Mr. Chairman, I feel that this minimal lapse is more than compensated for by the good it will accomplish, and I urge my colleagues to vote against the amendment.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of New York. I yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Chairman, let me say that I believe the gentleman who offered the amendment was opposed to registration initially, and, of course, others were opposed, too. I think if there is a way to make meaningless registration, if there is a way to kill it, the gentleman has offered the most plausible way to do that.

So for that reason, rather than make what we have already done meaningless and a futile gesture, I would certainly urge that the Members vote down this amendment. If registration is to be worth anything at all and is to be meaningful, certainly we want to require names, addresses, and social security numbers. That is all this does, and rather than to make an attempt to kill it, I hope we will sustain the action of the House of last year.

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of New York. I yield to the gentleman from New York.

Mr. WEISS. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I am not sure whether the gentleman inadvertently may have given a wrong impression about the mandatory nature of the requirement. I think the gentleman intended to say that there is no mandate on the President to require the Director of Selective Service to in fact require social security numbers, but that in fact it gives authority for the President to make a mandatory requirement of the statement of social security numbers on registrants. Is that not correct?

□ 1050

Mr. MITCHELL of New York. That is correct, yes.

Mr. WEISS. So that the registrant would have no choice about it. If the Selective Service Director, with the authority of the President, said, "List your social security number," the registrant would have to do it under penalty of punishment, is that not correct?

Mr. MITCHELL of New York. Yes; the gentleman is correct.

Mr. WEISS. The gentleman knows, I believe, that as of March 31, 1981, something approximating 87 to 90 percent of the total registrant pool of young people, young men, in fact, registered; out of about 1,987,000 of the potential pool, 1,728,690 people registered.

In addition, during all the prior combat situations, hostility situations, that this country was engaged in, we never needed a social security number. Indeed, in many of them we did not have social security numbers.

Why all of a sudden would the gentleman think that the Selective Service System could not work if we did not enforce young people registering to provide their social security number?

Mr. MITCHELL of New York. I want the system to work right now and it is not equitable in its present form. The present system rewards those 10 percent who are not complying and this certainly is not fair to the 90 percent who are. I think it is a very important step. I think we have to take this to make the system work.

Mr. WHITE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, with registration, why did we have registration in the first place?

This was because we found a severe shortage in the number of persons who might have to respond in an emergency, say, in the scenario of Europe. We had Standby Reserves, we had Active Forces in the field, but at that point beyond we had no back-up forces who could respond and then insure success. That is why we had registration. That is why the President went forward with an Executive order to recommence the registration.

Now we had plenty of hearings before the personnel subcommittee last year. At that time, the author of this particular amendment said he did not want a draft. I believe he so spoke on the floor. The gentleman fought registration.

We in the committee are trying to avoid a draft if we can. We are trying to make the All-Volunteer Force work. We are not talking about a draft, we are talking about accurate records.

The administration first merely asked to have the registrant give a name. It was the committee that said we need more than that because there would be too many people trying to avoid the registration at that time.

We asked for other identification. We had hearings and we suggested at that time, a universal identification such as a fingerprint or picture. The then administration felt that this would be too much like a police requirement. The administration then came up with the least obnoxious and that would be the use of social security numbers.

Without identification of some sort, registration would be a mockery.

The gentleman from New York (Mr. WEISS) said that we did not require this before in previous years, but now at the present time and at the time that this fight was going on, there were groups urging young men, not to register and if no social security were required, if there was no identification many would falsify their names, or not respond at all.

Many of these groups were urging the people to go into the registration to falsify, Mickey Mouse names or probably something a little more credible than that. We had that danger.

In many businesses and many Government transactions, the social security number is asked for because social security today is the universal identification of the individual. If registration fails because of faulty information, Congress will be forced to spell out other requirements.

What would my colleagues rather have—fingerprints, pictures? What other universal identification is there if we do not have a social security number, which most people have.

We think if registration is to be successful, then we must have some kind of identification. We are talking about readiness. We are talking about the ability to respond, as I earlier said, we are not talking about something that an individual is trying to do just to help his country, to be nice to his country. We are talking about the responsibility of the citizens.

What is wrong with the responsibility of the citizen to register to be ready in the event his country is challenged in an emergency, in case there is a real threat to the institutions of this country?

I do not feel that is fair for us to exonerate, as the gentleman from New York (Mr. MITCHELL) said, the 10 percent the gentleman talked about, to give them a shelter, the anonymity, when the 90 percent who responded would comply.

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. WHITE. I will in a moment.

Mr. Chairman, how many of those persons would have registered if they did not have to give any identification?

How many would have falsified the records if they had not been required to give some kind of identification?

We really do not know. But it could have been quite a bit more.

We are not talking about an optional type of program; we are talking about a critical program in time of real

danger and threat to this Nation and the signals we send abroad, by evidence of readiness.

I yield to the gentleman from New York (Mr. WEISS).

Mr. WEISS. If the gentleman is talking about the percentage of people, whether it be 1 percent or 3 percent or 5 percent or 10 percent, who have decided that they are not going to register, what does the gentleman believe that the requirement that those who do register and place their social security number on that form, will achieve in getting those who will not register? The logic of the gentleman's argument completely escapes me.

What, in fact, the gentleman is doing is to take those people who do register and subject them—and indeed it is the beginning of a process—subjecting many millions of Americans to this big brother kind of system for no appreciable purpose.

Mr. WHITE. The purpose is the threat to this country from abroad. What is the purpose in having the registration? Because we could crosscheck. Without some kind of identification to determine whether indeed that is the person, whether indeed that person registered, then we are going to have many who will avoid because there are groups, as I said, actively urging noncompliance with the Government, and if we have that kind of a vein throughout this country, then, of course, the purpose of the registration fails and we might have to go to a draft with more strictures, which the gentleman surely would not want.

We are trying to support the All-Volunteer Force and this is the way to do it, to give the type of identification used universally throughout this country.

Why does the gentleman not complain when a Government contract or Government program requires social security identification? It is the same thing.

The CHAIRMAN. The time of the gentleman from Texas (Mr. WHITE) has expired.

(At the request of Mr. NICHOLS and by unanimous consent, Mr. WHITE was allowed to proceed for 2 additional minutes.)

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. WHITE. I yield to the gentleman from Alabama.

Mr. NICHOLS. I thank the gentleman for yielding.

Let me respond, if I might, to the statement of the gentleman from New York relating to the numbers who have and have not registered.

I make the statement that our young people have responded in a very fine way in the first year. The figure is somewhere around 95 percent, which I think certainly speaks well of the first year of registration.

The second year figures are not so good. They fall down to 88 percent.

Now, let us look at the third year. The third year projections by the social security people, I say to the gentleman from New York, indicate that perhaps as low as 69 percent my register. That is a deficit of 31 percentage points.

What is happening is that our young people are looking and saying, "Well, Joe did not register, why should I go down there? Why should I even bother with it?"

Now, I do not want to put anybody in jail. I do not want to send anybody to the penitentiary, but we need to get their attention and it is the social security system that is going to help us with this and I certainly agree with the gentleman and compliment the gentleman from Texas on his remarks.

Mr. WHITE. As I recall, on our Internal Revenue form, we have to put our social security number down. Why do we not complain about that? Every person working puts his number on the Internal Revenue——

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. WHITE. I yield to the gentleman from New York.

Mr. WEISS. The gentleman well knows that except in the most limited of circumstances, there is an absolute prohibition on the part of the Director of the Internal Revenue to exchange that information with any other Government agency.

What the gentleman is doing in this legislation in fact is encouraging, the gentleman is authorizing, the gentleman is mandating the exchange of that information.

The gentleman must understand that this is not only my concern. When the Privacy Act was first passed, people of all political circles were concerned about the standard universal identifier, of our becoming in essence a big brother society where the Government knows everything about everybody. That should concern the gentleman as a conservative as much as it does me as a liberal.

Mr. WHITE. Let us go further with my illustration.

One does put one's social security number on Internal Revenue forms because that is one's identification, but further than that, if you miss somebody who is paying a tax you lose a little revenue. If you miss enough people on registration, the security of our Nation is in danger. In time of emergency enough people will not be called to respond. There is a ripple effect, as a gentleman from Alabama (Mr. NICHOLS) was saying, there is a ripple because if one person gets away with not registering, others will do so and you will erode the effectiveness of the program.

□ 1100

Mr. MITCHELL of New York. Mr. Chairman, will the gentleman yield?

Mr. WHITE. I yield to the gentleman from New York.

Mr. MITCHELL of New York. Mr. Chairman, I thank the gentleman for yielding.

The gentleman from New York earlier stated or intimated that there was no previous procedure for using social security numbers for situations like this. The gentleman is in error in that, because social security numbers were used up until 1975. The Privacy Act changed this.

The CHAIRMAN. The time of the gentleman from Texas (Mr. WHITE) has expired.

(At the request of Mr. MITCHELL of New York, and by unanimous consent, Mr. WHITE was allowed to proceed for 2 additional minutes.)

Mr. MITCHELL of New York. Mr. Chairman, if the gentleman will yield further, what the Court said was that the social security numbers were needed to make this system equitable, to make it fair, but there was nothing in statutory law to provide for that provision; so all we are doing in this situation is providing the statutory authority that the courts said were lacking.

I read from the Court decision:

> The draft registration in effect prior to March, 1975, followed the practice of securing Social Security numbers by a form that was generally used: However, there was no law requiring this practice and no regulation consistent with the Administrative Procedure Act that required it in direct terms.

They state that we must have statutory authority, and that is all we are trying to do; but for a very brief period we have not used social security numbers. We had prior to that for many years.

Mr. WEISS. Mr. Chairman, will the gentleman yield to me on that point?

Mr. WHITE. I yield to the gentleman from New York.

Mr. WEISS. Again, my distinguished and good friend from New York will if he reads through the rest of the decision and the brief will recollect that, yes, during the period between 1972 and 1975, for that 3-year period, there was a voluntary system; that is, the Selective Service System without authority from the Congress or from anybody else put a line on there asking for social security numbers; not mandated, in fact, the Court said it was not done under authority of law, it was not done under proper regulation. You could ignore it if you wanted to. There was no penalty involved.

Now for the first time what is sought here is, in fact, to provide a mandatory system; quite different. Indeed, the Court has gone on to suggest that the two systems were so different that you cannot even compare

them. The original system up to 1975 was a manual, hand-kept system. Now for the first time we have this interlocking computer bank and it ought to cause the gentleman and every one of us concern.

Mr. WHITE. Mr. Chairman, let me further answer the gentleman.

Prior to that time we had access, the Government had access to all kinds of records, high school records and other kinds of records.

The CHAIRMAN. The time of the gentleman from Texas (Mr. WHITE) has again expired.

(By unanimous consent, Mr. WHITE was allowed to proceed for 3 additional minutes.)

Mr. WHITE. Now under the Privacy Act the Government cannot go into those records. All that we can go into under the authority of this act as it now stands is to look at the social security numbers.

What does the gentleman suggest by way of alternative identification? Does the gentleman suggest no identification whatever, allow an individual to go up and just give a name, whether it be true or not, and then walk away and maybe might be called and maybe not, maybe will not be found, or do we try to make a success of the All-Volunteer Force with a standby opportunity to call draftees if necessary?

I say for the security of this country, for the signals abroad, for the defense of this Nation, keep the system as it stands in this bill, because that is all we have.

Mr. GOLDWATER. Mr. Chairman, I move to strike the requisite number of words and I rise in support of the amendment.

Mr. Chairman, I cannot believe this discussion that is going on here. I could not believe my eyes when I read the language of the 1982 DOD authorization bill that authorized the use of the social security number to enforce selective service registration, and that somehow or another we are going to use the social security number to link files and to use it to enforce the Selective Service Act.

Mr. Chairman, this provision is being sold as an expedient way of enforcing registration of young people in this country. There is no consideration, no concern, no discussion about the implications of, or the infringement upon the privacy of the American citizen. We are undermining the underpinnings—the very basis—of our Constitution and Bill of Rights in the name of expediency.

Now, Mr. Chairman, this provision seems to be taken quite lightly, as if there is nothing wrong with using the social security number to identify and locate our wayward children who seemingly are not coming up to register. We appear to look upon this provision as something innocuous; as if it is somehow a very innocent utilization of a very expedient process called the social security number. I would suggest that this infringement, this chilling effect upon our citizens in utilizing some universal identification number is only the beginning of the erosion of our freedom.

Now, I would suggest further upon looking historically at this that, in the past, there was no infringement of privacy in the keeping of records in this country. Most records were kept manually in file drawers; which was, admittedly, very cumbersome, and very difficult to manipulate and to move around. However, the growth of technology has changed all that. Personal records of citizens such as bank records, school records, medical, insurance, automobile registration, and criminal records along with agencies of the government, at all levels, are now kept by computers. The efficiency, the reliability and the state of the art is progressing faster than man can comprehend, let alone control.

The problem that we face is this: the use of the social security number in a computerized system that allows the potential for linking one file after another after another so that those who wish to intrude may be able to do so.

There is no privacy protection spelled out in the language which is being presented to us in the Department of Defense authorization bill. There has been no consideration by the subcommittee, no hearings held, no opportunity for Americans to express their concern about this potential abuse that will exist if we allow this cavalier use of the social security number that is being represented as somehow "no problem whatsoever."

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. GOLDWATER. I would be glad to yield, certainly.

Mr. NICHOLS. Let me say, I believe the gentleman from California is a supporter of registration, am I correct in that?

Mr. GOLDWATER. No; the gentleman is absolutely wrong. I am not a supporter of registration; but that has nothing to do with my concern for this particular measure.

My concern is over the privacy of American citizens and especially our youth.

Mr. NICHOLS. Well, recognizing that the registration law is on the books, it is the law of the land. May I ask the gentleman how the gentleman would accomplish what the law requires?

Would the gentleman fingerprint these people? Surely the gentleman would not want them photographed. How would the gentleman accomplish compliance with the law of the land?

Mr. GOLDWATER. Well, I would suggest to the gentleman that that is a problem. I do not deny that there is not a problem, but I would suggest that in the recommendation to use the social security number that maybe it is the best way to go. Maybe that might be a useful tool, as we found in the 1976 Tax Reform Act when we authorized its use for tracking down parents who do not honor court-ordered child support payments; but I would suggest to the gentleman that the attitude and the lightness with which this proposal is taken is in fact of concern to the gentleman from New York (Mr. WEISS) and to me and other people who are constantly keeping vigil over the concerns of privacy.

I would suggest further to the gentleman that the problem with computerization and technology and a universal numerical identification number is the problem.

The CHAIRMAN. The time of the gentleman from California (Mr. GOLDWATER) has expired.

(By unanimous consent, Mr. GOLDWATER was allowed to proceed for 2 additional minutes.)

Mr. GOLDWATER. Mr. Chairman, I further ask the gentleman, why did we not hold hearings on this? Why was there not a greater concern for the potential abuse of personal privacy that does exist today?

Casebook history is full of horror stories of people who have been unintentionally—and I stress unintentionally—abused because of access to information because there was the ability to acquire that key that unlocked that file, namely, the social security number.

I would suggest to my colleagues that this may or may not be the right way to go. I am not making that particular judgment, although I would vote against it at this time; but I would suggest that we shelve this proposal until we have a thorough ventilation of the pluses and the minuses, the downside risks, and the proposals for safeguards of this kind of proposal.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield further?

Mr. GOLDWATER. I would be glad to yield.

Mr. NICHOLS. Let me call the gentleman's attention that on page 30 of the bill we specifically included the following language:

Information furnished to the Director by the Secretary under this section shall be used only—

"Only," underlined and emphasized—

only for the purpose of enforcement of this Act.

□ 1110

Mr. GOLDWATER. But I would suggest further to my colleague that this proposal on page 30 also allows access to all kinds of Government agency information files on citizens of this country. It truly violates section 7 of the Privacy Act, and the intent of the

U. S. Congress. To run roughshod over the privacy concerns of American citizens in such a cavalier fashion is absolutely irresponsible.

I would suggest to my colleagues that we take a hard look at this question and decide, in our own best judgment, after thorough ventilation and thorough hearings on the proposal. We need to know whether, in fact, we want to give up our rights to privacy, and whether or not we want to have one more provision for utilization of the social security number in our filing systems. I would suggest we vote down this question and send it back to the committee to hold thorough hearings in the committee.

The CHAIRMAN. The time of the gentleman from California has again expired.

Mr. BEARD. Mr. Chairman, I ask unanimous consent that the gentleman from California have 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

Mr. DICK. Mr. Chairman, I reserve the right to object. Since we have in force a time limitation, and since we have had a lot of discussion, I am going to start objecting at this point to any requests for additional time because there are other amendments that should be heard. I think there has been a lot of discussion on this thing, and I think people understand the issue.

I object.

The CHAIRMAN. Objection is heard.

Mr. MONTGOMERY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I do not believe I will take my full 5 minutes. I will be glad to yield to the gentleman from Tennessee or others.

Let me say that I do rise in opposition to this amendment. I serve on the Personnel Subcommittee. I believe I made the motion that this be put into the bill to require the social security numbers on the registration cards.

I would say to the gentleman from New York and the gentleman from California, we did have hearings on this matter. We had Dr. Rostker, the former Director of the Selective Service System and the Director at that time. We had 43 pages of hearings on this particular situation. Dr. Rostker stated loud and clear that he could not enforce the law unless he got the social security numbers on the registration cards where he could make a cross-check; and he came out very strongly that he needed these social security numbers to enforce the law.

The chairman of our subcommittee pointed out that the registration is falling off now. It was 95 percent. It is now down to 69 percent because the word has gotten out that the Selective Service System cannot enforce the law. So we really do not have any choice if we are going to have any type of registration.

To implement the program is optional by the President of the United States.

Let me say that it is really not quite right to those who register for when we do have an emergency in this country. Those young men who obey the law are going to be called up, and those that did not obey the law are going to be free. That is terribly unfair.

What we are trying to do is to correct this situation.

The Gates Commission that recommended to President Ford that we go to the all-volunteer military system, the first thing they said in the Gates Commission report is that we have to keep a viable Selective Service System and we have to register men in case we do have an emergency.

So it is pretty simple. If we want to have some preparedness by requiring these young men to register, we are going to have to defeat this amendment and let the selective service require social security numbers on the cards.

Mr. GOLDWATER. Mr. Chairman, will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman from California.

Mr. NICHOLS. Will the gentleman yield to me?

Mr. MONTGOMERY. I will be glad to yield to the gentleman from Alabama (Mr. NICHOLS).

Mr. GOLDWATER. I appreciate the gentleman's concern for the problems we face enforcing Selective Service System registration. I share that concern. However, I reject the solution offered by the Armed Service Committee to use the social security number to solve that problem. The potential invasion of privacy in the use of the social security number concerns me.

The gentleman said that there were hearings held, and I wonder does the gentleman know who testified for and against this proposal? Is there a list of witnesses? I was not informed. I do not know if the ACLU, who is a great champion of privacy, was called in to testify.

Mr. NICHOLS. I would respond that we had a complete day's hearing. The ACLU submitted their brief on this. Dr. Rostker, I believe, came before the committee. So I feel like the situation was sufficiently heard in our subcommittee, Mr. Chairman.

Mr. WEISS. Will the gentleman yield to me?

Mr. MONTGOMERY. I yield to the gentleman from New York (Mr. WEISS).

Mr. WEISS. Is the distinguished gentleman from Alabama (Mr. NICHOLS) saying that the ACLU representatives were able to testify in person before the committee?

Mr. NICHOLS. Will the gentleman yield further?

Mr. MONTGOMERY. I yield to the gentleman.

Mr. NICHOLS. They could have come as outside witnesses. Instead they elected, I believe I am correct, to submit a statement for the record.

Mr. WEISS. If the gentleman will yield further to me, the gentleman in the well cited that the Director of the Selective Service System had 43 pages of his testimony in the record. I must say that I do not think the gentleman would be satisfied on any other issue if only the proponent had the chance to appear in person, while hardly anyone else was notified, and some people were given the chance to submit something in writing.

I also have a question as to the gentleman's figures that he cited as to the falloff. The most recent figures we have is that there is 88-percent adherence as this year. The 60-percent figure, as I understand it, is a projection by the selective service, by the very people who are trying to scare us into adopting the armed services bill. Is that not correct?

Mr. MONTGOMERY. I am glad to yield to the gentleman from Alabama (Mr. NICHOLS).

Mr. NICHOLS. If the gentleman will yield further, the gentleman is correct in that, except I would not think that the Selective Service is necessarily trying to scare anybody. It is simply a compliance situation.

I happen to agree with the gentleman from Mississippi (Mr. MONTGOMERY), that we cannot let 70 percent of the people register and 30 percent just go their merry way, thumbing their noses at the situation. That is not obeying the law at all, and we have to have some way to comply with this.

Mr. COURTER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am not going to take the entire 5 minutes, and I will be pleased to yield to anyone that wants to engage me in debate. But a good deal has been talked about the right of privacy here, and I think it is important just to reflect for a moment as to really what the bill requires without the amendment offered by the gentleman.

The bill merely indicates that when a person registers they are to put down their social security number. Obviously by so doing that would give the right to inquire as to the whereabouts of this individual should he fail to comply with the registration law, such that authorities can send him a letter. Probably not much more than that would happen.

The real question is, Does the right to privacy, which I feel very strongly

about, and I do not think there is a Member of this body that does not feel very strongly about, include the right to avoid the registration law? Does it really include the right to hide, the right to go underground, because that is all we are talking about. We are not talking about the invasion of constitutional privacy rights. We are talking about simply locating people who fail to register so they can be contacted and reminded of their affirmative obligation to do so.

I think the conversation and dialog with regard to the erosion of very important fundamental constitutional rights of privacy is certainly overstated in this case.

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. COURTER. I yield to the gentleman from New York (Mr. WEISS).

Mr. WEISS. I thank the gentleman for yielding. In the passage that I tried to read, and inappropriately because of our rules, of the distinguished Senator from Arizona (Mr. GOLDWATER), he makes the point that once you start down this road there is no end.

Mr. COURTER. I would take back my time to respond to that. I do not necessarily think that is true. We have a Constitution. We have a Supreme Court that would not permit the erosion of our fundamental constitutional rights.

Certainly when the Supreme Court said over 50 years ago the right to freedom of speech does not include screaming "Fire" in a crowded theater, that did not signal the beginning of the inevitable termination of our right to free speech. Therefore, I disagree with the gentleman.

Mr. WEISS. If the gentleman will yield further, I do not think that follows.

Mr. COURTER. I yield to the gentleman.

Mr. WEISS. But I think the gentleman ought to be concerned with the fact that we now have these vast computerized data banks which have all kinds of information on all of us. I think one of the rights of an American citizen really is and has always been to be able to hide or shield, to the greatest extent possible, our private lives from the Government, from his neighbors, from anybody else.

Mr. COURTER. Let me take back my time. I think we have come to the nub of this. This is exactly it. The debate before was on constitutional rights of privacy, which I think we all agree to. The gentleman's concept of what privacy embraces and mine is different.

□ 1120

I do not think the right to privacy means the right to hide in society. I think it means other things, the privacy of your papers, the sanctity of your home, many other things. But not simply the right to go underground. And I do not think the Constitution protects that nor do I think this bill erodes the fundamental privacy rights that we have.

Mr. BEARD. Mr. Chairman, will the gentleman yield?

Mr. COURTER. I yield to the gentleman from Tennessee.

Mr. BEARD. Mr. Chairman, I must say that it just baffles me to hear the discussion and the debate and the statements made, as if we are the enemy, as if our Government is the enemy. And it is very easy for Members to stand in the well of the House and say, "I am against registration," "I am against invasion of privacy," and I am concerned about "our rights."

How do you think we have maintained these rights? How do you think we have maintained these rights for over 205 years? It has been through a strong national defense. And the fact of the matter is that every witness, bar none, including Members of Congress, many considered liberals, many considered conservatives, have stated the All-Volunteer Force has critical problems. The leadership, congressional leaders, civilian leaders, have said the biggest issue, the biggest problem facing the defense of this country today, is manpower.

So we have tried to come up with a solution. We have held hearings. We have tried to find ways to go other than the draft. And then all these people come up, who have never taken the time to sit on a committee hearing, never taken the time to read a report on how critical the manpower problem is, and say, "I am against registration, I am against the draft, I am against the invasion of privacy." Well, I think it is time some of you had better start taking a little time to read the reports dealing with this issue and ask questions on how we correct the manpower shortages in our armed services, how we can improve the quality of our recruits, how we can retain our trained personnel, how can we enforce compliance with the Selective Service Registration Act. It is time these Members start coming up with alternate solutions if they do not like ours. It is time we all start placing increased emphasis on the combat readiness of our country.

Ms. FERRARO. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I was one of the Members in the last Congress who supported draft registration. And although I am not a member of the committee, I do spend a bit of time reading committee reports. I supported draft registration last year because I agree with the fact that we need some sort of machinery in place so that mobilization could be accomplished as efficiently as possible in time of national emergency.

The Armed Services Committee report on this bill states that without access to social security numbers, the selective service registration requirement would be largely unenforceable. The committee, in its report, offers no documentation that the Selective Service is, in fact, having a significant enforcement problem, and that was brought up on the floor of the House just a few minutes ago.

I do not know how serious the problem is. And since we are merely looking at projections by various people, including the people who are in charge of the Selective Service and registration, I suggest that no one on this floor actually knows whether or not there is a problem.

But I do know what potential danger might be done if the Service is permitted to require registrants to provide social security numbers and give access to information held by other agencies, including Treasury and Health and Human Services.

When Congress, in 1974, passed the Privacy Act, a primary concern was preventing the widespread sharing between Government agencies of information regarding U.S. citizens except in times of national emergency. I believe the protection of the privacy of very young people clearly outweighs whatever needs the Selective Service System might have to enforce the registration system.

But there is another aspect of this issue which really concerns me. Despite what my colleague, the gentleman from Alabama, said before about this particular section of the law, the committee bill authorizes the Selective Service to provide the Department of Defense with information gained from registration for purposes of recruiting. Now, I do not believe that Congress intended to provide this kind of authority when it reauthorized draft registration, and I do not believe we should authorize it now. If I had thought in the last Congress that we were going to move in this manner toward a draft, I would never have voted for registration at that time either.

The reason for requiring young people to register for Selective Service is to improve military preparedness and to instill a sense of common national purpose. Neither of these goals is enhanced by giving Defense Department recruiters access to registration information.

As the committee report points out, the registration forms already give registrants an opportunity to request recruitment information. The report says that in July 1980, only 15 percent of those registering chose to receive such information. I believe the choice of whether to receive recruiting infor-

mation should properly remain with the registrants.

As policymakers, we have determined—again, I think correctly—that the national interest is served by requiring young men to register for the draft. But having established that as a national interest, I think it would be unfair for us, then, to turn that information over to the Department of Defense for purposes of recruiting and as a first step toward a military draft.

The committee makes no compelling case that the provisions in question here are critical to the Nation's security, and they impose a substantial burden on the right to privacy of our young people.

I urge my colleagues to join me in supporting the amendment offered by the gentleman from New York.

Mr. GOLDWATER. Mr. Chairman, will the gentlewoman yield?

Ms. FERRARO. I yield to the gentleman from California.

Mr. GOLDWATER. We were talking about whether hearings were held on this particular subject, and I think the chairman of the subcommittee was correct. There were probably 3 days of hearings on the selective service question. But there were no hearings, no opportunity for input by Members of Congress, or outside interests on the single question of the use of the social security number. To my knowledge, the ACLU was just allowed to submit a brief.

So, Mr. Chairman, I would suggest that to adopt this provision in this section of the bill, without an opportunity for comment, is irresponsible legislating.

Mr. WEISS. Mr. Chairman, will the gentlewoman yield?

Ms. FERRARO. I yield to the gentleman from New York.

Mr. WEISS. Mr. Chairman, I want to commend the gentlewoman for her statement, and also to pay my respects to the distinguished gentleman from California, who in all seasons has recognized the paramount right of privacy.

If a bill had been introduced to achieve this, rather than having it inserted in the course of the Armed Services Committee consideration without a bill, it would have automatically been sent to the Government Operations Committee, which has prime jurisdiction over the subject matter. The Armed Services Committee did not give us the courtesy of even knowing that they were considering that legislation in advance, never mind having hearings on it.

The CHAIRMAN. The time of the gentlewoman from New York (Ms. FERRARO) has expired.

(On request of Mr. VOLKMER and by unanimous consent, Ms. FERRARO was allowed to proceed for 2 additional minutes.)

Mr. VOLKMER. Mr. Chairman, will the gentlewoman yield?

Ms. FERRARO. I yield to the gentleman from Missouri.

Mr. VOLKMER. Mr. Chairman, I, too, wish to commend the gentlewoman on her statement, specifically on the objectionable part as this language in the bill pertaining to the recruiting and privileges of having the Director of the Selective Service just turn over this information to recruiting services. And I can foresee that the young people out there will start receiving all kinds of mail, and everything else, that they did not ask for, that is involuntary, phone calls from recruiters, all types of things that I think, as the gentleman from California said, if this does not invade the right of privacy of an individual, just because he registered for the draft, then subject him to all other types of propaganda, or whatever you want to say, in regard to the military, has nothing to do with trying to get other people to register. That, as I understood from the previous statement, was the purpose of this language as originally in here, the earlier part of it, to try to get those who have not registered to come in. This has nothing to do with that whatsoever.

Ms. FERRARO. Precisely.

Mr. VOLKMER. And I agree with the gentleman from California, the whole thing needs a better airing.

What cost would this do for the social security system, when the social security system has to go in to their computerization and try to find all of these things, the IRS, and others. The social security system, how much is it going to cost them? Has anybody ever developed that? We do not know. What inconvenience will there be to the social security system when, right now, the elderly citizens are having delays in getting their checks, and now we are going to try and give, maybe, priority, so that the people can get their checks a little later, so we can try and find out through an invasion of privacy where these young people are?

I commend the gentlewoman.

Mr. RICHMOND. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the Weiss amendment, which would delete section 902 from the Department of Defense authorization bill.

Section 902 contains two provisions which would seriously impair the right of privacy now enjoyed by all American citizens: First, this section would require draft registrants to disclose their social security numbers at the time of registration; and second, it would permit the Selective Service to furnish the names and addresses of draft registrants to the Department of Defense for recruiting purposes.

These provisions would jeopardize the liberties to which all Americans are now equally entitled. One class of citizens—those eligible for draft registration—would no longer have their lives protected from Government intrusion. This raises important constitutional questions which could very well result in a court challenge.

I do not deny that the military is facing a severe manpower shortage, but the infringements of privacy proposed in section 902 are not the solution to this problem. Various studies have shown that along with low morale and unpleasant working conditions, insufficient pay is a primary reason why personnel leave the military. Until adequate compensation is offered for military service, no pool of potential recruits will be large enough for the military services to attract and retain a sufficient number of qualified personnel.

This issue is addressed in H.R. 3380, the military pay and allowances bill, which we will consider shortly. That comprehensive legislation will provide a longer term and more constitutionally sound solution to the problem of recruiting and compensating military personnel than the methods outlined in section 902 of the Defense authorization bill before us now.

Mr. Chairman, at a time when our constituents are demanding that the Government decrease its involvement in their lives, it is unconscionable that we should even consider increasing the power of Government to violate the privacy of American citizens. I oppose the intrusions which section 902 would permit and I urge my colleagues to support the Weiss amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. WEISS).

The question was taken; and the Chairman being in doubt, the Committee divided, and there were—ayes 13, noes 22.

□ 1130

RECORDED VOTE

Mr. WEISS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 125, noes 290, not voting 17, as follows:

[Roll No. 134]

AYES—125

Addabbo	Burton, John	Downey
Aspin	Burton, Phillip	Dunn
AuCoin	Chisholm	Dwyer
Barnes	Clay	Dymally
Beilenson	Collins (IL)	Early
Benjamin	Conte	Eckart
Biaggi	Conyers	Edgar
Bingham	Crane, Daniel	Edwards (CA)
Boggs	Crockett	Edwards (OK)
Bolling	Deckard	Fascell
Bonior	Dellums	Fazio
Brodhead	DeNardis	Ferraro
Brooks	Derrick	Fiedler
Brown (CA)	Dixon	Findley

Fish	Mattox	Roe
Ford (MI)	McHugh	Rosenthal
Ford (TN)	McKinney	Russo
Forsythe	Mikulski	Sabo
Frank	Miller (CA)	Schroeder
Garcia	Mineta	Schumer
Gejdenson	Minish	Seiberling
Glickman	Mitchell (MD)	Sensenbrenner
Goldwater	Moakley	Shannon
Gonzalez	Moffett	Solarz
Gray	Mottl	St Germain
Green	Nowak	Stark
Harkin	Oakar	Stokes
Hawkins	Oberstar	Studds
Heckler	Obey	Traxler
Hiler	Ottinger	Vento
Hollenbeck	Panetta	Volkmer
Horton	Patterson	Walgren
Howard	Paul	Walker
Kastenmeier	Pease	Washington
Kildee	Petri	Waxman
Kindness	Porter	Weaver
Leland	Pritchard	Weiss
Lowry (WA)	Pursell	Williams (MT)
Markey	Rangel	Wolpe
Marks	Ratchford	Wyden
Marlenee	Richmond	Yates
Matsui	Rodino	

NOES—290

Akaka	Derwinski	Hughes
Albosta	Dickinson	Hunter
Alexander	Dicks	Hutto
Anderson	Dingell	Hyde
Andrews	Dougherty	Ireland
Annunzio	Dowdy	Jacobs
Anthony	Dreier	Jeffords
Applegate	Duncan	Jeffries
Archer	Dyson	Jenkins
Ashbrook	Edwards (AL)	Johnston
Atkinson	Emerson	Jones (OK)
Badham	Emery	Jones (TN)
Bafalis	English	Kazen
Bailey (MO)	Erdahl	Kogovsek
Bailey (PA)	Erlenborn	Kramer
Barnard	Ertel	LaFalce
Beard	Evans (DE)	Lagomarsino
Bedell	Evans (IA)	Lantos
Benedict	Evans (IN)	Leach
Bennett	Fary	Leath
Bereuter	Fenwick	LeBoutillier
Bethune	Fields	Lee
Blanchard	Flippo	Lehman
Bliley	Foley	Lent
Boland	Fountain	Levitas
Boner	Fowler	Lewis
Bonker	Frenzel	Livingston
Bouquard	Frost	Loeffler
Bowen	Fuqua	Long (LA)
Breaux	Gaydos	Long (MD)
Brinkley	Gephardt	Lott
Broomfield	Gibbons	Lowery (CA)
Brown (CO)	Gilman	Lujan
Brown (OH)	Gingrich	Luken
Broyhill	Ginn	Lundine
Burgener	Goodling	Lungren
Butler	Gore	Madigan
Byron	Gradison	Marriott
Campbell	Gramm	Martin (IL)
Carman	Gregg	Martin (NC)
Carney	Grisham	Martin (NY)
Chappell	Guarini	Mavroules
Chappie	Gunderson	Mazzoli
Cheney	Hagedorn	McClory
Clausen	Hall (OH)	McCloskey
Clinger	Hall, Ralph	McCollum
Coats	Hall, Sam	McCurdy
Coelho	Hamilton	McDade
Coleman	Hammerschmidt	McDonald
Collins (TX)	Hance	McEwen
Conable	Hansen (ID)	McGrath
Corcoran	Hansen (UT)	Mica
Coughlin	Hartnett	Michel
Courter	Hefner	Miller (OH)
Coyne, James	Heftel	Mitchell (NY)
Coyne, William	Hendon	Molinari
Craig	Hertel	Mollohan
D'Amours	Hightower	Montgomery
Daniel, Dan	Hillis	Moore
Daniel, R. W.	Holland	Moorhead
Danielson	Holt	Morrison
Dannemeyer	Hopkins	Murphy
Daschle	Hoyer	Murtha
Daub	Hubbard	Myers
Davis	Huckaby	Napier
Natcher	Rudd	Synar
Neal	Santini	Tauke
Nelligan	Sawyer	Tauzin
Nelson	Scheuer	Taylor
Nichols	Schneider	Thomas
O'Brien	Schulze	Trible
Parris	Shamansky	Udall
Pashayan	Sharp	Vander Jagt
Patman	Shaw	Wampler
Pepper	Shelby	Watkins
Perkins	Shumway	Weber (MN)
Peyser	Shuster	Weber (OH)
Pickle	Siljander	White
Price	Simon	Whitehurst
Quillen	Skeen	Whitley
Rahall	Skelton	Whittaker
Railsback	Smith (AL)	Whitten
Regula	Smith (IA)	Williams (OH)
Reuss	Smith (NE)	Wilson
Rinaldo	Smith (NJ)	Winn
Ritter	Smith (OR)	Wirth
Roberts (KS)	Snowe	Wolf
Roberts (SD)	Snyder	Wortley
Robinson	Solomon	Wright
Roemer	Spence	Wylie
Rogers	Stangeland	Yatron
Rose	Stanton	Young (AK)
Rostenkowski	Staton	Young (FL)
Roth	Stenholm	Young (MO)
Roukema	Stratton	Zablocki
Rousselot	Stump	Zeferetti
Roybal	Swift	

NOT VOTING—17

Bevill	Dornan	Jones (NC)
Cotter	Evans (GA)	Kemp
Crane, Philip	Fithian	Latta
de la Garza	Florio	Rhodes
Donnelly	Foglietta	Savage
Dorgan	Hatcher	

□ 1140

Messrs. PATMAN, LEVITAS, and RITTER changed their votes from "aye" to "no."

Messrs. PETRI, ASPIN, FISH, GARCIA, BIAGGI, and PRITCHARD changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MRS. SCHROEDER

Mrs. SCHROEDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. SCHROEDER: At the end of the bill, add the following new section:

RESCISSION OF BUDGET AUTHORITY ATTRIBUTABLE TO WASTE, FRAUD, ABUSE, AND MISMANAGEMENT

SEC. . (a) Not later than January 15, 1982, the President shall transmit to both Houses of Congress a special message, in accordance with section 1012 of the Impoundment Control Act of 1974 (31 U.S.C. 1402), specifying not less than $8,000,000,000 of budget authority which the President proposes to be rescinded out of budget authority made available pursuant to the authorizations of appropriations in title I, II, and III of this Act but which the President has determined—

(1) is not required to carry out the full objectives or scope of programs for which the budget authority is provided; and

(2) is not required due to the elimination of waste, fraud, abuse, and mismanagement in the Department of Defense.

(b) In addition to the information required by section 1012(a) of the Impoundment Control Act of 1974 (31 U.S.C. 1402(a)), the special message required under subsection (a) shall—

(1) set forth each recommendation made by the Comptroller General since January 1, 1979, for the elimination of waste, fraud, abuse, or mismanagement in the Department of Defense; and

(2) contain a statement of—

(A) which recommendations set forth pursuant to paragraph (1) have been adopted and the actual and projected cost savings from each; and

(B) which recommendations set forth pursuant to paragraph (1) have not been adopted and the projected cost savings from each and an explanation of why each such recommendation has not been adopted.

(c) The President shall transmit to both Houses of Congress, at the same time that he transmits the special message required under subsection (a), such recommendations for changes in law as he considers to be necessary for the elimination of waste, fraud, abuse, and mismanagement in the Department of Defense.

Mrs. SCHROEDER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Colorado?

There was no objection.

□ 1150

Mrs. SCHROEDER. Mr. Chairman, President Reagan has declared a limited war on waste, restricting combat to domestic, social programs. This is no way to win the war. Our army of auditors, investigators, and Inspectors General cannot eliminate the menace of government fat with one hand tied behind their back. They must be allowed to win this war. My amendment takes the restriction off and tell the combaters of fraud, waste, abuse, and mismanagement to cross the river and pursue fat back to its homeland in the Pentagon. We must not let political considerations destroy our ability to win this war.

My amendment directs the President to find $8 billion worth of waste in the Department of Defense and to submit a rescission by next January 15 to eliminate that waste. I drafted the amendment to permit the President the widest flexibility in finding waste. While I have seen numerous examples of fat and extravagance in my work on the Armed Services Committee, I prefer to leave it to the executive branch to clean its own house.

I selected $8 billion as the minimum figure because the General Accounting Office in one 18-month period, January 1979 to July 1980, found over $16 billion worth of waste in DOD. Although $8 billion may be low, it is a reasonable first target, especially in light of the enormous new sums DOD is being given by this bill. In the House, I will ask unanimous consent to include a listing of 44 GAO reports on DOD waste issued during that period.

The list I culled from the work of the Republican Study Committee. In its special report on August 22, 1980, the Republican Study Committee, chaired by the distinguished gentleman from California, JOHN ROUSSELOT, found $34.5 billion in waste Government-wide. Over $16 billion of this was from DOD. To quote from the report:

The unnecessary expenditure of more than $34 billion reflected by these 107 items is undoubtedly only a fraction of the potential savings of tax dollars which could be realized from a more aggressive war on waste, abuse, fraud, and mismanagement.

The amendment feeds into the standard rescission process. No changes whatever are made in this process. Under the Impoundment Control Act of 1974, the President proposes rescissions, which Congress must approve before they can go into effect. By using this procedure, my amendment assures that the actual cuts proposed by the President will be subject to full congressional review.

Earlier this year, I sent to my colleagues a major piece from U.S. News & World Report detailing weapon system gold plating, white collar crime, mismanagement, and cost overruns. Appropriately, the article was titled, "Billions Down the Pentagon Drain." The magazine concluded that "the big-spending Department of Defense offers a prime target for an administration bent on fighting waste."

Yet, David Stockman told a Senate committee that OMB was bewildered by all the waste in the Pentagon and, therefore, deferred any steps to eliminate it. Such sophistry is unacceptable. Congress should direct OMB and the President to go after the mother lode of Government waste, the heartland of abuse, the temple of mismanagement. We must attack fat at the Pentagon.

I urge adoption of the amendment.

□ 1200

Mr. RATCHFORD. Mr. Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I would be delighted to yield to the gentleman from Connecticut.

Mr. RATCHFORD. Mr. Chairman, may I commend the gracious gentlewoman from Colorado for the timeliness of this amendment. Just yesterday conferees were named in this body to attempt to wrap up a budget, a budget that among other things would eliminate 3 million people presently on social security. It would say to a number of people in their seventies, eighties, and nineties, "We're sorry. You're out."

A budget that we know well, Mr. Chairman, would say to a million college students, "You no longer will qualify for student loans;" a budget that leaves unanswered whether or not there will be a Head Start program for the young people of this country.

Mr. Chairman, the reports abound, the GAO reports are on the table. What they have suggested over and over again is that there is fraud, there is waste, there is abuse in the Defense budget.

We know too well that there are cost overruns, whether they relate to submarines, or planes, or tanks.

What the gentlewoman has done through this amendment is to say that we care about tightening our belts. We want to do something about fraud, waste, and abuse, and in doing it we can help old people, we can help young people, we can help those looking for jobs at the same time. What an ideal combination.

I applaud the innovative effort. As a result of that effort, I, for one, will support the gentlewoman's amendment.

Mrs. SCHROEDER. Mr. Chairman, I thank the gentleman. I hope everybody focuses on waste everywhere and will pass this amendment expeditiously so we can move on.

Mr. BENNETT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, not 1 cent should be spent for national defense which is not needed for national defense, but not 1 cent should not be spent which is actually needed. In other words, we should not waste any money and we should do what is needed with regard to our defense.

The gentlewoman has offered an amendment which she has given background information upon, but unfortunately, her background information is not accurate. The GAO accounting on this matter showed, in a very recent accounting, in fact, this year, that the savings of the general nature of what the gentlewoman has described would be less than $1 billion, while in the rest of the Government it runs to many billions of dollars.

Amendments of this kind do a major disservice to the Congress and to the country by implying that fraud, waste, and abuse and mismanagement are widespread in the Department of Defense and that large budget savings are simply achieved by a stroke of the legislative pen. The suggestion that there is $8 billion in DOD cannot be supported. The GAO accounts are in detail, but they do not say that it is anywhere near a billion dollars, or certainly not $8 billion.

In the spring of this year the GAO was asked to draw together the results of various studies and estimate the savings that might be achieved if all GAO recommendations for more efficient administrative practices were implemented, so they did it. Savings in all agencies in fiscal year 1982 were estimated to be $4.85 billion. This is substantially less than the $8 billion figure for DOD alone specified in the amendment.

The amounts that might be achieved by the Department of Defense total only a small fraction, less than $1 billion, it is $900 million of the total savings estimated.

The Department of Defense should not be set apart, and it certainly should be subject to careful scrutiny to insure that funds are used for the intended purpose. I certainly would favor any action that we can take to improve the operation of DOD, for that matter all agencies of Government; but the amendment before us would not improve the operation of Government in general, nor those of the Department of Defense in particular.

By implication, the amendment suggesting the existence of such extensive fraud, waste, abuse, and mismanagement is not supported by the facts.

Now, Mr. Chairman, the real problem here is, Who is it that should be getting at the waste and fraud? The gentlewoman suggests this is something for the great man that has been elected from California to be President of the United States and that that is his duty. Instead, it is your duty, it is your duty and my duty as a member of the Armed Services Committee.

These reports have come in. They tell us specific places where the costs can be cut, so you ought to have the courage and I ought to have the courage to go through these accounts, these recommendations. We ought to introduce legislation. We can certainly do it as members of the Armed Services Committee. We can demand that we have departmental reports and we can demand that we have hearings on these bills. Now, until you do that, you should certainly not be asking the Great White Father on the horse from California to be doing this for you. It is our responsibility to be doing this. The Constitution says it is the responsibility of Congress to provide for the Armed Forces. It does not say it is the responsibility of the President. It says it is our responsibility; so if you know someplace where the money can be cut or some waste exists, you ought to do it. You are a member of the committee. You ought to get off the committee if you do not want to take that kind of leadership. You should do it. I encourage you to do it and I will be glad to join with you in anything that you present that has a reasonable basis in cutting.

Now, one thing I would like to say about defense expenditures, as some very serious-minded people have said on the floor of the House recently, and I brought this to the Members' attention in my correspondence. There are a lot of inaccuracies in the things that have been said here. For instance, people say there is a lot of unexpended money in the Department of De-

fense. The reason is because we in Congress have requested that. We have required it. Congress has said that you have got to full-fund ships, for instance, so you have billions of dollars sitting back there. We full funded all this material, so we have those billions of dollars sitting there because Congress required it. It was not the Department of Defense that required it. As a matter of fact, I would prefer not to have that. I think you would have more ships, have a more liberal attitude toward building ships, if you did not have that requirement; but it is a fiscal containment that we have put upon the Department of Defense. It is not something that has emerged from the Department of Defense itself.

If you have a contract problem or you have an overrun problem or something like that, you are not going to solve it by having the President come in like this. You are not going to improve the situation by just telling the President to come in with all these rescissions.

There is only one department of all the Government where the Secretary of that department says there is an $8 billion overrun. What is that department? That is the Department of HEW, Health, Education, and Welfare. That is the department head that said he had an $8 billion overrun in waste and fraud. The Department of Defense never said that.

The CHAIRMAN. The time of the gentleman from Florida (Mr. BENNETT) has expired.

(By unanimous consent, Mr. BENNETT was allowed to proceed for 5 additional minutes.)

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I will yield to the gentleman from California, and then I will yield to the gentlewoman from Colorado.

Mr. ROUSSELOT. Mr. Chairman, I appreciate my colleague yielding.

I was interested in the gentleman's comment that a most recent report of the General Accounting Office had estimated that the misspent money or overspending was roughly $1 billion. How recently was that report?

Mr. BENNETT. Well, it was estimated this year.

Mr. ROUSSELOT. 1981?

Mr. BENNETT. Correct. I said the GAO.

Mr. ROUSSELOT. Did it specify the areas?

Mr. BENNETT. Yes, it did. I could read it to the gentleman, if the gentleman wants to.

Mr. ROUSSELOT. Well, it will not be necessary to read the whole thing. Could the gentleman give us some kind of idea of the areas involved?

Mr. BENNETT. I can briefly tell the gentleman. One item for DOD was delinquent accounts and loans receivable. I do not exactly see how you can do what the gentlewoman suggests on that. If you have delinquent accounts I do not think passing a rescission is going to get that back.

The next one is unresolved audit findings, $50 million.

The next one is defense logistic economies. Now, perhaps you could do that. That is $300 million.

Mr. ROUSSELOT. How much was that?

Mr. BENNETT. $300 million.

Mr. ROUSSELOT. $300 million?

Mr. BENNETT. Correct.

The next was defense multiyear contracting, $150 million.

The next was full recovery of foreign military sales, which military sales I do not much favor anyway. I do not know why that should be charged against the Department of Defense. That is $300 million. That is the biggest item of the lot. That is over a third of all of it.

Mr. ROUSSELOT. Did the General Accounting Office report say that this superseded their previous judgments?

Mr. BENNETT. Yes, they did. They took all these things that have been said before, boiled them down in all branches of Government and came up with these figures.

Now, of course, you may wonder why the $4.5 billion for all Government could be but half the waste of HEW as recently transferred to. Well, the reason I guess is that most of the waste of HEW is because we have not had the intestinal fortitude here in Congress to put proper guidelines in entitlements on HEW with regard to food stamps. We just have not done it. We have not had the courage to do it.

Mr. ROUSSELOT. Well, does the gentleman think then if this amendment included the idea of a billion dollars as a request upon the President to find that, that then that would be adequate to comply with the General Accounting Office request?

Mr. BENNETT. I think if you made a similar request on all branches of Government it might be logical; but to omit a department like HEW, which probably spends five times as much on waste and fraud——

Mr. ROUSSELOT. I do not need to be convinced of that.

Mr. BENNETT. This is my time. I want to finish my sentence if I may.

If you take the Department of Defense and pick it out as the chief offender, when actually the chief offender is not the Department of Defense at all, I think it is unfair. Therefore, I myself would feel if you put it across the board, I would be for it.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I will.

□ 1210

Mrs. SCHROEDER. Mr. Chairman, the gentleman should know this amendment is like the one we voted on for HEW. If the gentleman recalls, the gentleman on the other side, the gentleman from Illinois (Mr. MICHEL) offered an amendment to cut waste, fraud and abuse, out of HEW and it passed by a significant amount about 1 year ago.

I also want to say I do not know where the gentleman is getting his GAO numbers, because the gentleman can come and look at these reports and these are only about a fourth of the GAO reports. They testified this year in front of the Budget Committee that there was over $8.7 billion of waste immediately ascertainable.

Mr. BENNETT. They consolidated all of those reports this year, all of the reports and they found that there were errors in some of those previous reports.

Mrs. SCHROEDER. But not all of them, that was only one report. They testified this year in front of the Budget Committee. They could put their fingers immediately on $8.7 billion of waste and more. As I say, over 60 of the Republicans on May 7, 1981, cited $25 billion of waste and fraud in the Pentagon.

Mr. BENNETT. I am saying you are in error, Madam, and I am also saying that it is your responsibility, you should not give it to the President. We do not have a monarchy in this country, we have a legislative form of government.

Mrs. SCHROEDER. Will the gentleman yield further?

Mr. BENNETT. I am not sure I have finished what I want to say.

I do not think the gentlewoman can escape the fact that it is her responsibility and it is my responsibility to cut out waste and fraud in the Government, not to turn it over to the "great white father" in the White House. I would be there with the gentlewoman if she were to introduce a bill to cut out things that are wasteful. But as long as the gentlewoman takes the attitude that because we have a popular man as the President, who gets just about everything he wants to in the Government, we should turn this over to him, I differ with her. I do not want a monarchial form for my government. My ancestors came here to change that form of government.

In the Revolutionary War the Government really was run by a unicameral Congress. The executive and the legislative were both in the Continental Congress and they ran the Government very well for about 10 years. If I had to choose between having a legislative branch of the Government and having an executive branch, I would be for having the legislative branch, particularly when it was elected every 2 years. So I think we cannot escape our responsibilities here.

Mrs. SCHROEDER. If the gentleman will yield further, I certainly commend him on being for praising the legislative branch. I have no problem with that. I agree and fight very hard to preserve legislative prerogatives.

Mr. BENNETT. I would hope the gentlewoman would join me in this attitude.

Mrs. SCHROEDER. This is the same amendment the legislative branch has used in the past because it is an effective tool. The President is the only one empowered to send up rescissions.

Mr. BENNETT. We can rescind ourselves. We do not have to have him rescind.

Mrs. SCHROEDER. I would be delighted to have hearings on waste, fraud, and abuse. I think such hearings are long overdue, but I just have not seen them.

The CHAIRMAN. The time of the gentleman from Florida has again expired.

(At the request of Mr. DELLUMS and by unanimous consent Mr. BENNETT was allowed to proceed for 3 additional minutes.)

Mr. DELLUMS. Mr. Chairman, will my colleague yield to me?

Mr. BENNETT. I yield to the gentleman from California.

Mr. DELLUMS. I would simply ask the gentleman to yield in order to understand the position of the gentleman. My distinguished colleague from California just asked the gentleman a very direct question. He said that based upon the GAO report, to which the gentleman alludes, would the gentleman be willing to support an amendment that would call for $1 billion in waste, fraud, and abuse? My distinguished colleague from Florida's response was he would not single out one agency, that he would prefer to do it across the board.

I would like to call my colleague's attention to the fact that on June 27, 1979, rollcall No. 296, my distinguished colleague from Florida (Mr. BENNETT) is recorded as voting "aye" on an amendment dealing with waste, fraud, and abuse in HEW. It was not an amendment directed to the entire number of agencies, so the gentleman has, indeed, voted for waste, fraud, and abuse dealing with one agency. The question is why is the gentleman not prepared to do that when it comes to the Department of Defense if the Record shows that the gentleman was prepared to do it in HEW?

Mr. BENNETT. It is my responsibility to see that the defense of our country is in as good a shape as I can, and I do the best I can on this bill. But I want to say to the gentleman in my life there have been a number of heroes. Some of them are apocryphal, but one of them was named Ralph Waldo Emerson. As my colleagues well know, he once said consistency is the hobgoblin of small minds. I do not pretend to be consistent. I only pretend to be, and only am, what I think I should be at a particular moment when I cast a vote.

Mr. BEARD. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I yield to the gentleman from Tennessee.

Mr. BEARD. Is it not true when that vote came forth before this body, the Secretary of HEW had come out publicly and acknowledged that there had been $8 billion worth of waste and fraud?

Mr. BENNETT. That is correct.

Mr. BEARD. If the gentleman will continue to yield, has not the Secretary of Defense expressed a sincere desire to try to correct that waste and the abuse in the Defense Department.

Mr. BENNETT. He has.

Mr. BEARD. One of the ways he suggested to correct waste was by coming forth with a multiyear procurement bill that he estimated could save between $3 billion to $15 billion a year, and if I am not mistaken, several of the Members who are so concerned about waste in the Defense Department and are in support of this $8 billion amendment voted against the multiyear procurement bill that the Secretary of Defense, with all of his integrity and all of his sincerity presented to the House.

Mr. BENNETT. I cannot imagine that, but if the gentleman says so I am sure it is so.

Ms. FIEDLER. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I yield to the gentlewoman from California (Ms. FIEDLER).

Ms. FIEDLER. I would like to shed a little bit of light rather than heat on this subject and remind the Members of the House that in the recent decisions that have been made by the Department of Defense they have reduced $3.2 billion in waste and fraud out of the defense budget, after having reviewed some of the GAO reports, and after having taken a look at a variety of ways in which we could eliminate waste and fraud.

The CHAIRMAN. The time of the gentleman from Florida (Mr. BENNETT) has again expired.

(At the request of Mr. DELLUMS and by unanimous consent, Mr. BENNETT was allowed to proceed for 2 additional minutes.)

Mr. BENNETT. I continue to yield to the gentlewoman from California (Ms. FIEDLER).

Ms. FIEDLER. As a matter of fact, during the course of the reduction of the $3.2 billion there has been 50 specific programs which have been reduced substantially by the Department of Defense. In fact, Secretary Weinberger has specifically identified an individual who will investigate the elimination of waste, fraud, and abuse.

This amendment is an attempt, in my opinion, to simply reduce the defense budget rather than eliminate the waste, fraud, and abuse, and should be defeated. We should work hard to identify specific ways in which we can identify this and not simply use a meat-ax approach to the defense budget.

Mr. BENNETT. I thank the gentlewoman.

Mr. DELLUMS. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I yield to the gentleman from California (Mr. DELLUMS).

Mr. DELLUMS. My distinguished colleague is a respected and senior member of the Armed Services Committee, and clearly the gentleman stands unequivocally in support of any effort to address the issue of waste, fraud, and abuse. That is beyond ideology, it is beyond partisanship, it is something that all of us are committed to.

Mr. BENNETT. Is the gentleman asking me a question or making a statement? I do not know if I agree with what the gentleman says. I did not hear him. I did not hear the gentleman so I am not sure what he said.

Mr. DELLUMS. I will come directly to the point. I wonder would the gentleman be willing to join with this gentleman and other members of the Armed Services Committee in calling upon the Armed Services Committee to hold a series of public hearings on the issue of waste, fraud, and abuse, dealing also with base closures and with the extension of contracts going forward in Member's districts around the country?

I looked for the past 12 years at the activities of the Armed Services Committee, of which I am a member, and I find in the past 12 years we have had no hearings on the general issue of waste, fraud, and abuse.

Mr. BENNETT. Let me answer my colleague real quick.

The CHAIRMAN. The time of the gentleman from Florida has again expired.

(By unanimous consent Mr. BENNETT was allowed to proceed for 1 additional minute.)

Mr. BENNETT. If I may have an additional minute to answer that, I must say there is no question that the gentleman from California has raised a matter with which I find a greater rapport than any other the gentleman has raised. I would enthusiastically back hearings, extensive hearings in the Armed Services Committee on any way we can get at waste, abuse, or fraud, if it exists. I do not think we should premise it on the fact that it exists, but I think we should look to see where it does exist, if it does, and try to find places where we can save money.

I would enthusiastically support that point of view.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I yield to the gentlewoman from Colorado (Mrs. SCHROEDER).

Mrs. SCHROEDER. I want to state that I think the gentlewoman from California (Ms. FIEDLER) misunderstood what I was trying to say. I salute what the Secretary of Defense has been doing. I have been communicating with him. I think this just gives him a little more fuel. He can say, "Look, the Congress is behind me also." Cutting is very difficult in defense. He will need help.

Mr. BENNETT. We need the fuel behind our behinds. That is where we need it.

Mrs. SCHROEDER. He could say we went on record as endorsing the $3 billion-plus in cuts that he has made. These cuts are not reflected in the budget or amounts in this bill so, therefore, he would only have to do about another $5 billion more to be in line with my amendment.

AMENDMENT OFFERED BY MR. COURTER AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MRS. SCHROEDER

Mr. COURTER. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. COURTER as a substitute for the amendment offered by Mrs. SCHROEDER: At the end of the bill, add the following:

RECOMMENDATIONS WITH RESPECT TO THE ELIMINATION OF WASTE, FRAUD, ABUSE AND MISMANAGEMENT IN THE DEPARTMENT OF DEFENSE

SEC. 915. (a) The President shall submit to the Congress not later than January 15, 1982, such recommendations as he considers necessary or appropriate to improve the efficiency and management, and eliminate, waste, fraud, abuse and mismanagement, in the operation of the Department of Defense.

(b) In addition to the information required by subsection (a), the President shall—

(1) set forth each recommendation by the Comptroller General since January 1, 1979, for the elimination of waste, fraud, abuse, or mismanagement in the Department of Defense; and

(2) provide a statement of—

(A) which recommendations set forth pursuant to paragraph (1) have been adopted and the actual and projected cost savings from each; and

(B) which recommendations set forth pursuant to paragraph (1) have not been adopted and the projected cost savings from each and an explanation of why each such recommendation has not been adopted.

□ 1220

Mr. COURTER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. COURTER. Mr. Chairman, I think there are a number of flaws in the amendment introduced by the gentlewoman from Colorado that I would like to address myself to during the next few minutes.

First of all, I think it certainly violates the intent of the Impoundment Control Act of 1974. I know there was a great deal of debate when that particular act came into effect. The purpose of the act, obviously, was to give the executive branch, the President of the United States, some power to come forward with rescissions that in his discretion he feels are necessary because the budget authority given to him, was over the budget authority necessary to carry out the purpose of any given legislation.

The first part of the gentlewoman's amendment really changes entirely the thrust and the purpose of the Impoundment Control Act of 1974. It mandates that the President of the United States come forward with a rescission January 15, of this coming year, in the total sum of money of $8 billion. It is not discretionary.

The gentlewoman from Colorado, in her remarks, said it is not bad for us to ask the President to do that. But it is important to understand that she is not asking the President, she is telling the President that he must, therefore, changing entirely the whole purpose and thrust of that Impoundment Control Act with regard to rescissions.

Second, not the intent but the result of the gentlewoman's amendment will affect very distressingly readiness. I know that Members on both sides of the aisle are very concerned about the readiness level of our armed services.

If, for example, the President cannot find $8 billion of waste, fraud, abuse, and mismangement—which, I might add, are not line items on the budget, they do not lend themselves to rescissions because they are not weapons systems or programs. If, for example, $8 billion is not found and, as a matter of fact, it simply is not going to be found quickly, and it does not lead by its very nature to this type of approach, what is going to happen is that the President is going to have to come forward to this body with the rescission to reduce some areas of expenditures, reduce the authorization. And when you reduce the authorization, what are you going to reduce? You are going to reduce it in those old areas that the Department of Defense, the Army, the Navy, the Air Force have normally done; you are going to reduce training, you are going to curtail replacement parts, you are going to reduce research and development, you are going to lessen your purchases of jet fuel for training. All of these things, these spare parts, the lack of jet fuel, the lack of training exercises, will impact readiness tremendously.

So the real result of this amendment is going to require the President to lop off $8 billion, that is 6 percent of this entire budget, which will, as a matter of fact, reduce readiness. And we have spent untold hours in the Armed Services Committee on the House side, in the Armed Services Committee on the Senate side, and certainly on the floor of this House, talking in terms of what we must do to make sure that we have a high level of readiness.

Also, I would like to add that this particular amendment, when you peel away the vernacular, when you peel away the Christmas wrapping of waste, fraud, and abuse and mismanagement, is simply an amendment to reduce the authorization by $8 billion. That is what we are talking about. And I have no issue with people who say the authorization in this bill of $136 billion is too high. They can come forward with an amendment, a straightforward amendment, to reduce that authorization by 6 percent or $8 billion.

That is the purpose, that is the intent, and that will be the result of this amendment.

So that for those people who feel the authorization is unreasonable, that it is too high, that we do not need this money in order to lift the level of defense preparedness that we have, fine; you can vote in favor of it. But I think it is important to point out that this amendment without my substitute is an amendment that simply lops off $8 billion in a mandatory way.

Finally, I might add—and then I am going to talk a little bit about what my substitute does—that I think everybody is unanimous in the sense that we do not want waste, fraud, abuse, and mismanagement at any level of Government, in any department, wherever it may be.

The CHAIRMAN. The time of the gentleman from New Jersey (Mr. COURTER) has expired.

(By unanimous consent, Mr. COURTER was allowed to proceed for 4 additional minutes.)

Mr. COURTER. I think it is important to recognize that I believe a majority of the Members of this body want to see $136 billion in this authorization bill without waste, fraud, and abuse in it. So, therefore, if the administration, if Cap Weinberger, if the newly created Department of Assistant Secretary of Defense for Review and Oversight, comes forward with methods, methodology, and ideas to save $2 billion, $6 billion, or $8 billion, that new savings should be used for the continuation of the defense posture.

I think the gentlewoman's amendment assumes the fact that everybody

in this body wants a $136 billion authorization and also recognizes that there is $8 billion of fraud and abuse. However, I want $136 billion without the waste, fraud, and abuse.

My substitute goes along with the reporting requirements of the Schroeder amendment. It says indeed we should hold the Defense Department's feet to the fire, have them analyze those reports of the GAO, have them comment on those reports that have been issued to the Congress in prior years, to tell the Congress what areas they have carried out with regard to recommendations of GAO, what were the expense savings because those recommendations were followed, and also requires them, if they did not follow the recommendations or suggestions of GAO, to come forward and explain to the Congress why they did not. The strong reporting requirements are still there without the inevitable reduction of $8 billion in this authorization and also the inevitable reduction of the readiness of the state of our armed services.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. COURTER. I yield to the gentleman from Kansas.

Mr. GLICKMAN. I thank the gentleman for yielding.

Mr. Chairman, the thing that troubles me about all of this is the fact that, No. 1, when you talk about the defense issue, you are polarized on it, and it is hard for what I call a good, responsible, nonconfrontive discussion of waste. But not long ago we had a bill to create Inspectors General. They are in almost every agency in Government. And as I recall, although I could be wrong, it seemed to me that there were a large number of members of the Armed Services Committee on the floor during that debate who argued against the creation of an Inspector General in the Department of Defense because, they said, that would interfere with the military policy and, besides, there probably is not all that much waste. And yet we certainly were not reticent in creating those Inspectors General every other place in Government.

My problem is this: The gentleman's amendment, and the amendment offered by the gentlewomen from Colorado (Mrs. SCHROEDER) are not all that different, except the gentlewoman specifies an amount.

Mr. COURTER. If the gentleman will permit me, I think there is a huge difference. The result of her amendment is a reduction in authorization on January 15.

Mr. GLICKMAN. That is not true.

Mr. COURTER. At least a recommendation by the President, a rescission, a recommendation by the President to reduce the authorization by $8 billion. Therein is the difference. Mine permits flexibility and mine recognizes the fact that this administration is going forward with regard to rooting out any type of waste, fraud, and abuse.

Mr. GLICKMAN. If the gentleman will yield, the amendment offered by the gentlewoman from Colorado (Mrs. SCHROEDER) provides that if the President cannot find that money or if the money is incapable of being found because it would jeopardize the security of the country, it would not be required to be rescinded at all. In effect, perhaps it is putting a little greater burden on him to find it, but it is not, in fact, cutting $8 billion from the program.

I suppose that my biggest concern is the fact that unless you really provide the incentive for him to cut the money, that we will have the same attitude that we had when we had the Inspector General matter here on the floor and when many in the Pentagon were arguing against the creation of an Inspector General in their own department.

Mr. COURTER. If I may take back my time, I think this administration not only has an incentive, I believe this administration is very sincere, much more sincere and much more vigilant, I think, in its attempt to reduce this type of wasteful activity in all departments.

The CHAIRMAN. The time of the gentleman from New Jersey (Mr. COURTER) has again expired.

(By unanimous consent, Mr. COURTER was allowed to proceed for 3 additional minutes.)

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. COURTER. I yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Chairman, I would just like to call to the attention of the gentleman from Kansas that we had a colloquy before on the global positioning satellite (GPS), the NavStar. The gentleman was anxious to get GPS in the bill. We thought that it was not prudent. And that is $8 billion that was deleted that the gentleman wanted added. That is an $8 billion figure right there, when we look at deletions from the bill. The gentleman was anxious for that because it affected him. But across the board, the gentleman thinks it is a bad thing. You cannot have it both ways. You either want to cut out waste or you do not.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield, since the gentleman mentioned my name?

Mr. COURTER. Mr. Chairman, I would like to yield to the coauthor of this amendment, the gentlewoman from California (Ms. FIEDLER). The gentlewoman worked very closely in drafting our substitute.

□ 1230

Ms. FIEDLER. Mr. Chairman, the need to eliminate waste, fraud, abuse, and mismanagement in all aspects of Government—including the Department of Defense—has never been more pressing than it is today. But, I believe it is possible to both vote against waste, fraud, and abuse and still vote for a strong national defense. Therefore, I support the substitute amendment to that of the gentlelady from Colorado.

To simply chop away $8 billion will not result in either better management or a stronger national defense. The gentlelady's amendment cuts blindly. It may mean the cancellation of aircraft, submarines, missiles, or warships. It may mean the unnecessary closing of bases, halting of production lines and a general undercutting of all we have been trying to do to restore American defense capability.

There is one key difference between amendments. The gentleman's substitute requires a study of fraud and waste which should be eliminated both presently and in the future. The gentlelady demands a rescission of $8 billion in the current defense authorization, regardless of whether there is actually $8 billion over the $3 billion already saved in fraud and waste in the Department of Defense. The gentlelady's amendment:

Offers us meat-ax cuts that can harm national defense;

Is not an effective method to control fraud and waste while maintaining a strong national defense; and

Simply reduces the DOD budget by $8 billion.

The substitute amendment, on the other hand, will provide Congress with the ability to take a careful look at the information provided by the President. Our committees and this House will be able to apply intelligent and rational analysis to the defense budget. Then we can take truly effective action to cut waste, fraud, abuse, and mismanagement whenever it is found.

I urge you to support the substitute for the amendment proposed by the gentlelady from Colorado, and then approve it as an amendment to the authorization bill in the two-tiered process required to pass a substitute amendment.

Mr. COURTER. I thank the gentlewoman from California for her invaluable contribution.

Mr. STRATTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to say that I think the approach of the gentleman from New Jersey (Mr. COURTER) is outstanding. I think he has done an excellent job of trying to defuse this damaging amendment. Actually, it might be simpler if we simply voted the amendment down; but if we

cannot do that, the gentleman's approach is a very good one.

It is a little bit hard for me really to talk about the amendment very seriously, and I think the gentlewoman from California (Ms. FIEDLER) put her finger right on the nub of the situation when she said this was really an amendment to cut the defense budget by $8 billion. That is nothing new for my lovely colleague from California. She has been trying to cut the defense budget ever since she has been on the committee, and it comes in one version or another. This is the new 1981 version.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. No, not until I complete my thought. I will be happy to yield later on.

Perhaps we ought to recognize precisely why we are in the position we are in today. As I tried to indicate on yesterday, when I was opposing the amendment of the gentleman from Texas (Mr. BROOKS), this country—although a lot of people still do not seem to realize it—is facing a serious crisis in defense. And one of the principal reasons we are facing a serious crisis of defense is that for the last 10 years Congress has been cutting the defense budget year after year after year. So that today the Soviet Union over that same period has been spending $240 billion more for its defense structure than we have.

Instead of telling the Secretary of Defense that we ought to try to find some way of cutting the defense budget by $8 billion we ought to be backing him up in his great effort to give us a defense that will overcome some of our obvious vulnerabilities. We are $240 billion behind the Soviet Union, and if we want any kind of balance with the Soviets we have got to catch up and catch up fast. We already have a 5-year window of vulnerability to a Soviet first strike, and that is no joke. On top of that, as we have already heard, we now find our allies in Europe, and even in Japan, affected with a spreading wave of pacifism that may not even allow us to provide the kind of defense in those critical areas that we think is needed.

The gentlewoman from Colorado has referred to the GAO reports of potential waste. I dare say that not too many Members of the House have actually read those reports, but I happen to have been involved in one of the items that the GAO has referred to as waste. But you have to understand what the GAO is talking about when it talks about waste. It is not what most of us think of as fraud or waste. They take, for example, the XM-1 tank. They said that was an example of waste. Why was it an example of waste? Not because somebody did not know what he was doing, or poured the money down a rathole. It was because when we had completed a competent, low technology, effective tank, the Secretary of Defense in 1976 decided to make an international example of it, to allow the German gun, which had been untried, and an untried turbine engine, which had never been in a tank to be added to it. In so doing we automatically added $2 billion in cost to that tank. But, that is not the kind of waste that the gentlewoman from Colorado has in mind, where somebody filched paper clips out of a back office.

The fact of the matter is that the story that appeared in the paper this morning—and I hope we do not put that weird idea into effect—if we are going to put our M-X's in C5-A's, and then later we find out, as I am sure we will that that basing mode does not function and nobody can tell exactly where the C5-A is located when it fires off the M-X, the GAO is going to say later on that was another big example of waste in the Defense Department. Waste, in short, is any attempt to try to achieve a capability when you really do not know exactly where you are going in this field. We are stressing the state of the art.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. STRATTON. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mrs. SCHROEDER. Mr. Chairman, reserving the right to object, we have a very serious problem here in that the other side has put a limitation on us. There are 12 amendments, I understand, waiting. We are to be cut off of debate at 5 o'clock tonight, and I really feel that we have got a little problem if everybody goes on extending, not so much because of my amendment. I am sure I can be finished by 5 o'clock, but I feel very badly for the other 12 Members who are waiting.

I am wondering, continuing to reserve the right to object, whether or not the other side would lift the time limit that was unanimously granted.

The CHAIRMAN. Is there objection?

Mr. DICKINSON. Mr. Chairman, reserving the right to object, I did not hear the request.

Mrs. SCHROEDER. I would request that we lift the time previously agreed to by unanimous consent.

Mr. STRATTON. The request is for 3 additional minutes.

Mr. DICKINSON. I have to apologize, but I cannot hear the gentlewoman.

The CHAIRMAN. We can only take one unanimous-consent request at a time. The pending request is whether the gentleman from New York gets 3 additional minutes.

Is there objection to the request of the gentleman from New York?

Mrs. SCHROEDER. Further reserving the right to object, I must say that I think somebody is going to start objecting just because of the other 12 amendments if the other side will not agree to lift the 5 o'clock time limit.

I do not think so because of my amendment, but I feel very badly about other people being shut off who have been waiting 7 days to offer their amendments.

Mr. DICKINSON. Mr. Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I yield.

Mr. DICKINSON. I am having difficulty in hearing. We get a lot of help, but if I understand the gentlewoman, she alluded to the fact that there was a 5 o'clock time limit, and she was hoping that it could be extended. Let me say that I discussed this with the chairman, discussed it with the leadership on my side.

□ 1440

The word has come to us from the Speaker that if we do not finish this bill this week, it will probably be September before it comes up, because next week we are starting on an appropriations bill. We picked 5 o'clock now because following 5 o'clock we still have all the amendments that are printed in the RECORD, and there will be 10 minutes on each of them. There will be at least one separate vote when we get back in the House. We will still be here some time after 5 o'clock tonight.

This was not done in an arbitrary way nor did we intend it to be unreasonable, but if we do not finish this bill today—and I cannot be here tomorrow—it will probably be September before we get back to it. It was for that reason the 5 o'clock time was picked. We are not going to back off, and Members can talk until Doomsday, it is still 5 o'clock when we should finish this bill today.

Mr. PRICE. Mr. Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. Further reserving the right to object, I yield to the gentleman from Illinois.

Mr. PRICE. Mr. Chairman, I would like for the gentlewoman and other Members to know that we are not here because our committee is insisting that we wind this up by 5 o'clock. We are acting in unison with the leadership to get this bill out so that it can go through the normal process of being implemented further down the line. We have almost a direct warning that unless we do it by this evening, it will not be done; it will be ignored, along with all the other proceedings from hereon, and we will have put in all this effort to no avail.

Mrs. SCHROEDER. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. BADHAM. Mr. Chairman, reserving the right to object, I will not object at this time, but I would suggest to the gentlewoman from Colorado (Mrs. SCHROEDER) that if she was so insistent on lifting deadlines, and so forth, she could have objected when the request was made. All it would have taken was an objection.

However, I would suggest to the gentlewoman and others who are somehow lengthening this debate that the Members who have asked for additional time are not the ones who are generally in favor of the bill, and they are not members of the committee. The Members who have generally been asking constantly for 3 more minutes and 5 more minutes are generally the Members who have not been for the bill.

Mr. COURTER. Mr. Chairman, will the gentleman yield?

Mr. BADHAM. I yield to the gentleman from New Jersey.

Mr. COURTER. Mr. Chairman, I really think this has been going on long enough. I am going to say that after the unanimous consent request of the gentleman from New York (Mr. STRATTON), which I think was for 3 additional minutes, I would then object to any further time.

Mr. BADHAM. Mr. Chairman, I thank the gentleman from New Jersey (Mr. COURTER) for taking the words out of my mouth, because that was going to be my suggestion also.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. VOLKMER. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. SKELTON. Mr. Chairman, I move to strike the requisite number of words, and I yield to my friend, the gentleman from New York (Mr. STRATTON).

Mr. STRATTON. Mr. Chairman, I thank the gentleman from Missouri (Mr. SKELTON) for yielding to me so that I might be able to give the House the benefit of my wisdom in 3 minutes.

I was saying at the time that the time ran out that this kind of waste really is a different sort of thing than what is usually assumed to be waste. One example that I was citing was that in an amendment that is going to be offered here later, we are going to be told what a great plane the F-14 is and why we ought to be having a lot more F-14's rather than F-18's.

The fact of the matter is that the F-14 was first developed as a low-cost substitute for the ill-fated TFX of Mr. McNamara, which later turned into the F-111, and because of the growth of electronics and all the rest, the F-14 ended up costing more than the TFX. This is the kind of thing that the GAO refers to as waste and this is obviously not the sort of thing that we can deal with meaningfully in the kind of proposal that has been offered by the gentlewoman from Colorado (Mrs. SCHROEDER).

What we need today is to let the Secretary of Defense get on with meeting the threat that we now face; and let us not kid ourselves that we can cut $8 billion or $10 billion or $20 billion out of the Defense Department and still protect the American people.

Mr. BEARD. Mr. Chairman, will the gentleman yield?

Mr. SKELTON. I yield to the gentleman from Tennessee.

Mr. BEARD. Mr. Chairman, I would like to point out that a statement was made by our colleague who is behind me that we want to strike money from some of this at this time, and I bring this not too small matter to the attention of the Members. As a matter of fact, I would like to debate that issue if they would give us a little extra time. I would like to point out that the gentleman made what I thought was a very inaccurate statement inasmuch as he said that in the last 15 years we have not had hearings on waste, fraud, and abuse.

That is an absolutely total misrepresentation. We are continually having hearings on waste, fraud, and abuse. We held hearings just recently on the Trident submarine, and as a result of those hearings the Secretary of Navy rejected a contract for the class 688 submarine and gave it to another contractor.

We have held hearings on the Poseidon and the F-16. We have held hearings on the PX, the fraud and abuse in the PX's, and a result of that there will be convictions. We have held procurement hearings, and we have held hearings on the availability of medical facilities and on the whole concept of construction of naval facilities.

So to the Committee, it is an insult to the dignity of the Armed Services Committee that the feeling is that we sit there with our eyes closed and our hands in our ears following totally the leadership of the Pentagon, we do not do that.

We do feel a responsibility to see that we get the best return from the dollar, and we want to continue to proceed with that.

Mr. Chairman, I thank the gentleman for allowing me to express my opinion and point this out.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. SKELTON. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Chairman, I want to make sure it is made clear no one is accusing the Armed Services Committee of not caring about waste. When this body acted on HEW on waste and fraud, I do not think anybody was really slapping Education and Labor. We do know that waste is a very difficult thing to get a hold on.

I think another important thing that we are missing is that there is a great difference between the gentleman's amendment and mine. No. 1, I target an amount of waste and it is $8 billion out of a projected $1.5 trillion that we are moving to spend over the next 5 years. I think that is a very small amount. We are backing up what the President is asking us to do. He is on board.

I have great confidence that our new Secretary of Defense is going to show us some new leadership here, but we do not want him to get sidetracked. I think we want him to know that what waste there is we would like to rid ourselves of, and some of the gold plating and other things here that have been impairing a strong defense.

So, Mr. Chairman, my amendment has been really wrongly maligned around here. What I am trying to do and what I think this body ought to try to do is set a target and give the President a way out if that target cannot be reached. I think that is very important, we do not want to impair real programs; just waste.

Mr. SKELTON. Mr. Chairman, let me ask the gentlewoman, what is the out that the President has? How does the amendment give him an out?

Mrs. SCHROEDER. Mr. Chairman it says, "which the President has determined is not required to carry out the full objectives" of the programs.

The CHAIRMAN. The time of the gentleman from Missouri (Mr. SKELTON) has expired.

(By unanimous consent, Mr. SKELTON was allowed to proceed for 2 additional minutes.)

Mr. SKELTON. Mr. Chairman, I yield to the gentlewoman from Colorado (Mrs. SCHROEDER) so she may complete her answer.

Mrs. SCHROEDER. Mr. Chairman, I thank the gentleman from Missouri (Mr. SKELTON) for yielding. He has been most kind.

This amendment says that if they find out there is not enough waste to total $8 billion without carrying out the full objectives of the defense programs that we have agreed upon, then obviously this body does not want to impair those programs by using the broad issue of waste, fraud, and abuse. What we are trying to do is find out if allegations of waste are really true; I think it is probably true because the Secretary of Defense has already targeted over $3 billion of waste. It is not in this bill, so we are only talking

about $5 billion more waste to be discovered.

I do not think it is that hard to do. There are many reports backing that up. I think we are going to lose the American public's belief in us if we do not show that we are going to carry on the war on waste everywhere, because the President has said that he wants to carry on the war everywhere.

Mr. SKELTON. Mr. Chairman, this is one of the things that concerns me. We must protect ourselves. If the gentlewoman will kindly respond to this: Is it not true that the confidence of the American people must be continued, but at the same time we do not want to hamstring ourselves in shoving something down the throats of those who are trying to implement our readiness and our defenses?

□ 1250

Mrs. SCHROEDER. That is right.

Mr. SKELTON. It is a difficult position in which many of us find ourselves on the gentlewoman's amendment.

Mrs. SCHROEDER. If the President cannot find rescissions, $8 billion of rescissions, there is nothing that we can to do about that. I say in my amendment I do not want to impair the programs. He can report to us if that waste is not findable. If that is true maybe some of the mystique floating around that people are upset about, the mystique that there is a lot of waste in DOD with everyone having a different number representing $44 billion, $25 billion, $1 billion, $8 billion of waste the real facts will come out and there is no better person than the Secretary of Defense to deal with waste.

Mr. DELLUMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I think my distinguished colleague from Kansas, a few moments ago, put his finger on the problem that we have in debating the matter before us at this moment, and that is that I think, yes, in rather general and vague terms all of my colleagues in the body are interested in addressing the problems of waste, fraud, and abuse, but the tragic reality is that when we begin to talk about waste, fraud, and abuse in the Pentagon we do indeed begin to polarize this body, so that we cannot objectively and with the degree of intellectual integrity I think that is demanded in appropriately addressing this problem.

However, having said that I would like to make a few points.

No. 1, as I indicated earlier, I look back over 12 years of activity on this committee, and we on the Armed Services Committee have never held a hearing on the general subject of waste, fraud, and abuse, and I appreciate my distinguished colleague from Florida, who indicated that this is a vital area and it is an area that the Armed Services Committee ought to address, and I certainly will join with him immediately following these proceedings to request the full Armed Services Committee hold these hearings.

Now, the Republican Study Committee on August 22, 1980, issued a special report entitled "Waste, Fraud and Abuse and Mismanagement in the Federal Government," and I would state, in part, it says, this report, it misses 107 selected Federal recommendations issued between January 1979 and July 1980, plus two additional documents regarding specific unnecessary Federal expenditures resulting in waste, fraud, abuse or mismanagement. The total identified unnecessary Federal expenditures from just these 107 findings and recommendations are: $34,484,764,894. Of that $34 billion issued in the special report, by my distinguished colleague on this side of the aisle, between $15 and $16 billion in specific items, waste, fraud, abuse and mismanagement I referred to in this document.

Therefore, it would seem to me the height of contradiction for my colleagues on this side of the aisle to ask for a report when we have dutifully and diligently reported $34 billion in cuts, roughly $15 to $16 billion in the Department of Defense.

Now I would like to quote the chairman of the Appropriations Committee of this body regarding the issue of waste, fraud, and abuse in the Pentagon, and I quote:

To increase defense spending does not necessarily mean receiving more defense or better defense, but is basically likely to weaken defense. The wasteful spending in the name of defense, which I know about and hear of is very frightening because such wasteful spending is highly inflationary and might lead the President and our leaders to believe we are much stronger than we are and take steps that are dangerous in the extreme.

This is Representative JAMIE WHITTEN who chairs the House Appropriations Committee who made this statement on March 30, 1981.

Two of our distinguished colleagues in the other body made this statement:

We are convinced that the Department of Defense, whose budget will soon make up nearly one-third of all Federal spending, is in a position to effect major savings without in any way sacrificing military muscle. Runaway costs characterize our entire defense procurement program. These vast expenses have nothing to do with maintaining the strength of our military forces, they are pure and simple the result of a system that permit DOD officials to operate as though the public purse has no limits. It is a system that can be and must be changed.

This was a statement made on February 25, 1981, and interestingly enough, by a bipartisan duo of one Republican and one Democratic Senator.

Mr. Chairman, the House Appropriations Committee has listed 46 areas of waste, 46 areas of waste in the Pentagon, specific areas of concern.

The CHAIRMAN. The time of the gentleman from California (Mr. DELLUMS) has expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 5 additional minutes.)

Mr. DELLUMS. Mr. Chairman, the National Conservative Foundation lists $25 billion in waste, fraud and abuse in the Pentagon. So this matter has been studied.

Mr. Chairman, I would like to quote from a document, from a periodical that certainly in no way can be referred to as some left wing commiepinko periodical. As a matter of fact, I would suggest it is a middle-of-the-road mainsteam establishment periodical, known as U.S. News & World Report.

April 27, 1981, the article: "Billions Down the Pentagon Drain." and I quote:

They warn that the Reagan Administration's proposals allocate $1.5 trillion for new ships, planes, tanks, missile systems and other programs over the next five years will feed the Pentagon's apparent penchant for squandering money on a staggering scale.

To further quote:

The scope and magnitude of the excesses attributed to the Department of Defense are underscored by a random sampling of allegations documented by official investigators.

And I would read anew:

Failure to equip Navy missiles with a $2 firing circuit leaves millions of dollars' worth of these weapons unusable. Fraud and incompetent accounting on one Army military office resulted in a loss of $531 million. Inefficient operation and support of the Navy's new F-18 warplane threaten unnecessary spending estimated at $4.1 billion.

Military reservists pocket some $744 million in payments for exercises they never attend.

Upkeep of marginally useful military bases eats up about $443 million annually.

Slipshod billing practices have forced the Pentagon to pick up the tab for $1 billion in foreign arms-sales costs which should have been billed to customers abroad.

A minimum estimate of costs of $15 billion by my colleagues on this side of the aisle has been alluded to in this article. TIP O'NEILL, our distinguished Speaker, indicated:

Should we be expected to rubber-stamp the Defense budget . . . while the Pentagon leases computers for $1 billion a year that it could have purchased for $200,000.

Mr. Chairman, I go further in quoting this article:

What is the Pentagon's defense against these charges?

For one thing, Defense officials argue, a measure of waste is unavoidable in an enterprise of such gargantuan size and sweep. They note that the proposed U.S. military budget for the fiscal year starting October 1—some $222 billion—is more than double the gross national product of India.

Further Pentagon officials maintain that political . . .

I would like my colleagues to hear this—"political pressures exerted by Congress lead to multibillion-dollar excesses beyond the control of military managers—for example, demands to keep superfluous military bases open and to produce unnecessary weapons for the benefit of local defense contractors", contribute to the issue of waste, fraud and abuse and we in this body directly attribute to that and every single one of us understands the reality of that statement.

Mr. Chairman, to go further, white collar crime in the military. The most clear-cut abuses for defense funds stem from fraud, embezzlement, and theft. Experts estimate that chislers skim millions off the Pentagon budget, each year even though no one knows the magnitude of the problem. One well-established target for rip-off artists is post exchanges on military bases that function as general stores for uniform personnel. According to a recent report from the General Accounting Office, Congress investigative arm, some procurement officers are known to have received kickbacks of up to $150,000 from suppliers in return for inflating orders.

□ 1300

Federal courts in Texas last year convicted 15 military men and civilians in a military-exchange fraud case. Six more individuals are under investigation.

These are not isolated cases, Mr. Chairman. A probe of questionable purchasing practices within the Air Force's retail exchange system covered 66 of the system's 372 procurement officers, according to one Government report. Abuses of varying degree have been confirmed in 23 cases to date.

Investigators admit that they probably detect only a fraction of the embezzlement that goes on—and just as worrisome, they say, is the outright theft of merchandise, hardware and even cash, made easier by lax Pentagon bookkeeping. Inspectors estimate that thieves make off with millions of gallons of military fuel each year, taking advantage of accounting loopholes.

The CHAIRMAN. The time of the gentleman from California (Mr. DELLUMS) has expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 5 additional minutes.)

Mr. DELLUMS. A recent spot check of 118 company-size Army units found that $30 million in supplies was missing, some of it presumably stolen.

Careless handling of funds is cited as an open invitation to thieves. For example, during a surprise visit to offices of the Army's military district of Washington, auditors discovered about 500 checks worth $300,000 lying around on desk tops.

Overseas, too, auditors find scams at U.S. military installations. One case cited in an official report: "Widespread collusion and bribery" riddling the supply system at the Navy's vast shipyard in Yokosuka, Japan. Estimated losses: millions of dollars. There are problems of mismanagement, Mr. Chairman. Costly as such activities are, they pale in comparison with the sums squandered by profligate spending and mismanagement. Officials estimate that billion's worth of materials, equipment and fuel are wasted each year through needless purchases, unnecessary operations and inept supervision.

Investigators say the Navy is among the worst offenders. According to the House Appropriations Committee, for instance, the Pearl Harbor Naval Shipyard buys 40 percent more material than it needs for ship repairs—and then throws much of it away. In the Navy's eight shipyards, the overbuying runs to $35.5 million, or about 16 percent of all orders. In one case, Government auditors found that the Navy approved the purchase of $5.3 million parts for ship overhauls at the Philadelphia Navy Yard—even though the yard already had $11 million in identical items on hand.

To continue further, Mr. Chairman, the other services come in for their share of criticism, too. The Air Force, for instance, still bases many of its giant C-5A transport aircraft in California even though they are used primarily on transatlantic hauls. The result: Empty planes criss-cross the United States, gobbling up 73 million gallons of fuel and $40 million a year in the process.

On a wider scale, Mr. Chairman, some $6.9 billion worth of aircraft are being used for unjustified, noncombat purposes, GAO estimates. The investigative agency notes, for example, that Air National Guard aircraft were used to haul military personnel to a bowling tournament in Tennessee—at a cost of $109,000. Another example is the Navy's use of sophisticated anti-submarine-warfare planes for such routine missions as ferrying parts to repair shops. As one exasperated officer says: "This is like using a Cadillac to deliver mail."

Mr. Chairman, Congress, too, emerges as a prime instigator of military waste, pursuing its desire to satisfy the voters and look after local economies. Military men, in fact, claim Pentagon spending could be cut by $5 billion a year if the lawmakers would put the Nation's interests before political considerations.

One classic problem is the legislator's habit of forcing the military to buy weapons it does not want. Congress, for example, lays out millions of dollars per year for the A-7 plane, built in Texas, even though the Pentagon has not requested such planes for years. Critics assert that at least one factor in the A-7 appropriations is the desire of Texas legislators to protect the 2,200 assembly line jobs. We understand that; but the reality is that that is a conflict that we have to realize contributes to waste in our tax dollars as regards the military.

To go further, we can list interservice rivalries, rivalries between the Air Force, the Navy, the Marines, the Army, that contribute to waste, fraud, and abuse.

Costly weapons systems. Far and away the biggest money burner comes in buying weapons, where waste and inefficiencies are assuming mind-boggling proportions.

Mr. Chairman, I could go forward, but here is a statement that should be alarming to us and every single person in this country, yet we have not investigated these allegations.

Our distinguished colleague, the gentlewoman from Colorado——

The CHAIRMAN. The time of the gentleman from California (Mr. DELLUMS) has again expired.

Mr. DELLUMS. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. BADHAM. Mr. Chairman, reserving the right to object——

Mr. DELLUMS. I just want to summarize. I just want to conclude.

Mr. BADHAM. I would like to reserve the right to object.

Mr. VENTO. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. FOGLIETTA. Mr. Chairman, I move to strike the requisite number of words. I rise in support of the amendment offered by the gentlewoman from Colorado.

Mr. Chairman, I rise today to commend the gentlewoman from Colorado and to urge this House to vote for her amendment addressing waste, fraud, abuse, and mismanagement in the Department of Defense.

This body has heard much debate about President Reagan's declaration of war against waste in social programs like food stamps, aid to families with dependent children and school lunches. However, our President also made a point to say, in his state of the Union address, that the Pentagon should not be exempt from his project of making Government more efficient and better managed. Mr. Reagan's stated goal was to provide the most effective defense for the lowest possible cost. I believe that Mrs. SCHROEDER's amendment will be a significant weapon in this administration's war on inefficiency.

This issue crosses broad ideological and political lines and unites many diverse groups, such as the American

Taxpayer's Union, the Members of Congress for Peace Through Law, and the Republican Study Committee. Further, Senators GOLDWATER and METZENBAUM, two individuals who have difficulty agreeing on even the shape of the Pentagon, cosigned a letter to Defense Secretary Weinberger, asking for improved procurement procedures and an assault on waste and mismanagement. The Armed Services Committee has begun to improve our procurement process with this authorization bill, and with Mr. MCCURDY's newly formed special panel on defense procurement. I commend my colleagues for these progressive actions.

However, as yet, there has been no move to instruct the Defense Department to act positively on the other issues raised by our good friends in the Senate. They cited both the *Perry* class frigates and the much debated F-18 Hornet as a weapon system replete with waste and runaway costs. In the words of the Senators, and I quote:

> These vast expenses . . . are, pure and simple, the result of a system that permits DOD officials to operate as though the public purse has no limits. It is a system that can and must be changed.

Adm. Hyman Rickover, the father of the nuclear Navy and certainly no dove when it comes to this Nation's military preparedness, has strongly expressed his opinions on mismanagement. The admiral has charged that some large defense contractors have little regard for their product, its price, or its timely delivery, as long as they get their money. Frankly, this kind of attitude reminds me of the late President Eisenhower's farewell warning about the military-industrial complex. I believe that this Congress needs to send a message that we are not going to take this any more.

In the much discussed Republican Study Committee memo of August 1980, well over $16 billion worth of waste, fraud, abuse, and mismanagement was cited. One wonders how much stronger we would be if this money had been spent wisely. For instance, according to a GAO report referred to in the memo, almost $7 billion could be saved by looking more closely at our use of combat aircraft for noncombat missions. This saving alone would allow the services to buy 2 CG-47 Aegis cruisers, 3 688 attack submarines, 4 FFG guided missile frigates, 5 AWACS aircraft, 10 LAMPS III antisubmarine helicopters, and 20 ground launched cruise missiles, with enough money left over to recruit the personnel to use all these additional weapons. And an additional $7 billion would do wonders for our social security system, not to mention the myriad of social programs chopped up by David Stockman.

Once again, I urge my colleagues to support this amendment and help the President build a stronger national defense.

□ 1310

Ms. FERRARO. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, every candidate for public political office develops a set of slogans to discuss the issues he or she wants to bring before the voters.

In the 1980 Presidential campaign, indeed throughout his entire political career, Ronald Reagan has made the words "waste, fraud, and abuse" practically synonymous in many people's minds with words "Federal Government." Candidate Reagan's pledge to reduce Federal spending and bring inflation under control featured the idea that our economic problems could be solved by eliminating waste, fraud, and abuse from Federal programs.

Therefore, I am sure the administration would join me in congratulating the gentlewoman from Colorado (Mrs. SCHROEDER) for offering this amendment to find $8 billion waste, fraud, and abuse in the Federal budget.

As my friend from Colorado (Mrs. SCHROEDER) has pointed out, there is a mountain of information documenting waste at DOD. The General Accounting Office alone has produced 44 reports, some of which are on this table, detailing $16 billion worth of waste, mismanagement, fraud, and abuse at DOD over the last 18 months. The President's chief budget cutter, David Stockman, himself, told a congressional committee that there was so much waste at the Pentagon that the administration had not had time to start looking at it.

This amendment simply directs the President to start looking now, and to finish looking by January 15, 1982.

My colleague from New Jersey seems a bit upset about that. I must say if my colleague from New Jersey is correct in his statement supporting his substitute, that the Assistant Secretary for Oversight Review at DOD has 600 people looking for waste in DOD, there should be no trouble finding $8 billion in waste by January 15, 1982. As a matter of fact, I am certain that many agencies which have been told to reduce personnel below the levels necessary for maintaining their basic functions would love to have some of those extra 600 people. And, by the way, if DOD cannot identify waste representing less than 6 percent of its budget by that time, I would be happy to give them a head start by suggesting the use of sole-source consulting type contracts be examined.

My subcommittee would be more than delighted to share the information we have on this subject, and some of this information is here in the report I have in my hand.

Let me assert further, Mr. Chairman, that the need for the kind of savings that this amendment would produce is apparent and growing greater. Over the weekend the newspapers reported that Pentagon officials were preparing to ask the President to increase from 7 to 9 percent the after-inflation increases in Defense spending needed to accommodate the administration program. The shortfall amounts to between $2 and $10 billion in fiscal year 1983. Without this amendment, the President would be forced either to disregard part of his defense plans or seek additional cuts in already ravaged social programs.

I want to make clear that I support the increased levels of defense funding authorized in this bill. I believe the people of my district and the people of this country want a stronger defense. I agree with their judgment, and I think Chairman PRICE and the committee have done an excellent job in drafting a bill that meets our security needs.

But let us make sure the additional money we are authorizing for defense actually is used for improving national security and not for gold-plating and other frills. Let us keep in mind the budget we have passed provides severe sacrifices of many of the less-well-off members of our society, and we have a responsibility to insure those sacrifices are not frittered away on the expensive whims of Pentagon officials.

If we are running a tight ship in the Federal Government, we have to tighten up everywhere in the Federal Government. Wastes in the Defense Department are no less offensive than wastes in nutrition programs or education programs or housing programs, and I am opposed to waste there as well.

I urge my colleagues to support the amendment offered by the gentlewoman from Colorado (Mrs. SCHROEDER) and to reject the substitute offered by the gentleman from New Jersey (Mr. COURTER).

Mr. COURTER. Mr. Chairman, I ask unanimous consent that further debate on the amendment and all amendments thereto, including the substitute amendment, terminate by 1:30.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

Mrs. SCHROEDER. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

AMENDMENT OFFERED BY MRS. SCHROEDER TO THE AMENDMENT OFFERED BY MR. COURTER AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MRS. SCHROEDER

Mrs. SCHROEDER. Mr. Chairman, I offer an amendment to the amendment offered as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mrs. SCHROEDER to the amendment offered by Mr. COURTER as a

substitute for the amendment offered by Mrs. SCHROEDER: In the section proposed to be added by the substitute amendment:

(1) Insert "(1)" after "(a)".

(2) Insert "for changes in law" in subsection (a) after "such recommendations".

(3) At the end of subsection (a), add the following:

(2) The President shall include with such recommendations a statement of administrative actions that can be taken to improve the efficiency and management of, and to eliminate waste, fraud, abuse, and mismanagement in, the Department of Defense and shall promptly take such steps as may be necessary to implement such administrative actions.

(4) At the end of the section, add the following new subsection(s):

(c) Not later than January 15, 1982, the President shall transmit to both Houses of Congress a special message, in accordance with section 1012 of the Impoundment Control Act of 1974 (31 U.S.C. 1402), specifying not less than $8,000,000,000 of budget authority which the President proposes to be rescinded out of budget authority made available pursuant to the authorizations of appropriations in titles I, II, and III of this Act but which the President has determined—

(1) is not required to carry out the full objectives or scope of programs for which the budget authority is provided; and

(2) is not required due to the elimination of waste, fraud, abuse, and mismanagement in the Department of Defense.

(d) It is the sense of Congress that the President's war on waste should be aggressively pursued in every area in which the taxpayer's money is spent. The administration's efforts to end waste, fraud, abuse, and mismanagement are praiseworthy and should be expanded.

Mrs. SCHROEDER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Colorado?

There was no objection.

Mrs. SCHROEDER. Mr. Chairman, I want to say normally I do not believe in theatrics, but I just wanted to put down about one-tenth of the GAO reports that have been issued in the past year. I think it is very important to lay them on the table and say, "There they are." Are they wrong?

What is the real difference, and what does my substitute do? In essence, what my substitute is doing, and I hope that this body will accept it, is to go back to my original amendment. It talks about a target for waste. It is not more rhetoric.

The gentleman from New Jersey's amendment does nothing but ask for another report. Look at this pile of reports on the table. If my colleagues want another report, terrific. I would like to do something, I think the time has come to get serious.

So here are many GAO reports. We can get the other 90 percent of the reports. We have all of these other reports and maybe some of them are fallacious, but we are only talking about $8 billion out of this gigantic budget, and all the billions in these reports.

So I think it is important we go with this minor target. I again leave in the escape clause in my amendment that if the President cannot find it, or finds that it will impair the programs that we pass, he can certainly tell us. Second, if he does not come up with the rescissions, then I think my colleagues all know that no one is going to send him to jail. We just want to help.

We have a chance to put the myths to bed, if my colleagues believe they truly are myths, that there is no waste in the Defense Department. I would think everyone would applaud this truth finally.

The main thing I do in my substitute is add a new subsection so that anybody who is suspicious about my motives, for I detect some people acting suspicious, I say in the new phrase that I applaud the President's fight against waste, fraud, and abuse, and we in Congress are joining in it, and we are a part of it. Enlist us.

Mr. COURTER. Mr. Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I will be happy to yield.

Mr. COURTER. I have been trying to read the amendment and to hear what the gentlewoman says, but could the gentlewoman very succinctly explain to me how her amendment to my substitute differs from her amendment to the bill. If the gentlewoman will permit me to continue, it seems nevertheless to mandate a rescission initiated by the President, January 15, in the amount of $8 billion. How does it differ?

Mrs. SCHROEDER. The gentleman keeps saying I am mandating a rescission.

Mr. COURTER. It states so in here.

Mrs. SCHROEDER. I am not mandating a rescission. I cannot mandate a rescission. The language cannot mandate a rescission. Rescission powers are in the Office of the President. We all know that. We are here requesting that the President come forward with rescissions to the tune of $8 billion. We are asking that if he can come forth with more, no one is going to object. If $8 billion interferes with the program we pass there is an escape clause and no one is going to object.

In essence the gentleman is correct. The amendment to his substitute was precisely what I had originally, but I added a new clause saying that we applaud the President's fight on waste, fraud, and abuse, and this is an attempt to help out so that there is no suspicion that I am trying to put him on the line. It is only saying we are trying to give force to what the President said.

Again, when the President introduced the new Comptroller General last week he said nothing had disturbed him more as President than the failure of agencies to enact fiscal reforms recommended by GAO audits.

I have reiterated what the President said so if the gentleman was suspicious about what I was trying to do it would make it very clear.

Mr. COURTER. Will the gentlewoman yield further?

Mrs. SCHROEDER. I am happy to yield.

Mr. COURTER. I thank the gentlewoman for yielding. I appreciate her comments.

In essence what the gentlewoman is doing here is reinserting the language she had in her amendment. Therefore, the only difference between her amendment and her amendment to my substitute is adding an applause clause congratulating the President's efforts. Is that basically correct?

□ 1312

Mrs. SCHROEDER. I am adding the applause clause, to put it in the gentleman's terminology, because the gentleman appeared to read all sorts of things into my amendment that were not there.

Mr. COURTER. If the gentlewoman will yield, I do not think I am reading anything into it. I just want to make a clear understanding of what this amendment to my substitute is.

Mrs. SCHROEDER. If I can reclaim my time, I would like to tell the gentleman what it is, and I have said it over and over and over again, and I think the gentleman is trying to make a mountain out of a molehill.

It is talking about the fact that we would like for the President under his authority to bring forth rescissions to try and bring forth at least $1 billion worth of rescissions. It sets a target. The gentleman's does not set a target. He only asks for a report—one more. My amendment puts some teeth in his substitute.

The CHAIRMAN. The time of the gentlewoman from Colorado (Mrs. SCHROEDER) has expired.

(By unanimous consent, Mrs. SCHROEDER was allowed to proceed for 2 additional minutes.)

Mrs. SCHROEDER. My amendment puts teeth in the gentleman's substitute. It obviously still has the escape clause saying that if such a target would interfere with programs or if they could not carry out what was proposed, obviously, we are not going to be able to do anything. All I am saying is that the gentleman's substitute as, I see, is just kind of a soggy, wet cracker. I want something with a little more teeth. I do not want any more reports. I would not have brought all of these GAO reports down and thrown them all over the table but to remind people there must be a room here in Washington filled with reports. We do not need any more. We do not need any

more rhetoric. I am trying to set a target, and I put the applause clause in to show that I mean good will. Let us not engage in the politics of assumption. I have heard a lot of politics of assumption going on here. I assume, since you are on the other side of the aisle, that you are against defense. Wrong, I am delighted that the President is trying to get a handle on waste. I am delighted that a new Secretary, whose nickname is "Cap the Knife," is now head of DOD, and I think we want to give him all the help we can because he has got over 200,000 people in the Pentagon over there still trying to run circles around. I have seen many well-intentioned Secretaries of Defense get end run since I have been here. Let us help him. That is all I am saying. And if it will not work, if there is no fraud, then they can come forward and show it, and I would applaud that, too.

Ms. FIEDLER. Mr. Chairman, would the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentlewoman from California.

Ms. FIEDLER. I appreciate the fact that the gentlewoman is interested in trying to put some teeth into the effort to reduce waste, fraud, and abuse. But I cannot help but draw a comparison between the rhetoric and the actual fact. Yesterday this House had the opportunity to make a substantial decision regarding multiyear contracting, one of the greatest wastes, frauds, and abuses that takes place.

Mrs. SCHROEDER. Let me take my time back.

Ms. FIEDLER. And the gentlewoman did not see fit to seize upon the appropriate opportunity to pass that $15 billion. That is teeth. That is real opportunity.

Mrs. SCHROEDER. If I may take back my time.

The CHAIRMAN. The gentlewoman from Colorado has the time.

Mrs. SCHROEDER. Mr. Chairman, I would like to point out that what the gentlewoman from California has said is incorrect.

The CHAIRMAN. The time of the gentlewoman from Colorado (Mrs. SCHROEDER) has again expired.

(By unanimous consent, Mrs. SCHROEDER was allowed to proceed for 1 additional minute.)

Mrs. SCHROEDER. I think the Government Operations Committee's amendments have been misconstrued over and over again by Members today and I think if the gentlewoman will read the record, it is all there. The Government Operations amendments do not prohibit multiyear contracts. The issue was whether the committee had to review cancellation costs of over $100 million in contracts or review cancellation costs of over $5 million. I tend to think that the economic amendment was the Government Operations Committee's amendment. That committee has a better track record on holding down costs than our committee. I hope our committee will change that. I hope we are going to see new motivation. I think we can interpret back and forth each other's intentions forever. That is not the amendment that is up today. Let us not play games. Let us not do politics of assumption. This is a flat-out waste, fraud, and abuse amendment. There is a clear choice between whether we put some teeth in it and attempt target waste and do applause at the same time, and if it cannot be done, we put the waste issue to bed. The other alternative is to ask for one more report, one more waste analysis, or what have you.

I urge the Members to accept my amendment.

Mr. COURTER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, it was pleasing for me to hear the gentlewoman from Colorado admit the fact that her amendment to my substitute is a restatement, in all essential language and all essential aspects, of her original amendment; and, as such, it adds nothing. The only thing that is added, according to the gentlewoman's own statement, is a line commending the President, on his work with regard to waste, fraud, and abuse, and encouragement that he continue to do so. As such, the only real distinction between her amendment and my substitute and her original amendment is in the "applause line," and I think to have an amendment to add an applause line is superfluous and does not add anything.

Mr. WALKER. Mr Chairman, will the gentleman yield?

Mr. COURTER. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

What the gentleman is really saying is that the amendment that the gentlewoman has offered, and now the substitute that she has offered, are simply a back-door method of trying to achieve $8 billion in authorization cuts. They do not want to admit that that is what they are really doing, going after the national defense of this country, so they have put the trappings of waste, fraud, and abuse around their proposal.

I notice some interesting parallels drawn to the HEW cut that was brought to this floor in times past. At that time we made the point that what we were trying to do was cut the budget. We made that point flat out. That is where the admission is not coming from the other side on this. They do not want to admit they are trying to cut defense and, in fact, that a back-door method that is being used, and anything else, any other interpretation, just does not fit with what is really contained in the language of the amendment.

Mr. COURTER. I thank the gentleman for his contribution.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. COURTER. Not yet. I would like to make a point.

Because the gentlewoman's amendment to the substitute is really a restatement of the original amendment, all of those points that I made and all of the points that other people made with regard to the flaws in the gentlewoman's amendment are still valid.

I do not think, Mr. Chairman, that I have to go through them all. I think they are fairly obvious. If you really look at the amendment or the amendment to the substitute, what you are really asking for is a reduction of 6 percent in the authorization. And if that is what we want, I think it is important to have the Members of this body vote on that issue and not wrap that issue in very pretty Christmas wrapping, which really is misleading.

Mr. BEARD. Mr. Chairman, will the gentleman yield for me to have a colloquy with the gentlewoman from Colorado?

Mr. COURTER. I yield for that purpose.

Mrs. SCHROEDER. Well, the gentleman has not been able to yield to me.

Mr. BEARD. I have been yielded to.

I appreciate the gentlewoman's concern about waste and fraud and abuse. I understand that. And I appreciate it. I am very sensitive to it. Reference has been made to many reports by the Republican steering committee, by GAO, that there is some waste, there is some fraud. So is it safe to say that the gentlewoman, if it were acknowledged by inspectors general of other departments that there is waste and fraud and abuse in their particualr department, would support such an amendment for other departments?

Mrs. SCHROEDER. The gentleman, I think, is very well aware that I would certainly support waste, fraud, and abuse amendments if you can pinpoint the waste, fraud, and abuse in reports. Obviously, we are not just rhetoric; we want reports.

Mr. BEARD. Then I find it inconsistent that in 1979, when a $500-million fraud, waste, and abuse amendment was introduced to the HEW bill, after the Inspector General of HEW had acknowledged, with reports and specifics, that there was $5 to $7 billion waste in this Department, the gentlewoman from Colorado voted against it.

Mrs. SCHROEDER. That is right. If the gentleman will yield, I will be happy to answer that question.

First, it was on an appropriation bill, if the gentleman understands what I

am saying. I think it is much better on an authorization.

Mr. BEARD. Oh, I see.

Mrs. SCHROEDER. Second, the Inspector General's report showed that most of the fraud, waste, and abuse was being done at the State level. The Federal Government could not control it because, as the gentleman knows, our problem with HEW is that we gave money to the States and then they reallocated it. In fact, we are having a terrible problem with that right now. My State cleaned up their act in 1976. When you cap it, which we are now doing, the States that cleaned up their act get burned, and the States that did not clean up their act do not get burned because there was waste and fraud that they could cut out. I am sorry that we could not have implemented that article, but I happened to read the waste, fraud, and abuse thing that was done for HEW, and that made a big difference.

Mr. BEARD. The amendment passed by over 2 to 1.

Mrs. SCHROEDER. That is right.

Mr. BEARD. The majority of the Members felt that a $500-million amendment to try to clear up some of the $7 billion waste, fraud, and abuse of HEW——

Mrs. SCHROEDER. Well, if the gentleman will yield again——

Mr. BEARD. I have the time.

□ 1330

The CHAIRMAN. The time of the gentleman from New Jersey (Mr. COURTER) has again expired.

(By unanimous consent, Mr. COURTER was allowed to proceed for 4 additional minutes.)

Mr. BADHAM. Mr. Chairman, will the gentleman yield?

Mr. COURTER. I yield to the gentleman from California.

Mr. BADHAM. Mr. Chairman, I thank the gentleman for yielding.

As I sit here with the gentleman from New Jersey (Mr. COURTER) as a member of the House Armed Services Committee, looking at the strained efforts of the gentlewoman from Colorado to undo waste, fraud, and abuse, I look at the committee and the work of the committee and I think it is wonderful that the gentlewoman wants to slash $8 billion out of the budget for our committee for the defense of this country while at the same time thinking that apparently fraud, waste, and abuse does not exist in HHS's department.

I would also inquire of the gentlewoman how she voted on the authorization bill that we are now discussing that the gentlewoman wants to cut? How did the gentlewoman vote on the bill?

Mrs. SCHROEDER. Mr. Chairman, will the gentleman from New Jersey (Mr. COURTER) yield?

Mr. COURTER. Mr. Chairman, I yield to the gentlewoman to answer the question.

Mrs. SCHROEDER. I cannot believe the gentleman is going to yield to me.

Mr. COURTER. I yield for the purpose of answering that question.

Mrs. SCHROEDER. Which question?

Mr. COURTER. The gentleman from California (Mr. BADHAM) just stated the question.

Mrs. SCHROEDER. He asked several questions. It was compound, I would think.

Mr. COURTER. Mr. Chairman, if I may reclaim my time, the basic flaws in the original amendment of the gentlewoman from Colorado are still glaringly apparent in this amendment. The gentlewoman indicates, that the administration does not have its feet to the fire with regard to rooting out fraud, abuse, and waste, it is doing nothing; contrary to that, there has been under this administration, under Secretary Weinberger, steps to root out waste, fraud, and abuse in the management of the Defense Department.

My substitute holds their feet to the fire by making their report to this Congress by a day certain—January 15—not only with regard to what areas there may be as far as waste, fraud, and abuse and mismanagement in the Department of Defense, but also makes the President and the Secretrary go through the entire recommendations during the past 2 years in the GAO reports, to report to the Congress as to which ones they have complied with and how much money that saved; which ones they do not comply with, and the reason, and how much money they would have saved.

My substitute has teeth. It holds them to a day certain. It makes them officially respond to the reports of the GAO.

I yield back the balance of my time.

Mr. DELLUMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would first like to make a statement and then raise a question with my distinguished colleague, the gentleman from California (Mr. ROUSSELOT), the author of the Republican study committee report on waste, fraud, and abuse.

The statement I choose to make is that I think it is terribly important within the confines of the comity and custom of this body that we not challenge the motives of people who offer amendments on this floor. I think that is a rather unfortunate statement, that my colleague would suggest that this amendment, to paraphrase the language, is a cheap, backdoor effort to reduce the authorization figure.

First of all, I think that "cheap" is an inappropriate term. "Backdoor" in some way alludes to some kind of business that is not up front.

My distinguished colleague has offered an amendment. It would seem to me we have a responsibility to at least respect the thrust of that amendment; and if we choose to debate and fight on the floor of this Congress, then let us debate and fight over the thrust of the amendment rather than attempting to impugn the integrity or attribute motives to the Member that no one on this floor can prove unless the Member stands up here and says yes or no, that was their motivation.

Mr. BADHAM. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from California (Mr. BADHAM).

Mr. BADHAM. Mr. Chairman, the gentleman did ask me to stand so I could respond to a question.

Mr. DELLUMS. Mr. Chairman, I was talking about the gentleman from California (Mr. ROUSSELOT), the author of the Republican report, not this gentleman from California (Mr. BADHAM).

Mr. BADHAM. Mr. Chairman, I am a gentleman—thank you—from California—thank you again.

Mr. DELLUMS. Mr. Chairman, the gentleman is not the author of the waste, fraud, and abuse report.

Mr. BADHAM. Mr. Chairman, I am the task force chairman and the author of the RSC report on defense in which waste, fraud, and abuse-type language was used.

Mr. DELLUMS. Mr. Chairman, I yield to the gentleman, but the gentleman was not the gentleman I chose to speak to. I yield to my colleague from California (Mr. BADHAM).

Mr. BADHAM. Mr. Chairman, I am sorry if the gentleman was not referring to me, because if the gentleman was referring to me as the gentleman from California, and from the RSC, I just assumed that bearing all those titles, I was the gentleman to which the gentleman referred.

I was going to say I was not the gentleman that used the other words that the gentleman suggested might have been used.

Mr. DELLUMS. Thank you.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Chairman, I thank the gentleman for pointing this out. There has been so much rhetoric about how waste, fraud, and abuse is obviously the place to slash the budget, yet the other side is saying this is a meat ax. We are talking about an over $220 billion defense budget. Asking the President to find $8 billion of waste is not a meat ax. My amendment asks for a target of $8 billion worth of waste. That hardly registers on the scale in a $220 plus billion budget. It is not 10 percent, it is not 5

percent; it is just a teeny little bit. That is not a meat ax.

Mr. BADHAM. Mr. Chairman, will the gentlewoman yield?

Mr. DELLUMS. The gentleman from California has the time. I do not yield to the gentleman.

Regular order, Mr. Chairman. I have yielded to the gentlewoman from Colorado.

Mrs. SCHROEDER. Thank you. The gentlewoman has had great trouble getting the other side to yield, although I have been yielding to them. The Republican side has lambasted me and attacked me and done all sorts of things, saying this is really just a cut because I do not want a strong defense. I want to say something: That is sheer and utter baloney. I am sorry they would not let me respond.

I think part of what is wrong with our defense system today is that it gets consumed by waste, fraud, and abuse. If we can get $8 billion to spend on something else, it would be phenomenal. I would like $8 billion for tanks instead of waste. I think several other Members spoke to that issue and cited things that could be purchased for that. You cannot fight Russians with waste.

The real problem is to get politics out of the Defense Department, to get at a lot of things that go on there. We should be buying defense with taxpayers' dollars, not all sorts of other things like bowling tournaments and all the other goodies that have been mentioned by other Members, and pointed out in the reports discussed.

That is what is important. That is what we are talking about. If we care about a strong defense, we have to care about waste that is in the budget. I want every dollar spent well because I only tell the Members as we look at a tax cut, a tax cut financed on borrowed dollars, people are going to start getting very resentful about hearing about waste and fraud anywhere, defense or anywhere.

I feel it is important we set a target. It is important we put teeth in our commitment to cut waste. It is important we follow through. I think we should stop some of the silly back and forth that has been going on here, impugning other people's motives, taking cheap shots. I think everybody here is an American. We work under the same flag. None of us wants a weak defense. We all care very much. We all want to see a strong defense. Let us stop this quibbling.

I thank the gentleman for yielding.

Mr. DELLUMS. Mr. Chairman, if I may reclaim my time, I would like to raise a question to my distinguished colleague from California (Mr. ROUSSELOT).

The gentleman was the author of the Republican Study Committee report on waste, fraud, and abuse.

The CHAIRMAN. The time of the gentleman from California (Mr. DELLUMS) has expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 1 additional minute.)

Mr. DELLUMS. In that report—joined in by a number of the gentleman's colleagues—the gentleman listed $34 billion plus in waste, fraud, and abuse. The gentleman listed 107 specific items.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. DELLUMS. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, that is correct, mostly taken from General Accounting Office reports.

Mr. DELLUMS. That is correct. I think the gentleman arrived at a figure somewhere between $15 billion and $16 billion of those specific items directed at savings in DOD?

Mr. ROUSSELOT. I remember my colleague, the gentlewoman from Colorado (Mrs. SCHROEDER) mentioned that the other day. My recollection is not that much from just DOD, but go ahead with the point.

Mr. DELLUMS. The question that I have is that since the Republican study committee came up with this figure, why did we need to support the amendment of the gentleman from New Jersey (Mr. COURTER) for study when apparently the gentleman and his colleagues found that they had adequate studies to arrive at a substantial figure of savings?

Mr. ROUSSELOT. First of all, let me mention to my colleague that we did submit that report to President Reagan, who was then candidate Reagan. He used some of those items in the discussion during the campaign.

The CHAIRMAN. The time of the gentleman from California (Mr. DELLUMS) has again expired.

(At the request of Mr. ROUSSELOT and by unanimous consent, Mr. DELLUMS was allowed to proceed for 3 additional minutes.)

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield further?

Mr. DELLUMS. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, since that time—as the gentleman from Florida (Mr. BENNETT) pointed out—I believe the General Accounting Office has updated their survey and their assessment of where that waste, fraud, and abuse is, not only in the Defense Department but also in other agences.

□ 1340

I think, as my colleague, the gentleman from Florida stated when we had a slight colloquy here, that it is his judgment, on the basis of reports submitted to the Congress as recently as 2 months ago, that the waste, fraud, and abuse potential for savings in the Defense Department is now roughly $1 billion. Further, some of those reports are now out of date. I believe that is what our colleague, the gentleman from Florida, mentioned.

Mr. DELLUMS. Mr. Chairman, if I may ask a further question, the gentlewoman from Colorado (Mrs. SCHROEDER) has just handed me this.

Mr. ROUSSELOT. Mr. Chairman, I wonder if the gentleman would let me just add this one additional thing.

Mr. DELLUMS. I yield to my colleague, the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I believe Mr. Weinberger and our President and Mr. Stockman have already implemented some of those savings that they were able to achieve by administrative action. As a matter of fact, my recollection is that when the President and Mr. Weinberger submitted their total authorization recommendation to the Congress for the Defense Department, the President said that it would be some $32 billion higher than President Carter's request but he then pared that down so that the net add on was $26 billion, the $6 billion reduction being a result of savings that the President was committed to find within DOD programs.

Some of those savings were recommended in the General Accounting Office report.

Now, I do not want to imply that all of them were implemented, but some of them have already been implemented.

Mr. DELLUMS. Mr. Chairman, if I may ask my colleague a further question, apparently GAO, in testifying recently before the Budget Committee on the national security and the veterans' task force of the House Budget Committee, testified that they continued to be able to identify $8.7 billion in potential savings in waste, fraud, and abuse.

Mr. ROUSSELOT. In just the Department of Defense?

Mr. DELLUMS. That is right.

Mr. ROUSSELOT. I have not seen that. I would be glad to see that. When was that dated?

Mr. DELLUMS. Mr. Chairman, I would like to yield to my colleague, the gentlewoman from Colorado (Mrs. SCHROEDER), for the purpose of answering this.

Mrs. SCHROEDER. Mr. Chairman, I say to the gentleman that is true. They did testify before the Budget Committee on that, and then there have been more GAO reports that have come out since then.

So I think what we want to say is that there is a broad range of numbers. There were over 60 Members on the gentleman's side who signed the national conservative report.

The CHAIRMAN. The time of the gentleman from California (Mr. DELLUMS) has expired.

Mr. DICKINSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would just like to bring to the attention of the House, if I may, the fact that there are many serious amendments pending. There are Members standing in the wings, so to speak, wanting to offer amendments.

I think we have had a very full discussion on this particular subject matter. I see the gentleman from Michigan standing there. He has a very serious amendment that I think he proposes to offer dealing with the use of the military in drug enforcement. The gentleman from Minnesota (Mr. VENTO) has an amendment he wishes to offer deleting the F-18 aircraft. The gentleman from New York (Mr. DOWNEY) has an amendment which I think he intends to offer having to do with a project whose possible cost is going to be over a billion dollars.

The gentleman from Illinois (Mr. SIMON) has an amendment dealing with a study for a report on multilingual studies in our academies. The gentleman from Connecticut (Mr. MOFFETT) has an amendment dealing with the substitution of the F-16 for A-7's. The gentleman from Illinois (Mr. HYDE) also has an amendment.

I bring this out to say that the clock is running. We have some serious amendments, and I would hope that we could get the cooperation of Members. Each one of these amendments, I might mention, is to be offered by some Member from the other side of the aisle, and we could use some cooperation and some self-control. If we could try to move as expeditiously as possible, I think it would better accommodate the Members of the House, many of whom on that side of the aisle wish to offer amendments.

We certainly want to do the best we can in the time allowed. However, if we continue to belabor the same point over and over on these amendments and keep getting extensions of time, in 2 or 3 hours, some of these Members are really going to feel the pinch. They will be unable to offer their very serious amendments because we have spent all our time reiterating the same points.

So, Mr. Chairman, I would urge the cooperation of the Members and ask them to be a little more reserved.

Mr. Chairman, I yield back the balance of my time.

Mr. CONYERS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, we are running out of time again. It was on the gentleman's side of the aisle that the last several requests for additional time over 5 minutes came, and we are now distinguishing between "serious" amendments and other kinds of amendments.

That is all well and good, too, but I want to ask the ranking minority leader if, under these circumstances, we might work out some rapprochement in order to facilitate this rush to conclude the measure. The gentleman and I have been around here long enough to understand what all this means. We have to get this bill out. It is Thursday evening again, and here we are. We went through this last Thursday. We came back into action for 2 days, with 11 days off, and there was a rush to conclude. Although the House was in session Monday, we deferred voting. Well, we did some things, but we deferred votes. On Tuesday we got a little piece of it in, and worked yesterday, and now here we are on Thursday again.

Now, I want to work this out, but the gentleman cannot determine for the rest of the Members of this body when the time to end debate has occurred unless it is done in the regular way by a majority decision of the Members. I, for one, have gained the well for the first time today on this subject. I do not feel the gentleman's earlier request to terminate debate, which was made while only a few Members were on the floor, was proper. I realize that is his prerogative and it is within the rules.

Now, I want to cooperate, but the only way you are going to cut off this Member, is through operation of parliamentary rules of the House and not by determining which amendments are frivolous in your judgment and which amendments are serious.

Mr. COURTER. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I am not going to yield, I say to the gentleman from New Jersey.

Mr. Chairman, I would like to speak to the amendment that is now before this body.

The amendment offered by the gentleman from New Jersey apparently calls for a deadline report about fraud, and the amendment offered by the gentlewoman from Colorado (Mrs. SCHROEDER) calls for the elimination of $8 billion worth of waste in the Department of Defense.

Mr. Chairman, may I ask the gentlewoman from Colorado if that is a fair description of what we are trying to decide?

Mrs. SCHROEDER. Mr. Chairman, if the gentleman will yield, yes, in essence that is it.

The point I was trying to make by putting all those books down on the table was not that I really like to carry around heavy books, but that the last thing we need is another report.

The President said he wanted to do this, and the Secretary of Defense said he wanted to do this. Let us help them. I put a clause in there to make it a little more palatable.

We could say that there is $10 billion more. Some people say they are fraudulent, but if they are not fraudulent, he can come back and say it is not. I think we would like to have the air cleared on this once and for all, and that is the reason for offering this.

Mr. CONYERS. Mr. Chairman, I thank the gentlewoman from Colorado (Mrs. SCHROEDER).

I, too, have a copy of the report prepared by my friend, the gentleman from California, and would like to point out that there is $16 billion in waste documented by the GAO. The gentleman now tells me that because of the effectiveness of the administration it has gone down considerably.

Now, is the point that $8 billion is too large an amount? Is that the problem? Is that an excessive target? Because if it is, then I will be inclined not to support the gentlewoman's amendment. If there is in fact at least $8 billion in there, it would seem to me eminently sound that we proceed in that direction rather than with the language that is apparently in the bill.

□ 1350

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. I have no idea exactly what the right amount is. As I pointed out, 60 Republicans sent a letter to Weinberger on May 7 of this month, citing a report that showed $25 billion.

Now, it is a little hard for me to believe it has dropped from $25 billion down to $1 billion between May and July. If it has, we ought to be tapdancing in the street. That is the best fight on waste and fraud I have ever seen.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Colorado (Mrs. SCHROEDER) to the amendment offered by the gentleman from New Jersey (Mr. COURTER) as a substitute for the amendment offered by the gentlewoman from Colorado (Mrs. SCHROEDER).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mrs. SCHROEDER. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count for a quorum.

Mrs. SCHROEDER. Mr. Chairman, I withdraw the point of order, and I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 142, noes 276, not voting 14, as follows:

[Roll No. 135]

AYES—142

Addabbo
Anderson
Applegate
Aspin
Atkinson
AuCoin
Bedell
Beilenson
Benjamin
Biaggi
Bingham
Blanchard
Boland
Bonior
Bonker
Brodhead
Brooks
Brown (CA)
Brown (CO)
Burton, John
Burton, Phillip
Chisholm
Clay
Collins (IL)
Conte
Conyers
Coyne, William
Crockett
D'Amours
Daschle
Dellums
DeNardis
Dingell
Dixon
Dorgan
Downey
Dwyer
Dymally
Eckart
Edgar
Edwards (CA)
Evans (IN)
Fascell
Ferraro
Foglietta
Ford (MI)
Ford (TN)
Frank
Garcia
Gaydos
Gejdenson
Glickman
Goodling
Gray
Green
Guarini
Hall (OH)
Harkin
Hawkins
Heckler
Hertel
Horton
Howard
Hoyer
Ireland
Jacobs
Kastenmeier
Kildee
Kogovsek
LaFalce
Leach
Lehman
Leland
Lowry (WA)
Lujan
Lundine
Markey
Marks
Mattox
Mavroules
Mazzoli
McHugh
McKinney
Mikulski
Miller (CA)
Minish
Mitchell (MD)
Moakley
Moffett
Mottl
Nowak
Oakar
Oberstar
Obey
Ottinger
Patterson
Paul
Pease
Petri
Pickle
Pursell
Rahall
Rangel
Ratchford
Reuss
Richmond
Rodino
Roe
Rosenthal
Roybal
Russo
Sabo
Scheuer
Schroeder
Schumer
Seiberling
Shannon
Simon
Smith (IA)
Snyder
Solarz
St Germain
Stark
Stokes
Studds
Synar
Tauke
Traxler
Udall
Vento
Walgren
Washington
Waxman
Weaver
Weiss
Williams (MT)
Wirth
Wolpe
Wyden
Wylie
Yates
Yatron

NOES—276

Akaka
Albosta
Alexander
Andrews
Annunzio
Anthony
Archer
Ashbrook
Badham
Bafalis
Bailey (MO)
Bailey (PA)
Barnard
Barnes
Beard
Benedict
Bennett
Bereuter
Bethune
Bliley
Boggs
Bolling
Boner
Bouquard
Bowen
Breaux
Brinkley
Broomfield
Brown (OH)
Broyhill
Burgener
Butler
Byron
Campbell
Carman
Carney
Chappell
Chappie
Cheney
Clausen
Clinger
Coats
Coelho
Coleman
Collins (TX)
Conable
Corcoran
Coughlin
Courter
Coyne, James
Craig
Crane, Daniel
Crane, Philip
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daub
Davis
de la Garza
Derrick
Derwinski
Dickinson
Dicks
Dornan
Dougherty
Dowdy
Dreier
Duncan
Dunn
Dyson
Edwards (AL)
Edwards (OK)
Emerson
Emery
English
Erdahl
Erlenborn
Ertel
Evans (DE)
Evans (GA)
Evans (IA)
Fary
Fazio
Fenwick
Fiedler
Fields
Findley
Fish
Flippo
Foley
Forsythe
Fountain
Fowler
Frenzel
Frost
Fuqua
Gephardt
Gibbons
Gilman
Gingrich
Ginn
Goldwater
Gonzalez
Gore
Gradison
Gramm
Gregg
Grisham
Gunderson
Hagedorn
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hansen (ID)
Hansen (UT)
Hartnett
Hefner
Heftel
Hendon
Hightower
Hiler
Hillis
Holland
Hollenbeck
Holt
Hopkins
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Jeffords
Jeffries
Jenkins
Johnston
Jones (OK)
Jones (TN)
Kazen
Kemp
Kindness
Kramer
Lagomarsino
Lantos
Latta
Leath
LeBoutillier
Lee
Lent
Levitas
Lewis
Livingston
Loeffler
Long (LA)
Long (MD)
Lott
Lowery (CA)
Luken
Lungren
Madigan
Marlenee
Martin (IL)
Martin (NC)
Martin (NY)
Matsui
McClory
McCollum
McCurdy
McDade
McDonald
McEwen
McGrath
Mica
Michel
Miller (OH)
Mineta
Mitchell (NY)
Molinari
Mollohan
Montgomery
Moore
Moorhead
Morrison
Murtha
Myers
Napier
Natcher
Neal
Nelligan
Nelson
Nichols
O'Brien
Panetta
Parris
Pashayan
Patman
Pepper
Perkins
Peyser
Porter
Price
Pritchard
Quillen
Railsback
Regula
Rinaldo
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Roemer
Rogers
Rose
Rostenkowski
Roth
Roukema
Rousselot
Rudd
Santini
Sawyer
Schneider
Schulze
Sensenbrenner
Shamansky
Sharp
Shaw
Shelby
Shumway
Shuster
Siljander
Skeen
Skelton
Smith (AL)
Smith (NE)
Smith (NJ)
Smith (OR)
Snowe
Solomon
Spence
Stangeland
Stanton
Staton
Stenholm
Stratton
Stump
Swift
Tauzin
Taylor
Thomas
Trible
Vander Jagt
Volkmer
Walker
Wampler
Watkins
Weber (MN)
Weber (OH)
White
Whitehurst
Whitley
Whittaker
Whitten
Williams (OH)
Wilson
Winn
Wolf
Wortley
Wright
Young (AK)
Young (FL)
Young (MO)
Zablocki
Zeferetti

NOT VOTING—14

Bevill
Cotter
Deckard
Donnelly
Early
Fithian
Florio
Hatcher
Jones (NC)
Marriott
McCloskey
Murphy
Rhodes
Savage

□ 1400

Messrs. VOLKMER, MOORHEAD, CARMAN, LATTA, and FAZIO changed their vote from "aye" to "no."

Messrs. APPLEGATE, EVANS of Indiana, and HORTON changed their vote from "no" to "aye."

So the amendment to the amendment offered as a substitute for the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. COURTER) as a substitute for the amendment offered by the gentlewoman from Colorado.

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. COURTER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 416, noes 0, not voting 16, as follows:

[Roll No. 136]

AYES—416

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Archer
Ashbrook
Aspin
Atkinson
AuCoin
Badham
Bafalis
Bailey (MO)
Bailey (PA)
Barnard
Barnes
Beard
Bedell
Beilenson
Benedict
Benjamin
Bennett
Bereuter
Bethune
Biaggi
Bingham
Blanchard
Bliley
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown (CO)
Brown (OH)
Broyhill
Burgener
Burton, John
Burton, Phillip
Butler
Byron
Campbell
Carman
Carney
Chappell
Chappie
Cheney
Chisholm
Clausen
Clay
Clinger
Coats
Coelho
Coleman
Collins (IL)
Collins (TX)
Conable
Conte
Conyers
Corcoran
Coughlin
Courter
Coyne, James
Coyne, William
Craig
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Daub
Davis
de la Garza
Deckard
Dellums
DeNardis
Derrick
Derwinski
Dickinson
Dicks
Dingell
Dixon
Dorgan
Dornan
Dougherty
Dowdy
Downey
Dreier
Duncan
Dunn
Dwyer
Dymally
Dyson
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Edwards (OK)
Emerson
Emery
English
Erdahl
Erlenborn
Ertel
Evans (DE)
Evans (GA)
Evans (IA)
Evans (IN)
Fary
Fascell
Fazio
Fenwick
Ferraro
Fiedler
Fields
Findley
Fish
Flippo
Foglietta
Foley
Ford (MI)
Ford (TN)
Forsythe
Fountain
Fowler
Frank
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gradison
Gramm
Gray
Green
Gregg
Grisham
Guarini
Gunderson
Hagedorn
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hansen (ID)
Hansen (UT)
Harkin
Hartnett
Hawkins
Heckler
Hefner
Heftel
Hendon
Hertel
Hightower
Hiler
Hillis
Holland
Hollenbeck
Holt
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Johnston
Jones (OK)
Jones (TN)
Kastenmeier
Kazen
Kemp
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach
Leath
LeBoutillier
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Loeffler
Long (LA)
Long (MD)
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Madigan
Markey
Marks
Marlenee
Marriott
Martin (IL)
Martin (NC)
Martin (NY)
Matsui
Mattox
Mavroules
Mazzoli
McClory
McCloskey
McCollum
McCurdy
McDade
McDonald
McEwen
McGrath
McHugh
McKinney
Mica
Michel
Mikulski
Miller (CA)
Miller (OH)
Mineta
Minish
Mitchell (MD)
Mitchell (NY)
Moakley
Moffett
Molinari
Mollohan
Montgomery
Moore
Moorhead
Morrison
Mottl
Murphy
Murtha

Myers	Rostenkowski	Studds
Napier	Roth	Stump
Natcher	Roukema	Swift
Neal	Rousselot	Synar
Nelligan	Roybal	Tauke
Nelson	Rudd	Tauzin
Nichols	Russo	Taylor
Nowak	Sabo	Thomas
Oakar	Santini	Traxler
Oberstar	Savage	Trible
Obey	Sawyer	Udall
Ottinger	Scheuer	Vander Jagt
Panetta	Schneider	Vento
Parris	Schroeder	Volkmer
Pashayan	Schulze	Walgren
Patman	Schumer	Walker
Patterson	Seiberling	Wampler
Paul	Sensenbrenner	Washington
Pease	Shamansky	Waxman
Pepper	Shannon	Weaver
Perkins	Sharp	Weber (MN)
Petri	Shaw	Weber (OH)
Peyser	Shelby	Weiss
Pickle	Shumway	Whitehurst
Porter	Shuster	Whitley
Price	Siljander	Whittaker
Pritchard	Simon	Whitten
Pursell	Skeen	Williams (MT)
Quillen	Skelton	Williams (OH)
Rahall	Smith (AL)	Wilson
Railsback	Smith (IA)	Winn
Rangel	Smith (NE)	Wirth
Ratchford	Smith (NJ)	Wolf
Regula	Smith (OR)	Wolpe
Reuss	Snowe	Wortley
Richmond	Snyder	Wright
Rinaldo	Solarz	Wyden
Ritter	Solomon	Wylie
Roberts (KS)	Spence	Yates
Roberts (SD)	St Germain	Yatron
Robinson	Stangeland	Young (AK)
Rodino	Stanton	Young (FL)
Roe	Staton	Young (MO)
Roemer	Stenholm	Zablocki
Rogers	Stokes	Zeferetti
Rosenthal	Stratton	

NOT VOTING—16

Bevill	Fithian	Rose
Brown (CA)	Florio	Stark
Cotter	Hatcher	Watkins
Crockett	Jones (NC)	White
Donnelly	O'Brien	
Early	Rhodes	

□ 1420

So the amendment offered as a substitute for the amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Colorado, as amended.

The amendment, as amended, was agreed to.

AMENDMENT OFFERED BY MR. HYDE

Mr. HYDE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HYDE: At the end of the bill, add the following new section:

RECRUITMENT OF INDIVIDUALS WITH HIGH SCHOOL EQUIVALENCY CERTIFICATES

SEC. . (a) During fiscal year 1982, no gender-based distinction may be made in the acceptance of individuals for original enlistment into the Armed Forces based upon attainment of a high school equivalency certificate.

(b) The Secretary of Defense shall submit a report to Congress not later than January 25, 1982, on the impact of subsection (a). Such report shall also compare the performance and effect on readiness of male and female enlistees who are secondary school graduates, who are not secondary school graduates but have high school equivalency certificates, and who are neither secondary school graduates nor have high school equivalency certificates.

Mr. HYDE. Mr. Chairman, this amendment is basically very simple. It has come to my attention that a young woman seeking to enlist in the services—the Marines, in particular, was the case that came to my attention—has difficulty getting her diploma, a general education diploma, the so-called GED or high school equivalency certificate, accepted, whereas the services will readily accept it from a male applicant.

Now, it seems to me that anybody who has had difficulty getting out of high school but goes back and takes the GED course and passes, certainly makes up in motivation what might have been lacking in opportunity to get her diploma in the first place.

But whatever distinctions are made between men and women in the service, the attainment of a GED diploma ought not to be a distinguishing feature. I think a man or a woman should be treated alike in terms of their high school diploma status. So this simply says for 1 year during fiscal year 1982 no gender-based distinction may be made in the acceptance of individuals for original enlistment in the armed services based upon attainment of a high school equivalency certificate. I want men and women treated equally as far as the GED diploma is concerned.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from Alabama.

Mr. DICKINSON. I have just a couple of questions. Will the Air Force take a GED certificate from a woman trying to enlist?

Mr. HYDE. Yes.

Mr. DICKINSON. Will the Army take the same certificate from a woman?

Mr. HYDE. I am informed that they do.

Mr. DICKINSON. Will the Marine Corps take the same type of certificate for a male trying to enlist?

Mr. HYDE. Yes.

Mr. DICKINSON. But the Marine Corps is unique in that they are the only one of the services that will not take that certificate for a woman as they will for a man?

Mr. HYDE. That is correct.

Mr. DICKINSON. I thank the gentleman.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. HYDE. I yield to the gentlewoman from Colorado.

□ 1430

Mrs. SCHROEDER. Mr. Chairman, I have an amendment at the desk to offer to the gentleman's amendment. I talked to the gentleman from Illinois (Mr. HYDE) about it. In essence, what it does is add "except when the Secretary of Defense determines gender-based distinction is necessary to maintain readiness." I think that has been one of the concerns about this body about amendments like the gentleman's and will solve the problem.

Mr. Chairman, my amendment to the amendment of Mr. HYDE banned all gender-based distinctions in the enlistment of individuals in the Armed Forces of the United States. This means that if the cutoff score for men is 70, it must be 70 for women as well. This means that if there is no freeze on the enlistment of men, there can be no freeze on the enlistment of women.

There is one exception. If the Secretary of Defense finds that the readiness of our military forces will be adversely affected unless a gender-based distinction is made, he may make such a distinction. The burden of proof on this exception is, or course, on the Secretary of Defense. As with all exceptions, it should be construed narrowly.

In adopting this amendment, the House will go on record in a very strong way for the equal rights amendment. If ERA is good enough for the military, it is good enough for every other facet of society.

I compliment the gentleman on his amendment. I would hope that the gentleman would be willing to accept my amendment.

Mr. HYDE. Mr. Chairman, I do accept the amendment of the gentlewoman from Colorado (Mrs. SCHROEDER). I think it improves my amendment.

Mr. Chairman, I ask unanimous consent that my amendment be modified to incorporate the proposed amendment of the gentlewoman from Colorado (Mrs. SCHROEDER).

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois (Mr. HYDE)?

There was no objection.

The modification to the amendment is as follows:

In the section proposed to be added by the amendment:

(1) Insert "(including" after "Armed Forces".

(2) Strike out "equivalency certificate." and insert in lieu thereof "equivalency certificated), except when the Secretary of Defense determines that such gender-based distinction is necessary to maintain readiness.".

Mr. MITCHELL of New York. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, I appreciate the gentleman's concern for equity. It is certainly a commendable concern. However, I do not feel there is any problem with gender discrimination in this situation. I think the gentleman would agree we want the most qualified people to fill all the vacancies in our

services, and the problem is that we can get females with high school diplomas where we cannot get males to fill that requirement.

For example, in the Army, the Congress said that the Army must take 65 percent of the male enlisted—at least 65 percent—who are high school graduates. This year, in this bill, we are raising that figure to 75 percent. Most of us would like to see it at 100 percent for males, but we just cannot get that number to enlist. We are taking the most qualified males that we can, but we cannot get to the 100-percent level for them, where we can for females.

It is important to take high school diploma graduates because it is the single most important determinant as to whether a person will complete his enlistment. For example, the high school graduates are 50 percent more likely to complete their commitment than the GED high school equivalency graduates that the gentleman referred to.

I can understand the gentleman's concern for equity, but I do not feel it is being challenged in this particular situation.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of New York. I yield to the gentleman from Illinois.

Mr. HYDE. Mr. Chairman, I thank my friend for yielding.

I just want to say this: There are all kinds of distinctions between men and women in the service, distinctions of strength and ability to run over obstacle courses or whatever; but certainly in education, if a GED diploma is good enough for a man, it ought to be good enough for a woman. To discriminate between men and women who each have a GED diploma is an invidious distinction and, believe me, it demeans the GED diploma that a lot of people work very hard to get. It is just an invidious distinction.

Mr. MITCHELL of New York. Mr. Chairman, if I could reclaim my time, there is no desire not to take GED graduates whether man or woman. It is just that a high school diploma graduate is 50 percent more likely to complete the enlistment than a non-high-school graduate or a GED equivalent. In fact, non-high-school graduates often score better in this area of retention than GED graduates.

We want the best people we can get in our armed services. We can get 100 percent high school diploma graduates for females. We cannot for males. That is the distinction.

I yield back the balance of my time.

Mr. DOUGHERTY. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment offered by the gentleman from Illinois (Mr. HYDE).

I would not suspect anybody would question my credentials as a proponent of the Marine Corps. I would say this policy, however, if it exists as Mr. HYDE has indicated, is unwarranted.

A young woman who would graduate from high school via a GED program should have the same benefits as a woman who would come out with a regular diploma. I think it is unfair and I would hope we would adopt the amendment.

The CHAIRMAN. For clarity of the Committee, the modification offered by the gentlewoman from Colorado (Mrs. SCHROEDER) was not read and our rules require that. The Clerk will read the modification which has been accepted by the Committee.

The Clerk read the modification.

Mr. NICHOLS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I understand the motivation of the gentleman from Illinois (Mr. HYDE) in offering this amendment. We have discussed the amendment and I wish that I could support it. Certainly we are all anxious to insure equity in the Government's actions. However, in my judgment, this amendment would do the wrong thing. It would cost the Government money by forcing the services to accept certain female enlistees when higher quality female enlistees are available.

The Department of Defense must recruit approximately 373,000 personnel in fiscal year 1982. The great majority of these enlistees must be men as a result of requirements for personnel in combat skills. The facts of life are that the Department cannot attract all high school graduates to meet the male requirement. For this reason, the Department accepts non-high-school graduates and those with high-school equivalency certificates. This is the case even though these individuals are less likely to complete their enlistment successfully.

For females, however, the requirement is small enough that in most cases the services can meet their requirements by limiting female accessions to those who are high-school diploma graduates. The effect of the gentleman's amendment would be to force the services to enlist females with high-school equivalency certificates.

Mr. Chairman, we would be forcing the services to accept women who are less likely to complete their enlistment and, thus, the Government's investment in training, which is substantial, would be lost. This will be the case even though females with high-school diplomas are available to meet the recruiting requirements.

The gentleman has mentioned the Marine Corps in particular in this situation. Let me share some figures with the gentleman.

In the last 2 years that the Marine Corps accepted women with high school equivalency—the GED certificates, in 1978, in the Marine Corps, the GED certificate—women who were accepted, 90 percent of them—90 percent of them—failed to complete their first year's enlistment training. For those who had high school diplomas, however, only 47 percent dropped out before they completed their first enlistment.

For the year 1979, of the GED women that the Marine Corps took, 75 percent failed to complete their first enlistment compared with 42 percent who were high school graduates.

So I say to the gentleman that the sole reason I know that the Marine Corps takes this attitude is that they are poor risks.

Mr. Chairman, this amendment in my judgment moves in the wrong direction with respect to both saving money and improving our military forces, and I believe it ought to be defeated.

Mr. HYDE. Will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Illinois.

Mr. HYDE. Mr. Chairman, I might point out the modification offered by the gentlewoman from Colorado (Mrs. SCHROEDER) says "except where the Secretary of Defense determines that such gender-based distinction is necessary to maintain readiness." So we are not going to impact on readiness; but what we are saying to a young woman is, if you have a GED diploma, you will be treated the same as a young man.

I have not seen those figures, nor have I analyzed them, but if we are going to distinguish between male and female, if they both have a GED diploma, it just seems to me that is an unfair distinction. The Air Force does not do it. While I certainly am not one to say the Marines are better than the Air Force, if they can live with it, I think the Marines can.

Mr. NICHOLS. Mr. Chairman, if I might reclaim my time, I would just like to point out that women in the Marine Corps, I believe, undergo substantially different training than a woman recruit in the U.S. Air Force.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. I thank the gentleman for yielding.

I think I have a solution to the problem of the gentleman from Illinois.

The young lady that the gentleman is interested in, why not recommend that she join the Air Force or the Army and leave the Marines for other things? I think that would certainly handle the situation.

The CHAIRMAN. The time of the gentleman from Alabama (Mr. NICHOLS) has expired.

(At the request of Mr. MITCHELL of New York and by unanimous consent, Mr. NICHOLS was allowed to proceed for 2 additional minutes.)

Mr. MITCHELL of New York. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from New York.

□ 1440

Mr. MITCHELL of New York. Mr. Chairman, I thank the gentleman for yielding.

I do not want us to be confused about the question of equity. There is no discrimination whatsoever based on gender in this situation. That is not an issue. This is not a windmill we have to tilt at in this particular situation.

What the effect would be is that we have ignored the importance or significance of 4 years of high school, a diploma showing that these people have spent that time and gotten a diploma. We need to—and I think this is important—recognize the achievement of these people who have done something they are proud of. They have also done something that guarantees it is going to be 50 percent more likely they will complete their 4-year enlistment than other GI's. I think it is important that we get the best people we can for the Armed Forces.

And they are, in this case, high school graduates.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. HYDE), as modified.

The amendment, as modified, was agreed to.

AMENDMENT OFFERED BY MR. VENTO

Mr. VENTO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VENTO: Page 60, after line 17, add the following new section:

F/A-18 FIGHTER/ATTACK AIRCRAFT

SEC. 917. (a) None of the funds appropriated under any authorization contained in this Act may be used for research, development, test, evaluation, or procurement of any F/A-18 fighter/attack aircraft (commonly referred to as the "Hornet").

(b) The amount of any authorization of appropriations contained in this Act that would be available for research, development, test, evaluation, or procurement of any F/A-18 fighter/attack aircraft except for the limitation contained in subsection (a) is authorized to be appropriated for fiscal year 1982 for other Navy and Marine Corps aircraft programs consistent with the objectives of reducing the cost and logistic burden now required for training, maintenance, and supplying multiple types of aircraft.

PARLIAMENTARY INQUIRY

Mr. STRATTON. Mr. Chairman, I have a point of order.

The CHAIRMAN. The gentleman will state his point of order.

Mr. STRATTON. Mr. Chairman, it is my understanding that on this particular amendment an agreement has been entered into between the chairman of the Committee on Armed Services and the gentleman from Minnesota (Mr. VENTO) that we will limit debate on this amendment to 1 hour, within 30 minutes to be controlled by either side.

The CHAIRMAN. The Chair will state that that is not a point of order, but if the gentleman is asking for unanimous consent, that is in order.

For what purpose does the gentleman from Illinois (Mr. PRICE) seek recognition?

Mr. PRICE. Mr. Chairman, I rise to make a unanimous consent request.

Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto conclude in 1 hour, and that the time be equally divided between the proponents and the opponents.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. DICKINSON. Mr. Chairman, reserving the right to object, it was my understanding in the previous discussion that there would be a unanimous consent request limiting debate to 1 hour, with the time to be divided between the proponents and the committee.

Mr. PRICE. Mr. Chairman, if the gentleman will yield, that is what the request says.

Mr. DICKINSON. No. The gentleman said, "The opponents," and that is not necessarily the committee. I wanted to make sure that the committee controls 30 minutes and the proponents control 30 minutes.

If that is the agreement, I will withdraw my reservation of objection.

Mr. PRICE. Mr. Chairman, I will amend the request to say, "between the proponents and the committee."

Mr. DICKINSON. Mr. Chairman, I thank the gentleman and I withdraw my reservation of objection.

The CHAIRMAN. The request is on the amendment and all amendments thereto.

Is there objection to the request of the gentleman from Illinois?

Mr. STRATTON. Reserving the right to object, we would assume, would we not, that the committee's time would be divided 15 minutes on the Democratic side and 15 minutes on the Republican side?

Mr. PRICE. Mr. Chairman, if the gentleman will yield, it would be all 15 minutes, total.

Mr. STRATTON. Mr. Chairman, I withdraw my reservation of objection.

PARLIAMENTARY INQUIRY

Mr. CHAPPELL. I have a parliamentary inquiry, Mr. Chairman.

May I ask, who will control the time?

The CHAIRMAN. If there is no objection, the Chair will allow 30 minutes to the gentleman from Minnesota (Mr. VENTO) and 30 minutes to the chairman of the committee.

Mr. CHAPPELL. Mr. Chairman, I have a further parliamentary inquiry.

I would like to understand how the gentleman intends to allot his time.

Mr. VENTO. Mr. Chairman, if the gentleman will yield under his parliamentary inquiry, I would be yielding 10 minutes of that time to the gentleman from Florida, I would be using some time myself, and I would be yielding to other Members under those circumstances.

Mr. CHAPPELL. Mr. Chairman, I thank the gentleman.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. The gentleman from Minnesota (Mr. VENTO) is recognized in support of his amendment.

Mr. VENTO. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I come here today to propose a dramatic action by Congress—the elimination of the F/A-18. The F/A-18 is a third-class plane with a first-class price tag. Study after study and report after report shows we are not getting our money's worth. The F/A-18 is siphoning precious dollars away from vital defense systems. The money we are wasting on the F/A-18 could be put to much better use.

Mr. Chairman, the amendment which I am offering is long overdue. My amendment would prohibit the use of any authorized funds for the procurement, research, development, testing, and evaluation of the F/A-18. It does not delete any funds. The money targeted for the F/A-18 would be available for other aircraft programs which meet our real defense needs.

This amendment addresses a Pentagon pipedream of a souped up, supertechnological fighter which is hidden in a hazy world of misplaced priorities and misplaced loyalties to a plane rather than to the defense of these United States. These loyalties, moreover, are to a plane that does not stand the test of its original promise or projections.

In 1975, Congress approved a low-cost, low-performance alternative for the Navy and Marine Corps. This was the F/A-18. Today we have a high-cost, low-performance "Edsel" hidden in a smokescreen thrown up by DOD. But even through the smokescreen, we can see one thing rising—the exorbitant costs for the F/A-18.

It is not as if there are no alternatives to the F/A-18. One part of the defense smokescreen consists of stonewalling by the Department. One year ago, Congress heard the plaintive voice of DOD proclaim that there were no alternatives to fulfill the four roles envisioned for the F/A-18. Since then, the Marine Corps has eagerly

embraced the AV-8B, the light attack role, while the Navy has gladly accepted a policy of F-14 squadrons for all its big deck aircraft carriers.

There are two roles remaining for the F/A-18: The Navy light attack and the Marine Corps fighter. But once again, DOD is wailing that there are no alternatives available. In the best traditions of stonewalling, the Navy has even gone so far as to deny that it has conducted studies of F/A-18 alternatives. However, I have in hand three studies conducted by the Navy on alternatives to the F/A-18, studies which indicate that the alternatives are not only feasible but preferable.

Let me quote from these so-called nonexistent Navy studies. On the light attack mission, one study states:

The F-18 represents major degradation in our attack capability as compared to present aircraft. With F-18's designed payload (4 Rockeyes) A-7 radius of action is twice as far. With four times the F-18's design load, the A-6 radius of action is twice as far. Many targets that might be critical could not be reached with F-18s. For targets that the F-18 could reach, its smaller payload would require more attack aircraft exposure to enemy defenses. (Although the F-18 is faster [Supersonic] in a fighter configuration than either A-6 or A-7, it is not supersonic nor significantly faster when carrying weapons and, if adequate fuel is provided to allow the F-18 to leave the target at supersonic speeds after weapon delivery, the F-18's usable weapon payload is even further degraded).

This same report addresses the Marine fighter mission and says:

The remaining prospective F-18 mission is the Marine Corps fighter mission. Since the F-14 is probably more capable than is necessary for the classic Marine Corps air defense mission, the F-18 appears an adequate replacement for Marine F-4s. However, the tradeoff is between providing the F-14 and greater fighter capability versus providing a less capable AV-8B fighter variant that would offer support/logistic advantages plus the tactical advantages of an all-VSTOL Marine Corps fighter and light-attack force.

The Navy would still like to claim that the F/A-18 is essential to the future effectiveness of the Navy and Marine Corps. But their own analysis reveals that:

The analyses of alternative aircraft procurement strategies recently forwarded by CNM (Chief of Naval Material) to CNO (Chief of Naval Operations) show that the Navy can more fully satisfy its aircraft requirements and more rapidly build up toward 15 air wings, if the F-18 is cancelled and A-7s or A-6s used for the Navy attack aircraft. The effectiveness analysis shows that it would also result in a more effective force. It is difficult to make a case on cost or effectiveness grounds for continuance of the F-18 program.

In further "unqualified" support of the F/A-18, the F/A-18 program manager admitted at a recent press conference that the F-14 was a better fighter than the F/A-18 and that the A-6 was a better attack plane.

The prime rationale for the F/A-18 is not the aircraft's necessity. Rather, the Department of Defense supports the F/A-18 because of its supposed affordability. I submit to my colleagues that nearly anything is affordable at $40 billion. Our military personnel could have Calvin Klein designer uniforms at that price, but I doubt if it would enhance our defense capabilities. Are we to allow the Navy and the Department of Defense to continue their spendthrift ways on the F/A-18 and bankrupt other more essential naval programs?

The problems with this plane are many. It has a limited radius, half that of the A-7. The acceleration threshold had to be reduced to meet the plane's true capabilities. It has not yet completed the mandated two lifetime fatigue test nor have the alloys added to the engine, as a result of a crash, been tested.

However, Mr. Chairman, these problems, significant in any other plane, pale in comparison to the continued cost escalation of the F/A-18.

This aircraft was originally purchased because it was supposed to give us the quantity of aircraft the Navy needs. It was supposed to be a low-cost, daylight-only aircraft. The F/A-18 got its first taste of megabucks with the addition of radar missiles in 1974. Since then the addiction of the Navy to goldplating has taken hold of the F/A-18 aircraft.

However, the Navy is now showing self-restraint. Recent cost-cutting measures for the F/A-18 include the substitution of aluminum for silver in the detonating cords to explode the canopy. I am glad, but surprised, that only aluminum will suffice. With a near $40 billion price tag, I would have thought that the cords should have been made of gold to match the plane.

With spending of this sort, is it any wonder that the program has grown in cost so that despite an increase in the quantity of the DOD purchase, the unit cost has doubled in 5 years?

The Navy claims that the cost growth is strictly due to inflation. However, this claim simply does not stand the test of careful analysis.

Recently, most Members received information comparing program costs of the F/A-18 to those of its contemporary, the F-16. This information demonstrated that the F/A-18's costs have increased nearly three times as much as the F-16's.

The F/A-18 and the F-16 had contract awards 4 months apart in 1975. They both started at the 600-800 unit range and then were increased to identical quantities. In 1975 constant dollars, the F-16 has decreased in unit cost by 3 percent. The F/A-18 on the other hand has increased by some 40 percent. The big difference is, of course, the performance of the product and the repeated efforts to obtain a fix of the F/A-18.

The Navy would like us to believe that inflation is the culprit behind the F/A-18's dramatic cost increase. But a GAO analysis disputes this claim.

Even if we buy the Navy's inflation argument, the real question is, Why has the Navy taken 5 years to get the F/A-18 program off the drawing board?

There are 250 F-16's in service in the U.S. Air Force but the first production F-18 has yet to be delivered. This is because the F-18 has experienced repeated defects and required numerous fixes. Ironically, it was only less than a month ago that the Navy reached a production decision. And that decision is questionable because the Navy reduced the contract specifications to match the performance of the F-18.

And I might add that it is a decision that the Deputy Secretary Carlucci hopes to wrap into the safety net of multiyear procurement. If ever there was a candidate program that does not deserve multiyear procurement and needs congressional oversight, it is the F/A-18.

Well, what has the committee provided in this measure for the F/A-18—over $3.2 billion in authorizations, making it one of the largest items in the entire DOD procurement. And I might add, this was done before the DSARC decision was even made. No one can say that the Armed Services Committee lacks faith, but I believe that its confidence in the F-18 is not well placed and hope we can overturn this decision today.

We must reject the assumptions that the F/A-18 is affordable. The F/A-18 was supposed to be one-third the price of the F-14, the plane for which it was to be a substitute. But the F/A-18 now costs at least as much and does not match the F-14 performance levels.

In spite of the exorbitant increases, the F/A-18 costs are not under control. Deputy Secretary Carlucci's office admits the cost will not be under control until 1985. The Deputy Chief of Naval Operations for Air tells F/A-18 subcontractors that they have an airplane with a $40 million unit cost. At these figures we will be spending almost $9 billion a year on the F/A-18 at maximum planned procurement rates. This represents only $1 billion less than the total of naval aviation procurement in this bill. It is obvious that if we maintain the F/A-18 program, we will not be able to either procure other naval aviation needs, such as the P-3C, the F-14, the E-2, the EA-6B, the A-6, the AV-8B, the SH-60B or maintain other vital Navy programs such as shipbuilding.

We have failed in Congress to hold the Navy and the contractors of the F-18 program accountable, and no amount of dollars that we pour into this program is going to correct these errors.

I ask my colleagues to support the continued health of the Navy and to adopt a positive defense position which will permit vital program needs to be met at the same time Congress reasserts its control over a program that has lost touch with reality and commonsense by supporting this amendment to eliminate the F/A-18 with both eyes open.

□ 1450

Mr. WILSON. Mr. Chairman, will the gentleman yield?

Mr. VENTO. I yield to the gentleman from Texas.

Mr. WILSON. I thank the gentleman for yielding.

Am I correct in my assumption the gentleman is not taking any money out of the defense budget?

Mr. VENTO. That is correct.

Mr. WILSON. In other words, the money that is taken out of the F/A-18 program will go to other programs?

Mr. VENTO. It will be available to other aircraft and support programs. The amendment specifies to provide for economic buys, to save money, and I think that we can assume that will be done. It would likely put some planes on carrier decks more so than what is occurring right now with the expenditure of money on the FA-18.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from Minnesota (Mr. VENTO) has used 9 minutes.

Does the gentleman from Illinois (Mr. PRICE) wish recognition?

Mr. DICKINSON. I do not know, Mr. Chairman.

I would like to yield to the gentleman such time as he may consume.

The CHAIRMAN. Is the gentleman from Illinois (Mr. PRICE) allotting 15 minutes of his time to the gentleman from California so the Chair knows where we stand?

Mr. PRICE. I thought at the outset I yielded 15 minutes to the other side.

Mr. DICKINSON. In that case, I yield 5 minutes to the gentleman from California (Mr. BADHAM).

Mr. BADHAM. Mr. Chairman, the debate that we are involved in now occurs on the F/A-18, and this will really be, I think, the final debate that we will have to determine the fate of the air arm of our U.S. Navy as far as a follow-on fighter attack aircraft is concerned. It is critical to the defense of our country.

I think that it can be said that any weapon system that we come up with with the state of technology that we understand and have before us today, can be criticized. Indeed, the F/A-18 has been criticized basically, I feel, on two aspects.

First of all, that it will not do what it is supposed to do. And the second one is, of course, cost. In cost comparison, first, the F/A-18 is an expensive airplane. I do not think anybody ever disagreed with that concept. But it is also an airplane that because of its state at the present time and its testing and evaluation is an airplane that will be fixed, tactical and operable when it goes into service in the fleet, which will start at the beginning of next year.

That is to say, the fixes will be done and it will be expensive, but even now the cost per copy of the F/A-18 is going down as we bring production up to what it ought to be.

To compare the F/A-18 to the F-16 or the A-7 or the A-6 really is an apples and oranges argument, because the F/A-18 is the F/A-18 and it is a superb aircraft.

As far as the fixes are concerned, there was the roll-rate problem. I am sure everybody associates with the F/A-18 the roll-rate problem. In this regard let me say that the Navy set out a set of goals that no Nation, no aerospace firm, no weapon system, no airplane has ever achieved, but that is what the Navy said ought to be the goal for roll rate, among other things, of the F/A-18. And the original F/A-18 did not make it.

And so they put some fixes in. They extended the ailerons and did some leading-edge flap adjustment on the onboard computer and this and that and they substantially increased the roll rate to where I understand that it is better than any other roll rate in any other tactical aircraft now, but it does not meet the goal that has never been met, and that is a criticism.

But I would say to my colleagues that it is an invalid criticism.

As far as range, let me say this. That the range problem given the A-7 has more range than the A-6, they use everything they have to get off the deck, and if you run the F/A-18 on the same power off of a catapult, you are in afterburner and do not need to be and there goes your fuel so the range is less.

The F/A-18 at the same speed or at a greater speed without the afterburner can get to altitude, to target, to back, through escape, and go far faster than any other Navy aircraft.

In these brief moments let me say we are going to decide the fate of whether or not the Navy gets a new airplane or wants to go backward in technology to an airplane that cannot defend the target and not defend the fleet or we go ahead with an aircraft that is indeed one of the finest ever produced by this or any other country.

I yield back the balance of my time.

□ 1500

Mr. VENTO. Mr. Chairman, I yield 3 minutes to the gentleman from Texas (Mr. WILSON).

Mr. WILSON. Mr. Chairman, I do not think that I need to apologize for my support of the Navy or of the Defense budget.

I would like to point out one more time that this amendment in no way diminishes the Defense budget. It simply reallocates funds to more practical and more operable aircraft.

Now, the things that are said about the F/A-18 in many cases have been proved wrong by the Special Investigating Committee of the Appropriations Committee. The allegation was made by the Navy that they had to have it because it was supersonic and that was the only thing that could penetrate the Soviet naval air defense.

The truth is that no airplane can carry ordnance at supersonic speeds because it will simply burn them up.

The F/A-18 presently costs $24½ million a copy. The F/A-18 has been disappointing in all its performance tests, and that is weighed against $23.4 million per copy for the far superior aircraft, the F-14A.

My colleague said that any airplane can be criticized. Well, I guess that is true. The only people I know of that criticized the F-16 are the Iraqis.

The F-14 is not criticized for being able to do what it was designed to do, which is to protect the fleet from air attack.

The F-15 has proved to be a very fine fighter plane.

Now, this debate is not going to be the last debate, because if this amendment does not pass, then we will have another debate on the Appropriations Committee and we will continue to have debates, because this airplane simply will not meet criteria that has been set for it. It is completely out of control in cost overruns and it is a bad deal for the U.S. Navy, who simply do not want to admit to the Congress that they made a $3 or $4 billion mistake.

Mr. VENTO. Mr. Chairman, will the gentleman yield?

Mr. WILSON. I yield.

Mr. VENTO. Mr. Chairman, I want to commend the gentleman in the well for his statement. I think he has the best interests here at heart looking at what the problems are.

I just want to comment that even looking at the life-cycle costs, for instance, of this particular aircraft, we come up with a figure of $48.9 million per copy, slightly less true than the F-14, but nevertheless, you need more F/A-18's. If you take the mix, as an example, of the A-6 and the F-14, you come up with a savings of $271 million in terms of providing enough for one carrier, in terms of fighter capacity, in terms of attack capacity. That is the point we are trying to get at here. We are trying to put something in an extra stream of parts and an extra stream of products and not one of them has been delivered; developed at the same time, for instance, as the F-16, its contemporary. Of course, we all

know the story there, 250 of them in service versus zero for the F/A-18.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. WILSON. I yield.

Mr. CONYERS. Mr. Chairman, I cannot find words to express my pleasure and surprise that the gentleman is now critically examining these inordinate kinds of boondoggles that I have been complaining about for years.

The CHAIRMAN. The time of the gentleman from Texas (Mr. WILSON) has expired.

Mr. VENTO. Mr. Chairman, I yield 1 additional minute to the gentleman from Texas.

Mr. WILSON. I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, what assurance have we that the money that will be saved here will not go to another plane that will not fly?

Mr. WILSON. Oh, I think the money that we save here will go to planes that have been proven, that can be improved, such as the A-6, which is a very effective aircraft.

I might also say to my beloved colleagues from Massachusetts that there is nothing wrong with putting the engine that is in the F/A-18 into an improved A-6.

I would also like to point out one more thing, that the Navy has maintained that this airplane can fight its way through enemy aircraft to the target and then attack the target. That simply is not true. When the airplane is programed as a fighter, it is programed as a fighter. It has to return to the carrier to be programed as an attack plane. When it is programed as an attack plane, it cannot carry sidewinders. It cannot carry any other air-to-air missile, but must return to the carrier.

I thank the gentleman.

Mr. VENTO. Mr. Chairman, will the gentleman yield on that point?

Mr. WILSON. I yield.

Mr. VENTO. The plane has a shorter radius, a lighter carrying capacity, than any other plane that is close to it. The ability is about one-third that of the F-14.

Mr. WILSON. About one-third and it costs three times as much.

Mr. DICKINSON. Mr. Chairman, I yield 1 minute to the gentleman from Indiana (Mr. HILLIS).

Mr. HILLIS. Mr. Chairman, I thank the gentleman for yielding.

I have great interest in this debate. I think it focuses attention on a very important weapons system; but I did want to make the comment as an observer that I happen to see the F-18 perform in the recent Paris Air Show.

I am perhaps no more a judge of aircraft than anyone else here, but I would say the performance of this aircraft was superb. It is hard to compare it with others, but the French had the Mirage 2000 there, which is an aircraft that has been used by their Air Force for a number of years and also for foreign military sales.

The performance of the F-18 was superior, there is no doubt about it, in its rate of climb, its maneuverability and everything about the aircraft was superior.

The French then trotted out the Mirage 4000, which is the latest aircraft they have. It is really just out of R. & D. It is not even available to the French Air Force yet, to show it off as the latest addition to their Air Force.

The CHAIRMAN. The time of the gentleman from Indiana (Mr. HILLIS) has expired.

Mr. DICKINSON. Mr. Chairman, I yield 1 additional minute to the gentleman from Indiana.

Mr. HILLIS. Mr. Chairman, the point I want to make is that the F-18 in my opinion as an observer was superior to the French Mirage 4000, which is probably the best and the latest that any European community could bring forth as a military attack aircraft. The FA-18 airplane as you see it in the air in performance and rate of acceleration gets the job done.

I think that a lot of what has been written about it and said about it is not true, if you could see it perform and on the same field or in the same flight and with contemporary aircraft produced both in this country and around the world. It is a very fine airplane.

Mr. WILSON. Mr. Chairman, will the gentleman yield?

Mr. HILLIS. If I have the time.

Mr. WILSON. I did not have the advantage of attending the Paris Air Show, but the gentleman has compared the performance with French planes. The gentleman has not compared the performance with the F-16, the F-14, and the F-15, all of which are American planes that cost less than this plane.

Mr. HILLIS. The F-14, F-15, and F-16 were there and the FA-18 is equal to them.

Mr. PRICE. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts (Mr. MAVROULES).

Mr. MAVROULES. Mr. Chairman, I wish to thank my chairman for yielding. Let us see if we can get this argument back into perspective.

Mr. Chairman, I rise in opposition to the amendment of the gentleman from Minnesota (Mr. VENTO).

As a member of the Subcommittee on Procurement of the Armed Services Committee, I can report that one issue which was reviewed in great detail by the subcommittee was the Navy's budget request for the F-18 fighter.

On the basis of extensive questioning and testimony, one point became very clear. The F-18 has the unqualified support of both the Navy and Defense Department. The effectiveness of naval and Marine Corps aviation through the 1990's are to a very great extent dependent upon the availability of the F-18.

Because of the convincing testimony presented by the Navy, the committee approved a fiscal year 1982 production increase for the F-18 program from 63 to 84 aircraft. The purpose for this increase is very clear. For nearly a decade, the Navy has failed to procure the fighter and attack aircraft necessary to maintain force levels.

The Navy has consistently been losing more aircraft to attrition and old age each year than the number of new aircraft delivered or ordered.

Contrary to certain reports, and to quote the Secretary of the Navy, "there has been no internal Navy review suggesting that we should cancel, delay, or reduce the program." The Navy is very satisfied with the demonstrated performance of the F-18, and plans to proceed with the program without delay.

Just a few days ago, on June 29 to be exact, the Deputy Secretary of Defense, Frank C. Carlucci, issued the final program review decision memorandum for the F-18. In his statement, Secretary Carlucci stated that—

The F-18 has met all requirements for use as a Navy/Marine Corps fighter. Full production of the F/A-18 for the fighter application is approved.

Nonetheless, despite this full and complete support from Navy and Defense Department officials, critics of the program contend that the Armed Services Committee "is making its recommendation on the basis of incomplete, if not inaccurate information."

I strongly disagree.

In fact, I believe that it is the gentleman from Minnesota, the sponsor of the amendment, and not the members of the armed services committee, who is basing his argument on incomplete and inaccurate information.

The Committee on Armed Services has formally reviewed the F-18 program since its inception through hearings before the Research and Development Subcommittee, the Procurement and Military Nuclear Systems Subcommittee, and before the full committee. The committee has monitored projected cost increases. And, perhaps most importantly, the Committee on Armed Services has inquired into the condition of the Navy and Marine Corps force structure, including the requirement for modernization.

As a matter of fact, no other aircraft program in recent years has been subject to more rigorous and intensive scrutiny than the F-18 program. An extensive record of hearings, conducted in open sessions, validate and justify the decisive votes of confidence the Congress has given to the F-18 program.

And that record, I might add, is available to each Member of this House.

However, there remains the question of cost for the F-18. And about 2 weeks ago, during the Procurement Subcommittee's hearings on the Vinson-Trammell Act, I questioned Adm. Ernest Seymour, Commander of Naval Air Systems Command on the cost increases for the program. Admiral Seymour explained that there were three reasons for the cost increases for the F-18 program.

First, and most serious, there is the inflation problem. The F-18 production program extends for 10 years, through 1990.

When the program was presented to the Congress in 1975, the Navy was looking 15 years into the future. Program cost estimates, then, were estimates based on what things would cost in the decade of the 1980's. The Navy, and the Defense Department for that matter, simply did not accurately estimate inflation correctly in 1975. The rate of inflation in the 1975 to 1980 period was significantly higher than the estimates which had been forecast.

For instance, of the cost figures in the March Selected Acquisition Report, 87 percent of the cost increase in that particular report was because of inflation, created not by failures or program overruns, but simply by a different calculation of the rate of inflation.

Former Under Secretary of Defense, Dr. William Perry, describes the inflation impact this way:

> I didn't come to grips early enough and didn't understand early enough the really disastrous problems caused by inflation. I can't control inflation in this job, but I should have understood the impact of it better. . . . Inflation just wrecked hell out of some of our best plans.

But, inflation is just part of the cost issue.

According to Admiral Seymour, the second reason for cost increases in the F-18 program were design changes mandated by the Navy. Between 1978 and today, the Navy has accumulated over 3,000 flying hours in the F-18 fighters. On the basis of those flying hours, the Navy mandated changes in the program. These engineering changes have caused some increases in program costs. However, in the long run these engineering changes will pay dividends in terms of greater maintainability and reliability for the F-18 system.

Finally, the third change in the program has been the increase in aircraft quantity. In 1975, the Navy planned an 800-aircraft program. However, between 1975 and 1978, the Navy decided to add additional aircraft for a program total of 1,366 aircraft. Naturally, adding an additional 566 aircraft to the program will increase total program costs.

However, despite these factors, program officials estimate that only 5 percent of the total program cost increases are because of cost-growth.

The F-18 program merits your support. It is a sound program and well designed aircraft which will serve the Navy well into the 21st century.

I urge the Members to reject the gentleman's amendment.

□ 1510

Mr. VENTO. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. DOWNEY).

Mr. DOWNEY. Mr. Chairman, so I can dispense with the argument that I am here purely in a parochial role as a Representative from Long Island who would benefit from the adoption of this amendment, let me simply say if not one additional A-6 or F-14 were purchased and, in fact, if the Navy had taken the advice of people back in 1975 and bought the F-16 instead of the F-17, I would still be standing here in my unalterable opposition to the F-18.

Mr. Chairman, what we are faced with is a question of how much defense will we get for our dollars. The American people have categorically stated that they are interested in spending more money, but I think implicit in that notion is the fact that if they are going to spend more money they want to get more defense.

Are they? Certainly the F-18 is a prototypical example of less defense for more money.

Mr. Chairman, in the latest SAR report of 47 major weapons systems, the cost growth in 1 year alone was $4.7 billion. That is $4.7 billion in additional costs for the very same number of weapons. Indeed, when one takes a look at the tactical air budget, we are going to spend about 95 percent more in 1982 for about the same number of airplanes as we did in 1980. The cost-growth is truly astronomical.

In the seminal work on the whole question of high technology and cost growth, written by a fellow by the name of Chuck Spinney, called "Defense Facts of Life," he points out some of the problems inherent when we move to high technology, and he says that as we put in new gadgets and new radars and give all-weather capabilities to airplanes, the greater number of black boxes, that more things can go wrong with the airplanes.

Initially the F-18 was designed and sold to the Congress as a lightweight fighter to complement the F-14, to be able to do both the ground attack mission as well as aerial combat. The reason it was able to foist itself upon the Congress was because it was supposed to be about half the cost of the F-14, the plane it was supposed to complement.

Today when we take a look at the life-cycle cost of the F-14 and the F-18 we see some amazing statistics. We find that life-cycle cost turns out to be about $52 million for the F-14 and upward of $48 million, not half, but about 95 percent of the cost of the plane it was supposed to replace.

So let us scratch argument No. 1, that it is lightweight. It is no more lightweight anymore. Cheap? It is certainly not cheap.

Alternative to the F-14 or supplement to the F-14, let us take a look at the Navy's mission. What is the greatest threat to the Navy? The greatest threat to the Navy, of course, is the Backfire bomber and the air- or the sea-launched cruise missile.

If one is going to provide for a fleet defense against these, it would seem to me inherently obvious to anyone planning fleet defense that one would want to simultaneously engage multiple targets. One would want a long-range radar that could, up to 75 miles, pick up those targets.

This quality is embodied in the plane that the F-18 is supposed to complement. This is the F-14, which is capable of providing fleet defense. It is capable now of not only providing the fleet defense mission but of taking on the fighter role of the F-18 because the F-18 is no longer inexpensive.

One other point about cost. In the peak of production in World War II this Nation was able to turn out 10,000 aircraft. In the 1950's we were able to turn out 3,000 aircraft per year. In the late 1970's we were turning out about 400 aircraft per year. This budget gives us the opportunity to turn out 370 tactical air fighters.

If we believe Norman Augustine, who is the vice president of Martin Marietta on the cost from the early Wright brothers right up to the F-18, we see that airplanes, tactical aircraft have grown by a factor of 4 every 10 years. If this continues, the entire Defense budget in the year 2054 will be used to purchase one tactical aircraft that the Navy and the Air Force and the Marine Corps can share it.

Mr. DICKINSON. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. HUNTER).

PARLIAMENTARY INQUIRY

Mr. VENTO. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. VENTO. Mr. Chairman, could the Chair inform us as to the amount of time that remains on each side, please?

The CHAIRMAN. The gentleman from Minnesota (Mr. VENTO) has 12 minutes remaining; the gentleman from Illinois (Mr. PRICE) has 10 minutes remaining; and the gentleman from Alabama (Mr. DICKINSON) has 8 minutes remaining.

Mr. VENTO. I thank the Chairman.

Mr. HUNTER. Mr. Chairman, it appears that, inherent in the arguments of the people who would support this amendment is the idea that somehow if we scratch the F/A-18 we are going be able to build, in the future, cheaper planes. Much has been made of the cost overruns that have been apparent in a number of weapons systems, besides the naval aircraft area.

I would like to cite some of the factors that have generated the high costs of military systems today. I have here a Defense study made by the Defense Science Board on the cost trend of certain parts and material subsystems that have increased significantly in the past year.

Aircraft electrical connectors are up 170 percent. Microwave tubes are up 30 percent. Nonferrous metals are up 86 percent. Aircraft radars up 23 percent.

The delay time, the time in which we are able to acquire certain critical components of aircraft goes roughly: Aluminum forgings; from 20 to 120 weeks from 1976 to 1980. Aircraft landing gear; from 52 to 120 weeks.

The point I am trying to make, Mr. Chairman, is a point that was so vividly illustrated to me the other day when I believe our ranking minority leader asked one of the gentlemen who was protesting a certain weapon system: "What do you want to do, go to bows and arrows?" The gentleman said, "Yes, sir; bows and arrows."

□ 1520

Lo and behold, I was in a sporting goods store the other day to purchase a bow, and the first bow that I saw retailed for $269. We simply are not going to find cheap weapons systems, Mr. Chairman.

Mr. SKELTON. Mr. Chairman, will the gentleman yield on that point?

Mr. HUNTER. I yield to the gentleman from Missouri.

Mr. SKELTON. Mr. Chairman, I would like to point out—and I think the gentleman has raised this issue very squarely and very fairly—the statistics show that on this particular airplane, the F-18, inflation has caused more than 80 percent of the cost. The research and development adjustments account for about 16 percent.

So it is important to understand, as the gentleman has pointed out, the extreme increase in the inflationary rate, and I think that the people that are making decisions on this should understand that.

Mr. HUNTER. The gentleman's statistics are precise, and I thank the gentleman for his contribution.

Mr. EMERSON. Mr. Chairman, will the gentleman yield?

Mr. HUNTER. I yield to the gentleman from Missouri.

Mr. EMERSON. Mr. Chairman, I want to associate myself with the remarks of the gentleman from California (Mr. HUNTER) and the remarks of the gentleman from Missouri (Mr. SKELTON).

Mr. Chairman, I rise in strong opposition to the amendment offered by my colleague from Minnesota (Mr. VENTO) that would prohibit the use of funds authorized in H.R. 3519 for procurement and R.D.T. & E. of the F/A-18.

The Armed Services Committee has done an excellent job, in my view, of putting together a package for procuring the most sophisticated and well-built fighter in the world.

Deputy Secretary of Defense, Frank Carlucci, expressed his support for full production of the F/A-18 on June 29 of this year. In his supporting memo Mr. Carlucci makes the statement that the cost reduction initiatives presented by the Navy at the program review show good potential for significant savings.

What we do not need is another program stretchout or production rate reduction. What we do need is to get this state-of-art fighter built and deployed by our naval forces. If we do not defeat this amendment, the ultimate result will be increased costs and inferior aircraft for our naval aviators.

The Secretary of the Navy wrote in support of the F/A-18 and I quote:

The airplane will add a new dimension in offensive and defensive flexibility to our carrier force, adding as it does the swing concept of both fighter and attack capability in one airframe.

If the unthinkable should happen, and we have to send our young men into combat, it is then incumbent upon us to provide the weapons that will allow them to fight and survive.

Mr. Chairman, I include in my remarks an article from the Wall Street Journal of July 16, 1981, entitled "Military Economy".

MILITARY ECONOMY

Defense Secretary Caspar Weinberger is putting his new management approach to its first big test by giving the Navy the go-ahead to buy the F18 fighter-bomber, one of the most expensive planes ever built. While the Navy will get its new aircraft with most of its highly sophisticated equipment, it will also have to institute several cost-saving procurement steps. The new procedures, if extended to other programs, could shave billions off the Pentagon's budget in years to come, but their success will require the no little matter of congressional support of Mr. Weinberger's leadership.

Shortly after taking office, Mr. Weinberger and Deputy Defense Secretary Frank Carlucci devised a new managerial style toward running the Pentagon—the largest enterprise in the U.S. apart from the whole federal government. Gone are the McNamara-inspired centralized controls, which made the Office of the Secretary responsible for every decision from the design of missiles to the color of belt buckles. Gone is zero-based budgeting—the Georgia Highway Department's contribution to national security—which required that every program be reapproved each year. Almost gone is about half of the paper work load.

In their place are a centralized policy planning operation and decentralized execution and accountability procedures. While Mr. Weinberger will still be responsible for the major decisions on strategy and cross-service coordination, the service chiefs and the brass will now be in charge of carrying out the plans.

In the F18's case, the Navy will buy the plane on a multi-year basis instead of the usual year-to-year government commitments. This will result in a significant cost-savings because manufacturers will have the security of a long-term contract and thus can achieve better efficiencies of scale. Multi-year procurement, however, will require the approval of Congress, which previously has resisted the idea. It is a bitter irony that for years Congress has insisted upon a yearly procurement process that drives up costs at the same time it has complained about wasteful Pentagon management.

Other economies are also being introduced such as buying spare parts as the planes are built, when production volumes are high and costs are low, and the Navy will also offer to speed up periodic payments. These changes, along with a few design modifications, are expected to save between $500,000 and $1 million on each aircraft, which are expected to cost around $25.6 million apiece.

Mr. Weinberger's management style can offer the U.S. a better defense at lower cost, but that is not enough. Management has to be tied to clear goals. A new defense strategy needs to be detailed and specific weapons and manpower programs have to be detailed and specific weapons and manpower programs have to be carved to fit it. More public articulation of the principles that will guide the rearmament effort is required if the Congress and the American people are to maintain their resolve to spend more on defense. Congress, too, can do its part by giving Mr. Weinberger the kind of managerial discretion he needs. Without these improvements, the defense buildup could fall short of the needed effectiveness.

Mr. HUNTER. Mr. Chairman, I would like to point to a couple of comparisons that were made between the F/A-18 and the A-7 and the A-6.

There are several critical areas in which the F/A-18 solidly outperforms the A-7 and A-6. One thing that is very important, especially in these times, when a critical factor in the survivability of our naval aircraft is the ability to avoid and evade enemy missiles, is the amount of turn and the sharpness of turn that our aircraft can undertake.

The F/A-18 can sustain a 5-gravity turn. The A-7 cannot.

Mr. PRICE. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri (Mr. SKELTON).

Mr. GEPHARDT. Mr. Chairman, will the gentleman yield?

Mr. SKELTON. I yield to the gentleman from Missouri.

Mr. GEPHARDT. Mr. Chairman, I rise in opposition to the amendment by the gentleman from Minnesota which would eliminate funds for testing and procurement of the F-18 Hornet fighter aircraft.

While the gentleman is correct that this is an expensive system, termination of the F-18 on that basis represents false economy. As of now, the fighter aircraft fleet of the Navy is seriously obsolete. The Navy, thus, must spend inordinate amounts of money on repair and maintenance—money that must be diverted away from efforts to enhance our defense capabilities. All too often, large numbers of existing fighter planes are grounded while awaiting the expensive repair work.

The F-18, on the other hand, is the most sophisticated fighter aircraft under development. The plane has multiple capabilities with greater maneuverability, reliability, and maintainability than the F-14. The F-16, the only other fighter aircraft we are now developing, is even more expensive than the F-18. Despite the size of the authorization for the F-18, it represents a cost-effective investment in a program that will make a significant contribution to our national security.

I urge my colleagues to join me in opposing this amendment.

Mr. HUNTER. Mr. Chairman, will the gentleman yield?

Mr. SKELTON. I yield to the gentleman from California.

Mr. HUNTER. Mr. Chairman, in finishing my last statement, I would just like to say that the A-7 cannot make a five-gravity turn at sea level even if it is unloaded.

The F/A-18 can do this with 8,000 pounds of armament.

Further, the A-6 would take 38 seconds more to make a 360° turn than the F/A-18 and turning ability is important when you are returning from an attack mission. The A-7 would take 42.7 seconds longer than the F/A-18.

These are both areas in which the F/A-18 solidly outperforms its alternatives. I thank the gentleman for yielding.

Mr. SKELTON. Mr. Chairman, I think we ought to set the ground rules and see what we are talking about here. We are not talking about apples. We are talking about oranges in this particular case.

We do not have an airplane that is a single-purpose airplane as has been said by the opponents. It is not just a lightweight cheap complement to the F-14, as has been stated.

Mr. Chairman, this is an all-weather, high technology, dual-purpose airplane. It has two missions. One mission is that of a fighter aircraft to complement the F-14, and the other is that of an attack airplane.

It is needed, Mr. Chairman, to replace the F-4's and the A-7's which are attack airplanes and to complement the F-14's for the U.S. Navy and for the Marine Corps.

Much of the cost has been talked about here.

Mr. PRICE. Mr. Chairman, I yield 2 minutes to the gentleman from Florida (Mr. BENNETT).

Mr. BENNETT. Mr. Chairman, the Committee yesterday agreed to the amendment of Mr. SHAW to the so-called posse comitatus section. That amendment would permit the participation of Armed Forces personnel in drug seizures or arrests outside the land areas of the United States. That amendment was similar to the language I had proposed originally except that mine would have permitted seizures and arrests within the land areas of the United States.

In the debate yesterday one of my colleagues stated that language would not allow military personnel to conduct searches for drugs. I was shocked to hear that statement as nothing could be further from the truth. As you know I drafted the original language myself. Consequently, I believe I am the person best qualified to explain its intent and meaning. And in order to avoid any confusion in subsequent interpretation of the language, I believe I should set the record straight.

In drafting that language, I was aware of the case law which clearly establishes that a search may be conducted incidental to any arrest. I was also aware of the case law which recognizes that the authority to search is implicit in, and incidental to, the authority to seize contraband. On the basis of those decisions, there was never any doubt in my mind that the power to search for drugs is included within the authority granted members of the Armed Forces by the term seizures or arrests.

It was my intent in drafting the Armed Services Committee language originally contained in section 908 that Armed Forces personnel would have authority to search for drugs, as well as to seize them and arrest the persons in whose possession they are found. Since I was aware of the case law previously mentioned, I drafted the section in accordance with that law. I did not believe it necessary to explicitly authorize that power which is implicit in the term seizures or arrests.

I believe that, if any further clarification of this language is required, it should be left to the committee of conference which will consider this bill. If the members of the conference should have any problems with the language, they will be able to clarify it in their actions and report.

(By unanimous consent, Mr. BENNETT yielded the remainder of his time to Mr. SKELTON.)

Mr. SKELTON. I thank the gentleman for yielding.

Mr. Chairman, let me point out something that is very important and has not been mentioned today. We should compare this airplane to other airplanes estimated in maintenance man-hours per flight-hour. When we look at the F-14's, it takes 49 hours of maintenance for every flight-hour. The A-6, 32 hours for every flight-hour. F-4, 32 hours for every flight-hour. The F-18, the plane we are talking about today, requires only 10 hours for maintenance per flight-hour. I think this is certainly significant because it has been designed to do a job, and it is doing that job.

The U.S. Navy and the Marine Corps have had extensive tests. As a matter of fact, this airplane has had more extensive tests that any other single military airplane in the history of our country. I certainly think that we should build this airplane, deploy this airplane, because it is truly the plane of the future.

Mr. VENTO. Mr. Chairman, will the gentleman yield?

Mr. SKELTON. I yield to the gentleman from Minnesota.

Mr. VENTO. I think that one of the reasons it has had so much testing is because it has not been yet ready for procurement. The fact of the matter is that they have had multiple fixes on the planes and not one of the planes is in service today, compared to 250 F-16's developed in the same time frame.

Mr. SKELTON. Every airplane that we have had and every airplane that is in the inventory of our Government at this time has had extensive testing and has had extensive reliability tests that have brought about corrections. This has been done with the F-18. This is a superb airplane that can do two things. It is a fighter airplane when needed. It is an attack airplane when needed. We certainly need it for our Marine Corps and for the Navy.

Mr. YOUNG of Missouri. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Minnesota.

During consideration of this amendment, there have been several attacks on the F/A-18 program that I believe need clarifying. First of all, the opponents of the F/A-18 charge that the costs of the program have risen dramatically, however, the facts tell a different story.

The Navy has said that the increase in the Hornet's costs are due to inflation and in the cost of materials and labor, slower development due to the F/A-18's advanced technology, and more exhaustive testing of the aircraft. This advanced technology consists of a more sophisticated radar than the F-14; a greater combat radius than any other fighter aircraft when loaded with their designed missiles; greater maneuverability, reliability, and maintainability. As the only aircraft in the world today with a fully integrated, all weather, air-to-air clear weather air-to-ground weapon system, the F/A-18 is a very versatile aircraft.

Considering the features of the Hornet, it is a highly cost-effective aircraft.

Another criticism of the F/A has been the performance of the aircraft. We all know that with any highly technological aircraft, there are bound to be some problems. However, in April, Defense Secretary Weinberger said that the flaws which had shown up in testing were being corrected and that we anticipate no problem in bringing it (F/A-18) up to full specification.

Also, last year the Navy conducted sea trials aboard the carrier U.S.S. *America* and said that the Hornet operated for 4 days with 100 percent availability, constituting the most successful and earliest sea trials for any Navy aircraft in recent times. And last December, it was reported that the F/A-18 demonstrated more than three times the reliability of current fleet aircraft during a 100-hour flight demonstration at Patuxent Naval Air Test Center. The results of the tests showed that other-than-routine maintenance was required only 12 times. Before the tests, the Navy established 29 times as a passing grade and set 16 as the best possible performance. So as you can see, the F/A-18 is a reliable aircraft.

Recently, the gentleman from Minnesota circulated a "Dear Colleague" letter comparing the F-16 with the F/A-18 that I believe should be examined since the two aircraft are not similar. The F-16 is being produced at a significantly higher production rate than the F/A-18. For fiscal year 1982, the production rate for the F-16 is 120 while the F/A-18 is only being produced at 63 aircraft. As a result, the costs per plane are much higher for the F/A-18 than the F-16 because of the procurement rate.

Second, the F-16 costs estimates contain the benefits of significantly higher numbers of foreign military sales aircraft than the F/A-18. And finally, as I mentioned before, the F/A-18 is a more capable aircraft than the F-16.

Mr. Chairman, the F/A-18 is essential to our national defense and a termination of this program would result in a waste of invested dollars for a vital aircraft program. I urge that the amendment be defeated.

● Mr. RUDD. Mr. Chairman, the Armed Services Committee has shown great wisdom in restoring funding for the F/A-18 to provide for continuation of the program at planned procurement levels. This action would insure that Navy and Marine Corps aircraft needs will be met and that the crucial capability provided by this aircraft will be realized.

There is an urgent need to replace the Marine Corps' F-4 fighters and the Navy's attack A-7 aircraft because of obsolesence. The F/A-18 is a modern, flexible, and more maintainable aircraft aptly suited to these needs. As more and more planes are dropped from the active lists through attrition we run the great risk of falling behind in crucial force levels and could result in our running the maintenance of an obsolete weapons system. We must not allow our defense posture to be weakened by delaying procurement of the F/A-18. Further erosion of our air strike capability is the only alternative to our continued commitment to this program.

Testing and revision are a part of any new technology, especially new military aircraft, so the experiences involved in the development of the F/A-18 do not constitute a serious argument against the system. Meanwhile, the fact remains that those who have flown the aircraft, and those who will be expected to defend our Nation in the air, support the program and are in favor of full application of the program. As a former military pilot, and a Member concerned for the state of our Nation's defense, I support the committee's recommendation and urge the House to pass the bill with full authority for the F/A-18.●

Mr. DICKINSON. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. DORNAN).

Mr. DORNAN of California. Mr. Chairman, I rise in opposition to this amendment.

I was pleased that my party made advances in the House in the election of last November, but it is at a moment like this that I find the loss of one of the distinguished Members from the other side of the aisle very distressing.

The distinguished former Member from California, Mr. Jim Lloyd, was the first gentleman on the majority side of the aisle to fly the F-18 and use his vast experience in naval aviation to evaluate it. I can assure my colleagues he still stands by his analysis that the F-18 Hornet is one of the finest Navy airplanes developed in his lifetime.

I was the first Member to pilot the F-18 on my side of the aisle.

Now, ladies and gentlemen, you know we cannot fool our friends in the fourth estate up there behind me.

They know what suddenly causes the emergence here of all these instant aeronautical experts in this body—district contracts. I guess there is only one gentleman in the room that is claiming pristine pure motivation and that is the gentleman who has offered the amendment. But is he knowledgeable in this complex field of study. No. The rest of us are from California—Northrup country; Texas, F-16 country; Long Island, A-10 country; and from Missouri, Mac/Dac country. And all with varying levels of experience in military affairs or aviation. Please let us recall the old vaudeville joke about "How's your wife?"

"Compared to what?" How is this F-18 Hornet? Compared to what other airplane?

When I flew the F-18 I compared it to all of the other airplanes I have flown in a long, long flying career—and I am going to engage in just a tad of oneupmanship here—that includes flying experience in the F-80, the F-86, the F-100, the F-101, the F-102, the F-104, the F-105, the F-106. Most of those I flew before I came here 5 years ago. I have flown in the past few years the F-111F in England, the FB-111, the B-52, the B-1, the F-14, F-15, F-16, F-18, and the A-4 Skyhawk, the A-5 Vigilante, the A-6 Intruder, the TA-7, down in Texas, the AV-8A Harrier and the A-10. In Europe the Mirage and Hawk. In Israel the C-2 "Kfir". Now may I tell your something. The F-18 is one of the best aircraft for its mission that I have ever flown in my life. I agree with Jim Lloyd and BOB BADHAM—it is fabulous as a defense system. Compared to all of the other airplanes, there is no comparison except with the Eagle and the F-16 Falcon.

Now, compared to the airplane that I spent most of my active duty time pushing through the skies, the F-100, this Hornet is remarkable at the equivalent point in its life cycle. The F-100 Super Sabre killed George Welch, a Medal of Honor winner and ace from the attack on Pearl Harbor, when he was a top test pilot. When I was flying it in a combat ready unit the 100's were still falling out of the sky with engine problems yet it went on to have a great history worldwide. It is still flown by Denmark, Turkey, and Taiwan. That same hairy safety rate, or lack thereof, applied to the F-4 in its early days and the A-7, and the Harrier and the F-14.

The distinguished gentleman from Texas (Mr. WILSON) said the F-16 has had no problems. Wrong. Pratt & Whitney engine in the F-15 and the F-16 has had serious problems for years, occasionally taking lives. The A-10, when I last looked had killed over 16 pilots. Yes, most accidents, pilot error under high stress simulated combat maneuvering. But this subsonic A-10 tank killer, good in the weeds when flying its specific mission, is not even in the same aerodynamic ballpark as the F-18 at any altitude from 3,000 feet to 10,000, 20,000, 30,000, 40,000, and—well let us face it the A-10 cannot soar that high.

And as for the F-14 with its weak underpowered engines—it is a great interceptor * * * in AB with its superb Phoenix missile system on line. Otherwise forget it. The F-14 is not a dogfighter. It was not meant to be. It is a long range fleet defense, period.

Mr. WILSON. Mr. Chairman, will the gentleman yield?

Mr. DORNAN of California. I yield to the gentleman from Texas.

□ 1530

Mr. WILSON. Mr. Chairman, just for the record, I would like to point out I am probably as provincial as the next guy. I think the plane that should be used to replace this is not the A-7 but the Grumman A-6.

Mr. DORNAN of California. The A-6 is slow, subsonic, good but slow. And look what happened with an A-6—probably pilot error—hitting the lip of the deck of the carrier *Nimitz* a few weeks back, with high loss of life. My point is, relative to the number of hours flown, the F-18 has not only not ever killed any of its highly experienced and valuable test pilots but it has had only one accident, an unprecedented safety record. It is performing in some areas above specs; in other areas, below the very demanding high-performance specifications hoped for.

The A-10 and the A-7 and A-6 cannot defend themselves against even aging Mig-21's. The F/A-18 can attack ground targets without peer and if jumped by hostile fighters while doing so. It can jettison its stores, turn, climb, and shoot the enemy in the face with ease. It pulls G's with the same mind-boggling, world-class style as does the Eagle and the Fighting Falcon.

I close, Mr. Chairman, with a rebuttal to Senator HART's allegations which many Members are parroting here today.

In comments published in the CONGRESSIONAL RECORD of May 13, 1981, Senator HART addressed the F/A-18 program. His conclusions are not consistent with Navy interpretation of the relevant information. The following comments are offered:

Senator HART, Congressmen DOWNEY, VENTO, and others, state that the F/A-18 is the wrong aircraft for the missions we need filled, that the F-14 would be more appropriate, and that the naval fighter version of the F/A-18 is dead. The Senator is correct that, in the fleet air defense role, the F-14 has no equal, though the F/A-18 is not without significant capability in this area. The Navy has been consistent in that position over the years.

They are mistaken when they imply that the naval fighter version of the F/A-18 is dead. First, there is no fighter version of the multimission F/A-18, distinct from an attack version. The aircraft is a multipurpose strike-fighter. Second, F/A-18's will be employed in Navy fighter squadrons, replacing F-4 aircraft, aboard carriers that will not accept the F-14.

Senator HART makes the point that the F-14/Phoenix system is capable of engaging several targets at a time, while the F/A-18 is capable of engaging only one. The only limitation is a missile limitation and not one associated with the aircraft. Advanced air-to-air missiles, now under development, with characteristics similar to Phoenix, will be carried on both the F/A-18 and F-14, as well as USAF fighters. The F/A-18 weapon system is mechanized for multiple-target engagements at the present time.

Senator HART stated:

The failure of the F-18 as a naval fighter has been recognized.

In fact, when evaluated in the fighter role during operational test this year, the F/A-18 was judged superior to threat representative aircraft and, when flown by F/A-18 inexperienced pilots, about equal to an F-14. The F/A-18 as a Navy fighter, in the opinion of those who have flown and maintained the aircraft, is anything but a failure.

A statement was made that the F/A-18 was no improvement over the A-7 in the attack role. The Senator concedes that the F/A-18 is supersonic, but minimizes the capability because it requires afterburner and reduces range. The Navy would have to agree with the Senator that a supersonic capability in an attack aircraft, though important at critical times, is not often used. However, a comparison of attack aircraft that considers only speed is extremely shortsighted. There are numerous other factors that weigh very heavily in reaching a valid conclusion: Subsonic performance using basic engine thrust, reliability, maintainability, versatility, range, survivability in a hostile environment, load-carrying capacity, sensor performance, system integration, crew operability, self-protection capability, and so forth. A useful tactical aircraft is a successful balance of many factors, considering the threat environment in which it will operate. The A-7 was an outstanding aircraft in many ways in its day; however, like many other outstanding aircraft in history, it will not perform in the environment of the 1990's. The F/A-18 will meet the threat of the future, and for the factors discussed above represents a significant improvement over the A-7 aircraft.

The Senator alleges that the F/A-18 ties marine aviation to big carriers and long runways. It is submitted that the required combat capability and the state of the art in building aircraft restrict the options of all services for most missions at this time. The Navy has never opposed the AV-8B for the Marine Corps, except on grounds of affordability. In order for the AV-8B to achieve maximum range and payload capabilities, a runway of about 4,000 feet will be required. Flight test of the F/A-18 demonstrates that the Hornet can operate from a runway of that length.

The Senator states that, "Technically the aircraft continues to encounter serious problems" when there are no significant uncorrected problems with the F/A-18 today. Those "problems" mentioned in the statement are either items that have not yet been tested in the ongoing development program or are minor in nature.

Senator HART states that the DSARC in March was expected to approve full production funding for the F/A-18 but refused to do so. In fact, the program has for years been structured for three DSARC III reviews, the current one being the second. Full production funding would be appropriate only after the final DSARC III in 1982.

The Senator asks, "What about costs?"

The original F/A-18 production cost estimates were developed over 5 years ago in base-year fiscal year 1975 dollars. Since that time, F/A-18 costs have significantly increased due primarily to three factors: inflation, an increase in quantity from 800 to 1,366 aircraft, and basic cost growth (inaccurate initial estimates). Of these three factors, inflation has had the largest impact by far.

The December 31, 1980, selected acquisition report includes a procurement that is production, cost estimate of $35.6 billion for 1,366 aircraft. Of this amount, approximately 66 percent or $23.5 billion represents inflation. Approximately 12 percent or $4.4 billion represents an increase in the quantity from 800 to 1,366 aircraft, with another 3 percent or $1.2 billion due to cost growth. The original production cost estimate accounts for approximately 14 percent or $6.6 billion of the current estimate.

The single largest cost increase, due to inflation, occurred with the recent submission of the President's fiscal year 1982 budget in January 1981. This budget showed a procurement cost increase of $8.6 billion over the fiscal year 1981 budget ($35.572 billion versus $26.935 billion). One billion—12 percent—of the increase resulted from cost growth and changes in requirements. The remaining $7.6. billion—88 percent—is due to inflation, roughly half accounted for by projection of OSD/OMB-allowed inflation rates over the life of the program and half by actual costs—unbudgeted inflation—reflecting aircraft industry inflation to be absorbed by the program. The OSD-allowed inflation, $3.7 billion, includes $1.8 billion inflation on the actual $1 billion program cost growth, $1 billion due to changes in the OSD inflation rates during 1980, and $0.9 billion due to a procurement schedule change which moved 210 aircraft from fiscal year 1982-85 to fiscal year 1986-89. The remaining $3.9 billion is referred to as absorbed inflation and is the result of differences between actual and OSD-allowed infla-

tion from 1978 through 1980. By de-escalating the real dollar cost of the program from 1980 to constant fiscal year 1975 dollars using the understated OSD rates, a base adjustment of $1.4 billion is generated in the constant-dollar cost of the program. The OSD-allowed inflation applied to this base increase is $2.5 billion. Previously, under the rules governing SAR preparation, this $3.9 billion—$1.4 billion base plus $2.5 billion inflation—appeared as cost growth rather than inflation. When inflation rates are revised to reflect the actually incurred rates, the constant dollar cost is reduced by $1.4 billion and the then-year costs remain at the same level.

In the March 1981 SAR, OSD has revised the procedures to permit the use of actual inflation experience. This policy change, in conjunction with the movement of 12 aircraft from fiscal year 1979 to fiscal year 1981 and fiscal year 1982 and the application of revised OSD inflation predictions, results in total procurement cost estimates of the $12.155 billion in constant dollars and $32.872 billion in then-year dollars. Even with these latest reduced estimates of inflation prediction, escalation still represents over 60 percent of the total procurement cost of the F/A-18 aircraft.

Mr. VENTO. Mr. Chairman, I yield 1 minute to the gentleman from Ohio (Mr. PEASE).

Mr. PEASE. Mr. Chairman, I rise in support of my colleague from Minnesota. Earlier this year I joined Mr. VENTO and several others in signing a letter to Mr. ADDABBO expressing concern over the problems plaguing the F/A-18 weapon program.

The F/A-18 reeks of continual poor management. Yet, the Congress refuses to recognize this in any tangible fashion. There is no incentive to the contractors and no apparent effort to provide any.

In the past 1½ years GAO has put out three reports on the problems associated with the F/A-18. Obviously there is cause for concern.

This aircraft is incredibly expensive—the cost to the American taxpayers is enormous—and are they getting any reassurance or protection out of their defense dollars? GAO has questioned not only the expense but the effectiveness as well. Does the administration and Department of Defense believe that the American taxpayers are willing to stand by while we dump money into questionable projects?

The importance of security and defense of the United States goes without saying. But we must choose wisely. I urge my colleagues to support Mr. VENTO's amendment.

Mr. VENTO. Mr. Chairman, will the gentleman yield?

Mr. PEASE. I would be happy to yield to the gentleman.

Mr. VENTO. Mr. Chairman, I want to thank the gentleman from Ohio (Mr. PEASE) for his support.

I want to point out there has been a lot of information floating around about the inflation factor. I submit the high rate of inflation of the F-18 has been because of the many fixes involved. If the Members want to argue the inflation point, it is really against the F-18. The Members ought to get their facts straight regarding inflation increases.

The GAO report says 65 percent. I hear reports of 75 and now amazingly 85 percent. The rate keeps going up with the heat of the discussion.

I thank the gentleman for yielding.

Mr. PRICE. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts (Mr. MARKEY).

Mr. MARKEY. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Minnesota (Mr. VENTO).

I must take strong issue with the gentleman when it comes to the facts about the F-18. True, I have taken the time to learn something about this aircraft because work on the F-18 engine is performed in Massachusetts. But I speak today on behalf of keeping this aircraft in the 1982 budget because all Americans can agree that the future defense of our Nation depends in great measure upon the strength of our naval forces. The ability of our Navy to maintain our access to the sealanes—upon which so much of our vital commerce depends, including our petroleum imports—is a crucial and indispensable element in our national security.

We cannot afford to take lightly, or to put at risk, the tools necessary to guarantee that our Navy and our Marines can accomplish this mission.

Today, you will hear criticisms of the F-18; but not from the U.S. Navy.

The Navy wants the F-18—and its attack plane counterpart, the A-18—because it can perform both fighter and bomber-attack missions. These are missions which currently require two older Navy planes, which are now being phased out due to attrition and old age.

The F-18 is the Navy's fighter of the future. There is simply no comparable alternative to the F-18 available to meet Navy and Marine Corps requirements in the future.

Critics juggle figures on the costs of the F-18.

But the facts are that if you compare production line flyaway costs, the F-18 is only about 68 percent as costly as the F-14—or about $21.5 million unit cost compared to about $29 million.

Now, let us compare the facts about the comparative costs of the F-18 and the F-16 Air Force fighter. I have taken the trouble to look at the March 1981 selected acquisition report which details these aircraft. From March 1980 through March 1981, the F-18 increased 5 percent in cost. The F-16 went up by 10 percent.

The Navy has rebutted the charges of the gentleman from Minnesota, and I quote from the Navy's rebuttal:

If the current F/A-18 program is compared to the 1975 development estimate, it can be seen that the cost increases are due to inflation (74 percent), changes in program requirements including 566 additional aircraft (20 percent), and cost growth (6 percent). Cost growth of this magnitude is far from excessive.

But the real question is what are we getting for our money?

Here is what the Navy says:

As the only aircraft in the world today with a fully-integrated, all-weather, air-to-air and clear-weather air-to-ground weapon system, the F/A-18 is a highly capable aircraft.

Further, and I quote:

An amendment terminating the F/A-18 would result in a true waste of invested dollars and would also deal a severe blow to naval aviation and national defense.

The Chief of Naval Operations, Adm. Thomas Hayward, calls the F-18 program "better than any alternative." Deputy Defense Secretary Frank Carlucci says the F-18 will set new standards for tactical aircraft reliability.

One problem plaguing today's high technology jet aircraft is inadequate operational readiness. It is not unusual for an advanced fighter—like the F-15 or F-14—to be operationally ready less than half the time.

A key element of the F-18 program has been to establish what Deputy Defense Secretary Carlucci calls very stringent reliability goals. The chief test pilot, Lt. Col. Pete Field, for the F-18 program states that when the F-18 is deployed, it will have an operational readiness of 80 percent—twice that of the F-4 Phantom jet which it replaces, and nearly twice that of the F-14 and F-15.

When Adm. Wesley MacDonald testified earlier this year, before the House Armed Services Procurement Subcommittee, he declared: "We believe that the F-18 Hornet will set the reliability and maintainability criteria for the next decade."

I urge my colleagues to consider their vote on this amendment very carefully. I believe the facts speak clearly to us. It would be a grave mistake for us to cancel this program—bad for national defense, bad for our air warfare readiness, and bad for cost effectiveness in military procurement.

I urge a "no" vote on this amendment.

Mr. VENTO. Mr. Chairman, will the gentleman yield?

Mr. MARKEY. I yield to the gentleman from Minnesota.

Mr. VENTO. Mr. Chairman, the increase last year in terms of program

costs for this was $13.9 million. It went from $24 to $38 million; is that more than 5 percent?

Mr. MARKEY. Mr. Chairman, the cost increase is 5 percent when compared to the F-16 and 10 percent. I think that is what we have to compare when we consider the relative competition.

Mr. PRICE. Mr. Chairman, I yield 1 minute to the gentleman from Missouri (Mr. GEPHARDT).

Mr. GEPHARDT. Mr. Chairman, I yield my 1 minute to the gentleman from Missouri (Mr. SKELTON).

The CHAIRMAN. Without objection, the gentleman from Missouri (Mr. SKELTON) is recognized.

There was no objection.

Mr. SKELTON. I thank the gentleman for yielding.

Mr. Chairman, when we are looking at this program, I think we should realize that this program is actually a smaller program.

Mr. MAVROULES. Mr. Chairman, will the gentleman yield?

Mr. SKELTON. I yield to the gentleman from Massachusetts.

Mr. MAVROULES. In answer to the question of the gentleman from Massachusetts (Mr. MARKEY), I just wish to report to our dear colleague from Minnesota (Mr. VENTO) that the SAR unit program costs from March 1979 to March 1981, are indeed 5 percent and not the 19 percent or 15 percent as has been bandied around this afternoon.

I might ask the gentleman another question, if I may, if the gentleman will yield further to me.

We have heard a little bit about the F-16 here this afternoon—a good airplane. Let us make a comparison.

Mr. SKELTON. It is a different kind of airplane.

Mr. MAVROULES. The F-16 is a low mixed air fighter. We agreed to that. The F-18 is an all-weather fighter with Sparrow capability, which the F-16 does not presently have.

The CHAIRMAN. The time of the gentleman from Missouri (Mr. SKELTON) has expired.

Mr. PRICE. Mr. Chairman, I yield the gentleman another half a minute.

The CHAIRMAN. The gentleman from Missouri (Mr. SKELTON) is recognized for another 30 seconds.

Mr. SKELTON. Mr. Chairman, I would like to point out that setting inflation aside, the F-18 program is smaller than the F-4 program in constant dollars. We should not be misled by the various figures that have been floating around here by the opponents today.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. SKELTON. I yield to the gentleman from Missouri.

Mr. VOLKMER. Mr. Chairman, I wish to join the gentleman in the well in his remarks in opposition to the amendment of the gentleman from Minnesota (Mr. VENTO). I wish to commend the gentleman from Missouri (Mr. SKELTON) for his leadership in opposing this amendment.

Mr. VENTO. Mr. Chairman, I would like to inquire as to the amount of time remaining on each side?

The CHAIRMAN. The gentleman from Minnesota (Mr. VENTO) has 11 minutes remaining. The gentleman from Illinois (Mr. PRICE) has 3½ minutes remaining, and the gentleman from Alabama (Mr. DICKINSON) has 2 minutes remaining.

Mr. VENTO. Mr. Chairman, I yield 10 minutes to the gentleman from Florida (Mr. CHAPPELL).

Mr. CHAPPELL. Mr. Chairman, some of us said, back in 1975 when the F-18 program began, that we were embarking on a wild goose chase. Experience has proven that statement true. We have chased the F/A-18 to a price more than twice its estimated acquisition cost.

Some of us so vividly remember its inception—we decided we could not buy enough F-14's to adequately equip the Navy to perform its mission of sea control. Because we could not afford the F-14, we said to the Navy, "Go out and come forth with a low-cost, affordable, lightweight fighter to supplement the F-14." So the Navy set out to do just that. It has accomplished the so-called high-low mix: high in cost and low in performance, quite the reverse of the intended goal.

We have accomplished that part of it. Let us see what really evolves from the program today. We are proceeding with a $40 billion buy of an aircraft that provides us less capability than any of several of the alternatives available according to studies the Navy itself has made. Optional recommendations which its experts have from time to time made at the four-star admiral level, the Navy Materiel Command, but ignored by the Navy and/or the Defense Department. Any of those apparently available options could save two carrier loads of airplanes otherwise lost to excessive costs. That is two air wings over 150 aircraft. At the same time assuring more capability.

The figures I have just recited come not from my mind, but rather from at least two studies which the Navy itself has made and which the political echelon at the top has rejected.

Admiral Whittle—a four-star admiral, head of Naval Materiel—perfected a recent report hidden and suppressed by the Navy, which clearly points out that the only way we can afford the capability of a 14 to 16 carrier Navy is to exercise options which do not include the F/A-18. This study shows we can have the 14 carrier air wings with these options as compared to only 12 if we hold to the procurement of the F/A-18.

What are we going to do? What are we going to do with the F/A-18 in the first place? The Navy has clearly said it is not going to use the F-18 on the carrier as a fighter. So it is eliminated from the fighter inventory insofar as the Navy is concerned. Navy would use it only in the attack role. Let us see where we get our greatest capability for the money.

□ 1540

The studies by Whittle and the recommendations made by Woolsey back in 1978 to the Department of Defense, which has been a prime rejector of viable options in this matter, were that if we want the strongest capability at least cost, we go with the F-14 in the fighter role in the Navy and go with the A-6 in the attack role.

Now, if we want a little cheaper version of the mix, then we buy some A-7's with A-6's. And if we want to kick up the performance in the attack role, then go to an A-7X. These options offer greater capability at lower costs.

May I make one further point on the question of the Marines. What is the Navy going to do with reference to the Marines?

It suggests using the F-18 in the fighter role and the AV-8B in the attack role, so that there are only two usages we are talking about with the F/A-18, attack in the Navy and fighter in the Marine Corps. In the Marine fighter role the F-14 better serves the need at equal or lower cost.

The questions here are affordability and capability. We argued affordability way back in the beginning and rejected greater buys of the F-14 because we could not afford it. Hence the argument for a light weight, inexpensive fighter, the F-18.

Now, the F-18 costs more than the F-14, with a third of the capability.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. CHAPPELL. I yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Chairman, I thank the gentleman for yielding.

I am sure that I share the same confusion of many of those who are listening to this. I am well aware that clearly 4 or 5 years ago, when the matter first came before our subcommittee, it was said that we were going for a high-low mix, and that we had the high mix in the F-14 at high cost and this would be the low part of that because they could not afford all the F-14's they want. But the figures I have heard are confusing.

I wonder if the gentleman could tell us, what is the flyaway cost of the F-14 and what is the flyaway cost of the F/A-18? Are we agreed on these figures?

Mr. CHAPPELL. Mr. Chairman, we ought to be in agreement because they have been furnished and updated by the Navy and by the very people who have made the reports, although we

ought to be comparing the cost of the A-6 and the A-7 against the F/A-18, because that is the attack role of the Navy.

Let me give the gentleman the comparative figures of the fighter role aircraft. If we compare the F-14 with the F/A-18, we find the procurement figure for the F-14 to be $23.24 million against $24.5 million for the F/A-18.

Mr. DICKINSON. That does not make a lot of sense if it is to be a high-low mix.

I wonder if the gentleman can tell us the difference in the programs on unit cost?

Mr. CHAPPELL. Yes. If we compare the 15-year life cycle costs the F-14 is $53.7 million and $48.9 million for the F/A-18.

But I point out that fewer F-14's are needed to perform the mission and thus total force costs are less with it. The F-18 does one-third the job the F-14 does. The F-14 has the Phoenix missile, and it can engage six incoming targets simultaneously and track many more and has a standoff capability of 75 miles, while the F/A-18 or the F-18 has to go one on one. So it would take not nearly so many F-14's as it would F/A-18's.

Mr. DICKINSON. Mr. Chairman, in order to give me a better grasp of it, could the gentleman give us a comparison of the total program cost of the F-14, compared to the F/A-18? If the gentleman has those figures, how many billions of dollars are we talking about for each program? Does the gentleman have those figures?

Mr. CHAPPELL. Mr. Chairman, I could give the gentleman some figures based upon certain mixes, but the only way to look at it is to look at it in a total force concept. The probable comparable total program costs are $35 billion for the F-14 and $40 billion for the F/A-18.

Mr. DICKINSON. Does the gentleman know the total program cost of the F/A-18?

Mr. CHAPPELL. Yes; the total cost of the F/A-18 is right now at about $40 billion, and it is likely to go to $42 billion, in the next 18 months.

Mr. DICKINSON. Is this including inflation, or is that in constant dollars?

Mr. CHAPPELL. These are 1982 dollars.

Mr. DICKINSON. Yes; figured on the basis of inflation for that year? That is based on inflation for 1982?

Mr. CHAPPELL. That is as I understand it.

Mr. DICKINSON. Now, if the dollars are not there, if we cannot come up with the money, what would that mean then? Would we go back to something else, or what is the alternative?

Mr. CHAPPELL. The alternatives are, as clearly stated by the Navy in their various reports and recommendations, that we go to an A-6 and/or A-7 or A-7X and an F-14 mix for Navy fighter and attack missions, and F-14's and AV-8B's for the Marines. To provide the greatest number of air wings—that is, the greatest number of aircraft available over the next 15 years at a fixed yearly expenditure of approximately $5 billion, we can have 14 air wings against 12 if you go to the F/A-18.

Mr. DICKINSON. Mr. Chairman, I think I find this very confusing.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. CHAPPELL. I yield to the gentleman from Texas.

Mr. WHITE. Mr. Chairman, I am very interested in the A-7, which will come up a little later on. The gentleman spoke of an alternative, an A-7X.

Could the gentleman please give us some kind of comparative performance between the two, and possibly something as to cost?

Mr. CHAPPELL. Yes. Let me see if I can put this in proper perspective.

If we give the F/A-18 a value of 1, the A-7 carries 1½ to 1¾ times the payload of the F/A-18.

Mr. WHITE. The A-7X would have a different payload?

Mr. CHAPPELL. The A-7X would carry more than that. It would carry 1¾ to 2 times that of the F/A-18. It would carry it further, increasing the radius of action about another 200 nautical miles, and the performance in either capacity, in the capacity of the fighter role and in every category, according to the Navy, is superior to that of the F/A-18. We have a greater capability in all performance categories with the A-7X over the F/A-18. I support the amendment, Mr. Chairman.

The CHAIRMAN. The time of the gentleman from Florida (Mr. CHAPPELL) has expired.

Mr. DICKINSON. Mr. Chairman, I yield my remaining 2 minutes to the gentleman from Missouri (Mr. BAILEY).

Mr. BAILEY of Missouri. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in opposition to the amendment. There is little secret that the Navy's F/A-18 fighter/attack aircraft program is the target of critics of that program. I think confusion has acted as a catalyst to the controversy.

Critics feel that the program has grown out of proportion in cost and that the F/A-18 seems to lack the capabilities necessary to increase and strengthen our defense posture. The facts do not support these allegations.

It is very much true that the F/A-18 program is the largest Department of Defense acquisition program. But it is not true that the actual program costs are principally responsible. Inflation has caused the cost of this program to skyrocket over 75 percent while actual cost growth in the program hovers around 5 to 6 percent.

The F/A-18 has the unqualified support of the Department of Defense. The Navy particularly supports its availability because there is no comparable alternative to meet Navy and Marine Corps requirements. Surely, very few defense programs have undergone a more intensive and thorough examination than the F/A-18 has since its inception in 1975. Furthermore, Navy testing and testimony show, without question, that the F/A-18 is more than adequate at meeting its mission requirements. Its reliability, maintainability, survivability, and operating costs will prove to be top of the line.

The Navy must have the F/A-18 to replace its A-7 in the attack role and to complement the F-14 in the fighter role. The Marine Corps needs the F/A-18 to replace its F-4 in the fighter role and to back up its attack squadrons in light attack.

The F/A-18 possesses unique multimission capability as it is the only aircraft in the world with a fully integrated, all-weather, air-to-air, and clear air-to-ground weapon system. This, coupled with its other features, make it the most cost-effective tactical aircraft in the Navy inventory.

This program is not a waste of money and any effort to eliminate the F/A-18 would be a great waste of investment dollars and a tragic disservice to our efforts to strengthen American defense.

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. BAILEY of Missouri. I yield to the gentleman from Oregon.

Mr. WEAVER. Mr. Chairman, the gentleman from California (Mr. HUNTER) quoted me earlier as saying I wanted to rely on bows and arrows for our military. I did not say that. I had said in earlier debate, in response to a question from the gentleman from Alabama (Mr. DICKINSON), as to whether we needed bows and arrows that yes, we might be in a situation we could use bows and arrows as well as other weapons.

The more I hear of the weapons systems we are now spending billions on, which often do not work, which are unreliable, which are too expensive to test, I think we had better find weapons to protect us which are not so complicated, not so cumbersome, and not so expensive. The bow and arrow, quite a reliable and most inexpensive weapon, might be considered for part of our arsenal.

Mrs. HECKLER. Mr. Chairman, will the gentleman yield?

Mr. BAILEY of Missouri. I am happy to yield to the gentlewoman from Massachusetts.

Mrs. HECKLER. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in opposition to the Vento amendment. The issue of cost and the cost benefit ratio has been raised. If we were to devise a new replacement aircraft with the comparable technology and multiple capability of the F/A-18, the cost would be even higher. We will not be saving defense dollars by supporting this amendment and eliminating the F/A-18.

The issue of low maintenance cost, and high reliability, of the F/A-18 is a factor that must be recognized for its operational value to the Navy.

Adm. Thomas Hayward, Chief of Naval Operations, said in March of this year:

> The comprehensive test and evaluation process * * * demonstrated the Hornet's outstanding reliability and availability for operations. The F/A-18 program will result in an aircraft program which is better than any alternative.

Deputy Secretary of Defense, Frank Carlucci, has stated frankly and directly:

> The reliability of the F/A-18 in operation service will set new standards for tactical aircraft.

Mr. Chairman, the F/A-18 will be 80 percent operationally ready, at least twice that of any of the aircraft the F-18 is to replace.

What we must do now is produce the F/A-18 at rates that will minimize the impact of any future inflation and at rates that will give the Navy the ability to fulfill its mission.

I urge my colleagues to oppose the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Chairman, I reserve my remaining 1 minute.

POINT OF ORDER

Mr. STRATTON. Mr. Chairman, I have a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. STRATTON. Mr. Chairman, my point of order is that I believe the chairman of the committee has the authority to wind up the last speech on this particular item. I do not think the gentleman from Minnesota has the right to be the last speaker.

The CHAIRMAN. The Chair will state that the tradition in the House is that the chairman of the committee does have the right to close debate.

Mr. VENTO. Mr. Chairman, I thought we had an understanding, but I would be happy to accede to the Chair, and I yield myself 1 remaining minute.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. VENTO).

□ 1550

Mr. VENTO. This afternoon there has been abundant information that the F/A-18 is a case of putting a procurement ahead of the technological development of the product. I think it is a classic case, in 1975 where we had a plane, the F-17, that lost in a fly-off with the F-16. The F-18 was then shoved down the Navy's throat where they have in these 6 years unsatisfactorily held the contractor accountable, so as a consequence we have a product that has gone through the roof in terms of cost increases and has very questionable performance.

It is not available to serve the needs of this country in terms of air support in the Navy or Marine role, and I think the future bodes very dim for this particular type plane.

I think that we are going to have to face up to the problems with the F/A-18 sooner or later. I hope it is today. We should be admitting it is a mistake, admitting it is the wrong direction to have gone and getting our naval forces back on a level with adequate aircraft in service where they can use it.

So, it is a case of pushing the technology when we do not have it developed.

We recently got a questionable DSARC decision on the F-18 after the committee in fact had acted upon this authorization. We cannot force production when the development has not taken place.

It is a wonder to me and to others that the DOD would crank out a DSARC decision with the type of questions that continue to persist. Surely this program the F/A-18 deserves a vote of no confidence.

The CHAIRMAN. The gentleman from Illinois (Mr. PRICE) has 3½ minutes remaining.

Mr. PRICE. Mr. Chairman, I yield the balance of my time to the gentleman from New York (Mr. STRATTON).

Mr. STRATTON. Mr. Chairman, there are a lot of points that have been made in this debate, but I think one thing that we all recognize is that in today's world you cannot get a quality high performance anything cheaply, and when you are asking for a late model high performance aircraft, it is obviously going to cost you money.

The F/A-18 is an expensive airplane, but as the gentleman from California (Mr. DORNAN) has pointed out, it is also a very high performance airplane.

The various "dear colleague" letters that have been going around lately have tried to compare the F-18 with the F-16 on costs, but the fact of matter is that the F/A-18 has a lot more capability than the F-16; and if the F-16 were going to acquire those capabilities, and they would have to be put back in because they were not included in the initial construction, it would cost almost a half billion dollars.

We have also been told that there have been enormous cost overruns with the F-18. But the fact of the matter is that the cost-growth on the F-18 has been only 121 percent while the cost-growth of the F-16 was 125 percent.

One of the main reasons for cost-growth, of course, is if the Congress refuses to buy these aircraft at the most economical rate. That is another of the problems that has beset this aircraft in previous years. And this is what our committee has corrected this year by adding 21 more F-18's and we have thereby reduced the unit cost by $3 million a copy.

But let us take a look at what is an even more important point. The Soviet threat today is the Indian Ocean and the Persian Gulf. And what part of our services do we have to build up in order to handle that threat? The Navy. And what is the most important part of the Navy? The aircraft carriers. And what good is an aircraft carrier without its airplanes? No good, of course. It doesn't even have guns.

The only way that an aircraft carrier can fight is with its airplanes.

So if we are going to develop the kind of Navy that we need to meet the Soviet threat worldwide, we are going to have to put the best possible modern high-performance airplanes that we can get on those carriers. And that aircraft is, of course, the F-18.

Now we also know that a carrier has one major limitation, and that is space. Sure, the F-14 is a great plane. It is built in my State. It is a great long-distance fighter aircraft. But the F-14 is also a very heavy plane, and a very big plane, and we simply cannot have all F-14's on a carrier.

The F-18 is intended to take the place of two other standard carrier planes, the F-4, which is growing old, and the A-7. If any of my colleagues have ever been on a carrier, you know that there are so many different planes on a carrier these days, it is hard to keep them separate, and hard to service all these different aircraft.

So when the F-18 takes the place of these older planes, it will improve the space problem on our carriers. Incidentally, I am told that if we tried to have the job scheduled to be done by the F-18 and done by the F-14 instead, as somebody has suggested, it would cost twice as much, something like $92 billion more. Do we want to support that further expense? Certainly not.

Now let me say one final thing. If we accept the Vento amendment, we will throw away the $4½ billion that has gone into developing this plane so far. Moreover, we would be leaving the U.S. Navy with no modern, high-performance aircraft on our aircraft carriers at a time of very high threat.

Besides that, the money that we will be giving back in this way to the Navy will be a blank check. Congress will have no control on how it is spent. I do not think we would want to do that.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota (Mr. VENTO).

The question was taken; and the chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. VENTO. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count for a quorum.

Mr. VENTO. Mr. Chairman, I withdraw my point of order and renew my demand for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 101, noes 316, not voting 15, as follows:

[Roll No. 137]

AYES—101

Aspin	Gore	Reuss
AuCoin	Gray	Richmond
Bedell	Green	Rodino
Beilenson	Grisham	Roemer
Bereuter	Hall, Sam	Rosenthal
Bingham	Hance	Roybal
Blanchard	Hertel	Russo
Bolling	Hightower	Sabo
Bonior	Ireland	Savage
Bonker	Jacobs	Scheuer
Brodhead	Kastenmeier	Schneider
Brown (CA)	Kildee	Schroeder
Burton, John	Kogovsek	Schumer
Burton, Phillip	Lehman	Seiberling
Carman	Leland	Shannon
Carney	Lent	Sharp
Chappell	Lowry (WA)	Smith (IA)
Clinger	Lundine	Solarz
Collins (IL)	Mattox	St Germain
Conyers	McGrath	Stark
Crockett	McHugh	Stenholm
Dellums	Mica	Stokes
Dingell	Mikulski	Studds
Downey	Miller (CA)	Traxler
Eckart	Mitchell (MD)	Vento
Edgar	Moffett	Washington
Evans (GA)	Oberstar	Waxman
Evans (IN)	Obey	Weaver
Fascell	Ottinger	Weiss
Ford (TN)	Patman	Wilson
Forsythe	Paul	Wirth
Garcia	Pease	Wyden
Gibbons	Petri	Yates
Gingrich	Rahall	

NOES—316

Addabbo	Brinkley	Dannemeyer
Akaka	Brooks	Daschle
Albosta	Broomfield	Daub
Alexander	Brown (CO)	Davis
Anderson	Brown (OH)	de la Garza
Andrews	Burgener	Deckard
Annunzio	Butler	DeNardis
Anthony	Byron	Derrick
Applegate	Campbell	Derwinski
Archer	Chappie	Dickinson
Ashbrook	Cheney	Dicks
Atkinson	Clausen	Donnelly
Bafalis	Clay	Dorgan
Bailey (MO)	Coats	Dornan
Bailey (PA)	Coelho	Dougherty
Barnard	Coleman	Dowdy
Barnes	Collins (TX)	Dreier
Beard	Conable	Duncan
Benedict	Conte	Dunn
Benjamin	Corcoran	Dwyer
Bennett	Coughlin	Dymally
Bethune	Courter	Dyson
Biaggi	Coyne, James	Early
Bliley	Coyne, William	Edwards (AL)
Boggs	Craig	Edwards (OK)
Boland	Crane, Daniel	Emerson
Boner	Crane, Philip	Emery
Bouquard	Daniel, Dan	English
Bowen	Daniel, R. W.	Erdahl
Breaux	Danielson	Erlenborn
Ertel	Leach	Rinaldo
Evans (DE)	Leath	Ritter
Evans (IA)	LeBoutillier	Roberts (KS)
Fary	Lee	Roberts (SD)
Fazio	Levitas	Robinson
Fenwick	Lewis	Roe
Ferraro	Livingston	Rogers
Fiedler	Loeffler	Rose
Fields	Long (LA)	Rostenkowski
Findley	Long (MD)	Roth
Fish	Lott	Roukema
Flippo	Lowery (CA)	Rousselot
Foglietta	Lujan	Rudd
Foley	Luken	Santini
Fountain	Lungren	Sawyer
Fowler	Madigan	Schulze
Frank	Markey	Sensenbrenner
Frenzel	Marks	Shamansky
Frost	Marlenee	Shaw
Fuqua	Marriott	Shelby
Gaydos	Martin (IL)	Shumway
Gejdenson	Martin (NC)	Shuster
Gephardt	Martin (NY)	Siljander
Gilman	Matsui	Simon
Ginn	Mavroules	Skeen
Glickman	Mazzoli	Skelton
Gonzalez	McClory	Smith (AL)
Goodling	McCloskey	Smith (NE)
Gradison	McCollum	Smith (NJ)
Gramm	McCurdy	Smith (OR)
Gregg	McDade	Snowe
Guarini	McDonald	Snyder
Gunderson	McEwen	Solomon
Hagedorn	McKinney	Spence
Hall (OH)	Michel	Stangeland
Hall, Ralph	Miller (OH)	Stanton
Hamilton	Mineta	Staton
Hammerschmidt	Minish	Stratton
Hansen (ID)	Mitchell (NY)	Stump
Hansen (UT)	Moakley	Swift
Harkin	Molinari	Synar
Hartnett	Mollohan	Tauke
Hatcher	Montgomery	Tauzin
Hawkins	Moore	Taylor
Heckler	Moorhead	Thomas
Hefner	Morrison	Trible
Heftel	Mottl	Udall
Hendon	Murphy	Vander Jagt
Hiler	Murtha	Volkmer
Hillis	Myers	Walgren
Holland	Napier	Walker
Hollenbeck	Natcher	Wampler
Hopkins	Neal	Watkins
Horton	Nelligan	Weber (MN)
Howard	Nelson	Weber (OH)
Hoyer	Nichols	White
Hubbard	Nowak	Whitehurst
Huckaby	O'Brien	Whitley
Hughes	Oakar	Whittaker
Hunter	Panetta	Whitten
Hutto	Parris	Williams (MT)
Hyde	Pashayan	Williams (OH)
Jeffords	Patterson	Winn
Jeffries	Pepper	Wolf
Jenkins	Perkins	Wolpe
Johnston	Peyser	Wortley
Jones (OK)	Pickle	Wright
Jones (TN)	Porter	Wylie
Kazen	Price	Yatron
Kemp	Pritchard	Young (AK)
Kindness	Pursell	Young (FL)
Kramer	Quillen	Young (MO)
LaFalce	Railsback	Zablocki
Lagomarsino	Rangel	Zeferetti
Lantos	Ratchford	
Latta	Regula	

NOT VOTING—15

Badham	D'Amours	Ford (MI)
Bevill	Dixon	Goldwater
Broyhill	Edwards (CA)	Holt
Chisholm	Fithian	Jones (NC)
Cotter	Florio	Rhodes

□ 1610

Mrs. MARTIN of Illinois changed her vote from "aye" to "no."

Messrs. STOKES, SHARP, MICA, EVANS of Georgia, CARMAN, BONIOR of Michigan, CARNEY, and Mrs. SCHNEIDER changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. Under the precedents of the House, the Chairman has the power in this situation to allocate time, a limitation having been imposed. The Chair will on the Moffett amendment, if offered, allocate 9 minutes to the gentleman from Connecticut (Mr. MOFFETT) and 9 minutes to the opposition. Following that the Chair will, if time remains, allocate 2 minutes to the gentleman from Washington (Mr. FOLEY) and if he offers an amendment to any opposition if there is any, and then what time may be remaining the Chair will allocate to the gentleman from New Jersey (Mr. MINISH) if he offers an amendment, 1 minute, to be divided equally between any proponents or opponents.

PARLIAMENTARY INQUIRY

Mr. DICKINSON. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman from Alabama will state his parliamentary inquiry.

Mr. DICKINSON. I was just wondering if the Chair could clear up for us the definition of "opponents." The Chair is going to recognize the proponent for 9 minutes and the opponent for 9 minutes. Does that mean the committee, or does that mean some identified person?

The CHAIRMAN. That means a senior member of the committee in opposition.

Mr. DICKINSON. I thank the Chair.

The CHAIRMAN. I appreciate the clarification.

AMENDMENT OFFERED BY MR. MOFFETT

MR. MOFFETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MOFFETT: At the end of the bill, add the following new section:

PROCUREMENT OF F-16 AIRCRAFT FOR AIR NATIONAL GUARD IN LIEU OF A-7K AIRCRAFT

SEC. 917. Of the amount authorized to be appropriated by this act for procurement of aircraft for the Air Force, none of such amount is available for procurement of A-7K aircraft and $2,615,300,000 is available only for procurement of 173 F-16 aircraft. Not less than 53 of the F-16 aircraft purchased with funds appropriated pursuant to such authorization shall be assigned to the Air National Guard.

Mr. MOFFETT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. MOFFETT. Mr. Chairman, I want to express my thanks to the gen-

tleman from Alabama (Mr. EDWARDS) for his assistance on this amendment.

This amendment, Mr. Chairman, is a very simple amendment. It replaces the 12 obsolescent A-7K light fighters with 13 F-16 fighter-bombers which—as I think almost everyone knows and agrees—are much more capable aircraft. There is neither a tactical fighter pilot nor a tactical combat pilot who, if given the choice between an F-16 and an A-7K, would not pick the F-16.

This amendment does not change the fiscal year 1982 total authorization. It simply is a shift in the expenditure from one program to another.

In the long run, however, it will save money in two important ways. First, we will avoid spending $155 million for 12 obsolescent aircraft.

Second, while the 13 F-16's would be bought sooner or later in any case, by buying them sooner the taxpayers obviously benefit from economies of scale.

□ 1620

I should point out, as well, that if you look at the various charts that have been prepared on the differences between the two planes, you find a very clear difference of opinion. The cost is about the same.

Supersonic, F-16, yes; A-7, no. Vertical climb, F-16, yes; A-7, no. Full circle visibility, F-16, yes; A-7, no.

High maneuverability, yes and no. Look down radar, yes and no. Nuclear, yes and no. NATO commonality, yes and no. And European base, yes and no.

On all tests, the F-16 is superior; it is a pretty clear scorecard.

Mr. Chairman, I yield 3 minutes to my friend, the gentleman from Alabama (Mr. EDWARDS).

Mr. EDWARDS of Alabama. Mr. Chairman, it is important I think that the Members listen just a few minutes to what we are trying to do here.

The Air Force literally has not budgeted for an A-7 in 10 years. The Navy has not budgeted for an A-7 in 5 years. The Congress keeps piddling along and putting a few more A-7's in the bill every year. That is the most inefficient way to buy planes that you can imagine.

All we are trying to do here is to take 12 A-7's out of this authorization bill for the National Guard, put 13 F-16's in their place at the same amount and give those to the National Guard.

The Secretary of Defense supports that; the Chief of the Air Force supports that; the Air National Guard supports that. The only people I know who do not support it is the National Guard Association which does not fly any planes anywhere. It is a lobbying outfit.

This amendment makes good sense, in view of the fact that we are now embarked on a massive defense spending program, which I totally support. But the only way we can provide for an increase in defense is to find places to cut out waste, to cut out nice-to-have things that we cannot afford, and to go with the most efficient way to beef up the Air Force and our Guard units. That can be done by going with the F-16 and cutting out, after 10 years, if you will, this game we have been playing with the A-7.

It is extremely important, I think, that we break this habit that Congress has fallen into of buying A-7's that are not needed. You are going to hear a lot about two-seater A-7's. The two-seater A-7 does not really serve any purpose in time of war. It is another gimmick that has been created to try to sell a few more planes.

Mr. DICKS. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. I yield to the gentleman from Washington.

Mr. DICKS. Mr. Chairman, I want to commend the gentleman from Alabama. I do not think there is anyone in the House who is more of an expert on defense than he is. The gentleman is absolutely correct in this, and I want to tell the gentleman that I will be supporting his amendment.

Mr. EDWARDS of Alabama. I thank the gentleman for his remarks.

Mr. Chairman, let me just say that we have heard much this week about the fact that in the next 5 years we will be expending $1,600 billion on defense. We are going to be talking in just 2 or 3 years about a $400 billion defense bill.

Now, even those who call themselves the biggest hawks in the world have got to see the wisdom of spending those dollars wisely. Here is a chance to make a good move. I urge the Members to support this amendment.

Mr. STRATTON. Mr. Chairman, on behalf of the chairman of the full committee, I yield 3 minutes to the distinguished gentleman from Mississippi (Mr. MONTGOMERY).

Mr. MONTGOMERY. Mr. Chairman, I rise in opposition to the amendment and say that my only interest is in behalf of the National Guard and as a National Guardsman.

The National Guard wants these A-7's. I am a little surprised by the gentleman from Alabama (Mr. EDWARDS) coming up and talking about not giving the A-7's to the National Guard because the House Appropriations Committee, in 1978, said that we should complete the buy of A-7's and give them to the Guard.

There are 14 squadrons of A-7's in the Air National Guard and the Air Force designated A-7's be in the Air Guard.

Now, certainly I do not understand why at this time the Air Force does not want to complete this buy.

The Air Guard and also the Army Guard get criticized on our training sometimes. The reason is we very seldom ever get any new equipment. Over the years, the Guard has gotten used equipment from the Air Force or the Army.

This Congress, the House Appropriations Committee, the House Armed Services Committee, gave the Air Guard the first new airplanes they ever got in the history of the Guard, and they were A-7's. It just makes sense to complete the buy of these A-7's.

Yes; they are two-place aircraft. One of the reasons I am up here today, is the safety factor on two-place A-7's. I do not know why the Air Force never did authorize two-place aircraft A-7's for the Air Guard. They did it on the F-100's, the 101's, the 102's, the F-15's, the F-16's; everything that went to the Air Force got two-place jobs. But not the Air Guard. It had to be the Congress to protect us.

I have talked to commanders and adjutant generals of different squadrons around the country and the States affected: Ohio, Iowa, Oklahoma, Arizona, Virginia, South Carolina, and Pennsylvania, and every one of these commanders say they want these aircraft, they are serviceable and fly well. It would give us 25-percent more combat ability on a 10-percent cost. We have got the mechanics; we have got the parts, and can get the pilots. I just do not understand why this amendment was offered. As I say, none of these aircraft are made in my district. I am standing up here as a person who knows that the Air Guard can do a terrific job, they know how to fly the planes, their maintenance is 85-percent flyable. Where the Air Force maintenance flyable is 65 percent. I urge defeat of this amendment.

The CHAIRMAN. The gentleman from Connecticut (Mr. MOFFETT) has 4 minutes remaining, and the committee has 6 minutes remaining.

Mr. STRATTON. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. DORNAN).

Mr. WHITEHURST. Mr. Chairman, will the gentleman yield?

Mr. DORNAN of California. I yield to the gentleman from Virginia.

Mr. WHITEHURST. Mr. Chairman, I rise in opposition to the amendment.

Having received the gentleman from Connecticut's "Dear Colleague" letter, I would like to rebut some of his statements with respect to the A-7.

1. What is the budgetary impact of the amendment?

Moffett Statement: "The amendment does not change the fiscal year 1982 total authorization; * * *"

Rebuttal: True for the short term, considering fiscal year 1982 only, but false for the long run. The total Air Force capability will be reduced, because the number of F-16 aircraft remains unchanged, (Mr. Moffett simply proposes to accelerate their delivery) while 12 fewer A-7's will be produced. The

loss of these 12, which the Air National Guard says would save training dollars and lives, is not worth the savings of $18 million plus inflation which Mr. Moffett cites.

What is the regional impact of the amendment?

Moffett Statement: "None, both aircraft are made in Texas."

Rebuttal: The basic airframes of both aircraft are made in Texas." However, numerous equipment suppliers and subcontractors around the country will be affected. Noteworthy is the fact that the A-7 engine is made in Indiana and the F-16 engine is made in Connecticut.

Another point to consider is that by closing the A-7 production line prematurely, our Nation's ability to market this aircraft internationally will be adversely affected. Recent administration changes in arms export policy offer several international opportunities which would add employment domestically and contribute substantially to the balance of payments deficit.

3. What are the two airplanes?

Moffett Statement: "* * * There is nothing inherent in the A-7 which prevents it from being based in Europe, wired for nuclear weapons, and purchased by our NATO allies. That it has none of these assets is simply a reflection of lack of confidence in the aircraft; neither the U.S. Air Force nor our allies think it is worth the investment."

Rebuttal: Mr. Moffett hasn't done his homework. Greece—a NATO nation—owns and is currently operating 60 single seat A-7's and 5 two-seat A-7's. Portugal—a NATO nation—has also purchased A-7's. Between fiscal year 1977 and 1981 U.S. based A-7D's have deployed to Europe, North Africa and Canada as follows: Germany twice, United Kingdom six times, Norway twice, Netherlands twice, Turkey once, Egypt once, Italy once and Canada twice.

4. What are the differences between the two airplanes?

Moffett Statement: "Everything the A-7 can do can also be done by the F-16. This is, principally, attack against ground targets lacking significant defenses."

Rebuttal: The F-16 is an outstanding air to air combat fighter—the mission for which it was designed. It also has some capability for ground attack but doesn't have all the features required for tactical bombing, and has not been tested against heavily defended targets.

The A-7 was designed as a tactical bomber and is equipped with systems that make it the most accurate and servicable light bomber in the world today. In Viet Nam, the A-7D survived nearly seven thousand (7,000) combat missions, in heavily defended areas, without a single loss to enemy fire—air or ground.

5. Doesn't the A-7 have any advantages over the F-16?

Moffett Statement: "Only in theory. In terms of the 'truck' function—However, long range bombing missions invariably involve extensive penetration of hostile territory, so the need for survivability makes the F-16 the preferred weapon."

Rebuttal: Again, the A-7 was designed specifically for long-range bombing missions. Its navigation and weapons delivery system and survivability features include many items that are not available in the F-16—such as: a laser sport tracker, a doppler radar (both needed for accurate delivery of weapons), terrain following and terrain avoidance radar and radar altimeter (all needed for low level approach to and departure from heavily defended targets), armor plating in critical areas and triple-redundant hydraulic control system to further enhance survivability.

Mr. Moffett has pointed out that the Israelis used F-16's for the Iraqi attack but failed to mention that the F-15 was also required for fighter escort for that mission, and that the target was undefended.

6. Didn't the A-7 win the Royal Air Force Bombing Competition two years running?

Moffett Statement: It did in 1977 and 1978, but its competition did not include any modern aircraft * * *. The F-16 scored 88 air to air kills while taking only one loss against aggressor fighters, something the A-7 couldn't even attempt."

Rebuttal: Incorrect! Competition aircraft of the A-7 for the 1977/78 meet and F-16 meet of 1981 were identical. The A-7 did not suffer even a single loss to aggressor fighters.

7. If the F-16 is so much better, why is it cheaper?

Moffett Statement: "Economy of scale. We are already buying 160 F-16's this year; my amendment would add 13 to that. If my amendment fails, we will buy only 12 A-7's * * * but not even the A-7 advocates recommend buying more of this obsolescent plane. * * *"

Rebuttal: All of the A-7 advocates have strongly recommended buying the remaining 12 A-7K's to fulfill the Air National Guard requirement for 42 airplanes. It can be assumed that some A-7 advocates contributed to the "stack of mail urging your support" that Mr. Moffett refers to in his opening paragraph.

8. Won't the two-place A-7K save lives?

Moffett Statement: "In wartime, it would cost lives * * * In peacetime, the picture is uncertain at best. * * *"

Rebuttal: Not true. On two occasions, the fourteen commanders of A-7D Guard units have dispatched letters to all members of Congress which stated that the A-7K would save lives. Surely they are more competent in this area than Mr. Moffett.

Two seated A-7's are required for the very same reasons that compel the Air Force to procure two seated F-15's and F-16's.

9. Won't the two place A-7 pay for itself by saving the cost of a chase plane in training?

Moffett Statement: "No, because the single seat planes will be flown anyway. In real life, the presence of two-seat planes in a squadron will not cause the single-seat planes to be flown for fewer hours."

Rebuttal: This response represents almost total ignorance of the basic issue. Combat two-seaters are used for a variety of training missions, such as: aircraft transition, instrument and flight check, advanced combat, in-flight refueling, weapons delivery, low level navigation, night checkout/recheck, requalification, adversary pilot qualification, etc., etc. A-7 commanders state that the A-7K will reduce training costs by 30 percent, reduce training accident rates by up to 50 percent, and bring pilots to a higher level of proficiency at less cost and much faster time period.

Additionally, the A-7K is fully combat capable and will be used in combat for those missions in adverse conditions or in search/rescue where two sets of eyes and hands are preferred or required.

10. Why not just complete the A-7K program as originally planned?

Moffett Statement: "In response, I offer the official view of the Air National Guard* * * 'given the availability of the 30 A-7K aircraft already approved by Congress as training assets, the increased contribution 12 additional aircraft would make is not warranted by their cost' * * *"

Rebuttal: Total distortion. Past and current communication from the field tactical commanders evidence overwhelming support for the 12 A-7K's. For example, the National Guard Association of the United States, in a letter from its Executive Vice President, "urges that the House of Representatives reject the amendment and pass H.R. 3519 as reported out by the House Committee on Armed Services. * * * The 12 A-7K's included in H.R. 3519 are also badly needed to complete the equipping of ANG A-7 squadrons."

● Mr. BENNETT. Mr. Chairman, I rise in opposition to the Moffett amendment.

There are some very important reasons why the Air National Guard should get the 12 A-7K's as provided in the committee's bill.

First, the Air Guard needs these aircraft. These 12 complete the current 42 plane procurement. It doesn't make financial or military sense to stop short of the well-planned program which these 12 will finish.

Second, the two-place A-7K's will be used for transition training for Air Guard pilots. The 13 A-7K Air Guard Commanders have jointly stated in writing that these two-place A-7K's will save 30 percent in training costs and 50 percent in accident rates. Thus, they will save both lives and dollars.

Third, this A-7K is also fully combat capable. It will add to the combat power of the Air Guard.

Fourth, it is modern. All this talk about the A-7 being old and obsolete is not based on fact. The basic A-7 came into operation almost 5 years after the very fine, efficient, yet considerably more expensive basic A-6.

Fifth, it is reliable: in 1980 the Navy A-7E's had a better combat mission availability rate than either the F-14's or A-6 attack aircraft. During the Rapid Deployment Force operation in Egypt last November, the New Mexico Air Guard provided the tactical air support. The Air Guard Unit, flying A-7D's, maintained a 97-percent combat mission availability rate for the entire period of the operation—and in a bare-base desert environment.

Sixth, the A-7 is certainly one of the best light attack aircraft in the world.

In both 1977 and 1978—the most recent years the contest was held—the U.S. Air Force A-7D's won the Royal Air Force bombing and strafing competition in Lossiemouth, Scotland.

Seventh, the combat power of the A-7K is constantly growing. This aircraft can now take the 30-mm antitank gun which makes it an efficient tank killer. It can also be equipped with a FLIR pod—forward looking infrared—which enhances its high-performance electronics with remarkable night and foul weather vision.

In short, the A-7 is modern, powerful, reliable, and comparatively low

cost. What is more, the Air Guard needs the A-7K. I urge my colleagues to defeat this amendment.●

Mr. DORNAN of California. Mr. Chairman, I rise in opposition to this amendment and associate myself with the remarks of the distinguished gentleman from Mississippi. I would also like to speak as a guardsman, an air guardsman from California.

When I was first flying in the Air Force, nobody ever heard of two-seated models for high-performance aircraft. They made one TF-86, late in that aircraft history and that was it after it crashed at Nellis AFB. Every time a pilot checked out a new fighter in the forties and fifties, you walked up to it after hours of ground school and there it was looking 10 times its actual size. You jumped, said a prayer and took off. Always as we said "behind the aircraft" on those first few hairy solo rides.

When we moved into the high-performance fighters of today, all of the manufacturing companies and their engineers realized the wisdom of having two-seat models for initial checkouts, night area checkouts and for critical all-weather instrument checks.

Guard pilots do have better maintenance because they have more continuity with their enlisted people and NCO's their tech reps. But it is a very dangerous thing to fly an airplane once a week or twice a month, to come back after a summer tour, when you are combat ready, up to speed, and then go back to being a weekend warrior flying less frequently because you are feeding your family not as a professional pilot but as a lawyer, doctor, professor, or businessman.

And it is most dangerous when you are flying in a winter-weather season or during night operations. The A-7K will not just be a plane for joyriding by the squadron commander in the back seat because all squadron commanders in the Air National Guard lead their units in time and in experience. It is a very appealing proposition to have one more sexy squadron of advanced high-performance F-16's in the Guard. Sure I want that. But where does that leave our 507 Air Guard pilots who are asked to be combat ready in the 360 single seat A-7 that the States have right now.

I flew the two-seat version of the A-7 when there was only one down at Dallas, the TA-7. It was before the A-7K had come off the assembly lines. The two-seater is a high-performance aircraft, equally capable of flying in combat right on the wing of any single-seat A-7D.

I emphasize again what the gentleman from Mississippi pointed out with his vast knowledge of the Guard. You cannot leave our Guard pilots in an unsafe situation and not give each squadron at least one or two A-7K's. They cannot get the job done with the 30-year-old T-33's, a jet trainer that I first soloed on October 21, 1954. That was 27 years ago—ancient history.

So, Mr. Chairman, I reemphasize my opposition to the amendment. Also, during the general debate on this bill, several of my colleagues spoke in support of the committee's initiatives this year to strengthen our Guard and Reserve forces in aircraft readiness and in other areas of defense capability. The committee proposed an increase of $952.2 million for procurement of 104 aircraft and modification of 87 more aircraft, all earmarked to increase Guard and Reserve readiness. Nearly half of the increased funds—$409.3 million—was added to procure an additional 40 F-16 aircraft for the Air National Guard.

Yet, this amendment would delete $155.1 million for 12 A-7K's and, instead, procure an additional 13 F-16's for the Air National Guard.

The Congress, mostly at the insistence of the House Armed Services Committee, previously procured 30 two-place A-7K trainer aircraft toward a total requirement of 42 aircraft for the Air National Guard. The Guard will have a total of 360 single-seat A-7D aircraft located at 15 separate bases in the United States and Puerto Rico. The 42 two-place trainers are needed to train the approximately 507 pilots who fly and will fight in these aircraft.

Procuring additional F-16 aircraft instead of the needed A-7K aircraft surely would increase readiness in the F-16 force—but not in the A-7D force. To put it simply: you cannot train an A-7D pilot in an F-16 aircraft.

These 12 A-7K aircraft are needed and Congress should proceed with the procurement. I hope my colleagues will keep this in mind and defeat the amendment.

I yield back the balance of my time.

Mr. MOFFETT. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. DOWNEY).

Mr. DOWNEY. Mr. Chairman, two important questions have been raised here, one about safety and one about who prefers what.

In a telephonic inquiry I made to the Air National Guard, the Air National Guard said they support, of course, the Air Force fiscal year request. However, given a choice between add-on options of A-7K's or add-ons of F-16's, the Air National Guard concurs with the Chief of Staff and would prefer the F-16's.

With respect to safety, let us recognize here that there are 30 A-7K's available to train pilots, so there is no question that there are ample aircraft to do the training, so no one is going to be left unsafe. More importantly, if you were the Israelis and you had to attack hypothetically a nuclear reactor in Iraq, you would not go in an A-7; you would go in an F-16. The reason you would go in an F-16 is it is the greatest air-ground attack airplane in the world. It is, with the exception of the F-14, the greatest air-to-air combat fighter in the world.

So in wartime, the reason we are buying those airplanes, our pilots are going to be a lot safer in an F-16 than they are in an A-7.

Mr. STRATTON. Mr. Chairman, in keeping with a longstanding tradition, the committee will sum up the debate after the gentleman from Connecticut (Mr. MOFFETT) has concluded.

The CHAIRMAN. The gentleman from Connecticut (Mr. MOFFETT) has 2 minutes remaining.

PARLIAMENTARY INQUIRY

Mr. MOFFETT. I have a parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. MOFFETT. Mr. Chairman, our side just spoke. Is it not tradition to alternate?

The CHAIRMAN. The gentleman from Connecticut has 2 minutes remaining. The committee has 3 minutes remaining. By tradition, if they wish to retain that 3 minutes for a closing statement, they would have that right.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. MOFFETT. I will be happy to yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Chairman, I find myself in a strange position and I reluctantly take this position. I think in this instance the amendment offered by the gentleman from Connecticut is a correct thing to do. I also find myself surprised to be voting on the side of the two gentlemen from that side of the aisle with my colleague from Alabama; but I opposed the two-seater A-7 when it was first proposed. It was not asked for. It was thrust upon us for whatever reason. The Air Force did not want it. They never asked for it. As was pointed out, there are already 30 double-seaters.

I think the gentleman's amendment makes sense. I want to support it.

Mr. MOFFETT. Mr. Chairman, I want to thank the gentleman for that support and urge all members of the committee to vote their conscience on this, because I think if they do there is no doubt where the committee is going to come down. That is not to cast any aspersions on what has been said by any of the committee members, but I think it is clear from private conversations that the committee knows this is the proper amendment.

There are all sorts of things said about this particular amendment. They talk about the A-7 winning the Royal Air Force bombing competition 2 years running. That was in 1977 and 1978. Its competition did not include any modern aircraft. The F-16 won it

in 1981. It did a substantially better job, as I think most of us know.

Some might say if it is so good, why is it cheaper? Well, it is economy of scale. I think we all know that. We are buying 160 F-16's this year. We are going to add 13 to that. As Mr. DOWNEY certainly implied, if he did not state it, if the Members really want to know what the Air National Guard thinks, call the National Guard people. They will tell the Members how to vote on this matter.

Mr. STRATTON. Mr. Chairman, I yield myself the remaining time, which I take to be 3 minutes.

The CHAIRMAN. The gentleman is correct.

Mr. STRATTON. Mr. Chairman, it is true that the gentleman from Alabama (Mr. DICKINSON) as he just said, opposed this in the committee, and I had to argue against him, and I intend to use the same argument on the floor.

Mr. FROST. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to my distinguished friend, the gentleman from Texas.

Mr. FROST. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Connecticut (Mr. MOFFETT).

The Defense Department authorization bill authorized 12 A-7K aircraft for the Air National Guard. These aircraft are manufactured in Grand Prairie, Tex., in my congressional district. The amendment offered by the gentleman from Connecticut would seek to strike the 12 A-7K's and replace them with 13 F-16's, which would be provided to the Air National Guard. The engines for the F-16's are made in the State of Connecticut.

There is no question that the F-16 is a fine aircraft; however, the A-7K's are being provided to the Air National Guard for a specific mission—to provide training for Air Guard and all active-duty Air Force pilots on the A-7. Substituting F-16's for these two-seat A-7K's is substituting apples for oranges. The A-7K's are necessary to fulfill the training mission of the Guard and would complete a requirement of 42 planes which has been furnished by Congress on an incremental basis during the past 3 years. There currently are more than 400 single-seat A-7's on active duty with the Air Force, and Air National Guard has sole responsibility for training of these pilots.

Further, there are already 40 F-16's for the Air National Guard contained in the defense authorization bill. What Mr. MOFFETT is asking you to do is increase the number of F-16's from 40 to 53 and totally eliminate the A-7's from this bill. His amendment would not save the Government a penny but rather, use the same amount of dollars to buy additional F-16's.

Maj. Gen. Francis Greenlief on July 8 wrote me the following letter regarding H.R. 3519:

H.R. 3519, the Department of Defense Authorization Bill, FY 1982, recognizes the critical shortage of modern equipment in the National Guard and Reserve. Included in the bill are 40 F-16 and 12 A-7K tactical fighters for the Air National Guard.

We understand that an amendment may be offered which will seek to delete 12 A-7K's and add 13 F-16's. The National Guard Association of the United States urges that the House of Representatives reject the amendment and pass H.R. 3519 as reported out by the Committee on Armed Services.

The F-16 is a great fighter and is badly needed by the Air National Guard. However, the 12 A-7K's included in H.R. 3519 are also badly needed to complete the equipping of ANG A-7 squadrons.

The A-7K increases the combat capability of ANG A-7 squadrons and provides added economy and safety in training.

Mr. Chairman, I urge you to reject the amendment offered by the gentleman from Connecticut and finish the job that was begun by Congress 3 years ago by providing the final 12 A-7K's for the Air National Guard.

Mr. STRATTON. Mr. Chairman, first of all, I will not stand up here and tell you the A-7 is better than the A-16. That, of course, is ridiculous. But the A-7 is what the National Guard, the Air Guard, actually has, and all it has. They have 14 squadrons of A-7's. If the Russians were to attack us tomorrow, those are the only planes available to fight off that kind of surprise air attack. I wish that we had 14 squadrons of F-16's instead. But the Pentagon refuses to come to the committee and request any kind of planes for the Air National Guard, or anything at all for the Guard or the Reserve. They want to keep all the stuff for the regulars.

This year the Procurement Subcommittee, of which I happen to be chairman, took the unusual step of appealing directly to Guard personnel to find out what they wanted and what they needed. It turned out that they wanted 12 more A-7K's because this would round out the complement of the 42 A-7 training aircraft that they need. They need a two-seater plane because it is safer in training new pilots, obviously.

Many people are getting out of the Guard, and new people are coming in. So if we are going to utilize these 14 Air Guard squadrons that we have, we have to have the training planes available to train those new pilots. And we will have to have them as long as the Air Force is going to continue to use those A-7's for the Air Guard.

After all, if you had a fleet of cabs, for example—Chevys—and somebody gave you two Mercedes, you are not going to throw away all of those Chevys. No; you are going to drive them until they wear out. Well, our committee is trying to persuade the Air Force to give F-16's to the Guard. And that is why we included some 20 F-16's specifically for the Guard. And I hope that we can begin to change those squadrons from A-7's to F-16's. But until we do, we are going to have to keep flying those A-7's. I do hope that next year the Pentagon will tell us what plane to turn over to the Guard.

Why has the Guard not come up and said that they want these A-7's? Well, we all know the answer. Because the Pentagon will not let the National Guard Bureau speak out against the party line. I have here a letter from the Adjutant General of Iowa, who says, "For heaven's sake, keep those A-7's in there," and here is a telegram from the Adjutant General of Virginia. I am sure if every one of those adjutant generals could speak, they would tell you to vote the amendment down and to support the committee. I hope you will.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut (Mr. MOFFETT).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. MOFFETT. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 148, noes 268, not voting 16, as follows:

[Roll No. 138]

AYES—148

Addabbo	Eckart	Miller (CA)
Akaka	Edgar	Mineta
Aspin	Edwards (AL)	Mitchell (MD)
AuCoin	Edwards (CA)	Moffett
Bailey (MO)	Erdahl	Moore
Beilenson	Erlenborn	Mottl
Bereuter	Evans (IA)	Nelligan
Biaggi	Fenwick	Nowak
Bingham	Fiedler	Obey
Boland	Foley	Ottinger
Bonker	Ford (TN)	Patterson
Brodhead	Forsythe	Paul
Brown (CO)	Garcia	Pease
Broyhill	Gaydos	Perkins
Burgener	Gejdenson	Peyser
Burton, John	Gingrich	Pursell
Burton, Phillip	Goldwater	Rahall
Cheney	Goodling	Rangel
Chisholm	Green	Ratchford
Clinger	Guarini	Regula
Collins (IL)	Gunderson	Reuss
Conable	Hagedorn	Richmond
Conte	Hansen (ID)	Ritter
Conyers	Hansen (UT)	Roberts (SD)
Coughlin	Hawkins	Rodino
Courter	Hefner	Rose
Craig	Hertel	Rosenthal
D'Amours	Horton	Rostenkowski
Dannemeyer	Howard	Roukema
Daschle	Jeffords	Roybal
Daub	Kastenmeier	Russo
Deckard	Kildee	Scheuer
Dellums	Kogovsek	Schneider
DeNardis	Kramer	Schroeder
Derwinski	LaFalce	Schumer
Dickinson	Leland	Shannon
Dicks	Lundine	Smith (NE)
Dingell	Markey	Smith (NJ)
Dorgan	Martin (IL)	Snowe
Downey	Martin (NC)	Solarz
Dunn	McDade	St Germain
Dwyer	McGrath	Stangeland
Dymally	McKinney	Stark
Early	Mikulski	Staton

Stokes	Walgren	Wright
Studds	Washington	Wylie
Tauke	Waxman	Yates
Thomas	Weaver	Young (FL)
Traxler	Weiss	
Vento	Wolpe	

NOES—268

Albosta	Glickman	Morrison
Alexander	Gonzalez	Murphy
Anderson	Gore	Murtha
Andrews	Gradison	Myers
Annunzio	Gramm	Napier
Anthony	Gray	Natcher
Applegate	Gregg	Neal
Archer	Grisham	Nelson
Ashbrook	Hall (OH)	Nichols
Atkinson	Hall, Ralph	O'Brien
Bafalis	Hall, Sam	Oakar
Bailey (PA)	Hamilton	Oberstar
Barnard	Hammerschmidt	Panetta
Barnes	Hance	Parris
Beard	Harkin	Pashayan
Bedell	Hartnett	Patman
Benedict	Hatcher	Pepper
Benjamin	Heckler	Petri
Bennett	Heftel	Pickle
Bethune	Hendon	Porter
Blanchard	Hightower	Price
Bliley	Hiler	Pritchard
Boggs	Hillis	Quillen
Bolling	Holland	Railsback
Boner	Hollenbeck	Rinaldo
Bonior	Hopkins	Roberts (KS)
Bouquard	Hoyer	Robinson
Bowen	Hubbard	Roe
Breaux	Huckaby	Roemer
Brinkley	Hughes	Rogers
Brooks	Hunter	Roth
Broomfield	Hutto	Rousselot
Brown (OH)	Hyde	Rudd
Butler	Ireland	Sabo
Byron	Jacobs	Santini
Campbell	Jeffries	Sawyer
Carman	Jenkins	Schulze
Carney	Johnston	Seiberling
Chappell	Jones (OK)	Sensenbrenner
Chappie	Jones (TN)	Shamansky
Clausen	Kazen	Sharp
Clay	Kemp	Shaw
Coats	Kindness	Shelby
Coelho	Lagomarsino	Shumway
Coleman	Lantos	Shuster
Collins (TX)	Latta	Siljander
Corcoran	Leach	Simon
Coyne, James	Leath	Skeen
Coyne, William	LeBoutillier	Skelton
Crane, Daniel	Lee	Smith (AL)
Crane, Philip	Lehman	Smith (IA)
Daniel, Dan	Lent	Smith (OR)
Daniel, R. W.	Levitas	Snyder
Davis	Lewis	Solomon
de la Garza	Livingston	Spence
Derrick	Loeffler	Stanton
Donnelly	Long (LA)	Stenholm
Dornan	Long (MD)	Stratton
Dougherty	Lott	Stump
Dowdy	Lowery (CA)	Swift
Dreier	Lowry (WA)	Synar
Duncan	Lujan	Tauzin
Dyson	Luken	Taylor
Edwards (OK)	Lungren	Trible
Emerson	Madigan	Udall
Emery	Marks	Vander Jagt
English	Marlenee	Volkmer
Ertel	Marriott	Walker
Evans (DE)	Martin (NY)	Wampler
Evans (GA)	Matsui	Watkins
Evans (IN)	Mattox	Weber (MN)
Fary	Mavroules	White
Fascell	Mazzoli	Whitehurst
Fazio	McClory	Whitley
Ferraro	McCloskey	Whittaker
Fields	McCollum	Whitten
Findley	McCurdy	Williams (MT)
Fish	McDonald	Williams (OH)
Flippo	McEwen	Wilson
Foglietta	McHugh	Winn
Fountain	Mica	Wolf
Fowler	Michel	Wortley
Frank	Miller (OH)	Wyden
Frenzel	Minish	Yatron
Frost	Mitchell (NY)	Young (AK)
Fuqua	Moakley	Young (MO)
Gephardt	Molinari	Zablocki
Gibbons	Mollohan	Zeferetti
Gilman	Montgomery	
Ginn	Moorhead	

NOT VOTING—16

Badham	Dixon	Rhodes
Bevill	Fithian	Savage
Brown (CA)	Florio	Weber (OH)
Cotter	Ford (MI)	Wirth
Crockett	Holt	
Danielson	Jones (NC)	

□ 1650

Mr. DUNCAN and Mr. QUILLEN changed their votes from "aye" to "no."

Messrs. HAGEDORN, HEFNER, and ROYBAL changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. FOLEY

Mr. FOLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FOLEY: Page 60, after line 17, add the following new section:

LIMITATION ON SALES OF SILVER FROM THE NATIONAL DEFENSE STOCKPILE

SEC. 917. (a) Any authority of the President to dispose of silver now held in the National Defense Stockpile established by section 3 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98b) which has been determined to be in excess to the requirements of the stockpile (whether such authority is effective before, on, or after the date of the enactment of this Act) shall be terminated on September 30, 1982, unless the President at least 30 days before such date determines that the remaining silver authorized for disposal is excess to the current requirements of the stockpile as of the date of the determination.

(b)(1) Any determination by the President under subsection (a) shall be based upon affirmative consideration of the following factors:

(A) The demand requirements annually over the next ten years for silver as a strategic and critical material to supply the industrial, military, and naval needs of the country for common defense.

(B) The domestic supply over the next ten years, as a function of price, of silver available to meet demand requirements established pursuant to subparagraph (A).

(C) Potential import dependence over the next ten years on foreign supplies of silver to meet demand requirements established pursuant to subparagraph (A).

(D) The effect of disposal on (i) the world silver market (in terms of price and production), (ii) the domestic and international silver mining industry (in terms of exploration and production activities), (iii) international currency and monetary policy, and (iv) long-range military preparedness.

(2) Any determination by the President under subsection (a) shall be reported promptly to the Committees on Armed Services of the Senate and House of Representatives with a detailed discussion and analysis of the factors in paragraph (1) and any other relevant factors.

(c) This section shall apply to the authority of the President to dispose of silver held in the National Defense Stockpile unless Congress by a law enacted after the date of the enactment of this Act that specifically amends, supersedes, or repeals this section.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

The CHAIRMAN. The gentleman from Washington (Mr. FOLEY) is recognized for 1 minute.

● Mr. FOLEY. I offer this amendment in order to address a serious problem which could very well arise with respect to the Nation's strategic stockpile of silver.

Under the reconciliation bills which recently passed the House and Senate, the President is authorized to dispose of millions of ounces of silver from our strategic stockpile. Because the House was, unfortunately, operating under a rule which prohibited amendments, we were unable to amend that particular provision to add a precautionary administrative step which is of the utmost importance and which the Senate included in its version of the bill.

My amendment would consist of the language which the senior Senator from Idaho proposed and which the Senate accepted. That language does not in any way abrogate the authority of the President to dispose of silver from the strategic stockpile, but merely stipulates that the President shall not dispose of silver in the outyears, 1983-84, if he finds that such a disposal would adversely affect the national security or disrupt the domestic industry. The determination would be in the hands of the President.

Silver is a crucial strategic material which would have a number of uses in wartime; notably for photographic and electrical purposes. During the Vietnam war the Nation had to resort to the strategic stockpile for over 350 million ounces of silver, which is 2½ times the total amount now contained in the stockpile. During World War II and the Korean war excess silver demand was met by running down Treasury stocks, but today there is so little in the Treasury—39 million ounces—that that is not a reasonable course of action in the event of conflict or a loss of imports.

Moreover, we run substantial risks of harm to the domestic silver mining industry when the Federal Government pursues a policy of waiting for prices to fall before deciding to sell amounts from the stockpile. We already import about three-fourths of the silver we use. If we pursue a policy of driving low prices even lower by dumping silver from the stockpile, we may find before long that we must import all of our silver.

Unfortunately, silver dumping cannot even be justified as good budget-balance technique. I do not imagine that any observer could be im-

pressed with a government which passes up a chance to sell silver at over $50 per ounce and then turns around 2 years later to sell it at barely $8 per ounce as a money-raising measure.

My amendment would merely give the President the authority to put the brakes on in a situation which he determined to contain hazards for the Nation. It does not restrict his authority to dispose of the silver or renege in any way on the reconciliation bill just passed. I urge its adoption.●

Mr. BENNETT. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Florida.

Mr. BENNETT. I thank the gentleman for yielding.

It is under the jurisdiction of the subcommittee I head. We looked at it. It looks like a good amendment. I agree to it.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Alabama.

Mr. DICKINSON. I thank the gentleman for yielding.

I find no fault with it. It is simply making a determination that we do still have excess. I accept it on this side.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington (Mr. FOLEY).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. MINISH

Mr. MINISH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MINISH: Page 59, line 15, insert "AND STUDY" after "PROVISIONS". Page 59, line 16, insert "(a)" before "Section". Page 59, after line 19, insert the following:

(b) The Comptroller General shall conduct a study of the need for legislation to limit excess profits on defense contracts. The study shall consider, among other factors, the following:

(1) The cost effectiveness of such legislation.

(2) The need for review of defense contracts awarded in noncompetitive situations.

(3) The need for such legislation during periods of accelerated expenditures by the Department of Defense.

(4) The profit levels of defense contractors, computed as a percentage of sales, as a percentage of net worth, and as a percentage of capital investment.

(5) The need for such legislation to include an exemption from coverage by the legislation for small businesses.

The Comptroller General shall submit a report on the study to the Congress not later than May 1, 1982. Such report shall include such legislative recommendations as the Comptroller General considers appropriate.

Mr. MINISH (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The CHAIRMAN. The gentleman from New Jersey (Mr. MINISH) is recognized for 2 minutes.

□ 1700

Mr. MINISH. Mr. Chairman, I ask unanimous consent to continue for an additional 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

Mr. DICKINSON. Mr. Chairman, reserving the right to object, I would like the Chair to explain what that means. The Chair has announced there were only 2 minutes available.

The CHAIRMAN. The Chair allotted 2 minutes to the gentleman from New Jersey and 2 minutes to the committee.

Mr. DICKINSON. I would reserve the committee's 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey for an additional 2 minutes?

Mr. DICKINSON. Reserving the right to object, Mr. Chairman, if I did this, then I would have to do the same for others on the committee.

I very regretfully have to object.

The CHAIRMAN. Objection is heard.

The gentleman from New Jersey (Mr. MINISH) is recognized for 2 minutes.

Mr. MINISH. Mr. Chairman, my amendment would require the GAO to conduct a study of the need for limitations on profits on defense contracts. The Department of Defense authorization bill now includes a provision suspending the enforcement of the Vinson-Trammell Act until July 1982. I am concerned that the last watchdog on excessive profits in existence could be abolished in conference without ever having a vote on the floor of the House.

In Thursday's CONGRESSIONAL RECORD, the gentleman from California (Mr. MCCLOSKEY) inserted a statement. It said that the gentleman from New York (Mr. STRATTON) had agreed to push in conference for a compromise amendment on the Vinson-Trammell Act. I believe that this amendment is a very bad idea. The Stratton amendment would provide for protection against excessive profits only in time of war or national emergency. In other words, there would be no protections against profiteering at the time we need them desperately—right now. We are about to pass a bill totaling some $136 billion. In the next 5 years, we are going to go through a military buildup three times the size of the one we went through for the Vietnam war. The combination of huge increases in demand caused by our increased defense budgets and the incredible lack of competition in the defense industry is exactly what causes excessively high profits for defense contractors. We do not have to wait for a war or national emergency—it is happening right now and it is going to get worse. Because the lack of competition in the defense industry is permanent, and because we have enormous buildups in peacetime, it seems to me that it makes no sense to draw a distinction between wartime and peacetime procurement.

We have not had a declared war or national emergency since 1945, yet we have had periods during which Government demand has increased so sharply that the procurement system could not keep up with it and profiteering took place. We are embarking upon another one of those periods right now and we need an independent check on excessive profits. Talking about wartime and peacetime in our present international situation makes no sense.

I think that the compromise offered by Mr. STRATTON is worse than Mr. MCCLOSKEY's original amendment. I cannot see much that is good about Mr. MCCLOSKEY's proposal but at least there is no mistake about what it does—it abolishes profit-limiting legislation. I am afraid that Mr. STRATTON's proposal would do the same thing but it would leave people with the illusion of protection. Mr. MCCLOSKEY's bill is like abolishing vaccinations for polio—at least everyone knows what's been done. Mr. STRATTON's amendment is like abolishing those vaccinations but then telling people that they are protected anyway. That is even worse.

I also have some problems with the standby solution that Mr. STRATTON intends to propose. It would give complete discretion to the executive branch to define and regulate excessive profits. This seems to me to be the duty of the Congress. If we have to have standby rather than active profit limitations, they should at least be carefully considered and debated by the Congress. Under the Stratton proposal, no one would do anything until a war or national emergency is upon us. At that time, the executive branch would have many concerns that would outweigh those of establishing a whole body of law to regulate profits on defense contracts. Whatever was done would be done in a rush and probably would suffer from it.

If this Congress sees fit to abolish protections against excessive profits at the same time it decides to spend $136 billion on defense, the Members should be willing to go home and explain that to their constituents. They should not hide behind some standby protection which, in reality, offers no protection. They should not offer the

illusion of protection where none exists.

Needless to say, I do not favor abolishing protections against excessive profits. The gentleman from New York (Mr. STRATTON) held hearings on this subject and received some varied and highly contradictory testimony. Representatives of the DOD and, of course, those of the defense industry, opposed profit limitations. Other experts supported such legislation.

I think the gentleman from New York will agree with me that a number of questions were left unanswered at the end of his hearings. For example, despite what the gentleman from California persists in saying, we have no solid figures on the cost-effectiveness of the Renegotiation Board, the Vinson-Trammell Act, or any other similar legislation. Also, the defense industry insists that its profits are much lower than those of its commercial counterparts. Yet numerous experts say that large defense contractors enjoy a higher than average return on investment in an almost risk-free environment. Mr. STRATTON and others seek profit limits only in time of war, yet the GAO has shown conclusively that excessive profits occur during periods of accelerated defense spending, regardless of whether there is a declared war. Everybody talks about the free market when no such thing exists in the defense industry. These issues and a lot of others should not be just swept under the rug without answers.

Therefore, the amendment I propose would simply provide answers to all the questions about profits on defense contracts, so that the Congress could make a reasonable and informed decision on this matter. My amendment instructs the GAO to present the Congress with its findings on the need for profit limiting legislation at least 2 months before the expiration of the Vinson-Trammell suspension. Once we have the answers in hand, then we can make our decision in the proper manner that befits Congress.

If we act before that, as some of the Members apparently want to do, I think we will be placing ourselves in an embarrassing position. We are spending an incredible amount of money on defense and we should at least take a few moments to ask the question of whether we need some mechanism to prevent profiteering. Anything we do today will not be cast in stone, but at least we will be able to go home and tell our constituents that we did our best to protect their hard-earned money.

The CHAIRMAN. Does the gentleman from New York (Mr. STRATTON) wish to be heard?

Mr. STRATTON. I rise in opposition to the amendment, Mr. Chairman. I am entitled under the rule to what?

The CHAIRMAN. Two minutes.

Mr. STRATTON. Mr. Chairman, I hesitate to oppose my good friend, the gentleman from New Jersey, but he is familiar with the fact that I have been struggling a long time with this matter of the Vinson-Trammell Act. We held detailed hearings on it. The result of the hearings was that we found there have indeed been excess profits by some defense contractors, but those excess profits were not made by the major defense contractors. They were mostly on small production runs in small firms providing clothing and so on for the Defense Department.

It did not appear to be an immediate problem; however, our subcommittee has drafted a bill which can go into effect in times of emergency or in times of war.

The gentleman from New Jersey has not even given our subcommittee an opportunity to have our report printed and our hearings published.

I ask that the amendment be rejected, because it will complicate the task of our committee in conference with the other body.

Mr. McCLOSKEY. Mr. Chairman, will the gentleman from New York yield?

Mr. STRATTON. I yield to the gentleman from California.

Mr. McCLOSKEY. Mr. Chairman, I would like to concur in the remarks of the gentleman from New York. The proposed position that the gentleman from New York is taking will adequately provide for profit controls in the event of war, which is the concern I think that the gentleman from New Jersey has. To complicate it with a GAO study at this time adds nothing and I think interferes with the purpose of the gentleman from New York in going to conference.

I oppose the amendment.

Mr. STRATTON. Mr. Chairman, I appreciate the gentleman's remarks. It really does take control away from the Congress.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. MINISH).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. MINISH. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count; 141 Members are present, a quorum.

The pending business is the demand of the gentleman from New Jersey (Mr. MINISH) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. We will now proceed to those amendments which have been printed in the RECORD. Each side is entitled to 5 minutes.

The Chair recognizes the gentleman from New York (Mr. DOWNEY).

AMENDMENT OFFERED BY MR. DOWNEY

Mr. DOWNEY. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Is the gentleman's amendment printed in the RECORD?

Mr. DOWNEY. Yes; it is, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

Mr. DOWNEY. Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The amendment reads as follows:

Amendment offered by Mr. DOWNEY: At the end of the bill, add the following new section:

ANNUAL REPORT ON PROJECTED ACQUISITION COSTS

SEC. 918. Section 139 of title 10, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) Each report submitted pursuant to subsection (a) shall include the projected total acquisition cost of each item for which funds are individually authorized and appropriated and for which funds are requested in the President's budget for that year if the total projected acquisition cost of that item is $1,000,000,000 or more (in current dollars) and if that item will be in advanced development (or a later stage of the acquisition process) during the coming fiscal year. Each such projected total acquisition cost shall be stated both in current dollars and in projected actual amount of outlays.

Mr. DOWNEY. Mr. Chairman, this should only take 1 minute. I believe in spite of any prior comments on other weapons systems, that this amendment is noncontroversial. The reporting requirement simply authorizes the Secretary of Defense to publish the cost in his annual report.

The CHAIRMAN. The gentleman from New York has two amendments at the desk.

Mr. DOWNEY. Mr. Chairman, this is the amendment to section 139 of title 10.

The CHAIRMAN. The gentleman is recognized.

Mr. DOWNEY. Mr. Chairman, this amendment requires that for weapons systems that will cost over $1 billion as they move through advanced development that they be published by the Secretary of Defense in his annual report, so that we can get a handle on what the future costs of these weapons systems will be.

The information is currently available in the DSARC. We would just like to make it a part of the annual report so we can make a better evaluation of it.

Mr. PRICE. Mr. Chairman, will the gentleman yield?

Mr. DOWNEY. I yield to the chairman.

Mr. PRICE. Mr. Chairman, the gentleman has provided me with a copy and I have had an opportunity to examine the amendment very carefully. I see nothing in it that I would disagree with. I am willing to accept the amendment.

Mr. DOWNEY. I thank the chairman of the committee.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. DOWNEY. I yield to the distinguished ranking minority member.

Mr. DICKINSON. I would normally be reluctant to add another burden on the Secretary and another requirement for reporting. This requires nothing more than he does ordinarily in the normal course of business. It simply makes it available in a different form. I find no problem with it. I will accept it over here.

Mr. DOWNEY. I thank the gentleman.

Let me say parenthetically, I have published an amendment in the record of the senior Senator from Georgia, which had passed unanimously in the other body. I have not offered it. It is my intention and my hope that the Armed Services Committee in conference will take a look at what the senior Senator has done on an additional reporting requirement and take a favorable view of it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. DOWNEY).

The amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas (Mr. GLICKMAN).

AMENDMENT OFFERED BY MR. GLICKMAN

Mr. GLICKMAN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Is the gentleman's amendment printed in the RECORD?

Mr. GLICKMAN. Yes; it was printed in the July 14 edition of the RECORD.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. GLICKMAN: On page 52, strike lines 4 through 12 and insert in lieu thereof the following:

"(3) Before any contract described in paragraph (1) that contains a clause setting forth a cancellation ceiling in excess of $100,000,000 may be awarded, the head of the agency involved shall give written notification of the proposed contract to the Committees on Armed Services and on Appropriations of the Senate and House of Representatives, and such contract may not then be awarded until the end of the 30-legislative-day period beginning on the date of such notification. No such contract may be entered into if during that 30-legislative-day period both the House of Representatives and the Senate adopt resolutions disapproving such multiyear contract. For the purposes of this paragraph, a legislative day is a day in which either House of Congress is in session.

Mr. GLICKMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. GLICKMAN. Mr. Chairman, this amendment relates to the multiyear contracting issue. I opposed the Brooks amendment, which essentially prevented the use of multiyear contract by the Pentagon, because I think we ought to experiment with multiyear contracting and perhaps save the taxpayers some money as the GAO has sugggested. But if you look at the committee bill, it provides virtually no congressional oversight over the process. On page 52 of the committee bill, it describes the process by which multiyear contracts come to the Congess in this way: If the Pentagon negotiates a multiyear contract which contains less than $100 million in cancellation fees, the Pentagon does not have to send that contract to the Armed Services Committee for review. If the multiyear contract contains a cancellation fee of over $100 million, which by the way translates to a bill contract of roughly about a half a billion dollars, the Pentagon must send that contract to the Appropriations Committee and Armed Services Committee and the contract sits for 30 days, presumably for oversight purposes.

Now, my amendment does two things. One, the contract will sit in Congress for 30 legislative days, not calendar days as under the current bill. Otherwise, under the current bill the Pentagon can send such a contract over here on Thanksgiving Day and we are going to be wherever we are in our districts or elsewhere, and we will have no opportunity to review this contract when the 30-calendar day period is expired, perhaps Christmas Day.

The second thing says this. It says that no such contract may be entered into if during that 30-legislative day period, both the House and the Senate adopt resolutions disapproving such multiyear contract.

This is the same language we approved in the Hansen amendment on the MX missile. The amendment does not create any automatic procedural mechanisms to get a vote to the floor. It just says that if you are approving a very large multiyear contract with over a $100 million cancellation clause, which again means a very large contract of at least one-half billion dollars, we in Congress ought to have at least some opportunity for a legislative veto.

This gives us the necessary oversight.

Second of all, the amendment would make a Pentagon contracting officer know that if he is negotiating a huge multiyear contract, it just might possibly be reviewed by the full Congress if it were not negotiated very well. That would encourage the contracting officer to know that in very large multiyear contracts, the taxpayer's interests come first. Otherwise, just perhaps during the aforementioned 30-day period, Congress and its respective committees could seek modification or even reject such contract if it were defective or poorly negotiated.

□ 1710

We have approved a legislative veto provision on about every other major piece of legislation we have passed. I should point that under the amendment, as well as under the bill, any contracts with cancellation clauses under $100,000,000, will not be subject to this process. They can proceed really without any mandatory congressional review, which is not terribly good policy either. But I have decided not to amend the amount in question.

But to contracts subject to my amendment, if during the 30 legislative days we do not veto the contract in question, it is automatically approved. In most cases, the contracts will no doubt be approved.

I would hope that the Committee would look at this amendment not as being antimultiyear. It is not. I voted against the Brooks amendment and support multiyear contracts. The whole purpose of the amendment is to provide some reasonable legislative veto-type oversight over the very big multiyear contracts. We have, for the first time, in this bill approved a process by which Congress delegates to the Pentagon the authority to approve billion dollar multiyear contracts, not requiring the annual approval currently required. Are we so willing to turn over the keys for billions of dollars of military contracts to the Pentagon that we will not ever accept a modicum of oversight that we have required for almost every other agency of government? Will the American people support blindly the decisions of the Defense Department without requiring their elected representatives to accept some degree of oversight over many billions of dollars? Do we so implicitly trust defense contractors that their decisions ought not to be subject of congressional review? I doubt it, and if anybody believes that the American public would buy that kind of nonassertive responsibility on Congress part, he or she needs to have their head examined.

I urge the adoption of my amendment.

AMENDMENT OFFERED BY MR. DAN DANIEL TO THE AMENDMENT OFFERED BY MR. GLICKMAN

Mr. DAN DANIEL. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. DAN DANIEL to the amendment offered by Mr. GLICKMAN: Strike out the second sentence of the matter proposed to be inserted by the amendment.

The CHAIRMAN pro tempore (Mr. MAZZOLI). The Chair should have inquired of the gentleman from Virginia if his amendment has been printed in the RECORD.

Mr. DAN DANIEL. It has not been, Mr. Chairman.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Virginia (Mr. DAN DANIEL) to the amendment offered by the gentleman from Kansas (Mr. GLICKMAN).

Mr. DAN DANIEL. Mr. Chairman, I rise to speak in opposition to the amendment.

The CHAIRMAN pro tempore. The gentleman can be recognized for 5 minutes to speak against the amendment of the gentleman from Kansas.

Mr. DAN DANIEL. That is precisely what I am rising for.

PARLIAMENTARY INQUIRY

Mr. GLICKMAN. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state his parliamentary inquiry.

Mr. GLICKMAN. Even though the gentleman cannot speak to his amendment, his amendment to my amendment is still permitted under the rule?

The CHAIRMAN pro tempore. The amendment to the amendment perhaps should have been offered after the debate. It will be voted on without further debate thereon. The gentleman from Virginia may speak for 5 minutes in opposition to the gentleman from Kansas (Mr. GLICKMAN) amendment.

Mr. DAN DANIEL. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Kansas (Mr. GLICKMAN).

The Committee is willing to accept the first part of the gentleman's amendment. We think it is valid.

However, yesterday the Committee, by a vote of 283 to 133 decided that it did not wish to involve itself in the details of contracting. That is what this amendment provides. Congressional veto was a principal provision of the Brooks amendment. The Members decided they are opposed to that.

I hope very much that this will be voted down.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. DAN DANIEL. Of course I yield to the gentleman.

Mr. GLICKMAN. I appreciate my colleague yielding because we have talked about this issue. So my colleagues understand the difference, there are two parts of my amendment. One is making 30 days, 30 legislative days. That part the gentleman has agreed to.

Mr. DAN DANIEL. We accept that.

Mr. GLICKMAN. His amendment is to mine. The other part of the amendment, which is the main part of the amendment, is, as I believe, for these very large multiyear contracts, doing them for the first time, this Congress ought to have the option of having a legislative veto over that particular area.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. DAN DANIEL. Of course, I yield to the gentleman from Alabama (Mr. DICKINSON).

Mr. DICKINSON. As I understand it, you have the right to offer an amendment to this, but not to discuss it?

Mr. DAN DANIEL. We are discussing the entire amendment.

Mr. DICKINSON. We could do that, or if he offered the amendment, that amendment will get just to the second part and not to the first part.

Mr. DAN DANIEL. We accept the first part of his amendment, but we are opposed to the second part.

Mr. DICKINSON. If you offered the amendment it would reach only the second part, dealing with the two-House veto, is that correct?

Mr. DAN DANIEL. That is correct. The gentleman is correct.

Does the gentleman from Kansas wish to separate the question on a vote on the package?

Mr. GLICKMAN. If the gentleman wants to offer an amendment to my amendment—the gentleman has already offered the amendment?

Mr. DICKINSON. Could we not have a division, if the gentleman would yield?

Mr. GLICKMAN. We could have a separation.

Mr. DAN DANIEL. I do not wish to separate this. I wish to vote on the entire package. I am opposed to the amendment and I would ask the Committee to reject the amendment of the gentleman from Kansas (Mr. GLICKMAN).

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Virginia (Mr. DAN DANIEL) to the amendment offered by the gentleman from Kansas (Mr. GLICKMAN).

The amendment to the amendment was rejected.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Kansas (Mr. GLICKMAN).

The question was taken; and on a division (demanded by Mr. GLICKMAN) there were—ayes 29, noes 70.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. SIMON

Mr. SIMON. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. Has the gentleman's amendment been printed in the RECORD?

Mr. SIMON. It has.

The Clerk read as follows:

Amendment offered by Mr. SIMON: Page 53, after line 3, add the following new section:

STUDY ON FOREIGN LANGUAGE REQUIREMENTS

SEC. 919. (a) The Secretary of Defense shall conduct a study on the feasibility of requiring each cadet and midshipman at the United States Military Academy, the United States Naval Academy, and the United States Air Force Academy and each member of the Senior Reserve Officers' Training Corps program to study at least one foreign language and to increase existing requirements for foreign language study at such academies and in such program.

(b) A report on the study conducted pursuant to subsection (a) shall be submitted by the Secretary of Defense to the Congress not later than the date occurring 12 months after the date of the enactment of this section.

Mr. SIMON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SIMON. Mr. Chairman, I will try and take only 2 minutes because I think this is a noncontroversial amendment.

Yesterday before a subcommittee of the Education and Labor Committee, Major General Larkin, Deputy Director of the Defense Information Agency, and Admiral Inman, Deputy Director of the CIA, testified. Admiral Inman said our decline in foreign language study in the United States, and I quote: "is a major long-range danger to the security of the Nation."

It is not an easy task to tackle, but there are areas where we can, and I have asked that in this authorization we ask the Defense Department to take a look at requiring foreign language study at our three academies and the ROTC, simply that they study it.

The gentleman from Alabama (Mr. NICHOLS) is going to offer an amendment which was an amendment I had to another bill, which I heartily concur in, which asks that the Defense Department also study the possibility of an additional-pay item to members of the armed services who serve overseas.

Let me give my colleagues an astonishing statistic. There are 488,000 American service personnel serving overseas, 314 of that 488,000 are judged linguistically competent in another language by the military. Every study shows it is a major security problem, and we are simply asking for study.

I urge support of my amendment as well as the amendment to be offered by the gentleman from Alabama (Mr. NICHOLS).

Mr. NICHOLS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I tend generally to support the idea of increasing foreign language proficiency for service members. I have, however, to oppose the amendment as offered on the basis that I think it does not go quite far enough. I think a study to evaluate the feasibility of a foreign language requirement for future officers, as suggested by the gentleman from Illinois (Mr. SIMON) has a good deal of merit. I notice that the gentleman intends to offer an amendment to H.R. 3380, the Armed Forces pay bill, which would authorize a $500 bonus for foreign language proficiency.

Without further study by the Military Subcommittee on Military Pay, we would have to oppose that amendment. But I do have an amendment to offer to the gentleman's bill, and I would like to submit that at this time.

□ 1720

AMENDMENT OFFERED BY MR. NICHOLS TO THE AMENDMENT OFFERED BY MR. SIMON

Mr. NICHOLS. Mr. Chairman, I offer an amendment to the amendment.

The CHAIRMAN pro tempore. The Chair will advise the gentleman that his amendment may be offered, and there will be an immediate vote. There will be no debate on the gentleman's amendment.

Mr. NICHOLS. I thank the Chair.

The CHAIRMAN pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. NICHOLS to the amendment offered by Mr. SIMON:

In subsection (a) of the section proposed to be added by the amendment—

(1) insert "(1)" after "(a)"; and

(2) add at the end thereof the following:

"(2) The Secretary shall include in such study consideration of the desirability and feasibility of paying a bonus to each member of the Armed Forces stationed in a foreign country who is proficient in the native language (other than English) of such country.".

PARLIAMENTARY INQUIRY

Mr. DICKINSON. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state it.

Mr. DICKINSON. Mr. Chairman, is the gentleman from Alabama entitled to be heard in opposition to the amendment offered by the gentleman from Illinois?

The CHAIRMAN pro tempore. The gentleman from Alabama (Mr. NICHOLS) was recognized for 5 minutes in opposition to the amendment offered by the gentleman from Illinois (Mr. SIMON). The gentleman consumed perhaps 3 minutes of that time, at which time he offered his amendment.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield, in opposition to the original amendment, then, if he has 2 minutes remaining?

Mr. NICHOLS. I yield to the gentleman.

The CHAIRMAN pro tempore. The Chair will advise the gentleman that at this point the question must occur on the amendment to the amendment. There can be no further yielding of time, since the gentleman from Alabama in effect yielded back his time in opposition to the original amendment.

The question is on the amendment offered by the gentleman from Alabama (Mr. NICHOLS) to the amendment offered by the gentleman from Illinois (Mr. SIMON).

The amendment to the amendment was agreed to.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Illinois (Mr. SIMON), as amended.

The amendment, as amended, was agreed to.

AMENDMENT OFFERED BY MR. BETHUNE

Mr. BETHUNE. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. Has the gentleman's amendment been printed in the RECORD?

Mr. BETHUNE. It has been, Mr. Chairman.

The CHAIRMAN pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. BETHUNE: Page 48, after line 12, insert the following new subsection:

(d) Not later than 30 days after the end of the 180-day period beginning on the date of the enactment of this Act, the Secretary of Defense shall submit a comprehensive report to Congress on the operation through the end of such period of chapter 18 of title 10, United States Code (as added by subsection (a)). Such report shall include findings of the Secretary concerning the effect of assistance provided under such chapter."

Mr. BETHUNE (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. BETHUNE. Mr. Chairman, I think this is a noncontroversial amendment. For the best part of 2 days we debated rather extensively and with some degree of heat the 100-year-old tradition of separating military and civilian law enforcement known as posse comitatus. The rule was breached to the extent that the military may involve itself in the enforcement of drug laws and immigration laws with certain limitations.

Most of the Members I have talked to since that debate have qualms about what the House did for many different reasons. So, in the aftermath of what I thought was one of the healthiest debates that we have had here in the Congress, I have discovered that most of the principal participants in the debate agree with me that we should have a comprehensive report from the Department of Defense some 180 days after this measure goes into effect. In that way we can assess whether or not we have done the right thing or whether we might want to make some modifications. That is all that this amendment does.

Mr. BENNETT. Mr. Chairman, if the gentleman will yield, the Armed Services Committee has had a chance to look at this amendment, and it is our opinion that we should accept it. So we do.

Mr. HUGHES. Mr. Chairman, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from New Jersey.

Mr. HUGHES. I want to commend my colleague, the gentleman from Arkansas. The gentleman's amendment does precisely what we should be doing, anyway, and that is oversighting just how these new measures are being implemented by the Department of Defense. As far as the Judiciary Committee is concerned, we are very happy to accept it.

Mr. BETHUNE. I thank the gentleman for his contribution.

My preference would be to send the proposal back to committee and bring it back later with what I think is going to be a very fine piece of legislation that the gentleman is working on now, which is the anticrime legislation. I hope to be very helpful to the gentleman in that process. In any case, I think we have made a lot of headway since this began.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, I just hope the gentleman would use his good offices with his colleagues on that side and with the OMB so that we can get some adequate funding for the civilian Drug Enforcement Administration and the Coast Guard so that we do not have to resort to these kinds of extreme measures to deal with this situation.

Mr. BETHUNE. From my experience with law enforcement, which has been extensive, I can assure the gentleman that I think we are all going to discover that this problem of crime is a good deal more sophisticated than just calling out the Marines.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Chairman, we have had an opportunity to examine the gentleman's amendment. We think it is meritorious and it serves a very good purpose. We will accept it on this side.

Mr. SHAW. Mr. Chairman, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from Florida.

Mr. SHAW. As the author or proposer of one of the amendments to the posse comitatus exception, I would compliment the gentleman on his fine amendment. I think it is something that we will all certainly support.

Mr. BETHUNE. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas (Mr. BETHUNE).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. PEASE

Mr. PEASE. Mr. Chairman, I offer an amendment.

Mr. CHAIRMAN. Has the amendment been printed in the RECORD?

Mr. PEASE. No, Mr. Chairman.

The CHAIRMAN. Since the amendment has not been printed in the RECORD, under the rules the Clerk will read the amendment, but there can be no debate.

The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. PEASE: At the end of the bill, add the following new section:

RECREATION FACILITIES REPORT

SEC. 920. Not later than January 1, 1982, the Secretary of Defense shall submit to the Committees on Armed Services of the Senate and the House of Representatives a report which—

(1) specifies methods for converting to performance by civilian employees a substantial number of personnel positions in the Department of Defense currently held by members of the Armed Forces who are assigned solely to the operation and maintenance of military morale, welfare, and recreation facilities;

(2) specifies methods for substantially reducing or eliminating the use of Government funds to defray the costs of operating and maintaining military morale, welfare, and recreation facilities; and

(3) examines the availability of non-military morale, welfare, and recreation facilities in the continental United States which could serve the needs of members of the Armed Forces and their dependents.

● Mr. PEASE. Mr. Chairman, the Department of Defense is the largest and most complex institution in the world. According to GAO, "it maintains $67 billion in inventories of supplies and parts and manages $230 billion in other assets."

GAO has produced reports and recommendations that have led to savings in the Department of Defense of over $8.7 billion in the last 5 years. But, as GAO is quick to point out, "the job of minimizing waste is never ending." In furtherance of GAO's report, the question is whether or not there are further cost reductions with long-term, recurring potential? The answer is most definitely "yes."

Secretary of Defense Weinberger has earned a reputation as "cap the knife" when it comes to finding budgetary fat. I commend Secretary Weinberger for his activities and encourage his continued pursuit of these goals. My distinguished colleague from Virginia, Mr. DANIEL, has also consistently striven for more efficient use of defense dollars. My amendment will serve to provide the Congress with valuable information which will surely be of major importance as we continue to seek significant savings in Federal spending. My amendment addresses the funding problems of morale, welfare and recreation activities of our Armed Forces—which currently cost American taxpayers over $300 million per year. The amendment requires the Secretary of Defense to submit a report which will specify methods for converting morale, welfare and recreation personnel positions from military to civilian, specify methods for reducing the use of Government funds for the operation of these facilities and examine the availability of public facilities for use by members of the armed services.

A GAO report issued last year highlights two things: First, the need for morale, welfare, and recreation facilities for military personnel is particularly important at overseas locations where few recreational opportunities exist in the surrounding community; and second, although DOD has a large backlog of facility needs which cannot presently be funded, some facilities being constructed are larger than needed, some have not been adequately justified or planned, and some will be used primarily by persons not on active duty.

These findings clearly indicate the need for the report which my amendment requires. As President Reagan said in his state of the Union address earlier this year, "the aim will be to provide the most effective defense for the lowest possible cost." The budgetary pressures on the Congress serve to emphasize this point.

By examining the availability of recreation facilities other than military recreation facilities for use by members of the Armed Forces and their dependents, logical priorities may be set. This report could expedite construction of priority facilities and eliminate the wasteful spending cited by GAO.

For example, a GAO report shows a case of a military golf course built even though a public course is only 10 miles away and 69 other public courses are within a 25-mile radius, another military course was built 1 mile from a public course and within 25 miles of 50 other public courses.

Mr. Chairman, no one questions the need for morale, welfare, and recreation activities for our Armed Forces, but there is obviously a need for some guidance and forethought here. Reckless spending cannot be tolerated. GAO stated to Secretary Weinberger, Our goal is not just to uncover waste—important as that is—but to reveal long-term management deficiencies which DOD itself should correct—or on which Congress should mandate corrective action if necessary—so that such losses will be avoided in the future.

A GAO report shows that recent shifts in the work force from military to civilian staff for morale, welfare, and recreation activities have not adversely affected these facilities. But further progress is necessary to achieve additional savings. GAO estimates that more than $5,700 could be saved annually for each position that is converted from military to civilian. Estimates show that the 9,900 morale, welfare, and recreation positions in the military cost about $247 million annually. Substituting civilians could save up to $57 million, depending on the number of positions converted. In addition to saving money, this shift would strengthen our military capacity by freeing military personnel to perform defense-related activities.

As you have said yourself, Mr. Chairman, "to provide the kind of improvements in defense that we both desire will require a sustained effort over an extended period of years and we will only be able to retain public support for that sustained effort if we can show that the funds are spent wisely and managed prudently."

I could not agree more, Mr. Chairman, and that is why I feel my amendment is essential. Every person here should be seeking a more efficient government. I believe this report will assist us greatly in that goal. I urge my colleagues to support this amendment.●

PARLIAMENTARY INQUIRY

Mr. DAN DANIEL. Mr. Chairman, did I understand the Chair to say that this amendment is not printed in the RECORD?

The CHAIRMAN. This amendment is not printed in the RECORD. There can be no debate.

Mr. DAN DANIEL. Mr. Chairman, does the committee have the opportunity to say that they are opposed to the amendment?

The CHAIRMAN. The committee does not have that opportunity.

Mr. DAN DANIEL. I thank the Chair.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. PEASE).

The amendment was rejected.

AMENDMENT OFFERED BY MR. HOLLENBECK

Mr. HOLLENBECK. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the RECORD?

Mr. HOLLENBECK. Yes, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. HOLLENBECK: Page 60, after line 17, insert the following new section:

SEC. 920. It is the sense of the Congress that the Secretary of the Army should strengthen his capability to verify the accuracy of large claims made by the Federal Republic of Germany against the United States for damage resulting from official maneuvers, operations, and other activities of the United States Army—

(1) whenever possible, through the use of members of the United States Army Corps of Engineers stationed in the Federal Republic of Germany, or

(2) if such members are not available for such purpose, through the use of other personnel of the Department of the Army.

Mr. HOLLENBECK [during the reading]. Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The CHAIRMAN. The gentleman from New Jersey (Mr. HOLLENBECK) is recognized for 5 minutes.

Mr. HOLLENBECK. Mr. Chairman, in March of this year I called upon President Reagan, Secretary of Defense Weinberger, and the House Budget and Appropriations Committees to examine closely the recommendations made by the General Accounting Office (GAO) to eliminate unnecessary spending by the Defense Department. In response to my request, the President advised me that he plans to appoint for the first time an inspector general for DOD and that improved auditing procedures are currently being developed.

I know that many of my colleagues share my view that the Defense Department deserves the same type of scrutiny and attention given to other Federal agencies during the budget process. Today, I am offering an amendment designed to save millions of dollars in the defense budget without any reductions whatsoever in our Nation's capacity to continue a strong defense.

Mr. Chairman, my amendment is designed simply to draw attention to the need for the U.S. Army to improve verification of military damage claims that are paid to the Federal Republic of Germany (FRG). The amendment would: express the sense of Congress that the Secretary of the Army strengthen his capacity to verify the accuracy of large claims made by the FRG against the United States for damage resulting from official maneuvers, operations, and other activities. It states that whenever possible this action should be made by members of the U.S. Army Corps of Engineers stationed in the FRG or, if necessary, other Army personnel.

From 1975 through 1980 U.S. damage claim reimbursements to the Federal Republic of Germany increased more than nine-fold from $5.5 million per year in 1975 to $46 million in 1980. In just the last 2 years payments have more than doubled and over 90 percent of all foreign claims against the United States since 1976 have been paid to FRG. I find these statistics alarming. Yet, in spite in these startling increases, the Army to date has done little to verify damage claims and adjudicate the claim payments. This lack of U.S. involvement includes the verification of even very large dollar amounts. It is imperative for the U.S. Army to assume a more direct role in the investigation of all, but most importantly, high cost claims, Incredibly, Mr. Chairman, the U.S. Army Claims Service, Europe (USACSEUR) German branch which handles FRG tort and maneuver damage claims has maintained the same size staff over the past 6 years although the volume of claims processed has more than doubled to the astonishing level of over 50,000 claims in 1980.

In fact, the primary role in damage claim processing is performed by the German Defense Cost Office (DCO) which investigates, adjudicates claims and pays the claimants. The USACSEUR with Army unit assistance merely establishes that U.S. forces were present in the area of reported damage. There is no procedure involved to verify that U.S. Army operations actually caused the damage.

I believe that it is important for us to understand the procedures the German Government follows in investigating and settling damage claims against the United States. Maneuver damages are reported by injured parties to the FRG state level DCO. About 90 percent of these maneuver damage claims are made by private German citizens, most by farmers for alleged crop and agriculture field damage. The remaining claims are generally made by municipalities or other small government units whose most common damage claims are for field or country roads and highways.

Upon investigating a damage claim, each DCO assigns special engineers to assess the various types and costs of damage. The DCO then examines these claims and presents settlement offers to the claimants. Once the DCO process is completed, a claim notification is forwarded to the U.S. Army. The notice will include details such as the nature, timing and location of the damage, the identity of the claimant and the amount claimed.

To repeat, the U.S. Army claims service's only role is to verify the U.S. presence at the time the damage occurred. Upon receipt of a claims notice from the DCO, USACSEUR merely cross checks the DCO notice against the master damage reports received from military units. In cases where claims are under $500, the U.S. Army claims service does not even verify U.S. involvement under a so-called simplified procedure which only requires the USACSEUR to review and pay the German reimbursement request. The certification process is eliminated.

It is obvious, Mr. Chairman, that in light of the increasing number and costs of claims against the United States and our lack of emphasis on investigating even the most expensive damage claims, I believe that the Army must begin to implement procedures to accurately verify claim payments. At a minimum, qualified U.S. personnel should be made available from existing engineering units in the FRG to perform this function in a more perfunctory and thorough manner. My amendment would serve to initiate this process and according to the Government Accounting Office could save $3 million annually based on the amount of claims made in 1980. Future savings could be even more substantial if current trends continue. I urge my colleagues support.

Admittedly, Mr. Chairman, the cost savings associated with this amendment are comparatively small. My efforts here today, however, are not simply to highlight one area where savings can be made in the defense budget but to draw attention to the much larger opportunities available to all of us to save billions of dollars in the defense budget while still funding a stronger defense. In the process of its deliberation I am hopeful that my amendment will serve to underscore the need to take these cost saving measures further and call attention to the symptomatic problems inherent in the administration's plan to allocate additional defense outlays with only a minor emphasis on determining the most cost-effective way to spend defense dollars.

In our efforts to correct the serious flaws in defense allocations we need not be experts, but rather simply be willing to assess with an open eye opportunities to cut waste and save dollars. The General Accounting Office, the Republican Study Conference and the House Appropriations Committee have brought to the forefront several ways in which we can potentially save billions of dollars a year every year through 1984. I want to again direct my colleagues' attention to several of these recommendations as reported in pages 82 through 84 of House Report 96-1317.

My efforts to focus attention on these recommendations should not be misconstrued to mean that I feel that the Nation's security is an area in which to take risks. I support in large measure many of the increases being proposed by this committee and by the administration. Large funds are needed in order to maintain our de-

fenses at a demonstratively safe level. However, the magnitude and the rapidity of the proposed defense increases—25 percent more in 1982 than in 1981—lend themselves to the question of whether it is bureaucratically possible to increase spending that fast without wasting a great deal of it. One of the great American myths is that you can solve a problem by throwing enough money at it. This fallacy applied to our efforts in the past to solve many of our domestic problems and has contributed in part to a Federal Government out-of-control and a fragilely weakened economy.

It is obvious that this crucial lesson has been forgotten or at best overlooked when it comes time to spend money on our Nation's defenses. Mr. Chairman, this is the best time to insure that the same principles and lessons which apply to our domestic programs must apply to the Nation's military budget. Money is not always the best solution. Carefully spent, however, it can achieve the degree of national security we need without waste and with the principle of fiscal responsibility to the country's taxpayers unforgotten.

Me. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. HOLLENBECK. I yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Chairman, we have looked at the amendment. I thought that this was already the case. I thought we had an adjuster over there to settle claims. But certainly they should be verified. I find nothing wrong with the amendment. I do not believe that the committee finds anything wrong with it. On this side, we accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. HOLLENBECK).

The amendment was agreed to.

□ 1730

AMENDMENT OFFERED BY MR. VOLKMER

Mr. VOLKMER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Has the amendment been printed in the RECORD?

Mr. VOLKMER. It has.

The Clerk read as follows:

Amendment offered by Mr. VOLKMER: On page 59, strike lines 20 through 24 and on page 60, strike lines 1 through 17.

Mr. VOLKMER. Mr. Chairman, as I reviewed this bill last week and came to the very end of it, the last bit of it, I find herein an assistance to the Yorktown Bicentennial Celebration which will take place on or about October 19, for the 200-year celebration of the Battle of Yorktown when our first President, General Washington, accepted the surrender of General Cornwallis at that battle.

I looked at it, and I thought we are cutting back on everything else, and I just read again earlier this week that the amount we are authorizing and the amount that is going to be appropriated probably will not be enough to take care of all the military programs that we are going to have asked for by the President and by the Department of Defense. They will probably have to come in with additional moneys for the year 1982 for our military.

We are cutting back on all kinds of social programs. We are making block grants for everything, saying let the States do it, let the local governments do it. We have $1 million here for the celebration of Yorktown.

I am not unfamiliar with Yorktown. When I was in the service, in the Army, stationed at Fort Eustis, I lived at Yorktown. It is quite a nice place. I think that we should commemorate the battle and the defeat of the British. Of course, the British do not want to come over. They are not coming. We know that. They are not going to be there. We will have to have people fill in for the British because they do not think it is much to commemorate, and I quite agree with them.

I think if the people in Virginia and the people of York County, the people of Yorktown, wish to do this, they have available funds. I do not know if the Members know it or not, but the Commonwealth of Virginia—which is quite a nice Commonwealth and which is where I presently reside when I am here in the Washington area—has over a $200 million surplus right now. How much do we have? We do not have any. We are going to have to go out and borrow the money in order to provide this assistance for the celebration. My taxpayers are going to have to pay for that.

That is what we are going to end up doing in order to provide these funds when the funds can be available from local sources or the State.

So in these times of cutbacks, I feel very strongly that $1 million even to commemorate this great battle, even to commemorate the battle that gave us, in the end, this country, I think is a little bit too much to ask at this time. I am not the only one that says that. The Secretary of Defense wrote a letter just this last month in regard to this amount of money. He said:

I agree that $1 million is a lot of money. Such an amendment is not supported by me in a time when we are asking for cutbacks in so many other programs. Indeed, the original combined American, French, and British expenditures for the battle were probably a lot less than $1 million at that time.

Mr. SKELTON. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from Missouri.

Mr. SKELTON. Mr. Chairman, does the gentleman agree with me that the teaching of history and the commemoration of historic events is of the utmost importance to our young people in this country?

Mr. VOLKMER. There is no question about it. I agree that we should have a commemoration, but I question whether we need to provide all the support services that this $1 million will do, and provide the feeding stations and the trumpet stations and all this. That is what this $1 million will do; and also to provide some military units and the Old Guard and things like that, the Marine Band, things like that.

If my hometown wants to commemorate or a town in my district is having a bicentennial coming up and they would like to get a band from Fort Leonard Wood in central Missouri, we have to pay for it.

Mr. TRIBLE. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, I know that on first blush, the arguments of the gentleman from Missouri have some appeal. However, I believe the authorization for Yorktown is important.

The same arguments were made when the Armed Services Committee marked up this legislation and were rejected by a vote of 22 to 6.

On October 19, 1781, George Washington's army—with the help of French forces—defeated the British. It was this great military victory that won our War of Independence and made our experiment in democracy possible. On the occasion of the centennial and sesquicentennial of the Battle of Yorktown there were great national celebrations. The President of the United States spoke at Yorktown. The Congress recessed to join the President and Governors of the Original Thirteen States on the historic battlefield. Representatives of France and Britain joined hundreds of thousands of Americans at Yorktown.

The battle was recreated and special military units performed—in 1881 John Philip Sousa led the Marine Band. French and American warships rode at anchor in the York River.

We hope the 200th anniversary of Washington's great victory—next fall—can also be appropriately honored.

Last year the Congress designated October 19, 1981 as a day of national celebration. Let me emphasize this is a national event, not a Virginia Day. President Reagan has announced that he will be at Yorktown. President Francois Mitterrand of France has expressed interest in attending. The French will be sending warships and military units to Yorktown. Hundreds of thousands of Americans and Frenchmen are expected to attend the 4-day activities. The Park Service will expend approximately $500,000 to prepare the national park at Yorktown—to set the stage.

The unanswered question is whether our own military will be able to par-

ticipate. This authorization will permit DOD participation and reflects the actual expenses that the military services wish to incur. It will permit ceremonial activities, exhibits and displays, demonstrations, and logistical support. We are talking about these kinds of things—military units to help recreate the battle, the participation of special groups such as the Marine Band, the Army's Old Guard, fly overs of Air Force planes the presence of Navy ships, field kitchens, and tents.

I want to assure my colleagues that the people of Virginia are doing their part to support this national event. The State of Virginia has built and maintained a Yorktown Victory Center; $6 million has been spent for this purpose over the last 4 years. The General Assembly of Virginia has appropriated an additional $416,000 for the Yorktown activities. The people of York County, Va., raised their own county taxes this year in order to provide another $162,000. Private contributions total over $100,000. So to date, the people of Virginia have contributed about $6 million to help make the Yorktown Bicentennial possible.

There are those that suggest that these are tough times and we should not authorize moneys for the Yorktown Bicentennial. In response, I would point out that in the midst of the terrible depression in 1931, America paused to celebrate the 150th Yorktown anniversary. At that time the Congress authorized and appropriated $2.4 million—twice as much as this authorization.

In 1931, Franklin Roosevelt captured the importance of the Yorktown celebration when he said:

> Even as much as the country needs a business revival, it likewise needs a revival of patriotism and a better understanding of the teachings and doctrines of this great Nation.

I suggest these words are as appropriate today as they were in the midst of the Great Depression.

The eyes of the world will be on us as we honor the sacrifices of our forefathers and the day that made our experiment in democracy possible. It is essential that we provide for adequate military participation in the Yorktown Bicentennial and I urge you to oppose the amendment.

I am advised that the gentleman from New York (Mr. PEYSER) will offer a perfecting amendment reducing the authorization to $750,000—a sum equal to that of the other body.

Mr. PEYSER. Mr. Chairman, will the gentleman yield?

Mr. TRIBLE. I yield to the gentleman from New York.

Mr. PEYSER. Mr. Chairman, I will offer a perfecting amendment reducing this amount to $750,000.

Is my understanding correct that is the amount that the Senate has in the bill for this celebration?

Mr. TRIBLE. Mr. Chairman, that is correct. That is the authorization included by the Senate in the approved Defense Authorization Act.

Mr. PEYSER. I would think this is a very reasonable compromise. I would hope when the perfecting amendment is offered, it will be accepted unanimously.

I thank the gentleman for yielding to me.

Mr. SKELTON. Mr. Chairman, will the gentleman yield?

Mr. TRIBLE. I yield to the gentleman from Missouri.

Mr. SKELTON. Mr. Chairman, I think the perfecting amendment will keep us in line and cause us to remember that next to the Declaration of Independence and the signing of the Constitution, the battle and victory at Yorktown is of the utmost importance to American history.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. TRIBLE. I yield to the gentleman from Missouri.

Mr. VOLKMER. Mr. Chairman, I will accept the amendment of the gentleman from New York (Mr. PEYSER).

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. TRIBLE. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Did the gentleman say the 150th anniversary celebration was held in 1931?

Mr. TRIBLE. Yes.

Mr. SEIBERLING. And the gentleman quoted President Roosevelt? He was not President in 1931.

Mr. TRIBLE. He was not. He was Governor of the State of New York at that time.

I thank the gentleman for pointing that out.

I yield back the balance of my time.

PERFECTING AMENDMENT OFFERED BY MR. PEYSER

Mr. PEYSER. Mr. Chairman, I offer a perfecting amendment.

The Clerk read as follows:

> Perfecting amendment offered by Mr. PEYSER: Page 60, line 13, strike out "$1,000,000" and insert in lieu thereof "$750,000".

The CHAIRMAN. The question is on the perfecting amendment offered by the gentleman from New York (Mr. PEYSER).

The perfecting amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri (Mr. VOLKMER).

The question was taken; and the Chairman announced that the noes appeared to have it.

□ 1740

PARLIAMENTARY INQUIRIES

Mr. KAZEN. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KAZEN. Mr. Chairman, the committee has had an amendment before it offered by the gentleman from Missouri (Mr. VOLKMER).

The CHAIRMAN. The gentleman is correct.

Mr. KAZEN. Then, Mr. Chairman, there was another amendment offered by the gentleman from New York (Mr. PEYSER). Was that amendment a substitute amendment?

The CHAIRMAN. It was a perfecting amendment to the bill. It was not an amendment to the amendment. A motion to strike cannot be amended by a substitute. The Chair confesses that he was a little confused on that, too.

Mr. KAZEN. Mr. Chairman, it has confused us, too.

The CHAIRMAN. The Peyser amendment was agreed to. The net effect is that there is $750,000 that is approved for the Yorktown celebration.

Mr. KAZEN. I thank the Chair.

The CHAIRMAN. For what reason does the gentleman from Pennsylvania (Mr. ERTEL) seek recognition?

Mr. ERTEL. Mr. Chairman, I have a parliamentary inquiry.

Mr. Chairman, I was on my feet at the time we voted on the Volkmer amendment. Have we voted for the Volkmer amendment at this time to eliminate the funds for the Yorktown exposition altogether?

The CHAIRMAN. No; the Chair will state that we are in the situation where the committee adopted the Peyser amendment authorizing $750,000, and then rejected the Volkmer motion to strike on a voice vote.

Mr. ERTEL. Mr. Chairman, What is the effect of the Volkmer amendment at this point?

The CHAIRMAN. There was no request for a recorded vote.

For what reason does the gentleman from Missouri (Mr. VOLKMER) rise?

Mr. VOLKMER. Mr. Chairman, I have a parliamentary inquiry.

My parliamentary inquiry is this: Has the Chair announced the result of the vote on the motion to strike, which was my amendment?

The CHAIRMAN. Yes.

Mr. ERTEL. Mr. Chairman, I have a parliamentary inquiry.

Mr. Chairman, I would ask for a division on the Volkmer amendment at this point. I was on my feet at the time the vote was announced.

The CHAIRMAN. The Chair did not see the gentleman, but the Chair will take the gentleman's word that he was seeking recognition before the voice vote was finally announced.

Mr. PEYSER. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PEYSER. Mr. Chairman, I want to be sure that I understand what the

situation is on the voting right now. The perfecting amendment that I offered, as I understand it, was accepted and passed?

The CHAIRMAN. The gentleman is correct.

Mr. PEYSER. So, Mr. Chairman, now if we vote for the Volkmer amendment, what are we then accomplishing? Are we then supporting the moneys in the amount of $750,000 for the celebration, or are we knocking out everything?

The CHAIRMAN. The Chair will state that the perfected section would be stricken.

Mr. PEYSER. So if we support the Volkmer amendment, everything is out, and if we vote no, the $750,000 is in; is that correct?

The CHAIRMAN. The gentleman is correct.

Mr. PEYSER. I thank the Chair.

The CHAIRMAN. A division has been requested on the Volkmer amendment.

Mr. STRATTON. I have a parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. STRATTON. Mr. Chairman, I have a copy of the Peyser amendment. It is an amendment to H.R. 3519, and it says:

On page 60, line 13, strike out "$1,000,000" and insert in lieu thereof "$750,000."

So the Peyser amendment is an amendment to the bill and not a perfecting amendment to the Volkmer amendment?

The CHAIRMAN. It is a perfecting amendment to the bill. That was the statement of the Chair.

Mr. STRATTON. And it was accepted; was it not?

The CHAIRMAN. That amendment was accepted. But if the Volkmer amendment by a vote on division should be approved, then that would be eliminated. Everything would be eliminated.

A division has been demanded on the Volkmer amendment.

On a division (demanded by Mr. ERTEL) there were—ayes 33, noes 60.

So the amendment was rejected.

The CHAIRMAN. For what purpose does the gentlewoman from Colorado (Mrs. SCHROEDER) rise?

Mrs. SCHROEDER. Mr. Chairman, I ask unanimous consent to proceed for 1 minute in order to engage in a colloquy with the chairman of the committee.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Colorado?

There was no objection.

Mrs. SCHROEDER. Mr. Chairman, I rise to ask a question about section 910 of the armed services bill to my distinguished chairman. This section prohibits the use of any authorized funds to establish or administer within DOD a civilian personnel management system using the full-time equivalent (FTE) methodology.

Some history is necessary. Historically, personnel ceilings have been set using end of the year on-board strength. Part-time employees working on the final day of the fiscal year were counted toward the ceiling, thereby creating a strong disincentive for agencies to hire part-time employees. Therefore, in the part-time law we passed in 1978 (Public Law 95-437), we mandated moving to a full-time equivalent personnel counting system to avoid discouraging the use of part-time employees. There are other management reasons for using an FTE system, rather than an end of the year on-board system. While the end of the year system bears only a tangential relationship to the amount of work performed, an FTE system tracks precisely how many staff years of work were used. This is a better way to plan and measure productivity. Neither is very good. We should manage by money, not by artificial personnel ceilings, whether they are end of the year or FTE.

The conversion to the new FTE system has been exceedingly slow, mainly because of lack of interest and thought in the Office of Management and Budget (OMB). OMB has run some experiments in some smaller agencies but has just told DOD to go ahead and do it. Little guidance has been provided and OMB has done nothing to help agencies adjust. Further, OMB has been oblivious to the special needs of industrial funded activities.

At the same time, to be able to meet President Reagan's campaign promise about reducing the size of the work force, old end of the year ceilings have been used on top of new FTE ceilings. Even if an agency meets one it can still get caught by the other. Because one part of OMB did not know what the other hand was doing, DOD got conflicting signals on FTE. Hence, agency implementation was erratic: here, just a paperwork game; there, a stringent new management discipline. Commanders in the field got, not unexpectedly, furious and called for a halt to FTE. To this call, the Armed Services Committee responded.

Now, if I can have the attention of my chairman, I want to ask if, by deferring the implementation of FTE at DOD, are we trying to create a disincentive to part-time hiring?

Mr. PRICE. Mr. Chairman, if the gentlewoman will yield, the answer is absolutely not. We are committed to the goals of the part-time legislation which the gentlewoman from Colorado worked so hard on. We encourage the Department of Defense to continue to use part-time employees and part-time hiring authorities. We believe the Department of Defense should have maximum flexibility in management.

Mr. LOWERY of California. Mr. Chairman, the military capability of a nation is largely a function of the resources it has been willing to spend to achieve that capability. The disparities in Soviet and United States spending on procurement, construction, and research, development, test, and evaluation have had a direct, visible, and highly adverse effect on the military balance between the two nations.

Since the mid-1960's, the Soviet Union has engaged in a sustained program of defense investment. The United States, on the other hand, has actually disinvested in defense. In 1964, 27.8 percent of net public spending was allocated to defense, while in 1980, the Department of Defense share was reduced to 15.8 percent. As a result, the Soviet Union now invests 25 to 50 percent more in defense than does the United States.

Unquestionably, the United States faces a growing threat resulting from heavy Soviet investments in all forms of modern military hardware and weaponry. Our Joint Chiefs of Staff have indicated that a long-term trend of real growth in U.S. defense spending is necessary to address our most pressing manpower, modernization, and readiness needs. Consequently, I commend the efforts of President Reagan and this Congress in embarking on a policy of strengthening our defense to respond adequately to the Soviet challenge.

What the United States must do is reverse the pattern of the 1970's; specifically, the military balance must be restored and our allies must make a greater contribution to the common defense. Additional funds alone will not solve the problem. Much depends on how these funds are spent.

Although a great deal of attention is paid to strategic weapons, rapid deployment, and conventional arsenals, I believe our defense priorities should focus, initially, on two manpower issues: First, we must increase the compensation of active duty military personnel and, second, we must increase the readiness and sustainability of our present forces.

Under the All-Volunteer Force policy, which I support, the ability of the services to attract and retain sufficient numbers of qualified people critically depends on measures to maintain and enhance the quality of military life. When military members must worry unduly about their personal finances and whether their families are properly cared for, morale and efficiency decline, with corresponding effects on retention and readiness. Accordingly, I heartily endorse the proposed pay increases for military personnel which this House will consider in the near future.

The readiness of U.S. military forces to carry out assigned wartime missions

is critical to the success of our national military strategy.

Currently, a wide range of deficiencies combine to limit the readiness of our forces. Among these are shortfalls in unit equipment, shortages of repair parts, inadequate maintenance, and lack of medical support required for sustainability. However, the core of many of the most pressing readiness problems is the shortage of experienced military personnel. Too many qualified personnel are leaving the services, and too few of sufficient quality are volunteering to serve. Personnel shortages directly reduce readiness and lead to deficiencies in other vital areas such as equipment maintenance and training. In the final analysis, the solution to most readiness deficiencies depends on sustained, steady growth in the defense budget.

Combining our declining military preparedness with Soviet strategic force buildups in the last decade, it is evident that an adverse strategic imbalance has developed that will continue until steps are taken to reverse it. I firmly believe that the Department of Defense authorization bill before us is a vital step toward reversing the dangerous trend of the 1970's. Modernization of our strategic forces can no longer be a matter of delay and cancellation, and adequate compensation for our Armed Forces is essential to retaining quality soldiers.

During the past year, America has rediscovered the principle that military strength counts. We still live in a world in which the use and potential use of decisive military power can influence policies, alinements and actions. Although the overall military position of the United States versus that of the Soviet Union is declining, it is neither desperate nor beyond repair. The United States retains many specific military advantages and has the economic and technological potential to frustrate the Soviet drive for superiority. With timely decisions and steady support, we can reverse the disturbing trends of Soviet military ascendancy.

I sense a deepening public concern that disruptive Soviet capabilities and inclinations are on the upswing at a time when our capability to defend our interests is less than optimum. The great question for the decade of the eighties will be whether the world's democracies will do what is necessary to assure their survival. I have greater confidence today than I have felt in many years that the vision and wisdom of the American people have engaged the problems of peace and survival and will produce the concerted action necessary to achieve both—for the sake of our children and our children's children.

● Mr. RODINO. Mr. Chairman, I share the concern of all Americans about the need to maintain a strong, viable, and effective national security capacity. I am prepared to support a Defense Department authorization bill that makes a responsible investment in our Nation's military forces. However, H.R. 3519, the Defense Department authorization bill for fiscal year 1982, is not such a bill.

The waste and abuse of taxpayers' money that predominates this authorization bill cannot be justified. As approved by the Armed Services Committee, the bill authorizes $136 billion for military procurement, research and development, civil defense, and operations and maintenance. This is some $26.4 billion over the fiscal year 1981 level, which itself was $11.4 billion over fiscal year 1980.

Apart from weapons systems that are controversial and by many considered wasteful and unnecessary, the bill would authorize expenditures for military hardware not even requested by the Defense Department. This seems a glaring example of excessive military spending at a time when we are having serious difficulties in retaining the trained manpower essential to maintain and operate the ships, aircraft, and weapons systems already in place.

It is particularly dismaying to see that the bill contains $2.4 billion for research and development on the MX intercontinental ballistic missile system and a multiple protective structure (MPS) basing mode for it. This project would involve enormous sums in the 5 to 6 years planned for its completion, and the estimated cost has now risen from $35 to $100 billion. Critical problems for the environment in Utah and Nevada would result from its construction, for a preliminary environmental study shows the destruction of 160,000 acres. Apart from its depletion of our monetary and natural resources and its adverse effects on the lives of thousands of our citizens, the MX is seriously questioned as to its valid role in our defense system. It is opposed by two former Chairmen of our Joint Chiefs of Staff. In the absence of any meaningful effort to achieve an arms limitation agreement, the MX system represents a dangerous counterforce weapon that could accelerate the arms race and increase the possibility of nuclear war.

Incredibly, the bill specifies the use of the MPS, commonly referred to as the "shell game," basing mode, despite the fact that the administration and the Congress have not made a decision on MX basing. The Townes Commission has just completed for the President a comprehensive study on MX basing alternatives. Surely the rational and prudent course of action is to defer funding for any basing mode until the administration has made a decision and the Congress has had an opportunity to review it. Fortunately, we adopted earlier an amendment that will give Congress 60 days to disapprove any basing mode submitted.

I question the bill's earmarking of $1.9 billion for the B-1 bomber. As we know, the previous administration halted this program and substituted the cruise missile system utilizing low-flying missiles fired from B-52's. This administration has made a commitment to development of a new manned strategic bomber, but as yet the Defense Department has not determined the modifications necessary, such as use of the new Stealth technology.

Another area of concern to me is the addition of $500.4 million over the amount sought by the administration for the Navy's F/A-18 fighter/attack aircraft. This is an outrageous example of waste in the Defense Department. The F/A-18 was designed as a low-cost alternative to other aircraft used by the Navy and the Marine Corps, but its cost has so risen that it is now our most expensive weapons system at almost $40 billion. Other, more vital, aircraft needs suffer from concentration of funds on the F/A-18. These funds should be spent on other aircraft more essential to our national defense.

The Trident nuclear attack submarine program has been plagued with problems and delays. The Defense Department had requested $1.2 billion for two Trident submarines, but with excessive generosity the committee approved $1.7 billion for three submarines. I fail to see how we are to achieve a reduction of waste if we continue to give the Pentagon unsought funds to spend.

A General Accounting Office study, confirmed by congressional oversight hearings, estimates that steps can be taken to reduce fraud, waste, and abuse of funds in the amount of $16 billion. It seems to me that we should require the administration to initiate such measures for eliminating waste and fraud, and report on progress toward this objective, before approving vast sums for unnecessary weapons procurement.

Mr. Chairman, on June 26 the House passed the Omnibus Reconciliation Act, which contained cuts of $37.1 billion in Federal programs. Whatever the outcome of the forthcoming conference with the Senate on this bill, we do know with certainty that millions of our most vulnerable citizens will suffer. The severe cuts in nutrition, health, housing, education, employment training, income security, and other vital Federal programs will impose hardships on the elderly and disabled, our children, the educationally deprived, our citizens without jobs or training. This action will, I fear, also smother the hopes and aspirations of many Americans for productive lives in the years ahead.

It is unconscionable to exact such sacrifices from our Nation's poorest and most helpless citizens and then go on to approve billions of dollars for unnecessary, excessive, and wasteful defense expenditures.●

● Mr. WAXMAN. Mr. Chairman, with great reluctance I will vote in favor of final passage of H.R. 3519, the Department of Defense authorizations for fiscal year 1982. International tensions have increased markedly—in the Middle East, in Eastern Europe, in Central America, and in Africa. The Soviet Union has shown no restraint in its determination to exploit international instability, to continue its massive buildup in strategic weapons, to aline itself with perpetrators of international terrorism and to use proxies to further its aggressive ambitions. Under these circumstances, it is imperative we strengthen our Armed Forces and our defense capabilities. It is for these reasons that I will vote for H.R. 3519.

At the same time, I am extremely troubled by many provisions of the bill. Critical strategic decisions to proceed with both the B-1 bomber and the land-based MX missile have been made by the House before we have even received the administration's own recommendations for these programs.

The $27 billion increase in funding over fiscal year 1981—a figure that approaches the $36 billion in cuts for social programs mandated by the President's budget—is committed more to super hardware, such as the F-18, at the expense of rebuilding our conventional forces.

Finally, there appears to be a distressing lack of hardnosed scrutiny over cost-effectiveness, waste, fraud, and abuse in our weapons procurement programs. Cheating in defense contracts is just as costly to the taxpayer as medicaid fraud. This administration should not tolerate a double-standard in reviewing how each dollar is spent by the Defense Department. There is no evidence that the chronic problems leading to cost overruns of billions of dollars in recent years have been corrected—even though we are committing billions more for weapons programs. ●

● Mr. SHUMWAY. Mr. Chairman, I would like to take this opportunity to commend the efforts of the Armed Services Committee in fashioning the defense authorization bill for fiscal year 1982. As a Member of this Congress, I am proud to lend my support to the passage of this bill in which the committee successfully embodied both sound expenditure with rational planning.

A strong national security should be this Government's first and foremost priority. I believe for too long our national defense needs have been neglected and major problems caused by obsolete equipment, inadequate funding, and lack of planning have been ignored. The passage of this defense bill represents a turning point in America's attitude toward its own security and that of the free world. What we have momentarily forgotten, and what world events and the tales of immigrants have continually conveyed to us, is that the freedoms which this country has fought so hard for and which we enjoy today, do not come guaranteed. The price tag on this defense authorization bill is truly expensive, but what price does one pay for security and freedom? It is not enough to espouse one's right to such liberties, one must be willing to safeguard and protect them.

My constituents have voiced again and again their concern that this Nation is not capable of fulfilling its commitment to the safety and protection of its own citizens nor its allies. They wonder what lessons we, as leaders, have learned from such ignoble events as the Iranian crisis or the invasion of Afghanistan. This bill should begin to restore the faith of the American people in its Armed Forces. Though it is only a first step, and major decisions on how to correct deficiencies in our defense manpower, whether or not to proceed with the MX, or whether or not to build the B-1 bomber are still to be determined and implemented, this bill seeks to rectify many of the problems in defense which have plagued us in the past. Led by the new administration, and renewed with a sense of confidence, I believe Americans can take our defense capability seriously once again, and together with the Nation's collective creativity, we will be prepared to meet any future international crisis as well as protect the basic freedoms and security of this Nation. Again, I applaud the efforts of the Armed Services Committee in its review and consideration of this defense bill.●

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SIMON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3519) to authorize appropriations for fiscal year 1982 for the Armed Forces for procurement, for research, development, test, and evaluation, and for operation and maintenance, to prescribe personnel strengths for such fiscal year for the Armed Forces and for civilian employees of the Department of Defense, to authorize appropriations for such fiscal year for civil defense, and for other purposes, pursuant to House Resolution 163, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. DICKINSON. Mr. Speaker, I demand a separate vote on the so-called Hillis amendment.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The Clerk will report the amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment: At the end of the bill, add the following new section:

RESTRICTION ON PURCHASE OF FOREIGN-MADE MOTOR VEHICLES

SEC. 914. (a) Chapter 141 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 2391. Restriction on purchase of foreign-made administrative motor vehicles

"The Secretary of a military department may not make a contract or agreement for the purchase of administrative motor vehicles that are manufactured outside the United States or Canada unless (1) the contract or agreement is for an amount less than $50,000, or (2) the Congress has specifically stated in law that it authorizes the purchase of such motor vehicles manufactured outside the United States or Canada.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"2391. Restriction on purchase of foreign-made administrative motor vehicles.".

● Mr. BROOMFIELD. Mr. Speaker, as the ranking member of the House Foreign Affairs Committee, I am especially sensitive to the arguments that have been made in behalf of our responsibilities to our NATO allies.

I do not deny the importance of these commitments.

Nor do I doubt the need for healthy two-way trade with Germany and the rest of the European economic community.

But as one who represents a congressional district that includes a major segment of the automotive and truck industry, I question whether those fundamental principles are placed in jeopardy by this amendment.

The real issue is whether our Government has a clear and consistent policy of supporting the domestic automotive industry in its struggle to survive.

If we make clear that we have such a national policy, I believe our allies will understand and want to cooperate.

The Japanese are showing signs of accommodation because consistent pressure from the Reagan administration has convinced them that this issue is fundamental to us.

Our NATO allies can be similarly persuaded provided we speak as a nation with one voice on this matter.

But they are understandably confused when Members of this body suggest that the survival of this industry is simply a parochial issue affecting a few million Americans in Michigan and the Middle West.

Nothing could be farther from the truth.

We are talking about an industry that is at the very center of America's manufacturing economy and is the foundation for our defense mobilization industry.

We are talking about an industry that directly employs more than 4 million Americans. One of every six jobs in the country is related to the auto industry.

The health of this industry is clearly of national concern and Congress and the administration have already made it clear they understand that fact.

We have demonstrated our commitment by underwriting $1.5 billion in loan guarantees for Chrysler, and the White House has proposed a number of changes in safety and environmental regulations to help the industry get back on its feet.

We have put pressure on the Japanese to limit their imports, and the Federal Government pays out millions of dollars each month to aid unemployed auto workers across the country.

Yet, at the very moment our Government is going to these extraordinary lengths to help the industry, the Defense Department is entering into agreements that are clearly contradictory.

The left hand simply does not know what the right is doing.

The issue is larger than $300 million worth of domestic truck contracts. By themselves, these purchases will neither save nor sink the American truck industry.

Nor, will they cause irreparable damage to our relations with our NATO allies or rupture two-way trade with Europe.

But the purchase of these trucks in Europe will raise questions about the sincerity of our national commitment to the survival of our domestic industry. I think we have made that commitment and we should stand by it.

All we are asking in this amendment is that all segments of the administration, including the Defense Department, support that commitment in a consistent fashion and that our negotiators show some sensitivity to the real plight of millions of unemployed autoworkers in their dealings with our allies.

The adoption of this amendment will demonstrate to nations around the world that this commitment is fundamental to us and that it will be adhered to by all the agencies of the U.S. Government.●

The SPEAKER. The question is on the amendment.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. HILLIS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 231, nays 187, not voting 14, as follows:

[Roll No. 139]

YEAS—231

Addabbo	Ford (TN)	Molinari
Akaka	Frank	Mottl
Albosta	Garcia	Murphy
Alexander	Gaydos	Myers
Andrews	Gejdenson	Natcher
Anthony	Gephardt	Nelligan
Applegate	Gilman	Nichols
Ashbrook	Ginn	Nowak
Aspin	Goodling	Oakar
Atkinson	Gore	Oberstar
Bailey (MO)	Gray	Obey
Bailey (PA)	Grisham	Ottinger
Barnes	Guarini	Parris
Beard	Gunderson	Pashayan
Benjamin	Hall (OH)	Patterson
Bethune	Hall, Ralph	Paul
Biaggi	Hall, Sam	Pease
Blanchard	Hamilton	Pepper
Boland	Hammerschmidt	Peyser
Boner	Hartnett	Pursell
Bonior	Hawkins	Quillen
Bouquard	Heckler	Rahall
Brodhead	Hefner	Railsback
Broomfield	Heftel	Rangel
Brown (OH)	Hendon	Ratchford
Burton, John	Hertel	Regula
Byron	Hightower	Richmond
Chappell	Hiler	Rinaldo
Clay	Hillis	Ritter
Coats	Hollenbeck	Roberts (SD)
Coelho	Hopkins	Roe
Coleman	Horton	Roemer
Collins (IL)	Howard	Rogers
Conyers	Hoyer	Rosenthal
Corcoran	Hubbard	Russo
Coughlin	Hunter	Sabo
Coyne, James	Jacobs	Santini
Coyne, William	Jones (TN)	Savage
Craig	Kastenmeier	Sawyer
Crane, Daniel	Kildee	Scheuer
Crockett	Kindness	Schneider
D'Amours	Kogovsek	Schroeder
Daschle	Kramer	Seiberling
Daub	Lantos	Sensenbrenner
Davis	Lee	Shamansky
de la Garza	Leland	Shannon
Deckard	Long (MD)	Sharp
DeNardis	Lujan	Shelby
Derrick	Luken	Shuster
Dingell	Lundine	Siljander
Donnelly	Madigan	Skeen
Dorgan	Markey	Skelton
Dougherty	Marks	Smith (NJ)
Dowdy	Marlenee	Snowe
Duncan	Marriott	Snyder
Dunn	Martin (IL)	Solomon
Dwyer	Martin (NY)	St Germain
Dyson	Mattox	Stark
Early	Mavroules	Staton
Eckart	Mazzoli	Stokes
Edgar	McCollum	Stratton
Edwards (CA)	McCurdy	Swift
Emerson	McDade	Synar
Emery	McEwen	Taylor
English	McKinney	Traxler
Ertel	Mica	Vander Jagt
Evans (GA)	Mikulski	Vento
Evans (IN)	Miller (CA)	Volkmer
Ferraro	Miller (OH)	Walgren
Fiedler	Mineta	Walker
Fish	Minish	Washington
Flippo	Mitchell (MD)	Watkins
Foglietta	Moakley	Weaver
Ford (MI)	Moffett	Weber (OH)
Weiss	Williams (OH)	Yatron
Whitten	Wolpe	Young (MO)
Williams (MT)	Wyden	Zeferetti

NAYS—187

Anderson	Fowler	Murtha
Annunzio	Frenzel	Napier
Archer	Frost	Neal
AuCoin	Fuqua	Nelson
Bafalis	Gibbons	O'Brien
Barnard	Gingrich	Panetta
Bedell	Glickman	Patman
Beilenson	Goldwater	Perkins
Benedict	Gonzalez	Petri
Bennett	Gradison	Pickle
Bereuter	Gramm	Porter
Bingham	Green	Price
Bliley	Gregg	Pritchard
Boggs	Hagedorn	Reuss
Bolling	Hance	Roberts (KS)
Bonker	Hansen (ID)	Robinson
Bowen	Hansen (UT)	Rodino
Breaux	Harkin	Rose
Brinkley	Hatcher	Rostenkowski
Brooks	Holland	Roth
Brown (CA)	Huckaby	Roukema
Brown (CO)	Hughes	Rousselot
Broyhill	Hutto	Roybal
Burgener	Hyde	Rudd
Burton, Phillip	Ireland	Schulze
Butler	Jeffords	Shaw
Campbell	Jeffries	Shumway
Carman	Jenkins	Simon
Carney	Johnston	Smith (AL)
Chappie	Jones (OK)	Smith (IA)
Cheney	Kazen	Smith (NE)
Clausen	Kemp	Smith (OR)
Clinger	LaFalce	Solarz
Collins (TX)	Lagomarsino	Spence
Conable	Latta	Stangeland
Conte	Leach	Stanton
Courter	Leath	Stenholm
Crane, Philip	LeBoutillier	Studds
Daniel, Dan	Lehman	Stump
Daniel, R. W.	Lent	Tauke
Dannemeyer	Levitas	Tauzin
Dellums	Lewis	Thomas
Derwinski	Livingston	Trible
Dickinson	Loeffler	Udall
Dicks	Long (LA)	Wampler
Downey	Lott	Waxman
Dreier	Lowery (CA)	Weber (MN)
Dymally	Lowry (WA)	White
Edwards (AL)	Lungren	Whitehurst
Edwards (OK)	Martin (NC)	Whitley
Erdahl	Matsui	Whittaker
Erlenborn	McClory	Wilson
Evans (DE)	McCloskey	Winn
Evans (IA)	McDonald	Wolf
Fary	McGrath	Wortley
Fascell	McHugh	Wright
Fazio	Michel	Wylie
Fenwick	Mitchell (NY)	Yates
Fields	Mollohan	Young (AK)
Findley	Montgomery	Young (FL)
Foley	Moore	Zablocki
Forsythe	Moorhead	
Fountain	Morrison	

NOT VOTING—14

Badham	Dixon	Jones (NC)
Bevill	Dornan	Rhodes
Chisholm	Fithian	Schumer
Cotter	Florio	Wirth
Danielson	Holt	

□ 1800

The Clerk announced the following pairs:

Mr. Jones of North Carolina with Mrs. Holt.

Mr. Schumer with Mr. Badham.

Mr. Dixon with Mr. Rhodes.

Mr. Florio with Mr. Dornan of California.

Mr. Bevill with Mr. Wirth.

Mrs. Chisholm with Mr. Danielson.

Mrs. ROUKEMA, Mr. HUGHES, and Mr. NAPIER changed their votes from "yea" to "nay."

Messrs. STOKES, SCHEUER, HAWKINS, and DANIEL B. CRANE, Mrs.

BOUQUARD, and Mr. RALPH M. HALL changed their votes from "nay" to "yea."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. FORSYTHE

Mr. FORSYTHE. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. FORSYTHE. Yes, I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. FORSYTHE moves to recommit the bill, H.R. 3519, to the Committee on Armed Services.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. DICKINSON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 354, nays 63, not voting 15, as follows:

[Roll No. 140]

YEAS—354

Addabbo	Brodhead	Danielson
Akaka	Brooks	Dannemeyer
Albosta	Broomfield	Daschle
Alexander	Brown (CO)	Daub
Anderson	Brown (OH)	Davis
Andrews	Broyhill	de la Garza
Annunzio	Burgener	Deckard
Anthony	Butler	DeNardis
Applegate	Byron	Derwinski
Archer	Campbell	Dickinson
Ashbrook	Carman	Dicks
Atkinson	Carney	Dingell
Bafalis	Chappell	Dorgan
Bailey (MO)	Chappie	Dornan
Bailey (PA)	Cheney	Dougherty
Barnard	Clausen	Dowdy
Barnes	Clinger	Downey
Beard	Coats	Dreier
Benedict	Coelho	Duncan
Benjamin	Coleman	Dunn
Bennett	Collins (TX)	Dwyer
Bereuter	Conable	Dyson
Bethune	Conte	Eckart
Biaggi	Corcoran	Edwards (AL)
Blanchard	Coughlin	Edwards (OK)
Bliley	Courter	Emerson
Boggs	Coyne, James	Emery
Boland	Coyne, William	English
Boner	Craig	Erdahl
Bonker	Crane, Daniel	Erlenborn
Bouquard	Crane, Philip	Ertel
Bowen	D'Amours	Evans (DE)
Breaux	Daniel, Dan	Evans (GA)
Brinkley	Daniel, R. W.	Evans (IA)
Evans (IN)	Latta	Roberts (KS)
Fary	Leach	Roberts (SD)
Fascell	Leath	Robinson
Fazio	LeBoutillier	Roe
Fenwick	Lee	Roemer
Ferraro	Lehman	Rogers
Fiedler	Lent	Rose
Fields	Levitas	Rostenkowski
Findley	Lewis	Roth
Fish	Livingston	Roukema
Flippo	Loeffler	Rousselot
Foglietta	Long (LA)	Rudd
Foley	Long (MD)	Russo
Ford (MI)	Lott	Santini
Ford (TN)	Lowery (CA)	Sawyer
Fountain	Lujan	Scheuer
Fowler Frenzel	Luken	Schneider
Frost	Lungren	Schulze
Fuqua	Madigan	Sensenbrenner
Gaydos	Marks	Shamansky
Gejdenson	Marlenee	Shannon
Gephardt	Marriott	Sharp
Gibbons	Martin (IL)	Shaw
Gilman	Martin (NC)	Shelby
Gingrich	Martin (NY)	Shumway
Ginn	Matsui	Shuster
Glickman	Mattox	Siljander
Goldwater	Mavroules	Simon
Gonzalez	Mazzoli	Skeen
Goodling	McClory	Skelton
Gore	McCloskey	Smith (AL)
Gradison	McCollum	Smith (IA)
Gramm	McCurdy	Smith (NE)
Green	McDade	Smith (NJ)
Gregg	McDonald	Smith (OR)
Grisham	McEwen	Snowe
Guarini	McGrath	Snyder
Gunderson	McHugh	Solarz
Hagedorn	McKinney	Solomon
Hall (OH)	Mica	Spence
Hall, Ralph	Michel	St Germain
Hall, Sam	Mikulski	Stangeland
Hamilton	Miller (OH)	Stanton
Hammerschmidt	Mineta	Staton
Hance	Minish	Stenholm
Hansen (ID)	Mitchell (NY)	Stratton
Hansen (UT)	Molinari	Stump
Hartnett	Mollohan	Swift
Hatcher	Montgomery	Synar
Heckler	Moore	Tauzin
Hefner	Moorhead	Taylor
Heftel	Morrison	Thomas
Hendon	Mottl	Traxler
Hertel	Murphy	Trible
Hightower	Murtha	Udall
Hiler	Myers	Vander Jagt
Hillis	Napier	Volkmer
Holland	Natcher	Walgren
Hollenbeck	Neal	Walker
Hopkins	Nelligan	Wampler
Horton	Nelson	Watkins
Howard	Nichols	Waxman
Hoyer	O'Brien	Weber (MN)
Hubbard	Oakar	Weber (OH)
Huckaby	Panetta	White
Hughes	Parris	Whitehurst
Hunter	Patman	Whitley
Hutto	Patterson	Whittaker
Ireland	Pease	Whitten
Jacobs	Pepper	Williams (MT)
Jeffords	Perkins	Williams (OH)
Jeffries	Petri	Wilson
Jenkins	Peyser	Winn
Johnston	Pickle	Wolf
Jones (OK)	Porter	Wortley
Jones (TN)	Price	Wright
Kazen	Pritchard	Wylie
Kemp	Pursell	Yatron
Kindness	Quillen	Young (AK)
Kogovsek	Railsback	Young (FL)
Kramer	Ratchford	Young (MO)
LaFalce	Regula	Zablocki
Lagomarsino	Rinaldo	Zeferetti
Lantos	Ritter	

NAYS—63

Aspin	Burton, Phillip	Early
AuCoin	Chisholm	Edgar
Bedell	Clay	Edwards (CA)
Beilenson	Collins (IL)	Forsythe
Bingham	Conyers	Frank
Bolling	Crockett	Garcia
Bonior	Dellums	Gray
Brown (CA)	Donnelly	Harkin
Burton, John	Dymally	Hawkins
Kastenmeier	Ottinger	Seiberling
Kildee	Paul	Stark
Leland	Rahall	Stokes
Lowry (WA)	Rangel	Studds
Lundine	Reuss	Tauke
Markey	Richmond	Vento
Miller (CA)	Rodino	Washington
Mitchell (MD)	Rosenthal	Weaver
Moakley	Roybal	Weiss
Moffett	Sabo	Wolpe
Oberstar	Savage	Wyden
Obey	Schroeder	Yates

NOT VOTING—15

Badham	Fithian	Nowak
Bevill	Florio	Pashayan
Cotter	Holt	Rhodes
Derrick	Hyde	Schumer
Dixon	Jones (NC)	Wirth

□ 1820

The Clerk announced the following pairs:

Mr. Jones of North Carolina with Mr. Badham.

Mr. Bevill with Mrs. Holt.

Mr. Derrick with Mr. Hyde.

Mr. Dixon with Mr. Rhodes.

Mr. Florio with Mr. Schumer.

Mr. Wirth with Mr. Nowak.

Mr. Fithian with Mr. Pashayan.

Mr. LANTOS changed his vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. PRICE. Mr. Speaker, pursuant to the provisions of House Resolution 163, I call up from the Speaker's table the Senate bill (S. 815) to authorize appropriations for fiscal year 1982, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons and for research, development, test, and evaluation for the Armed Forces, to authorize appropriations for fiscal year 1982 for operations and maintenance expenses of the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for fiscal year 1982 for civil defense, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

MOTION OFFERED BY MR. PRICE

Mr. PRICE. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. PRICE moves to strike out all after the enacting clause of the Senate bill, S. 815, and to insert in lieu thereof the provisions contained in the bill, H.R. 3519, as passed, as follows:

That this Act may be cited as the "Department of Defense Authorization Act, 1982".

TITLE I—PROCUREMENT

AUTHORIZATION OF APPROPRIATIONS

SEC. 101. Funds are hereby authorized to be appropriated for fiscal year 1982 for the

use of the Armed Forces of the United States for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons in amounts as follows:

AIRCRAFT

For aircraft: for the Army, $1,880,300,000; for the Navy and the Marine Corps, $9,902,600,000; for the Air Force, $14,665,498,000, of which $1,942,000,000 is available only for procurement of the B-1 bomber aircraft.

MISSILES

For missiles: for the Army, $2,745,800,000; for the Navy, $2,549,800,000; for the Marine Corps, $223,024,000; for the Air Force, $4,593,246,000.

NAVAL VESSELS

For naval vessels: for the Navy, $10,290,100,000.

TRACKED COMBAT VEHICLES

For tracked combat vehicles: for the Army, $3,469,500,000; for the Marine Corps, $281,739,000.

TORPEDOES

For torpedoes and related support equipment: for the Navy, $516,600,000.

OTHER WEAPONS

For other weapons: for the Army, $655,400,000; for the Navy, $200,200,000; for the Marine Corps, $136,344,000; for the Air Force, $3,047,000.

AUTHORIZATION OF APPROPRIATIONS FOR CONTRIBUTION TO AIRBORNE WARNING AND CONTROL SYSTEM (AWACS) FOR NATO

SEC. 102. There is authorized to be appropriated for fiscal year 1982 the sum of $358,200,000 to be available only for contribution by the United States of its share of the cost for such fiscal year of acquisition by the North Atlantic Treaty Organization of the Airborne Early Warning and Control System.

CERTAIN AUTHORITY PROVIDED SECRETARY OF DEFENSE IN CONNECTION WITH THE NATO AIRBORNE WARNING AND CONTROL SYSTEM (AWACS) PROGRAM

SEC. 103. (a) During fiscal year 1982, the Secretary of Defense, in carrying out the Multilateral Memorandum of Understanding Between the North Atlantic Treaty Organization (NATO) Ministers of Defence on the NATO E-3A Cooperative Programme, signed by the Secretary of Defense on December 6, 1978, may—

(1) waive reimbursement for the cost of the following functions performed by personnel other than personnel employed in the United States Air Force Airborne Warning and Control System (AWACS) program office:

(A) auditing;
(B) quality assurance;
(C) codification;
(D) inspection;
(E) contract administration;
(F) acceptance testing;
(G) certification services; and
(H) planning, programing, and management services;

(2) waive any surcharge for administrative services otherwise chargeable; and

(3) in connection with the NATO E-3A Cooperative Programme for fiscal year 1982, assume contingent liability for—

(A) program losses resulting from the gross negligence of any contracting officer of the United States;

(B) identifiable taxes, customs duties, and other charges levied within the United States on the program; and

(C) the United States share of the unfunded termination liability.

(b) Authority under this section to enter into contracts shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

PROHIBITION ON CONSTRUCTION OF NAVAL VESSELS IN FOREIGN SHIPYARDS

SEC. 104. None of the funds appropriated pursuant to the authorization of appropriations for the Navy for naval vessels in section 101 may be used for the construction or conversion of a naval vessel in a foreign shipyard.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

AUTHORIZATION OF APPROPRIATIONS

SEC. 201. (a) Funds are hereby authorized to be appropriated for fiscal year 1982 for the use of the Armed Forces of the United States for research, development, test, and evaluation in amounts as follows:

For the Army, $3,741,470,000.

For the Navy (including the Marine Corps), $5,699,531,000.

For the Air Force, $8,833,700,000.

For the Defense agencies, $1,914,797,000, of which $53,000,000 is authorized for the activities of the Director of Test and Evaluation, Defense.

(b) In addition to the funds authorized to be appropriated in subsection (a), there are authorized to be appropriated for fiscal year 1982, such additional sums as may be necessary for increases in salary, pay, retirement, and other employee benefits authorized by law for civilian employees of the Department of Defense whose compensation is provided for by funds authorized to be appropriated in such subsection.

MULTIROLE STRATEGIC BOMBER

SEC. 202. (a)(1) The Secretary of Defense shall complete full-scale engineering development and shall begin initial procurement of the B-1 manned strategic bomber aircraft in a manner that will achieve an initial operational capability (IOC) for such aircraft not later than July 1, 1987.

(2) Concurrently with development of the B-1 bomber aircraft under paragraph (1), the Secretary of Defense shall proceed with research, development, test, and evaluation of an advanced technology bomber aircraft.

(b) Notwithstanding subsection (a)(1), amounts appropriated pursuant to section 201 for research, development, test, and evaluation that are available for the B-1 bomber aircraft, and amounts appropriated pursuant to section 101 for aircraft procurement that are available for the B-1 bomber aircraft, shall be available for research, development, test, and evaluation of an advanced technology bomber aircraft if—

(1) the President determines, and certifies to the Congress, that it is in the national interest of the United States not to develop the B-1 bomber aircraft; and

(2) the Congress, before the end of 60 legislative days beginning on the date of the receipt of such certification, adopts a concurrent resolution stating in substance that it approves such determination by the President.

Amounts described in the preceding sentence may not be obligated or expended for research development, test, and evaluation of an advanced technology bomber aircraft other than in accordance with such sentence.

(c) For the purpose of subsection (b), a legislative day is a day on which either House of Congress is in session.

MX MISSILE SYSTEM BASING MODE

SEC. 203. (a) Of the amount authorized to be appropriated by section 201 for research, development, test, and evaluation for the Air Force, $2,423,200,000 is available for appropriation of funds for research, development, test, and evaluation for the MX intercontinental ballistic missile system.

(b) No funds appropriated pursuant to the authorization for the MX missile system in subsection (a) may be obligated or expended with respect to a basing mode for the MX missile until—

(1) the President selects a specific basing mode for the MX missile system and certifies to the Congress in writing a description of the basing mode selected;

(2) the Secretary of Defense submits to the Committees on Armed Services of the Senate and House of Representatives a report in writing (A) justifying the selection of the President referred to in paragraph (1), and (B) containing a comparison and evaluation of alternative basing modes to the basing mode selected by the President and;

(3) a period of 60 days has elapsed after the certification under paragraph (1) has been received by the Congress and during which both Houses of Congress have not adopted resolutions of their respective Houses expressing disapproval of the development of the basing mode selected by the President.

(c) Development of the MX missile system shall continue so as to achieve an initial operational capability (IOC) for the MX missile system not later than December 31, 1986, as required by section 202(b) of the Department of Defense Authorization Act, 1981 (Public Law 96-342; 94 Stat. 1079).

TITLE III—OPERATION AND MAINTENANCE

AUTHORIZATION OF APPROPRIATIONS

SEC. 301. (a) Funds are hereby authorized to be appropriated for fiscal year 1982 for the use of the Armed Forces of the United States and other activities and agencies of the Department of Defense for operation and maintenance in amounts as follows:

For the Army, $17,214,044,000.

For the Navy, $20,684,410,000.

For the Air Force, $19,230,740,000.

For the Marine Corps, $1,245,739,000.

For Defensewide activities, $4,901,207,000.

(b) In addition to the funds authorized to be appropriated in subsection (a), there are authorized to be appropriated for fiscal year 1982 such additional sums as may be necessary for increases in salary, pay, retirement, and other employee benefits authorized by law for civilian employees of the Department of Defense whose compensation is provided for by funds authorized to be appropriated in such subsection.

REPEAL OF REQUIREMENT FOR ANNUAL OPERATION AND MAINTENANCE REPORTS

SEC. 302. (a) Section 138 of title 10, United States Code, relating to annual authorization of appropriations, is amended—

(1) in subsection (a)(6), by striking out "(f)" and inserting in lieu thereof "(e)";

(2) by striking out subsection (e);

(3) by redesignating subsection (f) as subsection (e); and

(4) in subsection (e), as so redesignated—

(A) by striking out "(1)"; and

(B) by striking out paragraph (2).

(b)(1) The heading of such section is amended to read as follows:

"§ 138. Annual authorization of appropriations and personnel strengths for the armed forces; annual manpower requirements report."

(2) The item relating to such section in the table of sections at the beginning of chapter 4 of such title is amended to read as follows:

"138. Annual authorization of appropriations and personnel strengths for the armed forces; annual manpower requirements report.".

PRESERVATION OF MILITARY NATURE OF VETERINARY SUPPORT TO DEFENSE RESEARCH AND DEVELOPMENT ACTIVITIES

SEC. 303. None of the funds appropriated pursuant to an authorization of appropriations contained in this Act may be used for the purpose of converting military veterinary positions that are supporting research and development activities of the Department of Defense or of any of the Armed Forces to civilian positions.

PROHIBITION OF CONTRACTING OUT ENTIRE MEDICAL FACILITIES

SEC. 304. None of the funds appropriated pursuant to an authorization of appropriations contained in this Act may be used for the purpose of contracting-out an entire medical facility.

LEASED SATELLITE COMMUNICATIONS (LEASAT) SYSTEM

SEC. 305. Of the amount authorized to be appropriated in section 301 for operation and maintenance of the Navy, $67,000,000 is available for the Leased Satellite Communications (LEASAT) system.

TITLE IV—ACTIVE FORCES

AUTHORIZATION OF END STRENGTHS

SEC. 401. The Armed Forces are authorized strengths for active duty personnel as of September 30, 1982, as follows:

(1) The Army, 786,368.
(2) The Navy, 554,900.
(3) The Marine Corps, 192,100.
(4) The Air Force, 586,832.

QUALITY CONTROL ON ENLISTMENTS

SEC. 402. (a) For the fiscal year beginning on October 1, 1981, the percentage of male individuals (with no prior military service) who are enlisted into the Army during such fiscal year who are high school graduates shall be not less than 75 percent. That percentage may be reduced by 1 percent for each percent of the male individuals (with no prior military service) enlisted during such fiscal year who are not high school graduates but whose score on the Armed Forces Qualification Test is above the fiftieth percentile, but may not be reduced below 65 percent.

(b) Section 520 of title 10, United States Code, relating to limitations on enlistment, is amended—

(1) by inserting "(a)" before "For" in the first sentence; and

(2) by adding at the end thereof the following new subsection:

"(b) A person who is not a high school graduate may not be accepted for enlistment in the armed forces unless the score of such person on the Armed Forces Qualification Test is at or above the thirty-first percentile.".

INCLUSION OF AIR FORCE PHYSICIAN ASSISTANTS IN OFFICERS DESIGNATED TO PERFORM PROFESSIONAL FUNCTIONS

SEC. 403. Section 8067(f) of title 10, United States Code, is amended by inserting ", including physician assistant functions," after "functions".

REPEAL OF LIMITATION ON OVERSEAS TRAVEL AND TRANSPORTATION ALLOWANCES FOR DEPENDENTS OF JUNIOR ENLISTED MEMBERS

SEC. 404. (a) Section 406 of title 37, United States Code, relating to travel and transportation allowances for dependents, is amended—

(1) by striking out "Except as provided in subsection (i) of this section, a" in subsection (a) and inserting in lieu thereof "A";

(2) by striking out "Except as provided in subsection (i) of this section, in" in subsection (h) and inserting in lieu thereof "In"; and

(3) by striking out subsection (i).

(b) The amendments made by subsection (a) shall take effect on October 1, 1981.

CHANGE OF TITLE OF NEW PERMANENT FLAG GRADE FOR THE NAVY FROM COMMODORE ADMIRAL TO COMMODORE

SEC. 405. (a) Section 5501 of title 10, United States Code, is amended by striking out "admiral" in clause (4) after "Commodore".

(b)(1) The following sections of title 10, United states Code are amended by striking out "admiral" after "commodore" each place it appears: 101(41), 601(c)(2), 611(a), 612(a)(3), 619(a)(2)(B), 619(c)(2)(A)(ii), 625(a), 625(c), 634, 635, 637(b)(2), 638(a)(3), 638(b), 638(c), 645(1)(A)(ii), 5138(a), 5149(b), 5155(c), 5442, 5444, 5457(a), and 6389(f).

(2) Section 5444 of such title is amended by striking out "commodore admirals" in subsections (a) and (f) and inserting in lieu thereof "commodores".

(3) The tables in section 5442(a) and 5444(a) of such title are amended by striking out "commodore admirals" and inserting in lieu thereof "commodores".

(4)(A) The heading of section 625 of such title is amended by striking out "admiral" after "commodore".

(B) The item relating to such section in the tables of sections at the beginning of subchapter II of chapter 36 of such title is amended by striking out "admiral" after "commodore".

(5)(A) The headings of sections 635, 5442, and 5444 of such title are amended by striking out "commodore admirals" and inserting in lieu thereof "commodores".

(B) The items relating to such sections in the tables of sections at the beginning of subchapter III of chapter 36 of such title and in the table of sections at the beginning of chapter 533 of such title are amended by striking out "commodore admirals" and inserting in lieu thereof "commodores".

(6) The table in section 741(a) of such title is amended by striking out "admiral" after "Commodore".

(c) The table in section 201(a) of title 37, United States Code, is amended by striking out "admiral" after "Commodore" in the third column.

(d)(1) Section 614 of the Defense Officer Personnel Management Act (94 Stat. 2946) is amended by striking out "admiral" after "commodore" each place it appears.

(2) The heading of such section is amended to read as follows:

"TRANSITION PROVISIONS TO NEW COMMODORE GRADE".

(3) The item relating to such section in the table of contents in section 1(b) of such Act is amended to read as follows:

"Sec. 614. Transition provisions to new commodore grade.".

(e) The amendments made by this section shall take effect on September 15, 1981.

TWO-YEAR EXTENSION OF PILOT DEPARTMENT OF DEFENSE EDUCATIONAL LOAN REPAYMENT PROGRAM

SEC. 406. Section 902(g) of the Department of Defense Authorization Act, 1981 (Public Law 96-342; 94 Stat. 1115), is amended by striking out "October 1, 1981" and inserting in lieu thereof "October 1, 1983".

TITLE V—RESERVE FORCES

AUTHORIZATION OF AVERAGE STRENGTHS FOR SELECTED RESERVE

SEC. 501. (a) For fiscal year 1982, the Selected Reserve of the reserve components of the Armed Forces shall be programed to attain average strengths of not less than the following:

(1) The Army National Guard of the United States, 392,800.
(2) The Army Reserve, 235,300.
(3) The Naval Reserve, 90,000.
(4) The Marine Corps Reserve, 37,600.
(5) The Air National Guard of the United States, 98,600.
(6) The Air Force Reserve, 62,800.
(7) The Coast Guard Reserve, 12,000.

(b) The average strength prescribed by subsection (a) for the Selected Reserve of any reserve component shall be proportionately reduced by (1) the total authorized strength of units organized to serve as units of the Selected Reserve of such component which are on active duty (other than for training) at any time during the fiscal year, and (2) the total number of individual members not in units organized to serve as units of the Selected Reserve of such component who are on active duty (other than for training or for unsatisfactory participation in training) without their consent at any time during the fiscal year. Whenever such units or such individual members are released from active duty during any fiscal year, the average strength prescribed for such fiscal year for the Selected Reserve of such reserve component shall be proportionately increased by the total authorized strength of such units and by the total number of such individual members.

AUTHORIZATION OF END STRENGTH FOR RESERVES ON ACTIVE DUTY IN SUPPORT OF THE RESERVES

SEC. 502. (a) Within the average strengths prescribed in section 501, the reserve components of the Armed Forces are authorized as of September 30, 1982, the following number of Reserves to be serving on full-time active duty for the purpose of organizing, administering, recruiting, instructing, or training the reserve components:

(1) The Army National Guard of the United States, 11,439.
(2) The Army Reserve, 6,285.
(3) The Naval Reserve, 208.
(4) The Marine Corps Reserve, 447.
(5) The Air National Guard of the United States, 3,312.
(6) The Air Force Reserve, 701.

(b) Upon a determination by the Secretary of Defense that such action is in the national interest, the end strengths prescribed by subsection (a) may be increased by a total of not more than the number equal to 2 percent of the total of the end strengths prescribed.

INCREASE IN NUMBER OF CERTAIN PERSONNEL AUTHORIZED TO BE ON ACTIVE DUTY IN SUPPORT OF THE RESERVE COMPONENTS

SEC. 503. (a) Section 517 of title 10, United States Code, relating to the number of enlisted members in pay grades E-8 and E-9 , is amended—

(1) by striking out the table in subsection (b) and inserting in lieu thereof the following:

"Grade	Army	Navy	Air Force	Marine Corps
E–9	222	146	76	4
E–8	908	319	307	12";

and

(3) by adding at the end thereof the following new subsection:

"(c) Whenever the number of members serving in pay grade E-9 is less than the number authorized for that grade under subsection (a), or whenever the number of members serving in pay grade E-9 for duty described in subsection (b) is less than the number authorized for that grade under subsection (b), the difference between the two numbers may be applied to increase the number authorized under such subsection for pay grade E-8.".

(b) The columns under the headings "Army" and "Air Force" in the table contained in section 524(a) of title 10, United States Code, relating to the number of reserve officers who may be on active duty in support of the reserve components, are amended to read as follows:

"Army	Air Force
1,105	189
551	194
171	147".

(c) The amendments made by this section shall take effect on October 1, 1981.

DEFENSE MOBILIZATION CAPABILITY

SEC. 504. (a) The Secretary of Defense shall submit to the Congress, not later than January 15, 1982, a plan for resolving the existing shortage in pretrained military manpower required for a mobilization. The plan shall outline the actions that the Secretary of Defense considers to be necessary to resolve the shortage by not later than January 15, 1987.

(b) The Secretary of Defense shall also conduct a study of the potential impact on military capability during an emergency or mobilization of the use of Department of Defense civilian employees and of employees of private contractors who are performing work for the Department of Defense on a contractual basis who are not subject to the Uniform Code of Military Justice. The Secretary of Defense shall submit the results of such study to the Congress not later than February 1, 1982.

EXTENSION OF AUTHORITY FOR CERTAIN RESERVE BONUSES

SEC. 505. Sections 308d(e) and 308e(e) of title 37, United States Code, are amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1985".

TITLE VI—CIVILIAN PERSONNEL

AUTHORIZATION OF END STRENGTHS

SEC. 601. (a) The Department of Defense is authorized a strength in civilian personnel, as of September 30, 1982, of 1,031,900.

(b) The strength for civilian personnel prescribed in subsection (a) shall be apportioned among the Department of the Army, the Department of the Navy (including the Marine Corps), the Department of the Air Force, and the agencies of the Department of Defense (other than the military departments) in such numbers as the Secretary of Defense shall prescribe. The Secretary of Defense shall report to the Congress within sixty days after the day of the enactment of this Act on the manner in which the initial allocation of civilian personnel is made among the military departments and the agencies of the Department of Defense (other than the military departments) and shall include the rationale for each allocation.

(c) In computing the strength for civilian personnel, there shall be included all direct-hire and indirect-hire civilian personnel employed to perform military functions administered by the Department of Defense (other than those performed by the National Security Agency) whether employed on a full-time, part-time, or intermittent basis, but excluding special employment categories for students and disadvantaged youth such as the stay-in-school campaign, the temporary summer aid program and the Federal junior fellowship program and personnel participating in the worker-trainee opportunity program. Personnel employed under a part-time career employment program established by section 3402 of title 5, United States Code, shall be counted as prescribed by section 3404 of that title. Whenever a function, power, or duty, or activity is transferred or assigned to a department or agency of the Department of Defense from a department or agency outside of the Department of Defense, or from another department or agency within the Department of Defense, the civilian personnel end strength authorized for such departments or agencies of the Department of Defense affected shall be adjusted to reflect any increases or decreases in civilian personnel required as a result of such transfer or assignment.

(d) When the Secretary of Defense determines that such action is necessary in the national interest or if any conversion of commercial- and industrial-type functions from performance by Department of Defense personnel to performance by private contractors which was anticipated to be made during fiscal year 1982 in the budget of the President submitted for such fiscal year is not determined to be appropriate for such conversion under established administrative criteria, the Secretary of Defense may authorize the employment of civilian personnel in excess of the number authorized by subsection (a), but such additional number may not exceed two percent of the total number of civilian personnel authorized for the Department of Defense by subsection (a). The Secretary of Defense shall promptly notify the Congress of any authorization to increase civilian personnel strength under this subsection.

RESTRICTION ON CONTRACTING-OUT OF COMMERCIAL- AND INDUSTRIAL-TYPE FUNCTIONS

SEC. 602. Section 502 of the Department of Defense Authorization Act, 1981 (Public Law 96-342; 94 Stat. 1086; 10 U.S.C. 2304 note) is amended by striking out subsection (d) and inserting in lieu thereof the following:

"(d)(1) In addition to the requirements of subsection (a) and of existing Executive orders, Office of Management and Budget circulars, and regulations, a contract for the performance of a commercial- or industrial-type-function of the Department of Defense by a private contractor (including an extension or renewal of such a contract) may only be made if the military commander of the major operating command to which the function is assigned certifies to the Secretary of the military department concerned that the performance of such function by a private contractor would not have a significant adverse effect on the mobilization or emergency contingency missions assigned to that command or on the anticipated requirements of that command in time of war.

"(2) The Secretary of the military department concerned shall promptly forward to the Committees on Armed Services of the Senate and House of Representatives a copy of each certification received by the Secretary under paragraph (1).".

REPEAL OF REQUIREMENT FOR REDUCTION IN NUMBER OF SENIOR-GRADE CIVILIAN EMPLOYEES IN THE DEPARTMENT OF DEFENSE

SEC. 603. Section 811(a) of the Department of Defense Appropriation Authorization Act, 1978 (10 U.S.C. 131 note), is amended—

(1) by striking out paragraph (2); and

(2) by redesignating paragraph (3) as paragraph (2) and by striking out "paragraphs (1) and (2)" in such paragraph and inserting in lieu thereof "paragraph (1)".

STUDENTS EMPLOYED IN RESEARCH AND DEVELOPMENT LABORATORIES

SEC. 604. (a)(1) Chapter 139 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 2360. Research and development laboratories: contracts for services of university students

"(a) Subject to the availability of appropriations for such purpose, the Secretary of Defense may procure by contract under the authority of this section the temporary or intermittent services of students at institutions of higher learning for the purpose of providing technical support at defense research and development laboratories. Such contracts may be made directly with such students or with nonprofit organizations employing such students.

"(b) Students providing services pursuant to a contract made under subsection (a) shall be considered to be employees for the purposes of chapter 81 of title 5, relating to compensation for work injuries, and to be employees of the government for the purposes of chapter 171 of title 28, relating to tort claims. Such students who are not otherwise employed by the Federal Government shall not be considered to be Federal employees for any other purpose.

"(c) The Secretary of Defense shall prescribe regulations to carry out this section. Such regulations shall include definitions for the purposes of this section of the terms 'student', 'institution of higher learning', and 'nonprofit organization'.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"2360. Research and development laboratories: contracts for services of university students.".

(b) The amendments made by subsection (a) shall take effect on October 1, 1981.

TITLE VII—MILITARY TRAINING STUDENT LOADS

AUTHORIZATION OF TRAINING STUDENT LOADS

SEC. 701. (a) For fiscal year 1982, the components of the Armed Forces are authorized average military training student loads as follows:

(1) The Army, 75,728.

(2) The Navy, 65,133.

(3) The Marine Corps, 18,311.

(4) The Air Force, 46,389.

(5) The Army National Guard of the United States, 14,537.

(6) The Army Reserve, 10,830.

(7) The Naval Reserve, 1,041.
(8) The Marine Corps Reserve, 2,835.
(9) The Air National Guard of the United States, 2,157.
(10) The Air Force Reserve, 1,405.

(b) The average military student loads for the Army, the Navy, the Marine Corps, and the Air Force and the reserve components authorized in subsection (a) for fiscal year 1982 shall be adjusted consistent with the manpower strengths authorized in titles IV, V, and VI of this Act. Such adjustment shall be apportioned among the Army, the Navy, the Marine Corps, and the Air Force and the reserve components in such manner as the Secretary of Defense shall prescribe.

EXTENSION OF REDUCTION IN NUMBER OF STUDENTS REQUIRED TO BE IN A UNIT OF THE JUNIOR RESERVE OFFICERS' TRAINING CORPS

SEC. 702. Section 602 of the Department of Defense Authorization Act, 1981 (Public Law 96-342; 94 Stat. 1087), is amended by striking out "August 31, 1981" and inserting in lieu thereof "August 31, 1982".

TITLE VIII—CIVIL DEFENSE

AUTHORIZATION OF APPROPRIATIONS

SEC. 801. (a) There is hereby authorized to be appropriated for fiscal year 1982 to carry out the provisions of the Federal Civil Defense Act of 1950 the sum of $174,000,000. Of such amount, $44,000,000 is authorized to be appropriated for contributions to the States for personnel and administrative expenses under section 205 of that Act, and any amount appropriated for such purpose may not be obligated or expended for any other purpose.

(b) The level of funding in the authorization of appropriations in subsection (a) represents the first year of a comprehensive seven-year upgraded funding program for civil defense known as the "D-Prime" program, which is based upon the goal of achieving a comprehensive population relocation capability for time of crisis. The program originated in executive branch studies in the civil defense area that provided the basis for Presidential Directive 41, issued in September 1978, and is consistent with the action of Congress in enacting title V of the Federal Civil Defense Act of 1950 in Public Law 96-342.

AMOUNT AUTHORIZED FOR CONTRIBUTION FOR STATE PERSONNEL AND ADMINISTRATIVE EXPENSES

SEC. 802. Section 408 of the Federal Civil Defense Act of 1950 (50 U.S.C. App. 2260) is amended by striking out "$40,000,000" and inserting in lieu thereof "$47,000,000".

DUAL-USE

SEC. 803. (a)(1) Title III of the Federal Civil Defense Act of 1950 is amended by adding at the end thereof the following new section:

"DUAL-USE FOR ATTACK-RELATED CIVIL DEFENSE AND DISASTER-RELATED CIVIL DEFENSE

"SEC. 207. Funds made available to the States under this Act may be used by the States for preparing for, and providing emergency assistance in response to, natural disasters. The Administrator shall prescribe regulations to carry out the preceding sentence. Such regulations shall authorize the use for such purposes of civil-defense personnel, materials, and facilities supported in whole or in part through contributions under this Act. Regulations prescribed under this subsection shall provide terms and conditions authorizing such use to the greatest extent practicable and consistent with the purposes of this Act as stated in section 2.".

(2) Subsection (h) of section 205 of such Act (50 U.S.C. App. 2287) is repealed.

(3) Regulations shall be prescribed under section 207 of the Federal Civil Defense Act of 1950, as added by paragraph (1), not later than the end of the 90-day period beginning on the date of the enactment of this Act.

(4) The table of contents of such Act is amended by inserting after the item relating to section 206 the following new item:

"Sec. 207. Dual-use for attack-related civil defense and disaster-related civil defense.".

(b) Section 2 of such Act (50 U.S.C. App. 2251) is amended—

(1) by striking out ", in this thermonuclear age," in the first sentence;

(2) by inserting "and from natural disasters" after "from attack" in the second sentence; and

(3) by striking out "basic" in the fourth sentence and inserting in lieu thereof "attack-related".

(c) Section 3 of such Act (50 U.S.C. App. 2252) is amended—

(1) by redesignating paragraphs (b), (c), (d), (e), (f), and (g) as paragraphs (c), (d), (e), (f), (g), and (h), respectively;

(2) by inserting after paragraph (a) the following new paragraph (b):

"(b) The term 'natural disaster' means any hurricane, tornado, storm, flood, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, drought, fire, or other catastrophe in any part of the United States which causes, or which may cause, substantial damage or injury to civilian property or persons and, for the purposes of this Act, any explosion, civil disturbance, or any other manmade catastrophe shall be deemed to be a natural disaster;"

(3) by inserting "or by a natural disaster" in clause (1) of paragraph (c) (as so redesignated) after "attack upon the United States"; and

(4) by inserting "or natural disaster" after "attack" each place it appears in such paragraph after clause (1).

(d)(1) Paragraph (c) of section 201 of such Act (50 U.S.C. App. 2281(c)) is amended by striking out "of enemy attacks to the civilian population" and inserting in lieu thereof "to the civilian population of an attack or natural disaster".

(2) Paragraph (d) of such section is amended by inserting "and natural disasters" after "effects of attacks".

(3) Paragraph (g) of such section is amended by inserting "or natural disaster" after "attack" each place it appears in such paragraph.

(e) Section 205(d)(1) of such Act (50 U.S.C. App. 2286(d)(1)) is amended by inserting "and the areas which may be affected by natural disasters" after "target and support areas".

TITLE IX—GENERAL PROVISIONS

RESEARCH GRANTS

SEC. 901. Section 2358(1) of title 10, United States Code, relating to research projects, is amended by inserting ", or by grant to," after "by contract with".

REQUIREMENT FOR ANNUAL AUTHORIZATION OF APPROPRIATIONS FOR AMMUNITION AND FOR OTHER PROCUREMENT NOT CURRENTLY SUBJECT TO ANNUAL AUTHORIZATION

SEC. 902. (a) Section 138(a) of title 10, United States Code, relating to annual authorization of appropriations, is amended—

(1) by striking out "or" at the end of clause (6); and

(2) by inserting after clause (7) the following new clauses:

"(8) procurement of ammunition; or

"(9) other procurement by any armed force or by the activities and agencies of the Department of Defense (other than the military departments);".

(b) The amendments made by subsection (a) shall apply with respect to funds appropriated for fiscal years beginning after September 30, 1982.

INCREASES IN DOLLAR THRESHOLDS FOR CERTAIN DEFENSE CONTRACT REGULATIONS

SEC. 903. (a) Sections 2304(a)(3) and 2304(g) of title 10, United States Code, are amended by striking out "$10,000" and inserting in lieu thereof "$25,000".

(b) Section 2306(f)(1) of such title is amended by striking out "$100,000" each place it appears and inserting in lieu thereof "$500,000".

(c) Section 2311 of such title is amended by striking out "$100,000" and inserting in lieu thereof "$5,000,000".

FACILITATION OF SELECTIVE SERVICE REGISTRATION AND OF MILITARY RECRUITING

SEC. 904. (a) Section 3 of the Military Selective Service Act (50 U.S.C. App. 453) is amended—

(1) by inserting "(a)" after "SEC. 3."; and

(2) by adding at the end thereof the following new subsection:

"(b) Regulations prescribed pursuant to subsection (a) may require that persons presenting themselves for and submitting to registration under this section provide, as part of such registration, such identifying information (including date of birth, address, and social security account number) as such regulations may prescribe.".

(b) Section 12 of such Act (50 U.S.C. App. 462) is amended by adding at the end thereof the following new subsection:

"(e) The President may require the Secretary of Health and Human Services to furnish to the Director, from records available to the Secretary, the following information with respect to individuals who are members of any group of individuals required by a proclamation of the President under section 3 to present themselves for and submit to registration under such section: name, date of birth, social security account number, and address. Information furnished to the Director by the Secretary under this subsection shall be used only for the purpose of the enforcement of this Act.".

(c) Section 15 of such Act (50 U.S.C. App. 465) is amended by adding at the end thereof the following new subsection:

"(e) In order to assist the Armed Forces in recruiting individuals for voluntary service in the Armed Forces, the Director of Selective Service shall, upon the request of the Secretary of Defense or the Secretary of Transportation, furnish to the Secretary the names and addresses of individuals registered under this Act. Names and addresses furnished pursuant to the preceding sentence may be used by the Secretary of Defense or Secretary of Transportation only for recruiting purposes.".

DETERMINATION OF CHARGES FOR CHAMPUS PAYMENTS

SEC. 905. (a)(1) Subsection (h) of section 1079 of title 10, United States Code, is amended to read as follows:

"(h)(1) Payment for a charge for services by an individual health-care professional (or other noninstitutional health-care provider) for which a claim is submitted under a plan contracted for under subsection (a) may be denied only to the extent that the charge exceeds the amount equivalent to the 90th

percentile of billed charges made for similar services in the same locality during the base period.

"(2) For the purposes of paragraph (1), the 90th percentile of charges shall be determined by the Secretary of Defense, in consultation with the Secretary of Health and Human Services, and the base period shall be a period of twelve calendar months. The base period shall be adjusted at least once a year.".

(2) Section 1086(f) of such title is amended by striking out "physician services" and inserting in lieu thereof "services by an individual health-care professional (or other noninstitutional health-care provider)".

(b) The amendments made by subsection (a) shall apply with respect to claims submitted for payment for services provided after September 30, 1981.

DEFERRAL OF PERSONNEL END-STRENGTH LIMITATIONS DURING A NATIONAL EMERGENCY

SEC. 906. (a) Section 138(b) of title 10, United States Code, is amended by inserting "average" after "authorize the".

(b) Section 138(c) of such title is amended by adding at the end thereof the following new paragraph:

"(4) If at the end of any fiscal year there is in effect a war or national emergency, the President may defer the effectiveness of any end-strength limitation with respect to that fiscal year enacted by Congress for any military or civilian component of the armed forces or of the Department of Defense. Any such deferral may not extend beyond November 30 of the following fiscal year. The President shall promptly notify Congress of any deferral of an end-strength limitation under this paragraph.".

CIVIL RESERVE AIR FLEET

SEC. 907. (a) Chapter 931 of title 10, United States Code, is amended—

(1) by inserting after the chapter heading the following:

"Subchapter
"I. General 9501
"II. Civil Reserve Air Fleet 9511

"SUBCHAPTER I—GENERAL"; and

(2) by adding at the end thereof the following new subchapter:

"SUBCHAPTER II—CIVIL RESERVE AIR FLEET

"9511. Definitions.
"9512. Contracts to modify aircraft: cargo-convertible features.
"9513. Contracts to modify aircraft: commitment of aircraft to Civil Reserve Air Fleet.

"§ 9511. Definitions

"In this subchapter:

"(1) 'Aircraft', 'citizen of the United States', 'person', and 'public aircraft' have the meaning given those terms by section 101 of the Federal Aviation Act of 1958 (49 U.S.C. 1301).

"(2) 'Cargo air service' means the carriage of property or mail on the main deck of a civil aircraft.

"(3) 'Cargo-capable aircraft' means a civil aircraft equipped so that all or substantially all of the aircraft's capacity can be used for the carriage of property or mail.

"(4) 'Passenger aircraft' means any civil aircraft equipped so that its main deck can be used for the carriage of individuals and cannot be used principally, without major modification, for the carriage of property or mail.

"(5) 'Cargo-convertible feature' means equipment or design features included or incorporated in a passenger aircraft that can readily enable all or substantially all of that aircraft's main deck to be used for the carriage of property or mail.

"(6) 'Civil aircraft' means any aircraft other than a public aircraft.

"(7) 'Civil Reserve Air Fleet' means those aircraft allocated, or identified for allocation, to the Department of Defense under section 101 of the Defense Production Act of 1950 (50 U.S.C. App. 2071), or made available (or agreed to be made available) for use by the Department of Defense under a contract made under this title, as part of the program developed by the Department of Defense through which the Department of Defense augments its airlift capability by use of civil aircraft.

"(8) 'Contractor' means a citizen of the United States (A) who owns or controls, or who will own or control, a civil aircraft and who contracts with the Secretary of the Air Force to modify that aircraft by including or incorporating cargo-convertible features suitable for defense purposes in that aircraft and to commit that aircraft to the Civil Reserve Air Fleet, or (B) who subsequently obtains ownership or control of a civil aircraft covered by such a contract and assumes all existing obligations under that contract.

"(9) 'Existing aircraft' means any civil aircraft other than a new aircraft.

"(10) 'New aircraft' means any civil aircraft that a manufacturer has not begun to assemble before the aircraft is covered by a contract under section 9512 of this title.

"(11) 'Secretary' means the Secretary of the Air Force.

"§ 9512. Contracts to modify aircraft: cargo-convertible features

"(a) Subject to chapter 137 of this title, and to the extent that funds are otherwise available for obligation, the Secretary may contract with any citizen of the United States (1) for the modification of any new aircraft to be owned or controlled by that citizen by the inclusion of cargo-convertible features suitable for defense purposes in that aircraft, or (2) for the modification of any existing passenger aircraft owned or controlled by that citizen by the incorporation of cargo-convertible features suitable for defense purposes in that aircraft.

"(b) Each contract made under subsection (a) shall include the terms required by section 9513 of this title and the following terms:

"(1) The contractor shall agree that each aircraft covered by the contract that is not already registered under section 501 of the Federal Aviation Act of 1958 (49 U.S.C. 1401) shall be registered under that section not later than the completion of the manufacture of the aircraft or the completion of the modification of the aircraft under the contract.

"(2) The contractor shall agree to repay to the United States a percentage (to be established in the contract) of any amount paid by the United States to the contractor under the contract with respect to any aircraft if—

"(A) the aircraft is destroyed;

"(B) the cargo-convertible features specified in the contract are removed from the aircraft;

"(C) control over the aircraft is transferred to any person that is unable or unwilling to assume the contractor's obligations under the contract;

"(D) the registration of the aircraft under section 501 of the Federal Aviation Act of 1958 is terminated for any reason not beyond the control of the contractor; or

"(E) having agreed in the contract that the main deck of the aircraft will not be used for cargo air service, the contractor uses, or permits the use of, the main deck of the aircraft for cargo air service.

"(c) A contract made under subsection (a) with respect to any aircraft may include the following terms:

"(1) If the contractor agrees that the main deck of the aircraft will not be used in cargo air service, the Secretary may agree to pay the contractor—

"(A) an amount not to exceed 100 percent of the cost of modifying the aircraft to include or incorporate cargo-convertible features suitable for defense purposes in that aircraft, as described in subsection (a);

"(B) an amount to compensate the contractor for the loss of use of the aircraft during the time required to make such modification, such amount to be determined by taking into consideration the fair market rental cost of a similar aircraft (not including crews, ground facilities, or other support costs) for that time, the estimated loss of revenue by the contractor attributable to the aircraft being out of service during that time, and such other factors as the Secretary considers appropriate; and

"(C) in the case of an existing aircraft, 100 percent of the cost of positioning the aircraft for modification, recertification of that aircraft after modification, returning that aircraft to service, and other costs directly associated with the modification.

"(2) If the contractor does not agree that the main deck of the aircraft will not be used for cargo air service, the Secretary may agree to pay the contractor an amount not to exceed 50 percent of the cost of modifying the aircraft to include or incorporate cargo-convertible features suitable for defense purposes.

"(3) The Secretary may under the contract be authorized to contract directly with a person chosen by the contractor to perform the modification of the aircraft to include or incorporate cargo-convertible features suitable for defense purposes in that aircraft and to pay to that person chosen by the contractor—

"(A) if the contractor agrees that the main deck of that aircraft will not be used for cargo air service, an amount less than or equal to the amount to which the contractor would otherwise be entitled under paragraph (1)(A); or

"(B) if the contractor does not agree that the main deck of that aircraft will not be used for cargo air service, an amount less than or equal to the amount to which the contractor would otherwise be entitled to under paragraph (2).

"(d) In addition to any amount the Secretary may agree under subsection (c)(1) or (c)(3)(A) to pay under a contract made under subsection (a), the Secretary may agree under such a contract that, if the contractor agrees that the main deck of the aircraft will not be used in cargo air service, the Secretary shall make a lump sum or annual payments (or a combination thereof) to the contractor to cover any increased costs of operation or any loss of revenue attributable to the inclusion or incorporation of cargo-convertible features suitable for defense purposes in the aircraft.

"(e)(1) Subject to paragraph (2), the Secretary may agree, in any contract made under subsection (a), to pay the contractor an amount for any loss resulting from the subsequent sale of an aircraft modified under that contract if the sale of that aircraft is for a price less then the fair market

value, at the time of the sale, of an aircraft substantially similar to the aircraft being sold but without the cargo-convertible features.

"(2) The Secretary may not agree to make any payment under this subsection with respect to the sale of any modified aircraft unless—

"(A) the sale is within 16 years and six months after the modified aircraft was initially delivered by the manufacturer to its original owner, in the case of an aircraft that was modified during manufacture, or by the modifier to the owner at the time of modification, in the case of an aircraft that was modified after manufacture;

"(B) the Secretary received written notice of the proposed sale at least 60 days before the sale;

"(C) the contractor used its best efforts to obtain bids for the purchase of the aircraft;

"(D) the sale is a bona fide, arm's-length transaction made to the highest bidder for a price that is less than the fair market value of an aircraft substantially similar to the modified aircraft but without the cargo-convertible features; and

"(E) before the sale the Secretary was given an opportunity to and refused to purchase the modified aircraft for a price equal to the fair market value, at the time of the sale, of an aircraft substantially similar to the modified aircraft but without the cargo-convertible features.

"(3) Any amount that may be payable under a contract provision made under this subsection may not exceed the difference between (A) the sales price of the modified aircraft, and (B) the fair market value, at the time of the sale, of an aircraft substantially similar to the modified aircraft but without the cargo-convertible features included or incorporated into the modified aircraft under the contract.

"(4) The Secretary may use any funds appropriated for Air Force procurement for fiscal year 1982 or thereafter to pay any obligation under a contract provision made under this subsection.

"§ 9513. Contracts to modify aircraft: commitment of aircraft to Civil Reserve Air Fleet

"(a) Each contract under section 9512 of this title shall provide—

"(1) that any aircraft covered by the contract shall be committed to the Civil Reserve Air Fleet;

"(2) that, so long as the aircraft is owned or controlled by a contractor, the contractor shall operate the aircraft for the Department of Defense as needed during any activation of the full Civil Reserve Air Fleet, notwithstanding any other contract or commitment of that contractor; and

"(3) that the contractor operating the aircraft for the Department of Defense shall be paid for that operation at fair and reasonable rates.

"(b) Notwithstanding section 101 of the Defense Production Act of 1950 (50 U.S.C. App. 2071), each aircraft covered by a contract under section 9512 of this title shall be committed exclusively to the Civil Reserve Air Fleet for use by the Department of Defense as needed during any activation of the full Civil Reserve Air Fleet unless the aircraft is released from that use by the Secretary of Defense.".

(b) Effective beginning with fiscal year 1982, there are authorized to be appropriated such sums as may be necessary to carry out subchapter II of chapter 931 of title 10, United States Code (as added by subsection (a)).

AUTHORIZATION OF MILITARY COOPERATION WITH CIVILIAN LAW ENFORCEMENT OFFICIALS

SEC. 908. (a) Part I of subtitle A of title 10, United States Code, is amended by adding after chapter 17 the following new chapter:

"CHAPTER 18—MILITARY COOPERATION WITH CIVILIAN LAW ENFORCEMENT OFFICIALS

"Sec.
"371. Use of information obtained by members of the Army, Navy, Air Force, and Marine Corps.
"372. Use of Army, Navy, Air Force, and Marine Corps equipment and facilities.
"373. Training and advising civilian law enforcement officials.
"374. Regulations.
"375. Assistance by Department of Defense personnel.

"§ 371. Use of information obtained by members of the Army, Navy, Air Force, and Marine Corps

"The Secretary of Defense may, in accordance with other applicable law, provide to Federal, State, or local law enforcement officials any information collected during the normal course of military operations that may be relevant to a violation of any Federal or State law within the jurisdiction of such officials.

"§ 372. Use of Army, Navy, Air Force, and Marine Corps equipment and facilities

"The Secretary of Defense may, in accordance with other applicable law, make available any equipment, base facility, or research facility of the Army, Navy, Air Force, or Marine Corps to any Federal, State, or local civilian law enforcement official for law enforcement purposes.

"§ 373. Training and advising civilian law enforcement officials

"The Secretary of Defense may assign members of the Army, Navy, Air Force, and Marine Corps to train Federal, State, and local civilian law enforcement officials in the operation and maintenance of equipment made available under section 372 of this title and to provide expert advice relevant to the purposes of this chapter.

"§ 374. Regulations

"(a) The Secretary of Defense shall issue such regulations as may be necessary to assure that the provision of any assistance, or the provision of any equipment or facility, to any law enforcement official under this chapter does not—

"(1) adversely affect the military preparedness of the United States; or

"(2) include or permit direct participation by any member of the Army, Navy, Air Force, or Marine Corps in any search and seizure, arrest, or other similar activity unless participation in such activity by such member is authorized by section 375 of this title or is otherwise authorized by law.

"(b) The Secretary of Defense shall issue regulations providing that reimbursement may be a condition of assistance to any law enforcement official under this chapter.

"§ 375. Assistance by Department of Defense personnel

"(a) Subject to subsection (b), the Secretary of Defense, upon request from the head of an agency with jurisdiction to enforce the Controlled Substances Act (21 U.S.C. 801 et seq.), the Controlled Substances Import and Export Act (21 U.S.C. 951 et seq.), any of sections 274 through 278 of the Immigration and Nationality Act (8 U.S.C. 1324-1328), or a law relating to the arrival or departure of merchandise (as defined in section 401 of the Tariff Act of 1930 (19 U.S.C. 1401)) into or out of the customs territory of the United States (as defined in general headnote 2 of the Tariff Schedules of the United States (19 U.S.C. 1202)) or any other territory or possession of the United States, may assign personnel of the Department of Defense to operate and maintain or assist in operating and maintaining equipment made available under section 372 of this title with respect to any criminal violation of any such provision of law and to take necessary action incidental to such operation or assistance.

"(b) No equipment made available under section 372 of this title may be operated in the land area of the United States (or of any territory or other possession of the United States) by or with the assistance of personnel assigned under subsection (a) except to the extent the equipment (1) is used for monitoring and communicating the movement of air and sea traffic, or (2) is entering or leaving the land area of the United States (or of any possession or other territory of the United States) incidental to a mission assigned to be accomplished only outside such area.

"(c) The Secretary of Defense, upon request from the head of a Federal agency with jurisdiction to enforce the Controlled Substances Act (21 U.S.C. 801 et seq.) or the Controlled Substances Import and Export Act (21 U.S.C. 951 et seq.), may assign members of the armed forces to assist such agency's drug enforcement officials in drug seizures or arrests outside the land area of the United States (or of the territories and possessions of the United States) if (1) that assistance will not adversely affect the military preparedness of the United States, (2) the Secretary of Defense verifies that the drug enforcement operation may not succeed without military personnel assistance, and (3) Federal drug enforcement officials maintain ultimate control over the activities and direction of any drug enforcement operation.".

(b) The tables of chapters at the beginning of subtitle A of such title and at the beginning of part I of subtitle A of such title are amended by adding after the item relating to chapter 17 the following new item:

"18. Military Cooperation with Civilian Law Enforcement Officials .... 371".

(c) Effective beginning with fiscal year 1982, there are authorized to be appropriated such sums as may be necessary to carry out chapter 18 of title 10, United States Code (as added by subsection (a)).

(d) Not later than 30 days after the end of the 180-day period beginning on the date of the enactment of this Act, the Secretary of Defense shall submit a comprehensive report to Congress on the operation through the end of such period of chapter, 18 of title 10, United States Code (as added by subsection (a)). Such report shall include findings of the Secretary concerning the effect of assistance provided under such chapter.

ARMED SERVICES PROCUREMENT POLICY

SEC. 909. (a) Section 2301 of title 10, United States Code, relating to defense procurement policy, is amended—

(1) by inserting "(b)" before "It is"; and

(2) by inserting after the section heading the following:

"(a)(1) The Congress finds that in order to ensure national defense preparedness, to conserve fiscal resources, and to enhance defense production capability, it is in the interest of the United States to acquire prop-

erty and services for the Department of Defense in the most timely, economic, and efficient manner. It is therefore the policy of the Congress that services and property (including weapon systems and associated items) for the Department of Defense be acquired by any kind of contract, other than cost-plus-a-percentage-of-cost contracts, but including multiyear contracts, that will promote the interest of the United States. Further, it is the policy of the Congress that such contracts, when practicable, provide for the purchase of property at times and in quantities that will result in reduced costs to the Government and provide incentives to contractors to improve productivity through investment in capital facilities, equipment, and advanced technology.

"(2) It is also the policy of the Congress that contracts for advance procurement of components, parts, and materials necessary for manufacture or for logistics support of a weapon system should, if feasible and practicable, be entered into in a manner to achieve economic-lot purchases and more efficient production rates.".

(b) Section 2306 of such title, relating to the kinds of defense contracts, is amended—

(1) by striking out "to be performed outside the forty-eight contiguous States and the District of Columbia" in subsection (g); and

(2) by adding at the end thereof the following new subsection:

"(h)(1) To the extent that funds are otherwise available for obligation, the head of an agency may make contracts (other than contracts described in paragraph (6)) for the purchase of property, including weapon systems and items and services associated with weapon systems (or the logistics support thereof), for periods of not more than five fiscal years of procurement whenever he finds—

"(A) that the use of such a contract will promote the national security of the United States and will result in reduced total costs under the contract;

"(B) that there will be a continuing requirement for the items to be purchased in quantities consonant with current plans for the proposed contract period;

"(C) that there is a low risk of contract cancellation; and

"(D) that there is a stable design for the items to be acquired for which the technical risks are not excessive.

"(2)(A) The Secretary of Defense shall prescribe defense acquisition regulations to promote the use of multiyear contracting as authorized by paragraph (1) in a manner that will allow the most efficient use of multiyear contracting.

"(B) Such regulations may provide for cancellation provisions in such multiyear contracts to the extent that such provisions are necessary and in the best interests of the United States. Such cancellation provisions may include consideration of both recurring and nonrecurring costs of the contractor associated with the production of the items to be delivered under the contract.

"(C) In order to broaden the defense industrial base, such regulations shall provide that, to the extent possible—

"(i) multiyear contracting under paragraph (1) shall be used in such a manner as to seek, retain, and promote the use under such contracts of companies that are subcontractors, vendors, or suppliers; and

"(ii) upon accrual of any payment or other benefit under such a multiyear contract to any subcontractor, vendor, or supplier company participating in such contract, such payment or benefit shall be delivered to such company in the most expeditious manner practicable.

"(D) Such regulations shall also provide that, to the extent possible, the administration of this subsection, and of the regulations prescribed under this subsection, shall not be carried out in a manner to preclude or curtail the existing ability of agencies in the Department of Defense to—

"(i) provide for competition in the production of items to be delivered under such a contract; or

"(ii) provide for termination of a prime contract the performance of which is deficient with respect to cost, quality, or schedule.

"(3) Before any contract described in paragraph (1) that contains a clause setting forth a cancellation ceiling in excess of $100,000,000 may be awarded, the head of the agency concerned shall give written notification of the proposed contract and of the proposed cancellation ceiling for that contract to the Committees on Armed Services and on Appropriations of the Senate and House of Representatives, and such contract may not then be awarded until the end of the 30-day period beginning on the date of such notification.

"(4) Contracts made under this subsection may be used for the advance procurement of components, parts, and materials necessary to the manufacture of a weapon system, and contracts may be made under this subsection for such advance procurement, if feasible and practical, in order to achieve economic-lot purchases and more efficient production rates.

"(5) In the event funds are not made available for the continuation of a contract made under this subsection into a subsequent fiscal year, the contract shall be canceled or terminated, and the costs of cancellation or termination may be paid from—

"(A) appropriations originally available for the performance of the contract concerned;

"(B) appropriations currently available for procurement of the type of property concerned, and not otherwise obligated; or

"(C) funds appropriated for those payments.

"(6) This subsection does not apply to contracts for the construction, alteration, or major repair of improvements to real property or contracts for the purchase of property to which section 111 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 759) applies.

"(7) This subsection does not apply to the Coast Guard or the National Aeronautics and Space Administration.".

(c) Section 139(c) of such title, relating to reports on weapons development and procurement schedules, is amended—

(1) by striking out "and" at the end of clause (2);

(2) by striking out the period at the end of clause (3) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following:

"(4) the most efficient production rate and the most efficient acquisition rate consistent with the program priority established for such weapon system by the Secretary concerned.".

(d) Not later than the end of the ninety-day period beginning on the date of the enactment of this Act—

(1) the Secretary of Defense shall issue such modifications to existing regulations governing defense acquisitions as may be necessary to implement the amendments made by subsections (a), (b), and (c); and

(2) the Director of the Office of Management and Budget shall issue such modifications to existing Office of Management and the Budget directives as may be necessary to take into account the amendments made by subsections (a) and (b).

(e) Section 810 of the Department of Defense Appropriation Authorization Act, 1976 (Public Law 94-106; 89 Stat. 539), is repealed.

(f) Section 2311 of title 10, United States Code, relating to delegation of authority, is amended—

(1) by striking out "(1)"; and

(2) by striking out ", and (2) authorizing contracts in excess of three years under section 2306(g) of this title".

PROHIBITION OF FULL-TIME EQUIVALENT EMPLOYEE METHODOLOGY

SEC. 910. None of the funds appropriated pursuant to an authorization of appropriations contained in this Act may be used to establish or administer within the Department of Defense (or any part thereof) any civilian personnel management system using the "full-time equivalent employee" methodology.

EXTENSION OF SUSPENSION OF VINSON-TRAMMEL ACT PROFIT-LIMITATION PROVISIONS

SEC. 911. Section 1005 of the Department of Defense Authorization Act, 1981 (Public Law 96-342; 94 Stat. 1120), is amended by striking out "October 1, 1981" each place it appears and inserting in lieu thereof "July 1, 1982".

ASSISTANCE TO YORKTOWN BICENTENNIAL CELEBRATION

SEC. 912. (a) Notwithstanding any other provision of law, the Secretary of Defense is authorized, in connection with the observance on October 19, 1981, of the two hundredth anniversary of the surrender of Lord Cornwallis to General George Washington at Yorktown, Virginia, which date has been proclaimed by Public Law 96-414 (94 Stat. 1724) as a National Day of Observance of that historic event—

(1) to provide logistical support and personnel services for the national observance of such events;

(2) to lend and provide equipment to officials of the Yorktown Bicentennial Committee as requested by the Secretary of the Interior; and

(3) to provide such other services as the Secretary of Defense may consider advisable.

(b) There is authorized to be appropriated to the Secretary of Defense an amount not to exceed $750,000 for the purpose of carrying out subsection (a).

(c) No funds may be obligated or expended for carrying out the purposes of subsection (a) unless such funds have been specifically appropriated for such purposes.

MILITARY BASE REUSE STUDIES AND COMMUNITY PLANNING ASSISTANCE

SEC. 913. (a)(1) Chapter 141 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 2391. Military base reuse studies and community planning assistance

"(a) Whenever the Secretary of Defense or the Secretary of the military department concerned publicly announces that a military installation is a candidate for closure or that a final decision has been made to close a military installation and the Secretary of

Defense determines, because of the location, facilities, or other particular characteristics of the installation, that the installation may be suitable for some specific Federal, State, or local use potentially beneficial to the Nation, the Secretary of Defense may conduct such studies, including the preparation of an environmental impact statement in accordance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), in connection with such installation and such potential use as may be necessary to provide information sufficient to make sound conclusions and recommendations regarding the possible use of the installation.

"(b)(1) The Secretary of Defense may make grants, conclude cooperative agreements, and supplement funds made available under Federal programs administered by agencies other than the Department of Defense in order to assist State and local governments, and regional organizations composed of State and local governments, in planning community adjustments required (A) by the proposed or actual establishment, realignment, or closure of a military installation, or (B) by the cancellation or termination of a Department of Defense contract or the failure to proceed with an approved major weapon system program, if the Secretary of Defense determines that the action is likely to impose a significant impact on the affected community.

"(2) In the case of the establishment or expansion of a military installation, assistance may be made under paragraph (1) only if (A) community impact assistance or special impact assistance is not otherwise available, and (B) the establishment or expansion involves the assignment to the installation of more than 2,500 military and civilian Department of Defense personnel or more military and civilian Department of Defense personnel than the number equal to ten percent of the number of persons employed in counties or independent municipalities within fifteen miles of the installation, whichever is lesser.

"(3) In the case of the cancellation or termination of a Department of Defense contract or the failure to proceed with an approved major weapon system program, assistance may be made under paragraph (1) only if the cancellation, termination, or failure to proceed involves the loss of 2,500 or more full-time Department of Defense and contractor employee positions in the locality of the affected community.

"(4) Funds provided to State and local governments and regional organizations under this section may be used as part or all of any required non-Federal contribution to a Federal grant-in-aid program for the purposes stated in paragraph (1).

"(5) Not more than $2,000,000 in assistance may be provided under this subsection in any fiscal year.

"(c) The Secretary of Defense shall submit a report not later than December 1 of each year to the Committees on Armed Services of the Senate and House of Representatives concerning the operation of this section during the preceding fiscal year. Each such report shall show each State, unit of local government, and regional organization that received a grant under this section during such fiscal years and the total amount granted under this section during such year to each such State, unit of local government, and regional organization.

"(d) In this section, the term 'military installation' includes any camp, post, station, base, yard, or other facility under the jurisdiction of the Department of Defense that is located within any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, or Guam.

"(e) The authority of the Secretary of Defense to make grants under this section in any fiscal year is subject to the availabiltiy of appropriations for that purpose.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"2391. Military base reuse studies and community planning assistance.".

(b) Section 610 of the Military construction Authorization Act, 1977 (Public Law 94-431; 90 Stat. 1349), is repealed.

(c) The first report under subsection (c) of section 2391 of title 10, United States Code, as added by subsection (a), shall be submitted not later than December 1, 1982.

RESTRICTION ON PURCHASE OF FOREIGN-MADE MOTOR VEHICLES

SEC. 914. (a) Chapter 141 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 2391. Restriction on purchase of foreign-made administrative motor vehicles

"The Secretary of a military department may not make a contract or agreement for the purchase of administrative motor vehicles that are manufactured outside the United States of Canada unless (1) the contract or agreement is for an amount less than $50,000, or (2) the Congress has specifically stated in law that it authorizes the purchase of such motor vehicles manufactured outside the United States or Canada.".

(b) the table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"§ 2391. Restriction on purchase of foreign-made administrative motor vehicles".

SEC. 915. (a) The President shall submit to the Congress not later than January 15, 1982, such recommendations as he considers necessary or appropriate to improve the efficiency and management, and eliminate, waste, fraud, abuse and mismanagement, in the operation of the Department of Defense.

(b) In addition to the information required by subsection (a), the President shall—

(1) set forth each recommendation by the Comptroller General since January 1, 1979, for the elimination of waste, fraud, abuse, or mismanagement in the Department of Defense; and

(2) provide a statement of—

(A) which recommendations set forth prusuant to paragraph (1) have been adopted and the actual and projected cost savings from each; and

(B) which recommendations set forth prusuant to paragraph (1) have not been adopted and the projected costs savings from each and an explanation of why each such recommendation has not been adopted.

RECRUITMENT OF INDIVIDUALS WITH HIGH SCHOOL EQUIVALENCY CERTIFICATES

SEC. 916. (a) During fiscal year 1982, no gender-based distinction may be made in the acceptance of individuals for original enlistment into the Armed Forces (including upon attainment of a high school equivalency certificate), except when the Secretary of Defense determines that such gender-based distinction is necessary to maintain readiness.

(b) The Secretary of Defense shall submit a report to Congress not later than January 15, 1982, on the impact of subsection (a). Such report shall also compare the performance and effect on readiness of male and female enlistees who are secondary school graduates, who are not secondary school graduates but have high school equivalency certificates, and who are neither secondary school graduates nor have high school equivalency certificates.

LIMITATION ON SALES OF SILVER FROM THE NATIONAL DEFENSE STOCKPILE

SEC. 917. (a) Any authority of the President to dispose of silver now held in the National Defense Stockpile established by section 3 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98b) which has been determined to be in excess to the requirements of the stockpile (whether such authority is effective before, on, or after the date of the enactment of this Act) shall be terminated on September 30, 1982, unless the President at least 30 days before such date determines that the remaining silver authorized for disposal is excess to the current requirements of the stockpile as of the date of the determination.

(b)(1) Any determination by the President under subsection (a) shall be based upon affirmative consideration of the following factors:

(A) The demand requirements annually over the next ten years for silver as a strategic and critical material to supply the industrial, military, and naval needs of the country for common defense.

(B) The domestic supply over the next ten years, as a function of price, of silver available to meet demand requirements established pursuant to subparagraph (A).

(C) Potential import dependence over the next ten years on foreign supplies of silver to meet demand requirements established pursuant to subparagraph (A).

(D) The effect of disposal on (i) the world silver market (in terms of price and production), (ii) the domestic and international silver mining industry (in terms of exploration and production activities), (iii) international currency and monetary policy, and (iv) long-range military preparedness.

(2) Any determination by the President under subsection (a) shall be reported promptly to the Committees on Armed Services of the Senate and House of Representatives with a detailed discussion and analysis of the factors in paragraph (1) and any other relevant factors.

(c) This section shall apply to the authority of the President to dispose of silver held in the National Defense Stockpile unless Congress by a law enacted after the date of the enactment of this Act specifically amends, supersedes, or repeals this section.

ANNUAL REPORT ON PROJECTED ACQUISITION COSTS

SEC. 918. Section 139 of title 10, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) Each report submitted pursuant to subsection (a) shall include the projected total acquisition cost of each item for which funds are individually authorized and appropriated and for which funds are requested in the President's Budget for that year if the total projected acquisition cost of that item is $1,000,000,000 or more (in current dollars) and if that item will be in advanced development (or a later stage of the acquisition process) during the coming fiscal year. Each such projected total acquisition cost shall be stated both the current dollars and in projected actual amount of outlays.

STUDY ON FOREIGN LANGUAGE REQUIREMENTS

SEC. 919. (a)(1) The Secretary of Defense shall conduct a study on the feasibility of requiring each cadet and midshipmen at the United States Military Academy, the United States Naval Academy, and the United States Air Force Academy and each member of the Senior Reserve Officers' Training Corps program to study at least one foreign language and to increase existing requirements for foreign language study at such academies and in such program.

(2) The Secretary shall include in such study consideration of the desirability and feasibility of paying a bonus to each member of the Armed Forces stationed in a foreign country who is proficient in the native language (other than English) of such country.

(b) A report on the study conducted pursuant to subsection (a) shall be submitted by the Secretary of Defense to the Congress not later than the date occurring 12 months after the date of the enactment of this section.

SEC. 920. It is the sense of the Congress that the Secretary of the Army should strengthen his capability to verify the accuracy of large claims made by the Federal Republic of Germany against the United States for damage resulting from official manuevers, operations, and other activities of the United States Army—

(1) whenever possible, through the use of members of the United States Army Corps of Engineers stationed in the Federal Republic of Germany, or

(2) if such members are not available for such purpose, through the use of other personnel of the Department of the Army.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title of the Senate bill was amended so as to read: "A bill to authorize appropriations for fiscal year 1982 for the Armed Forces for procurement, for research, development, test, and evaluation, and for operation and maintenance, to prescribe personnel strengths for such fiscal year for the Armed Forces and for civilian employees of the Department of Defense, to authorize appropriations for such fiscal year for civil defense, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 3519) was laid on the table.

APPOINTMENT OF CONFEREES ON S. 815

Mr. PRICE. Mr. Speaker, I ask unanimous consent that the House insist on its amendment to the Senate bill, S. 815, and request a conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentleman from Illinois? The Chair hears none, and appoints the following conferees: Messrs. PRICE, BENNETT, STRATTON, WHITE, NICHOLS, BRINKLEY, MOLLOHAN, DAN DANIEL, DICKINSON, WHITEHURST, SPENCE, BEARD, and MITCHELL of New York, Mrs. HOLT, Messrs. BOLAND, MINETA, GORE, and ROBINSON from the Permanent Select Committee on Intelligence only when differences regarding intelligence-related activities are under consideration; and in addition, solely for consideration of section 908 of the House amendment and section 915 of the Senate bill: Messrs. HUGHES, MAZZOLI, SAM B. HALL, JR., SAWYER, and MCCLORY.

PERSONAL EXPLANATION

(Mr. DANIELSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANIELSON. Mr. Speaker, I was necessarily absent from the floor at 6:04 p.m. this evening and missed rollcall No. 139, the Hillis amendment, which carried by a vote of 231 to 187.

If I had been present I would have voted "aye."

AUTHORIZING CLERK TO CORRECT SECTION NUMBERS, PUNCTUATION, AND CROSS REFERENCES IN ENGROSSMENT OF HOUSE AMENDMENTS TO S. 815

Mr. PRICE. Mr. Speaker, I ask unanimous consent that in the engrossment of the House amendments to the Senate bill, S. 815, the Clerk be authorized to make necessary technical corrections, including section numbers, punctuation and cross references, as may be necessary to reflect the actions of the House in amending the bill H.R. 3519.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

GENERAL LEAVE

Mr. PRICE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to review and extend their remarks, and to include extraneous matter, on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

□ 1830

URGING THAT NECESSARY STEPS BE TAKEN TO INSURE THAT SOCIAL SECURITY BENEFITS ARE NOT REDUCED FOR THOSE CURRENTLY RECEIVING THEM

Mr. WRIGHT. Mr. Speaker, I have at the desk a resolution, and I ask unanimous consent for its immediate consideration.

The SPEAKER. The Clerk will report the resolution.

The Clerk read the resolution, as follows:

H. RES. 181

Whereas, the House Ways and Means Committee reported a reconciliation bill which did not cut benefits for current recipients of social security and

Whereas, the House, by adoption of the Latta substitute nevertheless adopted changes in the Social Security minimum benefit which will result in reduced benefits for an estimated two million current recipients of social security and

Whereas, the Senate adopted a similar reduction affecting current recipients of social security: Therefore, be it

Resolved, That the House of Representatives strongly urges that the necessary steps be taken to insure that social security benefits are not reduced for those currently receiving them.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. GRAMM. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

REPORT ON H.R. 4169, DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES, APPROPRIATIONS, 1982

Mr. SMITH of Iowa, from the Committee on Appropriations, submitted a privileged report (Rept. No. 97-180) on the bill (H.R. 4169) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1982, and for other purposes, which was referred to the Union Calendar and ordered to be printed.

Mr. O'BRIEN reserved all points of order on the bill.

MOTION TO CLOSE CONFERENCE COMMITTEE MEETINGS ON DEPARTMENT OF DEFENSE AUTHORIZATION BILL WHEN CLASSIFIED NATIONAL SECURITY INFORMATION IS UNDER CONSIDERATION

Mr. PRICE. Mr. Speaker, I offer a motion.

The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

Mr. PRICE moves that, pursuant to rule XXVIII 6(a) of the House rules, the conference committee meetings between the House and the Senate on S. 815, the fiscal year 1982 Department of Defense authorization, be closed to the public at such times as classified national security information is under consideration, *Provided however*, That any sitting Member of Congress shall have the right to attend any closed or open meeting.

Mr. WRIGHT. Mr. Speaker, will the gentleman from Illinois yield?

Mr. PRICE. I yield to the majority leader.

(By unanimous consent, Mr. WRIGHT was allowed to speak out of order.)

IMPACT OF CUTS IN MINIMUM SOCIAL SECURITY PAYMENTS

Mr. WRIGHT. Mr. Speaker, the purpose of my seeking recognition in this way is to tell the House about the resolution which I had sought unanimous consent to introduce and have considered, and to which objection was heard.

I believe that there is a strong sense in the House that the House acted much too hastily in wiping out the minimum $122 a month social security benefits to approximately 3 million elderly Americans, most of them poor. Some of them are among the most politically defenseless of our citizenry. Much of the money goes to women, many of them over 80. Some of it goes to several thousand elderly nuns; and I was hopeful that by the passage of this resolution we might avoid the inevitability of—if Members find that laughable, I have something to say about their sense of humor. I do not think it is laughable when the House has acted hastily to do something which I think most Members would like to undo.

Unfortunately, a simliar provision occurs in the Senate-passed bill, and under the Senate-passed bill the $122 a month checks would end in August 1981; whereas, under the House-passed bill they would end in April 1982, but in both cases they would end.

Only last Sunday the Budget Director, Mr. Stockman, said on national television, incorrectly, that no persons presently receiving social security benefits would have those benefits cut off or reduced. Unless we provide some moral basis and some official sanction for conferees representing the will of the House to yield from that ill-considered position, which I say in a kindly way was hasty and ill-considered, along with many of the other provisions that came in that single package, and unfortunately had to be voted upon in one vote, unless we provide some basis to allow members of that conference to have the moral sanction of the House to yield from their position and then to encourage the Senators to do likewise, then it is locked in.

By reason of the hastily considered action that we took and the action taken in the other body, those benefits will be reduced for those many, many elderly Americans who are among some of the most cruelly helpless victims of inflation.

So I would hope, Mr. Speaker, that on another occasion, if this should be offered, that no objection would be heard and that consideration of this very simple amendment, which simply urges on behalf of the House that the necessary steps be taken to correct the error and to insure that social security benefits shall not be reduced for those currently receiving them, might be considered.

Mr. PICKLE. Mr. Speaker, will the gentleman yield?

Mr. PRICE. I yield to the gentleman from Texas.

Mr. PICKLE. Mr. Speaker, what the majority leader has said is eminantly correct: That the House took action on the matter of minimum benefits and did not intend to, I am sure. It was abrupt, a cruel step to take, and it is going to require now social security to go back and try to find 2 to 3 million people who had qualified many years before. I will agree with him totally that should not have passed.

Now, the resolution says that we should do what we could. My inquiry to you is, what can we do other than pass another bill, if we have that within our province, because the only thing to reconcile in the conference is the question of the effective date, either January or April.

If there can be some other act that can be passed, then that would be in order, but I ask the gentleman: What can we do, even with this resolution, in view of the fact that we have already passed the other act?

Mr. WRIGHT. Mr. Speaker, will the gentleman from Illinois yield?

Mr. PRICE. I yield to the majority leader.

Mr. WRIGHT. Mr. Speaker, I think the only thing we could do under these circumstances to insure that this effect does not occur would be the passage of a resolution of this character which would give moral sanction officially on the part of the House to our conferees to seek a resolution that would go beyond the scope of the conference and to ask their colleagues in the Senate to do so, and then to encourage the Rules Committee to ask and the House to give upon the conference committee report a waiver of the point of order which otherwise would lie against the removal of this offending provision.

So that is the reason for the purposely vague language that simply states the desire of the House that this matter be taken out of the reconciliation bill and that those people presently receiving social security shall be protected from any reductions in their benefits.

Mr. PICKLE. Mr. Speaker, if the gentleman would yield further to me, I would hope we can have some language that would give us a chance to do something when we go to conference. I do not see what can be done. I would have hoped that the leadership would have advised the Social Security Subcommittee of this pending resolution so that we might have had some opportunity to look into possible ways to change that unfair action that was taken last week.

If nobody was going to object, I was going to invite those people who had voted for that resolution, that reconciliation last week, to make the objection. Before I could get their attention, the gentleman from Texas (Mr. GRAMM) had objected.

□ 1840

Now, Mr. Speaker, I ask again—and I am willing to listen—I want a vehicle, and I do not know what can be done under the circumstances.

Mr. WRIGHT. Mr. Speaker, if the gentleman will yield, I simply reiterate that under the present circumstances, if we are to avoid reducing benefits for persons presently drawing social security, then we must give some sanction and indeed encouragement officially on behalf of the House to the conferees on the reconciliation bill to seek a resolution which, notwithstanding the rules of the conference, would eliminate that offending provision which I think most of us did not intend and which those of us who might have intended have come to repent, so that we might then waive a point of order against the resulting conference report and remove that thorn from the flesh of the elderly.

Mr. PRICE. Mr. Speaker, I move the adoption of my motion.

The SPEAKER. Does the gentleman yield further?

Mr. MICHEL. Mr. Speaker, will the gentleman from Illinois yield to this gentleman from Illinois?

Mr. PRICE. I yield to the gentleman from Illinois.

Mr. MICHEL. Mr. Speaker, I appreciate the gentleman's yielding.

I want to first express my strong feeling and concern to the majority leader. I do not appreciate our side learning of your intention to try and bring up a resolution of this kind with no notice whatsoever. I just saw a copy during the consideration of the last rollcall. Having said that, I hope I have made a point.

Second, what the gentleman implies in his resolution was not the position taken in the other body. Let me read the Senate resolution.

Resolved, That it is the sense of the Senate that any proposals to make social security benefits subject to taxation would adversely affect social security recipients and undermine their confidence in the social security programs, that social security benefits are and should remain exempt from Federal taxation, and that the Ninety-seventh Congress will not enact legislation to subject social security benefits to taxation.

Mr. Speaker, that is what their resolution says. It has noting to do with minimum benefits. I would think particularly that the chairman of the subcommittee on this item would have at least suggested to the House that when one is denied access to a minimum benefit on social security, there is the supplemental security income program which will pay additional benefits over and above any minimum to those who are truly needy. They surely can capitalize on that program.

Is it right for us to allow anyone, regardless of how little they have paid into the system, to be allowed to receive $122 a month for the rest of their lifetime? I surely do not believe that is the purpose of our social security system.

Mr. PRICE. Mr. Speaker, I move the adoption of my motion.

PARLIAMENTARY INQUIRY

Mrs. SCHROEDER. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentlewoman will state it.

Mrs. SCHROEDER. Mr. Speaker, since so many things have intervened since the gentleman from Illinois (Mr. PRICE) offered his motion, could we have the motion restated again for the benefit of the House?

The SPEAKER. Without objection, the Clerk will rereport the motion.

There was no objection.

The Clerk reread the motion offered by the gentleman from Illinois (Mr. PRICE).

Mrs. SCHROEDER. I thank the Chair.

The SPEAKER. The question is on the motion offered by the gentleman from Illinois (Mr. PRICE).

On the gentleman's motion to close the conference, a rollcall vote is required.

The vote was taken by electronic device, and there were—yeas 381, nays 2, not voting 49, as follows:

[Roll No. 141]

YEAS—381

Akaka	Byron	Dreier
Albosta	Carman	Duncan
Alexander	Carney	Dunn
Anderson	Chappell	Dwyer
Anthony	Chappie	Dymally
Applegate	Cheney	Dyson
Archer	Chisholm	Early
Ashbrook	Clausen	Eckart
Aspin	Clinger	Edgar
Atkinson	Coats	Edwards (AL)
AuCoin	Coelho	Emerson
Bafalis	Collins (IL)	Emery
Bailey (MO)	Collins (TX)	English
Bailey (PA)	Conable	Erdahl
Barnard	Conte	Erlenborn
Barnes	Corcoran	Ertel
Bedell	Coughlin	Evans (GA)
Beilenson	Courter	Evans (IA)
Benedict	Coyne, James	Evans (IN)
Benjamin	Coyne, William	Fary
Bennett	Craig	Fascell
Bereuter	Crane, Daniel	Fazio
Bethune	Crane, Philip	Fenwick
Biaggi	D'Amours	Ferraro
Blanchard	Daniel, Dan	Fiedler
Bliley	Daniel, R. W.	Fields
Boggs	Danielson	Findley
Boner	Dannemeyer	Fish
Bonior	Daschle	Flippo
Bonker	Daub	Foglietta
Bouquard	Davis	Ford (MI)
Bowen	de la Garza	Ford (TN)
Breaux	Deckard	Fountain
Brinkley	Dellums	Fowler
Brodhead	DeNardis	Frank
Brooks	Derwinski	Frenzel
Broomfield	Dickinson	Frost
Brown (CA)	Dicks	Fuqua
Brown (CO)	Dingell	Garcia
Brown (OH)	Donnelly	Gaydos
Burgener	Dorgan	Gejdenson
Burton, John	Dornan	Gephardt
Burton, Phillip	Dowdy	Gibbons
Butler	Downey	Gilman
Ginn	Marriott	Roybal
Glickman	Martin (IL)	Rudd
Goldwater	Martin (NC)	Russo
Gonzalez	Martin (NY)	Sabo
Goodling	Matsui	Santini
Gore	Mattox	Savage
Gradison	Mavroules	Sawyer
Gramm	Mazzoli	Scheuer
Gray	McClory	Schneider
Gregg	McCloskey	Schroeder
Grisham	McCollum	Seiberling
Guarini	McCurdy	Sensenbrenner
Gunderson	McDade	Shamansky
Hall (OH)	McDonald	Shannon
Hall, Ralph	McEwen	Sharp
Hall, Sam	McGrath	Shaw
Hamilton	McHugh	Shelby
Hammerschmidt	McKinney	Shumway
Hance	Mica	Shuster
Hansen (ID)	Michel	Siljander
Hansen (UT)	Mikulski	Skeen
Harkin	Miller (CA)	Skelton
Hartnett	Miller (OH)	Smith (AL)
Hatcher	Mineta	Smith (IA)
Hawkins	Minish	Smith (NE)
Heckler	Mitchell (NY)	Smith (NJ)
Hefner	Moakley	Smith (OR)
Heftel	Moffett	Snowe
Hendon	Molinari	Snyder
Hertel	Mollohan	Solarz
Hightower	Montgomery	Solomon
Hiler	Moore	Spence
Hillis	Moorhead	St Germain
Holland	Morrison	Stangeland
Hopkins	Mottl	Stanton
Howard	Murphy	Stark
Hoyer	Murtha	Staton
Hubbard	Myers	Stenholm
Huckaby	Napier	Stokes
Hughes	Natcher	Stratton
Hunter	Neal	Studds
Hutto	Nelligan	Stump
Ireland	Nelson	Swift
Jacobs	Nowak	Synar
Jeffords	O'Brien	Tauke
Jeffries	Oakar	Tauzin
Jenkins	Oberstar	Taylor
Johnston	Obey	Thomas
Jones (OK)	Ottinger	Traxler
Jones (TN)	Panetta	Trible
Kastenmeier	Parris	Udall
Kazen	Patman	Vander Jagt
Kildee	Patterson	Vento
Kindness	Paul	Volkmer
Kogovsek	Pease	Walgren
Kramer	Pepper	Walker
LaFalce	Petri	Wampler
Lagomarsino	Peyser	Washington
Lantos	Porter	Watkins
Latta	Price	Waxman
Leach	Pritchard	Weaver
Leath	Pursell	Weber (MN)
LeBoutillier	Rahall	Weber (OH)
Lee	Railsback	White
Lehman	Rangel	Whitley
Leland	Ratchford	Whittaker
Lent	Regula	Whitten
Levitas	Reuss	Williams (MT)
Lewis	Richmond	Williams (OH)
Livingston	Rinaldo	Wilson
Loeffler	Ritter	Winn
Long (LA)	Roberts (KS)	Wolf
Long (MD)	Roberts (SD)	Wolpe
Lott	Robinson	Wortley
Lowery (CA)	Rodino	Wright
Lowry (WA)	Roe	Wyden
Lujan	Roemer	Wylie
Luken	Rogers	Yates
Lundine	Rose	Yatron
Lungren	Rostenkowski	Young (AK)
Madigan	Roth	Young (FL)
Markey	Roukema	Young (MO)
Marlenee	Rousselot	Zablocki

NAYS—2

Conyers	Weiss

NOT VOTING—49

Addabbo	Bevill	Campbell
Andrews	Bingham	Clay
Annunzio	Boland	Coleman
Badham	Bolling	Cotter
Beard	Broyhill	Crockett
Derrick	Hagedorn	Pickle
Dixon	Hollenbeck	Quillen
Dougherty	Holt	Rhodes
Edwards (CA)	Horton	Rosenthal
Edwards (OK)	Hyde	Schulze
Evans (DE)	Jones (NC)	Schumer
Fithian	Kemp	Simon
Florio	Marks	Whitehurst
Foley	Mitchell (MD)	Wirth
Forsythe	Nichols	Zeferetti
Gingrich	Pashayan	
Green	Perkins	

□ 1900

Mr. ERTEL changed his vote from "nay" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

ALL THE PRESIDENT'S ECONOMIC FORECASTS HAVE BEEN WRONG

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous material.)

Mr. ALEXANDER. Mr. Speaker, yesterday the White House issued its midyear economic report. To date, all of the President's economic forecasts have been wrong.

The President has had his way, but his Dunkirk economic policy has produced lower farm prices, food exports are below expectations, and U.S. manufactured goods have suffered a significant loss on international competitiveness.

The invisible policy of the administration is to maintain high interest rates, as accurately reported by Robert Samuelson in a recent article published in the Washington Post.

Mr. Speaker, the article follows:

[From the Washington Post, July 14, 1981]

DEFLATION: THE INVISIBLE POLICY

(By Robert J. Samuelson)

Question: What problem do French president Francois Mitterand, Brazilian coffee producers, oil-exporting countries and South Africa all have in common?

Answer: deflation.

Deflation is one of those awkward, anachronistic words that seems to belong to another era but soon may come back into style. Deflation is falling prices. More generally, it refers to government policies designed to make prices fall—or at least stop rising. And deflation is the Reagan administration's invisible foreign policy.

As leaders of the world's seven major industrial countries prepare for the Ottawa economic summit on July 19-21, it may become a lot more visible.

The Reagan administration is gambling that it can destroy worldwide inflationary psychology by re-establishing faith in the dollar and in money generally. It hopes that this restored faith will be its own reward: that it will renew confidence in the future, promote productive investment and growth.

Meanwhile, though, deflation hurts.

Europeans already complain that U.S. interest rates have spread to the Continent and threaten to aggravate unemployment. Developing countries now pay higher rates on their overseas dollar loans while receiv-

ing fewer dollars for their commodity exports. And the Japanese are upset because a depreciating yen makes their exports even more competitive, further fanning tensions with other countries.

All this constitutes a slippery part of foreign policy. Countries coalesce around common interests. Gone is the confidence that the United States represents the bedrock of world prosperity. In its place is a new anxiety and, consequently, U.S. economic policy becomes foreign policy. As Mitterand said, "One cannot hope for greater political and military cohesion and then let everyone do as he pleases in economics."

There's no escaping the connection. The dollar still remains the world's major trading and investment currency. When interest rates rise in the United States, rates on Eurodollar loans—those made with dollars on deposit outside the U.S.—also rise. Likewise, funds tend to flow from other currencies to take advantage of the higher rates.

This sets off a chain reaction. Other countries either can raise their own interest rates or let their currencies depreciate. Higher interest rates slow economic growth. but depreciated currencies reduce countries' purchasing power. Both lower demand and less purchasing power hurt commodity prices, many of which are priced and traded in dollars.

All these side effects of high U.S. interest rates have occurred in the past six months. In Europe, countries have both raised interest rates and permitted currency depreciations. Short-term interest rates in Germany average more than 13 percent now, compared with less than 10 percent in January. At the same time, the dollar is now worth 2.4 marks, up from a 1.8-mark average for 1980.

The fall in commodity prices has been especially sharp. Between recent highs—usually attained in 1980 or early 1981—and the end of June, copper is down about one-half, tin about one-third, sugar about two-thirds, coffee about one-fifth and cocoa about one-third. Gold trades near $400 an ounce compared with a monthly high of $675 in January 1980. Gold accounts for half of South Africa's exports, and Brazil depends heavily on coffee and cocoa exports. Even oil prices are sliding.

Americans, incidentally, are vulnerable to similar effects. Farm prices generally have drifted down, and food exports are below expectations. In addition, the huge dollar appreciation means that U.S. manufactured goods have suffered a significant loss in international competitiveness.

Taken together, these trends could freeze the world economy. Developing countries have sustained their overseas purchases largely on credit. According to the International Monetary Fund, their debt will total $418 billion in 1981, with about two-thirds owed to private lenders, mainly banks. Interest rates generally change twice a year. A one-percentage-point increase costs the developing countries between $1.5 billion and $2.5 billion.

Protectionist pressures could accumulate. Steel imports already are projected to rise sharply in the United States. In Europe edgy governments—Mitterrand's in France Margaret Thatcher's in Britain—might attempt to cure unemployment with restrictions. Developing countries could resort to severe import controls to conserve scarce foreign exchange.

To paint this gloomy outlook is not to prophesy it. There are, at least in theory, offsetting forces. The depreciation of European currencies against the dollar has made these countries' exports more attractive; developing countries could preserve their purchasing power and stimulate growth by shopping more on the Continent. In the United States, lower-than-expected inflation could lead to faster-than-expected expansion.

Nobody really knows what's going to happen. The issue here is not the correctness of the Reagan administration's course but rather the inevitable reaction abroad that the United States is making economic policy for the rest of the world.

Satisfying everyone all of the time is probably impossible. Given the dollar's profound global influence, whatever we do is bound to be upsetting. When low interest rates led to a depreciating dollar, the Europeans complained that we were exporting inflation and threatening their export industries. Moreover, the effects of U.S. policies can be exaggerated. They often provide a convenient scapegoat for other ailments: domestic problems or other sources of world tension, such as oil.

But that said, the Reagan administration's tight credit policies represent a significant change in the way America projects itself abroad. The underlying premises seem clear: that U.S. power and prestige waned as confidence in the dollar eroded; that global economic instability stemmed heavily from irresponsible money policies, mainly American; and that the world economy is sufficiently flexible that deflation ultimately will promote stability and growth, not slump.

These are reasonable, but untested, propositions. The danger is that the true sources of instability lie elsewhere—in clashing cultures and scarcities—and that excessively tight money simply will aggravate the underlying political and social conflicts.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3518, DEPARTMENT OF STATE, INTERNATIONAL COMMUNICATION AGENCY, AND BOARD FOR INTERNATIONAL BROADCASTING AUTHORIZATION ACT, FISCAL YEARS 1982 AND 1983

Mr. HALL of Ohio, from the Committee on Rules, submitted a privileged report (Rept. No. 97-182) on the resolution (H. Res. 182) providing for consideration of the bill (H.R. 3518) to authorize appropriations for fiscal years 1982 and 1983 for the Department of State, the International Communication Agency, and the Board for International Broadcasting, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1520, NATIONAL SCIENCE FOUNDATION AUTHORIZATION, FISCAL YEAR 1982

Mr. HALL of Ohio, from the Committee on Rules, submitted a privileged report (Rept. No. 97-183) on the resolution (H. Res. 183) providing for consideration of the bill (H.R. 1520) to authorize appropriations for activities for the National Science Foundation for the fiscal year 1982, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2979, NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMISSION AUTHORIZATION, FISCAL YEARS 1982 AND 1983

Mr. HALL of Ohio, from the Committee on Rules, submitted a privileged report (Rept. No. 97-184) providing for consideration of the bill (H.R. 2979) to extend the authorization of appropriations for the National Historical Publications and Records Commission for fiscal years 1982 and 1983 which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION WAIVING CERTAIN POINTS OF ORDER AGAINST H.R. 4144, ENERGY AND WATER DEVELOPMENT APPROPRIATIONS, FISCAL YEAR ENDING SEPTEMBER 30, 1982

Mr. HALL of Ohio, from the Committee on Rules, submitted a privileged report (Rept. No. 97-185) on the resolution (H. Res. 185) waiving certain points of order against the bill (H.R. 4144) making appropriations for energy and water development for the fiscal year ending September 30, 1982, and for other purposes which was referred to the House Calendar and ordered to be printed.

TAXATION OF OVERSEAS AMERICANS

(Without objection, Mr. ALEXANDER was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Speaker, in the next few days, this House will consider a tax proposal affecting every American citizen for years to come. While there are many aspects of this measure which deserve special attention, I would like to comment on one which touches an extremely valuable, but often forgotten, segment of our population—American citizens living overseas.

Our Nation is a nation built on commerce. We have thrived over the years because we have encouraged the American entrepreneur to open new markets and create new jobs. The sons and daughters of the New Deal have struggled to insure that their families and communities are strong and that those who have not shared fully in our bounty are protected. Yet, for the past 20 years we as a government have not

allowed our citizens living and working abroad to pursue fully the American ideal of free competition. The main fault lies in our policy of taxing overseas U.S. citizens.

We are the only industrialized Nation in the free world which taxes its citizens living in other countries. Companies have found it uneconomical to hire Americans overseas since Japanese, Germans, Englishmen, or other nationals do not have to pay taxes to their home country. This has led to a massive exodus of Americans from the international economic and ideological marketplace and resulted in reduced exports, loss of jobs at home, and loss of influence abroad.

America has been able to achieve its present high standard of living because our Government has traditionally encouraged domestic and international trade. As a member and past chairman of the House Export Task Force, I am convinced that our policy of taxing Americans overseas has severely hampered our ability to compete. The GAO, the Georgetown Center for Strategic and International Studies, the President's Export Council, Chase Econometrics, the U.S. Trade Representative, the Commerce Department, and many others have joined me in this assessment.

The American entrepreneur abroad does more to build respect and admiration for the free enterprise system than all the tanks and airplanes we could ever deploy. The thoughtful and dedicated overseas American does more to bring about a better understanding of our political ideals and institutions than all the information services we might attempt to use as a substitute. The economic development of the rest of the world, and the creation of markets for American products, are fostered more by dedicated U.S. entrepreneurs than by all of our bilateral and multilateral assistance programs combined.

It is time, Mr. Speaker, for us to adopt the standard used by the rest of the world in taxing its overseas citizens, that is the residence principle which requires the individual to pay taxes where he lives. According to Chase Econometrics, this policy would result in a net revenue gain to the Treasury of over $5 billion a year through creation of new export-related jobs at home. Perhaps more important, this would also encourage Americans to live overseas and transmit our concept of freedom and worth of the individual to other societies.

Adoption of the residence tax principle is truly in our national interest and will contribute greatly to our national security—at no expense to the American taxpayer. I, therefore, urge this House to support proposals such as H.R. 4016 which would apply the residence principle to income earned overseas. I hope that this policy will soon be extended to all Americans living abroad.

Mr. Speaker, our 20-year experiment with taxing Americans overseas has cost us billions of dollars in lost exports, millions of lost jobs, and incalculable lost influence. It should be ended now.

PERSONAL EXPLANATION

(Mr. PORTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PORTER. Mr. Speaker, I was unavoidably detained on official business in my congressional district on Wednesday, June 10, but had I been present I would have voted as follows:

Rollcall No. 71, approving the Journal, "yea."

Rollcall No. 72, rule on the Legal Services Corp., House Resolution 148, "yea."

Rollcall No. 73, amendment to H.R. 3413 DOE national security programs, seeking to prohibit use of funds for production, research, and development of enhanced nuclear weapons, "no."

Rollcall No. 74, amendment to H.R. 3413, DOE national security programs, substitute adopted by the committee, prohibiting expenditure of funds for EIS not already in the process of preparation unless required by statute, "aye."

In addition, on Friday, July 10, I again was required to be in the district on official business. Had I been present for rollcall vote No. 125 on the rule for the HUD appropriations bill, H.R. 4034, I would have voted, "aye." On rollcall No. 126, a vote on whether to resolve into the Committee of the Whole, I would want to be recorded as voting "aye."

Finally, on Wednesday, July 15, 1981, I attended at the Department of State the induction of Daniel J. Terra as our ambassador-at-large for cultural affairs and unavoidably missed the rollcall No. 132 on procurement by competitive bidding of automatic data processing equipment and services. Had I been present, I would have voted "no."

APPOINTMENT OF ADDITIONAL CONFEREE AND CORRECTION OF SECTION DESIGNATION ON H.R. 3982, OMNIBUS RECONCILIATION ACT OF 1981

Mr. PANETTA. Mr. Speaker, I ask unanimous consent that the Speaker be authorized to appoint an additional conferee, and to correct a section designation on the appointment of Merchant Marine and Fisheries Committee conferees on H.R. 3982, the Omnibus Reconciliation Act of 1981.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California? The Chair hears none and, without objection, reappoints members from the Committee on Merchant Marine and Fisheries and adds an additional conferee as follows: From the Committee on Merchant Marine and Fisheries solely for consideration of title XI, subtitle B, chaper 4, title IX, and the portions of section 6531 on page 349, lines 25 through 37 and on page 350, lines 26 through 31 of the House engrossed bill, of the House bill, and sections 426 and 1101-4 of the Senate amendment:

Messrs. JONES of North Carolina, BIAGGI, BREAUX, D'AMOURS, HUBBARD, STUDDS, SNYDER, MCCLOSKEY, FORSYTHE, and PRITCHARD.

There was no objection.

LAID LOW BY HIGH INTEREST RATES

(Mr. WYDEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WYDEN. Mr. Speaker, interest rates are at near-record levels. Money supply growth is running below target. The economy is at a virtual standstill. The housing industry is on its knees. The regulator of the thrift industry is predicting that one out of every three savings and loans will be going into the red shortly. Unemployment is high, and rising.

That is the stuff which produces social upheaval, the likes of which we are witnessing in the United Kingdom.

Yet on Monday, Treasury Secretary Donald Regan announced blandly, according to the Washington Post, that, "You cannot get inflation under control without having high interest rates." I find that view the ultimate of tunnel vision. Even Marie Antoinette was willing to let her minions eat cake.

Our allies are justifiably alarmed that American foreign policy at the moment can be summed as exporting high interest rates—and rising joblessness. Misery loves company.

The Congress should be equally alarmed because we will be voting in a few days on tax legislation that may very well dictate a continuation of tight money and high interest rates policies—and a continuation of economic stagnation, sluggish growth and huge unemployment.

This counterproductive obsession with high interest rates must stop. It is killing my region and my State, just as surely as if you cut off all train, truck, and air traffic.

What we need are reasoned policies that stimulate productivity and real growth—and begin to ease credit restraint. That will permit the juices of our free market system to flow again, and our workers to get back to work.

The place to start is with a targeted tax cut that encourages savings, rewards work, and spurs increased eco-

nomic activity—without fueling inflation and mandating higher and higher interest rates.

A TRIBUTE TO THE LATE HARRY CHAPIN

(Mr. DOWNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOWNEY. Mr. Speaker, there are those terrible events that bring perspective to all of us. Earlier this afternoon my friend, Harry Chapin, a singer-songwriter, was killed on the Long Island Expressway.

Harry had dedicated his life to the problems of world hunger across this planet. His loss is a national loss and an international loss.

I know that the House and other Members will extend their deepest sympathies to his wife, Sandy, and his children.

Mr. PANETTA. Mr. Speaker, will the gentleman yield to me?

Mr. DOWNEY. Mr. Speaker, I want to join in the gentleman's sentiments. This is, indeed, a loss not only in terms of the music world, but also, more importantly, the issues he was so deeply involved in, in terms of hunger.

I thank the gentleman.

ECONOMIC TRIGGERS NEEDED IN MULTIYEAR TAX BILL

(Mr. LEVITAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVITAS. Mr. Speaker, we are now approaching the crucial decision about the tax reduction and tax reform legislation. As one who has long advocated multiyear tax reductions to help relieve the burden on the American taxpayer and at the same time provide the stimulus for our economy, I want also to emphasize that I am greatly troubled about the possibility of increasing budget deficits, high inflation, and increasingly high interest rates.

We must make certain that if we have a multiyear tax reduction that there are some safeguards, some safety nets, to make sure that we do not end up in the third year with a $100 billion deficit, increased inflation, and interest rates going through the ceiling.

Consequently, I suggest and I have proposed since the early part of June of this year that any multiyear tax reduction be linked with a trigger based upon the favorable economic performance of our economy and lower deficits in the Federal budget using the exact same assumptions for economic recovery that President Reagan has submitted to and been adopted by the Congress. In this way we can provide a multiyear tax reduction and at the same time have a safety net to avoid high interest, high inflation, and high deficits by using economic triggers.

Since the economic triggers are the same as President Reagan has proposed, no one can suggest that this idea is partisan. In answer to the suggestion that using triggers will create uncertainties, I can only say that it is as certain and predictable as these Reagan assumptions are valid. And, if the administration has any doubt about their validity, we had better know that now before we force high interest, high inflation, and high deficits locked in for the future.

I urge my colleagues to support this effort.

ALLEGED SAUDI ARABIAN STATEMENT CONCERNING THE REBUILDING OF IRAQ'S NUCLEAR REACTOR

(Mr. BROOMFIELD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROOMFIELD. Mr. Speaker, this morning the Wall Street Journal, as well as several radio news services, carried an article that Saudi Arabia intends to pay for reconstruction of the destroyed Iraqi nuclear reactor. The Saudi policy was allegedly set for by a spokesman for King Khaled. If this report is accurate, I am extremely disappointed by the Saudi decision. Although there remain opposing views on whether the Iraqis were attempting to utilize this facility to construct atomic weapons, the past testimony by experts that Iraq could have produced atomic weapons if they so desired should have caused the Saudis to ponder this issue at greater length.

The question at hand is whether the Saudis should pursue policies that encourage the peace process and contribute to a lessening of tensions in the Middle East, or whether their actions will be counterproductive and raise fears of further confrontations. The Middle East peace process is already sufficiently complicated to warrant a cessation of activities that can only fan the flames of suspicion. In a volatile area such as the Middle East, an area where sabre rattling can easily lead to violent conflict, the world must preserve the policy of nonproliferation.

The United States is grateful for past Saudi support for the Philip Habib mission to Labanon. I believe that such support demonstrates the generally moderate and reasoned Saudi approach to the region's problems. I can only believe, therefore, that the alleged Saudi decision to help reconstruct the Iraqi reactor was made in haste, without due consideration for the long-term consequences to both its friends and enemies.

I urge the Saudis to reconsider their offer, taking into account the dampening effect such an offer will have on resolving pending Middle East issues. I also call upon the Governments of France and Italy, as well as other suppliers of nuclear technology and equipment, to refrain from assisting the Iraqis in rebuilding their reactor until such time as peaceful assurances are accepted by all the concerned parties.

A SAD RECORD FOR THE HOUSE

(Mr. BLILEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. BLILEY. Mr. Speaker, as of June 30, this House had been in session for only 231 hours, 5 minutes. Since the CONGRESSIONAL RECORD began publishing this information on a monthly basis in 1947:

There has not been a year in which the House has spent less time in session than it has this year;

The House has been in session more than 150 hours less than the average for that period;

There have been only 2 other years in which the House has been in session fewer than 300 hours.

If this is not foot-dragging, what is?

To put this in perspective, let us reflect back only 4 years to 1977, the first year of President Carter's term in office. This House had been in session 467 hours, 33 minutes by the end of June. That, Mr. Speaker, is more than twice as much as this year.

I share these numbers with you in hope that you will agree the American people deserve better.

TIME HOUSE WAS IN SESSION THROUGH JUNE 30; 1947–81

Year	Time in session	Year	Time in session
1981	231 hrs. 05′	1964	420 hrs. 57′
1980	465 hrs. 33′	1963	278 hrs. 28′
1979	408 hrs. 42′	1962	350 hrs. 24′
1978	515 hrs. 14′	1961	300 hrs. 43′
1977	467 hrs. 33′	1960	430 hrs. 51′
1976	510 hrs. 05′	1959	335 hrs. 31′
1975	419 hrs. 44′	1958	374 hrs. 28′
1974	391 hrs. 19′	1957	381 hrs. 27′
1973	349 hrs. 50′	1956	315 hrs. 47′
1972	393 hrs. 48′	1955	345 hrs. 39′
1971	318 hrs. 27′	1954	350 hrs. 24′
1970	383 hrs. 49′	1953	346 hrs. 21′
1969	242 hrs. 23′	1952	416 hrs. 16′
1968	390 hrs. 45′	1951	378 hrs. 06′
1967	363 hrs. 37′	1950	484 hrs. 19′
1966	334 hrs. 50′	1949	442 hrs. 27′
1965	381 hrs. 32′	1948	514 hrs. 49′
		1947	459 hrs. 16′

□ 1910

TAX CUTS NOW

(Mr. WEBER of Ohio asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEBER of Ohio. Mr. Speaker, for the past 2 weeks I have been wearing a lapel pin that says, "Swerve With the Curve—Tax Cuts Now."

On the pin there is a curved red line that represents the Laffer curve, named after economist Arthur Laffer.

Mr. Laffer relies on an ancient principle—the more you tax something, the less you will get of it. The more we tax income, the less income we get.

Going one step further, we have reached the point where the more we raise tax rates, the less tax revenue the country will receive, because the increase in tax rates forces taxable income to go down.

Therefore, if we will cut tax rates across-the-board, for all Americans, the end result will be greater economic activity, greater national income, greater tax revenues, and a balanced budget.

That is why we need the President's tax cuts now.

TRIBUTE TO DONALD L. JACKSON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. BURGENER) is recognized for 60 minutes.

GENERAL LEAVE

Mr. BURGENER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include therein extraneous material on the subject of my special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BURGENER. Mr. Speaker, I take this special order to give all of our colleagues the opportunity to honor our former colleague, the late Donald L. Jackson, from what was then California's 16th District.

Don Jackson passed away on May 27, 1981, at Bethesda Naval Hopital, after a long and courageous bout with cancer.

I never had the privilege of serving in this House with Don Jackson, but I knew him as a distinguished California Congressman and became better acquainted with him later, when I joined him in 1973 as a member of the Chowder and Marching Club, an organization of Republican Members of this House, now in its 33d year.

I persent here a brief résumé of his background for the benefit of the Members and the readers of the CONGRESSIONAL RECORD:

Donald L. Jackson, Republican, of Pacific Palisades, Calif.; born in Ipswich, S. Dak., January 23, 1910; profession: public relations, U.S. Marine Corps, 1927-31 and 1940-45; overseas combat service, 2d Marine Division, 2 years; married former Shirley Connell of Santa Monica Calif., January 9, 1932; one son, Donald Cyrus; elected to the 80th Congress on November 5, 1946, reelected to 81st, 82d, 83d, 84th, 85th, and 86th Congresses.

This terse, but vital, résumé, in no way describes the warmth, the vitality, the courage, or the wit of this remarkable man. It was a joy to know him and our Nation is the richer for his having served us—both as a U.S. Marine and as a Member of the House of Representatives. I am honored to now submit for the RECORD tributes and observations from distinguished former Members of this body:

First, Hon. John Davis Lodge, former Member of the House of Representatives from Connecticut, Governor of Connecticut, and U.S. Ambassador to Spain and Argentina:

CONGRESSMAN DONALD L. JACKSON

Don Jackson has left us. Don, our enchanting friend, with his contagious sense of humor and his gift for playful camaraderie, has gone. Our brave, light-hearted Marine who waded ashore at Tarawa; our delightful colleague, who was one of the founders of the Chowder and Marching Club, has departed this life. He has gone where, beyond these voices, there is peace.

It is hard for his many friends to conceive of this distraught world without Don Jackson. It is hard for us to imagine our restless, engaging friend "at rest". He was always overflowing with conviviality.

And underneath his gay wit he was a most effective legislator. We sat next to each other for some years on the Foreign Affairs Committee of the House. I can testify to his effectiveness. He had vision. He anticipated the Korean War and he spoke out firmly in support of aid to Formosa (Taiwan) and to the off shore islands. He was wonderfully, dramatically right, but he was never presumptuous, pretentious or heavy handed; he was never one to show off.

At his request, when I was Governor of Connecticut, I went to California to speak for him in the campaign of 1952. He never really had trouble getting reelected.

Don Jackson understood with a sure-footed instinct the dynamics of geopolitics, the issues of war and peace. He met life with gusto, with optimism, with courage and humor, and with a lively spirity of adventure.

In the Presidential election of 1952 when our colleague and fellow C & Mer, Richard M. Nixon, was being attacked with respect to an $18,000 fund, formed quite properly by his friends in California to help with his Congressional expenses, there were some who wanted to drop Nixon off the ticket as General Eisenhower's running mate. It was Don Jackson who was at the airport in Los Angeles to meet his California colleague when he landed. Don Jackson understood friendship. With him friendship was unconditional.

Don Jackson was the life of every party. He was a statesmanlike Congressman, conscientious and creative. He was a most constructive member of the House Foreign Affairs Committee. He was a true patriot. He was a decorated Marine combat veteran. He was respected.

Above all, he was loved, and in a very special way by those of us who are members of the Chowder and Marching Club. We mourn the disappearance of Don Jackson. It makes us infinitely sad to realize that we shall not see our incomparable friend again.

"The elements so mixed in him that nature might stand up and say to all the world, 'This was a man'".

Good bye, Don.

We shall not look upon your like again.

JOHN DAVIS LODGE.

WESTPORT, CONN.

STATEMENT ON BEHALF OF THE LATE CONGRESSMAN DONALD L. JACKSON BY FORMER CONGRESSMAN PATRICK J. HILLINGS

Member of Congress, combat veteran of the United States Marine Corps, Member of the Interstate Commerce Commission, father, television commentator, author, poet, raconteur, outstanding public speaker, and a compassionate man who was respected and admired by his colleagues and all who knew him—that was Donald L. Jackson.

Don Jackson's friendship, advice and wise counsel helped me in many ways during my service in the Congress. His consistent good humor helped us all through hours of crisis.

My wife, Celia, and I visited him last year at his home near Sosua in the Dominican Republic. We all knew he had terminal cancer, but he never discussed it, and never mentioned the pain we knew he was suffering. He continued to make the lives of his children and all around him pleasant and happy.

I remember his Dominican medical doctor saying to me, "Your friend, Colonel Jackson, is a very brave man."

Congressman Jackson was a very brave man who enriched the lives of all of us who shared his friendship. We will miss him very much. So will our country.

PATRICK J. HILLINGS,
Member of Congress, 25th District, California, 1951-59.

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr. BURGENER. I yield to my colleague, the gentleman from Illinois (Mr. MICHEL), the distinguished Republican leader.

Mr. MICHEL. Mr. Speaker, I appreciate very much the gentleman yielding to me and for taking this special order to pay special tribute to one of our former colleagues, and more important a dear friend of ours who has recently passed away. I simply want to embrace the remarks of the gentleman from California (Mr. BURGENER).

Don Jackson was one of those individuals who was a Member of Congress when I was simply an AA. But he always treated me as a coequal in the days before I was actually elected on my own to serve in this body.

He served with such distinction on the Foreign Affairs Committee, on the former House Un-American Activities Committee at a very troublesone period of time in this country when there was, in fact, a Communist conspiracy that needed to be rooted out and exposed. He made a mark for himself in the manner in which he acquitted himself in the deliberations of that committee.

Then too, to have gained such eminent respect in the foreign policy field, particularly with our neighbors to the south where he was so fluent in Spanish and able to communicate with those of our friends and neighbors to the south.

Again, as one whom we remember and we knew as an individual, as a personal friend, one who was, as a matter of fact, the one when I was first elected to Congress who nominated me for membership in what some of us have come to know around here as the Chowder and Marching Society. I shall always be in debt to our old friend, Don Jackson, for the confidence that he reposed in me at that particular time.

My only regret is through all of these many years we have not been able to give him the just tributes that he so well deserved. Now to have him succumb to cancer as another one of those victims, we certainly feel for those who he has left behind, and I extend my unbounded sympathy to those members of his family and appreciate the gentleman yielding to me.

Mr. BURGENER. I thank my good friend from Illinois and our distinguished minority leader, Mr. MICHEL, for his contribution. I know of his close personal friendship and the warmth that existed between the two of you.

Mr. Speaker, I yield back the balance of my time.

EUROPEANS AS WELL AS AMERICANS ARE CONCERNED WITH THE ADMINISTRATION'S DESTRUCTIVE HIGH INTEREST RATE POLICIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 10 minutes.

● Mr. REUSS. Mr. Speaker, the July 8, 1981, Paine Webber newsletter, The Liberty Street Review, contains an instructive report on why European leaders regard the Reagan administration's high interest rates policies as destructive. The issue will come up at Ottawa this weekend, with no yielding by the U.S. administration in prospect. The excerpt from the newsletter follows:

The view that foreign criticism of U.S. policy is hypocritical misses the European perspective and distorts the actual objections our allies have with our economic policy. Germany, Japan and the other Ottawa participants are not censuring the Reagan Administration's fight to slow U.S. inflation. Nor are they against the use of tight monetary policy, overall. Rather, they object to what they see as the Administration's sole reliance on monetary policy. Why? Because over the past 18 months the U.S. has whipsawed its way through high interest rates, but with only erratic effects on real growth. And the foreign critics seem to be saying that a prolonged period of economic weakness is a prerequisite to lowering inflation. Thus, the foreign call will be for added anti-inflationary measures (a tighter fiscal package, incomes policy) strong enough to bring U.S. interest rates down for a sustained period, and allow other Western economies to lower their interest rates.

It is extremely doubtful, however, that Mr. Reagan and his advisers will bend under any pressure exerted in Ottawa. Mr. Reagan's economic program is well on its way towards being fully implemented, after the Republican victory in the House. It is not expected that the Administration's all-or-nothing approach to its economic package is about to be undone by Mr. Reagan's foreign peers.

More likely, Mr. Reagan's advisers will try to convince the conference participants that U.S. growth is slowing currently and that a drop in interest rates is just around the corner. Also, but much more difficult, they will try to persuade Mr. Schmidt, et al. that the remainder of the economic package is dis-inflationary. Essentially this is the center of contention between the U.S. and other Western countries, and it does not appear that the difference can be resolved in Ottawa. The current Administration still holds to its belief that it can defy mainstream economic thought, having strong real growth and less inflation.●

ORDER WITHOUT LAW: THE BRITISH RESPONSE IN NORTHERN IRELAND

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. WILLIAM J. COYNE), is recognized for 30 minutes.

Mr. WILLIAM J. COYNE. Mr. Speaker, as a member of the newly formed Friends of Ireland in the United States Congress, and as an American of Irish descent, I would like to take this opportunity to express my support for the efforts of this group to contribute to a peaceful resolution of the conflict in Northern Ireland.

The Friends of Ireland came together primarily out of concern over the violence prevailing in Northern Ireland. Our objective is not only to develop a close working relationship with the Republic of Ireland, but also to inform the American public of all aspects of the conflict, working toward a solution which will respect the rights and traditions of all the inhabitants of Northern Ireland.

Two recent events relating to Northern Ireland seem to me to hold out hope for an end to the fighting. The first is the result of a poll conducted by the London Sunday Times among the people of Northern Ireland, which offers a revealing glimpse of the mood and aspirations of both Catholics and Protestants. More important, it suggests promising directions for future talks.

The Sunday Times poll shows that, contrary to the stereotypes arising out of the endless violence, the vast majority of the people of Northern Ireland are strongly opposed to the use of violence to achieve political ends. Even the tiny violent-minded minority has declined radically in the past few years. Negotiations toward an adequate political solution would receive overwhelming popular support right now.

Furthermore, the results of the poll show that although the majority and minority have radically different views of the ideal settlement, there is common ground between them. Two-thirds of all respondents, representing a cross-section of the population, indicated that they would accept a settlement based on an independent assembly with power-sharing guarantees for the Catholic minority—the principle embodied in the Sunningdale agreement in 1973 which was blocked at the time by extremist elements. Eight years of violence are a powerful argument against extremists on both sides. Other poll results indicate that the political polarization which led to the election of Irish Republican Army terrorists and Protestant hardliners in the last election has decreased, and may diminish further if moderation results in progress toward a settlement.

However, continuation in the status quo may cause this conciliatory mood to evaporate, especially among the Catholic minority. The Sunday Times poll notes "a vast and growing gulf between the Catholic community and the British Government." The British Army, originally welcomed as protectors by an embattled minority, have earned the fear and dislike of most Catholics—not just the IRA and its sympathizers. This gulf, however, could narrow if the government demonstrates a willingness to make concessions to the minority point of view, abandoning the narrowminded approach which is leading to increased tension in the province.

A second event may provide a chance to end the current stalemate. Members of the Irish Commission on Justice and Peace, an agency of the Catholic Church in the Republic, have succeeded in drafting a settlement which would end the hunger strikes in the Maze Prison and lessen the tension between the two sides brought on in part by the propaganda victories of the IRA. I join many of my colleagues in Congress in urging that Prime Minister Thatcher and her government review the opportunities presented by this draft and consider the advantages of waiving their insistence on points which serve only to limit British options in pursuing an end to the violence.

In its approach to the conflict in Northern Ireland, Mrs. Thatcher's government has concentrated on controlling the activities of the IRA. British Government officials in Northern Ireland appear to view their role as that of the forces of law battling terrorists criminally masquerading as political dissidents. In this light, better policing may seem to be the key to suppressing the violence. However, the Catholic community has been understandably uncooperative with this effort. In the bloody context of Irish history, the Catholic minority cannot

see British attempts to stabilize an unsatisfactory social order as anything but continued oppression.

For the Catholics, the army brought British rule without British justice. Due process and protection of individual rights, Britain's most revered legacy to America, are notoriously absent from proceedings against alleged terrorists in Northern Ireland. The right to trial by jury, protections against self-incrimination, the right to counsel—all are abridged or suspended. In the so-called Diplock courts set up under the Prevention of Terrorism Act, accused terrorists are tried, and usually convicted, by a single judge. As many as 90 percent of convictions are obtained solely on the basis of confessions—elicited after an average of 3 days of detention followed by months of waiting for trial, in an atmosphere tainted by repeated charges of physical abuse and psychological torture. Under the Judges' Rules prevailing in the rest of the United Kingdom, or under any reasonable judicial system, these confessions would be considered highly suspect; in the Diplock courts they result in a conviction rate of 94 percent. Most of those arrested and convicted under these procedures are Catholic.

The British Government dismissed Bobby Sands and his compatriots as common criminals. Perhaps they were. But they were not convicted under common conditions. Bobby Sands, it is said, had a string of murders and terrorist attacks on his conscience. He was convicted only of being present in a car in which a gun was found, for which he was sentenced to 14 years in jail—a term which anywhere else in England would be considered preposterous. The British Government claims he was just a common thug; but it has never adequately proved that to a jury of his peers, let alone the world. Is it any wonder that men convicted under special procedures demand special treatment? Mrs. Thatcher has refused to negotiate with the prisoners in the Maze, in her words "one of the most humane and liberal prison systems in the world," on principle; one does not negotiate with terrorists. Since the British Government has already waived so many of the basic principles of British justice in Northern Ireland, however, one may wonder why this particular principle is of such overriding importance that it must be upheld at the cost of continuing bloodshed.

At any rate, the British Government does not object as a rule to negotiating with terrorists; Lord Carrington, the British Foreign Minister, recently stated that he was willing to meet with noted terrorist Yasir Arafat in the interests of peace in the Middle East. Inspired negotiations with Rhodesian terrorists led to the birth of the nation of Zimbabwe, a proud achievement of British foreign policy. However, suppose the British, instead of negotiating with Mugabe and his associates, had instead cordoned off the suburbs of Salisbury and announced that they would defend forever the inhabitants' right to remain within the British empire meanwhile allowing this little enclave to govern itself in a fashion repugnant to the principles of British democracy? Would they be as eager to denounce the violent response of black dissidents as terrorism?

Terrorism cannot be condoned under any circumstances. The vicious behavior of the IRA and of the Ulster Volunteer Force serves no legitimate purpose; it only poisons the atmosphere and adds to the fear and suffering of the people whose rights these organizations supposedly champion. As Mrs. Thatcher has accurately pointed out, these terrorist groups are engaged chiefly in denying others their first right: the right to life. Random violence and brutal, often misdirected retaliations have taken the lives of thousands of innocents since the fighting began in 1969. I am proud that the efforts of prominent Irish-American politicians have succeeded in diminishing the American base of support for IRA operations, and I hope that by participating in the activities of the Friends of Ireland, I will help to diminish that support still further. Americans of Irish descent must understand that support for the IRA, whether direct or channeled through organizations such as the Irish Northern Aid Society, recently ordered by a Federal district court to register as an agent of the IRA, can only inflict further suffering on the people of Northern Ireland, Catholic as well as Protestant. Aid to extremists will only thwart any efforts to moderate the conflict and end the violence.

Mrs. Thatcher's government has stated that it considers its prime responsibility in Northern Ireland to be protection of the lives of its citizens. All other considerations are secondary. This is an approach made in good faith to a tragic and seemingly intractable political impasse, and it is true that the violence has abated—at least outside the detention centers—since the terrifying days when the British Army first marched in to rescue the Catholics of Bogside from their fellow citizens. However, the authoritarian attitude carries with it certain risks. Selective protection of rights, under an arbitrary system of justice, amounts at best to order without law: in short, tyranny. Clearly the Catholic community sees it that way. The Sunday Times poll shows that the Catholic community in Belfast overwhelmingly disapproves of the British Government's handling of the situation in Northern Ireland. Their profound and increasing alienation is demonstrated, in the same poll, by increasing despair about the prospect of peace in the future, especially among the young.

After hundreds of years of oppression, and 50 years of gerrymandering, discrimination, and the hostility of the ruling class, the Catholic minority took its cue from the American civil rights movement of the sixties and began to march for civil rights and an equitable share of power in the local government. This movement was met almost immediately with violence; in 1969, as in 1914, the extremists of the ruling order were the first to arm. Mrs. Thatcher's government, in denouncing the undeniable atrocities of the IRA, should keep in mind what the Catholics of Belfast and Bogside have never forgotten—that the Provisional IRA was born out of Catholic fear, to defend the minority against the Ulster police and their auxiliary thugs. Mrs. Thatcher justifies her attitude toward the IRA by saying that "* * * If the bomb is seen to succeed, then (the terrorist) has beaten the ballot box.* * *" But the Catholics of Northern Ireland have never had much success with the ballot box. People who cannot turn to statesmen for protection will inevitably turn to terrorists. The IRA will continue, however unjustly, to win the propaganda war until the British Government can offer its citizens more than the unpalatable choice between repression and lawlessness.

In 1969, the Catholic minority demanded civil rights and found itself in danger of mass violence. The British Government has protected their lives, to a certain extent; but their original aspirations, civil rights, and equitable representation have been all but forgotten in the drive to impose order on an unresolved conflict. Most Catholics now identify the British Army as an ally of the other side. The claim that British rule weighs equally heavy on the Protestant majority is hardly credible to a people who remember that the arrival of the army was followed by mass internment, a barbaric action directed almost exclusively against the Catholic community, or who listen to the pronouncements of a government which alternates assurances to the majority that their wishes will forever be respected with denunciations of the IRA as the root of all evil in the province.

More years of military rule in Northern Ireland will have anything but a stabilizing effect. Continuation of the present order can only result in further alienation of the Catholic community, perpetuate violence, and increase despair. It is time to stop wasting the lives of British soldiers and Irish civilians trying to maintain an unworkable status quo.

The settlement drafted by the Irish Commission for Justice and Peace

offers a ray of hope in the grim impasse between British prison authorities and IRA prisoners. I urge the government to seize this opportunity. It is rare for the IRA to show signs of moderation; such concessions must be rewarded if northern Irish politics are to recover from their sectarian paralysis. The people of Northern Ireland are weary of violence; most would be ready to accept a reasonable settlement. Concessions on both sides would improve the climate for achieving such a settlement, and lighten the despairing view of the future held by most of the Catholic minority. This chance is too important to be thrown away for the sake of a hypocritical and inconsistent principle.

Sidney Smith, a British essayist of the 19th century, once observed sourly that—

> The moment the very name of Ireland is mentioned, the English seem to bid adieu to common feeling, common prudence, and common sense, and to act with the barbarity of tyrants, and the fatuity of idiots

Unfortunately, the history of British rule in Ireland bears out this bitter view. The British Government is no mere impartial peacekeeping force; the army bias in favor of one side has become so obvious that one observer has characterized its role as that of the third combatant. Britain bears a heavy responsibility for the distrust and hatred prevailing in Northern Ireland today.

So far, the response of the British Government to the Irish Commission proposal has been discouraging. While British authorities remain intransigent even on symbolic concessions, another hunger striker has died. The terrorists of the IRA, in abandoning the demand for political status, have shown themselves more willing to make concessions than the Government which holds them prisoner, casting doubt on Mrs. Thatcher's claim to flexibility and putting the Government at a severe disadvantage in its efforts to discredit the IRA. Dr. Garret Fitzgerald, the Irish Prime Minister, has pointed out that "the greatest responsibility must, as always, rest on those with the greatest power. * * *" I am encouraged by Dr. Fitzgerald's determination to make a settlement in Northern Ireland the highest priority of his new government, and I urge the President of the United States to join with the Government of Eire in calling upon the British Government to act now, in good faith, to end the crisis before a new wave of violence ravages Northern Ireland.

The world hailed the British settlement in Zimbabwe under equally difficult circumstances. I hope and pray that, at this crucial juncture, Mrs. Thatcher's government will act with equal clear-sightedness and compassion.

MICHIGAN BLITZED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. CROCKETT) is recognized for 5 minutes.

● Mr. CROCKETT. Mr. Speaker, in the latest issue of Freedomways, a quarterly review of the freedom movement, the editors have published an article I wrote entitled "Michigan Blitzed: A Reagan Budget Case Study." In this article I sought to point out some of the disastrous effects the Reagan budget proposals would have on Detroit and its citizens. Although some of the budget cuts have been blunted by the Congress, the Gramm-Latta II package offers little solace from governmental withdrawal from its commitment to the people in need.

I insert this article in the RECORD at this point:

[From Freedomways, Second Quarter, Vol. 21, Nov. 2, 1981]

MICHIGAN BLITZED: A REAGAN BUDGET CASE STUDY

(By George W. Crockett, Jr.)

DETROIT.—Home of the automobile, site of innovation and technology for much of the last century, world capital of transportation and home for over one million people—is nearly bankrupt.

In my Congressional District, nearly a quarter of our workforce is unemployed. Among minorities, that percentage is doubled. And among the young people, it is tripled. Unemployment benefits, meant to assist during times of economic downturn, are running out. And the automobile industry is in the biggest decline in its history.

In the midst of this economic depression, Detroit faces further massive losses under the Reagan Administration's economic formula. If one were to go by the headlines, much of the U.S. electorate is prepared to accept such losses in the name of fiscal restraint by the government.

However, my election to Congress gives testimony to what I believe is an important and abiding sentiment in Detroit and in other parts of the country, that the liberal/progressive tradition is not dead. On the contrary, I believe that in the end the people of this country will not give in to the simplistic answers now offered by the conservative platform. The liberal/progressive tradition will not be cast aside in the name of military "superiority" or budget-balancing.

I have been asked several times since President Reagan's election what I think it all means. I don't think his election means quite as much as some would have us believe. The "Conservative Era" may not be as philosophically deep-seated nor as highly charged a movement as it seems. Recent polls, for example, show that many Americans are already disillusioned with the Reagan budget proposals and think that he has gone "too far" in cutting domestic programs for the poor, the elderly, and the disadvantaged.

Nevertheless, the results of the 1980 election will make a difference in the government's activities in the next few years. The conservatives now hold the power of the Executive and have the upper hand in the Senate. Only in the House of Representatives do the Democrats with their slight numerical margin have a chance to stop the destructive actions of the conservative element. As the budget is brought before the House, our fragile coalition is being tested to see if it can indeed stop the Republican push for immediate cuts in our domestic programs and increases in military outlays.

No one disputes the fact that our government and our nation's economy need to be redesigned for the needs of the 21st Century. But not enough care and thought have gone into the President's budget package to make it our one and only chance to survive our present economic situation.

The Reagan plan involves a four-point "program for economic recovery" that consists of massive cuts in government spending on social programs; a three-year reduction in taxes; cutbacks in government regulation; and a tight monetary policy. In addition, Reagan asked for sharp increases in the military budget.

Mr. Reagan's underlying philosophy for his tax policy was stated in his address to the Congress in January:

The taxing power of government must be used to provide revenues for legitimate government purposes. It must not be used to regulate the economy or bring about social change. We've tried that and surely must be able to see it doesn't work.

In fact, tax policy has historically been used very successfully to achieve economic and social ends—from the earliest days of the Republic, when federal tariffs were imposed to protect fledgling domestic industries from foreign competition, to the enactment in the past few years of the tax credits to encourage energy consumption, home ownership, charitable contributions and other goals. Indeed, through such methods as tax policy the federal government has been the most consistent and potent force for peaceful social change in our society for more than 50 years, dating back to the New Deal of Franklin Delano Roosevelt. Instead of following this tradition, President Reagan proposes to "get government off our backs."

For Detroit, such a policy means drastic cutbacks in services, from child nutrition to education, from unemployment to urban development. Today, nearly 60 percent of Detroit's population is receiving some form of government financial assistance. Our city and state governments cannot possibly absorb the tremendous costs of caring for the needs of these unemployed and disadvantaged citizens. The retreat of the federal government from its commitment to Detroit and its people could literally mean a death blow.

Overall, the Administration proposes to cut over $20 billion from programs affecting the cities, including $674 million for the Economic Development Administration, $6.1 billion for CETA (Comprehensive Training and Employment Act) programs, and over $10 billion for assisted housing. For the Economic Development Administration, the funding cuts would totally eliminate the program. The CETA programs would be cut by 63 percent, resulting in the elimination of 310,000 public service jobs nationwide—many of which are specifically targeted to disadvantaged and minority youth, and which benefit the social service, education and other local function entities. Housing assistance programs would be reduced by 34 percent in fiscal year 1982 under the Reagan plan, with the result that 85,000 fewer assisted housing units would be available to the needy. Housing assistance recipients would also be required to pay more out

of their meager income as their share of the housing costs. The Consumer Cooperative Bank would be eliminated by fiscal year 1982, meaning the loss of $136 million in available capital for eligible individuals and groups. Wastewater treatment programs would be cut by $1.3 billion in fiscal year 1982, a cut of 35 percent. Urban transportation would lose $1.4 billion in fiscal year 1982, meaning the elimination of funding for new rail transit systems that are not currently under construction. Also scheduled for phaseout would be Section 5 grants, which assist in operating expenses for urban transit systems.

Besides bringing to a halt all efforts to revitalize urban areas, such cuts will place a tremendous strain on the residential and commercial taxpayers of urban areas and will necessitate severe cutbacks in services. Not to mention the widespread concern that the heavy concentration of cuts in programs that benefit the poor will stir social unrest and violence.

In my Congressional District, which contains much of the City of Detroit, such cuts will be devastating. Three out of four workers are now on some form of social aid. Many depend on food stamps, Medicaid and Trade Adjustment Assistance to meet their daily needs; many others, whose jobs have been terminated, exist on unemployment assistance and other federal programs for their income. They depend on education funding to teach their children with special needs; they count on school lunch programs for nutrition; and CETA public service jobs are needed to maintain city services and income for marginal families.

Detroit, of course, is not the only city which will bear the losses of the Reagan program. But our city will be particularly devastated, since so much of our economy is now in decline.

Some specific programs whose losses will directly affect my constituents include:

Welfare: It is estimated that one in every five Michigan families now receiving Aid to Dependent Children would be eliminated from the rolls or receive reduced benefits under the Reagan budget, and many of the State's 200,000 welfare families live in the Detroit area. Michigan will lose $30 million in general social services funding. Thus, 6,300 children will be denied day care services and 10,000 elderly and disabled residents will not receive home care services. The loss of $7 million in rehabilitation services for the disabled will result in 1,900 people being cut from the rolls. Child welfare and foster care programs will be sharply reduced, and the low-income energy assistance program will lose $25 million.

CETA: The loss of CETA funding will pose a double threat to Detroit—not only the loss of income for thousands of terminated CETA workers, but also the loss of services now being provided by those workers in the city's education and social service departments. At the end of March, 1,600 CETA employees were scheduled for termination. Community-based organizations with CETA workers serve youth, senior citizens and the handicapped, as well as substance abusers in rehabilitation programs and offenders. These services, under the Reagan budget, are not expected to be carried out after September 1981. (The State of Michigan projects that there will be a $31 million increase in welfare costs to the state due to CETA layoffs alone.)

Health care: The Reagan Administration proposes to eliminate many categorical programs in health services and combine their functions, with decreased funding, into two block grants—one for the delivery of health services, the other for preventive services. This would result in a loss to Michigan of close to $11 million in federal funding. The Administration also plans to phase out funding for health planning, HMOs (Health Maintenance Organization) and PSROs (Professional Standards Review Organization).

Food stamps: President Reagan proposes $1.8 billion in food stamp cuts, a 15 to 20 percent cut in the total program. Such a cut would affect Michigan more severely than most other states, given our present economic situation. For the first three months of this fiscal year, Michigan has averaged more than 360,000 families participating in the federal food stamp program. This means a total of 900,000 individuals receiving food stamp aid. A total of $25 million worth of business is enjoyed per month by the Michigan food stores due to the food stamp program. Under the Reagan plan, 5 percent of households presently receiving food stamps would be eliminated entirely and 35 percent of the remaining households will lose more than five dollars per month in benefits.

Low-income energy assistance: As residents of the "Frostbelt," Michigan's poor suffer disproportionately during the winter months. The Home Energy Assistance Act of 1980 provided Michigan with $96.5 million for Low-Income Energy Assistance Program funds, with which the state funded three different energy relief programs. The Reagan Administration has proposed an Energy Assistance block grant, with federal funding decreased by 25 percent. It is unclear whether each state would absorb a 25 percent funding cut or whether a new formula for state funding would be worked out. In any case, Michigan would receive far less funding for these programs in the future.

Education: It is estimated by the State of Michigan that the state's losses under the Reagan education budget would be more than $172 million—$35 million in Detroit alone. Programs that would be directly affected include public school funding, school lunch and child nutrition and funding for the state Department of Education. Vocational education would be cut by $20.6 million. The special educational needs of urban disadvantaged children would compete with all other programs in the block grants proposed to encompass educational programs at the federal level. Under the Reagan formula, all of Michigan's efforts to meet special needs in education and to equalize the revenue-raising abilities of individual school districts would be destroyed. Funds that previously went directly into programs for handicapped children, underachieving children, disadvantaged children and others most in need would end up going in equal amounts to wealthy "out-of-formula" districts and low-tax-base districts.

Housing—The federal government, through the Department of Housing and Urban Development, owns more property in Detroit than any other entity. The Detroit Housing Department currently operates 11,000 housing units, 9,000 of which are occupied. The Administration's cuts of $10.1 billion in assisted housing and public housing programs would result in a national reduction of 34 percent in subsidized housing assistance. The Reagan proposals also call for a phased-in increase in the percentage of income a family would have to contribute toward assisted rental housing. The maximum contribution level would be increased from 25 percent to 30 percent over a five-year period. The Administration's proposals would reduce the number of subsidized housing units in only two years from 250,000 to 175,000, seriously impairing the ability of the public housing agencies to build and maintain adequate housing.

The litany is endless—program after program proposed for elimination or drastic reduction.

More importantly, the list of people who will suffer under the Reagan Administration grows—the poor, the children, the elderly, the handicapped, the educationally impaired, the unemployed, the underemployed, the public service worker, the city dweller, and on and on. Can we really afford to ignore these segments of our society in the name of budgetary quick-fixes and Pentagon toys? I think not.

Congress can and should take another look at our national priorities and rediscover where our national resources truly lie.●

RESOLVING THE VIETNAM VETERAN HUNGER STRIKE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. PANETTA) is recognized for 5 minutes.

● Mr. PANETTA. Mr. Speaker, I am very pleased to announce that a resolution has been found to the very disturbing hunger strike staged by a number of Vietnam veterans concerned about medical care and psychological readjustment programs of the Veterans' Administration. At a press conference held Tuesday, a spokesman for the striking veterans announced that four hunger strikers would end their fast immediately and that the entire fast would cease on July 18, 1981.

I am very relieved that this fast will have been brought to an end without adding any more casualties to the list of those who served in Vietnam. It is truly unfortunate that these veterans felt they had to resort to a hunger strike to gain the attention of the administration and the Congress. But we can all be thankful that the peaceful fast will end in the very near future.

Mr. Speaker, I want my colleagues to know that the fast is being brought to an end as a result of numerous meetings between the strikers and certain Members of Congress. As a result of these meetings and discussions, a response was drafted clarifying existing law, current legislative provisions, and stating certain commitments for future action. I have reprinted below a copy of the response sent to the Vietnam veterans. That response was signed by 20 Members of the House and 1 Senator: TOM DASCHLE, LEON PANETTA, DON BAILEY, JOHN BURTON, TOM HARKIN, DOUGLAS BEREUTER, TIM WIRTH, PETE MCCLOSKEY, CHARLES DOUGHERTY, DAVE BONIOR, TOBY MOFFETT, BOB EDGAR, MICHAEL BARNES, DON EDWARDS, ALLEN ERTEL, PAT WILLIAMS, SHIRLEY CHISHOLM, JIM JONES, MARTIN FROST, JOHN LAFALCE, and

Senator JOHN HEINZ. More signatures on this response welcome.

One component of this response which was a key to resolving the hunger strike is a hearing held today in the Veterans' Affairs Committee room—334 Cannon. That hearing is an official select subcommittee hearing chaired by Congressman TOM DASCHLE, who is also chairman of the Caucus of Vietnam Era Veterans in Congress. Sitting on the panel were interested Members of Congress who sought to hear firsthand the testimony of the striking veterans, comments from representatives of the Veterans' Administration, and the views of other interested veterans' organizations, including the Vietnam Veterans of America and the Veterans of Foreign Wars.

I want to express a personal word of thanks to a number of Members of Congress and staff who helped enormously in bringing this hunger strike to an end. Congressman TOM DASCHLE, and his aide, Ryan Krueger, deserve high praise. My own assistant, Matthew Cossolotto worked hard to resolve this problem. Representatives DON BAILEY, JOHN BURTON, BOB EDGAR, and DON EDWARDS should be singled out for their excellent help in finding a solution. Their assistants, Becky Halkias, Mary Lansing, Richard Fuller, and Roberta Haeberle, respectively, deserve special thanks for their hard work. In addition, Representative SONNY MONTGOMERY, chairman of the House Veterans' Affairs Committee, has been very forthcoming and helpful during this entire process, and I want to thank him and the chief counsel of the committee, Mack Fleming, for their fine cooperation during the past few weeks.

Mr. Speaker, for the benefit of my colleagues I have included below the full text of our response to the Veterans Coalition:

RESPONSE TO THE VIETNAM VETERANS COALITION

As a result of numerous meetings and informal discussions with representatives of the hunger-striking coalition of Vietnam veterans, we have come to understand more fully their concerns and grievances. In general, we find their complaints about inadequate medical treatment justified and their overall proposals for redress quite reasonable. The concerns of these veterans, who have chosen fasting as a means of demonstrating their plight, are shared by many Vietnam veterans. Out of concern for all Vietnam veterans, we have sought below to clarify provisions of existing law, of recent legislation, and of future initiatives which we feel adequately address these concerns. Significant steps have already been taken or are in the process of being taken to improve health care and psychological readjustment counseling for Vietnam era veterans. We summarize these steps and other initiatives in an effort to avert serious and irreparable harm being done to the protesters for lack of nutrition. In no way do we imply that our work on behalf of Vietnam veterans is complete. Much remains to be done.

We have organized our response on the basis of six major subject areas:

(1) Agent Orange: In this category, the coalition has asked for progress in research, in treatment, and in compensation. We are pleased that both the House and the Senate have unanimously adopted legislation (H.R. 3499) providing expeditious health care for veterans suffering from agent orange exposure and expanding the scope of the Agent Orange study mandated by Congress in 1979. The Senate version directs the VA to develop regulations for resolving veterans' claims resulting from agent orange exposure. The coalition also seeks VA establishment of specific medical protocols for treatment and regulations for compensation; these points are also addressed in the Senate version of H.R. 3499. We share the view that the study be conducted by a non-VA entity. Furthermore, we urge the establishment of a non-VA advisory panel to oversee the research.

(2) Post-Traumatic Stress Disorders: In the face of Administration opposition, both the House and the Senate passed without dissent legislation reauthorizing for three years the 92 storefront psychological readjustment counseling centers. This was a very significant step. We also endorse the coalition's position that the VA establish medical protocols for the treatment of delayed stress problems. We urge House conferees to accept the Senate language amending the VA epidemiology study to include the detection and treatment of psychological effects of exposure to agent orange and other toxic substances. Moreover, we urge the VA to increase its efforts to assess and to treat Post-Traumatic Stress Disorders among Vietnam veterans.

(3) Patient Ombudsmen at VA Medical Facilities: In order to address the general concerns of the coalition about the inadequacy of health care at VA medical facilities, we stronly endorse legislation introduced by Congressman Panetta (H.R. 3971) to establish patient ombudsmen at VA medical facilities. These ombudsmen, appointed by the Comptroller General of the United States, would report to the VA hospital administrator and to the Comptroller General on their activities. The Comptroller is directed to report to the Congress as often as necessary, but not less than once a year, on the activities of the ombudsmen and on recommendations for improving VA health care. We endorse the coalition's idea that these ombudsmen be Vietnam combat veterans or specially trained to recognize the problems of Vietnam combat veterans. We pledge our support for swift passage of this legislation.

(4) Hearings: We strongly support the right of all Americans to petition the government for redress of grievancs. While we cannot speak for the Administration or the President concerning the coalition's desire to meet with President Reagan, we will endeavor to establish, at the earliest possible date, a panel of interested Members of Congress to hear the concerns of Vietnam Veterans.

(5) Extension of GI Bill: We strongly support the provision passed in H.R. 3423 extending for two years GI Bill benefits for certain Vietnam veterans in need of employment assistance. Moreover, we restate our support for Section 1662 of Title 38 USC which provides for an extension of GI Bill eligibility. We pledge our continued efforts to work with the Veterans Administration in this area.

(6) Delayed reentry: In light of severe budget restraints, the fullscale delayed reentry program advocated by the coalition does not appear feasible at this time. However, we feel that provisions of H.R. 3499 described above represent a significant step forward. Moreover, passage of H.R. 3971, the patient ombudsmen legislation, would assist veterans in obtaining quality medical attention at VA facilities.

Conclusion: Given the progress already made and given our pledge to pursue additional initiatives in response to the concerns raised by the coalition, we feel strongly that the hunger-strikers would be justified in ending their protest, knowing that their sacrifices have been effective in focusing attention on the plight of Vietnam era veterans.●

RECIPROCITY IN TELECOMMUNICATIONS AND INFORMATION SERVICES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oklahoma (Mr. ENGLISH) is recognized for 5 minutes.

● Mr. ENGLISH. Mr. Speaker, today I am introducing legislation to clarify and enhance the authority of the Federal Communications Commission to consider questions of reciprocity in permitting entry by foreign telecommunications services and carriers into the domestic U.S. market. A provision similar to the bill introduced today was part of the telecommunications legislation reported out of the Commerce Committee in the last Congress (H.R. 6121). That provision was introduced by my distinguished predecessor as chairman of the Government Information and Individual Rights Subcommittee, Richardson Preyer.

The United States must be sensitive to the implications of foreign activity in its domestic market for its international trade in information goods and services. While no single agency of Government has exclusive power to decide the fate of American telecommunications and data processing in the world market, the FCC is the key player. Its actions provide a critical element in deciding whether U.S. companies will be at a disadvantage in foreign markets. At the moment, this Nation has the most mature and sophisticated telecommunications market in the world; entry to the U.S. market will, for a considerable time to come, be essential for the rapid and healthy growth of foreign enterprises in the emerging information industries. Most foreign governments are restricting the entry of American telecommunications and data processing into their markets.

Under sections 203, 204, and 205 of the Communications Act of 1934, all carriers are required to file tariffs with the FCC setting out their charges for services and the terms, practices, and conditions under which those services will be offered. The FCC may then review these tariffs to determine if they are in the public interest, and

if the services offered under them are in the public interest.

In section 214 of the 1934 act, the FCC has similar powers of review for the establishment of facilities.

Under these provisions of the existing law, it has been strongly argued that the FCC can consider questions of reciprocity in determining whether to permit a foreign carrier to enter the U.S. market or to establish facility.

Both NTIA and the FCC testified last year before the Government Information and Individual Rights Subcommittee of the Committee on Government Operations that existing provisions of the Communications Act of 1934 should permit the FCC to consider questions of reciprocity. Imposing reciprocity would involve permitting foreign enterprises entry into the domestic U.S. market upon terms which will provide fair and equitable treatment when compared to that provided to American enterprises in the home country of the foreign enterprise.

Unfortunately, the 1934 act is less than crystal clear, at best providing certain authority to the Commission. Testifying before the Government Information Subcommittee in April, FCC Commissioner Robert E. Lee, then acting Chairman of the Commission, testified that the Congress might want to clarify the law. This bill is intended to do just that.

A substantial need exists for a lever such as the Commission's reciprocity authority for the United States. Indeed, the FCC authority may be the only legal weapon the United States has to point to in trade negotiations on telecommunications services.

This legislation will revitalize and enhance the single effective legal lever the United States has to insure the fair treatment of its businesses in world telecommunications markets.

The bill does not apply to trade in telecommunications and data processing hardware. Clear-cut authority for imposing reciprocity for trade in these sorts of products already exists in the Trade Act. The bill adds a new subsection to section 2 of the Communcations Act of 1934—section 2 of the act outlines the broad authorities of the Commission. In its first paragraph, the subsection provides the FCC with authority to place reciprocity restrictions on the entry of foreign enterprises into U.S. telecommunications markets. The second paragraph permits the FCC to gather the necessary information to make its determinations under paragraph (1). The third paragraph establishes the Commission's authority to adopt any rules or regulations needed to carry out its responsibilities under the subsection. The fourth, and final, paragraph defines two terms which are unique to this subsection—"foreign telecommunications carrier" and "foreign telecommunications service."

I urge the members of the Committee on Energy and Commerce to give this legislation and the question of the reciprocity authority of the FCC their full and careful attention. I offer this bill as a starting point for their deliberations, as well as the support and assistance of the Government Information and Individual Rights Subcommittee in their efforts.

The text of the bill follows:

H.R. 4177

A bill to amend the Communications Act of 1934 to authorize the Federal Communications Commission to regulate the entry of foreign telecommunications carriers into domestic United States telecommunications markets upon terms which are reciprocal with terms under which United States telecommunications carriers are permitted entry into the foreign markets involved

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Communications Act of 1934 (47 U.S.C. 152) is amended by adding at the end thereof the following new subsection:

"(c)(1) The Commission shall have authority to conduct inquiries, and establish policies, rules, regulations, and requirements, applicable to permitting the entry of foreign telecomunications services and foreign telecommunications carriers into domestic United States telecommunications markets upon terms and conditions which are reciprocal with the terms and conditions under which United States telecommunications services and United States telecommunications carriers are permitted entry into—

"(A) the foreign nation in which the operations of such foreign telecommunications service or such foreign telecommunications carrier are based; or

"(B) the foreign nation under the laws of which such foreign telecommunications service or such foreign telecommunications carrier is established.

No other provision of this Act shall be construed to limit or otherwise restrict the authority of the Commission established in this paragraph.

"(2) In carrying out its authority under paragraph (1), the Commission shall have the authority to inquire into any charge, practice, classification, requirement, or provision of a service, facility, or product by any carrier in order to determine if such charge, practice, classification, requirement, or provision of a service, facility, or product by any carrier in order to determine if such charge, practice, classification, requirement, or provision of a service, facility, or product is just and reasonable, promotes the public convenience and necessity, and ensures the equitable treatment and competitive position of United States enterprises in international markets.

"(3) The Commission shall adopt such rules, regulations, policies, requirements, and procedures, and may impose such restrictions upon a foreign telecommunications carrier or a foreign telecommunications service, as it determines to be necessary or appropriate to carry out the provisions of this subsection and to carry out its determinations under this subsection.

"(4)(A) In conducting any inquiry under paragraph (1), the Commission shall request and consider the views of the Secretary of State and the United States Trade Representative.

"(B) The President may, not later than 45 days after any final determination of the Commission regarding the imposition of reciprocal restrictions upon a foreign telecommunications carrier or a foreign telecommunications service, veto such final determination if the President determines that such final determination will injure the foreign policy interests of the United States.

"(C) If the President decides to take any action under this paragraph, he shall publish notice of his determination, including the reasons for the determination, in the Federal Register. Unless he determines that expeditious action is required, the President shall provide an opportunity for the presentation of views concerning the taking of such action.

"(5) For purposes of this subsection:

"(A) The term 'foreign telecommunications carrier' means any common carrier which is—

"(i) an alien or the representative of an alien;

"(ii) a foreign government or representative of a foreign government;

"(iii) a corporation, partnership, joint venture, or other legal entity organized or established under the laws of a foreign nation; or

"(iv) a corporation more than 20 percent of the capital stock of which is owned of record or voted by or on behalf of, an alien or the representative of an alien, a foreign government or representative of a foreign government, or a corporation, partnership, joint venture, or other legal entity organized or established under the laws of a foreign nation.

"(B) The term 'foreign telecommunications service' means any telecommunications service or related service, more than 20 percent of the revenues or profit of which accrues (or would accrue if disbursements were made) to—

"(i) an alien or the representative of alien;

"(ii) a foreign government or representative of a foreign government;

"(iii) a corporation, partnership, joint venture, or other legal entity organized or established under the laws of a foreign nation; or

"(iv) a corporation more than 20 percent of the capital stock of which is owned of record or voted by or on behalf of, an alien or the representative of an alien, a foreign government or representative of a foreign government, or a corporation, partnership, joint venture, or other legal entity organized or established under the laws of a foreign nation.

"(C) The term 'telecommunications' means any transmission, emission, or reception of signs, signals, writings, images, and sound or intelligence of any nature by wire, radio, optical, or other electromagnetic systems. Such term includes radio communication or communication by radio, as defined in section 3(b)."●

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. HALL of Ohio) to revise

and extend their remarks and include extraneous material:)

Mr. WILLIAM J. COYNE, for 30 minutes, today.
Mr. GONZALEZ, for 15 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. ALEXANDER, for 10 minutes, today.
Mr. CROCKETT, for 5 minutes, today.
Mr. PANETTA, for 5 minutes, today.
Mr. ENGLISH, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. RICHMOND, prior to a vote on the Weiss amendment to H.R. 3519 in the Committee of the Whole today.

Mr. YOUNG of Missouri, immediately following the remarks of Mr. SKELTON on the Vento amendment to H.R. 3519 in the Committee of the Whole today.

Mr. LOWERY of California, to revise and extend his remarks in support of H.R. 3519 in the Committee of the Whole today.

Mr. BROOMFIELD, to insert his remarks prior to the Hillis-Brodhead amendment on the DOD authorization bill.

(The following Members (at the request of Mr. DANNEMEYER) and to include extraneous matter:)

Mr. YOUNG of Florida in five instances.
Mr. NELLIGAN.
Mr. HORTON.
Mr. LEBOUTILLIER.
Mr. MILLER of Ohio in three instances.
Mr. FRENZEL in three instances.
Mr. ASHBROOK in two instances.
Mr. BEREUTER.
Mr. GUNDERSON.
Mr. DERWINSKI in two instances.
Mr. STANGELAND.
Mr. MICHEL.
Mr. TAUKE.
Mr. DANIEL B. CRANE.
Mr. SHUMWAY.
Mr. EMERY.

(The following Members (at the request of Mr. HALL of Ohio) and to include extraneous matter:)

Mr. VENTO.
Mr. GUARINI.
Mr. MAZZOLI.
Mr. RICHMOND.
Mr. HAMILTON in three instances.
Mr. HUBBARD.
Mr. PEYSER.
Mr. GARCIA.
Mr. CROCKETT.
Mr. GAYDOS in two instances.
Mr. OTTINGER in two instances.
Mr. SOLARZ.
Mr. DINGELL.
Mrs. BOGGS.
Mr. CONYERS.
Mr. ECKART.
Mr. FOLEY.
Mr. MINETA.
Mr. RODINO.
Mr. GLICKMAN.
Mr. DELLUMS.

ADJOURNMENT

Mr. WILLIAM J. COYNE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 21 minutes p.m.) the House adjourned until tomorrow, Friday, July 17, 1981, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1817. A communication from the President of the United States, transmitting proposed supplemental appropriations for fiscal year 1981 and a budget amendment for fiscal year 1982 (H. Doc. No. 97-76); to the Committee on Appropriations and ordered to be printed.

1818. A letter from the Secretary of Education, transmitting proposed final regulations to govern the law school clinical experience program, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

1819. A letter from the Secretary of Education, transmitting proposed final regulations to govern the library research and demonstration program, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

1820. A letter from the Secretary of Education, transmitting proposed final regulations for the State student incentive grant program, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

1821. A letter from the Director, Defense Security Assistance Agency, transmitting a report covering the quarter ended June 30, 1981, listing the price and availability estimates provided to countries and the requests for issuance of letters of offer received, pursuant to section 28 of the Arms Export Control Act, as amended; to the Committee on Foreign Affairs.

1822. A letter from the Director, Office of Personnel Management, transmitting a report on the effects on employees of the reorganization under the Department of Education Act, pursuant to section 403(d) of Public Law 96-88; to the Committee on Post Office and Civil Service.

1823. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a draft of proposed legislation to require recovery of certain expenditures of the U.S. Army Corps of Engineers for operation, maintenance, and construction of deep draft channels and ocean and Great Lakes ports of the United States and to authorize such construction in specified circumstances; to the Committee on Public Works and Transportation.

1824. A letter from the Acting Comptroller General of the United States, transmitting a report on the manpower effectiveness of the All-Volunteer Force (FPCD-81-38, July 15, 1981); jointly, to the Committees on Government Operations and Armed Services.

1825. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a draft of proposed legislation to provide for the recovery of capital and operation and maintenance costs assignable to commerical water transportation for certain U.S. Army Corps of Engineers inland waterway projects, and to authorize construction in specified circumstances; jointly, to the Committees on Public Works and Transportation and Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FASCELL: Committee on Foreign Affairs. H.R. 1957. A bill to reorganize the international communications activities of the Federal Government; (Adverse Rept. No. 97-100, Pt. II). Referred to the Committee of the Whole House on the State of the Union.

Mr. WHITTEN: Committee on Appropriations. Report on technical adjustments to section 302 report for fiscal year 1982. (Rept. No. 97-178). Referred to the Committee of the Whole House on the State of the Union.

Mr. MONTGOMERY: Committee on Veterans' Affairs. H.R. 3995. A bill to amend title 38, United States Code, to provide a cost-of-living increase in the rates of disability compensation for disabled veterans and in the rates of dependency and indemnity compensation for survivors of disabled veterans, and for other purposes; (Rept. No. 97-179). Referred to the Committee of the Whole House on the State of the Union.

Mr. SMITH of Iowa: Committee on Appropriations. H.R. 4169. A bill making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1982, and for other purposes; (Rept. No. 97-180). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 4083. A bill to designate certain public lands in the State of California as wilderness, and for other purposes; with amendments (Rept. No. 97-181). Referred to the Committee of the Whole House on the State of the Union.

Mr. HALL of Ohio: Committee on Rules. House Resolution 182. A resolution providing for the consideration of H.R. 3518. A bill to authorize appropriations for fiscal years 1982 and 1983 for the Department of State, the International Communication Agency, and the Board for International Broadcasting, and for other purposes (Rept. No. 97-182). Referred to the House Calendar.

Mr. BONIOR: Committee on Rules. House Resolution 183. A resolution providing for the consideration of H.R. 1520. A bill to authorize appropriations for activities for the National Science Foundation for the fiscal year 1982 (Rept. No. 97-183). Referred to the House Calendar.

Mr. MOAKLEY: Committee on Rules. House Resolution 184. A resolution providing for the consideration of H.R. 2979. A bill to extend the authorization of appropriations for the National Historical Publications and Records Commission for fiscal

years 1982 and 1983 (Rept. No. 97-184). Referred to the House Calendar.

Mr. DERRICK: Committee on Rules. House Resolution 185. A resolution waiving certain points of order against H.R. 4144. A bill making appropriations for energy and water development for the fiscal year ending September 30, 1982, and for other purposes (Rept. No. 97-185). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SMITH of Iowa:

H.R. 4169. A bill making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1982, and for other purposes.

By Mr. BAILEY of Missouri:

H.R. 4170. A bill to terminate authorization of the Meramec Park Lake portion of the authorized comprehensive plan for the Meramec River Basin, and for other purposes; to the Committee on Public Works and Transportation.

H.R. 4171. A bill to terminate the authorization of the Union Lake flood control project, Missouri; to the Committee on Public Works and Transportation.

By Mr. BEDELL:

H.R. 4172. A bill to deauthorize the construction of the irrigation project for the Oahe unit, James division, Missouri River Basin project in South Dakota, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mrs. COLLINS of Illinois:

H.R. 4173. A bill to amend the Internal Revenue Code of 1954 to impose an additional tax on handguns, to establish a program for the compensation of victims of handgun crimes, and to use the proceeds of such additional tax to fund victim compensation under such program; jointly, to the Committees on the Judiciary and Ways and Means.

By Mr. PHILIP M. CRANE:

H.R. 4174. A bill to amend the Internal Revenue Code of 1954 to repeal the limitations on industrial development bonds; to the Committee on Ways and Means.

By Mr. DELLUMS (for himself and Mr. MCKINNEY):

H.R. 4175. A bill to amend the District of Columbia Self-Government and Governmental Reorganization Act and the District of Columbia Redevelopment Act to allow salary rates to be established for the city administrator of the District of Columbia and the members of the District of Columbia Redevelopment Land Agency; to the Committee on the District of Columbia.

By Mr. DOWNEY:

H.R. 4176. A bill to amend the Internal Revenue Code of 1954 to allow taxpayers to value any excess inventory of books and other published material at its net realizable value; to the Committee on Ways and Means.

By Mr. ENGLISH:

H.R. 4177. A bill to amend the Communications Act of 1934 to authorize the Federal Communications Commission to regulate the entry of foreign telecommunications carriers into domestic U.S. telecommunications markets upon terms which are reciprocal with terms under which U.S. telecommunications carriers are permitted entry into the foreign markets involved; to the Committee on Energy and Commerce.

By Mr. FIELDS:

H.R. 4178. A bill to amend the Internal Revenue Code of 1954 to allow the credit for production of natural gas from certain nonconventional sources only if such natural gas was sold at a lawful price without regard to section 107 and subtitle B of title I of the Natural Gas Policy Act of 1978; to the Committee on Ways and Means.

By Mr. GLICKMAN (for himself and Mr. STANGELAND):

H.R. 4179. A bill to amend the Agricultural Act of 1949 to authorize the Secretary of Agriculture to guarantee certain loans made by private lenders to producers who are eligible to receive loans for wheat and feed grains under such act; to the Committee on Agriculture.

By Mr. GUARINI:

H.R. 4180. A bill to amend the Internal Revenue Code of 1954 to provide a tax credit for hiring unemployed individuals in redevelopment areas; to the Committee on Ways and Means.

By Mr. LANTOS:

H.R. 4181. A bill to provide compensation for certain injuries caused and certain costs incurred in connection with actions taken by the United States, States, and units of local government for the purpose of eradicating the Mediterranean fruit fly; and to provide for a deductible loss of such injuries and costs; to the Committee on the Judiciary.

Mr. MINETA (for himself, Mr. HOWARD, Mr. CLAUSEN, and Mr. SNYDER):

H.R. 4182. A bill to extend the airport development aid program through fiscal year 1981; to the Committee on Public Works and Transportation.

By Mr. SOLOMON:

H.R. 4183. A bill to amend the Solid Waste Disposal Act to provide assistance to States for certain hazardous waste facilities; to the Committee on Energy and Commerce.

H.R. 4184. A bill to amend title II of the Social Security Act to provide penalties for the misuse of social security numbers; to the Committee on Ways and Means.

By Mr. STUMP:

H.R. 4185. A bill to amend the National Trails System Act to designate the General Crook Trail in Arizona and the Beale Wagon Road in Arizona for study to determine the feasibility and desirability of their designation as national historic trails; to the Committee on Interior and Insular Affairs.

By Mr. SANTINI (for himself, Mr. MARRIOTT, Mr. EMERSON, Mr. KAZEN, Mr. MURPHY, Mr. RAHALL, Mr. HUCKABY, Mr. KOGOVSEK, Mrs. BYRON, Mr. YOUNG of Alaska, Mr. MARTIN of New York, Mr. CRAIG, Mr. STATON of West Virginia, Mr. LUJAN, Mr. BONIOR of Michigan, Mr. AUCOIN, Mr. GEPHARDT, Mr. BAILEY of Missouri, Mr. TAYLOR, Mr. GAYDOS, Mr. HOLLAND, Mr. MOTTL, Mr. ALBOSTA, Mr. LUKEN, Mr. BEVILL, Mr. CORRADA, Mr. DUNCAN, Mr. RICHMOND, Mr. PANETTA, Mr. WHITTEN, Mr. ANTHONY, Mr. LEHMAN, Mr. JACOBS, Mr. STUMP, Mr. VANDER JAGT, Mr. MOAKLEY, Mr. PEPPER, Mr. LAFALCE, Mr. FAZIO, Ms. MIKULSKI, Mr. BLANCHARD, Mr. WHITTAKER, and Mr. SYNAR):

H.R. 4186. A bill to amend the Mineral Lands Leasing Act of 1920 to provide for a review of the policy relating to mineral leases on public lands; jointly, to the Committees on Interior and Insular Affairs and Energy and Commerce.

By Mr. GOLDWATER:

H.J. Res. 307. Joint resolution in support of the "Guidelines Governing the Protection of Privacy and Transborder Flows of Personal Data" adopted by the Organization for Economic Cooperation and Development; jointly, to the Committees on Government Operations and Foreign Affairs.

By Mr. DERWINSKI, (for himself, Mr. BAILEY of Pennsylvania, Mr. CORCORAN, Mr. COURTER, Mr. EMERY, Mr. FISH, Mr. FORSYTHE, Mr. GREGG, Mrs. HOLT, Mr. KEMP, Mr. LAGOMARSINO, Mr. LEBOUTILLIER, Mr. MCCLORY, Mr. MCEWEN, Mr. PRITCHARD, Mr. RITTER, Mr. SKEEN, Mr. SOLOMON, Mr. WINN, and Mr. YOUNG of Alaska):

H. Con. Res. 157. Concurrent resolution expressing the sense of Congress that the executive branch will recognize the traditional commitment of the United States to the right of all peoples to independence and autonomy as it applies to the situation in Afghanistan; to the Committee on Foreign Affairs.

By Mr. RITTER:

H. Con. Res. 158. Concurrent resolution expressing the support for the proposal of the European Economic Community to convene an international conference for the purpose of effecting the withdrawal of Soviet troops from Afghanistan and the restoration of Afghanistan's sovereignty, and for other purposes; to the Committee on Foreign Affairs.

By Mr. WRIGHT:

H. Res. 181. Resolution providing for the restoration of social security minimum benefits; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FARY:

H.R. 4187. A bill for the relief of Edward L. Simanek; to the Committee on the Judiciary.

H.R. 4188. A bill to permit the vessel *Manatra II* to be inspected, licensed, and operated as a passenger-carrying vessel, and for other purposes; to the Committee on Merchant Marine and Fisheries.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 27: Mr. ALBOSTA.

H.R. 33: Mrs. ROUKEMA.

H.R. 39: Mr. OBERSTAR.

H.R. 63: Mr. TRIBLE.

H.R. 168: Mr. OBERSTAR.

H.R. 200: Mr. OBERSTAR.

H.R. 1313: Mr. SCHEUER, Mr. KILDEE, Mr. ALBOSTA, Mr. FITHIAN, Mr. LEACH of Iowa, Mr. MITCHELL of New York, Mr. GUNDERSON, and Mr. Nowak.

H.R. 1335: Mr. HUTTO.

H.R. 1339: Mrs. MARTIN of Illinois.

H.R. 1454: Mr. ROYBAL, Mr. OTTINGER, and Mr. HOWARD.

H.R. 1505: Mr. NAPIER.

H.R. 1600: Mr. CHENEY, Mr. YOUNG of Alaska, Mrs. BOUQUARD, and Mr. COLLINS of Texas.

H.R. 1603: Mr. SMITH of Oregon.

H.R. 1711: Mr. LIVINGSTON.

H.R. 1730: Mr. RICHMOND, Mr. SCHEUER, and Mr. MCKINNEY.

H.R. 1822: Mr. LANTOS, Mr. LOWRY of Washington, Mrs. COLLINS of Illinois, Mr. RICHMOND, Mr. ALBOSTA, and Mr. NEAL.

H.R. 1919: Mr. LEACH of Iowa.

H.R. 2120: Mr. LENT, Mr. MARKS, Mr. LUKEN, and Mr. PRITCHARD.

H.R. 2310: Mr. BARNARD, Mr. BEVILL, Mr. GINGRICH, and Mr. ROBERT W. DANIEL, Jr.

H.R. 2471: Mr. TAUKE, Mr. NAPIER, and Mr. FITHIAN.

H.R. 2507: Mr. AUCOIN, Mr. BEILENSON, Mrs. CHISHOLM, Mr. CLAY, Mrs. COLLINS of Illinois, Mr. CONYERS, Mr. CROCKETT, Ms. FERRARO, Mr. FORD of Tennessee, Mr. GORE, Mr. GRAY, Mr. GUARINI, Mr. MITCHELL of Maryland, Mr. MOTTL, Mr. RAHALL, Mr. RANGEL, Mr. SEIBERLING, Mr. SUNIA, Mr. WON PAT, and Mr. YATRON.

H.R. 2530: Mr. LUKEN.

H.R. 2588: Mr. WHITEHURST, Mr. PATTERSON, and Mr. OTTINGER.

H.R. 2828: Mr. BADHAM, Mr. BONKER, Mr. BURGENER, Mr. CHAPPELL, Mrs. COLLINS of Illinois, Mr. DORNAN of California, Mr. DUNCAN, Mr. FORSYTHE, Mr. GINGRICH, Mr. HATCHER, Mr. HAWKINS, Mrs. HECKLER, Mr. HIGHTOWER, Mr. JONES of North Carolina, Mr. KAZEN, Mr. MCDONALD, Mr. MITCHELL of Maryland, Mr. MONTGOMERY, Mr. MURTHA, Mr. NELLIGAN, Mr. PANETTA, Mr. PARRIS, Mr. QUILLEN, Mr. SHANNON, Mr. THOMAS, Mr. WHITLEY, and Mr. WOLF.

H.R. 2907: Mr. OTTINGER.

H.R. 2963: Mr. HAMILTON, Mr. OTTINGER, Mr. STOKES, Mr. WOLPE, and Mr. DORGAN of North Dakota.

H.R. 3008: Mr. ROSENTHAL, Mr. OBERSTAR, Mr. DOWNEY, Mr. EDGAR, Mr. RICHMOND, Mr. OTTINGER, Mrs. CHISHOLM, Mr. CROCKETT, Mrs. COLLINS of Illinois, Mr. STOKES, Mr. FOGLIETTA, Mr. DYMALLY, Mr. MITCHELL of Maryland, Ms. MIKULSKI, Mr. SIMON, Mr. KILDEE, Mr. WASHINGTON, Mr. MARKEY, and Mr. BEDELL.

H.R. 3143: Mr. MINETA, Mr. GARCIA, and Mr. SUNIA.

H.R. 3427: Mr. SILJANDER and Mr. ROE.

H.R. 3600: Mr. BROWN of California, Mr. SCHEUER, Mr. DINGELL, Mr. FORD of Michigan, Mr. TRAXLER, Mrs. SCHNEIDER, Mr. BROOMFIELD, Mr. BONIOR of Michigan, Mr. BRODHEAD, Mr. CONYERS, Mr. CROCKETT, Mr. DUNN, Mr. HERTEL, Mr. KILDEE, Mr. WOLPE, Mr. BEILENSON, Mr. ECKART, Mr. ERDAHL, Mr. FARY, Mr. FOGLIETTA, Mr. HORTON, Mr. LAFALCE, Mr. LOWRY of Washington, Mr. LUNDINE, Mr. WORTLEY, Mr. YATES, and Mr. CARNEY.

H.R. 3709: Mr. RAHALL, Mr. RICHMOND, Mr. LAGOMARSINO, Mr. FOGLIETTA, Mr. MITCHELL of Maryland, Mr. COELHO, Mrs. FENWICK, Mr. SCHEUER, Mr. CLAY, Mrs. CHISHOLM, Mr. NAPIER, Mr. SABO, Mr. RODINO, Mr. SEIBERLING, Mr. WYDEN, Mr. BURGENER, Mr. MURPHY, Mr. VENTO, Ms. MIKULSKI, Mrs. COLLINS of Illinois, Mr. LEHMAN, Mr. BEDELL, Mr. STUDDS, Mr. DOWNEY, and Mr. FLORIO.

H.R. 3722: Mr. STANGELAND, Mrs. BOUQUARD, Mr. FRENZEL, Mr. WHITTAKER, Mr. VOLKMER, Mr. MITCHELL of New York, Mr. BAILEY of Missouri, Mr. GUNDERSON, Mr. CHENEY, Mr. DASCHLE, Mr. BEVILL, Mrs. HOLT, Mr. COLLINS of Texas, Mr. HOYER, Mr. WEBER of Minnesota, Mr. EDWARDS of Alabama, Mr. FORSYTHE, Mr. KINDNESS, Mr. BAILEY of Pennsylvania, Mr. LAGOMARSINO, Mr. GINGRICH, Mr. JEFFRIES, Mr. DERWINSKI, Mr. LENT, Mr. LOEFFLER, Mr. TRAXLER, Mr. GREGG, Mr. BONER of Tennessee, Mr. SUNIA, Mr. ANDREWS, Mr. BARNARD, and Mr. ROTH.

H.R. 3907: Mrs. SCHNEIDER and Ms. MIKULSKI.

H.R. 4048: Mr. GEPHARDT.

H.R. 4139: Mr. MURPHY.

H.R. 4140: Mr. WYDEN, Mr. DOWNEY, Mr. DOUGHERTY, Mrs. SCHROEDER, Mr. MITCHELL of Maryland, Mr. GEJDENSON, Mr. ROE, Mr. JEFFORDS, Mr. ANTHONY, Mr. AKAKA, Mr. RODINO, Mr. OTTINGER, Mr. BIAGGI, Mr. PRICE, Mr. SAVAGE, Mr. ST GERMAIN, Mr. FOGLIETTA, Mr. WOLPE, Mr. GEPHARDT, Ms. OAKAR, Mr. RINALDO, Mr. WILLIAMS of Montana, Mr. BEARD, Mr. MATSUI, and Mr. TRAXLER.

H.J. Res. 30: Mr. HUTTO.

H.J. Res. 241: Mr. BENEDICT.

H.J. Res. 260: Mr. WHITTEN, Mr. BOWEN, Mr. WALKER, Mr. LOWERY of California, Mrs. HOLT, and Mr. WINN.

H. Con. Res. 118: Mr. COUGHLIN, Mr. DICKS, Mr. EMERY, Mr. FARY, Mr. GONZALEZ, Mr. HYDE, Mr. JONES of Oklahoma, Mr. LEWIS, Mr. MCCURDY, Mr. NATCHER, Mr. OBEY, Mr. RITTER, Mr. SHARP, Mr. SHELBY, Mr. SILJANDER, Mr. SKELTON, Mr. SMITH of Alabama, Mrs. SNOWE, Mr. WALKER, and Mr. WHITTAKER.

H. Res. 173: Mr. GUARINI, Mr. CORRADA, Mr. CLINGER, Mr. MOLLOHAN, and Mr. RICHMOND.

H. Res. 177: Mr. KILDEE, Mr. FORSYTHE, Mr. BEILENSON, Mr. MITCHELL of Maryland, Mr. EDGAR, Mr. FOGLIETTA, Mr. SHAMANSKY, Mr. RANGEL, Mr. EDWARDS of California, Mr. FISH, Mr. WOLPE, Mr. DWYER, Mr. SCHEUER, Mr. OTTINGER, Mr. COELHO, Mr. MCCLOSKEY, Mr. HAMILTON, Mr. BONKER, Mr. SOLARZ, Mr. YATRON, Mr. STUDDS, Mr. ROSENTHAL, Mr. BARNES, Mr. MARKEY, Mr. LEACH of Iowa, and Mr. JEFFORDS.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 4034

By Mr. DANNEMEYER:

—Page 15, line 4, strike the period and insert in lieu thereof the following: ": *Provided further,* That none of these funds may be expended for the purpose of requiring any State to adopt, implement, or enforce a vehicle emission control inspection and maintenance program.".

—Page 16, line 4, strike out the period and insert in lieu thereof the following: ": *Provided further,* That none of these funds may be expended for the purpose of requiring any State to adopt, implement, or enforce a vehicle emission control inspection and maintenance program.".

By Mr. ERTEL:

—Page 46, immediately after line 15 insert the following new sections:

SEC. 415. Except as otherwise provided in Section 406, none of the funds provided in this Act to any Department or Agency shall be obligated or expended to provide a personal cook, chauffeur, or other personal servants to any officer or employee of such Department or Agency.

SEC. 416. None of the funds provided in this Act to any Department or Agency shall be obligated or expended to purchase passenger automobiles as defined in 15 U.S.C. 2001 with an EPA estimated miles per gallon average of less than 22 miles per gallon.

By Mr. LEVITAS:

—Page 46, after line 15, insert the following:

SEC. 415. No part of any appropriation contained in this Act shall be available to implement, administer, or enforce any regulation which has been disapproved pursuant to a resolution of disapproval duly adopted in accordance with the applicable law of the United States.

H.R. 4035

By Mr. ERTEL:

—Page 54, immediately after line 8, insert the following new sections:

SEC. 307. None of the funds provided in this Act to any Department or Agency shall be obligated or expended to provide a personal cook, chauffeur, or other personal servants to any officer or employee of such Department or Agency.

SEC. 308. None of the funds provided in this Act to any Department or Agency shall be obligated or expended to purchase passenger automobiles as defined in 15 U.S.C. 2001 with an EPA estimated miles per gallon average of less than 22 miles per gallon.

By Mr. LEVITAS:

—Page 54, after line 8, insert the following:

SEC. 307. No part of any appropriation contained in this Act shall be available to implement, administer, or enforce any regulation which has been disapproved pursuant to a resolution of disapproval duly adopted in accordance with the applicable law of the United States.

By Mr. LUJAN:

—On Page 2 after line 15, insert the following new paragraph:

"PAYMENTS IN LIEU OF TAXES

"For expenses necessary to carry out the provisions of Public Law 94-565, including administrative expenses, $100,000,000, to remain available until expended.".

SENATE—*Thursday, July 16, 1981*

(Legislative day of Wednesday, July 8, 1981)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Almighty God, "from whom, through whom, and to whom are all things" (Rom. 11: 36) who "giveth to all life and breath and all things" (Acts 17: 25), forgive our idolatrous presumption in attributing to ourselves the credit for all that is good in our land. Grant us the grace of humility which recognizes the blessing of a gracious providence without which we could not survive.

Forgive us for the exorbitant pride we tend to take when we equate our own convictions with God's truth, when we universalize our experience and require of others what Thou dost demand of us. Keep us from making a principle of our experience. Help us to allow God to be as original with others as He is with us.

In Jesus' name. Amen.

RECOGNITION OF THE ASSISTANT MAJORITY LEADER

The PRESIDENT pro tempore. The assistant majority leader is recognized.

THE JOURNAL

Mr. STEVENS. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

VITIATION OF ORDER FOR THE RECOGNITION OF SENATOR HAWKINS

Mr. STEVENS. Mr. President, I ask unanimous consent that the special order for the Senator from Florida be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. STEVENS. Mr. President, what are the special orders this morning?

The PRESIDENT pro tempore. The special orders for this morning are the Senator from South Carolina, 15 minutes; the Senator from Wisconsin, 15 minutes; and the Senator from West Virginia, 10 minutes.

Mr. STEVENS. I thank the Chair.

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. STEVENS. Mr. President, I ask unanimous consent that following the time allocated to the two leaders under the standing order and the completion of the special orders there be a period of time for the transaction of routine morning business, not extending beyond 11 a.m., with Senators permitted to speak therein for not to exceed 3 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I reserve the remainder of my time.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. Mr. President, I thank the distinguished assistant majority leader.

DEATH OF MRS. ALDA DOMENICI

Mr. BAKER. Mr. President, I rise to announce that the mother of the distinguished chairman of the Budget Committee, Senator DOMENICI, passed away last evening. I would like to join with my colleagues, and I am sure all of the citizens of New Mexico, in noting with sadness the passing of Alda Vichi Domenici, who was 77 years old.

I was fortunate enough to meet Mrs. Domenici in 1977 when I visited New Mexico. She was truly a woman of strength and stature; the bond of affection and warmth which she shared with her family, and most especially with her son, our colleague, was obviously apparent. The hospitality which she accorded to me remains a poignant remembrance.

Mrs. Domenici came to America from Italy when she was 4 years old. She later started, with her husband, a small grocery store which eventually became a successful grocery warehouse in Albuquerque.

In addition to her son, Pete, Mrs. Domenici had 4 daughters, 1 adopted daughter, and 10 grandchildren.

She was thoughtful, she was happy, and she was full of pride. She enjoyed cooking. She enjoyed her family, her garden, her life.

I extend my sincere sympathy to her entire family, Mr. President.

Senator DOMENICI has departed from this city to attend the final services for his mother, and in his absence he has asked me to urge all members of the conference committee on behalf of the Senate to continue with their labor.

I join with Senator DOMENICI in urging that they do so.

Their continued effort to try to work through the differences in the bills passed by the House and Senate is the best tribute and would be the most appreciated sentiment expressed by our colleagues to Senator DOMENICI and his entire family.

In his absence, Senator ARMSTRONG, the next ranking majority member of the committee, will be the acting chairman. I do not anticipate that the full conference will require any formal action in his absence. Indeed, it is fortunate from a scheduling standpoint that the several so-called miniconferences are in session or organized and have begun to function.

I stand ready, as does Senator ARMSTRONG, to aid and assist in any way we can. The Budget Committee staff and Senator DOMENICI's staff are available, of course, to any Member for advice and consent, or whatever service they can render.

Mr. President, this is a sad moment for Senator DOMENICI, but I am sure that he and the rest of his family will navigate this distress and sadness with the characteristic strength which we all know he and they possess.

(Mr. SIMPSON assumed the chair.)

Mr. THURMOND. Mr. President, will the distinguished Senator yield?

Mr. BAKER. I yield.

Mr. THURMOND. Mr. President, I join with the majority leader in extending my condolences to the able Senator from New Mexico upon the death of his mother.

I did not have the pleasure of knowing Mrs. Domenici but she must have been a wonderful woman to have produced such a wonderful son as PETE DOMENICI.

PETE DOMENICI has made his mark on the Senate although he has been here only a few years. I have been deeply impressed with him as a man of unquestioned character and integrity, great capacity, tremendous courage, and, in my judgment one of the outstanding leaders in the Senate today.

I want to join and associate myself with the remarks by the majority leader in this time of sadness.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. BAKER. I yield.

Mr. ROBERT C. BYRD. Mr. President, I join with the distinguished majority leader in expressing condolences and sympathy to our distinguished, beloved colleague, PETE DOMENICI, and to his family in this hour of sorrow.

SENATORIAL BUSINESS ADVISORY BOARD

Mr. BAKER. Mr. President, I would like to take a moment this morning to congratulate the U.S. Senatorial Busi-

ness Advisory Board on the success of their first annual conference, which was held Wednesday at the Shoreham Hotel.

The board is comprised of over 4,400 members who visit Washington periodically to meet with Government leaders in an effort to exchange ideas and offer constructive criticism. Eighty-two percent of the members are chief executive officers, chairman of the board, presidents, or managers of their own businesses.

I would like to commend both the distinguished Senator from Oregon (Mr. PACKWOOD), and Mr. William Simon, who as chairman, and chairman of the board, respectively, have provided skilled leadership for the board. Their astute knowledge of congressional activities has enabled board members to gain valuable insights into the legislative process.

I was fortunate enough to address more than 1,500 members as part of the morning program. It was truly an exhiliarating encounter. Afterwards, during the question and answer period, it became all too obvious that the decision-makers of our financial communities in the audience, were attuned to the historic challenges that face our Nation.

It is my sincere hope that this organization will continue to flourish, and I look forward to meeting with them again in the very near future.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I have no further need for my time remaining under the standing order. I am prepared to yield it to the distinguished minority leader, to any Senator, or to yield it back.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader for his offer. I do not believe I have need of the time.

Mr. BAKER. Mr. President, I yield back the remainder of my time under the standing order.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER. The minority leader is recognized.

Mr. ROBERT C. BYRD. Mr. President, I yield my time, or such portion of it as he may require, to the distinguished Senator from Wisconsin at such time as he executes his special order.

RECOGNITION OF SENATOR THURMOND

The PRESIDING OFFICER. Under the previous order, the Senator from South Carolina is recognized for not to exceed 15 minutes.

THE DAVIS-BACON ACT, PART I, LEGISLATIVE HISTORY

Mr. THURMOND. Mr. President, in a few days, the Senate will take up S. 1408, the military construction authorization bill for fiscal year 1982. One of the most important provisions in that bill—and one destined to be controversial—is section 1008, which waives the provisions of the Davis-Bacon Act as it applies to military construction projects.

For the next several days I intend to spend a few moments each morning to provide background on the Davis-Bacon Act. I feel that it is most important that this act be understood so that Members may have an informed opinion when this issue comes to a vote.

Let me begin with the legislative history of the Davis-Bacon Act.

PART I—DAVIS-BACON ACT LEGISLATIVE HISTORY

GENERAL

The Davis-Bacon Act has been on the books for over 50 years. This act requires that any contractor executing a contract supported by Federal funds must pay prevailing wages as determined by the Department of Labor and as specified in the contract. The act is hailed by proponents as time-honored legislation that "protects over 4½ million construction workers who are employed by thousands of contractors doing business with the U.S. Government." On the other hand, opponents argue that the Davis-Bacon Act may be an engine of inflation that has outlived its usefulness.

Although the Davis-Bacon Act was the first Federal statute to require the payment of prevailing wages, several States had enacted comparable legislation prior to 1931. Kansas was the first State to do so in 1891, followed by New York, Oklahoma, Idaho, Arizona, New Jersey, and Massachusetts, all prior to 1931. Subsequent to the enactment of Davis-Bacon many more States have enacted their own little Davis-Bacon Acts. As might be expected, these little Davis-Bacon Acts all vary to some extent in language and application, but most are surprisingly similar to the Federal Act of 1931 and all are directed at requiring the payment of prevailing wages.

THE ORIGINAL ACT

The Davis-Bacon Act is considered by many to be depression legislation, spawned during the Great Depression of 1930–31. Such is not the case. Similar legislation was considered by the Congress during 1927 and 1928, years of relative prosperity, and the House of Representatives Committee on Labor had entertained and favorably considered similar bills in both of these years. However, conditions prevalent during the depression provided the impetus for the passage of the Davis-Bacon Act. Greatly increased Federal construction programs designed to boost the economy, combined with extremely high unemployment in the construction industry, resulted in many cases of contractors using itinerant labor to undercut local prevailing wages. Congressmen from all parts of the country were being petitioned by constituent labor and contractors alike to remedy this intolerable situation.

In late 1930, the executive branch considered invoking prevailing wage regulations by executive order and solicited the opinion of the Comptroller General as to the legality of such a course of action. The Comptroller General, on January 10, 1931, issued an opinion, ruling out such an option, and stated, in part, as follows:

> However desirable the contrary may be, it seems clear that in the present state of law the proposal to fix by contract the minimum rate of wages the contractor must pay his employees in the doing of the contract work, assuming a contract otherwise valid and enforceable could be drawn, clashes with the long-recognized intent and purpose of section 3709, Revised Statutes, in that it removes from competitive bidding on the project an important element of cost and tends to defeat the purpose of the statute—that is, to obtain a need of the United States, authorized by law to be acquired, at a cost no greater than the amount of the bid of the low responsible bidder, after full and free competitive bidding.

Recognizing that legislation would be required to enact a prevailing wage statute, the Congress and the executive acted with alacrity rarely seen before or since to enact the Davis-Bacon Act. Sometime shortly after the January 10, 1931, finding by the Comptroller General, the Department of Labor drafted the original Davis-Bacon Act and furnished the draft to both Houses of Congress. In the House of Representatives, hearings were held on January 31, 1931, by the Committee on Labor on the bill, H.R. 16619, which had been introduced by Representative Bacon of New York. On that same date, the House Committee on Labor reported the bill to the full House recommending that it pass. The House report on the bill, Report No. 2453, is a short, two-page document with the following concluding paragraph:

> The measure does not require the Government to establish any new wage scales in any portion of the country. It merely gives the Government the power to require its contractors to pay their employees the prevailing wage scales in the vicinity of the building projects. This is only fair and just to the employees, the contractors, and the Government alike. It gives a square deal to all.

In the meantime an identical bill, S. 5904, had been introduced in the Senate by freshman Senator James J. Davis, who just prior to his election to the Senate had served as the Secretary of Labor from 1921 to 1930. On February 3, 1931, the Senate Committee on Manufacturers held hearings on the measure and that same day, the Committee on Manufacturers reported the bill to the full Senate, recommending that it pass. The report of the Committee on Manufacturers, Report No. 1445, is a verbatim copy of the report published by the House Committee on Labor on this identical bill. On February 4, 1931, the day following the hearings and the report by the Senate Committee on Manufacturers, the full Senate considered the bill and, after less than 5 minutes of debate, the bill was passed by voice vote.

For some reason, the full House delayed consideration of the measure until February 28, 1931. Although there was substantially more debate on the bill on the House floor, prompted to a large degree by the lone dissenting views of Representative Blanton of Texas, the bill passed easily by voice vote. The measure, which required no conference action since both House and Senate bills were identical, was signed into law by President Hoover on March 3, 1931. This tre-

mendously important piece of legislation that has had untold impact on the construction industry became law just 32 days after the first hearing on the bill and without a recorded vote in either House of Congress.

Mr. President, it is evident from reading the record that surrounds the enactment of the Davis-Bacon Act that there were few who understood the act or how it would be administered. Several expressed the opinion that this was emergency legislation, necessary only for the duration of the depression. Of particular significance is the following quotation from Representative Bacon during debate on the bill on the House floor:

The Secretary of Labor, Mr. Doak, when testifying before the House committee, stated that he considered this emergency legislation. I believe the membership of the House generally knows why this is so. The Government has embarked on a large construction program, perhaps to a total of some five hundred million dollars . . .

So legislation that was considered emergency legislation by the Secretary of Labor, the driving force in the administration behind the bill, and by Representative Bacon, who sponsored the measure, has survived in force for over 50 years.

AMENDMENTS

The original act did not require the predetermination of wages; contracts merely specified that prevailing wages would be paid and the determination of prevailing wages was left to the contracting officer, with only disputes being referred to the Secretary of Labor for arbitration. It was not until 1935 that the Davis-Bacon Act was amended to provide for the predetermination of prevailing wages. The position of the sponsors of the legislation on the issue of predetermination of prevailing wages is quite interesting. Quoting Representative Bacon again from the record of the House debate of 1931 on the original bill:

In its practical operation the bill sets up a simple and direct method of assuring the payment of the prevailing wage by the contractor in the community where the work is performed. The Secretary of Labor anticipates no difficulties of administration. In 90 percent of the cases he feels there will be no dispute of any kind. Where there is a dispute, which cannot be ironed out on the spot by the contracting officer of the Government, the matter would be referred to the Secretary of Labor for final decision. The Labor Department has a well organized conciliation service; and the administration feels that the offices of this service, when called on, will be able without trouble, to settle disputes amicably, expeditiously, and to the satisfaction of everyone.

The bill does not put the Government in the business of price fixing or of anticipating wage levels; it does not attempt to peg a price for either the benefit of the contractor or labor. It does not disturb the methods or causes that finally evolve a scale of wages. It leaves that to employer and employee where it belongs.

However, the issue of predetermination of wages plagued the act from the outset. In 1932, Congress passed and sent to the President an amendment to the Davis-Bacon Act that provided for, among other things, predetermination of prevailing wages. This amendment was vetoed by President Hoover, and the following was quoted from a memorandum from the Secretary of Labor that was attached to the veto message:

The bill should not be approved. It is obscure and complex and would be impracticable of administration. It would stretch a new bureaucracy across the country. The bill is an amendatory substitute for the existing act of March 3, 1931, which is a clear and sufficient law . . .

It was essentially this same provision which was again passed in 1935 and sent to the President, where it was signed and became law.

Shortly after its passage in 1931, several shortcomings of the act became evident. Discrepancies that surfaced included the lack of any enforcement mechanism; the failure to define key terms, resulting in widely ranging implementing interpretation; and the lack of any provision for advising labor of the protection afforded them by the act. President Hoover attempted to ameliorate some of these shortcomings by an Executive order, dated January 19, 1932, which, among other things, required contractors to pay wages in full on a weekly basis, established that persons would be paid the prevailing wage for the work they were performing regardless of their classification, required that contractors make their books available for audit, and provided that violators of the act were subject to contract termination.

This Executive order did not solve the deficiencies in the act, and the 1932 amendment was passed by Congress which, in addition to providing for predetermination of prevailing wages by the Secretary of Labor, expanded the coverage of Davis-Bacon to public works (as well as building construction) and provided for stiff fines as a means of enforcement. As mentioned previously, the amendment was vetoed by President Hoover on the recommendation of the Secretary of Labor, W. N. Doak, primarily because the language was so obscure and the implementation would have required the establishment of a large bureaucracy within the Department of Labor.

Continued difficulty in administering the original act, combined with evidence uncovered during Senate hearings of widespread abuse of the act by contractors to avoid paying the prevailing rates, resulted in the 1935 amendment that sought to combine the best provisions of the vetoed 1932 amendment and the 1932 Executive order.

First, unconditional weekly payments without subsequent rebates or "kickbacks" were required of each contractor subject to the Davis-Bacon Act. Second, payment to all employees, regardless of the contracting-subcontracting arrangements, was mandated, closing a loophole whereby contractors had avoided paying prevailing wages to subcontractor employees. Third, it required the posting of prevailing wages in a conspicuous place accessible to all employees. Fourth, withholding of payments to the contractor was authorized to ensure that moneys would be available to pay workers who might receive less than prevailing wages. Finally, the major change was the requirement for each contract affected by the Davis-Bacon Act to contain in the specifications at the time of bid the prevailing wages as determined by the Secretary of Labor. Today's Davis-Bacon Act is essentially the basic 1931 act incorporating the 1935 amendment.

Since 1935, the act has been amended three times. In 1940, the act was amended to include the territories of Alaska and Hawaii and, in 1941, the act was extended to cover cost-plus-fee type contracts which, during the World War II era, became more common and were awarded without advertising for bids. A more significant amendment was enacted in 1964, when the definition of wages was broadened to include fringe benefits, and today prevailing wage determinations include a basic wage and specific fringe benefits all of which the contractor must pay.

In recent years, there have been attempts to soften the impact of Davis-Bacon by exempting specific legislation from its provisions or by outright repeal. None of these attempts has enjoyed any success, and the Davis-Bacon Act remains entrenched with strong support from organized labor and, until recently, relatively impotent opposition from construction management.

Tomorrow, I intend to spend a few minutes discussing the Department of Labor's implementation of the Davis-Bacon Act.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin (Mr. PROXMIRE) is recognized for not to exceed 15 minutes, plus the 10 minutes of leadership time granted by the Senator from West Virginia.

Mr. PROXMIRE. Mr. President, I yield 4 minutes of my time to the minority whip, Senator CRANSTON.

Mr. CRANSTON. I thank the Senator.

EISENHOWER'S ADVISERS WARNED OF GLOBAL NUCLEAR DANGER

Mr. CRANSTON. Mr. President, I have obtained a historically significant and once top-secret memorandum, stunning for its clarity and foresight, that was prepared for then Army Chief of Staff Dwight D. Eisenhower and distributed by Eisenhower to our top military commanders in January 1946.

This prescient document, titled "Draft Statement on the Atomic Bomb and Its Effect on the Army," recommended—among other U.S. security needs—the creation of a Central Intelligence Agency, which was soon done; a Strategic Air Force, which was soon done, and a Rapid Deployment Force, which we are now, at long last, doing.

It also foresaw—and prescribed for—many of the problems and dangers of the new age of the bomb.

Of particular relevance to the recent global debate over Israel's bombing of Iraq's nuclear facilities is the disclosure that early in the nuclear age, U.S. policy planners contemplated as one option the

very type of preemptive strike that Israel felt compelled to take 35 years later.

This is what the memorandum said:

If we were ruthlessly realistic, we would not permit any foreign power with which we are not firmly allied, and in which we do not have absolute confidence, to make or possess atomic weapons. If such a country started to make atomic weapons we would destroy its capacity to make them before it had progressed far enough to threaten us.

Israel, concerned about its very survival, thus simply implemented in 1981 a proposal that American strategists, concerned about U.S. security, considered ruthless but realistic in 1946.

The Army memo stressed the need for arms control and the great difficulty of devising effective nuclear nonproliferation efforts. For example, the memo states:

If there were only some way to make America sense now its true peril some 15 to 20 years hence in a world of unrestricted atomic bombs, the nation would rise up and demand one of the two alternatives essential to its very existence. Either we must have a hard-boiled, realistic, enforceable, world agreement ensuring that atomic weapons will not be used in the future or we and our allies must have an exclusive supremacy in the field . . .

In the world of 1981, meaningful nuclear supremacy is beyond the reach even of superpowers like the United States and the Soviets. This leaves us, indeed, with efforts toward "hard-boiled, realistic and enforceable" arms control agreements as the only effective and responsible alternative to a frantic arms race which, in the view even of this 1946 study, "the world could not long survive."

The Army staff study further analyzes the inherent weaknesses of nonproliferation efforts due to the dangers that even peaceful nuclear development pose:

In this exploitation for peaceful purposes there will be built up supplies of active materials sufficient for many bombs. Thus there will be a vast military potential which must not be forgotten . . . the time for conversion of peacetime atomic energy plants to war purposes would be dangerously short.

There are any number of other interesting points in the memo, including some with which I would disagree—given the benefit of 35 years of hindsight.

But I want to share this remarkable document with my colleagues and bring it to wider public attention. I ask unanimous consent that it be printed in the RECORD in its entirety along with its cover page and cover memorandum by General Eisenhower.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT OF EFFECT OF ATOMIC WEAPONS ON NATIONAL SECURITY AND MILITARY ORGANIZATION

(Memorandum by the Chief of Staff, U.S. Army)

Upon reading the Joint Strategic Survey Committee's statement on the above subject (J.C.S. 1477/5), I obtained a somewhat unfavorable over-all impression. While most of the specific statements made seem reasonable, the over-all tone seems to depreciate the importance of the development of atomic weapons and to insist unnecessarily strongly that the conventional armed services will not be eliminated. While I agree entirely, so far as the immediate future is concerned, with the latter concept, I have not felt that there is strong public demand at the present that the services be in fact eliminated. The general tone of the statement might therefore be misconstrued by Congress and the public, and be looked upon as an indication of reactionism on the part of the military and an unwillingness under any circumstances to reduce the size of the military establishment.

Furthermore, the statement seems to take a negative or defensive approach in its analysis of the implications of the atomic bomb and might better present an affirmative analysis of these implications and of lines of development which could profitably be followed to improve our armed forces.

I visualize that the sort of statement required is one which would be relatively brief yet would include the basic implications of the bomb related specifically to the years immediately ahead of us. The statement might indicate the relative importance of political measures, as opposed to strictly military measures, in meeting the threat of the bomb and show that the military are as interested in preventing a war in which the bomb might be used as in winning such a war if it starts. Consideration should be given to the fact that the composition of our armed forces in the future will depend in part on action taken by the United Nations to outlaw or control the bomb.

The complexity of the problem presented by the discovery of atomic bombs is such, and authoritative knowledge on the bomb so limited, that it would be helpful if the statement were supported by a discussion in the body of the paper. The Joint Strategic Survey Committee's report on Guidance to the U.S. Representatives of the Military Staff Committee (J.C.S. 1567/26) contained a broad analysis of the atomic problem from the aspect of international control. Some such analysis in J.C.S. 1477/5 seems desirable for adequate presentation of the subject.

A draft statement on the atomic bomb and its effect on the Army has been presented to me which is attached hereto in the Appendix. I have not yet had time to study this draft fully but it appears that, while perhaps extreme in some aspects, it might be helpful to the Joint Strategic Survey Committee in a review by them of J.C.S. 1477/5.

I recommend that J.C.S. 1477/5 be referred back to the Joint Strategic Survey Committee for review in light of the above comments and the discussions in the draft statement in the Appendix hereto and in J.C.S. 1567/26.

APPENDIX—DRAFT

STATEMENT ON THE ATOMIC BOMB AND ITS EFFECT ON THE ARMY

In planning for our Army of the future, two distinct situations with respect to atomic weapons should be given consideration.

First Assumption: That satisfactory world agreements with respect to atomic energy have been made which ensure that atomic bombs will not be used under any circumstances.

Such agreements must provide for complete information at all times as to the activities of all nations in the atomic field. To get that information, it will be essential from our point of view that our representatives or inspectors have the right to travel freely anywhere, at any time, to observe and raise questions about any activity which they may suspect is related to the use of atomic energy. Other nations will undoubtedly require the same.

This means the abandonment of all rights of privacy—that of the home, the laboratory and the industrial plant throughout the the world including the United States, and apart from its effect on control of the atom, implies a fundamental change in the concept of the right of secret commercial processes and patent rights.

Backing up any system for obtaining information must be some sort of effective and realistic international measures whereby any nation using atomic weapons or getting ready to use them would know that, inexorably, the armed weight of all the rest of the world would be used against them.

Should such agreements on the bomb be accompanied by the destruction of our present supply of atomic weapons and by measures which would prevent manufacture of additional ones, then our Army of the future would not be influenced greatly by the nonexistent atomic weapons until the agreement was broken or threatened. If the agreement were broken, the world would head directly into an atomic weapons armament race with the assurance of supremacy, if she chose to assume it, for the nation winning that race. Unless the United Nations achieve an unprecedented success in establishing genuine world government and a reduction of national ambitions and suspicions—in other words, unless the United Nations genuinely abolish all chance of major wars—this eventuality will be most probable.

If the world agreement provides for the retention of a small number of atomic weapons for the purpose of enforcing peace,

a. by some international agency,

b. by the United States as the trustee agency of that organization, or,

c. by each of the major powers as agents of that organization,

our Army of the future must be planned with due regard for the unprecedented power of the weapon and its potentiality for sudden, crippling delivery. A small number of such bombs could give an enormous initial advantage but would not assure final victory unless they were followed up by more bombs.

Second Assumption: That satisfactory world agreements have not been reached and atomic bombs will be available to each of the three major nations within the course of 15 or 20 years or even 5 or 10.

Should there be an armament race in atomic weapons—and the world could not long survive such a race—then the United States must for all time maintain absolute supremacy in atomic weapons, including number, size and power, efficiency, means for immediate offensive use and defense against atomic attack. We must also have a worldwide intelligence service which will keep us all times completely informed of any activities of other nations in the atomic field and of their military intentions.

If we were ruthlessly realistic, we would not permit any foreign power with which we are not firmly allied, and in which we do not have absolute confidence, to make or possess atomic weapons. If such a country started to make atomic weapons we would destroy its capacity to make them before it had progressed far enough to threaten us. If there were only some way to make America sense now its true peril some 15 to 20 years hence in a world of unrestricted atomic bombs, the nation would rise up and demand one of the two alternatives essential to its very existence. Either we must have a hard-boiled, realistic, enforceable, world agreement ensuring that atomic weapons will not be used in the future or we and our dependable allies must have an exclusive supremacy in the field, which means that no other nation can be permitted to have atomic weapons. The United States is in the best position now to get and enforce world-

wide agreement on the bomb—five years from now will be too late to initiate the agreements. However, genuine and proven mutual confidence between the great nations is the prime essential requirement for such an agreement, and this will not be easy to obtain. Realistically, the second alternative will be equally difficult to achieve. Therefore let us consider the probable effect on our armies of the future of an unrestricted atomic armaments race.

The atomic bomb is not an all-purpose weapon. One would not use a pile-driver for driving tacks when a tack hammer would do a better and a cheaper job. It is a weapon of tremendous, devastating power, capable of being produced in more than adequate numbers to influence decisively the outcome of any future conflict. It can be simplified and improved from its early models and if we are to judge from past developments of other weapons future bombs should be more powerful than the bombs used at Hiroshima and Nagasaki.

The atomic bomb is basically an offensive weapon—a weapon of rapid attrition. With it war can be carried to the enemy's heart and vitals and there it can utterly destroy his capacity to fight and even to live. If used in sufficient numbers, it can completely destroy the densely populated centers of any nation on earth. It is a weapon of suddenness, completeness and totality. Two disciplined nations each using the bomb can destroy each other's entire national life, yet neither could invade the other with large armed forces in the face of atomic bombs used on the convoys, beachheads or airheads. It makes war unendurable. Its very existence should make war unthinkable.

The atomic bomb cannot stand alone in the nation's arsenal. To put all our reliance on that one powerful weapon is to court disaster. Stored bombs could be captured or sabotaged if they were not adequately protected by armed forces. For some time to come the military effort to get a bomb to a target in the face of strong enemy defenses will be considerable. Therefore if one or more of the bombs proved to be "duds" at the wrong time, serious effects on our strategy might result. The bomb must be transported safely to bases from which it can be sent against an enemy. These bases must be held secure against the enemy and new bases closer to the enemy may need to be won. The bomb must be delivered on enemy targets in spite of enemy resistance. The territory attacked must be occupied and controlled. For our protection the air and sea lanes around our lands and toward an enemy must be dominated by our arms. Adequate forces, air, ground and sea, specifically organized and trained for their mission, must be used for this purpose and for the defense of our large centers of population and industry. All these considerations mean that we must have adequate, diversified, wellrounded military forces, trained for almost instantaneous action. Furthermore the entire notion must be disciplined to withstand cataclysmic destruction of key cities at home and still be able to win the war.

The size of an Army mobilized for a war would be smaller than that for the recent war, because it is inconceivable that a war carried on with an ample supply of atomic weapons on one or both sides could last long enough to mobilize, train, equip and maintain a vast Army. The force mobilized at the start of a war could perhaps be doubled or trebled in time to be useful.

For the next 5 to 10 years, our Army will have the major tasks of occupying former enemy territory, garrisoning overseas bases, and providing a strategic mobile force for our national security and for possible use by the United Nations. We hope also that it will supervise Universal Military Training. For those tasks there will necessarily be required a considerable force, both ground and air, without consideration of the implications of atomic weapons. The size, composition, organization and equipment of the forces concerned with the essential tasks mentioned above will be such as will best meet the changing mission over the next several years.

The post war Army will be definitely and markedly affected by the implications of the atomic bomb. Just how and to what extent is not yet clear. It will be largely influenced by what effective measures, if any, are taken to control the atomic problem. What these measures will be will depend largely on the actions of Congress and the United Nations. For the next several years study, experiment, invention, development and training will point the way toward the best kind of an Army to build around the all-powerful atomic weapons or the kind of Army needed should atomic weapons be outlawed. One would be rash indeed to try and state now in detail what that Army will be ten years hence. Certain indications are clear, however, and preliminary conclusions can be drawn from them. Some of those follow:

1. Should we engage in a major war within the next five years, the atomic bombs used will be much like those used at Hiroshima and Nagasaki. Delivery of the bombs probably will be made by airplanes with selected crews. Assembly and technical supervision of the bombs will be done by scientific and technical personnel from the Manhattan Project. The bombs are still a long way from being standard or routine weapons. What will come in the future depends on the development of new weapons and methods of delivery.

2. Special air units, with most modern aircraft and other equipment trained for instant attack, located at bases primarily in the United States, but using overseas bases for staging and final arming, will have to be assigned the mission of delivering atomic bombs anywhere in the world.

3. There should be several highly mobile ground units, trained and equipped for rapid movement by fastest transportation for the purpose of seizing and holding bases and critical areas not available to us in time of peace. Those mobile units should be backed up by a number of slower-moving, more heavily armed units to act in support.

4. There should be available as mobilized units or available for instant mobilization, sufficient forces (land, sea, and air) to control the sea and air lanes surrounding the United States, its possessions and outlying bases and for safe distances beyond so as to protect our cities, industries, and bases.

5. Overseas bases needed for launching attacks against potential enemies should be adequately equipped, guarded and supplied.

6. All possible methods of delivery of atomic weapons including aircraft, guided missiles, rockets and submarines should be studied and developed. Units for using best methods of delivery should be made part of our armed forces.

7. Our intelligence forces must be strengthened many-fold, made world-wide and be competent always to know and to give prompt, accurate and complete answers to the questions: "What are other nations doing in the atomic weapon field?" and "What are their intentions?" To assist in this, the earliest possible establishment of an effective central intelligence agency seems of highest importance.

8. Many governmental and military installations must be arranged by construction, concealment, dispersal and other means so as to continue to function during any enemy attack with atomic weapons. Our atomic weapons installations, including certain manufacturing plants, storage points, launching sites and airbases, would be in that category. General dispersal of industry does not appear to be feasible because of the dislocations and costs involved. If dispersal of key critical industries is undertaken, it should be for self-contained plants and not just the component parts. An atomic weapon war is visualized as not being a prolonged one; hence it is believed that the war will have to be fought largely with our initial stockpile of weapons and equipment, augmented by all-out production of essential items.

9. Forces of 8 to 10 million men in the Army for a war are not now visualized, for the reason that an atomic weapon war should have reached a decision before such great forces could be mobilized, equipped, trained and maintained. Forces of perhaps one-half that number might be required and their assembly in time seems feasible. However, since atomic war will very likely be a war of surprise and will surely be one for our very survival, our total manpower should have had some military training and be disciplined to withstand the tremendous shock of atomic attack. Without such discipline our nation might give way to panic and hysteria and not be able to carry on to success. Also, the machinery for conducting our military action must be the most efficient, speedy and centralized possible.

10. Because an atomic weapon war will not let us have months to prepare in comparative security, a larger percentage of our war force unit must be kept always ready. Much of that force should be in components, including air, which can be ready to carry immediate offensive war against the enemy. With atomic weapons, a nation must be ready to strike the first blow if needed. The first blow or series of first blows may be the last.

11. Defense against the atomic bomb will always be inadequate. The only defense which we can foresee is to stop the carrying vehicle. So long as the bomb is carried by aircraft, it will be possible to stop a large percentage of those aircraft attacking our vital centers but only one or two need get through to wreak great destruction. Our defenses against atomic attack by air will therefore require considerable forces. There must, likewise, be continued research of the highest quality and urgency in the defensive field.

12. While this subject is not in my field of responsibility, it is clear that a strong properly equipped Navy to ensure our freedom of the seas is an essential part of our national defense. The Navy is taking full advantage of all the lessons which can be learned from studies of atomic weapons including the data which will be available after the forthcoming tests against naval vessels.

13. Detailed plans concerning size, organization, composition, and equipment of the future Army are now under intensive study. The effect of atomic weapons is being considered in such planning as will the effect of any international action taken in the United Nations. As these plans crystallize, such of them as require Congressional action will be presented promptly for consideration by the Congress.

The atomic bombs dropped on Japan had two primary effects: first, the sudden ending of the war with the consequent saving of the lives of thousands of our men; and second, a profound revolution in military thought. The atomic bomb is a terrifying advance over other weapons. It will influence warfare far more than did gunpowder or the airplane. Its destructiveness makes it imperative that world peace be achieved. If the peoples of the major powers of the world really knew or could understand the peril inherent in atomic weapons they would demand of their various governments a real solution to the problem of war.

However, until such time as a result of United Nation's or other action all chance of

major wars is truly nil, no policy is sound which is based on the assumption that atomic weapons will be outlawed for all time to come. Time will be needed for the gradual evolution of national and international thinking and resultant policies on the use of atomic energy in general, and of atomic weapons in particular. Presumably any international agreements reached will contain provisions for the exploitation of atomic energy for peacetime uses. As has been stated to the Senate Committee, in this exploitation for peaceful purposes there will be built up supplies of active materials sufficient for many bombs. Thus there will always be a vast military potential which must not be forgotten. Furthermore, I understand that the time for conversion of peacetime atomic energy plants to war purposes would be dangerously short. It should be realized that we risk the security of our country when we gamble that there will be time to detect and to take decisive action against any nation that violates its agreement before atomic disaster is upon us.

Our military establishment must not be excluded from research and development in the atomic weapon field. We cannot lean exclusively on any agency which concerns itself primarily with possible peaceful uses of atomic energy. Any commission such as that proposed in the May-Johnson Bill must have as its primary concern the military security of the United States. To accomplish that end the Army and Navy must have a major part in determining how atomic energy will be applied to national defense. If there are to be atomic weapons in the world, we must have the best, the biggest and the most; and the Army and Navy must not be divorced from their responsibility of defending the United States.

Mr. CRANSTON. Mr. President, I obtained a copy of the Army memo from CBS, which had unearthed it in its research for its recent five-part news special, "The Defense of the United States." This excellent series, I am told, will be rerun beginning August 3. I recommend it if you missed it the first time.

Originally, the memo was classified "Top Secret," but was declassified on May 29, 1974, by the Joint Chiefs of Staff declassification working group as part of its standard declassification procedures.

The PRESIDING OFFICER. The Senator from Wisconsin.

SCANDALOUS LOW RATES OF RETURN FOR THE SOCIAL SECURITY TRUST RESULTING FROM CONFLICTS OF INTEREST AND RESPONSIBILITIES OF THE MANAGERS OF THE FUNDS

Mr. PROXMIRE. Mr. President, just a few days ago the board of trustees of the social security trust funds—old age and survivors insurance (OASI), disability insurance (DI), and hospital insurance (HI)—made their annual report. We were told that because of the dire condition of the funds we would either have to cut back on benefits or raise social security taxes.

The report showed that on June 30, 1980, there was $46.845 billion in those three funds—$23.565 billion for OASI; $7.68 billion for DI; and $14.6 billion for HI.

But the report also showed that the interest rate or rate of return on those funds for the year was scandalously low. The combined earnings were only 8.3 percent.

The OASI fund earned 8.3 percent; the DI fund earned 8.8 percent; and the HI fund earned only 8.2 percent. The average was 8.3 percent.

This was no accident. It was done by design.

EXTRAORDINARILY LOW YIELDS

It is true that by law the fund can only invest in Government or Government-backed securities.

However, in 1980 private financial institutions investing exclusively in Government or Government backed securities earned as much as 13.5 percent on their portfolios. But the social security trust funds, also investing exclusively in Government or Government-backed securities, earned only 8.3 percent for the year.

Think of that difference: 13.5 percent for those who invest wisely and carefully in Government security and know what they are doing, on the average, and only 8.3 percent for the social security funds.

So far this year, financial institutions investing exclusively in Government or Government-backed issues have earned more than 15 percent. Last week they earned over 16 percent.

Why is this?

The trustees of the social security trust funds who are three in number, namely the Secretaries of the Treasury, Labor, and Health and Human Services, should invest the social security trust funds in order to maximize the return commensurate with the safety of the funds.

That is the duty of trustees whether they are private trustees or public trustees.

Before the administration cuts back on social security benefits or raises social security taxes the trustees must be required to invest the trust funds in order to achieve a return at least equal to the return everybody else can get on Government or Government-backed securities.

In 1980 that would have brought in about $2 billion a year more than the trust funds actually earned. Let me repeat that. In 1980 that would have brought in $2 billion a year more than the trust funds earned.

That is equal to 60 percent of the $3.3 billion combined deficit the trust funds suffered in 1980, 60 percent, more than half.

The 8.3 percent average earnings on the $46.7 billion in the three trust funds in 1980 is a miserable showing. If any private trustee did that badly, he or she would be fired.

Mr. President, if anyone were investing your money or my money that way, we would get rid of them in a hurry. In fact, we might even go to court and sue them for malpractice if we could.

Because of the bad management or mismanagement of the funds over the years I believe an atonement should be made. A determination should be made by a nonpartisan group of experts as to just how much the social security trust funds have lost over the last two decades as a direct result of mismanagement. Such an amount, estimated conservatively, should be paid by the Treasury into the social security trust funds to make up for the losses suffered because of the failure to get an interest rate available to virtually everyone else.

That must be done before benefits are cut or taxes are raised.

REASONS FOR LOW RETURN

While the report itself does not spell out why the return on the social security trust funds was so appallingly low, there are at least three reasons. They are:

First, poor management techniques and equipment;

Second, outmoded regulations and laws; and

Third, the key to the poor showing, the conflicts of interest and responsibility at the highest levels of the trust fund management.

The actual management of the funds is at the Treasury. The managers and three trustees have put the interests of the Treasury before the interests of the social security trust funds.

Mr. President, I wish to make clear that there is no personal reflection on the present Secretary of the Treasury who has been in office only a few months, or on the other trustees. I do not mean to imply that or mean it.

Every Secretary of the Treasury has had a conflict of interest in managing the social security trust funds. Here is why.

As a trustee of the trust funds, they are obligated to get the highest possible return commensurate with the safety of the funds. But as Secretaries of the Treasury they, and especially the Treasury Department managers of the funds, work to keep the interest on the public debt as low as they can.

And that is the hat that prevails. That is the view that prevails. They want to hold down the rate of return paid by the Federal Government to the social security funds, and they do it.

The Secretary of the Treasury wears two hats. For years his and the Treasury Department's interest in paying out the lowest rate of interest on the public debt has conflicted with his duty as a trustee to get the highest interest rate available for the social security trust funds.

PORTFOLIO OF OASI FUND

Look at the portfolio of the OASI trust fund on September 30, 1980 (pp. 17–18 report).

Of the $2.445 billion held in public issue public debt obligations, more than $1 billion was held in two issues; a 3½-percent 1990 issue in the amount of $552 million and a 3½-percent 1990 issue in the amount of $546 million.

The rest, $20.565 billion, was held in obligations sold only to the fund, or what are called special issues. Some $8.9 billion of this was held in two issues—an $8.46 billion issue at 11⅛ percent due in 1981 and $407 million on a 10⅛-percent issue due in 1981.

Of the remaining $11.7 billion, $8.4 billion was held in issues paying 7½ to

7⅝ percent while only $1.7 billion was paying in the 9-percent range.

This was the portfolio in a year when the average for short term, 3 year, and 10-year Treasury certificates was over 11 percent.

Other Government securities, agency securities, or Government backed securities, were paying even higher rates.

I ask unanimous consent that a table from pages 17 and 18 of the OASI trustees report giving the assets of the OASI trust fund at the end of both fiscal years 1979 and 1980 be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 6.—ASSETS OF THE OASI TRUST FUND, BY TYPE, AT THE END OF FISCAL YEARS 1979 AND 1980

	Sept. 30, 1979		Sept. 30, 1980	
	Par value	Book value[1]	Par value	Book value[1]
Investments in public debt obligations:				
Public issues—Treasury bonds:				
2¾ percent investment series B, 1975–80	$1,064,902,000	$1,064,902,000.00		
3 percent, 1995	70,170,000	70,154,300.11	$70,170,000	$70,155,324.07
3¼ percent, 1978–83	60,200,000	59,982,987.02	60,200,000	60,042,172.22
3¼ percent, 1985	25,700,000	25,214,601.59	25,700,000	25,301,538.71
3½ percent, 1980	449,450,000	449,922,552.42	449,450,000	449,486,350.62
3½ percent, 1990	556,250,000	551,865,319.11	556,250,000	552,289,643.31
3½ percent, 1998	552,037,000	546,145,879.93	552,037,000	546,454,585.09
4 percent, 1980	153,100,000	153,098,379.94		
4⅛ percent, 1989–94	91,300,000	90,859,201.17	91,300,000	90,889,427.37
4¼ percent, 1975–85	78,023,000	77,905,844.18	78,023,000	77,926,827.50
4¼ percent, 1987–92	33,000,000	33,833,803.68	33,000,000	33,727,360.68
6⅝ percent, 1984	31,500,000	31,723,267.05	31,500,000	31,677,856.77
7 percent, 1981	50,000,000	49,923,333.01	50,000,000	49,963,332.97
7½ percent, 1988–93	99,934,000	98,828,625.56	99,934,000	98,908,053.68
7⅝ percent, 2002–07	15,000,000	14,991,911.98	15,000,000	14,992,205.14
7⅞ percent, 1995–2000	22,180,000	21,559,420.62	22,180,000	21,590,066.46
8 percent, 1996–2001	90,500,000	90,415,430.64	90,500,000	90,419,304.00
8¼ percent, 2000–05	22,450,000	22,444,646.82	22,450,000	22,444,845.66
11¾ percent, 2010			153,100,000	151,998,224.32
8⅛ percent, 1995–2000	50,000,000	50,631,313.25	50,000,000	50,601,010.25
8½ percent, 1994–99	6,352,000	6,493,938.40	6,352,000	6,436,721.12
Total investments in public issues	3,522,048,000	3,510,896,756.48	2,457,146,000	2,445,354,849.94
Obligations sold only to this fund (special issues):				
Certificates of indebtedness:				
8¾ percent, 1980	1,732,790,000	1,732,790,000.00		
9 percent, 1980	6,941,877,000	6,941,877,000.00		
10½ percent, 1981			406,799,000	406,799,000.00
11⅛ percent, 1981			8,464,877,000	8,464,877,000.00
Bonds:				
7⅛ percent, 1988	125,847,000	125,847,000.00		
7⅛ percent, 1989	125,847,000	125,847,000.00		
7⅛ percent, 1990	125,847,000	125,847,000.00	125,847,000	125,847,000.00
7⅛ percent, 1991	125,848,000	125,848,000.00	125,848,000	125,848,000.00
7⅛ percent, 1992	2,014,741,000	2,014,741,000.00	2,014,741,000	2,014,741,000.00
7⅜ percent, 1987	474,643,000	474,643,000.00		
7⅜ percent, 1988	688,956,000	688,956,000.00		
7⅜ percent, 1989	688,956,000	688,956,000.00		
7⅜ percent, 1990	1,366,865,000	1,366,865,000.00	1,366,865,000	1,366,865,000.00
7½ percent, 1987	522,029,000	522,029,000.00		
7½ percent, 1988	522,029,000	522,029,000.00		
7½ percent, 1989	522,029,000	522,029,000.00	437,645,000	437,645,000.00
7½ percent, 1990	522,029,000	522,029,000.00	522,029,000	522,029,000.00
7½ percent, 1991	1,888,893,000	1,888,893,000.00	1,888,893,000	1,888,893,000.00
7⅝ percent, 1987	677,910,000	677,910,000.00		
7⅝ percent, 1988	677,909,000	677,909,000.00		
7⅝ percent, 1989	677,909,000	677,909,000.00	677,909,000	677,909,000.00
8¼ percent, 1993	1,555,736,000	1,555,736,000.00	1,555,736,000	1,555,736,000.00
8¾ percent, 1994	1,272,609,000	1,272,609,000.00	1,272,609,000	1,272,609,000.00
9¾ percent, 1994			216,450,000	216,450,000.00
9¾ percent, 1995			1,489,059,000	1,489,059,000.00
Total obligations sold only to this fund (special issues)	23,251,299,000	23,251,299,000.00	20,565,307,000	20,565,307,000.00
Total investments in public-debt obligations	26,773,347,000	26,762,195,756,.48	23,022,453,000	23,010,661,849.94
Investments in federally sponsored agency obligations—Participation certificates.				
Federal assets, liquidation trust—Government National Mortgage Association:				
5.10 percent, 1987	50,000,000	50,000,000.00	50,000,000	50,000,000.00
5.20 percent, 1982	100,000,000	100,000,000.00	100,000,000	100,000,000.00
Federal assets financing trust—Government National Mortgage Association:				
6.05 percent, 1988	65,000,000	64,898,438.20	65,000,000	64,910,625.76
6.20 percent, 1988	230,000,000	230,000,000.00	230,000,000	230,000,000.00
6.40 percent, 1987	75,000,000	75,000,000.00	75,000,000	75,000,000.00
6.45 percent, 1988	35,000,000	35,000,000.00	35,000,000	35,000,000.00
Total investments in federally sponsored agency obligations	555,000,000	554,898,438.20	555,000,000	554,910,625.76
Total investments	27,328,347,000	27,317,094,194 68	23,577,453,000	23,565,572,475.70
Undisbursed balances		425,751,973.22		1,000,184,989.34
Total assets		27,742,846,167.90		24,565,757,465.04

[1] Par value, plus unamortized premium or less discount outstanding.

EXISTING LEGAL DISCRETION NOT USED

Mr. PROXMIRE. The managers of the trust funds are not required to invest in "special issues." They can invest in any Government or Government-backed security. I would not urge them to invest in Lockheed or Chrysler guaranteed instruments but there is no reason why they could not get a much higher average return both by investing in Treasury issues carrying a higher return and by investing in GNMA, FNMA, Federal Farm Credit, Federal Home Loan Bank, or other agency or Government-backed issues.

Unfortunately the bulk of the assets of the funds are invested in the "special issues" or public debt obligations. These issues are provided for under a law passed by Congress with the strong recommendation of the Treasury.

By law—by design—these "special issues" carry a rate of interest equal to the average market rate of Treasury obligations forming a part of the public debt which are not due or callable for 4 years.

To the degree these special issues are used, that has the effect of deliberately keeping the rate of interest paid on the assets of the social security trust funds at a very low level. For years, the law required that long-term bonds issued by the Treasury could carry an interest rate no higher than 4.25 percent. So a good deal of the public debt 4 years old or older carries an extraordinarily low interest rate.

As the report shows most of the "special issues" in the trust funds portfolios on September 30, 1980, carried an interest rate somewhere between 7 and 9 percent.

There are thus two effects of the "special issues" law. First, it helps the Treasury by keeping the interest on the public debt lower than it would otherwise be. The second, or the converse, effect is that at the same time it plunders the social security trust funds to do so.

At a time when short-term rates have been much higher than long-term rates, the managers of the social security trust funds have invested them in long-term securities. Instead of maximizing the return they have minimized it. As the report on the OASI and DI funds states on page 19, the general practice is to spread the maturity dates of the "special issues" over a 15-year period.

OTHER GOVERNMENT SECURITIES AVAILABLE

Further, the social security trust fund managers have virtually ignored the Government-guaranteed obligations of other Government agencies. These agency obligations, which are backed by the full faith and credit of the U.S. Government and are completely safe, carry interest rates even higher than Treasury issues. But the trust funds held only about 10 percent of their assets in these securities and most of these were very old issues carried at interest rates below 7 percent. Today, these issues have yields from 13 to 20 percent.

I ask unanimous consent that a table from the Wall Street Journal of July 10, 1981, be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

GOVERNMENT, AGENCY AND MISCELLANEOUS SECURITIES, JULY 9, 1981

[Mid-afternoon over-the-counter quotations; sources on request. Decimals in bid-and-asked and bid changes represent 32ds; 101.1 means 101 1/32. a—Plus 1/64. b—Yield to call date. d—Minus 1/64. n—Treasury notes.]

FNMA ISSUES

Rate	Mat	Bid	Asked	Yld
8.85	7-81	99.27	99.31	19.26
7.25	9-81	98.10	98.14	16.48
9.38	9-81	98.21	98.25	16.38
9.70	9-81	98.23	98.27	16.30
7.88	10-81	97.18	97.26	16.39
6.45	12-81	95.30	96.6	16.13
7.30	12-81	96.8	96.16	16.17
10.90	1-82	97.11	97.19	16.07
15.25	2-84	99.11	99.19	15.93
7.15	3-82	94.10	94.18	16.02
8.88	3-82	95.13	95.21	15.94
7.38	4-82	93.26	94.2	15.98
15.30	4-82	99.12	99.20	15.74
6.65	6-82	91.24	92.24	15.41
7.10	6-82	92.20	93.4	15.40
12.25	6-82	97.5	97.13	15.35
9.45	7-82	94.10	94.22	15.35
6.80	9-82	90.16	91.16	14.98
8.40	9-82	92.18	92.26	15.07
8.60	10-82	92.10	92.26	15.07
9.00	10-82	92.28	93.8	15.08
7.35	12-82	89.28	90.16	15.03
7.75	3-83	89.5	89.21	14.97
9.50	3-83	91.12	91.28	15.17
8.75	4-83	89.29	90.13	15.16
9.25	4-83	90.20	91.4	15.18
9.50	5-83	90.26	91.6	15.16
6.75	6-83	85.24	86.24	14.93
7.30	6-83	86.24	87.24	14.87
8.10	6-83	88.10	88.26	15.02
10.85	7-83	92.18	93.2	14.99
9.70	8-83	89.30	90.30	14.91
6.75	9-83	84.8	85.8	14.93
8.50	9-83	87.28	88.12	14.94
9.25	10-83	88.28	89.12	14.96
8.00	12-83	85.16	86.16	14.83
8.40	12-83	86.12	87.12	14.78
14.05	1-84	97.14	97.30	15.07
14.10	2-84	97.6	97.30	15.08
9.50	3-84	87.2	88.2	15.07
7.35	4-84	82.20	83.20	14.80
8.20	4-84	84.6	85.6	14.95
14.25	5-84	97.16	98	15.12
6.25	6-84	79.2	80.2	14.91
9.25	6-84	85.20	86.20	15.07
8.20	7-84	83.8	84.8	14.90
9.05	7-84	84.28	85.12	15.31
11.10	8-84	89.16	90	15.27
7.95	9-84	81.2	82.2	15.29
9.75	9-84	86	86.16	15.27
11.70	10-84	90	91	15.30
14.90	10-84	98.6	98.26	15.36
6.90	12-84	77.18	78.18	15.16
7.55	12-84	79.2	80.2	15.24
9.90	1-85	84.28	85.28	15.26
7.65	3-85	78.2	79.2	15.31
14.25	3-85	96.8	96.24	15.42
13.75	4-85	94.20	95.20	15.30
15.25	5-85	99	99.24	15.34
8.60	6-85	79.24	80.24	15.31
9.25	6-85	83.24	84.24	15.26
7.25	7-85	75.28	76.28	15.17
7.45	9-85	75.28	76.20	15.12
7.90	10-85	76.24	77.24	15.18
8.80	10-85	79.12	80.12	15.23
13.00	11-85	91.8	92.8	15.50
13.00	1-86	91.8	92.8	15.45
8.20	3-86	76.10	77.10	15.14
9.50	3-86	80.18	81.18	15.14
9.20	4-86	79.10	80.10	15.15
7.95	7-86	74.8	75.8	15.19
7.90	9-86	73.16	74.16	15.19
7.30	12-86	70.12	71.12	15.25
7.75	3-87	71.16	73.8	14.90
11.15	5-87	84	85	15.09
7.65	6-87	70.20	71.20	15.06
9.10	7-87	75.8	77.8	14.98
7.50	10-87	68.20	70.20	14.86
14.40	2-88	96.8	97.8	15.06
10.50	6-88	80.12	81.12	14.90
8.55	9-88	71-8	73.8	14.70
9.30	6-89	73.16	75.16	14.62
7.80	10-91	64.24	75.24	14.25
7.00	3-92	58.24	60.24	14.27
7.05	6-92	58.24	60.24	14.24
7.10	12-97	55	57	13.77

BANK FOR CO-OPS

7.75	1-86	76.30	78.14	14.46

FEDERAL FARM CREDIT

10.00	7-81	99.18	99.22	20.35
13.65	8-81	99.1	99.5	24.75
15.65	8-81	99.23	99.27	16.96
14.90	9-81	99.17	99.21	15.94
14.95	9-81	99.20	99.24	15.91
14.35	10-81	99.10	99.14	15.78
13.55	10-81	99.8	99.12	15.84
14.90	11-81	99.3	99.7	16.46
15.45	11-81	99.14	99.18	16.46
14.85	12-81	99.4	99.8	16.04
16.60	12-81	99.28	100	16.31
13.55	1-82	98.18	98.22	15.88
15.80	1-82	99.27	99.31	15.81
8.90	1-82	96.7	96.15	16.13
15.40	2-82	99.14	99.18	15.81
16.40	3-82	99.31	100.3	15.96
8.45	4-32	94.30	95.6	15.67
15.85	4-82	99.24	99.28	15.98
7.20	9-82	91.23	92.7	14.80
9.65	9-82	94.6	94.22	14.84
10.95	10-82	95	95.16	14.90
11.60	12-82	95.5	96.5	14.74
8.05	3-83	89.17	90.17	14.72
10.90	4-83	93.18	94.2	14.79
13.40	4-83	97.17	97.29	14.74
13.75	9-83	97.22	98.6	14.67
9.30	12-83	88.28	89.8	14.78
14.10	12-83	99	99.12	14.33
9.00	1-84	87.12	88.8	14.71
9.50	1-84	88.10	89.6	14.76
18.85	3-84	97.26	98.2	14.72
9.45	4-84	87.10	88.6	14.75
9.70	6-84	87.20	88.16	14.70
15.25	7-84	99.31	100.3	15.21
11.75	9-84	92.12	92.28	14.64
9.55	12-84	86	87	14.52
10.65	12-84	88.8	89.8	14.78
10.90	1-85	88.28	89.28	14.67
13.20	3-85	94.16	95.16	14.79
13.25	4-85	94.24	95.24	14.73
9.20	6-85	83.28	84.12	14.59
11.60	7-85	89.28	90.12	14.84
12.75	9-85	92.8	92.24	15.12
14.90	9-85	98.28	99.4	15.18
14.30	12-85	97.8	97.24	14.96
13.95	3-86	96.4	96.20	14.96
15.15	7-86	99.26	99.30	15.17
10.75	10-86	85.16	86.16	14.48
10.00	12-86	83.4	84.4	14.32
12.65	4-88	91.8	92.8	14.47
11.70	7-88	87.4	88.4	14.44
13.05	1-89	92.24	93.24	14.43
7.75	9-89	68.12	69.28	14.07
10.60	10-89	81.16	83	14.14
10.95	1-90	82.28	84.12	14.16
10.40	7-90	80.28	81.28	13.99
14.10	4-91	97.6	97.22	14.54
9.10	7-91	72.4	73.20	14.09
14.70	7-91	99.24	99.28	14.72

FEDERAL HOME LOAN BANK

15.80	7-81	99.25	99.29	16.61
7.05	8-81	98.21	98.25	16.56
12.30	8-81	99.9	99.13	16.39
12.85	10-81	98.29	99.1	15.87
8.65	11-81	97.4	97.12	15.90
6.60	11-81	96.12	96.20	15.88
15.80	11-81	99.24	99.28	15.84
7.95	2-82	97.7	95.15	15.80
8.63	2-82	95.19	95.27	15.81
11.90	3-82	97.7	97.15	15.73
17.05	4-82	100.24	100.28	15.72
7.45	5-82	93.7	93.19	15.53
9.15	5-82	94.19	94.31	15.48
14.10	6-82	98.30	99.6	15.02
9.60	7-82	94.13	94.29	15.04
11.25	8-82	95.25	96.9	14.92
13.10	8-82	97.29	98.5	14.90
11.85	10-82	96.3	96.11	15.02
8.25	11-82	91.14	91.30	14.92
14.50	1-83	98.24	99	15.24
9.00	2-83	91.5	91.21	14.95
14.80	3-83	99.3	99.7	15.32
7.30	5-83	87.15	88.7	14.70
11.60	5-83	94.15	94.31	14.74
13.35	7-83	97.13	97.21	14.71
9.30	8-83	89.16	90.8	14.79
12.25	6-83	94.28	95.20	14.70
14.05	10-83	98.22	99.6	14.45
7.38	11-83	84.28	85.28	14.61
9.50	11-83	89	89.24	14.76
15.80	1-84	100.25	101.1	15.20
11.75	2-84	93.6	93.22	14.71
9.05	2-84	86.30	87.30	14.73
9.85	3-84	88.20	89.12	14.72
7.75	5-84	83.16	84.16	14.52
8.75	5-84	85.22	86.22	14.57
11.00	5-84	90.28	91.4	14.60
14.00	6-84	97.29	98.13	14.68
7.85	8-84	82	83	14.82
13.85	9-84	97	97.16	14.83
7.38	11-84	80	81	14.70
7.38	2-85	79	80	14.68
10.80	3-85	88.24	89.8	14.64
14.55	4-85	97.28	98.4	15.21
8.13	5-85	80.8	81.8	14.61
12.80	7-85	93.8	93.24	14.90
9.35	8-85	82.28	83.28	14.69
8.10	11-85	78.20	79.20	14.55
13.85	1-86	96.8	97.8	14.69
9.55	2-86	83.24	84.24	14.14
15.50	5-86	100.18	100.26	14.24
11.30	11-86	87.28	88.28	14.33
10.45	2-87	84.24	85.24	14.20
10.10	3-87	86.28	87.28	14.26
7.65	5-87	73.2	74.10	14.24
7.60	8-87	72.6	73.14	14.24
7.38	11-93	60.30	62.30	13.66
7.88	2-97	61.24	63.24	13.49

FEDERAL LAND BANK

9.10	7-81	99.19	99.23	18.48
7.45	10-81	97.16	97.20	16.12
6.65	1-82	95.3	95.15	15.92
7.80	1-82	95.22	96.2	15.85
6.90	4-82	93.11	93.27	15.56
8.15	4-82	94.9	94.25	15.47
8.70	7-82	93.22	94.6	15.00
7.30	10-82	91	91.16	14.82
8.00	10-82	91.26	92.10	14.78
7.20	1-83	89.14	89.30	14.79
8.20	1-83	90.24	91.8	14.80
8.65	7-83	89.6	89.22	14.71
7.30	10-83	85.6	86.6	14.63
7.35	10-83	85.8	86.8	14.65
8.10	7-85	79.28	80.28	14.53
7.95	10-85	78.16	79.16	14.54
8.80	10-85	81.12	82.12	14.45
7.60	4-87	73.8	74.8	14.29
7.25	7-87	70.28	72.4	14.30
7.85	1-88	72	73.16	14.21
8.20	1-90	70.28	72.28	13.68
7.95	4-91	68.4	70.4	13.54
7.95	10-96	63.12	65.12	13.30
7.35	1-97	59.8	61.8	13.31

GNMA ISSUES

Rate	Mat	Bid	Asked	Yld
8.00	----------	64.10	64.26	14.37
9.00	----------	67.10	67.26	14.91
9.50	----------	69.14	69.30	15.02
10.00	----------	71.26	72.10	15.07
11.00	----------	76.9	76.17	15.30
11.50	----------	78.17	78.25	15.38
12.50	----------	83.23	83.31	15.39
13.00	----------	86.11	86.19	15.40
13.50	----------	88.19	88.27	15.48
14.00	----------	90.26	91.2	15.56

Mr. PROXMIRE. What the managers of the fund have done is absolutely atrocious.

First, they have invested in the lower yielding securities of the Treasury itself.

Second, by a law they proposed and supported they have invested in special issues which carry rates even lower than the average of regular Treasury securities.

Third, they have virtually abandoned investments in other Government-backed obligations which are entirely safe.

TRUST FUND SUBSIDIZES GENERAL REVENUES

There has been a great deal of talk recently about how the social security trust funds might have to be subsidized by general revenues. The harsh facts are that at this time the general revenues are subsidized by money from the social security trust funds. That is a fact.

If you ask them about it, the Treasury managers of the social security trust funds will tell you they have to consider the interests of the Government as well as the interests of the social security trust funds. How about that? Let me give you an example.

If the trust managers of a local bank managing your family trust funds justified getting an average interest rate on your family trust funds of only half to 60 percent of the amount which any intelligent manager of the fund could have received on the grounds that they had to consider the interest of the bank as well as your interests, you would both fire them and sue them for misfeasance, malfeasance and conflicts of interest. If you did not, you would be letting them victimize you and robbing you of about half the return that you would get. But this is precisely the argument the managers of the social security trust funds used to justify their actions. The policy is wrong, wrong, wrong, and we must change it.

Finally, according to some of the day-to-day managers of the funds who have spoken to members of my staff, they are not equipped technologically to move in and out of the Government security markets to take advantage of the rates which are available or which private fund managers actually get.

Mr. President, these people invest billions of dollars every day, and they will not spend a few hundred dollars, maybe a few thousand dollars, at the most, to get the kind of equipment they need, to get the kind of experts they need to invest that money wisely.

Talk about a Golden Fleece Award, this dwarfs any Fleece Award I have ever given. By investing just a few dollars they can get a return of 100 to 1, 1,000 to 1. Their alibi is "We do not have the right kind of equipment when we are investing these billions of dollars."

RECOMMENDATIONS

There are at least three recommendations which flow from this scandalous situation.

First, the social security board of trustees should be enlarged to include four members of the public so that a majority of the members would have as their primary interest the maximizing of the rate of return on the social security trust funds—while continuing to invest in Government securities.

I propose that one member should represent the employers who contribute to the fund. A second member should represent the employees who contribute to the fund. A third member should represent the recipients or present beneficiaries of the fund. And the fourth member should be a highly knowledgeable investment counselor who has had vast experience in investing funds for an insurance company or money market fund who could teach the Treasury managers how to maximize the return on $40 billion of public moneys.

Second, the law should be changed. That provision of the Social Security Act which provides that the "special issues" should bear an interest rate at the average of all the public debt securities which are 4 years old or older should be repealed. In its place the managers should be directed to invest the trust funds so as to secure the maximum possible interest yield for the funds commensurate with safety.

Third, the Treasury managers must invest in enough modern equipment and technology so that they can manage the social security trust funds efficiently and effectively.

It certainly makes sense when you consider they are investing $40 billion that they should spend a few dollars so that they have the kind of equipment and the kind of advice and the kind of competence to invest that as wisely as they can. Then they have another $110 billion in the day-to-day flow of funds that come in and go out of the fund.

PAUL DOUGLAS AGREES

Mr. President, some may question the authenticity or correctness of the very serious charges I have made today about the management of the social security trust fund and the conflicts of interests which the trustees of the fund have. I want to cite some powerful witnesses on my behalf.

Senator Paul Douglas, who served in the Senate from 1949 to 1967, was a member of the Senate Finance Committee for a decade. He was also one of the foremost economists in the country, president of the American Economic Association, and without any question the ablest, most competent, most experienced, most respected economist ever to serve in the U.S. Senate. Furthermore, he was a principal author of the Social Security Act. When he was a professor at the University of Chicago, he was brought down to Washington and he consulted with the Members of Congress and the administration, the Roosevelt administration, that put the act together. I doubt if anybody was more knowledgeable about the Social Security Act than Senator Paul Douglas.

During the period he was in the Senate, this eminent economist, this expert, complained many times about the built-in conflicts of interest of the Secretary of the Treasury and the managers of the social security trust funds. It was his contention that the managers should be required to operate the funds on behalf of the social security beneficiaries and not in the interests of the Treasury. But at the time he made these complaints the social security trust funds were awash with surpluses and no one questioned their adequacy.

I became aware of this because I am very fortunate to have as my administrative assistant Howard E. Shuman, who was the administrative assistant to Paul Douglas for a number of years, served on the Douglas staff for 14 years. When Douglas was on the Finance Committee there was no technical staff available to the Finance Committee on social security matters, so Mr. Shuman, who is sitting right here on the floor of the Senate to my left, did Douglas' staff work and heard the Senator's complaints about the conflicts of the managers of the funds at a time when no one was concerned.

But even though Douglas was a great expert on social security, whenever a social security bill was before the Senate, he and members of the committee relied on the advice of Wilbur Cohen who later became Secretary of HEW and was a social security trustee himself. Year after year Wilbur Cohen was both the formal and informal consultant to the Finance Committee on social security affairs.

When the recent report of the trustees of the social security trust fund was released a few short days ago, Shuman read the report and noticed the low average rates of interest earned by the three trust funds.

He was reminded of Douglas' complaint and dug into the report and the materials behind the report.

At this stage he called Wilbur Cohen—it was only a couple of days ago. Senator Douglas often said, even though he was a great expert himself, that an expert on social security was anyone who had Wilbur Cohen's phone number. That is a pretty good definition because, of course, Wilbur Cohen could give you the best possible advice on it.

Former Secretary Cohen was asked if we were correct that the managers of the funds had a conflict of interest and managed the funds in a way which helped to minimize the interest the Treasury paid instead of maximizing the return the social security funds received.

Cohen not only agreed but made the suggestion, which I intend to translate into a bill, that the number of trustees be expanded so that the majority would clearly favor maximizing the return to the funds consistent with safety instead of compromising that goal in the narrower interests of the Treasury.

With the backing of Paul Douglas and Wilbur Cohen I was emboldened to make the serious charges which I have made

in this speech today and to recommend changes, which I will shortly introduce as legislation, to reform the Social Security Act.

THE ASSAULT ON WATERGATE REFORMS

Mr. PROXMIRE. Mr. President, George Lardner, national staff writer for the Washington Post, has written a blockbusting analysis of the assault on the so-called Watergate reform laws: the Foreign Corrupt Practices Act, the Freedom of Information Act, the Ethics in Government Act, and the Federal Election Commission law.

There is right now an intensive lobbying effort to gut the Foreign Corrupt Practices Act. The vehicle is S. 708. S. 708 is the opening shot in a destructive effort to bring down these several reform measures in this Congress.

I hope every Senator will read Mr. Lardner's analysis most seriously. In particular, I hope the Senate will take his comments to heart on S. 708, a bill that will disgrace our Nation if it ever passes.

I ask unanimous consent that Mr. Lardner's Washington Post article be printed in full in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE ASSAULT ON WATERGATE REFORMS

(By George Lardner, Jr.)

There were empty seats at the press tables but the lawyers and lobbyists and Washington "reps" packed the rest of the room, lining the walls and spilling out into the hallway.

The issue before the Senate Banking Committee was a prominent part of what Reagan administration officials like to call their "Watergate overreaction" package. At the moment, only insiders appear to be paying much attention. For this hearing, the Foreign Corrupt Practices Act of 1977, enacted to stem corporate slush funds and overseas bribery, was the target of the day.

Everyone, mind you, is against illicit payments, foreign or domestic. As U.S. Trade Representative William E. Brock felt compelled to protest at the opening session last month, "we do not endorse or condone bribery for any reason."

But American business, he submitted, is "hopelessly confused" over its obligations, and liabilities, under the four-year-old law. He did not mention that there has been only one prosecution since the statute was enacted, of a New York firm that distributes the postage stamps of the Cook Islands.

The administration is also all for openness in government, to hear Attorney General William French Smith tell it. But he has the Freedom of Information Act high on his hit list.

So, too, the Reagan Justice Department has said that it "fully appreciates the circumstances and sentiments" that led to passage of the Ethics in Government Act of 1978. But it has denounced the special prosecutor provisions of the law as "unfair and wasteful" and called for their repeal.

Proposals to undo some of the financial disclosure and conflict of interest provisions of the Ethics in Government Act can also be expected, according to a Justice Department spokesman. White House Counsel Fred Fielding reportedly developed a special antipathy for some of the rules in presiding over conflict-of-interest questions for the Reagan transition effort. In any case, he has been quoted as advocating that financial disclosures by top officials be less detailed and submitted only to congressional committees, not to the public.

The restrictions—some night call them safeguards—against excessive government spying that grew out of the Watergate-era investigations of the CIA and the FBI have also been earmarked for major revision. An early draft proposal would have given the CIA wide-ranging authority, at least on paper, to resume domestic intelligence operations.

On Capitol Hill, meanwhile, some Senate Republicans, apparently with President Reagan's blessings, are talking of doing away with the Federal Elections Commission.

The commission, created in 1974 by a reluctant Congress, has a reputation for nitpicking, but it is also the only agency that has ever been devoted to enforcing federal campaign financing laws with any vigor.

There is, in short, barely one memorable Watergate-era reform that is not under assault by the Reagan administration and its Republican cohorts on Capitol Hill. It is a campaign full of Orwellian overtones, with talk about "fine-tuning" laws where emasculation is intended, with allusions to "reforming" the Freedom of Information Act when greater secrecy is what is in store.

Perhaps the biggest overreaction is the "Watergate overreaction package" itself. The laws and regulations under siege might not have been adopted had not the scandal come along to provide the impetus, but most of them were aimed at abuses of power that had been prevalent for years.

Excessive government secrecy, corporate slush funds, disruptive tactics against political dissidents . . . these have a much longer history than the 1972 break-in at Democratic National Committee headquarters. Violations of the campaign reporting provisions of the Federal Corrupt Practices Act, for instance, had gone largely ignored since their adoption in 1925.

"It's like they're trying to put the last 10 years behind them," one veteran Justice Department lawyer says of Attorney General William French Smith and his top advisers, particularly in the intelligence field. "They have, in many ways, a pre-1970 mentality. Like Watergate, the Pentagon Papers, things like that, never happened."

What is most alarming to those with a better appreciation of recent history is the message underlying the administration's particularized complaints about this and that law. Genuine efforts to improve the rules would be fine, they say. But that's not what the administration seems to have in mind.

"It's the cumulative impact of all these things that worries me," says Archibald Cox, the first Watergate special prosecutor and now the chairman of Common Cause. He is beginning to wonder whether the Reagan administration has any interest in honor, openness and accountability.

"My view is that the measures adopted by Congress and the Executive Branch as a result of Watergate saved us from sinking into a moral abyss in the conduct of government," Cox said in an interview.

"It saved us partly because the measures themselves are constraints against the temptation to use improper methods and they saved us, too, because they expressed a level of concern that government should be open and not only honest, but honorable.

"I think the sum total of the criticisms being leveled today by members of the present administration amounts to saying that we don't care about ethics and honesty in government. It's not just the criticism of particular measures, but what energizes it. It shows a lack of concern."

It also shows, in some quarters at least, that the heat is off. At the CIA, for instance, the concessions to public accountability that it made in 1975 to refurbish its image and respond to questions are being rapidly discarded. Its legislative liaison and public affairs staffs are being cut back and downgraded now that, as CIA Director William J. Casey puts it, "the difficulties of the past decade are behind us."

The administration's campaign for a restoration of what it plainly considers the good old days is just getting started, but it has already produced a striking blend of misleading statistics and questionable history, at least as far as the Freedom of Information Act is concerned.

"What we are trying to do, really, is to cause that act to do what Congress originally intended it to do," Attorney General Smith insisted at a recent press conference. He implied that the only proper purpose of the act was to produce an informed electorate. Too many requests for government records were coming, Smith suggested, "from private interests seeking to obtain information that would serve their own private purposes or causes."

Deputy Attorney General Edward C. Schmults was even more explicit in a speech before the Second Circuit Judicial Conference. He asserted that the purpose of FOIA was "to cultivate an informed electorate by providing the public access to government imformation whenever consistent with the public interest in effective government." (emphasis supplied).

"Some 14 years of experience in administering the act, however, have convincingly demonstrated that it is used for purposes other than those intended by Congress," Schmults continued. "Only a tiny fraction of the requests for disclosure have come from scholars or the news media, the primary groups that could communicate government information to the electorate."

What the administration is really saying here, and none too subtly, is that there should be some sort of credentials test for those seeking access to government records and only those deemed by the government to be sufficiently dedicated to the public weal will pass muster. It smacks of the repudiated principles of federal law before FOIA, when secrecy was the rule rather than the exception and when government agencies had the power to decide whether the persons seeking the information were "legitimately and properly concerned" with it.

The Freedom of Information Act explicitly rejected that approach and, as the House Government Operations Committee pointed out in a 1972 report, replaced it with a rule stating emphatically that "'any person' should have clear access to identifiable agency records without having to state a reason for wanting the information."

In addition, the first seven years of the "14 years of experience" that Schmults cited demonstrated little more than the fact that government agencies had been able to turn the Freedom of Information Act put into effect in 1967 into a "freedom from information act."

In short, it was not until 1974 that Congress, with the Watergate coverup fresh in mind, closed the most glaring loopholes with a series of amendments enacted over President Ford's veto. Since then, the act has worked well enough to provoke an unending litany of complaints from government officials, especially at agencies long accustomed to keeping almost all of their records, and mistakes, from public view.

To some, the threat to the Freedom of Information Act represents the biggest danger. "Of all the reforms, that's the most important," says consumer activist Ralph Nader. "It's the only one the citizen can enforce on his own."

The act, he added, "was intended to be

used by everyone, just as free speech is intended to be used by everyone." The administration position, Nader charged, "is like saying that people are using the First Amendment too much, and the wrong people at that."

Like the FOIA, the Foreign Corrupt Practices Act has come under attack on the grounds that it is costing too much, far more than expected, although in this instance American business is footing the bill. Brock said the antibribery act has gained "the reputation of being one of our nation's most serious export disincentives." And the costs of keeping books "in reasonable detail," a new accounting standard that the law imposed on all publicly held companies, have been "highly inflationary," Brock protested.

The chief Senate sponsor of the administration-backed drive to dilute the law, Sen. John H. Chafee (R-R.I.), contends that the rule imposing criminal penalties on corporate executives with "reason to know" of bribes being paid by overseas agents is simply too stiff. Chafee would also change the law so that companies would have to keep detailed accounts only of expenses that have a "material" effect on their business.

For big companies, General Accounting Office experts testified, that could mean even multi-million-dollar items would escape accounting. A former chief accountant for the Securities and Exchange Commission told The Wall Street Journal that even Exxon's payments of more than $50 million to Italian political parties and Cabinet members in the 1960s and early 1970s would not have been "material."

The 1977 law was enacted following Senate and SEC investigations which turned up more than $300 million in questionable or illegal payments by more than 400 corporations to foreign officials, politicians and political parties. More than 117 of the companies ranked in the top Fortune 500 industries. In a number of instances, recalls Sen. William Proxmire (D-Wis.), the main proponent of the 1977 law, "bribes were paid . . . by American companies to beat other American companies out in the competition."

The Chafee bill is also designed to preclude prosecutions of overseas bribery cases under other laws, such as the fraud and conspiracy indictment pending against McDonnell Douglas Corp. in connection with $1.6 million in secret commissions on the sale of DC10 jetliners to Pakistan. That case most recently made headlines when it turned out that Associate Attorney General Rudolph W. Giuliani had met privately with a McDonnell Douglas lawyer to discuss company complaints about the case, without informing the Justice Department lawyers who were prosecuting it.

Giuliani said he didn't even know McDonnell Douglas was under indictment until after the meeting had started.

Meanwhile, Congress is being asked to gut the bribery law itself on the grounds that it is "fundamentally unfair" to American business and that it has proved too onerous and costly. Under the circumstances, it is difficult to envision much of a follow-through to the 35 investigations the Justice Department says it is currently conducting under the law.

"Basically, it's an abandonment of law enforcement," Nader charges. "It's much more pronounced than under Nixon or Ford. These guys are very systematic. They're out to change the system, not just violate it."

There are, to be sure, strong voices contending that there was an "overreaction" in some of the legislative response to Watergate. The last Watergate special prosecutor, Charles Ruff, now U.S. attorney here, is especially keen on what he regards as the defects of the special prosecutor sections of the Ethics in Government Act.

"The Watergate burden is the extraordinary presumption of irregularity in government," Ruff feels. The provisions for a special prosecutor in cases involving high government officials, he adds, were "horribly drafted" and need to be changed considerably, both in terms of the alleged crimes to be covered and the number of government officials to be covered.

Cox and colleagues such as Common Cause president Fred Wertheimer readily agree that no law is perfect, least of all the Ethics in Government Act or the 1974 campaign financing laws that included creation of a Federal Elections Commission.

But, Wertheimer adds, "you have to remember where we came from. It was no accident that we ended up with corporate slush funds and 21 prosecutions of various corporations by the Watergate special prosecutor for campaign law violations. The Justice Department had always taken a bipartisan view toward campaign financing laws. They never enforced it."

Cox adds that "if the attorney general's statements on the special prosecutor act, for instance, were to the effect that 'I think fine-tuning is needed, but I understand the need for an institution such as that,' I would say I'd certainly be willing to listen. But that isn't the message I get . . . Men and women being human, unless there are built-in protections such as the Ethics in Government Act, unless there are restraints on campaign spending, unless there is constant emphasis by high officials on the importance of openness, honesty and accountability, then the number of individuals who succumb to the temptations is bound to increase."

Attorney General Smith said through a spokesman that he considers charges that the administration is inviting future scandal as pure "nonsense."

"There were clearly some overreactions to Watergate and related events and we intend to rectify them," Justice Department spokesman Tom DeCair added on the attorney general's behalf. "These were well intended changes, but some of them simply went too far."

Archibald Cox still sees in the drive a "blindness to ethical concerns" that "may recreate the old dangers. Take the Foreign Corrupt Practices Act. If the habit of selling your products and services with payments to foreign officials returns, how long is it going to be before it becomes a habit to pay off officials here?

". . . The temptations of power are always great and the stakes in government and government decisions are higher than ever."

PARAGUAYAN PERSECUTION ALLEGED

Mr. PROXMIRE. Mr. President, the specter of genocide was not buried with the victims of the holocaust. It continued to haunt and horrify us in Uganda and Cambodia, and further charges of genocide continue to be brought forth. I must regretfully bring your attention to yet another allegation of a violation of human rights.

On June 19, Survival International (USA) submitted a formal complaint to the United Nations on behalf of the Toba-Maskoy Indians of Paraguay. Among other signatories of the complaint are the Human Rights Council of the National Council of Churches and Survival International in London. Their plea is urgent. These concerned groups charge the Paraguayan Government with persecution of the Toba-Maskoy Indians which the church in Paraguay has termed "tantamount to genocide." Such allegations deserve serious consideration by the United Nations to determine their validity.

Survival International charges that:

700 Toba-Maskoy Indians have recently been forcibly evicted from their ancestral homeland and taken, in military vehicles to a site described * * * as desolate and without any water.

They further allege that—

Since January, the situation of the Indians has become critical, according to Paraguay's Inter-Church Committee . . . They reported that the Indians were being held against their will. The site is being administered by military forces. They also reported that children are suffering from hunger and dehydration. Three children are said to have died and there is a severe lack of medical supplies.

Their continued survival is judged to be unlikely.

These allegations will now be considered by the United Nations. If they are found to be true—and that remains to be proven—these persecutions deserve to be strongly condemned by the world community. If we are to have an effective voice in condemning human rights violations of any magnitude, we must demonstrate that our concern is not taken or insincere. We must demonstrate a continuing commitment to condemn and punish man's inhumanity to man.

What better way to announce our concern to the world than to adopt the treaty which defends the most basic human right—the Genocide Convention. The nightmare of the crime of genocide must be eradicated step by step. I urge my colleagues to take the first step and accede to the Genocide Convention.

Mr. President, I yield back the remainder of the time yielded to me by the leader.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. There will now be a period for the transaction of routine morning business.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. EAST). Without objection, it is so ordered.

JUDGE O'CONNOR IS A SUPERB CHOICE

Mr. MOYNIHAN. Mr. President, I have received a telegram from Dr. Dan Fore, chairman of the New York Chapter of the Moral Majority that is striking in its conciseness. It reads "Protest Against O'Connors nomination."

Mr. President, Dr. Fore refers of course to the nomination of Judge Sandra Day O'Connor to be an Associate Justice of the U.S. Supreme Court. And while he does not elucidate his reasons for opposing Judge O'Connor, one would

surmise from press reports that the radical right single issue groups have concluded that in some way this mother of three is not profamily.

My purpose here today is not to debate the matters raised by the moral majority or their like. Rather I wish to address myself to another conclusion that one must reach from examining her background: Judge O'Connor is a superb choice. Over and over again those who know her describe her work with the words "meticulous" "hardworking" "intelligent" and "fair." And what better background. After graduating from high school at the age of 16 Judge O'Connor entered Stanford University. Five years later she graduated with undergraduate and law degrees magna cum laude having served as a member of the Stanford Law Review. She then went on to distinguish herself in the law and in public service becoming the first woman to serve as the majority leader of a State legislature, then as trial court judge and finally as an appeals court judge. As to Judge O'Connor's abilities on the bench, Harvard law professor Lawrence Tribe has said, "She's entirely competent, a nominee of potentially great distinction."

For my part, I plan to vote to confirm Judge O'Connor assuming that her nomination is reported out of the Judiciary Committee.

Finally, Mr. President, I wish to congratulate President Reagan for sending us this nomination, not simply because Judge O'Connor will be a fine Associate Justice but equally because she is a woman. The President said that he would appoint a woman who meets "very high standards" and he has so done. I regret that no President made such an appointment before now but I am proud that one has done so during my time in the Senate and I will be honored to cast my vote in favor of her confirmation.

Mr. President, I ask unanimous consent that a telegram from Dr. Dan Fore to me be printed in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

Senator MOYNIHAN,
U.S. Senate,
Washington, D.C.:

Protest against O'Connor's nomination.

Dr. DAN FORE,
Chairman, Moral Majority, NYS.

SENATE CONFIRMS NOMINATION OF SARAH EVANS BARKER AS U.S. ATTORNEY FOR THE SOUTHERN DISTRICT OF INDIANA

Mr. PERCY. Mr. President, in my 14 years in the Senate, I have experienced many times the special pleasure of seeing one of my former staff members rise to a senior position in the executive branch or in the business world. I have always looked upon my staff as part of my family and I enjoy celebrating their successes in life as I do those of my direct family members.

One such special moment of celebration occurred yesterday when the Senate confirmed the nomination of Sarah Evans Barker to be U.S. attorney for the southern district of Indiana.

Sarah was my staff legal counsel from 1970 to 1972 and worked closely with me in my capacity as a member of the Senate Permanent Subcommittee on Investigations. She also assisted in my responsibilities on the Senate Appropriations Committee, and played a key role in my reelection campaign in 1972, as a member of my campaign staff in Illinois. Following her marriage after the election to Kenneth R. Barker of Indianapolis, she returned to her home State and was appointed assistant U.S. attorney for the southern district of Indiana. She subsequently entered private practice in Indianapolis where she continued until her nomination by the President to the office for which she has just been confirmed.

Mr. President, Senators know that we often require of our staffs that they be combination miracle workers and diplomats, practitioners of wisdom, discretion and the high art of politics, and experts on every conceivable subject with little more than 5 minutes' notice. We expected no less than this from Sarah and got much, much more.

In her 2 years on the Senate staff, she earned the respect and admiration of other staff and Senators alike. She was skilled in every aspect of the legislative process, equally well prepared for the deliberative moments of a committee markup as for the throes of a parliamentary battle in the Senate Chamber. I cannot think of any experience that could have prepared her better for the responsibility she is about to undertake as U.S. attorney.

She was, and is, a friend to me and my family, and to all those who served with her on my staff. We all are immensely proud of her and wish her well in her new and important position.

"COMMUNIQUE" EXAMINES THE WORLD BANK

Mr. PERCY. Mr. President, as we all know, Robert McNamara, on July 1, ended his 13-year tenure as president of the World Bank. On June 23, "Communique," the outstanding foreign affairs program produced by Jeff Rosenberg for National Public Radio, devoted its broadcast to a discussion of the history and development of the World Bank.

In an interview for the broadcast, Mr. McNamara spoke of the accomplishments of the World Bank, and told why he believes the bank deserves strong American support. He argued that we Americans should help in promoting development in the Third World not just for humanitarian reasons, but also because such development is clearly in our economic, political, and strategic interests.

I agree completely with Mr. McNamara on this point. The Senate has already passed legislation authorizing United States contributions to the new capital increase for the World Bank and the Sixth Replenishment of the International Development Association, or IDA. It is extremely important both for the future of our relations with developing countries, and to maintain the credibility of the United States with our industrial country allies which have already committed themselves to their contributions to the Bank, that we in the Congress promptly authorize and appropriate the funds required to meet our share of contributions to the Bank.

Mr. President, I believe that the National Public Radio broadcast on the World Bank should be widely available to the American public, and, therefore, I ask unanimous consent that it be entered in full in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

COMMUNIQUE

ANNOUNCER. From National Public Radio, this is Communique.

President JIMMY CARTER. Under Bob McNamara's outstanding leadership, the bank has become the focus of world cooperation to improve the human condition.

ROBERT MCNAMARA. These past 13 years have been the most stimulating of my life. And despite the frustrations at times, I wouldn't have traded them for anything.

ANNOUNCER. Robert S. McNamara, President and guiding force behind the World Bank. On this edition of Communique, an interview with Mr. McNamara and an examination of his role in the effort to help the world's poorest nations. Our host is NPR's Sanford Ungar.

SANFORD UNGAR. On July 1st an event will take place that will not stir a great deal of attention in the United States but will be regarded as a turning point in much of what is called the Third World, the poorer developing countries. Robert McNamara will step down as President of the World Bank, a job he's held for the last 13 years.

When he took the position in 1968, McNamara seemed an unlikely choice. Former President of the Ford Motor Company, former Secretary of Defense under Presidents Kennedy and Johnson, a man whose name was associated, at home and abroad, with the American war effort in Vietnam.

But over the years, Robert McNamara converted himself and the World Bank into ardent promoters of the cause of economic development, advocates of the poorest people on earth.

In his last address to an annual meeting of the World Bank in September 1980, McNamara looked back with pride and considerable emotion at the achievements of the past 13 years.

MCNAMARA. Due to your support and to that of the governments you represent, the World Bank over the past 10 years has become by far the world's largest and most influential development institution. That is important. But what's far more important is what has transpired throughout the developing world in the millions of individual lives that this institution has touched.

What these countless millions of people want, what they need is what each of us wants and needs, the well-being of those we love, a better future for our children, an end to injustice, and a beginning of hope.

We do not see their faces. We do not know their names. We can't count their number. But they are there, and their lives have been touched by us. And ours by them.

UNGAR. For a perspective on the history of the World Bank and the McNamara years there, we turn to Robert Ayres of the Overseas Development Council, author of a recent article about the bank in Foreign Policy magazine and of a forthcoming book tracing the bank's successes and failures. I asked Ayres how the World Bank had changed over the years.

ROBERT AYRES. The World Bank, of course, is one of the two main so-called Bretton Woods institutions—the other one being the International Monetary Fund—which were created at the end of World War II. And the role of the bank, originally, and it still is, called the International Bank for Reconstruction and Development. So that its initial function, really, was to assist in the reconstruction of the war-devastated economies of Europe. And it was a multilateral device to channel funds, principally from the United States, into those war-devastated economies of Europe. And it's only been within the last decade or so that the development part of the bank's title has become so important.

UNGAR. And how did the change come about, then, in, I guess, during the '50s and '60s? How did the transition occur?

AYRES. Well, obviously, it was what we might call the "hell of success." The bank was successful, along with other lenders, in restoring the growth and the dynamism to the European and Japanese economy—economies, and, in a sense, was successful, and began to focus, then, on the other part of its title, development, reconstruction and development, and began to look into lending activities in the poorer countries of Latin America, Asia, and Africa.

And so it was in 1960 that the International Development Association, IDA, was created, which is the so-called soft loan window of the bank.

UNGAR. What does that mean, by the way?

AYRES. That means that the bank makes loans on near-commercial terms for periods, maturities of approximately 10, 15, 20 years, at the outer limit. Whereas IDA, the so-called soft loan window, is really a grant program, in the sense that there are no interest rates charged on IDA credits, only a 0.75 percent service charge per year. And these grants or credits are made for periods of up to 40 or 50 years.

So, we could call IDA a giveaway, using that term in the non-pejorative sense, really, as opposed to bank loans, which go to the so-called middle-income developing countries: Argentina, Brazil, Mexico, these kinds of countries, which have attained relatively high levels of per capita GNP.

The IDA money—and this is a very important point. About 85 to 90 percent of the IDA money today goes to countries which have per capita GNPs below $360 a year.

UNGAR. Those are very poor countries.

AYRES. Those are your sub-Saharan African countries, Bangladesh, India, one or two countries in South America, one or two of the Central American countries, perhaps Bolivia.

UNGAR. How did the bank develop, how did it change during the time that Robert McNamara has been in charge?

AYRES. Well, the bank has changed extraordinarily. The professional staff under McNamara has virtually quadrupled. The lending of the bank and IDA together has gone from 935 million a year to over 12 billion dollars a year during this period of the McNamara tenure at the bank.

So, in the first instance, there has been an enormous growth in the bank in a quantitative sense. But I think what has attracted even more attention in the press and in the international development community are the qualitative reorientations of the bank under McNamara. And by that I mean—it's related to a little of what I said earlier—a much more explicit concern with the problems of development, a much more explicit concern with the intractable problems of poverty in developing countries, and of how to alleviate poverty directly, if you will, instead of waiting for the so-called trickle-down of the benefits of economic growth to reach the poor. McNamara has been concerned with the direct alleviation of Third World poverty. And he's attempted—particularly since '73, when he gave a very famous speech in Nairobi, Kenya on the problems of rural poverty, McNamara attempted to steer the bank in this poverty-oriented direction; and, in my opinion, virtually transformed the bank from being only a bank into virtually the world's largest anti-poverty agency.

MCNAMARA. At present, 70 percent of the population of the developing countries, and an equivalent percentage of the poor of those countries, live in the countryside. And our analysis indicates that during the next three or four decades, up to the turn of the century, the bulk of the people and the bulk of the poor will continue to reside in the countryside. In the year 2000, more than two billion people in our member countries will be living there.

But despite the problem and the magnitude of the problem in the countryside, focusing on rural poverty does raise a very fundamental question. Is it a really sound strategy to devote a significant part of the world's scarce development resources to increasing the productivity of small-scale subsistence agriculture? Wouldn't it be wiser to concentrate on the modern sector of these economies, in the hope that the high rate of growth in those modern sectors would filter down to the rural poor?

I think the answer to that question is no. Experience demonstrates that in short run—and by short run here I mean two decades—there is only a limited transfer of benefits from the modern to the traditional sector. Disparities in income will simply widen unless action is taken which will directly benefit the poorest.

I suggest that the goal should be to increase product—production on small farms, so that by 1985 their output will be growing at the rate of five percent per year.

The following, I think, are essential elements of any comprehensive program: acceleration in the rate of land and tenancy reform, better . . .

AYRES. When McNamara took over the bank in '68, the lending for agriculture and rural development was only about 180-some-odd million dollars. By last year that had gone to about, according to latest figures, about $3½ billion dollars. So there's been a tremendously dramatic expansion in the bank's lending for rural development activity.

But that's by no means the only story since '73. In '75 McNamara gave another important speech here in Washington at the bank's annual meeting in which he focused on the problems of urban poverty and tried to devise some policy solutions to get at these crushing problems of urbanization in the Third World.

MCNAMARA. To understand poverty in the urban areas in the developing world, I think one must first understand what's happening to the cities in themselves. They're exploding. Twenty-five years ago, there were 16 cities in the developing countries with populations of over a million. Today there are 60. Twenty-five years from now there will be substantially more than 200. Life in these urban areas for the poor is unmistakably grim.

What's required are policies and actions that will assist the poor to increase their productivity. And, primarily, this calls for measures that will remove barriers to their earning opportunities and improve their access to public services.

UNGAR. Is there resistance to that, to that kind of change?

AYRES. There was tremendous resistance both within and without the bank. It's obvious that there was a lot of resistance in many of the recipient countries. A lot of these countries, frankly, are not countries which have the alleviation of the plight of the poor at the top of their policy agenda. So there was a lot of resistance.

UNGAR. You mean many of the recipient countries would rather have sort of prestige products.

AYRES. Of course.

UNGAR. Roads and dams and things like that.

AYRES. Take a country like Brazil, for example, which is the second-largest borrower from the bank, cumulatively. Brazil was not particularly enthusiastic about having rural development projects in the Northeast of Brazil financed by the World Bank. They thought that it was going to have destabilizing implications, adverse social and political implications, it was going to heighten the consciousness of the peasants in the Northeast. That's just an example. Brazil would have preferred a steel mill in Sao Paulo or a large road in Rio, or so on and so forth.

So there was resistance from recipient countries, and not just Brazil, but elsewhere.

And then, another part of the story is there was some resistance—and I think Mr. McNamara would admit this—within the institution itself. The institution had a rather traditional economic philosophy. It had recruited people who while they may have been outstanding technicians, engineers, economists, et cetera, were not particularly skilled in the problems of community development or rural poverty or low-cost housing, and who thought that a lot of this was perhaps misplaced, a misplaced emphasis; that you only did these kinds of things after economic growth had attained a certain level, and that to do them earlier would be premature, in their view.

UNGAR. Robert Ayres of the Overseas Development Council.

In an interview amongst packing boxes in his office at the World Bank, Robert McNamara spoke of the people he belives should have first priority for development money, the very poorest of the poor.

MCNAMARA. There are about 2¼ billion people in the 100 developing countries that we serve, or have served up to the time China became a member. And of those 2¼ billion people, about 800 million in absolute poverty. And by that we mean a condition so limited, in terms of nutrition, literacy, health, that the people are literally living on the margin of life. They're just barely alive.

In the last five or seven years, we've provided financial assistance and technical assistance that will substantially raise the productivity, and hence increase the incomes, of about 120 million, 120 million of these very poor people. And I went over the . . .

UNGAR. More than half the population of the United States.

MCNAMARA. Exactly.

I went over the operation evaluation reports, the completion reports on our projects. One hundred and sixty projects have been completed so far. And, sure, we have failures. No question about it. But on balance, there's been tremendous success. And the average rate of economic return, which in a sense is a measure of the success, on the total of 160 projects, on our investment, was over 20 percent.

UNGAR. Americans are bombarded with statistics about this, recitations of the situation in which these, say, 900 million people live. Why should they care? How do you convince Americans, who find so many other things to worry about, to care about this?

MCNAMARA. . . . care for two reasons. One I'm going to mention and say they won't be moved by, and the other I think is fundamental to their interests.

The first is they should care—they should care because we are a moral people. And the foundation of morality, over millennia, has been that strong should help the weak. It's the foundation of every church. It's the foundation of every democratic society. And I strongly believe in it. But I admit it does not move people in a period of fiscal constraint. Put it aside.

The people should be moved by pursuing their own national interest. And our national interest today would be best served, our economic interest, our political interest, our strategic interest would be best served by

helping these developing people help themselves to move forward socially and economically. Avoid the deflationary impact on our economy of stagnation in their economy. Avoid the excessive demand on the limited oil supply that lies ahead for their economies. They have much less room for conservation than we do. The billion and a quarter people in the lowest-income countries—of those 2¼ billion a billion and a quarter live in the very low-income countries. They can consume on the average of 200 kilograms of coal-equivalent energy per year. We consume 12,000. It's much easier for us to conserve than for them to conserve out of that 200. They'e got to increase their energy consumption if they're going to move their economy forward.

As they do, if they increase that consumption out of imported fuels, they're going to be competing with us for the limited supply of Persian Gulf fuels or OPEC fuels. Instead, they have a tremendous opportunity to expand their own domestic energy production, coal, forest products, hydroelectric, and thereby relieve the pressure of the world on the limited petroleum supplies. It's very much in our interest to help them do that.

You could say the same thing of food. We certainly learned in 1973, when we shipped those 20 million tons of grain to the Soviet Union and saw bread prices shoot up in Chicago, triggering the cost-of-living elements of our wage contracts, it's very much in our interest to help these poor countries produce more food for themselves, and avoid the inflationary impact that scarcities will have on our own society.

UNGAR. So you think it's in the national interest, the strategic interest . . .

MCNAMARA. The economic interest, the political interest, and the strategic.

Now, I'm not so naive as to think that economic advance brings assurance of political order. But I am—I am strongly of the opinion that economic disorder carries with it a high probability of political disorder. And political disorder in the areas of the world we're talking about is contrary to the U.S. strategic interest.

UNGAR. You've been President of the World Bank for 13 years, and during this time there's been virtually a propaganda war on these subjects. After sitting in that seat for 13 years, why do you think there's still so little progress in the matter of public awareness on these questions, and public policy, for that matter?

MCNAMARA. Well, there's relatively little discussion of them. I rarely pick up a paper in San Francisco or Denver or other parts of this country that I visit that covers the changing relationships among nations.

In the last 10 years, there's been a revolutionary change in the relationships among nations. The world is much more interdependent—interdependent today than it was before.

Now, we see that in oil. But it's occurred in other fields as well. Take two or three examples. The export trade of the United States has more than doubled, in relation to our gross national product, in the last 10 years Earlier, 10–15 years ago, exports weren't important to us. And what happened in our export markets was therefore not important to us. Today, one out of every seven manufacturing jobs, one out of every three farm acres is producing for export. If those export markets shrink, our employment shrinks.

Look at our raw materials supply, apart from oil. Two of the countries of the world supply 75 percent of the natural rubber. Two of the countries of the world supply 50 percent of the world's tin. Five of the countries of the world supply 50 percent of the world's copper. And we are dependent on these other countries for many, many raw materials. So what happens in those countries is very important to us in that respect, as well.

There is an immense financial disequilibrium in the world that has built up in the last 24 to 38—or 30 months. And this financial disequilibrium is represented by huge current account surpluses that exist in the capital-surplus oil nations—Saudi Arabia, Kuwait, Qatar, Libya, the UAE—and huge deficits that exist, current account deficits that exist in the oil-imporing countries, including the OECD countries and the developing nations.

There's no way that those deficits can be financed indefinitely at current levels. Ultimately, they're going to have to be reduced by structural adjustments. In a very real sense, the higher-priced oil has to be paid for by an exchange of goods. That means the developing countries must export more or import less. To do so, they have to reduce their consumption below what it would otherwise be. That's a very difficult process. It's absolutely essential that it be carried out.

There are ways in which it can be done. One of the ways is for them to produce more energy, and therefore import less energy. But during the period of adjustment, they need additional external financial assistance to avoid serious reductions in their rates of economic and social advance. It's very much in our interest to do that.

I don't think our people understand these increasing degrees of interdependence and how we need to respond domestically to those.

UNGAR. But why is that? Why is there so little. . .

MCNAMARA. There's very little discussion of it.

UNGAR. But why? Why?

MCNAMARA. To give you one illustration, our newspapers don't provide the coverage of these subjects that those in Western Europe do. We, of course, have access to clipping services all over the world. And the newspapers of Japan, Britain, France, Germany, the Netherlands, Belgium, Switzerland, Sweden, Denmark, Norway all give, I'd say, five times as much coverage to this subject of international, political and economic relationships than do the newspapers of the United States, excepting only the New York Times and the Washington Post. And that's one—that's one reason for it.

UNGAR. Is it just that this country is insular?

MCNAMARA. And, if I may say, there's very little discussion on radio or television. There's very, very little.

And I think—you're absolutely right. It is because the country is insular. And the country has been insular in its history. For 200 years, since independence, we've been insular. The ocean protected us. We had very little trade across it. We not only had no invasion across it, we had very little trade across it. Now we have massive trade across the ocean. And that has put us into the family of nations, with relationships such that we never had before.

UNGAR. But here you're talking about the urgency of these issues. And almost the entire political system in the United States seems to be running in the other direction. You have a Republican Administration now asking for cutbacks in foreign assistance, and Democrats not seeming to disagree.

MCNAMARA. Well, I should say that this Administration is urging Congress to fully support the agreements that relate to the World Bank, those negotiated by the Carter Administration for the International Development Association, which is the source of our funding for the poorest countries in the world, and for the International Bank for Reconstruction and Development. So the Administration recognizes the desirability of the nation moving in this direction. But it's getting very litle support out of the Congress and less support out of the people. The Congress, in a sense, is reflecting the ignorance of the people.

UNGAR. Don't you despair of . . .

MCNAMARA. No, no.

UNGAR. . . . American awareness on these things.

MCNAMARA. No, no, no. Let's look at the degree of sophistication that has built up in dealing with the energy problem. There was a time, in 1974, when it was widely believed, at the time when the oil price had risen in October of '73 and—December '73 and increased from roughly $2 a barrel to 7.25 dollars, compared to the $32 or $35 today. It was widely believed that 7.25 price could be cut by half by appropriate pressure from the U.S. within a period of months.

In any case, it was clearly impossible. I'd say contrary to our interest to try, because it was perfectly clear then to those who had studied the situation that in the longer term we had to have higher prices, hopefully not with the full amount of the increment passing into the pockets of the few, but we had to have higher prices to begin to stimulate conservation and additional production of energy from other sources than petroleum, if we were to avoid a crisis in the later years of this century.

This price movement from $2 to $30-odd a barrel has been a necessary transition to energy age, when we would depend less on petroleum and more on other sources, and when we conserve to a far greater degree than we did before. We needed that price stimulus to move in that direction.

As I say, it would have been far more in our interest if the price increment hadn't flowed into the pockets of a few and if it hadn't come in such a huge and unanticipated step. But to think in 1974 that we either could or should try to cut the price 50 percent was a reflection of ignorance.

Today we're a much more sophisticated people. And it's that kind of education that's come about in five or seven years that I think over time we can expect in all these other areas as well.

UNGAR. Do you still have hope for the developing world? Do you think—is there really . .

MCNAMARA. Oh, absolutely.

UNGAR. Things are not getting worse?

MCNAMARA. Many people in our country believe that development assistance fails. They're absolutely wrong. And let me give you just a few indications.

In the last quarter century, the real income of the average person, the average one of these 2¼ billion people in the developing countries, has more than doubled. That's a rate of increase faster than has applied in the developed world during that period. That's a tremendous achievement at a time . . .

UNGAR. Still you have 900 million people living in absolute poverty.

MCNAMARA. Oh, yes. Oh, yes. Oh, yes. But there would have been far more if this real income hadn't doubled. And during that same quarter century, life expectancy has risen 40 percent. And as I said earlier. That's a fundamental measure of advancement. Literacy has increased 50 percent. The number of children in primary schools in these developing countries has quadrupled. These are all measures of development assistance.

The problem is that their income level is so low, they have so far to go. And the gap is increasing and is going to continue to increase over this decade. The people of—the roughly 180 million people in sub-Saharan Africa are likely to face, on average, a decline in their income over this decade. They've been very hard hit by the oil price increase and by their action. And it's those kinds of problems which are going to need increasing attention from all of us.

UNGAR. So you are hopeful.

MCNAMARA. I am, indeed.

UNGAR. Things are not going to get worse, even if the gap is widening.

MCNAMARA. The increasing gap does not by itself mean things are getting worse. It means that some people in the world are advancing more rapidly than those we're talking about. But the people we're talking about are advancing. And we can help them advance still more rapidly. And I submit to you it's in our economic interest, our political interest, and our strategic interest to do so.

UNGAR. What is Robert McNamara's legacy at the World Bank? Again, Robert Ayres.

AYRES. Nowhere else in the panoply of international institutions is there the kind of concern with poverty problems in the Third World that the bank has manifested in the last few years. And I think that that is a fundamental achievement of the McNamara years that will stand, withstand criticism in the future.

This is not to stay that the legacy is a totally unmixed blessing. It can be argued, I think, that Mr. McNamara perhaps has attempted to do a bit too much with the bank, has perhaps tried to steer the bank into too many different sectors at the same time. So that as Mr. Clausen, the new president of the bank, comes in, there's a real question about what we might call the comparative advantage of the bank. Where does it lie? What should be the balance between the bank's poverty-oriented activities, on the one hand, and its more traditional, if you will, activities, on the other. This is a central tension.

UNGAR. In a tearful finale to his speech to the World Bank's Board of Governors last September, McNamara spoke of his own personal feelings about the bank and his mission.

MCNAMARA. This bank, born out of the ruins of World War II, has grown into one of the world's most constructive instruments of human aspiration and progress. And yet I believe it's only barely begun to develop its full potential for service and assistance. There is so much more that it can do, that it ought to do to assist those who need its help. Each one of us here can help make that happen.

George Bernard Shaw, I think, put it perfectly, and you may remember he wrote, "You see things and say why. But I dream things that never were and say why not." Thank you.

UNGAR. Robert McNamara, for 13 years President of the World Bank.

For Communique, I'm Sanford Ungar.

HIGH INTEREST RATES

Mr. BOREN. Mr. President, evidence continues to mount that the present high interest rate policy is a serious mistake.

The White House, pursuant to public law, issued their midsession review of the 1982 budget yesterday.

A centerpiece of that review is that high interest rates will add more than $10 billion to Federal spending next year, which will take the total well over $700 billion in fiscal year 1982.

While the administration has tried to put the best face on this report, by claiming that the economic assumptions they made earlier still hold true and the budget deficits they have projected remain roughly the same—the fact of the matter is that this is just one more sign of the continuing problems that high interest rates are causing.

The administration predicts that interest rates will fall soon, but they are now acknowledging that short-term rates will be above 10 percent both this year and next year.

I submit, Mr. President, that unless action is taken quickly, interest rates will remain significantly above 10 percent this year and next year. The clear result will be that small businesses and others who have been able to marginally exist to this point will lose all hope of survival.

I have said before and I will continue to say that long-term solutions do not address short-term problems, and the critical period for the U.S. economy is in the short term.

Mr. President, I ask unanimous consent that an article appearing in this morning's Washington Post regarding the midsession review be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHITE HOUSE PUTS SPENDING IN 1982 ABOVE $700 BILLION

(By Caroline Atkinson)

High interest rates will add more than $10 billion to federal spending next year, pushing it over $700 billion even after the budget cuts the president has called for and Congress has approved, the administration said yesterday.

But the budget deficit in 1982 will be slightly lower than first projected, at $42.5 billion, as higher tax revenues offset the increased spending, the White House said in its midyear budget review.

The new estimates also show that President Reagan must make about $10 billion more in spending cuts than first projected for 1984 if he is to balance the budget in that year as promised. That means some $55 billion will have to be carved from 1984 spending.

The administration has not yet identified where $44.2 billion of these cuts will be made. It says $10 billion will come from the cuts it proposed in Social Security costs in May.

The new report has the administration sticking closely by its estimates for the 1981 and 1982 budget deficit, despite higher spending forecasts. Presidential economic adviser Murray Weidenbaum also stressed to reporters yesterday that "this administration is determined to balance the budget by 1984."

As reported in The Washington Post last week, Reagan officials now see higher interest rates, more growth and lower inflation this year than they expected in March.

The economy is now virtually stagnant, but according to the forecasts will pick up next year. Output is expected to rise 5.2 percent from the fourth quarter of this year to next, and consumer prices only 6.2 percent.

Growth for this year is now put at 2.6 percent, up from a first estimate of 1.1 percent. Weidenbaum said, however, that the economy was now "soggy" and unemployment would likely rise slightly in the next few months.

The administration predicts that interest rates will fall soon from their present heights. But short-term rates will be above 10 percent this year and next, the forecast says. Three-month Treasury bills are now expected to average 13.6 percent this year, and 10.5 percent next.

The administration still predicts strong growth, combined with falling inflation, for the later years of its forecast. By 1984 consumer prices are projected to be rising by just over 5 percent, with real growth at 4.5 percent and unemployment at 6.2 percent.

Higher tax revenues in 1981 and 1982, a result of delaying a cut in individual taxes from July to October this year, will offset the effect on the deficit of increased spending, the review said.

The revised figures show a deficit of $55.6 billion in 1981, very close to the original projection the administration made in March, with spending of $661 billion.

Spending in 1982, assuming $3.8 billion in Social Security cuts, is now put at $704.8 billion, up from the $695 billion projected in March, and incorporated in the first budget resolution. Revenues are projected at $662.4 billion, up $12 billion from March.

Reagan attacked President Carter for raising taxes to offset spending overruns. Budget Director David A. Stockman yesterday denied that the administration has changed its position on the timing of this year's tax cut in order to offset higher spending, even though the delay has that effect. He also said that the administration would "absolutely not" attempt to "balance the budget (in 1984) by raising taxes."

He said that one reason for enacting a three-year tax bill, which Reagan wants but critics fear could be inflationary, is to create added pressure for more spending cuts, in order to close the budget deficit.

An unexpected boom in the first three months of the year has held down 1981 spending by cutting payments on unemployment benefits by $4.7 billion, the review said. On the other hand higher interest rates have added nearly $7 billion to spending in 1981, and $10.3 billion in1982.

Other changes include $2.7 billion more in 1981 spending on farm price supports, Stockman commented that the administration hoped to speed up sales of grain from the Commodity Credit Corp.

Paradoxically, a more optimistic outlook for inflation, particularly oil prices, will make it harder to balance the budget in 1984. By then lower inflation will cut $12 billion from estimated tax receipts. Stockman said yesterday, $7.2 billion coming from a cut in the revenues from the windfall profit tax.

The administration now assumes that the budget will be balanced with 1984 spending at $758.5 billion, instead of the $770 billion assumed in March. The inflation improvement will cut $5.2 billion off spending on indexed programs in 1984, Stockman said. However, this is partially offset by the continued effect of high interest rates on the cost of servicing the public debt.

The administration assumes that its Social Security proposals will pass Congress and cut spending by $6.5 billion in 1983 and $9.7 billion in 1984. But it now thinks that a further cut of $29.8 billion in 1983, rising to $44.2 billion of unidentified savings in 1984, will have to be made in order to bring the budget into balance.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The time for morning business has expired.

ECONOMIC RECOVERY TAX ACT OF 1981

The PRESIDING OFFICER. The clerk will state the pending business.

The legislative clerk read as follows:

A joint resolution (H.J. Res. 266) to provide for a temporary increase in the public debt limit.

The Senate resumed consideration of the joint resolution.

AMENDMENT NO. 489

The PRESIDING OFFICER. The clerk will state the pending amendment.

The legislative clerk read as follows:

Amendment No. 489 by Mr. MOYNIHAN to amendment No. 488, to provide for borrowing by the Old Age and Survivors Insurance

Trust Fund from the Disability Insurance Trust Fund or Hospital Insurance Trust Fund.

The names of Mr. WILLIAMS, Mr. SASSER, Mr. BUMPERS, Mr. BAUCUS, Mr. CRANSTON, and Mr. MITCHELL, were added as cosponsors of amendment No. 489.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. MOYNIHAN. Mr. President, if the Senator will yield for a moment, it is my understanding that we are to proceed to the consideration of this amendment and to vote at 1 p.m. Is that the order?

The PRESIDING OFFICER. The Senator is correct.

Mr. MOYNIHAN. Mr. President, we are ready to resume the debate on this matter of very great interest to the Senate, and I am pleased to see that the Senator from Massachusetts, an original cosponsor of the measure, is on his feet. I look forward to hearing from him.

Mr. KENNEDY. Mr. President, I thank the Senator from New York for his comments. And, I believe I speak for the elderly people in this country in thanking him for his leadership on this issue.

Mr. President, the most important thing to remember is that the amendment we are proposing is that interfund borrowing is supported by the administration. Less than 2 weeks ago, Secretary Schweiker reiterated that support in his testimony before the Committee on Finance. So the question, Mr. President, is why should we not take this action now? The administration tells us that the social security system is in crisis. I want to reassure every senior citizen in this country that the system is not on the verge of collapse, nor does it face a financial crisis requiring draconian benefit cuts as the administration has proposed.

Mr. President, not long ago, I think about 5 to 6 weeks ago, in a public policy forum which some of my colleagues and I sponsored here, we heard from three former Directors of the social security system: Dean Schottland, who served under President Eisenhower with great distinction; Bob Ball, who served as commissioner under Presidents Kennedy, Johnson, and Nixon and an individual who has been involved in the social security system for the better part of his lifetime; and Bill Driver, who served under President Carter, again an extremely knowledgeable individual who had spent most of his public career in the social security system.

We also had Milton Gwertzman, who had been in charge of President Carter's study to review the financial integrity of the social security system, and Wilbur Cohen, one of the architects of social security when it was initially written during the 1930's, a former Secretary of HEW, a person who has taken great interest in the social security system, as well as in other domestic programs.

I asked each of those individuals a number of questions, Mr. President. As a group they had more expertise, more knowledge, more understanding, more technical awareness of the social security system than any other five men or women in this country, having spent well over 100 years of combined service in the social security system. All of them had served with distinction and had obviously a very keen awareness and understanding of the system. First of all, I asked each and every one of them whether there had been any contact with any of them from any people within the administration concerning the Reagan proposals.

Here are the most knowledgeable people, having the most up-to-date information on the basis of the President's study last year, an exhaustive study based upon a series of hearings around this country. Each and every one of them answered that neither they nor their immediate colleagues, to the best of their knowledge, had been contacted by anyone within the administration with regard to the financial integrity of the social security system. Nonetheless the administration went ahead with its proposal.

Then I asked each of them about whether there was any financial justification for the proposals of the Reagan administration. Each of them responded that, no, it was unjustified and unwarranted. They reviewed in some detail the need for interfund borrowing in the period from 1982 to 1986. That is the issue that we are debating and discussing here, Mr. President, on the floor of the U.S. Senate. Most of them felt that such action was necessary.

Mr. President, the administration has issued one set of statistics to justify their economic program and their budget recommendations and another set of economic statistics to justify the social security cuts they propose. It is that kind of financial maneuver which has caused so much confusion among those who have the responsibility to act responsibly on this issue.

On the Moynihan-Chiles-Kennedy amendment we are considering meets the immediate short-term financing problem. It seems to me that we ought to take this action and then review the long-term problem of the social security system in a calm atmosphere with an opportunity for the kind of exhaustive examination that major changes in the basic program warrants. Since the administration has raised these fears among the elderly, I think we have an important responsibility to act and act now to relieve those fears and to relieve those concerns immediately, we must indicate to the seniors, as well as to the working people of this country, that we are going to examine the system over a longer period of time.

Mr. President, the facts and figures show a system that has some shortrun cash-flow problems that require only minor but important changes that do not reduce the benefits we have promised the workers of this country.

In fact, Mr. President, the only crisis we face is the crisis of confidence in the system which has been caused by the administration's talk of the insolvency of the system.

There are two separate and distinct problems with the social security fund. One is a short-term cash flow problem that requires attention and the other is a long-term problem. Together with the cuts included in the reconciliation bill, our amendment corrects that short-term cash flow problem at least until 1990. Now as I said earlier, the administration advocates interfund borrowing. So why in the world do we not want to adopt it today?

The clear implication—as I have been saying since the administration's proposals came forth on May 12—is that by adopting massive social security cuts, cuts that amount to 23 percent overall—the administration hopes to achieve its goal of balancing the budget.

I think we are all aware of the financial juggling the administration is engaging in.

I for one am troubled, quite frankly, with the tax proposal which is presently before the Senate in terms of fairness and equity for a number of reasons and clearly one of the most disturbing aspects of the bill is that the administration has demanded greater austerity on the part of the elderly people than it has on the part of the oil companies or the tobacco industry or other groups in our society.

Mr. President, the plain fact is that under the guise of restoring health to a system about to collapse, the administration proposes to reduce its financing and permanently reduce some of the protections provided. In the end we will have a much smaller, much less adequate social security system. And it is absolutely not necessary to do that, Mr. President.

If we adopt this amendment, we can provide the assurance to the elderly people of this country—as well as those who are contributing to this system now—that the Congress is going to carefully deliberate how to take care of a financing problem that does not occur until well into the next century.

We do not have to do it by September, if we adopt interfund borrowing. We do not need to reduce COLA; we do not need to reduce benefits for the disabled by a third; we do not need to cut benefits for early retirees; we do not have to do any of that this year if we adopt this amendment.

We agree that long term policy changes have to be made. But they do not have to be made in a crisis atmosphere.

As I pointed out yesterday, considering the three social security funds together, there is simply no justification to talk of bankruptcy on November 3, 1982, as Mr. Stockman did recently before the House Ways and Means Committee.

By approving this amendment, the Senate can dispel the confusion and misconceptions caused by the administration's plan. we can restore the confidence of the country in the integrity of the social security system.

I thank the Senator for yielding.

Mr. MOYNIHAN. Mr. President, will the Senator yield for a question?

Mr. KENNEDY. I am delighted to do so.

Mr. MOYNIHAN. Mr. President, I should like to emphasize each of the points made by the Senator from Massa-

chusetts, and I associate myself specifically with them.

I call to his attention—and I am sure he is aware of this—that the Congressional Budget Office has estimated a cumulative deficit in the trust funds through 1986 of $12.9 billion. The reconciliation bill passed by the Senate provides a saving of approximately $26 billion through 1986.

However, I take the opportunity to emphasize what I am sure the Senator knows—that there is an interest savings that follows upon the benefit savings. Mr. Robert Ball, the former Commissioner of the Social Security Administration, as knowledgeable about this system as any official in this country, estimates that interest savings at $11 million over the 5-year period. So that, in fact, there is cumulative savings through 1986 of $37 billion, against a $13 billion deficit.

Where is the crisis, and what is the motivation of those who speak crisis?

The Senator has said there are long-term matters to be dealt with. They are 75-year matters, and they should be dealt with and can be. But this measure today would resolve the problem we face in terms of the next 6 years and would give us opportunity to deal with the next 75 in the quiet atmosphere that befits considered deliberation.

Mr. KENNEDY. The Senator has made a very persuasive point. I ask him, as a member of the Finance Committee, whether he finds it troublesome that the basic assumptions the administration is using on the tax bill—that is about 6 percent unemployment and 6 percent rate of inflation over the next 5 years, as an average—are so much at odds with the so-called worst case assumptions used to justify the social security cuts that is about 10 percent inflation and 8.5 percent unemployment.

In other words, do you find it troubling that the administration comes to the American people with regard to their tax program and says, "We have this set of figures—6 percent unemployment, 6 percent inflation. Therefore, you have to support these various tax proposals in order to meet our economic challenges over the period of the next 5 or 10 years."

On the other hand, when they are talking about social security, they use the worst case figures in order to justify their recommendation to cut back dramatically in the benefits for the elderly people of this country.

As a member of the Finance Committee, can the Senator from New York tell us what possible logic or reason can justify that dichotomy?

Mr. MOYNIHAN. I have to start out by remarking that the Senator from Massachusetts is not a member of the Finance Committee or he would not find these arrangements odd. We found them odd at first, too. But we got more accustomed to them as they became common. It is a scene from "Alice In Wonderland." If you remember Humpty-Dumpty at one point is asked why he used a word in an odd way. He tells Alice, "When I use the word it means exactly what I mean it to say, neither more nor less."

And when the administration comes in to make a case for its tax cuts, and presents us with a set of budget estimates that are favorable, that project smaller deficits, those are the estimates of the day. A few weeks later they come in with a different set of purposes and they have a new set of estimates, which are the estimates of that day.

The economic estimates of this administration are designed not to convey information but to convey a cause. There has been no deception in this. They have openly printed five tables ranging from optimistic to "the sky is falling." They then tell us, "for purposes of today's discussion we are going to be optimistic," and then a week later they will come in and say, "for the purpose of this new discussion we will be at our most pessimistic."

The Senator is absolutely right. The arrangement is transparently unsupportable. No one can make certain predictions about the future of our economy, but the administration has chosen to use wholly incompatible sets of estimates to make different cases. This Senator has made the decision to stick to the economic forecasts of the Congressional Budget Office.

We have a body that works for the United States Congress, the Congressional Budget Office. It is a professional and nonpartisan body. If we are faced with this loony behavior of saying, "today because we wish to be optimistic we will use optimistic numbers and tomorrow with another view in mind we will use a wholly different set and act as though there is no relationship," what alternative have we but to use our own numbers? And the administration position is not to be explained. It is not to be defended. It can be accounted for. They want different outcomes. We use CBO. CBO has called it as best they see it. The Congressional Budget Office estimates, given the cuts already agreed to, show that there is no deficit.

As a matter of fact, the Senator from Florida has come on the floor and I might just make reference to a memorandum sent a few days ago to him by the Director of the Congressional Budget Office in which she notes the projected savings in the bill which the Senator from Florida has introduced on social security, and that bill proposes most of the changes we have already agreed to in reconciliation, but would eliminate minimum benefits on a prospective, not retroactive basis. The Director says that Senator CHILES' bill "would more than meet the short-term requirements of the system."

The measures we have already enacted will have a greater effect in the short term than the bill introduced by Senator CHILES would have had, and the Director of the Congressional Budget Office has said that the Chiles bill would more than meet our requirements.

I say to this body that we do not deny that there will be difficulties in the next 75 years. We are saying that the facts show that we seem to be in control of the problems that will arise during the next 6 years. This is not a view that no problems can exist, that denies the possibility of difficulty. But we have taken measures and they are sufficient.

I see the Senator from Florida is here. I wonder if he would not agree.

Mr. KENNEDY. As the Senator from Florida thinks this over, I would just comment, Mr. President, as the Senator from New York has demonstrated so effectively, that when you come right down to it, over the long-term the social security system has to be examined and adjusted, but the proposal which we have before us today responds to the immediate problem and it will go a long way to allay the concern of millions of elderly people in this country who are extremely distressed by the misinformation that is being put out by the administration.

Mr. MOYNIHAN. May I say to the Senator that the estimates that the administration used to make the proposals on social security are formally called the "worst case" estimates. They are so stated to be. They provide virtually no growth in the gross national product until 1984. They provide levels of double-digit inflation right through 1984. Just yesterday the administration put out an interest rate projection for next year that is about 25 percent lower than the worst case. Every day, when talking of other matters, they tell you the worst case is not going to happen. And they might not use it when discussing social security, except that it is a good argument for taking away benefits from people who need them.

Mr. KENNEDY. Finally, has the Senator from Kansas responded to the arguments of the Senator from New York about the reluctance of the majority party to be willing to accept the amendment of the Senator from New York? Is he going to speak on that issue.

Mr. MOYNIHAN. I think the Senator from Kansas can speak for himself and should speak for himself.

Mr. DOLE. I wish to speak for myself if that is possible.

Mr. President, if the Senator from Massachusetts is finished I will be happy to speak for a minute or two unless there is some objection to that.

Mr. MOYNIHAN. Of course, there is no objection.

The PRFSIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I understand there is no division of time.

The PRESIDING OFFICER. The Senator is correct.

Mr. DOLE. It would seem to me that since there have been 40 minutes consumed by Senator MOYNIHAN and Senator KENNEDY, maybe we could just divide the remainder of the time equally. Is there any objection to that?

Mr. MOYNIHAN. No objection.

Mr. DOLE. I assume Senator MOYNIHAN will have more speakers than we have because we are talking about facts and he is talking about politics. So we will stick to the facts and we can do that in less time than we can politics. I do not have any quarrel with politics. I just never was too successful at it. Let me just suggest that——

Mr. MOYNIHAN. Would the Senator allow me to withhold the agreement to

the division of the time for just a moment?

Mr. DOLE. Sure.

I do have the floor, though. Is it all right if I yield to the Senator from Florida?

Mr. CHILES. No. I yield.

Mr. DOLE. Mr. President, I think just as a matter of keeping the record straight, and certainly I am very sympathetic with everything that has been said and that I have heard, but it seems to me the Senator from New York asks you to believe that his amendment providing 6 years of interfund borrowing will solve the short-term problem of the social security system.

If that were the case it would be news to the 1980 Board of Trustees and the 1981 Board of Trustees, the House Social Security Subcommittee and a substantial majority of the witnesses who testified before the Senate Social Security Subcommittee last week.

Is there any problem with that division?

Mr. MOYNIHAN. There is no problem at all, if the Senator wishes to propose it.

Mr. DOLE. I just suggest that we divide the remaining time equally.

Mr. MOYNIHAN. Mr. President, may that be agreed to?

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOLE. Mr. President, according to the 1981 Board of Trustees report which we had furnished to us just last week, unless the economy performs very well, as much as $60 billion to $80 billion in excess of interfund borrowing would be required. I am not suggesting that the economy will not perform well. But as the American Academy of Actuaries testified in our hearings last week, the relative unpredictability of the economy makes it absolutely vital to finance the system so that it can weather economic downturns. In other words, a sound social security system requires more than a band-aid.

The Senator from New York is probably right to think that his amendment would be a popular amendment. Social security is a popular program—it is a vital program. The possibility of insolvency causes concern among present beneficiaries and those who are planning retirement.

But this amendment is not only irrelevant to the pending tax legislation—it is irresponsible and would fail to meet Senator MOYNIHAN'S objective of reassuring the American public. To bail out the old age and survivors insurance trust fund and insure the level of reserves sought by Senator MOYNIHAN, this amendment would actually bankrupt both the disability insurance and hospital insurance trust funds within 5 years.

Lest I be accused of political terrorism, let me explain.

Under the Moynihan amendment, the old-age and survivors insurance (OASI) trust fund would be authorized to borrow—interest free—from the disability insurance or the hospital insurance trust fund whenever its assets fell below 3 months' worth of benefit payments. This borrowing would be authorized only for the OASI trust fund and only until the end of 1986.

According to Robert Myers, who, I think, has an excellent reputation on both sides of the aisle, and who is the Deputy Commissioner and past Chief Actuary of the Social Security Administration, this borrowing would totally deplete the disability and hospital insurance trust funds by 1985—even under Reagan economic assumptions. Under the worst case assumptions, these two trust funds would be broke by the end of 1982. I am fairly confident this was not the Senator's objective—bankrupting two trust funds to maintain reserves in the third.

I appreciate the Senator's concern for the well-being of the system and the people who depend on it. However, the unintended consequences of this amendment makes it absolutely clear why trying to deal with the social security problem on the floor of the Senate, without a bill, in the middle of tax cut deliberations, is fool-hardy. Mistakes, possibly serious ones, can be made in the interest of reassuring the public.

As a ranking member of the Social Security Subcommittee the Senator from New York certainly knows that we have just completed 3 days of extensive hearings. There has been a lot of work done on the House side by Congressman PICKLE'S subcommittee and Congressman ARCHER.

The problems are serious, the choices are difficult, and I hope we can work together. I think we have all stood on this floor and said, for the benefit of those who may be retiring or thinking of retiring and who are wondering about the social security system, that we are going to work on both the short- and long-range problems.

The House revealed its commitment to action as well. Congressman PICKLE has had weeks of hearings in the past several months, and it just seems to me that that is the way to deal with this very serious problem.

I expect to cooperate with the Senator from New York and I expect him to cooperate with me, as he has on every other issue we have confronted in our committee.

I do not really quarrel with his offering the amendment. I just do not believe we should adopt it at this time without a package of amendments that addresses the social security program.

It would seem to me, if, in fact, we acted favorably on this amendment we would be sending a signal to retired people, to those who are about to retire, the very ones referred to by the distinguished Senator from Massachusetts, that they might have the feeling that everything was in good shape. In fact, that may be the conclusion reached by some in this body.

But it certainly is not the conclusion, as I recall it, reached by many of the bipartisan, nonpartisan, whatever, witnesses who appeared before our committee, one of whom was the distinguished Senator from Florida (Mr. CHILES). He is one, I might add, who has spent a great deal of time on this issue. I know of no one in the Senate who has spent more time on the social security system and some of its shortcomings, and what we should do in a responsible way to address those shortcomings, than the distinguished Senator from Florida.

So it just seems to me that while the Senator from Kansas understands the politics of it, and I do not quarrel with that, I think that when we are engaged in trying to find a solution, it would be the best course to follow to work out the real difficulties.

Until we are convinced that we cannot find a solution, and we have only just had the hearings, it would seem to me that to try to attack this problem piecemeal is not doing a service to the Senate or those constituents whom we represent, those who are in the social security system now or who may be in the system the next 10, 15, or 20 years.

Having said that, I will be probably saying something later, but I would be pleased to hear what the Senator from Florida has to say.

I might just make one request. There may be some agreement reached by the Senator from Oklahoma and the Senator from Mississippi on a noncontroversial technical amendment which has been cleared with the Senator from Louisiana (Mr. LONG) and cleared with the chairman of the Committee on Finance. If, when they are prepared to move on that, we could set this aside temporarily and permit that to happen——

Mr. MOYNIHAN. May I say I would be happy to do that if there are no speakers who wish to speak.

Mr. DOLE. Fine. They can take the time from our side. It will only be a matter of minutes.

Mr. MOYNIHAN. I am sure that can be done.

Mr. KENNEDY. Mr. President, will the Senator yield for a question? Will the Senator from Kansas just yield for a question?

Mr. DOLE. Yes.

Mr. KENNEDY. The Senator from Kansas is familiar with the Secretary's statement before the Finance Committee where he supports interfund borrowing, and does he not use these words? I am quoting Secretary Schweiker:

> OASI will have insufficient funds to pay monthly benefits by the latter part of next year under these assumptions, even if as we have proposed, the OASI Fund could borrow from the DI or HI Trust Funds to meet the deficit.

The reason he says funds would be insufficient is because he is talking about the worst case of economic assumptions. The important point here is that the administration itself has made the proposal for interfund borrowing. They have accepted this concept. I would just want to know why the Senator from Kansas is reluctant, under these circumstances, to accept what I consider to be the worthwhile suggestion of the administration in this area. It seems to me if you have three different bank accounts and one of them is running out of funds you do not say the individual is bankrupt. He still has two other bank accounts with a surplus.

The administration and the Secretary have indicated they support interfund

borrowing. The Senator from Kansas has indicated they want more time, and it seems to me when you get interfund borrowing that you have more time.

Mr. DOLE. Mr. President, that is a legitimate question and I think it should be addressed.

I would say in reference to the general comment if you have three checking accounts you do not borrow from each or you bankrupt all three. You may borrow temporarily a little here or a little there. But you do not want to do a patchup job—maybe patch is not the word.

We passed tax increases, we burdened employees and employers with too much tax, and we still have a problem. Let me point out the significant difference between this amendment and the amendment Secretary Schweiker was talking about. In the first place, it will not, as has been argued, finance a system through 1990 even under President Reagan's assumptions. The President's proposal for interfund borrowing would provide for interest, the Moynihan amendment does not. The President's proposal would permit the disability insurance trust fund to borrow as well, not just old age and survivors insurance.

The President's proposals would not require that the OASI trust fund maintain a 25-percent reserve ratio, as would the Moynihan amendment. It would just seem to me that if we are really serious about the Moynihan amendment, maybe we should add a provision which would say, in effect, that——

Mr. KENNEDY. If I could answer that, I do not know what the views of the Senator from New York would be, but would the Senator be willing to propose that as an amendment just as the administration has, and have us consider that on the floor of the Senate?

Mr. DOLE. We hope to do that very soon, as soon as we pass the tax bill and finish it.

Mr. MOYNIHAN. Would the Senator be willing to do it now?

Mr. KENNEDY. Would the Senator do it now and get it resolved?

Mr. DOLE. Let us talk about that. I like to get things resolvent. In fact, I came to the floor thinking we were on the tax bill but I found out we were on social security. So we are moving in the right direction. Who knows what we may be debating this afternoon?

But, if, in fact, this Moynihan amendment is a cure-all to the problem, then I think a logical amendment would be that in the event the annual out-go should fall below 25 percent and the borrowing from other funds were incapable of providing the needed reserve, then we would have an acros-the-board reduction to be authorized to help restore the Trust Fund.

It seems to me that if we are so certain that this is all we need to preserve the integrity of the system, then we ought to provide some measure in this amendment. Maybe we could do that by unanimous consent, change the amendment, and provide for the automatic benefit reductions.

The Senator from Kansas does not want to do that, but if we are faced with only one alternative, as the Senator from Massachusetts and the Senator from New York would suggest, then certainly they ought to be able to provide in that amendment that if it does not work as they indicate it will, then we will have this safety hatch or escape hatch with a benefit reduction.

Mr. KENNEDY. The only point I would make is that the administration's spokesmen have put out a line of fear across this country among the elderly people. The proposal for interfund borrowing we are offering relieves that anxiety and relieves that fear. It gives the time for thoughtful consideration.

I would support an amended version of our amendment if there is a technical problem with the present language. But it does seem to me that having raised the specter of financial collapse we ought to act now. I think all of us saw on the television the exchange between the Senator from New York and the Secretary of HEW whose charts showed the system going right down the tubes. There are millions of Americans who are full of anxiety. I do think that this body can act and can accept this amendment and can do it today. It will send a very powerful message to millions of elderly people.

I just fail to see why the Senator from Kansas would even refuse to accept the administration's own proposal that will relieve the immediate situation and give the Finance Committee the time to deal with the long-range proposal.

Mr. MOYNIHAN. Will the Senator yield?

Mr. DOLE. May I just say a word in response? Again, I think this has been a good debate and I do not characterize it in any other fashion.

But it would seem that we have just highlighted, whether we meant to or not, the need for a careful approach to finding a solution to a very serious problem. I pointed out what the Moynihan amendment, maybe unintended, might do. The Senator probably will disagree with my analysis.

But we are not out to bankrupt all the funds, the two funds, in order to save one. This is not the President's proposal, as has been advertised by some.

I think it does indicate the need for letting the committee work its will, letting the full Senate Finance Committee bring something to the Senate Floor in September or October of this year and then we will have a discussion of it. It may be that we will find an agreement, but I doubt that can happen today.

I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I say to my friend from Kansas two things: That the proposal we have made would not be adequate to deal with the short-term problems of these funds, but for the fact that we have agreed to reductions of approximately, in their cumulative effect, $33 or $34 billion.

I want the Senator to understand that his suggestion that this might be an irresponsible act—he did not use that word.

Mr. DOLE. I may have, but I softened it.

Mr. MOYNIHAN. The Senator might have had it in mind. Had there been no reductions agreed to in the reconciliation bill, this interfund borrowing proposal could not resolve this matter for more than 3 years. Reductions have been made and, therefore, in combination, it is our judgment and that of the Congressional Budget Office that this amendment would work.

Second, I have to ask the Senator about his proposal to amend my amendment by adding that if this does not work there will be automatic reductions in benefits. That was in response to the comment of the Senator from Massachusetts that this is an administration proposal and why not adopt the administration proposal. The Senator from Kansas has suggested an amendment. The amendment turned out to be automatic reductions. I have to ask the Senator, though I regret doing so, is it the proposal of the administration that when the fund runs short there will be automatic reductions? Is that the secret that has so far not been revealed? Has it inadvertently come to our attention?

Mr. DOLE. Mr. President, I want to make it perfectly clear, as we used to hear in Washington, that that is not the intent or the purpose. I was just suggesting that if the Senator from New York has that much confidence in his amendment, certainly a logical step would be to provide that, in case it did not work for some strange reason, then you would provide for some way to keep the system solvent.

Mr. MOYNIHAN. I accept the Senator's explanation. I will observe that, once again, he feels himself at odds with the administration in this matter. I suspect that may be a quasi-permanent condition.

I know the Senator from Florida wishes to speak.

Mr. DOLE. Mr. President, has the Senator from Ohio had a chance to review the technical amendment?

Mr. METZENBAUM. Mr. President, I am not quite ready.

Mr. SYMMS. Will the Senator from Kansas yield?

Mr. DOLE. Mr. President, I think the Senator from Florida was about to speak next.

Mr. MOYNIHAN. Mr. President, I yield 10 minutes to the Senator from Florida.

Mr. CHILES. Mr. President, social security is a vital source of retirement income for 36 million people.

For 66 percent—24 million social security beneficiaries—it is their primary or sole source of income.

These 36 million people have been needlessly frightened during the past few weeks. They have been told that social security is running out of money and that their checks may stop coming as early as next year if we do not take some action.

If we pass this amendment—we can tell 36 million social security benefici-

aries that social security will not go broke next year—or in 1984 or in 1986. We can tell them that their checks will continue to come on time.

It is unfortunate that people have been confusing the short-term and long-term problems. What we are talking about today is the short-term problem—but I think we also have to act now on the long-term problem.

Some people seem to think that the way to address the long-term problem is to scare people now about the short-term problem. If we get everyone scared enough, we will be able to make big cuts now which will get us out of the long-term problem when it comes in the year 2000.

But I think that if we try to tie the long-term problem to massive short-term cuts now, the backlash will be so strong that we will never be able to make necessary changes.

I made these points and offered my recommendations for solving the long-term problem in testimony to the Finance Committee last week. I ask unanimous consent to print that testimony in the RECORD at the conclusion of my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit 1.)

Mr. CHILES. Mr. President, today, we are talking only about the short-term problem. If we enact this amendment to authorize borrowing among the three social security trust funds—assuming the savings which have already been included in the budget reconciliation bill on the student, minimum, and lump sum death benefits—there will be no crisis within the next few years.

How will that happen? Here are the figures:

The Congressional Budget Office projects that the old age and survivor's insurance trust fund—if that fund is taken alone—will show a cumulative gap of about $63 billion during the period 1981 to 1986.

But the same CBO projections show that the disability insurance trust fund will have a cumulative surplus of about $47 billion during this same period. And the health insurance trust fund would have a surplus of about $40 billion.

If the three trust funds are temporarily combined—if we allow borrowing among the trust funds during this 1981 to 1986 period as this amendment authorizes—the CBO projections show that a total savings of $12.9 billion during the 1981 to 1986 period would be the minimum amount necessary to allow all three trust funds to meet all obligations.

Where will we get this $12.9 billion?

The budget reconciliation bill which has already been passed by the Senate will give us an estimated savings of $21 billion by 1986 for the old age and survivors and disability trust funds. If medicare savings in the budget reconciliation bill are added, we have another $5 billion by 1986. So we already have $26 billion in savings.

Even under the Congressional Budget Office's economic forecasts—we clearly have a cushion.

I ask unanimous consent to have printed in the RECORD at the conclusion of my statement a CBO staff memo which lays out these figures.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit 2.)

Mr. CHILES. Interfund borrowing is something we should all be able to agree on as a way to get us through the short-term funding problem, Mr. President. I made it part of the bill I introduced in February (S. 484). I think many of our Finance Committee colleagues favor it. It was part of the administration's social security proposals.

No matter what other actions we may take—we will have to authorize interfund borrowing—because the old age and survivor's trust fund will have a deficit of $27 billion by 1984—and there is no way we will cut benefits enough to reach this saving.

If we pass this amendment, we can demonstrate to social security beneficiaries that there is no way we are going to allow their checks to stop.

Interfund borrowing will prevent the troubles looming for the old age and survivor's trust fund in the next few years. That is the critical period we have been hearing so much about—the problem which has frightened so many social security beneficiaries.

I do not say, however, that if we pass this amendment today the entire social security problem will be solved.

We have not heard as much about the need to address the long-term problem in the social security trust funds—a problem which will be upon us in about the year 2000.

This is a problem which will be harder to solve—and will require some hard choices.

We will have to work together. I believe we should also act this year on the long-range problem.

We should not pass up this opportunity, however, to take care of the short-term problem now. We owe this one to all social security beneficiaries.

Mr. President, I have listened with interest to the comments of the Senator from Kansas. He said he was going to speak about facts and that would take a shorter time than speaking about politics.

I just want to tell him that it reminds me a little bit of a story of a bartender who set a box behind his bar and he had written on the box, "Facts, $5." On an occasion, a fellow who had been imbibing a little bit came in and had several drinks. He finally said to the bartender, "Say, what is this behind the bar, 'Facts, $5'?" The bartender said, "Well, it is just what it says. You can pay $5 and I can get you a fact."

The fellow thought about that and had a couple more drinks. He finally said, "All right, I want one of them." He put his $5 down and said, "I want a fact." So the bartender handed him the box and he reached in and got it in his hand and pulled it out. He said, "My god, that smells like horse manure." The bartender said, "That is a fact."

So, one man's facts might be another man's politics or something else.

The interesting thing in this discussion, though, is we are talking about what has been said to be facts: the fact that the system is bankrupt; the fact that no one is going to get their money next year; and the fact that all of our senior citizens are about to lose all of their checks.

My feeling has always been that we have overplayed the short-term problems in the system. This is what part of my testimony was before the Finance Committee. The real problems of the system are those in the long term. The one we are dealing with now or any of the problems in the Social Security System in the short term, come from a cash flow situation Congress has to look at the trust fund and make sure that payments can be made for 3 to 5 years on an orderly basis. Congress and the administration also have to be able to look and determine whether those funds are sufficient.

We look at that and say, "Look, we are running short. Why? We just had a payroll tax increase."

We are running short because we had some cost-of-living payments which were higher than many thought would be necessary because inflation was higher, and the tax increase just took effect on January 1 of this year. So we will not start getting the benefits of that increase until now. Yet those high payments are drawing out of the system. So there is going to be a shortage over a short period of time.

If you look at it a little further, you see with the revenue increase we are now putting in, the shortage starts correcting itself and the fund starts coming back into balance in a few years. So we are talking about an interim period of time where we have a cash flow shortage. How do we take care of that?

Every group who has studied this, and I was chairman of the Aging Committee last year when we were holding a series of hearings, listening to every expert and every group, said to provide for interfund borrowing, to allow borrowing between the trust funds. We have three trust funds, two with a surplus and one in trouble.

(Mr. MURKOWSKI assumed the chair.)

Mr. CHILES. We asked the Congressional Budget Office and others to give us figures and we asked, "Will interfund borrowing be sufficient?"

"No, that will not be quite sufficient. You will have to do other things."

"What other things must we do?"

"You have to look at the benefit structure."

In the bill I introduced last February, I proposed to cut out the minimum benefits for new beneficiaries and stop paying for college student benefits in the future. The Congressional Budget Office said that was all we needed to do. along with interfund borrowing, to take care of this short-term cash flow shortfall.

Well, the Congress has already gone further than that, much to my regret. We did not just cut off the minimum

benefits in the future; we cut off all the minimum benefits for the people who are now receiving them, some 3 million people.

Some of those people have the minimum benefit as well as some other good retirement pension from another source. But some of those people, like farmers who went on social security late, and other groups, are being penalized by that.

I notice that it has now come to light today that nuns are going to fall prey to the social security cutback in the minimum benefits.

I do not know that we set out to cut the nuns off from the minimum benefit, but that is the effect of it.

In cutting the minimum benefit for those who are now receiving it, and cutting the college payments for those who are now receiving it, with that and interfund borrowing, we have done considerably more than is necessary to correct the short-term problem. Now the question is, when should you do this?

Well, given the kind of problems that we have created with the fear that is out there now among our senior citizens that they are not going to get their social security payments, it seems to me that the quickest opportunity we have is for this interfund borrowing. The columnists and others could write, could say, "You do not have to worry about this short-term problem, that is all over." That would allow us to focus on the problem which is out there in the year 2000 and beyond where the system really gets into trouble. That is where you have to come up with some hard decisions as to what you are going to do. I will speak to that in a minute because that is one I do not want the Congress to lose sight of. But that, I think, is the major problem we are facing.

For the life of me, I do not see why this amendment cannot be accepted in a voice vote, to just say, "Yes, we are going to take care of this step, we are going to allow interfund borrowing," and then allow the Finance Committee to go along with its major work in trying to determine what they are going to do about that long-term problem.

It seems to me if we do that no one will have to be afraid.

I am sure there are those who feel that the only justification for coming up with some of those tough decisions for the long term is to be able to say to people, "Well, we had to do this to correct the system," and if you relieve their fears now maybe they would get mad at you if you take the serious step down the road. I just feel that people are more mature than that, that we do not have to worry that much.

However, I understand that feeling and I know it is here because since I introduced my bill in February I have yet to get a cosponsor. I think that is because you do have to face up to what you are going to do about some of those long-term benefits.

My bill looked pretty bad until someone else tried to come up with a solution to the plan and that was the administration's bill. When they attempted to come up with a solution to the plan, old Chiles' bill did not look quite so bad, even to the people who were criticizing it.

In the long-term problem, Mr. President, there are four possible steps as to what you can do. The long-term problem is not a failure of the system. Part of it is the success of the system. People are living longer, so they are drawing out of the trust funds for a longer period of time.

That is a success. Thank goodness we have that. I am looking forward to that and I think most of us are.

Another reason is because we have reduced our population growth, and that is something that has been a goal in this country, to try to achieve close to a zero population growth, to not have a burgeoning population. We criticize all other countries of the world because they have done nothing to control their population. But we have. And because we have, we are having fewer people now entering the work force than ever in our history. We are reversing a situation which came into play from the time the system started, where we had more people coming into the work force every year with fewer people retiring so we could add benefits, we could add cost of living, we could do a lot of things and not have the system be jeopardized by it.

Now, we will see the war babies, born after 1945, retiring sometime after the year 2000. As they begin to retire, you have this bulge of population that is going to retire, and very few people coming in and taking their places in the work force. The figures go something like this: At the time the war babies were born, there were 42 people working for every 1 person who retired. At the time the war babies retire, you are going to have about two people working for each person that begins to retire, two people coming into the system. You can just look at those mathematics and see what that means.

What do you do about that long-term problem? You can cut benefits, you can raise taxes, you can infuse general revenue, or you can do something about the retirement age.

If we examine those, we see that to cut benefits means that you have to cut someone who is presently receiving a benefit or someone about to receive it. This was the gist of the administration plan. Those people who are going to be 62 in 1982 were going to be reduced from 80 percent to roughly 55 percent of the money they would be able to draw. People at 65 were going to have their benefit reduced at least 10 percent.

That caused a hue and cry, not only across this country, but in this body, in the Senate. They flushed, like quail, when that plan hit here. That was the first time that I saw our distinguished colleagues on the other side of the aisle who had marched in lockstep with their President through a number of very tough votes, some of which we were allowed to vote on, veterans' benefits, nutrition programs, the elderly, and other programs, suddenly with us on this side and, by a vote of 96 to 0, said we were not going to cut present benefits, we are not going to cure the system by cutting those people off who cannot do anything about it. We also said, further, we are not going to go any steps more than necessary to correct the system.

We are not going to balance the budget by taking more than is necessary. So, there, you take away the one item that we had as a means of trying to solve the problem, cutting benefits. Then we come to raising taxes.

We raised the taxes on January 1 of this year. We have three increments built in between now and the year 2000 of additional tax increases. I do not think many of us feel that we are going to raise those taxes more than the tremendous increase that began on January 1 and the three increases now already built into the system between now and the year 2000.

Then we can infuse general revenue funds. That is using a deficit to fund a deficit and unless you make it up in the volume, it is not very productive and I do not think this body is going to go along with that.

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. CHILES. May I have an additional 3 minutes?

Mr. MOYNIHAN. I am happy to yield 3 minutes.

Mr. CHILES. I doubt very seriously that we are going to do that and that would leave us with the alternative that I think we are going to end up with. That is, do something about the retirement age in the future. We can begin in about the year 2000.

The point is the real problems of social security, the underlying malaise or sickness with the system, is that problem that lurks out there 30 or 35 years from now. It is not the problem that is here now. The problem that is here now we can deal with. I think we ought to be able to deal with it on a voice vote in 5 minutes. I think we ought to be able to just say we are going to take this money, and let the Finance Committee continue its work, which I think it needs to continue, toward that long term. But if we pass this amendment, we can remove what has been to me the false fear that has been created.

But we should not have a false sense that if we take care of this short-term problem, we do not have any problem.

That is not true, Mr. President. We have to look at the long term too. As I go around in my State, I hear all the time from the working person, the young person, who says to me, "What in the world are you doing to me? You just raised my social security tax again, and you and I know that when I get ready to retire, there is not going to be anything there."

That is the person we had better be dealing with, because that is the person who is going to say, "I have had enough. I am not going to pay more and more when I get nothing when I get ready to retire."

That is the problem we have to take care of, Mr. President, it has nothing to do with the short-term cash flow. As

I say, we can take care of the short-term cash flow problem very easily, and we had better get it out of the way. Then we can better deal with the real problem, the problem that could hit real people, retiring people, if we do not correct that system.

Mr. President, I think the figures are abundantly clear that we will have a deficit of $2 billion in the OASI trust fund by 1984. We cannot deal with that with any benefit cut, we would have to cut too much. We have to have interfund borrowing. If there is something else that is needed, then let the Committee on Finance work on something else. CBO does not think so now. No one seems to think so, but we could work on that.

Mr. MOYNIHAN. If the Senator will yield, given the cuts already approved.

Mr. CHILES. Yes; given the cuts already approved. So it seems to me the simplest step we could take would be to adopt this amendment and, as I says, allow the Finance Committee to continue with its work, which certainly needs to be done, in dealing with the real long-term problem of social security.

EXHIBIT 1

TESTIMONY OF SENATOR LAWTON CHILES

I appreciate the opportunity to testify today.

This Congress, and this Committee, have a unique opportunity—and a responsibility—to restore public confidence in the Social Security system.

My own Committee members in the Senate have provided me with a valuable insight into the problems of the Social Security system as well as possible solutions. As a member of both the Budget and Appropriations Committees, I am keenly aware of the need to reduce Federal spending and cut the high inflation that plagues all Americans. As former chairman of the Special Committee on Aging, and now ranking minority member, I hear daily from elderly persons who must struggle to live on a fixed retirement income.

I applaud this Committee's efforts to thoroughly evaluate the problems before us. I know the choices you face are not easy ones. I believe, however, that Congress must make some of these choices now.

With this in mind, I introduced the Social Security Reform Act of 1981 (S. 484) in February. My bill is comprehensive, with a combination of measures to address social security's short-term cash-flow crisis and the serious long-term deficit facing the system.

Before introducing my bill, I took four days of testimony before the Committee on Aging on "Social Security: What Changes Are Necessary?" Witnesses included national experts on social security and representatives from several of the major organizations of older Americans. This year, under the leadership of Senator Heinz, the Aging Committee has conducted three additional days of hearings.

I came to the conclusion that major changes in social security would be necessary to keep the system solvent and to keep the promise which has been made to all workers.

I also concluded that, in the interest of fairness to all, Congress should act now to keep the system solvent over the long term.

Younger workers and retirees both want to see the system restored to soundness. Both are willing to sacrifice, if necessary. But we must be careful to balance the interests of both so the generations are not set against each other in conflict.

I saw three choices:

To cut current benefits;

To raise Social Security taxes again; or

To raise the age of eligibility for retirement.

After weighing these options, I decided that a gradual phase-in of a rise in the eligibility age was the least unfair—and the most positive—choice for the long term.

Such a change will adequately prepare for the next century when the post-World War II baby boom retires, and will avoid the need for benefit cuts or more increases in the payroll tax.

As proposed in my bill, the new age would begin to phase in starting on January 1, 2000. Eligibility then would be age 65 plus one month, and the age would increase by one month for each four months until age 68 is reached in the year 2012. The age for reduced benefits would increase in a similar manner from 62 to 65.

Age 65 for Medicare would not be changed, and there would be no changes to the disability program. No current retiree would be affected at all. No current worker having reached his 45th birthday by the end of 1979 would be affected at all.

Both the President's Commission on Pension Policy and the National Commission on Social Security have made a similar recommendation.

This choice is the least unfair because it wouldn't phase in until the next century, thereby giving younger workers ample time to prepare for the change.

It is positive because it recognizes the improved health and economic contributions of older Americans. Life expectancy at age 65 has risen approximately three years since social security began. Social security benefits would still be provided over the same proportion of an average person's life.

To resolve the short-term cash flow problem, I proposed interfund borrowing coupled with a prospective phase-out of the student and minimum benefits.

Interfund borrowing would be authorized when any one of the three trust funds (Old Age and Survivors Insurance, Disability Insurance, and Health Insurance) falls below 25 percent of one year's outlays. This would be authorized immediately but would cease in 1990. Funds borrowed would have to be paid back with interest.

To help meet the gap expected during the 1984 to 1985 period, even with interfund borrowing, I proposed that Congress eliminate the minimum benefit effective immediately—but only for new retirees. My concern was that no beneficiary now receiving the minimum benefit would have benefits reduced in any way. The "special" minimum benefit which provides additional protection for workers with many years of contribution at very low wages would not be changed at all. In the future, others who receive the minimum benefit would have their benefits calculated to reflect the coverage they have actually earned.

I also proposed that the student benefit be phased out beginning in August 1981. Any student who had already started school and was receiving social security benefits would be able to finish their schooling as long as they were eligible. However, no new students would be brought into the program.

My bill also contains a number of proposals to help prepare works—and employers—for later retirement. Effective in 1986, I would eliminate completely the social security earnings limitation for workers over 65. The age would gradually rise to 68 by 2012.

The earnings limitation, which currently reduces social security benefits $1 for every $2 earned over $5,500 a year, acts as a strong disincentive to continued employment after age 65. I would prefer removing this earnings limit completely immediately, but believe it is not wise to do so until the Old Age and Survivors trust fund gets past the critical cash flow problem.

As an additional incentive for work after 65, I propose eliminating the social security payroll tax for all workers over 65—as well as their employers—effective immediately. As the age of full retirement phases in to age 68, this tax break would phase upwards in a similar manner.

For the employer, this is a direct economic incentive to hire and retain older workers. (For a worker age 65 earning over $30,000, the savings to the employer in reduced payroll contributions is almost $2,000 per year.) For the older worker, it means more take-home pay during the years just before retirement. This provision also would help to address a projected shortage of younger workers by 1990.

Because this provision would reduce income to the trust funds, my bill provides for the lost revenue to be made up by general revenues. It is difficult to predict the cost to the Treasury of this measure, but the Congressional Budget Office has estimated about $1 billion a year in the short term. This estimate does not take into account, however, the additional Federal income tax which would be generated by those choosing to work longer under this plan. I would expect, over time, the effect would be to cancel out or even increase general revenues.

Effective immediately, I would also remove age 70 or over as the permissible age for mandatory retirement in the private sector.

This Committee has already taken some actions to solve the short-range funding crisis. I would urge you to act immediately on granting authority for interfund borrowing.

But we still have the same three options before us for the long term: to cut benefits, to raise taxes, or to raise the retirement age.

What disturbs me is that we run the risk of making decisions of major significance without acting according to an underlying set of principles.

I have felt, in the Budget Committee and on the Senate floor, that there is a tendency to look at the budget figures and make decisions based on how to get from here to there on a ledger sheet. That will not do. We must have a set of consistent criteria to use to judge the merits of differing social security proposals.

The elements of my bill are based on such a set of principles. I believe they remain valid and I would urge this Committee to consider all proposals with these principles in mind:

(1) Our goal should be to make the system sound within the current tax structure. That means no additional increases in social security taxes—and that benefits should not be cut more than necessary to achieve actuarial soundness.

The Administration's proposals violate this principle by suggesting benefit reductions far in excess of what is needed, achieving a savings of 3.6 percent of taxable payroll over the long term, while only 1.82 percent is needed.

(2) There should be no precipitous changes in the basic structure of social security. Current beneficiaries should be protected from any large changes in their benefits, because workers make long-term plans for retirement. Once an older person leaves

the work force for a year or more, he or she cannot usually return.

Any changes in the way we approach early retirement or a change in the age for full retirement, should be phased in very slowly and leave adequate time to plan.

If economic disincentives for later retirement are to be eliminated from the social security system, we must also make sure that older workers are able to stay in the work force. The work force itself must be given time to adjust.

A long phase-in period for change can help meet these needs. We can also help spur this process by providing specific incentives to employers to keep older workers, such as the tax incentive I have proposed in my bill.

I have not agreed with the changes the Senate has already approved in the social security minimum benefit for this same reason. I recognize that this Committee made an effort to protect those current recipients of the minimum benefit who would have little or no other sources of retirement income, but I believe any changes should be made prospectively.

(3) A "safety net" for those who are really unable to work beyond age 62—or 65—must also be preserved if we make changes in early retirement. We must be careful what we do with the social security disability program. Many necessary changes have already been made to provide safeguards against abuse of its basic intent, but I would urge this Committee not to go too far. An adequate and fair disability system is a necessary companion to changes in early retirement under the old age and survivors system.

(4) Social security is a wage-based system, not a welfare system, and should be kept that way. It is important to maintain parity between active and retired workers. This means keeping the basic benefit structure and maintaining the current replacement rate.

Congress acted wisely in 1978 when it froze the replacement rate at 42 percent of a retiree's 30-year average earnings by "decoupling." Retirees no longer receive the benefit of double adjustments for inflation through the indexing of wage histories as well as automatic indexing of benefits.

We are not in a position to increase the replacement rate, but a further adjustment downward would not be fair. I would remind the Committee that the 1978 law reduced long-term costs by 25 percent.

The Administration's proposal to reduce the replacement rate by 10 percent through the technical sounding device of changing the "bend points" is simply a 10 percent cut in the basic benefit structure. It is a cut that is not necessary to restore soundness if we phase in a later retirement age.

Some proposals to make COLA adjustments, such as using the lower of wage or price indexing, would also violate the principle of maintaining parity between active and retired workers. We know that the wage index tends to lag behind inflation. A year or two after a big inflationary jump, wages exceed prices. Going to the lower of the two indices would deny the retiree the catchup which the worker gets.

These are the basic principles underlying the proposals in my bill—not going beyond the existing tax structure, no large changes without time for adjustments, an adequate disability system to act as a safety net for necessary early retirement, and preservation of parity between active and retired workers.

The Administration and others have made different proposals. However this Committee chooses to proceed, my purpose here today is to urge you to adopt these basic principles as a way of evaluating all proposals before you.

My discussions with both younger workers and retirees have convinced me that they both want to see the social security system restored to soundness.

Younger workers are still willing to contribute at current tax rates, but they want to see that they will get benefits when their turn comes. Retirees are willing to see the system tightened up to make it sound, but they do not want to see social security used as a vehicle for balancing the Federal budget or cutting taxes.

Restoring public confidence in social security requires us to balance these two views. We must not set the generations against each other in political conflict.

In practical terms, that means trimming benefits or delaying retirement so that outlays do not exceed current revenues to the trust fund.

But it places a floor as well as a ceiling on spending: we must not act more than the minimum necessary to achieve actuarial soundness. We must leave our tax and spending reduction efforts to the general revenue portion of the budget.

If we are clear that this is the path we have chosen, I believe that the American people will respond favorably to the choices made.

CHILES STATEMENT

MEMORANDUM

To: Rick Brandon.
From: Pat Ruggles.
Subject: Social Security Estimates.

As you requested, this memorandum sets forth the CBO projections of the balances in the Social Security trust funds over the next five years, and compares the projected shortfall with the savings that could be achieved under the two options: the reconciliation package for Social Security as passed by the Senate, and the prospective elimination of the minimum benefit and student benefits for new beneficiaries only, as proposed by Senator Chiles.

I. CBO projections of social security trust fund balances

Under CBO projections, the combined balances in the OASDHI trust funds would not fall below the level needed to ensure timely payment of benefits until 1984, if interfund borrowing (or some other method of transferring funds from the DI and HI funds to OASDI) were allowed. A reserve of 9 to 12 percent of annual outlays must be on hand at the start of any month to allow benefits to be paid out during that month, so that if reserves fall below that level benefit payments will be delayed. Table 1 shows the balances in each trust fund through 1986, and the amount needed to bring the combined balance to 12 percent of outlays in each year. Through 1986, a cumulative total of about $13 billion will be needed to maintain a combined balance of 12 percent of outlays.

II. Savings estimates, Senate reconciliation package

The budget passed by the Senate includes five major reductions in benefits for Social Security. These are the elimination of the minimum benefit, the elimination of student benefits for all those not currently enrolled and the phasing out of 25 percent a year of benefits for current beneficiaries, the tightening of eligibility requirements and the elimination of some benefits in the disability program, the elimination of lump sum death payments for those with no surviving spouses or minor children, and changes in the Social Security rounding procedure. Table 2 outlines the savings which would be achieved under each of these proposals. Total savings under all of the proposals would be about $21 billion between 1982 and 1986.

TABLE 1.—CBO PROJECTIONS OF OASI, DI, AND HI OUTLAYS AND BALANCES, 1981–86

[In billions of dollars, balances as of end of fiscal year]

Trust fund	1981	1982	1983	1984	1985	1986
OASI:						
Outlays	122.6	141.4	158.7	178.0	199.3	222.6
Income	117.8	129.0	143.0	159.1	181.9	203.7
Balance	19.7	7.4	−8.2	−27.1	−44.5	−63.5
DI:						
Outlays	17.5	19.6	21.0	22.7	24.8	27.5
Income	12.6	21.9	26.4	30.0	37.7	44.4
Balance	2.8	5.2	10.6	17.9	30.9	47.7
HI:						
Outlays	27.9	34.1	38.7	44.7	51.9	59.9
Income	31.9	38.3	43.2	48.4	55.5	65.5
Balance	18.5	22.7	27.2	30.8	34.4	40.1
Total OASDHI:						
Outlays	168.0	195.1	218.4	245.4	276.0	310.0
Income	162.3	189.2	212.6	237.5	275.1	313.6
Balance	41.0	35.3	29.6	21.6	20.8	24.3
12 percent of outlays	20.2	23.4	26.2	29.4	33.1	37.2
Amount needed to bring balance to 12 percent of outlays (cumulative totals)				7.8	12.3	12.9

Note: Minus sign denotes a deficit.

Source: Calculated from summary table 1, p. xii, Paying for Social Security: Funding Options for the Near Term, CBO, February 1981.

TABLE 2.—REDUCTIONS IN OUTLAYS UNDER THE PROVISIONS INCLUDED IN THE SENATE RECONCILATION PACKAGE

[In millions of dollars]

Provision	1982	1983	1984	1985	1986	Total, 1982–86
1. Elimination of the minimum benefit	970	1,070	1,070	1,070	1,070	5,250
2. Phase-out of students' benefits	567	1,580	2,033	2,225	2,401	8,806
3. Disability [1]	298	558	858	1,202	1,514	4,430
4. Restrictions on payments of lump sum death benefits	200	210	215	220	230	1,075
5. Changes in rounding provisions and pension reform	75	255	281	308	333	1,252
Total	2,110	3,673	4,457	5,025	5,548	20,813

[1] Includes the Megacap, the recency or work test, workmen's compensation offsets, and elimination of social security funding for vocational rehabilitation.

III. Reductions in outlays under the Chiles proposal

The Chiles proposal would allow interfund borrowing between the trust funds when the balance in any fund fell below 25 percent, and would also allow for the elimination of the minimum benefit and student benefits for new beneficiaries. Current beneficiaries, however, would retain their benefits. Table 3 outlines savings under these proposals. Total savings under these proposals would be almost $10 billion over the period 1982–1986.

TABLE 3.—REDUCTIONS IN OUTLAYS THROUGH PROSPECTIVE ELIMINATION OF THE MINIMUM BENEFIT AND STUDENT BENEFITS

[In millions of dollars]

Provision	1982	1983	1984	1985	1986	1982–86
1. Elimination of the minimum benefit for new beneficiaries	65	135	160	205	225	790
2. Elimination of student benefits for new beneficiaries	700	1,200	1,800	2,500	2,700	8,900
Total	765	1,335	1,960	2,705	2,926	9,690

Mr. MOYNIHAN. Mr. President, I think we have heard an exceptionally persuasive, important and consistently factual statement from the Senator from Florida. His authority on this matter cannot be equaled by another Member of this body. I hope he will be heard.

He mentioned the nuns who will be affected by the elimination of the minimum benefit. This reduction, which is most unnecessary and will be extraordinarily painful was part of that rush to judgment made during the reconciliation rampage.

Mr. President, I ask unanimous consent that an article by Mr. Spencer Rich of the Washington Post, describing this event, be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NUNS FELL PREY TO SOCIAL SECURITY CUTBACK

(By Spencer Rich)

The dedicated budget-cutters at the White House and in Congress are having second thoughts about one of their good works. It seems that as they sliced their way through the budget they acted to reduce the already small Social Security benefits of several thousand elderly nuns and other members of religious orders.

The affected orders have complained, and repentance is nigh.

The offending vote was to eliminate the $122-a-month minimum benefit under Social Security. This now serves to sweeten the monthly checks of some 3 million beneficiaries, whose low earnings records are such that they would otherwise be entitled to less. President Reagan said when he recommended wiping out the minimum—which both houses of Congress have agreed to do—that those whose incomes fell too far could turn to welfare.

But for various reasons that apparently wouldn't do for the nuns and others involved, and now a group representing Roman Catholic nuns is asking Congress for an exemption from the proposed new rule.

The nuns' proposal was outlined last week to the Senate Finance Committee by Sister Frances Mlocek of the Leadership Conference of Women Religious of the U.S.A.

It would allow thousands of nuns and male members of religious orders who have taken the vow of poverty to remain eligible for the minimum benefit for at least 10 years; they would be differently treated from the others now on the minimum, even though many of them are also poor and elderly.

Mlocek said the nuns or male clerics benefitting from the minimum benefit provision constitute a special case. Until 1972, persons in religious orders who had taken vows of poverty were not eligible for Social Security. Only in 1972 did Congress permit them to enter.

The sister said 240 religious orders of men or women, with about 75,000 members in all, had enrolled. About 14,500 of the members are now on the rolls, and many more will eventually become eligible as they reach retirement age.

Since they do not receive any cash pay, for tax and benefit purposes these individuals are deemed to have an income equal to the value of food, clothing and shelter given them by their orders. This is usually calculated at $100 a month or a bit more, meaning that the tax is very low and so the benefit would be too except for the minimum.

Mlocek said that since they were only made eligible for Social Security in 1972, the nuns and others involved have not had time to build up any earnings record sufficient to obtain a reasonable benefit. This argues for a special exemption, she said in an interview.

Rep. Bill Archer (Tex.), senior Republican on the House and Means Social Security subcommittee, said he thinks the nuns have a "justifiable cause." He said that it is his understanding that because of their vows of poverty, they can't apply for welfare.

An effort to grant an exemption, possibly in conference on the budget bill, but more likely in separate legislation, is picking up steam. Ways and Means Committee member James Shannon (D-Mass.) has drafted a bill.

Senate Finance Committee Chairman Robert J. Dole (R-Kan.) and Senate Social Security subcommittee Chairman William Armstrong (R-Colo.) have also expressed concern, and Sen. Daniel Patrick Moynihan (D-N.Y.) is expected to take up the cause.

"It's for the nuns? I'm for it," said Ways and Means member Thomas J. Downey (D-N.Y.). And in the administration there is reportedly similar sentiment.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. MOYNIHAN. I am happy to yield to the Senator.

Mr. DOLE. Let me say in connection with that story, which I judge to be an excellent story, the witness referred to came to the committee at my invitation, along with Sister Evangeline of Kansas.

Mr. MOYNIHAN. I think that is exactly the case. I think a bipartisan effort will be made to resolve it.

Mr. DOLE. Mr. President, I do not know whether—I think they were checking with the minority leader to see if it is all right to set the pending amendment aside temporarily and take care of a noncontroversial amendment. I shall be happy to yield time out of my time to the Senator from Mississippi and the Senator from Oklahoma.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent to add the Senator from Arkansas (Mr. BUMPERS) as a cosponsor of the amendment before us.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, is there objection to temporarily setting aside the pending business so that we may bring up a noncontroversial amendment?

The PRESIDING OFFICER. Is there objection? Hearing none, it is so ordered.

Mr. DOLE. I yield to the Senator from Mississippi.

UP AMENDMENT NO. 222

(Purpose: To exclude from the windfall profit tax interests in crude oil held by, or for the benefit of, private, not-for-profit organizations which provide certain services to children)

Mr. COCHRAN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Mississippi (Mr. COCHRAN), for himself and Mr. BOREN, proposes an unprinted amendment numbered 222.

Mr. COCHRAN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 161, between lines 3 and 4, insert the following:

SEC. 243. RESIDENTIAL CHILD CARE AGENCY EXEMPTION.

(a) QUALIFIED CHARITABLE INTEREST.—

(1) IN GENERAL.—Section 4994(b) (defining qualified charitable interest) is amended—

(A) by striking out "or" at the end of paragraph (1)(A)(i),

(B) by inserting "or (ii)" after "clause (i)" in paragraph (1)(A)(ii)(II),

(C) by redesignating clause (ii) of paragraph (1)(A) as clause (iii),

(D) by inserting after clause (i) of paragraph (1)(A) the following new clause:

"(ii) held by an organization described in section 170(c)(2) which is organized and operated primarily for the residential placement, care, or treatment of delinquent, dependent, orphaned, neglected, or handicapped children, or", and

(E) in paragraph (2)—

(i) by striking out "paragraph (1)(A)(ii)" and inserting in lieu thereof "paragraph (1)(A)(iii)", and

(ii) by striking out "paragraph (1)(A)(i)" each place it appears and inserting in lieu thereof "clause (i) or (ii) of paragraph (1)(A)".

(2) PERIOD INTEREST HELD.—Subparagraph (B) of section 4994(b)(1) of such Code is amended to read as follows:

"(B) such interest was held on January 21, 1980, and at all times thereafter before the last day of the taxable period, by the organization described in clause (i) or (ii) of subparagraph (A), or subclause (I) of subparagraph (A)(iii).".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable periods beginning after December 31, 1980.

CHILDREN'S HOMES AMENDMENT

Mr. COCHRAN. Mr. President, this amendment makes a slight change in the windfall profit tax whereby not-for-profit residential child care agencies in the United States would be exempted from the tax.

It is estimated that over 200 homes for children receive income from royalty-producing properties. These homes have been losing income due to the windfall profit tax at somewhere between $2.5 to $3.5 million per year.

I think that we should exclude these children's homes from this tax, Mr. President. If my colleagues will remember, when the Senate initially considered the windfall profit tax, children's homes were excluded. During conference, however, these homes were lumped together with some other exempted organizations and were put back as a taxable entity.

Mr. President, while the typical tax on these homes from the windfall profit tax is relatively small, the impact can be devastating. These homes, most of which operate on shoestring budgets, cannot pass through tax increases such as this; their only alternative is to reduce services.

Legislation to provide for this exclusion of children's homes from the windfall profit tax was introduced by this Senator last year and again during this session of Congress. Hearings were held on June 8 of this year in the Finance Committee.

The purpose of the amendment would be to put these homes on the same footing with schools and hospitals. They perform substantially the same services, but they are neither, so they sort of fell through the cracks in the definition of exempted entities. It is my hope, Mr. President, that the Senate can accept this amendment.

I am happy to yield to the distinguished Senator from Oklahoma.

Mr. BOREN. I thank my colleague from Mississippi. I am proud to join him in offering this amendment, which provides a workable exemption for children's homes on the royalty interest in which they have an exemptions from the windfall profit tax. As the Senator from Mississippi has said, the windfall profit tax allowed exemptions for certain royalty owners such as Indian trust lands and certain charitable organizations. However, the charitable organization was narrowly drawn, and I think unintentionally drawn to exclude the vast majority of children's homes which are operating in the United States.

The children's homes in most cases are operating on the margin, and paying taxes on their royalty interest equivalent to the same tax rate being paid by major oil companies is certainly not an equitable situation. The exemption provided in this amendment would be provided for royalty oil owned by or held by or for the benefit of an organization devoted primarily to residential group care, treatment, or referral of delinquent, dependent, orphaned, neglected, or handicapped children. The organization would have to be one described in section 107(c)(2) relating to the definition of charitable donees.

Mr. President, this is a very worthwhile amendment, I personally am familiar with several children's homes in my own State that have been adversely impacted by having the royalty interest which they hold taxed under the windfall profit tax.

None of these homes really has sufficient funds to operate as they would like right now. I think what we should bear in mind is that the beneficiaries of this exemption will be the children in those institutions. I have been in a number of them myself—the Baptist Children's Home in Oklahoma City, for one. I know they would substantially benefit, be able to provide a better program for the children under their care, from this amendment.

Mr. President, I commend the Senator from Mississippi for offering it. I am very proud to join with him in it.

Mr. METZENBAUM. Mr. President, will the Senator from Mississippi yield for a question?

Mr. COCHRAN. I am happy to yield to the Senator from Ohio.

Mr. METZENBAUM. I do not rise in opposition to this amendment, because it is my understanding that he is asking for the same consideration that other charitable organizations now are receiving.

Am I correct in my understanding that the budgetary impact would result in a loss to the Treasury of approximately $15 million a year, according to the figures from the Finance Committee?

Mr. COCHRAN. The Senator should be advised that we have information that that is the outside figure, that it would be less than $15 million. There is no figure certain that we can provide other than that. I do have an estimate of the loss of income for these children's homes, some 200 of them around the country, amounting to between $2.5 million and $3.5 million a year.

Mr. METZENBAUM. I did not hear the last statement.

Mr. COCHRAN. The $2.5 million and $3.5 million a year represents the loss of income to these children's homes by reason of the tax being applied to them.

Mr. METZENBAUM. If it is $2.5 million and $3.5 million, where does the $15 million come from?

Mr. COCHRAN. I do not know. I was told by my staff that that is the upper limit of the possible loss, that it could not be any higher than that.

Mr. METZENBAUM. Can the Senator from Kansas respond?

Mr. DOLE. Mr. President, we have discussed this matter with the Joint Tax Committee, which is our best source of information. I am advised that it is almost impossible to arrive at a dollar figure. They indicate it is not very much. They estimate the total costs to be less than $15 million. Beyond that, they are not able to give us a precise figure. There are only so many of these child care institutions, and I assume that in some areas production is declining, and they had to own it by January 21, 1980.

Mr. METZENBAUM. I thank the Senator. I have no objection.

Mr. COCHRAN. I thank the Senator.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. COCHRAN. I yield to the Senator from Kansas.

Mr. DOLE. Mr. President, I am pleased to be of some assistance in this effort.

I want to make the record clear that I did clear this matter with the distinguished Senator from Louisiana (Mr. LONG) who supports the amendment, and I believe it also has been cleared in other areas. It does what the Senator from Mississippi and the Senator from Oklahoma have indicated. It deals with orphans and children—not profiteers, not oil business.

This is technical, in the sense that it should have been corrected at the outset. As the Senator from Ohio pointed out properly, it is not technician in the sense that it is revenue neutral. It does have a revenue impact.

This amendment would exempt from the windfall profit tax interests held by charitable children's homes that were held on January 21, 1980.

This amendment will give children's homes the same treatment under the windfall profit tax as provided charitable hospitals and schools, since children's homes fall in the crack between hospitals and schools.

The amendment will cost less than $15 million per year.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. COCHRAN. I yield.

Mr. STENNIS. Mr. President, I stand with my colleague from Mississippi as a cosponsor of this amendment. He certainly has the facts correct.

I thank the chairman of the committee for his understanding.

Mr. COCHRAN. I thank the Senator.

I yield to the Senator from Texas.

Mr. BENTSEN. Mr. President, will the Senator from Mississippi permit me to be a cosponsor of this matter? I believe it to be very meritorious.

Mr. COCHRAN. I thank the Senator.

Mr. President, the following Senators, including the Senator from Texas and the Senator from Mississippi, were cosponsors of S. 307, which was introduced earlier by the Senator from Mississippi. The other Senators include Mr. BOREN, Mr. BENTSEN, Mr. TOWER, Mr. WALLOP, Mr. SYMMS, Mr. STENNIS, Mr. LONG, Mr. PRYOR, Mr. LUGAR, Mr. GARN, Mr. BOSCH-

WITZ, Mr. JOHNSTON, Mr. SASSER, Mr. LEAHY, and Mr. DOLE.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, will the Senator include me as a cosponsor?

Mr. COCHRAN. Mr. President, I ask unanimous consent that the name of the Senator from New York (Mr. MOYNIHAN) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment.

So the amendment (UP No. 222) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, yesterday the distinguished Senator from Ohio and the Senator from Kansas had a brief exchange which, for some reason, was omitted from the RECORD. At that time, I sincerely commended the Senator from Ohio for his work with respect to closing what many of us consider to be a loophole insofar as commodity tax straddles were concerned.

In that connection, as the Senator from Ohio recalls, he directed questions to the Senator from Kansas a few months ago on the Senate floor; and a promise was made at that time to the Senator from Ohio that we would address the matter in the Finance Committee.

Because of the urging of the Senator from Ohio and the Senator from New York (Mr. MOYNIHAN), that matter was addressed in the Finance Committee, and I do commend the Senator from Ohio for calling it to our attention and pressing the matter in the early stages, when there was not very much interest in it, frankly.

Mr. METZENBAUM. Mr. President, I appreciate the comments by the Senator from Kansas. I comended him and the minority for their action in connection with the issue of commodity straddles. I believe it was a major step, with an overwhelming vote, under the direction of the sponsor of the amendment, the distinguished Senator from New York (Mr. MOYNIHAN).

I am very grateful to the Senator from Kansas for his comments. I am pleased if, in some little way, I did contribute to the ultimate result. I believe the Nation will be best served by this result.

Mr. MOYNIHAN. Mr. President, I associate myself with the remarks of the chairman of the committee about the role of the Senator from Ohio in this matter. I urge the Senator from Ohio to stick with this. The end is in sight, but the goal has not been reached. It becomes more difficult as the enterprise becomes better known.

Mr. President, may we now return to the pending business?

AMENDMENT NO. 489

Mr. DOLE. Mr. President, the pending business is the amendment of the Senator from New York?

The PRESIDING OFFICER. The Senator is correct.

Mr. MOYNIHAN. How much time remains on this side?

The PRESIDING OFFICER. The Senator from New York has 20 minutes remaining. The Senator from Kansas has 12 minutes.

Mr. MOYNIHAN. I am happy to yield 5 minutes to the distinguished Senator from Tennessee.

Mr. SASSER. Mr. President, I am pleased to join the distinguished Senator from New York (Mr. MOYNIHAN), the ranking minority member of the Senate Finance Committee's Social Security Subcommittee, in offering an amendment which solves the immediate cash-flow problems facing the social security system.

If enacted into law, this amendment will insure that benefit checks are mailed out on the third of each month without slashing the heart of the program, as proposed by the administration, or raising taxes.

Moreover, this amendment will give the Congress enough time to extensively evaluate the long-term financing problems that present a far more serious threat to the viability of the system in the next century, beginning in the year 2005 or 2010 or 2015, depending which actuary's figures you trust. This proposal allows us to act without panic, without fear, without political rhetoric, and uncertainty. Simply put, it allows Congress to make an informed judgment.

Mr. President, the administration has painted a dark picture indeed of the condition of the social security system. I think this picture is unduly pessimistic, and the prescription for recovery put forward by the administration amounts to a massive overdose for the patient. We do not need to drain $80 billion or more out of the social security system to solve its problems.

I do not know what the administration had in mind when it made these extreme recommendations. But I suspect it wanted to paint a rosier picture of the unified budget by reducing social security obligations substantially. If that is true, then it is unfair, it is inequitable, it is unjust, and it is deceitful.

I do not think we should try to balance the budget on the backs of older Americans.

I think it is significant that the administration uses one set of economic projections in justifying its so-called economic recovery program, and this is an extremely optimistic projection, and then it uses another set of projections, a very pessimistic, worst-case scenario, as a basis for making social security recommendations.

So what we see really is an economic janus, with one rosy face pointed toward the economic recovery program, beaming broadly on Members of Congress over the economic paradise the administration expects and projects, with another face looking toward social security, frowning darkly, a face full of concern, on the verge of tears for the future of social security because of negative economic expectations. I am afraid the administration is suffering from expedient schizophrenia—or schizophrenic expedience—shaping its projections to suit its immediate purposes.

Using the administration's optimistic projections—those used to justify the tax and budget programs, there is a clear indicator that the immediate social security problems can be solved by authorizing inter-trust fund borrowing. That is exactly what this amendment accomplishes and that is the first step we need to take.

We do not need to tear up the system and shatter the expectations of millions of people by precipitate action.

Mr. President, social security is the most successful domestic program ever enacted into law. It is the people's program. When we talk about the administration's plan to cut early retirement benefits by 25 percent in January, we are talking about imposing an unnecessarily harsh economic impact on people.

Despite all the economic theories and projects and Stockman slide rules and fancy theories, we are talking about people.

We are talking about people who have worked all their lives and planned a retirement in dignity based on a promise from the Federal Government—a commitment for their future.

Forty years ago, our Government entered into a social contract with its people. Every President, Republican and Democratic alike, has fulfilled this commitment—each has insured a strong social security system that pays its promised benefits.

This Senator wants to send a strong message not only to the 36 million people—the 1 in 7 Americans—who now receive a benefit check. I want to speak directly to those workers 50 years of age or older who are planning to retire and those young workers who are worried that social security will not be there for them when they are ready to retire. I want the people of my State to know that I will fight to resolve the problems with the least possible impact on people.

I am not going to forget the people who depend on social security. I am not going to forget the working men and women of this country.

I am going to act responsibly and work with other Members of the Senate to solve the short-term problems. Then, we can solve the serious and more difficult issues of long-term financing.

The PRESIDING OFFICER. The time allotted the Senator from Tennessee has expired.

Mr. MOYNIHAN. Mr. President, I am happy to yield to the distinguished minority leader who is an original cosponsor of this amendment.

The PRESIDING OFFICER. The minority leader is recognized.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator for yielding and also for the leadership he is providing as the chief author of the amendment.

INTERFUND BORROWING AMONG SOCIAL SECURITY'S THREE TRUST FUNDS

Mr. President, I am a cosponsor of the amendment offered by the distinguished Senator from New York (Mr. MOYNIHAN). The amendment provides authority for interfund borrowing among the

social security system's three trust funds.

We face short-term cash flow difficulties over the next 5 years in financing social security retirement benefits. The retirement trust fund will require additional revenue because of unforeseen and unprecedented economic conditions: Historically high interest rates coupled with high unemployment and low growth; and wage gains falling behind price increases. In contrast to what many of us have heard, the near-term financing problems are problems of the economy rather than problems of demography.

When our economic troubles begin to turn around—when the soaring interest rates begin to drop—the current social security retirement financing problems will, I believe, also turn around. Unfortunately, we cannot accurately predict changes in our future economic health. We do know that if current conditions continue over the long term, our economic health will suffer to such a degree that we will not only worry whether social security will be able to meet its commitments, but we will also worry about obligations of many other institutions as well, both public and private.

The tax bill is an appropriate piece of legislation on which to debate the substance of the Moynihan amendment. The administration has steadfastly defended a 3-year tax cut on the grounds of very optimistic assumptions regarding our country's future economic performance. However, in sharp contradiction, the administration has used extremely pessimistic economic assumptions about our future as its basis for evaluating the economic health of the social security system, and as its basis for justifying immediate, major, and permanent reductions in social security protection.

Perhaps the administration feels it has good reason not to rely on its own economic assumptions—I will not argue this point. However, it is beyond dispute that the administration is trusting its projections regarding a 3-year, across-the-board tax cut, and it is not putting its faith in its own projections regarding social security financing.

Many people are suspicious of the way in which the administration's program has been structured. There is legitimate mistrust as to whether administration officials have overstated the financial distress of the social security system, in order to frighten Congress and the American public into accepting immediate and permanent reductions in social security benefits.

The administration's social security plan calls for $88 billion in benefit cuts over the next 5 years which would grow into a 23-percent cut in total social security benefit protection. According to the administration's own economic forecasts, upon which the tax cut is premised, about $80 billion of the proposed social security "savings" would not be needed to pay for benefits during this 5-year period.

There are those who believe that administration officials have exaggerated social security's financial woes, in order to enact benefit reductions that would provide a "safety net" of revenue, which could be used to pay for the tremendous deficit cost of a 3-year tax cut. In other words, the additional revenue could be used to balance the Federal budget, if the economy did not perform as the administration has predicted, and if the 3-year tax cut consequently resulted in large budget deficits.

The administration promises the American people a balanced budget by 1984—although the campaign promise was originally for 1983. A smaller social security program could also feed into another objective—that of permanently reducing the general size of the Federal Government and reducing the size of Federal expenditures in relation to the gross national product.

A balanced Federal budget and a reduced Federal Government are two campaign promises. However, there were others.

In accepting the Republican nomination for the Presidency, Mr. Reagan, after quoting Franklin D. Roosevelt, told the American people:

> It is essential that the integrity of all aspects of Social Security be preserved.

Just two months before being elected to the Presidency, Mr. Reagan said to the people, in his major economic address of the campaign:

> This strategy for (economic) growth does not require altering or taking back necessary entitlements already granted to the American people. The integrity of the social security system will be defended by my administration. . . .

In his October debate with President Carter, Mr. Reagan continued to strongly support social security when he spoke of a new task force to examine financing the system, "* * * with the premise that no one presently dependent on social security is going to have the rug pulled out from under them and not get their checks."

The checks for some current beneficiaries will soon be cut substantially, not by any piece of legislation dealing specifically with social security, but through the budget process, and by administration budget proposals. Its budget proposals greatly reduce disability protection. Its budget proposals reduce and then eliminate benefits for dependents and survivors, between the ages of 18 and 21, who are attending school full time. Its budget proposals permanently eliminate the minimum benefit payment for both current and future retirees.

More than 500,000 Americans, age 80 or older, have been receiving the minimum payment for 15 years or longer. The administration would tell these elderly Americans, many of them women, that they are no longer entitled to the benefits promised to them by the social security system when they made their retirement plans, and, if they need assistance, they should apply for welfare. This proposal leads me to question the administration's definition of what constitutes pulling the rug out from someone's feet.

Social security protection means a solemn commitment, a serious contract between contributing workers, employers, and the Federal Government. The Presidential "task force" on social security apparently met over one weekend.

When the Senate Budget Committee reported the first budget resolution for fiscal 1982, it proposed cutting the Federal budget by $8 billion next year by lowering the cost-of-living adjustments for social security and other Federal pension programs, including veterans' pensions. The administration said that it would oppose such changes, but that the Senate should support the proposed $8 billion cut.

I wanted to know how the administration expected to cut $8 billion from social security and other Federal pension programs next year. Earlier in the year, when the President came before Congress to argue the merits of his budget plan, he said that no budget savings would be made by cutting social security retirement benefits and veterans' pensions. He said those benefits would be preserved as part of the Nation's "safety net."

I sent a letter to OMB Director Stockman and Treasury Secretary Regan asking for their specific plans for producing the budget cuts. They responded by saying that the administration would achieve the savings by reducing social security. The plan quickly came in the form of a hastily written and ill-conceived proposal to immediately cut social security benefits.

When the "task force" revealed its social security plan, the Senate quickly went on record to reject the plan unanimously. The plan was cruel and inhumane. It would have destroyed the basic and essential qualities of trust, confidence, and predictability upon which the integrity of the social security system depends. Its adoption would have destroyed the integrity that the President so steadfastly promised to defend during his campaign. The plan would have constituted a serious breach of faith.

At the time the plan was presented, I warned the President's advisors against misinterpreting Mr. Reagan's personal popularity as a free license to unravel the social security system. I warned the Congress would fight cuts in social security designed to balance the Federal budget, rather than insure the financial solvency of the system. I warned that dire administration predictions of the social security system's imminent collapse would result in widespread, unnecessary and extreme fear among Americans—both young and old.

OMB Director Stockman then came before the Congress to defend the plan. He said:

> The question before the Congress is whether the 36 million Americans who currently depend on the Social Security system can count on any check at all less than two years hence . . . The most devastating bankruptcy in history will occur on or about Nov. 3, 1982.

The social security payroll tax supports three separate trust funds—retirement, disability, and medicare hospitalization. Each fund receives a portion of the payroll tax to finance its own separate program. When we are talking of the short-term social security financing problem, we are speaking only of one trust fund encountering cash flow difficulties—the retirement fund.

The nonpartisan, professional Congressional Budget Office has predicted that the short-term financing difficulties

can be solved by a simple, noncontroversial bookkeeping change: interfund borrowing. Health and Human Services Secretary Schweiker recently supported such an accounting change during testimony before the Senate Finance Committee. The Congressional Budget Office has supported this short-range option, using economic assumptions more unfavorable and pessimistic than those underlying the first budget resolution for fiscal 1982, which were largely administration assumptions.

The success of any budget resolution is critically dependent upon the economic assumptions incorporated in it—just as the performance of the retirement trust fund depends greatly upon the same economic factors.

Unfortunately, we simply cannot accurately predict the performance of our national economy with absolute certainty. There are no foolproof economic formulas to use. Instead, we must assume what is reasonable. The amendment before the Senate today does just that.

If our economy were to take a serious, sustained downturn over the next several years, interfund borrowing might not be enough. But based on the most realistic economic projections which can be made today, interfund borrowing coupled with the benefit cuts which will be enacted as part of the President's budget cutting effort, appears to address the short-term cash flow problem.

We do not want to unnecessarily and permanently harm social security beneficiaries or future beneficiaries. We do want to act quickly, sensibly and realistically to resolve any short-term cash flow problem that the retirement trust fund might encounter. The amendment being offered by Senator MOYNIHAN works to meet our goals. It is an opportunity to take a positive and constructive step in resolving the near-term financing difficulties of the retirement fund.

Exaggerated statements of social security's financial situation have distorted our debate. Let us now be realistic, and take action.

I thank the distinguished Senator again.

Mr. MOYNIHAN. Mr. President, there cannot have been a more succinct, precise, factual, moderate, effective summation of a case made on the floor of this Senate in this session of Congress.

The minority leader speaks our views in this matter with precision and emphasis.

Mr. ROBERT C. BYRD. I thank the Senator for his remarks.

Mr. MOYNIHAN. With that, I would wish on our part, there being no other speakers wishing to speak as the moment of voting approaches, to conclude our part of the debate, asking only, Mr. President, that the Senator from Montana (Mr. BAUCUS) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, as I understand it, at the hour of 1 o'clock we will either move to table the Moynihan amendment or somehow dispose of the amendment, adopt it or defeat it or whatever.

Before we do that I think it is fair to look at what we did in 1977. I have in my hand a document dated October 29, 1977, entitled "Social Security Amendments of 1977," 180 pages, I might add, of ways we were going to save the social security system.

The other party was then the majority party in the Senate, occupied the White House, with big margins in the House of Representatives.

Their answer to the problem of social security was to raise taxes. All those tax increases, I might add, have not yet become effective. There have been two tax increases for employees and two tax increases for employers.

I might suggest there are still four additional tax increases to take effect between now and the year 1990, under the Democratic plan passed in the Senate in 1977 by the Congress and signed by the then President.

Mr. MOYNIHAN. Mr. President, will the Senator yield for a question?

Mr. DOLE. Oh, yes.

Mr. MOYNIHAN. The Senator is always speaking about four additional increases. Does the Senator mean the two additional increases, each of which applies uniformly to employers and to employees?

Mr. DOLE. No. I think there are actually four additional tax increases which apply to both. I will see if I can find that quickly here, but I will before I finish.

Mr. MOYNIHAN. Could I ask one other question, Mr. President? Did the Senator vote for these increases?

Mr. DOLE. No.

Mr. MOYNIHAN. Oh.

Mr. DOLE. No, this Senator did not vote for those tax increases. But I was told if I would vote for those tax increases the system would be sound until the year 2030, probably even after the two of us had left the U.S. Senate. The year 2030 would roll around and there would not be any problem with social security. "Don't worry about a thing, just increase the taxes and raise the wage base," and the employees would be protected and those on social security would be protected.

But that has not happened. I do not suggest it is all the fault of anyone. We have had a lot of inflation, we have had a lot of imported oil which did a lot of things to our economy, and certainly the economic factors probably have been the largest problem, and the reason we are back here again, at least one of the reasons.

But the reason I suggest that is to indicate that our economic conditions change very quickly. If within 4 years we are back on the Senate floor asking the American people or telling the American people "Don't worry about a thing, just borrow a little money out of this fund or that fund and that will get us through the short term, and there really isn't any long-term problem," I just suggest that that is not an appropriate answer to a very serious problem.

Mr. MOYNIHAN. Mr. President, will the Senator yield for a question?

Mr. DOLE. Could I just finish?

Mr. MOYNIHAN. Of course.

Mr. DOLE. I have a very fine statement I want to make, and then I will be happy to yield.

I believe the debate this morning points out the complexity of the social security financing problem. Just a little proposal like interfund borrowing, something you would think we all ought to agree on because it is very simple, just trot it out on the floor, there ought to be agreement on this, it sounds simple. But we already have before us three different varieties of that proposal.

The distinguished Senator from New York's proposal is quite unlike the President's, contrary to the statement of the distinguished Senator from Massachusetts (Mr. KENNEDY), and both proposals differ from that contained in the bill of the distinguished Senator from Florida (Mr. CHILES). Some proposals involve permanent borrowing authority, others involve temporary authority, some provide for interest-free borrowing, others provide for interest charges, some restrict which fund can borrow, and which ones can only lend.

I just suggest that in this short time, in the last 4 or 5 hours, last night and this morning, in what was presented as a little, simple amendment, an amendment we all ought to agree on, we have already found five or six different variations.

It is not the President's proposal, it is not the proposal suggested by the distinguished Senator from Florida (Mr. CHILES), it is not even the proposal, I think, suggested by the Senator from New York because we have been told by Mr. Robert Myers, the chief actuary, a man with great credibility, that what we are about to do is bankrupt all three funds by the year 1985, and maybe sooner, under the worst economic assumptions.

Now, if that is going to be a benefit to those on retirement and those in the system, then this Senator fails to see the merit in that proposal.

We are faced with a very huge long-term deficit in social security and a potentially huge short-term deficit, but no one expects the trust fund to run into trouble before the end of next year. We have from now until November of 1982 to really come to grips with this problem and, maybe for once and for all, at least in our lifetimes as Members of this body, to assure the American people that we have done our job, not just raised taxes. And that is what we are about to do.

But it seems to me that—again, I would not suggest that there is any politics in the Chamber, because this is much too important an issue for politics—we run the risk of creating more concern among the recipients, not less, and undermining our efforts to take more comprehensive steps to shore up the system for years to come.

So I would just urge my colleagues to vote to table the motion the distinguished majority leader will make at the appropriate time.

I am now advised that the tax increases will be as follows: employees and employers face tax increases in 1982 from 6.65 to 6.7; in 1985, to 7.5; in 1986, 7.15, and in 1990, 7.65.

So those are the four increases which will then go up to 15.3 percent combined employee and employer, up from 13.3 percent today.

Let me just say, finally, it is a very serious problem we face. Again, I expect that we will report to this body a strong bipartisan measure from the Finance Committee that I would hope would pass the Finance Committee by a vote of 20 to 0, there being 20 members on the Finance Committee; if not, near that.

But let us not trivialize this very serious problem. Let us not try to address it in a piecemeal fashion at this point.

Mr. President, I reserve the remainder of my time.

Mr. MOYNIHAN. Mr. President, may I just ask the distinguished Senator one question. When he voted against the 1977 measure, was it because he thought there were no difficulties in this system or did he think the measure was not strong enough?

Mr. DOLE. As I recall, the Senator from Kansas was concerned about the ever growing burden of tax increases, the fact that we legislated six tax increases in 1977. The last one, I have just indicated, will not take effect until the year 1990.

Mr. MOYNIHAN. I thank the Chair.

Mr. President, I ask unanimous consent that the Senator from California (Mr. CRANSTON) and the Senator from Maine (Mr. MITCHELL) be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. I yield one minute to the Senator from Pensylvania.

Mr. HEINZ. Mr. President, I rise to join Senator DOLE and Senator BAKER in opposition to the Moynihan amendment. I object in the strongest terms I know to the amendment introduced by the Senator from New York. I cannot in good conscience support his amendment, an amendment to this vital tax bill, on interfund borrowing among the social security trust funds.

It is not that I am opposed in principle to interfund borrowing. Indeed, it is a proposal that I support, that the administration supports, and that almost every group which has studied social security reform has supported in one form or another, but it must be considered as one element in a total package designed to restore financial health to the social security system, not as a single item by itself.

Mr. President, as chairman of the Committee on Aging I have devoted intensive study to this issue. It is my view that we need a comprehensive bill which includes interfund borrowing this year to allay, once and for all, the anxieties justifiably felt by our elderly citizens when they hear, as they so often do these days, cries about the potential bankruptcy of the system. This amendment represents nothing but a fragmented piecemeal approach to a most serious problem.

The Senator from New York, as well as all my other colleagues, know that I have decried alarmist statements on either side of the aisle that would suggest that this Nation is going to abandon its solemn commitment to maintain a smooth flow of benefit checks to the families of the elderly and disabled who depend upon these checks.

Having said that, I think the amendment from the Senator from New York is equally misleading and lamentable because it will lull people into thinking that we have fixed the system. We will not have done so. Worse, we will make it more difficult to pass any further legislation of any kind, dealing with social security solvency.

The amendment also is ill-timed. It comes in the midst of the Senate Finance Committee's deliberations on this subject. And it threatens the formation of a bipartisan coalition dedicated to the task of managing our social security system without making it a transparent bid for political support.

Let me discuss the question of timing. I say the amendment is ill-timed because I believe it will delay, but only for a few years, the serious situation that this Senate must face in restoring financial integrity to the social security system. Such a delay could be grieviously injurious to the social security beneficiaries. No one has a crystal ball. But the social security board of trustees tells us that if the economy does not improve considerably, even with the use of interfund borrowing, the balances in the combined trust funds could soon fall below the levels needed to pay benefits.

The Senator from New York presented a set of numbers yesterday that were based on projections by the CBO. In my view, it is misleading on the basis of a single projection to suggest, as does the Senator from New York, that interfund borrowing is a full solution to the social security system's short-term financing problem. That is not my judgment alone.

In July the Special Committee on Aging, which I chair, held hearings on the size of the short-term deficit. At those hearings, we heard expert testimony from the administration, the Congressional Budget Office, the American Academy of Actuaries, and Henry Aaron from the Brookings Institution. These witnesses were unanimous in stating that if Congress tried to get by with only interfund borrowing and the cuts already included in the reconciliation bill, we would be taking a tremendous risk.

While the cash flow needs of the system might be met with this strategy if the economy improves substantially, the reserves would be at a dangerously low level throughout this decade. There would be no buffer against a downturn in the economy. These witnesses pointed out that part of the solution of the short-term problem should include a way of buffering the system so that Congress does not have to legislate each time unemployment or inflation rises.

The Congressional Budget Office has projected that under their forecasts, which are a middle-range set of forecasts, Congress will need to produce $33 billion in savings or additional revenues through 1986 to maintain a combined balance of 12 percent of annual outlays with interfund borrowing. This combination of intermediate forecasts of the economy and trust fund balances at the level needed only to meet cash flow needs is a dangerous combination.

If the economy, even for only 1 year, takes a downturn from these forecasts, the system will not be able to meet its cash flow needs, and the checks to beneficiaries would, in fact, have to be delayed, pending congressional action. Congress would then not have adequate time to come up with a solution.

Mr. President, this is gambling pure and simple, and we cannot take these kinds of chances with social security. In my view, Congress needs to restore public confidence in the system, not undermine it, and assure people that the changes we make this year will get the system through the next decade.

If we delay confronting the entire issue, as we will with this kind of strategy and this amendment, then a few years from now, we may really find ourselves backed into a corner. We will have lost some of the flexibility we now have to consider various options to set the system right, once and for all.

Worst of all, we will have contributed to making this social security issue a partisan political issue, and therefore more difficult to resolve.

Mr. President, I have said before that social security's problems are serious but manageable. But the issues involved are extraordinarily complex. They demand a great deal of objective, nonpartisan analysis of the impact of the many options that we now have to set the system right. To raise the issue now, as the Senator from New York does, in an ill-conceived last minute amendment to the tax bill, seriously threatens the bipartisan approach that is required.

As a matter of fact, the Senator from New York was himself party to an agreement to deal with social security on a bipartisan basis.

Less than 2 months ago, the Senate formed a leadership committee, consisting of the Senators from Kansas, Louisiana, Colorado, and New York. That committee pledged to deal with the sensitive issue of social security on a bipartisan basis. This amendment by the Senator from New York represents a severe breach of this earlier commitment.

Well Mr. President, I can assure you that the 36 million Americans attentively following the social security debate do not view their monthly checks as political contributions from the Senate. These checks are their bread and butter. And, I think that kind of gravity should impose a sense of responsibility on Members of the Senate, one that they will not easily shirk.

To support the Senator from New York's amendment, at this time, would do precisely that. The Senate would wash its hands of the responsibility for a few years. But only for a few years. And the well-being of the millions who support this system financially, and the

millions collecting benefits, might be irrevocably damaged in the interim.

So I would like to see a comprehensive approach, one that deals with a number of problems, not just the question of interfund borrowing. I urge, in the strongest possible terms, the defeat of this amendment.

Mr. ARMSTRONG. Mr. President, during the last several months, the Senate has received many recommendations for changes in the social security system.

Like most Senators, I am instinctively cautious about considering such proposals. Nor would I be willing to do so in haste or without full consultation of persons affected. Such changes should not be enacted without careful study.

As a guide to my own study of this matter, I have asked the staff of the Senate Finance Committee to prepare a summary of various options and proposals. I submit the staff report for the RECORD and encourage my colleagues to give careful consideration to the various alternatives.

The report follows:

SENATE FINANCE COMMITTEE SUMMARY

I. PROPOSALS TO INCREASE REVENUES TO TRUST FUNDS

PROPOSALS	FINANCIAL IMPACT	RECOMMENDED BY
Increase payroll tax.	To eliminate the long-term deficit in OASDI, a permanent increase in the combined tax rate of 1.52 (intermediate assumptions) to 6.17 (pessimistic assumptions) percentage points would be required, over and above currently scheduled tax rates. A one point increase in the combined tax rate would be required to finance the near term (5 year) deficit. (The payroll tax is already scheduled to increase in 1982, 1985, 1986, and 1990). Much more substantial tax increases would be required to finance long-term HI deficits.	1979 Advisory Council on Social Security; and National Commission on Social Security.
Increase taxable wage base.	This would produce substantial revenues in the near-term ($20–$30 billion/year if the ceiling were eliminated), with little added cost. In the long term, ⅓ to ½ of the added revenues would be offset by increased benefit costs.	
Mandatory universal coverage (for new hires).	Produces about $20 billion in revenues in the near-term. The long-term savings to the trust funds are estimated to be about 0.5 percent of taxable payroll, or about 30 percent of the OASDI deficit.	Advisory Council; National Commission; and Conable bill.
Finance a portion of system with general revenues (part or all of HI, for example)	As much as $73–$184 billion may be required to finance the near-term OASDHI deficit. and restore "reasonably safe" reserves. Financing half of HI through general revenues would, in the long term, require huge infusions of general revenues. (The HI deficit is expected to substantially exceed the combined OASI and DI deficit.)	Advisory Council; National Commission; Pickle bill; Conable bill; and Chiles bill.
—Alternatively, "borrow" from general revenues	Reduces balance that trust funds must maintain to remain solvent. (In effect, the Treasury bears the risk of fluctuation in social security income and expenditures, rather than the trust funds). Under this alternative, general revenues are not restricted to HI.	Advisory Council; National Commission; and Chiles bill (emergency borrowing).
Tax benefits (assuming income diverted to trust funds)	Proposals generally involve taxing ½ or ¾ of benefits for people with adjusted gross incomes above some level, such as $20,000. Income is on the order of $1–$2 billion/year.	Advisory Council recommends taxing ½ of benefits.

II. PROPOSALS TO REALIGN TRUST FUND BALANCES

Interfund borrowing	Borrowing between OASI and DI only postpones insolvency in the OASI fund from 11/82 to 1/83. Drawing on the assets of HI would postpone insolvency only until later in 1983, under pessimistic assumptions.	National Commission; Pickle bills, Chiles bill; and Administration bill.
Tax rate reallocation	Leaves total scheduled OASDHI tax rate unchanged, but reallocates tax among the three trust funds. Comparable to interfund borrowing (but without payback or interest provisions) and therefore is insufficient to finance near-term deficit, under pessimistic assumptions.	National Commission, Pickle bill.

III. PROPOSALS TO REDUCE PROJECTED EXPENDITURES

(Affecting Selective Groups)

PROPOSAL [1]	EXAMPLES OR COMMENTS	RECOMMENDED BY
Eliminate or phase-out inessential benefits.	Phase-out or eliminate student benefit, minimum benefit, lump sum death benefit (or more substantially, benefits for certain secondary beneficiary groups)	Certain of these are contained in the Pickle bill, the Chiles bill, the Administration bill, and the Finance committee reconciliation bill.
Reduce benefit rates.	(a) pay benefits at lower rate for early retirement (b) reduce benefit on account of other government pensions (c) reduce disability benefits on account of other public disability benefits (d) apply stricter maximum family benefit provisions (e) pay spouses benefits at 33⅓ percent rather than 50 percent of PIA	Provisions a, b, & c, contained in Pickle bill; a, b, & d contained in the Administration bill; c is contained in Finance committee reconciliation bill.

SENATE FINANCE COMMITTEE SUMMARY—Continued

PROPOSAL [1]	EXAMPLES OR COMMENTS	RECOMMENDED BY
Tighten eligibility requirements.	(a) lengthen waiting period for disability benefits (b) tighten "recency of work" test for disability benefits. (c) pay children's benefit only when parent retires at 65 or older (rather than at 62). (d) pay parent's benefits only till oldest child is 15 or 16 (rather than 18).	Provision d is contained in the Pickle bill, provisions a & c are contained in the Administration bill; provision b is contained in Finance committee reconciliation bill.
Alter age of eligibility for benefits.	Raise age at which full benefits are payable to retirees; make children's benefits payable only until 18 rather than 22 (eliminate student benefit); make benefits payable to spouses and surviving spouses at 62 or 64, not earlier.	Raising the retirement age is contained in the Pickle bill and the Chiles bill, and has been recommended by the Advisory Council and the National Commission.
Tighten (or postpone) liberalization of retirement earnings test.	Delay the scheduled reduction (from 72 to 70 in 1982) in the exempt age.	Contained in the Pickle bill.
Reduce weighting of benefit formula.	Would reduce the high marginal benefit rate paid on low average earnings, thereby reducing some of the "welfare" aspects of social security.	
	(Affecting General Beneficiary Population)	
Modify indexing of wage histories (used for determining average earnings in covered employment).	Convert to price indexing (could eliminate most of the long-term deficit).	Recommended by expert Consultant Panel to Finance Committee in 1976.
Modify indexing of bendpoints in benefit formula (on a temporary or permanent basis).	Convert to price indexing (could eliminate entire deficit).[2] Index at some fraction of actual wage growth (could eliminate most or all of the deficit if done only temporarily). Freeze bendpoints temporarily.	Temporarily indexing bendpoints at half the growth of average wages is the major provision in the Administration bill to alleviate long-term deficits. Price indexing bendpoints was recommended by expert Consultant Panel to Finance Committee in 1976.
Modify cost-of-living adjustment (COLA).	Defer timing of payment from July to October. Adjust to lower of the increase in wages or prices.[3] Place a cap on the COLA. Use a different measure of "cost-of-living." [3]	The Pickle bill and the Administration bill both contain provisions to defer the timing of payment. The National Commission recommends adjusting on the basis of the lower of wages or prices, with "catch-up" provisions.
Tighten insured status requirements for the primary worker.	Eliminate currently insured status; tighten definition of quarter of coverage; require greater proportion of covered equipment.	(Administration bill and Finance committee reconciliation bill tighten requirements for disabled workers.)
Reduce number of "dropout years" in calculation of average earnings (used for determining benefits).		

IV. OTHER KEY POLICY ISSUES

PROPOSAL	COMMENTS	RECOMMENDED BY
Encouraging delayed retirement—increase delayed retirement credit—eliminate or phase-out retirement test.	These proposals involve costs to the system.	A liberalization of the test is recommended by the Advisory Council, the National Commission, and provisions for phasing out or eliminating the test are contained in the Chiles bill and the Administration bill.
Modifying treatment of women.	These proposals generally cost the system and often exacerbate existing inequities or create a different set of inequities in the system.	Addressed in a very limited way by the Pickle bill and recommended by the Advisory Council.
Cutting the payroll tax.		Contained in Administration bill and Conable bill.

[1] The significance of the provisions for achieving near-term savings depends on how quickly they are phased in and whether or not they affect people currently on the benefit rolls.

[2] With the exception of COLA, each of these proposals affects be nefits for the primary worker and therefore affects all other beneficiaries. Changes in COLA directly affect all beneficiaries.

[3] The financial effect of these proposals depends on whether the y are utilized on a temporary or permanent basis and whether or not poor economic conditions are assumed to prevail (i.e., the worse th e economic conditions, the greater the savings associated with pegging the COLA to the lower of wages or prices.)

Mr. MITCHELL. Mr. President, I am pleased to join in sponsoring this amendment.

Senator MOYNIHAN should be congratulated for the leadership role he has assumed on this issue. He was presented the issue in a clear and informed manner, in a way that does not create panic among current beneficiaries and workers approaching retirement age.

The fact of the matter is that the combination of the benefit cuts included in the reconciliation bill and interfund borrowing is sufficient to take care of any financing problems that the system may face for two or three decades. This is true whether one is using the administration's budget forecast or the more reasonable projections by the Congressional Budget Office.

Adoption of this amendment would take care of the short-term cash-flow problem facing the system. The Congress would be able to evaluate the long-term problems facing the system, which are serious and deserve careful attention, in a calmer atmosphere. Under this alternative, the elderly could feel secure that their benefits will not be the targets of short-term budget-balancing efforts.

The administrat'on has chosen a different approach. It is using a very pessimistic set of economic assumptions and the long-term financing problems of social security to justify massive benefit cuts beginning next year, particularly for early retirees. This is clearly a ruse. The real purpose of the administration's actions is to create a crisis atmosphere in which it can justify substantial cuts in the most important of the "safety net" programs in order to reach its balanced budget goal in 1984.

The Senate wisely rejected this approach unanimously just a few weeks ago. Yet the administration still insists on its package. The Senate should take this opportunity to reject this unwise proposal once more and take a constructive step that resolves the short-term financing problem.

Mr. KASTEN. Mr. President, I intend to vote to table the Moynihan social se-

curity amendment. The social security trust fund is in serious trouble, and the problem will not be solved by passing a last-minute rider to a tax bill. The Senate Finance Committee has already held a series of extensive hearings on social security. The committee plans to report a comprehensive package of reforms to insure a solvent retirement fund not only in 1982 and 1983, but well into the future.

The House Social Security Subcommittee has already begun markup of a major financing package. It is clear that Congress is committed to quick action—not temporary or piecemeal action, but action that deals with both the short- and long-term financing problems.

I will vote against the Moynihan amendment, not only because it is irrelevant to the pending tax legislation but because it could have serious and unintended consequences.

Under this amendment, the old-age and survivors trust fund would be authorized to borrow—interest free—from the disability insurance or the hospital insurance trust fund whenever its assets fell below 3 months worth of benefit payments. This borrowing would be authorized only for the OAST trust fund and only until the end of 1986.

According to Robert Myers, Deputy Commissioner of Social Security, and past Chief Actuary of the Social Security Administration, this borrowing would totally deplete the disability and hospital insurance trust funds by 1985, even under optimistic economic assumptions. This surely cannot be the Senator from New York's intention, but it illustrates the dangers in trying to legislate such a complex matter at the last minute, during the consideration of a major tax-cut bill.

Interfund borrowing is an attractive and serious option, and may well become part of our social security reform package. It should, therefore, be given a chance as part of the comprehensive social security reform package, and should be kept out of the tax bill before us today.

Mr. DOLE. Mr. President, I yield the remainder of my time to the distinguished majority leader.

Mr. MOYNIHAN. Mr. President, if I have such time, I yield it to the majority leader.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, I thank the Senator from New York and I thank the Senator from Kansas.

Mr. President, I would like to take this moment to address the pending amendment by the distinguished Senator from New York (Mr. MOYNIHAN). He is not only a very distinguished representative of his State, but a good friend and a good colleague. Therefore, it is with great personal regret that I announce that I oppose this amendment.

First, I believe that this amendment is not the solution to the grave problems facing the social security system. The Commission on Social Security has recently confirmed the Reagan administration's previous warnings—the social security system will be broke as early as next year.

While Senator MOYNIHAN's amendment may postpone that event for several months, it will in no way prevent the inevitable. At some point in the near future, we will simply not be able to meet our commitments to our retirees. Moreover, the amendment intrinsically jeopardizes the present solvency of the other system funds, particularly the hospital insurance trust fund.

Second, I firmly suggest that this is neither the time nor the posture to be addressing this issue. We are presently in the process of formulating a badly needed tax reduction package to help revitalize our beleaguered economy. Such is not the forum for a debate on social security.

I have stated on numerous occasions that we must and we will address the critical problems of the retirement system. It is a commitment that I have made to this body, to the administration, and to the American people. Only through a complete examination of this dilemma will we be able to forge both a short-term and a long-term response.

Mr. President, in that connection, I seek a bipartisan solution to this issue. I now express my appreciation to the distinguished Senator from New York, the Senator from Louisiana, the Senator from Colorado (Mr. ARMSTRONG), and the distinguished chairman of the Finance Committee for agreeing to explore the possibility of a bipartisan solution to the social security dilemma and I look forward to their future deliberations.

At this point, Mr. President, I must express my opposition to this amendment.

The time now having expired for debate on this amendment, I move to table the amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from New York. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from New Mexico (Mr. DOMENICI), is absent due to a death in the family.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Ohio (Mr. GLENN), and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON) would vote "nay."

The PRESIDING OFFICER (Mr. D'AMATO). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 51, nays 45, as follows:

[Rollcall Vote No. 188 Leg.]

YEAS—51

Abdnor	Grassley	Packwood
Andrews	Hatch	Percy
Armstrong	Hatfield	Pressler
Baker	Hawkins	Quayle
Boschwitz	Hayakawa	Roth
Chafee	Heinz	Rudman
Cochran	Helms	Schmitt
Cohen	Humphrey	Simpson
D'Amato	Jepsen	Specter
Danforth	Kassebaum	Stafford
Denton	Kasten	Stevens
Dole	Laxalt	Symms
Durenberger	Lugar	Thurmond
East	Mattingly	Tower
Garn	McClure	Wallop
Goldwater	Murkowski	Warner
Gorton	Nickles	Weicker

NAYS—45

Baucus	Exon	Metzenbaum
Bentsen	Ford	Mitchell
Biden	Hart	Moynihan
Boren	Heflin	Nunn
Bradley	Hollings	Pell
Bumpers	Huddleston	Proxmire
Burdick	Inouye	Pryor
Byrd, Harry F., Jr.	Jackson	Randolph
Byrd, Robert C.	Johnston	Riegle
Chiles	Kennedy	Sarbanes
Cranston	Leahy	Sasser
DeConcini	Levin	Stennis
Dixon	Long	Williams
Dodd	Mathias	Zorinsky
Eagleton	Matsunaga	
	Melcher	

NOT VOTING—4

Cannon	Glenn	Tsongas
Domenici		

So the motion to lay on the table Mr. MOYNIHAN's amendment (No. 489) was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, a parliamentary inquiry. What is the pending business?

AMENDMENT NO. 488

The PRESIDING OFFICER. The pending question before the Senate is amendment No. 488, offered by the Senator from Kansas.

Mr. DOLE. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will please come to order. Senators will clear the well.

Mr. CHAFEE. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will please come to order. Senators wishing to carry on conversations will please retire to the cloakroom.

The Senator from Rhode Island has the floor.

Mr. CHAFEE. Mr. President, I oppose the pending amendment. This is not part of the bill. This is an amendment that was proposed in the committee. It was not adopted unanimously. In my judgment, this is a very ill advised amendment.

Mr. DOLE. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will please come to order. Senators should have an opportunity to make their presentations.

Mr. DOLE. Those around the fringes are not in order.

The PRESIDING OFFICER. The Chair will ask the staff to remove themselves if they do not cease conversations. Senators wishing to converse will please do so outside the Chamber.

Mr. CHAFEE. Mr. President, what this amendment attempts to do is to insulate one more group of our citizens from the evils of inflation.

If there is one thing we have learned in this Congress, it is that all forms of indexing have led to trouble. If we ever are going to lick inflation in this Nation, it is absolutely essential that everyone feel the pain, that the pain be spread around, so that the pressure is constantly on us, as elected representatives of the people, to defeat inflation, to eliminate those evils that produce inflation.

However, we have certain segments of our society, under existing law, that are currently insulated from these evils. We have Government retirees, we have social security retirees, we have a whole host of persons who, so far as their direct benefits are concerned, are not affected by the evils of inflation.

Mr. President, we are attempting in one fell swoop—there were no hearings on this matter in the Finance Committee, and this was brought up late in the game—we are attempting to index the tax system of our Nation to inflation. This is an extremely serious mistake.

What everyone must do is concentrate his or her energies on eliminating those factors that produce inflation, and we are trying to do that. We are addressing them, because there are enough people in this country who are still hurt by inflation.

However, if we adopt this amendment, along with the others we already have adopted in the past, we are going to have a whole new class of citizens who can shrug their shoulders at inflation and say, "It doesn't hurt me." Thus, we will be going down the path of other nations that have adopted indexing—such as Israel, where everything is indexed, including returns on savings accounts in banks, or Brazil, or other South American nations, where they shrug their shoulders at inflation because everything is indexed.

It will lead us down a path that will be extremely dangerous to the future welfare of this country, because what will happen is that not everybody will be protected from inflation. There will be that certain group that is not taken care of, but they will be such a small segment of our society, with no political wallop, because everybody else is protected, that their voices will not be heard.

Mr. President, while it is true that we have some indexing already in those areas I have pointed out, that is no excuse to go further. One wrong does not mean that we should make another mistake.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CHAFEE. I yield.

Mr. LONG. Is this not true?

Mr. CHAFEE. Mr. President, we must have order in the Chamber. We cannot hear. There is a constant ruckus going on.

The PRESIDING OFFICER. The Senate will be in order.

Mr. LONG. Mr. President, I ask the distinguished Senator from Rhode Island if this is not true: Would not these automatic tax cuts that this amendment would trigger in times of inflation make inflation worse by pumping more money into circulation at a time inflation is at its worst?

Mr. CHAFEE. The Senator from Louisiana, who has as much experience on taxes as anybody else in this Chamber, is absolutely right. As inflation goes up, what do we do? We have tax cut after tax cut, and that is what put us in this problem we are in today.

Mr. LONG. Is there any better time not to have a tax cut than at a time when you are trying to fight inflation? In other words, if you look at the tools you have available to try to fight inflation, are not taxes one thing you can use to fight inflation, to get money out of circulation and try to reduce the deficit?

Mr. CHAFEE. The Senator could not be more right. If there are to be tax cuts, as we are doing here, in these times of inflation, they have to be tax cuts that are targeted in a particular direction. The tax cuts we are enacting under this bill are targeted toward industrial recovery. That is why in the Finance Committee, and indeed on the floor of the Senate, we will make every attempt to fight off a whole host of amendments to this bill, because this tax bill we are considering is targeted.

But this proposal, this wild-eyed scheme that was presented to the Senate today, does nothing such as that. The worse inflation gets, the greater the tax cuts are.

Mr. LONG. Is it not also true that sometimes we have situations that cause inflation which really are beyond our control?

I suppose the best example is the energy crisis. When the boycott came along and the OPEC nations made their cartel work, all energy costs went up with the increase in the price of oil. There are all these contracts that go up when the cost of living goes up, and when all those go up it further increases the cost of living.

It also triggered automatic social security increases. The cost of the program went up and that pumped more money into circulation.

So everything that was indexed, either in private industry or in Government, went up, pumped more money into circulation, made inflation worse, and then the Arabs turned the screw tighter, so that the energy costs went up, and everything proceeded to go up again.

This was something we could not control—the world price of oil. It kept going up and up and up and everything just triggered and retriggered, went on up with it.

At least at that point we did not have the tax laws indexed to pump more and more money into circulation and make it still worse.

What we would have here with this amendment is an automatic set of conditions that would say that all the taxpayers would be participants in a spiraling inflation by the law automatically making it that way.

Mr. CHAFEE. The Senator is absolutely right.

What we would do in this Senate or in Congress is to lose control of one of the principal tools.

This is straight snake oil that is being proposed here today, Mr. President. And I just hope everyone will vote against it.

Mr. BENTSEN. Mr. President, will the Senator yield for a question?

Mr. CHAFEE. I yield.

Mr. BENTSEN. The nation of Brazil has been a primary proponent of indexing for a long time. Israel has gone to indexing. Will the Senator tell me, give me some idea of how successful that has been in those two countries and what the inflation rate is in those two countries?

Mr. CHAFEE. The inflation rate in Israel, as I understand, is in the neighborhood of 100 percent a year.

Mr. BENTSEN. It is triple digit.

Mr. CHAFEE. And Brazil I am not familiar with but I know it is shocking. It is nothing that we have ever been familiar with around here. But if we go down many more paths like this one, we will.

Mr. BENTSEN. I say to the Senator that the rate in Brazil is at least twice what we have ever experienced in this country.

If we really want to cop out in the fight against inflation, then go ahead and index the tax system.

Mr. CHAFEE. I could not agree with the Senator more.

Here in these past 5 months, Mr. President, we have made sincere efforts to meet this problem head on and we have approached it, in my judgment, in absolutely the right manner. We are trying to cut the budget or reduce the rate of increase in the budget. We are trying to hold down spending. Our tax cuts are targeted tax cuts in order to improve the industrial competitive position of this Nation. We have resisted all sorts of panaceas that have been proposed to us. But to adopt this proposal, with no hearings on it, a proposal that certainly is attractive—indexing is always attractive—leads us in exactly the wrong direction.

I urge my colleagues to vote "no" on the amendment.

Mr. ARMSTRONG. Mr. President, I have listened with interest and appreciation of the Senator's statement in opposition to indexing the personal tax structure, and I never have known the Senator to approach an issue of this consequence in less than a thoughtful and responsible manner, any issue, and again today he has put forward an argument which is responsible, which in every way deserves the serious consideration of the Senate.

I have come to a different conclusion about indexing. It is my view that indexing the tax system is a fair, reasonable, and responsible thing to do.

But the argument which the Senator from Rhode Island has made that we should do away with all forms of index-

ing is not an illogical suggestion but neither, in my opinion, is it a suggestion which has any practical chance of being adopted today or at any time in the reasonably foreseeable future.

Mr. CHAFEE. If I could interrupt 1 minute, will the Senator let me make one point?

Mr. ARMSTRONG. Of course.

Mr. CHAFEE. I did not propose that we do away with all forms of indexing. I said that every time we adopt indexing it has led to trouble. I am not naive enough to suggest that we are going to be able to eliminate indexing on social security or indexing on military pensions, or indexing on civil service pensions, or indexing on postal employees' pensions, or indexing on the food stamp program. These things exist.

But I am saying that accept these, if we will, but let us not start down another path of duplicating the mistakes that we made previously.

I thank the Senator.

Mr. ARMSTRONG. I thank the Senator for his observations, and I think what his comments underscore is the reason why indexing the tax structure is not only desirable but indeed is probably inevitable whether we do so today or some other time.

It is not very likely that we are going to decouple and deindex social security benefits, food stamp benefits, Government retirees, military pensions, and all the other things that are presently indexed.

So we have a situation in which most, not actually all, but virtually all of the other persons who have financial dealings with the Federal Government are indexed. In other words, the recipients of Government money are by and large, with some few exceptions, indexed. The tax receivers are indexed. The only large group which remains unprotected and unadjusted for inflation are the taxpayers. In other words, the men and women, the wage earners, the families of this country who are paying the bill who are making it possible to pay military pensions, civil service salaries, to pay for food stamps, and all the other programs, they are the one group who suffer the most under inflation.

I want to just put into perspective what it is that the Finance Committee amendment actually does. The Finance Committee amendment simply recognizes that over the last decade people have been inflated into higher and higher tax brackets. As is shown by the chart in the back of the room, although dollar incomes of a median-income family have risen their after tax, after inflation income has actually declined. In other words, a typical, median-income family today is $600 worse off after 10 years of hard work than it was a decade ago.

All we are suggesting, all the Finance Committee has recommended to the Senate is that after the 3 years of the tax cut in this bill have taken effect, thereafter the tax system be indexed with the brackets adjusted, the personal exemptions and the deductions adjusted to compensate for inflation. Nothing more than that.

This is not as someone suggested some form of untargeted tax cut. It merely avoids an unlegislated, untargeted tax increase.

Someone has said that we have been forced to have tax cut after tax cut in recent years in order to keep up with inflation. That is true. We have had every couple of years some kind of a tax cut bill.

Yet, I direct attention again to the chart in the back of the room that shows that after all these tax cuts, working men and women in America are worse off today than they were a decade ago, because our tax cuts have simply not been sufficient to hold them harmless. No one is suggesting they should be better off as a result of an indexing amendment, only that they should not be disadvantaged automatically.

I say to the ladies and gentlemen of the Senate that the amendment which the Finance Committee recommends to them and which we trust will be adopted does not come to us without thought and without careful hearings. There has been adoption of this measure by a number of our States. My own State of Colorado has this, as do seven or eight other States of the country. A number of other nations have adopted the tax-indexing idea.

In Montana last year there was a referendum on this subject in November and it was adopted by a margin of 78 to 22.

Tax indexing, the concept embodied in this Finance Committee amendment, has been recommended by the American Bar Association, the Congressional Black Caucus, the American Institute of Certified Public Accountants, the National Taxpayers' Union, the Advisory Commission on Intergovernmental Relations, the National Education Association, the American Farm Bureau, the National Federation of Independent Business, and the National Cattleman's Association.

Most of these groups have been kind enough to send to me letters indicating their support and the reasons that they are backing the indexing amendment, and I have made available to each Senator on his or her desk a copy of this correspondence so that each Senator will have in some detail the views of these groups on this issue.

Mr. President, indexing is just an idea whose time has come. We all recall that it was nearly adopted during the last session of Congress. It has been under discussion for many, many years and as the problem of inflation and the interaction of inflation with our graduated income tax becomes worse the need for indexing has become more and more obvious.

While I do not dismiss without thought and without concern the questions which have been raised, as they are thoughtful questions, they are serious questions, I believe it is quite clear on balance that the Senate will be well advised to adopt the Finance Committee amendment as I hope and expect that we will.

Mr. DOLE. Mr. President, I do not know how many other speakers there are. Hopefully we can vote on this committee amendment soon. I want to give the minority manager an opportunity to speak. But we are making progress on the tax bill. We started at 11, we have had one vote on social security, which is not related to the tax bill, but I would guess that is progress. We at least had a vote, and we adopted one technical amendment, which was an outstanding amendment offered by the distinguished Senators from Oklahoma and Mississippi.

I hope we can have a vote on this. Then I think the distinguished Senator from New Jersey (Mr. BRADLEY) had one or two amendments on a 1-year proposal or on some capital gains reduction.

Is there any disposition to vote soon on this amendment?

Mr. LONG. Mr. President, we have other Senators who want to speak against the amendment. If there is no one else who wishes to speak on the floor at this moment, I would suggest the absence of a quorum.

Mr. DOLE. The Senator from Kansas would like to speak in favor of the amendment prior to the vote.

Mr. LONG. If the Senator wants to speak, go right on ahead.

Mr. DOLE. If there are other speakers, I would sort of like to blend in with the group.

Mr. LONG. If there is another Senator who wants to speak against the amendment, he should present himself and make his speech when the time comes. But if the Senator wants to go ahead, I will be present to hear him.

Mr. ARMSTRONG. Mr. President, will the Senator yield to me? I do not wish to make a further statement. I have spoken on this at length. But I want to make one observation I neglected to make in my speech a moment ago, and that is the question of who is helped the most by tax indexing.

This tax bill, and quite properly so, gives a generous tax incentive to upper-income taxpayers, the businesses. It improves depreciation, it lowers the upper brackets, and the whole concept of this tax bill is to provide incentives for investment in new job-creating activities. I support that fully.

But the one thing that will do more for middle- and lower-income taxpayers in this country than anything else that is contained in this bill by far is the Finance Committee's amendment on tax indexing. I just wanted to make that point.

While it is a good bill, in fact it is a great bill, with or without tax indexing, if we want to make it a well-balanced bill which has substantial appeal and merit to people in the middle- and lower-income brackets, it seems to me tax indexing has a special appeal in that respect. I neglected to say so a moment ago.

Mr. JOHNSTON. Mr. President, will the Senator yield for a question?

Mr. ARMSTRONG. I would be happy to.

Mr. JOHNSTON. Can the Senator tell me how closely the Finance Committee's tax bill, that is, the 5–10–10 3-year tax bill, corresponds to what tax indexing would be if in place of 5–10–10 we had tax indexing, if the Senator follows my question?

Mr. ARMSTRONG. I do follow the Senator's question. The Senator means if we adopted tax indexing starting today in lieu of 5–10–10?

Mr. JOHNSTON. That is right.

Mr. ARMSTRONG. I understand the question and I will give him two answers. First, of course, no one knows the future and any supposition would be based on what you think the rate of inflation will be in the next 3 years.

Second, beyond that, I will have to ask the question of staff before I can respond further. Any answer, of course, is hypothetical.

Mr. JOHNSTON. Well, based upon administration assumptions because they have made assumptions based on the 5–10–10, and they tell us in specific dollars what it would cost.

Mr. ARMSTRONG. I will have to defer to staff and try to get an answer and respond to that.

Mr. JOHNSTON. I thank the Senator.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, in the interests of maybe trying to speed up the process, the Senator from Kansas will make a comment on the Committee amendment.

We have had an extended debate on this amendment and I believe for the most part it has been a good debate. I feel, maybe with some bias, that the proponents of the amendment have made the best case.

I would just like to indicate before we vote on this amendment that it has been said by some in the course of this debate that if we index the income tax we are never going to have another tax cut. Maybe I should oppose indexing on that basis, being chairman of the Committee on Finance. But I would suggest that this amendment does not in any way preclude real tax cuts in the future. In fact, it might as far as the taxpayers are concerned be a signal that, in the event of additional tax reductions, there will be a real tax reduction and not just legislative indexing, a procedure we have gone through for so many years.

I would remind the Senators that the problem of inflation drastically increases the tax burden, and increasing the tax burden is largely a development of the past decade. In the 1950's and 1960's inflation was so low compared to present standards that little extra revenue was induced by inflation. In those earlier decades we also cut taxes fairly frequently and we made reforms and structural changes we thought desirable.

In short, there is no support at all for the argument that eliminating the inflation tax bonus to the Government will make further tax reductions or structural changes in the Tax Code less likely. To the contrary, as I have indicated, it seems to me in the future, if this amendment is adopted and passed by the Congress, we will be talking about real tax cuts, and the future reforms, tax reforms, will be real tax reforms not just add-ons to an excessively complicated tax code.

So I think it is time that we addressed this issue in a straightforward manner. We ought to change the law and we ought to reduce taxes. It ought not to depend on the availability of inflation-induced revenues, and that is what, in effect, we do now. The Government gets the windfall, and generally in an election year, an even-numbered year, we pass what is called a tax cut. In the past several years it has not been a tax reduction; it is really keeping the American people up with inflation. We are talking now about taking care of that on a permanent basis. It is a concept we are trying to get away from, in order to let tax cuts be real tax cuts.

I think, frankly, we all talk rather freely about tax reduction. If, in fact, we look at any proposal before the Congress now, whether it is the "rich man's" bill sponsored by the Ways and Means Committee, where they give those commodity futures traders a chance to make billions without paying tax, or whether it is the well-designed proposal of the President, I do not really believe we have any great chance to indicate that there will be a real tax cut for many Americans much before 1984, and even then the tax cut is really not that large.

So I just hope the Senate will conclude the debate on this amendment. We can send a signal. I certainly believe that if for some reason the amendment is not adopted now, I would guess that when a few more States adopt indexing it will come to the Federal tax system. There are now nine States which have indexing in some form or other. A number of other States are considering it. When half the States have indexing that will be 50 Senators, and then I think without much doubt we will be indexing taxes at the Federal level. But there are good arguments on both sides, and I just happen to believe the committee amendment is a good one and it deserves the support of the Senate.

I would add that the President supports indexing. I think it is well to understand that he preferred that it not be part of this bill, but we did agree to it in committee. The administration did not object too strenuously to the committee amendment approach. The committee amendment is on the floor. We will have to vote on it, soon, I hope, so we can proceed to other areas of interest.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, if the leadership on both sides of the bill does not mind, I would like to say a few words at this point.

My distinguished colleague from Colorado has prepared an indexing amendment. I am sure he realizes—I do not know what the exact figure is—that it will cost the Government a substantial sum of money. This proposal goes right to the heart of a misconception that is enjoyed by colleagues on both sides of the aisle, as well as in this administration's mind, that somehow we in Government make money out of inflation. In other words, the administration contemplates that each year Senators and Congressmen gleefully gather around the table to divide up a huge pile of extra tax revenues that has been brought into the Treasury as a result of inflation.

The fact of the matter is, yes, it is true that inflation has racheted many into higher tax brackets. It is true that this year alone we will get in some $70 billion in additional revenues as a result of inflation.

However, the Government at the Federal level has indexed social security, national defense programs, unemployment compensation, veterans' benefits, civil service retirement, and I could go on down the list. We will be glad to furnish a table at later date.

In any event, the indexing costs the Government money. In fiscal year 1981 inflation raised the cost of Government programs and interest costs by $83.1 billion. The Government deficit widened in 1981 as a result of inflation.

Richard Nixon, I say to the Senator, came to town with a surplus that was given to him by that profligate Democratic Congress that you folks referred to in the campaign, 25 years of Democratic profligacy. The fact of the matter is that that Democratic Congress and that Democratic President gave King Richard a balanced budget actually a $3.2 billion surplus.

But during the past 10 years deficits have grown considerably. It has been continuous. Inflation feeds on deficits, which feeds on inflation, which feeds on deficits.

The Congress is caught up. The best we can do is try to cut back. If we meet around the table and we have $70 billion coming in in revenues but it is going to cost us an additional $83.1 billion, we are looking for 13 billion bucks.

So we must try to cut back. We hold back the benefits and only give a 5-percent cost-of-living increase, only give one cost-of-living adjustment rather than two. As we retrench some of the programs and try to bring some control to the budget, we are really trying to reduce the deficit.

This is what really occurs. This particular indexing amendment is aimed at the idea that, "Look, without passing a law or anything else, everybody is racheted up into higher-income tax brackets and we want to keep their tax impact constant."

I was tempted with an amendment to first get a vote on keeping the Federal programs constant. I did not get one vote yesterday in the Commerce Committee to try to get some degree of competition in the television communications policy of the Federal Government. I do not mind trying, but I do not just

want to waste my colleagues' time. I do think that that kind of vote would bring into sharp focus how to balance off the Finance Committee's amendment.

The distinguished chairman, Senator DOLE, is always saying he is a subcommittee chairman of the Budget Committee. I wish he would attend the meetings, because if he would attend the meetings he would realize that we do not have that big pool of money to divy around. We have been struggling. We have been suffering and we have not been coming up to the mark of a balanced budget.

We did save $8 billion last year in reconciliation. I cosponsored it. The Democratic position has been for fiscal restraint. Democrats in this U.S. Senate have voted for spending cuts twice this year, once on the resolution and once on the actual cut. This has not been written in those newspaper headlines, but it should have been. I say to the Senators that Democrats have voted by almost a 2-to-1 majority for the spending cuts. There is nothing partisan about spending cuts. We realize that the budget must be cut back and we must bring spending back to some sembalance of fiscal reality. But this amendment is living in an unreal fantasy world.

You get caught up in your own political rhetoric and you believe that all you have to do now is just do it. If you are realistic about it, then you must accept some fundamentals. I think that is the difference, perhaps, between colleagues on the other side of the aisle and certain colleagues on this side of the aisle.

I would perhaps believe that my distinguished friend from Colorado believes less in Government than I do. I do not know. Maybe this is his way of cutting back that monster of the Federal Government.

I believe that Government has become a bureaucratic monster, and I welcome the President's interest in cutting regulations and in cutting spending.

We reduced the deficit by $8 billion last year and cut spending by $37 billion to $38 billion this year. There is no use to keep hammering that political rhetoric about an oversize Government, unless you are going to cut down on the executive branch. We cut our own budgets by about 10 percent.

We have cut a lot of things. We have held back pay increases for Members. When you get right down to it, the only way to address our economic problems is to remove and eventually eliminate the deficit. That is the dilemma of the Finance Committee's approach to our national problem. The Finance Committee's tax program will result in a large deficit and will keep interest rates high.

If we realize that the tax increases are not coming from some Senator running up and dropping a bill into the hopper; if we realize that tax increases are not coming about through a new law but actually tax increases are coming about through fiscal policy of deficit spending, then let us address a tax bill that will meet that particular problem.

I rather like the Finance Committee's approach, except the size and the way it is phased in. We will get into this particular debate later on with an amendment. I have tried to get the attention of the Senators but it is very difficult. The debate is bogged down to whether the tax cut is 2 years or 1 year, whether it is for the middle class or upper class, and whether you are for this little bit or that little bit. No one has asked, Is there going to be a deficit below $60 billion next year, or how is this particular tax cut going to provide a balanced budget by 1984?

(Mr. HEINZ assumed the chair.)

Mr. HOLLINGS. The experts came to town last week. I am not talking about Republicans or Democrats. There were both as well as independents, bankers, and financiers.

I noticed an interesting article on the front page of the business section of the Washington Post. Mr. Bakshian, a White House aide, said they were confused, that they were dismayed by continued high interest rates.

The experts came to town last week and in an off-the-record session with the Congressional Budget Office analyzed the fiscal program of the administration and the Congress. As economists, with five former Chairmen of the Council of Economic Advisers from administrations on both sides of the aisle, they looked at the spending cuts. Fine, $37 billion. But they looked at the spending increase for defense, $35 billion. Looking at the bottom line economically that is awash. Nothing has happened.

So they looked very, very intently at the tax-cut program to see what that will do to revenues and the deficit, inflation, and interest rates, to see whether they could advise their New York banks, and there were many New York bankers there, investment houses and otherwise, about interest rates.

They look upon the program of the Democrats and the Republicans as practically the same. As I have just pointed out, both favor spending cuts of about the same size. The reconciliation conference will momentarily report that out in the next 2 weeks.

Then they look at the tax cuts and see both sides being practically the same as far as revenue is concerned, $40 billion, give or take a few billion. The President started out with $54 billion. One might say 2 years, one might say 3 years, one might say alter it a little here or alter it a little there.

But economically, there is the immediate loss of revenue.

The economists made their projections and they took votes on it. It was a very interesting thing. They projected in general terms a $60 billion deficit for 1982, a $60 billion deficit for 1983, and a $60 billion deficit for 1984.

Look at those projections. I wish the media would search them out and get those projections because they have a picture of Stockman and others on the page with some kind of balanced budget by 1984 with a little chart.

Well, I am sure that this group I met with are fond of President Reagan. I am confident the majority voted for him. There is no question in my mind. So they were not anti-Republican or anti-Reagan, or anything else like that. But they are just anti the fiscal policy of this particular measure. It is not phased in. They constantly use the example of President Kennedy in the sixties.

Everyone seems to have a mental lapse. President Kennedy phased in his fiscal program, a program that brought economic growth, that stimulated productivity, that called forth investment and savings. He started first with business tax cuts.

The investment incentives were enacted in 1962 and stimulated investment. There is no use to have increased productivity and supply if their is not an increased demand.

I am not calling for an immediately balanced budget next year. I have heard those talks. I do not think that our economic problems over the past 10 years can be cured quickly. To balance the budget in 1982 would bring deep recession, that would bring high unemployment, and that would cut the tax revenues. So you would be in a worse condition.

But if you phase it in as it was under the program of the sixties, and have the tax cut for 1982 going largely to business, and then in January 1983 and subsequent years giving an average 10-percent tax cut to individuals, as has been projected using the approach of the Senator from New Jersey, kiltering it more to those in the $50,000 and below level, which appeals to this particular Senator—you can take the Bradley approach but just delay it for a year—instead of a $60-billion deficit, it drops to $35 billion next year, and instead of a $60-billion deficit in 1984 you have not only a balanced budget but a slight surplus.

Use that approach, that alteration of the very same program that the Finance Committee has worked so diligently on—and they did as well under our distinguished chairman last year, Senator LONG, with the depreciation allowance, capital gains, the marriage tax penalty, the certificate for savings. All that can be done. But not reduced windfall profits taxes on oil—I do not want to mislead you, to have you get enthused about what I am saying. We can do most of that at a cost of only $12 billion.

Finally, let us go back to the Senator from Colorado and discuss what the policy is or should be of this administration.

President Reagan is very much akin to quoting the U.S. News and World Report. He likes to do that. So do I.

And in the election last year, because we were all coming in with analyses, posters, and what was the message, the message was given almost before the result was known; 12,782 Reagan voters were interviewed as they left the polls. They were asked, "Why did you vote for President Reagan?"

Reason No. 1 was inflation and the economy. Reason No. 2 was a balanced budget. Reason No. 3 was unemployment. Reason No. 4 was defense and national security. Reason No. 5, by the minimal percentage of 13 percent of the Reagan voters, was tax cuts.

The reason I know it so well is that I was in that campaign. My campaign did not advocate any kind of tax cut. I said categorically, I opposed it. I opposed it in September and October, even though I liked what the Finance Committee had done. So during the entire campaign, in

August, September, and October, the speeches on the floor were political speeches. The other Senator ran ads that he opposed a tax cut.

Somehow we were all caught up in the swim. "Anything you can do I can do better. If you want a tax cut, I have a better tax cut. Monkey see, monkey do."

I can say right now that this amendment will not lower the high inflation or high interest rates. If we pass this amendment we will have economic chaos.

I think the Senator is smart enough to know that. I think he is getting a test vote on cutting down the size of Government. I have seen the Senator in this exercise before. I would rather he be a little more serious about this and realize exactly what he is talking about, this so-called indexing. That is playing economic games with political reality and with fiscal policy that the Senator and I cannot control by ourselves. If he can run it that way or if I can run it my way, that would be fine. But we have a Republican forum and we are very, very minuscule in it.

I know how the Senator presents it. I do not believe that this proposal has any semblance of sensible fiscal policy. It is good debate, it is good for a program. We ought to get MacNeil-Lehrer and go on it together and debate it out and give people a chance to start thinking about it. But do not come down here before the National Congress and submit it as serious policy, because it would wreck the Government, unless that is what the Senator believes in, on Government.

If he believes that, fine. I happen to believe in programs. I believe in these health programs. I believe in these education programs. I believe in these feeding programs. I believe in these legal service programs. If they have gotten out of hand, fine, let us bring them back into some semblance of control and responsibility. But just do not, carte blanche, run around and say let us do away with Government, and give the populace the impression that it can be done easily.

I think it is highly misleading, Mr. President, and would be absolute economic chaos to adopt.

Mr. LONG. Will the Senator yield at that point?

Mr. HOLLINGS. I am glad to yield.

Mr. LONG. Mr. President, the Senator talks about the perception of the American people and the wisdom of the American people and the reason they voted the way they did last November. I think it is perhaps modesty on the part of the Senator and perhaps good taste that he did not mention his own situation. The Senator from South Carolina was running last year for reelection. He was running at a time when the Republican tide was at its strongest.

He was elected by an overwhelming vote, even though, in the State of South Carolina, he had opposed the tax cut and had been for something that the public had never been that much for in the past—fiscal responsibility, fiscal discipline, cutting down on Federal spending.

May I say that the Senator from Louisiana, running in Louisiana, found the polls showed that what the public was very much interested in was cutting down on Federal spending, cutting down on waste, on balancing the Federal budget.

Let us see what this amendment would do. I assume the Senator agrees that we have a time of high inflation, big Government spending, and big Government deficit. With inflation giving us fits at a time like this, that is the last time we ought to be providing for automatically cutting taxes, because that is like pouring fuel on the fire.

Mr. HOLLINGS. Exactly.

Mr. LONG. That would put more and more money out there for people to spend when we ought to be cutting down on spending and taking money out of circulation. The Senator from South Carolina took the attitude that we should not have a tax cut, but if we do cut taxes, it should only be after we have agreed to drastically cut down on Government spending. But this indexing amendment would say you automatically get the big tax cut whether you need it or not.

Mr. HOLLINGS. I agree with the Senator, and he has been very generous to me. What he is saying is that we lack complete control over spending, with 50 percent of it implicitly or explicitly indexed to inflation—I have described what it means to try to get on top of this budget. I recommended—certainly not to take away benefits or early retirement in social security—to bring some control, to put that cost of living on the wage index rather than the price index.

I tried my best to submit amendments to bring control to the budget. Here is a distinguished member of the Committee on the Budget, knowing the difficulty of control, and what does he ask for? Even less control. Fifty percent is uncontrolled now. He says add the revenue side of the budget to it and let us get that uncontrolled. That proposal would make us look like total idiots. We would not be able to do anything.

Mr. President, I think the people will learn that we are responsible, but we have to act responsibly. We cannot give them this political malarkey.

Mr. President, this is the worst thing that could ever happen to the Government. I shall never forget when we passed the sales tax bill, trying to get it away from indexing and earmarking. Everybody wants to earmark their particular program. That is the single issue. Single-issue stuff did not start this year or last. Thirty years ago we were fighting that kind of thing.

The worst thing we can do, particularly with the budget and the economy and the international economy we have, would be to pass this indexing proposal. The Federal Reserve would have no way in the world of getting the money supply under control. They do not know what the "NOW" account effects will be, what the Eurodollar effect will be.

Fiscally, we have institutions—Federal Reserve, National Congress—and everybody is supposed to be responsible and this proposal would throw away the tools that they could use to be responsible.

Here is one tool of responsibility and now the Senator from Colorado wants to remove it and say, give us, in the light of the lack of control from indexing of spending further indexing of revenues. That is the worst approach I have ever seen. Somebody ought to write about it. Somebody ought to tell the truth about what is going on around here. We would have nothing to do. It would be nice to get the $60,000 salaries and go to a party every night and say, "I have only this to look at; take national defense, sorry, that is out of control."

What kind of politics is that? Some group ought to come and write sensibly about the economics of this proposal. What we need is more control.

Mr. President, I know conservative rhetoric, because that is the kind of State I have, and they just do not like Government controls. I have gotten elected fighting Government controls. But fiscally, I say to the Senator, if we cannot get better control of our budget, our economy, and financial affairs, they ought to get rid of us.

Mr. LONG. Mr. President, I should like to ask the Senator, is it not correct that we have a scenario at this point where a lot of people would like to cut taxes? There are people who would like to have their taxes cut, especially if we are going to cut their top rate from 70 percent down to 50. That is an appealing thing.

But even with all that, people can understand that there must be some discipline, and the public generally says, Cut spending; if you are going to cut taxes, cut spending as well. It has proved not to be as difficult as one thought, to be in favor of fiscal discipline, because the public had proved that they understand that we have to cut down on Government spending.

At the same time, to take the attitude that even if you do not cut spending you are still going to get a big tax cut, it is going to be automatic and the more inflation, the bigger tax cut you get——

Mr. HOLLINGS. Wonderful thing, that is right.

Mr. LONG. I ask the Senator, is that not a scenario for runaway inflation?

Mr. HOLLINGS. That is the practical result. The distinguished former chairman of our Finance Committee knows it better than any Member of this body. He knows this particular problem. He knows that that is going to be the result. That is exactly what will occur. That is what we are paving the way to do.

We have to come to grips with the problem. Everybody is talking about the social security fund. If I may say a word about that. To give some analysis and balance, we gave a 15-percent increase in social security, I say to the Senator, in 1970. We gave a 10-percent increase in 1971, we gave a 20-percent increase in 1972. Now we are having to increase the contribution. As the result of the increase, the average recipient will receive what he put into the fund in 18 months, his benefits are so much greater than what he put into the fund.

There is no mystery about social security being a national difficulty. Why did this occur? We did not watch it. The Senator and I were Members. We voted

for these things. We have watched it over the past 10 years. The chickens have come home to roost.

Mr. President, now that they have come home to roost, do not burn down the chicken coop with more indexing, we cannot have automatic tax cuts just at the time when we have to try to strengthen the fund.

I hope somebody will write our great President a letter and say, "Mr. President, tax increases are not because a Member of Congress put in a law or a new bill. Tax increases have come about through deficit spending, fiscal policy." His policy right this minute will result in at least a $40-billion deficit, $60 billion next year. Can you imagine?

Mr. President, with all the leadership of President Reagan, I hate to see him lose his credibility on this, because he is on the side of the angels, as far as I am concerned, trying to bring fiscal responsibility here. I commend him for keeping the attention of the body politic on the economy and fiscal affairs.

The CBO figures, Mr. President, when the report comes up—will show perhaps a $60-billion deficit for next year. That is assuming the President's program is passed and that is assuming that another $21 billion in undesignated cuts by David Stockman are submitted and approved.

One of the economists from one of the big institutions said of that $21 billion and that $27 billion in undesignated cuts the following year, we do not think the Congress, having cut $8 billion last year, $37 billion this year, is going to come in for another $21 billion next year. So he agrees that the deficits is going to be in excess of $60 billion for next year. That is not a liberal estimate or an exaggerated figure, $60 billion.

Can you imagine passing all this spending and then have a deficit of $60 billion in fiscal year 1982.

I can hear myself making a political talk. At least we only had 57 under President Carter. With all of President Reagan's program—and he will get his whole program—we will have a $60-billion deficit.

It is like the football situation at the Citadel: They say, "Wait until next year."

We will wait until next year, and you will get another $60-billion deficit in 1983 and another $60 billion deficit in 1984. Yet, the aides at the White House are puzzled.

Mr. LONG. Is it not true that it has never really been difficult to pass a tax cut if the situation were such that it is justified? I say that as one who served as chairman of the Finance Committee for 14 years. If we can justify a tax cut, it is easy to accomplish. In fact, it is easy enough to pass one even if it is not justified. [Laughter.]

Mr. HOLLINGS. Amen, Brother.

The distinguished Senator and the Finance Committee and the Senate and Congress in 1969 passed a tax cut, one in 1971, two in 1975, one in 1976, one in 1977, and one in 1978. We passed tax cuts—seven in the last 10 years, I say to the distinguished chairman.

President Reagan says he does not want more of the same. You have given us more of the same. There is nothing different here.

Mr. DOLE. Three years.

Mr. HOLLINGS. We have been doing it every year. Three years does not make any difference. I will go along with you on 3 years.

I am saying do business first; then individual tax cuts second. Three years does not bother me. I believe in stability, and I do not believe you can do all this in 1 year. But just pass the business tax cut, the investment and savings tax cut. I can pick them out of the bill. They are well considered and well conceived. I can pick them out to the tune of $12 billion but not the individual cuts.

Then, in January 1983 and subsequent years I can start across the board with a 10-percent cut and I will get you a balanced budget. You will see the interest rates go down. Then you can call the White House and say they are no longer to be puzzled or confused because we really are getting the Government back into the black.

Then, when we do that, we decide whether you like legal services or I like feeding programs or the next fellow likes more in defense or the next fellow likes to give it to education.

Our trouble here is that we are all in trouble. If you are running, a Democrat or a Republican, they are thrashing out at everybody. They are going to get everybody. If you are an incumbent, you are in trouble with these high deficits, and we should be in trouble.

Somebody ought to get up and analyze this thing and get down to a level where we can deal with this problem.

This amendment is categorically in the wrong direction. The one big difficulty we are all complaining about the lack of control over 50 percent of the budget, and along comes the distinguished Senator and says, "Let's give up control over revenues."

Mr. LONG. Is it not true that under the Rules of the Senate, a willful minority of about 41 Senators can stand and hold the floor, especially if they have some popular support in some parts of the country, and prevent the Senate from passing a bill, even though the majority might think it should be passed? That has happened many times. I have been a part of the majority many times and a part of a minority many times.

Under this amendment, one could very easily predict that you could have a situation with runaway inflation, a horrible deficit, a deficit beyond belief, a big tax cut, which no economist on Earth would advocate.

Mr. HOLLINGS. That is right.

We have to look at this in perspective. Let us look at the last 10 years and the 20 years previous to that.

The statement was made—and this is one of the misconceptions about the 25 years of profligacy. The truth of the matter is that, economically, Government at the Washington level has generally been responsible until the last 10 years.

The distinguished former Senator from South Dakota never thought his desk would be used for the kind of conservative talk I am giving. I am delighted to see you, George.

Harry Truman did balance the budget four times. From 1950 to 1960, the cumulative deficit was $17.7 billion. For the following 10 years, the cumulative deficit was $57 billion. So for 20 years, we only ran a deficit of $74.7 billion.

But once we experienced the energy crises, the spending programs, and all the indexing, this has given us trouble. This was brought on during the 1970's. We cut income tax revenues, a cumulated amount of some $731 billion during that 10-year period.

But I do not want to confuse you. We came up with a cumulative deficit in excess of $400 billion. So President Reagan, President Stennis, President Hollings, any President coming to town with that history of red ink, must realize he cannot all of a sudden get us into the black. He comes into a problem that has never been experienced by this country before.

The Finance Committee has to understand that. They cannot play around with this indexing. It is political, economic cancer. I do not know how to control it. We cannot get on top of the budget problem now, and they want to give us more economic cancer. This is what this amendment will do: You will have cancer, and this indexing proposal will give us some more.

This so-called indexing should be tabled outright in a bipartisan manner so that we can be fiscally responsible.

(By request of Mr. BAKER the following statement was ordered to be printed in the RECORD:)

● Mr. DOMENICI. Mr. President, I rise to speak on a matter of great concern to me, a matter of great consequence for our economy. I am speaking of the Finance Committee amendment to index taxes for individuals beginning in 1985.

All of us are aware of the burden which falls upon taxpayers as they are pushed into higher brackets by inflation. The average taxpayer is now in the 32 percent tax bracket. Fifteen years ago that same taxpayer was in the 22 percent bracket. This represents a 3.9 percent income reduction on average. A family earning $20,000 today pays $780 more tax—$3,180 instead of $2,400 than it would under the tax rate of 15 years ago.

These increases have struck at the heart of America's middle class. Last November's election showed that the American people expect this Congress to get inflation and the economy under control. To do that we have to reduce Government spending and taxes. The President's program does just that and does it without resorting to indexing. The original Roth-Kemp tax bill called for indexing after 3 years of marginal tax rate cuts, but the President chose to leave the indexing out of his proposal. After much consideration I suggest that we do the same.

As Budget Committee chairman, I have come to understand the considerable degree to which the state of the economy limits the scope of Government policy. The rising tide of our economy in the mid-1960's floated the Great Society programs to levels of expenditure which outstripped any dream of the New

Dealers. The tide has run back out because of inflation. As we grapple with ways to reverse this turn of events, I keep coming back to the same thought: That there is a delicate and hard-to-achieve balance between fiscal and monetary policy which will return our economy to health. I am convinced that indexing would upset that balance.

Our economy is still subject to business cycles. At the bottom of a cycle, inflation is usually at a low ebb. Indexing would offer a small tax reduction when in fact the economy may require a larger cut. Similarly, at the top of the business cycle, when inflation is likely to be at its highest levels, indexing would create a large tax cut, dramatically widen the deficit, and cause even worse inflation. The economy would tend to gyrate up and down instead of stabilizing at a reasonable rate of growth.

Some say that we need to set our economy on autopilot to get spending and taxes down. That would certainly make my job of reducing spending easier. However, I have chosen to work long hours instead because I feel it would be irresponsible to set the American economy adrift at the mercy of some formula. I do not see the sense of having a large tax cut every time the Arabs raise the price of oil or the weather damages crops. Even if the Federal Reserve fought these price increases with tight money, indexing would thwart their efforts and cause even higher interest rates and inflation.

There is no magic formula which will lead the economy back to health as we sit back and enjoy the ride. What we are really saying with management by formula is that we cannot trust ourselves, the policymakers, to make the hard decisions on tax and spending policy without being bolstered by a formula. I do not believe that. This body has just made economic history by voting the largest spending reductions ever. I see no reason why we cannot be trusted to lower taxes to compensate for the effects of inflation.

The Finance Committee bill now before us already reduces taxes for individuals by more than enough to compensate for anticipated inflation through 1986. A study by the Congressional Budget Office shows that indexing beginning in 1967 would have brought us to the same level of taxation through 1977 as we actually achieved with discretionary tax reductions. If President Carter had allowed us to enact a tax reduction in 1980 as we Republicans urged him to, the level of taxation would still be no higher than we would have had with indexation.

Right now we can project budget balance by 1984. Achieving this goal will require spending reductions next year for the fiscal 1983 budget that nearly equal those of this year. Inevitable outlay reestimates and unforseen adverse events will add to the difficulty of keeping on track to this goal in 1984. It is my judgment that the adoption of indexing starting in 1985 would cause us to veer sharply into deficit again just as we approach our goal.

We only have to look at the Canadian experience to find out what lies ahead for us if we adopt indexing. Their budget was in balance in 1973 when they adopted indexing, and within 2 years they began running a string of large deficits equal to 4 percent of GNP. That would be the equivalent of a $176 billion deficit for us in fiscal 1985. They have run deficits at that level to this day.

Mr. President, I firmly believe that taxes are too high in this country. We must have marginal tax rate reduction as proposed by the President. However, I do not see why we would choose to achieve those reductions in a manner which would be destabilizing to the economy and run the grave risk of enormous deficits. I urge my colleagues to accept the President's program as he offered it, without indexing.●

Mr. LEVIN. Mr. President, the amendment offered by Senator MOYNIHAN would insure that the social security system can continue to pay full benefits to recipients beyond 1981. The recently released annual report of the board of trustees estimates that the old-age and survivors insurance trust fund will be unable to fully pay promised benefits in 1982, under current circumstances.

The amendment before us will permit interfund borrowing between the old-age and survivors insurance, disability insurance and health insurance trust funds. Currently, interfund borrowing among these three social security trust funds is not permitted.

Mr. President, in 1977, the Congress enacted important financing changes for social security, including a massive tax increase. Estimates provided to Congress at that time were that these changes would provide adequate financing through the year 2000. However, the estimates failed to anticipate the unprecedented inflation and recession that has plagued the economy since then. The poor economy has undercut these 1977 assumptions, necessitating further corrective legislation, such as that offered by Senator MOYNIHAN.

Mr. President, social security beneficiaries are in a state of panic over the prospect of not receiving promised benefits. It is incumbent upon this body to allay such fears forthwith. This is an opportunity to send a clear signal to these American citizens that the Government intends to keep its commitments to the workers who have contributed to the social security system.

Mr. President, I hope we will adopt this vital amendment.

Mr. STENNIS. Mr. President, the distinguished chairman of the Senate Committee on Finance has offered a committee amendment providing for income tax indexing. Under this amendment, the income tax brackets, personal exemptions, and zero brackets would be adjusted or indexed to reflect the increase in the rate of inflation as measured by the Consumer Price Index for the preceding year. With all due deference to the distinguished Senator from Kansas, I oppose this amendment.

The fact is, Mr. President, that we have had a deficit budget every year since 1960, with the exception of 1969 when a surplus resulted primarily because there was a change in the method of accounting. It seems to me that if we index taxes to decrease, as this amendment would do, we are going a long way to insure that we will not have a balanced budget in the future.

The result of this amendment, Mr. President, is that it might be very difficult in the future for the President to convince the Congress to enact a substantial tax increase even though the financial facts of life dictate that this be done. If that should happen, the President would then have no option but to ask for major increases in taxes other than income taxes which impact directly on consumer and individual taxpayers.

In addition, Mr. President, if we assume that we will have a surplus in future years, the Congress should be free to consider the facts and to target the tax cuts to the areas of the greatest need. This would not be possible if the revenues were indexed to decrease. Under indexing, all taxpayers would get the same proportional tax cut. In this manner indexing would allow taxpayers who are not paying their fair share of taxes under existing law to obtain a future tax cut even though it was not justified.

If we do not index, Mr. President, and inflation continues, Congress will have the option of passing tax cuts from year to year just as we are doing now. In that case, Congress would have the opportunity to look at the whole tax picture and legislate accordingly. Indexing taxes to the inflation rate would only distort existing inequities.

Finally, Mr. President, let me point out that we have created serious problems of indexing expenditures, now referred to as entitlements or uncontrollables, to such an extent that these expenditures have soared far beyond what was expected. Even now, we are making an effort to get some of these entitlements under control. It seems to me that it would be a serious mistake for us to index tax receipts downward, as the amendment proposes. Everything considered, it just does not make sense.

I think the best situation that could exist for the future would be for the Congress each year to take a look at what the situation is and, based on that situation, pass whatever revenue bills or tax reduction bills are justified. The indexing amendment would prevent us from doing this, and I urge that it be defeated.

● Mr. LEVIN. Mr. President, I have long been supportive of the idea of indexing the Tax Code to inflation. It helps taxpayers stay ahead of inflation. It precludes inflation-induced bracket creep whereby taxpayers are pushed into higher tax brackets without any real increase in their purchasing power. It prevents tax increases not authorized by Congress. In so doing, it injects strict accountability in congressional tax deliberations. In one instance, tax indexing permits restraint in wage demands. greater restraint in the price-wage cycle greater restrain in the price-wage cycle of inflation.

Although tax indexing has not been a part of our tax system. Congress has periodically cut taxes. These exercises have at times been successful in adjusting Federal taxes to inflation without

resorting to automatic indexing. They have also been occasions to reform inequities in the code and strengthen the progressive structure of the Tax Code. But this bill does not adjust the personal exemption nor the zero bracket amount, two adjustments that would give greater tax relief to middle and lower income taxpayers. This discretionary tax bill before us, complete with 25-percent marginal rate cuts, fails to give the lower and middle income taxpayers the relief this tax indexing proposal would. So inequities are not always better addressed by tax bills. At times indexing is more equitable.

Mr. President, while I have some reservations about this amendment, I intend to support it. This amendment protects the taxpayer. It prevents nonlegislated tax increases which have eaten away the purchasing power of all taxpayers, particularly, low- and middle-income taxpayers. Adjusting personal exemptions and standard deductions will help that group of taxpayers stay ahead. Moreover, indexing will increase Government accountability, something each taxpayer expects from the Federal Government in the highest degree.●

Mr. DOLE. Mr. President, I am ready to vote on the amendment, and I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

CORPORATE CAPITAL GAIN

Mr. MOYNIHAN. Mr. President, this is a colloquy concerning the matter of corporate capital gains with which the Senator from Kansas is well aware, because it recreates a statement that he made and we made in the conference.

During the Finance Committee markup of the Economic Recovery Tax Act of 1981, House Joint Resolution 266, I offered an amendment to retain the historical parity relationship that has existed between individual and corporate capital gain tax rates—a parity relationship that, if broken, could result in all manner of economic distortion. For example, many small corporations could convert to individual ownership so as to take advantage of the lower individual capital gain rates that will be in effect as a result of our committee's action.

As the chairman knows, the Treasury Department opposed the amendment, not on philosophic or tax policy grounds, but solely because of its revenue impact projections—though neither Treasury nor anyone else was quite sure what the revenue impact would be once the minimum tax was factored into the equation.

In any event, I would hope that when the next bill is taken up by the committee that the committee will strive to give this issue a top priority in order to restore and maintain parity between corporate and individual capital gain tax rates.

The essence of this is simply to say that the chairman indicated his agreement with that recognition and essential agreement with the provision and the principle, but the inability of the Treasury at this time to sustain the revenue cost of such a measure does not preclude it at a future time.

Mr. PACKWOOD. Mr. President, I agree with my colleague from New York that, in order to avoid economic dislocation in many affected industries and to further stimulate the country's very real need for a greater infusion of necessary venture capital during the years ahead, the parity between corporate and individual capital gain rates should be reestablished at the earliest opportunity. I would hope our chairman would concur with this objective.

Mr. DOLE. Mr. President, I have listened to both of my colleagues. I would suggest that it was not a matter of philosophical difference, it was a matter of revenue. We will consider the amendment that I know both Senators have a direct and deep interest in at the very earliest time. Hopefully, we can accommodate them at that time.

My colleagues accurately reflected the situation that existed when this matter was before the committee. You are correct—it was because of revenue considerations, not tax policy or philosophical grounds that the gentleman's amendment was not adopted in committee.

I appreciate that my colleague from New York did not offer a floor amendment to this bill in order to accomplish a corporate capital gains reduction at this time and I agree with his premise that it is important to restore the parity relationship with individual capital gains rates. I assure my colleagues that the committee will, as you request, give this matter top consideration when the committee next addresses tax legislation.

UP AMENDMENT NO. 223

(Purpose: Increasing the capital gains deduction to 70 percent)

Mr. BRADLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

Mr. DOLE. Is there a copy of the amendment?

Mr. BRADLEY. I do not have a copy, but the clerk will read it.

The PRESIDING OFFICER. The amendment will be stated.

Mr. DOLE. Perhaps the Senator can explain it.

Mr. BUMPERS. Mr. President, what is the parliamentary situation? Do we not have an amendment now?

The PRESIDING OFFICER. The amendment of the Senator from New Jersey will be stated.

The assistant legislative clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY), for himself, Mr. BENTSEN, Mr. CRANSTON, and Mr. MOYNIHAN, proposes an unprinted amendment numbered 223, to the Dole amendment numbered 222.

Mr. BRADLEY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment insert the following:

SEC. . INCREASE IN CAPITAL GAINS DEDUCTION.—

(a) IN GENERAL.—Subsection (a) of section 1202 (relating to deduction for capital gains) is amended by striking out "60 percent" and inserting in lieu thereof "70 percent".

(b) CONFORMING AMENDMENTS.—

(1) Subsection (c) of section 1202 is amended to read as follows:

"(c) TAXABLE YEARS WHICH INCLUDE JANUARY 1, 1982.—If for any taxable year beginning before January 1, 1982, and ending after December 31, 1981, a taxpayer other than a corporation has a net capital gain, the deduction under subsection (a) shall be the sum of—

"(1) 70 percent of the lesser of—

"(A) the net capital gain for the taxable year, or

"(B) the net capital gain taking into account only pain or loss properly taken into account for the portion of the taxable year after December 31, 1981, plus

"(2) 60 percent of the excess of—

"(A) the net capital gain for the taxable year, over

"(B) the amount of net capital gain taken into account under paragraph (1).".

(2) Subparagraph (B) of section 170(e)(1) (relating to charitable deductions for contributions of capital gain property) is amended by striking out "40 percent" and inserting in lieu thereof "30 percent".

(c) REDUCTION IN RATE OF ALTERNATIVE MINIMUM TAX.—Subsection (a) of section 55 (relating to alternative minimum tax imposed), as amended by section 101(d)(1), is amended by striking out "20 percent" in paragraph (1)(P) and inserting in lieu thereof "15 percent".

(d) SPECIAL RULE FOR PASS-THROUGH ENTITIES.—

(1) IN GENERAL.—In applying sections 1201(c)(2)(A)(ii) and 1202(c)(1)(B) of the Internal Revenue Code of 1954 with respect to any pass-through entity, the determination of the period for which gain or loss is properly taken into account shall be made at the entity level.

(2) PASS-THROUGH ENTITY DEFINED.—For purposes of paragraph (1), the term "pass-through entity" means—

(A) a regulated investment company,
(B) a real estate investment trust,
(C) an electing small business corporation,
(D) a partnership,
(E) an estate or trust, and
(F) a common trust fund.

(e) EFFECTIVE DATES.—

(1) The amendments made by subsections (a), (b)(1), and (d) shall apply to taxable years ending after December 31, 1981.

(2) The amendments made by subsection (b)(2) shall apply to contributions made after December 31, 1981.

(3) The amendments made by subsection (c) shall apply to taxable years beginning after December 31, 1981.

Mr. BRADLEY. Mr. President, the amendment I propose liberalizes the taxation of capital gains by increasing the exclusion from the present 60 percent to 70 percent, beginning January 1982. Its effect is to reduce the top marginal rate on capital gains from 20 percent, under the Senate Finance bill, to 15 percent.

My purpose in offering this amendment is to further spur capital investment. If we are to raise productivity and get our economy going again, we will need a staggering amount of new investment in plant and equipment. This is essential to equip the swollen labor force that has grown up out of the baby boom. If this investment is not forthcoming,

we will inevitably see productivity continue to decline and unemployment rise.

This amendment also is necessary to counteract the deleterious effects that the administration's tax cut will otherwise have on inflation and interest rates and, hence, on our productivity and competitiveness.

The administration's extremely generous depreciation provisions create an enormous incentive to invest in depreciable assets; but unless capital is available in virtually unlimited amounts, which of course it will not be, interest rates will rise as investors bid for capital to finance their new investments.

Mr. President, the administration will tell us that this new investment will be financed out of private savings to be generated by across-the-board tax cuts. The only basis for believing this scenario is the devout faith that the supply side miracle is real and that it will occur soon. The empirical evidence, on the other hand, is that we will not see the dramatic increase in savings that the administration predicts.

In 1980, the average American family saved 5.7 percent of its income. In the first 5 years of the 1960's, there was essentially no inflation, rapid productivity growth, and great optimism.

How much did the American family save then? Six percent of its income. To put that in perspective, remember that a 6-percent saving rate includes savings of high income groups and involuntary savings such as contributions to pension plans.

The median family does not save 6 percent of its income, and voluntary savings is much less than 6 percent. Moreover, it is not necessarily true that the high income individuals who are the prime beneficiaries of 5–10–10 will at the margin save more than middle-income individuals. On average they certainly save more, but they need not save more out of extra income. The high-income family might use a tax cut to buy a second home because they have enough put away for retirement. A middle-income family might save its tax cut, because it is worried about how to survive during old age. The key word here is the word "might." Unfortunately, we just do not have much information on what marginal, as opposed to average, savings rates look like as one goes up the income scale.

But it seems clear that, at best 5–10–10 is unlikely to increase savings by more than 6 cents on the dollar. That will not give us the extra investment we need to restore productivity growth or to successfully challenge our international competitors. As a result of the baby boom, we would have to raise investment from 11 percent to between 13 percent and 14 percent of the GNP just to hold the amount of capital per worker constant. To keep up with the Japanese and Germans in terms of capital per worker, we would have to invest over twice that amount.

The bottom line of the administration's tax bill, Mr. President, is limited savings, inadequate productive investment and rising interest rates. This is a far cry from the optimistic results we are promised.

My amendment will help overcome these flaws by providing stronger incentives for saving and investment. And it will do so without biasing investment toward one type of instutition or activity. Instead, it will give a needed boost to America's capital market which has historically been the biggest and most efficient in the world. It will also provide a boost for venture capital, the traditional source of our most innovative and productive investments.

In closing, I wish to add that if we had the type of tax cut that I think America really wants as opposed to the one the administration is offering this amendment would not be necessary.

Instead of cutting the top marginal rate to 50 percent, I wish to see us lower it to perhaps 30 percent or 25 percent. And rather than reducing the corporate tax burden by complicated depreciation allowances and increased investment tax credits, why not have a straightforward rate cut instead?

But the only way we can afford rate cuts of this magnitude is by coming to grips with the special deductions, exclusions, and credits that narrow the tax base, introduce wide disparities in tax liability among taxpayers with equal incomes, and impair the efficient functioning of our capital markets.

Today's tax subsidy is tomorrow's economic distortion. Because taxpayers act in reliance on these subsidies, it is virtually impossible to repeal them—even when their continuation siphons off scarce investment capital from more productive activities. And new subsidies are all too easily rationalized on the ground that special treatment for some has disadvantages for others.

Nothing in the administration's proposals even begins to address these problems. On the contrary, the administration's spending cuts will only motivate the redoubling of lobbying efforts to restore through the Tax Code what was lost in the budget. Mr. President, unless we reverse this trend in favor of greatly reduced rates and a truly comprehensive tax base, the only people paying income taxes will be the workers whose wages and salaries are subject to withholding. At the same time our economy will continue to lag because capital is not being allocated to the most productive investments. Mr. President, what we need, therefore, is a tax bill that will lower rates, reduce complexity, and restore equity and efficiency. It is high time that we assess the troubled state of our tax policy and make finding solutions an important national priority in the months ahead.

Mr. BENTSEN. Mr. President, will the Senator yield?

Mr. BRADLEY. I am pleased to yield to the Senator from Texas.

Mr. BENTSEN. Mr. President, let me congratulate the Senator on introducing an amendment that I think accomplishes his objective in trying to increase productivity in this country.

We have a situation where this Nation is with its working force has been the most productive in the world. We see the trendline changing on us.

When it comes to a question of increasing productivity, this Nation has actually seen a decline in the net increase in the productivity where other nations in the world have continued to march ahead, particularly the Japanese, the Germans, the South Koreans, and Taiwanese.

One of the ways that we can have a real breakthrough is by venture capital. That is where we have had the innovativeness, the creativity, and that is where we have the small firm that had gone out and tried the new idea that some of the big companies just did not have the courage to do.

We said when we cut the capital gains tax back from 49.125 percent to 28 percent that we would have a greater increase in venture capital, because we believed that. We did not have any hard numbers to assure us of that, but that turned out to be correct, and that prophecy came true and we have seen more new issues than we had seen since back in the early 1960's.

So, we had a great number of venture capital companies started. Most of them failed, but a few of them succeeded.

But they will try it if they know they are going to keep a substantial part of it if they succeed.

And that is what has been happening in the venture capital field.

I think what the Senator has offered is something that is going to assist in that regard.

One of the other problems we run into in paying a capital gains tax is too often over a period of years what we are really seeing is inflation. We have not seen a real increase in value. What we have seen is an inflated value, so we are having a net loss in what the true value would be of the asset.

The other argument was that we were going to have a great loss of revenue to the Treasury, and we argued that that just would not happen, that there would be a great many more transactions made, and we were proven right. That is talking about a static analysis, rather than the kind of inflow that we would have from these kinds of transactions.

When we looked at the decrease from 49.125 percent down to 28 percent and we were told that we would have a loss in Treasury revenue of $1.7 billion, that just was not the case. The figures we finally got showed we had a loss of about $100 million over the period of time.

When we stop and think about what the feedback is by having capital seek its most utilitarian source, obviously we have something that greatly benefits the Nation.

So, I am pleased to support the Senator's amendment.

Mr. BUMPERS. Mr. President, I am reluctant to inject myself into this love-in, but let me just do so.

Mr. BRADLEY. Mr. President, I am pleased to yield to the Senator from Arkansas for, I am sure, a series of penetrating questions.

Mr. BUMPERS. So the record is clear and everyone understands what the Senator from Texas just said, let me reiterate a part of it. Until 1978 the capital gains rate in this country, the maximum

capital gains rate was about—what was it, 46 percent?

Mr. BENTSEN. 49.125 percent.

Mr. BUMPERS. 49.125 percent, and in 1978 we reduced that to 28 percent. The maximum capital gains rate today is 28 percent.

If this tax bill that we are debating here now passes, and I do not think anyone has any apprehensions about whether that is going to happen or not, but if it does the capital gains rate goes down to 20 percent and now, as I understand the Senator's amendment, it reduced it still further to 15 percent.

Mr. BRADLEY. That is correct.

Mr. BUMPERS. All of this is in the name of productivity and investment.

Let me ask the simple question: Japan is the country that is always held up to us to be the most productive natioh on Earth, and they are investing less than half as much per worker as we are investing.

Mr. BENTSEN. Mr. President, I have to dispute that number. I am sure the Senator has his numbers.

Mr. BUMPERS. I will tell the Senator that this is from a book called "Zero Sum Society," which is my source.

Mr. BENTSEN. I have my numbers.

What we have seen in this society is we have seen a substantial reduction in capital per individual worker taking place over the last 20 years.

Mr. BUMPERS. That is not what I said.

Mr. BENTSEN. We have seen a substantial increase in the capital investment per worker in Japan during that same period of time.

Mr. BUMPERS. Both of those statements could be true. It still does not refute what I just said.

The Senator is saying the Japanese are increasing their investments, and we have been lowering ours.

My statement was we are investing twice as much per worker as the Japanese are.

If that is true, why are we not more competitive?

Mr. BRADLEY. I say to the Senator that that is not true, that in my view, the productivity problem in this country, as I said in my speech, is caused by the baby boom moving into the labor force without an equal commitment to increase our level of investment.

Basically, if we want to sustain significant productivity growth, anytime a baby is born we would have to invest an additional $30,000 per baby to equip it to enter the work force. We have not done that. If we are simply going to stay at our present position relative to the Japanese, we would have to increase our rate of investment from 11 percent of GNP to almost 14 percent of GNP.

So we need a dramatic increase in investment in order to give our larger work force the tools they need to compete effectively in the international market.

I say further to the Senator that people who look at Japan or West Germany and compare them to the United States frequently compare only a part of our economies. The fact of the matter is that most of the capital in Japan and West Germany is filtered through the banking system and many investments flow from the banks. In the United States we have historically had a very vibrant and growing equity market until about the last 10 years, as the Senator from Texas knows well. In the last 10 years we have seen a dramatic increase in the tax on capital gains. So now we have a choice to make.

There is an agreement on both sides of the aisle on the need for greater investment. The question is, How do we get that investment? The administration bill gives an across-the-board tax cut in the hope that people will save more.

But they are betting that we can transform a 6-percent U.S. saver into a 14-percent West German saver or 24-percent Japanese saver, and that just is not going to happen.

Mr. BUMPERS. How much productivity does the United States get out of the bank lining up between $3.5 billion and $4 billion in credit for Du Ponts so they can take over Conoco? How does that improve productivity? I wish to ask both Senators.

Mr. BENTSEN. I stated that in the Chamber yesterday I saw no gain in productivity whatsoever from that standpoint and I do not know that really has a great deal to do with it.

As to the point the Senator is making right now, he asked me how with these kinds of things we see the Japanese continuing to increase and us decline. I just cited the trendline of capital investment per worker in this country and what they have in Japan. There is an absolute increase in Japan and an absolute decrease in this country. That is one of the reasons that our workers do not have as efficient and as good tools in their hands as do the Japanese workers in many of our industries.

And they have to turn around or you are going to export all of those jobs overseas and we are not going to have them in this country.

Mr. BUMPERS. Let me go back to the question I asked about Du Pont and Conoco, because I am just incensed about that whole transaction of everybody trying to get into the act.

Here is the Fed exercising a tight-money policy so nobody can borrow, interest rates out of sight, and money is available, $3½ billion or $4 billion, to take over Conoco.

Mr. BENTSEN. Not $3½ billion to $4 billion. You are talking about $6½ billion.

Mr. BUMPERS. I understand they have enough money to find about half of it somewhere.

Mr. BENTSEN. The kind of money I would like to go into homebuilding.

Mr. BUMPERS. I would like it to go into productivity. In a way, that is an extrinsic issue to what we are debating here.

But let me ask both Senators this: How much more productivity are you going to get if you lower the rate to 15 percent than you are going to get if you stick with the Finance Committee's proposal for 20 percent? Why do we not just abolish capital gains? If a little bit is good, a little bit more would even be better. I would just as soon vote to eliminate it as to vote for this.

Mr. BRADLEY. Mr. President, I say to the Senator that if he will propose that as an amendment to my amendment, I will withdraw my amendment.

Mr. BUMPERS. I am not going to propose it and I am not going to vote for the amendment, either.

The PRESIDING OFFICER. The Senator from New Jersey has the floor.

Mr. BUMPERS. I will tell you this: I would just as soon vote for zero capital gains as to vote for this.

Mr. BRADLEY. Mr. President, let me again make the point. The Senator has many people in Arkansas, I think, who are in this category. This is true for Texas, Louisiana, Kansas, Colorado, certainly New York, Pennsylvania, all the Senators who are on the floor. People who have money to invest and who are looking for productive investments. What we are saying here is we want to get people to invest in the way they have traditionally invested in the United States, which is in the stock market and in the venture capital market. By this, I mean to take their money out of their pockets and give it to the guy down the road who has an innovation and who needs that capital to float his company. That is what this is all about.

Maybe it sounds different, maybe it is different coming from this side of the aisle. But, nonetheless, it is a fact that we need more investment in this country. If we rely on people putting their tax cut in the bank and having the bank lend it out, we are not going to get it in sufficient time.

Nor are we going to get resources allocated most efficiently; and we are not going to do as much to enhance competition and encourage risk taking. If we go down the equity route, we are going to get that new investment much sooner and much more efficiently.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. I assume the Senator from New Jersey is serious about this amendment.

Mr. BRADLEY. Mr. President, the Senator from Kansas knows that.

Mr. DOLE. Had we adopted this amendment in the committee, would the Senator have voted for the bill?

Mr. BRADLEY. Would I have voted for the bill?

Mr. DOLE. With this amendment in it?

Mr. BRADLEY. Mr. President, I would have been tempted sorely. But the fact is it was not in the bill.

Mr. DOLE. I searched day after day trying to find just the right thing that would bring the Senator from New Jersey around.

Mr. BRADLEY. And I suggested to the Senator at least four separate things, none of which was adopted.

Mr. DOLE. Mr. President, I want to commend the Senator. There are so many people who have these tax-cutting ideas these days, I think it is starting to spread. It is going to be good for business and it is going to be good for individual taxpayers.

I recall just a few years ago, when Senator LONG and Senator BENTSEN, Senator Hansen, Congressman Bill Steiger,

and others started down this trail of trying to reduce the capital gains rate along with Senator BYRD of Virginia and former Senator Curtis, to name a few, there was quite an outcry: "We cannot do this. We are going too fast."

I know all about static figures, but they tell me this little technical amendment would cost about $2.5 billion a year.

Are there any offsetting cuts or any savings that the Senator could help us out on to get through the lean years, 1982, 1983, and 1984?

Mr. BRADLEY. I expect when this amendment is adopted that there is going to be a resounding growth of the economy, investment is going to pour forth from the American private sector, and we are going to have such a feedback that we will offset that $2.5 billion loss. So, no, there is no offset.

Mr. DOLE. Then I would be forced to move to table the amendment. I do not want to cut off any debate. I think you were having a great debate over there. It is the kind that we enjoy over here.

Mr. LONG. Mr. President, this is the same proposal that the Finance Committee recommended and the Senate voted on in 1978. I would say that the Senate voted by a vote of 82 to 10 for this proposal. The Senator from Massachusetts, Mr. KENNEDY, did not agree with the Finance Committee proposal and he moved to strike it. The Finance Committee proposal at that time, 2 years ago, was that the capital gains tax should apply to 30 percent of the gain. That is what the Senator is proposing here now.

Mr. BRADLEY. That is correct.

Mr. LONG. When we considered this last time, the Senator from Louisiana sought to obtain the opinion of every person who had served as Secretary of the Treasury of the United States, as well as all those who had served as Under Secretary of the Treasury of the United States, and those who had served in other very important positions like Chairman of the Federal Reserve.

The communications that I received back from all these people who had held such responsibilities in Government was that, in their judgment, this provision would have a positive impact on Government revenue.

Now, we were not counting on gaining revenues, necessarily, by the fact that you cut the rate on the sale itself. But if you look at the fact that there would be more transactions and then take into account other factors, there would be a revenue gain. For example, suppose a person has an old building that needs to be remodeled, to be overhauled, made available for modern use. So someone buys the old building. They overhaul it. They bring a payroll in there and put people to work and create employment for everybody in the community.

If you look at the secondary and tertiary effects of what happens when somebody makes better use of an investment that is presently being used in a marginal fashion, if at all, it brings additional revenue, plus it reduces Government expenditures because it puts people to work.

Mr. President, I heard the present Secretary of the Treasury himself say that, notwithstanding that, the estimate of the Treasury Department was that we would lose $1.5 billion by just cutting the tax down to where it applied to 40 percent; that was the final compromise, estimated to cost about $1.5 billion.

I have talked to responsible people like Henry Fowler, who served with distinction as Secretary of the Treasury and Charls Walker, who served as Under Secretary, a Republican, one of the best tax experts that support Republican candidates in America. Those men tell me that they are positive, in their judgment, that this would have a positive, not negative, impact on Government revenue.

The Senator made reference to static estimates. That has been one of our big problems, estimators who cannot look beyond their nose to see what happens as a secondary and tertiary effect of doing something. Obviously, you would put people to work when you make it possible and more attractive to turn over resources that are being used in a marginal fashion or resources that are being used not at all. You stimulate investment activity. You take people off the unemployment rolls. You make taxpayers out of tax eaters. You take people off the welfare rolls. You help with our balance of payments. It just does all kinds of good things when you encourage people to make the economy move rather than have it stagnant.

Mr. President, I hope that the vote would be even more overwhelming for what the Senator is advocating now than it was when we voted on this matter in 1978. At the time the motion was made to strike at that time, there were only 10 Democrats who voted to strike it. The Republicans, I am pleased to say, voted the same as I voted to keep that provision to cut capital gains in the bill. Of the 10 Democrats, I notice that since that time 3 of them have retired, 4 of them have been defeated, and only 1 had been re-elected.

I would say that the results would very much show that the public has indicated to Senators that this is the kind of thing we ought to be doing. Because those who voted the way the Senator is advocating have been received beautifully at the polls and have had good results. Some of us have been re-elected. I have been re-elected since that time, for example. The Senator from Kansas saw the light and provided us his leadership. He has been re-elected by an overwhelming vote since that time.

So the public has provided support for the kind of thing the Senator is here advocating. We have heard from the voice of the people and they have disappointed those who voted against the Senator's amendment and they have encouraged those of us who voted for it.

I would think that, having had such good experience with what we did when we cut it before, it tends to prove that the Senate was right to begin with when it voted in 1978 for just exactly what the Senator is advocating. He is advocating that the capital gains tax should apply to 30 percent of a long-term capital gain. That is what we are talking about, is it not?

Mr. BRADLEY. That is correct.

Mr. LONG. Mr. President, I think the Senator is on the right track. I would hope that this matter could be brought about. I think the Senator does us a service by bringing it to the attention of the Senate. I have said, Mr. President, that I would vote to tax only 30 percent of capital gains, keeping in mind that in many instances what we would be taxing is not real gain at all. In real terms, with inflation, it is no gain at all.

For example, one might have bought some property 20 years ago and today just to break even he would have to get three times as much money in terms of real purchasing power as he paid 20 years ago. Just to break even in terms of real dollars, in terms of real purchasing power, he would have to get three times as much. Two-thirds of it would be taxable, and that would be a tax on a gain which did not really exist at all, a purely imaginary gain. In real terms, he would have no profit at all.

It is easy enough to picture a situation which I am sure is happening from time to time, where in real terms a person did not make anything, that he actually lost money, but is being made to pay a capital gains tax.

Obviously, even if one did make a modest gain, if two-thirds of that gain is inflation, then even if he is paying a 15-percent tax on the real gain it works out to a 45-percent tax because two-thirds of the gain is an illusory gain.

The Senator, I think, has a meritorious amendment. I would hope that the Senate would give it the same favorable consideration that it did on a previous occasion. I am satisfied that the Treasury estimates have been so far in error that they really do not deserve our support. I think they have been so far in error that they have turned a minus into what was properly a plus. That being the case, I believe that experience will prove this amendment would have a positive impact on the economy and on the budget, rather than a negative impact.

Mr. CRANSTON. Mr. President, I am pleased to be a cosponsor of Senator BRADLEY'S amendment to reduce the capital gains tax rate to a maximum of 15 percent.

I was an original cosponsor of the Steiger-Hansen capital gains cut in 1978. The result of that action in reducing the capital gains rate from 49 to 28 percent has been most successful in terms of encouraging new equity financing.

Equity financing is an efficient way to raise capital for new and expanding businesses. Lowering the rate of capital gains encourages risk-taking by purchasers of new securities.

Improved markets for securities raise the ability of businesses to lower the cost of their capital. As the cost of capital is reduced, management is able to justify a greater range of investment decisions, thereby improving productivity and profitability.

I regret that the administration has rejected a further reduction in capital gains tax rates. The capital gains tax cut is the most effective "supply-side" tax reduction on the horizon. Cutting capital gains truly realizes new sources of capital by encouraging investors to

unlock frozen assets and to move their capital from nonproductive investments into new, innovative, and hopefully, productive enterprises.

I urge my colleagues to adopt Senator BRADLEY's amendment.

Mr. DOLE. Does the Senator from New Jersey desire to speak further?

Mr. BRADLEY. Is the Senator prepared to table the amendment? Is that it? Or does he want to continue the debate?

Mr. DOLE. The Senator from Kansas realizes there is a great deal of merit in this amendment and I also realize there is a great deal in this tax bill that the Senator from New Jersey seeks to address. I think we have made rapid progress, from the 35-percent rate to the 20-percent maximum rate on capital gains. We may yet go to the 15-percent rate at some future time. But we do not want to move too fast and leave a lot of other people behind.

I just believe it is in the best interest of keeping this bill on track not to add further revenue losses. I am inclined to agree with the feedback argument, but it may not be quite as sudden as suggested by some.

Therefore, Mr. President, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER (Mr. ABDNOR). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from New Jersey.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOLE. Mr. President, I ask unanimous consent that the motion to table, on which have been ordered the yeas and nays, the motion to table the Bradley amendment, be withdrawn.

The PRESIDING OFFICER. Is there objection?

Mr. MATHIAS. Reserving the right to object, Mr. President, I wonder what the Senate can anticipate.

Mr. DOLE. The Senator can anticipate Senator GLENN landing about now and being here in 10 minutes.

Mr. MATHIAS. Mr. President, would it be the intention of the distinguished Senator at that time to renew the motion to table?

Mr. DOLE. Yes, Mr. President.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. BRADLEY. Mr. President, I wish to restate the problem that this amendment is addressed to and, as clearly as possible, to explain once again the rationale for this amendment, the effect of which would be to reduce the capital gains tax from the 20-percent rate that is in the Senate Finance Committee bill to 15 percent.

Mr. President, the problem is declining U.S. productivity and competitiveness. Our allies, whom we once had almost an obligation to support so that they would grow and revive their economies in the post-World War II period, have now not only revived their economies but become increasingly competitive with us in markets around the world. In fact, Mr. President, one can see this development in several statistics.

In this country, for example, we invest 10 percent of our GNP. In Western Germany, they invest about 15 percent. In Japan, it is 20 percent of their GNP that is invested. That implies, Mr. President, that if you are competing with a foreign firm that has new equipment or much more efficient equipment you are not going to be able to compete effectively. So we need to increase our level of investment in order to redress this competitive disadvantage.

A second measure of the decline of our economy relative to other industrialized economies is the amount of research and development that we do in this country. In the early 1950's, almost 60 percent of all research and development done in the world was conducted in the United States. By 1975, that was down to 23 percent. In fact, in 1975, more patents were granted to foreigners in the United States than to U.S. citizens. So one of the reasons for the decline in productivity is that we have not been making the investment in research and development and in innovation that we need to get the major breakthroughs that can keep us ahead and restore our comparative advantage internationally.

Mr. President, the problem is declining productivity and competitiveness. Specific measures of that problem are investment as a percent of GNP and declining expenditures for research and development.

If the world economy is going to grow, Mr. President, and we are going to participate increasingly in that growing world economy, we are going to have to have more investment.

Mr. President, that is what this amendment specifically addresses, because it seems to me that there are two routes to go to obtain that additional investment. One route is to try to increase the amount of money that the insurance salesman or the factory worker saves each week or each month in a savings institution like a bank or a credit union.

Mr. President, the United States citizen has historically saved between 4.5 and 7.5 percent of his income, no matter what the economic climate was. In inflation or during times of serious recession, the savings rate in this country has stayed pretty much constant. So if you think you are going to get that new investment by encouraging Americans to save more, you are making two assumptions.

The first assumption is that they are actually going to save more because of the incentives that have been provided in this Finance Committee bill, those incentives being a few dollars more per week in the tax cut and the opportunity to put away a little more money tax free for the long run. Mr. President, I argue that those are not sufficient incentives to increase savings in this country much beyond the historical rate of between 4.5 and 7.5 percent.

In Japan, they save 24 percent of their income; in West Germany, 14 percent. These small incentives for savings that are embodied in this bill are not going to be sufficient to do the job. They are small, indeed tiny, carrots.

Mr. President, I do not believe that it is enough merely to provide carrots to promote savings, but if we did, we would have to provide much bigger carrots. If we are serious about providing incentives for savings, let us eliminate all tax on savings. Let us have unlimited tax free contributions to retirement plans. Let us allow an individual who makes say, $40,000 a year to put away $10,000 in a retirement account with no tax on it. His taxable income thereby drops to $30,000. Then the next year, if he makes $40,000 and take the $10,000 out, his income is $50,000 and he is taxed on that. That would be a significant carrot. But that is not in this bill. There are only small incentives for savings and there are no sticks.

No one is saying that there is a relationship between the low savings rate in this country and the fact that you can turn on the TV and see someone offering to sell a camper for $30,000, with no down payment. Yet there is a relation between a low savings rate and the easy availability of credit.

So all I am saying is that if we go the route of trying to increase savings in financial institutions, you need much bigger carrots and you probably need some sticks as well. But Americans have not historically financed by our most productive investments through savings institutions. Instead they have bought equities. They have invested through the capital market in public companies, and in the guy down the street who will build a better mousetrap or come up with a major breakthrough in energy technology or who has a new idea in health care.

Mr. President, what this amendment says is that we should recognize the need for massive new productive investment and recognize as well the way Americans have invested historically, which is through the equity markets. And we should provide increasing incentives for that young company to make the breakthrough in research and development, to spend the dollars because they know there is a payoff at the end of it—not just for them personally, which this amendment would assure, but for the whole country, as the innovation revitalizes the whole economy.

This is an amendment which I believe addresses our most critical economic problems—low investment and inadequate research and development—in a manner that is consistent with the way Americans have traditionally invested. So I believe that the amendment merits support.

As the distinguished former chairman of the Finance Committee has pointed out, the Senate went on record by a vote of 82 to 10 in support of this amendment in 1978. At that time 32 Democrats supported this amendment—32 Democrats who are still here today supported this amendment—as well as the bulk of the Republicans.

So I hope the Senate will adopt the amendment. I hope the Senate will see that it is an amendment that is targeted to achieve a very specific goal and that the benefit flows across income levels and to the country generally.

Mr. DOLE. Mr. President, we have tried to accommodate the Senator. Two Senators have to leave at 3:30. We have been trying to accommodate one Senator who is coming in on the other side.

I withhold 3 minutes while the Senator from Massachusetts speaks. We are getting all these converts, and I do not want to lose anyone if it takes only 3 minutes.

Mr. KENNEDY. I thank the Senator from Kansas.

Mr. President, yesterday I made a statement about the overall tax reduction proposal that is before us today. The Senate Finance Committee tax bill provides the largest tax cut in the history of this country. Now, we are addressing two related issues that are before the Senate on the bill. I am opposed to indexing, which I believe compounds the inequity of these tax cuts. I am also opposed to further reductions in the maximum tax rate on capital gains, which the pending amendment would reduce from 20 percent to 15 percent. The committee bill has already proposed a reduction from 28 percent in current law to 20 percent.

There is one point I would like to make here, since I believe the tax reductions in the committee bill are at the heart of this debate. I draw the attention of the Senate to the accompanying table, which shows the tax reductions for each income group over the next 3 years, 1982 to 1984.

Middle-income Americans earning $20,000 a year—the average taxpayers in this country—will receive a tax cut of $228 in 1982, $371 in 1983, and $464 in 1984—a total tax cut of about $1.000 over the 3-year period. As I indicated yesterday, those average families will not even receive a tax cut large enough to offset the effect of inflation and the increase in social security taxes. They do not get any tax cut at all. In fact, they get a tax increase under this bill.

Now, I want to share with the Senate what this bill is going to mean to me personally.

I have made public my tax returns for a number of years. My investment income is in excess of $700,000. Under this bill, my tax cut for next year will be over $80,000; in 1983, I will receive another $80.000: and in 1984, I will receive still another $80,000 tax cut. At my level of investment income, I am going to receive a tax cut worth about $250,000 in the next 3 years. Yet the average taxpayer, earning $20,000, is going to get a tax cut of only $1,000, a tax cut that will not even cover inflation and social security tax increases.

The tax proposal before the Senate clearly benefits the wealthiest individuals and the most powerful interests in this country.

During the next several days, I and many of my colleagues will be trying to offer amendments to make this tax cut fair, and to insure that the benefits of tax reduction go to those who need help the most.

The Reagan administration tax cut is only for the rich. And the richer you are, the more you get. I say that is wrong, and that is why I am against this bill.

Mr. President I ask unanimous consent that a copy of the table to which I referred may be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

REAGAN ADMINISTRATION TAX CUTS BY INCOME GROUP (FAMILY OF 4), SENATE FINANCE COMMITTEE BILL

	1982 tax cut	1983 tax cut	1984 tax cut
Earned income:			
$5,000	0	0	0
$10,000	$52	$78	$83
$15,000	151	226	281
$20,000	228	371	464
$30,000	405	744	914
$40,000	639	1,188	1,438
$50,000	947	1,754	2,158
$60,000	1,255	2,370	2,928
$100,000	2,137	4,648	5,822
Investment income:			
$100,000	2,793	5,304	6,478
$200,000	11,555	15,002	17,514
$500,000	56,155	59,602	62,204
$1,000,000	133,155	136,602	139,204

Mr. DOLE. I thank the Senator from Massachusetts.

Mr. President, we have an amendment right now that does not hurt him very much. I hope the Senator from Massachusetts has noted that.

I have a letter from Treasury Secretary Don Regan, which I should like to make part of the RECORD, indicating that he understands that this amendment might be offered. He says:

I must express my opposition to this proposal.

The time has come to stop adding amendments to the tax bill . . .

We have heard that before.

He continues:

We have promised Americans a tax bill which is across-the-board and which recognizes that all of us have faced significant tax increases on all of our income. We have promised that the rate of tax will be decreased by 25 percent on all income sources—interest, dividends, wages, as well as capital gains. The reduction in the top rate of tax to 50 percent will reduce the top rate of tax on capital gains from 28 percent to 20 percent. If we go further, and increase the exclusion on capital gains income to 70 percent, such income would receive a tax reduction of over 45 percent. That large a tax cut is inconsistent with the President's program of across-the-board tax cuts for all taxpayers. Capital gains recipients deserve a reprieve from the combination of inflation and high taxes, but no more so than other savers and workers.

I believe that says it all in a nutshell.

Mr. President, I move to table the amendment of the distinguished Senator from New Jersey, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment of the Senator from New Jersey (UP No. 223). On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

Mr. STEVENS. I announce that the Senator from New Mexico (Mr. DOMENICI) is absent due to a death in the family.

Mr. CRANSTON. I announce that the Senator from Massachusetts (Mr. TSONGAS) is necessarily absent.

The result was announced—yeas 62, nays 36, as follows:

[Rollcall Vote No. 189 Leg.]

YEAS—62

Abdnor	Gorton	Metzenbaum
Andrews	Grassley	Murkowski
Armstrong	Hart	Nickles
Baker	Hatch	Packwood
Biden	Hatfield	Percy
Boschwitz	Hawkins	Pressler
Bumpers	Hayakawa	Quayle
Chafee	Heflin	Roth
Chiles	Heinz	Rudman
Cochran	Helms	Schmitt
Cohen	Hollings	Simpson
D'Amato	Humphrey	Specter
Danforth	Jepsen	Stafford
Denton	Kassebaum	Stevens
Dole	Kasten	Symms
Durenberger	Kennedy	Thurmond
Eagleton	Laxalt	Tower
East	Lugar	Wallop
Ford	Mattingly	Warner
Garn	McClure	Weicker
Goldwater	Melcher	

NAYS—36

Baucus	Exon	Nunn
Bentsen	Glenn	Pell
Boren	Huddleston	Proxmire
Bradley	Inouye	Pryor
Burdick	Jackson	Randolph
Byrd, Harry F., Jr.	Johnston	Riegle
	Leahy	Sarbanes
Byrd, Robert C.	Levin	Sasser
Cannon	Long	Stennis
Cranston	Mathias	Williams
DeConcini	Matsunaga	Zorinsky
Dixon	Mitchell	
Dodd	Moynihan	

NOT VOTING—2

Domenici	Tsongas

So the motion to table UP amendment No. 223 was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. DOLE. Mr. President, what is the pending business?

The PRESIDING OFFICER. The business before the Senate is the amendment offered by the Senator from Kansas on behalf of the Finance Committee.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, it is my understanding that the Senator from Oklahoma has a technical amendment which has been cleared by everybody but Senator METZENBAUM. I wonder if we might discuss it while we are trying to locate Senator METZENBAUM. As I understand, it is sponsored by the Senator from Oklahoma and the Senator from Pennsylvania (Mr. HEINZ). Is that correct?

UP AMENDMENT NO. 224

Mr. BOREN. The Senator is correct. This is an amendment which has exactly the same content as S. 452. This is a proposal which was adopted by the Finance Committee last year and it was attached to one of the bills which included the noncontroversial tax items. It was delayed last year not because of any dispute over this provision, but because of the dispute over another provision in the omnibus bill to which it was attached.

Senator HEINZ has joined me in offering this proposal.

I have also contacted the Treasury Department in regard to it, in addition to its unanimous passage previously by the Finance Committee.

I would like to read from the letter from the Assistant Secretary of the Treasury, Mr. John E. Chapoton, who states, in conclusion:

The provisions of S. 452 are estimated to have an insignificant negative revenue effect in comparison to the present law.

Let me read from the letter. I think it sets forth very well an explanation of the intent of the amendment.

The apparent intention of the proposed amendment is to tax gain attributable to earnings derived before the foreign corporation became a foreign investment company under section 1248 instead of section 1246 in the case of a foreign investment company which is also a controlled foreign corporation. Section 1248 permits certain gain attributable to post-1962 earnings derived by a controlled foreign corporation to be treated as a dividend, with the result that a U.S. shareholder can receive a credit for foreign taxes paid by the foreign corporation on its earnings. In addition, gain attributable to earnings and profits of a foreign corporation which were accumulated during any taxable year beginning before January 1, 1976, while such corporation was a less-developed country corporation under section 902(d) as in effect before the enactment of the Tax Reduction Act of 1976, would be taxed as a capital gain under section 1248(d)(3). The Treasury Department believes that such treatment is appropriate and, therefore, does not oppose S. 452 (H.R. 2403), subject to a technical amendment and provided that it is made clear in the accompanying Committee report that gain is not covered by section 1246 by reason of the bill is covered by section 1248 where that section is otherwise applicable.

That would certainly be my intent, Mr. President.

What we are saying is that when a foreign company was an active company in a less-developed country, that the revenue which it gained during that period of time should be so treated, and that later, when the corporation became an inactive foreign investment company, earnings earned by the company during that period of time should be taxed on that basis so that when the earnings are repatriated into this country, you would proportion the earnings. For those years during which they were an active company in a less developed country they would be taxed on the basis of the provision of the law relating to active companies in less developed countries. For those years during which they acted as an inactive investment company overseas, they would be taxed at the higher rate of taxation, so that the income would be proportionate.

There is no revenue impact. The Finance Committee has approved this proposal in the past. There was only an argument last year over a totally unrelated matter that also happened to be tacked on to the same bill in the package of noncontroversial items that delayed its enactment. As I say, it has been cleared by the Treasury Department.

The letter from Mr. Chapoton to me is dated July 9, 1981.

Mr. President, I am prepared to submit the provisions of S. 452 as an amendment to the pending measure.

Mr. DOLE. Mr. President, I note the letter from the Treasury Department indicated that the Treasury Department believes such treatment is appropriate and, therefore, does not oppose it, subject to a technical amendment.

Has that technical amendment been included? If, in fact, the technical change can be included in the amendment, and, of course, with the letter to be made part of the RECORD, we can quickly take care of this amendment.

Mr. BOREN. Mr. President, I ask unanimous consent that the full text of the letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE TREASURY,
Washington, D.C., July 1, 1981.

Hon. DAVID L. BOREN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BOREN: This is in response to your request for the views of the Treasury Department on S. 452 (H.R. 2403), which would amend the Internal Revenue Code with respect to the treatment of gain on the sale or exchange of foreign investment company stock.

Section 1246 of the Code provides that gain from the sale or exchange of stock in a foreign corporation which was a foreign investment company at any time after December 31, 1962 shall be taxed as ordinary income to the extent attributable to earnings derived after such date. This treatment applies to gain even if attributable to post-1962 earnings derived when the foreign corporation was not a foreign investment company. The bill would amend section 1246 to provide that gain attributable to earnings derived before the foreign corporation became a foreign investment company would not be subject to tax under section 1246.

The apparent intention of the proposed amendment is to tax gain attributable to earnings derived before the foreign corporation became a foreign investment company under section 1248 instead of section 1246 in the case of a foreign investment company which is also a controlled foreign corporation. Section 1248 permits certain gain attributable to post-1962 earnings derived by a controlled foreign corporation to be treated as a dividend, with the result that a U.S. shareholder can receive a credit for foreign taxes paid by the foreign corporation on its earnings. In addition, gain attributable to earnings and profits of a foreign corporation which were accumulated during any taxable year beginning before January 1, 1976, while such corporation was a less-developed country corporation under section 902(d) as in effect before the enactment of the Tax Reduction Act of 1976, would be taxed as a capital gain under section 1248(d)(3).

The Treasury Department believes that such treatment is appropriate and, therefore, does not oppose S. 452 (H.R. 2403), subject to a technical amendment and provided that it is made clear in the accompanying Committee report that gain not covered by section 1246 by reason of the bill is covered by section 1248 where that section is otherwise applicable. The technical amendment we would propose is to limit the benefits of the change only to companies which become foreign investment corporations because they satisfy the requirements of section 1246(b)(2). This limitation will continue to discourage the use of foreign investment corporations, while providing relief to those companies which have become subject to section 1246 as described above. We would be happy to work with your staff on this amendment.

The provisions of S 452 (H.R. 2403) are estimated to have an insignificant negative revenue effect in comparison to present law.

The Office of Management and Budget has advised the Treasury Department that there is no objection from the standpoint of the Administration's program to the presentation of this report.

Sincerely,

JOHN E. CHAPOTON,
Assistant Secretary
(Tax Policy).

Mr. DOLE. I certainly have no objection to the technical amendment.

The PRESIDING OFFICER (Mr. WARNER). The Chair wishes to advise Senators that the pending matter is the Dole amendment. It would require unanimous consent to have that temporarily set aside.

Mr. BOREN. It would be my intent, if we can locate the Senator from Ohio, to make such a unanimous-consent request to set aside the pending amendment so that we can proceed to the technical amendment and then return to this matter.

I would say to the distinguished chairman we are trying to locate the Senator from Ohio to obtain that clearance.

Mr. DOLE. Maybe while he is being located we can proceed with drafting the technical amendment.

Mr. President, in the meantime, unless the Senator from Oklahoma wanted to make a further comment—did Senator HEINZ want to be heard on the amendment?

Mr. BOREN. I think, Mr. President, we have pretty well exhausted the subject matter of the amendment. It is technical in nature. It has no revenue impact. We have two sections of the law, one which sets a tax rate on inactive overseas investment companies and one which sets a more favorable rate on an active corporation in a less developed country. What we are saying is when one com-

pany has operated as both, for a period of time they have been active and for a period of time they have been inactive, they will be taxed proportionately on their earnings according to the amount of time spent in each status or each category.

Actually, what we are clearing up is an ambiguity in the present law. The intent of the law is clear. This amendment goes to implement the intent of the law as to tax treatment. For that reason, I am sure the Treasury has sent its approval to this amendment.

Mr. DOLE. Perhaps the best course to follow would be to suggest the absence of a quorum and ask the Senator to try to reach Senator METZENBAUM. We will prepare the technical amendment and then perhaps we can act quickly.

Mr. BOREN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I am going to ask that the committee amendment be laid aside so we can proceed with the technical amendment.

I make that request at this time.

The PRESIDING OFFICER. Is there objection?

Without objection, the Dole amendment is set aside.

Mr. DOLE. I guess the technical amendment is still being drafted, so I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BOREN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOREN. Mr. President, I send to the desk an unprinted amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Oklahoma (Mr. BOREN for himself and Mr. HEINZ), proposes an unprinted amendment numbered 224.

Mr. BOREN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 284, after line 4, insert the following:

SEC. . MODIFICATION OF FOREIGN INVESTMENT COMPANY PROVISIONS.—

(a) Subparagraph (B) of section 1246(a)(2) of the Internal Revenue Code of 1954 (defining ratable share) is amended to read as follows:

"(B) excluding such earnings and profits attributable to—

"(i) any period during which such corporation was not a foreign investment company but only if such corporation was not a foreign investment company at any time before such period if such corporation is treated as a foreign investment corporation, pursuant to subsection (B)(2), or

"(ii) any amount previously included in the gross income of such taxpayer under section 951 (but only to the extent the inclusion of such amount did not result in an exclusion of any other amount from gross income under section 959).".

(b) The amendment made by subsection (a) shall apply to sales or exchanges after the date of the enactment of this Act in taxable years ending after such date.

Mr. BOREN. Mr. President, this is the amendment which I previously explained and which has been the subject of discussion by the distinguished chairman of the committee. It is also the amendment referred to in the letter from Assistant Secretary of the Treasury Chapeton, referred to in his letter as S. 452. The provisions of this amendment are, in all important respects, synonymous with the provisions of S. 452. I think an agreement on the amendment has been reached almost unanimously in the Finance Committee in previous years. It does have the approval of the Treasury.

It is my hope, Mr. President, that the distinguished chairman will be prepared to accept this amendment.

Mr. DOLE. I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 224) was agreed to.

Mr. DOLE. I move to reconsider the vote by which the amendment was agreed to.

Mr. BOREN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BOREN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the pending amendment, the Armstrong indexing amendment, be temporarily laid aside in order to permit the Chair to recognize the distinguished junior Senator from New York (Mr. D'AMATO), for the purpose of offering an amendment; that after the final disposition of the D'Amato amendment, the Senate return to the consideration of the Armstrong amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The Senator from New York is recognized.

UP AMENDMENT NO. 225

(Purpose: To make permanent the partial exclusion of dividend and interest)

Mr. D'AMATO. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New York (Mr. D'AMATO) proposes an unprinted amendment numbered 225.

Mr. D'AMATO. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 177, strike out lines 4 through 8, and insert in lieu thereof the following:

SEC. 302. PERMANENT EXTENSION OF PARTIAL EXCLUSION OF INTEREST FROM GROSS INCOME.

Subsection (c) of section 404 of the Crude Oil Windfall Profit Tax Act of 1980 is amended by striking out ", and before January 1, 1983".

Mr. D'AMATO. Mr. President, historically America's greatest strength has been that it is a future-oriented society. We save; we invest; we build for the future. As a direct result of these priorities we have achieved, in a comparatively short span of time, the strongest economy the world has ever known. Lately, however, our economy has begun to stagnate. A major reason for this is that Americans now save a smaller percentage of their earnings than at any time since the Great Depression. We now save less of our income in this country than do the citizens of any other Western industrialized nation.

If we are to restore our economy to its former health, we must once again become future oriented. We must increase our savings and investment. We must increase our rate of capital formation. Many of the provisions included in House Joint Resolution 266 as reported by the Finance Committee provide valuable incentives for these necessary activities. Incongruously, however, among all the tax reduction measures included in the bill there stands out one glaring exception. In only three lines tucked away on page 177 section 302 eliminates a current incentive to save enacted last year by ending, effective January 1, 1982, the $200—$400 on a joint return—exclusion of dividend and interest income from Federal taxes and replacing it with a smaller $100—$200 on a joint return—exclusion applicable only to dividends. In other words, if section 302 is enacted intact, every American—whether they are a small saver or a large investor—would pay taxes on every dollar of interest earned from the very first dollar.

Not only does this provision result in a hefty tax increase for the elderly and middle and lower income working families—those taxpayers already hardest hit by inflation, but it also mocks the entire spirit of the Economic Recovery Tax Act of 1981. We should not be increasing taxes in this fashion. We should not be eliminating incentives to save. We should not be enacting new inequities between taxpayers of different income classes.

If section 302 is enacted intact there would be no protection for the declining

value of savings due to inflation, particularly as it reflects on those people who pay in taxes 30 percent or less of their income. Let me share with you, Mr. President, the fact that this happens to be two-thirds of the American taxpaying families in the United States, two thirds. There would be less capital available for investments in housing and in the plant and equipment needed to expand our industrial base.

Congress took a major step forward when it increased the dividend exclusion and applied it to interest last year. We should not take a step backward now. Therefore, I am offering an amendment to reestablish equity in the incentives to save provided to American taxpayers of all income classes. My proposal will amend section 302 to maintain the current $200/$400 dividend and interest exclusion. This would be made a permanent part of the Internal Revenue Code. It would not end at the end of 1982.

In addition to the need to provide, rather than remove, incentives for increased capital formation, a major reason for my amendment is simple equity. Under the All Saver Act, already included as part of the tax reduction bill, taxpayers in marginal tax brackets greater than 30 percent are already provided an additional incentive to save. How can we justify lessening the incentive provided Americans with lower incomes?

This exclusion from taxes for dividends and interest is a relatively modest proposal. This year I have received thousands of pieces of mail asking for a complete elimination of such taxes on savings. I assume my colleagues have been similarly besieged. The American taxpayer is well aware of the urgent need for tax relief of this nature.

Using 1977 statistics, the most recent available, the average tax return in the $25,000 to $30,000 income bracket reported $907 of dividend and interest income that would be subject to this exclusion. For those in the $20,000 to $25,000 income bracket the mean dividend and interest income was $585. The figures were comparatively less for lower income brackets and higher for taxpayers with more substantial earnings. These are precisely the citizens who we should be encouraging to save, rather than spend.

My amendment in no way affects the all savers certificates. The thrifts would still be protected. All savers certificates would still be attractive investments for those people in marginal tax brackets greater than 30 percent.

At the same time, however, other investment alternatives would not be deprived of their opportunity to compete in a free market investment environment. Both small and large savers would be given the right to choose their own best investment strategy. Given America's urgent need to expand its pool of available capital, we cannot justify providing savings incentives to some taxpayers while depriving others of similar encouragement.

This amendment will foster new savings and investment. It will restore equity to taxpayers of all income classes. And it will permit all investment opportunities to compete fairly in a less restrictive environment.

Let me read a short letter from one of my constituents, Mr. Harold Long of Webster, N.Y.

In yesterday's Times Union Business Digest, page 9d, an article was printed about tax exempt certificates savings for higher income families (in the 30 percent bracket). It also stated that low income families (those not able to invest in certificates in the $10,000 range) would be penalized and lose the present interest exemption of $200.00 or $400.00 which is now allowed.

This has been approved by both Democrats and Republicans on the Senate Finance Committee.

What is this—another "screw the little guy" tax measure? Why is it that the low to medium income family and the retired who are not able to have $10,000 or more in savings or investments have to be penalized so that the more affluent can have the benefit of these savings in tax? We are, I am sure, in all probability paying a larger percent of our income in taxes than those who will reap the benefits. How can you with a clear conscience allow this to happen?

The answer, Mr. Long, is "I cannot."

Let me conclude by simply saying that I believe that if we go forward and enact the proposal of the Finance Committee's recommendations without dealing with section 302 and the inequities, there will be millions of taxpayers and millions of citizens who will be wanting to know why we have taken that $400 that they were entitled to in 1981 and eliminated it. They will want to know why we are enacting legislation that favors those people who are in the 30-percent tax bracket and up and clearly discriminates and takes money that would have been going to those people who pay 30 percent and less. They will want to know why we are doing this to millions of small depositors in various banks who do not have the sophistication, who will not move money into the higher yielding funds, who will not take advantage of the All-Savers Act for two reasons: One, lack of sophistication in some cases, and; two, because economically unless they are in the 30-percent tax bracket it does not pay, it does not pay for them to avail themselves of this provision unless they are paying at least 30 percent.

What we will be doing is taking $2 billion from their pockets and making it available for people in the higher interest income areas, and I suggest that is counterproductive, not in the spirit of this administration's proposals and policies, and they should not be victimized as a result of what I consider to be an error in judgment.

Mr. DOLE. Mr. President, I certainly appreciate the arguments made by the distinguished Senator from New York.

As one of the original sponsors of this amendment when it was adopted a year ago, I find myself in a contradictory position, but we have explored this amendment. We have talked to experts and economists and others who indicate that it is not a good amendment. We repealed it for the year 1982. We put in the so-called all-savers provision which is probably not a very good amendment either, so we replace a bad provision of law with one that is probably nearly as bad.

We hope to modify the all-savers provision later tonight or tomorrow morning, and we think we can have some modification that would help that provision.

In the year 1984 we are talking about balancing the budget. There is nothing in this amendment to provide any additional savings to pay for it. This amendment would cost about $2½ billion in fiscal year 1984, and we do not have $2½ billion in fiscal year 1984.

It is a good idea. I commend the distinguished Senator from New York for proposing the amendment to give those who want a choice to have that choice, but I suggest that we have spent a lot of time trying to figure out some modification of the so-called all-savers provision. The Senator from Texas, Senator BENTSEN; the Senator from Missouri, Senator DANFORTH; the Senator from New Mexico, Senator SCHMITT; the Senator from Utah, Senator GARN; and others, are involved in this effort and we believe that we have a fairly good package put together.

For that reason I feel constrained to table the amendment, and I move to table the amendment, and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BOREN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the motion of the Senator from Kansas (Mr. DOLE) to table the amendment of the Senator from New York (Mr. D'AMATO). The yeas and the nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from California (Mr. HAYAKAWA) is necessarily absent.

I further announce that the Senator from New Mexico (Mr. DOMENICI) is absent due to a death in the family.

Mr. CRANSTON. I announce that the Senator from Massachusetts (Mr. TSONGAS) and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

The result was announced—yeas 56, nays 40, as follows:

[Rollcall Vote No. 190 Leg.]

YEAS—56

Andrews	Gorton	Melcher
Armstrong	Grassley	Murkowski
Baker	Hatch	Nunn
Bentsen	Hatfield	Packwood
Boschwitz	Heinz	Percy
Byrd, Harry F., Jr.	Hollings	Pressler
Chafee	Huddleston	Quayle
Chiles	Humphrey	Roth
Cochran	Jepsen	Rudman
Cohen	Johnston	Simpson
Danforth	Kassebaum	Stafford
Denton	Kasten	Stennis
Dole	Kennedy	Stevens
Durenberger	Laxalt	Symms
East	Long	Thurmond
Ford	Lugar	Tower
Garn	Mathias	Wallop
Goldwater	Mattingly	Warner
	McClure	Weicker

NAYS—40

Abdnor	Eagleton	Moynihan
Baucus	Exon	Nickles
Biden	Glenn	Pell
Boren	Hart	Proxmire
Bradley	Hawkins	Pryor
Bumpers	Heflin	Randolph
Burdick	Helms	Riegle
Byrd, Robert C.	Inouye	Sarbanes
Cannon	Jackson	Sasser
Cranston	Leahy	Schmitt
D'Amato	Levin	Specter
DeConcini	Matsunaga	Zorinsky
Dixon	Metzenbaum	
Dodd	Mitchell	

NOT VOTING—4

Domenici	Tsongas	Williams
Hayakawa		

So the motion to lay on the table UP Amendment No. 225 was agreed to.

UP AMENDMENT NO. 226 TO AMENDMENT NO. 488

(Purpose: To permit geothermal property used predominantly outside the United States to qualify for the investment tax credit)

Mr. JOHNSTON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Kansas. Does the Chair understand the Senator from Louisiana has an amendment which is an amendment to the pending amendment?

Mr. JOHNSTON. Mr. President, this is a second degree amendment ot the pending amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Louisiana (Mr. JOHNSTON), for himself and Mr. MATSUNAGA, proposes an unprinted amendment numbered 226 to amendment numbered 488.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment add the following:

Section 48(a)(2)(B) of the Internal Revenue Code is amended by striking the "and" at the end of clause (x) and the period at the end of clause (xi), and by adding a comma "," and the word "and" at the end of clause (xi) and by inserting the following: "(xii) any property manufactured and purchased in the United States and described in subsection (1)(3)(A)(viii)."

Mr. DOLE. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Louisiana will be recognized as soon as the Senate is in order.

The Senator from Louisiana is recognized.

Mr. JOHNSTON. Mr. President, the scope of this amendment is exceeding narrow. All it does is to permit geothermal property, that is, the geothermal property described in the Tax Code as being the equipment used to drill and produce geothermal energy, to permit that to have the investment tax credit——

Mr. President, may we have order?

The PRESIDING OFFICER (Mr. KASTEN). The Senator will suspend.

Will Senators please take their conversations to the cloakroom? The Senate will be in order.

The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, under the present law, geothermal property—that is, defined as being the equipment used to drill and produce geothermal energy—to the extent that it is used outside of the United States for a period in excess of 6 months, does not qualify for investment tax credit. What this means is that when American geothermal producers—and we are the leaders in the world in geothermal production—go to Japan or to other countries to produce geothermal energy, they lose their investment tax credit if they use American equipment. This means that they have to lease equipment or buy equipment outside of the country and it loses American jobs. It runs completely counter to the whole purpose of reindustrialization.

Mr. President, we have looked through the code for past history as to why this was done in the first place. I can think of no possible reason why geothermal properties—that is to say, the equipment used to drill these wells—should not qualify for the investment tax credit. It is definitely in the interest of the United States and American industry.

Mr. President, the amendment would permit geothermal property which is manufactured or produced in the United States but used predominantly outside the country to qualify for the investment tax credit. This amendment is consistent with the administration's economic recovery tax program, will assist in the development of our embryonic geothermal industry and will signal to other countries the desire of the United States to assist them in lessening their dependence on costly imported oil.

My amendment is simple: It would remove, for geothermal equipment as defined for purposes of the energy investment tax credit, the present restriction which denies investment tax credits for property which is manufactured or produced in the United States but which is predominantly used overseas.

The negative implications of the present rule are clear. U.S. companies requiring high technology equipment for geothermal exploration and development outside the United States may find it preferable to lease or purchase such equipment from foreign suppliers. This could, first, hamper the development of our own technology, second, increase the costs of geothermal equipment in our own country, third, transfer jobs overseas, and, fourth, impact adversely on our balance of payments.

Despite our often expressed desire to improve our balance of payments and make United States industry competitive overseas, we continue to place restrictions on our own industries' ability to compete. For example, in the Economic Recovery Tax Act of 1981 which is presently being considered by the Senate, we have discriminated against American manufactured and produced equipment which is used overseas for depreciation purposes, assigning such property substantially longer recovery periods. This, coupled with the present investment tax credit restrictions, places our industries at a severe disadvantage. These provisions work against the announced goal of the economic recovery program: To stimulate American industry and productivity.

My amendment is narrow. I know from my experience on the Energy and Natural Resources Committee that geothermal energy can augment our conventional energy sources. We stand in a unique position to tap foreign markets as we develop geothermal property and technology. Through the marketing of such equipment outside the United States, we can reduce the overall cost of delivering this clean, renewable resource to our own people.

The revenue impact of this amendment should be de minimis. I hope the manager of this legislation and my colleagues in the Senate will agree that this amendment should be adopted as part of the Economic Recovery Tax Act of 1981.

Section 48(a)(2)(A) of the Internal Revenue Code generally precludes, with some minor exceptions, American companies from using U.S. manufactured and purchased equipment outside the United States without losing the investment tax credit and the business energy tax credit on this equipment. This restriction seriously inhibits the competitive position of American companies seeking to do business abroad, since tax credits will be forfeited for the privilege of conducting foreign business. In some cases, this limitation will actually work against the American interest, since it will force companies to buy or rent equipment for their foreign operations in the foreign country itself. The limitation also seriously affects U.S. interests in its struggle to maintain a favorable balance of payments.

The restriction on the use of property outside the United States strikes hardest at energy companies which must conduct capital-intensive projects requiring heavy investment in industrial and exploratory equipment. In particular, the alternative energy industry is hard-pressed by the current tax credit restriction, since development of such alternative energy resources is still costly and done at great risk; yet, the tax credits for equipment needed to develop alternative energy resources, like geothermal energy, will be lost if the equipment is used overseas for more than 50 percent of the taxable year. Surely, the provision was not intended to discourage both investment in American-made equipment and solicitation of foreign business for

American companies in developing a nation's alternative energy resources: Greater sales of alternative energy equipment abroad mean reduced dependence on oil, a favorable trend for the United States.

In addition, it should be noted that the Economic Recovery Tax Act of 1981, as reported out of the Senate Finance Committee (H.J. Res. 266) discriminates against property predominantly used outside the United States for cost recovery purposes. (Section 201(f)(2)) Under present law, property used predominantly outside the United States generally is treated for depreciation (cost recovery) purposes, the same as property located in the United States. Under the provision reported out by the Senate Finance Committee, property used predominantly outside the United States will not enjoy the general property cost recovery periods established—3, 5, 10, and 15 years—but instead will be subjected to longer cost recovery periods. This new restriction, coupled with the present denial of the tax credit for property used predominantly outside the United States, could seriously impair the viability of the emerging U.S. alternative energy industry.

The problem could be rectified by an amendment which would exclude alternative energy property, as defined in section 48(1)(3)(A), from the U.S. use restriction of 48(a)(2)(A) of the code. Language to the effect is contained in Alternative No. 1. A narrower approach could be taken by removing only geothermal equipment, as defined in 48(a)(1)(3)(A)(viii) of the code from the restriction. Finally, it should be noted that a very broad approach could be taken—in light of the new cost recovery rules proposed—to remove the restriction completely and thus aid all U.S. industry operating abroad.

Mr. DOLE. Mr. President, I have listened to the explanation made by the distinguished Senator from Louisiana. I have asked the staff of the Joint Tax Committee to see if they can determine what the cost of the amendment might be. I wonder if a better course to pursue would not be to promise the distinguished Senator that we shall have very early hearings on this proposal. There will be a second tax bill; I can assure the Senator of that. We are looking for revenue to fund that second tax bill. I do not know how much this particular amendment will cost, but I hope the Senator will permit us to proceed to hearings which we shall schedule for shortly after the recess.

Undoubtedly, the amendment has great merit, Mr. President. I just could not accept it without more information.

Mr. JOHNSTON. Mr. President, I understand that when we deal in these technical areas of the law—and I am not prepared to say what the revenue cost will be. I will say in my opinion the dynamic revenue effect would be to produce revenue rather than lose it, because the real effect would be to buy American equipment, rather than buying it abroad.

Nevertheless, I can understand the reason for the Senator's request. What the Senator is saying is that we can have hearings and get information on the measure and it will be sympathetically done, as I know the distinguished chairman will do——

Mr. DOLE. Mr. President, the Senator from Louisiana knows he has a rather strong ally on that committee, in fact, many strong allies, but one I can think of offhand.

The distinguished Senator from Oregon is chairman of that subcommittee. I am certain he will agree to have hearings on this proposal sometime shortly after the recess.

Mr. PACKWOOD. Mr. President, if the Senator will excuse me, I was otherwise occupied. I missed what the Senator was saying.

Mr. JOHNSTON. What the amendment does, Mr. President, is exempt geothermal properties, which is the equipment used to drill geothermal wells, from the investment tax credit even though they are used out of the country.

Mr. PACKWOOD. I would be delighted for my subcommittee to have hearings on the matter.

Mr. JOHNSTON. Mr. President, in view of these assurances, on behalf of myself and the Senator from Hawaii (Mr. MATSUNAGA), I withdraw the amendment with thanks.

The amendment (UP No. 226) was withdrawn.

Mr. DOLE. Mr. President, I thank my distinguished colleague. I shall proceed to hearings before Senator PACKWOOD's subcommittee or perhaps the Energy Subcommittee of Senator WALLOP. We shall do it as quickly as we can.

Mr. President, it is my understanding that the distinguished minority leader will now permit us to proceed to a vote on the committee amendment, the so-called indexing amendment. What this Senator would like to do, and I have asked the distinguished majority leader to come to the floor. He is here. I wonder if we might have an agreement to vote on that amendment at 5 minutes after 6.

Mr. LONG. Mr. President, there may be other Senators who desire to speak on the subject. If there are no Senators who desire to speak on the subject, as far as I am concerned, we could vote on the amendment now. But I think we should find out. For that purpose, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I believe we are not quite ready to vote on the Armstrong amendment, and I am prepared at this time to make provisions, if the Senate will agree, for the next amendment to follow the disposition of the Armstrong amendment.

I ask unanimous consent that after the Senate disposes of its action on the Armstrong amendment, the Senator from Texas (Mr. BENTSEN), be recognized to call up an amendment dealing with savings.

Mr. PACKWOOD. Mr. President, reserving the right to object, will the majority leader amend that request to allow me to offer an amendment following the Bentsen amendment?

Mr. DOLE. I object to that, because I need to discuss that with Senator PACKWOOD.

Mr. PACKWOOD. Then, I will object to the request as to the Bentsen amendment.

Mr. BAKER. Mr. President, I urge my friend from Oregon and my friend from Kansas to let me get this agreement, and then I will sit down with the two of them and see if we can work it out.

Mr. PACKWOOD. I have waited very patiently. I met with the administration on Monday. I have 48 cosponsors on this amendment, and I am being squeezed out of an opportunity to offer it when I want to. All I want is a time limit, and I am willing to let the Senator from Texas to go first. I do not want this amendment to be put off and put off, as I see it will happen.

Mr. BAKER. Mr. President, there is clearly no way we can negotiate this on the floor at this time. So, rather than have an objection lodged to the request I have made, I withdraw the request, and I hope I will be in a position to make the request a little later.

For the moment, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded and I send an amendment to the desk.

Mr. DOLE. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. PACKWOOD. Objection is heard?

The PRESIDING OFFICER. The Senator from Kansas objected.

The clerk will continue the call of the roll.

The legislative clerk continued the call of the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ARMSTRONG). Without objection, it is so ordered.

AMENDMENT NO. 488

Mr. DOLE. Mr. President, I understand that we can now proceed to the vote on the committee amendment. Am I correct? The distinguished majority leader is here and the distinguished minority leader. The yeas and nays have been ordered.

I say to those who are here that, following the vote on that amendment, it is my hope that the distinguished Senator from Texas (Mr. BENTSEN) will be recognized. I ask unanimous consent to that effect.

The PRESIDING OFFICER. Is there objection? Without objection, the Senator from Texas will be recognized following the vote on the pending committee amendment.

The question is on agreeing to the Committee amendment. The yeas and

nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from California (Mr. HAYAKAWA) is necessarily absent.

I further announce that the Senator from New Mexico (Mr. DOMENICI) is absent due to a death in the family.

Mr. CRANSTON. I announce that the Senator from Massachusetts (Mr. TSONGAS) is necessarily absent.

The PRESIDING OFFICER (Mr. DANFORTH). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 57, nays 40, as follows:

[Rollcall Vote No. 191 Leg.]

YEAS—57

Abdnor	Hart	Packwood
Andrews	Hatch	Percy
Armstrong	Hatfield	Pressler
Baucus	Hawkins	Proxmire
Boren	Heflin	Pryor
Cohen	Helms	Quayle
D'Amato	Humphrey	Riegle
Danforth	Jepsen	Roth
DeConcini	Kassebaum	Rudman
Denton	Kasten	Schmitt
Dixon	Laxalt	Simpson
Dole	Levin	Specter
Durenberger	Lugar	Stafford
East	Mattingly	Stevens
Exon	McClure	Symms
Garn	Melcher	Thurmond
Goldwater	Moynihan	Tower
Gorton	Murkowski	Warner
Grassley	Nickles	Zorinsky

NAYS—40

Baker	Cranston	Mathias
Bentsen	Dodd	Matsunaga
Biden	Eagleton	Metzenbaum
Boschwitz	Ford	Mitchell
Bradley	Glenn	Nunn
Bumpers	Heinz	Pell
Burdick	Hollings	Randolph
Byrd, Harry F., Jr.	Huddleston	Sarbanes
	Inouye	Sasser
Byrd, Robert C.	Jackson	Stennis
Cannon	Johnston	Wallop
Chafee	Kennedy	Weicker
Chiles	Leahy	Williams
Cochran	Long	

NOT VOTING—3

Domenici	Hayakawa	Tsongas

So the amendment (No. 488) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was ageed to.

Mr. ARMSTRONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF PROCEDURE

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, if I may have the attention of the Senate for a moment, I believe this request has been cleared on the minority side. There is an intelligence bill that needs to be passed today which will just take 2 or 3 minutes and will not require a rollcall vote.

Notwithstanding the order previously entered, I ask unanimous consent that the Senate now proceed to the consideration of the intelligence bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I yield the floor. I see that the distinguished Senator from Wyoming is in the Chamber and prepared to manage this measure.

WAIVING CONGRESSIONAL BUDGET ACT

Mr. WALLOP. Mr. President, I ask unanimous consent that the Chair lay before the Senate Resolution 128, Calendar Order No. 150, the budget waiver.

The PRESIDING OFFICER. The resolution will be stated.

The assistant legislative clerk read as follows:

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to consideration of title IV of S. 1127, which authorizes supplemental appropriations for fiscal year 1981 for intelligence activities of the United States.

Such a wavier is necessary because title IV of S. 1127 authorizes supplemental appropriations for fiscal year 1981. Compliance with section 402(a) of the Congressional Budget Act of 1974 was not possible by May 15, 1980, because the amount of supplemental appropriations for the fiscal year 1981 which is necessary for intelligence activities of the United States was not known at that time.

The PRESIDING OFFICER. Without objection, the Senate will proceed to consider the resolution.

Mr. WALLOP. Mr. President, I move the adoption of Senate Resolution 128.

There being no objection, the resolution (S. Res. 128) was considered and agreed to.

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1982

Mr. WALLOP. Mr. President, I ask unanimous consent to lay before the Senate S. 1127, the Intelligence Authorization Act for fiscal year 1982, Calendar No. 191.

The PRESIDING OFFICER (Mr. ARMSTRONG). Without objection, it is so ordered.

The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 1127) to authorize appropriations for the fiscal year 1982 for intelligence activities of the United States Government, the Intelligence Community Staff, the Central Intelligence Agency Retirement and Disability System, and to provide certain personnel management authorities for the Defense Intelligence Agency, and for other purposes.

Mr. WALLOP. Mr. President, I ask unanimous consent that the committee amendments be considered and agreed to en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

The committee amendments agreed to en bloc are as follows:

On page 3, line 15, strike "Senate.", and insert the following:

"Senate, as amended by the Committee on Armed Services of the Senate."

On page 14, strike line 1 through and including the material following line 11 on page 16; and

On page 19, strike line 1 through and including line 3, and insert the following:

TITLE VI—PERSONNEL MANAGEMENT PROVISIONS

Subtitle A—Defense Intelligence Agency

On page 19, line 8, strike "title", and insert "subtitle";

On page 27, line 21, strike "title", and insert "Subtitle"; and

On page 27, after line 24, insert the following:

Subtitle B—National Security Agency

SEC. 611. This subtitle may be cited as the "Senior Cryptologic Executive Service Act of 1981".

SEC. 612. (a) The Secretary of Defense (or his designee) may establish a Senior Cryptologic Executive Service within the National Security Agency comparable to the Senior Executive Service established under subchapter II of chapter 31 of title 5, United States Code. Under the authority of the Secretary of Defense, the Director, National Security Agency, is authorized to adopt administratively those provisions of title 5, United States Code, that the Director considers necessary to administer the Senior Cryptologic Executive Service and to appoint, without regard to the civil service laws, individuals to positions established within the Senior Cryptologic Executive Service.

(b) The Secretary of Defense or his designee may promulgate regulations establishing a Senior Cryptologic Executive Service which—

(1) meets the requirements set forth in section 3131 of title 5, United States Code, for the Senior Executive Service;

(2) provides that positions in the Senior Cryptologic Executive Service meet requirements which are consistent with those in section 3132(a)(2) of title 5, United States Code;

(3) notwithstanding any limitation on compensation set out in any other law, provides rates of pay for the Senior Cryptologic Executive Service which are not in excess of the maximum rate or less than the minimum rate of basic pay established for the Senior Executive Service under section 5382 of title 5, United States Code, and which are adjusted at the same time and to the same extent as rates of basic pay for the Senior Executive Service are adjusted;

(4) provides a performance appraisal system for the Senior Cryptologic Executive Service that is consistent with the principles of the provisions of subchapter II of chapter 43 of title 5, United States Code;

(5) provides for removal consistent with section 3592 of title 5, United States Code, and removal or suspension consistent with subsections (a), (b), and (c) of section 7543 of such title 5; except that any hearing or appeal to which an employee is entitled shall be held or decided pursuant to procedures established by regulation of the Secretary of Defense or his designee;

(6) permits the Director, National Security Agency, to pay performance awards to members of the Senior Cryptologic Executive Service consistent with the provisions applicable to the heads of agencies under section 5384 of title 5, United States Code;

(7) provides that members of the Senior Cryptologic Executive Service may be granted sabbatical leaves in accordance with provisions of section 3396(c) of title 5, United States Code; and

(8) provides that annual leave of a member of the Senior Cryptologic Executive Service shall not be subject to the limitation on accumulations imposed by section 6304 of title 5, United States Code.

(c) The President, based on the recommendations of the Secretary of Defense, may award ranks to members of the Senior Cryptologic Executive Service in a manner consistent with the provisions of section 4507 of title 5, United States Code.

(d) Notwithstanding any other provision of this Act, the Director, National Security Agency, may detail or assign outside the National Security Agency individuals appointed to the Senior Cryptologic Executive Service positions in which the appointee's expertise and experience may be of benefit to the National Security Agency or another Government agency and the appointee shall not lose thereby any of the entitlements or status associated with the appointment in the Senior Cryptologic Executive Service.

(e) The National Security Agency shall submit to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate, at the time the budget is submitted by the President to the Congress during each calendar year, a report on the Senior Cryptologic Executive Service. The report shall include—

(1) the total number of positions added to or deleted from the Senior Cryptologic Executive Service at the end of the preceding fiscal year;

(2) the percentage of senior executives at each pay rate employed at the end of the preceding fiscal year;

(3) the number, distribution, and amount of performance awards and incentive awards paid, and ranks awarded during the preceding fiscal year; and

(4) the number of individuals removed from the Senior Cryptologic Executive Service for less than fully successful performance.

SEC. 613. (a)(1) Section 8336 of title 5, United States Code, is amended by redesignating subsections (i), (j), and (k) as subsections (j), (k), and (l) and inserting immediately after subsection (h) the following new subsection:

"(i) A member of the Senior Cryptologic Executive Service who is removed from the Senior Cryptologic Executive Service for less than fully successful performance after completing twenty-five years of service or after becoming fifty years of age and completing twenty years of service is entitled to an annuity.".

(2) Section 8339(h) of title 5, United States Code, is amended by striking out "section 8336 (d), (h), and (j)" and inserting in lieu thereof "section 8336 (d), (h), (i), or (k)".

(b) Section 2108 of title 5, United States Code, is amended by inserting "the Senior Cryptologic Executive Service" before "or the General Accounting Office."

SEC. 614. The Director, National Security Agency, may promulgate regulations establishing a merit pay system for such employees of the National Security Agency as the Director considers appropriate. The merit pay system shall be designed to carry out purposes consistent with those set forth in section 5401(a) of title 5, United States Code.

SEC. 615. The amendments made by this subtitle shall take effect on the date of the enactment of this Act.

So as to make the bill read:

S. 1127

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That titles I through V of this Act may be cited as the "Intelligence Authorization Act for Fiscal Year 1982".

TITLE I—INTELLIGENCE ACTIVITIES

AUTHORIZATION OF APPROPRIATIONS

SEC. 101. (a) Funds are authorized to be appropriated for the fiscal year 1982 for the conduct of intelligence activities of the following departments, agencies, and other elements of the United States Government:

(1) The Central Intelligence Agency and the Director of Central Intelligence.

(2) The Department of Defense.

(3) The Defense Intelligence Agency.

(4) The National Security Agency.

(5) The Department of the Army, the Department of the Navy, and the Department of the Air Force.

(6) The Department of State.

(7) The Department of the Treasury.

(8) The Department of Energy.

(9) The Federal Bureau of Investigation.

(10) The Drug Enforcement Administration.

(b) The amounts authorized to be appropriated under this Act for the conduct of the intelligence activities of the agencies listed in subsection (a) are those listed in the classified Schedule of Authorizations for the fiscal year 1982 prepared by the Select Committee on Intelligence of the Senate, as amended by the Committee on Armed Services of the Senate. Such Schedule of Authorizations shall be made available to the Committee on Appropriations of the Senate and the House of Representatives and to the President. The President shall provide for suitable distribution of the Schedule, or of appropriate portions of the Schedule, within the executive branch.

(c) Authorizations of appropriations provided in this Act, shall not be deemed to constitute authority for the conduct of any intelligence activity which is not otherwise authorized by the Constitution or laws of the United States.

TITLE II—INTELLIGENCE COMMUNITY STAFF

AUTHORIZATION OF APPROPRIATIONS; PERSONNEL

SEC. 201. (a) There are authorized to be appropriated for the Intelligence Community Staff for the fiscal year 1982, $15,400,000.

(b) The Intelligence Community Staff is authorized two hundred and forty-five full-time personnel as of September 30, 1982. Such personnel may be permanent employees of the Intelligence Community Staff or personnel detailed from other elements of the United States Government.

(c) Any employee who is detailed to the Intelligence Community Staff from another element of the United States Government shall be detailed on a reimbursable basis, except that an employee may be detailed on a nonreimbursable basis for a period of less than one year for the performance of temporary duties as required by the Director of Central Intelligence.

(d) Except as provided in subsections (b) and (c), the activities and personnel of the Intelligence Community Staff shall be administered by the Director of Central Intelligence in accordance with the provisions of the National Security Act of 1947 (50 U.S.C. 401 et seq.) and the Central Intelligence Agency Act of 1949 (50 U.S.C. 403a et seq.).

TITLE III—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

AUTHORIZATION OF APPROPRIATIONS

SEC. 301. There are authorized to be appropriated for the Central Intelligence Agency Retirement and Disability Fund for the fiscal year 1982, $84,600,000.

TITLE IV—SUPPLEMENTAL AUTHORIZATION FOR THE FISCAL YEAR 1981

SUPPLEMENTAL AUTHORIZATION OF APPROPRIATIONS

SEC. 401. In addition to funds authorized to be appropriated for the fiscal year 1981 for the conduct of intelligence activities of the United States Government, there are authorized to be appropriated supplemental funds for such fiscal year for such purpose. The amounts authorized to be appropriated under this title are those listed in the classified Schedule of Supplemental Authorizations for the fiscal year 1981 prepared by the Select Committee on Intelligence of the Senate.

TITLE V—GENERAL PROVISIONS

INCREASES IN EMPLOYEE BENEFITS AUTHORIZED BY LAW

SEC. 501. Appropriations authorized by this Act for salary, pay, retirement, and other benefits for Federal employees, may be increased by such additional or supplemental amounts as may be necessary for increases in such benefits authorized by law.

ADVISORY COMMITTEES AND PERSONNEL

SEC. 502. (a) The last sentence of section 303(a) of the National Security Act of 1947 (50 U.S.C. 405(a)) is amended by striking out "at a rate not to exceed $50 for each day of service" and inserting in lieu thereof the following: "for each day of service at a rate not to exceed the daily equivalent of the rate of pay in effect for grade GS–18 under the General Schedule established by section 5332 of title 5, United States Code".

(b) Section 303(b) of the National Security Act of 1947 (50 U.S.C. 405(b)) is amended by striking out "281, 283, or 284" and inserting in lieu thereof "203, 205, or 207".

FIREARMS AUTHORITY

SEC. 503. Section 5(d) of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403f(d)) is amended to read as follows:

"(d) Authorize personnel designated by the Director to carry firearms to the extent necessary for the performance of the Agency's authorized functions, including but not limited to the protection of classified materials and information, the training of Agency personnel in the use of firearms, the maintenance of security of Agency installations and property, and the protection of Agency personnel and of defectors, their families, and other persons in the United States under Agency auspices; and".

UNAUTHORIZED USE OF CENTRAL INTELLIGENCE AGENCY NAME, INITIALS, OR SEAL

SEC. 504. The Central Intelligence Agency Act of 1949 (50 U.S.C. 403a et seq.) is amended by adding at the end thereof the following new section:

"MISUSE OF AGENCY NAME, INITIALS, OR SEAL

"SEC. 13. (a) No person shall, except with the written permission of the Director, knowingly use the words 'Central Intelligence Agency', the initials 'CIA', the seal of the Central Intelligence Agency, or any colorable imitation of such words, initials, or seal in connection with any merchandise, impersonation, solicitation, or commercial activity in a manner reasonably calculated to convey the impression that such use is approved, endorsed, or authorized by the Central Intelligence Agency.

"(b) Whenever it shall appear to the Attorney General that any person is engaged or about to engage in any acts or practices which constitute or will constitute conduct prohibited by subsection (a), the Attorney General may initiate a civil proceeding in a district court of the United States to enjoin any such acts or practices. Such court shall proceed as soon as practicable to the hearing and determination of such action, and may, at any time before final determination, enter such restraining orders or prohibitions, or take such other action as is warranted, to prevent injury to the United States or to any person or class of persons for whose protection the action is brought. A proceeding under this section shall be governed by the Federal Rules of Civil Procedure.".

CENTRAL INTELLIGENCE AGENCY PERSONNEL ALLOWANCES, BENEFITS, AND TRAVEL

SEC. 505. (a) The Director of Central Intelligence is authorized to pay to Central Intelligence Agency officers, employees, detailees, and assignees, and their dependents, allowances and benefits authorized by chap-

ter 9 of the Foreign Service Act of 1980 and other allowances and benefits granted by any other provision of law to the Foreign Service. The Director of Central Intelligence may pay additional allowances and benefits, whether or not authorized under any other provision of law, as may be necessary to meet the special requirements of work related to intelligence activities.

(b) Notwithstanding any other provision of law, the Director of Central Intelligence may prescribe regulations authorizing the travel of Central Intelligence Agency officers, employees, assignees, and detailees engaged in the performance of intelligence functions. Such regulations shall reflect the requirements of the Agency not taken into account in the formulation of Government-wide procedures and shall provide for payment for such travel.

NATIONAL SECURITY AGENCY PERSONNEL ALLOWANCES AND BENEFITS

SEC. 506. Paragraph (1) of section 9(b) of the National Security Agency Act of 1959 (50 U.S.C. 402 note) is amended by striking out "paragraphs" and all that follows and inserting in lieu thereof the following: "chapter 9 of the Foreign Service Act of 1980 or under any other provision of law applicable to the Foreign Service, or by the Director of Central Intelligence to personnel serving in similar circumstances; and".

UNAUTHORIZED USE OF NATIONAL SECURITY AGENCY NAME, INITIALS, OR SEAL

SEC. 507. The National Security Agency Act of 1959 is amended by adding at the end thereof the following new section:

"MISUSE OF AGENCY NAME, INITIALS, OR SEAL

"SEC. 12. (a) No person shall, except with the written permission of the Director of the National Security Agency, knowingly use the words 'National Security Agency', the initials 'NSA', the seal of the National Security Agency, or any colorable imitation of such words, initials, or seal in connection with any merchandise, impersonation, solicitation, or commercial activity in a manner reasonably calculated to convey the impression that such use is approved, endorsed, or authorized by the National Security Agency.

"(b) Whenever it shall appear to the Attorney General that any person is engaged or about to engage in any acts or practices which constitute or will constitute conduct prohibited by subsection (a), the Attorney General may initiate a civil proceeding in a district court of the United States to enjoin any such acts or practices. Such court shall proceed as soon a practicable to the hearing and determination of such action, enter such restraining orders or prohibitions, or take such other action as is warranted, to prevent injury to the United States or to any person or class of persons for whose protection the action is brought. A proceding under this section shall be governed by the Federal Rules of Civil Procedure.".

CRYPTOLOGIC LINGUIST TRAINING

SEC. 508. Section 10 of the National Security Agency Act of 1959 is amended by redesignating the present section 10 as section 10(a) and by adding at the end thereof the following new subsection:

"(b) Notwithstanding the provisions of chapter 41 of title 5, United States Code, the Director of the National Security Agency, on behalf of the Secretary of Defense, shall arrange for appropriate language and related trainnig of military and civilian cryptologic personnel. In the exercise of this function, the Director may—

"(1) provide for the training and instruction to be furnished, including functional and geographic area specializations;

"(2) arrange for training and instruction with other Government agencies and at non-governmental institutions that furnish training and instruction useful in the fields of language and foreign affairs;

"(3) support, through contracts, grants, cooperation with educational institutions, or through other means, programs that furnish necessary language and language-related skills;

"(4) obtain without regard to the Service Contract Act of 1965, by appointment or contract (subject to the availability of appropriations), the services of individuals as language instructors, linguists, or special project personnel. An individual whose services are obtained by contract, shall be considered an employee for purposes of subchapter III of chapter 83 of title 5 if such individual gives notice in writing to the National Security Agency of a desire to become subject to such subchapter and, consistent with section 8332(k)(2) of such title, deposits an amount equal to retirement deductions representing any period in which the individual was previously so employed by the National Security Agency. A contractor or contractor's employee engaged under this provision may not be provided access to classified information, as defined in section 304 of the Internal Security Act of 1950 (50 U.S.C. 834), unless such individual meets the standards contained in such Act;

"(5) pay all or part of the tuition and other expenses related to the training of current and former military and civilian cryptologic personnel who are assigned or detailed for language and related training, orientation, or instruction;

"(6) pay benefits and allowances to current personnel and former military and civilian cryptologic personnel or other individuals in the cryptologic linguist reserve assigned to training at sites away from their normal duty station, in accordance with chapters 57 and 59 of title 5, United States Code;

"(7) provide without regard to subchapter IV of chapter 55 of title 5, United States Code, special monetary or other incentives to encourage civilian cryptologic personnel to acquire or retain proficiency in foreign languages or special related abilities needed by the National Security Agency, including special monetary incentives to former or retired civilian employees and military cryptologic personnel or other qualified individuals who agree to retain proficiency in such languages or abilities and to return to active civilian service with the National Security Agency during periods of emergency need as determined by the Director;

"(8) provide to family members of military and civilian cryptologic personnel, in anticipation of their assignments abroad or while abroad, appropriate orientation and language training, including the payment of the expenses of tuition or other necessary costs of instruction at a public or private institution in the United States or abroad (in the case of individuals abroad), if such instruction is directly related to the assignment abroad;

"(9) obtain an agreement from (A) current employees pertaining to continuation of service and repayment of such training that is consistent with the provisions of section 4108 of title 5, United States Code, and (B) former or retired employees pertaining to repayment of expenses of such training and return to service when requested; and

"(10) waive in whole or in part a right of recovery under paragraph (9), if it is shown that the recovery would be against equity and in good conscience or against the public interest.".

PROTECTION OF INTELLIGENCE PERSONNEL

SEC. 510. (a) Section 1114 of title 18, United States Code, is amended—

(1) by inserting "or attempts to kill" after "kills";

(2) by striking out "while engaged in the performance of his official duties," and inserting in lieu thereof "or any officer or employee of any department or agency within the Intelligence Community (as defined in section 4-207 of Executive Order 12036, January 24, 1978, or successor orders) not already covered under the terms of this section,"; and

(3) by inserting before the period at the end thereof a comma and the following: "except that any such person who is found guilty of attempted murder shall be imprisoned for not more than twenty years".

(b) Chapter 51 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 1118. Murder, manslaughter, assaults, threats, extortion, or kidnaping of persons given entry into the United States for permanent residence pursuant to section 7 of the Central Intelligence Agency Act of 1949

"(a) Whoever kills or attempts to kill a person given entry into the United States for permanent residence pursuant to the provisions of section 7 of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403h) shall be punished as provided under sections 1111, 1112, and 1113 of this title, except that any such person who is found guilty of murder in the first degree shall be sentenced to imprisonment for life, and any such person who is found guilty of attempted murder shall be imprisoned for not more than twenty years.

"(b) Whoever engages in conduct proscribed by section 112, 878, or 1201 of this title against any person described in subsection (a) shall be punished as provided under those sections.".

(c) Chapter 51 of title 18, United States Code, is amended by adding at the end thereof the following new section:

§ 1119. Murder, manslaughter, assaults, threats, extortion, or kidnapping of persons present in the United States under intelligence auspices

"(a) Whoever kills or attempts to kill a person certified by the Director of Central Intelligence or his designee to be present in the United States under the auspices of any department or agency within the Intelligence Community (as defined in section 4-207 of Executive Order 12036, January 24, 1978, or successor orders) shall be punished as provided under sections 1111, 1112, and 1113 of this title, except that any such person who is found guilty of murder in the first degree shall be sentenced to imprisonment for life, and any such person who is found guilty of attempted murder shall be imprisoned for not more than twenty years.

"(b) Whoever engages in conduct proscribed by section 112, 878, or 1201 of this title against any person described in subsection (a) shall be punished as provided under those sections.".

(d) The table of sections for chapter 51 of title 18, United States Code, is amended by adding at the end thereof the following new items:

"1118. Murder, manslaughter, assaults, threats, extortion, or kidnapping of persons given entry into the United States for permanent residence pursuant to section 7 of the Central Intelligence Agency Act of 1949.

"1119. Murder, manslaughter, assaults, threats, extortion, or kidnapping of persons present in the United States under intelligence auspices.".

TITLE VI—PERSONNEL MANAGEMENT PROVISIONS

Subtitle A—Defense Intelligence Agency

SHORT TITLE

SEC. 601. This subtitle may be cited as the "Defense Intelligence Agency Personnel Management Act of 1981".

CIVILIAN PERSONNEL MANAGEMENT

SEC. 602. (a) Chapter 81 of title 10, United States Code, is amended by inserting the following new section after section 1586:

"§ 1587. Civilian personnel management in the Defense Intelligence Agency

"(a)(1) The Secretary of Defense (or his designee) may, without regard to the provisions of title 5 relating to the establishment of (and appointment to) positions in the civil service—

"(A) establish such positions for civilian officers and employees in the Defense Intelligency Agency as may be necessary to carry out the functions of such Agency, and

"(B) appoint individuals to such positions.

"(2) The Secretary of Defense (or his designee) shall fix the rates of basic pay for positions established under paragraph (1) in relation to the rates of basic pay contained in the General Schedule under section 5332 of title 5 for positions subject to such Schedule which have corresponding levels of duties and responsibilities. Except for positions in the Senior Defense Intelligence Executive Service, no officer or employee of the Defense Intelligence Agency may be paid basic compensation at a rate in excess of the highest rate of basic pay contained in such General Schedule.

"(b)(1) Notwithstanding subsection (a), the Secretary of Defense (or his designee) may establish a Senior Defense Intelligence Executive Service in the Defense Intelligence Agency comparable to the Senior Executive Service established under subchapter II of chapter 31 of title 5. The Secretary of Defense (or his designee) may—

"(A) adopt administratively those provisions of title 5 that are necessary to administer the Senior Defense Intelligence Executive Service,

"(B) appoint individuals to positions established within the Senior Defense Intelligence Service, and

"(C) notwithstanding any limitation on compensation, pay individuals so appointed according to the pay prescribed by title 5 for the Senior Executive Service. Any provisions so adopted shall be subject to the same limitations imposed by the comparable provisions of title 5, including the limitation on aggregate pay under section 5383(b) of such title.

"(2)(A) The Secretary of Defense (or his designee) may establish not more than twenty-seven positions (and appoint individuals thereto) in the Senior Defense Intelligence Executive Service.

"(B) In addition to the positions established under subparagraph (A), the Secretary of Defense (or his designee) may establish and appoint individuals in the Defense Intelligence Agency to—

"(i) professional engineering and scientific positions primarily concerned with research, evaluation, and development activities; and

"(ii) professional positions in the physical and natural sciences, medicine, and military intelligence.

Such positions shall be in the Senior Defense Intelligence Executive Service.

"(3)(A)(i) During any fiscal year, the President, based on the recommendation of the Secretary of Defense may, subject to clause (ii) and subparagraph (B), award to any Senior Defense Intelligence Executive Service appointee the rank of—

"(I) Meritorious Defense Intelligence Executive for sustained accomplishment, or

"(II) Distinguished Defense Intelligence Executive for sustained extraordinary accomplishment.

"(ii) A Senior Defense Intelligence Executive Service appointee awarded a rank under subclause (I) or (II) of clause (i) shall not be entitled to be awarded that rank during the following four fiscal years.

"(B) During any fiscal year—

"(i) the number of Senior Defense Intelligence Executive Service appointees awarded the rank of Meritorious Defense Intelligence Executive may not exceed 5 per centum of the Senior Defense Intelligence Executive Service; and

"(ii) not more than one Senior Defense Intelligence Executive Service appointee or 1 per centum of all Senior Defense Intelligence Executive Service appointees, whichever is greater, may be awarded the rank of Distinguished Defense Intelligence Executive.

"(C)(i) A Senior Defense Intelligence Executive Service appointee who is awarded the rank of Meritorious Defense Intelligence Executive or Distinguished Defense Intelligence Executive shall receive a lump sum payment in the amount specified in section 4507(e)(1) or (2) of title 5, respectively.

"(ii) Any award under this paragraph shall be in addition to basic pay or any performance awards.

"(4) The Director of the Defense Intelligence Agency may, in accordance with the provisions of section 3396(c) of title 5, grant a sabbatical to any Senior Defense Intelligence Executive Service appointee.

"(5) Annual leave accrued by an individual while serving in a Senior Defense Intelligence Executive Service position shall not be subject to the limitations on accumulation imposed by section 6304 of title 5.

"(6) The Director of the Defense Intelligence Agency shall submit to the Permanent Select Committee on Intelligence of the House of Representative and the Select Committee on Intelligence of the Senate at the time the budget is submitted by the President to the Congress during each odd-numbered calendar year, a report on the Senior Defense Intelligence Executive Service. Such report shall include—

"(A) the percentage of senior executives at each pay rate employed at the end of the preceding fiscal year;

"(B) the number, distribution, and amount of performance awards paid during the preceding fiscal year; and

"(C) the number of individuals removed from the Senior Defense Intelligence Executive Service for less than fully successful performance.

"(c) The Secretary of Defense (or his designee) is authorized, consistent with section 5341 of title 5, to adopt such provisions of such title as provide for prevailing rate systems of basic compensation for positions in or under which the Defense Intelligence Agency may employ prevailing rate employees (within the meaning of section 5342(2)(A) of such title).

"(d) Officers and employees of the Defense Intelligence Agency who are citizens or nationals of the United States may be granted additional compensation, in accordance with regulations prescribed by the Secretary of Defense, not in excess of additional compensation authorized by section 5941(a) of title 5 for employees whose rates of basic compensation are fixed by statute.

"(e) Nothing in this section or any other law may be construed to require the disclosure of the organization or any function of the Defense Intelligence Agency, of any information with respect to the activities thereof, or of the names, titles, salaries, or number of the persons employed by such Agency, except for that information required by the Congress to accomplish normal authorization and appropriation functions.

"(f)(1) Notwithstanding the personnel management laws under title 5, or any other law, the Secretary of Defense may, in his discretion, terminate the employment of any civilian officer or employee of the Defense Intelligence Agency whenever he deems such termination necessary or advisable in the interests of the United States.

"(2) Any termination under this subsection shall not affect the right of the officer or employee involved to seek or accept employment with any other department or agency of the United States if he is declared eligible for such employment by the Office of Personnel Management.

"(3) The Secretary of Defense may delegate authority under this subsection only to the Deputy Secretary of Defense and the Director of the Defense Intelligence Agency. An action to terminate any civilian officer or employee by either such officer shall be appealable to the Secretary of Defense.".

(b) The table of sections for chapter 81 of title 10, United States Code, is amended by inserting after the item relating to section 1586 the following new item:

"1587. Civilian personnel management in the Defense Intelligence Agency.".

EARLY RETIREMENT IN THE SENIOR DEFENSE INTELLIGENCE EXECUTIVE SERVICE

SEC. 603. (a) Section 8336 of title 5, United States Code, is amended by redesignating subsection (k) as subsection (l) and inserting immediately after subsection (j) the following new subsection:

"(k) A member of the Senior Defense Intelligence Executive Service who is removed from the Senior Defense Intelligence Executive Service for less than fully successful performance after completing 25 years of service or after becoming 50 years of age and completing 20 years of service is entitled to an annuity.".

(b) Section 8339(h) of title 5, United States Code, is amended by striking out "section 8336 (d), (h), or (j)" and inserting in lieu thereof "section 8336 (d), (h), (j), or (k)".

VETERANS PREFERENCE IN THE SENIOR DEFENSE INTELLIGENCE EXECUTIVE SERVICE

SEC. 604. Paragraph (3) of section 2108 of title 5, United States Code, is amended by inserting ", the Senior Defense Intelligence Executive Service," after "Senior Executive Service".

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 605. (a) Section 5102(a)(1) of title 5, United States Code, is amended—

(1) by striking out "or" at the end of clause (viii);

(2) by inserting "or" at the end of clause (ix); and

(3) by inserting the following new clause after clause (ix):

"(x) the Defense Intelligence Agency, Department of Defense;".

(b) Section 5342(a)(1) of such title is amended—

(1) by striking out "or" at the end of subparagraph (I);

(2) by inserting "or" at the end of subparagraph (J); and

(3) by inserting the following new subparagraph after subparagraph (J):

"(K) the Defense Intelligence Agency, Department of Defense;".

(c) Section 7103(a)(3) of such title is amended—

(1) by striking out "or" at the end of subparagraph (F);

(2) by inserting "or" at the end of subparagraph (G); and

(3) by inserting the following new subparagraph after subparagraph (G):

"(H) the Defense Intelligence Agency;".

EFFECTIVE DATE

SEC. 606. The amendments made by this [title] subtitle shall take effect on the first day of the first pay period which begins after the thirtieth day following the date of the enactment of this Act.

Subtitle B—National Security Agency

SEC. 611. This subtitle may be cited as the "Senior Crytologic Executive Service Act of 1981".

SEC. 612. (a) The Secretray of Defense (or his designee) may establish a Senior Cryptologic Executive Service within the National Security Agency comparable to the Senior Executive Service established under subchapter II of chapter 31 of title 5, United States Code. Under the authority of the Secretary of Defense, the Director, National Security Agency, is authorized to adopt administratively those provisions of title 5, United States Code, that the Director considers necessary to administer the Senior Cryptologic Executive Service and to appoint, without regard to the civil service laws, individuals to positions established within the Senior Cryptologic Executive Service.

(b) The Secretary of Defense or his designee may promulgate regulations establishing a Senior Cryptologic Executive Service which—

(1) meets the requirements set forth in section 3131 of title 5, United States Code, for the Senior Executive Service;

(2) provides that positions in the Senior Cryptologic Executive Service meet requirements which are consistent with those in section 3132(a)(2) of title 5, United States Code;

(3) notwithstanding any limitation on compensation set out in any other law, provides rates of pay for the Senior Cryptologic Executive Service which are not in excess of the maximum rate or less than the minimum rate of basic pay established for the Senior Executive Service under section 5382 of title 5, United States Code, and which are adjusted at the same time and to the same extent as rates of basic pay for the Senior Executive Service are adjusted;

(4) provides a performance appraisal system for the Senior Cryptologic Executive Service that is consistent with the principles of the provisions of subchapter II of chapter 43 of title 5, United States Code;

(5) provides for removal consistent with section 3592 of title 5, United States Code, and removal or suspension consistent with subsections (a), (b), and (c) of section 7543 of such title 5; except that any hearing or appeal to which an employee is entitled shall be held or decided pursuant to procedures established by regulation of the Secretary of Defense or his designee;

(6) permits the Director, National Security Agency, to pay performance awards to members of the Senior Cryptologic Executive Service consistent with the provisions applicable to the heads of agencies under section 5384 of title 5, United States Code;

(7) provides that members of the Senior Cryptologic Executive Service may be granted sabbatical leaves in accordance with provisions of section 3396(c) of title 5, United States Code; and

(8) provides that annual leave of a member of the Senior Cryptologic Executive Service shall not be subject to the limitation on accumulations imposed by section 6304 of title 5, United States Code.

(c) The President, based on the recommendations of the Secretary of Defense, may award ranks to members of the Senior Cryptologic Executive Service in a manner consistent with the provisions of section 4507 of title 5, United States Code.

(d) Notwithstanding any other provision of this Act, the Director, National Security Agency, may detail or assign outside the National Security Agency individuals appointed to the Senior Cryptologic Executive Service positions in which the appointee's expertise and experience may be of benefit to the National Security Agency or another Government agency and the appointee shall not lose thereby any of the entitlements or status associated with the appointment in the Senior Cryptologic Executive Service.

(e) The National Security Agency shall submit to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate, at the time the budget is submitted by the President to the Congress during each calendar year, a report on the Senior Cryptologic Executive Service. The report shall include—

(1) the total number of positions added to or deleted from the Senior Cryptologic Executive Service at the end of the preceding fiscal year;

(2) the percentage of senior executives at each pay rate employed at the end of the preceding fiscal year;

(3) the number, distribution, and amount of performance awards and incentive awards paid, and ranks awarded during the preceding fiscal year; and

(4) the number of individuals removed from the Senior Cryptologic Executive Service for less than fully successful performance.

SEC. 613. (a)(1) Section 8336 of title 5, United States Code, is amended by redesignating subsections (i), (j), and (k) as subsections (j), (k), and (l) and inserting immediately after subsection (h) the following new subsection:

"(i) A member of the Senior Cryptologic Executive Service who is removed from the Senior Cryptologic Executive Service for less than fully successful performance after completing twenty-five years of service or after becoming fifty years of age and completing twenty years of service is entitled to an annuity.".

(2) Section 8339(h) of title 5, United States Code, is amended by striking out "section 8336 (d), (h), and (j)" and inserting in lieu thereof "section 8336 (d), (h), (i), or (k)".

(b) Section 2108 of title 5, United States Code, is amended by inserting "the Senior Cryptologic Executive Service" before "or the General Accounting Office."

SEC. 614. The Director, National Security Agency, may promulgate regulations establishing a merit pay system for such employees of the National Security Agency as the Director considers appropriate. The merit pay system shall be designed to carry out purposes consistent with those set forth in section 5401(a) of title 5, United States Code.

SEC. 615. The amendments made by this subtitle shall take effect on the date of the enactment of this Act.

Mr. WALLOP. Mr. President, I have the privilege and honor this year of introducing the intelligence authorization bill, which authorizes appropriations for U.S. intelligence activities for fiscal year 1982.

This legislation authorizes appropriations for those programs and activities of the U.S. Government which serve the intelligence needs of our national policymakers. This includes the Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the national intelligence activities of the Departments of Defense, State, Treasury, and Energy, the Federal Bureau of Investigation, and the Drug Enforcement Administration. This bill also includes a number of legislative provisions which are designed to enhance the effectiveness of our intelligence agencies.

Annual budget authorization is one of the principal means of providing effective congressional oversight of U.S. intelligence activities. It is also regarded by the committee as one of the key means of strengthening and improving the intelligence system. Each year, the committee conducts a comprehensive review of the intelligence budget request, which includes testimony by the Director of Central Intelligence, key Defense Department officials, and each of the principal program managers.

During the course of the budget authorization process this year, the committee focused its attention on how well the intelligence community was prepared to meet its overall responsibilities, major gaps and deficiencies in current capabilities, and the actions necessary to insure the intelligence system is able to cope with future policymakers' needs.

The committee indicated last year that in its judgment the decade of the 1980's would place a greater burden than ever on the U.S. intelligence system to provide timely and relevant support to the foreign and defense policy process. We see no reason to change this prognosis; indeed, if anything, events of the past year have served to strengthen our assessment. Key among the many factors influencing this assessment are the following:

Competition between the United States and its principal adversaries is likely to grow during the 1980's, which will require an even greater commitment of intelligence resources to adequately cover the political, military, and economic aspects of this challenge;

Continued political instability, economic problems, and societal change in the Third World will require increased attention because of the growing strategic implications of developments in these areas for U.S. interests;

Emerging global issues such as energy and other strategic materials, food resources, population growth, international terrorism, nuclear proliferation, and the transfer of U.S. technology will place additional burdens on the intelligence system;

Continually changing trends in the intelligence environment will require the U.S. intelligence system to alter and improve its capabilities to keep pace; and

Selected collection and processing systems are rapidly becoming obsolete or inefficient and need to be replaced with modern state-of-the-art capabilities.

Resource constraints and inflation during the past decade have had a sig-

nificant impact on the intelligence community's ability to adequately fulfill its mission. The U.S. intelligence system is not able to deal with multiple crises as we have experienced recently, without diverting resources from other high priority missions. Moreover, in many areas of the Third World, coverage by the U.S. intelligence system is either marginal or nonexistent. Actions by the committee over the past 2 years are beginning to improve this situation, but resources will continue to be stretched extremely thin for the near term.

Over the longer term, however, a robustness must be reestablished in the U.S. intelligence system. We must insure a healthy mix of technical collection capabilities with sufficient redundancy to guard against unexpected compromise or loss; we must expand the corps of foreign area specialists and linguists, and improve data processing support to analysis; and we must strengthen human source collection, our ability to influence events abroad through covert means, and our ability to counter foreign espionage and international terrorism. The committee's recommendations for fiscal year 1982 are fully supportive of these goals.

Because of the sensitivity of our intelligence operations, and the potential for compromise by our adversaries, I cannot discuss the details of the committee's recommendations in open session. These, however, have been set forth in a classified committee report which has been made available to the members under the provisions of Senate Resolution 400.

In conclusion, Mr. President, the committee is persuaded that the United States must strengthen and improve its intelligence capabilities to compete effectively in world affairs in the decade ahead. The intelligence appropriations recommended for fiscal year 1982, we believe, are essential, and represent a prudent investment strategy which will enable the intelligence system to be fully responsive to the diversity of policy concerns likely to face the Nation in the years ahead. I strongly urge my colleagues to support this legislation.

Mr. MOYNIHAN. Mr. President, as vice chairman of the committee, may I take the opportunity to express the appreciation of the whole committee to the Senator from Wyoming for the extraordinary care and meticulousness with which he has carried out a responsibility for this body in a manner that we associate with him but which has been specially difficult this year. He has done this with a distinction which the committee knows, and I will not be the only Member who wishes to express our appreciation to him.

Mr. President, I am happy to join my distinguished colleague from Wyoming in support of the Intelligence Authorization Act for fiscal year 1982. With this bill, the Select Committee on Intelligence takes another step in the rebuilding of our intelligence capabilities, capabilities which will be vital for our security in the insecure decade which lies ahead.

I cannot, of course, refer in detail in open session to the matters which comprise the heart of the bill—the authorization of adequate amounts of money for the intelligence activities of the United States. It must suffice to say that after reviewing thousands of pages of budget justification material, and hearing many hours of testimony, our committee agreed that the amounts provided in this bill will enable the intelligence community to rebuild capabilities which, due to resource constraints during the past decade, have been at times less than adequate. As the committee report states, we believe that the recommended intelligence appropriations "are essential, and represent a prudent investment strategy which will enable the intelligence system to be fully responsive to the diversity of policy concerns likely to face the Nation in the years ahead."

Among the minor legislative provisions contained in the bill, there are two to which I would like to make special reference. The first of these addresses a major problem facing the intelligence community, that is, the lack of personnel adequately trained in foreign languages. This provision allows the Director of National Security Agency to, in the words of the report:

> Work with and provide financial support to educational institutions and government training facilities for the development of language training programs. . . .

In any such arrangement, it should be pointed out, the officials representing the educational institution would know that they were dealing with the NSA and would decide on the basis of their own policies whether they wish to deal with an intelligence agency or not; hence, there is no question here of any covert relationship in which university officials would not know with whom they were working.

The second provision enables the DIA to establish a flexible personnel system in a manner similar to that of the CIA. As the report notes:

> DIA has been significantly handicapped in its ability to recruit and reward outstanding analysts and other intelligence specialists and otherwise to operate an effective civilian personnel system. If the benefits of "competitive analysis," a concept which both Administration and the Committee strongly support, are to be realized, it is imperative that DIA have analytical capabilities comparable to its sister agencies.

The strengthening of the DIA is a major positive step the committee is taking in trying to insure a high quality of intelligence analysis. We cannot expect our intelligence agencies to be infallible; but we can expect that our policymakers will be better served when they receive the widest possible range of supportable and reasoned views on the difficult subjects with which they must deal.

I join my colleague in urging the Senate's support of the Intelligence Authorization Act for fiscal year 1982.

Mr. WALLOP. Mr. President, I thank the Senator from New York.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and the third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. WALLOP. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 3454, Calendar Order No. 198, the companion bill to S. 1127.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

> A bill (H.R. 3454) to authorize appropriations for fiscal year 1982 for the intelligence and intelligence-related activities of the United States Government, for the Intelligence Community Staff, and for the Central Intelligence Agency Retirement and Disability System, to authorize supplemental appropriations for fiscal year 1981 for the intelligence and intelligence-related activities of the United States Government, and for other purposes.

The PRESIDING OFFICER. Without objection, the Senate will proceed immediately to the consideration of the bill.

Mr. WALLOP. Mr. President, I ask unanimous consent that all after the enacting clause of H.R. 3454 be stricken and that the language of S. 1127, as amended by the Senate, be substituted in lieu thereof.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WALLOP. Mr. President, I request the third reading and final passage of H.R. 3454 as amended.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 3454) was passed.

Mr. WALLOP. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MOYNIHAN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. WALLOP. Mr. President, I move that the Senate insist upon its amendment and request a conference with the House of Representatives on the disagreeing votes of the two Houses and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to; and the Chair appointed Mr. GOLDWATER, Mr. WALLOP, Mr. GARN, Mr. DURENBERGER, Mr. ROTH, Mr. SCHMITT, Mr. WARNER (for matters of interest to the Armed Services Committee), Mr. MOYNIHAN, Mr. INOUYE, Mr. JACKSON, Mr. LEAHY, and Mr. BENTSEN conferees on the part of the Senate.

Mr. WALLOP. Mr. President, I ask unanimous consent to indefinitely postpone S. 1127.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I thank the Senator from Wyoming and the Senator from New York for managing this bill and doing so in a very prompt way.

ECONOMIC RECOVERY TAX ACT OF 1981

The Senate resumed consideration of the joint resolution (H.J. Res. 266).

Mr. BAKER. Mr. President, is the business before the Senate now the so-called Bentsen amendment.

The PRESIDING OFFICER. The Chair advises that under the previous order the Senator from Texas is about to be recognized.

Mr. BAKER. I thank the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized.

THE SAVINGS AMENDMENT

Mr. BENTSEN. Mr. President, a little later in the evening I will be offering an amendment, the savings amendment, which is at the desk at the present time, and it is a straightforward one designed to insure that the bulk of the deposits created by the all-savers certificate are directed to the hard-pressed industries, housing and agriculture, and that in turn that they do not miss the target as I think we do under the present savers amendment wherein some 60 percent of those savings would go into the commercial banks and only about 40 percent of it would go into the thrift institutions that have been making most of our housing loans.

But we have also said that all financial institutions that are insured are going to be able to make these housing loans and that means if the commercial banks want to make that housing loan then they can do just that.

One of the requirements is that they put in housing not less than 75 percent of the face amount of the certificates they sell into housing or into agriculture, home improvement loans, loans on mobile homes, and that the other 25 percent can be loaned into any other avenue that they so desire under the regulations for that particular financial institution.

This would be done on the basis of $1,000-tax-free interest on that savings account for the first year for the individual and $2.000 on a joint return.

In addition, in the second year, it would be $750 for the individual and $1,500 for the joint return, and so on into the third year.

These certificates could be issued for over 2 years. They could be started on October 1, 1981, and last issued on September 30, 1983.

What we are trying to be sure of is that we are not dealing in hot money, that we are talking about money that is going to be committed to savings and therefore that whatever the financial institution is that it can feel that it is going to have those kinds of funds for a period of time that is sufficient for them to do the funding of the housing mortgages that have to be done in this country.

Before I get into the details of my amendment to all-savers provision, I want to state that the action I took a little earlier this afternoon, and that of many of my colleagues, in voting against the $200 and the $400 provision for savings that was offered by the distinguished Senator from New York, Senator D'AMATO, was that we did vote against that because, had we not done so, that would have been at a cost of $1,400,000,000 worth of tax revenues that would have been taken out of our resolution and, therefore, would have made it impossible to come up with this all-savers amendment. So that was the reason that many of us, even though we felt that the D'Amato amendment was a very meritorious one, that we could not have both of them if we had to make a choice.

I must say, since I was one of those who worked very diligently in putting that on the books to start with, I found myself in a rather paradox. But I felt that that was a choice that had to be made in order that we could bring along something that would be more meaningful in trying to help people buy a new home in this country.

When we pick up the morning newspaper, we rarely read about some young couple that is having trouble buying a a new home. That really is not the subject that we read about.

What we are reading about today is where someone has just gone down and borrowed $7 billion to go out and buy some giant corporation, borrowed from financial institutions the savings to buy a large corporation, not something that I think is going to add to the productivity of that particular corporation; savings that I think could have been better spent in buying new plants, buying new equipment to make this country more productive or to be invested in homeownership.

What we are trying to do in coupling this to housing is to see that we put people back to work in the housing industry, that we have enough inflow of savings into these financial institutions that we can bring the rates down to make homes more affordable again.

When young couples go out to buy their first home—and only 3 percent of them can buy a new home today, only 3 percent of them can buy that home. The average cost of a home—and it is changing every day, but the average cost that has been quoted most recently that I have seen is $69,000. That is the average price.

Now, what do they think of when they go out to buy that home? Not so much what that overall price is, but "What is the monthly payment? Can I fit that monthly payment into my paycheck and have something left over to live on?" That is what we are trying to do in coupling this to housing.

These young people need help. They cannot pass on the 16- or the 17-percent interest rate on a home mortgage that is the average home mortgage rate across the country today. They cannot pass it on like a giant corporation can to its consumers.

Homeownership is a vital national investment. It is an investment in jobs, in productivity, in savings, but it is also an investment in social stability in our country. Homeownership is a critical component of the glue which holds a mature society together. Homeownership promotes stability, encourages participation in government and a willingness to see that our institutions function smoothly and fairly.

Homeownership lets us put down roots and have a vested interest in America's future. Homeowners are the great, broad, stable foundation of our country because they want to see it grow, improve, and become stronger. They have a stake in America and that means they will work to improve it, not to tear it down. They are constructive citizens, not indifferent or destructive ones. And their children grow up in the most desirable environments as well.

Yet, one-third of all families do not own their own homes. And their numbers are growing by leaps and bounds as they find the American dream of homeownership just out of their reach. Over 16 million new-home family households will be formed in the 1980's. That is a sharp 25 percent rise over the number formed in the 1970's. More than 41 million people will turn 30 in the 1980's—virtually all of them will be eligible to be first-time homebuyers. The key home buying group of age 25 to 30 years of age will increase every year during the 1980's.

It is not difficult to visualize the crushing financial burden facing the first home buyer. If you have a young couple who want to make that downpayment today, they would be required to have cash in hand of $13,800 for a 20-percent downpayment on the average-priced new home. Closing costs would add another $2,000, for a total $15,800. It takes almost a miracle for a young couple to be able to save that kind of money.

In the past, we have had tremendous success in programs to help finance homeownership in this country—things like the FHA home loan program and the GI home loan. Do you know what "GI" stands for today, though, when it comes to homeownership and trying to qualify someone for a loan? "GI" stands for "generous inlaws." That is about the only way they can hump it today.

(Mr. SYMMS assumed the chair.)

Mr. BENTSEN. Mr. President, even with the cash down payment in hand, a young couple must then confront the staggering monthly payment with mortgage rates above 16 percent. On their new home, the payments would be over $700 a month.

If you take that home and you get a 30-year mortgage, with a normal downpayment, you will find the monthly payments are about $335 higher when the mortgage rates are 16 percent than they would be if the mortgage payments were at 8 percent. So we need savings incentives in our tax code.

I have had a lot of people say to me: "Well, isn't this going to be unique to

the United States to have something like this?" Absolutely not. The French and the Germans have these kinds of incentives built into homeownership in their countries. I think it is time that we do it here.

We need it to help bring down the soaring home mortgage rates which have put the cost of homeownership beyond the reach of our young Americans.

The baby boom generation is coming of age. Yet, we as a nation cannot offer them the same opportunities for homeownership which their parents—and my colleagues here—enjoyed. They need roots. They need to participate in the quest, the dream of homeownership, just as their parents did. But it is a fading dream:

We are now producing barely one-half the 2 million new units needed annually throughout this decade.

The soaring cost of home mortgages has eliminated the dream of homeownership for all but a privileged few.

It has become fashionable, I know, trendy in some circles recently, to downplay the central role of housing and homeownership in our society. This has extended to the specialized role played by our savings and loan institutions, as well, and is reflected in efforts to homogenize our financial institutions. Savings and loan institutions serve a legitimate social objective in promoting homeownership. Our society and Nation will be the worse for it if that mission is taken from them.

Well, I take second place to none in my commitment to capital formation, in trying to increase the investment in plant and equipment and raising our productivity. But the way to do it is not to rob Paul to pay Peter. We do not need to plunder our housing industry, our farming industry, or our defense industry to fund capital for industrial investment.

It is argued that homeownership should only be a luxury—that our generation should pull up the drawbridge behind us in order to free up capital for investment in new plant and equipment.

Well, I take second place to none in my commitment to capital investment in plant and equipment, and raising our productivity. But the way to do that is not to rob Peter to pay Paul. We do not need to plunder our housing industry, our farming industry, or our defense industry to fund capital for industrial investment. The way to do that is to boost the national pool of savings so that we can afford both more housing and more plant and equipment. In fact, enlarging the national pool of savings is a major reason why we are here today and why the Congress should enact my amendment.

It is a myth that our Nation overspends on housing. According to the United Nations, virtually every industrialized nation devotes a larger share of GNP than the United States to housing. From 1970 to 1978, for example, we devoted 4.4 percent of our GNP to housing. In Japan—with the world's fastest growing rate of productivity—the comparable average was 7.6 percent. In Germany—the other big gainer in productivity during the 1970's—housing investment averaged 6.4 percent of GNP. In France, it was 7.1 percent, and Canada 5.6 percent. These international data show we are underspending—not overspending—on housing.

These data also show that—like Japan and Germany—we can have both more housing and more investment in plant and equipment. To repeat, the key is boosting our savings rate, which is what my substitute amendment to the all-saver provision will do.

THE DEPRESSION IN HOUSING

I will not dwell at length on the dismal economic state of our vital housing industry. My colleagues and the administration are well aware that soaring mortgage costs have plunged that entire industry into a depression, which is now well into its third year. It is a depression which has persisted despite the robust economic growth we experienced in the first quarter this year. The housing depression is so deeply embedded that we now face a real prospect of a permanently crippled housing sector, barely able to meet even half the demand projected for housing over this decade.

Here are the hard facts:

Housing starts have fallen to an annual rate of 1.15 million units, only one-half the rate attained in 1978 and far below the rate of new household formations.

Business failures in the construction industry were up 87 percent in January, compared to January of 1980. Bankruptcy among construction subcontractors rose even more, to 92 percent.

Unemployment in the construction industry is 16.6 percent, well over double the 7.3 percent rate for the entire Nation.

Over one million jobs in construction and housing have been lost since 1979.

The supply of mortgage funds has dried up as mortgage lenders, particularly savings and loan associations and mutual savings banks, have suffered major deposit losses—$28 billion in 1980. A staggering $6.6 billion deposit loss occurred in April, alone.

Those are your S. & L.'s and mutual savings banks put together.

Soaring mortgage rates have pushed the cost of capital above earnings at thrift institutions. As a result, their reserves are being depleted with losses projected to run up to $6 billion this year alone.

One hundred and nineteen S. & L.'s were merged out of existence last year, many in order to head off bankruptcy. And, 80 more have already been eliminated through merger this year.

Two hundred sixty-three other S. & L.'s are on the troubled institutions list maintained by the Federal Home Loan Bank Board—up from 70 just 1 year ago. Chairman Pratt of the Federal Home Loan Bank Board last month has said that the total S. & L. industry faced potential losses of $6 billion over the next year. But yesterday, in testimony before the House Banking Committee, he went further. He predicted that, unless some action is taken to ease their plight, one S. & L. every day over the next year would be reduced to a net worth of zero—an institution a day reaching bankruptcy. That would result in a staggering $60 billion loss, only $15 billion of which could be covered by liquidation of assets and Federal insurance. That is a public statement.

Chairman Pratt also revealed that one-third of the Nation's 4,700 S. & L.'s containing assets of $200 billion are "not viable under today's conditions" of high and volatile interest rates. He also noted that the 395 institutions in the worst condition are presently losing $3.50 on every $100 of assets as their cost of money continues to exceed their portfolio yield.

The fundamental problem for both hard-pressed mortgage lenders and the housing industry is the sky-high cost of mortgage money. Reducing the cost of capital to mortgage lenders who can then reduce mortgage rates is the key to ending the housing depression and putting thrift institutions back on their feet.

Let me stress that lower cost mortgage money is an immediate solution to the economic problems piling up for the thrifts and housing. Other steps, for example the introduction of variable rate mortgages, are underway to deal with these economic problems in the long run. What we need is a solution for the short run—the next 3 years—which will pull these industries up until these longer run solutions take hold.

CREDIT ALLOCATION

The Finance Committee has been criticized by several columnists for allocating credit in expanding individual retirement accounts and in establishing the universal IRA. And, I suspect the same charge will be leveled against my amendment, as well. That reaction draws mixed feelings from me. I have a great and abiding faith in the market system as the most efficient mechanism for the allocation of economic resources. At the same time, I acknowledge that socially desirable objectives—the promotion of retirement savings, the stimulation of productivity enhancing investment, as we have tried in this particular bill, the maintenance of a stable, robust farm economy, or enlarging the opportunities for homeownership—can and do require special attention.

In fact, the history of this body can be largely written through its actions designed to complement our market system by allocating resources in a different way. Everywhere we look, we find examples where social or public policy objectives required the allocation of resources. Rural Development Grants; small business loans and grants; loan guarantees for pollution abatement investments; Export-Import Bank funding; agricultural export loan guarantees; deductions for charitable contributions;

industrial revenue bonds; tax forgiveness at the State and local level to attract new industry; I could go on and on. And, if we look overseas at our trading partners, the picture is the same.

The all-savers provision now in the tax bill allocates credit. It allocates it primarily to banks, with thrift institutions and credit unions receiving relatively little. I am not satisfied with that allocation pattern because of its poor stimulative impact on savings. By targeting more of the deposits created by all-saver certificates at housing as provided by my amendment, we will both boost savings and promote the socially desirable objective of homeownership. The all-savers concept already embodies the notion of credit allocation. The decision before us now is not whether we should allocate credit. The question is whether or not we will do it in an effective fashion which creates new savings while simultaneously providing temporary aid to housing and agriculture.

MUNICIPALITIES

Some municipal officials have questioned whether the all-saver certificate will jeopardize the municipal bond market. I think not. Interest rates there are based on general market conditions, actions by the Federal Reserve on the money supply, and the financial soundness of the potential borrower. In fact, linking housing to all-saver deposits will be of significant benefit to municipalities who stand to gain sizable windfall tax receipts from the boost in housing activity.

A study completed just last week by DRI (Data Resources Institute), for example, found that my amendment would raise State and local tax receipts by over $5 billion in 1982 alone. Even larger increases would occur in later years. A previous study by the Joint Economic Committee, based on the Wharton economic model, had similar findings. So, targeting the all-saver will reduce the need for State and local governments to even enter the bond market to the extent they have in the past.

Let us look at another point. When they talk about targeting, what else do we do when we have a municipal entity that issues municipal bonds for a housing authority that decides they want to put it over here, and it is to be built in this way, and it is to fit this group?

I think we have come up with a much better approach to it in the free market system because we have said, "Let us do it through the private institutions. Let us do it through the S&L's, through the credit unions, through the banks. But let them sell it to whomever wants to come in and invest their money." And then turn around and loan that money, whatever the size of the house, wherever they want to build it, and to whomsoever can qualify for it. That is the proper way to do it.

On a more fundamental level, my amendment will permit State and local government officials to reduce their subsidies to housing and renters. By boosting the production of housing, it will minimize the need for these officials to enter financial markets for subsidy funds, or to design and enforce complicated rules and regulations covering rent levels. In short, it will move housing more into the free market and away from control by Government officials at all levels. Given the choice between meeting our housing crisis through the actions either of Government bureaucrats or of the private market, I believe most of us would select the latter. And my amendment will do just that.

THE PRESENT ALL-SAVERS CERTIFICATE PROVISION

The all-savers certificate concept in the Finance Committee bill does not target savings at housing. I think it is a substantial step forward. I certainly congratulate my friend, Senator DANFORTH. I supported his amendment. It merely authorizes any lending institution to issue a 12-month certificate of deposit, with the interest to savers exempt from Federal income taxes. To insure that the cost of these deposits is lower than other funds, the interest cost to lenders is set at 70 percent of the comparable 52-week Treasury bill rate.

Based on experience since 1979 with 6-month saving certificates issued by banks and S. & L.'s, much less than one-half of the all-saver deposits will flow to housing. The balance will end up being used for all sorts of other purposes, including art and coin speculation. And, because relatively little of these deposits will go to the housing sector, the all-saver certificate will not generate substantial new savings.

How can you generate that kind of new savings when the other one does not? I will tell you how. You do it by the fact that you put almost 1 million people back to work. You take them off of the unemployment rolls in housing and those industries closely allied to housing, and you put them back here on the employment rolls where they are not drawing unemployment compensation but they are paying taxes. They have discretionary money to save.

We have the numbers to show us, and the DRI study shows us. Again, the realtors did a study with their econometric model, and they came out with essentially the same. They showed you would actually have a net increase of savings—I am not transferring from one account to the other, but a net increase in savings—of 10 percent a year.

That is a compounded 10 percent a year.

The savings in this country are approximately $100 billion. So you are talking about $10 billion, $20 billion, and $30 billion at the end of the third year of net increase of savings in this country.

Obviously, that means a great boon in the way of putting people back to work in the housing industry. It means a great amount of money available for mortgages. It means such an inflow of savings that it just has to bring mortgage rates down for the homeowner.

But without that kind of a link you are not going to generate the new employment, the income, and the savings to that extent.

My amendment, Mr. President, will improve the cost effectiveness of the all-saver certificate by linking it closely to housing and agriculture, and, as a consequence, it will insure that most of the new deposits placed in these certificates will flow into the housing and farming sectors, enabling those industries to lead a major economic boom and create substantial new savings. In addition, my amendment will enable savers to utilize these new certificates for 3 years rather than just the one, and bring this program into conformity with the 3-year administration and Finance Committee tax program.

For it is the new economic activity which will be generated by these certificates which is the major source of any new savings. Without a link to housing, the all-savers certificates will generate relatively little new employment, income, and savings.

In its present form, the all-saver certificate is neither an efficient stimulus to new savings nor an effective stimulus for the hard-pressed thrift institutions and the housing industry. It is not effective, or cost effective.

EXPLANATION OF AMENDMENT

My amendment, Mr. President, will improve the cost effectiveness of the all-saver certificate by linking it closely to housing and agriculture. As a consequence, it will insure that most of the new deposits placed in these certificates will flow into the housing and farming sectors enabling those industries to lead a major economic boom and create substantial new savings. In addition, my amendment will enable savers to utilize these new certificates for 3 years, rather than just 1 year, and bring this program into conformity with the 3-year administration and Finance Committee tax program.

Here are the details of my amendment:

First. As with the all-saver, all depository institutions will be eligible to issue certificates, including commercial banks, S. & L.'s, mutual savings banks, and credit unions.

Second. The yield to savers will be pegged, as with the all-saver, at 70 percent of the 52-week T-bill rate.

Third. The current $200—$400 for a married couple filing jointly—interest and dividend exclusion will be phased-out in January 1982, as with the all-saver. However, unlike the all-saver provision, my amendment does not reinstate the $100 to $200 exclusion on dividends for 1982 and thereafter.

Fourth. Unlike the all-saver, my provision would permit certificates to be issued in fiscal year 1982 and fiscal year 1983—not just fiscal year 1982—which will enable them to be used by savers for 3 full years to coincide with the duration of other provisions in the tax bill. Because it is a lifetime exclusion, the all-saver would be available to savers just one time in fiscal year 1982.

Fifth. My amendment carries a $1,000 to $2,000 exclusion on certificate interest received in 1982, and a $750 to $1,500 exclusion on interest earned thereafter.

Sixth. Unlike the all-savers provision, my amendment contains a housing link. My amendment requires that at least 75 percent of the new deposits in an institution issuing the all-saver be invested in qualified housing-related assets. To deal with the possibility that savings will be shifted into all-saver certificates from passbook or other existing retail time deposits, only new net—receipts minus withdrawals—retail time deposits will be counted in applying this eligibility test, including deposits in passbook accounts, 6-month and 30-month certificates, all-saver certificates and all other retail time deposits in denominations of less than $100,000.

In addition, the possibility exists that growth in existing types of retail time deposits at some issuing institutions may exceed the growth in all-saver certificate deposits. Consequently, my amendment permits institutions to alternatively satisfy the housing investment eligibility test if they place at least 75 percent of new net all-saver certificate deposits, rather than new net retail time deposits, in housing related assets.

After some deliberation, I decided to exclude credit unions from this requirement. Their deposits are small—3 percent of those at banks and S. & L.'s—and in most States they have been prohibited until recently from making residential mortgage loans. At the same time, excluding them from utilizing these certificates would needlessly jeopardize their own deposits.

Seventh. To encourage commercial banks to utilize these new certificates, eligible housing related assets in which new deposits can be invested include home improvement loans, construction or rehabilitation loans, Fannie Mae, Ginnie Mae, and Freddie Mac securities, Government insured or guaranteed mortgage loans, as well as home mortgages, loans on mobile homes, and mortgages purchased in secondary markets. To insure that these deposits generate new housing activity, eligible or qualified institutional investments include all new loan originations in these housing assets, plus the net—purchase minus sale—growth in such housing assets acquired on a non-origination basis.

ASSISTANCE TO AGRICULTURE

Again, unlike the all-savers provision, this amendment also contains an agricultural link. My amendment also provides that agricultural loans will be eligible as qualified assets as well as housing loans.

This provision recognizes that farmers are literally "mortgaging the farm" to feed the American people. Real net farm income in 1967 dollars dropped to $9 billion in 1980 and will probably remain flat in 1981. By contrast, the 1967–70 average was $13.5 billion, and the previous low of $9.5 billion in 1977 sparked widespread farm protests.

Farmers have had to go ever-deeper into debt to stay in business. Farm debt has increased by an average of over 14 percent per year for the last 4 years. Interest rates this spring were a record high 17.9 percent, up 4 full points from last year, and interest costs went up by over 28 percent in 1979.

Farmers have no choice when planting time comes around—they must borrow the money to put a new crop in. They must hope that prices will get better, but instead they are getting worse. High interest rates increase the cost of holding and storing farm commodities, which means the farmer takes a cut in price. If he wants to hold it himself, the interest charges on a Government loan will cost him over 50 cents per bushel on his wheat.

In addition, high interest rates are reducing our agricultural exports. American wheat is 40 percent higher than last year in Rotterdam due to the increase of the dollar against the guilder, and on top of that, most hungry nations cannot afford our interest rates. This means that wheat today in Amarillo, Tex., is bringing the farmer $3.54 per bushel when it costs him over $5 to produce it, and volume will not let him work his way out of it. This cannot continue for long.

Farmers must have access to an adequate supply of credit at reasonable interest rates, and my amendment is a major step in that direction.

Mr. President, let me briefly note that my friend, the distinguished Senator from Missouri (Mr. DANFORTH), was instrumental in having me add this provision to this particular amendment. He expressed his strong concern and desire that it be applied. I think his arguments were convincing and I am pleased to do so.

ECONOMIC IMPACT

Mr. President, let me briefly note the projected economic impact of my amendment. The Joint Tax Committee has projected a gross revenue loss over the effective period of my amendment of $6.2 billion. When the tax savings from repeal of the $200/$400 interest and dividend exclusion in 1982 and the $100/$200 dividend exclusion in 1983 and 1984 are added, my amendment carries a net revenue loss of $1.6 billion. There are static loss estimates, of course, and are very misleading. They assume that the all-saver tied to housing generates no economic activity and has no reflow or economic impact on Federal outlays or tax receipts in future years.

However, with at least 75 percent of the net new deposits flowing into the housing sector, a substantial amount of new economic activity will result from the housing link established by my amendment. An analysis was made by the National Association of Realtors and Data Resources Inc., and they were remarkably alike in determining the revenue and economic impact of my amendment. It revealed that the housing link will create substantial new economic activity, which increases Federal tax receipts and reduces Federal outlays.

The all-saver certificate with my housing link will:

Generate $6.3 billion in new Federal tax receipts over the period fiscal year 1982 to 1984. The amendment pays for itself in 3 years and is costless from a Federal revenue viewpoint.

Reduce the projected Federal deficit in fiscal year 1982 to 1984 by close to $5 billion due to reduced Federal outlays for unemployment compensation and to repeal of the $200/$400 exclusion provisions. The fiscal year 1984 surplus will rise by $2.3 billion as a result of my amendment.

Increase real GNP by $4.6 billion in fiscal year 1982, $6.6 billion in fiscal year 1983, and $5.1 billion in fiscal year 1984.

Create 200,000 new jobs in fiscal year 1982, 420,000 new jobs in fiscal year 1983, and 220,000 new jobs in fiscal year 1984. That is compounded on top of each other.

Increase housing starts by 250,000 units in fiscal year 1982, 275,000 units in fiscal year 1983, and 130,000 units in fiscal year 1984.

Increase the personal savings rate by 10 percent, which will enlarge the pool of savings available by some $10 billion annually. There is net new savings generated by the economic feedback from the housing link of $30 billion over the 3-year period covered by my amendment.

Let me conclude, Mr. President, by urging my colleagues here to join me in improving the all-saver concept. Senator DANFORTH and the Finance Committee undertook a difficult task in breaking new ground with that concept. I supported that effort as a first step. Now we have an opportunity to build on that step by creating a timely, effective, and cost-effective stimulus to saving, to the hard-pressed housing and mortage lending industries, to the Nation's farmers, and to potential homeowners.

Mr. President, I yield to the distinguished Senator from California.

Mr. CRANSTON. I thank my friend very much.

Mr. President, I applaud the creative leadership of my friend from Texas in revising and offering this significant amendment. The Nation needs savings to support productive investment. The support for this proposition was voiced by Norman B. Ture of the Joint Economic Committee in 1976 when he stated:

> Public policy measures to reduce the existing impediments to private savings and capital formation should be given top priority if the employment target and other goals of public policy are to be achieved. . . . For every dollar of capital outlays, there must be a dollar of savings. . . . A major source of bias against savings is the present tax system. . . . The foremost challenge facing the Congress is to deal realistically with the urgent requirement for a higher rate of private savings. If this challenge cannot be met, one or more of the high priority objectives of economic policy will have to bear the brunt of the failure.

Mr. Ture's comments are uppermost in my mind today as we face the urgent task of addressing a proposal to deal with the following problems:

First. Deteriorating financial condition of our Nation's thrift institutions;

Second. High prices of housing;

Third. Soaring unemployment in the construction trade industry;

Fourth. Lack of financing available for small business, housing, and the agricultural industries; and

Fifth. The low rate of personal savings in America.

I believe that this amendment, sponsored by my colleague Senator BENTSEN, will go a long way in addressing specifically the economic problems of the thrift industry, high unemployment, lack of mortgage credit, and the low saving growth in our country. As a member of the Senate Banking, Housing, and Urban Affairs Committee, I have been particularly concerned about the financial condition of our Nation's thrift industry. In April, it was reported that savings and loans were experiencing an historic $4.63 billion deposit outflow. In addition, mutual savings banks sustained an all-time monthly outflow of $2 billion the same month. Mr. Pratt, the thrift regulator, in testimony before the House on Tuesday of this week, said that one-third of the Nation's 4,700 savings and loans institutions are not viable under current high-interest rates despite assets of $200 billion.

It it clear to all concerned that if the current climate of high inflation and high interest rates persist, a sufficient number of thrift institutions failures could result which would strain the resources of the Federal Insurance Corporations and quite possibly precipitate a loss of public confidence in the Nation's financial systems. The "all savers plan" that we are considering today, as projected by the Joint Tax Committee, will generate about $80 billion in deposits at eligible institutions and $20 billion in new savings funds at a crucial time for the thrift industry. This plan will allow thrifts to offer a tax exempt savings certificate of $1,000 to $2,000 maximums tied to 70 percent of the Treasury bill rate. This proposal will make the thrifts competitive with other high yielding market investments and greatly relieve the earnings problems.

Additionally, this amendment will encourage personal savings while lowering the cost of funds available for mortgage credit.

I know that this all sounds too good to be true, but I have not finished yet. It has been estimated that the amendment will create 740,000 new jobs and 655,000 new housing starts over its three year authorization period.

Additionally, $6.3 billion in new Federal tax receipts will be produced and, with the 75 percent housing link, the amendment will put some $13 billion in new funds into housing in the first year.

The severe plight of the Nation's savings institutions has been caused by high and volatile interest rates which have sharply increased savings institutions deposit cost and lowered the return on their long-term assets. The inflation in our economy which has been mounting over a decade, coupled with a large disencentive for savings in our tax laws, will require an even longer term for our Nation to get it under control. We know that a long term solution to the savings industry financial problems can only be achieved through sustained reduction of inflation to rates significantly below today's levels. According to data complied by the International Building Societies, the United States was one of only three industrialized countries in the world to register a decline in the personal savings rate during the second half of the 1970's.

This declining personal savings rate of Americans is a clear indication that the Federal Government should enact this meaningful tax incentive to encourage savings and help increase funds for capital formation.

In supporting this amendment, we will be preserving the historic role of the thrift industry in providing reasonable cost funds for housing while at the same time restoring the health and viability of these institutions while the Congress and the Nation works on a long-term solution to the Nations inflation problems.

Mr. President, I applaud the Senator from Texas once again for his important leadership in this very vital matter.

UP AMENDMENT NO. 227

Purpose: To limit the exclusion on the savings certificates to certificates the deposits on which are used for qualified residential property financing

Mr. BENTSEN. Mr. President, I call up my amendment which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Texas (Mr. BENTSEN) proposes an unprinted amendment numbered 227, on behalf of himself and Messrs. BOREN, HOLLINGS, CANNON, MITCHELL, BAUCUS, HEFLIN, WILLIAMS, and LEAHY .

Mr. BENTSEN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 171, beginning with line 19, strike out all through page 177, line 8, and insert in lieu thereof the following:

SEC. 301. EXCLUSION OF INTEREST ON CERTAIN SAVINGS CERTIFICATES.

(a) GENERAL RULE.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 128 as section 129 and by inserting after section 127 the following new section:

"SEC. 128. INTEREST ON CERTAIN SAVINGS CERTIFICATES.

"(a) IN GENERAL.—Gross income does not include any amount received by any individual during the taxable year as interest on a depository institution tax-exempt savings certificate.

"(b) MAXIMUM DOLLAR AMOUNT.—The amount excludable under subsection (a) for any taxable year shall not exceed—

"(1) $1,000 ($2,000 in the case of a joint return under section 6013) in the case of any taxable year ending before January 1, 1983, and

"(2) $750, ($1,500 in the case of a joint return under section 6013) in the case of any taxable year ending after December 31, 1983.

"(c) DEPOSITORY INSTITUTION TAX-EXEMPT SAVINGS CERTIFICATE.—For purposes of this section—

"(1) IN GENERAL.—The term 'depository institution tax-exempt savings certificate' means any certificate—

"(A) which is issued by a qualified savings institution after September 30, 1981, and before October 1, 1983,

"(B) which has a maturity of 1 year, and

"(C) which has an investment yield equal to 70 percent of the average investment yield for the most recent auction (before the week in which the certificate is issued) of United States Treasury bills with maturities of 52 weeks.

(2) QUALIFIED INSTITUTION.—The term 'qualified institution' means: (A)—

(i) a bank (as defined in section 581),

(ii) a mutual savings bank, cooperative bank, domestic building and loan association, or other savings institution chartered and supervised as a savings and loan or similar institution under a Federal or State law.

(iii) a credit union

the deposits or accounts of which are insured under Federal or State law or are protected or guaranteed under State law.

(B) an industrial loan association or bank chartered and supervised as a savings and loan or similar institution under Federal or State law.

"(d) INSTITUTIONS REQUIRED TO PROVIDE RESIDENTIAL PROPERTY FINANCING.—

"(1) IN GENERAL.—If a qualified savings institution (other than an institution described in subsection (c)(2)(AA)(iii)) issues any depository institution tax-exempt savings certificate during any calendar quarter, the amount of the qualified residential financing provided by such institution shall during the succeeding calendar quarter not be less than the lesser of—

"(A) 75 percent of the face amount of depository institution tax-exempt certificates issued during the calendar quarter, or

"(B) 75 percent of the qualified net savings for the calendar quarter.

"(2) PENALTY FOR FAILURES TO MEET REQUIREMENTS.—If, as of the close of any calendar quarter, a qualified institution has not met the requirement of paragraph (1) with respect to the preceding calendar quarter, such institution may not issue any certificate until it meets such requirements.

"(3) QUALIFIED RESIDENTIAL FINANCING.—The term qualified residential financing includes, and is limited to—

"(A) any loan secured by a lien on a single-family or multifamily residence.

"(B) any secured or unsecured qualified home improvement loan (within the meaning of section 103A(1)(5) without regard to the $15,000 limit),

"(C) any mortgage (within the meaning of section 103A(1)(1)) on a single family or multifamily residence which is insured or guaranteed by the Federal, State, or local government or any instrumentality thereof,

"(D) any loan to acquire a mobile home,

"(E) any construction loan for the construction or rehabilitation of a single-family or multifamily residence,

"(F) the purchase of mortgages secured by single-family or multifamily residences on the secondary market but only to the extent the amount of such purchases exceed the amount of sales of such mortgages by an institution,

"(G) the purchase of securities issued or guaranteed by the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation, or securities issued by any other person if such securities are secured by mortgages orginated by a qualified institution, but only to the extent the amount of such purchases exceed the amount of sales of such securities by an institution, and

"(H) any loan for agriculture purpose.

For purposes of this paragraph, the term 'single-family residence' includes 2, 3, and 4 family residences.

"(4) QUALIFIED NET SAVINGS.—The term 'qualified net savings' means, with respect to any qualified institution, the excess of—

"(A) the amounts paid into passbook savings accounts, 6-month money market certificates, 30-month small-saver certificates, time deposits with a face amount of less than $100,000, and depository institution tax-exempt savings certificates issued by such institution, over

"(B) the amounts withdrawn or redeemed in connection with the accounts and certificates described in subparagraph (A).

"(e) PENALTY FOR EARLY WITHDRAWALS.—

"(1) IN GENERAL.—If any portion of a depository institution tax-exempt savings certificate is redeemed before the date on which it matures—

"(A) subsection (a) shall not apply to any interest on such certificate for the taxable year of redemption and any subsequent taxable year, and

"(B) there shall be included in gross income for the taxable year of redemption the amount of any interest on such certificate excluded under subsection (a) for any preceding taxable year.

"(2) CERTIFICATE PLEDGED AS COLLATERAL.—For purposes of paragraph (1), if the taxpayer uses any depository institution tax-exempt certificate (or portion thereof) as collateral or security for a loan, the taxpayer shall be treated as having redeemed such certificate.

"(f) OTHER SPECIAL RULES.—

"(1) COORDINATION WITH SECTION 116.—Section 116 shall not apply to the interest on any depository institution tax-exempt savings certificate.

"(2) ESTATES AND TRUSTS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the exclusion provided by this section shall not apply to estates and trusts.

"(B) CERTIFICATES ACQUIRED BY ESTATE FROM DECEDENT.—In the case of a depository institution tax-exempt savings certificate acquired by an estate by reason of the death of the decedent—

"(i) subparagraph (A) shall not apply, and

"(ii) subsection (b) shall be applied as if the estate were the decedent.".

(b) CONFORMING AMENDMENTS.—

(1) The table of sections for part III of subchapter B of chapter 1 is amended by striking out the item relating to section 128 and inserting in lieu thereof the following new items:

"Sec. 128. Interest on certain savings certificates.

"Sec. 129. Cross references to other Acts.".

(2) Section 265 (relating to expenses and interest relating to tax-exempt income) is amended by inserting ", or to purchase or carry any certificate to the extent the interest on such certificate is excludable under section 128" after "116".

(3) Paragraph (2) of section 584 (c) (relating to income of participants in common trust funds), as in effect for taxable years beginning in 1981, is amended by inserting "or 128" after "116".

(4) Paragraph (7) of section 643 (o) (defining distributable net income), as in effect for taxable years beginning in 1981, is amended by inserting "or 128 (relating to interest on certain savings certificates)" after "received)".

(5) Section 702 (a) (5) (relating to distributive share of partnerships), as in effect for taxable years beginning in 1981, is amended by inserting "or 128" after "116".

(6) Each of the following provisions, as in effect for taxable years beginning after December 31, 1981, are amended by inserting "or interest" after "dividends" each place it appears in the caption or text:

(A) Section 584 (c) (2).

(B) Section 643 (a) (7).

(C) Section 702 (a) (5).

(c) STUDY.—The Secretary of the Treasury or his delegate shall conduct a study of the exemption from income of interest earned on depository institution tax-exempt savings certificates established by this section to determine the exemption's effectiveness in generating additional savings. Such report shall be submitted to the Congress before June 1, 1983.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section apply to taxable years ending after September 30, 1981.

(2) CONFORMING AMENDMENTS.—The amendments made by subsection (b) (6) shall apply to taxable years beginning after December 31, 1981.

SEC. 302. REPEAL OF PARTIAL EXCLUSION OF INTEREST AND DIVIDENDS FROM GROSS INCOME.

(a) REPEAL OF SECTION 116.—

(1) IN GENERAL.—Section 116 (relating to partial exclusions of dividends and interest) is hereby repealed.

(2) CONFORMING AMENDMENTS.—

(A) The table of sections for part III of subchapter B of chapter 1 is amended by striking out the item relating to section 116.

(B) Section 301 (e) (relating to special rules for corporate distributions) is amended by striking out paragraph (4).

(C) Paragraph (2) of section 584 (c) (relating to income of participants in common trust fund), as amended by section 301 (b) (3), and paragraph (7) of section 643 (a) (defining distributable net income), as amended by section 301 (b) (4), are each amended—

(i) by striking out "dividends or",

(ii) by striking out "Dividends or" in the heading, and

(iii) by striking out "116 or".

(D) Section 642 (relating to special rules for credits and deductions of estates and trusts) is amended by striking out subsection (j).

(E) Section 702(a)(5) (relating to distributive share of partnerships), as amended by section 301(b)(5), is amended—

(i) by striking out "dividends or", and

(ii) by striking out "116 or".

(F) Section 854 (relating to limitations applicable to dividends received from RICs) is amended—

(i) by striking out "section 116 (relating to an exclusion for dividends received by individuals), and" in subsection (a),

(ii) by striking out "the exclusion under section 116, and" in subsection (b) (1) and (2),

(iii) by striking out "other than dividends described in section 116(b) (relating to dividends excluded from gross income)" in subsection (b)(3)(B), and

(iv) by striking out the last sentence of subsection (b)(3)(B).

(G) Section 857(c) (relating to restrictions applicable to dividends received from real estate investment trusts) is amended by striking out "section 116 (relating to an exclusion for dividends received by individuals), and".

(H) Subsection (b) of section 1375 (relating to dividends of subchapter S corporations) is amended by striking out "or section 116".

(I) Section 1394 (relating to GSOCs) is amended by striking out subsection (c) and redesignating subsection (d) as subsection (c).

(b) CONFORMING AMENDMENT.—Subsection (c) of section 404 of the Crude Oil Windfall Profit Tax Act of 1980 is amended by striking out "1983" and inserting in lieu thereof "1982".

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1981.

Mr. SCHMITT addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. SCHMITT. Mr. President, without losing my right to the floor, I yield to the distinguished Senator from Mississippi for a statement he wishes to make in support of Senator BENTSEN's amendment.

Mr. STENNIS. I appreciate greatly the courtesy of the Senator from New Mexico.

Mr. President, I have long been convinced of the necessity to provide tax incentives which would generate a sharp increase in individual savings and investment and would thereby make a contribution to a healthy rate of productivity growth of the American economy. The fact is, Mr. President, that statistics show the U.S. savings and investment rate is substantially below that of any foreign competitor. Some immediate action is necessary to correct this situation.

The amendment offered by the distinguished Senator from Texas (Mr. BENTSEN) and the distinguished Senator from Oklahoma (Mr. BOREN) provides that a majority of the funds invested under the savings incentive program included in the pending banks legislation would be made available to thrift institutions and banks to finance mortgages and provide greatly needed additional housing units. The severe crisis which the housing industry is currently experiencing has led me, after studying all the facts, to the decision that the Bentsen-Boren amendment should be adopted.

I think it is clear, Mr. President, that the housing industry is in its most severe and prolonged recession since World War II. Over 1 million jobs have been lost in the housing industry. In 1979, over 2 million housing starts were made by domestic builders. The annual rate of such starts today is 1.15 million, down a startling 43 percent from the 1979 level. Unemployment in the construction industry is 16.3 percent, well over double the 7.6 percent rate for the entire Nation. As is well known, the housing and construction industry is a part of the backbone and one of the bellwethers of the health of the American economy.

In addition, Mr. President, the supply of mortgage money has dried up as mortgage lenders have suffered historic and staggering deposit losses. These amounted to $28 billion in 1980 alone. On the front page of the Washington Post of Wednesday, July 15, 1981, there was a story about the loss of financial reserves by savings and loan associations. The story stated that, "in the grimmest estimate to date of the troubled savings and loan industry," Federal Home Loan Bank Board Chairman Richard Pratt stated that one-third of the Nation's 4,700 savings and loan associations with aggregate assets of $200 billion were "not viable under today's conditions" of highly volatile interest rates. This emphasizes the financial peril which the thrift industry is now facing.

The financial condition of the savings and loan institutions does not tell the entire story. The excessively high interest rates of recent months has had a deadening effect on the mortgage and housing market. The cost of mortgage money has soared to above 16 percent, which has priced all but the most affluent Amer-

icans out of the housing market entirely. The average price of a new home is now about $70,000. Only about 5 percent of the families who now rent could afford the monthly payments on such a home. Even if they paid 20 percent down, the principal and interest financing cost on the $55,000 mortgage which would result would exceed $700 per month. By comparison, the same mortgage could be financed by $400 per month if through some miraculous circumstance mortgage rates should decline to 8 percent.

None of us will dispute the fact that a reduction in mortgage rates would have a very beneficial impact on the mortgage and housing industry. As a matter of fact, I believe that there is presently an enormous demand for housing at low mortgage rates. It follows from this that a substantial reduction in the rate of interest would spark a major resurgence in housing demand and supply that would result in millions of new jobs and billions of additional income and savings flowing into the American economy.

I realize, Mr. President, that the mortgage and housing industry are not the only areas of the American economy which is adversely affected by the abnormally high interest rates. Almost every aspect of American economic structure is depressed by these high rates, and indeed high interest rates are stifling economic activity in all parts of the country. Unless some positive action is taken and taken soon about these excessive interest rates, I greatly fear that our economy is faced with an extended era of stagnation and sluggish growth. This is a matter which I trust has the highest priority with the administration, the Federal Reserve Board, and other financial officials.

To return to the Bentsen-Boren amendment, I believe that the desperate plight of the housing industry and the thrift industry in this country requires that we give it specific attention. I believe that the Bentsen-Boren amendment gives us the opportunity to shore up and rebuild these two imperiled industries. It would also provide a very strong incentive for new savings and investments by individuals in the most effective possible manner. I urge and hope that the amendment will be adopted.

There is unfolding here, I believe, a very practical plan that has tremendous merit, one which will meet a situation in part and will cause us to get into a positive position and move on a new taxation plan or approach, whereby there is encouragement for the saving of money by the masses of our people and a reward for that saving, in the tax exemption, which leads into the pattern of homebuilding.

Mr. President, since I have been in the Senate, almost every time we entered a recession in which unemployment became a serious factor, it proved that a building plan of some kind was the avenue of constructive escape, building of dwellings particularly. That proved to be a sound approach on which agreement could be had and sound financing could be had.

I remarked to someone today that I recall vividly that when I was a trial judge, with the responsibility of conducting criminal trials and having to sentence people, I never had to sentence to jail or the penitentiary a man who was making payments on a home. There is something about it that gives him an incentive. I believe that is a fundamental principle that is still true.

I thank and highly commend the Senator from Texas. I have been following the efforts of the Senator from Texas for some 2 years with respect to his plan to reward people for saving money, and now this has spread into the work of others. I spoke with the Senator from Oklahoma recently, as well as the Senator from Missouri. The Senator from New Mexico is always well prepared.

I am glad to have a chance to endorse the amendment, and I want to support it in every way I possibly can.

Mr. BENTSEN. I thank the Senator.

● Mr. MATSUNAGA. Mr. President, I wish to commend Senator BENTSEN and Senator DANFORTH for their leadership in enacting tax incentives for savings. The amendment now before us provides a necessary incentive for savings as well as vital aid for ailing savings association.

All Members are aware of the savings industry's predicament. Newspaper articles regularly spread out the financial problems facing thrift institutions, and the daily accounts only amplify the panic environment which hastens the outflow from these institutions. The number of problem institutions have increased from 120 in 1980 to 246 in March to 263 institutions today.

The $5 billion assets in the Federal Savings and Loan Insurance Corporation cannot approach the coverage needed by the problem institutions nor can the Federal Government afford the funds to relieve these institutions. The Government cannot afford to let all these institutions go bankrupt, yet we have done nothing to help them.

The savings industry says that it needs savings incentives to survive. The effectiveness of a tax exempt certificate has been questioned by some. But the savings and loan industry says that the proposal is essential for their survival.

Everyone of us here has expressed our concern and support for the savings industry as well as the housing industry. Help is needed now in the form of the provision now before us and I urge the adoption of the measure as part of the tax program.●

UP AMENDMENT NO. 228

(Purpose: To limit the period for which certificates may be offered to 15 months and for other purposes)

Mr. SCHMITT. Mr. President, I send to the desk an amendment in the second degree to the amendment proposed by Mr. BENTSEN.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Mexico (Mr. SCHMITT), for himself, Mr. DOLE, Mr. GARN, Mr. SYMMS, Mr. DANFORTH, Mr. GRASSLEY, and Mr. D'AMATO, proposes an unprinted amendment numbered 228, to the Bentsen amendment numbered UP 227.

Mr. SCHMITT. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1, beginning with line 15, strike out all through page 2, line 7 and insert in lieu thereof the following:

"(b) MAXIMUM DOLLAR AMOUNT.

"(1) IN GENERAL.—The aggregate amount excludable under subsection (a) for any taxable year shall not exceed the excess of—

"(A) $1,000 ($2,000 in the case of a joint return under section 6013), over

"(B) the aggregate amount received by the taxpayer which was excludable under subsection (a) for any prior taxable year.

"(2) SPECIAL RULE.—For purposes of paragraph (1)(B), one-half of the amount excluded under subsection (a) on any joint return shall be treated as received.

"(c) DEPOSITORY INSTITUTION TAX-EXEMPT SAVINGS CERTIFICATE.—For purposes of this section—

"(1) IN GENERAL.—The term 'depository institution tax-exempt savings certificate' means any certificate—

"(A) which is issued by a qualified savings institution after September 30, 1981, and before January 1, 1983.

On page 6, beginning with line 30, strike out all through page 8, line 22, and insert in lieu thereof the following:

SEC. 302 PARTIAL EXCLUSION OF INTEREST.

(a) AMOUNT OF EXCLUSION.—Section 128 (relating to the interest on certain savings certificates) is amended to read as follows:

"SEC. 128. PARTIAL EXCLUSION OF INTEREST.

"(a) IN GENERAL.—Gross income does not include the amounts received during the taxable year by an individual as interest.

"(b) MAXIMUM DOLLAR AMOUNT.—

"(1) IN GENERAL.—The aggregate amount excludable under subsection (a) for any taxable year shall not exceed 15 percent of the lesser of—

"(A) $3,000 ($6,000 in the case of a joint return under section 6013), or

"(B) the excess of the amount of interest received by the taxpayer during such taxable year over the amount of qualified interest expenses of such taxpayer for the taxable year.

"(c) DEFINITIONS.—For purposes of this section—

"(1) INTEREST DEFINED.—The term 'interest' means—

"(A) interest on deposits with a bank (as defined in section 581),

"(B) amounts (whether or not designated as interest) paid, in respect of deposits, investment certificates, or withdrawable or repurchasable shares, by—

"(i) a mutual savings bank, cooperative bank, domestic building and loan association, industrial loan association or bank, or credit union, or

"(ii) any other savings or thrift institution which is chartered and supervised under Federal or State law,

the deposits or accounts in which are insured under Federal or State law or which are protected and guaranteed under State law,

"(C) interest on—

"(i) evidences of indebtedness (including bonds, debentures, notes, and certificates) issued by a domestic corporation in registered form, and

"(ii) to the extent provided in regulations prescribed by the Secretary, other evidences of indebtedness issued by a domestic corporation of a type offered by corporations to the public,

"(D) interest on obligations of the United States, a State, or a political subdivision of a State (not excluded from gross income of

the taxpayer under any other provision of law), and

"(E) interest attributable to participation shares in a trust established and maintained by a corporation established pursuant to Federal law.

"(2) The term 'qualified interest expense' means an amount equal to the excess of—

"(A) the amount of the education allowed the taxpayer under section 163(a) (relating to interest) for the taxable year, over

"(B) the amount of such deduction allowed with respect to interest paid or accrued on indebtedness incurred in—

"(i) acquiring, constructing, reconstructing or rehabilitating property which is primarily used by the taxpayers as a dwelling unit (as defined in section 280A(f)(1)), or

"(ii) the taxpayer's conduct of a trade or business.".

(b) Repeal of partial exclusion of interest from gross income.

Subsection (c) of section 404 of the Crude Oil Windfall Profit Tax Act of 1980 is amended by striking out "1983" and inserting in lieu thereof "1982".

(c) The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1983.

Mr. SCHMITT. Mr. President, this amendment to the amendment offered by the Senator from Texas would provide, at the expiration of the all-savers provision that he has sponsored, a 15-percent exclusion of net interest income. The percentage exclusion would apply to the first $3,000 of interest income in the case of an individual taxpayer and the first $6,000 in the case of a joint return.

These limitations in percent as well as interest income covered are necessary at this time to protect the overall integrity of the budget.

The amendment would raise the real aftertax rate of return on savings for every American with a savings account, and that would be approximately 80 percent of all the taxpayers who file returns with interest income and roughly 90 percent of all taxpayers.

In addition, the amendment would extend the all-savers provision of the bill by 3 months, to the end of calendar year 1982, in order to give the embattled thrift industry time through 1983 to utilize this source of low-cost funds and to give Congress time to do what it must do, and that is deregulate the thrift institutions so that they can compete fairly with other investment opportunities within the economy.

This amendment is sponsored not only by me but also by Senator DANFORTH, Senator GARN, Senator DOLE, Senator GRASSLEY, Senator SYMMS, and Senator D'AMATO. I believe that is all at this time.

Our amendment would not have any impact on the all-savers provision of the tax bill beyond that mentioned above—that is, an extension of 3 months over what is currently in the Finance Committee's bill. The 15-percent exclusion provision would not become effective until calendar year 1984—that is, after the availability of the certificates and their utilization had run its course through 1983, the year following the expiration date of tax benefits of the all-savers provision.

This amendment has the support of the Secretary of the Treasury and has been worked out in conjunction with his office.

Our amendment provides for individuals to exclude 15 percent of their net interest income from taxation and to pay the full tax, according to their tax bracket, on the remaining 85 percent of such income.

In calculating net interest, it is important to note that interest paid on loans for dwellings and for trade or business expenses would not be subtracted from the total interest income; that is, such interest is excluded from the calculation.

It should be noted that this amendment in no way affects the deductibility of any interest expense. It merely targets the saving incentive to interest income above and beyond the amount of interest expense on nondwelling trade or business expenses.

The benefits of using the net interest approach are threefold: First, it eliminates the possibility of arbitrage—that is, where a taxpayer borrows from one institution—deducting all interest expense—and deposits these funds at the same interest rate in another institution—claiming an exemption on a portion of the interest earned—and earns a profit on the transaction. Under this PENI approach, such an individual would break even.

Second, it provides an incentive to reduce debt. Since the reduction of debt is a form of saving, by providing a tax exemption only to the difference between total interest and dividend income and nonresidential, nontrade, or business interest expense, the amendment encourages a reduction of debt while it simultaneously increases the incentive to save.

Third, in addition to magnifying the incentive to save this approach also reduces revenue loss to the Treasury substantially.

Let us look at an example how this would work.

Under the percentage exclusion of net interest approach, on individual with $1,000 in interest income and $200 in nonresidential, nontrade, or business interest expense would deduct $200 from $1,000 of interest income, leaving $800 in net interest income. The 15-percent exclusion would then be applied against this amount. This would result in $120 being free from taxation with the remainder of $680 taxable as income.

The essential benefit of this proposal is its impact on new savings. The individual taxpayer will always have an incentive to add to his savings because 15 percent of each additional dollar of interest income will be tax free, the only exception to that being at the present time if the amendment is adopted those individuals, something less than 20 percent of the population, who claim interest income in excess of $3,000 as individuals or $6,000 in a joint return.

Mr. President, this amendment will affect every American with a savings account. Over 44 million Americans will benefit from reduced taxes on interest and, as I indicated earlier, about 80 percent of the returns with interest income would fall beneath the cap of $3,000 or $6,000 in the amendment.

Low- and moderate-income savers will benefit in two ways. First, from lower taxes; and second, from the job production, real income growth, and overall increase in economic prosperity that will result from the greater inflows of savings and investment into our economy. Older Americans on fixed incomes, facing high inflation, will benefit through an improved rate of return on their savings. In short, all aspects of the economy and all segments of our population will benefit from this proposal once it becomes active in 1984.

Let me repeat once again, this amendment would have no impact on the so-called all-savers provision of the bill as it now stands, aside from extending it for 3 months. The amendment would take effect in 1984, a year after the tax impact of all savers would expire.

I move the adoption of the amendment.

Finally, Mr. President, the Joint Tax Committee of Congress, the Finance Committee of the Senate, and the Treasury Department have all worked together to develop this proposal. It is a good concept that has both the benefits of the all-savers provision as well as the benefits of a broad, across-the-board incentive being clearly visible on the horizon to most of the savers of this country and the potential savers of this country.

It is a concept that has been supported by numerous economists including Martin Felstein of Harvard University, Michael Baskin at Stanford, both leading experts in analyzing savings as well as Mr. Jerry Jordan on the Council of Economic Advisers to the President.

Mr. President, at this point I yield to my distinguished colleague, Senator DANFORTH, for expansion of comments on other provisions of the amendment.

Mr. DANFORTH. Mr. President, let me, if I may, spell out as clearly as I can where we stand right now with the concept of all-savers as it is found in the bill as modified by Senator BENTSEN's proposed amendment and as further modified by the second-degree amendment which has been proposed by Senator SCHMITT.

First, Mr. President, what do we agree on? What is the common point of agreement, the consensus?

There is a consensus that savings and loans are in very serious trouble. As a matter of fact, some 70 percent of the savings and loans are losing money and there is a further consensus that the homebuilding industry is in a state of collapse with some 16.5 percent unemployment rate in homebuilding.

Therefore, there is a view which is widely shared perhaps close to universally shared in Congress that something should be done, that there should be some efforts to find an answer for helping the savings and loan industry and particularly for helping the homebuilding industry.

Further, Mr. President, there is a consensus that the best available alternative that we can come up with is a certificate which could be issued by thrift institutions and by banks and which

would be issued by those institutions at a rate that is lower than the market rate and in return for the depositor receiving interest at lower than the market rate the depositor would get a limited exclusion from income taxes for interest received on that certificate.

That is precisely the way all versions of all savers work, that is to say that an institution issues a certificate, the institution pays interest on that certificate at 70 percent of Treasury bill rates below market and that the individual who holds the certificate, who places the money in the institution, receives interest back and has a limited exclusion from Federal income taxes for the interest received.

The point of this is to provide a way for reducing the cost of money to thrift institutions in particular.

Right now the average cost of funds to savings and loans is 10.77 percent, and the average yield on assets of savings and loans is 10.08 percent. And, therefore, the simple fact is that savings and loans are paying more for money than they are getting back on their mortgage portfolio and for that reason 70 percent of savings and loans are now losing money and several hundred are on the trouble list.

Mr. President, those are the points we agree on. Where do we stand now in the Senate? What are the points of disagreement that we are going to face, I take it, tonight? Basically, there are two questions which are yet unresolved.

One question has to do with duration of the program. How long should the program last? The other issue, the second issue has to do with targeting of the program. To what extent should these certificates be targeted at the housing industry? In fact, those two questions of duration and targeting were the two issues which were debated very extensively in the Finance Committee. And what we decided in the Finance Committee was that we would have an untargeted certificate. There would be no requirements that the institution issuing the certificate had to have so much more in mortgages or so much in car loans or so much in any other way of lending out their money.

The second thing that we decided in the Finance Committee was that the duration of the program would be 1 year.

Therefore, Mr. President, that is the state of the bill as it comes to the floor of the Senate, a 1-year program and a program which is totally untargeted.

In the Finance Committee the Senator from Texas took the lead in advocating the dual position that this program should be targeted for housing and that the duration of the program should extend over 3 years, that is, that a taxpayer instead of just getting a one-shot exclusion, limited exclusion of $1,000, should be able to get an exclusion three different times, $1,000, then $750 and then another year for $750. That was the position of the Senator from Texas. He did not prevail in the Finance Committee.

Subsequent to the reporting out of the bill, Senator BENTSEN and I entered into a number of meetings at which we discussed our points of agreement and our points of disagreement, in order to find out if there is some way of narrowing the differences, so that hopefully we could come to the floor of the Senate with an amendment that both of us could agree on which would accomplish the objectives which both of us share; namely, reducing the cost of money during this period of massive losses to thrift institutions.

I went into that meeting opposed to targeting. He went into the meeting advocating targeting. I went into the meeting advocating a 1-year duration. He went into the meeting advocating a 3-year duration.

During the discussion that we had between us we agreed on a modification of Senator BENTSEN'S targeting approach, and the Senator from Texas has described that modification.

It includes home loans. It has an expanded notion of housing. It includes such things as remodeling, home repair, and mobile home loans, and it applies the limitation to 75 percent of the net increase in deposits rather than a percentage of the all-savers certificates themselves. That approach to targeting was satisfactory to me. I understand that it is not satisfactory to everyone and that, in fact, the targeting issue will probably be raised later this evening.

The amendment that was offered by Senator SCHMITT has nothing to do with the question of targeting. It leaves that question just as it is in Senator BENTSEN'S amendment.

The second-degree amendment that was offered by Senator SCHMITT goes solely to the question of duration with the added feature that it adds on a percentage exclusion. And, therefore, if the amendment of the Senator from New Mexico is agreed to, the question would be an alteration in the duration feature of the Bentsen amendment, plus an add-on and percentage exclusion, but it would not touch in any way the targeting feature of the Bentsen amendment. Win or lose on the Schmitt amendment, the targeting question could then be raised by any subsequent amendment that any Senator would care to offer.

So again it is important for everyone to realize that the immediate issue that is raised by Senator SCHMITT has nothing whatever to do with targeting. You can be for targeting or against targeting and either support or oppose the Schmitt amendment. It has nothing to do with the question of targeting. It only goes to the question of duration.

Mr. SCHMITT. Will the Senator yield?

Mr. DANFORTH. Yes.

Mr. SCHMITT. I just want to say that the Senator is entirely correct. I am not dealing with the issue of targeting at all and leave that to other times and other places.

Mr. DANFORTH. I thank the Senator.

Now addressing, then, the issue of duration as it is presented by the Schmitt amendment, how does the Schmitt approach differ from the Bentsen approach in the following ways: First of all, under the Bentsen amendment, the certificates could be offered by credit unions, by banks, by savings and loans, thrift institutions, they could be offered for sale under the Bentsen amendment from October 1, 1981, through September 30, 1983; a period of 2 years under the Bentsen amendment that the certificate could be offered for sale.

By contrast, under the Schmitt amendment, the certificates could be issued from October 1, 1981, the same starting date, through December 31, 1982. So instead of a 2-year period of sale, as is true under the Bentsen amendment, a 15-month period of sale would exist under the Schmitt amendment.

Second, under the Bentsen amendment, a purchaser can exclude from income $1,000 of interest on the certificate in 1982, an additional $750 in 1983, and an additional $750 in 1984, for a single individual. Double that for a married couple. For a married couple, it would be $2,000 in 1982, $1,500 in 1983, an additional $1,500 in 1984.

That means, Mr. President, that a single individual could get a maximum over a 3-year period of $2,500 excluded from taxaton under the Bentsen approach and a married couple over a 3-year period of time could get a grand total of $5,000 excluded under the Bentsen approach.

By contrast, under the Schmitt approach, you only get $1,000 of exclusion. That $1,000 can be spread over 2 years, whenever the certificates you buy come due. But it would be a total of $1,000 for a single person, $2,000 on a joint return.

So, again, the Bentsen approach, a single individual could get $2,500. Under Schmitt, $1,000. For a married couple under the Bentsen approach, $5,000; under the Schmitt approach $2,500.

The Bentsen amendment repeals the present exclusion for interest and dividends received; that is, the $200 to $400 exclusion for interest and for dividends.

And I might say, Mr. President, that the Senator from Texas has been the pioneer in the Senate in fashioning savings incentives. And the $200 to $400 exclusion which is now in the law was his program. But he feels that the approach that he is following now is necessary and that the tradeoff and revenue off is important.

By contrast, the Schmitt amendment repeals the $200 to $400 interest exclusion, the flat interest exclusion in the present law, and reverts back to the law as it existed last year for dividends received; namely, $100 for an individual and $200 for a joint return exclusion for dividends received.

So under the Schmitt amendment, there would be a reversion and a continuing exclusion for dividends received—$100 for an individual, $200 for a joint return. Under the Bentsen approach, there would be no exclusion for dividends, no exclusion for interest.

Under the Schmitt approach, after the expiration of the all-savers program, which again would expire on December 31, 1982——

Mr. SCHMITT. The Senator is correct. The 15 months would expire at the end of 1982 but the tax effectiveness of the certificate would move through 1983.

Mr. DANFORTH. That is absolutely correct. At the expiration of the tax consequences of this program, which

would be after December 31, 1983, we would then move to a percentage exclusion for interest received, net interest received, which the Senator from New Mexico has described. That is to say that under the Bentsen approach, he has a 3-year program, but there is nothing to follow after that 3-year program is over.

Senator SCHMITT believes that the all-savers approach is a short-term help for the savings and loans and thrift institutions but that it is not really an effective permanent savings program; it is not a good savings incentive.

Senator SCHMITT further believes—as a matter of fact this was the consensus of expert opinion in the Finance Committee in the hearings—that the $200 to $400 flat exclusion for interest probably is not a very good incentive for savings, because it tells people that once they reach the cap, there is no point in saving any more; Uncle Sam is not going to reward you by a tax reduction. And, therefore, most of the good thinking on it, and certainly the administration's position, is that the best way to provide an incentive for people to save is to have a percentage exclusion. A percentage of the interest received gets excluded from taxes.

What Senator SCHMITT is proposing in his amendment, therefore, is that after the expiration of all-savers there is a follow-on program which is not a certificate type program, but which is a percentage exclusion equal to 15 percent of interest received up to a maximum cap of $3,000 of interest for an individual or $6,000 on a joint return.

That would mean that the most you could get under the Schmitt approach in actual exclusion from income would be $450 for an individual, $900 for a joint return. But the concept is important; that is, it is at least a beginning with the constraints of the revenue restrictions in this bill. And what we are trying to have some limitation on the revenue laws. It is at least a beginning on a long-term savings incentive which is not as targeted as the Bentsen approach to certificates.

Mr. President, what are the advantages on the duration question? Again, that is the sole issue that is before us on the Schmitt amendment; not targeting, only duration. What are the arguments in favor of the Schmitt approach on duration?

First, the savings and loans—and they were the ones who thought up the idea of all-savers. I introduced it in the Senate but I did not think up the idea. The savings and loans asked for a 1-year program.

In the House, the House Ways and Means Committee has agreed to a 1-year program for an all-savers certificate. The administration strongly opposes carrying the all-savers approach out into the future. And the administration has taken the position that what should be done, if we are going to have the program at all—and the administration now I think, it is fair to say concedes that we are—they want to keep the duration to a limited period of time and they have agreed to make it 15 months. In the bill as it now stands, it is 12 months that these certificates would be offered for sale. It makes it a 15-month period beginning October 1, 1981, and ending December 31, 1982.

The administration also says that it then wants a follow-on program. It wants something which replaces all-savers, frankly, so that the Congress will not be tempted to keep all-savers going in perpetuity.

Now, Mr. President, if it is correct that the all-savers certificate is an effort to help the savings and loans and to help the housing industry and that it is not a permanent savings incentive, then, Mr. President, it should follow that after we have helped the housing industry and after we have helped the savings and loans, we should be thinking in terms of something that is a permanent savings incentive.

I think most of us recognize that one of the reasons that the United States is struggling to keep up with Japan and other countries is that we save 4 percent of our disposable income and the Japanese save 20 to 25 percent of theirs. So it is widely recognized that we have to encourage savings, not just for 1 year or 3 years, but establish a pattern which exists then and which will exist down the road.

Mr. President, the problem that the thrift institutions have now is that interest rates are so high that they have to pay more for the money they get than what they receive back in the form of mortgage interest from their mortgage portfolio. If the administration's economic program works as we hope it will, and if interest rates come down, then the all-savers concept would become not an emergency assistance for these distressed homebuilding and savings and loan industries, but would, instead, amount to a windfall, because if the interest rates that the savings and loans and the thrift institutions have to pay for money comes down, as we hope it will, then to provide an extra program for them, where all they have to pay is 70 percent of the Treasury bill rates, has the effect of a windfall.

Therefore, it is the position, as I understand it, of the Senator from New Mexico and the position of the administration, and certainly the position of this Senator, that to carry out a program until September 30, 1984—and that would be when the last certificate would expire under the Bentsen proposal—is just carrying it out beyond the anticipated time of need.

Again, Mr. President, the issue before us presented by the Schmitt amendment is one of duration, not one of targeting. Targeting will probably be debated and decided later in connection with this amendment. At that time I will be pleased to support the compromise that the Senator from Texas and I worked out. But I made it clear to the Senator from Texas as we were entering into these negotiations that it might be that we could not work out the question of duration, and, in fact, we could not. I believe that his length of time is too long. I believe that we should have an earlier date determinational of all-savers and move to a permanent savings incentive. I believe that the possibility of windfall will be greatly reduced if we do that.

I also believe, Mr. President, that the cost of what we would be putting into all-savers under the Bentsen proposal is just too great because of the duration and because of the fact that an individual could get $2,500 maximum exclusion as opposed to $1,000. The estimated cost of the Bentsen proposal is $6.2 billion and the Schmitt proposal is $3.1 billion.

That, I hasten to say, does not carry into consideration the elimination of the $200 to $400 exclusion. I am simply talking about the certificate cost. It is about double under the Bentsen proposal than under the Schmitt proposal.

Mr. President, I strongly support the second-degree amendment offered by the Senator from New Mexico. I think it makes good economic sense. I think it is adequate to help these distressed industries. I am pleased to be a cosponsor.

Mr. SCHMITT. I thank the Senator from Missouri for his cooperation in the last several weeks in developing this concept. I yield now to the Senator from Idaho.

Mr. SYMMS. I thank the Senator for yielding.

Mr. President, I am pleased to have the opportunity to be here with my distinguished colleague offering this amendment to the Bentsen amendment. I think the concept of the bill that Senator SCHMITT and I introduced last week is incorporated in this amendment and I am happy that we are now going to have an opportunity to let the Senate work its will on this measure. The bill we introduced last week was the percentage net interest and dividends exclusion. This amendment is a net interest exclusion, and I believe it is taking us in the right direction at the right time.

There is no question that the thrift institutions are in trouble. They are borrowing short, they are lending long, they are squeezed between the low, fixed returns on mortgages loans they made yesterday and the high interest rates needed to attract deposits today. Their steady accumulation of surpluses over the years has been sharply reversed.

Last year there were over 30 mergers that had to be arranged to head off bankruptcies, and at a cost of $1.3 billion to the Federal Savings and Loan Insurance Corporation. This year it looks as though FSLIC will provide, at close to 50 mergers.

The All-Savers Act, as targeted in the Bentsen provision offers a solution. In my opinion, it is a short-term solution to some of the problems confronting the savings and loan industry. In my opinion the All-Savers Act will not result in additional new savings. Its primary impact will be to shift savings between different types of accounts rather than to increase the total level of savings.

The Schmitt amendment, which I am happy to be a cosponsor of, wisely provides that the All-Savers Act is targeted by the Bentsen amendment will expire after a 15-month period, and that at the termination of the effectiveness of the All-Savers Act, a 15 percent net interest exclusion will become effective.

It is essential that we include in this

tax bill a broad based savings incentive proposal which effectively reduces the present bias in our tax system that makes it twice as costly to save as it is to consume. The Senator from Texas has often stated during proceedings on the Finance Committee that in this country you get rewarded for consuming and you get punished for saving.

Individuals in the United States basically save in three ways: They put money into savings accounts or similar instruments, they make equity investments, or they payoff their accumulated debts. The net interest is an incentive for us to save in two of these three ways.

The Senator from New Mexico and I have discussed this at great length on many occasions and recognize that this is the way to really provide the incentive for the American worker and producer to save some money and try to reduce their debt. That, in itself, will result in lower interest rates because of the accumulation of more available capital.

There is clearly a need for more capital in our economy. The overall savings rate declined to a 25-year low in 1980. In today's economy, a swing of 1 percentage point in the savings rate represents $25 billion. In the last 2 years, the personal savings rate has increased somewhat, but business savings remain depressed.

Partly as a consequence of the poor savings performance, real capital investment and real growth in the economy has lagged. This, in turn, has stunted our productivity, now crawling along at less than half the rate of the 1960's, and increasing the economy's vulnerability to inflationary pressures.

An important negative influence on saving in this country is our tax system, which effectively penalizes most forms of saving. We tax all earned income, including the part saved, and then tax the income earned on the invested savings.

The bill the Senator from New Mexico and I introduced last week clearly provides an effective long-term savings and investment policy which rewards the working American who saves and invests.

I hope that, some way, we can address this in a later tax bill. But the tax system imposes a double penalty on investment in common stocks; a tax is levied on corporate income and then on dividends paid to shareholders above a small deductible amount on any capital gains on the stock when sold.

I hope, Mr. President, that this amendment is just the beginning of a long-range plan to implement a larger and more encompassing net savings and investment exclusion. If an individual knows that he will realize a larger exclusion in the forthcoming year, that individual will tend to save and invest more at the present time.

An exception to the tax penalty on saving is made for tax-deferred retirement plans. Tax provisions have encouraged the growth of company pension plans, but were not available for individuals on their own until recently when the Keogh and IRA plans were introduced. Significant arbitrage problems are beginning to arise with the IRA plans. Our net interest exclusion would prevent any arbitrage from occurring.

Inflation has severely aggravated the tax penalties on saving. Interest rates tend to be higher on the average with inflation, to compensate for the loss of purchasing power of invested funds, but since the interest income is taxable, taxes are paid on the part compensating for loss of purchasing power. On the other hand, interest for borrowing is deductible for taxes, which encourages consumption financed by debt. Our net interest exclusion would not reward individuals for consumption financed by debt.

Increased saving induced by a 15-percent net interest exclusion will not only help build our Nation's capital base, leading to increased employment, growth, and therefore, tax revenue in the long run, it will also help finance the static deficit arising from tax-rate reduction.

The additional saving and new tax revenues which will be generated by economic growth induced by a 15-percent net interest will mean that we will not have to choose between a collision in financial markets or inflation. Private investors will not be crowded out of credit markets because there will be a larger pool of funds available to finance the tax rate reduction program. Thus, the pressure on the Federal Reserve to monetize that debt will be minimal and short lived, allowing it to set and hit lower money growth targets and thereby to stop inflation and reduce interest rates.

Despite the obstacles and disincentives to individual saving, there are indications that, given help and encouragement, people will save more. Compared with the United States, other industrial countries provide more tax incentives for savings and have much higher savings rates. Our close neighbor, Canada, increased its tax incentives for saving in 1974, and it has had a much higher saving rate since the mid-1970's.

Mr. President, I noticed a week or so ago an article in one of the periodicals that stated that among the Western trading partners the United States has the next-to-lowest saving rate of all our trading partners. The only country that has a lower saving rate is Sweden and Sweden has a higher tax rate on savings, so there is a direct correlation.

I commend Senator SCHMITT, Senator DANFORTH, Senator BENTSEN, and others who have addressed this problem, because they have addressed a subject that is of great significance to the long-range recovery of the American economy. It is important that the Congress adopt the concept of a net interest and dividend exclusion, and that we express an interest in increasing that exclusion in future years. Hopefully, 10 years from now, we shall have a reward for people by having tax-free savings so we can encourage more growth in our economy.

Mr. President, I think it is vitally important that more saving take place if our Nation is to continue to grow and remain competitive in world markets. Expanded saving can provide needed financial security for millions of older Americans and contribute to an expansion of the productive capacity of this Nation.

Mr. SCHMITT. Mr. President, I thank the Senator from Idaho for his comments. I yield to the Senator from Utah.

Mr. GARN. Mr. President, I shall offer some amendments of my own and speak at greater length during the presentation of those amendments.

First, let me say that I strongly support tax incentives for savings. As a member of the Banking Committee, we are rather intimately acquainted with interest rates and, as the Banking, Housing, and Urban Development Committee, we have a responsibility over banking and housing in this country.

Mr. President, I regret that I became chairman of the Banking Committee when the prime rate was 21.5 percent. During my 6 years on the Banking Committee, I have been made painfully aware of the problems not only of the thrifts and the homebuilding industry. No Member of this body could have spent more time with representatives of those groups, particularly in the last 6 months since I became chairman of the committee. They are having an incredibly difficult time, both the homebuilders and the thrift industry. But as well, we have had other segments of our society that are paying just as painful a price for high interest rates—automobile dealers, more than 2,000 of which have gone out of business in the last year alone, hundreds more to go this year. Small businessmen across this country are being decimated in all sorts of businesses—retailers, wholesalers, farmers—by high interest rates. So it is a problem that is causing havoc for small business in general, not just homebuilders.

Back in 1977, Mr. President, I believe the Republican Caucus first met and proposed an economic package that included general incentives for savings, $500 on an individual return and $1,000 on a joint return. Senator BENTSEN was successful in following that up with the $200 to $400 exclusion, which I supported, the only thing I supported in the whole windfall profit tax bill, the only good thing in that bill, in my opinion. I commend him for that and for his attempt to help the homebuilders.

But, Mr. President, I must oppose his amendment, having said how supportive I am of these industries and of tax incentives for savings. I hasten to point out that we need general incentives for savings. If you look at a list of industrialized countries, you will find that the United States, as a percentage of disposable income, saves only more than one country—Sweden—less than 5 percent of our disposable income. If you compare a list of taxation on savings, you will find that the list is identical and the only country that taxes savings more than we do is Sweden. It is directly proportional. We simply encourage spending in this country and encourage borrowing. You can deduct your interest on your Master Charge or VISA. We provide little or no incentive to save money.

If there is anything we need in this country right now, it is that incentive. I wish it were possible to talk this administration into reducing the individual across-the-board tax cuts so there would not be further revenue loss and have at least a $1,000 and $2,000 tax exemption or exclusion for that amount of money earned on savings because we need to

stimulate savings not just for homebuilders and thrifts; for everyone. I can support that.

As chairman of the Banking Committee, I solicited the signatures of nine members of the committee to support the All-Savers Act, not because I thought it was such a good bill or went as far as I thought it should but simply because it was the only ballgame in town. It seemed to be the only one which thrifts and homebuilders were having a difficult time getting passed. We supported it and the Finance Committee overwhelmingly supported it.

There is a lot of criticism of it. Some people say it will not produce as much net new savings as everyone would like. That is probably true. But it would certainly reduce the cost of money for the thrifts. That is their major problem right now, long-term low-interest mortgages and short-term high-interest rates.

Mr. President, the reason I regretfully oppose the Bentsen amendment is simply that it is credit allocation. We have decided that one segment of our society deserves special attention over others. No one in this body would like to do something about the homebuilders more than I. Again as chairman of the Banking Committee, I get the brunt of it; 3 days after I became chairman, I had all kinds of calls: "You have been chairman 3 days. Why aren't the interest rates down?"

There are a lot of expectations about what happens and that is the only long-term solution to this problem, lower interest rates. Everything else we do is cosmetic, superficial, and short term. We need to do some of those short-term superficial things to help, but I cannot in good conscience, no matter my sympathy for the homebuilders in my own State and across this country—and I hear from all of them—single them out to the exclusion of automobile dealers and small businessmen and others.

I had some small businessmen call me today and say they were upset. I said, "I don't know why you are surprised. I stood up at your convention in January and you paid me a $2,000 honorarium at your own convention to tell you I was against targeting, that I favored general incentives for savings but I would not support targeting because it was credit allocation." So I do not know why anybody is surprised about Senator GARN's position on this issue. It has been consistent and long standing.

I asked one man, a good friend of mine: "If this amendment were going to be simply that you must put this into automobile loans, would you be in favor of it?"

He said, "Of course not. That is just for one group, and that is selfish of the automobile dealers."

Well, they cannot quite see the double standard or the hundreds of small businessmen who are going bankrupt or broke because of the tremendous cost of carrying inventory at these high interest rates.

I do not oppose what the Senator from Texas is trying to do for the homebuilders, but I oppose singling out one group for help, to the exclusion of others. It is selfish and shortsighted.

What does it do for the thrifts? It continues to force them to borrow short and lend long and put them back into the situation that is their problem right now—another form of regulation Q. They fought for that all these years—interest rate ceilings, 5¼ and 5½—and that worked well while interest rates were low. But in a high-interest-rate period, those Government regulations have forced them to lend long and borrow short.

Now we have another form of credit allocation which is a short-term Band-Aid and will force them into the same situation.

I wish there were some way we could look at general incentives for savings and not single out one group. I wish it were not necessary for me to oppose it, but I have to make the point that it is unfair.

I do not for one moment discount the problems of the homebuilders of this country. They are suffering the brunt of this inflation fight and high interest rates. There is no doubt about that. I can make no arguments against their position. But you can make an equally strong argument for small business and for automobile dealers, and I would be making the same argument with respect to one particular group we were trying to subsidize with low interest rates.

I do support and am a cosponsor of the Schmitt amendment because I believe it improves the Bentsen amendment.

I will reserve the remainder of my comments for when I offer my own amendment.

I thank the Senator from New Mexico for yielding.

Mr. SCHMITT. Mr. President, I thank the Senator from Utah for his comments.

I emphasize what Senator DANFORTH has emphasized, that the first stage of this discussion of the Bentsen proposal is confined to the issue of duration. I am sure that we will get to the issue of targeting in the not too distant future.

Mr. President, I will yield the floor after moving adoption of the amendment. I am sure others wish to talk on the issue.

Mr. BOREN. Mr. President, I have listened attentively to the arguments which have been made by the Senator from New Mexico and the Senator from Missouri, as well as my friends from Utah and Idaho.

I find myself in agreement with much of what they have said, and I commend them, together with the Senator from Texas, for the interest they have focused on the problems, the very severe problems, being caused in our country at the present time by high interest rates.

As my colleagues know, I have been coming to the floor each day for the past several weeks to talk about the looming crisis caused in the short term by the high interest rate situation. It is a problem that confronts not only homebuilding and agriculture but also many other segments of our society.

While I am convinced of the overall plan of the administration to reduce Federal spending and thereby to reduce the deficit, the pressure of Federal borrowing in the credit markets will help, in the long run, to bring down interest rates and will help to rebuild our economy.

I am very concerned about the short-range situation. If we do not deal with the current crisis caused by high interest rates, we may find ourselves in the situation of having the right long-range cure for the patient but allowing the patient to die in the short run for want of attention in the emergency room.

We need only pick up the daily press for the past several months to realize that a grave situation exists. When those who most closely monitor the health of our thrift institutions say publicly that one-third of them have deep troubles, when an estimate has been given that we could face a $45 billion shortfall in the reserves of insurance funds standing behind deposits in thrift institutions, all of us in this body must recognize that we have a serious problem.

When the bankruptcies of small business people and farmers reach all-time high levels, when the number of bankruptcies of homebuilders reach levels that they have not seen since the Great Depression, when only 3 percent of the families of this country can qualify to buy the average new home being built in this country, it is certainly no exaggeration to say that we face a building crisis. It is a crisis which can be defused. It is one which can be avoided if we will take action now.

While I agree that we must act to bring down spending and to balance the budget if we are going to bring down interest rates in the long run, we are still called upon to take some short-range action, albeit somewhat artificial, albeit somewhat superficial. We still must take short-range action to avoid a very serious snap in the confidence of the American people in our whole economy.

We cannot afford to see the wholesale collapse of important financial institutions in this country, in any sector. Therefore, I am supporting the Bentsen amendment.

At issue with the Schmitt amendment is not the question of whether or not we should have targeting. It is not a question of whether or not we should have a tax-exempt savings program. All who have spoken on this matter this evening are in agreement, and I am encouraged by the agreement that we need to have a program of increased tax exemptions for savings.

We are never going to get our savings ratio up in this country, we are never going to have interest rates at reasonable levels, until we embark on a general program for tax exemption for savings.

The issue with the Schmitt amendment is simply this: Shall we have a program of tax exemption on savings which will last for a little over a year, or shall we have a program that would approach a 3-year program, as has been suggested by the Senator from Texas? What will do the most good?

Mr. President, there has been a great deal of debate about whether or not we should have a tax cut for 1 year, 2 years, or 3 years. I happen to have been convinced by the President that we need a program for 3 years. We need a tax cut program that the people can look at

with certainty and know that it is going to be there long enough that they can make investment decisions based upon it.

I submit that the same arguments that are being used and discussed in the overall debate on the tax cut, over the need for a multiyear tax cut, are very relevant here.

If we have a program that is going to last only for a little over a year, do we seriously believe that the bankers and directors of the savings and loans and other thrift institutions will be confident enough about the continuation of such a program that they will be willing to make longer term loans based upon it? I do not believe they will.

If we have a program that is only a short-term program, only a 1-year program, I believe it is very unlikely that those who manage our financial institutions will feel that they can rely upon a program of such short duration to make long-term loans, particularly home mortgages.

We also must face the fact, as I already have said, that the housing depression is due to high interest rates. These rates probably will not subside noticeably in the next year, according to the Council of Economic Advisers. In fact, one member of the Council was quoted on Tuesday as saying that the long-term interest rates should not fall more than 1 percentage point over the coming year. That was his prediction.

This pessimism was reflected, as well, in the midsession review of the 1982 budget issued by OMB on Wednesday, which projected interest rates this year to be 2.5 percent higher than projected by the administration only 4 months ago, in March.

This leads us to the conclusion that the thrift institutions will probably be little better off next year than they are now. In other words, they will continue to need a program like the all-savers program to help them hold mortgage costs down.

Second, I point out that according to many observers and experts a 1-year all-savers provision will not have sufficient impact on the housing market, and it will not result in a sufficient decline in mortgage interest rates.

Mr. President, I point out that our concern must be not merely with the thrift institutions themselves, as important as this concern is, our concern must be with helping the borrowers and the potential borrowers with making it possible again for the average family in this country to be able to afford a home, to resurrect the American dream for countless thousands and hundreds of thousands of young couples across this country. We must be concerned with everyone, not that we are really going to impact the interest rate for the borrower.

Mortgages are typically now made for 7 to 10 years before they are paid off by borrowers. In many cases, of course, it is much longer. When evaluating how to use all-saver deposits, mortgage lenders are largely influenced by the certainty and price of deposits, by their cost of money. They are very reluctant to lend for a long term with short-term money, in other words, to enter into 20- or 30-year loans with 1-year money. Their reliance on short-term hot money to lend long has put them in a position that they are in today.

And I am very concerned that a 1-year program simply will not be sufficient because mortgage lenders may not take the risk of being locked into long-term low mortgage rates based upon only a 1-year program. As a result of that, both the Data Resource Institute and the National Association of Realtors have projected that a 1-year program will have very little impact on savings, employment, or housing activity. Their separate analyses found that 1-year provision would reduce unemployment by only about one-fifth of the level attained by a 3-year program and that a 1-year provision would create only 19 percent as much new savings as would a 3-year program.

So I conclude, Mr. President, that while I think we continue to work on and improve the original all-savers proposal and while I commend all of those who have worked diligently to make those improvements, I sincerely feel that it would be in the best interest of the country if we reject the Schmitt amendment and opt for a longer term program on which those who make loans can rely so that we can have maximum impact on the home mortgage rate, on the cost of credit for the agricultural community, and have major impact on getting the savings rate up so that all sectors of our economy will eventually feel the benefit.

Mr. SYMMS. Mr. President, will the Senator yield?

Mr. BOREN. I am happy to yield.

Mr. SYMMS. I thank my good friend from Oklahoma for yielding and I appreciate his thoughts on this amendment and although many amendments have bipartisan support, I would like to ask if the Senator from Oklahoma does not agree with me that normally what is good politics is bad for the economy? It has been that way in the past.

Mr. BOREN. I do not know that I could agree with that.

Mr. SYMMS. I know there has been enormous pressure from the homebuilding industry. I come from a timber-producing State and I am concerned about homebuilding industry and timber production. In northeastern Idaho we are almost in a state of depression because of the slowdown in the homebuilding industry. But I believe that the Schmitt amendment does offer a long-term solution to this dilemma. It takes part of the Bentsen amendment. It gives us the quick, immediate opportunity for the thrift institutions to go out and start an advertising program and sell certificates and then follows in on the back end of it with a long-term solution where we will implement a net savings exclusion which I think in the long run will be better policy. It seems to me that this is a very carefully crafted amendment that gets to the best of the Bentsen amendment, and then starts us on a long-term program of a net savings.

I am somewhat surprised that my friend does not agree with that position.

Mr. BOREN. I will say to my friend from Idaho it is not a matter of politics. It is a matter of sincere conviction. I really believe that doing what is right and sound in the long run is certainly the best politics and it is what certainly should motivate all of us in this body.

The problems are simply too serious for us to play politics with them. We are not in any fundamental disagreement. I think both of us are very much in agreement on the fundamentals that tax exemption on savings would encourage more savings in this country. It is going to get the savings rate up and increase the pool of savings and increase the pool of available funds and we are going to help bring the interest rates down. I think we are in a fundamental agreement on that. I want to see us write into the law a permanent exemption on savings. I want to see us move in that direction.

I simply think given the current situation we are facing that in terms of making the funds available for home mortgage purposes in particular and for other kinds of longer term credit, we will simply see much greater impact on interest rates, on the availability of credit for borrowers, those who want to buy a home, for example, with a 3-year program than we will with a 1-year program.

I simply cannot see very many financial officers making a decision to take short-term money and to utilize that short-term money to make longer term loans. I am very concerned about that.

Again I am certainly not speaking in general opposition to what is being done here. If the Bentsen amendment were not on the floor and the Schmitt amendment were offered and the choice would be the status quo, of not addressing the problem or to accept the Schmitt amendment, I would be for the Schmitt amendment. I want to make that clear. I commend him and the Senator now for his approach.

Mr. SYMMS. I am glad to hear the Senator say that.

Mr. BOREN. I will simply say given the two alternatives now before us, it is just my sincere feeling that the Bentsen proposal for a program of longer duration is preferable.

Mr. SYMMS. I thank the Senator.

Mr. SCHMITT. Mr. President, I just say to the Senator from Oklahoma, and then yield the floor, that the purpose of the design of this amendment is to prevent what I think I heard the Senator say he was concerned about and that is the issue of arbitrage and the way the amendment is designed with a net interest involved prevents that.

The PRESIDING OFFICER. Who seeks recognition?

Mr. BAUCUS. Mr. President, I think this issue has been pretty well debated tonight.

I wish to make a couple points. First, I very much support what we are trying to do here, encourage more savings.

I think that the Federal Government is largely responsible for the high interest rates we now face and Congress is partly responsible. The Federal Reserve System is partly responsible and certainly this administration is more than responsible for pursuing, in my judgment, a high-interest rate policy. The net re-

sult is that housing is down, the agricultural community is on the skids, and the savings and loan industry is facing in some cases bankruptcy, in some cases very, very difficult economic straits. In the Kalispell area of Montana, for example, March 1981 unemployment was at a staggering 12.1 percent and in Missoula 9.4 percent. This reflects the sad state of our economy in those areas, which are oriented toward the forestry product industries. It is no wonder, when only between 3 and 4 percent of Americans have incomes that qualify for a $60,000 mortgage. And $60,000 does not buy too big a house, either.

The question, though, is what is the best solution? I am very proud to be associated with the efforts undertaken by the Senator from Texas (Mr. BENTSEN). I think that when he first looked into this not too long ago he crafted a very good amendment, which directly solves the problem, that is the saving certificate for housing; now we have a compromise also including agriculture.

The discussion here is whether it should be limited according to the proposal by the Senator from New Mexico.

Let me just say that I frankly am perplexed that the Senator from New Mexico is offering a proposal which in my judgment is not going to solve the problem. It does go part way, but it does not nearly go far enough.

I think we do need the 3 years. We need to give confidence to the housing industry, the forest products industry, and to consumers so that they know they can participate in this program and can begin to accumulate savings.

It was with some amusement that I notice that those on the other side of the aisle tend to not like a 3-year program. They like some 3-year programs, but apparently not some other 3-year programs. They like some 3-year programs that are untested, but do not like the other 3-year programs which are tested.

Maybe it just seems to me that if those on the other side of the aisle want to have confidence in some of their own 3-year programs, they should have confidence in this 3-year program as well.

The major argument that they propose is we need confidence and then everything will fall together. You cannot have a 1-year program; you have to have a 3-year program to achieve the administration's goals.

Now, I strongly suggest that the same reasoning, the same sound logic applies here. We need a 3-year program so that we get the confidence in the country to move forward.

Second, I wonder to what degree the 15-percent-net-interest concept as proposed by the Senator from New Mexico is going to help people in the country. I am not fully cognizant with the Senator's proposal, but as I understand it, interest expense is lumped in with interest income and 15 percent will be allowable excluded on the net.

It is my experience that a lot of people have a lot of interest expense, mortgage interest expense, and consumer interest expense. Those same people do not have near as much interest income that would begin to offset the interest expense.

I frankly do not think that is going to put very many people in a position where they are able to benefit from any kind of interest exclusion.

So, second, I feel that is the second major flaw with the amendment of the Senator from New Mexico.

Mr. SCHMITT. Mr. President, will the Senator yield?

Mr. BAUCUS. I am glad to yield.

Mr. SCHMITT. I address the question. The only interest expense that is deductible from this or subtracted from it to calculate net interest would be consumer loans. Home mortgages, trade and business expense loans would not be included in the calculation.

So this concern of the Senator I think is taken care of in the measure, and as to the concern of how many savers would it affect, if you look at the $3,000 or $6,000 cap, underneath that are 80 percent of the people in this country, more than 80 percent who filled in their tax returns a notice of interest income. So we cover something like 44 million Americans with this bill. It is a very general across-the-board exclusion.

As a matter of fact, it comes closest to reaching the small saver than anything that has been proposed except the $200 to $400 exemption that we unfortunately defeated earlier.

Mr. BAUCUS. I thank the Senator for his explanation.

I still believe that 15 percent of the net is not going to make that much difference and will hurt many people of lower income. Another flaw is the shorter duration of the period contemplated by the Senator's amendment.

Let me just summarize by saying that we do have a problem here. In my part of the country, a State that is based very heavily on the forest products industry, with housing starts down as low as they are due primarily to high interest rates, we have to find something that will encourage people to save and particularly save in local institutions such as the S. & L.'s in my home State. Thus we shall begin to address the lack of construction activity which has beset not only the Western United States but the rest of the country, and make ourselves more productive again.

I think the major effort in this area, as proposed by the Senator from New Mexico and also by the Senator from Missouri (Mr. DANFORTH) is a good start. But I hope that we do not here tonight take a couple of steps backward from the several steps forward that have been proposed by the Senator from Texas, in my judgment. In all candor, the present amendment will, as proposed by the Senator from New Mexico, put us several steps backward and is a measure we should not take tonight. I thank the Senator.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, I rise in support of the pending amendment offered by the distinguished Senator from Texas. I wish to commend him for the extraordinary leadership he has shown on this issue and on a number of economic issues facing the country.

Of the perplexing challenges which today face the Nation's economy, few are more important than reversing the decline in personal savings and averting the virtual collapse of the housing sector. The provisions of House Joint Resolution 266 permitting depository institutions to issue a tax-exempt savings certificate represent an important savings incentive; the Bentsen-Boren amendment now before us will further insure that the institutions which benefit from the savings resources generated by the certificates will direct those resources to a significant extent toward housing-related investment.

Overall House Joint Resolution 266 reflects the principle that taxes have a major, in some cases controlling, influence on the decision of individuals to save or not to save—one might even say that House Joint Resolution 266 is designed to test that principle. The All-Savers Act which is incorporated in the bill is consistent with that principle.

To this important savings incentive measure, from which depository institutions and savers alike will benefit, the Bentsen-Boren amendment adds a constructive qualification: That at least 75 percent of the new deposits in an institution issuing the certificate be invested in a broad range of qualified housing-related assets.

Mr. President, I need hardly reiterate the catastrophic effects which continuing high interest rates are having on our economy, and on certain sectors in particular. None have been hurt more seriously than our thrift institutions and our housing and related industries. Earlier this week Richard Pratt, Chairman of the Federal Home Loan Bank Board, testified before a House subcommittee that the number of savings and loan associations with "substantial difficulties" has doubled since February; that 80 percent of the Nation's 4,700 savings and loans are now operating at a loss and that fully one-third of these institutions are not "viable" under current conditions—conditions, I note regretfully, which show no sign of improving in the foreseeable future. Chairman Pratt told the subcommittee that the Federal Savings and Loan Insurance Corporation may be called upon over the next 12 months for an unprecedented $500 million in direct capital infusion. Consider that last year the FSLIC was not called upon to make any capital infusion, while in 1979 the FSLIC provided a total of $2.5 million in capital funds. Chairman Pratt further told the subcommittee that—

The all-savers bill would substantially remunerate thrift institutions, redress the bank boards burden, and make the problems of the S and L's more manageable.

The crisis in our savings and loan associations, traditionally the principal source of funds for housing, is fully repeated in the housing industry. In May of this year housing starts stood at an annual adjusted rate of 1.1 million, a decline of 14 percent from the previous month, below last year's total of 1.3 million and well below the estimated two million annual starts necessary to meet the nationwide demand for housing. Unemployment in the construction industry stands at 16.3 percent—one in six workers.

Housing construction has declined because demand for housing has dried up, and all of the occupations which depend upon housing have been gravely affected; prospective purchasers can no longer afford home mortgages. The median price of a new home in the national capital area, where many Marylanders live, has reached nearly $100,000.

With mortgage rates at approximately 16 percent, purchase of such a home would require an annual income of about $50,000—more than double the average national income of $21,000 and well beyond the reach of most Americans.

Mr. President, I reject the contention that the Nation can regard with indifference the crisis in the thrift and housing sectors of the economy. Ours is a nation where homeownership has been not an impossible dream but an achievable goal. Homeownership has been an anchor of stability in our communities and neighborhoods, and an incomparable resource to American families. Thrift institutions, which this year celebrate their sesquicentennial, have made homeownership feasible on a broad scale. In fulfilling this function they have made a unique contribution to strengthening the social fabric of the Nation.

Yet most threatened of all by the current interest rate crisis is the tradition of homeownership whose value few persons would question, and the financial institutions which have supported that tradition throughout the Nation's history. If the current situation is not remedied, homeownership will be a memory and a dream rather than a reality, and we will face a total transformation of the thrift industry. The result will be a grievous loss that is both social and economic in nature.

Finally, Mr. President, I reject the argument that it is useless to attempt to remedy the current situation, and that we must continue along the potentially disastrous course on which we are now set. The Bentsen-Boren amendment represents a responsible and constructive initiative to encourage savings in depository institutions, and to encourage those institutions to renew and expand housing-related investment. I therefore strongly urge adoption of the amendment offered by the distinguished Senator from Texas (Mr. BENTSEN).

The PRESIDING OFFICER. Is there a request for the yeas and nays?

Mr. BENTSEN. Mr. President, there will be a request for the yeas and nays on the original amendment, on the Bentsen-Boren amendment. I request the yeas and nays on that.

The PRESIDING OFFICER. Is there objection? It would take a unanimous-consent request at this time.

Is there objection to the request? If not, the request is for the yeas and nays on the Bentsen amendment.

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. SCHMITT. Mr. President, a parliamentary inquiry. I am sorry, but my attention was diverted. Do we now have the yeas and nays on the Bentsen amendment in the first degree?

The PRESIDING OFFICER. That is correct. It would be in order to request the yeas and nays on the pending amendment.

Mr. SCHMITT. Mr. President, I presume that the opposition will ask for the yeas and nays, so I will ask for the yeas and nays at this time.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Texas.

Mr. BENTSEN. Mr. President, the comment has been made here that the problem facing the S&L's and housing is high interest rates. I think that is absolutely right. I totally agree with that. That problem is not going to be resolved in a year. In a year, you are going to have the savings and loans in the same kind of shape they are now unless you see a savings incentive proposal that has some duration to it.

Let me tell you what the Council of Economic Advisers said on interest rates. They said just yesterday that interest rates are not going to subside noticeably in the next year. In fact, Council member William Niskanen indicated Tuesday that long-term interest rates should not fall more than 1 percentage point over the coming year. That is why it is important that we have this savings incentive provision continue beyond the 15-month term that has been suggested.

Mr. President, homeowners now hold mortgages an average of 7 to 10 years. Now, the savings and loan institutions are not going to invest, or utilize this all-savers instrument for savings if they know it only has a 15-month duration. They are not going to put that money out there in long-term home mortgages.

The amendment will merely push S&L's right back to where they were, making long-term investments with short-term savings. Variable rate mortgages are a partial solution, of course. Such mortgages let those assets reflect what the current interest rates happen to be as time passes. So thrift institutions have a way out of their dilemma in the longer run if they can get a massive increase in savings. That is what we are trying to bring about.

The 15-month provision just does not have the kind of impact on the housing market, nor will it result in declining mortgage interest rates that we are trying to bring about.

Frankly, I think the 15-month certificate would be very poorly utilized. Both Data Resources Incorporated and the National Association of Realtors project it will have much less impact than my 3-year proposal would on savings, employment, or housing activity. Specifically, a 15-month provision will reduce unemployment by only one-third the level attained by a 3-year program. A 15-month provision will create only one-quarter as much new savings as will a 3-year program.

In addition, they found that a one-time all-savers provision creates more of a revenue loss than it generates in new tax receipts.

The Joint Tax Committee found that the original 1-year bill has a static revenue loss of $3.1 billion over its life. The National Association of Realtors found it will create only $1.9 billion in new tax receipts as a result of increased housing activity.

Now, we were given some other static cost estimates, as well. The Joint Tax Committee figures say this about the Schmitt amendment: the static cost from 1982 through 1985 will be $8.7 billion. The Bentsen-Boren provision cost would be $6.2 billion, and that is without counting the feedback that you get by coupling it to housing. So, actually, the Bentsen-Boren 3-year provision will more than pay for itself through the increased activity in housing and from putting people back to work in this country.

I am reminded of what happened on the $200–$400 interest exclusion provision. I heard what my good friends from Missouri, New Mexico, and Oklahoma said about the work I have done to boost savings. I deeply appreciate their remarks, because they have been as concerned as I have about the low rate of savings in this country and trying to increase it.

That was why I proposed the $200–$400 interest exclusion provision several years ago. I came to that exclusion provision urging the higher limits of $2,000 and $1,000. That is what we really needed to create a meaningful savings incentive. But, they cut me back. Finally, when we got through with the House and the Conference Committee, my $1,000–$2,000 had dropped to $200–$400.

A while ago I finally voted to put it to bed. We can no longer utilize it because it was cut back so much that it really did not have enough incentive effect on savings: it was not as effective as we had hoped it would be.

The prospect for that same result concerns me here. We have a good idea, but now we are afraid to really go after it for a full 3 years. We want to tiptoe our way into this thing and do it for 15 months. So what will happen at the saving and loans, banks and credit unions is they will say, "These all-savers deposits are hot money. It is money that, as soon as that 15 months has expired, it will fly away; savers will put it in high yielding CD's. They are going back to the money market funds with it. That is where they will head just as fast as they can get there."

You talk about putting the 15 percent net interest exemption in effect in 1984. What that means is that in 1983, the person that had used their $1,000 in the first 12 months would have no further savings incentive to put new money in all-savers certificates. We are trying to get them to save and to save in substantial amounts, not hold back on savings.

One other thing about the 15-month proposal. It introduces this new concept of a 15-percent net interest exemption. Do you remember that being discussed before us in the Finance Committee? I do not remember testimony on that. I do not remember witnesses coming up to tell us this concept would work. I think we ought to hear from experts, because what my friend from New Mexico is talking about represents a substantial departure and new direction in efforts to encourage

savings. It may work, but let us have hearings to decide that first.

We have 2 years to do it, so let us take some of that time to explore this idea and perhaps it will hold water. But, in the meantime, let us go ahead and go for the 3 years. Let us say to the people of America that we are interested in trying to drive the rates down on home mortgages so young people can afford to buy a home again.

Let us say to the million people who are out of work in the housing and related industries that "we want to try to put you back to work; we would like to move you away from reliance on unemployment compensation; we want to get you back where you are earning a paycheck and are being productive again.

I think that, is what my 3-year proposal would do.

Mr. LONG. Will the Senator yield?

Mr. BENTSEN. Yes.

Mr. LONG. Is it not true, also, that when you want to attract people to get involved in a program of this sort, it takes a while for the various people who have responsibility in Government to get together and write their regulations? There is more than one agency that will have to be consulted. By the time they get their regulations written and promulgated, then the people have to advertise that they are issuing these certificates, and people need some time to think about it, people have to take money from one place to put it somewhere else. If you just look at the factors that are involved in all of this, when you talk about the 15-month program, it may not be in full swing until after maybe 4 or 5 months. Maybe some people would move as rapidly as they can, but if you recognize the fact that this does not all start at once, you realize that first it becomes law, and it takes a while for it to be implemented by regulation and then people spend time studying the regulations, complying with the regulations, and that sort of thing. So, when people are told that there is 15 months, by the time you really get going, it is over within a year.

Some people might wonder if it is worth while if it would all be over within a year. By the time they look at the regulations and comply and all the rest of it, it would be over in a year. So if you are going to have a program, it really ought to be in effect long enough so that people would feel it is worth getting involved in, rather than have a situation where no sooner would it get started than it would be all over. The Senator's amendment, by having a little more time to it, a 3-year period, would be a long enough period for people to get involved and interested and stay with it long enough to make it effective.

Does the Senator feel that a lot of people would feel that if it is not going to be but 15 months, there is no use getting involved in it? I am not referring to the building and loans or the thrift institutions, but the people who would invest the money with them.

Mr. BENTSEN. The Senator makes a very good point. He always gets right to the realities of a problem. I think that is certainly true of the people he is referring to. Savers must be redirected into a new mode, to a new form of savings. And its administration must be designed as well.

Mr. SCHMITT. Mr. President, I think we are moving close to a vote on this. I think it is important for the record to clarify the points just made.

First, the specific amendment offered by the Senator from New Mexico with his colleagues would cost the Treasury money only in 1984–85. The total cost would be about $4.3 billion, not the $8 billion-plus mentioned by the Senator from Texas. That is the latest estimate of the Joint Committee on Taxation. It actually would save money over a 3-year extension of all savers.

Mr. BENTSEN. Would the Senator repeat the estimates?

Mr. SCHMITT. These are the estimates we have. As the Senator knows, we are talking about the 15-percent exclusion with the cap of $3,000–$6,000, which brings it below the number quoted by the Senator. That was an early estimate based on an amendment presented to them by the Senator from New Mexico.

I think it is also important to note that the 15-percent exclusion does reach over 80 percent of the savers in this country, of the taxpayers in this country, whereas the all-savers certificate would exclude at least a substantial majority of the savers from participation, according to current statistics.

Finally, Mr. President, there were witnesses, and many witnesses, before the Finance Committee who specifically endorsed this concept and endorsed the bill introduced by the Senator from New Mexico along these lines, with the percentage exemption, many times, and not only before the Finance Committee but before the Banking Committee. It is not a concept which has been unexplored in hearings and is without friends. Martin Feldstein, I believe, testified before the Finance Committee. The National Credit Union League also testified. Many testified favorably on this. It has been explored in hearings.

Senator SYMMS did explore getting it attached to the bill as it came out of committee. That was not possible at that time.

We have cut back considerably from that at the insistence of Treasury, at the insistence of beginning with an eye on a balanced budget in 1984. It is my personal belief that within a year or so, as a result of this tax bill overall, and as a result of other budgetary policy on the part of this administration, we are going to see an increase in general revenues and we will be able to take another look at this and expand the 15 percent, expand the cap, and begin to create even more incentives for savings.

Finally, Mr. President, it is my understanding that the All-Savers Act, and it is a valuable act for the thrift institutions in the short term, can be implemented very quickly. We have had indications that it will not take any time at all to get it under way. It will benefit the thrift institutions within the next few months.

I thank the Chair. I think we can go ahead with the vote. I yield to the Senator from Kansas.

Mr. DOLE. Mr. President, there is nothing the Senator from Kansas can add to what I consider to have been a very good debate. Because there are a number of Members on both sides coming in from several directions who will not all be here until 10 minutes after 9, it is either me or a quorum call. I will just take a few minutes to talk about this amendment.

I think it is fair to say that the all-savers plan developed rather quickly and more or less had a life of its own. I do not know of anybody in the Senate Finance Committee who really believed it was really an "all" savers plan. Maybe it could be described as an all-subsidy plan but not an all-savers plan.

There were, I think, modifications that were needed. We had some very good debate in the Senate Finance Committee as far as targeting is concerned. In the final analysis, we decided that perhaps a "pure" all-savers was somewhat better than a targeted all-savers. There also was the feeling that something should be done for savings institutions so we did not think it correct to reject the all-savers concept entirely.

The distinguished Senator from Texas (Mr. BENTSEN) has been in the forefront of legislation that affects savings, looking for incentives for savings. In fact, I recall that it was his effort that led us to the $200 to $400 provision. Part of that was necessarily adjusted to make room for the all-savers provision. The distinguished Senator from Missouri (Mr. DANFORTH), as well, became the leader in the effort to adopt the all-savers provision.

ANNUAL EXCLUSION AND 2-YEAR PROGRAM COSTLY

If we allow certificates to be offered for 2 years and convert the lifetime exclusion into an annual exclusion, we significantly increase the revenue loss. I must remind my colleagues that the President came to the Republican policy luncheon on Tuesday and indicated to us in rather stern language—very pleasant stern language—not to load this bill up with additional costs. It seems to me that we have done fairly well so far. We have been able to eliminate some amendments that would add billions of dollars. But if we pursue the course now proposed by the distinguished Senator from Texas, it would increase the revenue loss by $3 billion over the committee amendment, and by some $850 million over the Danforth-Schmitt amendment.

It also seems to me that with a 2-year program we are just asking for a program that will permanently subsidize deposits in certain institutions. During markup the thrift institutions themselves made it very clear that a 1-year program should be adequate, that they were not looking for a permanent subsidy. They were looking for a 1-year program to tide them over temporary difficulties and for not a permanent subsidy.

A 1-year program was all that was advocated in the full page ads that most of us read. I took their word for it, that a 1-year program would be adequate.

A real savings incentive the truly notable part of the Schmitt approach is that as we terminate the all-savers plan, there is a real savers' program, the 15-percent interest exclusion, that would take effect. Otherwise, I think we are going to be extending and extending this "bailout" until it becomes a permanent subsidy. A permanent subsidy certainly was not the purpose of the amendment.

I also think it is well to point out that the Treasury has endorsed the Schmitt 15-percent interest exclusion provision as the best of several competing savings incentive ideas. In committee we had a number of outstanding witnesses testify on which way we could best attract savings. These were not partisan hearings either. There was really no partisan debate on this issue. While there was not complete consensus, this percentage exclusion concept was widely supported. Although I am not certain yet that we really have an outstanding savings incentive, one that will attract the small savers and one that will attract new savers, we at least have a pretty good savings incentive.

Without the percentage exclusion, all we really have in this provision is a shift of funds from one place to another in order to pick up some of the tax benefits that we distribute. Thus, without the percentage exclusion, we just pick up sums of money from people with money, people who were trying to get into a savings program just to save a little interest through the tax system.

If we are really concerned about the economic recovery program, we must ask whether this program will lead to a real increase in savings. Well, it might, but this Senator is prepared to say we have not found the perfect solution. The perfect solution is not in any one of the approaches that I have yet seen, but I think the Schmitt approach probably comes closer than any other.

ALL-SAVERS A TROUBLESOME PROVISION

I am the first to admit that this is a difficult problem we face. It is one that I hope we can conclude this evening and then go on about the business of completing the tax bill. This has, indeed, been a matter of considerable discussion. There has been editorial after editorial written about what a ripoff the all-savers program was, that it was an outright subsidy, even the 1-year program, for savings and loan's, whether it was the New York Times, the Washington Post, or the Wall Street Journal, papers in my home State, or anyone else's home State.

The savings and loans did an outstanding lobbying job and they were able to prevail. I can see now that we have an opportunity to cut our losses and to make sure we do not even attempt in the next Congress to extend this as a permanent subsidy program. As a permanent program it would be very costly.

Mr. President, I hope that, in the open spirit of this debate, we can dispose of this matter this evening. A similar provision is in the House bill, somewhat along the lines suggested by the Senator from Texas. We are going to have a conference. I think we are moving along very well on the tax bill. This will be one of our conference items.

Mr. President, I suppose that we did not do as well as we could have in the Senate Finance Committee. I hope the collective will or the judgment of the Senate tonight will give us a better provision.

The PRESIDING OFFICER. Who seeks recognition?

The question is on agreeing to the amendment of the Senator from New Mexico to the amendment of the Senator from Texas. The yeas and nays have been ordered. The clerk will call the roll.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from New Mexico to the amendment of the Senator from Texas. The yeas and navs have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Colorado (Mr. ARMSTRONG), and the Senator from California (Mr. HAYAKAWA) are necessarily absent.

I also announce that the Senator from New Mexico (Mr. DOMENICI) is absent due to a death in the family.

Mr. CRANSTON. I announce that the Senator from Massachusetts (Mr. TSONGAS) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 56, nays 40, as follows:

[Rollcall Vote No. 192 Leg.]

YEAS—56

Abdnor	Goldwater	Nickles
Andrews	Gorton	Packwood
Baker	Grassley	Percy
Boschwitz	Hatch	Pressler
Bradley	Hatfield	Quayle
Byrd, Harry F., Jr.	Hawkins	Roth
Chafee	Heinz	Rudman
Cochran	Helms	Schmitt
Cohen	Humphrey	Simpson
D'Amato	Jepsen	Specter
Danforth	Kassebaum	Stafford
Denton	Kasten	Stevens
Dole	Lavalt	Symms
Durenberger	Lugar	Thurmond
East	Mathias	Tower
Exon	Mattingly	Wallop
Garn	McClure	Warner
Glenn	Moynihan	Weicker
	Murkowski	Zorinsky

NAYS—40

Baucus	Ford	Metzenbaum
Bentsen	Hart	Mitchell
Biden	Heflin	Nunn
Boren	Hollings	Pell
Bumpers	Huddleston	Proxmire
Burdick	Inouye	Pryor
Byrd, Robert C.	Jackson	Randolph
Cannon	Johnston	Riegle
Chiles	Kennedy	Sarbanes
Cranston	Leahy	Sasser
DeConcini	Levin	Stennis
Dixon	Long	Williams
Dodd	Matsunaga	
Eagleton	Melcher	

NOT VOTING—4

Armstrong	Hayakawa	Tsongas
Domenici		

So the amendment of the Senator from New Mexico (UP No. 228) was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. Mr. President, I move to lay the motion on the table.

The motion to lay on the table was agreed to.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I wish to inquire about amendments that we know of that remain to be disposed of to the Bentsen amendment, and I wish to explore the possibility of time agreements on any remaining amendments and the Bentsen amendment.

It is my hope that the Senate can complete action tonight on the Bentsen amendment and the amendments thereto.

First, I have been advised there are two amendments perhaps to be offered by the distinguished Senator from Utah (Mr. GARN), and I believe I am correct in saying that he is agreeable to a time limitation of 20 minutes on each of those amendments, in both cases to be equally divided.

I inquire of the Senator from Utah if that is correct.

Mr. GARN. That is correct.

M. BAKER. If the distinguished manager of the amendment on the minority side is agreeable to this and the ranking minority member of the committee, I am prepared to put that request at this time.

Mr. BENTSEN. That is 20 minutes on each side of the amendment?

Mr. BAKER. Twenty minutes on each of the two amendments equally divided.

Mr. BENTSEN. I have no objection.

TIME LIMITATION AGREEMENTS

Mr. BAKER. Mr. President, I ask unanimous consent, then, that there be a time limitation of 20 minutes equally divided on two amendments to be offered by the Senator from Utah.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I inquire, are there other amendments that Senators have in respect to the Bentsen amendment?

Mr. METZENBAUM. Mr. President, will the Senator yield?

Mr. BAKER. I yield to the Senator from Ohio.

Mr. METZENBAUM. Mr. President, I do indeed have an amendment to the Bentsen amendment which I understand will be accepted and if it is accepted and should the Bentsen amendment then not prevail, I would offer the amendment to the bill itself, the same amendment.

Mr. BAKER. I thank the Senator.

I inquire of the distinguished manager of the bill and the minority manager if indeed they are in a position to indicate to the Senate that they can accept this amendment?

Mr. BENTSEN. My understanding is that the amendment is for a $500-denomination certificate—that all-savers certificates are to be issued in that low amount. I certainly do not see any objection to that proposal.

Mr. DOLE. The manager of the bill has no problem with that. It is in the House version of this amendment. That should not take very long.

Mr. BAKER. Mr. President, in view of the statements by the distinguished managers of the bill and the representations by the Senator from Ohio, I believe I will not now ask for a consent agreement on time limitation, but I believe we can assume that the amendment will not take much time.

Mr. President, I inquire of the distinguished author of the amendment, the Senator from Texas, if he is agreeable now to a time limitation of 20 minutes equally divided to remain for debate on his amendment?

Mr. BENTSEN. I have no objection to that.

Mr. BAKER. Is the manager of the bill, the distinguished chairman of the Finance Committee, agreeable to 20 minutes, then, equally divided to remain for debate on the Bentsen amendment?

Mr. DOLE. That is all right.

Mr. BAKER. Mr. President, I make that unanimous-consent request.

The PRESIDING OFFICER. Does the Senator wish that time to commence before or after the Garn amendment, on the 20 minutes?

Mr. BAKER. Mr. President, I anticipate that the distinguished Senator from Utah will be recognized next to offer his amendment, perhaps two amendments, and that the time would begin running at that time. The time on the Bentsen amendment, of course, would run after the disposition of the Garn amendments and after the disposition of the Metzenbaum amendment. The control of the time will be in the usual form.

I so ask unanimous consent.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I think it is entirely possible that we can finish, and I am fairly sure we can finish and it is my intention to finish consideration of the Bentsen amendment and all the amendments we know to it yet tonight. We should be able to do that within an hour, perhaps less, but in order to facilitate the action of the Senate at this fairly late hour I ask unanimous consent that the rollcall votes remaining from this point be 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Chair is in doubt that the majority leader intended there be no further amendments in order.

Mr. BAKER. That is not part of the request.

Mr. President, I thank all Senators for agreeing. I think this will materially expedite the business of the Senate, and I yield the floor.

UP AMENDMENT NO. 229

Mr. GARN. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Utah (Mr. GARN) proposes an unprinted amendment numbered 229.

Mr. GARN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 4, strike out lines 4 and 5, and insert in lieu thereof the following:

"(H) any loan for agricultural purposes,

"(I) any loan for the acquisition of an automobile (within the meaning of section 4064(b)(1)),

"(J) any small business loan, and

"(K) any student loan.

The PRESIDING OFFICER. Does the Senator yield himself time?

Mr. GARN. Mr. President, I yield myself such time as necessary.

I believe this can be dispensed with—possibly in even less than 10 minutes on this side—because earlier in the debate on the Bentsen amendment I was able to explain my position rather fully.

Let me briefly summarize it for Senators who were not here.

As chairman of the Banking Committee, no one in the Senate has been more concerned about the problems of homebuilders than I because one of my primary responsibilities is for the problems of high interest rates cause for the thrift industry as well as other small businesses.

I commend the Senator from Texas for attempting to help the homebuilders. But, first of all, this is plain and simply credit allocation.

What the all-savers certificate was supposed to be was a general savings incentive to help all institutions—and especially thrifts—to cut their cost of money and provide them with an even flow of new funds to be used for mortgages as well as other purposes, now it has been turned around, in my opinion, by the homebuilders in a very selfish way. We now say we are so concerned about the thrifts' problems that we do not care about anyone else.

But it is not only the homebuilders who are being dramatically hurt by high interest rates. The automobile industry also is being hurt very badly.

As a matter of fact, in just the last 12 months from April 1, 1980, through April 1, 1981, 1,625 automobile dealers went out of business. I assume by now that number is probably more than 2,000, and it will continue to rise.

Small business failures that are startling in the way they have increased this year. According to Dun & Bradstreet, through June 18 of this year, business failures were up 46 percent from a like period in 1980 and up 95 percent from a like period in 1979. Moreover, whereas employment in the small business sector grew steadily through the 1970's, it has declined steadily over the last six quarters.

The point that I make is: the homebuilders to come in and simply say, "We want to divert this all-savers certificate only for our purposes or at least 75 percent of it." This is disappointing to me.

Yes, they need help, and we should attempt to do something for them. But to exclude all of these other people who are also being hurt by high interest rates really disturbs me. I talked to one of my homebuilder friends today who was trying to convince me not to offer this amendment. I told him I thought it was unfair to direct credit just to one segment of a very distressed economy, and I tried to make the point by saying, "What would you think if the automobile dealers were in here with an amendment that said we simply want 75 percent of all these new savings diverted to us?" And he said that would be terribly unfair and selfish of the automobile dealers.

Well, it is just as unfair and selfish of the homebuilders to say, "We don't care about anybody else in this economy. Let them suffer from high interest rates while we are taken care of."

I would be offering the same amendment if it were small businesses that were here asking for this selfishly. It is not the homebuilders that I am after.

I say to my colleagues that is simply my case. I do not think I need to explain it any further. It is rather simple.

My amendment is very brief. Let me read it to you.

It would change the amendment to include "any loan for the acquisition of an automobile (within the meaning of section 4064(b)(1);)" "any small business loan"—and these would be defined in the same way as by the SBA—and "any student loans." We have a lot of student loans that have been made, as well, to help people through college.

Let us not vote to divert these new savings just to homebuilders. Let us make it available to other distressed industries, as well.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time.

Mr. BENTSEN. Mr. President, I yield 2 minutes to the Senator from Missouri.

Mr. DANFORTH. Mr. President, I thank the Senator from Texas.

I rise in opposition to this amendment. One of the issues in the Finance Committee—and we have debated this for a couple of hours—was whether or not this all-savers provision should or should not be targeted. Senator BENTSEN has made a very persuasive argument that it should be. I argued, to the best of my ability, that it should not be.

We felt, in trying to work this amendment out, that when we went to the floor of the Senate we had more in common than we have in disagreement and we made a good-faith effort to compromise our position. It was not totally satisfactory either to the Senator from Texas or to myself, but a reasonable compromise.

Senator BENTSEN went a long way in that compromise. He included farms. He applied the target not to the total amount of all-savers that were issued but only to the increase in deposits for the institutions. I think he has gone a long way.

I think that the best way to accomplish a result is to try to work it out in a reasonably satisfactory fashion. While in a purely philosophical matter I might agree with the position of the Senator from Utah, which, in its practical effects, is just to abolish targeting, I think the result of adopting his amendment would be no compromise at all. It would be a total route. It would be a total victory for one side. Therefore, I join

the Senator from Texas in opposing this amendment.

Mr. BENTSEN. I thank the Senator from Missouri.

I would like to say that I oppose this amendment because it is a bad tradeoff. The only result of the proposed amendment will be to defuse the impact of the all-savers amendment on housing and mortgage rates in this country. You are not going to help housing and bring mortgage rates down like you would otherwise with a more targeted bill.

We have done some major things to help put the automobile industry back on its feet in the tax bill before us. We have repeatedly tried to help every industry investment in new and more productive plant and equipment, particularly the automobile industry.

But if you include the sale of automobiles in the all-savers provision, that means that you also, of course, will be trying to encourage the import of foreign cars and the sales of those foreign cars.

Let me further say that the availability of auto credit will not be adversely affected by all-savers because two-thirds of auto sales are either fleet sales, purchased with savings or with loans from credit unions and the auto companies themselves. Only one-third are directly financed by banks. We have a provision in my amendment where banks can use 25 percent of the amount of the certificates they sell for any purpose they like within the banking regulations. And that means they can make automobile loans as easily as they ever had.

In addition to that, if you look at the percentage of automobile loans that are held by banks today, it averages about 4 percent. Auto loans can be well taken care of by the 25-percent provision. We left that in there to try to take care of the automobile industry, to insure that we did not hurt the sales of automobiles or the availability of credit to small business either, for that matter. They are protected.

Yet, this provision will hurt efforts to reduce mortgage rates. So it is a bad tradeoff. The provision will result in a failure to accomplish the housing objective that we originally set out to try to accomplish here.

If you want to help small business, we already have some provisions in the tax bill to do that, including revision in estate taxes and the $10,000 immediate expensing provision. If you really want to help small business, why don't you propose a $25,000 charge-off in new investment, in equipment, and machinery rather than $10,000? There are other ways to specifically help small business, as well. But adding them to the all-savers is not one.

So the only impact you are going to see here for this all-savers provision if you broaden it, is to gut it to the point that you do not accomplish your original objective. I strongly urge my colleagues to vote against this amendment.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. GARN. Mr. President, I yield 2 minutes to the Senator from Kansas.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, the Senator from Kansas indicated earlier that I am not so certain we had a good provision when we came to the floor. I am not certain we will have a good provision when we go to conference. But it would seem to me that one thing that we want to avoid, if possible, is targeting.

I think in the amendment offered by the Senator from Utah we open this so-called target back up. With this amendment we are sort of back where we were when the all-savers provision left the committee. By dictating the limited use in such certificates, allocating credit to a preferred industry, the Bentsen amendment will raise the cost of borrowing in the other sections of the economy such as the auto industry and small businesses and student loans, or whatever.

So I just suggest that we are sending the wrong message to thrifts. We are saying, "Don't attempt to diversify by making small business and short-term consumer loans. Continue to lend only for housing." This is not to say that we are not all concerned about the housing industry. But we already do quite a bit for the housing industry; we do even more in this bill.

The administration supports the amendment of the Senator from Utah because they are opposed to targeting in the first instance. In fact, they were opposed to the all-savers amendment in the first place.

We have sort of gone full circle now. At least I think by opening the "target" up we may have gotten the provision back into the same position it was when it left the committee.

The PRESIDING OFFICER. The Senator from Utah.

Mr. GARN. Mr. President, let me give you the example of a $10 million bank, a relatively small bank. The figures I have estimate that without the targeting provisions of the Bentsen amendment, such a bank would have $590,000 more available for automobile loans as a result of the all-savers certificate. That is not a lot of money, but it is $590,000. With the restriction of the Bentsen amendment, only $390,000; $200,000 less, or 33 percent less would be available for automobile loans.

The point the distinguished Senator from Texas makes is that his amendment will not hurt the automobile industry. True, it may not hurt, but it certainly will not help make credit available for auto loans.

We can talk about the automobile companies, but I am talking about the dealers, small businessmen. That is who we are trying to help so that more car sales will be made.

The Senator from Kansas is correct. The administration does support this amendment.

Let me just finish by saying that the choice here, I think, is rather simple. If this body defeats my amendment, you are saying, "Yes, we are concerned about the homebuilders, about housing"—which we should be. I know, because I am chairman of the Banking, Housing, and Urban Affairs Committee. I am concerned as much as anybody in this body about adequate housing for the people of this country. But to vote for the Bentsen amendment if it is not amended by my amendment, is to simply say that we do not have equal concerns for small businesses, for students trying to go to college, or for automobile sales in this country.

If you will notice, the figures for last month's automobile sales were the lowest in many, many years, far lower than last year after a brief pickup in the spring. We are down to an annualized rate of slightly over 8 million cars per year.

I would suggest we make a choice to help homebuilders, automobile dealers, small businesses, and also students and not just say we are going to help homebuilders but no one else in this tough, high-interest economy.

I reserve the remainder of my time.

Mr. DANFORTH. Mr. President, I wonder if the Senator from Texas would yield for a question?

Mr. BENTSEN. Mr. President, how much time does the Senator from Texas have remaining?

The PRESIDING OFFICER. The Senator from Texas has 5 minutes remaining.

Mr. BENTSEN. I yield to the Senator.

Mr. DANFORTH. Mr. President, I would like to ask the Senator from Texas if he recalls the names of the two Senators who were the original cosponsors of the bill to limit the importation of Japanese automobiles and thus help the American automobile industry?

Mr. BENTSEN. I must say I recall they were Senator DANFORTH and Senator BENTSEN, who sure heard from a lot of dealers in the United States that were selling Japanese cars. So, as far as people who have fought to try to help the automobile industry—the domestic automobile industry and not the foreign industry—the Senator from Missouri and the Senator from Texas certainly worked very hard to accomplish that.

But what you are talking about with the provision now is not targeting—not targeting to try to help the domestic producers as we have in this piece of legislation with revising depreciation schedules, for example. You are saying indiscriminately, "Go ahead and buy the car if you want to, a Japanese car or a domestic car, or buy from whatever country you desire, and we will try to assist you in that respect."

But let me say this: The average bank has 4 percent of its deposits in automobile loans.

What have we said of this certificate? We are saying that 25 percent of it can be made in loans to any type of customer a bank has. If you want to put the 25 percent in car loans, you can do it.

But the banks are not doing that. They are putting 4 percent in.

The auto industry is well taken care of. What you are finally doing is you are diffusing what we started out to try to do, to try to get mortgage payments down so young people in this country could afford a home again.

The average new home cost, $69,000.

Only 5 percent of those without a home today can afford a new home. If we can drive that rate down from 16 percent, where it is now, to something like 8 percent—and I know that is very optimistic—on the average $69,000 home on a 30-year mortgage, you can reduce payments by $335 a month. You would be make homeownership more affordable.

It would put 1 million people back to work in the housing industry who are out of work, drawing unemployment compensation. We are trying to put them back into productive roles. We are trying to have them drawing a paycheck.

What we proposed in the original amendment will more than pay for itself. It would reduce budget deficits by $5 billion between now and 1984 through the feedback that we would have.

Here we are trying to spread it around and it will not do anybody much good with that kind of an approach.

Mr. RIEGLE. Will the Senator yield at that point?

Mr. BENTSEN. For a question, as I have very little time.

Mr. RIEGLE. It is my understanding that 25 percent of the money to be generated could be available for purposes that are in this amendment, for car loans and other things. Is that right?

Mr. BENTSEN. That is correct.

Mr. RIEGLE. Would it be appropriate to inquire of the Senator from Utah if he would be willing to accept an amendment to restrict the loans to domestically produced automobiles? Would he accept that amendment?

Mr. GARN. That is a difficult thing to do because I am opposed to credit allocation in principle and now you are asking to narrow it back the other way, to more credit allocation.

Mr. RIEGLE. Is the Senator willing to accept that amendment, if we could limit that only to domestically produced automobiles?

Mr. GARN. I understand that this is a violation of the GATT and, therefore, I would not be willing to accept it.

Mr. BENTSEN. Mr. President, that question has been asked and that question has been answered.

Once again, Mr. President, I am saying that what we are doing when we further diffuse my amendment is to lose the opportunity we have to try to put people back to work in this country while making homes more affordable. We are trying to do something to help stabilize our society. We have today 2 million household formations per year; you have new housing construction of 1,150,000 units. That means that just that many more people are not going to be able to buy a home. What we have tried to do is to make it more possible for them to accomplish that purchase. I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator has 47 seconds remaining.

Mr. GARN. I yield to the Senator from New York.

Mr. D'AMATO. I would like to ask the Senator from Utah about the problems that students face and I wonder about funneling some of this money to student loans.

Mr. GARN. Yes.

Mr. D'AMATO. I think this is a very important area and that the amendment goes a long way to addressing some of the problems that students might otherwise face.

Mr. GARN. I thank the Senator.

I will make one closing statement. With the 15-month certificate period, what we are forcing the savings and loans to do during that period of time, if Mr. BENTSEN's amendment is accepted, is to say that they will borrow short and make 25- to 30-year loans and at the end of that 15-month period we will be forced to extend the authorization for the certificates or leave them in a big hole. That does not make sense to me.

The PRESIDING OFFICER. The time of the Senator from Utah has expired. The Senator from Texas has 51 seconds left.

Mr. BENTSEN. The Senate recently opposed an increase in funding for higher education in the first budget resolution. I voted to restore the funds. Now we are talking about the same thing, in effect.

Once again, I would urge my colleagues to vote against this amendment of the Senator from Utah that will spread a little oil across the board while not really helping anyone.

Mr. GARN. I ask for the yeas and nays, Mr. President.

The PRESIDING OFFICER. Is all time yielded back? The Senator from Texas has 6 seconds left.

Mr. BENTSEN. I yield 6 seconds to my friend from Arizona.

Mr. DECONCINI. Mr. President, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second on the motion to table?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Utah. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from California (Mr. HAYAKAWA) is necessarily absent.

I also announce that the Senator from New Mexico (Mr. DOMENICI) is absent due to a death in the family.

Mr. CRANSTON. I announce that the Senator from New York (Mr. MOYNIHAN) and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 48, nays 48, as follows:

[Rollcall Vote No. 193 Leg.]

YEAS—48

Abdnor	Byrd, Harry F., Jr.	DeConcini
Andrews	Byrd, Robert C.	Dixon
Baucus	Cannon	Dodd
Bentsen	Chiles	Eagleton
Biden	Cranston	Exon
Boren	Danforth	Ford
Burdick	Hart	Glenn
Heflin	Levin	Riegle
Heinz	Long	Roth
Hollings	Melcher	Sarbanes
Huddleston	Metzenbaum	Sasser
Inouye	Mitchell	Specter
Jackson	Nunn	Stennis
Johnston	Pell	Williams
Kennedy	Proxmire	Zorinsky
Leahy	Pryor	
	Randolph	

NAYS—48

Armstrong	Grassley	Nickles
Baker	Hatch	Packwood
Boschwitz	Hatfield	Percy
Bradley	Hawkins	Pressler
Bumpers	Helms	Quayle
Chafee	Humphrey	Rudman
Cochran	Jepsen	Schmitt
Cohen	Kassebaum	Simpson
D'Amato	Kasten	Stafford
Denton	Laxalt	Stevens
Dole	Lugar	Symms
Durenberger	Mathias	Thurmond
East	Matsunaga	Tower
Garn	Mattingly	Wallop
Goldwater	McClure	Warner
Gorton	Murkowski	Weicker

NOT VOTING—4

Domenici	Moynihan
Hayakawa	Tsongas

So the motion to lay on the table Mr. GARN's amendment (UP No. 229) was rejected.

The PRESIDING OFFICER. The question occurs on the amendment of the Senator from Utah to the amendment of the Senator from Texas. The yeas and nays have not been ordered.

Mr. BAKER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The yeas and nays have been ordered, the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from California (Mr. HAYAKAWA) is necessarily absent.

I also announce that the Senator from New Mexico (Mr. DOMENICI) is absent due to a death in the family.

Mr. CRANSTON. I announce that the Senator from Massachusetts (Mr. KENNEDY), the Senator from New York (Mr. MOYNIHAN), and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 36, nays 59, as follows:

[Rollcall Vote No. 194 Leg.]

YEAS—36

Armstrong	Goldwater	Pell
Baker	Hatch	Percy
Bradley	Hawkins	Quayle
Bumpers	Helms	Rudman
Chafee	Humphrey	Schmitt
Cohen	Jepsen	Simpson
D'Amato	Laxalt	Stafford
Denton	Lugar	Symms
Dole	Mathias	Thurmond
Durenberger	Mattingly	Tower
East	McClure	Wallop
Garn	Nickles	Warner

NAYS—59

Abdnor	Byrd, Harry F., Jr.	DeConcini
Andrews	Byrd, Robert C.	Dixon
Baucus	Cannon	Dodd
Bentsen	Chiles	Eagleton
Biden	Cochran	Exon
Boren	Cranston	Ford
Boschwitz	Danforth	Glenn
Burdick		Gorton

Grassley	Leahy	Pryor
Hart	Levin	Randolph
Hatfield	Long	Riegle
Heflin	Matsunaga	Roth
Heinz	Meicher	Sarbanes
Hollings	Metzenbaum	Sasser
Huddleston	Mitchell	Specter
Inouye	Murkowski	Stennis
Jackson	Nunn	Stevens
Johnston	Packwood	Weicker
Kassebaum	Pressler	Williams
Kasten	Proxmire	Zorinsky

NOT VOTING—5

Domenici	Kennedy	Tsongas
Hayakawa	Moynihan	

So the amendment of the Senator from Utah (UP No. 229) was rejected.

The PRESIDING OFFICER. Does the Chair hear a motion to reconsider?

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DANFORTH. I move to lay that motion on the able.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 230

(Purpose: lowering the reinvestment percentage from 75 to 50)

Mr. GARN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Utah (Mr. GARN) proposes an unprinted amendment numbered 230.

Mr. GARN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3, line 2, strike out "75 percent" and insert in lieu thereof "50 percent".

On page 3, line 5, strike out "75 percent" and insert in lieu thereof "50 percent".

Mr. GARN. Mr. President, may we have order? If so, this amendment can be disposed of very rapidly.

The PRESIDING OFFICER. The Senate will be in order. Senators will please take their seats.

There is a 10-minute limitation on each side on this amendment.

Mr. GARN. Mr. President, I am disappointed that the first amendment lost, that we have said "no" to automobile dealers and students and to small business.

I should like to give the Senate another opportunity, however, not for further targeting, but a very simple change: On page 3, line 2, strike out "75 percent" and insert in lieu thereof "50 percent"; also, one other change, from "75 percent" to "50 percent".

To those Senators who voted against the last amendment, I do not believe it is at all unreasonable to say now that of these funds, 50 percent will be targeted—one-half of all the new funds raised from these certificates will go to housing and home mortgages.

Is it unfair to say that 50 percent can be used for all other purposes? I hardly think so.

I doubt that my amendment needs any further explanation—just a 50–50 split. Can we say "No" to the others, other than the homebuilders? To say that it is not at least fair to divide up half among all the others who are hurt by high interest rates and still give the homebuilders 50 percent?

I reserve the remainder of my time.

Mr. BENTSEN. Mr. President, I think we are facing the same issue again. It is a question of whether or not we diffuse what we are trying to achieve here in getting interest rates down on home mortgages, whether we are going to try to put those million people back to work and back on payrolls.

We have already cut the proposal back from 3 years to 15 months.

Now the question before us is, do we cut it back some more? Do we again subvert our original intent of trying to encourage homebuilding in this country, of reducing mortgage rates, of trying to aid S. & L.'s that are in serious trouble.

If we move the target away from homebuilding, it means there is that much less help to the S. & L.'s that really need a substantial influx of savings today. I am trying to put the savings and loans industry on a sound financial basis and a sound foundation while helping housing and homebuilding.

We started with those original objectives, and I wish to achieve them.

I yield to the Senator from Missouri such time as he may desire.

Mr. DANFORTH. Mr. President, I think it is important to realize what the percentage is. The percentage figure in the amendment that was proposed by the Senator from Texas was not 75 percent of the total amount of all-savers certificates that are issued. Rather it is 75 percent of the increase of retail savings in the institution issuing the all-savers. So there would have to be a net increase in passbook accounts, time deposits, and all-savers, all combined for the percentage figure to come into play in the first place.

The 75-percent figure does not apply to all-savers certificates. Some of the all-savers certificates will be money that just comes out of the marketplace. Other all-savers certificates will be money that is transferred there from, say, certificates of deposit. The certificate of deposit transfer money is untouched by the position taken by the Senator from Texas.

So, once again, I think that Senator BENTSEN has gone a long way in fashioning a reasonable compromise between what was my position which originally was do not target anything and his position which was a heavily targeted position.

Once you make a deal do not go back on it.

Therefore, I oppose the second amendment of the Senator from Utah.

Mr. GARN. Mr. President, I will just say that the United States Savings and Loan League has not taken a position on either one of my amendments. I wish to make that clear. However, the vast majority of thrift organization people I have talked to today oppose targeting. This all-savers certificate was originally intended to provide more money primarily for the thrifts that they could use largely for home mortgages.

But with the Bentsen amendment, it does not help the thrift industry. I wish to correct the statement of my distinguished colleague from Texas. His amendment is going to force the thrifts to borrow short and lend long. It is going to exacerbate their problem.

I wish to make one other thing very clear. I think it is fair to provide for a 50–50 split, 50 percent for housing, but 50 percent for all other purposes. That is not unreasonable and unfair. It does not dilute housing's benefit significantly. I also wish to make a point that 50 percent would not be a requirement. An institution could put 100 percent into mortgages if it wanted under my amendment. Fifty percent is only a floor. They could put all the money they want beyond 50 percent into housing.

That is an individual savings and loans choice. So it is not a limit of 50 percent. It is a floor of 50 percent.

If the opponents are prepared to yield back I am prepared to yield back mine.

Mr. BENTSEN. Mr. President, I wish to take a few seconds to respond to that.

It does not say what the Senator is really talking about which is having the money go to the thrifts. They are the people who are the traditional lenders for homes. They are the ones who will take advantage of it to the benefit of homebuyers, the housing industry and the entire economy. So to the extent that we cut it back, we diffuse it and we will see more of it go to other kinds of financial institutions with little affect.

The ones that are having the real trouble today are the thrifts. So I urge Senators not to reduce the amount targeted to them?

Mr. GARN. Mr. President, I am prepared to yield back the remainder of my time.

Mr. BENTSEN. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

Mr. GARN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The question is on agreeing to the amendment of the Senator from Utah. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from California (Mr. HAYAKAWA), is necessarily absent.

I also announce that the Senator from New Mexico (Mr. DOMENICI), is absent due to a death in the family.

Mr. CRANSTON. I announce that the Senator from New York (Mr. MOYNIHAN), the Senator from Massachusetts (Mr. TSONGAS), are necessarily absent.

The PRESIDING OFFICER. Are there any Senators wishing to vote?

The result was announced—yeas 33, nays 63, as follows:

[Rollcall Vote No. 195 Leg.]

YEAS—33

Armstrong	Garn	Percy
Baker	Hatch	Quayle
Bradley	Hawkins	Rudman
Byrd, Harry F., Jr.	Helms	Schmitt
Chafee	Humphrey	Simpson
Cohen	Jepsen	Symms
D'Amato	Laxalt	Thurmond
Denton	Lugar	Tower
Dole	Mathias	Wallop
Durenberger	Mattingly	Warner
East	McClure	
	Nickles	

NAYS—63

Abdnor	Glenn	Metzenbaum
Andrews	Goldwater	Mitchell
Baucus	Gorton	Murkowski
Bentsen	Grassley	Nunn
Biden	Hart	Packwood
Boren	Hatfield	Pell
Boschwitz	Heflin	Pressler
Bumpers	Heinz	Proxmire
Burdick	Hollings	Pryor
Byrd, Robert C.	Huddleston	Randolph
Cannon	Inouye	Riegle
Chiles	Jackson	Roth
Cochran	Johnston	Sarbanes
Cranston	Kassebaum	Sasser
Danforth	Kasten	Specter
DeConcini	Kennedy	Stafford
Dixon	Leahy	Stennis
Dodd	Levin	Stevens
Eagleton	Long	Weicker
Exon	Matsunaga	Williams
Ford	Melcher	Zorinsky

NOT VOTING—4

Domenici	Moynihan	Tsongas
Hayakawa		

So Mr. GARN's amendment (UP No. 230) was rejected.

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

UP AMENDMENT NO. 231

Mr. METZENBAUM. Mr. President, on behalf of myself, Senators BUMPERS, D'AMATO, and BAUCUS, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Ohio (Mr. METZENBAUM), for himself, Mr. BUMPERS, Mr. D'AMATO, Mr. BAUCUS, and Mr. BRADLEY, proposes an unprinted amendment numbered 231 to the Bentsen amendment, UP Amendment No. 227.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, line 8, strike "and."

On page 2, line 13, strike the period and insert ", and."

On page 2, insert after line 13, the following:

"(D) Which is issued in denominations of not greater than $500."

Mr. METZENBAUM. Mr. President, I am a cosponsor of the "all-savers certificate" legislation and I look forward to its enactment by the Congress. It is a means of providing badly needed assistance to savers and investors, to the savings and loans industry and to the home construction and mortgage markets.

However, I am concerned that the small savers needs equal access to the "all-savers certificates," and we have sent to the desk an amendment to require that "all-savers certificates" be available in denominations of $500, so that young couples, young workers, senior citizens, and other savers who need some measure of flexibility in their savings plans can buy into this very important new program at a reasonable level of investment.

I would not want to see these certificates otherwise go for a face value of $1,000, $2,000, or $5,000 each. Since they must be held for 1 year, it is essential that the small saver with only a few thousand dollars, who cannot afford to tie up $2,000 at one time is permitted access to these certificates. Under our amendment, a saver who could only afford to tie up $500 or $1,500 or $2,500 for a year would be able to do so. I am sure that most savers who participate in this plan will indeed be able to save in increments of $1,000 or $2,000 but for those who need the extra flexibility of $500 increments, I believe this is a practical step, one that will have no revenue effect, and I would hope that my colleagues would adopt it.

Mr. RIEGLE. Will the Senator yield? Will the Senator list me as a cosponsor of that amendment?

The PRESIDING OFFICER. Without objection, the Senator from Michigan is listed as a cosponsor.

Mr. METZENBAUM. Mr. President, it is my understanding that this amendment has been cleared with the sponsor of the amendment. I yield to the Senator from Texas.

Mr. BENTSEN. Mr. President, I have looked at the amendment. I have no objection to the amendment.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I yield to the Senator from New York.

The PRESIDING OFFICER. Will the Senate be in order? Will the staff please stop conversation.

The Senator from New York.

Mr. D'AMATO. Mr. President, I believe that the amendment serves to give an opportunity for those with limited incomes to take advantage of the All-Savers Act. This is the least we can do. It is rather noncontroversial and makes it possible for them to invest in the smaller denominations of $500.

There may be some resistance from some of the institutions as a result of it costing them some money. But I believe it is the least we can do to really open up the opportunities for people with limited incomes to provide them with the ability to invest, also.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that Senators BURDICK and RANDOLPH be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, we have reviewed the amendment. I think it may be of some help. It is pretty hard to help this amendment, but it may help a little. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio (Mr. METZENBAUM).

The amendment (UP No. 231) was agreed to.

The PRESIDING OFFICER. The Senator from Texas.

Mr. BENTSEN. Mr. President, I have no further request for time that I know of on this side.

Mr. DOLE. Mr. President, as I understand it, there are some technical amendments.

UP AMENDMENT NO. 232

Mr. BENTSEN. Mr. President, I send to the desk a technical amendment that has been prepared by the Joint Tax Committee in correcting a minor technicality on the amendment. I think it has been cleared with the Senator from Kansas.

The PRESIDING OFFICER. Will the Senator send the amendment to the desk?

Mr. DOLE. Is the amendment at the desk?

The PRESIDING OFFICER. The clerk will report the number of the amendment. The amendment is being reproduced.

The legislative clerk read as follows:

The Senator from Texas (Mr. BENTSEN) proposes an unprinted amendment No. 232 to his unprinted amendment No. 227 of a technical nature.

Mr. BENTSEN. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Page 2, line 1, capital letter E on "Exempt".

Page 2, line 5, strike "savings".

Page 2, line 14, add beginning quotes. Qualified institution should not be capitalized.

Page 2, lines 15 and 16 should be one line beginning with quotation marks.

Page 2, line 17, begin with quotation marks.

Page 2, line 21, add ", or".

Page 2, line 22, begin with quotation marks.

Page 2, line 24, end line with a comma, add ", or".

Page 2, line 25, start with quotation marks.

Page 2, line 26, cross out everything after supervised and add "supervised under Federal and State law in a manner similar to a savings and loan institution.".

Page 2, line 32 should begin (2)(A)(iii).

Page 3, line 6, start with quotation marks.

Page 3, line 33 fourth word is "issued".

Page 3, line 33, fourth word is "issued".

Page 4, line 5, last two words are "agricultural purposes.".

Page 7, line 26, "RICs" should be "regulated investment companies.".

Page 3, between lines 6 and 7, insert a comma after the words "preceding calendar quarter".

The PRESIDING OFFICER. The amendment is being reproduced.

Mr. BENTSEN. Mr. President, I would say it is a purely technical amendment to my amendment. It has a correction made by the Joint Tax Committee.

Mr. DOLE. Mr. President, I think as soon as we know what the technical amendment is we can agree to it.

Mr. President, while we are waiting for the xerox to work, as has been suggested, I wonder if I might direct a question to the distinguished majority leader.

The PRESIDING OFFICER. The Senate will be in order.

Mr. DOLE. Mr. President, as I understand, there will be a vote on the passage of the Bentsen amendment, as amended.

Mr. BENTSEN. The yeas and nays have been ordered.

Mr. DOLE. Will that be the last rollcall vote this evening?

Mr. BAKER. Mr. President, if the Senator will yield to me, that will be the last rollcall vote. There is a 20-minute time limitation remaining on this amendment. I hope, frankly, that Members will take less time.

ORDER FOR RECESS UNTIL 11 A.M. TOMORROW

Mr. BAKER. Mr. President, while I have the opportunity, I ask unanimous consent that the time for the convening of the Senate tomorrow be changed from 10 a.m. until 11 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I would say that following the rollcall vote—

The PRESIDING OFFICER. Will the Senate please be in order?

Mr. DOLE. There are a couple of amendments, technical in nature, which have been cleared by the distinguished Senator from Louisiana, and I think by the Senator from Ohio, Mr. METZENBAUM, one by Senator GOLDWATER, and one by Senator HUDDLESTON and others that I hope might be disposed of after the rollcall.

The PRESIDING OFFICER. Does the clerk now have the amendment?

Does the Senator from Kansas desire to see the amendment?

Mr. DOLE. We would like to see it before we accept it.

Mr. President, I suggest the absence of a quorum, briefly, while we find the amendment.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I am now advised that the amendment has been examined and it is in perfect order and acceptable.

The PRESIDING OFFICER. Does any Senator seek time to be recognized on the amendment?

If not, the question is on agreeing to the technical amendment of the Senator from Texas. This is the technical amendment.

The amendment (UP No. 232) was agreed to.

The PRESIDING OFFICER. There is a time of 20 minutes allocated on the Bentsen amendment. Does anyone seek recognition?

Mr. DOLE. I yield back any remaining time, if I have any.

Mr. BENTSEN. I yield back any remaining time.

The PRESIDING OFFICER. All time has been yielded back.

The question is on agreeing to the amendment of the Senator from Texas, as amended. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from California (Mr. HAYAKAWA) is necessarily absent.

I further announce that the Senator from New Mexico (Mr. DOMENICI) is absent due to a death in the family.

Mr. CRANSTON. I announce that the Senator from New York (Mr. MOYNIHAN) and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 86, nays 10, as follows:

[Rollcall Vote No. 196 Leg.]

YEAS—86

Abdnor	Goldwater	Murkowski
Andrews	Gorton	Nunn
Baucus	Grassley	Packwood
Bentsen	Hart	Pell
Biden	Hatch	Percy
Boren	Hatfield	Pressler
Boschwitz	Hawkins	Proxmire
Bradley	Heflin	Pryor
Bumpers	Heinz	Quayle
Burdick	Helms	Randolph
Byrd, Harry F., Jr.	Hollings	Riegle
	Huddleston	Roth
Byrd, Robert C.	Humphrey	Rudman
Cannon	Inouye	Sarbanes
Chiles	Jackson	Sasser
Cochran	Johnston	Schmitt
Cohen	Kassebaum	Simpson
Cranston	Kasten	Specter
Danforth	Kennedy	Stafford
DeConcini	Laxalt	Stennis
Denton	Leahy	Stevens
Dixon	Levin	Symms
Dodd	Long	Thurmond
Durenberger	Matsunaga	Tower
Eagleton	Mattingly	Wallop
East	McClure	Warner
Exon	Melcher	Weicker
Ford	Metzenbaum	Williams
Glenn	Mitchell	Zorinsky

NAYS—10

Armstrong	Dole	Mathias
Baker	Garn	Nickles
Chafee	Jepsen	
D'Amato	Lugar	

NOT VOTING—4

Domenici	Moynihan	Tsongas
Hayakawa		

So Mr. BENTSEN's amendment (UP No. 227), as amended, was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BAKER. I move to lay that motion on the table, Mr. President.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 233

(Purpose: To enable the Smithsonian Institution to acquire the Mathew Brady collection in the estate of Dorothy Meserve Kunhardt)

Mr. DOLE. Mr. President, I sent an amendment to the desk in behalf of Senator GOLDWATER. It has been cleared with Senator LONG. I understand the Senator from Ohio has no objection, the Senator from Kansas has no objection. The committee did have some problems with the amendment. We modified it to make certain that it satisfied a large part of that objection. There is also a statement by Senator GOLDWATER on it.

I send the amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE), for Mr. GOLDWATER, Mr. JACKSON, and Mr. GARN, proposes an unprinted amendment numbered 233.

Mr. DOLE. I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of title IV, add the following:

SEC. ——. CREDIT AGAINST ESTATE TAX IMPOSED ON ESTATE OF DOROTHY MESERVE KUNHARDT.

(a) IN GENERAL.—Upon transfer to the Smithsonian Institution, within thirty days following the date of the enactment of this Act, of all right, title, and interests held by the Dorothy Meserve Kunhardt trust and the estate of Dorothy Meserve Kunhardt in the collection of approximately seven thousand two hundred and fifty Mathew Brady glass plate negatives and the Alexander Gardner imperial portrait print of Abraham Lincoln, there shall be allowed as a credit, effective as of the date upon which the return was due to be filed, against the tax imposed by section 2001 of the Internal Revenue Code of 1954 (relating to the imposition of estate tax) on such estate an amount equal to the lesser of—

(1) such tax,

(2) the fair market value of such negatives and such print, or

(3) $700,000.

● Mr. GOLDWATER. Mr. President, I send to the desk an amendment and ask for its immediate consideration. I am joined in the amendment by Senator JACKSON and Senator GARN. We serve as regents of the Smithsonian Institution.

The amendment is what we might call a philanthropic proposal. It has insignificant revenue impact and will not disturb the President's economic recovery program.

Our amendment will make it possible for the Smithsonian to acquire the only major collection of Mathew Brady original negatives. The long and the short of the matter is this: The Dorothy Meserve Kunhardt estate holds 7,250 original glass plate negatives of Mathew Brady portrait photographs, which it will transfer to the Smithsonian if the estate receives a credit in the amount of the estate tax due on the collection. The trustees of the estate are authorized to sell the Meserve collection, but not to give it away. The trust instrument prevents the trustee from giving the collection as a charitable contribution.

Mr. President, the estate has entered into an agreement to deliver the negatives to the Smithsonian, if Congress enacts a credit against the estate tax. Any difference between the amount of the credit and the appraised value of the collection will be paid by the Smithsonian itself, up to an additional $560,000.

Our amendment places a specific ceiling of $700,000 on the amount of the tax credit. The credit cannot exceed that amount. So the amendment does not run into billions of dollars. It is below $1 million.

Mr. President, I am presenting the amendment today because the Smithsonian has a time problem. Its agreement with the estate expires on September 22, 1981. If Congress has not passed a tax credit by that time, the estate is free to search elsewhere. It can look for the highest bidder and this magnificent collection may fall out of the public's hands.

It could wind up in another private collection. Or even worse, it could be sold in pieces. Since Congress has scheduled an August recess, this is our only opportunity for prompt action on the matter.

Mr. President, I happen to chair the National Portrait Gallery Commission. I also serve on the Smithsonian Board of Regents.

But beyond that, I am a photographer and a student of history. I know that this collection is the only one in existence that was built on the actual inventory of Mathew Brady's studio. He, of course, is one of the most celebrated pioneers in the history of American photography. Virtually every major American figure from the late 1850's through the Civil War and afterward is included among the subjects in this collection. It even contains the one and only original print ever made from the glass plate negative of the last photograph of Abraham Lincoln.

Our amendment will insure that this irreplaceable collection will remain intact and will be placed in the National Portrait Gallery of the Smithsonian Insitution, where it will belong to the entire Nation.

I urge favorable action by my colleagues on the amendment.●

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 233) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, as I understand it, we had hoped to take up another amendment, but there has been an objection imposed, so we shall go back to the drawing boards.

INDEXING INDIVIDUAL RATE BRACKETS, PERSONAL EXEMPTION, AND ZERO BRACKET AMOUNT

Mr. DOLE. Mr. President, under the present progressive rate schedules for the individual income tax, the upper and lower limits of each rate bracket are stated in nominal dollar amounts. In addition, the Internal Revenue Code contains numerous fixed dollar terms, such as the zero bracket amount, the personal exemption, and limits on various credits and deductions. An increase in nominal income results in a higher effective tax rate as more income is taxed at the marginal rate and as taxpayers move into higher marginal rate brackets. To the extent that increases in nominal income represents a response to inflation, as income rises to keep pace with the cost of living, the progressive rate structure results in an increase in the effective tax rate relative to real income, as measured by purchasing power.

ISSUE

The issue is whether Congress should continue to offset inflation-induced tax increases periodically, or whether the tax tables should be adjusted each year to maintain stable tax rates. Economists estimate that inflation increases income tax revenues in a range of $1.4 to $1.7 billion per percentage point of inflation. While Congress periodically cuts taxes and offsets much of the inflation increase, those adjustments have not compensated all taxpayers equitably across the income scale. In recent years discretionary tax cuts have not kept pace with inflation: For example, the 1978 tax cut was erased by inflation almost immediately.

The committee concluded that built-in adjustments for inflation in the individual income tax would be a preferable means of stabilizing the tax burden for most taxpayers, and would be consistent with the goals of administrative simplicity and equity in the tax code.

COMMITTEE AMENDMENT

To deal with the interaction of inflation and the progressive rate structure, the committee agreed to a separate provision to be offered as a committee amendment to the bill.

The amendment will provide that the individual rate brackets, personal exemption, and zero bracket amount, formerly the standard deduction, will be adjusted for inflation beginning January 1, 1985. The minimum and maximum dollar amounts for each rate bracket, the zero bracket amount, and the personal exemption, currently $1,000, will be adjusted upward by a factor equal to the percentage increase in the Consumer Price Index in the most recently completed fiscal year over the Consumer Price Index in the preceding fiscal year. Accordingly, the adjustment to be made effective January 1, 1985, will be based on the increase in the Consumer Price Index for fiscal year 1984 over that in fiscal year 1983. Similar adjustments will be made in the tax tables for each subsequent taxable year.

Withholding tables reflecting the cost-of-living adjustments will be prescribed before the beginning of the year for which the adjustments are to be effective. The gross income levels above which an income tax return is required, as prescribed by section 6012(a) of the code, will also be altered to reflect the cost-of-living adjustments.

The provision will apply to taxable years beginning after December 31, 1984.

PROPOSED TAX CREDIT FOR GEOTHERMAL PROPERTY USED OUTSIDE UNITED STATES

Mr. MATSUNAGA. Mr. President, as a cosponsor, I rise in support of the amendment introduced by the distinguished Senator from Louisiana (Mr. JOHNSTON), to permit geothermal property used predominantly outside the United States to qualify for the investment tax credit. As many of my colleagues know, Hawaii may become the first State in the Union to become entirely self-reliant on sources of renewable energy. In fact, had the Senate not been in session, I would be in Hawaii at the dedication of a geothermal well-head electrical generator which promises to produce up to 3 megawatts of power from a single geothermal well.

The current administration's decision to reduce or eliminate programs to encourage the development of alternative energy, including OTEC, wind energy, and geothermal energy, is very troubling to me and others who have labored so long to help develop a reasonable program of Federal assistance that will greatly accelerate the development of alternative energy. Indeed, I believe we border on extreme shortsightedness in curtailing or eliminating these programs.

The administration tells us that the private sector, with the use of tax credits and rising energy costs, will eventually develop these energy alternatives. I sincerely hope they are correct. I would note, however, that even with respect to the availability of tax credits the IRS has defined geothermal equipment in such a way that equipment used solely to drill for geothermal energy is not considered equipment used to produce geothermal energy, and is therefore not eligible for energy tax credits.

My point is, Mr. President, that we cannot encourage the development of alternative energy by use of tax incentives if, in fact, those incentives do not really exist. I have, for several months now, attempted to get from the IRS, a clarification as to why geothermal equipment used to drill for, and thus produce, geothermal energy is not included in IRS regulations which define the equipment that is eligible for the energy tax credit.

I want to bring this matter to the attention of the Senate and I would hope that passage of this amendment now being considered will help to focus the attention of the Finance Committee on the necessity to clarify the availability of these energy tax credits.

The amendment being offered by my distinguished colleague will encourage the development of geothermal energy at home and abroad. If American industry and know-how can be exported to other countries not only will our balance of payments problems be lessened but, in the case of geothermal energy development, worldwide dependence on crude oil will also be lessened. And, we will encourage the further development of geothermal energy technology and, in so doing, any action we might take to assist in the development of geothermal will ultimately assist Hawaii and other States in becoming energy self-sufficient on renewable energy resources.

I commend the Senator from Louisiana (Mr. JOHNSTON) for his foresightedness and urge the adoption of the amendment.

WINDFALL PROFIT TAX EXEMPTION—RESIDENTIAL CHILD CARE AGENCIES

Mr. TOWER. Mr. President, I am delighted that the full Senate has given its approval to the amendment exempting from the so-called "windfall profit tax" those oil royalty interests held by or for residential child care agencies. The substance of this amendment, of course, is the same as that of an original bill, S. 307, which was authored by the distinguished Senator from Mississippi (Mr. COCHRAN) and which I am pleased to cosponsor.

Mr. President, the Senate's action today makes real progress in ending at last the unintentional, discriminatory

and inequitable treatment of private, not-for-profit homes for handicapped and neglected children vis-a-vis certain other statutorily exempted educational and medical institutions, as a result of the enactment of the windfall profits tax on April 2, 1980. As the several children's homes in my State of Texas and elsewhere know so well, the omission of these agencies from the statutory exemption conferred on the other nonprofit institutions amounts to a false and illogical distinction, which, if not corrected legislatively, will have a potentially devastating effect upon residential child care agencies in future years. These homes, most of which operate on marginal budgets, simply cannot pass along added expenses such as this; their only resort is a reduction in services. Given the clear public benefit performed by these institutions, however, the latter is simply a viable option.

Not only would the substantial tax increase jeopardize the level and quality of existing services that could be provided by these homes, it would also have a chilling effect on the willingness of potential donors and patrons to make charitable contributions to the homes in the face of this pernicious tax.

Mr. President, I am proud that this measure which I have had the privilege of cosponsoring has been effectively incorporated in the tax cut bill now before the Senate. It removes an immediate threat to the financial solvency and security of a very important kind of nonprofit institution, residential child care agencies, which offer needed services to children less fortunate, and I commend this body for approving it today.

Mr. HAYAKAWA. Mr. President, the most important goal of the Economic Recovery Tax Act of 1981, which we are currently debating, is to increase productivity. As part of the administration's four-part program for economic recovery, this legislation is carefully designed to relieve the tax burden Americans have been suffering under and provide individuals and businesses with the freedom and incentive to grow. In so doing, the bill gives a new direction to our history and taxation.

For nearly 70 years, the Federal Government has been levying taxes on the American people, to provide basic programs of assistance and national security. In the last 20 years, both the programs and the taxes that pay for them have grown to monstrous proportions. The Government has become the great distributor of wealth—the oracle of social equity.

There is a federally funded program for every conceivable human activity; every time a need is discussed, a program is established to meet it. Congress has been spending the taxpayers' money, looking at the needs of the world, without paying any attention to what that spending was really doing to our country. Because of that oversight, Americans have been subjected to crippling taxation, paying for the Government's beneficence; and all that spending has not appreciably raised the standard of living for the Americans who receive aid.

Unemployment stands at appallingly high rates, inflation is keeping Americans from living in security, and businesses cannot afford to maintain equipment much less expand. The economic situation is gloomy at best. Clearly, the Government as economic regulator has failed.

The time has come for a change, and the direction must be provided by our past experience. We need less Government involvement in our daily lives, and more freedom and responsibility on the part of the private sector. Congress has taken action on legislation to reduce the burden of outrageous Federal spending. This tax bill will provide the freedom necessary for the private sector to turn our economy around. The bill responds by lowering the tax burden on individuals and encouraging them to make a pool of capital available for businesses, and stripping away some of the barriers that thwart expansion, so new plants, equipment, and technology will make American enterprise strong again.

Although inflation has resulted in higher wages, workers have steadily lost purchasing power as taxes take a proportionately higher percentage of their earnings. In 1972, the average family had an income of $10,036 and paid 8.5 percent in taxes; today, the average family's income is $23,593, but 10.8 percent is taken out in taxes. Simply because employers must provide cost of living raises to their employees to keep pace with inflation, the Government gets a greater share of the increased wages as individuals are pushed into higher tax brackets. The Federal Government achieves tremendous revenue increases without Congress ever enacting a tax increase. The people of the United States are losing out to the Government.

No wonder our savings rate has fallen so dramatically—taxpayers cannot afford to eat, must less save. And no wonder there is declining productivity and rising unemployment: Businesses are having to pay more and more for labor, with little revenue to invest in capital expansion, and no pool of savings with which to finance expansion. Our economy is stagnant largely because individuals and businesses cannot keep up with the growth of Government.

Across the board personal tax rate reductions will return some of the money Government has secretively stolen away. There will be more money available to people for all purposes. Tax rate reductions will also reduce the disincentive to increased production. When the tax rate on America's last dollar of earnings is lowered by 23 percent in 3 years, there will be new incentives for workers to go out and earn an extra dollar.

There are two ways of increasing productive capacity. Increasing investment to raise earnings will make more money available to businesses for capital expansion and productivity growth. Also, taking on additional work responsibility will immediately increase productivity and yield extra disposable income. In either case, national productivity growth is the result.

If the committee amendment to index the income tax tables, zero bracket amount, and personal exemption is accepted, the tax reductions which we will have achieved will be preserved. For Government to expand, Congress will have to deliberately raise taxes rather than rely on inflation to increase revenue.

The tax bill we are considering also includes a provision known as all-savers which will encourage individuals to save. Because it is confined to depository institutions, and is severely restricted in its scope, the all-savers provision has been criticized. I do not believe the provision is a cure all, but it addresses problems which ought to be corrected, and does so in an equitable manner. Although all-savers is confined to depositary institutions, the capital generated by new savings will not be limited to specific industries but will be available on an equal, competitive basis to all sectors of our hard pressed economy.

Unlike the proposal of my distinguished colleague from Texas, there will be no discrimination against—or in favor of—one particular needy industry over another. All will compete in a free and fair market without the governmental guidance that got us into this economic calamity. History has shown that the open market best determines where scarce capital resources should be allocated.

While I oppose the use of the tax code as an economic regulatory device easily susceptible to special interests, it is clear that increased savings are necessary to achieve economic recovery. This temporary legislation will provide the necessary stimulus to start people saving again. From that beginning, we can grow. The private sector can finance prosperity instead of the Government financing deprivation.

The business tax provisions are the response of a guilty to a neglected child; they have been needed for years. All Government has been concerned with for 20 years is regulation and protection. Every agency of the Federal Government is devoted to ordering the actions of business in the name of a more just and equitable society. Now we have neither social equity nor profitable businesses. At last, businesses are saying that it is no longer feasible to operate in this restricted atmosphere. The economy is grinding to a halt because Government has been thinking of itself rather than its economic benefactor. For years we have been taking without giving in return; we must now reverse this trend because there is nothing more to take.

Modifying the depreciation schedules will not only ease the tax burden of operating used equipment, it will simplify the accounting procedures used to establish the useful life of an asset. Perhaps as a result of this procedure, businesses can devote more attention to increasing production than meeting Federal requirements.

There are several other provisions in the bill designed to reduce the burden of Federal taxation on individuals and businesses. The Senate Finance Committee and the administration are to be commended for their work on this package. I believe it is the most significant tax

proposal that Congress has debated since the 16th amendment to the Constitution.

It grieves me that I will not be in the Senate to vote on this legislation, if debate concludes before next week. I must return to California, as there is an agricultural crisis caused by the Mediterranean fruit fly, to which I need to devote my immediate attention. However, I announce that I am in full support of this tax bill, and I urge my colleagues to adopt it.

Mr. BAKER. Mr. President, that concludes the action of the Senate tonight on this measure.

PROGRESS IN ZAHLE

Mr. KENNEDY. Mr. President, 2 weeks ago we received encouraging news concerning the tense situation in Lebanon. The Syrian siege of the city of Zahle ended, and the defending Christian militiamen agreed to withdraw from the city. It was this siege, a 91-day bombardment killing hundreds of civilians and wounding thousands more, that led to the introduction of Syrian missiles in Lebanon and to heightened confrontation between Syria and Israel.

Prompted by special U.S. envoy Philip C. Habib, Saudi Arabian and Kuwaiti Ambassadors helped to achieve an end to the siege. Under the agreement, Lebanese security forces were permitted to replace the withdrawing Christian forces. I welcome the progress which has been achieved and congratulate all of the parties involved.

Yet further actions must be taken to resolve this crisis. I introduced a resolution designed to help achieve a comprehensive humanitarian and political solution to the conflict in Lebanon. Senate Resolution 144, unanimously adopted by the Senate last month, outlines a number of actions necessary to resolve this long-standing and devastating conflict.

Mr. President, it is the intent of our resolution that Syria must remove its forces from Lebanon, including the forces which control access in and out of Zahle. The Lebanese Government must be "able to preserve security through its national army and its security forces without outside military presence," so that it can fulfill its ultimate responsibility for the freedom and security of Lebanon and its people.

The Syrian Government must remove the surface-to-air missiles that are currently deployed in Lebanon. These missiles continue to protect the Syrian military forces which have attacked Lebanese Christians. They provide protection for the PLO forces which use Lebanese territory as a base for terrorist attacks against both Lebanese Christians and the people and territory of Israel. They represent an unacceptable threat not only to Israel but to peace for Lebanon and the region.

Finally we must seek generous international support for relief, rehabilitation, and humanitarian assistance for Lebanon. We must particularly aid the residents of Zahle, many of whom were deprived of food, water, electricity, and medical attention during the brutal siege—and we must press other nations and international organizations to do the same.

Mr. President, I hope that the current diplomatic efforts will lead to a just and peaceful resolution to this crisis, so that there can be "freedom, security and opportunity" for all Lebanese—in the words of our resolution—and so that Lebanon can again become "strong, independent, democratic," and able to reassert "its traditional ties to the West."

FOURTH OF JULY ADDRESS BY KEN STAHL OF KDWN RADIO

Mr. CANNON. Mr. President, it was my pleasure to participate in a recent Nevada Fourth of July program captioned a "Salute to Veterans." One of our local citizens made an outstanding speech which imparted to veterans and nonveterans alike the feeling that Washington does care. Because of its profound impact and numerous requests for copies, I ask unanimous consent to have it included in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

A FOURTH OF JULY ADDRESS BY KEN STAHL OF KDWN RADIO

On this 205th birthday of our great nation . . . truly an occasion for rejoicing and celebration . . . let us for a moment set aside our jubilation and examine closely the history of another great nation.

Before the thirteen original colonies gained independence from England, Alexander Tytler, upon research, and referring to the Athenian Republic of some two thousand years earlier, remarked: "The average age of the world's greatest civilizations has been two hundred years." Tytler listed their path thusly; "From bondage to spiritual faith . . . from spiritual faith to great courage . . . from courage to liberty . . . from liberty to abundance . . . from abundance to selfishness . . . from selfishness to complacency . . . from complacency to apathy . . . from apathy to dependency . . . and from dependency back to bondage."

It would appear our great nation has been following the classical path, and today we seem to have reached the stage of dependency.

I believe the past and the present, along with the future, are closely bonded; and the events of my own time have opened my eyes to aspects of the American Revolution of which I would otherwise have been unaware.

Looking back at some of the events which led to our birth as a nation, the American Resolution would be read and recounted as men of high courage and wisdom, men who sustained infinite pains, both of mind and body, and many of whom gave their lives in defense of freedom.

Reviewing their sacrifices, Abraham Lincoln said that he hoped the scenes of the Revolution would be read and recounted as long as the Bible would be read. He referred to the heroes of the Revolution as "Pillars of the Temple of Liberty." He added that unless their descendants fill their places with other pillars hewn from the solid quarry of sober reason, the Temple would crumble.

For the past 205 years we have attempted to accept President Lincoln's admonitions. But following our most recent conflict abroad, our sense of loyalty and pride seems to have dulled, for we greeted the returnees from Southeast Asia with disdain and apathy.

As these men trickled back into our midst—some arrived with missing limbs—some with missing organs—some with minds and attitude with segments missing—some—never came back—but, for the most part, what did the living find . . . yet another ingredient missing . . . respect.

Returning heroes were not always treated this way. World War II veterans returned following their victory to a fount of respect; they were revered by some. There was mass chaos in the streets, cheering, exuberance; and grateful Americans revealed to all who would look unashamed reverence for the fighters who had fought and won, and by their sacrifice we still possessed our precious liberty.

Post World War II began with a period of abundance unequalled. Paychecks were fatter; material goods were again available; families and businesses prospered beyond our wildest expectations.

But then we became selfish. We moved out of our cities in search of individuality and privacy. It was now possible to forget the sacrifices of our fighting forces because, after all, we had taken such good care of them—what with education opportunities, insurance, hospital care, loans, bonuses, and, of course, uninhibited adulation. Once or twice a year we would reflect on what our "Pillars" had accomplished and reassured ourselves that the effects would keep us on top of the heap, enjoying freedom forever. And so, lulled with complacency and self-satisfaction, we luxuriated in the land of plenty, succumbing, unfortunately, to what all people flushed with freedom and prosperity do—we equated the world freedom with planlessness and relaxed our vigilance.

When the Korean Conflict arose, we assumed our fighting forces could easily mop up that flare-up. Shortly thereafter came Vietnam, and we were still self-assured as we sat in front of our color TV sets and cheered the body count that was fed to us on the Six O'Clock News.

In our state of listlessness and indifference it was easy to pick out the American scoundrels we heard about over there; and we translated their power into an entire fighting force which we chose to label as decadent and unstable, not worthy of our attention.

Meanwhile, well intentioned sob sisters turned the focus of attention from the servicemen who were under the guidance and pay of the government we apathetic citizens let slide into office on syrupy promises, over to the enemy. And now, sympathizing with the enemy's dilemma, they bemoaned the fact that our fighters were killing without conscience and we ought to be ashamed. After years of waffling, our troops came home by Presidential order. Those who were even noticed were greeted with sneers by the citizens who were fascinated and yet repulsed by the graphic tales of obscenity in the Far East that had been dispensed by the sob sisters. When they asked for their just due, they were sent away empty handed, much the same as the men of the bonus expeditionary force in that desperate summer of 1932. Those World War One vets had something promised to them: a 500 dollar bonus.

But then President Hoover chose to lock himself in the White House and sent General Douglas MacArthur, and then Major Dwight Eisenhower, with heavy machine guns, tear gas, and bayonets to rout them from their peaceful settlement. They received no bonus. They got no respect. Is this the way a grateful society treats its "Pillars of Liberty?"

Returning for a moment to my researcher in Athenian history, he said: "A democracy cannot exist as a permanent form of government. It can only exist until the voters discover that they can vote themselves largesse from the public treasury. From that moment on, the majority always votes for candidates who promise them the most benefits from public coffers, with the result

that the democracy collapses over a loose fiscal policy, always followed by a dictatorship . . . in other words, back to bondage.

My fellow citizens, please jar yourself loose from this state of apathy. Look around you at the beauty of the land in which you live, the land to which you owe your creation and livelihood. Examine closely your freedoms, your Bill of Rights, your Constitution, and on this Independence Day declare your independence from deep-seated misjudgments, prejudice, bigotry, resentment, and hatred.

If you will, take a look at your values. See, possibly, how blind you have been, and with God's help and your willingness to think, rather than to let others think for you, we can once again firm up the the backbone of the greatest country in the world, and cancel forever the predictions of doom forecast by our Athenian forebears.

Give the warriors their just due—blame not the pistol, rather the power that controls it.

That beautiful flag of ours may just be a piece of cloth to you, but it symbolizes the liberty for which we all once seemed willing to struggle. Liberty is not just a word or a state of affairs; liberty lies in the hearts of men and women. When it dies, no Constitution, no law, no court can save it. Liberty is something that can never be recovered once it is lost. In the words of the late General Omar Bradley: "We have grasped the mystery of the atom and rejected the Sermon on the Mount. The world has achieved brilliance without wisdom . . . power without conscience. Ours is a world of nuclear giants and ethical infants. We know more about war than we do about peace, and more about killing than we do about living." The General was obviously a perceptive and compassionate man.

So let us—beginning this very moment—stop killing the very spirit of this great Nation, and turn, instead, with gratitude to those who carried the spirit of this great Nation to foreign shores to allow us the privilege of continued good living and say thank God you were there when we needed you, and may our past behavior be forgiven so that you might be there if you should be needed in the future.

May God bless this great country and all of you who have helped to keep it great.

Thank you.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT ON BUDGET RESCISSIONS AND DEFERRALS—MESSAGE FROM THE PRESIDENT—PM 65

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers; which, pursuant to the order of January 30, 1975, was referred jointly to the Committee on Appropriations, the Committee on the Budget, the Committee on Energy and Natural Resources, the Committee on Agriculture, Nutrition, and Forestry, the Committee on Commerce, Science, and Transportation, the Committee on Armed Services, the Committee on Labor and Human Resources, and the Committee on the Judiciary:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report a new proposal to rescind $173.0 million in budget authority previously provided by the Congress. In addition, I am reporting ten new deferrals totaling $495.1 million, and revisions to four previously reported deferrals increasing the amount deferred by $76.4 million.

The rescission proposal affects a program in the Department of Energy. The deferrals affect programs in the Departments of Agriculture, Commerce, Defense, Health and Human Services, Justice, and Labor, as well as the Railroad Retirement Board and the United States Railway Association.

The details of each rescission proposal and deferral are contained in the attached reports.

RONALD REAGAN.

THE WHITE HOUSE, *July 16, 1981.*

MESSAGE FROM THE HOUSE

At 12:32 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has appointed Mr. Dymally, from the Committee on Science and Technology, as an additional conferee on the part of the House in the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3982) to provide for reconciliation pursuant to section 301 of the first concurrent resolution on the budget for the fiscal year 1982, solely for consideration of section 1101–12 of the Senate amendment.

The message also announced that the House has passed the following joint resolutions, in which it requests the concurrence of the Senate:

H.J. Res. 141. Joint resolution authorizing and requesting the President to issue a proclamation designating the period from October 4, 1981, through October 10, 1981, as "National Schoolbus Safety Week"; and

H.J. Res. 212. Joint resolution designating the week beginning September 13, 1981, as "National Cystic Fibrosis Week".

HOUSE JOINT RESOLUTIONS REFERRED

The following joint resolutions were read twice by unanimous consent, and referred as indicated:

H.J. Res. 141. Joint resolution authorizing and requesting the President to issue a proclamation designating the period from October 4, 1981, through October 10, 1981, as "National Schoolbus Safety Week"; to the Committee on the Judiciary.

H.J. Res. 212. Joint resolution designating the week beginning September 13, 1981, as "National Cystic Fibrosis Week"; to the Committee on the Judiciary.

ENROLLED BILL SIGNED

The ACTING PRESIDENT pro tempore signed the following enrolled bill received from the House of Representatives yesterday, July 15, 1981:

H.R. 31. An act to amend the Truth in Lending Act to encourage cash discounts, and for other purposes.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ARMSTRONG (for Mr. DOMENICI), from the Committee on the Budget, without amendment:

S. Res. 159. A resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1408.

By Mr. SIMPSON, from the Committee on Veterans' Affairs; with an amendment in the nature of a substitute and an amendment to the title:

S. 917. A bill to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children, and for other purposes (Rept. No. 97–153).

By Mr. SIMPSON, from the Committee on Veterans' Affairs:

Special Report entitled "Report of the Committee on Veterans' Affairs Pursuant To Section 302(b) of the Congressional Budget Act of 1974 (Rept. No. 97–154).

By Mr. PERCY, from the Committee on Foreign Relations, with an amendment in the nature of a substitute, an amendment to the title, and an amendment to the preamble:

S. Con. Res. 24. A concurrent resolution submitting a proposal to improve the international non-proliferation regime.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. TOWER, from the Committee on Armed Services, I report favorably the following nominations: Lt. Gen. William H. Ginn, Jr., U.S. Air Force (age 52) for appointment to the grade of lieutenant general on the retired list, Maj. Gen. Robert W. Bazley, U.S. Air Force, to be lieutenant general, Gen. Richard H. Ellis, U.S. Air Force (age 61), for appointment to the grade of general on the retired list, Lt. Gen. Thomas M. Ryan, Jr., U.S. Air Forces, to be general, Maj. Gen. Robert F. Coverdale, U.S. Air Force, to be lieutenant general, Maj. Gen. Paul S. Williams, Jr., U.S. Army, to be lieutenant general, Lt. Gen. Robert G. Yerks, U.S. Army (age 52), to be placed on the retired list in the grade of lieutenant general, Maj. Gen. Maxwell R. Thurman, U.S. Army, to be lieutenant general, Maj. Gen. Robert C. Kingston, U.S. Army, to be lieutenant general, Rear Admiral Nils R. Thunman, U.S. Navy, to be vice admiral, Maj. Gen. John J. Murphy, U.S. Air Force, to be lieutenant general, Lt. Gen. Glenn K. Otis, U.S. Army to be general, Gen. John R. Guthrie, U.S. Army (age 59), to be placed on the retired list in the grade of general, Lt. Gen. Donald R. Keith, U.S. Army, to be general and Maj. Gen. James H. Merryman, U.S. Army, to be lieutenant general, Vice Admiral Carl T. Hanson, U.S. Navy (age 53), for appointment to the grade of vice admiral on the retired list, Rear Admiral Leland S. Kollmorgen, U.S. Navy, for appointment as Chief of Naval Research in the Department

of the Navy for a term of three years, Maj. Gen. David E. Grange, Jr., U.S. Army, to be lieutenant general, Vice Admiral George E. R. Kinnear, II, U.S. Navy, to be admiral, and Maj. Gen. Robert W. Sennewald, U.S. Army, to be lieutenant general. I ask that these names be placed on the Executive Calendar.

In addition, in the Army there are 763 promotions to the grade of colonel (list begins with Joseph N. Acinapura) and in the Navy there are 1,449 temporary and permanent promotions to the grade of lieutenant commander and below (list begins with Austin G. Abercrombie). Since these names have already appeared in the Congressional Record and to save the expense of printing again, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of July 8, 1981, at the end of the Senate proceedings.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. MELCHER:

S. 1491. A bill for the relief of Josefina Gonzales Batoon; to the Committee on the Judiciary.

By Mr. D'AMATO:

S. 1492. A bill for the relief of Dietrich H. Kolrusch, Sisrid Kolrusch, and Denise Kolrusch; to the Committee on the Judiciary.

By Mr. ABDNOR (for himself and Mr. MOYNIHAN):

S. 1493. A bill to deauthorize several projects within the jurisdiction of the Army Corps of Engineers; to the Committee on Environment and Public Works.

By Mr. COHEN:

S. 1494. A bill for the relief of Pandelis Perdikis; to the Committee on the Judiciary.

By Mr. HEINZ (for himself and Mr. SPECTER):

S. 1495. A bill to authorize the appropriation of funds for the renovation of, and certain operating and maintenance costs of, the Benjamin Franklin National Memorial at the Franklin Institute, Philadelphia, Pa.; to the Committee on Rules and Administration.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ABDNOR (for himself and Mr. MOYNIHAN):

S. 1493. A bill to deauthorize several projects within the jurisdiction of the Army Corps of Engineers; to the Committee on Environment and Public Works.

DEAUTHORIZATION OF CERTAIN CORPS OF ENGINEERS PROJECTS

● Mr. ABDNOR. Mr. President, I am pleased to introduce legislation that is important to the Nation's water resources program, yet should prove noncontroversial within the Senate. This bill deauthorizes several water resources projects that no longer appear to have local support. In each case, I understand, both Senators from the affected State favor the language that is included in this bill.

The Subcommittee on Water Resources, which I am proud to chair, has scheduled a general hearing on water resources for July 24. While this bill is not the primary focus of that hearing, witnesses may appear at that time, or submit written testimony on the items that are included in this bill. Or witnesses may discuss other proposed project deauthorizations.

It would be my hope that a simple, noncontroversial deauthorization bill will be considered by the Committee on Environment and Public Works prior to our August recess. While such a bill should prove noncontroversial in the Senate, and, I hope, in the House, it carries importance to the citizens of each of the affected States.

Specifically, Mr. President, this bill deauthorizes the Dickey portion of the Dickey-Lincoln project in Maine, the Meramec Park Lake project in Missouri, three projects in Indiana (Big Blue Dam, Lafayette Dam, and Clifty Creek Dam), three projects in Illinois (Helm Reservoir, Lincoln Dam, and the Illinois River Duplicate Locks), plus a portion of the Nansemond River project in Virginia.

Each of the Senators who have been involved in the development of this legislation is to be commended. It is important, I believe, for the Congress to clear out the deadwood projects, thus allowing the corps to move ahead with work that carries broad public support and need.

Mr. President, I ask unanimous consent that a letter, which Senator MOYNIHAN and I sent to our colleagues, as well as a copy of the bill, be printed at this point in the RECORD.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 1493

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 204 of the Flood Control Act of 1965 (Public Law 89–298) is amended as follows: The Dickey-Lincoln School Lakes project, Saint John River, Maine, is hereby modified to deauthorize that component of the project known and referred to as the Dickey Dam and its associated transmission facilities.

(b) No Federal agency or department shall consider any license application relating to hydropower projects above the site of the Lincoln School Dam on the Saint John River and its tributaries, Maine, for a period of five years after the enactment of this Act.

SEC. 2. (a) The authorization for the Meramec Park Lake (hereinafter in this Section referred to as the "project") contained in that portion of the general comprehensive plan for flood control and other purposes in the Upper Mississippi River basin, which plan was authorized by section 4 of the Act entitled "An Act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes," approved June 28, 1938 (52 Stat. 1218), as modified by section 203 of the Flood Control Act of 1966 (80 Stat. 1421), is hereby terminated.

(b) The Secretary of the Army, acting through the Chief of Engineers (hereinafter in this Section referred to as the "Secretary"), shall immediately undertake interim management and maintenance of works, structures, and interests in lands related to the project pending the implementation of the subsequent provisions of the Act.

(c) The Secretary shall dispose of works, structures and interests in lands related to the project as follows:

(1) To the State of Missouri, all right, title, and interest in and to

(A) Meramec State Park extension, consisting of 3,823 acres.

(B) Onondaga Cave State Park extension, consisting of 124 acres.

(C) Huzzah State Wildlife Management Area extension, consisting of 945 acres.

(D) Endangered Species Sites, consisting of not more than 200 acres.

(E) Campbell Bridge access, consisting of not more than 10 acres.

(F) Sappington Bridge access, consisting of not more than 10 acres.

(G) Liberty Road access, consisting of not more than 10 acres.

(2) A perpetual easement sufficient to safeguard for the river user the natural, cultural, and visual resources of the Meramec River and Huzzah and Courtois Creeks shall be conveyed to the State of Missouri within nine months from the date of this Act. The Secretary is hereby directed to establish such easements in conjunction with the State of Missouri. Said easements shall be not less than 100 feet nor more than one-quarter mile as measured from the normal high-water mark of said river and creeks, taking into consideration the varying terrain of such lands and the best public interest.

(3) A perpetual easement sufficient to provide for and allow pedestrian use of a corridor of land connecting Meramec State Park with the Huzzah State Forest shall be conveyed to the State of Missouri within nine months from the date of this Act. The Secretary is hereby directed to establish such easement in conjunction with the State of Missouri. Said easement shall be not less than 100 feet in width and shall be used for the development of the Ozark Trail, which will be constructed and maintained by the State of Missouri.

(4) The remainder of the works, structures and interests in lands related to the project shall be offered, within a period of one year from the date of enactment of this Act, for sale to the previous owners at the price paid to them by the Government or at current appraised value, whichever is less. Such former owners shall have a period of one year in which to enter a contract for the repurchase of such properties, after which any remaining works, structures and interests in lands shall be sold at a public auction, or a series of public auctions, to be conducted following reasonable public notice and advertising of the time and place of such auction or auctions, until such time as all remaining works, structures and interests in lands have been disposed of.

(d) The Secretary is authorized either to comply with or to enter into a mutual agreement to cancel any executory contract the United States has entered for the purchase of lands for the project at the request of any landowner who is a party to such a contract, within six months after the date of enactment of this Act.

(e) Nothing in this Section shall terminate the authority or responsibility of the United States to satisfy, pursuant to the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (49 U.S.C., 4601 et seq.) and any other applicable provision of law, all relocation assistance and other obligation arising out of the acquisition, prior to the date of enactment of this Act, of any interest in real estate for the project.

(f) There are authorized to be appropriated such amounts as may be necessary to carry out this Section. Funds available for the projects deauthorized by this Section may be used to carry out the provisions of this Section.

SEC. 3. The authorizations for the projects described in this section, the locations described, are terminated upon the date of enactment of this Act:

(a) Illinois: Helm Reservoir

The project for Helm Reservoir, Skillet Fork of the Wabash River, Illinois, authorized by section 203 of the Flood Control Act

of 1968 (82 Stat. 739) as part of the Wabash River Basin Comprehensive Plan.

(b) Illinois: Lincoln Dam

The project for Lincoln Dam and Reservoir, Wabash River, Illinois and Indiana, authorized by section 204 of the Flood Control Act of 1965 (Public Law 89-298).

(c) Indiana: Big Blue Dam

The project for Big Blue Dam, Big Blue River, Indiana, authorized by section 203 of Public Law 90-483.

(d) Illinois: Illinois River Duplicate Locks

The project for the Illinois Waterway, Illinois and Indiana, authorized by section 101 of the River and Harbor Act of 1962 (Public Law 87-874).

(e) Indiana: Lafayette Dams

The project for the Lafayette Dam and Reservoir, Wild Cat Creek of the Wabash River, Indiana, as authorized in Section 204 of the Flood Control Act of 1965 (Public Law 89-298, 795 Stat. 1081).

(f) Virginia: Nansemond River

The portion of the project for the Nansemond River, Virginia, from the United States Highway 640 Bridge at Suffolk, Virginia, to the upstream project limits at river mile 18.66, a distance of approximately two thousand five hundred feet, authorized by the first section of the Act entitled "An Act making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and other purposes", approved August 11, 1888 (25 Stat. 410), and modified by the first section of the Act entitled "An Act authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes", approved July 3, 1930 (46 Stat. 922).

(g) Indiana: Clifty Creek Dam

The project for the Clifty Creek Dam, Clifty Creek, Indiana, authorized by section 201 of the Flood Control Act of 1965 (Public Law 89-298).

U.S. SENATE, COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, D.C., July 9, 1981.

DEAR COLLEAGUE: The Subcommittee on Water Resources has been contacted by several Senators who seek the deauthorization of specific Corps of Engineers water resources projects in their states. In an effort to accommodate those Senators, we plan to introduce such a deauthorization proposal within a week, then offer the opportunity to Members who may wish to testify on it or similar proposals during a hearing scheduled for July 24, 1981.

The criteria we will use for the inclusion of a noncontroversial deauthorization proposal is that both Senators from the affected state must favor deauthorization. In no way would this legislation be intended to supplant or delay a major water resources bill, which we expect to consider in the succeeding months.

If you and your colleagues wish to have a Corps of Engineers project or projects included in such a non-controversial deauthorization bill, we would appreciate it if you would contact either Hal Brayman at X47866 or Debbie Knopman at X43597.

Your interest is greatly appreciated.

Sincerely,

JAMES ABDNOR,
Chairman.
DANIEL PATRICK MOYNIHAN,
Ranking Minority Member.

● Mr. DANFORTH. Mr. President, I want to commend the Senator from South Dakota for his initiative in introducing this needed piece of legislation and for his expressed intent to take prompt action on it in his Water Resources Subcommittee.

It is my hope that this legislation will end, once and for all, the long and unhappy life of the Meramec Park Lake project in eastern Missouri.

I have long opposed this project as a waste of taxpayers' money and as an unneeded, unwanted desecration of one of Missouri's most valued free-flowing rivers. But I cannot claim to have delivered the telling blow in this struggle; the voters of Missouri did that.

This project was initially authorized in 1938 as part of a series of flood control dams in the Upper Mississippi River basin. Congress began funding land acquisition and final design in 1968, with the bulk of the money spent since then going for land acquisition. In 1974, a visitors center and road were completed. Dam construction began in 1975.

In 1977 and 1978, I opposed appropriations for this project and succeeded in having its funding removed from the Corps of Engineers' budget. On August 8, 1978, a special nonbinding referendum was held in the Meramec basin area. The vote was 256,703 against the project, 148,078 in favor: 64 percent of the voters opposed further construction. In only 2 of the 13 counties polled, did the project win a bare majority. Former Congressman Richard Ichord of Missouri's Eighth District, the dam's strongest proponent to that point, announced he would abide by the results and seek deauthorization.

Along with Congressman Ichord, my colleague from Missouri and I introduced legislation in the 96th Congress to deauthorize the Meramec Park Lake project, but that measure was not enacted. Nearly 3 years have now passed since the voters of Missouri spoke. Our earlier proposal, presented soon after the referendum, called for a 1-year study of disposition of the lands acquired by the Corps. Since that time, several studies have examined the future of the Meramec River, and we believe the time has come for action.

The bill being introduced today will preserve the unique recreational resource that is the Upper Meramec River, while returning the great bulk of the lands taken by the Government back into private hands.

I helped develop this legislation in conjunction with my colleague from Missouri and with the State of Missouri. I have consulted with the Corps of Engineers and, as well as possible, have tried to balance the often conflicting interests of my constituents, as expressed to me in many thoughtful letters.

Legislation is needed to deauthorize this project. It will not simply die from inattention. Each year the project requires a massive Federal appropriation for maintenance alone: The corps' request for fiscal year 1982 is $358,000. To date on the project, a total of $31,623,000 has been spent, out of an estimated final cost—in 1981 dollars—of $220,000,000. With this bill, I hope to recoup for the Federal Government a substantial portion of the $15,356,400 that was spent on the acquisition of land.

The benefits of this project have never been commensurate with the costs, in my opinion. Indeed, I believe that this disparity was the key factor in the voters' overwhelming rejection of the project in the regional referendum 3 years ago.

This land was taken from private hands for the construction of a dam, and if that dam is not to be built, I believe that the land should be returned to its original owners. At the same time, I recognize that the desire to preserve the unique recreational resource that is the Meramec River—a largely unspoiled, free-flowing river close to the city of St. Louis—was an important element in the outcome of the 1978 referendum. Thus, I believe that a portion of the project lands should be retained in public ownership—specifically, in the care of the State of Missouri—to maintain the river's character.

The State of Missouri has studied the project lands intensively in an effort to identify all of the significant natural and cultural resources existing there. Proceeding from the study, the State has further identified what it considers the most important lands to be kept in the public domain. Well aware of the impact that acquisition of such lands would have on the State budget, the State has come forward with a conservative request, affecting only the most vital areas. These account for about 19 percent of the lands now held by the corps. Thus, more than four-fifths of the lands acquired by the Federal Government will be returned to private hands, and at the same time, one of Missouri's most valued natural resources will be preserved for the enjoyment of future generations.

The bulk of the lands to be retained by the State will extend the existing Meramec State Park around the area of the visitors center built by the corps, preserving a dramatic vista from that site and protecting a creek valley known as Hamilton Hollow that is valuable both as a home of the endangered Indiana bat and as a site of early settlement in the area. The remainder of the State lands will fill small but important gaps in Onondaga Cave State Park and Huzzah Wildlife Area and will provide three needed access points to the river for canoeists.

Perhaps most important, this bill will convey to the State of Missouri a conservation easement along the banks of the Meramec and its most important tributaries, Huzzah and Courtois Creeks. This will prevent new development from despoiling this beautiful river, but otherwise will allow most traditional uses of the riparian lands, such as agriculture and grazing. A second, less extensive easement, expected to overlap in large part with the first, will provide a needed link in the construction of the Ozark Trail, a hiking path running southwest from St. Louis, that is envisioned as the Midwest's equivalent of the Appalachian Trail. It is my expectation that the corps will work closely with the State of Missouri in establishing these easements and will involve the public as well in an effort to minimize disruption of private uses of the land, while at the same time fulfilling the intent of the legislation.

All of the land not taken by the State of Missouri will be offered for sale to the previous owners. Many of these peo-

ple have been irreparably harmed by losing their land for a project that will never be built, and they should receive special consideration in the return of their lands. They will be allowed to buy back their former parcels for the price they were paid by the Government or for current market value, if that is less. Any land not disposed of in that fashion will be sold at public auction. Because of the unique nature of this case, I believe that the usual procedure for disposing of excess Federal property—a drawn-out process involving the General Services Administration and encouraging a continued Federal presence—is not appropriate in this case.

Mr. President, this legislation is needed for reasons of equity, economy, and esthetics: Equity, because the original landowners should no longer be deprived of their property, nor should the counties be deprived of their tax revenues; economy, because we will be halting a wasteful, $220 million project that is eating up hundreds of thousands of dollars annually in maintenance costs alone, and because we will be returning millions of dollars to the Federal Treasury, where it is sorely needed; and esthetics, because the Meramec is one of Nature's gems, flowing down from the rocky springs of the Ozarks through one of our Nation's great cities to the Mississippi, and should be preserved for the enjoyment of all.

There are legitimate concerns that the original Meramec Dam would have addressed: flood control and water supply downstream, and flat-water recreation. But these needs can be met—and in some cases already are being met—more effectively and more cheaply, with far less disruption of the environment, through other means.

My colleague from Missouri and I and Gov. Christopher Bond are united in opposition to this dam, or any other dam on the Meramec. It is time to put this boondoggle behind us.●

● Mr. EAGLETON. Mr. President, as a sponsor of the provision in this bill to deauthorize Meramec Park Lake, I would like to note that it has been almost 3 years since 64 percent of the people in Missouri voted in an advisory referendum not to proceed with this multimillion dollar project.

Legislation offered by my colleague from Missouri and myself in the 96th Congress failed to win final approval because it was attached to an omnibus bill that became ensnarled in controversy. I applaud the Senator from South Dakota for his resolute action as chairman of the Water Resources Subcommittee which separated projects like the Meramec Dam, on which there is a consensus that they should be taken off the books, from all other water policy issues.

I have said from the outset that it is essential to move expeditiously on a Meramec Dam deauthorization bill. The reason is that the Federal Government owns some 28,000 acres at the project site, and this land should be put back on the tax rolls.

Ordinarily, the disposition of such property would be determined in a deauthorization process extending over a decade. The Corps of Engineers' policy is to wait at least 8 years from the time of the last appropriation before proposing a deauthorization to Congress. But Meramec poses a "Catch 22" situation. The 8-year clock will never start running because, as long as the Federal Government owns the lands, money must be appropriated to maintain and protect the acreage. To do otherwise is irresponsible. Thus, in fiscal year 1979, $150,000 was expended for this purpose; in fiscal year 1980, $185,000; in fiscal year 1981, $205,000; and for fiscal year 1982, $358,000 has been requested by the administration. Clearly, if we allow the project to remain on the books, it will be costly.

In our proposal last year, Senator DANFORTH and I proposed a 1-year study to guide the Congress in disposing of the lands. During the intervening years since Missourians rejected the Meramec Dam, six studies by various independent groups and the Missouri Department of Natural Resources have been done. These studies were consulted in developing the plan we now put forth; it is endorsed by Governor Bond and State officials responsible for administering recreation and conservation resources. In addition, I have received hundreds of letters from Missourians who support deauthorization, and favor varying degrees of recreational development, as well as the return of the lands to the tax rolls. I believe our plan addresses all of these concerns, and does so fairly in the best interest of the taxpayers.

Briefly, the elements of the Meramec Dam section would accomplish the following:

Immediately deauthorize the project.

Turn over the visitors center and approximately 19 percent of project lands to the State of Missouri to administer for recreation and conservation purposes.

Establish an easement for conservation purposes along the river that would be administered by the State of Missouri.

Sell back to the former landowners all of the remaining 81 percent of the lands at either the price paid by the Government or at the current appraised value, whichever is less.

Dispose of, at public auction, any lands not sold to the original owners.

We have already lost too much valuable time in complying with the wishes of Missouri voters. It is imperative that we adopt this measure so that the uncertainty surrounding the future of these lands is removed as quickly as possible. As far as I know, this approach to deauthorizing a public works project is unique, but Meramec Dam poses a unique situation. I believe that we have designed a reasonable and conscientious plan that is responsive to the wishes of the Missourians who will have to live with our decision. I hope my colleagues will support this measure in the interest of equity for Missourians.●

By Mr. HEINZ (for himself and Mr. SPECTER):

S. 1495. A bill to authorize the appropriation of funds for the renovation of, and certain operating and maintenance costs of, the Benjamin Franklin National Memorial at the Franklin Institute, Philadelphia, Pa.; to the Committee on Rules and Administration.

RENOVATION AND MAINTENANCE OF BENJAMIN FRANKLIN NATIONAL MEMORIAL

● Mr. HEINZ. Mr. President, the legislation that I am introducing today, along with my distinguished colleague from Pennsylvania, Senator SPECTER, is designed to insure that a significant piece of American heritage—the Benjamin Franklin National Memorial—is not lost due to neglect and inadequate maintenance.

I am therefore pleased that the Reagan administration and Interior Secretary James G. Watt have seen fit to emphasize park restoration and improvement as part of their stewardship of the National Park Service.

Just as restoration and improvement of Yellowstone and Grand Teton are important to preserving the scenic heritage of the West, restoration and improvement of the Benjamin Franklin National Memorial is essential for preserving the cultural heritage of the East and, indeed, the entire Nation.

The restoration and improvement project authorized by this legislation would require nonrecurring costs of $425,000 for renovation and refurbishment, plus $290,450 for maintenance and operation during fiscal year 1982. Out of a park restoration and improvement fund proposed for an annual level of $100 million, these sums seem modest indeed.

For those of my colleagues not familiar with the Franklin National Memorial, let me spend a few minutes explaining its significance.

Housed in the Franklin Institute, it is the only national memorial to the man many believe to be the embodiment of the American spirit. In the 157 years since its founding, the Franklin Institute has endeavored to foster those qualities of self-reliance, scientific inquiry, and technological innovation which Dr. Franklin promoted so vigorously. The Franklin Institute is itself a unique memorial—a living testament to the spirit of the United States as exemplified by Dr. Franklin.

What is today the Benjamin Franklin National Memorial was conceived and financed by Philadelphians in the 1920's and 1930's and was meant to assist in perpetuating the memory and spirit of Benjamin Franklin through a vital and "living" program. The great hall that constitutes the National Memorial was accorded its present status by congressional action in 1972. The enormously impressive architecture—equal in size and quality of execution to the Jefferson and Lincoln Memorials—is significant in itself. Furthermore, because the Memorial is a part of an institution devoted to honoring Dr. Franklin, opportunities exist to provide a continuing series of nationally important programs in conjunction with the maintenance of the physical memorial.

Regrettably, however, there simply have not been the funds to either adequately maintain the hall or to undertake major program initiatives. When the agreement with the Department of the Interior was first entered into in 1973, the Franklin Institute hoped to be

able to bear the costs of maintaining Franklin's Memorial at an acceptable level; unfortunately, this has not proven possible.

While the Franklin Institute will continue to provide funds to cover some of the costs of yearly maintenance, Federal support is needed to improve the quality of the interior of the Memorial and the preservation and presentation of the artifacts contained here. The modest funds requested here are far lower than the cost would be if the U.S. Government were to undertake the creation and maintenance of such a Memorial. Annual costs associated with the Lincoln Memorial and the Jefferson Memorial in 1978 were $654,000 and $598,300, respectively.

To date, the memorial to Dr. Franklin has not been maintained adequately and the results of deferring those costs are plain to see. The hall itself has taken on a somewhat shabby appearance that will deteriorate further unless it receives proper attention. The materials associated with Dr. Franklin's life are displayed without the context and explanations that would make the collection truly meaningful to the hundreds of thousands of visitors who come to the memorial annually. Furthermore, the cases containing the artifacts are not properly sealed and constructed so as to protect the objects in an adequate way.

The refurbishment project authorized by this legislation has two main components. The first is to clean the interior of the hall and foyer. Octagonal in shape, the memorial is 82 feet in length, width, and height. Rare marbles from Portugal, Italy, and France are used for the floor, walls, columns, pilasters, and cornices of the interior. The self-supporting dome, weighing 16,000 tons, is faced with an acoustical material 1 inch thick. Beneath the dome and dominating the hall is the statue of Franklin, sculpted by James Earle Fraser in white Seravezza marble.

While some of the marble in the hall was cleaned for the Bicentennial celebration, there is still a substantial portion of the antechamber and entry hall that must be cleaned. The lobby area—with its magnificent ceiling and moldings—gives an impression of neglect that is disrespectful to an individual of Dr. Franklin's stature. The skylight, created to flood the memorial with natural sunlight, is blocked and cries out for restoration.

The second major area of need concerns the artifacts and interpretive material. Within Franklin Hall is the largest collection of Frankliniana in the world. Yet these objects are not kept in a way that allows visitors to appreciate and understand Dr. Franklin, his time, or his inspiring contributions to science, publishing, politics, and public service. The quality of the Benjamin Franklin National Memorial will be markedly improved if these deficiencies can be overcome and adequate interpretation integrated into the memorial.

In closing, Mr. President, I believe that this legislation addresses in a fiscally responsible way the needs of the Franklin Memorial. It is consistent with the administration's program of park refurbishment. As a member of the Senate Energy and Natural Resources Committee, I shall actively seek its enactment.●

ADDITIONAL COSPONSORS

S. 351

At the request of Mr. WALLOP, the Senator from Nebraska (Mr. ZORINSKY), and the Senator from New Hampshire (Mr. HUMPHREY) were added as cosponsors of S. 351, a bill to amend the Federal Mine Safety and Health Amendments Act of 1977 to provide that the provisions of such act shall not apply to the surface mining of stone, clay, and sand work.

S. 395

At the request of Mr. WALLOP, the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of S. 395, a bill to amend the Internal Revenue Code of 1954 to provide estate and gift tax equity for family enterprises, and for other purposes.

S. 443

At the request of Mr. DANFORTH, the Senator from Colorado (Mr. ARMSTRONG) was added as a cosponsor of S. 443, a bill to clarify the limits of the authority of the Department of Education.

S. 517

At the request of Mr. BENTSEN, the Senator from Iowa (Mr. JEPSEN) was added as a cosponsor of S. 517, a bill to amend the Clean Air Act to provide for further assessment of the validity of the theory concerning depletion of ozone in the stratosphere by halocarbon compounds before proceeding with any further regulation of such compounds, to provide for periodic review of the status of the theory of ozone depletion, and for other purposes.

S. 604

At the request of Mr. MATHIAS, the Senator from Massachusetts (Mr. KENNEDY), the Senator from Hawaii (Mr. INOUYE), and the Senator from Pennsylvania (Mr. HEINZ) were added as cosponsors of S. 604, a bill to amend the Communications Act of 1934 to provide that telephone receivers may not be sold in interstate commerce unless they are manufactured in a manner which permits their use by persons with hearing impairments.

S. 780

At the request of Mr. EXON, the Senator from Kentucky (Mr. HUDDLESTON) was added as a cosponsor of S. 780, a bill to prohibit the use of Federal housing assistance with respect to certain aliens.

S. 917

At the request of Mr. SIMPSON, the Senator from South Carolina (Mr. THURMOND), the Senator from Vermont (Mr. STAFFORD), the Senator from Wisconsin (Mr. KASTEN), the Senator from Alabama (Mr. DENTON), the Senator from Alaska (Mr. MURKOWSKI), the Senator from Pennsylvania (Mr. SPECTER), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Hawaii (Mr. MATSUNAGA), the Senator from Arizona (Mr. DECONCINI), the Senator from Maine (Mr. MITCHELL), and the Senator from California (Mr. CRANSTON) were added as cosponsors of S. 917, a bill to amend section 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; and for other purposes.

S. 941

At the request of Mr. THURMOND, the Senator from California (Mr. HAYAKAWA) was added as a cosponsor of S. 941, a bill to authorize the construction and maintenance of the General Draza Mihilovich Monument in Washington, District of Columbia, in recognition of the role he played in saving the lives of approximately 500 U.S. airmen in Yugoslavia during World War II.

S. 1215

At the request of Mr. PROXMIRE, the Senator from Vermont (Mr. LEAHY) and the Senator from New Hampshire (Mr. RUDMAN) were added as cosponsors of S. 1215, a bill to clarify the circumstances under which territorial provisions in licenses to distribute and sell trademarked malt beverage products are lawful under the antitrust laws.

S. 1230

At the request of Mr. CRANSTON, the Senator from Indiana (Mr. LUGAR) and the Senator from Colorado (Mr. HART) were added as cosponsors of S. 1230, a bill to provide for the minting of commemorative coins to support the 1984 Los Angeles Olympic games.

S. 1279

At the request of Mr. DANFORTH, the Senator from North Carolina (Mr. EAST), the Senator from Alaska (Mr. MURKOWSKI), the Senator from Maryland (Mr. MATHIAS), and the Senator from North Carolina (Mr. HELMS) were added as cosponsors of S. 1279, a bill to amend the Internal Revenue Code of 1954 to exclude from gross income a certain amount of interest earned on the all savers certificate offered only at savings institutions.

S. 1328

At the request of Mr. MOYNIHAN, the Senator from Nevada (Mr. LAXALT), the Senator from Missouri (Mr. EAGLETON), the Senator from Rhode Island (Mr. PELL), the Senator from Illinois (Mr. DIXON), the Senator from Missouri (Mr. DANFORTH), and the Senator from Georgia (Mr. NUNN) were added as cosponsors of S. 1328, a bill to amend the Federal Water Pollution Control Act to delete the limitation on the use of public treatment works grants for treating, storing, or conveying the flow of industrial users into treatment works.

S. 1378

At the request of Mr. JEPSEN, the Senator from Utah (Mr. GARN) was added as a cosponsor of S. 1378, a bill to strengthen the American family and to promote the virtues of family life through education, tax assistance, and related measures.

S. 1448

At the request of Mr. MATHIAS, the Senator from Alaska (Mr. MURKOWSKI), and the Senator from New Hampshire (Mr. HUMPHREY) were added as cosponsors of S. 1448, a bill to provide for the issuance

of a postage stamp to commemorate the 70th anniversary of the founding of the Girl Scouts of the United States of America.

SENATE JOINT RESOLUTION 84

At the request of Mr. DECONCINI, the Senator from Montana (Mr. BAUCUS), the Senator from Louisiana (Mr. LONG), the Senator from Tennessee (Mr. SASSER), the Senator from Indiana (Mr. LUGAR), and the Senator from Tennessee (Mr. BAKER) were added as cosponsors of Senate Joint Resolution 84, a joint resolution to proclaim March 19, 1982, as "National Energy Education Day."

SENATE JOINT RESOLUTION 87

At the request of Mr. MATHIAS, the Senator from Rhode Island (Mr. CHAFEE), the Senator from New Jersey (Mr. WILLIAMS), and the Senator from Maine (Mr. COHEN) were added as cosponsors of Senate Joint Resolution 87, a joint resolution to authorize and request the President to designate September 13, 1981, as "Commodore John Barry Day."

SENATE CONCURRENT RESOLUTION 24

At the request of Mr. GLENN, the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from Rhode Island (Mr. PELL), the Senator from Maryland (Mr. MATHIAS), and the Senator from Nebraska (Mr. ZORINSKY) were added as cosponsors of Senate Concurrent Resolution 24, a concurrent resolution submitting a proposal to improve the international nonproliferation regime.

SENATE RESOLUTION 74

At the request of Mr. MOYNIHAN, the Senator from Louisiana (Mr. JOHNSTON) was added as a cosponsor of Senate Resolution 74, a resolution relating to actions taken by the Foreign Ministers of the Nonaligned Movement at their recent concluded meeting in New Delhi.

AMENDMENT NO. 99

At the request of Mr. LUGAR, the Senator from Connecticut (Mr. WEICKER), the Senator from Colorado (Mr. ARMSTRONG), and the Senator from New York (Mr. MOYNIHAN) were added as cosponsors of amendment No. 99 intended to be proposed to S. 884, a bill to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes.

AMENDMENT NO. 489

At the request of Mr. WILLIAMS, his name was added as a cosponsor of amendment No. 489 proposed to House Joint Resolution 266, a bill to provide for a temporary increase in the public debt limit.

At the request of Mr. MOYNIHAN, the Senator from Montana (Mr. BAUCUS), the Senator from California (Mr. CRANSTON), the Senator from Maine (Mr. MITCHELL), and the Senator from Arkansas (Mr. BUMPERS) were added as cosponsors of amendment No. 489 proposed to House Joint Resolution 266, supra.

At the request of Mr. SASSER, his name was added as a cosponsor of amendment 489 to H.J. Res. 266, supra.

UP AMENDMENT NO. 208

At the request of Mr. TOWER, the Senator from Texas (Mr. BENTSEN), the Senator from Nevada (Mr. CANNON), the Senator from Maine (Mr. COHEN), the Senator from Alabama (Mr. DENTON), tor from Arizona (Mr. DECONCINI), the the Senator from Illinois Mr. DIXON, the Senator from Arizona (Mr. GOLDWATER), the Senator from Alabama (Mr. HEFLIN), the Senator from New Hampshire (Mr. HUMPHREY), the Senator from Washington (Mr. JACKSON), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Montana (Mr. MELCHER, the Senator from South Dakota (Mr. PRESSLER), the Senator from South Carolina (Mr. THURMOND), the Senator from Nebraska (Mr. ZORINSKY), and the Senator from North Dakota (Mr. ANDREWS) were added as cosponsors of UP amendment No. 208 proposed to S. 1377, an original bill to provide for reconciliation pursuant to title III of the first concurrent resolution on the budget for fiscal year 1982 (H. Con. Res. 115, 97th Congress).

UP AMENDMENT NO. 208 TO S. 1377

Mr. TOWER. Mr. President, on Thursday, June 25, I along with a number of my colleagues offered an amendment to the reconciliation bill which was adopted by the Senate and which provided $500 million in impact aid funding for fiscal year 1982. I noted that the names of only 4 of the 24 cosponsors of this amendment were reflected in the RECORD for June 25. In order to insure that all of the cosponsors are properly credited for their support on this very important issue, I ask unanimous consent that the names of each of my colleagues, who prior to the amendment's adoption indicated to me their willingness to cosponsor, now be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

COSPONSORS

Mr. Andrews, Mr. Bentsen, Mr. Cannon, Mr. Cohen, Mr. DeConcini, Mr. Denton, Mr. Dixon, Mr. Goldwater, Mr. Heflin, Mr. Humphrey, Mr. Jackson, Mr. Johnston, Mr. Melcher, Mr. Pressler, Mr. Thurmond, and Mr. Zorinsky.

SENATE RESOLUTION 177—SUBMISSION OF A RESOLUTION RELATING TO THE IMPORTATION OF POTATOES FROM CANADA

Mr. COHEN (for himself and Mr. MITCHELL) submitted the following resolution, which was referred to the Committee on Finance:

S. RES. 177

Whereas potato imports from Canada have increased dramatically during the past three years as a result of the decrease in tariff rates provided for under the Trade Agreements Act of 1979;

Whereas such imports are likely to continue to increase since tariff rates on Canadian potatoes will be equalized at 35 cents per hundredweight on fresh potatoes by 1987;

Whereas the currency exchange rate between Canada and the United States has placed domestic producers of potatoes at an additional disadvantage in competing with Canadian produced potatoes;

Whereas there is evidence that the production of Canadian potatoes is being subsidized directly and indirectly by the Canadian Government;

Whereas increased potato imports place a severe burden on domestic producers who must compete in a market that already suffers periodically from domestic overproduction;

Whereas the President is authorized by section 204 of the Agricultural Act of 1956 to negotiate with representatives of foreign governments to obtain agreements limiting the import of agricultural commodities into the United States: Now, therefore, be it

Resolved, That it is the sense of the Senate that the President should, and is hereby urged and requested to, negotiate with representatives of the Canadian Government in an effort to obtain an agreement limiting the export from Canada to the United States of both seed and tablestock potatoes and to issue regulations under section 204 of the Agricultural Act of 1956 governing the entry or withdrawal from warehouse of such commodities to carry out any such agreement.

Mr. COHEN. Mr. President, I am pleased to submit this sense of the Senate resolution which I hope will provide the impetus for the administration to seriously address the problem of imported Canadian potatoes into the United States. This resolution will urge the President to negotiate with representatives of the Canadian Government in an effort to obtain an agreement limiting the export from Canada to the United States of both seed and tablestock potatoes and to issue regulations under section 204 of the Agricultural Act of 1956 governing the entry of such commodities to carry out such agreement.

For the past 3 years, fresh potato imports from Canada have increased dramatically. In the past year alone, there was nearly a 300 percent increase in both potato seed and tablestock shipments. This increase is partly a result of gradual reductions of tariffs under the Trade Agreements Act of 1979. Existing quotas on imports from Canada will be eliminated entirely in 1987, further exposing the industry to Canadian potato shipments.

Another significant advantage to the Canadian exporter is the monetary exchange rate, which has fluctuated from 15 to 20 percent in the past year. At this rate, the importer pays, in effect, 20 percent less to purchase Canadian potatoes, a product indistinguishable from those produced on U.S. farms. This situation could be acceptable if the consumer were benefiting from this cost saving. However, this is not the case. Evidence indicates that the Canadian producer, at the farm gate, receives even less for his product than does his U.S. counterpart. Last year, the consumer witnessed record high potato prices at the supermarket, indicating that neither the producer nor the consumer was benefiting from this trade. Indeed, both the taxpayer and the consumer are paying through the weakening of our domestic industry.

Administrative remedies available to assist domestic horticultural industries are limited and costly. For example, after 2 years of frustrating dialog with Federal agencies, the Maine and New York potato interests are contemplating filing a countervailing duty petition with the International Trade Commission.

The producers complain that the Federal agencies in place to assist them can only offer a sympathetic ear, yet can offer no realistic alternatives to this pressing problem. For example, some alternatives, such as instituting a marketing order for protection, directly con-

tradict administration policy to remove existing marketing orders.

In Canada, subsidies at both the Federal and provincial levels are known to exist. Additional inequities in energy costs, transportation subsidies, and restrictions on U.S. potatoes entering Canada only add to the frustration of U.S. producers.

Mr. President, I support free trade. However, I feel that this is an example where trade is not, in fact, fair. The Canadian Government has targeted the Eastern U.S. market for its potato production, utilizing extensive marketing and promotional programs. Similar programs for our horticultural industries do not exist. Potatoes and other perishable fruits and vegetables do not even have the protection of section 22 provisions of the Agricultural Adjustment Act, since they are not covered under Federal price supports. I firmly believe that the voice of the small horticultural industries in this country must be heard and that the authority provided by section 204 of the Agricultural Adjustment Act is an appropriate mechanism for addressing the problem of potato imports.

It is clearly in our national interest for the Federal Government to insure that the potato industry, as well as smaller horticultural industries, are not in fact, traded away. The Northeastern consumer should not be dependent upon a foreign country for a substantial portion of perishable fruits and vegetables. These small, dispersed industries, with no strong lobbying voice, should not be faced with competing against both foreign producers and foreign governments.

Mr. President, this is a nonbinding resolution.

Notwithstanding, I would sincerely hope that the administration will address this problem adequately, thus removing the need for more drastic legislative measures.

I urge my colleagues, especially those from fruit and vegetable producing States, to support this resolution.

Mr. MITCHELL. Mr. President, this resolution addresses a serious problem facing the potato industry, a key sector in the economy of Maine and other States. The problem is the surge of Canadian imports into U.S. markets, and the tremendously disruptive effect this surge has had on domestic growers. Canadian potato imports have increased substantially for 3 consecutive years. Last year alone saw a 300-percent increase in imports. Canadian potatoes entering the country through Maine ports of entry are expected to equal 25 percent of the total volume of Maine tablestock potatoes. This has had a devastating impact on the U.S. industry, which is already suffering from excess capacity.

The potato industry is particularly disadvantaged in seeking relief from disruptions caused by changing trade patterns. Most agricultural products are covered by section 22 of the Agriculture Adjustment Act, which gives swift and effective relief from excessive imports competing with price-supported products. Potato growers receive no subsidy, either through price supports or any other avenue. Thus, the swift relief under section 22 is not available for this product.

We are therefore seeking relief through section 204 of the Agriculture Act of 1956. This section extends a more general remedy, allowing the President to negotiate with foreign governments to limit agricultural imports to the United States. The resolution urges the President to use this remedy in dealing with the problem of Canadian potato imports.

There are several reasons for the recent surge in imports from Canada. A major cause is the concerted effort by both the Federal and provincial governments in Canada to increase potato production in order to increase their exports to traditional U.S. markets. This effort has led to a number of subsidies, in the form of low-interest loans, substantial transportation subsidies, and stabilization payments for crop production. Recently, the Canadian Government approved a $3 million promotion program for potato exports.

Another cause of the surge in Canadian imports is the depressed value of the Canadian dollar, which gives Canadian growers a significant exchange rate advantage. The exchange differential can account for as much as 20 percent discount for the Canadian product—a price advantage that no domestic producer can overcome.

A third cause of higher imports is the tariff concessions made by the United States in 1979. The reduction in tariff-rate quotas negotiated in 1979 was substantial, and has contributed to increased efforts to target U.S. potato markets.

Taken together, Canadian Government subsidies, the exchange rate and our own efforts to free trade have all had the end result of driving our producers into bankruptcy and of helping create a Canadian industry whose only goal is to produce potatoes for export to the U.S. market.

A number of other problems plague Maine growers and represent an advantage for Canadian growers are not permitted to use. Inadequate inspections allow lower quality Canadian potatoes to be graded higher. Many Canadian potatoes enter the United States as seed potatoes, which have a lower tariff rate quota than tablestock potatoes, but are eventually used for human consumption, not for planting.

All these problems aggravate an already serious situation. It has led to much unrest in the potato growing areas in Maine. If nothing is done, the prospect is for even more serious disturbances in the next marketing season.

Maine growers are pursuing several avenues to deal with the various problems. Administrative remedies are being sought, but these are time-consuming and potentially very expensive. The purpose of this resolution is to encourage the President to examine every possible solution, and to express congressional support for a negotiated solution, should the administrative remedies fail to correct the problem.

AMENDMENTS SUBMITTED FOR PRINTING

ECONOMIC RECOVERY TAX ACT OF 1981

AMENDMENT NO. 491

(Ordered to be printed and to lie on the table.)

Mr. MATHIAS submitted an amendment intended to be proposed by him to the joint resolution (H.J. Res. 266) to provide for a temporary increase in the public debt limit.

AMENDMENT NO. 492

(Ordered to be printed and to lie on the table.)

Mr. NUNN (for himself and Mr. CHILES) submitted an amendment intended to be proposed by them to the joint resolution House Joint Resolution 266, supra.

AMENDMENT NO. 493

(Ordered to be printed and to lie on the table.)

Mr. BENTSEN submitted an amendment intended to be proposed by him to the joint resolution House Joint Resolution 266, supra.

AMENDMENT NO. 494

(Ordered to be printed and to lie on the table.)

Mr. BENTSEN (for himself, Mr. BOREN, Mr. JOHNSTON, Mr. TOWER, Mr. BURDICK, Mr. MELCHER, Mr. CRANSTON, Mr. ANDREWS, Mr. NICKLES, Mr. STENNIS, Mr. SIMPSON, Mr. DIXON, Mr. HUDDLESTON, Mr. INOUYE, Mr. DECONCINI, Mr. SASSER, and Mr. CANNON) submitted an amendment intended to be proposed by them to amendment No. 493 to the joint resolution House Joint Resolution 266, supra.

AMENDMENT NO. 495

(Ordered to be printed and to lie on the table.)

Mr. MATSUNAGA submitted an amendment intended to be proposed by him to the joint resolution House Joint Resolution 266, supra.

NOTICES OF HEARINGS

SUBCOMMITTEE ON INTERNATIONAL FINANCE

Mr. HEINZ. Mr. President, I would like to announce that the Banking Committee's Subcommittee on International Finance and Monetary Policy will hold a hearing on S. 868, the Competitive Export Finance Act of 1981.

The hearing will be held at 2 p.m. in room 5302 of the Dirksen Senate Office Building on Monday, July 20, 1981.

Representatives of the administration, the Eximbank, industry, and outside experts will testify on S. 868 and the current status of export credit negotiations.

Mr. President, the purpose of S. 868 is to provide a $1 billion "war chest" to the Eximbank to be used as leverage to induce trade competitors to reach an international agreement on official export credits. The current competition in officially subsidized export credits has reached cutrate and cutthroat proportions, and this bill was introduced as part of an overall strategy to end this self-defeating competition.

Those who wish further information concerning the hearings may contact Dr. Paul Freedenberg at (202) 224–0891.

SUBCOMMITTEE ON FINANCIAL INSTITUTIONS

Mr. GARN. Mr. President, the Subcommittee on Financial Institutions has now scheduled the final day of hearings on S. 1406, the "Credit Deregulation and Availability Act of 1981" and on S. 963. The hearing will be held on July 21, 1981, at 10 a.m. in room 5302 of the Dirksen Senate Office Building.

For additional information contact Beth L. Climo, counsel to the committee, 5300 Dirksen Senate Office Building, Washington, D.C. 20510, (202) 224–1565.

COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY

Mr. HELMS. Mr. President, I wish to announce that the Senate Committee on Agriculture, Nutrition, and Forestry has scheduled hearings on the nomination of John V. Graziano to be Inspector General of the U.S. Department of Agriculture. The hearing will be held on Monday, July 20, beginning at 10 a.m. in room 324, Russell Building.

Anyone wishing to testify should contact Denise Alexander of the Agriculture Committee staff at 224–0014.

COMMITTEE ON SMALL BUSINESS

Mr. WEICKER. Mr. President, I would like to announce for the information of the Senate and the public that the Senate Small Business Committee will hold a full committee field hearing on July 24, 1981 in San Francisco, Calif.

This will be a continuation of hearings that the committee has held to receive testimony concerning S. 881, the Small Business Innovation Research Act of 1981.

The hearing will convene at 10 a.m. in room 417, city hall, Van Ness Avenue and McAllister, San Francisco, Calif. Senator HAYAKAWA will chair the hearing.

For additional information please contact Anne Sullivan of the committee staff at 224–5175 or Grace Hussie, legislative assistant for Senator HAYAKAWA at 224–3841.

ADDITIONAL STATEMENTS

SUPPORT FOR STEALTH BOMBER

● Mr. LEVIN. Mr. President, in the very near future Congress will be asked to make two of the most important defense program decisions in our Nation's history—how to base the MX intercontinental ballistic missile and whether to procure one or two manned bombers to modernize the air-breathing leg of the strategic Triad.

As a member of the Armed Services Committee, I have spent many hours studying these issues, and I would like to take this opportunity to share with my colleagues my thoughts on the bomber choice—which basically comes down to the question of whether we should press ahead with the advanced technology, Stealth bomber, or build B–1-type aircraft now and Stealth bombers later.

I believe it would be a grave mistake for the national security of the United States if the executive branch and the Congress decided to procure outdated, B–1-type bombers for the late 1980's.

My reasons for supporting the Stealth bomber for the late 1980's instead of the B–1, which would postpone such a deployment until the next decade, are outlined in a "Letter to the Editor" I wrote recently to the Detroit News. The letter states as follows:

SENATOR FAVORS STEALTH OVER B–1

President Reagan has before him a proposal to replace our aging B–52 bombers with yet another version of the B–1. If he approves that proposal he will make a major error. The B–1 costs too much and does too little. And there is a better way to fill the gap in our defenses created by the projected obsolescence of our B–52s.

As a member of the Armed Services Committee, I have been examining the options open to us. I began by questioning the need for a new bomber. While the basic design of our B–52s is old, they have consistently been modified to incorporate current technology. As a result, they are still capable of penetrating Soviet air defenses, still able to accomplish their basic strategic mission.

But despite this current capability, careful study convinced me that we could not count on the continued effectiveness of the B–52s beyond the '80s. Soviet advances will, by then, be able to prevent our B–52s from penetrating their air defenses, even though the planes' cruise missiles could still be launched from outside Soviet air space against critical targets effectively until about the end of the century. But the loss of a penetrating capacity would constitute an unacceptable weakening of our strategic posture.

There is, then, a need to develop a new bomber. The question that confronts us is what kind of bomber is should be. One opinion is to resurrect the B–1 whose basic design we discarded in 1977. Another is to intensify our work on the "radar invisible" stealth design. And finally, some suggest we ought to pursue both of these options simultaneously—deploying the B–1 by the end of this decade and phasing in the stealth during the 1990s.

While there is a loud public relations campaign for the B–1, the truth is that as a bomber for the future, the B–1 is a dummer. In fact, its highwater mark appears to have come and gone during the 1980 campaign when President Carter's decision to cancel its development was used by his opponents as a symbol of his "weakness" on defense issues.

Despite its past political value to some, the B–1 has little potential military value. In at least two ways, it fails to meet the minimum standards we should require of a new strategic bomber.

First, it is unlikely that it will be able to penetrate Soviet air defenses for the 30 years which constitutes the normal life span of a strategic system. B–1 advocates themselves are generally willing to concede that its long-term penetrating capability is uncertain at best. They suggest, however, that the B–52s must be replaced as soon as possible and that the B–1 offers the best short-term alternative.

That argument, however, is flawed. The B–52s will retain their strategic power during the time frame that Stealth can be developed and deployed. While there are, of course, uncertainties associated with the development of any new system, the progress we have made on stealth technology to date is encouraging enough to justify the conclusion that it can be deployed by the end of the decade.

Second, the B–1 simply will not be able to fulfill its assigned mission for a long enough period of time. It is absurd and tragically wasteful to build a new bomber which will not be able to carry out one of its critical missions: penetrating Soviet air space.

I know there is a notion in the land that suggests we spend as much as we want for defense. I reject that notion. We can—and should—spend as much as we need for defense—no more, no less. The B–1 will cost the American taxpayers between $20 and $23 billion—about as much as it would cost to buy a superior and longer-life stealth-equipped bomber. We simply cannot afford to buy a B–1; at least not if we are serious about making real improvements in our defense rather than just increasing our defense budget.

The B–1 adds too little to our strategic strength and too much to the deficit. I think the choices are clear: Spend $20–$23 billion to buy a bomber that works—stealth; spend the same amount of money to buy a bomber that doesn't work—the modified B–1; spend $40 billion for both bombers; but waste the $20–$23 billion spent on the B–1 (because it will not be able to penetrate), thus diverting scarce defense dollars from other military programs.

If President Reagan looks beyond his campaign rhetoric and focuses on the real defense needs of this nation, then we will abandon once and for all the B–1 and get on with the task of developing and deploying the more capable and cost-effective stealth technology as soon as possible.

CARL LEVIN,
U.S. Senator, Washington.

Mr. LEVIN. I also would like to take this opportunity to call to the attention of other Senators a recent column in the Washington Star written by our colleague, Senator BUMPERS, on this same issue. With his usual eloquence, the distinguished Senator from Arkansas has also concluded that it, and I quote, "makes no military sense" to build the B–1.

I commend Senator BUMPERS' thoughtful analysis to my colleagues. The article follows:

"INTERIM" BOMBER JEOPARDIZES STEALTH

(By Senator DALE BUMPERS)

Last month, with virtually no debate, the Senate authorized $2.4 billion in the fiscal year 1982 Defense budget for development and initial procurement of a new Long-Range Combat Aircraft to replace our B–52 strategic bombers. This money is the down payment on a program that makes no military sense, will cost at least $20 billion for 100 planes, and is likely to delay development of a truly advanced-technology strategic bomber.

It is important to understand that the long-range bomber the Air Force wants now is not the "Stealth" cruise-missile carrier bomber we've heard so much about. Rather, what is being proposed is an "interim" bomber, for use until the Stealth is available.

The candidates are a variant of the B–1 bomber that was canceled in 1977 and a stretch version of the existing FB–111 fighter-bomber. Neither aircraft could be adapted to incorporate the technologies and materials of "Stealth," which will make aircraft virtually invisible to enemy radar. Moreover, the interim bomber would not be operational until the late 1980's, almost precisely the time when Stealth is supposed to begin coming off the assembly line.

Why, then, build it? Proponents argue that the B–52 can no longer penetrate Soviet air defenses, but that a B–1 variant or new FB–111 could. What they don't mention is that while the interim bomber might be able to penetrate the Soviet Union's current air defense system, it would not be able to evade detection from the system likely to be in place at the time it is finally deployed. This fatal flaw was a major reason the B–1 was

canceled in 1977, and why both the Carter and Reagan administrations committed themselves to modernizing our fleet of B–52s with cruise missiles and improved avionics. In fiscal year 1982, the Pentagon will spend more than a billion dollars on this program, and by the end of the decade, 172 B–52s will have been fully modernized. They will remain highly effective well into the 1990s, at which time they will be replaced by Stealth.

Cruise missiles could penetrate Soviet air defenses more successfully than either B–52s or the interim aircraft. The Air Force now plans to put cruise missiles on the interim bomber, but this would simply make the capabilities of the interim bombers redundant with those of the modernized B–52s. Recognizing the absence of a unique strategic mission, supporters are now arguing that the long range bomber could be used in the role of a conventional bomber. But here again, we already have a large number of tactical aircraft that will carry out such a mission, and whose costs are only a small fraction of that of the interim bomber.

EXCESSIVE PRICE TAG

The long range bomber would be the most expensive aircraft ever produced. One of the reasons the original B–1 was shelved was widespread agreement that its $110 million price tag far exceeded the bounds of economic common sense for any weapons system other than a major naval vessel. Initial estimates for the new B–1 variant were approximately $100 million per plane.

But the most recent Air Force projections put the cost of 100 of these aircraft at $19.7 billion, or almost $200 million per copy. Notwithstanding the incredibly high inflation that has plagued the defense sector in recent years this would be a mind-boggling price even if the plane would not be obsolescent by the time it enters the inventory.

Moreover, with a scheduled production run of only 100 aircraft, contractors would be unable to achieve any economies of scale, and the Air Force would be required to set up a totally unique logistics system.

Both of these factors would add to production and life-cycle costs. It is likely that in order to "save" the long range bomb program, funds and management attention would have to be diverted from the Stealth program in order to produce additional, albeit inferior, interim bombers in an effort to reduce costs.

NO STEALTH?

If that happened, at the end of the decade the United States would find itself stuck with a number of overpriced obsolescent bombers, and no Stealth.

The only way to ensure that a Stealth airplane that can serve as both a cruise missile carrier and a viable penetrating bomber will begin entering Air Force inventories by 1990 is to abandon this indefensible scheme to build an interim long range bomber.

The administration and Congress should see to it that the Air Force completes its modernization of the B–52s, while devoting the bulk of its financial and management resources to getting the Stealth off the drawing boards and into production.

To do otherwise would be to leave unresolved the problems with the air-based leg of the triad, waste an exorbitant amount of time and money, and shatter the fragile public and Congressional coalition that is currently prepared to make the sacrifices necessary to meet the military challenges we are likely to face in the coming decade.●

NATO MUTUAL SECURITY INTERESTS

● Mr. LEVIN. Mr. President, this past Sunday the Washington Post published an excellent piece by William Greider entitled "Let's Tell Our Allies Uncle Sucker is Dead." There is no doubt in my mind about the essential accuracy of its analysis: We are being taken by our allies.

I am concerned not only by the disparity between our contribution and theirs to our mutual defense; I am also concerned about their failure to make any real effort to improve their performance. We have promises, Mr. President, from all the NATO nations indicating that they will increase their defense spending by a real 3 percent. And next year we may get a 3-percent increase in their rhetorical commitment—but not all of them will give us the increase in their cash contribution. Not only does their failure in this area intensify equity problems, it also raises real questions about the credibility of the alliance. Any doubts about the integrity of the word of some of our allies weakens the operation of the entire alliance internally and reduces its deterrent power externally.

My basic point, Mr. President, is that the alliance is built on mutual need—which still exists—and mutual respect and reliability—which seems to be fading. A continuation of the current trend will strain the fabric of the alliance and weaken our ability to pursue our real and pressing mutual security interests. For the sake of avoiding a few small sacrifices now, we may well be inviting the ultimate sacrifice—and that, of course, is to the advantage of no one. There is no equitable way that the present levels of financial inbalance can be continued. It is time that this Nation and our allies recognized that simple fact of life and dealt with it, clearly and forcefully. The alternative, I fear, is to see our alliance dealt with clearly and forcefully by forces that we want to discourage rather than promote.

Mr. President, I recommend Mr. Greider's article to my colleagues and ask that it be printed in the RECORD.

The article follows:

LET'S TELL OUR ALLIES UNCLE SUCKER IS DEAD

(By William Greider)

Our new President has displayed such extraordinary political verve, not to mention eyes-open smartness, that it leads me to indulge in unreal expectations of him. He has conquered Congress and baffled liberals and artfully bruised the nut fringes of his own constituency. Now will Ronald Reagan also have the nerve and wisdom to tell our dear allies, the Europeans and Japanese, that "Uncle Sucker" is dead?

I expect not. When the president goes to Ottawa next week to meet with the political leaders of the Western alliance, I assume that he, like his many predecessors in the White House, will mumble the reassuring euphemisms which the allies love to hear. America promises to be strong and steadfast. To spend more of its great treasure on defending freedom in their behalf. To bow and scrape graciously when our allies complain. In short, America promises to continue the neurotic, expensive arrangement by which U.S. citizens subsidize our toughest economic competitors. In return, the allies promise to kick us in the shins whenever they see an opening.

Let me fantasize for a moment on what Reagan might instead tell the assembled leaders:

"I have come to Ottawa, my friends, to deliver a sobering message from the American people: Uncle Sucker is dead. Americans have always been willing to help the weak and defenseless but it makes our blood boil when someone tries to take advantage of our generous nature. A generation ago, it made sense to keep 10 American divisions in Europe when your nations were weak and divided. Now it makes sense to start bringing the troops home. For many years, the United States was glad to provide military security for Japan and defend world sea lanes so it could build its trade. Now Japan is prosperous beyond anyone's dreams and it must start paying its fair share of the burdens.

"Our allies, I know, will accuse us of threatening the alliance, of acting precipitously without adequate consultation. But our allies must understand: I have just asked the American public to accept major reductions in the domestic social programs which insure their well-being in order to buy more tanks, airplanes, bombs and rockets for your defense. Now a growing number of Americans are beginning to wonder why Europe and Japan refuse to do the same. If the American public ever wakes up to the fact that it's being conned—look out."

Okay, I said this was fantasy. President Reagan, committed to his early '60s version of global realities, is not likely to perceive that the Western alliance is a grand hoax waiting to be exposed, that it's time to force a new relationship. He seems too deep into simple-minded Cold War rhetoric to grasp that the world has changed and the old rhetoric is wrong.

Still, this issue is one of the great political opportunities of our time. If Democrats had the wit and nerve (lucky for Reagan, Democrats seem short of both), they would pick up the subject of our feckless allies and exploit it to Reagan's embarrassment. I could write their speeches too and I guarantee hearty applause from common-sense voters.

"Why should America's elderly give up Social Security benefits so the West Germans can stay fat and happy and muscle out American products in world trade? Everyone knows West Germany is flush. Why do its citizens spend only $378 per capita on defense while Americans each contribute $527? Why did Herr Schmidt break his promise to raise defense spending? Why does Reagan let him get away with it?"

Or: "While Ronald Reagan rails against government subsidies for the poor, why doesn't he ever mention the government's much bigger subsidy to our rich ally, Japan? After all, which is more painful: giving food stamps to Americans or giving a free lunch to Nippon? Japan spent $11 billion on defense last year. Less than 1 percent of its gross national product. Can you believe it? When Gen. Haig gently suggested that the Japanese ought to spend more, the Japanese bluntly said, no, thanks, Al. Meanwhile, Americans are going to increase defense spending by more than 100 percent in the next five years—headed toward $350 billion a year. Can you believe it?"

Or: "While he's in Canada, the president ought to have a litle attitude talk with our friend and neighbor, Monsieur Trudeau. The Canadians are perhaps the biggest freeloaders of all. They spend less because they know we will spend more. Last year Canada devoted 1.8 percent of its GNP to defense—we devoted 5.5 percent of ours. And that gap is going to get much wider in the coming years.

"And don't leave out the British and the French. Britain's 'Iron Lady' is planning to cut back her navy and leave more of the job to us. The French always go their own way, of course, but they are still riding on our backs. It's time for our allies to grow and share the burdens of leadership. That means money. Americans got fed up with foreign aid to the poor nations of the world, which is a trifle compared to the military subsidy to the strong nations. Sooner or later, Americans will wise up."

Do I sound like a yahoo? The "responsible opinion" which guides American foreign policy has always treated this like a forbidden subject. Only demagogues or subversives would make such irresponsible proposals. Whenever I froth on the subject of the 300,000 U.S. troops still stationed in Europe, a colleague reminds me that I grew up in the Middle West and hints that I am still infected by midwestern isolationism. He thinks that is an insult.

Well, it's true but I'm not insulted. I grew up in Ohio when the opinion leader was Sen. Robert A. Taft, where insular citizens of the heartland were probably excessively proud and provincial but could also look at Europe, especially England, without being overawed. Isolationism was wrong, no question, but it also expressed valuable skepticism about world affairs.

The new internationalism which followed World War II produced wondrous results—the rebirth of Western Europe and Japan—but it also developed the hubris of empire, the delusion that the United States must take responsibility for everything, every burden, every battlefield. In the Middle West, the idea of imperial America always seemed kind of dumb. With all the natural blessings this nation enjoys, who needs an empire?

But perhaps the debate is opening up a little and the critics will not be put down by the "yahoo" label. I am faintly hopeful because I am beginning to see the questions of alliance raised by "responsible" analysts who describe, more precisely than I can, why the security arrangements, between Europe, Japan and the U.S. are confronted with profound contradictions and must change. In the spring issue of Foreign Affairs, a Johns Hopkins professor named David P. Calleo sketches the economic implications of the U.S. military subsidy for Europe. By rough estimate, the United States spends $81 billion a year on the defense of Western Europe. ". . . by any objective measurement of relative resources the United States plays a disproportionate role in European defense," he concludes.

The Europeans like it like that. Who wouldn't? They get to complain about American inconstancy while the Yanks pay the big bills. They postpone the day of reckoning when they must work out their own responsible management of Western European security. Calleo writes:

"Obviously, the French, as well as the Germans and British, are loath to trade present arrangements giving them American-subsidized security for a more responsible, expensive and constraining role in managing European defense."

Calleo calculates that America could swiftly recoup $30 billion a year in defense spending—nearly enough to allow Reagan to balance the federal budget, as he keeps promising—simply by bringing home six of the 10 U.S. divisions.

Bring the boys home? Such talk terrifies the alliance, of course, for it would force our allies and ourselves to confront the most basic questions about western security. What is the real potential for war in Europe? How much is really needed to defend against the threat? If West Germany and France and Britain, not to mention the smaller NATO nations, truly feel the need for those six divisions, then they could readily replace them with their own men It would cost money, that's all.

My own hunch is an American initiative would force everyone to rethink the basic strategies and discover that much of the war-gaming in Europe is wildly outdated. Unless America takes the first step, we will continue the con game. U.S. leaders will periodically plead for bigger defense budgets and our allies will deftly duck the requests. Why should they behave differently when they know Uncle Sucker is there?

Another penetrating analysis, by Theodore Draper in last winter's issue of The Washington Quarterly, entitled "The Western Misalliance," brilliantly picks apart the pretenses and fallacies which sustain the alliance. The new isolationism, Draper suggests, is in Europe where political leaders insist on American dollars to defend their own countries but prissily draw back from any allied actions to assist the United States in other areas.

While Americans pony up billions to rearm for the Cold War, Western Europe continues detente with the Soviet Union, buying and selling and borrowing. Somebody is wrong here, either us or them. West Germany has become the Soviet Union's biggest trading partner. The Commie nations now owe western banks more than $65 billion. Europe's idea of alliance, as Draper observes, amounts to economic collaboration with the Soviets and economic competition with the United States. Does that make any sense?

Now two new seminal events are upon us, deepening the contradictions. The revolution in Poland, stimulated in part by the western trade fostered by detente, provides an historic opportunity for change. Meanwhile, back on our side, the new French government has four Communist ministers in the Cabinet. In other words, it gets harder and harder for serious people to believe that the Cold War is as simple and straightforward as the U.S. hawks believe. Nevertheless, we are launching our massive military buildup and few politicians have the courage to speak against it. Or even ask basic questions about equity. Uncle Sucker lives.

Peter Jay, the former British ambassador to Washington, put it sharply, describing the European attitude toward America: ". . . it boosted and boosts European morale to spotlight American errors, to savor its failures, to exploit its market, to resent its overseas investments, to have a critic's ringside seat at its global tribulations, to mock its culture, to deride its leaders and to bewail the 'weakness' of its currency."

While we cut food stamps and Social Security. That's what brings out the yahoo in me.●

REWARDS FOR THE ELECTED

● Mr. LEVIN. Mr. President, I recently received a copy of a resolution passed by the Michigan Council of Senior Citizens. That resolution, entitled "Rewards for the Elected," makes some very strong statements about the motives of elected officials and the political agenda that the council seeks to implement.

So that my colleagues may have a better sense of the frustration and anger of so many senior citizens, I ask that the text of the resolution be printed in the RECORD.

REWARDS FOR THE ELECTED

Whereas, Many of the Reagan Administration's proposals will inflict devastating results and uncountable tragic hardships on and for many senior citizens, the handicapped and the poor in Michigan and in the whole country, and

Whereas, Some of Michigan's elected officials, both in the State and in Washington, D.C., are blindly supporting the Reagan Administration's programs because, of the Administration's "claimed", "mandate" from the country's electorate, and

Whereas, Many State officials and some of those serving in Washington, D.C., have forgotten they were elected by Michigan voters and not the oil and natural gas industries, the banking and other big businesses, therefore be it

Resolved, The Michigan Council of Senior Citizens, Inc., joins the millions of citizens, nation wide, in opposing the Reagan Administration's butchering of all social programs, be it further

Resolved, That we of the Michigan Council of Senior Citizens, Inc., shall make every effort possible to bring to the attention of those elected officials the needs and requirements of senior citizens, the handicapped and the poor, be it further

Resolved, The "Mandate" if indeed there was one, it was to reduce unemployment, reduce inflation, reduce high interest rates and to curb the enormous profits of the oil and natural gas industries and the blank checks to the military, be it further

RESOLVED, Our elected officials shall be held individually accountable for their respective actions and votes on all Reagan Administration budget proposals, tampering with Medicare and Social Security, all social program cuts, oil and natural gas deregulation and the monumental military expenditures for weapons and particularly—the huge "cost overruns," be it further

Resolved, That the entire membership of the Michigan Council of Senior Citizens, Inc., do hereby pledge themselves to give and work for the removal from office all those elected officials, who by their actions and votes prove themselves our enemies, be it finally

Resolved, That the Michigan Council of Senior Citizens, Inc., do all in its power to enlist the members of the National Council of Senior Citizens, Inc., to encourage all seniors to join in this effort of rewarding our friends and the punishment of our enemies.●

THE SUCCESSOR GENERATION

● Mr. HEINZ. Mr. President, I commend to my colleagues the following editorial, which appeared in the Pittsburgh Post-Gazette on February 16, 1981. It calls attention to a crucial issue for the western alliance—the lapse in historical memory we are seeing among many of the Western World's rising leaders. The editorial poses the question this way:

After the death of a generation that supported the Yalta agreements, watched the Soviet occupation of Eastern Europe, and lived through the Berlin blockade and the Korean War, will a successor generation be able to appreciate the historic events that have defined a strong mutual interest for Europe, Japan, and the United States.

The answer, of course, is that without serious and sustained efforts to educate the "successor generation" on both sides of the Atlantic, the Alliance could eventually come unglued.

The source for the Post-Gazette editorial is the Atlantic Council's excellent pamphlet, "The Successor Generation: Its Challenges and Responsibilities," which thoughtfully examines the problem and proposes specific solutions. The proposals include greater emphasis in our schools and in the media on languages, modern history, and the cultural continuity and shared values that exist within the Western community of nations.

I thoroughly recommend "The Successor Generation" to all my colleagues, and I ask that the Post-Gazette editorial treating it be printed in the RECORD.

SECOND-GENERATION ALLIES

In addition to more obvious political and military issues, it seems the members of the Western alliance are struggling with the problem of the "successor generation." Leaders on both sides of the Atlantic have begun to contemplate a time when most of their followers—and future American and European leaders themselves—will have no direct memory of World War II and the postwar environment that molded present military and economic ties between Europe, Japan and the U.S.

The fear is rather straightforward. After the death of the generation that supported the Yalta agreements, watched the Soviet occupation of Eastern Europe, and lived through the Berlin blockade and the Korean war, will a successor generation be able to appreciate the historic events that have defined a strong mutual interest for Europe, Japan and the United States? Without that appreciation, present ties would probably become unbound, and the economic and political cultures of the two continents and their island ally would increasingly drift in separate directions.

Certainly that dynamic of divergent destinies can already be interpreted in political strains between Europe, Japan and the United States witnessed during the last decade. So, as a recent pamphlet by the Atlantic Council of the United States entitled "The Successor Generation" points out, it is time to consider remedies.

In a sense, the solution is as simple as the proposition. As several contributors to the Council's pamphlet noted, the disintegration of American interest in the Atlantic Alliance may be hastened by current trends in education.

Students' declining interest in foreign languages, the tertiary importance assigned to political history, and the widespread ignorance of foreign affairs among American high school and university students are all alarming phenomena, all of whose consequences may not be so obvious. For example, the insularity of the world view offered in much of American education may help to explain the trouncing American industry now takes in the international market.

One excerpt from the Atlantic Council study may illuminate a kaleidoscope of national problems: "Japan has 10,000 English-speaking business representatives in the United States while there are fewer than 900 American counterparts in Japan." Needed are not merely more individuals courses—mandatory or otherwise—but, as in the case of a Cape Cod teacher who uses international currency exchange rates to explain arithmetic fractions, the incorporation of an international perspective in school curricula.

A reshaping of aging alliances seems inevitable and not altogether undesirable. And the Council's report is certainly only a brief contribution to a historic change. Yet it does serve to underscore an important point: A redefinition of the Atlantic Alliance ought to emanate from a successor generation's appreciation for allied interests rather than from its incomprehension of the past.●

JIMMY WILKINS

● Mr. LEVIN. Mr. President, I draw attention to the 25th anniversary of the outstanding musical career of Detroiter, Jimmy Wilkins.

The big bands molded America's musical tastes in the 1940's and 1950's—the Big Band Era. They were vitally important, at home and abroad. In the years between the two World Wars, some of our greatest bands toured the world, and wherever they went, they told a story of America and her music.

Today, nothing can rival big band tempo or rhythm. The bands swing freely and joyously filling audiences with excitement and exhilaration. Fans join them emotionally and musically, as partners in one of the happiest rapports established between givers and takers of music.

Henry Wadsworth Longfellow remarked that, "Music is the Universal language of mankind." The musical sounds created by artists like Jimmy Wilkins are enjoyed by people of all nations.

Music lovers the world over know the music of the Count Basie Band with whom Mr. Wilkins performed in the early 50's. He also performed with such greats as Lionel Hampton, Dizzy Gillespie, Duke Ellington and Ray Charles. His band played at the inauguration of Detroit Mayors Roman Gribbs and Coleman Young just to point out a few of the many accomplishments of this talented man of music.

As someone who has enjoyed the pleasant interludes music has made in my life and who truly appreciates the artistry of Jimmy Wilkins, I think it only fitting to honor him today and thank him for sharing his gift which has brought happiness to so many.●

PASSAGE OF THE PRESIDENT'S TAX BILL IS IMPERATIVE

● Mr. TOWER. Mr. President, this Congress has achieved great strides in response to the collective call of the majority of the American people to reduce the size and scope of our Government, to revitalize our economy and return it once again to its accustomed role of world leadership, to strengthen our national defense, and to stimulate the creation of jobs and reduce the burden of inflation. It can be honestly said that we are witnessing a revolution in the economic relationship between the Government and the American people, and that this is an idea whose time has come.

Our attention now must turn to approval and implementation of the next key element of the President's program for economy recovery. Mr. Reagan's tax program remains an essential element in the strategy to regain control of spending as well as to rejuvenate the economy. For too long, Government has stood in the way by taking more of what our people earn—no matter how hard they try. An economy stifled by restrictive tax rates will never produce enough revenue to balance the budget, just as it will never produce enough jobs or enough profits. Lower taxes will provide the incentive for capital investment in American business and industry, higher productivity, and economic recovery. If we are to restore our economy to sustained and vigorous growth, with our industries able to compete successfuly at home and abroad with foreign competitors, then we must consider this comprehensive program of personal and business tax relief as an essential element in achieving those objectives.

I would like to thank the distinguished chairman of the Senate Finance Committee, Senator DOLE, for his leadership in having this bill reported in a timely manner with near unanimous committee agreement. The bill not only embraces the basic tenets of the President's program; it represents the will of the majority of our citizens.

I am aware of those who have charged that this tax program is designed to benefit the wealthy. In reality, those who will receive the largest percentage of reduction in their total tax burden will be the lower and middle-income families. This program provides the elements that will allow more people to share in our country's renewed prosperity.

Others argue it is too risky to cut taxes while running a budget deficit. By contrast, every time the Government has reduced the tax rates, the boost in prosperity is so immediate that while taxpayers pay less as a percentage of income, tax revenues increase because of expanded gross national product. Tax rate reductions of the type proposed by President Reagan have, in fact, been tested. The 1964–65 Kennedy-Johnson supply-side individual tax rate reductions, although being skewed toward low-rate savers and dissavers in the lower tax brackets, nevertheless had a very big impact on individual saving, with the average personal saving rate rising from 5.4 percent in 1963 to 7.1 percent in 1965. The gain in savings was about 75 percent of the size of the tax cut in 1964, 1965, 1966, rising to 121 percent of the size of the tax cut in 1967. As President Kennedy said:

> Until we restore full prosperity and the budget-balancing revenues it generates, our practical choice is not between deficit and surplus but between deficits born of waste and weakness and deficits incurred as we build our future strength.

I would urge my colleagues to approve these tax rate reductions in their entirety—anything less would amount to a tax increase.

This tax program promises a dynamic approach to the ineffective policy of redistributing income from one pocket to another. It allows more resource allocation to be arbitrated in the free market according to individual initiative. Individuals left to pursue their legitimate self-interest relatively unhindered by Government will generate enormous productive activity to the benefit of the whole Nation. A new urge of economic vitality promises renewed progress toward relieving the plight of our Nation's poor. The Reagan economic proposal may not be sufficient to solve all our economic problems; it will, however, reverse the disturbing fiscal trends that have beset us and provide the momentum necessary for positive growth in the private sector.

Growth involves ideas and thus is unpredictable. While we cannot legislate "growth" we can provide incentives that will encourage a person with energy and initiative to take a new idea as far and as high as he or she wants. If we can keep that initiative from being stifled, as it is today by an inefficient tax and regulatory system, people may once again fol-

low their dreams. If we allow entrepreneurs and potential entrepreneurs sufficient across-the-board returns on their efforts, they will then start assuming calculated risks. Our entire economy will gain in productivity and jobs, and the Nation will regain the energy and opportunity and spirit upon which its greatness depends.

Mr. President, this great legislative body stands on the threshold of achieving that requisite change of economic course which will place our Nation once again on a heading of prosperity, leadership, and greatness. The vision of this land's future will be illuminated once again by the promise of individual economic freedom and initiative. Business and Government can co-exist in a climate of synergetic agreement where effort and reward are closely alined. Now, as much as any time in our history, we must set the framework that will allow future generations of Americans to enjoy the benefits of private enterprise that have been so much a part of our heritage. It is imperative that we act at once in passing this tax bill as part and parcel of the economic recovery program.●

OTTO A. TENNANT ELECTED PRESIDENT OF NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS

● Mr. JEPSEN. Mr. President, it is with great pleasure that I take this opportunity to congratulate Otto A. Tennant, P.E. of Des Moines, Iowa, who was recently elected president of the National Society of Professional Engineers, a nationwide organization which represents nearly 80,000 individual members working in all engineering fields.

Otto has a remarkable history of service to his profession, having served as vice chairman of the north central region of NSPE and Professional Engineers in Industry and as chairman of the Legislative and Government Affairs Committee.

A registered professional engineer in Iowa, he holds a BS degree in general engineering from Iowa State University, and an MA in economics from Drake University. He is currently manager of industrial marketing and technical services at Iowa Power & Light Co.

It is with great pride that I extend my best to Otto, a great man and a great Iowan.●

HONORARY CITIZENSHIP FOR RAOUL WALLENBERG

● Mr. DECONCINI. Mr. President, I strongly support Senate Joint Resolution 65 to grant Raoul Wallenberg honorary citizenship, but that is largely a symbolic gesture and we can do more. We can substantively honor him and continue his humane work by bringing pressure to bear on countries that make a mockery of civil rights, routinely imprison dissidents, and create untold numbers of refugees.

The worst examples of these abuses are found in Communist countries, especially the Soviet Union, which imprisoned Wallenberg for his work in assisting Hungarian Jews. The best way we can pressure totalitarian regimes is to expose and publicize the atrocities they commit. To that end, I have urged the Judiciary Committee, possibly under the jurisdiction of the Refugee Subcommittee, to commence hearings into the issue of treatment of dissidents and refugees in Communist world countries.

Without some significant action on our part to expose the actions of the Soviet Union for which Raoul Wallenberg either died or still remains imprisoned, it is no more than making an empty gesture to grant Wallenberg honorary citizenship. We have been eloquently told by Alexander Solzhenitsyn, Vladimir Bukovsky, and Victor Herman of the horrors of gulag and we must not, as a civilized country, sit back and ignore these warnings.

We must not forget the Anotoly Shcharanskys and Ida Nudels and thousands like them who remain imprisoned for what in this country would be but modest expressions under their first amendment rights. We must continue to tell their story until the world is familiar with the real essence and meaning of communism and hearings are a beginning.

Soon the Senate will decide whether to confer honorary citizenship for only the second time in our history. The Senate will assuredly honor Wallenberg but it will be an even greater honor if his recognition serves as a catalyst for action that will result in the ultimate dismantling of the world's gulags.●

INFORMING THE PEOPLE ABOUT SOIL EROSION

● Mr. JEPSEN. Mr. President, as you know, I have been an outspoken advocate for taking quick and far-reaching action in protecting the soil and water resources of this Nation. Several hearings held in Iowa and one in the Nation's Capital in recent months confirmed that we need some "strong medicine" to improve the protection of our food, fiber, and oil seed production base. Soil is eroding from our farmlands at an alarming rate. Approximately 10, 15, and even more than 50 tons per acre erode annually in some locations around the country. The average rate of erosion from Iowa's cropland is over twice the tolerable limit.

Currently this Nation does a good job of feeding and clothing its citizens, as well as many other people around the world. This cannot continue if we do not pay closer attention to our soil erosion problem. More information needs to be placed in the hands of landowners and operators about the value of conservation practices such as no-till.

On Sunday, June 28, 1981, the Los Angeles Times, one of the Nation's leading newspapers, published a front page article about the grave conditions that allow this Nation's topsoil to be washed away. On Friday, July 2, 1981, the Times published an editorial on the same subject.

Both of these articles are fine examples of what can and should be done to inform citizens about soil erosion. I therefore submit these two articles for the RECORD.

The articles follow:

[From the Los Angeles Times, June 28, 1981]

U.S. LOSING GROUND TO SOIL EROSION

(By Larry Green)

WESTCHESTER, IOWA.—When the rains came this spring, they were not gentle.

In some places the earth, already abused, could not stand the beating. The constant pounding of a week of storms left fields scarred by rills and gullies. Roadside ditches filled with rich, black dirt—the vital essence of the Midwest's croplands. On the tops of the furrowed hills that roll across the countryside, bare patches of yellow subsoil began to poke through the darker, more fertile ground.

At one farm here where the land is not wisely cared for, half an inch of soil that had taken generations to form was washed away in just five days. With it, a little bit of the nation's agricultural productivity eroded, and a little bit of the future.

"I feel sick," Gene A. Renken, the local federal soil conservationist, said as he surveyed the damaged field in southeastern Iowa's Washington County. "The country can't afford this kind of loss. We've got land in this county that is going to be out of farming in the next 25 years because of erosion."

DEATH OF TOPSOIL

Even at farms where care was taken to protect the idle soil from spring storms, some ground was lost. In nearby Ottumwa, Verle B. Handy, a farmer for 28 years, walked across a field where the rains had washed a layer of topsoil into a nearby stream and described the damage as "a longtime hurt."

"If erosion isn't controlled in the early stages, it washes away the best topsoil. Back when I was a kid, it (the topsoil) was probably 16 inches deep. Now it is closer to 12 inches deep," Handy said.

Here in Iowa and across the country, America is losing ground.

The nation's most precious natural resource, its once-abundant supply of farmland—a treasure that may surpass oil in value because it can be used again and again to produce food and energy—is being washed away by rains, wasted by careless farming practices, carried off by winds.

"It's costing us," Secretary of Agriculture John R. Brock said in an interview. "Little by little, inch by inch, part of our most productive industry in the U.S.—our food production plant—is being lost and (with it) part of our national heritage."

DOWN THE MISSISSIPPI

In Iowa alone, half of the topsoil has vanished in the last 100 years. Each year farmers here are losing two bushels of fertile topsoil for every bushel of corn they produce.

The earth that is disappearing is darker, better able to hold water and richer in nutrients than subsoil, which is often yellow or sandy in color and which cannot sustain crops without enormous investments in fertilizers.

Topsoil depths vary across the country, ranging from an inch or less to several feet. Here in Iowa an average of eight inches has eroded away in the last century, eventually washing into the Mississippi River.

"The best topsoil in Iowa can be found in the Gulf of Mexico," farmers here say.

Soil erosion is as great a problem in the Midwest today as it was 45 years ago during the gritty days of the Great Dust Bowl, when huge clouds of drought-dried topsoil blew across the eastern half of the country and into the Atlantic.

But the nation's farmland is being lost to other causes as well. New subdivisions and shopping centers occupy ground where crops once grew. Highways of concrete and

asphalt have replaced acres of corn and wheat. Once-fertile valleys have been flooded by water behind new dams. Productive lands have become deserts as supplies of underground water have been depleted or as salts brought to the surface by irrigation have left the land sterile.

NATIONAL FUTURE AT STAKE

"It is a crisis, the most serious fundamental crisis that this nation has faced since the Civil War," said Charles E. Little, president of the American Land Forum. "This nation's only sustainable clout on this planet has to come from agriculture. We are No. 1 in one thing—agriculture and the land base to sustain (agriculture). You are fooling around with our national future when you are supremely casual about our (agricultural) land base."

"If we erode our soil away, what will the next generations have" Iowa State University economist John F. Timmons asked. "I would rather have the soil and water resources of the Midwest than all the oil in OPEC. Soil is a resource which can produce food. You don't have to use it up like you use up petroleum. Yet that's what we're doing. If we keep treating (soil and water) like nonrenewable resources, we'll end up in the same place OPEC will be when they run out of oil."

Agricultural land, he said, should be considered "as a first line of national defense. I think (agricultural land) is just as strategic to our national security as the military."

Land losses in the United States each year are startling. For example:

The productivity capability of 1 million to 1.5 million acres of farm land is lost because of erosion. That is an area equivalent to more than six cities the size of Chicago.

DYING IN PLACE

About 3 million acres of agricultural land are lost to urban expansion, highways and other uses, most of which prevent this land from ever being put back into useful production. That is a land area equivalent to 10 cities the size of Los Angeles.

Perhaps as much as 2 million more acres are lost to a variety of causes, according to Neil Sampson, executive vice president of the National Association of Conservation Districts. "Land is simply dying in place."

Enough land is lost each year to feed, clothe and provide lumber annually for more than 850,000 people, or the population of a city about the size of San Diego.

These are not short-term losses that can be recovered in a year or two, or even 10, by the formation of new soil or through existing technology. There are places in Vermont where as much as two feet of topsoil has been carried away, where the land is now so poor that only grass grows, where it may take two centuries or longer before the ground again supports crops.

If agricultural land losses continue at their present rate, they will be felt far beyond the farm. They will result in sharply higher consumer food prices and reduced food supplies for a crowded and hungry world. There are some experts who say that Midwestern states could experience up to 30 percent reductions in corn and soybean yields within half a century if current erosion rates persist.

"Consumers could experience a 6 percent to 8 percent increase in food prices for every million acres (of agricultural land) lost, and that's on top of (increases for) inflation," said Robert Gray, executive director of the federal government's National Agricultural Lands Study completed earlier this year.

"Once we reach the crisis stage," Secretary of Agriculture Block said in a speech earlier this year, "there is no turning back. . . . We won't be talking critical problems, we'll be talking fatalities."

CONCERN TO URBANITES

"I'd worry more about erosion in the city than out here," said Alan Arkfeld, 33, a farmer near Dow City in western Iowa. "I'll always have something to eat. The crops that I'll lose (because of erosion) are the ones that will be missed in the cities."

Currently, farm products account for 20 percent of all U.S. exports, offsetting about a third of what the country spends to import oil. If there is less to ship abroad, the country's balance of trade and the value of the dollar will be affected.

Ground lost to subdivisions or shopping centers or expanding cities is easily seen: Orange groves in Southern California are replaced with houses; rows of corn stalks in the Midwest are replaced with rows of cars on shopping mall parking lots; vegetable gardens in New Jersey are replaced with garden apartments.

But erosion remains a subtle enemy, its damage often undetected until too late. Today—more than 40 years after the Dust Bowl—erosion caused by wind and water is as much a threat as ever, experts warn.

In 1979, wind erosion damaged more than 1.4 million Great Plains acres, about double the damage done to land in the 10-state region in 1978.

Water-caused erosion is an even greater enemy. No part of the country is immune to such erosion, according to the Soil Conservation Service.

WIDESPREAD PROBLEM

Ground is washing away in the Palouse Basin, an area of Washington, Oregon and Idaho where wheat and peas and barley are grown. Erosion by water is stripping up to one inch of topsoil a year from Aroostook County, Maine, where potatoes are grown. In Texas, on the Blackland Prairie, where cotton and sorghum are cultivated, large quantities of soil are washing away each year.

But nowhere in the country is erosion a greater threat to future food supplies and the economy than in the Midwest, where corn, soybeans, and winter wheat—the nation's three main crops—are grown.

Annually, erosion is costing the nation between 5.5 billion and 6 billion tons of soil, according to U.S. Department of Agriculture estimates. That is enough to cover the entire state of Iowa—all 55,491 square miles—with a layer of earth one inch deep.

Almost a third of the soil lost from cropland nationally to the two most common types of erosion is in three Midwestern states—Iowa, Illinois and Missouri.

Iowa, with 5 percent of the nation's prime farm land, leads the nation in corn and soybean production. It leads also in soil lost through erosion.

ALARMING EXPERTS

Experts are just beginning to view such losses with alarm, because there is little new land available for agricultural production and because the technology that gave farmers higher crop yields has peaked, at least for the present. New fertilizers, pesticides, herbicides and hybrid seeds masked the effects of soil loss for a time, said Norman Berg, head of the Department of Agriculture's Soil Conservation Service. "In the future, technology will not absorb our soil loss," he said.

"Technology is going to run out," warns William J. Brune, who heads the Soil Conservation Service in Iowa. "When you get down to subsoils, fertilizer isn't going to help a farmer produce more crops."

"We are pushing the limits of the planet now in terms of available farmland," the American Farmland Trust's Douglas R. Horne said. "All the best land on this earth that could be put into production is in production. The rest is marginal."

"Using current trends, all reserve land available for cropland would be used up by the year 2000," Allen Hidlebaugh, a Soil Conservation Service land analyst, predicted. "That is a conservative estimate."

The character of erosion has changed since the great drought of the 1930s, when wind erosion and heavy water runoffs that gouged deep gullies were the chief concern. Today the most serious concerns are sheet and rill erosion, the results of destructive forces of water so subtle and slow that they often cannot be seen.

"Erosion is like growing old, you know it's happening but you can't see it," said Dale D Kraus, a conservation service worker in southeastern Iowa.

Sheet erosion occurs when water traveling across the surface of land removes soil evenly, almost like peeling a sheet of paper from a giant pad. In fact, one ton of soil an acre would be about the thickness of a sheet of paper, and the average soil loss here in Iowa is just under 10 tons an acre annually, twice what soil experts say is a tolerable soil loss. On some farms in the state the erosion rate is 20 times the average.

Rill erosion occurs when concentrations of rain form small channels on slopes or ridges. Water then runs along these channels to lower ground or to nearby ditches or streams, carrying soil and soil nutrients with it. Damage done by rill erosion is usually masked when the ground is prepared for planning.

Dramatic changes in agriculture—some once thought to be good for the farmer and for farming—have accelerated the rate of rill and sheet erosion in the last two decades.

FOOD FOR EXPORT

Perhaps the biggest change was the opening of giant foreign markets for American grains and beans in the early 1970s when the Department of Agriculture told farmers to "plant fence post to fence post" to increase production. To comply, eager to share in the new export bounty, farmers began plowing under pasture and grazing land. More often than not, this was marginal land—hillside or sloping fields—easily eroded. In some places they also began to remove the rows of trees and hedges originally planted across the prairie in the 1930s as erosion-controlling windbreaks.

"When everything went to corn and soybeans in 1973 there was an erosion explosion," said Neil Sampson, executive vice president of the National Association of Conservation Districts.

"Soil losses increased 22 percent in the early 1970s with (the beginnings) of intensive farming," said John F. Timmons, Iowa State University economist.

Other factors that contributed to the current rates of soil erosion include:

Large equipment, which made it difficult to work hillside and sloping fields on a contour. To accommodate their new large machines, some farmers also removed terraces built decades ago as erosion barriers.

Increased production costs, most fueled by climbing petroleum prices, which, in turn, drove up the price of fertilizer, pesticides, herbicides and fuel for farm machines. To compensate, farmers began cultivating even more marginal land, some of it set aside for soil conservation purposes.

Absentee landlords who rent agricultural land to farmers but who are frequently not willing to make the big investments often required to save soil. About a third of the land farmed in this country is owned by people who do not farm it.

A lag in research at university schools of agriculture into methods to control soil erosion.

The rapidly rising costs of building soil conservation structures on farms, largely terraces on sloping land and hillsides.

A failure by the Soil Conservation Service to seek out farmers with major erosion problems. This major flaw in national agriculture

policy was first reported in a 1977 study by the General Accounting Office.

To some extent this criticism remains valid. Visits with Soil Conservation Service workers found that many of them are still working only with farmers who go to the service for help rather than seeking farmers who need help and trying to persuade them to change their farming practices.

While there is still time to prevent the depletion of the nation's agricultural soil resource, many experts say, money is needed for more research and for educational programs designed both for farmers and urban consumers, and the costs are likely to be staggering.

"We need a care program for the land that will go on forever," said Berg, the Soil Conservation Service chief. "That's a bitter pill to swallow."

"It just turned out to be a bigger job than anyone ever expected," Agriculture Secretary Block said.

One big question is who should pay for erosion control. Farmers generally believe the cost burden should be borne by both urban and rural taxpayers. In Iowa, state and federal soil protection programs share costs of more than $12 million a year. But more money is needed. For example, in Washington County this year 137 farmers applied for erosion control assistance. There were funds for only 24, said Gene A. Renken, the local conservationist. "I could be building 1 million feet of terraces a year in this county if there was money," Renken added.

However, Block sees little chance of that. "I don't think the public is aroused enough to really pay the freight, to spend lots of money on (saving) land," Block said. "The government is not going to pay for it now until it becomes much more alarmed."

But there are other possibilities.

"Why not let those countries that we export our feed grains and soybeans to pay for our national soil conservation programs?" asked Crawford County soil conservationist Jay Ford, who works in an area of Iowa with one of the highest erosion rates in the nation.

Others familiar with the problem suggest a program of tax investment credits for farmers who are willing to make investments in erosion control structures such as terraces or dams. Terraces can cost between $500 and $1,000 an acre.

One widely discussed method of encouraging soil conservation is "cross-compliance," making such conservation a requirement for farmers to take part in other federal agricultural programs.

There is also debate in the farming community over whether erosion control should be mandatory.

ECONOMIST'S VIEWPOINT

"We are going to have to protect the public interests (in agricultural lands) by mandatory controls on farmers," Iowa State University economist John Timmons said.

"You're not going to legislate erosion control," conservation service field worker Dale Kraus said. "What are you going to do, hire armed guards to go out and enforce it?"

"I don't see (mandatory controls) coming," Block said. "I think the farmer is going to address this problem himself rather effectively with some minimum government help."

Any action will grow increasingly costly. "To get all erosion within tolerable limits, so that there is no degradation of our resource base, would cost roughly $250 billion," Soil Conservation Service analyst Clayton R. Miller estimated. That figure is up from about $205 billion just three years ago.

In Iowa alone, the cost of bringing erosion down to tolerable rates was estimated to be $6.2 billion three years ago. Inflation has increased that figure by about 25 percent.

Already, taxpayers are paying one price for erosion, largely to clean up pollution. Annually, the federal government spends more than $41 million just to keep mid-American rivers—primarily the Mississippi and the Ohio—clear of sediment from eroding farm lands. States and counties spend millions more to clear roadside drainage ditches of eroded topsoil.

In 1975, apparently the last time a study was undertaken, it was estimated that soil erosion was resulting in costs totaling $83 million for dredging channels and harbors nationwide, another $50 million for reservoir sedimentation and flood plain damage, and $25 million for added maintenance by city and industry water users, according to the Council for Agricultural Science and Technology.

If the costs are high today, the price future generations will have to pay may be significantly greater. As the world's supply of land—and the food produced on it—continues to diminish, America may find itself with something other nations want badly enough to fight for.

"There is only so much land on this earth that is capable of producing food and fiber," said farmer Glenn Freese of Vail, Iowa. "We're suffering every year as a nation because of erosion. Why worry about the Russians if we can't sustain the soils that feed us? We are wasting the hand that feeds us."

[From the Los Angeles Times, July 2, 1981]

THE EROSION OF RICHES

Man and nature are often at cross-purposes, but seldom in ways more destructive and potentially tragic than those illustrated by two recent items in The Times.

One report finds scientists in Wisconsin working with genetic technology toward a day when laboratories can create plants that are more nutritious and less vulnerable to disease than anything fashioned by nature. They would be able to take their nitrogen nourishment from the air rather than from fertilizers in the ground. Such plants are a generation in the future, but early experiments already have opened the door to scientists who will develop them.

Another report found Americans treating farmland so casually and carelessly that there is a real danger of losing in the same generation much of the soil in which such genetic miracles might grow.

As Times writer Larry Green reported last week, about 1.5 million acres of farmland are being lost each year to a combination of wind, rain and a kind of generational amnesia that has made farmers forget the way drought ravaged the Midwest in the 1930s.

Another 2 million acres are being covered over with houses, highways and shopping centers. The land being denied to farmers every year would feed, clothe and provide lumber to shelter the entire population of San Diego.

What makes this relentless erosion of the nation's most precious resource outrageous rather than merely depressing is that something could be done about it—indeed, has been done about it in the past.

The U.S. Soil Conservation Service moved into the Midwest during the dust-bowl years and taught farmers contour plowing, showed them where to plant trees to act as windbreaks and helped them terrace land to slow erosion.

Ironically, the U.S. government contributed to the generational amnesia of farmers in the 1970s when it urged them to plant from fence to fence in order to take advantage of expanding world markets for grains and beans. In some places, farmers even uprooted trees and hedges planted as windbreaks in the 1930s to make room for crops.

But, in today's political climate, the disappearance of topsoil that will take hundreds of years to replace is being treated as another demand on a federal budget that already is too large—another tax-consuming nuisance like Amtrak or food stamps.

It is not that the government is unaware of the dimensions of the loss. Here is Secretary of Agriculture John R. Block on the subject: "Little by little, inch by inch, part of our most productive industry in the U.S.—our food production plant—is being lost, and (with it) part of our national heritage."

But the counters of supermarkets piled high with fresh produce and the butcher cases stacked high with chops shield from any sense of impending disaster the 95 percent of all Americans who do not farm.

Under these circumstances, Block says, the public is not likely to pay what it would cost to prevent wind and rain from peeling the country's best farmland down to barren topsoil.

The government, of course, has not even asked them whether they would be willing to pay, and that is part of the outrage. Governments exist to protect people from dangers with which they cannot deal alone. The wasting away of the land is as much a threat to America as any foreign army or ideology.

The price of restoring windbreaks and terracing and other steps that can be taken to slow erosion is estimated nationally at $250 billion. That is up sharply from the estimate three years ago of $205 billion.

The federal government cannot pick up the entire bill, nor should it. Corporate farming interests should be obliged to spend whatever is needed to protect not only their investments but also a resource in which all Americans have a stake. Small farmers should be entitled to whatever help they need from government.

Would Americans who need the topsoil to survive be willing to pay part of the cost? The government will never know until it asks, not in any timid way but in the loud voice that it uses to warn of the need for larger defense budgets and lower taxes.●

THE COSTS OF FORCED RELOCATION OF NAVAJO INDIANS

● Mr. DECONCINI. Mr. President, on July 4, Peter MacDonald, chairman of the Navajo Tribal Council, delivered a message to the Navajo Nation commemorating our Nation's 205th year of independence. For some Navajos this particular Independence Day was more significant than others for it marked the beginning of a 5-year period during which they will be forced to move from their homes. This forced relocation is a result of Public Law 93–531, which was enacted to resolve a longstanding land dispute between the Navajo Tribe and the Hopi Tribe. Although the purpose of the law is commendable, it has caused emotional anguish and physical suffering among those who must move far out of proportion to the problems it is meant to resolve.

Not only do most of these Navajos not want to be relocated—they have lived on this land for many years—but if the forced relocation is completed, it will require great expenditures by the Federal Government. The Navajo-Hopi Indian Relocation Commission, the Federal agency created by the law to carry out the relocation, estimates the direct costs to be $195,258,000. However, other expenditures will be required which the Commission describes as "indirect costs." These costs according to Commission

staff estimates, when added to the direct costs, will bring the total to between $250,705,889 and $336,687,202. Other estimates are much higher. A study commissioned by the Navajo Tribe estimates the cost to be approximately $500,000,000.

No matter whose estimates become reality, the cost of this forced relocation program is going to be massive. I would urge my colleagues to evaluate the need for the continuation of this program. Perhaps the following questions could serve as a guide in the evaluation process. Why impose both mental and physical suffering on a group of people who simply want to maintain their traditional way of life on lands they have occupied their entire lives—particularly when the cost to relocate them will be so great? Should a potential half billion dollar program that the recipients consider to be harsh and inhumane be continued when the Congress has cut or eliminated more worthwhile programs in its effort to reduce Federal spending?

Mr. President, I ask that Chairman MacDonald's statement be printed in the RECORD.

The statement follows:

THE REAL CHALLENGES TO FREEDOM

(By Peter MacDonald)

July 4th has been America's celebration of its Independence since 1776 when America became a Nation. It has been a celebration of freedom ever since.

In times of war and in times of peace and in times of prosperity and in times of hardship, America has always enjoyed an abundance of freedom. This is because freedom in America has been secured with strong economy and strong military force.

For the Navajo people freedom has been not so secured and not so guaranteed because of our limited resources and limited opportunities. Nevertheless, in the defense of freedom, Navajos and other Indians have given more than their share in personal sacrifices to ensure the survival of liberty and freedom in America in times of danger to our National security.

For the Navajo people in the Former Joint Use Area, freedom is but a memory in the face of proposed force relocation of some 9,000 people. The tragedy of this nightmare, is that these people are innocent of violating any law except for being on the wrong side of a government petitioned land and government erected fence.

As Abraham Lincoln so eloquently stated, "If the freedom of one person is lost, the freedom of all humanity is diminished". But in this case, the freedom of some 9,000 is at stake.

It is time we say to the United States government, just as Barboncito so eloquently said to the commanding officers of U.S. Army, "I hope to God you will not send me any where except back to my own land".

On this July 4, 1981, let us all pray for peace, prosperity and most important of all, let us pray that the 9,000 Navajo people will remain on their own land.

Thus in 1981, the real challenge and the real threat to freedom is not from a foreign power, but from our own federal government, against the freedom and the liberty of its own people.●

SEVEN YEARS OF A DIVIDED CYPRUS

● Mr. SPECTER. Mr. President, I rise today to bring to the attention of this legislative body an abhorrent situation which has been in existence for 7 years; namely, the division of the island of Cyprus, which has resulted in the dislocation of 200,000 refugees, one-third of the population of that suffering island.

President Reagan earlier this year called for a "just and lasting resolution to the problem of Cyprus" which, he said, would "remain a priority of his administration." The President called for a "fair settlement" of the problems of the island which would "benefit and serve all of the Cypriot people." I would like to join with President Reagan in urging a resolution of this problem.

July 20 will mark the seventh anniversary of this division of Cyprus, a situation which grieves our NATO allies, Greece, Turkey, and our own United States.

I would entreat all of my colleagues to take an interest in this situation and to press for an early solution to this unnatural and unhappy division.●

ADDRESS BY COMMISSIONER JAMES V. DAY BEFORE MAINE STATE CONVENTION OF THE AMERICAN LEGION

● Mr. MITCHELL. Mr. President, the Honorable James V. Day, Commissioner of the Federal Maritime Commission recently addressed the 63d Annual State Convention of the Department of Maine, American Legion. Mr. Day's remarks concerning the role of the merchant marine in our Nation's economy and defense are insightful and thought provoking. I hope that all of my colleagues will take the time to review Mr. Day's comments.

The address follows:

REMARKS BY JAMES V. DAY

To our distinguished congressional delegation, honored guests, and my fellow members, it is a great honor for me to be here today at the state convention.

Within the confines of the state is one of the finest institutions of higher learning in the maritime field. I am speaking, of course, of the Maine Maritime Academy. The performance of this school over the years had contributed significantly to the high degree of professionalism in the operations of the American Merchant Marine.

These professionals in our Merchant Marine play an important role in two distinct spheres of our national interest. The first, of course, is service to our national commerce. This role is generally viewed as the primary function of our Merchant Marine. The second function is service to our national defense. In this respect, our Merchant Marine serves as a ready reserve. It is the relationship between these functions that I would like to briefly discuss with you today.

As most of you know, it was President Eisenhower who coined the description of the U.S. Merchant Marine as this nation's fourth arm of defense. President Eisenhower, of course, was giving recognition to the vital contribution and significant sacrifices the Merchant Marine made in World War II.

In today's world where technological advances in weaponry and nuclear development have the greatest exposure in discussions of national defense, the question arises—is the merchant marine still an important component of our national defense? Put another way, what would our national defense be without the merchant marine?

I can assure you that this is a question that is being given serious consideration by the government today even though, understandably, it is not given as much public attention as are questions related to nuclear warfare.

Out of these discussions is emerging the conclusion that the need for available ocean vessels for military support is as great today as it was in World War II. The only other mode available to bridge the world's oceans is air transport and there is no debate on the question of the adequacy of air transport to support a war effort. It has been reported that it would take all our available air transports three weeks to move a division of men and equipment to the middle east. That estimate came from an analysis of our Rapid Deployment Force's capability.

All defense analysts agree that the availability of ocean vessel support is as essential to our national defense today as it was during World War II. There is a divergence, however, among these analysts, as to how to approach the problem.

The two approaches can be generally divided between those who would rely upon the privately owned U.S. merchant fleet to provide sufficient tonnage and crews in an emergency and those who would build a naval support fleet to be manned and operated on a continuing basis under the aegis of the Department of Defense.

Both of these approaches are being actively discussed within and without the Department of Defense. As to the latter approach, Vice Admiral Kent J. Carroll, the Director of Logistics for the Joint Chiefs of Staff, in recent testimony to the House Merchant Marine and Fisheries Committee, expressed the view that he would not favor an increased role for the merchant fleet in defense matters but would favor control by the Department of Navy.

Vice Admiral William Cowhill, the Deputy Chief of Naval Operations for Logistics, testified that the U.S. merchant fleet's emphasis on containerships is "insufficient" to meet most military contingencies.

Whatever your point of view may be as to how to assure that sufficient vessels are available in a time of emergency, the goal is the same.

Vice Admiral Cowhill's testimony regarding the inadequacy of containerships for military support purposes raises an interesting question. Quite clearly, containerships are considered to be essential to successful commercial operations. In the past, it was always assumed that ships designed for commercial use would be adequate for military support. Containership technology has called this assumption into question among military strategists, including Admiral Cowhill. The consensus in the Defense Department seems to be that more high speed roll-on roll-off vessels are necessary to serve military needs. Such vessels do not depend upon well developed, undamaged port facilities for off-loading operations. But commercial interests have found that for efficiency and economy, slower speed, crane loaded containerships are best suited for capacity and bunker fuel conservation. As you know, today bunker fuel costs represent the major percentage of vessel operating costs.

Should it turn out that the configuration of vessels for commercial use is incompatible with military use, then the time has come to thoroughly analyze the problem.

Clearly, we need better integration of military and merchant marine planning. It is not enough to promote the development of a merchant marine for commercial and military support purposes without regard to whether vessel development is serving or can serve the needs of both. In this regard, we may want to observe what the Soviet Union has done. Its merchant fleet is a true naval

auxiliary. Its commercial operations are coordinated with naval operations and vessel types are planned to fulfill military as well as commercial needs. We should be prepared to do whatever is necessary in order to insure adequate preparedness.

Truly, the U.S. merchant marine plays a significant role in our national defense policy. In World War II it made the greatest sacrifices, proportionately, of any service. We have good reason to be proud of its achievements in military support. I believe we can continue to have pride in our merchant marine, but we must be prepared to do whatever is necessary to assure its viability as the fourth arm of defense.●

NOTICE OF DETERMINATION BY THE SELECT COMMITTEE ON ETHICS

● Mr. WALLOP. Mr. President, paragraph 4 of rule 35 of the Standing Rules of the Senate requires that I place in the CONGRESSIONAL RECORD this notice of a Senate employee who proposes to participate in a program, the principal objective of which is educational, sponsored by a foreign government or a foreign educational or charitable organization involving travel to a foreign country paid for by that foreign government or organization.

The Select Committee on Ethics has received a request for a determination under rule 35 which would permit Ms. Marie DeSenna, of Senator CHAFEE's staff, to participate in the "1981 Cape Verdean-American Friendship Conference and Tour," sponsored by the Government of the Republic of Cape Verde, to be held in Cape Verde from July 11 to August 3, 1981.

The committee has determined that participation by Ms. DeSenna in the Conference, in principal part at the expense of the Government of the Republic of Cape Verde, is in the interests of the Senate and the United States.●

HONORING MAINE SUPREME COURT JUSTICE SIDNEY W. WERNICK

● Mr. MITCHELL. Mr. President, I rise to pay tribute to one of Maine's most deserving public servants, Maine Supreme Court Justice Sidney W. Wernick. Justice Wernick has recently announced his intention to resign from Maine's highest court.

Justice Wernick is truly one of the finest legal scholars ever to have served in the Maine court system. His attention to detail and insightful legal analyses have earned him the respect and admiration of the entire Maine bar. His service on the bench has enriched the development of the law in Maine.

Justice Wernick has served on all levels of the Maine court system, as a municipal court judge, a superior court judge, and a supreme court justice. At each level, he has displayed the qualities of temperament and fairness that have made him one of Maine's most esteemed jurists. It is believed that Justice Wernick was the first judge to issue written opinions from Maine's lowest trial court; a further reflection of his dedication to the principles of our justice system.

As a private attorney I appeared before Justice Wernick on several occasions. I can personally attest to his unique ability to instantly perceive and understand complex issues. It is with regret that I note the resignation of Justice Wernick. The people of Maine will miss the services of this great jurist.●

DEFENSE QUESTIONS

● Mr. MOYNIHAN. Mr. President, just before recess, while the Senate was preoccupied with other matters, Admiral Noel Gayler drew attention in the Washington Post to questions of the greatest moment. His subject was nuclear warfare and American strategy; his anxiety the near mathematical certainty that a nuclear holocaust is inevitable if we fail to halt the growth and spread of nuclear weapons.

This matter becomes daily more urgent, as the superpowers continue adding nuclear warheads at an alarming rate to their arsenals. We must return to negotiations with the Soviets in order to reduce this tremendous growth in weapons of such extraordinary destructive power.

And the purpose of this exercise, as I have argued many times before and as Admiral Gayler insists, must be the reduction of the superpowers' strategic arsenals, and not simply an arms control agreement that ratifies the existing strategic imbalance.

The dangers posed by the nuclear arms race are brilliantly illuminated by Admiral Gayler. He has, moreover, suggested some steps to get us out of our current impasse. His proposals require our deepest and most sympathetic consideration.

Therefore, I ask that his articles from the Post be printed in the RECORD.

The material follows:

STICKING BY OUR GUNS

(By Noel Gayler)

I

(NOTE.—This is the first of three articles on defense by Admiral Gayler, who has participated in strategic nuclear planning, and who served as director of the National Security Agency and, before his retirement, as commander of all U.S. forces in the Pacific.)

Chancellor Helmut Schmidt came to see us at a time when the NATO West was troubled over nuclear weapons based in Europe. He has had to tell his own party, the Social Democrats, to shape up on this issue, or find a new leader.

With full American support, he's taken a firm line. So have other NATO governments. But their electorates are not necessarily on board. And if there's one clear lesson of the Vietnam War, it is that military policy, without supporting political consensus, is a loser. The basic issue is that most Europeans don't want to fall under Russian military conquest or domination, with all the odious apparatus of Communist totalitarian rule. But they also don't wish to take a serious or unnecessary risk of being eradicated by nuclear weapons. Most people will think these are reasonable concerns.

In the past some Europeans have made a choice, under the slogan of "Better Red than Dead." More robust characters have reacted in the spirit of our own Patrick Henry: "Give us liberty or give us death." But these are not the only alternatives. Both security and freedom for Europe are possible. They require that as allies we see clearly what the military needs are, and that we act on that knowledge.

The first nuclear proposal now before the allies is that NATO must "match" the Soviet medium-range ballistic missiles targeted on Europe (SS20) with medium-range ballistic missiles of our own (Pershing II or cruise missiles) based in Europe. This may or may not be a good idea. We have made it a touchstone of the unity of NATO, and Chancellor Schmidt's loyal support to that ideal should command admiration and respect. The deployment plan is seen also as a necessary, if paradoxical, step to the negotiation of balanced nuclear force reduction. Let's hope the negotiation strategy works.

But there are a few things we should understand about it:

Europe is under no special or unusual danger from SS20s. There are plenty—very many more than plenty—of Russian intercontinental-range missiles, which can strike any target in Europe, simply by shortening the trajectory. It makes no real difference to the target where a missile comes from—only where it lands.

You don't have to "match" any weapons with an equal and opposite weapon of your own. Late in the 19th century, battle cruisers were built to rule the seas. They had 11-inch guns to sink other battle cruisers, 8-inch guns for cruisers, 6-inch guns for light cruisers, 4-inch guns for destroyers, 3-inch guns for torpedo boats and (I guess) small arms to repel boarders. Then British Admiral "Jackey" Fisher had a remarkable insight: 11-inch guns that could sink a battle cruiser could also sink any smaller ship! The all-big-gun Dreadnought was built, and all other big warships weer obsolete. Our intercontinental weapons are our big guns.

European-based NATO missiles impart no special freedom of action or autonomy to the European allies. It is inconceivable they could be used without American consent.

The basis on which to judge the proposals is the extent to which they contribute to or lessen the nuclear threat to Europe and to the unity of NATO.

The second nuclear issue before NATO is the so-called neutron bomb. President Carter first supported this notion, then snatched it back. Secretary Weinberger recently floated the idea. Secretary Haig slapped it down, for reasons not central to its merits. No one doubts the idea will surface again. It has powerful supporters. What about it?

The "neutron" weapon is one of a class called the "tactical" nuclear weapons. These are weapons smaller (but still enormous) in yield, designed to be used by military forces against military forces. Some examples are artillery shells, short-range missiles and aircraft bombs. They have great destructive power and their use entails grave risks. What are those risks?

The enemy will certainly retaliate in kind, and he will up the ante. Rapid escalation to total nuclear war is a strong possibility, once the nuclear firebreak has been crossed.

Russian incursion will be fought on allied soil. Noncombatants will be killed in their hundreds and and thousands, and these will be our friends and allies. Since our friends may well object to this outcome, the alliance may be fractured at the outset.

Even if we enjoy two miracles in series—there is no escalation and the alliance holds together—we will be far worse off militarily after a tactical nuclear exchange than before. That is because we have the more critical and vulnerable targets: ports, airfields and lines of communication central to our defense.

The so-called neutron weapons (also called enhanced radiation weapons) are designed to meet some of these objections. Most, but not all, all of the energy comes out as radiation that kills or injures living creatures but does little damage to material. There is, however, an irreducible minimum of heat and blast, which is still very large by ordinary standards. Are they very differ-

ent from "conventional" nuclear weapons in practical effect? No. Are they more dangerous? Perhaps, if they serve to lower the threshhold to nuclear war. Are they really necessary to defeat tanks? No. There are better alternatives.

There is another difficulty, of a different kind. Rightly, no president with all his marbles is likely to release nuclear weapons for use, except in the most extreme circumstances, if even then. The risks are simply too high to make the game worth the candle. The commander in the field therefore has an uncertain weapon on which he can never rely. Much better that he have effective means to victory that he can be confident will be available to him. We can have such means. if we will.

What are some of these alternatives? Weapons that effectively kill tanks, by finding them and hitting them. Weapons that ensure our aircraft are superior to the enemy's. Means to find and kill submarines and protect our ships at sea against aircraft and missiles. Weapons to stop infantry on the ground. Most important, means to control information, the key to tactics and to battle. All of this, without resort to nuclear weapons. All of this, fundamentally, by technology well suited to the American and European genius and far ahead of the adversary.

Given political will and economic support NATO can field the forces necessary to defend ourselves. We have no need to resort to the unmeasured hazard of nuclear weapons. We need be neither Red nor dead.

II

A WAY OUT OF THE NUCLEAR TRAP

(NOTE.—This is the second of three articles on defense by Admiral Gayler, who has participated in strategic nuclear planning and who, before his retirement, served as director of the National Security Agency and as commander of all U.S. forces in the Pacific.)

All the West is caught in the cruel trap of ever-increasing danger from nuclear weapons. We have strange company: the U.S.S.R. We and they struggle mightily for a preferred place within our trap, but every struggle draws the net tighter.

Most of you who read this live near Washington—you will not survive a nuclear exchange. Nor will those who live in New York or Boston or Seattle or Chicago or any of our great cities. Nor those who live in Moscow or Kiev or Tbilisi or Vladivostok or remote Alma-Ata or almost anywhere else in either enormous country.

Our present policy has reached a dead end. So has the Russian policy. But there is a way out of the trap. George Kennan has made a dramatic proposal for the immediate 50 percent reduction, on both sides, of all nuclear weapons, of all kinds, without haggling over detail. This is great, as far as it goes, but it does not go far enough. To see why this is so, read on.

Our basic need is truly to understand the nature of nuclear weapons. They are so enormous that, in a nuclear exchange, the first few weapons arriving do almost all the damage conceivable to the fabric of the country. So we have a military paradox: the power position of either side is not affected much by the size of its nuclear forces. Which way the wind is blowing (carrying nuclear fallout) makes more of a difference than an extra thousand missiles or so on either side.

In a similar way, technology has no great payoff. It makes no difference whether New York, say, is devastated by an old SS11 or a brand new SS19 MIRV warhead. In the absence of effective defenses, it makes no difference whether delivery is by a hypersonic maneuvering re-entry body, or a tired old Bear bomber. The results are the same.

But what about defenses? Can't we have the missile defenses and air defenses that would shield us against a Russian attack? The short answer is: no way. In conventional air defense, it's enough to shoot down a few aircraft at each go—the cumulative losses soon bring the attack to a halt.

In nuclear defense, the situation is reversed: essentially all weapons have to be stopped or else the damage is done. Effective defense against hundreds or thousands of weapons is impossible.

Isn't accuracy important, and its exotic technology? Well, yes, but only if you want to attack hard, fixed targets such as missile silos, and that brings us to MX.

MX is really two separate and separable ideas. One idea responds to the potential threat against our own missiles by creating uncertainty about their precise location. No matter how powerful and how accurate the attacking missile, it cannot, except by chance, destroy a target it cannot locate.

The idea is good. We make our missiles relatively secure against attack, and we don't have to fire them out in the few minutes of warning time available. The hair-trigger is gone, as is much of the danger from false alarms. But the present scheme is unnecessarily elaborate. We don't have to pave the states of Utah and Nevada and suck dry the water of the West to give security to our force. Much simpler means will do the job.

The second MX idea creates a powerful rocket with numerous and very accurate independent warheads, as replacement for Minuteman. This is a dubious proposal, in its present form. If and to the extent we need to replace an aging missile with a new one, it's a good idea. To the extent we create a force with warheads numerous, powerful and accurate enough to threaten the Russian ICBM force in hard silos, it's a bad idea. Why?

Because the U.S.S.R. will surely respond. They will be no more content than we to see their land-based force threatened by surprise attack. What are their options?

They could live with their vulnerability. This would be very dangerous—they would feel the hair-trigger necessity to fire out on warning of attack.

They too could play hide and seek.

There is a worse Russian option. That is that they would do both of the above. They could elect to keep the hair-trigger force they have, and also to build a force we cannot target. We would end up with the worst of both worlds.

All of this means that the security of both their force and ours is good—stabilizing. The idea of attacking such forces—"counterforce" in the jargon—is a loser. It is destabilizing and dangerous for us and for them.

The missile-firing submarines are pretty secure. Sure, both sides are working hard on anti-submarine measures, and have had some limited success. But with the vast areas of the ocean they both can now hide in, it's inconceivable that any important number can be sunk in the opening hours of war. Three months, maybe—not three hours.

Still different are the bombers. We've accepted that their chance of getting shot down is so great they must carry cruise missiles to penetrate to the target. Better we should convert most of the bomber force, present and future, to useful military purposes.

This notion, that military force should have useful military purpose, is so self-evident that it seems fatuous to state it. Yet we must, for there is an obvious disconnect in our present forces.

There is no sensible military use for any of our nuclear forces: intercontinental, theater or tactical. Their only reasonable rationale is, first, to deter the other fellow from the use of his and, second, to gain whatever political edge there may be from the appearance of nuclear strength. As a general rule, we can state that nuclear forces are militarily sufficient whenever they are politically sufficient.

So now we know how to escape the trap. It is the usable conventional military power that counts, not the useless threat of distant destruction. Cut back the nuclear forces, ours and theirs, across the board, as Kennan suggests. Give up any notion of first use. Look to the united political, economic and usable military strength of the West to keep us free.

III

THE SOVIETS WANT TO SURVIVE, TOO

(NOTE.—This is the last of three articles on defense by Admiral Gayler, who has participated in strategic nuclear planning and who, before his retirement, served as director of the National Security Agency and as commander of all U.S. forces in the Pacific.)

Neither we nor the Soviet Union can possibly want to be in our present position, where our very existence depends on the nuclear restraint of the other. There is only one way out—we must each negotiate with the other not only a major reduction of nuclear weapons but an absolute end to any military dependence on them.

Negotiating will be tough. We each have major and nearly insoluble problems with the other. The West feels threatened by the enormous Russian military buildup, by their worldwide trouble-making under the rubric of "war of national liberation," by their unprincipled subjugation of their neighbors. They in turn recognize us as their most dangerous potential military adversary, as the stumbling block to their worldwide ambitions, and as the organizers of international alliances to contain them.

And we have a lot of experience negotiating with the Soviet Union—much of it bad. We see them as adversary, devoid of good will, manipulatory, unwilling to compromise. They see us as uncertain, compliant, willing to yield after a while to intransigent positions, for the sake of agreement. Both views have a good deal of validity.

Yet both are beside the point. The object isn't to "win" a negotiation, or to end up with "superior" nuclear forces. The object is to make the chance of nuclear war as small as possible. We have other political objectives. So has the Soviet Union. Most of them conflict intensely. But this one objective we share, and it is far more important than all the rest put together.

The key is to find our common interests, and they are not hard to find; we have a common interest in not being blown up. We also have a common interest, as great powers, that we not be subject to nuclear blackmail from smaller powers or terrorist groups. This is plenty to build agreement on, but only if we detach these overriding problems from all the other issues between us. The notion that we can punish or coerce the Soviet Union for its behavior by withholding our agreement on nuclear weapons is fallacious. Our need is every bit as great as theirs. If we wait until they shape up, to our standard, on every bone of contention between us, we will wait a long, long time. And the clock of nuclear danger is ticking away.

So we have the basis for negotiation. What precisely should we propose? Here is a list, for openers:

Immediate equal reduction of nuclear weapons of all categories, as proposed by George Kennan.

This can become a progressive process.

Renunciation of nuclear initiatives for any purpose whatever.

Renunciation of any "counterforce" strategy against strategic nuclear forces.

Concurrent strong opposition to any form of nuclear weapons proliferation, by our clients or theirs. The first step must be our own reductions, or we have no credibility whatever.

Are such agreements possible? Yes, because the Soviet Union and the United States would gain by them. Can they be verified? Yes. Weapons turned in can be counted. Weapons

could be hidden away in small quantities, but only very large quantities would make a difference. And very large quantities we would know about. Nuclear initiatives are foreshadowed by the nature of the weapons, for example a "neutron" bomb must be made and deployed before it can be used. And opposition to nuclear weapons proliferation must by nature be public, or it isn't real opposition.

Supposing we believe all this; what are the Russian views? We know that they are suspicious, and slow to react to new proposals. We know that their military literature abounds in reference to nuclear war exchanges and mixed nuclear-conventional campaigns. (To a certain extent, so does ours.) We know that some of their military exercises and some of their military equipage bear out these ideas. But there is no evidence that the Soviet Union is irrational. The compelling logic against the use of nuclear weapons applies equally to the Russians as to us. The Party leadership has given every signal that they understand that logic. And the last effort to reach a limiting agreement, imperfect though it was, was terminated not by the Soviet Union, but by the Americans when the Senate refused to approve SALT II.

The nuclear preparations of the Soviet military can therefore be regarded as worst-case insurance, as indeed ours should be.

So we have our prescription for negotiations. We need be realistic, hardheaded and specific. Generalities about the "spirit" of Camp David or anywhere else will get us nothing but disappointment. And we must confine negotiations severely to our common interests; to reduce the chance of nuclear war. No attempted arm-twisting on other subjects, no attempts to gain points by "winning." If we do this, we and they have a good chance to reach agreements that will in some measure lift this cloud of danger from us.

President Reagan has an unmatched opportunity. He alone can initiate this process without suspicion of weakness. The American people wish, and he wishes, for America to have unmatched strength—military, economic, political strength and strength of purpose. Yet the president has common sense in uncommon measure, and will surely see that our military strength lies in people and forces far removed from these useless and dangerous nuclear weapons. Should he act on this perception, and should he succeed, history will record him as one of our greatest presidents.●

ELIMINATION OF THE PEANUT ALLOTMENT SYSTEM

● Mr. LUGAR. Mr. President, I am happy to take note of a recent article in the Atlanta Constitution which makes clear that not all peanut producers are opposed to my amendment to eliminate the peanut allotment system. Many peanut farmers realize the virtue of free enterprise.

According to Fletcher Thompson, president of the Peanut Producer's Association in Georgia, "farmers who won the rights are usually for" the allotment system. I have learned that one of the allotment holders in Mr. Thompson's part of Georgia is the local country club. But many of the peanut farmers who have to rent an allotment in order to grow peanuts are opposed to the present system.

I commend the Atlanta Constitution article to the attention of my colleagues.

The article follows:

WASHINGTON DIVIDED OVER PEANUT PLAN—POLITICIANS PLAY ODD ROLES IN CROP CONTROLS DISPUTE

(By Bruce Jacobsen)

George Washington Carver may have invented some 300 uses for the peanut, but the United States Senate has added one more: they have turned it into a political football.

Washington politicians are playing their traditional games, but some players have changed teams. Free-market exponents like Senator Jesse Helms (R-NC) and Georgia's Republican Senator Mack Mattingly are defending government intervention in the peanut industry, while liberals say that if other government controls are being ended, the peanut program should be scrapped too.

Caught in the middle are Georgia farmers, who can't understand why peanuts have become so controversial. "Except for last year's drought," one farmer said, "for about the last 25 years we've produced more peanuts than the nation has needed."

Agriculture Secretary John Block stepped into the fight in Atlanta last week when he pushed for ending peanut controls. Block was in town to speak to several hundred farmers attending the American Seed Growers convention at the downtown Marriott hotel.

At the center of the controversy are the complicated government regulations that control the production of peanuts. The system, started in the Depression of the 1930s, only permits farmers with allotment rights to grow peanuts. The government, in turn, promises to purchase a set percentage of the farmer's crop at a fixed price.

Originally, the allotment rights were issued only to farmers growing peanuts, but over the years they have been traded and sold. Recent Agriculture Department figures estimate that 70 percent of farmers rent rather than own the rights.

Supporters of the program, like Georgia Peanut Commission's executive coordinator Tyron Spearman, say that the program "has insured a steady supply of peanuts, avoiding gluts and shortages." They point to generations of Americans who have been raised munching on cheap peanut butter sandwiches.

Spearman also notes that America already produces too many peanuts. The nation in 1979 produced 2 million tons, while consuming only 1.3 million tons. Half a million tons were exported, leaving a surplus of .2 million tons.

The farmers are as divided as the Senate as to whether the system should be continued. "Farmers who own the rights are usually for it," said Peanut Producer's Association president Fletcher Thompson, while those who rent are opposed. He estimated that his association is split about "50-50" over allotment rights.

Personally, he favors ending the system. "I'm tired of being ruled and dominated by the government," he says. With free competition, Georgia, which already produces 46 percent of the nation's peanuts, could do even better. "Nobody could outproduce us, with our land, with our know-how," he added.

In line with their emphasis on free enterprise, the Reagan administration has proposed a four-year phase-out of government control, but the administration is not opposing Senator Richard Lugar's (R-Ind.) proposal to end controls immediately, said Secretary Block.●

THE RESIDENCE ACT OF JULY 16, 1790

● Mr. FORD. Mr. President, I would like to call attention to this day July 16, 1981, which marks the 191st anniversary of a date of immense significance to this body and to the history of our Nation.

It is an event, moreover, without which, the Congress of the United States may never have met in this building and neither the Capitol itself, nor the National Capital would have been located in this particular geographical location.

I am referring to the Residence Act of July 16, 1790 passed by the Congress of the United States at the urging of President George Washington, his successor John Adams, Thomas Jefferson, Alexander Hamilton, and others.

That historic act provided that the seat of the Federal Government would be henceforth located within a 10-mile square district on the banks of the Potomac on lands ceded by Maryland and Virginia.

It provided that the Congress would meet in Philadelphia until 1800, at which time the Congress would move to the new Federal city, as well as all other branches of the National Government. It also authorized the President to carry out all necessary measures to establish and create a National Capital on this site.

With such authorization, President George Washington met with Pierre Charles L'Enfant in the spring of 1791 and selected this site for the Capitol building. President Washington further gave L'Enfant the orders to draw a plan for the new Federal city.

Thus, I think it is fitting today that we pause and pay tribute to the foresight and wisdom of the Founding Fathers and our predecessors in the Congress for their action in passing the historic Residence Act of July 16, 1790, without which, we as the people's representatives would not be conducting the work of Congress in this historic building in this capital city.●

DISCOUNT AIRLINE FARES FOR SENATORS, OFFICERS, AND EMPLOYEES OF THE SENATE WHEN TRAVELING ON OFFICIAL BUSINESS

● Mr. MATHIAS. Mr. President, I am able to announce the establishment of a discount airfare program for Senators and for officers and employees of the Senate when traveling solely on official business.

In May of this year, the Committee on Rules and Administration authorized the General Services Administration to negotiate with participating air carriers in the contract air fare program on behalf of the Senate. The purpose of this was to reduce substantially the expenditures of public funds for air travel on official business by Members and employees of the Senate.

GSA has been able to successfully contract with several air carriers to provide discount air fares for Senators, officers, and employees of the Senate when traveling on official business. Although most executive branch agencies and their employees have been mandatory participants in this program snce July 1. 1980, terms of the current contract provide for legislative branch participation on a nonmandatory basis. This will allow for

greater flexibility to meet the unique travel requirements of Senate personnel.

All Senators' offices, all committees, and all Senate officials have been informed of the program by letter. So that this information may be more widely available, I ask that a copy of my letter along with supporting materials be printed in the RECORD at this point.

The material follows:

COMMITTEE ON RULES AND ADMINISTRATION,
Washington, D.C., July 8, 1981.

DEAR SENATOR: In May of this year, the Committee on Rules and Administration authorized the General Services Administration to negotiate with participating air carriers in the contract air fare program on behalf of the Senate. The purpose of this was to reduce substantially the expenditures of public funds for air travel on official business by Members and employees of the Senate.

I am pleased to advise you that G.S.A. has been able to successfully contract with several air carriers to provide discount air fares for Senators, Officers, and employees of the Senate when traveling on official business. Although most Executive Branch agencies and their employees have been mandatory participants in this program since July 1, 1980, terms of the current contract provide for Legislative Branch participation on a non-mandatory basis. This will allow for greater flexibility to meet the unique travel requirements of Senate personnel.

Use of the discount air fares under this program is limited to travelers on only official Government busines. This status will be identifiable to the contracting air carriers by the use of the enclosed "Official Travel Authorization" form which must be submitted to the air carrier prior to purchasing a ticket. Payment under the contract program must be made in advance by cash, check, or money order. The use of credit cards or travel agents will be at the discretion of each contracting air carrier. It should be noted, however, that the Senate Travel Regulations prohibit reimbursement to travelers for service fees incurred for the preparation of transmitting of passenger coupons.

The forms are in duplicate—an original for the air carrier and a copy for your files. For documentation purposes on reimbursement vouchers, the copy of this form will not be acceptable. The passenger's copy of the air ticket will still be required.

The forms are sequentially numbered for control and accountability purposes. Additional forms may be signed for at the front office of the Senate Disbursing Office.

It is significant to note that these forms must be personally approved by the Senator, Chairman, or Officer of the Senate under whose authority the travel for official business is taking place. Under the terms of the contract these forms shall not be used to authorize discount air fares for personal travel.

Enclosed for your information is a listing of city-pairs currently served by contracting air carriers, along with the relevant fares. A particular city-pair will be listed only under the city that is alphabetically first. G.S.A. is currently negotiating with several other air carriers in an attempt to broaden this cost-cutting program. You will be advised of the new carriers and covered cities as new contracts are awarded.

The use of this program will result in significant savings of transportation costs. I encourage you to utilize this program whenever your travel plans make it feasible and, where more than one carrier serves a given route, to utilize the lowest price carrier. Rates should be verified with the air carriers when making reservations. If you have any questions, please contact Dennis Doherty or Chris Shunk of the Rules Committee staff at x40284 or x40277.

Sincerely,

CHARLES MCC. MATHIAS, Jr.,
Chairman.

LIST OF CITY-PAIRS AND CONTRACT AIR CARRIERS

City to city, carrier, and contract fare:

Albany, N.Y., New York, N.Y., BN, $40; EA, $56.

Albuquerque, N. Mex., Dallas/Ft. Worth, Tex., TI, $58; Washington, D.C., TI, $182.

Anchorage, Alaska, Fairbanks, Alaska, NW, $60; AS, $62.

Atlanta, Ga., Dallas/Ft. Worth, Tex., BN, $94; EA, $125; Memphis, Tenn., RC, $57; Miami, Fla., EA, $115; New York, N.Y., EA, $97; Norfolk, Va., EA, $101; Raleigh/Durham, N.C., EA, $89; Washington, D.C., EA, $104 (DCA/BWI); EA, $69 (IAD).

Austin, Tex., Dallas/Ft. Worth, Tex., TI, $29; BN, $34.

Boston, Mass., New York, N.Y., EA, $39; Washington, D.C., BN, $37; NW, $49.

Charleston, S.C., Norfolk, Va., EA, $80.

Chicago, Ill., Cleveland, Ohio, NW, $55; ML, $63; Detroit, Mich., NW, $45; ML, $54; Kansas City, Mo., BN, $68; ML, $84; Minneapolis/St. Paul, NW, $56; New York, N.Y., CL, $79; NW, $111; Oklahoma City, Okla., BN, $141; Philadelphia, Pa., ML, $118; St. Louis, Mo., ML, $55; Washington, D.C., NW, $82; ML, $103.

Cleveland, Ohio, Washington, D.C., NW, $55.

Dallas/Ft. Worth, Tex., El Paso, Tex., TI, $58; Houston, Tex., TI, $24; Little Rock, Ark., TI, $66; New Orleans, La., BN, $54; New York, N.Y., BN, $200; Oklahoma City, Okla., TI, $34.

Dallas/Ft. Worth, Tex., Oklahoma City, Okla., BN, $35; San Antonio, Tex., BN, 35; TI, $36; Washington, D.C., TI, $125; BN, $128.

Denver, Colo., Las Vegas, Nev., RC, $88; Salt Lake City, Utah, BN, $28; TI, $29; San Antonio, Tex., TI, $98; BN, $105.

Des Moines, Iowa, Kansas City, Mo., BN, $71.

Detroit, Mich., San Antonio, Tex., EA, $200.

Houston, Tex., Las Vegas, Nev., BN, $96; Los Angeles, Calif., RW, $165; Washington, D.C., TI, $109; PA, $122; BN, $128.

Huntsville, Ala., Washington, D.C., RC, $91.

Jacksonville, Fla., Washington, D.C., AK, $65; EA, $123.

Kansas City, Mo., Omaha, Nebr., TI, $29; BN, $34; Washington, D.C., ML, $145.

Las Vegas, Nev., Reno, Nev., BN, $36; San Francisco, Calif., PA, $61; NW, $69.

Los Angeles, Calif., San Antonio, Tex., BN, $132; Washington, D.C., TI, $129; BN, $135; NW, $149, WO, $156.

Memphis, Tenn., Washington, D.C., BN, $140.

Miami, Fla., Washington, D.C., PA, $122; EA, $122.

Nashville, Tenn., Washington, D.C., BN, $105; EA, $106.

New Orleans, La., Washington, D.C., TI, $139. EA, $145.

New York, N.Y., Norfolk, Va., EA, $39; PA, $53; San Antonio, Tex., EA, $207; BN, $220; San Francisco/Oakland, Calif., WO, $164; NW, $179; EA, $179; San Juan, P.R., CI, $89; EA, $143; Washington, D.C., BN, $29; EA, $39.

Oklahoma City, Okla., Washington, D.C., TI, $159; BN, $177.

Orlando, Fla., Washington, D.C., EA, $115; PA, $122.

Philadelphia, Pa., San Antonio, Tex., BN, $215; EA, $223.

Phoenix, Ariz., Reno, Nev., RW, $86; Tucson, Ariz., BN, $14; EA, $28; Washington, D.C., NW, $149; EA, $223; BN, $263.

Pittsburgh, Pa., Washington, D.C., NW, $55.

Portland, Oreg., Seattle/Tacoma, Wash., EA, $24; BN, $25; NW, $26; Washington, D.C., NW, $178; BN, $227; EA, $269.

Raleigh/Durham, N.C., Washington, D.C., EA, $55.

St. Louis, Mo., San Antonio, Tex., TI, $99; San Francisco/Oakland, Calif., NW, $149; Washington, D.C., ML, $118.

San Antonio, Tex., Washington, D.C., TI, $142. BN, $149.

San Francisco/Oakland, Calif., Seattle/Tacoma, Wash., NW, $76. AS, $82.

Seattle/Tacoma, Wash., Spokane, Wash., NW, $50; Washington, D.C., NW, $178; BN, $214.

Tucson, Ariz., Washington, D.C., EA, $258; BN, $277.

CARRIER CODES

AK—Altair Airlines, Inc.
AS—Alaska Airlines.
BN—Braniff International Airways.
CL—Capitol International Airways, Inc.
EA—Eastern Air Lines, Inc.
ML—Midway Airlines, Inc.
NW—Northwest Orient Airlines, Inc.
PA—Pan American World Airways, Inc.
RC—Republic Airlines, Inc.
RW—Republic Airlines, Inc.
TI—Texas International Airlines, Inc.
WO—World Airways, Inc.●

REIMBURSEMENT OF PRIMARY CARE PHYSICIANS

● Mr. HATCH. Mr. President, as chairman of the Senate Labor and Human Resources Committee, I would like to commend the efforts of a dedicated group of family physicians in the State of Michigan. They are successfully combatting the practice of financial discrimination relating to reimbursement for physician services. Such discrimination pervades our national third-party payment mechanism from private and public insurance agencies. This unfair practice takes the form of different levels of reimbursement for a particular medical service, depending on whether a physician is designated "primary care," that is a family physician, a general internist or pediatrician; or a specialist, dealing with a particular field of medicine most of the time.

When specialists do provide primary medical services, it has become customary for them to submit a higher bill for those services than do the primary care doctors, while being reimbursed at a significantly higher level for these same services. Recently, the Michigan Academy of Family Physicians challenged this practice—M.A.F.P. against Blue Cross/Blue Shield of Michigan and Harris, Civil Action No. 76–72082. The U.S. District Court for the Eastern District of Michigan held that discriminating against giving family physicians equal reimbursement for medical services under medicare is illegal. I applaud this decision, and the efforts of those who brought this problem to public attention.

It has become apparent from a preliminary report of the Graduate Medical Education National Advisory Committee (GMENAC), that we have come a long way to solving the problems related to a physician shortage in this country. In fact, this report projects that there may be a significant surplus of medical doctors by 1990. However, the problems of specialty and geographic maldistribution still exist, and are projected to be persistant, nagging problems, resulting in expensive, and less than adequate

health care for a significant number of our citizens. One of the major reasons for this is the financial disincentives to pursue a career as a primary care physician. Several studies have documented that a majority of students enter medical school with the intent to become primary care physicians. But it is not difficult to understand why they so often elect to specialize in a limited field of medical practice when they learn that the financial rewards for the specialist are potentially much greater.

Nonetheless, it is heartening to see specialist physicians electing to settle in more rural practice sites, while providing some of the much needed primary care health services. This has resulted from increasing competition in the health profession. These physicians should be rewarded for their long years of preparation, and expertise when providing services relevant to their specialty field. However, reimbursement should be equal for equal services, and that should not be paid more for primary medical care than their colleagues in family practice and general internal medicine or pediatrics.

This is why I am pleased that so much progress has been made in educating highly qualified medical personnel. The decision of the Eastern District Court of Michigan will help further our efforts to address the persistant problems of specialty and geographic maldistribution. I have written to Secretary Schweiker informing him of my agreement with this decision, and asking if the Department of Health and Human Services plan to recommend this be implemented on a national basis. If it were, I believe it could help improve the economy and quality of health care for many of our citizens.●

THE SISTERS OF ST. BENEDICT

● Mr. LUGAR. Mr. President, the Convent, Immaculate Conception, in Ferdinand, Ind., has been serving Christianity in Indiana for more than 100 years. Founded by German immigrants who wanted a quality education, the convent was established in 1867. A girl's academy was founded 3 years later. I would like to recognize the good sisters of St. Benedict, and particularly Sister Clarissa Riehl, who passed away last month after devoting 66 years of her life to the religious order. I also want to recognize Sister Mary Walter Goebel, who was recently installed as the prioress at St. Benedict.

Mr. President, I ask that these two news releases on the Sisters of St. Benedict be included in the RECORD.

The news releases follow:

SISTER MARY WALTER GOEBEL

Sisters of St. Benedict of Ferdinand, Indiana, have elected Sister Mary Walter Goebel to a 4-year term as Prioress of Convent Immaculate Conception in Ferdinand, Indiana. She was installed as the 9th prioress of this 114-year-old Benedictine convent of the Federation of St. Gertrude on May 25, 1981, with Bishop Francis R. Shea of Evansville presiding. Sister Mary Walter Goebel succeeds Sister Carlita Koch who has completed two 4-year terms.

A native of St. Philips, Indiana (near Evansville, IN), Sister Mary Walter is the eldest of 12 children of Mrs. Amelia Goebel and the late Joseph B. Goebel. She has been a member of the Ferdinand Benedictines since 1945.

Age 54, she holds various degrees: bachelor in education from St. Benedict College, Ferdinand, IN; two masters degrees, biology and geology, from Notre Dame University (IN). Her teaching career spans 33 years and includes elementary, secondary, college, and graduate levels. At the time of election she was a professor of science at Vincennes University's Jasper Center (Jasper, IN). She has been a lecturer for Purdue University graduate courses since 1971.

Sister Mary Walter Goebel has served her religious community as council member for 10 years; has been a delegate to the General Chapter of the Federation of St. Gertrude in 1974 and 1980. She has served as an officer of the Evansville Diocesan Sisters' Senate since its inception; is an immediate past-president of the Indiana College Biology Assn; a former board member of the Hoosier Assn. of Science teachers. As prioress she is President of the Board of St. Joseph Hospital in Huntingburg, IN, and a member of the board of Marian Heights Academy in Ferdinand.

Sister Mary Walter has appointed Sister Mary Ann Hartlage as her first assistant (subprioress). The Ferdinand Benedictine Convent numbers about 300 members.

SISTER CLARISSA RIEHL

Sister Clarissa Riehl, OSB, died June 1, 1981, at Convent Immaculate Conception in Ferdinand, IN—age 87. A native of Troy, IN, she had completed 66 years of Benedictine religious life. Her religious formation and undergraduate education was received at Convent Immaculate Conception and St. Benedict College in Ferdinand; her academic degrees in education earned at Notre Dame University (IN).

Sister Clarissa Riehl was the 6th prioress (major superior) of the Sisters of St. Benedict of Ferdinand, IN, 1949–1961. During her second term as prioress she was also President of the Federation of St. Gertrude (15 Benedictine priories of Pontifical Jurisdiction), 1955–1961.

She was widely known in SW Indiana and the Dioceses of Evansville and Indianapolis for her educational, spiritual, and civic leadership. She was associated with the administration of Academy Immaculate Conception in Ferdinand, 1926–1949; president of St. Benedict College in Ferdinand, 1949–1961, and opened the college to lay women in 1956. During her administration the Ferdinand Benedictine Sisters expanded their apostolic ministries to include hospital and nursing home work, special education for the mentally handicapped, retreats for lay women, and training of lay catechists, (Ferdinand Benedictines had been involved chiefly in elementary education and summer catechetical work previous to 1949.) She was greatly concerned to further the academic preparation of her Sisters.

Two new independent, autonomous Benedictine priories were begun during Sister Clarissa Riehl's administration when the Ferdinand motherhouse reached almost 500 members in 1956: Our Lady of Grace Convent, Beech Grove, IN (Diocese of Indianapolis) and Queen of Peace Convent, Belcourt, ND (Diocese of Fargo).

Sister Clarissa received a Heritage Leadership Award from the Southwestern Indiana Status of Women's Association in recognition of her distinguished leadership during the Bicentennial year of 1976.●

ORDER FOR RECOGNITION OF SENATOR THURMOND AND SENATOR ROBERT C. BYRD TOMORROW

Mr. BAKER. Mr. President, tomorrow, the Senate will convene at 11 o'clock, according to the order that has now been entered. I ask unanimous consent that, after recognition of the two leaders under the standing order, the distinguished Senator from South Carolina (Mr. THURMOND) be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the distinguished Senator from West Virginia, the minority leader, be recognized for not to exceed 15 minutes on a special order to follow the recognition of the Senator from South Carolina.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I think we have had a good day today. We have covered a lot of ground, done a lot of work. We have established a good momentum. I hope we shall continue that tomorrow. I pay my special respects to the distinguished chairman of the committee, the senior minority member (Mr. LONG), and Senator BENTSEN, who deserves special congratulations for his victory.

I know of no further business to be transacted at this time.

RECESS UNTIL TOMORROW AT 11 A.M.

Mr. BAKER. Mr. President, if there is no other Senator seeking recognition, I am prepared now to ask the Senate to recess until tomorrow.

I see no Senator seeking recognition.

Mr. President, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 11 a.m. tomorrow.

There being no objection, the Senate, at 11:17 p.m., recessed until tomorrow, July 17, 1981, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate July 16, 1981:

DEPARTMENT OF THE TREASURY

Clifford M. Barber, of New York, to be Superintendent of the U.S. Assay Office at New York, N.Y., vice Manual A. Sanchez, Jr.

DEPARTMENT OF ENERGY

Henry E. Thomas, IV, of Virginia, to be an Assistant Secretary of Energy (International Affairs), vice Leslie J. Goldman.

THE JUDICIARY

Robert F. Chapman, of South Carolina, to be a U.S. Circuit Judge for the Fourth Cir- retired.

DEPARTMENT OF JUSTICE

John C. Bell, of Alabama, to be U.S. Attorney for the Middle District of Alabama, for the term of 4 years, vice Barry E. Teague.

J. B. Sessions, III, of Alabama, to be U.S. Attorney for the Southern District of Alabama for the term of 4 years, vice William A. Kimbrough, Jr., res'gned.

Joseph J. Farnan, Jr., of Delaware, to be U.S. Attorney for the District of Delaware for the term of 4 years, vice James W. Garvin, Jr.

James A. Rolfe, of Texas, to be U.S. Attorney for the Northern District of Texas for the term of 4 years, vice Kenneth J. Mighell.

FEDERAL TRADE COMMISSION

James C. Miller, III, of the District of Columbia, to be a Federal Trade Commissioner for the term of 7 years from September 26, 1981, vice Paul Rand Dixon, term expiring.

EXTENSIONS OF REMARKS

INTERNATIONAL TRADE AND EXPORT PROMOTION

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. BEREUTER. Mr. Speaker, I would like to speak about a special interest of mine and a subject of vital concern to our Nation, international trade, and export promotion.

We should all be aware of the vital role international trade plays in our Nation's economy. Exports account for 8.2 percent of our gross national product. One out of every three American factory jobs and one out of every four agricultural jobs can be traced to goods or services that we sell overseas.

America traditionally has been the world's trade leader. That leadership continues today, as the United States claimed an 11.9-percent share of the world export market during 1980. West Germany occupied the second position with a 10.7-percent portion.

Yet, our share of the world export market has been declining in recent years. Trade deficits, rather than trade surpluses, now seem the norm.

The United States has not recorded a merchandise trade surplus in more than 5 years. Last year, we recorded more than a $20-billion shortfall.

Once the invincible king of international trade, we now face stiff competiton from a growing number of other countries. West Germany, for example, now leads the world in manufacturing exports, capturing a 20.5-percent share of the world market compared to the United States 17.9-percent portion. Just 5 short years ago, we were the world's largest contractor; now, we are 12th.

Our problems do not rest, however, with declining potential. Rather, our problems arose because we rested on our laurels, allowing a tremendous reservoir of export potential to go untapped. That condition must be reversed. International trade is serious business. America needs to develop a consistent, aggressive policy toward exporting.

Although 8.2 percent of our gross national product comes from exporting, America certainly can do better. West German exports, for example, account for 23.3 percent of that country's GNP. With economic conditions sluggish worldwide, exporters must exhibit a lot of savvy and expertise to be successful. America's sellers need to organize, plan, and prepare in order to penetrate foreign markets, or else our trade situation will begin to erode dramatically.

Congress, the administration, and the private sector must be equal partners in the endeavor to exploit fully America's export potential. For that reason, I would like to direct my remarks this evening to actions which I believe should be taken by those three entities in order to enhance America's international trade position.

CONGRESS AND TRADE

Turning first to the institution in which I serve, the Congress, permit me to discuss ongoing congressional activity relating to international trade policy and export promotion.

Once an almost forgotten stepchild, U.S. trade promotion has become a major concern of Congress in recent years. The establishment and growth of export task forces in both the House and the Senate attest to that fact.

A plethora of trade-related bills have been introduced thus far this session. Although these bills cover a wide variety of trade issues, the major areas of concern so far include export trading companies, the Foreign Corrupt Practices Act, and the taxation of Americans working abroad.

I am pleased to report that significant action has already taken place in all three areas.

Several weeks ago, the other body passed an export trading company bill by unanimous vote. Recently, the House Foreign Affairs Committee held hearings on similar legislation. The referral of this legislation to several House committees, however, will slow House action on this matter.

Proponents of tax relief for Americans working abroad received a big shot in the arm recently when the Finance Committee in the other body threw its support behind this form of relief. The committee basically accepted President Reagan's proposal, under which the first $50,000 of an individual's earnings would be excluded from taxation and one-half of the second $50,000 earned would also be exempt.

I suspect that similar support may come from the House Ways and Means Committee although the details of the relief may differ.

The final major area of congressional activity on the trade front has been review of the Foreign Corrupt Practices Act. Designed to halt overseas bribery, the law has proved to be difficult to decipher, hard to enforce, and frustrating because of its ambiguity.

The bill, S. 708, offered by the Senator from Rhode Island, Mr. CHAFEE, recently underwent several days of hearings by various subcommittees of the Senate Banking Committee. That bill proposes a number of significant reforms in the law, including a name change. It also attempts to lighten the accounting burdens imposed upon businesses, narrows applicability of the act, requires the Attorney General to issue binding opinions regarding compliance with the law, and gives sole enforcement power to the Department of Justice.

Despite the action of the other body and the administration's support, prospects for House passage of such legislation remain cloudy.

One other item merits mention, although it has not yet received the amount of attention given to the issues I just discussed. That item happens to involve reorganization of trade-related activities of the Federal Government.

Currently, 25 Federal agencies are involved in either the formulation, coordination, or implementation of trade policy. America stands as the only major capitalistic country without a trade department.

These conditions concern a number of the Members of Congress; therefore, various bills to consolidate trade functions have been presented to the Congress. The senior Senator from Delaware, Mr. ROTH, recently held hearings on his familiar proposal to establish a Department of International Trade and Investment. If America is to develop an aggressive, effective trade policy, we need strong Government leadership and one common voice expounding trade policy; therefore, I hope Congress gives serious consideration to identifying the proper approach to trade agency organization.

I have touched on just a few of the statutory changes which, if enacted, would enhance America's exporting. As a new member of the House Banking, Finance and Urban Affairs Committee, I am just beginning to learn of other changes in the arena of financial institutions. Staff members of the committee are now drafting for my review legislation of this sort, which would authorize Edge Act corporations to borrow funds at the Federal Reserve discount window. The Federal Reserve reportedly favors this change, which would enable the corporations to finance export activities at lower rates.

Along these lines, I intend to explore the wisdom of proposing other banking-related changes, such as legislation which would encourage the use of the instruments known as bankers' acceptances.

THE ADMINISTRATION'S STANCE

As Congress moves ahead to help America improve its export potential, its interest in trade promotion certainly is matched by the Reagan administration. Officials recently stepped solidly behind this effort by announcing that trade would be a top priority of the administration. As I just mentioned, it is already on record in favor of the passage of export trading company legislation, reform of the Foreign Corrupt Practices Act and the provision of tax relief for Americans working abroad.

The administration also appears ready to grab the bull by the horns on another issue: The promotion of "service" exporting.

Two-thirds of America's citizens working in the private sector are employed in service industries. We lead the world in the exporting of services, and have the world's largest service economy and the largest service labor force, making service exporting a potent force in America's trade arsenal. Services such as banking, insurance, engineering, and telecommunications, now account for more than one-third of all our export receipts and for 46 percent of our gross national product. America's $34.4 billion surplus in service exports makes an invaluable contribution to our overall trade posture, creates jobs at home, and generates demand abroad for other American goods and services.

Prior administrations, however, have failed to keep foreign markets open to U.S. services. The Tokyo Round Negotiations and the Trade Act of 1974 totally ignored this important aspect of our international trade market. A rising tide of barriers to the exporting of services makes strong administrative action in this regard imperative.

The airline industry offers a prime example of a service industry plagued by foreign nontariff barriers. The United States traditionally stands as the world leader in airline travel. Its share of worldwide business has begun to decline recently, however, falling to 48.7 percent in 1979 from 51.7 percent in 1972. This occurred because of a variety of foreign actions, including prohibitions against American companies using foreign computerized reservation systems, advertising restrictions (for example, American airlines cannot advertise in West German publications), and disadvantageous ground-handling arrangements.

A Service Policy Advisory Committee, composed of business leaders, is already at work for the administration reviewing trade issues and domestic laws and policies in an effort to identify needed improvements. The administration has also announced its support for global negotiations on the service exporting issue. Toward that goal, it has asked the finance ministers of major trading partners to agree to a set of service barrier reduction objectives during the forthcoming meeting of the Organization for Economic Cooperation and Development.

If the administration accomplishes its goals in the above areas, it will indeed have made measurable inroads. Other areas, however, still need the administration's attentions.

Several days ago, I was surprised to hear several American businessmen from across the Nation register unanimous disapproval with U.S. enforcement of trade laws. These individuals told a subcommittee of the House Banking Committee of the deleterious impact negligent enforcement had upon their businesses. Such troubling conditions must be remedied.

Another critical area for administration action rests with the overall battle against foreign nontariff barriers. The Tokyo Round Negotiations and the Trade Act of 1974 virtually eliminated the possibility of tariff barriers to trade. Under the current competitive pressures now being exerted upon businesses everywhere, ingenious businessmen worldwide are devising more and more nontariff barriers to protect themselves. Aggressive executive leadership will be needed to keep foreign markets open to Americans under these conditions.

No discussion of export policies and trade restrictions would be complete without mention of the booming trade in agricultural commodities in recent years and the recently ended Soviet grain embargo. I need not remind this audience that trade in agricultural products is the bulwark of this Nation's export trade and the prime mitigator of the trade deficit which the United States has accumulated in recent years. The agriculture trade surplus in 1980 totaled $22.5 billion, even with the embargo in place. When the multiplier effect is applied to the value of these farm exports, it is estimated that $82 billion in domestic economic activity was generated by the export of agricultural commodities in 1980, creating an estimated 1.13 million jobs in the United States. Experts are predicting a threefold increase in the level of agricultural exports by 1990, as new market development, distribution, and financing techniques are devised and implemented.

The Reagan administration has announced its intentions to embark upon an aggressive export policy, in conjunction with the Congress, to further increase export activity in this area, provide new methods of financing to assist developing countries in meeting their food needs, establish additional agriculture trade liaisons overseas, and continue the highly successful Public Law 480 food-for-peace program. In addition, the Congress will be considering the establishment of a revolving fund to finance short-term credit sales of agricultural commodities. This is one area in particular, however, which requires aggressive efforts by the administration to lower trade barriers imposed by foreign nations.

Trade promotion, of course, cannot be the sole responsibility of the Federal Government. Current and potential exporters need to do more on their own to exploit export potential. American producers must think "export" and must probe the foreign markets with greater zeal; furthermore, they must be willing to bend to accommodate foreign buyers' needs and tastes. Just as Japan moved in to capture the American car market with its small, fuel-efficient automobiles, America must better identify and exploit the needs of foreign purchasers. Export promotion will be of no value, however, if infrequently desired low-quality products are offered for sale.

American exporters must also tap new market areas, especially in South and Central America. China also presents tremendous export possibilities for decades to come.

At the same time, American business should, in general, not be discouraged from foreign investment. U.S. companies now earn 33 percent of their profits from foreign operations. Those profits—$41 billion in 1980—return to the United States and thereby improve our balance of payments and strengthen the dollar. Between 1970–79, U.S. investment overseas grew from $75.5 billion to $195.6 billion. I hope that similar progress occurs during the decade of the 1980's.

All three entities, Congress, the administration, and the export community, must unite together in order to work toward solving another critical export problem: the rising sentiment for protectionism.

During recessionary periods, protectionism increases. With economic conditions poor not only in the United States but many places throughout the world, large scale problems are possible.

Our Nation offers a prime example of the symptoms of protectionism now appearing throughout the world. Members of Congress, key administration officials, industry leaders, and private citizens everywhere recently argued strongly in favor of mandatory import restrictions upon foreign-made automobiles. Rather than see our own manufacturing failures as the cause of the auto industry's troubles, many looked for a quick, easy solution to the problem: blame it on the Japanese.

If we have learned anything from the past, we should have learned that protectionism hurts a nation far more than it can help it. In an era of growing international interdependence, protectionism poses even greater dangers than it did decades ago. We need their markets; they need ours. Protectionism must be nipped in the bud.

Over these past few minutes, I have been able to touch upon just a few of the pieces to the export promotion puzzle. I have not talked about the proper role of export controls, such as embargoes, in our trade policy, nor export financing issues, nor a host of other equally important matters. These issues must be left to be explored in greater detail on another day.

I would like to leave you, however, with one closing thought. Indeed, the issues involving international trade are numerous and complex. Yet, international trade relations possess world significance far beyond the impact trade may have upon the economies of individual nations.

In the past, the United States has used its international trade strength to provide products to new countries struggling to meet the challenges of the 20th century. We have also used our trade "muscle" to influence the actions taken or contemplated by aggressive, foreign powers. The potential foreign policy tool we have by virtue of our ability to sell or withhold products or services to affect the course of world events must not be lost. While I certainly disapprove of an embargo which affects only one domestic industry, such as a grain embargo, the threat or reality of an across-the-board embargo is a vital tool. For the benefit of the U.S. economy as well as for the tool which trade power gives us in international relations, we cannot allow ourselves to become anything but the world's foremost trader. Your efforts as well as mine will be essential to this endeavor.●

OVERSIGHT HEARINGS SET ON REMOVAL OF NIOSH

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. GAYDOS. Mr. Speaker, the Subcommittee on Health and Safety of the Education and Labor Committee will inquire through oversight hearings into the reasons for and the economies, expenses, and effects of the planned removal of the National Institute for Occupational Safety and Health to Atlanta and Cincinnati.

These hearings are in response to requests I have received as subcommittee chairman from Members of Congress and the public.

The first hearing will be on July 28 at 10 a.m. in room 2257 of the Rayburn Building. It will be followed by such hearings as may be required at times and places to be announced later.●

FARM QUESTIONNAIRE

HON. STEVE GUNDERSON

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. GUNDERSON. Mr. Speaker, Wisconsin's Third District is home for more than 22,000 farms. In addition to being one of the leading dairy producers, it also has substantial beef, hog, and poultry enterprises and large crop producing areas.

In western Wisconsin, the farm economy is everyone's economy.

Soon Congress will be considering the 1981 farm bill. As we proceed with that legislation, it is our obligation to reflect the views of those we represent.

For that reason my 1981 agriculture questionnaire was mailed earlier this year to farmers throughout the Third District in an effort to solicit those views.

It is interesting to note that the major concerns of the farmers responding are not specifically only farm issues. Farmers polled named inflation and interest rates as their No. 1 and No. 2 areas of concern.

The questionnaire results also indicate a willingness on behalf of the farmers to work with Government in reducing the costs of price support programs for various commodities. The majority favor a parity level that is determined directly by their production levels. In addition, the majority also supported the administration's proposals to increase loan rates for corn and to increase the entry level of the farmer held reserve program.

For the benefit and consideration of all my colleagues, I submit the following complete questionnaire results:

1981 AGRICULTURE QUESTIONNAIRE

All answers in percent.

1. I am a: A. Dairy Farmer, 62; B. Livestock Farmer, 19; C. Grain Farmer, 10.

2. What are the most important issues facing farmers today? (Please rank 1 through 5.)

[In percent]

	Percent voting	Ranking				
		No. 1	No. 2	No. 3	No. 4	No. 5
A. Inflation	90	49	24	8	6	3
B. Interest rates	85	21	40	14	6	4
C. Casein	41	2	6	11	12	10
D. Reconstituted milk	26	1	2	6	7	10
E. Price support programs	54	12	7	18	14	13
F. Estate taxes	51	5	7	17	18	14
G. Commodity loans	7	—	—	2	2	3
H. The grain embargo	13	1	—	3	5	4
I. Expansion of markets (foreign and domestic)	56	4	7	11	16	18
J. Conservation cost sharing	20	1	1	3	5	10

3. How should dairy prices be supported?

A. At a fixed percent of parity: 1—70 percent (6 percent); 2—75 percent (6 percent); 3—80 percent (14 percent); 4—85 percent (7 percent); 5—90 percent (14 percent).

B. At a sliding scale based on government purchases and established by law between 75 and 90 percent (31 percent).

C. Allowing the Secretary of Agriculture, in his sole discretion, to set parity between 75 and 90 percent (6 percent).

4. The Administration is proposing an increase in the loan rates for corn from $2.25 per bushel to $2.40 per bushel. Do you favor this proposal?

A. Yes 55, B. No 36, the rates should be higher.

5. The Administration is proposing to increase the entry level for the farmer-held reserve program from $2.40 per bushel to $2.55 per bushel. Do you favor this proposal?

A. Yes 55, B. No 34, the level should be higher.

6. Should all farm programs contain borrowing and payment ceilings that would cap program benefits and prevent their use by large non-family farms?

A. Yes 88, B. No 7.

7. In current times of limited financial resources, federal funding for Soil Conservation programs should be:

A. Continued at present level (18 percent).

B. Continued at present level and individual tax credit should be awarded to farmers who participate in the program (50 percent).

C. Increased (12 percent).

D. Decreased (14 percent).●

THE WAR AGAINST TERRORISM—THE ANTI-DEFAMATION LEAGUE SPEAKS

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. LeBOUTILLIER. Mr. Speaker, international terrorism is not merely a threat; it is an ever-present reality. A coordinated and serious policy commitment is required by this Government if we are to make meaningful inroads into its elimination. Time is short; human lives are at stake on a daily basis.

With a sense of urgency, as well as with a sense of consistent attention, the Anti-Defamation League of the B'nai B'rith of America has recently adopted a resolution concerning terrorism, U.S. national security interests, and intelligence gathering. The league's recently passed resolution urges the Reagan administration and the Congress to take constitutional steps that will enable the United States to better gather information concerning international terrorism.

The resolution also expresses opposition to disclosure or publication of information that serves to identify overseas and domestic intelligence officials.

We in Congress should heed the resolution's call for additional funding for the State Department's counterterrorism office, as well as for the Bureau of Customs, for better development of a terrorist apprehension policy.

I commend the letter by the Anti-Defamation League's national chairman, Maxwell E. Greenberg, to the attention of my colleagues, as well as the resolution which was adopted June 1, 1981.

ANTI-DEFAMATION LEAGUE
OF B'NAI B'RITH,
New York, N.Y., July 9, 1981.

Hon. JOHN LEBOUTILLIER,
Cannon House Office Building,
Washington, D.C.

DEAR CONGRESSMAN: The Anti-Defamation League of B'nai B'rith has long been concerned about the threat of international terrorism to Western democracies and in particular, to America's national interests. In 1978, for example, the ADL published "The PLO: A Decade of Violence," which spoke of the ties between that organization, other terrorist groups and the Soviet Union.

At its recently concluded annual meeting, the ADL adopted a resolution relating to terrorism, U.S. national security and intelligence gathering. The resolution urges the Administration and the Congress to take such steps as may be necessary, consistent with Constitutional safeguards, to strengthen America's intelligence gathering capabilities to combat international terrorism.

The resolution also expresses the League's support for legislation that would prevent disclosure or publication of information that serves to identify U.S. intelligence operatives working abroad.

Finally, the resolution urges the President and the Congress to provide additional funding to enable the State Department's counterterrorism office and the Bureau of Customs to develop an integrated program aimed at preventing terrorists from entering our country.

We hope you will give active and sympathetic consideration to these proposals. A full text of the resolution is enclosed.

Sincerely,

MAXWELL E. GREENBERG,
National Chairman.

RESOLUTION ON TERRORISM, U.S. NATIONAL SECURITY AND INTELLIGENCE GATHERING

Whereas, for more than a decade the world has witnessed untold numbers of episodes of international terrorism carried out by anti-democratic organizations against citizens of all races and many nationalities and religions;

Whereas, international terrorism has caused death and injury to thousands of human beings and traumatized thousands of others threatened by death or held in fear of their lives as hostages, as in Iran;

Whereas, the major thrust of terrorist attacks has been against the United States and Western democratic societies in Europe and in Israel;

Whereas, experts on terrorism have predicted that American territory and U.S. citizens may increasingly be the targets of terrorist activity during the 1980s;

And whereas, the State Department's counter-terrorism office has recently asserted that is is virtually impossible for officials to spot even known terrorists trying to enter the U.S.;

And whereas, the national security of the United States and the safety of its citizens and its institutions often depends on intelligence information of the highest quality and advance knowledge of the plans of terrorist organizations and their agents;

Whereas, such information and advanced knowledge require efficient intelligence-gathering at home and abroad by government agencies, fully consistent with Constitutional safeguards with respect to the civil liberties of U.S. citizens;

And whereas, the safety and security of the United States and of democratic and friendly governments around the world requires a readiness to share and to pool intelligence information concerning terrorism and planned terrorist actions;

Whereas, the protection and enhancement of the values of our own open society including our civil liberties are, of course, the primary functions of U.S. national security policy, and, hence, necessary intelligence activities must not diminish nor otherwise adversely affect them: Therefore be it

Resolved, That the National Commission of the Anti-Defamation League of B'nai B'rith calls upon the executive and legislative branches of the U.S. government to take such steps as may be necessary, consistent with U.S. Constitutional safeguards to strengthen America's intelligence-gathering capabilities to combat international terrorism. Accordingly, the Anti-Defamation League supports, as one important step, constitutionally-sound legislative proposals which are aimed at preventing the disclosure or publication of information that serves to identify U.S. intelligence operatives working abroad. Be it further

Resolved, That the League urges that the Administration request and that Congress provide additional funding to enable the State Department's counterterrorism office and the Bureau of Customs to develop an integrated program to bolster security at points of entry to the U.S. by strengthening facilities and deploying the personnel necessary so as to make possible the quick and certain identification of international terrorists.

As adopted by the National Commission June 1, 1981.●

HOUSE MEMBERS SUPPORT SANDRA O'CONNOR

HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. PEYSER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following:

ONE HUNDRED THIRTY HOUSE MEMBERS SUPPORT SANDRA O'CONNOR

Congressman Peter A. Peyser (D-NY) today sent to the White House a letter signed by 130 Members of the House of Representatives supporting the President's appointment of Sandra O'Connor to the Supreme Court.

Congressman Peyser, joined by Representatives Larry Coughlin (R-PA), Benjamin Gilman (R-NY), and Norm Dicks (D-WA), circulated the letter of support for the President's nominee. In a show of bipartisan support, the House, which does not take part in the confirmation hearings, wanted to be on record supporting this outstanding appointment. 54 Democrats and 76 Republicans signed the letter.

"It is important for the President to know, even though he is under attack by extremist groups, that many Members of Congress support him in this nomination," Peyser said.●

THE FUTURE OF THE ARTS AND LEARNING IN THIS COUNTRY

HON. SIDNEY R. YATES

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. YATES. Mr. Speaker, for 83 years, the American Academy and Institute of Arts and Letters has carried out its congressionally authorized mission to further the interests of literature and the fine arts. The distinguished scholar and historian, Arthur Schlesinger, Jr., president of the Academy, recently delivered an address on the future of the arts and learning in this country. I think that his remarks concerning the bleak prospects our society faces without a recognition of the important role Government plays in the encouragement and enrichment of the human mind and spirit are very well taken, and I commend them to my colleagues.

On behalf of the American Academy and Institute of Arts and Letters, I am happy to welcome to our annual Ceremonial the members-elect, the new foreign honorary members, here with us in the spirit, the winners of awards and, of course, our cherished friends in the audience.

This venerable body is now in its 83rd year. The mission conferred long ago upon us by the Congress of the United States is "the furtherance of the interests of literature and the fine arts." During most of our four-score years, the state of these interests has not caused undue worry. Artistic endeavor was borne exuberantly along on the tide of economic expansion. As the nation's population and wealth multiplied, so did the instrumentalities of national culture: more books, more libraries, more museums and galleries, more symphony orchestras and opera companies and dance troupes, more writers and painters and musicians and architects and film-makers, more amateurs of letters and the arts than ever before. It was only a moment ago that we used to talk rather complacently about the great cultural explosion. We have tended, on the whole, to regard the future of the arts as a consummation that would take care of itself.

I need not remind this audience that the gaudy days have passed. Inflation, now chronic in the economy, is driving cultural organizations to the wall. Everything costs too much. Private patrons are disappearing. Corporations have failed to take up the slack. Institutions vital to the quality of our civilization find no alternative but retrenchment and retreat. The great New York Public Library, one of the glories of this city, was open 87 hours a week only a dozen years ago; now its doors open each week for 49 hours. In California more than a fifth of the state's county libraries have shut down.

Over the last twenty years federal and state governments have played an increasingly vital role in reinforcing our culture against economic depredation. But today, at the very time when inflation is dangerously undermining our artistic institutions, we now confront a drastic reduction in public support for the arts. The budgets of the National Endowments for the Arts and the Humanities are to be cut in half. The Corporation for Public Broadcasting is to lose a

quarter of its funds. The National Historical Publications Commission, which has superbly enlarged our understanding of the past by publishing the papers of our great national leaders, is to be abolished altogether. Nor, we are assured by the Wall Street Journal, Mr. David Rockefeller and other authorities, can we expect corporate philanthropy to offset the budget cuts, especially when the challenge grant, that great public stimulus to private giving, is itself to be a major casualty of budgetary retrenchment.

There are those—including an American Nobel Prize winner in economics—who applaud this result because they regard federal subsidies for the arts as "indefensible" (Milton Friedman in Newsweek, May 4, 1981). If a cultural institution cannot pay its way in the market, they contend, then it has no economic justification and, if no economic justification, no social justification. This argument implies that only those activities that pass the box-office test are worth pursuing. But one can almost argue the reverse more persuasively: that the most precious institutions in our society—our schools, universities, libraries, museums, opera houses, hospitals, churches—are precisely those that do not pay their way. Surely a society as rich as ours can afford to divert some of its abundance to activities that enrich our culture even if they fail the box-office test.

There are manifest limits to the role of government. Creativity cannot be institutionalized. Art flourishes in conditions of individuality and diversity, even of doubt and estrangement. The National Endowments themselves have often fallen below the highest standards of excellence. The further idea of a Department of Fine Arts, I must confess, fills me with gloom. I agree with a one-time member of this body, John Sloan, who said he welcomed the idea because "then we'd know where the enemy is."

But overweening government is not the issue today. The issue is the curtailment of support at a time when the arts are in a state of economic crisis and government has been providing a margin of survival. This is surely a withdrawal by government from its own responsibilities. As John Quincy Adams told the Congress a century and half ago, "Moral, political, intellectual improvement are duties assigned by the Author of Our Existence to social no less than to individual man. For the fulfillment of those duties governments are invested with power, and to the attainment of the end—the progressive improvement of the condition of the governed—the exercise of delegated powers is a duty as sacred and indispensable as the usurpation of powers not granted is criminal and odious."

The old vision of our artistic future as a consummation that would take care of itself, however plausible in an age of expansion, is less persuasive in our age of retrenchment. The question surely arises whether the American Academy and Institute must not now take a more active role in fulfilling its chartered obligation to "the furtherance of the interests of literature and the fine arts"

Our past practice has been one of restraint. We have, in the main, confined ourselves to honoring the old and encouraging the young in American arts and letters. Indeed, a policy adopted over thirty years ago makes it almost impossible for the Institute to take a stand on anything. But the world has changed. At home the arts are in acute economic jeopardy. They are also in civic jeopardy. Blue-nosed busy-bodies invade libraries and schools in search of writings they convict of the crime of 'secular humanism.' In other lands artists and writers who refuse to surrender their creative integrity suffer censorship, imprisonment, torture and exile. In a sadly changed world, silence may no longer be the fitting stance for organizations like this.

In the months ahead, I hope our members will reexamine the mission of the Academy and Institute in the light of the artistic crisis of our age. But whether we choose to act as a body or to act as individuals, let none of us forget the words of John Kennedy, carved on the west wall of the Kennedy Center in Washington: "The life of the arts, far from being an interruption, a distraction, in the life of a nation, is very close to the center of a nation's purpose—and is a test of the quality of a nation's civilization."●

SOVIET OCCUPATION OF LITHUANIA

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. HORTON. Mr. Speaker, Soviet occupation of Afghanistan and the threat of an invasion of Poland stand as grim reminders to all freedom loving people of the Soviet Army's ruthless occupation and annexation of the Baltic States—Lithuania, Latvia, and Estonia. Although the more recent military actions continue to be the focus of world attention, it is vitally important that we never forget that the harsh consequences of Soviet foreign policy continue to fall on the backs of the peoples of the Eastern bloc captive nations.

On June 14, 1981, Lithuanian-Americans in Rochester, N.Y., approved a resolution expressing their gratitude to the U.S. Government for its "firm position of nonrecognition of the illegal annexation of the Baltic States by the Soviet Union." Rev. Justinas Vaskys (pastor of St. George's Roman Catholic Church in Rochester, N.Y.) sent me a copy of the resolution which merits the attention of the House. The text follows:

RESOLUTION

We, Lithuanian Americans, assembled on this 14th day of June, 1981, at St. George's Hall, 555 Hudson Avenue, Rochester, N.Y., to commemorate the 40th anniversary of the mass deportation of about 35,000 Lithuanians to Siberia on June 13-14, 1941, and of the Lithuanian uprising against the Soviet Army at the beginning of the Russo-German war, unanimously adopt the following resolution.

Whereas, Lithuania, Latvia and Estonia were occupied by the Soviet Union in 1940 in violation of all existing treaties and principles of international law; and

Whereas, the people of Lithuania, Latvia and Estonia to this day are denied the right of self-determination and other basic human rights; and

Whereas, Lithuania has lost about 700,000 people through mass deportations and executions during the Soviet occupation; and

Whereas, colonization through importation of Russians, unlawful drafting of Lithuanians into the Soviet armed forces, and increased suppression and persecution of the Baltic people continues in violation of the Helsinki Agreement; Be it, therefore, firmly

Resolved, That we express our sincere gratitude to the Government of the United States for its firm position of non-recognition of the illegal annexation of the Baltic States by the Soviet Union;

That we strongly endorse the firm stand taken by the present Administration against the aggressive and tyrannical practices of the Soviet Union;

That we ask the President of the United States to speak out in the name of the Baltic States and other captive nations occupied by the Soviet Union on every occasion; and

That we ask President Reagan to use his influence so that thousands of exiled Lithuanians would be permitted to return to their homeland and political prisoners would be released from prisons and psychiatric wards. Be it further

Resolved, That copies of this resolution be forwarded to the President and Vice-President of the United States, the Secretary of State, the United States Senators from New York, the Congressional Representatives from our area, and to the press.●

THE CURRENT STATUS AND FUTURE OF THE EUROPEAN COMMUNITY

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. HAMILTON. Mr. Speaker, I would like to bring to the attention of my colleagues, a speech given by Gaston E. Thorn, president of the Commission of the European Communities, on July 13, 1981, at the National Press Club. Mr. Thorn assumed the presidency in January 1981 succeeding President Roy Jenkins.

The importance of the European Communities (EC) is growing. The EC is a significant trading partner of the United States, and has helped to bring about ordered economic growth in Western Europe as well as to contribute to political stability.

Mr. Thorn, a former Prime Minister of Luxembourg, was in the United States on an official visit during which he met with President Ronald Reagan, Secretary of State Alexander Haig, and other officials.

The speech follows:

Mr. Chairman, ladies, and gentlemen, I am here as the seventh President of the European Commission to make an official visit to the United States. I was reminded of one of my predecessors who paid a visit to a famous politician some years ago and spent fifteen minutes explaining the intricacies of the European Community. He listened with great attention and then remarked "sounds awfully like the Common Market to me."

I come like Paul Revere to tell you of a revolution—a revolution which has as its

aim nothing less than the unification of Europe.

A revolution without drums or banners. A revolution so boring, so drowned in jargon, so slow that few can understand it and many of those who do, don't like it.

Yet what is at stake is the creation by the end of this century of some form of European Union. If we succeed we shall have changed the history of Europe and the world. And the echoes will be heard in every American farm and home just as much as in their day the thunder of the guns at Fort Sumter and on the Marne.

So let me tell you today how the adventure is going and what it means for the United States.

There is a European Union partial and imperfect, but a fact of life for the 270 million inhabitants of our 10 member countries.

It exists through the common political institutions that manage the affairs of the Community: the Commission, the Council of Ministers, the European Court of Justice and for the past two years the directly-elected European Parliament.

It exists through common policies affecting European agriculture, business, industry, labor and consumers. And it exists through the economic and commercial relations we have as a Community with the developing world and with our trading partners in the industrialized world.

Increasingly, to what has been primarily an economic union is assuming more of a political profile as our member states have sought and found cooperation on a number of foreign policy issues.

But we face some major problems. The unemployment rate now stands at 8 percent, the highest since 1930.

On present trends the 8½ million unemployed are likely to reach 10 million in the coming year. What is more, 43 percent of our jobless young people are under the age of 25. The young need hope. If they cannot see hope the consequences can be ugly.

All this—indeed the economic difficulties which have been with us since the oil price explosion of 1973—have made progress towards closer union far more difficult.

So believing like you in the doctrine of self-help we have set ourselves some major targets for action.

We have to restructure much of our industrial base. I give you one example. European automobile manufacturers are investing 23 billion dollars over the next three years. By European standards this is a lot of money. We have to pursue a more balanced agricultural policy. We have to make sure that our market really is a common market.

And we have to build rapidly on the foundation of the European Monetary System. At the same time we have to develop and promote an employment policy that takes into account the weakest regions and sectors of activity.

In the Commission we have taken the first step toward outlining such strategy and of presenting it to our member states. What is required now is nothing less than a political commitment to relaunching the Community. Too much time has been lost, too many opportunities missed, for much more delay to be possible.

As an essential part of that overall strategy we are proposing significant reforms of the Common Agricultural Policy.

We believe that in future farm prices and volume of production should take greater account of market realities.

Once adopted, our proposals will mean that the Common Agricultural Policy will consume a decreasing proportion of our budgetary resources. They will also mean, I hope, that we shall hear fewer complaints from the United States about the policy and its supposed effects on trade in farm products.

All that is quite a program. But you will say—that deals with the Community's internal problems. Are we outward looking? A market of 270 million—sure—but is not the Common Market discriminatory and protectionist? The facts tell a different tale. We have the lowest tariffs and fewest obstacles to trade of any major trading bloc. Last year a quarter of American exports—54 billion dollars—went to the E.C. This is more than three times the figure for 1973. People speak of the terrors of the Common Agricultural Policy. A quarter of your agricultural exports, worth 9 billion dollars, went to the Community last year, a 16 percent increase on 1979. Last year the Community ran a deficit of 25 billion dollars with the U.S., 7 billion of this was in agriculture.

But the Community is more than just a market. Accounting as we do for nearly a quarter of world trade we play by necessity and by conviction a leading role in the maintenance of the open world trading system. And we do so not in confrontation but in participation with the United States. Together we took the Tokyo Round—the biggest trade negotiations in history—to a successful conclusion two years ago. And it is in this spirit that we need to approach the problems that face us now in the hope that we can together give a new impetus to world trade.

What does all this mean to the United States?

Forty years ago in this town the argument was whether American boys would be sent to fight in foreign wars. Hundreds of thousands of Americans fought and died in Europe in the cause of freedom. But there will be no more European civil wars. The Community has made that impossible.

The Community means a major and growing market for U.S. goods and a major factor in the U.S. standard of living.

And it means more than that. We remember how you helped us when we began our adventure. And you were right.

If in all the turbulence and troubles of our present day economies, the Community did not exist then I can guarantee you that we would be back in the jungle of import duties and restrictions of the 1930's.

And that would have meant fewer jobs for Americans, less money in American homes and a chaos in Europe which would have led to ugly political consequences. As it is, the Community stands four-square with the United States in supporting and developing the open world trading system. And the Community also means a partner of growing significance for the U.S. on political issues.

We shall not always agree. It would be unnatural if we did. So we need to talk, to argue, and to consult. But if we approach the problems we face in a spirit not of confrontation but of partnership, the prizes for us and for the whole world will be great.

Partnership and not confrontation—that is the message I will leave with you today.●

J. RICHARD CONDER ELECTED PRESIDENT OF THE NATIONAL ASSOCIATION OF COUNTIES

HON. W. G. (BILL) HEFNER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. HEFNER. Mr. Speaker, I am pleased to announce to my colleagues in the House of Representatives that a friend and a constituent, J. Richard Conder of Rockingham, N.C., has been elected president of the National Association of Counties.

Mr. Conder, who is chairman of the Richmond County Board of Commissioners, was inaugurated July 15, to serve in the top national post at the association's annual conference in Louisville, Ky.

The selection of Mr. Conder brings great honor and prestige to both Richmond County and North Carolina. This very influential organization represents the vast majority of county officials throughout our country and serves as their chief spokesman in Washington.

The NACo speaks for the people at the grassroots level, which is the most important level in our democracy. For it is there on a collective basis that the sentiment which helps enact new laws is sounded. Only the reckless would disregard the advice and counsel of our Nation's counties and their representatives.

Mr. Conder has been elected to the Richmond County Board of Commissioners five times. He is celebrating his 20th year in public service as a commissioner, having served 18 consecutive years as chairman of the board.

The National Association of Counties (NACo) is a Washington-based public interest group that represents over 2,000 of the Nation's 3,104 counties.

Mr. Conder received his bachelor's degree in accounting at East Carolina University and attended the Louisiana State University Graduate School of Banking and the North Carolina Bankers' Association School at Chapel Hill.

Mr. Conder has served as senior vice president and area manager of Southern National Bank and worked for a Rockingham accounting firm. He is a veteran of the U.S. Air Force.

He has served as president of the Hamlet Rotary Club and the Rockingham Rotary Club. He has served as an officer of numerous other civic and community groups.

Mr. Conder is a member of the Rockingham First Presbyterian Church, a former elder, deacon, and chairman of the sanctuary building committee.

In his work for the NACo during the coming year I wish Mr. Conder and his

associates well. Their success will assure the success of our country and, in the course of its work, help translate the hopes and aspirations of our people to meaningful, practical legislation that will benefit all of us.

I commend Mr. Conder for undertaking this challenge, and I salute him for his long record of great achievement that will undoubtedly continue during his tenure as president of the NACo.●

HIGH INTEREST RATES

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. HUBBARD. Mr. Speaker, Mr. W. D. Wadlington, of Route 2, Box 248, Princeton, Ky., a city that I represent in Congress, has some ideas on the reason for the existing high interest rates with which we are all having to cope. I feel that Mr. Wadlington's letter is one which should be shared with my colleagues and I wish to do so at this time. The letter follows:

DEAR CARROLL: I am writing you this letter because I feel that a conspiracy exists to cause interest rates to remain high and to fluctuate wildly. The current high fluctuating interest rates cause stocks, bonds and the dollar on the foreign exchange to go up and down in value. If a group of people could control or influence interest rates by their actions, they could make billions buying and selling stocks, bonds and the dollar. . . Articles from the Wall Street Journal concerning soaring interest rates and the value of the dollar lead me to believe that the possibility exists for a conspiracy by major U.S. banks and the Federal Reserve System to cause interest rates to remain high and fluctuate wildly for personal gain and not for the control of the money supply. Other articles from the Wall Street Journal this past week have stated that members of foreign governments and banks are accusing the Federal Reserve System of promoting high and fluctuating interests rates to affect the value of the dollar.

Another motive of the major U.S. banks to favor high interest rates is to destroy their competitor, the savings and loan associations. As you know, most all savings and loans today are losing money because of the high interest rates and many are being forced to merge or close. If the high interest rates continue, most all savings and loans will be merged into banks, giving the large banks what they have always wanted—intrastate branching.

Because of the possibility of a conspiracy, I believe a full investigation of the activities of the Federal Reserve System and major U.S. banks is warranted.

Sincerely yours,

W. D. (DENNY) WADLINGTON.●

STEELWORKERS REMIND US OF OSHA'S PURPOSE

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. GAYDOS. Mr. Speaker, Pennsylvania steelworkers, prompted by eight recent deaths among their fellow workers, recently petitioned the executive and legislative branches of the U.S. Government to redress a grievance.

Their grievance is what looks like deemphasis of occupational safety and health, and uncertainty over the future of the Occupational Safety and Health Administration and its policies.

The steelworkers carried black-bordered signs to make their point.

The signs outlined:

Death by crushing of a worker who was changing lights on a crane runway in Allentown, Pa.

Death in an explosion of a steelworker in Monessen, Pa.

Death in an explosion of a chemical worker in Washington, Pa.

Death by electrocution of a welder in Ambridge, Pa.

Death by asphyxiation of a steelworker at Braddock, Pa.

Deaths by crushing of two steelworkers at Irwin, Pa.

Death by asphyxiation of a steelworker at Monessen, Pa.

This heavy toll of workers was taken in western Pennsylvania, much of it around Pittsburgh.

And the point of the steelworkers is this: Hazards to life and limb exist no matter what economic theories are popular at any given time, and America's workers need the protections of a conscientious Occupational Safety and Health Administration.

The eight deaths made the point eight times.

Congress should be alert to prevent the growth of conditions that could require them—joined by workers in scores of other industries in thousands of plants—to return and make their point in multiples of eight.●

OZONE POLLUTION, A MAJOR THREAT TO CROPS

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. VENTO. Mr. Speaker, I want to share with my colleagues an article written by Lee Egerstrom which recently appeared in the St. Paul Dispatch regarding the effects ozone pollution is having on crops in Minnesota. According to researchers at the University of Minnesota, last year alone, Minnesota farmers lost millions of dollars because of disastrous ozone damage to alfalfa, wheat, and corn crops.

Ozone pollutants are formed by a reaction of the Sun's rays with automobile emissions and burned fossil fuels. This pollution, like acid rain and other transboundary pollutants, is not limited to a specific area, although the severity of the damage to crops depends on weather conditions during the sensitive growing season.

It is extremely important that Congress take a serious look at working toward prevention of further environmental damage by ozone pollution as well as other transboundary and stationary pollutants, as we consider a rewrite of the Clean Air Act. The costs to the agricultural sector of our economy are significant and quantifiable.

DIRTY AIR TAKES TOLL OF STATE'S FARM CROP

(By Lee Egerstrom)

Minnesota farmers lost more than $34.5 million from ozone pollution harming their alfalfa, corn and wheat crops last year, a University of Minnesota scientist said Thursday.

That damage, most of which resulted from ozone pollution that reaches Minnesota from heavily populated Eastern industrial states, is in addition to unmeasured crop losses caused by acid rain and other forms of air pollution.

Dr. Sagar Kupra, associate professor of plant pathology at the university's St. Paul campus, said Minnesota had a high concentration of ozone from June 29 to July 6 this year. Its impact on crop yields will depend on weather conditions during the sensitive growing period from now through early August, he said.

Several scientists estimated at a congressional hearing in Washington Thursday that ozone pollution is causing from $1 billion to $2 billion in crop losses annually.

Kupra said that estimate is probably conservative because his estimate of Minnesota crop losses "are on the conservative side."

Ozone is formed primarily from burned fuels reacting to the sun's rays. But there are many sources of natural ozone as well, such as lightning and volcanic activity, that contribute to ozone concentrations in the air.

Probably the largest source of ozone is automobile emissions, followed by the burning of fossil fuels for industry, Kupra said. Minnesota sits on the western edge of summer weather patterns that can spin out ozone pollution generated by commuter traffic in New York and Chicago and industrial hydrocarbon emissions from New Jersey and the Ohio River Valley.

Summer weather systems that can produce ozone damage to crops, such as Minnesota experienced in late June and early July, spin clockwise and usually pass through the state from the south before bending into Canada over Lake Superior.

Minnesota would sit between 9 and 10 o'clock on an imaginery clock when the weather system forms over the Atlantic off the New York coast.

An "ozone episode," as Kupra describes the above weather condition, brings in higher concentrations of ozone than the maximum limits spelled out in Minnesota and federal air quality standards.

Minnesota had more than 600 such hours last year during the agriculture growing season, Kupra said. Based on his yield tests in various parts of the state, ozone pollution thus reduced Minnesota's corn harvest by nearly 1.5 million bushels ($4.8 million at $3.30 a bushel), wheat by 968,804 bushels ($3.97 million at $4.10 a bushel) and alfalfa by 415,571 tons ($25.7 million at $62 a ton.)

Meanwhile, Minnesota had only 100 hours of "ozone episodes" in 1979, Kupra said. Thus, there was no measureable wheat or corn crop loss from ozone pollution that year, he said, but there was a loss of 35,097 tons of alfalfa that would cost Minnesota farmers $1,386,332 at the rate of $39.50 a ton that year.

Kupra and other scientists at the university are conducting studies this summer on ozone and air pollution damage to alfalfa, corn, oats, potatos, soybeans and wheat.

Signs of damage already are apparent on soybean leaves they checked last week in several Minnesota counties, he said.

Green leaves will develop purple and other dark spots on the upper leaf surface, although acute ozone pollution may also affect pigmentation on bottom surfaces. Several species of trees and flowers will also sustain damage from ozone as well.

A symptom of ozone pollution damage to coniferous trees is brown and dead needles starting at the needle tip.

State universities are working with the U.S. Agriculture Department and other federal agencies in an attempt to monitor crop damage caused by ozone pollution. A preliminary national report is due in August.●

FIFTIETH BIRTHDAY OF THE OSCEOLA NATIONAL FOREST

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. FUQUA. Mr. Speaker, this month marks 50 years since the founding of the Osceola National Forest. This forest, located in Baker and Columbia Counties in my district, is enjoyed by many for its natural beauty and its recreational opportunities.

There is a danger, at this point in time, because some would destroy the forest in order to obtain phosphate. I have introduced legislation, H.R. 9, to protect the Osceola and Senator CHILES has introduced a similar bill in the Senate. Mr. Speaker, a recent editorial in the Lake City Reporter called attention to the birthday and also to the dangers posed by the specter of phosphate mining. At this time I would like to reprint that editorial in the RECORD:

[From the Lake City Reporter, July 10, 1981]

HAPPY BIRTHDAY

Today is an auspicious day.

On July 10, 1931, President Herbert Hoover proclaimed 161,813 acres in Columbia and Baker counties as the Osceola National Forest.

Thus, today is the 50th birthday of the Osceola.

We could wish the Osceola's 50th birthday could find us more optimistic concerning its future but such is not the case. Let's review briefly:

In the years since President Hoover created the Osceola the forest has supplied timber, wildlife habitat, forage for cattle, recreation for many and protection to the Florida aquifer.

Although it is the smallest of the national forests in Florida, the Osceola has indeed been mighty in terms of its many benefits to North Florida.

Now much of that benefit stands in jeopardy.

It stands threatened by the onslaught of phosphate strip mining. Mining companies are right now waging a fierce battle for the right to move their equipment into the forest lands.

As we have noted many times, the basic functions of the Osceola National Forest—as outlined above—are in no way compatible with strip mining. You can have one or the other—but not both!

Yes, we are grateful for the benefits of phosphate products. Indeed, the very food we eat is in large measure a result of these benefits.

But no one has come forth to show that the need for phosphate demands we destroy our national forest at this stage. Just the contrary, the supplies of this product seem so ample that we're shipping it to other nations.

Unfortunately, these mining companies got a strong toehold on the Osceola with permits for exploratory leases given them back many years ago. And this long before anyone gave a moment's thought to such as environmental concerns.

Now the alternatives are limited. U.S. Rep. Don Fuqua has proposed a "swap-off" with the mining companies; i.e., giving them other lands instead of the Osceola.

This plan appears to have merit but it remains to be seen if it can worked out.

Also, U.S. Sen. Lawton Chiles has offered a plan under which the mining firms would be paid off for their leases. As Fuqua's, this proposal also remains very much in doubt at this stage.

We are convinced, however, that unless we continue to wage a very strong protest against mining in our Osceola, we'll wake up one day to find the matter has been taken out of our hands.

Yes, Happy 50th Birthday, Osceola.

We pledge that we'll continue our fight to protect you . . . for our children's future!●

CONGRESSMAN WENDELL BAILEY INTRODUCES UNION DAM DEAUTHORIZATION

HON. WENDELL BAILEY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. BAILEY of Missouri. Mr. Speaker, I am today introducing legislation to deauthorize the Union Dam, an authorized Corps of Engineers dam and reservoir scheduled for construction on the Bourbeuse River in Franklin County, Mo.

The Union Dam was authorized in 1938 and to date approximately $5 million has been allocated to the project completing all preconstruction planning and advance participation on highway and bridge work. The Corps of Engineers anticipated requesting a construction start on the Union Dam in fiscal year 1978, but my predecessor, Congressman Richard Ichord announced opposition to the project and subsequently introduced legislation to deauthorize it. Mr. Ichord's opposition was based on his lengthy study of the project in 1976 as a prelude to the corps' anticipated request to begin actual land acquisition and construction on the dam. Congressman Ichord's opposition to Union Dam was based on the unique water qualities of the Bourbeuse River, the loss of superior agricultural lands, the proximity of the Union Lake project to other planned corps reservoirs, local opposition to the project, and the escalating costs of the proposed dam and lake.

Since fiscal year 1977, no further moneys have been appropriated for the Union Dam project, although the dam still remains as an authorized project. As the new Congressman for Missouri's Eighth District, I undertook my own review of the project recognizing the need for a decision on whether to halt the project or move forward to a construction start. My study has led to the conclusion that the project is no longer needed or justified and should be deauthorized. As very little land acquisition or construction has been initiated on the project, I am, therefore, introducing today a simple deauthorization bill.

I should note, however, that the corps has acquired two tracts of land for the project which the corps is currently leasing back to the original owners. Portions of these tracts were needed for the corps' advance participation on highway and bridge work in the Union Dam project area. Anticipating later need for the rest of these two tracts for actual project construction work, the corps acquired all of the tracts, and should the project be deauthorized, these lands will not be needed. As such, I believe it would only be equitable for GSA to offer the unneeded lands back to the original landowners should they want them rather than offer them first to Federal or State entities. I wish to set that as legislative history.

Mr. Speaker, the Union Dam project is part of a five-lake Corps of Engineers plan for the Meramec basin area in Missouri for recreation, flood control, fish and wildlife enchancement, and water supply. The other corps projects in the area include Meramec Park Lake, Pine Ford Lake, and the I-38 and Irondale Lakes. These five projects, however, are not interdependent. As the September 1975 final environmental impact statement for Union Lake noted, "each of the impoundments can be constructed without the others."

The primary purposes of the proposed Union Dam project are flood

control, 40 percent; recreation 31 percent; and water quality and supply, 21 percent. These needs still exist in the Franklin County area, but I firmly believe each can be addressed by less comprehensive and costly alternatives. While there is a distinct need for Federal assistance and projects in the water resources area, I also believe that local management and controls can often be more appropriate to meeting the needs at hand.

In the case of the Bourbeuse River in Franklin County, I am convinced local planning and management represent a more acceptable and viable means of resource conservation than construction of a large dam. Obviously deauthorization of the Union Dam places a great deal of responsibility on Franklin County to insure proper use, protection, and management of the river area. As Dick Ichord cautioned the county in 1976:

Steps must be taken to prohibit unwise developments; local efforts to control flooding should be undertaken; and comprehensive planning programs should be instituted to insure that the unique water and wildlife qualities of this river area are preserved for generations to come.

I believe Franklin County recognizes these needs and will ably demonstrate that local management of the Bourbeuse River is appropriate and justified.

Mr. Speaker, I realize there might be some concern among my colleagues with respect to the $5 million which has already been spent on this project. This is a realistic concern, and I share distaste for any waste of Federal funds. However, this sum of money is small in comparison to the estimated overall cost of the project which at October 1980 price levels was $93.3 million. In addition, this $5 million accomplished several needed undertakings which will be of great benefit with our without completion of the overall project. For instance, $2.7 million of this money was spent for relocation of State Highway 185 and the construction of a new bridge across the Bourbeuse at Noser Mill. The old bridge was unsafe and badly in need of replacement, and the old Highway 185 was hazardous in places and subject to periodic flooding. Replacement of both were desperately needed even without the Union Dam project.

In addition, the $2.225 million in planning moneys and resulting studies on the Bourbeuse River area will not be wasted as this information will serve as a valuable tool for Franklin County and Missouri in determining future management and land use for the area.

In order that my colleagues may become more familiarized with the proposed Union Lake project, I am inserting a current factsheet on the project. I hope my bill will be supported by the House and that the Union Dam will be deauthorized.

FACT SHEET

Project: Union Lake, Mo.

Location: The damsite is in Franklin County, Mo., on the Bourbeuse River about 32.5 miles above its confluence with the Meramec River. The lake is wholly within Franklin County, Mo.

Project purposes: Flood control, water supply, water quality control, area redevelopment, recreation, fish and wildlife enhancement, and navigation.

Authorization: Flood Control Act of 28 June 1938 (Public Law 761-75), Flood Control Committee Document I, 75th Congress, 1st session.

Physical data:

	Elevation (m.s.l.)	Area (acres)
Joint-use conservation pool	618.6	6,600
Flood control pool	651.0	12,900
Total project area		21,680

The rolled earth dam would be 2,100 feet long with a crest 150 feet above stream bed and a detached ungated spillway 200 feet wide at elevation 651.0.

Estimated cost, October 1, 1980, price level:

Item	Estimated cost
Lands and damages	$36,950,000
Relocations	2,240,000
Reservoirs	2,670,000
Dams	30,770,000
Fish and wildlife facilities	1,150,000
Roads, railroads, and bridges	1,640,000
Recreation facilities	7,750,000
Buildings, grounds and utilities	1,320,000
Permanent operating equipment	1,100,000
E. & D.	4,790,000
S. & A.	2,920,000
Total	93,300,000

Non-Federal cost sharing requirements: Repay all costs allocated to water supply, as determined by the Chief of Engineers in accordance with the provisions of the Water Supply Act of 1958, as amended.

Appropriation for fiscal year 1981: None.

Current bennefit-to-cost ratio: 1.04 to 1.

Interest rate: March 1, 4 percent.

ANNUAL BENEFITS AND COSTS

Benefits	Current estimate	Percent of total
Flood control	$2,360,000	40
Damages prevented	2,071,000	35
Increased land utilization	289,000	5
Navigation	20,000	0
Recreation	1,827,000	31
Fish and wildlife	268,000	5
Water quality	625,000	11
Water supply	578,000	10
Redevelopment	199,000	3
Total annual Benefits	5,877,000	100
Annual charges	5,668,000	

Status: Preconstruction planning has been completed.●

PERSONAL EXPLANATION

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. FRENZEL. Mr. Speaker, under doctor's orders, I have not been able to spend full days in the House of Representatives this week. As a result, I missed the vote on the Hopkins substitute to the Hillis-Brodhead amendment to the DOD authorization bill which restricted purchase by the military of foreign-made administrative vehicles. Had I been present, I would have voted "no" on the substitute, for the reasons presented in my floor statement yesterday.●

RECONCILIATION, NOT REVENGE

HON. JAMES L. NELLIGAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. NELLIGAN. Mr. Speaker, there is little doubt that our prison system is in need of improvement. The high rates of recidivism nationwide, and the recurring outbreaks of violence in certain facilities, are testimony to the need for an improved penal system.

Some interesting views on the penal system are contained in an article written by Norman C. Nusser, an inmate at the State Correctional Institution in Dallas, Pa. This article was brought to my attention by Rev. William J. Byron, S.J., president of the University of Scranton.

While I do not ageee with the entire text of the article, especially the author's plea for an expansive work-release policy, I do think the article contains some provocative ideas which should be aired. I would like to recommend this thoughtful piece, which appeared in the February 27 edition of the Philadelphia Inquirer, to my colleagues.

[From the Philadelphia Inquirer, Feb. 27, 1981]

RECONCILIATION, NOT REVENGE

(By Norman C. Nusser)

I am 56 years old and have lived more than 35 years of my life, so far, in reform schools, mental hospitals for the criminally insane, and prisons all over the United States: in Texas, Nebraska, Illinois, Georgia, New York, New Jersey and Pennsylvania.

I have had serious problems in relating to other people since I was 16. All of my offenses have been burglary. I never have committed a crime of violence. I currently have more than 13 years served on a 20-to-40-year sentence for a string of burglaries in Pittsburgh in 1967.

Over the years, I have seen all the known models of correction: rehabilitation, deterrence, retribution, and incapacitation. The current vogue in Pennyslvania is a combination of retribution and incapacitation . . . as a philosophical statement of position. Such is really only an ideological bias and has no meaning in terms of social reality.

Revenge is negative; vengeance is a desolation. Both suffer what the criminal suffers from—a lack of boundary discrimination. The purpose of society is to establish boundaries.

My experiential knowledge tells me that not one, or any combination of, these paradigms offers either just penalty or equity. The spirit of reconciliation is missing.

Whether we be righteous, unrighteous or self-righteous, we can go on only from where we are and not from where we have been. I seem to recall that a beautiful woman turned into a pillar of salt because she looked backward. Reconciliation must underlie all activity in the criminal justice system—between prisoner and correctional officer, between prisoner and bureau, between correctional officer and administration. Only then will we have a nurturing of reconciliation between the erring one and society. If one is pagan, the story of Persephone points up the same lesson.

Your writer leans toward the deterrence modality, but he knows that no modality is viable in facilities housing more than 500 inmates. Ideally, 250 inmates in a facility should be the maximum figure. Overcrowding produces fear. Fear soon becomes anger. If a man leaves prison angry, he is coming back. He isn't yet finished with it. Paranoia is endemic to close-living, to cabin-fever.

Down through the long dark years of my despair, I have noticed a few things about the human, all-too-human, qualities of the offender. The criminal is an extremely self-conscious human being and such self-consciousness is untenable. It precludes a comfortable, social relationship with others. In other words, many offenders are not necessarily anti-social (though their acts are) but, rather, they do not know how to be social.

False self-esteem keeps many of us from admitting to social inadequacy and even more of us get locked into role playing that supplants self-consciousness with arrogance. The prisoner seeks ego maximization through his emotions instead of through achievements. By achievements, I do not mean only vocational or professional success. I also mean character—responsibility and adulthood in general. After all, to care about your neighbor as you care for yourself is not a denial of selfhood but, rather, an expansion of it. Such is the real achievement in life maturity.

But psychology is not the need. Both prison staffs and prisoners already have too much psychology—to whatever ends. What is needed is to reduce cabin-fever by reducing numbers. There is no valid alternative. We need community work programs for offenders, the 75 percent who do not require total institutionalization. Creative, meaningful work for the community, whose rules the offender has broken, would provide a penalty plus the successes the erring individual needs. It also would give the community good and needed work for the money expended.

The prisoner is presently a coerced parasite costing the taxpayers $22,000 per year per prisoner. Collectively, prisoners have an 80 percent recidivism rate. Our prison system is a dinosaur—big body and little brain. It is close to being mindless in its bureaucracy. It keeps on getting bigger but not better.

Crime is social aberration. The criminal comes from society. As our society continues its social evolution upward, what is needed immediately is a gut-level application of reconciliation in our criminal justice system.

Our state legislature will take up the matter of prison "reform" in the early months of 1981. Prison reform has, in the past, always meant the moving around of furniture within the existing antiquated and outmoded facility, the existing framework. Rather, what we need to do is to update to our times and our new knowledge.

Should criminal justice start at the front door of the courthouse but stop at the front door of the prison? One only asks a question. All will be in vain if the spirit of reconciliation is not present.

I know from experience.●

SWITZERLAND: THE MOST FIREARMS, THE LEAST MURDER WITH FIREARMS

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. ASHBROOK. Mr. Speaker, those who want more gun control are endlessly telling us about countries with strong gun control laws and few gun-related crimes. And they never mention Switzerland.

We are told that Japan only has one murder per 100,000 population per year, and that that is because no one in Japan except policemen are allowed to have weapons. We are not told that Switzerland has half that rate of gun-related murders, and that every adult male in Switzerland is not only allowed, but required, to have a gun and to know how to use it.

As Ernest Moergeli, of the Swiss Military Department, puts it, "It's an old Swiss tradition that only an armed man can have political rights." The entire Swiss male population between 20 and 50 is in the military reserve, and required to keep rifles at home. They may carry them wherever they want to, so long as they are not to be used for criminal purposes.

Liberals argue that a strong gun control law is the answer to crime, in order to keep the spotlight off strict enforcement of the law. Switzerland has no national gun control law, but guns for crime are generally bought abroad. Obviously, there is a definite fear of the law.

Switzerland has consistently been the democratic country with the lowest gun-related crime rate in Europe, but, when the gun grabbers start praising strict weapons laws, it is absolutely never mentioned. I think the integrity of these propagandists can be deduced from that simple fact.

I might add that these same spokesmen never mention that the gun-related crime rate, which they praise under the strict Japanese law, is slightly lower among Japanese-Americans in California, where guns are readily available. It seems to me that such gaping omissions tell a great deal more about the veracity of gun-grabbing zealots than they do about gun control itself.●

RECYCLING BOOSTS CITY COFFERS

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. FLORIO. Mr. Speaker, we, in the Congress, grow increasingly concerned over the spiraling costs associated with operating our cities. One rapidly rising cost is waste disposal. Not a city in this country can escape responsibility for protecting the public health and welfare from the potential hazards posed by waste disposal. Nor can our cities be assured of adequate future waste disposal capacity. And the volume of wastes continues to grow with the size of our population.

For most, this presents a gloomy picture. However, our local governments are beginning to turn adversity into a profitable advantage. I am pleased to include in the RECORD an article recently carried by the Gloucester County Times which illustrates the kind of impact that some ingenuity and decisive action can have. One such community is Woodbury, N.J. In this case, the city council adopted an ordinance requiring residents to sort and separate their garbage. This decisive action reduced disposal costs and generated a profit which combined yields approximately $3,000 monthly.

TRASH TO CASH: RECYCLING LAW IS PAYING OFF

(By Bob Hordt)

WOODBURY.—This city is proving trash can be profitable, according to the latest figures on its new mandatory recycling program.

Woodbury saved almost $3,000 a month during March, April and May, Councilman Donald P. Sanderson reported Tuesday. The savings is the result of 305 tons of recyclable trash that was sold instead of dumped in a costly landfill during the period.

In February an ordinance went into effect requiring residents to separate their trash into paper, glass, aluminum, mixed metals, and all other trash. Failure to observe the local law could mean fines of up to $500, although scavengers—people who "steal" recyclable items from the curbside—have been the only ones prosecuted under the ordinance.

Heading the list of recyclable materials were paper and glass. Although more paper was collected, glass fetched a higher price. In the three-month period, 184 tons of mixed paper was collected and sold for $1,334.

In the same period, 96 tons of glass was collected and sold for $2,951. Twenty-six tons of mixed metals were collected for $730 and although only 1,350 pounds of aluminum was picked up—not even one ton—it added $270 to the city's coffers.

In addition to the revenue, Sanderson calculates that if these materials had to be dumped in the Kinsley Landfill, where rates this year increased dramatically, it would have cost the city $3,502.

Averaged out, the savings from not having to dump the recyclables and the revenue

generated from their sale comes out to $2,929 a month.

Sanderson said the city is now considering asking residents to separate grass clippings from their trash. He said top soil firms find the material useful to add to their fill. The material would not be sold, Sanderson said, but the city could further reduce its waste that has to be dumped at Kinsley.

The 3rd Ward councilman also announced that beginning July 20, policemen will begin riding along with trash crews in an effort to crack down on residents who are not complying with the recycling ordinance.

Sanderson said summonses will be issued to people whose trash is not separated.

The city is also looking into a new way to cut its overhead in handling recyclable materials. The city may rent containers from the Cumberland County Recycling Corp. in which materials could be compacted. Because the company would transport its own containers when they are filled, the city would not have to bring the materials to market.●

RESOLUTION ON INDEPENDENCE IN AFGHANISTAN

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. DERWINSKI. Mr. Speaker, I am introducing today a resolution calling on the administration to undertake to reflect the concerns of the Congress and to underscore the traditional commitment of the United States to the right of all peoples to independence and autonomy as it applies to the situation in Afghanistan.

Yesterday we commemorated Captive Nations Week in the House, and quite logically, we must consider Afghanistan to be the latest captive nation of communism.

We cannot ignore the Soviet military occupation of Afghanistan which, unfortunately, is no longer receiving the media coverage it deserves.

I urge all Members who have not already joined me in sponsoring this resolution to focus your attention on the situation in Afghanistan and strengthen the effectiveness of my resolution by adding your name as a cosponsor.●

DETROIT—A TALE OF TWO CITIES

HON. GEO. W. CROCKETT, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. CROCKETT. Mr. Speaker, much has been said about the bleak future of the city of Detroit, and the continuing economic crises our community suffers—inflation and recession, high unemployment and insufficient resources for public and private projects.

Now, however, Max Fisher, one of Detroit's most illustrious citizens, has spoken out with optimism and confidence that Detroit will overcome these problems in the next decade. His thoughts, published in last Saturday's New York Times, are entitled "Detroit—A Tale of Two Cities." Mr. Fisher's perspective, coming from his long experience as businessman and community leader, is especially meaningful. His present position, as chairman of Detroit Renaissance, has allowed him to be at the forefront of the revitalization of Detroit's downtown area, and to take a lead in fostering business interest in the area.

I would commend Mr. Fisher's remarks to my colleagues, and ask that it be included in the RECORD so that they might have the opportunity to read it:

DETROIT—A TALE OF TWO CITIES

(By Max Fisher)

DETROIT.—When the United States emerged from the turbulent 1960's, Detroit had become just about everybody's best example of the worst aspects of our nation's deteriorating northern metropolitan centers.

Physical decay, crippling social and economic ills, increasing crime and decreasing population—Detroit suffered them all. But so did virtually all major urban centers. Yet it was the Motor City that had become tagged in the national consciousness as "the problem city."

Granted, we did have more than our share of troubles, but the civic, business, and governmental leadership of the community got together to seek solutions for our problems and to tell the rest of the world that "Detroit ain't down yet."

How successful have our efforts during the last 10 years been?

I must confess that for a casual outside observer looking at our current conditions, the temptation would be to question whether our city has made any real progress as we move further into the 80's.

Today, Detroit is suffering through a severe economic recession, with the domestic automobile industry struggling to recover from its worst losses in history; massive unemployment has been tearing at the social fabric of the city; Federal and state funds for future revitalization projects are threatening to dry up; and the city's financial situation is precarious, to say the least.

In light of this rather grim list of problems, the further question might be whether our prospects for the next 10 years are going to be any better.

To address these questions, we must first place our position today in perspective with our position of 10 years ago.

Charles Dickens could have been writing about Detroit in 1971 when he began "A Tale of Two Cities"—"It was the best of times, it was the worst of times . . . it was the spring of hope, it was the winter of despair. . . ."

In my version of a tale of two cities, both cities are Detroit: Detroit 1971 and Detroit 1981.

Ten years ago, the emphasis certainly was on our winter of despair; not only were we called "the murder capital" but also a dying city.

But our community leadership initiated a true modern renaissance in 1971.

In just the last five years, more than $3.6 billion has been invested in and around the downtown district, including the construction of Renaissance Center. The decade has seen the rehabilitation and stabilization of hundreds of neighborhoods, construction of the first nonsubsidized housing skirting the central business district, and sharp reductions in crime rates.

Tens of thousands of Detroit-area residents swarm into the central district for weekend entertainment and enrichment.

Perhaps the most apparent evidence of Detroit's resurgence in the national eye is the dramatic increase in our tourist and convention business, which has tripled since 1971 and culminated last year in the Republican National Convention.

Most important, the accomplishments of the last 10 years have injected new pride in our city and ourselves. Detroiters have developed a new sense of community, a feeling that they can meet and solve present and future problems.

That is the tale to be told about the second city, the Detroit of 1981—a city that in the recent memory of the entire nation not only survived the urban crisis of the 60's but showed the rest of the nation the way to fight back and survive.

I have no intention of minimizing the problems besetting us today. But I believe we have hit bottom and are on the way back.

So what is the bottom line for Detroit during the next 10 years?

Is there really sufficient reason for long-term optimism in the face of the massive problems facing Detroit?

To me the answer is obvious. There are abundant reasons for confidence in our future success. Our physical revitalization will continue; thousands of housing units will be built downtown; we will have a subway and people-mover; there will be an enclosed shopping mall downtown; the new Cadillac plant will open in the central industrial district as we rebuild our industrial base.

We also offer a tremendous number of resources: a huge trained multi-skilled labor force; unsurpassed research facilities; an established urban infrastructure; statewide recreational facilities that are among the best in the nation; an unequaled fresh-water supply; and an abundant and competitively priced supply of energy.

With all of these resources going for us, our record of rising above past adversities, and the dedicated and committed leadership that has proved its ability so well in the past, a tale will be told in 10 years of a third city: Detroit 1991.

That will be a city with a comprehensive transportation system, a large downtown residential base, a strengthened retail district—a booming industrial center and a reputation as one of North America's most cosmopolitan and attractive communities.●

FOOD SAFETY

HON. ARLAN STANGELAND

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. STANGELAND. Mr. Speaker, on June 25, I joined over 40 of my colleagues in introducing a significant and necessary piece of legislation, H.R. 4014, the Food Safety Amendments of 1981. The introduction of this measure

marks the beginning of an important and essential undertaking by Congress—that of addressing the critical need for modifications and improvements in our laws dealing with food safety. This action is extremely important to consumers, and to the producers of this country who work to provide Americans with an abundant supply of safe and healthful food at an affordable price. Americans have the best and safest food supply in the world, but our present system has flaws which have caused and will continue to cause problems for both consumers and farmers, alike.

This legislation amends four major existing laws—the Federal Food, Drug and Cosmetic Act, the Meat Inspection Act, the Poultry Products Inspection Act, and the Egg Products Inspection Act. Regulatory agencies would be instructed to base food safety decisions on "significant" risk findings, rather than on a "zero risk" theory which many scientists criticize as outmoded and impractical in light of changing technology. H.R. 4014 would further require that safety decisions be developed through the best available scientific judgment. In addition, it would provide authority for phasing out substances in situations where the public interest would be better served than by an immediate ban.

As we all know, the recent Government handling of the nitrite fiasco was in large part responsible for a broader acceptance of needed changes in our food safety laws. The repercussions and damage resulting from the mishandling of the nitrite case will be with us for some time to come—especially for pork producers and processors. As a farmer, I shared with my friends and neighbors in Minnesota, and others throughout the country, a measure of disbelief at the callous manner in which the nitrite case was handled by Government agencies that seemingly had no concern for the producers affected by their actions. Estimates of loss to the pork industry as a result of the whole episode have run into the millions of dollars. We must not allow this to happen again. It is not in the best interests of either producers or consumers and it lessens the confidence of both groups in our Government.

Mr. Speaker, H.R. 4014 is not the final word on this important matter. It does, however, provide an important starting point for considering the many varied and complex issues involved in food safety and for finding a balanced solution to a serious national problem. We are seeking a reasoned approach toward dealing with food safety. Our goal is to determine a way to evaluate food safety risk through sensible and consistent procedures based on scientific evidence.

I would like to commend those who have worked to develop a measure that many varied groups feel they can support as a basis for providing better protection for consumers while at the same time affording the safeguards necessary for preventing another performance such as that we witnessed with nitrites. I look forward to working with my colleagues in the House on this endeavor, and urge those Members who are not already cosponsors of H.R. 4014 to join us in this effort.●

TRIBUTE TO CHET HOLCOMBE

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. LAGOMARSINO. Mr. Speaker, on the occasion of his retirement, I am pleased to pay tribute to a truly exceptional resident of my district, Mr. Chet Holcombe of Santa Barbara, Calif.

Chet, a superb journalist, is a dedicated and selfless member of our community. It was with a feeling of regret that I read his final regular column in the Santa Barbara News-Press on July 5.

To date, he has lived a gratifying life, and those who know him realize there is plenty of excitement and energy yet to come. Graduating from Syracuse University, he went to work for the Rochester (N.Y.) Times-Union. Soon after, he joined the staff of the Los Angeles Examiner. But Chet yearned for still more adventure. He took a job shoveling coal on a seagoing freighter. Subsequently, he accepted a job with the Japan Times and then joined International News Service in Shanghai and Hong Kong in 1940. In 1941 he went to work for United Press in Singapore, getting out just as Japanese forces were attacking. Chet served in the Army upon his return home, and soon after, he returned to Asia where he became editor of Roundup, Gen. Joe Stilwell's paper in India. After the war, Chet and his wife Adabeth settled in Santa Barbara where Chet began a productive 34 years with the News-Press.

Mr. Holcombe has met many of the world's most influential and historical figures in the course of his career, including Presidents Franklin Roosevelt, Harry Truman, Dwight Eisenhower, Richard Nixon, and Ronald Reagan, Mahatma Gandhi, Madame Chiang Kai-shek, Charles Lindbergh, Thomas E. Dewey, Robert Kennedy, and Lord Mountbatten.

These adventures and experiences, combined with his obvious journalistic talent, prompted awards of achievement from the National Headliners Club and the California Newspaper Publishers' Association.

In addition to his professional contributions, Chet gives a lot of himself to our community. He is active in the Lions Club, has taught nonfiction writing classes for adult education programs and has organized a foreign affairs seminar. Moreover, Chet has filled in for the most popular man in any of our districts; he plays Santa Claus in the annual Santa Barbara Christmas parade.

I could not allow this occasion to pass without calling attention to the achievements and fine character of Chet Holcombe. I will miss Chet's column in the News-Press, but I am encouraged to know that Chet and Adabeth plan to continue to live in Santa Barbara where he will no doubt continue his involvement and contribution to his community.●

WHAT REAGANOMICS IS ALL ABOUT

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. MICHEL. Mr. Speaker, we hear so much and read so much about "job creation" that we forget it is the small enterprises, not the giant corporations who create most of the new jobs in our country. This fact is too often overlooked and I think much of the debate on the tax proposals of President Reagan concerns misconceptions about just who will benefit.

David M. Smick, chief of staff to our colleague JACK KEMP, has recently written an article explaining exactly how the free enterprise system works—when it is allowed to work.

At this point I wish to include in the RECORD, "What Reaganomics Is All About" by David M. Smick, from the Wall Street Journal, July 8, 1981:

[From the Wall Street Journal, July 8, 1981]

WHAT REAGANOMICS IS ALL ABOUT

(By David M. Smick)

In the late 1930s, Chester Carlson had a revolutionary idea—an electrostatic printing process—which he tried to sell to the top mimeograph companies in America. Turned away time and again, he finally converted his kitchen into a workshop and went into business for himself. There was risk and a shortage of capital, but the tiny enterprise survived and prospered.

Today, we know it as Xerox.

Were Mr. Carlson alive, he probably would ask, "What ever became of those smug mimeograph companies?" The answer is that they fell victim to what Joseph Schumpeter, the economic theorist, called "the creative destruction of capital"—the process by which a new idea enters the marketplace, making existing capital worthless.

What sounds like some arcane concept is the heart of Reaganomics. It explains the President's understanding of how growth is produced in the private sector, and why he believes, against a multitude of critics, that his across-the-board tax cuts for people will lead directly to new jobs.

To give the President credit, most policymakers have in recent years understood the process of job creation about as well as John McEnroe has mastered the art of diplomacy. Mention "jobs" and the picture is of giants of industry like Chrysler and U.S. Steel either protecting existing jobs or expanding plant and equipment to create new ones.

Actually, the Fortune 500 have experienced virtually no net job growth for more than a decade. The newest research shows instead that nearly all new jobs are coming from firms with precisely the opposite characteristics.

They are not only small, but minuscule. Nearly 70 percent of new jobs come from firms with 20 or fewer employes. Almost 100 percent of net new jobs in the Northeast come from such firms.

They are young. Most new jobs come from firms four years old or less.

They are unpredictable and unstable. The more stable a firm is, the less likely it is to produce new jobs.

FAIL NATIONALLY AT SAME RATE

Many of these fledgling enterprises will go out of business (four out of five do so within the first year) with new ones springing up to take their place. Frostbelt or Sunbelt, such businesses fail nationally in metropolitan areas at roughly the same rate—8 percent a year. Booming Houston, according to David Birch of MIT, proportionally has more business failures today than the old cities of Boston, Baltimore, Hartford-indeed more than almost every other city in the U.S.

What these facts and statistics create is a perfect object lesson. Houston's success stems not from a strong defense, but a strong offense. Entrepreneurs with new ideas are creating jobs at a pace far exceeding the rate jobs are lost, providing Houston a tremendous engine for prosperity.

The secret to maintaining high levels of national employment is hardly import quotas or Chrysler-like bailouts or even tax proposals aimed merely at modernizing existing plant and equipment.

The secret is creativity—encouraging a groundswell of men and women with fresh ideas to strike out on their own. The secret lies in the enterprises yet unborn, the oil wells yet undrilled, the inventions yet untried. Some of these fledgling entrepreneurs will fail, but others—like Chester Carlson—will replace today's capital and products with new and better ones, to the benefit of all of us.

The irony is that city planners, government growth economists and even successful corporate executives usually find this thinking unrealistic. The reason may be that productive change is not in their own vested interest. But it also may result from the great frustration that in this age of sophisticated econometric models and corporate "five-year plans," enterprise and job growth is just as unpredictable as it was decades ago. It still involves the dynamic process of two competing forces: success and failure. And perhaps most frustrating, it continues to depend directly on the creative implementation of new ideas by folks who, in the eyes of corporate America and the federal government, appear unpolished and relatively inexperienced.

If you have met a true entrepreneur even once, you know they tend to be nothing but crazy. Like Chester Carlson, they appear illogical dreamers, even though many have that inner genius for success. As a sophisticated business or government executive would you, or could you, take the risk of investing in such unpredictable characters knowing that many will end up as miserable failures? Perhaps this is why large institutions have not provided many permanent new jobs.

While entrepreneurs may be crazy, they are crazy like a fox. Most expect to lose money in the early years; still they make a careful calculation of current risk against future reward. They are society's dreamers and will endure incredible risk—far more than established business—with promise of great future reward.

In a sense, every individual is a potential entrepreneur. By that I mean that we have near limitless sources of both human and financial capital—professionals in high tax brackets working only three days a week, mid-level industry technicians teeming with new ideas but apprehensive of the risks of individual enterprise, and many others.

Notice this is not just capital formation, but capital mobilization. Capital is more than money. It is also productive ability and thus exists in the minds, hands and hearts of people. The question is, how do you encourage these potential new wealth and job creators to invest their talent and savings in a new enterprise instead of in real estate, elaborate tax shelters, money market funds or in doing nothing at all? What they need is a climate of economic buoyancy, so necessary to individual initiative, and a system that capitalizes on human nature by strengthening the link between effort and reward.

House Speaker Tip O'Neill calls this "the whims of free enterprise." With all due respect, it is precisely such entrepreneurial risk-takers, now lining Route 128 outside Boston with small "hi-tech" firms, who are shouldering his city's job and tax base. If he simply visited these enterprises, the Speaker would discover that entrepreneurial success in America is taxed and harassed more than in just about any other free industrial country. By the sheer force of logic, he would immediately help lower or eliminate the capital gains tax, lower the corporate rate, eliminate senseless overregulation and, most importantly, lower marginal tax rates on personal income across the board.

POTENTIAL ENTREPRENEURS

After all, 90 percent of American businesses still pay taxes through the personal schedules. These include proprietorships, partnerships and all the other noncorporate entities engaging in enterprise. Just as vital are potential entrepreneurs who, before entering a risk situation by pulling savings out of tax shelters, look instinctively to their personal tax bracket, which inflation has pushed higher and higher in recent years.

This is why President Reagan calls his across-the-board personal tax-rate reduction plan a "small-enterprise incentive" and why he favors the proposed end to the distinction between "earned" and "unearned" income (establishing a top tax rate on personal income of 50 percent now, with the goal of 35 percent as soon as is politically possible). Both increase the after-tax reward for greater entrepreneurial risk, for the direct creation of jobs.

Congress, with a false sense of sophistication, has always preferred more complicated solutions to the creation of jobs—the targeted gimmicks with built-in "triggers" that have failed for so many years. Yet the birth of an enterprise has an elusive, almost metaphysical quality that makes targeting, planning, certainty and "sophistication" most difficult. Something as common and essential as the ballpoint pen was conceived by, of all people, an insurance executive on his summer vacation. The arrival of the automatic transmission had little if anything to do with the multi-million-dollar engineering departments of Detroit's Big Three.

Growth involves ideas and thus is unpredictable. All we can provide is buoyancy—that sense of economic boundlessness where a person can, with energy and initiative, take a new idea as far and as high as he or she wants. If we can keep that initiative from being stifled, as it is today by an inefficient tax and regulatory system, people may once again follow their dreams. Allow entrepreneurs and potential entrepreneurs across-the-board worthwhile returns on their effort and they will start taking risks. Our entire economy will gain in production and jobs, and the nation will regain the energy and opportunity and spirit upon which its greatness depends.●

BIOMEDICAL AND BEHAVIORAL RESEARCH

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. DINGELL. Mr. Speaker, two important issues in the upcoming Senate-House conference on the budget reconciliation bill will deal directly with biomedical and behavioral research.

Today I received a letter signed by a large number of research and allied organizations, describing the reasons why the provisions of the Committee on Energy and Commerce, accepted by the House 2 weeks ago, in regard to research training, should be accepted in conference. It also comments on the so-called authorization cap on the National Institutes of Health contained in the Senate version of the bill.

I believe my colleagues would benefit from their study of these cogent and compelling views.

JULY 9, 1981.

Hon. JOHN DINGELL,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. DINGELL: As the Congress approaches its final decisions on the Budget Reconciliation Act of 1981, the organizations listed below, all of whom have been deeply engaged with the health and medical programs of this nation, have carefully studied the provisions in the House and Senate Reconciliation Bills germane to their interests. The major element that unites this group of organizations is their deep and lasting concern about funding for biomedical and behavioral research and research training, because of their importance to the future health and prestige of the nation. Each of these activities—research and research training—is treated differently in the two bills.

The spending ceilings in the First Concurrent Budget Resolution have been dictated by the tenor of the times; it is critically important, however, to note that both Senate and House proposals fall within the targets set by this Act. But here the similarity in the two proposals ends.

The primary responsibility of the Federal Government for sponsorship of the nation's biomedical and behavioral research enterprise is both well established and unquestioned. An essential derivative of that responsibility involves the assurance of an adequate research manpower pool, as measured in terms of quantity, quality and diversity. This is not to say that the Federal Government necessarily should bear the total costs of training all of the nation's biomedical scientists, indeed, significant numbers of trainees receive their stipends from other than Federal sources. But as with biomedical research, the Federal Government is the only source of funds to assure the otherwise unmet needs. Arising from that Federal research manpower responsibility has been recognition of the importance of establishing and subsequently maintaining a high quality in the scientific environment in which research training takes place. Thus, the National Institutes of Health and the National Institute of Mental Health, for almost forty years, have purposefully provided funds over and above those necessary to support individual trainees so as to assure a proper institutional training capability. Furthermore, those agencies intended that all trainees in these locals should benefit from this capability, regardless of the source of their stipends.

Section 6269 of H.R. 3982, authored by Representative Waxman and included in the package from the House Energy and Commerce Committee submitted by you, the Chairman, is a thoughtfully considered accommodation to an unhappy fiscal circumstance, structured in such a way that unavoidable short-term sacrifices will not compromise long-range program objectives. It recognizes fiscal stringency by substantially reducing the authorization ceilings for these research training programs. At the same time, it preserves the basic character of the programs, including retention of support components that have been responsible for the creation and maintenance of high quality training environments in virtually all of the disciplines of biology and medicine (H.R. 3982 authorizes $194 million for fiscal year 1982, down from $222.5 million in fiscal year 1981, and provides for 10,000 research trainees and institutional support to assist in the training). It is totally compatible with the action of the Congress just six weeks ago in rejecting most of the rescissions for fiscal year 1981 appropriations for NIH. The action endorsed full support for a reasonable number of stipends as well as for institutional support and indirect costs.

S. 1377, the Senate Budget Reconciliation Bill, has no specific language on the subject of research training. The substantive bill, S. 800, which does contain specific language, is still deadlocked in the Senate Labor and Human Resources Committee. The latter bill sets an authorization ceiling of $147.3 million, which would result in significant reductions in either the number of training stipends or the level of institutional support and indirect cost reimbursement.

Therefore, if the conferees accept the House provision in this matter, the issue would be resolved immediately, would maintain program integrity, would continue the level of trainees and institutional support at both the Senate and House appropriation committees' desired levels and would also render unnecessary still another Senate-House conference confrontation on the issue in the future. For these reasons, all of the undersigned organizations and their constituents endorse the House provisions and are communicating that position to your colleagues in the House and Senate.

In the area of biomedical and behavioral research generally, the other matter of vital interest to this group of organizations, Section 1101-5 and 1101-6 of S. 1377, contain a provision that could seriously damage the National Institutes of Health and the National Institute of Mental Health. The undersigned organizations hope that you will succeed in eliminating the arbitrary, unprecedented and unnecessary funding "cap" that the Senate proposes be placed on the entire NIH and NIMH operation. This "capping" provision would terminate an unusual but strikingly effective legislative arrangement for those two agencies whereby the Congress has been able to exploit promptly, opportunistically and responsibly the unpredictable pace and directions of the emergent science. The result has been the development of the most important force in medical science that the world has ever seen.

For over 30 years, support for these programs and their objectives have been full and bipartisan in the Congress. We urge, therefore, that you and your colleagues adopt the House-passed approach to the support of research training and reject the funding ceilings on NIH and NIMH contained in the Senate bill.

COSIGNEES

Academy of Clinical Laboratory Physicians and Scientists.
American Academy of Dermatology.
American Academy of Neurology.
American Academy of Ophthalmology.
American Academy of Orthopedic Surgeons.
American Academy of Pediatrics.
American Association for Dental Research.
American Association for Thoracic Surgery.
American Association of Anatomists.
American Association of Chairmen of Departments of Psychiatry.
American Celiac Society.
American College of Gastroenterology.
American College of Physicians.
American Council on Education.
American Diabetes Association.
American Federation for Clinical Research.
American Fertility Society.
American Gastroenterological Association.
American Liver Foundation.
American Neurological Association.
American Pediatrics Society.
American Psychiatric Association.
American Society for Clinical Investigation.
American Society for Gastrointestinal Endoscopy.
American Society for Parenteral and Enteral Nutrition
American Society for Pharmacology and Experimental Therapeutics.
American Society of Biological Chemists.
American Society of Clinical Pathologists.
American Society of Hematology.
American Surgical Association.
American Thyroid Association.
Association for Academic Psychiatry.
Association for Advanced Technology in Biomedical Sciences.
Association for Medical School Pharmacology.
Association for the Behavioral Sciences and Medical Education.
Association for the Study of Liver Disease.
Association of American Cancer Institutes.
Association of American Medical Colleges.
Association of American Universities.
Association of Anatomy Chairmen.
Association of Medical School Microbiology Chairmen.
Association of Medical School Pediatrics Department Chairmen.
Association of Medical Schools of New York.
Association of Orthopaedic Chairmen.
Association of Professors of Dermatology.
Association of Professors of Gynecology and Obstetrics.
Association of Professors of Medicine.
Association of Program Directors in Internal Medicine.
Association of University Professors of Neurology.
Center for Ulcer Research and Education Foundation.
Central Society for Clinical Research.
Child Neurology Society.
Children's Liver Foundation.
Coalition for Health Funding.
Cooleys Anemia Foundation.
Cystic Fibrosis Foundation.
Endocrine Society.
Friends of Eye Research, Rehabilitation and Treatment.
Gluten Intolerance Group.
Health Policy Council.
Infectious Disease Society of America.
International Association of Enterostomal Therapy.
International Foundation for Ileitis and Colitis.
International Society for Neuroendocrinology.
Juvenile Diabetes Foundation.
Lawson-Wilkins Pediatric Endocrinology Society.
National Association of State Universities and Land-Grant Colleges.
National Society for Medical Research.
North American Society for Pediatric Gastroenterology.
Pediatric Liver Research Foundation.
Public & Scientific Affairs Board, American Society for Microbiology.
Society for Critical Care Medicine.
Society for Gastrointestinal Assistants.
Society for Investigative Dermatology.
Society for Neuroscience.
Society for Nuclear Medicine.
Society for Pediatric Research.
Society for the Study of Gynecologic Investigation.
Society for the Study of Reproduction.
Society of Teachers of Family Medicine.
United Ostomy Association.
Western Institute for Occupational and Environmental Science.
American College of Chest Physicians.
National Hemophilia Foundation.●

HOMEWORKERS NEED PROTECTION

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. SOLARZ. Mr. Speaker, I would like to bring to the attention of my colleagues Resolution 1142 of the New York State Assembly, which passed the assembly labor committee chaired by Clifford E. Wilson, assemblyman, from Ridgewood, N.Y. This resolution calls upon the U.S. Secretary of Labor to withdraw his proposal to repeal

Federal industrial homework regulations.

New York State has a long illustrious history of progressive labor legislation that has protected and assisted its work force. This is an important issue deserving our serious consideration and attention. I therefore, would like to bring it to the attention of my colleagues.

Mr. Speaker, I ask that this resolution be reprinted in the RECORD.

NEW YORK STATE LEGISLATIVE RESOLUTION

Legislative resolution memorializing U.S. Secretary of Labor, Raymond J. Donovan, to withdraw his proposed repeal of Federal industrial homework regulations.

Whereas, approximately forty years ago, the Wage and Hour Administration, concerned about enforcing the minimum wage and maximum hour and child labor standards, provided for in the Fair Labor Standards Act, researched and concluded that there were seven industries in which it was impossible to enforce these standards under industrial homework conditions, and as a result homework was banned in the following industries: jewelry, gloves and mittens, knitted outerwear, women's apparel, buttons and buckles, handkerchiefs and embroidery; and

Whereas, Secretary of Labor Raymond J. Donovan has now proposed to repeal Part 530 of Title 29 of the Code of Federal Regulations, thereby abolishing these much needed regulations covering industrial homework; and

Whereas, New York State has more extensive regulations specifying the conditions under which homework will and will not be permitted; and

Whereas, A system of state by state regulation of industrial homework would cause a competitive disadvantage to those states such as New York which are more concerned about guarding against abuses in the areas of child labor, pay below minimum wage and poor health and safety conditions; now, therefore, be it

Resolved, That this Legislative Body hereby respectfully memorializes United States Labor Secretary Raymond J. Donovan to withdraw his proposed repeal of federal industrial homework regulations; and be it further

Resolved, That copies of this Resolution, suitably engrossed, be transmitted to the Honorable Raymond J. Donovan, United States Secretary of Labor and each member of Congress from the State of New York.●

THE SBA 8(a) PROGRAM: AN INVESTMENT IN THE FUTURE OF AMERICA'S MINORITY BUSINESSES

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. OTTINGER. Mr. Speaker, I am including in today's RECORD a letter I received from Mr. Edward A. Johnson, president of Tri-Par Fuel in Bronx, N.Y. Mr. Johnson presents a most enlightening examination of the Small Business Administration 8(a) program for economically and socially disadvantaged business concerns. He offers some compelling arguments against withdrawing support for this program, which is so vital to disadvantaged yet qualified firms who wish to enter the mainstream of American competition.

I commend Mr. Johnson's excellent analysis to the attention of my colleagues:

Congressman OTTINGER,
Rayburn House Office Building,
Washington, D.C.

DEAR CONGRESSMAN OTTINGER: Since its inception over a decade ago, the SBA 8(a) Program for economically and socially disadvantaged small business concerns has been the target of an enormous amount of criticism—more often destructive than constructive. Allegations of fronts, advance payment and business development expense abuses, program mismanagement, and cradle-to-grave free rides have crossed each other so often in the media, in congressional hearings, and in internal executive branch reports that the resulting tangle has totally obscured the original purposes of the 8(a) Program. The purpose of this paper and those which will follow is to examine the 8(a) Program through lenses not clouded by hysteria. This first paper will start at the beginning: "Why was the 8(a) Program established?" It will demonstrate that many of the conditions which first gave rise to a program which reserved certain federal procurement contracts for small business concerns controlled by economically and socially disadvantaged individuals still exist today. Thus, we will also discuss the equally important question of "Why should the 8(a) Program continue?"

Later papers will discuss other important aspects of the 8(a) Program: past and present abuses and means by which they can be controlled; guidelines by which to determine when a firm should be "graduated" from the Program; and ways in which SBA can better assist economically and socially disadvantaged small businesses.

We would like to make one point emphatically clear from the beginning: We disagree strongly with those who feel that the 8(a) Program is somehow destroying the free enterprise system by denying firms which are controlled by non-minorities any chance at Federal procurement contracts. We disagree strongly with those who believe that the 8(a) Program is a government handout to incompetent and unqualified firms. And we disagree most emphatically with those who hold that the 8(a) Program is so rife with abuse, plagued by mismanagement, and inherently unredeemable that it should be destroyed.

Two recent bills introduced in the House of Representatives provide all too flagrant examples of the hysterical overreaction to the past problems of the 8(a) Program. H.R. 3328 would terminate the 8(a) Program effective 180 days after passage of the legislation. It would require SBA, within 90 days of the bill's enactment, to submit to its congressional oversight committees "recommendations for legislation which will carry out the purposes specified in section 2(c) of the Small Business Act more effectively than such purposes were carried out under section 8(a) of such Act." H.R. 3330 would immediately terminate the "Pilot Program", under which SBA can more actively select contracts for minority small businesses.

We recognize that problems exist with the 8(a) Program. However, we do not agree that the best way to treat a disease is to cut off all medical assistance to the patient while physicians confer for months about what might be a more beneficial treatment. The problems which gave rise to the 8(a) Program—discrimination against members of certain racial and ethnic groups that not only impeded but often totally blockaded them from entering the free enterprise system—are still all too real. And they far outweigh the problems which have arisen in the administration of a novel program to treat those ills. The 8(a) Program cannot cure all the problems facing minority business enterprises. However, it has helped economically and socially disadvantaged small businesses start to obtain a foothold in the American marketplace. If managed more effectively, and in ways which are more in accord with the original goals of the Program and benefit from the learning experience of past problems it could do much more. If destroyed and replaced at some indefinite time with another untried program, all that has been gained from the 8(a) Program will be lost. We do not want to see that happen.

In 1970, after a decade of intense nationwide racial and social upheaval, President Richard Nixon instituted a program to aid minority-owned small businesses within the Small Business Administration. In so doing, he recognized that "Members of minority groups have aspired to own their own businesses and thereby to participate in our free enterprise system", but, "through no fault of their own have been denied the full opportunity to achieve these aspirations." Executive Order No. 11518, 35, Fed. Reg. 4939, March 20, 1970.

An examination of statistics reveals just how complete that denial of opportunity had been. In 1969, the Department of Commerce reported that only 4.3% of the 7.5 million businesses in America were minority owned. Commerce figures from 1967 indicate that total minority business receipts from that year were only 0.7% of the total 1967 receipts—$1.498 trillion—reported by all business. In 1972, the average receipts per black firm amounted to only $13,000 per year.[1]

In 1978, Public Law 95-507 transformed the rather loose mandate of Executive Order No. 11518 into a specific program with the purpose of assisting socially and economically disadvantaged individuals to achieve competitive viability in the economic mainstream. Federal government assistance in the form of the 8(a) Program would be used to overcome two of the major obstacles to reaching the goal of competitive viability—lack of access to equity capital and to technical and managerial know-how.

Though the times have changed, the need for a program to assist small businesses owned by socially and economically disadvantaged individuals has not. Despite efforts over the past decade, the same impediments, though perhaps more subtle now, continue to thwart the initiative of talented men and women who, because of their color ethnic backgrounds, are unable to break through traditional barriers to enter the "mainstream" of the free enterprise system.

Although minorities constitute more than twenty percent of the population today, less than four percent of the total number of firms are minority-owned, and less than two percent of all business receipts come from

[1] 1972 Survey of Minority-Owned Business Enterprise-Black, U.S. Department of Commerce (MB72-1).

minority firms.[2] The largest black-owned firm in the country still had gross sales of less than $100 million in 1980.[3] These statistics underscore the continued importance of the 8(a) Minority Small Business Program as a tool for boosting minority small businesses across the socio-economic barrier to competitive viability.

A recent GAO report [4] revealed that total fiscal year 1980 U.S. Government procurement for goods and services amounted to approximately $9.1 billion. Total U.S. Government procurement from disadvantaged firms during the same period amounted to approximately $3 billion dollars, only $1.64 billion (or 1.8%) of which moved through the 8(a) Program.

In fiscal year 1979 1.5% of all Federal contract awards (measured in dollars) over $10,000 went to minority and disadvantaged firms—both 8(a) and non-8(a).[5] Only 8.7% of Federal contracts (measured in dollars) under $10,000 went to minority and disadvantaged firms. When measured by the number of contracts awarded, the figures are similarly depressing. Only 2.7% of all Federal contracts over $10,000 are awarded to minority or disadvantaged firms, and only 1.4% of contracts under $10,000 go to such firms.

The total dollar amount of all contract dollars awarded to minority and disadvantaged firms—again, both 8(a) and non-8(a)—fiscal year 1979, the year following the enactment of Pub. L. 95-507, come to only $2,138,713,000. In the same year, General Dynamics Corp., the country's largest defense contractor received $3.5 billion dollars in contract awards.[6] One Member of Congress claims that since 1974 a total of $4,901,800,000 has been awarded to all of the 4,000+8(a) participants who have ever participated through the Program.[7] To put this number in perspective, we would note that in one fiscal year alone (fiscal year 1980) General Dynamics and McDonnell Douglas, the nation's two largest defense contractors, received $6,764,463,000,[8] or over 37% more support in one fiscal year than 4,000 8(a) firms did in more than seven years.

These statistics and all too many more in the same vein show that minority-owned businesses, despite the 8(a) Program, still have an inordinately small share of the American free enterprise system. Some would point to that as a sign of the ineffectiveness of the 8(a) Program. In fact, it merely indicates the magnitude of the problem. Several hundred years of discrimination in the marketplace could not possibly be eradicated by a new, untried Program. The problems from which the 8(a) Program has suffered do not indicate that the Program should be scrapped, but that it should be corrected.

A set-aside program of government procurement contracts for minority small businesses has been and can continue to be effective in aiding economically and socially disadvantaged businesses enter the mainstream of American competition. By reserving a small portion or Federal contracts for disadvantaged firms, the government is providing an opportunity for such firms to enter the marketplace. By performing such government contracts and receiving technical and management assistance from SBA under the 8(a) Program, firms can begin to establish themselves in the marketplace. The dollars spent on 8(a) are not handouts plucked from the rich to give to the poor. The contracts are performed by qualified firms who give the government what it pays for. The money spent on the 8(a) Program is an investment in the future of minority business in America. It is a long-term investment that will yield a high rate of return upon maturity. Now is not the time to withdraw support from the Program to start all over again with another new, untried idea. There is no quick "cure-all" for the problems which impede the efforts of minorities to gain an economic toehold in the American free enterprise system. A well-run set-aside program to help minority businesses achieve competitive viability still offers the best chance for long-term success in integrating racial and ethnic minorities into the American marketplace.

Respectfully submitted,

EDWARD A. JOHNSON,
President.●

[2] Statement of Senator Weicker, 126, Cong. Rec. S. 13690, 96th Congress, 2nd Sess. (daily ed. September 26, 1980).

[3] Black Enterprise, June 1981, at 121.

[4] GAO Report CED-81-55 at 26, 46 (April 8, 1981).

[5] Federal Procurement Data System, Special Analysis 3.

[6] Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports, 100 Largest Defense Contractors and their Subsidiary Corporations, Fiscal Year 1980, at 3.

[7] Statement of Small Business Set-Asides, April 28, 1981, Attachment 4.

[8] 100 Largest Defense Contractors, supra, at 9.

EXPANSION OF TARGETED JOBS TAX CREDIT

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. GUARINI. Mr. Speaker, today I am reintroducing legislation I sponsored in the 96th Congress to expand the targeted jobs tax credit contained in the Revenue Act of 1978 to include unemployed workers in designated redevelopment areas.

The Revenue Act of 1978—Public Law 95-600—included a tax credit for wages paid to certain target groups—vocational rehabilitation referrals, economically disadvantaged youth, economically disadvantaged Vietnam veterans, economically disadvantaged convicts, supplemental security income (SSI) recipients, recipients of general assistance, and cooperative education students.

However, this list of targeted groups failed to include workers in areas of chronic unemployment. Since the last recession, there has been a considerable lag in the recovery rates of certain communities around the country. Particularly in the Northeast and Midwest, unemployment has continued at levels significantly higher than in the rest of the Nation as a whole.

In order to address the compelling needs of these workers, I have proposed adding a new category, "qualified redevelopment area workers" to the targeted groups in Public Law 95-600. The employer of a qualified redevelopment area worker would be eligible for a tax credit equal to one-half of the worker's first year wages and one-quarter of the worker's second year wages up to a maximum of $6,000. This would work out to a maximum tax credit of $3,000 the first year and $1,500 in the second year.

To qualify for the credit, the worker must first be certified as unemployed for 60 days prior to employment by the local agency designated by the Department of Labor or the Treasury pursuant to provisions of Public Law 95-600.

Second, the worker must be employed and work within a redevelopment area as described by the Public Works and Economic Development Act of 1965 (Public Law 89-136, 42 U.S.C. 3161). Under the provisions of that law, the Secretary of Commerce may designate certain areas as redevelopment areas if there has existed substantial and persistent unemployment for an extended period of time, or in which there has been a substantial loss of population due to lack of employment opportunity. The designated areas also include those localities in which the Secretary of Labor finds that the unemployment rate is at least 6 percent and in which the unemployment rate is substantially above the national average.

Third, the services performed must be within the redevelopment area. This provision is designed to attract employers to areas of high unemployment and to maximize the utilization of unemployed workers in those areas.

The tax credit would apply to wages paid after December 31, 1980, to qualified workers who were not hired prior to that date by the employer.

In summary, this bill would serve two purposes. It would assist unemployed workers in areas of chronic unemployment and would provide a further inducement to private employers to locate in depressed areas in order to utilize unemployed workers in those areas.●

DEAUTHORIZE OAHE UNIT PROJECT

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. BEDELL. Mr. Speaker, today I am reintroducing legislation that would deauthorize the initial stage Oahe unit of the Missouri River Basin project in South Dakota. I have decided to take this action, which I know is going to be controversial, only after having carefully weighed all of the arguments on both sides. I sincerely believe that the reintroduction of this measure will ultimately prove to be in the best interests of the Nation's taxpayers as well as the citizens of South Dakota and the rest of the water and

power users in the Pick-Sloan system. Indeed, with the intense budget scrutiny of the last 6 months, water projects such as Oahe are entitled to no less treatment.

Time and space limitations prevent the exhaustive explanation of the circumstances surrounding the need for this deauthorization legislation that its importance warrants. However, I would like to identify the basic elements of the debate, as well as explain how the bill as drafted would address the legitimate concerns of the State of South Dakota, which has justifiably come to expect Federal assistance in meeting its water needs as compensation for past acquisition of land and other resources for the construction of the Missouri River impoundments under the Pick-Sloan plan.

I would like to point out from the outset, Mr. Speaker, that the lines of debate on the deauthorization of Oahe have been clearly drawn as a result of years of intensive scrutiny by interested citizens of the State of South Dakota. Former Senator James Abourezk, who introduced the first deauthorization measure in July of 1978, noted that:

> One would have to search very hard to find any major elected official in South Dakota who believes that the Oahe project, as designed, makes good sense for the State * * * It is just not a good bargain, even at the highly subsidized rates of Federal water projects. In fact, hundreds of local farmers have come to Washington to ask the Congress and the Interior Department not to build the project. It is rare, indeed, that the supposed beneficiaries of a project come to the Government and say "Don't spend your money on us!"

Even the Governor of South Dakota, the Honorable William J. Janklow indicated in a letter to me in October of 1979 that:

> The people of South Dakota do not want the original (Oahe) project, and it was partially citizen dislike of the original project that caused President Carter to include Oahe on his "hit list" (of water projects) * * * (It) is, for all intents and purposes, dead.

In 1981, the opposition continues. All three irrigation districts, which would receive the benefits, have gone on record opposing Oahe, and have requested that I once again submit deauthorizing legislation. Clearly, the people are not supporting the Oahe project as authorized.

Why, then, is there so much controversy surrounding the introduction of legislation to deauthorize a project that seems to be neither in the best interests of the Nation's taxpayers nor the citizens of the State in which the project is to be built? The answer lies in the differing views held by the principals of the ultimate effect of deauthorization. Its proponents claim that it would not only serve to rid the Nation of the threat of spending over $900 million for a project that nobody wants, but that it would also break the logjam presently existing with regard to the identification and development of alternative water projects in South Dakota deserving of Federal assistance and that would meet South Dakota's legitimate water needs. The opponents of deauthorization say that such a move would have the effect of forfeiting the State's rights to Federal assistance and that the authorization should be retained as a bargaining device.

However, testimony submitted to Congress during appropriations hearings during the past several years and other related public documentation indicates that any project that could be constructed pursuant to the existing authorization would encounter most of the same problems with respect to local opposition that the present proposal now faces. Because of existing contract relationships and obligations, it is very questionable whether the existing authorization could be used as the foundation for any similar form of development. In addition, future funding for water development in place of Oahe, such as the WEB pipeline system, is contingent upon Oahe deauthorization.

Mr. Speaker, I would like to briefly highlight the factors which figured most prominently in my decision to proceed with deauthorization legislation.

First, the Oahe project as presently designed fails to meet even the most liberally constructed cost/benefit analysis. As I have noted on this floor before, the Government intends to acquire 110,000 acres of land on which to build the maze of canals and storage pools designed to irrigate some 190,000 acres. In 1977 when the project was estimated to cost some $500 million, the land to be irrigated was worth almost $1,100 an acre. This $800 an acre increase in the value of land would have cost the Government $2,323 an acre. Approximately 600 farms would have benefited at an estimated cost of $735,655 per farm in 1977. I did not believe before, and I certainly do not believe now, that the benefits justify the cost to the national taxpayer, especially when Oahe's current price tag of over $900 million is considered.

Second, support for Oahe is nonexistent. As I have mentioned, the project beneficiaries do not want the project, and the three contracting entities have requested deauthorization. It is extremely difficult at best to justify spending almost a billion dollars of taxpayer money for a project no longer supported by the future beneficiaries.

Third, contrary to the claims of those who predict increased power rates to consumers on the Pick-Sloan system, the measure I am introducing today will actually reduce rates, while saving the taxpayers hundreds of millions of dollars. This legislation would actually result in cost savings from several different perspectives.

First of all, those who contend that deauthorization would result in increased power rates do so on the basis of speculation on the effects of the Bureau of Reclamation's unusual accounting system. Under present law, costs now attributed to the Oahe irrigation system are deferred without interest until payment for the first phase of the project is completed. My bill would mandate retention of this deferral and would attribute all costs incurred so far—some $40 million—to the general fund of the Treasury, and not to the Pick-Sloan Missouri Basin program. This would result in large savings to the Nation's taxpayers, since payment on most of the irrigation project is deferred without interest until payment is completed on the first project, which means that the taxpayer would have to put up some $718 million of the $750 million attributable to irrigation and pay interest on this amount until the first phase payment is completed—well into the 21st century.

Additionally, under my bill, all costs that have been assigned to the initial stage Oahe unit which have been deferred without interest will be retained as interest free costs of the Pick-Sloan Missouri Basin program. Consequently, power users would not be penalized by increased rates as a result of this deauthorization legislation. On the contrary, in light of the fact that power users are required to pay nearly 90 percent of the cost of the project, this legislation would significantly reduce long-term costs to power users.

Fourth, the legislation I am introducing recognizes the legitimate claims that South Dakota has to Federal assistance with regard to development of needed water projects in that State. While I do not believe that deauthorization of the Oahe unit plan would necessarily foreclose the commitment embodied in the 1944 Flood Control Act that some form of Federal assistance is due the State of South Dakota for water development that meet both the criteria of cost/benefit viability and local acceptance, I have included a final section in the bill which clearly expresses it to be the sense of Congress that nothing contained in the act should interfere with or negate that commitment. I want to stress again that my objective is not to deprive South Dakota of water development assistance that it is rightfully entitled to by virtue of its past actions. Rather, it is to remove what everyone will agree is a bad project so that the State of South Dakota can get on with the complicated, but necessary, task of identifying alternatives to Oahe, and to assure that the Nation's taxpayers

will not have to pay for a bad bargain in these austere times.

I am fully convinced that the only way that we in government—whether it be Federal, State, or local—are going to successfully come to grips with wasteful and excessive spending, and the devastating inflation it engenders, is for all of us to put away the notion that water projects, or any other type of Federal assistance, are sacrosanct. When millions of Federal taxpayer dollars are at stake, it does not matter in which State or district the project lies. Not only do the Nation and its representatives have the right, they have the duty, to question its worth and appropriateness.

Finally, Mr. Speaker, I wish to say that I have nothing but the highest regard for the State of South Dakota, its people, and its elected officials. I would sincerely hope that, regardless of possible differences of opinions on this and other issues, we can continue to work together in solving problems of mutual interest to our States and the Nation.

Mr. Speaker, I ask that the legislation in its entirety be entered in the RECORD at the close of these remarks. Thank you.

H.R. 4172

A bill to deauthorize the construction of the irrigation project for the Oahe unit, James division, Missouri River Basin project in South Dakota, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the construction, operation, and maintenance by the Secretary of the Interior (hereinafter referred to as the "Secretary") of the initial stage Oahe Unit, James division, Missouri River Basin project, South Dakota, authorized by the Acts of August 3, 1968 (Public Law 90-453; 82 Stat. 624), and October 27, 1972 (Public Law 92-577; 86 Stat. 1265), for the purpose of furnishing a surface irrigation water supply and for other purposes, is hereby deauthorized and is no longer an integral physical or financial part of the comprehensive Pick-Sloan Missouri Basin program that was approved by section 9 of the Act of December 22, 1944 (58 Stat. 891), as amended and supplemented.

SEC. 2. Within three months following the date of enactment of this Act, the Secretary shall submit to the Congress his recommendations for the disposition of those Oahe unit works, facilities, and related properties that have been acquired or constructed. Such recommendations shall be developed by the Secretary in cooperation with the local contracting entity Oahe conservancy subdistrict in consultation with other Federal agencies and the general public. The Secretary is hereby authorized to implement such recommendations, except that no appropriation shall be used for implementing such recommendations for disposition of the Oahe unit works, facilities, and related properties prior to sixty calendar days from the date on which the Secretary's recommendations have been submitted to the Congress.

SEC. 3. Those funds previously expended pursuant to authorities contained in the Acts of August 3, 1968 (Public Law 90-453; 82 Stat. 624), and October 27, 1972 (Public Law 92-577, 86 Stat. 1265), shall be charged against the general fund of the Treasury of the United States and shall not be charged against the Pick-Sloan Missouri Basin program, except that all costs assigned to the initial stage Oahe unit which are deferred without interest shall be retained as interest free costs of the Pick-Sloan Missouri River Basin program.

SEC. 4. Those revenues derived from the disposition, under the authority of this Act, of Oahe unit works, facilities, and related properties shall be deposited to the general fund of the Treasury of the United States. Such properties shall not be disposed of at less than fair market value at the time of disposition, as determined by the Secretary. In such disposition, the Secretary is authorized, notwithstanding provisions of law to the contrary, to give first right of refusal for the purchase of such properties to previous owners of acquired property or their heirs, as the Secretary may determine.

SEC. 5. This Act is declared to be a supplement to the Reclamation Act of June 17, 1902 (32 Stat. 388), and acts amendatory and supplementary thereto, which shall govern the implementation of this Act except as otherwise provided herein.

SEC. 6. There are authorized to be appropriated such sums as may be required to carry out the provisions of this Act for fiscal years beginning after September 30, 1981.

SEC. 7. Nothing contained in this Act is intended to interfere with the rights of the State of South Dakota as they pertain to the identification and development of alternative water development projects. It is the sense of Congress that the United States should honor its commitments to the State of South Dakota for financial and technical support of water development as compensation for losses incurred as a result of earlier commitments of resources for the Pick-Sloan Missouri River Basin development in South Dakota.●

FINANCIAL STATEMENT

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. MAZZOLI. Mr. Speaker, it has been my custom to submit a statement of financial disclosure every year that I have served in the House of Representatives. While the law now dictates that Members of Congress submit financial statements in May of each year, I continue to file this more detailed family financial report every summer. In this way, my constituents and other taxpayers are kept fully informed concerning my financial status.

The statement follows:

Romano L. and Helen D. Mazzoli, recapitulation of income and expenses for calendar year 1980

INCOME	
Interest and dividends:	
American United Life Insurance Co., policy No. 1116312 ..	$10.36
American United Life Insurance Co., policy No. 1011729 ..	29.14
Liberty National Bank & Trust Co., account No. 09013390	22.59
Lincoln Federal Savings & Loan, account No. 37339-5	1,493.17
Northern Virginia Savings & Loan, account No. L-6084	38.88
Northern Virginia Savings & Loan, account No. L-50021	16.42
Northern Virginia Savings & Loan, account No. 80507	98.49
Northern Virginia Savings & Loan, account No. 80688	68.69
Government Services Savings & Loan, account No. 01-112091-0	266.51
Honorariums:	
Brookings Institution	200.00
Pfizer Co	750.00
Motion Picture Association of America	1,000.00
Salary:	
U.S. House of Representatives (R. L. Mazzoli)	60,662.50
Slender Lady Figure Salon (Helen Mazzoli)	1,402.91
Gross income	66,059.66
EXPENSES, DEDUCTIONS, EXEMPTIONS, FEDERAL AND KENTUCKY TAXES	
Gross income	68,417.00
Business expenses	2,738.00
Adjusted gross income	65,679.00
Deductions	10,164.00
Taxable income	55,515.00
FEDERAL INCOME TAX	
Tax withheld	18,014.00
Tax due	15,670.00
Refund	2,344.00
KENTUCKY INCOME TAX	
Tax withheld	2,328.00
Tax due	1,918.00
Refund	410.00

Romano L. and Helen D. Mazzoli, statement of financial worth as of December 31, 1980

CASH ON DEPOSIT	
Liberty National Bank & Trust Co., account No. 09013390	$546.12
Lincoln Federal Savings & Loan, account No. 37339-5	1,676.11
Northern Virginia Savings & Loan, account No. L-6084	211.15
Northern Virginia Savings & Loan, account No. 80507	1,540.45
Northern Virginia Savings & Loan, account No. 00241	535.06
Northern Virginia Savings & Loan, account No. 80688	1,074.67
Government Services Savings & Loan, account No. 01-112091-0	2,847.44
SECURITIES, STOCKS AND BONDS	
U.S. Government Bonds, series E	1,291,97
Treasury certificate (Lincoln Federal Savings & Loan) No. 19503047	10,196.44

Romano L. and Helen D. Mazzoli, statement of financial worth as of December 31, 1980—Continued

Treasury certificate (Lincoln Federal Savings & Loan) No. 19501132	10,375.45
REAL PROPERTY	
Residential:	
939 Ardmore Drive, Louisville, Ky., assessed value	41,000.00
Less: mortgage, Portland Federal Savings & Loan	9,258.83
Net value	31,741.17
1030 Anderson Street, Alexandria, Va., assessed value	80,800.00
Less: mortgage, Cowger & Miller	48,852,69
Net value	31,947.31
HOUSEHOLD AND MISCELLANEOUS PERSONAL PROPERTY	
Estimated value	7,000.00
CASH SURRENDER VALUE OF LIFE INSURANCE POLICY	
American United Life Insurance Co., policy No. 1011729	4,271.82
FEDERAL EMPLOYEES RETIREMENT SYSTEM	
Contribution to fund	38,730.93
AUTOMOBILES	
1965 Rambler, fair market value	100.00
1973 Chevrolet, fair market value	1,520.00
Net assets	145,606.09●

REAGAN DOES NOT SPEAK FOR THE UNITED STATES ON HUMAN RIGHTS

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. OTTINGER. Mr. Speaker, I am including in today's RECORD an enlightening article by Raul S. Manglapus which recently appeared in the New York Times. A former Foreign Minister and senator in the Philippines, Mr. Manglapus perceptively notes that the Reagan administration's destructive human rights policies can only foster radical movements and widespread instability in Third World nations. By rewarding right-wing tyrannies with increased military aid, the administration is effectively driving Third World moderate forces underground, thereby creating larger and more extreme insurgent forces alined with the Communists.

As Mr. Manglapus states in his article, this is the very situation in the Philippines, where tens of thousands of people have joined the ranks of the Communist Party in the face of American support for President Marcos' brutal violations of human rights. As I have stated many times before, by alining ourselves with the forces of repression, we can only help—not thwart—the interests of the Communists.

I recently received a letter from a constituent, Father Thomas Marti, director of the office of peace and justice of the Maryknoll Fathers and Brothers. I believe Father Marti's letter corroborates Mr. Manglapus' article in the Times. Father Marti wrote:

As a Maryknoll Missioner, I had the privilege of working for ten years in a Third World country, the Philippines. Hundreds of priests, brothers and sisters in the Maryknoll community have worked and continue to work in Third World countries. Most of our ministry has to do with serving the poor people of these countries. From our experiences, we understand that the suffering and unrest which continues to grow in many parts of the world, is related basically to the situation of social injustice. In some cases, added to this general situation, are the direct repressive measures by corrupt and totalitarian governments. The solution to these problems is not to increase the power of violence through military aid and concession to repressive governments. Rather, our government should directly and indirectly foster the development of society and governments which respect social justice, human rights, and true democracy.

I applaud Father Marti for his poignant and perceptive analysis. Clearly, he and millions of other Americans—including a majority of the Senate Foreign Relations Committee which rejected Dr. Ernest Lefever as Assistant Secretary of State for Human Rights and Humanitarian Affairs—believe that the United States should not abandon its commitment to human rights. The administration should consider not only this overwhelming support for strong human rights policies, but also the tremendous negative impact that the absence of those policies will have on U.S. interests abroad.

I commend to the attention of my colleagues the article by Mr. Manglapus:

BUTTERY TOAST IN MANILA

(By Raúl S. Manglapus)

MCLEAN, VA.—Before Vice President Bush's celebrated Presidential-inauguration toast to Ferdinand E. Marcos—"We love your adherence to democratic principle and to the democratic processes"—passes forever into the satirists' domain, let us not forget that this startling obeisance is a natural expression of President Reagan's foreign policy.

The United States, in supporting any dictator who proclaims himself anti-Communist, apparently has forgotten an important lesson: Right-wing dictatorships, by driving the moderate opposition underground, are the fastest breeders of radical movements.

Before Mr. Marcos seized power in a coup in 1972—three years after he was elected for a second, and constitutionally last, four-year term—there were 1,000 to 2,000 Communist guerrillas in the New People's Army; before the coup, the Rand Corporation says, the guerrillas were not a threat to the Government. By last October, the insurgents' army numbered 5,500, according to Mr. Marcos's Defense Minister, Juan Ponce Enrile. Further, it is supported by a mass base—tens of thousands of people who, led by priests, nuns, and ministers, have been gone into the ranks of the Communist Party or its National Democratic Front.

Mr. Bush, by his presence and by adding his benediction to Mr. Marcos's mockery of the democratic electoral process—a process long and passionately, albeit imperfectly, practiced by the Filipinos—may have considerably accelerated the final exhaustion of popular patience and pushed the population closer to the brink of violence.

Mr. Marcos's mockery of democracy has been so extensively reported in the news media that Mr. Bush's toast and his presence cannot be excused on the grounds of ignorance. Pope John Paul II had seen through Mr. Marcos's so-called lifting of martial law last January and announcement of a Presidential election when, speaking directly to Mr. Marcos in February during his visit to Manila, he said that "even in exceptional circumstances, one can never justify any violation of the fundamental dignity of the human person and of the basic rights that safeguard this dignity."

The Pope knew, as Mr. Bush should have, that in "lifting" martial law after eight years, Mr. Marcos also kept in force all the decrees that he had promulgated and that are assembled in the National Security Code, with patchwork provisions that include six months' imprisonment for "rumormongering," summary dismissal of judges, and immunity for all public officers, civil and military, in carrying out the code. The code also outlines a national-security network capable of reaching down to household and classroom.

All this meant that the repression was to continue unabated. Thus, it was not surprising that the opposition boycotted the election June 16 and that Mr. Marcos, faced with two handpicked straw-man candidates, could claim an overwhelming victory, which America was all too eager to accept.

Mr. Marcos, wielding the Subic Naval Base and Clark Air Base for extortion, had gotten President Carter to promise him half a billion dollars in military aid over a five-year period. Yet Mr. Carter managed to keep him at arm's length, refused to invite him on a state visit, and thus consoled the Philippine democratic movement that, in giving Mr. Marcos more money, Washington was acting only out of fear of losing its bases rather than out of conviction.

But Mr. Bush's visit and his words bear the stamp of conviction, not fear. Now a rapidly radicalizing population, despairing over American support for Mr. Marcos—70 percent of the Filipinos are malnourished while Mr. Marcos's family and cronies amass obscene wealth—will become a more serious threat to the bases than the anti-American street demonstrations before the coup.

Filipinos are entitled to wonder why they must be forced to swap democracy for bases—which are not even vital for Philippine defense—especially after their country was the most devastated in Asia during World War II because of their stubborn allegiance to democracy and to America, and after they allowed the bases on their soil, thereby disqualifying themselves from membership in the nonaligned movement.

It appears that the quickest way for an Asian country to lose its democracy is to be the friend of America. More Filipinos are beginning to perceive that the most durable

postwar democracies in developing Asia are neutralist India and Sri Lanka, and that India is closer economically and militarily to the Soviet Union than to the United States. In the coming decade, will a democratic Philippines rely on the Soviet Union to protect its independence?

Democracy has launched a formidable counterattack in Western Europe and in important parts of Latin America and Africa. The United States should recognize that its real friends are peoples with democratic aspirations and not the flamboyant dictators who will bring American interests crashing down with them when their violent hour comes.

(NOTE: Raúl S. Manglapus, a Christian Democrat and a former Foreign Minister and senator in the Philippines, is president of the Movement for a Free Philippines.)●

HON. WENDELL BAILEY INTRODUCES MERAMEC PARK LAKE DEAUTHORIZATION

HON. WENDELL BAILEY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. BAILEY of Missouri. Mr. Speaker, I am today introducing legislation to deauthorize the Meramec Park Lake project, an authorized Corps of Engineers dam and reservoir in Crawford, Washington, and Franklin Counties in Missouri.

The Meramec Dam was authorized under the Flood Control Act of 1938 and received its first preconstruction planning grant in 1965. Since that date over $30 million has been allocated to the project and 72 percent—or 28,063 acres—of the land acquisition completed.

Mr. Speaker, Congress appropriated funds for the Meramec Park Lake project every fiscal year between fiscal year 1965 and fiscal year 1977. In fiscal year 1977, the last year that construction funds were allocated for the Meramec project, Congress appropriated $9.5 million to the project of which $5.6 million were later rescinded by President Carter. A House-Senate conference deleted the fiscal year 1978 moneys earmarked for the Meramec project, and the project has received no funding since then.

The Meramec Park Lake project represents a unique situation. Construction was progressing on the project until 1977 when it became a part of the Carter administration's so-called water resources hit list. As a result of the move to reappraise Federal water resource projects, a 12-county regional referendum was held in Missouri in August 1978 to determine public sentiment on whether construction should continue on the Meramec Dam. Sixty-three percent of those voting expressed opposition to the project.

Based on the referendum vote, Missouri Senators DANFORTH and EAGLETON and my predecessor in the House, Congressman Richard Ichord, introduced legislation in 1978 to halt the project and subsequently reintroduced deauthorization legislation in the 96th Congress. The legislation, which was to be a part of the omnibus water resources bill, was never enacted due to the failure to enact a water resources bill in 1978, 1979, and 1980.

Mr. Speaker, given the absence of funding since 1977, no further work or construction has been done on the Meramec Park Lake project. The corps has provided interim maintenance and security for the 28,063 acres of land already acquired, continued the leasing program where feasible, and protected those facilities, including a visitor's center, already constructed at the site.

However, for all intents and purposes, the Meramec project has been in a holding pattern for the past 4 years awaiting some resolve or action by Congress. Given the lack of public and political support, I believe that it is evident to all concerned at this time that the Meramec Park Lake project as originally authorized cannot be revived. I believe it is also evident that a simple deauthorization of the project is not appropriate or feasible. Quite simply, the magnitude of work already done on the project combined with strongly diverse public sentiment on what should be done with the lands dictate against the normal General Services Administration land disbursement procedures.

As such, my bill proposes a special deauthorization process to meet the unique problems of the Meramec Park Lake situation. Basically, the bill deauthorizes the project and provides for a detailed study by the Corps of Engineers of the options and alternatives for future use of the project area. The bill requires a high degree of consultation with the public and with local, State, and Federal government entities and provides for local public hearings in the project area. Once the corps' study is concluded, the corps report containing the recommendations of those consulted, the corps' assessment of those alternatives, and the corps' own recommended alternatives will be presented to Congress for ultimate decision on which option or mix of options for the Meramec project area are deemed best for the public interest.

Mr. Speaker, at this point I am inserting a copy of my bill along with a section-by-section analysis of the bill's provisions. I am also providing some factual background on Meramec Park Lake for those who might not be familiar with the project.

In closing, I would ask my colleagues to support my bill and help bring a final, and long awaited, resolve to the Meramec Dam issue. This ill-fated project has been dangling in indecision and controversy for too long. The time has come to put the Meramec Dam behind us once and for all and move forward with what should now be done with the Meramec Park Lake area. Further delay serves no one well and it is up to us, the Congress, to insure a final decision so that the affected people and counties of Missouri can plan effectively for their future.

H.R. —

A bill to terminate authorization of the Meramec Park Lake portion of the authorized comprehensive plan for the Meramec River basin, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the authorization for the Meramec Park Lake (hereinafter in this Act referred to as "the project"), for flood control and other purposes in the Upper Mississippi River Basin, which plan was authorized by section 4 of the Act entitled "An Act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes", approved June 28, 1938 (52 Stat. 1218), as modified by section 203 of the Flood Control Act of 1966 (80 Stat. 1421), is hereby terminated.

SEC. 2. The Secretary of the Army, acting through the Chief of Engineers (hereafter in this Act referred to as the "Secretary"), shall immediately undertake interim management and maintenance of works, structures, and interests in lands related to the project pending further disposition of such works, structures, and interests in lands in accordance with an approved enactment of the Congress made subsequent to the submission to Congress of the study authorized in this Act.

SEC. 3. (a) The Secretary shall conduct a study in order to identify and assess alternatives for future disposition and utilization of the works, structures, and interest in lands related to the project. Such study shall include, but shall not be limited to, consideration of the following alternatives: (1) return of land acquired for the project owners or sale of such land to other persons, and (2) use of such works, structures, and interests in land in connection with Federal, State, local or private structural or nonstructural measures, other than the project plan deauthorized in section 1 of this Act, designed to meet currently identified flood control, hydroelectric power, water supply, fish and wildlife enhancement, and recreation needs. Such study shall primarily utilize information developed in existing studies and reports of the Chief of Engineers, and shall specifically consider other private and government studies and reports on alternatives for the disposition and utilization of such works, structures, and interests in lands.

(b) In carrying out the study under this section, the Secretary shall hold at least two public meetings in the area of the project and shall invite comment and seek the views of public and private groups with an interest in the project area, including but not limited to (A) State, county, and other local government, (B) Federal departments, agencies, and instrumentalities, (C) private groups, clubs, and associations which have demonstrated an interest in the project, (D) former land owners of the project lands who can be readily located, and (E) leaders and individuals of area business and agricultural communities. The Secretary shall consult with the Governor of Missouri, or such governor's delegate, throughout the duration of

the study and specifically seek the Governor's recommendations for the disposition and utilization of the works, structures, and interests in lands related to the project.

(c) Not later than one year after funds are made available to carry out the study under this section, the Secretary shall report to Congress the results of such study, including the recommendations of those consulted in Section 3(b), the Secretary's assessment of those recommendations, and the recommendations of the Secretary.

SEC. 4. Nothing in this Act shall terminate the authority or responsibility of the United States to satisfy, pursuant to the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 406 et seq.) and any other applicable provision of law, all relocation assistance and other obligation arising out of the acquisition, prior to the date of enactment of this Act, of any interest in real estate for the project.

SEC. 5. There are authorized to be appropriated such amounts as may be necessary to carryout this Act.

SECTION-BY-SECTION ANALYSIS

Section 1. Provides for the deauthorization of the Meramec Park Lake Project, Missouri, a Corps of Engineers dam and reservoir project, originally authorized in 1938 as a part of the comprehensive plan for flood control and other purposes in the Upper Mississippi River Basin, and modified for inclusion in the comprehensive plan for the Meramec River Basin in the Flood Control Act of 1966. This termination of the authorization for the Meramec Park Lake project is to be effective immediately upon enactment and approval of this bill as a public law. It acknowledges that authority did exist and that construction of this project had commenced, including the acquisition of certain works, structures, and interests in lands, which are provided for elsewhere in this bill. It is not intended to in any way affect the authorization of other aspects or portions of the comprehensive plans for the Upper Mississippi River Basin or the Meramec River Basin.

Section 2. Provides for interim management and maintenance by the Corps of Engineers of the deauthorized project until such time as an approved enactment by Congress provides for the the further disposition of the works, structures and interests in the lands acquired for the Meramec Park Lake project, following the submission to Congress of the study provided for in Section 3. The words "works, structures and interests in lands related to the project" were specifically selected over the more inclusive term "property" in order to not unduly restrict the interim management and maintenance of the project lands and to not preclude the Corps from taking acceptable and ordinary management actions in the public interest which involve the property of the United States (both real property and incidental personal property) owned in connection with the Meramec Park Lake project. Examples of such acceptable management actions would be the continuation and possible expansion of the leasing program which would allow for productive utilization of the lands during the interim period and provide benefit to local counties in the form of 75% of the revenues from the leasing program, and continued authority for the Corps to dispose of unneeded personal property created by the separation of materials from the lands such as waste rock material. The Corps would be precluded, however, from taking any management actions which would significantly alter the character of the project area.

Section 3. Provides for a study to be conducted by the Corps of Engineers to identify and assess alternatives for the future disposition and utilization of the works, structures and interests in land which were acquired for the Meramec Park Lake project. The study is intended to include consideration of a wide range of possible alternatives, including the return of lands acquired for the project to the previous owners or other persons, and, the use of the works, structures and interests and interests in land in connection with Federal, State, local or private structural or nonstructural measures designed to meet currently identified flood control, hydro-electric power, water supply and recreation needs.

The previously authorized plan, the deauthorization of which is provided for in section 1 of this bill, is not intended to be an alternative for consideration, although scaled-down plans or revised plans designed to better serve some or all of the previously authorized project purposes should be considered as possible alternatives in this study. It is recognized that the Corps of Engineers has already completed valuable studies pertinent to the needs for flood control, hydroelectric power, water supply, fish and wildlife enhancement, and recreation in this area in connection with the previously authorized plan for the Meramec Park Lake project. It is not intended that the Corps of Engineers duplicate these earlier study efforts but rather that such efforts be undated and supplemented for the purposes of the study authorized herein. Similarly, this section required the Corps of Engineers study to consider the information and recommendations available in studies and reports which have been completed by others, both in the private sector as well as the public sector, concerning alternatives for the disposition and utilization of the project works, structures and interests in land.

Subsection b provides requirements for obtaining input from various individuals and groups with an interest in the project area and possible benefits which might be realized from the various purposes for which the project works, structures and interests in lands might be utilized. This subsection specifically provides for public hearings in order that individuals and groups affected by and/or interested in the project area can have a direct voice in the study of alternatives. This subsection also specifically provides for close consultation between the Corps and the Governor of Missouri throughout the duration of the study and specific inclusion of the State of Missouri's recommendations for the project area in the study. As provided in paragraph (c) the authorized study is to be accomplished and reported to the Congress within one year after funds are made available for it.

Section 4. Provides that the authority pursuant to which obligations were created (the project authority) can and should be used to seek appropriations to fulfill those obligations, notwithstanding termination of the project authority. This section also reflects the possibility that there may be obligations to be satisfied in connection with the project other than relocation assistance, such as a deficiency judgment and award in a condemnation proceeding.

Section 5. Provides authorization for appropriations in such amounts as are needed to carry out the provision of this bill.

BACKGROUND AND FACT SHEET: MERAMEC DAM

Project: Meramec Park Lake, Missouri.

Location: The dam is scheduled for location about 65 miles southwest of St. Louis principally in Crawford and Washington Counties with a small portion in Franklin County, Missouri.

Project Purposes: To provide flood protection, water supply, water quality control, recreation, fish and wildlife conservation, area redevelopment, and navigation.

Authorization: The project is authorized under the Flood Control Act of 28 June 1938, Flood Control Document I, 75th Congress, 1st Session.

PHYSICAL DATA

	Elevation (mean sea level)	Area (acres)
Joint-use conservation pool (normal pool)	675	12,600
Flood control pool	709	23,000
Total acres in project		[1] 38,700

[1] As of 1 January 1981 28,063 acres have been acquired.

Note.—The top of the dam will be approximately 167 feet above streambed with a crest length of 3,000 feet.

Estimated Federal cost (Oct., 1980, price level)

Feature:	*Current estimate (thousands)*
Lands and damages	$28,020
Relocations	49,710
Reservoirs	5,280
Dams	54,860
Fish and wildlife facilities	2,830
Roads, railroads, and bridges	6,880
Recreational facilities	31,100
Buildings, grounds, and utilities	2,490
Permanent operating equipment	2,990
Engineering and design	13,130
Supervision and administration	7,710
Total	205,000

Non-Federal Cost Sharing Requirements: Local interests would be required by the Water Supply Act of 1958 to reimburse the Federal Government for the costs allocated to water supply storage. Also, they would be required to bear a share of the total annual cost of operation, maintenance, and replacement costs allocated to water supply.

Remaining Benefit-Remaining Cost Ratio: 1.8 to 1 at 3¼ percent interest.

Land Acquisition; The total program envisioned acquisition of 38,700 acres of land. As of 1 January 1981, 25,944 acres in fee (13 percent or 3552 acres by condemnation) and 2,119 acres in easements have been acquired.

Projected annual attendance:

Total annual visitors (visitor-days)	3,208,000
Corps of Engineers facilities	1,985,000
Non-Federal interests	1,223,000

Past Litigation on the Project: The Sierra Club, with two individuals, filed suit on 25 September 1972 in the United States District Court for the Eastern District of Missouri to halt construction of Meramec Park Lake and all other projects in the Meramec Basin Plan. The complaint alleged that the Corps of Engineers had not complied with the National Environmental Policy Act of 1969, the Flood Control Acts of 1936, 1938, and 1966, and the Fish and Wildlife Coordination Act of 1958.

On 26 December 1973, the plaintiff filed an amended complaint in the United States District Court for the Eastern District of Missouri to halt the project and all other

projects in the Meramec Basin Plan. The amended complaint alleged that the Corps of Engineers did not comply with the National Environmental Policy Act of 1969, the Flood Control Acts of 1936, 1938, and 1966, Public Law 86-523 (Preservation of Historical and Archaeological Data), the Water Pollution Control Act of 1972, the Federal Water Resources Planning Act of 1965, the Federal Water Project Recreation Act of 1965, the Fish and Wildlife Coordination Act of 1958, and the Endangered Species Act of 1973.

The trial was held on 25-27 November 1974 without jury. On 19 March 1975, the court handed down a decision in favor of the defendants (Government) on all counts. A notice of appeal was filed by the Sierra Club with the 8th United States Court of Appeals on 7 April 1975. Oral arguments were heard on 10 September 1975. On 23 April 1976 the three-judge panel of the U.S. Court of Appeals handed down a unanimous decision in support of the District Court ruling in favor of the Government.

An additional suit was filed on 21 June 1974 in the United States District Court for the Eastern District of Missouri by plaintiffs who are owners of certain lands and commercial caves (Onondaga and Cathedral), praying for injunctive relief restraining the building of a dam on the Meramec River and the acquiring of any additional properties. Plaintiffs alleged violation of the Act of Admission by which the sovereign state of Missouri was admitted to the Union, in that the Mississippi River and waters leading to it were to be unimpeded common highways and open to all types of water travel. Plaintiffs also allege violation of the National Environmental Policy Act, the Administrative Procedure Act, and the Uniform Property Acquisition Act. The Government's answer to the complaint was filed with the court on 28 August 1974. Trial was held without jury on 3 November 1975. On 14 May 1976 a stipulation for dismissal, with prejudice, was approved by District Judge John K. Regan.

This dismissal brought to a close all pending litigation challenging the construction of the Meramec Park Lake project.

The Indiana bat (Myotis sodalis) is known to inhabit the project area. This species is on the Federal Endangered Species list and is protected under the Endangered Species Act of 1973.

ALLOCATION OF FUNDS TO MERAMEC PARK LAKE

	Fiscal year amount	Accumulative total
Fiscal year:		
1965	$200	$400
1966	600	1,000
1967	400	1,400
1968	370	1,770
1969	850	2,620
1970	700	3,320
1971	1,450	4,770
1972	2,122	6,892
1973	3,216	10,108
1974	3,680	13,788
1975	5,215	19,003
1976	5,500	24,503
1976 T quarter	1,300	25,803
1977	[1] 4,765	30,568
1978-81	[2] 0	

[1] $9,500 was received, $5,600 was revoked, $865 transferred to the project in fiscal year 1977.

[2] Minimal maintenance funds were provided to the corps for management and security.●

THE PROBLEMS OF THE NUCLEAR POWER INDUSTRY—II (CONTINUED)

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. HAMILTON. Mr. Speaker, reprinted here is enclosure 2 from a letter sent to me by Mr. Thomas Dillon, Deputy Assistant Secretary for Nuclear Reactor Programs, Office of Nuclear Energy, Department of Energy. Enclosure 1, together with Mr. Dillon's covering letter and my letter to him, appeared in the CONGRESSIONAL RECORD on July 14 and July 15. Enclosure 3 will appear in a subsequent edition of the CONGRESSIONAL RECORD.

ADEQUACY OF ELECTRIC POWER SUPPLY IN THE UNITED STATES, THE MIDWEST, AND INDIANA

The adequacy of electrical capacity to meet demand is often measured by the reserve margin, which is the ratio of excess generating capacity at peak demand to the peak demand. Utilities generally try to maintain a planned reserve margin of about 15 to 20 percent to allow for capacity that is out of service for routine maintenance or technical problems. Actual reserve margins may be much lower. For example, the Southern California-Nevada Power Area had a planned margin of 18 percent in the summer of 1980. The actual margin was only 2 percent on the verge of power shortages.

The latest forecast from the National Electric Reliability Council (see Table 1) shows a current high margin of 48 percent in the Northeast to a low of 22 percent in Illinois and Wisconsin. The East Central Area Region, which includes Indiana, has a 36 percent margin. The trend in the 1980's is toward lower reserve margins as shown in the table. In three regions, margins are expected to fall to low levels by 1989—Mid-America Interpool Network, 17.5 percent; Mid-Continent Area Reliability Coordination Agreement, 15 percent; Southwest Power Pool, 11 percent.

Smaller regions, projected to have small reserve margins in the 1980's (listed in Table 2) are located primarily in the Southeast and Far West. The Southern California-Nevada Power Area is projected to have very low planned reserve margins (below 10 percent) for the next 5 years.

Low reserve margins may lead to increased use of oil and gas. In 1980 about 26 percent of the generating capacity in the United States was oil fired. In many regions, the oil-generating capacity is larger than the reserve margin. Table 3 shows areas that have a high percentage of oil and/or gas electrical generation capacity. Some of these regions, such as Southern California, are the same regions that are projected to have low reserve margins.

The above discussion is based on the assumption that new coal-fired and nuclear plants will be completed on schedule. If schedule slippages continue as they have in the past, lower reserve margins and higher oil consumption will occur. According to an Economic Regulatory Administration study last year (see Table 4) of the effects of continued delays in nuclear operating licenses, seven of nine regions that would have seasonal reserve margins below 12 percent are in the Midwest or Eastern United States.

If new coal and nuclear plants, are completed as currently scheduled in Indiana, an optimistic assumption, reserve margins should not fall much below 20 percent in the 1980's (see Enclosure 3). However, if additional schedule slippages occur, reserve margins could fall below 15 percent by the mid-1980's.

TABLE 1.—ESTIMATED NATIONAL ELECTRIC RELIABILITY COUNCIL REGION RESERVE MARGINS

[In percent]

Region [1]	Summer			Winter		
	1982	1985	1989	1981	1985	1989
ECAR	36	34	32	36	36	31
ERCOT	30	21	22	73	61	60
MAAC	33	31	32	56	51	47
MAIN	22	27	18	52	52	38
MARCA—United States	33	23	15	49	35	25
NPCC—United States	48	47	48	48	47	43
SERC	33	29	28	34	31	29
SPP	24	25	11	65	69	61
WSCC—United States	26	29	31	32	34	36
Total U.S. NERC	31	30	27	44	42	38

[1] Regions are defined in figure 1.

Source: "1980 Summary of Projected Peak Demand, Generating Capability, and Fossil Fuel Requirements for the Regional Reliability Councils of NERC," July 1980.

TABLE 2.—AREAS WITH PROJECTED LOW RESERVE MARGINS

Utility or utility group [1]	Reserve margin (In percent)	Year	Season
Allegheny Power System region	13.8	1983	Winter.
	7.8	1984	Winter.
	3.1	1985	Winter.
	13.6	1986	Winter.
Texas Interconnected Systems Group	19.0	1985	Summer.
	18.5	1986	Summer.
	17.5	1987	Summer.
Commonwealth Edison Co. region	16.2	1981	Summer.
	17.1	1982	Summer.
	18.7	1983	Summer.
	17.7	1987	Summer.
	13.3	1988	Summer.
	14.1	1989	Summer.
Wisconsin-Upper Michigan Systems Group	18.5	1987	Winter.
	18.2	1988	Summer.
	13.7	1988	Winter.
	18.9	1989	Summer.
	14.2	1989	Winter.
Mid-Continent Area Power Pool	19.8	1984	Summer.
	19.8	1985	Summer.
	15.9	1986	Summer.
	17.9	1987	Summer.
	14.4	1988	Summer.
	12.5	1989	Summer.
Middle South Utilities Group	15.8	1981	Summer.
	15.9	1984	Summer.
	14.7	1986	Summer.
	14.1	1987	Summer.
	12.4	1988	Summer.
	13.2	1989	Summer.
Gulf States Group	10.5	1981	Summer.
	17.8	1982	Summer.
	17.0	1983	Summer.
	19.3	1984	Summer.
Missouri-Kansas Group	18.1	1981	Summer.
	18.6	1982	Summer.
	19.5	1986	Summer.
	17.0	1987	Summer.
	13.8	1988	Summer.
	12.4	1989	Summer.
Northwest Power Pool area	12.1	1981	Winter.
	10.7	1982	Winter.
	14.0	1983	Winter.
	14.7	1984	Winter.
	18.1	1985	Winter.
	17.0	1986	Winter.
	13.5	1987	Winter.
	11.1	1988	Winter.
	14.5	1989	Winter.

TABLE 2.—AREAS WITH PROJECTED LOW RESERVE MARGINS—Continued

Utility or utility group [1]	Reserve margin (In percent)	Year	Season
Southern California-Nevada Power area	6.1	1981	Summer.
	7.3	1982	Summer.
	9.2	1983	Summer.
	6.2	1984	Summer.
	4.7	1985	Summer.
	10.6	1986	Summer.
	13.7	1987	Summer.
	18.4	1988	Summer.
Northern California-Nevada Power area	2.7	1981	Summer.
	17.8	1982	Summer.
	16.2	1983	Summer.
	14.4	1984	Summer.
	13.6	1985	Summer.
	15.1	1986	Summer.
	18.1	1987	Summer.
	17.7	1988	Summer.
	16.7	1989	Summer.

[1] These are defined in figure 2.

Source: "Electric Power Supply and Demand for the Contiguous United States 1980–1989," DOE/RG–0036 (Rev. 1), July 1980, U.S. Department of Energy, Economic Regulatory Administration.

TABLE 3.—AREAS WITH HIGH OIL AND GAS CAPACITY

Utility group	Percentage of total capacity		Year
	Oil	Gas	
Texas Interconnected System Group		76.4	1980
Commonwealth Edison Co. region	27.7		1980
New England Power Pool	64.1		1980
New York Power Pool	59.2		1978
Florida Coordinating Group	77.3		1978
Middle South Utilities Group	18.0	74.1	1979
Gulf States Group	25.3	74.7	1979
Missouri-Kansas Group	9.8	30.0	1979
Oklahoma Group		65.5	1979
Arizona-New Mexico Power Area	46.2		1980
Southern California-Nevada Power Area		67.8	1979
Northern California-Nevada Power Area		53.1	1979

Source: "Electric Power Supply and Demand for the Contiguous United States 1980–1989," DOE/RG–0036 (Rev. 1), July 1980, U.S. Department of Energy, Economic Regulatory Administration.

TABLE 4.—REGIONS WITH CRITICALLY LOW TOTAL RESERVES [1] ADJUSTED FOR INTERREGIONAL TRANSFER IF NUCLEAR OPERATING LICENSE DELAYS CONTINUE (PERCENT RESERVE MARGINS SUMMER/WINTER)

Electric region [2]	1980	1981	1982	1983	1984	1985
1. Allegheny Power System [3]					20/11	14/7
6. Commonwealth Edison Co.			6/51	2/45	−2/40	−6/34
8. Middle South Utilities Group					5/39	3/37
11. Tennessee Valley Authority				18/12	10/6	8/4
12. Virginia Carolinas Group						13/11
13. Central Area Power Coordination Group						11/21
25. Northwest Power Pool	37/11	33/9	33/5	25/8	32/6	28/7
26. Arizona New Mexico Group					8/47	8/40
28. Northern California-Nevada Group		4/22	10/25	3/19	7/13	6/12

[1] The regions listed are those for which the summer or winter (or both) reserve margin is less than 12 percent, including net purchases and sales.

[2] These electric regions were delineated by ERA for the purpose of implementing the Powerplant and Industrial Fuel Use Act of 1978. The same regional arrangement is logical and useful for the analysis of electric power supply problems. Analysis of some power pools or control areas within these regions may show more severe problems because of local transmission constraints or generator availability.

[3] No nuclear units are scheduled for this area in the 1980–85 period.

Source: "Electric Power Supply and Demand for the Contiguous United States 1980–1989," DOE/RG–0036 (Rev. 1), July 1980, U.S. Department of Energy, Economic Regulatory Administration.●

MURDER IN BOLIVIA

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. DELLUMS. Mr. Speaker, I note with gravity the 6-month anniversary which marks the murder of eight prominent leaders of the opposition to the present Bolivian Government. Their torture and assassination at the hand of paramilitary units and security forces run by the regime of Gen. Luis Garcia Meza, clearly demonstrates that the current Government of Bolivia has engaged in a consistent pattern of gross violations of internationally recognized human rights.

The eight murdered leaders, were members of the UDP, the political front which won the last three elections during the democratization process in Bolivia. These same men were also members of the National Direction of MIR, a major democratic party of the UDP, headed by Jaime Paz Zamora, Vice-President-elect of Bolivia.

The victims of this brutal attack were well respected within Bolivian society for their political, professional, educational, and social achievements. Their deaths signify the loss of those intellectual values that Bolivia so badly needs to construct a future of social justice and economic well-being.

I ask my colleagues to join me in rendering a posthumous homage to these eight brave men who gave their lives in defense of the basic rights of their countrymen. These men are: Artemio Camargo, Jose Reyes Carvajal, Ricardo Navarro Mogro, Ramiro Velasco, Jorge Baldivieso Menacho, Jose Luis Suarez, Arcil Menacho, and Gonzalo Barron.

I believe that all of us here, as representatives of freedom and democracy, should raise our voices of concern against the repressive regime of Gen. Luis Garcia Meza. Under his government, the Bolivian people are experiencing the disappearance of basic human freedoms and the destruction of the very same values in which our country is founded.

In memory of the victims of this regime, we must demonstrate our solidarity by requesting that the present administration continue its policy of ceasing all aid to the government of Gen. Luis Garcia Meza, and the administration join our condemnation of these barbaric acts.●

INTRODUCING LEGISLATION TO SUPPLEMENT COMMODITY LOAN PROGRAM

HON. DAN GLICKMAN

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. GLICKMAN. Mr. Speaker, I am introducing legislation with my colleague, ARLAN STANGELAND, that would supplement the regular 9-month commodity loan program for wheat and feed grains by allowing private financing of loans with a guarantee from the Commodity Credit Corporation (CCC). The 9-month program, as it is currently set up, allows farmers to defer selling their commodity immediately after harvest when the market is flooded and, instead, take out a loan through CCC using the commodity as collateral in order to sell it at a later date when they feel prices are more advantageous to them. My legislation would enhance the commodity loan program by allowing the Secretary discretion to have some of the loans financed through lending institutions if farmers and bankers so chose.

The purpose of the legislation is fourfold. First, by allowing the loans to be made by private lenders, the level of Federal outlays would be reduced. This is certainly an attractive option at a time when we here in Congress are endeavoring to hold Government spending down. Equally important, it makes the program less susceptible to budget cuts.

Second, it addresses the administration's concern about the extent of the Federal lending in domestic credit markets by reducing the Federal share and shifting to private sources.

Third, through offering a higher loan rate on the guaranteed loans than that on the CCC-financed loans, it insures producers an effective program thereby enhancing stable market conditions.

Fourth, it would increase the participation of private lenders in farm finance.

Because of the market orientation of the current farm program, the decision as to whether or not to choose loan guarantees would be left completely up to farmers. The program would operate strictly on an incentive basis. To encourage farmers to participate, they would be eligible for a higher loan rate if they chose to go with a guaranteed private sector loan. No provision exists in the legislation to require bankers to become involved but I feel confident that they would see the value of their participation as a tool to better serve their farm customers. And, since the loan would be totally guaranteed by the CCC, the program would pose few risks to those bankers who do decide to participate.

The legislation does not radically change the structure of the commodity loan program. Farmers would still go to their local ASCS office to certify their commodities. At that time, they would elect to finance their loans either through CCC or through their local participating bank. Like the current program, the guaranteed loan would expire in one of the following three ways: Farmers could repay the loans, enter the commodity into the farmer-held reserve, or forefeit them. In the last instance, CCC would assume the commodity as it does under the present program and pay the bank both the interest and the principle on the loan.

A program similar to what I am proposing operated during the 1950's and 1960's. It included the guarantee feature, but the loan rate in that earlier program was set at a level so high as to cause a large amount of forfeitures. Consequently, the CCC accumulated huge stocks of grain. To avoid that pitfall, the legislation I am introducing would peg the rate for guaranteed loans at a level between the regular loan rate and the reserve loan rate. This would cushion the guarantee from the market price and give farmers the incentive to repay, rather than forfeit their loans. Indeed, without such moderation of the guarantee rate, large forfeitures could occur again, completely defeating the savings the bill will achieve as written.

While American agriculture is facing a number of critical problems, perhaps none looms so great as the problem of farm finance. With the reduction of the Government involvement in all areas, including financing, it is imperative that we consider effective options to insure that farmers can continue to have the credit available to them that they require. Otherwise, we will be further weakening this sector of our economy which is one of our Nation's basic productive industries. Our economy cannot stand that.●

POLAND: A HOPE FOR ALL CAPTIVE NATIONS

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. ANDERSON. Mr. Speaker, we have set aside this week to remember captive nations. It is altogether appropriate that we do this, but I would like to say a few things about one nation in particular, Poland, before considering the plight common to all these nations.

Let us look at the situation in Poland. A remarkable thing is happening there. In the heart of the Soviet-controlled Warsaw Pact now lies a nation whose citizenry looks to the head of an independent trade union, Lech Walesa, for guidance as much as—if not more than—the Chairman of the Communist Party. This is a fairly interesting phenomenon: A Communist regime bases its legitimacy on the assertion that it is the sole protector of the working class. It is more than a little ironic that the sole protector of the workers has been forced to acknowledge another protector, one that frequently differs with the Communist Party's interpretation of the people's welfare. Unfortunately the country is still very much under the hegemony of the Soviet Union, but imagine—for just a moment—the implications this "new" Poland holds for the Communist bloc. Independent labor unions are not orthodox Marxism-Leninism; in fact, the two are flatly incompatible. In a little less than a year, then, the people of Poland have developed a very significant institutional departure from the Communist bloc's ideology, and they have done it peacefully. I think that the inspiring part of this entire episode is that it has been such a terrific study in nonviolent, restrained civil disobedience. Simply stated, the Poles have so far managed to beat the Russian Communist Party by refusing to fight them. Think what a better world this would be if all conflicts could be resolved this passively.

In the 23 years that we have been observing Captive Nations Week, I cannot remember a time that has shown as much reason for optimism as this year. The risks are enormous, witness the brutal subjugation of Afghan nationalists by the Soviet Army, but the Lithuanians, the Latvians, the Estonians, the Hungarians, the Bulgars, and the people of the more than two dozen other captive nations have now a genuine hope. They can look to Poland and learn how the oppressed of one nation are defeating the oppressors. Mr. Speaker, I feel confident that the "Polish Workers' Revolution" will not long stay confined to the borders of Poland, and I join freedom-loving people everywhere in cheering this fact.●

ONE-YEAR ADAP BILL

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. MINETA. Mr. Speaker, on behalf of myself and Chairman Jim Howard, I am today introducing legislation which would provide fiscal year 1981 funding for the airport development aid program (ADAP).

This program is part of a 3-year authorization bill (H.R. 2643) which has already been reported by the Public Works and Transportation Committee. H.R. 2643, however, requires a revenue title from the Ways and Means Committee, and that committee indicates that top priority must go to its work on the tax cut legislation, and quite rightly so. The Ways and Means Committee therefore does not expect to be able to deliberate on an ADAP revenue title until after the August recess, which would mean mid-September is the earliest consideration we could hope for.

At the same time, the authorization for the ADAP program expire on September 30, 1980, and no airport development grants have been made since that date. The user taxes already paid, now accumulated in a trust fund surplus of $3.7 billion, and those which are still being paid by most users, are therefore resulting in no airport development whatsoever. As a further irony, these users who have paid these now idle taxes are being forced to either forgo needed capital improvement at airports, or to, in effect, pay for it a second time through higher fees to airports.

Mr. Speaker, all parties now agree that there should be $450 million in ADAP funding in fiscal year 1981: That figure is included in the Reagan budget, the House budget, the Senate budget, and the appropriations supplemental bill. The workload of the Ways and Means Committee, however, will mean that we cannot enact H.R. 2643 before September 30, and that will mean that $450 million will, in all probability, be lost to the users from which it was collected.

This trust fund has long been criticized for its surplus, in other words, for taking more from its users in taxes than it returns to them in capital improvements. Allowing this $450 million to remain unauthorized on September 30 of this year would simply add to that problem and to that injustice. By taking action to see that the $450 million for fiscal year 1981 is authorized by September 30, the Members of this House will have the opportunity to show that they are concerned about the trust fund surplus and that they are not willing to further add to that problem.

The bill I am introducing today would simply extend the ADAP program which existed on September 30, 1980, for 1 additional year at the $450 million level. We are not changing the program in any way with respect to the existing setaside levels, the various minimums and maximums provided for airports, or any formulas for the allocation of funds. The historic funding ratio between air carrier and commuter airports on the one hand and general aviation and reliever airports on the other has been retained in the authorization levels, and the planning and noise planning programs author-

ized in the old law have retained their eligibility in the new authorizations.

Furthermore, because of the unusual circumstance of the lapse in the authorization for this program, the bill would provide that projects begun in that period of lapse would not automatically be excluded from ADAP eligibility, although they would still have to meet all tests and conditions as if the program had been in effect continuously.

Finally, the issue of forcibly removing certain airports from the benefits of the ADAP program, a proposal known as "defederalization," is not an issue in this 1-year bill, for the simple reason that neither the House nor the Senate are advocating defederalization in fiscal year 1981 in any event.

In short, Mr. Speaker, this bill is being introduced in a completely noncontroversial form, because it is only in that way that we can hope to get it passed and signed into law in time to avoid the loss of $450 million to the users from whom those funds were collected. It will be possible to accomplish that purpose, however, only if we are able to keep the bill noncontroversial and unencumbered by other issues. I will certainly work to that end, and I hope others in this House will join me in that effort.

In closing, I would just add that our decision to seek to 1-year authorization in no way lessens our commitment to our multiyear bill, H.R. 2643. We will continue to seek Ways and Means consideration of the revenue title for that bill at the earliest possible date and we will continue thereafter to press for its expeditious enactment.●

INTRODUCTION OF THE CONGRESSIONAL EQUAL EMPLOYMENT OPPORTUNITY ACT

HON. PARREN J. MITCHELL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. MITCHELL of Maryland. Mr. Speaker, almost all of our colleagues, it would seem, support the rights of working men and women—unless those workers toil in the shadow of the U.S. Congress, which engages in labor practices that embody the institution of antebellum race and sex discrimination in America.

Nearly half a century has passed since most American workers were guaranteed the right to bargain with employers over the terms and conditions of their employment. Federal employees working for the Congress, however, have not received this consideration. Indeed, the Congress has exempted itself from every fair labor act in existence—the Fair Labor Relations Act of 1935, the Equal Pay Act of 1963, the Civil Rights Act of 1964, the Occupational Health and Safety Act of 1970, and the Equal Employment Opportunity Act of 1972.

I am introducing legislation which may give legislative branch employees a fighting chance. The Congressional Equal Employment Opportunity Act amends title VII of the Civil Rights Act of 1964 enabling an aggrieved employee to file an action in U.S. district court against the clerk of either Chamber. If the court finds that the Congress has engaged in discriminatory practices, the House and Senate leadership is obliged to find the complainant suitable employment somewhere in the legislative branch.

Ultimately, the Congress is going to live up to the rules it has prescribed for the rest of the country. Cosponsorship of the Congressional Equal Employment Opportunity Act would demonstrate that the Nation's highest lawmaking body possesses the initiative to clean up its own house, without the prompting of yet another public scandal.

I urge my colleagues to join me in this effort.●

STATE AND LOCAL ENERGY BLOCK GRANT PROGRAM

HON. THOMAS J. TAUKE

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. TAUKE. Mr. Speaker, yesterday I introduced H.R. 4163, to establish a $500 million State and local energy block grant program for energy conservation and supply development activities. It is my hope that this proposal will be incorporated into the energy section of the Conference Report on Budget Reconciliation.

As the attached chart outlining the actions of the House and the Senate on weatherization programs indicates, the House Reconciliation bill apparently eliminated the authorization for all weatherization programs, and the Senate measure relies on a weatherization program yet to be authorized. In addition, the future funding for other energy conservation programs—like schools and hospitals conservation, State energy conservation, residential and commercial energy audits, renewable energy demonstration, emergency preparedness, and the energy extension service—is uncertain.

My $500 million block grant proposal would essentially provide:

First, $200 million for low-income weatherization allocated among the States in the same manner as provided under the Energy Conservation and Production Act. This money is earmarked strictly for weatherization and would come from the existing low-income fuel assistance program. Under existing law, 10 percent of the fuel assistance funding is available for low-income weatherization.

Second, $300 million for energy conservation and renewable resource programs allocated according to a formula based on 25 percent divided equally among the States and 75 percent based on population. A 20-percent passthrough of funds to local governments under a compromise formula recommended by the National League of Cities, the National Association of Counties, and the National Governors Association is required.

The block grant funds would be matched by the State at a rate of 20 percent the first year and 35 percent thereafter.

The block grant would allow States and local communities to design and administer their own local energy programs with maximum choice and minimum Federal interference.

The block grant is also fiscally responsible, and it provides necessary moneys for the continuation of essential energy programs.

I urge the House and Senate conferees to support this package during their deliberations on the reconciliation package.

RECONCILIATION CONFERENCE, WEATHERIZATION/ENERGY CONSERVATION

HOUSE

Banking: Repeal of all weatherization programs.

Education and Labor: $187.5 million (up to 10 percent) of $1.875 billion fuel assistance block grant may be used for low-income weatherization.

Energy and Commerce: No authorization for weatherization; relies on existing conservation programs, with no specific dollar authorization.

Ways and Means: Fuel assistance plan may include conservation/weatherization, renewables ($1.4 billion) authorization.

Science and Technology: $205.665 million for conservation line-items, including $15 million for Energy Extension Service.

SENATE

Energy and Natural Resources: $545 million for conservation of which not to exceed $336 million for State and local programs "including any authorization pursuant to S. 1166, the 'National Home Weatherization Act,' or such comparable legislation."

BLOCK GRANT PROPOSAL

$200 million for low-income weatherization transferred from Fuel Assistance Program to State and local energy block grant:

2 year authorization.

Must be spent on low-income weatherization.

Allocated under formula in old weatherization program.

Money distributed to states for dispersal to local communities.

20 percent state match first year, 35 percent thereafter.

$300 million for State and local conservation, renewable and supply development:

2 year authorization.

75 percent by population, 25 percent by States.

20 percent pass-through to local governments.

20 percent state match first year, 35 percent thereafter.

Total: $500 million program.●

CONTROVERSIAL FATHER GIGANTE WINS PLAUDITS

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. GARCIA. Mr. Speaker, a dear friend of mine and dedicated community activist, Rev. Louis R. Gigante, has spent many productive years in my district of the South Bronx involved in community service, successfully revitalizing the depressed housing situation and other social needs in an effort to better the lives of the citizens of the South Bronx. As a result of his superb efforts, Father Gigante has received enthusiastic praise and support from government officials and a grateful community. I am pleased that Father Gigante has been so successful in his efforts and would like to share the following New York Times article of July 15, 1981 about his life and achievements with my colleagues.

CONTROVERSIAL FATHER GIGANTE WINS PLAUDITS

(By Michael Goodwin)

His life sounds like grist for the Hollywood mill: Born the youngest of five sons of Italian immigrants living in lower, Manhattan, he pushes himself as an athlete, receives a basketball scholarship to Georgetown University, as captain leads the team to national prominence, enters a seminary after graduation, becomes a "street priest" in the Bronx slums, enters politics, wins an election and becomes a power broker.

Along the way, he makes friends and enemies, is called compassionate and arrogant, is praised for his work on behalf of the poor, is accused of being a "mob priest" and spends a week in jail.

The trouble with the Louis R. Gigante story would be finding the right ending. The main character is a real character, and there is always a new twist.

WINS UNIVERSAL PRAISE

The newest is that Father Gigante, a Roman Catholic priest who spent more than a decade haunted by controversy and innuendo, has in the last few years quietly orchestrated the construction and rehabilitation of 1,100 federally subsidized apartments in the Hunts Point section of the South Bronx.

The achievement—a concrete and brick miracle in a neighborhood that was legendary for the resoluteness of its death march—has earned him the highest respect and praise from government officials as well as from a grateful community.

"What he's done for that area is fantastic," said Anthony B. Gliedman, the city's Housing Commissioner. "It's almost like a Phoenix rising from the ashes."

Edward J. Logue, head of the South Bronx Development Office, called Father Gigante's housing work "the best." He added, "If I had one wish, it would be to clone him."

Many community residents expressed sentiments similar to those of Jenny Aponte. "He makes everything good," she said, "He has good ideas. Inspiration. You know inspiration?"

Such accolades are rare in the real world, where poverty, religion and government overlap, and sometimes conflict. Only Father G., as he is known from Hunts Point to City Hall, is not surprised.

"If I weren't here, it would be all devastation," he said. "If I want to kiss myself or something, I'll kiss myself. I pushed the government. I pushed the bureaucracy to bring back something that was dead."

On a recent afternoon, Father Gigante sat in the garden behind St. Athanasius Church on Tiffany Street, where he has been an associate pastor for 19 years, and talked about his battles with the church, with government, with news organizations, with the human spirit.

Even the interruptions typified him: Sanitation officials came to ask where he wanted the new litter baskets he had requested; a former parishioner who had moved to Cuba came by to say hello; a State Department official wanted information on a job applicant who used to live in the area; lawyers came to talk about housing business.

APPEARS MORE MELLOW

Smoking a cigar and dressed in an open-necked black shirt and blue slacks ("I thought they were black when I put them on"), Father Gigante, a portly man of medium height and silver gray hair, was, as always, frank and immodest.

Yet, perhaps because he is 49 years old, or perhaps because he has virtually rebuilt a neighborhood, he seemed more mellow than the fiery activist who sometimes walked the violent streets of his domain carrying a baseball bat.

"I'm a very quiet person, in the sense that I like to be alone in my room at the end of a long day," he said. "I had no ambition to be in a community organization, or to build housing. But I had a desire to fulfill the Gospel, which is to house those in need, to clothe those in need. Housing was a need here, and so we built."

His worldly ways, especially his political career, which included an unsuccessful Congressional race and two successful ones for the City Council, earned him some problems from the church heirarchy. But all that has been fixed now, he says, thanks to some recent talks with Terence Cardinal Cooke.

"We've had some nice chats in the last couple of months," he said. "There were some things I wanted to straighten out. He may not have understood what I was doing because nobody around him tells him the truth. They all have their axes to grind."

He said that he had explained to the Cardinal about Sebco, or the Southeast Bronx Community Organization, the housing development company he heads, and that the Cardinal had responded: "Marvelous. We love you."

He said the Cardinal had attended the dedication last month of Tiffany Plaza, an outdoor gathering spot complete with ornamental fountains of lion's heads made in Italy, a stage and 30 honey locust trees. The plaza, directly across the street from the church, was built by the city with $830,000 in Federal funds.

"He came up early, and I got in his car and we rode around the neighborhood," Father Gigante said with relish. "I showed him what we've done. He was very happy."

Father Gigante formed the Southeast Bronx Community Organization in 1968, when Hunts Point was notorious for its problems—bad housing, high crime, few jobs, plenty of drugs and poor health care. Anybody who could escape did. In 1962, some 8,000 people worshiped at St. Athanasius each Sunday. The number today is 1,200.

SLIDE TO RUIN WENT ON

Those who did not leave had only a 1-in-20 chance of dying a natural death, according to a study done a decade ago by Dr. Michael M. Baden, then associate medical examiner.

The area around the church, a modest red-brick structure 75 years old, continued its slide to ruin throughout the early and middle 70's. Poverty programs came and went, as did many who profited from them.

In 1970, Father Gigante ran in the Democratic Congressional primary. He finished third in a field of six, good enough to whet his appetite. The following year, he formed the Bruckner Democratic Club and set about building a power base in the time-honored clubhouse way—by dispensing favors.

He once had a meeting, he said, with the late Vincent F. Albano, the late S. Samuel Di Falco, Patrick J. Cunningham and Frank Rossetti, where those four political leaders all courted his support.

"It was my first power-broker meeting," Father Gigante said with a laugh.

ELECTED TO COUNCIL TWICE

In 1973, he ran for the City Council and won. In 1974, he was forced to run again because of redistricting and he won again.

"People are not just spiritual beings," he said. "They have real needs, and I didn't have money to give, so I said to myself that I better get some power. That's what led me into politics."

His Council tenure was not especially noteworthy, but he credits that time with laying the foundation and building the connections for his recent housing success.

"They know me at City Hall," he said.

He did not run in 1977, saying he felt he had achieved all he could. He considered a long-shot race for the Council presidency, but decided against it "for family reasons."

"But I enjoy politics," he said, leaning forward in his chair. "I love it because you can do so much with politics when you're on top. You can do so much good with the power."

DISPUTE LED HIM TO JAIL

Near the end of his Council term, Father Gigante had a run-in with prosecutors that led to jail and left him bitter. He refused to answer grand jury questions about his efforts to have Corrections Department officials ease the rigors of prison life for James Napoli, whom the authorities called a gangster.

Father Gigante said Mr. Napoli was "an old and dear friend" and asserted that, as a priest, he was entitled to remain silent.

He was cited for contempt and given a 10-day sentence. Appeals, which reached the United States Supreme Court, failed. When he arrived in lower Manhattan in October 1979 to begin serving his sentence, supporters gave him a hero's send-off. He was released three days early for good behavior.

He believes that the law enforcement authorities often "misuse and abuse their power." He believes, too, that such authorities and the news organizations have created the "Mafia," a word that angers him.

"I do not buy the overemphasis on Italian people being connected," he said. "I think it's a creation of the media just to make some people unsavory. The fact is, I have

associated with people who have been condemned by society as criminals."

It was after he left the Council that the Southeast Bronx organization began piling up results. Buildings so clean and well-maintained they practically shine now dominate block after block on such streets as Fox, Simpson and East 163d. They stand in stark contrast to the rest of the neighborhood, which consists mostly of rundown buildings, many of them abandoned, and bulldozed vacant lots. A total of 450 more units is planned.

Rents in the building are subsidized by the Federal Government. Tenants, who are predominantly Puerto Rican and Dominican, pay up to 25 percent of their incomes.

In addition to providing housing, the organization has made more than $1 million for itself by taking advantage of a provision in Federal housing laws that allows it, as community sponsor, to sell interest in the projects to investors as tax shelters. The net profits of those tax-exempt sales generally equal to about 15 percent of the total value of the project, are then shared by the sponsor and the private developer.

Father Gigante said Sebco, which is tax-exempt and nonprofit, has poured all its money back into the community. It has started what he hopes will be two profit-making companies, one for building management and one for building security. It also operates a social services unit.

He wants the organization to produce its own income to become more independent. He says most government programs "create a welfare" mentality, and he thinks it would be a bad idea for government to try a massive reguilding effort in the area.

"You have to rebuild the South Bronx the way it was destroyed—by neighborhoods," he said. "A little piece here, a little piece there."

The Southeast Bronx Community Organization has 33 employees, with Father Gigante the president. He is paid for his services. The money, he said, enables him to support his mother and other relatives and to enjoy restaurants, drinking and the theater with his friends.

"I didn't take a vow of poverty," he said. "People think I don't get paid and that I'm a saint for doing it. That's their problem."

He said a number of priests found it necessary to augment their salaries.

"We cannot do good works without money," he said. "American society is money. It's not only good will."

The more traditional church work of preaching, counseling and conducting weddings and funerals remains important to him, and he still preaches two sermons each Sunday, one in English and one in Spanish. But he insists repeatedly that religion must not ignore the social needs of people.

Father Gigante, who several years ago received a master's degree in psychological counseling from Iona College, said he had turned down two requests from the archdiocese that he move to another parish.

"I really believe a priest should move to a place and live and die there, if possible," he said. "Otherwise, if it's three years here, three years there, it's just like pumping gas. You never really get to know the people."

Does he have any regrets?

"I never expressed it, but I pray over it," he said. "It's the regrets of having taken on the responsibilities of people's problems and needs and not being able to fulfill them."●

CAPTIVE NATIONS WEEK

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. DERWINSKI. Mr. Speaker, in the spirit of Captive Nations Week, which we commemorated in the House yesterday, I wish to insert a proclamation issued by the National Congress of the American Friends of the Anti-Bolshevic Bloc of Nations, Inc., which reaffirms their support of the national liberation struggles being waged by the nations subjugated by Soviet Russian imperialism and communism in the U.S.S.R. and the satellite countries. In addition, a press release and an article which appeared in the News World of May 3, are also included which bring special attention to the cause of the captive peoples.

THE COUNCIL, CITY OF NEW YORK—PROCLAMATION

Whereas May 2 and 3, 1981, marks the convening of freedom fighters worldwide at the National Congress Of the American Friends of the Anti-Bolshevik Bloc of Nations, Inc., at the Hotel Roosevelt in New York City; and

Whereas organizations from across the United States, representing 23 nationalities subjugated by Soviet forces, will be represented; and

Whereas the delegates will discuss their common goal of assisting their ancestral homelands in their struggle for liberation and national independence; and

Whereas members from Canada, Europe, South America and the Far East will join in deliberations regarding the true situation behind the Iron Curtain, activities of the Anti-Bolshevik Bloc of Nations throughout the world, liberation as a part of American foreign policy and developments in the post-World War II era leading to the end of the Soviet Russian empire; and

Whereas the main speaker will be the Hon. Yaroslav Stetsko, President of the World Anti-Bolshevik Bloc of Nations and former Prime Minister of the Ukraine; now therefore be it

Resolved, That I, a duly elected member of the Council of the City of New York do hereby welcome to New York City the National Congress of the American Friends of the Anti-Bolshevik Bloc of Nations, a Congress founded in 1950 by American citizens and organizations whose members trace their heritage to nations subjugated by Bolshevik Russia.

APPEAL OF THE CONGRESS OF THE AMERICAN FRIENDS OF THE ANTI-BOLSHEVIK BLOC OF NATIONS

To the Governments of the United States and the Free World: Through its resolutions, the Congress of the AF ABN, held in New York City on May 2-3, 1981, has reaffirmed its support for the national liberation struggles being waged by the nations subjugated by Soviet Russian imperialism and communism in the USSR and the satellite countries. The Congress has pledged its continued support for the leadership of the Anti-Bolshevik Bloc of Nations as the single force in the international arena today which represents the genuine aspirations and interests of the subjugated nations. Furthermore, the Congress fully embraces the policy and strategy formulated by the ABN as the single means of achieving a lasting peace and an international order based on justice, freedom and independence for all nations.

We call upon the United States, its allies and all free nations to reject policies of "detente", "balance of power", "containment" and "appeasement". The policy of "detente" has proven to be an unequivocal failure and significant setback for the West. It has not only weakened the resolve of the citizens of free countries to resist Russian aggression, but has also proven to cause division and disharmony among various members of Western based alliances.

The concept of "balance of power" is reactionary and therefore can never become a means for achieving a free and just international order. On the contrary, the Russian empire has consistently utilized this concept to buttress and advance its own imperialist interests throughout the world, forcing the West to continuously redefine the existing "spheres of influence" after each new Russian imperio-colonial conquest.

The policy of "containment" has proven itself to be a complete failure in light of Soviet Russian organized aggression directly or by "proxy" and its efforts to legitimize violence as a means for advancing its imperialistic interests in Central and South America, the Middle East, Africa, South and Southeast Asia.

Unfortunately, the Congress of the AF ABN has had to reaffirm the fundamental gap in the strategic policies of the Western nations. The false notion of the Soviet Union being a nationally monolithic state, shared by many strategic thinkers in and out of government in the West, has negated the fundamental importance of the national liberation forces of the subjugated nations within the Soviet Russian empire.

With virtually no support from the governments of the Free World, the liberation movements in Ukraine, Lithuania, Latvia, Estonia, Byelorussia, Armenia, Azerbaidjan, Georgia, Hungary, Poland, North Caucasus, Turkestan, Rumania, Albania, Bulgaria, Slovakia, Serbia, Czechia, Croatia, Slovenia, Cossakia, East Germany, Cuba, Idel-Ural, Vietnam, North Korea, more recently Afghanistan and other subjugated countries, have demonstrated their commitment to cast off the Russian colonial yoke. These liberation movements should be the cornerstone for a policy of rolling back and ultimately dissolving the last remaining colonial empire in the world into nationally independent and sovereign states. Their struggle represents the missing organic link for the strategic interests of the West.

The Congress of the AF ABN extends the following proposals as modest and yet significant measures integrating the national liberation movements into Western military and political strategy:

1. The United States and its allies should engage Soviet Russia in the struggle of ideas and ideologies by calling for the recognition of the liberation movements of the subjugated nations as the legitimate representatives of these countries at all international forums, including the United Nations.

2. The United States should provide access for representatives of national liberation movements to the various forms of mass media to facilitate their ability to communicate with their countrymen behind the Iron Curtain on a mass scale.

3. Such a communication center would serve to enable the national liberation ideal

to permeate through all levels of the social strata of the subjugated nations.

4. Assistance should also be provided in the form of military training, transport and arms, as well as other political, material and technical means of support for the national-liberation forces in Afghanistan, Angola, Nicaragua, Cuba and extended to all legitimate representatives of revolutionary national liberation movements in the USSR and the satellite countries.

5. National liberation movements of the subjugated nations should be allowed access to the necessary technological means for waging a revolutionary liberation struggle.

The threat of a nuclear holocaust cannot be negotiated away. Soviet Russia has consistently and unabashedly pursued and is today advancing its colonial ambitions on all continents of the globe. Soviet Russia has skillfully exploited Western fears of nuclear war to blackmail the West into meekly acquiescing to its ever increasing conquests. The Congress of the AF ABN has placed before the governments of the Free World the single alternative to the continuation of this process. Our strategic alternative is based on the belief in the universal principles that every nation and every individual seeks freedom, justice, and national independence. Therefore, the subjugated nations within the Soviet Russian empire represent a vast untapped force, which in a common front with the nations of the Free World provides the strategic raison d'etre for defeating the last remaining colonial empire, thereby ridding the world of this threat to freedom, culture and human survival.

Freedom for nations! Freedom for the individual!

[From News World, May 3, 1981]

ANTI-RED FREEDOM FIGHTERS ASK U.S. AID FOR STRUGGLE

(By David-John Doose)

A congress of the American Friends of Anti-Bolshevik Block of Nations (AF-ABN) meeting this weekend is issuing a series of proposals to the Reagan administration that call for the integration of national anti-Soviet liberation movements into Western military and political strategy.

Representatives of 27 different nationalities, who trace their heritage to countries presently under Soviet subjugation, including Poland and Afghanistan, are calling on the U.S. government to provide representative of national liberation movements with more military and technological support as well as more access to the U.S. media.

Yaroslav Stetsko, president of the Central Committee of the ABN, told AF-ABN representatives yesterday that "It would seem that the political and military strategy of the West are founded upon the expectation that a miracle will come of and by itself. This real miracle will be the revolutionary uprisings of the subjugated nations."

Stetsko, the former prime minister of the Independent Ukrainian State) read a quote from an essay written by Gen. J. F. C. Fuller entitled "Russia is not Invincible" that said, "the Kremlin is living on a volcano, and it knows that the most explosive force in the world is not to be found in the hydrogen bomb, but in the hearts of the subjugated peoples crushed under its heels . . ."

Citing the Polish and Afghanistan situations, Stetsko said, "The 1980's will be a decade of volcanic explosions."

L'mere Yonoussi, an Afghan Association of Freedom Fighters committee member, followed Stetsko's comments by calling Reagan's recent decision to lift the Soviet grain embargo "a major disgrace and a major setback to freedom fighters all over the world."

Yonoussi called on all those attending the congress to get "really serious." "We should come up with a strong lobby in this country that would show the U.S. government that our security and interest is not only ours but theirs," he said.

Guest speakers addressing the conference this weekend include U.S. Congressman William Green, R-Manhattan; Barry Farber, News World columnist; Mr. K. C. Dunn, director of the Coordinating Council for North American Affairs-Republic of China; and freedom fighters Sviatoslav and Nina Karavansky (Ukraine), Simas Kudirka (Lithuania) and Gergely Pongracz (Hungary).●

H.R. 85, OIL SPILL LIABILITY AND COMPENSATION ACT

HON. DAVID F. EMERY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. EMERY. Mr. Speaker, it has recently been alleged that the House Merchant Marine and Fisheries Committee's version of the Oil Spill Liability and Compensation Act will, if enacted, provide less than adequate protection of our economic and natural resources. Apparently, the reason for this stems from the idea that individual State laws would be preempted by Federal law, replacing some States' strong oilspill laws with far weaker provisions. This assessment is inaccurate and simplistic and reflects a shallow understanding of the legistation's substance and purpose.

As my colleagues are well aware, the issue of providing for adequate oilspill liability and compensation has been debated by this body for 6 years now. It remains the feeling of the members of the Merchant Marine and Fisheries Committee that this legislation is necessary now, as accelerated exploration for oil begins in our oceans, in order to simplify the administration of claims without decreasing the levels of liability and compensation or environmental standards provided under currently applicable statutes.

The effort to implement a comprehensive Federal oilspill law is now 6 years old and stems from the fact that existing law does not provide prompt and adequate compensation to those who suffer economic loss or property damage as a result of an oilspill incident. Federal law now provides for the maintenance of separate liability and compensation funds under the Federal Water Pollution Control Act, the Trans-Alaskan Pipeline Act, the Deepwater Port Act, and the Outer Continental Shelf Lands Act Amendments. All of these funds are governed by differing liability and compensation provisions with overlapping administrative requirements, the complexities of which defy a timely and uniform approach to the resolution of claims. H.R. 85 aims to simplify this procedure to insure adequate protection to everyone potentially affected by pollution from an oilspill.

The major controversy this year, as in the past, has focused on the effect comprehensive Federal legislation would have on existing State funds for liability, compensation and cleanup. States such as Maine have an understandable desire to assure that existing cleanup compensation and capabilities are not weakened by provisions of superseding Federal law. The key provision affecting this concern in this year's version of the legislation provides that Federal law will supersede State provisions only when the two are duplicated. To eliminate the increased costs to consumers from simultaneous State and Federal taxation of industry carriers, the State tax would be replaced by a Federal tax only in those instances where uses of the Federal funds are identical to the provisions in State law. In other words, the States' ability to levy taxes for purposes not covered under the Federal law will be continued and Federal taxes will only be levied for purposes in which State and Federal intent are the same.

In responding to State concerns over the effect of the preemption language on existing cleanup capabilities, the committee this year made the following additional clarifications:

One, States with funds will continue to have them; that money will not be transferred into the Federal fund.

Two, the right to levy taxes for any purpose not covered in the Federal law, including the purchase and prepositioning of oil spill cleanup equipment, training local personnel in oil spill cleanup techniques, or environmental research, is preserved.

Three, section 107(g)(2) of the bill is designed to encourage the use of competent State agencies as claims adjustors in the settlement of claims arising in their States. This is intended to make certain that the substitution of a Federal fund for an existing State fund will not result in a less efficient or more time-consuming claims settlement process.

Four, State protection over areas not covered in the Federal bill, such as ground water pollution, will continue under this bill, and State courts can continue to pursue any claim not covered in the Federal law. This insures that the highest standard possible can be utilized in settling claims.

Five, expenditure of State funds for cleanup operations will be eligible for direct dollar-for-dollar reimbursement from the Federal fund.

Six, the scope of damages included in the House bill includes removal

costs, damage to property and natural resources, loss of certain profits or earnings, loss of use of property, loss of subsistence use of natural resources, loss of certain seasonal profits or earnings, and loss of certain tax revenue.

These categories of damages will not cause a drain on the Federal Treasury or a limitation on existing State compensation standards. Damages will be asserted first directly against the financially responsible spiller. The Federal bill requires owners of vessels or offshore facilities to have certificates of financial responsibility which will guarantee their ability and their availability to respond to court action directed against them for oil pollution damages resulting from the activities they undertake, an important provision not contained in current law.

While there are limits of liability for insurance purposes set for specific classes of vessels under certain circumstances, no limitations are applied when the incident triggering the oil pollution is caused by gross negligence or willful misconduct, or when the owner/operator has violated Federal standards or regulations related to the safety, construction, or operation of the vessel or facility. In addition, there are no limits to the claims which can be filed against an owner/operator. If the claims go beyond the limits of liability established in the bill, the remaining damages will be compensated out of the Federal fund, which serves as a backup derived from a specific and direct tax on oil. The fund is not dependent on appropriations from Congress.

In response to the State concerns over the timing of enactment of the Federal law, the committee included a provision which allows for a 3-year delay in the effective date of the preemption section. This delaying effect will allow both the States and the Federal Government the opportunity to judge the merits of the Federal program. It would, in addition, give all States the time to make adjustments in their own laws or funds that would be required by H.R. 85, and if for some reason the Federal fund were to prove unworkable or inefficient, Congress would have sufficient opportunity to take corrective action.

Rather than acting irresponsibly, I believe the above explanation shows that the committee has seriously considered the various issues associated with enactment of a Federal oilspill liability and compensation law. Any suggestion that protection under this act will be less than adequate reflects an unwillingness to understand the law, and can only contribute to public misconception.●

DANIEL J. TERRA: AMERICA CAN BE PROUD OF OUR NEW AMBASSADOR-AT-LARGE FOR CULTURAL AFFAIRS

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. PORTER. Mr. Speaker, I had the profound pleasure today to attend the ceremony at the Department of State inducting our country's new Ambassador-at-Large for Cultural Affairs, Daniel J. Terra.

When President Reagan makes an appointment of this quality, Mr. Speaker, all of us can be assured that our Government is bringing to bear not just on the problems facing our society but also upon the forces advancing our civilization—individuals of the highest intellect, integrity, and capability.

For Dan Terra exemplifies not only the qualities of the successful American businessman, which he is—foresight, resourcefulness, courage, good judgment, and hard work—but, as well, those deeper qualities of human understanding, compassion, and appreciation of history and of the arts and humanities that mark a man for all seasons—which Dan Terra also is.

Dan will represent our Nation and our culture at home and around the world, and I can assure my countrymen that nowhere can there be found a representative more qualified nor one who can make us more proud of being Americans.

Mr. Speaker, I share here with my colleages of the Congress a recent article from one of our Capital's fine newspapers, the Washington Post, that states very well the reasons why we can feel so positive about Dan Terra's embarking upon this new and important assignment for our country:

REAGAN'S INTREPID ENVOY TO THE ARTS—CAN DANIEL TERRA DO FOR THE ARTS WHAT HE DID FOR THE GOP CAMPAIGN?

(By JoAnn Lewis)

Daniel J. Terra, 70, looked more like he'd been demoted than promoted as he sat newly ensconced in his dreary, paneled State Department office last week—the terrain that comes with his new job: ambassador-at-large for cultural affairs.

It's a big comedown from his offices at Lawter International Inc., or for that matter at any of his subsidiaries in Great Britian, Canada, Belgium, West Germany and Holland. It's even farther from the comfort of his own museum: the Terra Museum of American Art in Evanston.

Yet the bare walls at the State Department seem appropriate—and symbolic—given the gloom in the cultural sphere these days, following what most artists and arts institutions see as the end of America's cultural golden age, as well as the end of them: the Reagan budget.

"There's so much emotionalism on the arts issue," said Terra, a slight, considerably more grandfatherly looking septuagenarian than the president of the United States. He is genuinely concerned, but a little surprised, at the vehemence of the reaction. Even before his Senate confirmation two weeks ago, he had begum to receive a trickle of visits and calls from arts administrators who've been coiled tight, ready to spring as soon as the Reagan administration put someone in charge of the arts. "First thing I've had to do is calm people down," said the ambassador, in his gentle rasping voice. "Then I tell them that things are going to be better, not worse."

Terra wears his wavy white hair parted just to the right of center, his toothbrush mustache straight across, without flourishes. It seems just right for the lifelong Republican who helped win the election for Ronald Reagan. As national finance chairman to the campaign, Terra raised $21 million in individual contributions and federal matching funds. "We even returned $1 million to the Treasury," he said proudly.

"We also did some trailblazing, and put together one of the best organizations ever assembled," said Terra, who traveled seven days a week for a year, 350,000 miles in all, on his fund-raising mission. "I'm convinced," says his friend—now his boss—Ronald Reagan, "that Dan is the only man who traveled more than I did during the campaign."

Artists and art institutions could use such energy, good organization and trailblazing ideas. Terra means to provide them.

He could have chosen from a number of jobs in the new administration, but according to all reports, he waited to be asked. "He would have done anything the president asked him to do," says William P. Clark, deputy secretary of state and Reagan intimate who helped dole out appointments. Given his business ties to several nations abroad, there was speculation that Terra would be given a major ambassadorship. "But that would have been a full-time immediate change," says Clark, "and though he's a selfless man who'd do anything for the president, that would have required a great sacrifice on his part.

"But this wasn't a job created just for him," says Clark. "It was felt early on that in this year of stringency, we'd have to cut back, but we didn't want to hurt the prominence of American art and culture, particularly in its international aspects. There was the position of ambassador-at-large . . . The need was noted and the man known by the president. He put the two together."

Between his appointment in February and his Senate confirmation in late June, Terra stayed quietly in the background, learning the ropes and working with the Task Force on the Arts and Humanities, of which he is co-chair, along with Charlton Heston and University of Chicago president Hanna Holborn Gray. "I don't think he realizes yet the potential extent of his power," said one arts official—who, along with thousands of others, is holding her breath, waiting to see what Terra and the task force will decide about their fate.

Terra has clearly not yet defined either the scope or the potential power of his new office. "I don't understand why so many people want to work here," he shrugged. "It's such drudgery!"

By last week, Terra's government-issue desk was still sparsely covered, with a scattering of papers, one plastic pencil cup, the Congressional Directory, and an empty "in" basket. Spread across the center of the desk, however, was an array of yellow telephone-messages, all laid out in rows, like so many

tarot cards. It seemed that Terra himself had been scrutinizing them for some clue to what the future has in store.

His job description is wide-ranging but vague, and reads in part as follows:

"Mr. Terra will report to the secretary of state, and represent the president at major national and international cultural events having significant American participation." In this role, he will go to China in September to open the first exhibition of American art ever to be shown there.

"He will make recommendations to the president and secretary of state regarding broad cultural policies and activities of the U.S. government." This function includes his work on the task force, which will be dissolved in September.

"He will provide guidance to the Art-in-Embassy program to ensure that American art displayed in ambassadorial residences abroad is representative of our national cultural heritage and in concert with the president's goals and international policies of the Department of State." It was this assignment that prompted columnist Jack Anderson last week to label Terra a potential censor and "an arbiter of taste and patriotism."

"As the president's representative, Mr. Terra will act as adviser and coordinator of existing government cultural agencies and departments." In other words, Joan Mondale's old job as chairman of the Federal Council on the Arts. It was an instrument she used masterfully to squeeze arts support out of government agencies. It is also an instrument that could serve Terra well. First, however, the president will have to appoint Terra to the council. Due to a fluke, the State Department is not currently represented on it.

Fully occupied with the task force until now, Terra has not yet had time to fully familiarize himself with other aspects of this job, either foreign or domestic. Not yet sworn in (that will happen Wednesday), he is thinking chiefly about ways to raise private arts money to replace what will be taken away in the federal budget.

In this regard, this master fundraiser has some possible solutions, but isn't talking about them yet. "We need new ideas, new incentive-oriented programs including tax incentives, to help fund the burgeoning arts. Today 90 percent of arts support comes from the private sector. What we need to do is increase that. We're working on concepts that would make possible substantially increased funding from the private sector. They'll be made public in the not-too-distant future, and I think they're going to work."

On the subject of the endowments for the arts and humanities, Terra says, "I think they've done well in taking care of embryo groups, as well as the middles and the majors—and that's important. Most important, they've been making grants on a matching basis, and that's been the key. The challenge grant has always worked, and it always will."

But will the endowments survive, given the sharp budget cuts? "They were reauthorized for five more years, so they'll be around for at least that long," says Terra. "But I agree in principle with everything President Reagan has said. We have to pay the piper and put our house in order. We have to try experimental concepts, and I think we'll find ways. I also think they'll come out way ahead."

Terra said he had not read recent press reports that corporations and foundations are being flooded with requests for funds that they feel they cannot satisfy. "I think corporate management has come through and will again. With the right incentives, all institutions will profit." His track record notwithstanding, the question remains: Can he pull it off?

Next to the empty bookcases in Terra's office are some cardboard boxes from which he proudly produces—at the first opportunity—a volume on American Impressionist painting, thumbing the pages to find favorite works, and then describing them in loving detail. It is the catalogue of the exhibition that opened the Terra Museum in Evanston last year. "I gave Ron and Nancy the only hand-bound copy," he said, fondly remembering an event that obviously bound his two greatest passions together. "I think they still have it, I'm sure they do, but," he said worriedly, "I don't know—I haven't been up there."

This is by plan and intent an American museum, and it came about in a strange way, says Terra, launching right in. "My alma mater, Penn State, asked me to help them raise money by showing some of my American paintings. I gave a challenge grant and they gave several dinners and raised $2 million.

"When the show was over, they asked about giving some paintings to them upon my death. I told them I wasn't ready, but began to think, for the first time, about what would happen to these paintings, which had become a major part of my estate. Penn State's charter was for a general museum, and we wanted the works in an American Museum. We looked at the Whitney Museum of American Art in New York, but they had many great paintings in the basement, and all we could think of was, well, that's where these paintings we've worked so hard to collect are going to end up.

"We were at a loss, until my wife, Adeline, and I were having lunch with a dealer in New York, and he pointed out that there was no museum of American art within 400 miles of Chicago. I'd never thought of it, but there was the great heart of America, and we didn't have a museum of American art! We looked and finally found the perfect space—a former flower shop, with so many beautiful textures and vistas. Our big worry was whether anyone would come, and it gave us butterflies. But attendance has gone beyond our fondest expectations—40,000 visitors in the first year. We decided we'd do it only with funds from the family for the first five years, though some 400 members have signed up." Would he take corporate or private support if offered? "Every bit of it," he chuckles.

Though he's stopped giving away paintings, his philanthropy and fund-raising skills have been lavished on nearly every cultural and educational institution in the Chicago area—not to mention hundreds elsewhere—from the Lyric Opera (of which he is vice president), the Chicago Symphony, the Chicago Art Institute (where he sits on two acquisitions committees) to the Illinois Institute of Technology. Despite his generosity—not to mention his great success in business and politics—he has managed to keep a very low profile, even in Chicago. "When he was appointed," admits one native Chicagoan who works for an Illinois congressman, "I had to call around in Chicago to find out who he was." A former Chicago newspaperman, who until recently covered the business beat, said he'd never heard of Terra until he opened his museum. "He's a real right-winger, I hear." Asked about Terra, Joan Mondale's aide Bess Abell replied, "Daniel who?"

Dan Terra could have been a song-and-dance man, which qualifies him in the performing as well as the visual arts. "My mother was a dancer, but of course she gave it up because there were no opportunities for feminine entrepreneurs in those days." He did some performing in high school, but his career ended abruptly during his junior year at Penn State, when a freshman wrested away the lead part in the big musical. The upstart? Gene Kelly.

"I still sing baritone at parties among close friends," says Terra, "and I love to dance. I never miss a single dance at a party." "The ladies love him," says Helene Von Damm, special assistant to President Reagan, "and love to be seated next to him at dinner. He makes them feel like a queen."

He credits his mother with his love of cultural things and his father with his love of Republican politics. His parents were Italian immigrants—"smart ones; they came early," says Terra. Though it's been said that his father was a penniless immigrant, that's not true, says Terra, though he admits "it makes a better story." In fact, his father was ultimately the manager of a lithography plant. "I never had to work my way through college, let's put it that way."

At 28, with a degree in chemical engineering, Terra—by then an ink chemist—started Lawter Chemical Company with a $2,500 loan from a friend, John H. Lawson. In 1960, Lawter went public, and by 1980 sales were $80 million, with an after-tax profit of $12 million. Investors did well, too. An initial $700 investment, after 14 stock splits, had become worth $31,000, with an annual dividend of more than $1,200.

Terra—whose family still owns the largest share of the company—sets a high standard for other philanthropists, and gives away "up to the hilt, 50 percent of my taxable income" every year. "That's why he's such a phenomenal fund-raiser," says Von Damm, one of Terra's biggest fans. "If he's convinced it's a good cause, he'll be the first to give money. He doesn't ask anyone to do anything he won't do.

"He's a humble sort of individual, very low key, who'd never throw his weight around," she adds. "I can tell you, he may not be part of the original California group, but both the president and Mrs. Reagan think very highly of him. The president is a laid-back individual as well, so there was a natural sort of understanding and *simpatico*. "At the beginning, Dan was not well known to any of us either," says Von Damm, "but had a great reputation and was recommended for finance chairman. But he didn't say yes immediately. He had several meetings with the governor and the first lady, and wanted to know where they stood on the issues, how they felt about things. Only after he was totally satisfied that he could speak for Ronald Reagan and knew what made him tick, did he accept.

"He's a very thoughtful, thorough individual, and when he makes a commitment, its a commitment."

Terra flies tourist class, Golden Age fare when he can get it. In Washington, a favorite lunch with his new legal aide is the apple-and-brie plate at the National Academy of Sciences refectory, just across the street from State.

Back home, he drives a Chevy station wagon, which he sometimes uses to haul valuable paintings from his office to the museum—to the dismay of the staff, who

might prefer more professional handling. "He'll often turn up at the back door, and knock on my window asking to be let in," says museum director Ronald Melvin, a former investment banker who helped Lawter Chemicals go public.

"He gets a terrific kick out of buying art, and also has great knowledge and taste," says Melvin. "He loves the place and comes here every chance he gets." Terra's museum has been variously described by visitors as "a little gem" and "a rather ordinary collection of 19th-century art—the kind you might expect from a conservative Republican." Critics have been generally approving.

Terra's collection, recently culled with the help of former Whitney Museum curator and American art scholar John I. Bauer, now numbers around 70 paintings—all American, dating from 1840 to 1940. The centerpiece is "The Jolly Flatboatmen" by John Caleb Bingham, which set the record price for an American painting when it was sold in 1978 for close to $1 million.

But Terra's favorite painting is by a lesser known artist, Charles Courtney Curran. It is a sunny, romantic scene from 1888 showing two women picking lotus lilies from a rowboat, and he can tell you everything about it, including why he loves it so. It is the blood of a collector—not an acquisitor—that runs through his veins.

"The cut-off date for the museum is 1940," says Terra, without apology, though he has been chided by some arts groups for what they consider an overly conservative preference for representational art. The issue was engaged during his confirmation hearings. "People say I don't like abstract art but I do," says Terra. "It's just that I have to work at it. I do try, and I respect it."

Has he bought any contemporary art? "Sure," he says scanning his memory for evidence. "I've bought living painters, like Martha Walters, who lived to be 101 and died in 1978. She was fabulous! Knew everyone—Prendergast, Winslow Homer, Sloan, Hassam, Hopper, Dove. We have a Dove. That's abstract."

Minister of Culture? "We've never had one and I hope we never will," says Terra. Culture czar? "I have no such ambitions.

"Look," he says, I'm 70 years old. I have an exciting life back home. I'm involved with my company, and I'd like to be there to see the museum mushroom.

"But I must admit, I see the prospects for this job, and they're very exciting.

"This is an advisory job, not an operating job. But it's a post that I think belongs. And it has great potential. After all, the greatest power in the world is the power of persuasion."●

AMERICA'S ROYAL WEDDING

HON. DENNIS E. ECKART

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. ECKART. Mr. Speaker, about 1 month ago, I alerted the House to what I felt was a dangerous trend. The trend I spoke of then was one where oil companies, bloated with excess moneys, were buying up companies the way children buy candy. Unfortunately, what I spoke of a month ago was merely the warmup for a much larger and more pervasive game.

What we are seeing now in the proposed Conoco merger is the ultimate, world series, grand slam, superbowl, call it what you will, of corporate wheeling and dealing. It started on May 29, 1981, with an offer from Seagram Co., Ltd., to buy 35 percent of the Conoco stock. It has escalated today to the point where Conoco has more suitors than Scarlet O'Hara. Now these are not just any suitors, but members of the best families. Just as the British royal family could only choose a Lady Diana for their Prince Charles, Conoco could only choose offers from the most elite. And who are these ardent potential partners? Well their names will be easily recognized—Seagram, Du Pont, Texaco, Mobil, Standard of California, Shell, and Standard of Indiana—and to keep them straight during the process they should be taking numbers like you would at the meat counter of the supermarket.

And who may I ask will benefit from this marriage of Conoco and the corporation with the largest dowry? It won't be the general public. A merger of the magnitude we speak of here will mean less competition, higher prices, control of vital resources by the few, and if past performance is a guide, little effort to provide alternatives to free the United States from foreign energy dependence. And worst of all, these larger and larger companies will swallow up more and more smaller companies until every vital industry we depend on will be controlled by the few.●

THE LESSONS OF THE FISCAL YEAR 1982 DEFENSE AUTHORIZATION BILL

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. CONYERS. Mr. Speaker, the 6 days of debate on the fiscal year 1982 defense authorization bill (H.R. 3519) have revealed a great deal about national priorities.

Weapons systems such as the F-18 naval fighter planes and the F-14 and F-15 fighter planes that have proven to be defective in design and performance and that amount to billions of dollars were given a vote of confidence.

The Department of Defense, overall, won a vote of confidence, despite the very solid disclosures by the General Accounting Office, reported in 44 separate studies, of some $16 billion in waste, duplication, abuse of funds, mismanagement, inefficient procurement practice, et cetera, at DOD. Last January in his final report to Congress, Mr. Elmer Staats, the outgoing Comptroller-General at GAO, reaffirmed his agency's recommendations for saving money at the Pentagon and indicate that in major areas DOD has failed to act on the recommendations.

Other important facts about our national priorities were revealed. For example, at a time when NATO countries—Germany and Great Britain, in particular—are cutting back on their defense spending and commitments, the United States is expanding its financial commitment to NATO's defense. We are spending in excess of $105 billion on NATO. We are making plans to sell them more weapons, more lethal ones, and weapons that will further destablilize the security of Europe, and, understandably, the NATO nations are making plans to slow down the arms race and find a formula for arms control that would roll back the arsenals that both NATO and the Warsaw Pact now possess. The NATO countries do not seem to welcome our expansionary posture, and the administration seems to go to any length to impose it upon them.

This week's debate on the DOD authorization bill also revealed the very strenuous efforts of the Pentagon to sell the American public—and Congress—on the desirability of having an MX missile system, although they have not yet found a place to put it. The Pentagon has convinced the leadership of two administrations—Democratic and Republican—and is desperately trying to convince the public, that we can learn to live with—and love—the MX missile.

Its task is made all the more difficult as a result of the Mormon Church statement last May that it opposed unconditionally the building of the MX missile and, in particular, disapproved of any deployment plan that would place that missile under the ground of Utah and under American soil in general.

The debate revealed that the Pentagon has an endless imagination and ingenuity when it comes to finding ways to build and deploy its pet weapons systems like the MX. For example, it was revealed that military planners right now are mulling over alternative sitings for the MX missile, including placing them on trucks that would travel interstate highways, putting them on barges that would travel about inland waterways, or in dirigibles high up in the sky. What is fascinating about these proposals is the close proximity in which they would place the weapon to human beings. Imagine driving down Interstate 95 to Richmond and cruising alongside trucks containing live MX missiles inside. Or boating down the Potomac and finding an MX barge alongside.

The Pentagon does not seem to care where it places its weapons systems and the harm that could be done to civilian life. It simply wants to find a

justification for building the MX missile, and in order to do so, it needs to find a home for it, either on land, in the air, or at sea.

There once was a time when nuclear weapons were treated with fear and loathing. The phrase, "thinking the unthinkable," once referred to the horrendous possibility of unleashing nuclear war. Times apparently have changed. Nuclear weapons have come of age. They have become domesticated, as if they are just another item, consumer product, like all the others that crowd our lives.

The Pentagon is striving mightily to convince the public that they can live with the MX missile system, and even develop an attitude of familiarity and fondness for a weapon that would be the deadliest in our arsenal.

During the defense authorization debate, we also learned that success at fighting drug traffic depends on the involvement of the Armed Forces, despite a century-old law and tradition of keeping the military out of civilian life. A number of Members offered the view that because the drug problem was the No. 1 problem in American today—a view that should invite some challenge, without minimizing the seriousness of the problem—the public needed the best resources to combat drugs, and those resources reside at DOD.

Forget for a moment the gravity of the economic problems we face, the overwhelming problems that the poor and disadvantaged among us face, and other problems in our national life. A large part of the debate on the biggest bill of peacetime military spending in American history involved questions of the drug trade and drug traffic.

Yet, it is difficult to lay aside the enormity of this defense authorization bill and its ramifications for future years. For example, if Congress goes along with the administration's defense plans over the next decade, we will have doubled the current defense budget by mid-decade. During the next 5 years alone, we could be spending between $1.5 trillion and $2 trillion on defense, as compared to the $1 trillion spent during all of the 1970's. The mind-boggling amount that the administration is requesting hit home when I read what the Navy alone is planning to spend just on one of its missions—shipbuilding. Navy planners, I understand, are calling for $100 billion over the next 5 years to build 145 ships. This figure does not even include inflation adjustments and the inevitable cost overruns that plague virtually every weapon program. This Navy request by itself is nearly equal to what DOD actually spent just 2 years ago. And shipbuilding is just one Navy function and the Navy is but one of four separate armed services.

The effects on the national economy of the incredible spiral in defense spending now in the works can be horrendous. There already is ample evidence that the bottlenecks in defense industries, the high cost of weapons systems, the greater inflation in military construction, and the shortage of workers in defense industries all combine to guarantee that this huge increase in defense spending will further heat up the economy, divert scarce resources, and aggravate rather than solve the problems of the industrial economy that exist.

There was one comforting note in the debate on defense authorization. The debate lasted far longer than anyone expected, and raised far more controversy than the floor leaders had wished. Although the Department of Defense got pretty much all that it wanted, perhaps this debate did raise issues that will grow in importance in the coming years.

One thing is clear to me: Congress by approving this defense bill is avoiding, rather than facing, the real dilemma and problems that exist in our midst. Once again, the sacred cow of national defense won the day. Perhaps there will be some second thoughts down the road. I never give up hope.●

SALVADOR REBELS BOAST OF FUTURE GOALS

HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. DANIEL B. CRANE. Mr. Speaker, those who refuse to acknowledge that the Communist revolutionaries trying to overthrow the Government of El Salvador are just a part of the international Communist movement's plan to conquer all of Central America would do well to read the following article.

Alex Drehsler, a reporter for the Copley News Service, spent 12 days in the Salvadoran mountains with the guerrillas. They openly boast of their ties to Cuba, Nicaragua, the Soviet Union, and even Communist Vietnam. And in a chilling prediction, they announce that "eventually, we will fight in Mexico."

The article appeared in the April 3 edition of the Washington Inquirer.

SALVADOR REBELS ESPOUSE DOMINO THEORY

(By Alex Drehsler)

CHALATENANGO PROVINCE, EL SALVADOR.—Salvadoran guerrilla forces now control virtually the entire province of Chalatenango and many of their leaders plan to help overthrow other Central American governments.

"We want to form a society, a government, that will be more radical than Cuba," said Neto, a guerrilla commander who has been fighting the government in Chalatenango for the last seven years.

While Salvadoran guerrilla leaders here admire the 2-year-old Nicaraguan revolution, they insist is was basically a revolt of the middle classes—of students, shopkeepers and professionals—against the rule of Anastasio Somoza.

By contrast, the insurgents insist that theirs is a proletarian revolution dedicated both to the overthrow of the present Salvadoran regime and to forging a new society based strictly on Marxist-Leninist principles. The guerrillas take pride in the extreme structure evident in their social relations, and in their seriousness of purpose.

The guerrillas encountered during a 12-day stay in the mountainous province of Chalatenango were singleminded, dedicated members of a revolutionary organization constructing a society concerned with every facet of daily life.

They appeared to be much more serious than their counterparts in either Nicaragua or Cuba, both of which have been visited by this reporter. There was no time for frivolity—even their parties consisted solely of the singing of revolutionary songs. The revolutionary slogans which in Cuba are now joked about are lived, breathed and believed in by the revolutionaries in Chalatenango province.

Neto and many of the other front-line Marxist guerrilla leaders believe the future of Latin America's revolutionary movements will be decided in El Salvador.

"So you see," said Neto, "there is no room for compromise here."

He fought on the southern front with the Sandinista guerrillas in Nicaragua. He was part of the Farabundo Marti Brigade, made up of 30 Savadoran guerrillas and named for the founder of El Salvador's Communist Party.

"This is not just a Salvadoran revolution," said Neto. "We have to help all of the oppressed and exploited people of Latin America. After we triumph here we will go to Guatemala and offer our proletarian brothers the benefit of our experience."

Neto said even revolution in Guatemala is not the final goal for him and his Marxist-Leninist comrades.

"Eventually we will fight in Mexico," said Neto. He said the guerrillas are not convinced the Mexican regime is any more egalitarian than the Salvadoran junta they are now fighting.

"The Mexican government is not deluding us by its support for our people," Neto said. "We know all about the Mexican government. We know what the government is."

Neto's goal to fight in Guatemala and other Latin American countries was shared by nearly every guerrilla interviewed in Chalatenango.

"Once all of the Third World countries have had their revolutions and withhold their natural resources from the United States, the capitalist system in the United States will collapse," said a former university student turned guerrilla.

Although the Salvadoran guerrillas are quick to point out that theirs is an international movement, they are hesitant to talk about foreign support for their cause. "We try not to put our friends on the spot," said Fernando.

Nicaragua, for example, has steadfastly denied it is a conduit for Cuban arms smuggled to the Salvadoran guerrillas because, said Fernando, "it is in their interest to do so."

Yet a guerrilla who used to work with Fernando in the smuggling of weapons into El Salvador said the Salvadoran guerrillas have a permanent commission in Nicaragua overseeing the smuggling of weapons from that country to here.

He also said there have been Cuban advisers in the province of Morazan, and that Vietnamese advisers have made several trips to guerrilla camps in El Salvador.

"It is possible," Fernando said with a smile, "that our people who were trained in Cuba—and there is no denying that many of our people have been trained in Cuba—were mistaken for Cubans when they came back to El Salvador.

"You can write that you have seen Soviet hand grenades," he said. "You can write that you have seen lots of M-16s and the United States certainly didn't give them to us.

"Outside of the United States, what country has the largest amount of M-16s? Why, Vietnam, of course. But you cannot write that we have had Vietnamese advisers unless you saw them."

The largest number of foreigners fighting with the Salvadoran guerrillas come from Honduras. The arms, food and medicine that have been smuggled to the guerrillas through Honduras reached their destination largely with the help of Honduran sympathizers.

The participation of Hondurans is due primarily to two reasons, said a Honduran leftist in the capital city of Tegucigalpa: sympathy for the guerrillas' cause, and the desire to get experience in guerrilla warfare to launch a revolution in Honduras.

"The military government of Honduras will fall. There is no doubt about that," said the Honduran activist. "Our training in El Salvador is invaluable and it will help us tremendously when the day comes to rise up."

Should the Salvadoran guerrillas triumph, the Honduran government would be almost completely surrounded by hostile revolutionary regimes.

Nicaragua and the new leftist government in El Salvador would certainly aid the Honduran rebels. Guatemala, the Honduran leftists predicted, would be too busy fighting its own revolutionaries to assist the Honduran government.

"That is," added the Honduran revolutionary, "if the Guatemalan dictatorship hasn't already been overthrown."●

PROSPECTS FOR FIFRA AMENDMENTS IN 1981

HON. THOMAS S. FOLEY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 16, 1981

● Mr. FOLEY. Mr. Speaker, I would like to use this occasion to bring to the attention of the House an extremely thought-provoking address entitled "Prospects for FIFRA Amendments in 1981," which was given recently by our distinguished colleague, the Honorable GEORGE E. BROWN, JR., before the National Agricultural Chemicals Association.

As we are all aware, Mr. BROWN is chairman of the Agriculture Committee's Subcommittee on Department Operations, Research, and Foreign Agriculture, which has jurisdiction in this area. Because the Congress will shortly be addressing amendments to the Federal Insecticide, Fungicide and Rodenticide Act—FIFRA—I would like to urge each of my colleagues to take the time to read these thoughtful recommendations and remarks.

PROSPECTS FOR FIFRA AMENDMENTS IN 1981

I would first like to thank NACA for this opportunity to address such a distinguished gathering of industry leaders. Speaking here today provides me with a unique opportunity since here in one room, within easy reach of my voice, are the Washington representatives of NACA, the Pesticide Producers Association—better known as PPA, other trade association, and business leaders in many of NACA's member companies.

No doubt in a few weeks time, during the political maneuvering on our FIFRA amendments, I will think back to this address and wish I had included some more pejorative remarks regarding industry unanimity, or lack thereof. As I am lured one way or another on these issues by the persuasive arguments of individual member companies or trade associations my frustration will be tempered by my belief in and appreciation of the political process. I am sure you all recognize the close ideological kinship I share with the current Administration in respect to my trust in competitive forces whether they be in the marketplace of the political arena.

The substantive agenda before us is a full one. First, I want to state clearly that the prospects for FIFRA amendments in 1981 appear good, at least on the House side. I am able to make such a confident, perhaps even foolhardy, statement largely because of the dedicated work of individuals in this room. As an industry, you have made remarkable progress, given where we began in early June and the fact that little over a month's time has passed. I would like to take just a moment to praise the candor and dedication of all the industry representatives who have participated with me and subcommittee staff during this period. Two people deserve a special tribute. Bob Fields has worked tirelessly on these matters on behalf of NACA and deserves much credit for progress made to date. Unfortunately I am aware that some companies in NACA would rather see Bob transferred to a clerk's job in the stock room, but I am sure FMC and NACA will continue to stand behind him. There is another individual who has contributed much to our progress to date. John Wise of Farmland Industries is, as his friends all know, an inherently funny guy. I am of the opinion that John's humor stems in part from his proclivity for changing hats. I think sometimes John himself gets confused about who he is representing so he resorts to one of his reliable one-liners and gathers his wits during the laughter.

Let me now address some of the substantive FIFRA issues which have brought us together this afternoon. My thinking of Sections 3, 10, and 24 has evolved to a point where serious discussion is possible. Unfortunately, I will only have time this day to address sections 3 and 10. Within these sections of the act, there are key issues which are not yet satisfactorily resolved, so if Bob, John, and Chuck would like to be excused now, they can continue negotiations in the adjoining room.

As you all realize, the truly stubborn FIFRA issues must be addressed by Congress. The FIFRA frustration index is currently off the chart. We should all anticipate further unfavorable movement in the index as the California med fly and Industrial Bio-test Laboratory incidents attract unsympathetic media attention to pesticide issues. These incidents and others like them in the past contribute to erosion of the public's confidence in EPA, the safety of their food supply, and your industry. I pity chemical industry management when they seriously ponder how many "Life Would be Impossible Without Chemicals" messages it might take to overcome the negative publicity which these incidents generate.

Discussion of your industry's very serious and very real public relations dilemma is eminently appropriate in the context of FIFRA sections 3 and 10. These carefully crafted sections of the act have evolved from 1972 to date as reasoned compromises. Both sections reflect the painstaking care and tenacity brought to bear on the issues by your industry, EPA, and representatives of public interest groups. Sections 3 and 10 have poorly served your industry, have tied EPA in knots, and have markedly strengthened the current arguments of public interest groups regarding the need for public accessibility and representation in the pesticide decision-making process. These sections of the act have performed equally poorly from all perspectives. In my opinion, one direct result of this trilateral failure is the intractability of your industry's current public relations dilemma.

Restoring public confidence in the quality and caliber of the science underlying your industry is to me a far more pressing concern than data compensation. Data compensation provisions play a role in regulating competition in your industry. Those with market-shares to protect argue for tighter compensatory language which will impose real economic and adjudicatory hurdles over which potential competitors must pass. Those companies wanting into the game naturally come to Congress with the hope of avoiding any and all data costs, and would also be pleased to circumvent the considerable risk and capital costs incurred by a compound's original developer. Such is the interaction of competitive forces in the political arena. Consider though for a moment the overall interests of your industry. As we begin the real tug-of-war over 1981 FIFRA amendments, your industry collectively has much to gain from a reasonable and balanced set of FIFRA amendments. This potential will not be realized though if we again fall prey to the temptations, sweet deals, and half-baked compromises which have so ungraciously characterized the fruition of FIFRA amendments in the past.

I apologize for sounding like a den master lecturing his Boy Scout troop before the long-awaited summer camping trip with the local Girl Scouts. The message, though, is an important one. I sense some slippage in recent weeks in the cohesiveness of the industry, and urge you to again carefully appraise how your industry's collective interests might best be served as we get serious about amending FIFRA. As far as I am concerned, all but one of the section 3 issues are resolved and ready for legislative drafting. The unresolved issue is compensation for offensive data submitted between 1970 and 1978, and its beloved mongrel sister-issue cite-all.

It is my intention to soon introduce legislation with the following substantive features in section 3:

1. Fifteen years of exclusive use of offensive data submitted after September 30, 1978 in support of a registration for a new active ingredient.

2. A defensive data task force process incorporating the substantive agreement

reached, or almost reached, by PPA and NACA. When EPA calls for new defensive data, companies currently holding registrations, or companies who want to establish a right to cite the defensive data at a future date, must enter into a binding agreement to share the costs of generating the data. Twenty-five percent of the estimated cost of generating the data will be paid up front by the companies on a pro-rata basis, with a single company's share not to exceed $100,000. The balance of the cost will be paid on the basis of market-share. In each of the ensuing years during the life of the task force, market-share will be re-calculated to reflect current year sales figures, and the annual cost of data generation will be paid on that basis. The bookkeeping responsibilities needed to keep the process going will be done by a private auditor chosen by the task force and independent of EPA. Defensive data so generated will be shared exclusively for 15 years. "Shared exclusively" means that each original participant in the task force may cite the data in support of registrations on the compound in question, and that a company or companies may join the task force at any time by paying into the task force a pro-rata share of the costs incurred by the task force to date, as well as also assuming responsibility for sharing additional data costs on a market-share basis during the remaining life of the task force. I understand your Board of Directors has some problems regarding the case of late entry provided for in this agreement. In all candor, this generous provision of the PPA-NACA agreement stands out like a sore thumb, and I will work with you to develop a more balanced and equitable approach.

Before proceeding, let me just add that I feel you have progressed far on this issue. You have reached on nearly all aspects of section 3 both equitable and logical solutions. This procedure frees EPA from the administrative pitfalls encountered in 3(c)(1)(D), provides for flexibility and equitable treatment of all sectors of the industry, and may even be so compelling in its simplicity and workability to your member companies that it will be spared the traditional adjudicatory blitzkrieg which has welcomed past initiatives in this area of law. Only time will tell.

Another important area in section 3 is the treatment of data submitted in support of new uses of a previously registered pesticide. The great importance of this component of the law is amply reflected in the depth of concern voiced by the industry in this regard. I am prepared to support and argue for ten years of exclusive use of new offensive data submitted to obtain "significant new use" registrations. The definition of "significant new use" is critical. Assuming a consensus can be reached and incorporated into law, such a definition would entail a long-overdue refinement in the act. I propose defining a "significant new use" as either application of a compound against a new pest category, that is a herbicide as an insecticide; or against a pest in a different pest-crop complex. The delineation of pest-crop complexes deserves additional careful thought and refinement. A preliminary delineation of crop complexes follows:

(1) Feedgrains: corn, milo, and sorghum; (2) small grains: wheat, oats, barley, rye, and triticale; (3) oilseeds: soybeans, sunflowers, and other oil-based crops; (4) cotton; (5) tobacco; (6) fruits; (7) vegetables; (8) hay and pasture; (9) rice; (10) forestry applications; (11) sugar crops: sugar beets and sugar cane; (12) ornamentals; and (13) others.

Thus, if a company seeks a cotton registration of a herbicide previously registered for use only on midwestern rowcrops, the data submitted to support the cotton registration would be afforded ten years of exclusive use protection. I believe that such protection would constitute a real incentive for companies to explore more systematically the as yet untapped pesticidal properties of older chemicals which are now, or soon will be, off-patent.

I will now turn to the last major cluster of issues within section 3, those involving data compensation and cite-all. It is important to recognize two points in wading once again into the 3(C)(1)(D) swamp. The majority of pesticide data issues are actually behind us, that is assuming that the proposals previously outlined can remain intact and acceptable through the legislative process. Second, Congressional sentiment against data compensation is broadly and deeply felt. What you as an industry decide to push for, or perhaps more accurately, accept in terms of compensation for 1970 to 1978 offensive data will probably make or break the total package of FIFRA amendments. There are four major ways of dealing with 3(C)(1)(D) which I will outline for you this afternoon. Two are straightforward and require no further discussion: leave it alone or repeal it altogether. The two other alternatives are far more complicated and will require considerable legislative effort to bring about. One could be labelled the Fields-Gray Overhaul Approach, and the other might be called the Defensive Data Strategy.

The Fields-Gray Overhaul Approach is complicated and intricate. It would first require companies to report to EPA within a reasonable time period all the data they had previously submitted on their registered products. EPA would then compile and circulate to the companies a catalogue of studies arranged by chemical and data requirement. Then, a company seeking a me-too registration would merely choose from the catalogue of acceptable studies which it chooses to cite. It would so inform EPA, and, at the same time, also proceed with the standard 3(C)(2)(B) letter. The various stages of negotiation and payment now provided for under the act would then follow, or, of course, the company could alternatively develop and submit its own data.

This brief description hardly does justice to the Fields-Gray Approach, but it at least captures the basic concept. A sort of flea market for data would be established, although the same types of bargaining problems now encountered under the act would arise once the time comes to determine and ultimately pay reasonable compensation. Of course, to simplify this step, we could also write into FIFRA a working definition of "reasonable compensation." At the same time, perhaps we might also define beauty and cure the common cold.

The Defensive Data Strategy takes a different approach. First, offensive data would be explicitly defined in the act as data submitted to EPA between the date of the original letter seeking a registration and the date when the original registration is granted. It is, in effect, the basic data package covering a chemical. Defensive data is essentially all other data on a compound called in by EPA. This definition of defensive data extends from 1970 onward, and would include all data generated and submitted to EPA whether the call-in stemmed from a suspension action, an RPAR, ore reregistration action. Believe it or not, that's all there is to the Defensive Data Strategy. It is just a simple change in definition. Defensive data generated and submitted between 1970 and now would be treated in the same way under the new 3(C)(2)(B) provisions agreed to by NACA and PPA regarding future defensive data agreements. (Existing task force agreements would be exempted and addressed in the amendments as a special case.)

Let's consider an example. Suppose Company X developed, paid for, and submitted three million dollars worth of defensive data in 1976 on Product Y, and that Product Y is off-patent. Now, further suppose that Company Z decided that it was time to get into this market to complement its other labels. Company Z would then have to agree to join as the second member of the Product Y defensive data task force of one, Company X. To do so, Company Z would pay Company X a pro-rata share, that is, one-half of the already shrunk defensive data costs times. In addition, Companies X and Z would from then on divide and pay on a market-share basis any additional costs of data development which might arise. Now, the payment of one and a half million dollars to get into a market might at first seem excessive. There is a catch in this Defensive Data Strategy, though, and it is the concomitant repeal of section 3(C)(1)(D). In other words, the relatively high cost of buying into defensive data is balanced by the fact that the deal also includes the right to freely cite all the original registrant's offensive data as part of the package.

I have laid before you four approaches to data compensation—No change, repeal, Fields-Gray Overhaul and Defensive Data Strategy. I pledge to work with you to refine these ideas and gain passage of the legislative changes which command the broadest support. My personal preference is simple repeal of 3(C)(1)(D) because it is the simplest approach and will free up talented legal and scientific personnel both in the private and public sectors, and help the industry get on with its essential job of developing, manufacturing, and marketing pesticides. I recognize that repeal of 3(C)(1)(D) may be an unpalatable pill for the industry to swallow, and I'm willing to work with you on the remaining three alternatives. My inclination is that the Defensive Data strategy is the approach most likely to succeed because it is simple, one might even say deceptively simple. Also, its passage would be a giant step forward in terms of the internal consistency and logical cohesiveness of the act as a whole.

I am looking forward to your ideas and assistance in this difficult choice. We are, in my opinion, very close to a satisfactory set of section 3 amendments and I urge you to press onward. Before I surrender the podium, though, I want to briefly discuss another touchy FIFRA issue which is virtually inseparable politically from the substance of section 3. I refer, of course, to section 10 on trade secrets and data disclosure.

Feelings run very deep on the Subcommittee about proposed NACA amendments to section 10. I am sure you will not be surprised to hear that the NACA reading room proposal is generally considered unacceptable. Progress toward compromise and accommodation to competing interests on section 10 has been very tentative thus far. I believe that section 10 should at least be amended to increase substantially the fines and prison term set forth in section 10(g) for economically motivated misuse of disclosed data. If further amendments are to gain passage in the House, a great deal of

work must be done in the next few weeks. Of course, I share your interest in, and recognize the importance of, the new Administration's position regarding section 10.

The basic section 10 arguments are, no doubt, well known to this group, and will not be repeated here. Let me add to the section 10 debate, however, two strongly felt personal beliefs. The first relates back to the credibility problem I discussed earlier, and the second stems from the unfortunate effects of FIFRA on scientific progress in the area of pest control technology.

The past failure to routinely disclose safety and health data has contributed markedly to the present crisis of confidence plaguing the industry. The IBT data indictments, and the recently released audit report confirming significant shortcomings in toxicological procedures in many key pesticide studies, will only act to heighten public anxiety about what other untold horrors may lurk in the apparently unscrutinized EPA pesticides data base. If the data had been out and circulating among the scientific community, the likelihood would be enhanced of a more reasoned public discussion of pesticide database shortcomings. Now, very few scientists can speak up on pesticide data controversies because the information has been bottled up. In seeking reassurances on database controversies, the public can only turn to industry which is unfortunately and unfairly presumed to be biased for economic reasons, and to EPA, which is generally presumed to be institutionally incapable of cataloguing, let alone scientifically analyzing, data in its files. To many people, nothing is more frightening or threatening than the unknown. I suspect that the industry as a whole may have more to lose by continuing its campaign to protect safety and health data than from finally releasing it to the public and to the scientific community as a whole.

I personally believe there is a second major reason to go forward with disclosure. This motivation for disclosure addresses specifically an industry argument which has, somewhat to my amazement, been advanced repeatedly to me. I am, as many of you are aware, a long-standing member of the Science and Technology Committee, and a firm believer and strong supporter of science. For this reason, when industry representatives argue that data disclosure will give their competitors a scientific jump toward the development of useful pesticide products, and further argue that disclosure could help competitors in understanding the safety and health properties of closely related compounds, my intuitive response is that I am in favor of both sorts of scientific advance.

I have always and will continue to strongly oppose any bill, regulation, or rule which unnecessarily impedes scientific progress. If your industry's profits cannot now support needed research and development investments, let us try to fashion appropriate remedies to enhance your prospects for profit. But let us not figuratively shackle the goose that laid the golden egg by bottling up and isolating in corporate laboratories so many of our Nation's best scientists, allowing them the privilege to discuss their work with their colleagues only through lawyers trained to filter out any bits of information which might be of commercial interest to a competitor. It is incredible to me that reasonable men and women have allowed this far-reaching restraint of free scientific exchange to become a major de facto feature of Federal pesticide law. Surely we can devise a better approach whereby science and economics can work together to efficiently address farmers pest control needs while also protecting the public.

In the next few months, I will be working toward an acceptable and workable package of FIFRA amendments. This package will include many amendments not discussed this afternoon. Your assistance, cooperation, and understanding will be required at many points along the road. Since we stand little chance of reaching our goal today, I will surrender the podium. Thank you for your time and attention.●

SENATE—*Friday, July 17, 1981*

(Legislative day of Wednesday, July 8, 1981)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Let us observe a moment of silence, remembering Senator DOMENICI and his loved ones in the loss of his mother.

Father in heaven, it is so easy to allow Government affairs to dominate our thinking to the exclusion of our families. In our commitment to our public duty, protect us from abdicating our responsibilities to spouses and children. Save us, Lord, from the possibility of sacrificing loved ones on the altar of public service. Keep us from using work on the Hill as justification for neglect in the home. In perspective, our Father, we know that nothing is more precious than spouse and children; and if we fail as husbands and wives and parents, no success elsewhere can compensate.

Grant, O God, that we shall not allow our jobs to alienate our affection from those whose right to us exceeds all others. We ask this in the name of Him who laid down His life for His bride, the church. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader is recognized.

THE JOURNAL

Mr. STEVENS. Mr. President, I ask unanimous consent that the Journal of the proceedings to date be approved.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. STEVENS. Mr. President, I ask unanimous consent that following the time allocated to the two leaders under the standing order, and following the special orders, there be a period for the transaction of routine morning business, not to exceed 10 minutes, during which Senators may speak for 5 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I reserve the leadership time on this side.

RECOGNITION OF THE ASSISTANT MINORITY LEADER

The PRESIDENT pro tempore. The Senator from California is recognized.

Mr. CRANSTON. I thank the Chair.

I yield such time as he may need to the Senator from Wisconsin.

Mr. PROXMIRE. I thank the assistant minority leader.

INTERNATIONAL ROOTS

Mr. PROXMIRE. Mr. President, I call attention to an article entitled "Rehearsal for the Holocaust?" which appears in the July 1981 issue of Commentary. In it, author George Watson discusses evidence which suggests that the January 1942 decision to kill all Jews in Axis Europe was based on a Soviet model. His main point is that the "Final Solution" decree was not the beginning of extermination camps, but merely a continuation of an existing technique.

Mr. Watson's message is that genocide is an international crime with international roots. He says that the holocaust did not begin in Germany after a Berlin luncheon meeting in January of 1942. Instead, Mr. Watson points to the close ties between Nazi Germany and the Soviet Union before World War II, including collaboration between the secret police forces. He regards the Katyn massacre of 15,000 Poles by the Soviet Union as a rehearsal for Nazi actions and refers to the similarity of killing techniques to make his point.

Moreover, Mr. Watson explains that the "extermination camp itself was not an original Nazi contribution to human history." He goes on to explain that Lenin created the first such camps in 1918. Mr. Watson also cites Robert Conquest's book "The Great Terror" (1968) which suggests that camps existed around the Archangel region in 1921.

Whether or not Nazi extermination camps followed a Soviet model is not as important as realizing that genocide is a crime which occurs on a global level. Genocide is not confined to the borders of individual countries. Killing and the methods of killing spread from one country to another.

We have before us a genocide treaty which has been pending before this body for 31 years, supported by every President of the United States since and including Harry Truman, including all Republicans and all Democrats, and including President Ronald Reagan.

Some objections to the Genocide Treaty are based on the argument that national sovereignty will be violated by making genocide an international crime. But human rights go beyond national self-interest. The protection of a person's right to live cannot stop at a country's borders.

Such a fundamental issue as human rights is an appropriate subject for an international treaty. We have waited too long. I urge my colleagues to ratify the Genocide Convention.

Mr. STEVENS. Mr. President, I understand that the Senator from Michigan wishes time.

Mr. LONG. I yield 5 minutes to the Senator.

The PRESIDENT pro tempore. The Senator from Michigan is recognized.

Mr. LEVIN. Mr. President, I commend the Senator from Wisconsin for his steadfastness to the cause of Senate ratification of the Genocide Treaty. He has been unwavering and has been a beacon for all of us in this matter. I hope that one of these years, if not one of these months, we will follow his lead and do what we should have done decades ago, and ratify the Genocide Convention.

SHARING THE BURDEN OF INTERNATIONAL DEFENSE

Mr. LEVIN. Mr. President, as a member of the Armed Services Committee, I have been very active in efforts to urge our NATO allies and Japan to increase their defense spending and thus assume a more equitable share of the common defense burdens placed on all of us by our mutual security agreements.

At my request our committee has twice expressed in legislative language its dissatisfaction with the level of allied contributions to the common defense and urged the executive branch to more vigorously inform the allies that American taxpayer patience is not unlimited when it comes to our own share of the national security burden.

That language, which was enacted into law in the fiscal 1981 Defense Authorization Act and is part of the Senate-passed version of the fiscal 1982 military authorization, also required a report from the executive branch evaluating whether the allies were meeting their solemn commitment to the United States to increase defense spending.

In the case of NATO, that commitment is that each member nation will increase its annual defense spending by 3 percent after inflation. It was first agreed to in 1977 and reaffirmed twice in 1979 and just this May when Secretary Weinberger met with NATO ministers in Brussels, Belgium.

With Japan, that country had indicated it would increase its defense spend-

ing to permit fulfillment of its 5-year, midterm service estimate military improvement plan 1 year earlier.

Unfortunately, Mr. President, these commitments still are being broken, and it was my intention that the report on "Allied Commitments to Defense Spending" would provide Congress and the American people with the evidence in black and white which would demonstrate this failure by many of our allies.

Furthermore, I hoped that compilation of this burden-sharing data in the most comprehensive manner attempted in recent years by our own Government would assist the executive branch in its attempts to urge our allies to increase their defense efforts for our mutual benefit.

On March 3, 1981, the Secretary of Defense delivered this report to our committee in a version classified "Secret—Not Releasable to Foreign Nationals." I found this report extremely informative and useful for advancing the purposes for which it was conceived. It was for those reasons that I asked the executive branch several months ago to declassify as much of this document as possible—especially since many paragraphs in the report already are marked unclassified.

Since my request for declassification, the Department of Defense, which wrote the report, approved a version of it for publication. However, I was distressed to learn recently that the State Department was delaying its release, purportedly due to concern that some of the comments critical of our allies' defense efforts would ruffle some European and Japanese feathers.

This was confirmed to our committee yesterday morning, Mr. President, during a hearing into the nomination of Richard N. Perle to be Assistant Secretary of Defense for International Security Affairs with responsibilities for NATO issues. It is Mr. Perle's office which prepared the report.

In response to my questioning, Mr. Perle stated he believed the report should be made public and that it was a useful, informative document.

Mr. President, there is no good excuse for the State Department to be "stonewalling" on the release of this report, especially when much of it which is both critical of some allies and laudatory of others already is marked unclassified.

Let me provide my colleagues with some examples. The report was most critical of our allies in Northeast Asia. It stated:

Japan, the non-NATO country included in this report, ranks last or next to last on all of the ratio measures surveyed and, thus, quite clearly appears to be contributing far less than its share or what it is capable of contributing. This validates our major emphasis over the last several years on getting the Japanese to increase their defense spending.

. . . U.S. encouragement for the Japanese to do significantly more in their own defense is neither unwarranted nor excessive. In fact with almost total dependence on imported oil, Japan simply must do more to meet its defensive needs at home to help compensate for the intensive and extensive U.S. effort in Southwest Asia—in Japan's behalf as well as our own.

Canada, Luxembourg, Norway, and the Federal Republic of Germany were treated thusly:

Based on this record of defense spending it should be no surprise that regardless which measure of burdensharing is used, in virtually every case Canada has the lowest performance of any NATO country except Luxembourg—although Japan is also lower.

Norway is one of the nations of the Alliance that by most indicators falls slightly to moderately below standards.

For most burdensharing indicators, Germany falls in the group moderately below fully equitable shares.

Unclassified paragraphs also, on the other hand, specifically mention that Turkey, Portugal, and Great Britain have a much better record than most of the alliance.

The report states:

Most burdensharing measures except for manpower indicators, show the United Kingdom carrying at least its share of the burden and sometimes more.

Turkey is one of only three NATO countries which appears to be doing far more than its share regardless of which measure of burden sharing is used.

Most burdensharing indicators show Portugal doing at least its share and in some cases considerably more.

It is ironic, Mr. President, that these three nations are suffering serious economic problems yet still are able to make a commendable effort toward the common defense.

An economic superpower such as Japan should be ashamed of its performance in this regard.

For the benefit of my colleagues, I ask unanimous consent to have printed in the RECORD other major unclassified conclusions of this report which I placed in the RECORD during our debate on the fiscal 1982 Defense Authorization Act.

There being no objection, the conclusions were ordered to be printed in the RECORD, as follows:

Based on the major quantifiable measures examined for this report the U.S. appears to be doing somewhat more than its fair share of the NATO and Japan total. For example, U.S. real increases for 1980 and 1981 are estimated on the order of 5 percent per year compared with non-U.S. NATO increases of, perhaps, no more than 2.0 percent for 1980 and 2.5 percent to 3.5 percent for 1981.

Politically, the failure of our allies to achieve at least the 3 percent judged necessary to keep the East/West balance from tipping further against NATO could be seen by Moscow as a weakening of our collective resolve. Militarily, failure of the allies to achieve the 3 percent goal would affect equipment modernization plans, delay implementation of the Long-Term Defense Program and result in widespread shortfalls in meeting NATO force goals.

The non-U.S. NATO allies, as a group, appear to be shouldering at least their fair share of the NATO and Japan defense burden.

Among the non-U.S. NATO nations there appears to be wide differences regarding the amount of burden shared, with some countries doing far more than seems equitable, some doing far less and others falling in between.

Mr. LEVIN. Mr. President, I intend to pursue the declassification of this report when Secretary of State Alexander Haig appears before our committee, which I understand will occur in the near future.

We should care more about the welfare of the American taxpayers than about the sensitivities of some of our NATO allies and Japan.

This is especially so as the administration is asking our taxpayers to make hard sacrifices in domestic programs to increase our defense efforts which directly benefit our allies as well as ourselves.

The report on Allied Commitments to Defense Spending should be declassified without further delay.

Finally, I hope the President will raise the burden sharing issue at the seven-nation Economic Summit in Ottawa, Canada, next week.

I thank my friend from Alaska, and I thank the Chair.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. RUDMAN). The Senator from Alaska is recognized.

Mr. STEVENS. Mr. President, I yield to the distinguished President pro tempore the leadership time on this side to be added to the special order that has already been entered.

Mr. THURMOND. Mr. President, I wish to thank the able acting majority leader.

RECOGNITION OF SENATOR THURMOND

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

THE DAVIS-BACON ACT, PART II, IMPLEMENTATION PROCEDURES

Mr. THURMOND. Mr. President, on Thursday, I began a series of discussions on the Davis-Bacon Act. Today, I would like to continue that series with a discussion of how the Davis-Bacon Act is implemented.

PART II—DAVIS-BACON ACT IMPLEMENTATION PROCEDURES

INTERPRETING THE ACT

The Davis-Bacon Act with all its amendments still contains less than 300 words. Implementation, then, must start with the interpretation of the law, and the intent of the law. It is with the interpretation of the law, as manifested in its implementation, that most opponents argue. As a result of its brevity, Davis-Bacon is vague and the interpretation that has been given to some aspects has sparse rationale. To examine these interpretations the Davis-Bacon Act might be succinctly stated:

Laborers and mechanics working on federal construction projects must be paid the prevailing wage rate.

The questions of interpretation can then be broken broadly into three: How do you define laborers and mechanics? What is a Federal construction project? What are prevailing wage rates? In the discussion that follows, the answers to these questions as reflected in Federal regulations authored by the Department of Labor will be explored. The autonomy of the Department of Labor in making these interpretations and in settling disputes that may arise from these interpretations is absolute. There is no recourse to the courts because the participation by one party, the contractor, is completely voluntary.

The definition of laborers and mechanics has changed over the years partly to accommodate disputes and partly to recognize the trades and skills as established by the unions. For many years the Department of Labor did not recognize the apprentice or helper categories of labor and required that anyone working in the trade, regardless of skill or training level, be paid at the specified prevailing rate for journeymen. This practice seriously affected apprentice-training programs because contractors could not afford to pay prevailing wages to other than journeymen.

This situation has been corrected today to some extent and the Department of Labor will approve prevailing rates for valid apprentice programs based on a ratio of apprentice to journeymen as established by local practice. Another problem of definition related to laborers and mechanics has to do with the site of work. For example, are quarry workers, who produce products that are supplied to a Government job, covered? Is an offsite prefabrication crew covered? Even though the law states that prevailing wages will be paid to those employed directly upon the site of the work, the site of work is defined by the Department of Labor to include satellite operations directly supporting the construction work; such as, fabrication plants, batch plants, borrow pits, and quarries, as long as their operation is predominantly in support of the building project.

One of the stickiest questions concerning coverage pertains to truck drivers. If an owner-operator is hired by the day, is he covered? Are teamsters hauling to the jobsite covered? Most of these situations must be examined on a case-by-case basis and determination made based on previous similar cases or a ruling by the Department of Labor. The Department of Labor has identified over 300 job classifications for laborers and mechanics, each requiring a specific wage determination for a specific job if that classification is to be utilized.

The definition of a Federal construction project is also sometimes elusive and has changed drastically since the original 1931 act. The original Davis-Bacon Act applied to the "construction, alteration, and/or repair of any public buildings within the geographical limits of the States of the Union or the District of Columbia" which was directed toward the Federal, economy-boosting program of construction of post offices, veterans' hospitals, custom houses and Federal office buildings whose contract amount would be "in excess of $5,000."

The amendment of 1935 expanded the coverage by reducing the dollar amount of the contracts that would be covered to $2,000 and broadening the application to "construction, alteration and/or repair, including painting and decorating, of public buildings or public works". The origin of the $2,000 cutoff limitation is somewhat interesting in that the General Accounting Office has recommended that this ceiling be raised to between $25,000 and $100,000.

The original act had a cutoff at $5,000; the vetoed 1932 amendment had a cutoff at $5,000. The 1935 amendment, specifying $2,000, was a compromise between the House passed minimum of $500 and the Senate passed minimum of $5,000 that was adopted by the conferees. The most significant extension of Davis-Bacon coverage does not come from the act itself, but from the more than 60 other acts that have been passed since 1935 which contain a requirement that Davis-Bacon provisions pertain.

Therefore there are many situations where the Federal Government is only cost-sharing with States and local entities or even simply guaranteeing loans where the provisions of Davis-Bacon come into play. For example, the Housing and Urban Development Act of 1970 (Public Law 91–60) requires that the Davis-Bacon Act be enforced on contracts where the Federal Government's participation involves nothing more than the guarantee of loans to assist the developer in obtaining capital at a more favorable rate of interest.

The concept of a prevailing wage has been the most troublesome aspect in administering the Davis-Bacon Act. A discussion on the predetermination of prevailing wages as it evolved in the 1935 amendment has been presented previously. Since that amendment has been enacted, the Department of Labor has predetermined prevailing wage rates for every "Federal construction project in excess of $2,000" for every classification of laborer or mechanic involved.

There is one brief exception to this statement, as President Nixon waived Davis-Bacon requirements for a 35-day period in the spring of 1971 exercising the waiver provision contained in the law to curb rampant inflation which the Nixon administration considered a national emergency. Until 1965 each Federal project required an independent determination of prevailing wages.

These project determinations were triggered by a request from the contracting officer to the Department of Labor for prevailing wage determinations. Once the Department of Labor furnished prevailing rates they were inserted in the contract specifications subject to correction only for administrative error or, in advance of bid opening, by favorable consideration of a petition for reconsideration from any contractor or interested party. In fiscal year 1945, the Department of Labor issued prevailing wage determinations for 3,884 projects and that number escalated to 43,186 separate determinations by fiscal year 1964.

Recognizing that project determinations were becoming impossible to administer effectively, the Department of Labor began to issue area determinations that could be used for any Federal construction project in the area. These area determinations were published in the Federal Register and remain in effect until superseded by subsequent findings. Although this use of area determinations did not negate the requirement for project determinations which are still required on projects not included in the covered areas or for peculiar job classifications that might not be specified in an area determination, fiscal year 1965 wage determinations dropped to 25,408. In recent years total wage determinations have averaged about 20,000.

The preceding discussion has focused on how prevailing wage determinations are made. Just what is the prevailing wage? The Department of Labor has defined the prevailing wage as follows:

> The term "prevailing wage rate" for each classification of laborers and mechanics which the Administrator shall regard as prevailing in area shall mean:
>
> (1) The rate of wages paid in the area which the work is to be performed, to the majority of those employed in that classification in construction in the area similar to the proposed undertaking;
>
> (2) In the event that there is not a majority paid at the same rate, then the rate to the greatest number: Provided, such number constitutes 30 percent of those employed; or
>
> (3) In the event that less than 30 percent of those so employed receive the same rate, then the average rate."

The origin of the above definition is hazy, and many contend that it does not define a prevailing wage. The literature is full of examples where the majority rule or the 30-percent rule result in wage determinations that are very much higher or lower than the average. To complicate the determination process the Labor Department discriminates between wages down to the penny.

For example, in determining the rate for a specific trade, if 30 percent are paid at a single rate and the remaining 70 percent are clustered around another rate but vary by a few pennies, the 30-percent rule prevails. Management has long claimed that this rule favors the unions because their trades operate on negotiated rates whereas open shop rates are traditionally lower and will vary a few cents with time, location, and condition.

Another aspect of the prevailing wage rate definition that continues to cause confusion is the phrase "in the area in which the work is to be performed". The law defines the general area to be the "city, town, village, or other civil subdivision of the State in which the work is to be performed". As a matter of practice, the Department of Labor areas

coincide with union designated areas where union labor predominates and otherwise generally by counties. This area definition has led to charges of importing urban rates into rural areas and in some cases transporting rates across several county and even State lines to find comparable rates.

ADMINISTERING THE ACT

The above discussion demonstrates the complexities that arise from the interpretation of the Davis-Bacon Act. The Secretary of Labor in 1932, W. N. Doak, resisted the establishment of a new Federal bureaucracy to administer the Davis-Bacon Act to the extent that he convinced President Hoover to veto the 1932 amendment. However, that bureaucracy was created with the 1935 amendment and today there are some 100 personnel in Washington and in 10 regional offices charged with the responsibility of determining prevailing wage rates.

Within the Department of Labor, the Secretary has delegated most of the responsibilities for the implementation of the Davis-Bacon Act to the Assistant Secretary of Labor for Employment Standards Administration. The Office of Wage Determinations is the focal point in the Department of Labor for most Davis-Bacon work and consists of less than 50 people with approximately half that number classified as professionals who are generally responsible for wage determinations in one or more States.

The regional offices contain three to five personnel committed to Davis-Bacon work—usually one or two wage analysts and some clerical assistance. When President Nixon suspended the Davis-Bacon provisions in 1971 the then Branch of Wage Determinations was disbanded as if the suspension were permanent and then 35 days later the office had to be deconstituted, largely with new personnel resulting in additional authority and responsibility being delegated to the regional offices.

To secure a prevailing wage rate determination the contracting agency responsible for the Federal construction project must initiate the process. Area wage determinations as published in the Federal Register are the primary source of wage rate information today. The contracting agency must stay abreast of changes that affect his area, and if the area rates apply he simply inserts them in the contract specifications. The specification rates are considered "locked in" 10 days prior to bid opening and cannot be changed except to correct administrative errors.

If the contracting officers cannot find a rate for the type of work to be performed or the project site is not covered by an area determination, a special request for a project prevailing wage determination in a prescribed format must be made to the appropriate regional office of the Department of Labor. Normally, the regional office will survey the project to obtain the necessary data for a project determination and, after approval by the Washington office, a project prevailing wage determination will be issued to the contracting agency.

Data for use in determining prevailing wages comes from many sources; such as, contractor statements, final collective bargaining agreements, wage rate determinations by State and other civil entities, and many other sources if deemed appropriate.

Until 1963, there was no appeal mechanism within or outside the Department of Labor to hear and act on disputes arising from the Davis-Bacon Act. Under mounting congressional and contractor pressure, the then Secretary of Labor, Willard Wirtz, established the Wage Appeals Board, a three-man group to hear and decide on:

(1) Wage determinations issued under the Davis-Bacon Act and its related minimum wage standards;

(2) debarment cases . . .

(3) controversies concerning the payment of prevailing rates or proper wage classifications . . . and

(4) recommendations . . . for appropriate payment of liquidated damages . . .

This Board continues to operate today.

The General Accounting Office has taken the Department of Labor to task for its inadequate administration of the Davis-Bacon Act in a series of reports since 1962. At the present time the General Accounting Office has another study in process that will be the most in-depth effort to date. Many of the recommendations for improved administration made by the General Accounting Office have been acknowledged by the Department of Labor, but for some reason corrective action has been slow.

For example, the Department of Labor manipulates the current plethora of data by hand and does not make use of computers to store and handle statistics. Department of Labor officials indicated that they do have plans to automate their information and that a computer is on order.

Enforcement of the Davis-Bacon Act is another charge of the Department of Labor. Noncompliance protests generally originate from the unions and "compliance investigations in fiscal year 1973 found underpayments to construction workers totaled $485,000; in 1974 nearly $2 million; and we project underpayments of nearly $2.6 million for 1975." In noncompliance cases the findings of the Department of Labor are final, and, according to the law, the Comptroller General is "authorized and directed to pay directly to laborers and mechanics from accrued payments withheld under the terms of the contract," and further to prohibit any contractor found guilty of noncompliance from receiving any other Government contract for a period of 3 years.

In my next discussion of the Davis-Bacon Act, I will focus on the estimated impacts that Davis-Bacon has on Federal construction programs.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Chair, in his capacity as a Senator from New Hampshire, suggests the absence of a quorum. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, how much time do I have?

RECOGNITION OF SENATOR ROBERT C. BYRD

The PRESIDING OFFICER. Under the previous order, the Senator from West Virginia is recognized for a period not to exceed 15 minutes.

Mr. ROBERT C. BYRD. Mr. President, do I still have some leader time?

The PRESIDING OFFICER. That time was yielded to Senators PROXMIRE and LEVIN.

Mr. ROBERT C. BYRD. I thank the Chair.

THE NUCLEAR ARMS RACE—ARE THE UNITED STATES AND THE SOVIET UNION HEADED DOWN THE PATH TO GREATER INSECURITY

Mr. ROBERT C. BYRD. Mr. President, during the political campaign last fall, President Reagan rejected the SALT II treaty as being too disadvantageous to the United States. However, the President promised the American people that if he were elected he would begin immediate preparations for a new round of strategic arms negotiations with the Soviets.

During confirmation hearings before the Senate Foreign Relations Committee last month, Eugene Rostow, the new Director of the Arms Control and Disarmament Agency, testified that negotiations with the Soviets were a good 9 months away. Thus, we cannot expect any movement on this issue at least until March 1982. Mr. Rostow even went so far as to say that the administration really did not know what it wanted to negotiate with the Soviets. This is the same administration which promised the American people it would hit the ground running when it came to formulating and implementing foreign policy. This is the President who promised during the campaign to begin immediate preparations for a new strategic arms limitation agreement with the Soviet Union.

As the Baltimore Sun pointed out in a recent editorial:

It (the Administration) doesn't know, by Mr. Rostow's admission, if it wants a SALT II or a SALT III, if it seeks an indefinite treaty or one with a time limit, if it hopes to control the numbers of launchers or the missiles they carry, if it would like to limit or actually reduce nuclear arsenals. These are technical questions Mr. Rostow supposedly examined with great care when his Committee on the Present Danger was

finding the Carter administration's SALT II Treaty "seriously flawed."

On July 14, Secretary of State Alexander Haig, in a speech in New York, outlined the administration's arms control policy. The speech raised more questions than it answered. Outside of a reaffirmation of an earlier commitment to our allies that negotiations would begin with the Soviets on theater nuclear forces in Europe, the policy is marked by some inconsistencies.

First, the Secretary noted that:

The supreme interest of the United States has been to avoid the extremes of either nuclear catastrophe or nuclear blackmail.

Nobody can argue with what has been a basic tenet of U.S. foreign policy in the post-World War II era.

The Secretary then noted that:

Arms control can be only one element in a comprehensive structure of defense and foreign policy designed to reduce the risk of war. It cannot be the political centerpiece or the crucial barometer of U.S.-Soviet relations, burdening arms control with a crushing political weight. It can hardly address such issues as the Soviet invasion of Afghanistan, the Iran-Iraq war, the Vietnamese invasion of Cambodia, the Libyan invasion of Chad, or Cuban interevntion in Africa and Latin America. Instead, arms control should be one element in a full range of political, economic and military efforts to promote peace and security.

No one would argue that arms control cannot be the political centerpiece or the crucial barometer of United States-Soviet relations. Yet, further on in his speech, the Secretary contradicts this observation when he addresses the issue of linkage. He stated:

Soviet international conduct directly affects the prospects for success in arms control. Recognition of this reality is essential for a healthy arms control process in the long run. Such "linkage" is not a creation of U.S. policy: it is a fact of life. A policy of pretending that there is no linkage promotes reverse linkage. It ends up by saying that in order to preserve arms control, we have to tolerate aggression. This Administration will never accept such an appalling conclusion.

First of all, with this observation the Secretary sets up a straw man, one of many which can be found throughout his speech. I cannot think of any responsible person in this country who believes, or who has stated, that we should tolerate Soviet aggression. Further, I find this statement rather appalling since it comes from an administration which lifted the grain embargo against the Soviet Union—a grain embargo which was imposed by President Carter following the brutal Soviet invasion of Afghanistan.

Secretary Haig points to Soviet-sponsored terrorism, and to Soviet involvement in Central America, Africa, and Cambodia as reasons for linking strategic arms negotiations to Soviet behavior. Yet, the administration is willing to reward Soviet aggression by helping to feed the Russian people, and most probably Russian troops occupying Afghanistan. Thus, I am somewhat perplexed by the inconsistencies in this administration's policies toward the Soviet Union. Does it believe in linkage or not? Does it believe it is more important to avoid a nuclear holocaust than it is to feed the Russian people?

The administration argues that before SALT negotiations can be resumed, the nation needs a bigger defense budget. The Congress is well on the way to giving the President a bigger defense budget, which I support. I have no delusions concerning the Soviet military build-up, and I share the administration's alarm over the aggressive tendencies demonstrated by our primary adversary in recent years.

The administration has expressed concern over the so-called "window of vulnerability" which will open up by the mid-1980's, supposedly giving the Soviets a strategic weapons edge on the United States. I share that concern. However, I am equally concerned that the administration's inability to develop a coherent strategic arms limitation policy could open another window of vulnerability for the United States. Our European allies are fending off growing domestic opposition to the modernization of NATO's theater nuclear forces on the continent. Much of the growing domestic opposition in Europe stems from the perception that the United States does not have any interest in nuclear arms negotiations with the Soviets. We should remind ourselves that NATO is an alliance of democracies. Leaders in Western Europe, as in the United States, serve at the will of the electorate.

My point is this: Theater nuclear force modernization could be blocked by the electoral process in Europe. This, in my estimation, would present our policymakers with an untenable crisis.

The Secretary's articulation of the administration's arms control policy should be measured against arguments advanced by two respected military figures which appeared in recent editions of the Washington Post. I am referring to Adm. Noel Gayler and Gen. Maxwell D. Taylor. Admiral Gayler participated in U.S. strategic nuclear planning, served as director of the National Security Agency, and then as commander of all U.S. forces in the Pacific before his retirement. General Taylor was Army chief of staff during the Eisenhower administration and chairman of the Joint Chiefs of Staff during the Kennedy and Johnson administrations.

Admiral Gayler noted, in the first of three articles:

Chancellor Helmut Schmidt came to see us at a time when the NATO West was troubled over nuclear weapons based in Europe. He has had to tell his own party, the Social Democrats, to shape up on this issue, or find a new leader.

With full American support, he's taken a firm line. So have other NATO governments. But their electorates are not necessarily on board. And if there's one clear lesson of the Vietnam War, it is that military policy, without supporting political consensus, is a loser. The basic issue is that most Europeans don't want to fall under Russian military conquest or domination, with all the odious apparatus of Communist totalitarian rule. But they also don't wish to take a serious or unnecessary risk of being eradicated by nuclear weapons. Most people will think these are reasonable concerns.

In his second article, entitled "A Way Out of the Nuclear Trap," Admiral Gayler argues:

All the West is caught in the cruel trap of ever-increasing danger from nuclear weapons. We have strange company: the U.S.S.R. We and they struggle mightily for a preferred place within our trap, but every struggle draws the net tighter.

The admiral goes on to explain that with each successive escalation in the development of sophisticated nuclear technology, from the Soviet SS-20 to the MX in the United States, we create a greater destabilization in the nuclear balance. He offers this recommendation at the conclusion of his article.

It is the usable conventional military power that counts, not the useless threat of distant destruction. Cut back the nuclear forces, ours and theirs, across the board, as Kennan suggests. Give up any notion of first use. Look to the united political, economic and usable military strength of the West to keep us free.

In his final article, entitled "The Soviets Want To Survive, Too," the admiral offers the following observation:

Neither we nor the Soviet Union can possibly want to be in our present position, where our very existence depends on the nuclear restraint of the other. There is only one way out—we must each negotiate with the other not only a major reduction of nuclear weapons but an absolute end to any military dependence on them.

Yet, he is realistic when he notes:

We have a lot of experience negotiating with the Soviet Union—much of it bad. We see them as an adversary, devoid of good will, manipulatory, unwilling to compromise. They see us as uncertain, compliant, willing to yield after a while to intransigent positions, for the sake of agreement. Both views have a good deal of validity.

Yet both are beside the point. The object isn't to "win" a negotiation, or to end up with "superior" nuclear forces. The object is to make the chance of nuclear war as small as possible. We have other political objectives. So has the Soviet Union. Most of them conflict intensely. But this one objective we share, and it is far more important than all the rest put together.

General Taylor echoed this theme in his article entitled, "Can We Depend on Deterrence?" General Taylor, on the other hand, is firmly convinced that it should be easier for us to deter the Soviets from initiating nuclear war than it would be for them to deter us.

In the first place, the Soviets have superior conventional forces in close proximity to virtually all of their national interests that may require defense. Thus they would have no reason to resort to nuclear weapons for their protection.

Second, from their World War II experience, their leaders know how devastating conventional war can be. They also know nuclear war would be many times more so—they would lose in a few hours more than they lost in 4 years fighting the Germans.

Third, they could not afford to fight or even "win" a strategic war with the United States. In doing so, their losses would so paralyze the Nation as to make it easy prey to nearby enemies—wolves ready to take advantage of a stricken bear. Such enemies could include the

Chinese, Afghans, Turks, Germans, and Poles, beyond Soviet borders, and non-Russian minorities within.

Finally, the past record of the Kremlin leaders indicates an extreme reluctance to run unnecessary risks, particularly if there is a safer way to gain the desired end.

I find the arguments presented by such respected and distinguished military leaders as Admiral Gayler and General Taylor to be compelling and rational. I commend them to my colleagues as significant contributions to the debate over our defense priorities.

On the issue of strategic arms limitation negotiations, I would only draw the parallel to the nuclear nonproliferation issue. It was only after the crisis provoked by the Israeli bombing of the Iraqi nuclear facility that the administration decided it was important to formulate a nonproliferation policy. However, an effective foreign policy is one which averts a crisis, not one which merely responds to a crisis. In light of the stakes we have in TNF modernization, a failure to implement a strategic arms limitation policy may provoke an unintended crisis which may not be so controllable.

I ask unanimous consent that the Baltimore Sun editorial, and the articles by Admiral Gayler and General Taylor, be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Baltimore Sun, June 25, 1981]

SO START ALREADY

President Reagan's arms control director says he doesn't know "anybody in this government . . . who knows what it is we want to negotiate about." So much for President Reagan's assurance last week that "we do have a foreign policy." How can the United States claim to have a foreign policy when it doesn't know its own objectives in strategic arms control—the most serious question at issue with its mightiest adversary?

Perhaps Eugene V. Rostow, the president's choice to head the U.S. Arms Control and Disarmament Agency, was merely searching for an excuse to delay negotiations until March, 1982. If so, he had some patching up to do. Mr. Reagan had talked during the 1980 campaign about "immediate" preparations for negotiations and Caspar Weinberger, secretary of defense, had mentioned the need for "a good six months." The Rostow pitch for nine more months was so explicit, however, that he may have proved the administration really isn't sure what kind of nuclear arms baby it wants.

It doesn't know, by Mr. Rostow's admission, if it wants a SALT II or a SALT III, if it seeks an indefinite treaty or one with a time limit, if it hopes to control the numbers of launchers or the missiles they carry, if it would like to limit or actually reduce nuclear arsenals. These are technical questions Mr. Rostow supposedly examined with great care when his Committee on the Present Danger was finding the Carter administration's SALT II treaty "seriously flawed." What is needed now are policy decisions.

The Reagan administration came to office asserting that before it renewed strategic arms talks it wanted a bigger defense budget. With that assured, Mr. Rostow has added a second condition. He says Western allies should resurrect the old containment policy toward the Soviet Union as a "predicate" for useful arms agreements. Is this a form of reverse linkage? Of course there should be no arms control talks if Russia invades Poland. But should Moscow also be held off until dickering Western allies can get collectively tough?

We believe Mr. Reagan should seek strategic weapons limits with more urgency and conviction. Why? Because effective arms control is as crucial to American security as is a larger defense budget. The congressional Office of Technology Assessment has offered evidence suggesting that there is little hope the proposed MX missile system can be made large enough to assure U.S. retaliation against a Soviet nuclear first strike unless there are limits on the buildup of Soviet offensive strength. As Charles W. Corddry, defense correspondent of The Sun, has reported, "the MX plan was keyed to the SALT II treaty."

This administration must know that arms control has to be part of its military—and economic—plans. Indeed, it professes a desire to reduce rather than merely limit nuclear arsenals. Mr. Rostow would like to change the acronym, SALT, meaning Strategic Arms Limitation Talks, to START, meaning Strategic Arms Reduction Talks. Okay, so START already!

[From the Washington Post, June 17, 1981]

(By Noel Gayler)

STICKING BY OUR GUNS

Chancellor Helmut Schmidt came to see us at a time when the NATO West was troubled over nuclear weapons based in Europe. He has had to tell his own party, the Social Democrats, to shape up on this issue, or find a new leader.

With full American support, he's taken a firm line. So have other NATO governments. But their electorates are not necessarily on board. And if there's one clear lesson of the Vietnam War, it is that military policy, without supporting political consensus, is a loser. The basic issue is that most Europeans don't want to fall under Russian military conquest or domination, with all the odious apparatus of Communist totalitarian rule. But they also don't wish to take a serious or unnecessary risk of being eradicated by nuclear weapons. Most people will think these are reasonable concerns.

In the past some Europeans have made a choice, under the slogan of "Better Red than Dead." More robust characters have reacted in the spirit of our own Patrick Henry: "Give us liberty or give us death." But these are not the only alternatives. Both security and freedom for Europe are possible. They require that as allies we see clearly what the military needs are, and that we act on that knowledge.

The first nuclear proposal now before the allies is that NATO must "match" the Soviet medium-range ballistic missiles targeted on Europe (SS20) with medium-range ballistic missiles of our own (Pershing II or cruise missiles) based in Europe. This may or may not be a good idea. We have made it a touchstone of the unity of NATO, and Chancellor Schmidt's loyal support to that ideal should command admiration and respect. The deployment plan is seen also as a necessary, if paradoxical, step to the negotiation of balanced nuclear force reduction. Let's hope the negotiating strategy works.

But there are a few things we should understand about it:

Europe is under no special or unusual danger from SS20s. There are plenty—very many more than plenty—of Russian intercontinental-range missiles, which can strike any target in Europe, simply by shortening the trajectory, it makes no real difference to the target where a missile comes from—only where it lands.

You don't have to "match" any weapons with an equal and opposite weapon of your own. Late in the 19th century, battle cruisers were built to rule the seas. They had 11-inch guns to sink other battle cruisers, 8-inch guns for cruisers, 6-inch guns for light cruisers, 4-inch guns for destroyers, 3-inch guns for torpedo boats and (I guess) small arms to repel boarders. Then British Admiral "Jackey" Fisher had a remarkable insight: 11-inch guns that could sink a battle cruiser could also sink any smaller ship! The all-big gun Dreadnought was built, and all other big warships were obsolete. Our intercontinental weapons are our big guns.

European-based NATO missiles impart no special freedom of action or autonomy to the European allies. It is inconceivable they could be used without American consent.

The basis on which to judge the proposals is the extent to which they contribute to or lessen the nuclear threat to Europe and to the unity of NATO.

The second nuclear issue before NATO is the so-called neutron bomb. President Carter first supported this notion, then snatched it back. Secretary Weinberger recently floated the idea. Secretary Haig slapped it down, for reasons not central to its merits. No one doubts the idea will surface again. It has powerful supporters. What about it?

The "neutron" weapon is one of a class called "tactical" nuclear weapons. These are weapons smaller (but still enormous) in yield, designed to be used by military forces against military forces. Some examples are artillery shells, short-range missiles and aircraft bombs. They have great destructive power and their use entails grave risks. What are those risks?

The enemy will certainly retaliate in kind, and he will up the ante. Rapid escalation to total nuclear war is a strong possibility, once the nuclear firebreak has been crossed.

Russian incursion will be fought on allied soil. Noncombatants will be killed in the hundreds and thousands, and these will be our friends and allies. Since our friends may well object to this outcome, the alliance may be fractured at the outset.

Even if we enjoy two miracles in series—there is no escalation and the alliance holds together—we will be far worse off militarily after a tactical nuclear exchange than before. That is because we have the more critical and vulnerable targets: ports, airfields and lines of communication central to our defense.

The so-called neutron weapons (also called enhanced radiation weapons) are designed to meet some of these objections. Most, but not all, of the energy comes out as radiation that kills or injures living creatures but does little damage to material. There is, however, an irreducible minimum of heat and blast, which is still very large by ordinary standards. Are they very different from "conventional" nuclear weapons in practical effect? No. Are they more dangerous? Perhaps, if they serve to lower the threshold to nuclear war. Are they really necessary to defeat tanks? No. There are better alternatives.

There is another difficulty, of a different kind. Rightly, no president with all his marbles is likely to release nuclear weapons for use, except in the most extreme circumstances, if even then. The risks are simply too high to make the game worth the candle. The commander in the field therefore has an uncertain weapon on which he can never rely. Much better that he have effective means to victory that he can be confident will be available to him. We can have such means, if we will.

What are some of these alternatives? Weapons that effectively kill tanks, by finding them and hitting them. Weapons that ensure our aircraft are superior to the enemy's. Means to find and kill submarines and protect our ships at sea against aircraft and missiles. Weapons to stop infantry on the ground. Most important, means to control information, the key to tactics and to battle. All of this, without resort to nuclear weapons. All of this, fundamentally, by technology

well suited to the American and European genius and far ahead of the adversary.

Given political will and economic support NATO can field the forces necessary to defend ourselves. We have no need to resort to the unmeasured hazard of nuclear weapons. We need be neither Red nor dead.

[From the Washington Post, June 23, 1971]

A WAY OUT OF THE NUCLEAR TRAP

(By Noel Gayler)

All the West is caught in the cruel trap of ever-increasing danger from nuclear weapons. We have strange company: the U.S.S.R. We and they struggle mightly for a preferred place within our trap, but every struggle uraws the net tighter.

Most of you who read this live near Washington—you will not survive a nuclear exchange. Nor will those who live in New York or Boston or Seattle or Chicago or any of our great cities. Nor those who live in Moscow or Kiev or Tbilisi or Vladivostok or remote Alma-Ata or almost anywhere else in either enormous country.

Our present policy has reached a dead end. So has the Russian policy. But there is a way out of the trap. George Kennan has made a dramatic proposal for the immediate 50 percent reduction, on both sides, of all nuclear weapons, of all kinds, without haggling over detail. This is great, as far as it goes, but it does not go far enough. To see why this is so, read on.

Our basic need is truly to understand the nature of nuclear weapons. They are so enormous that, in a nuclear exchange, the first few weapons arriving do almost all the damage conceivable to the fabric of the country. So we have a military paradox: the power position of either side is not affected much by the size of its nuclear forces. Which way the wind is blowing (carrying nuclear fallout) makes more of a difference than an extra thousand missiles or so on either side.

In a similar way, technology has no great payoff. It makes no difference whether New York, say, is devastated by an old SS11 or a brand new SS19 MIRV warhead. In the absence of effective defenses, it makes no difference whether delivery is by a hypersonic maneuvering re-entry body, or a tired old Bear bomber. The results are the same.

But what about defenses? Can't we have the missile defenses and air defenses that would shield us against a Russian attack? The short answer is: no way. In conventional air defense, it's enough to shoot down a few aircraft at each go—the cumulative losses soon bring the attack to a halt.

In nuclear defense, the situation is reversed: essentially all weapons have to be stopped or else the damage is done. Effective defense against hundreds or thousands of weapons is impossible.

Isn't accuracy important, and its exotic technology? Well, yes, but only if you want to attack hard, fixed targets such as missile silos, and that brings us to MX.

MX is really two separate and separable ideas. One idea responds to the potential threat against our own missiles by creating uncertainty about their precise location. No matter how powerful and how accurate the attacking missile, it cannot, except by chance, destroy a target it cannot locate.

The idea is good. We make our missiles relatively secure against attack, and we don't have to fire them out in the few minutes of warning time available. The hair-trigger is gone, as is much of the danger from false alarms. But the present scheme is unnecessarily elaborate. We don't have to pave the states of Utah and Nevada and suck dry the water of the West to give security to our force. Much simpler means will do the job.

The second MX idea creates a powerful rocket with numerous and very accurate independent warheads, as replacement for Minuteman. This is a dubious proposal, in its present form. If and to the extent we need to replace an aging missile with a new one, it's a good idea. To the extent we create a force with warheads numerous, powerful and accurate enough to threaten the Russian ICBM force in hard silos, it's a bad idea. Why?

Because the U.S.S.R. will surely respond. They will be no more content than we to see their land-based force threatened by surprise attack. What are their options?

They could live with their vulnerability. This would be very dangerous—they would feel the hair-trigger necessity to fire out on warning of attack.

They too could play hide and seek.

There is a worse Russian option. That is that they would do both the above. They could elect to keep the hair-trigger force they have, and also to build a force we cannot target. We would end up with the worst of both worlds.

All of this means that the security of both their force and ours is good—stabilizing. The idea of attacking such forces—"counterforce" in the jargon—is a loser. It is destabilizing and dangerous for us and for them.

The missile-firing submarines are pretty secure. Sure, both sides are working hard on anti-submarine measures, and have had some limited success. But with the vast areas of the ocean they both can now hide in, it's inconceivable that any important number can be sunk in the opening hours of war. Three months, maybe—not three hours.

Still different are the bombers. We've accepted that their chance of getting shot down is so great they must carry cruise missiles to penetrate to the target. Better we should convert most of the bomber force, present and future, to useful military purposes.

This notion, that military force should have useful military purpose, is so self-evident that it seems fatuous to state it. Yet, we must, for there is an obvious disconnect in our present forces.

There is no sensible military use for any of our nuclear forces: intercontinental, theater or tactical. Their only reasonable rationale is, first, to deter the other fellow from the use of his and, second, to gain whatever political edge there may be from the appearance of nuclear strength. As a general rule, we can state that nuclear forces are militarily sufficient whenever they are politically sufficient.

So now we know how to escape the trap. It is the usable conventional military power that counts, not the useless threat of distant destruction. Cut back the nuclear forces, ours and theirs, across the board, as Kennan suggests. Give up any notion of first use. Look to the united political, economic and usable military strength of the West to keep us free.

[From the Washington Post, June 25, 1981]

THE SOVIETS WANT TO SURVIVE, TOO

(By Noel Gayler)

Neither we nor the Soviet Union can possibly want to be in our present position, where our very existence depends on the nuclear restraint of the other. There is only one way out—we must each negotiate with the other not only a major reduction of nuclear weapons but an absolute end to any military dependence on them.

Negotiating will be tough. We each have major and nearly insoluble problems with the other. The West feels threatened by the enormous Russian military buildup, by their worldwide trouble-making under the rubric of "wars of national liberation," by their unprincipled subjugation of their neighbors. They in turn recognize us as their most dangerous potential military adversary, as the stumbling block to their worldwide ambitions, and as the organizers of international alliances to contain them.

And we have a lot of experience negotiating with the Soviet Union—much of it bad. We see them as adversary, devoid of good will, manipulatory, unwilling to compromise. They see us as uncertain, compliant, willing to yield after a while to intransigent positions, for the sake of agreement. Both views have a good deal of validity.

Yet both are beside the point. The object isn't to "win" a negotiation, or to end up with "superior" nuclear forces. The object is to make the chance of nuclear war as small as possible. We have other political objectives. So has the Soviet Union. Most of them conflict intensely. But this one objective we share, and it is far more important than all the rest put together.

The key is to find our common interests, and they are not hard to find; we have a common interest in not being blown up. We also have a common interest, as great powers, that we not be subject to nuclear blackmail from smaller powers or terrorist groups. This is plenty to build agreement on, but only if we detach these overriding problems from all the other issues between us. The notion that we can punish or coerce the Soviet Union for its behavior by withholding our agreement on nuclear weapons is fallacious. Our need is every bit as great as theirs. If we wait until they shape up, to our standard, on every bone of contention between us, we will wait a long, long time. And the clock of nuclear danger is ticking away.

So we have the basis for negotiation. What precisely should we propose? Here is a list, for openers:

Immediate equal reduction of nuclear weapons of all categories, as proposed by George Kennan. This can become a progressive process.

Renunciation of nuclear initiatives for any purpose whatsoever.

Renunciation of any "counterforce" strategy against strategic nuclear forces.

Current strong opposition to any form of nuclear weapons proliferation, by our clients or theirs. The first step must be our own reductions, or we have no credibility whatever.

Are such agreements possible? Yes, because the Soviet Union and the United States would gain by them. Can they be verified? Yes. Weapons turned in can be counted. Weapons could be hidden away in small quantities, but only very large quantities would make a difference. And very large quantities we would know about. Nuclear initiatives are foreshadowed by the nature of the weapons, for example a "neutron" bomb must be made and deployed before it can be used. And opposition to nuclear weapons proliferation must by nature be public, or it isn't real opposition.

Supposing we believe all this; what are the Russian views? We know that they are suspicious, and slow to react to new proposals. We know that their military literature abounds in references to nuclear war exchanges and mixed nuclear-conventional campaigns. (To a certain extent, so does ours.) We know that some of their military exercises and some of their military equipage bear out these ideas. But there is no evidence that the Soviet Union is irrational. The compelling logic against the use of nuclear weapons applies equally to the Russians as to us. The Party leadership has given every signal that they understand that logic. And the last effort to reach a limiting agreement, imperfect though it was, was terminated not by the Soviet Union, but by the Americans when the Senate refused to approve SALT II.

The nuclear preparations of the Soviet military can therefore be regarded as worst-case insurance, as indeed ours should be.

So we have our prescription for negotiations. We need be realistic, hardheaded and

specific. Generalities about the "spirit" of Camp David or anywhere else will get us nothing but disappointment. And we must confine negotiations severely to our common interests: to reduce the chance of nuclear war. No attempted arm-twisting on other subjects, no attempts to gain points by "winning." If we do this, we and they have a good chance to reach agreements that will in some measure lift this cloud of danger from us.

President Reagan has an unmatched opportunity. He alone can initiate this process without suspicion of weakness. The American people wish, and he wishes, for America to have unmatched strength—military, economic, political strength and strength of purpose. Yet the president has common sense in uncommon measure, and will surely see that our military strength lies in people and forces far removed from these useless and dangerous nuclear weapons. Should he act on this perception, and should he succeed, history will record him as one of our greatest presidents.

[From the Washington Post, June 30, 1981]

CAN WE DEPEND ON DETERRENCE?

(By Maxwell D. Taylor)

In the debate over the needs of our strategic forces, one controversial point is always in the foreground—or background—of the discussion: do we have forces capable of deterring the Soviets from initiating nuclear war? From the Eisenhower through the Johnson administration, there was little doubt either as to the credibility or the indispensability of their deterrent effectiveness. It was credible because our forces were clearly able to destroy the Soviet Union as a viable nation. It was indispensable because, after the Soviets had acquired intercontinental missiles, it was generally accepted that strategic war would be mutually suicidal and that no defense means, passive or active, existed that could make it less so.

Not only were defensive measures viewed as futile, but damage control was equally unpromising. One could never hope to foresee where and how to stockpile reserves of food, water, medicines, hospital beds, firefighting equipment and the like needed to deal simultaneously with hundreds of regional disasters. Even if there were warning of attack, how to relocate senior government officials without closing down government itself, how to evacuate urban populations without creating nationwide panic, and how to disperse industry at a time when all communications might be blotted out by nuclear explosions? And after the attack, how to put out fires, restore order and keep survivors alive while disposing of millions of dead?

Unable to answer such questions, most of my contemporaries concluded, as I did and do, that there is no conceivable way of hedging adequately against a failure of deterrence. We are not dealing with war in any rational, Clausewitzian sense—the use of military force as another means for a government to achieve political ends beneficial to the nation. In any major strategic exchange, the reciprocal damage would create conditions that would make victory and defeat virtually indistinguishable, save perhaps that the victors might survive a bit longer than the vanquished.

In recent years, there has been a progressive loss of faith in this doctrine, now derisively dubbed MAD (mutual assured destruction) by its critics. There is fairly broad acceptance of the possibility of a limited strategic attack concentrated on a limited target such as our silo-based ICBMs, a contingency used to justify the need for the new MX missile.

It is also widely asserted that deterrence is a dubious goal for our strategic forces because Soviet military writers never mention the word in discussing strategic doctrine. They make no sharp distinction between conventional and nuclear warfare as we do, and seem to expect to use both nuclear and conventional weapons in any combination as needed anywhere from the battle front to the heartland of the enemy. By using such blended military means, although expecting heavy losses, they seemingly anticipate ultimate victory pretty much as it was won against Germany in World War II.

The apparent existence of such a war-fighting concept among Soviet leaders has convinced a considerable number of American experts on the subject that our own strategic forces are grossly inadequate to deter an enemy instilled with such a doctrine. They urge a drastic increase in our strategic forces to reinforce their visible strength and call for measures similar to the Soviets' for hedging against the failure of deterrence and fighting a nuclear war to a finish.

I am unconvinced by these arguments—in fact, I firmly believe that it should be easier for us to deter the Soviets from initiating nuclear war than it would be for them to deter us.

In the first place, the Soviets have superior conventional forces in close proximity to virtually all of their national interests that may require defense. Thus they would have no reason to resort to nuclear weapons for their protection.

Second, from their World War II experience, their leaders know how devastating conventional war can be. They also know nuclear war would be many times more so—that they would lose in a few hours more than they lost in four years fighting the Germans.

Third, they could not afford to fight or even "win" a strategic war with the United States. In doing so, their losses would so paralyze the nation as to make it easy prey to nearby enemies—wolves ready to take advantage of a stricken bear. Such enemies could include Chinese, Afghans, Turks, Germans and Poles beyond Soviet borders, and non-Russian minorities within.

Finally, the past record of the Kremlin leaders indicates an extreme reluctance to run unnecessary risks, particularly if there is a safer way to gain the desired end. In this case they have such an alternative—to ride the tide of the present favorable correlation of forces, increasing its momentum when possible and exploiting every opportunity to further weaken the United States and its allies. This moderate course would not only promise gain at minimum risk. It also would allow crediting the ultimate victory to the fulfillment of the Marxist-Leninist prophecy of the inevitable collapse of capitalism from its internal weaknesses and contradictions. It would be an ideological triumph of considerable worth.

If the foregoing reasoning is sound, the probability of a deliberate Soviet attack is extremely low and the possibility of effecting enduring deterrence very high. But even so, we should never cease our efforts to improve the quality and survivability of our forces, particularly their command and communications systems, and thus assure continued maximization of their deterrent potential. The size and numbers of their weapons would be determined not by what the Russians have, but by the weapons needed to destroy enough targets causing Soviet losses equal to or exceeding those of World War II.

With an arsenal of such lethality to assure deterrence, it would be folly to race the Soviets further in numbers of weapons or to waste the finite resources available for national defense in profligate hedging against the failure of deterrence. We can apply the savings to far better purpose in strengthening the conventional forces necessary to defend our essential interests overseas, currently beyond the supporting range of our military power.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. There will now be a period for the transaction of routine morning business.

TELEVISION AND RADIO COVERAGE OF PROCEEDINGS IN THE SENATE CHAMBER

Mr. BAKER. Mr. President, it is with great pride and anticipation that I rise today to report that the Committee on Rules and Administration has ordered reported Senate Resolution 20 which calls for television and radio coverage of proceedings in the Senate Chamber. I was most pleased that in sponsoring this measure, I was joined by the distinguished Senators from Delaware (Mr. ROTH), Arizona (Mr. DECONCINI), and from Utah (Mr. GARN). I know that they join with me in looking forward to bringing this resolution to the Senate floor.

I believe that the vote cast today at the committee meeting was of historical significance. It is a momentous step toward opening the Senate floor to the wonders of electronic communication, and I am grateful to the distinguished chairman of the committee, Senator MATHIAS, for his able leadership in addressing the resolution.

It is no secret in this Chamber that this issue is of particular importance to me. I firmly believe that it is time we made the public gallery in the Senate truly public by 20th century standards. Public support thrives on open Government. By permitting television and radio coverage of our proceedings, we will enhance the quality of our deliberations, and consequently foster a greater public awareness. The judgment we apply to every decision can and must be derived from the collective wisdom of the people who choose us to represent them. They are entitled to complete access to our proceedings.

I often like to think of our global neighborhood as being divided into two "channels" of communication; a different array of the senses if you will. On the one hand, the verbal channel. It combines our powers to read and listen. We tune into this channel when we pick up the morning paper, flip through a magazine or tune in a favorite radio talk show.

The other channel embodies a more nonverbal response. It is the gifted pleasure we associate with sight. We have all heard of the adage "a picture paints a thousand words." I could not agree with it more, because it is through this nonverbal visual channel that we can actually feel what is occurring. Thus, the experience is immediately given another dimension, and the consequence is a more lasting remembrance.

This theme of remembrance would be the cornerstone to one of the most fruitful concomitants to television coverage, namely the formation of a tape library consisting of recorded and indexed proceedings. I can think of nothing more exciting, Mr. President, than the possibility of school children, historians and

other citizens going to the U.S. Archives or a special library, decades or even hundreds of years from now, to watch this Congress deliberations. It is truly an exhilarating proposition.

In conclusion, let me state that I am fully aware that some of my colleagues have reservations concerning the ramifications of television cameras in the Senate. Their considerations of cost and control over the equipment are not without merit. It is my hope that during our discussions we will be able to profit from the experiences of our friends in the House, and the extremely successful operation there.

I pledge my full support to an open and constructive debate on this issue, for this is not a partisan issue, nor is it a meaningless issue. It is a concept and an opportunity to improve the degree with which we serve the public, and it is my sincere hope that this measure will be realized, and that history will have yet another channel to benefit from.

HONORING LT. GEN. ERNEST GRAVES

Mr. GLENN. Mr. President, it is my honor today to pay tribute to a man who has dedicated 36 years to the national security of our country. Lt. Gen. Ernest Graves, currently the Director of the Defense Security Assistance Agency, will retire on July 31, 1981. The third of four generations of West Pointers, General Graves has selflessly served his Nation in the finest tradition of the Academy. His career, as outlined by another Senator in the RECORD, is resplendent with major contributions in the areas of nuclear energy, construction, water resource management, and security assistance. In all of these areas, he has demonstrated his brilliance as a manager and leader, an international negotiator, and as an advocate before the Congress of the administration's programs.

As Director of the Defense Security Assistance Agency he has effectively played a central role in the establishment and promulgation of security assistance policies and procedures. He has repeatedly demonstrated a profound and widely respected grasp of the intricacies of complex international security relations. During his tenure the security assistance environment was marked by recurring international crises, significant new developments in U.S. foreign and national security policy, growing congressional interest in all aspects of security assistance and the advent of significant legislative and Presidential policy guidance. In managing the activities of DSAA and overseas security assistance programs he displayed superb management skills and outstanding organizational capabilities, which established his reputation as an extraordinarily capable executive. He is known for his ability to resolve tough security assistance organizational and manning issues. A highly skilled negotiator, he was selected by the Secretary of Defense to conduct sensitive, key negotiations with high ranking officials of foreign governments, all of which were concluded in a manner highly favorable to the U.S. Government. His exceptional rapport with key officials has resulted in the introduction of new capabilities vital to the modernization of foreign national security forces. He is exceptionally adroit in assessing the potential impact of new programs on the capability of friendly nations.

General Graves has been a strong advocate of legislation to improve the President's flexibility in foreign policy and the principal architect in developing legislative initiatives to enhance the effectiveness of security assistance as an implement of national security policy. He has been a master strategist in obtaining congressional endorsement of the administration's legislative initiatives and program budget requests. He has unflinchingly played a role in securing legislation to implement the Middle East peace treaty, lift the Turkish arms embargo, and facilitate air base construction in Israel. He has been the key Defense witness in securing congressional support for such significant arms sales as those to Egypt, Morocco, Taiwan, Korea, and Jordan. General Graves' unique combination of talents and integrity will be sorely missed by the Congress and the administration in the years to come. I congratulate him on a magnificent and exemplary career, and I am confident that should the Congress need his advice it will find him ready to respond with the same sagacious advice that we have been accustomed to receiving. I wish him continued success in his future endeavors.

TRIBUTE TO HARRY CHAPIN

Mr. HART. Mr. President, Harry Chapin's tragic death is a loss to all who shared his humane values and admired his enormous generosity. A lot of people talk about their concern for their fellow citizens; Harry Chapin lived it. If there is a member of America's entertainment who gave industry more of himself and of his resources to causes he believed in, that person does not come to mind.

Critics might disagree about his best or worst song, or about the progress of his career at any moment. But it was impossible not to admire his combination of commitment and energy. His was the tragedy of an interrupted life, of a life filled with so much good and so much promise of more good. I hope that his legacy of less hunger and more democracy will be followed by those of us who survive him. And though he was a wonderful entertainer, we should always remember him for being a model of what an American citizen should be—active, caring, inexhaustible.

Mr. President, it has been estimated that in his professional career Harry Chapin contributed more than $5 million to humanitarian concerns. It has also been estimated that last year alone he gave over 230 concerts, almost all of which went to charity. That is an enormous legacy for all of us. It is a particular legacy for his wife and his five children.

Mr. CRANSTON. Will the Senator yield?

Mr. HART. I yield.

Mr. CRANSTON. I join in tribute to Harry Chapin. The world has suffered a tragic loss and our Nation has suffered a tragic loss. He was a man who gave of himself in an extraordinary way, generously and very creatively. Many of us in this body were very close friends of his. Those who suffer the most were hungry people in this world, for whom he did so very, very much. Many people are less hungry because of Harry Chapin. My deepest sympathies go to his family.

(By request of Mr. ROBERT C. BYRD the following statement was ordered to be printed in the RECORD:)

● Mr. MOYNIHAN. Mr. President, all New Yorkers mourn the loss of Harry Chapin—musician; political, consumer, and social activist; and father.

We will miss his wit, his charm, his concern, and his generosity.

In this morning's Washington Post, Tony Kornheiser writes beautifully about the life of his friend, Harry Chapin. Mr. Kornheiser concluded his piece quoting Harry Chapin saying:

Being a rock star is pointless. It's garbage. It's the most self-indulgent thing I can think of. I've got nothing against selling out. But let me sell out for something that counts. Not so Harry Chapin can be No. 1 with a bullet, but so I can leave here thinking I mattered.

Harry Chapin did matter—to millions of us.

May his wife Sandra and his five children, Jaimie, Jono, Jason, Jenny, and Josh, his parents, and his brothers remember and be comforted by that fact—Harry Chapin mattered.

Mr. President, I ask that Tony Kornheiser's article entitled "Harry Chapin's Riches" be printed in the RECORD.

There being no objection the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, July 17, 1981]

REMEMBERING CHAPIN

(By Tony Kornheiser)

They called Harry Chapin a troubadour, but he was more of a novelist. He wrote short, poignant, biographical novels and set them to music. Novels about taxi drivers who have chance encounters with their first loves and choose not to go home again. Novels about fathers and children who start out not getting close to each other and end up not even getting next to each other. Novels about lovers who get swept away in the heat of the moment. Novels about snipers and disc jockeys and heroic true believers who never lose touch with who they are.

And yesterday, when Harry Chapin died in a car wreck, he left behind the sort of novel that he wrote about so well. A man whose life ended abruptly in the middle. Between the search and the goal. Between the promise and the gift. Not yet there, but on the way.

He'd be giving a concert, and he'd sit on a stool, his guitar resting on his right knee, and he'd joke with the audience about the kind of songs he'd written. He knew that most of the critics thought he was a lightweight, and while that judgment offended him, it never discouraged him. He thought it hilarious that one rock performer was reviewed this way: "He was a rich man's Harry Chapin." Harry would laugh and say, "Look at where they've got me. They've got me as a standard for comparison. If anyone is lower than me, he has to be at the very bottom of the ocean." He'd even use his standing with the critics in his act. He'd blush and tell the audience that when he was younger he had the nickname "Gapin' Chapin."

And he'd call himself "a third-rate rock star." And then he'd turn up his energy

higher, much higher than his amps and sing his songs. "Taxi." "Cat's in the Cradle." "I Wanna Sing You a Love Song." "Sniper." "W.O.L.D." And in his own way, for his special audience, he was every bit as popular and loved, and even worshipped like a Bruce Springsteen.

Harry Chapin could have been a millionaire.

Harry Chapin maybe should have been a millionaire.

But every year at least half of his concerts were free, either for charity or as a benefit.

He put his money where his mouth was.

I met Harry while doing a profile on him in 1976, a profile in which I accused him of not so much being a singer-songwriter as being a moralist. I believe the term I used was that he sang a course in Morality 101. He liked that. He laughed very loudly at that.

He had a great and rich and good laugh.

The last time I saw Harry, he gave a concert at Constitution Hall. It was a typical Chapin concert in that his energy was high, and the only reason he stopped singing was because he was told that if he stayed on stage even another minute they were going to have to put the help on overtime. Harry already had gone on for almost three hours and it was closing in on midnight.

And after it was over, Harry went out into the lobby for a typical Chapin post-concert session. And there he would sell Harry Chapin albums and Harry Chapin T-shirts and Harry Chapin song books. And on each one he would sign his typical Chapin message: "Keep The Change, Harry Chapin."

What was so impressive about what Chapin did wasn't so much that he signed every last thing that was thrust at him—even for people who hadn't bought a thing—but every penny he took in from these sales didn't go into Harry Chapin's pocket, but toward charity, specifically toward ending world hunger.

Later that night Harry and I and another reporter took a taxi (what else?) over to the American Cafe on Capitol Hill and sat around for a few hours solving all the world's problems. I knew how hard he worked for the cause of preventing world hunger, so of course I razzed him about ordering a big, thick sandwich. And he came back at me the way he always did, by saying, "Look, I'm not asking you to starve. I'm simply asking you to try and spread the word that we grow enough food each year to feed the world easily. You've got access to a great newspaper here. For God's sake, use it."

And then we talked about the congressmen he'd seen recently, and how his lobbying effort was going, and how many charities and causes he was pushing. As ever, he was all high energy and optimism. I thought then and I think now that Harry Chapin was a worthy man. That he was a liberal in the very best, philosophical sense of the word. It wasn't welfare he was talking about, it was decency. He used the phrase "enlightened self-interest." He said it made good sense to redistribute the food. Not because it was the noble thing to do, but because if you removed hunger and desperation you would remove a major cause of crime and violence. If there is such a thing as a practical liberal, Harry Chapin was that.

And when we were all talked out about saving the world, we drank a few more beers and talked about Long Island, where we both were from, and remembered the afternoon we played touch football on his lawn, right next to Long Island Sound, and I insisted I was a better quarterback than him, and he insisted he was a better end than me. And laughed some more, his rich laugh filling the now empty restaurant, and just like on stage he was the last to leave, because if they didn't throw him out they'd have to pay the help overtime.

That night, a sleeting, crummy winter night, I remember him telling me that it was about time I stopped fooling around writing about celebrities and started writing about the people who really controlled the world.

I remember me telling him that it was about time he stopped trying to save the world and started selling out so he could become a rock star.

And I remember exactly what he said about that. He said, "Being a rock star is pointless. It's garbage. It's the most self-indulgent thing I can think of. I've got nothing against selling out. But let me sell out for something that counts. Not so Harry Chapin can be No. 1 with a bullet, but so I can leave here thinking I mattered."●

● Mr. D'AMATO. Mr. President, the death of Mr. Harry Chapin, artist, humanitarian, and father, has brought profound sadness to New York and the world.

This world-renowned individual was a native New Yorker and a credit to the State. He was raised in Greenwich Village and Brooklyn Heights and later settled in Huntington, L.I.

Harry Chapin possessed a unique understanding of life, an understanding which was reflected in the songs he wrote and sang. "Taxi," perhaps his best known song, demonstrated his insight into the human condition. Another well-known work, "Cats in the Cradle," reflected his deep belief in the importance of the family unit in our society. He was devoted to his wife and five children, who frequently appeared on stage with him during concerts.

He earned an Academy Award nomination for his documentary, "Legendary Champions," and a play he wrote, "The Night That Made America Famous," was a Tony nominee.

His talents were only surpassed by his commitment to national and world causes. He helped raise over $5 million to aid the fight against world hunger, and served on the President's Commission on World Hunger. In January of this year, he contacted me to discuss this vital issue. Many of his benefit concerts raised funds for the arts programs on Long Island, most notably the Performing Arts Foundation, the Eglesky Ballet, and the Long Island Philharmonic. In fact, on the night of his death, he was scheduled to give a free concert at Eisenhower Park in Westbury, L.I.

All who knew and loved Harry Chapin deeply mourn his death and send heartfelt condolences to his family.●

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

ECONOMIC RECOVERY TAX ACT OF 1981

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of House Joint Resolution 266, which the clerk will state by title.

The legislative clerk read as follows:

A joint resolution (H.J. Res. 266) to provide for a temporary increase in the public debt limit.

The Senate resumed the consideration of the joint resolution.

Mr. RIEGLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. DOLE. Mr. President, will the Senator yield briefly to the Senator from Iowa?

Mr. RIEGLE. I yield.

THE MARRIAGE PENALTY

Mr. GRASSLEY. Mr. President, I rise in support of and to briefly discuss that portion of the tax bill now before the Senate, specifically section 103, that will go a long way toward easing and removing the so-called marriage penalty. The Internal Revenue Code, as currently structured, provides for increased tax liability when two persons with relatively equal incomes marry each other. The Senate Finance Committee has taken steps to correct this inequity.

It is not my purpose today to get involved in a long and drawn-out discussion of the specific language employed by the bill to solve the problem. That information is set forth starting on page 29 of the committee report accompanying the bill. Suffice it to say that the bill will, with certain exceptions, allow a deduction from gross income to two-earner married couples who file a joint return. This deduction, available even if taxpayers do not itemize other personal deductions, will be equal to 10 percent—5 percent for taxable years beginning in 1982—of the lesser of $30,000 or the qualified earned income of the spouse with the lower income. The maximum amount that may be deducted in 1982 is $1,500; for 1983 and subsequent years the figure is $3,000.

My purpose in speaking to this section of the tax bill is to briefly discuss the rationale for our committee's proposed change in the law.

First, the current law, that is, those sections of the code that increase the tax liability of two-earner married couples, was written with the objective of equalizing the taxes paid by married couples with equal incomes. In other words, the Congress in prior years sought to treat similarly situated persons the same. An unintended consequence of this goal, the impact of which has been exacerbated in recent years by high inflation and bracket creep, is the so-called marriage penalty.

The legislation we are now considering adopts as an underlying but unwritten premise the notion that households where both spouses are working are not, for all intents and purposes, similarly situated with one-earner families.

The result of the current law is that married couples with relatively equal incomes pay more in taxes than two single persons living together or sharing a residence with exactly the same incomes. The difference in tax liability can run into the hundreds of thousands of dollars.

As can be expected in a society where wage earners are free to maximize their incomes and minimize their tax liabilities, many Americans have elected to minimize their taxes by living together without the benefit of marriage. This may not be the only factor encouraging such antifamily conduct; but it cannot be denied that economic considerations

often are weighed by two persons in deciding whether or not to marry.

We all are aware of situations, occasionally highlighted in the media, wherein individuals have attempted to secure a divorce not because the marriage had broken down so that the legitimate objects of matrimony could no longer be served, but rather in order to avoid taxes. This may not be an everyday occurrence, but it happens.

I happen to believe that strong family units are essential to the continued survival and prospering of the United States. It is impossible to have strong, viable families without the institution of marriage. There are many disincentives to marriage brought about by Federal and State laws, regulations and procedures. The marriage penalty is one such disincentive that we can do something about today. Therefore, I speak in favor of section 103 of the bill, as reported and approved by the Senate Finance Committee, and would urge its inclusion in our final bill without change.

SINGLE PURPOSE AGRICULTURAL AND HORTICULTURAL STRUCTURES

Mr. President, on another subject, I would like to thank all of my colleagues on the Senate Finance Committee for overwhelmingly supporting my amendment to clarify the status of single purpose agricultural and horticultural structures as section 1245 property, entitling them to both the investment tax credit and 5-year depreciation as equipment. This amendment was particularly important to counteract a proposed Treasury regulation that would treat such structures as section 1250 property instead of section 1245 property.

This issue never seems to be laid to rest. Congress recently addressed this issue in 1978 when it added section 48(a)(1)(D) to the code to clarify the eligibility of single purpose agricultural structures for the investment tax credit. Congress intended these structures to be entitled to the investment tax credit when the Revenue Act of 1971 was enacted. The refusal of the Service to accept this position culminated in the enactment of section 48(a)(1)(D), a provision which clearly stated that single purpose agricultural structures are eligible for the investment tax credit and in the view of the Senate had been since 1971 when Congress first addressed this issue. The Finance Committee report stated:

In 1971, this Committee stated that special purpose structures used in unitary hog-raising system would be considered special purpose structures which qualify for the investment credit, and would not be considered buildings. S. Report No. 95–1263, 95th Congress 2nd Sess. at 116 (1978).

Congress restatement of their intent has had no effect on the Department of Treasury's interpretation of the law. The continuing refusal of the Department of the Treasury to recognize Congress intention, dating back to 1971, has resulted in the clarification added by me to the current tax reform package before the Senate today. It is my sincere hope that Treasury will address the issue applying this statute to all individuals who built single purpose agricultural and horticultural structures since Congress initially grappled with the problem in 1971. To deny the investment tax credit to those individuals who relied on an erroneous Treasury interpretation of the law would be unjust. I am confident that the Department of Treasury can find an equitable solution to his problem without further congressional guidance. Senator LUGAR, my illustrious colleague from Indiana, has some additional points to highlight on this topic.

● Mr. LUGAR. Mr. President, I rise to express my strong support for the provision in this legislation which was offered by the Senator from Iowa (Mr. GRASSLEY) to clarify the status of single purpose agricultural and horticultural structures as section 1245 property. This clarifying amendment, of course, entitles such structures to both the investment tax credit and 5-year depreciation as equipment.

Enactment of this provision will bring much needed relief to many farmers, many of whom have already invested in single purpose agricultural and horticultural structures on what they thought were assurances in the 1971 Revenue Act of eligibility for the investment tax credit. The Internal Revenue Service has consistently refused to follow congressional intent in this area of the tax laws.

Congress again clarified its position on the eligibility of these agricultural structures for the investment tax credit during the debate on the 1978 Tax Reduction Act. Again, the Service has avoided congressional intent in this issue.

I am delighted that my distinguished colleague, Senator GRASSLEY, has taken the lead on this issue of considerable importance to farmers in Indiana and across the Nation.●

UP AMENDMENT NO. 234

(Purpose: To reduce corporate income tax rate)

Mr. RIEGLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Michigan (Mr. RIEGLE) proposes an unprinted amendment numbered 234.

Mr. RIEGLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of title II, insert the following new subtitle:

Subtitle G—Corporate Rate Reductions

SEC. 261. INCREASE IN AMOUNT OF INCOME TO WHICH LOWER CORPORATE TAX RATES APPLY.

(a) GENERAL RULE.—Subsection (b) of section 11 (relating to amount of tax imposed) is amended to read as follows:

"(b) AMOUNT OF TAX.—

"(1) 1982.—In the case of taxable years beginning in 1982, the amount of the tax imposed by subsection (a) shall be the sum of—

"(A) 17 percent of so much of the taxable income as does not exceed $37,500,

"(B) 20 percent of so much of the taxable income as exceeds $37,500 but does not exceed $75,000,

"(C) 30 percent of so much of the taxable income as exceeds $75,000 but does not exceed $112,500,

"(D) 40 percent of so much of the taxable income as exceeds $112,500 but does exceed $150,000, plus

"(E) 46 percent of so much of the taxable income as exceeds $150,000.

"(2) 1983.—In the case of taxable years beginning in 1983, the amount of tax imposed by subsection (a) shall be the sum of—

"(A) 17 percent of so much of the taxable income as does not exceed $50,000,

"(B) 20 percent of so much of the taxable income as exceeds $50,000 but does not exceed $100,000,

"(C) 30 percent of so much of the taxable income as exceeds $100,000 but does not exceed $150,000,

"(D) 40 percent of so much of the taxable income as exceeds $150,000 but does not exceed $200,000, plus

"(E) 46 percent of so much of the taxable income as exceed $200,000.

"(3) 1984 AND THEREAFTER.—In the case of taxable years beginning in 1984 and thereafter, the amount of tax imposed by subsection (a) shall be the sum of—

"(A) 15 percent of so much of the taxable income as does not exceed $50,000,

"(B) 20 percent of so much of the taxable income as exceeds $50,000 but does not exceed $100,000,

"(C) 25 percent of so much of the taxable income as exceeds $100,000 but does not exceed $150,000,

"(D) 30 percent of so much of the taxable income as exceeds $150,000 but does not exceed $200,000, plus.

"(E) 43 percent of so much of the taxable income as exceeds $200,000.".

(b) CONFORMING AMENDMENTS.—Subsections (a)(2) and (c)(1)(B) of section 821 are each amended by striking out "34 percent" and inserting in lieu thereof "30 percent".

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1981.

(2) Subsection (b).—The amendment made by subsection (b) shall apply to taxable years beginning after December 31, 1983.

Mr. RIEGLE. Mr. President, in due course I will deliver a statement at some length on the amendment which is now before the Senate. I wish to present a brief description of it now and then I shall yield to the Senator from Oklahoma who wishes to offer another matter.

In any event, before doing that, this particular amendment is the amendment that would reduce the tax rates on small corporations here in the United States.

We have a problem, I believe, in the bill where we have not specifically taken a direct step to help small corporations, small companies, that are just moving into profitability to enable them to retain a greater part of those earnings so that they are available for reinvestment in the business, available for expansion, for innovation, and for forward movement by those companies.

I say to my colleague, who, I hope, will be present and available to participate in a discussion on this at greater length within the next hour, that small business, small firms in the United States, according to the White House Conference on Small Business last year, provided 95 percent of the new jobs in our economy. I want to emphasize that small business provides 95 percent of the new jobs that are created in our

economy, 59 percent of the existing employment throughout our society, and produces 43 percent of the gross national product.

Small business is a tremendous driving engine within our national economy. I think it is essential to provide some direct recognition of that and help by means of adjusting the tax rates that would apply up to the first $200,000 of corporate income. The table that I have put forward shows how we will accomplish that in steps between now and 1984. I shall get into that in detail shortly.

Mr. President, I might say that this provision to lower the tax burden on smaller corporations that are just moving into a position of profitability is a provision that has been adopted by the House Ways and Means Committee, so that committee has examined this. I think we have an excellent chance to see this become a matter of law, to provide this additional incentive, this financial strength, this capital to this vital sector of our national economy to help it grow stronger and more quickly.

With that, Mr. President, I am willing to defer on the remainder of my statement if the Senator from Oklahoma wishes me to yield to him at this time.

UP AMENDMENT NO. 235

(Purpose: To express the sense of the Senate on interest rates)

Mr. BOREN. I thank my colleague from Michigan.

Mr. President, I send an amendment to the Riegle amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Oklahoma (Mr. BOREN), for himself, Mr. ROBERT C. BYRD, and Mr. BRADLEY, proposes an unprinted amendment numbered 235 to the Riegle amendment No. 234.

Mr. BOREN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of unprinted amendment numbered 234, insert the following new section:

SEC. THE OTTAWA SUMMIT

In light of the need for the Western European economies to sustain increased defense spending to meet the Soviet threat, it is the Sense of the Senate that the President shall assure our allies at the Ottawa Summit that the United States will take immediate, direct and affirmative steps to lower significantly our domestic interest rates.

Mr. BOREN. Mr. President, the amendment I am introducing today on behalf of myself and the distinguished Senator from West Virginia, the minority leader (Mr. ROBERT C. BYRD), and Senator BRADLEY is a sense of the Senate resolution asking the President to assure our allies at the Ottawa summit meeting that the United States will take immediate, direct, and affirmative steps to lower significantly our domestic interest rates.

Our Western allies have expressed growing alarm over the impact of high U.S. interest rates on their own economies. Bolstered by high interest rates, the U.S. dollar has soared against all European currencies. As a result, it has driven the value of our allies' currencies down, bringing with it less purchasing power. The impact on the European economies is no more apparent than in their oil import bills, which have been increasing because oil is priced in dollars. Therefore, we are driving European economies into another recession. France's new Foreign Minister, Claude Cheysson, at a recent meeting of the OECD, stated employment was falling everywhere, trade was suffering, and there was no industrial investment. He stated high American interest rates had sent the dollar "floating into the stratosphere" representing a "third oil shock in the making."

With growing unemployment on the European continent, and growing budget deficits due to recessionary pressures resulting from high U.S. interest rates, the policy of the United States to press our allies on higher defense spending to meet the Soviet military threat is being undercut by this administration's economic policies.

I point out, Mr. President, the Senator from Michigan, Mr. LEVIN, addressed this very issue this morning and noted that we are encouraging and asking our European allies to bear a greater share of the defense burden at the same time the high domestic interest rate policy of of the U.S. Government is making this more and more difficult.

Mr. President, I cannot help but take note of a story appearing this morning in the Washington Post. The Chairman of the Federal Reserve Board Paul Volcker is reported to have told a congressional committee that despite the criticism of high interest rates by European political leaders that complaints about American economic policy are aimed largely at home consumption.

Mr. President, I would suggest that if there are any self-serving statements being made for home consumption, they are being made on this side of the Atlantic and by Mr. Volcker who is the architect of the high-interest rate policy. It is my hope that President Reagan will have another economic summit when he returns from Ottawa, this one with Mr. Volcker. He should make it clear that a policy which deliberately keeps interest rates at a level far above that dictated by the rate of inflation which has fallen, cannot be tolerated. Mr. Volcker is playing Russian roulette with the American economy with his high interest rate policy.

Certainly, no one can argue with the difficulty that high interest rates have and are causing both abroad and at home. For the past several weeks, I have been speaking every day on the Senate floor, along with a number of my colleagues, about the devastation being caused by the level of interest rates.

I have, for example, called attention to the effect of interest rates on the budget deficit. I have pointed out that the public debt stands at nearly one trillion dollars. The computed annual interest charge in 1980 came to $84 billion. If interest rates stay at their current high levels, the cost of refinancing the national debt could increase by the end of next year to an annual rate of $120 billion, approximately one-fifth of the entire Federal budget.

I have discussed the effects of high interest rates on specific segments of our economy—the industry of agriculture, one of the most productive and vital segments of our economy, for example.

Mr. President, total interest costs in agriculture have doubled in the last 4 years, to reach an alltime high $14 billion. Cattle feeders are paying $35 a head per year just in interest charges on the money borrowed to pay for the steer. Interest charges on a $400 heifer calf bought today would be $160 for 2 years. It is obvious that agriculture cannot bear up under high-interest rates when one considers the high amount of debt burden which this sector carries. In 1950, total farm debt was $12 billion compared to net farm income of $13.6 billion, almost a parity relationship between debt and net farm income. Today net income is $22 billion, but farm debt has reached $160 billion, an 8-to-1 relationship.

The housing industry is one of the hardest hit segments of the economy. This is an industry, Mr. President, that is not composed of big business, but is, in fact, our largest small business industry. At a time when housing demands exceed 2 million units per year, economic distress caused by high-interest rates have caused the industry to lay off more than 1½ million workers in construction-related industries, resulting in the loss of $24 billion in annual wages and annual tax revenue losses of $6.4 billion.

Purchasing a new home is now beyond the reach of over 90 percent of American families because of high interest rates. The average monthly payment, including taxes and insurance, on the average sized new home being built today has reached $1,000 per month because of high interest rates.

The thrift institutions had a $24 billion reduction in reserves last year, the largest in history. Almost 300 of these institutions are on the troubled list. One official with the depository insurance fund predicted that net losses to depositors could exceed the reserves of the insurance fund to such a degree that a $45 billion appropriation to the fund could be necessary if something is not done.

The big three automobile makers lost collectively over $3.5 billion in 1980 and have lost three-fourths of $1 billion in the first quarter of 1981. Auto sales are down over 20 percent and a quarter of a million auto workers are currently out of work. This is exactly the kind of unemployment, profit loss and negative investment that is caused by the unrelenting impact of high interest rates.

There is much more that could be said. I could talk about the effects on small business, which is devastating—the 72-percent jump in personal bankruptcies, and a great deal more. But I believe the point is well made, Mr. President, that the sort of warning to the administration that something must be done and done quickly, that is represented by this sense of the Senate resolution is both timely and warranted.

The Ottawa summit will be held in the very near future, beginning only a few hours from now. I urge my colleagues to join in agreeing to this sense of the Senate expression as contained in this amendment. I urge our President to carry a message to our allies at the economic summit in Ottawa that we will take immediate, direct, and affirmative steps to significantly lower our domestic interest rates.

Mr. DOLE. Mr. President, I have had only a brief opportunity to look at the resolution. As I understand it, the resolution would direct the President to take immediate, direct, and affirmative steps to lower our domestic interest rates.

Could we agree to add four words to the resolution—"inherited by this administration"? That would make the resolution factual, and it might be more acceptable.

Mr. BOREN. I say to the distinguished chairman that I would not wish to amend my amendment in that regard. I do not believe it is a question here of focusing blame. It is a question of where we go from here, what we do about the situation we face, what we tell our allies.

I do not believe the sense of the Senate resolution intends to place blame at any point. It simply calls upon the President to take action from this point forward.

Mr. DOLE. I believe that the most appropriate step would be, if, instead of saying that we will take immediate, direct, and affirmative action, we agreed to assure our allies that the United States will do everything possible to lower significantly our domestic interest rates. Unless the Senator can tell me what direct, immediate, and affirmative steps are being recommended, I am at a loss to know how to proceed.

Does the Senator have a plan to lower interest rates? If he has something, we certainly would like to pass it on before the President leaves for Ottawa.

Mr. BOREN. I say to the chairman that this resolution is offered not only by me but also on behalf of others, and I would not want to agree unilaterally to change the language. The amendment says what we want to say.

In my discussion a few monents ago, I indicated that I hoped one of the steps the President will take is to have a second economic summit on his return from Ottawa, that he will sit down with Chairman Volcker and discuss directly with him the policies now being followed.

It is obvious that the inflation rate has begun to come down below the double-digit mark. We are all happy about that, as Americans, no matter which side of the aisle we sit on. But it is also obvious that there is a deliberate policy of maintaining the interest rates at levels which do not reflect the declines in the money supply and the drop in the inflation rate.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. HARRY F. BYRD, JR. Mr. President, these tremendously high interest rates are devastating to our country, absolutely devastating. I do not know how young people can buy homes these days. I do not know how there can be transactions in the real estate market, how people can buy automobiles.

Interest rates are devastating. How do we lower interest rates? That is the problem our country faces today. As I see it, there is no way Congress or the President through Congress can legislate a reduction in interest rates. If anybody has such a plan, I would be glad to see it.

Ever since the President took office on January 20, he has attempted to tackle the problem of high-interest rates by the only method that can effectively succeed over a period of time, and that is to get Government spending under control. That is the whole basis of President Reagan's economic program—to get Government spending under control. He is the only President in recent years who has taken firm, definite, precise steps to bring about a reduction in the cost of Government.

The elimination of huge Government deficits is essential if interest rates are to be reduced. I do not know of any other way to reduce interest rates, other than to get this Government back on a sound financial footing, and that is what President Reagan is attempting to do.

Mr. DOLE. Mr. President, may we have order?

The PRESIDING OFFICER (Mr. HUMPHREY). The Senate will be in order.

Mr. HARRY F. BYRD, JR. I certainly should like to see something done to bring about a reduction in interest rates. However, I do not know how the President or anybody else can bring about a reduction in interest rates other than through the measures he has recommended and with which Congress seems prepared to go forward—namely, to clamp down on huge spending increases thus reducing the huge increases in the cost of Government that have taken place over many years.

So, while I applaud the purpose of this resolution, unless we have some recommendation to give the President, I do not know just what it can accomplish—except perhaps to make the President's task at the Ottawa conference more difficult.

Mr. DOLE. Mr. President, I thank the distinguished Senator from Virginia, because he has correctly stated that the President is, indeed, trying to do something about the matter.

This measure, it seems to me, would do the President a great disservice. We do not have to bow to every other country's wishes simply because they are going to have a summit in Ottawa and some of those countries disagree with our anti-inflation policy.

Perhaps this resolution should be directed to some of the other countries which have not been helpful to us from time to time. To single out the President of the United States for some special treatment before he leaves for Ottawa does a disservice not only to the President but also to the summit.

I hope that, in short order, we can table not only this amendment but also the amendment in the first degree, and move on to other areas in the tax bill.

I believe the majority leader is prepared to do that now.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, I am prepared to go ahead with it now, but I am perfectly willing to withhold a motion to table if other Senators wish to make remarks.

Mr. DOLE. Briefly.

Mr. RIEGLE. I certainly wish to comment on the amendment in the first degree. I spoke very briefly on it, and I will want to speak briefly on it after the Boren amendment is dealt with. There are also other colleagues who want to speak on the amendment in the first degree.

Mr. DOLE. Mr. President, if the majority leader will yield, we want to get on with the tax bill. Today, there may be something on social security, and Monday there may be something else. I do not quarrel with that but I hope we can agree to do it rather quickly. I do not know how long the distinguished Senator from Michigan wants to discuss this matter.

Mr. RIEGLE. Let me say briefly, while the majority leader is in the Chamber, I am offering an amendment that would reduce the tax burden on small corporations whose incomes range up to $200,000, right through 1984. It is the first priority recommendation in the National White House Conference on Small Business. It is a major tax matter. The revenue implications are quite modest, but the matter is directly centered on the issue we are debating.

So I would want to differentiate that question in the tax proposal which I am offering. It has already been adopted by the House Ways and Means Committee. I would not want that to be confused with other matters that may be less directly related to the tax bill.

So I intend to take an appropriate amount of time—perhaps 20 to 40 minutes. I do not know how many colleagues may wish to speak on it. This is a serious matter, and I believe it is going to become law, if not now, later, and it may be adopted today. So I do not want to get short shrift here.

Mr. BAKER. Mr. President, if the Senator will permit me a moment, it is clear that the debate has not yet ended on these two amendments. I will not make a tabling motion at this time.

I agree, however, with the distinguished chairman of the Finance Committee that we have to get on with this matter, and I hope that in the space of 20 or 30 minutes we will be in a position to entertain a tabling motion to the first degree amendment and, of course, the parliamentary situation is that if the first degree amendment is tabled, it will take the second degree amendment with it.

I am not saying that is the way I will do it, but that is the way I contemplate at this moment, but I will not make that motion at this time.

I understand the minority leader is on his way to the Chamber as well with a remark he wishes to make. So a little later we will examine that again.

In the meantime I urge Senators to be as brief as they possibly can.

Mr. BOREN. Mr. President, I say to the distinguished majority leader that I think we will have a very brief discussion on the amendment in the second degree that the Senator from New Jersey

wishes to make on that amendment and the minority leader, and that should conclude the debate on the second degree amendment rather soon, so that might impact on how the majority leader wishes to proceed.

Mr. BAKER. I thank the Senator.

Mr. RIEGLE. Mr. President, if the Senator will yield, will the majority leader yield for a question from the Senator?

Mr. BAKER. I am happy to yield.

Mr. RIEGLE. Mr. President, if I understand what he said correctly, one option available to him would be to move to table the vote on the first degree amendment with the idea that that would forestall any separate vote or action on the second degree amendment.

I wish to say to him that I think the two issues are really quite separate. I hope that we will not proceed that way. I hope that whatever action is taken on the second degree amendment which deals with an interest rate issue could be taken in its own right. I hope that will not be commingled in a single vote on the matter on the corporate tax rate change.

This was the top priority recommendation of the White House Conference on Small Business. It is a tax matter. It goes directly to the tax bill. It is in the Committee on Ways and Means version in the House of Representatives.

I hope that we can have a vote on that matter in its own right.

I certainly do not wish to prolong the discussion today. I think we have been accommodating up to this point. We will continue to be.

I hope we can have a vote on that matter uncomplicated by binding it to a single vote.

Mr. BAKER. Mr. President, I thank the Senator from Michigan. I understand his concern, and I certainly am not trying to put him in an unfavorable position but were these two amendments freestanding amendments certainly I would make two motions to table or we would vote on them on the merits.

But it was not my choice, obviously, that we should have a first and a second degree amendment. So, in effect, what was presented to me was the question of whether I dispose of one proposal to amend, or whether I have two separate votes.

If the Senator from Oklahoma wishes to separate out his amendment, withdraw it as a second degree amendment, and offer it as a first degree amendment, we could resolve that issue, but if they stay joined together as they are presented now, it would be my intention, I believe, to go ahead and try to table the first degree amendment.

I have no objection, by the way, to the Senator from Oklahoma withdrawing his amendment and offering it as a first degree amendment if we wishes to do so.

Mr. BOREN. Mr. President, I appreciate the comments of the majority leader, and I will take that under consideration. While we do consider that suggestion, I yield to the Senator from New Jersey who has remarks in regard to the amendment.

First, I ask unanimous consent that the senior Senator from West Virginia (Mr. RANDOLPH) be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOREN. Mr. President, at this point I yield to my colleague from New Jersey.

Mr. BRADLEY. I thank the Senator from Oklahoma for yielding, and I commend him on the amendment that has been submitted in the second degree.

Mr. President, the important thing to note about this amendment is that it calls attention to the international implications of high interest rate policy.

Every Senator has a very clear understanding of what high interest rate policy means to his or her State. We find all firms operating in a very difficult world when money is at 20 percent, that is when the interest rate, the cost of money, is 20 percent.

It is true that larger firms are better able to cope with 20-percent interest rates because of their ability to pass along all costs including the cost of money. But, nonetheless, it is a strain. It is a very severe strain on small businesses as well.

Last night we debated late into the evening the plight of the savings and loan industry, and we provided specific relief measures for the savings and loan industry because they are caught with an interest rate differential that is untenable, that will possibly lead to a crack in the system, something that no one wants to talk about, but the fact remains that when we have a savings and loan industry with $800 billion in assets, $600 billion of which are longer term loans, and when we have a cushion reserve of $6.5 billion there are major questions out there to be raised about whether if 1 or 2 or 5 or 50 of these savings and loans begin to crumble, what the cumulative impact of those several crumblings will be on the entire economy.

I argue that it could be severe and that a lot of people out there on the streets in this country do not really know the difference between a savings and loan and a commercial bank and that panic could ensue and spread like wildfire throughout the whole financial community.

So clearly big firms have problems, the savings and loan industry is on the ropes, as are housing and auto industries. There is no question about that. But I also argue domestically that any business that is a heavy inventory business is in a lot of trouble and that the spread between the cost of money now and what it has been historically is a difference between survival and bankruptcy and that a lot of companies, mainly small businesses, heavy inventory businesses, for the next 6 months to 1 year, if these interest rates remain at their present levels, are going to fail.

It is as simple as that, and along this road the commercial banking sector or banks generally are going to have to eat a lot of bad debts and there is a limit as to how much they can absorb before the whole system itself comes under such severe stress that again we find ourselves in a panic situation.

So all of these facts I think are relatively well known to any Senator who is representing his constituents conscientiously these days.

But the point is this is an amendment not just addressed at the domestic issue but addressed at the international issue. The purpose of offering this amendment is not to just get up on the floor and complain about high interest rates, but it is to specifically request that the President be sensitive to the international implications of higher interest rates.

Mr. President, what are the international implications of higher interest rates? There are really three.

The first is that, if we have high interest rates, the result domestically, as I have said, is going to be higher unemployment, greater unused plant capacity, and a downturn in the economy. The historical medicine for inflation, the way we cure inflation, is that we push the economy into a recession. That is the historical way.

But when we are the dominant economy in the world and we have very high interest rates and we have $600 billion or more floating around in the Eurocurrency markets, the result is a lot of Frenchmen and a lot of Germans who are smart realize that they can make more on their money if they invest it in dollars in New York and in an overseas account where the interest rates are extremely high.

Now, the result of this flow out of foreign currencies into dollars is that the value of those currencies decreases dramatically. When they decrease dramatically it means every goods that that country imports becomes more expensive. The country is importing inflation. And as it imports inflation, the monetary authorities in that country have no recourse but to raise the interest rate.

To give you an example of the degree to which the relative currencies have deteriorated in the last year, if you are a German today, your currency is depreciated in the last year 25 percent against the dollar. What does that mean? That means you have to spend 25 percent more to buy the same amount of goods from the United States, which means you are importing inflation, which means that your interest rates are going to go up, which means, in turn, that you are going to push your economy into a recession, which means, in turn, that you will not have the money to buy the goods that the United States wants to export.

So that is clearly one example of the international implications of these high interest rates.

The second example to which this amendment is specifically addressed is the fact that we are asking our allies, specifically Germany, to spend more money on defense, to shore up the NATO Alliance.

Well, every country that is a democracy has its problems in trying to get a budget approved. In Germany, the biggest part of the deficit in Government in

Germany is what they have to pay to finance the deficit; not unlike any other country. As the interest rates skyrocket that means what they have available from tax revenues is taken more to finance the deficit and they will in that choice be unable to make the commitments that we are insisting, somewhat unsubtly, that they assume in the defense sector.

So, Mr. President, I would argue that with regard to defense expenditures, in the German case, we are headed in the same direction as the English have in the last several years when they have tried this very high monetary policy, very stringent monetary policy. Mrs. Thatcher came in saying she was going to increase defense spending, cut marginal tax rates and cut the nondefense budget. The economy went into a slow growth period and the victim has been the defense budget. And I would argue, Mr. President, that that will be the same victim in the German economy and it will have very real ramifications for us in this country as we are trying to pressure them to increase their defense spending.

Mr. President, that is the second international implication of higher interest rates.

The first being a dropoff in world trade that affects the United States; the second being an inability of our allies to assume the defense expenditures that we want.

Third, Mr. President, is the whole issue surrounding the less-developed countries to which we export 38 percent of all of our exports. Precisely at the time where the world oil price has stabilized and declined slightly, these less-developed countries are having to cope with much higher interest rates.

A less-developed country pays for its oil and its imports from what it can export. The normal danger point for exports as a percent of total imports is roughly 20 percent. Most countries are at that. The average is 20 percent in all the less-developed countries. Twenty percent of all export earnings of all less-developed countries go to pay for imports. Some countries are as high as 40 percent.

Now, what happens? Precisely at a time when the cost of oil is declining, the cost of money is increasing. It was expected that the less-developed countries would have to pay close to $90 billion for oil this year, but because the price has stabilized, they will pay approximately $75 billion. Well, at the same time, the interest rate has gone up 4 or 5 percent. For every 1 percent that the interest rate goes up, the less-developed countries generally pay $8 billion more in interest rates. So you can draw your own conclusion.

As interest rates have gone up and oil has stabilized, the less-developed countries end up paying a still much higher level for their oil and interest rates combined, the result being that they do not have any revenue then to buy our exports—and we export 38 percent of our exports to those precise countries.

So, Mr. President, not to belabor this whole issue, but I would simply say that the Ottawa summit is the proper forum to raise the issue of a downturn in world trade because of pushing our allies into a recession. It is the place to raise the issue of their ability to meet defense expenditures that we want them to make because of higher interest rates taking a bigger portion of their budget. And it is the place to focus on our responsibility, to see that less developed countries grow economically and to recognize that that responsibility is not just related to doing well in the world or helping people but is directly related to the inability of our own economy to grow if those countries themselves stagnate dramatically.

Mr. President, I would argue that this is an appropriate amendment and it is addressed to the appropriate forum. I would certainly urge my colleagues to support it and strongly commend the Senator from Oklahoma for raising this issue for the Senate at this time. I know that he has been the leader on calling our attention to the danger of interest rates domestically and I think that this amendment places him in the forefront of focusing international attention on a disastrous monetary policy in this country and its ramifications throughout the world.

Mr. BOREN addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. BOREN. I thank my colleague from New Jersey for his comments, for the generosity of his comments, and particularly for his insight into the impact that our domestic interest rate policy is having on the economies of allied nations. Not only is it devastating the American economy, but it is increasingly causing severe problems for our allies. It is impacting their ability to contribute to our defense effort. And it is certainly draining strength from the overall health of their own domestic economies in Western Europe.

Mr. President, I ask unanimous consent that the Senator from Maine (Mr. MITCHELL), and the Senator from Hawaii (Mr. MATSUNAGA), be added as cosponsors to the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOREN. I yield to my colleague from Virginia.

Mr. HARRY F. BYRD, JR. I thank the Senator from Oklahoma.

Mr. President, one would think that President Reagan is responsible for the high interest rates. This pending amendment is directed at the President urging him to take immediate, direct, and affirmative steps to lower significantly our domestic interest rates.

Yet, I have not heard anyone, any Senator, give any indication whatsoever as to what steps the President should take in order to immediately and directly and affirmatively lower interest rates.

I think President Reagan deserves credit for having the courage and presenting the leadership to attempt to get Government spending under control. Only by doing that will we get interest rates under control.

This resolution talks about our Western European allies and Western European economies, which, of course, is fine. But I am concerned about the domestic impact of interest rates. I am concerned as to what these tremendously high interest rates are doing to the American economy and to the American people.

Presenting a resolution in the Senate and making speeches on interest rates being too high are not going to lower interest rates.

When the roll is called, most of us can pretty well identify those who will vote in favor of this amendment. Unless my memory is inaccurate, when interest rates last year were 20 percent I do not recall any of those who are going to support this amendment presenting such a proposal to the then President of the United States.

No one is more strongly opposed to high interest rates than is the Senator from Virginia. It represents a tragic situation for our country.

But I say this: The high interest rates have been brought about by the Congress of the United States. The Congress of the United States is more responsible for high interest rates than any other group in this Nation. It is responsible because of the irresponsible spending by the Congress of the United States over the past 15 years. As a result of congressional action, the national debt has doubled in 8 years; obviously, high interest rates follow.

I do not like to speak on this today because those who are presenting this amendment are amongst the finest of all the Members of this Senate. But I do not want to see President Reagan maligned when he is the one President in recent years who made any effort—any effort—to do what is necessary in order to get interest rates down, namely, to get the cost of Government down.

While I certainly agree with the intent of the amendment, I shall vote against it; I feel that it is a slap at the President of the United States who is doing all that he can to get this Government back on a sound financial basis. In order to do that he has had to take a very strong, courageous stand and, in effect, force the Congress of the United States to go along with him in order to bring some solvency to our Government. He should be applauded, not condemned.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I want to thank the distinguished Senator from Virginia, Senator BYRD.

I hope all those who are so eager to come in and criticize President Reagan will advise us as to what these immediate and effective steps ought to be to help in resolving this problem. I am sure the President would like to have that information.

I would hope this amendment would just be withdrawn and forgotten.

The point has been made and if anybody wants to write anything down about the Democratic criticism of President Reagan they have that opportunity. Again I would like to take a look at steps some of the other countries are going to take to reduce inflation, and not just scrutinize the President's solutions.

I would suggest that if we want to add to this sense, or nonsense, of the Senate resolution, we should add four words at

the end after the words "interest rates"—we should add "inherited by this administration."

There was reference earlier to Mr. Volcker. I think he is a fine man. He does not, however, happen to be a Reagan appointee.

In an effort to somehow embarrass the President as he leaves for a very important summit meeting, we have a little orchestration going on here to have a little fun at the expense of the Republican President.

That may give some satisfaction. It does not bother the President. If he listened to some of those who have been speaking, and believed what he heard, he would really be in difficulty. Fortunately, he has his own antenna, his own advice, and his own conservative philosophy.

I continue to be amazed at those who led us down the now-thorny primrose path for the last 20 or 30 years who now stand up to give us a prescription for the economy when they handed this economy, in a state of almost terminal illness, to the President of the United States in January.

He has made every effort. What other President has come to this Congress saying cut Federal spending? What other President has come to this Congress saying cut taxes? What other President has come to this Congress saying start doing away with those regulations that are not necessary or are overly burdensome and tighten up monetary policy in an effort to end inflation and bring down interest rates?

If this is what comes out of caucuses on the other side, maybe our distinguished opponents should have more of them, because I think such a resolution clearly demonstrates to the American people what irresponsible resolutions and actions can happen when partisanship goes beyond the pale.

I just suggest that I am willing to give the President some time. I am willing to trust my President at Ottawa. He does not need the advice or a sense of the Senate resolution of any kind.

Had he been around here for 3 or 4 years and had not done anything, then I might suggest we pass a stiffer resolution. He has been in office about 6 months.

It is a very important meeting. If we want to give a little aid and comfort to all those countries who have treated us shabbily over the years, then we ought to pass this sort of garbage. I would hope at the appropriate time this amendment will be tabled.

Mr. HARRY F. BYRD, JR. Will the Senator yield?

Mr. DOLE. I yield to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. The name of Paul Volcker, Chairman of the Federal Reserve Board, has come into the discussion. If this resolution is directed at the Federal Reserve Board and Paul Volcker, is it not a fact that Paul Volcker was not appointed by President Reagan but Paul Volcker was appointed by President Carter?

Mr. DOLE. That is the point the Senator from Kansas made briefly. I think Paul Volcker is an outstanding American. If we are going to start passing out bouquets to everyone, maybe we ought to put in the name of the Chairman of the Federal Reserve Board and a number of others. Maybe the Senate ought to have a little zap in the resolution.

I would hope this resolution could be taken back to the ash can.

Mr. HARRY F. BYRD, JR. Is it not also correct that the Federal Reserve Board is an independent agency of the Government? It is not under the control of the President of the United States.

I think it would be a very bad time in the history of our country if the Federal Reserve Board were made subservient to the President or subservient to the Congress, either one.

From the debate, it is difficult to know exactly to whom this resolution is directed. If it is directed to the President, which it apparently is, it is, in my judgment, an unwarranted slap at him. If it is directed at the Federal Reserve Board, to the Chairman of the Federal Reserve Board, Paul Volcker, then it should so state.

(Mr. SPECTER assumed the chair.)

Mr. DOLE. I thank the distinguished Senator from Virginia. I must say, as the Senator from Virginia and the Senator from Oklahoma properly have indicated, I am very concerned about the international economic health and the economies of all countries that will gather in Ottawa. But I am also concerned about the high interest rates in my State, in the State of Virginia, and every other State, the high interest rates across this country. It seems to me it would be more appropriate for this body to address the problems in this country before we address our obligations beyond the boundaries of this country.

Again, I think it is a shabby slap at the President. It is poorly designed, poorly timed, very ineffective, and cannot be helpful to the President.

I yield to the Senator from New Hampshire.

Mr. ROBERT C. BYRD addressed the Chair.

Mr. HUMPHREY addressed the Chair.

Mr. President, I believe the Senator from Kansas has the floor.

Mr. ROBERT C. BYRD. He can yield for a question.

Mr. DOLE. I yield for a question to the Senator from New Hampshire.

Mr. HUMPHREY. Mr. President, I ask the Senator from Kansas whether or not it is his opinion that perhaps our colleagues on the other side, with the notable exception of Senator BYRD of Virginia, have forgotten that it is the Federal Reserve which sets interest rates by setting the reserve requirement and supplying funds for the banking system. It is not the President who sets interest rates. The President has no direct means of setting interest rates. I am sure that this President, as free enterprise-oriented as he is, if he had the power to bring down interest rates on his own, would be doing so directly. But he has only indirect means of doing so. Those are the means so well enunciated by Senator BYRD; namely, reducing Government spending.

The President has nothing to do with the setting of interest rates, Mr. President. That is the function of an independent body called the Federal Reserve. However, there is another body in this Government which does have an important role in setting interest rates indirectly. That is this body in which we sit today.

Just as Senator BYRD pointed out, it is these $40, $50, and $60 billion deficits, year after year, which crowd out the borrowers in our economy. This year, fiscal year 1981, we are going to run a $55 billion deficit. That follows a $60 billion deficit last year and follows $1 trillion in deficits, most of it in the last 15 years—deficits on top of deficits.

The $55 billion deficit in 1981, Mr. President, is only part of the story, because that includes deficits of on-budget items only. There are, of course, off-budget items and the real impact on the economy of deficits this year is $80 billion.

Under the current ground rules for capital formation, which are punitive to say the least, there is only so much capital available in our economy at the present time and with the Federal Government in there, absorbing huge amounts year after year, the effect can only be what we see so painfully before us—namely, a capital shortage and high interest rates.

Mr. President, along with Senator DOLE, I defend and endorse the President's efforts, the best we have seen in years. He is trying to encourage capital formation on the one hand; he is trying to reduce deficits and expenditures on the other hand, the only honest approach to bringing down interest rates.

I would say for this body to consider, much less to pass, a resolution of this nature is a case of what psychologists call projection: We are blaming the President for something we ourselves have caused. If we must project, let us project on the Federal Reserve, not on this fine President. It would be a mistake, I think, Mr. President, for this body to pass the resolution as it stands.

I thank the Chair and I thank Senator DOLE.

Mr. DOLE. Mr. President, the answer is "Yes."

(Mr. HUMPHREY assumed the chair.)

Mr. BOREN. Mr. President, with all due respect, I believe that my colleagues on the other side of the aisle are being overly sensitive and overly protective of the President. This amendment is a sense of the Senate resolution. It does not condemn the President of the United States, it does not cast blame upon the President of the United States. It simply says we have a very serious problem in this country, affecting not only the total citizenry of the United States, but also now spilling over and affecting our allies. It calls upon the President to take action.

Certainly, Mr. President, it is time for action. We should not delay another day, should not delay another week. We should take action as quickly as we can. When we have 1½ million people out of work in the construction industry, when we have agriculture in a state of depression caused by the high interest rate policy within the United States, when we have the thrift institutions in dire trouble, with over 300 on the

troubled list, when we put the purchase of homes beyond the reach of the average American family, when our auto makers are losing over $3 billion a year, and when that is impacting our allies by shrinking the value of their currencies, making it more difficult for them to buy oil and making it more difficult for them to contribute to our common defense effort, as we have asked them to do—surely, it is nothing but responsible as Americans to say that action needs to be taken. We are simply expressing the sense of the Senate that the President should take action, that he should assure our allies that he intends to take every possible action as soon as possible.

Mr. President, surely, the President of the United States has the right to sit down and reason with the Chairman of the Federal Reserve Board. It may be true that he has no direct authority or control over him, but I cannot help but believe that were he to sit down with Mr. Volcker and explain to him that the current high interest rate policies are imperiling the economic recovery program which has been set in motion, I cannot help but believe that the influence of the office would impact on the Chairman of the Federal Reserve Board. If the President is unable to move the Chairman of the Federal Reserve Board to reason, it is my hope that he would come forward to Congress and ask for any action that might be necessary.

There is a whole range of possible actions, one of which was considered by this body only last night in terms of changes in the statutes and the tax laws to provide for tax exemption on interest earned on certain kinds of savings certificates, to try to bring down the interest rate in key areas. The inflation rate has been going down. The growth of the money supply has been reduced. Yet, and it must be a deliberate policy, the Federal Reserve has not acted in ways which would influence the interest rates in a downward direction to track the reduction in the cost of living index and a reduction in the growth of the money supply.

I do not think that they ought to be free of criticism, Mr. President. I do think that they ought to be free of the influence of the White House coming to bear on them. I certainly think it would be wrong for us—this is not said in any partisan manner—be we Republicans or Democrats, to sit silently in the U.S. Senate and not urge our President to take action in concert with our allies and in concert with all of the officials of our Government to try to do something about this problem.

Mr. President, I urge my colleagues on the other side of the aisle to put aside partisan sensitivity. This amendment is not offered in a partisan sense. It is offered in a sense of what it is good for the entire country: for every small business person, no matter what political party that person is registered in; for every small farmer no matter what political party he is registered in; for every auto dealer, every couple that wants to buy a home, and for those who sit in positions of authority in our allied countries who may be wanting to make a greater contribution to our total defense effort but who are having severe problems doing so because of what must only be viewed as, at least in part, a deliberate policy of high interest rates being followed within our own country.

Mr. President, I shall not prolong the argument. I know there are many other matters to be considered today. I only urge that we do set aside partisan considerations, we do not read into the language of this resolution, this amendment, anything that is not there. We merely regard this as a call to action on the part of our President, action that surely is already within his power to do.

I yield at this time to the distinguished minority leader, a cosponsor of this amendment, for his comments.

Mr. ROBERT C. BYRD. Mr. President, I seek the floor in my own right.

Mr. DOLE. Mr. President, may we have order?

Mr. BOREN. I yield the floor.

Mr. ROBERT C. BYRD. I thank the distinguished Senator from Oklahoma for yielding.

Mr. President, I have discussed this proposal with the distinguished Senator from Kansas, and I hope we shortly can have a vote in relation to the second degree amendment—I understand that that will be a tabling motion—and then after some reasonable time for debate on the first degree amendment, have a vote in relation to the first degree amendment. That could be a tabling motion, also, but without a second degree amendment offered by either side.

I wonder if we could have that understanding.

Mr. DOLE. I assume that will be the amendment the Senator from Michigan has sent to the desk.

Mr. RIEGLE. That is right. We could have 20 minutes equally divided on that.

Mr. DOLE. I assure the Senator that we do not intend to second degree the amendment or modify it.

Mr. ROBERT C. BYRD. We can offer the same assurance—if that is agreeable.

Mr. DOLE. Fine.

HIGH INTEREST RATES AND THE OTTAWA ECONOMIC SUMMIT

Mr. ROBERT C. BYRD. Mr. President, next week the leaders of the seven major Western industrialized nations meet in Ottawa to cover a number of issues of mutual interest. High on the agenda of the West Germans and French, in particular, will be the issue of U.S. domestic interest rates.

Our European allies are deeply concerned over the high interest-rate policy supported by this administration, which is causing serious economic problems not only for Americans, but for our allies as well. On the one hand, we are pressing our European allies to increase their defense spending in an effort to counter a growing Soviet threat to the Western Alliance. On the other hand, we have pursued a policy which undercuts the ability of our allies to find budget resources for increased defense spending.

The Europeans make a good case for pressing the United States to lower our interest rates, which are viewed as being a major cause of Europe's economic malaise. Bolstered by high interest rates, the U.S. dollar has been soaring in relation to all the European currencies. In simple terms this means more expensive goods from the United States and higher payments for oil, which is priced in dollars. The end result is higher inflation for European economies and increasing unemployment.

Earlier this month, the organization of Economic Cooperation and Development released its semiannual economic assessment. The report predicts that the recovery of economic activity in the industrialized world, expected in the first half of 1981, will be delayed by another 6 months or more. Meanwhile, unemployment in the 24 industrialized countries which are members of the OECD is projected to rise throughout the next 18 months, affecting some 26 million people, These individuals represent 7.5 percent of the total labor force within the OECD.

In addition, members of the European Economic Community are likely to post a collective decline in gross national product of nine-tenths of 1 percent this year, after adjustment for inflation. Europe is expected to show a decline in employment of 1 percent in 1981, following no growth in 1980.

Historically, in Europe the emphasis has been on jobs as a goal of economic policy. Europeans have enjoyed traditionally low unemployment rates. However, our allies are hurting. France, for example, has a 7.5-percent unemployment rate, up 21.9 percent from a year earlier. According to the OECD, the problem may be intensified in coming years. From 1980 to 1985, the rate of growth in the working-age population in Europe is projected to rise sharply, while that of the United States will fall.

We are concerned over what many perceive to be a growing pacifist sentiment in Europe. In my judgment, the best way to fuel growing opposition to defense expenditures in Europe is for this administration to continue its high interest-rate policy. In effect, we are promoting increased unemployment and inflation in Europe with our high interest rates. This undercuts our efforts to promote greater defense expenditures on the part of our allies.

High interest rates have been equally devastating for the American economy as well. These rates have choked off the very investment which is so vital to increased efficiency and productivity. For example, today the inventory of unsold homes is at record levels. We have now doubled the rate of unemployment in the construction industry. It is estimated that high interest rates have already led to unemployment of almost 1 million Americans in the construction industry. The viability of savings and loan institutions, the bedrock of the housing industry, is now threatened.

This administration has a fiscal policy which is stimulative—with tax cuts and defense spending which more than offset cuts in overall Government spending—and it has endorsed a tremendously restrictive monetary policy. Since a tight

money policy, which produces high interest rates, discourages investment, one can logically conclude that the administration's monetary policy is an anti-investment policy.

High and volatile interest rates are undermining the Reagan economic recovery program because they are wiping out the ability of business to make sound, long-range capital financing plans. Without such investments, our future productivity will drop. It is the height of irony that at a time when we are considering a tax cut to encourage businesses to reinvest capital in modernizing the productive capacity of this country, according to Henry Kaufman, a leading Wall Street economist, American corporations are earmarking 45 percent of their pretax profits for interest costs.

The reality is that the casualty list of high interest rates has already grown too long. It includes American dreams of buying a new car, a new home, of operating a small business or family farm. Now we may have to add to that list increased defense spending on the part of our European allies.

This is the reason I also support a triggering mechanism for the third year of the tax cut. Yet, the administration opposes such a mechanism, despite the continued miscalculations on its part regarding continued high interest rates. Earlier, the administration projected that 91-day Treasury bills would yield 11.1 percent in 1981 and 8.9 percent in 1982. This miscalculation will mean that the Federal Government will spend $17 billion more in borrowing costs this year and next, above what was earlier estimated by the administration.

On July 15, the administration revised these projections upward to 13.6 percent in 1981 and 10.5 percent in 1982. If they make mistakes like these over a period of a few months, how can one reasonably believe that their projections over the next 2 years will be more accurate? That is why I believe prudent fiscal policy would forgo the third year of a tax cut, if inflation and interest rates are not curtailed significantly.

Even one of the President's top economists, William Niskanen of the Council of Economic Advisers, said he could not explain why interest rates have not begun to drop despite a decline in the rate of inflation. The last 3 months have seen a drop in the inflation rate well below 10 percent. However, as administration officials scratch their heads in wonderment, short-term interest rates stay up in the 15- to 20-percent range. Therefore, real interest rates are at an alltime high.

This problem should not be so puzzling to the administration. There are really two explanations for this predicament. First, people do not believe inflation is going to stay down, which means financial markets distrust this 3-year tax cut package and the administration's fiscal policy generally.

Second, the ever tightening money supply policy of the Federal Reserve, which has the strong backing of this administration, is simply not providing enough money to meet the investment needs of the private sector in this country. Demand is so much greater than the supply of money that interest rates—the price of money—are staying sky high. Without some change in the public's expectation about inflation and some change in our monetary or fiscal policies, the price of money will not fall unless and until we have a recession.

This resolution calls on the administration to assure our allies that it will take direct, immediate, and affirmative action on high interest rates. It does not prescribe what those actions should be. On the inflation front I would suggest two areas in which the administration might act. First, they could endorse the concept of linking the third year of the tax cut to inflation and interest rates.

Second, as I recommended last November, the President should develop an incomes policy. He should bring together the best minds in the country from business, labor, and the public to fashion an effective cooperative effort to break the wage-price spiral. We simply cannot expect the international oil glut to last forever.

I urge the adoption of this amendment because I believe the administration's high interest policy is damaging to our economy and is undercutting the ability of our NATO allies to increase their defense expenditures to more effectively meet the Soviet threat.

I congratulate Mr. BOREN on his authorship of the amendment.

HIGH INTEREST RATES

Mr. CRANSTON. Mr. President, I am pleased to support the resolution offered by Senator BOREN to the tax reduction bill expressing the sense of the Senate that the President convey to the Ottawa summit his intention to take immediate action to reduce interest rates.

Clearly, something is wrong with interest rates today. Inflation is declining. Congress is making record-breaking reductions in real expenditures. We are in the process of providing powerful tax incentives for productive investments. Yet, interest rates are extremely high—the real rate of interest, which is the difference between inflation and the cost of money, is greater than ever.

I do not think that today's high interest rates reflect any judgment at all about the future prospects of the economy. The high rates are the direct result of policies of the Federal Reserve and lenders who see a chance to charge what the market will bear.

If borrowers are willing to pay 17 percent to 22 percent and higher for money, they obviously expect to be able to earn a return adequate to compensate them for taking on such exorbitant costs. Lenders faced with a ready and willing market can be expected to charge whatever they can get—and they are indeed getting.

All of this suggests to me that the economy is much stronger than the experts at the Federal Reserve or anywhere else seem to think.

If the economy has pent-up demand for credit, then expansion of credit by the Fed is justified because the economy will grow sufficiently to accommodate the expansion without overheating.

What is happening is that the Federal Reserve is making credit scarce. Sufficiently scarce so that borrowers must pay and do pay pressure-cooker rates of interest. The continuation of these policies will only force up the temperature inside the pressure cooker until something bursts. Is that really what we want?

It is this scenario which underlies my reason for questioning seriously whether we ought to be simultaneously increasing the Federal deficit through across-the-board income tax reductions and sharply escalating the rate of defense spending.

We are constantly in the habit of using the example of Japan for nearly every economic and industrial step we take these days. If that is the case, then I suggest that the Federal Reserve study how the Japanese Central banking system provides low-cost capital to vital sectors of Japanese industry. In effect, Japan is willing to print yen for its semiconductor industry and consider the transaction better than gold in the vaults.

There is a lesson which we should study carefully. Clearly, our present monetary policies are not serving our Nation well and will in the future cause very severe stress.

I urge adoption of the amendment.

Mr. EXON. Mr. President, I thank the Senator from Oklahoma for offering the amendment on the Riegle amendment. It is a good sense-of-the-Senate resolution. As I understand, it attempts, in a nonpartisan way, to correct something that is crippling this Nation today, with no real sign of a turnaround on the ruinous interest rates that are affecting our country and, more important, our people. So I enthusiastically am going to back the amendment offered by the Senator from Oklahoma.

It seems to me that all he is saying is that the President and the Federal Reserve Board should get together and at least start to talk about doing something about reducing the interest rates, as opposed to what we have heard over and over again for the past several months, that the Federal Reserve Board and the administration are working in the opposite direction, to keep the interest rates high.

However, I am supporting this proposal without any real belief that it is going to do a lot of good. At least, I agree with my friend from Oklahoma that we have responsibilities to keep trying, on the floor of the U.S. Senate, to do something about this problem that confronts all of us, especially the farmers and the small businessmen of this Nation.

I hope my friend from Oklahoma and others who will be voting for this proposal and those who will be opposing it will take a look at an amendment I will be offering later today on this bill, which will attempt to do by law something about the interest rates in the out years. I will simply say at this time that this is also a nonpartisan amendment, designed so that Democrats and Republicans alike can attach something to the tax bill as we pass it, so that we can have some hope, some chance, to attempt to assure the money markets of this country that we are serious about doing

something about the spiraling interest rates in this Nation.

I urge my colleague from Oklahoma, if he is serious about interest rates, as I believe he is, and all others similarly situated, to take a careful look at the amendment I will offer a little later, which I call the interest rate amendment. It is designed to cut down the interest rates and, if necessary, reduce the tax rate in the third year, to cut back on what appears to be the dangers of an ever-increasing deficit.

We all should recognize that deficits of the Federal Government and interest rates are directly related. I need not say more than to point out that this week, the administration has conceded that in the next 2 years, we will spend an additional $17.1 billion just for interest on the debt that the Federal Government continues to create.

So, not only is it important that we talk about reducing interest rates for the good of the economy of this country—the farmers, the small businessmen, and individuals—but also, it is equally important that we try to reduce the interest rates. All of us, as taxpayers, are suffering because of the ever-increasing cost of carrying the national debt.

(Mrs. KASSEBAUM assumed the chair).

Mr. DOLE. Madam President, I thank my distinguished colleague. I certainly share some of the views he has expressed.

I believe this resolution is ill timed and is directed at the wrong President, very frankly and honestly. It may be the intent of some that this be nonpartisan, but this smacks of partisanship, unfortunately, just as the President is about to embark on a very important mission. Again, while the Senator from Kansas does not quarrel with partisanship he hopes all will recognize it for what it is.

If this had been 1 year from now or 2 years from now and the President had not had any success, it would be different. But I remind my colleagues that no other President in the history of this country has had the courage to initiate spending reductions of the magnitude proposed by President Reagan, or tax reductions of the magnitude proposed by President Reagan, or regulations reform of the magnitude proposed by President Reagan; or working with the Chairman of the Federal Reserve Board—not his appointee. I might add, but the appointee of the former President—and trying to figure out how to reduce interest rates. If this resolution specified what action the President should take, instead of some broad suggestion to take immediate action, it would be different.

Otherwise, it has some merit. I am not certain where the merit is, but it should have some.

There are a number of Senators on this side concerned about high-interest rates.

I talked to the distinguished Senator from South Dakota (Mr. PRESSLER) who has been leading efforts to reduce interest rates in that part of the country.

But based on what I consider to be a rather political resolution, I move to table the amendment of the distinguished Senator from Oklahoma.

Mr. BOREN. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Oklahoma. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Oregon (Mr. HATFIELD), the Senator from California (Mr. HAYAKAWA), and the Senator from Illinois (Mr. PERCY) are necessarily absent.

I also announce that the Senator from New Mexico (Mr. DOMENICI) is absent due to a death in the family.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "yea."

Mr. CRANSTON. I announce that the Senator from New York (Mr. MOYNIHAN), the Senator from Massachusetts (Mr. TSONGAS), and the Senator from Arizona (Mr. DECONCINI) are necessarily absent.

The PRESIDING OFFICER. Are there any Senators in the Chamber wishing to vote who have not done so?

The result was announced—yeas 53, nays 40, as follows:

[Rollcall Vote No. 197 Leg.]

YEAS—53

Abdnor	Gorton	Packwood
Andrews	Grassley	Pressler
Armstrong	Hatch	Proxmire
Baker	Hawkins	Quayle
Boschwitz	Heinz	Roth
Byrd, Harry F., Jr.	Helms	Rudman
	Hollings	Schmitt
Chafee	Humphrey	Simpson
Cochran	Jepsen	Specter
Cohen	Kassebaum	Stafford
D'Amato	Kasten	Stennis
Danforth	Laxalt	Stevens
Denton	Lugar	Symms
Dole	Mathias	Thurmond
Durenberger	Mattingly	Tower
East	McClure	Wallop
Garn	Murkowski	Warner
Goldwater	Nickles	Weicker

NAYS—40

Baucus	Exon	Melcher
Bentsen	Ford	Metzenbaum
Biden	Glenn	Mitchell
Boren	Hart	Nunn
Bradley	Heflin	Pell
Bumpers	Huddleston	Pryor
Burdick	Inouye	Randolph
Byrd, Robert C.	Jackson	Riegle
Cannon	Johnston	Sarbanes
Chiles	Kennedy	Sasser
Cranston	Leahy	Williams
Dixon	Levin	Zorinsky
Dodd	Long	
Eagleton	Matsunaga	

NOT VOTING—7

DeConcini	Hayakawa	Tsongas
Domenici	Moynihan	
Hatfield	Percy	

So the motion to lay on the table Mr. BOREN's amendment (UP No. 235) was agreed to.

UP AMENDMENT 234

Mr. DOLE. Madam President, I wonder if I might, for 2 minutes, set aside the amendment of the distinguished Senator from Michigan to take up a technical amendment of Senator MITCHELL and Senator COHEN which has been approved by Senator LONG, myself, and Senator METZENBAUM. There will be no debate, if that is all right with the Senator from Michigan.

Mr. RIEGLE. I am quite willing to do that, Madam President. Before we do that, if we may, I should like to have an understanding so we can all gage our time as to how long the Senator thinks that might be.

Mr. DOLE. A matter of a few minutes.

Mr. RIEGLE. I thank the Senator.

Madam President, I want to confirm again our understanding that when we come back on my amendment we will finish the debate and vote on the amendment.

Mr. DOLE. Right.

Mr. RIEGLE. I make one unanimous-consent request to modify my own amendment on page 2, line 26, to change the percentage from 43 to 46 percent.

I am happy to accede to the request of the Senator from Kansas.

The PRESIDING OFFICER. The Senator from Michigan has the right to modify his amendment if he so wishes.

Mr. RIEGLE. Then I so modify it, Madam President.

The amendment as modified is as follows:

At the end of title II, insert the following new subtitle:

SUBTITLE G—CORPORATE RATE REDUCTIONS

SEC. 261. INCREASE IN AMOUNT OF INCOME TO WHICH LOWER CORPORATE TAX RATES APPLY.

(a) GENERAL RULE.—Subsection (b) of section 11 (relating to amount of tax imposed) is amended to read as follows:

"(b) AMOUNT OF TAX.—

"(1) 1982.—In the case of taxable years beginning in 1982, the amount of the tax imposed by subsection (a) shall be the sum of—

"(A) 17 percent of so much of the taxable income as does not exceed $37,500,

"(B) 20 percent of so much of the taxable income as exceeds $37,500 but does not exceed $75,000,

"(C) 30 percent of so much of the taxable income as exceeds $75,000 but does not exceed $112,500,

"(D) 40 percent of so much of the taxable income as exceeds $112,500 but does not exceed $150,000, plus

"(E) 46 percent of so much of the taxable income as exceeds $150,000.

"(2) 1983.—In the case of taxable years beginning in 1983, the amount of tax imposed by subsection (a) shall be the sum of—

"(A) 17 percent of so much of the taxable income as does not exceed $50,000,

"(B) 20 percent of so much of the taxable income as exceeds $50,000 but does not exceed $100,000,

"(C) 30 percent of so much of the taxable income as exceeds $100,000 but does not exceed $150,000,

"(D) 40 percent of so much of the taxable income as exceeds $150,000 but does not exceed $200,000, plus

"(E) 46 percent of so much of the taxable income as exceeds $200,000.

"(3) 1984 AND THEREAFTER.—In the case of taxable years beginning in 1984 and thereafter, the amount of tax imposed by subsection (a) shall be the sum of—

"(A) 15 percent of so much of the taxable income as does not exceed $50,000,

"(B) 20 percent of so much of the taxable

income as exceeds $50,000 but does not exceed $100,000,

"(C) 25 percent of so much of the taxable income as exceeds $100,000 but does not exceed $150,000,

"(D) 30 percent of so much of the taxable income as exceeds $150,000 but does not exceed $200,000, plus

"(E) 46 percent of so much of the taxable income as exceeds $200,000.".

(b) CONFORMING AMENDMENTS.—Subsections (a)(2) and (c)(1)(B) of section 821 are each amended by striking out "34 percent" and inserting in lieu thereof "30 percent".

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1981.

(2) SUBSECTION (b).—The amendment made by subsection (b) shall apply to taxable years beginning after December 31, 1983.

Mr. RIEGLE. I am prepared now to put aside my amendment until the Senator from Maine deals with his amendment.

Mr. DOLE. Madam President, I ask unanimous consent that the amendment be set aside so both Senators from Maine may proceed with their amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 236

(Purpose: To allow employers who paid FICA taxes prior to enactment of the Tax Reform Act of 1976 for services exempted from such tax by such Act to claim a credit or refund of such taxes and to exclude certain services from coverage for purposes of unemployment compensation)

Mr. COHEN. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Maine (Mr. COHEN) proposes an unprinted amendment numbered 236.

Mr. COHEN. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of subtitle F of title II, add the following:

SEC. . CREDIT OR REFUND OF CERTAIN EMPLOYMENT TAXES PAID.

(a) IN GENERAL.—

(1) ALLOWANCE OF CREDIT OR REFUND.—Subparagraph (B) of section 1207(f)(4) of the Tax Reform Act of 1976 is amended by inserting after "services)" the following: ", but such amendments shall be treated as applying to such services performed by such individual (and the share of the catch, or proceeds therefrom, received by him for such services) for purposes of section 3111 of the Internal Revenue Code of 1954".

(2) WAIVER OF LIMITATIONS.—Notwithstanding section 6511 (a) or any other period of limitation or lapse of time, a claim for credit or refund of overpayment of the tax imposed under chapter 21 of the Internal Revenue Code of 1954 with respect to any service described in section 3121 (b) (20) of the Internal Revenue Code of 1954 which was performed after December 31, 1954, and before October 4, 1976, may be filed by any person within the 1-year period beginning on the date of enactment of this Act. Sections 6511(b) and 6514 of the Internal Revenue Code of 1954 shall not apply to any claim for credit or refund filed under this paragraph within such 1-year period.

(3) TREATMENT FOR PURPOSES OF SOCIAL SECURITY ACT.—In the administration of title II and XVIII of the Social Security Act, any remuneration received by an individual after December 31, 1954, and before October 4, 1976, for services described in section 3121 (b) (20) of the Internal Revenue Code of 1954 which were performed after December 31, 1954, and which were treated by the owner or operator of the boat (prior to October 4, 1976) as subject to the tax imposed under chapter 21 of the Internal Revenue Code of 1954, shall be treated as wages (within the meaning of section 209 of such Act) for purposes of determining—

(A) entitlement to, or amount of, any insurance benefit payable to such individual or any other person on the basis of the wages and self-employment income of such individual, or

(B) entitlement of such individual to benefits under title XVIII of such Act or entitlement of any other person to such benefits on the basis of the wages and self-employment income of such individual.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) (1) and the provisions of paragraphs (2) and (3) of subsection (a) shall take effect on the date of enactment of this Act.

SEC. . EXCLUSION OF CERTAIN SERVICES FROM FEDERAL UNEMPLOYMENT TAX ACT.

(a) IN GENERAL.—Section 3306 (c) (relating to the definition of employment under the Federal Unemployment Tax Act) is amended—

(1) by striking out "or" at the end of paragraph (17);

(2) by redesignating paragraph (18) as paragraph (19); and

(3) by inserting after paragraph (17) the following new paragraph:

"(18) service described in section 3121 (b) (20); or".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective with respect to remuneration paid after December 31, 1980, for services performed after such date.

Mr. COHEN. Madam President, this amendment, although negligible in cost, would constitute a great benefit to the fishing industry of my home State of Maine and the fishing industry generally.

The amendment would accomplish two objectives: First, it would provide an exemption from the Federal Unemployment Tax Act (FUTA) to those boatowners who are engaged in the halibut or salmon trade or whose vessels are over 10 net tons. Second, it would permit those persons who treated their sternmen as "employees" for tax purposes before the passage of the Sternmen Exemption Act in 1976, to claim a refund of the taxes paid.

Madam President, the issue which this amendment addresses is not new. When I first came to the Congress in 1972, the Maine fishing industry—and the rest of the fishing industry—was reeling from the sudden descent of the Internal Revenue Service into the field. The IRS—invoking its own interpretation of the relationship between sternmen and boatowners. In the eyes of the IRS, the sternmen were "employees" of the boatowners and, as a result, the boatowners were liable to pay a host of taxes that fall due in the employer-employee relationship.

This view of the relationship of the sternmen and the boatowners could not have been further from the truth. Indeed, it was a classic case of a large Federal agency bending the facts to fit its rules.

For decades, Maine sternmen and boatowners had worked with the understanding that the sternman was an independent contractor. Their relationship was born of both practicality and the independent nature of these men.

The advent of the IRS, with its novel rulings, into this field placed a great strain on the resources of the independent boatowners in the State of Maine and elsewhere. It forced some to the brink of bankruptcy and others to pursue the very dangerous practice of going out in their boats alone.

This intolerable state of affairs led me to introduce the Sternmen Exemption Act which set forth criteria under which persons who signed on with a boat could qualify as independent contractors. The criteria set forth in this act reflects the true nature of the relationship between the Maine boatowners and the sternmen. For example, to qualify as an independent contractor, a sternman must be remunerated by a share of the catch or the proceeds received from the sale of the catch. Furthermore, that share must depend on size of the boat's catch. Finally, to qualify under the act, the boat on which the sternman works must have fewer than 10 crewmen.

This amendment would extend these criteria to the Federal Unemployment Tax Act. At present, that act requires that crewmen on boats larger than 10 net tons or boats that are engaged in the commercial trade of halibut or salmon be considered "employees." This statutory presumption fails to reflect the great changes that have been wrought in the fishing industry since the passage of the Fishery Conservation and Management Act—the "FCMA"—in 1976 which extended fishing zone of the United States 200 nautical miles off our coasts. Before the passage of this act, our rich fisheries had been fair game for huge fleets of fishing vessels from other countries. These fleets came to our shores replete with "floating factories" which could process large quantities of fish for quick sale or storage. They were accompanied by smaller vessels which would catch the fish and return them to the "mother ship" for processing. These fleets enjoyed such a high degree of support from their governments that they were little more than extensions of them. Moreover, the indiscriminate fishing which they practiced endangered both the resource and our native fishing industry.

With the passage of the FCMA, our fishing industry has begun a remarkable and heartening recovery. In the State of Maine, larger and larger boats are putting to sea and are ranging over greater areas. Although their boats have grown in size, the tradition of independence which has always characterized Maine fishermen has remained unchanged. Boatowners and crewmen still regard one another as independent businessmen. According to one witness who appeared before the Finance Committee—

A typical Maine vessel may turn over its entire crew 3, 4, or even 5 times during the

year. In another industry a 10 percent turnover may be deemed to be high.

This mobility within the industry reflects the individuality and independence of the Maine fishermen.

Besides giving congressional recognition to the practice of hiring crewmen as independent contractors on large boats, this amendment also brings uniformity to field. At present, the criteria embodied in the Sternmen Exemption Act apply to Federal income tax and the social security tax. This amendment will bring the FUCA into conformity with these acts.

The second purpose of the bill is to permit those persons who paid the taxes that fell due while the sternmen were considered employees by the IRS to file for refunds. When the Sternmen Exemption Act was finally enacted, those persons who had—despite their misgivings—simply paid the tax, found that they could not file for a refund of the taxes they had paid. On the other hand, those persons who had paid the tax but filed suit against it or were subjected to the processes of enforced collection were eligible for full refunds. Moreover, those who had simply refused to pay the tax altogether, were excused from paying the tax in the years immediately preceding the bill's enactment.

This disparity of treatment led to the ironic result that those persons who had sued the Federal Government—or defied it by refusing to pay their taxes—found their right to a refund intact whereas those who had obediently, although I am sure grudgingly, paid their taxes were left without recourse. As I wrote at the time this issue surfaced, the IRS was in effect telling Maine fishermen: "If you refused to comply with our instructions, you owe nothing because of the action Congress has taken; if you complied, you lose out. We will not give you your money back."

This amendment would rectify this inequitable state of affairs and afford those Maine fishermen who obeyed the IRS dictates an opportunity to recover the taxes they have paid. I point out that this waiver of the statute of limitations does not exist in perpetuity.

Those eligible have 1 year in which to file their claims.

After that, their claims will be barred. I should also stress that the amendment is limited only to those who were treated as employers before the enactment of the Sternmen Exemption Act. The amendment therefore holds harmless those sternmen who paid taxes as though they were employees in the years leading up to the enactment of the act.

Madam President, I thank the able floor manager of this bill, the distinguished Senator from Kansas, for agreeing to include this important, and inexpensive, remedial initiative in this tax bill.

Mr. MITCHELL. Madam President, I join my colleague in urging support for this amendment. It will equalize the tax treatment of fishermen on all three Federal taxes—income, social security, and unemployment.

This amendment includes the contents of S. 791, legislation I have introduced to solve a problem which fishermen in Maine and other parts of the country are having with the unemployment tax.

The current Federal Unemployment Tax Act (FUTA) recognizes that crew members on many fishing boats cannot easily be classified as "employees" for the purposes of FUTA. FUTA exempts all workers on fishing boats except: Workers on halibut and salmon commercial fishing boats and workers on vessels over 10 net tons. Often, commercial fishing ventures resemble joint ventures more than employer-employee situations. The crews are frequently "pick-up" crews or are family members and relatives.

Since the United States adopted the 200-mile limit, many fishermen in Maine and other States have found it more economical to move to larger boats. Some boats have exceeded the 10-ton limit and are consequently facing greater financial and administrative burdens due to the FUTA tax liability, even though the program is not well suited for their situation. Even though the boatowners are paying the tax, crewmembers tend not to collect the benefits.

The proposed solution is to exempt crewmembers from FUTA if they are self-employed, as defined for the social security tax and for income tax withholding purposes. The criteria for self-employment require that the worker receive only a share of the catch or a share of the proceeds from the sale of the catch, and that the crew of the boat be fewer than 10 workers. Under current law, if crewmembers meet those conditions, boatowners do not have to withhold income or social security taxes. Under the bill, if the crewmembers met these conditions, the boatowners would not have to pay FUTA taxes. The bill would not repeal the two existing criteria; rather, it would add a new exception to FUTA that fishing vessels could use. This is done to avoid inadvertently denying some other fishing vessels the use of the current exception.

My bill has two advantages, Madam President. First, it lifts what is clearly an inappropriate unemployment tax burden from the fishing vessel owner or operators in Maine and other States. Second, it promotes uniformity by applying the same criteria for self-employment for FUTA, social security, and income tax withholding.

This amendment is not a drain on the Treasury. The revenue loss is estimated to be less than $1 million per year.

The Senate Finance Committee held hearings on S. 791 on June 26. During the course of the hearing, the merits of the bill were aired and no objections were raised.

I urge its adoption.

Mr. BOREN. Madam President, I simply state that this amendment has been cleared by the distinguished ranking minority member of the Committee on Finance (Mr. LONG). It has his support and there will be no objection on this side of the aisle to this amendment.

Mr. DOLE. Madam President, the issue is whether the services of all fishing boat crew members, who are exempt for the purposes of FICA, also should be exempt for the purposes of FUTA. This amendment would, as I understand it, address that problem and satisfy the concerns expressed by both Senators. We have no objection. The amendment is technical in nature. We are happy to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 236) was agreed to.

Mr. DOLE. I move to reconsider the vote by which the amendment was agreed to.

Mr. COHEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 234

Mr. RIEGLE. Madam President, let me now speak to the amendment that I introduced at the opening of the session this morning. That is the amendment now before the Senate.

My amendment would reduce the tax burden on smaller businesses in 1982 and 1983 by expanding the tax brackets in stages, which would enable small companies to have more of their income taxed at lower rates. The amendment would then reduce the tax rates for each bracket beginning in 1984.

The National Small Business Association (NSBA) has analyzed the effect of this tax reduction for typical small companies. By 1984 a company earning $35,000 would see its taxes reduced by 16 percent. A company earning $65,000 would save 24 percent. A firm earning $100,000 would save 35 percent. At $150,000 in earnings, the savings would be 40 percent; and at $200,000, the savings would be 38 percent.

It is very troubling that many American businesses will not benefit from this tax cut on an equitable basis because the proposed corporate tax cut relies almost solely on accelerated depreciation.

My amendment would reduce only the rates up to an income figure of $200,000. I understand the Senator from Connecticut at some point may offer a different proposal that would affect only firms with incomes up to $50,000.

Mr. President, this issue is very important to small business corporations. In fact, the White House Conference on Small Business last year placed this at the very top of 15 priority recommendation to strengthen small business.

Just yesterday the Council of Small Independent Business Associations took up this issue and 11 of the 12 member organizations voted to declare that reduction of corporate income tax rates of this sort would be the single most helpful assistance to capital formation among small businesses.

Mr. President, study after study has shown that small business in the United States is the single most efficient source of innovation and increased employment. Studies of the White House Council on Small Business last year showed that small firms are responsible for 95 percent of all the new jobs in the economy, that small businesses support 59 percent of the existing employment across the United States, and that they

provide some 43 percent of the gross national product.

Another recent study by the National Science Foundation concluded that, in the post-World War II period, firms with less than 1,000 employees were responsible for half of the "most significant new industrial products and processes." The Commerce Department has estimated that innovation accounts for 40 to 50 percent of economic growth, and that small firms, by virtue of their potential for innovation, may be accounting for something on the order of 20 to 25 percent of overall economic growth in the United States.

Moreover, Mr. President, this amendment would free extra capital for an important sector of our economy that is in. The greatest need for funds to finance growth and competition. Small businesses typically do not have equitable access to investment capital, particularly in times of high interest rates. And they also must bear a disproportionate cost of Government regulation.

Historically, small businesses have been the first casualties in tough economic times. They are often thinly capitalized and, because of competitive pressures, they often have slim profit margins. Because of that, it is especially important that our tax structure not place an unfair burden on the finances of these firms when they become able to generate income.

I have received today a statement from small business organizations supporting this amendment. I quickly list some of these national and regional small business organizations representing over 5 million small businesses which support a meaningful corporate tax reduction in the lower tax brackets up to the $200,000 a year income figure as it is now being considered. They come from all over the country:

Small Business Association of New England, Inc.
The Smaller Manufacturers Council (Pennsylvania).
The Independent Business Association of Wisconsin.
Council of Smaller Enterprises (Cleveland).
Toledo Area Small Business Association.
Dayton Area Independent Business Council.
Cincinnati Institute of Small Enterprises.
New York State Association of Small Business Councils.
Mountain States Association Small Business Council.
Chicago Association of Commerce and Industry Small Business Council.
Mid-Continent Small Business United.
National Small Business Association.
National Association of Small Business Investment Companies.
National Business League.
National Association of Women Business Owners.
Small Business Legislative Council.
Small Business National Unity Council.

So, Madam President, there is broad support for the recommendation in this amendment.

I have distributed a letter to my colleagues, Madam President. This letter tracks an amendment that has already been adopted by the House Ways and Means Committee with one important exception. That is, in the final year of 1984, my amendment would leave the corporate income tax rate for firms with income above $200,000 at 46 percent. In every other respect, my amendment includes the proposal that the House Ways and Means Committee has already adopted.

Just last year, the Senate Finance Committee overwhelmingly supported such a reduction for small business with low taxable earnings, many of which are in their startup years. As a matter of fact, that proposal would have implemented those cuts in small business corporate tax rates all in one shot, in one year.

We are proposing to phase in those reductions over 3 years. The revenue implications of this approach are relatively modest when you place them against the overall size of this tax bill.

The revenue estimates we have in terms of increased outlays are on this order: in 1982, $500 million; in 1983, $1.5 billion; in 1984, $2.6 billion; in 1985, $3.4 billion; and in 1986, $3.6 billion.

However, it should be borne in mind that these are static numbers. These estimates do not take into account how these reductions generate offsetting revenues through new economic growth, more jobs, new research and improved productivity in these companies.

I am confident that this amendment would free extra capital for an important sector of our economy that is in the greatest need for funds to finance growth and competition.

Madam President, the inflation that is hitting everyone in this society, hurts small business particularly. Its effects on their financial strength has not been taken into account sufficiently in this tax bill. Although a firm might have a dollar profit of $35,000 or $40,000, over the last 2 or 3 years, the value of that money has been dropping—and profits are less and less able to finance future growth.

Accelerated depreciation is a major improvement for capital intensive industries. I support that. But that remedy is not very helpful to most smaller companies—most of which are less capital intensive. That is why the small business community in the country has overwhelmingly asked that we take this step. It may be several years before we get around to tackling this problem again.

Many small businessmen, who know their own situation best, have analyzed the bill before us. They find important weaknesses, and they have suggested ways to improve the bill. My amendment is the one thing they thought would do the most good to help them. I hope we will respond to this request.

This is a modest proposal, phased in over a period of time. It does not go as far as they would like or as far as I would like. But it would make a significant improvement and would provide real relief to an important sector of the economy.

I can think of no proposal that offers more direct financial strength to small business in America than this. I urge my colleagues to support it.

Mr. DURENBERGER. Madam President, will the Senator from Michigan answer a question?

Before I took on the management of this measure, I understood that we had at least an informal agreement as to the debate on his amendment, that the time would be approximately 20 minutes, equally divided. Is my understanding correct?

Mr. RIEGLE. That was our understanding. We did not confirm it in an order. But I should like to adhere to it, and we will have a vote.

Mr. DURENBERGER. Does the Senator from Michigan have an estimate of the time remaining on his amendment?

Mr. RIEGLE. I do not know if the time was being kept. Let us inquire at the desk.

Mr. DURENBERGER. May we agree on 3 minutes?

The PRESIDING OFFICER. An informal answer is that the Senator from Michigan has spoken for 9 minutes since the disposition of the Cohen amendment.

Mr. RIEGLE. I would prefer to accept the offer of the Senator from Minnesota, which is slightly more generous. If that is acceptable, we will assume that I have 3 minutes remaining.

Mr. DURENBERGER. I thank the Senator from Michigan. I am going to keep my comments brief and yield time to the Senator from Connecticut, who is chairman of the Small Business Committee, to address this issue, because the issue of small business in this country has been raised by this amendment and by the Senator from Michigan.

The Senator from Michigan talked briefly about a variety of concerns that small business in America has expressed, and I believe we are all well aware of those concerns.

We have participated, in one way or another, in the White House small business conferences and conferences at our own level. I have attended at least a dozen hearings in my State during the spring of this year, talking to small business people about their problems. I spent another month or so in the Finance Committee, trying to write a tax bill, which we are considering here today, which will meet the demands of small business America as well as the individuals in this country and taxpayers generally.

It is given that 90 percent of America's incorporated businesses have earnings under $50,000 a year. I do not believe there is any question about that.

The Senator's original amendment was a very generous amendment to all of corporate America. His modification restricts that generosity to a degree, but it still provides a great deal of benefit at a substantial expense to those who are not in greatest need, those whom I suppose I could classify, after all the time spent talking to small business people in this country, as small, small business. We all know that there is difficulty in trying to make these distinctions. Ninety percent of America is small, small busines. Ninety percent of the business in my State is small, small business. A very large percentage of those people are not incorporated; only a small minority are incorporated.

In 5–10–10 and then yesterday with the overwhelming support for indexing, we did a great deal for those small, small

businesses, the true family enterprises, the innovators, the inventors, the risk-takers in this country, with personal rate reduction.

Mr. RIEGLE. Madam President, will the Senator yield?

Mr. DURENBERGER. I yield.

Mr. RIEGLE. Bear in mind that if an enterprise is organized as a proprietorship or a partnership, the business people are taxed as individuals. They will get help under the changes in the tax bill; whereas, if one firm is organized as a corporation, they will benefit equitably, unless we take this step.

I do not believe that the form of ownership should give one company or one business a tax break but deny it to a similar firm next door simply because it is incorporated.

Mr. DURENBERGER. There are 13 million unincorporated businesses in this country. Yesterday, in the various actions we took—and today, tomorrow, or next week—they will get additional help.

The concern here is for who gets what benefits we can provide and how much help we are going to provide, and how much equity we are going to do for those who really need it in this country.

At some point this afternoon, I intend to address that issue in a way it has not been adequately addressed in the Finance Committe bill.

I yield now to the Senator from Connecticut, the chairman of the Small Business Committee, to comment further on the rate reduction matter.

Mr. WEICKER. I thank my distinguished colleague from Minnesota.

I say to my good friend from Michigan that I am not going to sit here and belabor his very worthwhile effort. There is no question about the fact that attention should be paid to this segment of our economy, the small businessman.

Everything heretofore engineered on the floor of the Senate, for the last several decades, has been for big business. When we talk about business, it is always big business.

So I am not going to say that what he attempts to do is wrong. Under the optimum circumstances it would be entirely correct.

Really I suppose what I say to my colleagues is that what we have before us here is an opportunity to accomplish in the sense of having not only the votes here on the Senate floor but also I would imagine the support of the administration.

It is for that reason that I oppose the amendment of the distinguished Senator from Michigan knowing that immediately upon the disposition of this amendment the distinguished Senator from Minnesota, myself, and the distinguished Senator from Georgia, will offer an amendment which relates to reduction of taxes in the lowest two brackets, with the reduction being 1 percent this year, 1 percent next year, going from 17 to 15 to 16 and 20 to 19 to 18. That is doable.

In conjunction with that I might add will be a further amendment of the distinguished Senator from Minnesota, which he will describe, and it is on that basis that what is coming behind the distinguished Senator from Michigan has a chance of passage.

I might add it will be the first substantive legislation, taxwise, that has passed that is as a result of the White House Conference on Small Business.

If there were ever a conclave that produced a great deal of politics and a great deal of hot air and no result, it was that gathering. If we can get this done, the amendment as proposed by the Senators I have referred to earlier, that will be the first time that specific tax legislation has been geared toward the small businessman.

So I have no negatives for my good friend from Michigan. Either it is the spirit that prompted his amendment or the substance if it were possible. My opposition to it is based on the fact that we should have something here that is going to go through the whole process and become law rather than just to be able to say that we tried.

I yield back to my distinguished friend, the Senator from Michigan.

Mr. RIEGLE. Madam President, I am going to yield shortly to the Senator from Massachusetts.

My amendment already has been adopted by the Ways and Means Committee and I think the House of Representatives will retain it. If it passes here in the Senate, I think it will become the law.

This amendment would make a tremendous investment in this country with the combination of high interest rates, the difficulty small firms have in getting capital, the inflation they have been experiencing, and the fact that 95 percent of the new jobs in the economy derive from small business. I want to help big business, but I think it is time we help small business.

I yield the remainder of my time to the Senator from Massachusetts.

Mr. KENNEDY. How much time remains?

The PRESIDING OFFICER. There are 3 minutes remaining.

Mr. KENNEDY. Madam President, I commend the Senator from Michigan for this amendment, and I welcome this opportunity to cosponsor it with him. I think all of us in the Senate acknowledge his leadership in the area of assisting small business. And I also commend the leadership of the Senator from Connecticut (Mr. WEICKER) and the Senator from Georgia (Mr. NUNN).

Earlier this year, I joined with Senator NUNN and 10 other Members in introducing a Senate resolution urging that any tax cut must include fair provisions for small business. Specifically we urged that at least 15 percent of any business tax should be especially designed for small business.

I hope that the Senate will act favorably on this proposal. As the Senator from Michigan has pointed out, this is not a new idea. It is a concept that has been thoroughly studied. It was accepted on a bipartisan basis by the Finance Committee in the tax bill recommended to the Senate a year ago.

But the legislation reported by the committee this year represents a serious retreat for small business. One of my major concerns about the pending bill is the way it shortchanges middle-income families and small business. Our efforts in this debate are directed at providing fair tax relief for both individuals and businesses in our society, and the pending amendment is a key part of these efforts.

Last year the Finance Committee bill earmarked a little less than 15 percent of the overall business tax cut for small businesses. This year, however, the figures are much lower—13 percent in 1982, but only 7 percent in 1983 and 6 percent in 1984.

That is not fair to the small business sector of our economy, which, as the Senator from Michigan pointed out, has been the greatest source of innovation and creativity, the greatest source of jobs, the greatest source of research and development, and the greatest source of productivity in our society. As part of this massive tax reduction for larger businesses, we cannot afford to shortchange the smaller firms that play such a vital role in our Nation.

It is true that the 10–5–3 accelerated depreciation plan in the committee bill will help some small businesses. But it is hardly adequate as a small business tax cut, since it goes overwhelmingly to capital-intensive firms. But many other small businesses are service firms that do not invest heavily in capital equipment, but are just as deserving of tax relief. The most effective way to help these firms is to reduce the tax rates they pay.

Madam President, our chief legislative priority in this session of Congress is to deal effectively with the Nation's serious economic problems. We must work to bring inflation, unemployment, and high interest rates down, and to encourage investment and productivity by the business sector. At long last, we must restore prosperity to our economy and make the United States, once again, the strongest and most productive economy in the world.

In this effort, it is essential to secure the full participation of the small and independent businesses of the Nation. In recent years small businesses have accounted for nearly half of our total output, they have produced almost half of the innovation and they have created the vast majority of new jobs.

This record demonstrates the substantial contribution small business can make in our economic recovery effort. With the proper encouragement, small business can assist in increasing our productivity, in putting Americans back to work, and in winning the fight against inflation.

Unfortunately, small business has been handicapped in its ability to wage the far for economic recovery. For the critical problems facing the economy—inflation and high interest rates— are particularly stifling to the small business sector.

In my own State of Massachusetts and across the Nation, small businesses are faced with rising costs of energy, labor, and materials, and the inability to secure the necessary capital resources to meet their needs.

Congress is now about to enact sub-

stantial tax incentives for business. I believe that small business must be fairly included in any such incentives. If not, we risk losing the considerable contribution small business can make in our economic recovery.

Over the past several years, the tax committees in Congress have devoted increasing attention to the problems of small business. And they have recognized that the tax code must be amended to account for the particular problems of the small business sector.

Last year, these efforts culminated in the Tax Reduction Act of 1980, which included a number of provisions specially designed for small business, representing a 13-percent share of the business tax. These provisions enjoyed strong bipartisan support in Congress and broad support in the small business community. I believe that we must carry forward—not go back on—on the precedent set by the Finance Committee last year. We must once again incorporate adequate provisions specifically designed to assist small businesses.

Madam President, we are at the critical stages of the debate on the business tax bill. Unfortunately, as of yet, there has been virtually no recognition of the importance of small business in either the administration's plan or the committee bill.

There is still time to give small business its proper place in the enactment of tax incentives. We must do so, we will impair the most vital sector of our economy. We will impair the overall economic recovery effort we have undertaken. This bill should include significant tax cuts especially designed for small and independent businesses. We must insure that small business is given the tools it needs to put this Nation on the road to economic recovery.

Madam President, I ask unanimous consent that a table showing the relative amount of small business tax cut under the committee bill may be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE.—SENATE FINANCE COMMITTEE BILL—SMALL BUSINESS TAX CUTS

[In millions of dollars]

	1982	1983	1984
Expensing of 1st $10,000 of depreciable assets	1,104	645	765
Accumulated earnings credit	33	36	40
Subchapter S shareholders	5	5	5
Investment tax credit for used property	193	293	358
Tax credit for R. & D. wages	495	716	766
Total small business tax relief in committee bill	1,830	1,695	1,934
Total business tax relief in committee bill	14,093	25,378	34,167
Small business tax cuts as percent of total business tax cuts	13.0	6.7	5.6

Mr. KENNEDY. The case has been examined. I believe that it is warranted and justified, and I hope that the Senate will endorse it this afternoon.

The PRESIDING OFFICER. Who yields time?

Mr. DURENBERGER. Madam President, I am prepared to yield back time.

Let the record show that this bill does address specifically the problem of small business of this country, this bill does provide for, in addition to depreciation, expensing up to $10,000, a 25-percent R. & D. credit, subchapter S changes, incentive stock options improvements, accumulated earnings increased from $100,000 to $250,000, the estate tax changes with which we are all familiar, and a variety of other changes. I do not think that is what the Senator from Michigan intended to indicate but I just wanted to make the record clear from the Finance Committee's vantage point.

Mr. RIEGLE. If the Senator from Minnesota has concluded, will he yield me 30 seconds of his time? I want to do two things.

Mr. DURENBERGER. I yield 30 seconds for that purpose.

Mr. RIEGLE. I thank the Senator from Connecticut for his graciousness in response. I appreciate it and reciprocate in terms of warm feelings.

I ask my colleagues to bear in mind that this is the remedy that small business people themselves have asked for as their top priority. It is the thing they feel will help them most. I grant that there are other elements in the bill which will help. But this is the one they say will be most valuable. I think we should accept their advice here.

I thank the Senator for yielding.

Mr. DURENBERGER. I yield back the time and I move to table the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Michigan.

On this question the yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Oregon (Mr. HATFIELD), the Senator from California (Mr. HAYAKAWA), and the Senator from Illinois (Mr. PERCY), are necessarily absent.

I also announce that the Senator from New Mexico (Mr. DOMENICI), is absent due to a death in the family.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD), would vote "yea."

Mr. CRANSTON. I announce that the Senator from Montana (Mr. BAUCUS), the Senator from Florida (Mr. CHILES), the Senator from New York (Mr. MOYNIHAN), and the Senator from Massachusetts (Mr. TSONGAS), are necessarily absent.

I further announce that, if present and voting, the Senator from New York (Mr. MOYNIHAN), would vote "nay."

The PRESIDING OFFICER (Mr. LUGAR. Are there any other Senators in the Chamber who have not voted who wish to vote?

The result was announced—yeas 51, nays 41, as follows:

[Rollcall Vote No. 198 Leg.]

YEAS—51

Abdnor	Gorton	Packwood
Andrews	Grassley	Pressler
Armstrong	Hatch	Quayle
Baker	Hawkins	Roth
Boschwitz	Heinz	Rudman
Byrd, Harry F., Jr.	Helms	Schmitt
	Humphrey	Simpson
Chafee	Jepsen	Specter
Cochran	Kassebaum	Stafford
Cohen	Kasten	Stevens
D'Amato	Lavalt	Symms
Danforth	Long	Thurmond
Denton	Lugar	Tower
Dole	Mathias	Wallop
Durenberger	Mattingly	Warner
East	McClure	Weicker
Garn	Murkowski	
Goldwater	Nickles	

NAYS—41

Bentsen	Ford	Metzenbaum
Biden	Glenn	Mitchell
Boren	Hart	Nunn
Bradley	Heflin	Pell
Bumpers	Hollings	Proxmire
Burdick	Huddleston	Pryor
Byrd, Robert C.	Inouye	Randolph
Cannon	Jackson	Riegle
Cranston	Johnston	Sarbanes
DeConcini	Kennedy	Sasser
Dixon	Leahy	Stennis
Dodd	Levin	Williams
Eagleton	Matsunaga	Zorinsky
Exon	Melcher	

NOT VOTING—8

Baucus	Hatfield	Percy
Chiles	Hayakawa	Tsongas
Domenici	Moynihan	

So the motion to lay on the table UP amendment No. 234, as modified, was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. DURENBERGER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAUCUS subsequently said: Mr. President, I was unavoidably detained during the last vote. Had I been present, I would have voted nay, against the Durenberger motion to table.

LEGISLATIVE SCHEDULE—HOUSE JOINT RESOLUTION 266

Mr. BAKER. Mr. President, I see the distinguished minority leader is in the Chamber. He indicated earlier he might wish to make certain inquiries about the schedule for the remainder of the day. I am prepared to give him some information in that respect.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader. I do wish to inquire of the majority leader what his plans are for Senate business the rest of the day, for tomorrow, and for the early part of next week.

Mr. BAKER. Mr. President, I expect that we will be able to dispose of a number of amendments yet this afternoon. There are two technical amendments that I believe will be taken up next which will require a minimum amount of time, one the Specter-Boren amendment and another the Grassley-Baucus amendment. After those two amendments are disposed of, and I do not think they will take more than 10 minutes altogether, then I would expect that the Senator from Connecticut (Mr. WEICKER) will be recognized on his amendment. I am advised that an amendment to the Weicker

amendment in the second degree will perhaps be offered by the Senator from Minnesota (Mr. DURENBERGER).

We also have a Bradley amendment which may follow after the Durenberger amendment, and others.

In addition to that, Mr. President, we know of several other amendments to be offered. For instance, there is the marriage penalty amendment. There is an amendment, I am told, to be offered by the distinguished Senator from Georgia (Mr. NUNN). There is a Heinz-Dodd amendment and then another Heinz amendment that must be disposed of.

I would not anticipate, Mr. President, that the Senate will be in late today. I had indicated earlier that we would be in until 6 o'clock, or thereabouts. I would expect to adhere to that schedule, I would say to my friend the minority leader.

I do think it is necessary, however, for the Senate to be in tomorrow. There is already an order for the Senate to convene at 10 o'clock.

I have no illusions about the Senate doing a great volume of business tomorrow, but we will be in and we will do as much as we can. I would hope that Senators would make a sincere effort to use that time to make statements or to offer amendments that may be disposed of promptly and maybe without rollcall votes.

Mr. President, on Monday there is already an order for the Senate to convene at 12 o'clock noon. I would expect a number of votes on Monday and that the Senate would have a very busy day on Monday and on Tuesday. We do not yet have an order for the convening of the Senate on Tuesday or Wednesday, but it is my hope that we can have final action on this bill sometime in the early part of next week.

Once again, as we move along with the disposition of amendments—by the way, we are doing that very well, I think—I would like to confer with the distinguished minority leader and other Senators about the possibility of establishing a time certain to finish our deliberations on this bill.

That is the legislative schedule as I see it at this moment. I would be happy to answer any questions the minority leader may have.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader. Could he indicate about what hour he would intend, for the moment, to recess the Senate on tomorrow, and at what hour he would have the Senate come in on Monday?

Mr. BAKER. Yes. Mr. President, I would think that the Senate would not be in session past 3 o'clock on Saturday. I would think that the Senate would probably be in until 6 or 7 o'clock, maybe a little later, on Monday next.

Mr. ROBERT C. BYRD. Would he indicate what hour he wants the Senate to come in on Monday?

Mr. BAKER. I misunderstood. Mr. President, I believe there is already an order for the Senate to convene at 12 noon on Monday.

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. I have no present plan to change that order.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. METZENBAUM. Will the majority leader yield to the Senator from Ohio?

Mr. BAKER. I am happy to yield.

Mr. METZENBAUM. The majority leader indicated we would probably take up two amendments of the technical nature. Yesterday we had an amendment described as being of a technical nature but, indeed, it cost the Treasury somewhere between $5 billion and $15 billion. The Grassley amendment, I believe, is being referred to. It is not a technical amendment but it is a substantive amendment. The amendment of the Senator from Pennsylvania (Mr. HEINZ) also is a matter of substantive nature.

I would like to urge upon my friend from Tennessee that we not describe substantive amendments as technical because there is a feeling around here that when they are technical we sort of sit around and relax a little too much.

Mr. BAKER. I thank my friend from Ohio. I would not characterize them as technical amendments. If I did, I misspoke myself. But on the Specter-Boren and Grassley-Baucus amendments I did characterize them as technical amendments on the advice of the distinguished chairman of the Finance Committee. I would yield to him for further information on that point.

Mr. METZENBAUM. I am sure we would have no problems on the floor, but these are amendments that are substantive. The chairman of the Finance Committee, of course, is very cooperative.

Mr. GLENN. Will the Senator yield for a question?

Mr. BAKER. I yield.

Mr. GLENN. We discussed getting a vote on the international nonproliferation regime, the concurrent resolution.

Mr. BAKER. The Senator from Ohio is correct. I omitted that from the list of matters I gave to the minority leader.

Mr. President, we have cleared on both sides the resolution described by the Senator from Ohio to be taken up after the disposition of the Weicker amendment.

Mr. President, there is one final step in that process. Certain Senators wished to read that resolution before we get the time clearance, but it is my plan to take up that resolution as soon as we dispose of the Weicker amendment.

Mr. GLENN. Fine, and it is our intention to ask for a rollcall vote on that.

Mr. BAKER. I thank the Senator for advising us of that.

Mr. DOLE. Mr. President, I yield to the Senator from California.

Mr. CRANSTON. Mr. President, I thank the Senator.

UP AMENDMENT NO. 237

(Purpose: To allow widowed and divorced spouses to continue to contribute to their own IRA's)

Mr. DOLE. Mr. President, it my understanding that we are going to take one technical amendment and then go to the Weicker amendment. It will only take about 1 minute.

I yield to the distinguished Senator from Iowa. I understand there are four or five cosponsors. The amendment is not technical in the sense that it is revenue neutral, but the revenue loss is less than $10 million. It has been cleared by the Senator from Louisiana, the Senator from Kansas, by Treasury and, in this particular instance, the Senator from Ohio.

Mr. GRASSLEY. I thank the Senator from Kansas for yielding to me.

Mr. President, I have an amendment at the desk sponsored also by Mr. DURENBERGER, Mr. BAUCUS, Mr. HARRY F. BYRD, JR., and Mr. BENTSEN. I ask that it be considered immediately.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Iowa (Mr. GRASSLEY), for himself, Mr. DURENBERGER, Mr. BAUCUS, Mr. HARRY F. BYRD, JR., Mr. BENTSEN, and Mr. DOLE proposes an unprinted amendment numbered 237.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 181, between lines 5 and 6, insert the following:

"(3) Special rule for widowed and divorced spouses.—

"(A) In general.—In any case in which—

"(i) an individual retirement plan has been established for the benefit of an individual at least 5 years before the date on which the event described in clause (ii) occurs,

"(ii) the spouse of such individual dies or otherwise ceases to be married to such individual (within the meaning of section 143), and

"(iii) the spouse of such individual was allowed a deduction under paragraph (1) (or corresponding provision of prior law) during 3 of the 5 taxable years preceding the taxable year in which the event described in clause (ii) occurs, then such individual shall be allowed a deduction equal to the amount paid in cash for the taxable year by or on behalf of such individual to such individual retirement plan.

"(B) Limitation on amount.—The amount allowable as a deduction under subparagraph (A) shall not exceed the excess of—

"(i) $1,125, over

"(ii) any amount allowable as a reduction under subsection (a) or paragraph (1) with respect to such individual for such taxable year.

Mr. GRASSLEY. Mr. President, this amendment makes it possible for nonearning spouses to continue making payments to an IRA if a spouse dies, decides to stop contributing to an IRA or in the case of divorce. That is a bad situation.

Mr. President, I ask unanimous consent that the Senator from New Jersey (Mr. BRADLEY) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRASSLEY. Mr. President, this amendment responds to an amendment to the Economic Recovery Act of 1981 which would eliminate some of the sex bias in the Federal Tax Code. Present law forbids the nonearning partner from making contributions to a spousal individual retirement account after the earning spouse dies or after a divorce. Without compensation, an individual

cannot continue making contributions to his or her one-half share of a spousal IRA.

In my view, and in the opinion of my colleagues from Minnesota, Montana, Virginia, Texas and New Jersey, modification of this code section is necessary. This amendment will allow a spouse who has been a partner in a spousal IRA to continue making contributions to that account if the IRA was in existence for 3 of 5 years before the dissolution of the marriage or the death of the earning spouse. The spouse without earned income may continue to make contributions to his or her share of the IRA up to a maximum amount of $1,125. The spouse retains this right even if he or she subsequently marries. Contributions to this account may be made from earned or unearned income.

This measure will afford nonearning spouses the same rights as any other worker in our society to continue an IRA. This measure will equalize our treatment of retirement savings for women, since many of the victims of our current policy are homemakers whose uncompensated efforts in the home disqualify them from maintaining an IRA under current law. In my view, there is no justification for denying these nonearning spouses the right to maintain an IRA in the event their marital unit is severed by divorce or death.

It is my hope that this bill will encourage more individuals to save for their retirement. Expanding IRA eligibility should increase capital formation and relieve some of the strain on the social security system. I urge all of my colleagues to support this amendment, Mr. President, to end this latent sexism within the Tax Code and permit all individuals to continue to plan for their retirement, regardless of the nature of the income used for IRA savings.

Mr. DOLE. Mr. President, under present law, the annual limit on individual contributions to an IRA generally is the lesser of 15 percent of compensation or $1,500. This $1,500 limit is increased to $1,750 for a year if: First, the contribution is equally divided between an employee and the spouse of the employee; and second, the spouse has no compensation for the year.

Under the amendment offered by the Senator from Iowa, if, due to the dissolution of a marriage, a working spouse discontinues contributions to a spousal IRA which has been maintained for at least 5 years, the nonworking spouse would be permitted to make additional contributions on his or her own behalf, limited to $1,125. A spousal IRA would not be considered "maintained" for at least 5 years unless the working spouse had made some contribution in at least 3 years of the 5 years prior to the discontinuance.

The contributions made by the nonworking spouse: First, could be made from any available income—including tax-exempt income, alimony, accrued savings, capital gains, et cetera; second, would not be linked to the level of contributions previously made by the working spouse; and third, would not be subject to the current equal allocation rules.

The amendment would apply to taxable years beginning after December 31, 1981.

The revenue effect of this amendment is less than $10 million annually.

The Senator from Kansas supports this amendment.

● Mr. DURENBERGER. Mr. President, when this bill was before the Finance Committee, we included language authorizing a married but nonworking spouse to establish her own IRA. I proposed that language, and I believe it represents a major step toward retirement equity. The amendment we offer this afternoon takes the next logical step by allowing a nonworking spouse to continue contributing to her own IRA even following divorce or the death of her spouse.

Who benefits from this amendment? An entire generation of women who have remained at home raising a family and not building their own pension benefits—and who often lack survivorship benefits as well. The impact of this process can be clearly seen in the current generation of older American women. Almost 18 percent of those below the poverty level are women aged 65 or older. These women live longer, an average of 8 years longer than the men of the same generation. For 65- to 74-year-olds, divorced and widowed women outnumber men in the same circumstances 4 to 1. Forty-five percent of women aged 65 to 74 have lost their spouse either through death or divorce, and must rely on their own retirement set-aside. The poverty afflicting so many elderly women is testimony to the limited opportunities they have had to develop that set-aside.

Today, 45 percent of American women still remain outside the labor force. Though the trend toward working mothers is changing, a substantial number of women still elect to remain at home. These wives and mothers should not be forced to choose between pension security and raising a family. This amendment would minimize the need for that choice by giving nonworking wives the same ability to provide for retirement that their working husbands now possess.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Senator from Texas (Mr. BENTSEN) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Iowa.

The amendment (UP No. 237) was agreed to.

Mr. DOLE. I move to reconsider the vote by which the amendment was agreed to.

Mr. GRASSLEY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 238

(Purpose: To promote capital investment in small business by reducing the corporate tax rate on the first $50,000 of taxable income in two phases)

Mr. WEICKER. Mr. President, on behalf of myself, Senator DURENBERGER, Senator NUNN, Senator RIEGLE, and Senator MITCHELL, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Connecticut (Mr. WEICKER), for himself, Mr. DURENBERGER, Mr. NUNN, Mr. RIEGLE, Mr. MITCHELL, Mr. SASSER, Mr. PRESSLER, Mr. ROTH, Mr. BIDEN, Mr. MATSUNAGA, and Mr. LEAHY proposes in unprinted amendment numbered 238.

Mr. WEICKER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 149 between lines 20 and 21 insert the following new section:

SEC. 234. REDUCTION IN CORPORATE TAX RATES.

(a) IN GENERAL.—Subsection (b) of section 11 (relating to amount of corporate tax) is amended—

(1) by striking cut "17 percent" in paragraph (1) and inserting in lieu thereof "15 percent (16 percent for taxable years beginning in 1982)", and

(2) by striking out "20 percent" in paragraph (2) and inserting in lieu thereof "18 percent (19 percent for taxable years beginning in 1982)".

(b) CONFORMING AMENDMENTS.—Subsections (a)(2) and (c)(1)(B) of section 821 are each amended by striking out "34 percent" and inserting in lieu thereof "30 percent (32 percent for taxable years beginning in 1982)".

(c) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1981.

Mr. WEICKER. Mr. President, I yield 30 seconds to the distinguished Senator from Pennsylvania without losing my right to the floor.

Mr. DOLE. Will the Senator yield to me?

Mr. WEICKER. I yield to the distinguished Senator from Kansas.

Mr. DOLE. Mr. President, this is the second technical amendment which has now been cleared by the Senator from Ohio (Mr. METZENBAUM). It is an amendment by Senator BOREN and Senator SPECTER. It is revenue neutral. This one is zero. I wonder if we might set aside the Weicker amendment temporarily so we may take care of this amendment.

Mr. METZENBAUM. Mr. President, is this the Boren-Specter amendment having to do with Keoghs?

Mr. DOLE. Yes.

Mr. METZENBAUM. I have no objection.

Mr. WEICKER. Reserving the right to object, I wonder if I may, prior to setting aside the Weicker-Durenberger amendment, ask for the yeas and nays on that amendment.

Mr. DOLE. On the Senator's amendment?

Mr. WEICKER. That is correct, on the Weicker amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. WEICKER. Mr. President, I am more than glad to yield to my good friend from Kansas.

Mr. DOLE. Mr. President, I ask unani-

mous consent that we temporarily set aside the Weicker amendment and proceed with the amendment of the distinguished Senator from Pennsylvania (Mr. SPECTER) and the Senator from Oklahoma (Mr. BOREN).

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 239

(Purpose: Increasing amount of compensation which may be taken into account under a Keogh plan to $200,000)

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SPECTER. Mr. President, I thank the Senator from Kansas for yielding.

I send to the desk an amendment I have cosponsorship with the Senator from Oklahoma (Mr. BOREN) and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania (Mr. SPECTER), for himself and Mr. BOREN, proposes an unprinted amendment numbered 239:

On page 202, line 12, strike out "$150,000" and insert in lieu thereof "$200,000".

On page 203, line 7, strike out "$150,000" and insert in lieu thereof "$200,000".

Mr. SPECTER. Mr. President, I am offering this amendment to increase the limitations on covered compensation for self-employed retirement plans from $150,000 as proposed by the Senate Finance Committee to $200,000. This proposal applies to Keogh (H.R. 10) plans. The administration has no objection to this proposal.

Adoption of this amendment will encourage greater savings and investment, increase the equity between corporation and self-employed retirement plans and help self-employed workers prepare for a secure retirement.

A qualified retirement plan which benefits self-employed individuals and his employees is known as a Keogh or H.R. 10 plan. It is subject to special rules which limit permissible deductions to the lesser of 15 percent of the first $100,000 of earnings from self-employment or $7,500. In order to guarantee the fair treatment of all employees, Keogh rules require a uniform contribution rate for all employees.

Recognizing the need for reforming these plans, the Senate Finance Committee has recommended an increase in the permissible deduction from $7,500 to $15,000 and a limitation on covered compensation from $100,000 to $150,000. In order to protect employees, the committee bill would require plans provide contribution on income above $100,000 to maintain a uniform contribution rate of 7.5 percent.

Unfortunately, when the Finance Committee increased the permissible deduction twofold, the limitation on covered compensation was only increased by one-half. This amendment would retain uniformity in the increase by raising the limitation on covered compensation to $200,000. Under the new $150,000 limitation, the Keogh retirement plan would be required to maintain a uniform percentage of 10 percent in order for workers to receive the full benefit of the increase to $15,000. A contribution rate of 10 percent is well beyond the bounds of affordability for many plans. Most small businesses simply cannot make such a large contribution for all employees.

The most compelling argument for this amendment is that it will increase savings. Inflation and taxation have encouraged Americans to spend their wages on consumer goods, draining the economy of investment funds. By encouraging the development and increased use of self-employment retirement plans, this amendment will provide funds for new investments, increase productivity, and create jobs.

Second, the Tax Code enables corporate retirement plans to offer far more generous benefits than the Keogh plan. The Senate must step forward and address this disparity between corporate employers and the many retailers, doctors, farmers, and other small businessmen who create so many jobs for this country but cannot afford the costly legal expenses that incorporation requires.

As an effective means of fostering new savings and investment, restoring equity to self-employed taxpayers, and aiding Americans in their preparation for their retirement, I urge the adoption of this amendment.

Mr. President, this amendment has been cleared with the Senator from Kansas (Mr. DOLE) and the Senator from Louisiana (Mr. LONG) and the Senator from Ohio (Mr. METZENBAUM). As I said, it proposes to raise the $150,000 to $200,000, which will be consistent with an increase already in the legislation from a $7,500 contribution to a $15,000 contribution. That is the essence of it, Mr. President.

I thank all Senators.

Mr. BOREN. Mr. President, I support the effort of the Senator from Pennsylvania. I am pleased to cosponsor this amendment with him. It simply does make the law consistent in that we are raising the amount that could be contributed and put into these retirement plans set aside in savings programs. We are simply raising the limit of the amount of income from which the contribution can be made so that they retain approximately a 7.5 percent ratio that can be set aside in this type of program. I think it makes sense from the point of view of the tax policy and I am pleased to join in it.

Mr. DOLE. Mr. President, under present law a sole proprietorship or partnership may adopt a tax-favored retirement plan, referred to as a Keogh or H.R. 10 plan, for both common law employees and for the proprietor or partners.

The maximum deductible contribution to this type of plan is the lesser of $7,500 or 15 percent of self-employed earnings. The 15 percent limit is applied only to a self-employed person's first $100,000 of earned income.

The committee bill increases the maximum deductible contribution to a Keogh plan to $15,000 and applies the 15 percent limit to the first $150,000 of income. This increase was long overdue to account for inflation and to lessen the disparity in maximum contributions allowable to corporate and noncorporate retirement plans. It should be pointed out that the maximum contribution to a corporate plan is indexed for inflation and is now more than $40,000.

However, it has been argued that the increase in maximum deductible contributions is not sufficient to provide a real incentive for new retirement savings for self-employed plans. The reason presented is that the $150,000 limit on compensation taken into account in determining permitted benefit accounts will make increased contributions too expensive. The reason for this argument is that, in order for a highly paid employee to have the maximum contribution set aside for him, a higher percentage of compensation for the lower-paid employees must be set aside for their retirement. This, of course, increases the cost of the plan.

Raising the amount of includible compensation to $200,000 would further reduce the cost of maintaining a plan. This should provide a significant incentive to self-employed individuals to set up plans which will benefit their employees.

The Senator from Kansas has one concern about this provision: That employees will not find that their retirement contributions are not diluted by enactment of this provision. However, the committee bill also contains a provision which should avoid this undesirable result. If an annual compensation greater than $100,000 is taken into account under the plan, the rate of employer contributions for any participant cannot be less than 7½ percent of compensation. That is, no one will be able to reduce current levels of contributions for his employees by reason of these new rules.

Mr. President, I thank the distinguished Senator from Pennsylvania and the Senator from Oklahoma.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 239) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. WEICKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I yield to the Senator from Connecticut.

UP AMENDMENT NO. 238

The PRESIDING OFFICER. The question occurs on the amendment of the Senator from Connecticut. The Senator from Connecticut is recognized.

Mr. WEICKER. Mr. President, this amendment is simple, straightforward and imperative. It would reduce Federal tax rates on incorporated small businesses in order to increase retained earnings for reinvestment—capital investment in the sector of our economy responsible for virtually all private sector job growth.

More specifically, this amendment would cut tax rates by 1 percent in each of the next 2 calendar years for corporations with earnings in the two lowest tax brackets: $0 to $25,000 and $25,000 to

$50,000. In other words, tax rates would be cut in the $0 to $25,000 bracket from the present 17 percent, to 16 percent in 1982 and 15 percent in 1983; and, in the $25,000 to $50,000 bracket, from the present 20 percent, to 19 percent in 1982 and 18 percent in 1983.

First of all, Mr. President, 1.5 million of the 1.7 million corporations in the United States—or 90 percent—earn less than $50,000 per year. Thus, this amendment, while concentrated in only the lowest tax rate brackets, will help the vast majority of U.S. corporations. This is where the benefit must be targeted.

And, this is precisely the segment of the U.S. economy that has been missed somewhat in the bill reported out by the Finance Committee. We have the 25 percent personal income tax rate cut, which will apply to 10 million unincorporated businesses in the United States, and we have the accelerated cost recovery system, which, while intended for the benefit of all companies, in actuality gives more help to larger capital intensive companies.

What has been missed, however, is the small corporation, noncapital intensive, in light industry, construction, retail trade, or service, for example, which may receive little benefit from the accelerated provisions in the tax bill. These small companies, which can be a major source of U.S. output, jobs, and innovation, must rely almost exclusively on internally generated capital from retained earnings, since they dare not borrow at today's interest rates and, of course, cannot sell equity shares.

I believe it is essential that Congress target tax reduction for capital investment in these small businesses by reducing tax rates in the lowest tax brackets.

There is very strong support for the idea of reducing corporate tax rates. Every small business organization, including the National Federation of Independent Business, the National Small Business Association, Small Business United, and the National Unity Council support lower corporate tax rates. Corporate tax rate reduction for small business has been included in nearly every small business tax cut bill introduced in the Senate this year. Furthermore, small business corporate tax rate reduction was the number one recommendation of the White House Conference on Small Business convened in 1980.

Indeed, Mr. President, as a reflection of the widespread support for the support for the concept embodied in this amendment, last year the Senate Finance Committee, on a near unanimous vote, reported a provision sharply reducing the tax rates on small business. In its report the committee stated:

> Aware of the special problems encountered by small businesses in raising money in equity markets and in borrowing funds for investment, the Committee believes that additional graduation in the corporate income tax structure for smaller amounts of taxable income is necessary to encourage capital formation by small businesses.

Mr. President, I could not agree more with that statement of the Finance Committee last year, and cannot understand why the committee did not reaffirm that position in the bill before us.

I would remind my colleagues, also, that the Small Business Committee held hearings this past March on the role of small business in the Nation's economy recovery, and we received very strong testimony from our witnesses in favor of a tax rate reduction for small business.

Obviously, Mr. President, there has been and is widespread support for the approach of my amendment.

By way of showing that smaller firms would derive the greatest incentive for new investment under this amendment, we have calculated that for a small firm with earnings of $50,000, effective tax rates would fall from 18.5 to 15.5 percent, an improvement of $1,500 in cash flow. For a firm earning $500,000 however, effective rates would be reduced by only seven-tenths of this 1 percent, from 42.2 percent to 41.9 percent.

Finally, Mr. President, as to cost, the staff of the Small Business Committee estimates that this amendment will cost the Treasury about $118 million in fiscal year 1982, $377 million in fiscal year 1983 and $415 million in fiscal year 1984. This is comfortably below the room remaining in the bill under the administration's guidelines which, according to the summary of the bill provided by the Finance Committee staff, appears to be about $800 million in fiscal year 1984.

By way of conclusion, Mr. President, the issue before the Senate in this amendment is whether we are willing to give a tax rate cut to small business. We have a 25-percent tax cut for individuals, and a vastly improved accelerated depreciation program for capital intensive firms. But we need to improve incentives for small business capital investment. I am urging that we give small business this tax cut. I reserve balance of time.

Mr. President, I yield to my good friend and colleague, the ranking minority member of the Committee on Small Business, Senator NUNN. I yield to him for his comments on the amendment.

It is my understanding that the distinguished Senator from Minnesota (Mr. DURENBERGER), a cosponsor of the amendment, has a further amendment to make. It is only for that reason that I am yielding at this time to the Senator from Georgia, because I should like to make sure that we can logically get to the next amendment.

Mr. NUNN. I thank the Senator from Connecticut, the chairman of the Small Business Committee.

Mr. President, I congratulate the Senator from Connecticut on this amendment. I also intend to support the amendment by the Senator from Minnesota (Mr. DURENBERGER) to the Weicker amendment.

I regret that the Riegle amendment did not receive the approval of the Senate. I understand the circumstances. I understand the position of the Senator from Connecticut, because he has worked hard and long to try to get the administration to accept this amendment on behalf of small business, and I understand his reluctance to support the Riegle amendment. But the Weicker amendment is at least a step in the right direction, and I support it enthusiastically.

The President, a key ingredient missing in the tax bill as it has evolved in the Senate is tax relief for the small business corporation.

Although the 5–10–10 personal income tax cut will provide relief to the owners of the 87 percent of business which is unincorporated, there is specifically targeted relief for the more than 1.5 million small business corporations which earn less than $50,000 per year.

Small business which accounts for nearly half of the gross national product, 87 percent of all new employment, and half of the major industrial innovations cannot be expected to make a meaningful contribution to our Nation's economic recovery unless it receives tax relief. This is especially true in today's economic conditions where high taxes have combined with high inflation and soaring interest rates to create a severe financial strain for most small firms.

Tax relief is now the only hope for these firms as the administration says that we should continue to expect high interest rates for the next year. Tax relief is quickly becoming a necessity for many of these firms just for them to survive. Small businesses need the tax relief that will be provided by this amendment.

I know that we have provisions in the tax bill that will help small businesses. Certainly, the estate tax relief is a significant reform which will go a long way toward helping small businesses and farm operations.

Certainly, the capital intensive small firms will benefit from ACRS and the expensing provisions in the bill. But even the National Federation of Independent Business, a strong supporter of ACRS, recognizes that the main small business benefit of the proposed depreciation reform is simplification. NFIB says:

> There has always been general agreement that most of the benefit from any depreciation reform package would go to the nation's largest firms because they are generally capital intensive and do the most investing. Under 10–5–3 or "expensing," small business primarily receives simplicity and equity, not dollars.

Targeted business tax dollars is what this tax bill fails to provide and what our amendment seeks to provide.

The amendment is simple and specifically targeted toward smaller firms. It would reduce the two lowest corporate income tax rates from 17 to 15 percent, and from 20 to 18 percent, respectively, by 1 percentage point per year for 2 years. It would especially benefit those firms earning less than $50,000 annually and the revenue loss is modest—less than $118 million in fiscal year 1982.

Mr. President, last year, with strong bipartisan support, the Senate Finance Committee supported a much broader small business corporate tax reduction than we are proposing today. The provision approved in the Finance Committee had a much larger revenue loss than the revenue loss created by the proposed amendment. I hope this small business amendment will receive the same bipartisan support and will be accepted by the Senate.

I congratulate my chairman, the Senator from Connecticut, as well as the Senator from Minnesota, for taking the

leadership on the Weicker amendment and the Durenberger amendment.

Mr. DURENBERGER. Mr. President, I am pleased to cosponsor Senator WEICKER's amendment to reduce the corporate tax rate one point in each of the two lowest brackets in both of the next 2 years.

I am pleased, also, to have the opportunity to express my appreciation to the Senator from Connecticut and the Senator from Georgia, the ranking minority member of the Small Business Committee, for their leadership, not only here on the tax bill today but also their leadership generally in developing S. 360, the Small Business Capital Formation Act of 1981, upon which much of the Finance Committee's action on behalf of small business has been based.

This is a fair and important small business tax reform. Over 90 percent of corporate tax returns fall in these two brackets. The vast majority of these are small businesses, the biggest job creators and technological innovation in our economy.

This is an equitable measure. All kinds of businesses ranging from the service industry to the manufacturing sector would receive equal relief. This amendment cuts across geographical and regional lines. It also helps maintain the balance with the other kinds of businesses that will be directly aided by the individual rate reductions in this bill.

Additionally, corporate rate relief speaks to what small business people themselves view as their greatest need. The delegates of the White House Conference on Small Business listed this as their top priority. In Minnesota, I have heard the same comments over and over again:

Let us keep more of what we earn so we can hire more people and build up our businesses.

Small business creates most of the new jobs in this country and provides most workers with their first job. Small businesses produce the majority of the technological innovations in our economy. Dollar for dollar this amendment may well produce the greatest return to the most people of anything we do in this bill.

I urge my colleagues to support this amendment.

UP AMENDMENT NO. 240

(Purpose: Striking the section relating to increase in investment credit on used property, etc.)

Mr. DURENBERGER. Mr. President, on behalf of myself and Mr. WEICKER, Mr. NUNN, Mr. DANFORTH, and Mr. SYMMS, I send to the desk an amendment to the Weicker amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Minnesota (Mr. DURENBERGER), for himself and others, proposes an unprinted amendment numbered 240.

Mr. DURENBERGER. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of Weicker UP-239 insert:

On page 103, line 16, strike out "(e)" and insert in lieu thereof "(d)".

On page 104, between lines 15 and 16, insert the following:

(g) AMENDMENT OF RECAPTURE RULES.—

(1) IN GENERAL.—Subsection (a) of section 47 (relating to certain dispositions, etc. of section 38 property) is amended by adding at the end thereof the following new paragraph:

"(8) SPECIAL RULES FOR RECOVERY PROPERTY.—

"(A) GENERAL RULE.—If, during any taxable year, section 38 property which is recovery property is disposed of, or otherwise ceases to be section 38 property with respect to the taxpayer, before the close of the recapture period, then the tax under this chapter for such taxable year shall be increased by the recapture percentage of the aggregate amount of the credit allowed under section 38 for all prior taxable years with respect to such property.

"(B) RECAPTURE PERCENTAGE.—For purposes of subparagraph (A), the recapture percentage shall be determined in accordance with the following table:

"If the recovery property ceases to be sec. 38 property within the following number of months after the date the property is placed in service:	The recapture percentage is: For property other than 3-yr property	For 3-yr property
12 or less	100 percent	100 percent.
More than 12 but 24 or less	80 percent	66 percent.
More than 24 but 36 or less	60 percent	33 percent.
More than 36 but 48 or less	40 percent	0 percent.
More than 48 but 60 or less	20 percent	0 percent.
More than 60	0 percent	0 percent.

"(C) PROPERTY CEASES TO BE PROGRESS EXPENDITURE PROPERTY.—If, during any taxable year, any recovery property taken into account in determining qualified investment under section 46(d)(1) ceases to be progress expenditure property (as determined under paragraph (3)) or becomes, with respect to the taxpayer, recovery property of a class other than the class used in determining the applicable percentage under section 46(d)(1)(B)(i), then the tax under this chapter for such taxable year shall be adjusted in accordance with regulations prescribed by the Secretary.

"(D) DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

"(i) RECOVERY PROPERTY.—The term 'recovery property' means recovery property within the meaning of section 168.

"(ii) RECAPTURE PERIOD.—The term 'recapture period' means, with respect to any recovery property, the 5-year (3-year in the case of 3-year property) period beginning on the date the property is placed in service by the taxpayer.

"(iii) CLASSIFICATION OF PROPERTY.—For purposes of this paragraph, property shall be classified as provided in section 168(c).

"(iv) PARAGRAPH (1) NOT TO APPLY.—Paragraph (1) shall not apply with respect to any recovery property.".

(2) TECHNICAL AMENDMENTS.—

(A) Subparagraph (D) of section 47(a)(3) is amended by striking out "paragraph (1)" the second place it appears and inserting in lieu thereof: "or a disposition or other cessation (including a change in the expected class) described in paragraph (5), then paragraph (1) or (5), as the case may be,".

(B) Paragraph (5) of section 47(a) is amended by striking out "paragraph (1) or (3)" and inserting in lieu thereof "paragraph (1), (3), or (5)".

On page 134, line 16, strike out "(g)" and insert in lieu thereof "(h)".

On page 116, beginning with line 19, strike out all through page 123, line 6, and insert in lieu thereof the following:

SEC 213. INCREASE IN DOLLAR LIMIT ON USED PROPERTY.

(a) IN GENERAL.—Paragraph (2) of section 48(c) (relating to used section 38 property) is amended—

(1) by striking out "$120,000" each place it appears and inserting in lieu thereof "$150,000 ($125,000 in taxable years beginning in 1981, 1982, 1983, and 1984)", and

(2) by striking out "$50,000" in subparagraph (B) and inserting in lieu thereof "$75,000 ($62,500 in taxable years beginning in 1981, 1982, 1983, and 1984)".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 1980.

Mr. DURENBERGER. Mr. President, the Finance Committee bill contains a used equipment investment tax credit modification which, after it was adopted in the bill, has turned out to contain a rather objectionable recapture feature that does not make a great deal of sense if our objective is to provide some incentives during critical periods of time for the acquisition of used equipment.

The purpose of my amendment, therefore, is to change the used equipment investment tax credit by raising the present cap from $100,000 a year to $125,000 a year immediately, then to $150,000 a year effective in 1985.

In addition, it would repeal the "proceeds-based" recapture rule to which I referred, and it would replace the current 7-year recapture rule with a 5-year rule.

Mr. President, a great deal has been said about small business, particularly small, small business, at which these amendments are directed.

I ask for the adoption of my amendment.

The PRESIDING OFFICER. The amendment is not properly drafted as an amendment to the Weicker amendment. In order for it to be considered at this time, it would require unanimous consent.

Mr. DURENBERGER. Mr. President, I ask unanimous consent that the amendment——

Mr. WEICKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WEICKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WEICKER. Mr. President, I ask unanimous consent that the provisions of the Durenberger amendment be included in the amendment of the Senator from Connecticut.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object.

Mr. WEICKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WEICKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WEICKER. Mr. President, I ask unanimous consent that the Durenberger amendment be in order as an amendment to the Weicker amendment.

Mr. ROBERT C. BYRD. Mr. President, I had earlier reserved an objection pending clearance with Mr. METZENBAUM. That clearance has now been made. There is no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WEICKER. Mr. President, I ask unanimous consent that Senator LEAHY and Senator MATSUNAGA be added as cosponsors of the Weicker-Durenberger amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DURENBERGER. Mr. President, I ask unanimous consent that the Senator from Delaware (Mr. ROTH) be added as a cosponsor to the Durenberger amendment to the Weicker amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DURENBERGER. Mr. President, I move the adoption of my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota.

Mr. ROBERT C. BYRD. Is this on the amendment by Mr. DURENBERGER?

The PRESIDING OFFICER. The Senator is correct.

The amendment (UP No. 240) was agreed to.

Mr. DURENBERGER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. WEICKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment of the Senator from Connecticut, as amended by the amendment of the Senator from Minnesota.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. STEVENS. I announce that the Senator from Oregon (Mr. HATFIELD), the Senator from California (Mr. HAYAKAWA), and the Senator from Illinois (Mr. PERCY) are necessarily absent.

I also announce that the Senator from New Mexico (Mr. DOMENICI) is absent due to a death in the family.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) and the Senator from Illinois (Mr. PERCY) would each vote "yea."

Mr. CRANSTON. I announce that the Senator from Florida (Mr. CHILES), the Senator from New York (Mr. MOYNIHAN), the Senator from Arkansas (Mr. PRYOR), and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

I further announce that, if present and voting, the Senator from New York (Mr. MOYNIHAN) would vote "yea."

The PRESIDING OFFICER (Mr. SPECTER). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 92, nays 0, as follows:

[Rollcall Vote No. 199 Leg.]

YEAS—92

Abdnor	Ford	Melcher
Andrews	Garn	Metzenbaum
Armstrong	Glenn	Mitchell
Baker	Goldwater	Murkowski
Baucus	Gorton	Nickles
Bentsen	Grassley	Nunn
Biden	Hart	Packwood
Boren	Hatch	Pell
Boschwitz	Hawkins	Pressler
Bradley	Heflin	Proxmire
Bumpers	Heinz	Quayle
Burdick	Helms	Randolph
Byrd, Harry F., Jr.	Hollings	Riegle
	Huddleston	Roth
Byrd, Robert C.	Humphrey	Rudman
Cannon	Inouye	Sarbanes
Chafee	Jackson	Sasser
Cochran	Jepsen	Schmitt
Cohen	Johnston	Simpson
Cranston	Kassebaum	Specter
D'Amato	Kasten	Stafford
Danforth	Kennedy	Stennis
DeConcini	Laxalt	Stevens
Denton	Leahy	Symms
Dixon	Levin	Thurmond
Dodd	Long	Tower
Dole	Lugar	Wallop
Durenberger	Mathias	Warner
Eagleton	Matsunaga	Weicker
East	Mattingly	Williams
Exon	McClure	Zorinsky

NOT VOTING—8

Chiles	Hayakawa	Pryor
Domenici	Moynihan	Tsongas
Hatfield	Percy	

So Mr. WEICKER's amendment (UP No. 238), as amended, was agreed to.

Mr. DURENBERGER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

INTERNATIONAL NONPROLIFERATION REGIME

Mr. PRESSLER. Mr. President, I call up Senate Resolution 179 which deals with the nuclear nonproliferation issue.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 179) to improve the international nonproliferation regime.

The Senate proceeded to consider the resolution submitted by Mr. GLENN for himself, Mr. SPECTER, Mr. PERCY, Mr. DODD, Mr. ZORINSKY, Mr. BOSCHWITZ, Mr. PELL, Mr. CRANSTON, Mr. MATHIAS, Mr. MATSUNAGA, Mr. PRESSLER, and Mr. LEVIN.

Mr. PRESSLER. This resolution was agreed to by all Senators present at a meeting of the Foreign Relations Committee last night and after 2 or 3 days of discussions.

The Foreign Relations Committee and other committees have held extensive hearings and discussions regarding the issue of nuclear nonproliferation. Thus, I am happy to bring this resolution to the floor as one of its original sponsors.

We have cleared it with all Senators on our side of the aisle.

Its purpose is to highlight the nuclear nonproliferation issue with President Reagan's upcoming trip to Ottawa.

Mr. President, during recent discussions I have had with Western European leaders, I was struck by their skepticism over U.S. expressions of commitment to serious arms control negotiations. I am frankly disturbed about the Soviet propaganda campaign to exploit Western European concerns and doubts over the future course of the nuclear arms race.

My personal view, shared I hope by many others, is that there is good reason to be optimistic about arms control negotiations

Indeed, as I stated during the Foreign Relations Committee hearings on Lieutenant General Rowny's nomination to be chief SALT negotiator, I think that history may well record that a triumph in SALT was President's Reagan's equivalent of President Nixon's going to China. For just as it required a leader fully trusted by American conservatives to establish normal ties with the Communist leadership in the People's Republic of China, so does President Reagan have a unique opportunity to bring home a SALT treaty that will be accepted with confidence by the Senate and the American public.

Similarly, we should be optimistic about prospects for getting a better handle on the nuclear proliferation situation. With the cooperation of the United States and the other western nuclear supplier nations, it should be possible to achieve the objectives of the resolution we are now considering. Recent world events have awakened all to the necessity to achieve better international controls over international nuclear transfers.

As a sponsor of the resolution, I yield to the Senator from Ohio, who will further explain it.

Mr. GLENN. Mr. President, I thank the distinguished Senator for yielding.

My remarks will be very brief. I know our time is short this afternoon.

I appreciate the majority and minority leaders making time on the schedule available to get out what I view as a very, very important resolution of the U.S. Senate.

The President is heading for Ottawa, where he will be meeting with the principal nuclear supplier countries, that supply most of the world's nuclear equipment, facilities, and technology. All but Switzerland will be represented at that conference.

Mr. DOLE. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER (Mr. MATTINGLY). The Senate will be in order.

Mr. GLENN. Mr. President, I think it is very important that we impress on those nations our feelings as the U.S. Senate that we truly are in a watershed period. With the attention that has been centered on the nuclear nonproliferation problem by the Israeli raid on Iraq, we now have an extraordinary opportunity to focus attention on one of the world's most pressing problems. We are going to have to live in a world a few years from now that will surely be mad, mad, a world of mutually assured destruction.

We tried with the SALT talks to get agreement between the superpowers to

scale down existing nuclear weapons stockpiles. At the same time, we are trying to ask other, nonnuclear weapon nations not to develop these armaments. It is in that whole process that I think we now have a great opportunity to provide world leadership.

The President of the United States has today, and in the next few days, a unique opportunity to exert nuclear nonproliferation leadership for the whole world.

That does not overstate the opportunity at all. Working with these supplier nations he can help staunch this flow of reprocessing and enriching equipment that gives nations a nuclear weapons capability.

Mr. President, I will not delay further. We have cleared this on both sides of the aisle. I wanted to keep our remarks brief this afternoon.

We have had statements in the RECORD in the past.

Mr. McCLURE. Mr. President, I have no objection to the resolution as it is presented to us, and indeed I support it. I take this time only to underline one area and to perhaps ask one question.

On page 6 of the resolution as printed, there is the language with respect to what the President should take immediate action to do. Subsection 1 of that language calls for a conference on an urgent basis, and subsection (a) of that section 1 calls for a temporary worldwide moratorium on all transfers.

I think we have to understand that that is, indeed, a temporary cessation. There are a lot of medical supplies and a lot of radioactive materials that move in international trade that ought not to be inhibited. Certainly, the others ought to be on the basis of a temporary period while these consultations go forward. That, I understand, will be a very limited, not a protracted, period of time. I do not want it to be read in terms that somehow the Senate has gone on record as calling to a halt nuclear transfers.

Mr. GLENN. Mr. President, may I respond to the Senator?

Mr. McCLURE. Certainly.

Mr. GLENN. We have changed certain parts from the original language. The phrase "confer on an urgent basis" is not necessarily in overall conflict with the original language. This lets bilateral negotiations or a conference be used as a modality for doing whatever needs to be done.

The points listed under paragraph 1 after the resolved clause should be considered in light of the introductory language in paragraph, which urges the President to take actions to "confer" with other nuclear suppliers on nuclear transfers to "consider" tightening restrictions—just to "consider" tightening restrictions. There was no intention in this phrasing to make the moratorium permanent.

I agree, there are some shipments for the benefit of mankind that we do not wish to hold up. I therefore want to point out that this moratorium language does not refer to materials such as the Senator is talking about. These refer, in part A, lines 15 and 16—transfers of enrichment and reprocessing equipment and technology. That is the kind of equipment and technology that can be used for bomb purposes.

Mr. McCLURE. I thank the Senator. I think there are some others that might come under that same category that we would not want to ship as well—I am talking about hot fuel cells and hot fuel handling equipment which is separate from and not necessarily a part of equipment technology—which might be included in that.

I also direct attention to subparagraph 5, which appears on the last page of the resolution which states:

> Reaffirm United States policy to cooperate with other countries, particularly in the developing world, to assist them in meeting their energy needs with nonnuclear energy alternatives considered on an equal basis with nuclear energy in providing such cooperative assistance.

I read that to mean that we are not saying there cannot be nuclear trade with the Third World, nor are we saying by that language that we are attempting to deny to the developing world the opportunity for enhancing their energy self-sufficiency by the development of peaceful nuclear powerplants. We are saying that in that context, when we are considering whether or not to give assistance in the obtaining of energy facilities, we ought to consider the alternatives on an equal footing with the nuclear powerplant. Is that correct?

Mr. GLENN. Mr. President, the Senator is absolutely correct. That was the intent of this. We just wanted to make certain that nations, in pride of nationhood, were not pushing themselves to big expenses and to the nuclear electrical generating plants when, perhaps, they have hydropower or other options that that could be developed much more cheaply and readily without the potential spread of nuclear bomb-making capacity. That was the only intent of that. The Senator's interpretation of it was exactly right.

Mr. McCLURE. I assume that if a country, be it a major or a minor developing country, should make the consideration after consultation with us that, in their judgment, nuclear development in their country for peaceful power development purposes was their choice after consultation and cooperation with us, we would not attempt to deny them that opportunity to make their own choice.

Nothing in here would preclude that decision.

Mr. GLENN. I thank the Senator very much.

I yield to the Senator from California.

Mr. CRANSTON. Mr. President, I strongly support this resolution. The development of a sound American policy on the problem of nuclear proliferation is a vital ingredient fo a successful and significant American security policy. The development of sound, strong, reliable international safeguards against nuclear proliferation is likewise essential to our security and well-being. Indeed, it is essential to the well-being of human beings the world over and the lives of scores of millions of people the world over may depend upon the achievement of success-safeguards against nuclear proliferation.

I applaud the leadership of the Senator from Ohio, whose deep understanding of this issue and whose deep commitment to its successful resolution has been a very important factor in the effort to develop a sound American policy.

I also want to pay tribute to the bipartisan approach of both sides of the aisle in the development and presentation to the Senate of this important resolution.

Mr. PRESSLER. Mr. President, although this resolution certainly will not solve the problems of nuclear proliferation, I think it shows that the President and the Congress are determined that the situation we have in the Western World—with the potential for nuclear weapons being held by several countries—must change. The Soviet Union apparently has kept nuclear weapons out of the hands of its satellites. In fact, in terms of technical education, even those students who leave the Soviet Union to return to the satellite nations cannot have been schooled in advanced nuclear technology.

In contrast, in the west, South Africa, Pakistan, India, Argentina, Brazil, Israel, Iraq, Korea, and other countries probably have the capacity to make a nuclear bomb. This will increase the necessity for better inspection standards. It is a move to bring together the nuclear supplier nations.

It is a step in the right direction, but there is much more to be done. I think that it is a good step at this time, I am fully in support of it, and I am a sponsor of the resolution.

Mr. HARRY F. BYRD, JR. Mr. President, the Senator from California (Mr. CRANSTON) in his comments appraised the matter the way it appears to the Senator from Virginia. I associate myself with his comments and the importance of curbing the spread of nuclear weapons.

I remember last year, Mr. President, the Senate seemed to take a course different from this resolution. I think this resolution is a good one. Last year, the Senate approved the transfer of nuclear material to India, which I thought was a great mistake. As I recall, the Senator from Ohio led the fight against permitting that to be done, but the Senate majority took a different position. I am pleased to see this resolution.

I concur that I do not know of anything more dangerous than the spread of nuclear weaponry around the world and, if this will help curb that, it is certainly a worthwhile endeavor.

Mr. PELL. Mr. President, I congratulate the Senator from Ohio for the leadership he has taken in this field and getting the resolution to where, with the chairman of our committee, the Senator from Illinois, they worked together on it. It is an excellent resolution. The Senator from South Dakota played a very real role. I congratulate all those who had a part in it, including our own whip, the Senator from California. It is a good resolution. I hope we can vote on it speedily.

Mr. MATSUNAGA. Mr. President, I congratulate the Senator from Ohio and the Senator from California for offering

the resolution. I ask unanimous consent that I be added as a cosponsor of the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MATSUNAGA. Mr. President, I am particularly pleased with section 5, on page 8 of the resolution, where it is stated that we "reaffirm the United States policy to cooperate with other countries, particularly in the developing world, to assist them in meeting their energy needs with nonnuclear energy alternatives, considered on an equal basis with nuclear energy in providing such cooperative assistance."

I believe that so long as we have not resolved the question of disposal of the waste material and so long as we have not resolved the question of nuclear fusion, we should limit the spread of nuclear power, even for peaceful purposes, because of the difficulty of disposal of the waste and the danger it would impose upon generations of humans to come.

This is a good resolution under present circumstances, and I urge unanimous approval of the resolution.

Mr. SPECTER. Mr. President, I believe that this resolution may be the most important piece of business to come before the Senate thus far this year, and I strongly support it.

Since the United States triggered its first atomic explosion in a barren New Mexican desert in 1945, the world has generally relied on the flawed assumption that the ashes of Nagasaki and Hiroshima would restrain the spread of nuclear weapons.

As we now know so well, the U.S. monopoly on nuclear weapons ended in 1949, when the Soviet Union first exploded its nuclear device. As money, power, and scientific skills expanded, the nuclear club extended to include Britain, France, China, and now India. Other nations of the world began to look to the use of nuclear energy as a solution to their energy problems. Those who possessed a nuclear weapons capability found it increasingly difficult to reconcile the twin and conflicting goals of containment of nuclear military potential and the exploitation of nuclear fuel as a source of energy.

The Nonproliferation Treaty was developed and an international system of safeguards created within the International Atomic Energy Agency to address these conflicting goals and promote the peaceful uses of nuclear energy, while insuring that international controls prevent the diversion of peaceful nuclear supplies into atomic weapons.

If Israel's raid on the Iraqi nuclear reactor and the subsequent revelations regarding the fallibility of nuclear safeguards that followed it achieve nothing else, they forced the world to recognize the threat that the spread of nuclear weapons poses to global security. Israel's action also pointed out the deficiencies inherent in the international nonproliferation regime and the lack of confidence that too many nations have in that regime.

With the growing demand for nuclear energy and the ability to translate that into nuclear weapons capability, we all have reason to fear that time is running out. A nuclear weapon in the hands of terrorists, whether a group or nation, is a timebomb ticking against the future of our planet. It is a form of blackmail against which we have no rational form of recourse. Nuclear energy has the potential to meet mankind's energy needs and, at the same time, if it falls into the wrong hands, destroy mankind's hopes for survival.

Major arms control initiatives of the last few years have focused upon the limitation of the vertical proliferation of nuclear weapons possessed by the superpowers and, thus, has obscured the crucial issue of horizontal proliferation of nuclear weapons among nations.

Meanwhile, a nation like Iraq is able, while fully complying with international safeguards, to acquire a capability of developing nuclear weapons. Other nations may soon follow. Such a spread of potential nuclear weapons capability cannot help but exacerbate traditional rivalries and tensions between, for instance, Pakistan and India, not to mention the continuing conflicts among nations in the Middle East.

As tensions in the world escalate and the flow of oil seems less assured, it becomes more critical than ever to insure that the international system of safeguards developed to prevent nuclear weapons proliferation be strengthened to reflect these changing world realities. For these reasons, my colleagues, Senator GLENN and Senator PERCY, and I joined together to develop and introduce Senate Resolution 179, which calls for strengthening the international regime governing nuclear exports and their nonproliferation safeguards.

One argument, in particular, has influenced deliberations and policy regarding nuclear nonproliferation: If we do not sell nuclear fuel and equipment, someone else will. A major responsibility for the fate of the global community, therefore, rests with the "haves" of the world—those countries carrying the awesome burden of possessing nuclear equipment and fuel. For these reasons, Senate Resolution 179 calls on the United States to confer on an urgent basis with the other nuclear suppliers to consider tightening restrictions on dangerous nuclear trade, particularly to sensitive areas of the world.

I believe that such a step, which I first called for in the wake of Israel's raid on Iraq's nuclear facility, is of crucial importance if we are ever to achieve a worldwide consensus on nuclear transfers. Such consultations, which should begin at the Ottawa Summit meeting this weekend, might include considerations such as a temporary worldwide moratorium on the transfer of enrichment and reprocessing equipment to sensitive areas, a limit on the size of and fuel used in research reactors, and an extension of the list of sensitive nuclear equipment exported under safeguards. Such transfers should only be made to nations which have accepted full-scale safeguards.

Recent testimony by several experts who testified before two Senate committees regarding the deficiencies in the system of IAEA safeguards provides convincing evidence of the need to begin to correct these deficiencies. Senate Resolution 179 calls on the President to develop with other IAEA members a strong and effective program for the improvement of the IAEA safeguards regime and lists four specific areas where that regime might be improved.

Reevaluating world nuclear energy policy and reaffirming U.S. policy to cooperate with other nations in meeting their energy needs, as called for in Senate Resolution 179, would be a further positive step toward solving the problems that underlie the dangers of nuclear weapons proliferation.

While I welcome President Reagan's recent Presidential statement on U.S. nonproliferation and peaceful nuclear cooperation policy and the fact that he has specifically addressed this vital issue, it is my hope that he will take into account many of the specific recommendations of Senate Resolution 179 which seek the shared goals, as stated by President Reagan, of working "more effectively with other countries to forge agreement on measures for combating the risks of proliferation."

While it is important, as stated in the 1978 Nuclear Nonproliferation Act, "to confirm the reliability of the United States in meeting its commitment to supply nuclear reactors and fuel to nations which adhere to effective nonproliferation policies," it then becomes equally important to insure the effectiveness of those nonproliferation policies. If we fail to secure that effectiveness, it would mean more than the end of the further development of nuclear power. It could well mean an end to the world as we know it.

I would therefore urge my colleagues to support this resolution and to reiterate the Senate's own concern for this critical issue.

The Senate Foreign Relations Committee last night unanimously approved this resolution; the House today by a vote of 363 to 0 approved a resolution expressing similar concerns. I urge the Senate to go on record as well on the question of nuclear weapons proliferation and unanimously adopt Senate Resolution 179.

Mr. GLENN. Mr. President, I appreciate very much the remarks of my colleagues today.

It is too bad that this matter has come to the floor at a time when Senator PERCY, who has played a vital role in this matter, has had to be absent from the Senate. I want to give due credit to him. He and I worked very closely together in years past on the Nuclear Nonproliferation Act, which we passed in 1978. I know of his long and continued interest in this subject and his desire to see our Nation take the lead in preventing the spread of nuclear weaponry around the world. It was only through his cooperation—in fact, his initiative last evening—that we were able to have a late night committee meeting and get this through. So I want to give him due credit.

I also want to express my appreciation

tion to the other original cosponsor of this resolution, Senator SPECTER. His initiative was instrumental in launching this important matter and I want to thank him for his efforts.

In connection with the matter of waste material which was mentioned, I share the views of the Senator from Hawaii. That is something with which we must deal. We are not trying to address it in this measure. If discussions can be generated because of this resolution or because of our interest in it, I hope those discussions with other nations can include the problem of waste. I believe we still have a little time to deal with this problem, but it is a growing challenge and one we cannot put off much longer before we address it fully.

I also give credit to Senator PRESSLER for his leadership on the Arms Control Subcommittee and his activities with regard to this nuclear nonproliferation matter. Those initiatives have been a major help in this legislation.

Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical corrections of a typographical nature in the resolution.

The PRESIDING OFFICER (Mr. SPECTER). Without objection, it is so ordered.

Mr. GLENN. On page 3, line 4, there is an error. Where it reads, "making nuclear transfers only to nations," it should read "making nuclear transfers only to non-weapon nations."

I ask unanimous consent that that change be permitted.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution is so modified.

Will the Senator send the modification to the desk?

Mr. GLENN. I will do so. Mr. President, if there are no other comments, I am willing to yield the floor, but I ask for the yeas and nays on the resolution.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the resolution. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Iowa (Mr. GRASSLEY), the Senator from Oregon (Mr. HATFIELD), the Senator from California (Mr. HAYAKAWA), the Senator from Illinois (Mr. PERCY), the Senator from New Mexico (Mr. SCHMITT), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I also announce that the Senator from New Mexico (Mr. DOMENICI) is absent due to a death in the family.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) and the Senator from Illinois (Mr. PERCY) would each vote "yea."

Mr. CRANSTON. I announce that the Senator from Florida (Mr. CHILES), the Senator from New York (Mr. MOYNIHAN), the Senator from Arkansas (Mr. PRYOR), the Senator from Mississippi (Mr. STENNIS), and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

I further announce that, if present and voting, the Senator from New York (Mr. MOYNIHAN) and the Senator from Massachusetts (Mr. TSONGAS) would each vote "yea."

The PRESIDING OFFICER Mr. WARNER). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 88, nays 0, as follows:

[Rollcall Vote No. 200 Leg.]

YEAS—88

Abdnor	Exon	McClure
Andrews	Ford	Melcher
Armstrong	Garn	Metzenbaum
Baker	Glenn	Mitchell
Baucus	Goldwater	Murkowski
Bentsen	Gorton	Nickles
Biden	Hart	Nunn
Boren	Hatch	Packwood
Boschwitz	Hawkins	Pell
Bradley	Heflin	Pressler
Bumpers	Heinz	Proxmire
Burdick	Helms	Quayle
Byrd, Harry F., Jr.	Hollings	Randolph
	Huddleston	Riegle
Byrd, Robert C.	Humphrey	Roth
Cannon	Inouye	Rudman
Chafee	Jackson	Sarbanes
Cochran	Jepsen	Sasser
Cohen	Johnston	Simpson
Cranston	Kassebaum	Specter
D'Amato	Kasten	Stafford
Danforth	Kennedy	Stevens
DeConcini	Laxalt	Symms
Denton	Leahy	Thurmond
Dixon	Levin	Tower
Dodd	Long	Wallop
Dole	Lugar	Warner
Durenberger	Mathias	Williams
Eagleton	Matsunaga	Zorinsky
East	Mattingly	

NOT VOTING—12

Chiles	Hayakawa	Schmitt
Domenici	Moynihan	Stennis
Grassley	Percy	Tsongas
Hatfield	Pryor	Weicker

So the resolution (S. Res. 179), as amended, was agreed to, as follows:

S. RES. 179

Whereas the proliferation of nuclear weapons is a threat to the security of the United States and all other nations of the world and,

Whereas the world community has developed valuable institutions, including the Nuclear Nonproliferation Treaty (NPT) and the International Atomic Energy Agency (IAEA) Safeguards system to deal with the problem of nuclear proliferation and,

Whereas the recent hearings held by the Senate Foreign Relations Committee and the House Foreign Affairs Committee demonstrated serious deficiencies in the NPT and the IAEA systems, and

Whereas despite such deficiencies, there is no prohibition on the transfer of sensitive equipment and technology to politically unstable nations and regions of the world and,

Whereas sensitive nuclear materials, equipment, and technology carry with them the capability of mounting a nuclear weapons option and,

Whereas the United States has traditionally taken a leadership role in raising world consciousness to the dangers of nuclear proliferation and,

Whereas United States nonproliferation actions such as supporting the International Safeguards Regime and the NPT, participating in the Nuclear Supplies Conferences, and establishing the Nuclear Nonproliferation Act of 1978, have been positive steps in moving toward an effective international nonproliferation regime and,

Whereas it is necessary for significant additional actions to be taken to strengthen the international nonproliferation regime and to raise world consciousness further: Now, therefore, be it

Resolved, That the President should take immediate action to:

(1) Confer on an urgent basis with other nuclear suppliers, as a first step toward achieving a new worldwide consensus on nuclear transfers to consider tightening restrictions on dangerous nuclear trade through measures which include—

(a) establishing, while discussions on a new regime for nuclear trade passed, a temporary worldwide moratorium on transfers of enrichment and reprocessing equipment and technology, even at the experimental level, to sensitive areas, including the Middle East and South Asia;

(b) limiting the size of all research reactors transferred, eliminating the use of high enriched uranium in such reactors, and obtaining return of spent research reactor fuel to the country of origin;

(c) extending the list of sensitive nuclear equipment, including components and dual use items, whose export the suppliers only permit under safeguards, with public recording of all sales of such items;

(d) making nuclear transfers only to nonweapon nations which have accepted full-scope safeguards; and

(e) imposing established sanctions in the event of violation of safeguards.

(2) Develop with other IAEA members a strong and effective program for the improvement of the IAEA safeguards regime, specifically considering the practicality of the following measures—

(a) extending the concept of full-scope safeguards to mean safeguards on all nuclear materials, equipment, and facilities within a nonweapon state whether or not such materials, equipment, and facilities have been formally declared to the IAEA;

(b) increasing the quality and quantity of IAEA inspections;

(c) publishing inspection reports; and

(d) extending and upgrading surveillance and containment measures.

(3) Formulate a clear United States policy on enhanced international restrictions on dangerous nuclear trade and on improving the international safeguards regime, and use all feasible leverage to induce others to adopt similar policies.

(4) Call for a prompt reevaluation of world nuclear energy policy, culminating in a conference in order to agree upon ways both to reduce security concerns and to strengthen the nonproliferation regime.

(5) Reaffirm United States policy to cooperate with other countries, particularly in the developing world, to assist them in meeting their energy needs, with nonnuclear energy alternatives considered on an equal basis with nuclear energy in providing such cooperative assistance.

(Later the following occurred:)

Mr. BAKER. Mr. President, earlier today the Senate considered and adopted a resolution offered by the distinguished Senator from Ohio (Mr. GLENN) dealing with nuclear nonproliferation.

The request I am about to put has been cleared, I believe, on both sides.

I ask unanimous consent that Calendar Order No. 201 be indefinitely postponed in the light of the action taken by the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

ECONOMIC RECOVERY TAX ACT OF 1981

The Senate continued with the consideration of the joint resolution.

Mr. DOLE. Mr. President, I was just going to announce for those Senators on the floor and who may be listening, that Senator BRADLEY is going to offer an amendment, and after the disposition of that amendment I think it is the majority leader's hope we still might have another amendment. Does the Senator from Massachusetts have an amendment? So we have another amendment. I am not certain what happens after that.

Mr. BAKER. Mr. President, if the Senator would yield to me, if we can get the Bradley amendment—will there be a rollcall vote on the Bradley amendment?

Mr. BRADLEY. Yes, there will be a rollcall vote.

Mr. BAKER. I thank the Senator from New Jersey.

Will there be a rollcall vote on the Kennedy amendment?

Mr. KENNEDY. Yes. I do not think it will take a lot of time. I am prepared to enter into a time agreement.

Mr. BAKER. I thank the Senator from Massachusetts.

Is there any other Member who can tell me now he has an amendment he will be able to bring up this afternoon?

We will do these two amendments this afternoon. The distinguished minority leader advises me that he may have one amendment, so there is the possibility of three amendments yet this afternoon. I hope the Senate can complete its business today by about 6.

ORDER FOR RECESS UNTIL 11 A.M. TOMORROW

Mr. President, while I am on my feet, I ask unanimous consent that the time for the convening of the Senate tomorrow be changed from 10 o'clock until 11 o'clock.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I thank the distinguished majority leader.

UP AMENDMENT NO. 241

(Purpose: Providing a 1-year targeted rate cut, and for other purposes)

Mr. BRADLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY) proposes an unprinted amendment numbered 241.

Mr. BRADLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 4, beginning with line 10, strike out all through page 29, line 20, and insert in lieu thereof the following:

SEC. 101. RATE CUTS FOR 1982 AND AFTER; INCREASE IN ZERO BRACKET AMOUNTS.

(a) RATE REDUCTION.—Section 1 (relating to tax imposed) is amended to read as follows:

"SECTION 1. TAX IMPOSED.

"(a) MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.—There is hereby imposed on the taxable income of—

"(1) every married individual (as defined in section 143) who makes a single return jointly with his spouse under section 6013, and

"(2) every surviving spouse (as defined in section 2(a)),

a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $3,800	No tax.
Over $3,800 but not over $5,500.	13 percent of excess over $3,800.
Over $5,900 but not over $8,000.	$273, plus 14 percent of excess over $5,900.
Over $8,000 but not over $12,300.	$567, plus 15 percent of excess over $8,000.
Over $12,300 but not over $16,400.	$1,212, plus 19 percent of excess over $12,300.
Over $16,400 but not over $20,600.	$1,991, plus 21 percent of excess over $16,400.
Over $20,600 but not over $25,000.	$2,873, plus 22 percent of excess over $20,600.
Over $25,000 but not over $30,300.	$3,841, plus 30 percent of excess over $25,000.
Over $30,300 but not over $35,600.	$5,431, plus 35 percent of excess over $30,300.
Over $35,600 but not over $46,200.	$7,286, plus 42 percent of excess over $35,600.
Over $46,200 but not over $60,400.	$11,738, plus 48 percent of excess over $46,200.
Over $60,400	$18,554, plus 50 percent of excess over $60,400.

"(b) HEADS OF HOUSEHOLDS.—There is hereby imposed on the taxable income of every individual who is the head of a household (as defined in section 2(b)) a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $2,500	No tax.
Over $2,500 but not over $4,600.	13 percent of excess over $2,500.
Over $4,600 but not over $6,700.	$273, plus 14 percent of excess over $4,600.
Over $6,700 but not over $8,900.	$567, plus 15 percent of excess over $6,700.
Over $8,900 but not over $15,200.	$897, plus 21 percent of excess over $8,900.
Over $15,200 but not over $18,400.	$2,220, plus 22 percent of excess over $15,200.
Over $18,400 but not over $23,700.	$2,924 plus 29 percent of excess over $18,400.
Over $23,700 but not over $29,000.	$4,461, plus 34 percent of excess over $23,700.
Over $29,000 but not over $34,300.	$6,263, plus 40 percent of excess over $29,000.
Over $34,300 but not over $44,900.	$8,383, plus 45 percent of excess over $34,300.
Over $44,900	$13,153, plus 50 percent of excess over $44,900.

"(c) UNMARRIED INDIVIDUALS (OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS).—There is hereby imposed on the taxable income of every individual (other than a surviving spouse as defined in section 2(a) or the head of a household as defined in section 2(b)) who is not a married individual (as defined in section 143) a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $2,500	No tax.
Over $2,500 but not over $3,600.	13 percent of excess over $2,500.
Over $3,600 but not over $4,600.	$143, plus 14 percent of excess over $3,600.
Over $4,600 but not over $6,700.	$283, plus 15 percent of excess over $4,600.
Over $6,700 but not over $8,700.	$598, plus 18 percent of excess over $6,700.
Over $8,700 but not over $11,000.	$958, plus 19 percent of excess over $8,700.
Over $11,000 but not over $15,200.	$1,395, plus 21 percent of excess over $11,000.
Over $15,200 but not over $19,000.	$2,277, plus 26 percent of excess over $15,200.
Over $19,000 but not over $23,700.	$3,265, plus 32 percent of excess over $19,000.
Over $23,700 but not over $29,000.	$4,769, plus 37 percent of excess over $23,700.
Over $29,000 but not over $34,300.	$6,730, plus 42 percent of excess over $29,000.
Over $34,300 but not over $41,700.	$8,956, plus 48 percent of excess over $34,300.
Over $41,700	$12,508, plus 50 percent of of excess over $41,700.

"(d) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—There is hereby imposed on the taxable income of every married individual (as defined in setcion 143) who does not make a single return jointly with his spouse under section 6013 a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $1,900	No tax.
Over $1,900 but not over $2,950.	13 percent of excess over $1,900.
Over $2,950 but not over $4,000	$136, plus 14 percent of excess over $2,950.
Over $4,000 but not over $6,150.	$283, plus 15 percent of excess over $4,000.
Over $6,150 but not over $8,200.	$606, plus 19 percent of excess over $6,150.
Over $8,200 but not over $10,300.	$995, plus 21 percent of excess over $8,200.
Over $10,300 but not over $12,500.	$1,436, plus 22 percent of excess over $10,300.
Over $12,500 but not over $15,150.	$1,920, plus 30 percent of excess over $12,500.
Over $15,150 but not over $17,800.	$2,715, plus 35 percent of excess over $15,150.
Over $17,800 but not over $23,100.	$3,643, plus 42 percent of excess over $17,800.
Over $23,100 but not over $30,200.	$5,869, plus 48 percent of excess over $23,100.
Over $30,200	$9,277, plus 50 percent of excess over $30,200.

"(e) ESTATES AND TRUSTS.—There is hereby imposed on the taxable income of every estate and trust taxable under this subsection a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $1,050	13 percent of taxable income.
Over $1,050 but not over $2,100.	$136, plus 14 percent of excess over $1,050.
Over $2,100 but not over $4,250.	$283, plus 15 percent of excess over $2,100.
Over $4,250 but not over $6,300.	$606, plus 19 percent of excess over $4,250.
Over $6,300 but not over $8,400.	$995, plus 21 percent of excess over $6,300.
Over $8,400 but not over $10,600.	$1,436, plus 22 percent of excess over $8,400.
Over $10,600 but not over $13,250.	$1,920, plus 30 percent of excess over $10,600.
Over $13,250 but not over $15,900.	$2,715, plus 35 percent of excess over $13,250.
Over $15,900 but not over $21,200.	$3,643, plus 42 percent of excess over $15,900.
Over $21,200 but not over $28,300.	$5,869, plus 48 percent of excess over $21,200.
Over $28,300	$9,277, plus 50 percent o excess over $28,300."

(b) Increase in Zero Bracket Amount.—Subsection (d) of section 63 (defining zero bracket amount) is amended—

(1) by striking out "$3,400" and inserting in lieu thereof "$3,800".

(2) by striking out "$2,300" and inserting in lieu thereof "$2,500", and

(3) by striking out "$1,700" and inserting in lieu thereof "$1,900".

(c) FILING REQUIREMENTS.—Paragraph (1) of section 6012(a) (relating to persons required to make returns of income) is amended—

(1) by striking out "$3,300" and inserting in lieu thereof "$3,500",

(2) by striking out "$4,400" and inserting in lieu thereof "$4,800", and

(3) by striking out "$5,400" and inserting in lieu thereof "$5,800".

(d) CONFORMING AMENDMENTS.—

(1) LUMP SUM DISTRIBUTION TAX.—Subparagraph (C) of section 402(e)(1) (relating to tax on lump sum distributions) is amended by striking out "$2,300" and inserting in lieu thereof "$2,500".

(2) PERSONAL HOLDING COMPANY TAX.—Section 541 (relating to personal holding company tax) is amended by striking out "70 percent" and inserting in lieu thereof "50 percent".

(e) WITHHOLDING TABLES.—

(1) DETERMINATION OF WITHHOLDING.—Section 3402(a) (relating to requirement of withholding income tax at source) is amended to read as follows:

"(a) REQUIREMENT OF WITHHOLDING.—

"(1) IN GENERAL.—Except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures

prescribed by the Secretary. Any tables or procedures prescribed under this paragraph shall—

"(A) apply with respect to the amount of wages paid during such periods as the Secretary may prescribe, and

"(B) be in such form, and provide for such amounts to be deducted and withheld, as the Secretary determines to be most appropriate to carry out the purposes of this chapter and to reflect the provisions of chapter 1 applicable to such periods.

"(2) AMOUNT OF WAGES.—For purposes of applying tables or procedures prescribed under paragraph (1), the term 'the amount of wages' means the amount by which the wages exceed the number of withholding exemptions claimed multiplied by the amount of one such exemption. The amount of each withholding exemption shall be equal to the amount of one personal exemption provided in section 151(b), prorated to the payroll period. The maximum number of withholding exemptions permitted shall be calculated in accordance with regulations prescribed by the Secretary under this section, taking into account any reduction in withholding to which an employee is entitled under this section.".

(2) WAGES PAID FOR PERIOD LESS THAN 1 WEEK.—Section 3402(b) (relating to the percentage method of withholding is amended—

(A) by striking out paragraph (1), and redesignating paragraphs (2) through (5) as paragraphs (1) through (4), respectively; and

(B) by striking out paragraph (3), as redesignated by subparagraph (A), and inserting in lieu thereof the following:

"(3) In any case in which the period, or the time described in paragraph (2), in respect of any wages is less than one week, the Secretary, under regulations prescribed by him, may authorize an employer to compute the tax to be deducted and withheld as if the aggregate of the wages paid to the employee during the calendar week were paid for a weekly payroll period.".

(3) ZERO BRACKET AMOUNT—Paragraph (1)(G) of section 3402(f) (relating to withholding exemptions) is amended by inserting "(or more than one exemption if so prescribed by the Secretary)" after "one exemption".

(4) CHANGES IN WITHHOLDING.—Section 3402(i) (relating to additional withholding) is amended to read as follows:

"(i) CHANGES IN WITHHOLDING.—

"(1) IN GENERAL.—The Secretary may by regulations provide for increases or decreases in the amount of withholding otherwise required under this section in cases where the employee requests such changes.

"(2) TREATMENT AS TAX.—Any increased withholding under paragraph (1) shall for all purposes be considered tax required to be deducted and withheld under this chapter.".

(5) WITHHOLDING ALLOWANCES.—

(A) IN GENERAL.—Paragraph (1) of section 3402(m) (relating to withholding allowances based on itemized deductions) is amended to read as follows:

"(1) GENERAL RULE.—Under regulations by the Secretary, an employee shall be entitled to additional withholding allowances or additional reductions in withholding under this subsection. In determining the number of additional withholding allowances or the amount of additional reductions in withholding under this subsection, the employee may take into account—

"(A) the excess of his estimated itemized deductions or other estimated deductions (as prescribed by the Secretary) over his zero bracket amount (as defined in section 63(d)),

"(B) such tax credits to which he is entitled as specified in the regulations prescribed by the Secretary, and

"(C) such additional items as specified in the regulations prescribed by the Secretary.".

(B) TABLES.—Paragraph (4) of section 3402(m) is amended to read as follows:

"(4) AUTHORITY TO PRESCRIBE TABLES.—The Secretary may prescribe tables or computational procedures pursuant to which employees shall determine the number of withholding allowances or the amount of reduced withholding to which the employees are entitled under this subsection.".

(f) REPEAL OF MAXIMUM TAX.—

(1) IN GENERAL.—Part VI of subchapter Q of chapter 1 (relating to maximum rate on personal service income) is repealed.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 3(b) (relating to tax tables for individuals) is amended to read as follows:

"(1) an individual to whom section 1301 (relating to income averaging) applies for the taxable year,".

(B) Subsection (b) of section 1304 (relating to special rules for income averaging is amended—

(i) by inserting "and" at the end of paragraph (1),

(ii) by striking out ", and" at the end of paragraph (2) and inserting in lieu thereof a period, and

(iii) by striking out paragraph (3).

(C) The table of parts for subchapter Q of chapter 1 is amended by striking out the item relating to part VI.

(g) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsections (a), (b), (c), (d), and (f) shall apply to taxable years beginning after December 31, 1981.

(2) WITHHOLDING AMENDMENTS.—The amendments made by subsection (e) shall apply to remuneration paid after December 31, 1981.

SEC. 102. INCREASE IN THE EARNED INCOME TAX CREDIT.

(a) INCREASE IN CREDIT.—Subsection (a) of section 43 (relating to earned income credit) is amended by striking out "10 percent" and inserting in lieu thereof "11 percent".

(b) REVISION OF LIMITATION.—Subsection (b) of section 43 (relating to limitation) is amended to read as follows:

"(b) LIMITATION.—The amount of the credit allowable to a taxpayer under subsection (a) for any taxable year shall not exceed the excess (if any) of—

"(1) $550, over

"(2) 13.75 percent of so much of the adjusted gross income (or, if greater, the earned income) of the taxpayer for the taxable year as exceeds $8,000.".

(c) CONFORMING AMENDMENTS.—

(1) Subsection (f)(2) of section 43 is amended—

(A) by striking out "$10,000" each place it appears and inserting in lieu thereof "$12,000", and

(B) by striking out "$6,000" and inserting in lieu thereof "$8,000".

(2) Paragraph (2) of section 3507(c) (relating to earned income advance amount tables) is amended—

(A) by striking out "10 percent" each place it appears and inserting in lieu thereof "11 percent",

(B) by striking out "$6,000 and $10,000" and inserting in lieu thereof "$8,000 and $12,000", and

(C) by striking out "$3,000 and $5,000" and inserting in lieu thereof "$4,000 and $6,000".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2) the amendments made by this section shall apply to taxable years beginning after December 31, 1981.

(2) AMENDMENTS OF SECTION 3507.—The amendments made by subsection (c)(2) shall apply to remuneration paid after December 31, 1981.

SEC. 103. DEDUCTION FOR TWO-EARNER MARRIED COUPLES.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 (relating to additional itemized deductions for individuals) is amended by redesignating section 221 as section 222 and by inserting after section 220 the following new section:

"SEC. 221. DEDUCTION FOR TWO-EARNER MARRIED COUPLES.

"(a) DEDUCTION ALLOWED.—In the case of a joint return under section 6013 for the taxable year, there shall be allowed as a deduction an amount equal to 10 percent of the lesser of—

"(1) $40,000, or

"(2) the qualified earned income of the spouse with the lower qualified earned income for such taxable year.

"(b) QUALIFIED EARNED INCOME DEFINED.—

"(1) IN GENERAL.—For purposes of this section, the term 'qualified earned income' means an amount equal to the excess of—

"(A) the earned income of the spouse for the taxable year, over

"(B) an amount equal to the sum of the deductions described in paragraphs (1), (2), (7), (9), (10), and (15) of section 62 to the extent such deductions are properly allocable to or chargeable against earned income described in subparagraph (A).

The amount of qualified earned income shall be determined without regard to any community property laws.

"(2) EARNED INCOME.—For purposes of paragraph (1), the term 'earned income' means income which is earned income within the meaning of section 911(d)(2) or 401(c)(2)(C), except that—

"(A) such term shall not include any amount—

"(i) not includible in gross income,

"(ii) received as a pension or annuity,

"(iii) paid or distributed out of an individual retirement plan (within the meaning of section 7701(a)(37)),

"(iv) received as deferred compensation, or

"(v) received for services performed by an individual in the employ of his spouse (within the meaning of section 3121(b)(3)(A)), and

"(B) section 911(d)(2)(B) shall be applied without regard to the phrase 'not in excess of 30 percent of his share of net profits of such trade or business'.

"(c) DEDUCTION DISALLOWED FOR INDIVIDUAL CLAIMING BENEFITS OF SECTION 911 OR 931.—No deduction shall be allowed under this section for any taxable year if either spouse claims the benefits of section 911 or 931 for such taxable year.".

(b) DEDUCTION ALLOWED IN COMPUTING ADJUSTED GROSS INCOME.—Section 62 (defining adjusted gross income), as amended by section 112(b)(2) of this Act, is amended by inserting after paragraph (15) the following new paragraph:

"(16) DEDUCTION FOR TWO-EARNER MARRIED COUPLES.—The deduction allowed by section 221.".

(c) CONFORMING AMENDMENT TO WITHHOLDING.—Subparagraph (A) of section 3402(m)(2) (defining estimated itemized deductions) is amended by striking out "paragraph (13)" and inserting in lieu thereof "paragraphs (13) and (16)".

(d) OTHER CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 85 (relating to unemployment compensation) is amended by stricking out "and without regard to section 105(d)" and inserting in lieu thereof ", section 105(d) and section 221".

(2) Subsection (d)(3) of section 105 (relating to amounts received under accident

and health plans) is amended by inserting "and section 221" after "subsection" the first place it appears.

(3) The table of sections for such part VII is amended by striking out the item relating to section 221 and inserting in lieu thereof the following new items:

"Sec. 221. Deduction for two-earner married couples.

"Sec. 222. Cross references.".

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1981.

(2) WITHHOLDING.—The amendment made by subsection (c) shall apply to remuneration paid after December 31, 1981.

Mr. BRADLEY. Mr. President, I ask unanimous consent that Senator HART, Senator KENNEDY, Senator BIDEN, Senator BUMPERS, Senator ROBERT C. BYRD, Senator MOYNIHAN, Senator CRANSTON, and Senator LEAHY be added as cosponsors to this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRADLEY. Mr. President, this is a 1-year tax cut, a 1-year personal income tax cut, effective January 1982. The proposal includes the following specific parts: It reduces the top rate on investment income from 70 percent to 50 percent.

It concentrates the rest of the rate reductions to taxpayers earning under $50,000 in income.

It increases the zero bracket amount by $200 for single returns and $400 for joint returns.

It increases the earned income credit from 10 percent to 11 percent, and it expands the eligible income range from $6,000 to $10,000 to $8,000 to $12,000.

It provides a 10-percent marriage penalty deduction of up to $4,000.

The revenue loss for fiscal year 1982 is $28.9 billion; for calendar 1982 it is $40 billion.

Mr. President, why do I introduce this tax cut? I introduce it for three reasons: First, I want a tax cut that provides real tax relief not illusory tax relief, not a reduction in taxes that will be eaten up by higher inflation. Real tax relief is what the American people need and what this amendment provides.

Second, I want a tax cut that will promote risk-taking and capital formation. This amendment does that.

Third, Mr. President, I want a tax cut that goes toward building a consensus for economic growth in this country among all levels of income, among all members of our society.

Mr. President, in order to achieve that consensus for economic growth, for taking those steps that are necessary to make our Nation again competitive in international markets, we must target the individual rate reductions to those in this country who are hardest hit by the combination of social security tax increases and bracket creep.

This amendment does that. This amendment provides in real terms 65 percent of the tax relief for individuals earning under $50,000 in income, as opposed to the administration's tax cut in the same year which would provide only 38 percent of the individual tax cut to individuals earning under $50,000 in income.

Second, Mr. President, this is a 1-year tax cut. And the reason it is a 1-year tax cut instead of a 3-year tax cut is because I believe that a 3-year tax cut will not break inflationary expectations. Mr. President, that is a summary of the substance and the purpose of this tax cut.

Let me say that the issue here is tax relief, real tax relief, and also relief from inflationary expectations.

Mr. President, I fear that the administration's economic program will not break inflationary expectations, but rather is a recipe for higher interest rates, for slow growth, and for greater deficits.

What is the program? Certainly it is not new. But for the purpose of this argument let us look at what the administration's program is. It is a 3-year, across-the-board tax cut without any contingency, without any provision for withholding a third year if the economy is deteriorating dramatically. A 3-year, across-the-board tax cut. It is a dramatic increase in defense expenditures. It is some reduction in the nondefense budget, and it also includes a 50-percent reduction in the growth of money in this country in the next 3 years. That is the program: Across-the-board rate reduction, cuts in nondefense spending, a dramatic increase in defense spending, and a much tighter monetary policy.

The real question, Mr. President, is: Will this program break inflationary expectations? I would call to the attention of the Senate that there is nothing in this program that addresses wages. Nothing. The core inflation rate, the wage inflation, in this country is around 9 to 10 percent. And until we can get that down, no matter what happens in the CPI this month or next month because of luck in the international oil markets or abundant harvests in this country or that, until we can get that core inflation rate down, we will still be in a period of stagnation.

So the real question here, Mr. President, is: Will the combination of these policies that I have enumerated make wage earners believe that the inflation rate is going to come down so that when they go to the bargaining table they will accept a 6-percent wage increase instead of a 10-, 11-, or 15-percent wage increase? Mr. President, I think the answer to that is a resounding no.

I, like many Senators, have probably test marketed that idea in many different kinds of groups, in union halls, in white collar plants, and the answer that I continually hear, is no; that the high interest rates at 20 percent and the cuts in student loans and other programs and the dramatic increase in defense spending are not making that worker believe that inflation is coming down and therefore he sees no reason to adjust his wage demands.

So, Mr. President, I would argue strongly that there is nothing in this program that addresses the wage component of inflation, and that component is central. If we think back just a short time to the election campaign of last fall, the charges flew that the Democrats are responsible for inflation. Why is that? Our opponents said the Democrats are responsible for inflation because we have spent on nondefense programs and cut taxes.

Mr. President, I would ask the Senate simply to evaluate the effect of the budget and tax policies of this administration on the economy and you arrive at the same conclusion. I would ask the Senate to consider on one side of the ledger "fiscal restraint." Under that, put the nondefense budget cuts that are planned over the next 3 years. And on the other side of the ledger put "fiscal stimulus." Under that category put the increases in defense spending and put the tax cuts that are embodied in this bill. And, Mr. President, you will find that over the next 3 years there is $197 billion more on the fiscal stimulus side than on the fiscal restraint side.

Now what might one conclude from these facts? One might conclude, if it were 2 years ago and that was the case, that we would have an inflationary period, and that we would be in for demand inflation. Well, the administration says "No." It says we are not going to have any inflation no matter that the fiscal stimulus side is almost $200 billion more than the fiscal restraint side.

And why is that? Their answer is the supply-side miracle. Well, what is the supply-side miracle? Well, clearly it is not cuts in business taxes. It is not cuts in the tax on investment income. That is not new. That was done in the early 1960's by President Kennedy. It has been done by our allies in Japan and Western Germany over the last 20 years as they rebuilt their economies for effective competition in international markets.

What is new in this supply-side miracle is the belief that when an individual gets back $8 more a week in a tax cut, that he or she is going to save that $8 and not spend it.

Well, in my conversations with people across the State of New Jersey, I can assure you that they have discovered a number of ways they are going to spend that $8 more a week. I can assure you, also, that, when they do spent it, we are in for a period of higher inflation.

Mr. President, what the supply side "miracle" is all about is the belief that our economy will act unlike it ever has in the past. Take the savings rate. In this country, Americans have saved between 3 cents and 6 cents of every dollar they made whatever the condition of the economy. In good times and bad, in recession and inflation, Americans have saved between 3 and 6 percent of their income. Now we are not the Japanese. They save 24 percent of their income. We are not the Germans. They save 16 percent. We are the Americans. We save between 3 and 6 percent.

And yet for this supply-side miracle to work, we will have to almost double our present savings rate. And what is the incentive? That we get $8 more a week in a tax cut that is probably going to be eaten up by higher prices for food, fuel, and housing. So that is one belief that does not parallel historical experience.

But, you know, Mr. President, when

you point out to our colleagues across the aisle and representatives from the administration that know the econometric models—Data Resources, Chase Econometrics, the Wharton School, whatever—none of them agrees with the administration's projections on the performance of this economy. What is their response? When you ask David Stockman that question directly, as I did in the Finance Committee, his response was, "Well, those econometric models only look at the past to predict the future."

Mr. President, I have never heard a more succinct definition of the scientific method: that we look at the past, draw generalizations and try to predict the future.

So what this supply-side miracle is really about, Mr. President, is a dispute between belief, blind belief, no historical precedent, and the scientific method. We are turning the science of economics back to the 18th century when mere belief, not empirical evidence, was the central component of any economic philosophy.

In the last 50 years, during which this country has achieved a level of prosperity unheard of in the world, that has not been our view. But we have now reverted to the position that belief is more important than science.

Mr. President, I reject that.

As you look at this economic program, you see the seeds of its own destruction beginning to sprout. From the very beginning there has been an ambivalence in this economic program. It has been embodied in the President's statements. It was embodied in candidate Reagan's statements about the economy. He has been torn by two poles, two poles within his own party. In my judgment, economic policy in this administration will continue to be split and the victim of this polarity will be this economy.

What are those two poles? Early on, several years ago, when the Kemp-Roth tax cut was introduced, that was called a supply-side program. And when it was questioned, there was said to be no need for cuts in the budget because all we had to do was to reduce the marginal tax rate and economic growth would surge at a rate unprecedented in historical experience. The result would be more revenues for the Federal coffer, more revenues even though we cut the tax rate by 30 percent.

There are still those in this administration who believe that doctrine.

Mr. President, there is another school in this administration. It is called the strict monetarist school. It believes the only way you can cut inflation is by limiting the supply of money.

Mr. President, these two schools, the supply-side people and the strict monetarists, are on a path that will result in conflict and the victim will be the only economy we have in this country.

Mr. President, no less an eminent supply-sider than the economist Art Laffer has said that if interest rates stay as high as 20 percent the victim is going to be the Reagan economic program. And no more eminent a body than the International Bank of Reconstruction Settlements has said that if interest rates stay where they are, the world economy is going to be on the junk heap.

So, Mr. President, when this conflict occurs one or the other is going to win. If the monetarists win this dispute and interest rates stay about 15 percent for the foreseeable future, the next year, what is going to happen? We are going to be in for the same dose of medicine we got in 1974 and 1975. Unemployment is going to go up, plant capacity is going to be left unused, and we are going to be in an old-fashioned recession.

If the supply siders win, we are going to be in a period of stagflation, because you will not be able to control inflation in such an environment.

So, Mr. President, I would argue that the administration's economic policy is flawed in all these many respects. Finally, it is flawed because it is so finely tuned that it takes no account of the uncertainty that exists out there in the world today.

The election last year was a call for a change. I agree. But it was not a call for a change to a specific future. It was an expression of people's feelings that as long as inflation is 10 to 15 percent, as long as the dollar has deteriorated, as long as high unemployment exists, we need a change. That vote was counted and there has been a change. The administration has moved to skillfully define what that mandate was all about in terms of marginal tax rate reductions, cuts in nondefense spending, and much more stringent monetary policy.

Mr. President, as I think my remarks have indicated, and as I am sure the remarks of my colleagues will indicate, that is not universally agreed to, neither that that was what the mandate was all about, nor that that is the best medicine for this economy.

We would rather look to a future that recognized that private sector investment is necessary for this economy to get back on the path of economic growth, but not sufficient. We should recognize that we also need investment in economic infrastructure, in railroads and ports, so that we can export what we have the greatest comparative advantage in—coal—so that we can give the West Germans a choice between Soviet natural gas and U.S. coal.

And we should recognize that we need a third kind of investment, which is investment in people, Mr. President, investment in human beings. Not simply plants and equipment but human beings, workers in older industries who have lost their jobs because the Japanese and the Germans are more competitive, who need to be retrained into the growing industries of the 1980's and 1990's, not captured in the dying industries of the 1970's.

We need investment in our young people, Mr. President, in the cities of this country, who have no stake in the future of our Nation, who have unemployment rates of 40 to 60 percent—unemployment rates that, if they continue, will, 10 years from now, be an enormous drag on this economy.

We in this body, in this country, today must do in this area what Dwight Eisenhower did in the 1950's, when Nikita Khrushchev beat his shoe on the table and said the Soviet Union would bury us.

The response was, "No, we will use every able-bodied person in our country and mobilize our society for economic growth, and recognize, in the process, that all people in this country are an essential part of that solution."

We look to the future and also say let us take some risks. Let us treat risk as an opportunity and not as a threat. Let us look out there and say we are betting on research and development.

Let us not cut the budget by cutting NASA. Let us not cut the budget by cutting education programs that give people the means with which to compete in a sophisticated economy.

Let us recognize we need research and development and innovation and risktaking.

Finally, Mr. President, let me suggest that we put all three of those kinds of investments, underlaid with a commitment to research and development and innovation, into an international context, into a growing world economy, where, because the rest of the world grows, we grow because we can compete more effectively in the international markets.

Mr. President, this is the rationale for this tax cut. It is a 1-year tax cut. It is a tax cut that gives the greatest relief to those who are the hardest hit by social security increases and by inflation. This is a tax cut that will promote risktaking and capital formation. Finally, and more importantly, Mr. President, this is a tax cut that builds a consensus for economic growth.

I am pleased to yield to my cosponsor, the Senator from Colorado (Mr. HART).

Mr. HART. Mr. President, I associate myself very, very strongly with the remarks of the Senator from New Jersey. When the President addressed Congress in February and presented his economic package, he challenged anyone who did not support it to offer a better alternative. As one who is unwilling to gamble with this country's economy on a highly speculative theory of so-called supply-side economics and a 3-year tax cut, I join with my distinguished colleague from New Jersey in offering an alternative.

It is a sound and thoughtful alternative, Mr. President. The Senator has outlined it, and he has properly noted that it identifies the real issue before the Senate today. That is the issue of inflation.

Although we could go on at some length about the specific differences between the proposal which we have before our colleagues now as opposed to the specific aspects of the so-called Kemp-Roth or supply side or 3-year tax cut, the real issue, as the Senator from New Jersey has identified it, is one's philosophy of government and the impact one believes what the experts call the macroeconomic effect large budget deficits will have on both expectations and the real marketplace in this country. It is what the effect of large, massive continued Government borrowing to finance that deficit will have on the marketplace in terms of capital availability for continued expansion of those aspects of our economy that need to recover and need to grow.

Mr. President, Americans need and deserve tax relief and they deserve it this year. They need it most of all because of the impact of inflation on their disposable incomes and on the value of the resources that they have worked for. But, Mr. President, as the Senator from New Jersey has said, tax cuts that increase inflation are no bargain. As yet, the proponents of the so-called supply-side theory have not offered any concrete evidence to indicate that the deficits created by these tax cuts are not, themselves, inflationary.

We have all become familiar with the writings in the newspapers and the speeches in committee and on the floor of both Houses of Congress in recent weeks and months, making the anomalous argument about how some deficits are good and some deficits are bad. Apparently, the market is supposed to know that a deficit created by a tax cut is a good deficit and not react as though, somehow, that was not going to force the Government to borrow money to pay for that deficit; whereas a deficit made by Government spending is a bad deficit and therefore intolerable. Mr. President, I think we have seen the market indications already. We do not need to debate in this body about what deficit is good or what deficit is bad. The financial markets themselves have told us both deficits are bad. That is an indication that deficit spending causes inflation.

That is either true or it is not true. If the proponents of that school of thought, as they have seemed to for the last number of decades, believed what they were saying, they would not support this tax cut because, contrary to a lot of the rosy assumptions that have been put forward in both the Budget and Finance Committees in both Houses of Congress, there are going to be large deficits in 1982, 1983, and 1984.

We are not going to balance the Federal budget in 1984, as these rosy assumptions have led people to believe, or have tried to lead people to believe. I think the financial markets and the serious students of the economy of this country, who have to decide whether or when or how to invest large sums of money, have already reached that conclusion.

We have heard that others in the administration, or the same people who have supported this tax cut, also want us to increase substantially defense spending. Where does that leave us, Mr. President, if, in fact, we go forward with this massive 3-year tax cut and we go forward with the defense buildup? I think we have already heard from the people who have looked at the figures. They have said we are headed for substantially increased and continued inflation.

Once again, Mr. President, I think the question the American people have to ask is what good does it do, as the Senator from New Jersey has properly said, to get $200, $300, $400, or $500 in tax cuts if, in fact, the inflation that is in part, at least, if not totally, created by the deficits that those tax cuts lead to rob the individual taxpayer of $1,000 or $1,200 or $1,500 every year that tax cut occurs?

That is no bargain Mr. President. As the Senator from New Jersey has properly said, and I think all of us who have been out listening to the people we represent know, the American people are intelligent. They are not ignorant. They know what is going on. They are not willing to experiment with the future of this economy at a highly volatile time. They have told this Senator, and I think they have told a lot of others, "Do not take chances. Do not put fuel on the fire."

In times past, Mr. President, when there has been inflation, our colleagues across the aisle have said, "We have to cut Government spending. Why do we have to cut Government spending? Because Government spending causes inflation. It particularly causes inflation when it causes a deficit." We know all the theories and all the arguments about competition from the Government as a borrower and the resultant high interest from that competition as a borrower. That drive up the cost of money. That leads to higher interest rates and that leads to the other problem the Senator from New Jersey and others have identified. That is the companion of inflation in our society today and our economy.

It is the interest rates that are killing off businesses right and left, home buyers, auto dealers, farmers and small businesses, killing them all. The rate of bankruptcies in our society is escalating almost daily. That is no accident. It is because the Federal Reserve Board has adopted the policy of trying to wring out inflation when the other aspects of the economic package are pouring gasoline on the fire.

Mr. President, we cannot have it both ways. We cannot create deficits by tax cuts, have those deficits compete in the marketplace for a scarce supply of money and expect the interest rates to come down. As the Senator from New Jersey has very accurately said, aspects of the President's economic policy are at war with each other. Tax cuts are at war with interest rates. That is going to continue if we adopt his proposal.

Mr. President, any time anyone puts forward a proposal, particularly a novel proposal, the proponents of that proposal have a burden of proof. The burden of proof is to demonstrate that the proposal will do what it is claimed it will do.

What evidence have we been given that people will, in fact, save and invest the relatively small tax cuts they will receive in a highly inflationary period? None. The only historic example that has been given, time and time again, is the Kennedy tax cut of the early sixties. We all know that these circumstances are not the same. That tax cut was to fuel a stagnant economy. At the present time, we have an overheated economy. It does not need stimulation. It certainly does not need the dual stimulation of dramatic increases in defense spending and tax cuts that are going to fuel the inflation.

Mr. President, it is the wrong time and the wrong proposal for the wrong ill in our society.

I was fascinated, Mr. President, to read in the newspapers earlier this week that the Director of the Office of Management and Budget said, in defense of a 3-year tax cut as opposed to a 2-year or a 1-year tax cut, that the real reason we need a multiyear tax cut, particularly a 3-year tax cut, is to force the Congress to cut the budget even deeper.

Now let us ask ourselves what really is in operation here. Is it a benign theory called supply-side economics that really just wants to stimulate the economy, according to some well-intentioned but mistaken economic theory? Or is there a darker agenda, an agenda which says we have already cut $40 billion to $45 billion from the domestic budget, from programs designed to help various segments of our society—education, transportation, health, and so on? Or is there another agenda here which says, "Let us cut these taxes; let us deny the Government revenues so that we can break the back of the Federal Government, so that the Federal Government will no longer operate in the mid and late 1980's and 1990's in these areas which need public assistance"?

When I hear statements of that sort, I wonder why we really need this tax cut to stimulate savings and investment. It is to force Congress to cut the budget even further.

I should like to know what the real agenda behind the tax cut is, what really is in the minds of the people who have proposed this very drastic, if not radical, economic measure.

Is it really the idea of stimulating people to invest, for which we are given no economic or historic support, or is it really to force the Federal Government to cut another $40 billion, $50 billion, or $60 billion from programs that are practically decimated—job training, energy stimulation, assistance to the elderly, and a lot of other areas?

We are getting close to the bone. We are getting close to the bone called entitlements programs. We are struggling about what to do with social security, food stamps, child nutrition programs, school lunch. We are struggling because we are right down to the bare bones that the law will provide. We will either have to change the law—and we are changing the law in many of these areas—or we will have to abandon this scheme called supply-side economics or postpone it until we get the budget in balance.

The theory behind the proposal offered today by the Senator from New Jersey and myself and others is to postpone that experiment, give the people the tax cut and the economic relief they need and deserve in 1982; but then let us get the Federal budget into balance. Let us eliminate those deficits. Let us get spending under control. Let the administration say to the fiscal markets and the people in this country that we have fiscal integrity in Washington. Then we can cut the taxes. That is what we propose, in a nutshell.

We propose a fair, just, and more equitable tax cut for the next fiscal year, one this budget can afford, and let us get on with eliminating the deficits and getting the Government out of the marketplace and borrowing funds, in bringing down interest rates, so that the homebuilding industry in this country

can survive, the automobile dealers can survive, the farmers can surivive, and small business people can survive—the businesses in our society that are capital intensive and need the supply of capital they cannot afford. Then we will have time to experiment.

I believe that a sober reading of the mood of the American people and the state of our economy would indicate that this is absolutely the wrong time to pour gasoline on the flames of inflation; that the sober and the prudent and the wise business course for this country's economy is to proceed a step at a time and not to experiment in a highly volatile period.

I urge the Senate to support the proposal of the distinguished Senator from New Jersey, and I strongly support it.

Mr. DOLE. Mr. President, are there further speakers on this matter?

The PRESIDING OFFICER (Mr. WARNER). The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I join my colleagues, Senator BRADLEY and Senator HART, as a cosponsor of this amendment. I join in urging the Senate to listen to their carefully reasoned arguments and to support what I believe is an extremely thoughtful and economically responsible amendment to the Senate Finance Committee tax proposal.

The Senator from New Jersey, in his excellent presentation, has made the case effectively and compellingly, and the Senator from Colorado has done the same.

I would like to expand on one aspect of this proposal, which I believe has special significance for the millions of taxpayers below the $50,000 level—that is, 95 percent of the American taxpayers.

The Senator from New Jersey and the Senator from Colorado have pointed out very effectively the compelling reasons for this amendment, as an essential step to restrain inflation. In spite of the rhetoric of the Reagan administration, the tax cuts in this bill are highly inflationary. The financial markets in this country are voting against the Reagan administration economic plans by raising their interest rates to the highest levels in our history. The money markets understand this Kemp-Roth plan, and thus are giving it a vote of no confidence—they do not believe it will work. And they are setting their interest rates at higher and higher levels for the future.

What they are saying now to the American people—and what they are saying to small businesses and major corporations in this country—is that they believe that we are going to continue to have double-digit inflation over the next several years. They are looking closely at the Reagan plan. They see no spending cuts. But they see the ever larger tax cuts and defense spending increases. And they see inflation. They see inflation being locked into our economy by a highly stimulating fiscal policy for the foreseeable future.

What they see in the Senate Finance Committee proposal, which is basically the administration's proposal, should be a clear message to the country. In spite of the supply-side apologists in the administration who have made rosy predictions about their plan, the experts in the money markets are not buying what the administration is selling.

In most instances they are members of the President's party, but they are not buying the President's arguments. They are men and women who have to make the hardheaded financial decisions every day. What they are saying is that the budget cuts do not make up for the increase in defense spending and the tax reductions, and the result is going to be high inflation for the years to come.

The Bradley amendment is the right way to deal with the problem of inflation and high interest rates. It will save billions of dollars over the administration's proposal in future years—dollars to offset the deficit or to meet the human needs of the people of this Nation. It will save $60 billion over the administration's program.

On the issue of budget control, this is an important measure. On the issue of inflation, this amendment makes sense.

Finally, Mr. President, on the issue of equity, this proposal is equally essential. Under the administration plan, which is the Senate Finance Committee proposal, the top 5 percent of the taxpayers will receive 36 percent of the tax benefits under the measure before us in the Senate.

The Bradley amendment reduces that 36 percent to 26 percent. It takes approximately $7 billion and targets it on the 95 percent of the middle-income people of this country earning $50,000 a year or less. It will provide urgently needed relief for millions of middle-income families against the increases in social security taxes and the effects of inflation, the increased costs of home heating oil, and the costs of food and housing.

No one should be concerned that this amendment is for 1 year only.

We have seen over the past two decades that the Senate has been willing in seven or eight different tax cuts over that time to provide relief to average taxpayers for the increases in inflation. There is no reason to think that Congress will not continue to do so in the future.

The Bradley measure provides immediate relief. This measure commends itself as a matter of equity. It is a sound economic measure, it is a sound budget measure, it is fair to all our citizens, and I urge the Senate to support it.

Mr. BUMPERS. Mr. President, I also rise in support of the Bradley-Hart amendment for a number of reasons, one of which is that I have never talked to an economist who could cite any empirical economic evidence that this approach to solve the economic woes of this country is going to work. Not only have I never talked to an economist who believed it is going to work, I do not believe it either.

In discussing the Bradley amendment, however, we have to remember that we are not just arguing economics. There is also a moral issue involved, as there is on much of our legislation, which we seem to forget so often. Some of the people whom Senator KENNEDY just mentioned need help and are not getting it.

To emphasize and illustrate the point I shall point out several telling facts. First, we talk about middle-income earners without much regard to the actual fact that 62 percent of the people in this country make less than $20,000 a year. Second, almost 82 percent of the people in this country make less than $30,000 a year. Some people who make $30,000 and $35,000 a year tell me they can hardly keep body and soul together, and I remind them that they are in the top 30 to 40 percent of the income earners in this country.

Third, the median family income in the United States is $21,000. That means 50 percent of the people in this country make less than $21,000 and 50 percent make more than that.

That may sound a little bit skewed, considering the fact that 62 percent of the tax returns filed last year were by people who made less than $20,000, but that is because of the people who live alone, and so on. I am talking about the median family income of four. Half of them make less than $20,000 a year.

Only 4.8 percent of the people in this country—let me repeat that—4.8 percent of the people in this country make over $50,000, and, as my colleague from Massachusetts just pointed out, they get 35 percent of the total dollars in the personal income tax cuts of this bill.

Also, at the end of 3 years under Kemp-Roth, those people making less than $20,000 a year today will be no better off than they are today, and those making less than $15,000 a year will be worse off.

This is not to say that I oppose a tax cut for wealthier people in this country. I do not. This Nation, however, is not without a conscience. Simply because someone makes $100,000 a year does not mean that he is not concerned about his country or that he wants all of the tax cuts for himself, to the exclusion of people who are struggling to pay their electrical and heating bills. If we were to take a poll among all of the people who make over $50,000 or $100,000 a year. and ask, "Do you think you ought to gain 15 percent on your disposable income over the next 3 years and the people making $10,000 a year lose about 100 percent of theirs," the answer would be a loud, unanimous chorus, "No." Of course, we do not want that. Yet that is exactly what the Kemp-Roth bill does.

This amendment of the Senator from New Jersey lowers the top rate in this country from 70 percent to 50 percent. How many times have we heard people stand around and say it just does not pay to work any more with that 70-percent rate? It has never been a deterrent to me. I do not know many people who are deterred, for that matter. It only makes great coffee shop talk.

I can accept that rate reduction primarily because no one pays it anyway. Instead, people find tax shelters. They have more ways than one they can count to avoid paying a 70-percent rate.

Do Senators know how much money the Federal Treasury collected last year? Of all the personal income taxes collected in this country last year, less than about a little over one-half of 1 percent of all the revenues that came

into the Treasury last year came from people who were in that 50 to 70 percent category. So I say reduce the rate to 50 percent. It is just enough of an irritant to give people something to complain about, and it serves no useful purpose.

The point is that those people are going to fare very well under the Bradley amendment, while the people that make less than $20,000 a year or $30,000 a year will at least get enough to protect them against inflation and the increase in social security taxes.

Is that asking too much? Is that a moral issue that just eludes 100 Senators? Sometimes I am afraid so and even more afraid to admit it.

In 1978 we debated a tax bill here for 7 long weeks, under the guidance of the distinguished Senator from Louisiana (Mr. LONG).

Go back and check the record to find where the argument was being made that, if we would just cut the capital gains tax from 49.125 percent to 28 percent, we could reindustrialize America. This was going to give people money to invest in industry. We were going to build high technology plants, and we were going to compete with the Japanese.

That was 3 years ago. What is the cry on the floor today? Twenty-eight percent is not low enough. We have to go down to 20 percent. Not only do we have to cut the capital gains rate again, about 80 percent of which is enjoyed by the high income taxpayers in this country, but we have to give the lion's share of this tax cut to the wealthiest because the proponents of the reduction argue that the wealthy are the only ones who have enough sense to invest it right.

That, I say to my friends, should be an affront to everyone in this body. I do not care whether he is rich or poor, Republican or Democrat.

Yet, I will acquiesce to another cut in the capital gains rate, to 20 percent. Maybe we should abolish it altogether, if the idea is to cause people to invest in America's industry so we can become competitive.

Mr. President, today our plants, so the Wall Street Journal said this morning, are operating at 79-percent capacity.

That is the lowest since last November, and last November was one of the lowest in the last 3 years. There is absolutely no question that American industry is suffering right now.

I think they are suffering from two things. First, they probably do not have the high technology to become as productive as they should be and, therefore, competitive enough to sell their products on the world market and the domestic market. Second, there is inflation. Inflation has reached the point where people can buy nothing except the bare necessities, and many of them cannot do that.

Let me give you an illustration of some things to come, and the reason I think it is important to skew this tax rate to take care of people who need help so desperately.

I was home for the Fourth of July in my hometown of Charleston, Ark., population 1,750, and all I could hear was the electric bill everybody in that town had received. People who had never paid a higher than $50 or $70 electric bill in their lives were getting bills for $150, $250.

One fellow said, "Have you ever had a $100 electric bill?" His friend answered, "No. I have had some $200 or $300 ones, but I never have had a $100 one."

Let me tell you something else: Most of the electricity in Arkansas right now is being generated by natural gas. Do you know what the national average price of natural gas is today? About $1.90 to $2 an mcf. Do you know that the decontrolled price of natural gas today is about $7? In 1985, when all natural gas is deregulated, the national price of natural gas at a decontrolled price will almost certainly be at least $7, because that is what it is now.

What is somebody's electric bill going to be in July and August of 1985? Mr. President, that is only the energy impact on inflation.

If you believe as fervently as most people who have spoken here in the past 6½ years have said they believe, that high interest rates in this country and inflation are caused by the fiscal irresponsibility of the U.S. Congress and their constant deficit spending, you cannot vote for Kemp-Roth.

Please tell me where we are going to make up $333 billion over the next 3 years, because that is where the Finance Committee bill leaves us, not even counting the $9 billion for calendar year 1981. Here are the figures: In 1982, $56,837,000,000; 1983, $115,782,000,000; in 1984, $160 billion, for a total of $333 billion.

Add a proposed increase in defense spending of $100 billion over the next 3 years, and the result is the tidy little sum of $433 billion. Furthermore, I promise you defense spending will be more than that.

By the Reagan team's own estimates, increased revenues will only be $170 billion, and as we say in Arkansas, "You don't have to be broke out with brilliance" to know that leaves about a $250 billion deficit.

Think about how we agonized over the $38 billion in cuts that are in that reconciliation bill, and tell me where it will come from.

Mr. President, I must truthfully say that we seem to continually tell the American people what we think they want to hear, rather than what they need to hear, and we can continue to deal with the politics of these problems, instead of the real problem. As long as we do that, we are going to have a deficit in 1984 that will choke a mule, and that will cause a continuation of high interest rates.

Walk through the streets of small-town America today, and ask people, "What do you consider to be the biggest problem you are facing in this community?" I promise you that a majority of those people will respond, "High interest rates."

You cannot buy a house, and if people cannot buy a house, nobody can sell one.

So, Mr. President, those are the figures. They are printed—I did not dream that up—in the Senate Finance Committee report.

We are not only cutting personal income taxes by $245 billion over the next 3 years, we are cutting business taxes by $73 billion. We have also added further tax breaks on estate taxes, windfall profits taxes, and others. The total figure is $333 billion.

The Office of Management and Budget has just issued new figures saying that the interest rate in 1982 will be 10.5 percent. That is up from an estimate 3 months ago of 8.9 percent. I will stand behind my desk and eat my hat if even that is right. If we pass this bill—and I do not think anybody has any illusion that we will not—interest rates will be far higher and the economy will be far worse. Those who feel very strongly about this situation feel obliged to raise the warning flag, not to be able to say, "I told you so," but in the effort to bring inflation under control, bring runaway Government spending under control, to bring interest rates down and, above all, to reinstill a little confidence in Government, since it is at an all-time low.

Mr. President, those are my sentiments, and I hope that Senator BRADLEY will at least get a good show of courageous people in the Senate who believe that the people are entitled to a tax cut who, above all, believe that it ought to be a fair tax cut, who believe that we cannot pass a $333 billion tax bill and balance the budget in 1984. It cannot be done.

I yield the floor, Mr. President.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER (Mr. QUAYLE). The question is on agreeing to the amendment of the Senator from New Jersey.

Mr. DOLE. Are there any other speakers?

Mr. BRADLEY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. I would like to say a word: Vote "no."

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from North Dakota (Mr. ANDREWS), the Senator from Utah (Mr. GARN), the Senator from Iowa (Mr. GRASSLEY), the Senator from Oregon (Mr. HATFIELD), the Senator from California (Mr. HAYAKAWA), the Senator from Illinois (Mr. PERCY), the Senator from New Mexico (Mr. SCHMITT), the Senator from Utah (Mr. SYMMS), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I also announce that the Senator from New Mexico (Mr. DOMENICI) is absent due to a death in the family.

I further announce that, if present and voting, the Senator from Utah (Mr. GARN), the Senator from Oregon (Mr. HATFIELD), the Senator from Illinois (Mr. PERCY), and the Senator from Utah (Mr. SYMMS) would each vote "nay."

Mr. CRANSTON. I announce that the Senator from Florida (Mr. CHILES), the

Senator from New York (Mr. MOYNIHAN), the Senator from Arkansas (Mr. PRYOR), the Senator from Mississippi (Mr. STENNIS), and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

I further announce that, if present and voting, the Senator from New York (Mr. MOYNIHAN) would vote "yea."

The PRESIDING OFFICER. Is there any other Senator in the Chamber that desires to vote?

The result was announced—yeas 24, nays 61, as follows:

[Rollcall Vote No. 201 Leg.]

YEAS—24

Baucus	Eagleton	Levin
Biden	Glenn	Matsunaga
Bradley	Hart	Metzenbaum
Bumpers	Huddleston	Mitchell
Byrd, Robert C.	Inouye	Pell
Cannon	Jackson	Randolph
Cranston	Kennedy	Sarbanes
Dodd	Leahy	Williams

NAYS—61

Abdnor	Ford	Murkowski
Armstrong	Goldwater	Nickles
Baker	Gorton	Nunn
Bentsen	Hatch	Packwood
Boren	Hawkins	Pressler
Boschwitz	Heflin	Proxmire
Burdick	Heinz	Quayle
Byrd, Harry F., Jr.	Helms	Riegle
Chafee	Hollings	Roth
Cochran	Humphrey	Rudman
Cohen	Jepsen	Sasser
D'Amato	Johnston	Simpson
Danforth	Kassebaum	Specter
DeConcini	Kasten	Stafford
Denton	Laxalt	Stevens
Dixon	Long	Thurmond
Dole	Lugar	Tower
Durenberger	Mathias	Wallop
East	Mattingly	Warner
Exon	McClure	Zorinsky
	Melcher	

NOT VOTING—15

Andrews	Hatfield	Schmitt
Chiles	Hayakawa	Stennis
Domenici	Moynihan	Symms
Garn	Percy	Tsongas
Grassley	Pryor	Weicker

So Mr. BRADLEY's amendment (UP No. 241) was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BAKER. I move to lay that motion on the table, Mr. President.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I just want to add that the 10 Republicans who are absent would have voted "nay."

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, there will be no more votes this evening. The Senate will convene at 11 a.m. on tomorrow.

Mr. President, while I inquire of the distinguished managers of the bill, the chairman, and the ranking member as to their preference on this bill for this evening, I might say to the distinguished minority leader that we have certain routine work we can undertake as soon as the managers are prepared to lay this bill aside.

The Senate will convene in the morning at 11. I do not expect that tomorrow will be a late day, but I do hope that we shall be able to dispose of some matters tomorrow that will assist in the final disposition of this measure.

Mr. President, is the Senator from Kansas prepared to go forward with another amendment, another statement, or is he willing to lay this aside?

Mr. DOLE. Mr. President, I am prepared to go forward to my office and lay this aside.

Mr. BAKER. I thought I recognized that look in his eye.

Is the minority manager willing as well?

Mr. LONG. Yes, Mr. President.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business not to extend beyond the hour of 6 p.m. in which Senators may speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

HAWAII AT THE DAWN OF A PROMISING GEOTHERMAL AGE

Mr. MATSUNAGA. Mr. President, it is with great pride and a parental sense of accomplishment that I take the floor to report that another historic energy milestone has been achieved in the Aloha State. Today, the Senate of Hawaii joins California and becomes the second State in the Union to generate electricity from geothermal energy, as Gov. George Ariyoshi dedicates the first 3-megawatt generator in Puna, Hawaii.

It was nearly a decade ago that Dr. John Shupe, then dean of engineering at the University of Hawaii, visited me in my House office suite, when I was a member of that body, and asked to have legislation introduced promoting the development of geothermal energy. I remember the moment well, because to his pleasant surprise, I was able to inform him that I had already introduced such a bill and presented him with a copy.

That first piece of legislation effectively launched Hawaii on a trajectory toward an ultimate target of energy self-sufficiency, and I have since introduced and seen enacted into law a number of renewable energy bills involving solar photovoltaics, windpower, and ocean energy. On June 13, 1981, on the Island of Molokai, I dedicated the world's first lived-in solar photovoltaic residence which is now feeding electricity into the Molokai utility grid. Hawaii will also be the home of the first major windfarm, as it was the site of Mini-OTEC, the ocean thermal energy conversion plantship which was the first in history to produce net positive power.

The use of natural energy—the Sun, the wind, the oceans, and now with geothermal energy, the Earth—will in time eliminate Hawaii's annual billion dollar dependence on inported oil and make for a more secure and prosperous economy.

The Hawaii geothermal project was especially foresightful because the early planning started before the 1973 energy crisis. The entire program cost $13.4 million, with more than 80 percent being funded by the Federal Government, and I must say that were it not for this early Government boost, it is my belief that the various geothermal consortia now actively pursuing commercialization of the technology in Hawaii, would not be in existence. In this connection, I remind my colleagues that one of the most significant responsibilities of Government is to create the favorable economic and institutional climate from which our free enterprise system can innovate and prosper. This is especially true for such an important commodity as energy, which by dint of being virtually a common denominator of life, requires special treatment, public utilities being a case in point.

The Hawaii geothermal project is illustrative of Government successfully at work, for through front-end injection of public funds, the uncertainty or risk factor was removed, technical and financial credibility was established, and concerns about the environmental, socio, cultural, legal factors were resolved. During this crucial period when oil imports can be terminated at the whim of a Middle East potentate, and when oil costs have skyrocketed by 1,600 percent since 1972, considerable value can and should be placed on accelerating the commercialization of energy alternatives which would reduce petroleum importation.

My home State of Hawaii presently imports 94 percent of all its energy used, mostly foreign crude oil. We have no indigenous fossil fuels, no uranium, no incoming pipelines, and no electrical transmission lines tied to the national grid. Residents of Molokai already pay close to 20 cents per kilowatt-hour of electricity to the utility company which, in turn, pays $44.50 a barrel for the crude oil it burns.

Swift attainment of energy self-sufficiency is a simple matter of survival. I wish that I could be confident that the current world oil oversupply will continue until industry develops and installs the equipment and modes of utilization that are based on our renewable and indigenous resources. However, there is no such assurance. In the meantime, Hawaii will continue to pay more than a billion dollars each year for imported oil, a sum, which is, by the way, greater than our negative State balance of trade. Like an addict, we will pray that the flow will continue, because the alternative is no energy. I thus rejoice whenever any new natural energy project comes on line.

A few critics have labeled geothermal energy as nonrenewable and tainted by unforeseeable environmental problems. To the knowledgeable, the renewable issue is moot and semantical. But to answer the skeptics, reports can be cited indicating that the heat for the geothermal process comes from recirculating magma, while the hot fluid or steam that rises to the surface is capable of constant recharge through rainfall.

The environmental question marks might well turn out to be assets. The two most prominent contaminants found in Hawaiian geothermal fluids could become valuable byproducts. First, hydrogen sulfide, which has a distinctive and repulsive smell of rotten eggs, can be captured and converted into sulfur dioxide for clarification of sugar juices, or into sulfuric acid for industrial use.

Second, the silicon compounds can be refined into solar photovoltaic cells.

The primary fluid can also be used for direct heating and drying of agricultural products and for converting biomass into liquid fuel. Several international consortia are also investigating the feasibility of processing manganese nodules and alumina using geothermal as the energy source.

Mr. President, I have characterized the first 3-megawatt Puna generator as signaling the dawn of the geothermal age in Hawaii because scientists have estimated that the steam reservoir which powers it has a capacity of 500 megawatts for at least 100 years. There will, of course, be other reservoirs, in the Island State, and Hawaii's success will inspire increased geothermal explorations throughout the world. In this regard, it should be noted that global geothermal production increased from 678 megawatts in 1968 to about 1,800 megawatts in 1980, and is expected to reach as much as 10,000 megawatts in 1985.

Mr. President, I am confident that Hawaii will become the first State in the Union to attain renewable energy independence, leading the way to a more sensible energy future for the Nation and the world. My prime concern is to reach this goal in time, and avoid the cataclysmic supply dislocation scenarios that have been painted by petroleum risk analysts. The point I am making is that we should not be worried about whether we can or not, but we should move forcefully ahead without delay, as did the partnership of the Federal, State, and county governments, along with the private sector, in developing the Hawaii geothermal project.

THE PRESIDENT'S NONPROLIFERATION POLICY

Mr. McCLURE. Mr. President, I commend the President for his Presidential policy statement on the U.S. nonproliferation and peaceful nuclear cooperation policy released yesterday by the White House. The President's statement establishes a clear and positive redirection of this Nation's nonproliferation and peaceful nuclear cooperation policy. I could not overemphasize the critical need for this action by the President at the earliest possible time.

As many of my colleagues remember, this Nation's peaceful nuclear cooperation policy was initiated by President Eisenhower in the 1950's in the form of the much heralded atoms for peace program. That program and the subsequent development of the international nuclear nonproliferation safeguards regime have led to the availability of civilian nuclear power throughout the free world, as an integral part of the free world's quest for energy security. Over time, the nuclear nonproliferation regime has evolved with the establishment and development of the International Atomic Energy Agency, the Nuclear Nonproliferation Treaty, and numerous bilateral agreements for cooperation between the United States and other free-world nations.

Mr. President, the previous administration began immediately upon inauguration to attempt a redirection of the longstanding nonproliferation regime toward a new approach of unilateral domestic-type regulation of the international nuclear commerce. President Carter's April 7, 1977, nuclear power and nonproliferation policy statement, initiated a series of unfortunate initiatives by the Carter administration in this field.

The Congress, caught in the flow of activity, produced the Nuclear Nonproliferation Act of 1978. I believe it is now widely accepted that that legislation has in some ways missed and in others has misfired. The combination of the April 7, 1977, policy, a flourish of diplomatic initiatives worldwide to implement that policy, and the Nuclear Nonproliferation Act, all led to the inevitable result by the end of 1978 that this country's 25-year commitment to peaceful nuclear cooperation had become a Carter administration commitment to nuclear isolationism. In fact, Mr. President, late in 1978 I gave a much publicized speech on this issue which documented rather conclusively that the Carter nonproliferation policies effectively constituted an abdication of world leadership in the area of nuclear power and nonproliferation policy. It is no secret, as a result, that beginning early in the Presidential transition, I urged the new administration to complete the necessary policy reviews to effect a redirection of the Carter policy. That effort took the form of an Ad Hoc Nonproliferation Policy Coordinating Committee which cut across agency and departmental lines Government-wide during the transition period to begin the process which has resulted in the President's statement yesterday.

Mr. President, I could not be more pleased and satisfied with the result of the administration's policy review as contained in the President's statement. I fully support the President's stated objective of reestablishing the United States as a predictable and reliable supplier of nuclear technology and materials. Our position as a reliable supplier is the lynchpin between peaceful nuclear cooperation and an effctive and successful nonproliferation policy. Quite candidly, the end result of the Carter policies and the Nuclear Nonproliferation Act seriously threatened if not destroyed this country's longstanding commitment to being a reliable supplier. It would be my hope that the administration and the Congress will quickly take the necessary action administratively or by legislative action to remove any legal or regulatory impediments which stand in the way of reestablishing the United States as a reliable supplier. Certainly, such action necessarily includes the early transfer of export licensing responsibilities from the Nuclear Regulatory Commission to the State Department. I encourage swift and decisive action by the administration in this regard.

I am pleased to note also that the President has firmly noted the responsibility of the United States to promote a logical understanding of the legitimate energy security concerns of other free-world nations and the related importance of reducing the motivation for developing atomic weapons by insuring supplies of materials and technology for civilian nuclear power development and by providing the necessary regional security arrangements in a military sense.

The President has also appropriately recognized the important role of the International Atomic Energy Agency in the overall nuclear nonproliferation regime. I strongly support his stated intention to strengthen the IAEA and to continue to improve the effectiveness of international safeguards as an essential deterrent to nuclear proliferation. I am convinced that such improvements can be made in a way which will strike the necessary balance between the sovereignty of the individual nations and the effectiveness of the safeguards. I strongly encourage the administration and our new Ambassador to the IAEA, Under Secretary Richard Kennedy, to make every effort to initiate such activities with the IAEA at the earliest possible time.

I am particularly pleased that the administration's policy acknowledges and makes a clear distinction between civil reprocessing and breeder reactor development in nations with advanced nuclear power programs where the programs do not constitute a proliferation risk, on the one hand, and the transfer of such technology where the danger of proliferation by diversion to a possible nuclear weapons program may exist. One of the hallmarks of the policy folly underlying the Carter administration policies was attempted total opposition to reprocessing and breeder development throughout the world, including the United States. The new policy, more realistically, and certainly more correctly, will distinguish between nations with advanced nuclear programs such as Japan, and Germany, and the use of sensitive technologies in other nations where the risk of proliferation is more realistically a consideration. Certainly, this distinction will be consistent with continued efforts of this administration to proceed with both breeder technology development and eventually reprocessing for the civilian nuclear power program.

There are a series of other policy elements and initiatives contained in the President's statement and in the accompanying White House factsheet that I firmly endorse. Together, the combination of all of these new policy directions and related initiatives, should insure that the United States once again will take its historical position as the leader of nuclear power and nonproliferation policies throughout the world. The unfortunate policies and initiatives of the past 4 years hopefully will soon be forgotten by the other nations of the world, and will be replaced by a sense of confidence in the realism and effectiveness of this Nation's policies in this critical issue for world peace. I am anxious that the administration and the Congress move decisively and with all deliberate

speed to overhaul the nuclear export regulatory regime which is so counterproductive to these policies over the last few years.

I urge my good friends and colleagues on the Foreign Relations Committee to provide early encouragement and complete assistance to the administration in this regard. I am sure that the leadership is prepared to move quickly with any necessary legislative initiatives to support this new policy. Certainly, this Senator will spare no effort to that end. Mr. President, I will conclude by once again commending the President, the White House, the Secretary of State, the Secretary of Energy, and other involved officials in the National Security Council, in taking this action yesterday. The United States should and must reassert its leadership in this critical national and international security area, and I am convinced that the President's actions will accomplish that goal.

RETIREMENT OF GLEN LOCKERY

Mr. McCLURE. Mr. President, after 34 years an era is coming to an end in Idaho. A very dear friend of my wife's and mine, Mr. Glen Lockery, is retiring as the director of the University of Idaho's world-renowned choral group, the Vandaleers. Glen's contributions to the world of music are countless. He has brought the marvelous sound of voices raised in song to audiences throughout Idaho, the United States, and in fact the world. But even more important, he has added meaning and direction to the lives of the young people he has directed as members of the Vandaleers.

I speak from experience; both Louise and I were members of the Vandaleers, and our experiences as Vandaleers under Glen's direction are among our happiest memories. As a tribute to a great man, I ask unanimous consent that this article from Context, the University of Idaho Alumni newspaper, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AFTER A GREAT SEASON, GLEN LOCKERY TO RETIRE

For 34 years, Glen Lockery's name has been synonymous with the "Vandaleers," the university choral group whose characteristic vitality and fresh tonal quality he inspired.

Under Lockery's direction, the Vandaleers have deeply rooted themselves in the university's overall program, highlighting each academic year with a variety of concerts and holiday music, and taking their choral presentations to both small and large alumni centers throughout Idaho and the West.

While retiring isn't an easy step to take, Lockery says the past year has been filled with unprecedented high points, and he feels he has accomplished many of his major goals.

A reunion was held to mark the group's 50th anniversary, he explains. Eleven of the group's 17 founding members attended and an endowment to benefit the Vandaleers was announced.

Also, the Vandaleers had a successful tour of Idaho and several Western states, singing for alumni and community groups, he added. He feels the tour has further opened avenues for alumni relations "bringing the campus to the alumni centers of the West," he said.

The Vandaleers' fresh, free tone has been its hallmark of distinction over the years, Lockery said.

"The Vandaleers have always been popular, both on campus and at alumni gatherings because their lovely sound moves the listener," he said, explaining that the Vandaleers' musical concerts, which can include a range of popular, jazz, religious and folk music, are geared to appeal to a varied audience.

Lockery, the fourth person to conduct the group since it was founded in 1930, added that the Vandaleers have always been "some of the most capable students on campus," exhibiting talent in singing and many other ways.

While he has seen the overall student body change complexion during his tenure to become more sophisticated, the students trying out for the Vandaleers have also shown increasingly stronger musical talent, he said, adding that the group draws singers from across campus majoring in many diverse fields as well as music.

He said one of the most mature and professionally developed groups he has directed was the one he took on a tour of five European countries in 1971, singing in such renowned locales as Salisbury and Coventry Cathedrals in England, and to London, Paris, Berlin and Luxembourg.

Because of the tour's success, a "Circle West" tour of alumni centers in the Western U.S. was made later where the Vandaleers sang and UI administrators gave informational talks about the University of Idaho. The group completed its second Circle West tour this spring.

Under the auspices of the Partners of the Americas, the joint U.S.-South American cultural exchange program of which Lockery is the Idaho president, the Vandaleers also made a tour of five South American countries in 1975.

Over the past several years, the Vandaleers' tours have become an important aspect of alumni relations, said Lockery, who foresees the tours becoming a more significant part of the alumni relations format in the future.

Lockery got his start conducting as a high school student when he substituted for a music teacher at a high school graduation ceremony in Rosholt, Wis., his hometown.

He obtained bachelor's and bachelor of music degrees in 1940 and 1942 respectively from Lawrence University, and joined the U.S. Navy in 1943 where he obtained the rank of lieutenant. While overseas, he organized and conducted the Allied Forces Navy Choir, composed of British and U.S. sailors, and Wrens, the British Navy's women's auxiliary.

During that time, he recorded hymn music for the overseas network of the BBC, and the music was broadcast worldwide to Allied armed forces.

From Europe he went to New York where he obtained professional experience with choral groups, recording, radio and television.

He obtained a master's degree in music from Columbia University in 1947 and began his employment at the University of Idaho that year.

Apart from building the Vandaleers' prestige as an entertainment and educational group, perhaps one of his most major accomplishments has been initiating the Vandaleer Endowment Fund with the help of Agnes Ramstedt Mayers, a founding member of the Vandaleers.

The fund's goal is $60,000, the interest of which will be used to fund annual instate contacts the group makes on tour.

Lockery's musical endeavors have reached beyond the campus as well. He is also founder and conductor of the Friends of Music Chorale, now known as the Moscow-Pullman Chorale, a joint community musical group, and the forerunner to the current Idaho-Washington Symphony and Chorus.

He is a member of the Kiwanis Club, and helped to set the stage for the club's support of Moscow Community Theater's semi-annual musical productions. He directed the music for the production of "South Pacific" in 1962, "Guys and Dolls" in 1964, "Oklahoma!" in 1980, and "Oliver" in 1981.

He was president of the Moscow Community Concert Association, which flourished in the 1950s and early 1960s, bringing such stellar artists as the Ballet Russe de Monte Carlo, the Robert Shaw Chorale, the Utah Symphony and leading Metropolitan Opera singers to perform in Moscow.

For years, Lockery also directed the Inland Empire Summer Music Institute, and he is a dedicated duck hunter and golfer.

State president of the Partners of the Americas, he is also chairman of the group's cultural exchange committee, and hopes to keep involved in it after his retirement.

Saying he has no particular plans for retirement, Lockery does hope to do some teaching in Ecuadorean universities through his contacts in the Partners, to continue fundraising for the Vandaleer endownment and perhaps to do some substitute teaching in other colleges, and to keep active in the Moscow Community Theater.

THE RETIREMENT SAVINGS INCENTIVES OF THE ECONOMIC RECOVERY TAX ACT OF 1981

Mr. WALLOP. Mr. President, last week, the Social Security Subcommittee of the Senate Finance Committee held several days of hearings on the financial problems confronting the social security system. The short- and long-range financing problems facing the program will require some tough decisions by the Congress once we put aside partisan rhetoric. The problems are not insurmountable, and we will devise sensible reforms to preserve Social Security.

With all the public focus on social security, we tend to forget that social security is just one of four sources of income for older Americans. In addition, retired workers rely on personal savings, private pension plans, and earnings from continued employment as sources of income when they reach age 65. However, not all retirees receive income from all four sources. Many depend on social security for most, if not all, of their retirement income.

Though social security will continue to be a major source of livelihood for retirees, we need a new public policy which also increases the incentive for personal savings and strengthens private pension plans. Numerous articles and studies have demonstrated the benefits from increased private savings. Funds are generated for capital investment which is sorely needed in this country.

Workers increase the income available to them when they retire. And, as private retirement plans grow, people will become less concerned that they will have a steady income when they retire. Recent public opinion polls show that about 67 percent of working Americans are worried that they will not receive social security when they retire. Expanding

other sources of retirement income will increase resources for retirement and improve public confidence in all retirement programs including social security.

Earlier this year, I introduced the Employee Retirement Savings Act. The bill would substantially improve the ability of workers to participate in individual and company retirement programs. For instance, S. 1218 raised the limit on IRA contributions from $1,500 to $2,000. It also removes the present 15 percent of income limit for contributions to IRA's. It would also permit a deduction up to $2,000 for voluntary or mandatory contributions to employer-sponsored pension plans. Expanded IRA's for spouses would also be permitted. And, it provided an incentive for those who voluntarily participate in social security to remain in the system.

The Economic Recovery Tax Act has incorporated many elements of my bill. Specifically, the act increases the IRA deduction to $2,000 and removes the 15 percent income limit. Spousal IRA's would be expanded. Individuals participating in a qualified voluntary employer plan could contribute up to $1,500 to an IRA.

These changes are one more step toward providing a comprehensive retirement policy for American workers. The policy utilizes both public and private sector resources. I strongly support the changes provided by this act, and believe that this is just one more reason to support the Finance Committee's bill.

THE LAND AND WATER CONSERVATION FUND REMAINS ENDANGERED

Mr. BIDEN. Mr. President, yesterday afternoon, the Senate Appropriations Subcommittee on Interior and Related Agencies rejected, in my opinion unwisely, an amendment offered by Senator JOHNSTON which sought to continue both the Federal and State shares of the Land and Water Conservation Fund (LWCF). It did so on a vote of 6 to 8. This vote sustains the position advocated by the President and Interior Secretary James Watt and is yet another example of the tragic course the Interior Secretary is following.

It is through the Land and Water Conservation Fund that park and recreation land is protected by the National Park Service, the Fish and Wildlife Service, and the Forest Service. In addition, State assistance grants provided by the fund are used by the States and their localities for land acquisition, planning, and construction of outdoor recreation facilities. Each Federal dollar received, however, must be matched by an equal value contribution by the recipient State or local government. More importantly, the States and local governments then operate and maintain these facilities. This year local governments will spend more than $4 billion to operate park systems. As a result of this Federal, State, and local government partnership, the Land and Water Conservation Fund has proven to be a major incentive for protecting the Nation's most threatened natural resources and providing adequate recreational opportunities throughout the country.

Understandably, the land and water conservation fund's spending level must be lower than originally projected for fiscal year 1982, given the cuts in so many programs which budgetary restraint demands. But nobody can convince me that the people who accounted for the more than 200 million visits to the national parks or the 700 million visits to State parks in 1980 support the President's drastic 91 percent cut. The January budget submitted by former President Carter requested $520 million from the land and water conservation fund in fiscal year 1982. President Reagan and Secretary Watt have asked for only $45 million—none of which would be allocated to the States. Mr. Watt has specifically sought to terminate the State's participation in the fund, and has suggested no alternatives.

Earlier this week, 21 Members of the Senate joined with me in a letter to the subcommittee requesting continued funding for both the State and Federal shares. Our effort was consistent with the recommendations made by the Senate Energy and Natural Resources Committee during its budget reconciliation deliberations. All explanation of the Energy Committee's recommendation appeared on pages 355 and 356 of the omnibus reconciliation bill's report, Senate Report 97–139. I ask unanimous consent that both the letter to the subcommittee and the report language be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibit 1.)

Mr. BIDEN. Mr. President, the amendment which was rejected by the Interior Appropriation Subcommittee yesterday would have appropriated a total of $204,660,000 from the land and water conservation fund—$102 million for State assistance grants and the remainder for Federal resource protection efforts. Importantly, the funding which Senator JOHNSTON sought to restore, and which I supported, if adopted, would not have tipped the Interior Appropriations bill over the budget resolution's target. If it had, I could have understood the subcommittee's reluctance. But even with the Johnston amendment, the bill would have been within budget.

The subcommittee's rejection is even more regrettable given an understanding of how the land and water conservation program is funded. Its revenues are not raised through income tax collections but rather from the receipts obtained by the Federal Government from the Outer Continental Shelf oil and gas leasing program.

In the current fiscal year, these revenues are expected to reach $5.5 billion. In fiscal year 1982, $8.5 billion is the estimated gain to the Treasury from such leasing. These estimates are based on earlier leasing schedules, not the accelerated program being pressed by Interior Secretary Watt. To reject, as the subcommittee did, a mere 2.4-percent allocation of the money received from the depletion of one natural resource for the long-term preservation of yet others is extremely shortsighted. Unfortunately, it is typical of the environmental record which this administration has established in the 6 short months it has been in office.

While I am disappointed by yesterday's subcommittee action, I am hopeful that bipartisan support can be found within the full Appropriations Committee when it meets next week to mark up the fiscal year 1982 Interior appropriations bill. The land and water conservation fund has accomplished too much to suffer the fate which Secretary Watt has planned for it.

EXHIBIT 1

U.S. SENATE,
Washington, D.C., July 15, 1981.

Hon. JAMES MCCLURE,
Chairman, Subcommittee on Interior, Senate Appropriations Committee, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: We are writing to ask your support of sufficient funding to keep both the federal and state shares of the Land and Water Conservation Fund (LWCF) operational in FY 1982.

While budgetary restraint requires a lower spending level for these programs, we believe the Administration's $45 million request for federal acquisition funds and no appropriations for the state assistance program would severely hamper federal, state, and local efforts to ensure that our most threatened natural resources are protected and our most pressing recreational needs met.

H.R. 4035, the Fiscal Year 1982 Interior Appropriations bill, includes $151 million for federal land acquisitions and $118 million for rehabilitation and restoration of existing national parks. In addition, the House Appropriations Committee has included $4.5 million for administration of the State Assistance Grants program.

Recognizing the importance of the Land and Water Conservation Fund, the Senate Energy and Natural Resources Committee endorsed reallocating a percentage of the aggregate Environment and Natural Resources budget function, "to ensure that additional funds would be made available for certain programs not recommended for funding (or recommended for limited funding) in President Reagan's proposed budget". The Committee recommended a total of $364.7 million be allocated for such programs, including up to $305 million for the Land and Water Conservation Fund.

We urge the Subcommittee to appropriate this amount from the Fund, the total to be equally divided between federal projects and the state assistance program. As Chairman of the Energy Committee, we recognize your past support for the LWCF and hope that you will be able to accommodate the funding needed for Fiscal Year 1982 to meet the most pressing federal, state and local needs.

In our judgement, it is essential that the existing planning and financial relationship between the Federal government and the states continue for several important reasons:

The Land and Water Conservation Fund is wisely recognized as one of the best examples of creative "Federalism". Federal incentives encourage state and local jurisdictions to contribute to such important national objectives as the protection of natural, wildlife, cultural, aesthetic, ecological, and recreational resources.

The Land and Water Conservation Fund

is an efficient method of redistributing a modest portion of the growing revenues attributable to energy development along the Outer Continental Shelf. An estimated $5.5 billion in revenues will be received in FY 1981: FY 1982 receipts are presently estimated at $8.5 billion or more.

The Administration's overall move to reduce the federal presence in numerous programs, including parks, dictates that modest support be available to the non-federal systems which are being asked to fill the void being created. Thus, maintenance of strong state and local recreational systems can absorb some of the user demand previously directed to federal systems. This is clearly in the best interest of the Federal government. In the current fiscal year, local governments will spend an estimated $4 billion on the operation and maintenance of local public parks; local capital investment will exceed $2.1 billion.

Recreation pressure on state park systems has been estimated to be between two and three times the demand on national parks, as measured by visitation—the state parks hosted between 570 and 600 million visits in 1980; the National Park System, 225 million visits. Local park systems anticipate in excess of one billion visits this year.

While we understand the budgetary pressures which face the Subcommittee, we hope that sufficient funding can be appropriated to continue the federal, state, and local partnership which the Land and Water Conservation Fund encourages and supports.

Sincerely,

John H. Chafee, Robert T. Stafford, John Glenn, Daniel Patrick Moynihan, Claiborne Pell, Jim Sasser, William S. Cohen, Carl Levin, George J. Mitchell, Nancy Kassebaum, Christopher J. Dodd, Joseph R. Biden, Jr., Jennings Randolph, Paul E. Tsongas, Spark M. Matsunaga, Harrison A. Williams, Howard M. Metzenbaum, Max Baucus, David Pryor, Donald W. Riegle, Jr., Thomas F. Eagleton, and William V. Roth.

RECONCILIATION—RECOMMENDATION OF THE SENATE ENERGY AND NATURAL RESOURCES COMMITTEE

FISCAL YEAR 1982

The instruction to the Committee on Energy and Natural Resources for fiscal year 1982 contained in House Concurrent Resolution 115 is that the Committee shall report changes in laws within its jurisdiction sufficient to require reductions in appropriations for programs authorized by the Committee so as to achieve savings of $3,714 million in budget authority and $3,398 million in outlays.

The recommendations of the Committee for fiscal year 1982 would achieve savings of $6,624,716,000 in budget authority and $5,305,695,000 in outlays compared to "current policy" for programs wholly or partially within the jurisdiction of the Committee. The resultant savings from the Committee's recommendation consists of four components: (1) general budget reductions from "current policy" as proposed by President Reagan in the amount of $2,401,804,000, in budget authority and $1,313,576,000 in outlays; (2) an adjustment in President Reagan's proposed budget in the amendment of $36 million in payment in lieu of taxes by the Bureau of Land Management which was not assumed by the Budget Committee for the formulation of the reconciliation instruction (S. Con. Res. 9); (3) a reduction in the authorization for the Strategic Petroleum Reserve in the amount of $3,704,912,000 in budget authority and $3,473,619,000 in outlays due to the establishment of an off-budget financing mechanism for certain Strategic Petroleum Reserve activities; and (4) the reallocation of $568.5 million of the savings resulting from the action of the Committee on the Strategic Petroleum Reserve (a) in the amount of $518.5 million among various other Department of Energy programs and activities as an indication of areas which the Committee believes should receive greater emphasis and (b) in the amount of $50 million in budget authority and outlay for the Solar Energy and Energy Conservation Bank pursuant to Title V of the Energy Security Act (See discussion below).

In addition the Committee recommendations supports the reallocation of funds from within the aggregate Environmental and Natural Resources functional total for programs within the jurisdiction of the Committee on Energy and Natural Resources to support additional funding for (a) the Land and Water Conservation Fund for Federal programs and assistance to States; (b) the Historic Preservation Fund and (c) the Youth Conservation Corps (See discussion below).

ENVIRONMENT AND NATURAL RESOURCES (FUNCTION 300)

The recommendations of the Committee include a reallocation of funds within the aggregate Environment and Natural Resources functional total proposed by President Reagan for programs wholly or partially within the jurisdiction of the Committee in the amount of $210 million in budget authority and outlays during fiscal year 1982.

The resultant total Fiscal Year 1982 authorizations for the effected Department and agency programs were then projected on the basis of the same assumptions in arriving at the recommendations of the Committee for fiscal years 1983 and 1984.

The recommendation of the Committee supports additional funding for (a) the Land and Water Conservation fund for Federal programs and assistance to States; (b) the Historic Preservation Fund and (c) the Youth Conservation Corps, as set forth in Table 5A.

The corresponding offsetting reductions ($210 million) within the jurisdiction of the Committee would effect programs of the Advisory Council on Historic Preservation, the U.S. Forest Service, and certain activities on the Department of the Interior which fall within the budgetary function. The final judgment on such offsetting reductions will be made by the Appropriations Committee; however, the Committee on Energy and Natural Resources recommends that such reductions not occur in the following appropriations accounts: the Water and Power Resources Services, Water Reclamation Trust Fund, the Bureau of Land Management's Oregon and California Grant Lands and Range Improvement Funds, the Office of Surface Mining Reclamation and Enforcement's Abandoned Mine Reclamation Fund, the National Parks Service's Permanent Appropriations, the Bureau of Mines' Contributed Funds, the U.S. Forest Service's Permanent Appropriations and trust funds and Recreation User Fee program of the Department of Defense. Moreover, in arriving at its recommendation, the Committee on Energy and Natural Resources assumed that such appropriations accounts would not be effected when calculating the offsetting reductions.

The Committee agreed to make these reallocations in an effort to insure that additional funds would be made available for certain programs not recommended for funding (or recommended for limited funding) in President Reagan's proposed budget.

The Committee notes that President Reagan's fiscal year 1982 budget request includes a $105 million for badly needed rehabilitation and restoration projects within units of the National Park System. Under the budget request, this money is to come from the Land and Water Conservation Fund. To use LWCF funds for this purpose will require that the LWCF Act be amended. This amendatory legislation (S. 910) has been transmitted to the Committee and a hearing has been held. A final decision on this amendment may not be made by the Committee or the Congress prior to the action of the Appropriations Committees.

Although no final action has been taken on the Administration's proposal to amend the LWCF, the Committee expects this $105 million to be retained in the functional total and assumes that it will be made available for traditional LWCF projects or, alternatively, made available through the appropriations process to the appropriate Park Service budget account specifically to carry out rehabilitation, renovation, and maintenance projects. Neither of these actions requires an amendment to existing law.

TABLE 5A

	1982 administration budget request as amended	Increased as proposed by Senator Heinz and adopted	Aggregate amount recommended by the Senate E. & N.R. Committee in 1982
Land and water conservation fund:			
Federal programs	$150,000,000	$55,000,000	$205,000,000
Assistance to States	0	100,000,000	100,000,000
Historic preservation fund	4,700,000	25,000,000	29,700,000
Youth Conservation Corps	0	30,000,000	30,000,000
Total	154,700,000	210,000,000	364,700,000

ENERGY

Mr. HART. Mr. President, the national energy plan offered by the Reagan administration is an irresponsible policy which undermines important energy initiatives undertaken by the Nation during the past 7 years and jeopardizes our national security by its failure to provide an oil import reduction program.

The administration's plan paints a dismal energy future. The plan suggests we continue to depend on the foreign oil supplies which have undermined our economic recovery and threatened our national security. The plan unduly discounts the promising contribution of solar energy and other renewables to our future energy mix. The plan proposes that we destroy some of America's most spectacular lands and seascapes while we give little emphasis to improving the energy efficiency of our economy. And the plan provides only vague assurances that measures will be enacted to alleviate the hardships suffered by many low-income Americans due to higher energy prices and uncertain fuel supplies.

The most alarming aspect of the administration's proposal is the presumption that the United States continue to import large quantities of foreign oil. The Reagan administration believes the United States will import approximately 5 million barrels per day (MBD) of oil and petroleum products in 1990, only slightly less than the 5.2 MBD we import today.

What is more, even after the painful experience of the 1970's, the administration contends that reducing oil imports to a low level would not be in the national interest.

Reasonable people could not disagree more.

Our excessive dependence on imported oil constitutes a clear danger to the strength and security of the United States. In terms of the economy, excessive dependence on imported oil means more inflation, more unemployment, and a much lower level of real economic output. Moreover, excessive dependence on imported oil also imposes severe constraints on American foreign policy and threatens to force the United States into a war in the Persian Gulf.

The 1980's promise to bring more supply interruptions and further price shocks. The world oil market is now soft due to excessive Saudi oil production, sluggish economic growth in the West, and the impressive conservation efforts undertaken by the oil importing nations since oil prices doubled in 1979. But market conditions could change quickly. More importantly, the *x* factor persists—the revolution, the coup, the war, or the freak accident that could suddenly interrupt oil supplies and bring on higher prices.

The National Energy Plan shows that this administration fails to understand our essential energy problem—an unnecessary excessive, and dangerous dependence on foreign oil. This administration fails to understand that, to restore the strength of our economy, to insure the integrity of our foreign policy and to enhance our national security, the United States must reduce the level of its oil imports. This administration fails to understand that our dependence on imported oil is a national security problem which requires much more than a military response. And this administration fails to understand that each day we continue to import an excessive amount of foreign oil, we take the chance that young Americans will fight and die in a needless and futile war for oil.

One Vietnam is enough.

The plan reveals the administration's real energy agenda—not the reduction of American dependence on foreign oil—but the removal of the Federal Government from the energy sector of the economy. The administration wants to rely almost exclusively on market forces to determine the appropriate levels of energy production and consumption.

But market forces cannot insure our national security or preserve the integrity of our environment.

The administration also proposes to reduce or eliminate programs, such as conservation, which have contributed to reducing American oil consumption. Meanwhile, the administration proposes to expand programs to develop technologies, such as the nuclear breeder reactor and nuclear fission, which will not reduce foreign oil consumption in the near term and will have only a speculative chance of reducing oil consumption in the long term.

This bias toward expensive and complex energy sources is an unfortunate reversal of past efforts to promote low cost, simple energy sources. Under its plan, the administration anticipates only modest increases in the contribution of renewable sources to our energy mix by 1990. Instead, the administration proposes to increase the amount of nuclear production by threefold and to increase domestic coal production. Whereas we need to develop both our nuclear potential and coal resources, we should not increase the contributions from these sources by overrunning and gutting the environmental laws which have improved the quality of our lives and our children's lives.

The United States needs a sound and forward-looking energy policy.

For the short term, we need to fill the Strategic Petroleum Reserve and to develop a comprehensive energy emergency program which will insure the continued supply of oil and minimize price increase during supply disruptions.

The United States also needs a long-term energy strategy. By 1990, the United States can be energy sufficient. To do so, we need to cut our oil imports in half by the end of the 1980's so that in the event of another supply interruption we could replace all of our OPEC imports with oil from non-OPEC sources.

Moreover, we can produce the energy we need while protecting the environment from needless destruction. To meet our needs, we must increase the amount of domestic production of conventional energy, synthetic fuels, and renewables.

At the same time, we must work to be more energy efficient. Every barrel of oil saved is a barrel we do not have to get from the Persian Gulf. Every dollar we do not spend on imported oil is a dollar that stays at home—to rebuild our cities and to revitalize our economy.

The United States needs an energy policy. In the short term we must protect ourselves from the effects of a major supply interruption. In the longer term, we must secure the energy we need in an efficient and environmentally safe manner. Clearly, the administration's national energy plan fails on both counts.

NATIONAL POW/MIA RECOGNITION DAY

Mr. DECONCINI. Mr. President, as the Senate sponsor of the resolution which was signed by the President on June 12 designating July 17, 1981, as National POW/MIA Recognition Day, I would like to wish every success to those who will be participating in the ceremonies and special activities honoring this illustrous group of Americans.

We owe an enormous debt of gratitude to all the men and women who served their Nation with great honor and courage during periods of armed conflict. But the extreme sacrifices endured by our POW's and the mental anguish still being experienced by the families of those whose wartime fate remains unresolved deserve special recognition.

The Veterans' Administration estimates that more than 94,000 former POW's were living as of the first of this year. As a result of the inhuman conditions of their internment, many are suffering from severe mental and physical problems and, yet, they have been unable to obtain treatment at VA medical facilities either because they are unable to prove service-connection for their disabilities or because they were not interned for the requisite period. I am pleased that the Senate Veterans' Affairs Committee has reported legislation designed to facilitate POW access to VA medical care and hope that this body will overwhelmingly support it when it is considered on the floor. It is legislation that is long overdue.

The Defense Department estimates that 2,500 Americans are listed as missing in action in Southeast Asia and an additional 389 remain unaccounted for in Korea. It is important to continue to focus public attention on these facts and to pressure those governments to provide a full accounting of Americans who may still be captives or those whose deaths can be documented.

Unfortunately, wars never end with the cessation of hostilities. Hundreds of thousands of Americans never returned from combat and the impact of these losses on the lives of American families can never be truly measured. And the scars of battle can never be eradicated from the minds of those who did return. The sacrificies of these men and women and their families must not be forgotten. As a result of their selfless service, we are fortunate to live in a free society today. I ask every American, each in his own way, to honor our POW's and MIA's on July 17.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

NATIONAL ENERGY POLICY PLAN—MESSAGE FROM THE PRESIDENT—PM 66

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Energy and Natural Resources:

To the Congress of the United States:

The National Energy Policy Plan that I am sending you, as required by Section 801 of the Department of Energy Organization Act (Public Law 95–91), represents a break from the format and philosophy of the two national energy plans that preceded it.

Our national energy plan should not be a rigid set of production and conservation goals dictated by Government. Our primary objective is simply for our citizens to have *enough* energy, and it is up to them to decide how much energy that is, and in what form and manner it will reach them. When the free market is permitted to work the way it should, millions of individual choices and judgments will produce the proper balance of supply and demand our economy needs.

Overall, the outlook for this country's energy supplies is not nearly as grim as some have painted it, although our problems are not all behind us. The detailed projections, along with the supplementary documents on environ-

mental and economic questions, are being submitted separately by the Secretary of Energy.

The approach explained in the basic National Energy Policy Plan cannot be divorced from the Administration's program for national economic recovery. Energy is one important aspect of our society, but it is only one.

This Administration's actions to end oil price controls and to dismantle the cumbersome regulatory apparatus associated with those controls demonstrate the intent stated in my February 18 economic message to minimize Federal intervention in the marketplace. Reforms in leasing policies and the removal of unnecessary environmental restrictions upon the production, delivery, and use of energy are part of this same effort to reduce bureaucratic burdens on all Americans.

This does not mean that the Federal Government is withdrawing from all involvement in energy. It cannot and should not. The Government itself is directly responsible for lands which contain a major share of our resource wealth.

There is also an appropriate Federal role in certain long-term research and development related to energy production and distribution. The goal of these projects is to develop promising technolcgical innovations to the point where private enterprise can reasonably assess their risks.

Given our continued vulnerability to energy supply disruptions, certain emergency preparations—such as rapid filling of the Strategic Petroleum Reserve—remain principally a Government responsibility. But our basic role is to provide a sound and stable economic and policy environment that will enable our citizens, businesses, and governmental units at all levels to make rational decisions on energy use and production—decisions that reflect the true value, in every sense, of all the Nation's resources.

RONALD REAGAN.

THE WHITE HOUSE, *July 17, 1981.*

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ARMSTRONG, from the Committee on the Budget, without amendment, and unfavorably:

S. Res. 160. A resolution waiving section 402 (a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 43.

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs, without amendment:

S. Res. 180. An original resolution increasing the limitation on expenditures by the Committee on Banking, Housing, and Urban Affairs for the training of professional staff; referred to the Committee on Rules and Administration.

By Mr. THURMOND, from the Committee on the Judiciary, with an amendment in the nature of a substitute:

S. 1080. A bill to amend the Administrative Procedure Act to require Federal agencies to analyze the effects of rules to improve their effectiveness and to decrease their compliance costs; to provide for a periodic review of regulations, and for other purposes; pursuant to the order of May 4, 1981, referred to the Committee on Governmental Affairs for not to exceed 30 days.

By Mr. ROTH (for Mr. PERCY), from the Committee on Governmental Affairs, with amendments:

S. 1249. A bill to increase the efficiency of Government-wide efforts to collect debts owed the United States, to require the Office of Management and Budget to establish regulations for reporting on debts owed the United States, and to provide additional procedures for the collection of debts owed the United States; pursuant to the order of July 10, 1981, referred to the Committee on Finance for consideration of those provisions within its jurisdiction.

By Mr. ROTH, from the Committee on Governmental Affairs, with amendments:

S. 1224. A bill to amend the provisions of title 39, United States Code, relating to the use of the frank, and for other purposes (Rept. No. 97-155).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. JACKSON, from the Committee on Armed Services:

Richard N. Perle, of Maryland, to be an Assistant Secretary of Defense.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. GLENN (for himself and Mr. BOREN):

S. 1496. A bill to amend the Internal Revenue Code of 1954 to adjust the time for payment of manufacturers excise tax on tires, tubes, and tread rubber; to the Committee on Finance.

By Mr. ROBERT C. BYRD (for Mr. TSONGAS):

S. 1497. A bill to waive certain time limitations with respect to awarding a medal of honor to James L. Cadigan; to the Committee on Armed Services.

By Mrs. KASSEBAUM:

S. 1498. A bill to establish an office in the National Institutes of Health to assist in the development of drugs for diseases and conditions of low incidence; to the Committee on Labor and Human Resources.

By Mr. ROBERT C. BYRD:

S. 1499. A bill for the relief of Prashant Agarwal; to the Committee on the Judiciary.

By Mr. STEVENS (for himself and Mr. MURKOWSKI):

S. 1500. A bill to provide for the transfer of the Alaska Railroad to the State of Alaska; to the Committee on Commerce, Science, and Transportation.

S. 1501. A bill entitled the "Educational Mining Act of 1982"; to the Committee on Energy and Natural Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. GLENN (for himself and Mr. BOREN):

S. 1496. A bill to amend the Internal Revenue Code of 1954 to adjust the time for payment of manufacturers excise tax on tires, tubes, and tread rubber; to the Committee on Finance.

COLLECTION OF EXCISE TAXES ASSESSED ON TIRES, TUBES, AND TREAD RUBBER

Mr. GLENN. Mr. President, I send to the desk for appropriate referral a bill, cosponsored by my colleague from Oklahoma (Mr. BOREN), that would bring Federal policy on the collection of excise taxes assessed on tires, tubes, and tread rubber into line with business practice within the rubber industry.

This bill, if enacted, would not affect the amount of taxes paid on these products, but it would mitigate the high cost manufacturers now incur because of the wide disparity that exists between the time excise taxes are due and the time they receive payment from their customers.

At present, manufacturers of tires, tubes, and tread rubber must pay an excise tax of 10 cents a pound on tires and tubes and 5 cents a pound on tread rubber. This tax must be paid to the Treasury twice monthly, 9 days after the close of the semimonthly period in which the tires were sold.

This is the case even though the manufacturers generally do not receive payment from their customers for up to 90 days after sale. This lag between payment of the tax and receipt of revenue has exacerbated an already serious cash flow problem for an industry already beset by serious financial difficulties, layoffs, and plant closings, due largely to the downturn in domestic automobile sales.

The amount of the carrying charges which the industry must bear is considerable. In 1979, the tire industry paid $878 million to the Treasury. If we compute the cost of financing this tax for 90 days at a conservative 19-percent rate, we see that the cost to the industry would be about $42 million.

If the bill I am introducing were enacted, these financing expenses could be substantially lowered and the funds involved be put to more productive use. This would be achieved by changing the time for payment of the excise tax from the present twice-monthly schedule to 90 days after the end of the month in which the product is sold by the manufacturer. This will not change the amount of tax due; only the due date.

By Mr. ROBERT C. BYRD (for himself and Mr. TSONGAS):

S. 1497. A bill to waive certain time limitations with respect to awarding a Medal of Honor to James L. Cadigan; to the Committee on Armed Services.

AWARDING THE CONGRESSIONAL MEDAL OF HONOR

● Mr. TSONGAS. Mr. President, today I am introducing a bill to waive certain time limitations with respect to awarding a Medal of Honor to one of my constituents, Mr. James L. Cadigan. During the Second World War, Mr. Cadigan courageously risked his own life in battle to insure the safety of his fellow soldiers. Through an oversight by his commanding officer, the time limitations on recommendations for the Medal of Honor expired, denying Mr. Cadigan, what I feel, is his right to full recognition of his courage and valor. Mr. Cadigan's commanding officer has accepted full responsibility for failing to file the appropriate papers within the time limitations and has maintained over the years that it is an injustice to continue to deny Mr. Cadigan the Medal of Honor.

Mr. President, the time that has lapsed since Mr. Cadigan served his country in battle does not diminish nor detract from the heroic deeds that he performed

during World War II. As Members of this elected body, we have an obligation to insure that all veterans who give so unselfishly and valiantly to our Nation are duly recognized. My bill simply rectifies a mistake that is more than 30 years old.●

By Mrs. KASSEBAUM:

S. 1498. A bill to establish an office in the National Institutes of Health to assist in the development of drugs for diseases and conditions of low incidence; to the Committee on Labor and Human Resources.

ESTABLISHMENT OF THE OFFICE OF DRUGS OF LIMITED COMMERCIAL VALUE

● Mrs. KASSEBAUM. Mr. President, millions of Americans are denied the immeasurable benefits of drugs which could treat diseases of low incidence, often referred to as "orphan" or "public service" drugs. The pharmaceutical industry makes chemical compounds with potential for this treatment, but chooses not to market them because of the comparatively small demand and consequently limited commercial value of these products. For those who suffer the crippling effects of these rare diseases, however, orphan drugs are invaluable.

Mr. President, in light of the present situation, I am introducing today a bill to establish an office within the National Institutes of Health to promote the development of drugs with limited commercial value which have proven potential for advancing diagnoses, prevention, or treatment of diseases of low incidence. This legislation was introduced in the House by Representative TED WEISS earlier this year and has since generated strong support from Members of Congress, and from public and private organizations in the health field.

There seem to be two major problems which discourage the drug companies from researching and marketing these drugs. The first is that of coordinating efforts. Although the issue of development of drugs for comparatively rare diseases has received much attention and study, no one group has yet offered a viable plan for administering these efforts.

The second major problem with this issue is the understandable reluctance of profit-seeking drug companies to devote great amounts of capital to development projects which are simply not economically justifiable. Most drugs for rare diseases, in fact, have sales of less than $3 to $5 million annually. The social responsibility for developing these drugs should not rest solely on the shoulders of the drug companies.

In addition to these major problems, moreover, other complications confuse the development process. These include costly and inflexible Food and Drug Administration drug-approval regulations, legal liability, limited research funding, lack of definitive research information on diseases of low incidence, and small test populations.

The bill I am introducing would establish an office within the National Institutes of Health for the express purpose of dealing with these problems. The Director of the National Institutes of Health would serve as the Director of the office and would receive advice from a board of representatives drawn from the public, pharmaceutical companies, the medical profession, and scientists involved in the development process.

The Director would have several available methods for drug development. He might use grants, loans, contracts, liability insurance, coordinated research efforts in public and private sectors, and studies to determine the therapeutic need for new drugs.

In order to receive assistance, applicants must demonstrate a scientific basis for the drug. If the developed drug should produce excess profits, the bill calls for recapturing them for the Federal Government.

This bill could be instrumental in saving the lives of people afflicted by serious diseases who currently can not secure treatment because effective drugs are not available on the commercial market.

Mr. President, I ask unanimous consent that a fact sheet on orphan drugs and diseases and the bill be printed in the RECORD.

There being no objection, the bill and fact sheet were ordered to be printed in the RECORD, as follows:

S. 1498

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

ESTABLISHMENT OF OFFICE

SECTION 1. (a) There is established in the National Institutes of Health the Office of Drugs of Limited Commercial Value (hereinafter in this Act referred to as the "Office"). The Office shall be under the direction of a Director who shall be the Director of the National Institutes of Health.

(b)(1) There shall be in the Office an advisory council to advise the Director with respect to the Director's functions under this Act. The members of the advisory council shall be appointed by the Director. The membership of the advisory council shall not exceed nine members and shall include representatives of the pharmaceutical industry, medical profession, scientists involved in the development of drugs, and public interest groups.

(2) The advisory council shall, as appropriate, make recommendations to the Secretary of Health and Human Services respecting changes to shorten the time required for drug approval under the Federal Food, Drug, and Cosmetic Act.

FUNCTIONS OF THE DIRECTOR

SEC. 2. (a) The Director of the Office—

(1) may provide financial assistance to entities for the development of drugs of limited commercial value;

(2) may undertake the development of such drugs;

(3) may purchase for the developers of such drugs liability insurance for claims by the users of such drugs if the Director determines that the drugs would not be developed without such insurance;

(4) shall undertake studies to determine the scientific potential and the therapeutic need for the development of specific drugs of limited commercial value and the economic requirements involved in the development of such drugs;

(5) shall coordinate the efforts of public and private entities engaged in the development of such drugs and shall make recommendations to Federal entities with respect to their programs for the development of such drugs; and

(6) shall collect and make available information respecting public and private sources of financial assistance for the development of drugs of limited commercial value.

(b) The Director of the Office shall compile and keep current a list of drugs of limited commercial value. The Director shall publish guidelines for the submission of recommendations to the Director for inclusion of a drug on such list.

REQUIREMENTS FOR ASSISTANCE

SEC. 3. (a) No financial assistance may be provided under section 2(a)(1) unless an application therefor has been submitted to and approved by the Director. Such an application shall be in such form and submitted in such manner as the Director may require and shall contain—

(1) the scientific basis for the development of the drug with respect to which the financial assistance will be provided, the proposed therapeutic use of the drug, and the significance of such use;

(2) a detailed statement of—

(A) the basis for the determination by the applicant that the drug cannot be developed without financial assistance under section 2(a)(1);

(B) the expected expenses to be incurred in the development of the drug and the expected revenues from the drug during the ten-year period (or such other period as the Director shall specify) beginning on the date the drug is approved under the Federal Food, Drug, and Cosmetic Act;

(C) any unpredictable legal liability, shortages of personnel, facilities, or materials, special consultations, reviews, or tests, packaging, shipment, storage, or other distribution problems, or any other special or unusual circumstance affecting the development of the drug; and

(D) any drug development undertaken under previous financial assistance under section 2(a)(1);

(3) assurances satisfactory to the Director that the applicant is qualified to develop the drug and is capable of developing the drug in a cost effective manner.

(b) Financial assistance provided under section 2(a)(1) shall be subject to such terms and conditions as the Director may prescribe to protect the financial interests of the United States and to assure that funds paid out will be efficiently and effectively used. The Director may require that—

(1) any agreement entered into for financial assistance will, at the option of the Director, be subject to revision to reflect changed circumstances; and

(2) the recipient of funds will reimburse the United States for all or part of such funds (as specified by the Director) if the revenue from the drug developed with such funds exceeds such level as the Director may specify at the time the funds are first made available.

RECORDS AND AUDITS

SEC. 4. (a) Each entity which receives funds under section 2(a)(1) shall establish and maintain such records as the Director shall by regulation or order require. Such records shall include records which fully disclose (1) the amount of funds received and the disposition made of such funds by such entity, (2) the total cost of the project or undertaking for which such funds were available, and (3) such other records as will facilitate an audit conducted in accordance with generally accepted auditing standards.

(b) Each entity which receives funds under section 2(a)(1) shall provide for a biennial financial audit of any books, accounts, financial records, files, and other papers and property which relate to the disposition or use of the funds and such other funds received by or allocated to the project or undertaking for which the Federal funds were

made available. For purposes of assuring accurate, current, and complete disclosure of the disposition or use of the Federal funds received, each such audit shall be conducted in accordance with such requirements concerning the individual or agency which conducts the audit, and such standards applicable to the performance of the audit, as the Director may by regulation provide. A report of each such audit shall be filed with the Director at such time and in such manner as the Director may require.

(c) The Director may specify, by regulation, the form and manner in which the records required by subsection (a) shall be established and maintained.

(d)(1) Each entity which is required to establish and maintain records or to provide for an audit under this section shall make such books, documents, papers, and records available to the Director or the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of such entity upon a reasonable request therefor.

(2) The Director and the Comptroller General of the United States, or any of their duly authorized representatives, shall have the authority to carry out the purposes of this subsection.

DEFINITION

SEC. 5. For purposes of this Act, the term "drug of limited commercial value" means a drug for a disease or condition of low incidence which drug—

(1) is or may be unique or provide an advance in the diagnosis, prevention, or treatment of the disease or condition; and

(2) is commercially unavailable because—

(A) the estimated revenue from the sale of such drug is not sufficient for the development of the drug by private drug companies without Federal financial assistance;

(B) the estimated revenue from the sale of such drug is not sufficient for a private drug company to assume the cost of establishing the safety and efficacy of the drug for purposes of section 505 of the Federal Food, Drug, and Cosmetic Act; or

(C) exclusive rights to the development of the drug cannot be obtained.

EVALUATION

SEC. 6. The Director shall report to Congress not later than two years after the date of the enactment of this Act on the effectiveness of this Act in furthering the development of drugs of limited commercial value.

"ORPHAN DRUGS" AND "ORPHAN DISEASES"

For years health care professionals and representatives have decried the lack or shortage of certain drugs to treat diseases of low incidence. This condition is not simply viewed as endemic to the United States, but as a problem that affects all nations worldwide. Orphan drugs, or public-service drugs as they are often referred to, are considered to be drugs or chemical entities that are developed for the diagnosis or treatment of pathologies that occur in a relatively small population group. Another definition often used by the pharmaceutical industry classifies these drugs as those which individually only generate between $3 and $5 million in annual sales, and as a result do not meet their own cost of development.

Defining what constitutes an "orphan" disease is somewhat more difficult. Usually an orphan disease is considered to be one of "low incidence" or one of a "small population," but this has not been generally defined in terms of actual numbers. There may be good reason for this in that the incidence of a non-reportable disease may only be based on estimates, and given the potential sensitivity of this issue, it may be unwise to set boundaries that would tend to include or exclude a disease as "orphan" based solely on the numbers of individuals affected.

Many feel that the dearth of drugs to treat orphan diseases is a fundamental decision of the pharmaceutical industry, which lacks the incentive to invest in the necessary early research and development of new drugs which for the most part will not generate a financial return. Others attribute the unavailability of these drugs to the processes of the U.S. Food and Drug Administration by claiming that the agency's enforcement of drug approval regulations creates an atmosphere that is not conducive to development of new drugs of relatively low demand.

For purposes of discussion and familiarity it may be useful to consider a selected list of diseases and conditions which are sufficiently rare that drugs to treat them would be of limited commercial value to pharmaceutical companies. The following list represents those diseases often mentioned in publications prepared by federally or privately sponsored organizations. This list should not be construed as a collection of all possible conditions for which there exists a lack of readily available drugs for treatment. Selected diseases and conditions are listed alphabetically, followed by an estimation of their incidence (if available), and a brief description of the nature of each.

Amyotrophic lateral sclerosis (3,000–5,000 diagnosed cases per year): This disease is often called Lou Gehrig's disease. It is characterized by a degeneration of motor cells in the spinal cord and brain, leading to muscle weakness and atrophy affecting the hands, feet, arms, legs, tongue, and other parts of the body.

Cerebral palsy (750,000 total cases): Marked alteration in muscle tone consisting of a combination of spasticity and rigidity. The cause of the abnormality is unknown, but it may result from developmental defects or trauma at birth.

Chagas' disease (total incidence unknown—widely distributed in Central and South America): Named for the Brazilian physician, Carlos Chagas, this infectious disease is caused by Trypanosoma cruzi, a protozoan parasite found only in the Western Hemisphere. It is transmitted by the biting reduviid bug. The disease can affect numerous parts of the body, but eventually produces profound effects on the heart.

Cystic fibrosis (20,000–40,000 possible cases): A common, lethal genetic disorder characterized by chronic pulmonary disease and its cardiac complications.

Epilepsy (2,000,000 estimated total cases): Epilepsy refers to many types of recurrent seizures produced by paroxysmal excessive neuronal discharges in different parts of the brain that can be due to a variety of cerebral disorders.

Friedreich's ataxia (5,000 estimated cases): This hereditary syndrome begins in childhood and represents several inborn errors of metabolism.

Gilles de la Tourette syndrome (incidence unknown): This is an unusual form of generalized tic involving facial twitching, continuous gestures associated with echolalia, foul language, and obsessional ideas; can be controlled somewhat with psycho/active medication.

Huntington's disease (10–14,000 estimated cases): This hereditary disorder, often referred to as chronic progressive chorea, begins with adult life, and is characterized by choriform (spastic and jerky) movements and mental deterioration. The disease affects both sexes in equal numbers and is transmitted from parent to offspring in an autosomal dominant pattern of inheritance. Hence, 50 percent of children of sufferers will be affected.

Hypocalcemia (incidence unknown): Hypocalcemia means a reduction of the blood calcium level below normal. This condition has been found to be a problem in patients undergoing dialysis for renal disease. There may be possibilities of lessening this problem through the development of new medications.

Multiple sclerosis (250,000 estimated total cases): Multiple sclerosis (MS) is a disorder of the nervous system involving a breakdown of the myelin sheath, particularly of the spinal cord. MS is chronic, progressive, and relapsing, with 30 percent of patients deteriorating steadily from onset. There is no cure for the disease at this time, and life expectancy varies widely from a few weeks to 50 years.

Muscular dystrophy (200,000 estimated total cases): Muscular dystrophy is one of the many inheritable myopathies (diseases of the muscle). It is characterized primarily by progressively severe weakness.

Myasthenia gravis (20,000–80,000 estimated total cases): Myasthenia gravis is a disease of unknown cause characterized by weakness that affects ocular and other cranial muscles.

Myoclonus (incidence unknown): This neurological disorder is considered to be a rare type of epilepsy consisting of abrupt involuntary jerky muscle movements. The investigational drug L–5 hydroxytryptophan (L–5 HTP) has been used clinically to treat myoclonus.

Paget's disease (incidence unknown): Paget's disease (ostritis deformans) is a rare bone disease that leads to bowing of the long bones and deformation of the flat bones.

Parkinson's disease (500,000 estimated total cases): Parkinson's disease is an extrapyramidal disorder of the nervous system. It usually begins between 50 and 60 years of age and is characterized by involuntary trembling of the extremities, shuffling gait, and a lack of facial expression. There are neuropharmaceuticals available to treat Parkinson's disease but most are considered far from ideal.

Pheochromocytoma (incidence unknown): This disease is a catecholamine-producing tumor arising from cells of the sympathetic nervous system. These tumors can occur at numerous sites throughout the body. Although potentially lethal if undiagnosed and untreated, it is curable in about 90 percent of cases. The preferred therapy for the disease is surgery.

Reye's syndrome (occurs in children between 6 months and 15 years of age, more than 1,000 cases have been reported): This syndrome describes an acute and often fatal encephalopathy (brain inflammation) that may follow a number of common viral infections.

Sickle cell anemia (2,000,000 in the world, 50,000 in the U.S. estimated incidence): This disease is one of a number of sickling diseases involving abnormal formation or blood cells, leading to unrelenting anemia, pain, fever, and a high mortality rate. No specific therapy is available.

Subacute sclerosing panencephalitis (incidence is rare, but 100–200 may die from the disease each year): This is a disease of viral origin that is sometimes referred to as "measles of the brain." Therapeutic claims have been made for the drug Isoprinosine in the treatment of this disease. Thus far the Food and Drug Administration has withheld approval of this drug.

Systemic lupus erythematosis (estimates of incidence have ranged up to one million): This is a destructive type of skin condition that can manifest itself in other types of connective tissue as well. tI is often characterized by skin eruptions, visceral lesions and fever.

Wilson's disease (occurs in approximately 1 in 200,000 persons): Wilson's disease is a rare, autosomal, recessively inherited disease characterized by degenerative changes in the brain, particularly in the basal ganglia, and cirrhosis of the liver. There are forms of treatment, but in their absence the disease is invariably fatal.●

By Mr. STEVENS (for himself and Mr. MURKOWSKI):

S. 1500. To provide for the transfer of the Alaska Railroad to the State of Alaska; to the Committee on Commerce, Science, and Transportation.

TRANSFER OF ALASKA RAILROAD TO THE STATE OF ALASKA

Mr. STEVENS. Mr. President, today I am introducing a bill to transfer the Alaska Railroad from the Federal Government to the State of Alaska.

This transfer comes at an important time in Alaska's resource development history, and as many of you know, a significant proportion of the mineral resources in the Nation lie in my home State of Alaska. In particular, approximately one-half of the known coal reserves in the United States are in Alaska.

It is essential that the Alaska Railroad prosper during the coming years to provide a vital transportation artery to the interior. There is a strong national interest in insuring access to our vast mineral resources for the Nation, and the State of Alaska will take the initiative to insure a future for the Alaska Railroad that will be beneficial to the State and to the country as a whole.

This is an exciting era for Alaska, and the Alaska Railroad will provide an important link to that future. Were the railroad to remain in Federal hands, it would be in a caretaker status. There is a need for aggressive expansion, and the State of Alaska is willing to undertake the challenge.

Mr. President, the transfer legislation is modeled after Conrail and other recent Federal transfer schemes. By taking charge of the railroad, the State of Alaska will undertake substantial obligations for continuation of railroad operations. This includes passenger and freight service to the interior of Alaska.

The Alaska Railroad is a unique entity in many ways. It provides rail service to isolated areas of the State that have no other access. The State will insure that these isolated areas of Alaska will remain on the rail service system. In addition, the State government will continue important defense-related service, and the State will take the line when the deferred maintenance account shows a substantial deficit.

The rolling stock and roadbed of this line are in a serious state of disrepair. Under State ownership the Alaska Railroad will have a chance to undergo necessary modernization so that rail service needed for Alaska's resource development can go forward.

This legislation has been prepared in cooperation with the Federal Railroad Administration and has the full support of the President. It strikes a workable balance between the substantial State and Federal interests that are at stake here.

The time to act on this legislation is very short. The President has recommended that the railroad be zero funded at the end of fiscal year 1982, and we will have to act quickly to facilitate the discussions that are necessary before a full transfer can be completed. We must act on the bill this session, and I will hold hearings within the month to expedite our review of it.

Mr. President, I ask unanimous consent that a section-by-section analysis of the bill be printed in the RECORD.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

SECTION-BY-SECTION ANALYSIS OF A BILL TO PROVIDE FOR THE TRANSFER OF THE ALASKA RAILROAD TO THE STATE OF ALASKA

Section 1. Findings—This section contains the rationale for transferring the Alaska Railroad to the State. It points out the declining Federal interest in the Railroad, its increasing importance to the State, and the savings for the Federal Government.

Section 2. Definitions—This section defines the major terms in the bill including a definition of the rail properties of the Alaska Railroad that would be transferred to the State. The definition includes those assets of the Railroad that are used or useful for continued rail operations and would exclude from the transfer, the unexercised easements across private property, the Federal eminent domain authority, those assets the Secretary determines are needed for Federal purposes, lands near McKinley Park Station that are used by the National Park Service, and an amount of money in the revolving fund that is needed to cover Federal obligations arising from operation of the Alaska Railroad that survive the transfer to the State. The definition of a State entity to assume control of the Alaska Railroad is broadly worded to give the State government maximum flexibility to designate an appropriate organization for State ownership and operation after transfer.

Section 3. Transfer Authorization—This section has two parts.

Part (a) authorizes the Secretary of Transportation to transfer the rail properties to the State without payment from the State. The transfer could not occur until the Secretary has certified that the State has agreed to operate the Railroad as a rail carrier, to assume the rights and obligations of the Alaska Railroad, to protect the employees of the Railroad by continuing collective bargaining agreements and retaining employees in their present positions and salary levels for at least one year except for normal separations, to honor the seniority rights of present employees, and to recognize those accrued Federal benefit rights that would otherwise be lost as a result of the transfer.

Part (b) provides that the authority for a no-cost transfer to the State will terminate if the State has not satisfied the conditions of part (a) within one year after the date of enactment of the bill.

Section 4. Federal-State Closing Agreement—This section provides for a joint agreement between the Secretary of Transportation and the State, no later than six months after enactment, that would describe in detail the rail properties that would transfer to the State.

Section 5. FEDERAL RESPONSIBILITIES—This section has four parts.

Part (a) would give the Secretary broad authority to execute the transfer once the section 3 conditions are met. It would preempt other Federal law if there is conflict and would terminate any unprocessed claims under Federal law for Railroad property.

Part (b) would make Railroad lands that are to be transferred to the State ineligible for selection by Native Corporations.

Part (c) would continue in the Federal civil service retirement system those employees who presently participate in the system and who transfer to the State operated railroad.

Part (d) would make any Railroad employee who transfers to the State operated Railroad ineligible for Federal severance pay. Those Federal employees who choose not to transfer to the State would be entitled to all the normal rights and benefits under Federal law for discontinued employees.

Section 6. State Operations—This section would make the State operated railroad subject to the Interstate Commerce laws and other Federal laws dealing with railroads, except the Railroad Retirement Act, the Railway Labor Act, and the Railroad Unemployment Insurance Act. With the concurrence of the Governor of Alaska, Railroad properties within the Denali National Park would be subject to Park Service regulations that do not interfere with railroad functions.

Section 7. Reversions—This section would give the United States the right for 10 years to take back property, or to receive an equivalent payment from the State, if the State converts the property to a use that adversely affects railroad operations. The State would have broad flexibility to use the transferred land for any purpose authorized by State law as long as the use does not prevent the railroad from continuing to operate. It is intended that the transferred land could continue to be used for a variety of business and public purposes by the State in the same manner that the land has been used during the period of Federal ownership. Any railroad land within the boundaries of Denali National Park that is abandoned by the State would become part of the National Park.

Section 8. Other disposition—This section would authorize the Secretary of Transportation to dispose of the Alaska Railroad if the State has not met the conditions for a no-cost transfer within one year after the date of enactment. In carrying out disposal under this section, the Secretary would attempt to dispose of the Alaska Railroad as an operating entity so that it could continue to operate as a rail carrier.

Section 9. McKinley Park Station—This section would convey to the Department of the Interior, those Alaska Railroad land holdings near McKinley Park Station that are presently used by the Park Service.

Section 10. Repeal and Amendment of Existing Law—This section would repeal the Alaska Railroad enabling act and other existing law, and make conforming changes to other Federal laws that mention the Alaska Railroad. These changes would become effective at the time of transfer of one year and one month after enactment if the Secretary of Transportation has not certified that the State has met the conditions of transfer within one year of the date of enactment.

Mr. MURKOWSKI. Mr. President, I am pleased to join in cosponsoring legislation that will authorize the transfer of the Alaska Railroad to the State of Alaska. The Alaska Railroad is the last remaining railroad owned, operated, and maintained by the Federal Government. The bill I am introducing with my good friend and colleague from the State of Alaska would provide the necessary authorization for the State of Alaska to accept transfer of the railroad.

The legislation that I am cosponsoring today comes at a time when the Federal Government is reducing its efforts in a number of areas. The Alaska Railroad has been one of the mainstays of transportation in my State for a number of years. It provides freight and passenger service, and serves a broad area of Alaska's land mass. It is of extreme importance that the railroad continue to serve the people of Seward, Anchorage, Fairbanks, and the railbelt areas. The bill provides this guarantee. The State of Alaska is in a position to insure this continuation of services.

The Alaska Railroad has been subject

to the same budgetary restraints that the rest of the Federal Government has experienced. Because of this the railbeds and rolling stock of this line need substantial injections of new capital. By providing for State management of the system, the required improvement and modernization of equipment can be accomplished. With the completion of the upgrading the system the Alaska Railroad would be in a position to continue its hold in the development of the natural resources of Alaska. Alaska offers the Nation a wealth of oil and gas potential. Trillions of tons of coal go underutilized in Alaska for lack of a comprehensive transportation system. The Alaskan Railroad system provides the access that is needed.

This legislation is the result of a comprehensive effort by my office, the Alaskan delegation, the State of Alaska, and the Department of Transportation. It has the support of the administration.

Let me just state some of the concerns I have. The protection of the rights of existing employees of the railroad need to be addressed. The ability of a government-owned railroad to compete with alternative transportation in the private sector should be considered. In addition, guarantees that the railroad will continue to operate are included in this legislation. This legislation is a good starting point to address these concerns. I am confident that the committee will look into some of these issues when it considers this bill.

The Congress needs to consider this legislation expeditously. The administration has zeroed out the budget for the Alaska Railroad at the end of fiscal year 1982. The Senate needs to act quickly in order to preserve the services that my constitutents desperately need. I know that hearings will be scheduled so that this body can consider the bill this session. During those hearings, I am confident that the issues that I have outlined will be fully considered. In conclusion, let me state that this bill is the fulfillment of a great deal of hard work. I look forward to its enactment.

By Mr. STEVENS (for himself and Mr. MURKOWSKI):

S. 1501. A bill entitled the "Educational Mining Act of 1982"; to the Committee on Energy and Natural Resources.

EDUCATIONAL MINING ACT

Mr. STEVENS. Mr. President, the legislation which I introduce today for Mr. MURKOWSKI and myself concerns the conveyance of approximately 76 acres of Federal land near Fairbanks, Alaska, to the Mine Field Laboratory of the University of Alaska's School of Mineral Industry.

This conveyance of Federal lands will be coordinated with the transfer of an additional 445 acres of State lands which comprise the extent of the mining claims formerly held by Mr. Turry Anderson, a well-known Alaskan miner. This land, which contains mineral prospects including zinc, gold, lead, silver, tungsten, and molybdenum, is equipped with a 600-foot adit and a small mine plant. Similar Federal conveyances to the University of New Mexico, the Colorado School of Mines, and Michigan Tech have helped provide better educational opportunities and more complete training in mine technology.

This bill provides a beneficial conveyance of Federal lands for an in-the-field learning experience to complement the present facilities and curriculum at the university. The university agrees with the position of the Engineer's Council for Professional Development that such an authentic facility is necessary to maintain accreditation in their mining engineering and geological engineering programs. The Mine Field Laboratory at the University of Alaska will be able to offer instruction in detailed geological mapping and location of mineralized areas, mine surveying and drilling, blasting, mucking, track laying and timbering, while providing additional opportunities for applied and basic research.

The university at one time had a functional mine adit, plant, and mill, but this old facility has long since been exhausted and its usefulness has been reduced to basic observation. Another piece of university property contains an adit, but the property is damaged to the point that it would be uneconomical to attempt the major repairs required to make the mine usable. Unlike both of these older facilities, the mining property described in this bill is recently modernized, being equipped with a secure adit; track and ventilation hose for its full extent; sound timbering where necessary; adequate electrical lighting; and various other essential support and safety features not included in the two other university properties.

Public tours of this operation will also be included in the university's program for utilizing the property in the public's interest.

This bill, which I originally introduced in 1979, was favorably reviewed by the Department of the Interior Bureau of Land Management as the most expedient vehicle by which this important facility can fulfill these obviously useful and worthy dual purposes. Although no official opinion has been rendered through this administration, I have every confidence that a similar report of support for this bill would be offered. I am hopeful that the Congress will give this measure positive consideration. Mr. President, I request unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1501

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subject to the conditions and limitations specified in this Act, the Secretary of the Interior (hereinafter referred to as the "Secretary") is authorized and directed to convey to the University of Alaska all right, title, and interest of the United States in the following described land comprising approximately seventy-six acres:

E½SE¼SW¼NE¼SE¼, N½SW¼SE¼NE¼SE¼, S½S½SE¼NE¼SE¼, E½NE¼NW¼SE¼SE¼, NE¼SE¼SE¼, N½SE¼SE¼SE¼, N½S½SE¼SE¼SE¼, S½SE¼SE¼SE¼SE¼, section 8; W½SW¼SW¼, S½SW¼NW¼NE¼SW¼SW¼, SW¼NE¼SW¼SW¼SE¼SW¼SW¼, W½W½SW¼SE¼SE¼SW¼, SW¼SE¼SW¼, S½SW¼NW¼SE¼SW¼, section 9; N½N½NW¼NW¼NW¼, N½NE¼NW¼NW¼, N½NE¼SE¼NE¼NW¼NW¼, NW¼NE¼NW¼, N½NE¼SW¼NE¼NW¼, N½NW¼SE¼NE¼NW¼, W½NE¼NE¼NW¼, section 16; township 2 north, range 1 east, Fairbanks, Meridian, Alaska.

SEC. 2. Conveyance under this Act shall be made only (a) upon the Secretary being satisfied that no valid mining claims exist on the described lands; and (b) upon the condition that the described land shall be held and used by the University of Alaska and shall not be conveyed by the University.

SEC. 3. No conveyance shall be made unless application for conveyance is filed by the University with the Secretary within six months of the date of the approval of this Act.

SEC. 4. The Secretary may at his discretion require that he be provided a perimeter survey of the described lands. All costs of obtaining such survey shall be borne by the University.

ADDITIONAL COSPONSORS

S. 517

At the request of Mr. BENTSEN, the Senator from Utah (Mr. GARN) was added as a cosponsor of S. 517, a bill to amend the Clean Air Act to provide for further assessment of the validity of the theory concerning depletion of ozone in the stratosphere by halocarbon compounds before proceeding with any further regulation of such compounds, to provide for periodic review of the status of the theory of ozone depletion, and for other purposes.

S. 863

At the request of Mr. DOLE, the Senator from Wyoming (Mr. WALLOP) was added as a cosponsor of S. 863, a bill to establish a uniform law on the subject of bankruptcies.

SENATE RESOLUTION 178—RESOLUTION TO COMMEMORATE THE 200TH ANNIVERSARY OF THE BIRTH OF ROBERT MILLS

Mr. HOLLINGS submitted the following resolution which was referred to the Committee on the Judiciary:

S. RES. 178

Whereas 1981 marks the 200th anniversary of the birth of Robert Mills on August 12, 1781;

Whereas Robert Mills was the first American born and trained architect establishing a tradition of outstanding American architecture;

Whereas Robert Mills was born in Charleston, South Carolina, and was trained as a young man to be an architect under such notables as Thomas Jefferson, Charles Bulfinch, and Benjamin Latrobe, and soon set up a flourishing business in Philadelphia designing many churches and public buildings along the East Coast of the United States;

Whereas Robert Mills was appointed Architect of Public Buildings in President Jackson's Administration, a position in which he served for fifteen years, during which he designed and built the Treasury, Patent Office, and Post Office Buildings, whereby he powerfully established the Greek tradition of early American architecture, and designed the Washington Monument in Baltimore as well as his crowning success of the same name in Washington that stood as the highest structure in America at that time;

Whereas Robert Mills made many contributions to the construction of buildings in South Carolina, beginning with the design of South Carolina College when he was only twenty-one, following quickly by the design

of the Congregational Church in Charleston, and hospitals, including a fire proof insane asylum in Columbia, South Carolina and using his innovativeness designed and pioneered the building of canals, bridges and monuments; and

Whereas in a time when America is foremost in architecture in the world, Robert Mills gives inspiration to his profession and exemplifies to his country that type of person who gave America its strong and innovative start: Now, therefore, be it

Resolved, That the Senate remembers and pays tribute to the memory of Robert Mills on this the year of the bicentennial anniversary of his birth for his outstanding and significant contribution to architecture in America.

● Mr. HOLLINGS. Mr. President, we are approaching the bicentennial birthday of Robert Mills, this Nation's first native born and trained architect. In a day when America is clearly at the front of architectural design in the world, it is only fitting that we turn to our roots, to an American, who gave this Nation much of its initial rich heritage in architectural design.

Robert Mills was born in my hometown of Charleston, S.C., but soon left to be trained as an architect under such notables as Jefferson and Latrobe. His resolve to succeed, which is still common among Americans today, led him to submit his first design, at the age of 21, for the South Carolina College. From this point, Mills' career blossomed as he established himself in Philadelphia designing many public buildings and churches there and along the east coast.

Mills returned to South Carolina to become instrumental in the development of the State's inland waterways and government buildings. His career was capstoned by his appointment as Federal Architect under Jackson's administration. During this time, Mills designed the Treasury Patent Offices, and Post Office buildings which stand as primary examples of the early American architectural tradition. Mills also designed the Washington Monument and although completed after his death, stands as the most notable edifice over this Nation's Capital.

Retiring at the age of 71 Robert Mills could boast of his buildings stretched from Massachusetts to Georgia, including a bridge and the first designed fireproof building. Robert Mills still gives inspiration to those who have followed his pioneer footsteps in American architecture. He embellishes all those qualities which gave America its innovative and strong start as a Nation of free people.

Mr. President, in order to pay a bicentennial birthday tribute to an outstanding American, I am submitting a resolution today in order that the Senate can join me in expressing our appreciation of these outstanding achievements by a great son of South Carolina. Before closing, I want to acknowledge the excellent assistance of Shannon Smith in researching the life of Robert Mills and in the development of the resolution.●

SENATE RESOLUTION 180—ORIGINAL RESOLUTION REPORTED INCREASING THE LIMITATION ON EXPENDITURES BY THE COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs, reported the following original resolution; which was referred to the Committee on Rules and Administration:

S. RES. 180

Resolved, That section 2(2) of Senate Resolution 75, Ninety-seventh Congress, agreed to March 3 (legislative day, February 16), 1981, is amended by striking out "$1,000" and inserting in lieu thereof "$6,100".

AMENDMENTS SUBMITTED FOR PRINTING

ECONOMIC RECOVERY TAX ACT OF 1981

AMENDMENT NO. 496

(Ordered to be printed and to lie on the table.)

Mr. GLENN submitted an amendment intended to be proposed by him to the joint resolution (H.J. Res. 266) to provide for a temporary increase in the public debt limit.

TAX CREDIT FOR INCREMENTAL RESEARCH

Mr. GLENN. Mr. President, I am submitting an amendment to House Joint Resolution 266 to expand the tax credit for incremental research beyond the provision included in the Finance Committee's bill.

Before I outline my views in support of this amendment, I want to express my agreement with the Finance Committee's belief that "the decline in this country's research and development activities has adversely affected economic growth, productivity gains, and our competitiveness in world markets." Moreover, I strongly support the committee's conclusion that this tax cut bill should "appropriately include incentives for greater private activity in research."

To address this serious decline in our Nation's research and development, the Finance Committee bill proposes a 25-percent credit for incremental research and experimentation wage expenditures. Although a welcome first step, this provision does not go far enough.

Over the past 15 years, the proportion of America's GNP invested in research and development has steadily declined, dropping from 2.9 percent of GNP in 1965 to 2.3 percent in 1979. During that same period and by that same measure, the Soviet Union's R. & D. investment has climbed by 21 percent, Japan's has risen by 27 percent, and West Germany's by 41 percent. These figures take on added economic significance when it is recognized that 50 percent of all U.S. R. & D. is defense related, while less than 1 percent of Japan's and only 8 percent of Germany's is spent in the same fashion.

It is hardly an accident that, in light of our Nation's declining research and development activities, other nations have become competing sources of industrial innovation. Nor is it coincidental that U.S. productivity and economic growth have lately been falling. In today's world, America's economic strength largely depends on the strength of our efforts in research and development. Failing to meet the R. & D. challenge is the surest way to forfeit our claim to world leadership.

In view of declining Federal support for research and development, we must do what we can to insure that American industry can meet the challenges of international competition. The Finance Committee proposal does not adequately meet this need.

The Finance Committee proposal does little for companies that invest as much in materials and supplies as in the talent to use them. It favors companies that can increase their research efforts by the mere addition of staff, but it ignores such items as laboratory supplies and leased computer time.

My proposal addresses these concerns by going beyond the Finance Committee provisions for incremental wage expenditures to include all research and experimentation expenditures except overhead and indirect expenses and depreciation allowances. These expenditures would include amounts paid for in-House research, plus amounts paid to a research firm, a nonprofit research institute, or a university for contract research. The credit would apply to qualifying expenditures made after June 30, 1981.

In addition, qualifying expenditures for basic research to be performed under a written research agreement with a college or university would be eligible for the new 25 percent incremental research and experimentation tax credit to the same extent as payments for outside contract research. Such expenditures for university-based, basic research would not, however, be included in the credit base. This special rule would apply with respect to expenditures made after December 31, 1981.

AMENDMENT NO. 497

(Ordered to be printed and to lie on the table.)

Mr. GLENN submitted an amendment intended to be proposed by him to the joint resolution House Joint Resolution 266, supra.

DEDUCTIONS FOR RESEARCH AND EXPERIMENTAL EXPENSES

Mr. GLENN. Mr. President, I am submitting an amendment to House Joint Resolution 266 that would remove an artificial disincentive that encourages U.S. corporations to transfer part of their research and development activities from the United States to foreign countries.

Under present law, section 861 of the Internal Revenue Code, R. & D. expenditures are allocated between domestic source income and foreign source income, regardless of where the actual expenditures were made. Thus, when a firm has foreign income, only a portion of its

domestic R. & D. can be taken as a business deduction on its U.S. tax return. In addition, the remaining expenses cannot be used to offset foreign taxes since foreign tax laws allow no deductions for expenditures made in the United States. Finally, U.S. tax law permits no credit for foriegn taxes paid in excess of the applicable U.S. tax rate. This makes the effective foreign tax rate higher, since a portion of domestic R. & D. expenses are deducted from foreign source income before the foreign tax credit is computed. Every R. & D. dollar spent in the United States which is allocated to foreign source income carries the tax penalty of reducing the foreign tax credit.

Thus, there is an incentive for U.S. corporations to transfer R. & D. operations abroad. This situation is further exacerbated by liberal tax incentives many foreign countries grant U.S. firms in order to attract their R. & D. operations.

My amendment addresses this problem by simply excluding domestically performed R. & D. from the application of section 861. All R. & C. which is conducted in the United States would be deducted solely from U.S. source income.

NOTICES OF HEARINGS

SUBCOMMITTEE ON GOVERNMENTAL EFFICIENCY AND THE DISTRICT OF COLUMBIA

Mr. MATHIAS. Mr. President, I would like to announce that the Subcommittee on Governmental Efficiency and the District of Columbia of the Governmental Affairs Committee will continue hearings on S. 744, a bill to authorize the District of Columbia to issue and sell general obligation bonds. The hearings will be held on Wednesday, July 22 at 10 a.m. and Thursday, July 23 at 9:30 a.m. in room 6226 of the Dirksen Senate Office Building.

For further information, contact Eileen Mayer of the subcommittee staff at 224–4161.

SUBCOMMITTEE ON LABOR

Mr. NICKLES. Mr. President, the Labor Subcommittee of the Labor and Human Resources Committee will hold a field hearing on S. 1423, a bill to revise provisions of the Federal Mine Safety and Health Act of 1977, and for other purposes, in Moab, Utah, on August 12, 1981. The time and location will be announced at a later date. Members of the public wishing to testify should submit a written request as soon as possible. For further information contact Jim Stephens at 224–6770 or Charlene Abshire at 224–5546.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. McCLURE. Mr. President, I would like to announce for the information of the Senate and the public the scheduling of a public hearing before the Committee on Energy and Natural Resources on Friday, July 24, beginning at 10 a.m., in room 3110 of the Dirksen Senate Office Building.

The full committee will consider the nominations of Anthony G. Sousa, of Hawaii, to be a Member of the Federal Energy Regulatory Commission; J. Robinson West, of Pennsylvania, to be an Assistant Secretary of the Interior for Policy, Budget, and Administration; Jan W. Mares, of Connecticut, to be an Assistant Secretary of Energy for Fossil Energy; Alvin W. Trivelpiece, of California, to be Director of the Office of Energy Research, Department of Energy; and Henry E. Thomas IV, of Virginia, to be an Assistant Secretary of Energy for International Affairs.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Committee on Energy and Natural Resources, room 3104, Dirksen Senate Office Building, Washington, D.C. 20510.

For further information regarding this hearing, you may wish to contact Mr. Charles Trabandt at 224–7141.

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

Mr. DURENBERGER. Mr. President, I would like to announce that the Subcommittee on Intergovernmental Relations of the Governmental Affairs Committee has scheduled the first in a series of hearings on intergovernmental regulation, a focus on laws requiring States to implement Federal regulations. The hearing will draw attention to the economic, political, and legal implications of this approach to Federal regulation. Special attention will be given to the role of the States in the Clean Air Act.

The hearing will be conducted at 2 p.m. on July 22 in room 3302 of the Dirksen Senate Office Building. Those wishing to submit written statements to be included in the printed record of the hearings should send five copies to Ruth M. Doerflein, clerk, Subcommittee on Intergovernmental Relations, room 507, Carroll Arms Building, Washington, D.C. 20510.

For further information on the hearings, you may contact Susan Fritschler of the subcommittee staff on 224–4718.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON FOREIGN RELATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Friday, July 17, to hold confirmation hearings on the nominations of John Countryman to be Ambassador to Oman and Richard N. Viets to be Ambassador to Jordan.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

POW/MIA RECOGNITION DAY

o Mr. SIMPSON. Mr. President, today is POW/MIA Recognition Day. I have just returned from a most impressive ceremony at the Pentagon and there will be appropriate observances throughout the country to honor those brave and patriotic Americans who sacrified so much more than so many of us in their contribution to preserving our Nation's freedom.

My distinguished colleague from Arizona, DENNIS DECONCINI, an outstanding and diligent member of the Committee on Veterans' Affairs, which I chair, introduced the resolution to provide that July 17, 1981, be designated as POW/MIA Recognition Day.

The existing situation under which the families of servicepersons who are missing in action (MIA) live are indeed extremely traumatic. They experience ongoing fear, anger, sorrow, and an overwhelming sense of helplessness regarding the unknown fate of their loved ones. It is essential that our Government never retreat from this issue until we can account for each and every single person—and put to rest the horrifying, living hell of those loved ones at home who are "always waiting," I do want to acknowledge the exceptionally fine work of a most spirited and persistent lady, Ann Mills Griffiths, who is the executive director of the National League of Families of American Prisoners and Missing in Southeast Asia. It was my pleasure to share in the morning activities at the Pentagon—and to meet members of that courageous and patient group.

The issue of POW's is one which has absorbed much of my time during the past few months, in my role as chairman of the Committee on Veteran's Affairs. The committee has labored long and carefully to craft a bill to liberalize health-care and compensation benefits for the 93,000 surviving POW's. These veterans experienced untold suffering. They were tortured, starved, and forced to witness the execution of their commades in arms, among many other forms of inhumane, barbaric, and brutal treatment.

Upon repatriation, medical examinations were often inadequate and the former POW—so overwhelmed to be home—did not want to lodge a complaint or remain cooped up in a hospital after the months or years of being imprisoned. Regretfully this procedure resulted in utilization of inadequate medical records which, in many cases, have made it very difficult to prove service connection disability.

Therefore, legislation was most sorely needed. I had very much wanted to be able to announce to you that the compromise version of H.R. 1100, the "Former Prisoners of War Benefits Act of 1981," had been passed by both Houses, but unfortunately we are not quite finished with the negotiation process. However, Mr. MONTGOMERY, the very able chairman of the House Veterans' Affairs Committee, and I have discussed the issues in depth and I feel certain that we are extremely close to an agreement which will be responsive to the very real concerns of the former POW's. I do want to extend my sincere thanks to the repre-

sentatives of the American Defenders of Bataan and Corregidor, especially Manny Lawton and Art Bressi, and the representatives of the American Exprisoners of War, especially Stan Sommers and Dr. Charles Stenger, whose participation during this legislative process was invaluable.

I would wish that all of us might pause for a moment—and quietly and sincerely express our gratitude, our respect, and our pride in the special contributions of this most patriotic group of Americans—the POW's and MIA's—and their families whose patience, courage, love, and support can never really be measured in human terms.●

A PROFILE OF AN OUTSTANDING TENNESSEAN, IRA KATZ

● Mr. SASSER. Mr. President, recently the Nashville Banner printed a profile of an outstanding Tennessean, Ira Katz.

Mr. Ira Katz is president of Hartmann Luggage Co., in Lebanon, Tenn. Hartmann is a name respected worldwide as one of the finest manufacturers of luggage. Tennessee is proud of Hartmann luggage and Ira Katz.

Mr. President, I request that the article from the Nashville Banner be printed in the RECORD.

The article follows:

MAN WITH PLAN FOR ALMOST EVERYTHING

(By George Barker)

Ira Katz, whose meticulously planned marketing and manufacturing strategies rebuilt a sagging baggage company into America's biggest producer of luxury luggage, turned 60 years old last month. His birthday did not catch Katz without a plan.

"Two more years, and I sell the company," he pronounced. "I have two men in place where either could easily succeed me."

Katz was being interviewed in his spacious corner office of the Hartmann Luggage Co. in Lebanon. It is a bright place, furnished in hardwoods and leathers. Katz is a short, trim man with a friendly manner and thick glasses. He has a careful way of moving—a souvenir, he says, of recent spinal disc surgery.

"I was going through a warm-up exercise when my back gave out," Katz said. "My wife and I had been running a couple of miles a day when it happened. It forced us into a temporary change of plans."

As chairman and president of Hartmann Luggage, a privately-held corporation, Katz and his plans have been publicly significant.

His bringing the Hartmann Luggage plant to Middle Tennessee was to create almost 1,000 jobs here, and set a pattern for the influx of industry into the Lebanon area. A second plant was opened recently in Smithville.

His success at revitalizing Hartmann was like a textbook case study of the use of production efficiency and advertising to turn a company around.

And it was all done, his friends say, with a high degree of good humor in the face of adversity. That, and an unwillingness to sacrifice his family to the business.

Ira and Joan Katz and their six children—who achieved brief notoriety several years ago touring the west in a converted city bus decorated with drawings of eight black cats—have understood from the beginning that the business would not remain in the family.

"I have seen too many families wrecked by a business, and vice versa," Katz said. "You can seldom do justice to both. You want the best people you can find—they may not happen to be your children.

"How do you fire a son or daughter?

"Our children have always known that they would share in the financial benefits of Hartmann Luggage—and that they would never work here. They are all of college age or older now, and they are all doing their own things. I believe it's working out well."

Fortunately for Katz, his father labored under no such compunction. Benjamin Katz in 1935 was hired as president of the Gruen Watch Co. in Cincinnati to head the floundering watch company.

By the time he retired in 1954, Benjamin Katz had built Gruen into the second best selling watch in the United States. Young Ira Katz grew up in Cincinnati, was graduated from the University of Michigan and then from Harvard School of Business. He was hired by his father for Gruen's marketing department.

The senior Katz could not stay retired, however.

"One day he called me and two Gruen marketing and advertising people, and told us to start looking for a company to buy," Katz recalls. "He knew what we had done at Gruen could be done for a company of our own."

The prerequisites for a company of their own was one which was manufacturing a semi-luxury item with a nationally recognized name; one which was in sufficient trouble to be asking a modest price but not in more trouble than could be corrected by better production and marketing techniques.

They found what they were looking for in Racine, Wis.

Hartmann Luggage, founded in 1877, was the nation's oldest trunk manufacturer—and probably the most expensive, President Grover Cleveland in 1886 ordered a trunk made of sheets of three-quarter-inch leather, a trunk later repurchased by Hartmann for display purposes.

When Ira Katz called on Hartmann in 1955, the company was in its third generation of family management, sales were down to $1.5 million, the plant was old and multistoried and not conducive to the establishment of efficient production lines.

"Besides that, their distribution was sad—just one store carried their product in New York City, for instance, and they had a terrible contract with the International Luggage and Novelty Workers Union," Katz said.

"We were able to buy it for much less than book value."

Ira Katz started at Hartmann as president; his father was chairman. They started a search for a better plant site and chose Lebanon because of its proximity to a city and the availability of financing through municipal bonds arranged by Lebanon Mayor Bill Baird.

The city even offered them the use of Highland Heights Junior High School gym for the first production line.

Hartmann moved into its own plant in the mid-1960s—and ran head-on into the Teamsters union.

The Teamsters won a National Labor Relations Board election in 1977, but union and company never agreed on their first contract.

"We negotiated all of the fall of 1967," Katz said. "Finally, in February 1968, they struck the plant."

Katz says the months that followed were the worst of his life He characterizes the Teamsters' union demands as "destructive". He recalls using the family vacation bus to bring workers to their jobs. There was violence which resulted in an NLRB judge finding the union guilty of unfair labor practices.

"In 1969, after two years of tension, they just went away," Katz said.

Today, the plant employs about 600 people who produce a line of luggage carried by the better department stores and luggage shops. Hartmann is expanding its line to include men's wallets.

While company figures are not public, Katz says Hartmann has been on a growth binge averaging a 25 percent annual sales increase during each of the last eight years.

Tradespeople estimate that Hartmann Luggage does about one-tenth as much business as Samsonite, the industry leader which has annual sales of about $200 million. But while Samsonite dominates the price center of the industry, Hartmann has the top.

Katz says he operates "close to the floor,"—in reference to his close association with the retail establishment.

"Part of the kick I get out of business is being in a store that's selling our goods," Katz says. "I want to talk to the customer—to the salespeople who talk to consumers. Our sales reps call on every store that carries Hartmann Luggage at least once a month. We show training films, have sales seminars."

Katz does not anticipate a recessionary softening of his market between now and his anticipated sale of Hartmann Luggage.

If there are no clouds on Katz' corporate horizon, a couple of personal problems persist.

The Katz home in West Meade, designed by the Katzes themselves to accommodate their six children, is apparently too "personalized" for easy resale, Katz said.

"I mean the bathroom has a round, industrial-type sink where six kids could wash up simultaneously, with separate booths around the perimeter," Katz said. "The wall between the master bedroom and the living room has a portable panel so we can slide the bed into the living room where there's a fire in the fireplace. Most of the furniture is built-in."

It is examples of such meticulous original planning, so characteristically Katz, that will have to be resolved.

"And then there's one of our sons," Katz said. "He is finishing up some graduate work on the West Coast. A little while ago he asked me about his chances of coming into the company. He thinks he could do well in the luggage manufacturing. He'll get over it. I think."●

NOTICE OF DETERMINATION BY THE SELECT COMMITTEE ON ETHICS

● Mr. WALLOP. Mr. President, it is required by paragraph 4 of rule 35 that I place in the CONGRESSIONAL RECORD this notice of a Senate employee who proposes to participate in a program, the principal objective of which is educational, sponsored by a foreign government or a foreign educational or charitable organization involving travel to a foreign country paid for by that foreign government or organization.

The Select Committee on Ethics has received a request for a determination under rule 35 which would permit Mr. Lee Mercer, legislative director to Senator RUDMAN, to participate in a program sponsored by Soochow University in the Republic of China, a foreign educational organization, from August 3–11, 1981.

The committee has determined that participation by Mr. Mercer in the program in the Republic of China at the expense of Soochow University is in the interests of the Senate and the United States.●

ABOLITION OF HCRS

● Mr. TSONGAS. Mr. President, on May 31, 1981, an agency in the U.S. Department of the Interior, the Heritage Conservation and Recreation Service (HCRS), was abolished by secretarial order and most of its functions transferred to the National Park Service.

This action came as a surprise to some of us on the Energy Committee who had heard Secretary Watt use his record as Director of Outdoor Recreation, predecessor agency of HCRS, as a prime example of his concern for conservation.

I particularly regret this decision to eliminate HCRS since the agency had a very active presence in the Northeast through its programs in urban park restoration and historic preservation. These programs brought the Department of the Interior into a relationship with cities and counties which had never existed so strongly before.

HCRS was important to the Commonwealth of Massachusetts through its natural, cultural, and recreation programs. I was personally involved with the agency in an inventory of rivers in my State and I found the regional staff helpful, knowledgeable, and concerned for the wise use of the river corridors.

At this time, as HCRS disappears as an entity in the Federal Government, I want to be sure that its passing is noted and that we emphasize that this was a successful program, that HCRS worked, and that its accomplishments were impressive.

I ask that a list of the accomplishments in the Northeast of the Heritage Conservation and Recreation Service and an article from the Christian Science Monitor by Meg Maguire, former Deputy Director of HCRS, be printed in the CONGRESSIONAL RECORD at this point.

The material follows:

EXCERPTED FROM HCRS ACCOMPLISHMENTS REPORT, 1977–80

NORTHEAST REGIONAL OFFICE

Administered the obligation of $259.5 million under the Land and Water Conservation Fund (L&WCF) for 1,392 projects: $74.5 million for 197 projects to acquire 106,039 acres of land; $181.5 million for 1,177 projects to develop recreation facilities; and $3.5 million for 18 state recreation planning projects.

Completed studies of Boston, New York, and Philadelphia for the National Urban Recreation Study.

Administered $32.1 million in Urban Park and Recreation Recovery program rehabilitation and innovation grants, and $2.9 million in recovery action program planning grants. The city of Hartford, Connecticut was the first jurisdiction in the nation to have an approved five-year recovery action program.

Established cooperative relationships with state recreation advisory services programs to provide technical assistance to state and local park and recreation practitioners.

Prepared a report requested by the city of Wheeling, West Virginia which identified potential strategies to implement urban waterfront revitalization actions on the Ohio River. The city appointed a waterfront task force to implement the alternatives.

Administered a $1.1 million grant to the South Bronx area of New York City under the LWCF contingency reserve urban demonstration program for the development of 14 sites primarily with community gardens, playlots, court games, stages, and benches.

Helped the state of Vermont develop a new computer grants management system to track applications and projects.

Inventoried and evaluated 100,000 miles of river for the HCRS nationwide rivers inventory, and identified 300 rivers and river segments comprising 15,000 miles that have outstanding qualities.

Prepared a report for the American Electric Company on the impact of a proposed nuclear power plant on the James River.

Co-sponsored a three-day regional conference on river conservation and revitalization in Mohawk, New York, with 200 people attending.

Prioritized free-flowing natural rivers for the New England River Basin Commission's Hydro-Power Expansion Study.

Prepared Congressionally mandated studies of the Shepaug and Housatonnic Rivers in Connecticut.

Assisted in the designation of the Upper and Middle Delaware River segments as components of the National Wild and Scenic Rivers System.

Provided technical assistance to three states to develop statewide river legislation.

Prepared a final environmental impact statement on the implementation of a management plan for the one-million-acre New Jersey Pinelands National Reserve in southern New Jersey. The plan was prepared by the New Jersey Pinelands Commission and approved by the governor.

Administered federal grants and technical assistance programs to the New Jersey Pinelands Commission, and completed a study requested by the commission of the scenic preferences of people living and recreating in the Pinelands.

Helped the U.S. Forest Service with 13 recreation plan composites and 35 in holding actions.

Established the Northeast Land Management Forum, composed of the regional directors of participating LWCF agencies, to improve cooperation and communication and develop alternative land conservation techniques.

Administered the transfer of 19 federal surplus properties to state and local governments for park and recreation purposes, totaling 1,400 acres valued at $5.8 million; 852 acres are in coastal areas.

Developed 12 cooperative management agreements with military bases to allow portions of their land to be used for public recreation.

Administered the designation of eight National Recreation Trails, including: the 22-mile Patriot's Path in New Jersey, culminating a 12-year effort; the 32-mile Lehigh Canal Heritage Trail in eastern Pennsylvania, which traverses 3 counties and 8 jurisdictions; and the Central Park Heritage Trail in New York City.

Evaluated 400 potential national natural landmarks and recommended 77; 10 have been designated by the secretary.

Helped the states of Maryland, Massachusetts, New Hampshire, Rhode Island, and West Virginia develop and implement statewide natural heritage programs with L&WCF assistance.

Prepared state-of-the-art reports on state natural heritage programs for the states of Delaware, New Jersey, and New York.

Helped the state of Maine consider the role of the public and private sectors for the Maine Critical Areas Program, which identifies areas in Maine with natural and cultural significance.

Cosponsored with the American Planning Association a regional urban waterfront revitalization conference in Boston.

Maintained continual contacts with urban waterfront groups in Philadelphia, New York City, and Wilmington (Del.)

Cosponsored with the Environmental Protection Agency three one-day workshops for state recreation and water quality management planners.

Reviewed a number of state coastal zone management plans, 32 applications for federal licenses to construct and operate hydroelectric power plants, 30 other types of water resource projects, and 140 transportation projects.

Cosponsored with the Lowell Historic Preservation Commission a conference on "Planning and Paying For Preservation" that had wide local participation.

[From the Christian Science Monitor, May 20, 1981]

RESCUING AMERICA'S HERITAGE

(By Meg Maguire)

A year ago Mt. St. Helens erupted in Washington state. Now a volcano of a different sort is erupting in Washington, D.C.—at the Office of Management and Budget, in the Congress, and in the federal agencies. Viewed from the air it is spectacular—Reagan Rhetoric full of assurances that nothing important will be sacrificed. Viewed on the ground, it's Reagan Reality—a mud slide indiscriminately burying an irreplaceable heritage.

Reagan says he's for sound conservation of our country's resources, for state and local determination, for efficiency in federal management, for careful study and thought before reorganizing the bureaucracy. But at the Department of the Interior he has done just the opposite by virtually eliminating three grant programs and the agency that administered them.

The three programs—the Land and Water Conservation Fund (LWCF), the Historic Preservation Fund (HPF), and the Urban Park and Recreation Recovery Program (UPARR)—have assisted state and local governments in acquiring land and in rehabilitating some of the country's finest parks and historic sites. They were administered by a small, highly professional agency, the Heritage Conservation and Recreation Service (HCRS), which managed no federal land or facilities, but worked directly with state and local governments on their priority projects within the framework of national agenda. The grant programs were among the most efficiently run in the federal government, with low administrative overhead and a computerized information system that even the budget examiners admired.

All this was wiped out with no analysis of what had been accomplished, what the consequences would be for the country, or how the long list of critical needs would be addressed in the future. Interior officials still have not addressed very basic questions about their plans for integrating the remnants of HCRS into the National Park Service when the secretarial order takes effect May 31. Nor has the administration made clear what, if any, portion of the "savings" is being turned back to the states in a block grant or what the administration's intent is after 1982. Just beneath the Reagan Rhetoric lies the Reagan Recklessness.

The sole reason for these actions seems to be that poor America—wealthiest country in the world—can no longer afford to preserve its beauty and accomplishments for posterity. Ironically, these actions will save only $293 million in FY 1981 and $582 million in FY 1982 over the already austere Carter budget. This is close to the $500 million annual "payment in lieu of taxes" program, abandoned by the Carter administration, which Reagan plans to reinstate. This money will go almost exclusively to the Western states as reimbursement for lost taxes due to federal ownership of land.

Furthermore, the legislatively designated funding source for LWCF and HPF is not scarce tax dollars but burgeoning offshore oil revenues—"conscience money" earmarked to

be reinvested onshore for preservation of land and historic resources. Over time, through a steady infusion of a rather conservative 50 percent federal match, both these programs have assisted in acquiring for public use four million acres of state, local, and national parks and recreation areas; development of 19,000 recreation projects in 14,000 communities; and restoration of thousands of historic buildings and districts. More than 20,000 communities have been assisted by these two programs. Today every state has a plan and a set of priorities that depend on the federal government kicking in half the money to protect irreplaceable land and historic sites.

The Urban Park and Recreation Recovery Program (UPARR), part of President Carter's urban policy, acknowledged the critical need to reinvest in the nation's deteriorating urban parks. UPARR was the first national public works effort to focus exclusively on conserving, rather than replacing, existing infrastructure. As America ages and adopts strategies to refurbish bridges, rebuild sewers, and resurface streets, the urban parks program can serve as a model of how to target the money and measure the results.

During its short life UPARR has already encouraged hundreds of cities and towns to restore old WPA recreation centers and crumbled Olmstead parks, renovate pools and playgrounds in aging neighborhoods, and make long-needed improvements in park management.

The accomplishments of HCRS through both grants and technical assistance produced handsome tangible results—projects which meant communities were substantially better after the ribbon was cut; places to be visted now and a hundred years from now.

All over the country people will tell you that without the grant money from Interior, the bulldozer would have destroyed their local historic district or cut through a fine old grove of trees or eliminated a village green. Without these programs, the ability to leverage private sources of funding and form partnerships with diverse interests would have been limited. Without these programs, hundreds of millions of dollars of land would not have been donated to local and state park systems in Texas, or Missouri or Idaho; many riverfronts from Detroit to Jacksonville to Boston would have less public access; and one of the most dramatic and farsighted pieces of land use legislation in our history would probably not have been adopted for the 1-million-acre New Jersey Pinelands. Without these programs, the rape and ruin boys would have destroyed a whole lot more of America than they have, all in the name of economic growth, private initiative, and getting Uncle Sam off our backs.

For each project that has been completed there are scores of others being planned in Memphis, Toledo, East St. Louis, and Anchorage. Communities have learned that such projects are not postponable frills. They serve as powerful stimulants for private real estate investment; as producers of substantial revenues from tourism; and as models of energy conservation. For example, it takes 23 percent less energy to rehabilitate an old building than to build a new one.

The real issue here is the future of our national heritage. Americans have both the burden and blessing of stewardship for their diverse land and their rich culture. The national government can't deny its responsibility in the name of states rights or tax reductions or budget cuts. In our parks, wildlife refuges, wild and scenic rivers, historic districts, Indian burial grounds, scenic trails, barrier islands, and beaches there is a fragile legacy that outstrips even the federal highway system, or the MX missile, or, yes, even the arts.

What is the Reagan alternative? Let the private sector do it? Well, there isn't much evidence in American history that greater private and corporate wealth will benefit the public through well-targeted largesse. True, there have been philanthropic giants who left mansions and mountains, but today's benevolence requires a different form on a much grander scale.

Maybe the Republicans will use their influence to get the oil companies voluntarily to establish a $3 billion-$5 billion trust fund with some of their colossal profits. The interest could be plowed back into securing and restoring the special natural and historic places of this country. This seems like a reasonable idea at first, but is it the appropriate role for business to define the public agenda and charge consumers enough to pay for the nation's necessities and their product too? Or is this not precisely the role of our national government? Why then not tax the oil companies more heavily and earmark a portion of the profits made from exploiting America's oceans and earth to save her heritage? That, of course, is precisely what was done in 1965 and 1966 when the Land and Water Conservation Fund and the Historic Preservation Fund were established.

The heritage grant programs at Interior are superb examples of America doing something right and doing it well. Before the budget volcano obliterates everything in its path, they should be rescued.●

WOMEN: AN UNFORTUNATE DECISION

● Mr. COHEN. Mr President, the Portland (Maine) Press Herald, on June 29, published an editorial, "Women: An Unfortunate Decision," which raises some important concerns about the recent Supreme Court decision on registration of women.

As the Press Herald said, the decision to uphold male-only registration under the Selective Service System may be defensible on constitutional grounds. Its effect, however, is unfortunate.

There is danger, as the Press Herald says, that the decision perpetuates the myth that all women are unsuitable—and all men suitable—for military service. The Court's decision makes it incumbent upon Congress to clarify the role women can and should play in time of national emergency.

I continue to believe that the burden of proof falls on those who would exclude women from registration. If there is a mobilization, we will need a large infusion of both combat and noncombat personnel. It simple does not make sense to eliminate over half the eligible population of this Nation from consideration to fill those noncombat roles.

What is needed is a policy which takes fully into account the capabilities of all resources—male and female—in time of emergency. Failure to include women in this kind of planning is to deny their capabilities and the excellent level of service they have given to their Nation.

Congress should use the peacetime environment to consider the issue of how the Nation will meet its mobilization requirements in specific areas. Today, replacement estimates are gross figures based on various scenarios.

It is essential that specific plans be developed for the mobilization scenarios, with approved personnel policies for assignments, tour lengths, and other elements. Specific combat/noncombat personnel requirements should be established, and thought should be given to the implications of having a significant number of active duty personnel in the force with statutory combat restrictions.

Further, we should consider the procedures to be used in the event of a draft. After classification, should there be two lists of eligibles prepared, one for combat-qualified personnel and the other for those physically/mentally qualified for other than combat positions? If this were done, women and those men not qualified for combat positions would still have the opportunity to be called on in a time of national emergency. Many in the noncombat group have skills and abilities that could be valuable to the security of the Nation in time of mobilization.

How can we be certain that we can afford to ignore the talents of half our population in a national emergency? How can we be certain that the next war will be like the last one, or the one before that?

To exclude the involuntary service of women out-of-hand would be imprudent. We need a mobilization policy which takes into account the capabilities and potential contributions of women. Only then will Congress be able to determine if this valuable resource should be ignored in maintaining the security of the Nation.

In ruling that Congress has the right to exclude women from registration and conscription, the Supreme Court has, I believe, at the same time laid a special responsibility on us. We must do all we can to see that the effect of the decision is not an unfortunate one and that all efforts are made to incorporate women into our mobilization planning.

As the New York Times said in a June 29 editorial:

So whether or not it was appropriate, the Court's deference hardly disposes of the matter. It did not say that Congress must exclude women from the draft, only that it may do so. If this question is buried until the draft is actually revived in some emergency, it will haunt the recruitment process in serious ways.

Both the Press Herald and Times editorials address points which I feel have been insufficiently discussed in the wake of the Court's decision. I commend the editorials to the attention of my colleagues, and submit them for the RECORD.

[From the Portland (Maine) Press Herald, June 29, 1981]

WOMEN/AN UNFORTUNATE DECISION

The Supreme Court's decision to uphold male-only draft registration may be defensible on constitutional grounds, no matter how unfortunate its effect. Congress has broad power to organize, maintain and govern the Nation's military forces, and the court found it had acted within its constitutional authority in choosing to exempt women from registration.

But it was a regretable choice. There was no good reason to leave women out when the Congress authorized the registration program proposed by then-President Jimmy Carter and all four members of the Maine delegation supported inclusion of women, but the Senate amended the measure in

response to opponents' arguments that women are not suitable for combat duty.

That issue, however, does not play a part in either the congressional authorization of the registration program or the Supreme Court's ruling. The issue at hand is whether women should register—not whether women should be drafted or whether they should serve in combat.

And at the heart of the matter is whether women have equal responsibility with men for making themselves available to serve the country.

The Congress, in excluding women from registration, has said they do not, perpetuating not only the myth that all women are unsuitable but the myth that all men are suitable for military service.

Equal rights for women, although not specifically guaranteed, are assured under the 14th Amendment to the Constitution, which provides equal protection of the law for all citizens. Equal protection and equal responsibility go hand-in-hand.

[From the New York Times, June 29, 1981]

THE WOMEN'S DRAFT CAN'T BE DEFERRED

"The Constitution requires that Congress treat similarly situated persons similarly, not that it engage in gestures of superficial equality." So said a 6-to-3 Supreme Court majority in explaining why it is constitutional to register males but not females for the military draft. It was a curt rejection of serious claims by draft-age men that excluding women not just from combat but from registration for duty amounts to sex discrimination. Although the Court gave them the back of its hand, their argument is not so easily dismissed.

Except for that slur about superficial gestures, Justice Rehnquist's majority opinion actually makes no judgment about the wisdom of calling only men. The opinion points to the manifest power of Congress to raise armies and its traditional exclusion of women from combat service. In military matters, Congress is due more than ordinary deference, the Court said.

When it comes to filling the combat ranks, it is indeed the view of many, including most of the male leaders of the armed forces, that some distinction between the sexes is not only appropriate but essential. But most military service is not combat, and registration is not yet service. The armed forces do not shrink from assigning women to a vast array of military jobs, including quite hazardous ones.

Equal exposure to military service is surely a symbol of sexual equality, and it is more than that. It is a doubling of the Pentagon's potential personnel assets, a fresh source of national strength. As Justice White points out in his dissent, it is far from clear that Congress believes "that every position in the military, no matter how far removed from combat, must be filled with combat-ready men."

So whether or not it was appropriate, the Court's deference hardly disposes of the matter. It did not say that Congress must exclude women from the draft, only that it may do so. If this question is buried until the draft is actually revived in some emergency, it will haunt the recruitment process in serious ways.

That only men should interrupt their careers to honor an obligation to society is not a doctrine that will stand much longer in American society. The fact that only a small fraction of even eligible men were drafted during the Vietnam war created widespread resentment and produced a corrupting pattern of deferments and evasions. The clearer it becomes that women deserve equal treatment in all walks of American life, the greater will be the appearance of injustice to the males who are asked to sacrifice.

No long-term military draft is likely to achieve public support unless it is perceived as fair, involving equal sacrifice. If there has to be a draft, it had better be universal. And if there are to be workable plans for a draft, even if only for the reserves, they had better recognize that Americans increasingly expect that imaginative use of the entire pool of men and women. And what the public perceives as just will sooner or later be found to be also constitutionally necessary.●

A FATHER AND SENATOR HELMS

(By request of Mr. CRANSTON the following statement was ordered to be printed in the RECORD:)

● Mr. TSONGAS. Mr. President, on Friday, June 5, columnist Tom Braden opened his heart to the readers of the Washington Post. The love and anguish which poured forth struck me profoundly, particularly as a father of daughters. It remains inexplicable to me that anyone should seek to require the victim of the vicious crime of rape to carry the product of that assault. I urge all of my colleagues to read this article carefully, keeping in mind their own daughters, sisters, wives, and mothers.

Mr. President, I ask that the article from the Washington Post of Friday, June 5, be printed in the RECORD at this point.

The article follows:

A FATHER AND SENATOR HELMS

(By Tom Braden)

I have been wondering whether to tell you a personal story that seems to me to have general implications. This is one of those sad family stories that normally you don't find fathers talking about it public, or even very much with close friends.

But I picked up the newspaper the other day to read that a Senate committee had voted to abolish payments for abortions for the poor, even when the pregnancies are the result of rape.

Now this was not a question of cutting the budget. Abortion costs for poor women who are raped do not amount to a large sum. Rather it was a question of morality. Republican Sen. Jesse Helms of North Carolina, and the Moral Majority, which follows him around, are convinced that abortion is wrong even when the woman who wants one wants it because she had been raped.

So I don't think it will be very long before Jesse and his friends are going to come after the unpoor.

In this instance, I am not very comfortable about being unpoor. I object to what the Senate committee did. But I have the human instinct to object even more strenuously when I reason that, by the same standard with which the senators dealt with the poor, they will shortly deal with me.

So let me tell you my story.

A few years ago one of my daughters attended an enrous Fourth of July celebration at the Washington Monument. It was a free show with fireworks and flags and entertainment, and, according to the newspaper account, the large crowd behaved well.

But as my daughter strolled alone off the Monument grounds and entered a side street, a car rolled up next to the sidewalk. Three men emerged from it, seized her roughly and, before she could do more than utter a half-stifled cry, put her into the back seat where two more men held her to the floor.

She was tied, gagged and taken to a house, the location of which she cannot now identify. She was kept in the house for the rest of the night during which time she was repeatedly beaten and raped.

The next morning she was blindfolded, driven back to the Monument grounds, and shoved out of the car. Eventually, sometime about midday, she made her way home.

During the time she was gone, there was of course, a great deal of worry and anxiety at that home. And I must confess, anger.

Her arrival was followed by various interviews with policemen who tried to be helpful to a hysterical girl. But couldn't be. Because the hysterical girl could only estimate the time she had been in the car, describe the inside of a house and sob out some meaningless first names.

That's really the end of the story. Except, of course, that within a very short time, my daughter knew that she was pregnant.

Now I would like to ask Sen. Helms what he would do if he had been the father of the girl. I know what I did. And I can promise the senator and the Moral Majority and all the shrill voices of the Right to Life Movement, that no matter what law they may pass and how stringent the penalty, I would do it again.●

SALUTE TO THE FLEET BALLISTIC MISSILE SUBMARINE FORCE

● Mr. HOLLINGS. Mr. President, I take this opportunity to give recognition to the men of the fleet ballistic missile submarine force on the occasion of the completion of the 2,000th strategic deterrent patrol.

The U.S.S. *James K. Polk* (SSBN–645) returned to my native Charleston, S.C., Saturday, June 27, from its 49th strategic patrol. The *Polk's* return marks the 2,000th such patrol by our 41 original ballistic missile submarines, involving over 100,000 submerged days carrying out the mission of strategic deterrence at sea.

South Carolina is proud to host these dedicated men of our Navy and we are honored to have received the *Polk* on this most significant milestone in the history of the submarine force.

I should also like to point out that while the *Polk* is returning to her home port, our newest strategic deterrent, the U.S.S. *Ohio* (SSBN–726) is at sea on her second sea trial. This nuclear-powered Trident submarine will soon join the cornerstone of our U.S. defense Triad which our Navy men have served proudly for over 20 years.

Recently I had the privilege of visiting Holy Loch, Scotland and seeing firsthand the tremendous work being done there by the members of our ballistic missile submarine force. The pride and dedication which our Navy personnel exemplify in their every action at Holy Loch made an impression that will remain with me always. While in Holy Loch we had the pleasure of visiting the SSBN submarine, *Henry Clay*, which, though home ported in Charleston, is presently in Holy Loch for some refitting. Its commanding officer, John Nuernberger, is doing an outstanding job. The personnel under his command made an absolutely excellent impression and we are fortunate indeed to have people of this high caliber providng for the defense of freedom.

These dedicated people have pride in America—and America has pride in them. We salute the men of the fleet ballistic missile submarine force. Their 2,000th FBM patrol is a significant mile-

stone in America's naval history, representing a vitally important contribution to the defense of their fellow citizens back home.●

SEVEN YEARS AFTER THE TURKISH INVASION OF CYPRUS

● Mr. CRANSTON. Mr. President, 7 years ago this coming Monday the island of Cyprus was invaded by Turkish forces. And for 7 years a solution to the problems created by this invasion has eluded us.

This means that there continues to exist a serious point of contention between two key allies of NATO, Turkey and Greece. But more importantly, it means that many Cypriots are still suffering from the effect of this invasion. Thousands of refugees still cannot return to their homes. And because a political settlement has not yet been found, it means that the fragile peace that currently exists could easily be disrupted at any time.

Some progress toward a resolution has been made. The resumption of negotiations last August under the auspices of the United Nations between Turkish and Greek Cypriots is very encouraging. These negotiations hold out true hope for a mutually acceptable settlement—one that is fair to all and one that will bring a lasting and peaceful resolution of the situation on Cyprus. I fully support the negotiation efforts that are now underway. And I will continue to encourage our Government to play a constructive role in assisting the U.N. efforts.●

THE U.S. GOVERNMENT

● Mr. HARRY F. BYRD, JR. Mr. President, the Washington Post recently published a perceptive article by Saul Pett of the Associated Press on the explosive growth of government in the United States.

Mr. Pett gives a lively, lucid account of how far we have strayed from the limited government envisioned by the Founding Fathers, and how the enormity of government today abridges our freedom. He gives many examples of the waste engendered by our bloated government and of the niggling absurdities which so many Americans are forced to endure at the hands of the officials in Washington, D.C.

In this regard, Mr. President, I have sponsored a legislative veto measure, S. 684, designed to check the excess of overzealous regulators. My proposal would provide for selective congressional review of regulations likely to have a strong impact on the American economy and people. However, it would not burden the Congress with reviewing routine and noncontroversial rules issued by the executive branch.

I submit for the RECORD Mr. Pett's excellent article, entitled "The U.S. Government: Where It Stops, Nobody Knows," and I commend it to the reading of my colleagues.

THE U.S. GOVERNMENT: WHERE IT STOPS NOBODY KNOWS

(By Saul Pett)

WASHINGTON—We begin with the sentiments of two Americans two centuries apart but joined in a symmetry of indignation.

One said this: "He has erected a multitude of new offices, and sent hither swarms of officers to harass our people, and eat out their substance."

The other said this: "The government is driving me nuts. The forms are so complicated that I have to call my accountant at $35 an hour or my lawyer at $125 an hour just to get a translation."

The latter opinion belongs to Roger Gregory, a carpenter and small contractor of Sandy Springs, Md., a man of otherwise genial disposition.

The first statement was made by Thomas Jefferson of Monticello, Va., in the Declaration of Independence, in the bill of particulars against the king of England that launched the American Revolution.

It is one of the ironies of history that a nation born out of a deep revulsion for large, overbearing government is now itself complaining—from sea to shining sea—about large, overbearing government.

Somewhere between Thomas Jefferson and Roger Gregory, something went awry in the American growth hormone. And now, in our 40th presidency, Ronald Reagan is trying to saddle and tame a brontosaurus of unimaginable size, appetite, ubiquity and complexity.

In designing a government, James Madison said, "The great difficulty is this: you must first enable the government to control the governed and, in the next place, oblige it to govern itself." Has it?

One is often told that in a democracy the people get the government they deserve. In the process, do they also get more government than they want? Does anybody recall voting for the regulations which resulted in three years of litigation between the City of Los Angeles and the U.S. Department of Labor over whether the city was guilty of discrimination against the handicapped by refusing to hire an assistant tree-trimmer with emotional problems?

The government of the United States is so big you can't say where it begins and where it ends. It is so shapeless you can't diagram it with boxes because, after you put the president here and Congress there and the judiciary in a third place, where in the hell do you put the Ad Hoc Committee for the Implementation of PL89-306? Or the Interagency Bird Hazard Committee? Or the Interagency Task Force on Inadvertent Modifications of the Stratosphere? Or the Interdepartmental Screw Thread Committee? Or the Interglacial Panel on the Present?

The government of the United States is so unstructured it is owned by everybody and owned by nobody and run by nobody. Presidents run only a part of it. Presidents can't even find and sort out the separate parts.

Jimmy Carter tried. On the crest of promises to streamline and make sense out of the federal bureaucracy, he began by looking for the blueprint. He appointed a panel and the panel looked everywhere, in the drawers, in the closest, in the safe, but they couldn't find it.

"We were unable," the panel concluded, "to obtain a single document containing a complete and current listing of government units which are part of the federal government. We could find no established criteria to determine whether an organizational unit should be included or excluded in such a list."

President Carter never did find out what he was president of. As a candidate, he had flayed the "horrible, bloated bureaucracy." As president, he managed to reduce one or two minor horrors but added to the bloat.

Other presidents have found the bureaucracy an immovable beast. Franklin Roosevelt ran into so much resistance from the old departments, he created a flock of new agencies around them to get action. Harry Truman complained the president can issue an order and "nothing happens." He tried to reorganize the bureaucracy with the help of Herbert Hoover but not much changed. John Kennedy said it was like dealing with a foreign power.

It was all much easier when Mr. Jefferson was president. Then, the entire federal establishment throughout the nation, civilian and military, numbered fewer than 10,000. They wouldn't fill half the Pentagon today.

Since 1802, the population of the United States has multiplied 55 times while the population of government has grown 500 times. Since 1802, and most especially in the last 50 years, the government has been transformed, far beyond the ken of the men who started it, in size, power and function. The capital of capitalism now subsidizes rich and poor, capital and labor.

The number of civilian personnel (2.8 million) and military personnel (2.1 million) employed by the federal government has remained fairly constant in recent years. But federal programs have brought vast increases in state and municipal personnel.

Thus, government in the United States on all levels now employs 18 million people. One out of six working Americans is on the public payroll. Government on all levels now costs more than $832 billion a year. Clearly, it is the nation's largest single business and the least businesslike.

None violates Polonious' advice to Laertes more severely than Uncle Sam. He is both a borrower and a lender. He borrows in cosmic amounts and lends on a celestial scale. He lends at less interest than he borrows. And every year, billions slip through his fingers and disappear into the sinkholes of waste, mismanagement and fraud.

But governments are rarely designed for efficiency, especially democratic governments, and most especially this one. This one has grown spectacularly as people demanded more and more of it and as politicians and bureaucrats saw or stimulated those demands. This government was designed for accommodation and consensus. It began on the docks of Boston, not the other side of town, at the Harvard business school.

Poor old Uncle. He does many essential things that only government can do. He is capable of great change, a necessity for government that would survive. He has held the place together 205 years in more freedom and comfort than history ever knew. But he is a creature of diverse forces. He gets it on all sides and is perceived in many ways.

A big, bumbling, generous, naive, inquisitive, acquisitive, intrusive, meddlesome giant with a heart of gold and holes in his pockets, an incredible hulk, a "10-ton marshmallow" lumbering along an uncertain road of good intentions somewhere between capitalism and socialism, an implausible giant who fights wars, sends men to the moon, explores the ends of the universe, feeds the hungry, heals the sick, helps the helpless, a thumping complex of guilt trying mightily to make up for past sins to the satisfaction of nobody, a split personality who most of his life thought God helps those who help themselves and only recently concluded God needed help, a malleable, vulnerable colossus pulled every which way by everybody who wants a piece of him, which is everybody.

In one lifetime, the cost of all government in the United States has become the biggest single item in our family budgets, more than housing, food or health care. Before World War II, the average man worked a month a

year to pay for it; now it takes four months. Now it consumes a third of our gross national product. In 1929, it took a tenth.

Our federal income tax began in 1913 but it didn't begin to bite until Pearl Harbor. At that, we have been spared the irony that befell Mother England. Her income tax began as a "temporary war measure" in 1799, to fight Napoleon.

It is in the nature of government measures to achieve immortality. Few die. Governments expand in war and contract slightly in peace. They never go back to their previous size. Peacetime emergencies also have a way of becoming permanent. The Rural Electrification Program was set up in 1935 to bring electricity to American farms. Today more than 99 percent of farms are electrified but the REA goes on, 740 people spending $29 million a year.

When we were kids, the word trillion seemed a made-up word, like zillion. Now it's for real. Last year, the federal government owed $914.3 billion. Next year it will owe $1.06 trillion. It is owed $175 billion in direct loans. It has also guaranteed loans for $253 billion. If Chrysler and the others default, the government debt would rise to nearly $1.5 trillion. Like the man said, it all mounts up.

If you would begin to visualize the physical presence of the government, you must brace yourself for more statistics. The government of the United States now owns 413,042 buildings in the 50 states and abroad, excluding military installations abroad. That cost nearly $107 billion. It also leases 227,594,942 square feet of space at an annual rental near $870 million. It owns 775,895,133 acres of land, one-third the land mass of the United States. Uncle is big in real estate.

The government of the United States is so big it takes more than 5,000 people and $210 million a year just to check part of its books. The government is the nation's largest user of energy. A check by a House committee found the government was saving less energy than much of the nation and the Department of Energy, itself, had an "abysmal" record of conservation. The government uses enough energy to heat 11 million homes. It owns 449,591 vehicles. It leases other.

Among others, the government finds it needs the services of 67,235 clerk-typists, 65,281 secretaries, 28,069 air traffic controllers, 27,504 computer specialists, 13,501 internal revenue agents, 5,771 economists, 5,479 voucher examiners, 3,208 psychologists, 16,467 general attorneys, 38 undertakers, 519 nonmilitary chaplains, 1,757 microbiologists, 658 landscape architects, 3,300 librarians, 62 greenskeepers, 16 glassblowers, 8,092 carpenters, 66 saw sharpeners, 4 bicycle repairers, 6 tree fellers, 5 swineherds, and 15 horse wranglers.

"The government is driving me nuts" says Ruby Beha of "Ruby's Truck Stop" on U.S. 50 near Guysville, Ohio. "And the more you make, the more they take."

She complains of high taxes and government forms which require half her waking life, she says, to fill out. She couldn't agree more with Alexis De Toqueville, the 19th century French observer of governments, who said, "The nature of despotic power in democratic ages is not to be fierce and cruel but minute and meddling."

Unlike King George, King Sam sends hither swarms of officers with bundles of money and oodles of regulations. In his great urge to protect everybody from everything, from disaster and discrimination, from pestilence and pollution, he sends money with strings attached.

In this, he is damned if he does, and damned if he doesn't. If he sends money without regulation, he risks monumental larceny. If he sends it with regulations, he risks an outraged citizenry.

He has an outraged citizenry. More than the size of bureaucracy, Americans who complain about government complain they are up to their esophagus in indecipherable forms, choking red tape, maddening detail and overzealous bureaucrats.

In Janesville, Wis., an inspector from the U.S. Department of Agriculture cites a small meat packing plant for allowing the grass to grow too high outside the plant. What, one cries to the heavens, does that have to do with the meat inside?

"I guess," says Dan Wiedman, the man in charge of sanitation at the plant, "he feels that if the outside isn't neat, the inside isn't sanitized."

In New York, the president of Columbia University says that among the sums he must raise is $1 million a year to handle government paperwork.

In Sheldon, Iowa (population 4,500), the mayor has to fill out 27 feet of government forms, in quadruplicate, every year, most of them concerning minority employment. Sheldon has no minorities.

In Cambridge, Mass., the president of Harvard says that the federal government, with the strings it attaches to federal funds, tries to decide "who may teach, what may be taught, how it should be taught, and who may be admitted to study."

In Hanover, Wis. (population 200), three men operate a small junkyard called Hanover Auto Salvage. One man is the owner but all three work 60 hours a week and all three draw equal amounts of income from the business every week. The Department of Labor says the two nonowners should be paid overtime. They did not ask for the overtime. Why, they ask, should they be paid more than the owner for the same work?

In Baltimore, Md., Stefan Graham, director of the zoo, is told by the U.S. Department of Agriculture he must do something about the high bacteria count in a pool occupied exclusively by three polar bears.

The bears have been there a long time. They have lived longer than your average polar bear. They are in good health. The man from Agriculture agrees but regulations are regulations. How asks the zoo keeper, do you get bears to change their personal habits to keep the bacteria count down? Dunno, says Agriculture, but comply or get rid of the polar bears.

In New York, Mayor Ed Koch is told that unless he installs elevators for the handicapped in subway stations, he risks losing federal funds for mass transit. The elevator system would be so expensive, says Koch, it would mean that each subway ride by each handicapped person would cost the city $50. It would be cheaper to transport them by limousine or cab.

In North Carolina and other places in the South where blacks can now attend white colleges, the Department of Education threatens to withhold federal funds unless black colleges are made more attractive to whites.

In Washington, Sen. Daniel Patrick Moynihan (D.-N.Y.) complains that for the better part of year his staff had to negotiate with the Senate Ethics Committee over whether the senator had used the letter "I" more times than the franking privilege rules allow.

"Personally phrased references . . . shall not appear more than five times on a page," according to Section 3210(a)(5)(c) of the rules. "The essence of the argument," says the senator, "was whether the term we, as in 'we New Yorkers,' implied the term I."

In Janesville, Wis., a small banker complains that since they ask the same questions every year, why can't federal and state bank examiners share the answer and eliminate one of the inspections?

In New York, a long investment prospects from Merill Lynch, Pierce, Fenner and Smith include this cautious paragraph.

"Section 13. Masculine Pronouns. Masculine pronouns, whenever used herein, shall be deemed to include the feminine, and the use of the masculine pronouns shall not be deemed to imply any preference for it or any subordination, disqualification or exclusion of the feminine."

God forbid anybody should think that the mighty Wall Street firm was so male chauvinist, so illegally macho, they wouldn't accept money from female investors.

The men (there were no sex discrimination laws then) who wrote the Constitution of the United States were deliberately imprecise. They left room for growth and change. Their descendants often are compulsively detailed.

Somebody in Washington gets an idea. Wouldn't it be nice, especially since there is a lobby of the handicapped, if street curbs had ramps for people in wheelchairs at intersections? Simple? No.

The word goes forth from Washington across the land, wherever federal funds are involved in road construction, that ramps be installed at intersections, each to be a specific with, length, pitch and nonslip material.

The first thing that happens is that in a heavy rain the water running along the gutter is diverted by the ramps and deposits its debris, not in sewers, but out in the street. The second thing that happens is that in the winter, snow plows rip up the protruding grades. The third thing that happens is that blind people relying on canes complain that the ramps confuse their perception of where the curb ends and the street begins.

Washington's passion for detailed regulation has its ironic inconsistencies. For example, the government asks fewer questions of a man buying a Saturday night special than it does of a man importing a salami from Italy. And the man who buys a gun is allowed to leave with his purchase before his answers are verfied.

Washington was far more cautious when the City of Des Moines planned to build a viaduct over a railroad in 1971. The estimated cost then was $1.3 million and the feds would put up half in matching funds. But it took five years for the city to persuade Washington that its regulations about environment and noise would be satisfied. By then the viaduct cost $4.1 million. It would have been faster and cheaper if the city had built the viaduct itself, footing the entire bill.

The federal government is easily ridiculed for its bureaucratic excesses, its stifling regulations, its intrusive Big Brotherism. But against that, one needs to recall it was the federal government, not the states or private industry or private charity or the free marketplace, that sustained the country in the Great Depression and saved it from revolution. It was the federal government that ended slavery in the South and had to come back 100 years later with "swarms of officers" to make that liberation real.

It is the federal government that insists management pay labor overtime for overtime work, that cushions the shock of dismissal and prevents child labor. It is the federal government that keeps the poor and the aged out of county poor farms and back attics. It is the federal government that keeps Wall Street honest, makes bank deposits safer, makes the air and the water cleaner, reduces deaths in the mine shafts of Pennsylvania, keeps horrors like thalidomide from disfiguring our babies, makes American airways the safest among the world's busiest, and keeps chaos out of our airwaves by controlling shares to the small Citizen Band owner and the big television networks.

It is the federal government and its loans which keep many small and large business men in business, many farmers on the family farm, many students in college. It is the

federal government which injected new life into many downtown areas of the dying cities, with money for new hotels, parking garages, civic centers and open plazas. It is the federal government that gave Detroit its Renaissance Center and Baltimore a revitalized harbor.

"I have no apologies for the federal government being interested in people, in nutrition, education, health and transportation," Hubert Humphrey once said. "Who's going to take care of the environment and establish standards? You? Me? Who's going to work out our transportation problems? The B & O railroad?"

Others ask, who would do all this with better planning and greater efficiency? Chrysler? Lockheed? The New York Central Railroad?

Elmer Staats, as head of the General Accounting Office, spent 15 years ferreting out waste, fraud and sloppy management in Washington. He found plenty. He is not naive about the bureaucracy. He says:

"Americans have come to expect more and more from government while trusting it less. Many of the same individuals who bemoan the growth of government are the first to seek its help when their own interests are involved.

"They decry the government bureaucrats but are unwilling to accept positions in government because the salaries are too low or the ethical requirements too high. They speak out at every opportunity against the encroachment of government but fail to speak up when asked to volunteer for community endeavors. They most often assert demands or speak of rights rather than duty, obligation or responsibility. They see nothing inconsistent with pleading for tax reduction yet expecting public services to remain the same.

"The once prized characteristic of American society of hard work and self-reliance too often has given way to the view that 'someone else should do it' or someone else should pay the bill, that someone else being government."

The men who created our government were suspicious of government. They feared any restrictions of individual liberty. They were more interested in preventing the accumulation of power than in promoting its efficient use. Thus, they gave us a government of checks and balances and separation of powers in a design that built in tension, competition, even mutual suspicion between branches of government. It was not a blueprint for a smoothly coordinated team.

James Madison, the "father of the Constitution," said that under that document the states would be more powerful than the central government and the federal taxing powers would not be "resorted to except for supplemental purposes of revenue." He said federal powers were "few and defined" while state powers were "numerous and indefinite." Federal powers would be "exercised principally on external objects . . . war, peace, negotiation and foreign commerce." State powers would extend "to all the objects which . . . concern the lives, liberties and properties of the people."

When Jefferson was in the White House in 1802, the entire federal establishment in Washington numbered 291 officials; the entire executive branch, 132 people. Congress consisted of 32 senators and 105 representatives, all of whom had to get along with a total staff of 13 among them (Congress has 3,500 today). The Supreme Court had six justices, one clerk among them.

The business of the national government then was defense, minting money, conducting foreign relations, collecting revenue, maintaining lighthouses for navigation and running the Postal Service, which in those days belonged to the Treasury Department and—would you believe?—turned a profit.

Almost all the things that governments do that affect the lives and fortunes of its citizens were done by the state and local governments, and that wasn't much. Then and for decades after, the national government got along on customs and excise taxes.

The chief proponents of a strong central government then were business leaders and they wanted it only strong enough to protect commerce, provide a nationwide free home market and a sound currency and banking system.

The public attitude toward the poor reflected the young country's sense of rugged individualism, reliance on family and a strong work ethic. The poor were thought to be poor because of personal failure.

From the Revolution to the Great Depression a century and a half later, help for the needy came mostly from family, charity or local government. Local public relief bore a stigma.

The federal government grew slowly in its first 150 years. On the expanding frontier, it was involved in territorial jurisdiction and land grants for public education, roads, flood control, drainage, canals and railroads. Until 1893, federal money largely went to pensions, public buildings and river and harbor improvements. There were short-term federal deficits because of the Civil War, the recession of 1890 and World War I, but nothing like what would come later.

The first federal regulation of the private sector came in 1863 with the creation of the Office of the Comptroller of the Currency as part of the national banking system. In the next 40 years, only two regulatory agencies were added—the Interstate Commerce Commission and the Animal and Plant Health Inspection Service.

Generally, the federal government remained aloof from most domestic affairs. Generally, it was a quiet time and presidents were not overworked. Grover Cleveland could take afternoons off, riding in his Victoria drawn by a matched pair while the citizenry tipped their hats and said, "Good afternoon, Mr. President."

If it were possible to chart the American dream, you would have a steadily climbing line from 1776 to 1830, a sharp drop for the Civil War and then again a rising line with minor dips, rising, rising, rising to a pinnacle in 1929. We were prosperous. We were buoyant. We were supremely confident.

Then the wheels fell off.

Suddenly, 12 million Americans, 1 out of 4 of the country's breadwinners, were looking for jobs that didn't exist. More than 5,000 banks failed and 86,000 businesses went out of business and, in 1932 alone, 273,000 families were evicted from their homes.

In the spreading hunger and deepening humiliation, middle-class neighbors knocked on back doors for handouts. Some people ate weeds and some people fought over leftovers in the alleys behind restaurants and rioting farmers dumped cans of milk rather than sell for 2 cents a quart and in many places people talked of revolution from the left or the right and across the land nobody seemed to be able to do anything about anything. With all the property foreclosures, with tax revenues way down, the state and city governments were vritually helpless to help, private charities dried up, and the whole blessed country seemed at a dead stop.

Only the federal government had the resources to help and under Franklin Roosevelt it did. This was the watershed, the great turn in history in which laisez-faire died and the basic philosophy of American government was profoundly altered.

Federal Emergency Relief. Social Security. Unemployment compensation. The Civilian Conservation Corps. The National Labor Relations Act. The Securities and Exchange Commission. The Agricultural Adjustment Administration. The Tennessee Valley Authority. The Work Progress Administration.

The cartoons showed men leaning on shovels but it was WPA, or a form of it, that built 10 percent of the new roads, 35 percent of the new hospitals, 70 percent of the new schools. Denver was given a new water supply system; Brownsville, Tex., a port; Key West, the roads and bridges that connect it to the Florida mainland.

WPA built the Lincoln Tunnel between New York and New Jersey, the Camarillo Mental Hospital in California, the canals of San Antonio, the Fort Knox gold depository in Kentucky, Dealey Plaza in Dallas and Boulder Dam in the Colorado River.

Franklin Roosevelt made the economic welfare of Americans a federal commitment. In his turn, Lyndon Johnson took the ball and ran with it—ran away with it, some say.

The '60s were a time of high employment and great economic growth. Every American, it was thought, could be assured a job, a minimum standard of living, adequate diet, decent housing and sufficient health care.

Everything looked possible if you threw enough money and expertise at it—the moon, Vietnam, the policing of the world in our image, the end of poverty, racial injustice, decay of the cities and the sliding quality of life. Thus, we got:

More aid to the poor. More foreign aid. Supreme Court decisions to ensure the rights of minorities and the accused. Food stamps. Medicare. Affirmative action. Job training. Child care. School lunches. Housing and rent subsidies. Corporate subsidies. Educational aid. Urban renewal. Consumer programs. Wars on poverty and cancer and pollution. Projects to combat heart disease, reduce mental illness, raise reading scores, reduce juvenile delinquency.

All of it was part of what seemed like an unquestioning national momentum to take the risk and inequity out of life, in ghettos and board rooms, in factories and farms, in schools and homes. And people voted for the candidates who made government bigger, Republican as well as Democratic, and before long Washington was into everything from the number of Hispanic teachers in Waukegan to the number of prongs in the electric plugs of a bakery in West Warwick, R.I.

The cost of domestic social programs rose from 17 to 25 percent of the gross national product between 1964 and 1974. Defense outlays grew, too, but as a slice of the federal budget domestic programs became twice as large as defense.

Much was attempted, much was accomplished, much ended up a mess. Where failure resulted, it usually was attributed, in retrospect, to an excessive confidence in what government could do. The war on poverty fed and housed the poor but largely failed to make them self-sufficient. Subsidized housing provided better housing but no less crime in the disrupted neighborhoods. Federal efforts to improve student learning fell far short of their spectacular promises.

Ed Koch was a congressman who voted with the flood tide of federal largesse, a fact he now regrets as the mayor of New York swamped in federal regulations.

"The bills I voted for came to the floor in a form that compelled approval. After all, who can vote against clean air and water or better access and education for the handicapped?

"As I look back, it is hard to believe that I could have been taken in by the simplicity of what Congress was doing and by the flimsy empirical support—often no more than a carefully orchestrated hearing record or a single consultant's report offered to persuade members that the proposed solution could work throughout the country."

While the rapid growth of the federal government began in the '30s, it is since 1960 that its restrictive effects have deepened profoundly on individuals, business and lesser

governments. Between 1961 and 1973, Washington sprouted 141 new agencies, more than a third of the current total and none disappeared.

Twenty years ago, federal money going to the state and local governments was slightly more than $7 billion. Now there are nearly 500 programs that cost $88 billion. Then, there were few regulations tied to the money. Now there are 1,260 sets of rules. Then, federal aid went almost entirely to the 50 states. Now it also goes directly to 65,000 cities, towns and wide bends in the road.

A commission appointed by Congress last year concluded that the constitutional system of shared and separate powers among federal, state and local governments is "in trouble."

"The federal government's influence," the commission said, "has become more pervasive, more intrusive, more unmanageable, more ineffective, more costly and, above all, more unaccountable. The intergovernmental system today is a bewildered and bewildering maze of complex, overlapping and, often, conflicting relationships.

Gov. Bruce Babbit of Arizona, a Democrat, aimed his shaft directly at Congress:

"It is hard to see why a national Congress, responsible for governing a continental nation, should be involved in formulating programs for rat control, humanities grants for town hall debates on capital punishment, educating displaced homemakers, training for use of the metric system, jellyfish control, bike paths and police disability grants.

"It is long past time for Congress to . . . ask with the shades of Jefferson and Madison, 'Is this a truly national concern?' Congress ought to be worrying about arms control and defense instead of the potholes in the streets. We just might have both an increased chance of survival and better streets."

Almost since he yawned, stretched and left the cave to get organized, man has made bureaucracy part of his history.

Julius Caesar levied a 1 percent general sales tax. He also levied an inheritance tax, which contained history's first and most picturesque tax loophole. Close relatives of the deceased were exempt.

It is because of bureaucracy that we think of Bethlehem at Christmas, not a suburb.

"And it came to pass in those days that there went out a decree from Caesar Augustus that all the world should be taxed . . . And all went to be taxed, everyone into his own city. And Joseph went up to Bethlehem . . . to be taxed with Mary, his espoused wife, being great with child."

Long before Ronald Reagan, there was a Roman historian, Tacitus, who viewed bureaucracy with gloom and doom. "The closer a society is to ruin," he said, "the more laws there are."

If true, we are not alone. In recent years, in most places of the world, small government has grown large and large government has grown larger. The rising tide of paternalism from national capitals has been nearly universal.

Sweden, where someone calculated a new law or ordinance was passed every eight hours of the last decade, now spends more than half of its national income on government. Other countries which spend relatively more on government than we do include the United Kingdom, France, Belgium, Canada, West Germany, Austria, Holland, Denmark, Norway and Italy. Among the major powers, only Japan spends less than we do; it has virtually no military establishment and meets welfare needs through the private business sector.

We are not alone in our irritation.

In Italy, it took Giuseppe Grottadauria two-and-a-half years to get his residence papers switched from Messina to Rome, without which he couldn't vote, buy a car or register his son's birth.

In Italy, it can take four hours in a line at the post office to pay a phone bill. It can take years to get a phone installed and months to register in a university, by which time the new student is taking final exams.

In Sweden, the government intruded on a national pasttime. It decreed that people picking and selling wild berries must be registered for income tax. The result was that for two years Sweden had to import berries while thousands of tons rotted in the forests.

In Nanking, China, the requisitioning of 1.3 acres of land took three months and the signatures of 144 officials in 17 different organizations on 46 documents.

In Japan, Mihoko Yokota returned from eight years in the United States and applied for a driver license. She was asked for proof of residence. She tried to register her new address in Kamakura but was told she needed a form from her last address in Japan. She asked her mother in Hiroshima to send the form by special delivery but when she went to the Kamakura post office to register her new address in order to receive the mail she was told she needed proof of residence which she could not get from the Kamakura city office until her mother in Hiroshima sent the form which could not be delivered until the post office had the form from the Kamakura city hall which finally meant that the form from Mihoko's mother had to be hand-carried by a friend traveling between the two cities. And if you're wondering what yamemasho means, it is the closest the Japanese come to saying, to hell with it.

Students of sanity know there are two ways to react to the Catch 22 situations, the claustrophobic red tape, the sins, excesses and sheer idiocy of big government. One way is to react with indignation; the other, with humor. A carefully calibrated combination of both comes highly recommended for dealing with the following:

The Pentagon's MX1 tank program, costing $13 billion, produces a tank which can't run in any but dust-free conditions like those in the lab.

The National Aeronautics and Space Administration asks Congress for $1.1 billion for a new telescope. Turns out NASA made a small bookkeeping error. It will cost $2.2 billion.

The Department of Health, Education and Welfare (now the Department of Health and Human Services) estimates that in fiscal 1979 it blew $2 billion in overpayments or payments to ineligibles in three major welfare programs. Ideally, it says, it hopes to reduce this slippage to 4 percent. That's still $1.1 billion.

Various federal agencies do nothing about $2.5 to $3 billion owed the government by contractors and grantees for questionable payments. Nobody knows the complete total because of poor bookkeeping. One tiny part of HEW blew $1.5 million by letting the statute of limitations expire before trying to recover improper charges.

The government has 12,000 computers. The General Accounting Office spot-checks the payroll computer at the Department of Housing and Urban Development. It feeds the computer fictitious names. Turns out the infernal machine would have paid Donald Duck.

By one estimate, the government spends $9 billion a year on outside consultants. Two-thirds of the contracts are reportedly let without competing bids. Many of the consultants are former officials of the agency seeking the consultation. Many of the resulting studies end up in drawers and are never used.

One consultant is paid $440 for working Sept. 31, 1978. (Thirty days hath September.) The Environmental Protection Agency pays $360,000 for a study which shows, among other things, that the average speed of trucks in Manhattan is 68 mph. (!)

The new Department of Education pays $1,500 a week for six weeks to a consultant (a former Education official) to design an office layout for its top executives. The Energy Department consults outsiders to explain an act of Congress (the Civil Service Reform Act). Another department hires a consultant to find out how many consultants it has.

A bureaucrat in the Bureau of Labor Statistics makes one mistake in computing used car prices nationally, which pushes up the Consumer Price Index by two-tenths of 1 percent, which increases benefits for millions of people getting regular checks based on the index.

The General Accounting Office estimates that in the past five years it saved taxpayers nearly $21 billion that otherwise would have gone down the drain because of waste, bad management and uncollected bills. Since the GAO makes only special checks at the behest of Congress, that figure has to be regarded as the tip of an iceberg colored red.

Horrendous as that is, there are those who suspect that private industry is in no position to look down its corporate nose at government.

Clark Clifford, the Washington attorney who has dealt with both for years, says he has also seen "scandalous waste" in the private sector. Paul O'Neill, a former high official of the Office of Management and Budget and now a senior vice president of International Paper Co., adds, "The steel and auto industry made huge mistakes. If you put the Washington press corps on the back of industry you'd find equal stupidity."

With a couple of differences. Private industry has a bottom line: profit. A widget that saves money is highly prized and rewarded.

Government has no bottom line and money becomes an abstraction, as if it belonged to nobody. In government, if your department spends less this year, you're apt to get less from Congress next year. A bureaucrat who finds he can get by with fewer people may find his own grade and salary reduced.

Also, private industry generally can still fire people. The government of the United States generally can't. Once in, federal employees are tough to get out, like headless nails.

An agency fired an employee for beating his supervisor with a baseball bat. The Federal Employees Appeals Authority ordered the culprit reinstated in the same job under the same supervisor with eight months back pay. Reason: the employee was given insufficient notice of dismissal.

It took a Commerce Department manager 21 months and mounds of paperwork to fire a secretary who consistently failed to show up for work for reasons of health which proved phony. The manager had to devote so much time to the case his own work suffered and he received a reprimand.

In New York, a postal worker was fired for shooting another man in the stomach during a difference of opinion. The attacker went to jail but appealed his dismissal. He won reinstatement and $5,000 in back pay on the grounds that the papers were filled out wrongly. So they filled them out rightly and this time the firing stuck but the postal gunslinger kept the $5,000.

Nearly all federal employees are protected by Civil Service or other rigid umbrellas. They are also represented by 78 labor unions and associations. Civil Service was begun in 1833 to replace the old spoils system by which all federal workers could be fired every four years. Merit replaced politics as a condition of employment.

But by 1919, a congressman was complaining on the floor of the House about all the "clinkers" in government who couldn't be purged: "They are in all departments, killing time, writing answers to letters that do not answer, stupidly pretending to do work that live employees must do over again."

Fifty-nine years later, President Carter complained to Congress: "It is easier to promote and transfer incompetent employees than to get rid of them. It may take as long as three years to fire someone for just cause. . . . You cannot run a farm that way, you cannot run a factory that way, and you certainly cannot run a government that way."

Added to the Civil Service complications were the difficulties created by equal opportunity legislation. An administrator would have to think hard about firing a member of a minority for incompetence. If the incompetent countered with a discrimination suit, the administrator would have to hire his own lawyers to defend himself. If the decision went against him, he could lose pay or position.

In 1978, out of 2.8 million people on his payroll, Uncle Sam managed to fire 119 for "inefficiency." Later that year, Carter got some civil service reform out of Congress and in the next go-round 214 employees were sacked for the same reason. Not exactly a spectacular leap forward. There remained a huge permanent core entrenched in concrete and beyond the reach of presidents to touch.

Low-level federal workers are said to be paid somewhat more than their counterparts in the private sector. Many higher levels are paid much less than they could earn on the outside.

Federal pensions are generally better than private ones and in recent years, along with cost of living increases, 99 percent of federal employees were given annual merit raises. Were there really that many that good?

In the Carter administration, Carol Foreman headed food inspection and consumer services in the Agriculture Department. "I have a staff of 10,000," she once said. "A few are very dedicated, a few are very talented, and then there are the others."

The goof-offs and foul-ups in government obviously get more attention than the people doing their job. Few Americans were aware of the caliber of Foreign Service officers until the hostages came back from Iran. Few are aware of the young lawyers who pass up golden offers from big firms to work in legal aid for the poor. The doctors in public health get no attention every day they prevent epidemics until the day they fail. The men and women who leave fat corporate jobs to work much harder for much less in government get no space in the papers until one of their number is caught with his hand in the till.

Most students of government agree that the trouble with government is not the bureaucrats, good, bad or indifferent, but the chaotic system that incubates and nourishes them.

What we have is a big, implausible, ramshackle house, distorted by random additions, by corridors that go nowhere and rooms that don't connect, a house loosely expanded through the years for numberless children, most of them unexpected. There was no family planning. There was no architect.

"Congress has the power but not the incentive for coordinated control of the bureaucracy while the president has the incentive but not the power," said Morris P. Fiorina, a political scientist, speaking generically.

Congress can create, change or kill an agency through its funding power. Presidents can only hope to mobilize public opinion. Presidents seek reelection and a place in history. Members of Congress seek reelection but, each being one of 535, cannot count on immortality. Congressmen get reelected, not for the broad strokes of history, but for the post offices or sewage systems or dams they bring their constituents.

And back there, everybody is for saving money in general but not in particular. The taxpayer in Colorado may not shed a tear over cuts in urban renewal funds for New York, but don't touch his water projects. And vice versa the taxpayer in New York. And the rural congressman, who couldn't care less about a Model Cities program, votes for Model Cities in a trade for a vote for farm subsidies from the urban congressman. "A billion here, a billion there," said Everett Dirksen. "Pretty soon, you're talking about real money."

Even the pure in heart can't escape the swelling effect of politics. Two powerful Republican senators (Jesse Helms and Robert Dole) had candidates for the job of assistant agriculture secretary for governmental and public affairs. The Reagan administration solved the dilemma by splitting the job between the two choices but not the salary. Each will be paid $52,750 a year.

There is, we are told, a constituency for every dollar in the federal budget. Everyone seems to have a compelling reason and consistency is not always the rule of the day.

The American Medical Association, which once opposed Medicare as socialized medicine, now opposes cuts in Medicare on which many doctors depend heavily for their income.

In 1978, the snow was so heavy that cities in Michigan asked for federal money to help with the snow removal. In 1979, the snow was so light that ski areas in Michigan asked for federal aid. Rain or shine, Uncle Sam often finds himself in a no-win situation.

If he insists on taking more time to examine the eligibility of people asking for welfare, does he risk causing some of them to starve or freeze? If he doesn't guarantee a loan for Chrysler, will he be responsible for throwing thousands of autoworkers out on the street? If he sends a mother to jail for food stamp fraud, won't he have to feed her children in a foster home at greater cost? If he cuts subsidies for the merchant marine and airlines, will he have enough ships and planes in the next war?

Presidents come, presidents go, but in Washington there remains a permanent bureaucracy with its own ideas, momentum, inner resources, cozy ties with key members of Congress and ingenious ploys for survival. Nothing evokes the fancy footwork of a bureaucrat so much as a presidential attempt to cut his budget.

Ask Amtrak to cut the fat out of its operation and it comes back with a dandy plan to eliminate railroad routes going through the home districts of powerful committee chairmen in Congress, who would never tolerate it. Ask Interior to save money and it proposes to close the national parks earlier or shut down the elevators in the Washington Monument, neither of which the public would take lying down.

Generals are very good at this, although lately they haven't had to be. Ask a general in the Pentagon to cut and he goes dutifully before an appropriations committee, with whose chairman he is secretly wired, and he says, loyally, yes, he can oblige the president. But on further questioning, his expression grows more pained until finally, in all candor, he lets it be known, in hushed tones, that the proposed reduction would leave the entire East Coast of the United States defenseless.

Deeply embedded in the inner workings of the permanent government, like the wheels and timing mechanism of a bank vault, there are "iron triangles" of power and expertise which continue to hum, quietly and smoothly, regardless of the passing sounds of elections.

At the three corners, there are the bureaucrats running a given program, the key congressmen favoring it and the special interest groups benefiting from it. They are welded together for mutual self-interest and survival. They can defy presidents.

Bryce Harlow, who has been around Washington almost as long as the Monument, who worked on the Hill and served in high places in the Eisenhower and Nixon administrations, likens the triangles to complexes of bees.

"They form like bees around a flower, and they stroke it and milk it and make it give forth its honey. They are in all departments of the government and they don't much care who is president or who is the Cabinet member in charge. To a large extent, America is governed by these complexes.

"Let's begin with an administrative undersecretary in, say, the Agriculture Department. We'll call him Jack Brown . . ."

Jack knows everybody. He knows the key people in his department who are dependent on him. He knows John Doe and Horace Smith in the Office of Management and Budget. They have been working together for years on agricultural budgets. They socialize together.

Jack Brown also knows Bill Gordon, a veteran member of the professional staff of the House subcommittee on farm appropriations. Jack and John and Horace and Bill and their wives go to the same conventions together, to meetings of the cotton council, the soybean council, the Grange, the Farm Bureau.

"Everybody knows everybody and they all get on well together," Harlow concludes, "and they are all milking the same flower."

More and more professional bureaucrats are people who were trained in specialized sciences and technologies and seek to apply their expertise in government. They have counterparts on the staffs of Congress and in state and local governments. They form a network of experts on which presidents, Congress, governors and mayors rely. They speak their own language. They sometimes agree more with each other than with the people they work for.

It used to be, says Sen. Daniel Moynihan, who was an assistant secretary of labor under Kennedy, that "when the Labor Department needed a policy, it sent out for one, you might say, from the AFL–CIO." Now it gets policy from in-house experts.

Sammuel Beer, a professor of government at Harvard, maintains that most of the Great Society programs began with the professionals in government, not with the public demanding them.

"In the fields of health, housing, urban renewal, highways, welfare, education and poverty, it was in very many cases people in government service, acting on the basis of specialized and technical knowledge, who conceived the new programs, initially urged them on the attention of the president and Congress, and, indeed, went on to lobby them through to enactment."

Whether the programs begat the constituents or the constituents begat the programs, whichever came first, the chicken or the egg, we now have a lot of chickens in Washington. And they all know how to lobby. They all know how to bring pressure for and against.

It used to be, someone said, that politics was about a few things; now it's about everything. It used to be that the major power blocs which shaped government were business, labor and agriculture. Now power is fragmented into a thousand insistent voices, which have to be heard and reconciled.

They are highly organized for the annual fight over the federal pie and fight frequently for their slice with the help of interested bureaucrats. They have become so effective as to cause some students of government to fear that power in this country has shifted from the people and their elected representatives to organized interest groups and bureaucrats.

E Pluribus Unum is in trouble. If ever we were one out of many, we are now many out of one. John Gardner, founder of Common Cause, calls the centrifugal forces of special

interest groups a "war of the parts against the whole."

The parts multiply like the denizens of a rabbit warren on New Year's Eve. Everybody, it seems, wants something or opposes something and, in the melee, bureaucracy grows larger and more shapeless and threatens to become, in itself, a government of too many people, by too many people, for too many people.●

NATIONAL LEAGUE OF FAMILIES OF AMERICAN PRISONERS AND MISSING IN SOUTHEAST ASIA'S CONGRESSIONAL BREAKFAST

● Mr. D'AMATO. Mr. President, this morning I attended the National League of Families of American Prisoners and Missing in Southeast Asia's congressional breakfast. I was deeply impressed with their dedication and sense of purpose. I strongly support their organization, and its efforts to achieve a final, factual accounting of the fates of the nearly 2,500 Americans still unaccounted for in Southeast Asia.

I ask unanimous consent that the remarks I prepared for delivery to the congressional breakfast be published in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS OF SENATOR D'AMATO

I am very concerned about the fate of the almost 2,500 American servicemen still unaccounted for in Southeast Asia, the unbearable situation you, the families of these servicemen, must endure, and the attitude of the U.S. Government toward the problem. Many people in positions of high authority in previous administrations have tried to ignore the problem, or worse, have tried to sweep it under the rug, hoping it would go away. Thanks to your tireless efforts, and the help of many concerned people, the issue of the fate of those missing men has not gone away.

I express my wholehearted and total support for your efforts to achieve a final, factual accounting of the fate of every missing serviceman. I am determined to do everything in my power to ensure that the present administration gives this problem the high priority it deserves.

General Tighe, the Director of Defense Intelligence, has testified that there are no American servicemen now known to be being held against their will in Southeast Asia. That is the conclusion which must be drawn from evidence presently in our possession. That, however, does not tell the whole story.

Let me point out that the cases are not closed. New evidence is continuously being sought. It is aggressively pursued, and thoroughly evaluated. This administration is pursuing an active process of contacting and interviewing everyone coming from Southeast Asia who might have information about missing Americans. Reports are painstakingly checked out.

Recent news reports of a reconnaissance mission conducted in Laos indicate that we are willing to take strong action when the evidence is good enough. While the report of clandestine violation of the sovereignty of a foreign nation caused public outcry, I believe the action was necessary and justified. I hope it serves as a pointed warning to the governments in that area of our unhappiness with their lack of cooperation with our efforts to resolve the status of our missing countrymen, and of the lengths to which we are prepared to go when we have evidence justifying action.

Your efforts on behalf of your loved ones must, unfortunately continue. I can offer you no shining hope of a sudden, dramatic resolution of this problem. You will have to bear the unbearable burden a while longer, and continue your efforts to focus the attention of the U.S. Government on this issue. Without you, there is a strong chance relations would have been normalized with the Communist conquerors of Southeast Asia, and we would have provided them with aid and trade, while turning a blind eye to the question of the fate of the missing, because that question would have been "awkward" in the context of renewed diplomatic and commercial relations.

Well, that "awkward" question remains to be answered. All Americans should join in your demand for an answer. We should shout as a nation, in a voice which cannot be ignored, "give us back our people".●

AMERICANS MISSING IN ACTION AND PRISONERS OF WAR IN INDOCHINA

● Mr. HUMPHREY. Mr. President, only a few months ago, a jubilant Nation welcomed back the hostages from Iran who had spent a little over a year in captivity. It was the culmination of months of activity involving different levels of diplomacy and even the ill-fated attempt to free them by direct military action. The 52 Americans are home. Iran is in the throes of a self-destructive strife which makes the powder keg of the Persian Gulf even more explosive than before.

It is not my intention to dwell on the subject because these matters are well known to all of my colleagues, yet I do not want to let this day go by without saying a word about a number of Americans who never saw the cheering crowds, who may not even know that this event took place, who may not even be alive at this moment.

Mr. President, I am referring to those Americans missing in action and the prisoners of war in Indochina who have not been heard of since Vietnam agreed to release the POW's 8 years ago.

Today, the President of the United States has issued a proclamation designating July 17 "National POW–MIA Recognition Day, dedicated to all former American prisoners of war and those still missing and their families."

Mr. President, it is for those still missing that I, like many other Americans, am deeply concerned.

I am aware of the efforts made by the present and past administrations to insure not only the return of all our prisoners of war, but also to seek the fullest possible accounting of those who are not repatriated. There are nearly 2,500 missing Americans whose fate is unknown. Virtually, no progress has been made because of the stubborn intransigence of the Governments of Vietnam, Laos, and Kampuchea even though on May 27–30, 1981, representatives from the Joint Casualty Resolution Center met with Vietnamese officials in Hanoi to discuss the fate of those still unaccounted for.

The Vietnamese have in their possession a significant amount of information regarding the MIA's, but for political reasons and a perverse sense of revenge, have consistently refused to make it available to the United States, and, therefore, make it nearly impossible to determine the veracity of the reports of sightings of Americans held against their will in Indochina.

As my colleagues are aware, efforts have been made during the early part of May to determine the presence of Americans in Laos. These efforts, as is known, brought no evidence of Americans held captive, yet the reports still come in. I am informed that all these live sighting reports, whether first-hand or hearsay, are thoroughly investigated by the proper agencies.

Since the beginning of field activities of the Joint Casualty Resolution Center (JCRC) in 1973, the Department of Defense has sought to ascertain the whereabouts of our missing servicemen. For its part, the Department of Defense has formulated a policy for the purpose of securing the fullest possible accountability of all U.S. personnel who failed to return from Vietnam.

This policy is in consonance with the "Agreement of Ending the War and Restoring the Peace in Vietnam" (27 January 73), chapter III, articles 8a and b. Articles 8a and b were conditional only on withdrawal of United States and allied forces from Vietnam. The most effective way in which to achieve an accounting from former enemies is through direct governmental discussion with them.

We have insisted that Vietnam has a humanitarian obligation to render the fullest possible account for missing U.S. personnel. It is imperative that we stress this point as a paramount issue in any discussions with the Socialist Republic of Vietnam (SRV). However, we have and must continue to maintain our longstanding policy not to make payments for remains nor to respond to extortionate demands by those who may hold remains of Americans.

To implement the above policy, DOD has supported and contributed significantly to State Department and congressional actions and consistently worked closely with organizations seeking an accounting of missing Americans. The resulting efforts are as follows:

Congressional delegation trips to Hanoi (1979–80).

Montgomery House Select Committee on POW/MIA's (1975–76).

Woodcock Commission (1977).

United Nations (UN) dialog including assistance by Secretary General Waldheim.

Bilateral contacts with third countries including the Soviet Union and People's Republic of China.

Secretary of State correspondence with the Socialist Republic of Vietnam (SRV).

House Subcommittee on Asian and Pacific Affairs, POW/MIA oversight hearings and briefings.

The overall American effort embraces other initiatives:

Agreement to send JCRC representatives to Hanoi to assist in accounting. The most recent visit took place on May 27–30, 1981, and two significant developments occurred as a result of the talks: The return of remains which the

SRV says are those of deceased American servicemen and the emergence of what seems to be a working relationship between the United States and SRV representatives.

Visit by SRV representatives to the Central Identification Laboratory in Hawaii (July 1978).

Numerous repeated invitations to the Lao to visit the Central Identification Laboratory in Hawaii (Original invitation made in 1978).

Visit by LTC Mather and JCRC Liaison Officer, Bangkok, and State representative to Laos to return non-U.S. remains earlier provided by Lao authorities and to further the accounting dialog vis-a-vis MIA's in Laos (February 1979).

Active participation as a member of the ad hoc POW/MIA interagency group to coodinate and formulate initiatives designated to promote progress in POW/MIA accounting.

The United States must impress upon the SRV that they can do significantly more to account for our missing. At the same time, we should proceed with further status reviews of cases of POW's and MIA's in accordance with law. Finally, we must work more closely with the National League of Families of American Prisoners and Missing in Southeast Asia.

The agony suffered by their families has lasted long enough, not to speak of the agony that may be suffered by those who may still be held captive. The President's proclamation is a call to all of us to keep alive our efforts until all of those unsung heroes have returned home.●

THE RARE II REVIEW ACT

● Mr. KENNEDY. Mr. President, great attention has been focused recently on the performance of Secretary of the Interior James G. Watt and his continuing efforts to thwart environmental protection in favor of those interests in this Nation which are committed to resource exploitation. However, I think it is important for my colleagues to realize that Secretary Watt, while perhaps the most visible proponent of these antienvironmental policies, is by no means the only person within the administration who is committed to this end. Furthermore, I hope that my co'leagues realize that the same special interests which are working closely with Mr. Watt and others in this administration to open up public lands to resource exploitation at the expense of natural resource protection, have a legislation agenda as well.

This legislative agenda—call it the Watt agenda if you will—is now beginning to take shape. One of the first most extreme examples which we will face is the so-called RARE II Review Act, S. 842, introduced by Senators HAYAKAWA, MCCLURE, HELMS, and several others. I feel it is important that my colleagues understand what is in this bill and how radical its provisions are. I am sure once they familiarize themselves with its provisions that they will join me in offering strenuous opposition.

On January 22 of this year, I joined 12 of my colleagues in voting against the confirmation of James G. Watt. At that time, I said:

> There are occasions when the nominee, as an individual, is so completely identified with policies contrary to the public interest that policy questions overcome the presumption in favor of cabinet nominations.
>
> That is the case with Secretary of the Interior-designate James Watt. Mr. Watt has a long history of advocacy for special interests against the public interest. I have very serious doubts that he can carry out the duties of Secretary of the Interior in a fair and equitable manner that is sensitive to environmental concerns.

Many of my colleagues must now see that these predictions have proven accurate and that Mr. Watt has initiated extensive policies which are ultimately leading to permanent environmental degradation. I remind my colleagues, however, that there are other appointees who, like Mr. Watt, have enormous influence over the Nation's public lands. I was actively involved, along with the Senator from Vermont (Mr. LEAHY) in opposition to the nomination of John Crowell, who was confirmed as Assistant Secretary of Agriculture overseeing our Nation's national forests, despite the objections of 25 Senators.

At the time of Mr. Crowell's nomination, I stated that I would not be able to vote for him based on his environmental policies. Moreover, the unanswered questions over his involvement in antitrust practices carried out by Louisiana-Pacific, his former employer, were sufficient to deny him his confirmation. Since then, Mr. Crowell has joined Mr. Watt in a policy of drastically reducing environmental controls on timbering and reducing existing wilderness recommendations which resulted from the Forest Service's RARE II process. Now Mr. Crowell is promoting a bill so extreme that it would override the two basic national forest planning laws, the Alaska Lands Act, the Colorado Wilderness Act, and the New Mexico Wilderness Act, to preclude any future consideration of wilderness by the Forest Service. That bill, S. 842, is currently pending in the Energy Committee.

This antiwilderness bill has many provisions which work against the protection of the limited wilderness areas in our national forests. It prevents the Forest Service from managing lands with a full range of professional discretion; it prevents the Forest Service from managing lands in an undeveloped state; it precludes any Forest Service consideration of wilderness without new congressional approval; it retroactively overturns 3 years of efforts of compromise on wilderness designations which passed the Congress last year. It sets up a series of deadlines for congressional action which will reward exploitation interests for obstructing congressional wilderness consideration.

I will not detail all of my objections and the objections of the environmental community to the provisions of this far-reaching proposal. But I wish to point out to my colleagues that not all of the degradation to the environment is focused on administrative actions at the Department of the Interior and at the Department of Agriculture. This antiwilderness bill will be the first opportunity for the Senate to consider this administration's environmental agenda. I want to assure my colleagues of my steadfast opposition to any attempts to prevent full and fair multiple use of our Nation's forests and my opposition to S. 842.●

EXECUTIVE SESSION

Mr. BAKER. Mr. President, it appears that we are coming down the homestretch for this day, and I ask the distinguished minority leader if he is in a position to consider certain items on the Executive Calendar.

I advise him that, on this side, I find that all the nominations on page 2, with the exception of Calendar No. 315, and page 3, page 4, page 5, page 6, page 7, and page 8, including nominations placed on the Secretary's desk in the Army and Navy, are cleared for action.

Mr. ROBERT C. BYRD. Mr. President, the nominations referred to by the distinguished majority leader are cleared on this side of the aisle.

Mr. BAKER. I thank the minority leader.

Mr. President, I ask unanimous consent that the Senate now go into executive session for the purpose of considering the nominations just identified, and I ask unanimous consent that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

Without objection, the nominations referred to are considered en bloc and confirmed en bloc.

The nominations considered and confirmed en bloc are as follow:

DEPARTMENT OF STATE

H. Monroe Browne, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to New Zealand, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to Western Samoa.

Parker W. Borg, of the District of Columbia, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Mali.

Julius Waring Walker, Jr., of Texas, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Upper Volta.

Richard L. Walker, of South Carolina, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Korea.

Vernon A. Walters, of Florida, to be Ambassador at Large.

William Lacy Swing, of North Carolina, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Liberia.

INTERNATIONAL MONETARY FUND

Richard D. Erb, of Virginia, to be U.S. Executive Director of the International Monetary Fund for a term of 2 years.

SECURITIES AND EXCHANGE COMMISSION

Bevis Longstreth, of New York, to be a member of the Securities and Exchange Commission for the remainder of the term expiring June 5, 1982.

DEPARTMENT OF EDUCATION

James Bert Thomas, Jr., of Virginia, to be Inspector General, Department of Education.

DEPARTMENT OF LABOR

Thomas F. McBride, of the District of Columbia, to be Inspector General, Department of Labor.

DEPARTMENT OF TRANSPORTATION

Joseph P. Welsch, of Virginia, to be Inspector General, Department of Transportation.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

June Gibbs Brown, of Virginia, to be Inspector General, National Aeronautics and Space Administration.

U.S. AIR FORCE

Sundry nominations in the U.S. Air Force.

U.S. ARMY

Sundry nominations in the U.S. Army.

U.S. NAVY

Sundry nominations in the U.S. Navy.

NOMINATIONS PLACED ON THE SECRETARY'S DESK IN THE ARMY AND NAVY

Sundry nominations in the Army and Navy which had been placed on the Secretary's desk.

Mr. BAKER. Mr. President, I move to reconsider the votes by which the nominations were considered en bloc.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has given its consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations considered and confirmed en bloc today are printed at the conclusion of the Senate proceedings.)

Mr. BAKER. Mr. President, before I ask the Senate to return to legislative session, I should like to make one inquiry, and for the moment I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TREATY WITH CANADA ON PACIFIC COAST ALBACORE TUNA VESSELS AND PORT PRIVILEGES

Mr. BAKER. Mr. President. Calendar Order No. 4, the treaty with Canada on Pacific Coast Albacore Tuna Vessels and Port Privileges, Treaty Doc. No. 97–13, is cleared on this side, and I wish to propound a unanimous-consent request for consideration of the minority leader.

Mr. President, I ask unanimous consent that on Monday at the hour of 1:40 p.m. the Senate lay aside the pending business temporarily and turn to the consideration of Treaty Doc. No. 97–13, Calendar Order No. 4, on today's Executive Calendar in executive session, and that there be a time limitation of 20 minutes equally divided for debate, with control of the time to be in the usual form and equally divided, and that at the hour of 2 p.m. a vote occur on that treaty at the conclusion of which the Senate will return to legislative session and resume consideration of the pending business, the tax bill.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object.

Mr. BAKER. Mr. President, let me add to the request in order to facilitate the consideration of the measure on the basis that I have described.

Mr. President, I also ask unanimous consent that the treaty be considered as having passed through the various parliamentary stages up to and including the presentation of the resolution of ratification.

Mr. ROBERT C. BYRD. Mr. President, I have no objection to the request.

The PRESIDING OFFICER. Without objection, the treaty will be considered as having passed through its various parliamentary stages up to and including the presentation of the resolution of ratification, which the clerk will state.

The legislative clerk read as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Treaty Between the Government of the United States of America and the Government of Canada on Pacific Coast Albacore Tuna Vessels and Port Privileges, signed at Washington, D.C., May 26, 1981.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE CALENDAR

Mr. BAKER. Mr. President, there are certain other matters that I believe we can dispose of at this time, and I wish to bring to the attention of the minority leader measures that have been cleared on our calendar of general orders for consideration by unanimous consent.

First is Calendar Order No. 192, S. 863, a bill to establish a uniform law on the subject of bankruptcies. I am prepared to proceed with the consideration of that measure, and I have certain statements to be inserted in the RECORD in connection with the consideration of this matter and one colloquy, and if the minority leader is prepared to proceed at this point, I will ask the Chair to lay that matter before the Senate.

Mr. President, while we are about it, let me inquire as well about certain other measures that are cleared on this side.

Calendar Order No. 194, Senate Joint Resolution 78, a joint resolution to provide for the designation of October 2, 1981, as "American Enterprise Day"; Calendar Order No. 195, Senate Joint Resolution 92, a joint resolution to authorize and request the President to designate the week of September 6, 1981, through September 12, 1981, as "Older Americans Employment Opportunity Week"; Calendar Order No. 196, Senate Joint Resolution 42, a joint resolution to designate the third Sunday in September as "National Ministers Day"; Calendar Order No. 153, H.R. 3420, an act to authorize appropriations for fiscal year 1982 for carrying out the Natural Gas Pipeline Safety Act of 1968 and the Hazardous Liquid Pipeline Safety Act of 1979, and for other purposes.

Mr. President, these items are cleared on our calendar and if the minority leader is willing to proceed to their consideration, there are certain insertions and colloquys which I will offer but otherwise they will require no debate.

Mr. ROBERT C. BYRD. Mr. President, the measures that the distinguished majority leader has mentioned have been cleared on this side of the aisle, and the minority is ready to proceed.

Mr. BAKER. I thank the distinguished minority leader.

Mr. President, I ask unanimous consent that the Chair lay before the Senate the matters that I have just identified.

The PRESIDING OFFICER. Without objection, it is so ordered.

BANKRUPTCY AMENDMENTS ACT OF 1981

The PRESIDING OFFICER. The first bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 863) to establish a uniform law on the subject of bankruptcies.

The Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with amendments, as follows:

On page 5, line 16, strike "746(c)" and insert "764(c)";

On page 6, line 8, strike "(a)" and insert "(1)";

On page 6, line 11, strike "(b)" and insert "(2)";

On page 6, line 23, strike "(c)" and insert "(3)";

On page 8, beginning with line 7, strike all through and including line 9, and insert the following:

SEC. 10. Section 326(a) of title 11 of the United States Code is amended to read as follows:

"(a) In a case under chapter 7 or 11, the court may allow reasonable compensation under section 330 of this title of the trustee for the trustee's services, payable after the trustee renders such services, upon all moneys disbursed or turned over in the case by the trustees to parties in interest, excluding the debtor, but including holders of secured claims. In a case under chapter 7, such compensation shall not exceed fifteen percent on the first $1,000 or less, six percent on any amount in excess of $1,000, but not in excess of $3,000, three percent on any amount in excess of $3,000, but not in excess of $20,000, two percent on any amount in

excess of $20,000, but not in excess of $50,000, and one percent on any amount in excess of $50,000.".

On page 9, after line 8, insert the following:

SEC. 10A. Section 327(c) of title 11 of the United States Code is amended to read as follows:

"(c) In a case under chapter 7 or 11 of this title, a person is not disqualified for employment under this section solely because of such person's employment by or representation of a creditor.".

On page 10, beginning with line 7, strike all through and including line 10;

On page 10, line 11, strike "14A." and insert "14.";

On page 10, line 14, strike "14B." and insert "14A.";

On page 20, line 14, strike "appears." and insert "appears, and inserting "after notice and hearing" after "court".";

On page 21, line 11, strike "subsection." and insert "subsection:";

On page 30, line 16, beginning with the word "not", strike all through and including the word "and" on line 22, and insert the following: "not assessed before commencement of the case, unless at such time the liability remained assessable, under the applicable statute of limitations, solely because of an act or failure to act described in section 523(a)(1)(B) or 523(a)(1)(C) of this title.".

On page 33, beginning with line 18, strike all through and including line 15 on page 34;

On page 35, line 9, strike "(d)" and insert "(c)";

On page 35, line 11, strike "(c)" and insert "(d)";

On page 36, line 6, strike "(g)" and insert "(f)";

On page 36, line 22, strike "(h)" and insert "(g)";

On page 37, line 14, strike "(i)" and insert "(h)";

On page 37, line 22, strike "(j)" and insert "(i)";

On page 38, line 5, strike "(k)" and insert "(j)";

On page 38, line 13, strike "(l)" and insert "(k)";

On page 38, after line 18, insert the following:

(l) Section 522 of title 11 of the United States Code is amended by adding at the end thereof the following new subsection:

"(n) For purposes of this section the State or local law applicable under subsection (b) of this section is the State or local law in effect upon the date of the order for relief.".

On page 43, line 20, strike the first "(a)";

On page 46, line 23, strike "and";

On page 47, line 2, strike "thereof";

On page 47, after line 2, insert the following: thereof; and

(5) in paragraph (5)(A)(ii), by striking out "and" and inserting "or".

On page 52, line 24, strike "amended" and insert the following: amended by striking out "or 365(h)(1)" and inserting ", 365(h)(2), or 365(i)(2)" in lieu thereof.

On page 53, strike lines 3 and 4;

On page 74, line 22, strike "immediately" and insert "immediately";

On page 90, line 16, strike "maintain" and insert "maintenance";

On page 110, line 21, strike " "'C'" " and insert " " "*C*" " ";

On page 110, line 21, strike " "'(C)'" " and insert " " "*(C)*" " ";

On page 111, beginning with line 13, strike all through and including line 17, and insert the following:

"(e) Notwithstanding subsection (a) of this section—

"(1) a fee may not be charged under section 40c(2)(a) of the Bankruptcy Act in a case pending under such Act after September 30, 1979, to the extent that such fee exceeds $200,000;

"(2) a fee may not be charged under section 40c(2)(b) of the Bankruptcy Act in a case in which the plan is confirmed after September 30, 1978, or in which the final determination as to the amount of such fee is made after September 30, 1979, notwithstanding an earlier confirmation date, to the extent that such fee exceeds $100,000;"

On page 112, line 5, strike "(2)" and insert "(3)";

On page 112, line 10, strike "(3)" and insert "(4)";

On page 119, line 25, strike "1980"." and insert "1981".";

On page 120, beginning with line 1, strike all through and including line 12.

So as to make the bill read:

S. 863

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—AMENDMENTS TO TITLE 11 OF THE UNITED STATES CODE

SECTION 1. (a) Section 101(2)(D) if title 11 of the United States Code is amended by striking out "or all" immediately after "business".

(b) Section 101(8)(B) of title 11 of the United States Code is amended by striking out the colon at the end thereof and inserting a semicolon in lieu thereof.

(c) Section 101(9)(B) of title 11 of the United States Code is amended by inserting "348(d), 502(e)(2)," immediately after "section" *and deleting "502(i)".*

(d) Section 101(14) of title 11 of the United States Code is amended by inserting "and" immediately after "trust,".

(e) Section 101(24) of title 11 of the United States Code is amended by striking out "stock broker" and inserting "stockbroker" in lieu thereof.

(f) Section 101(26)(B) of title 11 of the United States Code is amended—

(1) in clause (i), by striking out "the kind specified in subparagraph (A)(i) of this paragraph; and" and inserting "a kind specified in subparagraph (A)(i) of this paragraph; or" in lieu thereof; and

(2) in clause (ii), by striking out "separate" each place it appears and inserting "nonpartnership" in lieu thereof any by striking out "the kind specified in subparagraph (A)(ii)" and inserting "a kind specified in subparagraph (A)(i) or (A)(ii)" in lieu thereof.

(g) Section 101 of title 11 of the United States Code is amended—

(1) by redesignating paragraphs (35), (36), (37), (38), (39), and (40) as paragraphs (36), (37), (38), (40), (41), and (42) respectively; and

(2) by adding immediately after paragraph (34) the following new paragraph:

"(35) 'securities clearing agency' means person that is registered as a clearing agency under section 17A of the Securities Exchange Act of 1934 (15 U.S.C. 178q–1), or whose business is confined to the performance of functions of a clearing agency with respect to 'exempted securities', as defined in section 3(12) of such Act (15 U.S.C. 178c(12)) for the purposes of such section 17A;".

(h) Section 101(36)(A)(xii) of title 11 of the United States Code, as so redesignated, is amended by striking out "is the subject of a registration statement" and inserting "is required to be the subject of a registration statement" in lieu thereof.

(i) Section 101(36)(B)(iii) of title 11 of the United States Code, as so redesignated, is amended by striking out "commodity" the second place it appears.

(j) Section 101(36)(B)(vi) of title 11 of the United States Code, as so redesignated, is amended—

(1) by striking out "certificate specified in clause (xii) of subparagraph (A)" and inserting "certificate of a kind specified in subparagraph (A)(xii)" in lieu thereof; and

(2) by striking out "the subject of such a registration statement" and inserting "required to be the subject of a registration statement" in lieu thereof.

(k) Section 101 of title 11 of the United States Code is amended by inserting immediately after paragraph (38), as so redesignated, the following new paragraph:

"(39) 'State' includes the District of Columbia and Puerto Rico, except for the purpose of who may be a debtor under chapter 9 of this title;".

(l) Section 101(41) of title 11 of the United States Code, as so redesignated, is amended to read as follows:

"(41) 'stockbroker' means person—

"(A) with respect to which there is a customer, as defined in section 741 of this title; and

"(B) that is engaged in the business of effecting transactions in securities—

"(i) for the account of others; or

"(ii) with members of the general public, from or for such person's own account;".

(m) Section 101(42) of title 11 of the United States Code, as so redesignated, is amended by striking out the period and inserting "; and" in lieu thereof.

(n) Section 101 of title 11 of the United States Code is amended by adding at the end thereof the following new paragraph:

"(43) 'United States', when used in a geographical sense, includes all locations where the judicial jurisdiction of the United States extends, including territories and possessions of the United States.".

SEC. 2. Section 102(8) of title 11 of the United States Code is amended by striking out "continued" and inserting "contained" in lieu thereof.

SEC. 3. (a) Section 103(c) of title 11 of the United States Code is amended by striking out "stockholder" and inserting "stockbroker" in lieu thereof.

(b) Section 103(d) of title 11 of the United States Code is amended by striking out "except with respect to section 764(c) which applies to margin payments made by any debtor to a commodity broker or forward contract merchant".

SEC. 4. (a) Subsections (a)(1), (b)(1), and (c)(1) of section 108 of title 11 of the United States Code are each amended by striking out "and" each place it appears and inserting "or" in lieu thereof.

(b) Subsections (a), (b), and (c) of section 108 of title 11 of the United States Code are each amended by inserting "nonbankruptcy" immediately after "applicable" and immediately after "entered in a".

(c) Section 108(a) of title 11 of the United States Code is amended by inserting ", or any person to whose rights the trustee succeeds," immediately after "debtor".

(d) Section 108(c) of title 11 of the United States Code is amended by—

(1) Inserting after "bankruptcy court" the following: "or for taking other collection action, including levy,".

(2) Adding a new subsection (d) to read as follows:

"(d) If applicable law or an agreement suspends the period of limitation for assessing a tax liability of the debtor as of the commencement of a case under this title, such suspension shall not expire before 90 days following the earlier of—

"(1) termination or expiration of the stay under section 362 of this title, or

"(2) the date, determined under sections 362(b)(9) and 505(c) of this title, after which assessment of such tax liability is permitted.".

(3) Adding a new subsection (e) to read as follows:

"(e) If applicable law fixes a period for filing a petition or otherwise commencing an action in the United States Tax Court, or in

a similar judicial or administrative forum under State or local law, and if any such act is stayed under section 362 of this title, such period shall not expire before 60 days after termination or expiration of the stay with respect to any such petition or action.".

SEC. 5. (a) Section 109(a) of title 11 of the United States Code is amended by striking out "in the United States," the first place it appears.

(b) Section 109(c)(5)(D) of title 11 of the United States Code is amended by striking out "preference" and inserting "transfer that is avoidable under section 547 of this title" in lieu thereof.

(c) Section 109(d) of title 11 of the United States Code is amended by striking out "stockholder" and inserting "stockbroker" in lieu thereof.

SEC. 6. Section 303(b) of title 11 of the United States Code is amended by inserting "against a person" immediately after "case".

SEC. 7. Section 303(j)(2) of title 11 of the United States Code is amended by striking out "debtors" and inserting "debtor" in lieu thereof.

SEC. 8. Section 321(b) of title 11 of the United States Code is amended by striking out "a case" and inserting "the case" in lieu thereof.

SEC. 9. Section 322(b)(1) of title 11 of the United States Code is amended by inserting "required to be" immediately after "bond".

SEC. 10. Section 326(a) of title 11 of the United States Code is amended to read as follows:

"(a) In a case under chapter 7 or 11, the court may allow reasonable compensation under section 330 of this title of the trustee for the trustee's services, payable after the trustee renders such services, upon all moneys disbursed or turned over in the case by the trustees to parties in interest, excluding the debtor, but including holders of secured claims. In a case under chapter 7, such compensation shall not exceed fifteen percent on the first $1,000 or less, six percent on any amount in excess of $1,000, but not in excess of $3,000, three percent on any amount in excess of $3,000, but not in excess of $20,000, two percent on any amount in excess of $20,000, but not in excess of $50,000, and one percent on any amount in excess $50,000.".

(b) Section 326(d) of title 11 of the United States Code is amended to read as follows:

"(d) The court may deny allowance of compensation for services or reimbursement of expenses of the trustee if the trustee failed to make diligent inquiry into facts that would permit denial of allowance under section 328(c) of this title or, with knowledge of such facts, employed a professional person under section 327 of this title.".

SEC. 10A. Section 327(c) of title 11 of the United States Code is amended to read as follows:

"(c) In a case under chapter 7 or 11 of this title, a person is not disqualified for employment under this section solely because of such person's employment by or representation of a creditor.".

SEC. 11. Section 328(a) of title 11 of the United States Code is amended by striking out "unanticipatable" and inserting "not capable of being anticipated" in lieu thereof.

SEC. 12. (a) Section 329(a) of title 11 of the United States Code is amended by striking out "and" the first place it appears and inserting "or" in lieu thereof.

(b) Section 329(b)(1) of title 11 of the United States Code is amended by striking out "trustee" and inserting "estate" in lieu thereof.

SEC. 13. Section 330(a) of title 11 of the United States Code is amended—

(1) by striking out "to any parties in interest and to the United States trustee"; and

(2) in paragraph (1), by striking out "time, the nature, the extent, and the value of such services" and inserting "nature, the extent, the value of such services, the time spent on such services" in lieu thereof.

SEC. 14. Section 330(b) of title 11 of the United States Code is amended by striking out "$20" and inserting in lieu thereof "$45".

SEC. 14A. Section 330 of title 11 of the United States Code is amended by adding at the end thereof the following new paragraph:

"(c) In a case under chapter 13 of this title the compensation paid to the trustee serving in the case shall not be less than $10 per month during the administration of the plan.".

SEC. 15. Section 341 of title 11 of the United States Code is amended to read as follows:

"§ 341. Notice

"There shall be given such notice as is appropriate, including notice to any holder of a community claim, of an order for relief in a case under this title.".

SEC. 16. (a) Section 342 of title 11 of the United States Code is amended to read as follows:

"§ 342. Meetings of creditors and equity security holders

"(a) In a case under chapter 7 or 11 of this title, within a reasonable time after the order for relief in a case under this title, there shall be a meeting of creditors.

"(b) In a case under chapter 13 of this title, the court may order a meeting of creditors.

"(c) The court may order a meeting of any equity security holders.

"(d) The court may not preside at, and may not attend, any meeting under this section.".

(b) The table of sections for chapter 3 of title 11 of the United States Code is amended by striking out the items relating to sections 341 and 342 and inserting in lieu thereof the following:

"341. Notice.
"342. Meetings of creditors and equity security holders.".

SEC. 16A. Section 343 of title 11 of the United States Code is amended—

(1) by striking out "341(a)" and inserting "342" in lieu thereof; and

(2) by striking out "examiner" the last place it appears and inserting "examine" in lieu thereof.

SEC. 17. Section 344 of title 11 of the United States Code is amended by inserting "or in accordance with such regulations as may be promulgated by the Attorney General" immediately before the period.

SEC. 18. Section 345 of title 11 of the United States Code is amended by adding at the end thereof the following new subsection:

"(c) All entities with which such moneys are deposited or invested are authorized to deposit or invest such moneys as may be required under this section.".

SEC. 19. (a) Section 346(c)(2) of title 11 of the United States Code is amended by striking out "operation" and inserting "corporation" in lieu thereof.

(b) Section 346(f) of title 11 of the United States Code is amended by deleting "State or local".

(c) Section 346(g)(2) of title 11 of the United States Code is amended by striking out ", as adjusted under subsection (j)(5) of this section,".

(d) Section 346(j) of title 11 of the United States Code is amended by striking out paragraphs (3), (4), (5), (6), and (7).

SEC. 20. Section 347(a) of title 11 of the United States Code is amended by striking out "under chapter 129 of title 28" and inserting "under section 725 of title 31" in lieu thereof.

SEC. 21. Section 348(b) of title 11 of the United States Code is amended by striking out "means" and inserting "refers to" in lieu thereof.

SEC. 22. Section 349(b) of title 11 of the United States Code is amended—

(1) in paragraph (1)(B), by striking out "522(i)(2)" and inserting "522(h)(2)" in lieu thereof; and

(2) in paragraph (2), by striking out "522(i)(1)" and inserting "522(h)(2)" in lieu thereof.

SEC. 23. Section 350(b) of title 11 of the United States Code is amended by striking out "a" and inserting "A" in lieu thereof.

SEC. 24. Section 361(1) of title 11 of the United States Code is amended by inserting "a cash payment or" immediately after "make".

SEC. 25. (a) Section 362(a) of title 11 of the United States Code is amended—

(1) by inserting "and section 365 of this title" immediately after "of this section";

(2) in paragraph (1), by inserting "action or" immediately after "other"; and

(3) in paragraph (3), by inserting "or to exercise control over property of the estate" immediately after "estate" the second place it appears.

(4) in paragraph (8) by striking "court concerning the debtor" and inserting in lieu thereof "court or similar administrative or judicial forum under State or local law, concerning the debtor".

(b) Section 362(b) of title 11 of the United States Code is amended—

(1) in paragraph (3), by inserting "or to the extent that such act is accomplished within the period provided under section 547(e)(2) of this title" immediately after "title";

(2) in paragraph (4) by striking out "or" following "police" and inserting "and" in lieu thereof;

(3) in paragraph (6), by striking out "that are" and inserting "regarding" in lieu thereof, by striking out "commodity" immediately after "forward", and by inserting immediately before the semicolon the following: ", or, under subsection (a) of this section, of the setoff of any mutual debt and claim of a commodity broker, forward contract merchant, stockbroker, or securities clearing agency against the debtor for a margin payment, as defined in section 741 or section 761 of this title, or settlement payment arising out of a commodity contract, as defined in section 761 of this title, forward contract, or securities contract, as defined in section 741 of this title, against cash, a security, or other property held by such commodity broker, forward contract merchant, stockbroker, or securities clearing agency to margin, guarantee, or secure such commodity contract, forward contract, or securities contract";

(4) in paragraph (7), by striking out "said" and inserting "the" in lieu thereof and by striking out "or" the last place it appears;

(5) in paragraph (8), by striking out the period and inserting a semicolon in lieu thereof; and

(6) by adding at the end thereof the following new paragraphs:

"(9) under subsection (a) of this section, of the filing of any continuation statement or the refiling of any notice of a Federal tax lien required by nonbankruptcy law properly filed under such law before the date of the filing of the petition; or

"(10) under subsection (a) of this section, of the presentment of a negotiable instrument and the giving of notice of and protesting dishonor of such an instrument.".

(c) Section 362(c)(2)(B) of title 11 of the United States Code is amended by striking out "and" and inserting "or" in lieu thereof.

(d) Section 362(d)(2) of title 11 of the United States Code is amended—

(1) by inserting "under subsection (a) of this section" immediately after "property" the first place it appears; and

(2) in subparagraph (B), by inserting "in a case under chapter 11 of this title or to an

effective plan in a case under chapter 13 of this title, as the case may be" immediately after "reorganization".

(e) Section 362(e) of title 11 of the United States Code is amended—

(1) in the first sentence by inserting "the conclusion of" immediately after "pending", and

(2) by striking out the last sentence and inserting in lieu thereof the following: "The court shall order such stay continued in effect pending the conclusion of the final hearing under subsection (d) of this section if there is a reasonable likelihood that the party opposing relief from such stay will prevail at the conclusion of such final hearing. If the hearing under this subsection is a preliminary hearing, then such final hearing shall be commenced not later than thirty days after the conclusion of such preliminary hearing.".

(f) Section 362(f) of title 11 of the United States Code is amended by striking out "The" and inserting "Upon request of a party in interest, the", and by inserting "with or" immediatley after "court,".

SEC. 26. (a) Section 363(a) of title 11 of the United States Code is amended by inserting "whenever acquired" immediately after "equivalents" and by inserting "and includes the proceeds, products, offspring, rents, or profits of property subject to a security interest as provided in section 552(b) of this title whether existing before or after the commencement of a case under this title" immediately after "interest".

(b) Section 363(b) of title 11 of the United States Code is amended—

(1) by striking out "(b)" and inserting "(b)(1)" in lieu thereof; and

(2) by adding at the end thereof the following new paragraph:

"(2) If notification is required under subsection (a) of section 7A of the Clayton Act (15 U.S.C. 18a) in the case of a transaction under this subsection, then—

"(A) notwithstanding subsection (a) of such section, such notification shall be given by the trustee; and

"(B) notwithstanding subsection (b) of such section, the required waiting period shall end on the tenth day after the date of the receipt of such notification, unless the court, after notice and hearing, orders otherwise.".

(c) Section 363(e) of title 11 of the United States Code is amended—

(1) by inserting ", with or without a hearing," immediately after "court"; and

(2) by striking out the last sentence.

(d) Section 363(f)(3) of title 11 of the United States Code is amended by striking out "such interest" the second place it appears and inserting "all liens on such property" in lieu thereof.

(e) Section 363(h) of title 11 of the United States Code is amended by striking out "immediately before" and inserting "at the time of" in lieu thereof.

(f) Section 363(j) of title 11 of the United States Code is amended by striking out "compenation" and inserting "compensation" in lieu thereof.

(g) Section 363(k) of title 11 of the United States Code is amended by striking out "if the holder" and inserting "the holder of such claim may bid at such sale, and, if such holder" in lieu thereof.

(h) Section 363(l) of title 11 of the United States Code is amended—

(1) by striking out "conditions" and inserting "condition" in lieu thereof;

(2) by striking out "a taking" and inserting "or the taking" in lieu thereof; and

(3) by striking out "interests" and inserting "interest" in lieu thereof.

(i) Section 363(n) of title 11 of the United States Code is amended—

(1) by striking out "void" and inserting "avoid" in lieu thereof;

(2) by striking out "voiding" and inserting "avoiding" in lieu thereof; and

(3) by amending the last sentence to read as follows: "In addition to any recovery under the preceding sentence, the court may grant judgment for punitive damages in favor of the estate and against any such party that entered into such an agreement in willful disregard of this subsection.".

(j) Section 363 of title 11 of the United States Code is amended by adding at the end thereof the following new subsection:

"(o) In any hearing under this section—

"(1) the trustee has the burden of proof on the issue of adequate protection; and

"(2) the entity asserting an interest in property has the burden of proof on the issue of the validity, priority, or extent of such interest.".

SEC. 27. (a) Section 365(b)(2)(A) of title 11 of the United States Code is amended by inserting "or an insider" immediately after "the debtor".

(b) Section 365(c)(1)(A) of title 11 of the United States Code is amended—

(1) by striking out "the trustee" and inserting "an entity other than the debtor or the debtor in possession" in lieu thereof; and

(2) by inserting "by virtue of the nature of such contract or lease" immediately before ", whether".

(c) Paragraphs (1) and (2) of section 365(d) of title 11 of the United States Code are each amended by striking out "In" and inserting "Notwithstanding section 108(b) of this title, in" in lieu thereof.

(d) Section 365(d)(2) of title 11 of the United States Code is amended by inserting ", subject to the court's approval," immediately after "trustee" the first place it appears, and inserting "after notice and hearing" after "court".

(e) Section 365(e) of title 11 of the United States Code is amended—

(1) in paragraph (1), by striking out "or lease" each place it appears and inserting ", lease, or applicable law" in lieu thereof; and

(2) in paragraph (2), by striking out "the trustee" and inserting "an entity other than the debtor or the debtor in possession" in lieu thereof.

(f) Section 365(f)(3) of title 11 of the United States Code is amended by inserting a comma immediately after "applicable law".

(g) Section 365(h)(1) of title 11 of the United States Code is amended by striking out "treat the lease" and inserting "treat such lease" in lieu thereof.

(h) Section 365(h)(2) of title 11 of the United States Code is amended by inserting "under such lease" immediately after "debtor".

(i) Section 365(h) of the United States Code is amended by addition of the following new subsection:

"(3) In the event that the lessee shall elect to treat the lease under this subsection as terminated any sublessee, leasehold mortgagee or similarly situated entity may elect to succeed to the right of the lessee to remain in possession.".

(j) Section 365(l)(2)(A) of title 11 of the United States Code is amended by striking out the comma after "may" and by inserting "under such contract" immediately after "debtor".

(k) Section 365(j) of title 11 of the United States Code is amended by inserting "to or for the benefit of the debtor" immediately before the period at the end thereof.

SEC. 28. Section 366(a) of title 11 of the United States Code is amended by inserting "of the commencement of a case under this title or" immediately after "basis".

SEC. 29. Section 501(d) of title 11 of the United States Code is amended by inserting "502(e)(2)," immediately before "502(f)".

SEC. 30. (a) Section 502(a) of title 11 of the United States Code is amended by inserting "general" immediately before "partner".

(b) Section 502(b) of title 11 of the United States Code is amended—

(1) by inserting "(e)(2)," immediately after "subsections";

(2) by inserting "in lawful currency of the United States" immediately after "claim" the second place it appears;

(3) in paragraph (1), by striking out ", and unenforceable against" and inserting "and" in lieu thereof;

(4) in paragraph (2), by inserting "other than unmatured interest due to an original issue discount of less than one-half of 1 percent of the stated redemption price at maturity multiplied by the number of full years from the date of original issue to maturity" immediately after "interest";

(5) by striking out paragraph (3) and redesignating paragraphs (4), (5), (6), (7), (8), and (9) as paragraphs (3), (4), (5), (6), (7), and (8), respectively;

(6) in paragraph (3), as so redesignated, by inserting "the" immediately after "exceeds";

(7) in paragraph (5), as so redesignated, by striking out "the claim" and inserting "such claim" in lieu thereof, by striking out the comma after "petition", and by inserting "or 523(a)(6)" immediately after "523(a)(5)";

(8) by amending paragraph (6), as so redesignated, to read as follows:

"(6) if such claim is the claim of a lessor for damages resulting from the termination of a lease of real property, such claim exceeds—

"(A) without acceleration, the greater of—

"(i) the rent reserved for the rental year during which such termination occurs; or

"(ii) 15 percent of the rent reserved for the remaining term of such lease, not to exceed the rent reserved for the three years commencing with the rental year during which such termination occurs; plus

"(B) any unpaid rent due under such lease, without acceleration, on the earlier of—

"(i) the date of the filing of the petition; or

"(ii) the date on which such lessor repossessed, or the lessee surrendered, the leased property;"; and

(9) in paragraph (7), as so redesignated, by inserting "the claim of an employee" immediately before "for damages", by striking out "and" in subparagraph (A)(i) and inserting "or" in lieu thereof, by striking out "the" the first place it appears in subparagraph (B) and inserting "any" in lieu thereof, and by inserting a comma immediately after "such contract" in subparagraph (B).

(c) Section 502(c) of title 11 of the United States Code is amended—

(1) in paragraph (1), by inserting "the" before "fixing" and by striking out "closing" and inserting "administration" in lieu thereof; and

(2) in paragraph (2), by inserting "right to payment arising from a" immediately after "any" and by striking out "if such breach gives rise to a right to payment".

(d) Section 502(d) of title 11 of the United States Code is amended by striking out "section 542, 543, 550, or 553 of", by striking out "section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of", and by striking out "section 522(i), 542, 543, 550, or 553 of".

(e) Section 502(e)(1) of title 11, United States Code, is amended—

(1) by striking out "and (b)" and inserting ", (b), and (c)" in lieu thereof and by striking out the commas immediately before and immediately after "or has secured";

(2) in subparagraph (B), by inserting "or disallowance" immediately after "allowance"; and

(3) in subparagraph (C), by striking out "requests subrogation" and inserting "asserts a right of subrogation to the rights of such

creditor" in lieu thereof, and by striking out "to the rights of such creditor".

(f) Section 502(h) of title 11 of the United States Code is amended by striking out "522(i)" and inserting "522" in lieu thereof.

(g) Section 502(i) of title 11 of the United States Code is amended to read as follows:

"(i) There shall be allowed a claim for any tax liability arising from payment from the estate of a claim for wages, salaries, or commissions, including vacation, severance, or sick pay, whether or not a proof of such claim is filed.".

(h) Section 502(j) of title 11 of the United States Code is amended to read as follows:

"(j) A claim that has been allowed or disallowed may be reconsidered for cause. A reconsidered claim may be allowed or disallowed according to the equities of the case. Reconsideration of a claim under this subsection does not affect the validity of any payment or transfer from the estate made to a holder of an allowed claim on account of such allowed claim that is not reconsidered, but if a reconsidered claim is allowed and is of the same class as such holder's claim, such holder may not receive any additional payment or transfer from the estate on account of such holder's allowed claim until the holder of such reconsidered and allowed claim receives payment on account of such claim proportionate in value to that already received by such other holder. This subsection does not alter or modify the trustee's right to recover from a creditor any excess payment or transfer made to such creditor.".

SEC. 31. Section 503(b) of title 11 of the United States Code is amended—

(1) by striking out the comma immediately after "be allowed";

(2) in paragraph (1)(B)(i), by inserting "or required to be collected or withheld from another with respect to any payment made by or to the estate" immediately after "estate";

(3) in paragraph (1)(C), by striking out the comma immediately after "credit", and by inserting "incurred by the estate" immediately after "paragraph";

(4) in paragraph (2), by inserting "(a)" immediately after "330";

(5) in paragraph (3), by inserting a comma immediately after "paragraph (4) of this subsection";

(6) in paragraph (3)(C), by striking out the comma immediately after "case";

(7) in paragraph (5), by striking out "and" immediately after the semicolon;

(8) in paragraph (6), by striking out the period and inserting "; and" in lieu thereof; and

(9) by adding at the end thereof the following new paragraph:

"(7) the actual, necessary expenses, other than compensation and reimbursement specified in paragraph (2) of this subsection, incurred by a committee appointed under section 1102 of this title.".

SEC. 32. Section 505(a) of title 11 of the United States Code is amended—

(1) in paragraph (1), by inserting "or liability of an entity for" immediately after "or legality of" and by striking out ", whether or not paid, and whether or not contested before and adjudicated by a judicial or administrative tribunal of competent jurisdiction" and inserting "or paid" in lieu thereof;

(2) in paragraph (2)(A), by inserting "or liability of an entity for" immediately after "or legality of" and by striking out "or legality" and inserting ", legality, or liability" in lieu thereof; and

(3) in paragraph (2)(B)(i), by striking out "and" and inserting "or" in lieu thereof.

(4) by adding a new paragraph (3) to read as follows:

"(3) Notwithstanding subparagraph (B) of this paragraph, the court may offset against a claim for, or request for payment of, a tax liability any counterclaim with respect to such tax liability for the same taxable period, event, act (or failure to act) to which the claim or request for payment relates, and may, where appropriate, order a net credit or refund to be made to the estate. The preceding sentence shall not apply if, at the commencement of the case under this title, the debtor had filed suit for refund relating to such taxable period, event, act (or failure to act), and if the stay on continuation of such suit is terminated under section 362 of this title.".

SEC. 33. (a) Section 506(a) of title 11 of the United States Code is amended to read as follows:

"(a) An allowed claim of a creditor either secured by a lien on property in which the estate has an interest or that is subject to setoff under section 553 of this title is a secured claim to the extent of the value of such lien or to the extent of the amount subject to setoff, as the case may be, and, except to the extent that such creditor does not have recourse under any agreement or applicable nonbankruptcy law against the debtor on account of such claim, is an unsecured claim to the extent that the value of such lien or the amount so subject to setoff is less than the amount of such allowed claim. For the purpose of this subsection, value shall be determined in light of the purpose of the valuation and of any disposition proposed for such property and in conjunction with any hearing on disposition or use or on a plan affecting such creditor's interest.".

(b) Section 506(b) of title 11 of the United States Code is amended by inserting "for" immediately after "provided".

(c) Paragraphs (1) and (2) of section 506(d) of title 11 of the United States Code are amended to read as follows:

"(1) such claim was disallowed only under section 502(b)(5) or 502(e) of this title; or

"(2) such claim is not an allowed secured claim due only to the failure of any entity to file a proof of such claim under section 501 of this title.".

SEC. 34. (a) Section 507(a) of title 11 of the United States Code is amended—

(1) in paragraph (3), by inserting a comma after "severance";

(2) in paragraph (4), by striking out "employee benefit plans" and inserting "an employee benefit plan" in lieu thereof;

(3) in paragraph (4)(B)(i), by inserting "each" immediately after "covered by";

(4) in paragraph (6), by inserting "only" immediately after "units,";

(5) in paragraph (6)(A), by amending clauses (ii) and (iii) to read as follows:

"(ii) assessed within 240 days before the date of the filing of the petition; or

"(iii) not assessed before commencement of the case, unless at such time the liability remained assessable, under the applicable statute of limitations, solely because of an act or failure to act described in section 523(a)(1)(B) or 523(a)(1)(C) of this title.".

(6) in paragraph (6)(D), by striking out "earned from the debtor" and inserting ", or paid" in lieu thereof and by striking out "whether or not actually paid before such date,".

(b) Section 507(b) of title 11 of the United States Code is amended to read as follows:

"(b) Notwithstanding section 726(b) of this title, if the trustee provides, under section 362, 363, or 364 of this title, adequate protection of the interest of an entity other than the estate that has an interest in property of the estate or if the court finds that there is adequate protection of such interest by a lien on such property and if, notwithstanding such protection, the holder of such interest has a claim allowable under section 503(b)(1) of this title arising from the stay of action against such property under section 362 of this title, from the use, sale, or lease of such property under section 363 of this title, or from the granting of a lien under section 364(d) of this title, then such holder's allowable claim shall have priority over every other claim of a kind specified in subsection (a)(1) of this section.".

(c) Section 507(c) of title 11 of the United States Code is amended by striking out "shall be treated the same" and inserting "has the same priority" in lieu thereof.

(d) Section 507(d) of title 11 of the United States Code is amended to read as follows:

"(d) If a claim of a kind specified in subsection (a)(3), (a)(4), (a)(5), or (a)(6) of this section is held by an entity other than the original holder of such claim, then such claim is entitled to priority under each such subsection, as the case may be, but only to the extent of the value actually transferred to or for the benefit of such original holder on account of the transfer of such claim by such original holder.".

SEC. 35. (a) Section 509(a) of title 11 of the United States Code is amended by striking out "subsections (b) and" and inserting "subsection (b) or" in lieu thereof, and by inserting "against the debtor" immediately after "a creditor".

(b) Section 509(b)(1) of title 11 of the United States Code is amended by striking out "of a" and inserting "of such" in lieu thereof.

(c) Section 509(c) of title 11 of the United States Code is amended by striking out "section 509 of this title" and inserting "this section" in lieu thereof.

SEC. 36. Section 510(b) of title 11 of the United States Code is amended to read as follows:

"(b) For the purpose of distribution under this title, a claim arising from rescission of a purchase or sale of a security of the debtor or of an affiliate of the debtor or for damages arising from the purchase or sale of such a security shall be subordinated to all claims or interests that are senior to the claim or interest represented by such security.".

SEC. 37. (a) Section 521(1) of title 11 of the United States Code is amended to read as follows:

"(1) file a list of creditors and, unless the court orders otherwise, a schedule of assets, liabilities, and equity interests, and a statement of the debtor's financial affairs;".

(b) Section 521(3) of title 11 of the United States Code is amended by inserting ", whether or not immunity is granted under section 344 of this title" immediately after "estate" the second place it appears.

SEC. 38. (a) Section 522(a)(2) of title 11 of the United States Code is amended by inserting ", or with respect to property that becomes property of the estate after such date, as of the date such property becomes property of the estate" immediately after "petition".

(b) Section 522(c) of title 11 of the United States Code is amended to read as follows:

"(c) Unless the case is dismissed, property exempted under this section is not liable during or after the case for any debt of the debtor that arose, or that is determined under section 502 of this title as if such debt had arisen, before the commencement of the case, except—

"(1) a debt of a kind specified in section 523(a)(1), 523(a)(5), or 523(a)(6) of this title; or

"(2) a debt secured by a lien that is—

"(A)(i) not avoided under subsection (f) or (g) of this section or under section 544, 545, 547, 548, 549, or 724(a) of this title; and

"(ii) not void under section 506(d) of this title; or

"(B) a tax lien, notice of which is properly filed, whether or not such lien is avoided under section 545(2) of this title.".

(c) Section 522(d)(3) of title 11 of the

United States Code is amended by striking out "that are".

(d) Section 522(e) of title 11 of the United States Code is amended—

(1) by striking out "exemptions" and inserting "an exemption" in lieu thereof;

(2) by striking out "with respect to such claim against property that" and inserting "to the extent of such claim with respect to property" in lieu thereof;

(3) by striking out "or (h) of this section to avoid a transfer, under subsection (g)" and by inserting ", (g), (h)," in lieu thereof; and

(4) by striking out "to exempt property, or under subsection (i) of this section to recover property or to preserve a transfer,".

(e) Section 522(f) of title II of the United States Code is amended—

(1) by striking out "exemptions" and inserting "an exemption" in lieu thereof; and

(2) in paragraph (2)(A), by inserting "jewelry, or" immediately after "crops,", and striking out ", or jewelry that are" after "musical instruments".

(f) Section 522(g) of title 11 of the United States Code is amended to read as follows:

"(g) Notwithstanding any waiver of an exemption, the debtor may avoid a transfer or recover a setoff of property of the debtor and exempt such property under subsection (i) of this section, whether or not the trustee attempts to recover such property or avoid such transfer, if—

"(1)(A) such transfer is avoidable by the trustee under section 544, 545, 547, 548, 549, or 724(a) of this title, or recoverable by the trustee under section 553 of this title;

"(B) such transfer was not a voluntary transfer of such property by the debtor; and

"(C) the debtor did not conceal such property; or

"(2) such transfer is in satisfaction of a lien of a kind specified in subsection (f)(2) of this section.".

(g) Section 522(h) of title 11 of the United States Code is amended to read as follows:

"(h)(1) The debtor's power to avoid a transfer or recover a setoff under subsection (f) or (g) of this section is subject to the limitations of section 550 of this title to which the trustee's power to avoid such a transfer or recover such a setoff under this title is subject.

"(2) Notwithstanding section 551 of this title, a transfer avoided or property recovered by the trustee or by the debtor may be preserved for the benefit of the debtor, if—

"(A)(i) such property otherwise would be exempt under subsection (i) of this section;

"(ii) such transfer was not a voluntary transfer of such property by the debtor; and

"(iii) the debtor did not conceal such property; or

"(B) such transfer is of a kind specified in subsection (f) of this section.".

(i) (h) Section 522(i) of title 11 of the United States Code is amended to read as follows:

"(i) The debtor may exempt under subsection (b) of this section property disencumbered or recovered under subsection (f), (g), or (h) of this section to the extent the debtor could have exempted such property under subsection (b) of this section had such property not been encumbered, transferred, or set off.".

(j) (i) Section 522(j) of title 11 of the United States Code is amended to read as follows:

"(j) The debtor may exempt a particular kind of property under subsection (i) of this section only to the extent that such exemption, plus the debtor's already claimed exemption of the same kind of property under subsection (b) of this section, does not exceed the limitation specified for such kind of property in subsection (b) of this section.".

(j) Section 522(k) of title 11 of the United States Code is amended—

(1) in paragraph (1), by striking out "(g)" and inserting "(i)" in lieu thereof; and

(2) in paragraph (2), by striking out "(h)" and inserting "(g)" in lieu thereof, and by striking out "or of recovery of property under section (i)(1) of this section,".

(k) Section 522(l) of title 11 of the United States Code is amended by striking out ", or may claim property as exempt from property of the estate" and by inserting after the second sentence thereof the following new sentence: "In the event of the debtor's death, a dependent of the debtor may claim property as exempt from property of the estate.".

(l) Section 522 of title 11 of the United States Code is amended by adding at the end thereof the following new subsection:

"(n) For purposes of this section the State or local law applicable under subsection (b) of this section is the State or local law in effect upon the date of the order for relief.".

SEC. 39. (a) Section 523(a) of title 11 of the United States Code is amended—

(1) in paragraph (2), by striking out "obtaining" each place it appears, and by striking out "refinance of credit," and inserting "refinancing of credit, to the extent obtained" in lieu thereof;

(2) in paragraph (3), by striking out "(6)" each place it appears and inserting "(7)" in lieu thereof;

(3) by amending paragraph (5) to read as follows:

"(5) to a spouse, former spouse, or child of the debtor, for support of such child, but not to the extent that such debt includes a liability designated as support unless such liability actually is in the nature of support;";

(4) by redesignating paragraphs (6), (7), (8), and (9) as paragraphs (7), (8), (9), and (10), respectively; and

(5) by inserting after paragraph (5) the following new paragraph:

"(6) to a spouse or former spouse of the debtor for alimony to, maintenance for, or support of such spouse, but not to the extent that such debt includes a liability designated as alimony, maintenance, or support, unless such liability actually is in the nature of alimony, maintenance, or support;".

(b) Section 523(b) of title 11 of the United States Code is amended by striking out "(8)" and inserting "(9)" in lieu thereof.

(c) Section 523(c) of title 11 of the United States Code is amended by inserting "of a kind" immediately after "debt" the first time it appears, and by striking out "(6)" each place it appears and inserting "(7)" in lieu thereof.

SEC. 40. (a) Section 524(a) of title 11 of the United States Code is amended—

(1) by striking out "any act" each place it appears and inserting "an act" in lieu thereof; and

(2) in paragraph (2), by inserting a comma immediately after "recover", by inserting "wherever located and by whomever held, whether directed toward the debtor or any other entity, and" immediately after "property of the debtor,", and by inserting ", except to the extent provided under section 522(c) of this title" immediately after "waived".

(b) Section 524(c)(4)(B)(ii) of title 11 of the United States Code is amended by striking out "redemption under section 722 of this title" and inserting "the terms and conditions of redemption by the debtor" in lieu thereof.

(c) Section 524(d) of title 11 of the United States Code is amended—

(1) in paragraph (1)(B)(ii), by inserting "and" immediately after the semicolon; and

(2) in paragraph (2), by striking out "subsection" the second time it appears and inserting "section" in lieu thereof.

SEC. 41. Section 525 of title 11 of the United States Code is amended by inserting "the" immediately before "Perishable".

SEC. 42. (a) Section 541(a) of title 11 of the United States Code is amended—

(1) by striking out "under" the second place it appears;

(2) by inserting "and by whomever held" immediately after "located";

(3) in paragraph (3), by inserting "329(b), 363(n)," immediately after "section";

(4) in paragraph (5), by striking out "An" and inserting "Any" in lieu thereof; and

(5) in paragraph (6), by striking out "and" and inserting "or" in lieu thereof.

(b) Section 541(c) of title 11 of the United States Code is amended—

(1) by inserting "in an agreement, transfer instrument, or applicable law" immediately after "provision"; and

(2) in paragraph (1)(B), by striking out "the taking" and inserting "taking" in lieu thereof, and by inserting "before such commencement" immediately after "custodian".

(c) Section 541(d) of title 11 of the United States Code is amended by inserting "(1)" immediately after "(a)".

(d) Section 541(e) of title 11 of the United States Code is repealed.

SEC. 43. Section 542(e) of title 11 of the United States Code is amended by inserting "to turn over or" immediately before "disclose".

SEC. 44. (a) Section 543(a) of title 11 of the United States Code is amended by inserting ", product, offspring, rents, or profits" immediately after "proceeds".

(b) Section 543(b) of title 11 of the United States Code is amended—

(1) in paragraph (1), by inserting "held by or" immediately after "debtor", and by inserting ", product, offspring, rents, or profits" immediately after "proceeds"; and

(2) in paragraph (2), by inserting ", product, offspring, rents, or profits" immediately after "proceeds".

(c) Section 543(c) of title 11 of the United States Code is amended—

(1) in paragraph (1), by inserting "or proceeds, product, offspring, rents, or profits of such property" immediately after "property"; and

(2) in paragraph (3), by inserting "that has been" immediately before "approved".

(d) Section 543 of title 11 of the United States Code is amended by adding at the end thereof the following new subsections:

"(e) For purposes of this section, custodian shall not include an assignee under a general assignment for the benefit of the debtor's creditors that was appointed or took possession more than 120 days before the date of the filing of the petition, but the trustee or the court may nevertheless, and at any time, require such an assignee to file an accounting as set forth in subsection (b)(2) of this section.

"(f) For purposes of subsection (e), the term 'general assignment for the benefit of the debtor's creditors' means an assignment which is for the benefit of all of the debtor's creditors.".

SEC. 45. Section 544(a) of title 11 of the United States Code is amended—

(1) in paragraph (1), by inserting "such" immediately after "obtained";

(2) in paragraph (2), by striking out "; and" and inserting "; or" in lieu thereof; and

(3) in paragraph (3), by inserting ", other than fixtures," immediately after "property", and by inserting "and has perfected such transfer" immediately after "purchaser" the second place it appears.

SEC. 46. Section 545 of title 11 of the United States Code is amended—

(1) in paragraph (1)(A), by striking out "is" immediately after "debtor";

(2) in paragraph (1)(C), by striking out "appointed" and inserting "appointed or authorized to take" in lieu thereof; and

(3) in paragraph (2), by striking out "on the date of the filing of the petition" each place it appears and inserting "at the time of the commencement of the case" in lieu thereof.

SEC. 47. (a) Section 546(a) of title 11 of the United States Code is amended in paragraph (1) by striking out "and" and inserting "or" in lieu thereof.

(b) Section 546(b) of title 11 of the United States Code is amended by striking out "the trustee under section 544, 545, or" and inserting "a trustee under sections 544, 545, and" in lieu thereof.

(c) Section 546(c) of title 11 of the United States Code is amended—

(1) by striking out "the trustee" and inserting "a trustee" in lieu thereof;

(2) by striking out "right" the first place appears;

(3) by inserting "of goods" immediately after "seller" the first place it appears;

(4) by striking out "of goods" immediately after "business," and inserting "that has sold goods" in lieu thereof; and

(5) in paragraph (2), by inserting "the" immediately after "if", and by striking out "an administrative expense" and inserting "a claim of a kind specified in section 503(b) of this title" in lieu thereof.

(d) Section 546 of title 11 of the United States Code is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding sections 544, 545, 547, 548(a)(2), and 548(b) of this title, the trustee may not avoid a transfer that is a margin payment, as defined in section 741 or 761 of this title, deposit, or settlement payment, made by or to a commodity broker, forward contract merchant, stockbroker, or securities clearing agency, that is made before the commencement of the case, except under section 548(a)(1) of this title.".

SEC. 48. (a) Section 547(a) of title 11 of the United States Code is amended—

(1) in paragraph (2), by inserting "including proceeds of such property" immediately after "law,"; and

(2) in paragraph (4), by striking out ", without penalty" and by inserting "without penalty" immediately after "payable".

(b) Section 547(b) of title 11 of the United States Code is amended by striking out "of property of the debtor" and inserting "of an interest of the debtor in property" in lieu thereof.

(c) Section 547(c) of title 11 of the United States Code is amended—

(1) in paragraph (2)(A), by inserting "by the debtor" immediately after "incurred";

(2) in paragraph (3), by striking out "of" the first place it appears and inserting "that creates" in lieu thereof;

(3) in paragraph (3)(B), by inserting "on or" immediately after "perfected" and by striking out "such security interest attaches" and inserting "the debtor receives possession of such property" in lieu thereof;

(4) in paragraph (5), by striking out "of" the first place it appears and inserting "that creates" in lieu thereof and by striking out "all security interest" and inserting "all such security interests" in lieu thereof; and

(5) in paragraph (5)(A)(ii), by striking out "and" and inserting "or".

(d) Section 547(d) of title 11 of the United States Code is amended—

(1) by striking out "A" and inserting "The" in lieu thereof;

(2) by inserting "an interest in" immediately after "transfer of";

(3) by inserting "to or for the benefit of a surety" immediately after "transferred"; and

(4) by inserting "such" immediately after "reimbursement of".

(e) Section 547(e) of title 11 of the United States Code as amended:

(1) by amending paragraph (1) to read as follows:

"(1) For the purposes of this section, a transfer of property is perfected when either a bona fide purchaser from the debtor of real property, other than fixtures, or a creditor on a simple contract, against whom applicable law permits such transfer to be perfected, cannot acquire an interest in such real property or a judicial lien on personal property that is superior to the interest of the transferee."; and

(2) in paragraph (2)(C)(i), by striking out "and" and inserting "or" in lieu thereof.

(f) Section 547 of title 11 of the United States Code is amended by adding at the end thereof the following new subsection:

"(g) For the purposes of this section, the trustee has the burden of proving the avoidability of a transfer under subsection (b) of this section, and the creditor or party in interest against whom recovery or avoidance is sought has the burden of proving the nonavoidability of a transfer under subsection (c) of this section.".

SEC. 49. (a) Section 548(a) of title 11 of the United States Code is amended—

(1) in paragraph (1), by striking out "occurred" and inserting "was made" in lieu thereof; and

(2) in paragraph (2)(B)(ii), by inserting "or a transaction" immediately after "engaged in business".

(b) Section 548(b) of title 11 of the United States Code is amended by striking out "the debtor" each place it appears and inserting "such debtor" in lieu thereof.

(c) Section 548(c) of title 11 of the United States Code is amended—

(1) by inserting "or may retain" immediately after "lien on"; and

(2) by striking out ", may retain any lien transferred,".

(d) Section 548(d)(1) of title 11 of the United States Code is amended by striking out "becomes so far" and inserting "is so" in lieu thereof, by striking out "such transfer could have been" and inserting "applicable law permits such transfer to be" in lieu thereof, and by striking out "occurs" and inserting "is made" in lieu thereof.

(e) Section 548(d)(2)(B) of title 11 of the United States Code is amended by striking out "or forward contract merchant" and inserting ", forward contract merchant, stockbroker, or securities clearing agency" in lieu thereof and by striking out "761(15)" and inserting "741 or 761" in lieu thereof.

SEC. 50. (a) Section 549(a) of title 11 of the United States Code is amended—

(1) by striking out "(b) and (c)" and inserting "(b) or (c)" in lieu threof; and

(2) in paragraph (2)(A), by inserting "only" immediately after "authorized".

(b) Section 549(b) of title 11 of the United States Code is amended—

(1) by inserting "the trustee may not avoid under subsection (a) of this section" immediately after "involuntary case,";

(2) by striking out "that occurs" and inserting "made" in lieu thereof;

(3) by striking out "is valid against the trustee to the extent of" and inserting "to the extent" in lieu thereof; and

(4) by inserting "is" immediately before "given".

(c) Section 549(c) of title 11 of the United States Code is amended to read as follows:

"(c) The trustee may not avoid under subsection (a) of this section a transfer of real property to a good faith purchaser without knowledge of the commencement of the case and for present fair equivalent value unless a copy or notice of the petition was filed, where a conveyance of such real property may be recorded to perfect such transfer, before such transfer is so perfected that a bona fide purchaser of such property, against whom applicable law permits such transfer to be perfected, could not acquire an interest that is superior to the interest of such good faith purchaser. A good faith purchaser without knowldege of the commencement of the case and for less than present fair equivalent value has a lien on the property transferred to the extent of any present value given, unless a copy or notice of the petition was so filed before such transfer was so perfected.".

(d) Section 549(d)(1) of title 11 of the United States Code is amended by striking out "and" and inserting "or" in lieu thereof.

SEC. 51. (a) Section 550(a) of title 11 of the United States Code is amended—

(1) by inserting "363(n)," immediately before "544";

(2) by inserting "553(b)" immediately after "549,"; and

(3) in paragraph (2), by striking out "immediate or mediate transferee of" and inserting "subsequent transferee of" in lieu thereof.

(b) Section 550(b)(2) of title 11 of the United States Code is amended by striking out "immediate or mediate" and inserting "subsequent" in lieu thereof.

(c) Section 550(d) of title 11 of the United States Code is amended—

(1) in paragraph (1)(A), by inserting "or accruing to" immediately after "by";

(2) in paragraph (1)(B) by striking out "value" and inserting "the value of such property" in lieu thereof;

(3) in paragraph (2), by striking out subparagraphs (D) and (E) and inserting in lieu thereof the following:

"(D) payment of any debt secured by a lien on such property that is superior or equal to the rights of the estate; and"; and

(4) in paragraph (2), by redesignating subparagraph (F) as subparagraph (E).

(d) Section 550(e)(1) of title 11 of the United States Code is amended by striking out "and" and inserting "or" in lieu thereof.

SEC. 52. Section 551 of title 11 of the United States Code is amended by striking out "but only with respect to property of the estate".

SEC. 53. Section 552(b) of title 11 of the United States Code is amended—

(1) by inserting "552," immediately after "506(c),";

(2) by striking out "a secured party enter" and inserting "an entity entered" in lieu thereof; and

(3) by striking out "except to the extent" and inserting "except to any extent" in lieu thereof.

SEC. 54. Section 553(b)(1) of title 11 of the United States Code is amended by striking out "or 365(h)(1)" and inserting ", 365(h)(2), or 365(i)(2)" in lieu thereof.

SEC. 55. (a) Subsections (a) and (b) of section 554 of title 11 of the United States Code are each amended by inserting "and benefit" immediately after "value".

(b) Section 554(c) of title 11 of the United States Code is amended to read as follows:

"(c) Unless the court orders otherwise, any property scheduled under section 521(1) of this title not otherwise administered at the time of the closing of a case is abandoned to the debtor and administered for purposes of section 350 of this title.".

(c) Section 554(d) of title 11 of the United States Code is amended by striking out "section (a) or (b) of".

SEC. 56. (a) Chapter 5 of title 11 of the United States Code is amended by adding at the end thereof the following new section:

"§ 555. Defenses of the estate

"The estate shall have the benefit of any defense available to the debtor as against any entity other than the estate, including statutes of limitation, statutes of frauds, usury, and other personal defenses. A waiver of any such defense by the debtor after the com-

mencement of the case does not bind the estate.".

(b) The table of sections for chapter 5 of title 11 of the United States Code is amended by adding at the end thereof the following new item:

"555. Defenses of the estate.".

SEC. 57. The table of sections for chapter 7 of title 11 of the United States Code is amended by striking out "Successor" in the item relating to section 703 and inserting "Successor" in lieu thereof.

SEC. 58. (a) Section 702(b) of title 11 of the United States Code is amended—

(1) by inserting "held" immediately after "meeting of creditors"; and

(2) by striking out "341" and inserting "342" in lieu thereof.

(b) Section 702(c) of title 11 of the United States Code is amended—

(1) in paragraph (1), by inserting "of a kind" immediately after "claims"; and

(2) in paragraph (2), by inserting "a" immediately after "for".

(c) Section 702(d) of title 11 of the United States Code is amended by striking out "subsection (c) of".

SEC. 59. Section 703(b) of title 11 of the United States Code is amended by striking out "specified in section 701(a) of this title. Sections 701(b) and 701(c) of this title apply to such interim trustee" and inserting "and subject to the provisions of section 701 of this title" in lieu thereof.

SEC. 60. Section 704 of title 11 of the United States Code is amended—

(1) in paragraph (1), by striking out "up";

(2) in paragraph (7), by striking out "with the court and"; and

(3) by amending paragraph (8) to read as follows:

"(8) file interim reports, as circumstances justify, of the condition of the estate and make and file a final report and account of the administration of the estate with the court.".

SEC. 61. Section 705(a) of title 11 of the United States Code is amended by striking out "under section 341(a)" and inserting "of creditors held under section 342" in lieu thereof.

SEC. 62. Paragraphs (1) and (2) of section 707 of title 11 of the United States Code are each amended by striking out "and" and inserting "or" in lieu thereof.

SEC. 63. Section 722 of title 11 of the United States Code is amended to read as follows:

"§ 722. Redemption

"(a) The debtor may redeem property under the provisions of section 524(c) of this title or subsection (b) of this section.

"(b) An individual debtor may, whether or not such debtor has waived such right, redeem from the holder of a lien that secures a dischargeable consumer debt, tangible personal property intended primarily for personal, family, or household use, if such property is exempted under section 522 of this title or has been abandoned under section 554 of this title, by paying in cash such holder at the time of redemption before the case is closed the amount of such holder's allowed secured claim.".

SEC. 64. (a) Section 723(a) of title 11 of the United States Code is amended by striking out "title" and inserting "chapter" in lieu thereof.

(b) Section 723(c) of title 11 of the United States Code is amended—

(1) by striking out "such case" each place it appears and inserting "such partner's case" in lieu thereof;

(2) by striking out "be property" and inserting "by property" in lieu thereof;

(3) by striking out "726(a)" and inserting "726" in lieu thereof; and

(4) by striking out "the kind" and inserting "a kind" in lieu thereof.

SEC. 65. (a) Section 724(b) of title 11 of the United States Code is amended—

(1) by striking out "and" the first place it appears and by striking out "taxes" and inserting "a tax" in lieu thereof;

(2) in paragraph (1), by striking out "such tax lien" and inserting "the lien securing such tax claim" in lieu thereof;

(3) in paragraph (2), by striking out "claims" and inserting "any holder of a claim of a kind" in lieu thereof;

(4) in paragraph (3), by inserting "tax" immediately after "allowed" and by striking out "that is";

(5) by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively, and by inserting immediately after paragraph (4) the following new paragraph:

"(5) fifth, to any holder of a claim of a kind specified in sections 507(a)(1), 507(a)(2), 507(a)(3), 507(a)(4), and 507(a)(5) of this title, to the extent that such claim is not paid under paragraph (2) of this subsection;";

(6) in paragraph (6), as so redesignated, by striking out "fifth" and inserting "sixth" in lieu thereof, by inserting "tax" after "allowed", and by striking out "tax" immediately after "such" the third place it appears; and

(7) in paragraph (7), as so redesignated, by striking out "sixth" and inserting "seventh" in lieu thereof.

(b) Section 724(c) of title 11 of the United States Code is amended by striking out "creditor" and inserting "holder of a claim" in lieu thereof and by striking out "creditors" each place it appears and inserting "holders" in lieu thereof.

(c) Section 724(d) of title 11 of the United States Code is amended by striking out "whose priority" and inserting "the priority of which" in lieu thereof and by inserting "if such lien were" immediately after "the same as".

SEC. 66. Section 725 of title 11 of the United States Code is amended by inserting "of property of the estate" immediately after "distribution".

SEC. 67. (a) Section 726(a) of title 11 of the United States Code is amended—

(1) in paragraph (2)(A), by inserting ", 501(b), or 501(c)" immediately after "501(a)", and by adding "or" immediately after the semicolon;

(2) by striking out paragraph (2)(B) and redesignating paragraph (2)(C) as paragraph (2)(B);

(3) in paragraph (2)(B), as so redesignated, by inserting ", 501(b), or 501(c)" immediately after "501(a)";

(4) in paragraph (3), by inserting ", 501(b), or 501(c)" immediately after "501(a)", and by striking out "(C)" and inserting "(B)" in lieu thereof; and

(5) in paragraph (5), by inserting "or contract" immediately after "legal" and inserting "whichever is greater" immediately after "rate".

(b) Section 726(b) of title 11 of the United States Code is amended—

(1) by striking out "a particular paragraph" and inserting "each such particular paragraph" in lieu thereof; and

(2) by striking out "administrative expenses" each place it appears and inserting "a claim allowed under section 503(b) of this title" in lieu thereof, and by striking out "have" and inserting "has" in lieu thereof.

(c) Section 726(c) of title 11 of the United States Code is amended—

(1) in paragraph (1), by striking out "Administrative expenses" and inserting "Claims allowed under section 503 of this title" in lieu thereof; and

(2) in paragraph (2), by striking out "Claims other than for administrative expenses" and inserting "Allowed claims, other than claims allowed under section 503 of this title," in lieu thereof.

SEC. 68. (a) Section 727(a) of title 11 of the United States Code is amended—

(1) in paragraph (6)(C), by striking out "property" and inserting "properly" in lieu thereof;

(2) in paragraph (7), by inserting ", under this title or under the Bankruptcy Act," immediately after "another case"; and

(3) in paragraph (8), by inserting a comma immediately after "371".

(b) Section 727(c)(1) of title 11 of the United States Code is amended by inserting "the granting of a" immediately after "to".

(c) Section 727e(2)(A) of title 11 of the United States Code is amended by striking out "and" and inserting "or" in lieu thereof.

SEC. 69. (a) Section 728(c) of title 11 of the United States Code is amended by striking out the comma immediately after "taxable income".

(b) Section 728(d)(2) of title 11 of the United States Code is amended by inserting "otherwise" immediately after "is", and by striking out "otherwise" immediately after "partner".

SEC. 70. Section 741 of title 11 of the United States Code is amended—

(1) in paragraph (2)(A) by striking out "holds" and inserting "has" in lieu thereof and by striking out "business as a stockbroker" and inserting "such debtor's business as a stockbroker," in lieu thereof;

(2) in paragraph (2)(B), by striking out "holds" and inserting "has" in lieu thereof;

(3) in paragraph (4), by striking out "at any time";

(4) in paragraph (4)(A)(i), by striking out "and that is" and inserting "from and that is the lawful" in lieu thereof;

(5) in paragraph (4)(A)(ii), by inserting "of a customer" immediately after "claim",

(6) by redesignating paragraphs (5) and (6) as paragraphs (6) and (8), respectively;

(7) by inserting immediately after paragraph (4) the following new paragraph:

"(5) 'margin payment' means payment or deposit of cash, a security, or other property, that is commonly known to the securities trade as original margin, initial margin, maintenance margin, or variation margin, or as a market-to-market payment, or that secures an obligation of a participant in a securities clearing agency;";

(8) in paragraph (6), as so redesignated, by striking out "the aggregate of all of a customer's accounts that such customer holds" and inserting "all accounts of a customer that such customer has" in lieu thereof;

(9) in paragraph (6)(A)(i), as so redesignated, by inserting a comma immediately after "petition", and by inserting "any" immediately after "except";

(10) in paragraph (6)(A)(ii) as so redesignated, by inserting "in such capacity" immediately after "customer";

(11) in paragraph (6)(B), as so redesignated, by striking out "342" and inserting "341" in lieu thereof, and by inserting "in such capacity" immediately before the semicolon; and

(12) by inserting immediately after paragraph (6), as so redesignated, the following new paragraph:

"(7) 'securities contract' means contract for the purchase, sale, or loan of a security, including an option for the purchase or sale of a security, or the guarantee of any settlement of cash or securities by a securities clearing agency; and".

SEC. 71. Section 743 of title 11 of the United States Code is amended by striking out "342(a)" and inserting "341" in lieu thereof.

SEC. 72. Section 744 of title 11 of the United States Code is amended by inserting "but" immediately after "relief,".

SEC. 73. (a) Section 745(a) of title 11 of the United States Code is amended by inserting "the debtor for" immediately after "by".

(b) Section 745(c) of title 11 of the United States Code is amended by striking out "A" and inserting "Each" in lieu thereof.

SEC. 74. (a) Section 746(a) of title 11 of the United States Code is amended—

(1) by striking out "effects, with respect to cash or a security," and inserting "enters into" in lieu thereof;

(2) by striking out "with respect to such cash or security";

(3) by striking out "such date" and inserting "the date of the filing of the petition" in lieu thereof; and

(4) by striking out "effected" and inserting "entered into" in lieu thereof.

(b) Section 746(b) of title 11 of the United States Code is amended—

(1) by striking out "has a claim for" and inserting "transferred to the debtor" in lieu thereof; and

(2) in paragraph (2), by striking out "is".

(c) The section heading for section 746 of title 11 of the United States Code is amended to read as follows:

"§ 746. Extent of customer claims".

SEC. 75. Section 747 of title 11 of the United States Code is amended by striking out "such claim arose" and inserting "the transaction giving rise to such claim occurred" in lieu thereof.

SEC. 76. Section 749 of title 11 of the United States Code is amended—

(1) by striking out "Any" and inserting "(a) Except as otherwise provided in this section, any" in lieu thereof;

(2) by inserting "by the debtor" immediately before "of property";

(3) by striking out "except" and inserting "but" in lieu thereof;

(4) by inserting "such property" immediately after "trustee, and";

(5) by striking out "549, or 724(a)" and inserting "or 549" in lieu thereof; and

(6) by adding at the end thereof the following new subsection:

"(b) Notwithstanding sections 544, 545, 547, 548, and 549 of this title, the trustee may not avoid a transfer made before five days after the date of the filing of the petition if such transfer is approved by the Commission by rule or order, either before or after such transfer, and if such transfer is—

"(1) a transfer of a securities contract entered into or carried by or through the debtor on behalf of a customer, and of any cash, security, or other property margining or securing such securities contract; or

"(2) the liquidation of a securities contract entered into or carried by or through the debtor on behalf of a customer.".

SEC. 77. (a) Section 752(a) of title 11 of United States Code is amended—

(1) by striking out "customers allowed" and inserting "customers' allowed";

(2) by inserting "of the kind" immediately after "except claims"; and

(3) by inserting "such" immediately before "customer property".

(b) Section 752(b)(2) of title 11 of the United States Code is amended by striking out "726(a)" and inserting "726" in lieu thereof.

(c) Section 752(c) of title 11 of the United States Code is amended to read as follows:

"(c) Any cash or security remaining after the liquidation of a security interest created under a security agreement made by the debtor, excluding property excluded under section 741(4)(B) of this title, shall be apportioned between the general estate and customer property in the same proportion as the general estate of the debtor and customer property were subject to such security interest.".

SEC. 78. Section 761 of title 11 of the United States Code is amended—

(1) in paragraph (2), by inserting "made" immediately after "commodity contracts";

(2) in paragraph (4), by striking out "if the debtor is" each place it appears and inserting "with respect to" in lieu thereof;

(3) in paragraph (4)(D), by inserting ", or commodity option traded on, or subject to the rules of, a contract market or board of trade that is cleared by the debtor" immediately before the semicolon;

(4) in paragraph (9), by striking out "if the debtor is" each place it appears and inserting "with respect to" in lieu thereof;

(5) in paragraph (9)(A), by striking out "the debtor" each place it appears and inserting "such futures commission merchant" in lieu thereof and by striking out "the debtor's" and inserting "such futures commission merchant's" in lieu thereof;

(6) in paragraph (9)(B), by striking out "the debtor" each place it appears and inserting "such foreign futures commission merchant" in lieu thereof and by striking out "the debtor's" and inserting "such foreign futures commission merchant's" in lieu thereof;

(7) in paragraph (9)(C), by striking out "the debtor" each place it appears and inserting "such leverage transaction merchant" in lieu thereof, by striking out "the debtor's" and inserting "such leverage transaction merchant's" in lieu thereof by inserting "or" immediately after the semicolon in clause (i), and by striking out "hold" in clause (ii) and inserting "holds" in lieu thereof;

(8) in paragraph (9)(D), by striking out "the debtor" each place it appears and inserting "such clearing organization" in lieu thereof;

(9) in paragraph (9)(E), by striking out "the debtor" each place it appears and inserting "such commodity options dealer" in lieu thereof and by striking out "the debtor's" and inserting "such commodity options dealer's" in lieu thereof;

(10) in paragraph (10), by striking out "at any time", by striking out "and that is" in subparagraph (A)(viii) and inserting "from and that is the lawful" in lieu thereof, and by striking out "based on such property" in subparagraph (B) and inserting "for which such property would be liable" in lieu thereof;

(11) in paragraph (12), by inserting a comma immediately after "property" and by striking out the comma after "credit";

(12) in paragraph (13), by striking out "217 of the Commodity Futures Trading Commission Act of 1974 (7 U.S.C. 15a)" and inserting "19 of the Commodity Exchange Act (7 U.S.C. 23)" in lieu thereof;

(13) in paragraph (14), by striking out "that is engaged";

(14) in paragraph (15), by striking out "or variation margin," and inserting "variation margin, or as a mark-to-market payment," immediately before "including";

(15) in paragraph (16), by striking out "at any time"; and

(16) in paragraph (17), by striking out "the aggregate of all of a customer's accounts" and inserting "all accounts of a customer" in lieu thereof, by striking out "holds" and inserting "has" in lieu thereof, by inserting "the" immediately after "(A)" in subparagraph (A), by inserting 'in such capacity" immediately after "customer" in subparagraph (A)(ii), by striking out subparagraph (B), and by redesignating subparagraph (C) as subparagraph (B).

SEC. 79. Section 762 of title 11 of the United States Code is amended by striking out "342" and inserting "341" in lieu thereof.

SEC. 80. Section 763(a) of title 11 of the United States Code is amended by inserting "the debtor for" immediately after "by" and by striking out "deemed to be" and inserting "but" in lieu thereof;

SEC. 81. (a) Section 746(a) of title 11 of the United States Code is amended—

(1) by inserting "by the debtor" immediately after "any transfer";

(2) by striking out "except" and inserting "but" in lieu thereof;

(3) by inserting "such property" immediately after "trustee, and"; and

(4) by striking out "is" each place it appears and inserting "shall be" in lieu thereof.

(b) Section 764(c) of title 11 of the United States Code is repealed.

SEC. 82. (a) Section 765(a) of title 11 of the United States Code is amended by striking out "notice under" and inserting "notice required by" in lieu thereof and by striking out "342" and inserting "341" in lieu thereof.

(b) Section 765(b) of title 11 of the United States Code is amended by striking out "commitment" and inserting "commodity contract" in lieu thereof.

SEC. 83. (a) Section 766(a) of title 11 of the United States Code is amended—

(1) by striking out "of" the first place it appears and inserting "held by the debtor for" in lieu thereof; and

(2) by inserting "to such customer" immediately after "distribution".

(b) Section 766(b) of title 11 of the United States Code is amended—

(1) by amending the first sentence thereof to read as follows: "If an open commodity contract is being actively traded as of the date of the filing of the petition, the trustee shall, as required by sections 765 and 766(c) of this title, transfer such commodity contract, if feasible, or close out such commodity contract on or before the last day of trading in such contract or on the first day on which notice of intent to deliver on such commodity contract may be tendered, whichever first occurs."; and

(2) by inserting "the" immediately after "rules of".

(c) Section 766(d) of title 11 of the United States Code is amended by striking out "such amount, then the" and inserting "the amount to which the customer of the debtor is entitled under subsection (h) or (i) of this section, then such" in lieu thereof, and by inserting "then" immediately after "trustee" the second place it appears.

(d) Section 766(h) of title 11 of the United States Code is amended by inserting "and except that a customer net equity claim based on a proprietary account, as defined by Commission rule, regulation, or order, may not be paid either in whole or in part, directly or indirectly, out of customer property unless all other customer net equity claims have been paid in full" immediately after "this section".

(e) Section 766(j)(2) of title 11 of the United States Code is amended by striking out "726(a)" and inserting "726" in lieu thereof.

SEC. 84. Section 901(a) of title 11 of the United States Code is amended—

(1) by inserting "341, 342," immediately after "301,";

(2) by striking out "552,";

(3) by striking out "547" and inserting "547(a), 547(b), 547(c), 547(d), 547(e)(1), 547(e)(2), 547(f), 547(g)" in lieu thereof;

(4) by striking out "1109" and inserting "1109(b)" in lieu thereof; and

(5) by inserting a comma immediately after "1111(b)".

SEC. 85. Section 902(2) of title 11 of the United States Code is amended by striking out "title, legal or equitable, to real property against which has been levied a special assessment or special tax" and by inserting "legal or equitable title to real property against which a special assessment or special tax has been levied" in lieu thereof.

SEC. 86. Section 903(2) of title 11 of the United States Code is amended by striking out "to" the first place it appears.

SEC. 87. Chapter 9 of title 11 of the United States Code is amended by striking out "SUBCHAPER II" and inserting "SUBCHAPTER II" in lieu thereof.

SEC. 88. (a) Section 921(c) of title 11 of the United States Code is amended by striking out "an" and inserting "any" in lieu thereof, and by striking out the comma after "petition" the second place it appears.

(b) Section 921 of title 11 of the United States Code is amended by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

(c) Section 921(d) of title 11 of the United States Code, as so redesignated, is amended by striking out "subsection (d)" and inserting "subsection (c)" in lieu thereof.

SEC. 89. (a) Section 922(a)(1) of title 11 of the United States Code is amended by inserting "a" immediately before "judicial", and by inserting "action or" immediately before "proceeding".

(b) Section 922(b) of title 11 of the United States Code is amended by striking out "and (g)" and inserting "(g), and (h)" in lieu thereof.

SEC. 90. (a) Section 927(a)(4) of title 11 of the United States Code is amended by striking out "if" and inserting "failure of" in lieu thereof, and by striking out "is not" and inserting "to be" in lieu thereof.

(b) Section 927(b) of title 11 of the United States Code is amended by inserting "of a plan under this chapter" immediately after "confirmation".

SEC. 91. Section 943(b) of title 11 of the United States Code is amended—

(1) in paragraph (4), by striking out "to be taken"; and

(2) by amending paragraph (5) to read as follows:

"(5) except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that on the effective date of the plan each holder of a claim of a kind specified in section 507(a)(1) of this title will receive on account of such claim cash equal to the allowed amount of such claim; and".

SEC. 92. Section 945(a) of title 11 of the United States Code is amended by striking out "execution" and inserting "implementation" in lieu thereof.

SEC. 93. Section 1102(b)(1) of title 11 of the United States Code is amended by striking out "order for relief" and inserting "commencement of the case" in lieu thereof.

SEC. 94. (a) Section 1103(b) is amended—

(1) by inserting "having an adverse interest" after "entity"; and

(2) by adding at the end thereof the following: "Representation of one or more creditors of the same class as represented by the committee shall not per se constitute the representation of an adverse interest.".

(b) Section 1103(c) of title 11 of the United States Code is amended—

(1) in paragraph (3), by striking out "recommendations" and inserting "determinations" in lieu thereof, and by inserting "or rejections" immediately after "acceptances"; and

(2) in paragraph (4), by striking out ", if a trustee or examiner, as the case may be, has not previously been appointed under this chapter in the case".

SEC. 95. Section 1105 of title 11 of the United States Code is amended by striking out "estate, and" and inserting "estate and of the" in lieu thereof.

SEC. 96. Section 1106(b) of title 11 of the United States Code is amended by inserting ", except to the extent that the court orders otherwise," immediately before "any other".

SEC. 97. Section 1107(a) of title 11 of the United States Code is amended by inserting "serving in a case" immediately after "on a trustee".

SEC. 98. Section 1108 of title 11 of the United States Code is amended by inserting ", on request of a party in interest and after notice and a hearing," immediately after "court".

SEC. 99. Section 1111(b) of title 11 of the United States Code is amended to read as follows:

"(b)(1) Except where property of the estate that secures a claim is sold subject to section 363(k) of this title, abandoned under section 554 of this title, or surrendered to the holders of such claims, or is to be sold, abandoned, or surrendered under the plan—

"(A) a claim secured by such property shall be allowed or disallowed under section 502 of this title the same as if the holder of such claim had recourse against the debtor on account of such claim, whether or not such holder had such recourse, unless the class of which such claim is a part elects, by at least two-thirds in amount and more than one-half in number of allowed claims of such class, to be governed by subparagraph (B) of this paragraph; and

"(B) unless the aggregate value of the interests in such property of the holders of such claims is inconsequential, the class may elect, as provided under subparagraph (A) of this paragraph, that such claims of such class, whether or not the holders of such claims had recourse against the debtor and notwithstanding section 506(a) of this title, are secured claims to the full extent that such claims are allowed.

"(2) The provisions of paragraph (1)(A) of this subsection are limited to the purposes of this chapter and such paragraph does not in any other way alter, affect, or create any right or liability of any other entity.".

SEC. 100. (a) Section 1112(a) of title 11 of the United States Code is amended—

(1) in paragraph (2), by striking out "is an involuntary case originally commenced under this chapter" and inserting "originally was commenced as an involuntary case under this chapter" in lieu thereof; and

(2) in paragraph (3), by striking out "on other than" and inserting "other than on" in lieu thereof.

(b) Section 1112(b) of title 11 of the United States Code is amended—

(1) in paragraph (5), by inserting "a request made for" immediately before "additional"; and

(2) in paragraph (8), by striking out "and" and inserting "or" in lieu thereof.

SEC. 101. (a) Section 1121(c)(3) of title 11 of the United States Code is amended by striking out "the claims or interests of which are" and inserting "of claims or interests that is" in lieu thereof.

(b) Section 1121(d) of title 11 of the United States Code is amended by inserting "made within the respective periods specified in subsection (c) of this section" immediately after "interest".

SEC. 102. (a) Section 1123(a) of title 11 of the United States Code is amended—

(1) by striking out "A" and inserting "Notwithstanding any otherwise applicable nonbankruptcy law, a" in lieu thereof;

(2) in paragraph (1), by inserting a comma immediately after "classes of claims" and immediately after "507(a)(6) of this title";

(3) in paragraph (3), by striking out "shall";

(4) in paragraph (5), by striking out "execution" and inserting "implementation" in lieu thereof;

(5) in paragraph (5)(G), by inserting "of" immediately after "waiving"; and

(6) in paragraph (6), by striking out "equity securities" the first place it appears and inserting "common stock" in lieu thereof.

(b) Section 1123(b)(2) of title 11 of the United States Code is amended by striking out "or rejection" and inserting ", rejection, or assignment" in lieu thereof and by striking out "under section 365 of this title" and inserting "under such section" in lieu thereof.

SEC. 103. Section 1124 of title 11 of the United States Code is amended—

(1) by amending paragraph (2)(A) to read as follows:

"(A) cures any such default that occurred before or after the commencement of the case under this title, other than a default of a kind specified in section 365(b)(2) of this title;"; and

(2) in paragraph (3)(B)(i), by striking out "and" and inserting "or" in lieu thereof.

SEC. 104. (a) Section 1125(a) of title 11 of the United States Code is amended—

(1) in paragraph (1), by inserting ", but need not include such information about any other possible or proposed plan" immediately after "plan";

(2) in paragraph (2)(B), by inserting "the" immediately after "with"; and

(3) in paragraph (2)(C), by inserting "of" immediately after "holders".

(b) Section 1125(d) of title 11 of the United States Code is amended—

(1) by inserting "required under subsection (b) of this section" immediately after "statement" the first place it appears; and

(2) by inserting ", or otherwise seek review of," immediately after "appeal from".

(c) Section 1125(e) of title 11 of the United States Code is amended by inserting "acceptance or rejection of a plan" immediately after "solicits" and by inserting "solicitation of acceptance or rejection of a plan or" immediately after "governing".

SEC. 105. (a) Section 1126(b)(2) of title 11 of the United States Code is amended by striking out "1125(a)(1)" and inserting "1125(a)" in lieu thereof.

(b) Section 1126(d) of title 11 of the United States Code is amended by inserting a comma immediately after "such interests" the first place it appears.

(c) Section 1126(f) of title 11 of the United States Code is amended—

(1) by striking out "is deemed" and inserting in lieu thereof ", and each holder of a claim or interest of such class, are deemed";

(2) by striking out "solicitation" and inserting "solicitation" in lieu thereof; and

(3) by striking out "interest" and inserting "interests" in lieu thereof.

(d) Section 1126(g) of title 11 of the United States Code is amended by striking out "any payment or compensation" and inserting "receive or retain any property" in lieu thereof.

SEC. 106. (a) Section 1127(a) of title 11 of the United States Code is amended by inserting "of a plan" immediately after "After the proponent" and by inserting "of such plan" immediately after "modification".

(b) Section 1127(b) of title 11 of the United States Code is amended by striking out "the court, after notice and a hearing, confirms such plan, as modified, under section 1129 of this title, and circumstances warrant such modification" and inserting "circumstances warrant such modification and the court, after notice and a hearing, confirms such plan as modified, under section 1129 of this title" in lieu thereof.

SEC. 107. (a) Section 1129(a) of title 11 of the United States Code is amended—

(1) in paragraph (1), by striking out "chapter." and inserting "title." in lieu thereof;

(2) in paragraph (2), by striking out "chapter." and inserting "title." in lieu thereof;

(3) by amending paragraph (4) to read as follows:

"(4) Any payment made or to be made by the proponent, by the debtor, or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in or in connection with the case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of, the court as reasonable;";

(4) in paragraph (5)(A)(ii), by striking out the period and inserting "; and" in lieu thereof;

(5) in paragraph (5)(B), by striking out "The" and inserting "the" in lieu thereof;

(6) in paragraph (6), by inserting "governmental" immediately after "Any";

(7) in paragraph (7), by inserting "of claims or interest" immediately after "each class", and by striking out "creditor's" in subparagraph (B) and inserting "holder's" in lieu thereof;

(8) in paragraph (8), by inserting "of

claims or interests" immediately after "each class"; and

(9) in paragraph (9)(C), by inserting "507(a)(1) that results from the sale of a capital asset, recapture of an investment tax credit, recapture of depreciation, or similar event or" immediately after "section";

(10) by amending paragraph (10) to read as follows:

"(10) If a class of claims is impaired under the plan, at least one class of claims that is impaired under the plan has accepted the plan, determined without including any acceptance of the plan by any insider or any class deemed to have accepted the plan under section 1126(f) of this title.".

(b) Section 1129(b) of title 11 of the United States Code is amended—

(1) by striking out "Notwithstanding section 510(a) of this title, if" and inserting "If" in lieu thereof;

(2) in paragraph (2)(A), by striking out "lien" each place it appears and inserting "liens" in lieu thereof;

(3) in paragraph (2)(B)(ii), by inserting "under the plan" immediately after "retain". and

(4) in paragraph (2)(C)(i), by striking out "claim" and inserting "interest" in lieu thereof and by striking out "and the value" and inserting "or the value" in lieu thereof.

(c) Section 1129(d) of title 11 of the United States Code is amended—

(1) by striking out "a party in interest that is";

(2) by inserting "the application of" immediately after "avoidance of" the second place it appears; and

(3) by adding at the end thereof the following new sentence: "In any hearing under this subsection, the governmental unit has the burden of proof on the issue of avoidance.".

SEC. 108. (a) Section 1141(a) of title 11 of the United States Code is amended—

(1) by striking out "Except" and inserting "Notwithstanding section 510(a) of this title and except" in lieu thereof; and

(2) by striking out "any creditor or equity security holder of, or general partner in," and inserting "any creditor, equity security holder, or general partner in" in lieu thereof.

(b) Section 1141(c) of title 11 of the United States Code is amended to read as follows:

"(c) Except as provided in subsections (d)(2) and (d)(3) of this section and except as otherwise provided in the plan or in the order confirming the plan, after confirmation of a plan, the property dealt with by the plan is free and clear of all claims and interests of creditors, equity security holders, and of general partners in the debtor.".

SEC. 109. (a) The heading for section 1142 of title 11 of the United States Code is amended to read as follows:

"§ 1142. Implementation of plan".

(b) The item relating to section 1142 in the table of sections for chapter 11 of title 11 of the United States Code is amended by striking out "Execution" and inserting "Implementation" in lieu thereof.

(c) Section 1142(a) of title 11 of the United States Code is amended by striking out the comma after "plan" the second place it appears.

(d) Section 1142(b) of title 11 of the United States Code is amended by inserting "a" immediately after "by".

SEC. 110. Section 1144 of title 11 of the United States Code is amended by inserting "if and only" immediately after "revoke such order".

SEC. 111. (a) Section 1145(a) of title 11 of the United States Code is amended—

(1) by striking out "Except with respect to an entity that is an underwriter as defined in subsection (b) of this section, section" and inserting "Section" in lieu thereof;

(2) in paragraph (3), by striking out "or an affiliate";

(3) in paragraph (3)(B)(i), by inserting "or 15(d)" immediately after "13" and by inserting "or 78o(d)" immediately after "78m";

(4) by amending paragraph (3)(B)(ii) to read as follows:

"(ii) in compliance with the disclosure and reporting provision of such applicable section; and';

(5) in paragraph (3)(C), by striking out "two" each place it appears and inserting "one" in lieu thereof;

(6) in paragraph (3)(C)(ii), by striking out "180" each place it appears and inserting "90" in lieu thereof; and

(7) in paragraph (4), by striking out "stockholder" each place it appears and inserting "stockbroker" in lieu thereof.

(b) Section 1145(b) of title 11 of the United States Code is amended—

(1) in paragraph (1), by inserting "and except with respect to ordinary trading transactions of an entity that is not an issuer" immediately after "subsection";

(2) in paragraph (1)(C), by striking out "for" and inserting "from" in lieu thereof;

(3) in paragraph (2)(A)(i), by striking out "combination" and inserting "or combining" in lieu thereof; and

(4) in paragraph (2)(A)(ii), by striking out "among" and inserting "from or to" in lieu thereof.

(c) Section 1145(d) of title 11 of the United States Code is amended by striking out "commercial".

SEC. 112. (a) Section 1146(c) of title 11 of the United States Code is amended by striking out "State or local".

(b) Section 1146(d)(1) of title 11 of the United States Code is amended by striking out "and" and inserting "or" in lieu thereof.

SEC. 113. Section 1161 of title 11 of the United States Code is amended by striking out "341" and inserting "342" in lieu thereof.

SEC. 114. Section 1163 of title 11 of the United States Code is amended by striking out "qualified" and inserting "eligible, qualified," in lieu thereof.

SEC. 115. Section 1166 of title 11 of the United States Code is amended by striking out "the Interstate Commerce Act (49 U.S.C. 1 et seq.)" and inserting "subtitle IV of title 49" in lieu thereof.

SEC. 116. Section 1168(b) of title 11 of the United States Code is amended by inserting a comma immediately after "approval".

SEC. 117. Section 1169(c) of title 11 of the United States Code is amended by striking out "the Interstate Commerce Act (49 U.S.C. et seq.)" and inserting "subtitle IV of title 49" in lieu thereof.

SEC. 118. (a) Section 1170(a) of title 11 of the United States Code is amended by inserting "of all or a portion" immediately after "the abandonment".

(b) Section 1170(c) of title 11 of the United States Code is amended by inserting a comma immediately after "abandonment".

(c) Section 1170(d)(2) of title 11 of the United States Code is amended—

(1) by striking out "the abandonment of a railroad line" and inserting "such abandonment" in lieu thereof; and

(2) by striking out "termination" each place it appears and inserting "suspension" in lieu thereof.

SEC. 119. Section 1171(b) of title 11 of the United States Code is amended by striking out "such" and inserting "the same" in lieu thereof.

SEC. 120. Section 1173(a)(4) of title 11 of the United States Code is amended by striking out "compatible" and inserting "consistent" in lieu thereof.

SEC. 121. (a) Section 1301(b) of title 11 of the United States Code is amended by inserting "and may protest" immediately after "of" the first place it appears.

(b) Section 1301(c)(3) of title 11 of the United States Code is amended by inserting "continuation of" immediately after "by".

(c) Section 1301 of title 11 of the United States Code is amended by adding the following new subsection:

"(d) The confirmation of a plan shall automatically grant relief from the stay provided by subsection (a) of this section to the extent that the plan proposes not to pay such claim.".

SEC. 122. (a) Section 1302(b) of title 11 of the United States Code is amended—

(1) in paragraph (2)(C), by striking out "and";

(2) by redesignating paragraph (3) of paragraph (4) and by inserting after paragraph (2) the following new paragraph:

"(3) dispose of, under regulations issued by the Director of the Administrative Office of the United States Courts, monies received or to be received in a case under chapter XIII of the Bankruptcy Act; and".

(b) Section 1302(e) of title 11 of the United States Code is amended—

(1) in paragraph (1), by striking out "fix" and inserting "set for such individual" in lieu thereof;

(2) in paragraph (1)(A), by striking out "for such individual"; and

(3) in paragraph (2)(A), by striking out "of" and inserting "received by" in lieu thereof and by striking out "upon all payments" and inserting "of all such payments made" in lieu thereof.

SEC. 123. Section 1304(b) of title 11 of the United States Code is amended by striking out the comma immediately after "of the debtor".

SEC. 124. (a) Section 1307(b) of title 11 of the United States Code is amended by inserting a comma immediately after "time".

(b) Section 1307(c) of title 11 of the United States Code is amended—

(1) in paragraph (4), by inserting "a request made for" immediately before "additional";

(2) in paragraph (6), by striking out "and" immediately after the semicolon and inserting "or" in lieu thereof; and

(3) in paragraph (7), by inserting "other than completion of payments under the plan" immediately after "in the plan".

SEC. 125. (a) Section 1322(a)(2) of title 11 of the United States Code is amended by inserting a comma immediately after "payments".

(b) Section 1322(b) of title 11 of the United States Code is amended—

(1) in paragraph (2), by inserting ", or leave unaffected the rights of holders of any class of claims" immediately before the semicolon;

(2) in paragraph (4), by inserting "other" immediately after "claim or any";

(3) in paragraph (5), by striking out "maintenance of payments" and by striking out "on any unsecured claim or secured claim" and inserting "maintenance payments on any claim" in lieu thereof;

(4) in paragraph (7), by inserting "subject to section 365 of this title," immediately before "provide", by striking out "or rejection" and inserting ", rejection, or assignment" in lieu thereof, and by striking out "under section 365 of this title" and inserting "under such section" in lieu thereof; and

(5) in paragraph (8), by striking out "any".

SEC. 126. Section 1323(c) of title 11 of the United States Code is amended by striking out "the plan as modified, unless the modification provides for a change in the rights of such holder from what such rights were under the plan before modification, and" and inserting "such plan as modified, unless" in lieu thereof.

SEC. 127. Section 1324 of title 11 of the United States Code is amended by striking out "the" the second place it appears.

SEC. 128. (a) Section 1325(a)(1) of title 11 of the United States Code is amended by inserting "the" immediately before "other".

(b) Section 1325(a)(4) of title 11 of the

United States Code is amended by inserting ", and such plan represents the debtor's bona fide effort" immediately before the semicolon.

(c) Section 1325(b) of title 11 of the United States Code is amended by striking out "After confirmation of a plan," and inserting "Upon the filing of the case," and striking out "any" the second place it appears.

SEC. 129. Section 1326(a)(2) of title 11 of the United States Code is amended by inserting "of this title" immediately after "1302(d)".

SEC. 130. Section 1328(a)(2) of title 11 of the United States Code is amended by striking out "523(a)(5)" and inserting "523(a)(3), 523(a)(4), 523(a)(5), 523(a)(6), 523(a)(7), 523(a)(8), 523(a)(9), and 523(a)(10)" in lieu thereof.

SEC. 131. Section 1328(e) of title 11 of the United States Code is amended—

(1) in paragraph (1), by inserting "by the debtor" immediately after "obtained"; and

(2) in paragraph (2), by striking out "knowledge of such fraud came to the requesting party" and inserting "the requesting party did not know of such fraud until" in lieu thereof.

SEC. 132. Section 1329(a) of title 11 of the United States Code is amended—

(1) by inserting "of the plan" immediately after "confirmation" and by striking out "a plan" and inserting "such plan" in lieu thereof; and

(2) in paragraph (3), by striking out the comma.

SEC. 133. Section 15102 of title 11 of the United States Code is amended by striking out "chapter" the first place it appears and inserting "title" in lieu thereof.

SEC. 134. Section 15103(f) of title 11 of the United States Code is amended—

(1) by striking out "324,";

(2) by inserting "342(b)," immediately after "326(b),";

(3) by inserting "1106(a)(1), 1108," immediately after "1105"; and

(4) by inserting "1302(b)(1), 1302(b)(3)," immediately after "1302(a),".

SEC. 135. Section 15322(b)(1) of title 11 of the United States Code is amended by inserting "required to be" immediately after "bond", by striking out "(2)", and by inserting "of this title" before the semicolon.

SEC. 136. Section 15324 of title 11 of the United States Code is amended by inserting a comma immediately after "a trustee".

SEC. 137. Section 15330 of title 11 of the United States Code is amended by adding at the end thereof the following: "The notice required under section 330 of this title shall be given to the United States trustee.".

SEC. 138. (a) Chapter 15 of title 11 of the United States Code is amended by inserting after section 15330 the following new section:

"§ 15342. Meetings of Creditors

"In a case under chapter 13 of this title, the United States trustee may call a meeting of creditors. The court may not preside at, and may not attend, any meeting under this section.".

(b) The table of sections for chapter 15 of title 11 is amended by inserting immediately below the item relating to section 15330 the following new item:

"15342. Meetings of creditors.".

SEC. 139. Section 15343 of title 11 of the United States Code is amended by striking out "section 341(a)" and inserting "section 342 or 15342" in lieu thereof.

SEC. 140. (a) Section 15701(a) of title 11 of the United States Code is amended by striking out "trustee established" and inserting "trustees established" in lieu thereof.

(b) Section 15701(b) of title 11 of the United States Code is amended by striking out "such persons" and inserting "the members of such panel" in lieu thereof.

SEC. 141. (a) Section 15703(a) of title 11 of the United States Code is amended by striking out "specified in section 15701(a) of this title. Sections 701(b) and 701(c) of this title apply to such interim trustee." and by inserting "and subject to the provisions of sections 701 and 15701 of this title." in lieu thereof.

(b) Section 15703(b) of title 11 of the United States Code is amended by striking out "truste" and inserting "trustee" in lieu thereof.

SEC. 142. Section 15704 of title 11 of the United States Code is amended to read as follows:

"§ 15704. Duties of trustee

"The trustee shall—

"(1) if the business of the debtor is authorized to be operated, file with the United States trustee periodic reports and summaries of the operation of such business, including a statement of receipts and disbursements; and

"(2) make and file interim reports, as circumstances justify, on the condition of the estate with the United States trustee and make and file a final report and account of the administration of the estate with the United States trustee and the court.".

SEC. 143. Section 151102(b) of title 11 of the United States Code is amended by striking out "interest of" and inserting "interest," in lieu thereof.

SEC. 144. (a) Chapter 15 of title 11 of the United States Code is amended by inserting after section 151105 the following new sections:

"§ 151106. Duties of trustee and examiner

"A trustee shall perform the duties specified in sections 704(2), 704(4), 704(6), and 15704 of this title.

"(b) A trustee shall transmit a copy or a summary of any statement filed under section 1106(a)(4)(A) of this title to any creditors' committee, to any indenture trustee, to the United States trustee, and to any other entity as the court designates.

"§ 151108. Authorization to operate business

"Unless the court, upon the request of a party in interest or the United States trustee if there is no creditors' committee and after notice and a hearing, orders otherwise, the trustee may operate the debtor's business.".

(b) The table of sections for chapter 15 of title 11 of the United States Code is amended by inserting after the item relating to section 151105 the following new items:

"151106. Duties of trustee and examiner.
"151108. Authorization to operate business.".

SEC. 145. (a) Section 151302(a) of title 11 of the United States Code is amended by inserting ", or shall appoint a disinterested person to serve," immediately after "The United States trustee shall serve".

(b) Section 151302(b) of title 11 of the United States Code is amended to read as follows:

"(b) The trustee shall—

"(1) perform the duties specified in sections 704(2), 704(4), 704(6), and 15704 of this title; and

"(2) dispose of, pursuant to regulations issued by the Attorney General, moneys received or to be received in a case under chapter XIII of the Bankruptcy Act.".

TITLE II—AMENDMENTS TO TITLE 28 OF THE UNITED STATES CODE

SEC. 201. Section 151(c) of title 28 of the United States Code is amended by inserting a comma immediately after "suit".

SEC. 202. (a) Section 152 of title 28 of the United States Code is amended by adding at the end thereof the following:

"In recommending individuals to the President for appointment as bankruptcy judges, the Judicial Council of each circuit shall follow standards and procedures promulgated by the Judicial Conference of the United States. Such standards and procedures shall contain provision for public notice of all vacancies of bankruptcy judgeships. Further, such standards and procedures shall ensure that the Judicial Council gives due consideration to all qualified individuals, regardless of race, color, religion, sex, or place of national origin.".

(b) The Congress—

(1) takes notice of the fact that less than 2 per centum of bankruptcy judges are women, less than 3 per centum of bankruptcy judges are blacks, and only one bankruptcy judge is of Hispanic origin; and

(2) suggests that the President, in selecting individuals for nomination to bankruptcy judgeships created by this Act, give due consideration to qualified individuals without regard to race, color, sex, religion, or national origin.

SEC. 203. Section 155(a) of title 28 of the United States Code is amended to read as follows:

"(a) In each district having more than one bankruptcy judge, the judge in regular active service who is senior in continuous time of active service and under seventy years of age shall be the chief judge of the bankruptcy court, except that the age limitation shall not apply until April 1, 1984. If all the bankruptcy judges in regular active service are seventy years of age or older the youngest shall act as chief judge until a judge has been appointed and qualified who is under seventy years of age, but such judge may not act as chief judge until he has served as a bankruptcy judge for one hundred and eighty days.".

SEC. 204. Section 158 of title 28 of the United States Code is amended by striking out "Court" and inserting "Bankruptcy court" in lieu thereof.

SEC. 205. (a) Section 160(a) of title 28 of the United States Code is amended by striking out "each circuit" and inserting "such circuit" in lieu thereof.

(b) Section 160 of title 28 of the United States Code is amended by adding at the end thereof the following new subsections:

"(d) A panel may exercise the powers of a bankruptcy court.

"(e) A single judge of a panel may enter an order if irreparable damage will result if such order is not entered. Such order shall remain in force only until the hearing and determination by the panel of three judges.".

SEC. 206. (a) Section 294(c) of title 28 of the United States Code is amended by striking out "district or bankruptcy judge" and inserting ", district, or bankruptcy" in lieu thereof.

(b) Section 294(d) of title 28 of the United States Code is amended by striking out "district judge or bankruptcy judge" and inserting "district, or bankruptcy judge" in lieu thereof.

SEC. 207. Section 295 of title 28 of the United States Code is amended by inserting a comma immediately before "district, or".

SEC. 208. Section 451 of title 28 of the United States Code is amended—

(1) in the first undesignated paragraph by inserting "and appellate panels created under section 160 of this title" before the period;

(2) in the first and third undesignated paragraphs by striking out "and" the second place it appears in each such paragraph and inserting a comma in lieu thereof and by striking out ", the judges of which are entitled to hold office for a term of 14 years"; and

(3) in the third undesignated paragraph by striking out "Congress," and inserting "Congress" in lieu thereof and by striking out "and judge" and inserting "and judges" in lieu thereof.

SEC. 209. Section 456 of title 28 of the United States Code is amended—

(1) in the fourth undesignated paragraph,

by inserting a comma immediately after "district"; and

(2) in the fifth undesignated paragraph, by striking out the semicolon immediately after "each district judge" and inserting a comma in lieu thereof.

SEC. 210. Section 569(a) of title 28 of the United States Code is amended by inserting "court" immediately after "of the bankruptcy".

SEC. 211. Section 571(b) of title 28 of the United States Code is amended by striking out "United States marshals, under regulations prescribed by the" and by striking out the comma immediately after "Courts".

SEC. 212. Sections 581(a) and 582(a) of title 28 of the United States Code are each amended by inserting ", without regard to the provisions of title 5 governing appointment in the competitive civil service," after "appoint".

SEC. 213. (a) Section 586(a) of title 28 of the United Sttaes Code is amended—

(1) in paragraph (5), by striking out "and" immediately after the semicolon;

(2) in paragraph (6), by striking out the period and inserting "; and" in lieu thereof; and

(3) by adding at the end thereof the following new paragraph:

"(7) administer oaths to and take the testimony of witnesses called to testify at meetings under title 11 or appoint a designee to so act.".

(b) Section 586(b) of title 28 of the United States Code is amended by striking out "trustee" the third place it appears and inserting "trustees to serve as standing trustee" in lieu thereof.

(c) Section 586(e)(2) is amended—

(1) by inserting "made to entities entitled" immediately after "payments" the first place it appears;

(2) in subparagraph (A), by striking out "of" and inserting "received by" in lieu thereof and by striking out "upon all payments" and inserting "of all such payments made" in lieu thereof;

(3) in subparagraph (B), by inserting "fee fixed under paragraph (1)(B) of this subsection" immediately after "the percentage"; and

(4) in subparagraph (B)(i), by striking out "individual" and inserting "individual's" in lieu thereof.

SEC. 214. Section 587 of title 28 of the United States Code is amended by adding at the end thereof the following: "The positions of such trustees shall not be in the Senior Executive Service.".

SEC. 215. (a) Section 604(a) of title 28 of the United States Code is amended—

(1) in paragraph (10), by striking out "(17)" each place it appears and inserting "(18)" in lieu thereof;

(2) by redesignating paragraph 17 as paragraph (18);

(3) by redesignating paragraph (13), as added by section 225(a)(2) of the Act of November 6, 1978 (92 Stat. 2549), as paragraph (17);

(4) by redesignating paragraph (14), as redesignated by section 225(a)(1) of the Act of November 6, 1978 (92 Stat. 2549), as paragraph (13); and

(5) by inserting immediately after paragraph (13) the following new paragraph:

"(14) Pursuant to section 1828 of this title, establish a program for the provision of special interpretation services in courts of the United States;".

(b) Subsection (f) of section 604 of title 28 of the United States Code, as added by section 225(b) of the Act of November 6, 1978 (92 Stat. 2549), is redesignated as subsection (h) and is amended by striking out "or remove a trustee appointed from the panel".

SEC. 216. Section 634(a) of title 28 of the United States Code is amended by inserting a comma after "salaries" the first place it appears and by striking out "rates for" and all that follows through "as amended" and inserting "an amount fixed in accordance with section 225 of the Federal Salary Act of 1967, subject to adjustment in accordance with such Act and section 461 of this title" in lieu thereof.

SEC. 217. (a) Section 773(c) of title 28 of the United States Code is amended by striking out "a circuit" and inserting "an appellate" in lieu thereof, and by striking out the parentheses around "but presents a substantial question".

(b) Section 773 of title 28 of the United States Code is amended by adding at the end thereof the following new subsection:

"(d) Court reporters appointed under this section shall be appointed in accordance with all of the standards and procedures applicable to appointments under section 753 of this title and shall be governed by the rules and regulations applicable to court reporters appointed under section 753 of this title. Mechanical means of recording proceedings may include stenomask, and contract reporters may be used in lieu of or in addition to court reporters appointed under this section. The Director of the Administrative Office of the United States Courts may negotiate without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).".

SEC. 218. (a) Section 1293(a) of title 28 of the United States Code is amended by striking out "decisions" and inserting "judgments, orders, and decrees" in lieu thereof.

(b) Section 1293(b) of title 28 of the United States Code is amended—

(1) by striikng out "an appellate panel created under section 160 or";

(2) by striking out "District court of the United States" and inserting "district court of the United States," in lieu thereof; and

(3) by inserting ", and of appeals from interlocutory orders and decrees of an appellate panel created under section 160 of this title, a district court, and a bankruptcy court, but only by leave of the court of appeals to which the appeal is taken" immediately before the period.

SEC. 219. Section 1334(c) of title 28 of the United States Code is amended by striking out "that section" and inserting "this section" in lieu thereof.

SEC. 220. (a) Section 1471(a) of title 28 of the United States Code is amended by striking out "subsection" and inserting "subsection" in lieu theerof.

(b) Subsections (c) and (e) of section 1471 of title 28 of the United States Code are each amended by striking out "commenced" and inserting "pending" in lieu thereof.

(c) Section 1471(c) of title 28 of the United States Code is amended by inserting "or a proceeding arising under title 11 or arising in or related to a case under title 11" immediately after "title 11".

(d) Section 1471(d) of title 28 is amended by striking out "a district court or".

(e) Section 1471(e) of title 28 of the United States Code is amended by inserting ", and of all property, wherever located, of the estate in such case" immediately before the period at the end thereof.

SEC. 221. Section 1472(1) of title 28 of the United States Code is amended by striking out "principle" and inserting "principal" in lieu thereof.

SEC. 222. (a) Section 1473(a) of title 28 of the United States Code is amended by striking out "Except" and inserting "Notwithstanding any Act of Congress that confers venue in a specific district and except" in lieu thereof.

(c) Section 1473(c) of title 28 of the United States Code is amended by striking out "section" the first place it appears and inserting "subsection" in lieu thereof.

SEC. 223. Section 1481 of title 28 of the United States Code is amended by inserting "(a)" before "A" and by adding at the end thereof the following new subsection:

"(b) A contempt punishable by a bankruptcy court includes any act that is in violation of a stay under title 11.".

SEC. 224. Section 1482(b) of title 28 of the United States Code is amended by striking out "judgments, orders," and inserting "orders" in lieu thereof.

SEC. 225. Section 1827(1) of title 28 of the United States Code is amended by striking out "referee in bankruptcy" and inserting "bankruptcy judge" in lieu thereof.

SEC. 226. Section 1871(a) of title 28 of the United States Code is amended to read as follows:

"(a) Grand jurors in district courts and petit jurors in district courts and bankruptcy courts appearing pursuant to this chapter shall be paid the fees and allowances provided by this section. The requisite fees and allowances shall be disbursed, on the certificate of the clerk of the district court or of the clerk of the bankruptcy court, by the clerk of the district court in accordance with the procedure established by the Director of the Administrative Office of the United States Courts. Attendance fees for extended service under subsection (b) of this section shall be certified by the clerk of the district court only upon the order of a district judge or by the clerk of the bankruptcy court only upon the order of a bankruptcy judge.".

SEC. 227. Section 1923(b) of title 28 of the United States Code is amended to read as follows:

"(b) The docket fees of United States attorneys shall be paid to the clerk of the district court, the docket fees of United States trustees shall be paid to the clerk of the bankruptcy court, and all such fees shall then be paid by the clerks into the Treasury.".

SEC. 228. Section 1930(a)(1) of title 28 of the United States Code is amended by striking out the period after $60 and inserting "in the case of a single filing and $100 in a joint case" and by inserting a new (5) to read as follows: "For any proceeding in any case under title 11, $15.".

SEC. 229. Section 1962 of title 28 of the United States Code is amended by inserting "or bankruptcy court" immediately after "district court".

SEC. 230. Section 1963 of title 28 of the United States Code is amended—

(1) in each paragraph, by inserting "or bankruptcy court" immediately after "district court" the first place it appears;

(2) in the first sentence of the first undesignated paragraph, by inserting "with the clerk of the district court or the bankruptcy court, whichever is appropriate" before the period at the end thereof;

(3) by striking out "where registered" and inserting in lieu thereof "where entered".

(4) by adding at the end thereof the following new undesignated paragraph:

"An order to discharge or an order of confirmation in a case under title 11 which has become final may be registered in any other district by filing in the office of the clerk of the bankruptcy court of that district a certified copy of the order and when so registered shall have the same effect as an order of the bankruptcy court of the district where so registered and may be enforced in like manner.".

SEC. 231. Section 1964 of title 28 of the United States Code is amended by inserting "or bankruptcy court" immediately after "district court" each place it appears.

SEC. 232. Section 2075 of title 28 of the United States Code is amended by striking out "in cases under title 11" and inserting "in cases under title 11 and in proceedings arising under title 11 or arising in or related to cases under title 11" in lieu thereof.

SEC. 233. Section 2256(1)(C) of title 28 of the United States Code is amended by

inserting "or under title 11" immediately after "title".

SEC. 234. (a) Section 1914 of title 28 of the United States Code is amended by striking out subsection (d).

(b) The District of Columbia Code is amended—

(1) in section 15–701(a), by striking out "clerk of the United States District Court for the District of Columbia,";

(2) in section 15–703—

(A) by striking out "(b)" and subsection (a); and

(B) in the catchline of such section by striking out "Deposit for costs; security" and inserting in lieu thereof "Security";

(3) in section 15–704—

(A) in subsection (a) by striking out "(a)" and by striking out "United States District Court for the District of Columbia" and inserting in lieu thereof "the Superior Court of the District of Columbia"; and

(B) by striking out subsection (b);

(4) by striking out section 15–706;

(5) in section 15–712 by striking out "Any District of Columbia Court" and inserting in lieu thereof "The Superior Court of the District of Columbia and the District of Columbia Court of Appeals"; and

(6) in the analysis of sections for chapter 7 of title 15, by striking out the item relating to section 15–706.

TITLE III—AMENDMENTS TO THE ACT OF NOVEMBER 6, 1978

SEC. 301. The title of the Act entitled "An Act to establish a uniform Law on the Subject of Bankruptcies", approved November 6, 1978 (Public Law 95–598; 92 Stat. 2549) (hereinafter in this title referred to as the "Act") is amended to read as follows: "An Act to establish a uniform law on the subject of bankruptcies".

SEC. 302. The Act is amended by inserting after the enacting clause the following: "That this Act may be cited as the 'Bankruptcy Reform Act of 1978'.".

SEC. 303. Section 216 of the Act is amended by striking out "record" and inserting "records" in lieu thereof.

SEC. 304. Section 222 of the Act is amended by striking out "assistance" and inserting "assistants" in lieu thereof.

SEC. 305. Section 232 of the Act is repealed.

SEC. 306. Section 308(f)(3) of the Act is amended by striking out "'C'" and inserting "'(C)'" in lieu thereof.

SEC. 307. Section 402(c) of the Act is amended—

(1) by striking out "210," and inserting "205, 206, 207, 211, 213," in lieu thereof;

(2) by inserting "226," immediately after "225,"; and

(3) by inserting "248" immediately after "246,".

SEC. 308. (a) Section 403(a) of the Act is amended by striking out "this Act" and inserting "the provisions of this Act other than this subsection and subsections (b) and (d) of this section" and by striking out "the Act" and inserting "such provisions".

(b) Section 403(b) of the Act is amended by inserting "or after" immediately after "on".

(c) Section 403(e) of the Act is amended to read as follows:

"(e) Notwithstanding subsection (a) of this section—

"(1) a fee may not be charged under section 40c(2)(a) of the Bankruptcy Act in a case pending under such Act after September 30, 1979, to the extent that such fee exceeds $200,000;

"(2) a fee may not be charged under section 40c(2)(b) of the Bankruptcy Act in a case in which the plan is confirmed after September 30, 1978, or in which the final determination as to the amount of such fee is made after September 30, 1979, notwithstanding an earlier confirmation date, to the extent that such fee exceeds $100,000;

"(3) after September 30, 1979, all moneys collected for payment into the referees' salary and expense fund in cases filed under the Bankruptcy Act shall be collected and paid into the general fund of the Treasury; and

"(4) any balance in the referees' salary and expense fund in the Treasury on October 1, 1979, shall be transferred to the general fund of the Treasury and the referees' salary and expense fund account shall be closed.".

SEC. 309. (a) Section 404(b) of the Act is amended to read as follows:

"(b) The term of a referee in bankruptcy who is serving on the date of enactment of this Act is extended to and expires on March 31, 1984, or when his successor takes office, and such person shall have the title United States bankruptcy judge. During the period commencing on October 1, 1979, and ending on March 31, 1984 (hereinafter in this title referred to as 'the transition period'), unless a bankruptcy judge is certified to be not qualified by the Chief Judge of the Circuit Court after a finding that such judge is not qualified is made by a merit screening committee established under subsection (c) of this section, such judge shall serve in the court of bankruptcy continued under subsection (a) of this section to which such United States bankruptcy judge was appointed, in the manner prescribed by this title. Section 8335(a) of title 5 of the United States Code shall not apply to United States bankruptcy judges during the transition period. During the transition period, United States bankruptcy judges shall be exempt from annual and sick leave laws and regulations.".

(b) Section 404(c) of the Act is amended by striking out the first sentence and inserting in lieu thereof the following new sentence: "There shall be established for each judicial district a merit screening committee composed of the president or the designee of the president of the State bar association, the president or designee of the president of a local bar association for the area within the judicial district wherein a referee in bankruptcy maintains his official headquarters and the dean, or designee of the dean, of an accredited law school, if any, located within the judicial district or State, and if no such law school exists, then a lay member selected by the chief judge of the United States district court for the judicial district wherein the referee in banckruptcy maintains his official headquarters.".

(c) Section 404(d) of the Act is amended by striking out "41,".

(d) Section 404(e) of the Act is amended by inserting immediately after the first sentence the following new sentence: "Bankruptcy judges for the district shall decide where the headquarters office of the clerk of the bankruptcy court shall be located.".

(e) Section 404 of the Act is amended by adding at the end thereof the following new subsections:

"(h) During the transition period, the powers granted under section 2071 of title 28 of the United States Code shall be exercised by the United States bankruptcy court of a district, exclusive of the district court of such district, for the purpose of promulgating local rules of procedure to be applicable in cases and proceedings before a United States bankruptcy judge of such court, and such powers shall be exercised for such purpose by the appellate panels created under section 160 of title 28 of the United States Code to be applicable in appeals before such an appellate panel.

"(i) During the transition period, section 155 to the extent it does not displace a designated chief judge, and sections 156, 157, 158, and 159 of title 28 of the United States Code, contained in section 201 of this Act, and the amendment contained in section 210 of this Act, shall apply to the courts of bankruptcy continued under section 404(a) of this Act the same as such amendments apply to the United States bankruptcy courts established under section 201 of this Act.".

SEC. 310. (a) Section 405(a) of the Act is amended—

(1) by striking out "such cases" the first place it appears and inserting "in all cases under title 11 or arising in or related to a case under title 11 pending during the transition period" in lieu thereof; and

(2) in paragraph (1)(C), by inserting ", except as provided in subsection (c) of this section" immediately before the period at the end thereof.

(b) Section 405(c)(2) of the Act is amended by inserting "240," immediately after "238,".

(c) Section 405(d) of the Act is amended by striking out "248" and inserting "247" in lieu thereof.

SEC. 311. Section 406(b) of the Act is amended by inserting immediately after the first sentence the following new sentence: "The recommendations may provide for a bankruptcy judge to serve in more than one contiguous judicial district or circuit.".

SEC. 312. Section 407(c) of the Act is amended by striking out "332" and inserting "333" in lieu thereof.

SEC. 313. Section 408 of the Act is amended by adding at the end thereof the following new subsection:

"(d) During the transition period, section 604(h) of title 28 of the United States Code does not apply to bankruptcy courts for districts listed in section 581(a) of such title.".

SEC. 314. Section 409(a)(1) of the Act is amended by striking out "September 30, 1983" and inserting "March 31, 1984" in lieu thereof.

TITLE IV—AMENDMENTS TO OTHER ACTS

SEC. 401. Section 19 of the Commodity Exchange Act (7 U.S.C. 24) is redesignated as section 20 of such Act.

SEC. 402. Section 4(e) of the Perishable Agricultural Commodities Act of 1930 (7 U.S.C. 499d(e)) is amended—

(1) by inserting "under the Bankruptcy Act or been a debtor in a case filed under title 11 of the United States Code or received a discharge in such case" immediately after "bankrupt" the first place it appears; and

(2) by inserting "under the Bankruptcy Act or which has been a debtor in a case filed under title 11 of the United States Code" immediately after "bankrupt" the second place it appears.

SEC. 403. (a) Section 6(d) of the Securities Investor Protection Act (15 U.S.C. 78fff(d)) is amended by striking out "section 16(5)(A)" and inserting "section 16(4)(A)" in lieu thereof.

(b) Section 8(e)(4)(C) of such Act (15 U.S.C. 78fff–2(e)(a)(4)(C)) is amended by striking out "section 9(a(5)" and inserting "section 9(a)(4)" in lieu thereof.

SEC. 404. Section 605(a)(1) of the Fair Credit Reporting Act (15 U.S.C. 1681c(a)(1)) is amended by inserting ", except for cases under chapter 13 or chapter XIII as the case may be, which antedate the report by more than 6 years" immediately after "year".

SEC. 405. Section 151 of title 18 of the United States Code is amended by striking out "mean" and inserting "means" in lieu thereof.

SEC. 406. Section 424(b)(3)(B) of the Federal Mine Safety and Health Act of 1977 (30 U.S.C. 934(b)(3)(B)) is amended by striking out "the Bankruptcy Act" and inserting "title 11 of the United States Code" in lieu thereof.

SEC. 407. Section 3486 of the Revised Statutes of the United States (31 U.S.C. 193) is amended by adding at the end thereof the following new sentence: "This section does not apply, however, in a case under title 11 of the United States Code or in a case arising in or relating to a case under such title.".

SEC. 408. At the end of section 456(a) of the Social Security Act, add the following:

"(b) A debt which is a child support obligation assigned to a State under section 402 (a)(26) is not released by a discharge in bankruptcy under the Bankruptcy Code or Bankruptcy Act.".

SEC. 409 Section 1961(1)(D) of title 18 of the United States Code is amended by inserting "or a case under the Bankruptcy Act" after "title 11"

TITLE V—RELATED PROVISIONS OF LAW

SEC. 501. Nothing in any provision of Federal or State law shall operate to prevent, stay, or otherwise prohibit a stockbroker or securities clearing agency from exercising a contractual right to liquidate a securities contract or to cause the liquidation of a securities contract, nor shall any court issue any order preventing, staying, or otherwise prohibiting the exercise of such contractual right, unless such order is authorized under the provisions of the Securities Investor Protection Act of 1970 (15 U.S.C. 78aaa et seq.) or is required because of a threat to the national security. As used in this section, the term—

(1) "contractual right" includes, but is not limited to, a right set forth in a rule or by-law of a national securities exchange, a national securities association, or a securities clearing agency; and

(2) "securities contract" means a securities contract as defined in section 741 of title 11 of the United States Code.

SEC. 502. No provision of Federal or State law shall operate to prevent, stay, or otherwise prohibit a commodity broker or forward contract merchant from exercising a contractual right to liquidate a commodity contract or forward contract, or to cause the liquidation of a commodity contract or forward contract, and no court may issue any order preventing, staying, or otherwise prohibiting the exercise of such contractual right unless such order is required because of a threat to the national security. As used in this section, the term—

(1) "contractual right" includes, but is not limited to, a right set forth in a rule or bylaw of a clearing organization or a contract market or in a resolution of the governing board thereof; and

(2) "commodity contract" means a commodity contract as defined in section 761 of title 11 of the United States Code.

SEC. 503. During the period beginning on the date of the enactment of this Act and ending on April 1, 1984, the amendments contained in sections 222, 223, 224, 225, 226, and 236 shall apply to courts of bankruptcy continued by section 404(a) of the Act of November 6, 1978 (Public Law 95–589; 92 Stat. 2549).

SEC. 504. This Act may be cited as the "Bankruptcy Amendments Act of 1981".

Mr. THURMOND. Mr. President, I urge the passage of S. 863. This bill, the Bankruptcy Amendments Act of 1981, is intended to correct technical errors, make clarifications and minor substantive changes to the Bankruptcy Reform Act of 1978.

This needed legislation addresses many technical problems that arose after the 1978 act, and its enactment has been urged by bankruptcy judges, practitioners, and other persons who have observed the development of the Reform Act.

Senator DOLE, as chairman of the Subcommittee on Courts, has conducted hearings on this matter, and the subcommittee and the full committee have developed a bill that is a great deal like the technical bankruptcy bill which passed the Senate last year.

Mr. President, I believe this bill is beneficial and necessary in order to aid in the orderly processes involved in bankruptcy, and I ask that affirmative action be taken as to its passage.

● Mr. DOLE. Mr. Chairman, the Senator from Kansas rises today to urge expeditious passage of S. 863, the Bankruptcy Amendment Act of 1981.

S. 863, introduced by the Senator from Kansas on April 2, 1981, cosponsored by Senators HEFLIN and DECONCINI, makes technical amendments to the Bankruptcy Reform Act of 1978. This bill, with some technical corrections, has the same provisions as S. 658 and S. 3259, the technical amendments bill considered in the 96th Congress. Such provisions passed the Senate three times by unanimous consent last Congress.

At the general oversight bankruptcy hearings by the Subcommittee on the Courts on April 3 and 6, 1981, favorable testimony on S. 863 was unanimously reported out of both the subcommittee and full Judiciary Committee. No known opposition to the bill has been expressed.

Passage of the Bankruptcy Amendments Act is needed immediately to reduce the adverse and severe administrative ramifications already plaguing the Nation's bankruptcy courts since the 1978 bankruptcy code went into effect. Recently released, unofficial statistics reveal that the number of bankruptcy filings are still on the increase—at an annual rate of almost 500,000. The Senator from Kansas, therefore, urges that S. 863 pass the Senate by unanimous consent.●

● Mr. DECONCINI. Mr. President, may I raise a point of clarification with the Senator from Kansas regarding the intent of section 308(c) of the bill?

Mr. DOLE. The Senator from Kansas will be happy to respond to the Senator from Arizona.

Mr. DECONCINI. In section 308(c) of the bill, the committee has made several technical changes to the 1978 Bankruptcy Reform Act regarding the treatment of the referees' salary and expense fund. One such clarification would insure that fees in excess of $100,000 will not be charged under section 40c(2)(b) of the Bankruptcy Act in a case in which the final determination as to the amount of the fee is made after September 30, 1979, notwithstanding an earlier confirmation date. Am I correct in understanding that it is the purpose of this amendment to insure that the $100,000 fee cap established in the 1978 act would apply to those chapter XI cases in which the plan was confirmed prior to September 30, 1978, but the final determination as the amount of such fee was made subsequent to September 30, 1979? For example, would a chapter XI case in which the confirmation order was approved on December 31, 1977, but the order fixing the precise amount payable to the fund was entered by the court subsequent to September 30, 1979, be covered by the amendment?

Mr. DOLE. The Senator from Arizona is correct that the purpose of this amendment is to clarify questions which have arisen regarding the 1978 fee cap, and the hypothetical case which he has described is precisely the type of chapter XI case which this amendment is intended to address. The fee in such a case would be limited to $100,000.●

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment en bloc.

The committee amendment was agreed to.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, shall it pass?

So the bill (S. 863), as amended, was passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMERICAN ENTERPRISE DAY

The joint resolution (S.J. Res. 78) to provide for the designation of October 2, 1981, as "American Enterprise Day," was considered.

● Mr. COCHRAN. Mr. President, I am pleased that the Senate is considering today a resolution which recognizes the key role that free enterprise plays in our economic system, Senate Joint Resolution 78.

This resolution, Mr. President, authorizes October 2, 1981, as "American Enterprise Day."

Widespread concern exists about declining productivity and innovation in our economy. Numerous legislative proposals have been made which are aimed at reversing this decline, but we must insure that the public is aware of the opportunities offered by our economic system before these programs can be truly effective. The system offers unlimited rewards for individual initiative and innovation, and that is what "American Enterprise Day" is all about.

The focus of such a day will be on our schools. Local business and labor organizations will be encouraged to participate in school programs on October 2, 1981, to emphasize the opportunities available for those who have ideas and the willingness to carry them out.

This will be the second year for this recognition. I am hopeful that school students throughout the country will learn more about how our economy works and about the role which they can play in it. If they do learn this, we will continue to have a prosperous, innovative economy and to provide an unequaled standard of living for our citizens.●

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution, and the preamble, are as follows:

S.J. RES. 78

Whereas America's enterprise system is a cornerstone in our society; and

Whereas the system has produced the highest standard of living in the world; and

Whereas that system depends on and rewards individual initiative and innovation; and

Whereas American productivity is vital to the world's economy and must be encouraged; and

Whereas the continuance and growth of our enterprise system depends in large part on the education of America's young men and women concerning that system: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States is authorized and requested to issue a proclamation designating October 2, 1981, as "American Enterprise Day" and encouraging appropriate Government agencies to foster the recognition of the significance of America's enterprise system on that day.

OLDER AMERICANS EMPLOYMENT OPPORTUNITY WEEK

The joint resolution (S.J. Res. 92) to authorize and request the President to designate the week of September 6, 1981 through September 12, 1981, as "Older Americans Employment Opportunity Week," was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution, and the preamble, are as follows:

S.J. RES. 92

Whereas our Nation's citizens over age sixty-five, now representing over 11 per centum of our population with this rate expected to increase steadily over the coming years and decades, constitute a major national resource;

Whereas increasing numbers of our older citizens, being willing and able, are looking for opportunities to gain employment, or remain in the work force in order to serve their communities and the Nation;

Whereas older citizens, having accomplished so much in the past for the Nation and who continue to contribute to the Nation's productivity and service to others, should be encouraged to continue in employment roles that utilize their strengths, wisdom, and skills;

Whereas career opportunities reaffirm the dignity, self-worth and independence of older persons by facilitating their decisions and action, tapping their resources, experience, and knowledge, and enabling their continued contribution to society;

Whereas it has been demonstrated through title V of the Older Americans Act of 1965, which supports a part-time program for older Americans, that older workers are extremely capable in a variety of job roles;

Whereas recent studies conducted by the United States Department of Labor and other organizations indicate that, in many cases, employers prefer to retain older workers or rehire former older employees due to their high quality job performance and low rates of absenteeism; and

Whereas Congress recognizes the importance of the continued participation of senior citizens in our nation's work force and encourages expanded careers and greater job opportunities for these individuals by increasing the awareness of the valuable experience and wisdom offered by our Nation's elders: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the week of September 6, 1981, through September 12, 1981, as "Older Americans Employment Opportunity Week", and calling upon—

(1) our Nation's employers and labor unions to give special consideration to older workers with a view toward promoting expanded career and employment opportunities for older workers who are willing and able to work and desire to remain employed and to retired seniors who wish to reenter the work force;

(2) voluntary organizations to examine the many fine service programs which they sponsor with a view toward expanding the important service roles older workers are engaged in;

(3) in United States Department of Labor to give special assistance to older workers through job training programs sponsored by the Comprehensive Employment and Training Act, job counseling through the United States Employment Service and additional support through its Older Worker Program; and

(4) the citizens of the United States to observe this week with appropriate programs, ceremonies, and activities.

NATIONAL MINISTERS DAY

The Senate proceeded to consider the joint resolution (S.J. Res. 42) to designate the third Sunday in September as "National Ministers Day," which has been reported from the Committee on the Judiciary with an amendment:

On page 2, line 2, strike "the third Sunday in September", and insert the following: "September 20, 1981";

So as to make the joint resolution read:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to designate September 20, 1981, as "National Ministers Day".

Mr. THURMOND. Mr. President, I am pleased that the Senate is taking up today Senate Joint Resolution 42, a resolution which I introduced on February 24 of this year. This resolution would authorize and request the President to designate September 20, 1981, as "National Ministers Day." A similar resolution, which I sponsored, passed the Senate last year on August 5, 1980. I would like to take this opportunity to express my appreciation to my following colleagues who added their names as cosponsors of this resolution: Senator GOLDWATER, Senator JEPSEN, Senator TOWER, Senator ARMSTRONG, Senator EAST, Senator COCHRAN, Senator LAXALT, Senator HELMS, Senator HATCH, Senator MCCLURE, Senator DOMENICI, Senator HAWKINS, Senator DOLE, Senator HAYAKAWA, Senator BAUCUS, Senator BOREN, Senator ROBERT C. BYRD, Senator EXON, Senator FORD, Senator GLENN, Senator LEVIN, Senator LONG, Senator PRYOR, Senator DECONCINI, Senator MOYNIHAN, Senator BURDICK, Senator HEFLIN, Senator CHILES, Senator BUMFERS, and Senator HOLLINGS.

Mr. President, as I commented on the Senate floor when introducing Senate Joint Resolution 42, ministers are a group of persons particularly deserving of being honored by their fellow Americans. Let me emphasize that I use the term "ministers" broadly—to include not only Protestant ministers, but priests, rabbis, and others who care for the spiritual needs of millions of Americans. Ministers serve those needs in a variety of situations. They are often called to serve the sick in the middle of the night, the bereaved during times of grief, or the joyous during festive times such as a wedding or bar mitzvah. I believe, and I am sure that a majority of my colleagues will agree, that this special guidance and dedicated work should not go unnoticed.

I would also like to point out that a companion measure, House Joint Resolution 273, has been introduced in the House of Representatives by Congressman DAN CRANE of Illinois. I am very appreciative of Congressman CRANE'S assistance in this matter, and I am hopeful that the House will soon take favorable action.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "Joint resolution to authorize and request the President to designate September 20, 1981, as 'National Ministers Day'."

PIPELINE SAFETY AUTHORIZATION ACT OF 1981

The PRESIDING OFFICER. The next bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 3420) to authorize appropriations for fiscal year 1982 for carrying out the Natural Gas Pipeline Safety Act of 1968 and the Hazardous Liquid Pipeline Safety Act of 1979, and for other purposes.

The Senate proceeded to consider the bill.

UP AMENDMENT NO. 242

(Purpose: Substitute Senate provisions for House bill)

Mr. BAKER. Mr. President, is there an amendment at the desk?

The PRESIDING OFFICER. There is an amendment at the desk.

The amendment will be stated.

The legislative clerk read as follows:

The Senator from Tennessee (Mr. BAKER) for Mr. PACKWOOD proposes an unprinted amendment numbered 242, to strike all after the enacting clause and insert new language.

Mr. ROBERT C. BYRD. Mr. President, the new language is Calendar Order No. 99.

The amendment is as follows:

That section 4(b) of the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. 1673(b)) and section 204(b) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. 2003(b)) are each amended by striking "once every 6 months." and substituting "twice each calendar year.".

SEC. 2. Section 8(a) of the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. 1675(a)) is amended by striking "sixtieth day" and substituting "90th day".

SEC. 3. Section 206(a) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. 2005(a)) is amended by striking "60th day" and substituting "90th day".

SEC. 4. Section 5(a) of the Natural Gas

Pipeline Safety Act of 1968 (49 U.S.C. 1674 (a)) is amended by striking "(other than subsection (a)(3) thereof)" and substituting "(other than subsection (a)(2) thereof)".

SEC. 5. Section 17(a) of the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. 1684 (a)) is amended by—

(1) striking "and" at the end of paragraph (1);

(2) striking the period at the end of paragraph (2) and substituting a semicolon; and

(3) adding at the end thereof the following new paragraphs:

"(3) $3,446,000 for the fiscal year ending September 30, 1982; and

"(4) $3,446,000 for the fiscal year ending September 30, 1983.".

SEC. 6. Section 17(b) of the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. 1684 (b)) is amended by—

(1) striking "and" at the end of paragraph (1);

(2) striking the period at the end of paragraph (2) and substituting a semicolon; and

(3) adding at the end thereof the following new paragraphs:

"(3) $3,618,000 for the fiscal year ending September 30, 1982; and

"(4) $3,618,000 for the fiscal year ending September 30, 1983.".

SEC. 7. Section 214(a) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. 2013(a)) is amended by—

(1) striking "and" at the end of paragraph (1);

(2) striking the period at the end of paragraph (2) and substituting a semicolon; and

(3) adding at the end thereof the following new paragraphs:

"(3) $1,000,000 for the fiscal year ending September 30, 1982; and

"(4) $1,000,000 for the fiscal year ending September 30, 1983.".

LIMITATIONS ON VEHICLES

SEC. 8. Section 127 of title 23, United States Code, is amended by adding the following new paragraph at the end thereof:

"Notwithstanding any limitation relating to vehicle widths contained in this section, a State may permit trucks or combinations thereof having a width up to 102 inches to operate over interstate highways with traffic lanes designed to be of a width of 12 feet or more under special permit authority if the State undertakes and implements the results of traffic engineering studies at locations where such vehicles will operate. Such studies shall consider remedial responses required to enhance safety such as the need for advisory speed and other signing, reduced speed limits, and warning of potential hazards due to high winds. States shall issue such special permit authority for a period of 1 year and only upon a finding that such width is necessary for fuel efficient movement of freight and that the granting of such permit will not negatively impact highway safety.".

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

The amendment (UP No. 242) was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read a third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

So the bill (H.R. 3420), as amended, was passed.

The title was amended so as to read: "A bill to amend the Natural Gas Pipeline Safety Act of 1968 and the Hazardous Liquid Pipeline Safety Act of 1979 to authorize appropriations for fiscal years 1982 and 1983, and for other purposes.".

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF DISCHARGE AND REFERRAL

Mr. BAKER. Mr. President, the request I am about to make I believe has been cleared on the minority side.

I ask unanimous consent that the Committee on Environment and Public Works be discharged from further consideration of the nomination of Robert G. Dederick, of Illinois, to be an Assistant Secretary of Commerce, and that the nomination be re-referred to the Committee on Commerce, Science, and Transportation.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE NOMINATION OF ROBERT G. DEDERICK

(By request of Mr. BAKER, the following statement was ordered to be printed in the RECORD:)

● Mr. STAFFORD. Mr. President, when the nomination of Mr. Robert G. Dederick, of Illinois, was submitted to the Senate it was referred to the Committee on Environment and Public Works—and I believe correctly so, because the formal nomination received from the President was styled "vice Robert Thallon Hall," the former Assistant Secretary for Economic Development, responsible for the Economic Development Administration. The EDA is an agency within the jurisdiction of the Environment and Public Works Committee, which I chair, operating programs under the Public Works and Economic Development Act, and that position is one which the committee considers and reports to the Senate for confirmation.

However, I am informed by Mr. Pendleton James, on behalf of the President, that Mr. Dederick is to be Assistant Secretary of Commerce for Economic Affairs, rather than for Economic Development. I understand that position is properly within the jurisdiction of the Committee on Commerce, Science, and Transportation. Senator PACKWOOD, chairman of the Commerce Committee, has confirmed that the Dederick nomination should be considered and reported by that committee.

I am, therefore, asking the leadership to provide that the Environment and Public Works Committee be discharged from further consideration of the nomination of Robert G. Dederick, and that, it be referred to the Commerce Committee.

Mr. President, I have a letter from the White House to me concerning this matter, which I received Tuesday.●

Mr. BAKER. Mr. President, I ask unanimous consent that a letter from the Assistant to the President for Presidential Personnel, Mr. E. Pendleton James, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, July 13, 1981.

Hon. ROBERT T. STAFFORD,
Chairman, Committee on the Environment and Public Works, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: May 29, 1981, the nomination of Robert G. Dederick, of Illinois, was transmitted to the Senate. It was referred to your Committee because the nomination stated Mr. Dederick's nomination was "vice Robert Thallon Hall", the former Assistant Secretary for Economic Development. The President's selection of Mr. Dederick, however, is to be the Assistant Secretary of Commerce for Economic Affairs. The President has another candidate for the position of Assistant Secretary for Economic Development, if needed, who is currently in the pre-announcement clearance process.

The Assistant Secretary for Economic Affairs will be responsible for economic policy. The Chief Economist, Director of the Bureau of Economic Analysis and Director of the Bureau of the Census will report to the Assistant Secretary. It is a separate organization within the Department of Commerce and does not include the Economic Development Administration.

I hope this will clarify the situation surrounding Mr. Dederick's nomination and that it will be possible to take the necessary steps in releasing his nomination so it can be re-referred to the Committee on Commerce, Science and Transportation where it rightfully belongs.

If you have any questions or require additional clarification, please telephone me or the Assistant Secretary of Commerce for Congressional Affairs, Paul A. Vander Myde.

Sincerely,

E. PENDLETON JAMES,
Assistant to the President for Presidential Personnel.

FILING OF APPLICATIONS FOR SEVERANCE PAY

Mr. BAKER. Mr. President, previously the Senate adopted a resolution in reference to severance pay. It is necessary to make certain revisions and corrections in that, and I send a resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 181) relating to the filing of applications for severance pay.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 181) was agreed to as follows:

Resolved, That subparagraph (B) of paragraph (4) of the first section of Senate Resolution 46, agreed to January 29, 1981, as amended by Senate Resolution 169, agreed to July 8, 1981, is amended by striking out "August 1" the second place it appears and inserting in lieu thereof "September 12".

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

LEGISLATIVE PROGRAM FOR SATURDAY AND NEXT WEEK

TAX BILL

Mr. BAKER. Mr. President, in a moment I will ask the Senate to recess over until tomorrow. There is an order for the convening of the Senate at 11 a.m. At that time we will resume consideration of the tax bill. I expect that a number of matters may be taken up in connection with the tax bill, and one or more amendments may be dealt with during that time.

I would expect that the Senate will complete its business at a fairly early hour tomorrow afternoon. At this moment I would judge, I would estimate, that it would be something in the vicinity of 2 o'clock or 2:30.

The Senate will then recess over until Monday next and convene at the hour of 12 noon. An order has already been entered for that. Then it will resume consideration of the tax bill.

TUNA TREATY

At the hour of 1:40 p.m. on Monday next, the Senate will temporarily lay aside the tax bill and proceed to the consideration of the tuna treaty, so-called, on which there is a time limitation of 20 minutes equally divided. The vote will occur on that treaty at 2 o'clock.

After the disposition of the tuna treaty the Senate will resume consideration of the tax bill.

Mr. President, I hope we can continue to make good progress on the tax bill and finish it as early as possible. I would even be bold enough to express the hope that we might finish that bill on Monday or Tuesday or no later than Wednesday.

In any event, I urge all Senators to bring up their amendments, to call up their amendments, on Monday or Tuesday or as early as possible and give us an opportunity to work the will of the Senate and to complete this action on the bill at the earliest moment.

POSSIBILITY OF A SESSION ON SATURDAY, JULY 25

Mr. President, in the event we do not complete action on this bill or even if it is necessary to consider other important matters, I would urge Senators to take account of the high probability that there will be a session on next Saturday as well as this Saturday. I regret to say that, but we are coming close to the original target date of the Senate to recess at the close of business on July 31.

I may say for the record it is still my hope and my intention to attempt to complete the business of the Senate on that date. I hope Members will not assume that the Senate will be in session beyond July 31, and I believe it is possible to complete our business by that time, and with good cooperation on both sides of the aisle I suggest that it is a realistic possibility.

Senators should be on notice that there is a high probability the Senate will be in session—the Senate will be in session this Saturday—on the following Saturday as well, and I make that announcement now so that Senators can take account of it and make plans accordingly.

Mr. ROBERT C. BYRD. Mr. President, will the majority leader yield?

Mr. BAKER. Yes.

Mr. ROBERT C. BYRD. Mr. President, I also join with the distinguished majority leader in expressing the hope and the belief that action can be completed on the tax bill by August 1, and I think every effort should be made to achieve that goal.

It would seem to me that will allow ample time for the consideration of the tax bill, for adequate debate of the tax bill, and I want to state for the benefit of my colleagues on this side of the aisle that I will anticipate a Saturday session next week in the event action on the tax bill has not been completed by that time.

I will also discuss this matter in conference with my colleagues on Tuesday so that they will be adequately alerted to the likelihood of a necessitous Saturday session next week in the hope that the Senate can complete action by August 1 and be in a position to take the holiday that is prescribed by law.

So I thank the distinguished majority leader for laying out the program, which gives us all adequate notice. I will join him from day to day in urging that all Senators be prepared to be in session next Saturday, if necessary, to get the work done.

Mr. BAKER. Mr. President, I am very grateful to the minority leader. He has been most cooperative in trying to arrange amendments for the consideration of the Senate on this measure. I am sure he will continue to be, and we will work together then in the best sense of bipartisan leadership to try to move this bill and complete it well before the August recess.

Mr. President, I have no further business to come before the Senate. I inquire of the minority leader if he has further business to transact this evening.

Mr. ROBERT C. BYRD. I have none and I thank the distinguished majority leader for asking.

RECESS UNTIL 11 A.M. TOMORROW

Mr. BAKER. Mr. President, in that event, in accordance with the order previously entered, I move that the Senate stand in recess until the hour of 11 a.m. tomorrow.

The motion was agreed to; and at 6:06 p.m. the Senate recessed until Saturday, July 18, 1981, at 11 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 17, 1981:

DEPARTMENT OF EDUCATION

James Bert Thomas, Jr., of Virginia, to be Inspector General, Department of Education. (Reappointment)

INTERNATIONAL MONETARY FUND

Richard D. Erb, of Virginia, to be U.S. Executive Director of the International Monetary Fund for a term of 2 years, vice Sam Young Cross, Jr., resigned.

DEPARTMENT OF TRANSPORTATION

Joseph P. Welsch, of Virginia, to be Inspector General, Department of Transportation, vice Frank Saburo Sato.

DEPARTMENT OF LABOR

Thomas F. McBride, of the District of Columbia, to be Inspector General, Department of Labor, vice Marjorie Fine Knowles, resigned.

DEPARTMENT OF STATE

Vernon A. Walters, of Florida, to be Ambassador at Large.

H. Monroe Browne, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to New Zealand, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to Western Samoa.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

June Gibbs Brown, of Virginia, to be Inspector General, National Aeronautics and Space Administration, vice Eldon D. Taylor, resigned.

DEPARTMENT OF STATE

Parker W. Borg, of the District of Columbia, a Foreign Service Officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Mali.

Julius Waring Walker, Jr., of Texas, a Foreign Service Officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Upper Volta.

Richard L. Walker, of South Carolina, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Korea.

William Lacy Swing, of North Carolina, a Foreign Service Officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Liberia.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

IN THE AIR FORCE

Lt. Gen. William H. Ginn, Jr., U.S. Air Force, (age 52), for appointment to the grade of lieutenant general on the retired list pursuant to the provisions of title 10, United States Code, section 8962.

The following-named officer under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 8066, in grade as follows:

To be lieutenant general

Maj. Gen. Robert W. Bazley, xxx-xx-xxxx xxx... FR, U.S. Air Force.

General Richard H. Ellis, U.S. Air Force (age 61), for appointment to the grade of general on the retired list pursuant to the provisions of title 10, United States Code, section 8962.

The following-named officer under the provisions of title 10, United States Code, sec-

tion 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 8066, in grade as follows:

To be general

Lt. Gen. Thomas M. Ryan, Jr., xxx-xx-xxxx xxx-..., FR, U.S. Air Force.

The following-named officer under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 8066, in grade as follows:

To be lieutenant general

Maj. Gen. Robert F. Coverdale, xxx-xx-xxxx xxx-..., FR, U.S. Air Force.

IN THE ARMY

The following-named officer under the provisions of title 10, United States Code, section 38066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 38066, in grade as follows:

To be lieutenant general

Maj. Gen. Paul Scott Williams, Jr., xxx-xx-xx... xxx-..., U.S. Army.

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, section 3962:

To be lieutenant general

Lt. Gen. Robert George Yerks xxx-xx-xxxx (age 52), Army of the United States (major general, U.S. Army).

The following-named officer to be assigned to a position of importance and responsibility designated by the President under the provisions of title 10, United States Code, section 3066(a) in grade as follows:

To be lieutenant general

Maj. Gen. Maxwell Reid Thurman, xxx-xx-x... xxx-..., U.S. Army.

SECURITIES AND EXCHANGE COMMISSION

Bevis Longstreth, of New York, to be a Member of the Securities and Exchange Commission for the remainder of the term expiring June 5, 1982, vice John S. R. Shad, resigned.

IN THE ARMY

The following-named officer under the provisions of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in grade as follows:

To be lieutenant general

Maj. Gen. Robert Charles Kingston, xxx-xx-xx... xxx... U.S. Army.

IN THE NAVY

Rear Adm. Nils R. Thunman, U.S. Navy having been designated for command and other duties of great importance and responsibility in the grade of vice admiral within the contemplation of title 10, United States Code, section 5231, for appointment as vice admiral while so serving.

IN THE AIR FORCE

The following-named officer under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 8066, in grade as follows:

To be lieutenant general

Maj. Gen. John J. Murphy xxx-xx-xxxx FR, U.S. Air Force.

IN THE ARMY

The following-named officer under the provisions of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in grade as follows:

To be general

Lt. Gen. Glenn Kay Otis xxx-xx-xxxx, Army of the United States (major general, U.S. Army).

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, section 3962:

To be general

Gen. John Reiley Guthrie xxx-xx-xxxx (Age 59), Army of the United States (major general, U.S. Army).

The following-named officers to be assigned to positions of importance and responsibility designated by the President under the provisions of title 10, United States Code, section 3066(a) in grade as follows:

To be general

Lt. Gen. Donald Raymond Keith xxx-xx-x... xxx-... Army of the United States (major general, U.S. Army).

To be lieutenant general

Maj. Gen. James Harold Merryman, xxx-xx-... xxx... U.S. Army.

IN THE NAVY

Vice Adm. Carl T. Hanson, U.S. Navy (age 53), for appointment to the grade of vice admiral on the retired list pursuant to the provisions of title 10, United States Code, section 5233.

Rear Adm. Leland S. Kollmorgen, U.S. Navy, for appointment as Chief of Naval Research in the Department of the Navy for a term of 3 years in accordance with title 10, United States Code, section 5150.

IN THE ARMY

The following named officer under the provisions of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in grade as follows:

To be lieutenant general

Maj. Gen. David Ellsworth Grange, Jr., xxx-xx-xxxx U.S. Army.

IN THE NAVY

The following named officer, having been designated for command and other duties of great importance and responsibility in the grade of admiral within the contemplation of title 10, United States Code, section 5231, for appointment while so serving as follows:

To be admiral

Vice Adm. George E. R. Kinnear, II, U.S. Navy.

IN THE ARMY

The following named officer under the provisions of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in grade as follows:

To be lieutenant general

Maj. Gen. Robert William Sennewald, xxx-xx-xxxx U.S. Army.

IN THE ARMY

Army nominations beginning Joseph N. Acinapura, to be colonel, and ending John J. Zitzelberger, to be colonel, which nominations were received by the Senate on July 1, 1981, and appeared in the CONGRESSIONAL RECORD on July 8, 1981.

IN THE NAVY

Navy nominations beginning Austin G. Abercrombie, to be lieutenant commander, and ending Jenel M. Turner, to be lieutenant, which nominations were received by the Senate on July 1, 1981, and appeared in the CONGRESSIONAL RECORD on July 8, 1981.

HOUSE OF REPRESENTATIVES—*Friday, July 17, 1981*

The House met at 10 a.m. and was called to order by the Speaker pro tempore (Mr. WRIGHT).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, D.C.,
July 16, 1981.

I hereby designate the Honorable JIM WRIGHT to act as Speaker pro tempore on Friday, July 17, 1981.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Teach us, O God, to appreciate our dependence on Your spirit, and renew us each day for the tasks before us. In a world of competition for advantage over one another, remind us of Your sovereignty, and during times when personal pride causes us to think more highly of ourselves than we ought, remind us that deeds of service to others bring the true gifts of humility and understanding. As You have created all peoples under the heavens to dwell in peace so turn our hearts to all peoples and nations with the message of good will and love. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 3454. An act to authorize appropriations for fiscal year 1982 for the intelligence and intelligence-related activities of the U.S. Government, for the intelligence community staff, and for the Central Intelligence Agency Retirement and Disability System, to authorize supplemental appropriations for fiscal year 1981 for the intelligence and intelligence-related activities of the U.S. Government, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 3454) entitled "An act to authorize appropriations for fiscal year 1982 for the intelligence and intelligence-related activities of the U.S. Government, for the intelligence community staff, and for the Central Intelligence Agency Retirement and Disability System, to authorize supplemental appropriations for fiscal year 1981 for the intelligence and intelligence-related activities of the U.S. Government, and for other purposes," disagreed to by the House, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. GOLDWATER, Mr. WALLOP, Mr. GARN, Mr. DURENBERGER, Mr. ROTH, Mr. SCHMITT, Mr. WARNER (for matters of interest to the Armed Services Committee), Mr. MOYNIHAN, Mr. INOUYE, Mr. JACKSON, Mr. LEAHY, and Mr. BENTSEN to be the conferees on the part of the Senate.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE REPORT ON 1982 DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATION BILL

Mr. BENJAMIN. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a report on the appropriation bill for the Department of Transportation and related agencies for the fiscal year ending September 30, 1982.

Mr. COUGHLIN reserved all points of order on the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

MR. STOCKMAN INDICATES DEFICIT WILL BE TAKEN FROM SOCIAL SECURITY

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Speaker, there has been a great deal of discussion in the last 24 hours on the question of social security.

I would like to remind the Members of this House of the hearings before the Pickle Subcommittee on Social Security at which the Secretary of Health and Human Services, Mr. Schweiker, appeared, together with the Director of OMB, Mr. Stockman. During the hearing, Mr. Stockman placed the problem of social security in the same category as domestic spending.

When the question was put to Mr. Stockman on where would the deficit which will be caused from the Kemp-Roth tax cut come from, Mr. Stockman seemed to reply that the deficit would be taken from social security.

Mr. Speaker, this is the same as saying that the deficit would be taken from the hides of the senior citizens of America.

A TRIBUTE TO THE LATE HARRY CHAPIN

(Mr. RATCHFORD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RATCHFORD. Mr. Speaker, America lost a great entertainer yesterday, but in the tragic death of Harry Chapin it lost much more. America lost a true humanitarian. His music was outstanding and captivated audiences young and old with its warmth, its depth, its purpose and, yes, its humor; but his tireless work on the humanitarian front was equally outstanding: Food for peace, environmental preservation, the continuing drive for lasting world peace, all benefited from his concerts.

Harry Chapin was a unique, talented, tireless, caring human being.

It is, indeed, sad, Mr. Speaker, in the words of a contemporary song, that "only the good die young."

A TRIBUTE TO THE LATE HARRY CHAPIN

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEYSER. Mr. Speaker, I, too, want to join in a tribute to Harry Chapin, who was certainly a good friend of a number of us in the Congress.

I first met Harry in 1974 when he visited me in my office in Washington and said he wanted to discuss what he could do to help starving children and to help in the problems of world hunger. To me, it is a very interesting thing that an entertainer with the skills and the talents and the capability of earning tremendous amounts of money personally would be willing to devote as much of his time as Harry devoted over the years to helping these children and to help the starving throughout the world.

□ 1010

He has done more in the 38 years that he lived than most of us have done in a lifetime, and I know that all Members join me in extending our most heartfelt sympathy to his wife, Sandra, and his children, Jaimie, Jono, Jason, Jenney, and Josh. They were a great family. He was a great human being.

WE NEED A MULTIYEAR TAX CUT WITH ECONOMIC TRIGGERS ON THE OUTYEARS

(Mr. LEVITAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVITAS. Mr. Speaker, in the next several weeks, the House will be considering tax reductions. I support multiyear tax reductions. I strongly urge that whatever individual tax cut we enact, they be multiyear tax reductions. I would urge my colleagues on the Ways and Means Committee to report out a tax bill that has at least 3 years of individual tax reductions provided, however, that the third year, or the fourth year, be linked to economic triggers. I especially urge my Democratic colleagues on the Ways and Means Committee to report a 3- or 4-year version. That action will put an end to the useless debate about a 2 versus 3 year tax reduction or 15 percent versus 25 percent. If the Democratic tax version is for 3 or 4 years, then the debate would have to focus on the substance or merits of the respective Democratic and Republican tax plans.

There is no reason to have any argument about what those economic triggers should be that would apply to trigger the outyears of both plans. We will accept, we should accept, the very same economic assumptions on inflation, on deficits, and on interest rates which the Reagan administration itself has put forward in the budget bill and then trigger the third or fourth year tax cut to achieving those economic assumptions. If we do that, we can provide the tax relief for hard-pressed taxpayers and provide the stimulus for the economy and yet at the same time avoid the threat of higher deficits, of higher interest rates, and higher inflation, which would occur if those economic goals are not reached.

We need fiscal responsibility, and we need tax relief. To get both of these, the economic trigger approach is the only way to go.

RECONCILIATION CONFERENCE UPDATE

(Mr. PANETTA asked and was given permission to address the House for 1 minute and to revise and extend his remarks, and to include extraneous matter.)

Mr. PANETTA. Mr. Speaker, I am going to present another update on the reconciliation conference.

Yesterday, three committees completed major subconferences. Foreign Affairs completed their subconference; Post Office and Civil Service completed their subconference, and Science and Technology, with regards to the Energy R. & D. and conservation issues, completed their subconference.

In addition, staff discussions appear to be resolving differences or laying possible groundwork for resolution in the following areas: In Banking, Education, and Labor with regards to child nutrition; Merchant Marine, Public Works, Veterans, and Agriculture.

Today, there will be three meetings: meetings of the Energy and Interior subconference at 10:30; the Education and Labor subconference on child nutrition at 12:45, and a meeting of another Energy and Commerce subconference at 11 o'clock. There are also staff discussions in Energy and Commerce, Merchant Marine, Public Works, Small Business, Veterans', and Ways and Means.

I want to congratulate all of the conferees that have met, as well as their staffs. I might say that all Members can take some pride in the fact that the legislative process can work if it is left alone.

The following is a report of progress to date on the reconciliation conference:

DAILY REPORT ON CONFERENCE ACTIVITY—July 16, 1981

Committee	Activity	Issues	1982; savings achieved (in millions)		Comments
			Budget authorities	Outlays	
Agriculture	House conferees met				No action taken.
Armed Services	None				
Banking	Staff discussions produced agreement on multilateral development banks funding.	Multilateral development banks	+816	+90	Agreements above current policy baseline.
District of Columbia	None				
Education and Labor	Staff discussions				
Energy and Commerce	Conferee and staff discussions	Conrail			No resolution.
		Development disability			
		Medicaid			
		Medicare			
Foreign Affairs	House conferees accepted compromise proposals drafted by House/Senate staff.	Language			Completed work.
		Whether to specify outyear levels			
		Ceilings in three Foreign Affairs areas	−244	−158	
Government Operations	None				
Interior	None				
Judiciary	Staff discussions				
Merchant Marine	Staff discussions				
Post Office	Post Office/Government Operations mini-conference	Federal employee pay	−3,781	−3,694	Agreed on all issues except Federal employee health benefits which involves Ways and Means.
		Voluntary State tax withholding		−31	
		Postal Service subsidy	−394	−394	
		Revenue foregone	−416	−416	
		Transition appropriations	−69	−69	
		Quarterly payments	−46	−46	
Public Works	Staff discussions				
Science and Technology	Science and Technology/Energy and Natural Resources mini-conference.	Energy R. & D.			Agreement on issues except where joint House committee jurisdiction exists. Savings not available at time of report.
		General science and research			
		Energy conservation			
Small Business	None				
Veterans	House/Senate staff agreed on two issues	Flight training	−14.1	−14.1	Burial benefits issue resolution dependent upon CBO cost estimates
		Class 11 dental restrictions	−17.7	−17.7	
		Burial benefits			
Ways and Means	Staff discussions				

RESPONSE TO THE PEASE AMENDMENT TO THE DOD AUTHORIZATION

(Mr. DAN DANIEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DAN DANIEL. Mr. Speaker, since under the rule, there was no opportunity to discuss the amendment by the gentleman from Ohio (Mr. PEASE) to H.R. 3519. I wish to present a brief statement in support of my opposition to the amendment.

The amendment deals with Department of Defense recreation facilities, which fall under the oversight responsibility of the House Armed Services Committee nonappropriated fund panel, of which I am chairman.

The amendment would require the Department of Defense to submit to Congress a report on methods of converting recreation personnel positions from military to civilian ways to reduce Government expenditures for the operation of recreational facilities, and examine the availability of public facilities for use by members of the armed services.

The first point I want to make is that military recreation facilities are constructed and operated with appropriated and nonappropriated funds. Nonappropriated funds consist of fees and charges paid by military personnel for using recreation facilities and profits from military exchanges. The Department of Defense, based on recommendations from the Congress, has established criteria specifying the type of facilities that can be supported with appropriated and nonappropriated funds. Essentially, appropriated funds are used to support activities such as gymnasiums and libraries that contribute directly to military readiness by keeping service personnel physically and mentally fit. Nonappropriate funds are use for activities, such as bowling alleys, youth activities, and golf courses.

In fiscal year 1980, of every $4 spent on morale, welfare, and recreation, $3 was provided by nonappropriated funds, soldiers' and sailors' dollars, and $1 with appropriated funds. During the same period, nonappropriated funds provided $55 million of the $66 million used to construct and renovate military recreational activities.

The second point I want to emphasize is that the amendment, if passed, would cause each of the military services and the Office of the Secretary of Defense to retrace steps currently completed in monitoring recreation programs. In other words, the amendment, if adopted, would result in spending funds to generate information already available. That is an exercise we can well do without.

The military services have over 1,280 major installations throughout the world. To examine the availability of recreation facilities in the local civilian communities around these installations would require a significant expenditure of personnel and funds. More importantly, such factors as the availability, capacity, and distance of civilian facilities are considered by the local installation, military departments, and DOD before the construction of a recreational facility is approved. In addition, the nonappropriated fund panel, in performing its congressional oversight functions, reviews annually and carefully, DOD's morale, welfare, and recreation programs.

On February 26, 1979, the nonappropriated fund panel requested that the General Accounting Office make a complete review of the Department of Defense's morale, welfare, and recreation construction program. GAO submitted its report to the panel on August 27, 1980. This GAO report, in part, is the basis for the amendment. I am happy to report that DOD has concurred in the recommendations, and all of them are in some phase of implementation.

As a result of restrictions imposed on the use of military personnel in morale, welfare, and recreation activities by the DOD Authorization Acts of fiscal years 1978 and 1979, civilians presently occupy many positions formerly manned by military personnel. Consequently, the number of full-time military personnel working in MWR activities was reduced 30 percent, and part-time military personnel was reduced 71 percent.

The study my colleague's amendment would require is already underway. Secretary Weinberger directed the Defense Audit Service to study the use of military personnel in morale, welfare, and recreation activities. This report will be available to Congress when completed.

In conclusion, Mr. Speaker, this amendment was unnecessary and would result in considerable duplication and a waste of funds.

BIASED MEDIA REPORT ON SOCIAL SECURITY INSURANCE PROGRAM

(Ms. OAKAR asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. OAKAR. Mr. Speaker, I am deeply disappointed in still another biased report on the social security insurance program by some members of the media. This time it was an hour-long program seen last night on CBS. I should have known from the title "Social Insecurity" that it would be unobjective and biased. The logo of a building crumbling, the shrill sound effects all contribute to trying to induce this blind panic on the American public.

In all of its negative reporting, never once did the program mention that a major problem is that since 1969 the social security trust fund is part of the unified budget, and is, indeed, used to wash out other expenditures in the budget. Indeed, we are attempting to increase funding in areas like defense, in foreign aid while using the trust fund moneys to balance the budget on the backs of the elderly.

Will not someone in the media tell the other side of the issue, that the fund is solvent for at least 25 years, and through temporary interfund borrowing—we could solve the temporary difficulty in one of the three areas of the trust fund, or must the media be dictated to by the advertisers who take the chamber of commerce position that the system is going bankrupt?

HARRY CHAPIN

(Mr. DOWNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOWNEY. Mr. Speaker, yesterday on his way to one of his numerous free concerts, my friend, Harry Chapin, singer, songwriter, was killed in an automobile accident. It is difficult to express my personal sense of loss. Certainly this House sends its sympathies to Sandy and all of the children of the Chapin family.

Not only does Long Island lose a person who was a champion of the arts and of suffering of Long Islanders, but America loses a great musical talent and an individual who was single-minded in his devotion to relieving the suffering of others. This is rare in our society.

Harry played concerts for candidates who were concerned about world hunger and human rights. He raised over $5 million for an organization devoted to world hunger issues. He helped to set up a Presidential Commission on Hunger.

The one way we can remember him as Members and as friends is to listen to the words of his songs and remember the spirit that moved Harry.

He said in one of his songs: "Is anybody there, does anybody care." We are all here Harry and we all care.

HARRY CHAPIN

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, I think I join others in mourning Harry Chapin's very early death. It truly is a tragic loss for America, and especially at this time.

I think people forget that Harry went to the Air Force Academy. He could have been as macho and as unfeeling as anyone. That is really in now. He could have played that for all it was worth, but he dared to stand up and say I care, I feel, show emotions, and worry about other people who did not have the same fortunate breaks that he had.

Consumption is in, too. He could have kept his wealth. he could have gone out and consumed it and flaunted it. This is a time when many people want to be envied more than esteemed. I think that is one of the great diseases of our society.

But fortunately for this country he was a role model showing that maybe esteem and care and feelings and compassion are not out of date. In the long run, esteeming people who hold such values is much better than enving one for all of the things he can consume and all of the money that he can accumulate.

I think it is a great loss and a great role model. We will miss him.

HARRY CHAPIN

(Mr. DORGAN of North Dakota asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORGAN of North Dakota. Mr. Speaker, yesterday a very special person was killed in an automobile accident in New York. A number of us in Congress knew him as a friend.

Harry Chapin was a supurb musician, but he was also much more. He was one of the most involved American citizens I have ever known. He cared deeply about public issues and he did something about them.

Harry was a national leader in the struggle to address the hunger issues here and around the world.

Harry was always outraged by the lack of attention that politicians gave to the issue of world hunger. He used to say that if one evening the winds of hunger blew full gale over the eastern seaboard leaving millions of people dead, it would be the story of a century. But because that wind blows over the world all year, killing 30 million children each year from causes related to hunger, there is scant public attention. Harry was determined to do something about that. And he did.

He played a major role in the creation of the President's Commission on Hunger. He cofounded the Food Policy Center, and he gave hundreds of benefit concerts to fund his work on hunger issues. Most of all, he made a difference.

Harry Chapin was a very special person and a friend. Americans who loved his special brand of music and who found strength from his commitment to the issues of the day will miss him.

□ 1020

A TRIBUTE TO THE LATE HARRY CHAPIN

(Mr. EDGAR asked and was given permission to address the House for 1 minute.)

Mr. EDGAR. Mr. Speaker, it was just yesterday at a hearing for Vietnam veterans that I quoted Harry Chapin—"Is anybody there, does anybody care." Harry Chapin was certainly a leader of the carers in the world.

When I learned after that hearing of his death I mourned not only for the loss of a talented artist, but for the loss of a compassionate, dedicated human being that put his causes before himself.

He very well could have basked in the limelight and riches and fame. Harry, however, remained an unpretentious, salt of the Earth man who gave half his concerts for charities.

The poet-lyricist was also an effective poet-lobbyist especially when it came to the issue of world hunger. To this cause he devoted many uncomfortable hours in suits attending meetings and many joyous hours—certainly in his audiences eyes—raising over $5 million all for the world's hungry.

Harry said he hoped to leave the world thinking he mattered. He certainly did.

Listen to these words from one of his songs:

And I dream that something's coming
And it's not just in the wind
It's more than just tomorrow
It's more than where we've been
It offers me a promise
It's telling me begin
I know we're needing something worth believing in.

Harry Chapin left us something to believe in, and that is that world hunger could be eradicated.

A TRIBUTE TO THE LATE HARRY CHAPIN

(Mr. BONIOR of Michigan asked and was given permission to address the House for 1 minute.)

Mr. BONIOR of Michigan. Mr. Speaker, like my colleagues who have just spoken, I rise to mourn the early passing of Harry Chapin.

I think his five children would be particularly proud of the contributions that he has made to the hungry people of the world, and the way he so vigorously prowled the Halls of Congress to get the Commission on Hunger passed and to set up a mechanism whereby the executive and the legislative branches of this Government could address this problem that will never go away.

His children, I think, ought also to be particularly proud about the song that he wrote, "Cat's in the Cradle," a song which talks about the relationship between children and their parents, a relationship that I know he worked very hard at.

I think if his children listen to that song when they are a little older, they will understand the meaning of it, and the richness that he gave to this body and to this country and to the world community, and they indeed will be richer for it.

A TRIBUTE TO THE LATE HARRY CHAPIN

(Mr. WOLPE asked and was given permission to address the House for 1 minute.)

Mr. WOLPE. Mr. Speaker, 2 months ago, I had the great privilege of meeting Harry Chapin. In the few hours we spent with each other, I came to appreciate not only his unique talent, but also his tremendous commitment and dedication to the causes in which he so deeply believed. Last night, in a fatal accident, Harry left us—and he shall be sorely missed.

The honesty, sincerity, and sensitivity which characterized both Chapin the man and Chapin the performer were always present. He sang of the most intimate details of his life. He sang of his childhood; he sang of the pains of growing up; he sang of the joys and of the disappointments of his life. And through his music, he touched us—reminding us of our own lives. Sometimes those memories made us chuckle, other times they helped us to cry. More than anything else, Harry's music reminded us of our common ground: That despite all of our differences—differences of age, of ideology, of creed, and of color—we all shared the experience of life.

And life was Harry's cause. Harry was a social conscience—but unlike others who have been characterized in that way, he never made us feel guilty or petty. Whether he was raising money for starving children around the world, or hammering away at the artificial walls we build to separate ourselves from one another, Harry inspired only joy and charity.

Harry is survived by his wife, his five children, and millions of grateful friends.

MINIMUM SOCIAL SECURITY BENEFITS SHOULD BE RESTORED

(Mr. PEPPER asked and was given permission to address the House for 1 minute.)

Mr. PEPPER. Mr. Speaker, when the Lord handed down the Ten Commandments to Moses on Mount Sinai, the one group that was singled out for particular attention and aid was the elderly, in the admonition of the Commandment, "Honor thy father and thy mother."

In 1935, this Congress and this country dedicated itself to that high ideal. Now that noble proposal is under vigorous assault, and this House has been a party to the reduction of social security benefits for people that were already receiving those benefits.

In spite of social security, one-sixth of the elderly people of this country live below the poverty level in income; 28 percent of the recipients have no income except what they get from social security.

I say let us, before it is too late, approve the resolution that just came yesterday out of the Ways and Means Committee and restore the right of those elderly who are eligible for social security to receive the minimum benefits which 2 million people today are denied, the opportunity to receive that minimum of $122 a month.

I hope before the reconciliation budget becomes final we will reconsider our error and compassionately restore those 2 million people to the receipt of what we solemnly promised.

A TRIBUTE TO THE LATE HARRY CHAPIN

(Mr. AuCOIN asked and was given permission to address the House for 1 minute.)

Mr. AuCOIN. Mr. Speaker, Harry Chapin was more than a singer, more than a recording star, and more than a songwriter. In a world sharply divided between givers and takers, Harry Chapin was one of us who gave. Harry Chapin the singer gave the world words that put people in touch with their best values. Harry Chapin the humanitarian gave himself to the great causes of our lifetime, especially the cause of world hunger. Half of the concerts that Harry Chapin gave over the course of a year were benefits raising money not for himself but for that cause and others like it.

Harry Chapin was electric energy, and he always gave his energy to a basic idea—that the only way to lead a fulfilling personal life is to do something to help fulfill other lives, by easing pain, relieving suffering, and fighting injustice.

When a friend dies, you express sorrow. I do that today. But most of all I want to say how glad I am that Harry Chapin lived.

QUID PRO QUO FOR CAMPAIGN CONTRIBUTIONS?

(Mr. GLICKMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GLICKMAN. Mr. Speaker, last week, Representatives SYNAR, LEACH, and I introduced legislation, H.R. 4070, to place statutory limits on contributions to House and Senate campaigns by political action committees and to make a number of other changes in our campaign finance laws aimed at restoring some balance.

I have been convinced for some time that we critically need to control the growing influence of PAC's. But a letter I received yesterday from an agribusiness political action committee, which I presume a good number of other Members did as well, points up all too clearly how blatant this problem is becoming. That letter put it very bluntly:

> As we trust you will recall, the Political Action Committee * * * has heretofore supported your candidacy, and we are proud to have you represent our citizens in the Nation's capitol.

The letter goes on to urge that I support the President's tax package.

I welcome letters from any person or any group letting me know their thinking on issues. In fact, I encourage that. But the fact that a political action committee would so brazenly go about asking for my support or a vote by prefacing such a letter with a reminder of political financial support in the past is an absolute travesty. Groups of both the political left and right engage in these tactics. I said when introducing that legislation that the quid pro quos are not open and they are generally subtle. I am afraid with letters such as this one coming in to Members' offices, I must retract that statement. Some of these organizations are coming mighty close to expecting that kind of return on their "investments" in campaigns.

I honestly do not know how I will be voting on the tax bill, but that is not the point at hand. Whichever way I vote, it will not be because of a political contribution, in spite of attempts like this.

□ 1030

ATTENTION WAYS AND MEANS COMMITTEE

(Mr. DANIELSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANIELSON. Mr. Speaker, I might caption this "Attention Ways and Means Committee." I am distressed to find our Ways and Means Committee has permitted the commodity straddle to continue in our tax bill. At a time when we are gravely threatened with taking away the minimum social security benefits for the elderly, I think it is outrageous—in fact, it approaches obscene—to permit the commodity tax straddle to remain within our tax laws.

I would welcome applause from both sides of the aisle. Thank you.

We cannot afford to have this gaping hole in the bottom of our tax bucket when we are trying to balance the budget, and we are trying to take care of the essential needs of the American people.

Please, Ways and Means Committee, plug up that terrible loophole. The rich speculators should not be permitted to play tiddlywinks with their taxes, and go scot-free, while the elderly and the poor bear more than their share of our burdens.

DEAUTHORIZATION OF INITIAL STAGE OF OAHE UNIT OF MISSOURI RIVER BASIN PROJECT

(Mr. BEDELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEDELL. Mr. Speaker, yesterday I introduced legislation that would deauthorize the initial stage Oahe unit of the Missouri River Basin project in South Dakota. I sincerely believe that this measure will ultimately prove to be in the best interests of the Nation's taxpayers as well as the citizens of South Dakota. The Oahe project as presently designed fails to meet even the most liberally constructed cost/benefit analysis. I certainly do not believe the benefits justify the cost/benefit analysis. I certainly do not believe the benefits justify the cost to the national taxpayer, especially when Oahe's current price tag is over $900 million.

I am fully convinced that the only way that we in government, whether it be Federal, State, or local, are going to successfully come to grips with wasteful and excessive spending, and the devastating inflation it engenders, is for all of us to put away the notion that water projects, or any other type of Federal assistance, are sacrosanct. When millions of taxpayer dollars are at stake, it does not matter in which State or district the project lies. Not only does the Nation and its representatives have the right, they have the duty to question its worth and appropriateness.

"DOUBLE-DIPPERS" ARE NOT ALL WEALTHY

(Ms. MIKULSKI asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. MIKULSKI. Mr. Speaker, some people, when they hear the term "double-dipper," think of a guy who was a supergrade Government employee who is now making big money doing consulting, and only leaves his yacht long enough to pick up his social security check on his servant's day off.

Well, I have a douple-dipper in my district. She is a widow, a mother, and a homemaker. She also worked outside her home from 1930 to 1942, and we all know what kind of wages she could have gotten during those years. She

gets $166 per month as a widow on her late husband's municipal pension, and she has been getting minimum social security benefits based on the meager wages she earned 50 years ago. Some quick, simple arithmetic tells us that social security check constitutes almost half her income of $287 per month. I would like those who are proposing to eliminate minimum benefits to tell me, so I can tell my constituent, how she is going to feed herself, how she is going to keep a roof over her head, how she is going to buy shampoo to wash her hair and toothpaste so she can brush her teeth. I do not know what to say to her. I do not know how to tell her that even though she followed all the rules, she worked and contributed to the social security system, she married, had children, she kept a house, provided love and support to a working spouse, that we changed our minds, that we have changed the rules, that her contributions, her faith in us means nothing anymore. After all Mr. Reagan has a budget to balance. We cannot be worrying about one single person. She must now figure out a way to live on less than what most people spend on rent per month, or what wealthy folks spend on business lunches.

Sometimes I think it would be better to be Mr. Reagan's horse. At least then she would get a nice place to stay, something to eat, and the President's attention.

GOOD FAITH, GOOD LAWMAKING, GOOD JUDGMENT

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, I rise more in sadness than in anger to report to you what is in effect an effort to circumvent the good faith agreement recently entered into by the Speaker, the majority leader in the Senate, and the minority leader in the House.

I refer, of course, to the agreement concerning the way in which questions would be handled in the reconciliation conference. Let me read point 3 of that agreement:

> Subconferees will not reopen provisions which are the same in both bills and are urged to agree on substantially identical provisions.

Yesterday the distinguished majority leader of the House tried to introduce a resolution the effect of which would have totally changed the message the joint leadership had agreed upon. This resolution is tantamount to instructing conferees to open issues outside the scope of the conference.

We live on a great deal of trust here among ourselves in this House. Our word is more than our bond—it is the very essence of congressional life.

Perhaps we have a case of mixed signals. We certainly have a case of misinformation when it comes to the minimum benefit provisions of social security.

It is my hope that the majority clears up whatever misconceptions may exist on its side of the aisle. It is not a question of getting one's act together. It is a question of keeping our word together.

REAGAN-CONABLE-HANCE: THE WORKINGMAN'S TAX CUT

(Mr. BLILEY asked and was given permission to address the house for 1 minute and to revise and extend his remarks.)

Mr. BLILEY. Mr. Speaker, we are likely to face a choice between two tax proposals. Just which tax cut favors the working men and women of America anyway?

Consider a four-person, one-earner family making only $15,000 in 1980 that receive pay raises to equal inflation over the next 3 years; under which plan will their taxes be lower?

In 1980, that $15,000 family was in the 18-percent tax bracket. Under Rostenkowski-O'Neill proposal, they will still be in the 18 percent tax bracket in 1984—no tax cut at all.

However, under the Reagan-Conable-Hance tax cut, they will pay only 16 percent marginal rate.

What does this tell us? It tells us that the liberal leadership is up to the same games they played to increase taxes by 249 percent over the last 10 years.

Tax cut for the workingman, you call it; baloney. In no instance, would a family earning over $10,000 be better off under the Democratic tax bill. In fact, well over half the families in America, including some making less than $15,000, would be worse off.

The American people were not deceived last November, and they will not be deceived now. Let us vote for the working men and women of America. Let us pass the Conable-Hance workingman's tax cut, not the Rostenkowski-O'Neill tax increase.

BRING DOWN INTEREST RATES BY CUTTING TAX RATES

(Mr. WEBER of Ohio asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEBER of Ohio. Mr. Speaker, one of the reasons I support a 25-percent across-the-board tax rate cut over the next 3 years is to increase savings and thereby bring down interest rates.

If we can increase the pool of lendable funds through increased savings, that is going to have an effect on interest rates because of the law of supply and demand.

I know that people want to save their money, but can not afford to with tax rates at the highest levels in history as they are now.

Young people—blue-collar union workers, people in business and professions, working women and homemakers—have all told me how much they are hoping for a tax rate cut so that they can begin saving their money.

This is an idea whose time has come. We need the President's tax cuts now.

CROCODILE TEARS FROM THE WAYS AND MEANS COMMITTEE

(Mr. McEWEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McEWEN. Mr. Speaker, I want to say that I am not a pursuer of controversy and certainly not partisan controversy, but yet, as I have observed over the past several hours the waterfall of crocodile tears from Democrat members of the Ways and Means Committee in which they have expressed their desire to give meaningful tax relief to all Americans, I cannot help but harken back to just a few weeks ago when, as a candidate for this House of Representatives, we were subjected to a constant barrage from the President of the United States, Mr. Carter, and the leadership of this House, who said that any such tax relief for Americans was voodoo economics, it was not responsible; besides, if they were to give a tax cut to the average working American, he would behave in an irresponsible fashion and spend it on inflationary expenditures such as food and clothing and housing, and to patch up the family car.

Now we hear that, indeed, their proposal is targeted to helping these same people who months ago they said did not deserve it, and were not entitled to a dime. Now they say that they have the answer, a tax cut for working Americans.

Mr. Speaker, I think the American people should remember from whence came ye; from one side that wants to give them zero cuts, or from the other side that wants to give a 30-percent tax cut over 3 years. As we reach this consensus, remember that there is one side that is committed to not giving the working people any tax relief at all, regardless of their rhetoric.

□ 1040

THE DEVELOPMENT OF THE WAYS AND MEANS COMMITTEE TAX BILL

(Mr. PARRIS asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. PARRIS. Mr. Speaker, the latest chapter in the political process now being orchestrated in the Ways

and Means Committee is being written as they fashion the O'Neill tax bill. It is bad enough to write tax policy by trying to figure out from day to day how many more votes can be gained for this proposal on the floor of this House if they add a sweetener for the oil interests, for the futures traders, for the tax straddle investors, or whatever. Now we are told that business tax-rate reductions will be phased in from now through 1986, through the next three Congresses, in spite of any change in economic conditions during that period.

I do not believe American businessmen are that gullible, and will recognize this political rhetoric for exactly what it is. But if there is anyone out there who would be inclined to support the enactment of the O'Neill tax bill in order to wait for these great business tax reductions, I would like them to contact me because I have some Indian blankets and some swampland I want to talk to them about buying.

THE MAINE POTATO INDUSTRY

(Mrs. SNOWE asked and was given permission to address the House for 1 minute.)

Mrs. SNOWE. Mr. Speaker, today I have introduced a resolution which will at least begin the process of addressing one of the most serious problems facing the Maine potato industry. For the past several decades, Maine and the Maritime Provinces of Canada have competed in the northeastern markets in both tablestock and seed potatoes. In the past 4 years, exports from Canada have increased an average of 75 percent each year, 300 percent in total. In this marketing season, it is estimated that up to 20 percent of the eastern tablestock potatoes entering the northeastern markets are of eastern Canadian origin. This situation has created a surplus of potatoes in the markets and caused severe price depression, as much as 20 percent or up to $1 per hundredweight as a result of Canadian imports. This is a devastating and emergency situation for Maine's potato industry. This is a situation that must be addressed immediately, because 1 more year of such competition with Canada could fatally bankrupt Maine's already faltering industry.

To this end, I have introduced a resolution which urges the President to negotiate with the Canadian Government to attain agreements which limit the export from Canada of seed and tablestock potatoes. Until such agreements are reached, I fear for the future of Maine's industry. Already Maine's potato acreage has been reduced some 30 to 40 percent in recent years and the number of farmers reduced from 3,000 to 950. There are no reserves on which the industry can fall back. Our industry has always existed as a free-market, non-Government supported industry, unlike the Canadian industry, which enjoys a wide range of Government support and subsidy programs as well as an extremely favorable money exchange rate. It is my hope that this resolution will emphasize the need for prompt action to limit the export of Canadian potatoes to the United States, action that could very well be the salvation of the potato industry in Maine.

I would like to take a moment to expand on the many advantages the Canadian potato growers have over Maine growers. I have already mentioned that they benefit from numerous Government support and subsidy programs. On the Federal level, there are four major programs which assist the Canadians: The agricultural stabilization program, which is a form of income support which authorizes the agricultural stabilization board to support the producer price of potatoes at 90 percent of the average 5-year market return; the farm credit program, which offers fixed interest rate loans at 3 to 4 percent below the prime interest rate; the fresh fruit and vegetable storage construction assistance program, which extends financial assistance to producer groups of up to one-third the cost of renovations or construction of storage facilities; and the Atlantic freight assistance program, which offers freight rate subsidies to industries and manufacturers in eastern Canada. Programs on the Provincial level are simply too numerous to recount. Additionally, Canadian growers benefit from an aggressive export market promotion program. The Provincial governments of Prince Edward Island and New Brunswick have worked with Agriculutre Canada to develop a Federal/Provincial/industry program to enhance the portion of maritime seed potatoes in international markets. This program is expected to include a strengthened seed certification program, increased research, a form of market risk insurance, a special crop insurance program for seed potatoes, storage assistance and increased emphasis on market development and promotion.

With all of this Government support, it is not surprising that the Canadian potato industry has been able to prosper and expand its production, to the point were up to 20 percent of the eastern tablestock potatoes entering the northeastern markets are of eastern Canadian origin. The progressive lowering of tariff rates on Canadian potatoes, and a money exchange rate which eastern Canadian potato producers nearly a 20-percent advantage on sales to U.S. markets, serve only to exacerbate an already inequitable situation.

As I mentioned previously, Maine growers operate without these tremendous advantages, without Government assistance. The industry has struggled for many years to compete with the Canadians, and only through the tremendous tenacity and perseverance of Maine growers has the industry survived to the extent it has. However, it cannot continue to operate in the face of increasing Canadian exports to the United States. The growers are reducing their acreage and many have totally given up and moved on to other means of employment. They are no longer capable of hanging on in the hopes that the import situation will improve. Unless we take action now to reverse the industry's decline, we may witness the total demise of Maine's potato industry within the next year. It is time for the Government to come to the aid of the industry, to strive to reach agreements with the Canadian Government which will limit the exportation of Canadian potatoes. We must take action before it is too late. The situation urgently needs our attention, and it is my hope that this resolution will serve to bring home to the President and to my distinguished colleagues that Maine's potato industry cannot withstand another year of continued potato exports from Canada, and that through negotiations with the Canadian Government, action can be taken which will insure the continued viability of Maine's potato industry.

THE PURPORTED AGREEMENT ON THE RECONCILIATION CONFERENCE

(Mr. WRIGHT asked and was given permission to address the House for 1 minute.)

Mr. WRIGHT. Mr. Speaker, I take this time to express my understanding with respect to the comments made earlier today by my very distinguished friend, the gentleman from Illinois (Mr. MICHEL).

The gentleman made reference to some understanding purportedly agreed upon between Republican and Democratic leaders of the House, presumably to the effect that we would ratify and set in concrete, and tolerate and allow no variations from, all substantive provisons included both on the House side and the Senate side with respect to the reconciliation bill. Now, I was not a party to any such agreement as that.

As one who takes very seriously the sanctity of his word and once given intends to keep that word, I want it understood that I did not at any time agree to lie down and play dead and to ratify forever the removing from these 3 million of America's oldest and poorest and most politically defenseless, any rights that had inured to them under social security. I am not in favor of abolishing the minimum $122

monthly benefit. By whatever honorable means may be available to me, I intend to do whatever I can to keep it alive.

Others pay lip service to this goal while sabotaging it. Let me cite a statement made last Sunday by the administration's Director of the Office of Management and Budget on a nationwide television program in which he flatly declared that no person presently receiving social security would find his or her benefits reduced as a result of the President's plan.

That is absolutely false. Under the House-passed bill, so hastily considered on this floor and in which Members were given no opportunity for separate votes, those minimum benefits, $122 to America's oldest and poorest, will end in April. Under the Senate-passed bill, they will end in August.

Therefore, it is necessary that we give moral sanction to our conferees to correct the error of that hastily considered vote. Many who voted blindly for Gramm-Latta, not knowing that it contained that provision, and others who voted against it have asked me to devise a way to let them repair the damage of our action. They have come to me and stated that we need to develop some means by which the House can allow and encourage its conferees to correct that error and remove that offending passage.

For that reason, Mr. Speaker, I would not agree, did not agree, and have under no circumstances agreed to ratify and set in lasting concrete every error that appeared in both the House and Senate bills. To do so would be not only unprofessional, it would be most unfair to the Americans who are hurt by those errors.

PAYMENT IN LIEU OF TAXES

(Mr. MARRIOTT asked and was given permission to address the House for 1 minute.)

Mr. MARRIOTT. Mr. Speaker, I am appalled that the Appropriations Committee would remove PILT—(payment in lieu of taxes)—to small units of Government from the Interior appropriations bill just so it can be used as a bargaining chip with the Senate.

These block grants provide an average of 22 cents an acre to many counties in many States that are impacted by the Federal presence.

Without PILT, many counties and small cities would suffer drastically and be hard pressed to meet their needs and obligations to provide services since the Federal Government has removed their tax base.

I urge all of my colleagues to vote with me to restore PILT to the Interior budget, well within the President's budget, a proposal supported by the administration, the Senate and the House Interior Committee.

FAIRPLAY FOR AMERICAN TAXPAYERS

(Mr. SMITH of Oregon asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. SMITH of Oregon. Mr. Speaker, I continue to be concerned with the play that goes on here and the serious situation in the economy that we are facing. The high interest rates and unemployment have all been brought on by 30 to 50 years of irresponsible management of this economy.

Any problems we have in social security, in our tax laws, and in every area of our life and freedom, the very freedom that we have sought for our children, are only going to be resolved by correction of these inequities and this lack of fairplay that we have built into the future opportunities for our children. If there is one reason why I was elected and why many of my colleagues were elected on the 4th day of November, it was because the American people said, "Enough." They had said that we do not want a tax increase.

When we look at the two tax packages that are being formed in this body and in the other body to try and provide equity and fairplay, I think we are going to have to understand that if we vote for the Boston-Chicago axis of tax policy, we are voting for increased taxation and less opportunity for our children.

Mr. Speaker, I think we need to vote for President Reagan's tax program.

HARRY CHAPIN—A CARING HUMAN BEING

(Mr. GILMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, yesterday, our Nation lost a gifted, bigheartened, caring human being personally known to many of us here in the House. Harry Chapin, singer, songwriter, humanitarian, and founder of World Hunger Year, died in a tragic automobile accident, leaving behind an empty space that once was filled to bursting with energies selflessly directed to helping others—millions of others throughout the world.

Harry's vision and dream was to rid the world of hunger and malnutrition. He worked tirelessly toward that goal, performing hundreds of benefit concerts each year—to end hunger.

I first met Harry Chapin 4 years ago when he came to me and several colleagues with a proposal to establish a Presidential Commission to find ways that our Nation could intensify its efforts against hunger. Through his whirlwind lobbying, Harry almost singlehandedly prevailed on the Congress and the President to create the Commission on Hunger. Serving with him on that Commission, I came to recognize the vibrance, dynamism, and commitment to roll up one's sleeves and get the job done that were so characteristic of Harry.

On next Tuesday, July 21, I invite my colleagues to join in a special order commemorating Harry Chapin's dedication to ending world hunger. It is my hope that as we express our condolences to Harry's wife Sandy and their five children, that we will recommit ourselves to Harry's dream: Directing the resources, energies, and talents of our great Nation to ending hunger.

REQUEST FOR CONSIDERATION OF H.R. 1981

Mr. WALKER. Mr. Speaker, I ask unanimous consent for immediate consideration of the bill, H.R. 1981, which I send to the Clerk's desk.

The SPEAKER pro tempore (Mr. DAN DANIEL). The Chair will state to the gentleman that he cannot be recognized for that purpose. The House has an important appropriation bill pending, and we simply do not have time during the 1-minute speeches for that.

Mr. WALKER. Mr. Speaker, in that case, I will ask unanimous consent to address the House for 1 minute.

□ 1050

STRENGTHEN RECONCILIATION

(Mr. WALKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALKER. Mr. Speaker, naturally I am not surprised that I would not be recognized for the purpose of offering H.R. 1981, even though the method used was exactly the same as the method used on this floor last night by the leadership on the other side as they tried to bring a resolution to the floor, and Mr. Speaker, the bill that I was trying to bring to the floor today to balance the budget of the country by mandating a reconciliation process which would achieve a balanced budget in each fiscal year, is on the same order of importance as last evening's resolution. In fact, the majority leader is one of two sponsors of H.R. 1981.

What we heard last night was an attempt to undo the entire reconciliation process. It appeared to me to be a special interest attempt to undo reconciliation. The surprising thing about the bill that I brought forward today favoring strong reconciliation provisions is that it is a bill sponsored by the gentleman from Texas (Mr. GRAMM) and the gentleman from Texas (Mr. WRIGHT). Those two gentlemen favored strengthening the reconciliation process earlier this year,

and recent events would seem to confirm their judgment was correct.

I would think that in light of what took place last night, with the majority leader seeking to destroy reconciliation we would want to strengthen the reconciliation process, to adopt the language of the Gramm-Wright proposal. Instead of abusing reconciliation we should attempt to do something to change it to make it more meaningful. It is a shame that we will not have that opportunity today.

A TRIBUTE TO HARRY CHAPIN

(Mrs. MARTIN of Illinois asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. MARTIN of Illinois. Mr. Speaker, yesterday a modern bard died. He told stories in song, and people responded. He told of letting time go by and having a child grow old without really knowing him; he sang of time and ambition changing. He sang of love for the woman who was his wife, Sandy. He was a good songwriter, but more importantly, a lovely human being.

For Sandy and their five children, special memories will always remain. For me, I remember a day when he came in to help me when I was running for Congress. He sang alone, accompanied only by his guitar. The crowd was young and old, black and white, Republican and Democrat. It was in a rocky, tree-studded pasture and rainy, outside a small town in northern Illinois. He sang to us, and we sang with him. For 3 hours the Sun shone in the heart of everyone there. He sang and talked of the things that make us human and the things we could do to help those who hungered, physically and spiritually throughout our world.

He was very, very good. He was Harry Chapin, a friend, and all his friends will miss him.

BIG OIL TO CASH IN ON DISTRESSED INDUSTRY CREDIT

(Mr. MOORE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOORE. Mr. Speaker, ironically, a special credit adopted by the Ways and Means Committee to help distressed industries will actually benefit some of the richest companies in America—large oil companies.

In the tax cut bill that is being drafted by the Ways and Means Committee, six select industries have been labeled distressed industries, granting them special tax privileges worth a minimum of $3.3 billion.

Oil companies will become a silent partner in this windfall because any company, regardless of wealth, which is included under the distressed industries unbrella can cash in on the windfall.

One of the distressed industries which will qualify for this special tax treatment is the mining industry. In recent years major oil companies have invested heavily in mining and these oil compaines will benefit from mining's privileged tax status.

For instance, one oil company recently active in mining acquisitions is Standard Oil of Ohio. In 1980, Sohio was America's eighth most profitable company with profits of $1.8 billion.

Sohio recently bought Kennecott Copper and, it so happens, that Kennecott will be one of the major beneficiaries of the $350 million that the mining industry will be entitled to under this bailout. In effect, the Bailey bailout will funnel millions of tax dollars to an oil company which already has over $12 billion in assets.

How many more are there like Sohio hidden away in this most ill advised proposed tax provision.

There is something wrong when a proposal which is supposed to help failing industries actually squanders millions on the richest companies in America. The Bailey bailout should be defeated.

PRESIDENT'S TAX BILL MEANS REAL TAX SAVINGS FOR OUR CONSTITUENTS

(Mr. FIELDS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FIELDS. Mr. Speaker, with the Ways and Means high stakes auction about to close up shop, I believe we must reflect upon how our severely overtaxed citizens will benefit in the area of individual tax relief.

In an effort to do this, I have calculated the benefits of the President's individual tax cuts versus the proposal of the Ways and Means Committee. While I will spare you the details of these calculations, the bottom line is my congressional district and its 225,000 households will receive $205 million in tax relief under the President's program—while only $118 million under the Ways and Means bill, a shortfall of a well-deserved $87 million to my constituents.

Further, the city of Houston will receive an infusion of $1.5 billion under the President's plan. While regrettably the Ways and Means bill provides the city with $840 million or $700 million less than the President's program.

Mr. Speaker, the President's tax plan is far superior to the Ways and Means bill, and its enactment would mean that my constituents, as well as yours, will be able to keep more of the money they earn. Further, these Americans will have the freedom to save or spend their money as they want and not as Washington dictates.

If you, Mr. Speaker, want to continue to support the misguided economic policies of the past which have given us persistent double-digit inflation, high unemployment, negative productivity, and one of the highest tax burdens in our history—then you should support the Ways and Means Committee bill.

If you want, however, real economic growth and real prosperity for your constituents, then you have no choice but to join with me in support of the President's tax proposal. For it alone will free us from our economic bondage and insure that our children and grandchildren live in a Nation with a strong economy—a Nation with hope and opportunity for all its people.

A TRIBUTE TO HARRY CHAPIN

(Mr. CARMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CARMAN. Mr. Speaker, Harry Chapin, a rock composer and performer who was active in numerous charitable causes, especially on Long Island, was killed yesterday on the Long Island Expressway.

Mr. Chapin, who resided in Huntington Bay with his wife, Sandy, and five children, was especially known for his work in world food and hunger problems. Although I did not know Mr. Chapin personally, I join with people of good will everywhere expressing sympathy to his wife and the members of his family.

An appropriate memorial would be for all of us to redouble our efforts to eliminate hunger everywhere.

PRESERVE SOCIAL SCIENCE RESEARCH

(Mr. DENARDIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DENARDIS. Mr. Speaker, today we will take up the HUD-independent agencies authorization for fiscal year 1982 which includes the appropriation for the National Science Foundation. Within the National Science Foundation section, support for social science research is included. Since in the past, in this body, there have been assaults on funding for social science research, I rise today to urge my colleagues to preserve social science research and to maintain adequate funding for all the activities of the National Science Foundation.

Mr. Speaker, the Federal Government confronts increasingly complex problems in foreign affairs, defense strategy and management, urban reconstruction, civil rights, economic growth and stability, public health,

social welfare, and education and training.

The decisions and actions taken by the President, the Congress and the executive departments and agencies must be based on valid social and economic information and involve a higher degree of judgment about human behavior.

The knowledge and methods of the social sciences, devoted as they are to an understanding of human behavior and social institutions, should be applied as effectively as possible to the programs and policy process of the Federal Government.

Finally, the behavioral sciences, like the physical and biological sciences, require financial support from the Federal Government to continue to develop that knowledge and those methods that can lead to greater understanding of the basic processes of individual and group behavior.

THE TAX BILL

(Mr. LEACH of Iowa asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. LEACH of Iowa. Mr. Speaker, I would like to make several brief comments on the tax bill that has embroiled us all. First is that seldom has Presidential leadership been more impressive. It is often difficult for a President to get support from his own party in Congress, but the bidding war that is now taking place between the parties indicates just how strong an influence the President is having on the Democratic as well as Republican Parties.

In this bidding war, however, I would urge caution on two scores: First, that the Congress not competitively cut so deeply that all balance is taken out of our ability to raise revenues; and second, that tax equity be given as high a consideration as tax cuts. If the Democratic Party feels compelled to offer enormous new tax loopholes to the oil industry to stave off party defections to the Republican approach, I would hope my party would not attempt to outpromise the Democrats. No sector of American industry deserves new tax breaks less than the oil industry. I would rather lose a vote and stick to the principle of tax equity than accelerate an unseemly transfer of wealth to a single American industry.

TRIBUTE TO MRS. ALDA DOMENICI

(Mr. LUJAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. LUJAN. Mr. Speaker, it is with sadness that I inform the House of the passing Wednesday night of Mrs. Alda Domenici of Albuquerque, N. Mex. Mrs. Domenici was the mother of the senior Senator from New Mexico, PETE V. DOMENICI. In addition, she was a friend and gracious hostess to hundreds of people, whom she treated as members of her own family. Her home was always an open house, with a warm welcome and a hearty meal. I know that several of my colleagues in this House and in the Senate, experienced her heartfelt hospitality.

She raised five daughters in addition to Senator DOMENICI, in a loving, Christian atmosphere. She regretted that her husband, who passed away 25 years ago, was not able to share her enjoyment of their 10 grandchildren. As a part of New Mexico's colorful history, we will miss her greatly. Services will be held Saturday, in Albuquerque, at the Immaculate Conception Church.

□ 1100

A TRIBUTE TO THE LATE HARRY CHAPIN

(Mrs. HECKLER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. HECKLER. Mr. Speaker, like so many of my colleagues today, I rise to mourn the loss of Harry Chapin. I feel a sense of personal loss, having worked with him in the formation of the President's Commission on World Hunger, and having worked with him on other public policy issues, especially those affecting the starving in the nation of Cambodia.

Today we have lost a fine songwriter whose words and music captivated American audiences, and electrified those who heard him perform. We can all remember the music of "Taxi," "Cat's in the Cradle", "I Want To Sing You a Love Song." I have heard him sing these songs over and over and heard the applause and the response from the audience. But what many in the audience did not realize was that he was equally effective in touching the powers that be in Washington. No singer or artist or songwriter could possibly equal the effect on public policy that Harry Chapin had in his brief lifetime. He gave of himself. He could have been a millionaire, but instead, he gave of his time and his artistry for free concerts for causes in which he cared and in which he believed. I think therein lies a lesson for all: A lesson of love, a lesson of meaning, a lesson of purpose.

I send my heartfelt sympathy to his wife, Sandy, and to his family.

A PHONY TAX BILL

(Mr. GINGRICH asked and was given permission to address the House for 1 minute and to revise and extend his remarks).

Mr. GINGRICH. Mr. Speaker, once again the people who bought us a 249-percent increase in taxes in the 1970's are bringing us a phony tax bill. The leadership that presided over a series of gimmicky tax cuts, none of which we ever spent because we were always pushed into higher brackets and ended up paying higher taxes, are back at the same game.

The O'Neill-Rostenkowski tax bill will, in fact, end up raising taxes by the mid-1980's for virtually every American. It will end up requiring virtually every American family to pay more to the Government by the middle of the decade, not less. It is not a tax cut. It is a hidden tax increase.

POW-MIA RECOGNITION DAY

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. MONTGOMERY. Mr. Speaker, I rise with feelings of pride and humility to request this body to join me actively in supporting POW-MIA Recognition Day today, July 17, 1981. My pride results from the knowledge of the sacrifices made by all former U.S. prisoners of war, by those still missing, and by their families. My humility is occasioned by recognition of the fortitude exhibited by those who made the uncommon sacrifice of being held captive in war and of that of their loved ones who similary suffered, valiantly and patiently.

From World War I until the outrageous and unprecedented seizure of our Embassy in Tehran, more than 142,000 men and women in the service of our Armed Forces have been captured and interned by enemies of the United States. Their duty to our country included not only the dangers and hardships of exposure to hostile fire, but the deprivations and rigid discipline of captivity—often under unspeakable conditions—hazardous to the healthy survival of mind, spirit, and body. Many of these American prisoners of war suffered brutal and unconscionable treatment by their captors in violation of internationally accepted custom and usage for such captives. Many died from such treatment before repatriation; many, many others now living are experiencing physical and mental disabilities resulting from being prisoners of war.

My colleagues in this Chamber are aware that we and the other body are now finalizing the reconciliation of two similar bills to provide improvements in the benefits and compensation afforded former prisoners of war by the Veterans' Administration. I am pleased to report that H.R. 1100 will

be agreed to by both bodies and sent to the President before the end of the month. The bill would:

First, provide service-connected benefits for psychosis and anxiety neurosis;

Second, provide eligibility for inpatient and outpatient treatment;

Third, direct the establishment of a VA advisory committee of former POW's; and

Fourth, reduce from 6 months to 30 days the time required for the period of captive status for presumption of malnutrition.

It is anticipated that we will have resolution of the House and Senate versions of this important legislation by early next week and hopefully before the President in a few days.

Meanwhile, we have an opportunity today to pay a true and meaningful tribute to those who suffered for the freedom of this county and of our allies. The American men and women who suffered in enemy prison camps from hunger, disease, isolation, fear, and the constant threat of pain and death shall not—and will not—be forgotten. Neither will we forget those who gave their lives on foreign soil and whose remains have not been recovered.

The President has called upon all Federal, State, and local authorities, as well as private organizations, to observe this day, July 17, 1981, as National POW-MIA Recognition Day, with appropriate ceremonies and activities. I urge my colleagues and all Americans to join together in thankful homage to those who have suffered that we might remain free.

A TRIBUTE TO THE LATE HARRY CHAPIN

(Mr. McHUGH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McHUGH. Mr. Speaker, I want to join my colleagues in expressing a deep sense of loss at the tragic passing of Harry Chapin, and to convey my condolences to his family.

Most Americans knew Harry Chapin as a talented singer and songwriter, and he was surely that. Yet, as we know, he was much more than a successful entertainer. He was a man deeply committed to those less fortunate than he and we, particularly the desperately hungry in the world.

He understood the moral dimensions of this issue; he understood that it was in our own self-interest to confront it; and he understood that, in the words of Pope John Paul II, "In a world of constant want, there is no peace."

But Harry went far beyond mere understanding. He acted. He used his enormous talent, enthusiasm, and energy to provide the funds and the example needed to reduce, however, modestly, hunger here and abroad.

Harry Chapin was a great American, and we will miss him.

ANGER AND SHAME AT HOUSE CUTS IN MINIMUM BENEFITS

(Mr. HERTEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HERTEL. Mr. Speaker, yesterday when I went home from the session here in this House, I was angry and I was ashamed of this House. This morning, after hearing some of the remarks attacking the attempt of the majority leader to introduce a resolution to stop the cuts in minimum benefits, I again felt that same anger. I support the majority leader's resolution.

Yesterday this House passed the largest defense budget for the armed services in the history of this Nation and would not even allow a dicussion of restoring minimum benefits in social security.

Mr. Speaker, I was ashamed, especially that it was a Member from my own side of the aisle that objected to consideration of the resolution, because I know there are Members on both sides of the aisle, minority and majority Members, that want to change some of the things that were done wrong in Gramm-Latta II, especially some Members who voted for Gramm-Latta II.

The majority leader was offering a resolution to start that process.

I am tired of the rules where we say we are going to tell people we cannot do that because of the reconciliation policy is this and the rules are that. Tell that to someone who is losing their benefits, who does not have enough money to eat and has to make a decision whether they are going to have heat for their homes or food on the table at night.

I think it is wrong. I think it is wrong to play politics where you say, "Oh, I had to vote on the entire package. I am sorry, I couldn't vote to restore social security cuts. I would have voted to change that amendment."

I think we had better change things around here, because we are hurting the American people by the rules and the processes of this House.

THE DRUMBEAT HAS STARTED AGAIN

(Mr. DANNEMEYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANNEMEYER. Mr. Speaker, it was my privilege to be on the floor yesterday evening when the suggestion was made by the distinguished majority leader, the gentleman from Texas (Mr. WRIGHT) that we would once again take up the drumbeat of concern for those who would be denied, allegedly, certain social security benefits.

Then again this morning the drumbeat has started again.

Considering the fact that the trust fund for social security, according to the experts, will be empty in October of next year, for those in this Chamber who are protesting some proposed revisions of the plan which would have the effect of reducing benefits, one you can only infer that they are in favor of the only other alternative, which is increasing taxes. Cutting benefits or raising taxes are the only two ways you can deal with a fund that is out of money.

Now, I do not know about the rest of the Members of this House, but I think the people last November said one thing. They do not want solutions to problems in public life resolved through the medium of more taxes. They want some reductions in public spending. I think that is the spirit we should follow.

NOT THE SAME MR. DANNEMEYER

(Mr. JOHN L. BURTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JOHN L. BURTON. Mr. Speaker, first of all, I was going to congratulate the gentleman from Virginia (Mr. DAN DANIEL) who is presiding as Speaker over the longest period of 1-minute speeches in the history of the House; but now I would like to take this time to answer my good friend, the gentleman from California. If the gentleman from California after voting for the largest defense expenditure and voting against cutting waste, fraud, and abuse, in the Pentagon, can take pride in voting to take away benefits from 3 million people, many of whom are widows over the age of 75, he is not the same BILL DANNEMEYER I served with when the gentleman was a member of the Democratic Party in the California State Legislature. I am shocked at the gentleman.

Mr. DANNEMEYER. Mr. Speaker, will the gentleman yield?

Mr. JOHN L. BURTON. I do not.

Mr. DANNEMEYER. I thought the gentleman would yield.

PERMISSION FOR COMMITTEE ON THE DISTRICT OF COLUMBIA TO FILE REPORTS ON H.R. 4127, ANNUAL FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA; AND H.R. 4129, EXTENDING AUTHORITY OF MAYOR TO ACCEPT CERTAIN INTERIM LOANS

Mr. FAUNTROY. Mr. Speaker, I ask unanimous consent that the Commit-

tee on the District of Columbia have until midnight tonight to file reports on H.R. 4127, to amend the District of Columbia Self-Government and Governmental Reorganization Act to increase the amount authorized to be appropriated as the annual Federal payment to the District of Columbia; and H.R. 4129, to amend the District of Columbia Self-Government and Governmental Reorganization Act to extend the authority of the Mayor to accept certain interim loans from the United States and to extend the authority of the Secretary of the Treasury to make such loans.

The SPEAKER pro tempore (Mr. DAN DANIEL). Is there objection to the request of the gentleman from the District of Columbia?

There was no objection.

PERMISSION FOR COMMITTEE ON AGRICULTURE TO FILE REPORT ON H.R. 3432, THE WATER RESOURCES POLICY ACT OF 1981

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until midnight, July 17, 1981, to file a report on the bill, H.R. 3432, the Water Resources Policy Act of 1981.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

U.S. NUCLEAR NONPROLIFERATION POLICY

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs be discharged from further consideration of the resolution (H. Res. 177) calling for the development and implementation of a U.S. nuclear nonproliferation policy which strengthens the barriers to the further spread of nuclear weapons, and ask for its immediate consideration in the House.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

Mr. BROOMFIELD. Reserving the right to object, Mr. Speaker, I do not intend to object; I do this for the purpose of having the chairman explain the resolution.

I yield to the gentleman from Wisconsin, the chairman of our committee, to explain this resolution.

Mr. ZABLOCKI. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I wish to commend the gentleman from Ohio (Mr. ECKART) for our colleagues Mrs. FENWICK's and Mr. BINGHAM's efforts in preparing the measure we have before us. It is particularly appropriate coming at a time when the President and the leaders of the Western Alliance are meeting in Ottawa to discuss matters of mutual interest—including the need for effective steps to prevent the spread of nuclear weapons.

I also want to take this opportunity to applaud the President for the preliminary steps that he has announced to control the export of nuclear material and technology. While these steps will not in themselves solve the problems of proliferation—especially if we permit our desire to be a reliable supplier to lead to the approval of requests for nuclear cooperation which will abet the spread of nuclear capability rather than to inhibit its spread—they can become a framework for an effective nuclear export policy.

House Resolution 177, the resolution before the House, expresses this concern.

It also represents another important undertaking in support of U.S. efforts to prevent the further spread of nuclear weapons capabilities around the globe. No more perplexing problem today confronts mankind. The security of all nations, not just the United States, is gravely endangered by the continuing spread of nuclear explosives. Most unspeakable of all is the threat which would be presented by a nuclear weapon in the hands of a terrorist group.

The resolution addresses these urgent problems. It does so by expressing the concern of the House on the need to enhance the degree of confidence nations can have in the international nonproliferation regime. If responsible nuclear export policies can be developed among supplier nations, those countries which have nuclear weapons ambitions may be deterred from that goal. This can be accomplished by establishing more substantial and credible penalties for the misuse of nuclear technology and materials, thus making the cost of going nuclear so prohibitive as to prevent a country from doing so.

The Committee on Foreign Affairs has long been concerned with the threats caused by nuclear proliferation. As a matter of fact, the Nuclear Nonproliferation Act of 1978 arose from the committee's efforts to provide more effective control over U.S. nuclear exports. Our consideration of matters relating to the spread of nuclear weapons capabilities will remain one of the committee's most important responsibilities.

Mr. Speaker, we have known for many years of the paradoxical nature of the uses of nuclear energy. The use of the atom to generate electricity is important in a world facing dwindling supplies of energy from other sources. However, those same atoms can also be used to create the most powerful weapons known to man.

The International Atomic Energy Agency was established to insure that nuclear energy would be used for the benefit of the world, not to its detriment, and that organization should be strongly supported. The treaty on the nonproliferation of nuclear weapons was undertaken to reduce the threat of additional countries developing nuclear weapons, and that treaty should be given resounding support.

But institutional mechanisms such as these cannot carry the entire burden of preventing proliferation. As we have seen recently in the case of Israel's destruction of a nuclear facility in Iraq, even the perception of a nuclear weapons capability in the hands of an unfriendly nation can be profoundly destabilizing.

Still more can and must be done. Through the imaginative use of diplomacy, the United States should make it evident to all countries that proliferation is in the interest of no one. This may be a difficult proposition in a world where the use of force seems to be gaining currency as a useful instrument for attaining one's objectives, and where some countries apparently believe nuclear weapons to be the great equalizer. But through a combination of diplomacy and security assistance, the United States can attempt to reduce the motivations which cause countries to develop nuclear weapons. No foreign policy can be complete without an unequivocal committment to this task.

The resolution we are considering will demonstrate to the President that he can depend upon the House to support him in his effort to control the spread of nuclear weapons.

I urge its adoption.

□ 1110

Mrs. FENWICK. Mr. Speaker, will the gentleman yield?

Mr. BROOMFIELD. Further reserving the right to object, I yield to the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Speaker, I rise in support of this resolution, which I have cosponsored together with the gentleman from Ohio (Mr. ECKART) and the gentleman from New York (Mr. BINGHAM). I want to commend the gentlemen from Ohio, and his staff, for their exceptionally hard work on this resolution.

The recent incident in the Middle East makes the need for this resolution obvious. If one fact has emerged from our followup hearings in the Foreign Affairs Committee, it is that our present safeguards against nuclear proliferation are inadequate. They are not taken seriously by many of the countries of the world, both supplier countries and countries which want to purchase nuclear technology and materials.

This resolution is very simple. It is entirely consistent with President

Reagan's excellent statement of yesterday, which was a very encouraging indication of the seriousness with which the administration views the spread of nuclear weapons. The resolution calls for the adoption of a nonproliferation policy which "specifically * * * prescribes concrete methods for achieving restraint on the part of all nuclear suppliers." It calls for the President to make an effort to increase the number of signatories of the Treaty on the Nonproliferation of Nuclear Weapons and to strengthen the safeguards provided by the International Atomic Energy Agency, which are woefully inadequate. I was pleased to see that the President announced his intention to pursue both of these avenues toward control of the spread of nuclear weapons.

Finally, and I think most importantly, the resolution stresses that we should work with other suppliers to develop credible sanctions against nations which divert nuclear materials. We absolutely must have a more effective system of sanctions.

Mr. Speaker, this resolution will be helpful to the U.S. delegation at the Ottawa summit next week. Our President will be able to point to the action of the House, and of the other body, which recently adopted a similar resolution, as a demonstration of the commitment of the U.S. Government to the development of a more effective nuclear nonproliferation strategy. I hope that he will be firm in his discussions with the other supplier nations.

The world cannot stand the shock of too many more dramatic raids on nuclear installations. By adopting this resolution, we are taking a small step toward the restoration of sanity in the international arena. I urge its immediate adoption.

Mr. ECKART. Mr. Speaker, will the gentleman yield?

Mr. BROOMFIELD. Futher reserving the right to object, I yield to the gentleman from Ohio (Mr. ECKART), the principal sponsor of the resolution.

Mr. ECKART. Mr. Speaker, I would like to take this opportunity to express my gratitude to Chairman ZABLOCKI, Ranking Minority Member BROOMFIELD, and my distinguished colleagues, Mrs. FENWICK and Mr. BINGHAM, for their assistance in helping me present this resolution today.

There has been a great deal of discussion on this floor concerning budget cuts, social security, defense spending, and the impact that these cuts and expenditures will have on the young people, the old people, and the working men and women of this country.

There is one central theme in all of these discussions and that is what will the future be for all Americans.

I can think of no manner in which the future would be more radically, dramatically, or permanently changed than the untold horror of nuclear war that could ensue if the spread of nuclear weapons continues unabated.

The nuclear genie is, unfortunately, out of the bottle. In the 1940's, the United States was the first country to introduce the full meaning of the words "nuclear power" to the world at Nagasaki and Hiroshima. In the 1950's, our country pioneered the Atoms for Peace program. And in the 1970's, the challenge was whether or not we could limit the number and spread of nuclear weapons, and today the challenge appears to be whether or not we can prevent their use.

The list of countries that now have the capability to develop nuclear weapons is expanding. We are in profound danger. Unless dramatic action is taken to curb the spread of nuclear weapons, soon every nation, friendly and unfriendly, stable and unstable, will have the bomb. The resolution we offer today is but a small step which would put the House firmly on record against the further proliferation of nuclear weapons.

Yes, there are indeed people who state that what we seek to accomplish here today will be difficult. But if we fail to try, then we consign our children to an uncertain and terrifying future that they do not deserve.

Mr. Speaker, America led the way in giving birth to nuclear power both for good and for bad. We now have a unique opportunity to lead the way to a new and better future for all the children of the world. Let us begin this long journey with the adoption of this resolution today.

I urge the adoption of this resolution.

Mr. BINGHAM. Mr. Speaker, will the gentleman yield?

Mr. BROOMFIELD. Further reserving the right to object, Mr. Speaker, I yield to another sponsor of this resolution, the gentleman from New York (Mr. BINGHAM.)

Mr. BINGHAM. Mr. Speaker, I rise in support of House Resolution 177 calling for the development and implementation of a U.S. nuclear nonproliferation policy to strenghten the barriers against the further spread of nuclear weapons and weapons capability.

I commend the distinguished chairman of the Foreign Affairs Committee for bringing this measure to the floor, particularly on the eve of the Ottawa summit talks at which nuclear nonproliferation concerns will be discussed at the highest levels among the major nuclear supplier countries, and I would like to associate myself with Chairman ZABLOCKI's remarks in support of House Resolution 177. I would also commend the gentleman from Ohio (Mr. ECKART), a distinguished member of the Subcommittee on International Economic Policy and Trade, which I have the honor to chair, for his leadership in sponsoring this resolution.

The resolution underscores that the United States should proceed on several fronts at once if we are to have a truly effective nonproliferation regime. Rather than burdening the Members now with an elaboration of what I believe are the most urgent tasks at hand, I would like to insert at this point in the RECORD, testimony which I recently delivered before the Senate Foreign Relations Committee.

The statement follows:

STATEMENT OF JONATHAN B. BINGHAM BEFORE THE COMMITTEE ON FOREIGN RELATIONS, JUNE 25, 1981

I am very pleased to have the opportunity to appear before the Committee and to share with you my views on U.S. nuclear non-proliferation interests and policies, particularly in light of Israel's recent attack on the Iraq nuclear research facility.

You have had the same presentations from the Administration as we have had in the Foreign Affairs Committee. If yours were anything like ours, they have served more to obfuscate than clarify the nature of the Iraqi nuclear threat. What in fact I have been told repeatedly over the past year by Administration officials is that the diversified and sophisticated nuclear equipment, training, and materials which Iraq has acquired only make sense in terms of a desire to have a nuclear weapons capability. That view is strengthened further by looking at what Iraq tried to purchase, but could not: A French gas graphite reactor similar to the one used to produce plutonium for the French nuclear weapons program; and, from Canada, depleted uranium rods suitable for the production of significant quantities of plutonium in the Osirak research reactor.

To my knowledge, no actual bomb design had occurred in Iraq before the Israelis chose to destroy Osirak. The point is, however, that past history provided little basis for confidence that the international community was willing or able to stop Iraq from taking this last step. Neither Italy nor France would agree to responsible export controls. The IAEA could not guarantee the world "timely warning" of a nuclear diversion with such sophisticated nuclear technology and materials already in place in Iraq. And even if "timely warning" were possible, no country or institution was openly prepared to threaten or impose meaningful sanctions on Iraq if that country violated its IAEA or NPT obligations. Israel, therefore, had every reason to be alarmed by Iraq's nuclear progress.

In this statement, Mr. Chairman, I would like to underscore the fundamental weaknesses of the current non-proliferation regime and suggest the outlines of an enlightened Reagan Administration strategy. I propose to do this by tracking the problems encountered with the Iraqi nuclear experience.

First, it is my perception having followed nuclear proliferation matters very closely, that Iraq's nuclear program was never taken seriously enough by those most concerned about U.S. security interests. As a result, the issue was never, to my knowledge, raised when top ranking U.S. defense officials met with their European counterparts. Similarly, neither the White House, the Defense Department, nor the State Department focused on how Iraq's nuclear ambitions could

reduce dramatically the West's ability to defend its fundamental interests in the Persian Gulf region. The United States failed, moreover, to appreciate how seriously Israel viewed the security threat and how Israel might act to defend her perceived self-interest.

In my view, U.S. nuclear non-proliferation policies must be extremely sensitive to the security implications of nuclear proliferation. The United States should press this concern with our Allies at the highest levels, both since the process of viewing the problem this way can help to demonstrate the real world "cost" of proliferation, and as a means of building support for the far less costly preventive measures which the United States and its cooperating partners can and must soon take.

Second, Iraq was able to contract for substantial quantities of 93 percent enriched uranium for research activities, and did not have to commit itself to return any of the spent fuel which can be converted to weapons use. I strongly advocate that the United States take the initiative with other nuclear suppliers: (1) to ban completely exports of highly enriched uranium; (2) to require as part of any research reactor contract the return of all spent fuel; (3) to step up significantly research and development of alternative, more proliferation-resistant research reactor fuels; and (4) to establish a policy of retrieving all commercial, as well as research reactor spent fuel, from volatile regions of the world. The United States should be far more willing to accept and store in this country U.S. and foreign-origin research and commercial spent fuel—an effective non-proliferation strategy vigorously pursued by the Soviet Union. The Administration should also actively support the establishment of regional and multinational spent fuel storage centers.

Third, Iraq was able to obtain very sensitive and sophisticated nuclear technology, training, and equipment from Italy and France which is potentially directly usable for the manufacture of nuclear weapons, and for which there was no conceivable economic justification. I have long pressed for a high level, concerted campaign by all nuclear suppliers to identify and curtail transfers of sensitive nuclear technology and materials, including so-called "dual use" and "gray area" items which contribute to advanced nuclear operations. Already, Germany and France have agreed not to export reprocessing and enrichment technologies; now is the time dramatically to expand that list of suppliers and of sensitive items. In pursuing this task, the United States can and should exercise the leverage we have by virture of our veto over European and Japanese requests for permission to reprocess or otherwise use U.S.-origin nuclear materials.

I would note that I do not share some of my colleagues' views that a strengthened U.S. nuclear non-proliferation policy should include export bans on conventional nuclear power plants and fuel, a position which I would consider self-defeating. Rather, I have stressed the need for universal standards, such as fullscope safeguards, to apply to such exports and for much greater emphasis on increasing the efficiency of conventional nuclear reactors so as to conserve uranium supplies and remove incentives for premature introduction of sensitive, less proliferation-resistant nuclear technologies.

Fourth, the United States had some difficulty during the early stages of Iraq's nuclear program keeping current on all activities. Eventually, however, as in the case of Pakistan, by improving intelligence sharing with other nuclear suppliers, the United States was better able to monitor Iraq's pursuits, to share specific concerns with other nuclear suppliers, and even to tip off supplier governments about their own industries' indiscretions. The present Administration should build upon this cooperation on proliferation-intelligence-sharing and seek generally to improve the U.S. ability to detect nuclear activities, including, of course, events such as apparently occurred over the South Atlantic in September, 1979.

Fifth, in the early stages of the Iran-Iraq war, Iraq suddenly refused to accede to the IAEA's request for an inspection of its nuclear facilities. This unprecedented action, combined with the fact that the IAEA has little experience safeguarding sophisticated nuclear activities and no sanctions powers have served to undermine international confidence in the IAEA system. The solution clearly is not to abandon the IAEA system, but rather significantly to strengthen it and to give it teeth. In my view the present Administration should assign a high priority to developing with other nations credible sanctions policies against IAEA or NPT violators. There should also be an unequivocal commitment to increase funding and support for the IAEA's safeguards operations. No one should be fooled, however, into believing that proliferation problems will go away if we just shore up the IAEA. As I have already indicated, safeguards are intrinsically limited for some sensitive nuclear technologies.

Sixth, and finally, Iraq has succeeded, using its oil leverage, in negotiating a potentially very troublesome nuclear cooperation agreement with Brazil. As Brazil develops its own nuclear capabilities, with the generous help of Germany which has supplied enrichment and reprocessing technologies and materials, the pressures can only increase to share these capabilities. This example illustrates the multiplier effects of proliferation and underscores the urgent need for a strong Administration position against the spread of any nuclear weapons capabilities. The new Administration must also seek to ensure that the toughest possible controls are incorporated into existing nuclear supply contracts to govern third-party transfers.

Mr. Chairman, it is already evident that recent events in Iraq have served dramatically to heighten international consciousness about the threat and consequences of nuclear proliferation. I have sought in this testimony to prescribe ways of taking advantage of this awareness. The most important thing that the new Administration can do at this point is to publicly articulate a firm commitment to direct substantial U.S. resources to preventing the spread of nuclear weapons and of the capability of manufacturing nuclear weapons. The Carter Administration had the best of intentions, and did succeed in important ways in slowing down proliferation. The previous Administration failed, however, to maximize its influence and leverage with European suppliers, and too often backpiled on proliferation when faced with difficult choices.

Mr. BROOMFIELD. Further reserving the right to object, Mr. Speaker, I would like to indicate to the House that I support this resolution on nuclear nonproliferation. I would note for the record, however, that both the President and Secretary of State Haig have generally outlined their strong nonproliferation position. It is important that the Congress adopt this resolution to set forth our clear belief that the unchecked spread of nuclear material and technology pose a danger for all nations. The recent events surrounding the Iraqi nuclear facility are an example of the complex and dangerous state of nuclear development.

As a leader in the nuclear field, the United States should also be in the forefront in demanding effective controls and monitoring systems for the development of nuclear power. In an age when a handful of countries no longer monopolize nuclear equipment, technology, and knowledge, we must constantly be on our guard to insure that these resources are not diverted from peaceful purposes to weapons development. Every effort must be made to adhere to the existing nonproliferation doctrine, and to further tighten up new areas which arise due to technical innovations.

It has been heartening to note that Under Secretary Buckley and others of the Department of State have already been in consultation with Congress on this issue, and I commend the administration for their leadership and vision. I endorse the administration's view that the United States should be a reliable supplier of nuclear material. I also note the administration's commitment to preserve and strengthen the political, institutional, and technical barriers to proliferation.

In this regard, the United States must impress upon other suppliers of nuclear material that there are also reciprocal obligations to act with restraint in situations where the intent of the recipient nation is in question. Moreover, I firmly believe that the United States, with the cooperation of other nations, should more fully examine the soundness of International Atomic Energy Administration improvement of IAEA and other cooperative international programs.

Through this spirit of cooperation, the supplying nations can better insure a world based on a sound energy and security foundation. The world can ill afford to take the spread of nuclear weapons lightly. The real security cost is simply too enormous to do otherwise.

Mr. MARKEY. Mr. Speaker, will the gentleman yield?

Mr. BROOMFIELD. Reserving my right to object, I yield to the gentleman from Massachusetts (Mr. MARKEY).

Mr. MARKEY. Mr. Speaker, I thank the gentleman for yielding. I agree with the President that the spread of nuclear weapons constitutes a fundamental national security problem for the United States. But it is the aggressive nuclear commerce policy that has gotten us into this precarious global situation in the first place. For the

President to enthusiastically endorse the plutonium breeder reactor, plutonium reprocessing, and the sale of nuclear technology throughout the world, constitutes a policy that is certain to advance, rather than restrict the spread of nuclear weaponry.

It is impossible for anyone to truly endorse a policy of nonproliferation and simultaneously be in favor of hawking nuclear technology for commerical or diplomatic profit. Such technology constitutes the elements of a bomb factory which, within weeks of delivery, can supply individual countries with the atomic bomb.

The President has said he will supply nuclear material to nations which abide by the International Atomic Energy Agency safeguards. Libya and Iraq have claimed to subscribe to the IAEA safeguards. Does this mean the President is willing to deliver into the hands of Saddam Hussein or Colonel Khaddafi nuclear weapons capability that such leaders will not hesitate to use as a deadly instrument of statecraft?

The President must realize that under such a policy, the nuclear ghosts are going to rise in the night as Khaddafi, Hussein, President Zia of Pakistan, and countless others, gain their own nuclear weapons capability. This is the stuff of which Armageddon is made.

It is intellectually inconsistent to be antiproliferation and pro-spread of nuclear technology simultaneously.

I support the resolution of the gentleman from Ohio (Mr. ECKART). I think he has taken a strong progressive stand to call for a tightening up of the standard under which we spread this nuclear technology around the world. It is an absolutely indispensable first step to the beginning of the pulling away from our nuclear commitment in the world, but it must also now be followed up by other progressive steps that call for an elimination of nuclear exports from our country around the world.

I thank the gentleman for yielding.

● Mr. OTTINGER. Mr. Speaker, I rise in support of the resolution introduced by my distinguished colleague from Michigan. This resolution calls for the development and implementation of a U.S. nuclear nonproliferation policy which strengthens the barriers to the further spread of nuclear weapons.

I consider this resolution as one small step to put the House on record against the proliferation of nuclear arms, especially in the face of the dangerous, contradictory, and ambiguous nuclear arms policy which was unveiled by the administration just yesterday.

A linchpin in the administration's antiproliferation plan is a heavy reliance on the International Atomic Energy Agency to police global nuclear activities. Indeed, the administration plan seeks to have any major nuclear supply commitments put under IAEA safeguards.

At the same time, however, the Pentagon has expressed serious reservations about the effectiveness of the IAEA, according to an article which appeared in today's Wall Street Journal. According to that article, the Pentagon has complained to the National Security Council about the IAEA's "lack of an intelligence capability and the limits of its scope and jurisdiction." Indeed, we do not need a Pentagon report to reveal the IAEA's woeful inadequacies. Recent events in the Middle East have proved the IAEA's ineffectiveness beyond a shadow of a doubt.

One key element of the administation's antiproliferation policy is most disturbing: The Administration will not oppose developing breeder reactors or reprocessing nuclear fuel for commercial purposes in countries where such activities are said to pose no "proliferation risk." Breeder reactors and reprocessing and nuclear weapons simply cannot be separated. To blindly ignore this fact, as the administration is doing, can only heighten the risk of nuclear proliferation.

In light of this policy—which ranges from ambiguous to dangerous—the House must go firmly on record against the further proliferation of nuclear weapons. A dependable U.S. nonproliferation policy is essential if other nations are to believe that the United States is serious about this issue. I urge my colleagues to join me in supporting this important measure.●

Mr. BROOMFIELD. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The Clerk read the resolution, as follows:

H. RES. 177

Whereas recent international events have focused attention on the dangerous political and military implications of the spread of nuclear weapons capabilities to volatile regions of the world;

Whereas the proliferation of nuclear explosive devices or of the direct capability to manufacture or otherwise acquire such devices poses a grave threat to the security interests of the United States and to continued international progress toward world peace and development;

Whereas it is in the interests of all nations to strengthen the International Atomic Energy Agency's system of safeguards, but at the same time to recognize that safeguards are intrinsically limited for some sensitive technologies and cannot alone prevent nuclear proliferation;

Whereas all nuclear suppliers have an obligation to act decisively and responsibly to stop the spread of sensitive nuclear technologies, equipment, and materials; and

Whereas the International Atomic Energy Agency performs vital monitoring functions but is not equipped with enforcement powers or intelligence capabilities: Now, therefore, be it

Resolved, That—

(1) the President should, in consultation with the Congress, develop and implement a United States nuclear nonproliferation strategy which aggressively and creatively strengthens the political, institutional, and technical barriers to the further spread of nuclear weapons, and specifically which prescribes concrete methods for achieving restraint on the part of all nuclear suppliers;

(2) the President should strongly encourage nations which have not ratified the Treaty on the Non-Proliferation of Nuclear Weapons to do so, and should at the same time seek to strengthen the safeguards operations of the International Atomic Energy Agency;

(3) the President should work in concert with other nuclear suppliers and with the International Atomic Energy Agency to develop credible sanctions against nations which divert nuclear materials, technologies, or equipment to other than peaceful uses in violation of their obligations to the International Atomic Energy Agency or their obligations under the Treaty on the Non-Proliferation of Nuclear Weapons; and

(4) the President should fully implement the provisions of the Nuclear Non-Proliferation Act of 1978.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BROOMFIELD. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 365, nays 0, answered "present" 2, not voting 65, as follows:

[Roll No. 142]

YEAS—365

Akaka	Bonior	Conte
Alexander	Bonker	Conyers
Anderson	Bouquard	Coughlin
Andrews	Breaux	Coyne, James
Annunzio	Brinkley	Coyne, William
Anthony	Brodhead	Craig
Archer	Brooks	Crane, Daniel
Ashbrook	Broomfield	Crane, Philip
Aspin	Brown (CA)	D'Amours
Atkinson	Brown (CO)	Daniel, Dan
AuCoin	Brown (OH)	Daniel, R. W.
Bafalis	Burgener	Danielson
Bailey (MO)	Burton, John	Dannemeyer
Bailey (PA)	Burton, Phillip	Daschle
Barnard	Butler	Daub
Barnes	Byron	Davis
Beard	Campbell	de la Garza
Bedell	Carman	Dellums
Bellenson	Carney	DeNardis
Benjamin	Chappell	Derwinski
Bennett	Chappie	Dickinson
Bereuter	Cheney	Dicks
Bethune	Chisholm	Dingell
Biaggi	Clay	Donnelly
Bingham	Clinger	Dorgan
Blanchard	Coats	Dornan
Bliley	Coelho	Dougherty
Boggs	Coleman	Dowdy
Boland	Collins (TX)	Downey
Boner	Conable	Dreier

Duncan	Jones (OK)	Ratchford
Dunn	Jones (TN)	Reuss
Dwyer	Kastenmeier	Rinaldo
Dymally	Kazen	Ritter
Dyson	Kildee	Roberts (KS)
Early	Kindness	Roberts (SD)
Eckart	Kogovsek	Rodino
Edwards (AL)	Kramer	Roe
Edwards (CA)	LaFalce	Roemer
Edwards (OK)	Lagomarsino	Rogers
Emerson	Lantos	Rose
English	Leach	Rosenthal
Erdahl	Leath	Rostenkowski
Erlenborn	LeBoutillier	Roukema
Ertel	Lee	Roybal
Evans (DE)	Lehman	Rudd
Evans (IA)	Leland	Russo
Evans (IN)	Lent	Sabo
Fary	Levitas	Sawyer
Fascell	Lewis	Scheuer
Fazio	Livingston	Schneider
Fenwick	Loeffler	Schroeder
Ferraro	Long (LA)	Schulze
Fiedler	Long (MD)	Schumer
Fields	Lott	Seiberling
Findley	Lowery (CA)	Sensenbrenner
Fish	Lowry (WA)	Shamansky
Flippo	Lujan	Shannon
Foglietta	Luken	Sharp
Foley	Lungren	Shaw
Ford (TN)	Madigan	Shelby
Forsythe	Markey	Shumway
Fountain	Marks	Shuster
Fowler	Marlenee	Skeen
Frank	Marriott	Skelton
Frenzel	Martin (IL)	Smith (NE)
Frost	Martin (NC)	Smith (NJ)
Fuqua	Martin (NY)	Smith (OR)
Garcia	Matsui	Snowe
Gejdenson	Mattox	Snyder
Gephardt	Mavroules	Solarz
Gibbons	McClory	Solomon
Gilman	McCurdy	Spence
Gingrich	McDade	Stangeland
Ginn	McEwen	Stanton
Glickman	McGrath	Stark
Goldwater	McHugh	Staton
Gonzalez	McKinney	Stenholm
Gore	Mica	Stokes
Gramm	Michel	Stratton
Gray	Mikulski	Studds
Green	Miller (CA)	Stump
Gregg	Miller (OH)	Swift
Grisham	Minish	Synar
Guarini	Mitchell (NY)	Tauzin
Gunderson	Moakley	Taylor
Hagedorn	Molinari	Traxler
Hall (OH)	Montgomery	Trible
Hall, Ralph	Moore	Udall
Hall, Sam	Moorhead	Vander Jagt
Hamilton	Morrison	Vento
Hammerschmidt	Murphy	Volkmer
Hance	Myers	Walgren
Hansen (ID)	Napier	Walker
Hansen (UT)	Natcher	Wampler
Harkin	Neal	Washington
Hartnett	Nelligan	Watkins
Hatcher	Nelson	Waxman
Hawkins	Nichols	Weaver
Heckler	Nowak	Weber (MN)
Hefner	O'Brien	Weber (OH)
Hendon	Oakar	Weiss
Hertel	Oberstar	White
Hightower	Obey	Whitehurst
Hiler	Ottinger	Whitley
Hillis	Panetta	Whittaker
Hollenbeck	Parris	Whitten
Hopkins	Pashayan	Williams (MT)
Howard	Patman	Williams (OH)
Hoyer	Patterson	Wilson
Hubbard	Pease	Wolf
Huckaby	Pepper	Wolpe
Hughes	Perkins	Wortley
Hunter	Petri	Wright
Hutto	Peyser	Wyden
Hyde	Pickle	Wylie
Ireland	Porter	Yates
Jacobs	Price	Yatron
Jeffords	Pritchard	Young (AK)
Jeffries	Pursell	Young (MO)
Jenkins	Railsback	Zablocki
Johnston	Rangel	

ANSWERED "PRESENT"—2

McDonald Paul

NOT VOTING—65

Addabbo	Florio	Quillen
Albosta	Ford (MI)	Rahall
Applegate	Gaydos	Regula
Badham	Goodling	Rhodes
Benedict	Gradison	Richmond
Bevill	Heftel	Robinson
Bolling	Holland	Roth
Bowen	Holt	Rousselot
Broyhill	Horton	Santini
Clausen	Jones (NC)	Savage
Collins (IL)	Kemp	Siljander
Corcoran	Latta	Simon
Cotter	Lundine	Smith (AL)
Courter	Mazzoli	Smith (IA)
Crockett	McCloskey	St Germain
Deckard	McCollum	Tauke
Derrick	Mineta	Thomas
Dixon	Mitchell (MD)	Winn
Edgar	Moffett	Wirth
Emery	Mollohan	Young (FL)
Evans (GA)	Motti	Zeferetti
Fithian	Murtha	

□ 1130

Mr. ERTEL changed his vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the resolution just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

A NET TAX INCREASE?

(Mr. MARTIN of North Carolina asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MARTIN of North Carolina. Mr. Speaker, I notice that of 11 Members giving 1-minute issue speeches from the majority side, not one stated their opposition to President Reagan's proposal to give tax relief to the people and revitalize our economy. Apparently, they realize that the people want relief from rising taxes and high inflation. Yet the Ways and Means majority, packed, stacked, and instructed, continues to disregard this while scrambling to create more special interest sweeteners. What are they thinking of? Do they not realize that at least a 25-percent tax cut over 3 years is essential to keep taxes from rising? In other words, that will barely offset and neutralize the 23-percent real increase in taxes that will otherwise be loaded on the people. Because of inflation, and the resulting bracket creep, income taxes have risen 249 percent over the last 10 years, and will rise 23 percent faster than inflation over the next 3 years. So, in truth, anything less than President Reagan has proposed would be no tax cut at all. That is why, Mr. Speaker, anything less than 23-percent tax cut over the next 3 years will result in a net tax increase. That means that anyone voting for less than 23-percent tax cut over 3 years will in truth be voting for another automatic tax increase.

I want to take this time to allow the gentleman from California (Mr. DANNEMEYER) the courtesy of this House to respond to the earlier friendly disparagement from our other colleague from that same State who then declined to permit a timely response.

I yield to the gentleman from California (Mr. DANNEMEYER).

Mr. DANNEMEYER. Mr. Speaker, I thank the gentleman for yielding.

My good friend and colleague from California (Mr. JOHN L. BURTON) made some statements earlier this morning on the floor which prompt me to take this opportunity to respond to what my distinguished colleague said.

The gentleman shed, in effect, along with others this morning, some crocodile tears of concern on the basis that some in our society are going to have a reduction, allegedly, of social security benefits. Everybody who studies the issue knows that any person in our society who is in need is eligible for SSI benefits. There is nobody in this country who is going to suffer because of need as a result of the programs of this Congress. But the gentleman also said something else. The gentleman said I used to be a Democrat, having served in the legislature in California. That is true. In 1967, I saw the error of my ways and changed my registration. Wisdom should not be disregarded merely because it comes at midpoint in life.

But let me tell the Members why I changed parties: We have two great parties in this country, the party of redistribution of wealth, Democrat, and the party of development of wealth, Republican. The redistributionists have run this country for the last generation almost into the ground. I tell you the American people have figures out that the philosophy of tax, spend, and elect, the drumbeat of Democrats, which has run the country for the last generation has produced high inflation, high taxes, and declining national and individual wealth.

In November 1980 the people voted for a change and we Republicans have a mandate to provide it. We will lower taxes, lower spending, decrease inflation, and broaden economic opportunity for all Americans.

ONE-MINUTE SPEECHES—A SIGNIFICANT NUMBER

(Mr. BOLAND asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BOLAND. Mr. Speaker, I asked for this 1 minute only for the purpose of asking whether or not there are any more 1-minute speeches. I counted the 1-minute speeches this morning. There were 47. This is a record, I think. When I bring an appropriations bill to the floor on Friday, again, the Members will know about it. Friday is a happy day because we get out of here early. I hope we can finish this bill by 2 o'clock this afternoon, an hour before the regular adjournment. We will make an effort to do so if we can get cooperation from everybody on both sides of the aisle with reference to some of the amendments that will be offered.

I will do my best. I ask the Members to give me a hand. We can finish it by 2 o'clock.

□ 1140

GENERAL LEAVE

Mr. BOLAND. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 4034, the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1982.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT-INDEPENDENT AGENCIES APPROPRIATION ACT, 1982

Mr. BOLAND. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 4034) making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1982, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Massachusetts (Mr. BOLAND).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 4034, with Mr. LEVITAS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on Friday, July 10, 1981, all time for general debate had expired.

The Clerk will read.

The Clerk read as follows:

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

The amount of contracts for annual contributions, not otherwise provided for, as authorized by section 5 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437c), and heretofore approved in annual appropriation Acts, is increased by $1,012,548,250 of which $75,000,000 shall be for the modernization of existing low-income housing projects: *Provided,* That budget authority obligated under such contracts shall be increased above amounts heretofore provided in annual appropriation Acts by $20,445,781,500: *Provided further,* That any balances of authorities remaining at the end of fiscal year 1981 shall be added to and merged with the authority provided herein and made subject only to terms and conditions of law applicable to authorizations becoming available in fiscal year 1982, except that $15,000,000 of contract authority for modernization of existing low-income housing projects and $300,000,000 of budget authority which were deferred from obligation in the Supplemental Appropriations and Rescission Act, 1981, Public Law 97-12, shall be available after September 30, 1981, in accordance with the Department of Housing and Urban Development—Independent Agencies Appropriation Act, 1981, Public Law 96-526.

AMENDMENT OFFERED BY MR. COUGHLIN

Mr. COUGHLIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COUGHLIN: On page 2, line 13, strike "$1,012,548,250" and insert in lieu thereof "$987,436,250 of which $18,834,000 shall be for assistance in financing the development or acquisition cost of low-income housing for Indian families as authorized by section 5(c) of the aforementioned Act and".

On page 2, line 17, strike "$20,445,781,500" and insert in lieu thereof "$19,742,645,500".

Mr. COUGHLIN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. COUGHLIN. Mr. Chairman, this is a very simple amendment, one which I understand has been agreed to by the distinguished chairman of the subcommittee. It would simply return the funding for assisted housing to the level of the original budget request, while at the same time reserving 3,000 units for Indian housing, an increase over the level of last year.

Mr. Chairman, these are all very expensive programs, as we all know, particularly Indian housing, which has increased from some $22,000 a unit in 1972 to $68,000 a unit in 1980. It is estimated that that will go to $73,000 in 1981 and to $79,000 per unit in 1982.

There are a number of units in the pipeline, and this would simply make some slight reduction in the number of units for Indian housing that are reserved and at the same time return the funding for all assisted housing to the budget levels.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. COUGHLIN. I am delighted to yield to the subcommittee chairman.

Mr. BOLAND. Mr. Chairman, in response to my good friend, the gentleman from Pennsylvania (Mr. COUGHLIN), a member of this subcommittee and, up until this Congress, the ranking minority member of the subcommittee, I will say that I am not going to oppose the amendment. In effect what he does is return the program to the estimated 175,000-unit level that was in the administration's request.

The administration did not request any funds for Indian housing. As a matter of fact, it reduced the request for Indian housing from 4,000 units requested by the previous administration to zero. That was a position that this subcommittee did not believe it should take and did not care to take.

Mr. Chairman, I am willing to accept the amendment, provided we earmark within the funds provided 3,000 units for Indian housing. On that basis I am willing to accept the gentleman's amendment.

Mr. SABO. Mr. Chairman, will the gentleman yield?

Mr. COUGHLIN. I yield to the gentleman from Minnesota.

Mr. SABO. Mr. Chairman, the Federal Government of the United States has a unique relationship with the American Indian, a relationship that entails a unique responsibility, guaranteed through treaties and legislation, to all Indian people. One must wonder however, upon examination of Indians in America today, about the effectiveness of the Federal Government. The sad facts are that Indians have the shortest lifespan, the worst health conditions, the highest levels of unemployment, poverty, and suicide in the United States, and by far the poorest housing in the country. These conditions exist for the one group of people with which the Federal Government has established a special trust relationship.

Effectiveness aside, the willingness on the part of the Federal Government to carry out its special trust responsibilities has been sporadic at best. At times, targeted funding and separate programs have been established, in recognition of Indians as a unique American ethnic group.

At other times, the Federal Government has expected the Native American to compete on an equal footing with other minority and low-income groups for participation in Federal programs.

Regarding housing for Indians—certain factors exist which make that competition for Federal moneys or services less than equitable, and mandates targeted funds for Indian housing. Indian housing periodically entails confusing land ownership and

physical jurisdiction problems, as well as conflicting Federal policy. Reservation housing for Indians often is in remote rural areas, and requires road access and utility acquisition, problems non-Indian public housing does not face.

Fiscal austerity and budget cuts do not change the responsibility of the Federal Government. The fact remains that the Federal Government has a unique legal relationship governing Indian landownership, taxation, education, wilderness use, and yes, housing.

When I was a State legislator, it was a source of continuing irritation to me that the Federal Government bypassed the State in relating to Indians. While it dictated how we could tax them, educate them, and deal with their lands, it would not provide enough housing.

In the State of Minnesota, we spent substantial sums of money on Indian housing programs, even though I believed it was a Federal responsibility. The dire need for Indian housing left my State no choice. Now I find myself working on the Federal level, and I am still dismayed at the failure of the Federal Government to live up to its trust relationship.

Housing conditions for the Native American today are deplorable. Twelve percent of all Americans live in substandard housing, while 49 percent, nearly half, of all Indians live in substandard housing. Less than 2 percent of all Americans live in overcrowded housing. Overcrowded housing exists for 27.6 percent of all Indians. All indications suggest that Indian housing needs will increase in the near future.

Fiscal accountability and budget restraint are goals for which we are all striving. All the same time, we must approach these goals with justice, equity, and a sense of responsibility for the truly needy.

It is fact that Indian people suffer the worst housing conditions in America. It is fact that the Federal Government has a unique responsibility, a legal duty, to provide for Indian people. These facts cannot be ignored.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. COUGHLIN. I yield to the distinguished ranking minority Member.

Mr. GREEN. Mr. Chairman, I think the House should be aware that there has been something of a backlog in the Indian housing program partly because of the need of supplying water and sewer facilities in most cases. Frankly, it has been something of a catch-22 situation, and I understand the frustrations of those interested in Indian housing. On the one hand, the Interior Subcommittee is reluctant to appropriate funds for water and sewer facilities without knowing that the housing appropriation is in place. Similarly, our subcommittee has been reluctant to appropriate the funds for housing without knowing whether we are going to have the water and sewer lines to accompany them.

I hope there will be greater cooperation in the future between HUD and the Department of the Interior, and that this program can move forward more rapidly than it has in the past.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. COUGHLIN. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Chairman, the gentleman from New York (Mr. GREEN) indicated that the Interior Subcommittee of the Appropriations Committee was reluctant to provide the funds for sanitation for these units. That is certainly not true, because we do it every year and we do it over the budget.

For some strange reason, the budget never makes provision for sanitation facilities for the housing units whose building is under discussion now. We have to do it, and we do it. We request appropriations for that because if we do not do it, the houses that are built will be only empty shells and not usable. The point is that we do it. We only wish you had included the funds for sanitation in the funds you included in this bill as a part for building the houses themselves.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. COUGHLIN. I am happy to yield to the distinguished ranking minority Member.

Mr. GREEN. Mr. Chairman, I certainly did not want to suggest to the distinguished chairman of the Interior Subcommittee that because the HUD Subcommittee had provided for the Indian housing units, his subcommittee had been remiss in providing the funds necessary for the water and sewer lines. I had simply been suggesting that from our perspective we are reluctant to appropriate funds for Indian housing when we do not see any water and sewer lines there, and the gentleman from Illinois is naturally reluctant when he does not see any housing funds there.

Mr. Chairman, I am hopeful that with these funds for Indian housing we can resolve the problem.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. COUGHLIN) has expired.

(By unanimous consent, Mr. COUGHLIN was allowed to proceed for 2 additional minutes.)

Mr. GONZALEZ. Mr. Chairman, will the gentleman yield?

Mr. COUGHLIN. I yield to the gentleman from Texas.

Mr. GONZALEZ. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, first I want to say that it is good to see that the record shows that we are insuring these funds. I am very glad too that the gentleman and the subcommittee chairman have pointed out and underlined the importance of keeping some funding here, because there is no such thing as maintaining the pipeline in Indian housing unless we actually do it.

That is the idea, that you can refuse these funds, as was first recommended by the administration, and that is why I am glad we are clarifying the situation.

Even though the amendment reduces the budget request by the administration, we are still stressing the fact that we are still maintaining some funding in the Indian housing pipeline. I would prefer keeping the program at its present level rather than cutting it. This amendment will preserve the program but cut it in half.

I am also pleased that this tandem arrangement with the Department of the Interior was clarified, because that has been the problem. The poor Indian has been not only very much neglected but we have backed off on our commitments, and it has only been of 3 years' duration that we have really gone into an Indian housing program from the standpoint of the housing authorization legislation. So I am delighted that we have stressed that. I just want to make sure that I understand it correctly.

□ 1150

The funding that the gentleman is more or less indicating he wants earmarked for the purposes of Indian housing will be over and above that which is necessary to maintain the pipeline as it is now.

Mr. COUGHLIN. There are sufficient funds earmarked in the amendment to provide for 3,000 additional new units of Indian housing.

Mr. GONZALEZ. I thank the gentleman.

Mr. YOUNG of Alaska. Mr. Chairman, will the gentleman yield?

Mr. COUGHLIN. I yield to the gentleman from Alaska.

Mr. YOUNG of Alaska. I thank the gentleman for yielding.

I want to compliment the gentleman on his amendment and strongly support it. As long as the gentleman from Montana (Mr. WILLIAMS) will be speaking on it later and we all work in tandem on what the gentleman is seeking in the Indian housing program. I do compliment the gentleman for his efforts.

Mr. WILLIAMS of Montana. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to express my concern regarding the Coughlin amendment to the HUD appropriations bill (H.R. 4034) agreed to by voice vote during consideration of the federally assisted housing section.

First, I would like to commend the gentleman from Pennsylvania for a significant improvement over the administration's provision for zero housing units for American Indians and Alaskan Natives for fiscal year 1982; 3,000 units are protected, through this amendment, for housing units that will reach the actual construction stage during fiscal years 1983 and 1984.

Second, I would like to make a point regarding the Indian housing pipeline for the record. What the administration refers to as a backlog is actually a production pipeline that can accommodate twice as many units as the 3,000 units included with Mr. COUGHLIN's amendment. There are currently 17,319 HUD units in the pipeline production line. Within the next 3 months, 3,234 of these units will be constructed. This will leave a remainder of 14,085 units to be constructed at the end of this fiscal year; 5,000 of these 14,085 units will be completed by the end of fiscal year 1982. Also during fiscal year 1982, 5,000 units will begin the construction phase. The remaining 4,085 units will be ready for construction starts in fiscal year 1983. Out of the 3,000 units now included within H.R. 4034, none will be ready for actual construction starts during fiscal year 1982; under 20 percent or approximately 600 units of these 3,000 can begin in fiscal year 1983; with the majority of those 3,000 units actually being constructed in fiscal year 1984. The reason for this is not because of a backlog, but rather because of the coordination needed within three Federal agencies—the Bureau of Indian Affairs, the Department of Housing and Urban Development, and the Indian Health Services. Because of the desperate need for better housing for American Indians and Alaskan Natives, Congress has continued its support for providing better housing. Fifty percent or half of all Indian people live in substandard housing as compared to 12 percent of the rest of Americans. There is an existing need of 90,000 units that either need repair or total replacement. It is clear that 3,000 units per year is less than adequate. The pipeline can accommodate twice that many units and it is incumbent on Congress to not penalize those Americans who suffer the worst housing conditions, in our attempt to balance the budget.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. COUGHLIN).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. WILSON

Mr. WILSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WILSON: Page 3, line 5, strike out the period and insert in lieu thereof the following: ": *Provided further,* That after the date of enactment of this Act, the Secretary of Housing and Urban Development may not enter into any contract for any new or substantially rehabilitative unit pursuant to section 8 of United States Housing Act of 1937 which is to be located within the jurisdiction of a unit of States or local government which sets forth rent controls or rent stabilization on newly contructed multifamily residential property, or for any unit which becomes vacant.".

Mr. SCHUMER. Mr. Chairman, I reserve a point of order on the amendment.

Mr. GREEN. Mr. Chairman, I, too, reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from New York (Mr. SCHUMER) reserves a point of order.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. WILSON. I yield to the gentleman from New York.

Mr. BIAGGI. Mr. Chairman, I rise to join my colleagues in raising a point of order and thus opposing the pending amendment offered by my colleague from Texas (Mr. WILSON). The amendment would prohibit the use of section 8 rental housing assistance in areas with rent control.

In addition to the obvious point that this is clearly legislating in an appropriations bill—which is against House rules—it is also an attempt to circumvent the actions taken earlier this year by the Committee on Banking which during consideration of the HUD authorization bill rejected an identical amendment. Thus, the House in the passage of the budget reconciliation bill, reflected its will against this type of language.

Let me briefly address the rather specious arguments which are advanced by the proponents of this amendment. One of these is that rent control precipitates housing abandonment in our major cities. The facts speak otherwise. In a recent study made by Peter Marcuse, Division of Urban Planning, Columbia University, he cited a 1978 General Accounting Office survey of 149 large cities. A total of 113 cities said they had abandonment problems but only 6 had rent control at the time. Of the eight cities that said abandonment was a major problem only one had rent control.

I reiterate my opposition to this amendment and any others which seek to deprive Federal housing assistance to localities with rent control. Contrary to many reports, New York City is not the only place where rent control is practiced; there are almost 200 other localities across the Nation that would be affected if this amendment were to pass.

This amendment does not take into account the realities of life today in the housing market. In my home city of New York, people are forced to live in deteriorating housing—caused by neglect—and to move into other rental housing is difficult if not impossible with a citywide vacancy rate of less than 3 percent. Let me add that rents in rent-controlled apartments do increase by an average of 7.5 percent per year.

If you combine the passage of this amendment with cutbacks in subsidized housing units and reductions in funds for rehabilitated housing, you present a bleak package for a place like New York City. In addition, you are intruding into the affairs of municipal governments which have the right to develop their own ordinances. On many accounts the Wilson amendment is bad public policy and should be ruled out of order or rejected outright.

Mr. WILSON. Mr. Chairman, on rent control, I became interested in this issue when I was chairman of the Subcommittee on Appropriations for the District of Columbia.

Rent control is sold as a protection for the poor. Nothing could be further from the truth. Rent control protects the middle class and the upper middle class who live on Connecticut Avenue, who live in $1,000-a-month apartments and pay $400 a month for them.

During my tenure as chairman of that committee I offered the City Council and the Mayor of the District of Columbia $20 million to institute a rent supplement program which truly does help the poor, where only 25 percent of the income for the poor can be paid, and where the rent supplement program picks up the difference. That is the only way to help the poor.

Rent control drives the poor out of the District of Columbia. I have seen estimates, and very scholarly estimates at that, that rent control costs the city of New York about half a billion dollars a year.

If the city of New York did not have rent control, in my judgment, we would not have to guarantee their bonds.

I feel very strongly about this. I fully understand that the point of order may prevail, but I would like to serve notice on the House that this issue is not going to go away, if a city is rich enough to subsidize its middle class and upper middle class through rent control, then a city is rich enough to not require title VIII low-cost housing funds.

The issue must be drawn, it must be drawn where a city council makes a clear choice of whether it wants to truly help its poor, or whether it wants to subsidize the middle class and the upper middle class, such as those in the District of Columbia who live on Connecticut Avenue.

The CHAIRMAN. Does the gentleman from New York (Mr. SCHUMER) insist on his point of order?

Mr. SCHUMER. I do, Mr. Chairman.

This amendment to the language of the amendment is in violation of clause 2 of rule XXI. The amendment is not a limitation, it is legislation on an appropriations bill. HUD is not currently authorized to make the availability of assisted housing contingent upon the jurisdiction not having rent control. It is not authorized by existing law.

So the language would impose additional duties.

It would require officials at HUD to administer the housing program to make a new determination that a jurisdiction has some form of rent control. HUD does not currently have a list and I submit that the implementation of this language would impose more than incidental duties.

The CHAIRMAN. Does the gentleman from Texas (Mr. WILSON) desire to be heard?

Mr. WILSON. No, Mr. Chairman, I will leave the matter to the Chair.

The CHAIRMAN. Does the gentleman from New York (Mr. GREEN) insist on his point of order?

Mr. GREEN. I do, Mr. Chairman.

Mr. Chairman, I would like to point out that rent control can take many forms, that it can be a limitation on developers, where some form of assistance is given by a local government to the developer in order to encourage development, such as tax abatement, or the use of municipal financing to assist the developer, and that to require HUD to dig deep into municipal laws all over the country in order to find out whether there is any such provision on the municipal statutes would indeed be a very onerous duty and plainly it is improper in an appropriation bill to impose that on HUD.

Mr. GONZALEZ. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. Mr. Chairman, in addition to the arguments so ably presented against the propriety of this amendment by the gentleman from New York, I would like to stress the fact that the thrust of this amendment is not only legislative in intent but it is an unnecessary superfluous attempt through the appropriations process to try to change fundamental authorization policy with respect to rent control.

In effect, it is a thrust against States rights and local self-determination because the net impact of the amendment and its wording is to punish those jurisdictions that happened to have voted for rent control on the local option basis for having these other subsidized programs, and it certainly is more than just legislating in an appropriations bill, it is also attempting to change fundamental legislative policy.

The CHAIRMAN. Does the gentleman from Texas (Mr. WILSON) wish to be heard?

Mr. WILSON. Mr. Chairman, I would like to say that I recognize the problem of legislating on an appropriations bill, it would not have been necessary to go this route had it not been that the reconciliation process denied us action on the authorization bill.

The CHAIRMAN. The Chair is prepared to rule.

The gentleman from New York makes the point of order that the amendment offered by the gentleman from Texas constitutes legislation on an appropriation bill.

The amendment prohibits contract authority provided in the bill for lower income housing assistance under section 8 of the Housing Act of 1937 from being used for contracts with respect to housing located within the jurisdiction of a State or political subdivision having in effect rent control or stabilization laws applicable to certain units. While it is in order on an appropriation bill to limit the use of funds, such a limitation may not require new duties or substantial new determinations by the executive branch in carrying out the limitation. For example, as cited in Deschler's Procedure, chapter 26, section 18.7, an amendment denying the use of funds for foreign assistance to any nation requiring payment above nominal and customary costs for emigration permits was held to impose additional duties of investigation and interpretation upon Federal officials and to constitute legislation. In the 96th Congress, an amendment denying funds to the Nuclear Regulatory Commission to issue an operating license in any State which did not have an emergency evacuation plan which had been tested was held to impose the new affirmative duty on executive officials to make new determinations not required by law relative to State plans (Chairman Sharp, June 18, 1979). In the opinion of the Chair, the amendment proposed by the gentleman from Texas would require substantial new determinations as to the status of individual State and local laws across the Nation and as to whether those laws could be interpreted to provide rent control and rent stabilization.

For the reasons stated, the Chair sustains the point of order.

The Clerk will read.

The Clerk read as follows:

HOUSING PAYMENTS

For the payment of annual contributions, not otherwise provided for, in accordance with section 5 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437c); for payments authorized by title IV of the Housing Act of 1950, as amended (12 U.S.C. 1749 et seq.); for rent supplement payments authorized by section 101 of the Housing and Urban Development Act of 1965, as amended (12 U.S.C. 1701s); and for payments as authorized by sections 235 and 236 of the National Housing Act, as amended (12 U.S.C. 1715z, 1715z-1), $8,759,000,000.

□ 1200

Mr. MONTGOMERY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I will not take the 5 minutes. I only take this time to commend the chairman of the subcommittee, the gentleman from Massachusetts (Mr. BOLAND), and the ranking minority member of the subcommittee, the gentleman from New York (Mr. GREEN) and other members of the subcommittee for being very, very fair to the veterans and their dependents.

There is adequate funding in this independent part of the bill to cover what is needed by the veterans. I wanted to extend thanks again to the chairman.

Also, I would like to say to the chairman that he made a call to the Director of the OMB, the Office of Management and Budget, on a personnel matter in the medical facilities. That call was successful. It did not cost more money. I want to thank the chairman for making that extra effort.

Mr. Chairman, I rise in support of H.R. 4034, the fiscal year 1982 HUD/independent agencies appropriations bill. I want to compliment the very able and distinguished chairman of the full committee, Mr. WHITTEN, and the chairman of the subcommittee, Mr. BOLAND, and Mr. GREEN ranking member on minority side. I, and members of my staff, work very closely with the distinguished gentlemen from Massachusetts and New York, and Dick Malow, Paul Thomson, and Del Davis of his staff, concerning matters relating to veterans benefits and services. Mr. Chairman, the staff of the HUD/Independent Agencies Subcommittee is among the very best in the House.

Members of the Committee on Veterans' Affairs appreciate the tremendous amount of work devoted to this bill by all members of the committee. The funding levels contained in the bill for our Nation's veterans are considerably higher than those proposed earlier this year in the budget adjustments sent to Congress. Personnel reductions of more than 5,000 staff years were proposed for the Department of Medicine and Surgery's medical care and medical and prosthetic research programs. The Committee on Veterans' Affairs strongly objected to the proposed reduction, and through the efforts of many individuals, funds were added back in the first congressional budget resolution to restore those cuts. Members will recall that the proposed reductions were to be made between June 1 and September 30 in order to reach the personnel level by the first day of the new fiscal year. In personal meetings with the Director of the Office of Management and Budget, our former distinguished

colleague, Mr. David Stockman, we were able to delay the proposed personnel reductions until Congress worked its will. I am pleased to note that Chairman BOLAND and his subcommittee have restored funds totaling $330,054,000 and 5,181 staff years to offset the administration's proposed reductions. This is very good news for our Nation's veterans.

My colleagues should also take note that $4 million is included in H.R. 4034 to begin to implement the Ray Roberts' scholarship program authorized by the Veterans' Administration Health Care Personnel Act of 1980 (Public Law 96-330). Last year, the distinguished former chairman of the Committee on Veterans' Affairs, Ray Roberts, successfully steered through the Congress a scholarship program for physicians and nurses for the benefit of students who will commit themselves to an obligated period of service with the VA following completion of medical or nursing school. There are several hundred beds currently vacant in the VA hospital system due to a critical shortage of nurses. With this $4 million, the Chief Medical Director will begin to implement the Ray Roberts' scholarship program in order to attract more of these essential employees into the VA medical system.

The bill contains an increase of $1,716,000 in the medical care account, the amount necessary to treat 200 additional patients in community nursing homes.

The bill provides the funding level necessary to continue the Operation Outreach program for Vietnam veterans, a program which the Committee on Veterans' Affairs, and this House, has extended for 3 more years.

In its report accompanying the bill, the Appropriations Committee, in concert with the Veterans' Affairs Committee, has expressed concern for veterans who may have been exposed to agent orange or other herbicides or defoliants used in Vietnam.

Mr. Chairman, the medical and prosthetic research funding level in the reported bill will put the research programs being conducted by the VA at the highest level ever. The committee has added $8 million to the President's budget request for this purpose.

State approving agencies, which play a vital role in the administration of educational benefits to veterans and eligible dependents under chapter 34 and 35 of title 38, United States Code, have been concerned with the proposed reduction contained in the administration budget request. States should take note that $6,390,000 has been restored for a total program level of $14,500,000 for fiscal year 1982. The national legislative director for State approving agencies, my good friend, Marvin Busbee, has assured me this amount is sufficient for the States to carry out their responsibilities for the coming fiscal year.

Finally, Mr. Chairman, my colleagues should take note of $49,294,000 and 1,890 staff years restored to VA's budget, mostly for the Department of Veterans' Benefits. My colleagues will recall that earlier this year, the administration planned to consolidate most loan guaranty and adjudicative functions of the 58 regional offices to a centralized location. Such a move would have eventually involved the transfer of some 12,000 DVB personnel, and substantial reductions in total DVB personnel. Our committee strongly objected to this, and I am glad to note that the Appropriations Committee has added back 1,679 staff years for the Department of Veterans' Benefits, which means the proposed consolidation will not take place.

I wish to point out one part of the bill to which I must express my opposition. I am very much opposed to section 414 of H.R. 4034 which would require that no part of the appropriation "shall be available for the payment of overtime for positions carried in the General Schedule at a level higher than GS-9". I hope this provision is not included in the bill to be enacted by the other body. This limitation will, in my view, create substantial delays in the processing of applications for veterans' benefits and services by the Department of Veterans' Benefits because much overtime work is required in order to process such claims on a timely basis due to a shortage of full-time personnel. In addition, I am informed that this limitation will have a most adverse impact on the operation of pharmacies located in VA hospitals, and in the processing of prescriptions through such pharmacies. Already, there are tremendous waiting periods for the filling and mailing of prescriptions and this provision can only extend the waiting time and inconvenience for thousands of veterans.

Nothwithstanding this one provision, however, on balance, Mr. Chairman, this is one of the best appropriations bills for veterans that we have had in many years and again, I want to convey my most sincere appreciation to my distinguished colleague, the Chairman of the full committee, the Honorable JAMIE WHITTEN; the very able ranking minority member of the full committee, SILVIO CONTE; the distinguished chairman of the subcommittee, EDDIE BOLAND; and the capable ranking minority member of the subcommittee, BILL GREEN of New York. This past weekend, I addressed the members of the Disabled American Veterans at their annual convention in Miami and told them what an outstanding job the Appropriations Committee has done to make certain that our commitment to veterans, especially those who suffer from service-connected disabilities, remains our highest priority.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. MONTGOMERY. Yes; I yield.

Mr. BOLAND. Mr. Chairman, I thank the gentleman from Mississippi for his remarks and, of course, his remarks extend not only to myself, but to the ranking minority member of the subcommittee, the gentleman from New York (Mr. GREEN) and all the other members of the subcommittee.

As the gentleman well knows, because of his persuasive ability we have been able to work very closely with the Veterans' Affairs Committee. I think that the goals toward which that committee is traveling and we are traveling and now the administration is traveling are going to do a lot for the veterans and for veterans' services.

I want to commend the gentleman's committee, and particularly the gentleman from Mississippi (Mr. MONTGOMERY) for the part that he has played in resolving some of the problems we have had with the Office of Management and Budget.

I might say that Mr. Stockman was cooperative. He deserves the commendation of all of us for his position with respect to personnel in medical areas.

Mr. MONTGOMERY. Well, I thank the chairman.

I would also like to mention that what we requested and what the gentleman has done is within the budget resolution and the staff, Dick Malow, Paul Thomson, Del Davis, and others, who have been very cooperative with our committee and staff.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. MONTGOMERY. I yield to the minority member.

Mr. GREEN. Mr. Chairman, I want to thank the gentleman for his kind words about the work of the committee. I think the gentleman's strong leadership on behalf of veterans has been an inspiration to the committee. The gentleman has been extremely helpful in seeing that everyone in this House recognizes the problems that we face in the veterans area, particularly in terms of the personnel and medical facilities and needs of Vietnam veterans.

I thank the gentleman for his words of wisdom.

Mr. MONTGOMERY. Well, I thank the gentleman from New York for his kind remarks.

I also would like to express appreciation to the gentleman from New York for visiting the New York medical facilities in his community and in his State. The veterans appreciated very much the gentleman going to those hospitals and taking a look at them.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

POLICY DEVELOPMENT AND RESEARCH

RESEARCH AND TECHNOLOGY

For contracts, grants, and necessary expenses of programs of research and studies relating to housing and urban problems, not otherwise provided for, as authorized by title V of the Housing and Urban Development Act of 1970, as amended (12 U.S.C. 1701z-1 et seq.), including carrying out the functions of the Secretary under section 1(a)(1)(i) of Reorganization Plan No. 2 of 1968, $30,000,000, to remain available until September 30, 1983.

AMENDMENT OFFERED BY MR. BEARD

Mr. BEARD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BEARD: Page 11, line 11, after Reorganization Plan No. 2 of 1968, strike out $30,000,000. and insert "$10,000,000".

Mr. BEARD. Mr. Speaker, my amendment would cut $20 million from the committee's appropriation of $30 million for the Office of Policy Development and Research of the Department of Housing and Urban Development. Even though the committee has recommended an amount 25 percent less than the 1981 appropriation, I believe that there is a lot more room for cutting. This office has been greatly overfunded recently.

As proof, look at their spending practices in each of the last 2 fiscal years. In fiscal year 1979, they incurred 23 percent of their total fiscal year obligations in the last week of the year.

In fiscal year 1980, they incurred over one-third of their total yearly obligations in the final months, including 17 percent in the final week.

These figures come from the committee's own report. These facts make it clear that this is an office that gives out huge amounts of money, based not only on need, but in order to justify their own budget.

One might begin by asking, why do we need to spend $20 million or $30 million to develop policy? I thought policy was supposed to be set by the elected, appointed, and career officials of HUD, for which we already spend millions of dollars.

This office exists primarily to give out grants. I have here a list of all the grants currently in effect from this office. This large, thick manual here represents the grants given out from this office. I would like to highlight just a few chosen at random to show how this office is spending the taxpayers' money.

Here is one for $115,000 to a consultant to perform tasks which HUD has not even determined yet.

There is one to develop a national standard for the installation and site design of mobile home parks.

Now, I ask, do we really need a uniform national standard for mobile home parks?

There is one for $94,000 to develop a homeowners' maintenance manual. It seems to me this is something that private industry, rather than the Federal Government, could do.

There is a similar grant to develop a manual for "Earth Sheltered Housing."

There is a grant for $127,000 to demonstrate the building code regulations. Many, no doubt, developed through HUD itself through another grant from this office are expensive and more costly than the benefits they produce. Do we have to spend $127,000 to find that out?

Now, one of the favorites on grants that they have spent for in the past is $139,000 to the Bureau of Social Science Research to conduct a study on just how upset people get when they have to fill out Government forms which ask the same questions repeatedly; $139,000 of taxpayers' money to study something that commonsense would tell anyone in a second.

There is a grant to support a planning conference for neighborhood oriented researchers, whatever they are.

There is almost half a million dollars to some consultant to put on three regional conferences. This sounds to me like some type of Government-funded junket.

Another grant, $150,000 worth to put on a series of workshops.

Now, HUD seems very generous in giving out money for meetings, conferences, and workshops.

Then finally also we have $100,000 to develop a water use manual.

One of my favorites was a grant that was given out by this agency to the Municipal Arts Society of New York to distribute a movie which says, "graphically depicts how and why and where people make use of public places in a city."

Now, I would not want to speculate exactly which places this movie shows people using; but a grant to go to depict in a movie how, why, and where people make use of public places in a city, this is none of the business of the Federal Government.

Now, I am not saying there is not some justification for HUD giving out some money for research grants in the area of public housing.

□ 1210

But I believe that $10 million is more than enough given the type of grants which I have just detailed. Let me assure my colleagues there are many more highly questionable grants in this package that I have with me today. So the fact is that much of this type of Federal grantsmanship is to me the epitome of the social pork barrel.

I feel the people of this country, the taxpayers of this country are sick of this type of frivolous spending, and I am, too. I hope that my colleagues will support my amendment.

Mr. PARRIS. Mr. Chairman, will the gentleman yield?

Mr. BEARD. I yield to the gentleman from Virginia.

Mr. PARRIS. I congratulate the gentleman on his interest on this problem. I submit to him that in the Housing Subcommittee of the Banking Committee the appropriation for this purpose for this Office of Policy, Development and Research was reduced initially from $35 million to $30 million. My amendment of reducing that appropriation by one-half, to $17,500,000 which very frankly was an arbitrary number, was rejected by the majority.

But the reduction to $10 million I rise to support, and I congratulate the gentleman on his initiative in this regard.

Let me just add to the horror stories he has previously recounted. There is an $11 million ongoing research grant awarded to the University of Pennsylvania to produce a written report on rehabilitation programs in six cities. The report is 1 year late and the preliminary report is considered a total waste.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

(By unanimous consent Mr. BEARD was allowed to proceed for 3 additional minutes.)

Mr. BEARD. I yield to the gentleman from Virginia.

Mr. PARRIS. The report on rehabilitation has cost almost as much as the amount of money spent by HUD initially in the six cities to which the report addresses itself.

There is a $15,000 grant for the purchase of a one-half page ad in the National Organization for Women's 1979 Conference program book. Is it a legitimate use of taxpayers' funds for a Federal agency to buy an ad in anybody's program? I submit that it is not.

There is a $64,878 grant to the Urban Institute to create a report which examines all of the research projects being undertaken by the same institute for HUD already. The institute is getting paid $65,000 to write a report to find out what it is already being funded to do.

There is a $32,011 grant to the Conference Board for a regional meeting. The Conference Board consists of many of America's wealthiest corporations.

There is a $570,000 grant for the Housing Assistance Council for salaries and administrative support. Some of these funds have been used to lobby in this Congress in favor of the subsidized housing programs.

There is a $92,000 grant to the National Association of Home Builders to survey its numbers and to obtain complete data on the homebuilding indus-

try. I think the homebuilders can and should pay for their own report.

There is $130,014 granted to MIT-Harvard to study relationships of population age groups and housing needs. Would my colleagues believe they determined that younger families need larger houses than senior citizens?

In the list read by the gentleman from Tennessee (Mr. BEARD) when he referred to the study on "Earth-Sheltered Housing," that sounds suspiciously much to me like the definition of a cave. People have been living in caves for 10,000 years. Why should HUD spend that kind of money to review that subject?

Let me refer my colleagues to the real punchline. There is an expenditure of $4.8 million spent on the urban observatory program. Much of the money was spent on half-baked public opinion telephone surveys to produce such magnificent studies as "The Supply and Demand for Small Boats and Associated Services in Northeastern New Jersey," a survey of the local marinas and boat manufacturers which indicated, surprisingly, that "There exists a large demand for recreational boat facilities."

What would my colleagues expect the boat manufacturers to say about the need for additional boats in the first place?

Mr. DICKS. Mr. Chairman, will the gentleman yield?

Mr. BEARD. Certainly I yield to the gentleman from Washington.

Mr. DICKS. I want to commend both of the gentlemen for their diligence. I am just surprised, in light of this report, that the Reagan administration requested $35 million for this program. I am just curious. Could the gentleman explain that to me?

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

(By unanimous consent Mr. BEARD was allowed to proceed for 2 additional minutes.)

Mr. BEARD. I would like to respond to that by saying I am equally surprised. But I feel that they probably have not had the opportunity or the time to just find out how wasteful this program is. I think they were negligent in not asking for a further reduction.

Mr. DICKS. After 6 months, I would assume with their concern about waste, fraud, and abuse that these kinds of grants would not occur in the future.

Mr. BEARD. I would be the first to agree with the gentleman. I think they have dropped the ball, without any question. I certainly am hoping to bring it to their attention through this amendment.

Mr. DICKS. I think this will certainly get their attention.

Mr. BEARD. And I thank the gentleman.

Mr. DICKS. This kind of diligence is what the American people expect.

Mr. BEARD. Am I to assume that this gentleman is going to support my amendment?

Mr. DICKS. I am going to give it very thorough consideration; particularly if it can be modified to provide an adequate level of funding to take care of the priority concerns of the agency.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. BEARD. Certainly.

Mr. VOLKMER. I, too, wish to commend the gentleman for the work that has been done on this. I can well remember in the past several years we had a Member here, who is no longer a Member, that was very interested in the abuse or the waste that had gone on not only in HUD, but in DOE and DOD, by the way, on consultants and the types of studies that have been done at the taxpayers' expense, and the amount that had been put out at the end of the year, in August, in September, on total budgets.

I commended the gentleman for this, and I am going to support the amendment. I just hope the gentleman, when it comes time, maybe a study next year, I hope by then on DOD and DOE and the others, the Department of Labor and others, and that we could continue to cut down. I agree with the gentleman that this is very wasteful spending. I think the gentleman says, as I say that there are good studies, they are not all bad studies, and there are legitimate studies, but there have been abuses in the past and very much waste.

I commend the gentleman.

Mr. BEARD. I thank the gentleman for his well-founded remarks.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

(At the request of Mr. TRAXLER and by unanimous consent, Mr. BEARD was allowed to proceed for 2 additional minutes.)

Mr. TRAXLER. Mr. Chairman, will the gentleman yield to me?

Mr. BEARD. I yield to the gentleman from Michigan (Mr. TRAXLER).

Mr. TRAXLER. I hope the gentleman will appreciate the difficult position he is putting us in because I made certain pledges to several constituents that I would support the President's budget. He asked for $35 million in this particular category of P.D. & I. We cut it to $30 million. The gentleman, as I recall, in his amendment wants to reduce it a further $10 million.

Mr. BEARD. $20 million, down to $10 million.

Mr. TRAXLER. There is probably some merit, let me say, to what the gentleman is talking about in the respective studies he alludes to, and unfortunately we do not have access immediately to those studies. But I do want to say to the gentleman I do have a concern over the earth-sheltered housing study. Earth-sheltered housing is probably the most energy-efficient housing we can construct. Unfortunately, we do not have enough technical data about the type of earth-sheltering construction that really optimizes that type housing. Maybe after the merger of Conoco we will all want earth-sheltered housing because none of us will be able to afford to heat a home in the United States.

I want to point out that I am sure the gentleman is correct in many instances in the particular statement he has made, but I have some reservations on earth-sheltered housing. I do hope that what they are doing is to collect valuable data that can be made available to the owners and prospective homeowners who would see this option as a possible essential part of our energy conservation effort.

I think the gentleman is to be commended for his efforts, incidentally.

Mr. BEARD. I appreciate the gentleman's remarks. I understand the sensitivity to earth-sheltered housing and the gentleman's remarks as to putting him on the spot and his pledge back home that he was going to support the President's budget.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

(At the request of Mr. PARRIS and by unanimous consent Mr. BEARD was allowed to proceed for 2 additional minutes.)

Mr. PARRIS. Mr. Chairman, will the gentleman yield?

Mr. BEARD. Certainly I yield to the gentleman from Virginia (Mr. PARRIS).

□ 1220

Mr. PARRIS. I appreciate the gentleman's yielding.

Mr. Chairman, the argument is often made that the need for research expenditures for 1982 in this proposal is expanding due to the numerous congressional-mandated studies, Presidential commissions on housing, and the like.

I think, very frankly, Mr. Chairman, there is merit to that suggestion. We in the Congress lay on the requirements for administrative studies, and that sort of thing, which consumes much of the time and attention of the various Federal agencies; but, very frankly, I hope that this colloquy and the attention that has been drawn to this problem, particularly by the gentleman from Tennessee this morning, will tend to motivate the Department to prioritize the use of funds away from wasteful, inefficient, academic research, and toward more practical housing and community development needs.

Mr. BEARD. Mr. Chairman, let me just close by reemphasizing in the committee's own report that it states the Office of Policy Development and Research incurred 23 percent of its total 1979 obligations in the last week of the fiscal year.

In 1980, obligations totaled 35 percent in September, including 17 percent in the last week of the year.

So I feel that is a very major point in showing that the grants in many cases that were given out were not well thought out and that this budget definitely can stand a $20 million cut.

So I would hope that the House would see fit to support my amendment.

Mr. BOLAND. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I recognize the concern of my distinguished friend, the gentleman from Tennessee (Mr. BEARD), concerning this particular item, and also the gentleman from Virginia (Mr. PARRIS). I think they make some good points.

Let me observe that over the years the policy development and research budget in the Department of Housing and Urban Development has been reduced because of the actions of this committee.

I am looking at a 10-year appropriation history. The appropriations at one time were as high as $65 million. The committee's recommendation for 1982 is $30 million.

So we have done what we think has been the right thing in controlling expenditures. A lot of the grants that the gentleman from Tennessee and the gentleman from Virginia point to are grants that are hard to justify. I would agree with that. I think some of the grants are questionable. I have responses on some of the grants that were mentioned here on the floor in answer to the questions raised by the gentleman from Tennessee and the gentleman from Virginia. I am not going to read them into the RECORD, but they are there.

I would be the first to say—and I think every member on this subcommittee would say—that we do not believe that the program has been perfect. It has not been. The Carter administration requested $50 million for policy development and research for 1982. The Reagan administration revised that to $35 million. We have looked at the program. We think it ought to be reduced by $5 million. The administration still does not agree with us, incidentally. The appeal that the Department of Housing and Urban Development made at the request of the administration, included a request to the Senate to restore the $5 million.

But that is not to say that there are not some problems with research and development. We recognize that. And as the gentleman from Tennessee has said, our report draws attention to the fact that a lot of these funds are granted or disbursed in the last quarter of the fiscal year.

I might say that because some of these are grant funds, 2-year funds, that that is a possibility. We have called attention to that practice. The gentleman has called attention to that practice. The gentleman has indicated to the Department of Housing and Urban Development that he was displeased with some of the grants that are made. And this is one way, really, to get the Department to stop doing this sort of thing.

I think that the message that is being sent to the Department as a result of the position taken by the gentleman from Tennessee and the gentleman from Virginia will clear it up.

As the gentleman from Virginia has indicated, there was an effort made within the Banking, Finance and Urban Affairs Committee to reduce this item. The gentleman was not successful on it. But the gentleman made his point, and I think perhaps he got some support there.

We are doing the best we can to be sure that policy development and research within the Department is being targeted to the housing needs. And a lot of these programs are. A lot of the grants that are made—and I can read them off—to institutions and to universities are really targeted to housing needs. The object is to get information that is essential to determine what direction the Nation should travel in producing housing for the low- to moderate-income families and for those who live within a limited income. And those are important programs.

Let me just conclude by saying, before I yield to the gentleman from Ohio (Mr. STANTON), that when I first joined this subcommittee some years ago, there was no research in the Department of Housing and Urban Development. And interestingly enough, the first request for research was for $375,000, and that request was made during the Kennedy days. We provided it. And because of some of the problems that have developed in housing over the years, of course, the increase has occurred. But we have not given this Department all they have asked for. We have not done that this year. I think this committee has shown some constraint and some good judgment in the way we have handled policy development and research. That is not to say that the arguments that are being made here today by the gentleman from Virginia and the gentleman from Tennessee are not sound arguments; I think the message is being sent to them. I doubt if you will see those kinds of grants made in the future.

Mr. Chairman, I yield to the gentleman from Ohio (Mr. STANTON), the ranking Republican member on the Committee on Banking, Finance and Urban Affairs.

Mr. STANTON of Ohio. I thank the gentleman for yielding.

Mr. Chairman, I wish to support the gentleman in his opposition to this amendment. In opposing this amendment, though, I wish to compliment the author of the amendment. It is extremely timely and an extremely important amendment that the gentleman has brought to our attention.

I wish to point out just basically two things. The gentleman, the author of the amendment, is extremely fair in this regard. First of all, back 4 years ago, when President Carter was around, we had before our committee and accepted $59.7 million authorization for this particular research division.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. BOLAND) has expired.

(By unanimous consent, Mr. BOLAND was allowed to proceed for 3 additional minutes.)

Mr. STANTON of Ohio. If the gentleman will yield further, what the committee is talking about now, it is my understanding, is $30 million. Let me say to the author of the amendment what we have done in the committee. First of all, in reconciliation in the Senate, they have $35 million. We have in our committee in reconciliation a total of $25 million. We are under the President.

So, in reality, in 4 years' time we are exactly one-half of what we were 4 years ago. Every year we have brought it down. In 1980, $44 million; $39 million in 1981; $30 million in 1982. So we are moving in that direction.

Also, let me speak on two other important points. With the $30 million, where do they think the majority of the money is going? And my friend, a very valuable member of our committee, pointed this out very quickly. But much of the money this year is going to go toward the Presidential Commission on Housing. This is what the administration has pushed to answer for the committee, for the Congress and for the Nation the problems of the expense of section 8, something to replace it.

Going further, the President asked them to go beyond that in housing of all types, subsidized and nonsubsidized, private and public. And so it is an extremely important Commission. The majority of this money, it is my understanding will come from HUD—HUD will sponsor this particular Presidential Commission.

Finally, I would assure the gentleman, in the defeat of this amendment, we are not going to leave it there. What we are going to do in the reconciliation which starts Monday afternoon at 4 o'clock in our committee, I am going to assure that there is

strong, definite, positive report language, that the majority of this money, as the gentleman has so rightfully pointed out, 27 percent in the last quarter, much of it politically oriented—and I join the gentleman in being against many of those programs he mentioned—but I will assure the committee that we will address this problem in the conference and we will get at the bottom to spread this money out equally.

Mr. VOLKMER. Mr. Chairman, will the gentleman from Massachusetts yield for a question?

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. BOLAND) has again expired.

(By unanimous consent, Mr. BOLAND was allowed to proceed for 4 additional minutes.)

Mr. BOLAND. I yield to the gentleman from Missouri (Mr. VOLKMER).

Mr. VOLKMER. Mr. Chairman, the gentleman from Ohio has just mentioned the Presidential Commission on Housing, and that would use the majority—I believe the gentleman used the words "majority of the money."

Mr. STANTON of Ohio. If the gentleman will yield, I did say "the majority of the money." I did not mean to say—I said much of the money. I did say "the majority." The gentleman is right. It is not $15 million that is going to this Commission.

Mr. VOLKMER. In other words, how much will the Presidential Commission on Housing cost the taxpayers?

Mr. STANTON of Ohio. I cannot exactly answer that. All I said, in defense of this amendment from HUD and from the staff, they said this Commission this year, which has never been before, will become a vital part, and the majority of the money for this Commission will come out of this research.

Mr. VOLKMER. $15 million?

Mr. STANTON of Ohio. I have no idea, to be very honest with you.

□ 1230

Mr. BOLAND. Let me respond, if I may, to my friend, the gentleman from Missouri (Mr. VOLKMER), that the Commission is going to be a very important feature, as everyone who serves on the Banking Committee and on the Appropriations Committee recognizes. There have been some problems with housing in America. Both committees have constantly pointed to the fact that the cost of the assisted housing programs have escalated to a point where everyone is concerned.

My own guess is that that kind of study could ultimately cost $10 to $15 million. There is a necessity within the Department of Housing and Urban Development for another $15 million, which is the base or core housing studies that Department is now engaged in.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield further?

Mr. BOLAND. I yield to the gentleman form Missouri.

Mr. VOLKMER. Mr. Chairman, you and others may think this is a simplistic answer, but most of the problems with housing, whether subsidized or private or anything else today, as the gentleman knows, are the result of the high cost of building a house, acquiring land, and most importantly high interest rates.

Mr. BOLAND. That is true.

Mr. VOLKMER. Until we get the interest rates down, it does not make any difference what is going to happen on studies, in my opinion. As far as subsidized housing, the high cost of money will still be there to borrow to build subsidized housing as well as private housing.

Mr. PARRIS. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from Virginia.

Mr. PARRIS. Mr. Chairman, I want to say in support of the observation of the gentleman from Massachusetts (Mr. BOLAND) that I think he is exactly right. The subcommittee has been trending in the right direction. I congratulate him for that. I have the highest regard for the gentleman from Ohio (Mr. STANTON), the ranking minority member of my committee, but very frankly, I would like to remind all of my colleagues that this is $63.3 billion that we are talking about. That is a fair amount of country change where I come from. So I do not think a mere $20 million to stop these kinds of studies that have been utilized in the past is a terribly onerous burden to lay on the agency.

Mr. DICKS. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from Washington.

Mr. DICKS. Mr. Chairman, it seems to me when one is talking about $10 million—or whatever it is—for a Presidential Commission on Housing, that deeply offends me. I think the gentleman from Missouri (Mr. VOLKMER) is correct: We need the money for housing. I happen to come from a part of the Nation where the decline in housing is causing substantial unemployment. People in the forest products industry all over Washington State have been laid off.

This administration has proposed nothing to help housing. In fact, Mr. Volcker and Mr. Stockman have repeatedly said that housing has gotten too much of a share of our national capital—I strongly disagree with that view. I am hard pressed, under the circumstance, to see why we should not take the $10 million for research and put it into housing to provide needed housing for this country. Why fund a Presidential Commission when their policy clearly fails to do anything for housing in this country.

Mr. BOLAND. I thank the gentleman for his contribution.

Mr. GREEN. Mr. Chairman, I move to strike the requisite number of words, and I would like to join the distinguished chairman of the subcommittee in opposing this amendment.

When one gets through all the laughter that one can always find in these small grants, wherever they come from—and we all know of the Member of the other body who has the Golden Fleece Award that so often turns on things like this—I think we ought to take a look at just what this amendment does.

Essentially, what is says is that after completing the annual housing survey and the census survey for housing completions, which yield data essential to business and industry in this country, the Department will do no research, because those surveys consume more than $10 million. I think that there is a great deal of research, legitimate research, that the Department ought to be doing and is planning to do.

For example, the gentleman from Virginia (Mr. PARRIS) complains about the size of the HUD and independent agencies appropriations bill. That large size reflects the fact that these housing programs are very, very expensive. We have all been concerned about that expense. If there is a complaint in this House concerning the shrinkage of the number of units in those programs, that shrinkage has occurred because the per unit expense of the section 8 program has been making the program simply impossible to fit within the budget in anything like the quantity of units for which the program used to be funded.

I think it is appropriate that the President has appointed a commission to take a look at that problem, and I think it is appropriate that the Department staff that commission and provide it the resources to do the necessary studies.

We have another program that has grown by leaps and bounds in this budget that helps to contribute to those $60-plus billions. That is the operating subsidy for public housing. That started out some dozen years ago as a $30 million program. It is now over $1.2 billion in this budget. That funding is allocated among housing authorities by something known as the performance funding system.

We all know—and even the Urban Institute, which shaped the performance funding system for HUD acknowledges—that that performance funding system is not working well, that some well-run authorities do not get enough money under it while other authorities get more money than they need.

The Department wants to take a look at that situation and see if it cannot devise a system that can hold down the very rapid growth in this program, which has gone up over 60 percent in the last 2 years, and see if we cannot do the job more efficiently and for fewer dollars. Again, that research would be made impossible if this amendment were to carry.

So I would suggest that there are some important things that the Department has to do by way of research and policy development. There is nothing wrong with a department the size of HUD—which spends so much of our money—devoting what is a very small percentage of its resources to trying to do a better job.

Mr. COUGHLIN. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from Pennsylvania.

Mr. COUGHLIN. Mr. Chairman, what the gentleman is saying is quite correct. What the amendment offered by our distinguished colleague from Tennessee (Mr. BEARD) would really do would be to hamstring the Reagan administration's ability to restructure our housing programs, which are in dire need of some restructuring.

Mr. GREEN. Mr. Chairman, the gentleman from Pennsylvania is absolutely right.

Mr. BEARD. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from Tennessee.

Mr. BEARD. Mr. Chairman, I think the gentleman's point has been well taken. In talking to some of my colleagues, having not known at the particular time this amendment was introduced that the Presidential commission would cost approximately $10 million, therefore hamstringing totally any research project or any grant for research, and trying to be reasonable about it, and having appreciated the remarks and the acknowledgments by everyone involved that there have been some abuses as to the type of grants, I am prepared to ask unanimous consent to modify the numbers on my amendment. If it is objected to, then I am prepared to offer a substitute.

So at this time, if it is appropriate, I would like to ask unanimous consent that the language of my amendment be changed by the insertion of "$20 million", modifying the "$10 million" amount.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

Mr. STANTON of Ohio. Mr. Chairman, reserving the right to object, I wonder if the gentleman would consider—as I say, our staff is meeting this afternoon. In reconciliation, we are at $35 million and $25 million. It would be a great help to us if the gentleman would change that to $25 million. Then we would be instructed to stick to that.

Mr. BEARD. Mr. Chairman, I am reasonable, and I appreciate the gentleman's sensitivity to this. We are prepared to introduce a substitute. I feel I am being more than reasonable by changing my amendment cutting only $10 million rather than $20 million.

Mr. STANTON of Ohio. Mr. Chairman, further reserving the right to object, this would be a good chance—if the gentleman from Tennessee would go along with me—to ask the chairman of the subcommittee a question.

This I am just not sure of as a person. Maybe other Members of the House are confused, too.

We have this reconciliation bill between the Senate and the House, and at this particular point, just as an example, we are $35 million in one figure, we are at $25 million in the House.

Is the reconciliation going to prevail as far as these figures, or is the appropriation amount going to prevail?

I ask where we are at. Would the gentleman go along with that? I am certainly not going to object. Whatever the gentleman says, he has listened to me.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee (Mr. BEARD)?

Mr. STANTON of Ohio. Mr. Chairman, further reserving the right to object, I would like an answer from the chairman.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. STANTON of Ohio. I yield to the gentleman from Massachusetts.

Mr. BOLAND. Mr. Chairman, my understanding is, if the reconciliation bill is less than the appropriations bill, the administration would have to send up a rescission on whatever the difference is between the reconciliation and the appropriation, or spend it.

I would not object to the unanimous-consent request of the gentleman from Tennessee (Mr. BEARD), but I would oppose the amendment, of course.

The gentleman from Tennessee is a very reasonable individual, as is his colleague, the gentleman from Virginia (Mr. PARRIS). It would seem to me that perhaps we can reach an agreement on the $30 million. Perhaps in the Senate there will be a reduction as a result of reconciliation and we can take the matter to conference.

In any event, I would think we can resolve this. I think the message that has been delivered today will be one that is going to be heard downtown; heard by this subcommittee, too, incidentally.

I would hope that we could go along with the committee's recommendation of $30 million.

□ 1240

Mr. Chairman, again let me say that over the 10-year history of appropriations for this particular function within the Department I think that the Congress has done a laudable job.

Mr. STANTON of Ohio. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee (Mr. BEARD) to modify his amendment.

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee (Mr. BEARD), as modified.

The question was taken; and on a division (demanded by Mr. BEARD) there were—ayes 17, noes 14.

RECORDED VOTE

Mr. BOLAND. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 202, noes 162, answered "present" 1, not voting 67, as follows:

[Roll No. 143]

AYES—202

Alexander	Emerson	Jones (OK)
Andrews	English	Jones (TN)
Applegate	Erdahl	Kazen
Archer	Ertel	Kindness
Ashbrook	Evans (GA)	Kogovsek
Aspin	Evans (IA)	Lagomarsino
Bafalis	Evans (IN)	Leath
Bailey (MO)	Fenwick	LeBoutillier
Barnard	Fiedler	Lee
Beard	Fields	Levitas
Bedell	Findley	Lewis
Bennett	Forsythe	Lott
Bethune	Fountain	Lowery (CA)
Bliley	Fowler	Lujan
Boner	Frenzel	Luken
Bouquard	Fuqua	Lungren
Brinkley	Gephardt	Marks
Brooks	Gibbons	Marlenee
Broomfield	Gingrich	Marriott
Brown (CO)	Ginn	Martin (IL)
Brown (OH)	Glickman	Martin (NC)
Burgener	Goldwater	Martin (NY)
Butler	Gonzalez	McCurdy
Byron	Gore	McDonald
Campbell	Gramm	McEwen
Carman	Gregg	Miller (OH)
Carney	Grisham	Mitchell (NY)
Chappell	Gunderson	Molinari
Chappie	Hall (OH)	Montgomery
Cheney	Hall, Sam	Moore
Coats	Hammerschmidt	Moorhead
Coleman	Hance	Morrison
Collins (TX)	Hansen (ID)	Murphy
Conable	Hansen (UT)	Myers
Coyne, James	Harkin	Napier
Craig	Hartnett	Neal
Crane, Daniel	Hatcher	Nichols
Crane, Philip	Hefner	Panetta
Daniel, Dan	Hendon	Parris
Daniel, R. W.	Hiler	Patman
Dannemeyer	Hillis	Paul
Daub	Hopkins	Pease
de la Garza	Howard	Petri
Deckard	Hubbard	Rinaldo
Derwinski	Huckaby	Ritter
Dickinson	Hughes	Roberts (KS)
Dicks	Hunter	Roberts (SD)
Dornan	Hutto	Roe
Dowdy	Ireland	Roemer
Dreier	Jacobs	Rogers
Duncan	Jeffords	Rudd
Dunn	Jeffries	Russo
Dyson	Jenkins	Schneider
Edwards (OK)	Johnston	Schroeder

Schulze	Spence	Weber (OH)
Seiberling	Stangeland	White
Sensenbrenner	Staton	Whitehurst
Shaw	Stratton	Whittaker
Shelby	Stump	Wolf
Shumway	Tauzin	Wortley
Shuster	Taylor	Wright
Siljander	Trible	Wyden
Skeen	Vander Jagt	Wylie
Skelton	Volkmer	Yatron
Smith (OR)	Walker	Young (AK)
Snowe	Wampler	Young (MO)
Snyder	Weaver	
Solomon	Weber (MN)	

NOES—162

Akaka	Foley	Obey
Anderson	Ford (TN)	Ottinger
Annunzio	Frank	Pashayan
Atkinson	Frost	Patterson
AuCoin	Garcia	Pepper
Bailey (PA)	Gaydos	Perkins
Barnes	Gejdenson	Peyser
Beilenson	Gilman	Pickle
Benjamin	Gray	Porter
Bingham	Green	Price
Blanchard	Guarini	Pritchard
Boggs	Hall, Ralph	Pursell
Boland	Hamilton	Rangel
Bonior	Hawkins	Ratchford
Bonker	Heckler	Regula
Brodhead	Hertel	Reuss
Brown (CA)	Hightower	Rodino
Burton, John	Hoyer	Rose
Burton, Phillip	Hyde	Rosenthal
Chisholm	Kastenmeier	Rostenkowski
Clay	Kildee	Roukema
Clinger	Kramer	Roybal
Coelho	LaFalce	Sabo
Conte	Lantos	Savage
Conyers	Leach	Sawyer
Coughlin	Lehman	Scheuer
Coyne, William	Leland	Schumer
Crockett	Lent	Shamansky
D'Amours	Livingston	Shannon
Danielson	Loeffler	Sharp
Daschle	Long (LA)	Smith (NE)
Davis	Long (MD)	Smith (NJ)
Dellums	Lowry (WA)	Solarz
DeNardis	Madigan	Stanton
Donnelly	Markey	Stark
Dorgan	Matsui	Stokes
Dougherty	Mattox	Studds
Downey	Mavroules	Swift
Dwyer	McClory	Synar
Dymally	McDade	Traxler
Early	McGrath	Udall
Eckart	McHugh	Vento
Edgar	McKinney	Walgren
Edwards (AL)	Mica	Washington
Edwards (CA)	Michel	Watkins
Erlenborn	Mikulski	Waxman
Evans (DE)	Miller (CA)	Weiss
Fary	Minish	Whitten
Fascell	Moakley	Williams (MT)
Fazio	Natcher	Williams (OH)
Ferraro	Nelligan	Wilson
Fish	O'Brien	Wolpe
Flippo	Oakar	Yates
Foglietta	Oberstar	Zablocki

ANSWERED "PRESENT"—1

Bereuter

NOT VOTING—67

Addabbo	Goodling	Quillen
Albosta	Gradison	Rahall
Anthony	Hagedorn	Railsback
Badham	Heftel	Rhodes
Benedict	Holland	Richmond
Bevill	Hollenbeck	Robinson
Biaggi	Holt	Roth
Bolling	Horton	Rousselot
Bowen	Jones (NC)	Santini
Breaux	Kemp	Simon
Broyhill	Latta	Smith (AL)
Clausen	Lundine	Smith (IA)
Collins (IL)	Mazzoli	St Germain
Corcoran	McCloskey	Stenholm
Cotter	McCollum	Tauke
Courter	Mineta	Thomas
Derrick	Mitchell (MD)	Whitley
Dingell	Moffett	Winn
Dixon	Mollohan	Wirth
Emery	Mottl	Young (FL)
Fithian	Murtha	Zeferetti
Florio	Nelson	
Ford (MI)	Nowak	

□ 1250

The Clerk announced the following pairs:

On this vote:

Mr. Nelson for, with Mr. Addabbo against.
Mr. Simon for, with Mr. Mineta against.
Mr. Courter for, with Mr. Rahall against.
Mr. Breaux for, with Mrs. Collins of Illinois against.
Mr. Corcoran for, with Mr. Mitchell of Maryland against.
Mr. Benedict for, with Mr. Dixon against.
Mr. Hagedorn for, with Mr. Richmond against.
Mr. Smith of Alabama for, with Mr. Mollohan against.
Mr. Young of Florida for, with Mr. Hollenbeck against.
Mr. Robinson for, with Mr. Horton against.
Mr. Quillen for, with Mr. Zeferetti against.

Mr. RALPH M. HALL and Mr. WILSON changed their votes from "aye" to "no."

Messrs. BROOKS, STRATTON, SPENCE, MOORE, RITTER, CAMPBELL, PETRI, ALEXANDER, and KOGOVSEK changed their votes from "no" to "aye."

So the amendment, as modified, was agreed to.

The result of the vote was announced as above recorded.

□ 1300

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

CONSUMER PRODUCT SAFETY COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Consumer Product Safety Commission, including rent in the District of Columbia, hire of passenger motor vehicles, services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS-18, and not to exceed $500 for official reception and representation expenses, $32,983,000: *Provided,* That funds provided by this appropriation for laboratories shall be available only for the acquisition or conversion of existing laboratories.

AMENDMENT OFFERED BY MR. PEYSER

Mr. PEYSER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PEYSER: Page 13, line 19, strike out "$32,983,000" and insert in lieu thereof "35,483,000".

Mr. PEYSER. Mr. Chairman, briefly, this amendment adds $2½ million to the Consumer Product Safety Commission.

Just for one moment, Mr. Chairman, I would like to point out that the Consumer Product Safety Commission has been cut under this program 30 percent in its budget mandated by the Office of Budget and Management, nearly 20 percent in its staff.

Now, the Consumer Product Safety Commission, Mr. Chairman, I believe over the years has done both a very representative and excellent job in the area designated to it. There is no question of the fact that hundreds of infants really owe their lives to this agency and the changes that have been brought about by it, that literally thousands of young children have been saved from lead poisoning by the action of this agency; so this is an agency that has a track record of accomplishment.

Now, the only point that I am making in this $2½ million addition request is to basically provide the money for the agency in its severance pay obligations; in other words, severance pay is going to be necessary to comply with the Office of Budget and Management's curtailment of their employees, of nearly 160 employees. The $2½ million would cover this severance figure. In other words, it would not cut the agency's operation further; I would also like, Mr. Chairman, to raise a question at this time with the chairman of the committee, because we do not have an exact final figure on this conference and the Senate committee is addressing this now as well.

I would like to ask the chairman if he would give consideration in conference when the final figures are obtained on this to perhaps adding this amount of money back in to cover the severance pay that we are dealing with.

Mr. BOLAND. Mr. Chairman, will the gentleman from New York yield?

Mr. PEYSER. I would be glad to yield to the chairman.

Mr. BOLAND. Mr. Chairman, first of all, I want to compliment the gentleman from New York for his concern with reference to the employees of the Consumer Product Safety Commission. As the gentleman has indicated, this Commission has been cut by nearly 30 percent. As a matter of fact, last year it was funded at a level of $42,140,000.

The administration request for 1982 is $32,983,000, nearly a 30-percent reduction. That, of course, is going to trigger a substantial request for severance pay.

I am delighted that the gentleman brings the matter to the attention of this committee. It was brought to our attention during the hearings. There was an estimate as to what that particular severance figure would be. In the committee's report we have indicated that the potential reduction in force associated with the 1982 request would undoubtedly trigger substantial severance pay requirements.

The committee will give favorable consideration to such estimates when and if the administration submits a specific dollar requirement to the Congress. I hope the specific dollar requirement will be forthcoming. I am not sure whether or not we would be able to meet that requirement in the conference with the Senate on this

particular item. It may be necessary to put funds in a supplemental, or in the continuing resolution. I can assure the gentleman this committee will look with favor upon any request to take care of the severance problem for this particular agency.

Mr. PEYSER. Well, I thank the gentleman very much for that.

With that, Mr. Chairman, I ask unanimous consent to withdrew my amendment at this time.

The CHAIRMAN. Is there objection to the request of the gentleman from New York.

There was no objection.

Mr. CHAIRMAN. The amendment offered by the gentleman from New York (Mr. PEYSER) is withdrawn.

Mr. BOLAND. Mr. Chairman, I appreciate the reasonableness of the gentleman from New York and congratulate him on withdrawing the amendment.

Mr. CHAIRMAN. The Clerk will read.

The Clerk read as follows:

ENVIRONMENTAL PROTECTION AGENCY

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, including hire of passenger motor vehicles; hire, maintenance, and operation of aircraft; uniforms, or allowances therefor, as authorized by 5 U.S.C. 5901-5902; services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate of GS-18; purchase of reprints; library memberships in societies or associations which issue publications to members only or at a price to members lower than to subscribers who are not members; and not to exceed $3,000 for official reception and representation expenses; $583,691,000: *Provided*, That none of these funds may be expended for purposes of Resource Conservation and Recovery Panels established under section 2003 of the Resource Conservation and Recovery Act, as amended (42 U.S.C. 6913).

Mr. FUQUA. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to ask the gentleman from Massachusetts, the distinguished chairman of the subcommittee, if he would mind answering a question.

In the EPA portion of the research and development part of the bill, there is language that expressly forbids, in fiscal year 1982, funds for aquatic weed research, Great Lakes research, ground water research in Long Island, N.Y., and demonstration projects on hazardous waste cleanup in Rhode Island.

Aquatic weeds represent a major problem in my own State and much of the Sun Belt part of the United States. I am concerned personally about continuing research in this area.

I would like to explain the position of the Science Committee on this matter.

We put earmarking language in the EPA authorization bill, H.R. 3115, to insure that the Agency would move forward on research efforts that the Science Committee views as high priority. In past authorizations, we have made these views known in the legislative reports accompanying our bills and in testimony I have given before your committee. EPA, however, has been slow to act on these priority research efforts. This year, the Science Committee took more forceful action by voting to include spending directives for certain research programs in the EPA authorization bill, H.R. 3115.

While I understand your objections to our language, I must point out that these directives merely reflect environmental research priorities of the Science Committee. Setting such priorities is a responsibility that we intend to carry out. The spending restrictions in your bill would prevent work in these important research areas.

Could the gentleman clarify the intent of the Appropriations Committee in that restrictive language that they have made in the bill?

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. FUQUA. I am happy to yield.

Mr. BOLAND. Mr. Chairman, in response to the distinguished chairman of the Committee on Science and Technology, as the gentleman indicated, the Subcommittee on Natural Resources, Agriculture Research and Environment of the Committee on Science and Technology has included in its authorization bill language which in our judgment we could not accept; that is, the Appropriations Committee.

In some six instances, as the gentleman has outlined, paragraphs in the authorization bill would compel the obligation and expenditure of funds on certain research projects. Our bill limits to the budget requests funds in these specific areas. It is my hope that when the Environmental, Research, Development and Demonstration Act for 1982 is considered by the House, it will be amended to modify the objectionable language. If that occurs, I would be prepared to drop the limitations on the appropriations bill when we go to conference with the Senate.

I would give the gentleman from Florida, the chairman of the committee, my assurance on that.

Mr. FUQUA. Well, I thank the gentleman for his explanation. I would like to assure the gentleman that we will try to take the necessary action to modify the language in the bill.

□ 1310

I might further point out we have carried this language in the report accompanying the EPA research authorization bill for a number of years. It apparently has attracted no attention at EPA, and that was the reason that the Science Committee decided to put this language into the bill this time. But we will try once again and hope we can attract the attention of the officials at EPA since we do have a new Administrator. Hopefully they will recognize our priorities in some of these important areas.

Mr. BOLAND. If the gentleman will yield further, the gentleman knows that in any way in which this committee can be helpful, we will be delighted to cooperate.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. FUQUA. I am delighted to yield to the gentleman from New York (Mr. GREEN).

Mr. GREEN. I would just like to join in the assurances of our distinguished subcommittee chairman. I am, of course, very much aware of the ground water problem in Long Island, and I am delighted the distinguished chairman of the Science and Technology Committee shares my concern over that. I therefore do want to join in those assurances.

Mr. FUQUA. I thank the gentleman for his assurances.

Mr. CARNEY. Mr. Chairman, will the gentleman yield?

Mr. FUQUA. I am delighted to yield to the distinguished gentleman from New York, a member of the Science and Technology Committee (Mr. CARNEY).

Mr. CARNEY. I, too, would like to echo the sentiments of my colleague from New York (Mr. GREEN) and the chairman. As the ranking member of the subcommittee responsible for that language in the bill, I would like to thank the chairman for clarifying this with the Appropriations Committee. I would like to give my word of appreciation to those on the Appropriations Committee for working with the chairman so that this will be resolved.

Mr. FUQUA. I thank the gentleman for his diligent efforts in the committee, and I thank the chairman of the appropriations subcommittee (Mr. BOLAND) and yield back the balance of my time.

AMENDMENTS OFFERED BY MR. DANNEMEYER

Mr. DANNEMEYER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DANNEMEYER: Page 15, line 4, strike the period and insert in lieu thereof the following: ": *Provided further*, That none of these funds may be expended for the purpose of requiring any State to adopt, implement, or enforce a vehicle emission control inspection and maintenance program.".

Mr. WAXMAN. Mr. Chairman, I reserve a point of order in the amendment.

The CHAIRMAN. The gentleman from California (Mr. WAXMAN) reserves a point of order.

Mr. DANNEMEYER. Mr. Chairman, I have an additional amendment at the desk, and I ask unanimous consent that this amendment and the amendment just read be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN. The Clerk will report the additional amendment to be considered en bloc.

The Clerk read as follows:

Amendment offered by Mr. DANNEMEYER: Page 16, line 4, strike out the period and insert in lieu thereof the following: ": *Provided further,* That none of these funds may be expended for the purpose of requiring any State to adopt, implement, or enforce a vehicle emission control inspection and maintenance program.".

Mr. WAXMAN. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. The gentleman from California (Mr. WAXMAN) reserves a point of order.

Mr. DANNEMEYER. Mr. Chairman, we have a tradition in southern California. On New Years Day we have a great game in Pasadena called the Rose Bowl. Millions of Americans across this country are privileged to see that historic event, and quite often on that particular day of the year it is crystal clear. People around the country then believe that while southern California is not only blessed with a salubrious climate, but it also has clear and clean air.

I wish that were true, because let me tell my colleagues that there are days in the year when that is not true. I am privileged to represent an area of that region of our great country about 30 miles away which is the home of Disneyland. I can tell my colleagues that there are days, beginning about this time in the year, when the smog is bad. In fact, it is so bad that it gives some of us pause as to what we have really wrought in that part of the world. In that kind of a situation, on one of those smoggy days, it causes many of us to say:

Hey, do something. It may be wrong, but do something. We have got to do something about this smog.

That was the philosophy that governed this institution over 10 years ago when it developed what we now call the Clean Air Act. A portion of the Clean Air Act that relates to controls on automobile emissions, and the subject of the amendment offered by the gentleman from California this afternoon relates to the requirement that automobiles, in certain regions of our country, be inspected annually for the purpose of maintaining the smog-control devices on the vehicles.

My colleagues may say, what is wrong with that? It seems like a pretty good idea. But I want to relate to the Members of the House just briefly the culprit in terms of where smog comes from.

These figures come from southern California. But I think they can be compared to other regions of the country. Also bear in mind that this problem is experienced by about 29 of our 50 States of the Union, It is in those 29 States where we have air that is below standard in terms of what we have established as a definition of clean air.

In those regions of the country, one of which is southern California, my home area, the law now says that a State must adopt a plan providing for cleaning up its air. One of the elements of the plan is that it adopt mandatory annual inspection of motor vehicles if it cannot attain cleaned up air by 1982 in order to get an extension to 1987.

The legislature in California has consistently refused to adopt mandatory annual inspection of motor vehicles, refusing in effect to knuckle under to the Federal Government. I suspect many Members in this Chamber have States where the legislatures have also failed to adopt similar laws.

That is the purpose of this amendment being offered this afternoon. It is very simply an amendment that just says we are going to have a moratorium for 1 year on EPA spending money to enforce or compel States to adopt mandatory I. & M. in their respective jurisdictions.

Let me tell the Members briefly why this amendment is being offered. About 37 percent of the smog that we citizens breathe and see is caused by automobiles and light-duty trucks. The rest of it comes from natural sources or comes from stationary sources like powerplants. In southern California it may come as a surprise to my colleagues to hear that roughly 24 percent of our hydrocarbons come from nature. We cannot control that. It is just there. It has always been there.

As a result of this, we need to understand that any imposition of any requirement where we begin to deal with the last shred of a pollutant coming from motor vehicles, that there has to come into existence a cost-benefit ratio.

I was privileged to be on a television program just a few days ago with the distinguished chairman of our Committee on Energy and Commerce, the gentleman from Michigan (Mr. DINGELL). He related an interesting fact and I will share it with the Members, that 90 percent of the pollution emitted by vehicles in this country today is controlled. We are now down to dealing with the last 10 percent.

I am suggesting to the Members today that in dealing with that last 10 percent, and 37 percent of that 10 percent comes from motor vehicles, that we have a moratorium for 1 year.

The CHAIRMAN. The time of the gentleman from California has expired.

(By unanimous consent Mr. DANNEMEYER was allowed to proceed for 5 additional minutes.)

Mr. BAILEY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. DANNEMEYER. I yield to the gentleman from Pennsylvania (Mr. BAILEY).

Mr. BAILEY of Pennsylvania. I thank the gentleman for yielding. I want to compliment the gentleman for this amendment. It is not often that we are in agreement.

I would like, if the gentleman would just give me 1 minute, to inject into the debate some of the ridiculous anomalies that affect us in our area in Pennsylvania with this program. I have a situation that does not affect buses, does not affect trucks. We have four interstates running through the district. We have weather patterns that bring some of the pollutants in from other areas.

If you live within one of the areas—a foot inside one of the areas affected—you are subject to an inspection, even though you drive out of the affected area. If you live a foot on the outside of the affected area but drive in and do most of your driving inside the affected area, you are not affected by the inspection.

□ 1320

It took me 4½ months to get the information from the Environmental Protection Agency about pollutant levels, all of which have dropped. They think it might make a 2-percent change—it might make a 2-percent change—in nitrous oxide and carbon monoxide levels in the air and ozone levels in the air. The entire program is an affront to commonsense. It is expensive, it impacts the poor, and a proper solution is through industrial standards, improved technology, and fuel efficiency. The gentleman's point on cost effectiveness is 1,000 percent correct. I hope every Member of Congress will support the gentleman. The program is ridiculous.

Mr. DANNEMEYER. I thank the gentleman.

Mr. WALGREN. Mr. Chairman, will the gentleman yield?

Mr. DANNEMEYER. I yield to the gentleman from Pennsylvania.

Mr. WALGREN. Mr. Chairman, I support the amendment prohibiting the Environmental Protection Agency from mandating or implementing automobile maintenance and inspection programs.

I come from an area in which our county will be asked to engage in an I. & M. program beginning early next year. Neighboring counties will not. It is clear to me that the public has very little understanding of the value of this kind of Government regulation and that the public truthfully doubts its usefulness and fairness. I question

very deeply whether it is wise for the Federal Government to engage in legislation that is little understood by the public and that asks a great deal of the public, and I am afraid we will be going down a self-defeating course if we proceed with it. I am afraid we will lose reasonable clean air regulation because the Government is issuing an unpopular mandate with unacceptable costs on individuals. In short, mandates that are met with widespread resistance are not good Government.

I would ask my colleagues to think carefully on this amendment. There are legitimate arguments on both sides, but I. & M. is a very severe step that is little understood by the public at this point.

Inspection and maintenance of emissions equipment is now scheduled to begin in the Pittsburgh area in May 1982, after bouncing in and out of court for some time. No other Government mandate, other than busing, has caused such broad resistance among the public.

I believe that I. & M. is not the proper approach to reducing auto emissions. It is wrong because it puts the burden on the carowner, and not the car manufacturer. In essence, this program blames the wrong people for the breakdown of pollution control devices.

The cost of inspection and maintenance to the individual carowner is estimated to range from $20 to $70. However, no one really knows what the true cost will be. It may very well be unacceptably high to many individual motorists.

I believe it is just plain wrong for the Government to go after the carowner when it is the car manufacturer who is reponsible for making effective pollution controls. We all want to keep our air clean, but I think the responsibility for controlling auto exhausts rests with the car manufacturer. Detroit should be making devices that are long-lasting and devices that work. It is wrong to make carowners pay the cost of repairing defective equipment that fails to function after several years of ownership.

As we work on the extension of the Clean Air Act, I will work toward that goal—encouraging the industry to produce a good device. In short, Mr. Chairman, inspection and maintenance puts the hassle and the cost on the wrong people, the individual motorists. We need to put the responsibility where it rightfully rests, with the manufacturer.

Yesterday, I wrote Ann Gorsuch, the Administrator of EPA, urging that the administration consider this premise in developing their Clean Air Act proposals. A copy of my letter to her follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., July 16, 1981.

MS. ANN GORSUCH,
Administrator, Environmental Protection Agency, Washington, D.C.

DEAR MS. GORSUCH: As the Administration develops its legislative recommendations for revising the Clean Air Act, I am writing to urge that you weigh very carefully the requirement of automobile emissions control equipment.

According to press reports, the Administration is considering relaxing a number of current requirements on industry, by, for example, significantly relaxing technology control requirements and by repealing noncompliance penalties. My concern with this approach is that by lifting requirements on industry, by removing incentives to encourage industry to curb dangerous pollutants, we will be transferring the burden to clean up our air to the carowner. There is a limit to the amount of clean air available. When industry uses more of this resource, there is only so much left for individual activity. Therefore, a greater burden will fall to the carowner.

This, in my view, would be a very unfair approach to solving the nation's clean air problems. Federal policy should not release industry of its responsibility, especially at a time when industries like the steel industry in my district have made great strides in reducing pollution. Industry must continue to bear its fair share of everyone's responsibility to protect our environment. The carowner should not have to carry an undue burden.

The effect of asking a greater clean air contribution from carowners will further burden family budgets. Costly auto inspection and maintenance would come at a time when the family budget is already being unduly strained by the reductions in federal spending. By reducing federal support for health, education and transportation programs, local property and sales taxes will inevitably have to be increased. Similarly, by relieving industry of its obligations not to pollute, we will further tax the already over-taxed individual motorist.

Finally, I believe it is unfair to make the carowner bear the expense of repairing ineffective equipment. Our laws and policies should encourage the automobile industry to manufacture effective, longlasting devices. I would urge the EPA to improve testing and certification at the factory level, to conduct an adequate sampling of all cars, to avoid the use of averaging, and to test cars in realistic on-the-road conditions rather that unrealistic laboratory conditions. Serious testing at the factory level would prod the industry to make devices which will actually work, and therefore prevent later expense for the carowner.

I hope the Administration's clean air proposal will not weaken requirements on industry and transfer pollution abatement to the motorist.

I appreciate your consideration of these views.

Sincerely,

DOUG WALGREN,
Member of Congress.

Mr. DANNEMEYER. I thank the gentleman.

Mr. PARRIS. Mr. Chairman, will the gentleman yield?

Mr. DANNEMEYER. I yield to the gentleman from Virginia.

Mr. PARRIS. I thank the gentleman for yielding.

Mr. Chairman, I rise in strong support of the amendment offered by my colleague. This amendment would prohibit EPA from using funds to penalize States which choose not to implement a vehicle inspection and maintenance program until the future of that program is resolved in the Clean Air Act reauthorization.

Virginia is one of 29 States which must meet a 1982 deadline for implementation of the inspection and maintenance program. As much as $14 million would be spent to initiate an inspection and maintenance program in my State, as well as the 29 other States, when Congress may, and I hope will decide at a later date, that the program is not universally required. Consumers in the northern Virginia area could spend as much as $40 for each car that must be inspected. This presents an undue expense on constituents in the Eighth District of Virginia. Many questions must be considered and answers determined on the effectiveness of inspection and maintenance programs and its costs to motorists and consumers before States are forced to spend their limited amount of revenue on a program that will not be effective.

I have strong policy reservations about the need for reenactment of inspection and maintenance programs because I strongly believe that these inspections result only in marginal additional environmental benefits while creating an unnecessary expense and inconvenience to constituents. While I believe improvements have been made in the quality of our environment since enactment of the Clean Air Act, I support the President's efforts to control excessive regulatory abuses as outlined in his economic recovery program.

This amendment does not prejudge the need for inspection and maintenance programs. It only maintains that inspection and maintenance programs should not be enforced until all questions are answered and that these questions should be resolved when the Clean Air Act is reviewed for reauthorization.

I, therefore, urge my colleagues to support this amendment so that 29 States, including the Commonwealth of Virginia, shall not be unduly penalized until the future of inspection and maintenance programs is finally decided during the Clean Air Act reauthorization process.

Mr. Chairman, I would add just one other observation, and that is: For those Members who happen to live in the Commonwealth of Virginia, a little free legal advice. Right after January 1, the Commonwealth is going to be required under the law to start inspecting vehicles of persons who

reside, not domiciled, but who reside in Virginia for a period in excess of 30 days. That includes you, ladies and gentlemen. And if you want to blow 40 bucks to have somebody look at your catalytic converter to accomplish no good purpose, be my guest.

Mr. DANNEMEYER. I thank the gentleman.

Mr. BLILEY. Mr. Chairman, will the gentleman yield?

Mr. DANNEMEYER. I yield to the gentleman from Virginia.

Mr. BLILEY. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the Member's amendment, and wish to associate myself totally with the gentleman's remarks.

It is important to note here that this moratorium does not change current law, nor does it rewrite any standards. It is simply a measure that is designed to enhance the cost effectiveness of EPA standards. It does not protect States—it will merely prohibit EPA from giving grants to States to help them institute their inspection programs. It simply provides the Congress with more time to investigate necessary changes.

The law, as is, is not cost effective—it is a tremendous burden on motorists—and it should be understood that emission controls have made amazing progress in recent years. Detroit is turning out better cars, and older vehicles that pollute the most are being retired daily.

As for the argument that this amendment should find its place among the debate on the Clean Air Act, I would like to state that any lack of action on this matter is clearly a result of the leadership opposing its consideration during normal hearing time. There simply is no desire to take up consideration of this issue by the committee leadership—and I therefore commend my colleague for taking the opportunity to bring this important amendment to the floor today.

Thank you, Mr. Chairman.

Mr. DANNEMEYER. I thank the gentleman.

Does the gentlewoman from Rhode Island (Mrs. SCHNEIDER) wish me to yield to her?

Mrs. SCHNEIDER. Yes.

Mr. Chairman, I rise in opposition to the amendment that has been introduced by the gentleman from Indiana.

I think it is important for this body to consider the consequences of allowing a group of Members to challenge a portion of the Clean Air Act or any other effective statute and freeze or delay its operation.

Mr. DANNEMEYER. Mr. Chairman, I am going to reclaim my time. I understood the gentlewoman was in favor of the amendment. The gentlewoman can get her own time and speak on her own time, I think, if the gentlewoman does not mind.

Mrs. SCHNEIDER. I thank the gentleman.

Mr. DANNEMEYER. Mr. Chairman, the evidence that we have in California is that by mandatory annual inspection and maintenance of motor vehicles, we have a reduction of 3.6 percent of hydrocarbons per year and a 2.2-percent reduction of oxides of nitrogen. That is a very small reduction for what we pay. And what do we pay?

The CHAIRMAN. The time of the gentleman from California (Mr. DANNEMEYER) has again expired.

(By unanimous consent, Mr. DANNEMEYER was allowed to proceed for 4 additional minutes.)

Mr. DANNEMEYER. The cost that we consumers, we motorists, pay for that is as follows: An $11 annual inspection fee for 7.3 million vehicles, comes to $80.3 million; an annual repair cost for those that flunk, which is about 46 percent, which is $29 per car for 3.35 million vehicles, totaling $97.4 million. And since those who flunk have to go through a reinspection, it is an additional $7, times 3.35 million vehicles, totaling $23.5 million. Gasoline costs total $9.5 million. Altogether, an annual $210 million cost to the consumers of southern California. This is roughly 10 percent of our country. That is over $2 billion to the citizens of this country. That works out to better than $9,000 per ton of reduction of pollution, and increased technology can produce a result for $1,000 per ton.

I have one last point that I want to share with the Members. There is a concern of health, and rightly so. But bear in mind that there has been no responsible source that relates pollution from automobiles, hydrocarbons, oxide, and nitrogen to problems with health. Health problems from air pollution come from sulfur dioxide, which is not coming out of the tailpipes of automobiles. So it is not a question of health that is involved here. It is a question of pollution. And because the cost-benefit ratio is so marginal in terms of the reduction that is achieved to the cost to the consumer, I do not think we should tolerate it.

Four States in the Union today are currently administering this program. One State, Michigan, passsed I. & M. only after including the requirement that the State attorney general sue the EPA in the event sanctions are threatened. Two States, Pennsylvania and New York, have indicated they may not fund it, even though it has been authorized. Three States, Ohio, Texas, and Missouri, have authorized I. & M. but have made its implementation contingent upon the findings of study commissions. Five States, New Jersey, Illinois, Indiana, Tennessee, and New Mexico, are planning to review their I. & M. program this year. Eleven States have adopted I. & M. by the legislature but they have not yet implemented it.

This amendment will merely put a moratorium of 1 year on the spending of money by EPA to enforce this law against the States. It does nothing to preclude a State from adopting I. & M. if it chooses to do so. It just removes the Federal hammer compelling them to do so. I think it is in the interest of the consumers of this Nation that we adopt the amendment and I ask for the Members' support.

The amendment I am offering today is not a complete solution to a difficult problem. Indeed, one wishes the question of auto emission I. & M. could have been handled within the context of a complete overhaul of the Clean Air Act. However, the timetable for reviewing the Clean Air Act has slipped, and slipped badly, leaving little choice but to attach a rider to the EPA section of this bill if we want to leave ourselves with any I. & M. options.

If something is not done, the 25 States which have not fully implemented I. & M. will have to take steps in that direction in the next 18 months, regardless of what Congress might do subsequently, if they want to avoid the threat of sanctions. However, if this amendment is passed, the pressure on those States—from the Federal Government at least—will be reduced for at least 1 year. That, in turn, should give us the time to decide, in a proper and definitive manner, whether I. & M. is an appropriate and/or cost-effective way of combating air pollution.

Before going on to indicate why there is good reason to believe I. & M. is both inappropriate and cost ineffective, let me point out that his amendment does not change existing law. Much in the fashion of the antiabortion riders of recent years, it simply says that the Environmental Protection Agency shall not spend any money in fiscal 1982 for the purpose of requiring any State that does not want to go ahead with I. & M. to adopt, implement, or enforce it. Now that might not keep the Department of Transportation (DOT) from cutting off highway funds to States not having an I. & M. program—although I question whether DOT would proceed with such a cutoff without direction from EPA and in the face of this rider—nor would that prevent an individual or group from suing a State to force it to implement an I. & M. program; what it would do is put Congress on record as wanting to review its past judgments. And it would buy time. As mentioned at the outset, it is not a complete solution; it is only the best we can do under the current circumstances. To which I might add one more point; those who argue that the I. & M. question should first be taken up by the House Committee on

Energy and Commerce, and its Health and Environment Subcommittee, should certainly welcome this amendment for it will give encouragement to just such a development.

Coming, as I do, from southern California, I am more concerned than most Americans about air quality. Like it or not, smog is a fact of life in the Los Angeles area and I would very much like to see it reduced. However, I would also like to see inflation reduced, interest rates reduced, and excess Government regulation reduced—for these are irritants just like smog. To reduce not just one, but all of these irritants simultaneously requires a program that will not only reduce air pollution significantly but will do so as cheaply as possible without adding unnecessary inconvenience to the lives of millions of Americans. Unfortunately, California's experience with a limited auto emission inspection program indicates that mandatory periodic I. & M. will not do all those things. Moreover, results of studies in Texas and Illinois corroborate the California findings.

Not one, but three California studies—the latest being one released by the Engineering Department of the Southern California Auto Club just last month—indicates that auto tailpipe inspection and maintenance efforts would reduce hydrocarbon (HC) and oxides of nitrogen (NO_x) emissions from automobiles 9 to 11 percent and 1 to 6 percent respectively. But, according to the Southern California Auto Club study, the cars and light trucks to which an I. & M. program would apply only produce 39 percent of the manmade hydrocarbons and 36 percent of the NO_x that is emitted, so what we really have, with an I. & M. program in southern California, is the expectation of a 3.6-percent reduction in total manmade hydrocarbons and a 2.2-percent reduction in NO_x. Those figures, or ones close to them, are echoed by others in California and elsewhere; in 1979 California Air Resources Board Chairman Tom Quinn is reported to have predicted a 3-percent reduction in pollution as a result of I. & M. and former Council on Environment Quality adviser Dr. Kay H. Jones, has been quoted, in December 1979, as saying that, at best, a 2- to 3-percent reduction in total emissions might result from the adoption of I. & M.

On the other side of the coin, you have the cost—which seems astronomical. While I have not seen any nationwide estimates, I do know that in California—which has over 12 million cars right now—it will cost somewhere between $272 and $467 million the first year a statewide I. & M. program goes into effect and, after 6 years, the total cost of the program will be somewhere between $391 and $497 million, assuming only a 10-percent average inflation rate over those 6 years. That works out to as much as $37 per car the first year and for the owners of cars that fail the I. & M. test the cost will be far more than that, to say nothing of the aggravation. Which reminds me—EPA's estimate is that 25 percent of all cars inspected will not pass tailpipe inspection; the aforementioned California studies indicate the failure rate will be between 27 and 46 percent.

So how do those figures compare with other potential air pollution control technology. One way to calculate that is to look at the cost per ton of controlling hydrocarbons and NO_x. For example, the Southern California Auto Club study indicates mandatory I. & M. in the Los Angeles area would cost $9,163 per ton; a study done for the Texas Air Control Board by Radian Associates indicates a cost of $9,000 per ton, and yet another study, done for the folks in Illinois, suggests a cost of $4,767 per ton to reduce hydrocarbons alone. By contrast, improved emission controls on all vehicles would cost only $1,000 per ton according to the Southern California Auto Club study.

This last figure should remind us that another factor militating against I. & M. is the fact that new auto emission control technology, coupled with the attrition of older cars with little or no emissions control equipment, is likely to produce a reduction in pollution. Moreover, the advent of sophisticated new antipollution equipment on cars threatens to outdate current I. & M. technology and thus cause problems.

With all these factors to consider, it is easy to understand why there is so much opposition to I. & M. Two States—California, which has more reason than any other State to worry about air pollution, and Kentucky—have refused to adopt an I. & M. program despite the imposition of Federal sanctions. In fact, the California Senate just defeated an I. & M. bill. Eleven other States only adopted I. & M. because they were threatened with the cutoff of Federal highway and sewer funds. And 10 more States have indicated that they would like to, in some way, reconsider the I. & M. statute they currently have on the books. Thus, the need to address the I. & M. question, and address it before States have to spend large sums of money getting their I. & M. programs ready to go, is readily apparent and, I hope, persuasive. The amendment I have offered meets both these criteria and I urge each and every Member to give it his or her support.

The CHAIRMAN. Does the gentleman from California (Mr. WAXMAN) insist upon his point of order?

Mr. WAXMAN. No; I withdraw my point of order, Mr. Chairman.

Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

□ 1330

Let me begin by explaining what inspection/maintenance, or I. & M. as it is usually called, is all about.

Automobiles emit harmful pollutants such as carbon monoxide and hydrocarbons. Carbon monoxide causes chest pains and aggravation of cardiovascular diseases. The hydrocarbons react in the atmosphere to form photochemical smog that causes asthma attacks, eye irritation, and difficulty in breathing.

Because of the Clean Air Act, auto manufacturers have designed and produced cars that emit much less pollution than older vehicles. Most 1981 cars emit 90 percent less hydrocarbons and carbon monoxide than uncontrolled cars.

But experience has shown that even new cars emit much more pollution when operated on the road than when tested on the assembly line or the laboratory. The main reason for this is poor maintenance by motorists. Often drivers neglect to have their cars kept in tune. Some even poison the pollution control equipment on the car by using unleaded gasoline or by tampering with the equipment.

For these reasons, Congress in 1977 decided that motorists had to be given an incentive to maintain their cars properly. We decided that auto inspection/maintenance programs had to be begun by States. Under the law, these programs must be implemented in areas that would not be able to meet the public health standards for air pollution by 1982.

There are 37 areas of the country, in 29 States, that are required by the law to implement inspection/maintenance programs. Like any new program, I. & M. has been controversial, and there have been many statements pro and con about its effectiveness.

Proposals have been made to modify or repeal the I. & M. requirement. The Subcommittee on Health and the Environment and the Committee on Energy and Commerce had hoped to deal with these and other proposals to amend the Clean Air Act earlier in the year. But we have been forced to defer our consideration because of the administration's failure thus far to submit its legislative proposals. I expect that after the administration presents its proposal, there will be an opportunity for thoughtful and, I hope, speedy consideration of the I. & M. requirement and other provisions of the Clean Air Act.

The amendment does nothing whatsoever to deal constructively with the I. & M. question. It does not lift the construction ban and funding sanctions that are in effect in areas that

have defied Federal law by failing to adopt I. & M. Even if the amendment passes, citizens could still sue to enforce these penalties. Nor does this amendment relieve States that have agreed to implement I. & M. of their obligation to do so. Again, citizens could sue to enforce this commitment. It is even possible that citizens would be able to set aside the issuance of permits in these States to new industrial facilities, thus interfering with the modernization of American industry and economic growth. In short, Mr. Chairman, this amendment does nothing except to confuse States about their obligation to obey the law. It is a mischevious proposal to circumvent the legislative process that fails even to carry out the professed intentions of its sponsors.

This amendment demonstrates that the appropriations process is not the place to change a complex statute like the Clean Air Act. The law is simply too intricate to be effectively altered by a rider to a funding bill. Instead, those who seek change to the act should participate actively in the reauthorization debate later this year.

This amendment amounts to a declaration that I. & M. does not work. It is premature for us to come to this conclusion. Studies of the programs in Portland, Oreg., Phoenix, Ariz., and in New Jersey show that inspection/maintenance substantially reduces automobile emissions at modest cost to consumers. The program in Portland has been shown to reduce fleet emissions of smog-causing hydrocarbons by 25 percent and of dangerous carbon monoxide by 35 percent. Inspection/maintenance also meets with broad and growing public acceptance. In New Jersey, for instance, 87 percent of those polled said they favored keeping the current program of emissions testing there. After being in operation for over 1 year, the program in Phoenix won the support of a majority of voters in a citywide referendum. In Chicago, over 60 percent of those polled said they favored automobile inspection/maintenance, even if it meant having to spend money on repairs.

In sum, Mr. Chairman, this amendment is an inappropriate invasion of the responsiblity of the authorizing committee. It seeks to insert a legally ineffective provision in the appropriations bill. It attempts to put this Congress on record prematurely on the merits of an effective program to control air pollution and protect public health. It should therefore be rejected.

Ms. MIKULSKI. Mr. Chairman, will the gentleman yield?

Mr. WAXMAN. I yield to the gentlewoman from Maryland.

Ms. MIKULSKI. Mr. Chairman. I rise in opposition to the amendment.

Mr. Chairman, it is a back-handed, back-door act to usurp the Clean Air Act. Each Member of this House should consider two items before casting a vote. First, this House will be taking up the reauthorization of the Clean Air Act later this session and second, this amendment threatens the health of our people.

As a member of the Health and Environment Subcommittee of the Energy and Commerce Committee I am concerned that some Members would attempt to usurp the jurisdiction of a House committee—especially on pending legislation of such importance. If the sponsor of this amendment believes the issue of inspection and maintenance requires the urgent action of this House, let him urge the President to promptly release a proposal which can then be brought before committee and the House according to procedures which allow proper consideration of this matter.

The inspection and maintenance programs are not some separate operation which can be discarded without corresponding effects on other programs under the Clean Air Act. These effects should be carefully reviewed before any substantive changes are made in the provisions of the act. To remove a portion of the whole act is similar to removing a spark plug from a car, the efficiency of the entire entity is reduced. If the inspection and maintenance program is to be changed or dismantled, it should be done in the context of the Clean Air Act taken as a whole, so that the functions which the I. & M. program were intended to fulfill will be completed in some other way. Piecemeal dismemberment of legislation without review by any committee is no way to go about the serious business of considering what this country will do about keeping our air clean and healthy.

But this amendment should be rejected for more than a failure of the sponsor to appreciate the importance of the committee process and how the Clean Air Act works. This amendment should be rejected because it represents a serious disregard for the human life and health. The Clean Air Act protects the health of our people. What the sponsor of this amendment proposes to do is eliminate the checks on air pollution equipment that has been essential to the continuing improvement of air quality in our country. Research in the field has indicated that automobile emissions are a primary cause of ozone. The health effects of ozone on humans has substantially increased in the last 10 years, and reads like a list of reasons to reject any weakening of controls on automobile emissions: Irritation of the lungs, increased susceptibility to bacterial infections, possible acceleration of the aging process, and synergistic effects which may include increased stresses on the human heart.

The very idea of weakening an act which could be important to human health without careful analysis of these factors is irresponsible. Our children, our workers, our aged, our sick, and our constituents deserve better than this amendment would offer.

Mr. WAXMAN. I thank the gentlewoman for her comments.

Mrs. SCHNEIDER. Mr. Chairman, will the gentleman yield?

Mr. WAXMAN. I yield to the gentlewoman from Rhode Island.

Mrs. SCHNEIDER. Mr. Chairman, I too rise in opposition to the amendment of the gentleman from California (Mr. DANNEMEYER).

I think it is important for this body to consider the consequences of allowing a group of Members to challenge a portion of the Clean Air Act, or any other effective statute, and freeze or delay its operation pending a congressional review. This sort of piecemeal legislating of a highly complicated statute I believe runs counter to the appropriations process and sound public policymaking. This is particularly true of the inspection and maintenance program, which is currently an integral part of the nationwide effort to control mobile sources of air pollution. This program is currently providing real benefits in terms of air pollution reduction. Where it is operating, I. & M. has been found to do so in a very cost-effective manner.

The National Commission on Air Quality, in reviewing final State air quality implementation plan revisions, found that almost all of them relied on requirements for controlling emissions from new automobiles as a principal means of providing healthy air to people in each State. An inspection and maintenance program for dirty air areas is the only means by which the reductions these plans rely on can be realized. If new auto emissions control systems are allowed to degenerate, these pollution reductions on which such plans depend will evaporate. Why should we, with so little consideration, disrupt these air quality strategies? The National Commission on Air Quality also found that the inspection and maintenance program was as cost effective as many stationary source control measures in reducing ozone emissions. In addition, preliminary data also indicates that the inspection and maintenance program is contributing to autombile fuel economy, and therefore helping us reduce our dependence upon foreign sources of oil. A recent study conducted by EPA in Houston found that a 5-percent improvement in fuel economy could be achieved among those automobiles which failed the inspection procedures and were subsequently repaired. Another study in Chicago found that

among 1978 to 1980 model cars, if routine adjustments were made to all cars during the inspection process, fuel economy of approximately 3 percent for the average car can be achieved.

Mr. Chairman, there has been an inordinate amount of discussion in this body about the need for this country to reduce its dependence upon foreign sources of oil. As we know, the automobile is the principal energy user in the United States. Yet we are being asked to slow progress on a program that can help us make real gains in the effort to reduce our dependence on foreign oil.

Finally, Mr. Chairman, I would be remiss if I did not highlight for the Members' attention the substantial support which exists for the inspection and maintenance program in those States that are actually using it. Even though under the provisions of the Clean Air Act, an inspection and maintenance program is required only in those areas which exceed the national health standards for automobile-related pollutants, the State of Rhode Island operates a statewide program. But Rhode Islanders show a strong support for the program, even though some of them live in areas that are not technically required to have one. A survey conducted on behalf of the Rhode Island Lung Association found that 85 percent of those participants in the inspection and maintenance program supported it.

In conclusion, Mr. Chairman, we are asked today to disrupt the appropriations process and slow down a program that is an integral part of the clean air effort, a program that has been shown to be cost effective, contributes to national fuel economy, and enjoys popular support where it is operating. I suggest that such a vote is bad legislation and also bad public policy, and I wholeheartedly urge the Members to vote against it.

□ 1340

Mr. WAXMAN. Mr. Chairman, I thank the gentlewoman from Rhode Island (Mrs. SCHNEIDER) for her eloquent remarks.

Mr. DENARDIS. Mr. Chairman, will the gentleman yield?

Mr. WAXMAN. I yield to the gentleman from Connecticut.

Mr. DENARDIS. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in opposition to the amendment. I believe it is an ill-considered move, and, worse, it is offered at the wrong time, particularly in view of the fact that we are on the eve of reauthorization hearings and actions.

As a member of the Connecticut State Senate a few years ago, I participated actively in the passage of an I. & M. proposal which is now legislation in Connecticut. We did so enthusiastically, not only with the support of the usual environmental groups, the Sierra Club, the Wildlife Federation, the Connecticut Lung Association, and other groups, but also with the support of a number of leading industries in Connecticut. We realized in Connecticut, and indeed in the Northeast, that clean air is going to be for us an issue in the future in terms of our survival economically and otherwise, and we know we must deal with this problem.

We know also that by almost every standard of evaluation, the auto emission pollution that we sustain through carbon monoxide and hydrocarbons is hazardous to one's health. That has been substantiated in authoritative reports, one after another.

So, Mr. Chairman, I rise in support of the movement to defeat this amendment, and I thank the chairman of the Subcommittee on Health and the Environment for leading this fight. I hope that the Members of this body will reject this move at this time pending the actions of the gentleman's subcommittee on the reauthorization of the Clean Air Act.

Mr. WAXMAN. Mr. Chairman, I thank the gentleman from Connecticut (Mr. DENARDIS) for his comments.

Mr. BROWN of California. Mr. Chairman, will the gentleman yield?

Mr. WAXMAN. I am pleased to yield to my colleague, the gentleman from California.

Mr. BROWN of California. Mr. Chairman, I rise in active opposition to the amendment offered by the gentleman from California (Mr. DANNEMEYER).

This amendment, which would prohibit the Environmental Protection Agency from expending funds for mandatory automobile inspection and maintenance programs, prejudges the full consideration of the reauthorization of the Clean Air Act which we will take up later in the year pending resolution of the tax cut bill. In bypassing the full committee and hearing process, my colleague suggests the adoption of a proposal which is both unwise, and bypasses the normal legislative process.

Mr. Chairman, I represent one of the most heavily polluted air district regions in the Nation. It was not with pride that I read the recent Washington Post series of articles on air pollution to find the Riverside-San Bernardino-Ontario area listed as the third most polluted area of the country. At least 50 percent of the pollution in the area is caused by automobile emission. This actually represents an improvement over the past several years when automobile emissions comprised perhaps 90 percent of the air pollution. As many of you may know, California imposes more stringent new motor vehicle emissions standards than any other State in the country. Furthermore, there is already in place mandatory inspection and maintenance upon transfer of ownership of a motor vehicle for auto emissions. The reason for inspection upon transfer of ownership is that without proper tuning and maintenance of an automobile, the emission controls deteriorate. Is this a valid reason for not implementing an inspection and maintenance program enforceable by the Environmental Protection Agency? I arrive at just the opposite conclusion from that one drawn by my colleague from California: California has stringent automobile emissions controls because it needs them. The Air Resources Board under direction of the Governor endorses the program; in my district the Southern California Air Quality Management District which would have jurisdiction over auto emissions control when an inspection and maintenance program for the State is passed endorses the concept; and finally the Southern California Association of Governments endorses the program. These local endorsements are just a few of the endorsements among others statewide. And lest I sound too parochial, let me point out to my colleagues the recent Harris poll conducted in May indicates strong support for an effective Clean Air Act. Of the 12,050 polled, 88 percent thought that the Clean Air Act ought to be kept as strict as it is now or stricter. Harris remarks that "at a time when Federal economic regulation has fallen into disfavor among most Americans, laws governing pollution control show signs of winning increased support."

If for no other reason, Mr. Chairman, I urge my colleagues to defeat this amendment so that it may be considered along with and within the context of our work on the Clean Air Act. I urge this because I do not think that the ramifications of the amendment we are considering are fully highlighted by my colleague. For example, if automobile emissions are allowed to increase, which will be the effect of the adoption of this amendment, stationary sources will have to be controlled more severely. This is because air quality standards must still be met. Do my colleagues want a tradeoff between automobile emissions and emissions by the utilities and industries? The implications of this are dramatic. And since we don't propose to reduce the emissions standards of cars as they exit the factory, a move I would resist, is it not foolish not to guarantee that the equipment is working as designed? The amendment does not repeal sanctions already brought against States in violation of requirements of the Clean Air Act. This includes construction bans and withholding of sewer and highway construction grants. In addition, even though the Environmental Protection Agency cannot expend funds for enforcement of an inspec-

tion and maintenance program, a civil suit may be brought against the U.S. Government for not enforcing the law. This is no way to write an appropriations bill.

Mr. Chairman, I would like at this time to commend the work of my good friend, constituent, and California State Senator Robert Presley. He has taken an active role in passage of an inspection and maintenance program for the State. As representatives from the same area, Senator Presley and I share a grave concern about the quality of the air. When polled, people invariably list air pollution as one of their primary concerns, after crime. It is true that just last week, the California State Senate defeated an inspection and maintenance program by a slim margin, largely because of the prospects of passage of the pending amendment. But in California the real question is not one of whether or not there is public support for a program or of the extent of the air pollution problem. Rather, our State has been bogged down on the issue of who controls the program. I hope we do not decide to undermine the chances of passage of an effective air pollution control program by adoption of this amendment.

Mr. Chairman, my district is located east of the Los Angeles basin and east of Orange County where the gentleman offering the amendment lives. The wind blows in from the Pacific Ocean over these two areas, through passes, and concentrates the polluted air in the basin in which my district resides.

Mr. Chairman, I hope my colleagues do not add to that polluted air by passage of this amendment.

The CHAIRMAN. The time of the gentleman from California (Mr. WAXMAN) has expired.

(By unanimous consent, Mr. WAXMAN was allowed to proceed for 5 additional minutes.)

Mr. BENJAMIN. Mr. Chairman, will the gentleman yield?

Mr. WAXMAN. I yield to my colleague, the gentleman from Indiana.

Mr. BENJAMIN. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise to thank my colleagues for providing information which is enlightening and insightful. This amendment has caused great concern to supporters and opponents because of the possible impact on our environment—and more specifically, the ozone layer.

I had hoped that the questions of the inherent unfairness of the application of the vehicle inspection and maintenance program would be reviewed and resolved in the comprehensive review of the Clean Air Act. Unfortunately, it is not scheduled for the near future. On the other hand, the State of Indiana must let $10 million in contracts on February 1, 1982, under the current provision of law.

Under the Clean Air Act, States with nonattainment areas which cannot comply with the 1982 deadline for attaining ozone and carbon monoxide health standards can obtain an extension from EPA until 1987. In exchange for the extension, however, States had to adopt extra cleanup requirements including inspection and maintenance programs for the areas, usually metropolitan centers, but in some instances entire States.

The programs require inspection of auto pollution control devices and reasonable repair of controls that do not work. Drivers must pay for the inspection and repairs.

Four of Indiana's ninety-two counties are required to implement the inspection and maintenance programs at a cost of $10 per inspection. Two of these, Lake and Porter, are in the northwest corner of Indiana.

Consequently, this program requires that only two counties in northern Indiana be penalized for all motorists traveling on the highways through their area, particularly I-84, I-94, I-80, I-90, and I-65 that cross the area into Chicago and south to Indianapolis.

If the inspection and maintenance program is designed to: First, reduce carbon monoxide and hydrocarbons at a significant level; second, increase fuel efficiency for automobiles; third, assure carowners that their efficiency for automobiles are operating within the warranted guidelines set by the auto manufacturers—why not make the program mandatory and apply it to the whole United States? Why apply the program only to areas where industry or travelers and freight haulers prohibit the area from compliance with the carbon monoxide and hydrocarbon standards?

This is a very basic economic discrimination against individuals who operate automobiles in an industrialized area. If the program truly incorporates the exceptional qualities attributed to it on which there are serious questions and doubts, why was it designed to only impact on a small number of counties throughout the country?

The General Accounting Office report entitled "Better Enforcement of Car Emission Standards—A Way To Improve Air Quality" concluded that 80 percent of an estimated 100 million cars on the road are not meeting the Federal air quality emission standards. This is largely because of maladjustments, tampering, deterioration, and insufficient maintenance of car emission control systems by owners and car service organizations.

In December 1974, the EPA proposed that manufacturers should comply with a 90-percent rate of passage of automobiles coming off the assembly lines with regard to their emissions tests. The manufacturers objected and contended that a 90-percent compliance requirement would be economically disastrous because the majority of cars would lose certification. The manufacturers won and EPA established a 60-percent level of passage criteria. In recent EPA memoranda the EPA counsel contended that Congress intended that, eventually, all cars coming off the assembly line should meet emission standards, but that the act allowed for a period of phasing in of an assembly line test program as long as the ultimate goal of full compliance was not abandoned.

The obvious question is whether selected enforcement in 29 States is the appropriate method of cleansing the environment of unwanted vehicle emissions—especially since the manufacturers are not in compliance.

In other words, the Amercian automobile purchasers in the affected areas are about to be ripped off by application of Federal law.

In Indiana, the program will be operated by an independent contractor hired by the State under competitive bidding procedures. The contractor will operate a series of official stations in Lake, Porter, Floyd, and Clark Counties.

The first inspection is required in 1983. The vehicle population will be divided into 12 equal sized groups with inspections due for each group in a different month. New vehicles need not be inspected until they are 1-year old. Vehicles must be inspected yearly thereafter.

The inspection is a short 2- to 3-minute procedure in which a probe is inserted in the tailpipe while the vehicle idles. No under hood examination is made unless the vehicle owner requests a waiver. The inspection will be performed at the contractor operated stations only. A fee of up to $10 will be charged to allow the contractors to recover their cost and to secure a reasonable return on their investment in equipment and facilities. It is anticipated that the emissions standards in the proposed rule will result in a 10- to 20-percent failure rate.

Vehicles passing inspection will be issued a sticker that is good for a year while vehicles failing inspection must be repaired and returned for a retest. The inspection report will indicate those repairs that will probably correct the problem, but the vehicle owner is not required to have such repairs made. The retest is free if the vehicle is returned to the same station within 30 days.

Only vehicles registered in the counties are subject to the test and Government vehicles are not required to undergo any test unless half of its mileage is accumulated in the county.

The vehicles to be tested do not include motorcycles, vehicles with

engine displacement of less than 50 cubic centimeters and farm tractors or other off-road construction equipment.

Obviously, there are exemptions within exemptions.

Mr. Chairman, I do not know whether the Indiana Air Pollution Control Board will delay the implementation of the inspection and maintenance program should this amendment become law. I am sure that the board finds the application of this program to be unfair to the affected motorists. Regardless, theirs will be the final determination and I believe that the board ought to have that option until the inspection and maintenance provisions of law can be properly reviewed by the Congress.

I am certainly very sensitive and sympathetic to the critical problems surrounding the carbon monoxide and hydrocarbon emissions and their effect on the ozone layer. In light of the serious nature of these problems, I do not believe that imposing this restricted inspection and maintenance program on a few counties throughout the United States will achieve any end other than to unfairly discriminate against the citizens living in those areas.

The questions I have raised and the many other questions which surround the inspection and maintenance program cause me to support the Dannemeyer amendment which will simply allow States to delay, if desired, the requirement that they implement the inspection and maintenance program until Congress is able to thoroughly and comprehensively consider this program. This amendment is not meant to circumvent the committee's jurisdiction to completely review the Clean Air Act which will include the inspection and maintenance program, but merely insure that while Congress is lumbering toward that end, States are not required to throw good money after bad implementing a program which contains significant and discriminatory problems.

I also point out that it may still be possible for a citizen to enforce the inspection and maintenance program, if included in a State implementation plan, by court action. Amendments to appropriations bills do not restrain any individual action. This is a safety net for those areas in which the 1983 implementation of a program is found to be absolutely necessary.

Finally, I realize that there is always a knee-jerk reaction to any restraint on environmental laws even though the prohibition, or in this case, voluntary enforcement, is predicated on an inequity. Unfortunately some of my friends do not care about fairness when it involves any law cloaked in environmentalism. As a legislator, I do not have that freedom to abandon the citizens I represent.

Consequently, I will vote for the pending amendment. I wish that we had the Clean Air Act to resolve its inequitable provisions. That is not before us. Consequently, I will attempt to enable the Indiana Air Pollution Control Board to reevaluate the necessity of implementing an inspection and maintenance program in northwest Indiana or to apply other cleanup strategies which are fair to the citizens of that region. They were not afforded that option under the 1977 Clean Air Act amendments. I believe that they should have this option until the new Clean Air Act amendments are adopted into law.

Mr. ATKINSON. Mr. Chairman, will the gentleman yield?

Mr. WAXMAN. I yield to my colleague, the gentleman from Pennsylvania.

Mr. ATKINSON. Mr. Chairman, I thank the gentleman from California (Mr. WAXMAN) for his courtesy in yielding me this time.

Mr. Chairman, I rise in support of the amendment which proposes to prohibit the use of Environmental Protection Agency funds for mandatory auto emission inspection and maintenance. I remain convinced that the vehicle emission inspection and maintenance program is costly, ineffective and unfair. In part, my opinion is supported by the General Accounting Office and the National Commission on Air Quality, two impartial and accurate assessors of Federal environmental policies.

The inspection and maintenance program is unfair in many respects. It is unfair to consumers as a group and it discriminates against some consumers rather than others. In 1979, the General Accounting Office issued a report which illustrates the basically anticonsumer nature of the program. According to GAO, the EPA is far more demanding on automobile owners than it is on automobile manufacturers. The report states that in 1977, the EPA tested only 324 automobiles coming off the assembly line for emissions compliance, out of a total of over 9 million cars produced in that year. And of those few cars tested, over 25 percent were out of compliance. By projecting the 25 percent figure it is logical to assume that 2 million automobile purchasers in 1977 alone purchased cars which required emissions maintenance from the very first day they were purchased. It is clear that the Clean Air Act amendments of 1977 expect the consumer to "plug the gaps" in automobile emissions control.

This program is also discriminatory. In my district alone, there are three counties being required to implement an inspection and maintenance program and one county which is not required to do so. Also, Beaver County, in my district, borders on Ohio and West Virginia. Ohio has vehicle emission inspection and maintenance, while West Virginia does not. Apparently, the Clean Air Act amendments assume that cars with West Virginia tags do not pollute while cars with Ohio tags do. Furthermore, many people have stated to me that they plan to register their cars in the unaffected counties of Pennsylvania.

In March of 1981, the National Commission on Air Quality reported that vehicle emission inspection and maintenance is not effective, except in extremely densely populated cities. The Commission also reported that relative improvements in automobile-generated air pollutants were largely due to increased fuel efficiency and emission efficiency of the more modern cars that were being driven. As more and more Americans replace their older cars with new ones, the preceived need for vehicle emission inspection and maintenance vanishes.

Many of my colleagues have stated that an appropriations measure is not the proper vehicle for attacking the inspection and maintenance program, and that we should wait to amend the Clean Air Act when it is reauthorized this year. It looks now as if the Congress will not amend the Clean Air Act by the end of the fiscal year. In the meantime Massachusetts, New York, Pennsylvania, Virginia, Delaware, North Carolina, Indiana, New Mexico, Colorado and Washington will all have to begin implementing this costly and unnecessary program by the first of January in 1982. Consumers in those States, as well as the State governments, will be asked to pay millions of dollars for emissions maintenance. We cannot wait until the reauthorization of the Clean Air Act. We must act now.

Mr. WAXMAN. Mr. Chairman, if I may reclaim my time, I appreciate the comments of the gentleman from Pennsylvania (Mr. ATKINSON). I would only point out to him that while he feels strongly and sincerely that we ought not to include inspection and maintenance program in the Clean Air Act the State legislature has adopted it, and they could repeal it. If this amendment were adopted, all it would say is that EPA could not reverse the law, but the law is nevertheless in effect and a citizen could bring a lawsuit to stop industrial growth in the gentleman's State.

Just today we sent to the White House for signature a bill to allow the steel industry to stretch out its obligation to comply with the Clean Air Act—a bill which I thought was a very appropriate one. I fear that if we would adopt an amendment like this and the State of Pennsylvania changes its mind on I. & M., it would still be in violation of the law, and then someone could bring a lawsuit and they could

not go ahead with the implementation of the steel industry amendments.

Therefore, what I am suggesting is that we have very serious problems to the States, and we must address them and deal with them, and hopefully this year we can do that with the Clean Air Act. But this amendment does not take care of the gentleman's problems.

Mr. ATKINSON. Mr. Chairman, if the gentleman will yield further, let me say that the only reason Governor Thornburgh signed that bill is that if he had not done so, they would have withheld $400 million of Federal aid.

Mr. WAXMAN. Mr. Chairman, I appreciate that. But this amendment does not constitutionally address that problem.

Mr. BONIOR of Michigan. Mr. Chairman, will the gentleman yield?

Mr. WAXMAN. I yield to the gentleman from Michigan.

□ 1350

Mr. BONIOR of Michigan. I thank the gentleman for yielding and I rise to associate myself with the gentleman's remarks and in opposition to the amendment.

Coming from an automobile industry area, I think that it is incumbent upon us who represent those areas to speak out and to suggest to this Congress that this country will not tolerate any longer the excuses that have been put forward.

The CHAIRMAN. The time of the gentleman from California (Mr. WAXMAN) has expired.

(At the request of Mr. BONIOR of Michigan and by unanimous consent, Mr. WAXMAN was allowed to proceed for 1 additional minute.)

Mr. BONIOR of Michigan. If the gentleman will continue to yield, to speak out and let this country know that we can make efficient, fuel-efficient cars, we can make cars that can compete with our competitors in Europe and in Japan, and that we can make clean cars that are clean and compatible with the environment, and to fail to make those points, I think, is to go back to the days that this country obviously does not want to go back to, and I think all one has to do is take a look politically at what has happened to Mr. Watt and those of his ilk who have advocated going back to the days of dirty air and dirty water.

I happen to have lived in the district of the gentleman from California (Mr. BROWN) for 4 years, southern California, and I think those people should be represented in terms of clean air.

We have an obligation to those people who not only drive automobiles, those people who have health problems, to make sure that the air that they breathe, which is just as much theirs as it is ours, is clean and I just want to associate myself with the gentleman's remarks.

Mr. WAXMAN. I appreciate the gentleman's comments coming from the State of Michigan. We require billions of dollars to be spent for cleaner cars.

The CHAIRMAN. The time of the gentleman from California (Mr. WAXMAN) has again expired.

(By unanimous consent, Mr. WAXMAN was allowed to proceed for 1 additional minute.)

Mr. WAXMAN. We spent billions for cleaner cars in order to clean up the air in our dirty air areas. It would seem to me a very unwise thing for us to reject an inspection and maintenance program that will allow this whole strategy of new cars, cleaning up the air as they replace old ones, to succeed.

I would therefore want us to reject the Dannemeyer amendment and also reject the gentleman's assertion that he had made that automobile exhausts do not cause health damage. Hydrocarbons clearly react to produce photochemical smog. That smog causes asthmatics to experience attacks more frequently and to cause eye and breathing difficulties in normal people. It also is suspected of accelerating the aging process and increasing vulnerability to bacterial infections.

Carbon monoxide is known to be a potential killer. At the levels found in many of our Nation's cities carbon monoxide causes chest pain and possible cardiovascular damage for millions of Americans who suffer from heart ailments.

If we do not believe these pollutants cause harm to health, I can certainly see why we would not want inspections made.

Mr. GREEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, when I was in our New York State Legislature in the 1960's, I was the sponsor in the assembly of what I believe to have been the first State law requiring that the annual inspection of motor vehicles include inspection of pollution control equipment installed on cars.

So I believed then and I continue to believe today that that annual inspection and the requirement that such equipment be kept in working order plays a very important role in limiting air pollution.

Regardless of my personal beliefs on that issue, it is plain that this appropriation bill is no place to resolve the question that is posed by this amendment.

The fact of the matter is that the inspection and maintenance program is but one part of a very complicated piece of legislation, and whether that legislation needs modification and improvement in some form or another is something that is going to be debated in another forum of this House.

It makes no sense to go at one little piece of it today in a way that the debate up to this point has already demonstrated will not be effective and will not relieve the States involved in this program of the necessity of continuing forward with it. So I would urge my colleagues, whatever their views on the Clean Air Act, to respect the appropriations process of this House and keep this amendment out of this bill.

Mr. SENSENBRENNER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the Dannemeyer amendment and would like to commend the gentlemen from California (Mr. DANNEMEYER) for taking the bull by the horns and exposing the fact to the committee today that this mandatory inspection and maintenance program is not going to contribute to appreciably less pollution in the air.

The Wisconsin Legislature last year, with the gun of a threat of a loss of Federal aid at its neck, passed a mandatory inspection and maintenance program effective in 1983.

Notwithstanding the fact that information was submitted to the State legislature that this program would have the result of reducing pollution by less than 1 percent in southeastern Wisconsin, it was enacted.

A constituent of mine, Barry Thompson of Menomonee Falls, Wis., has the best statistical analysis of how the inspection and maintenance program does not work, and I would like to share some of Mr. Thompson's statistics with the committee today.

In 1977, the Wisconsin Department of Natural Resources issued a report entitled "The Emissions Inventory of Hydrocarbons in Milwaukee County."

That inventory indicated that the total number of hydrocarbons in Milwaukee County was at 66,968 tons of which approximately one-third, or 22,195 tons came from highway vehicles.

Under the inspection and maintenance program enacted by the legislature, approximately 1,025,000 vehicles would be annually inspected.

It is estimated that 820,000 of those vehicles would be passed, 205,000 of those vehicles would be rejected, of which 31,000 vehicles would be waived because the cost of repairing them to meet standards was in excess of the $75 ceiling on repairs that was contained in the State law.

This means that only 174,000 vehicles would be changed.

If the Members look at the fact that 33 percent of all emissions come from highway vehicles required to be inspected, and if only 20 percent are forced to reduce emissions, air pollution is reduced by a negligible amount. 33 percent of the total hydrocarbon

times 20 percent is less than 6.6 percent. Since the failed vehicles can only be improved by 25 percent, improvement would be 25 percent of 6.6 percent, or 1.65 percent.

Since a tune-up usually lasts for 6 months, and the inspection requirement is annually, the net effect of the tuneup would only be one-half. So one-half of 1.65 percent is 0.82 percent.

The total cost to the consumer for this 0.82-percent improvement in the amount of hydrocarbons in the air in southeastern Wisconsin would be approximately $6½ million annually.

This graphic illustration that the inspection and maintenance program is not going to do the wonderful things that it sponsors will claim it will do shows this mandatory feature should be eliminated.

The most effective way to eliminate it is through the passage of the amendment that has been introduced by the gentleman from California (Mr. DANNEMEYER) and that is why we should take this opportunity to at least put the inspection and maintenance program on hold for a year before further expense is caused to our taxpayer and our consumers.

Mr. PARRIS. Mr. Chairman, will the gentleman yield?

Mr. SENSENBRENNER. I yield to the gentleman from Virginia.

Mr. PARRIS. I thank the gentleman for yielding.

I would like to make the point that I think many of the objections to the amendment that we have recently heard in this debate have missed the point.

The question here is, do we defer the mandate of the enforcement of the requirements?

□ 1400

This action, this amendment does not impact on the appropriation process. It just simply says, defer the appropriation process.

So far as the adoption by general assembly State legislatures are concerned, I have talked to a number of the members of our legislature in which I served in a former life.

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. SENSENBRENNER) has expired.

(By unanimous consent, Mr. SENSENBRENNER was allowed to proceed for 2 additional minutes.)

Mr. PARRIS. Mr. Chairman, will the gentleman yield further?

Mr. SENSENBRENNER. I yield to the gentleman from Virginia.

Mr. PARRIS. I would submit, Mr. Chairman, that the majority, in my view, of the members of our general assembly were motivated by existence of the EPA requirement, which this amendment addresses itself to.

Mr. SENSENBRENNER. If I can reclaim my time, the same thing happened in the State of Wisconsin. The mandatory inspection and maintenance bill would never have gotten out of committee in either House of the Wisconsin Legislature if the threat of the withdrawal of Federal aid were not present.

Mr. PARRIS. Mr. Chairman, will the gentleman yield further?

Mr. SENSENBRENNER. I yield further to the gentleman from Virginia.

Mr. PARRIS. Just one additional point. The piecemeal implementation of this policy is absolutely ridiculous. It makes no sense at all. I was very much interested in the comments of the gentlewoman from Maryland whose State is one of those who has adopted a program, but has always continued to defer the implementation of it, when she suggested that the amendment was not good.

I would simply submit to you that the automobiles in Maryland and the District of Columbia emit the same kind of things out of the tailpipe as do those in Virginia. We are separated by the length of the 14th Street bridge.

How do you imply that it is a good process in Virginia and it is not a good one in the District of Columbia or in Maryland?

I submit that if you want to apply the standard nationwide, let us talk about that; but the piecemeal implementation is absurd.

Mr. WAXMAN. Mr. Chairman, will the gentleman yield to me on that point?

Mr. SENSENBRENNER. I yield to the gentleman from California.

Mr. WAXMAN. Mr. Chairman, I just wish to point out that while the gentleman from Virginia makes his points against inspection and maintenance and would like us to believe that this amendment would not require enforcement of the inspection and maintenance provision, that the gentleman is incorrect. The law remains in effect. The Clean Air Act is the law. If the State did not adopt the law for inspection and maintenance, they may not be sued by EPA for a year, but any citizen could bring a lawsuit and all the sanctions could come into play.

We need to look at the basic law, the Clean Air Act, and adopting this amendment will not solve the problem in Virginia or any other State. Let me also remind the gentleman from Virginia that the inspection/maintenance program in northern Virginia will be implemented also in the District of Columbia and the nearby Maryland suburbs. We are not talking about a program that affects his constituents in a piecemeal manner.

Mr. SENSENBRENNER. Mr. Chairman, if I may reclaim my time, I believe that it is important that we place on hold the further implementation of the inspection and maintenance program.

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. SENSENBRENNER) has again expired.

(By unanimous consent, Mr. SENSENBRENNER was allowed to proceed for 2 additional minutes.)

Mr. SENSENBRENNER. Mr. Chairman, previous speakers in support of this amendment have detailed the tremendous cost of setting up inspection and maintenance programs that will take place unless this amendment is passed. That is truly the significant point. If we wait until late this year or the first part of next year to resolve the issue once and for all in the Clean Air Act reauthorization, there is going to be a lot of money spent perhaps needlessly by taxpayers and consumers at the State and local level.

Getting back to my original point, that the analysis by my constitutent is particularly in order, and when we get back into the House I am going to ask unanimous consent that his letter to me be inserted in the RECORD.

The letter is as follows:

GARY D. THOMPSON,
Menomonee Falls, Wis.

Re 1977 Clean Air Act against I/M.

Congressman JIM SENSENBRENNER,
120 Bishops Way,
Brookfield, Wis.

DEAR CONGRESSMAN SENSENBRENNER: I am the owner of an auto parts store and am speaking not as a businessman who will make money if the mandatory auto emissions inspection program is enacted, but as a taxpayer who works 153 days per year (42 percent of my income) just to pay taxes like everyone else. The 1977 Clean Air Act should be changed in the area of mandatory auto emissions inspection because, according to State officials in Oregon and New Jersey, 75 to 80 percent of the reduction in emissions is attributed to new car factory emission control devices. Only about 20 percent of the reduction in those States is attributed to the inspection-maintenance program. In Arizona the hydrocarbon level went up and in New Jersey the hydrocarbon level did stay the same, but they are no longer measuring it due to a serious injury caused by a monitoring device which exploded. Oregon also reports officially that there is no mileage gain or loss due to the inspection program.

The reason why the inspection program has so little effect becomes clear when looking at the DNR report called the Emissions Inventory of Hydrocarbons in Milwaukee. See chart (A) attached to this letter. Out of a total of 66,968 tons of hydrocarbons per year, highway vehicles contribute only 22,195 tons or about one third of the total. This program if installed in Milwaukee area will inspect about 1,025,000 vehicles, pass 820,000, reject 205,000, and waiver 31,000 vehicles, leaving only 174,000 vehicles changed as a result of the inspection. That 174,000 vehicles which are par tuned for low emissions won't be running much cleaner on an annual basis because most of them must be tuned up every winter to insure cold weather starting. Also, a tuneup is only effective for 6 months, so for the next 6 months the vehicle will be running just as dirty as before. The 31,000 vehicles waivered because of the $75 repair limit will further dilute our desired result as will 25,000 vehi-

cles weighing over 8,000 lbs. which will be exempt. About 14 percent of the vehicles in the Milwaukee area belong to people who drive to work daily from rural areas and these would also be exempt as would all vehicles passing through the area from out of town.

Putting it in percentage terms, the reduction in emissions is low because only 33 percent of all VOC emissions originate from highway vehicles and of all vehicles inspected, only 20 percent are forced to reduce emissions. So 20 percent of 33 percent is less than 6.6 percent. But those failed vehicles can only improve by 25 percent. So the improvement would be 25 percent of 6.6 percent or 1.65 percent. Since the tuneup lasts only about 6 months, the net effect of the tuneup would be one half as the next 6 months would show no gain. So one half of 1.65 percent is 0.82 percent total reduction. But again this does not take into consideration the 31,000 extremely dirty running vehicles which are exempt because of the $75 repair limit, 25,000 vehicles weighing over 8,000 lbs. which are exempt, 140,000 vehicles which come from rural areas to work every day which are exempt, other vehicles from out of town just passing through which are also exempt, and 1,025,000 vehicles which now must drive to and from the inspection stations putting about 500,000 gallons of burned gasoline into the air we are trying to clean up. With all these exempt vehicles and the increased traffic, the total reduction could not be more than 0.5 percent or one half of 1 percent. Actually the 0.5 percent is a high figure because those 174,000 changed or par tuned vehicles must be tuned up every winter to insure cold weather starting.

To make matters worse, the Milwaukee, Racine, Kenosha areas are down wind of the Chicago urban area and even in rural areas violations of the 1 hour ozone standards have occurred at virtually every monitoring site. According to the EPA Emissions Inventory Factor workshop volume 2, the total annual U.S. emission rate of natural hydrocarbons due to vegetation is four times that which is created by manmade sources (not auto related sources). So if the seven county metropolitan area did not exist and its land became rural area, it still would not meet ozone standards as seen in Manitowish Waters (152 hours of violation in 1976), Caledonia Township (495 hours of violation in 1976), Grant County (6 hours in 1975), and LaCrosse (70 hours in 1977). The sum total average of all stations in Milwaukee was about 100 hours of violation.

Assuming a 68 mile radius around the center of a city like St. Louis area and also assuming that the air were evenly mixed within that 68 mile radius of the city, 50 percent of the total hydrocarbons burden would be due to biogenic sources. Adding to this is the fact that there were no violations of the 1 hour carbon monoxide standard and only 5 violations of the 8-hour standard and it begins to appear that justification for this program is slight. If people were getting sick, then no method would be too expensive but 80 percent of the job is getting done right now with on-board emission devices and that is plenty. See graph (B) attached which was development by the Wisconsin DNR showing the relative ineffectiveness of this program.

The following paragraph is taken from the Progress Report to DNR Board for July 1978–June 1979.

The analysis indicate these industrial and new vehicle reductions are sufficient except in the Milwaukee area where inspection/maintenance (I/M) and transportation planning (TSM) is required in addition. However, all these four types of reductions are not sufficient regionwide, and a 12 percent hydrocarbon reduction deficit remains in Milwaukee County, largely because we expect air from south of Wisconsin to enter the State at no better than the 0.12 ppm air standard after Illinois and other States to our south complete their control work.

In short, the main reason southeast Wisconsin was determined to be a nonattainment area was because of ozone rich air entering from Illinois and other States to the south was and will be higher than the 0.12 ppm air standard. On top of that, the goal of 0.12 ppm is unattainable forever so the DNR bureaucrats will always have an excuse for lack of productivity.

Do you believe it is wise to force constituents to spend $6 million annually plus $500,000 in fuel costs to travel to and from the inspection stations for the purpose of making an immeasurable improvement in air quality only to have the Federal EPA grant permits for new major pollution sources as they promise they will?

Graph (C) attached to this letter prepared by the Department of Environmental Quality in Oregon shows the projected air quality with and without the I/M program in Oregon. Notice that there is only a small delay to attain the desired air quality standards without the I/M program. In other words, we will be in attainment without the I/M program but not quite as quickly. The Federal EPA estimates a 5–6 percent reduction in carbon monoxide annually in the rest of the country where emission testing is not done. Speaking as an overburdened taxpayer, I beg you to kill the I/M portion of the clean air act.

Sincerely,

GARY D. THOMPSON.

EMISSION INVENTORY OF HYDROCARBONS—MILWAUKEE COUNTY

	1977	1982 [3]
Petroleum refineries	0	0
Fugitive [1]		
Miscellaneous		
Other		
Storage, transportation, and marketing of petroleum products:		
Storage in fixed roof tanks [1]	91	91
Bulk gasoline terminals [1]	2,181	271
Bulk gasoline plants [1]	1,463	272
Service station loading (stage I) [1]	1,542	143
Industrial surface coating:		
Large appliances [1]	0	0
Magnet wire [1]	0	0
Automobiles [1]	2,029	0
Cans [1]	4,017	1,981
Metal coils [1]	26	29
Paper [1]	2,005	251
Fabric [1]	0	0
Metal furniture [1]	0	0
Other solvent use:		
Degreasing [1]	5,719	3,014
Cutback asphalt [1]	5,908	1,182
Subtotal (RACT)	24,981	7,234
Other industrial sources [2]	3,688	2,445
Mobile sources:		
Highway vehicles	22,195	12,688
Off-highway vehicles	1,734	1,654
Rail	469	469
Aircraft	1,085	1,161
Vessels (including pleasure boats)	855	850
Miscellaneous area sources [2]	11,961	8,300
Total	66,968	34,801

[1] Source categories subject to RACT regulations in the proposed rules.
[2] Contains source categories which may be subject to future RACT regulations.
[3] Estimates made assuming the most stringent RACT regulations (3 lbs/hr or 15 lbs/day source size cutoff) in place by 7/1/79 and including source growth.

Mr. WOLF. Mr. Chairman, will the gentleman yield for just a second?

Mr. SENSENBRENNER. I yield to the gentleman from Virginia.

Mr. WOLF. Mr. Chairman, if I could ask a question of the gentleman from California (Mr. WAXMAN). I share some of the concerns the gentleman has expressed. I have listened to both sides.

I wonder if the gentleman could give us a pledge to hold hearings on this and try to expedite and reconcile this issue before the end of this session of the Congress?

That would raise my comfort level quite a bit if I knew that the gentleman would deal with this before the end of this year.

Mr. WAXMAN. Mr. Chairman, will the gentleman yield to me to respond to that question?

Mr. SENSENBRENNER. I will.

Mr. WAXMAN. Mr. Chairman, I certainly want to give the gentleman that pledge that we are going to hold hearings, that we are going to try to move, but I cannot give the gentleman that with certainty, for this reason: The administration has not given its recommendations for the Clean Air Act.

The Clean Air Act is far more than just inspection and maintenance. We may not get all the way through the Congress on the Clean Air Act this year, even though it is our responsibility to pass the reauthorization.

I want to do all that we can to pass the revisions in the law because there are a lot of areas that we need to revise. I want us to have specific hearings and evaluate very carefully the I. & M. obligation on the States with all the sanctions that will follow if they do not live up to those obligations.

Mr. BAILEY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. SENSENBRENNER. I yield to the gentleman from Pennsylvania.

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. SENSENBRENNER) has again expired.

(At the request of Mr. BAILEY of Pennsylvania, and by unanimous consent, Mr. SENSENBRENNER was allowed to proceed for 1 additional minute.)

Mr. BAILEY of Pennsylvania. I thank the chairman for his smile, along with his assent to the unanimous-consent request.

Mr. Chairman, I would only add in light of what the gentleman from California said, that I agree that the ideal vehicle would be revisions of the Clean Air Act amendments. The difficulty with that approach is that many of us are confronting situations like we are in Pennsylvania under court order where progress with a plan, an extremely costly plan that has an absurd configuration continues. It continues to cost our State money. I think this is the only vehicle we have available to

do something about it now. I think we should move now with it.

I thank the gentleman.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. SENSENBRENNER. I yield to the gentleman from New York.

Mr. GILMAN. Mr. Chairman, I thank the gentleman for yielding. I want to associate myself with the remarks of the gentleman.

While we do have an opportunity to make some revisions with the Clean Air Act, I do think some time is needed to closely examine the manner in which the act is being implemented.

In my own region in New York State which borders on the metropolitan region of New York City, we have a very costly and ineffective program.

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. SENSENBRENNER) has again expired.

(At the request of Mr. GILMAN, and by unanimous consent, Mr. SENSENBRENNER was allowed to proceed for 1 additional minute.)

Mr. SENSENBRENNER. I yield to the gentleman from New York.

Mr. GILMAN. Mr. Chairman, I rise in support of the amendment offered by the gentleman from California (Mr. DANNEMEYER) imposing a 1-year moratorium on the auto emission inspection and maintenance program of the Clean Air Act.

The problem is that there is a time limitation and a mandate placed upon local government by State government because of the Federal statutes. We do need some breathing space to try to make this a workable program. It is for that reason that I will be supporting the amendment introduced by the gentleman from California and I would urge its adoption.

In my 26th Congressional District of New York, the regulations that the Environmental Protection Agency has issued under this act, as well as the program that New York State adopted under pressure, have proven to be unenforceable and ineffective.

Rockland County in my district has been arbitrarily made a part of the New York City Metropolitan Zone, even though the county is 25 miles distant from downtown New York City and does not have a significant concentration of vehicular traffic.

The auto inspection stations in the county have been required to purchase testing equipment at costs of up to $6,000, with no assistance from either the Federal or State government. It has been alleged that only one company currently manufactures and makes available for sale the necessary testing equipment. This has imposed a severe and unjustified hardship upon our inspection station owners.

The mandatory inspection program penalizes not only the inspection station owners but also automobile owners, neither of whom are responsible for the manufacture of polluting vehicles. Accordingly, it is not an effective means of keeping our environment pollution free. I have personally been contacted by constituents who have found a diversity in the testing equipment—one device will "pass" an automobile, while another device manufactured by the same company will "flunk" the same auto.

So many problems and controversies have arisen in regard to this program that the New York State Department of Motor Vehicles is currently considering withdrawal of its financial support for the monitoring of the program. In fact, the New York State Senate has adopted four separate bills this year which would have altered the boundary lines of the auto emission inspection and maintenance program and in other ways change New York State's participation in the program. Although the State assembly did not act upon this legislation, it was an indication of how deeply disturbed some of our State officials are regarding the problems which have arisen in regard to enforcement of this program.

So many problems and controversies have arisen in regard to this program that the New York State Department of Motor Vehicles is currently considering withdrawal of its financial support for monitoring the problem.

Mr. Speaker, keep in mind that we are not attempting to circumvent the intent of the Clean Air Act by supporting this amendment. We are simply seeking a reasonable extension of time to work out and rectify the many problems which have arisen in regard to the implementation of the legislation, and which have caused undue and unjust hardship to the auto inspection owners who have had the expense and inconvenience unexpectedly thrust upon them.

Accordingly, this amendment calling for a moratorium until the problems with the program are ironed out by the States and by the Environmental Protection Agency is worthy of our support.

I urge its adoption by my colleagues.

Mr. RITTER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I would like to relate to my colleagues some recent occurrences in the State of Pennsylvania. Both the State house and the State senate unanimously passed a bill to keep any State funds from implementing the inspection and maintenance program as it has been put to the State of Pennsylvania. As has been described, the Governor of the State, although in agreement with the intent of the State legislature, was forced to veto the bill because it would have entailed the removal of some $400 million in State highway funds and in State sewer funds.

The distinguished gentleman from California, the chairman of the Subcommittee on Health and Environment, has stated that this is not the time, or the vehicle to consider the inspection and maintenance program and we should wait on reconsideration of various features of the Clean Air Act.

I say that it is precisely because we are about to consider the Clean Air Act that we should wait on the implementation of a program which is as controversial and as costly as the inspection and maintenance program.

This program from all the data we have been able to gather is a 2-percent solution program. It is a 2-percent solution program at a very high cost.

Why should we go ahead with a costly program riddled with problems, when we can throughly review its merits within the framework of the Clean Air Act. The fact that the reauthorization of the Clean Air Act is around the corner is the best reason for delaying the implementation of the inspection and maintenance program.

I urge my colleagues to seriously consider the amendment offered by the gentleman from California and support it.

Mr. DANNEMEYER. Mr. Chairman, will the gentleman yield?

Mr. RITTER. I yield to my colleague, the gentleman from California.

Mr. DANNEMEYER. Mr. Chairman, I thank the gentleman for yielding.

The chairman of the Health and Environment Subcommittee, my distinguished colleague, the gentleman from California (Mr. WAXMAN) has made some observations about the amendment offered by the gentleman from California. For instance, the gentleman says that it might cause lawsuits by citizens requiring States to go forward with existing law. It does not address itself to the sanctions which are in existing law.

The gentleman from California (Mr. WAXMAN) is absolutely right, because the moment my amendment today included provisions dealing with those specific items, the gentleman from California would then be standing on his feet asserting his point of order, alleging that I was attempting to legislate on an appropriations bill and, therefore, the amendment is subject to a point of order.

□ 1410

Based on intelligence from the Parliametarian that we have received over the last several days, it would probably be sustained. The gentleman knows that full well, and that is why it is not in there. That is why this amendment is narrowly crafted to say that just for the year we will have a

moratorium on spending. It does not prevent any State from adopting I. & M. if it choose to do so.

Also, if it is adopted, it is going to send a signal very clearly that we are going to have hearings. Mr. Satterfield, who served in this body last year, had a bill to do away with mandatory I. & M. It had 65 cosponsors last year and never could get a hearing. Why? Because the gentleman from California (Mr. WAXMAN) is opposed to that bill. He did not want to set it for hearings. He does not want any modification of the Clean Air Act in this session of Congress if we can avoid it. That is why he is standing and telling us today not to adopt the Dannemeyer amendment because it is doing something we should not be doing. He is objecting to the substantive part when all I am trying to do is raise the flag.

There are a lot of people around this country that are concerned about the cost-benefit ratio of this issue.

● Mr. MARKEY. Mr. Chairman, the reauthorization of the Clean Air Act is one of the most critical issues currently pending before Congress. Consideration of this legislation demands full-scale study and debate. The Environmental Protection Agency's inspection and maintenance program is too important an issue to be brushed aside in such a short-circuited fashion as this amendment proposes.

Mr. Chairman, an elimination of the inspection and maintenance program would have serious consequences for consumers and the environment. Carowners would be unable to determine whether or not their vehicles were meeting manufacturers' warranty standards. This lack of verification procedures would mean more inefficient operation of auto pollution devices and diminished fuel economy as a result. Without these inspections, the Nation would suffer an untold loss of energy efficiency. Inadequate pollution control devices would also lead to an inevitable increase in auto-related pollution. Without inspections we would have no way of monitoring the sources of this pollution.

Mr. Chairman, some voices in our current political debate insist that last November's election was a mandate to reduce, in the name of regulatory reform, the Government's commitment to pollution control. But opinion polls continue to demonstrate overwhelming support for combating pollution and specific endorsement for adding auto emissions inspections to safety inspections. Now is not the time, Mr. Chairman, to abruptly halt such a popular, worthwhile provision of the Clean Air Act.

Congress is still awaiting submission of the administration proposal on the Clean Air Act. The reauthorization of the act is likely to be the subject of extensive debate. At the very least, Mr. Chairman, Congress should not act upon the amendment offered by the gentleman from California until such proposals have undergone consideration in the proper legislative process. I urge all of my colleagues to vote against this shortsighted attempt to undercut one of the Clean Air Act's major provisions.●

Mr. BOLAND. Mr. Chairman, I move to strike the requisite number of words and rise in opposition to the amendment.

I rise in opposition for all the reasons that have been explained here by the distinguished chairman of the Subcommittee on Health and the Environment. I think he states some good points.

The Clean Air Act is 185 pages long. The I. & M. part of the Clean Air Act is just a very small part of the act. There have been indications by the administration that it intends to propose significant changes to the Clean Air Act. I think there is a responsibility on the part of the administration to come up with those proposals and give an opportunity to the gentleman from California and his subcommittee, and the entire committee, to get a look at those recommendations and determine whether or not there ought to be an amendment affecting the very areas in which the gentleman from California (Mr. DANNEMEYER) is interested.

My own judgment is that this amendment might require a partial moratorium on enforcing certain parts of the act. The moratorium, of course, would apply to EPA action, but it would not apply to any suits that may be brought by private citizens. Sections 176 and 316 of the Clean Air Act could result in people bringing suit in these particular instances. My colleagues can rest assured those suits will be brought.

So in a sense, it does not accomplish very much. Although it may inhibit the Government from certain actions under the act, it does not inhibit private individuals from bringing suits to require States to comply with provisions in approved State implementation plans. I am sure that those suits will be brought and sanctions will be imposed by the Secretary of Transportation and by the Administrator of EPA in those areas where they have obligation under the act to impose those sanctions. There is no question about that.

I think there ought to be a look at the Clean Air Act. I have no objection to that, and there is an opportunity for that to be done. The chairman of the subcommittee and I am sure the chairman of the full committee, the gentleman from Michigan (Mr. DINGELL), have indicated as soon as the recommendations come up that they would be willing to hold hearings. Although it is getting rather late in the legislative session, at least the hearings will be held, and they can indicate the direction which that committee is going to take.

Everybody has some concern with I. & M. There are some good arguments on both sides of the issue. Nobody, nobody can dispute the fact that automobile pollutants do cause damage to health, do cause damage to property, and I think those are the important things to remember. If there is a quick fix here, or if there is an attempt to make a quick fix here with respect to what the disposition of I. & M. might be, I think we should remember what the pollution emissions effects might be on the health and property of people residing in this Nation.

The report of the National Commission on Air Quality estimates that I. & M. programs will reduce hydrocarbon emissions by 20 percent and carbon monoxide emissions by 26 percent by 1987, below levels that would exist without such programs. The gentleman apparently believes these additional reductions are not warranted. I strongly disagree. I think these reductions are not only warranted—but necessary.

One reason many people oppose the inspection and maintenance programs is apparently because of the cost. However, the experience from programs currently operational in New Jersey, Portland, Los Angeles, and Arizona does not bear this out. The average inspection and maintenance repair costs—and I repeat repair costs—is between $18 and $35.

I believe those additional costs are worth it for the cleanup of the Nation's air and the improved health benefits which will accrue. Let me also point out that at least part of the increased costs will be offset by lower gasoline prices to the consumer because cars will be running more efficiently.

In summary, Mr. Chairman, I believe that inspection and maintenance programs are worth the cost. I believe the benefits exceed the cost. I believe the programs should be mandatory. But finally, if the Congress does not wish to retain mandatory inspection and maintenance programs, it should make that decision in connection with the reauthorization of the Clean Air Act.

I believe some background on the substantial progress this country has made in controlling air pollution in the past decade would be instructive to the membership. Between 1973 and 1978 average annual concentrations of carbon monoxide decreased by 33 percent. Although there was no reduction of national average daily concentrations of ozone, the number of days during which the ozone standard was exceeded declined in most areas. Despite those improvements, portions of

506 counties are not in compliance with the ozone standard. Portions of 145 counties now exceed the carbon monoxide standard, including 39 with levels 100 percent above the standard. If state implementation plans are followed, only Houston and several California cities will exceed the ozone standard in 1987. Only Denver and Los Angeles are expected to exceed the carbon monoxide standard by 1987.

Mr. Chairman, I would hope that we would vote down this amendment by a substantial vote, and then we can go on from there to the rest of the bill.

● Mr. AuCOIN. Mr. Chairman, I rise in opposition to the gentleman from California's amendment.

Mr. Chairman, it is obvious that the Clean Air Act is a very complicated piece of legislation. Curbing air pollution is not, has not, and will not be an easy task. Over the last 10 years, there has been significant progress. Yet 134 counties across the Nation still violate the health standard for carbon monoxide pollution. And 140 million Americans still live in areas afflicted with unhealthy air caused by one pollutant or another. Therefore, it is important that progress toward reducing air pollution be maintained.

In my home State of Oregon, the Clean Air Act has produced very real benefits. It is estimated that compliance with the carbon monoxide health standard will be achieved at least 5 years early. EPA compared automobiles in Portland, which has had an inspection and maintenance program since 1975, with automobiles in Eugene, which has no program and is just 110 miles south of Portland. The results were dramatic. Carbon monoxide emissions from Portland cars were 34 percent lower than those in Eugene. These emission reductions remained effective for up to 1 year, at a median repair cost of about $14 per car that failed the inspection. There are a number of inspection and maintenance stations in the Portland metropolitan area, many in my district; I have received few complaints about this particular program.

The Oregon experience demonstrates that the inspection and maintenance programs reduce air pollution. The gentleman from Indiana raises legitimate concerns about this program—concerns that ought to be addressed when the Energy and Commerce Committee meets to deliberate on the Clean Air Act. The progress that has been made ought not to be halted while the debate on the program itself is being waged.

Pollution, including automobile pollution, does not respect political boundaries. Oregonians are proud to take a leadership role in this endeavor to clean our air. But our efforts, and the efforts of other States, will be worthless without the cooperation of all the States. And we will be more than disappointed if other States choose to pollute their own air and, as a result, pollute ours, as well.

In light of the important benefits provided by the inspection and maintenance program, I urge my colleagues to oppose the amendment. This is not the place to debate such an important issue.●

The CHAIRMAN. The question is on the amendments offered by the gentleman from California (Mr. DANNEMEYER).

The question was taken; and the Chairman being in doubt, the Committee divided, and there were—ayes 28, noes 32.

RECORDED VOTE

Mr. DANNEMEYER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 177, noes 184, not voting 71, as follows:

[Roll No. 144]

AYES—177

Alexander	Fiedler	Montgomery
Anthony	Fields	Moorhead
Applegate	Findley	Morrison
Archer	Flippo	Murphy
Ashbrook	Frenzel	Murtha
Atkinson	Gaydos	Myers
Bafalis	Gilman	Napier
Bailey (MO)	Gingrich	Nelligan
Bailey (PA)	Ginn	Nichols
Barnard	Goldwater	Nowak
Beard	Goodling	O'Brien
Benjamin	Gramm	Parris
Bethune	Grisham	Pashayan
Bliley	Hagedorn	Patman
Brinkley	Hall, Ralph	Paul
Brooks	Hall, Sam	Perkins
Broomfield	Hamilton	Petri
Brown (OH)	Hammerschmidt	Peyser
Burgener	Hansen (ID)	Porter
Butler	Hansen (UT)	Regula
Byron	Hartnett	Ritter
Campbell	Hatcher	Roberts (SD)
Carman	Hefner	Rogers
Carney	Hendon	Rudd
Chappell	Hertel	Sawyer
Chappie	Hightower	Schulze
Cheney	Hiler	Sensenbrenner
Clausen	Hillis	Shaw
Clinger	Hopkins	Shelby
Coats	Hubbard	Shumway
Collins (TX)	Hunter	Shuster
Conable	Hutto	Siljander
Coughlin	Ireland	Skeen
Coyne, James	Jeffries	Skelton
Craig	Jenkins	Smith (NE)
Crane, Daniel	Johnston	Smith (OR)
Crane, Philip	Jones (TN)	Snyder
Daniel, Dan	Kazen	Spence
Daniel, R. W.	Kindness	Stangeland
Dannemeyer	Kramer	Staton
Daub	Lagomarsino	Stump
Davis	Leath	Taylor
de la Garza	LeBoutillier	Trible
Derwinski	Lent	Vander Jagt
Dornan	Loeffler	Volkmer
Dougherty	Luken	Walgren
Dowdy	Lungren	Walker
Dreier	Madigan	Wampler
Duncan	Marks	Watkins
Dunn	Marlenee	Weber (OH)
Dymally	Marriott	White
Dyson	Martin (IL)	Whitehurst
Edwards (OK)	Martin (NC)	Williams (OH)
Emerson	Mavroules	Wilson
English	McDonald	Wolf
Erlenborn	McEwen	Wortley
Ertel	McGrath	Wright
Evans (IA)	Michel	Yatron
Evans (IN)	Miller (OH)	Young (AK)

NOES—184

Akaka	Frank	Oberstar
Anderson	Frost	Obey
Andrews	Fuqua	Ottinger
Annunzio	Garcia	Panetta
Aspin	Gejdenson	Patterson
AuCoin	Gephardt	Pease
Barnes	Gonzalez	Pepper
Bedell	Gore	Pickle
Beilenson	Gray	Price
Bennett	Green	Pritchard
Bereuter	Guarini	Pursell
Bingham	Gunderson	Railsback
Blanchard	Hall (OH)	Rangel
Boggs	Hance	Ratchford
Boland	Harkin	Reuss
Boner	Hawkins	Rinaldo
Bonior	Heckler	Rodino
Bonker	Heftel	Roe
Breaux	Howard	Roemer
Brodhead	Hoyer	Rosenthal
Brown (CA)	Huckaby	Roukema
Brown (CO)	Hughes	Roybal
Burton, John	Hyde	Russo
Burton, Phillip	Jacobs	Sabo
Chisholm	Jeffords	Savage
Clay	Jones (OK)	Scheuer
Coelho	Kastenmeier	Schneider
Coleman	Kildee	Schumer
Conte	Kogovsek	Seiberling
Conyers	LaFalce	Shamansky
Coyne, William	Lantos	Shannon
Crockett	Leach	Sharp
D'Amours	Lee	Smith (NJ)
Danielson	Lehman	Snowe
Daschle	Leland	Solarz
Deckard	Levitas	Solomon
Dellums	Lewis	Stanton
DeNardis	Livingston	Stark
Dicks	Long (LA)	Stokes
Dingell	Long (MD)	Stratton
Donnelly	Lowery (CA)	Studds
Dorgan	Lowry (WA)	Swift
Downey	Lujan	Synar
Dwyer	Markey	Tauzin
Early	Martin (NY)	Traxler
Eckart	Matsui	Udall
Edgar	Mattox	Vento
Edwards (AL)	McClory	Washington
Edwards (CA)	McCurdy	Waxman
Erdahl	McDade	Weaver
Evans (DE)	McHugh	Weber (MN)
Fary	McKinney	Weiss
Fascell	Mikulski	Whittaker
Fazio	Miller (CA)	Whitten
Fenwick	Minish	Williams (MT)
Ferraro	Mitchell (NY)	Wolpe
Fish	Moakley	Wyden
Foglietta	Molinari	Wylie
Ford (TN)	Moore	Yates
Forsythe	Natcher	Zablocki
Fountain	Neal	
Fowler	Oakar	

NOT VOTING—71

Addabbo	Glickman	Rhodes
Albosta	Gradison	Richmond
Badham	Gregg	Roberts (KS)
Benedict	Holland	Robinson
Bevill	Hollenbeck	Rose
Biaggi	Holt	Rostenkowski
Bolling	Horton	Roth
Bouquard	Jones (NC)	Rousselot
Bowen	Kemp	Santini
Broyhill	Latta	Schroeder
Collins (IL)	Lott	Simon
Corcoran	Lundine	Smith (AL)
Cotter	Mazzoli	Smith (IA)
Courter	McCloskey	St Germain
Derrick	McCollum	Stenholm
Dickinson	Mica	Tauke
Dixon	Mineta	Thomas
Emery	Mitchell (MD)	Whitley
Evans (GA)	Moffett	Winn
Fithian	Mollohan	Wirth
Florio	Mottl	Young (FL)
Foley	Nelson	Young (MO)
Ford (MI)	Quillen	Zeferetti
Gibbons	Rahall	

□ 1430

The Clerk announced the following pairs:

On this vote:

Mr. Young of Missouri for, with Mr. Addabbo against.
Mrs. Bouquard for, with Mr. Zeferetti against.
Mr. Benedict for, with Mr. Courter against.
Mr. Corcoran for, with Mr. Emery against.
Mr. Quillen for, with Mr. Hollenbeck against.
Mr. Robinson for, with Mr. Horton against.
Mr. Smith of Alabama for, with Mr. McCloskey against.

Messrs. DORGAN of North Dakota, HANCE, BLANCHARD, and MOORE changed their votes from "aye" to "no."

Mr. LENT changed his vote from "no" to "aye."

So the amendments were rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

HAZARDOUS SUBSTANCE RESPONSE TRUST FUND

For necessary expenses to carry out the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, including sections 111(c)(3), (c)(5), (c)(6), and (e)(4), $200,000,000, to be derived from the Hazardous Substance Response Trust Fund, to remain available until expended: *Provided,* That not to exceed $41,640,000 shall be available for administrative expenses. Funds appropriated under this account may be allocated to other Federal agencies in accordance with section 111(a) of Public Law 96-510.

Mr. DICKS. Mr. Chairman, I move to strike the last word.

Mr. VENTO. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to the gentleman from Minnesota.

Mr. VENTO. I thank the gentleman from Washington for yielding.

Mr. Chairman, I want to commend you and the other members of the Appropriations Committee especially Mr. SABO from Minnesota for your careful review of the OMB proposal to close the St. Paul VA data processing center.

I, too, have studied our VA operations in St. Paul carefully and concur wholly with your decision that operations in St. Paul should not be curtailed.

The staff at the St. Paul VA data processing center has achieved an impressive service record and they are, by the admission of VA ODMT Chief William Martin, the hardest working and most efficient staff in the whole VA data processing system.

OMB's original proposal was to close just the data processing center in St. Paul. However, subsequent OMB proposals expanded the closing order to include the VA insurance center and central accounts receivable system—CARS—also located in St. Paul. All told, these closings and transfers would have resulted in over 500 people being displaced.

I and other members of the Minnesota delegation expressed strong disapproval of this OMB proposal because all three facilities are operating successfully and no cost-benefit analysis was undertaken. OMB apparently concurred with our judgment because on June 25, at a meeting I called involving the Minnesota delegation, OMB, and the VA, Associate Director of OMB Don Moran informed us that OMB had decided to freeze their transfer order pending congressional action.

Mr. Chairman, as you correctly point out in the report language to this bill, the physically decentralized data processing system now operated by the VA has been successful and should not be altered without careful analysis of the costs and benefits. Service to veterans is our prime consideration and the current system functions highly effectively. By this token, I would also urge the VA to reassess their plans and consider ways to maintain a decentralized system.

In my opinion, VA operations should be expanded and enhanced in St. Paul. After all, St. Paul has many factors which should make it an attractive candidate for VA data processing expansion. First, it has a core of experienced employees with the best service record in the VA data processing system. Second, it has ample physical facilities in an attractive Federal building with a large area specifically designed as a data processing center. By contrast, the Austin data processing center, to which the VA has proposed transferring much of the St. Paul operations, is housed in a warehouse leased by the VA from private sources. Third, the Twin Cities is by common recognition one of the world centers of the computer and data processing industry. There is a large and highly qualified labor pool from which to draw expanded staff.

Again, Mr. Chairman, I commend members of the Committee on Appropriations for the valuable work you have done in reviewing the VA data processing system. I will continue to carefully monitor this situation myself, and I look forward to working with you to insure that the best interest of veterans can be served.

Mr. DICKS. Mr. Chairman, I wonder if the distinguished chairman of the Appropriations Subcommittee on Housing and Urban Development-Independent Agencies, Mr. BOLAND, would answer a couple of questions about the intent of the committee regarding the Environmental Protection Agency's wastewater treatment construction grants program?

Mr. BOLAND. I would be pleased to answer the gentleman's questions.

Mr. DICKS. I thank the gentleman.

The Appropriations Committee has agreed to recommend no funding for this account for 1982, pending approval of legislative reforms in the program.

Mr. BOLAND. That is correct.

Mr. DICKS. I have some ongoing concerns about the future of this program. In my State of Washington, construction of treatment facilities has proceeded relatively smoothly, with money being spent within 2 years of its receipt. In fact, Washington is one of a very few States without a significant backlog of funds to pad the anticipated delay in 1982. We are threatened with scrapping projects already under construction, as well as laying off management personnel, if Federal funding for this program is not forthcoming.

In fact, it is widely agreed that zero funding for 1982 would have devastating effects on the majority of States.

Mr. BOLAND. So I understand. According to testimony presented to my subcommittee by James N. Smith, Assistant Administrator for Water and Waste Management at EPA, all States except the District of Columbia will be out of available funds by the end of 1982.

Mr. DICKS. While I understand that Chairman HOWARD has introduced the administration's reauthorization package by request, there is no committee bill for this program yet. Mr. ROE, chairman of the Subcommittee on Water Resources of the Public Works Committee, plans to hold hearings next week on the program, without a specific bill. Oversight hearings are scheduled all this month in the Public Works Subcommittee on Oversight and Investigations. That subcommittee expects to have a report available by Labor Day, which should be helpful to the Water Resources Subcommittee in developing a tailored legislative proposal.

However, should this scenario go as I have suggested, there are still budget and appropriations considerations. The administration has pledged to request $2.4 billion for the program for fiscal year 1982, if and when new authorizing legislation is adopted. I ask you, Mr. Chairman: Is the appropriations subcommittee committed to providing the necessary funding, in the event that the authorizing legislation is approved?

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to the subcommittee chairman.

Mr. BOLAND. Mr. Chairman, the answer to that question is that it is the intent of the committee to do precisely what the gentleman has propounded.

Mr. DICKS. Mr. Chairman, I thank my colleague, the distinguished chairman of the subcommittee for clarifying the issue.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to the gentleman from New York.

Mr. GREEN. Mr. Chairman, I would like to simply, on this side of the aisle, join in the assurances of the subcommittee chairman. As the chairman knows from our discussion in the committee, New York City is under court order to proceed with two major treatment plants, and I, too, very much share the gentleman from Washington's concern that the program go forward.

Mr. DICKS. Mr. Chairman, I appreciate the gentleman's comments.

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to the gentleman from New York

Mr. WEISS. Mr. Chairman, I appreciate the gentleman's yielding to me.

I am still not sure what the assurances mean. The gentleman referred to the North River pollution plant which is under court order. That plant is in my district, and it is perhaps a fifth of the way completed. It is a massive 10-block-wide project.

Is the gentleman saying that the money runs out for the construction of that plant at the end of this fiscal year?

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to the gentleman from New York for a reply.

Mr. GREEN. Mr. Chairman, my understanding is that if the reform legislation is enacted, the administration will submit a budget request on which the committee will act. Obviously, if that reform legislation is not enacted, we are going to have to take another look at the situation.

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to the gentleman from New York.

Mr. WEISS. Then, Mr. Chairman, pending the adoption of some authorizing legislation, as of October 1, those plants may have to stop being constructed; is that correct?

Mr. GREEN. I think we will have to face that problem as we see the timetable of the authorizing committee.

Mr. WEISS. Mr. Chairman, I thank the gentleman. I am really very, very concerned that the money will not be available by October 1.

The CHAIRMAN. The time of the gentleman from Washington (Mr. DICKS) has expired.

(By unanimous consent, Mr. DICKS was allowed to proceed for 2 additional minutes.)

Mr. HOWARD. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to the gentleman from New Jersey.

Mr. HOWARD. Mr. Chairman, I would just like to say that the colloquy that is going on is accurate. However, the one thing we do have to remember is that the administration has stated it will only request certain funds, and those funds are much less than we have had in the past years when we were in this for about $6.3 billion nationally per year, and we are down now to $2.4 billion if a certain number of amendments—and we have not gotten all of them yet—are adopted.

So it is only if we take their plan. Otherwise, as in this reconciliation bill that we just passed, there is nothing at all.

So the committee or the subcommittee has been holding hearings and will hold hearings. We have introduced by request the administration's bill, and we do expect action on that. However, that does not mean that the Congress will necessarily swallow whatever the administration sends down in its so-called reforms. One of the results which may very well come about is to have the non-Federal share doubling from 25 percent of the total cost to 50 percent of the cost.

Mr. DICKS. Mr. Chairman, I say to my friend, the gentleman from New Jersey (Mr. HOWARD), that I am deeply concerned about the implications of this so-called reform policy as it relates to projects that are underway and are yet to be completed. I am afraid this could cause a crisis in the country in those communities that have projects underway if we do not get something done this year.

Mr. Chairman, I appreciate the gentleman's leadership, but I am deeply concerned that we get something going on this legislation.

Mr. HOWARD. Mr. Chairman, if the gentleman will yield, the gentleman is correct. We have been cleaning up the water of this Nation since the first large Clean Water Act in 1965. Our bays and streams are clear. Our fishermen tell us they are getting fish back in the areas where we have not had fish in 20 years.

Mr. Chairman, it would be a shame to see that reversed under some new budget proposal.

Mr. DICKS. Mr. Chairman, I have one final thing. Are the States in a position to take care of a double payment for these kinds of projects?

Mr. HOWARD. Mr. Chairman, many of them just would not be able to handle that at all. What it would mean is that we would provide half, the Federal share, and have half of the job being done, and it would take twice as long to get anything accomplished.

The CHAIRMAN. The time of the gentleman from Washington (Mr. DICKS) has again expired.

(On request of Mr. WEISS, and by unanimous consent, Mr. DICKS was allowed to proceed for 1 additional minute.)

Mr. WEISS. Mr. Chairman, if the gentleman will yield, I can assure the gentleman that in the instance of the North River Pollution Control Plant, where we have had a great deal of difficulty as it is, if the new Federal requirement is to require the States and the localities to come in with additional tens and perhaps hundreds of millions of dollars from New York City and New York State, that for all practical purposes that means the Reagan administration is saying that that plant, under court mandate, has to come to a halt and construction cannot be finished.

Mr. DICKS. Mr. Chairman, I agree with my colleague. We have a problem in my State of Washington, in my own area of Pierce County, where the project is going to come to a halt in 1982 unless we get something going. This seems to me to be the height of irresponsibility on the part of the administration to let this happen.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. DICKS. I yield to the gentleman from Massachusetts.

Mr. BOLAND. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, we are trying to get through other sections of this bill. This is a matter, of course, between the administration and the legislating committees, and I think we should proceed.

Mr. DICKS. Mr. Chairman, I yield back the balance of my time.

Mr. BOLAND. I appreciate the gentleman's yielding back his time.

Mr. SKELTON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I have asked for recognition at this point because, initially, I had an amendment to this bill dealing with civil defense.

My amendment would have increased the amount appropriated for civil defense up to the figure of $132 million for the coming year. However, because of the way the rule has been adopted, such an amendment would have been out of order.

I take this opportunity to speak of civil defense for a few moments and also, shortly, to engage in a colloquy with the subcommittee chairman on this subject.

Many of the Members know that my district, the Fourth Congressional District of Missouri, has some 150 ICBM silos in it, and there is no secret that these types of installations, as well as some 38 more throughout the Nation, are prime potential targets of enemy ICBM's should such an event come to pass.

Many people across the Nation are well aware of the importance of civil defense. Many people have worked on it and feel very strongly about it, as I do and as I have ever since I have been in Congress. Let me mention a little bit of the legislative history of civil defense.

In 1978, an amendment that I offered became law which required a study of the potential prime targets in

America. The answer was that, in essence, there is little or no protection.

In 1979, this House passed an amendment to the defense authorization bill which established a detailed program of civil defense and also established it as part of the strategic defense of our country, plus a 5-year authorized spending level. That amendment did not survive the conference.

Last year, in 1980, it became law as a result of an amendment I offered, and civil defense is now part of the strategic defense of our country, plus a detailed program outlined for civil defense in our country.

This year, under the leadership of the chairman of the Military Installations Subcommittee, the gentleman from Georgia (Mr. BRINKLEY), a program called D-prime has been authorized, and so there is a dual use of civil defense that includes not just defense from nuclear attack but also natural disasters, and that is at an authorization level of $174 million. This, I think, is a good piece of legislative workmanship.

Also working very hard in this area, not just this year but in prior years, has been the gentleman from New York (Mr. MITCHELL).

My amendment would have brought this up to the recommendation of the administration, but as I said before, I did not offer it because of the point of order which would lie.

Mr. Chairman, at this point, I wish to engage the chairman of the subcommittee in a colloquy dealing with this area.

□ 1450

Mr. Chairman, I have spoken with you on various occasions of my interest in a strong civil defense; is that not correct?

Mr. BOLAND. The gentleman is correct.

Mr. SKELTON. As I understand it, the subcommittee of which the gentleman is the chairman deferred a good part of the civil defense funding for this year.

What does this deference actually mean?

Mr. BOLAND. If the gentleman will yield further, the gentleman is correct; it was a deferral recommended by the subcommittee of $125,658,000 in civil defense related activities. That deferral was really predicated on the fact we were concerned about the direction in which the civil defense program is headed.

During the years, and I have been serving on this committee for some years, this particular program has enjoyed peaks and valleys—mostly valleys—in funding. What we were trying to do was get some idea from the administration on exactly what it intends to do with respect to funding for civil defense programs in which so many people are interested and to which the gentleman from Missouri and the gentleman from New York (Mr. MITCHELL) have attached so much of their time and good reasoning.

The CHAIRMAN. The time of the gentleman from Missouri (Mr. SKELTON) has expired.

(By unanimous consent, Mr. SKELTON was allowed to proceed for 5 additional minutes.)

Mr. BOLAND. If the gentleman will yield further, it was recommended by this committee that we defer funds for civil defense so we could get a better idea as to what the administration's recommendation in this area will be when it completes the review currently underway.

If one looks at civil defense funding during the last 10 years, one finds that the appropriations for civil defense have been somewhat erratic. As the gentleman from Missouri (Mr. SKELTON) indicates, and as the gentleman from New York (Mr. MITCHELL) so well knows, there have been many studies in this area. The current possibilities receiving considerable attention are the D and D-prime programs.

The D program would take 5 years to complete. That would cost $1,993,000,000. The D-prime is a 7-year program that would cost approximately $2,309,000,000.

Speaking for myself—and I think the subcommittee shares my judgment—speaking for myself, I would be willing to fund a program at that level over that period if it has the administration's support. If we are going to put into place a civil defense program that is going to protect the people of the United States, not only in time of war, but also against natural disasters, this type of program is necessary. All of us are interested in that, and for myself, I can make that kind of pledge to the gentleman from Missouri.

Mr. SKELTON. In other words, if the administration produces a D-prime or D program or an equivalent program for a period of several years, as the gentleman outlined, for either 1982 or 1983, the gentleman would then give it his support.

Mr. BOLAND. I can assure the gentleman that would be my position; yes.

Mr. SKELTON. Let me ask also if the Senate provides the 1982 funding deferred by the House, would the gentleman be in a position to accept that Senate action in conference?

Mr. BOLAND. I have indicated to the gentleman from Missouri and the gentleman from New York (Mr. MITCHELL), that if the Senate provides funding for the civil defense program at $132,842,000, my recommendation to the House conferees would be to accept the recommendation of the Senate.

Mr. SKELTON. Mr. Chairman, in any event, the gentleman would support the funding for the 1982 programs at the budget level either in the conference or on the 1982 appropriations bill or in a continuing resolution or a combination thereof.

Mr. BOLAND. I would support the $132,842,000 funding level for 1982 either in conference, in a supplemental, or in a continuing resolution.

Mr. SKELTON. So, in other words, the gentleman agrees with what I have been advocating, a multiyear program that makes sense that can allow us to plan for a strong civil defense in this Nation?

Mr. BOLAND. The gentleman is correct. Let me say to the gentleman from Missouri and also to the gentleman from New York (Mr. MITCHELL), that you have put my feet completely in concrete in this program.

Mr. FOUNTAIN. Mr. Chairman, will the gentleman yield?

Mr. SKELTON. I yield to the gentleman from North Carolina.

Mr. FOUNTAIN. I thank the gentleman for yielding.

I want to commend the gentleman from Missouri for bringing this matter to our attention. I, too, have been tremendously interested in civil defense. As a matter of fact, I think it is absolutely irresponsible for the Congress of the United States and our Government to spend billions upon billions in preparation for war, on nuclear weapons, and not do that one thing which acts as a deterrent to attack from another country, that is, to know that we are preparing to protect our civilian population and not just our military installations.

I want to commend the gentleman. I hope we can proceed and do that sort of thing to protect our civilian population.

Mr. SKELTON. I thank the gentleman.

Mr. DYSON. Mr. Chairman, will the gentleman yield?

Mr. SKELTON. I yield to the gentleman from Maryland.

Mr. DYSON. I thank the gentleman for yielding.

Mr. Chairman, it is my belief that to defer these funds at this time, as recommended by the HUD-independent agencies appropriations bill, H.R. 4034, would be transmitting the wrong signal to our allies and, more importantly, our adversaries. As this country now prepares to undergo the largest military buildup in peacetime, it is imperative that we also begin to repair the weakest link in our deterrent capabilities—civil defense.

I am committed, as I believe this Congress is, to the restoration of our military posture and an intricate element of our strategic strength lies, I believe, in a viable civil defense program. The impact of this deferral will have far-reaching effects beyond Washington. It will eliminate civil defense support of comprehensive emer-

gency preparedness; it terminates Federal matching funds to over 2,500 State and local jurisdictions. It, in effect, ceases all State and local planning for crisis relocation, which is the basis for our current civil defense preparedness program as recommended in Presidential Directive 41.

The deferral discontinues the National Warning System, suspends almost all training and education programs, and will eliminate the current shelter survey program to identify radioactive fallout protection. In short, the Appropriations Committee recommendation will cripple the critical civil defense mission.

I would, therefore, ask the Members of this House to support the amendment and begin the process of establishing a serious commitment to the civil defense of the American people.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. SKELTON. I yield to the gentleman from Ohio.

Mr. SEIBERLING. I thank the gentleman for yielding.

Has the gentleman seen the 1978 Arms Control and Disarmament Agency's study that I referred to last week during the debate on the MX missile?

It was a complete study, a rather comprehensive study, of the effect of a full-scale nuclear exchange between the Soviet Union and the United States on the civilian population.

Mr. SKELTON. No. I would be pleased to look at it.

So, unless the gentleman is prepared to spend hundreds of billions of dollars for stockpiling food for long-range shelters for people with full supplies for many months, the gentleman is not talking about anything that has any relevance to a nuclear war.

I just think we need to put that in context, because if we are talking about that, that is what the gentleman is talking about when he talks about attacks on the missiles in his area—anything short of that is an illusion and we have to face the fact we are perhaps talking about several trillion dollars to provide proper protection.

Mr. McCURDY. Mr. Chairman, will the gentleman yield?

Mr. SKELTON. I yield to the gentleman from Oklahoma.

Mr. McCURDY. I thank the gentleman for yielding.

I want to commend the gentleman in the well, the gentleman from Missouri (Mr. SKELTON) for his fine work and leadership in this area; and I would like to lend my support to his efforts and certainly hope that in the coming months that we will be able to bring this up and again alert the Nation as to its vital need.

Mr. SKELTON. With the help of the subcommittee and the subcommittee chairman, with whom we have had an excellent colloquy this afternoon, we will have such.

Mr. MITCHELL of New York. Mr. Chairman, I move to strike the requisite number of words.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL of New York. I yield to the gentleman from Ohio.

Mr. SEIBERLING. I thank the gentleman for yielding.

Mr. Chairman, I would like to say that at 3 o'clock, 2 minutes from now, on the House television network, the BBC film "The War Game," which deals with this very subject, is being shown and Members might want to take a look at it.

Mr. MITCHELL of New York. I thank the gentleman for that information.

Mr. Chairman, I had intended to offer an amendment to increase the appropriations to the authorization level that our Armed Services Committee provided of $174 million. The $174 million represents the first year funding of a 7-year comprehensive civil defense program that the chairman alluded to, known as D-prime.

For the first time since we began considering civil defense, the House Armed Services Committee under the splendid leadership of the gentleman from Georgia (Mr. BRINKLEY), specified D-prime by name.

The program D-prime resulted from an interagency study requested by President Carter back in 1977. The best civil defense experts of our Nation got together for a few days and made several recommendations, several options which I will discuss in a couple of minutes.

One of those options, D-prime, seemed to me and many others to be the most attractive and most attainable program.

Mr. Chairman, I have decided not to offer my amendment at the request of the White House and also on the basis of the chairman's colloquy with my good friend, the gentleman from Missouri (Mr. SKELTON), who has certainly been a strong supporter of an improved civil defense effort through the years.

□ 1500

I feel that my amendment would be premature pending administration action.

I want to commend the gentleman from Missouri and the gentleman from Massachusetts, the chairman of the committee, for arriving at their agreements.

It is my understanding that the chairman will get strong assurances that if the administration produces a D-prime or equivalent civil defense program for 1982 or 1983, the chairman will give it his strong support. If the Senate provides the 1982 funding deferred by the House, the chairman will accept the Senate action in conference. Finally, he will support the funding for the 1982 programs at the budget level either in conference on the 1982 appropriation bill, in a continuing resolution, or a combination of the two.

I am satisfied that we will be able to provide a greatly improved civil defense system with the gentleman's strong assurances.

I am convinced that the administration is sincerely interested in such a greatly improved civil defense program, something on the order of our D-prime program.

With the gentleman from Massachusetts, the distinguished chairman of the committee, championing the cause, I feel we have the best opportunity we have ever had since I have been in Congress to finally get started on a meaningful civil defense program worthy of the United States.

For the newer Members, I would like to take just a few minutes to make the case for civil defense. We have based our need for it on the love of peace that Americans have. We are told by our leaders that if we are to secure peace, we must maintain the strategic balance, so that the Soviets do not have an advantage over us in a confrontation situation.

Our leaders tell us, too, that right now we enjoy something called rough equivalence in weaponry. From my perspective it seemed to get a little rougher every year—up until the time President Reagan came in; but the point is that the Soviets have an excellent civil defense system while we do not have much of anything going for us.

The problem is that even though we are about equal in weaponry, if they can protect their citizens from our weapons and we cannot protect ours from theirs, it is as if they have far more weapons and it makes a mockery of the strategic balance. It gives the Soviet Union a great advantage in any sort of confrontation, whether it be a situation like that in Afghanistan or at the bargaining table.

Mr. Chairman, no one knows just exactly how superior the Soviet system is; but if they even perceive that it is superior, it gives them a great edge in bargaining. It is a great plus for them, because we know ours is not.

We do know that if we want to try to quantify the situation that the Soviets are trying 10 times harder than we are trying. For the past 10 years they have been working hard at it.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent, Mr. MITCHELL of New York was allowed to proceed for 3 additional minutes.)

Mr. MITCHELL of New York. In the field of people, we have 10,000 full-time people working on civil defense.

The Soviet Union has more than 100,000.

As far as money is concerned, we spend roughly $100 million on civil defense each year. The Soviets spend more than $1 billion each year.

When it comes to casualties, this is where the United States has the large numbers. We are told by our experts that if there is an all-out nuclear war, if each side hits the other with all the weaponry it can, that if the Soviets have had time to put their civil defense system in place that they would lose about 15 million citizens and the United States would lose 150 million Americans, once again a 10-to-1 ratio, but this time terribly in our disfavor.

So if we want peace, we have to maintain the balance. We have two choices. We can build bigger and better, more sophisticated, expensive weapons, so that we can destroy more of their cities and kill more of their people or we can develop a civil defense system for the United States.

I want to refer to this chart, Mr. Chairman, that was the result of the interagency study, that does show the different options we have in America and what they cost. This vertical index shows the percentage of Americans that would survive. The horizontal index is the cost of these various options. At the present time we are at the B-option. In all-out nuclear war, only 30 percent of our country would survive, according to our experts.

If we go D-prime, the program we have been hearing about, we increase our options markedly to something like 85 percent. We can go from a 35-percent survival rate to an 85-percent survival rate just by adopting this D-prime program.

The final program would cost more than $100 million. That is a program that would provide shelters for all Americans.

So I say that the money we spend for this program is going to cost about $2 billion over 7 years. The first objective is to prevent war, and I am confident that it will prevent war; but in the event of war it will save more than 100 million American lives. That figures out, if you want to work on a cost-benefit ratio, to about $20 per American life in the event of nuclear war. It is probably that best cost-benefit ratio that anyone has ever seen.

From another perspective, this $2 billion that we are going to spend over 7 years represents less than one-tenth of 1 percent of what we are spending on our destructive defensive effort of over $200 billion.

I do not know the makeup of the individuals on the floor, whether they are hawks or doves, but I would submit that this program is one defense measure that everyone can support.

The CHAIRMAN. The time of the gentleman from New York (Mr. MITCHELL) has again expired.

(By unanimous consent, Mr. MITCHELL of New York was allowed to proceed for 1 additional minute.)

Mr. MITCHELL of New York. This is one program that everyone can support. It is not destructive. It is passive. It is inexpensive. It is preventive. It is protective. It is a good buy and it is long overdue.

Mr. BRINKLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have two brief points to make this afternoon.

First, I wish to give a brief perspective on civil defense. Some citizens are apprehensive that a strong civil defense posture will make us less committed to the avoidance of nuclear war—under an illusion of the security of a safe haven.

I would like to read the body of a letter I wrote to such a concerned citizen which provides my point of view as chairman of the Subcommittee on Military Installations and Facilities which has jurisdiction over civil defense authorization.

May I acknowledge and thank you for your letter of March 9th, in further reference to your concern over the United States civil defense initiatives.

Actually, I do not perceive any sentiment—much less a growing sentiment—among the military and political leaders as well as the general public, that a nuclear war can be "won" or "lost." On the contrary, I believe there is deep conviction that such a happening would be a catastrophe of enormous proportions.

The choice as some of us see it, is in mitigating that disaster, should the unthinkable happen. We see it as a minimal defensive mechanism consistent with the strength that free men, committed to liberty, should have.

My own emphaisis has been on a peacetime capability to deal with the natural disasters which will surely come. A logical by-product would be attack preparedness under a tested system which would contribute to order should war come. The present system puts it the other way around and all of us, working together, I trust, can improve the system.

Next, I would like to express my priority, urgent concern over funds—or lack of funds—at local and State levels. We must appropriate sufficient money to get the job done, and enough of it to keep the system functional must be earmarked for local use.

Excerpts of a letter from home tell the story simply and definitely, and better than I ever could. It is written by Mr. George W. Ivy, Jr., director of the Russell County, Ala., unit. This is a sister unit to that of Columbus, Ga., where I live, and I have enormous respect for the counsel of Mr. Ivy. We should certainly heed his words—and his thoughts follow:

RUSSELL COUNTY CIVIL DEFENSE,
Phenix City, Ala., July 8, 1981.

Subject: H.R. 4034.

Hon. JACK BRINKLEY,
Congress of the United States.

DEAR JACK: First I and my Deputy Director Mr. J. Frank Snellings Jr. wish to thank you for what you have labored hard to accomplish in Washington.

I know you realize our local problems with financing Civil Defense; Jack I don't know what you can do to keep the above Bill from passing, but if it does pass, we at the local Counties and Cities will have to close our doors.

Russell County is at present coughing up 63% of our local Civil Defense Budget.

If we lose the 37% the Federal is paying locally, we will have to seek other employment.

I don't know what will become of our vehicles and equipment if we close.

Maybe the Federal Government will come and pick it up also.

If we have to close and leave the Civil Defense Program I want some one to sign and relieve me of this responsibility.

Sincerely yours,

GEORGE W. IVY, JR.,
Director, Russell County, Ala.

Mr. Ivy tells it like it is and the gentleman from Alabama (Mr. NICHOLS), in whose district he resides, and I, vouch for his commitment and dedication. Because of his close friendship with Mr. Ivy, the gentleman from Alabama would be making this presentation except for the role that I occupy related to civil defense jurisdiction.

I am grateful for the colloquy which has just preceded. This is the minimum reassurance to which people like Mr. Ivy all across the country are entitled. This is the minimum reassurance to which citizens all across the country are entitled.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

EMERGENCY PLANNING AND ASSISTANCE

For necessary expenses, not othewise provided for, to carry out activities under the National Flood Insurance Act of 1968, as amended, and the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001 et seq.), the Urban Property Protection and Reinsurance Act of 1968, as amended, and the National Insurance Development Act of 1975 (12 U.S.C. 1749 bbb et seq.), the Disaster Relief Act of 1974 (42 U.S.C. 5121 et seq.), the Earthquake Hazards Reduction Act of 1977 (42 U.S.C. 7701 et seq.), the Federal Fire Prevention and Control Act of 1974, as amended (15 U.S.C. 278f and 2201 et seq.), the National Science and Technology Policy, Organization, and Priorities Act of 1976 (42 U.S.C. 6601 and 6671), the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.), the Federal Civil Defense Act of 1950, as amended (50 U.S.C. App. 2251 et seq.), the Defense Production Act of 1950, as amended (50 U.S.C. App. 2061 et seq.), section 103 of the National Security Act (50 U.S.C. 404), and Reorganization Plan No. 3 of 1978, $29,010,000: *Provided*, That not more than $300,000 shall be available for the earthquake hazards reduction program: *Provided further*, That none of these funds shall be available for multi-

hazard research, planning, and mitigation activities.

□ 1510

AMENDMENT OFFERED BY MR. BROWN OF CALIFORNIA

Mr. BROWN of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BROWN of California: Page 19, strike out the colon in line 24 and all that follows thereafter through line 2 on page 20, and insert in lieu thereof a period.

Mr. BROWN of California (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BROWN of California. Mr. Chairman, I offered this amendment, that merely strikes the last four lines of this section which puts certain limitations on the expenditure of funds for earthquake hazard research and multihazard research, planning, and mitigation activities.

I would like to explain briefly the reasons that I am offering this amendment. Frankly, it has been the position of the Science Committee, which originated the particular programs referred to here—the earthquake hazard reduction program as well as the national fire prevention and control program—that we wanted a reasonable voice in the determination of program levels and policy matters with regard to these programs. For that purpose, we wrote into the authorization bill, some language which has caused umbrage on the part of the Appropriations Committee.

What we have in the authorizing bill, H.R. 3356, is language which requires, in the event the appropriation was not up to the authorization, a pro rata reduction in the various programs. Now, in effect, what this does is give some additional priority to the earthquake program at the expense of the fire program. I can understand that this would cause some concern within the administration and within the Appropriations Committee.

It is my understanding that my distinguished colleague, Mr. BOLAND, is willing to remove restricting language in this section, and we are willing to assure that there will be oversight so that no inappropriate or unintended shifting of resources occurs between the fire and earthquake programs.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. BROWN of California. I yield to the gentleman from Massachusetts (Mr. BOLAND).

Mr. BOLAND. As the gentleman from California indicated, this is a matter that was discussed last year and we came to an agreement on it. If the tenor of that agreement will be retained this year, I am willing to accept the gentleman's amendment.

Mr. BROWN of California. I appreciate that very much.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. BROWN of California. I yield to the gentleman from New York (Mr. GREEN).

Mr. GREEN. Mr. Chairman, we have no objection on this side.

Mr. BROWN of California. Mr. Chairman, all of the agreements which were stated last year are employed and stated this year also.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. BROWN).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

NATIONAL INSTITUTE OF BUILDING SCIENCES

SALARIES AND EXPENSES

For payment to the National Institute of Building Sciences as authorized by section 809 of the Housing and Community Development Act of 1974, as amended (12 U.S.C. 1701j-2), $500,000.

Mr. BOLAND. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. FUQUA) having assumed the chair, Mr. LEVITAS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4034) making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1982, and for other purposes, had come to no resolution thereon.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries.

CALIFORNIA WILDERNESS ACT OF 1981

Mr. PHILLIP BURTON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 4083) to designate certain public lands in the State of California as wilderness, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. WALKER. Mr. Speaker, reserving the right to object, I do so simply to inquire of the gentleman is this legislation which has been available to the Members the required amount of time?

Mr. PHILLIP BURTON. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from California.

Mr. PHILLIP BURTON. This has been available to all members of the committee, and we have worked this out with the gentleman's side of the aisle.

Mr. WALKER. I thank the gentleman for pointing out that it has been available to the members of the committee. I was wondering about the Members of the whole House. Has this legislation been available to everyone for purposes of our review?

Mr. PHILLIP BURTON. If they read the legislation that passed last year, this is the same bill in all respects but for three technical amendments and the deletion of one minor area in the district of the gentleman from California (Mr. SHUMWAY). This is a California bill.

Mr. WALKER. Further reserving the right to object, we have had quite a bit of discussion on the floor in recent days about the fact we are bringing legislation to the floor that the Members have not had a chance to review the provisions of, and that is what I am wondering, whether or not this particular legislation has met those tests that the gentleman is bringing up under unanimous consent?

Mr. PHILLIP BURTON. The gentleman from Pennsylvania (Mr. WALKER) has struck the gentleman from California on his own petard.

Mr. WALKER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the bill, as follows:

H.R. 4083

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "California Wilderness Act of 1981".

DESIGNATION OF WILDERNESS

SEC. 2. (a) In furtherance of the purposes of the Wilderness Act, the following lands, as generally depicted on maps, appropriately referenced, dated July 1980 (except as otherwise dated) are hereby designated as wilderness, and therefore, as components of the National Wilderness Preservation System—

(1) certain lands in the Inyo National Forest, California, which comprise approximately forty-nine thousand nine hundred acres, as generally depicted on a map entitled "Boundary Peak Wilderness—Proposed", and which shall be known as the Boundary Peak Wilderness;

(2) certain lands in the Cleveland National Forest, California, which comprise approximately five thousand nine hundred acres, as generally depicted on a map entitled "Caliente Wilderness Proposal" dated July 1980, and which shall be known as the Caliente Wilderness;

(3) certain lands in the Eldorado National Forest, California, which comprise approxi-

mately fourteen thousand acres, as generally depicted on a map entitled "Caples Creek Wilderness—Proposed", dated November 1980, and which shall be known as the Caples Creek Wilderness;

(4) certain lands in the Lassen National Forest, California, which comprise approximately one thousand eight hundred acres, as generally depicted on a map entitled "Caribou Wilderness Additions—Proposed", and which are hereby incorporated in, and which shall be deemed to be a part of the Caribou Wilderness as designated by Public Law 88-577;

(5) certain lands in the Stanislaus and Toiyabe National Forests, California, which comprise approximately one hundred ninety thousand acres, as generally depicted on a map entitled "Carson-Iceberg Wilderness—Proposed", and which shall be known as the Carson-Iceberg Wilderness: *Provided, however,* That the designation of the Carson-Iceberg Wilderness shall not preclude continued motorized access to those previously existing facilities which are directly related to permitted livestock grazing activities in the Wolf Creek Drainage on the Toiyabe National Forest in the same manner and degree in which such access was occurring as of the date of enactment of this Act;

(6) certain lands in the Shasta Trinity National Forest, California, which comprise approximately seven thousand three hundred acres, as generally depicted on a map entitled "Castle Crags Wilderness—Proposed", and which shall be known as the Castle Crags Wilderness;

(7) certain lands in the Shasta Trinity National Forest, California, which comprise approximately eight thousand two hundred acres, as generally depicted on a map entitled "Chancelulla Wilderness—Proposed", and which shall be known as Chancelulla Wilderness;

(8) certain lands in the Lassen National Forest, California, which comprise approximately fifteen thousand five hundred acres, as generally depicted on a map entitled "Cinder Buttes Wilderness—Proposed", and which shall be known as the Cinder Buttes Wilderness;

(9) certain lands in the Angeles National Forest, California, which comprise approximately four thousand four hundred acres, as generally depicted on a map entitled "Cucamonga Wilderness Additions—Proposed", and which are hereby incorporated in, and which shall be deemed to be a part of the Cucamonga Wilderness as designated by Public Law 88-577;

(10) certain lands in the Inyo National Forest, California, which comprise approximately seven thousand six hundred acres, as generally depicted on a map entitled "Deep Wells Wilderness—Proposed", and which shall be known as the Deep Wells Wilderness;

(11) certain lands in the Los Padres National Forest, which comprise approximately sixty-seven thousand acres, as generally depicted on a map entitled "Dick Smith Wilderness—Proposed", dated October, 1979, and which shall be known as Dick Smith Wilderness: *Provided,* That the Act of March 21, 1968 (82 Stat. 51), which established the San Rafael Wilderness is hereby amended to transfer four hundred and thirty acres of the San Rafael Wilderness to the Dick Smith Wilderness and establish a line one hundred feet north of the centerline of the Buckhorn Fire Road as the southeasterly boundary of the San Rafael Wilderness, as depicted on a map entitled "Dick Smith Wilderness—Proposed", and wherever said Buckhorn Fire Road passes between the San Rafael and Dick Smith Wildernesses and elsewhere at the discretion of the Forest Service, it shall be closed to all motorized vehicles except those used by the Forest Service for administrative purposes;

(12) certain lands in the Sierra National Forest, California, which comprise approximately thirty thousand acres, as generally depicted on a map entitled "Dinkey Lakes Wilderness—Proposed", and which shall be known as the Dinkey Lakes Wilderness: *Provided,* That within the Dinkey Lakes Wilderness the Secretary of Agriculture shall permit nonmotorized dispersed recreation to continue at a level not less than the level of use which occurred during calendar year 1979;

(13) certain lands in the Sequoia National Forest, California, which comprise approximately thirty-one thousand acres, as generally depicted on a map entitled "Domeland Wilderness Additions—Proposed", and which are hereby incorporated in, and which shall be deemed to be part of the Domeland Wilderness as designated by Public Law 88-577;

(14) certain lands in the Stanislaus National Forest, California, which comprise approximately six thousand one hundred acres, as generally depicted on a map entitled "Emigrant Wilderness Additions—Proposed", and which are hereby incorporated in, and which shall be deemed to be a part of the Emigrant Wilderness as designated by Public Law 93-632;

(15) certain lands in the Inyo National Forest, California, which comprise approximately forty-six thousand four hundred acres, as generally depicted on a map entitled "Excelsior Wilderness—Proposed", and which shall be known as the Excelsior Wilderness;

(16) certain lands in the Angeles National Forest, California, which comprise approximately thirty-two thousand nine hundred acres, as generally depicted on a map entitled "Fish Canyon Wilderness—Proposed", and which shall be known as the Fish Canyon Wilderness;

(17) certain lands in the Tahoe National Forest, California, which comprise approximately twenty-five thousand acres, as generally depicted on a map entitled "Granite Chief Wilderness—Proposed", and which shall be known as the Granite Chief Wilderness;

(18) certain lands in the San Bernardino National Forest, California, which comprise approximately ten thousand six hundred acres, as generally depicted on a map entitled "Granite Peak Wilderness—Proposed", and which shall be known as the Granite Peak Wilderness;

(19) certain lands in the Cleveland National Forest, California, which comprise approximately eight thousand acres, as generally depicted on a map entitled "Hauser Wilderness Proposal" dated July 1980, and which shall be known as the Hauser Wilderness;

(20) certain lands in Toiyabe National Forest, California, which comprise approximately forty-nine thousand two hundred acres, as generally depicted on a map entitled "Hoover Wilderness Additions—Proposed", and which are hereby incorporated in, and which shall be deemed to be a part of the Hoover Wilderness as designated by Public Law 88-577;

(21) certain lands in and adjacent to the Lassen National Forest, California, which comprise approximately forty-one thousand eight hundred and forty acres as shown on a map entitled "Ishi Wilderness—Proposed", and which shall be known as the Ishi Wilderness;

(22) certain lands in the Inyo National Forest, California, which comprise approximately nine thousand acres, as generally depicted on a map entitled "John Muir Wilderness Additions, Inyo National Forest—Proposed", and which are hereby incorporated in, and which shall be deemed to be a part of the John Muir Wilderness as designated by Public Law 88-577;

(23) certain lands in the Sierra National Forest, California, which comprise approximately eighty-one thousand acres, as generally depicted on a map entitled "John Muir Wilderness Additions, Sierra National Forest—Proposed", dated November 1980, and which are hereby incorporated in, and which shall be deemed to be a part of the John Muir Wilderness as designated by Public Law 88-577: *Provided,* That the Secretary of Agriculture is authorized to modify the boundaries of the John Muir Wilderness Additions and the Dinkey Lakes Wilderness as designated by this Act in the event he determines that portions of the existing primitive road between the two wilderness areas should be relocated for environmental protection or other reasons. Any relocated wilderness boundary shall be placed no more than three hundred feet from the centerline of any new primitive roadway and shall become effective upon publication of a notice of such relocation in the Federal Register: *Provided further,* That the nonwilderness jeep corridor between Spanish Lake and Chain Lakes which is surrounded by the John Muir Wilderness Additions as designated by this Act shall be open to the public only for one week each year between July 15 and August 15 and one week between September 15 and October 15;

(24) certain lands in the Lassen National Forest, California, which comprise approximately three thousand nine hundred acres, as generally depicted on a map entitled "Lassen Volcanic Wilderness Additions—Proposed", and which are hereby incorporated in, and shall be deemed to be a part of the Lassen Volcanic Wilderness as designated by Public Law 92-510;

(25) certain lands in the Klamath National Forest, California, which comprise approximately thirty-eight thousand acres, as generally depicted on a map entitled "Marble Mountain Wilderness Additions—Proposed", and which are hereby incorporated in, and shall be deemed to be a part of the Marble Mountain Wilderness as designated by Public Law 88-577;

(26) certain lands in the Sierra and Inyo National Forest, California, which comprise approximately nine thousand acres, as generally depicted on a map entitled "Minarets Wilderness Additions—Proposed", and which are hereby incorporated in, and which shall be deemed to be a part of the Minarets Wilderness as designated by Public Law 88-577;

(27) certain lands in the Eldorado, Stanislaus, and Toiyabe National Forests, California, which comprise approximately sixty thousand acres, as generally depicted on a map entitled "Mokelumne Wilderness Additions—Proposed", dated November 1980, and which are hereby incorporated in, and which shall be deemed to be a part of the Mokelumne Wilderness as designated by Public Law 88-577;

(28) certain lands in the Sierra and Sequoia National Forests, California, which comprise approximately forty-five thousand

acres, as generally depicted on a map entitled "Monarch Wilderness—Proposed", and which shall be known as the Monarch Wilderness;

(29) certain lands in the Shasta Trinity National Forest, California, which comprise approximately thirty-seven thousand acres, as generally depicted on a map entitled "Mt. Shasta Wilderness—Proposed", and which shall be known as Mt. Shasta Wilderness;

(30) certain lands in the Six Rivers National Forest, California, which comprise approximately eight thousand one hundred acres, as generally depicted on a map entitled "North Fork Wilderness—Proposed", and which shall be known as the North Fork Wilderness;

(31) certain lands in the Shasta Trinity National Forest, California, which comprise approximately twenty-eight thousand acres, as generally depicted on a map entitled "Pattison Wilderness—Proposed", and which shall be known as the Pattison Wilderness;

(32) certain lands in the Cleveland National Forest, California, which comprise approximately thirteen thousand one hundred acres, as generally depicted on a map entitled "Pine Creek Wilderness—Proposed", and which shall be known as the Pine Creek Wilderness;

(33) certain lands in the San Bernardino National Forest, California, which comprise approximately seventeen thousand acres, as generally depicted on a map entitled "Pyramid Peak Wilderness—Proposed", and which shall be known as the Pyramid Peak Wilderness;

(34) certain lands in the Klamath and Rogue River National Forests, California, which comprise approximately twenty-five thousand three hundred acres, as generally depicted on a map entitled "Red Buttes Wilderness—Proposed", and which shall be known as the Red Buttes Wilderness;

(35) certain lands in the Klamath National Forest, California, which comprise approximately twelve thousand acres, as generally depicted on a map entitled "Russian Peak Wilderness—Proposed", and which shall be known as the Russian Peak Wilderness;

(36) certain lands in the San Bernardino National Forest, California, which comprise approximately twenty-one thousand five hundred acres, as generally depicted on a map entitled "San Gorgonio Wilderness Additions—Proposed", and which are hereby incorporated in, and which shall be deemed to be a part of the San Gorgonio Wilderness as designated by Public Law 88-577;

(37) certain lands in the San Bernardino National Forest, California, which comprise approximately ten thousand nine hundred acres, as generally depicted on a map entitled "San Jacinto Wilderness Additions—Proposed", and which are hereby incorporated in, and which shall be deemed to be a part of the San Jacinto Wilderness as designated by Public Law 88-577: *Provided however,* That the Secretary of Agriculture may pursuant to an application filed prior to January 1, 1983, grant a right-of-way for, and authorize construction of, a transmission line or lines within the area depicted as "potential powerline corridor" on the map entitled "San Jacinto Wilderness Additions—Proposed": *Provided further,* That if a power transmission line is constructed within such corridor, the corridor shall cease to be a part of the San Jacinto Wilderness and the Secretary of Agriculture shall publish notice thereof in the Federal Register;

(38) certain lands in the Sierra and Inyo National Forests and the Devils Postpile National Monument, California, which comprise approximately one hundred and ten thousand acres, as generally depicted on a map entitled "San Joaquin Wilderness—Proposed", and which shall be known as San Joaquin Wilderness: *Provided however,* That nothing in this Act shall be construed to prejudice, alter, or affect in any way, any rights or claims of right to the diversion and use of waters from the North Fork of the San Joaquin River, or in any way to interfere with the construction, maintenance, repair, or operation of the Jackass-Chiquito hydroelectric power project (or the Granite Creek-Jackass alternative project) as proposed by the Upper San Joaquin River Water and Power Authority: *Provided further,* That the designation of the San Joaquin Wilderness shall not preclude continued motorized access to those previously existing facilities which are directly related to permitted livestock grazing activities nor operation and maintenance of the existing cabin located in the vicinity of the Heitz Meadow Guard Station within the San Joaquin Wilderness, in the same manner and degree in which such access and operation and maintenance of such cabin were occurring as of the date of enactment of this Act;

(39) certain lands in the Cleveland National Forest, California, which comprise approximately thirty-nine thousand five hundred and forty acres, as generally depicted on a map entitled "San Mateo Canyon Wilderness—Proposed", and which shall be known as the San Mateo Canyon Wilderness;

(40) certain lands in the Los Padres National Forest, California, which comprise approximately two thousand acres, as generally depicted on a map entitled "San Rafael Wilderness Additions—Proposed", and which are hereby incorporated in, and which shall be deemed to be a part of the San Rafael Wilderness as designated by Public Law 90-271;

(41) certain lands in the San Bernardino National Forest, California, which comprise approximately twenty thousand one hundred and sixty acres, as generally depicted on a map entitled "Santa Rosa Wilderness—Proposed", and which shall be known as the Santa Rosa Wilderness;

(42) certain lands in and adjacent to the Sequoia National Forest, California, which comprise approximately forty-eight thousand acres, as generally depicted on a map entitled "Scodies Wilderness—Proposed", and which shall be known as the Scodies Wilderness;

(43) certain lands in the Angeles and San Bernardino National Forests, California, which comprise approximately forty-four thousand six hundred acres, as generally depicted on a map entitled "Sheep Mountain Wilderness—Proposed", and which shall be known as Sheep Mountain Wilderness;

(44) certain lands in the Cleveland National Forest, California, which comprise approximately five thousand two hundred acres, as generally depicted on a map entitled "Sill Hill Wilderness Proposal" dated July 1980, and which shall be known as the Sill Hill Wilderness;

(45) certain lands in the Six Rivers, Klamath, and Siskiyou National Forests, California, which comprise approximately one hundred and one thousand acres, as generally depicted on a map entitled "Siskiyou Wilderness—Proposed", and which shall be known as the Siskiyou Wilderness;

(46) certain lands in the Mendocino National Forest, California, which comprise approximately thirty-seven thousand acres, as generally depicted on a map entitled "Snow Mountain Wilderness—Proposed", and which shall be known as Snow Mountain Wilderness;

(47) certain lands in the Sequoia and Inyo National Forests, California, which comprise approximately seventy-seven thousand acres, as generally depicted on a map entitled "South Sierra Wilderness—Proposed", and which shall be known as the South Sierra Wilderness;

(48) certain lands in the Modoc National Forest, California, which comprise approximately one thousand nine hundred and forty acres, as generally depicted on a map entitled "South Warner Wilderness Additions—Proposed", and which are hereby incorporated in, and which shall be deemed to be a part of the South Warner Wilderness as designated by Public Law 88-577;

(49) certain lands in the Lassen National Forest, California, which comprise approximately seven thousand acres, as generally depicted on a map entitled "Thousand Lakes Wilderness Additions—Proposed", and which are hereby incorporated in, and which shall be deemed to be a part of the Thousand Lakes Wilderness as designated by Public Law 88-577;

(50) certain lands in and adjacent to the Lassen National Forest, California, which comprise approximately twenty-two thousand acres, as generally depicted on a map entitled "Timbered Crater Wilderness—Proposed", and which shall be known as the Timbered Crater Wilderness;

(51) certain lands in and adjacent to the Klamath, Shasta Trinity and Six Rivers National Forests, California, which comprise approximately five hundred thousand acres, as generally depicted on a map entitled "Trinity Alps Wilderness—Proposed", and which shall be known as the Trinity Alps Wilderness;

(52) certain lands in the Los Padres National Forest, California, which comprise approximately two thousand seven hundred and fifty acres, as generally depicted on a map entitled "Ventana Wilderness Addition—Proposed", and which are hereby incorporated in, and which shall be deemed to be a part of the Ventana Wilderness as designated by Public Laws 91-58 and 95-237; and

(53) certain lands in and adjacent to the Six Rivers and Mendocino National Forests, California, which comprise approximately forty-six thousand acres, as generally depicted on a map entitled "Yolla-Bolly Middle Eel Additions—Proposed", and which are hereby incorporated in, and which shall be deemed to be a part of the Yolla-Bolly Middle Eel Wilderness as designated by Public Law 88-577.

(b) The previous classifications of the High Sierra Primitive Area, Emigrant Basin Primitive Area, and the Salmon-Trinity Alps Primitive Area are hereby abolished.

MONACHE WILDERNESS STUDY AREA

SEC. 3. (a) In furtherance of the purposes of the Wilderness Act, the following lands shall be reviewed by the Secretary of Agriculture as to their suitability for preservation as wilderness. The Secretary shall submit his report and findings to the President, and the President shall submit his recommendation to the United States House of Representatives and the United States Senate no later than three years from the date of enactment of this Act:

(1) certain lands in the Sequoia National Forest, California, which comprise approxi-

mately forty-two thousand acres, as generally depicted on a map entitled "Monache Wilderness Study Area", dated July 1980, and which shall be known as the Monache Wilderness Study Area.

(b) Subject to valid existing rights, the wilderness study area designated by this section shall, until Congress determines otherwise, be administered by the Secretary of Agriculture so as to maintain their presently existing wilderness character and potential for inclusion in the National Wilderness Preservation System: *Provided*, That within the Monache Wilderness Study Area the level of use existing during the year ending June 30, 1980, shall be permitted to continue.

NORTH MOUNTAIN PLANNING AREA

SEC. 4. (a) The following planning areas shall be reviewed by the Secretary of Agriculture as to their suitability or nonsuitability for preservation as wilderness. The Secretary shall submit his report and findings to the President, and the President shall submit his recommendations to the United States House of Representatives and the United States Senate no later than three years from the date of enactment of this Act:

(1) certain lands in the Stanislaus National Forest, California, which comprise approximately four thousand acres, as generally depicted on a map entitled "North Mountain Planning Area", dated July 1980.

(b) Subject to valid existing rights, the planning areas designated by this section shall, until Congress determines otherwise, be administered by the Secretary of Agriculture so as to maintain their presently existing wilderness character.

(c) Until Congress determines otherwise, timber volumes within the planning areas designated by this section shall be included in the base used to determine potential yield for the national forest concerned.

ADMINISTRATION OF WILDERNESS AREAS

SEC. 5. (a) Subject to valid existing rights, each wilderness area designated by this Act shall be administered by the Secretary concerned in accordance with the provisions of the Wilderness Act: *Provided*, That any reference in such provisions to the effective date of the Wilderness Act shall be deemed to be a reference to the effective date of this Act.

(b) Within the National Forest wilderness areas designated by this Act—

(1) as provided in subsection 4(d)(4)(2) of the Wilderness Act, the grazing of livestock, where established prior to the date of enactment of this Act, shall be permitted to continue subject to such reasonable regulations, policies and practices as the Secretary deems necessary, as long as such regulations, policies and practices fully conform with and implement the intent of Congress regarding grazing in such areas as such intent is expressed in the Wilderness Act and this Act;

(2) as provided in subsection 4(d)(1) of the Wilderness Act, the Secretary concerned may take such measures as are necessary in the control of fire, insects, and diseases, subject to such conditions as he deems desirable; and

(3) as provided in section 4(b) of the Wilderness Act, the Secretary concerned shall administer such areas so as to preserve their wilderness character and to devote them to the public purposes of recreational, scenic, scientific, educational, conservation, and historical use.

(c) Within sixty days of the date of enactment of this Act, the Secretary of Agriculture shall enter into negotiations to acquire by exchange or otherwise (on a willing-buyer-willing-seller basis and at the landowner's option) all or part of any privately owned lands within the Trinity Alps, Granite Chief, Castle Crags, and Mount Shasta Wilderness areas as designated by this Act. Such acquisition shall to the maximum extent practicable, be completed within three years after the date of enactment of this Act. Market and exchange values shall be determined without reference to any restrictions on access or use which arise out of designation as a wilderness area.

FILING OF MAPS AND DESCRIPTIONS

SEC. 6. As soon as practicable after enactment of this Act, a map and a legal description on each wilderness area shall be filed with the Committee on Energy and Natural Resources of the United States Senate and the Committee on Interior and Insular Affairs of the House of Representatives, and each such map and description shall have the same force and effect as if included in this Act: *Provided*, That correction of clerical and typographical errors in each such legal description and map may be made. Each such map and legal description shall be on file and available for public inspection in the Office of the Chief of the Forest Service, Department of Agriculture.

ADDITIONS TO NATIONAL PARK SYSTEM

SEC. 7. (a) The following lands are hereby added to the National Park System:

(1) certain lands within the Stanislaus National Forest, California, which comprise approximately four thousand acres, as generally depicted on a map entitled "North Mountain Addition, Yosemite National Park—Proposed", dated July 1980, and which are hereby incorporated in, and which shall be deemed to be a part of Yosemite National Park;

(2) certain lands in the Sierra National Forest, California, which comprise approximately seven thousand acres, as generally depicted on a map entitled "Mt. Raymond Addition, Yosemite National Park—Proposed", dated July 1980, and which are hereby incorporated in, and which shall be deemed to be a part of Yosemite National Park;

(3) certain lands in the Sequoia National Forest, California, which comprise approximately twelve thousand acres, as generally depicted on a map entitled "Jennie Lakes Additions, Kings Canyon National Park—Proposed", dated July 1980, and which are hereby incorporated in, and which shall be deemed a part of Kings Canyon National Park.

(b) Upon enactment of this Act, the Secretary of Agriculture shall transfer the lands described in subsection (a) of this section, without consideration, to the administrative jurisdiction of the Secretary of the Interior for administration as part of the national park system. The boundaries of the national forests and national parks shall be adjusted accordingly. The areas added to the national park system by this section shall be administered in accordance with the provisions of law generally applicable to units of the national park system.

(c) The Secretary of the Interior shall study the lands added to the national park system by subsection (a) of this section for possible designation as National Park Wilderness, and shall report to the Congress his recommendations as to the suitability or nonsuitability of the designation of such lands as wilderness by not later than three years after the effective date of this Act.

(d) The Secretary of Agriculture is authorized and directed to transfer to the jurisdiction of the Secretary of the Interior for administration as a part of the Yosemite National Park, two hundred and fifty-three acres of the Stanislaus National Forest at Crocker Ridge, identified as all that land lying easterly of a line beginning at the existing park boundary and running three hundred feet west of and parallel to the center line of the park road designated as State Highway 120, also known as the New Big Oak Flat Road, within section 34, township 1 south, range 19 east, and within sections 4, 9, and 10, township 2 south, range 19 east, Mount Diablo base and meridian. The boundary of the Yosemite National Park and the Stanislaus National Forest shall be adjusted accordingly.

The Secretary of the Interior is authorized and directed to transfer to the jurisdiction of the Secretary of Agriculture one hundred and sixty acres within the boundary of the Sierra National Forest identified as the northwest quarter of section 16, township 5 south, range 22 east, Mount Diablo base meridian, subject to the right of the Secretary of the Interior to the use of the water thereon for park purposes, including the right of access to facilities necessary for the transportation of water to the park.

NATIONAL PARK WILDERNESS

SEC. 8. The following lands are hereby designated as wilderness in accordance with section 3(c) of the Wilderness Act (78 Stat. 890; 16 U.S.C. 1132(c)) and shall be administered by the Secretary of the Interior in accordance with the applicable provisions of the Wilderness Act:

(1) Yosemite National Park Wilderness, wilderness comprising approximately six hundred and seventy-seven thousand six hundred acres, and potential wilderness additions comprising three thousand five hundred and fifty acres, as generally depicted on a map entitled "Wilderness Plan, Yosemite National Park, California" numbered 104-20, 003-E dated July 1980, and shall be known as the Yosemite Wilderness;

(2) Sequoia-Kings Canyon National Park Wilderness, comprising approximately seven hundred and thirty-six thousand nine hundred and eighty acres; and potential wilderness additions comprising approximately one hundred acres, as generally depicted on a map entitled "Wilderness Plan—Sequoia-Kings Canyon National Parks—California", numbered 102-20, 003-E and dated July 1980, and shall be known as the Sequoia-Kings Canyon Wilderness.

MAP AND DESCRIPTION

SEC. 9. A map and description of the boundaries of the areas designated in section 7 of this Act shall be on file and available for public inspection in the Office of the Director of the National Park Service, Department of the Interior, and in the Office of the Superintendent of each area designated in this title. As soon as practicable after this Act takes effect, maps of the wilderness areas and descriptions of their boundaries shall be filed with the Committee on Interior and Insular Affairs of the House of Representatives and the Committee on Energy and Natural Resources of the United States Senate, and such maps and description shall have the same force and effect as if included in this Act: *Provided*, That correction of clerical and typographical errors in such maps and descriptions may be made.

CESSATION OF CERTAIN USES

SEC. 10. Any lands (in section 7 of this Act) which represent potential wilderness additions, upon publication in the Federal Register of a notice by the Secretary of the Interior that all uses thereon prohibited by the Wilderness Act have ceased, shall thereby be designated wilderness. Lands designated as potential wilderness additions shall be managed by the Secretary insofar as practicable as wilderness until such time as said lands are designated as wilderness.

ADMINISTRATION

SEC. 11. The areas designated by section 7 of this Act as wilderness shall be administered by the Secretary of the Interior in accordance with the applicable provisions of the Wilderness Act governing areas designated by that Act as wilderness, except that any reference in such provisions to the effective date of the Wilderness Act shall be deemed to be a reference to the effective date of this Act, and where appropriate, any reference to the Secretary of Agriculture shall be deemed to be a reference to the Secretary of the Interior.

SIX RIVERS PLANNING AREAS

SEC. 12. (a) The following planning areas shall be reviewed by the Secretary of Agriculture as to their suitability or nonsuitability for preservation as wilderness. The Secretary shall submit his report and findings to the President, and the President shall submit his recommendations to the United States House of Representatives and the United States Senate no later than three years from the date of enactment of this Act:

(1) certain lands in the Six Rivers and Klamath National Forests, California, which comprise approximately sixty thousand acres, as generally depicted on a map entitled "Eightmile and Blue Creek Planning Areas", dated July 1980; and

(2) certain lands in the Six Rivers National Forest, California, which comprise approximately thirty thousand acres, as generally depicted on a map entitled "Orleans Mountain Planning Area", dated July 1980: *Provided*, That within the area shown on such map as the "Ski Study Area" the Secretary shall conduct a special study as to the suitability or nonsuitability of the area for location of an alpine ski facility. In conducting such ski study the Secretary shall consider the need for an alpine ski facility in the region, climatological factors, the feasibility and location of possible road access to any ski facility and the impact of ski development on other multiple uses.

(b) Subject to valid existing rights, the planning areas designated by this section shall, until Congress determines otherwise, be administered by the Secretary of Agriculture so as to maintain their presently existing wilderness character.

(c) Until Congress determines otherwise, timber volumes within the planning areas designated by this section shall be included in the base used to determine potential yield for the national forest concerned.

(d) Notwithstanding any existing or future administrative designation or recommendation, mineral prospecting, exploration, development, or mining of cobalt and associated minerals undertaken under the United States mining laws within the North Fork Smith roadless area (RARE II, 5-707, Six Rivers National Forest, California) shall be subject to only such Federal laws and regulations as are generally applicable to national forest lands designated as nonwilderness.

DILLON CREEK

SEC. 13. (a) Certain lands in the Klamath National Forest, California, which comprise approximately thirty thousand acres, as generally depicted on a map entitled "Dillon Creek Further Planning Area", dated July 1980, shall be considered for all uses, including wilderness, during the preparation of a forest plan for the Klamath National Forest pursuant to section 6 of the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended.

(b) Pending completion of the plan, development activities such as timber harvest, road construction, and other activities that may reduce wilderness potential of the land will be prohibited. Activities permitted by prior rights, existing law, and other established uses may continue pending final disposition of the area. Although no harvesting of timber will be allowed other than for emergency reasons, standing timber on commercial forest land in the area will be used to determine allowable sale quantity.

(c) Recommendations for the Dillon Creek Further Planning Area shall be submitted to the Congress and, unless the Congress enacts legislation to the contrary within one hundred and eighty calendar days while Congress is in session, the Dillon Creek Area shall be designated for the use recommended and managed accordingly, beginning January 1, 1986.

SEVERABILITY

SEC. 14. If any provision of this Act or the application thereof is held invalid, the remainder of the Act and the application thereof shall not be affected thereby.

COMMITTEE AMENDMENTS

The SPEAKER pro tempore. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendments: Page 19, strike lines 16 through 24; page 20 strike lines 1 through 12.

Page 20, line 14, strike "5" and insert "4".

Page 22, line 6 strike "6" and insert "5".

Page 22, line 19, strike "7" and insert "6".

Page 22, strike lines 21 through 25, and page 23 strike lines 1 and 2.

Page 23, line 3, strike (2) and insert (1).

Page 23, line 10, strike (3) and insert (2).

Page 24, line 5, change the capital letters in "National Park Wilderness" to small letters.

Page 24, line 12, after "of" strike "the".

Page 24, line 21, after "of" strike "the".

Page 25, line 9, strike "8" and insert "7".

Page 25, lines 14 and 15, strike "wilderness".

Page 25, line 17, after "comprising" insert "approximately".

Page 25, line 22, after "Sequoia" insert "and".

Page 25, line 22, add "s" to "Park".

Page 26, line 7, strike "9" and insert "8".

Page 26, line 12, strike "this title" and insert "section F".

Page 26, line 15, after "of the", insert "United States".

Page 26, line 22, strike "10" and insert "9".

Page 27, line 6, strike "11" and insert "10".

Page 27, line 17, strike "12" and insert "11".

Mr. PHILLIP BURTON (during the reading). Mr. Speaker, I ask unanimous consent that the committee amendments be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The committee amendments were agreed to.

AMENDMENT OFFERED BY MR. PHILLIP BURTON

Mr. PHILLIP BURTON. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PHILLIP BURTON: On page 29, line 12, add the following new section 12:

WILDERNESS REVIEW CONCERNS

SEC. 12. (a) The Congress finds that—

(1) the Department of Agriculture has completed the second roadless area review and evaluation program (RARE II);

(2) the Congress has made its own review and examination of national forest roadless areas in California and of the environmental impacts associated with alternative allocations of such areas.

On the basis of such review, the Congress hereby determines and directs that—

(1) without passing on the question of the legal and factual sufficiency of the RARE II final environmental statement (dated January 1979) with respect to national forest lands in States other than California, such statement shall not be subject to judicial review with respect to national forest system lands in the State of California;

(2) upon enactment of this Act, the injunction issued by the United States District Court for the Eastern District of California in State of California versus Bergland (483 F. Supp. 465 (1980)) shall no longer be in force;

(3) with respect to the national forest lands in the State of California which were reviewed by the Department of Agriculture in the second roadless area review and evaluation (RARE II), except those lands remaining in further planning upon enactment of this Act, that review and evaluation shall be deemed for the purposes of the initial land management plans required for such lands by the Forest and Rangeland Renewable Resources Planning Act of 1974 as amended by the National Forest Management Act of 1976 (Public Law 94-588) to be an adequate consideration of the suitability of such lands for inclusion in the National Wilderness Preservation System and the Department of Agriculture shall not be required to review the wilderness option prior to the revision of the initial plans and in no case prior to the date established by law for completion of the initial planning cycle;

(4) areas in the State of California reviewed in such final environmental statement and not designated as wilderness by this Act or remaining in further planning upon enactment of this Act need not be managed for the purpose of protecting their suitability for wilderness designation pending revision of the initial plans;

(5) Unless expressly authorized by Congress, the Department of Agriculture shall not conduct any further statewide roadless area review and evaluation of national forest system lands in the State of California for the purpose of determing their suitability for inclusion in the National Wilderness Preservation System.

Mr. PHILLIP BURTON (during the reading). Mr. Speaker, I ask unanimous consent the amendment be con-

sidered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The amendment was agreed to.

The SPEAKER pro tempore. The Chair recognizes the gentleman from California (Mr. PHILLIP BURTON).

Mr. PHILLIP BURTON. Mr. Speaker, H.R. 4083, the California Wilderness Act of 1981, provides for the protection of certain areas within the national forests and parks of our State by designating them as wilderness while at the same time removing a cloud of uncertainty about the status of other forest roadless areas by lifting the court-imposed injunction on logging and development. This bill before us, which is virtually identical to legislation that passed the House in 1980, is a thoroughly studied product resulting from year-long discussions and negotiations during the 96th Congress and additional hearings and examination during this Congress. This process involved dialog by and among the various groups in our society that have access to public lands as well as various individuals from the environmental community and, most fundamentally, the various members of our rather diverse California delegation.

I am particularly proud of this product because it does reflect in fact the best judgment possible under all the circumstances of the various individual Members on both sides of the aisle with reference to this very important problem affecting our great State of California.

Mr. Speaker, H.R. 4083 (introduced by Mr. PHILLIP BURTON and cosponsored by Mr. BEILENSON, Mr. BROWN of California, Mr. JOHN L. BURTON, Mr. DELLUMS, Mr. DIXON, Mr. EDWARDS of California, Mr. HAWKINS, Mr. LANTOS, Mr. MATSUI, MR. MILLER of California, Mr. ROYBAL, Mr. STARK, Mr. WAXMAN, Mr. BINGHAM, Mrs. BYRON, Mr. CORRADA, Mr. DE LUGO, Mr. FLORIO, Mr. GEJDENSON, Mr. KASTENMEIER, Mr. KILDEE, Mr. MARKEY, Mr. MURPHY, Mr. SEIBERLING, Mr. UDALL, Mr. WEAVER, Mr. WON PAT, Mr. VENTO, and Mr. DYMALLY) represents a synthesis of viewpoints expressed in a number of bills in this Congress and the previous Congress.

In January 1981, I introduced H.R. 856, to provide for National Park Service wilderness designations for the State of California, and H.R. 859, to designate certain public lands—within national forest—in the State of California as wilderness. The Subcommittee on Public Lands and National Parks under the outstanding leadership of JOHN SEIBERLING, held hearings this spring in California and Washington, D.C., on this legislation.

Following the hearings, on June 26 I introduced a bill incorporating national park and national forest wilderness into one package. This legislation, H.R. 4043/4083, is virtually identical to H.R. 7702, the bill which passed the House of Representatives on August 18, 1980. With the exception of minor technical changes and map adjustments, the differences between the bills consist of the addition of 253 acres to Yosemite National Park in the Crocker Ridge area, deletion of 1,000 acres from the John Muir Wilderness additions to exclude a powerline inadvertently in wilderness in last year's bill, and deletion of 4,000 acres in the North Mountain proposed addition to Yosemite.

H.R. 4083 reflects provisions from H.R. 1116 introduced by Mr. LAGOMARSINO to designate the Dick Smith Wilderness in the Los Padres National Forest in the State of California and H.R. 3053 introduced by Mr. CHAPPIE, which provides that the Giddy Giddy Gulch area of the Shasta National Forest will not be designated as wilderness. It also reflects the recognition of our colleague JIM WEAVER that the ecological continuity of the Red Buttes area should be preserved through wilderness designation.

Last year's predecessor of H.R. 4083 (H.R. 7702), in turn, drew from a number of bills from the 96th Congress. I would refer to the House CONGRESSIONAL RECORD of August 18, 1980, and incorporate all of my remarks at that time by reference.

Mr. Speaker, H.R. 4083 adds 53 areas within the national forests of California to the national wilderness preservation system for a total of 2.1 million acres and adds some 1.4 million acres of existing parkland to the wilderness system.

I would like to close my remarks by observing that this compromise bill is an attempt to accommodate all the varied philosophical views into a balanced solution in order to resolve this issue for the mutual benefit of those concerned.

● Mr. DREIER. Mr. Speaker, I want to take this opportunity to voice concerns that I have over certain provisions contained in the California Wilderness Act of 1981 as it is now written.

Let me make it perfectly clear that I believe that natural resources and environmental considerations must be significant factors in any decision concerning Federal land use. I feel, however, that we must take a rational, multifaceted approach to the problem and examine such aspects as economic impact and the recreational needs of the community.

I support the exclusion of 600 acres from the Sheep Mountain wilderness to allow for the expansion of the Mount Baldy ski area and believe that the House should retain the acreage figure and language from the earlier legislation (H.R. 859) which accommodated this concern.

I am confident that an overall Federal land-use policy can be developed which is sensitive to both environmental and recreational concerns. I believe that in the case of Mount Baldy, exemption of the 600 acres would protect wildlife, such as the bighorn sheep population, and at the same time provide much needed recreational facilities.

Congressional hearings in the 96th Congress, which included testimony from noted environmentalists, have indicated that recreational expansion on the north slope of Mount Baldy would not be detrimental to the welfare of the bighorn sheep which are indigenous to that area.

I urge the House to include wording in the Wilderness Act to exempt the 600 acres from the Sheep Mountain Wilderness Area, as I believe we can obtain significant recreational benefits without undue sacrifice to the environment or to the bighorn sheep.●

● Mr. SEIBERLING. Mr. Speaker, I rise in strong support of H.R. 4083 and I particularly wish to commend our colleague, Mr. PHILLIP BURTON, for his achievement in working out, with other members of his delegation, this monumental legislation.

As chairman of the Subcommittee on Public Lands and National Parks, I have spent a great deal of time on the California wilderness issue, both in the 96th and 97th Congresses. As is summarized in the committee report on H.R. 4083, over the two Congresses the subcommittee held 9 days of hearings on various California wilderness bills and heard from over 300 witnesses. In addition, we spent 7 days inspecting many of the wilderness proposals contained in H.R. 4083 and had numerous informal meetings with various interest groups in the field. The hearings and field inspections were supplemented by untold hours of negotiations and discussions with the Members in whose districts the individual wilderness proposals are located.

From my participation in the above efforts, I am convinced that H.R. 4083 represents a reasonable and extremely well-balanced compromise on the wilderness issue. In many areas, the bill does not go as far in the direction of wilderness protection as I and other Members would have liked, but that is the nature of compromise. When the subcommittee began work on the California wilderness issue in the 96th Congress, we were faced with bills with widely divergent wilderness proposals. One bill, introduced by Mr. BURTON and other Members of the California delegation, would have designated some 5.1 million acres of national forest wilderness. Another bill, introduced by former Congressman

HAROLD T. JOHNSON and other Members of the California delegation would have designated only 1.3 million acres of wilderness. Matters were complicated by a U.S. district court decision in State of California against Bergland which declared the RARE II process to be legally insufficient to support wilderness decisions on almost 1 million acres of roadless lands in California and which placed an injunction on any development in those 1 million acres. This injunction is still in force, and will likely remain in force for many years to come if legislation to resolve the issue is not expedited. In short, if there is no RARE II wilderness legislation enacted for California this year, over three-fourths of the national forest roadless land in the State, or some 4.7 million acres will remain in a wilderness limbo, where development is constrained either by court order or existing law and administrative policy. These constraints include a freeze on lands which have an annual estimated timber harvest of 125 million board feet (almost 6 percent of the total national forest harvest potential in California) and which would be freed for possible harvest if H.R. 4083 is enacted. Mineral development, potential ski site, several hydroelectric projects and transmission lines, and offroad vehicle use on popular routes would also either be blocked or remain under a cloud of uncertainty if no bill is enacted. And the next Congress would be forced back to the reconsideration of widely divergent bills which propose wilderness additions ranging from 1.3 to 5.1 millions acres of national forest lands.

Important as the issues of ending uncertainty and opening lands for commodity production and development may be, Mr. Speaker, I should stress the positive conservation benefits of H.R. 4083. Enactment of this legislation will go a very long way toward completing the National Wilderness Preservation System in California and protecting the State's remaining scenic and natural gems. Not only will the wilderness designations of H.R. 4083 preserve outstanding opportunities for primitive recreation and scenic diversity, but perhaps more important, it will provide significant long-term economic and other benefits by protecting critical salmon and steelhead fisheries, insuring continued high quality water flows and supplies, and preserving a diverse undisturbed gene pool of wildlife and plant species. However, rather than consume the House's time with a lengthy description of the bill allow me to highlight some of the bill's major provisions and effects.

WILDERNESS

The 2.1 million acres of national forest wilderness and wilderness additions of H.R. 4083 represent a compromise between the high of 5.1 million acres and the low of 1.3 million acres in the major California wilderness bills which were before the committee. These compromise wilderness proposals cover widely diverse areas and ecosystems ranging from the second largest unprotected national forest roadless area in the lower 48 States, to the world famous Mount Shasta and the biologically unique Russian Peak roadless area, to the desert ecosystems of southern California. Notable features protected in various areas include critical Bighorn sheep habitat in the mountains surrounding the Los Angeles basin; all or portions of streams containing the remaining summer steelhead runs in the State; the Nation's highest desert mountains; the world's largest Joshua tree; two of the most spectacular river canyons in the Sierra; native golden, Paiute, and San Gorgonio trout habitat; major segments of the Pacific Crest Trail; a portion of the range of the California condor; some of the richest and most genetically diverse conifer forests in the world; several sites of critical religious and cultural significance to Native Americans; and numerous undeveloped lands in close proximity to Los Angeles and San Diego.

RELEASE OF LANDS FROM INJUNCTION OR FURTHER WILDERNESS STUDY

In contrast to its wilderness designations, the bill releases some 590,000 acres of roadless lands from court injunction on development, and will also result in the termination of further wilderness studies and interim wilderness protection on some 245,000 acres of Presidentially recommended further planning lands. As noted earlier, this will free some 125 million board feet of annual potential yield for possible harvest. This volume is over twice as much potential yield as the bill puts into wilderness over and above the RARE II wilderness recommendations.

The so-called release/sufficiency language of the bill also prohibits further wilderness-related lawsuits and insulates some 2.2 million acres of national forest lands in California from wilderness study in the near future * * * most probably until at least 1993. The bill also precludes any further statewide wilderness reviews of national forest roadless lands in California, and thereby guarantees that there will be no likelihood of a RARE III in the State.

I am well aware that some feel that the release language of the bill does not go far enough, and have urged permanent release language that would amend the National Forest Management Act of 1976 to prohibit the Forest Service from ever again studying the wilderness potential of national forest lands in future land management plans. I cannot accept that concept because it would preempt the Forest Service's land management options and planning prerogatives in their future planning efforts and would disrupt the finely balanced planning process established by the National Forest Management Act of 1976. It would also violate the basic ground rules under which RARE II was initiated—namely that the RARE II review would supplant wilderness consideration in the first generation of national forest management plans only, and that the wilderness option would be one of many land management options to be considered for eligible lands when second-generation forest management plans are developed in the mid-1990's. In this regard, I would note that the impartial Society of American Foresters testified before the Senate that they too abhor the concept of permanent release and oppose amendments to the National Forest Management Act in this regard.

The release formula of H.R. 4083 squares exactly with the requirements of the National Forest Management Act and reaffirms the ground rules under which RARE II was initiated. I commend the formula, which has already become law for RARE II lands in Alaska, Colorado, and New Mexico, to my colleagues, and urge them to resist attempts to change it.

MINING AND MINERALS

During the 9 days of hearings on California wilderness held by the Subcommittee on Public Lands and National Parks in the 96th Congress, only three witnesses testified urging deletions for minerals. The major minerals conflict of which the committee was made aware was resolved by exempting an area of cobalt, nickel, and chrome potential from any further constraints on development which might result from administrative wilderness consideration of the area.

SKI AREAS

With few exceptions, the areas identified by the ski industry as promising ski development or expansion sites have been excluded from wilderness. Areas available for ski development will include Giddy Giddy Gulch on Mount Shasta, the Sherwin Bowl, the San Joaquin Ridge, Mitchell-Maddox, Mount Reba, and Kirkwood expansion areas, and Sherman Peak.

WATER AND POWER

Several major potential hydroelectric sites or projects, including the Spicers Meadow expansion, the Dinkey Creek project, and the Granite Creek-Jackass project have either been excluded from the bill's wilderness proposals or have been otherwise accommodated.

OFFROAD VEHICLES

Many major offroad vehicles travel routes, including the State's longest 4-wheel-drive trail, have been left out of wilderness. The Mokelumne Wilderness addition proposal of last year's

bill (H.R. 7702) was slightly modified to allow motorized vehicle use in and around Thimble Peak.

TIMBER SUPPLIES

Although a great deal of misinformation has been circulated as to the alleged adverse effect of H.R. 4083 on timber supplies, in fact, the bill would place in wilderness a mere 3.8 percent of the total programed harvest of national forest lands in the State of California, and only about 1.8 percent of total annual harvest from all lands (Federal, State, and private) in the State. Much of the timber volume in areas contained in the bill is already prohibited from harvest, and has been for several decades, in existing primitive areas. Other timber is currently protected from development by the court injunction imposed by Judge Carlton in State of California against Bergland. Indeed, of the areas under injunction, H.R. 4083 would free almost twice as much timber potential from injunction as would be placed in wilderness.

In the short term—using a figure of 7.1 jobs created per million board feet of timber harvest—I estimate that H.R. 4083's release of timber volumes from injunction and further planning requirements could support as many as 610 jobs, jobs that would not be immediately available if the injunction stays in force.

ADMINISTRATION VIEWS OF H.R. 4083

Although representatives of the current administration expressed the belief that H.R. 4083 designates too much land as wilderness and is, therefore, not a fair compromise, I believe their views may be subject to change as they become more familiar with the subject matter. In response to questioning during our hearings on the legislation on June 18, 1981, Assistant Secretary Crowell admitted that the administration had not reviewed the wilderness proposals of the bill which went beyond the RARE II recommendations. They merely rejected our additional proposals, without examining them to determine whether we had made reasonable allocations. This was despite the fact that Forest Service officials had told us that some of the additional acreage added by H.R. 4083 conformed to what the Forest Service likely would have recommended.

The administration's position vis a vis the 1 million acres under injunction was puzzling. Although Judge Carlton was very firm in his insistence that the RARE II process was inadequate as far as the 1 million acres are concerned, the administration witnesses simply took the position that each and every acre of the 1 million acres does not qualify as wilderness. This contributes little to the "real world" situation which Congress faces in trying to resolve the lawsuit. nevertheless I believe Congress has the obligation to attempt to reach a compromise on this difficult issue, and I commend the efforts of the gentleman from California (Mr. BURTON) which have produced a truly remarkable consensus within his congressional delegation on this issue.

POSSIBLE IMPROVEMENTS IN H.R. 4083

As previously stated, I strongly support H.R. 4083 as a compromise measure. However, there are several areas which, if the bill is changed in the other body, should receive close scrutiny:

First. Dillon Creek: This scenic area adjacent to the proposed Siskiyou Wilderness, should be added to the wilderness as was proposed in H.R. 859, instead of being designated as a planning area. The area is geographically and scenically an integral part of the Siskiyous, and its steep slopes and fragile soils do not lend themselves to development. Summer steelhead habitat has been identified in Dillon Creek and merits wilderness protection.

Second. Granite Chief: The wilderness proposal should be perfected by adding lands in the vicinity of Diamond Crossing to the wilderness as per the boundary worked out by conservationists and the Southern Pacific Land Co. Conversely, consideration should be given to deleting the "checkerboard" lands on the north end owned by the Chickering family and the North Fork Association.

Third. North Mountain: I believe that, at a minimum, the 4,000-acre addition to Yosemite National Park along the Toulumne River should be restored. This is highly scenic land which lacks timber values and would be an excellent addition to the park.

Fourth. South Fork Trinity River: In drawing boundaries for the Trinity Alps Wilderness and other wilderness proposals in Trinity County, the Committee followed the recommendations of the county. Consistent with those recommendations, H.R. 4083 proposed that four roadless areas in the watershed of the South Ford of the Trinity River (Penney Ridge 5-234; Chinquapin 5-221; South Fork 5-236 and Underwood 5-237) be released from the nondevelopment constraints and injunction imposed by Judge Carlton in State of California against Bergland by H.R. 4083. These four areas will thus be freed for timber management or other nonwilderness types of development in accordance with the management prescriptions of the National Forest Management Act and other laws applicable to the management of the national forests. The South Fork Trinity River drainage is an extremely fragile area with tremendous fisheries values. For this reason, the California Department of Fish and Game recommended all four areas for inclusion in wilderness and noted that the South Fork fishery "over the years will far outweigh the logging value in offshore commercial salmon catches * * *". Testimony at the Committee's hearings on the California wilderness issue in both the 96th and 97th Congresses, including testimony by west coast fisherman's organizations, underlined the Department of Fish and Game's concerns and many witnesses endorsed its wilderness recommendations.

Thus while I support H.R. 4083 and Trinity County's nonwilderness recommendations vis-a-vis the four areas, I would nevertheless admonish the Forest Service to proceed very carefully with any plans for development, especially roadbuilding and/or timber harvest. Millions of dollars are being spent to restore the fishery resource of the Trinity River, and imprudent development could jeopardize these efforts. When the Subcommittee on Public Lands toured the South Forks Trinity area in July of 1979, it saw abundant evidence of the area's fragile soils and resulting unstable conditions. At one site inspected by the subcommittee, timber harvest and roadbuilding had contributed to mass soil movement. When questioned by committee members, the Forest Service indicated that it had not had the financial and manpower resources to do a thorough onsite inspection prior to timber harvest planning and had to rely instead on computer predictions of the area's overall stability. While I appreciate that it may not always be possible to predict all possible adverse fisheries impacts in certain areas, it is clear that the South Fork Watershed presents a special management challenge where fisheries considerations must be given paramount attention in the future.

Fifth. Red Buttes: This is an especially beautiful area for which our colleague Jim Weaver had introduced an 84,000-acre wilderness proposal. I personally inspected the area, and feel that additions to H.R. 4083's 25,300-acre proposal are warranted. I believe additions could be made without substantial adverse impact on timber and mineral potential, especially in Canyon Creek. Portuguese Creek and Marble/Knox Gulch areas. Most of the timber in these drainages is marginal in nature.

In conclusion, Mr. Speaker, allow me to reiterate my contention that H.R. 4083 represents a well-balanced response to an exceedingly complex set of conditions and interests. Aside from the Alaska lands bill, I cannot think of a land conservation proposal during my tenure in Congress that has involved as many diverse issues and areas of land and I believe H.R. 4083 deals with the matter in a manner that is fair to all interests concerned.●

Mr. CLAUSEN. Mr. Speaker, in order to acquaint the Members with the process underway, we believe that the minority views as contained in the committee report most accurately re-

flects the recognized controversy that exists in the California Wilderness bill and more importantly identifies the differences between the bill sponsored by the gentleman from California (Mr. PHILLIP BURTON) and the administration's position.

It is clearly understood by all the members of the Interior Committee that followed the California legislation in the last Congress and this Congress that there are substantial differences that will need to be addressed and negotiated between the House and the Senate. This is our objective in moving the bill. We are setting the stage for the inevitable extension of negotiations that have already taken place between the members of the Interior Committee and the California delegation over the last 3 years and, therefore, it is my intent to read into the record the full text of the minority views:

MINORITY VIEWS

In allowing H.R. 4043 and/or related bills to be reported out of the full committee, it was not the intention of the Minority Members to endorse all provisions of the bill but rather to advance the legislation to the House floor and ultimately to the Senate where we believe additional fine tuning will take place leading to a conference between the two bodies where the ultimate decision on boundaries, total acreage and release language will be made.

Also, it must be clearly understood that this California wilderness proposal is very controversial with widely divergent views as to what constitutes the most acceptable acreage level to be placed in wilderness as a result of the Roadless Areas Review and Evaluation (RARE II) process. The objective of the Congress must be to strike the proper balance between wilderness classification and multiple-use classification.

The Carter Administration proposal of 1.3 million acres and the Reagan Administration proposal of 1.2 million acres, advanced by the professional forestry people of the Forest Service, are remarkably close in their content and purpose.

These acreages, however, differ substantially from the Committee proposal as authored by Congressman Phil Burton and others while proposes to place 2.1 million acres of national forest land in wilderness. In California, those people who are dependent on access to these lands for the yield of resource (timber, mining, recreation) potential they provide are very concerned about being locked out of access to these resources.

The Forest Service is concerned about retaining their land base to maximize the sustained yield potential of these renewable resources under the most updated and responsible land and resource management practices.

Conversely, many wilderness advocates in California place a high priority of the wilderness value and use of the lands.

Therein lies the controversy and the challenge.

The hearings in Weaverville, California held in May of 1981, broke attendance records for that section of the country. There were strong views expressed both for and against the bill. The bill with the multiple-use advocates views expressed came closer to the Administration acreage figure for wilderness set aside.

So the Burton bill cannot be considered as a satisfactory compromise that would satisfy either side of the controversy.

It is also disturbing to the Minority Members of the Subcommittee that the concerns and views of the Members in whose Districts the particular areas lie were not fully respected and accepted. In many instances, additional wilderness designations are being made without the consent of the Member affected. It has been our experience that individual Members better understand the problems and needs of their area and should be looked to for input when a decision of such consequence as wilderness designation is made.

Congressman Chappie from Northern California urges the Senate to take a close look at the economic impacts of the land withdrawals proposed in H.R. 4043 and/or related bills. It is a well-known fact that the forest products industry is a mainstay of the economy in Northern California. Substantial reduction in the areas harvestable timber will critically affect the economies of such communities as Happy Camp, Weaverville, Burnt Ranch, Hayfork, Hyampon and Yreka to name a few. In addition to the detrimental effect on individual communities, H.R. 4043 will substantially reduce the number and quality of services counties presently fund from National Forest Timber Sale Receipts and Payments in Lieu of Taxes. The combination of H.R. 4043 and/or related bills with existing wilderness designations and current land-use retrictions designed to protect endangered species, archeological and cultural resources, fish and wildlife habitat, national trails, scenic values, water quality and wild and scenic rivers will decrease the operable land base to an unacceptable level on both national forest and private lands. Therefore, it is important for H.R. 4043 to be considered in light of current land-management restrictions during Senate deliberations.

Of particular concern to Congressman Chappie is the execessive amount of wilderness proposed in H.R. 4043 and/or related bills for Northern California, and urges reductions in the following areas to bring wilderness acreage more in line with the recommendations of the U.S. Forest Service. They are: Granite Chief, Mt. Shasta, North Fork, Pattison, Yolla-Bolly Middle Eel and the Little French Creek area of the proposed Trinity Alps Wilderness. When considering the Trinity Alps Wilderness designation, attention should be paid to the large amount of privately owned land in the area which the federal government may be required to purchase.

Finally, Congressman Chappie believes the Committee should have respected the request of the North Fork Association and the Chickering family in the deletion of their land at the Northern end of the Granite Chief Wilderness area.

LEGISLATIVE HISTORY

The legislative process began during the 96th Congress with the introduction of two bills, H.R. 5578 introduced by Congressman Phil Burton, and H.R. 5586 introduced by Congressman Bizz Johnson. The final proposal developed last year, H.R. 7702, was the result of extensive negotiations, field investigations and public hearings. It, however, was not acted on by the Senate as a result of many factors. One of which, was the economic decline and corresponding lack of demand for wood products.

Shortly after the 97th Congress convened, a new legislation was introduced by Congressman Phil Burton, H.R. 859 (RARE II) and H.R. 856 (parks) closely resembling the earlier proposal. Again, hearings were held and discussions began on the proposal. In July 1981, yet another bill was introduced again following the provisions of H.R. 7702. This bill was brought before the Public Lands and National Parks Subcommittee and full Interior Committee.

In agreeing to report the bill, we are repeating our efforts of last year to move toward an ultimate conclusion to the entire RARE II process.

In evaluating the provisions of the current bill, it is important to consider the following statistics and impacts:

WILDERNESS

In 1979, the Forest Service RARE II recommendations, as modified and presented to Congress by President Carter, designated 35 new wilderness areas or wilderness additions containing approximately 1.3 million acres, designated approximately 2.7 million acres as non-wilderness and left approximately 2.3 million acres in further planning.

The current Administration supports the Carter Administration's recommendations with the exception of three areas:

	Acres
Red Buttes	25,340
Boundary Peaks	49,900
Marble Mt. Addition	12,720
Total	87,960

By comparison, H.R. 4043 increases the amount of wilderness significantly, It would designate 53 new wilderness areas and wilderness additions totalling 2.1 million acres. Based on testimony and input from the Forest Service, included are 28 RARE II areas, originally recommended for further planning totalling approximately 442,000 acres and 21 RARE II acres, or parts thereof, recommended as non-wilderness totalling approximately 316,000 acres.

In addition to the wilderness designations H.R. 4043, as reported, creates five wilderness study or planning areas originally recommended as non-wilderness totalling 162,000 acres each of which must be studied and reconsidered by the Congress prior to a final determination being made on their suitability or non-suitability as wilderness.

LOSS OF POTENTIAL YIELD OF TIMBER

The Forest Service estimates that their original proposal would result in a reduction of potential yield of timber of 73.3 million board feet while H.R. 4043 would result in a reduction of 136.7 million board feet or an additional loss annually of 63.4 million board feet. Programmed harvest, which reflects factors such as budgetary constraints, would be reduced by an additional 45.7 million board feet annually if H.R. 4043 is enacted.[1]

The loss in potential yield is not evenly distributed among the various national forests but rather impacts certain areas more heavily than others. Among the forests heavily impacted are:

[In million board feet annually]

Shasta-Trinity	40.5
Klamath	31.2
Sierra	15.6
Medocino	10.0
Inyo	7.2

[1] Based on data developed on H.R. 7702 (96th Congress) by the U.S. Forest Service.

Toiyabe	6.4
Six Rivers	3.7

JOB LOSS

For the period 1981-85, the Forest Service estimates a direct job loss of 350-400 people and an indirect job loss of 700-800 people. These figures increase for 1986-95 to 1000-1100 direct jobs lost and 2000-2200 indirect jobs lost. While these figures may vary based on the multiplier factor used, it has been our experience that such estimates tend to be too low, as was the case with the Redwood National Park expansion, in California.

SKI AREAS

It is the position of the Minority Members that the ski potential in California should be developed to the greatest extent possible. To accommodate this interest, lands identified as having potential for ski area development or expansion of existing areas should not be included in wilderness. In addition, we believe ski areas should be located as close as possible to large population centers yet dispersed enough to minimize traffic congestion and overcrowding.

We support the deletion of the Giddy Giddy Gulch and Sand Flat areas on Mount Shasta to permit the relocation of the ski facility, as requested by Congressman Gene Chappie, as well as the study provision included in the bill which affords the people in Humboldt County an opportunity to work with the Forest Service in determining the feasibility of locating a ski facility near Bret Hole in the Orleans Mountain area. We also support the exclusion of 600 acres from the Sheep Mountain Wilderness to allow for the expansion of the Mount Baldy ski area and believe the Committee should have retained the acreage figure and language from the earlier legislation (H.R. 859) which accommodated this concern.

RECREATION

Strong concern has also been voiced about proposals in H.R. 4043 establishing wilderness areas which might benefit from further study, particularly for their recreational value. Subcommittee testimony was heard which questioned the wisdom of adding 60,000 acres to the Mokelumne Wilderness. This total is far in excess of the 640 acres originally recommended by the Forest Service and would result in an annual loss of some 700,000 board feet. Furthermore, the boundaries as presently drawn in H.R. 4043 would preclude vehicular access from the Blue Lakes to Hermit Valley. This trail has been the principal north-south access route for recreationists across the High Sierra from Markleyville to Westpoint for several years.

The proposed Caples Creek Wilderness was also the subject of concerns expressed in Subcommittee hearings. Under the provisions of H.R. 4043, the establishment of this 14,000 acre area would not only result in the loss of some 700,000 board feet per year, but El Dorado Forest Service Officials also believe that this area has the capacity to accommodate large numbers and a wide variety of recreational users. Given the proposed additions to the nearby Mokelumne Wilderness, the Caples Creek area might very well serve as a safety valve for responsible multiple-use recreational activities. The status of Caples Creek might be resolved more appropriately by retaining the area in a further planning category, as originally recommended by the Forest Service.

RELEASE LANGUAGE

The principal reason for not opposing the legislative advancement of H.R. 4043 and/or related bills is our desire to accomplish the ultimate enactment of release language, lifting the injunction imposed by *California vs. Bergland* and ending the uncertainty under which our current timber harvest plans exist.

The release language contained in H.R. 4043 and to be added to H.R. 4083 will serve to move us toward a conference with the Senate which has already shown an indication of support for stronger language which would end the uncertainty on the non-wilderness lands permanently, unless Congress decides otherwise.

This is not to say that we should pass bad legislation to obtain release language. The two issues cannot and should not be separated. The boundaries contained in H.R. 4043 and/or related bills should receive close scrutiny and will require some additional adjustments before final enactment.

The areas of greatest controversy are those placed in "planning" or "study" status. The Committee chose this classification as a way of leaving the door open for further fine tuning, modification, or revision of the land management plans of these particular areas. This effort will have to be made before the overall proposal is, in fact, ultimately and finally acceptable.

If those involved truly want a solution to the California RARE II issue this year, this process will take place. With this understanding, we do not oppose the advancement of this legislation out of Committee.

There are also a number of very positive aspects to the legislation which affect my congressional district.

Language placed in the bill and the committee report assures the opportunity for development of a cobalt and nickel deposit located on Gasquet Mountain in Del Norte County by releasing the North Fork Smith roadless area (No. 5707) from the further planning status.

The language reads as follows:

Notwithstanding any existing or future administrative designation or recommendation, mineral prospecting, exploration, development, or mining of cobalt and associated minerals undertaken under the U.S. Mining Laws within the North Fork Smith roadless area (RARE II, 5-107, Six Rivers National Forest, California) shall be subject to only such Federal laws and regulations as are generally applicable to national forest lands designated as nonwilderness.

The report language emphasizes the need for development of these strategic minerals and assures that the nearby communities will be protected from truck traffic.

The area contains enough cobalt to meet 15 percent of our national needs and over 80 percent of our military needs. As my colleagues know, we are currently dependent on foreign sources of supply—a very tenuous position to be in.

A corridor has been left on the maps which accompany the bill to allow for completion of the Gasquet-Orleans (G-O) Road.

Last, the bill provides for a special study on the feasibility of locating an alpine ski facility at Bret Hole On Orleans Mountain. There is a group of people in Humboldt County which have been and are working very hard to develop a winter recreational option for the county. The study provision recognizes their effort and assures that the Forest Service will consider their proposal in recommending the final classification of the area as wilderness or nonwilderness and will give them every possible opportunity to present their case in seeking the necessary permits.

Overall, while I do not agree with all sections of the bill and I believe it needs further adjustments, it is essential that we move the bill as a means of bringing us to a point hopefully of a successful and permanent solution to the land classification issues involved. Because, if there is not a good faith effort to bring about a reasonable solution then the legislation will not be finalized this year and the people most concerned and affected will not be able to make the necessary decisions essential to their interests and livelihoods.

Thank you, Mr. Speaker.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. PHILLIP BURTON. Mr. Speaker, I ask unanimous consent that all Members may have the balance of this legislative day in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

ISRAELI ATTACK ON LEBANON AND SHIPMENT OF F-16 FIGHTERS

(Mr. FINDLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FINDLEY. Mr. Speaker, I was appalled to learn earlier today that the Government of Israel has sent wave after wave of fighter aircraft against the capital of Lebanon, Beirut. This poses a critical problem to our Government, and especially the President of the United States.

I am gratified to note that our President has seen fit to delay, at least temporarily, the shipment of the F-16 aircraft, which otherwise would have been on their way to Israel, if not today within a day or so.

It is my fervent hope that the President of the United States, in reviewing the terms of the Export Control Act, will find that he is compelled by that law to suspend any further shipments of military aid to the Government of Israel until he has assurances that this

sort of nonsense will not be repeated in the future.

This is a grave hour for our country in our relationship with all of the States of the Middle East, and especially with the State that some of us have consistently supported through the years, the State of Israel. The actions by the Prime Minister of Israel in ordering these attacks against Beirut causes serious questions about the rationality of the leadership of that country.

NATIONAL ENERGY POLICY PLAN—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 97-77)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Energy and Commerce and ordered to be printed:

To the Congress of the United States:

The National Energy Policy Plan that I am sending you, as required by Section 801 of the Department of Energy Organization Act (Public Law 95-91), represents a break from the format and philosophy of the two National Energy Plans that preceded it.

Our national energy plan should not be a rigid set of production and conservation goals dictated by Government. Our primary objective is simply for our citizens to have *enough* energy, and it is up to them to decide how much energy that is, and in what form and manner it will reach them. When the free market is permitted to work the way it should, millions of individual choices and judgments will produce the proper balance of supply and demand our economy needs.

Overall, the outlook for this country's energy supplies is not nearly as grim as some have painted it, although our problems are not all behind us. The detailed projections, along with the supplementary documents on environmental and economic questions, are being submitted separately by the Secretary of Energy.

The approach explained in the basic National Energy Policy Plan cannot be divorced from the Administration's program for national economic recovery. Energy is one important aspect of our society, but it is only one.

This Administration action to end oil price controls and to dismantle the cumbersome regulatory apparatus associated with those controls demonstrate the intent stated in my February 18 economic message to minimize Federal intervention in the marketplace. Reforms in leasing policies and the removal of unnecessary environmental restrictions upon the production, delivery, and use of energy are part of this same effort to reduce bureaucratic burdens on all Americans.

This does not mean that the Federal government is withdrawing from all involvement in energy. It cannot and should not. The Government itself is directly responsible for lands which contain a major share of our resource wealth.

There is also an appropriate Federal role in certain long-term research and development related to energy production and distribution. The goal of these projects is to develop promising technological innovations to the point where private enterprise can reasonably assess their risks.

Given our continued vulnerability to energy supply disruptions, certain emergency preparations—such as rapid filling of the Strategic Petroleum Reserve—remain principally a Government responsibilty. But our basic role is to provide a sound and stable economic and policy environment that will enable our citizens, businesses, and governmental units at all levels to make rational decisions on energy use and production—decisions that reflect the true value, in every sense, of all the Nation's resources.

RONALD REAGAN.

THE WHITE HOUSE, *July 17, 1981.*

LEGISLATIVE PROGRAM

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, I ask to address the House for 1 minute for the purpose of inquiring of the majority whip the program for next week.

Mr. ALEXANDER. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I am happy to yield to the gentleman.

□ 1520

Mr. ALEXANDER. Mr. Speaker, on Monday, July 20, the schedule that we have for that time is one bill, House Resolution 181 under suspension of the rules, a sense of the Congress to oppose minimum social security benefits cuts.

We would propose that if a recorded vote is requested on that resolution, it be postponed until Tuesday, July 21.

Mr. MICHEL. Now, before the gentleman goes any further, he is quite well aware of what a good many Members of this House are going to be doing Monday and will not be present here on the floor. It is one thing to have a matter of minor consequences debated one day and rollcalls put over until the next; it is another thing to have a matter of significance here and then postponing the vote until the next day. The gentleman, I am sure, is well aware of my own concern about scheduling that matter for Monday.

Mr. ALEXANDER. If the gentleman will yield, would the gentleman's concern be allayed if we divided the time for debate, half of the debate on Monday, and taking the balance on Tuesday, scheduling the debate on the matter on Tuesday?

Mr. MICHEL. I think that would be the preferable solution, to have the debate and the vote on Tuesday.

Mr. ALEXANDER. The gentleman would then not be concerned should we take the matter up on Monday, take half of the debate on Monday, the balance on Tuesday, and concluding the debate on Tuesday?

Mr. MICHEL. I really cannot agree to that. That would be such a one-sided debate, and it would not be worth two hoots. We have a significant issue, and then you are going to confine the real meaningful debate to 20 minutes, in effect, on Tuesday. That is wrong. It ought not to be in that context. It is a subject matter for which we could have a debate of several hours, frankly, if we are going to do justice to it. There is no reason why the Democratic leadership ought not to sense what is taking place here. Simply say we want to do this on Tuesday rather than on Monday, and I will agree. But Monday is wrong. Otherwise there are mechanisms available on this side that could be used by any number of Members in a way in which this Member would prefer not to do, because we have agreed a long time ago that on Monday next there would be a number of Members absent for whatever reason.

Mr. ALEXANDER. I share the gentleman's concern. I am attempting to allay his concern in order that previously scheduled events for Monday might take place without the concern of the Members, and I can see the advantage of taking the matter up on Monday, dividing the time and continuing it on Tuesday.

Mr. MICHEL. I cannot agree to that, because I know exactly what would happen. That is foolhardy to think that that is a suitable compromise.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

Mr. Speaker, I just want to assure the Members that if in fact this bill is debated at all on Monday that there will be votes take place on Monday, so that the membership can be informed that if this remains on the schedule, there will be votes taken in the Chamber on Monday.

Mr. ALEXANDER. Mr. Speaker, our Members, of course, will be available for any votes which the gentleman might choose to have ordered on Monday. But notwithstanding that fact, we are attempting to work out an arrangement here which would be agreeable to the minority leader.

The gentleman says that he is not interested in dividing the time on the question?

Mr. MICHEL. I just think it does violence to the regular orderly procedure for a matter of this significance to be handled in that fashion. I just cannot be a party to that.

Mr. ALEXANDER. Would the gentleman be satisfied if the House came in early on Tuesday, say, if we were to convene the House at 11 o'clock, to consider the matter, debate the issue, and conclude it before noon on that day?

Mr. MICHEL. That would be preferable, very agreeable, and the kind of thing we ought to do.

Mr. ALEXANDER. In that event, I would change the order of the schedule for next week to read that on Tuesday, July 21, we would propose to consider House Resolution 181 under suspension of the rules, a sense of the Congress resolution to oppose the minimum social security benefits cut, and conclude that matter at that time, with a vote immediately following the debate on the question.

On Tuesday and the balance of the week, the House will consider H.R. 4034, HUD appropriations for fiscal year 1982. We would attempt to complete consideration of that bill.

H.R. 4035, Interior appropriations, fiscal year 1982, complete consideration.

H.R. 4144, Energy and water appropriations, fiscal year 1982.

H.R. 4119, Agriculture appropriations, fiscal year 1982.

H.R. 4121, Treasury-Postal appropriations, fiscal year 1982.

H.R. 4120, legislative appropriations, fiscal year 1982.

And another matter which was previously scheduled, H.R. 3380, increase pay and allowances of members of Armed Forces. The House has already adopted this open rule, with 2 hours of debate.

I wish to further announce that Members should expect that the conference report on budget reconciliation will be brought to the floor as soon as it is available.

The House will adjourn by 3 p.m. on Friday. Adjournment times for other days will be announced daily.

Mr. MICHEL. Might I inquire of the distinguished gentleman if it would be the majority's intention, then, on all of those appropriation bills particularly, that they would be considered in the order in which the gentleman listed them on the program for next week?

Mr. ALEXANDER. That is the intention of the majority, with the advice that this is a very ambitious schedule, and we should not expect to complete consideration of all of those bills. But they will be considered in this order.

Mr. SENSENBRENNER. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Wisconsin.

Mr. SENSENBRENNER. Mr. Speaker, I would like to know if it is the intention of the majority to call the Consent Calendar on Monday and the Private Calendar on Tuesday.

Mr. ALEXANDER. Yes; it is.

Mr. SENSENBRENNER. I thank the gentleman from Arkansas.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

Mr. Speaker, if we have an agreement to go over to Tuesday, I am wondering why this resolution could not be brought up under the regular rules of the House, rather than under suspension, so that it would be subject to amendment and further debate on the floor under the 5-minute rule.

It is a very important subject, as the gentleman from Illinois has pointed out. It is a subject that I think should be debated roundly; it has been subjected to no hearings; the Members, up until last night, did not even know about the resolution. This side had not even been apprised of it.

I am wondering why this bill has to be brought up under suspension of the rules and why it could not be brought up under the regular orderly procedures of the House so that the Members could have a chance to perhaps improve this resolution before voting on it.

Mr. ALEXANDER. if a two-thirds vote is not presented in favor of the resolution, the gentleman may then have the opportunity to bring the matter up, after having obtained a rule from the Rules Committee, allowing a rule which would order debate and the possibility of amendments, such as the one the gentleman proposed today during the 1-minute period.

Mr. WALKER. If the gentleman will yield further, that is not very much of an answer because, obviously, by bringing it up under suspension of the rules, what the majority is attempting to do is to do great damage to the reconciliation process under a suspension of the rules which allow for only 1 hour of debate, equally divided. And that assures that there is going to be extremely limited debate on a very important subject, it assures no amendments. This bill has been subjected to no hearings whatsoever. It seems to me that we are once again seeing a kind of dirty trick being played on the reconciliation process, just like the series of them we have seen played up until now in the whole reconciliation process.

Mr. MICHEL. Mr. Speaker, I want to thank the gentleman for acceding to the request of the gentleman from Illinois to delay the measure from Monday to Tuesday. While I might very well be in sympathy with a good part of what the gentleman from Pennsylvania has just said, I understand what the gentleman has said earlier and, recognizing that under a limited time frame of 40 minutes it would require a two-thirds vote, I think, with some reservation, the normal legislative process is being served. I appreciate the consideration of the majority on that score, and I would expect that then we could pretty well tell Members that, for all practical purposes, there would be really no business to be transacted on Monday.

Would that be correct?

□ 1530

Mr. ALEXANDER. That is correct.

There was a question earlier on the Consent Calendar. That will be taken up Monday, as regularly scheduled. Further it is understood that the House will convene at 11 o'clock on Tuesday, and the first order of business after the Private Calendar will be the sense of the House resolution.

Mr. MICHEL. I understand.

ADJOURNMENT TO MONDAY, JULY 20, 1981

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it stands adjourned to meet at 12 o'clock noon on Monday, July 20, 1981.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

Mr. SENSENBRENNER. Mr. Speaker, reserving the right to object, under the rules it is usually in order that the Private Calendar be called first on the days that the Private Calendar is called before the House goes into legislative business.

I am wondering if the gentleman from Arkansas, in his previous statement, has announced a departure from that tradition in that the Private Calendar will not be considered until after the resolution relating to social security benefits.

Mr. ALEXANDER. Mr. Speaker, will the gentleman yield?

Mr. SENSENBRENNER. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Speaker, it is not a matter of particular concern to the majority. We can follow that tradition, or if it would be of more convenience to the minority, we could take up the sense of the House resolution on the social security matter at 11 o'clock.

I do not see that either question raises any great concern. It is not a matter of great importance. What would you prefer?

Mr. MICHEL. Mr. Speaker, will the gentleman yield to me?

Mr. SENSENBRENNER. I yield to the gentleman from Illinois.

Mr. MICHEL. Mr. Speaker, I might make an observation that there are only six bills on the Private Calendar scheduled for next week, all of which seem to be pretty well agreed upon, if that is any worthy contribution to the discussion here.

Mr. ALEXANDER. If the gentleman would yield further, we might be able to handle that in summary time and proceed at 11 o'clock following that with the House resolution.

Mr. SENSENBRENNER. I thank the gentleman from Arkansas.

I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

HOUR OF MEETING ON TUESDAY, JULY 21, 1981

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent that when the House adjourns on Monday, July 20, 1981, it adjourn to meet at 11 o'clock Tuesday, July 21, 1981.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

A LOOK AT REAL COURAGE

(Mr. WYDEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WYDEN. Mr. Speaker, today I would like to pay tribute to a very courageous young woman who lives in my congressional district, Laurie Schwartz.

I say courageous because, even as I speak, Laurie is on her way on a cross-country trek—in her wheelchair. She is traveling across country from Portland, Oreg. to Washington, D.C., to try to make President Reagan aware of how the budget cuts in programs for the handicapped will affect individuals such as herself.

She is undertaking the trip not because she wants any kind of handout from the Government—but rather because she wants the opportunity to live on her own—to be a taxpaying, self-sufficient member of our society.

She is undertaking the trip because she wants the opportunity to finish her schooling—and serve as a counselor for other handicapped individuals.

Let me tell you a little bit about Laurie Schwartz.

Laurie was born 22 years ago. She has been a quadriplegic and victim of cerebral palsy since birth.

But that has not stopped Laurie. She swims. She skiis. She rides horseback. She paints with her teeth. And she is in her junior year of college at Portland State University—three-quarters of the way to a degree in psychology.

Now that schooling is in jeopardy—because the Congress seems to have concluded that the programs that help Laurie stay in school and become a fully functioning member of society are less important than some other Government programs, such as tobacco subsidies.

I am proud to be from the same hometown as a woman as courageous as Laurie Schwartz. And I am not alone in my great admiration. Traveling along at an amazing 60 miles per day, Laurie has been greeted all along the way by officials of all political persuasions.

I would like to see her receive a similarly warm reception when she arrives in Washington, D.C., September 9. To help insure that, I will be hosting a reception at 9:30 that morning for all the members of the Oregon congressional delegation, other Oregonians living or visiting in the District of Columbia area, members of groups concerned about the issues of the handicapped, and other Members of Congress.

I encourage all of my colleagues to join me in greeting Laurie at our reception—and in listening to her story. I think she can teach us all a lot about what real courage is.

POW-MIA RECOGNITION DAY CEREMONIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DORNAN) is recognized for 60 minutes.

GENERAL LEAVE

Mr. DORNAN of California. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. DORNAN of California. Mr. Speaker, today I had the honor, along with about two dozen of my colleagues and many Senators from the other body to attend the breakfast given by the family members of our missing-in-action American servicemen in Southeast Asia.

The national meeting of the League of Families of American Prisoners and Missing in Indochina is held this week across the Potomac. They are convening at the Stauffer's Hotel.

There is an air of excitement over there that I have not seen in the last 11 years. I have attended most of the meetings and the family members are in a hopeful, ebullient mood because they feel that we finally have a cohesive team formed at all levels of our Government—at the White House, the CIA, at the Pentagon, particularly at the Defense Intelligence Agency—and at the league itself, with their newly elected board, many of them returning from the former board. All of the boards for the League of Families have been excellent, dedicated mothers, dads, brothers, sisters, and, of course, wives.

There are now, in addition, many grownup, adult children of the servicemen that I believe we left behind to live in literally slave labor situations over the last 8½ years.

It was inspiring to hear the distinguished chairman of the Asian and Pacific Affairs Committee, the gentleman from New York, STEPHEN SOLARZ, address the breakfast gathering with a passionate speech, telling how stunned he was last month to hear the testimony of the retiring Director of the Defense Intelligence Agency, Lt. Gen. Eugene Tighe, an Air Force general friend of mine who has served his Nation for 39 years. His appearance before Mr. SOLARZ' committee on Asian and Pacific Affairs was probably his farewill appearance on the Hill. Under Mr. SOLARZ' skillfull questioning, General Tighe expressed his personal judgment, formed over a decade or more of intelligence work on the missing-in-action problem, that, yes, there are live Americans in Indochina.

Mr. SOLARZ decided at that moment—and he has certainly shown his conviction over the last month—that he, as he said this morning, is going to leave no stone unturned, that he will not rest as a House of Representatives subcommittee chairman, until we get a full accounting for our missing men.

A few hours later this morning I was honored to accept the Secretary of Defense's invitation to attend the POW-MIA Recognition Day ceremonies held in the beautiful river entrance courtyard beside the Pentagon.

□ 1540

This ceremony was, of course, dictated by the signature of the President of the United States of America, himself, President Reagan, who set aside this day, July 17, to honor our missing.

Among the many honored guests at the Pentagon were, of course, POW-MIA family members and former POW's, who heard a stirring address

from the retiring superintendent of the Naval Academy at Annapolis, Admiral Lawrence, who had also made a beautiful speech this morning. There were representatives of all branches of the Armed Forces—in my 5 years in Congress I have never been at a ceremony where there was so much gold and silver brass representing our dedicated officers and enlisted men serving at the Pentagon.

Secretary of Defense Weinberger himself delivered a strong, compassionate address and read from a remarkable document sent to the ceremony by the President, who had formal state duties precluding his personal attendance.

There was a stirring 19-gun salute, and then there was something that I did not expect—a formation of Air Force fighter planes came roaring overhead in what has come to be called the "missing man formation," where they come across in fingertip echelon formation, with the No. 3 airplane first passing away from the others, symbolizing the loss of a single man—and then pulling straight up in a vertical climb, rolling into the clouds.

The airplanes selected to do this have been retired from the Air Force's active duty roster, but they serve very well in our National Guard and Reserve units across the country. I am surmising that these four Air Force planes flew up this morning from a National Guard unit in the State of Virginia.

The airplane they chose for this event could not have been more fitting. Nobody took it on the chin harder in those most dangerous of aerial combat situations in all of history in North Vietnam than the Navy carrier pilots. And, nobody had a higher fatality or prison-of-war rate than the two Air Force wings out of Takli and Korat in Thailand, the pilots who flew the F-105 Thunder Chief, affectionately called the Thud.

That is what flew by this morning in missing-man formation—F-105 "Thuds." They are still the best looking fighter aircraft in the inventory of our armed services. For the first time in the 8½ years since Operation Homecoming. When the North Vietnamese deemed to send a few of our men home, for the first time this morning I saw a POW-MIA recognition ceremony whose dignity was equal to that shown by our brave servicemen who gave the full measure of their devotion, and met a fate that is in a very real sense even more painful than death itself.

These 8 years have often been filled with grievous frustrations, but we have made some progress here at home. Two weeks ago, when General Tighe announced that he was retiring, during his appearance before the Asian Subcommittee of the gentleman from New York (Mr. SOLARZ) and before the Missing in Action Task Force I chair, the general gave the family members renewed hope.

I do not think we are going to hear from some of our friends and colleagues in this House who have never fully grasped this issue. The old story that we cannot hold the North Vietnamese to an accounting is now shown to be a hackneyed cliche, when we look at these stories now coming out of Vietnam, from the boat people. Over and over again we find credible witnesses, first-class eyewitnesses, who say not that "I have heard about American prisoners" but "I saw American prisoners"—and then pass a lie detector test with flying colors.

That type of information is now making everyone at every level of our Government take a fresh, hard, new look at this issue.

In December 1978 North Vietnam's invasion of Cambodia blocked me from going into Hanoi itself in January 1979. Finally, though, I was able to go in with nine of my colleagues in August 1979, and then I sat across the bargaining table from the hard-nosed, very intelligent Foreign Minister of the conquering nation of all of Indochina—Vietnam.

Foreign Minister Thach looked at me and said, "I have not seen this much concern out of the Congress of the United States until this moment, until this group of 10 arrived." And he pointed out that the infamous Woodcock Commission came there in March 1977 as one President Carter's initial diplomatic moves, and Foreign Minister Thach said right to my face, "The Woodcock Commission only gave us one folder on missing American."

I was stunned, and, of course, I chose not to believe him. While one of the other Congressman in our delegation questioned Minister Thach, I turned to one of our State Department people on our congressional delegation and said, "Come here, please." I said, "Tell me this man is lying." I whispered it.

And he said, "No, Congressman, I'm sorry to tell you the Woodcock Commission did only present one folder."

I was aghast. I could not believe what I was hearing, because I was about to push across the negotiating table over 450 folders, carefully arranged at my request, with perfect translations into Vietnamese and color maps of the coordinates where the airmen had gone down or where our men on the ground had last been seen. I shoved these folders across, with 10 of the hardest cases fanned out in front of him, and with them the folder on my very good friend, my wingman who was flying F-105's with me in the Air Force, David Hardwicks, now a lieutenant colonel. His folder was on the top of the pile.

I pushed them across, and I said, "Mr. Minister, this man is my friend. He is the godfather of my oldest son, and I am the godfather of his oldest child. This man was a known prisoner in Laos for 5 years. I know, Mr. Minister, you don't have total control in Laos, but I know that you will use your good offices to see if we can't get back one man out of 560 missing in Laos."

I said then that "I know you will try for the first time in years to secure for us some of the remains of the more than 450 bodies that just might be warehoused here in the Hanoi area. I know that you will continue your search in the remote villages for live Americans, because we have a strong feeling and good intelligence that they may exist."

Foreign Minister Thach's exact words back to me in idiomatic language were these: "These is crazy," he said, "that we have not resolved this issue. I promise you, Congressman, and all of your colleagues that there will be movement forward on this issue."

We were never so elated as a delegation. We had reason, I think, to fairly believe that we were about to see a breakthrough on this issue.

But when the diplomatic wheels began to grind, they ground slowly as they always do in Communist countries, more slowly than anywhere else. In all these intervening years we only received three small boxes of remains. We expect these to be identified this afternoon or possible Monday.

And out of Laos what did we get? Four sets of remains, out of 560 missing men. Two of them turned out to be orientals. We treated these with dignity, returning them to Laos. And of the two sets of remains, we have one set that was identified as an American pilot named Wiggins, a hero who has finally had a decent burial in his native soil, with a beautiful ceremony in his home State.

The other set of remains has turned out to be unidentifiable. Of 57,000 American fighting men who gave the full measure of their devotion and their lives in Indochina—that honor-filled region, with the boat people phenomenon, the phantoms, the genocide, and the concentration camps that now litter the countryside there—we have our first unknown soldier from any branch of the armed services from the Vietnam conflict. It is amazing.

We are all too well aware of the instability and violence in this area, but none of us in the House and none of us in the Senate should accept this as a legitimate excuse for the Vietnamese and the Laotian Governments failure to account for our men.

□ 1550

Time after time in years of hearings, witnesses from defense agencies have testified that the governments in

those countries kept extremely careful records, back to the middle sixties, for every man they captured. They have a museum of captured American equipment, still showing Geneva Convention cards, ID tags, and normal service identification cards.

Of course, they will not allow visiting congressional delegations to ever go into these museums no matter how forcefully we insist.

I always hear as the excuse for it the inability of Laos to account for our men, the cliches about the triple canopy jungle cover, the high terrain, the rugged hills.

Yes; there are remains that are lost, that will never be found, planes that crashed vertically into the sides of hills obliterating their contents and crews. But many, many countless dozens of cases are more typical of what usually happened in Vietnam, the cases of 566 men we got back, of men bailing out, landing on the ground, collapsing their chutes, breaking out a survival radio, talking to their wingman who was capping him, saying, "All right, they are surrounding me, I am throwing down my gun, I will surrender, I am breaking up my radio, see you in a few years, I hope."

There are many cases like that in Laos, including that of my friend David Hardwicks, cases of men who have never been heard of again.

Nine men were captured by the North Vietnamese on the Ho Chi Min Trail just inside Laos. They were sent immediately to the Hanoi prison system. These men were passed off by President Nixon and by the Secretary of State at that time, Mr. Kissinger, as men returned by Laos. They were not, and President Nixon can never maintain that they were Laotian-held prisoners, nor can Secretary of State Kissinger.

This has been bipartisan scandal over these last 8½ years. Mr. Kissinger set the tone for 8 years of inactivity by not demanding upfront lists of the Americans who were held in Laos and Vietnam, so that they could be compared against our lists. We should not have had to suffer the full-spread picture in Life magazine of a captured Navy lieutenant commander, evidently in a state of fairly good health with a bandage for a light wound on his head, with a look of concern on his face, but his hands clenched in defiance, surrounded by photographers from East Germany, from India and from other countries. Even after Ron Dodge's picture appeared in Paris Match magazine; on the front page of Pravda, and on the cover of our Life magazine with the banner "Where is Ron Dodge," this Crusader pilot has never been heard of since they acknowledged by radio that they had kidnaped him, and spread his picture around the world.

What I would like to do is put now into the RECORD in my special order the remarks of all of my colleagues, again pointing out they have 5 days to join this special order on POW-MIA Day, and I would like to put in for reprinting in the special order my remarks of October 2, 1978:

[From the CONGRESSIONAL RECORD, Oct. 2, 1978]

MISSING IN ACTION IN SOUTHEAST ASIA

Mr. DORNAN. Mr. Speaker.

I have waited to within days of the close of my first term in this Congress to speak fully my frustration on the MIA cause. I am working hard in the election process so that I will have more years here to say something which has been in my heart and on my mind for a long time about the way we have treated the MIA families.

I do know, Mr. Speaker, that there is a sister of a missing in action pilot here tonight visiting us. She will spread the word of Mr. GILMAN's and my special orders. I do know that there are many courageous military people with chests full of awards for valor watching on our closed-circuit TV in our liaison offices. I want these people that I respect so much to listen well.

For them and for all who would read this RECORD, Mr. Speaker, I would like to say something that I never had the opportunity to say in this House during the last 2 years.

Mr. Speaker, I thought that the gentleman from New York (Mr. GILMAN) and I were the most obvious choices to go on this last congressional trip to Hanoi, for multiple reasons. The gentleman from New York (Mr. GILMAN) was and is a most trusted Member of Congress, including the other body, by the family members of the missing in action who have not given up hope. I think that over 13 years of work on this gut-ripping issue that I also have earned the trust of the family members of the missing in action.

I think only a handful of our colleagues realize that I was the one who started the POW bracelet. Millions were worn on the wrists of caring Americans—5 million of them. I gave that idea to a group that was originally formed to support a fight for victory for the free world forces in Vietnam.

Eventually they saw that this tragic no-win war was not moving toward victory and this group concentrated their efforts solely on stopping the torture of our POW's, to get them Geneva Convention treatment and to insure that our men would survive to come home. They also made a promise that they would never forget those who were missing if there was not a decent and somewhat complete accounting. That group raised millions of dollars, $13 million I am told, a tremendous sum of money for the message to reach the whole world of the plight of our POW's. I played the role of a big brother or adviser to this group called VIVA.

There were other groups that I helped, groups in Florida, in Dallas, in San Diego. I raised the money alone to make the first trip around the world for MIA wives.

The generous citizens who gave me the money for this world trip said that since I had a background in television and radio, they would not put up the money unless I accompany the four wives—one Marine wife and three Air Force wives on that first sad trek around the globe.

We traveled to Moscow in 26°-below-zero weather, to Romania, to Rome where within 24 hours of arriving, we had a private audience with the Pope. When the Monsignor who had brought us in left the room to get some religious artifacts for these brave ladies, only one of whom was a Catholic, I suddenly looked around and realized that here there were eight wives and I, we had been joined in Rome by four Navy MIA wives alone with Pope Paul VI. His compassion and empathy was beautiful to behold. He said, and I remember the quotation verbatim:

"There is nothing analogous, to this journey in all of history, you young wives of warriors traveling to the very heartland of the war zone to ask not for freedom for your husbands but to ask for mercy and good treatment."

He said:

"I will use whatever diplomatic ability I have to also ask that good treatment be given to your husbands."

He said other lovely things and sent us on our journey with special prayers.

We went through India. Former Senator Keating was then the U.S. Ambassador. He arranged a meeting with the then leader of India, largest democracy on the face of the Earth, Mrs. Indira Gandhi. We went from there into Thailand. We went to Laos, to Cambodia, to Vietnam. These were all combat theaters. There I watched the original four wives, Carol Hanson, Connie Hestle, a wonderful lady married to a colonel who although he had his Air Force career right where he wanted it as head of academics at Nellis Air Force Base, at the top Air Force's gunnery school, who begged to be assigned to go to Vietnam. He is still missing to this date, as is Steve Hanson, Carol's young Marine captain, as is Pat Hardy's husband, an honor graduate from Stanford University and top F-4 pilot of the month in Vietnam when he was lost, still missing in action. The fourth lady, still a close friend of mine was Pat Mearns. Her husband, Art, an acknowledged hero who went down early in the war on Veterans Day in 1966 flying the toughest missions in U.S. aviation history in F-105 Thunderchiefs.

I watched Pat and Patty, Carol, and Connie go through hospitals in Vietnam. I remember stopping with them at the bed of a young GI from General Patton's son's unit, the 11th Cavalry, who had two legs and one arm blown off. How brave these wives were talking to our wounded. They held back their tears. How beautifully they communicated with those young Americans suffering in our hospitals because they knew of the poor treatment their husbands if they had survived would be getting in Communist prisons in the North.

We watched the care the North Vietnamese wounded soldiers were getting in our hospitals and how a very few American GI's resented that the enemy wounded were getting more time from our nurses than were our own men. We inquired why. They said the North Vietnamese all had worms, and when they had a stomach wound, it immediately would get infected. These North Vietnamese soldiers were not used to malaria in the South anymore than our men were. We wondered unselfishly about the kind of treatment that our men were getting in Hanoi. This was early in 1970, and watching the excellent treatment the North Vietnamese soldiers were getting, in spite of the vicious rumors to the contrary by the fifth column in our country, we felt even more determined to fight for Geneva treatment for our loved ones. Thousands of people to this very day drift out in the China Sea from shores in Indochina in little river

skiffs and rafts still seeking to escape from concentration camps trying to seek decent treatment.

The Soviets held back thousands, if not hundreds of thousands of prisoners in World War II. Given the fact that Nazi SS units slaughtered millions of people behind the lines and engaged in constant atrocities on the Eastern front it is understandable that they would not return the prisoners for a few years but they were still returning Germans in 1953 and later, a decade after the war was over and then only a small, small percentage of the Italians, Romanians, and Germans taken prisoner.

The same with the Indochina War of the fiftys. While I was in Bangkok in 1970 at the Spanish embassy I was told about a Spanish soldier with the French Foreign Legion fighting the Viet Minh captured in 1954 who escaped from North Vietnam in 1969. 1969! That was 15 years after the French defeat in Vietnam. And our pullout from Vietnam has only been over 5 years. What ever happened to "Salt" and "Pepper"—code names for a young American black deserter and a young white American deserter who fought on the Vietnam battlefields against our own men. Where are they? Where is the young blond-haired deserter who went over to the Communist side near DaNang and who at one time boldly came in and towed three armored personnel carriers out of a U.S. motor pool and took them over to the other side? He was never accounted for after the war. There are many American deserters in Vietnam, some of whom are married to Vietnamese women with families. Maybe these traitors are the reason for some sightings. But the sightings are from all four corps areas of Vietnam and Laos also which turned into the Black Hole of Calcutta for our pilots. Not a single MIA or known POW has ever been turned over from Laos.

Only Ernie Brace captured in May of 1965 was held for a few weeks in the old French battle area of Dien Bien Phu. But then he was put in solitary confinement for years in Hanoi until he was "found" by the communication tap system at Hoa Loa Prison in downtown Hanoi by Cmdr. John McCain. The other nine so-called Laos POW's were all held in Vietnam. By the way, our Government now cuts off Ernie Brace without any compensation for the years he spent as a POW—on a technicality. He had to come back and beg for a "private" congressional bill, after 8 years of Communist captivity.

I have here the translated letters of "live" MIA sightings. I want to put them together in one single packet into today's RECORD together with the DOD assessment of the categories of our missing by expected levels of Communist accountability. This I had first put in the RECORD on April 20, 1978, as the so-called DOD "Hawaii briefing" which was immediately ignored and never quoted by the 1977 Woodcock-Montgomery "sweetheart" journey to Hanoi.

Since then, I have received letters from Vietnamese refugees detailing reports of "live" sightings in Southeast Asia. I have transmitted those letters to the Defense Intelligence Agency and printed them again in the RECORD. They are listed as follows:

"EXTENSIONS OF REMARKS

"1. "We Must Not Shrink From Demanding a Full Accounting of POW/MIA From Vietnam," April 20, 1978, pp. 11016-11018.

"2. "MIA Sightings and the Montgomery Mission," September 11, 1978, pp. 28838-28840.

"3. "MIA Live Sightings II," September 12, 1978, p. 29088.

"4. "Reports of MIA Sightings—III," September 13, 1978, pp. 29357-29358.

"5. "MIA Sightings IV," September 14, 1978, p. 29572.

"6. "Two Stunning Letters," September 15, 1978, p. 29725.

"7. "MIA Sightings—VI," September 18, 1978, pp. 29964-29965.

"8. "MIA Sightings—VIII: Two More Stunning Letters," September 20, 1978, pp. 30517-30518."

How does DOD classification of MIA's square with the facts of the cases—now—1978?

Categories 1 and 2 on those men in DOD we know the Vietnamese have information, we know there are photographs and ID cards being preserved. And possibly there are other faces of our heroes on the 8-hour East German film "pilots in Pajamas" which, for far, far, too long, has been stashed away as a secret document, when it has absolutely no security value. Every Communist country in the world ran the movie as a propaganda film. DOD puts in category 1 and 2 1,336 POW's and missing in action. And do you know how many remains came home, trailing behind this latest Montgomery Committee from those first two huge categories? One, my friends. One. When will we find out the identity of the four sets of remains from Laos, where over 300 men were shot down?

I am sick and tired of hearing about the men who shredded their airplanes into little bits down the sides of Karst mountains. I interviewed a POW on my TV show 10 years ago, the first man shot down in a jet over Indochina, the date June 6, 1964.

This FR-8 pilot, Comdr. Chuck Klusman, was captured and held in confinement in Laos. Get this: He got letters home to his wife in that summer of 1964—14 years ago—and his wife wrote letters back that were delivered to his Laotian cell by the Pathet Lao. He watched the white-painted ICC helicopter, the International Control Commission H-19, land by his prison compound sometimes with mail for him—in 1964. He escaped in August of 1964 after a summer of captivity. He worked his way down across Laos, got across the Mekong River, and down to Bangkok. Why has not Chuck Klusman been asked to comment on the so-called total impossibility of pilots surviving in bad ol' primitive Laos. In 1965 and 1966 and 1967 no one said, "How will anybody get back from Laos, from this hopelessly primitive, evil jungle area?"

I visited in four trips to Laos the Communist representative in a strange safehouse sitting in the middle of Vientiane surrounded by Pathet Lao guards. This man indicated to Mrs. Carol Hanson and others that there would be upward of a hundred pilots returned from Laos when the war was over. Where is he today? That was not a grossly exaggerated figure because if we got 566 live American prisoners back from North Vietnam with a shotdown rate of something around a thousand, why could we not expect a hundred men left alive out of 300 plus given the same bailout survival ratio? We have not gotten one single man back and not a body, until last month, when we got four sets of remains back, still inexplicably unidentified.

There is something wrong with those four sets of remains. When I went to Hawaii last October to our forensic laboratory and observed, they identified 21 of the 23 remains within 5 minutes; they identified the 22d by that night, and the 23d man by the end of the second week. Now, a month has gone by but we still do not know who the men are returned from Laos.

Why no modern status room? No crisis "war room" on reports of sightings. I asked the Air Force casualty section at Randolph Air Force Base, San Antonio, Tex., and they are great people, "Do you do anything to do with live sightings, coordinates, and so forth, anything?"

They said, "Absolutely nothing, sir. We have nothing to do with reported sightings, but we will do whatever DIA asks us or wants us to do. We give whatever information they declassify to families."

I have nothing but the utmost respect for all DIA commanders past and present, but why do they have to play this strange death dance with the CIA and the State Department on the missing. They told me, "Of course, if this Mr. Hung who testified August 9th in the Rayburn Building had a list of 49 prisoners, 49 alive POW's, we will go to Australia and check his story out with other Vietnamese refugees."

A month later, I asked the results and was told, "The team hasn't left yet."

I was told, "They are getting ready to go, but I don't know when."

I sat there with Mr. GILMAN at those Mr. Hung hearings before the South Pacific Committee, ably chaired by an excellent Congressman and Chairman, Mr. LESTER WOLFF, and was allowed to ask the refugee some questions.

I told him, "I hate to say this to somebody who just recently won freedom, but if you are lying to us about 'live' sightings, it is the most dishonorable act against American MIA families I have ever heard of, and I think you ought to be punished and thrown out of this country if it turns out to be untrue."

I said, "However—and we should give you the courtesy of the benefit of the doubt for a few weeks—if you are telling the truth it is the ugliest story about our desertion of brave American fighting men that I have heard of in 202 years of history."

I want to know why there is not a total, no expenses barred intense investigation of every single sighting story. Is there a war room that exists in the State Department coordinating every refugee sighting story? I doubt it. I will tell you what I observe out of our State Department. There is an immediate, an instantaneous reaction to attack and deliberately discredit as a lie any statement that comes out of any Vietnamese refugee's mouth. Dammit. Why?

The refugee letters I have been getting are from France, New England, California, Hong Kong, all over this world. There does not seem to me to be any rationale that these people would be trying to get anything out of being forthcoming. Getting tied up with a CIA or FBI investigation is not their idea of enjoying new found freedoms. They do not need a ticket here, they are here already. They do not need to tell some cock-and-bull story to get to go to France or come to this country. So, I want to know why there is not a big status room in the State Department where I can go and observe and see a pin on a large map where my friend Maj. David Hardwicks was held and where the coordinates are each new sighting story is posted.

Now, here is a sad story that I got from a heroic Army hero who is unfortunately dead, Gen. Creighton Abrams, who was the commander for all our forces in Vietnam during my visits in 1970, 1971, and 1972.

When I visited with him in January 1970, at his CP at Ton Son Nhut with the four wives I mentioned earlier, I said, General "isn't there any way we can put a commando team on one of these POW camps, to find out from rescued POW's whether our men are being tortured?"

He said,

"Bob, let me tell you this. We have some very sophisticated people working on some very sophisticated rescue operations and you will be pleased before the end of the year is out."

Well, before that year was out, the raid on Son Tay had taken place. Then the general told me of caves in Laos where he knew there were many pilots held. In one cave he told us there were probably 6 to 12 men because he said they watched with low level recon planes the men carry out their honey buckets and carry in food. But there were automatic weapons pointed into the caves. He said:

"Would you have us put our choppers in there and have the Communists spray the caves with machine gun fire killing these men who have survived one or two or three years in lonely captivity? Are we to go in and get them killed after what they've survived. They wouldn't have a chance unless the raid was perfect."

From what we know now, maybe those men survived to 7 or 8 or 9 years, only to be written off. Disgusting. How we would love to go back in time now and take our chances to pull off those 1970 raids rather than do what we did, nothing, and let them die an ignominious death after our pullout. We should have hit the caves during the night used high-powered rifles and infrared scopes and put teams on them hot and heavy and we would have probably at least saved some of our heroic surviving pilots.

This is what the Israelis taught us at Entebbe, when they gave the United States our best 200th birthday present—a successful July 4th raid against terrorist. Or as the German border guards did in their civilian clothes at Mogadishu, when they pulled off their perfect raid.

When we finally made our November 20, 1970 Son Tay raid we rejected our own intelligence which told us the grass in the camp had grown high meaning an empty camp. We went in anyway in frustration and endangered very, very brave raiders and then quit trying. Why?

I could go on for hours with screwed up stories of mishandled MIA cases, but again I feel uneasy about my friends here working so hard to take down my words so late at night. I will try to sum up. There is so much more.

I do not want one more Pentagon general to look into my face and say, "Congressman, you know 10 times more than any other person in Congress on this issue," and then not back me up on a critical trip to Hanoi when time is running out. I am going to Vietnam this winter and pay my own way. And I know the clout that comes with a diplomatic passport. I must reason with the Vietnamese. They want our economic aid badly. They will be more forthcoming than ever now.

But what does this last trip majority report say? It says to completley disassociate the MIA question from any economic discussions. Leave the sightings and remains to the Red Cross. Sweep this issue under the human rights rug. Just go about normalizing relations, and give up our best MIA trump card when it is about to pay off. Never. Absurd reasoning. That is why I associate myself with Mr. HENSON MOORE's clear logic. There is no hardcore evidence to say any man is alive, but conversely there is no hardcore evidence that every POW came home in the spring of 1973.

I repeat, after every Communist war, every single one, some POW's were held back. Men were held in Siberia, men were held in North Korea and in China. Castro still has his No. 1 lieutenant and former friend Hubert Matos, rotting in solitary confinement, blind, completely naked and in deplorable health—because Castro was so disgraced when his best lieutenant turned against him for selling out their noble revolution to oppressive Communism. I will show you the Gulag camps and that prisoners are everywhere Communists fight. The Chinese held Tom Downey for 20 years and Richard Fecteau for 19 years. Do not tell me men cannot survive for decades in Communist cells.

My colleagues will recall Dumas' story of "The Man in the Iron Mask." Perhaps they will recall that he said, "Does anybody know I'm in here?" I keep hearing these words over and over.

I do not know how many of my colleagues rejected my packet of information when I asked the DOD to pass it out on the airplane going over to Hanoi. Some said, "We don't want to read Dornan's crap."

Fine, be an ass and an ignorant know-it-all and reject my 13 years of labor on this issue. Waste the taxpayers money and collect autographs of Communists in Hanoi and then come home and speak inanities to MIA families. They scorn you for your naivete and arrogance on a tragedy you know nothing about.

Mr. Speaker, how many persons in this Chamber or in the other body have lost six close friends shot down over the north in Vietnam. How many have lost 50 acquaintances? None. How many of us got to know as close pals dozens of wives and mothers traveling with them all around the world? Only a few of us. Well it hurts to watch these people suffer and see them accused of grubbing for money.

I had to come home from Vietnam to President Nixon's adminstration when his people were patting the wives and parents on the heads as though they were fools telling them to be patient. I saw President Carter skillfully promise everything to the families and just shove President Ford aside on this issue with his rhetoric saying "I will be the champion of the missing in action and demand a full accounting of heroes." Then he broke every single campaign promise.

Those who know anything about this issue are all so quick to sweep it under the rug of appeasement.

Of course, the President just had a tremendous triumph, for which I am very, very grateful, in the Middle East, but there is no triumph in Indochina. Only disgrace.

Mr. Speaker, the Arabs returned all the Israeli POW's, and the Israelis returned all the Arab POW's. The Israelis gave excellent treatment to the Arabs whom they captured, and they were all returned in excellent condition. They have also returned the bodies of those killed in action. The Egyptians and Syrians tortured some Israeli fighter pilots to death but they returned most in fair shape.

Mr. Speaker, I do not want any Vietnamese to look me in the face and try to tell me they do not have clout with Laos. They have total hegemony and control over almost everything that goes on in Laos. They run the show there. They can absolutely help us get an accounting there.

A few Congressmen observed that situation there last month.

The fact is, Mr. Speaker, that I am not going to give up on this issue ever. I am coming back to this next Congress to demand a sightings status room in the State Department and to see a competitive status operation going on over in DIA with maps and full investigations of these letters I have been giving them.

I want to see some group help me put ads in Vietnamese newspapers in France, in Thailand, in Hong Kong, in Singapore, in Malaysia, in Australia, in every city near where these pathetic refugees swept up on the beaches of the world. I would like to see well-worded ads approved by psychologists at the State Department or DIA or any expert who would go over the context and pick perfect wording so that these refugees who write these letters will not be tempted to lie for selfish reasons.

Again, Mr. Speaker, I am not going to give up on this. I think those Congressmen who do not know anything about this tragedy should only vote "present" on that board up there if we get opportunities to vote for investigations next year.

Better yet, come up to "speed" and vote "yes." Do not write off these courageous families. Just say to yourself, "There but for the grace and mercy of God walks my mother, my dad, my wife, my son, my daughter," and do not try to "control" anybody. Be humble enough to listen to logic and commonsense on this final chapter of an awful page in American history.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. DORNAN. I yield to my friend, the distinguished gentleman from New York.

Mr. GILMAN. Mr. Speaker, at this late hour, I want to commend the gentleman for his outpouring of compassion on this sad issue and for his comprehensive and stirring analysis of the entire problem.

I only wish that this Chamber had been filled to listen to his comments. I hope our colleagues will take the time to read his words, and I hope and pray that he will be back with us in the next session to continue in this vein.

Mr. DORNAN. Mr. Speaker, may I also thank my colleague, the gentleman from New York (Mr. GILMAN) for all of the advice and counsel which he has given me on this issue during this 95th Congress as I was trying to learn the procedures and protocol of this great legislative body and how to get our story out.

May I just say in closing that much advice was given to me about the futility of a special order which I took months ago on April 20, on the subject of that DOD MIA category briefing. There were only two or three people on the House floor that evening. It was suggested to me that somehow I should learn how then Congressman Nixon in January of 1950, on the Alger Hiss affair, turned out a full Chamber and full galleries for a special order. I do not know how he did it. Those were days when people were not yet hammered insensate by bad news.

In 2 years, Mr. Speaker, I have never seen a special order draw more than a handful of congressmen. But it is better than doing nothing.

This the result of the Communist tyranny in Indochina today, but so many voices that were raised in outrage in the sixties are silent today. And just what was happening to our men while we were watching these

North Vietnamese soldiers getting excellent care in our hospitals in South Vietnam. Why they were being brutally thrust up in what was called "the ropes and bars" torture, twisted into painwracking human pretzels; men like Larry Atterbury, who after an overnight escape was spread-eagled in a cell naked, four guards standing on his arms and legs and like Jesus Christ, he was slowly scourged to death with large strips of truck tire rubber for 8 days. It took 8 days of vicious beating before Maj. Larry Atterbury gave up his soul to God.

Everyone acknowledges to me at the Pentagon that in those days the military wives of POW's were told—"Shut up, don't travel, be a good military wife, stay home and mind your children. We will take care of the POW problem." Sure they were taking care of it as Averill Harriman wanted it taken care of. Hidden quietly in secret memo. But then the wives and mothers organized, and before long the Department of Defense was following the lead of the families.

Dr. Kurshner in the South had 27 young men die in his arms alone. Victims of rotten Vietcong camps.

Two men were forced to kneel and then were shot in the back of their heads like rabid dogs, Sgt. Kenn Rohrback and Capt. Rocky Vercase.

Another man, Major Nick Roe, after 5 years of slimy imprisonment in the Delta of the Mekong in the IVth Corps area survived 8 camps, maybe 10 camps, miraculously escaped a fifth time and fighting million-to-one odds forces a helicopter to see him and pluck him out of the jungle. That was at the end of 1968. The Communists were about to execute him because an American here had identified him, not as an Army engineer as he maintained but as a West Pointer and Green Beret. He survived the super rough southern imprisonment ever since he was captured in 1963.

One of my best friends in the Air Force was Lt. Col. David Hrdlicka. He and his wife are Godfather and Godmother to my oldest daughter, Robin. I am Godfather to their oldest. Dave was a prisoner in Laos from may, 1965 to 1968 or early 1969.

The Pathet Lao took photographs and made tape recordings of him and to this day he is unaccounted for and has been declared a PFOD. "presumptive finding of death," at his family's request; but there has been no information on Lt. Dave Hrdlicka in 9 years. Is he one of the four sets of remains that have gone unidentified for weeks since they followed the Montgomery trip home? Four sets of bones returned in 5½ years from Laos. What a travesty on world justice.

I started to run for Congress in 1968, in 1970 and 1972, again in 1974, based partly on wanting to help this issue, and then I come here in 1977 to see the committee for MIA's disbanded before my eyes. I never have heard on any issue here so much distortion, lack of logic, and acceptance of or creation of misinformation as on this MIA issue here in the House.

And then the ultimate insult. Why was I not asked, because of my extensive POW/MIA background, because of my long track record of 13 years on this issue, to go to Hanoi and insert in the minds of the current leaders of the Communist regime that they must not dare execute any man they have left alive, but make very clear to them the words of Shakespeare in his first finest play, Hamlet, "For murder, though it have no tongue, will speak with most miraculous organ."

I wanted to explain to them that if there is one single American left alive, and they kill that person to make sure that there is no more embarrassment, so that we can all sweep this issue under the rug then that horrid crime will someday come out and their hope of so-called normalization are dashed for a lifetime. It appears some of our own people want subconsciously that this problem go away at any cost. If the Vietnamese have boxed themselves into a corner so that they must execute survivors we must get them out of that corner and fast—very fast. I would liked to have explained exactly what Shakespeare meant about the futility of covering up murders—that no matter where you kill a man there will always be some witness, particularly in countries with millions of people and small land mass.

Someday, somehow we will get these refugee sightings documented on lie detector tests in spite of language barriers, and we will even go to sodium pentothal the "truth serum." And so help me, almighty God, if there is a single man living in Vietnam look out, my colleagues. I intend to send this special order over to Vietnam so the conquerers can figure out how to save face with the rest of the world. They had better learn that they will have to come forward with this information for us or else make some of it available through UN channels, or go through some other international channels. An attitude about healing the wounds of war will never develop here otherwise and that some of us take an oath to do everything we can until the day we die to get revenge for their killing our POW's who hung on until 5 or 6 years after that stinking war ended.

There is a Member of this House who said to me when I literally begged to go on this last trip to Hanoi, that it was not up to him which was just not so. This Member said to others, however, that the reason I was blocked, in spite of my expertise, from going was simply to use his own words, "I cannot control Bob Dornan."

This person is not delegated to "control" fellow Congressmen on any kind of a trip let alone a journey of mercy such as an accounting for Americans still missing in action.

But, of course, if the trip was some phony entourage to seek so-called normalization of relations and to try again to bury an issue that refuses to be buried, then I can understand the remark that I could not be controlled on such a trip of false pretentions.

But my presence on that trip—and this has been confirmed to me by several DOD officals would have been most beneficial, just as the presence of the gentleman from New York (Mr. GILMAN) would have been, because we would have inserted thoughts that otherwise were not discussed, or pressed for the opportunities to give the Vietnamese positive food for thought.

When I am confronted with this problem of how to get the Vietnamese to be forthcoming, I remember the words about the Cuban missile crisis that were spoken by a clever young President, John F. Kennedy, who said during that crisis—and this is confirmed by all his biographers—that "if you have a rat cornered and you don't want it to fight then give it a way out."

We are not giving a way out to the Vietnamese. We are not giving them an honorable way to openly admit that—possibly in all the complications of ending the war and given the size and depth of the U Minh forest for example that there were some missing-in-action men alive.

I have had people sitting in my congressional office, both Americans held after 1975 in Saigon and Vietnamese former congressmen Vietnamese, who have told me one awful story after another of the possible fate of left behind U.S. POW's and now that I have so many letters of sightings, I have started to put things together into a pattern, and it is becoming an absolute nightmare.

A Vietnamese man in the United States who has never been properly or thoroughly interrogated tells me that he lived in June 1976 in Hanoi with the secretary to the No. 1 Communist in Vietnam and that this highly placed man started to discuss the MIA's—he said that they had many POW's there in Vietnam and they felt they were going to be embarrassed about it because they did not know how to tell the United States what to do with them. He said they had sent a handful of prisoners who had been shot down flying on top secret missions to the Soviet Union.

I asked Secretary Kissinger if that was true, and he said:

"Possibly it is, but any Americans who were sent to Russia would have been executed by now, because alive they would be too much of an embarrassment if the world found out."

Here on Capitol Hill some months ago again I asked our former Secretary of State and former member of the International Security Council this: "Is it possible, Mr. Kissinger, that the Vietnamese have hundreds of boxes of remains in warehouses, pilots who had bailed out over downtown Hanoi for instance, men who, contrary to the Geneva Convention were filmed paraded down the streets of Hanoi?"

Mr. Kissinger said:

"Of course, they have hundreds of bodies. Maybe 'warehousing' isn't the right word, but they can give them back to us by the hundreds whenever they feel like it. They want to use us as they used the French."

If the Vietnamese want to gain the respect of the world and become a decent, respected member of the community of nations, if they want us to follow anything other than the hardest line in our fight for the containment of communism, if they want to avoid a great holocaust in the world, if they want to help prevent war everywhere, if they want trade, if they want us to bend a little and have real dialog with them then they have to join with us and really, sincerely try to heal the wounds of war and tell all about our missing prisoners. Then, in all intelligence, we can move forward.

Every, I repeat every, war in which Communists have fought since 1917 they have held back POW's.

I know most of this will not be read. But I know it will be circulated throughout MIA family members and that is very important. I am not going to go on any longer into my hour of special order but I am going to use the mass media of this country to continue beating on this story. I am going on the ABC "AM America" Show October 9, and I am going to discuss our missing. I will also hold up this new bracelet that I am wearing for Anatoly Shcharansky. I am capable of working several causes or crusades at the same time. Since I am the person who started the POW bracelet, I feel I am entitled to use it for a new tragic cause.

I had Mr. Shcharansky's mother, Ida Milgrom begin crying as I held her hands saying goodbye in Moscow on September 2. She pleaded with me to help free Anatoly from Siberia. I met the other brave brother, Leonid Shcharansky, in front of the single

"token" Moscow synagogue the day before. He asked that Americans speak out for justice for the dissidents. With you, Ben, I met Avital Shcharansky, the courageous wife, who came over from Israel to visit us in Congress. She was confused about what a symbolic bracelet would mean. Avital thought at first it was consigning her husband to a slow death, but the mother in Moscow understood instantly the importance of the bracelet because she is marooned in the Soviet Union. The brother Leonid told me, "What an excellent idea. Oh, what an honor to have hundreds of Americans wearing a bracelet with my brother's name." Avital also came back to me to say "Yes, I understand."

I also met with the courageous Maria Slepak in Moscow. She told me how she has been abused since they sent her husband to Siberia.

I met the courageous Dr. Alexander Lerner. I have seen these brave people fighting communism in their unique way also in Leningrad, in Kiev and in Riga, Latvia.

I am going to try to help this new bracelet to spread like wildfire. But I not will take off my MIA bracelet, or the Montagnard bracelet that has been on my wrist for 13 years. That was really POW bracelet No. 1. The Montagnard chieftan who gave it to me asked me not to take it off until the Communists stop kidnaping his people. That of course has not happened.

So there are all sorts of overlapping causes for freedom in our troubled world. This bracelet idea reminded everyone of our POW's and their plight and it stopped their torture. I am sorry it did not work so well to get a fair accounting of our missing in action. Since we know however that Shcharansky and the other dissidents in Russia are alive, then these bracelets will help keep their memory alive in America. I will announce this bracelet program on national television on October 9 just the way I announced the POW bracelet on my own regional Los Angeles show on February 7, 1970. These freedom-loving fighters behind the Bamboo Curtain and behind the Iron Curtain, will be heartened when they hear that thousands of Americans are wearing their names on bracelets together with the date that they were arrested by secret police and imprisoned. When I introduced this cause on the "AM America Show" coast-to-coast, it will also remind people that the MIA issue is not over either. I will remind them that sightings are coming closer together now out of Indochina, as more and more refugees escape from that area to tell us about live American POW's in 1975, 1976, and even 1977.

I finish tonight with this thought:

If we stall long enough and keep repeating long enough that "no American is alive in Vietnam" then eventually that will be a self-fulfilling statement, as it was in the case of Tucker Gougelmann. Please, my colleagues, develop a keen sense of urgency about the passing of each day and what it holds for the fate of any surviving POW's in Asia. For them every single day spent in a Communist cell is a living hell on Earth. Ask the returned 566 POW's lucky enough to have come home.

I appreciate so much the gentleman from New York (Mr. GILMAN) for staying so late and joining my special order.

In the 2½ years since I spoke on the floor on this issue for an hour, in what was my first special order, nothing really has changed. My remarks are as valid today as they were that day in October 2½ years ago. I hope that Americans who become aware of this special order will watch the nationally broadcast show on NBC, the "Tomorrow Show," hosted by Tom Snyder, next Tuesday night, when I will speak again on this issue. I have asked POW-MIA family members, when I go to the dinner over at the Stauffer Hotel tomorrow night, to bring to me things that they would like me to say to the "Tomorrow Shows" national audience. I expect that their suggestions will be very helpful.

I harbor no acrimonious feelings toward those of my colleagues who have not had the latest top-secret briefings, who gave up hope on this issue years ago, those who may have fallen to the tragic temptation of suggesting that the family members were holding out for a few pieces of dollar bills to stay on the military payroll for their missing family members that were lost.

That is ancient history now. We know now that these family members have held on desperately because through Freedom of Information Act requests they have been getting back documents over the last 8 years that have revealed that there was a policy, under both Republican and Democratic administrations, to try to forcefully make this issue go away, to sweep it under the rug, to suppress hard-core intelligence about living Americans escaping, moving along the Ho Chi Min Trail, being recaptured, document reports from the CIA, the Defense Intelligence Agency, incredibly sophisticated electronic intelligence from the war years about Americans who were alive.

It was an embarrassing and shameful thing to learn of Government officials, under any administration, handing documents to a loving mother, father, brother, or wife, and saying, "Yes, we neglected to tell you that your man was considered alive in 1968, 1969, 1971 or 1972."

So, at this point I would like to conclude my remarks and hope that we are on the right track now with the right bipartisan team, with effort at all levels of Government and in the two great legislative bodies in this Congress to try one last time to achieve a full accounting of this issue from the governments in Indochina.

If I could say one final thing to those governments, because they all have delegations at the United Nations, at one time man's last and best hope was that there would never again be a holocaust spread across the globe.

I would like to suggest to the Government of North Vietnam, and of Laos—I cannot express anything to the Government of Cambodia because I disagree with the administration—prior and current—that there are any grounds, even pragmatic, to recognize the genocidal insane Pol Pot regime—but to Laos, a nation I visited four times, and to Vietnam, a nation I visited nine times in the south and once in the north, I say this: If ever the wounds of war are to be healed, if ever, sooner rather than later, at some point in the future, we are to conduct normalized civilized decent government-to-government and people-to-people relations, I warn you, quoting from the English writer known in every language, William Shakespeare, from his most famous play, Hamlet, "I warn you," paraphrasing William Shakespeare, "that murder, though it hath no tongue, will speak with most miraculous organ."

If you have live Americans, and I believe you do, do not kill them out of some strange embarrassment at the passage of years. If prior administrations, or any of my colleagues, some of whom are my friends, have sent you the wrong signals, reject those signals, and listen to what I will tell you now. Treasure these men, feed them properly, nurture them over the next few months, and if you want to dazzle the American people I promise you I will not critize you because I know the suffering you have undergone. Whether I agree with your goals or you with our goals, do not harm these men in Laos and in Vietnam, prepare to return them to us and you will see a magnificent furthering of the relations between our countries, irrespective of our different systems.

The SPEAKER pro tempore (Mr. MONTGOMERY). I would like to thank the gentleman from California (Mr. DORNAN) for pointing out this is POW/MIA Recognition Day and we certainly owe these Americans a debt of gratitude and the Chair wants to compliment the gentleman for pointing out the situation that now has taken place.

Mr. DORNAN of California. Mr. Speaker, it was a pleasant surprise to see my good friend from Mississippi sitting in for our distinguished Speaker. This is a delightful opportuntiy to put on the record that my good friend from Mississippi and I have had a different evaluation of the grounds for hope in this issue. Unfortunately, there have been misconceptions about what the gentleman truly felt in his heart. I would like to point out to the family members that I know the gentleman spoke from his heart deeply to me as we sat together in the front row of the House the other day, when the gentleman said that, more than anything else, he hoped to be proven wrong, that one day some Americans might turn up alive, and that that day would be the happiest day of his life.

□ 1600

In the early years the gentleman was the hero of the POW and MIA families.

I distinctly remember one meeting in the gentleman's office in 1969. The gentleman was the leader without peer. He has spent as many thoughtful hours on this issue as anyone else.

I hope that next year the gentleman from Mississippi and I can proudly go to a victory dinner, to celebrate the resolution of this issue with the League of Families. I hope that all of us will again be looking at this in the same way and with the same warm friendship that once existed with everyone that worked on the issue.

I am proud to serve in this body with my good friend and great patriot from the State of Mississippi.

The SPEAKER pro tempore. I certainly thank the gentleman for those remarks.

Mr. DAUB. Mr. Speaker, the Americans who were held in the prisons of North Vietnam, North Korea, and during World Wars I and II are all owed a special debt by the American people.

Their sacrifices, in terms of separation from their families and homeland, as well as the physical hardships they endured, is tribute to the willingness of Americans to retain their loyalty and dedication to preserving America's freedom under the most adverse circumstances—even to the point of death.

Today, as we observe National POW-MIA Day, my wish is that we honor all our servicemen missing in action, as well as our prisoners of war.

But I think it is especially appropriate that Congress recognize one very special group of Americans—the 2,500 American servicemen who remain unaccounted for in Vietnam.

When the Vietnam War formally ended 8 years ago, America returned home with more than 2,500 of our own still unaccounted for. Whether POW's or MIA's, we have been unable to account for their whereabouts—but increasingly more frequent reports and possible sightings indicate some Americans may still remain captive in Southeast Asia.

Mr. Speaker, I hope, in some way, we in Congress can help in determining, once and for all, the fate of these men.

We need to keep alive the faith and determination in demanding that our Government receive a full accounting for the 2,500 Americans in Southeast Asia.

We need to more fully recognize the sacrifices and hardships made by all our Vietnam veterans and especially our POW-MIA soldiers.

We need to help the families of killed, missing in action, and unaccounted-for American servicemen in their efforts to find out the truth concerning their loved ones.

And, finally, we need to work with the administration, the State Department, the Department of Defense, and other agencies to help write this final chapter in our involvement in Southeast Asia.

Recently, in Nebraska's Second District, almost 4,000 signatures were gathered on behalf of our POW's and MIA's.

I would like to commend this effort and recognize today, the importance of this accomplishment and the hard work undertaken by the petition-drive organizers: KYNN radio station and the Nebraska Leagues of Families Chapter.

Mr. Speaker, I would like to include in the RECORD, a copy of this petition, gathered and signed by 4,000 Omaha area residents.

KYNN RADIO PETITION

DEAR PRESIDENT REAGAN: On the day you took the oath of office as President of the United States, some 2,500 Americans remained unaccounted for in Southeast Asia. Over 300 firsthand live sighting reports, currently under investigation by the United States Government, indicate that Americans are still held captive. As you are aware, some of these men were captured almost two years before your first term as Governor of California.

Therefore, we, the undersigned Americans, join the families of these servicemen and civilians in looking to you, our new President and Commander in Chief, with confidence that you will take the necessary actions to secure their release and obtain the fullest possible accounting.

Respectfully,

HAL DAUB, et al.

● Mr. EVANS of Delaware. Mr. Speaker, today marks National POW-MIA Recognition Day, and I want to take the opportunity to formally recognize and remember those Americans who, as prisoners in time of war, sacrificed their freedon so that we might enjoy the blessings of peace and liberty. Likewise, we must remember our soldiers who are still missing and their families for whom the pain of war still endures.

Eight and a half years ago we initiated the Paris peace accords, which meant a formal end to the conflict in Vietnam. We were guaranteed that the Vietnamese would return all POW's and MIA's, living or dead, to the United States. However, since then the remains of fewer than 100 of the 2,500 MIA's have been returned. Recently, the return of the remains of two more servicemen renewed the questions about those who are still unaccounted for in Vietnam, Laos, and Cambodia.

Because there has been so little new information in recent years, most of the missing in action have now been classified as killed in action. Yet, even though many of the cases of our missing servicemen have been closed, I think we should continue to investigate until we have no doubts whatsoever of their whereabouts. Indeed, we have an obligation to the prisoners of war and the missing in action and to their families who are still hoping and waiting.

Many dedicated people have spent, and will continue to spend, their time and efforts to verify any reports which might help to locate the prisoners and missing being held against their will. I am sure all Americans join me in strong support of these important efforts.

Today we must renew our commitment to pursue the fullest possible accounting of our missing servicemen and the return of all recoverable remains. This is the least we can do for the families of our missing in action and the known captured who have endured years of uncertainty not knowing whether their loved ones were alive, dead, or would ever return.

Today we reaffirm our commitment to keep the POW's and MIA's in our thoughts and prayers, never forgetting the sacrifices that they and their families have made for all of us.●

● Mr. GILMAN. Mr. Speaker, this morning I had the honor of participating in the third POW-MIA Recognition Day which this year coincided with the 13th annual convention of the families of our missing in action. We are gratified to hear the Secretary of Defense speak encouraging words to the family members, and to the Nation as we wait hopefully for word on the fate of our missing in action and our prisoners of war from the Vietnam conflict.

Mr. Speaker, there are over 2,500 Americans still listed as missing in action in Southeast Asia. Of these 2,500, we know for certain that many were captured by the Vietnamese or Laotians. We have received no verification of their fates, and continue to be plagued by increasing reports of the live sightings of Americans by Vietnamese refugees.

We are continuing to seek for this information despite the difficult nature of our task, and despite the frustrations that we have encountered all along the way. The U.S. Government continues to press for a full and final accounting of our missing, and I believe that we are close to a resolution on this matter, so close that I hope and pray that next year we will be gathered together not for a continuation of this vigil, but for a celebration.

I want to thank my esteemed colleague, Mr. DORNAN, for his enthusiasm and expertise in this issue, and I think that we all owe him a debt of gratitude for his work on this painful issue.●

● Ms. OAKAR. Mr. Speaker, for Americans to enjoy the blessing of freedom and the bounties of our land, we must often ask our citizens to accept the sacrifices of military service. At times, we have had to fight to preserve the most precious values of our Nation. Throughout our history, many of our fellow citizens have given

their lives to defend our shores. Many others have given of their own freedom to preserve the freedom of the whole. Others have disappeared without a trace, forcing their families to endure the bitter uncertainties of not knowing the fate of their loved ones.

Today is National POW-MIA Recognition Day. I want to join my fellow citizens in honoring those Americans who became prisoners of war while serving their country in the military. The indignities they suffered while under the power of the enemy deserve the humble thanks of a grateful Nation that was preserved because of their sacrifice. I also want to join in prayer for those who are still missing, many years after our conflicts were terminated. For the families of these Americans, the agony of war endures. The citizens of the United States must show these families every concern and we must continue to insist on answers to the questions about their fate.

Let this day be one of gratitude to our fellow citizens and their families who have given so much to our country and let it be one of dedication to the highest ideals of sacrifice and devotion.●

● Mr. COELHO. Mr. Speaker, after war has come and gone, the tragedies still linger. The most obvious tragedy is that men are disfigured and physically handicapped for the rest of their lives.

But less obvious to the general public is the mental anguish which the prisoners of war experienced during the war and the difficulty they have in adjusting to a normal lifestyle once they have returned home. We are also unaware of the silent pain which if felt by families and friends of the individuals who have been classified as missing in action.

In the past, too, often POW's and MIA's have been neglected by the Government. But it appears that that has changed, and one indication of that change is today's observance of National POW/MIA Recognition Day. This event has been declared to help make the public aware of the problems former prisoners of war and the families of MIA's must face.

Since the return of 566 POW's by North Vietnam in 1973, the U.S. Government has been criticized for doing little to account for the 2,500 individuals who are still missing. Until recently there has been a lack of concerted effort within the Government to take action to locate these individuals; however, it is not entirely the fault of the U.S. Government. The Vietnamese Government has been uncooperative. It is believed that North Vietnam has retained the remains of hundreds of U.S. sericemen in warehouses. However, on July 8, Hanoi returned the remains of three U.S. servicemen and has expressed a willingness to continue searching for other remains. Furthermore, Vietnamese refugees have reported having seen Americans in Vietnam. U.S. Government officials speculate that these Americans are being held against their will.

Prisoners of war from the Vietnam war comprise only a small percentage of all POW's from past wars who are still living; 642 former POW's have returned from the Vietnam war while there is a total of approximately 95,000 surviving former POW's from past wars.

In June, Congress passed a bill (H.R. 1100) which expands the eligibility for compensation and health care for all former prisoners of war. The bill allows for prisoners of war to collect service-related benefits for psychosis and for psychoneurotic disorders regardless of when the condition is manifested. A previous law stipulated that the condition would have to manifest within 2 years after the individual returned home in order for the individual to be eligible to collect benefits. Also, the bill calls for the creation of an advisory committee for prisoners of war to be composed of experts who will carefully examine disabilities which affect POW's.

I am pleased that we are beginning to see a greater awareness of the problems faced by POW's and the families of MIA's, as evidenced in today's observance of National POW-MIA Recognition Day.●

● Mr. HAMMERSCHMIDT. Mr. Speaker, I join my colleagues today in expressing my appreciation to those Americans who have had the unfortunate experience of being prisoners of war or who have been listed as missing in action. They and their families have endured uncommon sacrifices.

President Reagan's proclamation declaring July 17 as a special day of recognition for these very special defenders of freedom is much more than just the issuance of a decree. It is an action that expresses the feelings of all Americans for a select group of citizens.

All across the country today, American citizens are again remembering that the costs of war are tremendous. For those who are imprisoned in its wake or who fade into the world of the missing there is an additional cost. History has recorded that these individuals suffer indescribable indignity and suffering. And families pay their own high price as they have waited and wondered about the lot of their loved ones.

The American Nation endures today because of the sacrifices of millions of its citizens. Former prisoners of war and those missing in action are an especially distinguished number among them. We honor them today and we thank them for what they did and for what they endured.

Mr. Speaker, this body recently passed H.R. 1100, a bill designed to assist former POW's. We are now working out differences with the other body. I hope we can soon get this bill to the President for his signature. It is a bill which recognizes the health difficulties of many ex-POW's. It would be fitting for the Congress to act quickly on final passage of this bill as a followup to this day which has been set aside for a very deserving group of Americans.●

● Mr. HOLLENBECK. Mr. Speaker, earlier today, I had the honor of attending a short but moving ceremony at the Pentagon to commemorate the observance of POW/MIA Recognition Day. Secretary of Defense Caspar Weinberger spoke for all of us when he reminded the American people of the great sacrifices made by our former POW's and he has my full support for his pledge to obtain an account of all who still remain missing in Indochina. I am proud to have had a role in bringing about this long overdue recognition, and I want to thank my colleagues in the House for their support toward the ultimate passage of my resolution (H.J. Res. 213).

According to the Department of Defense, there were more than 142,000 American POW's and it is estimated that about 98,000 are still alive today. The Department of Defense still lists 12 active MIA's. Col. Floyd J. Thompson of Bergenfield, N.J., the longest held American POW during the Vietnam war, has worked closely with me on behalf of the Recognition Day.

As we consider the magnitude of these many sacrifices, we should realize the overwhelming pressures and often complete terror that confronted our prisoners of war. I believe that all former POW's deserve our highest accolades for the many perils which they encountered during their weeks and often years of captivity. Given the substance and frequency of reports indicating that Americans remain as prisoners in Southeast Asia, I am confident that this day of recognition will continue to focus attention on this situation.●

● Mr. KEMP. Mr. Speaker, I would like to share an anonymous quote with my colleagues in honor of our Nation's POW's and MIA's:

> Poor is the nation that has no heroes. Shameful the one that having them—forgets.

Our Nation is not poor for lack of heroes; nor should we be shameful by failing to honor the American servicemen listed as prisoners of war or missing in action. These courageous men have sacrificed their personal freedom so that others may be free. We owe the highest possible honor to POW's and MIA's; but never has such well-deserved honor been so difficult to bestow.

We set aside this day, National POW-MIA Recognition Day, so that all people may recollect the suffering which these men and their families endure. Efforts to learn the fate of POW's and MIA's continue; the National League of Families of American Prisoners and Missing in Southeast Asia has worked tirelessly in this regard. Their goals are: To bring home prisoners who may be alive; to receive a full account of servicemen still missing; and to repatriate the remains of the dead. Several families from my own area of Buffalo, the Dyczkowski's, the Rozo's, Mafaldo DiTommaso, and Susan Czajkowski are deeply involved in the mission of this organization. The Government of Vietnam has recently released the remains of three American servicemen, but we cannot rest while the fate of many others is uncertain.

In a tribute to POW's and MIA's, we must remember their families. Wives and children, parents, brothers, and sisters journey through the unknown. They hope, wonder, doubt, pray, and question—but the uncertainty remains. Diplomatic efforts, promises, prayers, and tears have not answered their highest hopes, or their worst fears.

I strongly support a more forceful effort to get information about our POW's-MIA's. The Vietnamese refugees who have come to this country report that there were still American prisoners in Vietnam in the mid-1970's. Some of these men may still be alive. The United States must make POW's-MIA's a top foreign policy priority. Above all, we must not allow our relations with Vietnam to improve until it has fully satisfied our demands for information about these missing Americans.●

REAL REGULATORY REFORM MUST INCLUDE HILL VETO

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas (Mr. ALEXANDER) is recognized for 10 minutes.

● Mr. ALEXANDER. Mr. Speaker, the issue of regulatory reform has been a matter of concern to many of us in recent years. Our friend and colleague ELLIOTT LEVITAS of Georgia has been in the forefront on this issue with H.R. 1776, the Administrative Rule Making Reform Act, which I and a majority of the House have cosponsored.

Meaningful regulatory reform must have provisions which provide for a legislative veto. Such a veto is absolutely necessary if the Congress is to maintain accountability over unelected bureaucrats. Recently, the author of H.R. 1776 outlined in a Washington Star article the need for real regulatory reform. The editorial which appeared in the July 3, 1981, edition clearly and succinctly illustrates why the Congress must insist on control over a bureaucracy that at times works contrary to congressional intent. I hope that my colleagues will read Mr. LEVITAS' article and agree to cosponsor this important legislation.

The article follows:

[From the Washington Star, July 3, 1981]

REAL REGULATORY REFORM MUST INCLUDE HILL VETO

(By ELLIOTT H. LEVITAS)

The American people have been promised relief from burdensome government regulation. They expect to see meaningful regulatory reform.

One of the major components of President Reagan's economic recovery plan for the nation is relief for individuals and businesses from the burdens of excessive government regulation. In a recent article appearing on this page, the House Minority Whip, Trent Lott, R-Miss., correctly tied regulatory relief to the concept of the legislative veto.

Simply stated, a legislative veto is a procedure by which the Congress can review government agency regulations, which have the force of law, and, where necessary, reject these regulations.

While regulatory reform must include more items than a legislative veto, there can be no meaningful reform unless it contains a real—not a cosmetic—legislative veto. The simple question is who makes the laws and who is accountable for them: the elected Congress or unelected bureaucrats?

Members of Congress are frustrated at having no real way to break the stranglehold of the unelected regulators. For this reason, more that a majority of members of the House have joined in cosponsoring H.R. 1776, which would give Congress the effective power to veto regulations put forth by executive and independent agencies by passing a simple resolution through one House with the concurrence of the other House, or with its acquiescence of taking no action.

VOTERS RESPONDED

During the 1980 campaign, Mr. Reagan promised the American people that he would bring about meaningful regulatory reform including legislative veto. In a speech in Youngstown, Ohio, on Oct. 9, 1980, Mr. Reagan said, "To better control the growth of federal regulations, we should . . . give both Congress and the President greater authority to veto regulations approved by executive agencies." (Emphasis added). The people of this nation heard these words and responded to them at the polls last November.

Unfortunately for Mr. Reagan, however, some officials in his administration are contradicting what he has said on the subject of legislative veto. For example, James C. Miller, III, of the Office of Management and Budget, said in testimony before a House Subcommittee on May 7, 1981: "However, it (the administration) would be compelled to oppose any Congressional veto that applied to Executive Branch agencies." (Emphasis added). This statement contradicts Mr. Reagan.

In light of that contradiction, I wrote the president on May 7, 1981, and asked him who is in charge—he or his subordinates.

OMB Director David Stockman reaffirmed his support for legislative veto during his confirmation hearings. And, I certainly do not believe President Reagan would betray his campaign pledges or the Republican Platform commitment.

Rep. Lott has come forward with a proposal which is a vast improvement over the administration's—or rather Jim Miller's—position.

The Lott approach is certainly a step in the right direction, and it can provide the basis for the genuine regulatory reform we need. The Lott proposal covers independent agencies and, to a limited extent executive agency regulations. But even Lott's proposal needs to go further.

His approach would require action by both Houses of Congress to veto any agency regulations. In addition, it would even require the president's signature for Congress to veto executive agency regulations under most conditions.

Any so-called "veto" provision which requires the president's signature, is really not a legislative veto at all. It is simply the passage of legislation in the ordinary manner. It merely restates that Congress and the president can do what they already do. Clearly, this will not lead to better control of the bureaucracy.

We don't need more of the same methods which have resulted in the mess we have today. We need a change, not business as usual.

It is also very important that a meaningful legislative veto apply to Executive Branch agencies as well as to independent agencies. According to sources at the Congressional Research Service, Executive Branch agencies issue approximately 75 per cent of all governmental rules and regulations. Independent agencies issue 25 per cent.

BIPARTISAN SUPPORT

President Reagan may be committed to careful oversight of the regulatory activities of his Executive Branch agencies, but we cannot be certain that future administrations will share this commitment.

In considering regulatory relief measures, we must remember that we are legislating not just for this administration, but also for the ones to follow.

Support for the legislative veto has always been bipartisan and the movement has extended through Republican and Democratic administrations alike.

And, let's face it. In spite of good intentions, with a bureaucracy made up of thousands of individuals, it's going to be virtually impossible for President Reagan—or any president—to know just what each one is doing in the name of the executive department they work for. We have only to remember the case several years ago where President Ford discovered in reading the papers that the Department of Health, Education and Welfare was issuing regulations prohibiting father/son and mother/daughter functions in schools as a way to fight sex discrimination.

I am sure that the message President Ford gave the Secretary of HEW for letting such regulations slip out reverberated down through the ranks.

Hopefully, some bureaucrat—probably way down the GS scale—eventually had the riot act read to him for dreaming up the idea.

Regardless, the incident underscores the point that we sorely need greater control over what these people in the bureaucracies are doing.

Mr. Lott's proposal is on the right track. I believe that with some modifications it can pave the way for returning the power to

make the laws of this country back to the duly elected and accountable representatives of the people.

But, the end result must be real regulatory reform—not cosmetic reform; and that must include a real legislative veto provision—not a cosmetic one.●

MONTHLY LIST OF GAO REPORTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. BROOKS) is recognized for 5 minutes.

● Mr. BROOKS. Mr. Speaker, the monthly list of GAO reports includes summaries of reports which were prepared by the staff of the General Accounting Office. The May 1981 list includes:

MONTHLY LIST OF GAO REPORTS

NATIONAL DEFENSE

DOD's Industrial Preparedness Program Needs National Policy to Effectively Meet Emergency Needs. Acc. No. 115340, PLRD-81-22, May 27.

NORAD's Missile Warning System: What Went Wrong? Acc. No. 115265, MASAD-81-30, May 15.

The Nuclear Non-Proliferation Act of 1978 Should Be Selectively Modified. Acc. No. 115322, OCG-81-2, May 21.

Need to Extend The Period of Availability for Navy Shipbuilding Funds. Acc. No. 115142, MASAD-81-22, April 1.

Acquiring Weapon Systems in a Period of Rising Expenditures: Implications for Defense Management. Acc. No. 115225, MASAD-81-26, May 14.

Delays in Disposing of Former Communication Sites in Alaska: Millions in Property Lost—Public Safety Jeopardized. Acc. No. 115339, PLRD-81-28, May 28.

Navy Tactical Computer Development—Limited Competition and Questionable Future Software Savings. Acc. No. 115238, MASAD-81-28, May 15.

Better Software Planning Needed at the Air Force's Global Weather Central. Acc. No. 115356, AFMD-81-25, February 24.

DOD Needs Better Assessment of Military Hospitals' Capabilities to Care for Wartime Casualties. Acc. No. 115264, HRD-81-56, May 19.

Letter reports

GAO believes that the Vincent-Trammell act is outdated, unworkable, an administrative burden and inequitable. PLRD-81-26, April 20.

Change needed in procedures for administering retention of knowledge tests in radiological control. Acc. No. 115086, PLRD-81-23, May 4.

GAO views on improving the weapon systems acquisition process. Acc. No. 115243, MASAD-81-29, May 15.

The U.S. Air Force Systems Command contract price for airborne warning and control systems is overstated. Acc. No. 115318, PLRD-81-29, May 26.

INTERNATIONAL AFFAIRS

The Preparation of Volunteers for Peace Corps Service: Some Areas Need Management Attention. Acc. No. 115305, ID-81-25, May 21.

ENERGY

Millions Wasted Trying to Develop Major Energy Information System. Acc. No. 115237, AFMD-81-40, May 15.

Federal Electrical Emergency Preparedness is Inadequate. Acc. No. 115200, EMD-81-50, May 12.

Large Businesses Dominated Awards made Under DOE's Alternative Fuels Program. EMD-81-86, May 15.

Letter reports

Impact on small refiners of the decision to decontrol crude oil prices. Acc. No. 115204, EMD-81-84, April 30.

Status of strategic petroleum reserve activities as of April 1981. Acc. No. 115241, EMD-81-85, May 4.

Constituents concerns over stipulations for the Trans-Alaska pipeline. Acc. No. 115133, EMD-81-79, May 6.

Improvements are needed in managing Federal coal mapping contracts. Acc. No. 115165, EMD-81-38, May 7.

Federal Energy Regulatory Commission's hydroelectric permitting and licensing efforts are being hampered by hybrid applications and staffing. Acc. No. 115316, FMD-81-80, May 26.

NATURAL RESOURCES AND ENVIRONMENT

Billions Could Be Saved Through Waivers for Coastal Wastewater Treatment Plants. Acc. No. 115320, CED-81-68, May 22.

To Continue or Halt the Tenn-Tom Waterway? Information to Help the Congress Resolve the Controversy. Acc. No. 115266, CED-81-89, May 15.

Millions of Dollars Could Be Saved by Implementing GAO Recommendations on Environmental Protection Agency Programs. Acc. No. 11511, CED-81-92, May 5.

Environmental Protection Agency Needs to Better Control Its Growing Paperwork Burden on the Public. GGD-81-40, May 15.

Impact Uncertain From Reorganization of the Water and Power Resources Service. Acc. No. 115263, CED-81-80, April 29.

Better Monitoring Techniques are Needed to Assess the Quality of Rivers and Streams. Acc. No. 115081, CED-81-30, April 30.

River Basin Commissions Have Been Helpful, But Changes Are Needed. CED-81-69, May 28.

Congressional Guidance and Better Federal Coordination Would Improve Marine Mammal Management. Acc. No. 115169, CED-81-52, May 11.

Cost Estimate for the Currituck Outer Banks National Wildlife Refuge Needs Revision. Acc. No. 115262, CED-81-48, April 21.

The National Park Service Should Improve Its Land Acquisition and Management at the Fire Island National Seashore. CED-81-78, May 8.

Letter reports

Development ceilings for all National Park Service units have not been an effective method of control. Acc. No. 114876, AFMD-81-31, April 10.

The Secretary of the Interior has broad authority to limit prices charged by intermediaries for the resale of water from Federal projects. CED-81-102, May 27.

Information on the Upper Mississippi River Basin Commission's master plan contracting procedures. Acc. No. 115338, CED-81-106, May 27.

COMMERCE AND HOUSING CREDIT

New-Home Buyers and Federal Agencies Benefit From Improved Warranty Protection. Acc. No. 115317, CED-81-40, May 26.

Federal Home Loan Bank Board's Management of Its Procurement Activities Should Be Improved. Acc. No. 115264, PLRD-81-18, May 13.

Need to Determine Whether Existing Federal Programs Can Meet the Needs of Women Entrepreneurs. Acc. No. 115341, CED-81-90, April 30.

Proposed Closing of Postal Inspection Service Division Office in Chattanooga, Tennessee. Acc. No. 115206, GGD-81-65, May 8.

Quality of Mail Service In Bozeman, Montana. Acc. No. 115134, GGD-81-73, May 6.

Letter reports

Weaknesses in negotiating rates and services for commercial containerized sealift. Acc. No. 115078, PLRD-81-27, April 28.

Constituent's complaint about the restriction on Federal employees using foreign-flag air carriers. Acc. No. 115138, PLRD-81-25, May 4.

The U.S. Postal Service should have better facilities than those being leased in Bethesda, Maryland. Acc. No. 115147, GD-81-75, May 6

TRANSPORTATION

U.S. Grain Transportation Network Needs System Perspective to Meet Future World Needs. Acc. No. 115202, CED-81-59, April 8.

Congressional Action is Needed to Resolve the Northeast Corridor Cost-Sharing Dispute. Acc. No. 115167, CED-81-97, April 30.

COMMUNITY AND REGIONAL DEVELOPMENT

Need to Reexamine Federal Role in Planning, Selecting, and Funding State and Local Parks. Acc. No. 115079, CED-81-32, April 22.

SOCIAL SERVICES

The Community Development Block Grant Program Can Be More Effective in Revitalizing the Nation's Cities. Acc. No. 115358, CED-81-76, April 30.

Lenient Rules Abet The Occupancy of Low Income Housing By Ineligible Tenants. Acc. No. 115080, CED-81-74, April 27.

Letter reports

Health and Human Services' action to implement GAO's recommendations concerning the National Recipient System has been curtailed. HRD-81-89, April 27.

Improving Medicaid cash management will reduce Federal interest costs. HRD-81-94, May 29.

HEALTH

Problems in the Structure and Management of the Migrant Health Program. Acc. No. 115236, HRD-81-92, May 8.

Adrenal Cortical Extract Taken Off Drug Market. HRD-81-61, April 20.

Letter reports

Existing legislation to prevent profiteering in the home health industry is cause for some concern. Acc. No. 115357, HRD-81-84, April 24.

Department of Health and Human Services and the Department of Education should link their programs to increase the numbers of minority individuals in the health professions. Acc. No. 115140, HRD-81-87, May 5.

The Veterans' Administration needs to improve the management of its contract hospitalization program. Acc. No. 115226, HRD-81-88, May 12.

The Indian Health Service hospital project in Chinle, Arizona, has cost overruns. HRD-81-96, May 29.

INCOME SECURITY

Income Maintenance Experiments: Need to Summarize Results and Communicate the Lessons Learned. Acc. No. 115260, HRD-81-46, April 17.

Letter reports

To recover full cost of increased retirement benefits for Panama Canal employees, the Office of Personnel Management, should charge the Panama Canal Commission on the basis of the current cost estimate of $377.3 million. FPCD-81-42, May 6.

ADMINISTRATION OF JUSTICE

Fraud in Government Programs: How Extensive Is It? How Can It Be Controlled? Acc. No. 115135, AFMD-81-57, May 7.

Asset Forfeiture—A Seldom Used Tool in Combatting Drug Trafficking. Acc. No. 115143, GGD-81-51, April 10.

Letter reports

The Bureau of Prisons can improve the safety and sanitation programs of certain institutions. GGD-81-52, March 9.

The IRS does not place priority on collecting monies from known organized criminals. GGD-81-74, May 6.

Marijuana smuggling across the Texas coast has increased while the numbers of Coast Guard cutters and aircraft used to interdict the smuggling have not. CED-81-104, May 19.

GENERAL GOVERNMENT

Changes Needed to Deter Violations of Fair Labor Standards Act. HRD-81-60, May 28.

GSA Can Do More To Ensure Leased Federal Office Space Meets Its Firesafety Criteria. Acc. No. 115148, PLRD-81-8, May 1.

Federal Grievance Arbitration Practices Need More Management Attention. Acc. No. 115149, FPCD-81-23, May 5.

Are Agencies Doing Enough or Too Much For Archeological Preservation? Guidance Needed. CED-81-61, April 22.

Audit of The House Of Representatives Restaurant Revolving Fund—October 7, 1979 to October 4, 1980. Acc. No. 115136, AFMD-81-50, May 7.

Audit of The House of Representatives Beauty Shop for the Calendar Year 1980. Acc. No. 115170, AFMD-81-59, May 11.

Examination of Records of The House of Representatives Finance Office, Fiscal 1980. Acc. No. 115065, AFMD-81-49, April 29.

Letter reports

The Department of Justice used outside consultants sparingly. GGD-81-44, April 17.

Termination of the Map Information Facility contract by the Federal Emergency Management Agency. Acc. No. 115199, CED-81-99, May 12.

Cost-of-living allowances for Federal employees in nonforeign areas should be based on spendable income. Acc. No. 115209, FPCD-81-48, May 13.

GAO found no evidence that any Federal or State employee had benefited financially from his involvement in or relationship with the Alaska Commercial Company. HRD-81-97, May 14.

During the recent presidential transition period attempts we made to improperly convert excepted service employees. Acc. No. 115321, FPCD-81-51, May 27.

The Monthly List of GAO Reports and/or copies of the full texts are available from the U.S. General Accounting Office, Distribution Section, Room 1518, 441 G Street, NW., Washington, D.C. 20548. Phone (202) 275-6241.●

PERSONAL EXPLANATION, THE HONORABLE GEORGE W. CROCKETT, JR.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. CROCKETT) is recognized for 5 minutes.

● Mr. CROCKETT. Mr. Speaker, less than 24 hours ago, the House passed the most enormous, dangerous, and wasteful military budget in our history, throwing $136 billion into the Pentagon sinkhole for weapons. That budget authorizes the procurement of $26 billion for aircraft, $10 billion for missiles, $10 billion for naval vessels, almost $4 billion for Army and Marine Corps tracked vehicles, and tens of billions for personnel and development of new weapons.

Today, in what I believe is the height of hypocrisy, those same Members who voted for this outrageous military budget voted overwhelmingly to pass House Resolution 177, a resolution stating the sense of the House that this country should develop and implement a strong policy of nuclear nonproliferation.

Mr. Speaker, who is to believe that the Members of this body truly want peaceful coexistence and the disarming of the world's nuclear community after our vote yesterday? Indeed, in light of President Reagan's shift of policy to assure that the United States will be a predictable and reliable partner for peaceful nuclear cooperation, who is to believe any commitment by this Government to disarmament?

I support the passage of House Resolution 177. More importantly, however, I believe, is the sincerity in which that passage takes place. Giving the Pentagon a virtual blank check one day and then avowing our desire to stop the arms race the next is folly, and makes the House's action today hollow and meaningless. I will not be a party to such an action, and have therefore refrained from voting on roll call 142, the passage of House Resolution 177.●

LEGISLATION TO SUPPLEMENT 9-MONTH COMMODITY LOAN PROGRAM FOR WHEAT AND FEED GRAINS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kansas (Mr. GLICKMAN) is recognized for 5 minutes.

● Mr. GLICKMAN. Mr. Speaker, yesterday I introduced legislation with my colleague, ARLAN STANGELAND, that would supplement the regular 9-month commodity loan program for wheat and feed grains by allowing private financing of loans with a guarantee from the Commodity Credit Corporation (CCC). The 9-month program, as it is currently set up, allows farmers to defer selling their commodity immediately after harvest when the market is flooded and, instead, take out a loan through CCC using the commodity as collateral in order to sell it at a later date when they feel prices are more advantageous to them. My legislation would enhance the commodity loan program by allowing the Secretary discretion to have some of the loans financed through private lending institutions if farmers and bankers so chose.

The purpose of the legislation is fourfold. First, by allowing the loans to be made by private lenders, the level of Federal outlays would be reduced. This is certainly an attractive option at a time when we here in Congress are endeavoring to hold Government spending down. Equally important, it makes the program less susceptible to budget cuts.

Second, it addresses the administration's concern about the extent of the Federal lending in domestic credit markets by reducing the Federal share and shifting to private sources.

Third, through offering a higher loan rate on the guaranteed loans than that on the CCC-financed loans, it insures producers an effective program thereby enhancing stable market conditions.

Fourth, it would increase the participation of private lenders in farm finance.

Because of the market orientation of the current farm program, the decision as to whether or not to choose loan guarantees would be left completely up to farmers. The program would operate strictly on an incentive basis. To encourage farmers to participate, they would be eligible for a higher loan rate if they chose to go with a guaranteed private sector loan. No provision exists in the legislation to require bankers to become involved but I feel confident that they would see the value of their participation as a tool to better serve their farm customers. And, since the loan would be totally guaranteed by the CCC, the program would pose few risks to those bankers who do decide to participate.

The legislation does not radically change the structure of the commodity loan program. Farmers would still go to their local ASCS office to certify their commodities. At that time, they would elect to finance their loans either through CCC or through their local participating bank. Like the current program, the guaranteed loan would expire in one of the following three ways: farmers could repay the loans, enter the commodity into the farmer-held reserve, or forfeit them. In the last instance, CCC would assume the commodity as it does under the present program and pay the bank both the interest and the principal on the loan.

A program similar to what I am proposing operated during the 1950's and

1960's. It included the guarantee feature, but the loan rate in that earlier program was set at a level so high as to cause a large amount of forfeitures. Consequently, the CCC accumulated huge stocks of grain. To avoid that pitfall, the legislation I am introducing would peg the rate for guaranteed loans at a level between the regular loan rate and the reserve loan rate. This would cushion the guarantee from the market price and give farmers the incentive to repay, rather than forfeit their loans. Indeed, without such moderation of the guarantee rate, large forfeitures could occur again, completely defeating the savings the bill will achieve as written.

While American agriculture is facing a number of critical problems, perhaps none looms so great as the problem of farm finance. With the reduction of the Government involvement in all areas, including financing, it is imperative that we consider effective options to insure that farmers can continue to have the credit available to them that they require. Otherwise, we will be further weakening this sector of our economy which is one of our Nation's basic productive industries. Our economy cannot stand that.●

NATIONAL POW/MIA DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. SOLARZ) is recognized for 5 minutes.

● Mr. SOLARZ. Mr. Speaker, I would like to join my colleagues today in recognizing National POW/MIA Day and in saluting the 2,500 Americans missing in action in Indochina. I believe we owe it to the families of these individuals, and we owe it to ourselves, to achieve the fullest possible accounting of these men.

The final chapter of our involvement in the Vietnam war cannot be written while the POW/MIA issue remains unresolved.

The House Subcommittee on Asian and Pacific Affairs, which I chair, has primary oversight jurisdiction on POW/MIA questions. Together with the Task Force on Americans Missing in Action headed by Congressman DORNAN, our subcommittee has pressed for a full accounting of the status of these American servicemen.

At a June 25 hearing before the Asian and Pacific Affairs Subcommittee, Gen. Eugene Tighe, head of the Defense Intelligence Agency, said in response to a question that it was his conviction that American servicemen are being held against their will in Indochina. I believe General Tighe's statement is particularly significant, given the fact that he has worked on the POW/MIA question for 15 years in a variety of positions within our Government.

Mr. Speaker, I hope that my colleagues will pay close attention to the statement of General Tighe, who is certainly one of the most respected and responsible individuals in our Government. General Tighe's statement at our June 25 hearing underscores the absolute importance of our continuing to leave no stone unturned in our pursuit of a final accounting for our missing servicemen in Indochina.

The House Subcommittee on Asian and Pacific Affairs will continue to press the Vietnamese and Laotian Governments for a full accounting of our men. We will also continue to insist that the executive branch of our Government commits the necessary resources for a resolution of this problem.

The POW/MIA issue is a humanitarian question of fundamental importance. It transcends partisan political boundaries within the Congress and within our country and calls forth from each of us a firm and lasting commitment to keep faith with our servicemen who are missing in action from the Vietnam war.●

INFANT FORMULA ACTION COALITION CONFERENCE

(Mr. VENTO asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. VENTO. Mr. Speaker, last weekend, the Infant Formula Action Coalition (INFACT) held their fifth annual convention in Minneapolis, Minn. As many Members realize, INFACT has been intimately involved with the controversy surrounding the improper promotion and marketing of infant formula products in less developed countries. The years of work by INFACT members and their supporters worldwide resulted in the adoption by the World Health Organization of a code suggesting actions that countries could take to reduce this enormous public health problem.

The United States lone vote against this code produced ramifications that no doubt exceed the administration's expectations. The House of Representatives quickly approved a resolution condemning the U.S. vote. Even though controlled by the President's own party, the Senate voted 89-2 to express its displeasure at the U.S. vote and to Senate support for the code.

The U.S. position in regard to the WHO code became an important issue in the confirmation hearings of Mr. Lefever. Mr. Lefever's connection with the Nestlé Corp. provided an illustration of his insensitivity to concerns in less developed countries and his lack of discretion necessary for a high-level diplomatic post.

It is indeed ironic that although his nomination was soundly defeated in committee, he remains on the State Department's payroll as a high-paid consultant, while two men whose position on the code was supported by all other nations in this world and both Houses of Congress were, by their conscience, forced to resign.

I had the distinct privilege to present a special award to the two senior U.S. officials, Dr. Stephen Joseph and Mr. Eugene Babb during the INFACT convention in Minneapolis last week. Because Mr. Lefever will continue to have a publically supported pulpit to try to explain why the United States voted as it did on May 21, I think Americans would be well served by this insertion in the RECORD of the address given by Dr. Joseph to the INFACT convention July 10.

KEYNOTE ADDRESS BY STEPHEN C. JOSEPH, M.D., AT THE INFANT FORMULA ACTION COALITION CONFERENCE

Ladies and Gentlemen, it is a great pleasure to be with you this evening, among men and women with whom one feels such solidarity. We are told that this is a "celebration gathering", and at first glance that phrase seems a bit odd. Surely there has been no recent decrease in world hunger or in misery, no reversal in the Third World decline in breast-feeding. Changes in infant formula promotion practices by industry have been uneven and inadequate. Closer to home, the United States government has taken a shameful stance on the World Health Organization's International Code of Marketing of Breastmilk Substitutes, a stance that isolated and discredited us in the world health community. What cause, then, for celebration?

Well, the WHO Code did indeed pass, and by a margin of 118 to 1.

Governments, except for this one, did not cave in to the lobbying tactics of the infant formula industry. The scene is now set for national and international action to curb, once and for all, the inappropriate aggressive advertising of infant formula.

The United States government's position (or, more accurately, the Reagan Administration's position) has been firmly repudiated by the American people and by the Congress.

As a foot-note, a man named Lefever is now merely a "part-time consultant" to the Department of State.

Best of all for us here in the United States, there is now a broad base of active and informed support on this issue.

Thus, this should be a celebration of commencement—of where to go from here—as well as congratulations to those of you who have laid the groundwork that brings us to where we are today.

We are here, not because of the dramatic events of the past two months, but because of the solid and persistent work, at times in the face of criticism and harassment, that has been carried out over many years.

I am thinking of the work of the health professionals, of the work of Cicely Williams (beginning in the 1930's), of Derrick and Pat Jelliffe, of Mike Lathem and Joe Wray and many others.

I am thinking of the work of INFACT and the Interfaith Center on Corporate Responsibility, of such tenacious and courageous people as Leah Margulies, Ed Baer, and Doug Johnson, to name just three among many.

Most of all, I am thinking of the base of support developed by hundreds of local and grass-roots workers. It is vitally important to understand that the thing which made the nationwide outcry of support for the WHO Code possible last month was the already-existing knowledge about the issue kindled by people such as yourselves, by concerned church and community groups, and by the touch-stone of the Nestle Boycott.

Let me give you just one example of this. Of the many hundreds of letters that Tony Babb and I received supporting our stand on the Code, almost all indicated a prior knowledge of the issues involved, and many indicated substantial prior action. Here is a quotation from a letter from the Chairman of the National Hunger Commission of the Episcopal Church:

". . . It is virtually unthinkable for us as a committee that the policy of this country translated in its vote at the WHO meeting could deny the facts of infant death directly related to the promotion of infant formula in the third world. Regardless of the 'free-enterprise', 'anti-regulatory' rhetoric of the Administration, there is little support for the stance morally or otherwise, that our government has chosen to make as it stands against the world."

Thus, the events since May are but part of a chain, and you, my friends, are the strongest links in that chain.

So much for the current process. Let us turn for a few minutes and look at the problem—and it is a real and significant problem—despite industry claims to the contrary and despite the cynicism of a handful of Congressmen who wonder "what all the hullaballoo is about" or even think that this is "much ado about nothing".

The problem is there, plain to see, for anyone not afraid to look at it.

In all settings, both in affluent and developing Nations, breastfeeding of infants is superior to bottlefeeding. Breast milk contains antibodies which protect the infant against infectious disease; breast milk is never allergenic; breast-feeding offers a natural family planning and child-spacing mechanism because of lactation's inhibition of ovulation; breast-feeding is a very important aid to positive psycho-social bonding between mother and infant. Breast milk is not contaminated by polluted water, nor by flies and other insects, and breast milk is a naturally-tested and evolutionarily-proven food. There is no serious argument against these many advantages of breast versus bottle-feeding.

In the developing countries where poverty is the rule of life, where polluted water sources are ubiquitous, where health services are few and far between, where the majority of mothers are illiterate, where a wide range of infectious and parasitic diseases threaten mothers and children—in these settings the baby bottle is a lethal weapon—highly likely to be contaminated, often filled with over-diluted formula by an unsuspecting mother trying to stretch a meager family budget.

Almost 100 million infants are born in the developing world each year. One in ten of these infants do not live to see their first birthday—that comes to 10 million infant deaths annually in the developing world. Half of these deaths—about 5 million annually—are due to the vicious cycle of diarrhea and malnutrition. Of these 5 million deaths, the best available estimates are that up to 1 million deaths are directly attributable to the associaton of contaminated infant formula with diarrhea and malnutrition. These estimates are based on World Health Organization and UNICEF projections, upon estimates drawn from studies in local areas, and upon the field experience of hundreds of health professionals. This well-known association led to the coining of the term, almost a decade age, of "commerciogenic malnutrition"—its existence and its prevalence is as well-known to health workers in developing countries as is malaria or trachoma.

Dr. David Morley is the pediatrician who introduced the concept of health care aimed at the "Under-fives". In his 1973 textbook, "Pediatric Priorities in the Developing World," Morley says, "In many countries, artifical feeding has come to stay, not only in the large cities amongst the wealthier members of the population, but also in rural areas. This is largely due to a belief in the 'prestige' of artificial milk developed by the manufacturers of artificial foods determined to sell their particular brand."

Dr. Cicely Williams is the pioneer of international child nutrition. It was she who in 1933 first described protein-calorie malnutrition—"kwashiorkor", while working in West Africa. In 1972, in *Mother and Child Health-Delivering the Services,* she says along with her co-author, "most significantly, a falling-off of breast feeding is usually found, partly because some mothers may have to work in towns in employment where breast-feeding is taboo by modern convention, but also because of the unfortunate imitation of the apparently statusful bottle-feeding carried out by socio-economic superiors, and because of harmful effects of ill-advised and inapproriate advertising of expensive proprietary milk preparations, and because of widespread lack of knowledge of breast-feeding on the part of health staff . . . Fifteen years ago, 'bottle-feeding disease' was uncommon in Mulago Hospital, Kampala; by the mid-1960's it accounted for 10–15 percent of pediatric admissions."

Professor Derrick Jelliffe chairs the department of maternal and child health and international health at UCLA School of Public Health; he is the world's foremost authority on the inter-actions of tropical child health and nutrition and the author-editor of the standard textbook of diseases of children in the tropics and subtropics. In the 1978 text, which he and his wife co-authored, "Human Milk in the Modern World," they say, "To compensate for declining sales in the U.S.A. and Europe, an increasing drive has developed for sales overseas in resource-poor countries, where marketing surveillance is negligible and large populations using small quantities could still add substantial sales. By creating a need, sales can be expanded down the income ladder. Techniques employed in sales promotion include 'milk nurses', 'formula banks', free samples to mothers and to health services, widespread distribution of 'educational' promotional material, prizes, contests, lotteries, contrived news items, displays at 'point of purchase' and on labels, and assistance to health professionals, as well as advertising through the news media."

In his clinical textbook, Jelliffe states that, "The dangers of artificial feeding in the average tropical home cannot be overstressed and, in many lower socio-economic circumstances, chances of success are slight. The result is only too likely to be a development of nutritional marasmus (n.b. starvation) from over dilute mixtures, and associated infective diarrhea from the use of contaminated feeds given in unclean utensils."

Industry spokesmen and their apologists in the Administration have been saying that "not a shred of evidence exists" to link infant formula promotion and use to diarrhea and malnutrition. These statements are either ignorance or falsehood. In addition to the experiential knowledge of thousands of health and development workers, there is a vast medical literature affirming these linkages. Numerous published studies describe research results showing higher rates of illness, deaths, and hospital admissions in bottle-fed as compared to breast-fed infants in developing countries, in American Indian populations, and in the affluent Western countries, both historically and in the present. For example, Scrimshaw and co-workers found in the Punjab in the late 1950's an infant mortality rate 8 times as high in artifically-fed infants as in breast-fed infants. Gerrard and Tan in 1962 found deaths due to pneumonia and diarrhea in bottle-fed infants 7–8 times higher than in breast-fed infants among Canadian Indians. Cunningham in 1979 found the incidence of significant illness in artificially-fed infants to be 2–3 times that of breast-fed infants, and a three-fold greater hospitalization rate in bottle-fed infants, in Cooperstown, New York.

In further rebuttal to the Administration's denial of evidence relating bottle-feeding and diarrhea and malnutrition, an open letter to Secretary of State Haig was signed by five of this country's most distinguished academicians in international child health and nutrition. The letter contains the following statement: "We are shocked to be told that the U.S., in supporting its vote, is now suggesting that scientific evidence is lacking to relate inappropriate bottle-feeding with high levels of infant morbidity and mortality. Your Department should not be a party to the dissemination of information that goes against scientific evidence."

We have been challenging industry (and also the Administration, if it chooses to ally itself with industry) to engage in a full-scale public debate, or series of debates, on this issue. Let me repeat that invitation, which so far has drawn no response:

I challenge the infant formula industry to bring forth a panel of health professionals with direct experience working in the slums and villages of the developing world—health professionals not financially linked to the companies. We will also bring forth a panel. Let us have a debate in full public view—drawing upon the available world medical literature as well as expert testimony. We will commit ourselves in advance to as many public debates as industry wishes—for we are confident of what the results will be.

The infant formula companies deny that their advertising and marketing priorities in the Third World are responsible for the decisions of impoverished mothers to bottle—instead of breast-feed. They, the companies, ascribe the declines in breast-feeding to cultural changes such as urbanization, women entering the work force, "inability of mothers to breast-feed"—and say—or imply—that's why the urban and educated and well-to-do use their products.

But the reality is that, increasingly in both urban and rural areas of developing countries, in the settings that I am describing, the advertising and marketing practices of the infant formula manufacturers reinforce, accentuate, and even create, patterns of cultural change that lead to a decline of breast-feeding among mothers living in poverty.

In the Third World, especially in the rapidly-growing "septic fringes" of urban areas, but also increasingly in the rural areas, mass-media advertising aimed directly at mothers, and an only slightly more subtle courtship of health professionals, is targeting at a growing and potentially vast mass market. A partial list of marketing practices includes, in addition to direct and indirect subsidies to health professionals, billboards, and posters, free samples to mothers in delivery wards (who then do not establish their lactation cycles), and sales agents dressed as nurses who promote infant formulas in clinics and in villages.

The self-proclaimed "code of ethics" of one of the infant formula manufacturers states, "we do not encourage use of our products where private purchase would impose a financial hardship on the family, or where inadequate facilities for preparation constitute a hazard to infant health." The plain facts are that the aggressive promotion and marketing practices of companies do exactly what they disclaim—and have their greatest impact on those people least likely to resist them or to cope with the effects. That is what this controversy is all about.

Over the past two-and-a-half years, under the leadership of UNICEF and WHO, work has been carried out to establish an international code of infant formula marketing. This process has involved a complex series of negotiations participated in by international organizations, affluent and developing countries, industry, industry critics, and professional groups. "INFACT" has been a prime mover and contributor to the Code's development.

The U.S. was intimately involved in this process. U.S. professionals participated in UNICEF/WHO expert committees; U.S. Government representatives were influential in obtaining many modifications in the drafts as they evolved; U.S. industry and industry critics participated fully (and up to December, 1980 U.S. companies indicated privately and publicly their willingness to go along with the Code's emerging shape and content).

The U.S. position was extremely important in the movement towards consensus on a code, because of the leadership role that the U.S. has always played in WHO, and because it was felt that U.S. manufacturers were among the most intransigent of infant formula producers. Thus, hopes were high in late 1980 that a code was evolving that all factions seemed to support. I must emphasize that the code, as its final form emerged, was and is recommendatory, is not international regulation in any form, explicitly leaves to each country implementation as appropriate to their specific setting and does not in any way make infant formula "out-lawed" or unavailable—it simply aims to curb inappropriate promotional and advertising practices.

With the advent of the Reagan administration, the previously-expected U.S. position of support for the code became uncertain. While the Administration announced it would review the policy, industry publicly declared it would lobby vigorously against the code. It did so—enlisting the Grocery Manufacturers' Association, whose paid spokesman, Sam Ervin, denounced the code as a "totalitarian grab for baby's bottle." U.S. officials began to suggest that the code was "unconstitutional", and involved "restraint of trade"—through 2 Justice Department memos concluded the contrary. Furthermore, according to the evolving Administration position, there was no reliable evidence that infant formula promotion was linked to decreased breast-feeding and to increased levels of diarrhea and malnutrition. This opinion, propounded by industry and expressed by non-medical experts in striped pants, flew in the fact of the near-totality of advice from health, nutrition and development senior professionals in Health and Human Services and the Agency for International Development.

As the May date of the World Health Assembly approached, the debate went on within the Administration. Industry lobbied the Agencies directly and heavily. It became clear that the Administration would not support a "yes" vote, but a position of abstention was entertained. Cabled instructions went from the Acting Secretary of State to a representative in Geneva, authorizing an abstention if certain modifications could be negotiated—modifications that the Director General of WHO accepted.

Abruptly, and as a further blow to U.S. credibility with WHO, a second cable was sent to Geneva, this time from the White House, countermanding the previous instructions, and mandating a "no" vote.

Despite heavy industry lobbying at the World Health Assembly—which included offers of expense-paid travel to delegates, an industry lobbyist circulating on the floor, wearing a Central American country's delegation badge, and a misleading letter sent to all delegations concerning the British government's position on the code—which letter and position the British government publicly disowned—not a single country joined the U.S. in voting "no". The prevailing mood of the other delegations was incredulity at the U.S. position—so inconsistent with our previous constructive leadership in WHO, disbelief at the arguments articulated by the U.S. spokesmen, and sadness—rather than anger—at the morass we had mired ourselves in.

The Code, nevertheless, passed 118 to 1. It will now be important to see how individual countries act to implement it, how multilateral and bilateral agencies assist them, and how industry complies with, or attempts to dilute, this process.

The U.S. vote against the WHO-sponsored Code will have very tangible negative effects on U.S. policy and role in the developing countries and in international organizations. Let me mention a few of them.

First, our credibility in the World Health Organization has been badly damaged. It will be harder for us to remain an effective leadership voice in that forum for important international health objectives.

Second, U.S. bilateral assistance efforts will be made significantly more difficult. In particular, our efforts in the population and family planning field will be discredited. In Africa, for example, where family planning is almost always seen as part of maternal and child health services, the U.S. vote plays right into the hands of critics who falsely claim that we are not interested in the survival of children, but only in the prevention of their birth.

Third, our major activities in the health sector, through A.I.D. and through Peace Corps, will come under suspicion and criticism.

Fourth, responsible U.S. commercial interests overseas may well feel a back-lash from the Administration's vote. So will the U.S. infant formula manufacturers; I have already heard from officials of one African nation that they are considering a ban on the imports of U.S. brands of infant formula.

Our critics are going to have a field day. What better propaganda opportunity could be provided than for the U.S. to appear to put corporate profits above concern for the health and well-being of developing-world children?

The U.S. Government sought to portray its stand as a noble act of "standing alone" in defense of principle, of "not letting those countries push U.S. industry around," of "not recommending to others what we could not implement at home."

But, "a funny thing happened on the way to the forum." Public disapproval and even outrage swept the country—clearly indicating that the American people did not, and do not, support the Administration's position. Let me cite a few examples: 3 weeks ago, National Public Radio reported that the Administration itself stated it had received 10,000 letters and telegrams—running 100-to-one against the Administration's position. A clipping service totalled, as of 3 weeks ago, more than 1,600 articles, editorials and political cartoons, overwhelmingly against the Administration's position. Radio and T.V. coverage was extensive, not just on the networks, but also on local affiliates all across the nation. A series of Congressional hearings culminated in two actions: A resolution in the House, passed 301 to 110, in which the House "expresses its dismay at the negative vote, urges the Administration to promptly notify the WHO that the Government of the U.S. will cooperate fully with other nations in implementation of the Code . . . urges U.S. infant formula industry to abide by the guidelines of the Code and reaffirms the dedication of the U.S. to the protection of lives of all the world's children and the support of the U.S. of efforts to improve world health." A somewhat less-pointed amendment to the State Department Authorization bill passed the Republican-controlled Senate by a vote of 89 to 2. May I take this opportunity to express my thanks to this very large majority of Congresspeople who spoke out strongly, and to those who led the effort to get the two actions through the Congress: Senators Leahy and Durenburger, and Congressmen Zablocki, Harkin, Conte, and most especially, Dave Obey—and to their staffs. It is our hope that the Conference will eventually adopt the stronger House version of the language.

Senator Kennedy is introducing an amendment to the Foreign Assistance Act which will require the Agency for International Development to provide assistance to countries wishing to implement the Code, to do further research on bottle- and breast-feeding, and to report annually to the Congress on this topic.

So, building on the base of work laid down by you and others, I think it is safe to say that we "sent them a message"—a message heard by our colleagues in the World Health Organization, in the developing countries, and perhaps even heard by the Administration and by the infant formula industry. I am quite convinced that had the American people voted in Geneva, they would have voted quite differently than did the U.S. government, and I am quite convinced that this is now common knowledge.

In a paradoxical, and most unwelcome way, the negative U.S. vote and the resultant outcry may assure that many health ministries around the world pay more attention to implementing the Code than might otherwise have been the case.

Thus, it has been a busy time. But where do we go from here? As I said earlier, this

celebration is not of an ending, but of a "next beginning." There is much to do, and I hope in all of us there is a sense of urgency and optimism in getting on with the doing of it. Emerson said, "nothing great was ever achieved without enthusiasm."

Regarding the Code itself, and the U.S. role in it relating to developing countries: the Congress has already acted with vigor and dispatch. It remains now for Congress to stimulate tangible and positive action by the Agencies, such as that proposed by the Resolutions in the House and Senate and by the Kennedy amendment. Congress should keep a continuous "watch-dog" function over the Administration's actions in this sphere.

In addition to the modest activities already envisaged to "promote breast-feeding," I think it quite probable that the executive agencies concerned—AID, Peace Corps, and Health and Human Services—will quietly "adjust" their positions over the next several months so as to directly assist, WHO, UNICEF, and individual countries who wish to implement the Code. Certainly one hopes that this will be the case, and we should follow the process carefully.

With regard to the Code's applicability to our own country, you all know that breast-feeding is experiencing a resurgence of popularity in affluent Western nations. Its incidence has doubled in the past decade in the United States, so that currently more than fifty per cent of mothers breast-feed their infants in-hospital after delivery. Unfortunately, the rates of breast-feeding among low-income women are far less than among middle- and upper-income women. I might say, parenthetically, that the current controversy over the international infant formula marketing code has highlighted recent concerns over the effects of bottle-feeding practices in the U.S. This subject is overdue for rigorous attention.

As regards infant formula in the United States itself, the infant formula companies have already voluntarily adopted some—but not all—of the recommendations of the Code. (This, by the way, shows the non-logic of some of thier arguments against the Code.) I believe that, within the U.S., industry, professional groups, government, and advocacy groups could, and should, sit down together and negotiate specifics by which a U.S.-appropriate implementation of the Code's recommendations can be achieved. Hopefully, this could be done through voluntary self-regulation by industry, monitored by some objective outside group. This approach is certainly worth an effort, given the existing situation in the United States, the currently rising prevalence of breast-feeding, and the less-critical nature of the problem as compared to developing countries.

I must point out, however, that there is still legitimate concern regarding the health effects of formula feeding within the U.S. These inquiries should be vigorously pursued; it is entirely possible that future recommendations concerning infant formula promotion and bottle-feeding practice in the U.S. will be quite different from current ones.

We must get the health professionals in this country more involved in the issue, in their individual capacities as well as through their professional organizations.

I believe that the responsibilities of health professionals vis-a-vis this Code are clear. The first rule of medicine is "Do no harm". The world's children are all our children, and our children are all the world's children. The current practices of infant formula promotion in developing countries do great harm to children. Thus, I believe that it is the responsibility of health workers in this country and elsewhere to support this Code, and to work for its implementation as appropriate in each country. It is not enough to "support breast-feeding" as if that occurred in a vacuum where powerful contravening forces of bottle-feeding promotion did not exist.

As regards industry, we shall keep up our challenge for public debate until it is either answered, or until it becomes clear that the companies are not willing to face the public, whose confidence and custom they depend upon.

The Nestle boycott should continue, and even intensify. It has proven an effective tool in cracking the wall of industry's non-attention; you can be sure that the U.S. manufacturers are following it closely. As hard as you have worked until now—work harder; there are many thousands more of people who are now disposed to listen.

I am in favor of some form of direct consumer action aimed at the American companies; perhaps a well-coordinated strategy of shareholder resolutions is in order. Again, the soil is fertile now.

I want to say a word about the appropriateness of direct, and of course, non-violent, activism. The infant formula companies often try to disparage our criticism and action as "emotional", "non-rational", or even "shrill" or "radical". The more you hear this from them, the more you know they are feeling the effects of your efforts. Those words of theirs are only spoken in fear or self-doubt, no matter how deeply-buried. Press on.

In closing, I want to return to the theme of celebration. It has always seemed to me that the greatest joys in work—and also in play—arise when three elements are present—a task worth daring, a challenge of obstacles to overcome, and the solidarity of colleagues and friends to work beside.

All these elements exist here—and, for me, that is the real reason for this celebration.

Thank you.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. MINETA (at the request of Mr. WRIGHT), for today, on account of official business.

Mr. TAUKE (at the request of Mr. MICHEL), for today, on account of official business.

Mr. YOUNG of Florida (at the request of Mr. MICHEL), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. STATON of West Virginia) to revise and extend their remarks and include extraneous material:)

Mr. GILMAN, for 60 minutes, July 21.

Mr. DORNAN of California, for 60 minutes, today.

Mr. GINGRICH, for 60 minutes, today.

Mr. GINGRICH, for 60 minutes, July 21.

Mr. GINGRICH, for 60 minutes, July 22.

Mr. GINGRICH, for 60 minutes, July 23.

Mr. GINGRICH, for 60 minutes, July 24.

Mr. HAMMERSCHMIDT, for 10 minutes, today.

(The following Members (at the request of Mr. ALEXANDER) to revise and extend their remarks and include extraneous material:)

Mr. ALEXANDER, for 10 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. BROOKS, for 5 minutes, today.

Mr. DASCHLE, for 10 minutes, today.

Mr. CROCKETT, for 5 minutes, today.

Mr. GLICKMAN, for 5 minutes, today.

Mr. BINGHAM, for 5 minutes, today.

Mr. SOLARZ, for 5 minutes today.

EXTENSION OF REMARKS

By unanimous consent permission to revise and extend remarks was granted to:

Mr. VENTO, and to include extraneous material, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $1,440.

Mr. SENSENBRENNER, and to include extraneous material during the course of his remarks on the Dannemeyer amendment in the Committee of the Whole today.

(The following Members (at the request of Mr. STATON of West Virginia) and to include extraneous matter:)

Mr. DERWINSKI in two instances.

Mr. KEMP.

Mr. PORTER.

Mr. DENARDIS.

Mr. COURTER in two instances.

Mr. EVANS of Delaware.

Mr. SAWYER.

Mr. PAUL.

Mr. SHUMWAY.

Mr. DORNAN of California.

Mr. EMERY.

(The following Members (at the request of Mr. ALEXANDER) and to include extraneous matter:)

Ms. OAKAR.

Mr. COELHO.

Mr. MILLER of California.

Mr. NOWAK.

Mr. HAWKINS.

Mr. HAMILTON.

Mr. GUARINI.

Mr. FARY.

Mr. BEDELL.

Mr. MOFFETT.

Mr. FASCELL.

Mr. APPLEGATE.

Mr. DORGAN of North Dakota.

Mr. GINN.

Mr. WEISS.

Mr. NEAL.

Mr. DASCHLE in 10 instances.
Mrs. BOGGS.
Mr. HUBBARD.
Mr. LELAND.
Mr. WYDEN.

BILL PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee did on July 16, 1981 present to the President, for his approval, a bill of the House of the following title:

H.R. 31. To amend the Truth in Lending Act to encourage cash discounts, and for other purposes.

ADJOURNMENT

Mr. HARKIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 9 minutes p.m.), under its previous order, the House adjourned until Monday, July 20, 1981, at 12 o'clock noon.

EXPENDITURE REPORTS CONCERNING OFFICIAL FOREIGN TRAVEL

Reports of various House committees concerning the foreign currencies and U.S. dollars utilized by them during the first and second quarters of calendar year 1981 in connection with foreign travel pursuant to Public Law 95-384 are as follows:

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON APPROPRIATIONS, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1, AND MAR. 31, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. Joseph Addabbo	1/6	1/7	Morocco		75.00						75.00
	1/7	1/12	Egypt		375.00						375.00
	1/12	1/16	Israel		341.00		60.70				401.70
	1/16	1/17	Spain		89.00		[3] 3,185.00				3,274.00
Hon. Tom Bevill	2/6	2/7	Venezuela		104.00						104.00
	2/7	2/11	Brazil		333.00						333.00
	2/11	2/13	Argentina		402.00						402.00
	2/14	2/15	Peru		75.00						75.00
	2/15	2/15	Panama								
	2/15	2/16	Mexico		150.00						150.00
Transportation (DOD)							4,852.31				4,852.31
Hon. Lawrence Coughlin	1/7	1/8	Japan		110.00						110.00
	1/8	1/11	Singapore		282.00						282.00
	1/11	1/13	India		166.00						166.00
	1/13	1/15	Egypt		150.00					150.00	
	1/15	1/17	Greece		150.00						150.00
Transportation (DOD)							11,138.20				11,138.20
Hon. Julian Dixon	1/7	1/11	Sierra Leone		360.00						360.00
	1/11	1/15	Liberia		420.00						420.00
Transportation (DOD and commercial)							1,361.50				1,361.50
Hon. Bernard Dwyer	2/6	2/7	Venezuela		104.00						104.00
	2/7	2/11	Brazil		333.00						333.00
	2/11	2/13	Argentina		402.00						402.00
	2/14	2/15	Peru		75.00						75.00
	2/15	2/15	Panama								
	2/15	2/16	Mexico		150.00						150.00
Transportation (DOD)							4,852.31				4,852.31
Hon. Jack Hightower	1/8	1/10	United States		150.00						150.00
	1/11	1/13	Germany		170.00						170.00
	1/13	1/14	Switzerland		192.00		134.57				326.57
	1/15	1/18	Italy		324.00		128.10				452.10
Transportation							1,551.32				1,551.32
Hon. Clarence Long	1/6	1/7	Morocco		75.00						75.00
	1/7	1/8	Egypt		75.00						75.00
	1/8	1/8	Somalia								
	1/8	1/9	Kenya		75.00						75.00
	1/9	1/11	South Africa		152.00						152.00
	1/11	1/13	Zimbabwe		150.00						150.00
	1/13	1/16	Tanzania		225.00						225.00
	1/16	1/16	Israel								
	1/16	1/17	Spain		89.00						89.00
Transportation							[3] 3,829.00				3,829.00
Hon. William Lehman	1/6	1/7	Morocco		75.00						75.00
	1/7	1/8	Egypt		75.00						75.00
	1/8	1/8	Somalia								
	1/8	1/9	Kenya		75.00						75.00
	1/9	1/11	South Africa		152.00						152.00
	1/11	1/13	Zimbabwe		150.00						150.00
	1/13	1/16	Tanzania		225.00						225.00
	1/16	1/16	Israel								
	1/16	1/17	Spain		89.00						89.00
Transportation							[3] 3,829.00				3,829.00
Hon. John Myers	2/6	2/7	Venezuela		104.00						104.00
	2/7	2/11	Brazil		333.00						333.00
	2/11	2/13	Argentina		402.00						402.00
	2/14	2/15	Peru		75.00						75.00
	2/15	2/15	Panama								
	2/15	2/16	Mexico		150.00						150.00
Transportation (DOD)							4,852.31				4,852.31
Hon. George O'Brien	1/7	1/10	United States		225.00						225.00
	1/11	1/13	Germany		170.00						170.00
	1/13	1/14	Switzerland		192.00		134.57				326.57
	1/15	1/17	Italy		162.00		128.10				290.10
Transportation							1,551.32				1,551.32
Hon. Carl Pursell	1/6	1/7	Morocco		75.00						75.00
	1/7	1/8	Egypt		75.00						75.00
	1/8	1/8	Somalia								
	1/8	1/9	Kenya		75.00						75.00
	1/9	1/11	South Africa		152.00						152.00
	1/11	1/13	Zimbabwe		150.00						150.00
	1/13	1/16	Tanzania		225.00						225.00
	1/16	1/16	Israel								
	1/16	1/17	Spain		89.00						89.00
Transportation							[3] 3,829.00				3,829.00
Hon. J. Kenneth Robinson	1/6	1/7	Morocco		75.00						75.00
	1/7	1/12	Egypt		375.00						375.00
	1/12	1/16	Israel		341.00		60.70				401.70
	1/16	1/17	Spain		89.00		[3] 3,185.00				3,274.00

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON APPROPRIATIONS, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1, AND MAR. 31, 1981—Continued

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. Neal Smith	2/6	2/7	Venezuela		104.00						104.00
	2/7	2/11	Brazil		333.00						333.00
	2/11	2/13	Argentina		402.00						402.00
	2/14	2/15	Peru		75.00						75.00
	2/15	2/15	Panama								
	2/15	2/16	Mexico		150.00						150.00
Transportation (DOD)							4,852.31				4,852.31
Hon. Clarence Long	2/6	2/10	Haiti		300.00						300.00
	2/10	2/12	Dominican Republic		160.00						160.00
	2/12	2/13	Jamaica		75.00		624.19				699.19
Hon. Clarence Long	3/15	3/16	Guatemala		75.00						75.00
	3/16	3/17	El Salvador								
	3/17	3/18	Panama		75.00						75.00
	3/18	3/19	Honduras		75.00						75.00
Transportation (DOD)							[3] 714.00				714.00
George F. Allen	1/22	1/24	Hawaii		150.00						150.00
	1/25	1/28	Australia		252.00						252.00
	1/28	1/29	Singapore		94.00						94.00
	1/29	1/30	Diego Garcia		65.00						65.00
	1/30	2/1	Philippines		150.00						150.00
	2/1	2/3	Thailand		160.00						160.00
	2/3	2/5	India		190.00						190.00
	2/5	2/7	Pakistan		180.00						180.00
	2/7		United States				5,397.00				5,397.00
Terry Bevels	2/6	2/7	Venezuela		104.00						104.00
	2/7	2/11	Brazil		333.00						333.00
	2/11	2/13	Argentina		402.00						402.00
	2/14	2/15	Peru		75.00						75.00
	2/15	2/15	Panama								
	2/15	2/16	Mexico		15.00						150.00
Transportation (DOD)							4,852.31				4,852.31
Jim Fairchild	1/22	1/24	Hawaii		150.00						150.00
	1/25	1/28	Australia		252.00						252.00
	1/28	1/29	Singapore		94.00						94.00
	1/29	1/30	Hong Kong		96.00						96.00
	1/30	2/3	Thailand		300.00		103.00				403.00
	2/3	2/5	India		190.00						190.00
	2/5	2/7	Pakistan		180.00						180.00
	2/7		United States				5,416.00				5,416.00
Robert B. Foster	1/3	1/4	Greece		75.00		1,439.00				1,514.00
	1/4	1/8	Egypt		300.00						300.00
	1/8	1/8	Somalia								
	1/8	1/9	Kenya		75.00						75.00
	1/9	1/11	South Africa		152.00						152.00
	1/11	1/13	Zimbabwe		150.00						150.00
	1/13	1/16	Tanzania		225.00						225.00
	1/16	1/16	Israel								
	1/16	1/17	Spain		89.00						89.00
Transportation							[3] 2,399.00				2,399.00
Robert S. Kripowicz	1/5	1/7	Hawaii		137.50						137.50
	1/8	1/11	Trust territories		300.00						300.00
	1/12	1/13	Guam		100.00						100.00
	1/14	1/15	Trust territories		75.00						75.00
	1/15	1/18	Japan		400.000		3,588.36				3,988.36
Richard N. Malow	1/2	1/18	New Zealand		796.00		2,093.00				2,889.00
Frederick G. Mohrman	12/27	1/7	Hawaii		587.50						587.50
	1/7	1/12	Trust territories		300.00						300.00
	1/12	1/13	Guam		100.00						100.00
	1/13	1/14	Trust territories		75.00						75.00
	1/14	1/18	Japan		380.00		3,714.26				4,094.26
Peter J. Murphy	1/6	1/7	Morocco		75.00						75.00
	1/7	1/12	Egypt		375.00						375.00
	1/12	1/16	Israel		341.00		60.70				401.70
	1/16	1/17	Spain		89.00						89.00
Transportation							[3] 3,185.00				3,185.00
John G. Osthaus	2/6	2/7	Venezuela		104.00						104.00
	2/7	2/11	Brazil		333.00						333.00
	2/11	2/13	Argentina		402.00						402.00
	2/14	2/15	Peru		75.00						75.00
	2/15	2/15	Panama								
	2/15	2/16	Mexico		150.00						150.00
Transportation (DOD)							4,852.31				4,852.31
Terry R. Peel		1/5	United States		75.00						75.00
	1/6	1/7	England		150.00						150.00
	1/7	1/8	Belgium		75.00						75.00
	1/8	1/14	Germany		450.00		2,488.00				2,938.00
Transportation (DOD)							2,071.00				2,071.00
Edwin F. Powers	1/6	1/7	Morocco		75.00						75.00
	1/7	1/8	Egypt		75.00						75.00
	1/8	1/8	Somalia								
	1/8	1/9	Keyna		75.00						75.00
	1/9	1/11	South Africa		152.00						152.00
	1/11	1/13	Zimbabwe		150.00						150.00
	1/13	1/16	Tanzania		225.00						225.00
	1/16	1/16	Israel								
	1/16	1/17	Spain		89.00						89.00
Transportation							[3] 3,829.00				3,829.00
Edwin F. Powers	2/6	2/10	Haiti		300.00						300.00
	2/10	2/12	Dominican Republic		160.00						160.00
	2/12	2/13	Jamaica		75.00		624.19				699.19
Edwin F. Powers	3/15	3/16	Guatemala		75.00						75.00
	3/16	3/17	El Salvador								
	3/17	3/18	Panama		75.00						75.00
	3/18	3/19	Honduras		75.00						75.00
Transportation							[1] 714.00				714.00
Samuel R. Preston	1/6	1/7	Morocco		75.00						75.00
	1/7	1/12	Egypt		375.00						375.00
	1/12	1/16	Israel		341.00				60.70		401.70
	1/16	1/17	Spain		89.00						89.00

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON APPROPRIATIONS, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1, AND MAR. 31, 1981—Continued

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Transportation							[3] 3,185.00				3,185.00
Austin G. Smith	1/6	1/7	Morocco		75.00						75.00
	1/7	1/12	Egypt		375.00						375.00
	1/12	1/16	Israel		341.00		60.70				401.70
	1/16	1/17	Spain		89.00						89.00
Transportation							[3] 3,185.00				3,185.00
Committee total					26,461.00		108,110.34		60.70		134,632.04

[1] Per Diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Transportation furnished by DOD. Costs shown are comparable first class commercial rates.

JAMIE L. WHITTEN, Chairman.
July 1, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON APPROPRIATIONS, SURVEYS AND INVESTIGATIONS STAFF, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1, 1981, AND MAR. 31, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Felix E. Asby	1/13	1/17	United Kingdom		483.75		898.00				1,381.75
George C. Baird	1/22	1/31	do		1,066.50		1,197.74				2,264.24
William T. Fleshman, Jr	1/22	1/31	do		1,066.50		1,197.74				2,264.24
Francis M. Manning	3/21		do		1,308.75		1,421.00				2,729.75
Barry A. O'Neill	2/20	2/28	Germany		661.25		906.00				1,567.25
Arthur E. Sullivan, Jr	1/13	1/17	United Kingdom		483.75		898.00				1,381.75
Raymond E. Talley	2/20	2/28	Germany		661.25		906.00				1,567.25
Leonard M. Walters	3/21		United Kingdom		1,308.75		1,421.00				2,729.75
Committee total					7,040.50		8,845.48				15,885.98

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

JAMIE L. WHITTEN, Chairman.
July 1, 1981.

AMENDED REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1, AND APR. 30, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. Stanley Lundine (ground transportation) [2]	3/12	3/16	England				[2] 191.33				191.33
Committee total							191.33				191.33

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

FERNAND J. ST GERMAIN, Member.
June 24, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON GOVERNMENT OPERATIONS, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1, AND JUNE 30, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. John Conyers	4/17	4/20	United Kingdom	176.30	387.86					176.30	387.86
	4/20	4/24	France	1,960.00	392.00					1,960.00	392.00
	4/24	4/27	Denmark	2,678.55	392.00					2,678.55	392.00
	4/27	4/30	United Kingdom	176.30	387.86		1,348.20				1,736.06
Peter S. Barash	4/17	4/20	do	176.30	387.86					176.30	387.86
	4/20	4/24	France	1,960.00	392.00					1,960.00	392.00
	4/24	4/27	Denmark	2,678.55	392.00					2,678.55	392.00
	4/27	4/30	United Kingdom	176.30	387.86		1,348.20				1,736.06
Theodore J. Jacobs	4/17	4/20	do	176.30	387.86					176.30	387.86
	4/20	4/24	France	1,960.00	392.00					1,960.00	392.00
	4/24	4/27	Denmark	2,678.55	392.00					2,678.55	392.00
	4/27	4/30	United Kingdom	176.30	387.86	45.00	[2] 92.40			221.30	480.26
Ground transportation for entire delegation							1,348.20				1,348.20

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON GOVERNMENT OPERATIONS, HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1, AND JUNE 30, 1981—Continued

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Committee total					4,679.16		4,137.00				8,816.16

[1] Per Diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

JACK BOOKS, Member.
July 8, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMISSION ON SECURITY AND COOPERATION IN EUROPE, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1, AND JUNE 30, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Boutin, George	05/04	05/15	Madrid, Spain		80.00		[3] 1,220.38			95,438	960.00
Donovan, Margaret Ann (still in Madrid as of June 30).	05/11		do		80.00		[3] 1,220.38				
Wise, Samuel	05/04	06/05	do		80.00		[3] 1,220.38			232,920.00	2,560.00
Oliver, R. Spencer	05/04	06/10	do		80.00		[3] 1,220.38			279,340.00	3,080.00
Brescia, Christopher	06/01	06/09	do		80–76		[3] 1,465.39			65,272.00	704.00
Cosman, Catherine	06/10	06/25	do		76.00		[3] 1,509.00			108,300.00	1,140.00
Sletzinger, Martin	06/04	06/13	do		76.00		[3] 1,433.00			63,612.00	684.00
Committee total					9,288.91						9,128.00

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Round trip.

DANTE FASCELL, Chairman.
June 30, 1981.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1826. A letter from the Assistant Secretary of the Army (Installations, Logistics and Financial Management), transmitting notice of the proposed conversion to contractor performance of the aircraft maintenance activity at Fort Riley, Kans. pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Services.

1827. A letter from the Assistant Secretary of the Treasury for Legislative Affairs, transmitting a report on the impact on the provision of basic human needs of economic adjustment programs supported during 1980 by financing from the International Monetary Fund, pursuant to section 30(b) of the Bretton Woods Agreements Act, as amended; to the Committee on Banking, Finance and Urban Affairs.

1828. A letter from the Secretary of the Treasury, transmitting the Treasury Department's review of the annual audit of the Student Loan Marketing Association for calendar year 1980, pursuant to section 439(k) of the Higher Education Act of 1965, as amended; to the Committee on Education and Labor.

1829. A letter from the Secretary of Education, transmitting proposed final regulations to govern the bilingual education desegregation support program, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

1830. A letter from the Vice President for Government Affairs, National Railroad Passenger Corporation, transmitting a report covering the month of May 1981 on the average number of passengers per day on board each train operated, and the on-time performance at the final destination of each train operated, by route and by railroad, pursuant to section 308(a)(2) of the Rail Passenger Service Act of 1970, as amended; to the Committee on Energy and Commerce.

1831. A letter from the Assistant Secretary of State for Congressional Relations, transmitting Presidental Determination No. 81-11, authorizing international education and military training for Yugoslavia, pursuant to section 614(a)(2) and 620(f) of the Foreign Assistance Act of 1961, as amended; to the Committee on Foreign Affairs.

1832. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the proposed issuance of a license for the export of certain defense articles and services sold commercially to Spain (Transmittal No. MC-19-81), pursuant to section 36(c) of the Arms Export Control Act; to the Committee on Foreign Affairs.

1833. A letter from the Deputy Assistant Secretary of Defense (Administration), transmitting notice of a proposed new records system for the Navy, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

1834. A letter from the Deputy Assistant Secretary of Defense (Administration), transmitting notice of a proposed new records system for the Marine Corps, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

1835. A letter from the Acting Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting reports concerning visa petitions approved according certain beneficiaries third and sixth preference classification, pursuant to section 204(d) of the Immigration and Nationality Act, as amended; to the Committee on the Judiciary.

1836. A letter from the Chairman, U.S. Commission on Civil Rights, transmitting a report examining recent budget proposals affecting Federal civil rights enforcement efforts and programs, pursuant to section 104(c) of Public Law 85-315, as amended; to the Committee on the Judiciary.

1837. A letter from the Special Assistant, Office of the Secretary of Defense, transmitting a report covering the period October 1980 to January 1981 on Department of Defense procurement from small and other business firms, pursuant to section 10(d) of the Small Business Act, as amended; to the Committee on Small Business.

1838. A letter from the Acting Comptroller General of the United States, transmitting a report on the Nuclear Regulatory Commission's Office of Inspector and Auditor (EMD-81-72, July 9, 1981); jointly, to the Committees on Government Operations, Interior and Insular Affairs, and Energy and Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the

Clerk for printing and reference to the proper calendar, as follows:

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 3432. A bill to amend the Water Resources Development Act of 1974 relating to planning and evaluating water resources projects, and for other purposes; with an amendment (Rept. No. 97-104, Part 2). And ordered to be printed.

Mr. DE LA GARZA: Committee on Agriculture. H.R. 3432. A bill to amend the Water Resources Development Act of 1974 relating to planning and evaluating water resources projects, and for other purposes; with amendments (Rept. No. 97-104, Part 3). Referred to the Committee of the Whole House on the State of the Union.

Mr. BENJAMIN: Committee on Appropriations. H.R. 4209. A bill making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1982, and for other purposes; (Rept. No. 97-186). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK:

H.R. 4189. A bill to to clarify the circumstances under which territorial provisions in licenses to distribute and sell trademarked malt beverage products are lawful under the antitrust laws; to the Committee on the Judiciary.

By Mr. ANDERSON:

H.R. 4190. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income reduced airline fare benefits received by airline employees and their families; to the Committee on Ways and Means.

By Mr. EVANS of Iowa (for himself, Mr. ROBERTS of Kansas, Mr. COLEMAN, Mr. STANGELAND, Mr. MORRISON, Mr. GUNDERSON, Mr. SKEEN, Mr. EMERSON, Mr. HAGEDORN, Mr. ROBERTS of South Dakota, Mr. LEACH of Iowa, Mr. CHAPPIE, and Mr. MARLENEE):

H.R. 4191. A bill to provide for the orderly disposal of certain agricultural commodities acquired by the Department of Agriculture in 1980; to establish an Agricultural Export Revolving Fund to be financed by the proceeds from that disposal; to authorize funds; and for other purposes; jointly, to the Committees on Agriculture and Foreign Affairs.

By Mr. HAMMERSCHMIDT:

H.R. 4192. A bill to amend the Community Services Act of 1974 to permit the Director of the Community Services Administration to furnish assistance for the installation of security devices in the residences of elderly persons; to the Committee on Education and Labor.

H.R. 4193. A bill to amend title XIX of the Social Security Act to provide for comprehensive assessments and community based services under medicaid; to the Committee on Energy and Commerce.

H.R. 4194. A bill to amend the Internal Revenue Code of 1954 to allow a deduction for the purchase and installation of certain teletypewriters for use by individuals whose sight, hearing, or speech is impaired; to the Committee on Ways and Means.

H.R. 4195. A bill to amend title XX of the Social Security Act to include among the services eligible for Federal assistance under such title the installation of devices to promote the security of the elderly in their homes; to the Committee on Ways and Means.

H.R. 4196. A bill to amend the Internal Revenue Code of 1954 to provide that the amount of the charitable deduction allowable for expenses incurred in the operation of a highway vehicle will be determined in the same manner as the business deduction for such expenses; to the Committee on Ways and Means.

H.R. 4197. A bill entitled "Tax Credit for the Elderly Improvement Amendments of 1981"; to the Committee on Ways and Means.

H.R. 4198. A bill to eliminate the benefit reduction which is provided for supplemental security income recipients in certain long-term care institutions when such institutions do not meet the standards established by States under section 1616(e) of the Social Security Act, to authorize payments to States to cover the cost of training and compensating personnel to inspect such institutions, and for other purposes; to the Committee on Ways and Means.

H.R. 4199. A bill to amend the Internal Revenue Code of 1954 to provide individuals a refundable credit against income tax for maintaining a household a member of which is an individual who has attained the age of 65; to the Committee on Ways and Means.

H.R. 4200. A bill to eliminate the mandatory retirement age for participants in the Foreign Service Retirement and Disability System; jointly, to the Committees on Foreign Affairs and Post Office and Civil Service.

H.R. 4201. A bill to amend title XVIII of the Social Security Act to authorize payment under the supplementary medical insurance program for optometric and medical vision care; jointly, to the Committees on Ways and Means and Energy and Commerce.

H.R. 4202. A bill to amend the Social Security Act to provide for inclusion of the services of licensed practical nurses under medicare and medicaid; jointly, to the Committees on Ways and Means and Energy and Commerce.

H.R. 4203. A bill to amend title XVIII of the Social Security Act to provide for coverage under part B of medicare for routine Papanicolaou tests for the diagnosis of uterine cancer; jointly, to the Committees on Ways and Means and Energy and Commerce.

H.R. 4204. A bill to amend titles II and XVIII of the Social Security Act to include eligible drugs, requiring a physician's prescription or certification and approved by a formulary committee, among the items and services covered under the hospital insurance program; jointly, to the Committees on Ways and Means and Energy and Commerce.

H.R. 4205. A bill to provide for quality assurance and utilization control in home health care under the medicare, medicaid, and social services programs in accordance with a plan to be developed by a commission specifically established for that purpose; jointly, to the Committees on Ways and Means and Energy and Commerce.

H.R. 4206. A bill to amend title XVIII of the Social Security Act to include dental care, eye care, hearing aids, physical checkups, and foot care among the items and services for which payment may be made under the supplementary medical insurance program, and to provide safeguards against consumer abuse in the provision of these items and services; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. LUKEN (for himself, Mr. MADIGAN, Mr. WALGREN, Mrs. BOGGS, Ms. MIKULSKI, and Ms. OAKAR):

H.R. 4207. A bill to amend the Public Health Service Act to support services and research relating to adolescent pregnancy and parenthood; to the Committee on Energy and Commerce.

By Mr. WON PAT:

H.R. 4208. A bill to direct the Secretary of the Treasury to pay compensation to individuals of Japanese descent residing on the territory of Guam during World War II for damages caused such individuals by the Armed Forces of the United States; to the Committee on the Judiciary.

By Mr. BENJAMIN:

H.R. 4209. A bill making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1982, and for other purposes.

By OLYMPIA J. SNOWE:

H. Res. 186. Resolution urging the President to negotiate limitations on exports of Canadian potatoes to the United States; to the Committee on Ways and Means.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 852: Mr. CONTE, Mr. LEACH of Iowa, Mr. DONNELLY, Mr. MURPHY, and Mr. FORD of Tennessee.

H.R. 2007: Mr. GINGRICH, Mr. CORCORAN, and Mr. FITHIAN.

H.R. 2068: Mr. CONYERS.

H.R. 2322: Mr. MITCHELL of Maryland, Mr. ROE, and Mr. CARNEY.

H.R. 2642: Mr. MINETA.

H.R. 2646: Mr. TAUKE.

H.R. 3083: Mr. PICKLE.

H.R. 3252: Mr. GLICKMAN, Mr. AUCOIN, Mr. LONG of Maryland, Mr. BEARD, Mr. SCHEUER, and Mr. CARNEY.

H.R. 3392: Mr. CORRADA.

H.R. 3760: Mr. LUJAN, Mr. KOGOVSEK, and Mr. WATKINS.

H.R. 3803: Mr. RAILSBACK and Mr. WOLF.

H.R. 3908: Mr. GINGRICH and Mr. LIVINGSTON.

H.R. 3984: Mr. GLICKMAN, Mr. SIMON, Mr. STANGELAND, and Mr. KEMP.

H.R. 4014: Mr. LEATH of Texas.

H.R. 4164: Mr. FUQUA, Mr. COELHO, Mr. SUNIA, Mrs. FENWICK, and Ms. FERRARO.

H.J. Res. 223: Mr. ADDABBO, Mr. AKAKA, Mr. ANDERSON, Mr. ANNUNZIO, Mr. ASHBROOK, Mr. AUCOIN, Mr. BADHAM, Mr. BAFALIS, Mr. BEARD, Mr. BEILENSON, Mr. BENEDICT, Mr. BENJAMIN, Mr. BEVILL, Mr. BIAGGI, Mr. BINGHAM, Mrs. BOGGS, Mr. BOLAND, Mr. BONER of Tennessee, Mrs. BOUQUARD, Mr. BROOMFIELD, Mr. BROWN of Colorado, Mr. BROYHILL, Mr. BURGENER, Mr. BUTLER, Mr. CAMPBELL, Mr. CARMAN, Mr. CARNEY, Mr. CHAPPELL, Mr. CHAPPIE, Mr. CLAUSEN, Mr. COELHO, Mr. COLLINS of Texas, Mr. CONTE, Mr. CORCORAN, Mr. CORRADA, Mr. COURTER, Mr. DANIEL B. CRANE, Mr. PHILIP M. CRANE, Mr. DAN DANIEL, Mr. ROBERT W. DANIEL, Jr., Mr. DANNEMEYER, Mr. DAUB, Mr. DAVIS, Mr. DE LA GARZA, Mr. DELLUMS, Mr. DERWINSKI, Mr. DICKINSON, Mr. DICKS, Mr. DONNELLY, Mr. DREIER, Mr. DUNCAN, Mr. DUNN, Mr. DYMALLY, Mr. DYSON, Mr. EARLY, Mr. ECKART, Mr. EDWARDS of Alabama, Mr. EDWARDS of Oklahoma, Mr. EMERSON, Mr.

ERDAHL, Mr. FAZIO, Ms. FIEDLER, Mr. FINDLEY, Mr. FISH, Mr. FORD of Tennessee, Mr. FORD of Michigan, Mr. FORSYTHE, Mr. FRENZEL, Mr. GINGRICH, Mr. GINN, Mr. GONZALEZ, Mr. GREEN, Mr. GRISHAM, Mr. GUNDERSON, Mr. HAGEDORN, Mr. RALPH M. HALL, Mr. SAM B. HALL, JR., Mr. HANCE, Mr. HANSEN of Idaho, Mr. HANSEN of Utah, Mr. HARTNETT, Mr. HAWKINS, Mr. HIGHTOWER, Mr. HILLIS, Mr. HOLLAND, Mr. HOLLENBECK, Mrs. HOLT, Mr. HOPKINS, Mr. HORTON, Mr. HUBBARD, Mr. HUCKABY, Mr. HYDE, Mr. HUTTO, Mr. JONES of Tennessee, Mr. KAZEN, Mr. KEMP, Mr. KOGOVSEK, Mr. LAFALCE, Mr. LAGOMARSINO, Mr. LATTA, Mr. LEATH of Texas, Mr. LEBOUTILLIER, Mr. LEE, Mr. LENT, Mr. LEWIS, Mr. LIVINGSTON, Mr. LOEFFLER, Mr. LOTT, Mr. LOWRY of Washington, Mr. LUJAN, Mr. LUKEN, Mr. MCCLORY, Mr. MCCLOSKEY, Mr. MCCOLLUM, Mr. MCCURDY, Mr. MCGRATH, Mr. MCHUGH, Mr. MARLENEE, Mr. MARRIOTT, Mr. MARTIN of North Carolina, Mrs. MARTIN of Illinois, Mr. MATSUI, Mr. MAVROULES, Mr. MAZZOLI, Mr. MICA, Mr. MICHEL, Ms. MIKULSKI, Mr. MILLER of Ohio, Mr. MINETA, Mr. MINISH, Mr. MITCHELL of New York, Mr. MOFFETT, Mr. MOLLOHAN, Mr. MONTGOMERY, Mr. MOORE, Mr. MOORHEAD, Mr. MORRISON, Mr. NAPIER, Mr. NICHOLS, Ms. OAKAR, Mr. O'BRIEN, Mr. OTTINGER, Mr. PANETTA, Mr. PARRIS, Mr. PASHAYAN, Mr. PEPPER, Mr. PETRI, Mr. PEYSER, Mr. PICKLE, Mr. PRITCHARD, Mr. PURSELL, Mr. RAHALL, Mr. RAILSBACK, Mr. RATCHFORD, Mr. RHODES, Mr. RICHMOND, Mr. RINALDO, Mr. ROBERTS OF KANSAS, Mr. ROBINSON, Mr. RODINO, Mr. ROE, Mr. ROTH, Mrs. ROUKEMA, Mr. ROUSSELOT, Mr. RUDD, Mr. RUSSO, Mr. SABO, Mr. SANTINI, Mr. SAVAGE, Mr. SAWYER, Mrs. SCHNEIDER, Mr. SCHUMER, Mr. SHANNON, Mr. SHUMWAY, Mr. SILJANDER, Mr. SIMON, Mr. SKEEN, Mr. SMITH of New Jersey, Mrs. SNOWE, Mr. SNYDER, Mr. SOLOMON, Mr. SPENCE, Mr. STANGELAND, Mr. STANTON of Ohio, Mr. STARK, Mr. STENHOLM, Mr. STRATTON, Mr. SUNIA, Mr. SYNAR, Mr. TAUKE, Mr. THOMAS, Mr. TRIBLE, Mr. UDALL, Mr. VENTO, Mr. WAMPLER, Mr. WATKINS, Mr. WEAVER, Mr. WEBER of Ohio, Mr. WEBER of Minnesota, Mr. WHITE, Mr. WHITEHURST, Mr. WHITTAKER, Mr. WILLIAMS of Ohio, Mr. WILSON, Mr. WINN, Mr. WOLF, Mr. WOLPE, Mr. WON PAT, Mr. WORTLEY, Mr. WYDEN, Mr. YOUNG of Florida, Mr. YOUNG of Missouri, Mr. ZABLOCKI, Mr. ZEFERETTI, Mr. YOUNG of Alaska,

H.J. Res. 296: Mr. FLORIO, Mr. JONES of Tennessee, Mr. DUNCAN, Mr. MURPHY, Mr. FORSYTHE, Mr. ROE, Mr. SUNIA, Mr. COELHO, Ms. MIKULSKI, and Mr. BEARD.

H. Res. 177: Mr. LANTOS, Mr. LEHMAN, and Mr. FASCELL.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

137. By the SPEAKER: Petition of the Erie County Legislature, Buffalo, N.Y., relative to funding for Conrail and Amtrak; to the Committee on Energy and Commerce.

138. Also, petition of the Town Board, Islip, N.Y., relative to arson at historical sites and buildings; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 4144

By Mr. DERRICK:

—Page 16, line 15, strike out "$2,115,499,000" and insert in lieu thereof "$2,105,499,000".

Page 21, line 14, strike out "$1,063,453,000" and insert in lieu thereof "$1,073,453,000".

H.R. 4209

By Mr. GREEN:

—Include the following section:

SEC. . No funds appropriated by this Act shall be used to pay any salary or other expense for the purposes of putting into effect or enforcing any rule (1) which requires any reduction in the total daily number of flights by air carriers except air taxis, or by air taxis, at Washington National Airport below the number operated on July 20, 1981, and (2) which was

(A) promulgated without issuance of (and public comment on) an initial regulatory flexibility analysis described in section 603 of title 5, United States Code, and a preliminary regulatory impact analysis described in section 3 of Executive Order 12291; or

(B) put into effect prior to 60 days after the issuance of a final regulatory flexibility analysis under section 604 of such title and a final regulatory impact analysis described in section 3 of such Executive order.

EXTENSIONS OF REMARKS

HARRY CHAPIN

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. FASCELL. Mr. Speaker, yesterday the Nation lost a most successful musician and dedicated humanitarian; a man who gave of himself to help so many others; a man whose life ended abruptly at age 38. I would like to pay tribute to Harry Chapin.

Mr. Chapin's novel style of songwriting and storytelling was a well recognized part of American culture. His 1972 song "Taxi" was over a million seller; his later songs "Cats in the Cradle" and "Sequel," provided continued success. Harry consistently drew large crowds to his performances because of his ability to project warmth and reality on stage creating an atmosphere of total harmony with his audiences.

More than a songwriter and performer, Harry was dedicated to helping others. Harry expressed his concern and love for his fellow man through his tireless efforts to end world hunger. Never saying no, and always willing to help, he performed countless numbers of benefit concerts each year. Ending world hunger was his strongest concern; Harry continually gave of himself, through performances, contributions, and efforts to aid in fighting world hunger and malnutrition. His efforts are respected and admired by all. Harry Chapin's dedication and concern toward others, and his love of turning stories into songs, will be long remembered—a true Harry Chapin story to be told.

I am fortunate to have been one of those persons touched and inspired by the dedication, the humanity, and the philosophy of Harry Chapin.

Mr. Speaker, I would like to bring to our colleagues' attention this morning's Washington Post's articles on the passing of Harry Chapin; they are tributes to a man who shared his life, his stories, and his love with the world:

HARRY CHAPIN, "TAXI" SINGER, DIES

NEW YORK, July 16 (AP).—Harry Chapin, singer and composer of such popular, wistful songs as "Taxi" and "Sequel," died today after his car was struck from behind by a tractor-trailer on the Long Island Expressway. He was 38.

The accident occurred about noon as Mr. Chapin was en route to New York City on business from his Long Island home, a family spokesman said.

Police said Mr. Chapin's Volkswagen swerved into the center lane of the three-lane expressway moments before it was hit by the truck. A spokesman for the Long Island hospital to which Mr. Chapin was taken, said the singer had died of a massive heart attack, but added that there was no way of telling whether it occurred before or after the accident.

Mr. Chapin first achieved nationwide popularity in 1972 with "Taxi," a plaintive ballad about a taxi driver's chance encounter with an old sweetheart. He returned to the same theme last year with a single and an album entitled simply "Sequel."

His work in the years that intervened was never quite as popular, although "Cat's in the Cradle" in 1974 sold more than 1 million records.

Mr. Chapin liked to tell stories with his songs—"Taxi," for example, is more than six minutes long. In an interview last February, he said, "Nobody during the past decade so consistently has used the extended narrative form. For stories of ordinary people and cosmic moments in their noncosmic lives, you have to turn back to Harry Chapin."

He added, "And I think I've had the most social and political involvement of any singer-songwriter in America." Last fall, he campaigned for both Republicans and Democrats he said "were good on hunger issues."

Though the last three years have been considered poor for the pop-recording and concert business in-general, Mr. Chapin consistently drew large crowds to his performances because of his ability to project warmth and reality on stage.

In 1980, he gave 250 concerts—the greatest number for him ever in a single year. More than half were benefits.

Mr. Chapin was born in New York's Greenwich Village. His father was a drummer who worked with bandleaders Tommy Dorsey and Woody Herman, and as a boy Mr. Chapin played the trumpet. Later, he took up the guitar—the instrument that provided the sole accompaniment for most of his hit songs—and began playing and singing folk music in college at the Air Force Academy and Cornell University.

He left school in 1964 to join his brothers Tom and Stephen and his father in a group called the Chapin Brothers. They made a record, but disbanded soon after.

Mr. Chapin then worked for a time as a taxi driver—an experience that in part inspired "Taxi"—but then turned to film making. Over a period of about five years, he worked his way up from loading reels to editing to the writing and directing of his own documentaries.

The Chapin Brothers got back together in 1970 and recorded an album featuring several songs that would later appear on Mr. Chapin's records. A year later, Mr. Chapin formed his own group, which included his brother Steve.

They rented the Village Gate, a lower Manhattan nightclub and performed there all summer. Later that same year, Mr. Chapin signed a contract with a recording company.

Survivors include his wife, Sandy, and five children.

HARRY CHAPIN'S RICHES—THE TROUBADOUR WHO LAUGHED AT FAME AND GAVE AWAY HIS FORTUNE

(By Tony Kornheiser)

They called Harry Chapin a troubadour, but he was more of a novelist. He wrote short, poignant, biographical novels and set them to music. Novels about taxi drivers who have chance encounters with their first loves and choose not to go home again. Novels about fathers and children who start out not getting close to each other and end up not even getting next to each other. Novels about lovers who get swept away in the heat of the moment. Novels about snipers and disc jockeys and heroic true believers who never lose touch with who they are.

And yesterday, when Harry Chapin died in a car wreck, he left behind the sort of novel that he wrote about so well. A man whose life ended abruptly in the middle. Between the search and the goal. Between the promise and the gift. Not yet there, but on the way.

He'd be giving a concert, and he'd sit on a stool, his guitar resting on his right knee, and he'd joke with the audience about the kind of songs he'd written. He knew that most of the critics thought he was a lightweight, and while that judgment offended him, it never discouraged him. He thought it hilarious that one rock performer was reviewed this way: "He was a rich man's Harry Chapin." Harry would laugh and say, "Look at where they've got me. They've got me as a standard for comparison. If anyone is lower than me, he has to be at the very bottom of the ocean." He'd even use his standing with the critics in his act. He'd blush and tell the audience that when he was younger he had the nickname "Gapin' Chapin." And he'd call himself "a third-rate rock star." And then he'd turn up his energy higher, much higher than his amps, and songs. "Taxi." "Cat's in the Cradle." "I Wanna Sing You a Love Song." "Sniper." "W.O.L.D." And in his own way, for his special audience, he was every bit as popular and loved, and even worshiped like a Bruce Springsteen.

Harry Chapin could have been a millionaire.

Harry Chapin maybe should have been a millionaire.

But every year at least half of his concerts were free, either for charity or as a benefit.

He put his money where his mouth was.

I met Harry while doing a profile on him in 1976, a profile in which I accused him of not so much being a singer-songwriter as being a moralist. I believe the term I used was that he sang a course in Morality 101. He liked that. He laughed very loudly at that.

He had a great and rich and good laugh.

The last time I saw Harry, he gave a concert at Constitution Hall. It was a typical Chapin concert in that his energy was high, and the only reason he stopped singing was because he was told that if he stayed on stage even another minute they were going to have to put the help on overtime. Harry

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

already had gone on for almost three hours and it was closing in on midnight.

And after it was over, Harry went out into the lobby for a typical Chapin post-concert session. And there he would sell Harry Chapin albums and Harry Chapin T-shirts and Harry Chapin song books. And on each one he would sign his typical Chapin message: "Keep The Change, Harry Chapin."

What was so impressive about what Chapin did wasn't so much that he signed every last thing that was thrust at him—even for people who hadn't bought a thing—but that every penny he took in from these sales didn't go into Harry Chapin's pocket, but toward charity, specifically toward ending world hunger.

Later that night Harry and I and another reporter took a taxi (what else?) over to the American Café on Capitol Hill and sat around for a few hours solving all the world's problems. I knew how hard he worked for the cause of preventing world hunger, so of course I razzed him about ordering a big, thick sandwich. And he came back at me the way he always did, by saying, "Look, I'm not asking you to starve; I'm simply asking you to try and spread the word that we grow enough food each year to feed the world easily. You've got access to a great newspaper here. For God's sake, use it."

And then we talked about the congressmen he'd seen recently, and how his lobbying effort was going, and how many charities and causes he was pushing. As ever, he was all high energy and optimism. I thought then and I think now that Harry Chapin was a worthy man. That he was a liberal in the very best, philosophical sense of the word. It wasn't welfare he was talking about, it was decency. He used the phrase "enlightened self-interest." He said it made good sense to redistribute the food. Not because it was the noble thing to do, but because if you removed hunger and desperation you would remove a major cause of crime and violence. If there is such a thing as a practical liberal, Harry Chapin was that.

And when we were all talked out about saving the world, we drank a few more beers and talked about Long Island, where we both were from, and remembered the afternoon we played touch football on his lawn, right next to Long Island Sound, and I insisted I was a better quarterback than him, and he insisted he was a better end than me. And laughed some more, his rich laugh filling the now empty restaurant, and just like on stage he was the last to leave, because if they didn't throw him out they'd have to pay the help overtime.

That night, a sleeting, crummy winter night, I remember him telling me that it was about time I stopped fooling around writing about celebrities and started writing about the people who really controlled the world.

I remember me telling him that it was about time he stopped trying to save the world and started selling out so he could become a rock star.

And I remember exactly what he said about that. He said, "Being a rock star is pointless. It's garbage. It's the most self-indulgent thing I can think of. I've got nothing against selling out. But let me sell out for something that counts. Not so Harry Chapin can be No. 1 with a bullet, but so I can leave here thinking I mattered."

JARECKI APPOINTED DESTROYER COMMANDER

HON. JOHN G. FARY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. FARY. Mr. Speaker, I was recently apprised of the appointment of Comdr. Stephen A. Jarecki to command the Guided Missile Destroyer, U.S.S. *Farragut.* Commander Jarecki originally came from McKinley Park, my own community back in Chicago. His parents, Mr. and Mrs. Stephen V. Jarecki, have been neighbors of mine and residents of McKinley Park for many years, and I am sure that they are proud of their son's outstanding accomplishments.

I offer a copy of an article from the Brighton Park/McKinley Park Life Newspaper outlining the commander's successful career for the edification of all the Members of the House:

JARECKI APPOINTED DESTROYER COMMANDER

On May 29th, Commander Stephen A. Jarecki assumed command of the Guided Missile Destroyer, USS Farragut (DDG-37) during ceremonies conducted in Norfolk, Virginia. The son of Mr. & Mrs. Stephen V. Jarecki, 3529 S. Damen, he is married to the former Sue Thomas Sims of Beckley, West Virginia. Steve attended St. Maurice Grammar school, Quigley Preparatory Seminary and DePaul University before graduating from the United States Naval Academy in 1964 with a Bachelor of Science degree in Naval Engineering.

After graduation, he reported for duty on board the U.S.S. Lawrence (DDG-4) where he served as missile officer and missile fire control officer. In May of 1967, he reported to the Staff Commander Cruiser Destroyer Flotilla Eight as aide and flag lieutenant. Upon completion of this staff tour, he attended the U.S. Naval Destroyer School Department Head Course and was subsequently assigned as Operations Officer on board the USS John King (DDG-3)

In August of 1971, he reported to the Officer Distribution Section of the Bureau of Naval Personnel. Commander Jarecki was assigned as executive officer of the USS Tattnall (DDG-19) in January of 1975. After his tour on the Tattnall, he attended the Armed Forces Staff College in Norfolk, Virginia. Upon his graduation in June of 1977, he reported to the Office of the Chief of Naval Operations in Washington, D.C. Here he served in the Surface Ship Manpower and Training Division (OP-39). In October of 1978, he was assigned to the staff commander in Chief Atlantic Fleet as flag lieutenant.

The USS Farragut, the first in a class of modernized guided missile ships was constructed by the Bethlehem Steel Corporation and commissioned on December 10, 1960. 513 feet long, it displaces in excess of 5,800 tons and has a crew of 370 enlisted and 27 officers. Armaments included the Terrier Surface-to-Air missile system, Anti-Submarine rockets and torpedoes, the Harpoon Surface-to-Surface anti-ship missile system, a 5 inch, 54 calibre gun, as well as the Navy Tactical Data System.●

EXPLANATION OF MISSED VOTES

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. LANTOS. Mr. Speaker, on Wednesday, July 15, 1981, I was unable to be present for the following rollcall votes. I am submitting for the RECORD this statement of how I would have voted.

Rollcall No. 129: "No" on the Shaw amendment to the Judiciary Committee amendment to title IX of H.R. 3519, fiscal year 1982 Defense Department authorization.

Rollcall No. 130: "Yes" vote on the Hughes amendment, with the White and Shaw amendments, to the Judiciary amendment of H.R. 3519.●

REMEMBERING HARRY CHAPIN

HON. ANTHONY TOBY MOFFETT

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. MOFFETT. Mr. Speaker, the loss of Harry Chapin almost defies description. As I look around this world and see the apparent loss of charity and concern about those less fortunate than us; and as I observe the degree to which those who have resources decline to use them for the betterment of the poor and hungry, the contribution of Harry Chapin becomes all the more meaningful and apparent.

Harry Chapin used his immense musical talent to raise money to feed people. This gentle man used the money his concerts and songs generated to protect the environment. To lose a man like this to such a tragic and needless accident is an injustice and will slow down our progress on the hunger and environmental issues.

The Bible tells us:

Have you helped feed the hungry? Have you brought water to the thirsty? Have you healed the sick? Have you clothed the needy? To the extent that you have done unto the least of these my brother, you have done unto me.

That could have been written about Harry.

[From the Washington Post, July 17, 1981]

HARRY CHAPIN'S RICHES—THE TROUBADOUR WHO LAUGHED AT FAME AND GAVE AWAY HIS FORTUNE

(By Tony Kornheiser)

They called Harry Chapin a troubadour, but he was more of a novelist. He wrote short, poignant, biographical novels and set them to music. Novels about taxi drivers who have chance encounters with their first loves and choose not to go home again. Novels about fathers and children who start out not getting close to each other and end up not even getting next to each other.

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And after it was over, Harry went out into the lobby for a typical Chapin post-concert session. And there he would sell Harry Chapin albums and Harry Chapin T-shirts and Harry Chapin song books. And on each one he would sign his typical Chapin message: "Keep The Change, Harry Chapin."

What was so impressive about what Chapin did wasn't so much that he signed every last thing that was thrust at him—even for people who hadn't bought a thing—but that every penny he took in from these sales didn't go into Harry Chapin's pocket, but toward charity, specifically toward ending world hunger.

Later that night Harry and I and another reporter took a taxi (what else?) over to the American Cafe on Capitol Hill and sat around for a few hours solving all the world's problems. I knew how hard he worked for the cause of preventing world hunger, so of course I razzed him about ordering a big, thick sandwich. And he came back at me the way he always did, by saying, "Look, I'm not asking you to starve; I'm simply asking you to try and spread the word that we grow enough food each year to feed the world easily. You've got access to a great newspaper here. For God's sake, use it."

And then we talked about the congressmen he'd seen recently, and how his lobbying effort was going, and how many charities and causes he was pushing. As ever, he was all high energy and optimism. I thought then and I think now that Harry Chapin was a worthy man. That he was a liberal in the very best, philosophical sense of the word. It wasn't welfare he was talking about, it was decency. He used the phrase "enlightened self-interest." He said it made good sense to redistribute the food. Not because is was the noble thing to do, but because if you removed hunger and desperation you would remove a major cause of crime and violence. If there is such a thing as a practical liberal, Harry Chapin was that.

And when we were all talked out about saving the world, we drank a few more beers and talked about Long Island, where we both were from, and remembered the afternoon we played touch football on his lawn, right next to Long Island Sound, and I insisted I was a better quarterback than him, and he insisted he was a better end than me. And laughed some more, his rich laugh filling the now empty restaurant, and just like on stage he was the last to leave, because if they didn't throw him out they'd have to pay the help overtime.

That night, a sleeting, crummy winter night, I remember him telling me that it was about time I stopped fooling around writing about celebrities and started writing about the people who really controlled the world.

I remember me telling him that it was about time he stopped trying to save the world and started selling out so he could become a rock star.

And I remember "exactly what he said about that. He said, "Being a rock star is pointless. It's garbage. It's the most self-indulgent thing I can think of. I've got nothing against selling out. But let me sell out for something that counts. Not so Harry Chapin can be No. 1 with a bullet, but so I can leave here thinking I mattered."

HARRY CHAPIN, "TAXI" SINGER, DIES

NEW YORK, July 16 (AP)—Harry Chapin, singer and composer of such popular, wistful songs as "Taxi" and "Sequel," died today after his car was struck from behind by a tractor-trailer on the Long Island Expressway. He was 38.

The accident occurred about noon as Mr. Chapin was en route to New York City on business from his Long Island home, a family spokesman said.

Police said Mr. Chapin's Volkswagen swerved into the center lane of the three-lane expressway moments before it was hit by the truck. A spokesman for the Long Island hospital to which Mr. Chapin was taken, said the singer had died of a massive heart attack, but added that there was no way of telling whether it occurred before or after the accident.

Mr. Chapin first achieved nation-wide popularity in 1972 with "Taxi," a plaintive ballad about a taxi driver's chance encounter with an old sweetheart. He returned to the same theme last year with a single and an album entitled simply "Sequel."

His work in the years that intervened was never quite as popular, although "Cat's in the Cradle" in 1974 sold more than 1 million records.

Mr. Chapin liked to tell stories with his songs—"Taxi," for example, is more than six minutes long. In an interview last February, he said, "Nobody during the past decade so consistently has used the extended narrative form. For stories of ordinary people and cosmic moments in their noncosmic lives, you have to turn back to Harry Chapin."

He added, "And I think I've had the most social and political involvement of any singer-songwriter in America." Last fall, he campaigned for both Republicans and Democrats he said "were good on hunger issues."

Though the last three years have been considered poor for the pop-recording and concert business in general, Mr. Chapin consistently drew large crowds to his performances because of his ability to project warmth and reality on stage.

In 1980, he gave 250 concerts—the greatest number for him ever in a single year. More than half were benefits.

Mr. Chapin was born in New York's Greenwich Village. His father was a drummer who worked with bandleaders Tommy Dorsey and Woody Herman, and as a boy Mr. Chapin played the trumpet. Later, he took up the guitar—the instrument that provided the sole accompaniment for most of his hit songs—and began playing and singing folk music in college at the Air Force Academy and Cornell University.

He left school in 1964 to join his brothers Tom and Stephen and his father in a group called the Chapin Brothers. They made a record, but disbanded soon after.

Mr. Chapin then worked for a time as a taxi driver—an experience that in part inspired "Taxi"—but then turned to film making. Over a period of about five years, he worked his way up from loading reels to editing to the writing and directing of his own documentaries.

The Chapin Brothers got back together in 1970 and recorded an album featuring several songs that would later appear on Mr. Chapin's records. A year later, Mr. Chapin formed his own group, which included his brother Steve.

They rented the Village Gate, a lower Manhattan nightclub and performed there all summer. Later that same year, Mr. Chapin signed a contract with a recording company.

Survivors include his wife, Sandy, and five children.●

HARRY CHAPIN

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. WEISS. Mr. Speaker, the death of singer Harry Chapin in an automobile accident yesterday near New York City leaves the world without a uniquely committed artist, a man who believed it was his role to do much more than entertain.

Harry Chapin told stories in song. He said he sang of the "cosmic moments in noncosmic lives," the lives of most of us. He reached millions of people with his honesty, and won their hearts with his energy and warmth.

Songs such as "Taxi," "Cat's In the Cradle," and "W.O.L.D." spoke to the private fears, regrets, and aspirations of everyone who ever hoped for something better.

Not only did he sing of hope, he worked to achieve what we hope for. More than half his 250 concerts last year were dedicated to causes such as world hunger, his primary concern. His argument for this cause showed him to be a practical man with a liberal heart.

Feeding the hungry is not just the right thing to do—

He said—

it is a way to remove some of the hopelessness that fuels unrest and may endanger any society's equilibrium.

I was privileged to know Harry Chapin. Never content to be successful only as a singer, he made a special effort to use his success in one field to make gains against the most pressing problems of our time. He was truly a person who mattered.●

LECH WALESA: WE SHALL CONTINUE OUR STRUGGLE . . .

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. GUARINI. Mr. Speaker, during the commemoration of Captive Nations Week it is important for all freedom-loving people to look carefully at the courageous actions taken by people striving to be free. The observance of these actions, whether they be in defense of their country such as in Afghanistan or an example of open defiance by an author, should make Americans prouder of their history and firmer in their quest to help all countries stand as sovereign, independent nations with full rights for all citizens.

Today we have an unfolding drama in Poland. A country with a proud history is seeking an unprecedented degree of freedom within the Soviet bloc. This movement for freedom was not begun with shots. It was begun by a trade union movement led by Lech Walesa.

Mr. Walesa, now chairman of the independent Polish trade union, Solidarity, addressed the International Labor Conference recently at its 67th session in Geneva, Switzerland. To Americans, with our freedom of speech, the importance of Mr. Walesa just giving this speech is hard to comprehend.

Mr. Speaker, when I first saw this speech in the AFL-CIO Free Trade Union News I was deeply moved. It is an affirmation of the right to organize, an affirmation of the right to participate openly in society, and an affirmation of the human spirit's quest for freedom.

The movement begun by Mr. Walesa and his trade union movement has caught on throughout Poland. As the Russian bear watches closely, the Polish Communist Party Congress today started the first secret balloting for leadership positions ever held by a Russian bloc country.

Mr. Walesa and the Polish movement toward internal independence is an impressive story which should be an inspiration to us all. I thank the Free Trade Union News for reprinting this speech in its entirety, and with your permission, Mr. Speaker, I want to reprint this speech in the CONGRESSIONAL RECORD for the benefit of my colleagues.

"WE SHALL CONTINUE OUR STRUGGLE . . ."

(By Lech Walesa)

I have come to this Conference as a delegate of Polish workers, accompanied by my colleagues from the Solidarity trade union and colleagues from the two other trade union federations in Poland, the branch unions and the autonomous unions.

This is clear proof of the pluralism of the Polish trade union movement. However, I have taken the floor here, first of all, as a representative of the largest Polish trade union organization, the independent self-managed trade union Solidarity.

This organization was born late in August 1980 as a result of the memorable events in the shipyards of Gdansk, Gdynia and Szczecin and in the coal mines of Silesia.

In just a few months, we have brought together in our ranks millions of workers in every sphere of the national economy and Solidarity has become the largest social organization in the history of my country. Its members have different levels of education, different occupations and vocations, different philosophical and religious opinions, but they are joined by one common aspiration, that of ensuring for the Polish workers, blue-collar and white-collar alike, a life in civic freedom, freedom of thought and speech, human dignity and national sovereignty.

We all hoped that Pope John Paul II would honor this Conference with his presence, but this hope was frustrated by the criminal attack on his life. I should like to refer here to some of the Pope's thoughts.

At a meeting with the delegation of Solidarity in Rome, Pope John Paul II described the Gdansk agreement and the birth of our union in the following way: "Against the background of events which are so numerous in this world of ours and in which violence and brutal force prevail only too often as a method of action, against the background of terrorism in so many countries which does not spare the lives of innocent people, this way of acting without violence and without force, this way of seeking solutions through a thoughtful dialogue that takes into account the common good, is a tribute both to the representatives of the working people from the Baltic coast, from Silesia and from other regions who now belong to Solidarity and to the representatives of the Polish Government."

These words are for us an important message whose significance goes beyond the limits of one country only.

The independence of our union, which has brought about a new social situation in my country, sometimes gives rise to various fears and comments.

I should like, from this international forum, to tell everybody, all the peoples and all the countries in the world, that the Poles are capable of settling their own internal affairs among themselves and by themselves. It is in the common interest that no external intervention should prevent the process of consolidation of the Polish society which began on 31 August 1980.

Our union was born out of protest. Using the traditional methods of workers' struggle—demonstrations and strikes—it contributed in a definitive way to initiating a thoroughgoing transformation of the social and political life of the country. There is no area which has remained unaffected by this process of renewal. And even though we are aware that this is only the beginning of these changes, no one in Poland has any doubt that there is no way to return to the old methods of ruling the country and governing its economy.

The Director-General's Report mentions the circumstances in which our union was registered. I should like to add to the information given there that, in recent weeks, a further step was taken toward creating new trade unions in Poland. On 12 May an independent trade union of individual peasants, Solidarity, was registered whose membership consists of several million peasant owners of small family farms. Thus a cornerstone has been placed under a true alliance of workers and peasants, under the lasting co-operation of all the working people in Poland.

The whole world knows what a difficult economic situation my country is in as a result of the political errors and the irresponsible economic and social policies pursued by the leaders of my country in past years. Overcoming this deep crisis is not a matter of weeks or months. The independent self-managed trade union Solidarity has declared its readiness to co-operate in implementing any rational program aimed at overcoming the crisis and reforming the existing structures of the social and economic life of our country. We are conscious of the fact that to find a way out of the present difficulties will require sacrifices and self-denial on the part of every Pole, even though he bears no responsibility whatever for our economic collapse. We have recommended every section of Solidarity not to make any wage demands and not to go on strike without the agreement of the leadership of Solidarity. But we shall continue our struggle so that no one in Poland remains jobless and so that the vital interests of the most deprived segments of the population in town and country are well protected.

Our trade union attaches great importance to setting up, in accordance with the traditions of our workers' councils set up in 1956, a genuine system of workers' self-management of socialist-inspired enterprises, in conjunction with a fundamental change in the methods of managing the national economy. The self-management bodies and all the trade union sections will be faced with the arduous task of improving rapidly the protection of the employment and health of our workers, where there is still much room for improvement.

May I emphasize that Polish workers belonging to the independent, self-managed trade union Solidarity greatly appreciate the possibility of cooperating with the ILO and are ready to participate actively in the formulation and development of international labor laws and other ways of bringing about social progress on a world scale.

It is a matter of personal privilege and honor to me to be able to participate in the present session of the ILO Conference and to be able to meet and cooperate with so many trade unionists from all the countries of the world.

Polish trade unionists have co-operated with the ILO wholeheartedly throughout the 62 years of its existence. When in August 1980 we decided to create independent self-managed trade unions, we used in full the provisions of the ILO Conventions Nos. 87 and 98 on freedom of association with trade union rights to strengthen Solidarity. I hope that in the future, too, our co-operation with the ILO will be a lasting element in the mutual relations of Polish trade unionists with trade unions from all over the world and with international organizations working for social progress and social justice.

I should like to express our solidarity with working people throughout the world, with the struggle waged by trade union organizations in defense of the social interests of the working people, in defense of dignity of work, for the protection of human rights wherever they are being infringed. A man of our times cannot have a clear conscience so long as there are areas in the world where poverty and famine prevail, so long as heartrending contrast in material and social well-being exist between different countries or classes of people, so long as man's natural pursuit of freedom, a decent life and happiness are countered by violence, oppression and exploitation.

May I express the hope that—irrespective of any dividing line between States, blocs or systems—the principles of social justice, democratic freedom and independence of the trade union movement, which are the guidelines of Solidarity, may be the common property and underlying force of the entire trade union movement.●

A TRIBUTE TO FRANK A. HEADLEY

HON. JAMES A. COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. COURTER. Mr. Speaker, after more than 25 years of dedicated service to the residents of Morris County, Frank A. Headley retired as county clerk of Morris. I would like to take this opportunity to recognize some of the highlights of Frank Headley's career in public service to the Morris County government.

Frank Headley of Denville served as deputy Morris County clerk from 1956 to 1962 and as Morris County clerk from 1962 until 1981. As register of deeds and mortgages, clerk of the 12 courts in Morris County, election clerk, passport agent, and clerk of the naturalization court, Frank was an example to all as a competent and responsible employee. He took great pride in his position and his work.

An innovator of new ideas, Frank Headley sought to modernize procedures in the court's office system. He introduced the use of microfilm for court filing and research materials, and he was the first clerk to computerize jury selection and files in the department of deeds and mortgages.

Frank Headley was involved in community organizations and he committed much time and energy to projects and activities initiated by the County Clerk's Association and the Denville Rotary Club. He was also an active member of the Appalachian Trail Club in Hanover, N.H.

Frank was a model civil servant who performed his duties with dedication, excellence, and respect. On behalf of the people he served—his friends and fellow residents of Morris County—I would like to thank Frank Headley for his many years of service. We all wish him much health and happiness in the coming years.●

FAMILY FARM TODAY IS IN SERIOUS TROUBLE

HON. BO GINN

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. GINN. Mr. Speaker, as you know, one of the most serious problems facing the American agriculture industry is the decline in the number of family in this country. For years, the family farm has been the key reason why the United States is the greatest agricultural producer in the world. But the family farm today is in serious trouble. This issue was eloquently addressed by my distinguished Georgia colleague, CHARLES HATCHER, in an article he wrote in the June 1981 edition of the "Farm and Power Equipment" magazine. I respectfully request that Mr. HATCHER's article be printed in the CONGRESSIONAL RECORD at the point.

NEWS FROM WASHINGTON: THE LAST FAMILY FARM IN AMERICA

(By Representative CHARLES HATCHER)

The last family farm in America?

When I was growing up in rural South Georgia that thought would have been incomprehensible to me. As a member of Congress in 1981 it no longer is. The cold and unbiased finger of statistical truth already has pointed the way to the graveyard.

One hundred years ago, 22,000,000 individuals lived on farms in this country, 44 percent of the total population. By 1920, the total was up to 33,000,000, but the percentage of total population on the farm, at 30 percent, had already begun its slide.

As recently as 1965, over 12,000,000 farm dwellers remained, 6.4 percent of the population. Fourteen years later, almost half of those few remaining in 1965 had left: 7,553,000 individuals lived on farms, 3.4 percent of the national population. And the decline continues.

What's gone wrong?

Every major farm program of the last 50 years was designed ostensibly to encourage and continue the concept of the family farm. Political leaders and academicians for the past 200 years have hailed its important. Thomas Jefferson even stated, ". . . the small landholders are the most precious part of the state." I have not seen this attitude expressed any better than in the 1956 report of the Subcommittee on Family Farms of the House Committee on Agriculture:

". . . America cannot afford to allow the substitution of a hired hand industrial type of agriculture for the independent family farmer on the land. The Nation's policies must be shaped to perpetuate the family as the dominant operating unit in agriculture."

And yet, the decline continues and, if it goes on much longer, we will have seen the end of the family farmer in this country. On every hand politicians and pundits will point to agricultural research, price support and target price programs, and the Farm Credit system and mumble, "how can this be? We've done so much."

Well, the plain simple fact of the matter is that food is so cheap in this country, and is kept so by active governmental effort, that the farmer cannot make enough money to feed, clothe, and educate his family.

We are squeezing and starving people off the farms. During 1977 39,000 farms went out of business and another 40,000 farm families quit in 1978. As of January 1, 1981, the USDA estimated an additional 1,000 families each week were leaving agriculture. Of those who remained, only eight percent were able to survive solely upon their farm income.

It is not my intention to say that our farm programs have not worked. The problem may be that they have worked too well. They have produced a bounty of food and fiber beyond the achievement of any other nation in our time or in any other time. Americans are the best fed and clothed people on the face of this earth. And even with this mighty accomplishment, American agriculture last year produced an additional $40 billion in exports. A feat which offset over half the cost of our total energy and petroleum imports.

So what happened? Are families leaving farming every year by the thousands because they ran inefficient farms? Were their farms too small? Were they too slow to keep up with the changing times?

They left, in my opinion, because the government of this country has found it expedient to keep food prices artificially low and it has found that, at least for wealthier investors and large corporate farmers, tax breaks can greatly offset, and even turn around, actual farm losses. This can be very acceptable when long term capital gains and short term paper losses are the investor's goal, rather than the small farmer's day-to-day goal of the survival of his family.

Thousands of acres are not needed for an efficient farm. "Economy of size" can be debated until the cows come home, but the truth is that the average size farm in this country last year was 453 acres and that size farm, given modern technology and experience, can be farmed easily by a family and the outside labor it reasonably could be expected to hire. The "economy of size" is just fine for the family farmer. The problem is that he cannot take advantage of big tax breaks and, when the weather is bad, he faces an almost unbearable task in getting or keeping the credit necessary to buy and maintain the equipment and resources necessary for his survival.

This brings me back to the thought that our farm programs have worked too well. Their administration, coupled with our national tax policies, has maintained artificially low prices while the success of the Farm

Credit System has kept in farming many farm families who, otherwise, would have already been forced off the land.

So we find ourselves in 1981 faced with writing a new Farm Bill which will set the course of agriculture in this country for the next four years and, surely, for the foreseeable future thereafter. Are we to preside over the last rites for the last family farmer? The answer to this question will be decided upon by the Ninety-seventh Congress.

What concerns me, though, about the answer we may find is that the very real and immediate questions facing family farming today may be answered only in the context of the need for budget cuts and the call for a reduced Federal Government.

Have four years of drought put America's family farmers out on a credit limb? Then, some would seem to say, let's retest the laws of gravity by sawing off the limb close to the trunk. Let's restrict farm credit and make it more and more expensive to get whatever credit is left?

Are food and fiber too cheap to even support the efficient family farmer? Then let's abandon all pretense of price support, but be very careful not to abandon the tax loopholes that support artificially low prices.

The short-sighted nature of this approach is too obvious to attempt to explain. But, the crying shame of the whole thing is that, in order to save a very small amount of money, the last real link our society has with its free enterprise and family farming traditions may be radically altered or even entirely severed.

If you can, find for me some other segment of our economy where an entire family, as a whole, stakes its future on a day-to-day struggle with all of the uncertainties of nature. And does so happily with the hope of building something better for the future.

To my mind that is the essence of the spirit which made this country great. The family farm and the farm family have provided continuity and strength to our national character and have existed as a true expression of our historic national commitment to a better world for the future. And these families have done so in the face of unending adversity and little reward.

I believe it was in this spirit that William Jennings Bryan in 1896 wrote, "Burn down your cities and leave our farms, and your cities will spring up again as if by magic. But destroy our farms and the grass will grow in the streets of every city in this country."

Former Agriculture Secretary Bob Bergland, in his recent "A Time to Choose; Summary Report on the Structure of Agriculture," quoted economist Hazel Henderson as follows:

"You can tell when you're reaching a historical watershed, because you find yourself going beyond the technical questions to right and wrong, good and bad. Why are we doing this? For whom? What are the implications for our children and our grandchildren?"

America's family farmers have been our strength and our mainstay. They have embodied our hope for the family and for the future. It is not too much to ask that this nation, which has been so blessed by our family farming system, respond in kind and in kindness in this hour of our family farmers' need.●

SUBSIDIES FROM THE SYNTHETIC FUELS CORPORATION

HON. DOUGLAS APPLEGATE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. APPLEGATE. Mr. Speaker, I regret that I must take issue with Secretary of Energy James Edwards on his recent recommendations for three proposed synthetic fuels plants to receiving subsidies from the Synthetic Fuels Corporation.

It has been reported that there are three main proposals being considered for funding: Two oil shale plants in Colorado and a coal gasification plant in Beulah, N. Dak.

I do not believe the two oil shale plant proposals are worthy of consideration for several reasons. To begin with, removing oil from shale is very expensive and the technology involved is not nearly as advanced as other types of energy production methods. There are other forms of technology which are less expensive and more efficient. Second, to fund these two oil shale proposals would put the Synthetic Fuels Corporation in the position of subsidizing the Exxon Oil Corp., the largest oil company in the United States, which already has the money to do the project on its own.

With respect to the proposed coal gasification plant in North Dakota, I oppose this proposal not because of the technology to be used, but because of the location. Coal gasification is a proven method of producing necessary amounts of natural gas; however, to best utilize previously spent Federal funds, I have requested the Secretary reconsider the North Dakota location in favor of a site in Noble County in southeastern Ohio. A proposed coal gasification plant originally scheduled to be constructed in Noble county was canceled last year due to a reduction in Department of Energy research and development funds. A similar plant in southern Illinois met the same fate, and until their demise, well over $100 million was spent on these two proposals with much knowledge gained about the coal gasification process and the proposed plants. To abandon these proposals and the knowledge gained in favor of a less developed, more expensive, and inefficient oil shale proposal is a waste of over $100 million of taxpayers dollars.

Even more importantly, particularly to the southeastern section of Ohio, is the devastation which has occurred to the coal industry and the economy as a whole in that area due to excessive environmental standards. These injuries have been primarily due to the enforcement procedures of the U.S. Environmental Protection Agency and the U.S. Office of Surface Mining. Construction of the originally proposed coal-gasification plant in Noble County would certainly help to make up for the significant financial hardships endured over the past few years in this area as well as moving this country in the significant direction of energy independence.

Clearly, there is a need for a synthetic fuels industry in the United States. We are sending upward of $90 billion annually out of the country to pay for foreign oil and as a result we are enduring high-inflation rates. This trend must stop and the synthetic fuels program can be the leader in solving our energy problem. I call on Secretary Edwards to continue his efforts to obtain funding for this program and to seriously reconsider his position on the type of plants to fund and where they should be located.●

THE JOB CREATION TAX ACT OF 1981

HON. HENRY J. NOWAK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. NOWAK. Mr. Speaker, on May 28, 1981, I introduced legislation which recognizes the job creation ability of small business and the need for revitalization of the distressed areas of our country. In specific, my bill entitled, "The Job Creation Tax Act of 1981" (H.R. 3726) is one prong in my overall economic package for spurring the growth of our Nation's economy.

The economic indicators in June were devastating. While business bankruptcy filings have risen an appalling 20 percent, the unemployment rate for the month stood at 7.3 percent. Small business, on the other hand, finds the credit markets almost closed when faced with interest rates in excess of 20 percent.

These rates are increasing at a time when our Nation's cities will endure drastic reductions in Federal aid. While I do not support such reductions, I realize a viable economic program must be developed to fill the void. H.R. 3726 is my contribution to this effort.

My bill is a balanced job creation incentive for small business, firms located in distressed areas, and for industries facing skilled labor shortages. In particular, H.R. 3726 recognizes that small business is primarily labor intensive and thus needs specific tax and capital formation relief.

As long as interest rates remain high, small business is dependent on increasing its cash flow through utilization of the various tax incentives. In this regard, H.R. 3726 provides small business with a much needed jobs tax credit.

With respect to skilled labor shortages, the bill recognizes the special

needs of our Nation's capital intensive and specialized industries. These businesses often cannot afford the high cost of training skilled and technical labor. Increased defense spending is placing further burdens on the productive capacity of these businesses which cannot increase their output without having qualified skilled labor to operate the machinery. For example, the tool and die industry alone estimates it has 60,000 skilled labor job vacancies.

GENERAL PROVISIONS OF THE BILL

H.R. 3726 has three jobs tax credit provisions. The first provides for a credit against tax liability in the amount of 50 percent of the increase in unemployment insurance wages over 102 percent of the preceding year's wages, up to a maximum of $100,000 credit per year. This results in a maximum credit of $3,000 for each new employee hired over a normal annual increase.

Under the two other provisions, an additional 40 percent bonus credit is given to employers hiring individuals who are residents of distressed areas or who will be employed by industries facing skilled labor shortages. Thus, if an employer hires an individual meeting either classification, that employer can receive a maximum additional credit of $2,400 for each year of a 2-year period for which it employs that individual. In other words, combined with the $3,000 general jobs credit described above, the employer can receive as much as $5,400 in the first year, and $2,400 in the second year with respect to the bonus credit.

PREVIOUS EXPERIENCE WITH JOBS TAX CREDITS

In 1977, Congress enacted the new jobs tax credit (NJTC). Although the program was not in effect long enough to determine its impact as an economic stimulus, Department of the Treasury data for that year indicates that the NJTC was widely used by small business. As shown in the table below, approximately 161,000 firms with less than $5 million in total assets utilized the jobs tax credit. Further, the current targeted jobs tax credit program was utilized by as many as 50,000 employers in 1979, according to Treasury data.

DISTRIBUTION OF NJTC CREDITS CLAIMED

[1977 corporations by asset size[1]]

Asset size	Number of tax returns filed claiming NJTC	Percent of total returns claiming NJTC	NJTC amount claimed (billions)	Percent of total amount claimed
0 to 5 million	160,649	90.9	$1.16	69.9
5 to 10 million	4,923	2.8	.15	9.0
10 to 50 million	7,220	4.0	.19	11.4
Greater than 50 million	3,630	2.1	.16	9.7
Total	176,422	100.0	1.66	100.0

[1] Office of Secretary of the Treasury, Office of Tax Analysis, Mar. 30, 1981.

PART OF THE INITIATIVE TO REVITALIZE THE ECONOMIC BASE OF OUR NATION'S CITIES

H.R. 3726 is only part of my effort to revitalize our Nation's economy and older urban cities. Other types of relief, however, are just as important. For example, the Enterprise Development Act of 1981 (H.R. 2965) which I also introduced, provides a well balanced program of block grant funding and tax incentives for small and medium sized firms in distressed areas.

If we are to revitalize and increase productivity of our business community, a well coordinated and balanced plan must be developed. When considered in conjunction with my other small business measures, H.R. 3726 and H.R. 2965 would provide such a plan.●

OBJECTIONS TO DONOVAN'S PLAN ON DOMESTIC SWEATSHOPS

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. MILLER of California. Mr. Speaker, the public response to Secretary Donovan's proposal to lift the ban on industrial homework has been overwhelmingly negative. Objections to this ill-advised proposal were nearly 2 to 1, with many of the hostile comments coming from businesses which employ thousands of people and unions with very substantial memberships.

In addition, the testimony of all of the witnesses who appeared before two hearings of the Labor Standards Subcommittee in Washington and Los Angeles, was in total opposition to Secretary Donovan's plan.

Every witness agreed that revoking the homework ban would make enforcement of the Fair Labor Standards Act impossible, that it would lead to the proliferation of domestic sweatshops, and would severely undermine law-abiding businessmen.

I would like to submit for the RECORD two additional statements against the homework proposal. The first is a unanimously passed resolution from the Los Angeles City Council, adopted the day we held our hearing in that city. The second is a resolution passed by the California Legislature.

Now that the comment period is over, it would be most wise for the Department to abandon this proposal and instead turn its attention to the development of legislation to toughen penalties for violations of the Fair Labor Standards Act, which the Secretary has pledged to send to Congress in the near future. In place of the broad hostility to his proposal on the homework ban, I believe such legislation would find a warm reception.

MOTION

The exploitation of garment workers in the United States has been amply documented. In fact, the phrase "Sweat Shop" has been synonymous with the unsafe and unsanitary conditions under which garment workers have toiled. The concept of "Industrial Homework" whereby workers would have to do work at home for their employer did much to foster "sweat shop" conditions. Federal, State and local governments have worked hard to improve the conditions of garment workers.

Now, the United States Department of Labor has proposed to remove restrictions on the employment of homemakers in many industries. The reinstatement of "Industrial Homework" would allow the reestablishment of one of the worst forms of labor exploitation. "Industrial Homework" could provide an incentive to violate minimum wage standards, hours of work standards, and Child Labor laws. Loss of revenue to the government results in non-payment of withholding taxes, Social Security contributions, Unemployment Insurance taxes, and Workers Compensation coverage premiums. California in 1941 banned "Industrial Homework" in the garment industry. Removal of the Federal restrictions can only serve to weaken California's efforts to protect its workers in the apparel and related industries. To remove these protective regulations would, most likely, assure exploitation of the unskilled and marginal worker.

I therefore move that the City include in its 1981-82 Federal and State legislative program OPPOSITION to legislation and/or administrative regulations which would result in the reinstitution of "Industrial Homework" or related practices.

RESOLUTION

Whereas, The Wage and Hour Division of the United States Department of Labor has proposed the repeal of Part 530 (commencing with Section 530.1) of Chapter V of Title 29 of the Code of Federal Regulations, which regulates the employment of homeworkers in the women's apparel industry, the jewelry manufacturing industry, the knitted outerwear industry, the glove and mittens industry, the handkerchief manufacturing industry, the button and buckle manufacturing industry, and the embroideries industry; and

Whereas, The proposal to repeal these regulations would result in the proliferation of sweatshops, exploitation of children, and an increase in the use of illegal aliens; and

Whereas, This state has tightly regulated or banned the use of homework in the aforementioned industries because of their susceptibility to the use of substandard wages and working conditions; and

Whereas, The increase in the use of homeworkers would undermine legitimate entrepreneurs and create an unfair tax burden for the general public; now, therefore, be it

Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to oppose the department's plan to repeal the industrial homeworkers' regulations; and be it further

Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and

Representative from California in the Congress of the United States, and to the Secretary of Labor.●

CAPTIVE NATIONS WEEK

HON. LAWRENCE J. DeNARDIS

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. DeNARDIS. Mr. Speaker, I feel privileged to be able to speak today on behalf of the citizens of those nations oppressed by the Soviet Government. Twenty-three years ago, President Eisenhower designated the third week of July as a time for us to ponder the plight of those who are not fortunate to live in a free nation.

As a people who enjoy personal liberty and national independence, it is our responsibility to support others in their quest for these goals. That the Soviets continually deny basic human rights and national independence to the areas under their control is a heinous fact.

The list of nations who have fallen prey to the Soviets has only increased since Public Law 86-90 came into being. First, the Soviets subjugated the Ukraine. This was followed by the invasion of the Baltic region. During the Second World War, many European nations fell under Soviet control. Cuba, North and South Vietnam, Laos, Cambodia, and Angola later followed. The list lengthens inexorably despite our efforts to protect human rights throughout the world.

The United States must continue to commemorate Captive Nations Week in order to offer support to the millions who are attempting to throw off the yoke of Soviet oppression by struggling for independence and freedom. We must never allow the Soviet Empire to feel that its forced acquisitions are either condoned or given international legitimacy.●

THE PROBLEMS OF THE NUCLEAR POWER INDUSTRY—II (CONTINUED)

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. HAMILTON. Mr. Speaker, reprinted here is enclosure 3 from a letter sent to me by Mr. Thomas Dillon, Deputy Assistant Secretary for Nuclear Reactor Programs, Office of Nuclear Energy, Department of Energy. Enclosures 1 and 2, together with Mr. Dillon's covering letter to me and my letter to him, appeared in the CONGRESSIONAL RECORD on July 14, 15, and 16.

ADEQUACY OF FUTURE ELECTRIC GENERATING SUPPLY IN INDIANA

Indiana is part of the National Electric Reliability Council East Central Area Reliability Coordination Agreement. The East Central Area Reliability Region also contains Michigan, Ohio, Kentucky, West Virginia, and western regions of Pennsylvania, Maryland, and Virginia.

The following table shows the planned distribution of fuel for electrical generation in Indiana as well as the entire East Central Area Reliability Region. The East Central Area Reliability Region, and Indiana in particular, are fortunate in that oil and gas account for only a small percentage of total generating capacity. However, if planned plants are not completed on schedule, oil-fired capacity will be used during periods of peak demand. A weakness of the region, however, is the almost exclusive dependence on coal. While coal itself is plentiful, the region's electrical supply could be endangered during a lengthy coal strike. Since coal is also a dominant fuel in adjoining regions, importing power from other regions might not be possible if coal stocks were diminished by a long strike.

PLANNED GENERATING CAPACITY BY TYPE OF FUEL FOR THE EAST CENTRAL AREA RELIABILITY COORDINATION AGREEMENT REGION

Year	Fuel type (percent)					Total capacity (MWe)
	Nuclear	Coal	Oil	Gas	Hydro	
1980	5.4	80.2	9.2	1.4	3.9	86,314
1984	9.7	77.6	8.2	1.2	3.3	102,106
1989	11.0	77.4	6.8	1.0	3.7	120,346

PLANNED GENERATING CAPABILITY BY TYPE OF FUEL FOR THE INDIANA REGION

Year	Fuel type (percent)					Total capacity (MWe)
	Nuclear steam	Coal steam	Oil	Gas	Hydro	
1980		91.0	8.3	0.2	0.5	11,732
1984	6.4	86.1	6.9	0.2	0.4	14,679
1989	13.5	80.7	5.4	0.1	0.3	18,628

Based on National Electric Reliability Council estimates of future demand and scheduled dates for new generation capacity, the reserve margin outlook is good for the East Central Area Reliability Region; it is projected to be greater than 30 percent through 1989. However, this is contingent upon the completion on schedule of about 10,000 MWe of nuclear and 22,000 MWe of coal-fired capacity. It is unlikely that all of those plants will be completed on time; therefore, reserve margins below 30 percent are likely.

The Department of Energy's Economic Regulatory Administration (ERA) conducts analyses of smaller regions than does the National Electric Reliability Council. Electric Region 16, Indiana Region, consists of most of the generating plants in the State. The Economic Regulatory Administration analysis predicts that there will be an adequate supply of power for Indiana consumers in the 1980's; however, there are several factors that could reduce reserve margins within Indiana to critical levels. In the 1980's, summer reserve margins are projected to range from about 37 to 43 percent, and winter reserve margins from about 27 to 42 percent. However, these projections are based on potentially optimistic assumptions about scheduled operating dates for new plants. The Economic Regulatory Administration assumes that the Marble Hill I and II and Bailly nuclear units will come on line in October 1982, January 1984, and June 1987, respectively. Based on the most recent information reported by utilities to our office, these dates are December 1986, December 1987, and June 1989. Since the Marble Hill units are 23 percent and 10 percent completed and the Bailly unit is only 0.5 percent completed, the later dates are more probable. Shown below are the effects of the anticipated delays in nuclear plant operation on reserve margin.

INDIANA REGION RESERVE MARGINS (PERCENT)

	Summer		Winter	
	ERA estimate	ERA corrected for current nuclear schedules	ERA estimate	ERA corrected for current nuclear schedules
1981	20.9	20.9	25.4	25.4
1981	26.1	26.1	38.5	38.5
1983	38.3	29.0	42.4	34.0
1984	41.0	32.5	39.3	31.3
1985	42.7	26.5	34.7	19.6
1986	37.1	21.4	27.8	20.7
1987	37.1	29.6	30.9	30.9
1988	39.5	34.6	30.7	26.6
1989	38.3	38.3	27.5	27.5

In the period from 1983 through 1986, the expected delays in nuclear plant startup will reduce reserve margins by about 8 to 15 percentage points. This effect is most acute in 1985. The three Indiana nuclear plants will provide 2,520 MWe of generating capacity or about 14 percent of total capacity in 1989. In addition, 5,228 MWe of coal-fired capacity are scheduled for completion through 1989. By the summer of 1985, five new coal-fired plants with a combined capacity of 2,234 MWe are scheduled for operation. If just 600 MWe of that were delayed an extra year, the reserve margin would fall below 15 percent.

Schedule slippages for both nuclear and coal-fired plants are due to a number of factors; most significant are regulation and licensing problems, increased difficulty in raising capital, and reduced electric power growth rates. The nuclear projects could be accelerated if financial constraints were reduced and licensing procedures were streamlined.

Potential shortfalls in Indiana will presumably be made up by transfers from other utilities in the East Central Area Reliability Region as well as from utilities in other regions. For example, utilities in the National Electric Reliability Council region that contains Illinois have high winter reserve margins, whereas Indiana normally has its lowest reserve margin in winter. Hence, extra power should be available to Indiana utilities during the winter months.●

BURNED UP OVER SOLAR FRENCH FRIES

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. BEDELL. Mr. Speaker, I wish to call to my colleagues' attention the fact that a solar-power french fry factory is being dedicated in Boise, Idaho,

today. The plant belongs to Ore-Ida Foods, a subsidiary of the H. J. Heinz ketchup company, and the main source of power for cooking the potatoes is a solar collector system build by TRW, one of the largest manufacturing companies in the country.

TRW built the solar unit using existing technology. I talked with some of the company's people who have worked on the project, and they say it works wonderfully. One engineer described the project as being virtually foolproof.

On April 27, TRW took out a full page, color ad in Business Week magazine headlined, "Introducing: Solar French Fries." Now, I am told that the company is planning to commercially market its solar-powered french fry cooking technology.

Of course, I am delighted by this demonstration of the practical application of solar energy. By using sunlight instead of electricity or fuel oil to cook potatoes, the new Ore-Ida facility will be reducing our consumption of fossil fuels and helping to lead the way into a new era of energy independence. As a long-time proponent of alternative energy technologies, this pleases me greatly.

There is one aspect of this project that troubles me very much, though. That is the fact that the Department of Energy has just given TRW a 13-month contract to monitor and evaluate the performance of the solar heating unit at the new Ore-Ida plant. On July 1, Commerce Business Daily carried a notice of a $218,000 contract being awarded to TRW for this purpose.

That money, incidentally, comes on top of more than $1.5 million already paid to TRW by DOE to build the french fry cooker in the first place. What we have, then, is a subsidy to the H. J. Heinz Co., for the solar energy unit installed in their french fry factory and a subsidy to TRW for the development of data they would have had to generate anyway in order to market their product.

This would be troublesome of itself. But it really is a matter of adding insult to injury. For while DOE is busy doling out money to Fortune 500 companies like Heinz and TRW, it is canceling numerous research and development contracts with small businesses who are engaged in all sorts of promising new ventures such as wave turbine engines, solar photovoltaics, new internal combustion engine, and electric car technologies.

On April 27, the same day the "Introducing Solar French Fries" ad appeared in Business Week, Energy Secretary James B. Edwards wrote a letter to me, emphasizing the philosophy of concentration on long-term, high-risk, high-payoff technologies will be pursued throughout the Department.

This policy was restated just this past Tuesday, 2 weeks after the announcement of the $218,000 contract for TRW to watch H. J. Heinz cook french fries. N. Douglas Pewitt, Acting Director of the Office of Energy Research, testifying before the Senate Small Business Subcommittee on Innovation, stated:

* * * the Government will focus its support on long-term, high-risk research and development that industry cannot be expected to undertake. Industry will be expected to support demonstration of promising near-term technologies and to be responsible for their ultimate commercial deployment.

Mr. Speaker, I cannot for the life of me figure out how the funds being given to TRW to evaluate the performance of their solar-powered french fry cooker, which uses foolproof existing technology and which the company plans to mass market, can possibly be justified within that policy framework.

It seems to me that this new policy really is turning out to be little more than a smokescreen, used to hide the double standard being applied by those in charge of research at the Department of Energy. Sad to say, it appears relatively easy to get money from DOE if you are a multibillion-dollar corporation, but they seem to want to have nothing to do with small businesses who need the Government's help to develop new energy technologies.●

WHY COVER UP SOVIET TERRORISM?

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. DERWINSKI. Mr. Speaker, Allan C. Brownfeld, a widely respected columnist of the international scene, recently reported on the problem involving the Soviet's financial investment as well as professional intervention in international terrorism. His column, which appeared in the July 10, Washington Inquirer, centers around the lack of public knowledge on this issue and the refusal of the West to confront the Soviet network. His column follows:

[From the Washington Inquirer, July 10, 1981]

WHY COVER UP SOVIET TERRORISM?

(By Allan C. Brownfeld)

Throughout the Western world government officials have done their best to cover up the fact that the Soviet Union is financing international terrorism—training terrorists—and providing the connection which ties together such seemingly disparate groups as the Italian Red Brigades, the P.L.O., the Provisional Irish Republican Army, the ETA Basque separatists, the West German Baader-Meinhof group and a host of others.

On April 26, William Webster, the head of the F.B.I., was asked on "Meet The Press" whether there is "any evidence" that terrorism in the U.S. "is directed, influenced or financed by the Soviet Union or any of its satellite states." His answer: "I can say there is no real evidence of Soviet-sponsored terrorism within the U.S."

In her important book, the Terror Network (Holt Rhinehart Winston, 1981), Claire Sterling shows that this is far from the truth—either with regard to the U.S. or its Western allies. She reports not only about the massive support for terrorism provided by Moscow, but about the refusal of the very Western governments at which such terrorism is aimed to divulge the facts.

When she was interviewed about her book by a reporter from the Washington Post, rather than attempting to learn the story of the terror network, he tried to talk Mrs. Sterling out of telling the world her findings, lest such findings assist "the right wing."

General Jan Sejna of Czechoslovakia, who defected to the U.S., revealed proof that as early as 1964 the Soviet Union's Politburo had decided to increase spending in the field of terrorism abroad by one thousand per cent. Mrs. Sterling notes that, "The secret services of all Communist bloc countries were involved in recruiting spies and infiltrating the world's nascent left-wing terrorist movements; special guerrilla training schools had been set up in Czechoslovakia, East Germany and Cuba 'for selected terrorists from all over the world.' Two years later—in January, 1966—a Tricontinental Conference opened in Havana attended by 513 delegates representing eighty-three groups from the Third World. The like of it had never been seen since the Bolshevik Revolution of 1917, and the world would never be the same . . . It was . . . the beginning of a massive thrust against Western capitalism generally and the U.S. in particular, through the formation of a Guerrilla International. Ten months later, in fact, a whole new chain of training camps for guerrilla fighters on four continents . . . opened in Cuba under the supervision of Soviet KGB Col. Vadim Kotchergine."

It is not only foreign terrorists who have been involved in Soviet efforts, but Americans as well. Mrs. Sterling reports about the selection of 2,500 young Americans between 1969 and 1977 as members of the "Venceremos Brigades." She writes: "A smashing success for the DGI and KGB, the Brigades visited Cuba in ten contingents . . . The pace was set by the U.S. Weathermen, whose Bernardine Dohrn and Peter Clapp were invited to Havana midway through 1969 to meet a delegation from North Vietnam and the Viet Cong. Chicago's 'days of rage,' devoted to 'bringing the war home,' followed within weeks of their return to U.S. soil. The act of rioting was passed on to thousands of other American students through do-it-yourself publications like 'The Anarchists Cookbook.' Drive a large nail through a plank if no other lethal weapon is handy, advised the swinging manual, whose contents were copied word for word from lectures in Cuba's guerrillas classrooms."

What is perhaps most disturbing about Mrs. Sterling's book is not that the Soviets are deeply involved in financing terrorism and training terrorists—an approach wholly consistent with Marxism-Leninism—but that we in the West—the targets of that terrorism—have refused to identify Moscow as the responsible party.

Sadly, Claire Sterling declares, "Not a single Western government has confronted the Soviet Union with the incriminating evidence . . . None has ever dared to face the Palestinians with it. Both continue to thrive on their illicit gains. Crime pays."

As recently as 1978, she notes, the C.I.A. declared that Italy's Red Brigades had no foreign ties at all. In 1979, Dr. Gerhard von Lowenich, director for public security of West Germany's Interior Ministry, accepted South Yemen's declaration that it did not harbor terrorists—even though some of West Germany's most wanted terrorists were there—including Sieglinde Hofmann.

Is it part of the suicide wish of the West to refuse to confront the international terror network—financed and trained by Moscow—which is pledged to its destruction? Claire Sterling may not know all the answers—but she has surely asked the right questions.●

NMTBA SUPPORT FOR H.R. 1648, THE EXPORT TRADING COMPANY ACT

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. LaFALCE. Mr. Speaker, on July 8, Ambassador William E. Brock and Secretary Malcolm Baldridge presented the administration new Statement on U.S. Trade Policy to a joint oversight hearing of the Senate Committee on Finance and the Senate Committee on Banking, Housing and Urban Affairs. Within that comprehensive document was an important passage.

The administration will support remedial legislation where it is necessary. In this regard, the administration supports the basic objectives of the export trading company bill currently before the Congress.

I am pleased by the administration's support for this important export promotion bill and by the fact that a broad bipartisan coalition backs this export initiative. As the sponsor of H.R. 1648, the Export Trading Company Act, I believe that the Congress must take forceful steps to help increase U.S. exports and lessen our wide trade deficit. Without those forceful steps, little progress can be expected on the international trade front.

The administration's support for H.R. 1648 perhaps reflects both its commitment to increased exports and the wide support this bill is receiving from many business groups. Supporters include Scientific Apparatus Makers Association, Mining and Reclamation Council of America, Emergency Committee for American Trade and Electronic Industries Association.

On July 8, I received a letter from Mr. James A. Gray, president of the National Machine Tool Builders Association (NMTBA). I believe that Mr. Gray's letter contains a penetrating and persuasive analysis concerning the need for congressional action on H.R. 1648, and I therefore want to share Mr. Gray's letter with all of my colleagues; and I hope that we can all join together in support of this export promotion bill for small- and medium-sized companies.

The letter follows:

NATIONAL MACHINE TOOL BUILDERS' ASSOCIATION,
McLean, Va., July 8, 1981.

Hon. JOHN J. LaFALCE,
Rayburn House Office Building,
Washington, D.C.

DEAR CONGRESSMAN LaFALCE: On behalf of myself, the National Machine Tool Builders' Association (NMTBA), and the American machine tool industry which we represent, I want to take this opportunity to once again commend you for your insightful leadership in the area of export trade and to reaffirm NMTBA's support for your legislation, H.R. 1648, which would significantly enhance the ability of American firms to work together in joint export trade ventures.

I am, of course, aware that H.R. 1648 is not without its critics. As I understand these criticisms, they tend to fall into two general categories; those concerning the involvement of banks and other financial institutions in such groups, and those relating to the relationship of export trading companies to the antitrust laws of the United States. Although we have addressed many of these issues in detailed formal Congressional testimony, allow me to briefly summarize our position and reaffirm our support for this important legislation.

With regard to the antitrust issues, we believe that a major factor in promoting free and fair foreign trade is for all international commercial competitors to play by approximately the same rules. In this regard, we have often stated our concern that American exporters may be severely handicapped in the international arena by the uncertainty engendered by the confused and confusing state of U.S. antitrust law. We are, therefore, very gratified by the provisions of Title II of H.R. 1648 which provide for an export trade antitrust exemption certification procedure. Although we understand the views of some of the House Judiciary Committee staff with regard to this matter, we, nevertheless, continue to believe that Title II's certification procedure will be the most effective way of alleviating the current export-inhibiting uncertainty American firms face in this area. Moreover, in our view the provisions of H.R. 1648 are not exclusive of, nor are they inconsistent with what we regard as potentially helpful modifications of the Sherman and Clayton Acts proposed by Chairman Rodino's bill H.R. 2326.

Finally, with regard to the issue of which governmental agency should be charged with responsibility for administering export trading company antitrust exemptions, we strongly reject the suggestion that a compromise be achieved by substituting a weaker antitrust advisory procedure to be controlled by the Justice Department for what we have already stated to be the much more effective Title II Provisions of H.R. 1648 to be administered by the Department of Commerce. We have difficulty in seeing the wisdom of assigning the program of export antitrust exemption certification, which has as its fundamental purpose the fostering of joint export ventures, to the Justice Department, which has an inherent tendency to resist such activities.

Simply stated, we believe that the Department of Commerce, in consultation with the Justice Department, is the more appropriate place for the development of programs to enhance U.S. international trade performance, which is, after all, the basis for export trading company legislation. Moreover, it is our understanding that the Justice Department itself has publicly stated that it agrees with this position and does not want responsibility for administration of such a certification procedure.

As we have stated, by restructuring the contours of export trading company activities, this legislation will provide the vehicle for increased export activity. However, the active and integral involvement of banks and other financial institutions in export trading companies is the absolutely essential element needed to power this vehicle. We believe that these two elements working together are the necessary and sufficient requirements of an effective export trading company bill.

In response to those who have expressed concern regarding the involvement of banks in commercial endeavors, we would point out that Title I of H.R. 1648 contains numerous provisions, including supervision by U.S. Government banking regulatory agencies, which are specifically designed to safeguard the financial integrity of ETC participating banks and the commercial competitiveness of non-bank owned ETCs.

We are realistic enough to know that export trading company legislation alone is not a panacea for all of America's foreign trade difficulties. However, we do believe that ETSs can be of significant assistance in making American goods and services internationally competitive once again. As we have repeatedly emphasized, and we know you appreciate, export trade is no longer an expendable luxury, but rather is a vitally important component of a healthy U.S. economy. Therefore, it is imperative that we do all that we can to encourage exports, and that includes swift enactment of effective export trading company legislation.

Again, many thanks for your sponsorship of H.R. 1648. You have our best wishes and continued support for your efforts on behalf of this extremely important goal.

Sincerely,

JAMES A. GRAY,
President.●

SOCIAL SECURITY CUTS WOULD CAUSE HARDSHIP AND DESPAIR

HON. DOUGLAS APPLEGATE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. APPLEGATE. Mr. Speaker, the Reagan administration is playing a cruel hoax on America's retirees and those who plan to retire in the next few years by describing the whole social security program as bankrupt, which it is not. The administration is overstating the financial threat to the social security system in order to stampede Congress and the American people into accepting benefit cuts so that more money will be available to keep a 1980 campaign promise by the President to balance the budget.

Many people familiar with the management of the social security system agree that part of the system is experiencing a short-term financing problem. For example, there are three main segments that comprise the social security system, all referred to as trust funds, that receive their funds from payroll taxes paid by employers and employees. The funds include the old age and survivors insurance program (OASI) which is for the general purpose of retirement of workers and/or their dependents and which is a cash benefit based on earnings; the disability insurance program (DI) which pays benefits to disabled workers and their dependents; and hospital insurance (HI) which pays hospital bills under the medicare program. Only the general retirement benefits, OASI, are insolvent and need to be addressed immediately. The other two funds are solvent in the short term but could experience problems by the turn of the century.

There is no doubt that certain changes must be made in the social security system to maintain its solvency in the future, but it is senseless to conduct major reconstructive surgery to solve both the short- and long-term problems now when only fine tuning is needed to take care of all the short-term problems, and then see how the economy progresses to determine what other changes might be needed later. If the economy turns around as the President predicts it will, and major increases in employment take place, there should be no need to tamper with the long-range problems, as they will work themselves out. We need only deal at the current time with the more immediate problems of the retirement trust fund and do so in a manner that will not jeopardize the benefits of those currently in retirement or those planning to retire in the next few years. This can be done with relatively minor changes.

The President is trying to convince everybody that the social security system will be bankrupt by the end of 1982 by using the very worst and most pessimistic economic assumptions and forecasts, but when the subject of his budget comes up, he brings out a second set of books and uses the very best and most optimistic economic forecasts to justify that it will work. I believe we must deal from one set of books so everyone is in tune with what is actually happening.

Among the President's proposals is one to discourage early retirement. Under his plan, those workers who retire early at age 62, would be eligible for only 55 percent of their benefits, rather than 80 percent as is the law. Further, it would take effect immediately, rather than be phased in.

The President does not seem to realize that most people who elect early retirement do so for health reasons or because they have lost their jobs, not because they simply do not want to work. For a person who is ill in some way but is not disabled, having to work in a steel mill, a coal mine, or other basic industries from ages 62 through 65 is very difficult. But under the President's plan, these people will be forced to put in these extra years because they will not be able to afford to retire on just 55 percent of their entitled benefits.

The President also proposed and the House of Representatives passed a provision eliminating the minimum payment level that a retired person can now receive. This would begin immediately for those now receiving benefits.

To advocate these reductions is just another example of flagrant disregard for the low-income retirees as the social security system does not differentiate between persons who have worked at low-income jobs throughout their lives and who therefore collect the minimum payment and those who have multiple pension. This is one reason why I voted against the bill in which those cuts were included.

Among other changes, the Reagan plan would change the eligibility requirements to collect social security disability. It would require workers to show that the disability would prevent them from working 2 years rather than 1 year as is now the law. This would financially damage persons whose disability is expected to last less than 2 years, for example, 18 months, because they would have to support themselves during the entire time they are disabled and unable to work.

In addition, the Reagan plan increases the working period for benefits from 5 to 6 months and limits eligibility for disability to persons who have been in the workforce for 30 out of the previous 40 calendar quarters, rather than 20 out of the previous 40 calendar quarters as is currently the law.

The President is wrong to think that Americans want their social security benefits cut to help him balance the budget, which is exactly what he is attempting to do. Social security benefits can hardly be regarded as excessive with benefits averaging $342.29 per month for a retired worker and $311.46 per month for an elderly widow. This does not by itself constitute a decent standard of living and a cut of Mr. Reagan's magnitude, which is exactly what he is pushing, would create hardship and despair for millions for which social security is their only income.●

WINNER OF KNXT FIRST AMENDMENT ESSAY

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. HAWKINS. Mr. Speaker, KNXT—Channel 2, a CBS television affiliate in Los Angeles, recently sponsored an essay contest on public support of the first amendment. High school seniors from 32 southern California schools participated in the competition. Ms. Kathy Olmsted, daughter of Mr. and Mrs. Al Olmsted, of San Bernardino emerged as the first-place winner in the contest by responding to the question: "Is public support of the First Amendment stronger or weaker than it was 50 years ago? Why?"

I wish to congratulate Kathy for her first-place triumph and commend KNXT for sponsoring such an excellent community affairs program. Mr. Speaker, I am pleased to submit for the record Ms. Olmsted's winning essay on the first amendment.

FIRST AMENDMENT ESSAY BY KATHY OLMSTED

In recent years, there has been a notable resurgence of conservatism among American citizens. The present mood has increased the strength and visibility of groups like the Moral Majority and led to a weakening of public support for the unrestricted exercise of First Amendment freedoms. This populist sentiment in favor of curbing individual liberties is in direct contrast to the mood of fifty years ago. The increasingly liberal rulings of the Supreme Court during the 1930's paved the way for the virtual elimination of restraints on the freedoms of speech, religion, assembly, petition and the press over the next forty years. However, the present political climate could indicate the imposition of more limitations on civil liberties if public support of First Amendment freedoms continues to wane.

The First Amendment provides that Congress shall make no law "abridging . . . the right of the people peaceably to assemble, and to petition the Government for a redress of grievances." In 1876, the Supreme Court narrowly interpreted this passage to mean citizens could only assemble if their purpose was to petition the government. In 1937, however, the Court liberated freedom of assembly from its dependence on freedom of petition and held it to be a fundamental right in a democratic society.

But there are still problems in allowing all groups to publicly assemble. Public opinion seems to be strengthening against indiscriminately permitting groups like the Ku Klux Klan and the National Socialist Party of America to stage demonstrations and parades. In June of 1978 the American Civil Liberties Union lost many of its supporters when it defended the Nazi Party's right to hold a march. The attention called to this activity brought a national outcry against extending the right of assembly to extremist groups.

Public support of freedom of the press has also gone full cycle over the last fifty years. In 1931, the Supreme Court declared censorship to be unconstitutional by invalidating a Minnesota newpaper "rag" law. But in the

last decade, censorship has again been on the rise. Efforts to ban books from school systems and public libraries doubled in number over the first five years of the 1970's. Most banning attempts sprang from a populist, vigilante spirit to insure morality in literature, but often resulted in the banishment of classic works. Novels and plays judged too obscene, seditious, or blasphemous to allow in classrooms included such literate fare as "The Grapes of Wrath," "Catcher in the Rye," and "The Merchant of Venice." The extent of the popular support for these censorial efforts is evidenced by the more than two hundred state and local groups organized to "clean-up" the libraries.

The concept of the freedom of religion aroused very little controversy in 1930, but the issues of school prayer, private school tax credits and financial malfeasance are now bringing the idea into the political arena. An increasing number of Americans seem to be in favor of tightening the state controls on churches in order to deal with fiscal mismanagement and lessen the influence of religious cults.

The decade of the 1930's witnessed a number of advancements in the area of legal guarantees for free speech. The nation has recovered from the Communist scare of the early 1920's and was not yet encumbered with concerns about wartime security. The Supreme Court under Chief Justice Charles Evans Hughes made a number of strides toward extending the rights of unrestricted speech to all citizens.

But recently public sentiment has swung in favor of eliminating the abuses of free speech inevitable in a democratic society. Carol Burnett's suit against the National Enquirer established that the press cannot always hide behind First Amendment protections, organizations like the Moral Majority are challenging the nation's pornography laws, and the Pentagon Papers raised questions about how far free speech can go before it conflicts with national security interests.

The nation has changed much over the last fifty years. The 1930's were a time for putting democratic ideals into practice, while the 1980's seem to be a time for reacting to too much freedom too fast. Distrust of the media, the courts and Congress has contributed to a general consensus among the populace that the First Amendment goes too far in guaranteeing freedom of the press, speech, religion, petition and assembly to everyone. But the freedoms enumerated in the First Amendment have endured the fluctuation of public support for over two hundred years and their flexibility seems to promise them at least two hundred more.●

MORE POWER TO VIOLATE RIGHTS—REPEALING THE PRIVACY ACT

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. PAUL. Mr. Speaker, yesterday the House unwisely defeated an amendment to the Department of Defense authorization bill that would have deleted a section which makes major exceptions to the Privacy Act. Attendence at the first Gold Commission meeting precluded my participation in the debate, to my disappointment.

Conservatives in particular should hear the alarms going off, for they have rightly decried the growing power of the welfare state to regulate and intrude into every aspect of our lives.

In pursuit of peacetime registration for the draft—which I oppose, as does President Reagan—this House has shown a willingness to grant to the Federal Government new powers to further intrude into the lives of millions of Americans.

Under title IX, section 902 of this legislation, the Selective Service System is given the right to demand any type of identification from registrants for the draft, including their social security numbers. Failure to provide this information would make the individual liable for prosecution for a felony, with conviction carrying a maximum of 5 years imprisonment. Thus, every male American must apply for a social security number at age 18.

In addition, the President is given the authority to require the Secretary of Health and Human Services to give the Selective Service information about all individuals from the master computer files of the Social Security Administration, includling names, addresses, and numbers.

It was not too long ago that all social security cards bore the legend, "Not to be used for identification purposes." However, since the Federal Government, and private firms following its lead, have made the giving of social security numbers mandatory for so many purposes, this phrase has been deleted. Social security numbers are now in effect mandatory, universal identification numbers for all Americans.

Finally, the Department of Defense will be given the names and addresses of all registrants to use for recruiting purposes. What pressure—subtle or not so subtle—will the DOD be allowed to use in its mailings and phone calls to new registrants. The implied threat could be made that if one doesn't sign up now, a young man could be liable for a peacetime draft in the not too distant future. I very much support the All-Volunteer Army, which is in the best tradition of the liberal republican Constitution of the United States. But, recruiting "volunteers" with implied threats is contrary to our political principles.

Are these major exceptions to the Privacy Act even necessary for registration? Director of the Selective Service Bernard Rostker stated last September 4 that:

> The very great majority registered as required. We expect the numbers to increase and we are not unhappy with it.

And, indeed, without mandatory information that this bill would require, the numbers have increased.

In fact, social security numbers were only first used at all for registration in October 1, 1972. We managed to conduct the registration and drafting of millions of men in World War II, the Korean war, and most of the Vietnam war, without the use of social security numbers.

The President has publicly, and repeatedly, stated his opposition to registration for a peacetime draft. The administration never requested the new authority given by this bill and does not favor it.

We might also ask, why is registration needed at all, if the Selective Service is to be given the records of the IRS and the Social Security Administration?

Since, through this legislation, we are going to require every American male to obtain a social security number at age 18 for registration purposes, why bother with a separate postcard registration? Why not simply institute a universal identification number for every American, as many have proposed?

In making these preparations for a return to the peacetime draft, we should recognize that we cannot violate some rights of some individuals without gradually erecting a panoply of measures that will end in restricting all the liberties of all Americans. Once we have accepted the principle that the lives of individuals belong to the state, to be disposed of as it wills, then we will see the violation of other civil and economic rights as well.

Everyone who is concerned about economic freedom should recognize that without a consistent defense of individual rights against the power of the state, we shall lose all our freedom—at which time, the defense of the United States will become a moot question.●

SERIOUS PROBLEM OF IMPORTED CANADIAN POTATOES

HON. DAVID F. EMERY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. EMERY. Mr. Speaker, today I am pleased to cosponsor a companion resolution to Senate Resolution 177, introduced by the distinguished senior Senator from Maine, Mr. COHEN. The resolution urges the administration to address the serious problem of Canadian potatoes imported by the United States and requests the President to act under the authority of section 204 of the Agriculture Act of 1956 to negotiate with representatives of foreign governments to obtain agreements

limiting the import of agricultural commodities into the United States.

For the past several years the Maine potato farmers have attempted to make various agencies and administration officials aware of the impact Canadian export policies are having on our valuable potato industry, but little attention has been paid to these concerns. Since 1979, when frustrated Maine potato farmers attempted to blockade the United States-Canadian border in protest of Canadian dumping practices, the flooding of U.S. markets with Canadian potatoes has more than doubled. Direct Government subsidization of the Canadian potato industry is extensive and occurs in four categories on the Federal level and in seven separate categories on the provincial level. Potato farm acreage in Prince Edward Island has increased by 4,000 acres and in New Brunswick by 1,000 acres this year while Maine's acreage has decreased. The Canadian Government has recently targeted $3 million to promote their potato exports aimed at U.S. markets. Existing quotas on imports from Canada will be eliminated entirely in 1987, thus leaving the potato industry open to further damage from increased Canadian shipments.

Mr. Speaker, the U.S. potato industry is being increasingly challenged by the impact of these activities, and while I certainly favor the concept of free trade, it is becoming obvious that the trade situation in which potato producers currently find themselves is actually unfair.

Available administrative remedies are costly and time-consuming, and swift relief measures such as those provided under section 22 of the Agricultural Adjustment Act do not apply to potato growers who receive no subsidy through price supports or other means.

The fall potato harvest is rapidly approaching, and it may prove disastrous for many U.S. potato farmers if subsidized Canadian imports again flood our traditional markets, especially those in Boston, New York City, and Washington, D.C. This applies not only to Maine producers, but also to farmers in New York, Pennsylvania, Ohio, Idaho, Colorado, Minnesota, North Dakota, Delaware, and other States, where the impact of Canadian exports are now being felt. The problem is one whose resolution is in our national interest. No domestic industry should have to face the inequities in trade and marketing which now confront the U.S. potato industry, and I hope the introduction of this resolution will allow the small voice of the perishable fruits and vegetables industry to be heard.

The potato farmers in America are understandably frustrated with perceived bureaucratic inaction, and the purpose of this resolution is to bring attention to the need for positive action now. I urge the President to address our concerns in discussions with our Canadian neighbors in the hopes that the present trade inequities can be resolved.●

H.R. 3909: THE JUDICIAL SURVIVORS' ANNUITY REFORM ACT OF 1981

HON. HAROLD S. SAWYER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. SAWYER. Mr. Speaker, on June 11, I introduced a bill designed to reform and improve the present shortcomings in annuity benefits for the surviving spouses and children of Federal judges and justices. Senator DANIEL P. MOYNIHAN, my distinguished colleague from New York, has introduced the same bill, S. 1403, in the Senate.

In 1956, the Congress passed legislation designed to establish a system whereby Federal court members would contribute 3 percent of their salary—that percentage being matched by the Government—to a fund which would provide annual benefit payments to their eligible survivors. Unfortunately, the original formula for funding the annuity program was not thoroughly analyzed in 1956 and subsequently proved to be actuarially unsound. Similar to the current situation in the social security program, too few people were contributing too little money while at the same time, too many survivors were claiming too much of annuity's dwindling funds.

In 1976, Congress acted to make the judicial survivors' annuity program sound. A new computation formula was applied which expanded the benefits and increased the judge's contribution to 4.5 percent of their salaries and which yielded an actuarially correct result.

In 1976 legislation, found at title 28 of the United States Code, section 376, was predicated on the idea that judicial salaries would receive periodic increases, called comparability adjustments, in accordance with increases in the cost of living. These increases were in fact mandated by the Executive Salary Cost of Living Adjustment Act, Public Law 94-82, title 2, section 205, 89 Stat. 422, signed on August 9, 1975. Since 1975, however, Congress has acted to suspend these comparability adjustments—as is illustrated in the note at title 5, United States Code, section 5318—for various Federal employees including justices and judges.

In other words, not only has inflation undermined the economy generally, but judicial salaries have not even begun to keep up by means of regular periodic increases. Records from the Bureau of Labor Statistics indicate that between 1969 and 1980, judicial salaries have suffered at least a 30-percent loss of purchasing power. As an example, although a U.S. district court judge's salary rose from $40,000 in 1969 to $67,100 in 1980, the erosion of the value of the dollar made that 1980 salary—after paying approximately $18,000 in Federal income tax—worth only $21,482 in 1969 dollars.

This loss of purchasing power has correspondingly weakened the value of the judicial survivors' annuity program. Although the program is actuarially sound, the benefits it provides, especially to the surviving families of judges who have served less than 10 years on the bench, are very low and grow worse as salaries fall behind the inflation rate.

For several years, members of the Federal judiciary have expressed grave concern over the weakness of the annuity plan. On numerous occasions, qualified members of the private bar have turned down appointment to the Federal courts. Even more alarming, several current members of the Federal bench have threatened to resign—and one prominent judge has in fact done so—over the issue of inadequate salaries and benefits. The serious consequences of this problem cannot be overstated: A failure to attract the best, most competent men and women to the judiciary will not only result in a lower quality of judges, it will result in a lower quality of justice.

While I have the data available, I would like to try to briefly explain the benefits of H.R. 3909 without going into complicated mathematical computations here. Simply put, the bill is designed to increase annuity benefits to surviving spouses and children by changing the annuity's computation formula and by requiring the judges and the Government to make higher contributions. More specifically, the bill will amend the 1976 action the following major ways:

First. It will establish a floor of 30 percent of a judge's salary as a minimum survivor annuity benefit after the judge has 18 months of creditable service.

Second. It will establish a ceiling on benefits of 55 percent of the judge's salary—as opposed to the current 40 percent—if the judge serves 36 or more years of creditable service.

Third. It will substantially raise the amount of benefits to children if there is a surviving spouse, and especially if there is no surviving spouse.

Fourth. It will change the annuity's standard multiplication factor from 1.25 percent to 1.5 percent.

Fifth. Of necessity, it will require higher contribution rates by both the judges and the Government. As drafted, the bill requires the judges to contribute 5.5 percent of their salary to

the program. To preserve the actuarial soundness of the annuity, according to a careful economic study, the total annual contribution rate must be 13.16 percent. Therefore, the Government must make a joint contribution of 7.66 percent annually.

Despite the increased benefits, the judicial survivors' annuity program will be financially successful if the proper computation and contribution formula is followed. The resulting increases are arrived at equitably as well: In order for judges to provide more coverage for their families later, they must contribute more now. The ratio of Government to judicial contributions of 1.4 to 1.0 is conservative by comparison to some Government benefit programs. This ratio will lead to an annual increased cost to the Government of $1.9 million.

If Congress acts to make these reforms in the program, it will not only keep the program economically stable, it will also eliminate the need for repeatedly requiring new legislative adjustments for the program in the future. In addition, passage of the bill will greatly enhance the ability of the Federal bench to attract and retain excellent justices and judges. I hope my colleagues will join me in supporting this important piece of legislation.●

CAPTIVE NATIONS WEEK

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. PHILIP M. CRANE. Mr. Speaker, this week marks the 23d observance of Captive Nations Week. As always, the week gives us the opportunity to reflect on both the elusiveness and essentiality of freedom. Too often, we Americans take for granted the rights and privileges which our forefathers fought so hard to obtain. Freedom did not come easily, even in America. Yet, from the blood and sweat of our forefathers came our independence. Today we enjoy the rights described by the immortal words of Thomas Jefferson:

* * * that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness.

Unfortunately, the people of the captive nations cannot feel so blessed. They cannot enjoy the liberty that we have come to expect. Freedom of religion, freedom of speech, and the right of self-determination are all denied the people of captive nations. Their lives are crushed by tryanny, subjugation, and repression.

During our lifetime, the shadow of Soviet oppression has spread across the globe. The end of WW II witnessed the occupation of free Latvia, Lithuania, and Estonia. Almost 40 years after the war's end, those countries still have not been freed. Instead, other countries have been added to their ranks. Even today Soviet interventionism threatens the freedom forces at work in the captive nation of Poland. Meanwhile, the heroic patriots of Afghanistan continue their struggle against Russian domination.

The liberties that we Americans possess are accompanied by an obligation to perpetuate liberty. The United States stands as a symbol of freedom, a beacon of light for people struggling under the yoke of oppression throughout the world. We must use our influence in every way we can to support those suffering in totalitarian societies. We must reaffirm our commitment to freedom for all peoples, and publically condemn human rights violations against the people in captive nations. We must let the world know that we will work tirelessly on behalf of human rights everywhere. Failure to fight for freedom throughout the world can only cheapen the freedom that we enjoy in America.●

IN TRIBUTE TO HARRY CHAPIN WHO KNEW HOW TO SEE ALL THE COLORS IN THE RAINBOW

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. LANTOS. Mr. Speaker, yesterday, at the height of his career, the life of Harry Chapin, folk-rock composer and performer, was ended in a tragic traffic accident.

Harry Chapin gave generously of himself to others and dedicated himself to humane causes. He was seen frequently on Capitol Hill lobbying for those causes, especially for the relief of world hunger.

In a recent meeting with the Arts Caucus Executive Board he urged us to exert our efforts to maintaining the arts in education. His own ballad, "Flowers are Red," tell the story of a young child whose artistic creativity is destroyed by an authoritarian school system. The child, who saw the full spectrum of colors in the rainbow, was taught rigidly to color leaves only green and flowers only red.

"We must not let this happen in our schools," Chapin warned. "Americans are—and should always remain—people who see all the colors of the rainbow."

With the sudden death of Harry Chapin, his wife and five children are left without a loving husband and father. I wish to extend to them our deepest sympathy.

The arts world has lost a strong advocate as well as a talented performer, and to the wider world is lost the promise and gift of this young philosopher-troubadour.

I would like to share with my colleagues the article by Tony Kornheiser which appeared in today's Washington Post in appreciation for the life of Harry Chapin:

HARRY CHAPIN'S RICHES

THE TROUBADOUR WHO LAUGHED AT FAME AND GAVE AWAY HIS FORTUNE

(By Tony Kornheiser)

They called Harry Chapin a troubadour, but he was more of a novelist. He wrote short, poignant, biographical novels and set them to music. Novels about taxi drivers who have chance encounters with their first loves and choose not to go home again. Novels about fathers and children who start out not getting close to each other and end up not even getting next to each other. Novels about lovers who get swept away in the heat of the moment. Novels about snipers and disc jockeys and heroic true believers who never lose touch with who they are.

And yesterday, when Harry Chapin died in a car wreck, he left behind the sort of novel that he wrote about so well. A man whose life ended abruptly in the middle. Between the search and the goal. Between the promise and the gift. Not yet there, but on the way.

He'd be giving a concert, and he'd sit on a stool, his guitar resting on his right knee, and he'd joke with the audience about the kind of songs he'd written. He knew that most of the critics thought he was a lightweight, and while that judgment offended him, it never discouraged him. He thought it hilarious that one rock performer was reviewed this way: "He was a rich man's Harry Chapin." Harry would laugh and say, "Look at where they've got me. They've got me as a standard for comparison. If anyone is lower than me, he has to be at the very bottom of the ocean." He'd even use his standing with the critics in his act. He'd blush and tell the audience that when he was younger he had the nickname "Gapin' Chapin." And he'd call himself "a third-rate rock star." And then he'd turn up his energy higher, much higher than his amps, and sing his songs. "Taxi." "Cat's in the Cradle." "I Wanna Sing You a Love Song." "Sniper." "W.O.L.D." And in his own way, for his special audience, he was every bit as popular and loved, and even worshipped like a Bruce Springsteen.

Harry Chapin could have been a millionaire.

Harry Chapin maybe should have been a millionaire.

But every year at least half of his concerts were free, either for charity or as a benefit.

He put his money where his mouth was.

I met Harry while doing a profile on him in 1976, a profile in which I accused him of not so much being a singer-songwriter as being a moralist. I believe the term I used was that he sang a course in Morality 101. He liked that. He laughed very loudly at that.

He had a great and rich and good laugh.

The last time I saw Harry, he gave a concert at Constitution Hall. It was a typical Chapin concert in that his energy was high, and the only reason he stopped singing was because he was told that if he stayed on stage even another minute they were going to have to put the help on overtime. Harry already had gone on for almost three hours and it was closing in on midnight.

And after it was over, Harry went out into the lobby for a typical Chapin post-concert session. And there he would sell Harry Chapin albums and Harry Chapin T-shirts and Harry Chapin song books. And on each one he would sign his typical Chapin message: "Keep The Change, Harry Chapin."

What was so impressive about what Chapin did wasn't so much that he signed every last thing that was thrust at him—even for people who hadn't bought a thing—but that every penny he took in from these sales didn't go into Harry Chapin's pocket, but toward charity, specifically toward ending world hunger.

Later that night Harry and I and another reporter took a taxi (what else?) over to the American Café on Capitol Hill and set around for a few hours solving all the world's problems. I knew how hard he worked for the cause of preventing world hunger, so of course I razzed him about ordering a big, thick sandwich. And he came back at me the way he always did, by saying, "Look, I'm not asking you to starve; I'm simply asking you to try and spread the word that we grow enough food each year to feed the world easily. You've got access to a great newspaper here. For God's sake, use it."

And then we talked about the congressmen he'd seen recently, and how his lobbying effort was going, and how many charities and causes he was pushing. As ever, he was all high energy and optimism. I thought then and I think now that Harry Chapin was a worthy man. That he was a liberal in the very best, philosophical sense of the word. It wasn't welfare he was talking about, it was decency. He used the phrase "enlightened self-interest." He said it made good sense to redistribute the food. Not because it was the noble thing to do, but because if you removed hunger and desperation you would remove a major cause of crime and violence. If there is such a thing as a practical liberal, Harry Chapin was that.

And when we were all talked out about saving the world, we drank a few more beers and talked about Long Island, where we both were from, and remembered the afternoon we played touch football on his lawn, right next to Long Island Sound, and I insisted I was a better quarterback than him, and he insisted he was a better end than me. And laughed some more, his rich laugh filling the now empty restaurant, and just like on stage he was the last to leave, because if they didn't throw him out they'd have to pay the help overtime.

That night, a sleeting, crummy winter night, I remember him telling me that it was about time I stopped fooling around writing about celebrities and started writing about the people who really controlled the world.

I remember me telling him that it was about time he stopped trying to save the world and started selling out so he could become a rock star.

And I remember exactly what he said about that. He said, "Being a rock star is pointless. It's garbage. It's the most self-indulgent thing I can think of. I've got nothing against selling out. But let me sell out for something that counts. Not so Harry Chapin can be No. 1 with a bullet, but so I can leave here thinking I mattered." ●

THE GREATEST EVIL

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1981

● Mr. DORNAN of California. Mr. Speaker, tragedy, disaster, and death are commonly written in the pages of man's history. It can be said though, that the ultimate evil man has used against man is the systematic and planned destruction of a racial, political, or cultural group: genocide. Scarcely more than two generations ago, near total genocide was committed upon the Armenian people. Although 250,000 Armenians were conscripted in the Ottoman armies in 1914 this demonstration of loyalty was not enough to satisfy the Ottoman Empire. Turkish rulers felt the Armenians to be a "fifth column."

In 1915 the systematic genocide against the Armenian people was accomplished by starvation, beatings, and machinegun executions. Women and children were dealt a different method of death—they were forced to walk in convoys to the burning deserts of Northern Syria. Few survived; other were hurled down gorges. Although it is not known exactly how many Armenians were murdered, the estimate is 1,500,000.

In the 1939 invason of Poland, Adolf Hitler ordered his troops to behave as the Ottoman Turks had done in 1915. He told his death units to exterminate, without mercy or pity, men, women, and children: "After all, who today remembers the exterminations of the Armenians?"

Today, we of conscience refuse to let the memory of the genocide of Armenians wither or fade. We remember the 1,500,000 Armenians murdered 66 years ago.●

HARRY CHAPIN

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. DASCHLE. Mr. Speaker, I would like to join with others in this country and around the world in tribute to Harry Chapin, who was tragically taken from us yesterday.

We all know of the tremendous number of benefit concerts Harry gave, but just as important as the money raised by these concerts in the campaign to end world hunger was the enormous role Harry played in educating and activating people to the issue of hunger. Both on a personal level and in concerts, Harry's warmth, intelligence, energy, and commitment were obvious. He became a familiar sight to Congressmen, Senators, and Capitol Hill staff in the last several years as he worked for legislation aimed at feeding the world's hungry and at addressing the root causes of hunger and poverty. In fact, Harry was scheduled to testify next week before the House Agriculture Committee at our hearings on hunger.

While Harry was very emotional, and rightly so, about the millions of malnourished and starving people in the world, he also saw clearly that simply sending food overseas was not the answer to ending hunger. There has been for too long a well-intentioned knee jerk belief in this country that if we just send enough food to poor nations it will end, or at least alleviate, hunger. This is not true, of course, and Harry Chapin was a leader in trying to get people to understand that while food aid is essential in emergency and short-term situations, the real problem is one of structural and political situations which cause poverty, which cause people to not have access to food, which cause people to go hungry.

As one of the Commissioners on the Presidential Commission on World Hunger, Harry and several other Commissioners objected to the final report issued by that Commission, saying that the report did not get at the real causes of hunger; that is, the root causes of poverty. I admired him for his stance on this report and also for carrying out one of the recommendations that the report did make—that of educating people about world hunger.

I am very saddened by Harry's death, and only hope that all people who were inspired by his commitment to ending world hunger will continue his work—it is the most fitting memorial for our friend, Harry Chapin.●

HARRY CHAPIN

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. BONKER. Mr. Speaker, in a prayer delivered at the United Nations on Flag Day, June 14, 1942, President Franklin D. Roosevelt said:

> Our earth is but a small star in the great universe. Yet of it we can make, if we choose, a planet unvexed by war, untroubled by hunger or fear, undivided by senseless distinctions of race, color, or theory.

There was one man who lived his whole life in the spirit of that prayer. Harry Chapin truly believed that this star we call Earth, could indeed be "unvexed by war, untroubled by hunger * * *." And his joy and faith and optimism were reflected in songs.

Harry Chapin dedicated his talent, his fame, and his boundless energy to his dream of a world where no child

went to bed hungry, and no parent begged in the streets.

I was privileged to know Harry and share in his work and I know his dream lives on in the thousands of people he inspired to take up his work on behalf of the wretched and hungry of the earth.

Harry liked to end his concerts by singing, with the audience, the song: "Let the Circle be Unbroken." As long as people believe in Harry's dream, that circle remains unbroken.●

NEW STRATEGIES FOR THE CHANGING TIMES: A SALUTE TO THE NATIONAL URBAN LEAGUE'S 71ST ANNUAL CONVENTION

HON. RON WYDEN
OF OREGON
IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. WYDEN. Mr. Chairman, I want to take this opportunity to welcome National Urban League President Vernon E. Jordan, Portland Urban League Executive Director Freddye Petett and other delegates from my district and across the country to Washington for their 71st annual national convention July 19 through the 22.

I also want to take this opportunity to make my colleagues aware of the grave problems faced by black communities across the country. It is a condition that will require new responses from the Federal Government and a new strategy to overcome these problems in this decade.

In order that my colleagues and the Reagan administration be apprised of the current state of black America, I have excerpted sections of the Urban League's State of Black America: 1981 report.

I have excerpted those sections dealing with black youth unemployment as well as sections dealing with black business development and community development, because I believe these best exemplify the critical needs within the black community.

The section on black youth unemployment is particularly timely because it has direct parallels to what is the root cause of rioting and vandalism occurring among black, white, and Asian youths in Britain—youth unemployment.

The Reagan economic revitalization plan, unfortunately, has the same potential result.

One sees through the execution of a hastily written budget document Federal outlays that will lead to the unemployment of millions of Americans. This policy will be combined with a tight monetary policy, producing and sustaining artificially high interest rates, hurting small and disadvantaged businesses and contradicting the Reagan administration's business expansion policy.

As the conference committees draft the final version of the budget for fiscal 1982, I urge them to develop a budget that recognizes that we must invest in America's future by investing adequate Federal resources to educate, train, and provide meaningful private sector employment opportunities for young black Americans and all American youth.

I would also encourage conference committee members to review the excerpts from the Urban League's section on black youth to understand the depth of the problem we in Congress must deal with in providing these needed training and employment opportunities.

The National Urban League's position on youth employment and black economic development is consistent with my own national jobs policy.

This national jobs policy cannot be based on the old prescription of public works jobs. We need a national jobs policy that provides capital formation for small businesses, improves the competitiveness of U.S. exporting companies, improves our national transportation system, and protects middle-income workers from tax bracket creep giving them the opportunity and incentive to save and invest more of their income. These policies will create employment, stimulate new business development, and bring down interest rates.

My black constituents express interest in developing their business and economic base—one which is distinct, yet fully involved in the larger business community.

The development of black-owned businesses is essential to stabilizing and increasing employment opportunities in black communities, recognizing that small businesses create the majority of new jobs in America, and providing initial training and job skill development for young people just entering the job market.

Once again, I want to welcome Urban League delegates to our Nation's Capitol and look forward to working with my colleagues here in Congress and the Reagan administration to develop, "New Strategies for the Changing Times." Following are the excerpts from the National Urban League's "State of Black America: 1981 Report":

A. BLACK YOUTH UNEMPLOYMENT

In addition to the alarmingly high jobless rates among black breadwinners, one of the most poignant aspects of black unemployment is the astronomical levels of joblessness among black youth. Even the U.S. Labor Department puts black teenage unemployment at about 40% throughout most of the 1970's. And, officially, the jobless rate (of 36%) for black teenagers in 1980 was about as high as it was (37%) in 1975. But both rates were at least double the jobless rates for white teenagers in 1975 (18%) and 1980 (16%). In addition, while there were officially 113,000 fewer unemployed white teenagers in 1980 than in 1975, there were 17,000 more jobless black teenagers between the two recessions. Clearly, the 1980 recession had a greater detrimental impact on black than white teenagers.

At this point, we usually proceed to point out that these official jobless figures for young people understate the actual level of joblessness because they fail to incorporate the "discouraged workers"—those who want work but who have given up actively searching because they cannot find it. But, recent findings from two national surveys: the NUL Black Pulse and the Labor Department—funded National Longitudinal Survey (NLS) raise some serious concerns about the accuracy of the official jobless figures—even allowing for the exclusion of discouraged workers.

As was noted in the preceding section, the NUL Black Pulse Survey (which was based on door-to-door interviews with only household heads) found that their jobless rates were twice (15%) as high as the official rates (8%)—excluding discouraged workers. Similarly, the NLS (which is a continuing national follow-up survey of youth conducted since the late 1960's), revealed that the official Current Population Survey (CPS) understates the actual labor force participation of all youth, but especially that of blacks and females. Ohio State University researchers found that the labor force participation rate for black youth 16-21 years old was about 19 percentage points higher in the NIS than in the CPS and that the rate of unemployment among black youth was about 11 percentage points higher in the NIS than in the CPS. And, most significantly, the researchers found that the number of unemployed black youth in the NIS was about double the number in the CPS—even excluding discouraged workers.

The Ohio State University researchers explain this discrepancy between the two national surveys by indicating that the labor force figures for youth in the NIS are based solely on direct face-to-face interviews with young people while the official CPS figures for youth are most often based on reports from a household head or some other adult in the household. The young people themselves are rarely interviewed in the governmental labor force surveys.

But the findings from the NUL Black Pulse Survey—which was based solely on interviews with household heads—strongly suggest that some of the inaccuracy in the government jobless figures may also be due to the fact that increasing numbers of interviews in the monthly CPS are being conducted over the telephone and with adults other than the household heads. Thus, the findings from the Black Pulse and NLS surveys lend strong support to the concern expressed by the National Commission on Employment and Unemployment Statistics in its final report to the President regarding the degree of inaccuracy in labor statistics that may be due to: (a) increasing use of telephone rather than personal interviews and (b) use of proxy rather than self-respondents in the government's Current Population Surveys.

Of course, in addition to the use of substitute respondents and telephone interviews and sources of error in governmental labor force figures, we consider the failure to incorporate "discouraged workers" to be the most serious deficiency. Several research analyses have revealed that a sizable

number of persons not "actively" seeking work, want a job and are immediately available to work if one were found. Unfortunately, such persons are officially considered to be "discouraged," but not "unemployed." Since black youth have the greatest difficulty finding jobs, they tend to be overrepresented among the discouraged workers.

However, when discouraged workers are incorporated in the unemployment figures, the unemployment rate of black youth increases by at least 50% while the number of unemployed black youth increases by more than 100%. In 1980, for example, the official jobless rate for black teenagers was 36%, while the official number of unemployed black teenagers was about 364,000. But the NUL Hidden Unemployment Index placed the actual jobless rate for black teenagers at 59% in 1980 and the actual number of unemployed black teenagers at more than double (about 800,000) the official level. It is also important to point out that while 59% of black teenagers may be unemployed as a national average, in specific inner-city areas the actual jobless rates for black youth may be closer to 80%-90%. Thus, we are indeed having generations of young people who may not have had an opportunity to hold even one regular job before reaching adulthood. And, if the experience of their parents is any indication, there is no guarantee that they will secure stable employment as adults either.

BLACK BUSINESS DEVELOPMENT

What is the current status of black businesses? How are they faring?

Based on the latest (1977) government survey of minority-owned businesses, there are about 231,000 black firms which comprise about 3% of all the establishments in the country. About two-thirds (68%) of the black firms are in retail trade or selected services. And, most alarming of all, is that only 17% (or 40,000) of all black firms have any paid employees and only 113 businesses have 100 or more employees. Yet that 17% accounts for 74% of all the gross receipts of black businesses and those 113 firms account for 16% of all gross receipts. In 1977, black businesses total aggregate receipts came to $8.7 billion dollars, which would only rank it as the 37th largest company in the U.S.

A recent analysis by Andrew Brimmer, former Federal Reserve Board Governor, indicates that while the rate of growth in sales for black-owned firms is expanding, it appears to be lagging behind the general economy. In fact he estimates that between 1972 and 1980 the proportion of all business receipts from black firms will decline from .22% to .18%. Similarly, he estimates that the share of receipts from black firms to the total U.S. gross national product (GNP) will fall from .47% to .44%. But not only are black businesses getting a smaller share of the total U.S. receipts, Brimmer's analysis reveals that they are also getting a smaller share of income received and spent by the black community. For example, between 1969 and 1977, the proportion of receipts from black business to total black income fell from 13.5% to 9.9%. Brimmer predicts that it will probably decline to 8.9% by 1980.

A major reason why black businesses have been lagging behind the total U.S. businesses over the past decade is because they have been disproportionately impacted by periodic recessions and soaring interest rates. The rising interest rates for commercial loans have particularly affected black businesses, since like all small businesses they have greater difficulty paying off loans at much higher interest rates than when they originally took out the loan.

The devastating effect of the 1974-75 recession on black businesses is reflected in the sharp declines in the following businesses between 1972 and 1977:

a. The number of auto dealerships and service stations fell by 24%—from 6,597 to 5,002.

b. The number of hotels and other lodging facilities declined by 21%—from 2,196 to 1,733.

c. The number of food and eating establishments fell by 10%—from 26,000 to 24,000.

d. The number of intercity transporting firms fell by 9%—from 8,881 to 8,088.

While data are not yet available on the impact of the 1980 recession on black businesses, per se, the disproportionate failures of small businesses that occurred in 1980 clearly suggest that black firms suffered even more. In fact, several analyses by the Wall Street Journal revealed that, "the 1980 recession appears to be hitting companies, especially weak ones, harder than the 1973-75 recession did." Moreover, figures from Dun and Bradstreet indicated that: More than 5,500 companies, mostly small, have failed in this recession and at a rate more than 14% above the rate in the early part of the 1973-75 recession.

If the Reagan Administration is committed to developing viable and competitive black business enterprises, more innovative strategies and more adequate resources will have to be employed.

EFFECTIVE ECONOMIC DEVELOPMENT STRATEGIES

It cannot be over-emphasized that there are a number of community-based economic development efforts that have succeeded in stimulating business development and job creation thus benefitting minorities in economically distressed areas.

Any economic development strategy for inner-city areas should definitely build on and utilize the expertise that such groups have demonstrated. Many of them have proven to be very effective in working with the private sector and in developing viable minority business enterprises. What most of them need are additional resources. In short, we contend that no strategy for enhancing the economic well-being of inner-city areas will be effective unless it builds on the already-existing economic and job development strengths among minorities in those areas.

A comprehensive two-year study of effective economic and job development strategies in inner-city areas using CDBG funds was conducted by the National Urban League's Research Department between 1976 and 1978. This investigation identified a number of approaches that appeared to be more successful at enhancing the economic opportunities for the disadvantaged in inner-city areas. Some of the more effective strategies were as follows:

a. Attraction of industries that provide demand for the skill levels of the unemployed and location of industrial parks in areas accessible to workers in low-level jobs;

b. Using customized manpower services as part of an industrial development incentive package;

c. Providing venture opportunity to minority businessmen through industrial recycling and reuse and also providing city contracts as a support base;

d. Involving community-based organizations in the planning and development of commercial centers and industrial parks.

e. Substantial capitalization and operating subsidies for minority investment corporations;

f. Concentrated commercial revitalization in low-income and minority neighborhoods;

g. Technical and financial assistance for minority business development and expansion;

h. Training for careers in growth industries and business education for minority youth;

i. Combined work experience and training of minorities for public service careers; and

j. Skill training for minorities in connection with housing weatherization and rehabilitation in poverty areas.

If the Reagan Administration incorporates those elements in any strategy that it designs for enhancing economic and job development activities in economically distressed areas, we are certain that the economic and social outlook will not only be brighter for blacks, but for all other Americans as well.●

FINANCE REVOLVING FUND FROM SALE OF SURPLUS GRAIN

HON. COOPER EVANS

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. EVANS of Iowa. Mr. Speaker, today I am introducing, along with 12 colleagues from the House, legislation to enable the Secretary of Agriculture to dispose of stocks of feed grains and byproducts which were acquired by the Department of Agriculture during the Soviet grain embargo ordered in January of 1980.

Since that time the Government has been paying storage charges on this grain and holding it until an appropriate sale date. Just this morning, in a speech in Columbus, Ohio, Secretary of Agriculture John Block announced the administration policy was to begin the sale of this grain with minimum disruption in the marketplace.

The bill I introduce today would not only provide for an orderly marketing of grain at cost-effective pricing, but directs that proceeds from the sale of this grain be used to establish a revolving Commodity Credit Corporation fund to assist in expanding exports. This bill provides a twofold solution for the marketing of our uncommitted stocks as well as initial financing of the revolving credit fund.

This bill will prevent the Government from selling surplus grain when market prices fall below 110 percent of the loan rate and would permit accelerated sales when market prices exceed 125 percent of the average price paid for corn in the previous 12 months.

Current conditions would permit the Secretary to sell 12 percent of the surplus in the next 4 months but the price of corn on the cash market must go up by 76 cents per bushel before unlimited sales of the grain would be

permitted. All proceeds from these sales, at whatever level the commodity is sold, would be isolated in a fund used to establish a revolving credit fund within the Commodity Credit Corporation—a move I feel confident the Congress will approve in the 1981 farm bill.

There has been considerable discussion about the wisdom of establishing a CCC revolving loan fund. The Senate Committee on Agriculture, Nutrition, and Forestry has included this provision in its farm bill for consideration very soon by the full Senate. I am certain a similar provision will be offered as an amendment to the House farm bill when it reaches the floor. Additionally, David Stockman, Director of the Office of Management and Budget, has indicated his support for the concept of a CCC revolving fund for exports, but like all who serve in the Congress, has been frustrated in locating the funds needed to start such a fund. My bill meets that need.

The grain embargo badly damaged our export efforts. Yesterday's announcement that the Soviet Union has completed an agreement with Brazil for the purchase of soybeans is just the latest example of this continuing problem. A fund which provides loans at below market levels for the sale of our farm goods abroad would be a solid first step toward reducing the damage we will suffer for years as a result of the embargo. I have been assured by Chairman DE LA GARZA of the House Committee on Agriculture that hearings will be held on this bill in the near future.●

COMBATING WORLD HUNGER

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. HUBBARD. Mr. Speaker, David Ernst, of 8604 Loftingham Court, Louisville, Ky., my home State, joined his other classmates at Crosby Middle School in studying a problem that few of us, because we live in this great Nation, have a chance to confront firsthand—world hunger. I feel that David's letter on this subject is one which should be shared with my colleagues and I wish to do so at this time. The letter follows:

DEAR CONGRESSMAN HUBBARD: I am writing this letter in reference to the continually growing problem of world hunger.

First of all, I will give you some information about myself. I am a seventh grade student at Crosby Middle School. We are studying the problem of world hunger—I feel that we should designate more money to the countries which need it the most, and make sure it gets to where it needs to go. And, make sure it isn't spent by the Government for other things.

In closing, I hope you will talk to the necessary committee people and budget managers to get a bill which is reasonable and get it started in the House. I thank you for your time and thank you for reading my letter.

Sincerely,

DAVID ERNST.●

WE MUST HONOR SOLEMN COMMITMENT TO OLDER AMERICANS

HON. STEPHEN L. NEAL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. NEAL. Mr. Speaker, for the first time since social security was created by Congress in 1935, benefits are about to be cut for some people who already are drawing them.

The Reagan-Stockman budget plan, called Gramm-Latta II, would cut payments sharply for those who now get minimum benefits.

This infamous budget bill already has been ramrodded through the House and Senate. If the social security cuts are not taken out in the conference between the House and Senate, they will become law early next year. Mr. Speaker, we must not let this happen.

Mr. Speaker, this needless assault on the elderly of America is, in my opinion, the most cruel, uncompassionate, insensitive piece of legislation ever passed in the United States. It is a disgrace to a civilized society.

The cuts will affect 3 million elderly Americans, 78 percent of them are older than 65. Half of them are over 70. A half-million of them are over 80, and 80,000 are over 90.

Mr. Speaker, most of them are women. Many have little or no other income.

Minimum benefits are $122 a month. For many of these elderly citizens, benefits will be reduced to as little as $25 a month.

Taken together, these 3 million elderly people will be deprived of $1 billion a year in benefits, beginning early next year.

Fully two-thirds, or 2 million, of them are the very Americans who most desperately need their social security checks to survive.

If the cuts remain in the budget, the only hope remaining for many of these people is welfare. To go on welfare, they will have to dispose of their modest savings, if they have any, and other holdings. To say nothing of their dignity, at a time in life when dignity is most deserved and desperately needed.

Mr. Speaker, we know now that President Reagan was not serious when he promised not to cut the basic social security benefits of people already receiving them.

As we look at the Reagan-Stockman budget plan for the future, we see that it hopes to save $81.9 billion in social security payments over the next 5 years.

What that means, in honest language, is that people who are entitled to the benefits are going to be shortchanged $81.9 billion.

There are well-founded grumblings, Mr. Speaker, that the administration wants these savings to help offset the huge budget deficits that are certain to result if the Reagan-Stockman tax plan is passed.

The Reagan-Stockman tax cuts are heavily weighted in favor of the wealthy.

The social security cuts, therefore, would be taken from the elderly—including the elderly poor—and given to the rich.

And Mr. Speaker, the cuts in minimum benefits are but the first of many that are being proposed by the Reagan administration.

The same bill would cut $10.8 billion from benefits to students, do away with the burial benefit, and make other adjustments designed to save more than $1.3 billion.

Other Reagan-Stockman proposals would drastically cut benefits to those who retire at age 62, make it very difficult to qualify for disability benefits—it is extremely hard already—raise the full retirement age to 68, delay cost-of-living increases, and remove the earnings limitation for all retirees over age 69.

Mr. Speaker, it is true, indeed, that the social security has some problems. That is nothing new. It has always had them, and Congress has had to deal with them from time to time.

Social security always has been a pay-as-you-go plan. That is, the social security taxes paid by workers and employers now are used to pay benefits now. The reserve has seldom been more than enough to pay the bills for a few months.

Inflation and unemployment help wreck the social security balance sheet. As workers are laid off, social security tax income drops off. As benefits are adjusted for inflation, the bills increase. We are now in the eighth year of very high inflation and relatively high unemployment. The social security trust fund is very low.

In addition to this short-term problem, there is a long-term problem which must be addressed also. That is, the increase in life expectancy, coupled with the eventual retirement of the people of the postwar baby boom, will reduce the ratio between people who are drawing benefits and those who are paying social security taxes.

There are now about five workers for each retired social security recipient. By the year 2020, the ratio may be as low as 2 to 1, according to one estimate.

Mr. Speaker, obviously, Congress must continue to keep the social secu-

rity system secure. It is a binding contract between the Government and the people. Benefits were promised when people began paying social security taxes. The Government has a responsibility to provide those benefits—not just to those who have been paying the taxes for years are now at retirement age, but also to those who are now young and will be paying the taxes for many years to come.

No longer can Congress do this by raising social security taxes. This band-aid solution no longer is "ouchless." It has been stretched to the limit. The payroll deductions are especially hard on young people who are just getting started.

Mr. Speaker, in the coming months, we will be looking for the best, fairest ways to deal with these problems. We must consider every option in light of what is best for the country, and fairest to both those who draw benefits and those who pay taxes.

I do not believe—and cannot be convinced otherwise—that the best and fairest way to deal with tomorrow's problems is to "mug" today's elderly.

Finally, Mr. Speaker, we have a solemn responsibility to preserve and protect the welfare of the elderly citizens of this country who, over a long period of years, have invested in the social security system with the hope and the promise that they can live out their retirement years in dignity and freedom from severe hardship. A lifetime of hard work and contribution entitles them to that.

Our responsibility, therefore, is to find solutions to the problems that beset social security. As we go about doing that in a prudent and reasonable way, let us strive—beginning in this conference—to preserve the essence of the social security idea. That is, that none should suffer, in their elderly years, the indignity of holding out an empty hand to an ungrateful and uncompassionate Nation.●

MEDITERRANEAN FRUIT FLY

HON. BARRY M. GOLDWATER, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. GOLDWATER. Mr. Speaker, Governor Brown has asked the President to declare three California counties a Federal disaster area because of the rampaging Mediterranean fruit fly. Let us make no mistake about it, the sole blame for this fiasco lies squarely on the shoulders of Governor Brown. The tragedy is that Governor Brown's mishandling of this disaster could have been prevented if he had acted decisively, instead of politically. Why did Governor Brown wait until disaster struck to help our State?

In June 1980, fruit flies were found in Los Angeles and Santa Clara Counties. In Los Angeles County 2 months later, the fruit fly was eradicated for less than $500,000. But in Santa Clara County over 1 year later, the fruit fly has spread into two additional counties and cost $24 million to date! Why the discrepancy between and effective and fast eradication program in Los Angeles County, and an obviously ineffective eradication program in Santa Clara County?

Last October, it was determined that the Mediterranean fruit fly outbreak in Santa Clara County required aerial spraying. Not until February did Governor Brown publicly declare that aerial spraying would be used if necessary; 5 months later, Governor Brown denied the use of aerial spraying in favor of another eradication program which had previously failed; 2 days later, Governor Brown reversed his decision again and reluctantly allowed aerial spraying. Finally, 10 months after a determination was made that a more effective eradication program was necessary to combat the fruit fly did aerial spraying begin.

Governor Brown had every indication that California was crying out for help. In early July, an agriculture medfly technical advisory committee confirmed that aerial spraying is the most effective way to deal with the fruit fly threat. In addition, both houses of the California Legislature passed separate resolutions urging Governor Brown to approve the spraying.

What California needs right now is calm, decisive gubernatorial leadership, not the erratic decisionmaking process of the Brown administration. While Governor Brown talked about the chemical composition of the spray, the California Department of Health Services has reported that the aerial application of malathion does not constitute a significant health risk! Furthermore, in both Texas and Florida, aerial spraying has been successfully tried before to combat the Mediterranean fruit fly, with no claims of adverse health effects by those citizens under the drop area. The question is: If it has been previously successful, why sacrifice California agriculture by preventing its use?

Mr. Chairman, this is not the time to play political games with California's $14 billion agriculture industry. Governor Brown's inability to cope with this crisis is an embarrassment to us all.●

A TRIBUTE TO HARRY CHAPIN

HON. MICKEY LELAND

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. LELAND. Mr. Speaker, I rise to express my grief and feelings of loss over the tragic death of Mr. Harry Chapin. An avid supporter and activist in the world hunger movement, Mr. Chapin was killed yesterday in an automobile accident while driving on the Long Island Expressway.

Mr. Speaker, Harry Chapin was a man filled with high energy and optimism. If I may quote an often used cliche, Harry Chapin "Put his money where his mouth was," Harry Chapin was the founder of world hunger year, which is an organization concerned with hunger in the United States and developing countries. This organization publishes a magazine, concerns itself with community development projects; food banks, and radiothons—all done in an effort to publicize and gain support for the hungry people of the world.

Harry Chapin was also the driving force behind the food policy center located here in Washington, D.C., which served as the lobbying arm of world hunger year. Mr. Chapin served on the President's Commission on World Hunger in 1977 and played a direct role in persuading Congress to pass a world hunger resolution which was made into law by Executive order signed by former President Carter.

Mr. Speaker, Harry Chapin could have been a millionnaire. He could have lived the jet-set rock superstar life. However, of the more than 200 concerts per year given by Harry Chapin, more than half were for world hunger or some other charitable cause. Harry Chapin chose to contribute his money and talent toward the feeding of a starving human being rather than for a mythical materialistic self-interest. Harry Chapin was more concerned about the swollen stomach of a child 7,000 miles away rather than the swollen ego and profuse possessions that come with being a popular figure in the music industry.

Harry Chapin, in a sense, seemingly wrote his epitaph when he stated, and I quote from this morning's Washington Post:

> Being a rock star is pointless. It's garbage. It's the most self-indulgent thing I can think of. I've got nothing against selling out. But let me sell out for something that counts. Not so Harry Chapin can be No. 1 with a bullet, but so I can leave here thinking I mattered.

Harry Chapin, though your life was tragically taken at an early age, that which you did accomplish and made a sincere effort to accomplish will be remembered by people all over the world. And to those people, Harry Chapin, you truly mattered.

Thank you, Mr. Speaker.●

TIME IS RUNNING SHORT FOR THE WHALES

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. BONKER. Mr. Speaker, in the deep blue environment of the Commerce Department's fifth floor, the Japanese Ambassador recently met with Secretary Baldrige to discuss a troubling question in Japanese-American relations. The topic of this and other meetings the Japanese Ambassador has held with key officials in the administration and on Capitol Hill was not Japanese auto imports, proposed American military sales to the People's Republic of China, or other issues of "high politics." Ambassador Okawara has been lobbying to get the United States to back down on its commitment to bringing an end to the commercial killing of whales at the upcoming meeting of the International Whaling Commission in Brighton, England. At this time of year, whales weigh heavy in the Japanese-American diplomatic balance.

When there are more serious and pressing issues in our relations with Japan and especially when Japan's justification for whaling simply doesn't hold water any longer, why is Ambassador Okawara using his high chips on the whales? Why do the Japanese and other whaling countries persist in the commercial slaughter of these extraordinary mammals when substitutes for all whale products are readily available? Japan is the only market for whale meat, yet it accounts for a mere three-tenths of 1 percent of total annual Japanese protein consumption, most of which goes to feed those who have little choice about what they eat: schoolchildren, prisoners, and animals. Whaling has become a matter of narrow commercial benefit for one of Japan's few dying industries.

But it will be more than a matter of economics that the 27-member countries of the IWC will sit down to debate beginning on July 20; they will be bargaining for the future of thousands of defenseless whales.

Since 1972, the principal American goal in the IWC has been to seek a moratorium on the commercial killing of whales. The Reagan administration has pledged to continue this policy. A resolution reaffirming this commitment is once again expected to pass the Congress. Nongovernmental conservation groups have stepped up their efforts on behalf of the whaling ban. The pressure on the whalers to cease this brutal practice has never been so intense; the chances that the Commission could enact the moratorium have never looked so good.

Veteran observers of the IWC expect Japan to seek a compromise whereby the nonwhaling states would drop the moratorium in exchange for the whalers agreeing to revisions in the new management procedure (NMP)—the scientific modeling system that estimates stock levels and recommends catch limits—that could possibly lower commercial whaling quotas.

In 1975, a similar deal was cut: the nonwhaling states consented to deep-six the moratorium and the whalers went along with the establishment of the new management procedure. The NMP represented an improvement in the mechanism for setting whale quotas, but was still a far cry from the protection inherent in a moratorium. The whaling countries, however, did not live up to their end of the bargain.

Four years later, faced with repeated, serious failure by the whaling nations to collect, analyze, and submit sufficient data on whales and whaling to the Commission, the United States revived the call for a moratorium. That year the Commission decided to convene a working group to recommend revisions to the NMP. The first revision, known as the Honolulu proposal, presents a system of basic changes to the NMP which would lead to reduced overall quotas by some 20 percent. The Japanese, obviously dissatisfied with the Honolulu results, developed their own revision, as did the Icelandics, another whaling nation. Four revisions—the United States will offer the Honolulu proposal and the Seychelles will offer a similar version—will be on the table in Brighton.

The Japanese revision would make only cosmetic changes in the NMP, allowing whaling to persist at current levels on stocks for which knowledge is uncertain. They would place the burden of gathering knowledge squarely on the Commission; not on the whaling countries. The Icelandic scheme falls somewhat closer to the Honolulu proposal, but not much.

At the other end of the spectrum, the American/Honolulu proposal would be revolutionary in the IWC context. Charging that the Commission has been setting catch levels in an atmosphere of fundamental ignorance about whale stocks, the United States proposes that the Commission act more conservatively—that is, when in doubt, err on the conservative side. Adequate knowledge is available today for only about a half dozen of the more than 30 identified whale stocks. The U.S. revision would for the first time set target population levels and time limits within which those levels must be reached, or commercial whaling would cease immediately. Based on present data, if the IWC Scientific Committee finds that a whale stock cannot recover to the target level in 5, or in some cases 10 years, then whaling would end. If a stock could recover, then the Scientific Committee would recommend an appropriate quota, based on the new system. In essence, a quota would be reduced proportionate to the lack of knowledge about the stock.

From a purely scientific point of view, the American scheme would represent a major improvement in the current system. The catch here is that quotas recommended by the Scientific Committee are not automatically adopted by the Commission. The Commission would still be required to vote on each individual quota, on a stock-by-stock basis, a procedure that opens the scientific process to political whale trading among delegations. The Japanese are masters at this game.

A three-quarter's majority of those present and voting is necessary for the adoption of proposals by the Commission. In previous years, on moratorium and other important conservation votes, the Japanese have successfully mustered a blocking number of votes by strong-arming the nine other whaling countries into line. The numbers, many conservationists fear, may well stack up the same way on the moratorium vote this year. A greater fear is that even if the U.S. proposal for revising the NMP succeeds, the whaling countries would ban together to block adoption of the reduced, individual quotas, thereby undermining the victory achieved in the NMP revision.

Another factor must be taken into account when considering Japan's compromise offer: the whaling states will argue that the enactment of revisions to the NMP obviates the need for future discussion of a moratorium. Their delegations can leave Brighton in good conscience, pointing to reforms in the scientific model and possibly unchanged quotas. Another lease on life for the whalers; another step closer to extinction for the whales.

In pursuing the ban on the needless slaughter of thousands of whales each year—13,851 in 1981 alone—the United States must steadfastly refuse to compromise. The scientific data the Japanese and other whaling nations use to justify whaling is sparse and uncertain. There is no reason, scientific or otherwise, to continue commercial whaling at any level. Time is running short for the whales.●

MONO LAKE NATIONAL MONUMENT

HON. NORMAN D. SHUMWAY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. SHUMWAY. Mr. Speaker, the use of Mono Lake water for the city of Los Angeles has attracted significant media attention in recent months. I wish to bring to the attention of my

colleagues an excerpt from an article which appeared in the Wall Street Journal on February 4 of this year. Mr. Richard D. James has written an informative piece on the history and consequences of water diversions from Mono Lake and Owens Valley to supply water and power to Los Angeles.

I have recently introduced legislation (H.R. 4057) which would establish the Mono Lake National Monument. Although such action would not interfere with existing water rights in the Mono Basin, H.R. 4057 would provide greater visibility and increased management for this precious national treasure. I invite my colleagues to join me in this effort by cosponsoring H.R. 4057.

Mr. James' article follows:

"MAKING A POINT"

Besides taking Owens Valley ground water to help fill the city's second aqueduct, Los Angeles has doubled appropriations of water from the Mono Lake basin north of here by diverting four of the five streams that flow into the lake. The lake is dropping one to two feet a year, and scientists and environmentalists worry that a major ecological, scenic and recreational treasure is being destroyed. The lake is a major breeding spot for California gulls and an important stopping point for tens of thousands of migratory birds flying from as far as Mexico.

Environmental groups are suing to halt diversions from the lake, and a year ago a task force of state, federal and Los Angeles officials recommended that the city reduce its diversions by 85 percent. Los Angeles rejected that, citing as a prime objection an eventual $2 billion cost for replacing the lost water, a figure that a majority of task-force members disputed.

Valid or not, the objection underscores a major Los Angeles concern in the whole water fight: money. Aqueduct water flows entirely by gravity, resulting in huge monetary savings compared with other sources because no energy is required for pumping. Moreover, as it rushes south, the water turns turbines in nine Los Angeles hydroelectric plants, generating 6 percent of the city's yearly electric power needs.

DISPUTE OVER COST

As a result, the city realizes a net benefit of $42 million annually from operating the aqueduct, says Mr. Georgeson, the aqueduct engineer. If the water stops the city not only would lose that money but also would have to lay out around $54 million a year to buy replacement water, for a total out-of-pocket expense of around $95 million, he says.

Valley residents note that they are asking Los Angeles to reduce water appropriations by one-third, not eliminate them, and that the cost would thus be around $32 million, or $10 a year for each resident. Moreover, they contend that a more stringent water-conservation program could save the city more than half the water it would lose from reduced aqueduct supplies, cutting replacement costs substantially.

Los Angeles' operations in the Owens Valley and Mono Lake basin are founded solidly on Western water law. "In a strictly legal sense they paid for what they take," says Ronald B. Robie, director of the state water-resources department. "The Los Angeles scheme is so legally complete, it's impossible to attack. But Los Angeles misses the point. It overlooks the human and environmental dimensions. L.A. may have been fair, but the point is people in the Owens Valley want local control. They have a sense of self-determination."

For now, valley residents are pinning their hopes for self-determination on an ordinance approved overwhelmingly by county voters last November that gives the power to limit ground-water use. "This has given people hope that the valley will be able to stay alive," says Lois Wilson, founder of a group called Concerned Citizens of Owens Valley. However, she notes that Los Angeles has sued to invalidate the ordinance, contending it violates its water rights and infringes on its municipal affairs.

"If it wins the suit, there will be violence," she warns. "What can people do when they come up against a blank wall?"●

VOTING RECORD

HON. BYRON L. DORGAN

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 17, 1981

● Mr. DORGAN of North Dakota. Mr. Speaker, on Thursday, July 16, 1981, I testified before the Senate Subcommittee on Intergovernmental Relations on the subject of coal severance taxes. As a result I was unable to cast my vote on one amendment to the Defense Department authorization bill. Had I been present I would have voted "nay" on rollcall No. 134.●

SENATE—*Saturday, July 18, 1981*

(Legislative day of Wednesday, July 8, 1981)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Loving Father, strong men and women learn easily how to conceal their feelings, their hurts, their tragedies. So often behind a smiling face there is a broken heart. Help us to be sensitive toward one another in the daily routine that brings us so close together physically, so far apart personally. Grant us the grace to be patient and compassionate in all our contacts, to treat each other with care and respect, so that even when we are unaware of another's need we may comfort and bless.

As Your word commands, help us to be to each other at all times, thoughtful and forebearing, "in honor preferring one another." Dear God, we pray for all who have hidden needs in this large Senate family. Let there be reconciliation where husbands and wives are estranged, patience and love where youth are rebellious, healing where there is illness, strength for weakness, hope for discouragement, relief where there is financial difficulty, comfort for those whose friend or loved one suffers critical illness.

God of all comfort, let love bind us together so that no one suffers alone unattended and ignored. In Jesus' name. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. Mr. President, I thank the Chair.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that following the recognition of the two leaders under the standing order there be a period for the transaction of routine morning business to extend not beyond the hour of 11:45 a.m., and that Senators may speak therein for not more than 10 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, the order for morning business expires not later than 11:45 a.m. If there is not a requirement for that time, it is possible, of course, to proceed to the consideration of the pending measure before that time.

I have no need for my time under the standing order. I am prepared now to yield to any Senator or to yield to the distinguished acting minority leader.

Mr. President, does the Senator from West Virginia require additional time?

Mr. RANDOLPH. Mr. President, I would like to counsel for perhaps 3 to 5 minutes with my colleagues and have the RECORD reflect my feelings in reference to certain educational programs to be considered on Monday and Tuesday on higher education in the reconciliation conference.

Mr. BAKER. Does the Senator need time beyond the 10 minutes allocated under the order for morning business? I am prepared to yield part of the leader's time if he would like that.

Mr. RANDOLPH. The majority leader is gracious to suggest it. I will not need it. I appreciate the majority leader indicating I might have this extra time, but I assure him I will be within just perhaps 5 minutes.

Mr. BAKER. Mr. President, I thank my chairman. He is no longer my chairman, but he was for most of my Senate career. I never miss an opportunity to express my admiration and respect for him as a Senator and as my chairman.

Mr. President, I yield back the remainder of my time under the standing order.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDENT pro tempore. The acting minority leader is recognized.

Mr. INOUYE. Mr. President, I yield to my distinguished colleague from West Virginia.

The PRESIDENT pro tempore. The Senator from West Virginia.

THE POWER OF PRAYER

Mr. RANDOLPH. Mr. President, perhaps we do not express in the Senate itself our appreciation for the day-by-day services of the Chaplain of this body.

I think that we should recall that the very first of our Congresses—in fact, before we were regularly organized, as we are today—at the opening of a session or sessions of our Revolutionary fathers and mothers who lived in that difficult period, there was the beginning of a meeting with prayer being expressed.

I have often felt that there is a strength in prayer, that which is personal and very private and that which is often spoken at public meetings.

I have noted in the State of West Virginia, Mr. President, in recent months, and especially weeks, that there have been meetings opened and closed with prayer. In the past I had not witnessed that type of a beginning and an ending. At dedication programs, the dedication of a park in Hampshire County on last Sunday, there was an opening prayer and a closing prayer. Later that day, in Romney, the county seat of Hampshire County, there was a prayer opening that dedicatory service of the new diagnostic center and guidance center.

Prayer is not perfunctory. There is strength in prayer. I often have suggested, and in some instances perhaps that suggestion has been followed, that those who are in a public meeting, participating in a prayer, might stand and take the hand of the neighbor on the right and the hand of the neighbor on the left as the prayer is spoken by the minister or layman, or someone who has been asked to lead.

I feel that there is something that flows from one individual to another when these hands are often gripped together, and strength is imparted when we reach out and touch someone who has a particular problem or problems mentioned by our beloved Chaplain who has spoken today. As Chaplain Halverson has said, there are the needs of people, and oftentimes prayer, not only the prayer itself but the touching of hands, the joining together, helps perhaps to assuage that problem.

(Mr. TOWER assumed the chair.)

THE STUDENT LOAN PROGRAM

Mr. RANDOLPH. Mr. President, another subject which I wish to address for just a few minutes, as I have indicated to the able majority leader, Mr. BAKER—and I am grateful for his comments—is the conference on Monday and Tuesday in reference to certain subject matters that cross a wide range and which will indicate differences between Senate and House conferees.

I particularly call our attention today to the record of the differences within the present administration, which I want to be a successful administration, even though at times I shall disagree on matters.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

I voted for all nominees the President of the United States sent to the Senate for confirmation. I spoke in this body for six of them, having known and worked with some of them in prior years.

So at times when Members, regardless of party, take positions that they feel are matters of judgment and conscience which go beyond any party structure, I think it is important that Members always keep themselves in the attitude of being able to affirm such a procedural action in the Senate itself.

In the State of West Virginia, Mr. President, we have 26 colleges and universities, some private and independent, some State supported. In these institutions of learning across our State are three universities carrying the name of university: West Virginia University, Marshall University, and the University of Charleston. Of the more than 80,000 students of all institutions in my State, 45,000 receive some kind of Federal student aid and approximately 25,000 receive guaranteed student loans.

There are then the State colleges and those are State supported, at least in considerable or substantial degree.

Then, as I have indicated, there are the private and independent colleges. In reference to one of these institutions from which I graduated, and in which there are family ties that go back through the years, we have several hundred students who have the so-called federally guaranteed loan. Our record of repayment of those loans is practically without default.

So I remind my colleagues again that the student loan program is not the loaning of Federal money; it is the loaning of private funds with a Federal guarantee. It is not the failure of the law, but it is the failure to enforce the provisions which call, of course, for the repayment of the loan.

I know that I do not speak with other than propriety when I say I have discussed this subject with David Stockman. I did it not in the spirit of confrontation, but in the spirit of counseling. David Stockman is the leader, understandably, of President Reagan's administration in advocating these cuts across the board. The record should show, and he would not dispute it, that he was a recipient, Mr. President, of a student loan while in college, and he knew the value of it. He was helped by it.

On Monday and Tuesday this matter of the student loan program will be before the conference. Within the administration attitudes have continued to be expressed of lowering the student loan program in a very real degree, practically making it impossible for private and independent colleges to continue because of the number of students who have this type of educational help, a repayment, not a gift, but a loan.

In the Senate and House conference, there will be those in the conferees from our body who will make, I hope, very earnest and vigorous statements about the equities and continuance at the very highest level that we can agree on as we meet in conference for the guaranteed student loan program.

I have said many times that we need, of course, to modify programs, to change them, to lessen the funding. But I am saying now, as I have said before, that this program is highly important and it is very worthwhile.

Mr. President, as I close these remarks, I ask unanimous consent to include in the RECORD a letter to the editor published in the New York Times, in today's edition, entitled "On Aid to Higher Education." The exact name of the letter to the editor is, "Too Rich for a College Loan?" in which the writer speaks to the problems of families where there are three or four members of that family who are in college.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

TOO RICH FOR A COLLEGE LOAN?

To the EDITOR:

Your editorial of June 22, "Toward Sensible College Loans," fails to meet the important test of common sense. The National Issues Committee of the Liberal Party, which I chair, strongly disagrees with your support of a $25,000 income ceiling for student loans.

We believe the House Education and Labor Committee correctly rejected the $25,000 family income ceiling in favor of more equitable cost-cutting alternatives (e.g., charging an interest fee to recoup part of the interest which the Government excuses while the students are in college and, hence, before the repayment period begins).

Our opposition to the $25,000 income ceiling on student loans is based on three primary considerations. First, a family income of $25,000 in the present inflation-racked economy is not a badge of affluence but a symbol of survival.

As an example, consider a family of four, with one child in college, where both parents work, each earning $15,000 a year, for a total family income of $30,000. This family, which exceeds the $25,000 trigger threshold, would no doubt find your editorial suggestion, that a negative presumption should stand in the way of a student loan, a bit shallow.

Second, your editorial stance is contradicted by an earlier Times news article (Feb. 19), "The $10,000-a-Year College Education Has Arrived." That article clearly demonstrated that the costs of higher education were outstripping the inflation rate. Thus, a family with a $25,000 or even a $35,000 income cannot afford $10,000 or even $8,000 in yearly educational expenses without the aid of the existing student loan program. If we need a ceiling to prevent a windfall for the rich, let us instead set it at a realistic plateau.

Third, the proposed $25,000 ceiling threatens to return private education at the college level to the ranks of the privileged. If the escalating costs of college tuition, not to mention room and board, force middle-class students to set their educational sights lower, the national commitment to an open society will be severely damaged. If the Government drastically curtails student loans to the middle class, then the resource pool in higher education will be dangerously narrowed and the nation's polished talent stock tragically depleted.

In the final analysis, illogical and arbitrary income ceilings for student loans will begin to lead our society toward a system of privileges, further alienating the vast middle-class. This path would be both wrong and unwise.

An open society which encourages upward mobility is a strong society. The student loan program, which sustains the educational aspirations of the middle class, as well as the disadvantaged, contributes to social cohesion and national resiliency. We therefore oppose your alternative and urge careful adjustments rather than radical tampering with the student loan program.

(Rabbi) BALFOUR BRICKNER.

Mr. RANDOLPH. I will quote from that letter to the editor these words:

An open society which encourages upward mobility is a strong society. The student loan program, which sustains the educational aspirations of the middle class as well as the disadvantaged, contributes to social cohesion and national resiliency.

I believe in the continuance of the student loan program in a degree where it will not be scuttled but where it will continue to aid needy students and families, and that in this conference beginning next Monday all those in the Senate and the House, members of the education discussion termination group, will very, very much keep in mind the values of such a program, hopefully, for the building of a better America.

The PRESIDING OFFICER. The time of the minority leader has expired.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, the Senate will proceed with routine morning business until the hour of 11:45. Members will be recognized for not to exceed 10 minutes.

THE GENOCIDE TREATY

Mr. PROXMIRE. Mr. President, for a number of years I have been calling to the attention of the Senate our failure to work on the Genocide Treaty. The Genocide Treaty was our work at the United Nations some 32 years ago under then President Truman.

The United States was the Nation that persuaded the United Nations to support the Genocide Treaty and called for its ratification. Since then 85 nations have ratified the Genocide Treaty.

What does the Genocide Treaty do? Well, it was an outgrowth, of course, of the terrible persecution of the Jews in Europe in World War II and before World War II. Six million Jews were exterminated. Almost none were left.

This is not something that just occurred in Europe, although that was one of the most recent and appalling examples of genocide. Genocide has occurred, unfortunately, throughout history, and has occurred since World War II. It has occurred in Cambodia, in Africa, and in other parts of the world. It is going to recur over and over again until we can somehow find the moral courage and the good sense to join together with other nations to outlaw it.

Genocide is carefully defined in the treaty as the planned, premeditated murder of an entire ethnic group.

The purpose of this treaty, of course, is to bring the influence of nations throughout the world to prevent this kind of horrible action.

There are those who examined the history of Nazi Germany and are convinced that if we had the Genocide Treaty in place at that time, it might very well have had an effect in preventing genocide in that nation and, certainly, undeveloped nations would have an even greater prospect of success.

Mr. President, this is not a treaty that is just supported by a few of us. It is a treaty that has been supported by every single President since Harry Truman. It was supported by Dwight Eisenhower, supported by John Kennedy, supported by Lyndon Johnson, supported by Richard Nixon, by Gerald Ford, by Jimmy Carter and, of course, by Ronald Reagan. In his confirmation hearing, Secretary Haig was very clear in indicating his support for the Genocide Treaty and the embarrassment, as he put it, that our failure to ratify the treaty has caused.

This is an action where we do not have to wait on the House, we do not have to wait for the President. The President has called on us to act. Only the Senate stands in the way of this ratification.

Every State Department, every Defense Department has called on us to ratify it; every religious group—Protestant, Catholic, Jewish—has called on us to ratify the treaty. The American Bar Association is emphatically and enthusiastically for the treaty. They had their misgivings for a while. For several years, they were concerned about the treaty. But now, they have recognized the understandings and reservations that have been written into the treaty and they feel it is completely consistent with our Constitution and the kind of action that we should take.

So, Mr. President, I do call on my colleagues in the Senate to act, at long last, on the treaty. We all know, as a matter of fact, that last year, it was held up because the feeling was that it would stand in the way of ratifying the SALT treaty. There is no way in the world we cannot act on this treaty now.

I have talked to some Senators, some of whom are enthusiastic, some of whom are not, virtually none of whom are strongly opposed to the treaty. I am convinced we could get a vote on the treaty if we would bring it before the Senate. It is time to keep faith with all the Presidents of the United States since Truman, Republican and Democrat, who have called on us to act. It is certainly time we kept faith with the people of the world.

Mr. President, I yield the floor.

Mr. LEVIN. Mr. President, before I begin, I again wish to commend my friend from Wisconsin for his steadfast loyalty to the cause of ratification of the Genocide Treaty. There is rarely a day that goes by when the Senator from Wisconsin is not able to remind us of an unfulfilled commitment to this world and to the people of this world. His steadfastness and his loyalty to that cause will, someday, produce and bear fruit, I am confident. When that happens, his name will be stamped indelibly on that Genocide Treaty.

THE ECONOMIC RECOVERY TAX ACT OF 1981

THE ADMINISTRATION TAX CUT IS NOT A TAX CUT FOR EVERYONE

Mr. LEVIN. Mr. President, we are told that the tax measure we are debating will encourage savings, work, and the revitalization of our economy. We are told that this tax bill will encourage changes in work habits and investment decisions in ways that will lower inflation, bring down interest rates, and expand the economy without disruptive counterforces such as fiscal drag or large deficits.

It is only a matter of time, I am afraid, until we all realize that the optimistic projections for economic growth, inflation, and interest rates made by the administration are dangerously overstated. Recent retractions by the administration on their interest rate projections may only be the tip of the iceberg. If we would only look below the surface, we would notice the magnitude of our problems.

The marginal rate cuts in this bill are bad public policy, Mr. President. The distribution of the cuts among various income groups is inequitable. Their sheer magnitude could easily reverse the recent moderation in inflation and they could actually prevent a decline in interest rates.

It has been said that broad marginal rate cuts for individuals are fair. Each taxpayer, regardless of income level, receives the same percentage tax cut. However, charts showing the distribution of individual tax cuts under the Finance Committee bill are revealing. The distribution of these tax cuts, overwhelmingly directed to those making over $50,000, cannot be called fair.

A taxpayer with income of roughly $25,000 can expect, in 1984, a net tax cut of $100 after inflation and social security increases are calculated. A taxpayer with income of approximately $35,000 can expect, in 1984, a net tax cut of about $350 after inflation and social security tax increases are calculated. It is hard to believe that those individuals with $100 to $300 extra per year will change work and saving habits in perceptible and far-reaching ways.

For those making under $20,000, the Reagan tax cut is not even a tax cut. It is a tax increase after inflation and social security tax increases are considered.

The reality of this is even more disturbing when one realizes that, under the same program, those making more than $50,000 receive a substantial tax cut in real terms.

In 1984, those earning anywhere from $15,000 to $20,000 will actually see their tax rates increase by a little less than 1 percent. Those making between $10,000 and $15,000 will see their tax rates increase, not decrease, by more than 13 percent. These tax increases, Mr. President, occur despite a $784 billion tax reduction package we are now considering.

On the other hand, those making more than $50,000 will receive a real tax cut. The point here is not that those making more than $50,000 should receive far less than they would receive under this bill. We need to give those taxpayers incentives, lower tax rates, to invest and save. We are told they will make the sound investment decisions. But when someone making anywhere from $50,000 to $100,000 receives a 9 percent tax cut, after inflation and social security taxes are accounted for, and someone making $15,000 receives a tax increase, not a cut, that is patently unfair. In fact, less than 20 percent of the tax relief under this bill will go to the 60 percent of those who make less than $20,000; 4.8 percent of the taxpayers in the country earning over $50,000, however, will receive 35 percent of the tax relief in this bill.

Mr. President, this bill fails another test of equity. Apart from the measure on commodity tax straddle, tax reforms are conspicuously absent in this bill. Tax expenditures of all kinds are not addressed in this bill. One of the arguments used against tax indexing 2 days ago was that it would prevent Congress from taking a comprehensive look at the tax code every few years and instituting much needed reforms. But we have had an opportunity to do so here and we have before us a measure which is less progressive than if the present code had been indexed and adjusted accordingly. Waste and inefficiencies abound in tax expenditures and their cost is immense, over $230 billion this year.

Mr. President, the irony of this debate is that a targeted approach to the marginal rate cuts, providing greater tax relief for middle and lower income-tax payers, would not diminish the investment and savings contribution of this tax measure. Various savings incentives, the increased deductions for Keogh and IRA plans, all savers certificates, interest deductions at 15 percent, and the cut in the top marginal rate on unearned income will not be hurt if we adopt a better targeted approach to the marginal rate cuts. Dropping the top marginal rate on unearned income, and most economists concur in this, is the most important step we can take to encourage investments that will work for us and strengthen the economy. Providing extra relief for middle and lower income-tax payers will not compromise the tax incentives and investment objectives that rest in this bill.

The inequitable distribution of marginal rate cuts in light of bracket creep and social security tax increases is disturbing. Furthermore, the economic framework this tax bill attempts to construct is flawed. When deficits plague the economy, high interest rates scorch the economy, and energy costs simply wait to escalate beyond our control, massive tax cuts place the economy in a most precipitous position. Interest

rates, single-handedly, have forced unemployment to record levels throughout the country and in particular, industries such as autos, housing, timber, and agriculture, to name a few. If Wall Street's reaction to Reagan's tax program is any indication, credit and capital markets will see little improvement in the years ahead. Interest rates will remain high and those credit sensitive industries will continue to suffer.

I have heard it argued that this tax cut will be anti-inflationary. Wage demands will moderate because after tax income will grow as a result of the tax cuts in this bill. But, Mr. President, inflation and social security tax increases will eat away that tax relief among lower and middle income-tax payers long before it's invested or used for any consumer goods. If anything, extra disposable income will be needed to replace income lost as a result of the budget cuts that will impact this group disproportionately. With the type of marginal rate cuts currently in the bill, I suspect the budget and tax cuts will not stimulate the kinds of savings and investments that hold such a prominent place in the supply-side lexicon.

The numbers I have quoted make one thing clear. The middle and lower income-tax payers will not receive the tax relief they need and deserve. It is abundantly clear that those taxpayers need the relief more than ever in the next few years. Budget cuts will impact this group more than ever. Student loans are cut, energy assistance is cut. Energy costs will rise in the years ahead if not months ahead and this group will have the most difficulty adjusting. Inflation and social security increases will further erode the purchasing power of this group. The marginal rate cuts in this bill fail miserably in this test of equity.

It is this concern for fairness that I fear is displaced by our thirst for investments and lower tax rates on savings. One example was the 15-percent-exclusion-of-net-interest amendment. In the end I supported this amendment. I think it is important to provide incentives for savings. But in so doing, we eliminated the $200/$400 exclusion.

What has happened as a result of this action? At present, someone with $2,000 in a savings account earning 10 percent earns $200, the full amount excluded under the current law. But under the amendment adopted by the Senate, that individual would have to place $13,333 in an account earning 10 percent to qualify for the same $200 exclusion. Hearing all this rhetoric about tax incentives on investments and savings, someone with savings under $13,333, and there are many in this category, will become very confused when the tax rate on his interest income actually increases under the amendment adopted by the Senate. I hope, before debate on this tax bill ends, that the Senate sees the wisdom of extending relief to the small saver.

Mr. President, I urge my colleagues to consider carefully the implications of this tax bill. Preceptions of a healthy economy will play a key role in determining attitudes and incentives for investment and savings. So far, despite the optimism of supply-side proponents in the administration, experts in the money markets are dismissing the program's potential and rosy predictions. Budget cuts will not make up for the unprecedented increase in defense spending and magnitude of this tax bill.

But what of the perceptions of over half the people in this country, those who will see their taxes increase while, under the same program, others, better off financially, receive a real reduction in taxes? The median family income is $21,000 for a family of four. If, by 1984, they receive any real tax cut they will be fortunate because inflation and social security tax increases will hit them the hardest. Home and car purchases will be difficult given the interest costs of such loans, costs that will likely be aggravated by this tax program. And, ironically, their taxes on interest income will likely increase.

Mr. President, we need a tax cut, we need economic growth, and we need greater incentives for savings and investment. Let us work to achieve these goals but, in so doing, let us be fair to needs of lower- and middle-income taxpayers, not just to those earning over $50,000.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. LEVIN. I am happy to yield to the distinguished Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I commend my good friend from Michigan. I could not agree with him more.

I am in favor of a tax reduction because we have to cut taxes. I am going to speak on that later. But I believe that the measure before us is sadly lacking in equity. The Senator from Michigan has done an excellent job of documenting exactly why and where.

THE SOCIAL SECURITY TAX

What we do is cut the one tax we have which is a regressive tax. It has all kinds of loopholes, weaknesses, and shelters, but it is a regressive tax, and we are cutting that. The most regressive tax is the social security tax. That is truly regressive. That hits the little guy far harder. That tax is scheduled to increase—to go up, not down.

That is the point made by the Senator from Michigan, and we should be well aware of that.

While I favor reducing taxes, we should have our eyes wide open to the fact that this is not the best way to do it. As a matter of fact, if we recognize what we are doing to the social security fund—and I will discuss that later—we can see the wisdom of following a policy of easing up, if anything, on the social security tax and having the general revenues—the progressive income tax, the corporation income tax—pay for medicare, for example; pay for a college education; pay, in my judgment, for much of what we do in the social security tax.

If we did that—and I want to document this—and if we let the social security fund earn the average return on Treasury securities, we would increase the flow into that fund by $2 billion a year. I made a speech on that the other day and it did not get much attention, but I am going to hammer away on that. Social security recipients are being robbed of $2 billion a year because those funds are misinvested, and I can document that, as Paul Douglas used to document it through the years. He was one of the most eminent economists to serve in the U.S. Senate.

Wilbur Cohen, who is probably the most expert person on social security still alive, agreed with us wholeheartedly when we talked to him only 2 days ago. I want to bring that to the attention of the Senate.

Let us see what we are doing here. We are reducing taxes of many Americans, and I believe that is good, but it is not an equitable tax measure.

Mr. HART. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from Michigan has the floor. Does the Senator from Michigan yield?

Mr. LEVIN. I yield.

Mr. HART. I thank the Senator.

Mr. President, I identify myself with the comments of the Senator from Wisconsin as to the inequity of the increase in social security tax at a time when we are trying to cut other taxes.

It will be the intention of the Senator from Colorado to renew once again an effort that he has undertaken for the past 2 or 3 years on this bill to impose an import fee on imported oil and use that fee with the revenues from that tax to offset the increase in the social security tax so that several goals are achieved simultaneously.

One is to discourage continued consumption of foreign oil, particularly oil from the Persian Gulf which so threatens our economic and national security.

Second is to make that fee noninflationary or that tax noninflationary by rebating it dollar for dollar so that the Federal Treasury does not keep it and make that increase in the gasoline tax or the oil prices a fuel to the inflation that we have.

And third is to achieve the objective of reducing to some degree, perhaps a large degree, the increase in social security taxes.

So there would be an opportunity to achieve, in effect, three social goals: First, to encourage conservation; second, to reduce reliance on very fragile sources of foreign oil; and, finally, to reduce the levels of social security tax increases in an alternate way that did not increase the inflation of this country.

I think there are steps we can take in this regard. This proposal has not gotten broad support from the Senate in the past. I think if people begin to understand the dangers of continued reliance on Persian Gulf oil, then I think we will begin to get some public support around the country.

I am very concerned about this administration's almost lackadaisical attitude toward foreign oil imports.

The national energy plan, which the President is proposing this week or will be proposing next week, essentially condones business as usual. For the past 7 or 8 years, both political parties and three administrations have taken the position we have to reduce our reliance on imported oil. This administration very quietly, without any fanfare whatsoever, has reversed that bipartisan policy 180 degrees and now says:

> We will continue to rely on imported oil in the 1980's and into the 1990's. There is nothing particularly wrong with it. If we have to go to foreign oil for the oil, fine; we will just do it.

We do not need to do that. We are an energy-rich nation. We can increase our energy production in this country and conservation. Conservation is hard sometimes. It means that we have to force people to use less. We have found out as a result of price increases that gasoline and other petroleum products are what the economists call price sensitive, that is to say, as the price goes up people will use less.

If we raise the price on imported oil and at the same time we stimulate production of oil energy supplies and increase conservation in the country, we can reduce the danger to our national security of continued reliance on other people's oil, particularly what oil from the Persian Gulf represents to this country, reduce the rate of inflation that OPEC prices have brought and contributed to the inflationary spiral and also offset the increased social security tax at the same time.

Mr. PROXMIRE. Mr. President, will the Senator from Colorado yield?

Mr. HART. I yield to the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I congratulate the distinguished Senator on this constructive proposal.

Most Americans pay more in social security taxes than they do in Federal income taxes. That may shock many, including people who do pay more. The fact is that the Federal income tax, of course, has exemptions, deductions, and is not a flat tax from the dollar one, and the social security tax is.

Of course, there is a clear division of people who pay more. The people who pay more are people of lower incomes. People with higher incomes obviously do not.

May I ask my good friend from Colorado how high a tax would he place on imported oil and how much would it yield and how much relief would it be able to provide to the social security funds?

Mr. HART. I will have to provide to the Senator from Wisconsin detailed statistics on all those areas, but essentially the import fee or the import tax that I propose would be as much as $10 a barrel. It would yield, of course, extraordinary amounts of revenue. We are importing now I think 5.2 million barrels of oil a day, or something in that neighborhood. It is about in the range of 40 percent of all the consumption of petroleum in this country. It is down as a result of price increases, by and large.

The Senator can calculate pretty much, I think, off the top of his head the range of revenues that we are talking about.

The main point here is not so much the level of the tax, although there is some price sensitivity involved and it has to be fairly carefully calibrated, but the main thing is the Treasury does not keep that tax. We should not impose a fee on imported oil or on gasoline and keep it in the Treasury. That is inflationary. It is just driving up the price of a key commodity and then, in effect, the Government keeping the revenue. If it is rebated dollar for dollar, every dime goes back to the consumer or the taxpayer and particularly as an offset against social security. As I say, we will solve two objectives. We strongly encourage conservation and less reliance on someone else's oil, but we also will take the burden off the social security tax increases.

Mr. PROXMIRE. I thank the distinguished Senator. That would raise, then, approximately $50 million a day, or about $15 billion a year.

Mr. HART. Something in that neighborhood, yes.

Mr. PROXMIRE. I thank the Senator.

Mr. LEVIN. Mr. President, I am wondering, if I still have the floor, if I could ask the Senator from Colorado a question about another proposal that he has offered.

Mr. HART. I think I do not have the floor, but I will yield for a question.

Mr. LEVIN. I thank the Senator.

The Senator from Colorado is not only offering a proposal relative to a tax on imported oil, he is also going to be offering the Senate an opportunity to vote on a tax indexing proposal.

During my remarks I made a statement that a tax indexing proposal, I believe simliar to the kind the Senator from Colorado will be offering, if it were in place now, would be more progressive than the present tax bill that we are going to be voting on.

I am wondering if the Senator from Colorado would comment on that comment and tell us if in fact that is an accurate comment.

TAX INDEXING

Mr. HART. Mr. President, the Senator from Michigan is correct. It is calculated, and the Senator from Colorado will offer those statistics next week in connection with the tax indexing amendment, that in terms of money in the pockets of taxpayers, a straight indexing proposal that would index the tax brackets across the board to the rate of inflation would restore more money to the low- and middle-income taxpayers than the so-called Kemp-Roth or supply-side economics or Reagan administration proposal. The charts, the graphs, the calculations, and the tables calculating the various amounts by tax brackets or income levels will be provided when that amendment is offered.

But the Senator from Michigan is correct. There has been a great deal written since the enactment of the 1985 amendment to index the tax code 3 years from now or 4 years from now, about the impact of indexing, and the importance of it, and what a conceptual breakthrough it is.

The Senator from Colorado was, I believe, the first Member of his party here in the Senate—I am sure here in the Senate—and perhaps in Congress, to endorse the concept of tax indexation. That was back in early 1977 in cosponsorship with a former colleague of ours and a former State citizen of the Senator from Michigan, Senator Griffin.

Senator Griffin and I offered, I think, the first bipartisan tax indexing amendment to a tax bill back in 1977, 4 years ago.

Since that time I have consistently supported that concept, not as an economic measure but as a tax reform measure.

It is fundamentally unfair for the Federal Government to reap a windfall from inflation. I think as much as anything else, the people of this country become dissatisfied with the Federal Government, become dissatisfied with the level of their taxes as a result of the invisible tax of inflation and what is commonly known as bracket creep.

They are in fact being taxed more merely because they are keeping level with the rate of inflation. The cost-of-living increases in their salaries automatically raise their taxes if they move into a higher bracket, and people wonder why they keep getting higher Federal income tax bills, and it is because of inflation and because Congress has not had the will in the past at least to treat them fairly and to protect them in terms of their tax burden from the impact of inflation.

We are reaping a windfall, and it is unfair.

The question I raised 2 days ago when we debated this amendment was: If so many people, particularly on the other side of the aisle, that is the clear majority of the Senate, believed that indexation is an idea whose time has finally arrived, why do we have to wait 3 or 4 years? Why not adopt it now? It has the dual advantage of making the tax system in this country more fair and more equitable. But it also represents and will represent in the form of the amendment which I intend to offer an alternative to Kemp-Roth or supply-side economics. It will make the taxpayers whole for the next 3 years—1982, 1983, and 1984—from the burden and impact of inflation and will provide, in effect, more spending power and more purchasing power. If people save and invest it, fine. If they do not, at least they are protected against the ravages of inflation as far as their tax bill goes.

But, finally, we will have less burden on the Treasury. It will deprive the Treasury, if you will, of less of a revenue loss than the so-called Kemp-Roth measure by about $70 billion over the next 3 years. So indexation in 1982, 1983, and 1984 as an alternative, as a sub-

stitute, for Kemp-Roth, for the 3-year tax proposal put forward by the Finance Committee and the administration, has the advantage of fairness and equity. It does protect the taxpayers against the impact of inflation, at least. It does increase their spending power in the next 3 years, and not in 1985, and it will have less of a negative impact on the revenue levels of the Treasury, and give us a much better chance by $70 billion over 3 years of balancing the budget by 1984.

That will be the amendment the Senator from Colorado will offer. It will be interesting to find out how many people who supported indexation as a concept are willing to advance that concept for all the reasons that have been argued for it, which I support, fairness, justice, and equity, and to advance it by 3 years, and have that fairness, justice, and equity for the taxpayers 3 years sooner.

Mr. LEVIN. Mr. President, if the Senator will yield, one of the arguments used against indexing—and I also voted for the indexing proposal the other day—is that it is regressive. If I understand that Senator from Colorado correctly, his indexing proposal is actually more progressive in terms of people earning less than $50,000 than the proportions of this bill that his proposal is going to substitute for.

Mr. HART. The Senator from Michigan is correct. Those statistics will be provided at the time the amendment is offered. But, frankly, I do not think you can talk about or argue about—I think it is an irrelevant argument—as to whether indexation is progressive or not. It is tax fairness.

How can we argue that protecting people against automatic tax increases because of the rate of inflation and bracket creep is progressive or regressive? It is just fair. People should not have to pay more taxes, unlegislated taxes, because of inflation.

When inflation started soaring in this country in the early 1970's, 1973 and 1974, people automatically began to pay more taxes. We did not legislate it, no one here voted for it. It has run into tens and hundreds of billions of dollars. That is unfair. We have been using that money, obviously, to try to balance the Federal budget and to pay for social programs and for increases in our defenses. But we are going to have to think of other things. We will have to have political courage to vote for a tax increase if we want the Defense Department to spend more money for the Nation's security.

That is something we did not do during the Vietnam war, I think to the detriment of both our long-term national security interests in the Far East and around the world, and also our domestic economic interests in terms of inflation that our $350 billion investment, untaxed investment, in Vietnam caused.

What I think we ought to do is to take issues such as increased defense spending to the American people and say, if you are President Reagan or a Member of Congress, "I believe the country ought to spend for defense, and here is why," and give all the reasons, and say to them, "Because we are indexing your taxes and because we are not going to get these windfalls and revenues, we are going to have to vote a tax increase to pay for it. Now, what do you think?"

We will find out what support there is for increased defense spending. I happen to believe the American people will probably pay for it. Whether they will pay for a tax increase of $1 trillion in the next 4 years and I do not know. I think they will be willing to pay somewhat more taxes if it is done out in the open and if we debate it on the floor and we say we will have to increase income taxes by this amount to pay for defense increases, and we ask the question, "Are you for it or are you against it?" And force Members of Congress to vote up or down.

That is the way we should have voted at the time of Vietnam and we would not have gotten involved there, but at least the American people sign on to an increase in defense spending or an increase in health insurance or whatever the cost is instead of using the windfalls from bracket creep to pay for whatever it is, defense spending or some domestic program.

I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

FOREIGN EARNED INCOME EXCLUSION

Mr. PROXMIRE. Mr. President, I would like to ask the distinguished manager of the bill some questions on a section of the bill which I am sure he has a great interest in and in which he is very expert. I mentioned to him a few minutes ago that I would ask him about this. This is section 111 to section 115 of the bill, the foreign earned income exclusion part of the bill.

First, am I correct that this new provision would allow Americans living abroad to exclude the first $50,000 earned income from his or her gross income and that that amount would be exempt from taxation?

Mr. CHAFEE. That is right, if they meet certain residency requirements. If they were abroad 11 out of the 12 months it is earned income. This is a provision that every industrial nation in the world has.

Mr. PROXMIRE. Is it not also true that half or $25,000 of the next $50,000 of earned income abroad, or a total of $75,000, could also be excluded or not taxed?

Mr. CHAFEE. That is correct.

Mr. PROXMIRE. Is it not true these very large amounts of earned income would be taken off the top so that any additional amount would be taxed as if it were the first earned amount to which the beginning low rates were applied? For example, if a person made $100,000 and the first $75,000 would be excluded, the remainder would be taxed at the rate applied to the $25,000 bracket instead of the $100,000; is that right?

Mr. CHAFEE. That is correct. Most nations exclude all earned income abroad. We have not done that. The House bill excludes $75,000.

Mr. PROXMIRE. Let me ask some questions about the present system of taxing U.S. citizens who live and work abroad.

First, is it not true that Americans living and working abroad have vast tax privileges?

Mr. CHAFEE. No, that is not true. Under the current law, the world's most intricate system of deductions is permitted if a U.S. citizen works abroad. It applies to deductions available if expenses are made for certain trips home under a very complicated set of regulations: Education expenses, if equal education is not available in, say, Saudi Arabia or wherever the person is stationed.

Before the Senator proceeds with further questions, I would call his attention to the fact that, of course, Americans serving abroad are subject to the taxes of the country wherein they work. So if somebody is working in England that person's earned income is subject to the incomes taxes of England, France, West Germany, wherever it is.

Mr. PROXMIRE. Of course, if they work in a country that has very low taxes—in the Middle East they have extremely low taxes, not subject to very much in the way of taxes at all——

Mr. CHAFEE. That is correct, no question about it.

Mr. PROXMIRE. Let me proceed. Any income tax they pay abroad to a foreign country is credited dollar for dollar—that is the present law—against U.S. income tax owed, so they are not taxed twice.

Second, property taxes paid abroad can be deducted from American taxable income.

Third, Americans in construction work camps abroad for whom the provision was originally proposed, now pay no taxes on the first $20,000 of earned income.

Mr. CHAFEE. Yes, but beware of what you define as a construction site. The construction site applies to hardly anybody who works abroad, even those who are working in, for instance, Saudi Arabia, so that is not such a bonanza as the Senator might be suggesting from his remarks.

Mr. PROXMIRE. Let me proceed. Americans working for churches, universities, and nonprofit groups, except foundations, get the $20,000 exclusion under existing law.

Mr. CHAFEE. That is correct. We just passed that last year.

Mr. PROXMIRE. And housing expenses in excess of 16 percent of income can be deducted. That contrasts with those at home in public housing, for example, who must pay 25 percent, and shortly 30 percent, for housing. At any rate, housing expenses in excess of 16 percent of income can be deducted.

Mr. CHAFEE. It is not 16 percent of income. It is a portion of what a GS–14 receives for an allowance. Under the current rules, it would be anything in excess of $6,000 that he is receiving for housing expenses is nontaxable. So if you are working abroad for Aramco or somebody, and Aramco pays you $20,000

for housing in Riyadh, the first $6,000 is taxable and the amount above that is nontaxable.

(Mr. STAFFORD assumed the chair.)

Mr. PROXMIRE. In addition, under present law, the cost of sending children to the nearest American school can be deducted.

Mr. CHAFEE. That is under existing law, which would be canceled under this law.

Mr. PROXMIRE. One trip home each year for each dependent member of the family can be deducted.

Mr. CHAFEE. That is correct.

Mr. PROXMIRE. There are also health and social services available to Americans as well as their own citizens, so Americans often make considerable savings for services which at home they would have to pay for.

Mr. CHAFEE. The Senator better be cautious on that. That depends on what country. It varies from country to country. I suspect in England it might well be so. In West Germany or France, I do not know.

Mr. PROXMIRE. Well, as I indicated, in fact, the proposal to exclude $50,000 is of an enormous benefit in low-tax areas, such as the Middle East and so forth. Americans in those areas would pay no taxes abroad and no taxes at home. Is that right?

Mr. CHAFEE. I am sorry, I was interrupted. I missed the last part of that.

Mr. PROXMIRE. Well, the proposal to exclude $50,000 is of a special benefit, enormous benefit, in low-tax areas, such as the Middle East. Such people, if they have no income taxes abroad, they would have to pay no taxes at home and no taxes abroad, is that not right?

Mr. CHAFEE. That is right. If their only income were earned income and if their only income and total earned income was less than $50,000, or whatever exemption we finally agree to.

Mr. PROXMIRE. Now, given that long list of special tax or other benefits, I can only conclude that American citizens living abroad and earning income abroad, particularly in low tax areas, are in a very special or privileged tax situation.

EXPORTS

Let me turn to one of the reasons for this, as I understand, which is to promote our exports. The argument is made that we need this provision in order to promote exports. The hue and cry began in 1976 when the old laws were reformed but, in fact, never went into effect. The present provisions, which I have just cited in detail, went into effect only a year ago and they are very generous indeed. But since 1976, the cry has been that we need the new provisions to promote exports.

Is it not true from 1976 to 1980 exports have grown by 85 percent?

Mr. CHAFEE. I do not know whether the Senator is talking in dollars. Unquestionably and obviously, merely through inflation, exports have grown. If you look at the U.S. share of total exports in the world, you will see a constantly decreasing figure; whereas, U.S. exports have increased in dollars, as obviously they would have to merely stay even.

The percentage of total exports in the world by the United States has been a shockingly declining figure.

Mr. PROXMIRE. Since 1977, we have done far better than our trading competitors, by and large. Sure, there has been a colossal increase in exports of oil from the Middle East for various reasons we are all familiar with.

On the other hand, our exports have done better than Germany, England, Japan, and other nations that compete with us. Is that not correct?

Mr. CHAFEE. No, that is not correct.

Mr. PROXMIRE. Name one nation where they have not done better in any series of recent years.

Mr. CHAFEE. If you want to eliminate oil, obviously, Japan has done way better than we have in exports. But the distressing part is that the United States, for the first time in its history, in 1978 experienced a deficit in manufactured goods balance of payments. In other words, this great manufacturing Nation of ours imported more manufactured goods for the first time in its history in 1978 and that increased in 1979 and increased in 1980.

Mr. PROXMIRE. That is the kind of statistics that people really trip over, because it is true that that happened in every developed country in the world. Only the OPEC nations that export oil did not have exactly the same problem.

Mr. CHAFEE. No, I said manufactured goods. I restricted it to that.

Mr. PROXMIRE. A balance of trade on manufactured goods?

Mr. CHAFEE. In manufactured goods, the United States, in 1978, for the first time in its history, imported more than we exported.

Mr. PROXMIRE. Well, of course, what the Senator does is to exclude the most important part of our exports, which are food; agriculture. That is the marvelous part of our economy. I do not know why the Senator would exclude that any more than you would exclude automobiles from the export totals the Japanese have. If you exclude automobiles from their export totals, they would be in some difficulty.

Sure, we export food. What is wrong with that? And it is very advanced because of power technology and the marvels of our incentives for our family farms and so forth that are so much more productive and efficient than in other countries.

At any rate, if you look at all of our exports, and if you look at the real statistics, the fundamental statistics, which are the balance on current accounts that includes not only exports but return on investment and our services and so forth, we were the only country last year, outside of the oil-exporting countries, we were the only country that had a balance on current accounts overall, which is really the fundamental objective we have. We have to consider all of these elements, including a return on investment.

Mr. CHAFEE. Is this a speech or a question?

Mr. PROXMIRE. Well, it is both. I am trying to make a point and in order to make my point I want to ask my good friend some questions. I have the floor, so I will take the opportunity also to make a speech.

Let me proceed by saying this: There is a study of exports commissioned by the Chase Econometrics Institute, which has been used to justify this bonanza. But it is a flawed study, and here is why.

Some time back, selected American exporting businesses were surveyed and asked what they thought or predicted would happen to exports if the 1976 reforms on taxation of Americans abroad went into effect. The prediction was that exports would fall by 5 percent.

Now, first, the tax reform did not go into effect. Quite different provisions went ito effect in 1978, effective in 1979.

Second, exports did not fall by 5 percent. They grew by 20 to 25 percent annually. And allowing fully for inflation and physical volume, they grew.

Third, based on the assumption that exports fell by 5 percent, the Chase study said the United States lost $16 billion in trade revenues, $6 billion in tax revenues, and hundreds to thousands of jobs.

The assumption was phony. The conclusions are fiction. The study is fatally flawed.

Nonetheless, it has been peddled far and wide by the overseas tax lobby.

Let me now ask some questions about to whom the proposal would apply.

As I understand the bill, "foreign earned income" is defined as the amount of money received by the individual—who has had to meet the 1-year residency requirement—from sources within a foreign country or countries which constitute earned income attributable to services performed during the yearly period. Some items, like pensions and annuities, are not eligible. But is it not true that the proposal does not limit the exclusion to income earned in promoting exports abroad? Is that not true?

Mr. CHAFEE. That is correct. We considered that last year. Actually, in the Finance Committee bill, that came out. We did restrict it to that definition because of the urgings of Senator Ribicoff. That presented incredible problems in defining what is the promotion of exports abroad.

For example, if one served as an American in a bank in Amman, Jordan, is that person encouraging exports abroad? How do you know? If that person is providing financing for exports, perhaps; if he is handling overseas transactions of some nature, perhaps; if he is accepting deposits of Jordanians, perhaps not.

So that was a very, very complicated definition and has been dropped in this measure this year, wisely so, in my judgment.

Mr. PROXMIRE. Let me just point out or ask the Senator if it is not true that this has resulted in some distinctions of this kind. For example, if an American citizen lived in Berlin for 12 months and ran a pornographic movie house, would

not the salary he paid be qualified to be excluded from taxable income?

Mr. CHAFEE. That is the type of illustration that the Senator from Wisconsin traditionally dredges up.

Mr. PROXMIRE. You mean that I traditionally dredge up pornographic movie house examples?

Mr. CHAFEE. The Senator traditionally dredges up the most outlandish kind of illustrations.

Mr. PROXMIRE. I know they are embarrassing to the Senator.

Mr. CHAFEE. To break into the pornographic business in Berlin would be extremely difficult. It is a crowded field. I question whether it would be possible for an innocent American not used to hardcore porn to make it there.

Mr. PROXMIRE. I notice the term foreign earned income is income attributable to services performed by the individual. Is it true that the income of a lady of the evening living and working on the Left Bank of Paris would qualify under this definition?

Mr. CHAFEE. She clearly would be engaged in export. I think she would, yes.

[Laughter.]

Mr. PROXMIRE. Well, I am glad that the Senator documents that position.

Mr. CHAFEE. It was solely a comment.

[Laughter.]

Mr. PROXMIRE. Let us take this alleged relation to exports. An American citizen is living in Tokyo and working for Toyota actively promoting the export of Toyotas to the United States. Would he qualify for the exclusion?

Mr. CHAFEE. If he was working in Japan, definitely.

Mr. PROXMIRE. Promoting the exports of Toyotas to the United States?

Mr. CHAFEE. Yes.

Mr. PROXMIRE. His income would be excluded from American taxation?

Mr. CHAFEE. Right. Again, the illustration. You can sit around and dream up all kinds of illustrations. Is the Senator interested in why we adopted this in the Senate Finance Committee?

Mr. PROXMIRE. Well, I know why they adopted it. They had all kinds of pressure from the export lobby and it was effective. Everybody likes to get an exclusion from taxes. I would like to get an exclusion on the first $50,000 of income.

Mr. CHAFEE. And the next $25,000. Or 50 percent or the next $50,000.

Mr. PROXMIRE. Yes.

Mr. CHAFEE. The reason that this measure was adopted is that in testimony after testimony, witness after witness, it was pointed out that since the measures that were passed in 1978, which applied the full U.S. tax to Americans working abroad, what American companies have done rather than compensate the American with additional moneys for the taxes that were now imposed on him for serving in—do not choose London and Paris because they are subject to the domestic taxes anyway—what we might truly call hardship posts. I mentioned Amman, I mentioned Iran, Nigeria, wherever it might be. Maybe it is not right, but Americans just will not go there without additional compensation.

This has clearly been documented in hearings and in visits that not only I made but the distinguished Senator from Texas, Senator BENTSEN, held similar hearings in the Far East, as did Senator ROTH. It clearly came home, the fact that American companies, rather than have this added expense which would lose them a competitive edge, instead of sending Americans abroad, would send Canadians, citizens of the United Kingdom, West Germans, Swiss, Swedes, whatever they were.

But worse than losing the job or just as bad as losing the American job, we also lost the orders that an American in that position would send home. Again that was documented. This is particularly so in the construction cases.

What happens when you have a Canadian there in a top position or a West German? It is not because these people are anti-American but because they are used to the equipment from their own countries. They know its performance. They know the delivery schedules can be met. They tend to order that type of equipment from their own home countries.

The testimony was absolutely devastating on the lost orders that the United States was experiencing.

The Chase Econometric study mentioned by the Senator was not relied upon by me. In my own judgment, that went too far. I viewed that with a grain of salt.

We had testimony from a host of other witnesses. On that basis, we acted very wisely, in my judgment. I might say many of the Senators wanted to go further. As I mentioned, the House exempts the first $75,000 and we exempted $50,000. Maybe we ought to do more.

It was pointed out that this covered, I think they said, 75 percent of the Americans working abroad.

The other point, from a revenue viewpoint, was raised by the Treasury, in which they said if we exempted all earned income, if we had no limitation, never mind $50,000, never mind $75,000, but if we exempted it all, the total loss to the Treasury was $700 million.

Currently under the law as it is on the books, which the Senator from Wisconsin mentioned previously, the deductions total $400 million.

Mr. PROXMIRE. We are talking about equity and fairness. American citizens work very hard in this country, many of whom promote exports, and get no deduction whatsoever. For example, if the exclusion is related to exports and their promotion, why should not farmers get it? Twenty-five percent of their crops are exported. Why should they not be given an exclusion? Why should not the workers at the International Harvester plants in Wisconsin, whose products are exported worldwide, not be given an exclusion?

Mr. MATHIAS. Will the Senator yield so I may comment on the question he is raising?

I have a very vital interest in this subject. I do not claim an exclusive or unique interest. I think every American ought to have an interest in this.

We estimate that if the United States is to pay the bill for imported energy up to the end of this century, we are going to have to increase our exports tenfold. That is an extraordinary challenge to the United States.

I would like to pay tribute to the Senator from Rhode Island for the effort he is making to promote and encourage exports. There is a difference between the cases that he has cited.

I am very sympathetic to the farmers. I represent a lot of farmers and I am a farmer myself. The fact is that the American companies doing business abroad have expenses that farmers working at home do not have.

I was asking a representative of a large company not long ago how much it costs to pay an American a $30,000 salary, which is not, under existing conditions, an exorbitant salary. How much does it cost the company to pay an American worker overseas the equivalent of $30,000 here at home? He said about $100,000.

Mr. CHAFEE. I would agree with that. In my experience, I went to Amman, Jordan, as I mentioned previously, and their calculations were to keep an American abroad at a $40,000 salary costs $140,000. So what is happening is that the companies just are not doing it.

Mr. PROXMIRE. The fact is our exports are increasing rapidly, physically as well as in dollar terms. Include all our exports. Why not? Food and manufactured goods should all be together, as a whole. They are increasing. We are doing well. We are not doing badly. The present law is working.

Mr. CHAFEE. If we are looking at American jobs, which is what we are interested in, and increasing American exports, I am not happy that American exports in manufactured goods show a deficit. We should undoubtedly sell more farm goods abroad. Why? Because obviously they have grown in dollar value. We have discussed this previously.

I want to see Americans given every chance to start even from the line and get these jobs, get them approved, get the orders back here.

In the two banks I looked at in Jordan, the two principal American banks, both of those banks previously had American managers, and 70 percent of their staff were American.

Since this law came into effect, neither branch now has an American manager and 70 percent of their employees are not American.

One might say, three cheers; these jobs are going to the host country. But it does not work that way. The jobs go to third-nation personnel. The manager of one of the American banks was a Pakistani; the manager of the other bank was an Indian. Neither manager was a Jordanian and, of course, previously, Americans had been there and we lost those jobs.

So, time after time, this case comes up. The United States was once the No.

1 construction contractor in the Middle East. Last year, in orders, America was 10th in construction contracts—10th from No. 1. Mr. President, I am not going to suggest that this is directly as a result of this unfortunate law that was passed in 1978, but, time after time, it was pointed out as a factor. There are a host of other factors, but this was an important factor.

I know the Senator from Wisconsin puts great reliance in the GAO and I think he has cited the GAO in a whole series of debates he has participated in here. The GAO findings in February of this year conclusively show that U.S. workers overseas are at a competitive disadvantage with workers from other countries and, in many cases, it is the sole reason that the U.S. loses contracts or is unable to compete. So this modest loss in revenue, which is about $300 million, will be returned to this Nation manyfold, in my judgment, if we keep the taxation of Americans abroad provision as it is written.

Mr. PROXMIRE. Mr. President, I have great respect for my friend from Rhode Island and my friend from Maryland, but it is hard for me to understand why they keep arguing that we are losing exports when statistics show we are not. They show we have had an increase, yet they keep reverting to that.

Mr. MATHIAS. Will the Senator yield?

Mr. PROXMIRE. All right.

Mr. MATHIAS. The question here is that no one doubts that we have increased our exports. We have increased our population. We have increased——

Mr. PROXMIRE. We have increased our exports more rapidly than our GNP has increased, more rapidly than other countries, with the exception of OPEC countries, which are exporting oil.

We have increased exports more rapidly since this act went into effect; we have increased exports since we passed the antibribery legislation; we have increased exports since the passage of this act, which treats American people abroad like all other Americans, and makes them pay taxes according to their ability to pay. There is no evidence that exports have declined.

Mr. MATHIAS. Mr. President, I want the Senator from Wisconsin to know that I rejoice in all of those facts. I rejoice in every one of them and I think the American business community is to be congratulated on having achieved the kind of milestone that the Senator from Wisconsin has illuminated for the Senate here today. But the fact is it is not enough.

The fact is that we still have an enormous problem with our balance of trade. The fact is that we are going to have to continue to import oil. The fact is that we are in the red, that we have to do something about the trade problems of this country and that the only way we are going to be able—the Senator from Wisconsin certainly is one of the leaders in the Senate in trying to focus our attention on the hard realities of facts and figures. The facts and figures are that we have to do more to encourage exports.

I believe, Mr. President, that the Senator from Rhode Island has taken the lead in pointing the way that we have to go. We have to encourage, we have to lower the obstacles, we have to remove the impediments, we have to make it more attractive, to provide incentives. It seems to me that all we are talking about is doing just that and that that is in the interest of all Americans.

Mr. PROXMIRE. Mr. President, my good friend from Rhode Island also said that the working conditions are very difficult and onerous for people who work in construction camps, for example, in the Middle East. That may be true, but I doubt very much that they are more difficult or onerous than for those who work in a foundry in Wisconsin or Maryland or Rhode Island. I worked in a foundry for a while about a year ago. The noise, the heat, the grime, the enormous strain on muscles you have is terrific. I cannot conceive of harder, tougher work. Many Americans do work of that kind in coal mines and elsewhere; we do not provide any tax exclusion for them. Yet somebody in Paris working for Time magazine or working for the Washington Post who has a job in Paris as a reporter gets an exclusion of $50,000 of his income.

Mr. CHAFEE. He is taxed by French taxes and he is going to be taxed more. Let us not take that person as an example. We have had those movie actresses on the Riviera examples frequently here. I know the Senator feels strongly that movie actresses with their furs, minks, and pearls and diamonds on the Riviera should not be exempt from taxes. So we have them, $50,000. Many, as I say, wanted to exempt it completely, but we did not. We stuck to the $50,000. Maybe we should have gone to $75,000 or more. But those people are subject to the taxes in those sophisticated industrialized countries.

But the proof of the pudding is in the eating, that we are losing American jobs. If you are interested in American jobs and in increasing American exports, then every study that has been taken says that this is one of the ways to do it. If you do not care, that is something different. I do care.

Let me just say one other thing, Mr. President, which is not the principal reason or even a substantial reason for this law. But the withdrawal of Americans working overseas, I think, is unfortunate for our country for a host of reasons. I would like to have Americans abroad. I think Americans, despite the literature dealing with the ugly American—that is a minority case. I think it is good to have Americans abroad. I think it is good to have them with their families. I think it is good to have American children learning foreign languages. We have been fortunate in the past that we have been able to draw on these children of Americans who have grown up abroad with their keen knowledge of foreign languages.

It has been my own personal experience from friends I know, who have been minors, children abroad, who learned Arabic, Indian, whatever the language may be, and they have come back as a result of that experience and have served our Nation very well in matters unrelated to exports. So this is a fringe benefit from encouraging the presence of Americans abroad.

Mr. PROXMIRE. Mr. President, may I say to my good friend that I feel very strongly that every American should pay taxes. The fact is that American citizens abroad receive vast services and subsidies from the American Government already.

I remember that famous statement by Holmes, that he liked to pay taxes, he bought civilization. You buy a government and the government performs many services for you. But think of the services provided by government for people abroad for which they pay nothing. Our military protects them and often rescues them. Many work on U.S. Government supported projects—AID, space, military—or programs subsidized by the Export-Import Bank. They fly on planes getting subsidies and their goods are shipped on ships built and often manned with Government dollars.

Yet they pay no taxes at all if their income is $50,000 or less and very little if their income is higher than that.

Mr. CHAFEE. I know how the Senator feels about that. He has spoken on this subject before. I think he will find most of the Americans that receive the benefits of this are serving in countries that are not terribly attractive countries from the point of view of living. I think the example of working in a foundry in Wisconsin is really not a very good example. I worked in a foundry at home when I was going through college. It is everything the Senator said—terribly hot, steamy. Pouring that molten iron is hot work and dangerous work. But when that was over, I was in lovely Rhode Island, down at the beach, swimming, with Saturdays and weekends off.

Mr. PROXMIRE. Mr. President, I conclude by pointing out why, in spite of the eloquent arguments of my good friends from Rhode Island and Maryland, I persist in my unhappiness with this provision of the bill.

I will not submit an amendment, because I know it will have no chance of being adopted, and I do not want to take the time of the Senate to go through a futile act.

This is a subsidy from the general American taxpayer for those who happen to live and work abroad. It is bad tax policy and unfair to those Americans who pay a heavy tax on relatively small incomes.

Its cost—estimated at one half billion dollars—is out of line with present priorities.

At a time when we are cutting food stamps, the rise in social security benefits, subsidized housing, CETA jobs, and other social programs, to give $500 million in tax subsidies to those at the top 1 percent of income groups living abroad is a perfect example of welfare for the well-to-do.

Mr. CHAFEE. Mr. President, I appreciate the views of the Senator from Wisconsin, and I know he is very sincere.

He has voiced his views on this floor many times when we have debated this measure and its predecessors.

However, what we are trying to do is increase opportunities for Americans. The present tax policies have resulted in the loss of jobs, and these jobs have gone to Canadians, Germans, French, Britains—whatever they might be. This is confirmed by the GAO study.

The way to reverse this is to do as suggested in this measure. I do not consider it a giveaway. As a matter of fact, until 1960, we had a $20,000 exemption, when $20,000, I suppose, was equal to $60,000 now.

So the results of the act we changed in 1978 I consider to be disastrous, and this will remedy it, we hope.

Mr. MATHIAS. Mr. President, I reiterate my admiration for the Senator from Rhode Island for the stand he has taken in this matter.

I must say that, while I fully understand the position that the Senator from Wisconsin takes in opposition, it seems to me that the question of equity lies with this proposal.

We are sending $80 billion—80 billion American dollars, a little more or a little less. As Senator Dirksen used to say, keep on adding up these billions, and it will amount to real money. Well, it has amounted to real money. It may be $90 billion.

It is estimated that in less than a decade, the entire value of all the stocks on the New York Stock Exchange will be sent out of the country. That has to have a devastating effect on the American economy, unless we can move equivalent sums back into the country in the course of trade.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. MATHIAS. I yield.

Mr. PROXMIRE. We are the only developed country, outside OPEC, that has a balance on current accounts. We move that money back into the country not only by our exports, because we get money from that, but also because of services we provide abroad, because of interest income we have. We have vast holdings in Canada, Europe, and other countries. We have a balance on current accounts. That is what we want to achieve overall.

Mr. MATHIAS. A component of that is trade.

Mr. PROXMIRE. Certainly it is a component, and we are doing fine.

Mr. MATHIAS. The projection of all trade was that it will have to increase tenfold by the end of the decade if we are to maintain that balance of which the Senator is so proud. We have to look ahead a little. That is where the equity for all Americans lies.

Mr. PROXMIRE. We are doing better than Japan. People think Japan is knocking our socks off. Overall, counting all our exports and imports, all our services and investments abroad, the inflow we get from abroad is greater than our outflow. In other words, we are ahead on our balance, not behind.

Mr. MATHIAS. But on trade, we are behind.

Mr. PROXMIRE. A little, sure.

Mr. MATHIAS. Trade is pulling down that favorable situation.

Mr. PROXMIRE. It is not pulling it down. We have a balance; that is what we want to achieve. We do not want to achieve a surplus.

Mr. MATHIAS. What does the Senator mean, it is not pulling it down? If a good Wisconsin farmer may be in the black overall but one of his line of crops is a loser, that is pulling down his economic situation.

Our trade problems are pulling down our overall picture. We have to prevent that from becoming worse.

Mr. PROXMIRE. Everytime somebody mentions exports, everybody stands up and salutes. It is like research: People say, "Yes, we have to pay for that, and whatever it is, we are for it."

We have to be a little more discriminating and recognize what our ultimate aims are, and our aim is a balance on current account, which we now have.

We have a marvelous agricultural sector, the most efficient on Earth. We export more food than any other nation; and when we put together our exports, we have all we need. We do not want a surplus in all these areas. I do not think that would be healthy. It would mean other countries would be in serious trouble.

Mr. MATHIAS. So long as there is money to recycle, the Senator can be encouraged. But if the recycling ever ends—perhaps that can happen for political reasons, perhaps that can happen for social reasons in other parts of the world over which we have no control. We may be favorably situated at the moment. But there may be domestic reasons why recycling will be eliminated.

I do not know how the people of Wisconsin feel about the purchase of Wisconsin farmland by foreign interests, but that is one of the elements of recycling.

Mr. PROXMIRE. There is some of that. There is much more American investment abroad. A recent study by the Department of Agriculture indicated that less than 1 percent of our land is owned by foreigners. It may be increasing. We have to watch it. Our investments in Canada are greater than their investments here.

Mr. MATHIAS. I agree with the Senator that it is a small item at the present time, but it is a disturbing item to many Americans. It might be that pressure will develop to take steps to decrease it, small as it is.

For that reason, we have to look at the negative parts of this picture, and that is what the Senator from Rhode Island has done, and that is why what he proposes should be adopted by Congress.

Mr. BAUCUS. Mr. President, will the Senator yield?

Mr. MATHIAS. I yield.

Mr. BAUCUS. What concerns me about this debate is that we are talking about a provision of the bill which will enable Americans to make more money overseas, to work overseas, and we can get jobs going to other nationals. All of us are talking about increasing our exports overseas. It seems to me that the provision of the bill we are talking about will not encourage the trade account as much as it should be encouraged.

There is a lot of talk by multinational corporations to revise the Corrupt Practice Act. There is talk about adopting a provision in this joint resolution so that more Americans can work overseas.

Frankly, I should like to see some of the same commitments to U.S. business, to the reindustrialization of America, so that we will produce jobs here. Japan is knocking our socks off now.

The more we can encourage Americans to work overseas, I do not see how that is going to redress the problem we now face in America and produce more jobs here. We can produce "J" cars or "X" cars.

Mr. MATHIAS. I assure the Senator from Montana that we are thinking about jobs at home.

At the present time one out of every three acres of American farm land is planted for export, and one out of every eight American industrial jobs produces for export.

So when we can get companies that are selling American goods, American technology, and American services overseas, we are providing jobs at home, and that is exactly what we are thinking about.

Representing the great Port of Baltimore, I am fully familiar with the hybridization between the domestic jobs and what we can export, and I am very, very conscious of that, and that is one of the reasons I am so enthusiastic about this proposal.

Mr. CHAFEE. Mr. President, I shall also add something if I might to that.

The rule of thumb is that $1 billion of exports creates 40,000 jobs in the United States. One billion dollars of exports we gain or we lose equates into 40,000 jobs.

What this measure does is, as I pointed out, not only gets jobs for Americans abroad hopefully but also in the orders that those Americans place home is a tremendously important part of this whole equation. So that is one of the great pluses that comes out of it.

In both the Chase Econometric study, that the Senator from Wisconsin mentioned, which I do not completely subscribe to, and in the GAO study, it says that by having more Americans abroad we will increase jobs at home.

Mr. BAUCUS. I understand the Senator's point.

It would be interesting to this Senator anyway to know how many of those jobs are directly related to U.S. business compared with those number of jobs that Americans would be employed in where Americans are working, say, for a foreign company whose trade relation with the United States is very indirect.

Does the Senator have any information on that point? The question is how many of these new jobs will directly relate to U.S. trade and how many will not?

Mr. CHAFEE. The new jobs abroad?

Mr. BAUCUS. New jobs abroad, Americans working abroad.

Mr. CHAFEE. The evidence we had in our testimony dealt with Americans working for American firms.

Mr. BAUCUS. But the provision of the bill applies to all Americans.

Mr. CHAFEE. Sure. There is no question about that.

So an American might, as the Senator from Wisconsin suggested, be working for Toyota in Japan, but in the testimony we had it was the American companies that were trying to stem the loss of American jobs abroad that they were principally talking about, and frankly I do not want to be overly optimistic about this. I have some worries whether indeed we are going to be able to reverse it. It is going to take a while. Now these companies have hired these Canadians and Brits, or whatever it might be, and I do not expect they are going to turn around and fire them all and replace them with an American, but at least we can stop the exodus of the Americans from these jobs and then come back. But we will not come back right away. We suffered a big loss.

Mr. BAUCUS. I understand the Senator's point, and I agree with him.

I think there are too many disincentives for Americans working abroad.

My bigger point, though, is in my judgment there is too much of a tendency for large multinational corporations which are extensively American companies to really have not much of an allegiance to America. That is, they will invest in the countries where they get the highest rate of return, whether Japan, United States, or Samoa, or whatever it might be. Somehow or somewhere we have to find a way to encourage American business to be more American, to honor their allegiance and their obligations to our country and by that I mean to invest more in America, to be more imaginative in our own country so that we can export more products overseas and so that we as Americans can be prouder of our country as the leading technological country in the world.

That is my main point. So there is a provision in the bill that to some degree encourages multinationals to forget America. They can get a higher rate of return providing those jobs overseas than they would providing those same direct jobs in America. I am hoping we find some way to encourage the multinationals to hold greater allegiance to our country.

I say that in part from direct experience in my own State of Montana where Arco acquired Anaconda, and in a few years it pulled out the smelter and refinery out of Montana and they were shipping the copper concentrates over to Japan. They said they can get a higher rate of return by shipping those copper concentrates over to Japan, have them smelted, and then shipped back to America.

I just feel that we have to move in that direction.

The PRESIDING OFFICER. The time has expired.

(During the foregoing colloquy the period for the transaction of routine morning business was extended to 12:45 p.m., by unanimous consent.)

ECONOMIC RECOVERY TAX ACT OF 1981

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the pending business, House Joint Resolution 266, which the clerk will state by title.

The legislative clerk read as follows:

A joint resolution (H.J. Res. 266) to provide for a temporary increase in the public debt limit.

The Senate resumed consideration of the joint resolution (H.J. Res. 266).

The PRESIDING OFFICER. Does the Senator from Kansas seek recognition?

Mr. DOLE. Mr. President, as I understand we are back on the tax bill; is that correct?

The PRESIDING OFFICER. That is the understanding of the Chair.

Mr. DOLE. Mr. President, let me just say briefly that it is my hope that we can conclude, of course, all debate and all amendments on this joint resolution, not today, but sometime early next week.

I understand that there are a number of Senators who have additional amendments. We have been able to identify a number of technical or minor amendments that we think we can accommodate. Hopefully, we might be able to do some of those today.

Senator BAUCUS from the Finance Committee is here on the Democratic side. So perhaps we can take care of some of those today.

But I hope that those Senators who may be within earshot or staff who may be listening in the respective office will help us continue to move this joint resolution along.

In my view we have done quite well. There has been no lengthy diversion. There has been good debate on a number of points that Senators wished to discuss.

So as chairman of the committee, I am pleased that we have made the progress we have. I hope that if there are amendments to be proposed we will have some advance notice of those amendments for our own staff and for the joint committee staff and so that the Treasury can take a look at some of the amendments that Members may wish to adopt.

I indicate, though, that if Senators can restrain themselves until the second tax bill, that is where many of those amendments should properly be added.

UP AMENDMENT NO. 243

Mr. DOLE. Mr. President, I do send to the desk an amendment on behalf of Senator METZENBAUM, and I shall point out what it is and ask for its immediate consideration.

I ask unanimous consent that this amendment be in order notwithstanding the fact that it amends an amendment that has already been agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) on behalf of Mr. METZENBAUM proposes an unprinted amendment numbered 243.

Mr. DOLE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 171, Bentsen unprinted amendment 227 as amended page 2, Metzenbaum unprinted amendment 231 strike subsection D and insert in lieu thereof

"D. Which must be available in a denomination of $500."

Mr. DOLE. Mr. President, let me point out just what it does. I am doing it for Senator METZENBAUM.

Mr. President, the Senator from Ohio to (Mr. METZENBAUM) originally proposed an unprinted amendment numbered 231 to Senator BENTSEN's unprinted amendment No. 227 relating to the all-savers certificate.

Mr. METZENBAUM's amendment appears on page S7804 of the RECORD for July 16, 1981.

As the amendment was drafted it suggests that all-savers certificates cannot be issued in the denominations greater than $500. As reflected in Mr. METZENBAUM's remarks about the amendment, that is not what the amendment was supposed to do. The Senator from Ohio clearly contemplated that all-savers certificates could be issued in denominations larger than $500, but he wanted to make certain that these certificates are available in denominations as small as $500, and that was the intent of the Senator's amendment.

So the amendment the Senator from Kansas just offered on behalf of the Senator from Ohio would still require that all-savers certificates will be available in $500 denominations but it eliminates the implication that larger denomination certificates cannot be issued, and as far as I know there is no disagreement.

Mr. PROXMIRE. Mr. President, will the Senator yield on that amendment?

Mr. DOLE. I yield.

Mr. PROXMIRE. Mr. President, is the Senator saying what this does is simply provide that the Metzenbaum proposal, which I guess the Senate adopted, providing denominations as small as $500 so that the small savers could invest, would not prevent larger denominations like $1,000, $10,000, or whatever, also being made available; is that correct?

Mr. DOLE. That is accurate, and that is what Senator METZENBAUM intended, but because there might be misinterpretations we are offering this clarifying amendment.

Mr. PROXMIRE. All right.

Mr DOLE. Mr. President, does the Senator from Hawaii have any comments on it, or the Senator from Montana?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas.

The amendment (UP No. 243) was agreed to.

AMENDMENT NO. 491

(Purpose: To eliminate the tax effect known as the marriage penalty)

Mr. MATHIAS. Mr. President, I call up amendment No. 491 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Maryland (Mr. MATHIAS) proposes an amendment numbered 491.

Mr. MATHIAS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 26, beginning on line 3, strike out all through page 29, line 20, and insert in lieu thereof the following:

SEC. 103. ELIMINATION OF THE MARRIAGE PENALTY.

(a) IN GENERAL.—

(1) TAX IMPOSED.—So much of subsection (c) of section 1 (relating to tax imposed) as precedes the table is amended to read as follows:

"(c) UNMARRIED INDIVIDUALS (OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS) AND CERTAIN MARRIED INDIVIDUALS.—There is hereby imposed on the taxable income of—

"(1) every individual (other than a surviving spouse as defined in section 2(a) or the head of a household as defined in section 2(b)),

"(2) every married individual (as defined in section 143) who—

"(A) does not make a single return jointly with his spouse under section 6013,

"(B) who elects, at such time and in such manner as the Secretary prescribes, to have this subsection apply, and

"(C) whose spouse elects, at such time and in such manner as the Secretary prescribes, to have the provisions of this subsection apply.

a tax determined in accordance with the following table:".

(2) SPECIAL RULES FOR MARRIED INDIVIDUALS ELECTING SECTION 1(c).—Section 1 is amended by adding at the end thereof the following new subsection:

"(f) MARRIED INDIVIDUAL ELECTING SUBSECTION (c).—In the case of a married individual (as defined in section 143) who elects to have the provisions of subsection (c) apply with respect to his taxable income for any taxable year—

"(1) DEDUCTIONS AND DEPENDENT EXEMPTIONS.—The amount of any—

"(A) deduction allowable by part VI or VII of subchapter B to such individual or the spouse of such individual for the taxable year, or

"(B) personal exemption allowable under section 152(e) to such individual or the spouse of such individual for the taxable year.

shall be allocated between such individual and the spouse of such individual so that 50 percent of such amount is allocated (and allowed as a deduction) to such individual.

"(2) INCOME FROM JOINTLY OWNED PROPERTY.—The income (other than earned income) received by such individual and the spouse of such individual during the taxable year from property held by such individual and the spouse of such individual as tenants in common, joint tenants, or tenants by the entirety, shall be allocated between such individual and the spouse of such individual. The amount allocated to an individual under the preceding sentence shall be an amount which bears the same relationship to such income as the amount of such individual's gross income for the taxable year (determined without regard to this subsection) bears to the sum of—

"(A) such individual's gross income for the taxable year (determined without regard to this subsection), plus

"(B) the gross income of the spouse of such individual for the taxable year (determined without regard to this subsection).

"(3) COMMUNITY PROPERTY LAWS.—The computation of such individual's taxable income shall be made without regard to any community property laws.

"(4) EARNED INCOME.—For purposes of this subsection, the term 'earned income' has the meaning given such term in section 911(F)(2) or 401(c)(2)(C)."

(b) CONFORMING AMENDMENTS.—

(1) Subsection (d) of section 1 is amended—

(A) by inserting "CERTAIN" before "MARRIED" in the heading thereof, and

(B) by inserting ", or who does not elect to have the provisions of subsection (c) apply," after "section 6013".

(2) Subsection (d) of section 63 (relating to the definition of taxable income) is amended—

(A) by inserting ", or who is married and makes an election under section 1(c)" before the comma at the end of paragraph (2), and

(B) by inserting "under section 1(d)" after "return" in paragraph (3).

(3) Clause (i) of section 6012(a)(1)(A) (relating to persons required to make returns of income) is amended—

(A) by striking out ", is not" and inserting in lieu thereof "and is not", and

(B) by inserting "or who is married (as so determined) and makes an election under section 1(c)," before "and for the taxable year".

(4) Subsection (c) of section 42 (relating to general tax credit) is amended by inserting "under subsection (d) of section 1" after "return".

(5) Section 44A (relating to expenses for household and dependent care services necessary for gainful employment) is amended—

(A) by inserting ", or a married individual who makes an election under section 1(c) for such year" after "year" the first place it appears in subsection (e)(1)(A),

(B) by inserting "and who has not so elected" after "year" the first place it appears in subsection (e)(1)(B),

(C) by inserting "CERTAIN" before "MARRIED" in the heading of subsection (f)(2), and

(D) by inserting "or make the election provided under section 1(c) for such year" before the period at the end of subsection (f)(2).

(6) Section 152 (relating to definition of dependent) is amended—

(A) by striking out "or (e)" in subsection (a) and inserting in lieu thereof ", (e), or (f)", and

(B) by adding at the end thereof the following new subsection:

"(f) SUPPORT TEST IN CASE OF CREDIT FOR EMPLOYMENT-RELATED EXPENSES.—In the case of a married individual who makes an election under section 1(c) for the taxable year and who is entitled to claim the credit under section 44A with respect to any person but for the fact that he did not contribute over half of the support of such person, such person shall be treated for purposes of subsection (a) as having received over half of such support from such individual if—

"(1) over half of such support was received from such individual and his spouse;

"(2) the individual contributed over 10 percent of such support; and

"(3) the individual's spouse does not claim such person as a dependent in any taxable year beginning in such calendar year."

(c) FORMS.—The Secretary shall provide a form which enables a married individual electing the provisions of section 1(c) of the Internal Revenue Code of 1954 and the spouse of such individual to make their respective returns of income for the taxable year (required under section 6012 of such Code) on the same form.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1981.

Mr. MATHIAS. Mr. President, certainly we all agree that getting America's economy moving again is the most important job facing the 97th Congress. We are engaged, under the leadership of the Senator from Kansas, the chairman of the Committee on Finance, in putting together a major tax bill we hope will spur productivity and that we hope will ease the tax burden on all Americans, and I certainly join in applauding these efforts.

The ripple effect of a major tax cut is designed to give our economy the kind of boost it needs. It is intended to help every household make ends meet in an inflationary period. A tax cut will give us the long-delayed opportunity to end the most glaring inequality and inequity in our tax code and that, Mr. President, is the marriage tax penalty. I hope we will seize this opportunity to do so.

Now, the version of the tax cut resolution, House Joint Resolution 266, that was reported from the Committee on Finance would allow married couples a deduction of 5 percent for the taxable year 1982, 10 percent thereafter, of the first $30,000 of earnings of the spouse with the lower amount of earnings. But my amendment would allow married couples the option of filing their taxes as if they were single and using the rate schedule for single people.

In other words, this amendment would do away with the marriage tax in toto, eliminate it, because we seek that kind of equity that the Senator from Wisconsin has been advocating so eloquently here this morning, do away with it.

This amendment really addresses itself to an American tragedy. It is an American tragedy without a villain, but it is a tragic situation nonetheless because American society has changed, the American social scene has altered, so that the tax laws in force do not conform to the social profile of the American family.

When the existing tax laws were enacted, most American households were supported by a single wage earner, usually the father, the male, the husband. But in the years since the tax code was enacted, American women have changed from working exclusively in the home to working frequently outside the home to the point that this year more than 50 percent of all American women are now working outside the home.

I hope the Senators will note that I said working either inside or outside the home. I would not want any women to think that I am not fully appreciative of the work they do in the home.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. MATHIAS. I would be happy to yield for a question to the Senator from Wisconsin.

Mr. PROXMIRE. Is it not true that in 1950 only one woman in four with a school-aged child, that is a child between the ages of 6 and 16, worked, and today more than half, as the Senator has pointed out, work? It has been a revolution in the last 30 years, a revolution

that means that the majority of American homes now have at least two earners, and marriage tax penalty, which the Senator, I understand, is trying to redress, imposes a burden, wholly unintended, I am sure, by the Congress when the tax laws were written, on a family in which the husband and wife both work. In fact, they will pay a higher tax than if they were not married at all and were living together; is that correct?

Mr. MATHIAS. The Senator is exactly correct. As he points out, it is an unintended effect. There is no villain in this tragedy, but it is, nonetheless, imposing a burden on many American families that is having a very painful and difficult consequence.

Mr. PROXMIRE. I wholly support this amendment, but would like to know what the cost of the amendment is to the Treasury.

Mr. MATHIAS. I will get to that point, if the Senator will bear with me. But I am glad the Senator pointed out this enormous social change in the country because it just emphasizes the kind of a revolution we have all lived through.

If you reflect back 20 years it is extraordinary the changes that this country has undergone. We have put men on the Moon, we unhappily learned what gaslines were, which no Americans knew 20 years ago; we have had the pleasure of seeing miniskirts come and the sadness of miniskirts go; neckties have been wide again. It has been an extraordinarily changing period.

But along with these noteworthy events, as the Senator from Wisconsin suggests, American society during our lifetime has seen the most dramatic evolution in our whole history because last year for the first time more than half of our women decided to work outside the home at jobs that were traditionally male jobs, and at salaries that are more in line with the value of the work that they do.

It is estimated that in the next 20 years—and I think when we legislate here we ought not to consider just the conditions at the moment but we ought to think about, in a reasonable way, what lies ahead. It is projected in the next 20 years that the number of women outside the home will continue to increase, and by 1990, which is not very far off, will reach 70 percent of all American women.

So, clearly, women wage earners are now an essential and an integral part of the American economy.

In the face of all of this, as I said before, the tax system has stood still. It is about 25 years old, and it was devised as a system to allow married people to combine all family income and to file tax returns jointly. For a traditional family with one wage earner this is a perfectly good system. It was equitable when it was adopted. It recognizes the expenses of raising a family, and it taxes married people at appropriately lower rates.

As long as the majority of married couples were traditional couples, this system fell within the guidelines of the majority of American taxpayers. But the traditional American family has changed—the typical American family is no longer the traditional one. Over half of all married couples—and that means 40 million taxpayers, so we are addressing here a very large audience—have two wage earners. The tax system simply does not recognize this, and the majority of American couples are forced to pay extra taxes based upon an antiquated system which is now fair and equitable only to a minority of American people.

This, of course, Mr. President, is what we call the marriage-tax penalty, because it taxes wage earners more if they are married than if they are not, because when the two incomes are combined and filed jointly, both incomes are thrown into a higher tax bracket.

Of course, the penalty affects all income levels, but it hurts the middle income couples the most, increasing that couple's bill in some cases by as much as 60 percent. In short, the tax system has turned what is occasionally called the tender trap into a booby trap.

Mr. PROXMIRE. Will the Senator repeat that line? That is a good one.

Mr. MATHIAS. I am glad the Senator from Wisconsin thinks it bears repetition.

The marriage tax penalty has turned what used to be called the tender trap into a booby trap.

Mr. HOLLINGS. Is the distinguished Senator saying now that women instead of being tender have become boobies? [Laughter.]

Mr. MATHIAS. If that is the perception of the Senator from South Carolina——

Mr. HOLLINGS. No; I asked the Senator that question. He made the statement.

Mr. MATHIAS. I am sure that the Senator from South Carolina knows that no one from the State of Maryland, a State named after a woman, a State whose capitol is named after a woman, a State in which many counties are named after women—no one from Maryland would hold a view such as that.

Clearly, Mr. President, this is a quirk in the tax code which encourages people to save money by divorcing. Actually, there are people who do this, who go through the ridiculous charade of getting a formal divorce, or perhaps, even more unhappily, simply living together and never marrying at all.

I will not take the time of the Senate to read all of these, but I will put into the RECORD some of the letters I have seen from my constituents and from people all over the country who have confronted this situation and who found it to be a tremendous burden.

Mr. President, I ask unanimous consent that correspondence from my constituents and from others on this subject be printed in the RECORD at this point.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

A Maryland minister writes that tax advisers are now advising people to live together rather than marry:

"It is interesting that the very things you said in your address to Congress, especially concerning the advice of tax advisers to older couples, contemplating marriage is the same advice I had to give most reluctantly, and certainly with moral twinges of conscience. Yet, I know (my parishioners) could make ends meet easier as single persons than as married couples. There was no way I, as a pastor, could advise them to become man and wife under the present tax structure."

A sociologist from the University of California at San Francisco writes:

"As a sociologist, I am acutely concerned over disincentives to women working and to laws and regulations which undermine the family. . . . Bills such as (S. 2) are sorely needed to bring about the structural changes in our society which will allow women to realize their potential and have equal access to opportunities."

And listen to this cry from the heart from a distraught father:

"A few weeks ago . . . (my) daughter, a working girl in her early twenties, told me that she hoped to have children in the future, but would not necessarily get married . . . I tried, without sounding too preachy, to explain that a child deserved to grow up in a stable environment with both a father and a mother. But what chance have I got against a government that actually charges you money for getting married?"

And, then there are examples like Mr. and Mrs. Boyter, from my own State of Maryland. For 3 years running, they have divorced at the end of the year, and remarried a few days later, after taking a vacation on the money they saved by filing as single people. I do not think our tax system should force a couple to this extreme.

(Mr. KASTEN assumed the chair.)

Mr. MATHIAS. Mr. President, the Senator from Wisconsin asked what is the cost of this proposal. That is one of the great services that he performs in the Senate. He constantly raises that question of cost. It is something that I think we all need to address. The time to address it is before we buy, not after the purchase is made.

The effect on tax liabilities from allowing married couples to file as single individuals is this: That under the option for itemized deductions and dependent exemptions allocated to the spouse who can directly claim them, in 1981, it will have a cost of $9.2 billion, in 1982 the cost would be $11 billion, in 1983 the cost will be $13 billion, in 1984 the cost will be $15 billion, in 1985 the cost will be $17.3 billion, and in 1986, the last year for which I have an estimate, the cost would be $19.9 billion.

If the option were exercised to itemize deductions and dependent exemptions provided equally between spouses, then in 1981 the cost would be $7.9 billion, in 1982 the cost would be $9.5 billion, in 1983 the cost will be $11.2 billion, in 1984 the cost will be $12.9 billion, in 1985 the cost will be $14.9 billion, and in 1986 the cost will be $17.1 billion.

The Senator will observe that that is a progressively higher cost in revenue. That, of course, reflects the estimate that I made previously, or the projection that I quoted previously, that by the end of this decade, in no more than 8 years, 70 percent of all American women will be working outside the home. So we are looking at a larger revenue loss, but you are also having to contemplate the fact that if you do not do this the inequity on married couples will be much greater. So as the tax loss is greater, all you are simply doing is saying that you are preventing a greater inequity. You are preventing the Treasury from collecting

larger and larger sums which would be more and more inequitable.

That is really the whole thrust and burden of this amendment.

I might say my figures are from the Office of Tax Analysis of the Treasury. There are some other estimates that are slightly different. The Joint Tax Committee, for example, says that in 1979 this provision would cost between $7 and $9 billion, in 1980 between $8 and $10 billion, and in 1981 between $9 and $11 billion. The figures are more or less all in the same ballpark.

On the cost of the marriage tax, which is the other side of it—I do not think we can look at it only from the Treasury point of view, the point of view of the Government, the point of view of the tax collector, but we ought to look at it from the point of view of the individual who pays the taxes. The 1979 tax cost for couples who, let us say, have no dependents and who have no excess itemized deductions is really extraordinary.

If the husband has an adjusted gross income of $25,000, and let us say the wife has an adjusted gross income of $5,000, the cost of the marriage tax is about $219.

If each of them, for example, has an adjusted gross income of $15,000, then the marriage tax penalty rises very steeply to $903.

So it is arbitrary, it is inequitable, and I think it is time for Congress to recognize the facts of life, literally the facts of life, and change the law to conform to the changes in the American family.

I yield to the Senator from Hawaii.

(By request of Mr. INOUYE, the following statement was ordered to be printed in the RECORD:)

● Mr. SASSER. Mr. President, I rise to support the amendment put forward by my distinguished colleague from Maryland (Mr. MATHIAS).

This amendment would increase the benefit of the marriage tax penalty provision that is now contained in the Finance Committee bill. I applaud the committee's efforts with regard to the marriage penalty. The committee has held extensive hearings on the issue and has otherwise given time to coming up with a workable solution to this pressing problem. The Finance Committee wisely included a marriage tax penalty provision in the tax bill that it reported to the Senate last year. The members of the committee have continued to show their concern for working married couples by again adding a marriage penalty provision to the tax bill we are considering today.

My only disagreement with this portion of the committee bill is that it does not go far enough. The marriage tax penalty provision contained in the bill would allow, in 1982, a deduction equal to 5 percent of the income of the lesser earning spouse up to a maximum deduction of $1,500. In 1983 and thereafter, the deduction would rise to 10 percent of the lesser earner's income up to $3,000. The Mathias-Sasser-Riegle amendment would completely eliminate the penalty by allowing married couples to file as if they were single.

The extra fiscal relief offered by this amendment is needed by millions of married working couples who find it difficult, if not impossible, to make ends meet. This more beneficial provision would go much further in alleviating the present disincentive to marriage and the work disincentive to the second earner.

Under present law, Mr. President, a married couple making $10,000 each would pay $2,745 in taxes on their combined income of $20,000. If the same couple were not married they would pay $2,354 in taxes. This difference of $391 in tax liability is the marriage penalty. For a couple each earning $15,000, the marriage penalty is $689.

This issue has received much attention in the last few years. One important reason for this attention is the dramatic increase in the number of married couples in which both spouses are employed. The number of couples in this situation is now well over 30 million.

The number of two earner families passed the 50-percent mark in 1978 and has continued to climb from there. It is estimated that in 10 years the percentage of married couples, both of whom are employed in the labor force will approach 70 percent.

Mr. President, this is an issue with which the American people are very familiar. A recent Gallup poll found 83 percent of our citizens favor a change in the law to make it fairer to married working couples. This overwhelming support for change demands that we improve upon the good work of the Finance Committee and place a greater priority on alleviating the marriage penalty.

Tax equity is a much talked about goal of many in the Congress. I submit that there are few opportunities more promising than this one to bring about a greater degree of equity to our tax code. It is simply unfair for two working people who are married to pay substantially higher taxes than two working people who are not married. This discourages the institution of marriage and at the same time is an embarrassing reflection on our tax system.

There are, in addition, economic reasons for substantially reducing the penalty that should be examined. Many of those who talk of the benefit of the supply side economic theories also tell us that there is great supply side potential in lowering the marginal tax rates paid by a married couple's second earner.

According to supply-side theory, tax cuts can reduce inflation, at the same time increasing economic growth, if they provide incentives for increased work effort and saving. With regard to work efforts, studies show that second earners have far more discretion in the number of hours they work and whether or not they work at all. If a tax reduction is to have any effect, it is most likely to impact second earners. Yet these individuals under present system have the highest marginal tax rate.

Families whose income does not keep up with inflation must either withdraw savings, go into debt or one spouse must go to work or increase the number of hours worked. A tax policy targeted to this group promises more savings and less debt in the most direct and proven way possible.

Another point to be made with regard to the marriage penalty's effect on savings is that many households can afford to save only if there is a second earner. Median earnings of two earner married couples are about $27,000. This compares with $18,000 for single earner couples. The way in which many families have attempted to remain whole against the ravages of inflation has been for a nonworking spouse to go to work or to increase the number of hours worked if already working. This is all that has kept many families from suffering a tremendous decline in their standard of living.

Mr. President, we have an opportunity today to take a giant step in the name of tax equity and supply side incentive. We can make a big change in the chilling effect that the tax code now has on the institution of marriage. The Finance Committee's concern with this matter is evidence of its importance. If we are to act on this matter at all, let us act effectively.

We should increase the marriage tax relief provision to the levels established by the Mathias-Sasser-Riegle amendment.●

Mr. MATHIAS. Mr. President, I am glad the Senator from Hawaii has submitted the statement of Senator SASSER. I would like to express my appreciation for the steadfast support that he and the Senator from Michigan (Mr. RIEGLE), have given to this proposal.

It has been very encouraging to me to have their interest and support. Over the last several years, we have tried to bring this problem and our solution to the attention of the American people.

Mr. DOLE. Mr. President, first, I commend the distinguished Senator from Maryland, the Senator from Tennessee (Mr. SASSER), and the Senator from Michigan (Mr. RIEGLE), and others who have an interest in this approach. Senator MATHIAS and, I am certain, the other Senators have been in the forefront on the total elimination of the so-called marriage penalty. There is no doubt about the impact they have had on the thinking of those of us who are on the Senate Committee on Finance because we do include, as we did in the bill reported by the Finance Committee last year, a provision which is designed to go at least part of the way—we think a long way—toward addressing the higher taxes that two-earner couples pay compared with two single workers.

Under the Finance Committee bill, a new deduction will be provided to two-earner couples equal to 10 percent of the first $30,000 of the earnings of the spouse with lesser earnings. In 1982, that deduction will be 5 percent of the first $30,000 and then will climb to 10 percent I mentioned in 1983.

I recognize that this provision does not go as far as the Senator from Maryland would like, but I think it goes a long way, Mr. President.

It is a very costly amendment. I just had a brief off-the-floor discussion with the Senator from South Carolina, and he

asked, "Where are you getting all this money?" The Senator from Kansas is not certain he can answer that question. But the Finance Committee deduction reduces revenues by $4.4 billion in 1983 and $9 billion in 1984. So we have taken a pretty good step in the right direction.

I remember when we were discussing this amendment in the Finance Committee, the distinguised Senator from Louisiana (Mr. LONG) said that, as he looked around the room, he could see a number of ladies in the audience who were there years ago, indicating that, really, there was a single-person penalty, so we tried to address that. He commented that now, all these ladies have grown up and gotten married and they are in here telling us about the marriage penalty. So we have tried to address that.

Mr. President, it does not go as far as the distinguished Senator from Maryland would go, or as far as, on the House side the gentle lady from New Jersey, Representative FENWICK, has been advocating. But we believe that under the budgetary constraints we have had and our own constraints, concerned about the budget and fiscal deficits in 1982, 1933, 1984, and beyond, we have done a fair job in addressing the problem as some see it.

As was indicated by the Senator from Maryland to the Senator from Wisconsin, the loss on his proposal would range as high as $16 billion. That is just more than we felt at this time we could address.

I might add, Mr. President, that the House Ways and Means Committee has adopted a little more liberal provision, where, I think, the total benefit would be about $5,000. So we are going into conference and I suggest we shall probably come back with a bit more expensive proposal than we have from the Senate Finance Committee.

I guess what I am suggesting is that I am sympathetic with the efforts of the Senator from Maryland, but I hope that he will let us proceed on the basis of seeing whether or not we have really addressed the real problem in the next few years. If not, perhaps we can go another step down the road as proposed by the Senator from Maryland.

Mr. MATHIAS. Mr. President, the Senator from Maryland is very grateful for the sympathy of the Senator from Kansas, but this is a situation in which sympathy alone is not going to help. As to that couple that earns $15,000 apiece—not exactly an exorbitant annual wage for either men or women, and they pay $903 for the privilege of being married, the privilege of being married—they are going to want more than sympathy.

I say to the Senator from Kansas that I think he gives us more than sympathy, and I am grateful for that. In this bill, he and his colleagues on the Committee on Finance have recognized the principle. They have recognized the fact that there is such a thing as a marriage tax penalty. I think the committee is to be certainly congratulated for taking this step. It is a major step, because once you have recognized the principle, then, of course, the equities of the situation are an aid to finding the solution to the problem. Once the problem is seen, it has to be solved.

The committee is saying to the Senate today that they do recognize the problem. I should like to pay tribute to the committee for doing that. I wish they had gone a little farther.

I can promise the distinguished chairman of the committee, and I hope he will take these as words of friendship and not as a threat, that we are going to persist in this until we get a solution. I say that in the friendliest possible way, and I do not mean it as a threat. But this is such an urgent problem that I think those of us who are concerned about it want to see it end.

Mr. President, I am not authorized to speak for Representative MILLICENT FENWICK but, knowing her as I know her, knowing her dedication to this cause, I am sure that, on the other side of the Capitol, she will be just as ardent as anyone in the Senate to bring this matter to a solution that represents total equity for the American people.

On the other hand, Mr. President, I am not unmindful of the problems that the Committee on Finance has in dealing with revenue laws. We are having to shift a number of different tax accounts to try to provide incentives for industry, incentives for the restoration of the economy, while we improve the equities as between different taxpayers. It is not always possible to make very large shifts in a single bill in a single year. I am deeply concerned that we keep the books in balance, so I understand the prudence of the chairman's recommendations that we move a little distance at a time.

On the old Chinese theory that the longest journey begins with the first step, I am inclined to accept the assurances given to us by the chairman that this will be a matter that will be kept very high on the agenda by the Committee on Finance and that we can look forward to further progress on the road on which the committee has happily started to travel.

Mr. DOLE. Mr. President, will the Senator yield at that point?

Mr. MATHIAS. I am happy to yield.

Mr. DOLE. Again, I think the Senator has made a good point. I should like to have printed as a part of my statement four pages from the committee report—pages 29, 30, 31, 32, and a bit on page 33, which set forth in more detail what the present law is and either the penalty or the bonus, depending on the circumstances. It also sets forth the marriage tax penalty for two-earner incomes under present law and the Finance Committee bill, which I think will be of interest to many, because this is a matter of direct interest to literally thousands and thousands of two-earner families. I ask unanimous consent, Mr. President, to print those pages.

There being no objection, the pages were ordered to be printed in the RECORD, as follows:

2. Deduction for two-earner married couples (sec. 103 of the bill and secs. 62, 85, 105, 3402 and new sec. 221 of the Code).

PRESENT LAW

Under present law, a married couple generally is treated as one tax unit which must pay tax on its total taxable income. Although couples may elect to file separate returns, the law is structured so that filing separate returns almost always results in a higher tax than filing joint returns. In addition, different tax rate schedules apply to single persons and to single heads of households. Along with other provisions of the law, these rate schedules give rise to a "marriage penalty" when persons with relatively equal incomes marry each other and a "marriage bonus" when persons with relatively unequal incomes marry each other. In general, if two persons' combined income is allocated between them more evenly than 80%–20%, their combined income tax liability will increase when they marry.

REASONS FOR CHANGE

The committee is concerned about the marriage tax penalty, and has decided that a suitable response to this problem is to allow married couples a new deduction equal to a percentage of the earnings of the spouse with lower earnings.

Any attempt to rectify the marriage penalty involves the reconciliation of several competing objectives of tax policy. For many years, an accepted goal has been the equal taxation of married couples with equal incomes. This has been viewed as appropriate because married couples frequently pool their income and consume as a unit, and, thus, it has been thought that married couples should pay the same amount of tax regardless of how the income is divided between them. This result generally is achieved under current law.

The committee believes that alleviation of the marriage penalty is now necessary because large tax penalties on marriage undermine respect for the family, by affected individuals, and for the tax system itself. To do this, the committee was obliged to make a distinction between one-earner and two-earner married couples. The simplest way to alleviate the marriage penalty is to allow a percentage of the earned income of the spouse with the lower earnings to be, in effect, free from income tax.

The provision also will alleviate another effect of the current system on all married couples—high marginal tax rates on the second earner's income. Recent studies have shown that these high marginal rates have a significant adverse effect on second earners' decisions to seek paying jobs. The 10-percent reduction in marginal tax rates for second earners provided by the new deduction will reduce this work disincentive. In addition, some contend that two-earner couples are less able to pay income tax than one-earner couples with the same amount of income because the former have more expenses resulting from earning income, as well as less free time. Under this theory, the new deduction will improve equity by reducing the tax burden of two-earner couples compared to one-earner couples.

The second-earner deduction will reduce the marriage penalty and improve work incentives for second earners without abandoning the basic principle of joint returns. Allowing married couples to file separate returns as single taxpayers would be very complex because of the necessity for rules allocating income and deductions between the spouses. If separate filing were optional, many couples would be burdened by having to compute tax liability under both options (separately and jointly) in order to determine which method minimizes their liability. Further, separate filing would provide tax reductions with respect to all types of income received by married couples, while the committee believes that relief is essential for wages and salaries received by second earn-

ers. Also, separate filing would reduce taxes only for couples affected by the marriage penalty, while the committee believes there should be a reduction for all two-earner married couples.

The substantial reductions in the marriage penalty resulting from both this new deduction and the overall reductions in marginal rates provided by the committee bill are shown in table 6. This new deduction is a major step toward the goal of eliminating the marriage penalty completely.

EXPLANATION OF PROVISION

With certain exceptions, two-earner married couples who file a joint return will be allowed a deduction from gross income in arriving at adjusted gross income. Taxpayers may claim this deduction even if they do not itemize their personal deductions. The deduction will equal 10 percent (5 percent for taxable years beginning in 1982) of the lesser of $30,000 or the qualified earned income of the spouse with the lower qualified earned income. Thus, the maximum deduction will be $1,500 for taxable years beginning in 1982 and $3,000 for subsequent taxable years. If the qualified earned income of each spouse for the taxable year is the same, then the deduction may be computed using the qualified earned income of either one of the spouses.

In general, qualified earned income is earned income within the meaning of section 401(c)(2)(C) or section 911(d)(2) (as redesignated by the bill) less specified deductions allowable under section 62 that are properly allocable to or chargeable against such earned income in determining qualified earned income. Qualified earned income will be determined without regard to the 30-percent limitation on compensation from a trade or business in which both personal services and capital are material income-producing factors. Qualified earned income is not intended to include unemployment compensation paid under a government program.

Under the bill, qualified earned income does not include any amount that is not includable in gross income, because untaxed income does not give rise to a work disincentive or a marriage penalty. In addition, the qualified earned income of each spouse will be computed without regard to any community property laws; that is, earned income will be attributed to the spouse who renders the services for which the earned income is received.

Pensions, annuities, individual retirement plan distributions and deferred compensation are excluded from qualified earned income. In general, deferred compensation is any amount received after the close of the taxable year following the taxable year in which the services to which the amount is attributable are performed. Pensions and annuities are excluded because these amounts are composed largely of investment income (e.g., interest on plain contributions) that has accumulated tax-free. This exclusion is also necessary to focus the benefits of this deduction on individuals currently earning income and to avoid a windfall for those whose work took place in past years. The exclusion of pensions and annuities is consistent with the definitions applicable to the earned income credit. Distributions from individual retirement plans have been excluded to maintain parity with qualified plans. Other forms of deferred compensation are excluded from qualified earned income for similar reasons.

Wages exempt from certain social security taxes because an individual is in the employ of his or her spouse also are excluded from qualified earned income. These amounts are excluded because the existing exemption of these wages from social security tax already provides substantial relief to these second earners and because, otherwise, there could be opportunities to shift earned income between spouses and attribute an inaccurate or unreasonable amount of earned income to the second earner.

Certain items deductible under section 62 must be deducted in computing qualified earned income. These items are: (1) deductions attributable to a trade or business from which earned income is derived, except that if some of the gross income from a trade or business does not constitute earned income, only a proportional share of the deductions attributable to such trade or business must be deducted (section 62(1)); (2) deductions consisting of expenses paid or incurred in connection with the performance of services as an employee (section 62(2)); (3) deductions for contributions by a self-employed person to a qualified retirement plan (section 62(7)); (4) certain deductions relating to pension plans of subchapter S corporations (section 62(9)); (5) contributions to an individual retirement plan (section 62(10)); and (6) deductions for certain required repayments of supplemental unemployment compensation benefits (section 62(15)).

TABLE 6.—MARRIAGE TAX PENALTY FOR 2-EARNER COUPLES UNDER PRESENT LAW AND COMMITTEE BILL

Income of husband	Income of wife				
	$10,000	$20,000	$30,000	$50,000	$100,000
$10,000:					
Present law	$103	$185	$157	−$134	−$241
Committee bill	−121	−84	−146	−512	−2,360
$20,000:					
Present law	185	822	1,350	1,701	1,671
Committee bill	−84	90	388	557	−837
$30,000:					
Present law	157	1,350	2,166	2,901	2,918
Committee bill	−146	388	606	1,110	185
$50,000:					
Present law	−134	1,701	2,901	3,760	3,777
Committee bill	−512	557	1,110	2,290	2,007
$100,000:					
Present law	−241	1,671	2,918	3,777	3,794
Committee bill	−2,360	−837	185	2,007	3,390

Notes: The marriage bonus or penalty is the difference between the tax liability of a married couple and the sum of the tax liabilities of the 2 spouses had each been taxed as a single person. Marriage bonuses are negative in the table; marriage penalties are positive. It is assumed that all income is earned, that taxpayers have no dependents, and that deductible expenses are 23 percent of adjusted gross income and are allocated between spouses in proportion to income. Committee bill computations assume the rate schedules and 2-earner couple deduction in effect in 1984 and thereafter.

The bill includes conforming amendments specifying that the amounts of unemployment compensation and disability income included in adjusted gross income are to be computed without regard to this deduction. Then, the deduction is to be computed excluding from qualified earned income amounts of disability (or other) income not included in gross income.

The bill also provides that no deduction is allowable if either spouse claims, on the couple's joint return for the taxable year, the benefits of section 911 (relating to income earned by individuals in certain camps outside the United States) or section 931 (relating to income from sources within possessions of the United States). Couples benefiting from these provisions are excluded from the new deduction because of the substantial relief provided elsewhere in the bill for income earned abroad and the complexity of coordinating the new deduction with these provisions. This is consistent with the eligibility rules for the earned income credit.

Mr. DOLE. In fact, Mr. President, we had testimony before our committee. I believe the couple was from Maryland. Almost on an annual basis, in fact, I think for 3 consecutive years, they would have a divorce in December.

Mr. MATHIAS. That was Mr. and Mrs. Boyter.

Mr. DOLE. Then they would remarry in January and have enough of a tax credit to take a vacation.

Mr. HOLLINGS. Or a honeymoon.

Mr. DOLE. Or a honeymoon, depending on the circumstances.

[Laughter.]

Mr. DOLE. We did not believe the Tax Code should be so structured. They were very telling witnesses, I might add. They caught our attention. In fact, they may have been presented to the committee by the Senator from Maryland.

Mr. MATHIAS. Mr. Boyter's case, as the chairman mentioned, is a perfect illustration. It is really sort of a ridiculous situation. I say to the chairman that it almost brings the Tax Code to the point of being an object of ridicule, when you can go through the charade of getting a formal divorce, remarry, and save enough tax money to take a trip, and to do that year after year after year. When the Tax Code gets that far from reality, I believe it is clear that it needs to be changed.

With the assurance of the chairman that the committee will continue to make progress on this matter, and because of the validity of the chairman's concern about revenue loss, I will withdraw the amendment at this time.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. DOLE. Mr. President, I thank the distinguished Senator from Maryland for the discussion and for his willingness to withdraw the amendment at this time. We will continue to address the problem he has ably presented in the past and again this morning.

UP AMENDMENT NO. 244

Mr. DOLE. Mr. President, as I understand, there is one other technical amendment which has been cleared on both sides of the aisle. I send the amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an unprinted amendment No. 244:

On page 171, after line 16 insert the following new section:

SEC. —. Fees for filing petitions—

(a) Section 7451 is amended by striking out "$10" and inserting in lieu thereof "$60".

(b) Effective date.—The amendment made by this section shall apply to petitions filed after December 31, 1981.

Mr. DOLE. Mr. President, I am advised by the Joint Committee that the only purpose of this amendment is to discourage filings in tax court to save money for the taxpayer who may or may not have some real dispute.

Right now, the filing fee is $10. This would authorize an increase to $60. The filing fee in U.S. district courts is now up to $60.

We are not trying to deprive the taxpayer of the right to plead his cause to the IRS and all the way up the line.

We are advised that there are 24,000 cases pending right now in the tax court. We are also advised that 6,000 to 7,000 of these cases are filed solely to take advantage of the interest rates.

While we do not want to penalize anyone with a particularly high filing fee, it seems to us that this amendment is technical in nature, and we have cleared it with staff on both sides. I believe the joint committee has discussed it with the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. PROXMIRE. The concern I have is that the increase from $10 to $60 in filing the increases is sixfold. Would this have an effect on a person with a modest income who would like to use the facilities of the court?

Mr. DOLE. It is my understanding that they have a small claims division which has been set up through the efforts of Congress, and they can waive the fee in those instances. So it would not have an impact on those people.

Mr. PROXMIRE. Is there any objection to this by any group? Has anybody testified against it?

Mr. DOLE. No.

Mr. PROXMIRE. Would there be a substantial revenue increase from the increase in the fee? If so, how much?

Mr. DOLE. I am advised that there would be some increase on a number of cases. However, it would reduce the docket. Some of the cases are sitting there because of interest rates, and they would not be filed in the first instance. It might, in the long run, save tax dollars by reducing the workload, the paperload.

Mr. PROXMIRE. Did the Ways and Means Committee act on this?

Mr. DOLE. The Ways and Means Committee has not acted on this as yet, so it is a matter that would be in conference.

Mr. PROXMIRE. The Ways and Means Committee have completed——

Mr. DOLE. They have not completed. They have had a tentative meeting and agreement on a number of miscellaneous matters on Friday. They have not decided yet how much to give the oil men in tax reduction, and there is a sort of auction going on over there at this time. I do not know who is the high bidder.

Mr. PROXMIRE. Have any hearings been held on this amendment? Is there any record on it in the House or in the Senate?

Mr. DOLE. Only that the Tax Court has submitted information to the joint committee and to the committees indicating their belief that this is a step that should be taken. They are the ones who deal with the problem. They understand why these cases have been filed; and they believe that even this small increase in the filing fee would offer some relief.

Mr. PROXMIRE. So the feeling is that it would reduce the number of cases pending and ease the pressure on the court?

Mr. DOLE. That is the understanding of the Senator from Kansas from the Joint Tax Committee.

Mr. PROXMIRE. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 244) was agreed to.

Mr. DOLE. Mr. President, I know of no other amendments. We were hoping that there might be some other noncontroversial amendments, but we have checked with those Senators. We also thought there might be an opportunity to engage in discussions with Senators who, rather than offer amendments, would be satisfied with a colloquy on a particular point. However, we are unable to locate them, or they are not quite ready to take that step.

Therefore, so far as the Senator from Kansas is concerned, I suggest that we terminate the business on the so-called tax measure today. We will resume on Monday.

Excuse me. I understand that Senator MATHIAS wishes to speak on one other amendment.

Mr. HOLLINGS. Mr. President, will the Senator yield while we are waiting for the distinguished Senator from Maryland?

Mr. DOLE. I yield.

Mr. HOLLINGS. Mr. President, earlier, I had asked the distinguished Senator from Kansas where all the money was coming from, specifically. The Senator from Kansas and his outstanding Finance Committee have been working around the clock. They have come up with quite a tax cut measure, and in essence it is an excellent measure. The only question I have is as to its timing.

When I ask about where the money is—we will make this point on an amendment later, to try to phase in the tax-cut approach of the Reagan administration and the Finance Committee—America finds itself, in this Senator's judgment, very much economically inebriated.

I say to the Senator from Tennessee that there is no shortage in dollars. The Senator from Kansas and the Finance Committee have struggled since January, and they have come up with $12 billion for business.

In the last week, Mobil bid to take over Conoco; DuPont bid to take over Conoco; Seagram bid to take over Conoco. All envision somewhere around $7 billion to $7.5 billion for the takeover. Each of those groups is arranging financing for that takeover. Private industry, just on a takeover basis, has found $15 billion. There are plenty of dollars out there.

We struggle in Congress and praise each other about what a magnificent job we have done to find $12 billion over a period of a year. This crowd, in 1 week, can find $15 billion, and for nonproductivity. There is not one extra job, not one person hired, not one new machine.

I ask the Senator from Wisconsin and the Senator from Kansas, who are experts on finance in the Senate, if the Federal Reserve Board has some control over the takeovers and the volume of money and the money supply.

Let me stick to my original point. The original point is that, yes, a tax cut is a good thing ordinarily, but these are not ordinary times. We have had seven tax cuts in the last 10 years, amounting to $731 billion—$731 billion in tax reduction.

So, in one sense, this is more of the same, to come for a tax cut, but even more precarious.

It is in the context of a person walking up to a counter on a hot, 94-degree day, and ordering a cold beer in order to cool off. That would be very refreshing. But if he had been drinking over many years and was saturated, one beer to an alcoholic would be disastrous.

Simply put, the tax cut of the Finance Committee or the Reagan administration or Kemp-Roth or Ways and Means Committee—all different varieties—are delightful. All politicians—that is what we are—rejoice in tax cuts. But if not properly phased in, rather than it being a refreshment and a rejuvenation and an increase in productivity to the economy, it is like giving a drunk another drink. We have to dry ourselves out.

We have to phase in, as President Kennedy did in 1962, first the business side tax cuts, wait for a little drying out of the money supply we see out there, and then, in turn, give the across-the-board tax cuts in 1983.

I see that the distinguished Senator from Maryland is in the Chamber.

Mr. DOLE. Mr. President, I appreciate the comments of the distinguished Senator from South Carolina and his help in helping us keep the lid on. Maybe he is not going to agree we kept the lid on in the Finance Committee. But the urgings of Senator HOLLINGS of South Carolina and Senator DOMENICI of New Mexico did not go unheeded by members of the Finance Committee, and I suggest in that light that so far since the debate started in the Chamber I think, with the exception of all but one amendment, the revenue figures for fiscal year 1981 in the bill, the cost to the administration tax proposal was $1.5 billion. So far up to this moment we have taken care of $1.465 billion of that. In fiscal year 1982, the administration numbers are $38.3 billion. We are presently at $37.4 billion. In fiscal year 1983 the President's tax reduction package would be a revenue cost of $91.8 billion, and we have now exceeded that figure in the Chamber. We are up to $92.4 billion. In fiscal year 1984, the year we are to balance the budget, the President's revenue package estimates would cost about $150 billion. We are now at $151 billion. So we have now exceeded the President's numbers. That is taking into account the amendments that will be adopted next week, the Moynihan-Packwood amendment on charitable deductions above the line.

With I guess over half the Senate signing letters saying what a great amend-

ment that was, we tried to reduce the cost of that and narrow its scope, but I indicated to Senator PACKWOOD and Senator MOYNIHAN that we could probably take care of that amendment. We are going to have to go back into the bill and find some areas to do some savings, and we are going to add as the last action we take in the Chamber hopefully what we call a fiscal responsibility amendment, another thing we learned from the Budget Committee, which will say, in effect, if we exceed the numbers in our bill, the administration numbers, that we will protect the Senate, we will come back from the conference within those figures, so we do not exceed what has already been viewed by some as a very rich tax proposal.

I thank the Senator from South Carolina, who is here, and the Senator from New Mexico, who cannot be here today, for not only their guidance but also their leaning on our committee. It was very helpful to me.

Mr. HOLLINGS. I thank the distinguished Senator.

Mr. DOLE. Mr. President, I understand Senator MATHIAS had one amendment he wishes to discuss.

UP AMENDMENT NO. 245

(Subsequently numbered amendment No. 500.)

(Purpose: To provide an opportunity to individuals to make financial contributions, in connection with the payment of their Federal income tax, for the advancement of the arts and the humanities)

Mr. MATHIAS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Maryland (Mr. MATHIAS) proposes an unprinted amendment numbered 245.

Mr. MATHIAS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, insert the following new section:

SEC. . CONTRIBUTIONS FOR THE ARTS AND HUMANITIES.

(a) PURPOSE.—It is the purpose of this section to augment existing financial support for the Nation's arts and humanities activities through private individual and corporate taxpayer contributions.

(b) DEFINITONS.—For purposes of this section—

(1) STATE ARTS AGENCY.—The term "State arts agency" means the agency designated under paragraph (2) of section 5(g) of the National Foundation on the Arts and the Humanities Act of 1965.

(2) STATE VOLUNTARY COUNCIL.—The term "State voluntary council" means the agency designated under paragraph (2) of section 7(f) of the National Foundation on the Arts and the Humanities Act of 1965.

(3) STATE.—The term "State" has the meaning given such term by section 3(g) of the National Foundation on the Arts and the Humanities Act of 1965.

(c) DESIGNATION OF CONTRIBUTION BY TAXPAYER.—

(1) IN GENERAL.—With respect to each taxpayer's return for the taxable year of the tax imposed by chapter 1 of the Internal Revenue Code of 1954, such taxpayer may elect to have—

(A) any portion of any overpayment of such tax for such taxable year, or

(B) any contribution in money which the taxpayer forwards with the return for such taxable year, be available, as the taxpayer may designate on such return, for—

(i) the National Endowment for the Arts;

(ii) the National Endowment for the Humanities; or

(iii) both such endowments equally.

(2) NOTIFICATION ON RETURN FORMS.—The Secretary of the Treasury or his delegate shall provide that the tax return forms for the tax imposed by chapter 1 of the Internal Revenue Code of 1954 will fully inform each taxpayer of the opportunity the taxpayer has of making a contribution as described in paragraph (1) and the purposes for which such contributions will be used. Space shall be made available on the first page of such returns for the designations referred to in paragraph (1).

(3) TREATMENT AS OVERPAYMENT.—For purposes of the Internal Revenue Code of 1954, any overpayment of tax designated under paragraph (1) shall be treated as being refunded to the taxpayer as of the date prescribed for filing of the return of such tax (disregarding any extension) or, if later, the date the return is filed.

(4) EFFECTIVE DATE.—The provisions of this subsection shall apply with respect to taxable years beginning after December 31, 1981.

(d) TRANSFER TO ENDOWMENTS AND TO STATE AGENCIES.—

(1) TRANSFER TO ENDOWMENTS.—

(A) IN GENERAL.—Overpayments and contributions designated under subsection (c)(1) shall be transferred at least quarterly to the National Endowment for the Arts and the National Endowment for the Humanities, in the amounts designated to each.

(B) USE FOR ADMINISTRATIVE EXPENSES.—Amounts transferred under subparagraph (A) may not be used by either Endowment to meet expenses arising from the administration of this section or the National Foundation for the Arts and the Humanities Act of 1965.

(2) TRANSFER TO STATE AGENCIES.—

(A) IN GENERAL.—Of the amounts transferred under paragraph (1)—

(i) the National Endowment for the Arts shall transfer all amounts received by it to State art agencies, and

(ii) the National Endowment for the Humanities shall transfer all amounts received by it to State voluntary councils.

(B) SPECIAL RULES RELATING TO TRANSFER.—

(i) Each Endowment shall establish criteria for determining the amount transferred to each State arts agency or State voluntary council, whichever is appropriate.

(ii) Any amount transferred under this paragraph shall be treated as donations received from private persons and not Federal assistance.

(e) USE OF FUNDS BY STATE AGENCIES.—

(1) IN GENERAL.—Amounts transferred to State arts agencies and State voluntary councils shall be used to provide grants for eligible projects or productions, or humanities activities, within the State.

(2) FIFTY PERCENT MATCHING REQUIREMENT.—No grant shall be made under this subsection for any project unless the State (from any source) matches 50 percent of the assistance to be provided under this subsection for such project.

(3) THIRTY PERCENT LIMIT IN CERTAIN CASES.—The total amount of any grant under this subsection shall not exceed 30 percent of the cost of any project for which an admission or other charge is made to the general public.

(4) ADMINISTRATIVE EXPENSES.—No amount may be used to pay for the administrative expenses of any State arts agency or State voluntary council, whether or not arising under this section.

(f) GENERAL PROVISIONS.—

(1) NO GRANTS TO ENDOWMENT FUNDS.—Funds provided under this section may not be used for purposes of making grants to an endowment fund of any institution or otherwise for purposes of being held for investment.

(2) ADMINISTRATIVE PROVISIONS.—If the Chairman of either Endowment after reasonable notice and opportunity for hearing, determines that any State arts agency or any State voluntary council, as the case may b is not using funds provided under this section substantially in accordance with the provisions of this section, then such Chairman may take such action as may be necessary (including suspension or termination of transfers under this subsection or requiring repayment) to insure that the requirements of this section are met.

(3) NO EFFECT ON APPROPRIATIONS.—Any amount transferred under subsection (c) to the National Endowment for the Arts or the National Endowment for the Humanities, as the case may be, shall not affect the amount which would otherwise be appropriated to such Endowment under any other provision of law for purposes of carrying out section 5(c) or 7(c) of the National Foundation on the Arts and the Humanities Act of 1965.

Mr. MATHIAS. Mr. President, on behalf of myself, Mr. BAUCUS, and Mr. WILLIAMS, I am introducing today an amendment to the Economic Recovery Tax Act of 1981 which would provide much needed financial help for our cultural and educational groups and institutions.

My amendment would provide for a voluntary checkoff box on Federal income tax returns for contributions to the National Endowment for the Arts and the National Endowment for the Humanities. Such contributions would be in addition to an individual's tax payment or in lieu of a part or all of a refund.

The National Endowments would transfer those contributions to State arts agencies and State voluntary councils. They, in turn, would make grants to institutions, organizations, artists, in both the performing and fine arts, and community groups engaged in cultural and educational activities.

There has been a tremendous increase in participation in the arts in the last decade by Americans. Local theater groups are springing up where Americans can demonstrate their performing talents. In addition, audience attendance at artistic and cultural events in the past 5 years has increased by over 10 percent. The number of local arts councils in Maryland alone has quadrupled in the last 5 years.

Yet the forecast looks bleak for the arts and humanities in future years.

It has been estimated that over $1 billion is needed on a yearly basis to support adequately our many fine cultural and educational activities. Last year the Federal Government appropriated $300 million toward this funding need. However, the President has proposed a 50-percent reduction in funds for fiscal year 1982 for the National Endowment for the Arts and the National Endowment for the Humanities, stating that the Federal

Government, in serving as the main financial patron for artistic and literary pursuits has diminished the historical role of private individual and corporate support for the arts.

I do not believe that this proposed reduction in NEA and NEH funds will be offset by private or corporate contributions. I bring to the attention of my colleagues an article from the Wall Street Journal which describes the feeling of the business comunity toward filling the breach in funding which would be created by the President's funding cuts. The article notes that our Nation's major corporations are already financially committed to a variety of arts projects and programs and expect increasing pressure from other fields for corporate giving as Federal funding is withdrawn.

So it seems apparent that the arts and humanities will need to rely on support from the average American as well as corporate givers.

Mr. President, it is for this reason that I am introducing this amendment which would make it easier for the American of moderate means to support the arts, an increasingly important aspect of American life.

It is a sad fact of life for most of our performing and fine arts groups, as well as museums, cultural, and other educational groups that their costs of operation are twice as great as their revenues derived from performances, art sales, gifts, royalties, and general fundraising. The arts and humanities checkoff would provide additional annual revenue and would assure the growth of American theater, performing and fine arts, museums, writers, and the like. It would assure financial security to many small struggling theater companies so that they may focus on their art rather than on continual fundraising.

The humanities endowment checkoff would supplement existing endowment grants to support and encourage American writers, linguists, historians, archeologists, social scientists, and other scholars in research, publication, and teaching.

The benefit to the Nation would be a broadening of cultural and educational experiences in the American tradition. I believe my amendment will encourage the support and participation of each and every American citizen in increasing the prominence of the arts and humanities in our lives.

Mr. President, I ask unanimous consent that the Wall Street Journal article referred to earlier in my remarks be printed in the RECORD.

There being no objection, the article ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Feb. 26, 1981]

COMPANIES DOUBT THEIR ARTS GIVING WOULD RISE TO OFFSET REAGAN'S CUTS

(By Cynthia Saltzman)

Groups in the arts and humanities, alarmed by proposed steep cuts in federal subsidies, may find cold comfort when they look to business patrons to come to the rescue.

"I just don't see it in the cards that we'll be able to pick up that much slack," says Robert Thill, secretary of the contributions committee at American Telephone & Telegraph Co. The gap to be filled, he says, is "too much of an increase for corporations to make, in view of all the other obligations we have to meet."

The Reagan administration is seeking budget cuts of almost 50 percent at the National Endowment for the Arts and the National Endowment for the Humanities. The proposed cuts total about $165 million.

Some major patrons, such as Exxon Corp. and Pillsbury Co., which respectively give about $2 million and $1 million a year to the arts, say they don't have any plans to change their contribution policies. Only a few companies—mostly the biggest ones—really figure in the field. The Business Committee for the Arts says about 1 percent of the nation's corporations account for more than half the total corporate support for the arts.

THE COMPETITION

Big corporate contributors say they expect increased pressure for contributions in other fields, such as education, health and other service sectors. The Reagan economic plan that is stimulating concern calls for the budget authority of the NEA to be cut to $88 million in fiscal 1982, which starts Oct. 1, 45 percent less than the $159 million allocated for this fiscal year and almost 50 percent below the $178 million budgeted for fiscal 1982 by the Carter administration. The administration wants to chop the fiscal 1982 budget authority of the NEH by almost half, to $85 million.

The Reagan report asserts that the endowments "for too long" have been promoting the notion that the federal government should be the financial patron of first resort both for individuals and institutions engaged in artistic and literary pursuits thus discouraging private contributions.

But corporate officials and arts fund-raisers say the policy of government patronage has been a resounding success. Since the founding of the two endowments in 1965, corporate support of the arts has grown along with federal financing. In 1979, businesses contributed $436 million to the arts compared to the 1967 figure of $22 million, according to the Business Committee.

STIMULATING GIFTS

The federal grants are engineered to encourage private contributions. All NEA grants must be matched by nonfederal funds. In one program, the "challenge grants" given major cultural institutions, each government dollar has to be matched by at least three nonfederal dollars.

Often a grant generates far more in gifts than required. The Museum of Fine Arts in Boston, for instance, has used a $2 million grant to launch a capital campaign in which it has raised $21.5 million.

The large museums, opera companies and symphonies don't have to convince prospective contributors of their artistic merits. But smaller, less-established groups often need the kind of recognition that comes from an NEA grant. It's like a "Good Housekeeping seal of approval." says Edward M. Strauss Jr., president of the Business Committee for the Arts.

"Any small arts organization is immediately asked by a corporation whether it gets money from the NEA or from the state arts council," says Marian Godfrey, director of development of Mabou Mines, an experimental theater group in New York that received about $71,000 of its $290,000 budget from the NEA last year.

"An endowment grant increases both your artistic and your management credibility," says Miss Godfrey.

Arts programs often have government and corporate sponsorship. The large exhibition "Expressionism—a German Institution 1906–1920," now touring the country, was sponsored by Philip Morris Inc. as well as the NEA and the Federal Republic of Germany.

"There's been a wonderful partnership between corporations and government in the arts," asserts Robert W. Bonine, vice president for community relations at Pillsbury. "But there's a limit to how great our participation should be. Corporations already give more to the arts than shareholders and the public think we should."

The final shape of the budget cuts isn't determined, of course, but arts leaders fear that small, more experimental groups are most likely to be hurt. Performing arts groups are particularly worried.

"I asked for a 30 percent increase in the $1.4 million subsidy from private individuals and corporations to continue what we're doing now, and do the same number of productions," says William P. Wingate, managing director of the Mark Taper Forum in Los Angeles. "We aren't going to get it."

"Today we're producing plays with an average of 10 actors, including understudies, compared with more than twice that many in the late '60s and early '70s," Mr. Wingate adds. "That's how we've coped with inflation." Costs, he says, are rising at a 20 percent annual clip.

Museums also find that they have to ask for increasingly large amounts to cover the rising costs of exhibitions. Richard Dougherty, vice president for public affairs at the Metropolitan Museum of Art in New York, says the "Treasures of Tutankhamen" exhibition, which in the late 1970s cost the participating museums $1.5 million for shipping, travel and curatorial expenses, might cost double or triple that now.

In view of inflation and the threat of declining subsidies, cultural organizations will have to seek ways to increase earned income, arts managers say. Mr. Bonine says Pillsbury will try to help arts groups to do that. "The next decade is going to be tough for all of us," he says.

Dayton-Hudson Corp., Minneapolis, gives 5 percent of its federal taxable income to nonprofit organizations (the maximum deductible charitable contribution allowed by the Internal Revenue Service). Wayne E. Thompson, senior vice president for environmental development, believes the President should announce a "public policy" encouraging the private sector to do more.

Corporations are bracing for a wave of new money requests from arts groups. "Requests from the cultural sector have increased more than any other sector in the past two years," says AT&T's Mr. Thill. Odile Basch, manager of cultural affairs at Philip Morris, estimates that the company gets 30 to 50 such letters a week from dance, theater and opera companies, museums and other arts organizations.

Leonard Fleischer, senior adviser for the Exxon arts program, says, "Inflation is really a killer for the arts groups." If the Reagan program succeeds in bringing it under control, he observes, "That will help all the arts groups a lot."

Mr. MATHIAS. Mr. President, this is an amendment which will be viewed as good news by the Senator from Wisconsin—good news for the Senator from Wisconsin because it does not cost anything. It does not cost anything. It does good without any revenue cost.

I particularly hope the Senator from Wisconsin will be able to support it.

What it does, very briefly, is provide an opportunity to check off on a Federal income tax form for a taxpayer to designate any or all of his tax refund, the taxpayer's money, for the National Endowment for the Arts or the National Endowment for the Humanities, or to be divided equally between them.

What we are really trying to do here, of course, is to provide an opportunity for individuals to contribute to the arts and humanities in this country.

If we walk outside the Senate and look west we see the National Gallery of Art which is a magnificent contribution to the American people made by the late Andrew Mellon, by his son Paul Mellon and his daughter Elsie Mellon Bruce. Inside the National Gallery there are magnificent donations to the American people by various philanthropists and art collectors, donations worth millions.

But we live in a democratic age, Mr. President, when we should not have to be a Mellon or a Carnegie or a Rockefeller in order to make a personal contribution to the arts and to the humanities. Every individual citizen should be able to do that, and this proposal simply makes it possible for the average American to express in a practical and helpful way his or her interest in the arts and in the humanities.

I wish to remind the Senator from Wisconsin again it does not cost anything. All we are doing is providing a mechanism by which people who have already paid their money out in taxes can designate some part of the refund to go to this laudable purpose of supporting the arts and supporting the humanities.

It comes at a very critical time. It is not a brand new idea. I have discussed it before in the Senate. But it comes at a particularly appropriate time because the President is trying to make the point, and it is a legitimate point, that the arts and the humanities should be getting a greater degree of their support from the private sector than from the public treasury and from the enforced contributions through the tax window.

Congress has agreed with the President, by and large.

The budget calls for a 50-percent reduction in endowment funding in 1982. The arts endowment would be cut $85 million in budget authority. That would drag it down from $159 million in 1981 to $88 million in 1982.

The humanities endowment would be cut $80 million in budget authority, which would reduce it from $152 million in 1981 to $85 million in 1982.

And I think we can anticipate that there would be further reductions in Federal funding in fiscal year 1983 and on through the next several years.

So, something needs to be done to make it possible to maintain the level of support for the arts and the humanities.

Mr. PROXMIRE. Mr. President, will the Senator yield on that?

Mr. MATHIAS. I yield.

Mr. PROXMIRE. I think the Senator has a very interesting proposal, but I just wonder. As I understand it. he would not permit the taxpayer to provide that any of the taxes he paid would go for the arts and humanities?

Mr. MATHIAS. No; the refund.

Mr. PROXMIRE. But part of his refund, his own money; is that right?

Mr. MATHIAS. Where there is a refund.

Mr. PROXMIRE. All right.

Mr. MATHIAS. I might say to the Senator I think part of the rationale for this is that the pain of parting with that money has already been experienced and so it might be a little easier for the average citizen to do it.

Mr. PROXMIRE. To help the arts and humanities is certainly a marvelous objective. But after all, as the Senator knows, they have increased twentyfold in the last 12 years, and the Reagan administration's recommendation would simply cut them back so they would have increased tenfold. It is still an enormous increase.

At any rate, suppose we did this. It would seem to me it would give a precedent to that particular objective over cancer research, heart research, or the research into whatever diseases people felt were most compelling and in need of research money. Maybe people would like to contribute money to defense, for that matter, for a Space Shuttle. Where do we draw the line? Are we not opening up a situation where there would just be no end to this?

Mr. MATHIAS. I think that is an interesting point.

First of all, let me address myself to the Senator's observations that this support for the arts has increased in a dramatic way. That is in a way a kind of reaffirmation of the sensitivity of the American Government, that the Government's interests alter with the real interest of the American people.

The demonstration by Americans of the fact that they really are interested in the arts is evidenced by the fact that attendance is up and, in many artistic performances, participation is up.

In the State of Maryland, for example, the number of local arts councils has quadrupled in the last 5 years. So I think all of us can take some pride in the fact that government is showing its sensitivity by having increased its support of arts.

Mr. PROXMIRE. It is wonderful news. But, as the Senator knows, the people who patronize the arts, by and large, are relatively affluent people. Very little goes to starving artists, relatively little, and those people should pay for it. If they like the arts, fine, marvelous. Let them pay for it.

But to give them a special opportunity, to single it out so that their refund would go to that and not to, say, cancer research or, for that matter, dairy price supports or any other purpose that a Member of Congress would feel should be called to the attention of the taxpayers, seems to me is discriminating and unfair.

Mr. MATHIAS. Well, I think the Senator has really touched the point right here, and I am grateful to him for having made the point that he has. If you say, well, the people who patronize the arts are the affluent who ought to pay for it, I question whether that really is the attitude which the U.S. Government ought to take.

I have been enormously impressed about what the city of Baltimore has done in revitalizing the harbor area and revitalizing the center city. One of the interesting developments in the new Harbor Place is the fact that, from time to time, there are performances—musical performances, or theatrical performances—which take place right along the waterfront; which take place so that the crowds of people of all income levels who throng through the streets of downtown Baltimore can participate in an artistic event, in a theatrical event.

The cost of that is borne by all of us, just as the opportunity to participate in it, to share in it, is borne by all of us.

Mr. PROXMIRE. I would not deny that, that is fine. We are doing, as I say, 10 times more generously as a nation than we did 10 or 12 years ago. But to single out arts and humanities as the one objective for refund, when we know some of these other very worthy causes——

Mr. MATHIAS. The reason, the rationale for that—I think it is a reasonable question—is I think, just this: That nobody has said, certainly not the President of the United States and this administration, that the national defense is not a major responsibility of the Government and that the Government should not fully support it. In fact, he advocates that we ought to support it more generously than we have.

Nobody has said that the various health research programs are not still the responsibility of the public sector.

But in the case of the arts and the humanities the administration's position specifically is that there ought to be a withdrawal of the public sector support and a substitution of the private sector support. I am answering that specific recommendation of the administration by saying this is the way to do it, but not to depend on people who do not exist any more.

The kind of arts and humanities contributions that were possible in an age before the income tax and the estate tax reached the levels that they are at now, no longer exist. I want to make it possible for the individual citizen to contribute in the aggregate as much as the wealthy patrons of the arts used to contribute in a bygone age.

Mr. PROXMIRE. As the Senator knows, aid for the handicapped, for example, is being cut by 25 percent. We are cutting back assistance to people who are disabled and who have great difficulty learning. We are cutting back assistance to children, where there is a terrible tragedy in the family and the family is trying to help them along, although they are retarded, cutting back very sharply by a very significant amount.

I voted for those cutbacks, the Senate did, and the House had voted for them, and the President supports them. So it would seem to be if we are going to do this for the arts and humanities we ought to permit a check to be written for handicapped children and other people.

Mr. MATHIAS. I certainly am supportive of the other programs that the Senator has enunciated.

One of the aspects of this that I think would give it special appeal as far as the arts are concerned is an opportunity to fill a special gap. I do not think there are many programs which have been hit at the 50-percent level, as this one is, and that are targeted for total extinction on a philosophical basis, if we continue on the course on which we are launched.

Now, the Wall Street Journal has ad-

dressed itself to this issue. It has been estimated that $1 billion is needed on a yearly basis to support the visual arts, theaters, writers, archeologists, historians, museums, and it is reported in the pages of the Wall Street Journal that corporations are being hit from all sides to fill the gap which has been caused by support of the Reagan administration cuts.

Therefore, this is a simple and easy way to involve individual contributors. It certainly does not preclude anybody from contributing to other causes.

Take the corporation. The Secretary of the Contributions Committee of A.T. & T. says, "I just don't see it in the cards that we will be able to pick up that much slack," the 50-percent cut that we are making in this program, the unique cut—that is the unique situation—and "the gap to be filled," according to A.T. & T., "is too much of an increase for corporations to make in view of all the other obligations they have to meet."

In February the Wall Street Journal said that some major patrons, such as the Exxon Corp., and Pillsbury Co., which respectively give about $2 million and $1 million a year to the arts, said that they do not have any plans to change their contribution policies.

Only a few companies, mostly the biggest ones, really figure in the field. The Business Committee for the Arts says that about 1 percent of the Nation's corporations account for more than half of the total corporate support for the arts.

Now, I think it should be clear that individual contributions would be subject to the same matching requirements by the arts and humanities that are currently the case. I should also be candid with the Senate and say the Treasury opposes this because it does not want to clutter up the tax form with any more boxes. They state, although it is a goal which has been very elusive for them over the years, they reiterate that goal—a simpler tax form. But I do not think an optional box, an additional one, is going to clutter up the form.

Mr. PROXMIRE. May I say to my friend from Maryland that the arts and humanities are unique compared to these other governmental purposes the Senator has pointed out. It is unique in that it gets the overwhelming proportion of its support now from the public. About 90 percent of the support for the arts and humanities, even last year when they had this maximum appropriation, about 90 percent came from the individual and corporate and other nongovernmental contributions.

So when the Federal Government makes a cutback of 50 percent it does not mean we will only have 50 percent of the money left. We will have 95 percent left and more if there is a corresponding pickup of any degree by the private sector.

So here is an area which is probably suffering a lesser cut certainly than the aid for the handicapped or for some of these other areas which are being cut rather drastically, and depend entirely on those funds for their support, entirely upon the Federal Government.

Mr. DOLE. Mr. President, I apologize to the Senator from Maryland for being necessarily absent for a few minutes during the discussion.

Mr. MATHIAS. I will be glad to say it all over again.

Mr. DOLE. But I have been briefed, I must say, in my absence. It was very interesting.

I think the Senator from Kansas will be prepared to indicate to the Senator from Maryland that he has raised another problem. Because of some of the budgetary cuts we may need to encourage through the tax system the very thing the Senator suggests in his amendment, and again I am wondering if we can prevail on the Senator from Maryland that rather than—I am not in a position to take the amendment, but if we can agree on some early hearings not later than sometime in September to see if we will have an opportunity to have a number of witnesses come before us, including the Senator from Maryland, if that would be satisfactory.

Mr. MATHIAS. I think it would be very helpful if we could have hearings on this proposal because it does address itself in a way that will not impinge on revenues, it will not add to the costs of Government. It addresses itself to a very real need and to a subject in which an increasing number of Americans are expressing an interest.

I have introduced this amendment not only on my own behalf but on behalf of Mr. BAUCUS and Mr. WILLIAMS, and I wonder if the distinguished chairman of the Committee on Finance would allow me an opportunity to consult with my cosponsors. It may well be that they will agree that the offer of the Senator to consider this subject at another hearing will be satisfactory to them, but I would under those conditions ask unanimous consent that the amendment be temporarily laid aside pending that opportunity.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Let me say I will be happy to discuss it further with the distinguished Senator from Maryland. But certainly we will accommodate the Senator in any way we can insofar as hearings are concerned.

Mr. MATHIAS. I thank the chairman of the committee.

Mr. DOLE. I think one thing, with the amendment still pending, will the Senator from Maryland have any objection if on Monday we continue to set that amendment aside and take up other matters?

Mr. MATHIAS. Certainly not. So that the record is clear, maybe I ought to amend my unanimous-consent request to say that it be temporarily laid aside until I call it up, it being understood that I will not call it up until I have had further conversation with the chairman of the committee.

Mr. DOLE. We could proceed with it on Monday.

Mr. MATHIAS. This would be no impediment with going on to any other matters that would come before the Senate.

Mr. DOLE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOLE. Would that be satisfactory, that we could proceed to offer additional amendments without any difficulty?

The PRESIDING OFFICER. Without objection, the amendment will be temporarily laid aside. The Senator is correct.

Mr. DOLE. Mr. President, I know the Senator from Hawaii (Mr. MATSUNAGA) has an amendment, but we are looking at it. I have directed the Treasury, the Joint Task Committee staff and our staff to work with the staff of the Senator from Hawaii to see if we can work out an accommodation on the amendment we discussed this morning. Maybe by Monday or Tuesday we would be in a position to make a disposition of that amendment.

Mr. MATSUNAGA. I thank the distinguished chairman for his proposal. I am sure that after his staff have had discussions with my staff and with Treasury, they will conclude that my proposal, because of the protective clause, the restrictive clause, would not mean any loss to the Treasury.

Mr. DOLE. I thank the Senator from Hawaii.

For those who may have an interest, there are at least 30-some amendments, but I say that many of those will not be accommodated. Some are expensive, some have other problems, some have not had hearings. There will be a second tax bill later this year. I would hope that, where it can be done, we can postpone any action on some of these amendments until that time.

Mr. BAKER. Mr. President, I wish to express my gratitude to the distinguished Senator from Kansas, to the distinguished acting minority leader, and to the other Members who are present who have participated actively in the debate on this measure and on the amendments which have been considered today.

It does not appear that there are other amendments that can be dealt with or disposed of today. In a moment, I intend to move that the Senate stand in recess until Monday.

(By request of Mr. BAKER, the following statement was ordered to be printed in the RECORD.)

● Mrs. HAWKINS. Mr. President, we have now been working on this tax bill for 4 days. There has been some progress, but it is obvious that we are going to be here for some time yet. I want to take a moment and express my feelings that it is critical for us to move ahead on this bill rapidly. The American people expect no less.

In the last 10 years, Mr. President, Federal taxes have increased 177 percent. The tax rates are increasing so fast, pushed up by inflation, that by 1984, the increase will reach 390 percent, unless these cuts are enacted. It is already so bad that almost half our workers are taxed, at the margin, at a rate of 50 percent.

Given the parlous status of the tax structure, Mr. President, it is amazing

that things are not worse than they are. No wonder there is a shortage of loanable funds for housing; no wonder the underground economy booms along, outside the tax system, at as much as $100 billion per year; no wonder our productivity falls year after year; no wonder innovation is increasingly a Japanese import.

The tax cuts we are considering, which reduce rates at the margin, across the board, for a substantial period into the future, are exactly what is required. They are not "for the rich." Those who make between $10,000 and $50,000 pay 72 percent of the taxes in this country. Under the Reagan proposal, which is similar to what we have before us, those same Americans would get 73 percent of the tax relief.

In short, Mr. President, unless this bill is passed, and passed quickly, things can only get worse. These tax cuts are part of a carefully thought-out, well-crafted approach to the economic problems inherited by the Reagan administration, and by those of us who have come here just this year. We came here to take action, and this bill offers us an opportunity. Let us get to it.●

ADDRESS OF PRIME MINISTER MALCOLM FRASER OF AUSTRALIA

Mr. HOLLINGS. Mr. President, the Honorable Malcolm Fraser, the Prime Minister of Australia, spoke at the University of South Carolina 10 days ago. For those who have been critical or wondering about the Reagan foreign policy, I read from Prime Minister Fraser's address:

> Now, and none too soon, things have changed, partly due to the blatant nature of Soviet behaviour and partly to the remobilisation of will in the United States which President Reagan embodies. In my talks with the President last week, I made it clear than Australia profoundly welcomes the re-found resolve and firmness of the United States towards the Soviet Union.

I find that a welcome change in foreign policy, acknowledged by the distinguished Prime Minister of Australia.

More important, he speaks very categorically about the world's disregard for the North-South differences and problems. We have treated it casually in a sense, sometimes, as almost in a resigned way, that the poor will always be poor. He goes on to conclude that if we do not pay attention to these needs, if we do not offer teachers, advisors, technologies, capital, and in some cases the political support that those to the South need desperately, then their only choice is the Soviet Union.

He comes to the conclusion that we must insure that the last resort is not the Soviet Union.

The Prime Minister has had a distinguished record in Australia. Together with the distinguished majority leader, I headed a visit of parliamentarians to Australia when the Prime Minister had just taken office in 1975. I appreciate the fact that he visited us in South Carolina in the past 10 days. I could not be present there at that time. I ask unanimous consent that this very notable address and policy statement by the Hon. Malcolm Fraser, the Prime Minister of Australia, be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE THIRD WORLD AND THE WEST

(By the Rt. Hon. Malcolm Fraser C.H., M.P., Prime Minister of Australia)

You have asked me here today as the Prime Minister of Australia. Had I the time and you the patience, there are many aspects of my country that I could enlarge upon: Australia's role as a significant, independent-minded middle power; Australia as a leading member of what people are starting to think of as the Pacific community, a region which contains the most rapidly growing economies in the world; Australia as an ally of the United States (and, incidentally, one of only two countries which have fought alongside America in four major wars in this century); Australia as the world's leading exporter, or very near to it, of a range of important minerals—iron ore, coal, alumina, mineral sands, lead, zinc and several others; Australia as, along with the United States and Canada, one of the world's major efficient producers and exporters of food.

But it is another aspect of Australia that I particularly want to draw your attention to today, for it is pertinent to my theme. Along with New Zealand, Australia is the only stable democratic, liberal, Western society in the Southern Hemisphere. While we are thoroughly Western in our values and institutions, all our neighbours are Third World countries. They belong to the "South" in terms of the "North-South" dichotomy that is now widely used, while by almost every test except geography we belong to the "North". Living near to these countries—and, I might add, associated closely with many more of them through the Commonwealth—we are of necessity very much aware of their perspectives and problems, more so perhaps than other developed countries of the Northern Hemisphere. Our situation requires us to give serious, constant attention to relations between the West and the Third World.

It is about this subject that I want to talk today. But before I do let me make one thing very clear. If I concentrate on these questions on this occasion, it is not because Australia is indifferent to or complacent about East-West questions, about the seriousness of the military threat of the Soviet Union to freedom and democracy in the world. On the contrary, we are most concerned.

Since assuming office in 1975, I and my Government have constantly emphasised the gravity of this threat and the need for an effective response by the West. We did so even when belief in detente was in the ascendancy, and the views we expressed were unfashionable and characterised as provocative.

Now, and none too soon, things have changed, partly due to the blatant nature of Soviet behavior and partly to the remobilisation of will in the United States which President Reagan embodies. In my talks with the President last week, I made it clear that Australia profoundly welcomes the re-found resolve and firmness of the United States towards the Soviet Union. As a middle power, Australia will do all within its means to encourage and support strong and purposeful American leadership in this respect.

I say with absolute conviction that such leadership from you is an essential precondition for the security of peace, freedom and democracy in the world. I say also, and with equal conviction, that you are entitled to and must receive support from other democratic Governments in this task.

The American nation has carried a huge burden in defense of freedom over the last four decades. Its shoulders are strong. But morally and materially the burden must be shared by other democracies which have grown wealthier and more powerful behind the protection you have provided and, in the case of Western Europe, as a result of the economic help you gave in the immediate post-war years. (The Marshall Plan still stands out as a magnificent example of enlightened self-interest, a definitive reminder that generosity if often very sound policy.)

We all know now that there is no such thing as a free lunch. Western countries should also recognise that in the long run there is no such thing as a free ally. Australia well understands this. It is because we do, and also because we owe it to those Australians who fought and died in earlier wars, that we have spoken out and will continue to speak out about the need for a concerted effort on the part of the West. For such an effort is the surest guarantee of peace.

I stress this not only because it is of vital importance in its own right, but because it is a necessary background to what I have to say about relations between the West and the Third World. For my position is somewhat untypical.

In the West, those who are tough-minded and realistic about East-West relations sometimes tend to be sceptical and dismissive about the Third World and North-South issues. They are disinclined to take them very seriously.

Conversely, those who are concerned about North-South issues, who accept they are important, only too often dismiss a serious preoccupation with the Soviet threat as outdated, exaggerated and a diversion from the crucial problem of managing global interdependence.

I believe that both groups—and the either/or mentality they represent—are profoundly mistaken. I believe that East-West and North-South issues are of the utmost importance. I believe moreover that the two sets of issues are closely interlinked, that what happens—or equally important what does not happen—with respect to one will have crucial implications for what happens to the other.

There is no question of choice involved. As a matter of basic, rational self-interest they must both be attended to and attended to urgently. As I judge it, the most immediate danger to guard against at present with respect to relations between the West and the Third World is that of scepticism and indifferencce.

There are thoughtful, honest and responsible people who maintain that there is really no such entity as the "South" or the "Third World", that it is merely the figment of the imagination of intellectuals, ideologues and journalists. They point to the heterogeneity of the Third World, the great differences which exist among its claimed members, to their disparate and conflicting interests. And they conclude that there is no substance behind the labels. They maintain therefore that Western dealings with the countries involved should be bilateral and selective and that we should refuse to accept the notion of a North-South dialogue.

There are others who say that even if there is some substance there, it is fast disappearing as memories of colonialism fade and as a significant number of Third World states become more developed and wealthy. They anticipate a process of "graduating out" which will leave the Third World an increasingly unimportant rump. On this basis, they argue that what the West should do is to stall and play for time—to keep issues "on the back-burner" as the saying goes—in anticipation that pressure and demands will diminish with time.

Most important of all, perhaps, there are those who maintain that even if the Third World exists and continues to exist, it need not be taken too seriously. The advantages,

they claim, are all with the developed industrial countries.

You remember that Stalin once contemptuously asked the question, "The Pope? How many divisions has the Pope?" These people take a similar attitude towards the Third World. Overall, they point out, it is poor, it lacks political and military power, it is dependent on Western capital, know-how, aid and managerial capacity. It needs us much more than we need it.

Therefore, they complacently conclude, we can affort to resist its demands, to drive a hard bargain—or, indeed, to refuse to make any bargain at all. I believe all these views to be profoundly mistaken.

Everything that is said about the diversity and conflicting interests of Third World countries is true. But as well as this, and despite it, there is also a real sense of identity, of unity and solidarity among these countries.

You may recall that it was said of the Holy Roman Empire that it was not holy, Roman or an empire; yet it was a potent factor in European politics for centuries. In the same way, the Third World is today a potent reality despite its internal diversity and divisions. That reality is evident in the voting patterns of the United Nations. It is evident in the institutions that the recently independent countries have forged for themselves, particularly the Group of 77 and the Non Aligned Movement.

It is evident in the degree of support the non oil-producing countries have given OPEC despite their interest in low oil prices; in the willingness of non-African states to support the Africans in their opposition to South Africa and apartheid; in the willingness of non-Arab states to support the Arabs over Palestine; in their ability to agree on the programme for a new international economic order. It is evident most of all in their ideology.

Those who dismiss this ideology as "merely rhetoric" are, I suggest, ignoring the overwhelming and cruel evidence which this century has provided of the decisive importance of ideology in modern politics. I agree with Senator Daniel Patrick Moynihan that, "the beginning of wisdom in dealing with the nations of the Third World is to recognise their essential ideological coherence". For in political terms the Third World is essentially a state of mind: a matter of shared memories, frustrations, aspirations and sense of what is equitable and just. Like the working classes in the domestic politics of the 19th century, they want to have full citizen rights in the world, to be subjects who act rather than objects who are acted upon. Just as Stalin was foolish in overlooking the spiritual power of the Papacy, so it would be foolish to underestimate the binding and motivating force of this aspiration in the Third World.

As to the claim that the Third World will disintegrate before long, that there will be a "graduating out", I simply observe that twenty years after the main wave of decolonisation there is no evidence of it. Many Third World countries have made great economic progress in that time—some have transformed themselves—but none has sought, as a result, to disassociate itself from the group or shows any sign of doing so.

Surely, if there were substance in this thesis of a natural "graduating out" process there would be some evidence to support it by now. In this respect I am sceptical of the sceptics. The Third World, or the "South", exists and is likely to continue to do so for the foreseeable future.

But is it important? Should the West take seriously what it represents? My answer to that is an emphatic "yes". In economic terms, something of the order of 25 percent of the West's entire trade is with the Third World. In the case of the United States the figure is over 40 percent and in the case of Japan 50 percent. This means that hundreds of thousands of jobs in Western countries depend on this trade and that the serious unemployment we are now experiencing would reach crisis proportions—proportions which would threaten the existence of democracy itself—if it were disrupted.

There are many in this audience and there are many in my own country who can remember the demoralising effect of the mass unemployment that occurred in the 1930s. In my own country over 30 percent of the workforce was jobless during the worst period. A recurrence of unemployment on that scale would threaten the existence of democracy itself. Rising living standards and growing markets in Third World countries may play a critical role in ensuring that we do not. In addition, of course, the trade we have with the Third World involves commodities which are vital to Western economies and societies.

Oil is the clearest and most important example, with 60 per cent of the West's oil coming from a handful of Third World countries. Out of conviction or prudence, or a mixture of both, those countries have shown themselves unwilling to divorce the question of oil from other matters of concern to their fellow members of the Third World. Beyond this there is the fundamental point that the West's commitment to a global market system requires and depends on the participation of the 120 or so countries of the Third World, over two thirds of all the countries which exist in the world.

One should not talk of these economic relationships purely in terms of potential danger. The language of opportunity is equally relevant. Over the last decade a number of Third World countries—the so-called newly industrialising countries—have sustained growth rates well in excess of those achieved by the rest of the world, including the West. By doing so they have prevented the world recession from being much more severe than it would otherwise have been. Insofar as the vigorous growth is maintained and extended to other Third World countries, insofar as countries which are now clients are converted, through rising living standards, into customers and consumers, the economies of the West will benefit. And insofar as this does not happen they will be impoverished.

This is why it is essential that, in its dealings with the Third World, the West should be true to its faith in the market system, should allow the newly industrialised countries access to its markets and should reject firmly the temptation to resort to protectionist measures which deny those countries the rewards for their own efforts and enterprise. In saying this I am emphatically rejecting the Marxist notion that the prosperity of the West depends on the impoverishment of the Third World.

Thomas Jefferson's observation that, "it is a kind of law of nature that every nation prospers by the prosperity of others", seems to me to be much closer to the mark and a much better guide to policy. Australia is in as good a position as anyone to appreciate all this.

We happen to live in a part of the world where many of these newly industrialised countries are concentrated, countries whose economies have been growing at twice the world average, or better, over recent decades. They—together with Japan, which in many respects has provided a model for them—have proved invaluable to Australia at a time when structural changes were threatening our traditional markets in Europe. They have made possible a remarkable change in our pattern of trade.

Of course, it is true that if the West is dependent on trade with the Third World, the Third World is even more dependent on trade with the West. Over 70 percent of its trade is with the developed industrialized countries. But it is a serious error to assume, as some do, that because of this—or for that matter because of the substantial OPEC investments in the West—the Third World can be taken for granted, that in the last resort it has no option but to co-operate with the West on Western terms.

The basic error here is to assume the primacy of economic rationality over politics, an assumption that runs counter to the fundamental experience and character of the Third World. We would do well to remember the advice given by President Nkrumah of Ghana to African nationalists: "Seek ye first the political kingdom". We would do well to remember too Sukarno's "Go to hell with your aid", uttered when the economy of Indonesia was a shambles and when it desperately needed all the American aid it could get. For these words represent widespread and deep-seaded attitudes in the Third World.

More recently, despite its irrationality and intolerence, what has happened in Iran has pointed the same lesson: the lesson, that is, that many countries in the Third World will not hesitate to sacrifice their own immediate economic interests for political reasons of status, independence and what they believe is justice.

Those of us who fail to understand the force of this, do so only because we have forgotten our own history—because we have possessed freedom and independence for so long, have come to take them so much for granted, that we do not recall the passionate intensity of feeling they invoke when they are newly acquired. But the author of the Declaration of Independence understood that feeling and shared it. "By the God that made me", he wrote in 1775, "I will cease to exist before I yield to a connection on such terms as the British Parliament proposes". That, or something very like it, could have been said by many Third World leaders in our time.

It is also worth contemplating the potential power of the weak, of those who feel they have little left to lose—the power to threaten collapse, disorder and chaos. This is a potent power against those who have a large stake in stability and in the efficient working of the existing order. In this respect, the question that should be asked is not whether the Third World could conceivably reject the existing system and establish a viable one of its own, but how much damage would be done in any attempt to do so.

Edmund Burke said it better when he observed, in the process of cautioning Britain on its treatment of the American colonies, "that discontent will increase with misery; and that there are critical moments in the fortunes of all states, when they who are unable to contribute to your prosperity may be strong enough to complete your ruin." Today, all the Western countries need to heed that advice.

Apart from all this, there are compelling strategic and geopolitical reasons for taking the Third World seriously. Some of the most sensitive areas in the world—the Middle East, the Caribbean and Central America, Southern Africa, the Korean peninsula—are Third World areas. Most of the key "choke points" in the world—the Straits of Hormuz, the Panama Canal, the entrances to the Red Sea, the passages from the Indian Ocean to East Asia—lie within the Third World. Over and above this, East-West rivalry has been and is largely fought out in the Third World and the West is extremely sensitive, rightly so, concerning any significant gains made by the Soviet Union in the Third World.

Moreover, despite its poor overall record in providing aid to developing countries, the Soviet Union can exploit tensions in relations between the West and the Third World. Given the unprecedented military strength it has at present, the Soviet Union is likely

to make a particular effort in this respect during the next few years.

If the West is concerned to prevent these efforts from succeeding, there are several things it should do. First, it should act to ensure that Third World perceptions of the East-West conflict are not of a declining West and an ascendant Soviet Union. For, as a political leader of a country allied to the United States once succinctly put it on returning from a visit to Moscow, "no-one wants to be caught on the wrong side".

Secondly, the West should act in ways which minimise the need for Third World countries to contemplate turning to the Soviet Union in order to get the aid and assistance they desperately need. That in turn means maintaining a constructive and forthcoming relationship which does not systematically frustrate Third World hopes.

Thirdly, the West should do what it can to emphasise and show understanding of the economic dimensions of Third World affairs and the development aspirations of the Third World; for as long as the principal issues are economic the Soviet Union is not in the race as a competitor to the West.

What is needed, in other words, is an integrated policy which combines a stress on restoring, and then maintaining, a military balance which can preserve world peace and a positive attitude towards economic relations with the South.

I repeat, there is no real choice involved between these two components of policy. Both are essential. So far, I have deliberately concentrated on making the case for a serious Western concern with the Third World in terms of direct political and economic self-interest, for that case has to be established if Western Governments are to respond. But that does not mean that I do not recognise other aspects and arguments. I should like to mention two of these.

First, there are the altruistic, humanitarian dimensions of the problem. We should never forget the extent of the stark human suffering that is involved in the Third World, never allow annoyance at the posturing and hypocrisy which sometimes characterise North-South relations to obscure it.

According to the World Bank, not a body given to emotional exaggeration, 800 million people are living in conditions of "absolute poverty" in the Third World. The infant mortality rate in low income Third World countries is twelve times as high as it is in Western countries. Life expectancy in them is still under 50 years. Thousands are dying every week from malnutrition and outright starvation.

As a society which holds Christian and humanitarian values, we must be diminished and damaged as long as we continue to live in a world where such conditions are commonplace. It is not a question of our masochistically accepting guilt for creating these conditions; that is an absurd oversimplification of the historical record. It is a question of our responsibility, in terms of our own professed values rather than of the demands of others, to work for the abolition of these intolerable conditions. And, again, of our interest in seeing them abolished.

My second observation is that, even apart from the claims of the Third World, there is another dimension of international relations which points to a clear and urgent need for action. This is the one covered by the now familiar phrase "the management of interdependence".

It is true that in recent years the case for this has sometimes been overdrawn and it is foolish to maintain, as some have done, that this task somehow renders obsolete the traditional concerns of power and national interest. But even after this exaggeration has been discounted, the basic case is sound enough.

The trebling of the number of states in the world; the very rapid increase in the volume of transactions among these states; revolutionary changes in communication, transport and other technologies; much greater demands and pressures on man's physical environment; the emergence of trans- or multi-national corporations as a major force in international economic relations: all of these point to the necessity for developing multilateral negotiating processes to deal with the new and unprecedented complexity and to respond to the new awareness of global environmental problems. The quality of the world in which our children will live will depend crucially on whether we succeed or fail in this respect.

But improving the management of interdependence and the North-South dialogue are intimately linked and progress in one depends on progress in the other. They must be approached as parallel enterprises. If the second is stalemated so will be the first. At present the North-South dialogue is stalemated. The global negotiations which were to be held have been postponed and postponed again. There is little evidence at present of the political will necessary to break that stalemate and to initiate progress.

As I have indicated, I believe that there are compelling reasons why the effort to marshal that will must be made. There will be opportunities to make that effort in the near future: in the Ottawa Summit this month; at the Commonwealth Heads of Government Meeting which I shall chair in Melbourne in October; and at the summit meeting in Mexico on North-South issues shortly afterwards. If these opportunities are not seized, if by the end of the year no progress has been made, the outlook will be very bleak indeed and the last decades of this century will promise tension, frustration and instability rather than hope. The Western nations should seize these opportunities.

In doing so I suggest that there are a number of guidelines we should follow if we are to succeed:

First, and fundamentally, we should accept and take seriously the reality of the South or the Third World as a political presence on the world stage.

Second, we should accept that, given the great transformation that has occurred in the world in the past 40 years, significant changes in international institutions and processes are inevitable. The question is whether these changes are to be orderly, negotiated ones or imposed by disruption and breakdown.

Third, substantively we should adopt an innovative, constructive attitude towards the North-South dialogue, rather than be reactive or passive, leaving all the initiative to the Third World. For we have very important interests of our own in seeing progress made.

Fourth, procedurally the efforts of the West should be directed to forging more effective and efficient forms of multilateral negotiations, rather than to avoiding, delaying or frustrating them.

Fifth, if we want to retain credibility we should not play fast and loose with our commitment to the market economy. We should not preach it in order to dismiss Third World claims while simultaneously pleading special circumstances to justify exceptions in our own case. If exceptions can be made for our needs, why not for those of the Third World? Conversely, if it is an overriding commitment, why not apply it in dealing with the Third World's claims for access to markets?

Sixth, we should always bear in mind the interrelationship between North-South and East-West issues and not treat them as two separate categories. Success in dealing with the Soviet Union will always require the maintenance of a military balance. But in the middle to long term it will also depend significantly on the resolution of North-South differences. If Third World leaders come to us for the teachers, the advisers, the technologies, the capital, and in some cases the political support they desperately need; if they make it evident that, given a choice, they do not want to deal with the monolithic bureaucracy of the Soviet Union, that they are suspicious of its demands for political association as the price for aid; and if we still refuse to respond to them, then we do so at our own peril and the consequences should come as no surprise. The needs of the Third World are such that, in the last resort, it will turn for assistance to wherever it is available, rather than go without. The West must ensure that that last resort is not the Soviet Union.

Seventh, we should act in such ways as to support and strengthen the moderate elements in the Third World, those elements which seek co-operation and want to achieve accommodation with us. Too often in the past we have behaved in ways which weaken the moderates and strengthen extreme forces hostile to us.

Eighth, as well as working to reinvigorate the North-South dialogue, each of us should do what is within our means, bilaterally and regionally, to contribute independently towards improving the prospects of the developing countries and relations between them and the West. Important as the North-South dialogue is, everything should not be made to wait on it.

Ninth and last, we should work on the assumption that time is a wasting asset, that the longer the delay in addressing them the more intractable will the problems become.

I should make it clear that in advancing these principles, I am not suggesting that it is only the West which must revise its attitudes and behaviour if progress is to be made. The same is true of the Third World and I hope that there will be voices in it which will urge a moderate and constructive approach.

Neither am I suggesting that the developed countries should simply accept the package of demands made by the Third World. Rather that the approach should be a positive one which seeks to identify what is justified and sound in the Third World case and respond to it in that process wider criteria than economic rationality should be employed because more than economic interests are involved.

In conclusion let me say that to respond to the North-South dialogue adequately we must be prepared to see it in broad historical perspective. In little over a generation, over a hundred new countries have come into existence. Nearly all of them have a colonial past. Nearly all of them are very poor compared with Western countries—how poor it is difficult for us in our prosperity to conceive. Think of how long it takes you to spend $200; then contemplate that there are over one billion people in the world whose average annual income is less than that amount.

Again, and equally important in political terms, all these countries are deeply concerned about their place in the world, their dignity, status and influence. These countries and their needs have to be accommodated, and accommodated in a world which is simultaneously becoming smaller, more crowded and more complex. The conditions must be created which give them opportunities to break the grinding circle of poverty in which they are caught. There is much they can and must do for themselves. But simply to tell an undernourished man who is working hard, arid, poor soil with a wooden plough, in the certain knowledge that his crop will be at best meagre—and there are millions of such men—simply to tell him that he must work harder and show more enterprise is insulting and dangerous nonsense. We cannot solve the Third World's problems; but we can help to create the conditions under which they can be tackled with some hope of success; and perhaps only we can.

This is essentially what the North-South dialogue is about and the atmospherics and frictions of day to day events should not be allowed to obscure it. Developing the statecraft and the will to achieve this accommodation is one of the decisive challenges of our time. It is not an easy challenge to meet. It lacks the drama and crisis of war and political confrontations. It invites the resigned answer that "the poor are always with us". If we fail, the effects are unlikely to be immediately catastrophic. They may not be felt this week or this year. But, make no mistake, they will be felt and felt with cumulative force over the next decades, and we will be cursed by our children for our shortsightedness, our selfishness, our failure to seize opportunities in good time.

Mr. President, before I came to the United States on this visit I had been told that the current mood of the American people was not receptive to accommodating the Third World. Given the burden that you have carried in world affairs and given also the need for that renewal at home which President Reagan called for in his inaugural address, I could understand that some might feel like that. I will not presume to assess the American mood on the basis of a brief visit, though I can say that I did not find indifference or lack of understanding in Washington last week. In any case, I believe that there are certain periods in history when timely and bold adjustments to new forces are necessary to forestall convulsion, disarm revolution and preserve peace. I believe also that conciliation and magnanimity are usually sound policy.

At the time of the dispute between England and the American people in the 18th century, a dispute not without relevance to the contemporary situation, one of the wisest and most penetrating of political observers said: "It is not whether you have the right to render your people miserable, but whether it is in your interest to make them happy. It is not what a lawyer tells me I may do; but what humanity, reason and justice tell me I should do. Is a political act the worse for being a generous one?"

In the 19th century, the countries which enjoyed domestic peace were those who responded in good time to the aspirations of emerging groups and adopted democratic political institutions.

In our lifetime we have the evidence of the magnificently generous American response represented by the Marshall Plan to novel and dangerous circumstances. It is worth recalling, too, the enlightened recognition of and response to the "wind of change" in Africa which in a matter of three or four years transformed a continent of colonies into a continent of independent states with minimum bloodshed. I believe profoundly that we are now at a turning point in global history which is at least as critical and important as these great episodes I have referred to. The magnitude of the problems, the scale of the adjustments necessary, the vision required should be conceived in these terms. Mr. President, ladies and gentlemen, for the sake of this and succeeding generations, I trust that they will be.

KANSAS CITY HOTEL DISASTER

Mr. DOLE. Mr. President, I ask that the Senate take a few minutes to reflect on the heartbreaking human tragedy in Kansas City last night.

Shortly after 7 p.m., two elevated walkways inside an enclosed courtyard at the new Hyatt Regency hotel collapsed onto a ballroom of dancers. All night and into this morning the death toll has been rising as rescuers dig through the rubble in search of survivors. The horrible death count now stands at 108, and promises to climb as the rescue effort continues today. Hundreds are injured.

For the families, friends and loved ones of those who have been taken, we offer our meager but heartfelt condolences. The unpredictable and unexpected nature of this collapse shocks us all, and our thoughts go out to those who must now deal with the aftermath of injury and despair.

As always, the depth of the human spirit flowers in these times of sorrow. This has especially been the case in Kansas City. When the call went out for blood donations, the response was overwhelming, far exceeding hospital needs. Thousands have selflessly donated their time and facilities to save and treat the injured. Working tirelessly through the night, city and State officials and volunteer organizations have responded magnificently. The people of Missouri and Kansas have displayed their native character.

In coming weeks questions of cause and blame will dominate. But today, let us think of the lives which have been shattered and the rapid response of their neighbors.

DEATH OF THOMAS F. HILL

Mr. HEFLIN. Mr. President, it is my sad duty to call the Senate's attention to the passing of one of Alabama's most distinguished newspapermen and an old friend of mine, Thomas F. Hill of Birmingham, who died on June 28, 1981.

Tommy Hill's journalistic career spanned over 40 of his 64 years; after beginning as a messenger for the old Birmingham Age-Herald, he covered Birmingham as a city reporter for the Birmingham News. He is best known, however, as Alabama's foremost reporter on agricultural and rural subjects. His reporting led to a 25-year relationship with the cooperative extension service at Auburn University and with its agents in all of Alabama's 67 counties.

Because of his close involvement with Alabama agriculture, Tommy Hill was honored by the Alabama Association of County Agricultural Agents with its first Alabama Media Award in 1977. The Alabama 4–H movement honored him with its Friends of 4–H Award in 1975 and later created the Alabama 4–H/5–H Award in Tommy Hill's honor (the original 4–H"s represent head, heart, hand, and health and the fifth for Tommy Hill).

A native and lifelong resident of the city of Birmingham, he was educated at Phillips High School and Howard College. He leaves behind his widow, Julia Holley Hill, and three daughters, Misses Holly, Carol, and Ellen Hill, all of Birmingham.

All Alabamians have benefited from his reporting, especially farmers and their families. Rural Alabama had a valued friend in Tommy Hill, and he will be impossible to equal as an agricultural advocate.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–1587. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Manpower Effectiveness of the All-Volunteer Force"; to the Committee on Armed Services.

EC–1588. A communication from the Secretary of the Army, notifying the Congress of the recent discovery and disposal of suspected lethal chemical nerve agents at Dugway Proving Ground, Utah; to the Committee on Armed Services.

EC–1589. A communication from the Assistant Secretary of the Air Force (Research, Development, and Logistics), transmitting, pursuant to law, a report on a study with respect to converting the Military Family Housing Maintenance and Repair Function at Pease Air Force Base, N.H., and the decision that performance under contract is the most cost-effective method of accomplishment; to the Committee on Armed Services.

EC–1590. A communication from the Assistant Secretary of the Navy (Shipbuilding and Logistics), transmitting, pursuant to law, a report on a study with respect to converting the Food Service Attendant function at the Naval Air Station, Lemoore, Calif., and the decision that performance under contract is the most cost-effective method of accomplishment; to the Committee on Armed Services.

EC–1591. A communication from the Acting Comptroller General of the United States, transmitting pursuant to law, a report entitled "New Mortgages for Financing Homes Need Uniform and Comprehensive Consumer Safeguards"; to the Committee on Banking, Housing, and Urban Affairs.

EC–1592. A communication from the Assistant Secretary of the Army (Installations, Logistics, and Financial Management), transmitting, pursuant to law, a report on the study with respect to converting the Aircraft Maintenance activity at Fort Riley, Kans., and the decision that performance under contract is the most cost-effective method of accomplishment; to the Committee on Armed Services.

EC–1593. A communication from the Vice President for Government Affairs, National Railroad Passenger Corporation, transmitting, pursuant to law, a report on the average number of passengers on board and the on-time performance of each train operated by the Corporation for May 1981; to the Committee on Commerce, Science, and Transportation.

EC–1594. A communication from the Director of the Office of Congressional Relations, Federal Trade Commission, transmitting, pursuant to law, a copy of the Federal Register notice requesting comment on the recently released staff report on cigarette advertising; to the Committee on Commerce, Science, and Transportation.

EC–1595. A communication from the Acting Under Secretary of Energy, transmitting pursuant to law, a preliminary report entitled "Application Study for Wind Energy Systems at Federal Facilities"; to the Committee on Energy and Natural Resources.

EC–1596. A communication from the Assistant Secretary of the Army (Civil Works), transmitting, pursuant to law, a report on the proposed legislation transmitted to Congress relating to the recovery of certain Corps of Engineers expenditures; to the Committee on Environment and Public Works.

EC–1597. A communication from the Assistant Secretary of the Army (Civil Works), transmitting, pursuant to law, remarks on proposed legislation transmitted to Congress relating to the recovery of certain Corps of Engineers expenditures; to the Committee on Finance.

EC–1598. A communication from the Administrator of the Health Care Financing Administration, Department of Health and

Human Services, transmitting, pursuant to law, a report entitled "Medicare: Health Insurance for the Aged and Disabled, 1978 and 1979—Reimbursement by State and County"; to the Committee on Finance.

EC–1599. A communication from the Director of the U.S. Office of Personnel Management, transmitting, pursuant to law, a report on personnel management in the Department of Education; to the Committee on Governmental Affairs.

EC–1600. A communication from the Director of the District of Columbia Pretrial Services Agency, transmitting, pursuant to law, the report of the D.C. Pretrial Services Agency for calendar year 1980; to the Committee on Governmental Affairs.

EC–1601. A communication from the Deputy Assistant Secretary of Defense for Administration, transmitting pursuant to law, a report on a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC–1602. A communication from the Acting Comptroller General of the United States, transmitting pursuant to law, a report entitled "Improvements Needed in the Nuclear Regulatory Commission's Office of Inspector and Auditor"; to the Committee on Governmental Affairs.

EC–1603. A communication from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation relating to use or distribution of certain Indian Claims Commission or Court of Claims judgment funds; to the Select Committee on Indian Affairs.

EC–1604. A communication from the Acting Commissioner of Immigration and Naturalization, transmitting pursuant to law, 705 reports of approved third and sixth preference petitions; to the Committee on the Judiciary.

EC–1605. A communication from the Secretary of Education transmitting, pursuant to law, final regulations for the Bilingual Education Desegregation Support Program; to the Committee on Labor and Human Resources.

EC–1606. A communication from the Secretary of the Treasury transmitting pursuant to law, his review of the annual audit of the Student Loan Marketing Association for the calendar year 1980; to the Committee on Labor and Human Resources.

EC–1607. A communication from the Secretary of Education transmitting, pursuant to law, final regulations for the Library Research and Demonstration Program; to the Committee on Labor and Human Resources.

EC–1608. A communication from the chairman of the Board of Directors of the Student Loan Marketing Association transmitting, pursuant to law, the annual report of the Association for 1980; to the Committee on Labor and Human Resources.

EC–1609. A communication from the Secretary of Education transmitting, pursuant to law, final regulations for State student incentive grant programs; to the Committee on Labor and Human Resources.

EC–1610. A communication from the Secretary of Education transmitting, pursuant to law, final regulations for the law school clinical experience program; to the Committee on Labor and Human Resources.

EC–1611. A communication from the Special Assistant in the Office of the Secretary of Defense transmitting, pursuant to law, a report on Department of Defense procurement from small and other business firms for the period October 1980–January 1981; to the Committee on Small Business.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–320. A resolution adopted by the Senate of the Commonwealth of Massachusetts; to the Committee on Agriculture, Nutrition, and Forestry:

"RESOLUTION

"Whereas, Federal support has been specifically reduced in the vital area of child nutrition programs for the first time in history; and

"Whereas, It has been proven by medical experts that the child nutrition programs have been successful in combating hunger and malnutrition in America; and

"Whereas, The child nutrition programs are an integral part of national preventative health care; and

"Whereas, The future existence of child nutrition programs for even needy children will be seriously jeopardized if paying children cannot afford school meals, causing a reduction in program participation, and subsequently, the discontinuation of the programs by school authorities; and

"Whereas, The potential consequences of the budget reductions defeat the original purpose and intent of the child nutrition programs by the Congress ". . . as a measure of national security, to safeguard the health and well-being of the Nation's children . . ."; therefore be it

"Resolved, That the Massachusetts Senate respectfully urges that the United States Congress continue the current level of support for all child nutrition programs; and be it further

"Resolved, That copies of these resolutions be forwarded by the clerk of the Senate to the President of the United States, to the Presiding Officer of each branch of the Congress, and to each Member of the United States Senate and United States House of Representatives from the Commonwealth."

POM–321. A resolution adopted by the House of Representatives of the State of Texas; to the Committee on Commerce, Science, and Transportation:

"HOUSE CONCURRENT RESOLUTION

"Whereas, Pan American World Airways, Inc. (Pan Am), has announced its intention to commence daily nonstop flights from Houston Intercontinental Airport to Washington National Airport; and

"Whereas, American Airlines, Inc. (American), and Braniff International Airlines, Inc. (Braniff), have announced their intentions to commence daily nonstop flights from Dallas/Ft. Worth Regional Airport to Washington National Airport; and

"Whereas, Both of these proposals have great merit and benefit to the citizens of Texas who travel to and from the United States Capital; and

"Whereas, The United States Department of Transportation (DOT), through its secretary, Drew Lewis, seeks to prevent such airline service by ordering the Federal Aviation Administration (FAA) to make mandatory a voluntary rule that prohibits nonstop flights between Washington National Airport and cities more than 650 miles away; and

"Whereas, On May 8, 1981, the FAA issued a notice of proposed rulemaking that would codify as a federal regulation the current informal airport perimeter rule, such current "rule" having been in effect since 1966, prohibits nonstop service to cities over 650 miles from Washington, D.C., except for seven grandfathered cities; and

"Whereas, It is the FAA's intent to make the rule formal by the end of the month to prevent new nonstop services to Dallas by American and Braniff (June 1 and 11) and to Houston by Pan Am (June 18); and

"Whereas, The FAA would be putting a regulation into place where none exists today and the Reagan administration should be trying to reduce federal regulation, not create more; and

"Whereas, The Deregulation Act encourages the airlines to do what they propose at National Airport: to serve the markets with the most traffic in the most efficient manner; Houston and Dallas will never receive quality air service to Washington if the carriers must go arbitrarily to Dulles over National; now, therefore, be it

"Resolved by the House of Representatives of the State of Texas, the Senate concurring, That the 67th Legislature, Regular Session, endorse and express its support for the proposed new air service by Pan Am, American, and Braniff; and, be it further

"Resolved, That the FAA be urged to not make a mandatory 'perimeter' rule but allow full implementation of the Airline Deregulation Act; and, be it further

"Resolved, That official copies of this resolution be transmitted to the president of the United States, the vice-president of the United States, each member of the Congress of the United States from the State of Texas, the secretary of transportation, and the director of the Federal Aviation Administration."

POM–322. A joint resolution adopted by the Legislature of the State of California; to the Committee on Energy and Natural Resources:

"SENATE JOINT RESOLUTION No. 19

"Whereas, The United States government has expressed the policy of reducing the nation's dependence upon imported petroleum, increasing the nation's capability to use indigenous energy resources, fostering the greater use of coal and alternate fuels including synthetic gas derived from coal, and encouraging the modification of existing and new electric powerplants which utilize natural gas or petroleum to utilize coal or alternate fuels; and

"Whereas, Federal laws contain restrictions and prohibitions on the use of natural gas as a boiler fuel for the generation of electricity, thus obligating powerplant operators to burn greater amounts of oil; and

"Whereas, Essentially all of California's fossil-fueled boilers are capable of burning both oil and natural gas and are not capable of burning coal without substantial modification that would entail prohibitive financial commitments by public utilities and ultimately the ratepayers; and

"Whereas, Natural gas used as a transitional fuel is necessary to allow the time necessary to develop commercially acceptable alternative energy sources; and

"Whereas, Recent studies indicate that discoveries of domestic natural gas have been increasing and that with continued conservation and support of federal and state governments, California is expected to have adequate natural gas supplies to serve all classes of retail gas customers and some of its existing electric generating powerplant requirements to the end of the century; and

"Whereas, The burning of natural gas rather than oil in electric powerplants would significantly lessen the amount of uncontrolled emissions to the California environment; and

"Whereas, The California State Air Resources Board, California Public Utilities Commission, and the California State Energy Resources Conservation and Development Commission have publicly urged the Congress of the United States to remove the legal restrictions and prohibitions against the use of natural gas as boiler fuel for existing electric powerplants as a transitional measure; now, therefore, be it

"Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California re-

spectfully memorializes the President and the Congress of the United States to enact appropriate legislation to repeal laws which restrict or prohibit the use of natural gas as a boiler fuel in existing electric powerplants; and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM–323. A joint resolution adopted by the First Olbiil Era Kelulau, second special session, Republic of Palau, expressing great disappointment and grave concern in the Acting High Commissioner's ignoring the Palau Olbiil Era Kelulau during his last recent visit to the Republic of Palau; to the Committee on Energy and Natural Resources.

POM–324. A resolution adopted by the House of Representatives of the Commonwealth of Massachusetts; to the Committee on Foreign Relations:

"RESOLUTIONS

"Whereas, eight U.S. citizens, and over 8,000 civilians, including the archbishop of San Salvador have been killed in El Salvador in the past year; and

"Whereas, many of those killed were the victims of the military and paramilitary forces of the military junta which has taken control of the Government of El Salvador; and

"Whereas, Archbishop Romero, before he was assassinated, made a special plea to the U.S. Government to cease its support of the military junta of El Salvador; and

"Whereas, direct or indirect U.S. intervention will lead to serious regional warfare, increasing the already acute suffering of the majority of the citizens of that embattled nation; and

"Whereas, the present military junta in El Salvador is not supported by a majority of the population, but relies, for its survival, on the strength of military forces; therefore be it

"Resolved, that the Massachusetts House of Representatives hereby calls upon the President and the Congress of the United States to withdraw further U.S. support for the military junta in El Salvador, and to cease any military intervention by arms or other support; and be it further

"Resolved, that the Massachusetts House of Representatives appeals for a cessation of further violence and for establishment of full respect of human rights in El Salvador; and be it further

"Resolved, that copies of these resolutions be forwarded by the clerk of the House of Representatives to the President of the the United States, the Secretary of State and the National Security Advisor, the presiding officer of each branch of Congress and to the Members thereof from this commonwealth."

POM–325. A resolution adopted by the city council of Palmdale, Calif., expressing support of efforts by the Federal Administration to return powers to local entities and urging a careful implementation of those efforts in ways that will enhance, not further impede, home rule; to the Committee on Governmental Affairs.

POM–326. A resolution adopted by the city council of Lancaster, Calif., expressing support of efforts by the Federal Administration to return powers to local entities and urging a careful implementation of those efforts in ways that will enhance, not further impede, home rule; to the Committee on Governmental Affairs.

POM–327. A resolution adopted by the Senate of the Commonwealth of Massachusetts; to the Committee on the Judiciary:

"RESOLUTION

"Whereas, a bill has been filed in the Congress of the United States to grant honorary citizenship to Raoul Wallenberg, a former Swedish diplomat; and

"Whereas, during World War II, Raoul Wallenberg displayed incredible courage and humanity while saving the lives of one hundred thousand Jews from the persecution of the Nationalist Socialist Workers Party; and

"Whereas, at the end of the war he was taken prisoner by the Soviet Union; and

"Whereas, there have been reports that this courageous man is still alive in a labor camp in the Soviet Union; Now therefore be it

"Resolved, that the Massachusetts Senate respectfully urges the Congress of the United States to confer honorary citizenship on Raoul Wallenberg; and be it further

"Resolved, that copies of these resolutions be transmitted by the clerk of the Senate to the Presiding Officer of each branch of the Congress of the United States and to each member thereof from the Commonwealth."

POM–328. A resolution adopted by the Town Board of Islip, N.Y., favoring legislation to make arson a part 1 Federal crime; to the Committee on the Judiciary.

POM–329. A petition from a citizen of District Heights, Md., praying for a redress of grievances; to the Committee on Labor and Human Resources.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary:

William W. Wilkins, Jr., of South Carolina, to be U.S. district judge for the District of South Carolina.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. MATHIAS:

S. 1502. A bill for the relief of Robert L. Van Ness, of Gaithersburg, Md. to the Committee on the Judiciary.

ADDITIONAL COSPONSORS

S. 1142

At the request of Mr. HEFLIN, the Senator from North Carolina (Mr. HELMS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Nebraska (Mr. EXON), the Senator from Kansas (Mr. DOLE), the Senator from New Mexico (Mr. SCHMITT), the Senator from Florida (Mrs. HAWKINS), the Senator from New Hampshire (Mr. HUMPHREY), and the Senator from Kentucky (Mr. FORD) were added as cosponsors of S. 1142, a bill to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize the Secretary of Transportation to require tire dealers or distributors to provide first purchasers with a form to assist manufacturers in compiling tire defects if the Secretary determines such notice is necessary in the interest of motor vehicle safety.

S. 1237

At the request of Mr. HEFLIN, the Senator from Louisiana (Mr. JOHNSTON) was added as a cosponsor of S. 1237, a bill to provide grants to the 1890 land-grant colleges, including Tuskegee Institute, for the purpose of assisting these institutions in the purchase of equipment and land, and the planning, construction, alteration, or renovation of buildings to strengthen their capacity for research in the food and agricultural sciences.

SENATE JOINT RESOLUTION 67

At the request of Mr. INOUYE, the Senator from North Dakota (Mr. BURDICK), the Senator from Florida (Mr. CHILES), the Senator from California (Mr. CRANSTON), the Senator from Arizona (Mr. DECONCINI), the Senator from Kansas (Mr. DOLE), the Senator from New Mexico (Mr. DOMENICI), the Senator from Kentucky (Mr. FORD), the Senator from Arizona (Mr. GOLDWATER), the Senator from Utah (Mr. HATCH), the Senator from Florida (Mrs. HAWKINS), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Montana (Mr. MELCHER), the Senator from New York (Mr. MOYNIHAN), the Senator from Maryland (Mr. SARBANES), the Senator from Idaho (Mr. SYMMS), the Senator from Massachusetts (Mr. TSONGAS), the Senator from Connecticut (Mr. WEICKER), and the Senator from Montana (Mr. BAUCUS) were added as cosponsors of Senate Joint Resolution 67, a joint resolution to establish "National Nurse-Midwifery Week."

AMENDMENTS SUBMITTED FOR PRINTING

DEPARTMENT OF JUSTICE AUTHORIZATIONS, 1982

AMENDMENT NO. 498

(Ordered to be printed and to lie on the table.)

Mr. HEFLIN submitted an amendment intended to be proposed to the bill (S. 951) to authorize appropriations for the purpose of carrying out the activities of the Department of Justice for fiscal year 1982, and for other purposes.

AGRICULTURE AND FOOD ACT OF 1981

AMENDMENT NO. 499

(Ordered to be printed and to lie on the table.)

Mr. HEFLIN submitted an amendment intended to be proposed by him to the bill (S. 884) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes.

ECONOMIC RECOVERY TAX ACT OF 1981

AMENDMENT NO. 500

(Ordered to be printed.)

Mr. MATHIAS (for himself, Mr. BAUCUS, and Mr. WILLIAMS) proposed an amendment to the joint resolution (H.J. Res. 266) to provide for a temporary increase in the public debt limit.

ADDITIONAL STATEMENTS

NATIONAL POW-MIA RECOGNITION DAY

● Mr. BENTSEN. Mr. President, in August 1978, Congress passed House Joint Resolution 963 designating July 18 as "National POW-MIA Recognition Day." When President Carter signed this legislation, a day was officially established on which millions of Americans pay tribute to our POW's and MIA's and reflect on the measure of sacrifice they have made in the cause of freedom.

Throughout our history the people of America have been called upon to defend the freedoms and the rights that are such a fundamental part of our national experience. Millions of Americans have given their lives in the cause of freedom; they have died so that we can live free.

During this century almost 150,000 American servicemen have been taken prisoner by the enemies of democracy. As soldiers of freedom they have known firsthand what it means to live in bondage. They have endured the pain, the loneliness, and the desperation of captivity. Many of them bear permanent physical or psychological scars from their ordeal.

There are almost 95,000 Americans alive today who know what it means to be captured and interned. I believe they richly deserve recognition by every citizen of this Nation. There is sometimes a tendency to take our freedoms for granted or to forget the high price we have paid to defend democracy. Those who have been taken prisoner by the enemies of America have lived against their will under the thumb of repression. And they have a special appreciation of what our country stands for. I believe the country, in turn, has a special obligation to honor these brave men and women who have suffered the indignity of captivity so that we can live the life of freedom.

One of the strengths of our Nation has always been the willingness of our people to defend it. Americans understand that the privilege of freedom entails the obligation of service. And they further appreciate that America stands by its veterans and honors its dead.

In every war, however, there are families who send their sons into battle and never determine their fate. I believe that the families of American servicemen listed as missing in action have suffered the most and sacrificed the most in the cause of freedom. With some 2,500 servicemen still unaccounted for in Vietnam, there are still thousands of families who have lived daily, for more than a decade, with the burden of uncertainty and doubt.

As we honor our MIA's and their families, I sincerely believe we have an obligation to reaffirm our commitment to make every effort to determine their fate. We have recently seen indications that the United States stands by that commitment.

As millions of Americans join in paying tribute to our MIA's, their families, and former POW's, we can be proud of our country, proud of those who have defended it, and eternally grateful for those who have given so much in the cause of freedom.●

POW/MIA DAY

○ Mr. BAUCUS. Mr. President, yesterday, July 17, 1981, has been proclaimed POW/MIA Day in America. As we pause to honor those individuals whose unselfish sacrifice represents the ultimate commitment in protecting our freedom, I hope Americans will consider the plight of ex-POW's today.

The major veterans' organizations have focused the attention of the 97th Congress on the problems of ex-POW's. One result of this effort was the recent passage of S. 468 and H.R. 1100.

Still, I am troubled by some facts which emerge from the recent Public Law 95-476 report. This report found that psychoneuroses—specifically anxiety and depression—are the most prevalent disabilities among former prisoners of war. The group having the greatest number of service-connected disorders were Pacific Theater POW's. Despite this, however, the study found that 50 percent of the Americans held by Japanese receive no VA assistance. We have much to learn from our Canadian neighbors, who established an automatic compensation program in 1971.

Human health and human dignity are at stake. There is absolutely no excuse for bureaucratic foot dragging, or ignoring this extremely serious issue. Every veteran who seeks medical treatment for his condition should receive the full and adequate care he is entitled to. All the rhetoric in the world cannot compensate for such care, nor cure the horrendous reality of many of the symptoms experienced by these veterans.

We, as a Nation, must never forget our ex-prisoners of war or the sacrifice they made to preserve the American way of life.●

ORDER FOR THE RECOGNITION OF CERTAIN SENATORS ON MONDAY, JULY 20, 1981

Mr. BAKER. Mr. President, I ask unanimous consent that, after the recognition of the two leaders under the standing order on Monday, the Senator from South Carolina (Mr. THURMOND), the Senator from West Virginia (Mr. ROBERT C. BYRD), the Senator from Vermont (Mr. LEAHY), and the Senator from Ohio (Mr. METZENBAUM) each be recognized for not more than 15 minutes with special orders.

The PRESIDING OFFICER (Mr. CHAFEE). Without objection, it is so ordered.

PROGRAM

Mr. BAKER. Mr. President, there is already an order for the Senate to convene at 12 o'clock noon on Monday. If the time of the two leaders is fully utilized, and the time for the recognition of Senators under special orders is utilized, according to my figures that would mean it would be 1:40 p.m. before the Senate could proceed to other matters.

There is already an order for the Senate to turn to the consideration of Executive Calendar No. 4, Treaty Document No. 97-13, a treaty with Canada on Pacific coast albacore tuna vessels and port privileges, at 1:40 p.m.

At that time, there will be 20 minutes of debate to be equally divided. A vote will occur on that treaty at 2 o'clock.

Mr. President, I expect that it may be necessary on Monday, in order to make all of these things fit, for the two leaders to consider the possibility of relinquishing part of their time under the standing order. I express my willingness to do that, if it is necessary.

Mr. President, the acting minority leader is here. I would not ask him to commit to that, but I simply wanted to make that statement so that he and the minority leader would be aware of the situation as it will exist at that time.

Mr. INOUYE. Mr. President, I believe I can speak for my leader, that he will not expect to use all of his time under the standing order.

Mr. BAKER. I thank the distinguished acting minority leader.

Mr. President, with that assurance, I know of no further business to be transacted by the Senate today. I inquire of the acting minority leader if he is aware of any other measure we can deal with.

Mr. INOUYE. No.

Mr. BAKER. I thank the acting minority leader.

RECESS UNTIL MONDAY, JULY 20, 1981

Mr. BAKER. Mr. President, in view of that, I move, under the order previously entered, that the Senate stand in recess until 12 noon on Monday.

The motion was agreed to; and at 2:05 p.m., the Senate recessed until Monday, July 20, 1981, at 12 noon.